MOODY'S INVESTORS SERVICE

CREDIT OPINION
21 July 2023

Update

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RATINGS

Raiffeisenlandesbank Niederoesterreich-Wien

Domicile	Vienna, Austria
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Dom Curr
Outlook	Not Assigned
Long Term Debt	A2
Type	Senior Unsecured - Dom Curr
Outlook	Stable
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Bernhard Held, CFA +49.69.70730.973
VP-Sr Credit Officer
bernhard.held@moodys.com

Vasil Mrachkov +49.69.70730.867
Associate Analyst
vasil.mrachkov@moodys.com

Alexander Hendricks, CFA +49.69.70730.779
Associate Managing Director
alexander.hendricks@moodys.com

» Contacts continued on last page

Raiffeisenlandesbank Niederoesterreich-Wien

Update following upgrade of senior ratings

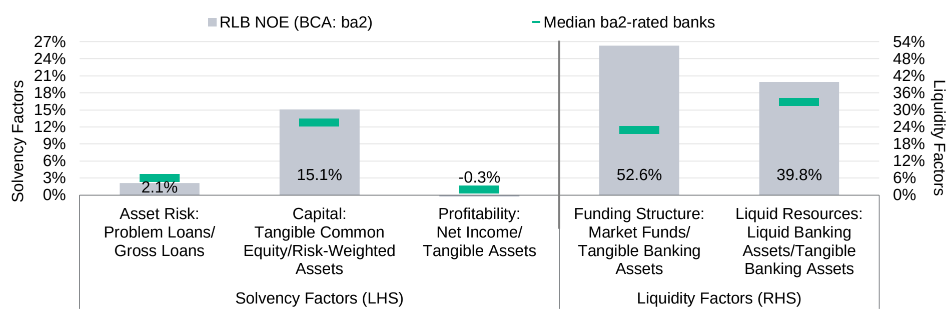
Summary

On 11 July, we upgraded the deposit and senior unsecured debt ratings of Raiffeisenlandesbank Niederoesterreich-Wien (RLB NOE) to A2 from A3 because of a change in our assumption for government support to moderate from low for banks and banking groups in Austria that we consider to be of systemic relevance, which includes all member banks of the Austrian Raiffeisen sector.

RLB NOE's A2 deposit and senior unsecured debt ratings reflect the bank's ba2 Baseline Credit Assessment (BCA); its membership in the institutional protection scheme of RBG, which results in a close alignment of the member banks' Adjusted BCAs and three notches of uplift for RLB NOE's baa2 Adjusted BCA; two notches of uplift from our Advanced Loss Given Failure (LGF) analysis; and a one-notch rating uplift from government support, given its membership in the systemically relevant RBG.

RLB NOE's ba2 BCA reflects the bank's significant risks related to its particularly large stake in Raiffeisen Bank International AG (RBI, A1/A1 stable, baa3[1]), which causes high volatilities in profit and meaningful risk to its capitalisation. However, the negative impact of market volatility on capital has remained more limited than in the past, while the bank's asset quality remained almost stable. We expect the bank to bolster capital reserves going forward, but the improvement from low levels will take somewhat longer in light of RBI's high exposure to Russia. RLB NOE's liquidity profile remains adequate.

Exhibit 1
Rating Scorecard - Key financial ratios
Scorecard ratios as of December 2022



Source: Moody's Investors Service

Credit strengths

» RLB NOE's nonperforming loans (NPLs) remain low.

» The bank has sound combined liquidity, supported by its limited reliance on market funds and good liquidity buffers.

» Senior creditors benefit from a large volume of outstanding debt and subordinated instruments, resulting in very low loss severity in the event of resolution.

Credit challenges

» RLB NOE's participation in RBI, consolidated at equity, is disproportionately large and its capitalisation, therefore, is highly vulnerable to impairment charges on its stake in RBI.

» RLB NOE is highly dependent on earnings from RBI because its own banking business' performance is poor, with revenue from net interest income (NII) and fee income barely sufficient to cover its high cost base.

Outlook

The stable rating outlook reflects our expectations that RLB NOE will be able to largely maintain a suitable portion of its regulatory capital buffers and contain its asset risk, continue to benefit from very high affiliate support, and maintain its current liability structure.

Factors that could lead to an upgrade

» As reflected in the review for upgrade on the senior instrument ratings, a change in the government support assumption for these liabilities to 'moderate' from 'low' could exert upwards rating pressure.

» RLB NOE's ratings could be upgraded if stronger fundamentals justify an improvement in RBG's financial strength, resulting in additional affiliate support uplift. Upward rating pressure could arise if our Advanced LGF analysis were to yield additional rating uplift, although, for the debt and deposit ratings, this would require a significantly higher share of subordinated instruments.

