

CREDIT OPINION

3 December 2019

Update

✓ Rate this Research

RATINGS

Raiffeisenlandesbank Vorarlberg

Domicile	Austria
Long Term CRR	A3
Type	LT Counterparty Risk Rating - Dom Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	Baa1
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.

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Raiffeisenlandesbank Vorarlberg

Update to credit analysis

Summary

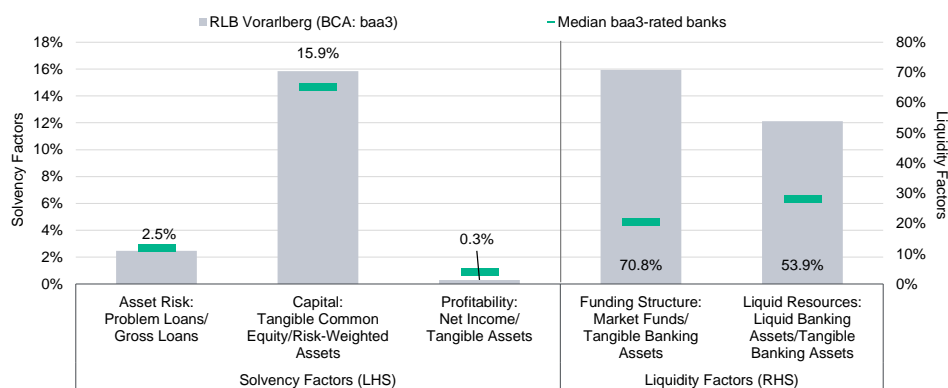
We assign Baa1 deposit and issuer ratings to [Raiffeisenlandesbank Vorarlberg](#) (RLB Vorarlberg). Moreover, we assign a baa3 Baseline Credit Assessment (BCA) and Adjusted BCA, and A3/P-2 Counterparty Risk Ratings (CRRs) to RLB Vorarlberg.

RLB Vorarlberg's Baa1 deposit and issuer ratings reflect the bank's baa3 Baseline Credit Assessment (BCA); its membership in the federal institutional protection scheme of Austria's Raiffeisen Banking Group (RBG) which results in a close alignment of the member banks' Adjusted BCAs; and the application of our Advanced Loss Given Failure (LGF) analysis to its liabilities. We do not incorporate rating uplift from government support for RLB Vorarlberg due to the wider scope of BRRD application in Austria and evidenced willingness of its government to apply burden-sharing to creditors.

RLB Vorarlberg's baa3 BCA is based on its sound solvency metrics, its satisfactory funding profile, and pressure on its profitability. Its solvency is supported by strong asset quality; the bank's sound capitalisation provides a strong cushion against risks related to its equity participations in particular, the large ownership stake in [Raiffeisen Bank International AG](#) (RBI, A3/A3 stable, baa3).¹ The bank's high dependence on confidence-sensitive market funding is completely mitigated by its access to the Raiffeisen sector and RLB Vorarlberg's material liquid resources.

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

- » RLB Vorarlberg's capitalisation is sound, especially when taking into account the bank's additional reserves that are not fully included in its regulatory capital ratios.
- » The quality of the bank's core lending book remains sound and better than that of its peers.
- » Its good access to the Raiffeisen sector and the increase in covered bond issuances partially mitigate the bank's high dependence on wholesale funding.

Credit challenges

- » RLB Vorarlberg's risk profile is strongly influenced by market risks, in particular its large stake in the sector's central institution, RBI.
- » The bank's profitability is modest and volatile, with some dependence on income from participations.

Outlook

- » The outlook is stable, reflecting the fact that the Raiffeisen sector's (RBG) financial strength remains a limiting factor for RLB Vorarlberg's individual creditworthiness. Over the next 12-18 months, we expect the bank's overall solvency and liquidity, as well as its liability structure, to remain broadly unchanged.

