

Vienna, 30 April 2008

## Erste Bank continues growth: record operating result as Q1 net profit rises to EUR 315.6 million in 2008.

### Highlights<sup>1</sup>:

- **During the first quarter of 2008, operating result reached a new record level of EUR 766.2 million** – an increase of 25.1%, driven by strong growth in net interest and net commission income. Net profit after minority interests increased by 4.5% in a difficult market environment to EUR 315.6 million.
- **Central and Eastern Europe remain main growth drivers.** Operations in Romania and the Czech Republic developed particularly positively, with their operating result contribution to the group increasing by 87% and 49% respectively. Romania benefited from an improving macroeconomic environment with external deficits and the currency stabilising, while business in the Czech Republic was supported by continued strong economic growth.
- **Significant reduction in the ABS/CDO portfolio through redemptions and currency effects by EUR 300 million.** As anticipated, market turbulence in February and March had a negative effect on the pre-tax profit of EUR 32.8 million, through mark-to-market valuations. Due to the quality of the underlying assets **no impairment** continues to be anticipated for **2008**.
- **Focus on core competences:** Sale of insurance business and conclusion of a 15-year preferred partnership agreement with Vienna Insurance Group for a consideration of EUR 1,445 million. Positive 2008 net income effect of EUR 600 million will raise the tier 1 ratio by around 0.7%-points. Closing of the transaction is expected in Q3 2008.
- **Unchanged, strong capital base:** tier 1 ratio (as per Basel II) is unchanged at 7.0% compared with year-end 2007. This value does not take into account retained earnings for the quarter or the sale of the insurance business.

### Earnings performance in brief

The continuing profitability of Erste Bank was underpinned by strong net interest income growth in the first quarter (+27.4% to EUR 1,151.1 million). Despite the substantial decline in net trading result (-34.1% to EUR 82.3 million), operating income improved by 16.7% to EUR 1,731.0 million. The increase in general administrative expenses – at 10.8% – (to EUR 964.8 million) was significantly lower than in the previous quarters. The operating result increased by 25.1% to EUR 766.2 million, the highest amount to date, clearly demonstrating Erste Bank's operating strength. The cost-income ratio fell to 55.7% (full year 2007: 58.5%) thereby almost achieving the target level for 2009.

The strong quarterly operating result was achieved against the backdrop of the current financial market turmoil: thus net profit after minorities grew despite the impact of securities valuations by 4.5% to EUR 315.6 million – mark-to-market valuations for the ABS/CDO portfolio of the whole group had a negative effect on the P&L (before tax) of EUR 32.8 million while for the remainder of the fair value portfolio the impact equalled EUR -40 million. This is the second-highest quarterly result achieved, after the fourth quarter of 2007 (EUR 336.8 million).

<sup>1</sup> As a result of the planned sale of the insurance business and of two other investments in Romania, the profit and loss statement (the previous "Income from insurance business" line becomes "profit from discontinued operations") and the balance sheet (on the asset and liability side, a corresponding new line item has been added), have been adapted in line with IFRS 5.

Two savings banks joined the Haftungsverbund in December 2007; four additional savings banks joined in January 2008 and are therefore being incorporated in the consolidated financial statement from the respective point in time. Furthermore, Diners Club Adriatic Croatia (DCA) has been part of the consolidated financial statement since 2 April 2007 and ABS Banka, Bosnia, acquired by Steiermärkische Sparkasse, since 3 April 2007; these were therefore not yet included in the 1<sup>st</sup> quarter of 2007. This results in an – albeit minor – distortion of the rates of change compared with the comparative periods for the previous year.

The cash return on equity, i.e. ROE before the linear amortisation of customer relationships and distribution networks from acquisitions, increased from 14.6% (reported ROE: 14.1%) in 2007 to 15.3% (reported ROE: 14.8%).

Cash earnings per share was EUR 1.04 in the first quarter of 2008 (reported earnings: EUR 1.01), compared with EUR 1.00 (reported earnings: EUR 0.97) in the comparative quarter of the previous year.

