

Principles we have found to be true:



transparency and simplicity

Corporate Governance

Corporate Governance Report

of Erste Group Bank AG pursuant to Section 243b Austrian Commercial Code and Rules 60 et seq of the Austrian Code of Corporate Governance as of 31 December 2009

CODE OF CORPORATE GOVERNANCE

In Austria, the Code of Corporate Governance (CCG) prepared by the Working Group for Corporate Governance under the leadership of the Special Government Representative for the Capital Market has been widely recognized since 1 October 2002. The code is based on voluntary self-imposed obligations and its requirements are more stringent than the legal requirements for stock corporations. The aim is to establish responsible corporate management and accounting oriented on long-term growth that regulates all rights and obligations of all stakeholders – management, supervisory board, customers, staff, shareholders and the public – as well as their relations to each other. The Austrian CCG has the objective of guaranteeing a high degree of transparency for all stakeholders. The rules of the Code are grouped into L rules, which contain the mandatory legal requirements, and C rules, which permit a deviation but need to be explained, as well as R rules, which permit a deviation without requiring an explanation.

The current version of the Austrian CCG is available at the website of the Working Group at www.corporate-governance.at. This website also includes an English translation of the Austrian Code of Corporate Governance and the interpretations of the Working Group.

COMMITMENT TO COMPLY WITH THE RULES OF THE AUSTRIAN CCG

In February 2003, Erste Group Bank AG declared its commitment to comply with the rules of the Austrian Code of Corporate Governance with the objective of ensuring responsible and transparent corporate governance.

In financial year 2009, Erste Group Bank AG complied with all L rules (legal requirement) and R rules (recommendation). The deviation from a “Comply or Explain” rule (C rules) is presented and explained below.

Qualification and Composition of the Supervisory Board 52 (C)
When appointing the supervisory board, the general meeting shall take due care to ensure a balanced composition of the supervisory board with respect to the structure and the business of the company as well as the expertise and the personal qualifications of the supervisory board members. The number of members on the supervisory board (excluding employees’ representatives) shall be ten at most.

Due to the size of the company, the supervisory board of Erste Group Bank AG (excluding employees’ representatives) consists of 12 members. A selection procedure is planned for a representative of retail private shareholders in advance of the elections to the supervisory board at the general shareholders' meeting 2010.

INFORMATION ON THE MANAGEMENT BOARD PURSUANT TO SECTION 243B PAR. 2 AUSTRIAN COMMERCIAL CODE:

Name, year of birth and date of initial appointment and end of current period of office of each member of the management board:

Andreas Treichl (Chairman)

Born 1952

Member of the management board since 1 October 1994

End of the current period of office: 30 June 2012

Franz Hochstrasser (Vice Chairman)

Born 1963

Member of the management board since 1 January 1999

End of the current period of office: 30 June 2012

Herbert Juranek

Born 1966

Member of the management board since 1 July 2007

End of the current period of office: 30 June 2012

Johannes Leobacher

Born 1964

Member of the management board since 1 April 2009

End of the current period of office: 30 June 2012

Bernhard Spalt

Born 1968
Member of the management board since 1 November 2006
End of the current period of office: 30 June 2012

Manfred Wimmer

Born 1956
Member of the management board since 1 September 2008
End of the current period of office: 30 June 2012

[Mandates on supervisory boards or similar functions in other domestic or foreign companies not included in the consolidated financial statements for each member of the management board pursuant to C rule 16 Austrian CCG:](#)

Andreas Treichl

DONAU Versicherung AG Vienna Insurance Group (Vice Chairman)
MAK – Österreichisches Museum für angewandte Kunst (Chairman)
Österreichische Galerie Belvedere
Sparkassen Versicherung AG Vienna Insurance Group (Chairman)

Franz Hochstrasser

Oesterreichische Kontrollbank Aktiengesellschaft (Vice Chairman)
Wiener Börse AG
WBAG Aktiengesellschaft

Herbert Juranek

None

Johannes Leobacher

None

Bernhard Spalt

Österreichische Clearingbank AG (Vice Chairman)

Manfred Wimmer

None

INFORMATION ON THE SUPERVISORY BOARD PURSUANT TO SECTION 243B PAR. 2 AUSTRIAN COMMERCIAL CODE

[Name, year of birth and date of initial appointment and end of current period of office of each member of the supervisory board](#)

Heinz Kessler

General Director, ret.
Born 1938
Supervisory board member since 26 May 1998
End of the current period of office: AGM 2012

