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Ad hoc release

29 October 2009

## **Erste Group announces the launch of a rights issue of up to 60 million new shares**

- **Erste Group Bank AG** will launch a capital increase of up to 60 million new shares on November 2, 2009 in order to further increase its capital ratios and improve its capital structure. If all of the new shares are issued, the gross proceeds of the offering will be EUR 1.65 billion, based on an assumed offer price of EUR 27.50 (today's closing price of Erste Group Bank's shares on the Vienna Stock Exchange).
- If all of the shares are taken up at the assumed offer price, the Bank's total equity (including minority interests and participation capital) will increase from the current EUR 14.1 billion to EUR 15.7 billion. On a pro-forma basis, this would increase Erste Group Bank's core tier-1 ratio<sup>1</sup> from the current 6.5% to 7.8% and increase its tier-1 ratio<sup>1</sup> from the current 7.4% to 8.8%.
- Erste Group Bank intends to use the net proceeds of the offering to increase its core tier-1 capital. Erste Group has no current plans to repay the participation capital, which was issued to the Republic of Austria (EUR 1.2 billion) and to private investors (EUR 0.5 billion) in March/May 2009. The participation capital qualifies as core tier-1 capital and pays an 8% non-cumulative dividend.
- With the offering, Erste Group intends to substitute the previously planned issuance of government-sponsored hybrid capital with common equity.
- The capital increase will be an 'at market' rights issue with subscription rights for existing shareholders in the ratio of 3 new shares for each 16 shares held. The maximum offer price will be EUR 32. The final offer price for the new shares will be determined after the end of the offering period.
- The offering and subscription periods are scheduled to begin on November 2, 2009, subject to approval of the prospectus by the FMA, which is expected October 30, 2009. The subscription period for holders of subscription rights will end on November 16, 2009, and the offering of shares not subscribed for by holders of subscription rights will end on November 17, 2009.
- The first day of trading of the new shares at the Vienna, Prague and Bucharest Stock Exchanges is planned for November 19, 2009.
- There will be no trading of subscription rights.
- The new shares will have full dividend entitlement as of January 1, 2009.
- The capital increase will take the form of a public offering in Austria, the Czech Republic and Romania and an international private placement to institutional investors in certain other jurisdictions.
- The 5.1% shareholder Criteria CaixaCorp, S.A. indicated to Erste Group Bank its intention to exercise all of its subscription rights for the new shares and to acquire and exercise all of Erste Stiftung's subscription rights.

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<sup>1</sup> As of September 30 2009. Based on total risk, i.e. credit risk, market and operational risk. Core tier 1-ratio= tier 1 capital excluding hybrid and after regulatory deductions divided by total RWA. Tier 1-ratio (total risk)= tier 1 capital including hybrid and after regulatory deductions divided by total RWA.

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