

## Erste Group successfully issues EUR 1.0 bn mortgage covered bond

02.02.2012

**Large appetite for mortgage covered bond offering: total orders amounted to EUR 2.0 bn from over 100 investors**

**Well-diversified order book with strong participation from funds, insurance, banks and central banks investors in 16 countries**

Erste Group Bank AG („Erste Group“) successfully opened the 2012 market for Austrian issuers with a 10-year EUR 1.0 bn mortgage covered bond (Austrian Hypothekendarlehenpfandbrief).

The issue due February 2022 carries a coupon of 3.50% and was priced at a re-offer price of 99.635 % and a yield of 3.544%. Good demand from investors in Germany (56%), Austria (24%) and other 14 countries triggered a double over-subscription of EUR 2.0 bn and allowed to price the offering at mid-swaps + 130 bps. The distribution by investor type was well diversified, comprising funds (45%), banks (22%), central banks (17%) and insurance (15%).

Erste Group's mortgage cover pool, amounting to EUR 7.7 bn, has continuously expanded since 2007 and is rated Aaa by Moody's. 94% of the cover pool assets are originated in Austria.

*„Due to its solid business model, Erste benefits from an excellent funding mix and its liquidity base is one of the most comfortable among European banks. The current Pfandbrief issue is part of our strategy to continue to extend the maturity profile of our funding. Our long-term funding needs are limited and for 2012 we are confident we can cover them with our cover pool,“* stated Franz Hochstrasser, Deputy CEO of Erste Group.

Erste Group executed three successful benchmark issues in 2011 – two Pfandbrief bonds and one senior unsecured bond – amounting to a total of EUR 2.5 bn. The group's funding mix consists of primarily customer deposits (current loan/deposit ratio 111.2%), short-term funding covered by collateral (132.8%) and long-term funding ensured by covered bonds and senior unsecured bonds.