Total assets climbed by 2.0% in the first quarter of 2008 compared with year-end 2007, to EUR 204.5 billion.

The solvency ratio in respect of credit risk fell slightly due to volume growth, from 10.5% at year-end 2007 to 10.2% as at 31 March 2008. It thus remains significantly above the legal minimum requirement of 8%.

## Outlook<sup>2</sup>

Erste Bank confirms its existing targets: net profit after minorities are expected to grow by at least 20% in the current financial year and at least 25% in 2009 – without taking into account the profit contribution from the sale of its insurance operations to Vienna Insurance Group. Thanks to the strengthening of the tier 1 ratio by 70 bps as a result of the aforementioned sale, this ratio is expected to exceed 8% in 2009. On this basis return on equity should surpass 16% in 2009.

For more information, please contact:

Erste Bank, Press department  
Graben 21, 1010 Vienna, Austria, Fax: ++43 (0) 5 0100 Ext. 19849

Hana Cygonková, Tel. +43 (0) 5 0100 Ext. 11675, E-mail: [hana.cygonkova@erstebank.at](mailto:hana.cygonkova@erstebank.at)  
Ionut Stanimir, Tel. +43 (0) 5 0100 Ext. 11676, E-mail: [ionut.stanimir@erstebank.at](mailto:ionut.stanimir@erstebank.at)

This release is also available on our website at <http://www.erstebank.com> in the press section.

---

**Erste Bank Group** is with its 53.633 employees one of the leading financial providers in CEE, serving over 16 million clients in almost 3,000 branches in 8 countries (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia, Ukraine). As of 30 March 2008 Erste Bank Group has reached 204.5 billion EUR total assets, net profit of EUR 315.6 million and ROE of 14.8 %.

---

<sup>2</sup> As already announced, Erste Bank intends – subject to approval by the responsible competition and local insurance supervision authorities – to sell s Versicherung, including its CEE subsidiaries, as well as its investments in the insurance subsidiaries of BCR, to the Vienna Insurance Group (VIG). Erste Bank/its CEE banking subsidiaries shall maintain a respective stake of 5% in the local life insurance companies. Furthermore, a 15-year sales cooperation agreement is to be concluded between both groups. The total value of the transaction is EUR 1,445 million. Under consideration of existing book values and accrual requirements, a positive result contribution is anticipated for 2008 for the Erste Bank Group (after tax and minority interests) of around EUR 600 million. The core capital ratio is anticipated to rise by around 70 BP with this. The closing of the transaction is planned for the 3<sup>rd</sup> quarter of 2008.

For the third quarter of 2008, Erste Bank AG is planning the spin-off of the **Austria business segment** (mainly relates to the domestic private and corporate customer business incl. allocated units) in a 100% subsidiary. This restructuring within the group will not have any effects on the financial figures of the overall group. The remaining part of Erste Bank AG will include the function of a holding company for the main bank investments and for the infrastructure division of the group, as well as operationally active units in Global Markets and in the Large Corporates and Investment Banking division.

# Appendix

## I. GROUP PROFIT AND LOSS ACCOUNT (IFRS)

in EUR million	1-3 08	1-3 07	Change
Net interest income	1,151.1	903.7	27.4%
Risk provisions for loans and advances	-163.1	-128.4	27.0%
Net fee and commission income	491.9	438.9	12.1%
Net trading result	82.3	124.8	-34.1%
General administrative expenses	-964.8	-870.6	10.8%
Profit from discontinued operations	5.7	15.6	-63.5%
Other operating result	-22.9	-33.3	31.2%
Result from financial assets - FV	-72.9	11.1	na
Result from financial assets - AfS	-12.8	14.3	na
Result from financial assets - HtM	0.0	0.5	na
Pre-tax profit	494.5	476.6	3.8%
Taxes on income	-98.7	-102.5	-3.7%
Net profit before minority interests	395.8	374.1	5.8%
Minority interests	-80.2	-72.0	11.4%
<b>Net profit after minorities</b>	<b>315.6</b>	<b>302.1</b>	<b>4.5%</b>