» We would consider upgrading RLB NOE's BCA if the bank addresses the structural weakness related to its high equity holding in RBI, compared with its own capital, and improves its intrinsic profitability and capital generation capacity. An upgrade of the bank's BCA is unlikely to lead to a change in ratings.

Factors that could lead to a downgrade

» RLB NOE's ratings could be confirmed if, other things equal, Moody's were to view the likelihood of government support to the selected institutions to be low, considering among other factors their systemic relevance within the Austrian banking system, their interconnectedness and/or the complexity of their operations.

» A downgrade would be prompted if RLB NOE's volume of senior unsecured liabilities were to significantly decline, resulting in an increase in the loss given failure for senior creditors. The bank's long-term ratings could be downgraded following a weakening of RBG's solvency, resulting in reduced affiliate support.

» We could downgrade RLB NOE's BCA if there is a significant weakening in the bank's profitability and capital ratios, or there are indications of a significant increase in its asset risks. However, a lower BCA could be balanced by a higher affiliate support uplift.

Key indicators

Exhibit 2

Raiffeisenlandesbank Niederoesterreich-Wien (Consolidated Financials) [1]

	12-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	27.5	27.8	28.0	27.6	27.0	0.5[4]
Total Assets (USD Billion)	29.3	31.5	34.3	31.0	30.8	(1.2)[4]
Tangible Common Equity (EUR Billion)	2.0	2.1	2.0	2.5	2.2	(2.6)[4]
Tangible Common Equity (USD Billion)	2.2	2.4	2.5	2.8	2.6	(4.3)[4]
Problem Loans / Gross Loans (%)	2.0	2.0	2.3	1.8	2.3	2.1[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.1	16.2	14.8	16.3	16.1	15.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	13.6	11.9	14.5	9.1	12.4	12.3[5]
Net Interest Margin (%)	0.9	0.7	0.7	0.6	0.6	0.7[5]
PPI / Average RWA (%)	0.7	0.3	0.0	0.2	-0.1	0.2[6]
Net Income / Tangible Assets (%)	-0.1	0.2	-0.9	0.8	0.7	0.2[5]
Cost / Income Ratio (%)	76.1	88.2	100.2	89.8	103.3	91.5[5]
Market Funds / Tangible Banking Assets (%)	52.6	53.3	46.4	44.9	49.6	49.4[5]
Liquid Banking Assets / Tangible Banking Assets (%)	39.8	43.5	40.9	37.8	39.9	40.4[5]
Gross Loans / Due to Customers (%)	169.6	150.7	151.2	149.9	156.2	155.5[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

With total assets of €28.7 billion as of year-end 2022, Raiffeisenlandesbank Niederoesterreich-Wien (RLB NOE) is the second largest of the eight Raiffeisenlandesbanken in Austria. The bank is the central regional institution for its owners, the 44 local Raiffeisen banks in the State of Lower Austria (Aa1 stable), including in Austria's capital, the City of Vienna (Aa1 stable). As a universal bank, RLB NOE offers full commercial banking services, focusing on retail and private banking, corporate clients, project finance, and public-sector customers. As of year-end 2022, RLB NOE had 1,236 employees.

The bank's segments cater to retail, and small and medium-sized enterprise (SME) banking customers, corporate customers, financial markets, and the Verbund, which represents the business with Raiffeisen banks.

RLB NOE is the single-largest direct shareholder of the sector's central institution, RBI, with a 22.6% stake as of year-end 2022, followed by Raiffeisen-Landesbank Steiermark AG (A2/A2 stable, baa3) with 10% and Raiffeisenlandesbank Oberoesterreich AG (A2/A2 stable, baa2) with 9.5%. In addition, Raiffeisen-Holding NOE-Wien, which owns 100% of RLB NOE, has a large portfolio of industrial investments in sectors such as agriculture, media and real estate.

RLB NOE's ratings are supported by Austria's Macro Profile of Strong+

RLB NOE's Macro Profile is Strong+, at the same level as the Strong+ Macro Profile of Austria, because the bank's assets are primarily located in its home market.

Detailed credit considerations

Capitalisation is vulnerable to impairments and charges related to RLB NOE's stake in RBI

We assign RLB NOE a b2 Capital score, which includes a significant downward adjustment from the aa3 initial score to reflect the bank's good initial capitalisation, indicated by its 15.1% tangible common equity (TCE) ratio, but also very significant valuation risks in stressed markets resulting from potential impairments in its extremely large equity investments.

We expect RLB NOE will further adjust downward the valuation of its stake in RBI during 2023 to reflect lower expected future cash flows from RBI. RBI faces a decline in future revenues from its operations in Russia and Ukraine, which had been major contributors to the bank's results in prior years. For additional detail, please refer to our publications available on RBI's landing page.

