ERSTE BANK

Press Information

Vienna, 12 November 2004

Nine month results show continued profitability for Erste Bank

"The results for the first three quarters of this year demonstrate that we are well on course to hit our net profit target of at least EUR 500 million for full-year 2004," declared Andreas Treichl, CEO of Erste Bank der oesterreichischen Sparkassen AG at the presentation of the bank's third-quarter and nine month results. "Our confidence is well-founded", he continued. "We have seen a huge demand for our innovative pension and lending products in Central Europe, and we believe that the region still offers good market growth potential. In addition, we are continuing to make strides in our Austrian business. Another very strong year-on-year rise in net profit after minority interests underlines the sustainability of our excellent market position", he concluded.

Nine Months 2004 Highlights: [1]

- **Net interest income** rose from EUR 1,934.7m to **EUR 1,993.7m** (+3.0%)
- **Net commission income** increased from EUR 727.5m to **EUR 851.8m** (+17.1%)
- **Operating income** rose from EUR 2,853.6m to **EUR 3,026.3**m (+6.1%)
- **General administrative expenses** rose from EUR 1,837.0m to **EUR 1,950.9m** (+6.2%)
- **Operating result** improved from EUR 1,016.6m to **EUR 1,075.4m** (+5.8%)
- **Pre-tax profit** increased from EUR 589.2m to **EUR 769.6m** (+30.6%)
- **Net profit after minority interests** rose from EUR 255.2m to **EUR 382.6m** (+49.9%)
- **Cost/income ratio** rose marginally from 64.2% at end 2003 to **64.5%**
- **Return on equity** improved from 13.7% at end 2003 to **17.3%**
- **Consolidated total assets** rose from EUR 128.6bn at end 2003 to **EUR 142.2bn** (+10.6%)
- **Core capital** (BWG definition) reduced marginally from 6.3% at end 2003 to **6.1%**

Earnings performance: [2]

Despite a tough environment, **net interest income** grew 3.0% year-on-year, from EUR 1,934.7 million to EUR 1,993.7 million. As stated in respect of the first two quarters, Slovenská sporiteľňa recorded exceptional earnings from its Slovak building society of EUR 28 million in 2003, resulting in a decline in earnings at this unit in 2004.

The **net interest margin**, which is based on average interest-bearing assets (total assets less cash reserves, trading assets, tangible assets, intangibles and other assets), stood at

[1] In comparison with prior-year results, it should be noted that Erste Bank adopted IFRS 3 together with IAS 36 and IAS 38 (elimination of goodwill amortisation) in 2004. Figures are compared to those for Jan-Sept 2003 unless stated.
[2] When reviewing the rates of change in the income statement, it should be noted that the Hungarian Postabank, which was acquired in December 2003, has only been included in the consolidated income statement since the beginning of 2004 (its balance sheet was already consolidated in the 2003 financial statements).

2.20% for the first three quarters of 2004, down slightly from 2.30% for full-year 2003. This decrease was driven primarily by the aforementioned one-off effect from the Slovak building society. Other factors were the funding costs for the acquisition of Postabank incurred since the beginning of 2004 and the increase of the stake in Slovenská sporiteľňa to 80%. Adjusted for the one-off effect from the Slovak building society; the net interest margin for the first half of 2004 was almost unchanged versus the previous year.

The Central European subsidiaries continue to generate much higher margins (between 3.4% and 4.5%) than the Austrian operation. Here, the net interest margin remained low at 1.75%, reflecting market conditions.

Net commission income again increased at above-average rates in the third quarter, growing 17.1% year-on-year in the first nine months of 2004, up from EUR 727.5 million to EUR 851.8 million. The Central European subsidiaries posted the biggest increases, again underscoring the significant market potential for Erste Bank's Central European operations. However, the performance of the Austrian business was also very satisfactory, with securities, insurance and lending activities being the highlights.

The continuing challenging conditions in securities markets were reflected in the **net trading result**. The cumulative figure for the first nine months of the year is EUR 156.2 million – down 8.4% from the impressive EUR 170.6 million in the same period last year. This was mainly due to declines in securities and derivatives trading, which the slight upturn in income from foreign exchange trading was not able to offset. "Despite the year-on-year decrease, we are satisfied with the result," said CFO Reinhard Ortner, explaining that the conservative investment strategy, which leads to a less volatile earnings performance, is well-suited to a savings bank.

By contrast, the **insurance business** experienced one of its strongest quarters. Both the subsidiaries in the Czech and Slovak Republics and s Versicherung, the Austrian market leader in life insurance, were able to deliver an excellent result. The cumulative income from the insurance business in the first nine months of 2004 stood at EUR 24.6 million, representing an 18.3% rise on the year-earlier figure of EUR 20.8 million.

