09.03.2017

Final Terms

Erste Group Subordinated CMS Floater 2017-2027 (II) Erste Group CMS Nachrangfloater 2017-2027 (II) (the "**Notes"**)

issued pursuant to the

EUR 30,000,000,000 Debt Issuance Programme

of

Erste Group Bank AG

Initial Issue Price: 98.00 per cent. plus the issue charge mentioned in Part B.

Issue Date: 05.04.2017[9]

Series No.: 1551

Tranche No.: 1

9 The Issue Date is the date of issue and payment of the Notes. In the case of free delivery, the Issue Date is the delivery date.

IMPORTANT NOTICE

These Final Terms have been prepared for the purpose of Article 5 (4) of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 and must be read in conjunction with the Debt Issuance Programme Prospectus, dated 13 May 2016, as supplemented from time to time (the "**Prospectus**") pertaining to the EUR 30,000,000,000 Debt Issuance Programme (the "**Programme**") of Erste Group Bank AG (the "**Issuer**"). The Prospectus and any supplements hereto are available for viewing in electronic form on the website of the Issuer ("www.erstegroup.com/de/ueber-uns/erste-group-emissionen/prospekte/anleihen"). Full information on the Issuer and the Notes is only available on the basis of the combination of the Prospectus, any supplements hereto and these Final Terms. A summary of this issue is annexed to these Final Terms.

Warning: The Prospectus dated 13 May 2016 is expected to be valid until 12 May 2017. Thereafter the Issuer intends to publish an updated and approved prospectus on the *website of the Issuer ("www .erstegroup.com/de/ueber-uns/erste-group-emissionen/prospekte/anleihen")* and from that point in time, the Final Terms must be read in conjunction with the new prospectus.

PART A. - TERMS AND CONDITIONS

The Conditions applicable to the Notes are set out below.

§ 1
CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency*, *Denomination*. This tranche (the "**Tranche**") of Subordinated notes (the "**Notes**") is being issued by Erste Group Bank AG (the "**Issuer**") in Euro (EUR) (the "**Specified Currency**") in the aggregate principal amount of up to EUR 250,000,000 (in words: two hundred and fifty million) in the denomination of EUR 1,000 (the "**Specified Denomination**").

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

(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 interest payments under the Notes is represented by the Permanent Global Note. The Permanent Global Note shall be signed by authorised representatives of the Issuer. The Permanent Global Note shall be issued in classical global note format. Definitive Notes and coupons will not be issued.

(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 OeKB CSD GmbH, Strauchgasse 1-3, 1010 Vienna, Austria and any successor in such capacity.

(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 the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("**TARGET**") is open.

§ 2
STATUS

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves. The Issuer reserves the right to issue subordinated debt of any kind that ranks prior to the Notes.

The Notes constitute Tier 2 instruments pursuant to Article 63 of the CRR and have a minimum maturity of five years.

Where:

"**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 relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time.

In the event of the liquidation or insolvency of the Issuer, the payment obligations of the Issuer under the Notes will rank in right of payment after unsubordinated creditors of the Issuer and subordinated creditors of the Issuer whose claims rank pursuant to their terms and conditions, or are expressed to rank, senior to the Notes and will rank in priority to the claims of shareholders, holders of (other) Common Equity Tier 1 instruments pursuant to Article 28 of the CRR as well as holders of Additional Tier 1 instruments pursuant to Article 52 of the CRR of the Issuer and all other subordinated obligations of the Issuer which are expressed by their terms to rank junior to the Notes

Claims of the Issuer are not permitted to be offset against repayment obligations of the Issuer under these Notes and no contractual collateral may be provided by the Issuer or a third person for the liabilities constituted by the Notes. No subsequent agreement may limit the subordination pursuant to this § 2 or amend the maturity of the Notes.

§ 3
INTEREST

(1) *Fixed Interest.*

(a) *Fixed Rate of Interest and Fixed Interest Payment Dates*. The Notes shall bear interest on their outstanding aggregate principal amount at the rate of 2.50 per cent. *per annum* (the "**First Rate of Interest**") from, and including, 05.04.2017 (the "**Interest Commencement Date**") to, but excluding, 05.04.2019 (the "**Interest Rate Change Date"**) (the "**First Period**"). Interest shall be payable annually in arrear on 05.04. in each year (each such date, a "**Fixed Interest Payment Date**"), commencing on 05.04.2018 and ending on 05.04.2019. Fixed Interest Payment Dates are subject to adjustment in accordance with the provisions set out in § 4 (3).

(b) *Calculation of Amount of Interest*. If the amount of interest payable under the Notes is required to be calculated for any period of time of less or more than a full year in the First Period such amount of interest shall be calculated by applying the First Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Fixed 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.

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

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).

(2) *Variable Interest.*

(a) *Variable Interest Payment Dates*.

The Notes shall bear interest on their outstanding aggregate principal amount at the Variable Rate of Interest (as defined below) from, and including, the Interest Rate Change Date to, but excluding, the Maturity Date (as defined in § 5 (1)) (the "**Second Period**"). In the Second Period interest on the Notes shall be payable in arrear on each Variable Interest Payment Date. "**Variable Interest Payment Date**" means each 05.04., commencing on 05.04.2020.

Variable Interest Payment Dates are subject to adjustment in accordance with the provisions set out in § 4 (4).

(b) *Variable Rate of Interest.* The variable rate of interest (the "**Variable Rate of Interest**") for each Variable Interest Period (as defined below) shall be the 10-years-EUR-CMS *per annum* (the "**Reference Rate**"). Such Reference Rate shall be the swap rate (expressed as a percentage rate *per annum*) for swap transactions in the Specified Currency with a term of 10 years which appears on the Screen Page (as defined below) as of 11:00 a.m. (Frankfurt time) on the Determination Day (as defined below), all as determined by the Calculation Agent (as specified in § 6 (1)).

"**Variable Interest Period**" means each period from, and including, the Interest Rate Change Date to, but excluding, the first Variable Interest Payment Date and from, and including, each Variable Interest Payment Date to, but excluding, the following Variable Interest Payment Date.

"Determination Day" means the second Business Day (as defined in § 1 (6)) prior to the commencement of the relevant Variable Interest Period.

"**Screen Page**" means Reuters ICESWAP2 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.

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 Determination Day, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its mid-market swap rate (expressed as a percentage rate *per annum*) at approximately 11:00 a.m. (Frankfurt time) on the

Determination Day. "**Mid-market swap rate**" means the mean of the bid and offered rates for the fixed leg of a fixed-for-floating rate swap transaction in the Specified Currency where the floating leg is equivalent to 6-months-EURIBOR *per annum*, which appears on Reuters ICESWAP2 (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 6-months-EURIBOR.

If three or more of the Reference Banks provide the Calculation Agent with such rates, the Reference Rate for the relevant Variable Interest 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 paragraph, the Reference Rate for the relevant Variable Interest Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion; the Calculation Agent shall take general market practice into account when determining such rate.

"Reference Banks" means four major banks in the interbank market of the Euro-zone or in the London interbank market.**Euro-zone**" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October, 1997 and the Treaty of Lisbon of 13 December 2007, as further amended from time to time.

