

Creditreform Covered Bond Rating

Erste Group Bank AG

Mortgage Covered Bond Program



Rating Object

| | | | |
|--|----------------------|---------------------------|-------------------|
| Country Issuer | Austria | Repayment method | Hard Bullet |
| Cover pool asset class | Mortgage | | Min (2,00%) |
| Legal framework | Mortgage Banking Act | Overcollateralization | Current (28,27%) |
| Nominal value | EUR 11.570,45 m. | | Committed (2,00%) |
| Cover pool value | EUR 14.841,77 m. | | Fix (78,61%) |
| WAL maturity covered bonds | 5,70 (Years) | Covered bonds coupon type | Floating (21,39%) |
| WAL maturity cover pool | 9,00 (Years) | | Other (0,00%) |
| Cut-off date Covered Pool Information: | | 30.06.2019 | |

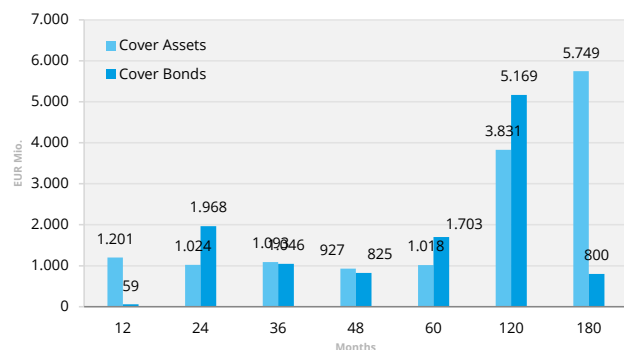
Rating Overview

| Rating Summary | | Credit Risk Metrics | |
|--|---------------------|-----------------------------------|------------|
| Issuer | Erste Group Bank AG | Metrics date | 11.01.2019 |
| LT Issuer Rating | A- | Rating Case Default Rate | 55,53% |
| ST Issuer Rating | L2 | Rating Case Recovery Rate | 80,04% |
| +Legal and regulatory framework analysis | +4 Notches | Expected Loss | 11,08% |
| +Liquidity and refinancing risk | +1 Notch | Rating Case Breakeven OC | 15,26% |
| = Rating after 1st uplift | AA+ | Program Key Counterparties | |
| Cover Pool & cash flow analysis | AAA | Servicer | NA |
| + 2nd rating uplift | +1 Notch | Account Bank | NA |
| Rating covered bond program / Outlook | AAA / Stable | Sponsor | NA |

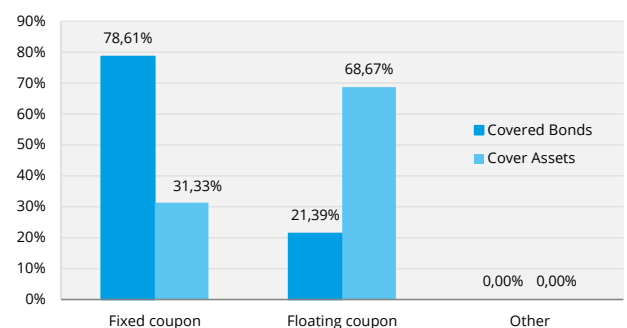
Cover Assets Composition

| General Information | | Property Type | |
|-------------------------------|------------------|---------------------------------------|-----------------|
| Cover Pool Balance | EUR 14.841,77 m. | Residential | EUR 8.611,42 m. |
| Average Seasoning | NA | Commercial | EUR 5.990,35 m. |
| Total number of exposures | 91.459 | Other | EUR 0,00 m. |
| Distribution by type of asset | | Distribution by Loan size | |
| Mortgages | EUR 14.601,77 m. | Number of Commercial Loans | 13.741 |
| Public Sector | EUR 0,00 m. | Number of Residential Loans | 77.718 |
| Shipping | EUR 0,00 m. | Average Size Commercial Loans (000s) | 436 |
| Substitute Assets | EUR 75,00 m. | Average Size Residential Loans (000s) | 111 |
| Other | EUR 165,00 m. | | |

