

Fitch Ratings

Fitch Rates KA Finanz's EUR1bn Government-Guaranteed Senior Notes 'AA+'

Fitch Ratings-Paris/London-07 August 2015: Fitch Ratings has assigned KA Finanz AG's (KF, BBB+/Stable/F2) issue of EUR1bn government-guaranteed senior notes (XS1270771006) maturing in 2020 a final rating of 'AA+'. KF's other ratings are unaffected.

KEY RATING DRIVERS

The rating reflects Fitch's expectation that the Republic of Austria (AA+/Stable) will honour the unconditional, unsubordinated and irrevocable guarantee provided to holders of the notes in a full and timely manner and irrespective of KF's obligations to fulfil its payment obligations under the notes.

According to the guarantee, Austria guarantees the noteholders the "due and punctual" payment of all amounts originally scheduled to be due and payable by KF under the notes. Noteholders can enforce their claims under the guarantee directly against the Republic of Austria without being required to institute legal actions or proceedings against KF first.

Furthermore, Austria's obligations under the guarantee are unaffected by any measure imposed on KF pursuant to the Austrian Bank Recovery and Resolution Act (Bundesgesetz ueber die Sanierung und Abwicklung von Banken - BaSAG) or any equivalent provisions pursuant to the EU's Bank Recovery and Resolution Directive (BRRD). The guarantee has been issued according to Austria's 2008 Financial Markets Stability Act (Finanzmarktstabilitaetsgesetz; FinStaG) and is governed by German law.

As a result, the rating of the notes is aligned with the sovereign rating of Austria.

RATING SENSITIVITIES

The rating of the notes is sensitive to changes in Austria's sovereign rating, which would be reflected in a change of the notes' rating. The rating of the notes is further sensitive to a revision of Fitch's assessment of the sovereign's propensity to honour its obligations under the guarantee. As Fitch expects the Republic of Austria to honour the guarantee for the notes irrespective of the creditworthiness of KF and in a timely manner, the issuer's risk profile does not represent a rating sensitivity for the notes.

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Date of Relevant Rating Committee: 20 July 2015

Additional information is available on www.fitchratings.com

Applicable Criteria

Global Bank Rating Criteria (pub. 20 Mar 2015)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=863501)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
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