

Working Translation

Redemption Plan

Concerning the Redemption

of Participation Capital

of Erste Group Bank AG

pursuant to § 102a of the Banking Act [*Bankwesengesetz*]

**"Terms and Conditions of the 2009 Issue of up to EUR 2,700,000,000 Bearer
Participation Capital Securities of ERSTE GROUP BANK AG", ISIN AT0000A0D4T3**

Pursuant to § 102a of the Banking Act [*BWG*] and (by analogy) § 2 sec 3 of the Reorganisation Act [*UmwG*] in conjunction with § 220 of the Stock Corporation Act [*AktG*], the management board of Erste Group Bank AG (hereinafter "*Erste Group Bank*" or the "*Company*"), with its registered office in Vienna and its business address at Graben 21, 1010 Vienna, registered in the commercial register of the Vienna Commercial Court [*Handelsgericht Wien*] under FN 33209m, issues the following

REDEMPTION PLAN

1. Contemplated Redemption and Basic Conditions

1.1. On the basis of the "Terms and Conditions of the 2009 Issue of up to EUR 2,700,000,000 Bearer Participation Capital Securities of Erste Group Bank AG" (hereinafter "*Terms and Conditions of Erste Participation Capital*"), ISIN AT0000A0D4T3, the Company, in three tranches, issued participation capital totalling EUR 1,763,744,000, hence a total of 1,763,744 Participation Capital Securities (hereinafter "*Erste Participation Capital Securities*") in the nominal value of EUR 1,000 each (hereinafter the "*Erste Participation Capital*"), as follows:

1.1.1. The first tranche of the Erste Participation Capital totalling EUR 1,000,000,000 was subscribed to on 10 March 2009 by the Republic of Austria on the basis of the Financial Market Stabilisation Act [*Finanzstabilitätsgesetz*] (Federal Law Gazette I 136/2008, as amended) and the *Grundsatzvereinbarung*, entered into between the Republic of Austria, represented by the Federal Minister of Finance, and the Company on 26 February 2009 (hereinafter the "*Grundsatzvereinbarung*").

1.1.2. The second tranche of the Erste Participation Capital totalling EUR 539,744,000 was subscribed to on 13 May 2009 by private investors on the basis of (i) an offer to shareholders of the Company and (ii) a public offering in Austria, Germany, the Czech Republic, Romania, and Slovakia.

1.1.3. The third tranche of the Erste Participation Capital totalling EUR 224,000,000 was subscribed to on 13 May 2009 by the Republic of Austria on the basis of the Financial Market Stabilisation Act (Federal Law Gazette I 136/2008, as amended) and the *Grundsatzvereinbarung*.

1.1.4. For the sake of completeness, it is noted that the Company repurchased Participation Capital Securities of the Erste Participation Capital on the basis of authorisations issued by the shareholders' meeting.

- 1.1.5. In addition, by public offering dated October 2009 and April 2013, the Company offered holders of Erste Participation Capital Securities existing own Erste Participation Capital Securities for purchase, i.e. in October 2009 the purchase of three additional Erste Participation Capital Securities per 16 Erste Participation Capital Securities, and in April 2013 the purchase of one additional Erste Participation Capital Security per 21 Erste Participation Capital Securities. The purpose of such issue of existing own Participation Capital Securities was to offset a dilution pursuant to § 9 (2) of the Terms and Conditions of Erste Participation Capital.
- 1.2. Pursuant to § 102a sec 2, second sentence, BWG, the shareholders' meeting of 12 May 2010 authorised the management board to redeem by 12 May 2015, subject to approval by the supervisory board, the entire Participation Capital or the Participation Capital of individual tranches already distinguished upon the issue, also in parts if the equal treatment of the beneficiaries of the Participation Capital is ensured. Such authorisation was included in Section 8.4 of the Company's articles of association.
- 1.3. On 18 June 2013, the management board decided to exercise the authorisation pursuant to Section 8.4 of the Company's articles of association and to adopt the redemption of the entire outstanding Erste Participation Capital by way of application of § 102a BWG in conjunction with § 2 sec 3 UmwG (by analogy).
- 1.4. By way of the participation capital under § 23 sec 4 BWG subscribed to by the Republic of Austria and by private investors, Erste Group Bank's level of own funds was strengthened in 2009 in times of the global financial crisis. Since the issue of the Erste Participation Capital Erste Group Bank itself has undergone a positive development during the crisis and was able to successfully implement its strategy to strengthen its equity basis. The Company has therefore concluded that the Erste Participation Capital, which has always been seen as a security measure for risks arising from the financial crisis not yet foreseeable, is no longer required. Due to a change in the regulatory framework, in the future it will no longer be possible to fully recognize participation capital as Core Tier 1. The Company has therefore decided to redeem the Participation Capital.
- 1.5. Pursuant to § 102a sec 1, fourth sentence, BWG, approval by the Republic of Austria need not be obtained, because it is intended to redeem the entire Erste Participation Capital.
- 1.6. Erste Group Bank is a stock corporation under Austrian law with its registered office in Vienna and a credit institution pursuant to § 1 sec 1 BWG. Erste Group Bank's shares

