

## **Agenda Item 2**

The Management Board and the Supervisory Board propose that the general meeting passes the following resolution:

### **RESOLUTION**

The appropriation of the balance sheet profit shown in the annual financial statements of the Company as of 31 December 2011 in the amount of EUR 141,099,520.00 shall be made pursuant to the recommendation of the Management Board as follows:

The holders of participation certificates will receive a dividend in the amount of 8% of the nominal value. The shareholders will not receive a dividend.

### **EXPLANATION**

The prerequisite for the distribution of dividends is not the result shown in the group financial statements that presented a net loss in the business year 2011, but rather the balance sheet profit or annual profit shown in the annual financial statements.

In addition to the cover in the balance sheet profit or the annual profit a corresponding resolution has to be passed by the general meeting.

According to the terms of issue regarding the participation certificates of the Erste Group Bank AG, the full distribution of dividends to participation certificate holders takes precedence over the distribution of dividends to shareholders. Since after the dividends have been distributed to the participation certificate holders no more distributable balance sheet profit remains, the above mentioned draft resolution is submitted to the general meeting.

### **Agenda Item 3**

The Management Board and the Supervisory Board propose that the general meeting passes the following resolution:

#### **RESOLUTION**

The actions of the members of

- a) the Management Board and
- b) the Supervisory Board

of Erste Group Bank AG in the financial year 2011 shall be formally approved in separate votes.

#### **Agenda Item 4**

The Management Board and the Supervisory Board propose that the general meeting passes the following resolution:

#### **RESOLUTION**

The members of the Supervisory Board shall be granted a remuneration for the financial year 2011 in the aggregate amount of EUR 700,000, whereby the allocation of this amount shall be in the responsibility of the Supervisory Board. The additional meeting attendance fee for the members of the Supervisory Board shall be determined with EUR 1,000 per meeting of the Supervisory Board or one of its committees.

#### **EXPLANATION**

The requested remuneration as well as the meeting attendance fee remain the same as last year.

### **Agenda Item 5**

The Supervisory Board proposes that the general meeting passes the following resolution:

#### **RESOLUTION**

1. The number of Supervisory Board members shall be reduced from twelve to ten.
2. Brian Deveraux O'Neill and John James Stack shall be elected as members of the Supervisory Board of Erste Group Bank AG until the conclusion of the general meeting which resolves on the formal approval of the actions of the Supervisory Board for the business year 2016.

#### **EXPLANATION**

Currently the Supervisory Board consists of twelve members who have been elected by the general meeting. This number complies with the maximum number stipulated in the articles of association (section 15.1).

With conclusion of the general meeting on 15 May 2012 the terms of office as members of the Supervisory Board of Brian Deveraux O'Neill, John James Stack and Heinz Kessler will end.

Heinz Kessler has exceeded the age limit of seventy years for the appointment of Supervisory Board members stipulated in section 12.1 of the articles of association, therefore his re-election is not possible.

Ms Gürtler has resigned from the Supervisory Board with conclusion of the general meeting on 15 May 2012 in compliance with section 15.5 of the articles of association.

In the upcoming general meeting on 15 May 2012, four members would have to be elected to maintain the current number of twelve members.

It is proposed to re-elect the Supervisory Board members O'Neill and Stack, beyond that it is not planned to elect two further members to the Supervisory Board.

For this agenda item, only election proposals made by shareholders with a shareholding of at least 1 % of the registered capital may be considered. These proposals together with the declarations pursuant to § 87 para. 2 Stock Corporation Act (AktG) and § 41 para. 4 (3) Banking Act (BWG) for each proposed person must be received by the Company in text form no later than on 4 May 2012 and will be published on the Internet site of the Company no later than on 8 May 2012; otherwise the respective person must not be part of the election. Regarding the details and preconditions for the consideration of such election proposals, please refer to the convocation notice, notably to the item „notice concerning the rights of shareholders pursuant to §§ 109, 110, 118 und 119 Stock Corporation Act (AktG)“.

All persons proposed by the Supervisory Board have made declarations pursuant to § 87 para. 2 Stock Corporation Act (AktG) and pursuant to § 41 para. 4 (3) Banking Act (BWG), which are available on the Internet site of the Company.

## **Agenda Item 6**

The Supervisory Board proposes that the general meeting passes the following resolution:

### **RESOLUTION**

In addition to Sparkassen-Prüfungsverband as mandatory bank auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. shall be elected as auditor of the annual financial statements and the management report of the Company as well as the group financial statements and the group management report, which the Company must prepare for the financial year 2013 according to § 1 of the auditing rules for savings banks (*Prüfungsordnung für Sparkassen*), annex to § 24 Savings Banks Act (*Sparkassengesetz*).

### **NOTICE**

The transparency provisions pursuant to § 270 para. 1a of the Commercial Code (*UGB*) are published on the Internet site of the Company.

