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ADHOC RELEASE

Erste Group plans to fully redeem participation capital of EUR 1.76 billion and increase share capital by about EUR 660 million in Q3 2013; provides trading update

The management and supervisory boards of Erste Group Bank AG (“Erste Group”) have today resolved to fully redeem the outstanding participation capital of EUR 1.76 billion (EUR 1.205 billion held by the Republic of Austria and EUR 559 million held by private investors) in Q3 2013. This decision is based on the fact that the cost of the participation capital will increase annually from 2014, while the eligibility of participation capital as a common equity instrument under new regulatory requirements is decreasing over time.

The planned redemption of participation capital will further strengthen Erste Group’s ability to generate capital and improve capital ratios as there will be no annual dividend payments on the participation capital from 2014. These gross savings amount to EUR 149 million post tax in 2014 and EUR 158 million post tax in 2015, with higher savings in subsequent years. For 2013, Erste Group expects to pay a dividend on the participation capital on a pro rata basis in 2014, subject to the dividend being approved by the annual general meeting.

Erste Group plans, subject to market conditions and the approval by its management and supervisory boards, to implement a capital increase (with pre-emptive rights for existing shareholders) in Q3 2013. The planned capital increase of approximately EUR 660 million will further strengthen Erste Group’s capital base so that Erste Group expects to meet its targeted 10% fully loaded Basel 3 common equity tier-1 ratio by 31 December 2014.

The planned redemption of the participation capital is expected to be EPS accretive from 2014 onwards despite the capital increase.

Erste Group’s core tier 1 ratio (Basel 2.5, excluding participation capital and retained earnings for Q1 2013) as of 31 March 2013 adjusted for the net proceeds of the planned capital increase would have been 10.2%, compared to 9.6% as reported. Erste Group estimates the negative impact from the switch to a fully loaded Basel 3 capital regime (based on currently available public documentation) on the capital ratios to be approximately 30bps. As a result of the planned change from the standardised to the internal ratings based (IRB) approach for the calculation of risk-weighted assets in Romania in 2015, Erste Group expects, based on its current business plan and estimates, a negative impact on its capital ratios in 2015 of approximately additional 40 bps.

Outlook

Erste Group expects a slight improvement in economic performance for Central and Eastern Europe in the second half of 2013, even though growth rates in the region are expected to remain moderate. Erste Group expects the operating result to decline by up to 5% in 2013, due to expected lower operating income only being partially off-set by lower operating cost. The risk costs of Erste Group are estimated to decrease by approximately 10-15% in 2013, mainly due to the expected improvement of the risk situation in Romania. Banking taxes in Austria, Slovakia and Hungary in the amount of approximately EUR 260 million pre-tax (approximately EUR 200 million post-tax) are expected to continue to adversely impact net profit in 2013. Erste Group continues to expect that its Romanian subsidiary BCR will return to profitability in 2013.

As previously communicated in the release dated 20 December 2012, Erste Group will report the negative currency translation effect from the sale of the Ukrainian subsidiary (Erste Bank Ukraine) in the amount of approx. EUR 81 million (pre-tax) following closing of the transaction in Q2 2013. This will not affect the capital position of Erste Group.

For more information, please contact:
Erste Group, Investor Relations, Graben 21, 1010 Vienna, Austria, Fax: +43 (0) 5 0100 9 13112
e-mail: investor.relations@erstegroup.com
Internet: http://www.erstegroup.com/investorrelations http://twitter.com/ErsteGroupIR http://slideshare.net/Erste_Group

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
Simone Pilz	Tel. +43 (0)5 0100 ext. 13036,	e-mail: simone.pilz@erstegroup.com
Gerald Krames	Tel. +43 (0)5 0100 ext. 12751,	e-mail: gerald.krames@erstegroup.com

This information is also available on http://www.erstegroup.com/en/Investors/News.