General administrative expenses rose 6.2% year-on-year in the first three quarters of 2004, to stand at EUR 1,950.9 million, against EUR 1,837.0 million in the same period last year. However, after adjustments for the Postabank consolidation, the increase was just 2.8%. "We see this figure as a success for three reasons," said CFO Reinhard Ortner. "Firstly, we have to account for costs incurred in the implementation of the new Group projects. Secondly, high inflation rates in some Central European countries have also raised our costs, and thirdly, some of these countries have experienced massive increases in VAT."

Specifically, **personnel expenses** rose by 4.1% (adjusted to exclude Postabank: 1.8%) from EUR 1,041.1 million to EUR 1,083.4 million and **other administrative expenses** were up 13.5% (adjusted: 7.7%) from EUR 538.8 million to EUR 611.7 million.
The very restrictive IT investment policy continued, which meant that **depreciation and amortisation of fixed assets** was slightly below the year-earlier period (down 0.5% from EUR 257.1 million to EUR 255.8 million).

The **headcount** has decreased by 3.9% since end-2003 and now stands at 36,370. There were reductions in both Austria (-0.9%) and Central Europe (-5.8%).

Erste Bank Group

EUR m	Jan-Sep 04	Jan-Sep 03	% chg	ex Postabank	% chg
Personnel expenses	**1,083.4**	1,041.1	*4.1*	1,060.0	*1.8*
Other admin expenses	**611.7**	538.8	*13.5*	580.5	*7.7*
Subtotal	***1,695.1***	*1579.9*	*7.3*	*1,640.5*	*3.8*
Depreciation	**255.8**	257.1	*-0.5*	248.7	*-3.3*
Total	**1,950.9**	**1,837.0**	***6.2***	**1,889.2**	***2.8***

Austria (incl. Corp. Centre and International Business)

EUR m	Jan-Sep 04	Jan-Sep 03	% chg
Personnel expenses	**798.7**	797.3	*0.2*
Other admin expenses	**355.3**	324.7	*9.4*
Subtotal	***1,154.0***	*1,122.0*	*2.9*
Depreciation	**146.3**	151.7	*-3.6*
Total	**1,300.3**	**1,273.7**	***2.1***

Central Europe

EUR m	Jan-Sep 04	Jan-Sep 03	% chg	ex Postabank	% chg
Personnel expenses	**284.7**	243.8	*16.8*	261.3	*7.2*
Other admin expenses	**256.4**	214.1	*19.8*	225.2	*5.2*
Subtotal	***541.1***	*457.9*	*18.2*	*486.5*	*6.2*
Depreciation	**109.5**	105.4	*3.9*	102.4	*-2.8*
Total	**650.6**	**563.3**	***15.5***	**588.9**	***4.5***

The **operating result** – (net interest income plus commission income plus trading income plus income from the insurance business less general administrative expenses) grew 5.8% in the first nine months of 2004, up from EUR 1,016.6 million for the first nine months of 2003 to EUR 1,075.4 million.

The **cost/income ratio** (general administrative expenses as a percentage of operating income) was 64.5% in the first three quarters of 2004, marginally higher than in the same period of 2003 (64.4%) and full-year 2003 (64.2%).

The **other operating result** includes some one-off effects that were mainly recorded in the first quarter of 2004 (in particular exceptional income from the sale of the Czech property insurance company and a one-off impairment charge with simultaneous elimination of goodwill amortisation due to the early adoption of the new IFRS 3). A positive result was recorded in the third quarter of 2004 (considerable write-downs had to be made in the second quarter), thanks to higher valuations of participations and securities mainly in Česká spořitelna. As mentioned previously, contributions to the local deposit insurance scheme in the Czech Republic have significantly increased since the start of 2004 because of changes to national legislation.

This item was still deeply negative in the first three quarters of 2003 at EUR -128.8 million but was virtually neutral for the first nine months of 2004 at EUR 1.1 million.

Risk provisions for loans and advances were a little higher (2.8%) year-on-year, at EUR 306.9 million versus EUR 298.6 million for the nine months to September 2003. While there was a reduction in Austria, some Central European subsidiaries are building up their reserves again after releasing cash last year. Total provisioning requirements for 2004 are not expected to exceed those for 2003.

Pre-tax profit was 30.6% higher year-on-year at EUR 769.6 million, against EUR 589.2 million, due to the trends described above.

The tax rate for the first three quarters of 2004 was 25.6% (EUR 197.0 million; previous year: EUR 170.6 million). This included an extraordinary write-down of EUR 20 million in the first quarter resulting from the tax reforms adopted by the Austrian parliament.

After taking account of **taxes on income** and **minority interests in profits**, Erste Bank generated a net profit after minority interests of EUR 382.6 million in the first three quarters of 2004, up 49.9% against the year-earlier figure of EUR 255.2 million.

