

Erste Group Bank AG

(Incorporated as a stock corporation in the Republic of Austria under registered number FN 33209 m)

EUR 2,000,000,000

Additional Tier 1 Notes Programme

This supplement (the "**Supplement**") constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC as amended (the "**Prospectus Directive**") and Sec 6(1) of the Austrian Capital Market Act as amended (*Kapitalmarktgesetz*, the "**KMG**") and is supplemental to, and should be read in conjunction with, the prospectus dated 23 June 2014 (the "**Original Prospectus**") relating to the EUR 2,000,000,000 Additional Tier 1 Programme (the "**Programme**") of Erste Group Bank AG (the "**Issuer**" or "**Erste Group Bank**").

The Original Prospectus has been approved on 23 June 2014 by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the "**FMA**").

This Supplement has been filed for approval with the FMA in its capacity as competent authority under the KMG on 7 July 2014, and has been corrected by publication and filing with the FMA of an updated version on 7 July 2014. This Supplement has been filed with the Wiener Börse, which has admitted the Programme to the "Amtlicher Handel" (Official Market) and the "Geregelter Freiverkehr" (Second Regulated Market). This Supplement has been published in electronic form on the website of the Issuer under "www.erstegroup.com".

Terms defined in the Original Prospectus shall have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between a) any statement in this Supplement and b) any other statement in or incorporated by reference in the Prospectus, the statements in a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

In accordance with Art 16 of the Prospectus Directive and Sec 6 KMG, investors who have agreed to subscribe for Notes after the occurrence of the significant new factors described in this Supplement but before the publication of this Supplement have a right to withdraw their acceptances until, and including, 9 July 2014.

This Supplement has been filed with the FMA in its capacity as competent authority under the KMG for approval. The accuracy of the information contained in this Supplement does not fall within the scope of examination by the FMA under applicable Austrian law and the Prospectus Directive. The FMA has examined this Supplement only in respect of its completeness, coherence and comprehensibility pursuant to Sec 8a para 1 of the KMG.

7 July 2014

No person has been authorised to give any information or to make any representation other than those contained in this Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or Barclays Bank PLC (the "**Arranger**") or the Dealers (as indicated on the cover page of the Prospectus and including the Issuer in its capacity as Dealer only, the "**Dealers**"). Neither the delivery of the Prospectus and/or this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Erste Group since the date hereof or the date upon which the Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Erste Group since the date hereof or the date upon which the Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may include Notes in bearer form that are subject to US tax law requirements. The Notes may not be offered, sold or delivered within the United States or to US persons except in certain transactions permitted by US tax regulations and the Securities Act. For a description of certain restrictions on offers and sales of Notes, see "Subscription and Sale" in the Prospectus.

This Supplement does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

Neither the Arranger nor the Dealers have independently verified the information contained in this Supplement. None of the Arranger or the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Supplement. Neither this Supplement nor any financial statements supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Supplement or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary. None of the Arranger or the Dealers undertakes to review the financial condition or affairs of the Issuer or the Erste Group during the life of the arrangements contemplated by this Supplement nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers.

Significant new factors (as referred to in Art 16 (1) of the Prospectus Directive and Sec 6(1) of the KMG) have arisen which in the Issuer's perception are capable of affecting the assessment of the Notes, and are thus herewith included in the Prospectus as follows:

Recent Developments

On page 113 of the Original Prospectus, the following new paragraph is inserted after the existing text below the heading "*Recent Developments*":

"Erste Group expects higher risk costs in 2014 and updates outlook for 2014 and 2015

On 3 July 2014, Erste Group announced that it expects risk costs to rise from the planned EUR 1.7 bn to about EUR 2.4 bn in 2014 as a result of increased provisions in Hungary and Romania.

In Hungary this is related to the planned government action on retail FX loans, which is expected to be related primarily to the retroactive correction of bid-ask spreads applied to FX loans and the abolition of unilateral interest rate and fee changes and is set to be approved by Parliament on 4 July 2014. Any potential additional costs related to the complete phase-out of retail FX loans announced by government officials for H2 2014 are – in line with recent High Court decisions – not expected and hence not included in the above estimate.

Increased risk provisions in Romania reflect recently increased efforts by the Romanian National Bank, ahead of the ECB's asset quality review ("AQR"), to reduce NPLs in the banking system in an accelerated manner, and the implementation of lower recovery assumptions by BCR, based on offer prices received for large volume NPL packages. As a result of increased provisions in Romania, Erste Group will carry out an impairment test on the entire amount of Romanian intangibles (goodwill, brand, value of customer relationships) of about EUR 800 mn, which may result in the full write-off of such intangibles. Such action may also lead to the write-off of deferred tax assets of about EUR 200 mn.

As a result of this development Erste Group expects for Erste Group (on a consolidated basis):

- A group operating result which is lower than expected in 2014 due to weaker operating results in Romania and Hungary;
- a net loss for 2014 of EUR 1.4 to 1.6 bn;
- a CET 1-ratio (fully loaded, based on current definitions) of about 10.0% at year-end without a need to issue equity. During the year, the CET 1-ratio may be lower, as losses are included in the calculation but unaudited profit is not; and
- improved post-provision result and net profit (Return on tangible equity ("RoTE"): 8 to 10%) in 2015, despite still disproportionate banking levies."

RESPONSIBILITY STATEMENT OF ERSTE GROUP BANK AG

Erste Group Bank AG, with its registered office at Graben 21, A-1010 Vienna, Austria, is responsible for the information given in this Supplement.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

Vienna, 7 July 2014

Erste Group Bank AG
as Issuer

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