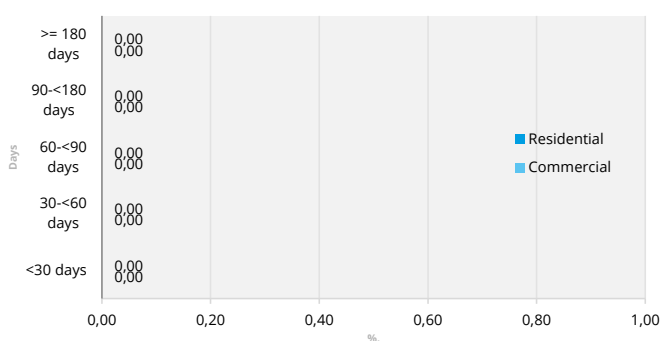
Asset-liability Profile



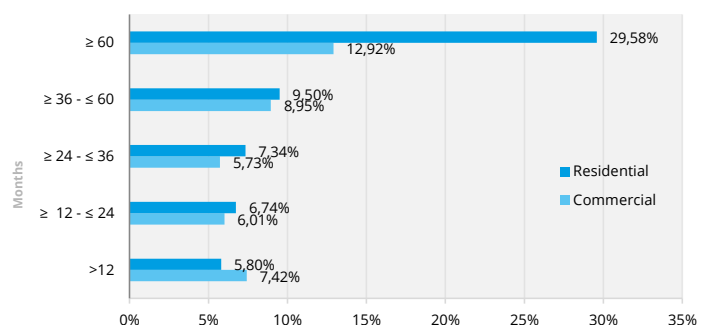
Interest Rate



Arrears Distribution



Seasoning Distribution



Creditreform Covered Bond Rating

Erste Group Bank AG

Mortgage Covered Bond Program

Creditreform 
Rating

| LTV Distribution Commercial Loans | | | LTV Distribution Residential Loans | | |
|-----------------------------------|---------|---------|------------------------------------|----------|---------|
| LTV | Nominal | % Loans | LTV | Nominal | % Loans |
| >0 - <=40 % | 1638,33 | 27,35% | >0 - <=40 % | 2.329,70 | 27,05% |
| >40 - <=50 % | 750,75 | 12,53% | >40 - <=50 % | 1.209,35 | 14,04% |
| >50 - <=60 % | 1125,13 | 18,78% | >50 - <=60 % | 1.267,72 | 14,72% |
| >60 - <=70 % | 725,22 | 12,11% | >60 - <=70 % | 1.118,39 | 12,99% |
| >70 - <=80 % | 543,13 | 9,07% | >70 - <=80 % | 887,27 | 10,30% |
| >80 - <=90 % | 372,81 | 6,22% | >80 - <=90 % | 673,51 | 7,82% |
| >90 - <=100 % | 193,84 | 3,24% | >90 - <=100 % | 436,65 | 5,07% |
| >100% | 641,15 | 10,70% | >100% | 688,83 | 8,00% |

