MOODY'S INVESTORS SERVICE

CREDIT OPINION

16 May 2018

Update

Erste Group Bank AG

Update following rating upgrade

Summary

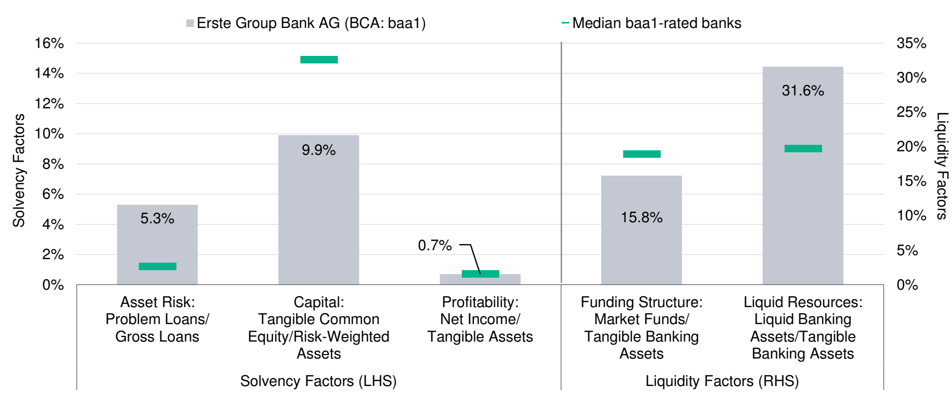
We assign A2 Positive/P-1 senior unsecured debt and deposit ratings to Erste Group Bank AG (Erste). Furthermore, we assign a baa1 Baseline Credit Assessment (BCA) and an Adjusted BCA, and an A1(cr)/P-1(cr) Counterparty Risk (CR) Assessment to Erste.

Erste's ratings reflect (1) the bank's baa1 BCA and Adjusted BCA; and (2) the result of our Advanced Loss Given Failure (LGF[1]) analysis, which results in two notches of uplift to the bank's debt and deposit ratings.

Erste's baa1 BCA takes into account the bank's very stable and sound funding profile, largely consisting of highly granular retail deposits and displaying very low market funding needs over the next few years. The BCA is further underpinned by the bank's solid level of earnings and capital, both supported by the bank's de-risked Central and Eastern European (CEE) loan portfolio leading to significantly lower risk costs.

Exhibit 1

Rating Scorecard - Key financial ratios



Note: Our definition of Tangible Common Equity (TCE) excludes domestic minority shares that are recognised as part of regulatory capital. Asset risk and profitability show three-year averages for Erste.
Source: Moody's Financial Metrics

Rate this Research

RATINGS

Erste Group Bank AG

Domicile	Vienna, Austria
Long Term Debt	A2
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Credit strengths

» Deposit-rich funding profile, with only moderate reliance on wholesale funding

» Highly liquid balance sheet, which mitigates potential funding market dislocations

» Sound earnings generation capacity

Credit challenges

» Further improving capitalisation levels amid rising regulatory requirements and sustained business growth

» Defending asset quality in a more adverse market environment and establishing a track record of strong bottom-line protection once credit risk costs normalise

» Maintaining prudent lending standards in a low interest rate environment that strains earnings and boosts loan demand

Outlook

» The positive outlook on Erste's long-term senior unsecured debt and deposit ratings reflects the potential for higher rating uplift under Moody’s Advanced LGF analysis to three notches from currently two notches, subject to further issuance of sufficient volumes of subordinated debt instruments, which would sustainably reduce the loss given failure for senior creditors of Erste.

Factors that could lead to an upgrade

» Erste's ratings could be upgraded because of (1) an upgrade of its BCA, or (2) a sustained increase in subordinated debt volumes.

» Upward pressure on Erste's baa1 standalone BCA would be prompted by a combination of all of the following factors: (1) A further significant and sustained decline in the volume of problem loans, specifically if this decrease led to a problem loan ratio of meaningfully below 4% through the cycle, and provided the bank maintains its solid risk management track record and strict lending criteria; (2) a sustained and further improvement in Erste's capitalisation metrics, building a sizeable buffer above the bank's fully loaded SREP[2] ratio requirements; and (3) the bank improving its operating performance such that it achieves higher profitability above the levels achieved in 2016 and 2017.

