

Final Terms dated 11 May 2011

Erste Group Bank AG

Tap issue of Erste Group Index linked Bond due 2014
("Erste DAX Növekedési Kötvény")

under the **€30,000,000,000 Debt Issuance Programme**

The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

- (i) circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) those Public Offer Jurisdictions mentioned in Paragraph 38 of Part A below, provided such person is one of the persons mentioned in Paragraph 38 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Prospectus dated 8 June 2010 and the supplements to the Prospectus dated 9 June 2010 and 29 March 2011 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplements to the Prospectus are available for viewing at <http://www.erstegroup.com> and during normal business hours at Börsegasse 14, 1010 Vienna and copies may be obtained from Erste Group Bank AG, Börsegasse 14, 1010 Vienna and on <http://www.erstegroup.com> and at the Hungarian Distributor Erste Investment Ltd. (H-1138 Budapest, Népfürdő u. 24-26. licence no.: III/75.005-19/2002 member of BÉT and Deutsche Börse AG) and www.erstebroker.hu. Method of issue: subscription. The place of the subscription: Erste Befektetési Zrt. and in the opening hours of the Private Banking branches determined in the actual Announcement of Erste Befektetési Zrt and Erste Bank Hungary Zrt. Way of subscription: via recorded telephone lines or by fax or personally or by way of proxy by signing the subscription form starting on 16 May 2011. Conditions of valid subscription: account keeping with Erste Befektetési Zrt.; fully and validly accepting the subscription form; the whole subscribed amount shall be available on the account of client held at Erste Befektetési Zrt. not later than the Issue Date (24 May 2011).

1	Issuer:	Erste Group Bank AG
2	(i) Series Number:	1037
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Hungarian Forint ("HUF")
4	Aggregate Nominal Amount of Notes:	Tap issue ("Daueremission") up to HUF 27,500,000,000

	(i) Series:	
	(ii) Tranche:	
5	Issue Price:	Initially 100% of the Aggregate Nominal Amount and fixed thereafter by the Issuer according to prevailing market conditions.
6	(i) Specified Denominations:	HUF 500,000
	(ii) Calculation Amount:	Specified Denomination
7	(i) Issue Date:	24 May 2011
	(ii) Interest Commencement Date:	Not Applicable
8	Maturity Date:	26 May 2014
9	Interest Basis:	Not Applicable
10	Redemption/Payment Basis:	Index-linked Redemption
11	Change of Interest or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	(i) Status of the Notes:	Senior
	(ii) Date Board approval for issuance of Notes obtained:	according to Overall Planning Approval of Management Board dated 25 November 2010 and Supervisory Board dated 15 December 2010.
14	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Fixed Rate Note Provisions	Not Applicable
16	Floating Rate Note Provisions	Not Applicable
17	Zero Coupon Note Provisions	Not Applicable
18	Index-linked Interest Note/other variable-linked interest Note Provisions	Not Applicable
19	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20	Call Option	Not Applicable
21	Put Option	Not Applicable
22	Final Redemption Amount of each Note	
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	Applicable
	(i) Index/Formula/other variable:	The Final Redemption Amount will be calculated by the Calculation Agent depending on the performance of the underlying Index . Details specified in Annex 1.
	(ii) Party responsible for calculating the Final Redemption Amount (if not the Agent):	Erste Group Bank AG
	(iii) Provisions for determining	

	Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	For detailed information see Annex 1
(iv)	Determination Date(s):	For detailed information see Annex 1
(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or Underlying Equity(y)(ies) and/or Fund(s) and/or Credit Event(s) and/or Commodity(y)(ies) and/or other variable is impossible or impracticable or otherwise disrupted:	For detailed information see Annex 1
(vi)	Payment Date:	26 May 2014 subject to the Following Business Day Convention
(vii)	Minimum Final Redemption Amount:	100.00% of the Nominal Amount
(viii)	Maximum Final Redemption Amount:	Not Applicable
23	Redemption of Reverse Convertible Notes (Cash-or-Share Notes, Cash-or-Fund Notes, Cash-or-Commodity Notes, Cash-or-Currency Notes, Cash-or-Future Notes)	Not Applicable
24	Early Redemption Amount Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	With respect to each Note the Early Redemption Amount payable upon redemption in accordance with Condition 6(c) or following an Event of Default according to Condition 10 shall be an amount equal to the market value of such Note on the date of early redemption, adjusted to account fully for any losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any underlying or related hedging and funding arrangements, all as determined by the Calculation Agent in its sole and absolute discretion.
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
25	Form of Notes:	Notes governed by Austrian law: Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is not exchangeable for Definitive Notes.
26	New Global Note	No
27	Financial Centre(s) or other special provisions relating to Payment Dates:	Budapest, TARGET, London

28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
30	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
31	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
32	Consolidation provisions:	Not Applicable
33	Other final terms:	<p>The Issuer may (but is not obliged to) repurchase Notes if requested by Noteholders to do so, and will repurchase such Notes at an amount equal to the market value of such Note on the date of repurchase, adjusted to account fully for any losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any underlying or related hedging and funding arrangements, all as determined by the Calculation Agent in its sole and absolute discretion, and adjusted by an early redemption fee in the amount of 4.00 % for the one-month-period starting at the Issue Date, with a decreasing early redemption fee of 20 basis points for each of the following one-month-periods* (i.e. 3.80 % for the second one-month-period, 3.60 % for the third one-month-period and so on) down to 0.00%. The basis for the calculation of the redemption fee is the Nominal Amount to be redeemed.</p> <p>*Each one-month period shall start at the same day of the month as the day of the Issue Date.</p>

DISTRIBUTION

34	(i) If syndicated, names and addresses of Managers and underwriting commitments:	Not Applicable
	(ii) Date of Subscription Agreement:	Not Applicable
	(iii) Stabilising Manager(s) (if any):	Not Applicable
35	If non-syndicated, name and address of Dealer:	Erste Group Bank AG
36	Total commission and concession:	Not Applicable
37	U.S. Selling Restrictions	TEFRA D
38	Non-exempt Offer:	An offer of the Notes may be made by Erste Investment Ltd. other than pursuant to Article 3(2) of

the Prospectus Directive in Hungary ("Public Offer Jurisdiction") starting on 16 May 2011.

See further detail in paragraph 11 of Part B below.

39	Additional selling restrictions:	Not Applicable
40	Jurisdiction and Governing Law:	Austrian
41	Binding language:	English
42	Domestic or International Notes	Domestic

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Vienna Stock Exchange of the Notes described herein pursuant to the €30,000,000,000 Debt Issuance Programme of Erste Group Bank AG.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Erste Group Bank AG as the Issuer.

By:

Authorised Officer

By:

Authorised Officer

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- | | |
|----------------------------|--|
| (i) Listing: | Vienna, Geregelter Freiverkehr |
| (ii) Admission to trading: | Application will be made by the Issuer for the Notes to be admitted to trading on the Vienna Stock Exchange. |

2. RATINGS

Ratings:

In General Notes have the following ratings:

S&P:
Long term: A
Short term A-1

Moody's:
Senior Unsecured: A1
ST Bank Deposit Rating: P-1

Fitch:
Long term: A
Short term: F1

3. NOTIFICATION

The Commission de surveillance du secteur financier (CSSF - Luxembourg) has provided the Finanzmarktaufsichtbehörde (FMA – Austria), Bundesanstalt für Finanzdienstleistungsaufsicht (Bafin - Germany), Commissione Nazionale per le Società e la Borsa (CONSOB – Italy), Malta Financial Services Authority (MFSA – Malta), Commission de surveillance du secteur financier (CSSF - Luxembourg), Hungarian Financial Supervisory Authority (PSZÁF - Hungary), Czech Securities Commission (SEC - Czech Republic), National Bank of Slovakia (NBS - Slovak Republic), Securities Market Agency (Slovenia) and Romanian National Securities Commission (Romania) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | |
|---------------------------------|---|
| (i) Reasons for the offer: | See “Use of Proceeds” wording in Prospectus |
| (ii) Estimated net proceeds: | Not Applicable |
| (iii) Estimated total expenses: | EUR 5,000 |

