

## Erste Bank Mortgage Covered Bonds

### Covered Bonds / Austria

**Contacts** Widmayer, Patrick - (+49) 69 707 307 15 - patrick.widmayer@moodys.com  
Bianchi, Monica - (+44) 20 7772 8745 - monica.bianchi@moodys.com



**Monitoring Client Service Desk** Monitor.CB@moodys.com  
London: +44 20 7772-5454, csdlondon@moodys.com

[Click here to download into Excel](#)

**Reporting as of:** 30/06/2011 All amounts in EUR (unless otherwise specified)

For information on how to read this report, see the latest Moody's EMEA Covered Bond Monitoring Overview

Data as provided to Moody's Investors Service (note 1)

## I. Programme Overview

Overview	
Year of initial Rating Assignment :	2006
Total outstanding liabilities :	EUR 5,358,027,905
Total Assets in the Cover Pool :	EUR 7,124,153,368
Issuer Name :	Erste Group Bank AG
Group / Parent Name :	n/a
Main Collateral Type (>50%) :	Other

### Legal Framework

Does a specific Covered Bonds Law apply for this programme :	Yes
Main country in which Collateral is based :	Austria
Country in which issuer is based :	Austria

Ratings	
Issuer Senior Unsecured rating :	A1 / Stable
Group / Parent Senior Unsecured rating :	n/a
Covered Bonds Rating :	Aaa

### Timely Payment

Refinancing period for principal payments of 6 months or greater :	No
Liquidity reserve to support timely payments on all issuances :	No
Timely Payment Indicator ("TPI") (note 2) :	Probable
TPI Leeway (note 2) :	2 notch(es)

## II. Value of the Cover Pool

Collateral Quality	
Collateral Score :	14.9%

### Cover Pool loss assumed following Issuer default (note3)

Collateral Risk (Collateral Score post-haircut) :	10.0%	37%
Market Risk :	17.1%	63%
	27.0%	(100%)

## III. Over-Collateralisation Levels

Over-collateralisation levels are provided on any of the following : nominal basis or unstressed NPV basis or on stressed NPV basis.

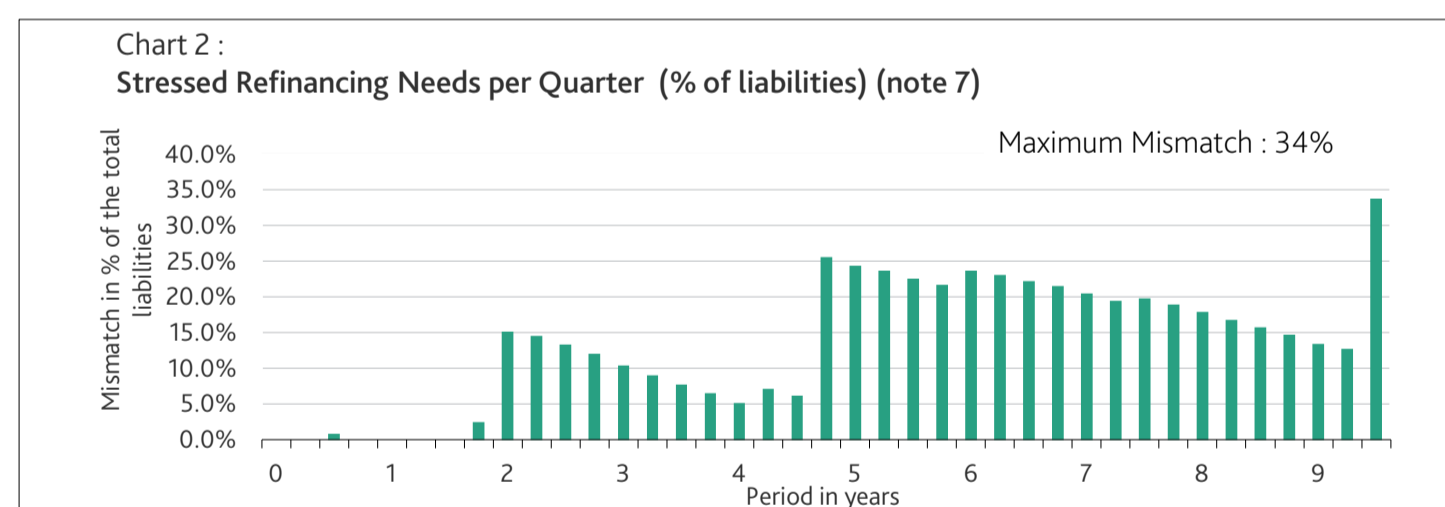
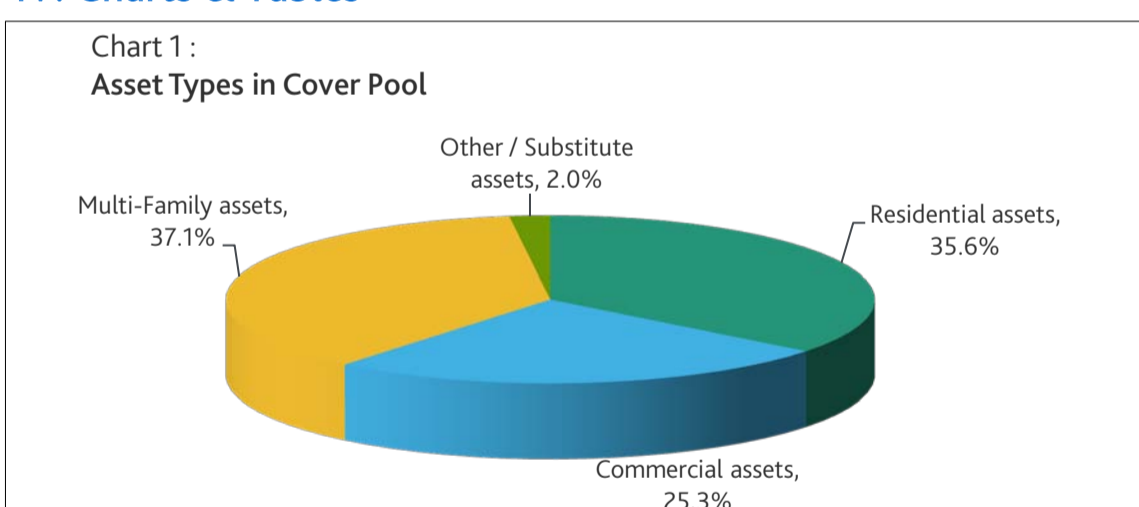
NPV stress test where stressed : 100 bps

