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Erste Group Bank AG

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Erste Group Bank AG

SACP	a		+	Support	0		+	Additional Factors	0	
Anchor	bbb+			ALAC Support	0			Issuer Credit Rating		
Business Position	Strong	+1		GRE Support	0			A/Stable/A-1		
Capital and Earnings	Adequate	0		Group Support	0			Resolution Counterparty Rating		
Risk Position	Adequate	0		Sovereign Support	0			A+/--/A-1		
Funding	Above Average	+1								
Liquidity	Strong									

Credit Highlights

Overview

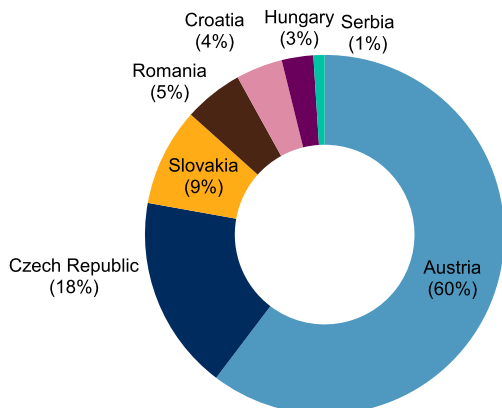
Key strengths	Key risks
Strong franchise in Austria and Central and Eastern European (CEE) countries.	Challenging operating environment amid the COVID-19 pandemic, with credit quality facing tail risks, particularly in higher-risk foreign markets.
Solid operating revenues from traditional customer-led retail and commercial banking operations.	Tight margins within the highly competitive Austrian segment, which combined with the bank's focus on interest revenues results in high sensitivity to the persistent low interest rate environment.
Sound liquidity and funding profile dominated by granular and sticky retail deposits.	

We expect Erste Bank Group AG (Erste) to maintain its leading market position in Austria and six core strategic countries in CEE markets. Erste has a well-established business model with sustainable franchises in retail, small and midsize enterprises (SMEs), and corporate banking in these regions (see chart 1). With total assets of €305 billion at March 31, 2021, Erste is one of the top three banks in Austria (see chart 2) and a leader in some domestic segments. Thanks to its widespread operations, we think it will continue to benefit from good geographic diversification of revenues, although we acknowledge some correlation among CEE countries and between CEE and Austria.

Chart 1

Erste Benefits From Geographical Diversification

Erste's exposures as of Q1 2021 by geography

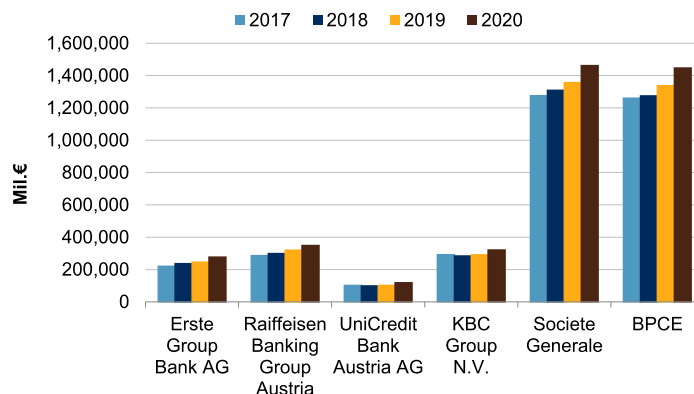


Note: Exposures defined as net customer loans. Q--Quarter. Source: Geographic split based on company reporting. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

Chart 2

Gradual Balance Sheet Growth In Recent Years

Total assets of Erste and peer banks



Source: Company filings. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

After showing resiliency throughout the pandemic, Erste has started well in 2021. We expect that Erste will continue to strengthen its balance sheets from solid earnings and retention into capital. The bank's diversified business mix from its retail and SME focus supports its quality of earnings, makes revenue predictable, and shows relative resiliency to material economic worsening as demonstrated during the pandemic. That said, the bank has a somewhat higher reliance on interest income than other rated banks operating with a similar business model (see chart 3), making it more sensitive to the prolonged low interest rate environment.

