

## Final Terms dated 26 September 2006

### Erste Capital Finance (Jersey) Tier 1 PC

*(a protected cell of Erste Capital Finance (Jersey) PCC, a protected cell company incorporated with limited liability under the laws of Jersey)*

Issue of €400,000,000 Non-cumulative Fixed/Floating Rate Perpetual Subordinated Notes

having the benefit of a support agreement entered into with

Erste Bank der oesterreichischen Sparkassen AG ("**Erste Bank**")

under the

**€1,000,000,000 Perpetual Subordinated Debt Issuance Programme**

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 25 July 2006 which constitutes 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. 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. The Prospectus is available for viewing at, and copies may be obtained from, the registered office of each of the Issuer and Erste Bank and/or the website of Erste Bank (<http://treasury.erstebank.com>) and the specified offices of the Paying Agents.

1	(i) Issuer:	Erste Capital Finance (Jersey) Tier 1 PC
	(ii) Support Agreement Provider:	Erste Bank der oesterreichischen Sparkassen AG
2	(i) Series Number:	1
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Euro
4	Aggregate Nominal Amount:	
	(i) Series:	€400,000,000
	(ii) Tranche:	€400,000,000
5	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6	Specified Denominations:	€50,000 and integral multiples of €1,000 in excess thereof up to €99,000
7	(i) Issue Date:	28 September 2006
	(ii) Interest Commencement Date:	28 September 2006
8	Interest Basis:	5.294 per cent. per annum Fixed Rate up to (but excluding) 28 September 2016 and three month

	EURIBOR plus 2.27 per cent. per annum Floating Rate thereafter (further particulars specified below)
9 Change of Interest Basis:	In accordance with paragraph 8 above
10 Call Options:	Issuer Call (further particulars specified below)
11 (i) Status of the Notes:	Perpetual Subordinated
(ii) Status of the Support Agreement:	Perpetual Subordinated
(iii) Liquidation Distribution:	The nominal amount of each Note
(iv) Date Board approval for issuance of Notes obtained:	Resolutions of the Board of Directors of the Issuer dated 20 September 2006, the Management Board of Erste Bank dated 6 December 2005 and 14 September 2006, the Risk Management Committee of Erste Bank dated 13 December 2005 and the Supervisory Board of Erste Bank dated 14 December 2005.
12 Method of distribution:	Syndicated

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

<b>13 Fixed Rate Note Provisions</b>	Applicable
(i) Rate of Interest:	5.294 per cent. per annum payable annually in arrear
(ii) Interest Commencement Date:	28 September 2006
(iii) Interest Payment Date(s):	28 September in each year not adjusted
(iv) Interest Period Date:	Not Applicable
(v) Specified Period:	Not Applicable
(vi) Fixed Coupon Amount(s):	€2,647 per €50,000 in Nominal Amount
(vii) Broken Amount(s):	Not Applicable
(viii) Day Count Fraction:	Actual/Actual (ICMA)
(ix) Determination Dates:	Not Applicable
(x) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
<b>14 Floating Rate Note Provisions</b>	Applicable
(i) CMS Floating Rate Notes:	No
(ii) Interest Period(s):	Quarterly
	Each period from (and including) a Specified Interest Payment Date (or, in the case of the first Floating Rate

	Interest Period, 28 September 2016) to (but excluding) the next Specified Interest Payment Date
(iii) Specified Interest Payment Dates:	28 December, 28 March, 28 June and 28 September in each year commencing on 28 December 2016, subject to adjustment in accordance with the Business Day Convention specified in paragraph 14(iv) below
(iv) Business Day Convention:	Modified Following Business Day Convention
(v) Business Centre(s):	TARGET
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	ISDA Determination
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	Not Applicable
(viii) Reference Banks:	As selected by Calculation Agent
(ix) Screen Rate Determination:	Not Applicable
(x) ISDA Determination:	Applicable
- Floating Rate Option	EUR-Euribor-Telerate
- Designated Maturity	3 months
- Reset Date:	First day of each Interest Accrual Period
(xi) Margin(s):	Plus 2.27 per cent per annum
(xii) Minimum Rate of Interest:	Not Applicable
(xiii) Maximum Rate of Interest:	Not Applicable
(xiv) Day Count Fraction:	Actual/360
(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Not Applicable
<b>15 Dual Currency Note Provisions</b>	Not Applicable

