

Erste Group Bank AG

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

Warrants 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 13 July 2017 (the "**Original Prospectus**") and together with Prospectus Supplement No. 1 dated 31 October 2017, the "**Prospectus**") relating to the Warrants Programme (the "**Programme**") of Erste Group Bank AG (the "**Issuer**" or "**Erste Group Bank**").

The Original Prospectus has been approved on 13 July 2017 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 5 April 2018. This Supplement has been filed with the Wiener Börse, which has admitted the Programme to the "*Amtlicher Handel*" (Official Market). This Supplement has been published in electronic form on the website of the Issuer under "www.erstegroup.com/de/Capital-Markets/Prospekt/OS-Zertifikate_ab2006".

The Issuer has requested the FMA to provide the competent authorities in other host Member States within the European Economic Area including the Czech Republic, Germany, Hungary and Romania 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 Warrants 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, 9 April 2018, provided that that the new factor, mistake or inaccuracy arose before the final closing of the offer to the public and the delivery of the Warrants.

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 the Prospectus and this Supplement in connection with the issue or sale of the Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. Neither the delivery of the Prospectus and/or this Supplement nor any sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Erste Group since the date hereof or the date upon which the Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Erste Group since the date hereof or the date upon which the Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

*The distribution of this Supplement and the offering or sale of the Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer to inform themselves about and to observe any such restriction. The Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may include Warrants in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Warrants may not be offered, sold or delivered within the United States or to US persons except in certain transactions permitted by US tax regulations and the Securities Act. For a description of certain restrictions on offers and sales of Warrants, see "10. 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 to subscribe for, or purchase, any Warrants.

Neither the Prospectus, this Supplement nor any financial statements supplied in connection with the Programme or any Warrants are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of the Prospectus, this Supplement or any financial statements should purchase the Warrants. Each potential purchaser of Warrants should determine for itself the relevance of the information contained in the Prospectus, this Supplement or any financial statements and its purchase of Warrants should be based upon any such investigation as it deems necessary.

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 Warrants, and are thus herewith included in the Prospectus as follows:

1. AMENDMENTS TO THE SECTION ENTITLED "DOCUMENTS INCORPORATED BY REFERENCE" COMMENCING ON PAGE 6 OF THE ORIGINAL PROSPECTUS

1.1 On page 6 of the Original Prospectus, before the table with regard to the Audited Consolidated Financial Statements 2016, 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 2017 – Annual Report 2017 (*Geschäftsbericht 2017*) (the "Audited Consolidated Financial Statements 2017")¹

Consolidated Income Statement (<i>Konzern-Gewinn- und Verlustrechnung</i>)	104
Consolidated Comprehensive Income Statement (<i>Konzern-Gesamtergebnisrechnung</i>)	105
Consolidated Balance Sheet (<i>Konzernbilanz</i>)	106
Consolidated Statement of Changes in Equity (<i>Konzern-Eigenkapitalveränderungsrechnung</i>)	107 – 108
Consolidated Cash Flows Statement (<i>Konzern-Kapitalflussrechnung</i>)	109
Notes to the Consolidated Financial Statements (<i>Anhang (Notes) zum Konzernabschluss</i>)	110 – 290
Auditor's Report (<i>Bestätigungsvermerk</i>)	291 – 295"

1.2 On page 6 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 2017, 2016 and 2015 are solely legally binding and definitive.

For the purposes of this Prospectus the defined terms "Audited Consolidated Financial Statements 2016" and "Audited Consolidated Financial Statements 2017" shall also include the English language translations of the Audited Consolidated Financial Statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017."

1.3 On page 7 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 2016, 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 2017 – Annual Report 2017²

Consolidated Income Statement	100
Consolidated Comprehensive Income Statement	101
Consolidated Balance Sheet	102
Consolidated Statement of Changes in Equity	103 – 104
Consolidated Cash Flows Statement	105

1.4 On page 7 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 2015, 31 December 2016 and 31 December 2017 are not legally binding and are incorporated into this Prospectus by reference for convenience purposes only."

1.5 On page 7 of the Original Prospectus the last paragraph shall be replaced by the following paragraph:

"For the avoidance of doubt, such parts of the Audited Consolidated Financial Statements 2017, 2016 and 2015 respectively as well as of the Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2017 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 9 OF THE ORIGINAL PROSPECTUS

On page 10 of the Original Prospectus, after the list paragraph numbered "(xii)" the following list paragraphs numbered "(xiii)" and "(xiv)" shall be inserted:

"(xiii) the Audited Consolidated Financial Statements 2017 incorporated by reference into this Prospectus

("https://www.erstegroup.com/content/dam/at/eh/www_erstegroup_com/de/ir/2017/Berichte/GB2017_Jahresfinanzbericht_de.pdf");

(xiv) the English language translation of the Audited Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2017 incorporated by reference into this Prospectus

("https://www.erstegroup.com/content/dam/at/eh/www_erstegroup_com/en/Investor%20Relations/2017/Reports/AR2017_Annual_Financial_Report_en.pdf")."

