

RatingsDirect®

Erste Group Bank AG

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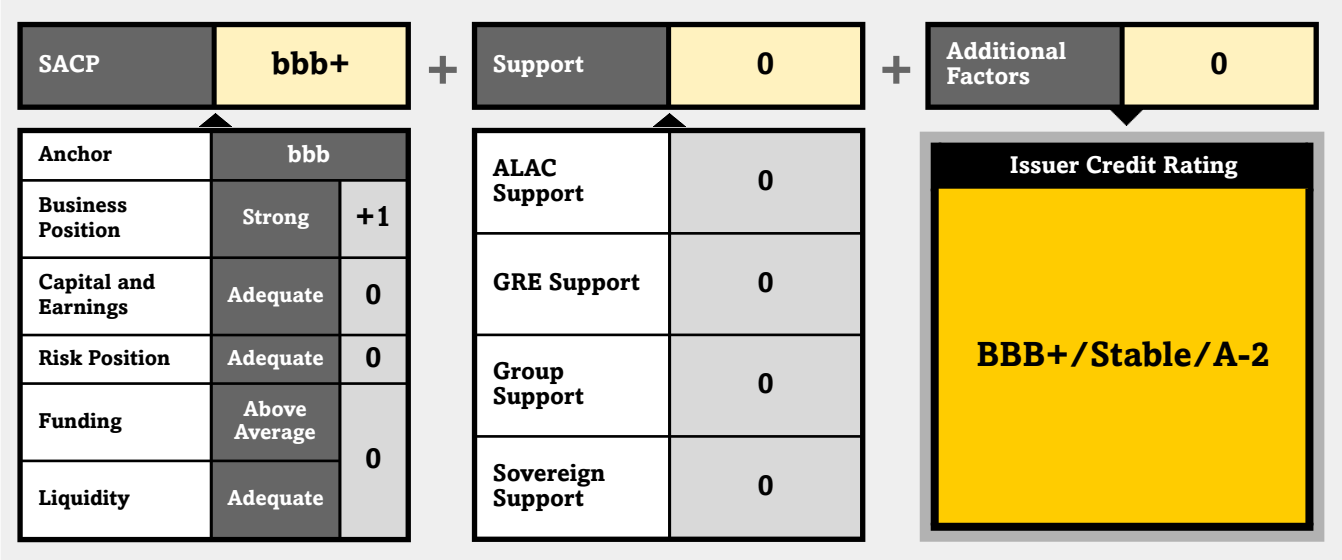
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Erste Group Bank AG



Major Rating Factors

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Strong franchise in Austria and several Central and Eastern European (CEE) countries. • Stable operating revenues from traditional customer-led retail and commercial banking operations. • Funding profile dominated by granular retail deposits. 	<ul style="list-style-type: none"> • Sensitivity to economic and political developments in the CEE region. • Moderate reliance on wholesale funding.

Outlook: Stable

S&P Global Ratings' stable outlook on Erste Group Bank AG (Erste) reflects our view that its improved risk-adjusted capitalization now provides the group with a sufficient buffer to withstand many unforeseen risks arising from its CEE operations in the next 12-24 months. We consider the operating environment in Erste's biggest core markets--Austria and the Czech Republic--to be stable, allowing it to generate steady revenues from its traditional customer-led retail and corporate customer business. In our view, this will support a further gradual capital build-up.

We could lower the rating if Erste was unable to maintain the risk-adjusted capital (RAC) ratio above 7% or if, against our expectation, its asset quality deteriorated.

We consider a positive rating action unlikely at present. That said, it could be triggered by a shift in Erste's operations toward lower-risk countries while continuing to improve its capitalization. This would result in the anchor being revised to 'bbb+'.

Rationale

The starting point for our ratings on Erste is its 'bbb' anchor, which we base on our view of weighted economic risks in the countries where the bank operates and our industry risk assessment for Austria.

We assess Erste's stand-alone credit profile (SACP) at 'bbb+'. We consider Erste's business position as strong, as defined by our criteria, capital and earnings as adequate, risk position as adequate, funding as above average, and its liquidity as adequate.