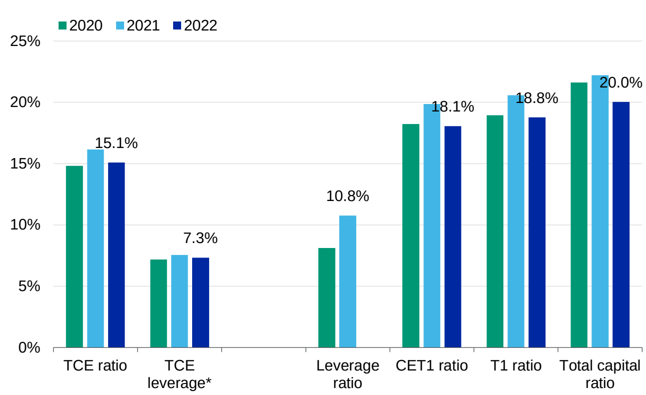
Our assigned b1 Capital score reflects a downward adjustment to the RBI stake and accordingly to RLB NOE's reported capitalisation. The b2 score also incorporates our expectation that the bank will seek to strengthen its capital reserves through earnings retention, providing a slowly improving buffer from low levels. For our adjustment, we deduct the gap between the bank's valuation and the market's valuation (based on the average stock price for the last five years) of RLB NOE's stake in RBI and consider RLB NOE's capital resilience in an adverse scenario, assuming a 50% reduction in the value of its holdings from the five-year average market valuation. The bank values its stake in RBI on a discounted-cash-flow basis. This results in a valuation of €25 per share that is higher than the equity market valuation of RBI, which slipped to below €14 per share in June 2023.

RLB NOE's total bank and non-bank at-equity consolidated investments and participations amounted to €1.9 billion as of year-end 2022, largely representing the bank's stake in RBI and almost equaled its TCE of €2.0 billion, a factor that binds a significant amount of capital, limiting the bank's ability to grow its underlying banking business, a factor that strains RLB NOE's profitability potential.

At the highest consolidation level[2], the group's Common Equity Tier 1 (CET1) capital ratio was 18.1% as of year-end 2022, down from 19.9% as of year-end 2021, driven by a 2.8% expansion of risk-weighted assets. On the basis of the Supervisory Review and Evaluation Process (SREP), this group has been set a relatively high Pillar 2 total capital requirement of 4.8% as of year-end 2022, which was nevertheless down from 5.6% as of year-end 2021. We understand RLB NOE needs to comply with the same 4.8% add-on also at the level of its regulatory leverage ratio, which the group complied with as of September 2022 with a Tier 1 leverage ratio of 10.6% at the highest consolidation level. For 2023, the Austrian Financial Markets Authority (FMA) further decided to raise RLB NOE's 'other systemically-important institutions (O-SII)' buffer to 0.75% for 2023 and 0.9% in 2024 from 0.5% in 2022, in line with FMA's decision for three domestic peer banks.

Exhibit 3

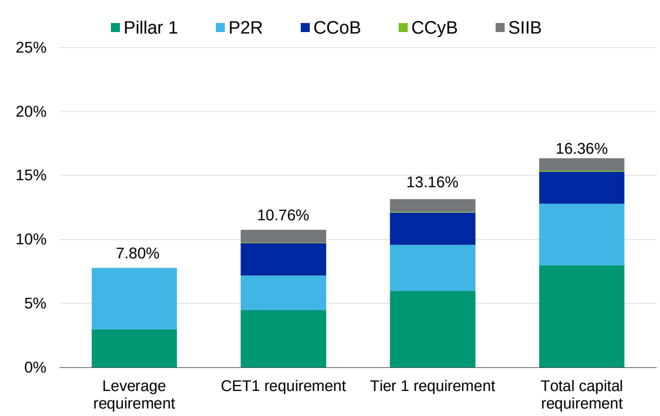
RLB NOE's capitalisation exceeds requirements



TCE = Tangible common equity (Moody's calculation); CET1 = Common Equity Tier 1 capital; T1 = Tier 1 capital. FMA has added the bank's full Pillar 2 requirement to RLB NOE's Tier 1 leverage requirement
Sources: Company reports and Moody's Investors Service

Exhibit 4

RLB NOE's capital requirements in detail



CCoB = Capital conservation buffer; CCyB = Countercyclical capital buffer; SIIB = Systemically important institutions buffer.
Source: Company reports

The bank's regulatory capital ratios could be hurt by prospective changes in EU banking regulations that could result in adjustments to the risk weights for participations that are applicable (and highly favourable) at present. Being part of the institutional protection scheme of RBG, RLB NOE has the privilege of favourable risk weights for intra-sector participations and exposures; most of its participations are weighted at 100%.

