ERSTE BANK

PRESS RELEASE

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Erste Bank posts strong rise in 9-month earnings: net income up 40%

Highlights in figures[1]:

- **Net interest income** rose by 4.7% from EUR 1,995.9 m to **EUR 2,089.4 m**.
- **Net commission income** increased by 8.6% from EUR 848.9 m to **EUR 921.9 m**.
- **Operating income** rose by 6.4% from EUR 3,026.8 m to **EUR 3,219.8 m**.
- **General administrative expenses** increased by 1.9% from EUR 1,953.3 m to **EUR 1,990.0 m**.
- **Operating profit** improved by 14.6%, rising from EUR 1,075.3 m to **EUR 1,229.8 m**.
- **Pre-tax profit** rose by 19.6% from EUR 744.7 m to **EUR 890.3 m**.
- **Group net profit after taxes and minorities** increased by 39.9% from EUR 363.6 m to **EUR 508.8 m**.
- **Cost/income ratio** improved from 63.5% in FY 2004 to **61.8%**.
- **Earnings per share** for the first three quarters rose 38.6% to **EUR 2.12**.
- **Return on equity** rose from 17.0% in FY 2004 to **18.5%**.
- **Total assets** increased by 12.2% on the YE 2004 figure of EUR 139.8 bn to **EUR 156.9 bn**.
- **Tier 1 capital ratio** was **6.3%** on 30 September 2005, down from 6.7% at the end of 2004.

CEO Andreas Treichl commented "The excellent results for the first nine months of the year once again confirm Erste Bank's earnings power. As in previous quarters, along with the strong performance of our subsidiaries in Central Europe, the improvement in the Austrian business was an important growth driver. The fact that the usually weak third quarter matched the record results achieved in the second-quarter was particularly encouraging."

"The trend in the **cost/income ratio** is particularly encouraging. It has fallen steadily in recent years and now stands at an impressive 61.8%. This trend is set to continue in the coming quarters".

Treichl added: "We are pleased that Erste Bank is currently involved in negotiations related to the privatisation of both Casa de Economii si Consemnatiuni (CEC) and Banca Comerciala Romana (BCR) in Romania. In the privatisation of BCR, Erste Bank has been shortlisted by the Romanian Government as one of two candidates with whom they will undertake detailed negotiations".

[1] The newly acquired Novosadska banka in Serbia has been consolidated from 9 August 2005 following the closing of the transaction. However, the impact on group accounts is currently minimal. Novosadska's total assets on 30 September 2005 were approximately EUR 123 m; for August and September it contributed operating income of roughly EUR 2.2 m, general administrative expenses of around EUR 1.4 m and risk provisions for loans and advances of EUR 0.7 m to group accounts.

The revised IASB standards, IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement), became compulsory as of 1 January 2005. They mainly affect the presentation of securities trading and the valuation of loans. Under the transitional provisions, prior-year figures must be restated. The rates of change indicated are based on the restated prior-year figures. Details of the changeover to IAS were provided in a release published on 3 May 2005, which can be found on the Erste Bank website.

I. Performance in detail

in EUR million	1/1-30/9/05	1/1-30/9/04 restated	Change in %	1/1-30/9/04 published
Net interest income	**2,089.4**	1,995.9	4.7	1,993.7
Risk provisions for loans and advances	**-329.1**	-306.9	7.2	-306.9
Net commission income	**921.9**	848.9	8.6	851.8
Net trading income	**171.6**	156.2	9.9	156.2
General administrative expenses	**-1,990.0**	-1,953.3	1.9	-1,950.9
Insurance business	**36.9**	25.8	43.0	24.6
Other operating result	**-10.4**	-21.9	52.5	1.1
Pre-tax profit	**890.3**	**744.7**	**19.6**	**769.6**
Group net profit	**508.8**	**363.6**	**39.9**	**382.6**

Net interest income came in at EUR 2,089.4 m, up 4.7% from EUR 1,995.9 m in the same period last year. This growth was driven to a considerable extent by the sharp increase in lending volumes at the Central European subsidiaries.

At 2.10%, the net interest margin for the first three quarters of 2005 was stable compared with the same period in 2004. The slight fall relative to 2004 as a whole, when the margin was 2.21%, can be explained primarily by the additional refinancing costs incurred for the acquisition of the remaining 19.99% of Slovenská sporiteľňa in January 2005 and the overall low interest rate environment. The recently announced 25 BP increase in interest rates by the CNB is a positive signal going forward.

The domestic net interest margin remained at roughly 1.6%. Margins in Central Europe, meanwhile, stayed well above the Austrian level, ranging from 3.1% to over 5%.

Net commission income rose 8.6% from EUR 848.9 m to EUR 921.9 m and thus made a significant contribution to earnings. Particularly strong growth was recorded not only among the Central European subsidiaries, but also at Erste Bank AG. The main drivers of this trend were securities trading (commission income up 29.4% at EUR 273.8 m) and commissions on the sale of insurance products (up 18.3% at EUR 52.9 m).