Georg Winckler

Born 1943
Rector of the University of Vienna
Professor for economic sciences at the University of Vienna
Supervisory board member since 27 April 1993
End of the current period of office: AGM 2010

Theresa Jordis

Born 1949
Attorney at law
Supervisory board member since 26 May 1998
End of the current period of office: AGM 2013

Bettina Breiteneder

Born 1970
Entrepreneur
Supervisory board member since 4 May 2004
End of the current period of office: AGM 2014

Elisabeth Gürtler

Born 1950
Entrepreneur
Supervisory board member since 26 May 1998
End of the current period of office: AGM 2010

Jan Homan

Born 1947
General Director Teich AG
Supervisory board member since 4 May 2004
End of the current period of office: AGM 2014

Brian D. O'Neill

Born 1953
Vice Chairman Lazard International
Supervisory board member since 31 May 2007
End of the current period of office: AGM 2012

Juan Maria Nin Génova

Born 1953
President and CEO “la Caixa”
Supervisory board member since 12 May 2009
End of the current period of office: AGM 2014

Wilhelm Rasinger

Born 1948
Consultant
Supervisory board member since 11 May 2005
End of the current period of office: AGM 2010

Friedrich Rödler

Born 1950
Auditor and tax advisor
Supervisory board member since 4 May 2004
End of the current period of office: AGM 2014

John James Stack

Born 1946
President and CEO, ret.
Supervisory board member since 31 May 2007
End of the current period of office: AGM 2012

Werner Tessmar-Pfohl

Born 1942
Entrepreneur, ret.
Supervisory board member since 6 May 2008
End of the current period of office: AGM 2013

Gabriele Zuna-Kratky

Born 1957
Director of Technical Museum Vienna
Supervisory board member from 19 May 2006 to 12 May 2009

Delegated by the staff council:

Christian Havelka

Born 1966
Supervisory board member since 31 October 2001
End of the current period of office: until withdrawn

Andreas Lachs

Born 1964
Supervisory board member since 9 August 2008
End of the current period of office: until withdrawn

Friedrich Lackner

Born 1952
Supervisory board member since 24 April 2007
End of the current period of office: until withdrawn

Bertram Mach

Born 1951
Supervisory board member since 9 August 2008
End of the current period of office: until withdrawn

Barbara Smrcka

Born 1969
Supervisory board member since 9 August 2008
End of the current period of office: until withdrawn

Karin Zeisel

Born 1961
Supervisory board member since 9 August 2008
End of the current period of office: until withdrawn

Chairman and Vice Chairman of the supervisory board

Heinz Kessler	President
Georg Winckler	1st Vice President
Theresa Jordis	2nd Vice President

Membership in the committees of the supervisory board, stating the function as chairperson (C rule 39 Austrian CCG)

Heinz Kessler

Committee for Management Board Matters (Chair)
Audit Committee (Chair)
Risk Management Committee
Strategy Committee (Chair)

Georg Winckler

Committee for Management Board Matters
Audit Committee
Risk Management Committee
Strategy Committee

Theresa Jordis

Committee for Management Board Matters
Audit Committee
Risk Management Committee
Strategy Committee

Bettina Breiteneder

Audit Committee (Substitute)
Risk Management Committee

Elisabeth Gürtler

Risk Management Committee

Jan Homan

Audit Committee
Risk Management Committee (Substitute)
Strategy Committee

Juan Maria Nin Génova

Strategy Committee

Wilhelm Rasinger

Audit Committee
Risk Management Committee (Substitute)
Strategy Committee (Substitute)

Friedrich Rödler

Audit Committee
Risk Management Committee (Chair)
Strategy Committee

Gabriele Zuna-Kratky

Strategy Committee (until 12 May 2009)

Delegated by the staff' council:

Christian Havelka

Audit Committee
Risk Management Committee (Substitute)
Strategy Committee

Andreas Lachs

Audit Committee (Substitute)
Risk Management Committee
Strategy Committee (Substitute)

Friedrich Lackner

Audit Committee
Strategy Committee

Bertram Mach

Risk Management Committee
Strategy Committee

Barbara Smrcka

Audit Committee

Karin Zeisel

Risk Management Committee

Mandates in supervisory boards or similar functions in other foreign and domestic companies for each supervisory board member (listed companies are marked with “**”)