## II. CONSOLIDATED BALANCE SHEET (IFRS)

in EUR million	Mar 08	Dec 07	Change
<b>ASSETS</b>			
Cash and balances with central banks	7,783	7,615	2.2%
Loans and advances to credit institutions	15,938	14,937	6.7%
Loans and advances to customers	115,828	113,956	1.6%
Risk provisions for loans and advances	-3,447	-3,296	4.6%
Trading assets	7,469	6,637	12.5%
Financial assets - at fair value through profit or loss	4,452	4,534	-1.8%
Financial assets - available for sale	15,907	16,200	-1.8%
Financial assets - held to maturity	15,770	16,843	-6.4%
Investments of insurance companies	0	8,054	na
Equity holdings in associates accounted for at equity	237	285	-16.8%
Intangible assets	5,822	5,962	-2.3%
Property and equipment	2,357	2,289	3.0%
Tax assets	416	446	-6.7%
Assets held for sale and discontinued operations	9,555	0	na
Other assets	6,380	6,057	5.3%
<b>Total assets</b>	<b>204,467</b>	<b>200,519</b>	<b>2.0%</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits by banks	35,073	35,165	-0.3%
Customer accounts	103,863	100,116	3.7%
Debt securities in issue	28,681	31,078	-7.7%
Trading liabilities	2,720	1,756	54.9%
Underwriting provisions	0	8,638	na
Other provisions	1,770	1,792	-1.2%
Tax liabilities	323	329	-1.8%
Liabilities - discontinued operations	9,407	0	na
Other liabilities	4,966	4,653	6.7%
Subordinated liabilities	5,776	5,589	3.3%
Total equity	11,888	11,403	4.3%
Shareholder's equity	8,586	8,452	1.6%
Minority interests	3,302	2,951	11.9%
<b>Total liabilities and equity</b>	<b>204,467</b>	<b>200,519</b>	<b>2.0%</b>

### III. SEGMENT REPORTING ERSTE BANK GROUP

#### Overview\*

in EUR million	Austria		CEE		Int'l Business		Corp. Center		Total	
	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07
Net interest income	477.1	398.9	637.6	473.5	40.1	36.6	-3.6	-5.3	1,151.1	903.7
Risk provisions	-71.4	-80.0	-72.3	-43.0	-5.9	-5.3	-13.6	-0.1	-163.1	-128.4
Net fee and commission income	237.7	246.2	247.5	192.2	10.6	7.1	-3.9	-6.5	491.9	438.9
Net trading result	20.8	63.9	63.3	55.2	0.0	-0.1	-1.8	5.8	82.3	124.8
General administrative expenses	-448.5	-421.6	-459.5	-413.7	-8.9	-8.1	-48.0	-27.2	-964.8	-870.6
Profit from discontinued operations	4.9	5.0	0.8	10.6	0.0	0.0	0.0	0.0	5.7	15.6
Other result	-38.8	8.4	-40.7	-2.7	1.2	0.1	-30.4	-13.2	-108.6	-7.4
Pre-tax profit	181.8	220.9	376.8	272.0	37.0	30.2	-101.2	-46.5	494.5	476.6
Taxes on income	-59.0	-49.3	-73.9	-53.7	-9.6	-8.0	43.7	8.5	-98.7	-102.5
Minority interests	-40.5	-48.5	-46.3	-29.7	0.0	0.0	6.6	6.3	-80.2	-72.0
<b>Net profit after minorities</b>	<b>82.4</b>	<b>123.0</b>	<b>256.6</b>	<b>188.6</b>	<b>27.5</b>	<b>22.2</b>	<b>-50.8</b>	<b>-31.7</b>	<b>315.6</b>	<b>302.1</b>
Contribution to Erste Bank Group's net profit (in %)	26.1%	40.7%	81.3%	62.4%	8.7%	7.3%	-16.1%	-10.5%		
Average risk-weighted assets	51,486.0	47,966.5	36,222.9	32,958.1	7,091.3	6,896.5	1,250.4	1,216.1	96,050.8	89,037.2
Average attributed equity	2,059.9	1,916.7	2,214.6	2,006.5	461.2	448.5	3,784.5	3,674.6	8,520.3	8,046.3
<b>Cost/income ratio</b>	<b>60.6%</b>	<b>59.0%</b>	<b>48.4%</b>	<b>56.6%</b>	<b>17.6%</b>	<b>18.6%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>55.7%</b>	<b>58.7%</b>
<b>ROE based on net profit</b>	<b>16.0%</b>	<b>25.7%</b>	<b>46.3%</b>	<b>37.6%</b>	<b>23.8%</b>	<b>19.8%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>14.8%</b>	<b>15.0%</b>

