Moody's Investors Service

Global Credit Research
Rating Action
27 JAN 2009

Rating Action:

Moody's assigns definitive Aa3 rating to UniCredit Mortgage Bank's Covered Bonds

Frankfurt, January 27, 2009 -- Moody's has assigned definitive long-term ratings of Aa3 to the mortgage bonds ("jelzáloglevél" or "Covered Bonds") issued by UniCredit Jelzalogbank ("UniCredit Mortgage Bank" or the "Issuer") under the Hungarian Mortgage Bank Act. As of the end of June, the total value of the assets in the Cover Pool, consisting of around 9,845 residential mortgage loans, 13 commercial mortgage loans and four government bonds, was about HUF78.5 billion. The mortgage loans are secured by properties in Hungary. The residential mortgage loans have a weighted-average seasoning of 49 months, a weighted-average remaining term of 145 months and a weighted-average loan-to-value (LTV) of 36.2%.

The rating takes into account the following factors:

1) The credit strength of the Issuer

2) The credit quality of the pool of assets (the "Cover Pool") securing the payment obligations under the Covered Bonds in an insolvency scenario of the Issuer.

3) The Hungarian legal framework for Covered Bonds: Under the terms of the Hungarian Mortgage Bank Act, the Issuer is regulated and supervised by the Hungarian Financial Supervisory Authority (HFSA).

4) Moody's relies on 8.5% uncommitted over-collateralisation on a nominal basis.

Moody's has relied on "uncommitted" over-collateralisation over and above that required by the Hungarian covered bond legislation when assigning the ratings for UniCredit Mortgage Bank's Covered Bonds. However, Moody's notes that if the Issuer's credit quality deteriorates below a certain threshold, it would remove from its analysis the benefit of any over-collateralisation that was not "committed".

Moody's considers this transaction, like all existing Covered Bonds, to be linked to the credit strength of the Issuer, particularly from a default probability perspective. If the Issuer's credit strength deteriorates, all other things being equal, the rating of the covered bonds might come under pressure as a result thereof.

If the Issuer's rating or the pool quality deteriorates, the Issuer would have the ability, but not the obligation, to increase the over-collateralisation in the Cover Pool. Failure to increase the level of over-collateralisation under these circumstances could lead to negative rating actions.

The principal methodologies used in rating the transaction were "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. All can be found on www.moodys.com in the Credit Policy & Methodologies directory, within the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issue can also be found in the Credit Policy & Methodologies directory.

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.

To obtain a copy of Moody's New Issue Report on this transaction, please visit Moody's website at www.moodys.com or contact our Client Service Desk in London (+44-20-7772 5454).

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