3. AMENDMENTS TO THE SECTION ENTITLED "SOURCES OF INFORMATION" ON PAGE 10 OF THE ORIGINAL PROSPECTUS

On page 10 of the Original Prospectus, 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 2016 and the Audited Consolidated Financial Statements 2017 and the English language translations of the annual reports thereon as well as from the Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2017."

4. AMENDMENTS TO THE SECTION ENTITLED "SIGNIFICANT CHANGES AND MATERIAL ADVERSE CHANGES" ON PAGE 11 OF THE ORIGINAL PROSPECTUS

On page 11 of the Original Prospectus, the paragraph shall be replaced by the following paragraph:

"Except as disclosed under "5.5 Recent Developments" starting on page 204 of this Prospectus, there has been no significant change in the financial position of Erste Group since 31 December 2017 and no material adverse change in the prospects of the Issuer since 31 December 2017."

5. AMENDMENTS TO THE SECTION ENTITLED "1. SUMMARY" COMMENCING ON PAGE 13 OF THE ORIGINAL PROSPECTUS

5.1 In element B.12, commencing on page 15 of the Original Prospectus, the following table shall be added to the end of the subsection entitled "Selected historical key financial information:"

"in millions of Euro (rounded)	31 December 2017 audited	31 December 2016 audited
Total liabilities and equity	220,659	208,227
Total equity	18,288	16,602
Net interest income	4,353	4,375
Pre-tax result from continuing operations	2,078	1,950
Net result for the period	1,668	1,537
Net result attributable to owners of the parent	1,316	1,265

Source: Audited Consolidated Financial Statements 2017"

5.2 In element B.12, in the subsection entitled "Statement with regard to no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change:" on page 16 of the Original Prospectus, the paragraph in the right column shall be replaced by the following paragraph:

"There has been no material adverse change in the prospects of the Issuer since 31 December 2017."

5.3 In element B.12, in the subsection entitled "Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information:" on page 16 of the Original Prospectus, the paragraph in the right column shall be replaced by the following paragraph:

"Not applicable. There has been no significant change in the financial position of the Issuer since 31 December 2017."

6. AMENDMENTS TO THE SECTION ENTITLED "5. ERSTE GROUP BANK AG" COMMENCING ON PAGE 191 OF THE ORIGINAL PROSPECTUS

The information contained in the subsection entitled "5.5 RECENT DEVELOPMENTS" commencing on page 204 of the Original Prospectus, shall be replaced by the following information:

"Erste Group's outlook as presented in the annual report 2017 is as follows:

Erste Group targets a return on tangible equity ("**ROTE**") of more than 10% in 2018. The expected very solid macro-economic development in the core markets Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria, 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 2018, the positive development of the economy should be reflected in growth rates (real GDP growth) of around 3% to 5% in the 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 rise but

remain subdued by historical standards and strong competitive positions should again lead to current account surpluses. The fiscal situation and public debt levels are also projected to remain sound. Austria should see accelerating economic growth at a rate of close to 3%. 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. In 2018, net interest income should also be slightly up on the back of rising short and long-term interest rates, primarily in the Czech Republic and Romania, but also globally, and therefore declining margin pressure from sovereign bond reinvestments. The second key income component, net fee and commission income, is also expected to increase moderately in 2018. As in 2017, some positive momentum should again come from the securities business, fund management and the insurance business. 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 grow slightly in 2018.

Operating expenses are expected to decline marginally in 2018, mainly due to the fact that in 2017 higher IT expenditure was incurred for regulatory projects, which will not recur on the same scale in 2018. However, Erste Group will continue to invest in digitalisation and thereby its future competitiveness in 2018. The focus will be on product simplification, process standardisation or the group-wide implementation of the digital platform George. After its rollout in Austria, George will be fully up and running in the Czech Republic, Slovakia and Romania in 2018.

Overall, the operating result is projected to rise in 2018.

Risk costs should support net profit again in 2018. Amid a moderate rise of interest rates, 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 2017 of just 9 basis points of average gross customer loans. While precise forecasts are difficult in the current environment, Erste Group projects for 2018 risk costs of up to 20 basis points of average gross customer loans. The implementation of accounting standard IFRS 9 is not expected to materially impact financial results in 2018.

Assuming a tax rate of around 22% and a similar level of minority charges, Erste Group aims to achieve a ROTE of more than 10%.

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."