The bank's underlying profitability will remain modest

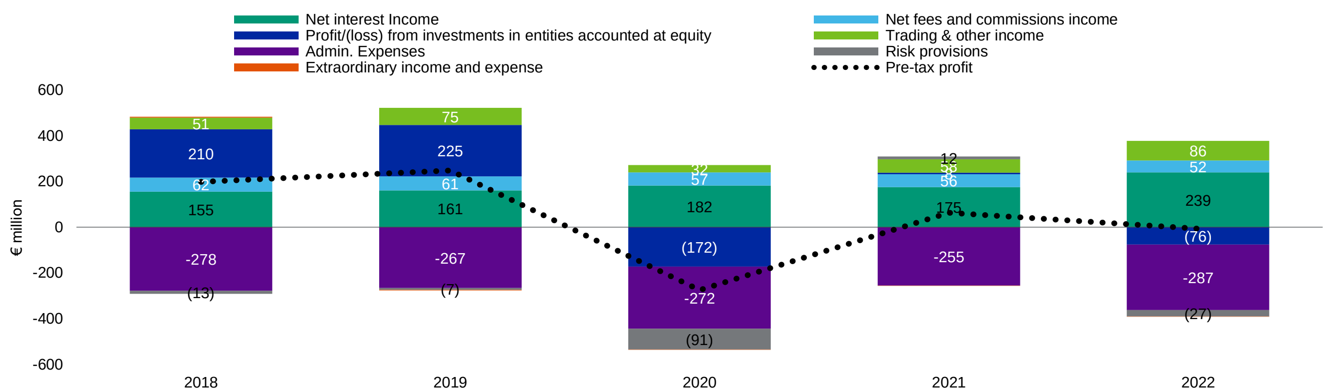
We assign RLB NOE a Profitability score of b3, which is one notch above the initial score of caa1. The assigned score already incorporates RLB NOE's high profit volatility, strong reliance on non-cash contributions from investments and poor profit from the underlying banking operations.

RLB NOE's returns have historically been very volatile. For 2022, RLB NOE reported a €13 million pretax loss (2021: €62 million pretax profit), largely driven by the €76 million loss from equity investments compared with a profit of €8 million in 2021. The key difficulties further include the bank's underperforming retail operations and high cost structure. The latter is reflected in RLB NOE's high cost-to-income ratio of 76% (although down from 88% as of year-end 2021).

RLB NOE's operating income (excluding effects from at-equity participations) was €266 million in 2022, down from €278 million in 2021. NII increased by 37% in 2022 to €239 million, while the fee and commission income of €52 million was 7% lower than that a year earlier. The bank reported a provision expense of €27 million, compared with a release of provisions of €12 million in 2021, which contributed further to the negative results. Overall operating expenses increased by 11% to €252 million in 2022 (2021: €227 million).

Exhibit 5

RLB NOE's earnings have been very volatile and depend on contributions from RBI



Profit/loss from RBI and other participations in dark blue.

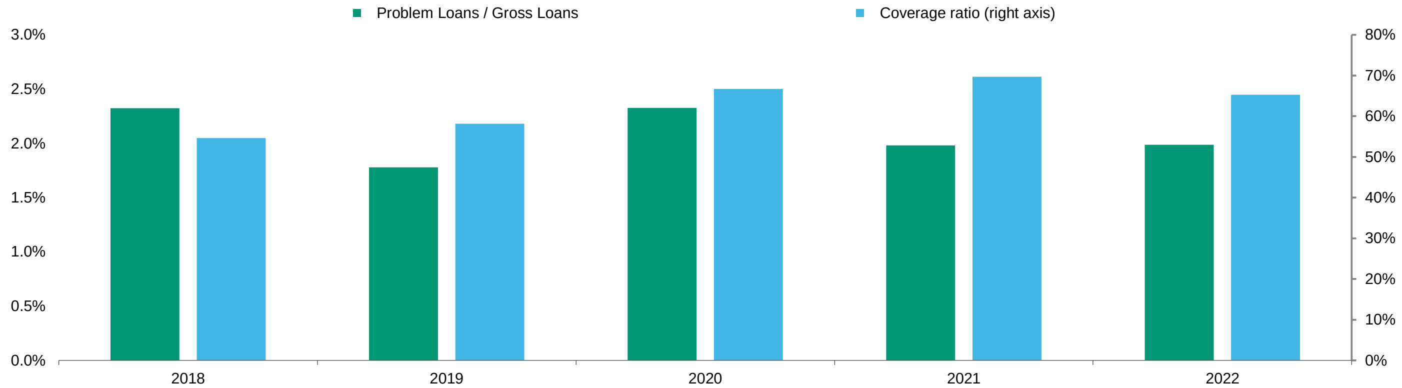
Sources: Company reports and Moody's Investors Service, including estimates

Problem loans are low, but concentration risks remain

We assign RLB NOE a ba1 Asset Risk score, which includes a five-notch downward adjustment from the a2 initial score. Our adjustment reflects the bank's credit quality, measured as its NPL ratio, the sector concentration risk within its lending book and the additional market risk related to the bank's significant equity investments in RBI.