Heinz Kessler

Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung (Vice Chair)
Česká spořitelna, a.s. (Vice Chair)
DIE ERSTE österreichische Spar-Casse Privatstiftung
Erste Bank der oesterreichischen Sparkassen AG (Vice Chair)
Nettingsdorfer Papierfabrik Management AG (Chair)
Rath Aktiengesellschaft* (Chair)
Reform-Werke Bauer & Co. Gesellschaft m.b.H. (Chair)
Reform-Werke Bauer & Co. Holding Aktiengesellschaft (Chair)

Georg Winckler

Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung (Chair)
DIE ERSTE österreichische Spar-Casse Privatstiftung (Vice Chair)
Educational Testing Service, Princeton/New Jersey (Board of Trustees)
Innovationszentrum Universität Wien GmbH
Steiermärkische Bank und Sparkassen Aktiengesellschaft
UNIQA Versicherungen AG* (Vice Chair)

Theresa Jordis

Miba Aktiengesellschaft* (Chair)
Mitterbauer Beteiligungs – Aktiengesellschaft (Chair)

Prinzhorn Holding GmbH (Chair)
Wolford Aktiengesellschaft* (Chair)
Austrian Airlines AG*

Bettina Breiteneder

ZS Einkaufszentren Errichtungs- und Vermietungs-Aktiengesellschaft

Elisabeth Gürtler

Kongresszentrum Hofburg BetriebsgesmbH
Oesterreichische Nationalbank (General Council)

Jan Homan

Allianz Elementar Versicherungs-Aktiengesellschaft
Alucommerz AG
Constantia Colmar Inc.

Brian D. O’Neill

El Museo del Barrio (Board of Trustees)
David Rockefeller Center for Latin American Studies (Advisory Council)
Council of the Americas and the Americas Society (Dir.)

Juan Maria Nin Génova

Academic Board, APD
Circulo Ecuestre (BoD)
Criteria Caixacorp, S.A.* (Deputy Chairman)
Gas Natural* (BoD)
Grupo Segurcaixa Holding (Insurances)
Deusto University (BoD)
Deusto Business School (BoD)
Economic Group, Spain-China Forum
Esade Business School Foundation (Trustee)
Federació Catalana de Caixes d’Estalvis (Secretary)
Federico Garcia Lorca Foundation (Trustee)
Repsol YPF* (BoD)
Banco BPI, S.A.* (Portugal) (BoD)
Grupo Financiero Inbursa, S.A.B. DE C.V.* (Mexico) (BoD)
“la Caixa” Foundation (Deputy Chairman)
Spain-India Council Foundation (Deputy Chairman)
Spain-United States Council Foundation

Wilhelm Rasinger

CEE Immobilien Development AG
Friedrichshof Wohnungsgenossenschaft reg. Gen.m.b.H. (Chair)
Wienerberger AG*

Friedrich Rödler

Erste Bank der oesterreichischen Sparkassen AG

John James Stack

ShoreBank International
Mutual of America
American Friends of the Czech Republic
Fund for Peace

Werner Tessmar-Pfohl

Sattler AG (Chair)
Steiermärkische Bank und Sparkassen Aktiengesellschaft (Chair)
Teufelberger Holding Aktiengesellschaft (Vice Chair)

Gabriele Zuna-Kratky

Erste Bank der oesterreichischen Sparkassen AG
(since 25 March 2009)

Delegated by the staff council:

Friedrich Lackner

DIE ERSTE österreichische Spar-Casse Privatstiftung

Christian Havelka

None

Andreas Lachs

None

Bertram Mach

None

Barbara Smrcka

None

Karin Zeisel

None

PRESENTATION OF THE CRITERIA DEFINED BY THE SUPERVISORY BOARD FOR INDEPENDENCE PURSUANT TO C RULE 53 OF THE AUSTRIAN CCG

The supervisory board of Erste Group Bank AG defined the guidelines set out in Annex 1 of the Austrian Code of Corporate Governance as independence criteria at its meeting of 15 March 2006:

Guidelines for Independence

A member of the supervisory board is deemed to be independent if such person does not have any business or personal relations with the company or its management board and these relations would constitute a conflict of interest, and therefore, would be suited to influence the behaviour of a member.

- The supervisory board member is not permitted to have been a member of the management board or a managing employee of the company or a subsidiary of the company in the past five years.
- The supervisory board member should not have any business relations with the company or a subsidiary of the company to an extent of significance for the supervisory board member or in the past year. This shall also apply to business relations with companies in

which the supervisory board member has a material economic interest, but not for carrying out functions on the bodies of the Group. The approval of individual transactions by the supervisory board pursuant to L rule 48 does not automatically qualify the respective supervisory board member as not being independent.

