

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 Article 16 (1) of the Directive 2003/71/EC as amended (the "**Prospectus Directive**") and § 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 9 April 2018 (the "**Original Prospectus**") and together with Prospectus Supplement No. 1 dated 11 May 2018, the "**Prospectus**") relating to the EUR 2,000,000,000 Additional Tier 1 Notes Programme (the "**Programme**") of Erste Group Bank AG (the "**Issuer**" or "**Erste Group Bank**").

The Original Prospectus has been approved on 9 April 2018 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 2 October 2018. This Supplement has been filed with the Wiener Börse, which has admitted the Programme to the "*Amtlicher Handel*" (Official Market). This Supplement has been published in electronic form on the website of the Issuer under "www.erstegroup.com/de/Capital-Markets/Prospekt/Anleihen".

The Issuer has requested the FMA to provide the competent authority in the Grand Duchy of Luxembourg with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Prospectus Directive and the KMG.

Terms defined in the 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 or any statement incorporated by reference in the Prospectus by this Supplement and b) any other statement in or incorporated by reference in the Prospectus, the statements mentioned 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 Article 16 of the Prospectus Directive and § 6 KMG, investors who have already agreed to purchase or subscribe for Notes before this Supplement is published have a right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances until, and including 4 October 2018, provided that the new factor, mistake or inaccuracy arose before the final closing of the offer to the public and the delivery of the Notes.

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 § 8a (1) KMG.

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 Erste Group Bank AG in its capacity as arranger of the Programme (the "**Arranger**") or Erste Bank der oesterreichischen Sparkassen AG and Erste Group Bank AG in their capacities as dealers under the Programme (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 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 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 U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons except in certain transactions permitted by U.S. tax regulations and the Securities Act. For a description of certain restrictions on offers and sales of Notes, see "11. 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.

The Dealers have not independently verified the information contained in this Supplement. None of 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 Dealers undertakes to review the financial condition or affairs of the Issuer or 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 Dealers.

Significant new factors and/or inaccuracies (as referred to in Article 16 (1) of the Prospectus Directive and § 6 (1) 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:

1. AMENDMENTS TO THE SECTION ENTITLED "DOCUMENTS INCORPORATED BY REFERENCE" COMMENCING ON PAGE 8 OF THE ORIGINAL PROSPECTUS

1.1 On page 9 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, after the table with regard to the English language translation of the Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2016, the following table shall be inserted:

"English language translation of the Unaudited Interim Condensed Consolidated Financial Statements of the Issuer for the first half year ended 30 June 2018 – Interim Report First Half Year 2018 (the "Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018")

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1.2 On page 9 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, the paragraph below the table with regard to the English language translation of the Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2016 shall be replaced by the following paragraph:

"For the avoidance of doubt, such parts of the Audited Consolidated Financial Statements 2017 and 2016 respectively as well as of the Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2018 and of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018 which are not explicitly listed in the tables above, are not incorporated by reference into this Prospectus as these parts are either not relevant for the investor or covered elsewhere in this Prospectus."

2. AMENDMENTS TO THE SECTION ENTITLED "DOCUMENTS AVAILABLE FOR INSPECTION" ON PAGE 10 OF THE ORIGINAL PROSPECTUS

On page 10 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, the following list item "(ix)" shall be added at the end of the list:

"(ix) the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018 incorporated by reference into this Prospectus
 ("https://www.erstegroup.com/content/dam/at/eh/www_erstegroup_com/en/Investor%20Relations/2018/Reports/IR_Interim_Report_EG_H118en.pdf");"

3. AMENDMENTS TO THE SECTION ENTITLED "SOURCES OF INFORMATION" ON PAGE 11 OF THE ORIGINAL PROSPECTUS

On page 11 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, the first sentence of the first paragraph shall be replaced by the following sentence:

"Unless otherwise stated, statistical and other data provided in this Prospectus has been extracted from the Audited Consolidated Financial Statements 2017 and the annual report thereon and the Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2018 as well as the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018."

4. AMENDMENTS TO THE SECTION ENTITLED "2. GENERAL INFORMATION" COMMENCING ON PAGE 57 OF THE ORIGINAL PROSPECTUS

On page 57 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, the third paragraph shall be replaced by the following paragraph:

"Significant and material adverse changes. Except as disclosed under "6.6 Recent Developments" starting on page 132 of this Prospectus, there has been no significant change in the financial position of the Erste Group since 30 June 2018 and no material adverse change in the prospects of the Issuer since 31 December 2017."

5. AMENDMENTS TO THE SECTION ENTITLED "6. ERSTE GROUP BANK AG" COMMENCING ON PAGE 113 OF THE ORIGINAL PROSPECTUS

5.1 On page 120 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, below the heading "Regulatory Capital (phased-in)" the first table and the paragraph below this table shall be replaced by the following information:

" in EUR million	2016	2017	30 June 2018
Total Own Funds	18,836	20,309	20,259
Common Equity Tier 1 capital (CET 1)	13,602	14,712	14,682
Tier 1 capital	13,602	15,368	15,673
in %			
Total capital ratio	18.5%	18.5%	17.4%
CET 1 capital ratio	13.4%	13.4%	12.6%
Tier 1 capital ratio	13.4%	14.0%	13.5%

Sources: Audited Consolidated Financial Statements 2017 and Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018"

