



Fitch Affirms HETA's Government-Guaranteed Tier 2 Notes at 'AA+'

Fitch Ratings-Frankfurt/London-18 December 2018: Fitch Ratings has affirmed HETA Asset Resolution AG's EUR1 billion government-guaranteed Tier 2 subordinated notes (XS0863484035) maturing in 2022 at 'AA+'.

KEY RATING DRIVERS

The notes' rating is equalised with Austria's Long-Term Issuer Default Rating (AA+/Positive), based on Fitch's expectation that the Austrian government will continue to honour its unconditional and irrevocable guarantee to the noteholders. The Republic of Austria guarantees the "due and punctual" payment of all obligations payable by HETA under the notes.

In April 2016, the Austrian Financial Market Authority imposed a bail-in of HETA's senior unsecured and subordinated liabilities, including the sovereign-guaranteed notes, as part of HETA's resolution in accordance with the Federal Act on the Recovery and Resolution of Banks, which transposes the EU's Bank Recovery and Resolution Directive in Austria.

The Republic of Austria was called under the subordinated notes' guarantee and has since continued to ensure full and punctual payment of all amounts due. Fitch believes the government has little incentive not to honour its guarantee as doing so would probably severely and durably damage its own standing in the capital markets.

RATING SENSITIVITIES

The notes' rating is sensitive to changes in Austria's sovereign rating. The rating of the notes is also sensitive to timely execution of the payments from the sovereign.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018) (<https://www.fitchratings.com/site/re/10044408>)

Additional Disclosures

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