- The supervisory board member should not have served as auditor for the company or have been involved in an audit or worked as an employee of the auditing firm in the past three years.
- The supervisory board member should not have been a management board member at another company in which a member of the management board of the company is on the supervisory board of said company.
- The supervisory board member should not have been a member of the supervisory board for more than 15 years. This does not apply to members of the supervisory board that are shareholders with stakes in the company or that represent the interests of such shareholders.
- The supervisory board member should not be a close family relation (children, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the management board or of persons that are in one of the aforementioned positions.

Presentation which members are deemed independent in the meaning of C rule 53 of the Austrian CCG

Based on the above mentioned criteria, all members of the supervisory board have declared their independence with the exception of one. John James Stack declared that he is not independent in the meaning of the criteria defined due to his position as chairman of the board of Česká spořitelna until May 2007.

PRESENTATION OF WHICH MEMBERS OF THE SUPERVISORY BOARD MEET THE CRITERIA OF C RULE 54

Only four members of the supervisory board hold a function on a body of a company that owns over 10% of the shares in Erste Group Bank AG (Kessler, Winckler, Lackner, Nin); additionally, in 2009, two members (Gürtler, Rasinger) represented, above all, the interests of retail shareholders.

NOTE IF A MEMBER OF THE SUPERVISORY BOARD FAILED TO PERSONALLY ATTEND MORE THAN HALF OF THE MEETINGS OF THE SUPERVISORY BOARD IN THE REPORTING YEAR (C RULE 58 AUSTRIAN CCG)

With the exception of one member delegated by the staff council, all members personally attended at least half of the meetings.

Object and remuneration of contracts subject to approval pursuant to Section 95 par. 5 fig. 12 Stock Corporation Act (C rule 49 Austrian CCG)

The firm DORDA BRUGGER JORDIS Rechtsanwälte GmbH, in which Theresa Jordis is a partner, invoiced companies of Erste Group for consulting work for an amount of EUR 409,175.93 in 2009. Friedrich Rödler is Senior Partner at Pricewaterhouse-Coopers Österreich. Companies of this group billed companies of Erste Group for consulting work in an amount of EUR 108,617.43 in 2009.

INFORMATION ON THE WORKING METHODS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD PURSUANT TO SECTION 243B PAR. 2 AUSTRIAN COMMERCIAL CODE:

Management Board

The management board of Erste Group Bank AG manages the company on its own responsibility. Its purpose is to pursue the welfare of the company and the interests of the shareholders and employees. The management board develops the strategic orientation of the company and accords it with the supervisory board. It ensures an effective risk management and risk control. The management board reaches its decisions taking into account all relevant legal provisions, the rules of the articles of association and its internal rules of procedure.

Supervisory Board

The supervisory board advises the management board in its strategic planning and actions. It takes part in the decisions as stipulated by law, the articles of association and its internal rules of procedure. The supervisory board has the task of supervising the management board in the management of the company.

DISTRIBUTION OF AREAS OF COMPETENCE IN THE MANAGEMENT BOARD (C RULE 16 AUSTRIAN CCG)

Andreas Treichl (Chairman)

Group Communications, Group HR, Strategic Group Development, Group Secretariat, Group Audit, Group Marketing, Group Investor Relations, Group Identity, good.bee – banking for the unbanked

Franz Hochstrasser (Vice Chairman)

Group Research, Group Balance Sheet Management, Group Capital Markets

Herbert Juranek

Group Org/IT, Group Operations/Processing, Group Card Management

Johannes Leobacher

Group Real Estate & Leasing, Group Investment Banking, Group Large Corporates Banking, International Business, GCIB Operations

Bernhard Spalt

Group Strategic Risk Management, Group Corporate Risk Management, Group Retail Risk Management, Group Legal, Group Compliance

Manfred Wimmer

Group Accounting, Group Performance Management

NUMBER AND TYPE OF COMMITTEES OF THE SUPERVISORY BOARD AND THEIR DECISION-MAKING POWERS (C RULE 34 AUSTRIAN CCG)

The supervisory board has set up a risk management committee, a strategy committee, an audit committee and a committee for management board matters.

