

Ad hoc release

Vienna, 17 February 2012

Erste Group Bank AG announces tender offers for certain Tier 1 and Lower Tier 2 securities

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In order to strengthen its capital structure, Erste Group Bank AG (the **Offeror**) announced today invitations to holders of the Tier 1 and Lower Tier 2 securities described below (together the **Securities**) to tender their Securities for purchase by the Erste Group Bank AG for cash. The Offeror currently intends to accept for purchase up to an aggregate nominal amount or liquidation preference, as applicable, of EUR^{500,000,000} outstanding of the Tier 1 Securities, although the Offeror reserves the right, in its sole discretion, to accept less than or more than such amount for purchase. It is intended that Securities accepted for purchase by Erste Group Bank AG pursuant to the Offers will be held by Erste Group Bank AG and will be canceled at a later point in time. The tender Offer period starts on 17 February 2012 and the final deadline for receipt of a valid Tender Instruction (as described in detail in the Tender Offer Memorandum, as defined below) by the Tender Agent in order for holders to be able to participate in the Offers is expected to be 5.00 p.m. (CET) on 2 March 2012 (the **Expiration Deadline**). J.P. Morgan Securities Ltd., Erste Group Bank AG, Credit Suisse Securities (Europe) Limited and Goldman Sachs International are acting as Dealer Managers and Lucid Issuer Services Limited is acting as Tender Agent.

The Offeror is not under any obligation to accept any tender of Securities for purchase pursuant to any Offer. Tenders of Securities for purchase may be rejected in the sole discretion of the Offeror for any reason and the Offeror is not under any obligation to holders to furnish any reason or justification for refusing to accept a tender of Securities for purchase. Whether the Offeror will accept for purchase Securities validly tendered in the Offers is subject, without limitation, to the consent of the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) to the purchase of the Securities validly tendered pursuant to the Offers (the **Regulatory Condition**). The Offeror expects the Regulatory Condition to be satisfied prior to the Expiration Deadline.

Capitalised terms used in this announcement but not defined have the meanings given to them in the Tender Offer Memorandum.

The Offer includes the following Securities issued by Erste Group Bank AG and its subsidiaries:

	Issuer	ISIN / Common Code	Outstanding Nominal Amount / Liquidation Preference	Minimum Denomination / Liquidation Preference	Amount subject to the Offers	Purchase Price	Priority of Acceptance
Series H Floating Rate Non-cumulative Non-voting Preference Shares	Erste Finance (Jersey) (4) Limited	XS0188305741 / 018830574	€252,500,000	€1,000	Subject as set out herein, including as to the priority of acceptance of each Series, €500,000,000 in aggregate nominal amount or liquidation preference, as applicable (converted into euro at the Applicable Exchange Rate described in the Tender Offer Memorandum, where applicable)	55 per cent.	Acceptance priority 1
Series J 5.25 per cent. Non-cumulative Non-voting Preference Shares	Erste Finance (Jersey) (6) Limited	XS0215338152 / 021533815	€200,000,000	€1,000		70 per cent.	
Fixed/Floating Rate Non-cumulative Perpetual Subordinated Notes	Erste Capital Finance (Jersey) Tier 1 PC	XS0268694808 / 26869480	€335,610,000	€50,000		70 per cent.	
Series C Fixed Rate Non-cumulative Non-voting Preference Shares	Erste Finance (Jersey) (3) Limited	GB0030914989 / 013654603	£43,000,000	£100,000	Exchange Rate described in the Tender Offer Memorandum, where applicable)	70 per cent.	Acceptance priority 2
Series F Fixed Rate Non-cumulative Non-voting Preference Shares	Erste Finance (Jersey) (3) Limited	GB0031178667 / 014088504	€30,000,000	€100,000		70 per cent.	
Floating Rate Callable Step-up Dated Subordinated Notes due 2017	Erste Group Bank AG	XS0260783005 / 026078300	€800,000,000	€50,000	Any and all	88 per cent.	N/A

*As at the date of this announcement, the Offeror and its subsidiaries hold €12,000 in nominal liquidation preference of the Series H Preference Shares and €7,500,000 in nominal amount of the Perpetual Subordinated Notes

The offers are being made on the terms and subject to the conditions contained in the tender offer memorandum dated 17 February 2012 (the **Tender Offer Memorandum**) prepared by the Offeror, and are subject to the offer restrictions as stated below and as more fully described in the Tender Offer Memorandum. The Tender Offer Memorandum is available from the Dealer Managers or from the Tender Agent.

More details on the transaction may be found on the website of the Luxembourg Stock Exchange at www.bourse.lu, on which announcements in connection with the Offers will be published.

OFFER AND DISTRIBUTION RESTRICTIONS

The distribution of this announcement and the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum

comes are required by the Offeror, the Dealer Managers and the Tender Agent to inform themselves about and to observe any such restrictions. Neither this announcement nor the Tender Offer Memorandum constitutes an offer to buy or a solicitation of an offer to sell the Securities (and tenders of Securities in the Offer will not be accepted from Holders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an Offer to be made by a licensed broker or dealer and any Dealer Manager or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, such Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Offeror in such jurisdictions.

