

Prospectus Supplement No. 1



Erste Group Bank AG

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

relating to the

€30,000,000,000

Debt Issuance Programme

This supplement (the "Supplement") constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC (the "Prospectus Directive") and Article 13.1 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the "Prospectus Act") and is supplemental to, and should be read in conjunction with, the prospectus dated 8 June 2011 (the "Original Prospectus") relating to a €30,000,000,000 Debt Issuance Programme (the "Programme") of Erste Group Bank AG (the "Issuer" or "Erste Group Bank").

The Original Prospectus was approved on 8 June 2011 by the *Commission de Surveillance du Secteur Financier* ("CSSF") of the Grand-Duchy of Luxembourg ("Luxembourg") in its capacity as competent authority under the Prospectus Act.

This Supplement has been filed for approval with the CSSF in its capacity as competent authority under the Prospectus Act. This Supplement has been filed with the Wiener Börse, which has admitted the Programme to the "Amtlicher Handel" (Official Market), the "Geregelter Freiverkehr" (Second Regulated Market) and with the Luxembourg Stock Exchange (*Bourse de Luxembourg*) which has admitted Notes to the regulated market Luxembourg Stock Exchange. This Supplement has been published in electronic form on the website of the Issuer under "www.erstegroup.com" and the website of the Luxembourg Stock Exchange under www.bourse.lu. Printed copies of this Supplement will be made available free of charge at the registered office of the Issuer, Graben 21, 1010 Vienna, Austria. The Issuer has requested the CSSF to provide the competent authorities in other host Member States within the European Economic Area including Austria, Germany, the Czech Republic, Hungary, the Slovak Republic, Romania, Slovenia, Italy and Malta with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Prospectus Directive and relevant implementing legislation in Luxembourg.

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

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

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

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

In accordance with Art 16 of the Prospectus Directive and Article 13.2 of Chapter 1 of Part II of the Prospectus Act, investors who have agreed to subscribe for Notes after the occurrence of the significant new factors described in this Supplement but before the publication of this Supplement have a right to withdraw their acceptances within two banking days after the date of publication of this Supplement.

11 October 2011

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 any of the Dealers (as defined in "Subscription and Sale" of the Prospectus) or either of J.P. Morgan Securities Ltd. (the "International Arranger") or Erste Group Bank AG (in its capacity as the arranger of issues of Domestic Notes only, the "Domestic Arranger" and together with the International Arranger, the "Arrangers"). Neither the delivery of this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Erste Group since the date hereof or the date upon which this Supplement has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Erste Group since the date hereof or the date upon which this Supplement has been most recently amended or 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 Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Supplement, see "Subscription and Sale" of the Prospectus.

The Dealers and the International Arranger have not separately verified the information contained in this Supplement. None of the Dealers or the International Arranger 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 Dealers or the Arrangers 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 or the International Arranger undertakes to review the financial condition or affairs of the Issuer or the Erste Group during the life of the arrangements contemplated by this Supplement nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the International Arranger.

Significant new factors (as referred to in Art 16.1 of the Prospectus Directive and Article 13.1 of Chapter 1 of Part II of the Prospectus Act) relating to the information included in the Original Prospectus which are capable of affecting the assessment of the Notes, have arisen and the following changes / supplements are herewith made to the Original Prospectus:

On 10 October 2011, the Issuer released an ad hoc notice on certain decisions which have been taken by the Issuer's management board on 10 October 2011. In the Issuer's perception this information represents a significant new factor capable of affecting the assessment of the Notes and is thus included in the Original Prospectus as follows:

1. New sub-chapter "Recent developments" to be included in the chapter "Erste Group Bank AG"

At the end of the chapter "Erste Group Bank AG" after the sub-chapter "Basel II / Basel III" on page 150 of the Original Prospectus the following new sub-chapter headed "Recent developments" is included:

"Recent developments"

Management board decision dated 10 October 2011 on CDS portfolio, Hungarian and Romanian operations, and effective interest rate method

On 10 October 2011, the Issuer released an Ad hoc notice on the decision of the Issuer's management board dated 10 October 2011 on a number of measures that affect the presentation of its CDS portfolio, its Hungarian and Romanian operations, and result in the uniform application of the effective interest rate method across the Erste Group.