Exhibit 6

RLB NOE's problem loan stock is low and remained stable in 2022



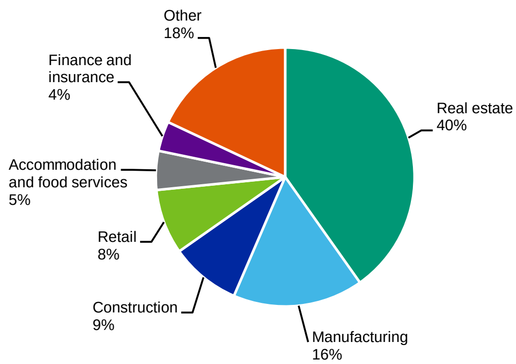
Problem loan ratio in accordance with our definition.
Sources: Company reports and Moody's Investors Service

RLB NOE's risk is not primarily reflected by its lending activities and related NPLs. The bank's €15.1 billion loan book constituted only 55% of total assets as of year-end 2022, and it is concentrated in corporate and institutional clients, with major sector concentrations. The largest concentration was in the real estate and construction sectors, with an exposure of €7.1 billion, accounting for 49% of the total €14.5 billion corporate client exposure as of December 2022, and around 3.0x its CET1 capital.

In the context of RLB NOE's sizeable equity investments, securities holdings and exposure to banks, non-lending risks are significant, as reflected in its €1.9 billion participations, with RBI being the dominant exposure (compared with €2.4 billion of CET1 capital). These equity investments expose the bank to high risks from the potential lack of dividends or even impairment needs, as reflected in the €879 million impairment for RBI in 2022.

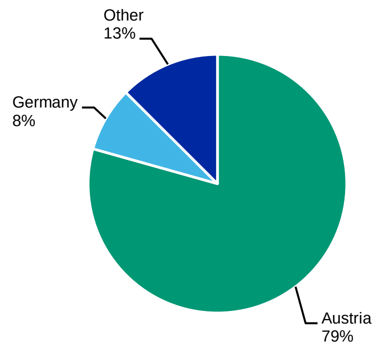
RLB NOE's problem loan ratio remained stable in 2022 at 2.0%, still lower than the 2.3% reported in 2020. Based on our measure of problem loans, the bank had €300 million in nonperforming exposures as of year-end 2022, up from €271 million as of year-end 2021. The bank's coverage of impaired loans with specific loan loss reserves decreased to 65% in 2022 (2021: 70%).

Exhibit 7
RLB NOE's portfolio composition by sector
Based on the share of exposure as of year-end 2022



All segments that have a share lower than 4% are added to "Other".
Source: Company reports

Exhibit 8
RLB NOE's portfolio composition by country
Based on the share of exposure as of year-end 2022



All markets that have a share lower than 4% are added to "Other".
Source: Company reports

The funding profile is well diversified

We assign RLB NOE a baa2 Funding Structure score, which includes a seven-notch positive adjustment from the b3 initial score to reflect the bank's limited dependence on market funds, which is implied by the 52.6% unadjusted market funds ratio as of year-end 2022. Our favourable adjustments take into consideration several risk-mitigating factors, in particular, funds received from primary credit co-operatives with deposit-like characteristics and promotional loans from development banks.

The assigned score further reflects the bank's temporary recourse to the European Central Bank's (ECB) targeted longer-term refinancing operations (TLTRO, €2.3 billion as of year-end 2022), which entails the deduction of a portion of the TLTRO III borrowed funds. These funds are used to take advantage of the favourable terms offered by the ECB and RLB NOE deposits them at the central bank, rather than using them to fund lending or investment purposes, thereby temporarily inflating RLB NOE's balance sheet.

