

Prospectus Supplement No. 2

Erste Group Bank AG

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

Credit Linked Notes Programme

This supplement (the "**Supplement**") constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC as amended (the "**Prospectus Directive**") and Sec 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 18 September 2014 (the "**Original Prospectus**") and together with supplement No. 1 dated 30 September 2014, the "**Prospectus**") relating to the Credit Linked Notes Programme (the "**Programme**") of Erste Group Bank AG (the "**Issuer**" or "**Erste Group Bank**").

The Original Prospectus has been approved on 18 September 2014 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 29 October 2014. This Supplement has been filed with the Wiener Börse, which has admitted the Programme to the "Amtlicher Handel" (Official Market) and the "Geregelter Freiverkehr" (Second Regulated Market). This Supplement has been published in electronic form on the website of the Issuer under "www.erstegroup.com/de/Capital-Markets/Prospekt/Anleihen". Printed copies of this Supplement will be made available free of charge during normal business hours at the registered office of the Issuer, Graben 21, 1010 Vienna, Austria. The Issuer has requested the FMA to provide the competent authorities in other host Member States within the European Economic Area including Germany, the Czech Republic, Hungary, Romania and the Slovak Republic 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 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 Sec 6 KMG, 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 until, and including, 31 October 2014.

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 Sec 8a para 1 of the KMG.

29 October 2014



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 Notes 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 Notes 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 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, see "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 Notes.

Neither the Prospectus, 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 the Issuer that any recipient of the Prospectus, 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 the Prospectus, this Supplement or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary.

Significant new factors and/or inaccuracies (as referred to in Art 16 (1) of the Prospectus Directive and Sec 6(1) of the 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 "1. SUMMARY OF THE PROGRAMME" COMMENCING ON PAGE 11 OF THE PROSPECTUS**

1.1 In the subsection "B.17- Credit ratings assigned to an issuer or its debt securities at the request or with the cooperation of the issuer in the rating process:" on page 15 of the Prospectus, in the second paragraph in the right column of B.17, the text "Credit ratings assigned to the Issuer as of 30 September 2014" (which was included by supplement No. 1) shall be replaced by "Credit ratings assigned to the Issuer as of 24 October 2014".

1.2 In the subsection "B.17- Credit ratings assigned to an issuer or its debt securities at the request or with the cooperation of the issuer in the rating process:" on page 15 of the Prospectus, in the table below the heading "Moody's assigned the following ratings" the content of the line "Public Sec. Cov. Bonds" for the column "Long term deposits" is deleted and replaced with "Aa1".

1.3 The subsection "C.9-Interest Payment Dates" commencing on page 18 of the Prospectus shall be replaced as follows:

"C.9 - Interest [Not applicable]
Payment:
Dates: [[●]]

If an application has been filed with the Determinations Committee for a resolution in relation to the existence of a Credit Event in respect of [the] [a] Reference Entity prior to the Scheduled Last Credit Event Observation Date and if the Determinations Committee has not made a resolution on this application by the last ISDA-Business Day prior to the respective Interest Payment Date, the Issuer can postpone the respective Interest Payment Date by up to [70] [insert other number of calendar days] calendar days.

[in case the Notes are linked to the credit of a Reference Entity whose reference entity type is Western European Sovereign, Emerging European or Middle Eastern Sovereign, Japanese Sovereign, Latin American Sovereign, Asian Sovereign, Emerging European Corporate or Latin American Corporate insert:

If a Potential Repudiation/Moratorium occurs the respective Interest Payment Date(s) shall be postponed to the [70]th [insert other number of calendar days] calendar day following the Repudiation/Moratorium Evaluation Date.]

[in case the Notes are linked to the credit of a Reference Entity whose reference entity type is Emerging European or Middle Eastern Sovereign, Latin American Sovereign, Emerging European Corporate or Latin American Corporate insert:

If a Potential Failure to Pay occurs with respect to the Obligation of [the] [a] Reference Entity, to which a Grace Period applies and if this Grace Period does not end on or prior to the respective Interest Payment Date, then the respective Interest Payment Date is postponed to the [70]th **[insert other number of calendar days]** calendar day following the day on which the Grace Period expires.]]"