Net trading income once again showed strong year-on-year growth, rising 9.9% from EUR 156.2 m to EUR 171.6 m. This result was achieved mainly thanks to positive trends in securities and derivatives trading, as well as foreign-exchange trading.

Income from insurance business showed an above average increase of 43.0%, rising from EUR 25.8 m to EUR 36.9 m due to significantly higher valuation gains on financial assets held by group insurance businesses.

Total operating income registered a 6.4% rise from EUR 3,026.8 m to EUR 3,219.8 m.

General administrative expenses showed a modest increase of 1.9% from EUR 1,953.3 m to EUR 1,990.0 m. The main factors here were rising costs at Central European subsidiaries (up 10%) also due to higher value-added tax rates in the Czech Republic and Slovakia. Local currency movements are also reflected in this increase. In the Czech Republic, extraordinary expenses were incurred in connection with headcount reductions, especially in the third quarter. In Austria (including the Corporate Centre and International Business segments), on the other hand, general administrative expenses fell 2.2% despite the upward trend in expenditure on establishing additional group functions.

Erste Bank Group general administrative expenses

in EUR million	1/1-30/9/05	1/1-30/9/04 restated	Change in %	1/1-30/9/04 published
Personnel expenses	**1,154.7**	1,085.8	*6.3*	1,083.4
Other administrative expenses	**584.9**	611.7	*-4.4*	611.7
Subtotal	***1,739.6***	*1,697.5*	*2.5*	*1,695.1*
Depreciation	**250.4**	255.8	*-2.1*	255.8
Total	**1,990.0**	**1,953.3**	***1.9***	**1,950.9**

Austria (including Corporate Centre and international business)

in EUR million	1/1-30/9/05	1/1-30/9/04 restated	Change in %	1/1-30/9/04 published
Personnel expenses	**835.0**	798.6	*4.6*	798.6
Other administrative expenses	**309.3**	355.3	*-13.0*	355.3
Subtotal	***1,144.3***	*1,153.9*	*-0.8*	*1,153.9*
Depreciation	**127.3**	146.3	*-13.0*	146.3
Total	**1,271.6**	**1,300.2**	***-2.2***	**1,300.2**

Central Europe

in EUR million	1/1-30/9/05	1/1-30/9/04 restated	Change in %	1/1-30/9/04 published
Personnel expenses	**319.7**	287.2	*11.3*	284.7
Other administrative expenses	**275.6**	256.4	*7.5*	256.4
Subtotal	***595.3***	*543.6*	*9.5*	*541.1*
Depreciation	**123.1**	109.5	*12.4*	109.5
Total	**718.4**	**653.1**	***10.0***	**650.6**

Group **personnel expenses** were up 6.3% to EUR 1,154.7 m, compared with EUR 1,085.8 m in the same period last year. **Headcount** rose 1.5% over the first three quarters, with 36,383 people employed by Erste Bank on 30 September 2005. Novosadska banka was consolidated for the first time, adding 843 employees to the Group total. Adjusted for this effect, Group headcount was about 0.9% lower year-to-date. Further steps were taken to reduce headcount in the Czech Republic during the third quarter. At the same time, however, headcount increased in Hungary and Croatia due to the expansion of the branch networks in those countries.

Headcount	**30/9/05**	31/12/04
Austria	**14,805**	14,629
of which Savings Banks	**6,835**	6,789
International	**21,578**	21,233
of which Česká spořitelna subgroup	**11,089**	11,639
of which Slovenská sporiteľňa subgroup	**4,878**	5,083
of which Hungary subgroup	**2,491**	2,435
of which Central European and international subsidiaries	**3,120**	2,076
(of which Novosadska banka)	**843**	
Total	**36,383**	35,862

The excellent quarterly results reflect both the positive earnings trend and Erste Bank's rigorous approach to cost management. **Other administrative expenses** fell 4.4% year-on-year from EUR 611.7 m to EUR 584.9 m thanks in particular to declining expenditure on IT (down 20.3% to EUR 138.5 m) and premises (down 6.1% at EUR 110.8 m). A fall of 13.0% to EUR 309.3 m was recorded in Austria, while Central Europe posted a 7.5% increase to EUR 275.6 m. This was mainly attributable to the VAT increase and currency trends mentioned above.

Depreciation on tangible fixed assets was also lower, falling 2.1% to EUR 250.4 m. This was principally a result of reduced IT investment in Austria.

Operating result – operating income minus general administrative expenses – for the first three quarters was EUR 1,229.8 m, 14.6% higher than the previous year's figure of EUR 1,073.5 m.

The trend in the **cost/income ratio** was particularly encouraging. It has fallen steadily in recent years and now stands at a satisfying 61.8%. "This trend is clearly set to continue in the coming quarters", commented Treichl.

While the **other operating result** remained in negative territory at EUR -10.4 m, it showed a significant improvement on the previous year's figure of EUR -21.9 m. This was due in particular to higher income from sales of securities. The Central European subsidiaries' contributions to the local deposit insurance schemes are the most significant items under this heading.

