

SUPPLEMENTARY REPORT OF THE MANAGEMENT BOARD

The Management Board of Erste Group Bank AG (hereinafter referred to as "**Erste Group**" or the "**Company**") hereby submits the present supplementary report pursuant to sec. 171 (1) Stock Corporation Act (AktG) in conjunction with sec. 153 (4) Stock Corporation Act to add to its report (the "**Report**") published on 20 October 2011 in the official gazette *Amtsblatt der Wiener Zeitung*:

1. **Basis**

On the basis of the authorisation granted to Erste Group in the General Meeting of 12 May 2010 to increase the Company's share capital drawing on authorised capital, the Management Board passed a framework resolution on 18 October 2011 (the "**Framework Resolution**"), by which Erste Group's share capital is to be increased from the then EUR 756,932,768 to EUR 797,188,424 by a nominal amount of up to EUR 40,255,656. Shareholder subscription rights were excluded. The Framework Resolution was approved by Erste Group's Supervisory Board on 9 November 2011. The respective Management Board's Report was published on 20 October 2011 in the official gazette *Amtsblatt der Wiener Zeitung*.

2. **Status Quo**

According to the Framework Resolution, the contribution in kind, which shall be made to Erste Group against the issuance of new shares, consists of **up to 2,575,523,440 shares** in BCR, which are to be contributed by the SIFs. Under subsection 1.3 (c) of the report, the Management Board of Erste Group explained that the BCR shares held by the SIFs are not to be contributed by way of a single contribution but **in several instalments** as specified below:

- (i) **Instalment 1:** Before the end of 2011, a total of up to 1,477,814,672 BCR shares held by the SIFs are to be contributed (by reason of restrictions in the Articles of Association that do not allow the SIFs to contribute all of their shares at once) (hereinafter referred to as the "**2011 Instalment**").
- (ii) **Instalment 2:** This instalment is to be implemented in the first six months of 2012 on the basis of put options granted to the SIFs by Erste Group. In further stages, the SIFs will be able to contribute any remaining BCR shares that they hold and have not yet been contributed or sold (i.e.

2,575,523,440 shares less the shares contributed in 2011) (hereinafter referred to as the "**2012 Instalment**") in further stages.

- (iii) In the 2011 Instalment and the 2012 Instalment, it will also be possible for some SIFS not to contribute all their shares in BCR on the same transaction date but rather to stagger their contributions.
- (iv) The maximum number of BCR shares contributable in the 2011 and 2012 Instalments is 2,575,523,440.

3. Amendment

A SIF has approached Erste Group and requested permission to contribute all of the shares it holds in BCR in the first instalment.

Therefore, on 24 November 2011, the Management Board of Erste Group passed a 1st **Supplementary Resolution** to the **Framework Resolution**, by which the number shares held in BCR and to be contributed as part of the 2011 instalment was increased to 1,773,999,868.

The total number of the BCR shares to be contributed, however, shall remain unchanged and continue to amount to a maximum of 2,575,523,440 shares in BCR. The maximum number of BCR shares to be contributed by each SIF shall likewise remain unchanged.

All other provisions of the Framework Resolution remain unchanged.

4. Supplementary Report

4.1. Revised Version

With reference to the amendments in section 3, subsection 1.3 (c) of the Report shall be modified to read as follows:

*"The BCR shares held by the SIFs are not to be contributed by way of a single contribution but **in several instalments** as specified below:*

- (i) ***Instalment 1:** Before the end of 2011, a total of up to 1,773,999,868 BCR shares held by the SIFs are to be contributed (by reason of restrictions stipulated in the Articles of Association that do not allow the SIFs to contribute all of*

the shares at once) (hereinafter referred to as the "2011 Instalment").

- (ii) **Instalment 2:** This instalment is generally to be implemented in the first six months of 2012 on the basis of put options granted to the SIFs by Erste Group. In further stages, the SIFs will be able to contribute any remaining BCR shares they hold that have not yet been contributed or sold (i.e. 2,575,523,440 shares less the shares contributed to Erste Group in 2011) (hereinafter referred to as the "2012 tranche").*
- (iii) In the 2011 Instalment and 2012 Instalment, it shall be possible for some SIFs not to contribute all their BCR shares on the same transaction date but rather to stagger their contributions.*
- (iv) The maximum number of BCR shares to be contributed in the 2011 and 2012 instalments amounts to 2,575,523,440 shares.*

4.2. Justification

The Management Board of Erste Group holds the view that this amendment is to the advantage of Erste Group and its shareholders, as the increase in the 2011 instalment will enable Erste to achieve the positive effects of the contribution of the BCR shares sooner, i.e.

- a) to strive for **expansion and penetration** of the Central European market as well as for the **consolidation of the company's current market position** and
- b) to maximise its equity interests **in its** Central and Eastern European **subsidiaries**

The Report of the Management Report, which was published on 20 October 2011 and concerns the reasons for the exclusion of subscription rights and the issue price for the shares to be issued, continues to be valid.

The 1st Supplementary Resolution to the Framework Resolution is subject to approval by the Supervisory Board of the Erste Group. The Supervisory Board shall pass the respective resolution subject to a time limit of two weeks from publication of this supplementary report pursuant to sec. 171 (1) Stock Corporation Act (AktG).

Vienna, 24 November 2011

Management Board of Erste Group Bank AG:

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Dr. Manfred Wimmer

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