Factors that could lead to an upgrade

- » RLB Vorarlberg's ratings could be upgraded if RBG's financial strength improves, such that it results in an uplift in the affiliate support.
- » The ratings may benefit from an additional rating uplift, as assessed in our Advanced LGF analysis, which would require materially higher subordinated instruments.
- » We would consider upgrading the BCA if the bank demonstrates that it can sustain superior asset-quality metrics, and improve its capitalisation and leverage. However, this would not result in a rating upgrade if the affiliate support remains constrained by the financial strength of RBG.

Factors that could lead to a downgrade

- » A downgrade could be prompted if (1) weakening fundamentals warrant a downgrade of the bank's BCA and, at the same time, RBG's fundamentals were to weaken to a level such that the downgrade cannot be offset by higher affiliate support; or (2) there were a deterioration in RBG's financial strength, because this would raise the current constraints for RLB Vorarlberg's BCA.
- » In addition, a downgrade could result from a decrease in volume of senior unsecured debt relative to its tangible assets decreases by such an amount that it increases the severity of loss in our LGF analysis.
- » Negative pressure on the BCA could result from a material weakening of RLB Vorarlberg's capital ratios, combined with indications of materially rising asset risks, or from a deterioration in the bank's liquidity profile. However, this would not result in a rating downgrade if the financial strength of its affiliate RBG remains unchanged.

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

Key indicators

Exhibit 2

Raiffeisenlandesbank Vorarlberg (Unconsolidated Financials) [1]

	12-18 ²	12-17 ²	12-16 ²	12-15 ²	12-14 ²	CAGR/Avg. ³
Total Assets (EUR Billion)	6.6	6.5	6.1	6.3	6.5	0.5 ⁴
Total Assets (USD Billion)	7.5	7.8	6.4	6.8	7.8	(0.9) ⁴
Tangible Common Equity (EUR Billion)	0.3	0.3	0.3	0.3	0.3	3.4 ⁴
Tangible Common Equity (USD Billion)	0.4	0.4	0.3	0.3	0.3	1.9 ⁴
Problem Loans / Gross Loans (%)	1.8	2.4	3.3	2.9	3.5	2.8 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	15.9	15.3	13.8	14.5	13.1	14.5 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	7.9	10.9	15.0	12.2	13.7	12.0 ⁵
Net Interest Margin (%)	0.5	0.5	0.5	0.5	0.5	0.5 ⁵
PPI / Average RWA (%)	0.8	0.8	0.6	0.9	0.7	0.8 ⁶
Net Income / Tangible Assets (%)	0.3	0.3	0.2	0.3	0.3	0.3 ⁵
Cost / Income Ratio (%)	71.1	68.9	75.5	69.4	73.7	71.7 ⁵
Market Funds / Tangible Banking Assets (%)	70.8	76.3	76.3	77.0	77.0	75.5 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	53.9	51.6	48.3	52.5	75.7	56.4 ⁵
Gross Loans / Due to Customers (%)	191.4	169.1	165.9	154.1	144.5	165.0 ⁵

[1]All figures and ratios are adjusted using Moody's standard adjustments. [2]Basel III - fully-loaded or transitional phase-in; LOCAL GAAP. [3]May include rounding differences due to scale of reported amounts. [4]Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime. [5]Simple average of periods presented for the latest accounting regime. [6]Simple average of Basel III periods presented.

Source: Moody's Investors Service; Company Filings

Profile

With total assets of €6.6 billion as of December 2018, RLB Vorarlberg is one of the smaller of the eight Raiffeisenlandesbanken in [Austria](#) (Aa1 stable) and it is majority owned by 18 local primary credit co-operatives in the region, for which the bank is the central institution. RLB Vorarlberg reported 268 full-time equivalent employees in 2018. Together with its owners, the primary banks, RLB Vorarlberg provided its services to 270,000 customers in Vorarlberg.

The bank is a direct shareholder in RBI, the Austrian Raiffeisen sector's (Raiffeisenbankengruppe Oesterreich; RBG) central institution, holding a 2.9% share, which implies a significant indirect exposure to the Central and Eastern European banking markets. Traditionally, RLB Vorarlberg has partly relied on income derived from participations.