We believe that the prospect of extraordinary government support for the Austrian banking sector is uncertain and do not incorporate any uplift above the bank's SACP for government support. Furthermore our assessment of Erste's additional-loss absorbing capacity does not currently lead us to add any uplift to the rating. Consequently, the issuer credit rating on Erste is at the same level as the SACP.

Anchor: 'bbb', reflecting blended economic risks in Austria and CEE countries and industry risk in Austria

Our bank criteria use our Banking Industry Country Risk Assessment to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our economic risk score for Austria is '2' on a scale of '1' to '10' ('1' is the lowest risk and '10' the highest). However, the weighted average of economic risks of countries in which Erste operates, based on the geographic distribution of its exposures at default, is close to '4' (rounded largest shares as of end-2015: Austria 55%, the Czech Republic 15%, Slovakia 10%, and Romania 5%). We believe that Erste will retain its higher risk profile compared with purely domestic banks, because of its strong presence in CEE. We anticipate no material shift in the geographic split of the bank's exposures in the next two years.

Reflecting the average weighted economic risk score of '4' and industry risk score of '4' for the Austrian banking system, we derive a 'bbb' anchor for Erste.

Our economic risk assessment is based on Austria's highly competitive and diverse economy, with strong economic fundamentals, high integration in Western European economies, strong ties to Eastern and Southeastern Europe, and comparably high domestic foreign currency lending.

With regard to industry risk, the Austrian banking industry benefits from a high share of core customer deposits, which limits dependence on external borrowing. However, we expect that the significant overcapacity in the banking system will continue to depress domestic banks' earnings, leading to instability of the banking system.

Table 1

Erste Group Bank AG Key Figures					
--Year ended Dec. 31--					
(Mil. €)	2016*	2015	2014	2013	2012
Adjusted assets	204,923	198,279	194,846	197,435	210,930
Customer loans (gross)	132,631	131,906	128,325	127,698	131,928
Adjusted common equity	12,788	12,223	11,178	11,974	11,347
Operating revenues	1,561	6,501	5,901	7,112	7,841
Noninterest expenses	968	3,706	3,787	4,189	4,810

Table 1

Erste Group Bank AG Key Figures (cont.)					
	--Year ended Dec. 31--				
(Mil. €)	2016*	2015	2014	2013	2012
Core earnings	363	1,438	(838)	646	830

*Data as of March 31.

Business position: Strong and stable retail franchise in Austria and CEE

We regard Erste's business position as strong. This reflects the bank's strong and sustainable franchises in retail, small and midsize enterprises (SMEs), and corporate banking in the Austrian and CEE markets.

Erste, with total assets of €206.4 billion as of March 31, 2016, is one of the top three banks in Austria, with 19% share of retail loans and 18% of deposits as of March 2016. Equally important for our assessment is Erste's strong position across several CEE countries, including Czech Republic, Slovakia, and Romania, where it is the local market leader (by retail loans and deposits, respectively: 23% and 25% in the Czech Republic, 28% and 26.5% in Slovakia, and 17% and 16% in Romania). We expect its market shares to remain stable overall, except in Hungary. We expect Erste's strategy to remain focused on its domestic market and organic growth in a few CEE markets where Erste holds a strong footprint. Positively, we note that Erste is not present in higher-risk countries, such as Russia and Ukraine.

Erste's savings bank brand is a plus in terms of image and customer loyalty, notably in Austria, but also in the Czech Republic and Slovakia. Domestic retail operations are concentrated in 47 savings banks that differ widely in terms of size. Owing to the cross-guarantee contract (Haftungsverbund), Erste also consolidates those savings banks in which it does not hold a majority stake.

Thanks to its widespread operations, Erste benefits from good geographic diversification of revenues, although we acknowledge certain correlations among CEE countries and between CEE and Austria. We also take into consideration Erste's exposure to some economically riskier countries in CEE in its anchor. Both margins and credit losses are typically higher in CEE than in Austria, which means that these countries tend to positively influence the group's profitability. Although Erste's Austrian operations show thin margins, they provide stable returns and we expect this trend to continue (1.8% net interest margin in Austria, in contrast to 3.0%-3.45% in CEE markets in the first quarter of 2016).

