

Report from the board of directors as per §§ 159 para. 3 of the Stock Corporation Act

Report of the management board and the supervisory board of Erste Group Bank AG concerning the issue of shares from authorised conditional capital by means of an Employee Share Ownership Programme:

Introduction

The management board of Erste Group Bank AG ("Erste Group Bank") intends to conduct an Employee Share Ownership Programme ("ESOP"). Based on the resolution of the Annual General Meeting dated 19 May 2006 and in accordance with paragraph 7 of the articles of association of Erste Group Bank ("authorised conditional capital"), it is intended to conduct a conditional capital increase in the amount of EUR 20,000,000 by issuing 10,000,000 ordinary bearer shares in order to grant share options according to the Employee Share Ownership Programme. The capital increase will be conducted only in the event and to the extent that the share options are exercised.

It is the aim of the Employee Share Ownership Programme to increase the level of identification of employees with Erste Group and, thus, increase their commitment to Erste Group Bank and the Erste Group. The participation in the programme allows employees to profit from the development of Erste Group to a greater degree and represents a strong incentive that goes beyond the existing performance-related, variable remuneration.

Therefore, the management board will recommend that the supervisory board approve the under-mentioned Employee Share Ownership Programme ("ESOP") and a conditional capital increase for the granting of share options in accordance with paragraph 7 of the articles of association. The intended preclusion of subscription rights of existing shareholders is justified according to § 153 para. 5 of the Stock Corporation Act.

Number and distribution of shares

Under the ESOP 2010, a maximum of 2,000,000 ordinary bearer shares will be made available by Erste Group Bank for the members of the management board of Erste Group Bank and all employees and management of the group (on the condition that this is judicially and economically feasible).

Conditions

1. Every eligible person may – regardless of his function – subscribe up to a maximum of 200 shares.
2. A proportionate reduction in the allocation will be executed in the event of an over-subscription.
3. On the day of subscription, every eligible person has to be in a valid and uninterrupted (with the exemption of maternity leave or compulsory military service) contract of employment on which no termination notice has been served with Erste Group Bank or one of the companies of Erste Group that is entitled to participate.
4. The subscription period begins on 3.5.2010 and ends on 14.5.2010.

Subscription price

The subscription price for shares will be determined by the average price of Erste Group Bank shares during April 2010 on the Vienna Stock Exchange reduced by a discount of 20% (and rounded down to the nearest half Euro).

Allocation of shares

The acquisition and the allocation of the shares will take place on the respective employee custody accounts on 27.5.2010. Payment is effected by direct debit on the same date. Shares are entitled to dividend payments from 1.1.2010. Authorisation of the shares for official trading on the Vienna, Prague and Bucharest Stock Exchange will be requested immediately after the subscription period.

Transferability

The right to subscribe to shares is not transferable.

Retention period

A retention period applies under civil law for the shares subscribed under the ESOP prior to and including 31.5.2011. If the shares are sold earlier, the granted discount must be repaid in full.

This report does not constitute an offer for subscription of shares or stock options. It conveys no rights to the subscription or allocation of shares. Any subscription or acquisition of shares or stock options will require a separate agreement.

The solely binding language for the Employee Share Ownership Programme 2010 is the German language. This document is a non-binding translation for convenience only.