

Press release

30 October 2008

Erste Group further strengthens its core capital base by EUR 2.7bn

- **Tier 1 ratio already expected to rise organically, through solid earnings growth, from 7% at end 2007 to at least 7.5% in 2008**
- **The Republic of Austria to acquire EUR 2.7bn of participation capital in exchange for a fixed annual interest payment of 8%**
- **Following this measure the Tier 1 ratio will increase to over 10% by year-end**
- **EUR 6bn economic stimulus package for Austria's economy**

“Based on its best ever nine-month result, achieved despite the difficult market situation, the highest equity capital base in the history of the bank and facing the backdrop of new capital adequacy standards imposed by international competition, the Republic of Austria will acquire participation capital in Erste Group amounting to EUR 2.7bn,” explained Andreas Treichl, CEO of Erste Group at the presentation of the third quarter results.

The tier 1 capital of Erste Group was expected to increase from a ratio of 7% at year-end 2007 to at least 7.5% by the end of this year, driven by the economic success of the first three quarters of the current business year. This step improves core capital by an additional EUR 2.7bn. The Tier 1 ratio will therefore increase to over 10% by the end of 2008, reaching a level in line with the raised international benchmarks for capital requirements.

“We have a fundamentally sound position and are taking this step to better equip Erste Group to cope with a tougher economic outlook and to be able to fully support economic growth in Austria and of its trade partners in such an environment,” explained Andreas Treichl. “The participation certificates that will be acquired by the Republic of Austria will ensure that, above all, Austrian companies will have enough liquidity at their disposal in times of difficulty. In agreement with the Austrian government, Erste Group undertakes to ensure jointly with the savings banks that both Austrian commercial and retail customers will each have access to at least EUR 3bn in credit over the next three years,” said Mr Treichl.

The participation capital, which will be repaid at 100% of the nominal value at the earliest after five years, will be non-listed, non-voting and non-transferable. Therefore, the issuance of these securities, which are recognized as core capital pursuant to §23 (4) of the Austrian Banking Act, will not result in the dilution of existing shares held by shareholders. The state will receive a fixed annual interest of 8% for the capital made available.

The transaction is expected to complete before the end of the year. Based on the business model of Erste Group and the Sparkassen with their focus on the retail and SME segment in the region, this acquisition of participation capital by the Republic of Austria is not contingent on any further conditions.

Erste Group will review its remuneration policy with respect to ethical and sustainability standards. Irrespective of this, some time ago, the members of the management board of Erste Group decided to

renounce their bonus payments for the current business year, which will be the best year in the history of the bank. Many senior management members have joined this decision.

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Erste Group is with its more than 54.000 employees one of the leading financial providers in CEE, serving over 16 million clients in almost 3,000 branches in 8 countries (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia, Ukraine). As of 30 June 2008 Erste Group has reached EUR 214.2 billion in total assets, a half-year net profit of EUR 636.6 million and an after-tax ROE of 14.7%..