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CREDIT OPINION
1 August 2023

Update

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RATINGS

Raiffeisen Landesbank Vorarlberg

Domicile	Bregenz, Austria
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Dom Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
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.

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Raiffeisen Landesbank Vorarlberg

Update following upgrade of senior ratings

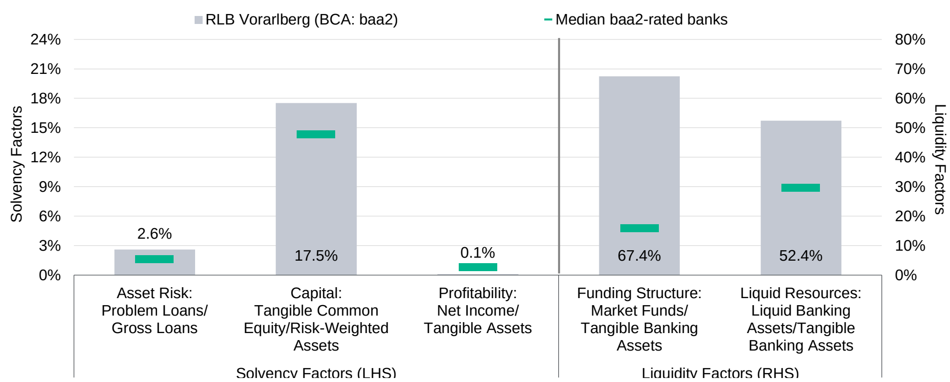
Summary

On 11 July, we upgraded the deposit and senior unsecured debt ratings of Raiffeisen Landesbank Vorarlberg (RLB Vorarlberg) 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 Vorarlberg's A2 deposit and issuer ratings reflect the bank's baa2 Baseline Credit Assessment (BCA); its membership in the institutional protection scheme (IPS) of the Austrian 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 for RLB Vorarlberg; and two notches of rating uplift from our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class; and a one notch rating uplift from government support from Austria (Aa1 stable), given RLB Vorarlberg's membership in the systemically relevant RBG.

RLB Vorarlberg's baa2 BCA reflects the bank's strong asset risk and capital metrics, leading to a resilient solvency profile, which balances sizeable equity investments, including the bank's stake in Raiffeisen Bank International AG (RBI, A1/A1 stable, baa3 [1]), and the bank's low underlying profitability.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

» RLB Vorarlberg's capitalisation is strong, 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 mitigate the bank's high dependence on wholesale funding.

Credit challenges

» Its large stake in the sector's central institution RBI strongly influences the bank's risk profile because of inherent market risks.

» The bank's profitability is modest and volatile, with some dependence on income from participations.

» Declining volume of liabilities designed to absorb losses in resolution implies a trend towards lower investor protection.

Outlook

The stable rating outlook reflects our expectation that the bank's and the sector's financials will remain stable, RLB Vorarlberg's liability structure will not change significantly and the creditworthiness of the Raiffeisen sector in Austria will remain stable over the next 12-18 months.

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 increase in affiliate support.

» The bank's ratings may benefit from an additional rating uplift, as assessed in our Advanced LGF analysis, which, however, would require significantly higher volume of 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, combined with a sustained increase in profit. 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 downgrade could be prompted if 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 there were a deterioration in RBG's financial strength, because this would increase the constraints on RLB Vorarlberg's BCA.

» In addition, a downgrade could result if the 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 weakening of RLB Vorarlberg's capital ratios, indications of an increase in asset risks, or a deterioration in the bank's liquid resources or an increase in market funding reliance. However, this would not result in a rating downgrade if the financial strength of its affiliate RBG remains unchanged.

Key indicators

Exhibit 2
Raiffeisen Landesbank Vorarlberg (Unconsolidated Financials) [1]

	12-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	7.1	7.6	7.0	6.4	6.6	2.0[4]
Total Assets (USD Billion)	7.6	8.6	8.6	7.2	7.5	0.3[4]
Tangible Common Equity (EUR Billion)	0.4	0.4	0.4	0.4	0.3	5.8[4]
Tangible Common Equity (USD Billion)	0.4	0.5	0.5	0.4	0.4	4.0[4]
Problem Loans / Gross Loans (%)	2.6	2.4	2.6	1.6	1.8	2.2[5]
Tangible Common Equity / Risk Weighted Assets (%)	17.5	17.7	16.9	15.7	15.9	16.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	11.2	10.2	10.9	6.9	7.9	9.4[5]
Net Interest Margin (%)	0.5	0.5	0.5	0.5	0.5	0.5[5]
PPI / Average RWA (%)	0.6	0.7	0.8	0.6	0.8	0.7[6]
Net Income / Tangible Assets (%)	0.1	0.4	0.1	0.3	0.3	0.2[5]
Cost / Income Ratio (%)	80.1	75.9	72.6	80.1	71.1	75.9[5]
Market Funds / Tangible Banking Assets (%)	67.4	71.0	71.9	68.3	70.8	69.9[5]
Liquid Banking Assets / Tangible Banking Assets (%)	52.4	57.8	54.5	50.9	53.9	53.9[5]
Gross Loans / Due to Customers (%)	260.9	244.4	241.9	237.7	191.4	235.3[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 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

As of December 2022, Raiffeisen Landesbank Vorarlberg (RLB Vorarlberg) had reported total assets of €7.1 billion. RLB Vorarlberg is one of the eight Raiffeisen Landesbanken in Austria, and it is majority owned by 16 local primary credit cooperatives in the region, for which the bank is the central institution. RLB Vorarlberg reported 400 full-time equivalent employees in 2022. Together with its owners, the primary banks, RLB Vorarlberg provides its services to 262,000 customers in Vorarlberg.

