

December 11, 2007

Erste Bank der oesterreichischen Sparkassen AG

Primary Credit Analyst:

Bernd Ackermann, Frankfurt (49) 69-33-999-153; bernd_ackermann@standardandpoors.com

Secondary Credit Analysts:

Volker von Kruechten, Frankfurt (49) 69-33-999-164; volker_vonkruechten@standardandpoors.com

Stefan Best, Frankfurt (49) 69-33-999-154; stefan_best@standardandpoors.com

Table Of Contents

Major Rating Factors

Rationale

Outlook

Profile: A Leading Retail Franchise In CEE

Support And Ownership: Ratings Reflect Aggregate Strength Of Erste Bank And Austrian Savings Banks

Strategy: Acquisition Strategy Paying Off, But Stakes Are Rising

Risk Profile And Management: Retail Mortgage Focus For Growth

Accounting: Member Savings Banks Consolidated In Erste Bank Accounts

Profitability: Riding The CEE Wave, Progress At Home

Capital: Rebuilding From Modest Levels

Erste Bank der oesterreichischen Sparkassen AG

Major Rating Factors

Strengths:

- Solid franchise in Austria and Central and Eastern European countries
- Steadily improving profitability
- Cohesiveness of Austrian savings banks

Counterparty Credit Rating

A/Stable/A-1

Weaknesses:

- Modest capitalization
- Moderate profitability in Austrian home market
- Ambitious growth strategy

Rationale

The ratings on Erste Bank der oesterreichischen Sparkassen AG (Erste Bank) are based on the group's prominent market position in Austria and several countries in Central and Eastern Europe (CEE), and the continued profitability improvements in large parts of the group. They also reflect Standard & Poor's Ratings Services view of Erste Bank and the Austrian savings banks as a single economic group. These positive factors are partially offset by modest capital levels as a result of Erste Bank's acquisition strategy; still moderate earnings levels in the competitive Austrian market; and ambitious growth targets, which rely to a significant degree on continued positive prospects for CEE.

Erste Bank group forms the third-largest banking sector in Austria by total assets, and is well positioned to benefit from the higher-than-average growth opportunities in CEE. That said, it is also exposed to the still higher-than-average economic and industry risk in these countries.

Erste Bank has made steady progress in improving its profitability. CEE remains the key growth driver, benefiting from strong loan demand, especially for mortgage lending, and efficiency gains. We expect Erste Bank to continue to expand its lending activities based on prudent lending standards. Various groupwide initiatives are expected to enhance sales productivity, and limit cost growth to about 7%-8% per year after a more-pronounced investment-driven spike in expenses during 2007.

Our view of the Austrian savings banks sector as an economic group is based on its sound level of cohesiveness and solidarity, underpinned by a limited protection scheme. The positive rating implications on Erste Bank from the savings banks are limited, however, because the savings banks are much smaller, although they are better capitalized on average.

The group's capitalization is modest, particularly in view of its growing reliance on CEE markets. Pure levels of capital benefit considerably from the consolidation of the savings banks. Ambitious volume growth should limit the group's ability to generate free capital.

Profitability in Erste Bank's highly competitive domestic market remains modest despite recent improvements. Conditions for small and midsize enterprise (SME) lending remain a particular concern. Over time, domestic

operations could improve further, but any progress from the current level is likely to be modest.

Outlook

The stable outlook reflects our expectation that the integration of Banca Comerciala Romana (BCR; BBB-/Stable/--) will continue smoothly. We are monitoring the speed and sustainability with which operating earnings improve at BCR. We would view negatively any material deviations from Erste Bank's earnings targets for BCR because they might put pressure on other parts of the group to offset any shortfall.

A deterioration in our bank industry and country risk assessment of one of Erste Bank's key markets in CEE would also be negative for the rating, as would further sizable acquisitions, if they stretch management resources considerably and pressure capital ratios.

Stronger capitalization, a further reduction in the economic and industry risk in CEE, and major progress in the integration process and profitability of BCR could be positive for the rating.

Profile: A Leading Retail Franchise In CEE

Erste Bank is the lead bank and central bank of the Austrian savings banks sector, and also holds an attractive position in the neighboring emerging markets of CEE, defined by Erste Bank as its "extended home market." Erste Bank group caters to about 16 million customers in the region, of which 2.8 million are in Austria. Operations in CEE accounted for only 38% of regulatory risk assets, but 66% of group pretax profit at Sept. 30, 2007.

In its extended home market, Erste Bank is one of the leading players in the fast-growing retail banking sector. Key subsidiaries are Czech Republic-based Ceska Sporitelna a.s. (CS; A/Stable/A-1), Romania-based BCR, and Slovak Republic-based Slovenska Sporitelna a.s. (unsolicited ratings; SLSP; A-pi). On the other hand, the group is also exposed to the still higher-than-average economic and industry risk in these countries. The acquisition of BCR in the fourth quarter of 2006 has added a significant operation in one of the least-developed markets in Europe.

Austria remains a highly competitive banking market with razor-thin margins, mainly in SME lending, although the economy has shown above-average growth rates and low unemployment compared with the EU average. Activities are regionally split between the savings banks and Erste Bank itself, which operates in Vienna directly and in some other parts of the country through majority stakes in a few savings banks.

Support And Ownership: Ratings Reflect Aggregate Strength Of Erste Bank And Austrian Savings Banks

The ratings on Erste Bank mirror the aggregate stand-alone credit quality of Erste Bank and the Austrian savings banks, and do not include any uplift for extraordinary external support. Standard & Poor's considers Erste Bank to be a systematically important bank to Austria. However, in line with our rating approach in "supportive" countries, where the government relies on prudent policies to maintain a sound banking sector, Standard & Poor's does not factor the probability of government support into the ratings on private sector banks in Austria.

Erste Bank is a joint-stock company and has been listed on the Vienna stock exchange since December 1997. A

private foundation holds 30.5% of the shares, however, and another 6.7% are held by the Austrian savings banks. The private foundation is a special savings bank holding company. It was created following the 1986 amendment to the Austrian Banking Act, which permitted savings banks to reorganize themselves as joint-stock companies to raise capital.

