

Financial Statements 2006

Dritte Wiener Vereins-Sparcasse

[The German text of this Statements shall be binding. The English translation is for information purposes only.]

Balance Sheet of 31 December 2006		
Dritte Wiener Vereins-Sparcasse		
Assets	EUR	EUR
1. Cash in hand, balances with central banks		0.00
2. Treasury bills and other bills eligible for refinancing at central banks		
a) treasury bills and similar instruments	0.00	
b) other bills eligible for refinancing at central banks	0.00	0.00
3. Loans and advances to credit institutions		
a) repayable on demand	99,290.02	
b) other loans and advances	5,330,000.00	5,429,290.02
4. Loans and advances to customers		0.00
5. Bonds and other fixed-income securities		
a) issued by public borrowers	0.00	
b) issued by other borrowers, of which: own bonds	0.00 0.00	0.00
6. Shares and other variable-yield securities		0.00
7. Equity interests		
of which: in credit institutions	0.00	0.00
8. Shares in group companies		
of which: in credit institutions	0.00	70,000.00
9. Intangible fixed assets		0.00
10. Tangible fixed assets		0.00
of which: land and buildings used by the credit institution for its own business operations	0.00	
11. Own shares and shares in a controlling company		0.00
of which: nominal value	0.00	
12. Other assets		19,606.37
13. Subscribed capital called-up, but not yet paid-in		0.00
14. Prepaid expenses		0.00
Total assets		5,518,896.39
Items shown below the Balance Sheet		
1 Foreign assets		0.00

Balance sheet of 31 December 2006		
Dritte Wiener Vereins-Sparcasse		
Liabilities and Equity	EUR	EUR
1. Amounts owed to credit institutions		
a) repayable on demand	0.00	
b) with agreed maturity date or periods of notice	0.00	0.00
2. Amounts owed to customers		
a) savings deposits	0.00	
of which:		
aa) repayable on demand	0.00	
bb) with agreed maturity dates or periods of notice	0.00	
b) other liabilities	0.00	
of which:		
aa) repayable on demand	0.00	
bb) with agreed maturity dates or periods of notice	0.00	0.00
3. Debts evidenced by certificates		
a) bonds issued	0.00	
b) other debts evidenced by certificates	0.00	0.00
4. Other liabilities		31,273.00
5. Deferred income		0.00
6. Provisions		
a) provisions for severance payments	0.00	
b) pension provisions	0.00	
c) provisions for taxes	0.00	
d) other	5,000.00	5,000.00
6.A Special fund for general banking risks		0.00
7. Subordinated liabilities		0.00
8. Supplementary capital		0.00
9. Subscribed capital		0.00
10. Capital reserves		
a) subject to legal restrictions	5,470,223.39	
b) other	0.00	
c) for own shares and shares in a controlling company	0.00	5,470,223.39
11. Revenue reserves		
a) statutory reserve	0.00	
b) reserves provided for by the bye-laws	0.00	
c) other reserves	0.00	
d) for own shares and shares in a controlling company	0.00	0.00
Carry forward		5,506,496.39

Liabilities and Equity		
Carry forward		5,506,496.39
12. Reserve pursuant to sec. 23 (6) Austrian Banking Act (BWG)		12,400.00
13. Retained earnings		0.00
14. Untaxed reserves		
a) valuation reserve resulting from special depreciation	0.00	
b) other untaxed reserves	0.00	0.00
of which:		
aa) investment reserve pursuant to Section 9 of the Austrian Income Tax Act (EStG) 1988	0.00	
bb) investment allowance pursuant to Section 10 of the Austrian Income Tax Act (EStG) 1988	0.00	
cc) rent reserve pursuant to Section 11 of the Austrian Income Tax Act (EStG) 1988	0.00	
dd) reserve transferred pursuant to Section 12 (7) of the Austrian Income Tax Act (EStG) 1988	0.00	
Total Liabilities and Equity		5,518,896.39
Items below the Balance Sheet		
1. Contingent liabilities		130,000.00
of which:		
a) acceptances and endorsements	0.00	
b) guarantees and assets pledged as collateral security	130,000.00	
2. Commitments		
of which: commitments arising from repurchase agreements	0.00	20,000.00
3. Liabilities arising from transactions on trust basis		0.00
4. Total net capital pursuant to Section 23 in conjunction with Section 29 of the Austrian Banking Act (BWG)		5,482,623.39
of which: capital pursuant to sec. 23 (14) 7 of the Austrian Banking Act (BWG)	0.00	
5. Capital requirement pursuant to Section 22 (1) of the Austrian Banking Act (BWG)		5,000,000.00
of which: capital required pursuant to Section 22 (1) 1 and 4 of the Austrian Banking Act (BWG)	98,784.00	
6. Foreign liabilities		0.00