Weighted Macro Profile of Strong+

RLB Vorarlberg is focused on the Austrian market (73% of net exposures), and the bank's assigned Strong+ Weighted Macro Profile is in line with the [Strong+ Macro Profile of Austria](#).

Detailed credit considerations

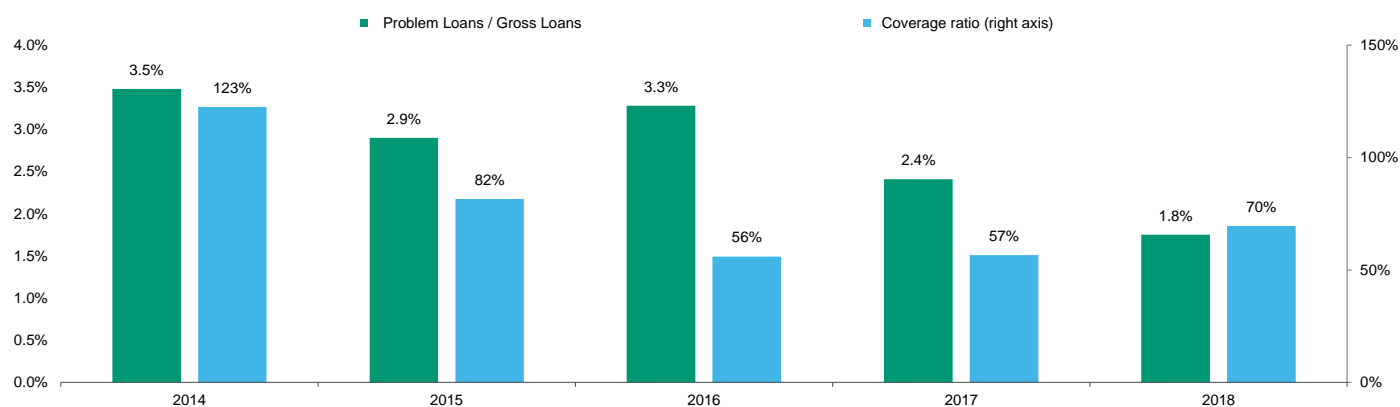
Asset quality is sound, and modest nonperforming loans are supported by adequate provisioning

We assign a baa2 Asset Risk score to RLB Vorarlberg, three notches below the initial score of a2. The assigned score reflects the modest three-year average of problem loans/gross loans of 2.5%, as well as our adjustments for concentrations in more cyclical industries like commercial real estate and market risks from participations.

RLB Vorarlberg has one of the lowest problem loan ratios in the Austrian banking market, which illustrates its conservative underwriting in its loan book which is mostly focused on lending to regional corporates. In 2018, the bank's problem loan ratio remained sound, declining to 1.8% from 2.4% a year earlier, while provisioning levels were prudent at above 50% of problem loans. However, measured as a percentage of RLB Vorarlberg's tangible common equity (TCE), the concentration in construction and commercial real estate lending is high at more than 200%, which could trigger large losses in a highly adverse macroeconomic scenario.

Exhibit 3

RLB Vorarlberg's problem loan ratio is very low The coverage ratio is prudent



Sources: Moody's Financial Metrics and company reports

RLB Vorarlberg's customer lending of €1.5 billion, which mainly consists of corporates, constitutes only a small part of the bank's total assets of €6.6 billion. In addition to its loan book, the bank holds €31 million of unquoted equity participations apart from its €148 million participation in RBI. These participations are largely related to the Raiffeisen sector, and we acknowledge the strategic fit for the bank. Moreover, the portfolio carries substantial revaluation reserves according to the local GAAP.² Although these cannot be (and are also not intended to be) realised without selling the participation, the revaluation reserves imply a valuable buffer against value erosion in its participations portfolio, thereby protecting the income statement from potential losses.