» Upward rating pressure on the bank's senior unsecured debt and deposit ratings could also develop if the bank significantly, and on a sustained basis, increased the amount of subordinated debt that could be bailed in ahead of senior unsecured debt, providing one additional notch of rating uplift from our Advanced LGF analysis.

Factors that could lead to a downgrade

» Erste's long-term ratings could be downgraded as a result of (1) a downgrade of the bank's baa1 BCA; or (2) a significant decrease in its bail-in-able debt buffers, leading to fewer notches of rating uplift from our Advanced LGF analysis.

» Downward pressure on Erste's baa1 BCA could be exerted following (1) A meaningful and sustained formation of problem loans and related loan-loss charges, in particular if stemming from the bank's operations in CEE or if resulting from a loosening of credit standards amid worsening operating conditions; (2) a significant and unexpected weakening in the bank's solid capital adequacy metrics; (3) a sudden and significant weakening in the bank's earnings generation power; or (4) a forced increase in the group's reliance on confidence-sensitive wholesale funding sources beyond our current expectations, in particular if triggered by regulatory requirements such as the minimum requirement for own funds and eligible liabilities (MREL) affecting Erste’s domestic and CEE funding needs.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Erste Group Bank AG (Consolidated Financials) [1]

	12-17[2]	12-16[2]	12-15[2]	12-14[2]	12-13[3]	CAGR/Avg.[4]
Total Assets (EUR billion)	217	203	195	188	193	3.0[5]
Total Assets (USD billion)	260	214	212	227	265	-0.5[5]
Tangible Common Equity (EUR billion)	11	10	8.9	7.8	8.8	5.9[5]
Tangible Common Equity (USD billion)	13	11	9.7	9.5	12	2.3[5]
Problem Loans / Gross Loans (%)	4.0	4.9	7.1	8.5	9.6	6.8[6]
Tangible Common Equity / Risk Weighted Assets (%)	9.9	9.7	9.0	7.8	9.0	9.1[7]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	38.5	45.6	62.5	71.0	74.3	58.4[6]
Net Interest Margin (%)	2.0	2.2	2.3	2.3	2.3	2.2[6]
PPI / Average RWA (%)	2.2	2.2	2.6	2.4	2.6	2.3[7]
Net Income / Tangible Assets (%)	0.8	0.7	0.6	-0.3	0.3	0.4[6]
Cost / Income Ratio (%)	64.9	66.6	61.3	65.6	62.3	64.1[6]
Market Funds / Tangible Banking Assets (%)	15.8	17.0	19.4	21.1	22.9	19.2[6]
Liquid Banking Assets / Tangible Banking Assets (%)	31.6	31.2	29.7	30.1	31.3	30.8[6]
Gross Loans / Due to Customers (%)	95.1	98.1	103.2	105.0	104.7	101.2[6]

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel III - fully-loaded or transitional phase-in; IFRS [3] Basel II; IFRS [4] May include rounding differences due to scale of reported amounts [5] Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime [6] Simple average of periods presented for the latest accounting regime. [7] Simple average of Basel III periods presented

Source: Moody's Financial Metrics

Profile

Erste Group Bank AG (Erste) is the savings banks group in Austria and one of the largest financial services providers in CEE in terms of clients and total assets. The group serves more than 16 million customers through more than 2,500 branches in Austria and the eastern parts of the European Union.

The group focuses on private individuals and small and medium-sized enterprises, yet also offers advisory services and support for corporate clients in financing, investment and access to the international capital markets, public sector funding and interbank market operations. As of 31 December 2017, Erste reported a consolidated asset base of €221 billion. As of the same date, the bank's market share in Austria in terms of loans and deposits (retail and corporate) was around 20%.

For more information, please see Erste's issuer profile.

Erste's Strong Macro Profile supports its credit profile

Erste benefits from operating in a diverse range of countries, with its home market of Austria accounting for around 50% of the bank's exposures as of year-end 2017. However, owing to its exposures to jurisdictions with slightly lower Macro Profiles (primarily the CEE economies) through its foreign subsidiaries, the overall Macro Profile for the bank is Strong, one notch below Austria's Strong+ Macro Profile.

