

ERSTE Erste Bank posts record net profit

Erste Bank posts record net profit of EUR 712 million in 2005

Highlights (preliminary, unaudited results) (1)

Net interest income rose by 5.0% from EUR 2,660.3 million to **EUR 2,794.2 million**
Net commission income increased by 10.7% from EUR 1,135.4 million to **EUR 1,256.8 million**
Operating income rose by 6.9% from EUR 4,049.0 million to **EUR 4,329.4 million**
General administrative expenses increased by 3.2% from EUR 2,594.9 million to **EUR 2,676.9 million**.
Operating profit improved by 13.6% from EUR 1,454.1 million to **EUR 1,652.5 million**
Pre-tax profit increased by 21.9% from EUR 996.6 million to **EUR 1,214.8 million**
Net profit after taxes and minority interests rose by 36.7% from EUR 520.8 million to **EUR 711.7 million**
The cost/income ratio improved from 64.1% in 2004 to **61.8%**
 The return on equity (ROE) rose from 17.0% in 2004 to **19.0%**
Total assets increased by 9.2% from EUR 139.8 billion at 31 December 2004 to **EUR 152.7 billion** at the end of last year
Earnings per share rose by 35.8% from EUR 2.18 to **EUR 2.96**
The Tier 1 capital ratio stood at 6.8% at 31 December 2005 (compared with 6.7% at year-end 2004), while the **solvency ratio** rose from 10.7% to **11.0%** last year (against a statutory minimum requirement of at least 8.0%)

"2005 was not only a very eventful year, but also the most profitable in the history of Erste Bank," CEO Andreas Treichl commented during the presentation of preliminary figures for 2005. "Through the acquisitions in Serbia and especially Romania, we have expanded our coverage from 40 million to nearly 70 million people in Central and Eastern Europe, and currently have more than 15 million clients and a market share of more than 20% in this region. All our operations benefited from the robust economic growth in the region and consequently all Group members delivered better than expected performance. As a result we posted the strongest results in the history of the bank," Treichl added.

(1) The recently acquired Erste Bank Serbia is consolidated in the financial statements as from 9 August 2005 (transaction closing date). The impact of this first-time consolidation is minimal, however. As of 31 December 2005, the subsidiary's total assets were EUR 142 million; during the period from 9 August through 31 December 2005, it had operating income of EUR 6.7 million, operating expenses of EUR 10.7 million (which includes restructuring costs of EUR 5.9 million) and a pre-tax loss of EUR 7.8 million. 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, the valuation of loans and the presentation of hybrid capital. Under the transitional provisions, prior-year figures must be restated. The rates of change indicated are based on the restated prior-year figures. Additional information is presented in the Notes to the Consolidated Financial Statements. The details of these changes were outlined in press releases published on 3 May 2005 and 6 December 2005, which can be found on the Erste Bank home page:

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