Austrian savings banks' protection scheme

The limited protection scheme of the Austrian savings banks sector comprises Erste Bank and almost all the savings banks in Austria. In its present form, it became effective on Jan. 1, 2002, and is operated by a special-purpose company, Haftungsgesellschaft (HG), which is 55.6%-owned by Erste Bank. Member banks are obliged to furnish HG with financial information on a regular and timely basis so that potential problems are detected at an early stage. HG makes decisions on the necessity, form, and implementation of support for troubled member banks, including advice and capital contributions. According to the agreement, financial support will be funded by the member banks, although this is capped at the overall limit of 1.5% of risk assets and 75.0% of the expected pretax profit of each institution. For the participating savings banks, including Erste Bank, this limit amounts to about €1.4 billion, with Erste Bank and its subsidiaries accounting for more than 50% of committed funds.

Consolidation of certain activities within the sector and reduction of overlapping markets have promoted regional strength, increased cohesiveness, and allowed the group to reduce domestic branches and staff. The banks have also agreed on uniform business strategies, IT and controlling systems, production, processing, and marketing. An upcoming amendment to the protection scheme should further enhance integration within the group, as it will grant HG additional rights in terms of budgeting and determining business strategies for member banks, and in appointing senior management at individual institutions.

Strategy: Acquisition Strategy Paying Off, But Stakes Are Rising

Erste Bank has been following a consistent, focused, and well-managed strategy in recent years to become one of the leading supraregional retail banks in CEE. It has successfully diversified out of its "overbanked" home market, while relatively smoothly forming an integrated group with the Austrian savings banks. Key challenges are to maintain controlled and measured growth in the extended home market given booming loan demand, to integrate BCR, and to enhance earnings further in the domestic retail division. Erste Bank generally aims to achieve market shares with retail and SME clients of at least 20% in its CEE markets.

To date, the growth strategy in the extended home market has been driven by acquisitions. The purchase of 61.9% of BCR for €3.75 billion in the fourth quarter of 2006 has highlighted Erste Bank's willingness to pay high prices if it sees a strong strategic rationale--in this case, to secure a leading position in one of the major markets in the area. To ensure the smooth integration of BCR into the group without overstretching resources, we expect Erste Bank to focus primarily on organic growth in the near future.

BCR provides significant upside potential, and further leverages Erste Bank's expertise in the region. Although BCR represents a relatively large acquisition for Erste Bank in a still relatively underdeveloped banking system, Standard & Poor's is confident about Erste Bank's ability to complete the integration successfully, based on the bank's strong track record. About two-thirds of the transformation process has been completed already.

Erste Bank is also focusing on improving earnings quality. Various group projects have been started since 2004 to enhance integration within the enlarged group, thereby reducing overlapping activities, enhancing sales practices and

performance measurement, and harmonizing IT systems. Erste Bank is also optimizing its legal structure to take account of the high importance of CEE and enhance transparency across the retail networks in its various markets.

Under the group's planned legal structure, Erste Bank will spin-off of the Austrian retail and small and midsize enterprise business into a fully owned separate legal entity, which will then report at the same level as the subsidiaries in CEE. Erste Bank will become a holding company, but will retain its own operating banking activities, pooling treasury, corporate finance, and investment banking.

Risk Profile And Management: Retail Mortgage Focus For Growth

Erste Bank's risk profile is dominated by credit risk and credit risk-related operational risk from its lending activities. Loan portfolio growth is fastest in the still immature CEE markets. The high returns from these activities need to be seen in the context of still largely unseasoned loan portfolios, the lack of meaningful loss histories, and potentially higher levels of external fraud.

Enterprise risk management

We consider enterprise risk management at Erste Bank to be adequate. Erste Bank's risk management and policies capture all relevant categories of risk, and its lending strategy focuses on less volatile and well-secured homeowner loans. The group is increasingly managed in accordance with economic risk-capital considerations, and continues to expand the application of stress testing across risk categories. The robustness of risk models in its CEE operations, however, remains untested. In 2007, Erste Bank started reporting its regulatory risk position under Basel II standards, applying the foundation internal-rating-based (FIRB) approach for credit risk and basic indicator approach for operational risk.

Risk management functions across the group are aligned with, and increasingly integrated into, Erste Bank's central risk-management function, as the parent sets and monitors the risk appetite for individual members of the group. Projects to enhance risk management are fed down from the parent to all subsidiaries. The group's economic risk-capital model captures credit risk, market risk, operational risk, credit-related operational risk, and business risk. Besides standard measures such as value at risk, Erste Bank also applies regular stress testing to its market and liquidity risk.

Operational risk is managed by using internal loss databases, which are collected groupwide and stored centrally, and qualitative risk assessments. Operational risk accounted for about 25% of economic risk capital at year-end 2006. Credit risk-related operational risk is a key parameter for Erste Bank in this context. It highlights the risk from emerging markets operations, which might be due to fast expansion of new products in immature markets, particularly the need for rigorous controls on new product approval and implementation.

Credit risk

Asset quality at Erste Bank and the savings banks is satisfactory, underpinned by a fairly high proportion of lower risk asset classes, moderate concentration risks, and adequate reserve levels. The group's provisioning needs have gradually declined relative to customer loans (excluding the public sector) to 57 basis points (bps) at Sept. 30, 2007 (adjusted for nonrecurring releases). These levels are still relatively high, however, driven mainly by the domestic exposures of Erste Bank and the savings banks. Gross NPLs and substandard loans for the group have declined since 2002, however, and are now 4.4% and 3.0%, respectively, of total customer loans excluding the public sector. Austria accounts for 66% of these exposures. Overall, Erste Bank's loan loss provisions might increase gradually in

the medium term. This could happen because somewhat higher provisioning levels might be required for CEE exposures over time and because the current benign credit environment in large corporate lending is unlikely to be sustainable.

Loan-book composition is gradually shifting, with CEE the biggest growth driver based on both booming private and corporate retail loans. Managing the rapid market growth in these largely untested markets remains a major challenge, but we expect Erste Bank to grow its activities prudently, in line with its ability to control these risks. It benefits from the high number of existing account relationships, which allows it to assess and continuously monitor the creditworthiness of its borrowers based on behavioral account analysis. In CEE, the current provisioning levels of about 40 bps on average risk assets might pick up slowly with volume growth and greater loan penetration of the population.

