

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 and Prospectus Supplement No. 2 dated 2 October 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 4 March 2019. 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 6 March 2019, 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 and the Prospectus Supplement No. 2 dated 2 October 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 third quarter year ended 30 September 2018 – Interim Report Third Quarter 2018 (the "Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 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 and the Prospectus Supplement No. 2 dated 2 October 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, of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018 and of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 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 and the Prospectus Supplement No. 2 dated 2 October 2018, the following list item "(x)" shall be added at the end of the list:

"(x) the Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 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_Q318en.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 and the Prospectus Supplement No. 2 dated 2 October 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, the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018 as well as the Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 2018."

4. AMENDMENTS TO THE SECTION ENTITLED "1. RISK FACTORS" COMMENCING ON PAGE 13 OF THE ORIGINAL PROSPECTUS

4.1 In the risk factor entitled "Rating agencies may suspend, downgrade or withdraw a credit rating of Erste Group Bank and/or a local entity that is part of Erste Group or a country where Erste Group is active, and such action might negatively affect the refinancing conditions for Erste Group Bank, in particular its access to debt capital markets." commencing on page 19 of the Original Prospectus the last sentence of the first paragraph shall be replaced by the following sentence:

"Erste Group Bank's long-term credit ratings are: Standard & Poor's, A (outlook positive); Moody's, A2 (outlook positive); and Fitch, A (outlook stable)."

4.2 On page 31 of the Original Prospectus before the risk factor entitled "Erste Group Bank's profit can be lower or even negative." the following new risk factor shall be added:

"The Issuer's supervisory board may not approve or request changes to Erste Group's preliminary annual consolidated financial statements 2018, which may lead to a substantial change of the information disclosed in the Prospectus.

In accordance with § 96 of the Austrian Stock Corporation Act (*Aktiengesetz*), the Issuer's supervisory board is responsible for the final audit (*endgültige Prüfung*) as well as the approval (*Feststellung*) of Erste Group's annual consolidated financial statements. The Issuer's preliminary annual consolidated financial statements 2018 (the "**Preliminary Annual Consolidated Financial Statements**") have been prepared

by the Issuer's management board, but have not yet been approved by the Issuer's supervisory board and are therefore not final and reliable. Accordingly, the Issuer's supervisory board may in its sole discretion (i) approve the Preliminary Annual Consolidated Financial Statements; (ii) not approve them; (iii) request changes to be made; (iv) neither approve nor disapprove them, in which case the shareholders' meeting becomes responsible for the approval; or (v) approve them and further decide to delegate (subject to the management board's consent) the final approval to the shareholders' meeting. If the Issuer's supervisory board does not approve, or requests changes to, Erste Group's Preliminary Annual Consolidated Financial Statements or delegates the approval thereof to the Issuer's shareholders' meeting, the information included in the Prospectus which relates to the Preliminary Annual Consolidated Financial Statements may substantially deviate from Erste Group's approved annual consolidated financial statements and investors should thus not rely on the Preliminary Annual Consolidated Financial Statements when making a decision whether to invest in the Notes."

4.3 The risk factor entitled "The Issuer may, in its full discretion, cancel payments of distributions on the Notes and may, in certain circumstances (including insufficient or no Distributable Items, order from any relevant authority or non-compliance with Maximum Distributable Amount), be required to cancel such payments. The cancellation of distribution payments will be definitive and non-cumulative." commencing on page 40 of the Original Prospectus shall be replaced in its entirety by the following risk factor:

"The Issuer may, in its full discretion, cancel payments of distributions on the Notes and may, in certain circumstances (including insufficient or no Distributable Items, order from any relevant authority or any other prohibition of distribution imposed by law or any authority), be required to cancel such payments. The cancellation of distribution payments will be definitive and non-cumulative.

The Issuer, at its full discretion, may at all times cancel (in whole or in part) any payment of distributions on the Notes scheduled to be paid on any distribution payment date for an unlimited period and on a non-cumulative basis. The Issuer may use such cancelled distribution payments without restrictions to meet its obligations as they fall due. The Issuer might also be required by any relevant authority responsible for the Issuer and/or Erste Group, such as the Competent Authority and/or the SRB respectively the FMA (each in its capacity as resolution authority, the "**Resolution Authority**"), to cancel the relevant distribution payment scheduled to be paid in whole or in part.

Without prejudice to such full discretion of the Issuer, any payment of distributions scheduled to be paid on the Notes on any Distribution Payment Date and any Additional Amounts thereon shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

- (i) the amount of such distribution payment scheduled to be paid on the Notes and any Additional Amounts thereon together with any further Relevant Distributions would exceed the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes and any Additional Amounts thereon) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or
- (ii) the Competent Authority and/or the Resolution Authority orders the relevant distribution payment scheduled to be paid on the Notes to be cancelled in whole or in part; or

- (iii) another prohibition of such distribution on the Notes, or of such distribution on the Notes when aggregated with any other Relevant Distributions, is imposed by law or any authority.

Any distribution payment so cancelled will not accumulate or compound and all rights and claims in respect of such amounts will be fully and irrevocably forfeited and no payments will be made nor shall any Holder be entitled to any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and imposes no restrictions on the Issuer.

Holders of Notes should be aware that the Relevant Distributions means the sum of: (i) any payments of distributions on the Notes that have been made, are simultaneously made or are scheduled to be made by the Issuer in the then current financial year of the Issuer; and (ii) any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on all other Tier 1 Instruments in the then current financial year of the Issuer; (iii) the amount of any Write-up made in the then current financial year, if any; and (iv) any amount, payment or distribution as may be relevant under any restrictions operating as maximum distributable amount in accordance with any legal or regulatory requirements applicable to the Issuer at the time.

The Maximum Distributable Amount (the calculation thereof respectively) is a rather complex concept which applies when the combined capital buffer requirements are not (or not fully) met, and its determination is subject to considerable uncertainty. In addition, other restrictions on the payment of distribution operating as maximum distributable amount may apply to the Issuer and may result in the mandatory cancellation of distribution payments in the future (see also the risk factor "*Some aspects of the manner how CRR/CRD is applied and/or will be amended in the future are uncertain.*").

The Distributable Items of the Issuer will, *inter alia*, depend on its profits and those of its Subsidiaries, including the dividends that it receives from its Subsidiaries. If the Issuer's profits are weak, and/or if it does not receive any (or only small) dividends from its Subsidiaries, the Distributable Items may not be sufficient for full (or any) payment of distributions on the Notes.

The Distributable Items will be determined on the basis of (i) the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant distribution payment date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant distribution payment date, the Distributable Items will be determined on the basis of unaudited unconsolidated *pro forma* financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

There is however a risk, that these *pro forma* financial statements may deviate substantially from the audited financial statements for the same accounting period, and Holders are therefore exposed to the risk that they will not receive any distributions even if the audited financial statements show sufficient Distributable Items to make payments on the Notes.

Because the Issuer is entitled to cancel distribution payments in its full discretion, it may do so even if it could make such payments without exceeding the limits described above and even if it was intrinsically profitable. Distribution payments on the Notes may be cancelled even if the Issuer's shareholders continue to receive dividends and/or distributions are made on any instruments ranking *pari passu* or junior to the Notes. The Issuer currently intends to give due consideration to the capital hierarchy and preserve seniority of claims. However, even if the Issuer was willing to make distribution payments, it could be prevented from doing so by mandatory and automatic

cancellation due to regulatory provisions and/or regulatory action. In all such instances, Holders would receive no, or only reduced, distributions on the Notes.

Any actual or anticipated cancellation of distributions payments on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the distribution cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which distributions accrue that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Likewise, as the Maximum Distributable Amount is linked to the combined capital buffer requirements, any indication that the Issuer may not (or not fully) meet such combined buffer capital requirement may have an adverse effect on the market price of the Notes.

Holders of Notes should be aware that there will be no circumstances under which distribution payments on the Notes will be compulsory for the Issuer. Holders should therefore not rely on receiving any distribution payments on the Notes, regardless of whether the Issuer has sufficient Distributable Items, and Holders should be aware that the market price of the Notes is subject to volatility and downturn, in particular in case of any indication that distribution payments on the Notes are or might be cancelled."

4.4 In the risk factor entitled "The regulatory classification of the Notes as Additional Tier 1 instruments may be changed." on page 42 of the Original Prospectus the last sentence shall be replaced by the following sentence:

"If that is the case, this can have a negative impact on the capitalisation of the Issuer. and might lead, subject to further conditions being fulfilled, to a redemption of the Notes (see the risk factor "*The Notes are perpetual and may not be redeemed at the option of the Holders, any rights of the Issuer to redeem or repurchase Notes are subject to the prior permission of the Competent Authority and/or the Resolution Authority, and redemption may occur at a time when the redemption proceeds are less than the market price of the Notes.*")."

4.5 The risk factor entitled "Some aspects of the manner how CRR/CRD IV is applied and/or will be amended in the future are uncertain." commencing on page 44 of the Original Prospectus shall be replaced in its entirety by the following risk factor:

"Some aspects of the manner how CRR/CRD IV is applied and/or will be amended in the future are uncertain.

Many of the provisions of the Terms and Conditions of the Notes depend on the final interpretation or even implementation of CRR/CRD IV (including any regulations promulgated thereunder).

CRR/CRD IV is a complex set of rules and regulations that imposes a series of new requirements, some of which are still subject to transitional provisions and others are likely to be amended in the near future. Although the CRR is directly applicable in each EU Member State, the CRR provides for important interpretational issues to be further specified through binding technical standards and/or delegated legal acts and through guidelines and leaves certain other matters to the discretion of the Competent Authority and/or the Resolution Authority.