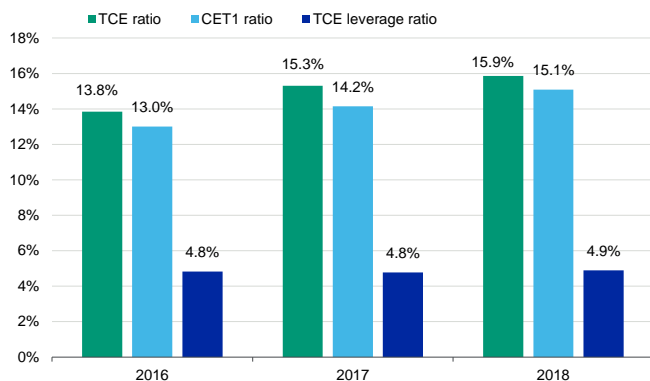
Sound capitalisation, taking into account additional reserves

We position the Capital score at a1, one notch below the initial score of aa3. The score reflects the bank's sound and increasing solvency metrics, represented by a TCE ratio of 15.9% as of year-end 2018, slightly up from the 15.3% a year earlier. Moreover, it reflects vulnerabilities in capitalisation resulting from RLB Vorarlberg's participations that are counterbalanced by additional reserves and our expectation of a slight decrease in the ratio because of new business.

The €148 million stake in RBI as of year-end 2018 represented a large concentration in the context of the bank's €324 million TCE (46%). To take the related risk into account, we simulate a partial impairment of the bank's stake in RBI as well as in other participations. However, we believe this risk is mitigated by the bank's substantial additional capital resources stemming from (1) its €61 million fully taxed reserves under Austrian local GAAP³ as of December 2018, and (2) the revaluation reserves on its participation portfolios. Portions of these reserves were included in the bank's €55 million Tier 2 capital as of December 2018. If the bank were to report under IFRS, the respective amounts would be attributed to its Common Equity Tier 1 (CET1) capital.

Exhibit 4

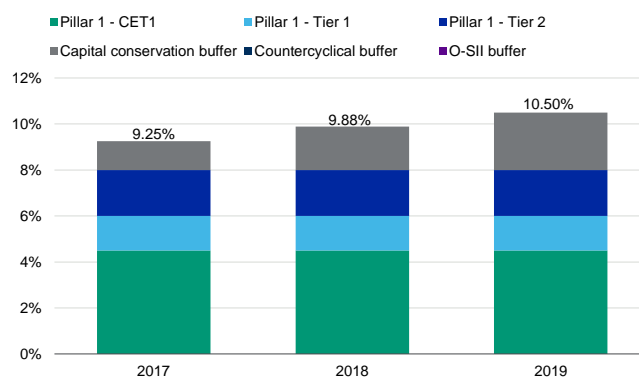
RLB Vorarlberg's capital ratios remain sound Data as a percentage of risk-weighted assets



Sources: Moody's Financial Metrics and company reports

Exhibit 5

RLB Vorarlberg has kept up with its regulatory capital requirements



Sources: Moody's Financial Metrics and company reports

In addition to current market risks stemming from its participations, we expect RLB Vorarlberg to only gradually build further capital buffers above the regulatory required minimum. In the context of prospective changes in the European Union's (EU) bank [regulation](#) the targeted harmonisation of risk weights could lead to a decrease in capital ratios resulting from adjustments to the currently applicable (and relatively favourable) risk weightings for participations. ⁴

As of year-end 2018, RLB Vorarlberg reported a regulatory 15.1% CET1 capital ratio, well above the 14.2% that was reported a year earlier. The ratio benefited from a €21 million increase in the CET1 capital to €308 million, combined with a slight increase in risk-weighted assets of €15 million to €2,038 million. However, the bank's regulatory leverage ratio is still weaker than those of its Raiffeisenlandesbanken peers, and stood at 4.3% as of year-end 2018 (2017: 4.2%).