In comparison with many large Western European banks, Erste has a stronger focus on retail clients (51% of total revenues), and typically derives most of its revenues from that segment, along with small businesses and corporate lending (22% of total revenues), which we view as stable sources. We believe this will provide the business model with stability and compensate for Erste's lower business diversity than larger Western European banking groups.

Erste's management team is stable and has followed a generally consistent strategy. The bank's overall goal is to build a large retail and corporate bank covering Austria and CEE (the Eastern part of the European Union) with top positions in each market but not covering all markets.

Table 2

Erste Group Bank AG Business Position					
	--Year ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Loan market share in country of domicile	19.4	19.4	19.2	19.0	19.0
Deposit market share in country of domicile	18.5	18.5	18.4	19.0	20.0
Total revenues from business line (mil. €)	1,561	6,501	5,901	7,181	8,379
Commercial banking/total revenues from business line	22.2	22.7	24.7	6.6	5.8
Retail banking/total revenues from business line	51.4	51.2	56.2	76.5	68.8
Commercial & retail banking/total revenues from business line	73.6	73.9	81.0	83.1	74.6
Trading and sales income/total revenues from business line	7.6	6.4	7.0	6.4	6.1
Other revenues/total revenues from business line	18.8	19.7	12.0	10.5	19.3
Investment banking/total revenues from business line	7.6	6.4	7.0	6.4	6.1
Return on equity	9.8	9.3	(13.6)	0.5	3.2

*Data as of March 31.

Capital and earnings: Adequate capitalization support by sound earnings and hybrid issuance

Erste's capital and earnings are, in our opinion, adequate. We base our assessment mainly on our projection that the RAC ratio for Erste will increase to the range of 7.5%-8.0% in the next 12-18 months, compared with 7.3% as of year-end 2015. The capital build-up is expected to be supported by hybrid issues which qualify as loss-absorbing capital under our definition.

We expect the stable economic environment in Erste's main countries of operation to translate into sound revenue generation. We anticipate Erste's total lending volume and our measure of risk-weighted assets to grow moderately at about 2% in 2016-2017. At the same time, we believe the net interest margins will slightly decline in 2016 because the repricing of the customer portfolio will, in our view, have an effect only from 2017 (net interest margin 2.51% in the first quarter of 2016). The net fee and commission income will remain under pressure in 2016, driven mainly by lower securities and payment fees, but also by lower interchange fees in the card business.

Owing to the improvement in asset quality, we forecast the bottom line will benefit from materially lower risk costs in the range of 55 basis points (bps)-60bps in 2016-2017, as observed in 2015 (56 basis points) and more pronouncedly in the first quarter of 2016 (17bps). The regulatory costs and bank levies remain material costs for Erste, reaching about €360 million in 2016, but we expect the overall operating costs to remain flat in 2016-2017. As a mitigating factor, we believe Erste will book a one-off pre-tax profit of about €127 million from the sale of its share in Visa Europe in the second quarter of 2016. The pre-tax profits are estimated in the range of €1.8 billion-€2.0 billion in 2016-2017 (2015: €1.9 billion).

We consider that Erste's retail and SME focus supports its quality of earnings, making revenues predictable and relatively resilient to economic swings. The volatile portion of revenues is small on average, and nonrecurring elements have traditionally been low for Erste (apart from the costs linked to the clean-up in 2014). The three-year average earnings buffer, reflecting the bank's ability to cover normalized losses, is expected to improve to 80bps in 2016-2017.

Almost one-third of the total adjusted capital (TAC)—S&P Global Ratings' main measure of loss-absorbing capital—consists of minority capital. However, in our opinion, this does not weaken the quality of the capital base because of the way that the cross-guarantee system in the Austrian savings bank sector is set up. The steering company, in which Erste indirectly holds 51%, implements the provisions of the agreement governing the cross-guarantee system. As Erste owns the controlling interest in the steering company, it has to fully consolidate all members of the cross-guarantee system according to International Financial Reporting Standards rules. At the same time, Erste indirectly controls the uniform risk management and strategy across the sector (see also the "Risk position" section below). Hybrids included in TAC are expected to remain below 10% in 2016, which contributes to the overall quality of capital.