Current situation (note 4 & note 6)	
Committed OC (Stressed NPV) :	2.0%
Current OC (Unstressed NPV) :	32.7%
OC Level necessary to maintain current rating :	23.0%

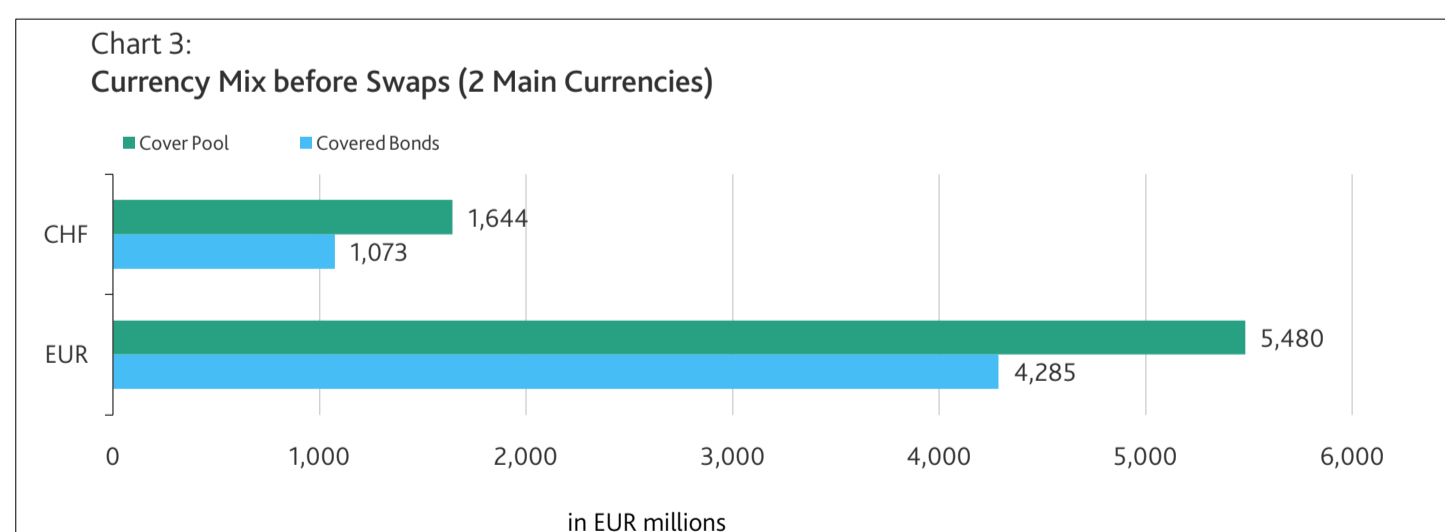
### Stressed scenario (note 5 & note 6)

