

Prospectus Supplement No. 1



Erste Group Bank AG

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

relating to the

€30,000,000,000

Debt Issuance Programme

This supplement (the "Supplement") constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC (the "Prospectus Directive") and sec 6 of the Austrian Capital Markets Act (*Kapitalmarktgesetz*) (the "Act") and is supplemental to, and should be read in conjunction with, the prospectus dated 12th August 2008 (the "Original Prospectus") relating to a €30,000,000,000 Debt Issuance Programme (the "Programme") of Erste Group Bank AG (the "Issuer" or "Erste Group Bank").

The Original Prospectus was approved on 12th August 2008 by the Austrian Financial Market Authority (Job No: 2008-0365) and published on 16th August 2008 by making it available in printed form, free of charge, to the public at the registered office of the Issuer. A notice as to the manner of publication and where the Original Prospectus could be obtained was published on 16th August 2008 in the *Amtsblatt zur Wiener Zeitung*.

This Supplement has been approved by the Austrian Finanzmarktaufsichtsbehörde (the "FMA") in its capacity as competent authority under the Act and has been filed with the Filing Office (*Meldestelle*) at Oesterreichische Kontrollbank Aktiengesellschaft in accordance with the Act. This Supplement has also been filed with the Wiener Börse AG (the "Vienna Stock Exchange"), which has admitted the Programme to the "Amtlicher Handel" (Official Market) and the "Geregelter Freiverkehr" (Second Regulated Market). This Supplement has been published by making it available in printed form, free of charge, to the public at the registered office of the Issuer, Graben 21, 1010 Vienna, Austria.

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

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

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

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

In accordance with Art 16 of the Prospectus Directive and sec 6 of the Act, investors who have agreed to subscribe for Notes after the occurrence of the significant new factors described in section "1. Significant new factors" of this Supplement but before the publication of this Supplement have a right to withdraw their acceptances within two banking days after the date of publication of this Supplement. In case subscribers are consumers in the sense of sec 1 para 1 No 2 of the Austrian Consumer Protection Act (*Konsumentenschutzgesetz*), the period for a withdrawal of their acceptances is one week after the day on which this Supplement has been published.

7th November 2008

The Issuer accepts responsibility for the information contained in this Supplement. Having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

No person has been authorised to give any information or to make any representation other than those contained in this Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers (as defined in "Subscription and Sale" of the Original Prospectus) or either of J.P. Morgan Securities Ltd. (the "International Arranger") or Erste Group Bank AG (in its capacity as the arranger of issues of Domestic Notes only, the "Domestic Arranger" and together with the International Arranger, the "Arrangers"). Neither the delivery of this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Erste Group since the date hereof or the date upon which this Supplement has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Erste Group since the date hereof or the date upon which this Supplement has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

The Dealers and the International Arranger have not separately verified the information contained in this Supplement. None of the Dealers or the International Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Supplement. Neither this Supplement nor any financial statements supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Dealers or the Arrangers that any recipient of this Supplement or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of Supplement should be based upon any such investigation as it deems necessary. None of the Dealers or the International Arranger undertakes to review the financial condition or affairs of the Issuer or the Erste Group during the life of the arrangements contemplated by this Supplement nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the International Arranger.

1. Significant new factors

The following significant new factors (as referred to in Art 16 (1) of the Prospectus Directive and sec 6 of the Act) relating to the information included in the Original Prospectus which are capable of affecting the assessment of the Notes, have arisen and the following changes / supplements are herewith made to the Original Prospectus:

On page 182 of the Original Prospectus, below the table with the heading "Consolidated Balance Sheet of Erste Group Bank at 30 June 2008 and 31 December 2007" the following paragraphs are inserted:

"Consolidated Income Statement of Erste Group Bank for the nine months ended 30 September 2008 and 2007"

	30 September 2008	30 September 2007	Change in per cent.
<i>(in € million)</i>			
Net interest income	3,573.3	2,844.1	25.6
Risk provisions for loans and advances	(602.3)	(335.9)	79.3
Net fee and commission income	1,489.0	1,354.2	10.0
Net trading result	184.9	292.0	(36.7)
General administrative expenses	(3,053.7)	(2,709.9)	12.7
Other operating result	(141.0)	(133.3)	(5.8)
Result from financial assets – at fair value through profit or loss	(114.9)	(38.3)	na
Result from financial assets – available for sale	(11.6)	44.9	na
Result from financial assets – held to maturity	(1.9)	0.6	na
Pre-tax profit from continuing operations	1,321.8	1,318.4	0.3
Taxes on income	(264.4)	(283.5)	(6.7)
Net profit before minority interests from continuing operations	1,057.4	1,034.9	2.2
Post-tax profit from discontinued operations	610.2	25.4	>100.0
Profit for period	1,667.6	1,060.3	57.3
Minority interests	(204.6)	(222.4)	(8.0)
Net profit after minorities	1,463.0	837.9	74.6