Return on equity, calculated on the basis of net profit after minority interests, advanced significantly to 17.3% in the first nine months of 2004 (full-year 2003: 13.7%). “For me, this figure shows that we can now bear comparison with the major international banks. It also demonstrates that our positioning in Central Europe, the efficient integration of the acquired subsidiaries and the consistent exploitation of market potentials are bearing fruit,” stated Andreas Treichl.

Earnings Development:

				% chg on:			*% chg on:*
EUR m	**Q3 2004**	**Q2 2004**	**Q3 2003**	***Q2 04***	***Q3 03***	**Jan-Sep 2004**	***Jan-Sep 2003***
Net Interest Income	**676.6**	660.2	644.6	*2.5%*	*5.0%*	**1,993.7**	*3.0%*
Risk provisions	**-110.1**	-88.6	-92.7	*24.3%*	*18.8%*	**-306.9**	*2.8%*
Net Commission Income	**286.6**	283.8	245.6	*1.0%*	*16.7%*	**851.8**	*17.1%*
Net Trading Result	**47.9**	45.9	56.0	*4.4%*	*-14.5%*	**156.2**	*-8.4%*
General admin. expenses	**-659.4**	-649.2	-614.1	*1.6%*	*7.4%*	**-1,950.9**	*6.2%*
Income from Insurance bus.	**11.3**	6.9	7.6	*63.8%*	*48.7%*	**24.6**	*18.3%*
Other operating result	**15.6**	-35.3	-68.1	*>100%*	*>100%*	**1.1**	*> 100%*
Pre-Tax profit	**268.5**	**223.7**	**178.9**	*20.0%*	*50.1%*	**769.6**	*30.6%*
Net profit after min. ints.	**142.4**	**136.0**	**90.1**	*4.7%*	*58.0%*	**382.6**	*49.9%*

Performance in the third quarter of 2004:

Quarter-on-quarter comparison shows that Erste Bank performed much better in the third quarter than in the second.

Net interest income increased by 2.5% quarter-on-quarter from EUR 660.2 million to EUR 676.6 million, and **net commission income** was also up a marginal 1.0% from EUR 283.8 million to EUR 286.6 million. The third-quarter **trading result** stood at EUR 47.9 million, a little above the EUR 45.9 million recorded in the previous quarter, which was affected by market conditions.

General administrative expenses rose 1.6%, from EUR 649.2 million to EUR 659.4 million. This was due first and foremost to the other administrative expenses item (+3.1% to EUR 208.4 million).

As a consequence, the **operating result** was 4.4% higher than in the second quarter at EUR 363.0 million.

The **cost/income ratio** improved quarter-on-quarter from 65.1% to 64.5%.

The second quarter release of provisions meant the respective figure for **risk provisions** was unusually low at just EUR 88.6 million. The net figure for the third quarter came in at EUR 110.1 million.

From a negative amount (EUR -35.3 million) in the second quarter, when the **other operating result** was dragged down by high downward valuation adjustments on securities available for sale, the figure for the third quarter was well into the black (total: EUR 15.6 million) due largely to securities and participations valuations as mentioned before, mainly from Česká spořitelna.

As the earnings of the savings banks participating in the cross-guarantee system also performed very well in the period under review, third-quarter **pre-tax profit** advanced by a disproportionately strong 20.0% quarter-on-quarter to EUR 268.5 million.

However, the strong result by the savings banks also led to higher **minority interests**. **Net profit after minority interests** climbed 4.7% quarter-on-quarter to EUR 142.4 million (second quarter: EUR 136.0 million).

Outlook:

"In view of the good results in the first three quarters of this year, together with the continued strong demand for our products – which represent innovations for the central European market – as well as sales successes in Austria, we are confirming our earlier projection that we will achieve a **net profit** after minority interests of at least **EUR 500 million** in full-year 2004," declared Treichl.

The target announced at this year's Capital Markets Day in Budapest of generating a **net profit** after minority interests of **EUR 720-750 million** in **2006** still applies. That involves a target **return on equity** (based on net profit after minority interests) of at least **18%** and a **cost/income ratio** no higher than **61%**.

The Group synergy projects currently under consideration will help to achieve these targets and will deliver a long term positive contribution to the Group results. Projects within this Group-wide programme comprise among others procurement and enhancing controlling systems. There is also a focus on the retail and large corporate divisions, where the aim is to achieve long term cost savings and a continuing increase in profitability combined with an improvement in customer service.

Balance sheet performance: [3]

Erste Bank Group's consolidated **total assets** grew 10.6% over the first nine months of the year, from EUR 128.6 billion as at end-2003 to EUR 142.2 billion as at 30 September 2004.