Erste Bank's loan-loss reserves should be sufficient to cover potential losses on NPLs, which are defined in accordance with Basel II guidelines. NPL coverage in Austria of 63% is adequate, given that the remaining portions are generally covered by collateral. NPL coverage in CEE is in excess of actual exposures at 127.2%, which reflects regionally different regulatory requirements, uncertainties about the realizable nature of collateral positions, or the higher risk potential in these markets.

Market risk

Erste Bank uses value-at-risk methodology based on historical simulation to calculate the market risk in its trading and banking book positions. Austrian banking authorities have approved its model for the purpose of calculating capital adequacy, applying the lowest possible multiplier. The confidence level is 99%, and it uses one-day and 10-day holding periods. Furthermore, Erste Bank also conducts regular stress- and back-testing. CEE subsidiaries are fully integrated into Erste Bank's market-risk management. Market risk limits are set at moderate levels. Given the high level of deposit funding at CS and SLSP, net interest income is sensitive to changes in the local-currency interest rate environment. Thus, earnings should benefit from rising interest rates and are pressured as rate levels decline.

Liquidity risk

The group's funding sources are stable and diverse, as it continues to have a high level of deposits from customers. Erste Bank itself also acts as a wholesale bank and benefits from being the central clearer for the Austrian savings banks. Erste Bank also works as a central clearer for its CEE subsidiaries as far as possible. It is constrained in this aim by large loan limits on subsidiaries lending to Erste Bank and by the depth of cross-currency swap markets. As a rule, Erste Bank raises euro-denominated funds in the capital markets for the group, while the CEE subsidiaries raise cash in their local currency markets. The liquidity of subsidiaries CS and SLSP is strong because, for historical reasons, customer deposits far exceed customer loans. Lending to retail customers and SMEs is expected to grow, however, reducing these subsidiaries' liquidity surplus. At BCR, the customer loan to customer deposit leverage is already above 100%, and is set to deteriorate further. About half of BCR's euro-denominated funding requirements--40% of loans are extended in euros or U.S. dollars--is provided by Erste Bank, with the other half being sourced from retail deposits in foreign currency.

Accounting: Member Savings Banks Consolidated In Erste Bank Accounts

Erste Bank has reported consolidated figures according to IFRS since 1999. Since Jan. 1, 2002, Erste Bank has fully consolidated the HG member savings banks, as the protection scheme has come into effect. It no longer reports its

own consolidated accounts.

At year-end 2006, Erste Bank charged against retained earnings €211 million (gross of tax) for all cumulative actuarial gains and losses relating to defined benefit plans for post-employment benefits. These were previously unrecognized under IFRS. As Erste Bank did not adopt the corridor method under IFRS, it should not develop unrecognized actuarial gains and losses in future periods.

Standard & Poor's considers that deficits under defined benefit plans and other post-retirement benefit arrangements should be included in the net assets of the sponsoring financial institution and has been adjusting for unrecognized amounts in adjusted common equity. As a result, the above changes have not had an impact on our capital ratios.

Profitability: Riding The CEE Wave, Progress At Home

Erste Bank's profitability is adequate for its business and risk profile. Earnings are set to demonstrate further improvement, mainly in CEE, on the back of continued strong customer demand coupled with further efficiency gains. Various groupwide initiatives are expected to enhance sales productivity and limit cost growth to about 7%-8% per year, after higher investment expense in 2007. The risk of set-backs in individual markets increases, however, as the boom in lending business continues, in particular in less developed economies. On the other hand, the impact from the current capital market volatility on earnings in its treasury and investment banking unit remains very limited.

Austria and international business (excluding segment savings banks)

Erste Bank has made steady progress in improving the profitability of its Austrian and international business. Although much of the initial recovery was driven by higher treasury results and lower provisioning needs on its international loan book, the strong improvement of its retail division since 2004 has resulted in a more-balanced and sustainable earnings mix. Improvements started from a modest level, however, and with a cost-to-income ratio of 68.2% at Sept. 30, 2007, and a return (pretax profit after risk) on average Basel 2 risk assets of 1.65%, the retail division's profitability is still only moderate in an international context. Despite improvements in retail, wholesale-oriented activities still account about 70.0% of pretax earnings (before corporate center), where earnings benefit from the benign credit environment, favorable conditions for trading and investment banking until the second quarter 2007, and from the restructured client coverage in its large corporate division.

Table 1

Erste Bank der oesterreichischen Sparkassen AG--Excluding Segments CEE, Saving Banks, And Corporate Center						
(Mil. €)	Sept.-2007	2006	2005	2004	2003	2002
Interest income	690.3	902.2	868.8	909.2	928.4	872.3
Commission income	438.8	559.7	497.0	425.8	379.8	375.8
Trading income	84.8	101.3	96.2	100.5	107.9	99.2
Insurance	11.5	17.9	28.8	26.4	25.9	6.1
Others	(6.5)	26.1	(11.9)	(25.9)	(5.4)	(44.7)
Revenues	1,223.6	1,607.2	1,478.9	1,436.0	1,436.6	1,308.7
Operating expenses	665.8	855.3	843.4	844.7	869.1	877.5
Profit before risk	557.8	751.9	635.5	591.3	567.5	431.2
Risk provisions	96.2	143.4	125.4	172.3	202.6	228.3
Profit after risk	465.4	608.5	510.1	419.0	364.9	202.9

Table 1

Erste Bank der oesterreichischen Sparkassen AG--Excluding Segments CEE, Saving Banks, And Corporate Center(cont.)						
Goodwill	0.0	0.0	0.0	0.0	12.6	7.8
Tax	106.2	143.5	132.1	93.6	105.7	39.1
Avg. risk assets	32,670.4	31,827.1	29,174.5	29,759.7	28,978.8	28,639.4
Cost-to-income ratio	54.4	53.2	57.0	58.8	60.5	67.1
NLLPs/revenues	7.9	8.9	8.5	12.0	14.1	17.4
Revenues/avg. risk assets	5.0	5.0	5.1	4.8	5.0	4.6
NLLPs/avg. risk assets	0.4	0.5	0.4	0.6	0.7	0.8
Profit after risk/revenues	38.0	37.9	34.5	29.2	25.4	15.5
Profit after risk/avg. risk assets	1.9	1.9	1.7	1.4	1.3	0.7

NLLP--Net loan loss provision.

