

CREDIT OPINION

16 October 2023

New Issue

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RATINGS

Raiffeisen Landesbank Kaernten

Domicile	Klagenfurt, Austria
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A3
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

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.

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Raiffeisen Landesbank Kaernten

New issuer

Summary

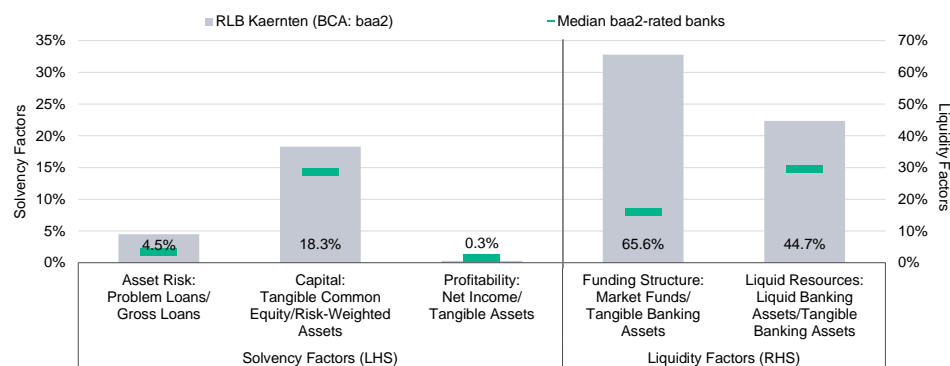
On 16 August, we assigned first-time A3(positive)/P-2 deposit and A3(stable)/P-2 issuer ratings to [Raiffeisen Landesbank Kaernten](#) (RLB Kaernten), and a baa2 Baseline Credit Assessment (BCA) and Adjusted BCA.

The A3 deposit and issuer ratings reflect the bank's baa2 BCA; its membership in the federal institutional protection scheme of Austria's Raiffeisen Banking Group (RBG), which, because of strong sector cohesion, results in a very close alignment of member banks' Adjusted BCAs and in a baa2 Adjusted BCA; one notch of uplift from the application of our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class; and a one notch rating uplift for government support from Austria (Aa1 stable), given RLB Kaernten in the systemically relevant RBG.

RLB Kaernten's baa2 BCA reflects the bank's generally sound solvency profile, which is similar to that of most Austrian RLBs. Asset risks mainly stem from equity investments in the sector's central institution [Raiffeisen Bank International AG](#) (RBI, A1 stable/A1 stable, baa3¹). RLB Kaernten's solid solvency profile is accompanied by an adequate liquidity and funding profile with a good access to the regional Austrian RBG' sector funds and the resulting low reliance on confidence-sensitive market funding as well as a satisfying liquidity cushion.

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Investors Service

Credit strengths

- » Improving asset quality
- » Strong capitalisation provides as a buffer against potential risks
- » Good access to the funding from Raiffeisen sector, which is a very stable source of funding and mitigates confidence-sensitive funding risks

Credit challenges

- » Elevated, albeit improving, problem loan ratio which results from past engagements in Croatia (exited) and from the merger with Raiffeisen-Bezirksbank Klagenfurt
- » Volatile profitability because of the unsteady contributions from the participation in RBI
- » Regional and sector concentration risks in the loan book

Rating outlook

The stable outlook on the long-term issuer ratings reflects our expectation that the bank's solvency and liquidity profiles, and the creditworthiness of the Raiffeisen sector in Austria will remain stable over the next 12-18 months.

The positive outlook on the long-term deposit ratings reflects a possible reduction in loss severity for this instruments class, provided that RLB Kaernten will increase the volume of senior unsecured instruments, as a higher volume of liabilities subordinated to the deposits would provide higher loss protection to the depositors.

Factors that could lead to an upgrade

- » RLB Kaernten's ratings could be upgraded if RBG's financial strength improves as a whole, such that it results in higher affiliate support uplift.
- » The bank's ratings could benefit from an additional rating uplift, as assessed by our Advanced LGF analysis. However, a higher rating uplift would require RLB Kaernten to issue significant additional volumes of bail-in-able debt instruments, such that it either reduces the loss severity for respective instrument classes or increases the volume of subordinated instruments for the deposit and senior unsecured debt classes.
- » We would consider upgrading RLB Kaernten's BCA if the bank was to strengthen its solvency and liquidity metrics, that is, further sustainably improve its asset quality and profitability, and improve its liquidity excluding intragroup funding. However, this would not result in a rating upgrade unless RBG's financial strength improves as well.