Loans and advances to customers rose from EUR 67.8 billion to EUR 72.1 billion, a rise of 6.4%. While the increase in Austria was only slight (up 2.2% to EUR 46.8 billion), loans and advances to customers outside Austria increased by 15.2% to EUR 25.4 billion. Lending to Central European corporate and retail customers grew particularly strongly. The Slovak subsidiary, for example, posted a 42% growth in mortgage lending in the first three quarters,

[3] As the balance sheet of Postabank was already included in Erste Bank's 2003 financial statements, this acquisition does not affect the percentage changes versus 31 December 2003.

with overdraft facilities up by almost 140%. Over the same period, Česká spořitelna recorded a 74% year-on-year increase in mortgage lending.

Net **risk provisions** were up slightly (+3.2%) in the first nine months of 2004 at EUR 2.9 billion (after taking account of additions as well as the use of provisions).

A substantial drop in **trading assets** (down 18.7% to EUR 4.3 billion, with fixed-income securities most affected) was offset by a sharp increase in **securities available for sale** (+22.7% to EUR 9.1 billion). In all, **securities and financial investments** (trading assets, securities available for sale and financial investments) have increased considerably since 31 December 2003, advancing 9.0% from EUR 39.1 billion to EUR 42.6 billion.

Financial investments rose at an above-average rate, mainly due to the investment portfolios of the consolidated insurance companies (EUR 5.7 billion from EUR 4.9 billion) and the increase in fixed-income securities held to maturity (EUR 21.1 billion from EUR 19.1 million).

Loans and advances to credit institutions rose 45.5% to EUR 19.1 billion and **amounts owed to credit institutions** by 21.4% to EUR 31.2 billion. This rise applied almost entirely to short-term interbank deposits, both domestic and international.

Despite a slight decrease in savings deposits, which fell 0.6% from EUR 37.3 billion to EUR 37.1 billion, **amounts owed to customers** have risen by 6.4% versus end-2003, to stand at EUR 69.0 billion as at 30 September 2004.

Claims on **subordinated capital** shrank 9.8% to EUR 3.2 billion, although over the first three quarters of 2004, the funding base from **own issues** (comprising debts evidenced by certificates and subordinated capital) grew 11.7%, from EUR 20.5 billion at end-2003 to EUR 22.9 billion today.

The eligible **qualifying capital** of the Erste Bank Group as defined under the Austrian Banking Act (BWG) was approximately EUR 7.0 billion as at 30 September 2004. As the statutory minimum capital required as at this date was approximately EUR 5.7 billion, the coverage ratio was roughly 123%.

Hybrid tier 1 capital in the amount of EUR 100 million was repurchased during the third quarter 2004. Thus, **core capital** at end-September stood at around EUR 4.1 billion, corresponding to a core capital ratio of 6.1% (year end 2003: 6.3%). For year end 2004 Erste Bank expects a tier 1 ratio of around 6.4% after inclusion of reserves.

The **solvency ratio** as defined by the Austrian Banking Act was 10.0% as at 30 September 2004, well above the legally required minimum of 8.0%.

Balance Sheet Development

EUR m	30.09.2004	31.12.2003	% chg
Loans and advances to credit institutions	19,113	13,140	*45.5*
Loans and advances to customers	72,117	67,766	*6.4*
Risk provisions for loans and advances	-2,861	-2,772	*3.2*
Securities portfolio and other financial investments	42,604	39,092	*9.0*
Sundry assets	11,265	11,349	*-0.7*
Total assets	**142,238**	**128,575**	***10.6***

EUR m	30.09.2004	31.12.2003	% chg
Amounts owed to credit institutions	31,217	25,704	*21.4*
Loans and advances to customers	68,983	64,839	*6.4*
Debts evidenced by certificates and subord. capital	22,884	20,481	*11.7*
Shareholders' equity	3,135	2,791	*12.3*
Sundry liabilities	16,019	14,760	*8.5*
Total liabilities and shareholders' equity	**142,238**	**128,575**	***10.6***

Segment reporting[1]:

Austria

This segment reported impressive profit growth of 48.1%, from EUR 115.7 million in the same period last year to EUR 171.3 million. In addition to the decline in risk provisions (particularly in the Retail and Mortgage segment), this increase was driven by the strong improvement in net commission income (up 8.4% to EUR 535.0 million) in the Large Corporates division and in the Trading and Investment banking segment. General administrative expenses were cut by 0.7% or EUR 9.2 million year-on-year, from EUR 1,239.4 million to EUR 1,230.2 million. The Retail and Mortgage sub-segment contributed significantly to this reduction in expenses. The cost/income ratio stayed steady at 67.2% and return on equity rose substantially from 9.8% to 13.3%.

Savings Banks

Net profit rose strongly year-on-year to EUR 14.0 million. The 6.4% increase in net commission income, which came mainly from payment services and securities business, and the very slight (0.9%) rise in operating expenses more than made up for the market-driven drop in net interest income. The sizeable increase in the other operating result was attributable to the revaluation of other assets available for sale. The cost/income ratio deteriorated slightly to 70.3%, while return on equity rose to 7.9%.