Estimated OC to maintain current rating in following scenarios :		
Scenario 1: Issuer is downgraded by 1 notch :		25.0%
Scenario 2: Issuer is rated A2 :		25.0%

## IV. Charts & Tables



Interest Rate & Duration Mismatch (note 8)	
Fixed Rate assets in the Cover Pool :	10.5%
Fixed Rate Covered Bonds outstanding :	93.2%
WAL of outstanding Covered Bonds :	7.3 years
WAL of the Cover Pool :	11.2 years



Swap Arrangements	
Interest Rate Swap(s) "in the Cover Pool" :	No
Intra-group Interest Rate Swap(s) provider(s) :	No
Currency Swap(s) "in the Cover Pool" :	No
Intra-group Currency Swap(s) provider(s) :	No

(note 1) The data reported in this PO is based on information provided by the issuer and may include certain assumptions made by Moody's. Moody's accepts no responsibility for the information provided to it and, whilst it believes the assumptions it has made are reasonable, cannot guarantee that they are or will remain accurate. Although Moody's encourages all issuers to provide reporting data in a consistent manner, there may be differences in the way that certain data is categorised by issuers. The data reporting template (which Issuers are requested to use) is available on request.

(note 2) Based on the current TPI, this is the number of notches an "Issuer Rating" (as defined in Moody's Monitoring Overview) can be downgraded before the covered bonds are downgraded.

(note 3) The "Collateral Risk" combines the Collateral Score post haircut (if any) for eligible and ineligible (if any) assets which Moody's gives value to in the cover pool. The Collateral Risk considers only the credit deterioration of the Cover Pool and here excludes certain related legal risks, such as set off. Market risks include refinancing risk, currency and interest rate mismatches and certain collateral related legal risks.

(note 4) Committed OC means that the issuer should not have discretion to remove it without negative consequences under the law or otherwise. Any other OC is regarded as "not committed".

(note 5) This assumes the Covered Bonds rating is not constrained by the TPI. Also to the extent rating assumptions change following a downgrade or an upgrade of the Issuer, the necessary OC stated here may also change. It is especially significant in the case of Issuers currently rated A2 or A3, as the necessary OC following a 1 notch downgrade may then be substantially higher than the amount suggested here as market risks are considered more critically by Moody's at this time. In any event, the necessary OC amounts stated here are subject to change at any time at Moody's discretion.

(note 6) This is the minimum OC calculated to be consistent with the current rating under Moody's expected loss model. However, the level of OC consistent with a given rating level may differ from this amount. Reasons for such differences include: i) committee discretion; and ii) TPI considerations.

(note 7) Based on principal flows only. Assumptions include no prepayments, principal collections limited to the portion of assets that make up the amount of the liabilities plus committed OC, no further CB issuance and no further assets added to the cover pool.

(note 8) This assumes no prepayment.

V. Cover Pool Information - Residential Assets

Overview

Asset type :	Residential
Asset balance :	2,532,832,184
Average loan balance :	93,632
Number of loans :	27,051
Number of borrowers :	24,365
Number of properties :	34,580
WA Remaining Term (in months) :	214
WA Seasoning (in months) :	49

Details on LTV

WA Unindexed LTV (*) :	76.3%
WA Indexed LTV :	n/d
Valuation type :	Lending Value
LTV threshold :	60.0%
Junior ranks :	n/d
Prior ranks :	32.6%

n/d : information not disclosed by Issuer

n/a : information not applicable

(\*) Based on original property valuation. By operation of the Austrian Mortgage Bank Act, only loan parts within the first 60% LTV threshold are eligible for the cover pool. This requirement ensures that the 60% LTV threshold takes any prior ranks into consideration for the relevant cover test calculation. Based on the total loan amount, i.e. including the loan parts above the 60% LTV threshold (internal junior ranks), the weighted-average LTV of the residential mortgage loans is 76.3%. Moody's has taken both these aspects into consideration in its analysis. Moody's notes that the weighted-average LTV would only be 55.3% if the LTV calculation disregarded any prior, equal or junior ranking loans, which are ineligible in terms of the relevant cover test calculations.

