



ERSTE GROUP

Erste Group Bank AG

Share Capital Increase

ISIN AT0000652011

**Subscription Notice and Announcement pursuant to
Sec. 10 para 4 Austrian Capital Market Act (KMG)**

Pursuant to Section 5.1 of the articles of association of Erste Group Bank AG (hereinafter also the "Company") the management board, subject to approval by the supervisory board, is authorised to increase, by 12 May 2015, the Company's share capital - in several tranches, if applicable - in the amount of up to EUR 167,795,474.00 by issuing up to 83,897,737 shares without the exclusion of subscription rights of the shareholders and to determine the type of shares, the issue price and the terms of issue, subject to approval by the supervisory board. The supervisory board is authorised to resolve on the amendment of the articles of association resulting from the issuance of shares out of the authorised capital.

By way of partial exercise of this authorisation, the management board has resolved on 2 July 2013, with the consent of the from the supervisory board authorised executive committee of the supervisory board of 2 July 2013 and on the basis of the management board resolution of 28 June 2013, which the supervisory board has approved on 1 July 2013, to increase the share capital in the current nominal value of EUR 789,137,294.00 by a nominal value of EUR 70,462,706.00 to a nominal value of EUR 859,600,000.00 through the issue of 35,231,353 new, bearer share units (ordinary shares) against cash contribution by observing the shareholders' actual subscription right (*materielles Bezugsrecht*) pursuant to Sec. 153 para 6 Austrian Stock Corporation Act ("AktG"). The management board has further resolved on 2 July 2013, with the consent of the supervisory board committee, to set the subscription price at EUR 18.75 per new share. The new shares carry full dividend rights as from 1 January 2013. The new shares of the Company bear the same ISIN as the old shares, namely the ISIN AT0000652011.

The capital increase will involve J.P. Morgan Securites plc. and Morgan Stanley Bank Aktiengesellschaft (the „Joint Bookrunners“) taking the new shares assigned to them to subscribe for by the management board pursuant to Sec. 153 para 6 AktG with the obligation to offer them to shareholders at a ratio of 45 old shares to 4 new shares (the "Subscription Ratio") within the subscription period set out below at the subscription price.

Before the start of the subscription offering, the new shares were offered exclusively to institutional investors in Austria and other countries in a private placement (including so-called qualified institutional buyers in the U.S. pursuant to Rule 144A of the U.S. Securities Act 1933 as amended ("the Institutional Pre-Placement")). The Joint Bookrunners have secured appropriate claw-backs by agreement that the new shares, which are attributable to subscription rights and which were not waived by shareholders (as described below), are available for subscription by the shareholders of the Company in the course of the subscription offering.

Certain shareholders of the Company, including DIE ERSTE österreichische Spar-Casse Privatstiftung, Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain saving banks (*Sparkassen*) (together the „Waiving Shareholders“) have waived on subscription rights.

The registration of the capital increase with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*) is planned for the 4 July 2013.

The subscription price in the amount of EUR 18.75 per new share was determined on the basis of the result of the bookbuilding-process in the Institutional Pre-Placement on 2 July 2013. The placement price for the Institutional Pre-Placement and the subscription price are identical. The subscription price is due for payment on 23 July 2013 (value date).

The shareholders of Erste Group Bank AG are hereby invited to exercise their subscription right during the period from.

3 July to 17 July 2013

at

Erste Group Bank AG
1010 Wien, Graben 21
(subscription agent)

as well as any other Austrian credit institution in Austria during the normal banking hours. After expiration of this term, new share cannot be purchased any more.

In accordance with the subscription ratio of 45:4, for 45 old shares (or for the appropriate number of subscription rights) 4 new shares can be purchased against cash payment of the subscription price. Shareholders, who do not have a number of old shares divisible by 45, can only exercise subscription rights for the number of shares held by them, which is divisible by 45 without remainder. The same applies for owners of subscription rights. For the subscription of new shares customary bank commissions will be charged.