2. AMENDMENTS TO THE SECTION ENTITLED "2. RISK FACTORS" COMMENCING ON PAGE 35 OF THE PROSPECTUS

Amendments to the subsection "2.2.1 Risk Factors in respect of the Credit Linked Nature of the Notes" commencing on page 56 of the Prospectus.

- 2.1 The first paragraph of the subsection "If particular events occur, the maturity date and the interest payment dates are postponed without the holders of securities receiving compensation; in addition the period in which a credit event can occur is extended" commencing on page 58 of the Prospectus shall be replaced as follows:**

"If an application is made in relation to the existence of a credit event of a Reference Entity to a decision committee established by ISDA (International Swaps and Derivatives Association, Inc.) before the Scheduled Last Credit Event Observation Date and the decision committee has not published a decision by the last business day before the Scheduled Last Credit Event Observation Date or the respective Interest Payment Date, the maturity date and the date of interest payments may be considerably postponed."

- 2.2 The third paragraph of the subsection "If particular events occur, the maturity date and the interest payment dates are postponed without the holders of securities receiving compensation; in addition the period in which a credit event can occur is extended" commencing on page 58 of the Prospectus shall be replaced as follows:**

"In the case of Notes, the Reference Entity of which is or are one or several of the following reference entity types:

Emerging European Corporate,

Emerging European or Middle Eastern Sovereign,

Latin American Sovereign or

Latin American Corporate

the Last Credit Event Observation Date and maturity date as well as the date of interest payments may also be considerably postponed if a Reference Entity has not paid an obligation when due, however the applicable Grace Period for this obligation has not yet expired by the Scheduled Last Credit Event Observation Date or the respective Interest Payment Date, respectively."

3. **AMENDMENTS TO THE SECTION ENTITLED "3. THE NOTES" COMMENCING ON PAGE 72 OF THE PROSPECTUS**

3.1 **The first paragraph of the subsection "3.2.6 Postponement of Interest Payment Dates and the Maturity Date" commencing on page 77 of the Prospectus shall be replaced as follows:**

"If an application is made in relation to the existence of a credit event of a Reference Entity to a decision committee established by ISDA (International Swaps and Derivatives Association, Inc.) before the Scheduled Last Credit Event Observation Date determined in the Issue Specific Conditions and the decision committee has not published a decision by the last business day before the Scheduled Last Credit Event Observation Date or the respective Interest Payment Date, the maturity date and the date of interest payments may be considerably postponed. The dates applicable in this case are determined in the Issue Specific Conditions."

3.2 **The third paragraph of the subsection "3.2.6 Postponement of Interest Payment Dates and the Maturity Date" commencing on page 77 of the Prospectus shall be replaced as follows:**

"In the case of Notes, the Reference Entity of which is or are one or several of the following reference entity types:

Emerging European Corporate,

Emerging European or Middle Eastern Sovereign,

Latin American Sovereign or

Latin American Corporate

the Last Credit Event Observation Date and maturity date as well as the date of interest payments may also be considerably postponed if a Reference Entity has not paid an obligation when due, however the applicable Grace Period for this obligation has not yet expired by the Scheduled Last Credit Event Observation Date or the respective Interest Payment Date, respectively. The criteria for determining the dates applicable for this case are determined respectively in the Issue Specific Conditions."

4. **AMENDMENTS TO THE SECTION "4. TERMS AND CONDITIONS OF THE NOTES (IN GERMAN AND ENGLISH LANGUAGE) – B. EMISSIONSSPEZIFISCHE BEDINGUNEN / B. ISSUE SPECIFIC CONIDITIONS" COMMENCING ON PAGE 78 OF THE PROSPECTUS**

4.1 **Amendments to OPTION I commencing on page 92 of the Prospectus and entitled as follows:**

[OPTION I – EMISSIONSBEDINGUNGEN KREDITBEZOGENE SCHULDVERSCHREIBUNGEN MIT EINEM FESTEN ZINSSATZ:	– FÜR MIT	[OPTION I – TERMS AND CONDITIONS FOR CREDIT LINKED NOTES WITH A FIXED RATE OF INTEREST:
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4.1.1 **The first paragraph of § 2 (3) of Option I commencing on page 95 of the Prospectus shall be replaced as follows:**