The 2017 improvement in Erste's Macro Profile to Strong from Strong- takes into account the shift in the bank's exposures towards CEE countries with stronger Macro Profiles (for example, the Czech Republic) as opposed to those with weaker Macro Profiles (for example, Romania and Hungary). This shift is expected to be sustainable, and we expect further improvements in the operating environment and, thus, potentially the Macro Profiles of some of the CEE countries the bank operates in, thereby supporting its weighted Macro Profile over the next 12-18 months.

Detailed credit considerations

Significantly improved asset quality following the successful problem loan reduction in CEE

The baa2 Asset Risk score assigned to Erste is positioned one notch above the bank's baa3 Macro-Adjusted score. Our Asset Risk score takes into account the bank's substantially lowered problem loan exposures, particularly in CEE, combined with comfortable risk provisions, and our expectation of stability in its problem loan ratio in 2018 and potentially beyond (Q1 2018: 3.7%). The assigned score also takes into account Erste's CEE exposures that can react sensitively to downturns in macroeconomic conditions, as well as the group's recent stronger loan growth in the group, largely derived from CEE (2017 gross loan growth of 6.1%).

Erste's loan book is based in its home market of Austria (52% of gross customer loans), and continues to display a high exposure to CEE economies, a clear differentiating factor versus other universal banks domiciled in other European countries. The bank benefits from holding market leading positions in many countries it operates in, and holds larger loan books in the Czech Republic, Slovakia and Romania. The group's loan book is well diversified, with a clear focus on household lending (predominantly mortgages) amounting to €70.2 billion or 49% of gross loans as of year-end 2017. Corporate loans of €62.6 billion or 44% remain focused on small and medium-sized enterprises in Austria and CEE. The remainder of the loan book consists of public finance, focused on Austria (€7.0 billion), and financial corporations (€3.7 billion).

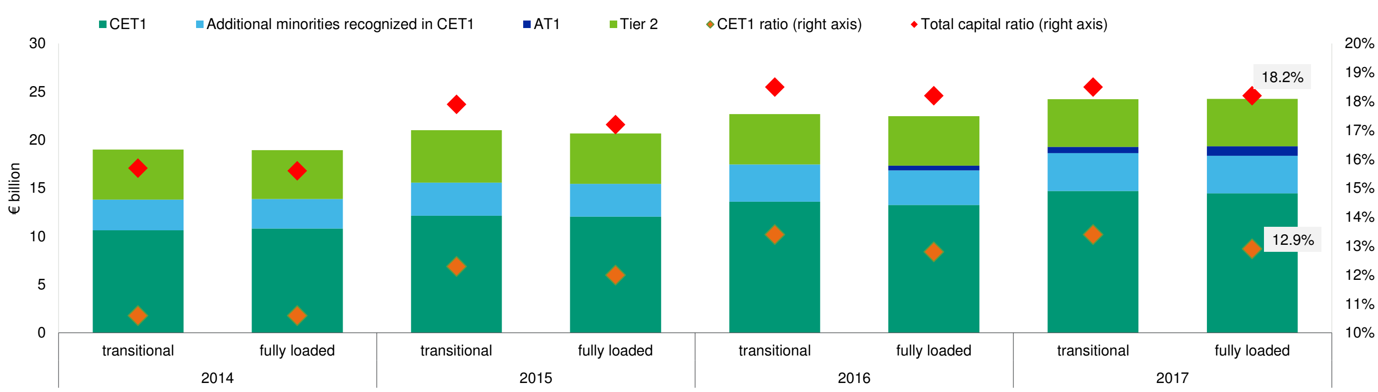
Erste reported a problem loan ratio of 4.9% as of year-end 2016 and 4.0% as of year-end 2017. The ratio improved further to 3.7% as of 31 March 2018, largely driven by further improvements in asset quality. The bank's coverage ratio, which excludes all non-cash collateral, further improved to 72.5% as of 31 March 2018, from 68.8% as of 31 December 2017. We view these levels as sustainable, and any further improvement remains dependent on the bank maintaining tight control of its geographical concentrations and lending criteria amid favourable business conditions. Doing so will help avoid undue new problem loan formation that would otherwise lead to higher future risk costs.

