

Report

on the

Audit of the Draft of the De-Merger and Acquisition Agreement

("Business Division GLC&GRE-Austria")

to be concluded between

Erste Bank der oesterreichischen Sparkassen AG, Wien
as transferring company

and

Erste Group Bank AG, Wien
as acquiring company

according to § 5 and § 17 No 5 SpaltG i
n connection with § 220b Sec 2 AktG

Baden, March 4, 2010

AT Audit and Trust Wirtschaftsprüfungsgesellschaft mbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Translation authorized

Table of Contents

	Page
I. Engagement	4
II. Audit Procedures	6
III. Audit of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”)	7
IV. Audit Opinion	12

Annex

- I. De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) acc. § 17 SpaltG (draft)
- II. Final Balance Sheet of Erste Bank der oesterreichischen Sparkassen AG as of 31.12.2009
- III. Transfer Balance Sheet as of 31.12.2009 („Business Division GLC&GRE-Austria“)
- IV. De-Merger Balance Sheet as of 31.12.2009 of Erste Bank der oesterreichischen Sparkassen AG
- V. Joint report of the Management Board of Erste Bank der oesterreichischen Sparkassen AG and the Management Board of Erste Group Bank AG acc. § 4 Sec 1 SpaltG and § 17 No 5 SpaltG in connection with § 220a AktG (draft)
- VI. General Conditions of Contract of the Public Accounting Professions (AAB 2009)

Abbreviations

acc	according
AktG	Aktiengesetz (Stock Corporation Act)
BWG	Bankwesengesetz (Austrian Banking Act)
No	number
Sec	Section
SpaltG	Spaltungsgesetz (De-Merger Act)
UmgrStG	Umgründungssteuergesetz (Reorganisation Tax Act)

1. To the
Commercial Court Vienna
Company Register

Justizzentrum Wien Mitte
1030 Vienna
 - a) with reference to FN 286283 f Erste Bank der oesterreichischen Sparkassen AG
 - b) with reference to FN 33209 m Erste Group Bank AG
2. To the Members of the Supervisory Board of
 - a) Erste Bank der oesterreichischen Sparkassen AG
 - b) Erste Group Bank AG
3. To the Members of the Management Board of
 - a) Erste Bank der oesterreichischen Sparkassen AG
 - b) Erste Group Bank AG

I. Engagement

1. According to the resolution of the Commercial Court dated October 6, 2009, ZI FN 286283 f 72 Fr 11789/09 t – 7 based on the joint proposal of the members of the supervisory boards of the transferring company and the acquiring company we were appointed as **joint de-merger auditor** (“**Spaltungsprüfer**”) with respect to the intended de-merger of the “Business Division GLC&GRE-Austria” including the Assets as described in detail in Clause 6 of the De-Merger and Acquisition Agreement from Erste Bank der oesterreichischen Sparkassen AG (hereinafter also referred to as “Transferring Entity” or “Erste Bank”) to Erste Group Bank

AG as acquiring company (hereinafter also referred to as “Acquiring Company” or “Erste Group”).

According to **§ 5 Sec 1 SpaltG in connection with § 17 No 1 SpaltG** the De-Merger and Acquisition Agreement is subject to a mandatory audit. Waiving such an audit requires the approval of all shareholders of all involved companies. Due to a lack of approval by all shareholders of Erste Group, the audit of the de-merger for all parties involved is mandatory. According to **§ 220b Sec 2 AktG** we have been appointed by the court as **joint auditor**.

According to **§ 17 No 5 SpaltG** the rules for the merger by takeover (§§ 220 – 233 AktG) are to be applied to the de-merger by takeover to the Transferring Company as practical. The merger report is replaced by the de-merger report. The merger audit is replaced by the de-merger audit.

