

Press release

14th January 2009

Erste Group signs framework agreement for bond issues guaranteed by the Republic of Austria

Following a short period of negotiations conducted in a professional manner with the Austrian Ministry of Finance, Erste Group Bank AG has signed a framework agreement for bond issues with the Republic of Austria. Under this programme, Erste Group has the right to issue bonds with an aggregate volume of EUR 6bn that will be guaranteed by the Republic of Austria (pursuant to §1 par. 4 Interbank Market Support Act).

[The agreement states that] the maturity of any individual bond issue may not exceed five years. The guarantee of the Republic of Austria is explicit, unconditional, irrevocable and unsubordinated and warrants due and timely payment.

For the state guarantee, Erste Group will pay 50 basis points plus the median value of its CDS¹ spread during the period 1 January 2007 to 31 August 2008. Overall, this corresponds to a premium of around 90 basis points.

The issuance of the bonds under this programme is subject to certain terms: Thus, the liquidity obtained through the guarantee must be used to grant credit to support the economy. The funds must not be used for any aggressive growth measures and the bank's business strategy - which must continue to be focused on sustainability - shall not be permitted to include terms that are not customary for the market. Furthermore, it must be ensured that the bank's remuneration policies do not encourage the taking of any excessive risks.

The programme is expected to receive the same rating as the Republic of Austria (AAA/Aaa/AAA).

¹ CDS = Credit Default Swap

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Erste Group is with its more than 54.000 employees one of the leading financial providers in CEE, serving 16.4 million clients in more than 3,000 branches in 8 countries (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia, Ukraine). As of 30 September 2008 Erste Group has reached EUR 209.4 billion in total assets, a net profit of EUR 1,463.0 million and an after-tax ROE of 21.7%.