Higher capital buffers position Erste well to meet regulatory requirements, but the bank needs to ensure continued scrutiny on its capital retention policy

Erste's baa1 Capital score is positioned three notches above its ba1 Macro-Adjusted score. This positive adjustment captures additional capital resources initially not reflected in our calculation of the bank's TCE ratio as of year-end 2017 (9.9%). The positive adjustment takes into consideration the benefits to bondholders resulting from Erste's joint liability and institutional protection scheme (IPS) with the Austrian savings banks, under which the bank can freely access and transfer member banks' own funds in case of need[3]. Because this additional loss-absorbing capital at the level of the savings banks would be available to Erste before failure, we take into account these additional going-concern capital elements by adding them to our TCE. Our adjustment further captures the full regulatory approval of the Austrian savings banks' IPS, allowing the bank to report its Common Equity Tier 1 (CET1) capital on a consolidated basis without any reduction in its domestic minority shares, that is, the capital held by the savings banks.

With a CET1 ratio of 12.5% on a fully loaded basis as of 31 March 2018, we consider Erste's capitalisation to be sufficient to cover the intrinsic risks of the bank's operating model, which is geared to CEE (Exhibit 3). In addition, balance-sheet leverage is not a constraint for the bank, with its 6.3% fully loaded Basel III leverage ratio. Erste's higher earnings generation power will likely allow for a sustained build-up of the bank's fully loaded CET1 ratio of around 13% over the next 12-18 months, despite pressure on its earnings from fierce competition, margin pressure in a persistently low interest rate environment and continued high regulatory costs.

Exhibit 3
Erste's capitalisation sufficiently absorbs the inherent risks of its CEE-exposed business model



Source: Company reports, Moody's Investors Service

At the expected solid capital and profitability levels, the bank is well prepared to comply with upcoming regulatory requirements, specifically with regard to the gradual implementation and increase of a systemic risk buffer by the Austrian regulator (100 basis points, effective since the beginning of 2018 and growing to 200 basis points by 2019) and the expected fully loaded CET1 ratio minimum requirement of slightly above 11% in 2019 (excluding Pillar 2 CET1 guidance of 1.05% as of 2018) set by the European Central Bank as part of the bank's SREP[4] requirements.

Solid level of earnings, despite continued strain from the persistently low interest rate environment and regulatory contributions

The baa3 Profitability score assigned to Erste is in line with its historical ratio, reflecting the bank's current profitability level that we expect to be roughly sustained in future years (2017: net income/tangible assets of 0.77%).

Because Erste's revenue is primarily generated from net interest income (around two-thirds of total revenue as of year-end 2017), the key challenge for the bank will be to mitigate net interest income pressures from the constant re-pricing of loans and liquid financial investments into lower rates without compromising on its risk standards and growth limits in CEE. In addition, as the loan book in CEE matures and the very benign credit cycle normalises, risk costs are likely to increase from the current subdued levels, exerting strain on the group's profitability. Domestic and foreign bank levies, as well as contributions to various resolution funds and deposit guarantee schemes, have increased the bank's regulatory expenses over the past years, although the burden declined substantially in 2017 following the Government of Austria's (Aa1 stable) decision to reduce the domestic bank levy following a one-off payment in 2016.

Overall, and supported by our expectation of an only gradual increase in risk costs, we expect profitability to remain stable at around the levels in 2016-17, that is, within the baa3 Profitability score range for the group's Strong Macro Profile (0.50%-0.75% net income/tangible assets).

In 2017, Erste reported a 4% increase in its bottom-line profitability (after minorities) to €1,316 million. The results were supported by continued very low risk costs of €132 million, as well as stable core operating earnings. This increase was partially offset by higher operating expenses owing to the implementation of ongoing regulatory and IT projects. The bank's CEE operations accounted for 65% of its pretax profit, with each of the bank's non-Austrian operations contributing positively to the result. This solid performance continued in the first quarter of 2018.