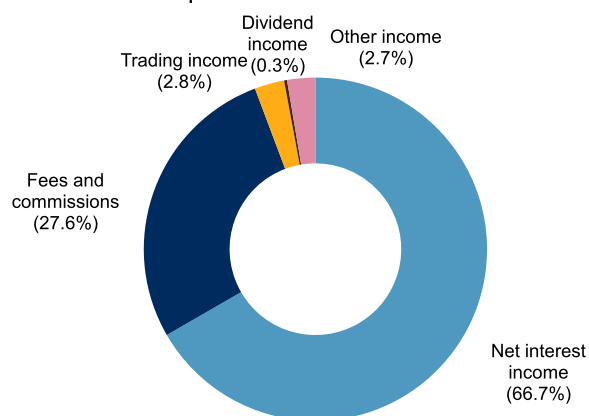
For the full-year 2020, Erste reported significantly lower net profits than 2019, mainly because of its forward-looking provisioning (cost of risk) of 78 basis points (bps). This has translated into a return on average equity of 5.5% in 2020. That said, historically, Erste's profitability has been somewhat higher than that of rated peer banks' and we expect this to persist going forward (see chart 4), supported by higher margins and better efficiency in foreign markets.

The improving economic situation in Erste's operating regions as a result of the vaccination success will support 2021 performance, in our view. The bank reported a rebound of net profits and return on equity (9.6%) because of significantly lower cost of risk (0.08%) during the first three months of 2021. We do not expect negative surprises for midyear 2021 results.

Chart 3

Reliance On Net Interest Income Is Not Unusual For A Commercial And Retail Bank Like Erste

Erste's income composition as of December 2020

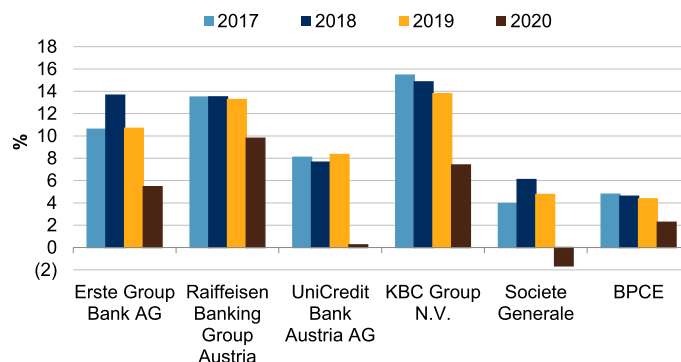


Sources: Company filings, S&P Global Ratings.
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Chart 4

The Pandemic Has Led To A Dip In Profitability For Banks Across Europe, Including Erste

Return on average common equity of Erste and peer banks



Source: S&P Global Ratings.
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We expect continued adequate capitalization backed by sound internal capital generation capacity amid cautious growth. In our view, Erste is appropriately capitalized for the risks it faces. The European Central Bank's recommendation to refrain from dividend payments since early 2020 has resulted in temporary spikes in capital ratios. We expect the CET1 ratio to move close to the bank's medium-term target of 13.5% once Erste begins paying accrued dividends to its shareholders, after reaching 14.0% as of first-quarter 2021 (excluding interim profit of that quarter).

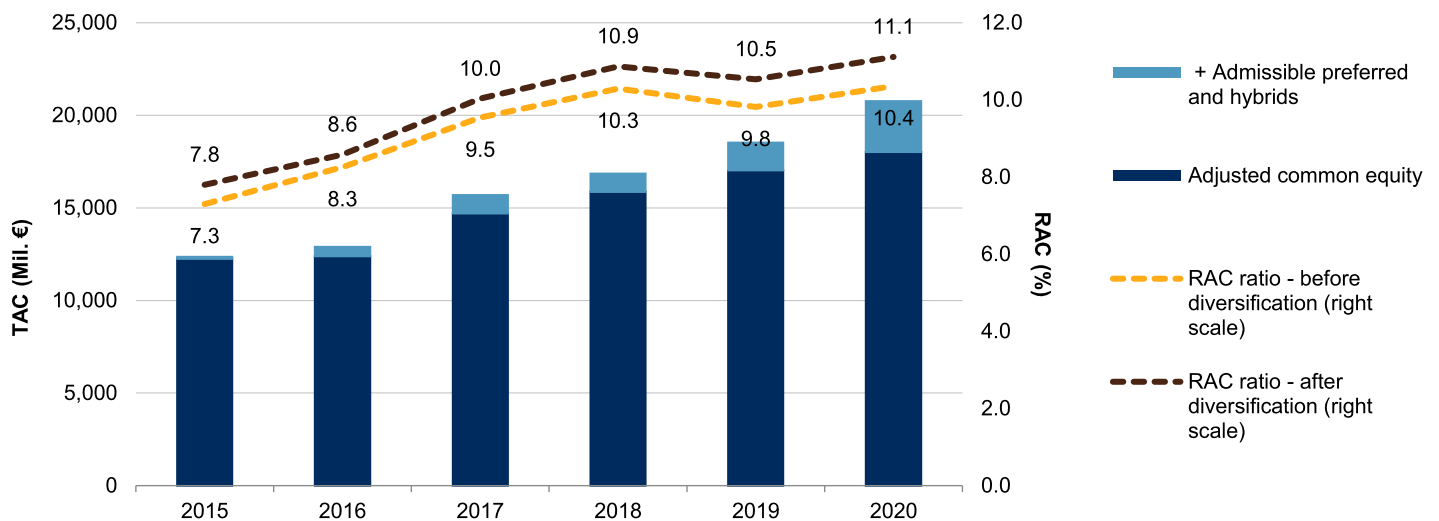
Assuming a normal level of dividend payments over 2022-2023 of €1.0-€1.5 per share and risk-weighted asset growth of about 5%-6%, we expect the bank's risk-adjusted capital (RAC) ratio to move between 9.5%-9.75% over 2021-2023, after having reached 10.4% in 2020 in light of accrued dividends. Erste's capitalization has strengthened in recent years amid continued capital buildup and de-risking progress of the portfolio (see chart 5).