### **Agenda item 7**

The Management Board and the Supervisory Board propose that the general meeting passes the following resolution:

#### **RESOLUTION**

#### **Extension of the authorization to issue convertible bonds excluding the subscription rights of the shareholders**

The current authorization to issue convertible bonds in section 8.3 of the articles of association shall be extended as follows: The terms and conditions may, in addition or instead of a conversion or subscription right, also provide for the mandatory conversion at the end of the term or at any other time. The Management Board may, with the consent of the Supervisory Board, maintain or exclude the subscription rights for shareholders. The issuance of convertible bonds is limited to the extent that all conversion or subscription rights, and in case of a mandatory conversion stipulated in the terms and conditions, the mandatory conversion, are covered by conditional capital.

This authorization replaces the resolution of the general meeting of 12 May 2009 regarding the authorisation to issue convertible bonds. The articles of association will be amended in section 8.3 according to the wording of the comparison of the articles of association, which will be annexed to the minutes of the general meeting.

## EXPLANATION

The authorisation of the Management Board, resolved on in the general meeting on 12 May 2009 (item 11 of the agenda), to issue convertible bonds served the purpose to give as much flexibility as possible for the funding of the Company and to enable the Management Board to issue convertible bonds if need arises in the respective market situation.

"Buffer Convertible Capital Securities" (BCCS) are convertible bonds, which are converted automatically into ordinary shares if a conversion event (such as the core capital ratio falling below 7%) occurs during the term of the bond (mandatory conversion). The European Banking Authority (EBA) stated in its recommendation of 8 December 2011, that alongside shares also BCCS shall be considered for the fulfillment of the core capital ratio requirement of 9% as of 30 June 2012, if they are structured in accordance with the provisions published by the EBA. The Management Board shall therefore have the possibility to issue BCCS in accordance with the respective market situation.

The authorisation as resolved in the general meeting on 12 May 2009 (item 11 of the agenda) stipulates that only *holders* of convertible bonds shall have a conversion or subscription right for shares of the Company. According to the wording of the authorization, the Management Board is not authorized to issue convertible bonds, which provide for the *mandatory conversion* in addition or instead of the conversion or subscription right of the holder of convertible bonds.

The new authorisation shall provide the Management Board with all options possible within the legal framework to issue convertible bonds, which provide for *the mandatory conversion* in addition to or instead of conversion or subscription rights of the holder of convertible bonds. The exclusion of the subscription rights will be elaborated in a separate report.



### **Agenda item 8**

The Management Board and the Supervisory Board propose that the general meeting passes the following resolution:

#### **RESOLUTION**

##### **Extension of the applicability of the conditional capital**

The applicability of the existing conditional capital in section 6.4 of the articles of association shall be extended as follows: In case a mandatory conversion is stipulated in the terms and conditions it shall also be used to cover the mandatory conversion (section 8.3 of the articles of association). Issue price and exchange ratio shall be determined in accordance with recognized finance-mathematical methods and the share price of the company in a recognized pricing method.

The articles of association will be amended in section 6.4 according to the wording of the available comparison of the articles of association which will be annexed to the minutes of the general meeting.

#### **EXPLANATION**

The extension of the applicability of the current conditional capital as proposed under this agenda item is related to the proposed authorisation to issue convertible bonds in the preceding agenda item.

The conditional capital resolved on in the general meeting on 12 May 2009 (item 12 of the agenda) serves to grant conversion or subscription rights to creditors of convertible bonds, whose issue was authorized also by the general meeting on 12 May 2009 (item 11 of the agenda) to the Management Board.

This authorization was not yet used, convertible bonds have not been issued yet and thus the conditional capital is still freely available.

The new authorisation shall provide the Management Board with all options possible within the legal framework to issue convertible bonds, which stipulate a *mandatory conversion* in addition or instead of a conversion or subscription right.

In line with the authorization, the extension of the conditional capital shall enable the issuance of convertible bonds which stipulate in addition or instead of a conversion or subscription right also a mandatory conversion. It serves to grant conversion or subscription rights to creditors of convertible bonds and - in case of a mandatory conversion stipulated in the terms and conditions – for the execution of the mandatory conversion.

### **Agenda item 9**

The Management Board and the Supervisory Board propose that the general meeting passes the following resolution:

#### **RESOLUTION**

In connection with a possibly necessary reorganization of the former joint-liability scheme (*Haftungsverbund*) of the savings banks ("Joint-liability Scheme"), the Management Board is authorized, with the Supervisory Board's consent, to join a horizontally organized group (*Gleichordnungskonzern*) which will be formed from this Joint-liability Scheme and uniformly managed by Haftungsverbund GmbH.

In case of such accession, Haftungsverbund GmbH's rights to manage the group shall be limited, in any event in respect of Erste Group Bank AG, as follows:

- Haftungsverbund GmbH may object to the envisaged appointment of new members of the Management Board of Erste Group Bank AG for good cause relating to the relevant person's lack of suitability for the position, and
- prior to its adoption by the Supervisory Board, Haftungsverbund GmbH shall approve the relevant annual budget including the investment plan and the determination of new and the change of existing principles of business and risk policies of Erste Group Bank AG.