In addition, the Issuer and Erste Group are subject to direct supervision of the ECB. The manner in which many of the concepts and requirements under CRR/CRD IV are applied to the Issuer and Erste Group remains somehow uncertain. In addition, both the CRR/CRD IV as well as the BRRD are currently under review and will be amended in the near future (see also the risk factor "*New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject Erste Group to increased capital requirements or standards and require it*

to obtain additional capital or liquidity in the future."). These amendments will also contain some changes as regards AT 1 instruments and distributions made thereon (as well as their possible cancellation), subject to further changes under the EU legislative procedure.

Furthermore, the interplay between the SREP requirements and the Maximum Distributable Amount and the determination of the Maximum Distributable Amount are complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to make discretionary payments including distribution payments on the Notes, on the Issuer's ability to reinstate the Current Principal Amount of the Notes following a Write-down and on its ability to redeem or repurchase Notes. There are a number of factors for such complexity:

- (i) It applies when certain capital buffers are not maintained. A "capital buffer" is an amount of capital that a credit institution is required to maintain beyond the minimum amount required by applicable regulations. If the institution fails to meet the capital buffer, it becomes subject to restrictions on payments and distributions on Tier 1 instruments (including its ability to make payments on and to redeem and repurchase Additional Tier 1 instruments such as the Notes), and on the payment of certain bonuses to employees. There are several different buffers, some of which are intended to encourage countercyclical behaviour (with extra capital retained when profits are robust), and others of which are intended to provide additional capital cushions for institutions whose failure would result in a significant systemic risk.
- (ii) Certain buffer rates depend and will depend on the macro-economic situation (in case of the (institution-specific) countercyclical buffer: the credit cycle and risks due to excess credit growth in an EU Member State, taking into account specificities of the national economy), the existence of systemic risks (in case of the systemic risk buffer) or because of the assessment of a credit institution/its group as G-SIB or O-SII (in case of the G-SIB buffer and the O-SII buffer). As a result, it is difficult to predict when and how the Maximum Distributable Amount will apply to the Notes, and to what extent. For Erste Group, the KP-V stipulates a systemic risk buffer and an O-SII buffer (both to be applied on individual and consolidated level), each totalling 2.00% (since 1 January 2019).
- (iii) The Issuer will have the discretion to determine how to allocate the Maximum Distributable Amount among the different types of payments contemplated in Article 141(2) CRD IV. Moreover, payments made earlier in the relevant period will reduce the remaining Maximum Distributable Amount available for payments later in the relevant period, and the Issuer will have no obligation to preserve any portion of the Maximum Distributable Amount for payments scheduled to be made later in a given period. Even if the Issuer attempts to do so, it may not be successful, because the Maximum Distributable Amount will depend on the amount of profits earned during the course of the relevant period, which will necessarily be difficult to predict and the Issuer might be restricted by the Competent Authority and/or the Resolution Authority to make the relevant distribution payment scheduled to be paid.

These issues and other possible issues of interpretation make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit distribution payments on the Notes, the reinstatement of the Current Principal Amount of the Notes following a Write-down and the ability of the Issuer to redeem and repurchase Notes (see also the risk factor "*New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject Erste Group to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.*").

This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes.

The application of certain capital requirements on an individual level might be waived by the competent authorities. As a result, the Common Equity Tier 1 capital ratios would only apply on the level of Erste Group and interaction with buffer requirements on an individual level might be unclear. As a result, the determination of a Trigger Event, a Write-up and the Maximum Distributable Amount might be difficult to predict under such circumstances.

Furthermore, the EU banking reform package, *inter alia*, foresees a requirement for MREL to be taken into account in the calculation of another restriction operating as maximum distributable amount together with Pillar 1 and Pillar 2 capital requirements as well as the combined buffer requirement, potentially subject to a certain transitional period in case of inability to issue eligible debt, during which restrictions relating to such maximum distributable amounts would not be triggered, but competent authorities would be able to take other appropriate measures, such as prohibiting the Issuer to make payments on the Notes. The introduction of such additional capital requirements could impact the Issuer's ability to meet the combined buffer requirement, which, in turn, might impact its ability to make payments on the Notes which could affect the market price of the Notes (see also the risk factor "*New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject Erste Group to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.*")."

- 4.6 The risk factor entitled "The Notes are perpetual and may not be redeemed at the option of the Holders, any rights of the Issuer to redeem or repurchase Notes are subject to the prior permission of the Competent Authority and/or the Resolution Authority, and redemption may occur at a time when the redemption proceeds are less than the market price of the Notes." commencing on page 46 of the Original Prospectus shall be replaced in its entirety by the following risk factor:**

"The Notes are perpetual and may not be redeemed at the option of the Holders, any rights of the Issuer to redeem or repurchase Notes are subject to the prior permission of the Competent Authority and/or the Resolution Authority, and redemption may occur at a time when the redemption proceeds are less than the market price of the Notes.

The Notes are perpetual and have no scheduled maturity date. The Issuer is under no obligation to redeem the Notes at any time before its liquidation or insolvency.

The Issuer may, at its sole discretion, redeem the Notes at any time either for tax or regulatory reasons at the Redemption Amount plus accrued distributions, if any. In addition, the Issuer may, at its sole discretion, redeem the Notes, but not before five years after the date of their issuance, on specified Call Redemption Dates at the applicable Redemption Amount plus accrued distributions, if any. Such optional redemption features are likely to limit the market price of the Notes, as during any period when the Issuer may decide to redeem the Notes, the market price of the Notes generally will not rise substantially above the price at which they can be redeemed (see also the risk factor "*The Issuer may be required to reduce the initial principal amount of the Notes to absorb losses, which would reduce any redemption amount and any distribution payable on the Notes while the Notes are written down.*").

Any such redemption and any repurchase of the Notes (including any repurchase for market making purposes) are subject to the prior permission pursuant to Article 77 *et seqq.* CRR of the Competent Authority which is responsible to supervise the Issuer and/or the Erste Group and compliance with regulatory capital rules applicable from time to time to the Issuer. In addition, it might be possible that the Issuer also requires the prior permission by the Resolution Authority. Under the CRR, the Competent Authority may only permit institutions to redeem Additional Tier 1 instruments such as the Notes if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account

by the Competent Authority in its assessment of whether or not to permit any redemption or repurchase. It is uncertain how the Competent Authority and/or the Resolution Authority will apply these criteria in practice and such rules and standards may change during the tenor of the Notes. It is therefore difficult to predict whether, and if so, on what terms, the Competent Authority and/or the Resolution Authority will grant its prior permission for any redemption or repurchase of the Notes.

Furthermore, even if the Issuer would be granted the prior permission of the Competent Authority and/or the Resolution Authority, any decision by the Issuer as to whether it will redeem the Notes will be made at the absolute discretion of the Issuer, and the Issuer may have regard to external factors such as the economic and market impact of exercising a redemption right, regulatory capital requirements and prevailing market conditions. The Issuer disclaims, and investors should therefore not expect, that the Issuer will exercise any redemption right in relation to the Notes. Holders of the Notes should therefore be aware that they may be required to bear the financial risks of an investment in the Notes perpetually.

Subject to the limitations and conditions in the Terms and Conditions, the Issuer may exercise its right to redeem the Notes at its option on certain Call Redemption Dates only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

The Holders of the Notes have no rights to call for redemption of their Notes and should not invest in the Notes in the expectation that any redemption right will be exercised by the Issuer. Excluding the Holders' right to demand for redemption of the Notes is mandatory due to the Applicable Supervisory Regulations. Thus, without redemption by Holders being excluded, the Issuer would not be able to issue the Notes at all. Investors should therefore carefully consider whether they think that a right of redemption only for the Issuer would be to their detriment, and should, if they think that this is the case, not invest in the Notes.

Even if the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market price of the Notes (i.e. in case of redemption at the option of the Issuer, if the Notes are trading above par or, in case of redemption for regulatory reasons or reasons of taxation, if the Redemption Amount is below par), which may result in a crystallisation of a loss for the Holders, in particular if the Current Principal Amount is less than the Original Principal Amount, in case of a redemption of the Notes for regulatory reasons or reasons of taxation."

5. 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 and the Prospectus Supplement No. 2 dated 2 October 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 September 2018 and no material adverse change in the prospects of the Issuer since 31 December 2017."

6. **AMENDMENTS TO THE SECTION ENTITLED "3. TERMS AND CONDITIONS OF THE NOTES" COMMENCING ON PAGE 59 OF THE ORIGINAL PROSPECTUS**

The information in Option I of the Terms and Conditions of the Notes after "[OPTION I – TERMS AND CONDITIONS FOR NOTES WITH A FIXED TO FIXED DISTRIBUTION RATE" commencing on page 60 of the Original Prospectus shall be replaced by the following information:

**"§ 1
CURRENCY, DENOMINATION, FORM,
CERTAIN DEFINITIONS**

(1) *Currency, Denomination.* This issue of subordinated notes (the "**Notes**") is being issued by Erste Group Bank AG (the "**Issuer**") in [*insert specified currency*] (the "**Specified Currency**") in the aggregate principal amount of [*insert specified currency and aggregate principal amount*] (in words: [*insert aggregate principal amount in words*]) in the denomination of [*insert specified currency and specified denomination*] (the "**Original Principal Amount**").

(2) *Form.* The Notes are being issued in bearer form.

[In case of Notes which are exclusively represented by a Permanent Global Note insert:

(3) *Permanent Global Note.* The Notes are represented by a permanent global note (the "**Permanent Global Note**" or the "**Global Note**") without coupons; the claim for distribution payments under the Notes is represented by the Permanent Global Note. The Permanent Global Note shall be signed by authorised representatives of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and coupons will not be issued.]