Erste's net interest margin (NIM) continues to suffer as a result of the highly competitive environment in Austria, and because of interest rate cuts in CEE during 2020, particularly in the Czech Republic. That said, we expect a slight recovery of the NIM once interest rates in the CEE countries go up again during the next 6-12 months.

Erste's cost efficiency is broadly in line with that of its key peers (see chart 6), and is also supported by stronger efficiency of foreign operations. We understand that management has some headroom to contain costs, but we expect IT and project-related expenses to somewhat offset cost improvement measures. We therefore expect the bank's cost-to-income ratio to remain flat at close to 60% in the next 12-24 months.

Chart 5

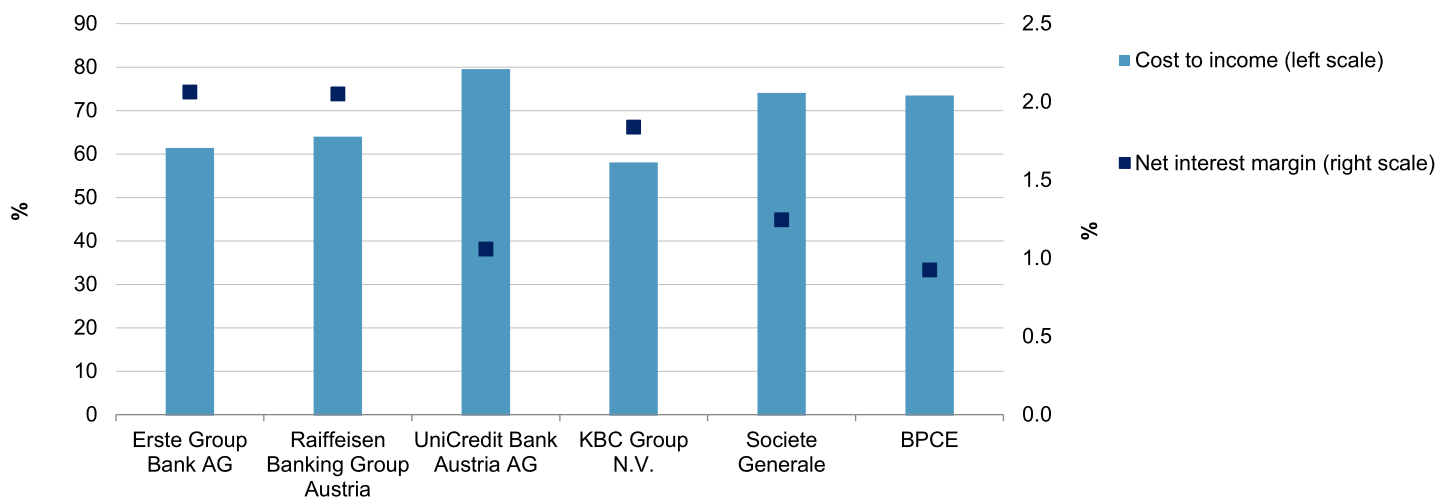
Erste's RAC Ratio Will Likely Be Between 9.5%-9.75% In the next 12-24 months
 Erste's risk adjusted capital developments



TAC--Total adjusted capital. RAC--Risk-adjusted capital. Source: S&P Global Ratings. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

Chart 6

Cost Efficiency And Interest Margins Broadly In Line With Rated Peers
 2020 cost to income and net interest margin in peer comparison



Note: Net interest income to average earning assets. Source: S&P Global Ratings. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

Asset quality remains strong despite the shock from the pandemic, but we project some nonperforming loan (NPL) inflows. Erste's risk profile compares well to its peer banks with a strong focus on retail banking and a similar economic risk asset mix (for example France and Netherlands). The bank's asset quality metrics in its diversified loan portfolio have improved over recent years, supported by growth mainly in lower-risk countries, and relatively low single-name and sector concentrations in the loan book (see chart 7).