Risk Management Committee

The risk management committee is responsible for granting approval in all those cases in which loans and exposures or large exposures reach an amount exceeding the approval authority of the management board according to the approval authority regulation. It is charged with granting approval to exposures or large exposures pursuant to section 27 of the Banking Act, if such an investment to credit institutions exceeds 10% of the own funds of Erste Group Bank or if the investment amounts to at least 10% of the consolidated own funds of the banking group. Within the competence assigned to it, the committee may grant advance approvals to the extent permitted by law. In addition it is responsible for the supervision of the risk management of Erste Group Bank AG.

Strategy Committee

In connection with the strategic positioning of Erste Group Bank, the strategy committee is responsible for the preparation of and comments on all matters which are brought to the attention of the supervisory board, unless they are assigned to other committees. Furthermore, it is in charge of scrutinising the budget, acknowledging the reports of the individual business units and the reports on business performance, determining investment policy, and setting key strategic goals for the company. The supervisory board delegated to the committee the right of approval of the establishment and closing of branches; the right of approval of the granting of special statutory power of attorney (Prokura) or commercial power for the entire operation of the business; the right of approval for entering into agreements between employers and staff councils and for the determination of guidelines for staff policy and salary policy. The committee is also responsible for overseeing the company's portfolio of participations.

Audit Committee

The audit committee is responsible for the supervision of the accounting process; the supervision of the effectiveness of the internal controlling system, the internal audit system and the risk management system; the supervision of the annual audit and the annual group audit; reviewing and supervising the qualification and the independence of the auditor (group auditor); reviewing and preparing the approval of annual financial statements, the proposal for the distribution of profits, the status report and the corporate governance report and submitting a report on the results of the review to the supervisory board; reviewing the consolidated financial statements of Erste Group and the group status report; the preparation of the supervisory board's proposal for the selection and revocation of the auditor; the conclusion of the contract with the appointed auditor on the execution of the annual audit and the agreement on the auditor's remuneration; acknowledging prompt information on the focal points of the audit and the right to submit proposals for additional focal points of the audit; acknowledging the inspection plan of the Company's internal audit; acknowledging information on current matters relevant for the internal audit of the Erste Group and on the efficiency and effectiveness of the internal audit; acknowledging the internal auditors' report on the areas of inspection and important findings on the basis of inspections made and the activity report pursuant to § 20 in connection with § 21 para 2 of the Austrian Securities Supervisory Act ("Wertpapieraufsichtsgesetz"); acknowledging immediate information on important findings of the auditor, the internal audit or an inspection by a regulatory authority; acknowledging immediate information on damages, which could exceed 5% of the consolidated equity or 10% of the budgeted net result; acknowledging reports of the management board on current developments in the fields of corporate governance and anti-money laundering, and the status of compliance; acknowledging the compliance activities report.

Committee for Management Board Matters

According to rule 43 of the CGC the compensation committee in Erste Group Bank is identical with the nomination committee and has been named "committee for management board matters". The committee for management board matters shall deal with and decide on relationships between Erste Group Bank AG and members of the management board with the exception of resolutions on appointment or revocation of appointment of management board members as well as the granting of stock options of the company.

Information on the number of meetings of the supervisory board during the reporting year and report on the focus of its activities:

There were seven meetings of the supervisory board in 2009.

At each ordinary meeting of the supervisory board the monthly developments of the balance sheet and the income statement were presented, the current market risk, risk bearing capacity and the status of individual subsidiary banks in Central and Eastern Europe were reported.

Based on the resolution of the general meeting of 2 December 2008, a resolution of the management board was passed outside of a meeting in February with the approval of the supervisory board to obtain participation capital with a total volume of up to EUR 2.7 billion and the management board was authorized – with the approval of the strategy committee – to finalize the negotiations with the federal government and fix the terms and the subscription form for participation certificates. On 30 March 2009, the financial statements and management report 2008 as well as the consolidated financial statements and management report 2008 were audited, the financial statements 2008 were confirmed in accordance with the recommendation of the audit committee, and the proposal for the distribution of the profit 2008 approved. At this meeting, Johannes Leobacher who had served as head of Group Capital Markets at Erste Group Bank AG since 1999 was appointed member of the management board effective 1 April 2009 until 30 June 2012 in the function as Head of Division Group Corporate and Investment Banking. Furthermore, a report on the situation in Eastern Europe and on the current status of the government banking package was given. The annual compliance report was submitted. At the constituent meeting on 12 May 2009 after the general meeting, the resolution was passed on the appointments to the committees of the supervisory board and on the distribution of the remuneration for the supervisory board decided at the general meeting.