6. Fixed Rate Notes only - YIELD

Indication of yield: Not Applicable

7. Floating Rate Notes only - HISTORIC INTEREST RATES

Not Applicable

8. Index-linked or Equity-linked or Fund-linked or Credit-linked or Commodity-linked or Future-linked or other variable-linked Notes only - PERFORMANCE OF INDEX/FORMULA/UNDERLYING EQUITY/FUND/CREDIT EVENT/COMMODITY/FUTURE/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

The performance of the Notes is linked to the performance of the **DAX**[®] Index (the "Index").

The Redemption Amount per Denomination equals 100% plus the Asian Performance of the underlying Index (floored at zero) according to the following formula:

$$\text{No minimal Amount} * (100\% + \text{Max}(AP; 0))$$

Indices may be very volatile and may lose in value. In any case an investor will at least receive 100.00% of the Notional Amount invested into the Notes at redemption (capital guarantee at maturity date).

Further Information regarding the underlying index may be obtained from the Index Sponsor and information providers like Reuters and Bloomberg.

9. Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Not Applicable

10. OPERATIONAL INFORMATION

- | | |
|---|--|
| (i) ISIN Code: | AT000B005921 |
| (ii) Common Code: | Not Applicable |
| (iii) Clearing system(s) | |
| a) for International Notes: | Euroclear Bank S.A./N.V./Clearstream Banking, Société Anonyme |
| b) for Domestic Notes: | OeKB and Euroclear Bank S.A./N.V. / Clearstream Banking, Société Anonyme through an account held with OeKB |
| (iv) Delivery: | Delivery against payment |
| (v) Names and addresses of initial Paying Agent(s): | Not applicable |
| (vi) Names and addresses of additional Paying Agent(s) (if any): | Not applicable |
| (vii) Intended to be held in a manner which would allow Eurosystem eligibility. | No |

11. Terms and Conditions of the Offer

- | | |
|--|----------------|
| (i) Offer Price: | Issue Price |
| (ii) Conditions to which the offer is subject: | Not Applicable |
| (iii) Time period, including any possible amendments, during which the offer will be open and description of the | Not Applicable |

	application process:	
(iv)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not Applicable
(v)	Details of the minimum and/or maximum amount of application:	Not Applicable
(vi)	Details of the method and time limits for paying up and delivering the Notes:	Not Applicable
(vii)	Manner in and date on which results of the offer are to be made public:	Not Applicable
(viii)	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
(ix)	Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	Not Applicable
(x)	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	Not Applicable
(xi)	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	Not Applicable
(xii)	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	Hungarian Distributor Erste Investment Ltd. (H-1138 Budapest, Népfürdő u. 24-26.) and in the opening hours of the Private Banking branches determined in the actual Announcement of Erste Befektetési Zrt. and Erste Bank Hungary Zrt.

Annex 1

1. Determination of the Final Redemption Amount:

The Notes will be redeemed on the Maturity Date. The Final Redemption Amount will be calculated by the Calculation Agent depending on the performance of the **DAX® Index** and will be calculated according to the following formula:

Final Redemption Amount: $No\ min\ alAmount * (100\% + Max(AP;0))$

2. With respect to these provisions the following terms will apply:

Asian Performance (AP)	$AP = \frac{1}{12} \sum_{j=1}^{12} \left(\frac{DAX_j}{DAX_{start}} - 100\% \right)$
DAX® Index	DAX® Index (the "Index"), as displayed on the Bloomberg page DAX Index. Information regarding the Index may be obtained from the Index Sponsor Deutsche Börse AG or information providers like Reuters and Bloomberg. For further details regarding the Index see Annex 2.
DAX_j	Closing Price of the Index on Observation Date j
DAX_{start}	Closing Price of the Index on Start Date
Max ()	The higher of the values in brackets is applicable
Start Date	24 May 2011 If any such Observation Date, or the Start Date, respectively, is not a relevant Scheduled Trading Day in respect of the Index, then that Observation Date or the Start Date, respectively, for the Index shall be the next following relevant Scheduled Trading Day in respect of the Index unless such relevant Scheduled Trading Day is a Disrupted Day.
Closing Price	Value of the Index at the Valuation Time.
Observation Dates j	2011.08.24 (j = 1) 2012.08.24 (j = 5) 2013.08.26 (j = 9) 2011.11.24 (j = 2) 2012.11.26 (j = 6) 2013.11.25 (j = 10) 2012.02.24 (j = 3) 2013.02.25 (j = 7) 2014.02.24 (j = 11) 2012.05.24 (j = 4) 2013.05.24 (j = 8) 2014.05.19 (j = 12)
Scheduled Trading Day:	With respect to the Index any day on which (i) the Index Sponsor is scheduled to publish the level of the Index, and (ii) the Related Exchange is scheduled to be open for trading during their respective regular trading sessions.
Exchange:	With respect to the Index, in respect of each component security of this Index (each a "Component Security"), the principal stock exchange on which such

Component Security is principally traded, as determined by the Calculation Agent.

- Related Exchange:** With respect to the Index each exchange or quotation system where trading has a material effect on the overall market for futures or options contracts relating to the Index.
- Exchange Business Day:** With respect to the Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index, and (ii) the Related Exchanges are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.
- Valuation Time:** With respect to the Index (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.
- Index Sponsors:** Deutsche Börse AG or any successor sponsor thereof.
- Scheduled Closing Time:** In respect of an Exchange or Related Exchange and a Scheduled Trading Day, any scheduled weekday closing time of such Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours.
- Disrupted Day:** (I) With respect to the Index: Any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.
- Market Disruption Event:** (I) With respect to the Index either:
- (i) (a) the occurrence or existence, in respect of any Component Security, of:
 - (1) a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
 - (2) an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; OR
 - (3) an Early Closure; AND
 - (b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR

- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of the Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

Trading Disruption:

With respect to the Index any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

Exchange Disruption:

With respect to Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the Related Exchange.

Early Closure:

The closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

Index Adjustment

a) If the relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "Successor Index") will be deemed to be the Index.

If (i) on or prior to the Final Observation Date, the relevant Index Sponsor makes a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events) (an "Index Modification") or permanently cancels the Index and no Successor Index exists (an "Index Cancellation") or (ii) on the Final Observation Date, the Index Sponsor fails to calculate and announce a relevant Index (an "Index Disruption" and together with an Index Modification and an Index Cancellation, each an "Index Adjustment Event"),

then the Calculation Agent shall determine if such Index Adjustment Event has a material effect on these Notes and, if so, shall calculate the relevant value of the relevant Index using, in lieu of a published level for that Index, the level for that Index as at the Final Observation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event.

Annex 2

DISCLAIMER DAX®

This financial instrument is neither sponsored nor promoted, distributed or in any other manner supported by Deutsche Börse AG (the "Licensor"). The Licensor does not give any explicit or implicit warranty or representation, neither regarding the results deriving from the use of the Index and/or the Index Trademark nor regarding the Index value at a certain point in time or on a certain date nor in any other respect. The Index is calculated and published by the Licensor. Nevertheless, as far as admissible under statutory law the Licensor will not be liable vis-à-vis third parties for potential errors in the Index. Moreover, there is no obligation for the Licensor vis-à-vis third parties, including investors, to point out potential errors in the Index.

Neither the publication of the Index by the Licensor nor the granting of a license regarding the Index as well as the Index Trademark for the utilization in connection with the financial instrument or other securities or financial products, which one derived from the Index, represents a recommendation by the Licensor for a capital investment or contains in any manner a warranty or opinion by the Licensor with respect to the attractiveness of an investment in this product.

In its capacity as sole owner of all rights to the Index and the Index Trademark the Licensor has solely licensed to the issuer of the financial instrument and its affiliates the utilization of the Index and the Index Trademark as well as any reference to the Index and the Index Trademark in connection with the financial instrument."