Table 3

Erste Group Bank AG Capital And Earnings					
	--Year ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Tier 1 capital ratio	12.0	12.0	10.6	11.8	11.6
Our RAC ratio before diversification	N.M.	7.3	6.0	6.5	6.3
Our RAC ratio after diversification	N.M.	7.8	6.6	7.4	7.3
Adjusted common equity/total adjusted capital	99.1	99.1	98.9	99.0	98.8
Net interest income/operating revenues	70.0	68.4	76.2	67.9	64.5
Fee income/operating revenues	28.4	28.6	31.7	25.5	21.9
Market-sensitive income/operating revenues	2.9	4.8	(5.4)	2.2	3.0
Noninterest expenses/operating revenues	62.0	57.0	64.2	58.9	61.3
Preprovision operating income/average assets	1.2	1.4	1.1	1.4	1.4
Core earnings/average managed assets	0.7	0.7	(0.4)	0.3	0.4

*Data as of March 31. N.M.--Not meaningful.

Table 4

Erste Group Bank AG Risk-Adjusted Capital Framework Data					
(Mil. €)	Exposure*	Basel III RWA	Average Basel III RW (%)	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
Credit risk					
Government and central banks	48,788	2,607	5	8,490	17
Institutions	12,002	3,209	27	2,755	23
Corporate	74,965	48,263	64	67,342	90
Retail	71,931	21,219	29	41,253	57
Of which mortgage	34,225	8,675	25	11,565	34
Securitization§	517	196	38	159	31
Other assets	10,580	5,167	49	13,725	130
Total credit risk	218,783	80,661	37	133,724	61
Market risk					
Equity in the banking book†	1,632	2,784	185	12,949	794
Trading book market risk	--	2,846	--	4,269	--
Total market risk	--	5,630	--	17,218	--

Table 4

Erste Group Bank AG Risk-Adjusted Capital Framework Data (cont.)					
Insurance risk					
Total insurance risk	--	--	--	0	--
Operational risk					
Total operational risk	--	10,750	--	17,071	--
(Mil. €)		Basel III RWA		S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
Diversification adjustments					
RWA before diversification		98,291		168,013	100
Total Diversification/Concentration Adjustments		--		(9,990)	(6)
RWA after diversification		98,291		158,024	94
(Mil. €)		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings' RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		12,045	12.3	12,337	7.3
Capital ratio after adjustments‡		12,045	12.3	12,337	7.8

*Exposure at default. §Securitisation Exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions.

‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2015, S&P Global Ratings.

Risk position: Sound asset quality metrics and risks adequately captured by RAC framework

We assess Erste's risk position as adequate in line with its weighted economic risk score of '4'. Furthermore, we believe our capital framework captures Erste's risks of operating in more vulnerable countries than Austria by applying higher risk weights in calculating our RAC ratio.

Risk exposures in Erste's gross loan portfolio (€132.6 billion as of March 31, 2016) are widely diversified between countries as well as between retail (48% of loan portfolio) and corporate clients (46% of loan portfolio). Positively, we note that Erste's business model continues to concentrate on lower-risk retail lending, mortgage loans, and SME and corporate lending, while placing minor emphasis on market-sensitive business. Single-name and sector concentrations in the loan book are, in our view, low. Furthermore, we regard risks not fully covered by our capital framework, such as credit spread or interest rate risk in the banking book, as limited.

There is potential credit risk for the bank from lending in foreign currencies, which constituted 4.5% of the loan portfolio as of March 31, 2016 (Swiss franc loans are primarily booked in Austria, while Euro-denominated loans are concentrated in Croatia, Serbia, and Romania). Currency risk for customers, which could translate into credit risk for the bank, is a legacy issue particularly in Austria and at certain subsidiaries.

Erste's asset quality has materially improved over the past two years. The nonperforming loans (NPLs) declined to reported 6.7% as of March 31, 2016, and we expect the positive trend to continue, supported by the further sales of NPL portfolios. In our view, this will lead to sustainable stabilization of Erste's asset quality metrics over the next two years, which supports the adequate assessment. We consider the NPL coverage at 64% to be adequate and in line with

the peers.

