

Final Terms dated 8 October 2010

Erste Group Bank AG

Tap issue of Erste Group Range Accrual Bond due 2013
("Erste Sávos HozamMax Kótvény 3")

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 supplement to the Prospectus dated 9 June 2010 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 supplement 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 Nyrt. Way of subscription: via recorded telephone lines or by fax or personally or by way of proxy by signing the subscription form starting on 13 October 2010. 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 26 October 2010.

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| 1 | Issuer: | Erste Group Bank AG |
| 2 | (i) Series Number: | 986 |
| | (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 |

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| | (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: | 26 October 2010 |
| | (ii) Interest Commencement Date: | Not Applicable |
| 8 | Maturity Date: | 25 October 2013 |
| 9 | Interest Basis: | Not Applicable |
| 10 | Redemption/Payment Basis: | Exchange Rate-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 16 November 2009 and Supervisory Board dated 16 December 2009 |
| 14 | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 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

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| 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 EUR/HUF Exchange Rate (ECB Fixing) . Details specified in the Annex |
| | (ii) Party responsible for calculating the Final Redemption Amount (if not the Agent): | Erste Group Bank AG |

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| (iii) | Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: | The Final Redemption Amount will be calculated by the Calculation Agent depending on the performance of the EUR/HUF Exchange Rate . For detailed information see Annex. |
| (iv) | Determination Date(s): | For detailed information see Annex |
| (v) | Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or Underlying Equit(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 |
| (vi) | Payment Date: | 25 October 2013 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

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| 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, renominatisation 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). 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

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| 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 |

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| 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 13 October 2010. 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

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| (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: Aa3
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

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| (i) Reasons for the offer: | See “Use of Proceeds” wording in Prospectus |
| (ii) Estimated net proceeds: | Not Applicable |
| (iii) Estimated total expenses: | EUR 3,000 |

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 Notes are linked to the performance of the EUR/HUF Exchange Rate (ECB Fixing) (the "EUR/HUF Rate"). In order to gain full performance the EUR/HUF Rate is required to stay within a predefined range. When the EUR/HUF Rate is fixed outside this range than these respective business days will not be considered for the purposes of determining the Final Redemption Amount which will result in a reduced performance of these Notes. In any case an investor will at least receive 100% of the notional amount invested into the Notes.

Information regarding the performance of EUR/HUF Rate may be obtained from the website of the European Central Bank. For further details regarding the Index see Annex.

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

Not Applicable

10. OPERATIONAL INFORMATION

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| (i) ISIN Code: | AT000B005095 |
| (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

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| (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 application process: | Not Applicable |
| (iv) Description of possibility to reduce subscriptions and manner for | Not Applicable |

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| | refunding excess amount paid by applicants: | |
| (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 Nyrt. |

Annex

Determination of the Final Redemption Amount:

The Final Redemption Amount will be calculated by the Calculation Agent depending on the performance of the **EUR/HUF Exchange Rate (“EUR/HUF Rate”)**. Every day on which the EUR/HUF Rate is fixed within the Range (as defined below) will be considered as a positive contribution to N whereas every day on which the EUR/HUF Rate is fixed outside the Range will not be considered. The Final Redemption Amount will be determined according to the following formula:

$$\text{Final Redemption Amount: } \quad \text{NotionalAmount} \times \left[100\% + \left(30\% \times \frac{N}{1092} \right) \right]$$

With respect to these provisions the following terms will apply:

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| EUR/HUF Rate | <p>The EUR/HUF exchange rate as fixed on a daily basis by the European Central Bank (“ECB Fixing”).</p> <p>The EUR/HUF Rate is displayed on the site of the ECB:</p> <p>http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html („ECB Page”)</p> <p>If the EUR/HUF exchange rate is not displayed on the ECB Page anymore then the EUR/HUF Rate will be determined by the Issuer from a replacement page quoting the EUR/HUF mid value as determined by the Issuer in good faith (the “Replacement Page”).</p> <p>If on any Observation Day the EUR/HUF Rate is not displayed on the ECB page and the Issuer cannot determine a Replacement Page quoting the EUR/HUF exchange rate then the Issuer will ask four (4) selected reference banks active in the respective FX markets to provide bid and ask quotes for the EUR/HUF exchange rate and will calculate the respective mid values of such quotes received. The EUR/HUF Rate will then be determined as the arithmetic value of the respective quotes received as of this day.</p> |
| N | Number of days within the Observation Period during which the EUR/HUF Rate is within the Range (i.e. higher than 255 and lower than 312.50). |
| Range | Range between 255 and 312.50. Within the Range means higher than 255 and lower than 312.50. 255 and below as well as 312.50 and above mean “outside the Range” and will not be considered as applicable for determining N. |
| Observation Period | Period of time between 26 October 2010 (inclusive) until 21 October 2013 (inclusive). |
| Observation Day | Every Business Day within the Observation Period |
| Business Days | A day on which commercial banks and foreign exchange markets settle payments and are open for general business in Budapest and London and TARGET Settlement Days. |