

**REPORT
of the Management Board
of Erste Group Bank AG**

regarding agenda item 10
of the 16th ordinary shareholders' meeting on 12 May 2009

Agenda Item No. 10: Authorization of the Management Board to acquire own participation certificates and to dispose of those participation certificates by other means than via the stock exchange or a public offering

1. Acquisition of own participation certificates

The Management Board of Erste Group Bank AG ("Erste Holding") requests the authorisation from the 16th ordinary shareholders' meeting of Erste Holding to acquire own participation certificates of the company for no designated purpose and subject to the exclusion of trading in own participation certificates as purpose of the acquisition (§ 23 para 16 Banking Act ("BWG") in connection with § 65 para 1 No. 8 Stock Corporation Act ("AktG")).

The Management Board requests the authorization to acquire participation certificates of Erste Holding up to a maximum amount of 10 % (ten per cent) of the issued participation capital of the company, whereby own participation certificates acquired according to § 65 para 1 Nos. 1, 4 and 7 AktG shall be included. EUR 100 (one hundred Euros) per participation certificate are proposed to constitute the lowest consideration for the acquisition of own participation certificates, EUR 5,000 (five thousand Euros) per participation certificate the maximum consideration.

The authorization shall be valid for a period of 30 months, consequently until 11 November 2011.

Erste Holding is in a position to make the necessary reserves for own participation certificates pursuant to § 225 para 5 Commercial Code ("UGB") 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 participation certificates has been fully paid in.

2. Authorization of the Management Board to dispose of own participation certificates 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 participation certificates 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 §§ 23 para 16 BWG in connection with § 65 para 1b in connection with 153 para 4 AktG:

The issuance of participation capital to strengthen the equity base of the Erste Holding is of high importance in the strategy of Erste Holding in the current financial crisis. A major portion of the participation capital will be subscribed by the Republic of Austria, one third is expected to be subscribed by private investors. The participation certificates will not be listed on the stock exchange.

As a service-oriented commercial bank, Erste Holding must be able to fulfil short term customers' requests for the purchase and sale of own participation certificates. Thus, the Management Board requests the authorisation to acquire participation certificates for no designated purpose and dispose of them to certain customers. The expected low volumes of singular sales of the participation certificates are not feasible for public offerings.

Therefore, the Management Board should be authorized by the shareholders' meeting according to §§ 23 para 16 BWG in connection with 65 para 1b sentence 3 AktG to dispose of own participation certificates by other means than via the stock exchange or a public offering.

The disposal of own participation certificates and the determination of all conditions of the disposal require the consent of the Supervisory Board of Erste Holding.

Vienna, April 2009

The Management Board