On 22 June 2009, among other topics, the report on equity holdings 2008 and the first quarter 2009 were discussed. At the meeting of 27 July 2009, the mid-year report 2009 was presented and the investments of Erste Group Bank AG in its banks in Central and Eastern Europe were discussed. On 16 September 2009, the strategic planning of Erste Group Bank AG was discussed extensively and in this context the general decision reached to carry out a capital increase. The supervisory board meeting of 29 October 2009 was briefed on the results of the third quarter 2009 and a further, amended general resolution on a capital increase by issuing up to 60,000,000 new shares was reached. The strategy committee was authorized to take the required decision for execution. On 16 December 2009, the budget and the investment plan 2010 of Erste Group Bank AG were approved and the Group projections were discussed. Directors' dealings were reported and an annual report on major investments was given.

Information on the number of meetings of committees during the reporting year and report on their activities:

The risk management committee regularly took decisions at its 17 meetings in 2009 on investments and loans exceeding the powers of the management board and was briefed on loans granted within the scope of power of the management board. The supervisory board received the annual report on foreign currency loans and repayment vehicles on market risk, and was regularly informed of market risk, risk exposure tolerance and structured finance. Special reports were submitted on the measures to avoid unauthorised trading activities, on the newly organised retail risk management of Erste Group Bank AG; on the liquidity situation, the stress scenarios of subsidiary banks in CEE, the national and European stress tests, on the measures to reduce risk-weighted assets and to optimise capital, and on the real estate portfolio.

The strategy committee met six times in 2009. At the meetings on 25 and 26 February 2009, the strategy committee dealt mainly with the government banking package. On 26 February, it authorised the management board to enter into a general agreement with the federal government in the version as presented at said meeting. On 15 April 2009, the strategy committee dealt intensely with the agenda and motions for the annual general meeting 2009. At the meeting of 27 May 2009, among others, a report was presented on issuance of participation capital almost completed at the time. The main topic of the meeting on 2 September 2009 was strategic planning. At the last meeting of the year, on 16 November 2009, the decision for execution was taken with respect to the amount of the capital increase, the number of new shares to be issued and on the final offer and subscription price.

The audit committee met four times in the year 2009. On 25 February 2009, the preliminary single-entity and consolidated financial statements 2008 were on the agenda; the auditors reported on the status of the auditing of the single-entity and consolidated financial statements. Contingent on the approval of the supervisory board, the decision was taken to propose the appointment of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. to the general meeting as additional (Group) auditor for the financial year 2010. The supervisory board approved this proposal on 30 March 2009.

On 30 March 2009, the audit committee conducted the final discussion. The single-entity financial statements and the management report as well as the consolidated financial statements and management report were audited and recommended to the supervisory board for acceptance of the financial statements, and the proposal of the management board for the distribution of the net profit for the financial year 2008 was acknowledged. The head of the internal audit department reported on the areas audited and the key findings of the audit for the year 2008 and explained the audit plan 2009. On 29 July 2009, among others, a report of the internal audit department pursuant to Section 42 par. 3 Banking Act was presented. At the meeting of 2 December

2009, the bank auditors reported on the results of the preliminary audit and of the focus of their audit. The audit committee issued the instructions to obtain an estimate for the audit of the (consolidated) financial statements 2011.

The committee on management board matters met three times in 2009. Two meetings were held in March that dealt with the appointment of a member to the management board. The nomination of Johannes Leobacher was confirmed by the supervisory board at its meeting of 30 March 2009. At the meeting of 22 June 2009, the proposals of the management board on the voluntary reduction of management board remunerations were taken note of.

DISCLOSURE OF INFORMATION ON THE REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD (C RULES 30 AND 31 AUSTRIAN CCG):

Principles applying to the performance-linked components of the management board remuneration, criteria for the performance-linked components, major changes versus the previous year

The total compensation of management board members has been defined bearing in mind a reconciliation with the interests of shareholders as far as possible, and is presented in detail in the Notes. The compensation consists of a fixed basic salary, a performance-linked bonus and other remunerations. The criteria for the profit participation of the management board members is net profit and the result of a leadership appraisal, and for the management board members with division competence also the attainment of the business goals defined by the supervisory board.

