

**Bulletin:**

# Austria's Erste Group Bank Ratings Unaffected By Announced Increase In Its Stake In Its Romanian Affiliate

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PARIS (Standard & Poor's) Sept. 19, 2011--Standard & Poor's Ratings Services said today that its ratings on Austria-based Erste Group Bank AG (A/Stable/A-1) are unaffected by the group's recent announcement that it may acquire an additional 24% stake in its Romanian subsidiary Banca Comerciala Romana (BCR; not rated)).

The transaction would increase Erste's stake to 93%. Erste currently owns 69% of BCR, which is the largest commercial bank in Romania with total assets of almost €17.6 billion on June 30, 2011. BCR is the second-largest operation of Erste in Central and Eastern Europe.

We believe the acquisition is in line with Erste's long-stated strategy to solidify its presence in Central and Eastern Europe and to hold as many shares as possible in its subsidiaries. In addition, we also consider that this operation will not materially affect Erste's capital position, which Standard & Poor's considers a relative weakness to the ratings.

According to Erste's public communications, the total value of the transaction is €435 million, of which approximately €100 million in cash (based on exchange rate of €0.232 for 1 Romanian leu) and the rest in new Erste's shares to be issued for existing holders of the 24% stake.

Such transaction, we estimate, if completed as announced, would have had a pro forma marginally negative impact of less than 10 basis points on our

risk-adjusted capital ratio for Erste at end-2010, which stood at 5.9% before adjustments and 6.5% after adjustments. Despite the potential marginal one-off impact on capital ratios, we expect Erste to continue to strengthen its capitalization as a buffer against material adverse events, notably rising credit risks related to foreign currency lending in Hungary and to a lesser extent in Romania.

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