

Rating Action:

Moody's announces bank rating actions for Austria resulting from implementation of JDA and BFSR methodologies

New York, April 20, 2007 -- Moody's Investors Service today published the rating results for banks in Austria as part of the application of its refined joint default analysis (JDA) and updated bank financial strength rating (BFSR) methodologies.

BFSRs evaluate the stand-alone or intrinsic financial strength of banks without reference to external support factors. BFSRs are the starting point of Moody's bank credit analysis, and are an important determinant of Moody's bank deposit and debt ratings.

Moody's then uses its JDA methodology to incorporate the potential for external support into a bank's local currency deposit rating. The potential for external support can reduce the riskiness of a bank's deposit and debt obligations; however, such support is often uncertain. Moody's uses conservative support assumptions and a limited number of support levels to ensure that sufficient weight is given to a bank's intrinsic financial strength in its bank deposit and debt ratings.

Moody's uses deposit ratings to determine bank debt ratings based on its notching guidelines for bank securities. Ratings for foreign currency obligations are determined after considering Moody's country ceilings for foreign currency ratings.

The methodologies are being implemented country by country, with results being announced on a weekly basis. Results for those banks with a parent bank located in another country where the methodologies have not yet been implemented will be concluded at the same time as the parent.

The largest debt rating upgrade compared to pre-JDA levels was for Bank Austria Creditanstalt AG, whose debt rating increased by three notches to Aa2 from A2 due to the very high probability of support from both its parent Unicredit and via potential systemic support, despite a one notch downgrade of its BFSR to C+.

This press release lists the names of issuers in Austria whose ratings have been changed, affirmed, or put on review. Deposit ratings are listed for those banks whose deposit ratings have changed. To view all ratings changes and other documents explaining Moody's bank rating methodologies, please go to www.moody.com/JDABanks.

Below is a list of banks whose deposit ratings have been upgraded:

Bank Austria Creditanstalt AG: Deposits to Aa2 from A2

Erste Bank der oest. Sparkassen AG: Deposits to Aa3 from A1

Investkredit Bank AG: Deposits to A1 from A2

Kommunalkredit Austria AG: Deposits to Aa2 from Aa3

Oesterreichische Volksbanken AG: Deposits to Aa3 from A2

Raiffeisen Zentralbank Oesterreich AG: Deposits to Aa2 from A1

Raiffeisenlandesbank Oberoesterreich AG: Deposits to Aa3 from A1

Below is a list of banks whose deposit ratings have been affirmed:

Dexia Kommunalkredit Bank

Hypo Alpe-Adria-Bank International AG

Hypo Tirol Bank AG

Vorarlberger Landes- und Hypothekenbank

Below is a list of banks whose deposit ratings are on review:

BAWAG P.S.K.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the Bank Financial Strength Rating as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, Moody's Global Local Currency Bank Deposit Ratings are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to local currency deposit obligations, and includes: intrinsic financial strength and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to a high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be reminded that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating for the same class of obligation. In a similar way to foreign currency deposit ratings, foreign currency debt obligations may also be constrained by the country ceiling for foreign currency bonds and notes, however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

National Scale Rating

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. An Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

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