\*) Risk-weighted assets and allocated equity capital are not directly comparable with the values of the comparison quarter, due to the application of Basel II from 1 January 2007.

The "Other Income" for the Corporate Center includes the depreciation for the customer base to the extent of EUR 19.0 million.

"Other income" summarises the four P&L positions, Other operating income, Results from financial assets – at fair value through profit or loss, - available for sale and - held to maturity

## Austria segment\*

	Savings Banks		Retail & Mortgage		Large Corporates		Treasury & IB	
in EUR million	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07
Net interest income	258.0	206.5	147.1	136.6	56.5	39.4	15.5	16.4
Risk provisions	-37.2	-43.1	-22.9	-23.8	-11.2	-13.1	0.0	0.0
Net fee and commission income	98.6	96.6	83.0	96.3	27.2	23.8	29.0	29.5
Net trading result	4.7	10.4	3.1	2.9	0.3	0.3	12.6	50.3
General administrative expenses	-229.1	-211.2	-157.2	-158.4	-33.3	-24.3	-28.9	-27.7
Profit from discontinued operations	0.0	0.0	4.9	5.0	0.0	0.0	0.0	0.0
Other result	-13.3	3.6	-10.4	0.7	-0.8	2.3	-14.4	1.8
Pre-tax profit	81.8	62.9	47.6	59.2	38.7	28.4	13.8	70.3
Taxes on income	-36.4	-14.7	-10.5	-13.0	-7.8	-6.3	-4.3	-15.4
Minority interests	-41.5	-42.7	1.2	-4.1	-0.2	-1.8	0.0	0.0
<b>Net profit after minorities</b>	<b>3.9</b>	<b>5.5</b>	<b>38.3</b>	<b>42.2</b>	<b>30.7</b>	<b>20.4</b>	<b>9.5</b>	<b>55.0</b>
Contribution to Erste Bank Group's net profit (in %)	1.2%	1.8%	12.1%	13.9%	9.7%	6.7%	3.0%	18.2%
Average risk-weighted assets	24,054.6	22,716.5	11,311.2	11,457.8	11,891.0	10,582.0	4,229.3	3,210.3
Average attributed equity	224.9	223.6	745.8	751.5	775.6	689.6	313.5	252.0
<b>Cost/income ratio</b>	<b>63.4%</b>	<b>67.4%</b>	<b>66.0%</b>	<b>65.8%</b>	<b>39.7%</b>	<b>38.3%</b>	<b>50.6%</b>	<b>28.8%</b>
<b>ROE based on net profit</b>	<b>6.9%</b>	<b>9.9%</b>	<b>20.5%</b>	<b>22.4%</b>	<b>15.8%</b>	<b>11.8%</b>	<b>12.1%</b>	<b>87.3%</b>

\*) Risk-weighted assets and allocated equity capital are not directly comparable with the values of the comparison quarter, due to the application of Basel II from 1 January 2007.