Profit and Loss Account 2006	EUR	EUR
Dritte Wiener Vereins-Sparcasse		
1. Interest and similar income of which: from fixed-income securities	0.00	22,758.31
2. Interest and similar expenses		20.51
<u>I. NET INTEREST INCOME</u>		22,737.80
3. Income from securities and equity interests a) income from shares, other ownership interests and variable-yield securities	0.00	
b) income from equity interests	0.00	
c) income from shares in group companies	0.00	0.00
4. Fee and commission income		118.06
5. Fee and commission expenses		0.00
6. Net profit on trading activities		0.00
7. Other operating income		0.00
<u>II. OPERATING INCOME</u>		22,855.86
8. General administrative expenses a) staff costs of which: aa) wages and salaries bb) expenses for statutory social-security contributions and compulsory contributions related to wages and salaries cc) other employee benefits dd) expenses for retirement benefits ee) allocation to pension provision ff) expenses for severance payments and payments to severance-payment funds b) other administrative expenses	15,000.00 15,000.00 0.00 0.00 0.00 0.00 0.00 24,959.47	39,959.47
9. Depreciation and amortisation of asset items 9 and 10		0.00
10. Other operating expenses		0.00
<u>III. OPERATING EXPENSES</u>		39,959.47
<u>IV. OPERATING RESULTS</u>		-17,103.61

Carry forward (IV. Operating Result)	-17,103.61
11. Value adjustments on loans and advances and allocations to provisions for contingent liabilities and commitments	0.00
12. Release of value adjustments of loans and advances and provisions for contingent liabilities and commitments	0.00
13. Value adjustments of securities valued as financial fixed assets and of equity interests and shares in group companies	0.00
14. Release of value adjustments of securities valued as financial fixed assets and of equity interests and shares in group companies	0.00
<u>V. RESULTS FROM ORDINARY BUSINESS ACTIVITIES</u>	-17,103.61
15. Extraordinary income of which: withdrawals from the special fund for general banking risks	0.00 0.00
16. Extraordinary expenses of which: allocated to the special fund for general banking risks	0.00 0.00
17. Extraordinary results (sub-total of items 15 and 16)	0.00
18. Taxes on income	273.00
19. Other taxes not included under item 18	0.00
<u>VI. ANNUAL SURPLUS</u>	-17,376.61
20. Movements in reserves of which: allocation to reserve pursuant to Section 23 (6) of the Austrian Banking Act (BWG) withdrawals from reserve pursuant to Section 23 (6) of the Austrian Banking Act (BWG)	-17,376.61 12,400.00 0.00
<u>VII. PROFIT FOR THE YEAR</u>	0.00
21. Profit brought forward from previous year	0.00
<u>VIII. ACCUMULATED PROFIT</u>	0.00

Notes to the Financial Statements 2006

Dritte Wiener Vereins-Sparcasse

1. GENERAL INFORMATION	7
1.1. Introduction.....	7
2 NOTES TO THE ACCOUNTING AND VALUATION METHODS	7
2.1. Standard rule.....	7
2.2. Valuation methods.....	7
2.2.1. Equity interests and shares in group companies.....	7
2.2.2. Loans and advances	7
2.2.3. Liabilities and equity	7
3 NOTES TO THE BALANCE SHEET	8
3.1. Maturity breakdown of loans and advances as well as credit balances.....	8
3.2. Shares in group companies	8
3.3. Statement of changes in fixed assets	8
3.4. Other assets	8
3.5. Other liabilities	8
3.6. Contingent liabilities.....	8
4 NOTES TO THE PROFIT AND LOSS ACCOUNT:	8
4.1. Movements in reserves.....	8
5 INFORMATION ON EXECUTIVE BODIES AND EMPLOYEES	9
5.1. Number of employees	9
5.2. Loans to the Management Board and Savings Bank Council	9
5.3. Board emoluments	9
5.4. Names of the board members	9