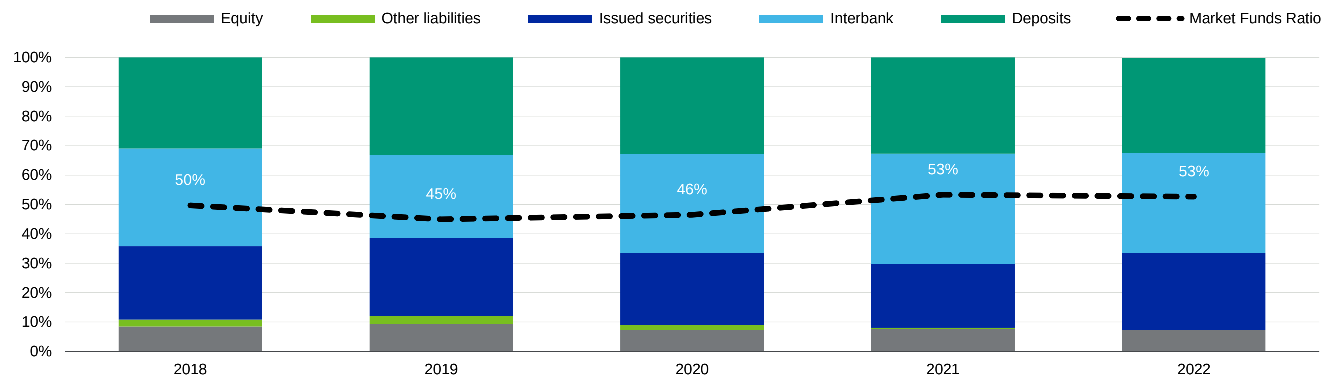
RLB NOE's funding structure is sound, given that the bank can rely on deposits for roughly 32% of its total assets because it benefits from the access to the free cash positions of the primary credit co-operatives. These smaller banks place excess liquidity and minimum reserve requirements with RLB NOE. RLB NOE's liquidity structure further benefits from the retail demand for bonds and notes issued by the bank.

From a regulatory perspective, RLB NOE needs to maintain its net stable funding ratio (NSFR) above 100% at the highest consolidation level only. Under the group's recovery plan, the NSFR shall be maintained above 102%, a level it exceeded with a moderate margin at 108.0% as of September 2022 (December 2021: 112.2%.).

Exhibit 9

Increase in market funding is driven by RLB NOE's temporary TLTRO drawings

Composition of market funding sources



Market funding ratio = market funds/tangible banking assets.

Sources: Company reports and Moody's Investors Service

In terms of the balance-sheet structure, interbank funds of €9.4 billion remain an important contributor to the bank's total funding, at 34% of total assets as of year-end 2022, in addition to €8.9 billion of customer deposits (32%) and €7.1 billion of outstanding securities (26%).

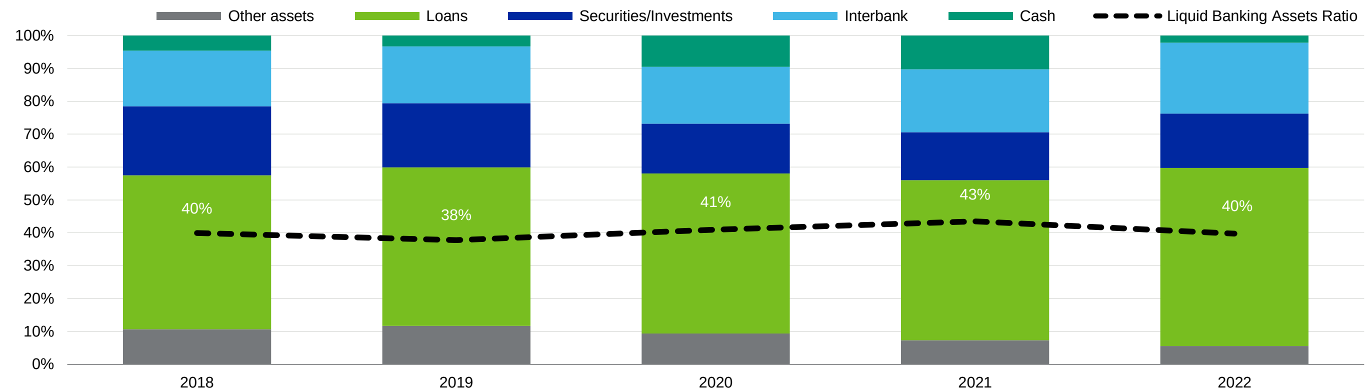
Sufficient amount of liquid resources

We assign RLB NOE a baa2 Liquidity score, which includes a downward adjustment by four notches from the a1 initial score to reflect encumbered assets included in its securities holdings, illiquid interbank receivables related to lending transactions within the Raiffeisen sector and our expectation that liquidity will return to historical levels after the ECB measures expire. The adjustment further reflects a decrease in RLB NOE's regulatory liquidity ratio as per year-end 2022.

At present, liquid resources include central bank deposits from the TLTRO takeup. The bank held €6.5 billion in cash, bank deposits and securities (€4.1 billion) on its balance sheet.