In our view, the bank's risk management is comprehensive and efficient, which is crucial given its wide geographic reach. There are no particularly complex businesses or products, and Erste'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 groupwide risk tools, risk management standards, and frameworks.

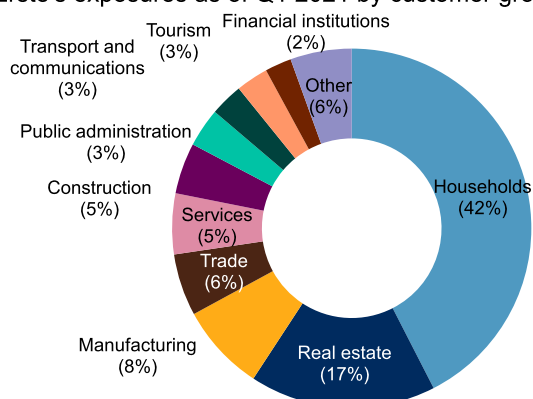
In line with the broader European bank peer group, we expect Erste's asset quality metrics to deteriorate over our forecast period as the pandemic leaves its mark on the loan portfolio (see chart 8). While fiscal support measures like debt moratoria and guarantee programs helped to offset some of the damage in its core markets, we expect the phasing out of these measures to have a lagging effect on the bank's credit quality, with NPLs peaking at 3.1% 2021.

Our measure of gross nonperforming assets was unchanged at 2.8% of the Erste's gross customer loans as of March 30, 2021, in comparison with December 2020. We think the improvement of Erste's NPLs and loan losses over the last decade to a relatively comfortable starting point is a good indicator that the bank will adequately manage some deterioration of its asset quality in the next 12-24 months (see chart 8).

Chart 7

Erste Has A Diversified Loan Look By Sectors And Customers

Erste's exposures as of Q1 2021 by customer groups

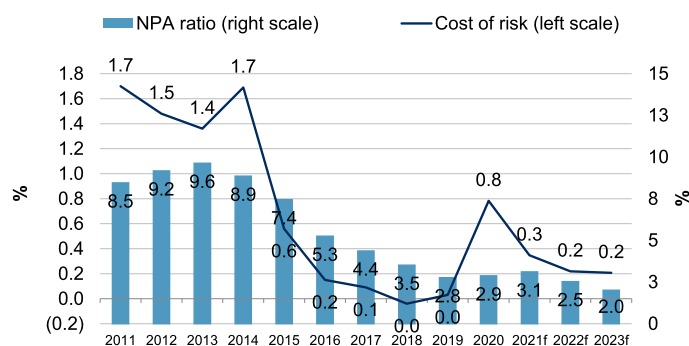


Note: Exposures defined as gross customer loans. Q--Quarter. Source: S&P Global Ratings. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

Chart 8

Erste's Cost Of Risk Peaked In 2020, And We Expect It To Trend Downwards

NPA ratio and cost of risk between 2011 and 2023f



NPA--Nonperforming assets. Cost of risk defined as new loan loss provisions as % of average customer loans. NPA ratio defined as gross nonperforming assets as % of customer loans + other real estate owned. f--Forecast. Source: S&P Global Ratings. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

Erste continues to benefit from stable and granular customer deposits and ample liquidity. In light of the pandemic and the resulting changing behavior of households and corporates, Erste experienced a significant inflow of new core deposits, representing nearly 73% of its funding base. The bank's large retail funding base, especially in its core markets in Austria, the Czech Republic, and Slovakia, and its moderate reliance on wholesale funding are key strengths, in our view.