- Erste Group has cut its sovereign exposure to Greece, Portugal, Spain, Ireland and Italy from EUR 1.9 billion at year-end 2010 to EUR 0.6 billion at 30 September 2011. 95% of this exposure is marked to market as at 30 September 2011. At the same time the combined sovereign exposure to Greece and Portugal declined to about EUR 10 million. In addition, Erste Group changes the presentation of its Credit Default Swap ("CDS") portfolio (protection sold) from amortised cost to market values, leading to a one-off cumulative charge against shareholders' equity of EUR 280 million for the years prior to 2011. The impact on the January to September 2011 income statement (profit and loss account) amounts to approximately EUR 180 million (post-tax).
- Erste Group will write down its entire Hungary-related goodwill in the amount of EUR 312 million pre-tax (EUR 312 million post-tax). Furthermore, Erste Group will take charges for additional risk provisions totalling EUR 450 million pre-tax (EUR 450 million post-tax). This is due to unprecedented government intervention in the Hungarian banking market, an increase in the target Non Performing Loan ("NPL") coverage ratio and a deterioration in asset quality. The goodwill impairment does not impact regulatory capital or tangible equity.
- Erste Group will partially write down its Romania-related goodwill by EUR 700 million pre-tax (EUR 627 million post-tax) to reflect the slower than expected economic recovery. This measure does not impact regulatory capital or tangible equity. Following a successful buyout of the minority shareholders – as announced Ad hoc on 14 September 2011 – the remaining goodwill will be supported by a substantially larger share of BCR's cash flow.
- In anticipation of IFRS 9 implementation, Erste Group will align the effective interest rate models used across Erste Group, leading to a cumulative one-off charge against shareholders' equity of approximately EUR 210 million, as a result of recognising income over the life of a loan, rather than at the time of payment. This amount will be recouped through the income statement over the life of the loans. The impact on the

January to September 2011 income statement is approximately EUR 10 million (post-tax).

- Based on the above, Erste Group is set to report a net loss of approximately EUR 920 to 970 million in January to September 2011. Adjusted for extraordinary charges (excluding the banking taxes in Austria and Hungary) Erste Group expects to post a net profit of about EUR 700 million in January to September 2011.
- In response to the significantly deteriorated outlook for the Euro-zone economies and as a precautionary measure Erste Group will postpone the early repayment of the state portion of the participation capital (EUR 1.2 billion) by at least one year. The management board of Erste Group will propose to the annual general meeting ("AGM") not to pay a dividend for the financial year 2011 but to continue servicing participation capital.

The above measures are intended to address material issues: Erste Bank Hungary will be repositioned with a view to establish a bank that is more resilient to political event risk. The reduction of CDS and Euro-zone peripheral exposures is designed to reduce temporary income statement volatility. And, the acquisition of further shares in BCR is set to improve Erste Group's position in one of its key markets."

On 29 July 2011, the Issuer published the financial results for the first half year 2011. These are included in the Original Prospectus as follows:

2. Financial results for the period H1 2011

2.1 In the chapter "Documents incorporated by reference" commencing on page 8 of the Original Prospectus in the table relating to the financial information which is incorporated by reference in the Original Prospectus, after the section headed "English translation of the Unaudited Consolidated Interim Financial Statements of the Issuer for the first quarter year ended 31 March 2011" the following new section is included and the subsequent paragraph is replaced by the below paragraph:

"English translation of the Unaudited Consolidated Interim Financial Statements of the Issuer for the first half year ended 30 June 2011 – Interim Report First Half Year 2011 (the "Unaudited Consolidated Interim Financial Statements 30 June 2011")

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For the avoidance of doubt, such parts of the annual report of the Issuer for the financial years 2009 and 2010 respectively as well as of the quarterly report for the first quarter year in 2011 and of the the semi-annually report for the first half year in 2011 which are not explicitly listed in the table 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."

2.2 The third paragraph on page 11 of the Original Prospectus is replaced by the following paragraph:

"The Audited Consolidated Financial Statements 2009 and 2010, the Unaudited Consolidated Interim Financial Statements 31 March 2011 and the Unaudited Consolidated Interim Financial Statements 30 June 2011 incorporated by reference into this Prospectus will be available on the website of the Issuer under "www.erstegroup.com" and on the website of the Luxembourg Stock Exchange under "www.bourse.lu".

RESPONSIBILITY STATEMENT OF ERSTE GROUP BANK AG

Erste Group Bank AG, with its registered office at Graben 21, A-1010 Vienna, Austria, is solely 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.