RLB NOE reported a satisfactory, but reduced liquidity coverage ratio (LCR) of 119% as of year-end 2022, down from 129% as of year-end 2021, which remains above the threshold of 102.5% foreseen in the group's recovery plan. For the purpose of its year-end 2022 LCR-calculation, only a weighted amount of €6.6 billion is recognized as high quality liquid assets (HQLA), out of €10.0 billion of underlying unweighted assets (thereof €9.0 billion of level 1 assets. These weighted HQLA cover simulated 30 days stressed gross outflows of €6.4 billion, which are in addition partly offset by €0.8 billion of weighted inflows, which reduces net stressed outflows to €5.6 billion.

Exhibit 10
RLB NOE's liquid resources have increased temporarily due to TLTRO drawings
Composition of liquid assets



Liquid banking assets ratio = liquid assets/tangible banking assets.
Sources: Company reports and Moody's Investors Service

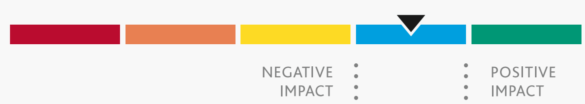
Additional liquidity could be generated through the issuance of covered bonds. As of December 2022, and based on an outstanding issuance of €6.8 billion, the over-collateralisation in RLB NOE's mortgage cover pool was 37.8%, and 22.8% on an unstressed present-value basis for the public sector cover pool, with €2.0 billion in outstanding liabilities. Therefore, the bank has some leeway to use its existing cover pool to generate fresh liquidity through the issuance of covered bonds.

ESG considerations

Raiffeisenlandesbank Niederoesterreich-Wien's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 11
ESG Credit Impact Score

CIS-2
Neutral-to-Low



For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

Raiffeisenlandesbank Niederoesterreich-Wien's (RLB NOE) **CIS-2** indicates that ESG considerations do not have a material impact on the current rating. It reflects the mitigating rating impact of affiliate support from Raiffeisen Bankengruppe (RBG) over RLB NOE's ESG risk profile. Environmental and social risk factors have a limited impact on the bank's credit profile to date. The bank's governance risks mainly stem from the bank's weak financial strategy, which, because of its large equity investment in Raiffeisen Bank international (RBI), provides no significant buffer against adverse market trends in RBI's share price.

Exhibit 12
ESG Issuer Profile Scores

Source: Moody's Investors Service

Environmental

RLB NOE's faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk as a regional bank. In line with its peers, RLB NOE is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, RLB NOE is actively engaging in further developing its comprehensive risk management and climate risk reporting frameworks and in optimising its loan portfolio towards less carbon-intensive assets.

Social

RLB NOE faces high industrywide customer relations risks related to regulatory risk, litigation exposure and high compliance standards in its diversified operations. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

RLB NOE's governance risks are moderate, reflecting relatively high risk appetite and very high concentration risks inherent in its large equity investment in RBI. Management's ability to address the bank's subdued profitability remains a concern because it provides only a limited buffer against adverse developments and limits the bank's capital generation capacity and, hence, growth prospects. RLB NOE's ownership structure as a mutualist (Austrian Raiffeisen banking sector) results in a very specific governance set-up, but this does not result in incremental governance risks because of Austria's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support

We consider the likelihood of support from RBG, the Austrian Raiffeisen sector, very high because of RLB NOE's vital regional importance to the sector and because of its membership in the sector's federal IPS. This support significantly reduces the probability of default because the co-operative group's cross-sector support mechanism aims to stabilise its members by avoiding a bail-in or any form of loss participation by creditors. The sector's strong cohesion results in a very close alignment of member banks' Adjusted BCAs. The financial strength of RBG and the Very High affiliate support assumption for RLB NOE result in three notches of rating uplift from the bank's ba2 BCA.

We assess the Austrian Raiffeisen sector's financial capacity to provide support to its members based on the co-operative group's combined financial strength. The sector's strong cohesion and its sound capitalization help mitigate its higher-risk Central and Eastern European exposures housed at RBI.

Loss Given Failure (LGF) analysis

RLB NOE is subject to the EU BRRD, which we consider an Operational Resolution Regime. Therefore, we apply our Advanced LGF analysis, taking into account the risks faced by the different debt and deposit classes across the liability structure should the bank enter resolution.

In our Advanced LGF analysis, we consider the results of both the formal legal position (pari passu, or 'de jure' scenario), to which we assign a 75% probability, and an alternative liability ranking, reflecting resolution authority discretion to prefer deposits over senior unsecured debt (full depositor preference, or 'de facto' scenario), to which we assign a 25% probability.

We further assume residual TCE of 3% and losses post-failure of 8% of tangible banking assets. In addition, we assume a 26% share of deposits are junior wholesale deposits, for which we factor in a 25% run-off before failure, while we assume a 5% run-off in preferred deposits.