(c) *Minimum and Maximum Rate of Interest*.

If the Variable Rate of Interest in respect of any Variable Interest Period determined in accordance with the above provisions is less than 2.30 per cent. *per annum*, the Variable Rate of Interest for such Variable Interest Period shall be 2.30 per cent. *per annum.*

If the Variable Rate of Interest in respect of any Variable Interest Period determined in accordance with the above provisions is greater than 5.00 per cent. *per annum*, the Variable Rate of Interest for such Variable Interest Period shall be 5.00 per cent. *per annum.*

(d) *Calculation of Variable Amount of Interest*. The Calculation Agent will calculate the amount of interest payable under the Notes in respect of the Specified Denomination for the relevant Variable Interest Period (the "**Variable Amount of Interest**"). The Variable Amount of Interest shall be calculated by applying the Variable Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Variable Day Count Fraction (as defined below) and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency, with half of such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Each Variable Amount of Interest so calculated may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Variable Interest Period.

(e) *Notification of Variable Rate of Interest*. The Calculation Agent will cause the Variable Interest Period and the Variable Rate of Interest for the relevant Variable Interest Period 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 § 11 as soon as possible after their determination.

(f) *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 shall (in the absence of wilful default, bad faith 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.

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

the number of calendar days in the Variable 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 Variable Calculation Period is the 31st calendar day of a month

but the first calendar day of the Variable 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 Variable 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).

(3) *Default Interest*. The Notes shall cease to bear interest from the expiry of the calendar day preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding aggregate 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 respective rate of interest specified. This does not affect any additional rights that might be available to the Holders.

§ 4
PAYMENTS

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

(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.

(3) *Fixed Payment Business Day*. If the due date for any payment in respect of the Notes which falls prior to or on the Interest Rate Change Date 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: postponed to the next 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)).

If any Fixed Payment Business Day is postponed (as described above), the amount of interest shall not be adjusted accordingly.

(4) *Variable Payment Business Day*. If the due date for any payment in respect of the Notes which falls after the Interest Rate Change Date would otherwise fall on a calendar day which is not a Variable Payment Business Day (as defined below), the due date for such payment shall be: postponed to the next calendar day which is a Variable Payment Business Day.

"**Variable 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)).

If a Variable Payment Business Day is postponed (as described above), the amount of interest 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 Interest*. References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes (as specified in § 5 (1)); the Early Redemption Amount of the Notes (as specified in § 5); and any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "interest" 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

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or repurchased and cancelled, and subject to adjustment in accordance with the provisions set out in § 4 (4), the Notes shall be redeemed at their Final Redemption Amount on 05.04.2027 (the "**Maturity Date**"). The "**Final Redemption Amount**" in respect of each Note shall be the product of the Redemption Price and the Specified Denomination. The "**Redemption Price**" is 100.00 per cent.

(2) *No Early Redemption at the Option of the Issuer.* The Notes may not be redeemed at the option of the Issuer prior to their Maturity Date other than in case of an early redemption pursuant to § 5 (3) or § 5 (4).

(3) *Early Redemption for Reasons of Taxation*. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 90 Business Days' prior notice of early redemption to the Fiscal Agent and, in accordance with § 11, to the Holders (which notice shall be irrevocable), if there is a change in the applicable tax treatment of the Notes, and if the conditions to redemption and repurchase laid down in § 5 (5) are met.

(4) *Early Redemption for Regulatory Reasons.* The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to their Maturity Date on giving not less than 30 nor more than 90 Business Days' prior notice of early redemption to the Fiscal Agent and, in accordance with § 11, to the Holders (which notice shall be irrevocable), if there is a change in the regulatory classification of the Notes that would be likely to result in their exclusion in full or in part from own funds 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 of the Erste Group), and the conditions to redemption and repurchase laid down in § 5 (5) are met.

Where:

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

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

(5) *Conditions to Redemption and Repurchase.* Any early redemption pursuant to this § 5 and any repurchase pursuant to § 10 (2) is subject to the Competent Authority having granted the Issuer the prior permission in accordance with Article 78 of the CRR for the early redemption, whereas such permission may, inter alia, require that:

(i) either (A) 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

(B) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such early redemption or repurchase, exceed the minimum requirements laid down in Article 92(1) of the CRR (and any capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; and

(ii) in the case of any early redemption or repurchase prior to the fifth anniversary of the date of issuance of the Notes:

(A) pursuant to § 5 (3) 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

(B) pursuant to § 5 (4), 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 Article 78 of the CRR shall not constitute a default for any purpose.

Where:

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) of the CRR which is responsible to supervise the Issuer and/or the Erste Group.

"**CRD IV**" 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 IV), as implemented in Austria and as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CRD IV include references to any applicable provisions of law amending or replacing such Articles from time to time.

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

(7) *Early Redemption Amount*. In case of any early redemption pursuant to § 5 (3) or § 5 (4), the Notes will be redeemed at their Early Redemption Amount (as defined below) together with interest, if any, accrued to, but excluding, the date of redemption. For purposes of this § 5, the "**Early Redemption Amount**" of a Note shall be its Final Redemption Amount.

§ 6
FISCAL AGENT, PAYING AGENT AND CALCULATION AGENT

(1) *Appointment; Specified Offices*. The initial Fiscal Agent, the initial Principal Paying Agent and the initial Calculation Agent and their respective initial specified offices are:

Fiscal Agent and Principal Paying Agent:

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

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

Calculation Agent:

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

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, (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 and (iii) 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.

The Issuer undertakes, to the extent this is possible, to maintain a Paying Agent in a member state of the European Union in which it shall not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

(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 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.

§ 7
TAXATION

(1) *General Taxation.* All payments of principal and interest 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, 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, except that 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 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 § 11 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 such calendar day; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) 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 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 an intergovernmental agreement between the United States and another 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
PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within thirty years (in the case of principal) and three years (in the case of interest) upon the relevant due date.

§ 9
NON-PAYMENT AND INSOLVENCY

(1) *Non-payment and Insolvency*. Each Holder shall be entitled in any event contemplated in sub-paragraphs (a) and (b) (other than in case of insolvency (bankruptcy) proceedings are commenced against assets of the Issuer), upon sending a written notice to the Issuer, to inform the Austrian Financial Market Authority (or any other authority competent for such matters in the future) of the occurrence of such event and propose that the Austrian Financial Market Authority (or any other authority competent for such matters in the future) applies to the competent court in Vienna for the commencement of bankruptcy proceedings against the assets of the Issuer:

(a) default is made on the payment of interest or principal in respect of the Notes for a period of 15 calendar days (in the case of interest) or seven calendar days (in the case of principal) from (and including) the relevant due date; or

(b) special receivership proceedings (*Geschäftsaufsichtsverfahren*) pursuant to the Austrian Banking Act (*Bankwesengesetz*) (or any other regulation applicable in the future) are commenced against the Issuer, or the Austrian Financial Market Authority (or any other authority competent for such matters in the future) institutes regulatory measures (*aufsichtsbehördliche Maßnahmen*) with the effect of a temporary moratorium or the Issuer shall be wound up or dissolved, otherwise than for the purposes of reconstruction, merger or amalgamation in which the successor entity assumes all the obligations of the Issuer with respect to the Notes.