5.2 On page 120 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, below the heading "Regulatory Capital (fully loaded)" the table and the first paragraph below this table shall be replaced by the following information:

" in EUR million	2016	2017	30 June 2018
Common Equity Tier 1 capital (CET 1)	13,256	14,448	14,681
in %			
CET 1 capital ratio	12.8%	12.9%	12.5%

Sources: Audited Consolidated Financial Statements 2017 and Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018"

- 5.3 On page 121 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, below the heading "Prudential ratios pursuant to CRR on a consolidated level" the table shall be replaced by the following table:

in %	2016	2017	30 June 2018
Fully loaded leverage ratio	6.2%	6.6%	6.4%
Liquidity coverage ratio	142.6%*	145.2%**	147.5%**"

- 5.4 On page 121 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, above the heading "Alternative Performance Measures" the following information shall be inserted:

"Information on Basel 3 capital (phased-in), Risk-weighted assets (phased-in) and Basel 3 capital ratios (phased-in)

Basel 3 capital (phased-in)

The main factors for the decrease of CET 1 capital in the aggregate amount of approximately EUR 31 million (as of 30 June 2018) are in particular:

- a reclassification of financial instruments to fair value as in the course of the IFRS 9 implementation (approximately - EUR 1.0 billion);
- partial offset by prudential filter for fair value changes from own credit spread (approximately + EUR 0.6 billion); and
- non-inclusion of the interim profit in the first half year of 2018.

The pro forma Available Distributable Items (ADIs) amount to approximately EUR 2.5 billion (pre-dividend and AT 1 coupon for 2018).

Risk-weighted assets (phased-in)

The main factors for the increase of credit RWA in the aggregate amount of approximately EUR 5.6 billion (as of 30 June 2018) are in particular:

- business effects (loan growth, increased repo and interbank business) (approximately + EUR 3.6 billion); and
- regulatory one-off effects (higher sovereign and equity RWA) (approximately + EUR 1.6 billion).

The operational risk RWA was flat in the second quarter of 2018. The new model was submitted for approval to the regulator whose resolution is expected in the second half year of 2018.

Basel 3 capital ratios (phased-in)

The currency impact for Czech koruna (CZK) and Hungarian forint (HUF) is approximately -14 basis points. The impact of the acquired BCR-minority stake (which acquisition is expected to be closed in the second half year of 2018) is approximately -9 basis points.

Source: Internal information and calculations by the Issuer on the basis of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018"

- 5.5 On page 121 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, in the table with regard to the "Alternative Performance Measures" in the line with regard to the "Fully loaded leverage ratio" in the column "Calculation" at the end the following information shall be added:

"Example for the second quarter 2018:

$$\frac{15,672 \text{ (= Tier 1 capital)}}{244,272.8 \text{ (= leverage ratio exposures)}} = 6.4\%"$$

- 5.6 On page 122 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, in the table with regard to the "Alternative Performance Measures" in the line with regard to the "Liquidity coverage ratio" in the column "Calculation" at the end the following information shall be added:

"Example for the second quarter 2018:

$$\frac{43,149.6 \text{ (= High Quality Liquid Assets)}}{29,251.3 \text{ (= Net Outflows)}} = 147.5\%"$$

- 5.7 On page 123 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, the first paragraph below the table shall be replaced by the following paragraph:

"Source: Information and calculation of the Issuer on the basis of the audited financial statements of Erste Group Bank AG for the financial years ended 31 December 2016 and 31 December 2017, on the basis of the Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2018 and on the basis of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018."

- 5.8 In the subsection entitled "6.6 RECENT DEVELOPMENTS" commencing on page 132 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, the information contained therein until the heading "ECB's decision on the capital requirements for Erste Group" (excluding) shall be replaced by the following information:

"Erste Group's outlook as presented in the interim report for the first half year 2018 is as follows:

Operating environment anticipated to be conducive to credit expansion

Real GDP growth is expected to be approximately between 3% and 4% in Erste Group's CEE core markets, including Austria, in 2018. It should primarily be driven by solid domestic demand, as real wage growth and declining unemployment should support economic activity in CEE. Fiscal discipline is expected to be maintained across CEE.

Business outlook

Erste Group aims to achieve a return on tangible equity (ROTE) of more than 10% in 2018 (based on average tangible equity in 2018). The underlying assumptions are slightly growing revenues (assuming 5%+ net loan growth and interest rate hikes in the

Czech Republic and Romania), slightly falling expenses due to lower project-related costs and risk costs remaining at historically low levels.

Risks to guidance

Impact from other than expected interest rate development, political or regulatory measures against banks as well as geopolitical risks and global economic risks."

6. AMENDMENTS TO THE SECTION ENTITLED "GLOSSARY AND LIST OF ABBREVIATIONS" COMMENCING ON PAGE 154 OF THE ORIGINAL PROSPECTUS

On page 160 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018, after the row with regard to "Tranche" the following row shall be inserted:

"Unaudited Condensed Consolidated Financial Statements as of 30 June 2018	Interim	the English language translation of the unaudited interim condensed consolidated financial statements of Erste Group for the first half year ended 30 June 2018"
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RESPONSIBILITY STATEMENT OF ERSTE GROUP BANK AG

Erste Group Bank AG, with its registered office at Am Belvedere 1, A-1100 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, 2 October 2018

Erste Group Bank AG
as Issuer