| Currency Distribution | | | Loan Distribution by Regions (as % of total Mortgages) | | |
|-----------------------|---------------|--------------|--|---------------------|--------------------|
| Currency | Covered Bonds | Cover Assets | Region | % Residential Loans | % Commercial Loans |
| EUR | 11.390,35 m. | 13.897,22 m. | Vienna | 14,29% | 15,86% |
| AUD | 0,00 m. | 0,00 m. | Lower Austria | 15,06% | 4,45% |
| BRL | 0,00 m. | 0,00 m. | Upper Austria | 3,87% | 1,30% |
| CAD | 0,00 m. | 0,00 m. | Salzburg | 4,79% | 3,77% |
| CHF | 180,10 m. | 944,55 m. | Tyrol | 5,39% | 3,60% |
| CZK | 0,00 m. | 0,00 m. | Styria | 6,74% | 6,83% |
| DKK | 0,00 m. | 0,00 m. | Carinthia | 4,88% | 2,23% |
| GBP | 0,00 m. | 0,00 m. | Burgenland | 1,83% | 0,56% |
| HKD | 0,00 m. | 0,00 m. | Voralberg | 1,53% | 0,73% |
| JPY | 0,00 m. | 0,00 m. | | | |
| KRW | 0,00 m. | 0,00 m. | | | |
| NOK | 0,00 m. | 0,00 m. | | | |
| PLN | 0,00 m. | 0,00 m. | | | |
| SEK | 0,00 m. | 0,00 m. | | | |
| SGD | 0,00 m. | 0,00 m. | | | |
| USD | 0,00 m. | 0,00 m. | | | |
| Other | 0,00 m. | 0,00 m. | | | |

| Swap Counterparties | | |
|---------------------|---------------------|-----|
| Name | Type of arrangement | LEI |
| NA | NA | NA |
| NA | NA | NA |
| NA | NA | NA |
| Swap Agreements | | |
| Interest Rate Swap | | NA |
| Currency Swap | | NA |

ISIN Lists

| Issuer | ISIN | Coupon Type | Coupon Rate (%) | Issue date | Maturity date |
|---------------------|--------------|-------------|--------------------|------------|---------------|
| Erste Group Bank AG | AT0000A192J8 | Fix | 1,50 | 01.08.2014 | 01.08.2024 |
| Erste Group Bank AG | AT0000A286M2 | Floating | EIEUR3M + 0.08 | 09.05.2019 | 09.05.2024 |
| Erste Group Bank AG | AT0000A17ZZ3 | Floating | EIEUR3M | 21.05.2014 | 21.05.2027 |
| Erste Group Bank AG | XS1807495608 | Fix | 0,63 | 17.04.2018 | 17.04.2026 |
| Erste Group Bank AG | AT0000A16TM6 | Floating | EIEUR3M + 0.2 | 25.03.2014 | 25.03.2024 |
| Erste Group Bank AG | AT000B120340 | Fix | 2,13 | 19.12.2013 | 19.12.2023 |
| Erste Group Bank AG | XS1346557637 | Fix | 0,63 | 19.01.2016 | 19.01.2023 |
| Erste Group Bank AG | AT000B008362 | Fix | 4,00 | 26.04.2011 | 26.04.2021 |
| Erste Group Bank AG | AT0000A17ZX8 | Floating | EIEUR3M | 21.05.2014 | 21.05.2024 |
| Erste Group Bank AG | AT0000A191G6 | Fix | 1,43 | 28.07.2014 | 28.07.2024 |
| Erste Group Bank AG | AT0000A286W1 | Fix | 0,88 | 15.05.2019 | 15.05.2034 |
| Erste Group Bank AG | AT0000A1LLC8 | Floating | EIEUR3M | 27.06.2016 | 28.09.2026 |
| Erste Group Bank AG | XS0580561545 | Fix | 4,00 | 20.01.2011 | 20.01.2021 |
| Erste Group Bank AG | AT0000A1AKL4 | Fix | 1,00 | 13.11.2014 | 13.05.2024 |
| Erste Group Bank AG | AT000B008321 | Fix | 3,85 | 09.03.2011 | 09.03.2020 |
| Erste Group Bank AG | XS1750974658 | Fix | 0,75 | 17.01.2018 | 17.01.2028 |
| Erste Group Bank AG | AT0000A18XH4 | Fix | 2,15 | 17.07.2014 | 30.12.2029 |
| Erste Group Bank AG | XS1288539874 | Fix | 0,38 | 09.09.2015 | 09.09.2020 |
| Erste Group Bank AG | AT000B008396 | Floating | EIEUR3M + 0.49 | 08.09.2011 | 27.12.2019 |
| Erste Group Bank AG | AT0000A192G4 | Fix | 1,09 | 01.08.2014 | 01.08.2022 |
| Erste Group Bank AG | XS1181448561 | Fix | 0,75 | 05.02.2015 | 05.02.2025 |
| Erste Group Bank AG | XS0743547183 | Fix | 3,50 | 08.02.2012 | 08.02.2022 |
| Erste Group Bank AG | AT000B008248 | Fix | 4,41 | 21.04.2010 | 21.04.2030 |
| Erste Group Bank AG | AT000B008339 | Floating | 0.8975 * EURSWE10Y | 29.03.2011 | 29.03.2021 |
| Erste Group Bank AG | AT0000A17ZV2 | Floating | EIEUR3M | 21.05.2014 | 21.05.2026 |
| Erste Group Bank AG | XS1845161790 | Fix | 0,25 | 26.06.2018 | 26.06.2024 |
| Erste Group Bank AG | XS1550203183 | Fix | 0,63 | 18.01.2017 | 18.01.2027 |