Risk provisions for loans and advances rose by a considerable 7.2% to EUR 329.1 m in the first three quarters. However, half of this increase was due to extraordinary third quarter expenditure at one of the smaller cross-guarantee scheme savings banks. This therefore only had a minimal impact on the Erste Bank Group's net profit after minority interests. The other half can be explained by strong growth in lending in Central Europe and the non-recurrence of the releases made by the Slovak and Croatian subsidiary banks last year.

The positive trend in non-performing loan coverage continued in the third quarter resulting in a NPL cover ratio of 75.8% for the Group (72.5% at YE 2004). The overall credit exposure grew by 12.9% ytd, with the lowest risk class growing strongest (+ 15.2%) and non-performing loans nearly unchanged with a 0.7% increase, leading to a further decline of the NPL ratio of 2.6% (2.9% at YE 2004).

Pre-tax profit registered a 19.6% increase from EUR 744.7 m to EUR 890.3 m.

Tax cuts in the Czech Republic and Austria, together with the non-recurring write-off of deferred tax assets (EUR 20.0 m) in the first quarter of 2004, will result in a lower **tax rate** in 2005 than was recorded last year.

The 5.5% fall in **minority interests** for the first three quarters (EUR 172.4 m, down from EUR 182.5 m in the same period last year), was caused first and foremost by the Group increasing its stake in Slovenská sporitel'ňa to 100% and the non-recurrence of the profit made in 2004 on the sale of the property insurance business in the Czech Republic.

Erste Bank Group's sustained earnings momentum is evident in the **Group net profit** after taxes and minority interests, which increased approximately 40% from EUR 363.6 m to EUR 508.8 m for the first nine months of the year. This gave rise to an increase in the **return on equity** (ROE) from 17.0% in 2004 as a whole to 18.5%.

Earnings per share for the first three quarters increased from EUR 1.53 last year to EUR 2.12.

II. Performance in the third quarter of 2005

"Virtually matching the second quarter's record net profits of EUR 175.4 m, this latest period represents another excellent performance" said Andreas Treichl. **Group net profit** after taxes and minority interests of EUR 173.1 m was achieved in the **third quarter of 2005**.

At EUR 702.9 m, **net interest income** was almost unchanged on the second quarter (EUR 705.3 m). **Net commission income** of EUR 304.9 m was also flat compared to the preceding three months (EUR 305.9 m).

On the other hand, the **net trading income** of EUR 66.4 m was the highest quarterly figure in 18 months (up 38.3%).

General administrative expenses of EUR 666.9 m remained practically unchanged compared to the second quarter (EUR 664.2 m). While personnel expenses increased by 2.4% from EUR 384.0 m to EUR 393.3 m, other administrative expenses, particularly at Česká spořitelna, declined by 3.3% from EUR 197.0 m to EUR 190.5 m.

Thus, at EUR 417.3 m, the **operating result** was marginally above that for the previous quarter (EUR 416.3 m). This is all the more remarkable as results are traditionally weaker in the third quarter because of the holiday period.

The **cost/income ratio** was unchanged at 61.5%.

Risk provisions for loans and advances of EUR 119.2 m were considerably higher than in the previous quarter (EUR 108.6 m). This was exclusively due to the previously mentioned extraordinary expense at one of the smaller cross-guarantee scheme savings banks.

Income from insurance business, which was unusually high at EUR 21.3 m in the previous quarter because of valuation gains in the securities portfolio, returned to a more normal figure of EUR 10.0 m in the third quarter.

At EUR -1.0 m, the balance of positions under **other operating result** was more favourable than in the previous quarter (EUR -7.4 m) mainly due to positive effects from valuation gains in the securities portfolio.

In the third quarter, the **pre-tax profit** of EUR 297.1 m was only marginally below that for the previous quarter (EUR 300.3 m), as was the **Group net profit** after taxes and minority interests as mentioned above (EUR 173.1 m compared to EUR 175.4 m).

III. Outlook

Erste Bank anticipates that Group net profit for 2005 will be above EUR 660 m. New targets covering the 2006 – 2008 period were announced at the Capital Markets Day in mid-September; over this time Erste Bank aims to reduce the Group cost/ income ratio to 57% and achieve average annual growth in Group net profit after taxes and minority interests of at least 15%. Assuming a Tier 1 ratio of 7–7.5% in 2008, this level of earnings growth will imply an increase in return on equity to 20%.

The acquisition during the third quarter of Serbia’s Novosadska banka will not have any major effect on the operating result in 2005; however, restructuring costs, the final amount of which cannot be precisely determined at this stage, are expected in the fourth quarter of 2005.