7. AMENDMENTS TO THE SECTION ENTITLED "6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES" COMMENCING ON PAGE 206 OF THE ORIGINAL PROSPECTUS

In the sub-section entitled "AUDIT AND AUDITORS' REPORTS" on page 211 of the Original Prospectus, at the end the following paragraph shall be added:

"Sparkassen-Prüfungsverband Prüfungsstelle (statutory auditor, two current directors of which are members of "Kammer der Wirtschaftstreuhänder Österreich") at Am Belvedere 1, A-1100 Vienna, and PwC Wirtschaftsprüfung GmbH (a member of "Kammer der Wirtschaftstreuhänder Österreich") at Erdbergstraße 200, A-1030 Vienna (until 12 April 2018) and DC Tower 1, Donau-City-Straße 7, A-1220 Vienna (as of 13 April 2018), have audited the German language consolidated financial statements of Erste Group Bank as of 31 December 2017 and issued an unqualified audit opinion for the Audited Consolidated Financial Statements 2017 (dated 28 February 2018)."

8. **AMENDMENTS TO THE SECTION ENTITLED "GLOSSARY AND LIST OF ABBREVIATIONS" COMMENCING ON PAGE 251 OF THE ORIGINAL PROSPECTUS**

On page 251 of the Original Prospectus, after the row with regard to the Audited Consolidated Financial Statements 2016 the following row shall be inserted:

"Audited Consolidated Financial Statements 2017 the German language version of the audited consolidated annual financial statements of Erste Group Bank AG for the financial year ended 31 December 2017"

9. **AMENDMENTS TO THE SECTION ENTITLED "GERMAN TRANSLATIONS" COMMENCING ON PAGE 263 OF THE ORIGINAL PROSPECTUS**

The following translation of selected sections of the original summary and of the original risk factors of the Prospectus has not been approved by the FMA. Further, the FMA did not review its consistency with the original parts of the Prospectus.

Die folgende Übersetzung von ausgewählten Abschnitten der originalen Zusammenfassung und der originalen Risikofaktoren des Prospekts wurde nicht von der FMA gebilligt. Auch die Übereinstimmung mit den originalen Abschnitten des Prospekts wurde nicht von der FMA geprüft.

9.1 **Im Element B.12 wird auf Seite 266 des Original Prospekts die folgende Tabelle am Ende des Unterabschnitts "Ausgewählte historische Finanzinformationen:" eingefügt:**

"in Millionen Euro (gerundet)	31.12.2017 geprüft	31.12.2016 geprüft
Summe der Verbindlichkeiten und Eigenkapital	220.659	208.227
Gesamtes Eigenkapital	18.288	16.602
Zinsüberschuss	4.353	4.375
Ergebnis vor Steuern aus fortzuführenden Geschäftsbereichen	2.078	1.950
Periodenergebnis	1.668	1.537
Eigentümern des Mutterunternehmens zuzurechnendes Periodenergebnis	1.316	1.265

Quelle: Geprüfter konsolidierter Jahresabschluss 2017."

9.2 **Im Element B.12 im Unterabschnitt "Erklärung, dass sich die Aussichten der Emittentin seit dem Datum des letzten veröffentlichten geprüften Abschlusses nicht wesentlich verschlechtert haben, oder beschreiben Sie jede wesentliche Verschlechterung:" wird auf Seite 266 des Original Prospekts der Absatz in der rechten Spalte durch den folgenden Absatz ersetzt:**

"Die Aussichten der Emittentin haben sich seit dem 31.12.2017 nicht wesentlich verschlechtert."

- 9.3 **Im Element B.12 im Unterabschnitt "Beschreibung wesentlicher Veränderungen in der Finanzlage oder Handelsposition der Emittentin, die nach dem von den historischen Finanzinformationen abgedeckten Zeitraum eingetreten sind:" wird auf Seite 266 des Original Prospekts der Absatz in der rechte Spalte durch folgenden Absatz ersetzt:**

"Nicht anwendbar; es gab keine wesentlichen Veränderungen in der Finanzlage der Emittentin, die nach dem 31.12.2017 eingetreten sind."

10. AMENDMENTS TO PAGE 332 OF THE ORIGINAL PROSPECTUS

On page 332 of the Original Prospectus, the information contained below the heading "AUDITORS" shall be replaced by the following information:

**"Sparkassen-Prüfungsverband
Prüfungsstelle**
Am Belvedere 1
A-1100 Vienna
Austria

*For the Audited Consolidated Financial
Statements 2015 and 2016*

**Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.**
Wagramer Straße 19
A-1220 Vienna
Austria

For the Audited Consolidated Financial Statements 2017

PwC Wirtschaftsprüfung GmbH

business address until 12 April 2018

Erdbergstraße 200
A-1030 Vienna
Austria

business address as of 13 April 2018

DC Tower 1, Donau-City-Straße 7
A-1220 Vienna
Austria"

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, 5 April 2018

Erste Group Bank AG
as Issuer