(2) Each Holder shall be entitled, if insolvency proceedings are commenced against assets of the Issuer, to file an application in such court demanding payment of all principal amounts due under the Notes together with accrued interest and any Additional Amount.

§ 10
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 (except for the issue date, issue price, Interest Commencement Date and/or first Interest Payment Date) so as to form a single series with the Notes.

(2) *Repurchases*. The Issuer and any of its Subsidiaries may at any time 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. No such repurchase shall be possible unless all applicable regulatory and other statutory restrictions are observed and if the conditions to redemption and repurchase laid down in § 5 (5) are met.

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

§ 11
NOTICES

(1) *Publication*. All notices of facts concerning the Notes shall be published 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). This does not affect any applicable stock exchange law publication requirements. Legally material notices shall be given to the Holders via the respective institutions which maintain the Holders' security accounts. Alternatively, the Issuer shall be entitled to send at any time notices directly to Holders known to the Issuer.

(2) *Notification to 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 the German or 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.

§ 12
MEETING OF HOLDERS, MODIFICATIONS AND WAIVER

(1) *Amendment of the Terms and Conditions*. In accordance with subsequent provisions the Holders may agree with the Issuer on amendments of these Terms and Conditions with regard to certain matters by resolution with the majority specified below. Majority resolutions of the Holders shall be binding on all Holders alike. A majority resolution of the Holders which does not provide for identical conditions for all Holders is void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) The Holders may consent, by majority resolution, to the following measures, among others:

(a) changes in the due date or reduction or exclusion of interest payments;

(b) changes in the due date of the principal amount;

(c) reduction of the principal amount;

(d) subordination of the claims under the Notes during insolvency proceedings of the Issuer;

(e) conversion or exchange of the Notes into shares, other securities or other promises of performance;

(f) changes in the currency of the Notes;

(g) waiver or limitation of the Holders' right of termination;

(h) substitution of the Issuer; and

(i) amendments to or cancellation of ancillary conditions of the Notes.

(3) *Convening a Meeting of Holders*. The Holders' meeting shall be convened by the Issuer or by the Joint Representative of the Holders. It shall be convened if Holders who together hold 5 *per cent.* of the outstanding Notes request such convocation in writing for the purpose of appointing or removing a Joint Representative, passing a resolution in order to render a termination invalid or for any other particular interest in such convocation.

(4) *Contents of the Convening Notice, Publication*. The convening notice shall state the name and the registered office of the Issuer and the time of the Holders' meeting, the agenda and the conditions on which attendance at the Holders' meeting and the exercise of voting rights shall depend. The convening notice shall be published pursuant to § 11.

(5) *Convening Period, Evidence*. The Holders' meeting shall be called at least 14 calendar days before the date of the meeting. As evidence for the entitlement to participate in the Holders' meeting a special confirmation issued by the Clearing System or the Custodian in text form shall be presented.

(6) *Agenda*. The convening party shall include in the agenda a proposed resolution for each subject on which the Holders' meeting is to pass a resolution. The agenda of the Holders' meeting shall be published together with the convening notice. No resolutions may be passed on agenda items that have not been published in the required manner. Holders who together hold 5 *per cent.* of the outstanding Notes may request that new items be published for resolution. Such new items must be published no later than the third calendar day preceding the Holders' meeting. Without undue delay and until the date of the Holders' meeting, the Issuer shall make available to the Holders on its website ("www.erstegroup.com"), any counter-motions announced by a Holder before the meeting.

(7) *Quorum*. The Chairperson shall prepare a register of Holders participating in the vote. Such register shall include the Holders' names, their registered offices or places of residence and the number of voting rights represented by each Holder. Such register shall be signed by the Chairperson of the meeting and be made available without undue delay to all Holders. The Holders' meeting shall have a quorum if the persons present represent at least fifty per cent of the outstanding Notes by value. If the Holders' meeting does not have a quorum, the Chairperson may convene a second meeting for the purposes of passing the resolution (s) anew. Such second meeting requires no quorum. For resolutions which require a qualified majority the persons present must represent at least 25 *per cent*. of the outstanding Notes. Notes for which voting rights have been suspended shall not be included in the outstanding Notes.

(8) *Majority Requirements*. Resolutions relating to material amendments of these Terms and Conditions, in particular consents to the measures set out in § 12 (2) lit (a) to (i) above shall be passed by a majority of not less than 75 per cent. (Qualified Majority) of the votes cast. Resolutions relating to amendments of these Terms and Conditions which are not material require a simple majority of the votes cast.

(9) *Vote without a Meeting*. All votes will be taken exclusively by vote taken without a meeting. The vote shall be conducted by the scrutineer. The scrutineer shall be a notary appointed by the Issuer, or the Joint Representative of the Holders if it has requested such vote. The request for voting shall set out the period within which votes may be cast. Such period shall be at least 72 hours. During the voting period, the Holders may cast their votes to the scrutineer in text form. The request shall set out in detail the conditions to be met in order for the votes to be valid. The scrutineer shall ascertain the entitlement to cast a vote by means of the evidence provided and shall prepare a list of Holders entitled to vote. If it is ascertained that no quorum exists, the scrutineer may convene a Holders' meeting, which shall be deemed to be a second Holders' meeting within the meaning of §12 (7). Any resolution passed by the vote shall be recorded in the minutes by a notary. Each Holder participating in the vote may request within one year of the end of the voting period a copy of the minutes and its annexes from the Issuer. Each Holder participating in the vote may object to the result in writing within two weeks of publication of the resolutions. The scrutineer shall decide on any

such objection. If it takes remedial action as a result of the objection, it shall publish the result without undue delay. § 12 (13) shall apply *mutatis mutandis*. If the scrutineer does not take remedial action as a result of the objection, it shall notify the objecting Holder without undue delay in writing.

(10) *Voting Right*. Each Holder shall participate in votes in accordance with the principal amount of the outstanding Notes held by such Holder. Voting rights are suspended with respect to the shares attributable to the Issuer or any of its Subsidiaries or held for the account of the Issuer or any of its Subsidiaries. The Issuer may not make available Notes for which the voting rights have been suspended to any third party for the purposes of exercising the voting rights in lieu of the Issuer. This shall also apply to any Subsidiaries of the Issuer. Exercise of voting rights for the purposes specified above is prohibited. It is prohibited to offer, promise or grant any advantage as consideration to any person entitled to vote not to vote, or to vote in a particular way, in a Holders' meeting or a vote. No person entitled to vote may require, accept any promise of or accept any advantage or consideration for not voting, or voting in a particular way, in a Holders' meeting or a vote.

(11) *Chair of the Vote*. The vote will be chaired by a notary appointed by the Issuer or, if the Joint Representative has convened the vote, by the Joint Representative (the "**Chairperson**").