IV. Balance sheet data

in EUR million	30/09/2005	31/12/2004 restated	% change	31/12/2004 published
Loans and advances to credit institutions	**20,058**	15,684	27.9	15,513
Loans and advances to customers	**79,946**	72,843	9.8	72,722
Risk provisions for loans and advances	**-2,902**	-2,804	3.5	-2,749
Securities portfolio and other financial assets	**47,678**	42,521	12.1	42,636
Other assets	**12,151**	11,568	5.0	11,560
Total assets	**156,931**	139,812	12.2	139,682

in EUR million	30/09/2005	31/12/2004 restated	% change	31/12/2004 published
Amounts owed to credit institutions	**37,365**	28,551	30.9	28,551
Amounts owed to customers	**71,421**	68,213	4.7	68,213
Debts evidenced by certificates and subordinated capital	**24,611**	22,704	8.4	22,935
Total equity	**7,271**	6,665	9.1	6,476
Other liabilities	**16,263**	13,679	18.9	13,507
Total liabilities	**156,931**	139,812	12.2	139,682

In the first three quarters of 2005, Erste Bank Group's consolidated **total assets** grew by 12.2%, from EUR 139.8 bn at end-2004 to EUR 156.9 bn.

Loans and advances to customers increased by 9.8% from EUR 72.8 bn to EUR 79.9 bn over the same period, mainly as a result of the above-average rise of 20.9% to EUR 31.2 bn in lending to private and corporate customers in Central Europe.

Risk provisions rose by 3.5% to EUR 2.9 bn, with new allocations partly offset by usage of existing provisions.

Available for sale and assets through profit and loss saw an above-average increase of 15.9% from EUR 16.0 bn to EUR 18.5 bn. In accordance with the revised IAS 39, valuation profits or losses on the AfS portfolios must now be shown under total equity until the securities are sold or repaid. Cumulative valuation profits as at 30 September 2005 stood at EUR 548 m versus EUR 429 m at end-2004. The heading also includes the new category of fair value portfolios. Valuation and realised profits or losses on these portfolios are booked to the income statement. At 30 September 2005, the fair value portfolios and portfolios available for sale were valued at EUR 4.0 bn and EUR 14.5 bn respectively, with only portfolios available for sale seeing a rise.

Trading assets also saw an above-average rise of 21.1% from EUR 4.6 bn to EUR 5.6 bn (partly due to much higher positive market values of derivative financial instruments). Together with the increase of 7.5% to EUR 23.6 bn in **financial investments**, **total trading, financial and other current assets** enjoyed overall growth of 12.2% from EUR 42.5 bn at end-2004 to stand at EUR 47.7 bn on the reporting date.

The biggest rise on both sides of the balance sheet was in interbank business, which traditionally expands during the year but is then scaled back towards the end of the year.

Loans and advances to credit institutions increased by 27.9% from EUR 15.7 bn to EUR 20.1 bn, while **amounts owed to credit institutions** rose by 30.9% from EUR 28.6 bn to EUR 37.4 bn. The above-average increases covered both domestic and foreign credit institutions.

Amounts owed to customers rose by 4.7% from EUR 68.2 bn to EUR 71.4 bn, with savings deposits virtually unchanged at EUR 37.9 bn.

Subordinated liabilities increased by 15.0% from EUR 3.0 bn to EUR 3.4 bn, while other **debts evidenced by certificates** rose by 7.4% from EUR 19.7 bn to EUR 21.2 bn.

Total equity increased by 9.1% in the first three quarters from EUR 6.7 bn to EUR 7.3 bn. Here, the 13.1% rise in shareholders' equity was much higher than the 4.9% rise in equity held by minority interests. This change mainly reflects earnings in the first three quarters (after deduction of the dividend paid by Erste Bank AG in May).

Total own funds of Erste Bank Group as defined in the Austrian Banking Act (BWG) were approximately EUR 7.5 bn at 30 September 2005. Since the statutory minimum requirement at this date was about EUR 6.1 bn, the Group's coverage ratio is 124%.

Core capital at end-September stood at EUR 4.4 bn, corresponding to a **tier 1 capital ratio** of 6.3% (end-2004: 6.7%). The decline in the ratio is the result of the sharp rise (7.8%) in risk-weighted assets, particularly at the Central European subsidiaries.

The **solvency ratio** according to the Austrian Banking Act equalled 10.0% at 30 September 2005, still well above the statutory minimum requirement of 8%.

V. Segment reporting[2]

The 9 month results of 2005 include segment contributions of Novosadska banka for the period starting 1 August 2005 in the Central Europe segment. As a result the figures of the Central Europe segment deviate slightly from the sum total of the Central Europe subsegments shown in this release. Novosadska banka posted a loss after taxes and minority interests EUR 0.2 m for the 2 month period starting 1 August 2005.

Austria

In this segment, net profit after taxes and minority interests improved by 8.3% compared with the same period last year, from EUR 163.7 m to EUR 177.3 m. Both, commission income (up 10.5% - EUR 56.0m) and income from insurance business (up 60.3% - EUR 11.6m) continued to show a strong performance. This progress was, however, partly offset by declines in net interest income (in the Trading and Investment Banking segment) caused by general interest rate trends and by the absence of exceptional gains made in the same period last year (in the Savings Banks segment). A combination of good business performance and a slight decline in general administrative expenses led to a sharp drop in the cost/income ratio, from 67.1% to 65.7% for the first nine months of the current financial year. Return on equity in this segment fell only slightly from 12.5% to 12.1% due to the higher attributed equity for the period.