Deposit-rich funding profile, with only moderate reliance on wholesale funding

Erste's a3 Funding Structure score, which is assigned one notch above the baa1 Macro-Adjusted score, reflects the bank's balanced funding profile and a continued decline in its wholesale funding dependence as well as the high granularity of its deposit base largely derived from retail customers and across several countries.

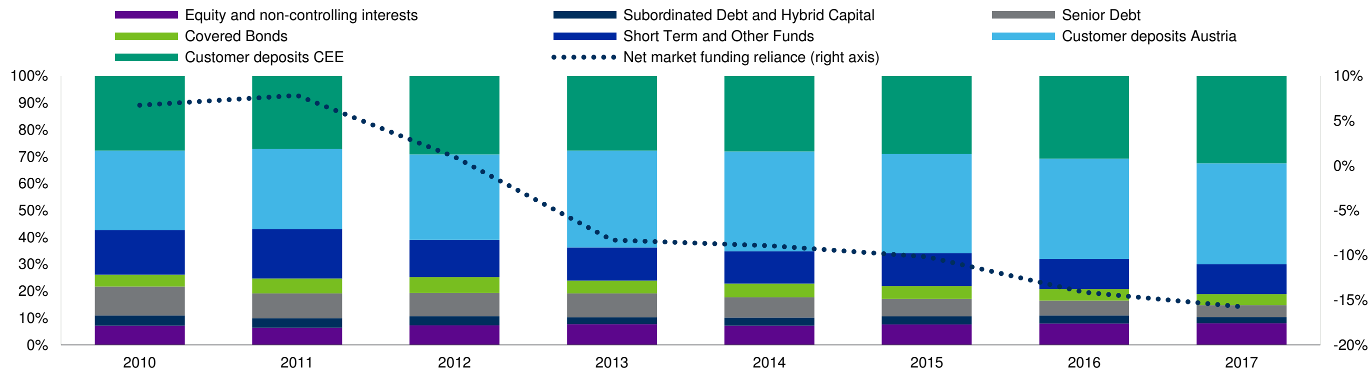
Erste continues to benefit from its access to a broad and diversified base of customer deposits largely obtained from retail and small and medium-sized enterprises, contributing around 70% of the bank's total funding. Around 55% of the bank's customer deposits are generated from its domestic Austrian operations, with the remainder being CEE-related deposits (although concentrated in the Czech Republic and Slovakia). The group's market leading positions in its domestic and many of its local CEE markets (displaying deposit market shares around 20%) supports the gathering of additional low-cost deposits. The bank's funding structure therefore continues to be a relative strength, with a sustained and declining loan-to-deposit ratio below 100% over the past few years that benefitted from continued strong deposit inflows (Q1 2018: 91.5%, 2016: 94.7% and 2015: 98.4%).

Market funding declined continuously during 2017 and made up 15.8% of Erste's tangible banking assets as of year-end 2017. A declining proportion of Erste's funding is raised through senior and subordinated debt securities (€16.0 billion as of year-end 2017), with the remainder largely consisting of covered bonds (€9.1 billion). We estimate the bank's annual long-term refinancing needs to be €2-3 billion for the next two to three years, a very low figure compared with the bank's balance sheet size of €221 billion as of 31 December 2017. Additionally, the bank's market funding profile benefits from an average debt maturity of around eight years.

Exhibit 4

Sustained decline in market funding reliance is a credit strength

Displayed as a % of total assets (left axis) and % of Tangible Banking Assets (TBA; right axis)



Note: Net market funding reliance = (Market funds - Liquid assets)/TBA

Sources: Company reports, Moody's Investors Service

Highly liquid balance sheet, which mitigates potential funding market dislocations

We assign a baa1 Liquid Resources score to Erste, one notch below the bank's a3 Macro-Adjusted score. The negative adjustment takes into account some limited asset encumbrance.

Otherwise, we regard Erste's liquidity position as comfortable, with liquid assets, such as cash, and unencumbered trading and financial assets, equivalent to around 30% of its balance sheet as of year-end 2017. We further regard the quality of the group's liquid assets as high, because they largely consist of central bank cash and highly-rated government securities. The bank's high liquidity is further displayed through its regulatory liquidity coverage ratio (LCR), which stood at 149.4% as of 31 March 2018.