are listed on the Official Market of the Vienna Stock Exchange and on the Prime Markets of the Prague Stock Exchange and in the RGSII Segment of the Bucharest Stock Exchange. The Erste Participation Capital Securities are not listed on any stock exchange or on any multilateral trading facility (MTF). The requirements under § 102a sec 3, first sentence, BWG are therefore not met.

- 1.7. Pursuant to § 102a sec 4 BWG, the Company must grant the beneficiaries of the Participation Capital adequate cash compensation. The provisions of § 2 sec 3 UmwG must be applied by analogy. Pursuant to § 6 (2) of the Terms and Conditions of Erste Participation Capital, the Erste Participation Capital Securities will be repaid at their nominal values.
- 1.8. The redemption of the Erste Participation Capital is based on the Company's audited financial statements for the year ended 31 December 2012 as closing balance sheet, by way of application by analogy of § 220 sec 3 AktG.

2. Participation Capital Affected by the Redemption

- 2.1 On the basis of the Company's financial statements for the year ended 31 December 2012 as closing balance sheet bearing an unqualified audit opinion, the redemption under § 102a BWG is to comprise the entire Erste Participation Capital totalling EUR 1,763,744,000, thus a total of 1,763,744 Participation Capital Securities in the nominal value of EUR 1,000 each, pursuant to the Terms and Conditions of Erste Participation Capital, issued in three tranches.
- 2.2 The Company has not issued any other participation capital in addition to the Erste Participation Capital.
- 2.3 The entire Erste Participation Capital is to be redeemed and adequately compensated. The principle of equal treatment under § 102a sec 1 BWG is therefore fully complied with.

3. Cash Compensation and Consequences of Redemption

- 3.1 In compliance with the laws, the beneficiaries of the Participation Capital will be granted adequate cash compensation. In the case at hand, in § 6 (2) of the Terms and Conditions of Erste Participation Capital, Erste Group Bank, as redeeming company, and the holders of the Erste Participation Capital Securities, as beneficiaries of the Participation Capital, fixed a redemption price of 100 % of the nominal value, hence EUR 1,000 per Participation Capital Security, in case of a redemption. Pursuant to such agreement, cash compensation of EUR 1,000 per Erste Participation Capital Security is fixed as adequate cash compensation under § 102a

sec 4 BWG in respect of the Participation Capital to be redeemed. For the avoidance of doubt, the Company is not entitled to any cash compensation from its own Erste Participation Capital Securities.

- 3.2 From 1 January 2013 until the date of effectiveness of the redemption (see Section 7.2) provided that the statutory requirements are met and a relevant resolution is adopted at the next ordinary shareholders' meeting a pro rata dividend will be paid.
- 3.3 Upon announcement of the resolution by the management board and the supervisory board on the redemption, probably on 7 August 2013, the entire Erste Participation Capital is considered redeemed pursuant to § 102a sec 5 BWG. The holders of the Participation Capital Securities are therefore exclusively entitled to cash compensation (§ 102a sec 5 BWG).
- 3.4 The cash compensation for the Erste Participation Capital is to be paid as of the value date of 8 August 2013, and the announcement pursuant to Section 3.3 hereof is to be made on 7 August 2013. Any change of the mentioned dates will be published.
- 3.5 Pursuant to § 102a sec 7 BWG, the Participation Capital must be redeemed against the net profits arising from the annual balance sheet or against an unappropriated reserve, but it may also be redeemed if capital of the same or of a better quality is supplied as substitute. In the case at hand, the following course of action will be applied: The Erste Participation Capital will be redeemed against unappropriated reserves recognised in the Company's financial statements for the year ended 31 December 2012.