Retail and Mortgage

This segment's profit virtually doubled to EUR 29.3 million in the first nine months of 2004 from EUR 14.9 million for the same period of last year. The cost-cutting programme that is now underway generated EUR 12.1 million of savings in respect of general administrative expenses (EUR 481.0 million against EUR 493.1 million), while a decrease in risk costs was also recorded (EUR 84.6 million against EUR 97.9 million). This was driven in particular by

[1] In comparison with prior-year results, it should be noted that Erste Bank adopted IFRS 3 together with IAS 36 and IAS 38 (elimination of goodwill amortisation) in 2004. It should also be noted that valuation methods have changed in connection with the consolidation. This means the published results of the individual Group members cannot be compared directly with the segment results. In the case of the central European subsidiaries, for example, proportion funding costs have been offset against the segment earnings.

Tiroler Sparkasse (down EUR 9.5 million) and the SME business. Net interest income fell as the building society adjusted interest rates in line with legal requirements, as highlighted in the first quarter. The cost/income ratio improved from 79.0% in the first nine months of 2003 to 78.2%, and return on equity increased to 4.8%.

Large Corporates
The rise in net profit in this sub-segment was due to a strong improvement in net commission income (primarily in project finance), up 31% to EUR 45.2 million, combined with the positive valuation of securitised financing instruments under the other operating result item. Return on equity grew robustly from 8.9% to 13.1%, while the cost/income ratio remained practically unchanged year-on-year at 40.0%. Net profit climbed 52.8% to EUR 42.1 million.

Trading and Investment Banking
Year-on-year, net profit saw an above average 25.4% rise to EUR 85.9 million. There was a drop in net interest income (from EUR 85.6 million to EUR 80.8 million), but this was offset by a large improvement in other operating results. The rise in net commission income from EUR 29 million to EUR 40 million was mainly due to the sale of structured products to savings banks, other banks and institutional investors. Rigorous cost management also brought about a 6.1% reduction in general administrative expenses compared with the first nine months of 2003. As a result, the cost/income ratio improved from 39.7% to 38.7%, while return on equity rose from 41.6% to 47.6%.

Central Europe

Česká spořitelna
Profit advanced 80.4% or EUR 68.6 million versus the first nine months of 2003, to EUR 153.9 million. The very positive 20.3% year-on-year improvement in the operating result in the first three quarters of 2004 was based on the 7.7% rise in operating income (from EUR 555.6 million to EUR 598.1 million) combined with virtually unchanged general administrative expenses. Net interest income improved due to the expansion of the lending business, and net commission income also came in higher, thanks to payment services in particular. The trading result rose, driven by the securities and interest rate derivatives business. The substantial advance in the other operating result can be attributed to no longer amortising goodwill (goodwill charge Q3 2003: EUR 30.1 million). Due to the fact that, as discussed in the first quarter, there was no release from the general reserve, a budgeted increase in risk costs was recorded. As a result of the very pleasing business performance, the cost/income ratio improved from 64.0% to 59.8%, while return on equity rose from 29.7% to 44.5%.

Slovenská sporiteľňa
Relative to last year, the performance of net interest income at SLSP was impacted by the one-off effect from the Slovak building society PSS in the prior year, as mentioned earlier (exceptional income of EUR 28 million). Net commission income grew by 35.8% year-on-year to EUR 49.5 million, due primarily to payment services and financing. The trading result was up 29.4% to EUR 10.4 million, with foreign exchange and securities business largely behind this improvement. Due above all to changes in cost accruals since the start of the year, general administrative expenses have risen 4.2% versus the first nine months of 2003. Adjusted for inflation, only a marginal increase is forecast for full-year 2004. The lower operating result (EUR 82.5 million from EUR 110.0 million) can largely be explained by positive one-off effects in 2003 mentioned earlier. Adjusted for this extraordinary effect of EUR 28 million, the operating result would have been unchanged year on year. The April 2004 increase in Erste Bank's stake in Slovenská sporiteľňa from 70% to 80% has reduced minority interests. Return on equity grew from 36.5% to 49.9%, while the cost/income ratio rose from 50.4% to 58.8% because of the aforementioned accruals.

Erste Bank Hungary

Comparison with the first nine months of 2003 would not be meaningful due to the fact that Postabank was consolidated as at 1 January 2004. The smooth integration of the two entities and the better-than-expected business performance point to a positive and projection-beating result for full-year 2004.

