# Moody's **INVESTORS SERVICE**

## Erste Bank Mortgage Covered Bonds

Covered Bonds / Austria

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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

#### Ratings

Nucling5	
Issuer Senior Unsecured rating :	A1 / Stable
Group / Parent Senior Unsecured rating :	n/a
Covered Bonds Rating :	Aaa

#### Legal Framework

Legar Humework	
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

#### **Timely Payment**

No
No
Probable
2 notch(es)

### II. Value of the Cover Pool

Collateral Quality		Cover Pool loss assumed following Issuer default (note3)		
Collateral Score :	14.9%	Collateral Risk (Collateral Score post-haircut) :	10.0%	37%
		Market Risk :	17.1%	63%
			27.00/	(1000()

## **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

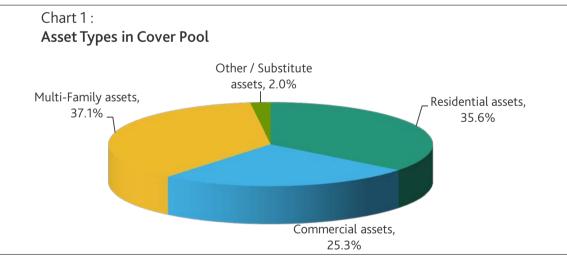
2.0%
32.7%
23.0%

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

#### 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**

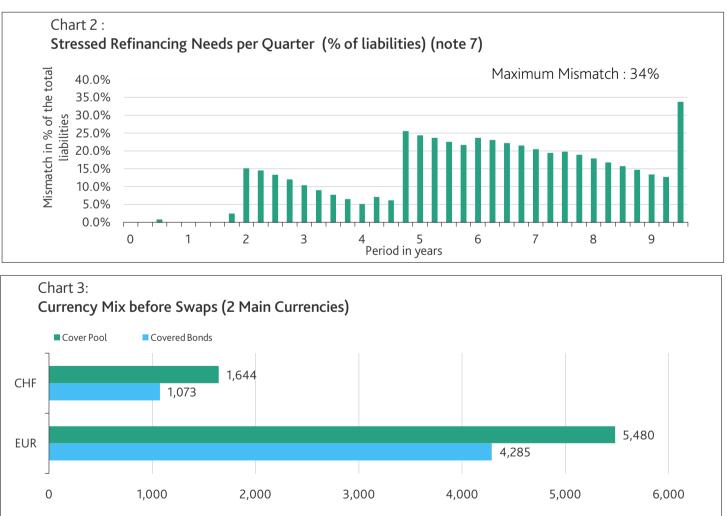


#### Interest Rate & Duration Mismatch (note 8)

Fixed Rate assets in the Cover Pool :	10.5%
Fixed Rate Covered Bonds outstanding :	93.2%
Fixed Rate Covered bonds outstanding .	95.270
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



in EUR millions

(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. 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

<u>or cirrien</u>	
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%

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 ( $\geq$ 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

n/d : information not disclosed by Issuer

n/a : information not applicable

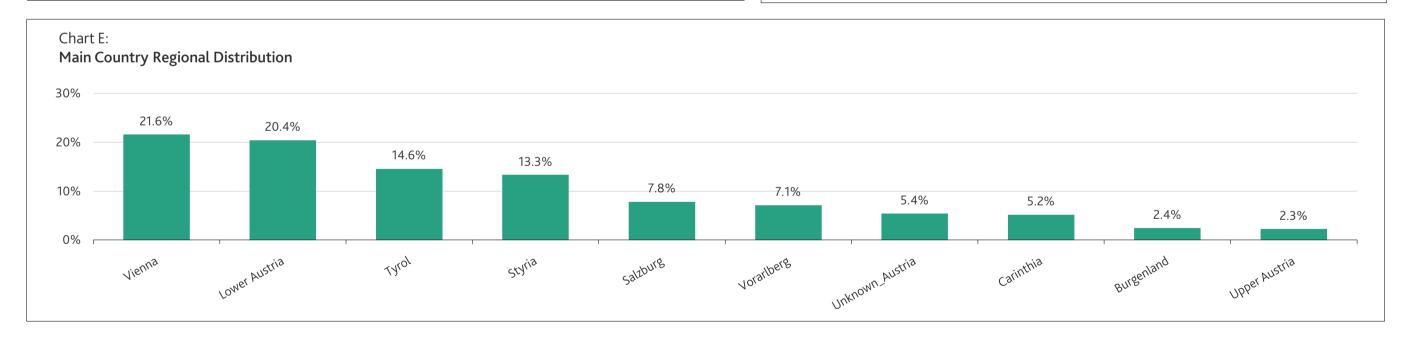
(\*) Based on original property valuation. By operation of the Austrian Mortgage Bank Act, only loan parts within the first 60% LTV threshold are eligible for the cover pool. This requirement ensures that the 60% LTV threshold takes any prior ranks into consideration for the relevant cover test calculation. 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)