The bank is a direct shareholder in RBI, the Austrian Raiffeisen sector's central institution, with 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 the income derived from participations.

Weighted macro profile of Strong+

RLB Vorarlberg is focused on the Austrian market, where it has 79% of its net exposures, with the remainder in Germany and Switzerland. The bank's assigned Strong+ weighted macro profile is in line with the Strong+ macro profile of Austria.

Detailed credit considerations

Asset quality remains sound

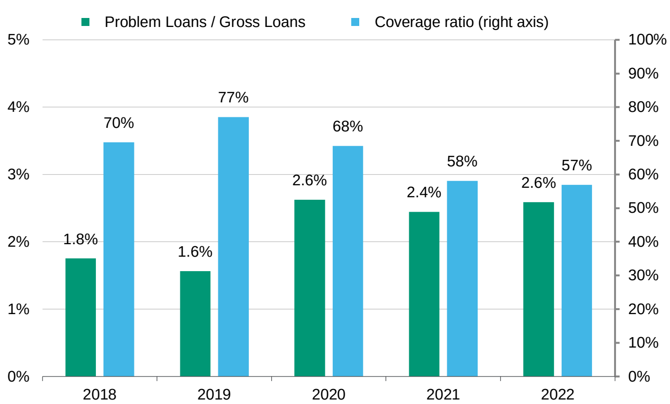
We assign a baa3 Asset Risk score to RLB Vorarlberg, four notches below the initial score of a2. The assigned score reflects the modest initial Asset Risk score, as well as our adjustments for concentrations in more cyclical industries, such as commercial real estate (CRE) and construction, and the market risks resulting from participations.

RLB Vorarlberg has one of the lowest problem loan ratios in the Austrian banking market, illustrating the conservative underwriting in its loan book of €1.9 billion, which is mostly focused on lending to regional corporates. The bank's problem loan ratio increased slightly to 2.6% in 2022 from 2.4% a year earlier, reflecting increased inflationary and energy price pressures on the bank's largely corporate clients, but is still commensurate with the initial score of a2.

The bank's provisioning remained relatively stable at 57% as of year-end 2022, compared with 58% in the previous year. RLB Vorarlberg's loan book remains concentrated in construction and CRE lending, which accounted for 148% of the bank's tangible common equity (TCE) in 2022, however the concentrations in Commercial Real Estate are lower in comparison with most other Raiffeisen peers.

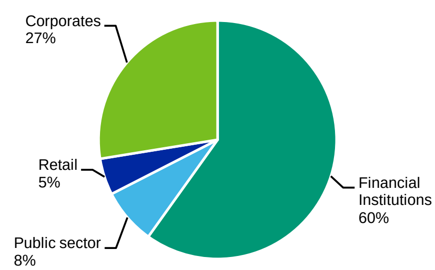
Besides the sound credit quality and concentration risks in the bank's loan book, we also take into consideration the market risks stemming from the bank's equity participations in our Asset Risk score of baa3. RLB Vorarlberg's total equity investments accounted for 53% of its TCE as of year-end 2022. It holds a 2.9% stake in RBI, valued at €148 million, and some minor equity investments in regional nonbanking companies of €68 million, including in CRE. These equity investments expose the bank to high risks from a potential lack of dividends or even impairment needs. For 2022, RLB Vorarlberg has not recorded an impairment on its RBI stake given its conservative valuation. The bank's revaluation reserves related to its participation portfolio represent a certain level of protection and imply a buffer against value erosion in its participations and partly protect the bank's income statement from potential impairments. [2] These reserves have presumably reduced significantly following the significant share price decline of RBI's stake since February 2022 (For additional details, please refer to our publications available here), which reflects RBI's exposure to Russia and Ukraine. The share price of RBI started to recover at the end of 2022, but is still significantly below the level before the war between Russia and Ukraine.

Exhibit 3
RLB Vorarlberg's problem loan ratio increased in 2022



Sources: Company reports and Moody's Investors Service

Exhibit 4
Breakdown of RLB Vorarlberg's exposure at default by sector
As of year-end 2022



Source: Company reports

Strong capitalisation, taking into account additional reserves

We position the Capital score at a1, two notches below the initial score of aa2. The score reflects RLB Vorarlberg's sound solvency metrics, represented by a TCE ratio of 17.5%, while taking into account valuation risks of the bank's equity investments.