(12) *Voting, Minutes*. The provisions of the Austrian Stock Corporation Act (*Aktiengesetz*) regarding the voting of shareholders in the general meeting shall apply *mutatis mutandis* to the casting and counting of votes. In order to be valid, any resolution passed by the Holders' meeting shall be recorded in minutes of the meeting. The minutes shall be recorded by a notary.

(13) *Publication of Resolutions*. The Issuer shall publish the resolutions passed by the Holders in appropriate form and at its own expense. The resolutions shall be published without undue delay pursuant § 11. In addition, for a period of at least one month commencing on the calendar day following the Holders' meeting, the Issuer shall make available to the public on its website ("www.erstegroup.com") the resolutions passed by the Holders and, if these Terms and Conditions are amended by a Holders' resolution, the wording of the original Terms and Conditions.

(14) *Implementation of Resolutions*. Resolutions passed by the Holders' meeting which amend or supplement the contents of these Terms and Conditions shall be implemented in such a way that the relevant Global Note is supplemented or amended. If the Global Note has been deposited with a central securities depository, the Chairperson of the meeting or the scrutineer shall forward for this purpose the contents of the resolution recorded in the minutes to the central securities depository, requesting it to add the documents submitted to the existing documents in appropriate form. It shall affirm to the central securities depository that the resolution may be implemented.

(15) *Joint Representative.*

The Holders may by majority resolution appoint a joint representative (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder.

The Joint Representative shall have the duties and powers granted by majority resolution 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 Joint Representative shall be liable to the Holders as joint and several creditors for the due performance of its duties. In the performance of its duties, it shall act with the care of a prudent representative. The Joint Representative's liability may be limited by resolution of the Holders. An assertion of compensation claims against the Joint Representative shall be decided by the Holders. The Joint Representative may be removed by the Holders at any time without reason. The Joint Representative may require the Issuer to provide any information that is necessary for the performance of its duties.

§ 13
APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law*. The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Austrian law except for its conflict of law rules as far as such rules would lead to the application of foreign law.

(2) *Place of Jurisdiction*. The competent Austrian courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with Notes), to the extent

permissible according to applicable mandatory consumer protection legislation.

(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 depositary 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.

§ 14
LANGUAGE

These Terms and Conditions are written in the English language only.

PART B - OTHER INFORMATION

ESSENTIAL INFORMATION

Interests of Natural and Legal Persons Involved in the Issue or the Offering

☒ Save for the commercial interests of the Managers so far as the Issuer is aware, no person involved in the issue or offering of the Notes has an interest material to the issue or the offering.

☐ Other Interests

Reasons for the Offer and use of Proceeds[45]	Not applicable
Estimated Net Proceeds[46]	Not applicable
Estimated Total Expenses of the Issue	up to EUR 4,000

INFORMATION CONCERNING THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING

Security Codes

☐ ISIN

☐ Common Code

☒ German Security Code EB0E9E

☐ Any Other Security Code

Information about the past and future performance of the underlying and its volatility

Details information about the past and future performance of the Reference Rate can be obtained from the following Screen Page: Reuters ICESWAP2.

Issue Yield	Not applicable
Representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of where the public may have access to the contracts relating to these forms of representation	Not applicable
Resolutions, authorisations and approvals by virtue of which the Notes will be created and/or issued	According to Overall Planning Approval of Management Board dated 17 November 2015 and Supervisory Board dated 17 December 2015

TERMS AND CONDITIONS OF THE OFFER

Conditions, Offer Statistics, Expected Timetable and Action Required to Apply for the Offer

Conditions, to which the offer is subject	Not applicable
Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer	up to EUR 250,000,000

45 See the section entitled "Use of Proceeds" in the Prospectus. If the net proceeds shall not be applied for general funding purposes of the Issuer or in case of Subordinated Notes, to strengthen the equity capital base, insert those reasons. Not to be completed in case of Wholesale Notes.

46 If proceeds are intended to be used for more than one principal use, these must be broken down and illustrated clearly according to their priority by their uses.

The time period, including any possible amendments, during which the offer will be open and description of the application process	In case of tap issues the time period during which the offer will be open usually corresponds with the term of the Notes, or the period starting on 13.03.2017 until the end of the term or the end of the offer determined by the Issuer.
A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants	Not applicable
Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest)	Minimum amount of application is EUR 1,000
Method and time limits for paying up the securities and for delivery of the securities	Payment of the Issue Price and delivery of the securities is made on the basis of the subscription agreement to be concluded between the investor and the Issuer in relation to the purchase of the Notes.
A full description of the manner and date in which results of the offer are to be made public	The results of the offer will be made public by the Issuer at the end of the subscription period, or in case of a tap issue immediately at the end of the offer, by notifying the OeKB CSD GmbH as common securities depository and the stock exchange on which the Notes are listed.
The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised	Not applicable

Plan of Distribution and Allotment

If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.	Not applicable
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made.	The subscriber will be informed of the amount of securities allocated by way of booking such amount to its deposit account. Commencement of trading is not possible before the allocation of the Notes.

Pricing

An indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure.	Initial Issue Price of 98.00% which may be adjusted from time to time in accordance with the market price plus issue surcharge to the amount of up to 4.00%
Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser.	Not applicable

PLACING AND UNDERWRITING

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer or the offeror, of the placers in the various countries where the offer takes place.[46]	Diverse Financial Service Provider in Germany, Austria, Slovakia

Method of Distribution

☒ Non-Syndicated

☐ Syndicated

Subscription Agreement

Date of Subscription Agreement	Not applicable
General Features of the Subscription Agreement *(including the quotas)*	Not applicable

Details with Regard to the Managers *(including the type of commitment)*

Manager(s)

☐ Firm Commitment

☐ Without Firm Commitment

Stabilising Manager	None

Commissions, Concessions and Estimated Total Expenses

☐ Management and Underwriting Commission

☐ Selling Concession

☐ Other

Total Commission and Concession

Issue charge	up to 4,00 per cent.

LISTINGS, ADMISSIONS TO TRADING AND DEALING ARRANGEMENTS

Listings	Yes

☒ Frankfurt am Main

- ☐ Regulated Market
- ☒ Open Market

☐ Regulated Market "Bourse de Luxembourg"

☒ Stuttgart

- ☐ Regulated Market
- ☒ Open Market

☐ SIX Swiss Exchange

☒ Vienna

- ☐ Official Market
- ☒ Second Regulated Market

Expected Date of Admissions	on or around the Issue Date (as defined above)

Estimate of the total expenses related to the admission to trading	Not applicable
All regulated markets or equivalent markets on which to the knowledge of the Issuer, notes of the same class as the Notes to be offered or admitted to trading are already admitted to trading	Not applicable
Name and address of the entities which have committed themselves to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment	Not applicable

ADDITIONAL INFORMATION

Ratings

The Notes have not been rated.