Factors that could lead to a downgrade

- » A rating downgrade is possible if RLB Kaernten's BCA is downgraded and, at the same time, RBG's fundamentals weaken to such a level that the downgrade cannot be offset by higher affiliate support; or the sector's financial strength deteriorates, leading to constraints on the bank's BCA.
- » We could downgrade RLB Kaernten's ratings if the volume of senior unsecured liabilities declines, leading to an increase in the loss severity for more senior creditors. Declining senior unsecured liabilities could prompt a weaker result from our Advanced LGF analysis.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

- » Negative pressure on RLB Kaernten's BCA could result from a weakening of the bank's solvency profile, as reflected in a deterioration in asset quality, capital or profitability beyond our current expectations. However, a downgrade of the bank's BCA would likely be offset by a rating uplift from affiliate support from RBG.

Key indicators

Exhibit 2

Raiffeisen Landesbank Kaernten (Consolidated Financials) [1]

	12-22 ²	12-21 ³	12-20 ³	12-19 ³	CAGR/Avg. ⁴
Total Assets (EUR Billion)	4.4	4.5	3.7	3.4	8.6 ⁵
Total Assets (USD Billion)	4.7	5.1	4.5	3.8	6.8 ⁵
Tangible Common Equity (EUR Billion)	0.3	0.3	0.3	0.3	3.6 ⁵
Tangible Common Equity (USD Billion)	0.4	0.4	0.4	0.3	1.9 ⁵
Problem Loans / Gross Loans (%)	3.8	4.1	5.5	8.5	5.5 ⁶
Tangible Common Equity / Risk Weighted Assets (%)	18.3	18.8	17.8	16.5	17.8 ⁷
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	13.5	14.3	19.9	29.9	19.4 ⁶
Net Interest Margin (%)	0.9	0.8	0.9	0.8	0.9 ⁶
PPI / Average RWA (%)	1.1	0.8	0.8	0.6	0.8 ⁷
Net Income / Tangible Assets (%)	0.3	0.5	0.2	0.4	0.3 ⁶
Cost / Income Ratio (%)	74.6	80.3	79.7	83.3	79.5 ⁶
Market Funds / Tangible Banking Assets (%)	65.6	66.7	61.8	59.6	63.4 ⁶
Liquid Banking Assets / Tangible Banking Assets (%)	44.7	49.5	39.9	37.4	42.9 ⁶
Gross Loans / Due to Customers (%)	124.0	119.6	120.3	129.8	123.4 ⁶

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel I; LOCAL GAAP. [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] Compound annual growth rate (%) based on the periods for the latest accounting regime. [6] Simple average of periods for the latest accounting regime. [7] Simple average of Basel I periods.
Sources: Moody's Investors Service and company filings

Profile

With reported total assets of €4.4 billion as of year-end 2022, Raiffeisen Landesbank Kaernten (RLB Kaernten) is one of the smaller of the eight Raiffeisenlandesbanken in Austria, with operations mainly in the [state of Carinthia](#) (Aa2 stable²) and [Slovenia](#) (A3 stable³). RLB Kaernten is fully owned by local primary co-operatives (credit co-operatives or Raiffeisenbanken (RB), storage and agricultural co-operatives) in the region, for which it is the central institution. RLB Kaernten's business activities are strongly focused on corporate customers, mainly small and medium-sized enterprises (SMEs) in Carinthia and Slovenia. As of year-end 2022, RLB Kaernten had seven branches and employed 401 people on average.

RLB Kaernten is a direct shareholder of RBI, the Austrian Raiffeisen sector's (Raiffeisenbankengruppe Oesterreich; RBC) central institution, holding a 2.92% share, which implies significant indirect exposure to the Central and Eastern European (CEE) banking markets.