4. Trustee

bpv Hügel Rechtsanwälte OG with its registered office in Vienna is to be appointed trustee under § 102a sec 6 BWG in respect of amounts to compensate beneficiaries of the Erste Participation Capital to be redeemed which cannot be credited to an account or in respect of which the beneficiary does not make any arrangement.

5. Special rights (§ 220 sec 2 No 6 AktG)

Neither shareholders nor holders of bonds and profit participation rights will be granted any special rights or other rights as defined in § 220 sec 2 No 6 AktG. No measures as defined in § 220 sec 2 No 6 in conjunction with § 226 sec 3 AktG will be taken.

6. Special benefits (§ 220 sec 2 No 7 AktG)

- 6.1 Neither the members of the management board of Erste Group Bank, nor the members of the supervisory board of Erste Group Bank, nor a balance sheet auditor, a bank auditor, a redemption auditor or any other auditor of Erste Group Bank, nor any company involved in the redemption will be granted a special benefit pursuant to § 220 sec 2 No 7 AktG.
- 6.2 The reasonable fees payable to the redemption auditor for the redemption audit pursuant to § 220b AktG (by analogy) do not constitute a special benefit as defined in § 220 sec 2 No 7 AktG.

7. Judicial Review of Adequacy of Cash Compensation

- 7.1 Within a period of at least one month to be applied by analogy pursuant to § 102a sec 4 BWG and § 2 sec 3 UmwG in conjunction with § 221a AktG, the management board of Erste Group Bank, prior to its resolution and the resolution by the supervisory board on the redemption (probably on 6 August 2013), will timely publish the Redemption Plan in the edict file [*Ediktsdatei*] after review by the supervisory board and publish a reference to such publication in the Official Gazette [*Amtsblatt*] of *Wiener Zeitung* newspaper. In addition, by way of application by analogy of the mentioned provisions, (i) the Redemption Plan, (ii) the report by the management board on the redemption, (iii) the audit report by the court-appointed redemption auditor, (iv) the report by the supervisory board on the review of the redemption, and (v) the financial statements and directors' reports for the last three business years of Erste Group Bank will be available at the Company's registered office for inspection by the shareholders and holders of Participation Capital and made available on the Company's website at (www.erstegroup.com/de/Investors/Participation-Capital) during that period.
- 7.2 The final resolution by the management board and the supervisory board on the basis of the authorisation by the shareholders' meeting pursuant to Section 8.4 of the articles of association will be published in the Official Gazette of *Wiener Zeitung* newspaper pursuant to § 102a sec 5 BWG in accordance with the articles of association and the Terms and Conditions of Erste Participation Capital. Upon announcement of said resolution, the Erste Participation Capital is considered redeemed pursuant to § 102a sec 5 BWG.
- 7.3 To safeguard their respective right to adequate cash compensation, the beneficiaries of the Erste Participation Capital may have reviewed by court, within one month of announcement of the resolution by the management board and the supervisory board (see Section 7.2 of the Redemption Plan), the adequacy of the cash compensation for the Participation Capital to be redeemed.

7.4 By way of application by analogy of the provisions of the Reorganisation Act and the Stock Corporation Act, the respective beneficiary of the Erste Participation Capital may initiate a procedure for judicial review of the adequacy of the cash compensation for the Erste Participation Capital to be redeemed. Such procedure will take place by way of application by analogy of §§ 225c et. seq. AktG. The procedure must be initiated with the court having jurisdiction at the registered office of Erste Group Bank, i.e. the Vienna Commercial Court, Marxergasse 1a, 1030 Vienna. The procedure must be conducted by way of application by analogy of § 225e AktG. To safeguard the rights of beneficiaries of the Erste Participation Capital who did not file an application for judicial review of the adequacy of the cash compensation, a joint representative would have to be appointed pursuant to § 225 et. seq. AktG in case such procedure is initiated.

8. Costs

All costs in relation to the redemption of the Erste Participation Capital will be borne by the Company.

Vienna, this 19 June 2013

Erste Group Bank AG

The Management Board