Attachment 1 to the Appendix: Statement of changes in fixed assets

1. GENERAL INFORMATION

1.1. Introduction

On 8 November 2006 the Savings Bank association “Verein – Dritte Wiener Vereins-Sparcasse” was constituted and founded the “Dritte Wiener Vereins-Sparcasse”. The entry into the Company Register of the Vienna Commercial Court (“Handelsgericht Wien”) was on 30 November 2006 under the reference number FN 285432 d. The main task of the Savings Bank is to facilitate the modernisation of the organisational structure of Erste Bank Group by taking up the “Austria business” of Erste Bank der oesterreichischen Sparkassen AG. The fiscal year of the Savings Bank coincides with the calendar year. The 2006 financial statements have been prepared in accordance with the provisions of the Austrian Commercial Code (UGB, Unternehmensgesetzbuch) and the relevant provisions of the Austrian Banking Act (BWG), as amended.

2 NOTES TO THE ACCOUNTING AND VALUATION METHODS

2.1. Standard rule

The financial statements have been prepared in accordance with generally accepted accounting principles and according to the standard rule that the financial statements should present fairly and accurately, in all material respects, the financial position of the company. The principle of item-by-item valuation was applied in the assessment of the company’s assets and liabilities, and it was assumed that the company would continue to operate. The particularities of the banking business were taken into account in the application of the principle of prudence.

2.2. Valuation methods

2.2.1. Equity interests and shares in group companies

Equity interests and shares in group companies were valued at purchase cost.

2.2.2. Loans and advances

Loans and advances to credit institutions have been valued in accordance with the provisions of Section 207 of the Austrian Commercial Code (UGB).

2.2.3. Liabilities and equity

Liabilities and equity have been valued at their repayable amount.

3 NOTES TO THE BALANCE SHEET

3.1. Maturity breakdown of loans and advances as well as credit balances

Maturity breakdown of loans and advances and credit balances not payable on demand (sorted by residual terms):

	31/12/2006 EUR '000	31/12/2005 EUR '000
Loans and advances as well as credit balances not repayable on demand up to 3 months	5,330	0

3.2. Shares in group companies

Shares in group companies include shares in the following companies:

Company and domicile	Capital share total in%	Equity capital (acc. to UGB) EUR '000	Last result EUR '000	Balance sheet year
DORSATA Beteiligungs AG, Vienna	100	70	N/A	

3.3. Statement of changes in fixed assets

For the statement of changes in fixed assets, see attachment 1 at the end of the Notes.

3.4. Other assets

Other assets included the following substantial items:

	31/12/2006 EUR '000	31/12/2005 EUR '000
Accrued interest	19	0

3.5. Other liabilities

Other liabilities included the following substantial items:

	31/12/2006 EUR '000	31/12/2005 EUR '000
Liabilities from transfer of non-staff costs	16	0
Liabilities from transfer of staff costs	15	0

3.6. Contingent liabilities

The contingent liabilities declared under the line concern liability loans (performance guarantees).

4 NOTES TO THE PROFIT AND LOSS ACCOUNT:

4.1. Movements in reserves

The movements in reserves of EUR -12,000 resulted on account of the reversal of the capital reserve of EUR -24,000 and an allocation of EUR 12,000 to the reserve pursuant to Section 23 (6) of the Austrian Banking Act (BWG).

5 INFORMATION ON EXECUTIVE BODIES AND EMPLOYEES

5.1. Number of employees

In the reporting year (8 November – 31 December 2006) only employees seconded from Erste Bank AG worked at the savings bank (3.5 FTEs).

5.2. Loans to the Management Board and Savings Bank Council

No loans have been granted to members of the Management Board and the Savings Bank Council.

5.3. Board emoluments

The Management Board members did not receive remuneration for their work.

5.4. Names of the board members

The following persons were members of the Management Board:

Wolfgang Schopf (Chairman)

Reinhard Karl (Vice Chairman)

The following persons were members of the Savings Bank Board:

Franz Portisch (Chairman)

Martin Wohlmuth (1st Vice Chairman)

Gerda Holzinger (2nd Vice Chairwoman)

Andreas Huber

Michael Söchstl

Statement of changes in fixed assets

Designation	Purchase cost as of 01/01/2006 EUR '000	Additions 2006 EUR '000	Disposals 2006 EUR '000	Transfers 2006 EUR '000	Purchase cost as of 31/12/2006 EUR '000	Write-ups 2006 EUR '000	*) Cumulative write-downs EUR '000	Carrying value as of 31/12/2006	Carrying value as of 31/12/2005	Depreciation 2006 EUR '000
Shares in group companies	0	70	0	0	70	0	0	70	0	0
Total fixed assets	0	70	0	0	70	0	0	70	0	0

