

Rating Action: HYPO ALPE ADRIA BANK INTL AG PUBLIC SECTOR PFANDBRIEFE

Moody's reviews Hypo Alpe Adria International's Aaa covered bond rating for possible downgrade

Frankfurt, November 12, 2008 -- Moody's Investors Service has today placed on review for possible downgrade the Aaa rating of the Austrian public-sector covered bonds (Kommunalschuldverschreibungen) issued by Hypo Alpe Adria International AG ("HAAI" or the Issuer), which do not qualify for grandfathering under a guarantee obligation by the State of Carinthia.

The review has been prompted by Moody's reviewing HAAI's A2 long-term debt ratings and short-term Prime-1 ratings for possible downgrade, which has been prompted by the recent news that Hypo Alpe-Adria is looking to receive support from its shareholders and/or the Austrian Government via the Austrian financial market's support package (see also separate press release dated November 11, 2008).

The vast majority of Moody's covered bond ratings are determined by Moody's expected loss analysis. This relies on both the credit strength of the HAAI and the value of the Cover Pool.

If HAAI's long-term rating is downgraded, Moody's will review the impact on the expected loss of the transaction. During this review, Moody's may also take into consideration any additional support that may be added to the Covered Bonds and further information provided on the cover pool supporting the Covered Bonds.

A covered bond rating may be also constrained by timely payment considerations. Moody's currently has a Timely Payment Indicator (TPI) of "High" for HAAI's covered bond programme.

Moody's analyses and monitors the programme using the rating methodology for EMEA covered bond transactions as described in the Rating Methodology reports, "Moody's Rating Approach to European Covered Bond", published in June 2005, "Timely Payment in Covered Bonds following Sponsor Bank Default", published in March 2008, and "Assessing Swaps as Hedges in the Covered Bond Market", published in September 2008.

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.

The last rating action on Hypo Alpe-Adria International's covered bond ratings was on November 2, 2005 when the ratings have been assigned.

Hypo Alpe-Adria-Bank International AG, headquartered in Carinthia, Austria, had total assets of EUR41.2 billion at end-June 2008.

Madrid
Juan Pablo Soriano
Managing Director
Structured Finance Group
Moody's Investors Service Espana, S.A.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Frankfurt
Joerg Homey
Asst Vice President - Analyst
Structured Finance Group
Moody's Deutschland GmbH
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

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