In addition, Erste's more locally based funding model mitigates potential risks resulting from possible funding imbalances, also in local markets. For all of the bank's larger CEE franchises, Erste displayed a sound liquidity profile as of year-end 2017, with a loan-to-deposit ratio below 100% in most cases[5].

Support and structural considerations

Loss Given Failure (LGF) analysis

Erste is subject to the European Union Bank Recovery and Resolution Directive, which we consider an operational resolution regime. Therefore, we apply our Advanced LGF analysis, considering the risks faced by the different debt and deposit classes across the liability structure, should the bank enter resolution. In line with our standard assumptions, we assume residual TCE of 3% and losses post failure of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits, a 5% runoff in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt.

For Erste's senior unsecured debt and deposits, our Advanced LGF analysis indicates a very low loss given failure, leading to two notches of rating uplift from the bank's baa1 Adjusted BCA.

Additional notching for subordinated and hybrid debt instruments

For other junior debt classes, our Advanced LGF analysis indicates a high loss given failure, given the limited volume of debt and limited protection from more subordinated instruments and residual equity. Without any government support uplift, Erste's subordinated debt is rated Baa2, one notch below the bank's baa1 Adjusted BCA.

Additional notching applies to Erste's junior subordinated debt instruments, reflecting the risk of a missed coupon payment and the timeliness of those payments. The bank's cumulative junior subordinated debt maturing in June 2019 (ISIN: XS0303559115) is rated Baa3(hyb), two notches below the bank's baa1 Adjusted BCA. The rating reflects the junior subordinated claim in liquidation and cumulative deferral features tied to the breach of a net loss trigger.

Additional Tier 1 (AT1) instruments

We assign a (P)Ba1 rating to Erste's AT1 note programme and a Ba1(hyb) rating to the two €500 million AT1 notes issued under the programme, three notches below the bank's baa2 Adjusted BCA. The ratings reflect our assessment of the instruments' deeply subordinated claim in liquidation, as well as their non-cumulative coupon deferral features. In addition, the securities' principals are subject to a partial or full write-down on a contractual basis if (1) Erste's CET1 ratio falls below 5.125%, (2) the issuer receives public support, or (3) the Austrian Financial Market Authority determines that the conditions for a full write-down of the instrument are fulfilled and orders such a write-down as a precautionary measure to prevent insolvency.

Government support considerations

We do not include government support in our Austrian banks' ratings, assuming a low probability of Erste receiving support from the Government of Austria. We base our assumption on the wider scope of the Bank Recovery and Resolution Directive implementation in Austria and its application, illustrating the Austrian government's willingness to apply burden-sharing to bondholders[6].

Counterparty Risk (CR) Assessment

The Counterparty Risk (CR) Assessment is an opinion of how counterparty obligations are likely to be treated if a bank fails and is distinct from debt and deposit ratings in that it (1) considers only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default, and (2) applies to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

Erste's CR Assessment is A1(cr)/P-1(cr)

The bank's CR Assessment is positioned three notches above the bank's baa1 Adjusted BCA, based on the substantial buffer against default provided to the senior counterparty obligations by more junior instruments, such as senior unsecured debt and dated subordinated debt. To determine the CR Assessment, we focus purely on subordination, taking no account of the volume of the instrument class.

Methodology and scorecard

Methodology

The principal methodology we use in rating Erste Group Bank AG was the Banks methodology, published in April 2018.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 5