Savings Banks
Net profit after taxes and minority interests declined from EUR 11.8 m to EUR 1.6 m, mainly due to lower risk provisions in the previous year and this year's absence of exceptional gains on the disposal of subsidiaries. Net interest income improved greatly in the third quarter of this year, putting net interest income for the first nine months at last year's level. The rise in risk provisions was exclusively due to non-recurring expenditure at one of the smaller savings banks in the third quarter of this year. However, due to the ownership ratio, this had only a marginal impact on this segment's net profit after minority interests. Net commission income saw a slight increase, but the overall trend in this position was weighed down by changes in the intragroup settlement policy for bank support services, when compared with last year. Commission income from core businesses grew substantially. Combined with the minimal rise in general administrative expenses (EUR 5.2

[2] The published results of individual Group members cannot be compared on a like-for-like basis with results in segment reporting. For example, refinancing costs are allocated to Central European subsidiaries in segment reporting. Comparisons with the third quarter of 2004 and full-year 2004 relate to the restated figures as mentioned earlier.

m, 0.9%), the operating result improved year-on-year from EUR 260.0 m to EUR 262.5 m. The decline in the other operating result can be explained by the one-off income on disposal of subsidiaries during the same period last year. The cost/income ratio remained constant at 70.3%, with return on equity falling from 6.6% to 0.8% as a result of non-recurring items.

Retail and Mortgage
Net profit after taxes and minority interests in this segment more than doubled from EUR 27.1 m in the first three quarters of 2004 to EUR 67.4 m. This was due to the sharp rise of EUR 29.1 m (up 14.1%) in net commission income – mainly the result of excellent securities business in the branch network – and the decline of EUR 7.8 m (down 1.6%) in general administrative expenses. Non-recurring income from equity interests allocated to this segment was a major factor in the improvement in the other operating result. Operating result increased by 35.3% from EUR 135.6 m to EUR 183.4 m. The cost/income ratio improved on last year from 78.0% to 72.1%, and return on equity more than doubled from 4.4% to 9.8% compared with the same period last year.

Large Corporates
This segment's operating result rose by 3.1% year-on-year, from EUR 92.9 m to EUR 95.8 m. While net commission income saw a sharp rise of EUR 8.4 m (up 18.6%), the other operating result was down on the same period last year due to lower income from the revaluation of financial assets. General administrative expenses rose by 3.7% from EUR 62.0 m to EUR 64.2 m, mainly due to higher property leasing expenses as business expanded in Central Europe. Together with slight declines in interest income and rising risk provisions, this produced a net profit after taxes and minority interests of EUR 35.9 m (down 14.7%). The cost/income ratio was 40.1%, while return on equity was 9.6%.

Trading and Investment Banking
Net profit after taxes and minority interests declined by 12.6% on the preceding year from EUR 82.7 m to EUR 72.3 m. As a result of interest rate trends and hedging effects, net interest income fell from EUR 80.8 m to EUR 48.5 m. Net commission income rose from EUR 39.9 m to EUR 50.9 m, mainly due to increased commission from securities trading and structured products. General administrative expenses improved on last year. The cost/income ratio deteriorated from 38.7% to 41.4%, as did return on equity from 45.1% to 34.6%.

Central Europe

Česká spořitelna
Profit after taxes and minority interests advanced 45.4% year-on-year to EUR 208.9 m, up EUR 65.2 m from EUR 143.7 m. Besides the clear improvement in net interest income (up 18.8%) due to the expansion of lending volumes, there was a further significant increase in net commission income from an already high level, particularly in payment services and card business. The 13.3% rise in general administrative expenses (up 5.6% after foreign exchange adjustment) is partly due to the creation of reserves for redundancy payments as part of the headcount reduction. Gains on the sale of investments available for sale as well as a reduced contribution to the deposit insurance fund played a major part in the considerable improvement in the other operating result. Operating result improved by 22.1% to EUR 290.0 m, thanks to the strong earnings performance. The cost/income ratio improved from 60.3% to 58.5%, and return on equity from 40.9% to 41.5%. Rates of change in this segment are impacted by a 6.8% appreciation of the CZK against the EUR.

Slovenská sporiteľňa
At Slovenská sporiteľňa, net profit after taxes and minority interests rose by 51.0% against the first nine months of 2004, from EUR 41.6 m to EUR 62.8 m. In net interest income the non-recurrence of income from fixed interest bonds and the adjustment of rates to the lower market levels of variable rate securities was almost entirely offset by the expansion in retail business. The favourable exchange rate trend (up 4.1%) was offset by higher refinancing costs (as a result of the increase in holding in SLSP to 100%).

Commission income grew by 25.3% year-on-year from EUR 49.5 m to EUR 62.0 m, due to the extremely favourable trends in payment services and financing. General administrative expenses – driven almost exclusively by the exchange rate trend – increased by EUR 5.1 m from EUR 117.6 m to EUR 122.7 m. Overall, operating result was up by just under 7.0%. These trends boosted return on equity slightly, from 47.5% to 48.4%, while the cost/income ratio improved from 58.8% to 58.2%. Rates of change in this segment are impacted by a 4.1% appreciation of the SK against the EUR.