[In case of Notes which are initially represented by a Temporary Global Note, which will be exchangeable for a Permanent Global Note, insert:

(3) *Temporary Global Note – Exchange for Permanent Global Note.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in the Original Principal Amount represented by a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**") without coupons; any claim for distribution payments under the Notes is represented by the relevant Global Note. The Global Notes shall each be signed by authorised representatives of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and coupons will not be issued.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note in the form and subject to the conditions provided in § 1 (3)(a) above from a date (the "**Exchange Date**") not earlier than 40 calendar days after the date of issuance of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is (are) not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of distributions on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of distributions. Any such certification received on or after the 40th calendar day after the date of issuance of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to § 1 (3)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6 (5)).]

(4) *Clearing System.* The Global Note(s) will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing**

System" means **[if more than one Clearing System insert:** each of] [OeKB CSD GmbH, Strauchgasse 1-3, A-1010 Vienna, Austria ("**OeKB CSD**") [,] [and] [Clearstream Banking, S.A., Luxembourg, 42 Avenue J.F. Kennedy, LU-1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium ("**Euroclear**" and, together with CBL, the "**ICSDs**") [,] [and] **[specify other Clearing System]** and any successor in such capacity. **[In case of Notes to be kept in custody on behalf of the ICSDs insert:** The Notes shall be kept in custody by a common depositary on behalf of both ICSDs.]

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

(6) *Business Day.* "**Business Day**" means a calendar day (other than a Saturday or a Sunday) on which **[insert, as applicable:** commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres]] [insert, as applicable:** [and] the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("**TARGET**") is open].

§ 2 STATUS

(1) *Ranking.* The Notes constitute direct, unsecured and subordinated obligations of the Issuer and constitute AT 1 Instruments (as defined below).

In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (i) junior to all present or future: (a) unsubordinated instruments or obligations of the Issuer; and (b) (x) obligations under any Tier 2 Instruments (as defined below); and (y) all other instruments or obligations of the Issuer ranking or expressed to rank subordinated to the unsubordinated obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);
- (ii) *pari passu*: (a) among themselves; and (b) with all other present or future instruments or obligations ranking or expressed to rank *pari passu* with the Notes; and
- (iii) senior to all present or future: (a) ordinary shares of the Issuer and any other CET 1 Instruments (as defined below); and (b) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (x) subordinated to the obligations of the Issuer under the Notes; or (y) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments.

For the avoidance of doubt, Holders will not participate in any reserves of the Issuer in the event of its liquidation.

The rights of the Holders of the Notes to payment of principal on the Notes are at any time limited to a claim for the prevailing Current Principal Amount (as defined in § 5 (8)(c)).

(2) *No Negative Equity and Waiver of Petition.* The Holders will be entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital* within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – UGB*)) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* or junior to the Notes) of the Issuer have been satisfied first.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. The Notes do not contribute to a determination that the liabilities of the Issuer exceeds its assets; therefore the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*).

(3) *No Set-off, Netting or Security.* Claims of the Issuer are not permitted to be set-off or netted against repayment obligations of the Issuer under these Notes. No contractual collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation.

(4) *Definitions.* In these Terms and Conditions:

"**AT 1 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

"**CET 1 Instruments**" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR.

"**CRR**" means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (*Capital Requirements Regulation*), as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Tier 2 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital instruments that qualify as Tier 2 instruments pursuant to transitional provisions under the CRR.

(5) *Note on the possibility of statutory resolution measures.* Prior to any insolvency or liquidation of the Issuer, under bank resolution laws applicable to the Issuer from time to time, the competent resolution authority may write down (including to zero) the obligations of the Issuer under the Notes, convert them into shares or other instruments of ownership of the Issuer or apply any other resolution measure, including (but not limited to) any transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes.

§ 3 DISTRIBUTIONS

(1) *Distribution Rates and Distribution Payment Dates.* The Notes shall bear distributions on the Current Principal Amount (as defined below) at the rate of **[insert First Rate of Distributions]** per cent. per annum (the "**First Rate of Distributions**") from and including **[insert Distribution Commencement Date]** (the "**Distribution Commencement Date**") to but excluding **[insert First Reset Date]** (the "**First Reset Date**") and thereafter at the relevant Reset Rate (as determined according to § 3 (4)) from and including each Reset Date to but excluding the next following Reset Date. **[In case of a short or long first distribution period insert:** With the exception of the first payment of distributions, distributions] **[in case of Notes which have only regular fixed distribution payments insert:** Distributions] shall be scheduled to be paid **[in case of quarterly fixed distribution payments insert:** quarterly] **[in case of semi-annual fixed distribution payments insert:** semi-annually] **[in case of annual fixed distribution payments insert:** annually] in arrear on **[insert Distribution Payment Dates]** in each year (each such date, a "**Distribution Payment Date**"), commencing on **[insert first Distribution Payment Date]** **[in case of a short or long first distribution period insert:** ([short] [long] first coupon)].

Distributions will fall due subject to the provisions set out in § 4 (4) and § 5 (8).

(2) *Calculation of Amount of Distributions.* If the amount of distributions scheduled to be paid under the Notes is required to be calculated for any period of time such amount of distributions for any Distribution Period shall be calculated by the Calculation Agent by

applying the First Rate of Distributions to the Current Principal Amount and if the amount of distributions payable under the Notes is required to be calculated for any Distribution Period falling in any Reset Period, such amount of distributions shall be calculated by the Calculation Agent by applying the applicable Reset Rate to the Current Principal Amount, in each case multiplying such amount by the applicable Day Count Fraction (as defined below), and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

If a Write-down (as defined in § 5 (8)) occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date (as defined in § 5 (8)) are cancelled in accordance with § 3 (6)(c), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Effective Date.

If, pursuant to § 5 (9), the Current Principal Amount of the Notes is subject to a Write-up, during a Distribution Period, the amount of distributions shall be calculated by the Calculation Agent on the basis of the adjusted Current Principal Amount from time to time so that the relevant amount of distributions is determined by reference to such Current Principal Amount as adjusted from time to time and as if such Distribution Period were comprised of two or (as applicable) more consecutive distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

"Distribution Period" means the period from and including the Distribution Commencement Date to but excluding the first Distribution Payment Date and each successive period from and including a Distribution Payment Date to but excluding the next succeeding Distribution Payment Date.

(3) *Day Count Fraction*. **"Day Count Fraction"** means, in respect of the calculation of an amount of distributions on any Note for any period of time (the **"Calculation Period"**):

[In case Actual/Actual (ICMA) applies, insert:

- (i) if the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of calendar days in such Calculation Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates (as specified below) that would occur in one calendar year; or
- (ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (A) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates that would occur in one calendar year.

Where:

"Determination Period" means the period from and including a Determination Date to but excluding the next Determination Date (including, where the Distribution Commencement Date is not a Determination Date, the period commencing on the first Determination Date prior to the Distribution Commencement Date, and where the final Distribution Payment Date is not a Determination Date, the first Determination Date falling after the final Distribution Payment Date, as the case may be).

"**Determination Date**" means [●] in each year. The number of Determination Dates per calendar year is [*insert number of regular fixed distribution payment dates per calendar year*].]

[*In case Actual/Actual (ISDA) or Actual/365 applies, insert:* the actual number of calendar days in the Calculation Period divided by 365 (or, if any calculation portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[*In case Actual/365 (Fixed) applies, insert:* the actual number of calendar days in the Calculation Period divided by 365.]

[*In case Actual/360 applies, insert:* the actual number of calendar days in the Calculation Period divided by 360.]

[*In case 30/360, 360/360 or Bond Basis applies, insert:* the number of calendar days in the Calculation Period divided by 360, the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months (unless: (1) the last calendar day of the Calculation Period is the 31st calendar day of a month but the first calendar day of the Calculation Period is a calendar day other than the 30th or 31st calendar day of a month, in which case the month that includes that last calendar day shall not be considered to be shortened to a 30-calendar day month; or (2) the last calendar day of the Calculation Period is the last calendar day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

[*In case 30E/360 or Eurobond Basis applies, insert:* the number of calendar days in the Calculation Period divided by 360 (the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months, without regard to the date of the first calendar day or last calendar day of the Calculation Period unless, in the case of the final Calculation Period, the date of redemption is the last calendar day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30- calendar day month).]

(4) *Determination of the Reset Rate.*

(a) *Reset Rate.* The rate of distributions for each Reset Period (each a "**Reset Rate**") shall be the sum of: (x) the Reference Rate (as defined below); and (y) the Margin (as defined below) [*in case of semi-annual or quarterly Distributions insert:*, such sum converted from an annual basis to a [*semi-annual*] [*quarterly*] basis in accordance with market convention].

"**Reference Rate**" in respect of each Reset Period means the annual swap rate (expressed as a percentage) for swap transactions in the Specified Currency with a term [of [*insert relevant term*]] [equal to the term of the Reset Period starting on the relevant Reset Date], which appears on the Screen Page (as defined below) as of [*insert relevant time*] ([*insert relevant financial centre*] time) on the relevant Reset Determination Date (as defined below), all as determined by the Calculation Agent (as specified in § 6 (1)).

If the Screen Page is unavailable or if the Reference Rate does not appear on the Screen Page as at such time on the relevant Reset Determination Date, the Calculation Agent shall request the principal office of each Reference Bank (as defined below) to provide the Calculation Agent with its mid-market swap rate quotation (expressed as a percentage rate) at approximately [*insert relevant time*] ([*insert relevant financial centre*] time) on the relevant Reset Determination Date.

"**Mid-market swap rate**" means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating interest rate swap transaction in the Specified Currency with a term of [of [*insert relevant term*] [equal to the term of the Reset Period and commencing on the relevant Reset Date] and in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is based on [*insert relevant reference rate*]

and designated maturity] (or such other reference rate as is used in accordance with the customary market practice at such time).

If three or more of the Reference Banks provide the Calculation Agent with such rates, the Reference Rate for the relevant Reset Period shall be deemed to be the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards) of such rates eliminating the highest rate (or, in the event of equality, one of the highest) and the lowest rate (or, in the event of equality, one of the lowest), all as determined by the Calculation Agent.