## 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

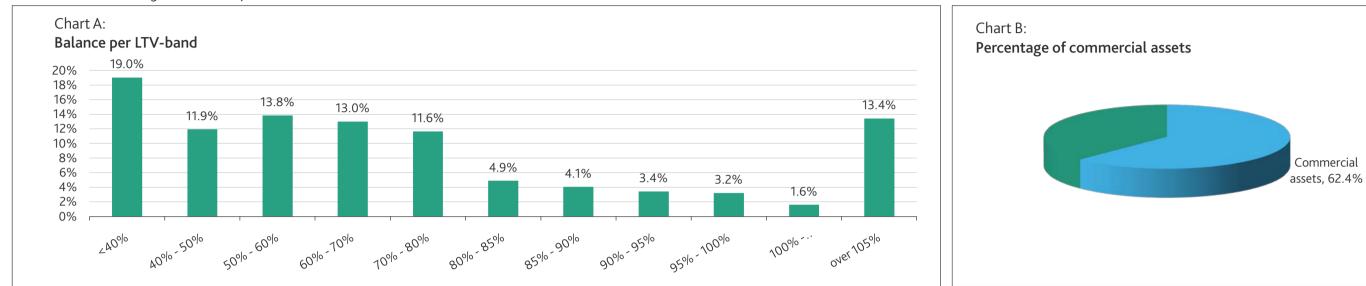
15.3%
11.8%
14.8%
0.0%
0.0%
70.4%
n/d
Lending Value
60.0%
0.0%
21.2%

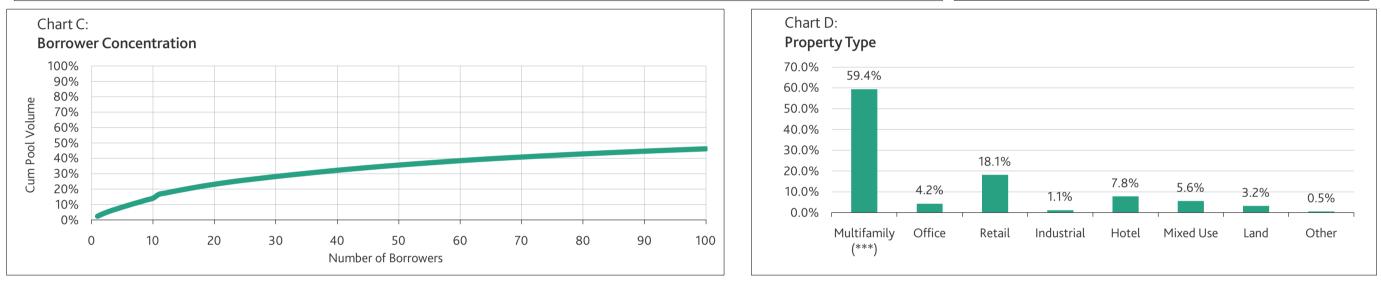
Specific Loan and Borrower characteristics

n/d : information not disclosed by Issuer

n/a : information not applicable

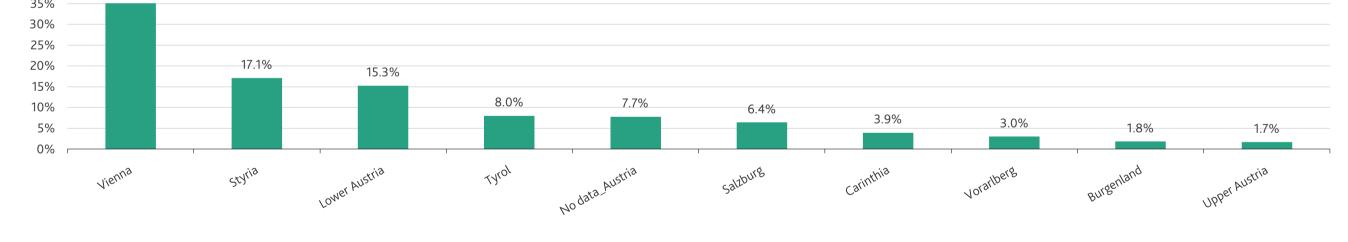
(\*) Based on original property valuation. By operation of the Austrian Mortgage Bank Act, only loan parts within the first 60% LTV threshold are eligible for the cover pool. This requirement ensures that the 60% LTV threshold takes any prior ranks and equal ranking loans into consideration for the relevant 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.