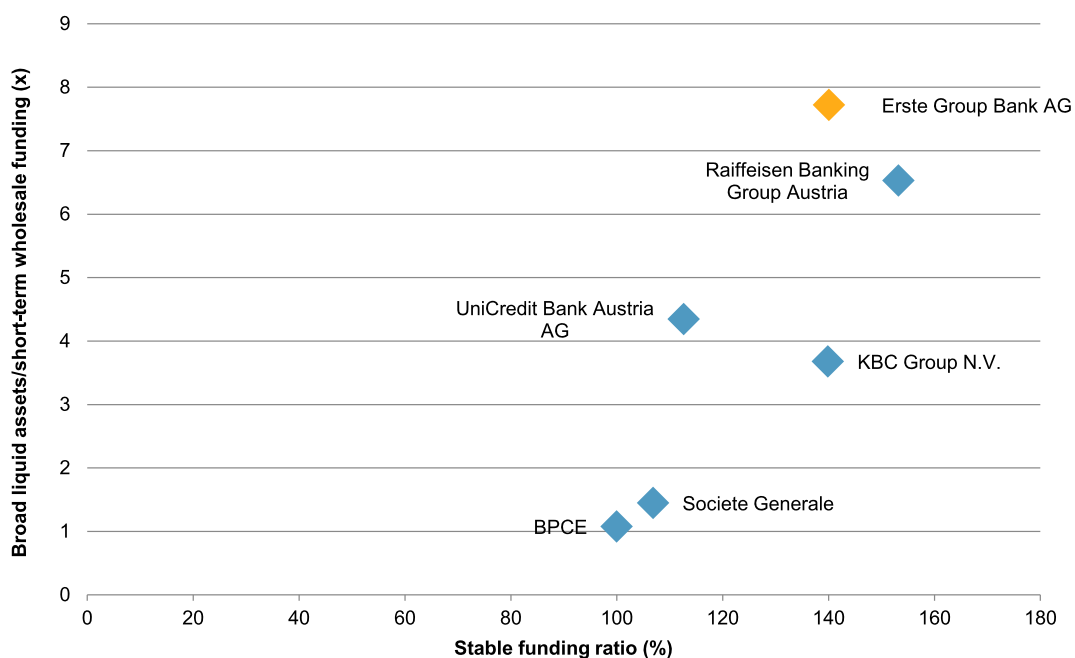
As restrictions are eased, we expect deposits to decline to more normalized levels, due to the recovery of consumption

(households) and investments (corporates), respectively. As a result, we expect funding and liquidity indicators to move toward the bank's long-term levels. S&P Global Ratings' stable funding ratio for Erste was at 140% at year-end 2020 (historically around 130%) and comfortably above the 95%-115% range that we see for most European peers (see chart 9). The bank's liquidity ratio, which shows coverage of short-term wholesale funding by broad liquid assets, was high, at 8x at Dec. 30, 2020 (historically between 3x-4x). Our liquidity ratios at the group level and main subsidiaries are stronger than those of the vast majority of domestic and large European peers with 1x-2x ratios. These metrics reflect the structural strengths of Erste's deposit-heavy funding profile, which is also supported by a strong 51% of broad liquid assets-to-short-term customer deposits (which measures liquid asset coverage of deposits even after a run-off of short-term wholesale funding) at Dec. 30, 2020.

Chart 9

Erste Has A Stronger Funding And Liquidity Profile Than Its Peers

Funding and liquidity profile as of Dec. 31, 2020



Source: S&P Global Ratings.

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No uplift for additional loss absorbing capacity (ALAC) so far. Our assessment of Erste's ALAC does not lead us to add any uplift to the ratings. We understand that the bank, in the unlikely scenario of nonviability, would enter a resolution with a multiple point of entry (MPE) strategy, implying that each of the six resolution groups would enter a separate resolution path from its parent with own minimum requirement for own funds and eligible liabilities (MREL) requirements and own bail-inable instruments.

At June 1, 2021, Erste Bank AG, the resolution entity of the Austrian resolution group, received an updated MREL target by the Single Resolution Board, which is binding in two steps after January 2022 (interim target) and January

2024 (fully loaded). On a fully-loaded basis, the resolution group needs to meet 28.63% of the total risk exposure amount and 9.92% of the leverage ratio amount based on year-end 2019 data. Erste already complies with the MREL targets for its Austrian resolution entity with its existing eligible instruments.

Our current ratings reflect the transition time needed for subsidiaries to accumulate sufficient bail-inable buffers. At Dec. 30, 2020, the group's ALAC buffer as a share of S&P Global Ratings' RWAs was close to 5.8% given the excess capital amid unpaid dividends. We include all of the consolidated 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.

We project the ALAC proportion of risk-weighted assets in the next two years to decline somewhat toward a level of 4.0%-4.5%. This is below our 5.5% adjusted threshold of risk-weighted assets for a one-notch uplift. We use an adjusted threshold for the group, as opposed to the usual 5.0%, because we anticipate that Erste will have to deploy substantial ALAC--primarily consisting of excess core capital--in its CEE subsidiaries and we see a flexible deployment of these resources as constrained by capital restrictions set by host regulators.