"Other income" summarises the four P&L positions, Other operating income, Results from financial assets – at fair value through profit or loss, - available for sale and - held to maturity

## Central and Eastern Europe (CEE) segment\*:

in EUR million	Czech Republic		Romania		Slovakia		Hungary		Croatia		Serbia		Ukraine	
	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07	1-3 08	1-3 07
Net interest income	259.9	191.8	180.4	119.4	77.1	71.9	67.2	51.3	43.5	33.9	6.0	3.6	3.5	1.7
Risk provisions	-22.3	-14.3	-17.5	-5.4	-10.4	-7.8	-13.1	-11.8	-4.4	-2.4	-2.1	-0.6	-2.6	-0.7
Net fee and commission income	102.0	83.8	67.2	45.3	25.8	22.5	32.6	29.5	17.8	10.2	1.6	0.9	0.6	0.1
Net trading result	26.1	16.5	16.1	20.0	6.2	4.3	7.4	10.2	4.7	2.8	0.6	0.2	2.4	1.1
General administrative expenses	-184.0	-157.3	-106.1	-108.4	-57.5	-55.7	-61.0	-60.6	-32.4	-22.7	-7.8	-6.6	-10.8	-2.3
Profit from discontinued operations	2.2	3.6	-1.4	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other result	-40.0	-2.8	-4.7	-1.6	-3.6	-1.6	3.3	-0.4	-0.2	2.1	4.5	1.5	0.1	0.1
Pre-tax profit	144.0	121.2	133.9	76.3	37.5	33.7	36.5	18.3	28.9	23.8	2.8	-1.1	-6.8	-0.1
Taxes on income	-30.9	-30.0	-22.1	-13.0	-6.1	-2.8	-10.3	-3.3	-5.9	-4.8	0.2	0.1	1.4	0.1
Minority interests	-1.4	-3.9	-35.5	-19.0	0.0	0.1	0.0	-0.1	-8.7	-6.8	-0.7	0.0	0.0	0.0
<b>Net profit after minorities</b>	<b>111.6</b>	<b>87.3</b>	<b>76.2</b>	<b>44.3</b>	<b>31.4</b>	<b>30.9</b>	<b>26.2</b>	<b>14.9</b>	<b>14.4</b>	<b>12.2</b>	<b>2.3</b>	<b>-1.0</b>	<b>-5.4</b>	<b>-0.1</b>
Contribution to Erste Bank Group's net profit (in %)	35.4%	28.9%	24.1%	14.7%	9.9%	10.2%	8.3%	4.9%	4.6%	4.0%	0.7%	-0.3%	-1.7%	-0.03%
Average risk-weighted assets	12,416.5	11,960.2	9,688.8	9,099.8	4,586.4	4,110.0	4,801.8	4,483.7	3,583.6	2,902.0	696.3	306.5	449.6	95.9
Average attributed equity	865.4	820.3	455.1	430.7	320.0	289.9	333.5	313.8	166.6	121.9	39.0	22.5	35.1	7.5
<b>Cost/income ratio</b>	<b>47.1%</b>	<b>53.2%</b>	<b>40.5%</b>	<b>56.5%</b>	<b>52.7%</b>	<b>56.4%</b>	<b>56.9%</b>	<b>66.6%</b>	<b>49.2%</b>	<b>48.5%</b>	<b>n.n.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>ROE based on net profit</b>	<b>51.6%</b>	<b>42.6%</b>	<b>67.0%</b>	<b>41.2%</b>	<b>39.3%</b>	<b>42.7%</b>	<b>31.4%</b>	<b>19.0%</b>	<b>34.5%</b>	<b>40.0%</b>	<b>n.n.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>

\*) Risk-weighted assets and allocated equity capital are not directly comparable with the values of the comparison quarter, due to the application of Basel II from 1 January 2007.

"Other Income" summarises the four P&L positions, Other operating income, Results from financial assets – at fair value through profit or loss, - available for sale and - held to maturity