Owners of subscription rights held by a depositary bank, that has a securities account at Austrian Control Bank Aktiengesellschaft (*Oesterreichische Kontrollbank Aktiengesellschaft*), or held by a financial institution, which participates at the Euroclear System, Clearstream Luxembourg or Centrální depozitář cenných papírů, a.s, can exercise their subscription rights only by instructing the depositary bank or financial institution to purchase the offered shares at the subscription price for them. Investors, who hold subscription rights through Depozitarul Central SA, can only exercise their subscription rights by instructing their financial intermediaries (depositary bank / broker) acting as depositary for the shares, which convey the subscription rights.

The exercise of subscription rights by beneficiaries is irrevocable, and cannot be declared void, altered, suspended or revoked.

The subscription rights were booked into for shareholders as per balance of the securities deposit account on 2 July 2013, 12 p.m, Vienna time. From the beginning of the subscription period, thus from 3 July 2013, the old shares will be traded „ex subscription right“. The subscription rights are freely transferable and bear the ISIN AT0000A10QP8.

The subscription rights will be traded on the Vienna Stock exchange from 9 to 11 July 2013 (auction trading). Subscription rights that are not exercised will lapse and be of no value after expiration of the subscription period.

The Company applied for admission to trading of the new shares on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange on 1 July 2013. The commencement of trading on the Official Market in the Prime Market segment is intended for 5 July 2013. The Company furthermore applied for admission to trading of the new shares on the Prague Stock Exchange and the Bucharest Stock Exchange. The commencement of trading on the Bucharest Stock Exchange is intended for 5 July 2013 and on the Prague Stock Exchange on 8 July 2013. The new shares will be certified by one or more global share certificates (*Sammelurkunden*) that will be deposited with the Austrian Control Bank Aktiengesellschaft as central securities depository (*Wertpapiersammelbank*). The new shares obtained within the subscription offering, will be delivered probably on or about 23 July 2013 (value date) by way of credit to the security deposit account after originating the new shares by registration of the capital increase with the Austrian companies register. The right to extend the subscription period at any time and without stating reasons remains reserved. An extension of the offering period will be announced via electronic media or publication in the official gazette section of the Wiener Zeitung (*Amtsblatt zur Wiener Zeitung*).

The underwriting agreement stipulates that J.P. Morgan Securities plc. and Morgan Stanley Bank AG can terminate the underwriting agreement under certain conditions on behalf of the syndicate banks (*Syndikatbanken*) upon the day of fulfillment of the contract. The subscription right of shareholders is not applicable in case of termination of the underwriting agreement before registration of the capital increase with the Austrian companies register. In such a case, subscription rights trading transactions will not be reversed by the brokers. The delivery of shares obtained by subscription rights remains reserved, if the underwriting banks (*Konsortialbank*) withdraw from the underwriting agreement after registration of the capital increase with the Austrian companies register.

In case of termination of the underwriting agreement by the underwriting banks, if short selling of new shares has already taken place, the new seller of the respective shares bears the risk to no be able to fulfill his delivery obligation through delivery of new shares.

The new shares and subscription rights will neither be registered under the U.S. Securities Act of 1933, as amended nor with any other securities commission of the United States of America. In particular subscription rights for or by individuals in the United States of America may only be exercised by “qualified institutional buyers” pursuant to an exemption of the registration requirements according to Rule 144A under the U.S. Securities Act of 1933, as amended, who sign and submit to Erste Group Bank AG a confirmation (Investment Letter) in the form contained in the capital market prospectus by Erste Group Bank AG. Individuals from outside the United States of America may only exercise subscription rights in “offshore transactions” pursuant to regulation S under the Securities Act.

In conjunction with the capital increase described above by up to nominal value of EUR 167.795.474 by issuing up to 83.897.737 new shares of Erste Group Bank AG, a prospectus was approved by the Austrian Financial Market Authority on 1 July 2013 according to the Austrian Capital Market Act, and was made available free of charge at the seat of the Company and on its website (www.erstegroup.com). The prospectus was supplemented on 2 July 2013, and can be obtained, including the supplement from 2 July 2013, free of charge during the normal business hours at Erste Group Bank AG, 1010 Wien, Graben 21, or from its website (www.erstegroup.com). The prospectus was deposited with the registration office (Austrian Control Bank Aktiengesellschaft- OeKB).

This subscription notice is neither an offer for sale nor an invitation to subscribe for or to purchase securities in countries, where such an offer of such an invitation is legally prohibited.

Vienna, on 3.7.2013

The Management Board