For deposits and senior unsecured debt, rated A2, our LGF analysis indicates a very low loss given failure, leading to two notches of uplift from RLB NOE's Adjusted BCA.

For subordinated debt, rated Baa3, our Advanced LGF analysis indicates a high loss given failure, leading to a rating one notch below RLB NOE's Adjusted BCA.

Government support considerations

Because of its size on a consolidated basis, we consider RBG as systemically relevant which may lead the government to intervene to shield it from disruptive losses and, therefore, attribute a moderate probability of Austrian government support for all members of the sector, in line with the support assumptions for other systemically relevant banking groups in Europe.

We, therefore, include one notch of government support uplift in our CRRs, senior unsecured debt and deposit ratings of RLB NOE.

Counterparty Risk Rating (CRR)

RLB NOE's CRR is A1/P-1

The CRR, before government support, is three notches above the Adjusted BCA of baa2, reflecting the extremely low loss given failure from the volume of instruments, primarily senior unsecured and subordinated debt, which is subordinated to CRR liabilities in our Advanced LGF analysis. RLB NOE's CRR also benefits from one notch of rating uplift provided by government support, in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk (CR) Assessment

RLB NOE's CR Assessment is A1(cr)/P-1(cr)

The bank's CR Assessment is four notches above its baa2 Adjusted BCA, based on the substantial buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments, primarily senior unsecured and subordinated debt. Because the CR Assessment captures the probability of default on certain senior operational obligations, rather than expected loss, we focus purely on subordination and take no account of the volume of the instrument class.

Methodology and scorecard

Methodology

The principal methodology used to arrive at RLB NOE's ratings is the Banks Methodology, published in July 2021.

About Moody's Bank Scorecard

Our bank scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the outcome of our scorecard may significantly differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard outcome and the individual scores are discussed in Rating Committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 13

Raiffeisenlandesbank Niederoesterreich-Wien

Macro Factors						
Weighted Macro Profile	**Strong +**	**100%**				

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.1%	a2	↔	ba1	Sector concentration	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	15.1%	aa3	↔	b2	Capital fungibility	Stress capital resilience
Profitability						
Net Income / Tangible Assets	-0.3%	caa1	↔	b3	Return on assets	Earnings quality
Combined Solvency Score		baa1		b1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	52.6%	b3	↔	baa2	Extent of market funding reliance	Market funding quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	39.8%	a1	↔	baa2	Stock of liquid assets	Intragroup restrictions
Combined Liquidity Score		ba1		baa2		
Financial Profile				ba2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa1		
BCA Scorecard-indicated Outcome - Range				ba1 - ba3		
Assigned BCA				ba2		
Affiliate Support notching				-		
Adjusted BCA				baa2		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	13,098	52.1%	14,002	55.7%
Deposits	8,869	35.3%	7,964	31.7%
Preferred deposits	6,563	26.1%	6,235	24.8%
Junior deposits	2,306	9.2%	1,729	6.9%
Senior unsecured bank debt	1,967	7.8%	1,967	7.8%
Dated subordinated bank debt	468	1.9%	468	1.9%
Equity	755	3.0%	755	3.0%
Total Tangible Banking Assets	25,156	100.0%	25,156	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	19.6%	19.6%	19.6%	19.6%	3	3	3	3	0	a2
Counterparty Risk Assessment	19.6%	19.6%	19.6%	19.6%	3	3	3	3	0	a2 (cr)
Deposits	19.6%	4.9%	19.6%	12.7%	2	3	2	2	0	a3
Senior unsecured bank debt	19.6%	4.9%	12.7%	4.9%	2	1	2	2	0	a3
Dated subordinated bank debt	4.9%	3.0%	4.9%	3.0%	-1	-1	-1	-1	0	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	1	A1	
Counterparty Risk Assessment	3	0	a2 (cr)	1	A1(cr)	
Deposits	2	0	a3	1	A2	A2
Senior unsecured bank debt	2	0	a3	1	A2	
Dated subordinated bank debt	-1	0	baa3	0	Baa3	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 14

Category	Moody's Rating
RAIFFEISENLANDESBANK NIEDEROESTERREICH-WIEN	
Outlook	Stable
Counterparty Risk Rating -Dom Curr	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating -Dom Curr	A2
Senior Unsecured -Dom Curr	A2
Subordinate -Dom Curr	Baa3
ST Issuer Rating -Dom Curr	P-1

Source: Moody's Investors Service

Endnotes

1 The bank ratings shown in this report are the banks' deposit ratings/senior unsecured debt or issuer ratings and outlook and their BCAs.

2 Raiffeisen-Holding NOE-Wien is the regulated entity.

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Contacts

Bernhard Held, CFA
VP-Sr Credit Officer

Vasil Mrachkov
Associate Analyst