Erste Bank Croatia

Pre-tax profit rose 37.4% compared with the first three quarters of 2003 to EUR 30.7 million. Interest income grew 12.4% to EUR 61.2 million on the back of large volumes. Commission income – especially for payment services – rose 35.5% to EUR 12.0 million. The trading result increased 90.4% to EUR 11.1 million over the same period. The 9.8% rise in general administrative expenses to EUR 47.6 million is almost entirely attributable to expansion of the bank's branch network and necessary adjustments to bring employee salaries in line with market levels. In spite of this, the cost/income ratio improved from 62.6% in the first nine months of 2003 to 56.4%. Due to the change in quarterly allocation, costs in Croatia are also expected to remain nearly flat after adjustment for foreign exchange impacts. Because of higher minority interests – Steiermärkische Sparkasse has increased its holding in Erste Bank Croatia to 35% – and the non-recurrence of tax credits in respect of Riječka Banka in the year-earlier period, net profit attributable to Erste bank slipped 17.8% to EUR 15.8 million. Return on equity declined to 18.3%, due in part to the increase in allocated equity capital.

International Business

In general, the very strong performance by the International Business continued in the third quarter. The decline in risk provisioning in New York also enhanced results, while cost savings and tax benefits likewise contributed to the improvement in 9-month profit from EUR 55.7 million to EUR 68.1 million. The cost/income ratio improved from 20.6% to 18% and return on equity rose from 21.1% to 23.3%.

Corporate Centre

In addition to other items from Erste Bank AG, Corporate Centre's results include auxiliary units, one-off effects of goodwill impairment testing and exceptional income from the sale of the property insurance operation in the Czech Republic. The sale is also the principal reason for the increase in minority interests. As already reported in the first quarter, a non-recurring write-down of tax assets was recorded in 2004, resulting from the reduction in the Austrian corporate tax rate from 34% to 25% from 2005. This led to a substantial increase in the tax position compared with the year-earlier period. The rise in net interest income is due in part to dividends from unconsolidated companies and in part to higher earnings from the companies allocated to this segment. In particular, the one-off effects from the first quarter of 2004 explain the strong deviation from the year-earlier period.

Detailed Financial Statements are attached

Note: In calculating rates of change, small discrepancies may emerge compared with calculations using unrounded figures.

Please contact:
Erste Bank, Press Departement
1010 Wien, Graben 21, Telefax: 0043 (0) 50100 ext. 19849
Michael Mauritz, Tel.00 43 (0) 50100 ext. 19603, e-mail: michael.mauritz@erstebank.at
Hana Cygonková, 00 43 (0) 50100 ext. 11675, e-mail: hana.cygonkova@erstebank.at
Nicola Frimmel, 00 43 (0) 50100 ext. 13705, e-mail: nicola.frimmel@erstebank.at

I. Balance sheet according to IFRS

in EUR m

Assets		**30/09/04**	**31/12/03**	**+/- %**
1.	Cash and balances with central banks	2,802	2,549	9.9
2.	Loans and advances to credit institutions	19,113	13,140	45.5
3.	Loans and advances to customers	72,117	67,766	6.4
4.	Risk provisions for loans and advances	(2,861)	(2,772)	3.2
5.	Trading assets	4,277	5,259	(18.7)
6.	Investments available for sale	9,052	7,379	22.7
7.	Financial investments	29,275	26,454	10.7
8.	Intangible assets	1,824	1,869	(2.4)
9.	Tangible assets	1,766	1,814	(2.6)
10.	Other assets	4,873	5,117	(4.8)
	Total assets	**142,238**	**128,575**	**10.6**

Liabilities and shareholders' equity		**30/09/04**	**31/12/03**	**+/- %**
1.	Amounts owed to credit institutions	31,217	25,704	21.4
2.	Amounts owed to customers	68,983	64,839	6.4
3.	Debts evidenced by certificates	19,693	16,944	16.2
4.	Provisions	6,987	6,366	9.8
5.	Other liabilities	6,000	5,515	8.8
6.	Subordinated capital	3,191	3,537	(9.8)
7.	Minority interests	3,032	2,879	5.3
8.	Shareholders' equity	3,135	2,791	12.3
	Total liabilities and shareholders' equity	**142,238**	**128,575**	**10.6**

II. Income Statement according to IFRS

	in EUR m	**1.1.-30.09.04**[2]	**1.1.-30.09.03**	**+/- %**
I.	**Net interest income**	**1,993.7**	**1,934.7**	**3.0**
	Risk provisions for loans and advances	(306.9)	(298.6)	2.8
	Net commission income	851.8	727.5	17.1
	Net trading result	156.2	170.6	(8.4)
	General administrative expenses	(1,950.9)	(1,837.0)	6.2
	Result from insurance business	24.6	20.8	18.3
	Other operating result	1.1	(128.8)	>100.0
	Extraordinary result	0.0	0.0	--
II.	**Pre-tax profit for the period**	**769.6**	**589.2**	**30.6**
	Taxes on income	(197.0)	(170.6)	15.5
III.	**Profit for the period**	**572.6**	**418.6**	**36.8**
	Minority interests	(190.0)	(163.4)	16.3
IV.	**Net profit after minority interests**	**382.6**	**255.2**[3]	**49.9**

Percentage changes in financial figures between two financial periods may differ slightly from non-rounded rates of change.

