

**Announcement: Moody's: No rating impact on Kommunalkredit Austria's covered bonds following programme update**

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**Global Credit Research - 17 Nov 2010**

Frankfurt am Main, November 17, 2010 -- Moody's Investors Service has today announced that the programme update for the EUR 2bn Debt Issuance Programme of Kommunalkredit Austria established in November 2010, in and of itself, does not result in a reduction or withdrawal of the current Aa1 on review for possible downgrade rating of the public-sector covered bonds (Fundierte Bankschuldverschreibungen) issued by Kommunalkredit Austria. This announcement addresses only the credit risks associated with the transaction, and does not address any other type of risk or aspect of the proposed change that may be relevant to investors.

The principal methodology used in rating the transaction were "Moody's Rating Approach to Covered Bonds" published in March 2010. All can be found on [www.moodys.com](http://www.moodys.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issue can also be found in the Rating Methodologies sub-directory on Moody's website. In addition, Moody's publishes a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at [www.moodys.com/SFQuickCheck](http://www.moodys.com/SFQuickCheck)

The Aa1 on review for possible downgrade rating assigned to the existing covered bonds is expected to be assigned to all subsequent covered bonds issued by the issuer under this programme and any future rating actions are expected to affect all such covered bonds. Should there be any exceptions to this, Moody's will in each case publish details in a separate press release.

The rating assigned by Moody's addresses the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

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