Table 2

Erste Bank der oesterreichischen Sparkassen AG--Segment Breakdown (Excluding Segments, CEE And Savings Banks)						
Pre-tax profit before goodwill amortization						
(Mil. €)	Sept.-2007	2006	2005	2004	2003	2002
Retail	143.2	178.3	151.5	74.2	53.2	10.0
Large corporates	103.8	115.4	77.7	83.7	86.1	70.2
Treasury/investment banking	99.5	158.9	122.4	140.7	131.5	59.5
International business	118.8	155.9	158.5	120.4	94.1	63.2
Erste Bank excl. CEE/savings banks/corporate center	465.4	608.5	510.1	419.0	364.9	202.9
Corporate center	(172.0)	(144.9)	(73.4)	59.7	(46.2)	(28.8)
Erste Bank excl. CEE and savings banks	293.4	463.6	436.7	478.7	318.7	174.1

CEE--Central and Eastern Europe.

CEE

Erste Bank's profitability increasingly relies on its CEE operations because the returns for the group in these markets are significantly higher than in the Austrian market. The growing proportion of retail business revenues is a positive factor. Its operations benefit from high revenue margins, robust GDP growth and loan demand, and continued enhancements of the operating cost base. As a result, nominal earnings has continued to grow at a favorable pretax margin of 38% at Sept. 30, 2007, despite investments for business growth, group IT, and other cost synergy projects affecting CEE subsidiaries. The change in the asset mix to retail lending with high margins continues to more than offset the pressure on interest income from the persistently low interest rate environment, strong competition, and increased scrutiny of banks' pricing policy. Cost containment should benefit from continued productivity improvements, including benefits from centralization under the new group architecture project. This should offset the need to invest, particularly at SLSP, to accommodate the introduction of the euro.

Table 3

Erste Bank der oesterreichischen Sparkassen AG--CEE Segment						
(Mil. €)	Sept.-2007	2006	2005	2004	2003	2002
Interest income	1,538.2	1,444.3	1,096.6	950.9	829.4	741.7
Commission income	650.2	575.1	459.4	404.3	345.3	297.2
Trading income	178.8	149.3	120.9	101.4	71.2	56.6

Table 3

Erste Bank der oesterreichischen Sparkassen AG--CEE Segment (cont.)						
Insurance	20.8	17.9	7.9	8.4	10.2	2.3
Others	(54.5)	(23.7)	(22.6)	(44.8)	(112.7)	(19.8)
Revenues	2,333.6	2,163.0	1,662.2	1,420.2	1,143.4	1,078.0
Operating expenses	1,328.2	1,227.5	989.1	897.0	766.7	705.2
Profit before risk	1,005.4	935.5	673.1	523.2	376.7	372.8
Risk provisions	114.3	126.9	80.2	49.9	9.7	3.9
Profit after risk	891.1	808.5	592.9	473.3	367.0	376.7
Goodwill	0.0	0.0	0.0	0.0	54.4	38.1
Tax	175.5	191.2	131.0	107.8	78.1	89.0
Avg. risk assets	34,155.4	24,146.7	16,562.5	13,318.7	10,162.1	9,157.6
Cost-to-income ratio	56.9	56.8	59.5	63.2	67.1	65.4
NLLPs/revenues	4.9	5.9	4.8	3.5	0.8	0.4
Revenues/avg. risk assets	9.1	9.0	10.0	10.7	11.3	11.8
NLLPs/avg. risk assets	0.4	0.5	0.5	0.4	0.1	0.0
Profit after risk/revenues	38.2	37.4	35.7	33.3	32.1	34.9
Profit after risk/avg. risk assets	3.5	3.3	3.6	3.6	3.6	4.1

NLLP--Net loan loss provision.

2007 profitability is boosted by the first full-year figures after the consolidation of BCR. On a segment reporting basis, BCR contributed €296 million of pretax profit or €245 million after tax before minority interest at Sept. 30, 2007. Erste Bank's profit targets for BCR include a net profit above €660 million by 2009 on local IFRS reporting, which is, however, not quite the same as segment results.

This target is realistic, but as it requires profit growth of about 40% per year, it relies on continued positive economic development in Romania, robust systemwide loan growth, a successful re-engineering of BCR's cost base, and integration of BCR into the group. The group plans to expense €140 million integration costs mainly in 2007 (€36 million booked at Sept. 30, 2007), and €120 million in capital expenditures over the next three years for the integration.

Savings banks

The savings banks segment includes those banks that are members of the protection scheme in which Erste Bank does not have a majority stake. Profitability remains modest despite gradual increases in revenues. Earnings reflect the competitive environment and a relatively high cost base. The return (pretax profit after risk) on average risk assets of 101 bps at Sept. 30, 2007, is well below the 165 bps achieved by Erste Bank in its retail segment, mainly due to lower commission revenues and higher loan loss provisions. Potential for improvement exists if the savings banks are able to bring their revenue mixes more in line with Erste Bank.

Table 4

Erste Bank der oesterreichischen Sparkassen AG--Savings Banks Segment						
(Mil. €)	Sept.-2007	2006	2005	2004	2003	2002
Interest income	641.5	839.7	834.0	849.6	841.3	866.6
Commission income	282.8	365.0	358.1	318.8	321.5	267.5
Trading income	15.5	25.4	20.6	18.8	29.3	24.6

Table 4

Erste Bank der oesterreichischen Sparkassen AG--Savings Banks Segment(cont.)						
Insurance	0.0	0.0	0.0	0.0	0.0	0.0
Others	(4.9)	11.4	13.8	(11.8)	(16.4)	(5.9)
Revenues	934.9	1,241.6	1,226.5	1,175.4	1,175.7	1,152.8
Operating expenses	634.8	824.2	825.6	801.7	820.5	794.1
Profit before risk	300.1	417.4	400.9	373.7	355.2	358.7
Risk provisions	125.5	171.3	215.8	184.5	198.1	186.6
Profit after risk	174.6	246.1	185.1	189.2	157.1	172.1
Goodwill	0.0	0.0	0.0	0.0	5.9	4.9
Tax	42.3	51.9	46.9	46.6	46.7	40.8
Avg. risk assets	22,953.3	25,543.6	23,948.7	22,986.2	22,179.7	22,164.3
Cost-to-income ratio	67.9	66.4	67.3	68.2	69.8	68.9
NLLPs/revenues	13.4	13.8	17.6	15.7	16.8	16.2
Revenues/avg. risk assets	5.4	4.9	5.1	5.1	5.3	5.2
NLLPs/avg. risk assets	0.7	0.7	0.9	0.8	0.9	0.8
Profit after risk/revenues	18.7	19.8	15.1	16.1	13.4	14.9
Profit after risk/avg. risk assets	1.0	1.0	0.8	0.8	0.7	0.8

NLLP--Net loan loss provision.