Data Definitions

The data is presented with a cut-off date. Following the clarification regarding the source of information:
 Issuer: Issuer source of information are all available public information, i.e. Investor Reports, Harmonised Transparency Templates "HTT", National Transparency Templates "NTT", Prospectus etc. Not reported or non available information will be labeled as "NA".

| Field Name | Source | Definition |
|---|---------|--|
| Cover pool asset class | Issuer | The asset type in the cover pool (public sector assets or mortgage assets) |
| Legal framework | CRA | The set of legislative and regulatory rules of the respective jurisdiction that regulates the covered bonds (CB) program |
| Nominal value | Issuer | The total amount of outstanding covered bonds as of cut-off date expressed in millions |
| Cover pool value | Issuer | Aggregate value of all assets in the cover pool as of cut-off date expressed in millions |
| WAL maturity covered bonds | Issuer | The weighted average remaining maturity of all outstanding covered bonds in years |
| WAL maturity cover pool | Issuer | The weighted average remaining maturity of all outstanding covered assets in years |
| Repayment method | Issuer | Hard Bullet: Covered bonds are repaid on the maturity date which cannot be extended Soft Bullet: The maturity date of the covered bonds can be extended by a fixed period Conditional pass-through (CPT): Covered bonds with a scheduled maturity date, and an extension mechanism defined by certain conditions |
| Overcollateralization | Issuer | Current OC: The proportion of cover assets that exceeds the proportion of currently outstanding covered bonds, calculated as $(\text{Cover pool value} / \text{outstanding covered bonds} - 1) * 100$ Min OC: The OC level that the issuer must maintain according to the respective CB legislation Committed OC: The minimum OC level that the issuer has committed to maintain |
| Covered bonds coupon type | Issuer | Type of interest rate paid on covered bonds, expressed as a percentage of bond's face value |
| LT Issuer Rating | CRA | Long-term ratings assess the default risks for each category of a bank's financial instruments with a residual term-to-maturity of more than one year |
| ST Issuer Rating | CRA | Short-term ratings assess the default risks for each category of a bank's financial instruments with a residual term-to-maturity of less than one year |
| Legal and regulatory framework analysis | CRA | A qualitative assessment of legislative and regulatory rules of the covered bonds program |
| Liquidity and refinancing risk | CRA | A qualitative assessment of regulatory requirements for liquidity and refinancing risk of the covered bonds program |
| First rating uplift | CRA | The rating after adding up the notches from Legal and regulatory framework analysis and Liquidity and refinancing risk with LT Issuer rating |
| Cover pool and cash flow analysis | CRA | The quantitative assessment of the cover assets and covered bonds at different rating-level stressed scenarios |
| Second rating uplift | CRA | The rating after adding up the notches from cash-flow analysis with 1st rating uplift (only effective if the rating from cash-flow analysis is higher than the 1st rating uplift) |
| Metrics date | CRA | The date on which CRA assigned the initial / follow-up rating of the covered bond program |
| Rating Case Default Rate (RDR) | CRA | Stressed default rate of the cover assets represented by the base case stressed scenario |
| Rating Case Recovery Rate (RRR) | CRA | Stressed recovery rate of the defaulted assets represented by the base case stressed scenario |
| Expected Loss | CRA | Stressed loss rate of the cover assets represented by the base case stressed scenario. The expected loss rate has been calculated as $[\text{RDR} * (1 - \text{RRR})]$ [%] |
| Rating Case Breakeven OC | CRA | The required stressed OC level compatible with the base case rating |
| Average Seasoning | Issuer | Average length of the loans from the origination date to the cut-off date in months |
| Loan Size | Issuer | Average size of the loans (i.e. Total value of cover assets / Number of loans) |
| LTV | Issuer | The loan-to-value (LTV) is the ratio of a loan to the value of the property securing the loan |
| LEI | CRA | Legal Entity Identifier (LEI) enables unique identification of legal entities in financial transactions |
| Arrears Distribution | Issuer | The distribution of arrears of the cover assets with respect to each asset class |
| Seasoning Distribution | Issuer | The distribution of seasoning of the cover assets with respect to each asset class |
| Asset liability Profile | CRA | The maturity structure of the cover assets and liabilities |
| % Residential Loans | Issuer | Outstanding value of loans that are secured by the residential property expressed as % of total outstanding loans in the cover pool |
| % Commercial Loans | Issuer | Outstanding value of loans that are secured by the commercial property expressed as % of total outstanding loans in the cover pool |
| Fixed Coupon | Issuer | All assets and liabilities in the covered bond program that yield a fixed interest rate |
| Floating Coupon | Issuer | All assets and liabilities in the covered bond program that have variable interest rates |
| EIEURxM | Reuters | Euro x Month EURIBOR |
| EURSWExY | Reuters | Euro x Year Interest Rate Swap Fixing |