<u>Erste Bank Hungary</u>
EBH posted results ahead of expectations in all areas. Net interest income rose by EUR 29.9 m or 24.9% year-on-year from EUR 120.2 m to EUR 150.1 m, mainly due to the sharp growth in lending. Net commission income was boosted primarily by growth in payment services and securities trading (up EUR 8.8 m in total, or 24.1%). These above-average growth rates, combined with a comparatively moderate rise in general administrative expenses (due primarily to the expansion of the branch network), led to an 84% surge in operating result to EUR 89.4 m. Net profit after taxes and minority interests more than doubled from EUR 19.6 m to EUR 50.7 m, while return on equity jumped from 20.7% to 38.0%, and the cost/income ratio fell from 72.4% to 59.9%. Rates of change in this segment are impacted by a 2.3% appreciation of the HUF against the EUR.

<u>Erste Bank Croatia</u>
Operating result increased by 39.0% year-on-year from EUR 36.8 m to EUR 51.2 m. Interest income climbed by 31.9% from EUR 61.2 m to EUR 80.7 m, thanks to higher business volumes, although the third quarter on its own was down on previous quarters as a result of the reclassification of revaluation gains from derivatives in the net trading result. Commission income – especially in payment services – improved by 33.8% from EUR 12.0 m to EUR 16.1 m. The decline in the net trading result was due primarily to exceptionally favourable valuations last year. The increase in risk provisions up from EUR 3.5 m to EUR 8.3 m is due firstly to one-off effects in 2004 and secondly to the expansion of lending volumes. General administrative expenses rose by EUR 5.0 m or 10.5% from EUR 47.6 m to EUR 52.6 m, almost exclusively due to the expansion of the branch network. The increase in net profit after taxes and minority interests (up EUR 3.5 m or 21.7%) was also impacted by the disposal of participations as at 1 January 2005 and the accompanying increase in minority interests. Return on equity fell to 15.9% on the back of higher attributed equity capital, while the cost/income ratio improved significantly from 56.4% to 50.7%.

<u>Novosadska banka</u>
First-time consolidation of Novosadska banka took place in August this year. As the two months contribution since first-time consolidation currently has no significant impact to the Group’s performance it has not been shown in a separate segment in Q3 2005, but has been included in the overall Central European division. Starting YE 2005 Novosadska banka will be shown as a separate sub-segment.

International Business

International Business continued to follow the trend established in previous quarters with performance remaining strong. The improvement in net commission income was due to business expansion and one-off exceptional income in securities trading. Pre-tax profit rose by EUR 15.5 m or 17.8% from EUR 86.9 m to EUR 102.4 m, thanks to an improvement in other operating income (driven in particular by declining revaluations applied to other financial investments) and the decline in requirements for risk provisions. This positive trend was almost completely offset by the tax rate applicable to the London branch this year. Overall, net profit after taxes and minority interests rose by 7.9% from EUR 68.1 m to EUR 73.5 m. The cost/income ratio increased from 18.0% to 19.8%, while return on equity fell from 22.9% to 20.3%.

Corporate Centre

The Corporate Centre segment encompasses the profits from all companies that cannot be clearly assigned to a business segment, profit consolidation between the segments and one-off effects not assigned to a business segment in order to allow comparability.
The trend in net commission income and general administrative expenses can be largely attributed to changes in profit consolidation from bank support operations. Administrative costs of Group projects started in 2004 had a particularly strong impact on general administrative expenses. The deterioration in the other operating result was primarily due to revaluations of other investments and additional expenditure on non-banking activities.
The significant change in tax expenditure was due to the write-off of a deferred tax asset in the first quarter of 2004 in response to a decrease in Austrian corporation tax from 34% to 25% as of 1 January 2005.

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

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I. Balance sheet according to IFRS

in EUR m

Assets		**30/9/05**	**31/12/04 restated**	**+/- %**	**31/12/04 published**
1.	Cash and balances with central banks	2,906	2,723	6.7	2,723
2.	Loans and advances to credit institutions	20,058	15,684	27.9	15,513
3.	Loans and advances to customers	79,946	72,843	9.8	72,722
4.	Risk provisions for loans and advances	(2,902)	(2,804)	3.5	(2,749)
5.	Trading assets	5,606	4,628	21.1	4,628
6.	AfS & assets through profit and loss	18,511	15,967	15.9	9,141
7.	Financial investments	23,561	21,926	7.5	28,867
8.	Intangible assets	1,916	1,823	5.1	1,823
9.	Tangible assets	1,695	1,723	(1.6)	1,723
10.	Other assets	5,634	5,299	6.3	5,291
	Total assets	**156,931**	**139,812**	**12.2**	**139,682**