Profitability is modest and partly dependent on income from participations

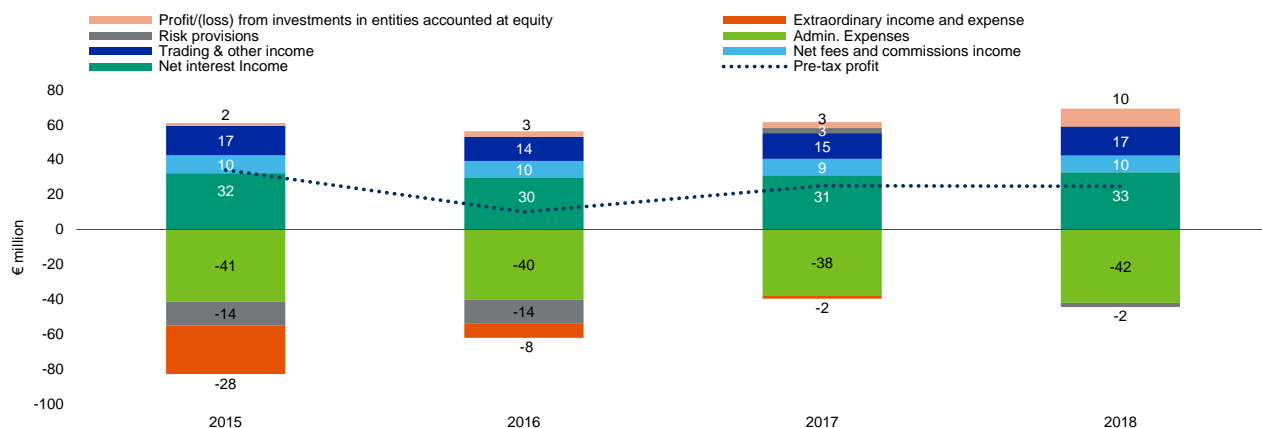
We assign a Profitability score of b1, in line with RLB Vorarlberg's initial score. The b1 score reflects our expectation of a modest net profit relative to its total assets, as well as its dependence on more volatile income streams from participations. For 2019, we expect the net income-to-tangible assets ratio to result in around 20 basis points of tangible assets based on our assumption of continued pressure on net interest income.

Although we saw a slight increase in the bank's net interest income by 5% to €33 million in 2018, we expect it to remain under pressure in the medium term because the negative/low interest rate environment weighs on returns from treasury and interbank activities, while the share of more stable interest income from customers was stable at 49% of total net interest income in 2018, compared with the previous year.

Exhibit 6

RLB Vorarlberg's revenue

Data in € millions, Austrian local GAAP



Sources: Moody's Financial Metrics and company reports

In total, RLB Vorarlberg reported a stable net profit for 2018 of €18.5 million (2017: €18.8 million), which benefitted from low loan-loss provisions of €2 million, combined with a slight increase in net interest income by 5% to €33 million and a stable fee and commission income of around €10 million. In addition, RLB Vorarlberg did not build up any additional local GAAP reserves⁵ as it had done a year earlier. Such transfers principally understate the true profit, which the bank did consistently during the three years ended 2016 to increase its loss-absorption buffers. For 2019, we expect a normalised provisioning level ranging between €6 million and €7 million.

High dependence on wholesale funding is partially mitigated by access to sector funds