If the Reference Rate cannot be determined in accordance with the foregoing provisions of this definition of the term "Reference Rate", the Reference Rate for the relevant Reset Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion (§ 315 of the German Civil Code); the Calculation Agent shall take general market practice into account when determining such rate.

"Margin" means *[insert credit spread as of the pricing date (which shall not include any increase of the rate of distribution or other incentive to redeem the Notes)] per cent. per annum.*

Where:

"German Civil Code" means the German Civil Code (*Bürgerliches Gesetzbuch – BGB*), as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant paragraphs of the German Civil Code include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Reference Banks" means five leading swap dealers in the interbank market.

"Reset Date" means the First Reset Date and [each *[insert term]* anniversary thereof for as long as the Notes remain outstanding] *[insert other Reset Dates]*.

"Reset Period" means the period from and including a Reset Date to but excluding the next following Reset Date.

"Reset Determination Date" means the [first] [second] *[insert other relevant number of Business Days]* Business Day [(as defined in § 1 (6))] prior to any Reset Date. *[if a definition is required, which differs from the "Business Day" definition applicable in § 1, insert:* For the purposes of this § 3 (4) only, "Business Day" means a calendar day (other than a Saturday or a Sunday *[in case the Reference Rate is the USD-Swap Rate, insert:* or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities) [,] [,] *[if applicable, insert:* on which *[in case TARGET shall be open, insert:* the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open] *[and] commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in [insert relevant financial centres]].*

"Screen Page" means *[insert relevant Screen Page, heading, caption]* or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the Reference Rate.

(b) *Notification of Reset Rate.* The Calculation Agent will cause the Reset Rate to be notified to the Issuer, any stock exchange on which the Notes are from time to time listed (if required by the rules of such stock exchange) and to the Holders in accordance with § 10 as soon as possible after its determination.

(c) *Benchmark Replacement.* Notwithstanding the provisions above in this § 3, if the Calculation Agent (in consultation with the Issuer) determines that the Reference Rate has ceased to be published on the Screen Page as a result of the Reference Rate and/or the *[insert relevant reference rate and designated maturity]* (the "Mid-Swap Floating Leg

Benchmark Rate") ceasing to be calculated or administered, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser (as defined below) to determine in the Independent Adviser's reasonable discretion an alternative rate (the "**Alternative Benchmark Rate**") and an alternative screen page or source (the "**Alternative Screen Page**") no later than three Business Days prior to the Reset Determination Date relating to the next succeeding Reset Period (the "**IA Determination Cut-off Date**") for purposes of determining the Reference Rate for all future Reset Periods (subject to the subsequent operation of this § 3(4)(c));
- (ii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser determines in its reasonable discretion has replaced the Reference Rate in customary market usage for purposes of determining a **[insert relevant term]** mid-swap rate denominated in the Specified Currency or, if the Independent Adviser determines in its reasonable discretion that there is no such rate, such other rate as the Independent Adviser determines in its reasonable discretion is most comparable to the Reference Rate, and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;
- (iii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine an Alternative Benchmark Rate and Alternative Screen Page prior to the IA Determination Cut-off Date in accordance with § 3(4)(c)(ii) above, then the Issuer (in consultation with the Calculation Agent and acting in good faith and a commercially reasonable manner) may determine which (if any) rate has replaced the Reference Rate in customary market usage for purposes of determining a **[insert relevant term]** mid-swap rate denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; provided, however, that if this § 3(4)(c)(iii) applies and the Issuer is unable to determine an Alternative Benchmark Rate and Alternative Screen Page prior to the Reset Determination Date relating to the next succeeding Reset Period in accordance with this § 3(4)(c)(iii), the Reference Rate applicable to such Reset Period shall be equal to the Reset Rate last determined in relation to the Notes in respect of a preceding Reset Period (which may be the First Rate of Distributions minus the Margin);
- (iv) if an Alternative Benchmark Rate and Alternative Screen Page is determined in accordance with the preceding provisions, such Alternative Benchmark Rate and Alternative Screen Page shall be the benchmark and the Screen Page in relation to the Notes for all future Reset Periods (subject to the subsequent operation of this § 3(4)(c));
- (v) if the Independent Adviser or the Issuer determines an Alternative Benchmark Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be), may also, following consultation with the Calculation Agent, determine in its reasonable discretion any necessary changes to the Reference Rate, the Mid-Swap Floating Leg Benchmark Rate, the Day Count Fraction, the Business Day Convention, the Business Days and/or the Reset Determination Date applicable to the Notes (including any necessary adjustment factor that is necessary to make the Reference Rate comparable to a **[insert relevant term]** mid-swap rate based on the **[insert relevant reference rate and designated maturity]**), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Alternative Benchmark Rate, which changes shall be deemed to apply to the Notes for all future Reset Periods (subject to the subsequent operation of this § 3(4)(c)); and
- (vi) the Issuer shall, promptly following the determination of any Alternative Benchmark Rate and Alternative Screen Page, give notice thereof and of any changes which are deemed to apply to the Notes pursuant to § 3(4)(c)(v) above in accordance with § 10 to the Holders.

For the purposes of this § 3(4)(c), "**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser in the Euro-Zone experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

(d) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent or, as the case may be, any Independent Adviser or the Issuer, shall (in the absence of wilful default, bad faith, inequity or manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Fiscal Agent, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(5) *Default Distributions.* The Notes shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Current Principal Amount of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the default rate of distributions established by law. This does not affect any additional rights that might be available to the Holders.

(6) *Cancellation of Distributions.*

(a) The Issuer, at its full discretion, may, at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis. The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due. If the Issuer makes use of such right, it shall give notice to the Holders without undue delay and in any event no later than on the Distribution Payment Date.

(b) Without prejudice to such full discretion of the Issuer, any payment of distributions scheduled to be paid on the Notes on any Distribution Payment Date and any Additional Amounts thereon shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

- (i) the amount of such distribution payment scheduled to be paid on the Notes and any Additional Amounts thereon together with any further Relevant Distributions would exceed the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes and any Additional Amounts thereon) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or
- (ii) the Competent Authority orders the relevant distribution payment scheduled to be paid on the Notes to be cancelled in whole or in part; or
- (iii) another prohibition of such distribution on the Notes, or of such distribution on the Notes when aggregated with any other Relevant Distributions, is imposed by law or any authority.

Prohibitions of distributions imposed by law or any authority pursuant to clause (iii) include, but are not limited to,

- (A) any restrictions of distributions as a result of non-compliance with the combined buffer requirement (howsoever defined) applicable at the time;
- (B) any prohibition of distributions in connection with the calculation of the Maximum Distributable Amount;
- (C) the limit resulting from the Maximum Distributable Amount; and
- (D) any other restriction operating as maximum distributable amount in accordance with any legal or regulatory requirements applicable to the Issuer at the time.

If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice to the Holders thereof without undue delay. Any failure to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose.

(c) If a Write-down (as defined in § 5 (8)) occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date (as defined in § 5 (8)) will be cancelled mandatorily and automatically in full.

(d) Any distribution payment so cancelled will be non-cumulative and will be cancelled definitively and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer.

(e) *Definitions.* In these Terms and Conditions:

"Austrian Banking Act" means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant paragraphs of the Austrian Banking Act include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Competent Authority" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSM Regulation, in each case, which is responsible to supervise the Issuer and/or the Erste Group.

"CRD" means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (*Capital Requirements Directive*), as implemented in Austria and as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant Articles of the CRD include references to any applicable provisions of law amending or replacing such Articles from time to time.

"Distributable Items" means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR, as amended from time to time, in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which such Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

"Erste Group" means the Issuer and its consolidated Subsidiaries.

"Maximum Distributable Amount" means any maximum distributable amount (*maximal ausschüttungsfähiger Betrag*) relating to the Issuer and/or the Erste Group, as the case may be, that may be required to be calculated in accordance with (i) § 24(2) of the Austrian Banking Act (implementing Article 141(2) CRD in Austria), as amended or replaced from time to time, or (ii) any successor provision thereto.

"Relevant Distributions" means the sum of: (i) any payments of distributions on the Notes that have been made, are simultaneously made or are scheduled to be made by the Issuer in the then current financial year of the Issuer; and (ii) any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on all other Tier 1 Instruments in the then current financial year of the Issuer; (iii) the amount of any Write-up (as defined below) made in the then current financial year, if any; and (iv) any amount, payment or distribution as may be relevant under any restrictions operating as maximum distributable amount in accordance with any legal or regulatory requirements applicable to the Issuer at the time.

"Relevant Financial Statements" means: (i) the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are

not available at the relevant Distribution Payment Date, unaudited unconsolidated *pro forma* financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

"**SSM Regulation**" means the Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (*Single Supervisory Mechanism Regulation*), as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant Articles of the SSM Regulation include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Subsidiary**" means any subsidiary of the Issuer pursuant to Article 4(1)(16) CRR.

"**Tier 1 Instruments**" means: (i) the CET 1 Instruments; (ii) the AT 1 Instruments; and (iii) any other instruments or obligations of the Issuer ranking *pari passu* as regards payment of interest, dividends or distributions with CET 1 Instruments or AT 1 Instruments.

§ 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4 (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

(b) *Payment of Distributions.* Payment of distributions on the Notes shall be made, subject to § 3 (6) above and § 4 (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System **[in case of distribution payments on a Temporary Global Note insert:**, and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification as provided for in § 1 (3)(b)].