According to § 17 in connection with § 5 SpaltG the **subject of our audit** is the content of the attached draft of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”), which has to be examined with respect to its completeness and accuracy. The joint report of the Management Board of Erste Bank and the Management Board of Erste Group according to § 4 Sec 1 SpaltG and § 17 No 5 SpaltG in connection with § 220a AktG serves only as source of information but is not subject to our audit. The de-merger will be carried out without issuance/exchange of shares thereby retaining the proportional value of the shareholding without any changes. Therefore, no audit of the exchange ratio is required.

II. Audit Procedures

1. As agreed with the involved companies, our audit is based on the **“General Conditions of Contract for the Public Accounting Professions (AAB 2009)”** issued by the Chamber of Public Accountants and Tax Advisors, which also apply to third parties and are attached to this report as Annex VI.
2. The **audit** was **performed** under the supervision of our managing director Mr. Dr. Robert Hofians, certified public accountant.
3. We have **performed** the **audit** on the basis of several draft **documents**. We have focused our audit on the following documents:
 - De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”), in particular including the following Annexes:

Annex 1	Final Balance Sheet of Erste Bank as of 31.12.2009
Annex 2	De-Merger Balance Sheet (residual assets) of Erste Bank as of 31.12.2009
Annex 3	Transfer Balance Sheet as of 31.12.2009 („Business Division GLC&GRE-Austria “)
Annex 6	Bank Account Numbers pursuant to Clause 6.2.2
Annex 7	“Holdings” pursuant to Clause 6.2.5
 - Joint report of the Management Board of Erste Bank der oesterreichischen Sparkassen AG and the Management Board of Erste Group
 - Excerpt of the Company Register of Erste Bank as of 26.2.2010
 - Excerpt of the Company Register of Erste Group as of 2.3.2010

We have been provided with a joint **representation letter** duly signed by the directors of Erste Bank and Erste Group. This letter confirms that we have been provided with all documents and information, which is - according to the opinion of the signatories - necessary for the audit of the Final Balance Sheet of Erste Bank and of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”). Further, it has been confirmed, that the Transfer Balance Sheet as of 31.12.2009 contains all assets and liabilities including contingent liabilities, which are allocated to the acquiring company as laid down in the De-Merger and Acquisition

Agreement (“Business Division GLC&GRE-Austria”). Further, it has been confirmed that the De-Merger Balance Sheet as of 31.12.2009 of Erste Bank contains all assets and liabilities including contingent liabilities, which remain with the Transferring Company as laid down in the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) as of this date. In addition, we have been confirmed that the assets and liabilities as shown in the Transfer Balance Sheet (“Business Division GLC&GRE-Austria”) as well as in the De-Merger Balance Sheet of Erste Bank, both as of 31.12.2009, are properly valued, thereby taking into account the rules as laid down in the Austrian Banking Act as primary rules and the rules as laid down in the Commercial Code applicable as secondary rules. Moreover, the management board of Erste Bank as well as the management board of Erste Group have certified that in the course of the de-merger neither a member of the management board or the supervisory board nor any auditor, foundation auditor, de-merger auditor has received nor will receive any special benefit.

In this context we explicitly note, that according to our legal obligation we have only audited the draft of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) as enclosed as **Annex 1 (draft)**.

4. Based on the results of our audit, which we have performed using the documents mentioned above, we can provide the **subsequent report as required by law** according to § 5 Sec 4 and § 17 SpaltG in connection with § 220b Sec 4 AktG.

III. Audit of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”)

1. Erste Bank is a financial institution incorporated and domiciled in Austria, which engages in domestic banking business as well as other business activities. These activities include especially banking business with retail clients and small- and medium-sized-companies in Austria. As part of the business operations Erste Bank also operates the Business Division Group Large Corporate and Group Real Estate (“Business Division GLC&GRE-Austria”), which is integral part of the intended de-merger. The business operations of Erste Group include besides providing central group and

infrastructural functions the operation of group wide banking activities, such as Group Corporate and Investment Banking, representing a focused business strategy on customers from the Large Corporate and Real Estate and Leasing segment. Based on a clear specialisation of certain business activities Erste Bank intends to de-merge the customer business comprised in the Business Division GLC&GRE-Austria from the remaining business activities by means of de-merger through absorption by Erste Group, representing the 100 % mother company, as of effective de-merger date December 31, 2009. The transfer is carried out according to the rules of the De-merger Act (SpaltG) thereby claiming the benefits of Art. VI of the Reorganisation Tax Act, waiving the right to grant new shares, by way of universal legal succession and continuance of the transferring entity.