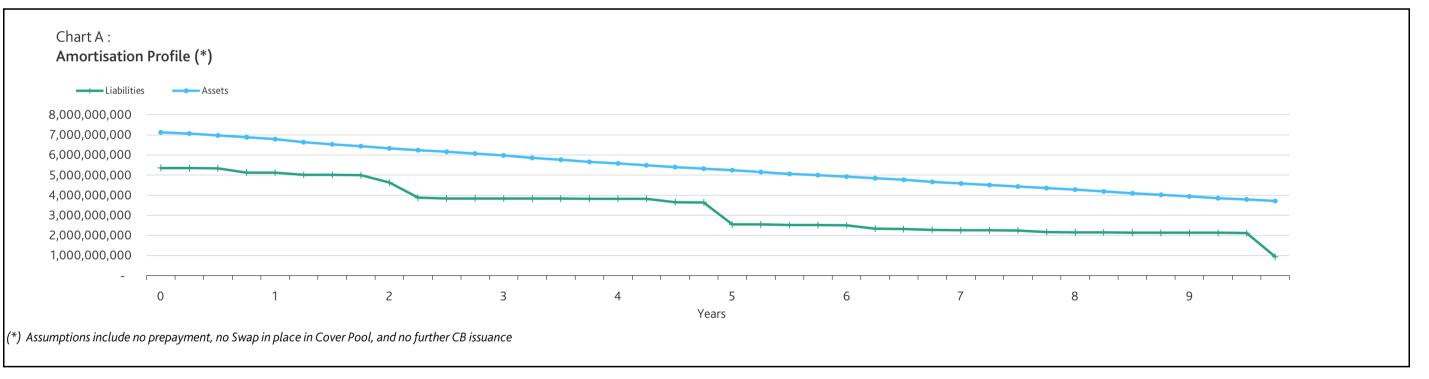
### Chart E: Main Country Regional Distribution