(\*\*) Should include Borrowers with a previous personal bankruptcy or Borrowers with record of court claims against them at time of origination

(\*\*\*) This "other" type refers to loans directly to Housing Cooperatives and to Landlords of Multi-Family properties (not included in Buy to Let)

Specific Loan and Borrower characteristics

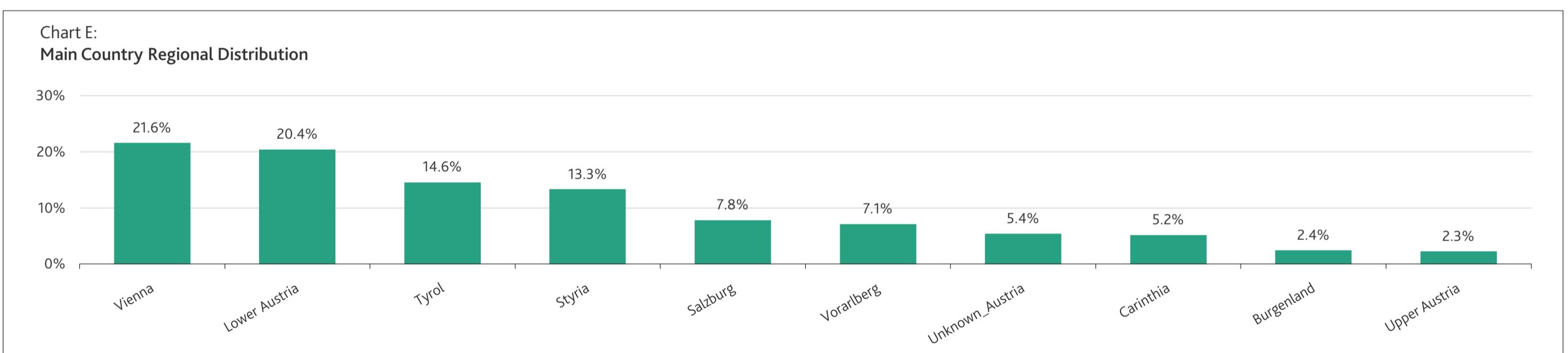
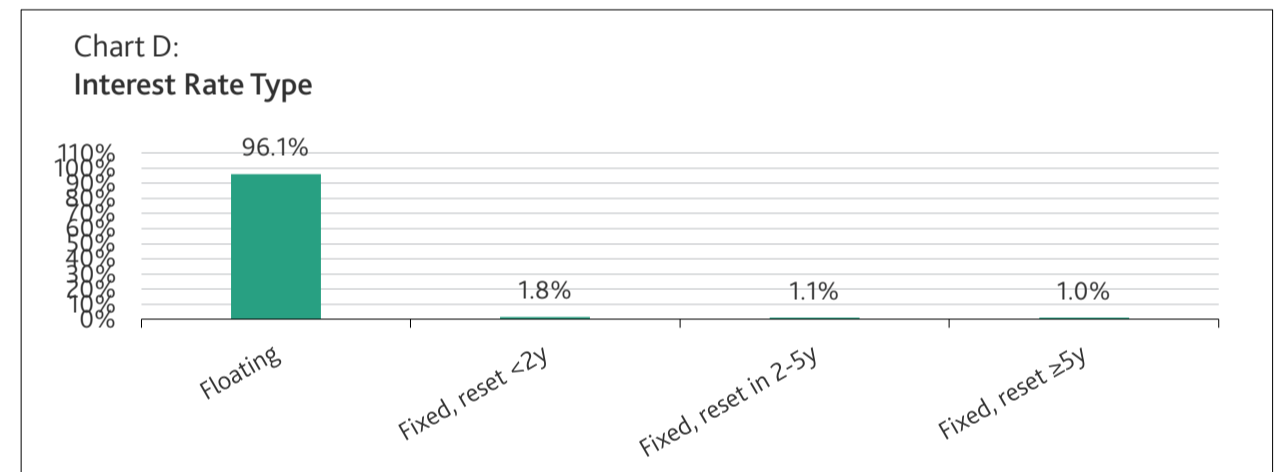