2. The information contained in the **De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”)** is in accordance with the requirements stipulated in § 2 Sec 1 in connection with § 17 No 1 SpaltG. All information applicable to and required for the current restructuring was **fully explained** and is in accordance with the **actual** and **legal** situation. We reach this conclusion, as the requirements stipulated in § 2 Sec 1 SpaltG are dealt with in the De-Merger and Acquisition Agreement („Business Division GLC&GRE-Austria“) as follows:

1. Information about company name and seat of the Transferring Company and the articles of association of the companies involved in the de-merger corresponding to the rules of **§ 2 Sec 1 No 1 SpaltG**:

Company Name and seat of the Transferring Company Erste Bank are contained in **Clause 1.1.** of the De-Merger and Acquisition Agreement („Business Division GLC&GRE-Austria“).

Company name and seat of the acquiring company Erste Group are contained in **Clause 1.2.** of the De-Merger and Acquisition Agreement („Business Division GLC&GRE-Austria“).

The information about company name and seat of Erste Bank and of Erst Group is in accordance with the current status in the Company Register by the Commercial Court Vienna.

2. Declaration about the transfer of assets from the transferring entity by way of universal legal succession in accordance with **§ 2 Sec 1 No 2 SpaltG**:

The De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) explains in **Clause 2.1.** and **2.2.** the transfer of the Business Division GLC&GRE-Austria from Erste Bank to Erste Group by way of de-merger through absorption granting universal legal succession and continuance of the transferring company and by retaining the residual assets and liabilities with the transferring company. The transfer takes place by applying the tax benefits of Art. VI UmgrStG (Reorganisation Tax Act) with retroactive effect as of the end of 31.12.2009 for tax purposes and contractual obligations.

3. Determination of the effective date upon which all activities of the transferring company are considered to be effected for the account of the new (acquiring) company (effective de-merger day) in accordance with **§ 2 Sec 1 No 7 SpaltG**:

According to **Clause 5.1** of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) the expiration of 31.12.2009 is determined as effective date of the de-merger. With the beginning of 1.1.2010 all activities of the Transferring Company are considered to be effected on account of the Acquiring Company.

4. Detailed description of and rules about the allocation of assets and liabilities, which are transferred to the acquiring company in accordance with **§ 2 Sec 1 No 10 SpaltG**:

The De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) describes in **Clauses 6.1 to 6.9** the Assets of the Business Division GLC&GRE-Austria which are subject to the transfer. According to **Clause 6.1.2** the “Business Division GLC&GRE-Austria” comprises from an organisational point of view all business activities of Erste Bank dedicated to Group Large Corporate (GLC) and Group Real Estate (GRE).

In **Clause 6.2.1** of the De-Merger and Acquisition Agreement („Business Division GLC&GRE-Austria“) reference is made to the Transfer Balance Sheet („Business Division GLC&GRE-Austria“) as of 31.12.2009, which is enclosed as Annex III to this report. On the basis of the enclosed balance sheets and other inventories a detailed description and allocation of the assets and liabilities is made. The Final Balance Sheet of the Transferring Company, as enclosed as Annex II to this report, is in accordance with the balance sheet of Erste Bank as of 31.12.2009. We have assured ourselves, that the Transfer Balance Sheet of the „Business Division GLC&GRE-Austria“ as well as the De-Merger Balance Sheet showing the assets and liabilities, that remain with the transferring company after the de-merger – both dated as of 31.12.2009 – have been derived accordingly from the Final Balance Sheet as of 31.12.2009.

