Erste Group successfully manages issue of Czech Republic EUR 2.0 bn bond

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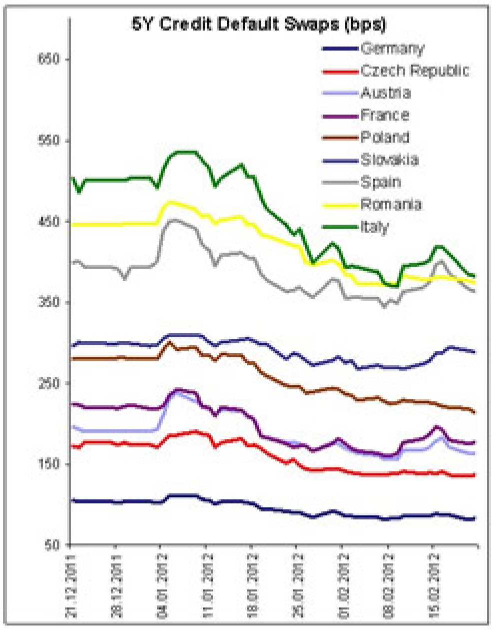
Czech Republic capitalized on its strong fundamentals and reform pace, which were positively received by the investors during the pan-European road-show

Very good demand for the Czech sovereign bonds offering: total orders of approx. EUR 3.5bn from over 190 investors

High quality and granular investor demand evenly spread all over Europe

Erste Group Bank AG ("Erste Group") through its subsidiary Ceská sporitelna successfully managed a EUR 2.0 bn issue of a 10-year Czech government bond as Joint Lead Manager and Joint Bookrunner. The issue, which carries a coupon of 3.875% and is due 24 May 2022, was priced at a re-offer price of 99.169% to provide a yield of 3.997%. The strong fundamentals of the country generated major interest from investors in Europe[1] and allowed to price the offering at mid-swaps +160 bps, at the very tight end of the initial spread guidance. The Eurobond was issued off of the Czech Republic's EUR 10 bn EMTN Programme, updated on February, 10th 2012.

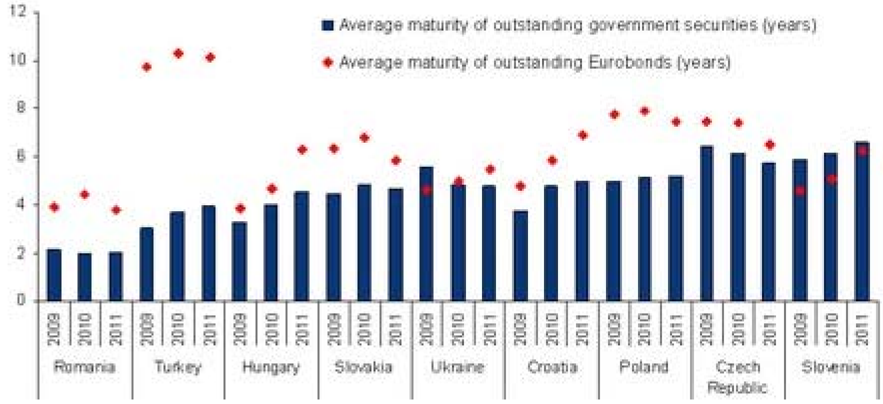


Source: Bloomberg, Erste Group Research

"CEE government bonds and in particular the Czech ones provide a reasonable reward to investors at a time when sovereign bonds of the core euro area countries have become extremely expensive and offer very low yields," explains Franz Hochstrasser, Deputy CEO of Erste Group. "Equally important, investors regard Czech bonds as a top-notch asset which is more crisis-resistant than other European sovereigns, and this will make a difference should market turbulences persist," added Hochstrasser.

The strong fundamentals of the country as one of the lowest indebted nations in the European Union enabled the Czech Republic to place its new issue with a very limited issue premium of approximately 5-7bps above the outstanding Czech sovereign bonds. This new issue premium is one of the lowest seen in 2012 so far in the sovereign market and underpins the attractiveness of the Czech Republic as an issuer, thanks to both its high credit profile and its scarcity value.

According to Erste Group analysts, the extension of the average maturity of outstanding debt is one of the main reasons why debt agencies in CEE are eager to issue Eurobonds. The average maturity of government securities still is relatively short in CEE, about 4 years on average, compared to 6-7 years for major Euro Area countries. The longest average maturity is seen in the Czech Republic, where the inflation rate is more predictable and the domestic investor base much broader than in countries which still have to liberalize prices (i.e. Romania) or develop their local capital markets.



Source: Bloomberg, Erste Group Research

“We have become a key partner for Eurobond issuers in our region, leading benchmark transactions not only for the Czech Republic, but also Austria, Slovakia and Romania”, explains Hochstrasser. In 2011 Erste Group ranked 1st as bookrunner for corporate and sovereign bonds in Austria and CEE, with a market share of 11.7% and a volume of EUR 4,288 mn.[2]

[1] Germany- 23%, BeNeLux - 22%, France and Austria 14% and 13% respectively, CEE - 6%, the UK - 5%, Switzerland - 5%, Asia - 4% and other account for 6%.

[2] Source Bloomberg Finance L.P.; EUR denominated Bond issues from Austria and CEE excl. Russia (1/1 – 12/31/2011)