Capital: Rebuilding From Modest Levels

Erste Bank's modest capitalization remains a primary negative rating factor. Capital ratios are low given the growing exposure to CEE markets, and would be even lower if the benefits from the savings banks were excluded. The €2.9 billion rights issue for the BCR acquisition highlights Erste Bank's willingness to support major acquisitions with a well-balanced capital mix.

Capital ratios have suffered modestly compared with pre-acquisition levels. While earnings retention remains sound, supported by a moderate dividend payout ratio, we do not expect strong improvements in capitalization from its current level. This is because of continued strong growth in risk-weighted assets in CEE, and because Erste Bank is already close to its 7% Basel II Tier 1 ratio target at Sept. 30, 2007, if accrued earnings are taken into account. According to Austrian regulation, the reported Tier 1 capital ratio of 6.2% (excluding capital charges for trading market risk and operational risk) does not consider accrued interim earnings in capital.

Under Basel II, credit-risk weighted assets are 5% lower for Erste Bank compared with Basel 1, due to its retail loan exposures. This is more than offset, however, by capital charges for operational risk, leading to slightly weaker capital ratios under Basel II compared with the Basel 1 ratios reported up to year-end 2006.

The capital structure of the group also has slightly weakened with the consolidation of BCR, as it increased the proportion of minority shareholders in capital ratios. We believe that, as in prior acquisitions, Erste Bank will purchase these minority stakes over time, but Erste Bank might be able to pay with its own shares. Almost all minority interests in Erste Bank's accounts continue to relate to shareholders' equity in the Austrian savings banks.

Austrian regulators have allowed Erste Bank to include the member savings banks in its consolidated regulatory capital ratios. Although we estimate that the savings banks improve the regulatory Tier 1 ratio by only about 30

bps, the level and quality of Erste Bank's capitalization excluding the savings banks is weaker because all hybrid Tier 1 instruments were issued by Erste Bank, and because the majority of goodwill relates to Erste Bank's acquisitions in CEE.

Table 5

Erste Bank der oesterreichischen Sparkassen AG--Balance Sheet Statistics												
(Mil. €)	--Year ended Dec. 31--						Breakdown as a % of assets (adj.)					
	2007*	2006	2005	2004	2003	2002	2007*	2006	2005	2004	2003	2002
Assets												
Cash and money market instruments	7,311	7,378	2,728	2,723	2,549	3,181	3.92	4.38	1.90	2.06	2.09	2.76
Securities	44,265	41,768	38,662	34,957	32,567	27,161	23.74	24.82	26.91	26.51	26.76	23.55
Trading securities (marked to market)	4,617	4,701	3,971	3,414	4,220	2,606	2.48	2.79	2.76	2.59	3.47	2.26
Nontrading securities	39,648	37,067	34,691	31,543	28,347	24,555	21.26	22.03	24.14	23.92	23.29	21.29
Loans to banks (net)	21,261	16,616	16,858	15,513	13,140	15,492	11.40	9.87	11.73	11.76	10.80	13.43
Customer loans (gross)	107,218	97,107	80,419	72,722	67,766	64,435	57.51	57.70	55.97	55.14	55.67	55.87
Public sector/government	5,062	4,710	4,262	5,594	6,000	6,206	2.71	2.80	2.97	4.24	4.93	5.38
Other consumer loans	42,356	37,674	30,669	24,829	21,599	19,471	22.72	22.39	21.34	18.83	17.75	16.88
Commercial/corporate loans	59,486	54,281	45,126	41,998	39,838	38,392	31.90	32.26	31.41	31.85	32.73	33.29
All other loans	314	442	362	301	329	366	0.17	0.26	0.25	0.23	0.27	0.32
Loan loss reserves	3,314	3,133	2,817	2,749	2,772	2,983	1.78	1.86	1.96	2.08	2.28	2.59
Customer loans (net)	103,904	93,974	77,602	69,973	64,994	61,452	55.73	55.84	54.01	53.06	53.40	53.28
Earning assets	172,744	155,491	135,939	123,192	113,473	107,088	92.65	92.40	94.61	93.41	93.23	92.85
Equity interests/participations (nonfinancial)	579	534	413	401	434	383	0.31	0.32	0.29	0.30	0.36	0.33
Inv. in unconsolidated subsidiaries (financial co.)	102	102	85	85	63	80	0.05	0.06	0.06	0.06	0.05	0.07
Intangibles (nonservicing)	6,246	6,092	1,911	1,823	1,868	1,595	3.35	3.62	1.33	1.38	1.53	1.38
Fixed assets	1,262	2,165	1,688	1,723	1,814	1,866	0.68	1.29	1.17	1.31	1.49	1.62
Derivatives credit amount	1,741	1,598	1,985	1,779	1,587	881	0.93	0.95	1.38	1.35	1.30	0.76
Accrued receivables	N.A.	1,810	1,654	1,575	1,442	1,186	N.A.	1.08	1.15	1.19	1.18	1.03
All other assets	13,901	9,666	9,074	9,130	8,117	7,944	7.46	5.74	6.32	6.92	6.67	6.89
Total reported assets	200,572	181,703	152,660	139,682	128,575	121,222	107.58	107.98	106.25	105.92	105.63	105.10
Less insurance statutory funds	(7,878)	(7,329)	(7,066)	(5,979)	(4,989)	(4,290)						
Less nonservicing intangibles + I/O strips	(6,246)	(6,092)	(1,911)	(1,823)	(1,868)	(1,595)	(3.35)	(3.62)	(1.33)	(1.38)	(1.53)	(1.38)
Adjusted assets	186,448	168,282	143,683	131,879	121,718	115,337	100.00	100.00	100.00	100.00	100.00	100.00
Breakdown as a % of liabilities + equity												
	2007*	2006	2005	2004	2003	2002	2007*	2006	2005	2004	2003	2002
Liabilities												
Total deposits	138,584	128,537	106,704	96,764	90,543	87,733	69.09	70.74	69.90	69.27	70.42	72.37
Noncore deposits	40,400	37,688	33,911	28,551	25,704	26,425	20.14	20.74	22.21	20.44	19.99	21.80

