

**Rating Action: Hypo Alpe-Adria-Bank International AG**

**Moody's assigns non-guaranteed ratings for three Austrian public-sector banks**

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London, 28 March 2007 -- Moody's Investors Service today assigned non-guaranteed ratings for three Austrian Landes-Hypothekenbanken. These ratings relate to the future senior unsecured liabilities of these banks without "grandfathering" provisions -- i.e. those liabilities incurred after 1 April 2007, or those incurred after 2 April 2003 but maturing after 30 September 2017. The agency will not assign non-guaranteed ratings for Pfandbriefstelle der Oesterreichischen Landes-Hypothekenbanken.

The non-guaranteed ratings are as follows:

Hypo Alpe-Adria-Bank International AG:

Senior Unsecured A2

Subordinated A3

Short-term P-1

Outlook stable

Vorarlberger Landes- und Hypothekenbank AG:

Senior Unsecured Aa1

Subordinated Aa2

Short-term P-1

Outlook stable

Hypo Tirol Bank AG:

Senior Unsecured Aa1

Subordinated Aa2

Short-term P-1

Outlook stable

Commenting on the ratings for the Landes-Hypothekenbanken, Moody's said that the main analytical drivers are the respective public-sector bank's intrinsic credit strength, reflected in its BFSR, and the level of ownership and the availability of implicit support from the Austrian states that Moody's expects once the explicit guarantees no longer apply. In the case of the covered bond institution Pfandbriefstelle der Oesterreichischen Landes-Hypothekenbanken, the decision not to assign non-guaranteed ratings reflects the institution's future business model which will focus on covered bond issuance.

Moody's added that the new non-guaranteed ratings for the Landes-Hypothekenbanken do not incorporate its joint default analysis (JDA) methodology, which has not yet been extended to banks in Austria.

Further details on each of the ratings follow:

Hypo Alpe-Adria-Bank International AG's A2 non-guaranteed rating is based on the bank's 44.91% ownership by the State of Carinthia, which also serves as guarantor for the bank's grandfathered obligations. The non-guaranteed rating reflects the bank's less than majority ownership by the state, as well as the low D-

BFSR. The latter incorporates Moody's concern regarding weaknesses in Hypo Alpe Adria's corporate governance and risk management and the heightened business and financial risks associated with the bank's rapid expansion in Southeastern Europe.

Vorarlberger Landes- und Hypothekbank AG's Aa1 non-guaranteed rating is based on the bank's majority ownership by the Austrian State of Vorarlberg and the state's strong implicit support for the bank. The Aa1 non-guaranteed rating is one notch below Hypo Vorarlberg's "backed" rating and reflects the bank's satisfactory financial profile as indicated by the current C BFSR.

With respect to Hypo Tirol Bank, the Aa1 non-guaranteed rating reflects the Austrian State of Tirol's commitment to maintain its 100% ownership of Hypo Tirol, as well as the important role that the bank plays in Tirol's strong regional economy. The Aa1 rating is also supported by the bank's stable retail and commercial franchise and the satisfactory financial profile, which together support Hypo Tirol's C BFSR.

Finally, Moody's will not assign non-guaranteed ratings for Pfandbriefstelle der Oesterreichischen Landes-Hypothekbanken as the institution's future business model will focus on covered bond issuance. Grandfathered obligations of Pfandbriefstelle will continue to benefit from statutory joint and several guarantees from Pfandbriefstelle's member banks and their respective Austrian states as reflected in the grandfathered Aaa ratings.

Hypo-Alpe-Adria Bank International AG is based in Klagenfurt, Austria and reported total assets of €24.2bn at year-end 2005. Vorarlberger Landes- und Hypothekbank AG is based in Bregenz, Austria and reported total assets of €9.5bn as of end-Sept. 2006. Hypo Tirol Bank AG is based in Innsbruck, Austria and reported total assets of €10bn as of year-end 2005. Pfandbriefstelle der Oesterreichischen Landes-Hypothekbanken is based in Vienna, Austria and reported assets of €9.8bn at year-end 2005.

London  
Antonio Carballo  
Managing Director  
Financial Institutions Group  
Moody's Investors Service Ltd.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

London  
Peter Burbank  
Vice President - Senior Analyst  
Financial Institutions Group  
Moody's Investors Service Ltd.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

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