Source: Issuer

The consolidated income statement of Erste Group Bank as of 30 September 2008 shows a rise of more than 23.2% in the operating result to EUR 2,193.5 mn. The increase was mainly due to an increase in net interest income (plus 25.6% to EUR 3,573.3 mn) and despite a weak net trading result (minus 36.7% to EUR 184.9 mn). Net profit after minorities increased by 74.6% to EUR 1,463.0 mn (adjusted for the sale of the insurance business by +2.8% to EUR 861.7 mn).

Consolidated Balance Sheet of Erste Group Bank at 30 September 2008 and 31 December 2007

	As at		
	30 September 2008	31 December 2007	Change in per cent.
	<i>(in EUR million)</i>		
ASSETS			
Cash and balances with central banks	7,692	7,615	1.0
Loans and advances to credit institutions	19,088	14,937	27.8
Loans and advances to customers	125,673	113,956	10.3
Risk provisions for loans and advances	(3,699)	(3,296)	12.2
Trading assets	8,090	6,637	21.9
Financial assets – at fair value through profit or loss	4,238	4,534	(6.5)
Financial assets – available for sale	16,664	16,200	2.9
Financial assets – held to maturity	14,777	16,843	(12.3)
Investments of insurance companies	0	8,054	na
Equity holdings in associates accounted for at equity	237	285	(16.8)
Intangible assets	5,707	5,962	(4.3)
Property and equipment	2,537	2,289	10.8
Tax assets	524	446	17.5
Assets held for sale and discontinued operations	658	0	na
Other assets	7,234	6,057	19.4
Total assets	209,420	200,519	4.4
LIABILITIES AND EQUITY			
Deposits by banks	37,420	35,165	6.4
Customer accounts	110,964	100,116	10.8
Debt securities in issue	29,802	31,078	(4.1)
Trading liabilities	2,726	1,756	55.2
Underwriting provisions	0	8,638	na
Other provisions	1,757	1,792	(2.0)
Tax liabilities	345	329	4.9
Liabilities associated with assets held for sale and discontinued operations	501	0	na
Other liabilities	7,077	4,653	52.1
Subordinated liabilities	5,969	5,589	6.8
Total equity	12,859	11,403	12.8
Shareholders' equity	9,728	8,452	15.1
Minority interests	3,131	2,951	6.1
Total liabilities and equity	209,420	200,519	4.4

Source: Issuer

Recent events

In October 2008, the state of Iceland seized control of the largest Icelandic banks that had encountered difficulties in the course of the international financial crisis. Erste Group Bank's defaulted exposure to Iceland, mainly in the form of syndicated term loans to and senior bank bonds of the major banks of Iceland, amounts to about EUR 300 mn. Because the process is just beginning, the level of collectability of the claims is not yet clear.

On 16 October 2008, Erste Group Bank, together with four other Austrian banks, the Republic of Austria and the Austrian National Bank agreed to take over Constantia Privatbank AG, an Austrian credit institution, and to provide it in aggregate with liquidity amounting to EUR 450 mn. The liquidity to be provided by the five banks will be guaranteed by the Republic of Austria. The five banks formed a special purpose company (with Erste Group Bank's share amounting to 23.75%) that took over 100 per cent of the shares of Constantia Privatbank AG; the special purpose company was established on 30 October 2008.

On 30 October 2008, Erste Group Bank announced that the Republic of Austria will subscribe for participation capital (Partizipationskapital) of Erste Group Bank in a total amount of EUR 2.7 billion (subject to clearance by competition authorities). Participation capital is accountable as core tier 1 capital under Austrian banking law and is expected to raise the tier 1 ratio of the consolidated Erste Group to over 10% by the end of 2008, reaching a level in line with the raised international benchmarks for capital requirements. In agreement with the Austrian government, Erste Group Bank undertakes to ensure jointly with the savings banks that both Austrian commercial and retail customers will each have access to at least EUR 3 bn in credit over the next three years. The participation capital, which is perpetual and which may be redeemed by the Issuer at a maximum of 100% of its nominal value at the earliest after five years, will be non-listed, non-voting and non-transferable. The Republic of Austria will receive a fixed annual interest of 8% p.a. for the capital made available (subject to sufficient annual profits of Erste Group Bank being available). In addition, Erste Group Bank will review its remuneration policy with respect to ethical and sustainability standards, irrespective of the facts that some time ago members of the management board of Erste Group Bank decided to renounce their bonus payments for the current business year."