Selling Restrictions

TEFRA

☒ TEFRA C

☐ TEFRA D

☐ Neither TEFRA C nor TEFRA D

Additional Selling Restriction	Not applicable
Non-exempt offer	Yes

Consent to the Use of the Prospectus

Offer period during which subsequent resale or final placement of the Notes by Dealers and/or further financial intermediaries can be made	For the duration of the validity of the Prospectus
Further conditions for the use of the Prospectus	Not applicable

Listing

These Final Terms comprise the details required to list the issue of Notes described in these Final Terms pursuant to the Programme (as from the issue date of the Notes).

Signed on behalf of the Issuer

By: By:

Duly authorised Duly authorised

ANNEX – ISSUESPECIFIC SUMMARY

*This Summary (the **"Summary"**) is made up of disclosure requirements known as elements (the "**Elements**"). These Elements are numbered in sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for this type of securities and the Issuer. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this Summary because of the type of securities and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in this Summary with the specification of "Not applicable".*

This Summary contains options, characterised by square brackets or typesetting in italics (other than the respective translations of specific legal terms), and placeholders regarding the Notes to be issued under the Programme. The summary of the individual issue of Notes will include the options relevant to this issue of Notes as determined by the applicable Final Terms and will contain the information, which had been left blank, as completed by the applicable Final Terms.

A. INTRODUCTION AND WARNINGS

A.1	Warning:	This summary (the "**Summary**") should be read as an introduction to the prospectus (the "**Prospectus**") of the Debt Issuance Programme (the "**Programme**"). Any decision by an investor to invest in notes issued under the Prospectus (the "**Notes**") should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to Erste Group Bank AG ("**Erste Group Bank**"), Am Belvedere 1, A-1100 Vienna, Austria (in its capacity as issuer under the Programme, the "**Issuer**") who tabled this Summary including any translation thereof, but only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Notes.
A.2	Consent by the Issuer or person responsible for drawing up the Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial	The Issuer consents that (i) all credit institutions pursuant to the Directive 2013/36/EU acting as financial intermediaries subsequently reselling or finally placing the Notes and (ii) each further financial intermediary that is disclosed on the website of the Issuer under "www.erstegroup.com" as an intermediary that is given the Issuer's consent to the use of the Prospectus for the reselling or final placing of the Notes (together, the "**Financial Intermediaries**") are entitled to use the Prospectus during the relevant offer period as indicated in the Final Terms during which subsequent resale or final placement of the Notes issued under the Prospectus can be

	intermediaries and indication of the offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use the Prospectus is given:	made, provided however, that the Prospectus is still valid in accordance with § 6a of the KMG which implements the Prospectus Directive.
	Any other clear and objective conditions attached to the consent which are relevant for the use of the Prospectus:	The consent by the Issuer to the use of this Prospectus for subsequent resale or final placement of the Notes by Financial Intermediaries has been given under the condition that: (i) potential investors will be provided with this Prospectus, any supplement hereto and the relevant Final Terms; and (ii) each of the Financial Intermediaries ensures that it will use this Prospectus, any supplement hereto and the relevant Final Terms in accordance with all applicable selling restrictions specified in this Prospectus and any applicable laws and regulations in the relevant jurisdiction. In the Final Terms, the Issuer can determine further conditions attached to its consent which are relevant for the use of the Prospectus. The Issuer reserves the right to withdraw its consent to use the Prospectus at any time. Such withdrawal shall be published on the website of the Issuer under "www.erstegroup.com".
	Notice in bold informing investors that, in the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made:	**In the event of an offer being made by a Dealer and/or a further Financial Intermediary the Dealer and/or the further Financial Intermediary shall provide information to investors on the terms and conditions of the offer at the time the offer is made.**

B. THE ISSUER

B.1	The legal and commercial name of the Issuer:	The legal name of the Issuer is "Erste Group Bank AG", its commercial name is "Erste Group". "**Erste Group**" also refers to Erste Group Bank and its consolidated subsidiaries.
B.2	The domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country or incorporation:	Erste Group Bank is a stock corporation (*Aktiengesellschaft*) organised and operating under Austrian law, registered with the companies register (*Firmenbuch*) at the Vienna commercial court (*Handelsgericht Wien*) under the registration number FN 33209m. Erste Group Bank's registered office is in Vienna, Republic of Austria. It has its business address at Am Belvedere 1, A-1100 Vienna, Austria.
B.4b	Any known trends affecting the Issuer and the industries in which it operates:	The past global financial crisis has led to an increase in regulatory activities at national and international levels to adopt new and more strictly enforce existing regulation for the financial industry in which the Issuer operates. Regulatory changes or enforcement initiatives could further

affect the financial industry. New governmental or regulatory requirements and changes in levels of adequate capitalisation, liquidity and leverage could lead to increased capital and liquidity requirements or standards. Governmental and central bank action in response to the financial crisis could significantly affect competition and may affect investors of financial institutions.

B.5 If the Issuer is part of a group, a description of the group and the Issuer's position within the group:

"Erste Group" consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank Oesterreich in Austria, Česká spořitelna in the Czech Republic, Banca Comercială Română in Romania, Slovenská sporiteľňa in the Slovak Republic, Erste Bank Hungary in Hungary, Erste Bank Croatia in Croatia, Erste Bank Serbia in Serbia and, in Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the Haftungsverbund, Erste Group Immorent AG, and others. Erste Group Bank operates as the parent company of Erste Group and is the lead bank in the Austrian Savings Banks Sector.

B.9 Where a profit forecast or estimate is made, state the figure:

Not applicable; no profit forecast or estimate has been made.

B.10 A description of the nature of any qualifications in the audit report on the historical financial information:

Not applicable; there are no qualifications.

B.12 Selected historical key financial information:

in millions of Euro (rounded)	**31 December 2015 audited**	**31 December 2014 audited**
Total liabilities and equity	199,743	196,287
Total equity	14,807	13,443
Net interest income	4,445	4,495*)
Pre-tax result from continuing operations	1,639	-728*)
Net result for the period	1,275	-1,249*)
Net result attributable to owners of the parent	968	-1,383*)

Source: Audited Consolidated Financial Statements 2015

*) The figures as of 31 December 2014 are restated according to IAS 8.

in millions of Euro (rounded)	**31 March 2016 unaudited**	**31 December 2015 audited**
Total liabilities and equity	206,369	199,743
Total equity	15,218	14,807
in millions of Euro (rounded)	**31 March 2016 unaudited**	**31 March 2015 unaudited**
Net interest income	1,092.2	1,098.5

Pre-tax result from continuing operations	427.0	415.2
Net result for the period	322.6	296.6
Net result attributable to owners of the parent	274.7	225.8

Source: Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2016 with comparative financial information for the first quarter in 2015 and the year ended 31 December 2015, respectively

in millions of Euro (rounded)	**30 September 2016 unaudited**	**31 December 2015 audited**
Total liabilities and equity	206,811	199,743
Total equity	16,529	14,807
in millions of Euro (rounded)	**30 September 2016 unaudited**	**30 September 2015 unaudited**
Net interest income	3,267.5	3,324.3
Pre-tax result from continuing operations	1,828.7	1,401.5
Net result for the period	1,424.8	1,039.2
Net result attributable to owners of the parent	1,179.2	764.2

Source: Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 2016 with comparative financial information for the first 9 months period ended 30 September 2015 and as of 31 December 2015, respectively

	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:	There has been no material adverse change in the prospects of the Issuer since 31 December 2015.
	Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information:	Not applicable. There has been no significant change in the financial position of the Issuer since 30 September 2016.
B.13	Description of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency:	Not applicable; there are no recent events particular to the Issuer that are to a material extent relevant to the evaluation of the Issuer's solvency.