RLB Kaernten's ratings are supported by Austria's macro profile of Strong+

RLB Kaernten is strongly focused on the domestic Austrian market, accounting for 89% of the total credit exposure, and is also active in Slovenia, accounting for 4%, CEE and Western Europe. The bank's assigned Strong+ Weighted Macro Profile is in line with the Strong+ Macro Profile of Austria.

Detailed credit considerations

Improving asset quality after the cleanup of problem loans

We assign a ba1 Asset Risk score to RLB Kaernten, three notches below the baa1 initial score. The ba1 score takes into account the bank's credit quality, as measured by its nonperforming loan (NPL) ratio; the comparison with other Austrian Raiffeisenlandesbanken; sector concentration risks in its lending book; and the additional market risk related to the bank's equity investment in RBI.

RLB Kaernten provides banking services largely to corporate clients, accounting for around 85% of its total loan book of €1.9 billion. 76% of the bank's clients are based in Austria and 8% in Slovenia. Retail clients (only Austria) account for 16% of the bank's total loan book.

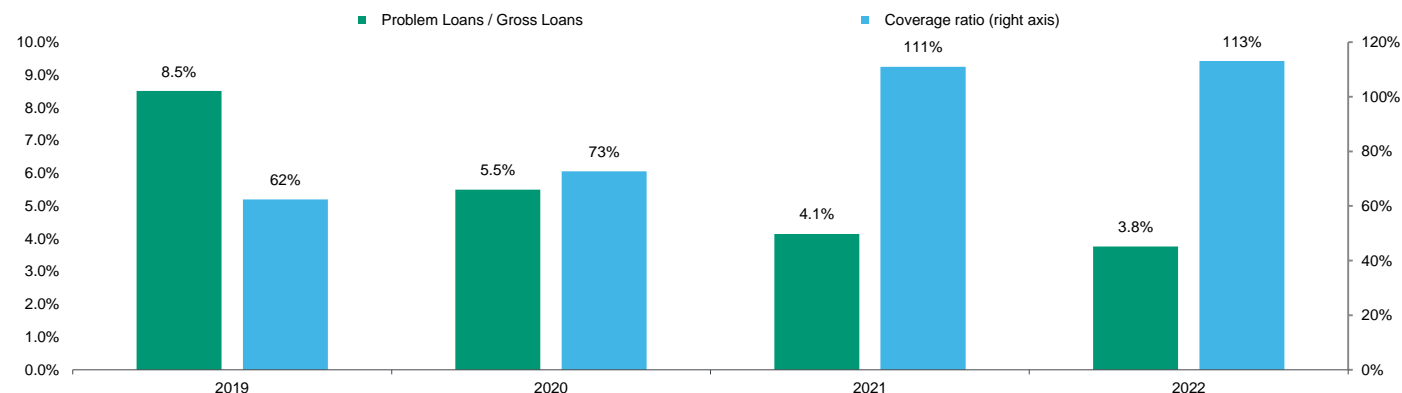
As of year-end 2022, RLB Kaernten's asset-risk profile, as measured by the problem loan ratio, improved to 3.8% from 4.2% a year earlier and significantly improved as compared with 8.5% problem loan ratio in 2019. The elevated volume of problem loans stems from the bank's previous engagements in CEE (particularly Croatia) and the merger with Raiffeisen-Bezirksbank Klagenfurt (RBB

Klagenfurt) in 2018. Since 2019, the bank's NPL portfolios have been consequently reduced, thus the bank's asset quality has been improving consistently and is now close to other Raiffeisenlandesbanken.

RLB Kaernten's provisioning level of above 100% since 2021, is strong and provides an additional buffer to cover risks from the bank's loan book of around €1.9 billion, which primarily focuses on regional SME lending in Austria and Slovenia.