We think Erste's environmental, social, and governance (ESG) standards are in line with those of other banks in Europe and do not affect its credit quality. We understand that ESG efforts of subsidiaries in CEE are aligned with Erste's. In our view, risk roles and responsibilities are adequately defined across the group while risk monitoring and control practices, including know-your-customer processes, and sanction controls in its operating markets are well advanced. Together with only a marginal share of activities prone to higher non-financial risks, we think this has prevented major incidents and significant litigation.

Erste's corporate governance is well advanced, in our view. Nevertheless, as a large and international bank, we consider the bank exposed to tail governance risks with its business activities in higher risk countries in CEE.

Social and environmental factors are also in line with peers in Europe and not a rating differentiator. Lending to the coal industry is immaterial, at less than 1% of total loans. We expect Erste will implement more measures to transition into a greener bank. The management team deems cooperation with environmental nongovernment organizations also an important pillar to foster the sustainability efforts of the group. To that end, it has established a Group Sustainability Office and a department for Social Banking Development in its organization.

Outlook: Stable

The stable outlook on Erste reflects S&P Global Ratings' view that Erste will manage remaining downside risks it faces from the pandemic in the coming two years.

Downside scenario

We could lower our ratings on Erste if we see a more material or more prolonged setback to profitability and asset quality, particularly if the bank became loss-making. This would challenge our current view that Erste would demonstrate superior resilience in difficult markets.

Upside scenario

We could raise our ratings if Erste strengthened its RAC ratio materially, or if we had greater insight into the pace and size of the build-up of bail-inable capital buffers, which results in material protection of senior unsecured creditors in case of a resolution.

At the same time, for an upgrade we need to see sustainable improvements in economic environment in the main markets where Erste operates and a stable industry risk trend for the Austrian banking industry.

Key Metrics**Erste Group Bank AG--Key Ratios And Forecasts***

	--Fiscal year ended Dec. 31 --				
	2019a	2020a	2021f	2022f	2023f
Growth in operating revenue (%)	8.2	(1.6)	(4.9)-(6.0)	7.0-8.5	4.9-5.9
Growth in customer loans (%)	6.9	4.1	4.5-5.5	5.4-6.6	5.4-6.6
Growth in total assets (%)	3.8	12.9	12.4-15.1	5.0-6.1	4.0-4.9
Net interest income/average earning assets (NIM) (%)	2.2	2.1	1.8-2.0	1.9-2.0	1.9-2.0
Cost to income ratio (%)	58.5	61.2	65.0-68.3	62.1-65.3	60.7-63.8
Return on equity (%)	10.7	5.5	6.0-6.6	8.6-9.5	9.3-10.3
Return on assets (%)	0.8	0.4	0.4-0.4	0.4-0.5	0.5-0.6
New loan loss provisions/average customer loans (%)	0.0	0.8	0.3-0.4	0.2-0.2	0.2-0.2
Gross nonperforming assets/customer loans (%)	2.8	2.9	3.0-3.3	2.4-2.7	1.9-2.1
Net charge-offs/average customer loans (%)	(0.1)	(0.1)	(0.0)-(0.0)	(0.1)-(0.1)	(0.1)-(0.1)
Risk-adjusted capital ratio (%)	9.8	10.4	9.6-10.1	9.4-9.9	9.3-9.8

*All figures adjusted by S&P Global Ratings. a--Actual. f--Forecast.

Key Statistics

Table 1

Erste Group Bank AG--Key Figures					
--Year ended Dec. 31--					
(Mil. €)	2021*	2020	2019	2018	2017
Adjusted assets	303,636.3	276,034.8	244,324.5	235,284.8	219,135.9
Customer loans (gross)	170,162.1	168,648.4	161,964.6	151,443.8	143,509.3
Adjusted common equity	18,513.3	18,026.5	17,036.9	15,870.9	14,705.0
Operating revenues	1,830.8	7,161.9	7,280.3	6,730.0	6,511.9
Noninterest expenses	1,196.8	4,381.1	4,262.3	3,997.1	3,990.4
Core earnings	466.7	1,113.9	2,494.2	2,443.8	1,951.1

*Data as of March 31.