Liabilities and shareholders' equity		**30/9/05**	**31/12/04 restated**	**+/- %**	**31/12/04 published**
1.	Amounts owed to credit institutions	37,365	28,551	30.9	28,551
2.	Amounts owed to customers	71,421	68,213	4.7	68,213
3.	Debts evidenced by certificates	21,168	19,710	7.4	19,887
4.	Provisions	8,403	7,500	12.0	7,328
5.	Other liabilities	7,860	6,179	27.2	6,179
6.	Subordinated capital	3,443	2,994	15.0	3,048
7.	Total Equity	7,271	6,665	9.1	6,476
	thereof Shareholders' equity	3,871	3,424	13.1	3,347
	thereof Minority interests	3,400	3,241	4.9	3,129
	Total liabilities and shareholders' equity	**156,931**	**139,812**	**12.2**	**139,682**

II. Income Statement according to IFRS

	in EUR m	**1/1-30/9/05**	**1/1-30/9/04 restated**	**+/- %**	**1/1-30/9/04 published**
I.	**Net interest income**	**2,089.4**	**1,995.9**	**4.7**	**1,993.7**
	Risk provisions for loans and advances	(329.1)	(306.9)	7.2	(306.9)
	Net commission income	921.9	848.9	8.6	851.8
	Net trading result	171.6	156.2	9.9	156.2
	General administrative expenses	(1,990.0)	(1,953.3)	1.9	(1.950.9)
	Result from insurance business	36.9	25.8	43.0	24.6
	Other operating result	(10.4)	(21.9)	52.5	1.1
II.	**Pre-tax profit for the period**	**890.3**	**744.7**	**19.6**	**769.6**
	Taxes on income	(209.1)	(198.6)	5.3	(197.0)
III.	**Profit for the period**	**681.2**	**546.1**	**24.7**	**572.6**
	Minority interests	(172.4)	(182.5)	(5.5)	(190.0)
IV.	**Net profit after minority interests**	**508.8**	**363.6**	**39.9**	**382.6**

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

III. Erste Bank Group - Divisional Reporting

OVERVIEW								
	Austria		Central Europe		International Business		Corporate Centre	
in EUR m	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**
Net interest income	1,156.0	1,191.6	810.6	691.3	114.5	113.3	8.3	(0.3)
Risk provisions for loan and adv.	(267.4)	(255.5)	(52.0)	(36.0)	(9.7)	(15.4)	(0.0)	0.0
Net commission income	591.0	535.0	341.3	289.0	22.7	16.8	(33.1)	8.1
Net trading result	91.4	87.3	79.7	71.4	(0.0)	0.1	0.5	(2.6)
General administrative expenses	(1,228.1)	(1,230.2)	(718.4)	(653.0)	(27.2)	(23.4)	(16.3)	(46.8)
Income from insurance business	30.9	19.3	6.0	6.5	0.0	0.0	0.0	0.0
Other operating result	9.7	24.8	6.5	(41.3)	2.1	(4.4)	(28.7)	(0.9)
Pre-tax profit for the period	**383.5**	**372.2**	**473.7**	**328.0**	**102.4**	**86.9**	**(69.3)**	**(42.4)**
Taxes on income	(95.1)	(95.8)	(108.4)	(75.6)	(29.0)	(18.9)	23.4	(8.4)
Minority interest	(111.1)	(112.6)	(23.5)	(31.4)	0.0	0.0	(37.8)	(38.5)
Net profit after minority interests	**177.3**	**163.7**	**341.8**	**221.0**	**73.5**	**68.1**	**(83.8)**	**(89.2)**
Average risk-weighted assets	46,067.4	46,569.9	15,795.0	12,978.4	6,387.9	6,199.7	352.2	438.6
Average attributed equity	1,954.5	1,741.3	1,194.4	828.6	483.0	395.8	26.6	28.0
Cost/Income Ratio	**65.7%**	**67.1%**	**58.1%**	**61.7%**	**19.8%**	**18.0%**	**n.a.**	**n.a.**
ROE based on net profit	**12.1%**	**12.5%**	**38.2%**	**35.6%**	**20.3%**	**22.9%**	**n.a.**	**n.a.**
Thereof funding costs	(48.1)	(53.4)	(47.7)	(48.5)	0.0	0.0	(15.1)	(20.9)

TOTAL		
	Erste Bank Group	
in EUR m	**1-9 2005**	**1-9 2004 restated**
Net interest income	2,089.4	1,995.9
Risk provisions for loan and adv.	(329.1)	(306.9)
Net commission income	921.9	848.9
Net trading result	171.6	156.2
General administrative expenses	(1,990.0)	(1,953.3)
Income from insurance business	36.9	25.8
Other operating result	(10.4)	(21.9)
Pre-tax profit for the period	**890.3**	**744.7**
Taxes on income	(209.1)	(198.6)
Minority interest	(172.4)	(182.5)
Net profit after minority interests	**508.8**	**363.6**
Average risk-weighted assets	68,602.5	66,186.7
Average attributed equity	3,658.5	2,993.7
Cost/Income Ratio	**61.8%**	**64.5%**
ROE based on net profit	**18.5%**	**16.2%**
Thereof funding costs	(110.9)	(122.8)