[2] Postabank included since 1 January 2004
[3] Net profit after minority interests as reported in 2003 (including goodwill amortisation)

III. Erste Bank Group Q3 2004 - Divisional Reporting (Overview)

OVERVIEW								
	Austria		Central Europe		International Business		Corporate Centre	
in EUR m	**Q1-Q3 2004**	**Q1-Q3 2003**	**Q1-Q3 2004**	**Q1-Q3 2003**	**Q1-Q3 2004**	**Q1-Q3 2003**	**Q1-Q3 2004**	**Q1-Q3 2003**
Net interest income	1,191.6	1,220.3	689.1	618.5	113.3	108.5	(0.3)	(12.5)
Risk provisions for loan and adv.	(255.5)	(269.8)	(36.0)	(4.1)	(15.4)	(24.8)	0.0	0.1
Net commission income	535.0	493.6	291.8	245.9	16.8	16.1	8.2	(28.1)
Net trading result	87.2	114.4	71.4	52.1	0.1	0.0	(2.6)	4.1
General administrative expenses	(1,230.2)	(1,239.4)	(650.5)	(562.6)	(23.4)	(25.7)	(46.8)	(9.3)
Income from insurance business	18.1	15.5	6.5	5.3	0.0	0.0	0.0	0.0
Other operating result	37.9	(13.1)	(31.5)	(118.6)	(4.4)	(1.8)	(0.9)	4.8
Pre-tax profit	**384.1**	**321.5**	**340.8**	**236.4**	**86.9**	**72.3**	**(42.3)**	**(40.9)**
Taxes on income	(92.9)	(96.2)	(76.8)	(66.1)	(18.9)	(16.6)	(8.4)	8.3
Minority interest	(119.9)	(109.6)	(31.6)	(33.5)	0.0	0.0	(38.5)	(20.4)
Net profit after minority interests[4]	**171.3**	**115.7**	**232.4**	**136.7**	**68.1**	**55.7**	**(89.2)**	**(53.0)**
Average risk-weighted assets	46,569.9	44,761.7	12,978.4	9,860.8	6,199.7	5,768.9	438.6	248.9
Average attributed equity	1,715.6	1,575.5	816.4	600.1	390.0	351.2	27.6	17.1
Cost/Income Ratio	**67.2%**	**67.2%**	**61.4%**	**61.0%**	**18.0%**	**20.6%**	**n.a.**	**n.a.**
ROE based on net profit[5]	**13.3%**	**9.8%**	**38.0%**	**30.4%**	**23.3%**	**21.1%**	**n.a.**	**n.a.**
Thereof funding costs	(53.4)	(54.9)	(48.5)	(33.4)	0.0	0.0	(20.9)	(18.0)
Thereof goodwill[6]	(14.0)	(13.9)	(59.0)	(40.7)	0.0	0.0	(6.2)	(6.0)

TOTAL		
	Erste Bank Group	
in EUR m	**Q1-Q3 2004**	**Q1-Q3 2003**
Net interest income	1,993.7	1,934.7
Risk provisions for loan and adv.	(306.9)	(298.6)
Net commission income	851.8	727.5
Net trading result	156.2	170.6
General administrative expenses	(1,950.9)	(1,837.0)
Income from insurance business	24.6	20.8
Other operating result	1.1	(128.8)
Pre-tax profit	**769.6**	**589.2**
Taxes on income	(197.0)	(170.6)
Minority interest	(190.0)	(163.4)
Net profit after minority interests[3]	**382.6**	**255.2**
Average risk-weighted assets	66,186.7	60,640.3
Average attributed equity	2,949.5	2,543.9
Cost/Income Ratio	**64.5%**	**64.4%**
ROE based on net profit[4]	**17.3%**	**13.4%**
Thereof funding costs	(122.8)	(106.3)
Thereof goodwill[5]	(79.2)	(60.6)

[4] 2003 net profit as reported (including goodwill amortisation)
[5] ROE for Q1-Q3 2003 as reported in 2003 (including goodwill amortisation)
[6] Goodwill for Q1-Q3 2004 provided for information only

