

Report from the board of directors as per §§ 159 para. 3 of the Stock Corporation Act

Report of the management board and the supervisory board of Erste Group Bank AG concerning the issue of shares from authorised conditional capital by means of an Employee Share Ownership Programme:

Introduction

The management board of Erste Group Bank AG ("Erste Group Bank") intends to conduct an Employee Share Ownership Programme ("ESOP"). It is the aim of the Employee Share Ownership Programme to increase the level of identification of employees with Erste Group and, thus, increase their commitment to Erste Group Bank and the Erste Group. The participation in the programme allows employees to profit from the development of Erste Group to a greater degree and represents a strong incentive that goes beyond the existing performance-related, variable remuneration.

As stipulated in the articles of association and based on the resolutions of the management board of the years 2002 and 2010, there is currently authorised conditional capital in the nominal value of EUR 22,502,590, which represents 11,251,295 shares, available for the management board in order to conduct the ESOP 2011.

This authorised conditional capital is based on resolutions of the annual general meeting of 8.5.2001 and 19.5.2006, whereby the management board was entitled to approve authorised conditional capital on the approval by the supervisory board. The management board approved these authorisations on 21.1.2002 (approved by the supervisory board on 30.1.2002) and on 16.2.2010 (approved by the supervisory board on 16.3.2010), resp. In the course of the Employee Stock Ownership Programmes a total of 5,042,855 shares were issued to employees between 2002 and 2010. The equity of Erste Group Bank has been increased accordingly.

Therefore, the management board will recommend that the supervisory board approves the under-mentioned Employee Share Ownership Programme ("ESOP"). The intended preclusion of subscription rights of existing shareholders is justified according to § 153 para. 5 of the Stock Corporation Act.

ESOP

Number and distribution of shares

Under the ESOP 2011, a maximum of 2,000,000 ordinary bearer shares will be made available by Erste Group Bank for the members of the management board of Erste Group Bank and for all employees and management of the group.

Conditions

1. Every eligible person may – regardless of his function – subscribe up to a maximum of 200 shares against payment of the subscription price. The minimum order size amounts to 10 shares.
2. A proportionate reduction in the allocation will be executed in the event of an over-subscription.
3. On the day of subscription, every eligible person has to have a valid and uninterrupted employment contract (with the exemption of maternity leave or compulsory military

service) on which no termination notice has been served with Erste Group Bank or one of the companies of Erste Group that is entitled to participate.

4. The subscription period begins on 2.5.2011 and ends on 13.5.2011.

Subscription price

The subscription price for shares will be determined by the average closing price of Erste Group Bank-shares during April 2011 on the Vienna Stock Exchange, reduced by a discount of 20% (and rounded down to the nearest half Euro).

Allocation of shares

The acquisition and the allocation of the shares will take place on the respective employee custody accounts on 26.5.2011. Payment is effected by direct debit of the subscription price on the same date. Shares are entitled to dividend payments from 1.1.2011. Authorisation of the shares for official trading on the Vienna, Prague and Bucharest Stock Exchange will be requested immediately after the subscription period.

Transferability

The right to subscribe to shares is not transferable.

Retention period

A retention period applies under civil law for the shares subscribed under the ESOP prior to and including 31.5.2012. If the shares are sold earlier, the granted discount must be repaid in full.

This report does not constitute an offer for subscription of shares or stock options. It conveys no rights to the subscription or allocation of shares. Any subscription or acquisition of shares or stock options will require a separate agreement.

The solely binding language for the Employee Share Ownership Programme 2011 is the German language. This document is a non-binding translation for convenience only.