

REPORT
of the Management Board of Erste Group Bank AG

regarding agenda items 9 and 10
of the 20th ordinary shareholders' meeting on 16 May 2013

Report of the Management Board of Erste Group Bank AG regarding the authorisation of the Management Board to exclude the tender option for participation certificate holders in the over-the-counter buy-back of own participation certificates and to exclude the purchase option (exclusion of subscription right) for participation certificate holders when own participation certificates are disposed by means other than the stock exchange or a public offering (§ 23 para 16 Banking Act [Bankwesengesetz - BWG] in conjunction with 65 para 1b in conjunction with § 153 para 4 Stock Corporation Act [Aktiengesetz - AktG]).

1. Exclusion of participants' purchase option when disposing own participation certificates

a) Company's best interests

The exclusion of a purchase option for participants when the company disposes own participation certificates in accordance with the proposed resolution lies in the Company's best interest for the following reasons:

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.

As a service-oriented commercial bank, Erste Holding must be able to fulfil short term customer requests from private investors for the purchase and sale of own participation certificates. In this respect, the Company serves as a clearing house for customer requests, which certainly also lies in the Company's best interests as it secures and strengthens customer relationships.

b) Suitability, Necessity and Proportionality

The authorisation of the Management Board to sell own participation capital by means other than the stock exchange or a public offering and to the exclusion of the participants' purchase option (exclusion of subscription rights) is a suitable and necessary means to ensure the best possible realisation of own participation certificates and to provide a balanced response to customer demands within a short time frame.

Own participation certificates will be sold at a reasonable price. Moreover, there is no risk of diluting ownership percentage (voting rights) when selling own participation certificates. The participant's ownership percentage actually changes with the sale of own participation certificates; however, this only causes the original percentage that prevailed prior to the buy-back of own participation certificates by the Company to be re-established, which had changed temporarily in favour of the participants on account of restrictions to the Company's own participation certificates rights.

c) Selling price

The selling price for over-the-counter sale is subject to specific maximum and minimum limits and must be duly set according to market conditions by the Management Board subject to the Supervisory Board's consent. By determining the limits and because of the obligation of the administrative bodies to exercise due care when setting the prices, there is no risk of any disproportionate disadvantage caused by dilution.

2. Exclusion of participation certificate holders' right to tender in the buy-back of own participation shares

As previously specified, the Company can benefit from cultivating customer relationships by promptly meeting the demands of private investors.

By acquiring participation certificates and duly excluding the participation certificate holders' right to tender, the Company can be spared any disadvantages arising from a general buy-back programme.

As previously specified for the exclusion of a purchase option, the exclusion of the right to tender is a suitable, necessary and proportionate means to ensure the availability of own participation certificates.

In particular, the buy-back does not result in the dilution of the participation certificate holders' ownership percentage, nor in an asset dilution, if reasonable prices are paid for the buy-back of participation certificates.

The Management Board may only implement the buy-back of own participation shares to the exclusion of the participation certificate holders' right to tender, determine the buy-back conditions and sell participation certificates to the exclusion of the participation certificate holders' purchase option subject to the Supervisory Board's consent.

Vienna, April 2013

Management Board