## **EXPLANATION**

Like nearly all Austrian savings banks, Erste Group Bank AG is a member of the Joint-liability Scheme. This Joint-liability Scheme shall establish a coordinated business and market policy, set up an "early warning system" to identify and avoid economic difficulties of members as early as possible and shall protect the customers' deposits within the framework of the extended deposit guarantee scheme. The savings banks involved in the Joint-liability Scheme are currently subject to uniform management by Erste Group Bank AG.

Accession to the horizontally organized group would entail a restructuring of the former Joint-liability Scheme so that all savings banks involved in the Joint-liability Scheme will be subject to the uniform management of Haftungsverbund GmbH, without creating any dependency of one of these savings banks upon another savings bank. All savings banks that are members of the Joint-liability Scheme and Erste Group Bank AG are shareholders of Haftungsverbund GmbH. In case of its accession to the horizontally organized group, Erste Group Bank AG will retreat into a minority shareholder position. Opinions within Haftungsverbund GmbH will be formed by its shareholders' meeting in which all Joint-liability Scheme savings banks and Erste Group Bank AG are equally involved.

The purpose of creating a horizontally organized group is to maintain the cooperation within the savings banks group also under future banking supervision guidelines.

Erste Group Bank AG plans to accede to the horizontally organized group if

- in the context of the banking group created from the members of the Joint-liability Scheme of the Austrian savings banks, the consolidated own funds of the subordinate group members cannot be fully credited,
- there is an institutional protection scheme within the Joint-liability Scheme reorganized into the horizontally organized group, and this in

particular makes it possible to zero weight receivables among group members in connection with banking solvency regulations and

- the formation of a horizontally organized group does not lead to a reduction of the consolidated own funds quotas.

The advantage of joining the horizontally organized group is in particular the avoidance of encumbering the consolidated own funds quotas by new banking supervision guidelines.

## **Agenda Item 10**

### **Resolution on the amendment of the articles of association**

The Management Board and the Supervisory Board propose that the general meeting passes the following resolution:

#### **RESOLUTION**

The articles of association shall be amended in sections 4. "Registered Capital and Shares", 15. "Supervisory Board", 17. "Internal Organisation of the Supervisory Board" and 19. "Shareholders Meeting" according to the annexed wording of the articles of association with the proposed amendments highlighted.

#### **EXPLANATION**

With reference to the proposed amendment in section 4.4:

On 1 August 2011, the Corporate Law Amendment Act 2011 (*Gesellschaftsrechts-Änderungsgesetz 2011*) became effective, which also amended the Stock Corporation Act.

According to section 10 paragraph 2 Stock Corporation Act, all bearer shares shall be certificated in one or, if applicable, several global certificates and shall be deposited with a central securities depository pursuant to section 1 paragraph 3 of the Securities Deposit Act or with a comparable foreign institution. This also means that bearer shares shall not be certificated as individual share certificates in general. The cancellation procedure for individual share certificates of Erste Group Bank AG is finished. The new version of section 4.4 is in line with the applicable legal provisions now in force.

With reference to the proposed amendment in sections 15.6 to 15.11:

According to section 92 paragraph 4 Stock Corporation Act, the Supervisory Board is responsible for the establishment of committees, not the articles of association. Therefore, the current provisions in the articles of association concerning the committees of the Supervisory Board shall be shortened and limited to the extent that the Supervisory Board shall establish the committees provided by law and furthermore may establish additional committees for the preparation of the affairs of the Supervisory Board, or committees with decision making authority.

With reference to the proposed amendment in section 17.6:

The Supervisory Board consists of members, who are internationally active and regularly, sometimes on short notice, have to keep appointments outside of Austria. Members of the Supervisory Board, who in the past could not attend a meeting of the Supervisory Board or of a committee for these reasons, could only appoint another Supervisory Board member to act as his/her representative with proxy in individual meetings in writing or submit written votes in accordance with section 17.5. of the articles of association.

Participation and voting of individual absent members of the Supervisory Board via electronic means in the meetings of the Supervisory Board and its committees was not yet provided for.

In order to accommodate the conditions and needs of today's world, but also in order to enable the participation of individual absent Supervisory Board members in meetings of the Supervisory board or of its committees, in a quality which exceeds the mere representation via proxy or submission of written votes, a new provision in the articles of association as set forth in section 17.6 shall introduce the participation of individual Supervisory Board members via

telephone conference, online conferencing system or video conference, in accordance with the technical possibilities.

With reference to the proposed amendment in section 19.4:

In line with the explanation to section 4.4 there are only deposited bearer shares left. This means that only a deposit certificate pursuant to section 10a Stock Corporation Act is proof of a shareholding. Furthermore, this provision shall explicitly state that the convocation notice may determine the details of the transmission of deposit certificates, in particular via telefax or e-mail, because the transmission via SWIFT as set forth in section 10a paragraph 3 Stock Corporation Act is rarely used.