Table 5

Erste Bank der oesterreichischen Sparkassen AG--Balance Sheet Statistics(cont.)												
Core/customer deposits	98,184	90,849	72,793	68,213	64,839	61,308	48.95	50.00	47.68	48.83	50.43	50.57
Public sector or total pfandbriefe	N.A.	2,288	1,686	1,278	1,222	1,067	N.A.	1.26	1.10	0.91	0.95	0.88
Other borrowings	32,007	23,486	22,995	21,657	19,260	16,511	15.96	12.93	15.06	15.50	14.98	13.62
Other liabilities	17,424	15,238	13,790	13,614	11,881	10,708	8.69	8.39	9.03	9.75	9.24	8.83
Total liabilities	188,015	169,550	145,175	133,313	122,906	116,019	93.74	93.31	95.10	95.44	95.59	95.71
Total shareholders' equity	12,557	12,154	7,485	6,368	5,669	5,204	6.26	6.69	4.90	4.56	4.41	4.29
Preferred stock and other capital	1,250	1,250	900	717	495	455	0.62	0.69	0.59	0.51	0.38	0.38
Minority interest-equity	2,869	2,925	2,332	2,305	2,383	2,268	1.43	1.61	1.53	1.65	1.85	1.87
Common shareholders' equity (reported)	8,438	7,979	4,253	3,346	2,791	2,481	4.21	4.39	2.79	2.40	2.17	2.05
Share capital and surplus	5,186	5,144	1,950	1,912	1,881	1,875	2.59	2.83	1.28	1.37	1.46	1.55
Revaluation reserve	(501)	(70)	313	N.A.	N.A.	N.A.	(0.25)	(0.04)	0.21	N.A.	N.A.	N.A.
Reserves (incl. inflation revaluations)	3,753	2,905	1,866	1,314	820	532	1.87	1.60	1.22	0.94	0.64	0.44
Retained profits	N.A.	0	124	120	90	74	N.A.	0.00	0.08	0.09	0.07	0.06
Memo: Dividends (not yet distributed)	(171)	(191)	(124)	(120)	(90)	(74)						
Total liabilities and equity	200,572	181,704	152,660	139,681	128,575	121,223	100.00	100.00	100.00	100.00	100.00	100.00

Equity Reconciliation Table

Common shareholders' equity (reported)	8,438	7,979	4,253	3,346	2,791	2,481						
+ Minority Interest (equity)	2,869	2,925	2,332	2,305	2,383	2,268						
- Dividends (not yet distributed)	(171)	(191)	(124)	(120)	(90)	(74)						
- Revaluation reserves	501	70	(313)	0	0	0						
- Nonservicing Intangibles	(6,246)	(6,092)	(1,911)	(1,823)	(1,868)	(1,595)						
- Postretirement benefit adjustments	0	0	(82)	(63)	(59)	(45)						
Adjusted common equity	5,391	4,691	4,155	3,645	3,157	3,035						
+ Admissible Prefs and hybrids	1,250	1,250	900	717	495	455						
- Equity in Unconsolidated Subsidiaries	(102)	(102)	(85)	(85)	(63)	(80)						
- Capital of Insurance Subsidiaries	(171)	(171)	(212)	(180)	(142)	(122)						
Adjusted total equity	6,367	5,668	4,759	4,097	3,447	3,289						

*Data as of Sept. 30, 2007. Ratios annualized where appropriate. N.A.--Not available.

Table 6

Erste Bank der oesterreichischen Sparkassen AG--Profit And Loss Statement Statistics												
(Mil. €)	--Year ended Dec. 31--						Adj. avg. assets (%)					
	2007*	2006	2005	2004	2003	2002	2007*	2006	2005	2004	2003	2002
Profitability												
Interest income	7,206	6,998	5,692	5,192	5,128	5,653	5.40	4.49	4.13	4.09	4.33	5.64

