

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

Report from the management board of Erste Bank der oesterreichischen Sparkassen AG concerning the issue of shares from authorised conditional capital by means of an Employee Stock Ownership Programme:

Introduction

The management board of Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank") is to conduct the Employee Stock Ownership Programme ("ESOP") 2008 during the year 2008. It is the aim of the Employee Stock Ownership Programme to increase the level of identification of employees and, thus, commit them stronger to the Erste Bank Group. The participation in the programme allows the employees to profit from the positive development of Erste Bank Group to a greater degree and represents a strong incentive that goes beyond the existing bonus programme.

As stipulated in the articles of association, there is currently authorised conditional capital in the nominal value of EUR 6.278.142, which represents 3.139.071 shares, available for the management board in order to conduct the ESOP 2008. In the course of the Employee Stock Ownership Programmes between 2002 and 2007 a total of 3.234.793 shares has been issued to employees, and the equity of Erste Bank has been increased accordingly.

This authorised conditional capital is based on a resolution of the annual general meeting of 8.5.2001, whereby the management board was entitled to approve authorised conditional capital. It was approved on 21.1.2002.

Furthermore, in the Annual General Meeting of 19.5.2006 the Management Board was authorised to conduct a conditional capital increase with the consent of the Supervisory Board of up to 10.000.000 new shares. The Management Board has not exercised this authorisation yet.

The supervisory board will take note of the continuation of the Employee Stock Ownership Programme which started in 2002 as described hereinafter by resolution. The intended preclusion of subscription rights of the shareholders is justified according to § 153 para. 5 of the Companies Act.

Number and distribution of shares

Under the ESOP 2008, a maximum of 1,700,000 ordinary shares will be made available by Erste Bank for all employees and management of the group.

Conditions

1. Every eligible person may – regardless of the function – subscribe up to a maximum of 200 shares. The minimum order size for employees in Austria amounts to 10 shares.
2. A proportionate reduction in the allocation will be executed in the event of over-subscription.
3. On the day of subscription every eligible person has to be in a valid, unnoticed and uninterrupted contract of employment with Erste Bank or one of the companies of Erste Bank group that is entitled to participate.
4. The subscription period begins on 5.5.2008 and ends on 16.5.2008.

Subscription price

The subscription price for shares will be determined by the average price of Erste Bank shares during April 2008 on the Vienna Stock Exchange reduced by a discount of 20% (and rounded off to nearest half Euro).

Allocation of shares

The acquisition and the allocation of the shares will take place on the respective employee custody accounts on 27.5.2008. Payment is effected by direct debit as of the value date on the same day. Shares are entitled to dividend payments from 1.1.2008. 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 shares is not transferable.

Retention period

A retention period applies under civil law for the shares subscribed up to and including 30.5.2009. If the shares are sold earlier, the granted discount must be repaid in full.

The 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 Stock Option Plan 2008 is the German language; this document is a non-binding translation for convenience only.