IV. Erste Bank Group Q3 2004 - Divisional Reporting (Details)

AUSTRIA								
	Savings Banks		Retail and Mortgage		Large Corporate Customers		Trading and Investment Banking	
in EUR m	Q1-Q3 2004	Q1-Q3 2003	Q1-Q3 2004	Q1-Q3 2003	Q1-Q3 2004	Q1-Q3 2003	Q1-Q3 2004	Q1-Q3 2003
Net interest income	618.1	625.9	383.9	394.8	108.8	113.9	80.8	85.6
Risk provisions for loan and adv.	(133.6)	(131.8)	(84.6)	(97.9)	(37.3)	(40.1)	0.0	0.0
Net commission income	244.3	229.7	205.5	200.4	45.2	34.5	40.0	29.0
Net trading result	12.7	21.2	7.9	13.5	0.9	1.2	65.8	78.6
General administrative expenses	(615.1)	(609.4)	(481.0)	(493.1)	(62.0)	(60.1)	(72.1)	(76.8)
Income from insurance business	0.0	0.0	18.1	15.5	0.0	0.0	0.0	0.0
Other operating result	29.1	5.1	3.1	0.7	8.0	(0.4)	(2.3)	(18.4)
Pre-tax profit	**155.6**	**140.7**	**52.9**	**33.8**	**63.6**	**49.0**	**112.1**	**98.0**
Taxes on income	(42.0)	(39.8)	(11.2)	(12.2)	(13.5)	(14.2)	(26.3)	(29.9)
Minority interest	(99.6)	(96.1)	(12.3)	(6.7)	(7.9)	(7.2)	0.0	0.3
Net profit after minority interests[3]	**14.0**	**4.7**	**29.3**	**14.9**	**42.1**	**27.6**	**85.9**	**68.5**
Average risk-weighted assets	23,051.8	22,134.2	12,868.9	12,158.2	6,822.8	6,748.0	3,826.5	3,721.3
Average attributed equity	236.3	199.2	809.5	741.7	429.2	415.0	240.7	219.6
Cost/Income Ratio	**70.3%**	**69.5%**	**78.2%**	**79.0%**	**40.0%**	**40.2%**	**38.7%**	**39.7%**
ROE based on net profit[4]	**7.9%**	**3.2%**	**4.8%**	**2.7%**	**13.1%**	**8.9%**	**47.6%**	**41.6%**
Thereof funding costs	(12.2)	(11.3)	(28.2)	(29.8)	(10.8)	(11.9)	(2.1)	(1.9)
Thereof goodwill[5]	(4.8)	(4.4)	(9.2)	(9.4)	0.0	0.0	0.0	0.0

CENTRAL EUROPE								
	Česká spořitelna		Slovenská sporiteľňa		Erste Bank Hungary[7]		Erste Bank Croatia	
in EUR m	Q1-Q3 2004	Q1-Q3 2003	Q1-Q3 2004	Q1-Q3 2003	Q1-Q3 2004	Q1-Q3 2003	Q1-Q3 2004	Q1-Q3 2003
Net interest income	367.4	341.7	140.3	179.3	120.2	42.9	61.2	54.5
Risk provisions for loan and adv.	(18.6)	6.7	2.8	0.3	(16.7)	(8.3)	(3.5)	(2.8)
Net commission income	193.8	180.0	49.5	36.4	36.5	20.5	12.0	8.9
Net trading result	30.4	28.5	10.4	8.1	19.5	9.6	11.1	5.8
General administrative expenses	(357.7)	(355.6)	(117.6)	(112.9)	(127.6)	(50.9)	(47.6)	(43.3)
Income from insurance business	6.5	5.3	0.0	0.0	0.0	0.0	0.0	0.0
Other operating result	2.9	(48.8)	(19.2)	(66.4)	(12.6)	(2.7)	(2.6)	(0.7)
Pre-tax profit	**224.8**	**157.9**	**66.1**	**44.9**	**19.2**	**11.2**	**30.7**	**22.4**
Taxes on income	(62.3)	(60.4)	(9.1)	(5.6)	0.6	(1.6)	(6.0)	1.5
Minority interest	(8.6)	(12.2)	(14.0)	(16.8)	(0.1)	0.0	(8.9)	(4.6)
Net profit after minority interests[3]	**153.9**	**85.3**	**43.1**	**22.5**	**19.6**	**9.6**	**15.8**	**19.3**
Average risk-weighted assets	7,335.7	6,291.7	1,829.2	1,353.7	1,977.2	828.6	1,836.3	1,386.8
Average attributed equity	461.4	382.8	115.1	82.4	124.4	50.5	115.5	84.4
Cost/Income Ratio	**59.8%**	**64.0%**	**58.8%**	**50.4%**	**72.4%**	**69.6%**	**56.4%**	**62.6%**
ROE based on net profit[4]	**44.5%**	**29.7%**	**49.9%**	**36.5%**	**21.1%**	**25.5%**	**18.3%**	**30.5%**
Thereof funding costs	(19.9)	(20.9)	(8.0)	(4.6)	(16.2)	(2.4)	(4.4)	(5.5)
Thereof goodwill[5]	(31.5)	(30.1)	(10.3)	(9.0)	(15.6)	0.0	(1.7)	(1.6)

[3] 2003 net profit as reported (including goodwill amortisation)
[4] ROE for Q1-Q3 2003 as reported in 2003 (including goodwill amortisation)
[5] Goodwill for Q1-Q3 2004 provided for information only
[7] Postabank included since 1 January 2004