



Rating Action: Moody's withdraws KA Finanz's bank ratings and affirms debt-guaranteed ratings

Global Credit Research - 07 Jun 2010

Frankfurt, June 07, 2010 -- Moody's Investors Service has today withdrawn the Baa3/Prime-3/E ratings of KA Finanz AG, Austria, (KA Finanz) as well as the Ba1/Not-Prime/E ratings of its subsidiary Kommunalkredit International Bank Ltd., Cyprus, (KIB), both for business reasons. Please also refer to Moody's withdrawal policy on www.moody.com.

Before the rating withdrawal, the outlook on the E stand-alone bank financial strength ratings (BFSR) was stable, and the outlook on the long-term debt and deposit ratings was negative for both entities. The E BFSRs translated to Caa3 on Moody's long-term scale.

Moody's affirmed the Aaa rating on the debt guaranteed by the Republic of Austria with a stable outlook; this rating is not being withdrawn.

The following ratings were withdrawn:

KA Finanz AG:

- BFSR: E, stable outlook
- Long-term bank debt and deposits: Baa3, negative outlook
- Short-term bank debt and deposits: Prime-3
- Subordinated debt: Ba1, negative outlook

Outstanding debt of KA Finanz affected by the rating withdrawal:

XS0140045302

XS0144772927

XS0185015541

AT0000441209

XS0255270380

XS0257275098

XS0267751245

XS0286975973

XS0279423775

Moody's has also withdrawn the rating of several hybrid instruments of KA Finanz which were rated C with a stable outlook:

- Participation capital notes; ISINs: XS0252707624, XS0285503248 ;
- Ergaenzungskapital; ISINs: XS0270579856, XS0284217709;
- Capital notes issued by Kommunalkredit Capital I Limited; ISIN: DE000A0DHT43

Kommunalkredit International Bank Ltd:

- BFSR: E, stable outlook
- Long-term bank debt and deposits: Ba1, negative outlook
- Short-term bank debt and deposits: Not-Prime

KIB has no debt outstanding affected by the rating withdrawals.

Moody's most recent rating action on these credits was implemented on 2 December 2009, when Moody's downgraded KA Finanz's ratings (the renamed former Kommunalkredit Austria AG and its legal successor) to Baa3 and the ratings of KA Finanz's subsidiary, KIB, to Ba1, and also downgraded various hybrid instruments of KA Finanz. The rating actions followed the break-up of the former Kommunalkredit Austria AG ("old Kommunalkredit") on 28 November 2009.

The principal methodologies used in rating this issuer were "Bank Financial Strength Ratings: A Global Methodology" and "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology", which can be found at www.moody's.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 issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Headquartered in Vienna, Austria, KA Finanz reported total assets of EUR21.4 billion as of 31 December 2009. Headquartered in Limassol, Cyprus, KIB reported total assets of EUR8.9 billion as of 31 December 2009.

Frankfurt
 Dominique Nutolo
 Asst Vice President - Analyst
 Financial Institutions Group
 Moody's Deutschland GmbH
 JOURNALISTS: 44 20 7772 5456
 SUBSCRIBERS: 44 20 7772 5454

Frankfurt
 Carola Schuler
 Managing Director
 Financial Institutions Group
 Moody's Deutschland GmbH
 JOURNALISTS: 44 20 7772 5456
 SUBSCRIBERS: 44 20 7772 5454



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