As of financial year 2010, the criteria, apart from net profit, for the cash bonus will include: the increase in the core tier 1 ratio (total risk) adjusted for participation capital, the non-performing loans coverage ratio, the cost/income ratio and the result of the leadership appraisal. Additionally, a long-term incentive programme has been introduced which is based on changes in the stock price of Erste Group Bank AG versus the group of peers and the Dow Jones Euro Stoxx Banks, with payout being exclusively in shares after a vesting period.

The maximum bonus is currently 200% for the CEO, for management board members responsible for divisions 300%, and for the other management board members 100% of the gross annual salary, and is only paid out in this amount if the net profit for the financial year 2009 reaches EUR 1,150 million (actual result: EUR 903 million), the division targets are achieved and the leadership appraisal results are at least 4.6 of 5 possible points.

Remuneration of the management board members

in EUR thousand	Bonus for the year 2008	Salary for the fiscal year 2009	Other compensation for the year 2009	Total 2009 (incl. bonus for the year 2008)
Managing board member				
Andreas Treichl	0	1,036	448	1,484
Franz Hochstrasser	0	579	144	723
Herbert Juranek	0	579	54	633
Johannes Leobacher, since 1 April 2009	0	427	40	467
Bernhard Spalt	0	579	54	633
Manfred Wimmer	0	579	152	731

Principles of the pension scheme for management board members

The members of the management board participate in the defined contribution pension plan of Erste Group according to the same principles as the employees of the Group. If a management board member's tenure ends before he or she reaches the age of 65 by no fault of the member, then for three of the six management board members the corresponding compensatory payments are made to the pension fund.

Principles for eligible time periods and benefit entitlements of the management board members in the case of termination of the position

Regarding benefit entitlements of management board members in the event of termination of their position, the standard legal termination benefit conditions of Section 23 of the Salaried Employees Act apply for three members of the management board. All other members of the management board are not entitled to receive any termination benefits.

Directors and officers insurance

A directors and officers insurance policy exists for the members of the management board paid for by Erste Group Bank AG.

Disclosure of remuneration paid to each member of the supervisory board in 2009 (C rule 51)

in EUR thousand	Supervisory Board compensation	Meeting fees	Total
Supervisory Board member			
Heinz Kessler	50	15	65
Georg Winckler	38	13	51
Theresa Jordis	38	11	49
Bettina Breiteneder	25	9	34
Elisabeth Gürtler	25	7	32
Jan Homan	25	7	32
Brian Deveraux O'Neill	0	3	3
Wilhelm Rasinger	25	13	38
Friedrich Rödler	25	16	41
Hubert Singer until 6 May 2008	8 ¹⁾	0	8
John James Stack	25	2	27
Werner Tessmar-Pfohl	17	3	20
Gabriele Zuna-Kratky	25	1	26
Juan Maria Nin Genova, since 12 May 2009	0	3	3
Christian Havelka	0	8	8
Friedrich Lackner	0	7	7
Andreas Lachs	0	13	13
Bertram Mach	0	11	11
Barbara Smrcka	0	3	3
Karin Zeisel	0	10	10

1) Compensation was not paid out.

REPORT ON THE EXTERNAL EVALUATION

In 2006, for the first time, Erste Group Bank AG conducted an external evaluation of compliance with the Code of Corporate Governance for 2005. In April 2009, a voluntary external evaluation was completed for the financial year 2008. The two evaluations arrived at the results that Erste Group Bank AG complied with all of the rules of the Code. The summaries of the reports on these evaluations are available on the website of Erste Group Bank AG.

SHAREHOLDERS' RIGHTS

Voting rights

Each share of Erste Group Bank AG entitles its holder to one vote at the shareholders' meeting. In general, shareholders may pass resolutions at a shareholders' meeting by a simple majority of the votes cast or, in the event that the majority of the share capital present is required to approve a measure, by a simple majority of the share capital present, unless Austrian law or the articles of association require a qualified majority vote.

The articles of association differ from the statutory majority requirements in three cases. First, the appointment of supervisory board members can be revoked before the end of their respective term by a resolution of the shareholders' meeting, which requires a majority of 75% of the votes cast and a majority of 75% of the share capital present at such meeting. Second, the articles of association may be amended, provided that such amendment does not concern the business purpose, by a resolution of the shareholders' meeting, which requires a simple majority of the votes cast and a simple majority of the share capital present at such meeting. Third, each provision regulating increased majority requirements can only be amended with the same increased majority.

Dividend rights

Each shareholder is entitled to receive dividends, if and to the extent the distribution of dividends is resolved by the annual shareholders' meeting.