Disclaimer

© Creditreform Rating AG, 2019. This report is protected by copyright. Any commercial use is prohibited without prior written permission from Creditreform Rating AG. Only the full report may be published in order to prevent distortion of the report's overall assessment. Excerpts may only be used with the express consent of Creditreform Rating AG. Publication of the report without the consent of Creditreform Rating AG is prohibited. Only ratings published on the Creditreform Rating AG web pages remain valid.

We have assumed that the publicly available information, and the documents and information provided to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Therefore, Creditreform does not and cannot independently verify or validate information in every instance during the rating process. Further, Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. The information in this report and in other types of credit opinions by Creditreform are provided "as is" without representation or warranty of any kind. This rating is therefore no statement of fact, but an opinion. No representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information is made by Creditreform in any form or manner whatsoever. For this reason, Creditreform Rating AG or its directors, officers, employees, independent contractors, agents, representatives, licensors or suppliers cannot be held liable for the consequences of decisions made on the basis of any of their ratings or assumptions and assessments expressed in this report. Neither should ratings, assumptions or assessments expressed in this report, be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings or assumptions and assessments expressed in this report are not meant to be used as substitutes for one's own research, inquiries and own assessments.

ANY RATING PERFORMED BY CREDITREFORM RATING AG IS SUBJECT TO THE CREDITREFORM RATING AG CODE OF CONDUCT, WHICH HAS BEEN PUBLISHED ON THE WEB PAGES OF CREDITREFORM RATING AG. IN THIS CODE OF CONDUCT, CREDITREFORM RATING AG COMMITS ITSELF – SYSTEMATICALLY AND WITH DUE DILIGENCE – TO ESTABLISH ITS INDEPENDENT AND OBJECTIVE OPINION AS TO THE SUSTAINABILITY, RISKS AND OPPORTUNITIES CONCERNING THE ENTERPRISE OR THE ISSUE UNDER REVIEW.