REPORT
of the Management Board
of Erste Group Bank AG

regarding agenda item 8
of the 18th ordinary shareholders' meeting on 12 May 2011

<u>Agenda Item No. 8:</u> Authorization of the Management Board to acquire own participation certificates for the purpose of securities trading 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 18th ordinary shareholders' meeting of Erste Holding to acquire own participation certificates of the company for the purpose of securities trading (§ 23 para 16 Banking Act (Bankwesengesetz - BWG) in connection with § 65 para 1 No. 7 Stock Corporation Act (Aktiengesetz - AktG).

The Management Board requests the authorization to acquire participation certificates of Erste Holding up to a maximum amount of 5 % (five per cent) of the issued participation capital of the company. EUR 100 (one hundred Euro) per participation certificate are proposed to constitute the lowest consideration for the acquisition of own participation certificates, EUR 5,000 (five thousand Euro) per participation certificate the maximum consideration.

The authorization shall be valid for a period of 30 months, consequently until 11 November 2013.

Erste Holding is in a position to make the necessary reserves for own participation certificates pursuant to § 225 para 5 Commercial Code (Unternehmensgesetzbuch - UGB) without its net assets falling below the participation 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.

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 concerning the justification of the exclusion of the subscription rights:

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.

The issuance of participation capital to strengthen the equity base of Erste Holding is of high importance in the strategy of Erste Holding. A major portion of the participation capital was subscribed by the Republic of Austria, about one third by private investors. The participation certificates are not 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 dispose of participation certificates by other means than via the stock exchange or a public offering. The expected low volumes of singular sales of the not-listed 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.

Vienna, April 2011

The Management Board