2. Further information

The following information, which is not significant within the meaning of the Prospectus Directive (ie which is not capable of affecting significantly the assessment of the Notes and therefore does not require a supplement) but which could be useful to investors, is provided for information purposes and the following changes / supplements are herewith made to the Original Prospectus:

(a) On pages 183 and 184 of the Original Prospectus, the existing paragraphs below the heading "Haftungsverbund" shall be replaced by the following paragraphs:

"In 2002 Erste Group Bank formed the Haftungsverbund on the basis of a set of agreements with the majority of the Austrian savings banks. The purpose of the Haftungsverbund was to establish a joint early-warning system as well as a cross-guarantee for certain liabilities of member savings banks and to strengthen the Group's cooperation in the market.

In competition proceedings before the Austrian Cartel Court, both a competitor of Erste Group Bank and the Austrian Federal Competition Authority requested the court to set aside the Haftungsverbund agreements because of an alleged infringement of Article 81 of the EC Treaty.

In March 2007 the Supreme Court handed down a resolution and confirmed that the agreements which constitute the Haftungsverbund are for the most part in compliance with Article 81 of the EC Treaty.

However, the Supreme Court held certain provisions of the agreement to be anticompetitive on their merits. In its findings, the Supreme Court did not cite any explicit consequences that needed to be implemented by Erste Group Bank and the other parties. In April 2008, Erste Group Bank and the Cartel Court reached an understanding on the necessary adjustments to be made to its agreement. This understanding (commitments within the meaning of § 27 KartG) was challenged by the competitor before the Supreme Court. In October 2008, the Supreme Court set aside the decision of the Cartel Court due to a procedural error and remitted the case to the Cartel Court for reconsideration. Neither the commitments (if they are upheld) nor the preceding decision of the Supreme Court affect the permissibility of the consolidation of the Qualifying Capital of the savings banks as part of Erste Group Bank's balance sheet.

In 2007, Erste Group Bank entered into agreements with all Austrian savings banks (with the exception of two: Allgemeine Sparkasse Oberösterreich and Sparkasse Kufstein) that grant Erste Group Bank, on a contractual basis, a decisive influence on the savings banks and that lead to the establishment of an economic unit (merger) within the meaning of the EC Merger Regulation and the Austrian Cartel Act (Kartellgesetz). These agreements were formally approved by the competition authorities in October 2007, January 2008, and May 2008. Erste Group Bank and Allgemeine Sparkasse Oberösterreich have decided to enter into a closer cooperation which also qualifies as a "Zusammenschluss" (merger) within the meaning of the EC Merger Regulation /Austrian Cartel Act. Erste Group Bank and Sparkasse Kufstein have adopted the necessary internal resolutions in order to enter into an agreement similar to these with the other Austrian savings banks. The necessary filings of official applications with the relevant competition authorities will be completed as soon as possible."

(b) On page 184 of the Original Prospectus, the existing paragraphs below the heading "State aid Erste Bank Hungary" shall be replaced by the following paragraphs:

*"The European Commission has completed its investigation into the compatibility with the *acquis communautaire* of an "indemnity for unknown claims", granted by the Republic of Hungary to Erste Group Bank in relation to the acquisition of Postabank (later merged with Erste Bank Hungary). This investigation, in which Erste Group Bank participated as an affected third party, was undertaken in the course of the European Commission's review of past state aid granted by the governments of the 2004 EU accession states. While it has required the Republic of Hungary to terminate part of the indemnity, the Commission has confirmed the validity of main issues for which the indemnity was granted (in particular in relation to potential claims by previous auditors of Postabank).*

Since the acquisition of Postabank no claims by third parties have been raised that would have been covered by the part of the indemnity now required to be terminated."

(c) On page 184 of the Original Prospectus, the existing paragraph below the heading "Consumer protection" shall be amended to the effect that the fifth sentence shall be replaced by the following sentences:

"The Issuer has rejected the VKI's demand to sign by 7th August 2008 an undertaking to refrain from including the criticised provisions in the terms and conditions of future issues of notes. The VKI commenced respective legal proceedings seeking to establish that such provisions are not in line with the law."

**SIGNATURE ACCORDING TO THE AUSTRIAN CAPITAL MARKETS ACT
("KAPITALMARKTGESETZ")**

Erste Group Bank AG hereby signs this Supplement as Issuer pursuant to Sec 8 para 1 of the Austrian Capital Markets Act ("Kapitalmarktgesetz").

Erste Group Bank AG (as Issuer)

By:

Gerald Fleischmann

As Prokurist with collective signing authority

By:

Oswald Huber

As Prokurist with collective signing authority

Vienna, 7th November 2008