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

[In case of Notes the Specified Currency of which is not Euro, insert: If the Issuer determines that it is impossible to make payments of amounts due on the Notes in freely negotiable and convertible funds on the relevant due date for reasons beyond its control or that the Specified Currency or any successor currency provided for by law (the "**Successor Currency**") is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payments in Euro on the relevant due date on the basis of the Applicable Exchange Rate. Holders shall not be entitled to further interest or any additional amounts as a result of such payment. The "**Applicable Exchange Rate**" shall be: (i) (if such exchange rate is available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) determined and published by the European Central Bank for the most recent calendar day falling within a reasonable period of time prior to the relevant due date; or (ii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) which the Fiscal Agent has calculated as the arithmetic mean of offered rates concerning the Specified Currency or the Successor Currency (if applicable) quoted to the Fiscal Agent by four leading banks operating in the international foreign exchange market for the most recent calendar day falling within a reasonable (as determined by the Fiscal Agent in its reasonable discretion (§ 315 of the German Civil Code)) period of time prior to the relevant due date; or (iii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) as determined by the Fiscal Agent in its reasonable discretion (§ 315 of the German Civil Code).]

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Fixed Payment Business Day*. If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Fixed Payment Business Day (as defined below), the due date for such payment shall be:

[in case Modified Following Business Day Convention applies, insert: postponed to the next calendar day which is a Fixed Payment Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be the immediately preceding calendar day which is a Fixed Payment Business Day.]

[in case Following Business Day Convention applies, insert: postponed to the next calendar day which is a Fixed Payment Business Day.]

[in case Preceding Business Day Convention applies, insert: moved forward to the immediately preceding calendar day which is a Fixed Payment Business Day.]

"**Fixed Payment Business Day**" means a calendar day (other than a Saturday or a Sunday): (i) on which the Clearing System is open; and (ii) [which is a Business Day (as defined in § 1 (6))] [on which **[insert, as applicable:** commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres]**] **[insert, as applicable:** [and] the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open]].

[If the distribution amount shall be adjusted, insert: If any Fixed Payment Business Day is **[in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert:** brought forward] [or] **[in case Modified Following Business Day Convention or Following Business Day Convention applies, insert:** postponed] (as described above), the amount of distribution shall be adjusted accordingly.]

[If the distribution amount shall not be adjusted, insert: If any Fixed Payment Business Day is **[in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert:** brought forward] [or] **[in case Modified Following Business Day Convention or Following Business Day Convention applies, insert:** postponed] (as described above), the amount of distribution shall not be adjusted accordingly.]

If the due date for the redemption of the principal amount of the Notes is adjusted the Holder shall not be entitled to payments in respect of such adjustment.

(5) *References to Principal and Distributions*. References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Current Principal Amount (as defined in § 5 (8)(c)); the Redemption Amount of the Notes (as defined in § 5 (7)); and any premium and any other amounts (other than distributions) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7 (1)) which may be payable under § 7 (1).

§ 5 REDEMPTION AND WRITE-DOWN

(1) *No Scheduled Maturity*. The Notes are perpetual and have no scheduled maturity date and shall not fall due for redemption except in the cases provided for in § 5(3), § 5(4) or § 5(5) (in each case in connection with § 5(6)) or (subject always to the ranking of the Issuer's obligations under the Notes set forth in § 2) in the case of a liquidation of the Issuer (unless this is done for the purpose or as a result of a merger, restructuring or re-organisation in respect of which the Issuer is still solvent and the continuing entity assumes substantially all of the assets and obligations of the Issuer).

(2) *No Redemption at the Option of a Holder*. The Holders do not have a right to demand the redemption of the Notes.

(3) *Redemption at the Option of the Issuer.* The Issuer may, upon giving notice in accordance with § 5 (7), redeem the Notes in whole, but not in part, at the Redemption Amount on any Call Redemption Date. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3 (6). Any such redemption pursuant to this § 5 (3) shall not be possible before five years from the date of issuance and shall only be possible provided that the conditions to redemption and repurchase laid down in § 5 (6) are met.

"Call Redemption Date" means the First Reset Date and each [anniversary date thereof] [Distribution Payment Date thereafter] [Reset Date thereafter].

The Issuer may exercise its redemption right pursuant to § 5 (3) only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

(4) *Redemption for Reasons of Taxation.* If a Tax Event occurs, the Issuer may, upon giving notice in accordance with § 5 (7), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5 (6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3 (6).

Where:

A **"Gross-up Event"** occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts (as defined in § 7 (1)).

A **"Tax Deductibility Event"** occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer, in computing its taxation liabilities in Austria, would not be entitled to claim a deduction in respect of distributions paid on the Notes, or such deductibility is materially reduced.

"Tax Event" means a change in, or amendment to, or clarification of, the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which change or amendment or clarification: (x) subject to (y), becomes effective on or after the date of issuance of the Notes; or (y) in the case of a change, if such change is enacted on or after the date of issuance of the Notes.

(5) *Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may, upon giving notice in accordance with § 5 (7), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5 (6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3 (6).

A **"Regulatory Event"** occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds (other than as a consequence of a Write-down) or reclassification as a lower quality form of own funds (in each case, on an individual basis of the Issuer and/or on a consolidated basis the Erste Group).

(6) *Conditions to Redemption and Repurchase.* Any redemption pursuant to this § 5 [**if a repurchase of Notes is permissible insert:** and any repurchase pursuant to § 9 (2)] is subject to:

- (i) the Issuer having obtained the prior permission of the Competent Authority for the redemption [**if a repurchase of Notes is permissible insert:** or any repurchase pursuant to § 9 (2)] in accordance with Article 78 CRR, whereas such permission may, *inter alia*, require that:

- (x) either the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
 - (y) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such redemption or repurchase, exceed the minimum requirements laid down in the CRD and the CRR by a margin that the Competent Authority considers necessary at such time; and
- (ii) in the case of any redemption or repurchase prior to the fifth anniversary of the date of issuance of the Notes:
- (x) due to a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes; and
 - (y) due to a Regulatory Event, the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes.

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption [***if a repurchase of Notes is permissible insert:*** or repurchase], the prevailing applicable laws or regulations permit the redemption [***if a repurchase of Notes is permissible insert:*** or repurchase] only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

(7) *Redemption Notice; Redemption Amount.* Any notice of redemption in accordance with § 5 (3), § 5 (4) or § 5 (5) shall be given by the Issuer to the Holders in accordance with § 10 observing a notice period of not less than [***insert Minimum Notice Period, which shall not be less than 5 Business Days***] [calendar days] [Business Days] [***in case of a Maximum Notice Period insert:*** nor more than [***insert Maximum Notice Period***] [calendar days] [Business Days]]. Such notice shall be irrevocable and shall specify:

- (i) the series number of the Notes;
- (ii) in the case of a notice of redemption in accordance with § 5 (3) the Call Redemption Date or in the case of a notice of redemption in accordance with § 5 (4) or § 5 (5) the date of redemption; and
- (iii) the Redemption Amount at which the Notes are to be redeemed.

"Redemption Amount" per Note means the Current Principal Amount per Note.

Any notice of redemption in accordance with § 5 (3), § 5 (4) or § 5 (5) and this § 5 (7) will be subject to § 5 (8)(b).

(8) *Write-down.*

(a) If a Trigger Event (as defined below) has occurred:

- (i) the Issuer will immediately inform the Competent Authority that the Trigger Event has occurred;
- (ii) the Issuer will determine the Write-down Amount (as defined below) as soon as possible, but in any case within a maximum period of one month following the determination that a Trigger Event has occurred;

- (iii) the Issuer will without undue delay inform the Fiscal Agent and the Holders that a Trigger Event has occurred by publishing a notice (such notice a "**Write-down Notice**") which will specify the Write-down Amount as well as the new/reduced Current Principal Amount of each Note and the Effective Date (as defined below), provided that any failure to provide such Write-down Notice shall not prevent, or otherwise impact the exercise of a Write-down;
- (iv) the Issuer will (without the need for the consent of Holders) reduce the Current Principal Amount of each Note by the relevant Write-down Amount (such reduction being referred to as a "**Write-down**") without undue delay, but not later than within one month, with effect as from the Effective Date; and
- (v) unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date will be cancelled in accordance with § 3 (6)(c).

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be subject to a Write-down on more than one occasion and the Current Principal Amount of a Note may never be reduced to below [*insert Specified Currency*] [*0.01 or lower amount*].

(b) The Issuer shall not give a notice of redemption after a Write-down Notice has been given until the Write-down has been effected in respect of the relevant Trigger Event.

In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void and the relevant redemption shall not be made.

(c) *Definitions.* In these Terms and Conditions:

"**Applicable Supervisory Regulations**" means, at any time, any requirements of Austrian law or contained in the regulations, requirements, guidelines or policies of the Competent Authority, the European Parliament and/or the European Council, then in effect in Austria and applicable to the Issuer and the Erste Group, including but not limited to the provisions of the Austrian Banking Act, the CRD, the CRR, the CDR and the SSM Regulation in each case as amended from time to time, or such other law, regulation or directive as may come into effect in place thereof.

"**CDR**" means the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (*Capital Delegated Regulation*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CDR include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Current Principal Amount**" means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-down and, subsequent to any such reduction, may be increased by a Write-up (as defined below), if any (up to the Original Principal Amount).

"**Effective Date**" means the date specified as such in the Write-down Notice to the Holders, being no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

"**Group CET 1 Capital Ratio**" means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Erste Group on a consolidated basis, as calculated by the Issuer in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

"**Issuer CET 1 Capital Ratio**" means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated by the Issuer in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

"Minimum Trigger Level" means in respect of: (i) the Group CET 1 Capital Ratio [*insert consolidated minimum trigger level*] per cent.; and/or (ii) the Issuer CET 1 Capital Ratio [*insert individual minimum trigger level*] per cent.