Exhibit 3

Asset quality has improved significantly since 2019



Sources: Company reports and Moody's Investors Service

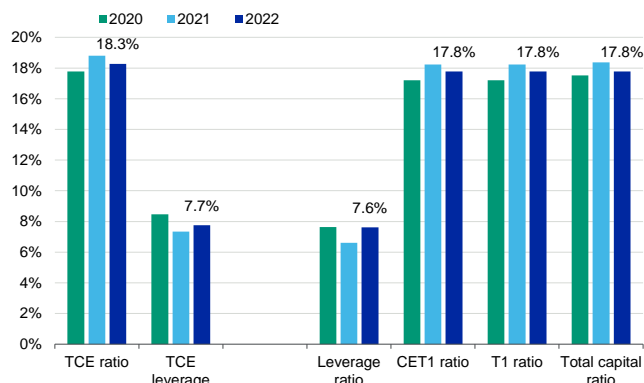
Strong capitalisation

We assign an a1 Capital score, two notches below the aa2 initial score. The a1 score reflects the bank's good capitalisation and also takes into consideration RLB Kaernten's capital resilience in an adverse market scenario resulting from potential impairments in the bank's equity investment, the 2.92% participation in RBI. As of year-end 2022, RLB Kaernten reported its stake in RBI at €193 million, based on the lower of the historical cost or value. As RLB Kaernten's valuation approach assumes a share price above the average share price of RBI in 2023, this might result in a downward adjustment of its equity stake to reflect the challenges RBI faces in Russia and Ukraine leading to lower cash-flows from these subsidiaries. For the adverse scenario, we use a five year average market value of RBI's share and we further assume a 50% reduction in the RBI's share price value ("stressed valuation"). In this adverse scenario RLB Kaernten's capital still remains at a comfortable level to absorb unexpected valuation losses.

As of year-end 2022, RLB Kaernten reported a tangible common equity (TCE) ratio of 18.3%, down from 18.8% as of year-end 2021, a Common Equity Tier 1 (CET1) capital ratio of 17.8% (18.2% in 2021) and a leverage ratio of 7.6% (7.1% in 2021). A key driver for the slight decline in the CET1 ratio was a rise in risk-weighted assets by 6% as a result of stronger loan growth in 2022.

From 2023 RLB Kaernten needs to comply with a Supervisory Review and Evaluation Process (SREP) Pillar 2 requirement of 2.9% (a bank-specific capital requirement in addition to the minimum capital requirement to cover for bank-specific risks and determined by the respective supervisory body). The Pillar 2 requirement is in a comparable range with most other Raiffeisenlandesbanken, however above the average of the European banks directly supervised by the ECB of 2.24%.

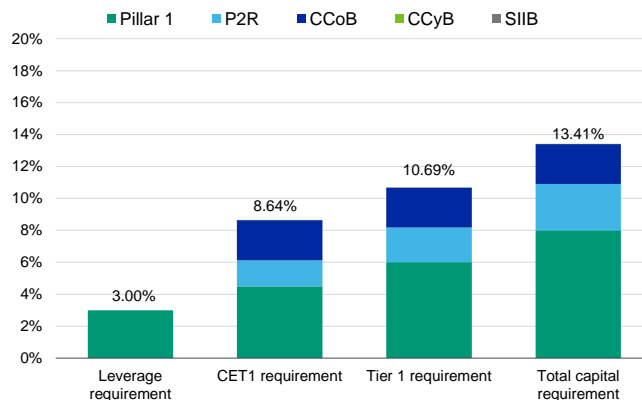
Exhibit 4

RLB Kaernten maintains solid capital

TCE = Tangible common equity; CET1 = Common Equity Tier 1 capital; TCE leverage ratio = TCE/tangible banking assets.

Sources: Company reports and Moody's Investors Service

Exhibit 5

RLB Kaernten's regulatory capital requirements

CCoB = Capital conservation buffer; CCyB = Countercyclical buffer; SIIB = Systemically important institutions buffer; P2R = Pillar 2 requirement.