IV. Erste Bank Group - Divisional Reporting (Details)

AUSTRIA								
	Savings Banks		Retail and Mortgage		Large Corporate Customers		Trading und Investment Banking	
in EUR m	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**
Net interest income	618.3	618.1	383.9	383.9	105.4	108.8	48.5	80.8
Risk provisions for loan and adv.	(145.0)	(133.6)	(79.8)	(84.6)	(42.6)	(37.3)	0.0	0.0
Net commission income	252.0	244.3	234.6	205.5	53.6	45.2	50.9	39.9
Net trading result	12.6	12.7	7.4	7.9	1.0	0.9	70.4	65.8
General administrative expenses	(620.3)	(615.1)	(473.2)	(481.0)	(64.2)	(62.0)	(70.3)	(72.1)
Income from insurance business	0.0	0.0	30.9	19.3	0.0	0.0	0.0	0.0
Other operating result	3.4	17.7	5.4	3.1	2.6	8.0	(1.8)	(4.0)
Pre-tax profit for the period	**120.9**	**144.1**	**109.1**	**54.0**	**55.8**	**63.6**	**97.7**	**110.4**
Taxes on income	(31.4)	(40.1)	(25.1)	(14.4)	(13.2)	(13.5)	(25.4)	(27.8)
Minority interest	(87.9)	(92.3)	(16.5)	(12.5)	(6.7)	(7.9)	0.0	0.0
Net profit after minority interests	**1.6**	**11.8**	**67.4**	**27.1**	**35.9**	**42.2**	**72.3**	**82.7**
Average risk-weighted assets	23,685.4	23,051.8	12,109.6	12,868.9	6,585.0	6,822.8	3,687.4	3,826.5
Average attributed equity	262.0	239.8	915.7	821.6	497.9	435.6	278.8	244.3
Cost/Income Ratio	**70.3%**	**70.3%**	**72.1%**	**78.0%**	**40.1%**	**40.0%**	**41.4%**	**38.7%**
ROE based on net profit	**0.8%**	**6.6%**	**9.8%**	**4.4%**	**9.6%**	**12.9%**	**34.6%**	**45.1%**
Thereof funding costs	(11.1)	(12.2)	(24.3)	(28.2)	(11.6)	(10.8)	(1.1)	(2.1)

CENTRAL EUROPE*								
	Česká spořitelna		Slovenská sporiteľňa		Erste Bank Hungary		Erste Bank Croatia	
in EUR m	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**	**1-9 2005**	**1-9 2004 restated**
Net interest income	439.1	369.6	139.8	140.3	150.1	120.2	80.7	61.2
Risk provisions for loan and adv.	(19.9)	(18.6)	(9.0)	2.8	(14.1)	(16.7)	(8.3)	(3.5)
Net commission income	217.2	191.0	62.0	49.5	45.3	36.5	16.1	12.0
Net trading result	35.8	30.4	9.0	10.4	27.5	19.5	6.9	11.1
General administrative expenses	(408.1)	(360.1)	(122.7)	(117.6)	(133.6)	(127.6)	(52.6)	(47.6)
Income from insurance business	6.0	6.5	0.0	0.0	0.0	0.0	0.0	0.0
Other operating result	26.3	(5.4)	(5.8)	(21.1)	(11.4)	(12.6)	(2.5)	(2.2)
Pre-tax profit for the period	**296.4**	**213.4**	**73.3**	**64.3**	**63.8**	**19.2**	**40.4**	**31.1**
Taxes on income	(76.9)	(61.1)	(10.6)	(9.1)	(13.0)	0.6	(7.9)	(6.0)
Minority interest	(10.6)	(8.6)	0.2	(13.6)	(0.1)	(0.1)	(12.9)	(9.0)
Net profit after minority interests	**208.9**	**143.7**	**62.8**	**41.6**	**50.7**	**19.6**	**19.6**	**16.1**
Average risk-weighted assets	8,868.5	7,335.7	2,290.5	1,829.2	2,348.4	1,977.2	2,175.7	1,836.3
Average attributed equity	670.6	468.3	173.2	116.8	177.6	126.2	164.5	117.2
Cost/Income Ratio	**58.5%**	**60.3%**	**58.2%**	**58.8%**	**59.9%**	**72.4%**	**50.7%**	**56.4%**
ROE based on net profit	**41.5%**	**40.9%**	**48.4%**	**47.5%**	**38.0%**	**20.7%**	**15.9%**	**18.3%**
Thereof funding costs	(16.8)	(19.9)	(12.2)	(8.0)	(15.1)	(16.2)	(3.3)	(4.4)

* The 9 month results of 2005 include segment contributions of Novosadska banka for the period starting 1 August 2005 in the Central Europe segment. As a result the figures of the Central Europe segment deviate slightly from the sum totals of the Central Europe subsegments shown in this release.
Novosadska banka posted a loss after taxes and minority interests EUR 0.2 m for the 2 month period starting 1 August 2005. (P&L line by line (in EUR m): NII 0.9m; Risk provisions (0.7m); Commission income 0.6m; Trading income 0.4m; Expenses (1.4m); Other operating income (0.1m); Pre-tax profit 0.2m.