"Required Loss Absorption Amount" means the amount by which, upon the occurrence of a Trigger Event, a Write-down of the aggregate Current Principal Amount of the Notes shall be effected *pro rata* with the aggregate (current) principal amount of any other AT 1 Instruments the trigger events for a write-down or conversion (loss absorption) of which pursuant to their terms have occurred and whose minimum trigger levels have not been restored, irrespective of the opening of any insolvency proceedings. For such purpose, the total amount of the write-downs to be allocated *pro rata* shall be equal to the amount required to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to at least the Minimum Trigger Level, as applicable, but shall not exceed the sum of the principal amounts of AT 1 Instruments the trigger events for a write-down or conversion of which pursuant to their terms have occurred, the minimum trigger levels of which have not been restored and which are outstanding at the time of occurrence of the Trigger Event.

To the extent the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred is not, or within one month from the determination that the relevant trigger event has occurred will not be, effective for any reason:

- (i) the ineffectiveness of any such write-down (or write-off) or conversion into Common Equity Tier 1 instruments shall not prejudice the requirement to effect a Write-down of the Notes (loss absorption); and
- (ii) the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred which is not, or within one month from the determination that the relevant Trigger Event has occurred will not be, effective shall not be taken into account in determining such Write-down of the Notes.

Where:

A **"Trigger Event"** occurs if it has been determined that: (i) the Group CET 1 Capital Ratio; and/or (ii) the Issuer CET 1 Capital Ratio fall to an amount that is lower than the applicable Minimum Trigger Level.

"Write-down Amount" per Note means the amount by which the Current Principal Amount per Note is to be written-down on an Effective Date, being the higher of (i) the *pro rata* share of the Note in the Required Loss Absorption Amount; and (ii) if the amount in (i) is insufficient to fully restore or maintain the Issuer CET 1 Capital Ratio; and/or the Group CET 1 Capital Ratio to the Minimum Trigger Level, the amount necessary to reduce the Current Principal Amount to [*insert Specified Currency*] [*insert 0.01 or lower amount*]. [*if Specified Currency is not euro, insert: Any amounts in any currency other than euro will, for purposes of establishing the Write-down Amount be converted into euro at the foreign exchange rate prevailing on the [third] business day prior to the Effective Date; such foreign exchange rate shall be determined by the Issuer in its reasonable discretion (§ 315 of the German Civil Code).*]

(d) Any reduction of the Current Principal Amount of a Note pursuant to this § 5(8) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts written-down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-up in accordance with § 5 (9).

(9) *Write-up.* The Issuer may, at its sole discretion, effect a reversal of a Write-down by writing up the Current Principal Amount in whole or in part up to a maximum of the Original Principal Amount (a **"Write-up"**), provided that a positive Profit has been recorded, and subject to the below limitations. There will be no obligation for the Issuer to operate or accelerate a Write-up under any specific circumstances.

If the Issuer so decides in its sole discretion, the Write-up will occur with effect as of the Write-Up Date (as defined below) (including).

At its discretion (without being obliged to) the Issuer may effect such Write-up provided that:

- (i) at the time of the Write-up, there must not exist any Trigger Event that is continuing; any Write-up is also excluded if such Write-up would give rise to the occurrence of a Trigger Event;
- (ii) such Write-up is applied on a *pro rata* basis to all Notes and among Loss Absorbing Written-down Instruments; and
- (iii) the sum of: (x) the aggregate amount attributed to the relevant Write-up of the Notes and the aggregate increase in principal amount of Loss Absorbing Written-down Instruments resulting from any previous write-up since the end of the then previous financial year; and (y) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written-down Instruments as calculated at the moment the Write-up is operated will not exceed the Maximum Write-up Amount at any time after the end of the then previous financial year.

The amount of any Write-up and payments of distributions on the reduced Current Principal Amount shall be treated as payment resulting in a reduction of Common Equity Tier 1 pursuant to Article 28 CRR and shall be subject, together with other distributions on CET 1 Instruments, to the restrictions relating to the Maximum Distributable Amount as referred to in § 24(2) of the Austrian Banking Act (implementing Article 141(2) CRD in Austria).

For the avoidance of doubt, a Write-up of the Notes may occur on one or more occasions until the Current Principal Amount equals the Original Principal Amount. Write-ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments of the Issuer, i.e. such payments and distributions are permitted even if no full Write-up of the Notes has been effected.

If the Issuer elects to effect a Write-up, it will publish a notice about the Write-up (including the amount of the Write-up as a percentage of the Original Principal Amount and the effective date of the Write-up (in each case a "**Write-up Date**") no later than 10 calendar days prior to the relevant Write-up Date to the Fiscal Agent and, in accordance with § 10, to the Holders. The Write-up shall be deemed to be effected at the time when the notice to the Holders is given in accordance with § 10 and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice with effect as of the Write-up Date.

Where:

"Maximum Write-up Amount" means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-down Instruments of the Erste Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 Capital pursuant to Article 25 CRR of the Erste Group as at the date the relevant Write-up is operated; and
- (ii) the Profit on an unconsolidated basis multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 Capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-up.

"Loss Absorbing Written-down Instrument" means any (directly or indirectly issued) Additional Tier 1 instrument pursuant to Article 52 CRR (other than the Notes) of the Issuer or, as applicable, any instrument issued by a member of the Erste Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer and/or the Erste Group, that has had all or some of its principal amount written-down on a temporary basis, and that

has terms permitting a principal write-up to occur on a basis similar to that provided herein in the circumstances existing on the date of the Write-up of the Notes.

[If Specified Currency is not Euro, insert: Any amounts in a currency other than Euro will, for purposes of establishing the Maximum Write-up Amount be converted into Euro at the foreign exchange rate prevailing on the [third] business day prior to the Effective Date.]

"Profit" means: (i) the net income for the year (*Jahresüberschuss*) of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements; or (ii) the consolidated net income for the year (*Jahresüberschuss*) on a consolidated basis recorded in the consolidated financial statements of the Erste Group, in each case after such Relevant Financial Statements or consolidated financial statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

§ 6 FISCAL AGENT, PAYING AGENT[S] AND CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial Fiscal Agent, the initial Principal Paying Agent **[in case (a) further paying agent(s) shall be appointed, insert:**, the initial Paying Agent(s)] and the initial Calculation Agent and their respective initial specified offices are:

Fiscal Agent and Principal Paying Agent:

[In case BNP Paribas Securities Services, Luxembourg Branch shall be appointed as initial Fiscal and Principal Paying Agent insert:

BNP Paribas Securities Services, Luxembourg Branch
60, avenue J.F. Kennedy
LU-1855 Luxembourg
(Postal Address: LU-2085 Luxembourg)
Grand Duchy of Luxembourg]

[In case another Fiscal and Principal Paying Agent shall be appointed, insert its name and initial specified office.]

[In case an additional or other paying agent shall be appointed, insert its name and initial specified office.]

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Principal Paying Agent.

Calculation Agent:

[In case Erste Group Bank AG shall be appointed as Calculation Agent insert:

Erste Group Bank AG
Am Belvedere 1
A-1100 Vienna
Austria]

[In case another Calculation Agent shall be appointed, insert its name and initial specified office.]

The Fiscal Agent, the Paying Agent(s) and the Calculation Agent reserve the right at any time to change their respective specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent or the Calculation Agent and to appoint another Fiscal Agent, additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain: (i) a Fiscal Agent [;] [and] (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a

specified office in such place as may be required by the rules of such stock exchange or its supervisory [authority] [authorities] [*in case of payments in U.S. Dollars insert: [;] [and]*] (iii) if payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York] [*in case a Calculation Agent is to be appointed insert:*; and ([iv]) a Calculation Agent]. The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Fiscal Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents, the Calculation Agent or the Holders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

[In case of Notes which are initially represented by a Temporary Global Note, which will be exchanged for a Permanent Global Note, or in case of Notes whose Specified Currency is U.S. Dollar, insert:

(5) *United States.* For purposes of these Terms and Conditions, "**United States**" or "**U.S.**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).]

§ 7 TAXATION

(1) *General Taxation.* All payments of distributions by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of Austria or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

In that event, and subject to this provision, the Issuer shall pay such additional amounts (the "**Additional Amounts**") to the Holder as shall result in receipt by that Holder of such amounts as would have been received by it had no such withholding or deduction been required, provided however that any such Additional Amounts are only payable if and to the extent they: (i) would not exceed the Distributable Items; and (ii) only relate to withholding tax applicable to distributions by or on behalf of the Issuer. No such Additional Amounts shall be payable with respect to any Note:

- (a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Austria other than the mere holding of the Note; or
- (b) presented for payment more than [30] [*insert other period*] calendar days after the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Holders in accordance with § 10 that, upon further presentation of the Notes being made, such payment will be made, provided that payment is in fact made upon such presentation, except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for

payment on the [thirtieth] [*insert other relevant number of calendar days*] such calendar day; or

- (c) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required by law to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or the intergovernmental agreement between the United States and the other jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

§ 8 PRESENTATION PERIOD

The presentation period provided in § 801 (1) sentence 1 German Civil Code is reduced to [ten] [*insert other time period*] years for the Notes.

§ 9 FURTHER ISSUES OF NOTES, REPURCHASES AND CANCELLATION

(1) *Further Issues of Notes*. The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

(2) *Repurchases*. [*If a repurchase of Notes is permissible, insert:* Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase laid down in § 5 (6) are met, the Issuer and any of its Subsidiaries may repurchase Notes in the open market or otherwise at any price. Notes repurchased by the Issuer or the Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered to the Fiscal Agent for cancellation.] [*If a repurchase of Notes is not permissible, insert:* Neither the Issuer nor its Subsidiaries may at any time repurchase Notes.]

(3) *Cancellation*. All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 10 NOTICES

(1) *Notices of the Issuer*. All notices of the Issuer concerning the Notes shall be published in [such media as determined by law] [*insert specific media*] and in electronic form on the website of the Issuer [(www.erstegroup.com)] [●]. Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the [fifth] [●] calendar day following the date of the first such publication) [unless the notice provides for a later effective date].