Source: Company reports

Moderate profitability excluding the contribution from participations

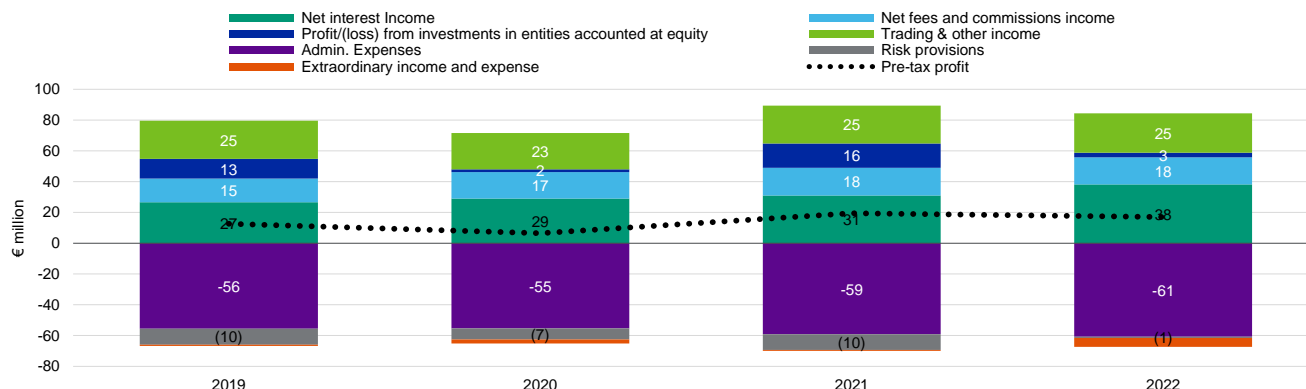
We assign a b1 Profitability score to RLB Kaernten, two notches below the initial score of ba2, which reflects net income/tangible assets of 0.2%. Our assigned score reflects our assessment that the bank's underlying profitability provides only a modest buffer against the potential shocks from valuation changes in the RBI participation.

For our downward adjustment, we consider the impact on RLB Kaernten's net income resulting from its equity investment in RBI, which exposes the bank's profitability to considerable volatility, which potentially results from valuation risks but also from the volatility in the dividend payments from RBI. While we expect net income to increase going forward due to the tailwinds from a normalizing interest environment, but given the structural disadvantages due to the small size of the bank and limited economies of scale, we expect only a modest improvement in profitability.

In 2022, the bank's net income of €14 million was down from €21 million a year earlier. Although the bank's net interest income increased to €38 million (2021: €31 million) and net fee and commission income remained stable at €18 million, the lack of contribution from the RBI participation was the key driver of the bank's weaker result recorded in 2022 (Dividend from RBI in 2021: €14.3 million). On the cost side, total operating expenses remained stable at €61 million in 2022 (2021: €59 million), which include a slight increase in non-personnel expenses to €20 million (2021: €19 million).

We expect RLB Kaernten to benefit from the improvement in its net interest income in a more favourable interest rate environment; however, the inflationary pressure on personnel and general expenses may weigh on profitability.

Exhibit 6

Profitability is improving in a more favourable interest rate environment

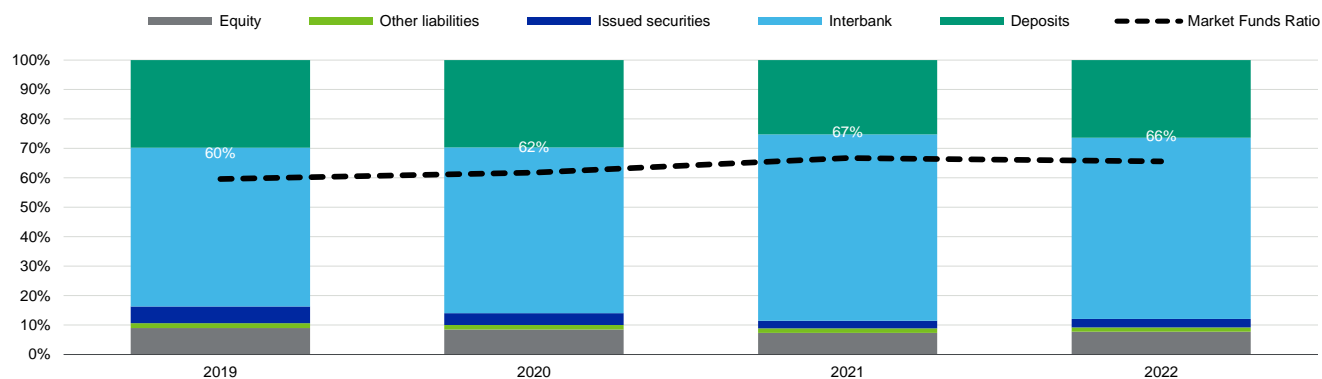
Sources: Company reports and Moody's Investors Service

Access to sector funds and retail deposits mitigates the need for confidence-sensitive market funding

We assign a Funding structure score of baa2, eight notches above the caa1 initial score, reflecting the bank's market funds/tangible banking assets of 66% as of year-end 2022, and its role as the central institution for the regional primary Raiffeisen banks in Carinthia, which significantly reduces its dependence on confidence-sensitive wholesale funding through access to sector funding.

