

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Erste Group Bank AG

14 Jan 2022

Frankfurt am Main, January 14, 2022 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Erste Group Bank AG and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 11 January 2022 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Erste Group Bank AG's (Erste) A2 deposit and senior unsecured debt ratings reflect its baa1 Baseline Credit Assessment (BCA) and the application of Moody's Advanced Loss Given Failure (LGF) analysis to its liabilities, which indicates a very low loss given failure and results in two notches of rating uplift. While Moody's considers Erste to be a domestic systemically relevant bank, it does not incorporate rating uplift from government support into its ratings due to the wider scope of BRRD application in Austria and evidenced willingness of its government to apply burden-sharing to creditors.

Erste's baa1 BCA reflects the bank's low dependence on confidence-sensitive wholesale market funding and its strong deposit franchise, with leading market shares in most countries it operates in. It also reflects the bank's solid capitalisation, which provides a good buffer in a potentially adverse economic environment, as well as its strong asset quality and liquidity metrics and our view on its medium-term profitability, which enables the bank to absorb substantial loss provisions without impairing its capital position, but also provides Erste with growth opportunities, while maintaining stable capital ratios.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in July 2021. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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