

REPORT
of the Management Board
of Erste Bank der oesterreichischen Sparkassen AG

regarding agenda item 8
of the 12th ordinary shareholders' meeting on 11 May 2005

Agenda Item No. 8: Authorization of the Management Board to acquire own shares and to dispose of those shares by other means than via the stock exchange or a public offering

1. Acquisition of own shares

The Management Board of Erste Bank requests the authorisation from the 12th ordinary shareholders meeting of Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank") to acquire own shares of the company without being bound to a special purpose and with the prohibition of trading these own shares (§ 65 para 1 No. 8 AktG).

The Management Board requests the authorization to acquire shares of Erste Bank up to a maximum amount of 10 % (ten per cent) of the respective registered capital of the company, whereby own shares acquired according to § 65 para 1 Nos. 1, 4 and 7 AktG shall be included. EUR 10.00 (ten euro) per share are proposed to constitute the lowest consideration for the acquisition of own shares; EUR 80.00 (eighty euro) per share the maximum consideration.

The authorization shall be valid for a period of 18 months, consequently until 11 November 2006 and shall then replace the existing authorization granted in the 11th ordinary shareholders' meeting of Erste Bank.

Erste Bank is in a position to make the necessary reserves for own shares pursuant to § 225 para 5 HGB (Commercial Code) without its net assets falling below the registered capital and the bound reserves prescribed by law or the articles of association. The issue price of the shares has been fully paid in.

2. Authorization of the Management Board to dispose of own shares of the company by other means than via the stock exchange or a public offering

The Management Board requests the shareholders' meeting's authorization to dispose of its own shares by other means than via the stock exchange or a public offering. To this end the Management Board submits the following written report according to §§ 65 para 1b in connection with 153 para 4 AktG:

The expansion into and the penetration of the central European market is of high importance in the strategy of Erste Bank. To that end the Management Board should be in a position to acquire existing companies, businesses, parts of businesses or shares in companies in order

to prepare its market entry or to strengthen an already existing market presence. The acquisition of existing companies is advantageous because it allows a rapid market entry, building upon an existing customer base and taking over employees who are familiar with the local market.

In the context of the acquisition of companies, businesses, parts of businesses or shares of a business it may be advantageous to use own shares as consideration, e.g. where shareholders of the target company need to be compensated. Equally, it may be advantageous in case the seller prefers to receive shares of Erste Bank instead of cash. Furthermore, it may be possible to achieve a lower purchase price if own shares are used as consideration rather than cash. The liquidity required for acquisitions is reduced and the closing of the transaction is accelerated because existing shares can be used instead of having to create new shares.

Therefore, the Management Board should be authorized by the shareholders' meeting according to § 65 para 1b sentence 3 AktG to dispose of own shares by other means than via the stock exchange or a public offering.

The disposal of own shares as well as the determination of all terms and conditions of the disposal can only be effected with the consent of the Supervisory Board.

The proposed resolution conforms content-wise with the resolution that has been taken in the 11th ordinary shareholders' meeting on 4 May 2004 and differs only in the maximum price for the shares.

Vienna, April 2005

The Management Board