

## Erste Group Bank AG

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

### Covered Bonds 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 21 November 2018 (the "**Original Prospectus**" or the "**Prospectus**") relating to the Covered Bonds Programme (the "**Programme**") of Erste Group Bank AG (the "**Issuer**" or "**Erste Group Bank**").

The Original Prospectus has been approved on 21 November 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 3 April 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/ueber-uns/erste-group-emissionen/prospekte/anleihen](http://www.erstegroup.com/de/ueber-uns/erste-group-emissionen/prospekte/anleihen)".

The Issuer has requested the FMA to provide the competent authority of Germany 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 Covered Bonds 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 5 April 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 Covered Bonds.**

**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.**

3 April 2019

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 Covered Bonds 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 Covered Bonds 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 Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may include Covered Bonds in bearer form that are subject to U.S. tax law requirements. The Covered Bonds 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 Covered Bonds, see "13. 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 Covered Bonds.

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 Covered Bonds 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 Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of Covered Bonds 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 Covered Bonds 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 Covered Bonds, and are thus herewith included in the Prospectus as follows:

**1. AMENDMENTS TO THE SECTION ENTITLED "DOCUMENTS INCORPORATED BY REFERENCE" COMMENCING ON PAGE 7 OF THE ORIGINAL PROSPECTUS**

**On page 7 of the Original Prospectus, before the table with regard to the Audited Consolidated Financial Statements 2017, the following table shall be inserted:**

**"German language version of the Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2018 – Annual Report 2018 (*Geschäftsbericht 2018*) (the "Audited Consolidated Financial Statements 2018")<sup>1</sup>**

Consolidated Income Statement ( <i>Konzern-Gewinn- und Verlustrechnung</i> )	114
Consolidated Comprehensive Income Statement ( <i>Konzern-Gesamtergebnisrechnung</i> )	115
Consolidated Balance Sheet ( <i>Konzernbilanz</i> )	116 – 117
Consolidated Statement of Changes in Equity ( <i>Konzern-Eigenkapitalveränderungsrechnung</i> )	118 – 119
Consolidated Cash Flows Statement ( <i>Konzern-Kapitalflussrechnung</i> )	120
Notes to the Consolidated Financial Statements ( <i>Anhang (Notes) zum Konzernabschluss</i> )	121 – 313
Glossary ( <i>Glossar</i> )	314 – 316
Auditor's Report ( <i>Bestätigungsvermerk</i> )	318 – 324"

**On page 7 of the Original Prospectus, the information contained in the footnote numbered "1" shall be replaced by the following information:**

"The officially signed German language versions of the Issuer's Audited Consolidated Financial Statements 2018, 2017 and 2016 are solely legally binding and definitive.

For the purposes of this Prospectus the defined terms "Audited Consolidated Financial Statements 2017" and "Audited Consolidated Financial Statements 2018" shall also include the English language translations of the Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018."

**On page 8 of the Original Prospectus, before 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 2017, the following table shall be inserted:**

**"English language translation of the Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2018 – Annual Report 2018<sup>2</sup>**

Consolidated Income Statement	105
Consolidated Comprehensive Income Statement	106
Consolidated Balance Sheet	107 – 108
Consolidated Statement of Changes in Equity	109 – 110
Consolidated Cash Flows Statement	111

Notes to the Consolidated Financial Statements	112 – 287
Glossary	288 – 290
Auditor's Report	292 – 297"

**On page 8 of the Original Prospectus, the information contained in the footnote numbered "2" shall be replaced by the following information:**

"The English language translations of the Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 are not legally binding and are incorporated into this Prospectus by reference for convenience purposes only."

**The first paragraph on page 9 of the Original Prospectus shall be replaced by the following paragraph:**

"For the avoidance of doubt, such parts of the Audited Consolidated Financial Statements 2018, 2017 and 2016 respectively as well as 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" COMMENCING ON PAGE 12 OF THE ORIGINAL PROSPECTUS**

**On page 14 of the Original Prospectus, after the list paragraph numbered "(xiv)" the following list paragraphs numbered "(xv)" and "(xvi)" shall be inserted:**

"(xv) the Audited Consolidated Financial Statements 2018 incorporated by reference into this Prospectus

("https://www.erstegroup.com/content/dam/at/eh/www\_erstegroup\_com/de/ir/2018/Berichte/GB2018\_Jahresfinanzbericht\_de.pdf");

(xvi) the English language translation of the Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2018 incorporated by reference into this Prospectus

("https://www.erstegroup.com/content/dam/at/eh/www\_erstegroup\_com/en/Investor%20Relations/2018/Reports/AR2018\_Annual\_Financial\_Report\_en.pdf")."

**3. AMENDMENTS TO THE SECTION ENTITLED "SOURCES OF INFORMATION" ON PAGE 14 OF THE ORIGINAL PROSPECTUS**

**On page 14 of the Original Prospectus, the first sentence of the 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 Audited Consolidated Financial Statements 2018 and the English language translations of the annual reports thereon as well as from the Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 2018."

**4. AMENDMENTS TO THE SECTION ENTITLED "3. GENERAL INFORMATION" COMMENCING ON PAGE 51 OF THE ORIGINAL PROSPECTUS**

**On page 51 of the Original Prospectus, the information contained in the paragraph entitled "(3) Significant and material adverse changes." shall be replaced by the following information:**

"Except as disclosed under "8.6 Recent Developments" starting on page 248 of this Prospectus, there has been no significant change in the financial position of Erste Group since 31 December 2018 and no material adverse change in the prospects of the Issuer since 31 December 2018."

**5. AMENDMENTS TO THE SECTION ENTITLED "8. ERSTE GROUP BANK AG" COMMENCING ON PAGE 234 OF THE ORIGINAL PROSPECTUS**

**The information contained in the subsection entitled "8.6 RECENT DEVELOPMENTS" on page 248 of the Original Prospectus, shall be replaced by the following information:**

**"Erste Group's outlook as presented in the annual report 2018 is as follows:**

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."

**6. AMENDMENTS TO THE SECTION ENTITLED "GLOSSARY AND LIST OF ABBREVIATIONS" COMMENCING ON PAGE 272 OF THE ORIGINAL PROSPECTUS**

**On page 272 of the Original Prospectus, after the row with regard to the Audited Consolidated Financial Statements 2017 the following row shall be inserted:**

<b>"Audited Consolidated Financial Statements 2018</b>	the German language version of the audited consolidated annual financial statements of Erste Group Bank AG for the financial year ended 31 December 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, 3 April 2019

Erste Group Bank AG  
as Issuer