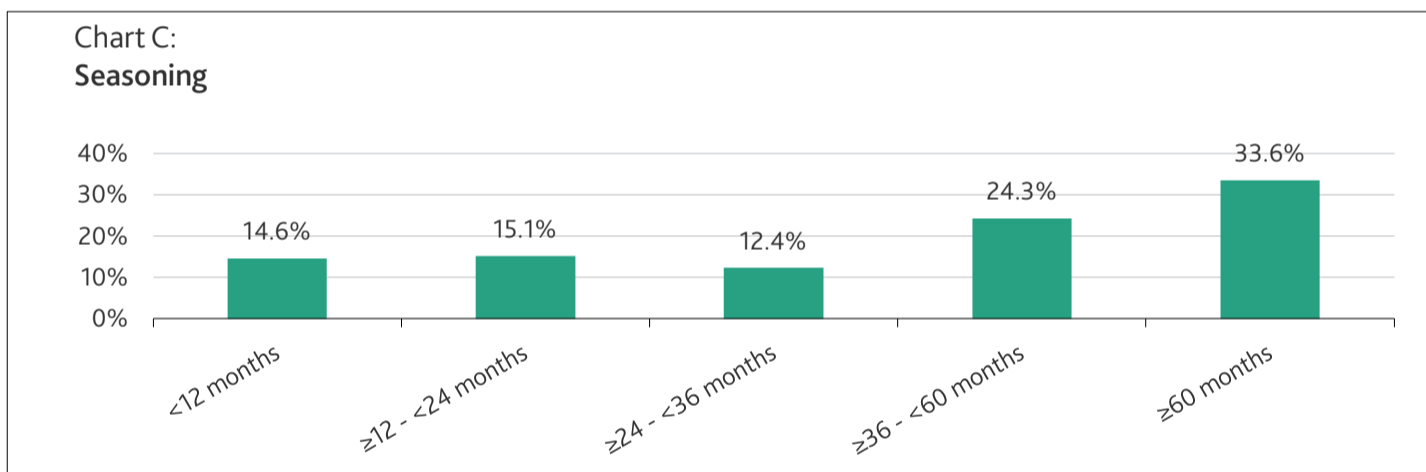
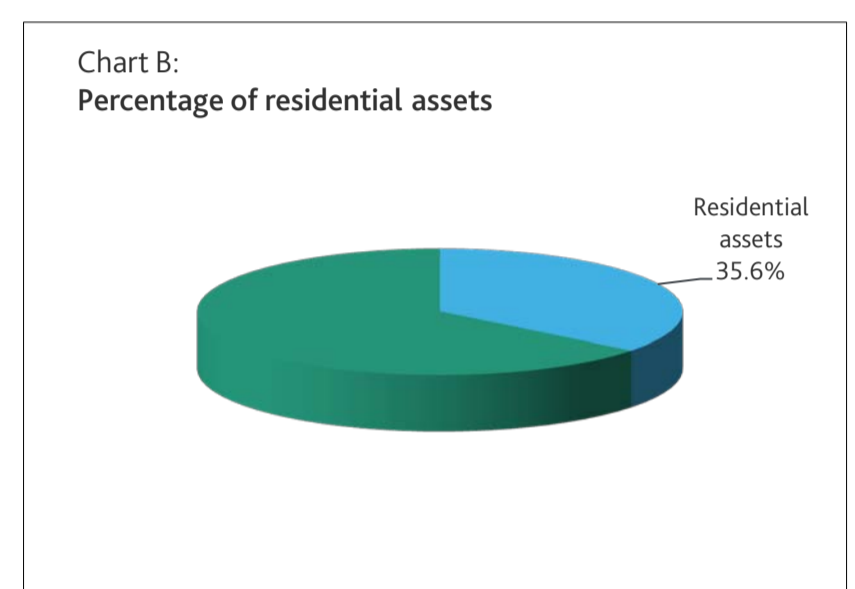
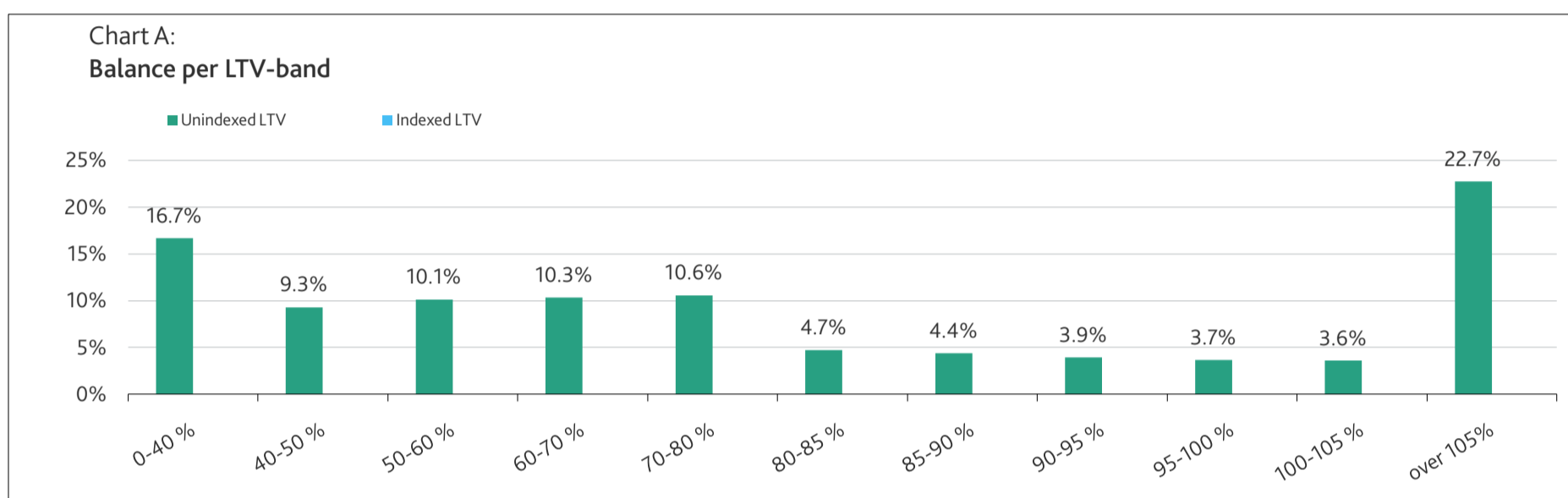
Loans with an external guarantee in addition to a mortgage :	n/a
Interest Only Loans :	39.9%
Loans for second homes / Vacation :	n/d
Buy to Let loans / Non owner occupied properties :	n/d
Limited income verified :	n/d
Adverse Credit Characteristics(**) :	n/d