## **PROVISIONS RELATING TO REDEMPTION**

<b>16 Call Option</b>	Applicable
(i) Optional Redemption	For an optional redemption under Condition 6(b), on 28 September 2016 or any Interest Payment Date

Date(s):	thereafter and for an optional redemption under Condition 6(c), on a Redemption Date as specified by the Issuer in accordance with Condition 6(c)
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	The nominal amount of each Note
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	Not Applicable
(b) Maximum Redemption Amount:	Not Applicable
(iv) Notice period	Not less than 30 and not more than 60 Business Days
(v) Capital Call Redemption Amount:	For a redemption under Condition 6(c)(ii), the higher of the Redemption Price and the Make Whole Amount (if the Redemption Date is prior to 28 September 2016) or the Redemption Price (if the Redemption Date is on or after 28 September 2016)
(vi) Tax Call Redemption Amount:	For a redemption under Condition 6(c)(i), the Redemption Price and for a redemption under Condition 6(c)(iii), the higher of the Redemption Price and the Make Whole Amount (if the Redemption Date is prior to 28 September 2016) or the Redemption Price (if the Redemption Date is on or after 28 September 2016)

For the purposes of this paragraph 16:

**“Adjusted Comparable Yield”** means the yield on the fifth Business Day prior to the specified Redemption Date on the euro benchmark security selected by J.P. Morgan Securities Ltd. (the **“Determination Agent”**, which terms shall include any successor appointed in accordance with the Determination Agency Agreement), after consultation with Erste Bank, which has a maturity comparable to 28 September 2016 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to 28 September 2016;

**“Determination Agency Agreement”** means the agreement of that name dated 26 September 2006 relating to the Notes:

**“Make Whole Amount”** means an amount payable in respect of each Note that shall be calculated by the Determination Agent after consultation with Erste Bank and which shall be equal to the sum of the Present Values (as defined below) on the specified Redemption Date of (i) the principal amount of the Note outstanding and (ii) the remaining scheduled interest payments on the Note (assuming for this purpose that the Note is to be redeemed at its nominal amount on 28 September 2016 and that, including until such date, each interest payment is paid in full on the applicable scheduled Interest Payment Date), plus accrued and unpaid interest for the then current Interest Period ending on the specified Redemption Date;

“**Present Values**” means the present value that shall be calculated by the Determination Agent by discounting the principal amount of the Note and the remaining scheduled interest payments as aforesaid on an annual basis, assuming a 365 day year or a 366 day year, as the case may be, and the actual number of days elapsed and using the Adjusted Comparable Yield plus 0.95 per cent.; and

“**Redemption Price**” means, in respect of each Note, the Optional Redemption Amount of such Note plus accrued and unpaid interest for the then current Interest Period ending on the specified Redemption Date.

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

17	Form of Notes	Bearer Notes:  Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in sub-paragraphs 1 and 3 only under “Exchange” in the Permanent Global Note
18	Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
19	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Yes. The provisions in Condition 7(g) apply
20	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
21	Consolidation provisions:	Not Applicable
22	Other final terms:	Not Applicable

## **DISTRIBUTION**

23	(i) If syndicated, names and addresses of Managers:	<b>J.P. Morgan Securities Ltd.</b> 125 London Wall London EC2Y 5AJ  <b>Merrill Lynch International</b> Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
	(ii) Date of Subscription Agreement:	26 September 2006
	(iii) Stabilising Manager(s) (if any):	J.P. Morgan Securities Ltd.
24	If non-syndicated, name and address of Dealer:	Not Applicable
25	Total commission and	0.55 per cent. of the Aggregate Nominal Amount

concession:  
26 Additional selling restrictions: Not Applicable

## **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €1,000,000,000 Perpetual Subordinated Debt Issuance Programme of Erste Capital Finance (Jersey) Tier 1 PC.

## **RESPONSIBILITY**

The Issuer and the Support Agreement Provider accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of the Support Agreement Provider:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING

- (i) Listing: Vienna
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Amtlicher Handel (the official market segment) of the Vienna Stock Exchange

### 2 RATINGS

The Notes to be issued are expected to be rated A3 by Moody's.

### 3 NOTIFICATION

The Austrian Finanzmarktaufsichtsbehörde has provided the *Commission de Surveillance du Secteur Financier* 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 OPERATIONAL INFORMATION

ISIN Code:	XS0268694808
Common Code:	26869480
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

### 6 GENERAL

Applicable TEFRA exemption:	D Rules
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