B.14 If the Issuer is part of a group, any dependency upon other entities within the group:

The Issuer is the parent company of Erste Group and thus dependent on the business results of the operations of all of its affiliates, subsidiaries and group companies.

B.15 A description of the Issuer's principal activities:

Erste Group provides a full range of banking and financial services, including deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring.

B.16 To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control:

As of the date of this Prospectus, 29.1% of the shares in Erste Group Bank were attributable to DIE ERSTE Österreichische Spar-Casse Privatstiftung ("**Erste Stiftung**") which held 9.9% directly and 9.3% indirectly (including voting rights of DIE ERSTE österreichische Spar-Casse Privatstiftung, savings banks, savings banks foundations and Wiener Städtische Wechselseitige Versicherungsverein), and 9.9% of the shares in Erste Group Bank were held by CaixaBank, S.A. which are also attributable to Erste Stiftung. The free float amounts to 70.9% (of which 4.1% were held by UNIQA Versicherungsverein Privatstiftung, Vienna, Austria, 4.6% were held by Harbor International Fund, 45.6% by other institutional investors, 5.0% by retail investors, 10.7% by unidentified institutional and private investors and 0.9% by Erste Group's employees) (all numbers are rounded).

B.17 Credit ratings assigned to the Issuer or its debt securities at the request or with the cooperation of the Issuer in the rating process:

Credit rating assigned to the Notes: Not applicable; the Notes are not rated.

Credit ratings assigned to the Issuer as of 7 March 2017:

Standard & Poor's assigned the following ratings:

Debt Type	**Rating**	**Outlook**
Senior Unsecured Long-Term	BBB+	Stable
Senior Unsecured Short-Term	A-2	-
Subordinated	BBB-	-

Moody's assigned the following ratings:

Debt Type	**Rating**	**Outlook**
Senior Unsecured Long-Term	Baa1	Stable
Senior Unsecured Short-Term	P-2	-
Subordinated	Ba1	-
Public-Sec. Cov. Bonds	Aaa	-
Mortgage Cov. Bonds	Aaa	-

Fitch assigned the following ratings:

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

C. SECURITIES

C.1 Description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number:

Class and Type

The Notes are debt instruments issued in bearer form and are represented by a Permanent Global Note. Definitive Notes and coupons will not be issued.

The Notes are notes which initially bear a fixed rate of interest followed by a floating rate of interest which shall be determined for each floating interest period on the basis of a reference rate.

In addition a factor is applied to the reference rate.

The floating rate of interest is subject to a minimum and a maximum rate of interest, i.e. the investor will receive such specified rate of interest if the interest rate calculated in accordance with the relevant Terms and Conditions is less or greater than the minimum or maximum rate of interest.

Issuance in Series

The Notes are issued as Series number 1551, Tranche number 1.

Security Identification Numbers

C.2 Currency of the securities issue:

The Notes are issued in Euro.

C.5 Description of any restrictions on the free transferability of the securities:

Not applicable. The Notes are freely transferable.

C.8 Description of the rights attached to the securities:

Redemption

Unless previously redeemed in whole or in part or repurchased and cancelled, and subject to adjustment in accordance with the Terms and Conditions, the Notes shall be redeemed at their Final Redemption Amount on the Maturity Date. The "**Final Redemption Amount**" in respect of each Note shall be the product of the Redemption Price and the Specified Denomination. The "**Redemption Price**" is 100.00 per cent.

Meeting of Holders, Modifications and Waiver

Holders may agree with the Issuer on amendments of the Terms and Conditions with regard to matters specified in the Terms and Conditions by resolution with the majority specified in the Terms and Conditions. Majority resolutions of the Holders shall be binding on all Holders alike. A

majority resolution of the Holders which does not provide for identical conditions for all Holders is void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

The Holders may by majority resolution appoint a joint representative for all Holders (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder. The duties, rights and functions of the Joint Representative are determined by the Terms and Conditions.

Including ranking of the Notes:

Status

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank pari passu among themselves. The Issuer reserves the right to issue subordinated debt of any kind that ranks prior to the Notes.

In the event of the liquidation or insolvency of the Issuer, the payment obligations of the Issuer under the Notes will rank in right of payment after unsubordinated creditors of the Issuer and subordinated creditors of the Issuer whose claims rank pursuant to their terms and conditions, or are expressed to rank senior to the Notes and will rank in priority to the claims of shareholders, holders of (other) Common Equity Tier 1 instruments pursuant to Article 28 CRR as well as holders of Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer and all other subordinated obligations of the Issuer which are expressed by their terms to rank junior to the Notes.

Including limitations to those rights:

Early redemption for taxation or regulatory reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to their stated maturity upon notice of early redemption to the Fiscal Agent and to the Holders (which notice shall be irrevocable) within the specified notice period, at a redemption amount specified in the Terms and Conditions, if there is a change (i) in the applicable tax treatment of the Notes or (ii) in the regulatory classification of the Notes that would be likely to result in their exclusion in full or in part from own funds 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 of the Erste Group); and in each case provided that certain Conditions to Redemption and Repurchase are met.

Where:
"**Erste Group**" means the Issuer and its consolidated Subsidiaries.

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

Conditions to Redemption and Repurchase

Any early redemption and any repurchase is subject to the Competent Authority having granted the Issuer the prior permission in accordance with Article 78 CRR for the early redemption, whereas such permission may, *inter alia*, require that:

(i) either (A) 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 (B) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such early redemption or repurchase, exceed the minimum requirements laid down in Article 92(1) CRR (and any capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; and (ii) in the case of any early redemption or repurchase prior to the fifth anniversary of the date of issuance of the Notes: (A) in case of early redemption for reasons of taxation 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 (B) in case of early redemption for regulatory reasons 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 Article 78 CRR shall not constitute a default for any purpose. Where: "**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR which is responsible to supervise the Issuer and/or the Erste Group. "**CRD IV**" 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 IV*), as implemented in Austria and as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CRD IV include references to any applicable provisions of law amending or replacing such Articles from time to time. **Non-Payment and Insolvency** In case of non-payment or insolvency as provided for in the Terms and Conditions, each Holder shall be entitled to inform the Austrian Financial Market Authority of the occurrence of such event and propose that the Austrian Financial Market Authority applies to the competent court in Vienna for the commencement of bankruptcy proceedings against the assets of the Issuer. Each Holder shall be entitled, if bankruptcy proceedings are commenced against assets of the Issuer, to file an application in such court demanding payment of all principal amounts due under the Notes together with accrued interest and any additional amount.
C.9	Nominal interest	Not applicable.