Performance

Loans in arrears ( ≥ 2months - < 6months) :	0.0%
Loans in arrears ( ≥ 6months - < 12months) :	0.0%
Loans in arrears ( > 12months) :	0.0%
Loans in a foreclosure procedure :	0.0%

Multi-Family Properties

Loans to tenants of tenant-owned Housing Cooperatives :	n/a
Other type of Multi-Family loans (***) :	n/a



VI. Cover Pool Information - Commercial Assets

Overview

Asset Type	Commercial
Asset balance :	4,446,321,184
Average loan balance :	403,624
Number of loans :	11,016
Number of borrowers :	6,452
Number of properties :	18,430
Largest 10 loans :	4.8%
Largest 10 borrowers :	14.2%
WA Remaining Term (in months) :	202
WA Seasoning (in months) :	59
Main Countries :	Austria
	Germany
	n/a

n/d : information not disclosed by issuer

n/a : information not applicable

(\*) Based on original property valuation. By operation of the Austrian Mortgage Bank Act, only loan parts within the first 60% LTV threshold are eligible for the cover pool. This requirement ensures that the 60% LTV threshold takes any prior ranks and equal ranking loans into consideration for the relevant cover test calculation. Based on the total loan amount, i.e. including the loan parts above the 60% LTV threshold (internal junior ranks), the weighted-average LTV of the commercial mortgage loans is 70.4%. Moody's has taken both these aspects into consideration in its analysis. Moody's notes that the weighted-average LTV would only be 47.1% if the LTV calculation disregarded any internal junior loans, which are both ineligible in terms of the relevant cover test calculations.

Specific Loan and Borrower characteristics

Bullet loans :	15.3%
Loans in non-domestic currency :	11.8%
Percentage of fixed rate loans :	14.8%
<b>Performance</b>	
Loans in arrears ≥ 2 months :	0.0%
Loans in a foreclosure procedure :	0.0%
<b>Details on LTV</b>	
WA current LTV (*) :	70.4%
WA Indexed LTV :	n/d
Valuation type :	Lending Value
LTV Threshold :	60.0%
Junior ranks :	0.0%
Prior ranks :	21.2%