"(3) *Verschiebung* des *Zinszahlungstags*. Wurde vor dem vorgesehenen letzten Kreditereignisbeobachtungstag ein Antrag auf Entscheidung in Bezug auf das Vorliegen eines Kreditereignisses im Hinblick auf [den] [einen] Referenzschuldner an das Sekretariat des Entscheidungskomitees gestellt und hat das Entscheidungskomitee über diesen Antrag nicht bis zum letzten ISDA-Geschäftstag vor dem betreffenden Zinszahlungstag eine Entscheidung getroffen, kann die Emittentin den betreffenden Zinszahlungstag um bis zu [70] [andere Anzahl an Kalendertagen einsetzen] Kalendertage verschieben.

(3) *Postponement of the Interest Payment Date*. If an application has been filed with the DC Secretary for a resolution in relation to the existence of a Credit Event in respect of [the] [a] Reference Entity prior to the Scheduled Last Credit Event Observation Date and if the Determinations Committee has not made a resolution on this application by the last ISDA-Business Day prior to the respective Interest Payment Date, the Issuer can postpone the respective Interest Payment Date by up to [70] [insert other number of calendar days] calendar days."

4.1.2 **The fourth and fifth paragraph of § 2 (3) of Option I commencing on page 95 of the Prospectus shall be replaced as follows:**

"[Auf Referenzschuldner, auf die der Referenzschuldnertyp europäischer Schwellenstaat oder Staat aus dem mittleren Osten (*Emerging European or Middle Eastern Sovereign*) oder lateinamerikanischer Staat (*Latin American Sovereign*) oder osteuropäisches Unternehmen (*Emerging European Corporate*) oder lateinamerikanisches Unternehmen (*Latin American Corporate*) zutrifft, ist zusätzlich die folgende Bestimmung

[In addition, the following condition is applicable to Reference Entities whose reference entity type is Emerging European or Middle Eastern Sovereign or Latin American Sovereign or Emerging European Corporate or Latin American Corporate:

anwendbar:

Tritt eine Potentielle Nichtzahlung (wie in § 4 definiert) in Bezug auf eine Verbindlichkeit [des] [eines] Referenzschuldners ein, auf die eine Nachfrist (wie in § 4 definiert) Anwendung findet, am oder vor dem Vorgesehenen letzten Kreditereignisbeobachtungstag ein und endet diese Nachfrist nicht am oder vor dem betreffenden Zinszahlungstag, dann verschiebt sich der betreffende Zinszahlungstag auf den [70]. **[andere Anzahl von Kalendertagen einfügen]** Kalendertag nach dem Kalendertag, an welchem die Nachfrist abläuft.]

If a Potential Failure to Pay (as defined in § 4) occurs with respect to the Obligation of [the] [a] Reference Entity, to which a Grace Period applies (as defined in § 4), on or prior to the Scheduled Last Credit Event Observation Date and if this Grace Period does not end on or prior to the respective Interest Payment Date, then the respective Interest Payment Date is postponed to the [70]th **[insert other number of calendar days]** calendar day following the day on which the Grace Period expires.]"

4.2 **Amendments to OPTION II commencing on page 177 of the Prospectus and entitled as follows:**

[OPTION II – EMISSIONSBEDINGUNGEN FÜR KREDITBEZOGENE SCHULDVERSCHREIBUNGEN MIT EINEM FEST ZU VARIABLEN ZINSSATZ ODER EINEM VARIABLEN ZINSSATZ:

[OPTION II – TERMS AND CONDITIONS FOR CREDIT LINKED NOTES WITH A FIXED TO FLOATING OR FLOATING RATE OF INTEREST:

4.2.1 **The first paragraph of § 2 ([10]) of Option II commencing on page 191 of the Prospectus shall be replaced as follows:**

"([10]) *Verschiebung des Zinszahlungstags.* Wurde vor dem Vorgesehenen letzten Kreditereignisbeobachtungstag ein Antrag auf Entscheidung in Bezug auf das Vorliegen eines Kreditereignisses im Hinblick auf [den] [einen] Referenzschuldner an das Sekretariat des Entscheidungskomitees gestellt und hat das Entscheidungskomitee über diesen Antrag nicht bis zum letzten ISDA-Geschäftstag vor dem betreffenden Zinszahlungstag eine Entscheidung getroffen, kann die Emittentin den betreffenden Zinszahlungstag um bis zu [70] **[andere Anzahl an Kalendertagen einsetzen]** Kalendertage verschieben.