(2) *Publication of Notices of the Issuer via the Clearing System*. If the publication of notices pursuant to paragraph (1) is no longer required by law, the Issuer may, in lieu of publication in the media set forth in paragraph (1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to

have been given to the Holders on the [seventh] [●] calendar day after the calendar day on which said notice was given to the Clearing System.

(3) *Form of Notice to Be Given by any Holder.* Notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered in writing in English language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) and by hand or mail. The Holder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be: (i) in the form of a certification from the Clearing System or the Custodian with which the Holder maintains a securities account in respect of the Notes that such Holder is, at the time such notice is given, the Holder of the relevant Notes; or (ii) in any other appropriate manner.

"**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

§ 11 AMENDMENTS TO THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE

(1) *Amendment of the Terms and Conditions.* Subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as AT 1 instruments, the Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Holders pursuant to §§ 5 *et seqq.* of the SchVG. There will be no amendment of the Terms and Conditions without the Issuer's consent.

In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 11 (2) below. A duly passed majority resolution will be binding upon all Holders.

"**SchVG**" means the German Debt Securities Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the SchVG include references to any applicable provisions of law amending or replacing such provisions from time to time.

(2) *Majority requirements.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3)(1) through (9) of the SchVG, may only be passed by a majority of at least 75 *per cent.* of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch - HGB*)) or are being held for the account of the Issuer or any of its affiliates.

(3) *Resolutions.* Resolutions of the Holders will be made either in a Holders' meeting in accordance with § 11 (3)(i) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 11 (3)(ii), in either case convened by the Issuer or a joint representative, if any.

- (i) Resolutions of the Holders in a Holders' meeting will be made in accordance with §§ 9 *et seqq.* of the SchVG. The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting.
- (ii) Resolutions of the Holders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject

matter of the vote as well as the proposed resolutions will be notified to Holders together with the request for voting.

(4) *Second Holders' meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 11 (3)(ii), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG.

(5) *Registration.* The exercise of voting rights is subject to the registration of the Holders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Holders' meeting (as described in § 11 (3)(i) or § 11 (4)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 11 (3)(ii)), as the case may be. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.

(6) *Joint representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Holders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 11 (1) hereof.

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Holders. The joint representative shall comply with the instructions of the Holders. To the extent that the joint representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Holders on its activities. The provisions of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

Unless the joint representative is liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*), the joint representative's liability shall be limited to ten times the amount of its annual remuneration.

(7) *Notices.* Any notices concerning this § 11 will be made in accordance with §§ 5 *et seq.* of the SchVG and § 10.

(8) *Exclusion of the Applicability of the Austrian Notes Trustee Act.* The applicability of the provisions of the Austrian Notes Trustee Act (*Kuratorenengesetz*) and the Austrian Notes Trustee Supplementation Act (*Kuratorenenergänzungsgesetz*) is explicitly excluded in relation to the Notes.

§ 12 APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, German law. The status provisions in § 2 shall be governed by, and shall be construed exclusively in accordance with, Austrian law.

(2) *Place of Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, the [District Court (*Landgericht*) in Frankfurt am Main, Federal Republic of Germany] [**insert other German or Austrian court**], shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in

connection with the Notes. **[Insert if a German court has jurisdiction:** The Issuer appoints Erste Group Bank AG, Friedrichstraße 10, D-70174 Stuttgart, Federal Republic of Germany, as its authorised agent for accepting service of process in connection with any Proceedings before German courts.]

The local court (*Amtsgericht*) of Frankfurt am Main will have jurisdiction for all judgments pursuant to § 9(2), § 13(3) and § 18(2) of the SchVG in accordance with § 9(3) of the SchVG. The regional court (*Landgericht*) Frankfurt am Main will have exclusive jurisdiction for all judgments over contested resolutions by Holders in accordance with § 20(3) of the SchVG.

(3) *Enforcement.* Any Holder of Notes may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of: (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes: (a) stating the full name and address of the Holder; (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement; and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b); and (ii) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.]"

7. AMENDMENTS TO THE SECTION ENTITLED "4. FORM OF FINAL TERMS" COMMENCING ON PAGE 105 OF THE ORIGINAL PROSPECTUS

7.1 On page 105 of the Original Prospectus, the last paragraph shall be deleted.

7.2 On page 111 of the Original Prospectus, above the paragraph "Signed on behalf of the Issuer" the following information shall be inserted:

"Statement on benchmarks according to Article 29 (2) of the Benchmark Regulation:

Amounts payable under the Notes are calculated by reference to **[specify benchmark(s)]** which **[is][are]** provided by **[insert administrator legal name(s)]**. As at the date of these Final Terms, **[[insert administrator legal name(s)] appear[s]]** **[[insert administrator legal name(s)] do[es] not appear]** on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of the Regulation (EU) 2016/1011, as amended **[(Benchmark Regulation)]** **[(the "Benchmark Regulation")]**. **[insert in case the relevant administrator is not on the ESMA register.** As far as the Issuer is aware, **[[insert benchmark(s)] [does][do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that regulation] [and] [the transitional provisions in Article 51 of the Benchmark Regulation apply],** such that **[insert administrator legal name(s)] [is][are]** not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement

or equivalence)."

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

- 8.1 On page 120 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 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 September 2018
Total Own Funds	18,836	20,309	20,093
Common Equity Tier 1 capital (CET 1)	13,602	14,712	14,652
Tier 1 capital	13,602	15,368	15,651
in %			
Total capital ratio	18.5%	18.5%	17.2%
CET 1 capital ratio	13.4%	13.4%	12.5%
Tier 1 capital ratio	13.4%	14.0%	13.4%

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

- 8.2 On page 120 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 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 September 2018
Common Equity Tier 1 capital (CET 1)	13,256	14,448	14,652
in %			
CET 1 capital ratio	12.8%	12.9%	12.4%

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

- 8.3 On page 121 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 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 September 2018
Fully loaded leverage ratio	6.2%	6.6%	6.3%
Liquidity coverage ratio	142.6%*	145.2%**	139.4%**"

- 8.4 On page 121 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 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 60 million (as of 30 September 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 2.6 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 6.9 billion (as of 30 September 2018) are in particular:

- business effects (loan growth, increased repo and interbank business) (approximately + EUR 4.1 billion); and
- regulatory one-off effects (higher sovereign and equity RWA) (approximately + EUR 1.6 billion).

The operational risk RWA slightly decreased in the third quarter of 2018. The new model was approved by the regulator in October 2018 and will be included in the fourth quarter 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 and the planned squeeze-out at Česká spořitelna is approximately -15 basis points. The pro-forma Basel 3 fully-loaded CET 1 (including the interim profit for the third quarter of 2018 and +33 basis points from the new operational risk model) is approximately 13.2%.

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

8.5 On page 121 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 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 third quarter 2018:

$$\frac{15,650.1 \text{ (= Tier 1 capital)}}{248,889.3 \text{ (= leverage ratio exposures)}} = 6.3"$$

- 8.6 On page 122 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 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 third quarter 2018:

$$\frac{45,613.5 (= \text{High Quality Liquid Assets})}{32,722.5 (= \text{Net Outflows})} = 139.4\%"$$

- 8.7 On page 123 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 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, on the basis of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 June 2018 and on the basis of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 2018."

- 8.8 In the subsection entitled "6.5 CREDIT RATINGS" commencing on page 131 of the Original Prospectus, the table after the sentence "Fitch assigned the following credit ratings:" shall be replaced by the following table:

Debt Type	Rating	Outlook
Senior Unsecured Long-Term	A	Stable
Senior Unsecured Short-Term	F1	-

- 8.9 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 and the Prospectus Supplement No. 2 dated 2 October 2018, all information contained therein shall be replaced by the following information:

"The following information relates to the Preliminary Annual Consolidated Financial Statements which have been prepared by the Issuer's management board, but have not yet been approved by the Issuer's supervisory board and are therefore not final and reliable. The audit opinion will only be released together with the Issuer's annual consolidated financial statements 2018 which are intended to be published at the end of March 2019:

Highlights

Profit and Loss (P&L) 2018 compared with 2017; balance sheet as of 31 December 2018 compared with 31 December 2017

Net interest income increased – mainly in the Czech Republic and in Romania, but also in Austria – to EUR 4,582.0 million (+5.3%; EUR 4,353.2 million). **Net fee and commission income** rose to EUR 1,908.4 million (+3.1%; EUR 1,851.6 million), primarily on the back of significantly higher income from payment services and asset

management. While **net trading result** was down at EUR -1.7 million (EUR 222.8 million), the line item **gains/losses from financial instruments measured at fair value through profit or loss** improved to EUR 195.4 million (EUR -12.3 million). **Operating income** rose to EUR 6,915.6 million (+3.7%; EUR 6,669.0 million). **General administrative expenses** were nearly stable at EUR 4,181.1 million (+0.5%; EUR 4,158.2 million). This was mostly attributable to the reduction of other administrative expenses to EUR 1,234.9 million (-5.7%; EUR 1,309.6 million). Payments to deposit insurance systems included in this line item amounted to EUR 88.6 million (EUR 82.8 million). This reduction almost fully compensated the rise in personnel expenses to EUR 2,474.2 million (+3.6%; EUR 2,388.6 million) and in depreciation and amortisation (+2.6%). Overall, the **operating result** improved to EUR 2,734.6 million (+8.9%; EUR 2,510.8 million) and the **cost/income ratio** to 60.5% (62.4%).

The **impairment result from financial instruments** amounted to EUR 59.3 million due to net releases on the back of improved asset quality or, adjusted for net allocation of provisions for commitments and financial guarantees given, -14 basis points of average gross customer loans (net allocations of EUR 132.0 million or 9 basis points). This was attributable to the substantial improvement in net allocations to risk provisions for the lending business across almost all segments, most notably in Croatia and Austria. The **NPL ratio** based on gross customer loans improved again to 3.2% (4.0%), the **NPL coverage ratio** to 73.0% (68.8%).