As part of its business model as a regional central bank for the primary Raiffeisen banks, RLB Kaernten serves as a central institution for the RBs in the region and benefits from their excess deposits, which get upstreamed towards RLB Kaernten. As these deposits are retail and highly granular in nature, they are a very stable source of funding. Thus, RLB Kaernten's interbank liabilities include a high proportion of intragroup funding within the Raiffeisen sector. We adjust our market funding ratio for intragroup funding in the Raiffeisen sector (funds received from primary cooperative banks) as it represents a stickier and not a confidence-sensitive source of funding. Additionally, we adjust for the bank's temporary recourse to the European Central Bank's (ECB) targeted longer-term refinancing operations (TLTRO), taking into account the deduction of a portion of the TLTRO III borrowed funds that are used to take advantage of the favourable terms offered by the ECB and deposited back at the central bank rather than being used for lending or investment purposes.

Exhibit 7

RLB Kaernten's market funding contains a significant portion of intragroup funding

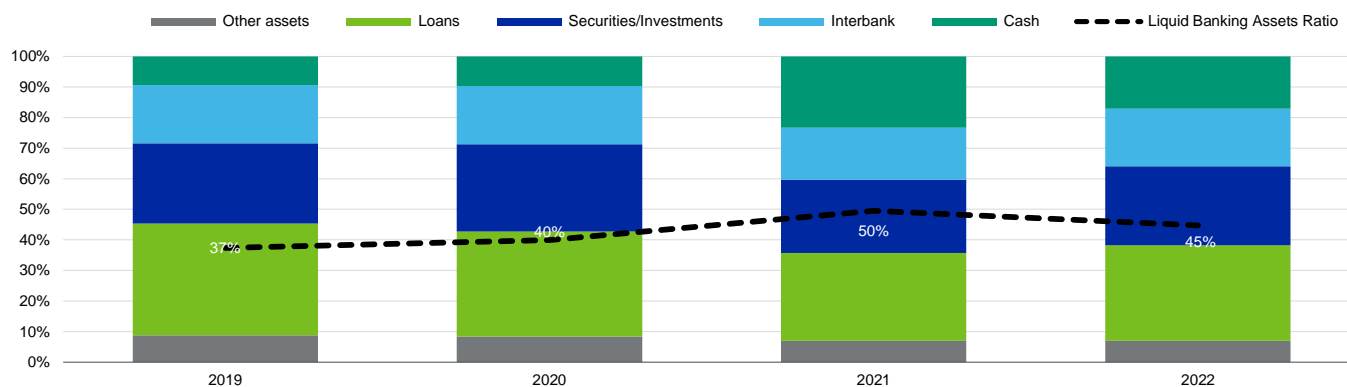
Sources: Company reports and Moody's Investors Service

As of year-end 2022, RLB Kaernten's funding structure included €2.7 billion due to financial institutions (largely sector funding) and €128 million of senior unsecured funding. As of year-end 2022, the remaining TLTRO funds amounted to around €820 million (2021: €820 million). Deposits accounted for around 27% of the bank's total assets (equivalent to €1.1 billion) as of year-end 2022. As of year-end 2022, RLB Kaernten reported a net stable funding ratio of 134% (2021: 146%).