Table 2

Erste Group Bank AG--Business Position					
--Year ended Dec. 31--					
(%)	2021*	2020	2019	2018	2017
Loan market share in country of domicile	N/A	20.8	20.8	20.4	20.2
Deposit market share in country of domicile	N/A	20.6	20.6	20.0	19.5
Total revenues from business line (currency in millions)	1,830.8	7,161.9	7,280.3	6,730.0	6,511.9
Commercial banking/total revenues from business line	22.2	21.8	22.0	22.6	22.6
Retail banking/total revenues from business line	44.8	45.4	48.5	51.5	50.7
Commercial and retail banking/total revenues from business line	67.1	67.2	70.5	74.2	73.3
Trading and sales income/total revenues from business line	8.7	7.4	7.4	7.9	8.5
Other revenues/total revenues from business line	24.2	25.4	22.1	17.9	18.2
Investment banking/total revenues from business line	8.7	7.4	7.4	7.9	8.5
Return on average common equity	9.6	5.5	10.7	13.7	10.6

*Data as of March 31. N/A--Not applicable.

Table 3

Erste Group Bank AG--Capital And Earnings					
--Year ended Dec. 31--					
(%)	2021*	2020	2019	2018	2017
Tier 1 capital ratio	16.3	16.5	15.0	14.3	13.8
S&P Global Ratings' RAC ratio before diversification	N/A	10.4	9.8	10.3	9.5
S&P Global Ratings' RAC ratio after diversification	N/A	11.1	10.5	10.9	10.0
Adjusted common equity/total adjusted capital	87.1	86.8	92.0	94.1	93.7
Net interest income/operating revenues	64.0	66.7	65.2	68.1	66.8
Fee income/operating revenues	29.5	27.6	27.5	28.4	28.4
Market-sensitive income/operating revenues	3.6	2.9	4.8	3.0	5.6
Cost to income ratio	65.4	61.2	58.5	59.4	61.3
Provision operating income/average assets	0.9	1.1	1.3	1.2	1.2
Core earnings/average managed assets	0.6	0.4	1.0	1.1	0.9

*Data as of March 31. N/A--Not applicable. RAC--Risk adjusted capital.

Table 4

Erste Group Bank AG--Risk-Adjusted Capital Framework Data

	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	85,436,827,876.7	3,330,856,666.1	3.9	7,886,197,214.1	9.2
Of which regional governments and local authorities	5,502,309,871.2	427,239,935.8	7.8	1,076,812,580.0	19.6
Institutions and CCPs	15,498,966,696.2	3,067,354,513.7	19.8	2,517,131,422.7	16.2
Corporate	114,066,984,658.7	59,939,970,891.1	52.5	91,822,629,911.9	80.5
Retail	96,679,436,922.0	20,316,264,667.0	21.0	52,337,393,180.5	54.1
Of which mortgage	50,023,093,634.5	6,588,084,982.9	13.2	15,472,593,518.5	30.9
Securitization§	1,436,677,731.9	544,318,794.2	37.9	603,757,258.4	42.0
Other assets†	13,966,236,182.2	3,485,789,338.4	25.0	18,430,925,490.2	132.0
Total credit risk	327,085,130,067.6	90,684,554,870.6	27.7	173,598,034,477.8	53.1
Credit valuation adjustment					
Total credit valuation adjustment	--	396,857,900.0	--	0.0	--
Market risk					
Equity in the banking book	1,295,811,466.2	2,337,163,858.2	180.4	6,468,602,130.6	499.2
Trading book market risk	--	3,630,310,738.6	--	6,161,757,219.0	--
Total market risk	--	5,967,474,596.8	--	12,630,359,349.6	--
Operational risk					
Total operational risk	--	14,812,500,000.0	--	14,232,234,384.6	--
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	118,005,000,002.3	--	200,460,628,212.0	100.0
Total diversification/concentration adjustments	--	--	--	(13,718,136,280.6)	(6.8)
RWA after diversification	--	118,005,000,002.3	--	186,742,491,931.4	93.2
	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)	
Capital ratio					
Capital ratio before adjustments	19,795,000,000.0	16.8	20,759,500,000.0	10.4	
Capital ratio after adjustments‡	19,795,000,000.0	16.8	20,759,500,000.0	11.1	

*Exposure at default. §Securitization Exposure includes the securitization 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). CCP--Central counterparty clearing house. RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31 2020, S&P Global Ratings.