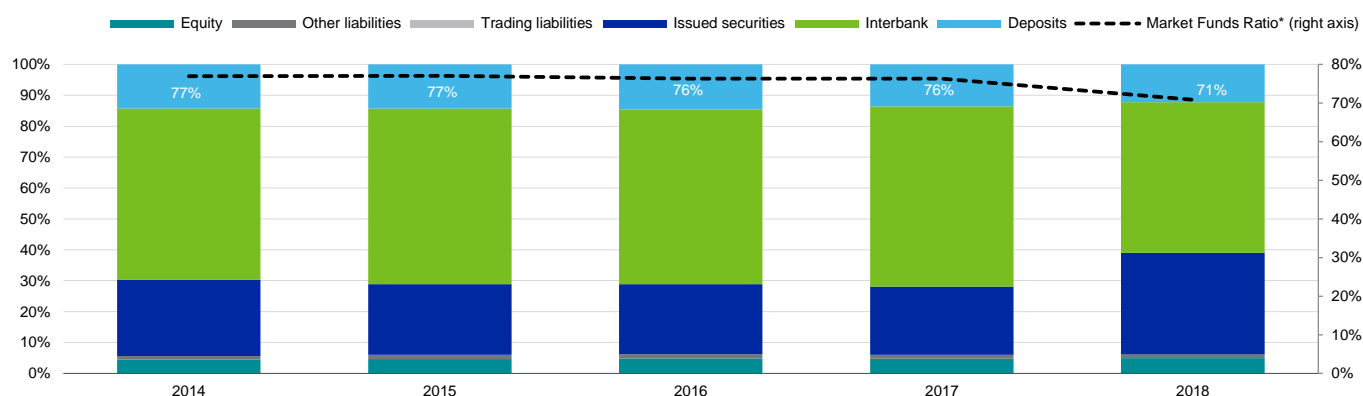
We assign a Funding score of b2, four notches above the caa3 initial score, reflecting the bank's relatively high market funds-to-tangible banking assets ratio of 71% as of year-end 2018 as well as the bank's good access to funds from regional Raiffeisen banks, which mitigates its reliance on wholesale funding.

While the high funding ratio results from RLB Vorarlberg's role as a central institution for the primary Raiffeisen banks in Vorarlberg, the access to funds from regional Raiffeisen banks and their retail clients, as well as its own retail client base and strong covered bond franchise, supports the positive adjustment of the Funding score. Additionally we take into account the bank's other stable funding sources, such as development bank loans. We consider pass-through funding of retail deposits coming from the sector more sticky than interbank funding outside the sector, and hence, a more reliable funding source.

Exhibit 7

RLB Vorarlberg is highly dependent on market funding

Composition of funding sources as a percentage of tangible banking assets



*Market funding ratio = Market funds/tangible banking assets.

Sources: Moody's Financial Metrics and company reports

As of year-end 2018, RLB Vorarlberg's funding profile consisted of €3.2 billion in interbank liabilities, of which €1.2 billion were placed in the sector and €1.5 billion in securitised liabilities, including €1.4 billion in covered bonds, which increased by €0.9 billion following the issuance of some benchmark covered bonds from a year earlier. Additionally, RLB Vorarlberg held €0.8 billion of customer deposits at the time.

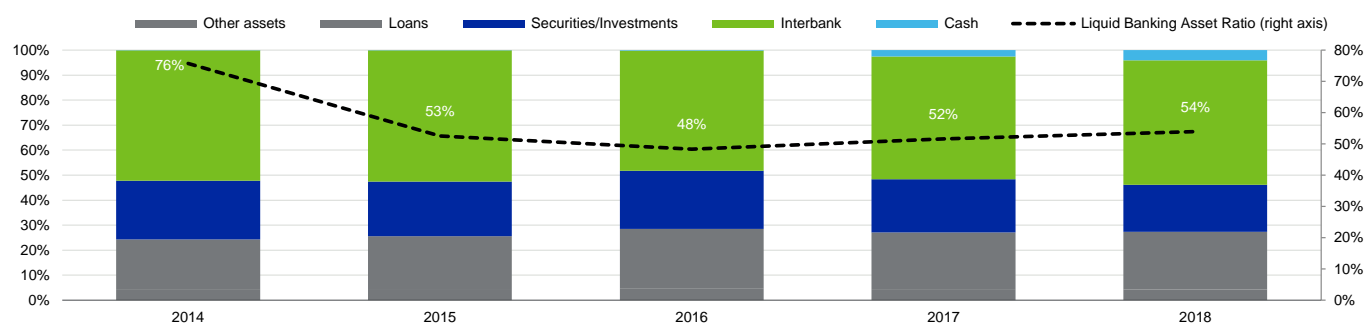
Sound liquidity mitigates funding risks

We assign a Liquid Resources score of aa3, one notch below the initial score of aa2, which represents RLB Vorarlberg's strong liquid banking assets-to-tangible banking assets ratio of 54% as of year-end 2018. Moreover, the aa3 score includes our assessment of asset encumbrance because of covered bond issuances and additional restrictions on intragroup deposits that RLB Vorarlberg holds as part of its role as a central institution.