"([10]) *Postponement of the Interest Payment Date.* If an application has been filed with the DC Secretary for a resolution in relation to the existence of a Credit Event in respect of [the] [a] Reference Entity prior to the Scheduled Last Credit Event Observation Date and if the Determinations Committee has not made a resolution on this application by the last ISDA-Business Day prior to the respective Interest Payment Date, the Issuer can postpone the respective Interest Payment Date by up to [70] **[insert other number of calendar days]** calendar days."

- 4.2.2 The fourth and fifth paragraph of § 2 ([10]) of Option II commencing on page 191 of the Prospectus shall be replaced as follows:

"[Auf Referenzschuldner, auf die der Referenzschuldnertyp europäischer Schwellenstaat oder Staat aus dem mittleren Osten (*Emerging European or Middle Eastern Sovereign*) oder lateinamerikanischer Staat (*Latin American Sovereign*) oder osteuropäisches Unternehmen (*Emerging European Corporate*) oder lateinamerikanisches Unternehmen (*Latin American Corporate*) zutrifft, ist zusätzlich die folgende Bestimmung anwendbar:

Tritt eine Potentielle Nichtzahlung (wie in § 4 definiert) in Bezug auf eine Verbindlichkeit [des] [eines] Referenzschuldners ein, auf die eine Nachfrist (wie in § 4 definiert) Anwendung findet, am oder vor dem vorgesehenen letzten Kreditereignisbeobachtungstag ein und endet diese Nachfrist nicht am oder vor dem betreffenden Zinszahlungstag, dann verschiebt sich der betreffende Zinszahlungstag auf den [70]. **[andere Anzahl von Kalendertagen einfügen]** Kalendertag nach dem Kalendertag, an welchem die Nachfrist abläuft.]

[In addition, the following condition is applicable to Reference Entities whose reference entity type is Emerging European or Middle Eastern Sovereign or Latin American Sovereign or Emerging European Corporate or Latin American Corporate:

If a Potential Failure to Pay (as defined in § 4) occurs with respect to the Obligation of [the] [a] Reference Entity, to which a Grace Period applies (as defined in § 4), on or prior to the Scheduled Last Credit Event Observation Date and if this Grace Period does not end on or prior to the respective Interest Payment Date, then the respective Interest Payment Date is postponed to the [70]th **[insert other number of calendar days]** calendar day following the day on which the Grace Period expires.]"

5. **AMENDMENTS TO THE SECTION "6. ERSTE GROUP BANK AG" COMMENCING ON PAGE 358 OF THE PROSPECTUS.**

- 5.1 **Amendments to section "6.6 CREDIT RATINGS", commencing on page 373 of the Prospectus.**

In the table under the heading "Moody's assigned the following ratings:" on page 373 of the Prospectus, the content of the line "Public Sec. Cov. Bonds" for the column "Long term deposits" is deleted and replaced with "Aa1".

- 5.2 **Amendments to section "6.7 RECENT DEVELOPMENTS", commencing on page 375 of the Prospectus. At the end of section "6.7 RECENT DEVELOPMENTS", the following wording is inserted**

"Changes to the Management Board

On 26 October 2014, the Issuer announced that the Issuer's Supervisory Board

approved the strategic repositioning of Erste Group and in this context also personnel decisions. A Group function will be set up within the holding (Erste Group Bank AG) for the retail business while business with commercial customers will be gradually transferred to the local banks. As of 2015, the following personnel changes will take place: Peter Bosek, who used to be board member of Erste Bank der oesterreichischen Sparkassen AG, will become member of the Management Board of Erste Group Bank AG responsible for the Austrian as well as the group-wide retail business. Jozef Sikela, the CEO of the Issuer's subsidiary, Slovenská sporiteľňa, will take over the management functions for Corporates&Markets at the Issuer from Franz Hochstrasser who will leave the Issuer's Management Board. Herbert Juranek, the Issuer's COO will also leave the Issuer's Management Board. A decision on his successor is intended to be reached in the coming weeks."