We believe that Erste's risk management is comprehensive and efficient, which is crucial in light of the bank's wide geographic reach. There are no particularly complex businesses or products, and the bank's governance does not present unusual risk. All the CEE operations are run as stand-alone banks applying the bank's strategy locally and using its risk tools and framework.

The same rules also apply for Erste's savings bank network in Austria. Although Erste owns the majority of only four of the 47 savings banks, it exercises control over the members of the cross-guarantee system through its majority ownership of the system's management company. The management company has the power to implement and monitor risk policies, as well as intervene if a savings bank breached the network's policies.

Table 5

Erste Group Bank AG Risk Position					
	--Year ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Growth in customer loans	2.2	2.8	0.5	(3.2)	(2.1)
Total diversification adjustment / Our RWA before diversification	N.M.	(5.9)	(9.0)	(12.0)	(14.0)
Total managed assets/adjusted common equity (x)	16.1	16.3	17.6	16.7	18.8
New loan loss provisions/average customer loans	0.2	0.6	1.7	1.4	1.5
Gross nonperforming assets/customer loans + other real estate owned	7.0	7.4	8.9	9.6	9.2
Loan loss reserves/gross nonperforming assets	63.8	61.2	65.9	63.5	63.2

*Data as of March 31.

Funding and liquidity: Funding profile dominated by stable and granular customer deposits

We consider Erste's funding to be above average and its liquidity adequate. This reflects our view of the stability of Erste's retail funding base, especially in its largest markets in Austria, Czech Republic, and Slovakia, as well as its only moderate reliance on wholesale funding. S&P Global Ratings' stable funding ratio for Erste fluctuates around 120%, reinforcing our above average assessment.

Erste's large retail branch network in Austria and CEE, and its relationships with domestic corporate clients, provide it with a stable and granular deposit base (73% of the funding base as of March 31, 2015), with very low single-name concentrations. In the event of market stress, we expect Erste's retail operations, particularly in Austria and at its core subsidiaries in Czech Republic and Slovakia, to benefit from potential flight to quality.

We expect the ratio of loans to deposits to remain at the current level (99% at the end of March 2016), which compares very well with peers', even though it masks discrepancies between very liquid subsidiaries (in Czech Republic and Slovakia) and those that depend on parental funding (for example, in Croatia and Serbia).

At the end of March 2016, wholesale funding (which we define as interbank, unsecured, and secured issues) accounted for less than one-third of Erste's total funding, and short-term funds only one-third of this. Therefore we consider Erste's reliance on investor-sensitive wholesale funding to be moderate and yearly repayments of debt securities as manageable, owing to Erste's strong funding profile.

Our assessment of Erste's liquidity as adequate primarily reflects the bank's prudent liquidity management and high liquidity reserves. S&P Global Ratings' liquidity ratio, which shows coverage of short-term wholesale funding by broad liquid assets, was high at 3.3x at year-end 2015. However, we cannot assume full tangibility of liquidity within the bank's foreign branches and the Austrian savings banks, which prevents a better liquidity assessment for the group. Erste's solid consolidated liquidity ratios do not reflect discrepancies at individual foreign subsidiaries, which continue to report disparate liquidity levels.

Table 6

Erste Group Bank AG Funding And Liquidity					
	--Year ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Core deposits/funding base	72.6	74.1	72.2	70.7	67.7
Customer loans (net)/customer deposits	98.8	98.7	99.0	97.9	101.0
Long term funding ratio	91.2	91.7	90.8	89.9	89.5
Stable funding ratio	121.0	120.4	121.5	121.0	119.2
Short-term wholesale funding/funding base	9.5	8.9	9.8	10.8	11.2
Broad liquid assets/short-term wholesale funding (x)	3.2	3.3	3.0	2.8	2.6
Net broad liquid assets/short-term customer deposits	44.4	41.7	44.9	49.3	41.2
Short-term wholesale funding/total wholesale funding	34.6	34.3	35.3	36.8	34.6

*Data as of March 31.

External support: No uplift for government support or ALAC

We believe the prospect of extraordinary government support for Austrian banks is now uncertain, following the full implementation of the EU Bank Recovery and Resolution Directive, including bail-in powers, in January 2015. We therefore classify Austria's tendency to support private sector commercial banks as uncertain.