United States. The Offers are not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Securities may not be tendered in the Offers by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offers are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any U.S. persons or any persons located or resident in the United States. Any purported tender of Securities in an Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Securities made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted. Each holder of Securities participating in an Offer will represent that it is not a U.S. person, it is not located in the United States and is not participating in such Offer from the United States, or it is acting on a non-discretionary basis for a principal that is not a U.S. person, that is located outside the United States and that is not giving an order to participate in such Offer from the United States. For the purposes of this paragraph, United States means the United States of America, its territories and possessions (including Puerto Rico, the U.S Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Italy. None of the Offers, this announcement, the Tender Offer Memorandum and any other document or materials relating to the Offers have been submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa (CONSOB)* pursuant to Italian laws and regulations. Each Offer is being carried out in Italy as an exempted offer, pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Italian Financial Services Act**) and article 35-bis, paragraph 3 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the **Italian Issuer's Regulation**).

The Offers are not available to investors located in Italy that do not qualify as qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Italian Financial Services Act and Article 34-ter, paragraph 1, letter b) of the Italian Issuer's Regulation (**Ineligible Italian Investors**). Ineligible Italian Investors may not tender Securities in the Offers, and none of this announcement, the Tender Offer Memorandum or any other documents or materials relating to the Securities or the Offers may be distributed or made available to Ineligible Italian Investors. Holders or beneficial owners of the Securities that are located

in Italy and qualify as qualified investors (*investitori qualificati*) can tender Securities for purchase through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

United Kingdom. This announcement and the Tender Offer Memorandum have been issued by Erste Group Bank AG (the **Offeror**) of Graben 21, A-1010 Vienna, Austria, which is regulated by the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) and is also subject to limited regulation by the United Kingdom Financial Services Authority (the **FSA**). This announcement and the Tender Offer Memorandum are being distributed only to existing holders of the Securities, and are only addressed to such existing Holders in the United Kingdom where they would (if they were clients of the Offeror) be professional clients or eligible counterparties of the Offeror within the meaning of the FSA rules. Neither this announcement nor the Tender Offer Memorandum is addressed to or directed at any persons who would be retail clients within the meaning of the FSA rules and any such persons should not act or rely on this announcement or the Tender Offer Memorandum. Recipients of this announcement or the Tender Offer Memorandum should note that the Offeror is acting on its own account in relation to the Offers and will not be responsible to any other person for providing the protections which would be afforded to clients of the Offeror or for providing advice in relation to the Offers.

In addition, the communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offers has not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom, and the communication of such documents and/or materials as a financial promotion is only being made to (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**), (iii) persons falling within Article 43(2) of the Order, or (iv) other persons to whom it may lawfully be communicated.

Belgium. None of this announcement, the Tender Offer Memorandum or any other documents or materials relating to the Offers have been submitted to or will be submitted for approval or recognition to the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten*) and, accordingly, the Offers may not be made in Belgium by way of a public offering, as defined in Article 3 of the Belgian Law of 1 April 2007 on public takeover bids or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (together, the **Belgian Public Offer Law**), each as amended or replaced from time to time. Accordingly, the Offers may not be advertised and the Offers will not be extended, and none of this announcement, the Tender Offer Memorandum or any other documents or materials relating to the Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than "qualified investors" in the sense of Article 10 of the Belgian Public Offer Law (as amended from time to time), acting on their own account. Insofar as Belgium is concerned, this announcement and the Tender Offer Memorandum have been

issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offers. Accordingly, the information contained in this announcement and the Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France. The Offers are not being made, directly or indirectly, to the public in the Republic of France (**France**). None of this announcement, the Tender Offer Memorandum or any other document or material relating to the Offers has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*, are eligible to participate in the Offers. Neither this announcement nor the Tender Offer Memorandum have been or will be submitted for clearance to or approved by the *Autorité des Marchés Financiers*.

DISCLAIMER

THIS ANNOUNCEMENT MUST BE READ IN CONJUNCTION WITH THE TENDER OFFER MEMORANDUM. THIS ANNOUNCEMENT AND THE TENDER OFFER MEMORANDUM CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO ANY OFFER. IF ANY HOLDER IS IN ANY DOUBT AS TO THE ACTION IT SHOULD TAKE, IT IS RECOMMENDED TO SEEK ITS OWN FINANCIAL ADVICE, INCLUDING IN RESPECT OF ANY TAX CONSEQUENCES, FROM ITS STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL, TAX OR LEGAL ADVISER. ANY INDIVIDUAL OR COMPANY WHOSE SECURITIES ARE HELD ON ITS BEHALF BY A BROKER, DEALER, BANK, CUSTODIAN, TRUST COMPANY OR OTHER NOMINEE MUST CONTACT SUCH ENTITY IF IT WISHES TO TENDER SUCH SECURITIES PURSUANT TO THE OFFERS. NONE OF THE OFFEROR, THE DEALER MANAGERS OR THE TENDER AGENT MAKES ANY RECOMMENDATION WHETHER HOLDERS SHOULD TENDER SECURITIES PURSUANT TO THE OFFERS.

For more information, please contact:

Erste Group, Investor Relations, Graben 21, 1010 Vienna, Austria, Fax: +43 (0) 5 0100 9 13112

Thomas Sommerauer	Tel. +43 (0)5 0100 Ext. 17326,	E-Mail: thomas.sommerauer@erstegroup.com
Peter Makray	Tel. +43 (0)5 0100 Ext. 16878,	E-Mail: peter.makray@erstegroup.com
Michael Oplustil	Tel. +43 (0)5 0100 Ext. 17764,	E-Mail: michael.oplustil@erstegroup.com
Simone Pilz	Tel. +43 (0)5 0100 Ext. 13036,	E-Mail: simone.pilz@erstegroup.com

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