Exhibit 8

RLB Vorarlberg's sound liquid resources partially include intragroup exposure

Composition of liquid resources as a percentage of tangible banking assets



*Liquid banking assets ratio = Liquid assets/tangible banking assets.

Sources: Moody's Financial Metrics and company reports

As of year-end 2018, the bank's liquid resources of €3.6 billion included €3.3 billion in interbank lending and €0.3 billion in cash. However, a major part of the interbank claims are liquidity reserves the bank holds because of its function as the central institution for the primary banks and are not available as a liquidity buffer for RLB Vorarlberg.

As of the same date, RLB Vorarlberg's liquidity coverage ratio stood at 180%.

Environmental, social and governance considerations

Environmental risks can be defined as environmental hazards encompassing the impact of air pollution, soil/water pollution, water shortage and natural and man-made hazards (physical risks). Additionally, regulatory or policy risks, like the impact of carbon regulation or other regulatory restrictions, including the related transition risks like policy, legal, technology and market shifts, that could impair the evaluation of assets are an important factor. In our Environmental risks heat map, we scored 84 sectors according to their overall exposure to environmental risks. The banking sector has a low exposure in our view. In line with our general evaluation for banks, RLB Vorarlberg has an overall low exposure to environmental risks. For further information, please refer to our [Environmental risks heat map](#).

Social risk considerations represent a broad spectrum, including customer relations, human capital, demographic and societal trends, health and safety, and responsible production. The most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy, which are partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage because of product mis-selling or other types of misconduct is a further social risk. Social trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services increasing information technology cost, ageing population concerns in several countries affecting demand for financial services or socially driven policy agendas that may translate into regulations that affect banks' revenue base. Overall, we consider banks to face moderate social risks. For further information, please refer to our [Social risks heat map](#).

Corporate governance is a well-established key driver for banks and related risks are typically included in our evaluation of the banks' financial profile. Further factors like specific corporate behaviour, key person risk, insider and related-party risk, strategy and management risk factors, and dividend policy may be captured in individual adjustments to the BCA. Governance is highly relevant for RLB Vorarlberg, as it is to all entities in the banking industry. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for RLB Vorarlberg, we do not have any particular governance concern. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Affiliate support

We consider the likelihood of support from RBC, the Austrian Raiffeisen sector, to be very high because of RLB Vorarlberg's regional importance to the sector. 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.

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. Although their combined financial strength has recently improved, we still consider RBC's capitalisation moderate relative to its overall credit profile, which is strongly correlated with its higher-risk Central and Eastern European exposures, housed at RBI. The sector's limited support capacity implies a constraint to the possible uplift included in the member banks' ratings. Member banks with BCAs of baa3 or higher, therefore, do not benefit — in terms of rating uplift — as a result of our very high support assumption for the group of Raiffeisenlandesbanken. Accordingly, RBC's cross-sector support currently results in no rating uplift for RLB Vorarlberg.

Loss Given Failure (LGF) analysis

RLB Vorarlberg is subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. We assume residual TCE of 3% and post-failure losses of 8% of tangible banking assets, a 25% run-off in junior wholesale deposits and a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions.

- » RLB Vorarlberg's deposits are likely to face very low loss given failure, resulting in two notches of rating uplift from the baa3 Adjusted BCA.
- » RLB Vorarlberg's senior obligations (which the issuer rating speaks to) are also likely to face very low loss given failure, resulting in two notches of rating uplift from the baa3 Adjusted BCA.

Government support

In contrast to banks in other EU countries and reflective of government measures in Austria implemented since 2014, we assign a low level of support for the senior debt and deposit ratings of Austrian banks. As a consequence, we do not include any beneficial rating impact for government support in RLB Vorarlberg's issuer and deposit ratings despite the strong national market shares and the relevance of the Raiffeisen sector as a whole to the country's banking system.