Our assessment of Erste's ALAC does not currently lead us to add any uplift to the ratings. We nevertheless view the Austrian resolution regime as effective because, among other factors, we believe it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities.

We include all of the consolidated Erste group's junior instruments in our ALAC assessment because, over our projection period, we believe they have capacity to absorb losses without triggering a default on Erste's senior obligations. On this basis, we calculate that the ALAC proportion of risk-weighted assets was about 3.9% at year-end 2015, thus below the 5% threshold that would allow for an additional of ALAC notch. Moreover, we might apply a higher ALAC threshold to Erste because deploying ALAC within the group could be limited by capital restrictions set by host regulators.

Additional rating factors: Subsidiaries

We continue to consider Czech-based Ceska Sporitelna to be a core subsidiary of Erste, since Ceska plays an integral role in Erste's strategy in CEE countries. In our view Erste continues to be fully committed to Ceska Sporitelna, and to the Czech Republic, which remains one of the most attractive markets in which Erste operates.

However, the core group status does not translate into additional notches of support for Ceska Sporitelna, given the

'bbb+' assessment of Erste's group credit profile (GCP), which is at the level of Ceska Sporitelna's SACP. Instead we incorporate one notch of uplift in our 'A-' counterparty credit rating on Ceska Sporitelna because we consider that the bank is likely to maintain ALAC above the 5% threshold over the next two years.

We believe that Ceska Sporitelna is generally eligible to be rated above Erste's GCP, because we consider it to be a prudentially regulated subsidiary that we currently expect to be subject to a separate resolution process from its parent Erste. Consequently, we think it will be able to continue operating without defaulting on its senior unsecured obligations in the event of a resolution of the parent and that it cannot be used to recapitalize another part of the group.

Ratings on hybrid instruments

We rate the nondeferrable subordinated debt instruments of Erste two notches below the bank's SACP, reflecting the debt's contractual subordination as Tier 2 instruments and our view that BRRD creates the equivalent of a contractual write-down clause.

We rate Erste's additional Tier 1 instrument at 'BB', four notches lower than the SACP, reflecting our deduction of:

- One notch for contractual subordination;
- Two notches for the notes' status as Tier 1 regulatory capital; and
- One notch because the instruments allow for the full or partial temporary write-down of the principal amount.

Related Criteria And Research

Related criteria

- Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- Group Rating Methodology, Nov. 19, 2013
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Commercial Paper I: Banks, March 23, 2004

Related research

- Erste Group Bank AG Outlook Revised To Stable On Improving Capitalization; 'BBB+/A-2' Ratings Affirmed, May, 17, 2016
- Banking Industry Country Risk Assessment Update: May 2016, May 17, 2016
- Ratings On Three Czech Banks Affirmed After Review Of Government Support And Additional Loss-Absorbing Capacity, March 3, 2016
- Full analysis on Ceska Sporitelna, Dec. 23, 2015
- Banking Industry Country Risk Assessment: Austria, June 25, 2015
- Ratings On Some Austrian Banks Lowered On Less Predictable State Support And Increasing Industry Risks, June 9, 2015

- Austrian Erste Group Bank Rating Lowered To 'BBB+'; Outlook Negative, June 9, 2015

Anchor Matrix										
Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of June 10, 2016)

Erste Group Bank AG

Counterparty Credit Rating	BBB+/Stable/A-2
Commercial Paper	A-2
Junior Subordinated	BB
Senior Unsecured	BBB+
Subordinated	BBB-

Counterparty Credit Ratings History

17-May-2016	BBB+/Stable/A-2
09-Jun-2015	BBB+/Negative/A-2
03-Feb-2015	A-/Watch Neg/A-2
13-Aug-2014	A-/Negative/A-2
10-Jun-2014	A/Watch Neg/A-1
25-Jan-2012	A/Negative/A-1
08-Dec-2011	A/Watch Neg/A-1
11-Oct-2011	A/Negative/A-1

Sovereign Rating

Austria (Republic of)	AA+/Stable/A-1+
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Related Entities

Ceska Sporitelna A.S.

Issuer Credit Rating	A-/Negative/A-2
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*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. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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