Table 6

Erste Bank der oesterreichischen Sparkassen AG--Profit And Loss Statement Statistics(cont.)												
Interest expense	4,457	3,929	3,015	2,533	2,623	3,265	3.34	2.52	2.19	2.00	2.21	3.26
Net interest income	2,750	3,070	2,677	2,659	2,505	2,388	2.06	1.97	1.94	2.10	2.11	2.38
Operating noninterest income	1,861	2,150	1,847	1,638	1,436	1,287	1.40	1.38	1.34	1.29	1.21	1.28
Fees and commissions	1,354	1,446	1,257	1,141	997	945	1.02	0.93	0.91	0.90	0.84	0.94
Equity in earnings of unconsolidated subsidiaries	95	120	117	36	46	46	0.07	0.08	0.09	0.03	0.04	0.05
Trading gains	292	278	242	217	215	167	0.22	0.18	0.18	0.17	0.18	0.17
Other market-sensitive income	7	96	59	93	(1)	0	0.00	0.06	0.04	0.07	0.00	0.00
Net insurance income	32	36	37	35	33	8	0.02	0.02	0.03	0.03	0.03	0.01
Other noninterest income	81	176	136	116	147	121	0.06	0.11	0.10	0.09	0.12	0.12
Operating revenues	4,610	5,220	4,524	4,297	3,941	3,675	3.46	3.35	3.28	3.39	3.33	3.67
Noninterest expenses	2,833	3,216	2,868	2,887	2,677	2,606	2.12	2.06	2.08	2.28	2.26	2.60
Personnel expenses	1,588	1,751	1,583	1,480	1,390	1,373	1.19	1.12	1.15	1.17	1.17	1.37
Other general and administrative expense	957	1,119	950	1,049	915	936	0.72	0.72	0.69	0.83	0.77	0.93
Depreciation	288	347	335	358	371	297	0.22	0.22	0.24	0.28	0.31	0.30
Net operating income before loss provisions	1,777	2,004	1,656	1,410	1,265	1,069	1.33	1.29	1.20	1.11	1.07	1.07
Credit loss provisions (net new)	360	439	422	406	406	406	0.27	0.28	0.31	0.32	0.34	0.41
Net operating income after loss provisions	1,417	1,565	1,235	1,004	859	663	1.06	1.00	0.90	0.79	0.72	0.66
Nonrecurring/special income	24	0	0	155	36	65	0.02	0.00	0.00	0.12	0.03	0.06
Nonrecurring/special expense	0	0	0	80	32	21	0.00	0.00	0.00	0.06	0.03	0.02
Amortization of goodwill and intangibles	61	18	0	0	81	58	0.05	0.01	0.00	0.00	0.07	0.06
Pretax profit	1,380	1,547	1,235	1,079	781	649	1.04	0.99	0.90	0.85	0.66	0.65
Tax expense/credit	320	365	320	292	235	164	0.24	0.23	0.23	0.23	0.20	0.16
Net income before minority interest	1,060	1,182	914	787	546	485	0.80	0.76	0.66	0.62	0.46	0.48
Minority interest in consolidated subsidiaries	222	250	203	243	184	230	0.17	0.16	0.15	0.19	0.16	0.23
Net income before extraordinary	838	932	712	545	353	255	0.63	0.60	0.52	0.43	0.30	0.25
Net income after extraordinary	838	932	712	545	353	255	0.63	0.60	0.52	0.43	0.30	0.25
Core Earnings Reconciliation												
Net Income (before Minority Interest)	1,060	1,182	914	787	546	485						
- Nonrecurring/Special Income	(24)	0	0	(155)	(36)	(65)						
+ Nonrecurring/Special Expense	0	0	0	80	32	21						
+ Amortization/ Impairment of Goodwill/ Intangibles	61	18	0	0	81	58						
Core earnings	1,097	1,200	914	712	624	499	0.82	0.77	0.66	0.56	0.53	0.50
	2007*	2006	2005	2004	2003	2002						
Asset Quality												
Nonperforming assets	4,466	4,247	3,833	3,879	4,038	4,120						

Table 6

Erste Bank der oesterreichischen Sparkassen AG--Profit And Loss Statement Statistics(cont.)							
Nonaccrual loans	4,466	4,247	3,833	3,879	4,038	4,120	
Net charge-offs	199	480	439	332	610	504	
Average balance sheet							
Average customer loans	98,939	85,788	73,788	67,484	63,223	49,394	
Average earning assets	164,118	145,715	129,566	118,333	110,281	92,161	
Average assets	191,138	167,182	146,171	134,129	124,899	103,628	
Average total deposits	133,561	117,621	101,734	93,654	89,138	76,775	
Average interest-bearing liabilities	162,451	142,848	125,542	115,362	108,168	91,918	
Average common equity	8,209	6,116	3,800	3,069	2,636	2,161	
Average adjusted assets	177,365	155,983	137,781	126,799	118,528	100,219	
Other data							
Number of employees (end of period, actual)	52,320	50,164	36,150	35,862	37,650	36,923	
Number of branches	N.A.	2,721	2,283	2,264	2,370	2,285	N.A.
Off-balance-sheet credit equivalents	38,867	35,367	28,310	27,913	23,214	20,890	

*Data as of Sept. 30, 2007. Ratios annualized where appropriate. N.A.--Not available.

Table 7

	--Year ended Dec. 31--					
	2007*	2006	2005	2004	2003	2002
ANNUAL GROWTH (%)						
Customer loans (gross)	13.85	20.75	10.58	7.31	5.17	64.33
Loss reserves	7.69	11.21	2.47	(0.83)	(7.07)	59.09
Adjusted assets	14.36	17.12	8.95	8.35	5.53	35.53
Customer deposits	10.74	24.81	6.71	5.20	5.76	64.92
Total equity	4.41	62.38	17.54	12.33	8.94	67.85
Operating revenues	17.46	15.38	5.29	9.02	7.25	66.95
Noninterest expense	17.18	12.13	(0.65)	7.85	2.72	72.48
Net operating income before provisions	17.91	21.02	17.44	11.49	18.28	54.85
Loan loss provisions	9.01	4.15	3.79	(0.05)	0.10	99.41
Net operating income after provisions	20.41	26.79	22.97	16.95	29.41	36.22
Pretax profit	18.65	25.33	14.40	38.13	20.39	66.97
Net income	19.27	29.31	16.14	44.09	12.66	57.77
	2007*	2006	2005	2004	2003	2002
PROFITABILITY (%)						
Interest Margin Analysis						
Net interest income (taxable equiv.)/avg. earning assets	2.23	2.11	2.07	2.25	2.27	2.59
Net interest spread	2.19	2.05	1.99	2.19	2.23	2.58
Interest income (taxable equiv.)/avg. earning assets	5.84	4.80	4.39	4.39	4.65	6.13