Table 5

Erste Group Bank AG--Risk Position					
	--Year ended Dec. 31--				
(%)	2021*	2020	2019	2018	2017
Growth in customer loans	3.6	4.1	6.9	5.5	6.1
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(6.8)	(6.8)	(5.3)	(4.9)
Total managed assets/adjusted common equity (x)	16.5	15.4	14.4	14.9	15.0
New loan loss provisions/average customer loans	0.1	0.8	0.0	(0.0)	0.1
Net charge-offs/average customer loans	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Gross nonperforming assets/customer loans + other real estate owned	2.8	2.9	2.8	3.5	4.4
Loan loss reserves/gross nonperforming assets	81.3	81.4	69.5	64.7	63.4

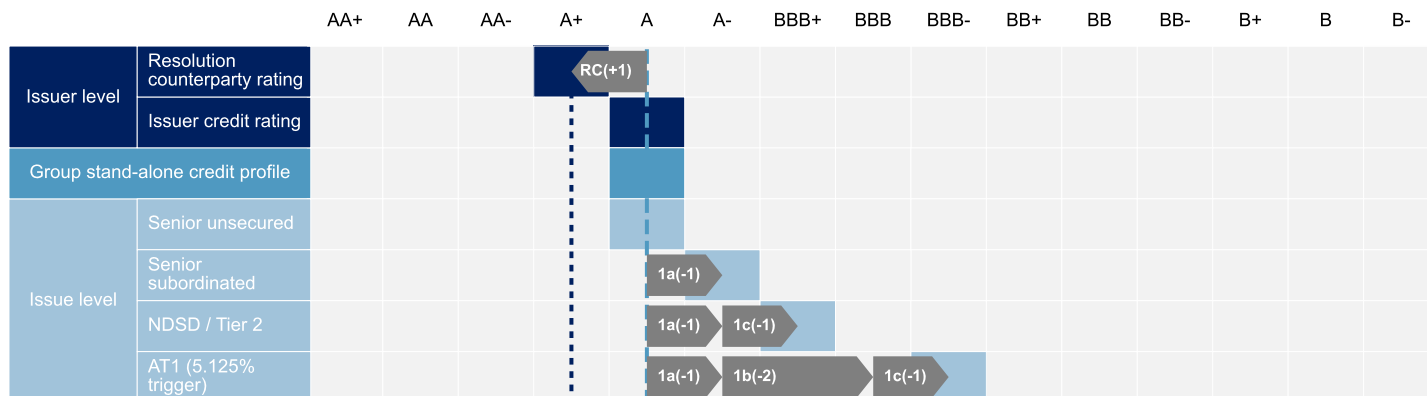
*Data as of March 31. N/A--Not applicable. RWA--Risk weighted assets.

Table 6

Erste Group Bank AG--Funding And Liquidity					
	--Year ended Dec. 31--				
(%)	2021*	2020	2019	2018	2017
Core deposits/funding base	73.4	76.6	78.9	76.5	77.7
Customer loans (net)/customer deposits	82.5	86.8	92.5	91.8	93.1
Long-term funding ratio	94.2	95.6	94.4	91.5	92.6
Stable funding ratio	149.5	140.2	125.8	126.1	127.9
Short-term wholesale funding/funding base	6.2	4.8	6.1	9.2	8.1
Broad liquid assets/short-term wholesale funding (x)	6.9	7.7	4.9	3.5	4.1
Net broad liquid assets/short-term customer deposits	59.8	51.5	38.7	37.3	44.6
Short-term wholesale funding/total wholesale funding	22.5	19.7	28.2	38.5	35.4

*Data as of March 31.

Erste Group Bank AG: Notching



Key to notching

- Group stand-alone credit profile
- Issuer credit rating
- RC Resolution counterparty liabilities (senior secured debt)
- 1a Contractual subordination
- 1b Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
- 1c Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 3 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on July 1, 2019.
 AT1--Additional Tier 1. NDS--Non-deferrable subordinated debt.

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Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- ARCHIVE | General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- CESEE Banks Face COVID Headwinds From A Solid Starting Point, March 17, 2021
- Banking Industry Country Risk Assessment: Austria, June 17, 2020
- Austria-Based Erste Group Bank Ratings Affirmed On Solid Buffers, Outlook To Stable On Deepening COVID-19 Risks, April 29, 2020
- Outlook Revisions On Several Austrian Banks On Deepening COVID-19 Downside Risks, April 29, 2020

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 July 1, 2021)*

Erste Group Bank AG

Issuer Credit Rating A/Stable/A-1

Resolution Counterparty Rating A+/-/A-1

Commercial Paper

Local Currency A-1

Junior Subordinated BBB-

Senior Subordinated A-

Senior Unsecured A

Short-Term Debt A-1

Subordinated BBB+

Issuer Credit Ratings History

29-Apr-2020 A/Stable/A-1

30-Oct-2017 A/Positive/A-1

14-Mar-2017 A-/Positive/A-2

Sovereign Rating

Austria AA+/Stable/A-1+

Ratings Detail (As Of July 1, 2021)*(cont.)

Related Entities

Erste Group Bank AG (Hong Kong Branch)

Commercial Paper

A-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' 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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