Counterparty Risk Ratings (CRRs)

CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

RLB Vorarlberg's CRRs are positioned at A3/P-2

The CRRs are positioned three notches above the Adjusted BCA of baa3, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

RLB Vorarlberg's CRRs do not benefit from any rating uplift based on government support, which is in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails, and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

RLB Vorarlberg's CR Assessment is positioned at A3(cr)/P-2(cr)

The bank's CR Assessments are positioned three notches above the baa3 Adjusted BCA, based on the buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments, primarily senior unsecured debt. To determine the CR Assessment, we focus purely on subordination, taking no account of the volume of the instrument class.

Methodology and scorecard

Methodology

The [Banks Methodology](#) is used to rate RLB Vorarlberg, which was published in November 2019.

About Moody's Bank Scorecard

Moody's 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 output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output 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 9

Raiffeisenlandesbank Vorarlberg

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	2.5%	a2	↔	baa2	Sector concentration	Market risk	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	15.9%	aa3	↔	a1	Risk-weighted capitalisation	Stress capital resilience	
Profitability							
Net Income / Tangible Assets	0.2%	b1	↔	b1	Earnings quality	Expected trend	
Combined Solvency Score		a3		baa2			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	70.8%	caa3	↔	b2	Market funding quality	Extent of market funding reliance	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	53.9%	aa2	↔	aa3	Asset encumbrance	Intragroup restrictions	
Combined Liquidity Score		ba2		baa3			
Financial Profile							
				baa2			
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				baa2 - ba1			
Assigned BCA				baa3			
Affiliate Support notching				0			
Adjusted BCA				baa3			
Balance Sheet							
		in-scope (EUR Million)		% in-scope		at-failure (EUR Million)	% at-failure
Other liabilities		4,851		73.5%		4,916	74.4%
Deposits		807		12.2%		586	8.9%
Preferred deposits		597		9.0%		458	6.9%
Junior deposits		210		3.2%		127	1.9%
Senior unsecured bank debt		747		11.3%		904	13.7%
Equity		198		3.0%		198	3.0%
Total Tangible Banking Assets		6,603		100.0%		6,603	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	18.6%	18.6%	18.6%	18.6%	3	3	3	3	0	a3
Counterparty Risk Assessment	18.6%	18.6%	18.6%	18.6%	3	3	3	3	0	a3 (cr)
Deposits	18.6%	3.0%	18.6%	16.7%	2	3	2	2	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	a3	0	A3	
Counterparty Risk Assessment	3	0	a3 (cr)	0	A3(cr)	
Deposits	2	0	baa1	0	Baa1	Baa1

[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 10

Category	Moody's Rating
RAIFFEISENLANDESBANK VORARLBERG	
Outlook	Stable
Counterparty Risk Rating -Dom Curr	A3/P-2
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa3
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Issuer Rating	Baa1
ST Issuer Rating	P-2

Source: Moody's Investors Service

Endnotes

- [1](#) The ratings shown are RBI's deposit and senior unsecured debt ratings and outlook, and its BCA
- [2](#) Under Austrian Local GAAP the stake is valued at the lower of acquisition cost or market value. A market value above the acquisition cost results in hidden reserves.
- [3](#) Fully taxed local GAAP reserves, based on § 57(1) of the Austrian Legal Banking Act, are deducted from gross loans and, therefore, not disclosed as reserves.
- [4](#) Being part of the institutional protection scheme of RBG, RLB Vorarlberg has the privilege of favourable risk weights for intra-sector participations and exposures; the vast majority of its participations are weighted at 100%.
- [5](#) In accordance with §57(1) of the Austrian Legal Banking Act, such fully taxed reserves under Austrian local GAAP are labelled loan-loss provisions and booked under risk charges in the income statement. Economically, however, the transfers represent allocations of net profit to capital reserves.

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