Erste Group Bank AG

Macro Factors		
Weighted Macro Profile	**Strong**	**100%**

Factor	**Historic Ratio**	**Macro Adjusted Score**	**Credit Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	5.3%	baa3	↓	baa2	Quality of assets	Expected trend
Capital						
TCE / RWA	9.9%	ba1	↑↑	baa1	Risk-weighted capitalisation	Expected trend
Profitability						
Net Income / Tangible Assets	0.7%	baa3	↓	baa3	Return on assets	Expected trend
Combined Solvency Score		baa3		baa2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	15.8%	baa1	←→	a3	Deposit quality	Extent of market funding reliance
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	31.6%	a3	←→	baa1	Asset encumbrance	Stock of liquid assets
Combined Liquidity Score		baa1		a3		
Financial Profile				baa1		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint:				Aa1		
Scorecard Calculated BCA range				a3-baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	**in-scope (EUR million)**	**% in-scope**	**at-failure (EUR million)**	**% at-failure**
Other liabilities	37,338	26.8%	45,581	32.8%
Deposits	80,811	58.1%	72,568	52.2%
Preferred deposits	59,800	43.0%	56,810	40.8%
Junior Deposits	21,011	15.1%	15,758	11.3%
Senior unsecured bank debt	10,001	7.2%	10,001	7.2%
Dated subordinated bank debt	5,797	4.2%	5,797	4.2%
Junior subordinated bank debt	20	0.0%	20	0.0%
Preference shares (bank)	993	0.7%	993	0.7%
Equity	4,174	3.0%	4,174	3.0%
Total Tangible Banking Assets	139,134	100%	139,134	100%

Debt class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Assessment	26.4%	26.4%	26.4%	26.4%	3	3	3	3	0	a1 (cr)
Deposits	26.4%	7.9%	26.4%	15.1%	2	3	2	2	0	a2
Senior unsecured bank debt	26.4%	7.9%	15.1%	7.9%	2	2	2	2	0	a2
Dated subordinated bank debt	7.9%	3.7%	7.9%	3.7%	-1	-1	-1	-1	0	baa2
Junior subordinated bank debt	3.7%	3.7%	3.7%	3.7%	-1	-1	-1	-1	-1	baa3 (hyb)
Non-cumulative bank preference shares	3.7%	3.0%	3.7%	3.0%	-1	-1	-1	-1	-2	ba1 (hyb)

Instrument class	Loss Given Failure notching	Additional Notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1 (cr)	--
Deposits	2	0	a2	0	A2	A2
Senior unsecured bank debt	2	0	a2	0	A2	A2
Dated subordinated bank debt	-1	0	baa2	0	Baa2	--
Junior subordinated bank debt	-1	-1	baa3 (hyb)	0	Baa3 (hyb)	--
Non-cumulative bank preference shares	-1	-2	ba1 (hyb)	0	Ba1 (hyb)	--

Source: Moody's Financial Metrics

Ratings

Exhibit 6

Category	Moody's Rating
ERSTE GROUP BANK AG	
Outlook	Positive
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured	A2
Senior Subordinate -Dom Curr	Baa2
Jr Subordinate -Dom Curr	Baa3 (hyb)
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper -Dom Curr	P-1
Other Short Term -Dom Curr	(P)P-1
CESKA SPORITELNA, A.S.	
Outlook	Positive
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
ERSTE BANK HUNGARY ZRT.	
Outlook	Stable(m)
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	b1
Adjusted Baseline Credit Assessment	ba2
Counterparty Risk Assessment	Baa2(cr)/P-2(cr)
ERSTE BANK, NEW YORK	
Outlook	Positive
Bank Deposits	A2/--
Counterparty Risk Assessment	A1(cr)/P-1(cr)
SLOVENSKA SPORITELNA, A.S.	
Outlook	Stable
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2

Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
ERSTE FINANCE (DELAWARE) LLC	
Bkd Commercial Paper	P-1
BANCA COMERCIALA ROMANA S.A.	
Outlook	Stable(m)
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	b1
Adjusted Baseline Credit Assessment	ba2
Counterparty Risk Assessment	Baa2(cr)/P-2(cr)

Source: Moody's Investors Service

Endnotes

1 Our Advanced LGF analysis takes into account the severity of loss faced by the different liability classes in resolution.

2 Supervisory Review and Evaluation Process, as determined by the European Central Bank.

3 The transfer of the amount of own funds is limited to capital elements exceeding the respective member bank's minimum capital requirement. As such, any individual member of the IPS is only obliged to contribute to the extent that such a contribution does not result in a violation of the regulatory requirements applicable to that member.

4 SREP = supervisory review and evaluation process.

5 These considerations also take into account the Austrian regulator's recommendation that the country's three major banks limit their new lending in CEE subsidiaries to 110% of local deposits, plus funding in local capital markets and funding from supranational institutions.

6 This application has triggered the resolution of Heta Asset Resolution AG.

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