6. AMENDMENTS TO THE SECTION ENTITLED "GERMAN TRANSLATIONS" COMMENCING ON PAGE 416 OF THE PROSPECTUS

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

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

6.1 Im Unterabschnitt "B.17- Die Ratings, die im Auftrag des Emittenten oder in Zusammenarbeit mit ihm beim Ratingverfahren für den Emittenten oder seine Schuldtitel erstellt wurden", der auf Seite 420 des Prospekts beginnt, wird im zweiten Absatz in der rechten Spalte der Text "Der Emittentin wurden zum 30.9.2014 folgende Ratings zugewiesen:" (der mit dem 1. Nachtrag aufgenommen wurde) durch folgenden Text ersetzt "Der Emittentin wurden zum 24.10.2014 folgende Ratings zugewiesen:".

6.2 Im Unterabschnitt "B.17- Die Ratings, die im Auftrag des Emittenten oder in Zusammenarbeit mit ihm beim Ratingverfahren für den Emittenten oder seine Schuldtitel erstellt wurden", der auf Seite 420 des Prospekts beginnt, wird in der Tabelle unter der Überschrift "Moody's erteilte folgende Ratings" der Inhalt der Zeile "Öffentliche Pfandbriefe" für die Spalte "Langfristige Einlagen" gelöscht und ersetzt durch "Aa1".

6.3 Der Unterabschnitt "C.9 - Zinszahlungstage", der auf Seite 424 des Prospekts beginnt, wird wie folgt ersetzt:

"C.9 - Zinszahlungstage: [Nicht anwendbar]

[[●]

Falls beim Entscheidungskomitee eine Entscheidung in Bezug auf das Vorliegen eines Kreditereignisses in Bezug auf [den] [einen] Referenzschuldner vor dem

Vorgesehenen letzten Kreditereignisbeobachtungstag beantragt wurde und das Entscheidungskomitee über den Antrag nicht bis zum letzten ISDA-Geschäftstag vor dem betreffenden Zinszahlungstag entschieden hat, dann kann die Emittentin den betreffenden Zinszahlungstag um bis zu [70] **[andere Anzahl von Kalendertagen einfügen]** Kalendertage verschieben.

[Falls die Schuldverschreibungen an die Bonität eines Referenzschuldners auf den der Referenzschuldnertyp westeuropäischer Staat, europäischer Schwellenstaat, Staat aus dem mittleren Osten, japanischer Staat, lateinamerikanischer Staat, asiatischer Staat, osteuropäisches Unternehmen oder lateinamerikanisches Unternehmen zutrifft, gebunden sind einfügen:

Tritt eine Potentielle Nichtanerkennung/Moratorium ein, dann verschiebt sich der bzw. die maßgebliche(n) Zinszahlungstag(e) auf den [70]. **[andere Anzahl von Kalendertagen einfügen]** Kalendertag nach dem Nichtanerkennung/Moratorium-Bewertungstag.]

[Falls die Schuldverschreibungen an die Bonität eines Referenzschuldners auf den der Referenzschuldnertyp europäischer Schwellenstaat, Staat aus dem mittleren Osten, lateinamerikanischer Staat, osteuropäisches Unternehmen oder lateinamerikanisches Unternehmen gebunden sind einfügen:

Tritt eine Potentielle Nichtzahlung in Bezug auf eine Verbindlichkeit [des] [eines] Referenzschuldners, auf die eine Nachfrist Anwendung findet, ein und endet diese Nachfrist nicht am oder vor dem betreffenden Zinszahlungstag, dann verschiebt sich der betreffende Zinszahlungstag auf den [70]. **[andere Anzahl von Kalendertagen einfügen]** Kalendertag nach dem Kalendertag, an welchem die Nachfrist abläuft.]]"

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.

Vienna, 29 October 2014

Erste Group Bank AG
as Issuer

Helmut Rauth

Head of Steering and Operating Office
Markets

Stefan Dörfler

Head of Group Capital Markets