	rate:	
	Date from which interest becomes payable and the due dates for interest:	**Interest Commencement Date** The Interest Commencement Date of the Notes is 05.04.2017. **Variable Interest Commencement Date** The Variable Interest Commencement Date of the Notes is 05.04.2019. **Interest Payment Dates** Fixed Interest Payment Dates: in each 05.04. Variable Interest Payment Dates: in each 05.04.
	Where the rate is not fixed, description of the underlying on which it is based:	2.50 per cent. *per annum* from the Interest Commencement Date to, but excluding, 05.04.2019 (the "**Interest Rate Change Date**") and at the Variable Rate of Interest which shall be determined for each interest period from, and including, the Interest Rate Change Date to, but excluding, the Maturity Date, or in case the Notes are redeemed early, the day of early redemption. The "**Variable Rate of Interest**" shall be the 10-years-EUR-CMS *per annum* The maximum interest rate is 5.00 per cent. *per annum.* The minimum interest rate is 2.30 per cent. *per annum.*
	Maturity date and arrangements for the amortisation of the loan, including the repayment procedures:	**Maturity Date** The Maturity Date of the Notes is 05.04.2027. **Repayment procedures** Payment of principal in respect of the Notes shall be made to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.
	Indication of yield:	**Issue Yield** Not applicable.
	Name of representative of debt security holders:	**Name of representative of Holders** Not applicable. No Joint Representative has been appointed in the Terms and Conditions.
C.10	If the security has a derivative component in the interest payment, clear and comprehensive explanation to help investors understand how the value of	Not applicable. The Notes do not have a derivative component in the interest payment.

	their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident:	
C.11	Indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question:	Application has been made for the Notes to be admitted to the "Geregelter Freiverkehr" (Secondary Regulated Market) of the Wiener Börse AG (Vienna Stock Exchange), to trading on the Stuttgart Stock Exchange (Baden-Württembergische Wertpapierbörse) and to trading on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

D. RISKS

D.2 Key information on the key risks that are specific to the Issuer:

Risks related to the business of Erste Group

- Difficult macroeconomic and financial market conditions may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects.
- Erste Group has been and may continue to be affected by the European sovereign debt crisis, and it may be required to take impairments on its exposures to the sovereign debt of certain countries.
- Erste Group has experienced and may in the future continue to experience deterioration in credit quality, particularly as a result of financial crises or economic downturns.
- Erste Group is subject to significant counterparty risk, and defaults by counterparties may lead to losses that exceed Erste Group's provisions.
- Erste Group's hedging strategies may prove to be ineffective.
- Erste Group is exposed to declining values of the collateral supporting commercial and residential real estate loans.
- Market fluctuations and volatility may adversely affect the value of Erste Group's assets, reduce profitability and make it more difficult to assess the fair value of certain of its assets.
- Erste Group is subject to the risk that liquidity may not be readily available.
- Rating agencies may suspend, downgrade or withdraw a 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.
- 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.
- Risk of changes in the tax framework, in particular regarding bank tax and

the introduction of a financial transaction tax.

- The Issuer may not be able to meet the minimum requirement for own funds and eligible liabilities.
- The Issuer is obliged to contribute amounts to the Single Resolution Fund and to ex-ante financed funds of the deposit guarantee schemes; this results in additional financial burdens for the Issuer and thus, adversely affects the financial position of the Issuer and the results of its business, financial condition and results of operations.
- In future, the Issuer may be obliged to stop proprietary trading and/or separate certain trading activities from its core banking business.
- Erste Group's risk management strategies, techniques and internal control procedures may leave it exposed to unidentified or unanticipated risks.
- Erste Group's business entails operational risks.
- Any failure or interruption in or breach of Erste Group's information systems, and any failure to update such systems, may result in lost business and other losses.
- Erste Group may have difficulty recruiting new talent or retaining qualified employees.
- Erste Group Bank may be required to provide financial support to troubled banks in the Haftungsverbund, which could result in significant costs and a diversion of resources from other activities.
- Changes in interest rates are caused by many factors beyond Erste Group's control, and such changes can have significant adverse effects on its financial results, including net interest income.
- Since a large part of Erste Group's operations, assets and customers are located in CEE countries that are not part of the Eurozone, Erste Group is exposed to currency risks.
- Erste Group Bank's profit can be lower or even negative.
- A change of the ECB's collateral standards could have an adverse effect on the funding of Erste Group and access to liquidity.
- Erste Group operates in highly competitive markets and competes against large international financial institutions as well as established local competitors.
- Erste Group Bank's major shareholder may be able to control shareholder actions.
- Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences.
- Changes in consumer protection laws as well as the application or interpretation of such laws might limit the fees and other pricing terms that Erste Group may charge for certain banking transactions and might allow consumers to claim back certain of those fees already paid in the past.
- The integration of potential future acquisitions may create additional challenges.

Risks related to the markets in which Erste Group operates

- The departure of any one or more countries from the Eurozone could have unpredictable consequences for the financial system and the greater economy, potentially leading to declines in business levels, write-downs of

assets and losses across Erste Group's business.

- Erste Group operates in emerging markets that may experience rapid economic or political changes, either of which may adversely impact its financial performance and results of operations.
- Committed EU funds may not be released or further aid programmes may not be adopted by the EU and/or international credit institutions.
- Loss of customer confidence in Erste Group's business or in banking businesses generally could result in unexpectedly high levels of customer deposit withdrawals, which could have a material adverse effect on Erste Group's results, financial condition and liquidity.
- Liquidity problems experienced by certain CEE countries may adversely affect the broader CEE region and could negatively impact Erste Group's business results and financial condition.
- Governments in countries in which Erste Group operates may react to financial and economic crises with increased protectionism, nationalisations or similar measures.
- Erste Group may be adversely affected by slower growth or recession in the banking sector in which it operates as well as slower expansion of the Eurozone and the EU.
- The legal systems and procedural safeguards in many CEE countries and, in particular, in the Eastern European countries are not yet fully developed.
- Applicable bankruptcy laws and other laws and regulations governing creditors' rights in various CEE countries may limit Erste Group's ability to obtain payments on defaulted loans and advances.
- Erste Group may be required to participate in or finance governmental support programs for credit institutions or finance governmental budget consolidation programmes, including through the introduction of banking taxes and other levies.

D.3 Key information on the key risks that are specific to the securities:

Factors which are material for the purpose of assessing the market risks associated with the Notes:

- The Notes may not be a suitable investment for investors if they do not have sufficient knowledge and/or experience in the financial markets and/or access to information and/or financial resources and liquidity to bear all the risks of an investment and/or a thorough understanding of the terms of the Notes and/or the ability to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment

Risks related to the structure of particular Notes

- Holders of Fixed to Floating Rate Notes may be exposed to the risk of fluctuating interest rate levels which make it impossible to determine the yield of such Notes in advance, and are exposed to the risk of uncertain interest income. The Euro Interbank Offered Rate (**"EURIBOR"**) and other indices which are deemed "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may result in changes to such benchmarks and may cause a benchmark (including the 10-years-EUR-CMS (if affected by these reforms)) to perform differently than in the past, or have other consequences which cannot be predicted. Investors thus face the risk that any such changes may have a material adverse effect on the value of and the amount payable under the

Notes.