Sound liquidity buffer supports RLB Kaernten's funding profile

We assign a Liquid Resources score of baa2, five notches below the initial score of aa3, reflecting RLB Kaernten's sound liquid banking assets/tangible banking assets of 45% as of year-end 2022. The baa2 score, however, incorporates downward adjustments, largely to reflect the fact that RLB Kaernten holds as part of its role as the central institution liquidity reserves for the primary regional Raiffeisen banks in Carinthia and also provides intragroup lending to primary banks and RBI. We therefore adjust our Liquid Resource score for liquidity reserves held at RBI and for other intragroup lending for primary banks, because we assume that those amounts are not fully fungible to cover short-term liquidity needs. Interbank lending to RBI generally includes the minimum reserve the bank holds for its primary banks and is not available to cover the liquidity needs of the bank itself.

Exhibit 8
Liquid resources contain a significant portion of intragroup liquid resources



Sources: Company reports and Moody's Investors Service

As of year-end 2022, RLB Kaernten's liquidity benefited from significant interbank receivables of €829 million, which consisted mainly of the reserves RLB Kaernten holds because of its role as the central institution for primary banks. Additionally, it reports solid cash resources of €751 million, which have increased following the bank's participation in TLTRO III in 2020 and 2021, which we do not consider a sustainable increase in liquid resources and assume to be reduced following the upcoming TLTRO repayments. The bank's liquidity coverage ratio was 135% as of year-end 2022.

ESG considerations

Raiffeisen Landesbank Kaernten's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 9
ESG Credit Impact Score

CIS-2

Neutral-to-Low

▶

NEGATIVE IMPACT

POSITIVE IMPACT

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

Raiffeisen Landesbank Kärnten (RLB Kärnten) Credit Impact Score (**CIS-2**) indicates the mitigating impact of the affiliate support from Raiffeisen Bankengruppe (RBG) over RLB Kaernten's ESG profile. Environmental and social risk factors have had a limited impact

on the bank's credit profile to date. The bank's moderate governance risks mainly stem from the bank's ownership in Raiffeisen Bank International AG (RBI) and the bank's weak financial strategy, resulting in subdued operational efficiency.

Exhibit 10

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

RLB Kärnten's 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 Kärnten is facing—mounting—business risks and stakeholder—pressure to—meet broader carbon transition goals. In response, RLB Kärnten is actively engaging in further developing its comprehensive risk management and climate risk reporting frameworks and tries to align its business with the transition to a low-carbon economy.

Social

RLB Kärnten faces high social risks, in particular customer relations risks—associated with regulatory risk, exposure to litigation and it has to meet high compliance standards in its—operations. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

RLB Kärnten's governance risks are moderate, reflecting certain concentration risks in the loan book, and high concentration risks inherent in its equity investment in RBI. Management's ability to address the bank's subdued profitability is 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 Kärnten's ownership structure as a member of the cooperative 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, to be very high because of RLB Kaernten's significant regional importance to the sector. The cooperative group's institutional protection scheme aims to stabilise its members by avoiding a bail-in or any form of loss participation by creditors.

We assess the Austrian Raiffeisen sector's financial capacity to provide support to its members based on the cooperative group's combined financial strength. The financial strength has improved, particularly with higher capital buffers, a key support factor for the group's overall credit quality, which is strongly correlated with its higher-risk CEE exposures housed at RBI.

The sector's strong cohesion results in a very close alignment of Adjusted BCAs. Member banks with BCAs of baa2 or higher do not benefit, in terms of rating uplift, from our very high support assumption for the group of Raiffeisen Landesbanken. Consequently, RBG's cross-sector support results in no rating uplift for RLB Kaernten.

Loss Given Failure (LGF) analysis

RLB Kaernten is subject to the EU BRRD, which we consider an operational resolution regime. We assume residual TCE of 3%, post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits and a 5% runoff in preferred deposits. We also assign a 25% probability to deposits being preferred to senior unsecured debt. These metrics are in line with our standard assumptions. Investors in RLB Kaernten's deposits and senior unsecured debt are likely to face low loss given failure, resulting in one notch of rating uplift for its deposit and senior unsecured ratings from the Adjusted BCA.

- » RLB Kaernten's deposits are likely to face low loss given failure, resulting in one notch of rating uplift from the bank's baa2 Adjusted BCA.
- » RLB Kaernten's senior obligations (which the issuer rating speaks to) are also likely to face low loss given failure, resulting in one notch of rating uplift from its baa2 Adjusted BCA.