*) balanced after foreign exchange conversion (according to sec. 58 (1) BWG) where applicable

Vienna, 23 January 2007

The Management Board:

Wolfgang Schopf
Chairman

Reinhard Karl
Vice Chairman

Auditors' Report

The Sparkassen-Prüfungsverband has audited the financial statements and the accounting records of Sparcasse AG for the fiscal year 2006. The management of Sparcasse AG is responsible for the accounting records, the preparation and the content of the financial statements and the management report in accordance with Austrian commercial law and the supplementary provisions of banking laws and the bye-laws. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report is consistent with the financial statements.

We conducted our audit in accordance with the laws and regulations applicable in Austria and in accordance with the Austrian Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement and whether we can state that the management report is consistent with the financial statements. In determining the audit procedures, we considered our knowledge of the business, the economic and legal environment of Sparcasse AG and expectations about potential errors

An audit involves procedures to obtain evidence about amounts and disclosures in the accounting records and in the financial statements predominantly on a sample basis. An audit also includes assessing the accounting principles applied and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonably sound basis for our opinion. Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements are in accordance with legal requirements and present fairly, in all material respects, the financial position of Sparcasse AG on 31 December 2006 as well as the earnings situation of Sparcasse AG for the fiscal year 2006 in accordance with Austrian generally accepted accounting principles. The company management report is consistent with the annual financial statements.

Vienna, 23 January 2007

Sparkassen-Prüfungsverband
Auditing agency

(signature)
Friedrich O. Hief
Public accountant

(signature)
Erich Kandler
Public accountant

Where the consolidated financial statements are published or transferred in a form that deviates from the confirmed version, a new auditors' opinion must be obtained from us insofar as our audit report or parts thereof are quoted, or reference is made to our audit.

Management Report 2006

Dritte Wiener Vereins-Sparcasse

Management Report of Dritte Wiener Vereinspar-Casse

Foundation

On 16 October 2006, the Management Board of Erste Bank adopted the basic scheme for the planned restructuring of Erste Bank Group. Accordingly, "Dritte Wiener Vereins-Sparcasse" was established at the constituent assembly of the "Verein – Dritte Wiener Vereins-Sparcasse" association on 8 November 2006. The purpose of the association had been to establish the savings bank. The initial capital of EUR 5.5 million was provided in a fiduciary capacity by the private foundation DIE ERSTE österreichische Spar-Casse Privatstiftung. This was done in fulfilment of the foundation purpose, which is defined in Section 3 (2) c of the Declaration of Establishment as "giving support to the activities of Erste Bank der oesterreichischen Sparkassen AG on a regional and supra-regional level, also through the acquisition of equity interests". The newly founded savings bank (the licence application was made for the guarantee business) will become a member of the Haftungsverbund.

Following the application of 8 November 2006, the licence was granted pursuant to Section 1 (1) 8 (guarantee business) of the Austrian Banking Act by official notification dated 23 November 2006.

Notes to the balance sheet

The balance sheet of Dritte Wiener Vereins-Sparcasse essentially consists of the presentation of the initial capital and how it was invested.

On 31 December 2006, the **qualifying capital** of Dritte Wiener Vereins-Sparcasse, as defined in the Austrian Banking Act (BWG), was EUR 5,482,600. In this case, the capital requirement as specified under Section 22 (1) of the Austrian Banking Act (BWG) amounted to the minimum requirement of EUR 5 million.

Notes to earnings

The Profit and Loss Account of Dritte Wiener Vereins-Sparcasse shows a positive **net interest income**, which is mainly the result of investing the initial capital of EUR 22,700.

Operating income of EUR 22,900 is offset by **operating expenses** totalling EUR 40,000.

The **annual surplus** of EUR -17,400 and the allocation to the reserve pursuant to section 23 (6) of the Austrian Banking Act (BWG) of EUR -12,400 was financed by the reversal of capital reserves.

Risk management services for Dritte Wiener Vereins-Sparcasse are provided by employees of Erste Bank under a service contract.

Outlook for 2007

Our business activity in 2007 will continue to be dominated by the preparations for the restructuring of Erste Bank Group planned for 2008. We therefore expect a small initial loss again in the fiscal year 2007, which will be financed from the provisions.

23 January 2007

The Management Board

Wolfgang Schopf
Chairman

Reinhard Karl
Vice Chairman