Other operating result improved to EUR -304.5 million (EUR -457.4 million). It included expenses for the annual contributions to resolution funds in the amount of EUR 70.3 million (EUR 65.8 million). Banking and transaction taxes increased to EUR 112.2 million (EUR 105.7 million). Other taxes were positive at EUR 1.0 million (EUR -37.7 million) due to one-off effects. In the financial year 2017, other operating result had included EUR 45.0 million in provisions for losses from loans to consumers resulting from supreme court rulings regarding negative reference interest rates in Austria.

Taxes on income decreased significantly to EUR 332.4 million (EUR 410.1 million) as deferred tax assets were recognised, resulting in deferred tax income. The minority charge increased to EUR 369.1 million (+5.0%; EUR 351.5 million). The **net result attributable to owners of the parent** rose to EUR 1,793.4 million (+36.3%; EUR 1,316.2 million).

Total equity not including AT 1 instruments rose to EUR 17.9 billion (EUR 17.3 billion). Transition to the new financial reporting standard IFRS 9 as of 1 January 2018 resulted in a reduction of total equity by EUR 0.7 billion. After regulatory deductions and filtering in accordance with CRR, **CET 1 capital** (Basel 3 phased-in) amounted to EUR 15.5 billion (+5.3%; EUR 14.7 billion), total **own funds** (Basel 3 phased in) to EUR 20.9 billion (EUR 20.3 billion). Total risk (**risk-weighted assets** including credit, market and operational risk, Basel 3 phased-in) rose to EUR 114.6 billion (EUR 110.0 billion). The **CET 1 ratio** (Basel 3 phased-in) stood at 13.5% (13.4%), the **total capital ratio** (Basel 3 phased-in) at 18.2% (18.5%).

Total assets were up at EUR 236.8 billion (+7.3%; EUR 220.7 billion). On the asset side, cash and cash balances decreased to EUR 17.5 billion (EUR 21.8 billion), while loans and advances to credit institutions increased to EUR 19.1 billion (EUR 9.1 billion). **Loans and advances to customers** rose to EUR 149.3 billion (+7.0%; EUR 139.5 billion). On the liability side, deposits from banks increased to EUR 17.7 billion (EUR 16.3 billion) and **customer deposits** grew again – in all core markets – to EUR 162.6 billion (+7.7%; EUR 151.0 billion). The **loan-to-deposit ratio** stood at 91.8% (92.4%).

Outlook

Erste Group targets a return on tangible equity (ROTE) of above 11% in 2019. The expected solid macro-economic development in the core markets Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria, compared to 2018 only

moderately rising interest rate levels in several of Erste Group's markets and still historically low risk costs should be supportive factors to achieve this target. On the other hand, a global or regional slowdown of economic growth as well as potential – and as yet unquantifiable – political or regulatory risks might jeopardize achieving the target.

In 2019, the positive development of the economy should be reflected in growth rates (real GDP growth) of around 3% in Erste Group's CEE core markets. All other economic parameters are currently expected to be similarly robust. Unemployment rates should remain at historic lows – in the Czech Republic and in Hungary they are already among the lowest in the EU. Inflation is forecast to remain broadly stable. Strong competitive positions should again lead to current account surpluses in most countries. The fiscal situation and public debt levels are also projected to remain sound. Austria should see continued dynamic economic growth at a rate of above 2%. Overall, growth continues to be driven by domestic demand across all economies. The contribution of exports is forecast as neutral.

Against this backdrop, Erste Group expects mid-single digit net loan growth. Net interest income should thus increase further in 2019. The second key income component, net fee and commission income, is also expected to rise moderately. As in 2018, some positive momentum should again come from fund management and payment services. The other income components are expected to remain stable, by and large, despite the volatility of the net trading and fair value results. Consequently, operating income should continue to grow in 2019. Operating expenses are expected to rise in 2019, albeit not to the same extent as operating income, mostly due to anticipated further wage increases in all core markets of Erste Group. However, Erste Group will continue to invest in digitalisation and thereby its future competitiveness in 2019. The focus will be on product simplification, process standardisation as well as the group-wide implementation and expansion of the digital platform George. The roll-out of George will continue in Hungary and Croatia in 2019. Overall, the operating result is projected to rise in 2019.

Risk costs should remain low in 2019. Amid a stable low interest rate environment, risk costs should go up only slightly. Further improvements in asset quality, however, should have a dampening effect. Overall, Erste Group does not expect a recurrence of the historically low risk cost level of 2018 of -14 basis points of average gross customer loans. While precise forecasts are difficult in the current environment, Erste Group projects for 2019 risk costs of 10 to 20 basis points of average gross customer loans.

The Romanian banking tax will have a negative impact on other operating result in 2019, even though the magnitude remains as yet unclear.

Assuming a tax rate of below 20% and a similar level of minority charges, Erste Group aims to achieve a return on tangible equity (ROTE) of above 11%.

Due to its limited presence in the United Kingdom, Erste Group does not anticipate any material impact from Brexit at the current time.

Potential risks to the guidance are interest rate trends that differ from expectations, political or regulatory measures targeting banks as well as geopolitical and global economic developments.

Selected financial information is provided below:

	31 December 2018
Basel 3 CET 1 (phased-in) in EUR billion	15.5
Basel 3 AT 1 (phased-in) in EUR billion	1.0
Basel 3 Tier 2 (phased-in) in EUR billion	4.4

Risk-weighted assets (phased-in) in EUR billion

Market risk	3.4
Operational risk	15.2
Credit risk	95.9
Total risk-weighted assets	114.6
Basel 3 CET 1 ratio (phased-in)	13.5% ¹⁾
Basel 3 Tier 1 ratio (phased-in)	14.4%
Basel 3 total capital ratio (phased-in)	18.2%

All figures in the table above are rounded. Due to the rounding a stated total amount may deviate from that total amount which is calculated by adding the stated single items.

Regulatory capital requirements (SREP)

	<i>Erste Group Consolidated</i>		<i>Erste Group Unconsolidated</i>		
	<i>Phased-in</i>	<i>Fully loaded</i>	<i>Phased-in</i>	<i>Fully loaded</i>	
	<i>2018</i>	<i>2019 expected</i>	<i>2018</i>	<i>2019 expected</i>	
Pillar 1 CET 1 requirement	4.5%	4.5%	4.5%	4.5%	
Combined buffer requirement	3.19%	4.94%	3.07%	4.77%	
Capital conservation buffer ²⁾	1.88%	2.50%	1.88%	2.50%	
Countercyclical capital buffer	0.31%	0.44%	0.20%	0.27%	
O-SII/Systemic risk buffer	1.00%	2.00%	1.00%	2.00%	
Pillar 2 CET 1 requirement	1.75%	1.75%	1.75%	1.75%	
Pillar 2 CET 1 guidance	1.05%	1.00%	0.00%	0.00%	
Regulatory minimum ratios excluding P2G					
	CET 1 requirement	9.44%	11.19%	9.32%	11.02%
1.50% AT 1	Tier 1 requirement	10.94%	12.69%	10.82%	12.52%
2.00% Tier 2	Own Funds requirement	12.94%	14.69%	12.82%	14.52%

Regulatory minimum ratios including P2G					
	CET 1 requirement	10.49%	12.19%	9.32%	11.02%
1.50% AT 1	Tier 1 requirement	10.94%	12.69%	10.82%	12.52%
2.00% Tier 2	Own Funds requirement	12.94%	14.69%	12.82%	14.52%
Reported CET 1 ratio as of December 2018 ³⁾		13.54% ¹⁾		21.35%	
Internal CET 1-target for 2020 of 13.5% already met in 2018					
Combined impact of countercyclical buffers amounts to 44 basis points in 2019					
Management buffer targeted in 100-150 basis points range from 2019					
Buffer to Minimum Distributable Amount restriction as of 31 December 2018: 347 basis points					
Available distributable items (ADI) as of 31 December 2018: EUR 2.7 billion (pre share dividend) ⁴⁾					

¹⁾ Based on the verified but preliminary year-end profits ECB has approved an amount of EUR 1,315.9 million to include in consolidated CET 1 capital according to Article 26 (2) CRR. Assuming the approval and endorsement of the Issuer's annual consolidated financial statements 2018 by the Issuer's supervisory board the eligible amount changes to EUR 1,341.9 million resulting in a CET 1 ratio of 13.45% (Basel 3 fully loaded) and 13.54% (Basel 3 phased-in).

²⁾ Planned values based on the fourth quarter of 2018 exposure (fourth quarter 2018 countercyclical buffer of 0.31% for Erste Group on consolidated level).

³⁾ Consolidated capital ratio pursuant to IFRS. Unconsolidated capital ratio pursuant to the Austrian Commercial Code (*Unternehmensgesetzbuch - UGB*) and on phased-in basis.

⁴⁾ Available distributable items (ADI) pursuant the Austrian Commercial Code.

Fully loaded leverage ratio for the fourth quarter 2018: 6.6%

The Issuer's Management Board has proposed a dividend of EUR 1.40 per share for 2019 (amounting to EUR 601.7 million)."

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

9.1 On page 158 of the Original Prospectus, after the row with regard to "Participating Member States" the following row shall be inserted:

"Preliminary Annual Consolidated Financial Statements	the Issuer's preliminary annual consolidated financial statements 2018 as published on 28 February 2019"
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9.2 On page 160 of the Original Prospectus as amended by the Prospectus Supplement No. 1 dated 11 May 2018 and the Prospectus Supplement No. 2 dated 2 October 2018, after the row with regard to "Tranche" the following row shall be inserted:

"Unaudited Condensed Consolidated Financial Statements as of 30 September 2018	Interim	the English language translation of the unaudited interim condensed consolidated financial statements of Erste Group for the third quarter year ended 30 September 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, 4 March 2019

Erste Group Bank AG
as Issuer