Government support considerations

Because of its size on a consolidated basis, we consider RBG 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 Counterparty Risk Ratings (CRRs), and senior unsecured debt and deposit ratings of RLB Kaernten.

Counterparty Risk Ratings (CRRs)

RLB Kaernten's CRRs are 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 debt and junior deposits, which are subordinated to CRR liabilities in our Advanced LGF analysis. RLB Kaernten'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 Kaernten's CR Assessment is A1(cr)/P-1(cr)

The bank's CR Assessment is four notches above its baa2 Adjusted BCA, incorporating three notches of uplift derived from the buffer against default provided by more subordinated instruments to the senior obligations represented by the CR Assessment; and one notch of government support uplift, assuming a moderate level of support. To determine the CR Assessment, we focus purely on subordination and we do not take into account the volume of the instrument class.

Rating methodology and scorecard factors

Exhibit 11

Raiffeisen Landesbank Kaernten

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	4.5%	baa1	↔	ba1	Sector concentration	Market risk				
Capital										
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	18.3%	aa2	↔	a1	Stress capital resilience	Risk-weighted capitalisation				
Profitability										
Net Income / Tangible Assets	0.3%	ba2	↔	b1	Earnings quality	Expected trend				
Combined Solvency Score		a3		baa2						
Liquidity										
Funding Structure										
Market Funds / Tangible Banking Assets	65.6%	caa1	↔	baa2	Extent of market funding reliance	Market funding quality				
Liquid Resources										
Liquid Banking Assets / Tangible Banking Assets	44.7%	aa3	↔	baa2	Intragroup restrictions	Quality of liquid assets				
Combined Liquidity Score		ba1		baa2						
Financial Profile										
Qualitative Adjustments				Adjustment						
Business Diversification				0						
Opacity and Complexity				0						
Corporate Behavior				0						
Total Qualitative Adjustments				0						
Sovereign or Affiliate constraint										
BCA Scorecard-indicated Outcome - Range				baa1 - baa3						
Assigned BCA				baa2						
Affiliate Support notching				-						
Adjusted BCA				baa2						
Balance Sheet										
		in-scope (EUR Million)		% in-scope	at-failure (EUR Million)		% at-failure			
Other liabilities		2,249		61.7%	2,297		63.0%			
Deposits		1,157		31.7%	1,005		27.6%			
Preferred deposits		856		23.5%	787		21.6%			
Junior deposits		301		8.3%	218		6.0%			
Senior unsecured bank debt		128		3.5%	232		6.4%			
Equity		109		3.0%	109		3.0%			
Total Tangible Banking Assets		3,644		100.0%	3,644		100.0%			
Debt Class										
		De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional Preliminary
		Instrument	Sub-	Instrument	Sub-	De Jure	De Facto	Notching	LGF	Notching
		volume +	ordination	volume +	ordination			Guidance	notching	Rating
		subordination	subordination	subordination	subordination			vs.		Assessment
								Adjusted		
								BCA		
Counterparty Risk Rating	15.4%	15.4%	15.4%	15.4%	3	3	3	3	0	a2
Counterparty Risk Assessment	15.4%	15.4%	15.4%	15.4%	3	3	3	3	0	a2 (cr)
Deposits	15.4%	3.0%	15.4%	9.4%	1	2	1	1	0	baa1
Senior unsecured bank debt	15.4%	3.0%	9.4%	3.0%	1	0	1	1	0	baa1

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	A1
Counterparty Risk Assessment	3	0	a2 (cr)	1	A1(cr)	
Deposits	1	0	baa1	1	A3	A3
Senior unsecured bank debt	1	0	baa1	1	A3	A3

[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 12

Category	Moody's Rating
RAIFFEISEN LANDESBANK KAERTEN	
Outlook	Stable(m)
Counterparty Risk Rating	A1/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A3
ST Issuer Rating	P-2

Source: Moody's Investors Service

Endnotes

- 1 The ratings shown are RBI's long-term deposit rating and outlook, long-term senior unsecured debt rating and outlook, and BCA.
- 2 Long-term issuer rating
- 3 Long-term issuer rating)

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