The Assets mentioned in **Clauses 6.1. to 6.9** and in **Annex 3 and 6 and 7** of the De-Merger and Acquisition Agreement („Business Division GLC&GRE-Austria“) which are subject to transfer within the meaning of **Clause 6.1.4** of the De-Merger and Acquisition Agreement („Business Division GLC&GRE-Austria“) are recorded completely and correctly in the Transfer Balance Sheet. The De-Merger Balance Sheet shows the residual assets and liabilities which remain with Erste Bank as of December 31, 2009.

5. Rules about the allocation of assets and liabilities, which otherwise could not be attributed to one of the companies involved in the de-merger on the basis of the De-Merger and Acquisition Agreement, in accordance with **§ 2 Sec 1 No 11 SpaltG**:

According to **Clause 6.7** of the De-Merger and Acquisition Agreement („Business Division GLC&GRE-Austria“) assets, which cannot be allocated to one of the companies involved in the de-merger, remain with the transferring company.

6. Final balance sheet of the transferring company, de-merger balance sheet of the transferring company, showing the assets and liabilities

remaining with the transferring company, in accordance with **§ 2 Sec 1 No 12 SpaltG**:

Both the final balance sheet of Erste Bank as of 31.12.2009 and the de-merger balance sheet of Erste Bank as of 31.12.2009 are duly enclosed as **Annex 1** and **Annex 2** to the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”).

3. The **ratio of shareholding** is duly described based on the information and documents obtained. At the effective date of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) Erste Group holds all shares of the transferring company. The acquiring company is not allowed to issue new shares in accordance with § 224 Sec 1 No 1 AktG. Therefore, according to **Clause 3.3** of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) the explanations according to **§ 2 Sec 1 No 2 last sentence** und **No 3** as well as **No 5** and **No 6 SpaltG** are not made.

The actual value of the residual net assets of Erste Bank after execution of the split-off exceeds the amount of the statutory share capital including the restricted reserves. The statutory share capital is not reduced in the context of the de-merger. Accordingly, explanations in the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) within the meaning of **§ 2 Sec 1 No 4 SpaltG** are not required, which is explicitly stated in **Clauses 4.1** und **4.2**.

4. According to **Clause 10.1.** of the De-Merger and Acquisition Agreement (“qualified business unit”) no special rights will be granted to shareholders or to holders of special rights within the meaning of **§ 2 Sec 1 No 8 SpaltG**.
5. No special benefits according to **§ 2 Sec 1 No 9 SpaltG** will be granted either to members of the management board and the supervisory board, or to persons being appointed as annual auditor, de-merger auditor and foundation auditor. This is specifically mentioned in **Clause 10.2.** and **10.3.** of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”).

6. The de-merger is neither a change in the proportional value of shareholding within the meaning of **§ 8 Sec 3 SpaltG** nor a change in the legal form within the meaning of **§ 11 SpaltG**. This is also laid down in **Clause 10.4.** of the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”). Accordingly, neither an explanation within the meaning of **§ 2 Sec 1 No 13 SpaltG** nor a statement of the de-merger auditor about the adequacy of the exchange ratio according to **§ 5 Sec 4 SpaltG** is required.

V. Audit Opinion

On the basis of the documents provided and on the basis of the final results of our audit performed regarding the de-merger of the Business Division GLC&GRE-Austria we conclude that the De-Merger and Acquisition Agreement (“Business Division GLC&GRE-Austria”) is in accordance with the legal requirements and the regulations laid down in the articles of association (§ 5 SpaltG).

Baden, March 4, 2010

AT Audit and Trust
Wirtschaftsprüfungsgesellschaft mbH

(Univ.-Doz. Mag. Dr. Robert Hofians)
(Wirtschaftsprüfer)