Table 7

Erste Bank der oesterreichischen Sparkassen AG--Ratio Analysis(cont.)						
Interest income on loans/avg. total loans	6.51	5.11	4.57	4.40	4.74	6.31
Interest expense/avg. interest-bearing liabilities	3.65	2.75	2.40	2.20	2.42	3.55
Revenue Analysis						
Net interest income/revenues	59.64	58.81	59.17	61.89	63.56	64.98
Fee income/revenues	29.37	27.70	27.78	26.56	25.29	25.71
Market-sensitive income/revenues	6.48	7.15	6.64	7.21	5.42	4.54
Noninterest income/revenues	40.36	41.19	40.83	38.11	36.44	35.02
Personnel expense/revenues	34.45	33.53	35.00	34.45	35.27	37.36
Noninterest expense/revenues	61.45	61.60	63.39	67.18	67.91	70.90
Noninterest expense/revenues less investment gains	61.54	62.75	64.22	68.67	67.89	70.90
Net operating income before provision/revenues	38.55	38.40	36.61	32.82	32.09	29.10
Net operating income after provisions/revenues	30.74	29.99	27.29	23.37	21.78	18.05
New loan loss provisions/revenues	7.81	8.41	9.32	9.45	10.31	11.05
Net nonrecurring/abnormal income/revenues	0.52	0.00	0.00	1.75	0.10	1.20
Pretax profit/revenues	29.94	29.64	27.29	25.12	19.82	17.66
Tax/pretax profit	23.19	23.59	25.94	27.05	30.07	25.27
Core Earnings/Revenues	23.80	23.00	20.21	16.57	15.82	13.59
	2007*	2006	2005	2004	2003	2002
Other Returns						
Pretax profit/avg. risk assets (%)	1.77	1.73	1.65	1.58	1.20	1.23
Revenues/avg. risk assets (%)	5.91	5.82	6.04	6.30	6.03	6.97
Net operating income before LLP/LLP	493.75	456.48	392.84	347.17	311.25	263.40
Net operating income before loss provisions/avg. risk assets (%)	2.28	2.24	2.21	2.07	1.93	2.03
Net operating income after loss provisions/avg. risk assets (%)	1.82	1.75	1.65	1.47	1.31	1.26
Net income before minority interest/avg. adjusted assets	0.80	0.76	0.66	0.62	0.46	0.48
Net income/employee (currency unit)	27,520	29,536	24,954	21,550	14,904	14,890
Non-interest expenses/average adjusted assets	2.12	2.06	2.08	2.28	2.26	2.60
Personnel expense/employee (currency unit)	41,217	43,728	43,212	40,522	37,923	42,152
Personnel expense/branch (mil. currency unit)	N.A.	0.70	0.70	0.64	0.60	0.72
Noninterest expense/branch (mil. currency unit)	N.A.	1.29	1.26	1.25	1.15	1.36
Cash earnings/avg. tang. common equity (ROE) (%)	35.89	33.47	30.50	32.10	30.92	34.52
Core earnings/average risk-weighted assets	1.41	1.34	1.22	1.04	0.95	0.95
Core earnings/average adjusted assets	0.82	0.77	0.66	0.56	0.53	0.50
Core earnings/ Average ACE (ROE)	28.94	27.14	23.45	20.94	20.14	21.03
	2007*	2006	2005	2004	2003	2002
FUNDING AND LIQUIDITY (%)						
Customer deposits/funding base	57.56	58.87	55.40	56.99	58.40	58.22
Total loans/customer deposits	130.86	125.18	133.64	129.35	124.78	130.37
Total loans/customer deposits + long-term funds	111.80	92.28	98.55	95.19	93.12	99.27
Customer loans (net)/assets (adj.)	55.73	55.84	54.01	53.06	53.40	53.28

Table 7

Erste Bank der oesterreichischen Sparkassen AG--Ratio Analysis(cont.)						
Parent Only Analysis						
	2007*	2006	2005	2004	2003	2002
CAPITALIZATION (%)						
Adjusted common equity/risk assets	4.98	4.72	5.20	5.21	4.75	4.72
Internal capital generation/prior year's equity	11.11	17.44	17.55	15.18	10.62	9.83
Tier 1 capital ratio	5.38	6.22	6.40	6.26	5.89	5.91
Regulatory total capital ratio	9.40	10.30	11.00	10.70	10.70	11.00
Adjusted total equity/adjusted assets	3.42	3.37	3.31	3.11	2.83	2.85
Adjusted total equity/adjusted assets + securitizations	3.42	3.37	3.31	3.11	2.83	2.85
Adjusted total equity/risk assets	5.89	5.70	5.96	5.86	5.19	5.11
Adjusted total equity plus LLR (specific)/customer loans (gross)	9.03	9.06	9.42	9.41	9.18	9.73
Common dividend payout ratio	20.47	20.44	17.48	22.17	25.45	29.02
	2007*	2006	2005	2004	2003	2002
ASSET QUALITY (%)						
New loan loss provisions/avg. customer loans (net)	0.48	0.51	0.57	0.60	0.64	0.82
Net charge-offs/avg. customer loans (net)	0.27	0.56	0.60	0.49	0.96	1.02
Loan loss reserves/customer loans (gross)	3.09	3.23	3.50	3.78	4.09	4.63
Credit-loss reserves/risk assets	3.06	3.15	3.53	3.93	4.17	4.64
Nonperforming assets (NPA)/customer loans + ORE	4.17	4.37	4.77	5.33	5.96	6.39
NPA (excl. delinquencies)/customer loans + ORE	4.17	4.37	4.77	5.33	5.96	6.39
Net NPA/customer loans (net) + ORE	1.11	1.19	1.31	1.61	1.95	1.85
NPA (net specifics)/customer loans (net specifics)	1.11	1.19	1.31	1.61	1.95	1.85
Loan loss reserves/NPA (gross)	74.21	73.77	73.49	70.87	68.65	72.40

*Data as of Sept. 30, 2007. Ratios annualized where appropriate. N.A.--Not available.

Ratings Detail (As Of December 11, 2007)*

Erste Bank der oesterreichischen Sparkassen AG

Counterparty Credit Rating	A/Stable/A-1
Certificate Of Deposit	A/A-1
Commercial Paper	
<i>Local Currency</i>	A-1
Senior Unsecured	A
Short-Term Debt	
<i>Local Currency</i>	A-1
Subordinated	
<i>Local Currency</i>	A-

Counterparty Credit Ratings History

05-Dec-2006	A/Stable/A-1
17-Nov-2006	--/--/A-1
22-Dec-2000	--/Watch Neg/A-2

Sovereign Rating

Austria (Republic of)	AAA/Stable/A-1+
-----------------------	-----------------

Ratings Detail (As Of December 11, 2007)***(cont.)**

Related Entities

Banca Comerciala Romana

Issuer Credit Rating	BBB-/Stable/--
Senior Unsecured	BBB-

Ceska Sporitelna a.s.

Issuer Credit Rating	A/Stable/A-1
Certificate Of Deposit	A/A-1

Slovenska Sporitelna a.s. (Unsolicited Ratings)

Issuer Credit Rating	
<i>Local Currency</i>	A-pi/--/--

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:

Insurance Ratings Europe; InsurancelInteractive_Europe@standardandpoors.com

Additional Contact:

Insurance Ratings Europe; InsurancelInteractive_Europe@standardandpoors.com

Copyright © 2007, Standard & Poors, a division of The McGraw-Hill Companies, Inc. (S&P). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscribers or others use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: research_request@standardandpoors.com.