- Fixed to Fixed and Fixed to Floating Rate Notes bear interest at a rate that converts from a fixed rate to a different fixed rate or from a fixed rate to a floating rate, respectively. A Holder bears the risk that after such conversion, the new fixed rate may be lower than the then prevailing interest rates or the spread on the Fixed to Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes relating to the same reference rate.
- In the event that any Notes are redeemed prior to their maturity, a Holder of such Notes may be exposed to risks, including the risk that his investment will have a lower than expected yield (Risk of Early Redemption).
- In the case of a cap, a Holder will not be able to benefit from a favourable development beyond the cap.
- If the relevant Terms and Conditions of the Notes provide for resolutions of Holders, certain rights of a Holder may be amended or reduced or even cancelled by way of resolutions, which could affect the Holder negatively.
- If the relevant Terms and Conditions of the Notes provide for the appointment of a Joint Representative, a Holder may be deprived of its individual right to pursue and enforce its rights under the relevant Terms and Conditions of the Notes against the Issuer.
- An Austrian court can appoint a trustee (*Kurator*) for the Notes to exercise the rights and represent the interests of Holders on their behalf in which case the ability of Holders to pursue their rights under the Notes individually may be limited.
- The Notes may be subject to write-down or conversion to equity upon the occurrence of a certain trigger event, which may result in Holders losing some or all of their investment in the Notes (statutory loss absorption).
- The Notes may be subject to other resolution powers which may result in the non-payment of interest and/or non-repayment.
- The Holders of the Notes are exposed to the risk that the Issuer is not prohibited from issuing further debt instruments or incurring further liabilities.
- The Holders of the Notes are exposed to the risk that in an Issuer's insolvency deposits have a higher ranking than their claims under the Notes.
- The obligations of the Issuer under Subordinated Notes constitute unsecured and subordinated obligations which are subordinated to the claims of all unsubordinated creditors of the Issuer.
- The Holders are exposed to the risk that the Issuer may issue subordinated debt instruments or incur subordinated liabilities which are senior to the Subordinated Notes.
- Subordinated Notes may not be early redeemed at the option of the Holders, and any rights of the Issuer to early redeem or repurchase Subordinated Notes are subject to the prior permission of the competent authority.

Risks related to Notes generally

- Credit ratings of Notes may not adequately reflect all risks of the investment in such Notes and may be suspended, downgraded or withdrawn which could have an adverse effect on the market price and trading price of the Notes.
- The Notes are governed by German and/or Austrian law, and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the Holders.
- The statutory presentation period provided under German law will be reduced

under the Terms and Conditions applicable to the Notes in which case Holders may have less time to assert claims under the Notes.

Risks related to the market generally

- Holders are exposed to the risk of partial or total failure of the Issuer to make interest and/or redemption payments under the Notes.
- Holders assume the risk that the credit spread of the Issuer widens resulting in a decrease in the price of the Notes.
- The Holder may be exposed to the risk that due to future money depreciation (inflation), the real yield of an investment may be reduced.
- There can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, a Holder may not be able to sell his Notes at fair market prices.
- No conclusion may be drawn from the indicated Aggregate Principal Amount in case of "up to" Notes.
- There is a risk that trading in the Notes or underlyings will be suspended, interrupted or terminated, which may have an adverse effect on the price of such Notes.
- Holders are exposed to the risk of an unfavourable development of market prices of their Notes which materialises if the Holder sells the Notes prior to the final maturity of such Notes.
- In case of an early redemption of any Notes, there is a risk that Holders may not be able to reinvest proceeds from the Notes in such a way that they earn the same rate of return.
- Exchange rate risks may occur, if a Holder's financial activities are denominated in a currency or currency unit other than the Specified Currency in which the Issuer will make principal and interest payments. Furthermore, government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate.
- If a loan or credit is used to finance the acquisition of the Notes, the loan or credit may significantly increase the amount of a loss.
- Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes.
- Holders have to rely on the functionality of the relevant clearing system.
- Holders should note that the applicable tax regime may change to the disadvantage of the Holders and therefore, the tax impact of an investment in the Notes should be carefully considered.
- Legal investment considerations may restrict certain investments.
- The Issuer is exposed to conflicts of interest which might adversely affect the Holders.

Risks related to withholding taxes

- Under the EU Savings Directive, if a payment were to be made or collected through a paying agent in a state which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax (no gross-up).

E. OFFER

E.2b Reasons for the offer The net proceeds from the issue of any Notes will be used

	and use of proceeds when different from making profit and/or hedging certain risks:	by the Issuer for its general funding purposes and, in case of Subordinated Notes, to strengthen the capital base of the Issuer which are also the reasons for the offer.
E.3	Description of the terms and conditions of the offer:	**Aggregate principal amount** up to EUR 250,000,000 **Initial Issue price plus an issue charge** 98.00 per cent. which may be adjusted from time to time in accordance with the market price plus issue surcharge to the amount of up to 4.00 per cent. **Specified Denomination** EUR 1,000 **Minimum and/or Maximum Amount of Application** Minimum amount of application: EUR 1,000 **Type of distribution** Diverse Financial Service Provider in Germany, Austria, Slovakia **Start of subscription period** 16.03.2017 Non Syndicated **Other or further conditions** Not applicable
E.4	Description of any interest that is material to the issue/offer including conflicting interest:	The Issuer may from time to time act in other capacities with regard to the Notes, such as calculation agent, which allows the Issuer to make calculations in respect of the Notes (e.g. the amount of interest to be paid) which are binding for the Holders. This fact could generate conflicts of interest and may affect the value of the Notes. The Issuer may use all or some of the proceeds received from the sale of the Notes to enter into hedging transactions which may affect the value of the Notes. The Issuer believes that such hedging activity will under normal circumstances not have a material impact on the value of the Notes. However, it cannot be assured that the Issuer's hedging activities will not affect such value. It is usual for employees of financial institutions such as Erste Group to undertake deals on their own behalf subject to securities laws on personal transactions and market abuse as well as statutory or internal compliance standards. Employees and connected parties are permitted to take part in securities offerings of Erste Group. Furthermore, when purchasing the Notes, the employee receives a discount from the value of the market price. Erste Group's sales employees may be motivated to sell these Notes, due to the value of incentives received by them (in case the sale is successful) subject to securities and banking laws applicable to any such incentives. Despite measures taken by the Issuer to ensure compliance with applicable laws and internal procedures, this could create a conflict with the duties owed to the Holders. Furthermore, members of the Issuer’s Management and

		Supervisory Boards may serve on management or supervisory boards of various different companies (others than Erste Group Bank), including customers of and investors in Erste Group Bank, which may also compete directly or indirectly with the Issuer. Directorships of that kind may expose such persons to potential conflicts of interest if the Issuer maintains active business relations with said companies.
E.7	Estimated expenses charged to the investor by the Issuer or the offeror:	Not applicable as no such expenses will be charged to the investor by the Issuer or the offeror/s.