Liquidation proceeds

In case of dissolution of Erste Group Bank AG, the assets remaining after the discharge of liabilities and supplementary capital will be distributed pro-rata to the shareholders and the holders of participation capital securities. The dissolution of Erste Group Bank requires a majority of at least 75% of the share capital present at a shareholders' meeting.

Subscription rights

In principle, holders of shares have subscription rights allowing them to subscribe to any newly issued shares to maintain their existing share in the share capital of Erste Group Bank. Such subscription rights are in proportion to the number of shares held by such shareholders prior to the issue of the new shares. The aforementioned subscription rights do not apply if the respective

shareholder does not exercise his or her subscription rights, or the subscription rights are excluded by a resolution of the shareholders' meeting or a resolution of the management board and the supervisory board in certain cases.

The Austrian Stock Corporation Act contains provisions that protect the rights of individual shareholders. In particular, all shareholders must, under equal circumstances, be treated equally, unless the affected shareholders have consented to unequal treatment. Furthermore, measures affecting shareholders' rights, such as capital increases and the exclusion of subscription rights, generally require a shareholders' resolution.

The articles of association of Erste Group Bank AG do not contain any provisions regarding a change in the share capital or the rights associated with the shares or the exercise of the shareholders' rights that differ from statutory requirements.

Stock corporations like Erste Group Bank AG must hold at least one shareholders' meeting per year (ordinary shareholders' meeting), which must be held within the first eight months of any business year and must cover at least the following issues:

- _ **Presentation of certain documents;**
- _ **Distribution of the annual profit;**
- _ **Approval of the actions of the management board and the supervisory board for the preceding business year.**

Vienna, 2 March 2010
Management Board

Andreas Treichl mp
Chairman

Franz Hochstrasser mp
Vice Chairman

Manfred Wimmer mp
Member

Johannes Leobacher mp
Member

Bernhard Spalt mp
Member

Herbert Juranek mp
Member

ADDITIONAL CORPORATE GOVERNANCE PRINCIPLES

Compliance

The responsibility for all compliance issues at Erste Group rests with the group compliance office, a staff unit reporting directly to the chief risk officer. The compliance rules of Erste Group are based on the relevant legislation, such as the Austrian Stock Exchange Act and the Securities Supervision Act; on the Standard Compliance Code of the Austrian banking industry as well as on international practices and standards. Conflicts of interest between our customers, Erste Group and employees are covered by clear rules regarding “Chinese walls”, provisions on employee transactions, research disclaimer, gift policy etc.

Directors’ dealings

In accordance with the Stock Exchange Act and the Issuer Compliance Regulation of the Austrian Financial Market Authority (FMA), individual trades by members of the management board and supervisory board in Erste Group shares are published on the websites of Erste Group (www.erstegroup.com/investorrelations) and the FMA.

Transparency

Investor confidence in public companies is essential to the functioning of the global economy. Transparent operations and reporting play a crucial part in building up confidence. Accordingly, it is one of the main goals of Erste Group and its investors that the financial results fairly reflect the results of its operations. Erste Group has always been diligent in maintaining compliance with its established financial accounting policies, which are consistent with requirements of International Financial Reporting Standards (IFRS) and for reporting its results with objectivity and the highest degree of integrity.

Risk management

Erste Group’s approach to risk management seeks to achieve the best balance between risks and returns for earning a sustained high return on equity. A detailed report on risk policy, risk management strategy and organisation, as well as a thorough discussion of the individual risk categories, are found in the Notes beginning on page 130. In addition, credit risk is analysed in detail in a separate section from page 47 onwards, in the “Segments” section of this report.

Accounting and auditors

The company financial statements, company management report, consolidated financial statements and group management report of Erste Group Bank AG for the financial year 2009 were audited by Sparkassen-Prüfungsverband as the legally mandated auditor and by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., appointed by the annual general meeting as the supplementary auditor.

FINANCIAL CALENDAR

Date	Event
30 April 2010	Q1 2010 results
12 May 2010	Annual general meeting
14 May 2010	Record date
17 May 2010	Ex-dividend day
19 May 2010	Dividend payment day
28 May 2010	Dividend payment day – Participation Capital
30 July 2010	H1 2010 results
29 October 2010	Q3 2010 results

As the financial calendar is subject to change, please check Erste Group’s website for the most up-to-date version. (www.erstegroup.com/investorrelations).