40% —				
40 /0	35.1%			
	55.170			
250/				



### Appendix 1: Liabilities Information: Last 50 Issuances

	Series		Outstanding	Issuance	Expected	Legal Final	Interest Rate		Principal
ISIN	Number	Currency	Amount	Date	Maturity	Maturity	Туре	Coupon	Payment
AT000B008172	n/d	EUR	5,000,000	n/d	24/11/2011	24/11/2011	Floating Rate	EUR3 + 0 bps	n/d
AT000B008180	n/d	EUR	3,000,000	n/d	18/12/2011	18/12/2011	Fixed Rate	3.240%	n/d
CH0109618345	n/d	CHF	260,000,000	n/d	10/02/2012	10/02/2012	Floating Rate	EUR3 + 25 bps	n/d
CH0115208511	n/d	CHF	135,000,000	n/d	22/07/2012	22/07/2012	Floating Rate	EUR3 + 20 bps	n/d
AT0000136742	n/d	EUR	17,078	n/d	01/08/2012	01/08/2012	Floating Rate	SMR + 0 bps	n/d
AT000B008206	n/d	EUR	6,000,000	n/d	20/02/2013	20/02/2013	Fixed Rate	3.100%	n/d
CH0027558532	n/d	CHF	400,000,000	n/d	22/05/2013	22/05/2013	Fixed Rate	2.500%	n/d
XS0537759267	n/d	EUR	750,000,000	n/d	01/09/2013	01/09/2013	Fixed Rate	1.625%	n/d
AT000B008255	n/d	EUR	10,000,000	n/d	22/11/2013	22/11/2013	Fixed Rate	2.000%	n/d
QOXDBA015613	n/d	EUR	5,000,000	n/d	31/07/2014	31/07/2014	Fixed Rate	2.605%	n/d
AT000B008354	n/d	EUR	5,000,000	n/d	31/03/2015	31/03/2015	Fixed Rate	3.095%	n/d
CH0029567614	n/d	CHF	200,000,000	n/d	10/12/2015	10/12/2015	Fixed Rate	2.750%	n/d
XS0486086712	n/d	EUR	10,000,000	n/d	15/02/2016	15/02/2016	Fixed Rate	2.750%	n/d
AT000B008305	n/d	EUR	5,700,000	n/d	18/02/2016	18/02/2016	Floating Rate	EUR3 + 0 bps	n/d
AT000B008313	n/d	EUR	11,000,000	n/d	21/02/2016	21/02/2016	Fixed Rate	3.125%	n/d
XS0508117198	n/d	EUR	10,000,000	n/d	12/05/2016	12/05/2016	Fixed Rate	2.760%	n/d
XS0432079381	n/d	EUR	1,087,000,000	n/d	08/06/2016	08/06/2016	Fixed Rate	4.250%	n/d
QOXDBA014962	n/d	EUR	30,000,000	n/d	15/11/2016	15/11/2016	Fixed Rate	2.665%	n/d
AT000B008370	n/d	EUR	10,000,000	n/d	18/05/2017	18/05/2017	Floating Rate	EUR3 + 0 bps	n/d
CH0031810242	n/d	CHF	200,000,000	n/d	09/07/2017	09/07/2017	Fixed Rate	3.250%	n/d
AT000B008289	n/d	EUR	25,000,000	n/d	28/11/2017	28/11/2017	Fixed Rate	3.080%	n/d
AT0000134762	n/d	EUR	11,773	n/d	15/01/2018	15/01/2018	Fixed Rate	8.625%	n/d
QOXDBA016223	n/d	EUR	2,500,000	n/d	01/02/2018	01/02/2018	Fixed Rate	3.630%	n/d
AT000B008024		EUR	16,450,000	n/d	04/02/2018	04/02/2018	Fixed Rate	4.320%	n/d
AT0000134770		EUR	259,369	n/d	15/02/2018	15/02/2018	Fixed Rate	7.500%	n/d
AT0000134788	n/d	EUR	223,396	n/d	15/02/2018	15/02/2018	Fixed Rate	8.000%	n/d
AT0000134788	n/d	EUR	3,714,675	n/d	01/04/2018	01/04/2018	Fixed Rate	0.000%	n/d
AT0000134796		EUR	145,346	n/d	30/06/2018	30/06/2018	Fixed Rate	7.000%	n/d
AT0000134804	n/d	EUR	626,803	n/d	30/06/2018	30/06/2018	Fixed Rate	7.250%	n/d
QOXDBA016355	n/d	EUR			14/10/2018	14/10/2018	Fixed Rate	3.830%	n/d
AT0000134820	n/d	EUR	5,000,000 28,996	n/d	30/10/2018	30/10/2018	Fixed Rate	7.875%	n/d
		EUR			10/02/2019	10/02/2019	Fixed Rate	4.655%	
QOXDBA005895 QOXDBA005960	n/d		15,000,000	n/d					n/d
	n/d	EUR	20,000,000	n/d	10/02/2019	10/02/2019	Fixed Rate	4.650%	n/d
AT000B008040	n/d	EUR	3,584,555	n/d	15/02/2019	15/02/2019	Fixed Rate	0.000%	n/d
AT000B008214	n/d	EUR	25,500,000	n/d	27/02/2019	27/02/2019	Fixed Rate	4.550%	n/d
AT000B008347	n/d	EUR	15,000,000	n/d	31/03/2019	31/03/2019	Fixed Rate	3.850%	n/d
XS0490603270	n/d	EUR	15,000,000	n/d	03/04/2019	03/04/2019	Fixed Rate	2.760%	n/d
AT0000134861	n/d	EUR	174,197	n/d	24/07/2019	24/07/2019	Fixed Rate	6.750%	n/d
AT000B008131	n/d	EUR	7,627,559	n/d	31/07/2019	31/07/2019	Fixed Rate	0.000%	n/d
AT000B008123	n/d	EUR	5,777,483	n/d	28/11/2019	28/11/2019	Fixed Rate	0.000%	n/d
AT000B008321	n/d	EUR	10,000,000	n/d	08/03/2020	08/03/2020	Fixed Rate	3.850%	n/d
QOXDBA003973	n/d	EUR	10,000,000	n/d	09/09/2020	09/09/2020	Fixed Rate	5.265%	n/d
AT0000137823	n/d	EUR	76,306	n/d	17/11/2020	17/11/2020	Fixed Rate	5.500%	n/d
QOXDBA015084	n/d	EUR	20,000,000	n/d	19/11/2020	19/11/2020	Fixed Rate	3.420%	n/d
QOXDBA015548	n/d	EUR	5,000,000	n/d	17/01/2021	17/01/2021	Fixed Rate	3.850%	n/d
XS0580561545	n/d	EUR	999,996,402	n/d	19/01/2021	19/01/2021	Fixed Rate	4.000%	n/d
QOXDBA016231	n/d	EUR	3,000,000	n/d	01/02/2021	01/02/2021	Fixed Rate	4.040%	n/d
QOXDBA016215	n/d	EUR	100,000,000	n/d	03/02/2021	03/02/2021	Fixed Rate	4.040%	n/d
QOXDBA016280	n/d	EUR	60,000,000	n/d	23/02/2021	23/02/2021	Fixed Rate	4.000%	n/d
AT000B008339	n/d	EUR	10,000,000	n/d	28/03/2021	28/03/2021	Floating Rate	EUR3 + 0 bps	n/d



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