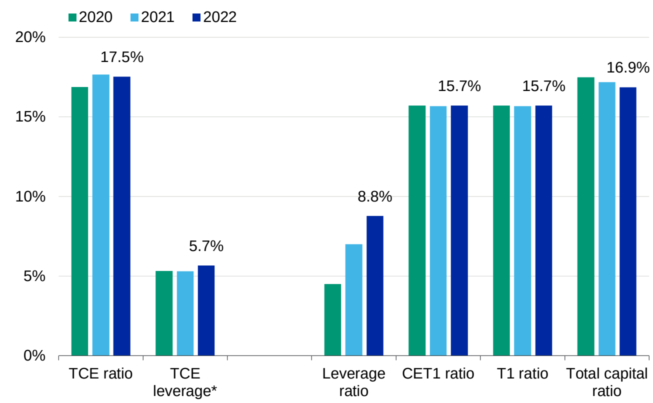
In addition to the reported TCE ratio, our assigned score takes into consideration additional local GAAP reserves[3] of €68.6 million, which could be converted into capital directly, if necessary. These reserves are not related to the RBI stake, but are formed as an additional reserve for customer loans and corresponding releases of provisions.

Additionally, we take into consideration the capital resilience of RLB Vorarlberg in an adverse scenario, assuming a 50% reduction in the value of its holdings from a multiyear average valuation. RLB Vorarlberg reports its €148 million stake in RBI based on the lesser of the historical cost or value as assessed in an independent appraisal report. This results in a valuation that could be lower than the equity market valuation of RBI when considering RBI's share price based on the five-year average as a reference. However, we would not consider hidden reserves of the RBI stake in our assessment. In 2022, the share price of RBI suffered significantly because of its subsidiaries in Russia and Ukraine, which have been major profitability contributors to RBI's profit in the past. This has resulted in a current valuation of the stake in RLB Vorarlberg's book that is higher than the equity market valuation of RBI, when considering RBI's share price based on the five-year average as a reference. Thus, RLB Vorarlberg might eventually adjust the valuation of its stake in RBI in the future; the amount, however, will depend on the result of the annual valuation assessment by the bank's auditor.

RLB Vorarlberg's regulatory Common Equity Tier 1 (CET1) capital ratio remained stable at 15.7% year on year. Risk-weighted assets (RWA) increase has offset the increase in equity slightly as RWA increased by 1.6% compared with the previous year while equity increased by 0.25%. The bank's regulatory leverage ratio increased to 8.8% as of year-end 2022, from 7.0% a year earlier, driven by a strengthening in the bank's core capital. TCE leverage increased to 5.7% in 2022 from 5.3%, driven by the decline in tangible banking assets. The difference between the CET1 ratio of 15.7% and the TCE ratio of 17.5% arises because the CET1 ratio calculation excludes the retained profit before the regulatory recognition of earnings retention and because the TCE ratio takes into consideration Tier 2 capital, which is excluded in the CET1 ratio.

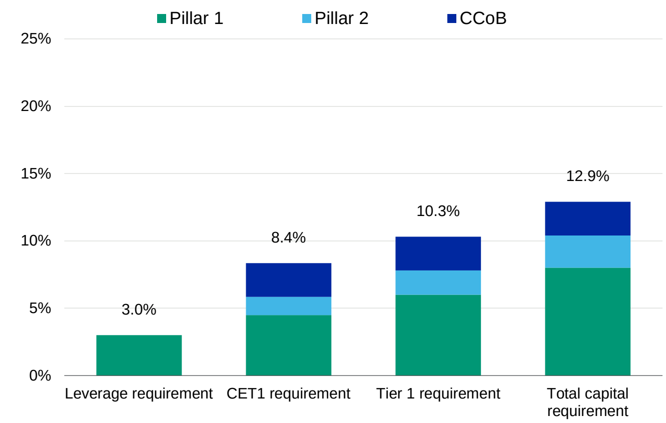
RLB Vorarlberg complies with all regulatory capital requirements and has sufficient buffers to the minimum requirements (for 2022: CET1 of 8.35% and total capital requirement of 12.9%).

Exhibit 5
RLB Vorarlberg's capital ratios remain sound
Data as a percentage of RWA



Sources: Company and Moody's Financial Metrics

Exhibit 6
RLB Vorarlberg has kept up with its regulatory capital requirements



Sources: Company and Moody's Financial Metrics

Profitability is dependent on income from participations; standalone profitability remains modest

We assign a Profitability score of b2, one notch above the initial b3 score. The initial Profitability score declined in 2022 to a b3 from a ba2 initial score, largely driven by the absence of dividends from RBI and additional impairments of securities in 2022. The assigned b2 score incorporates our expectation that the bank's profitability will return to its through-the-cycle level in 2023. The assigned score additionally reflects the bank's dependence on more volatile income streams from equity participations.

The assigned score takes into consideration the volatility in the bank's net income resulting from revenue related to activities from its nonbanking equity investments, as well as from its equity investment in RBI. This revenue is considered less reliable and is exposed to considerable volatility. To evaluate the bank's standalone earnings generation capacity and exclude annual fluctuations, we consider our Moody's-adjusted net income, excluding those earnings. Moreover, we amend profitability for the creation or release of §57 local GAAP reserves to display an unadjusted earnings generation capacity because such transfers to reserves dilute banks' underlying profit.

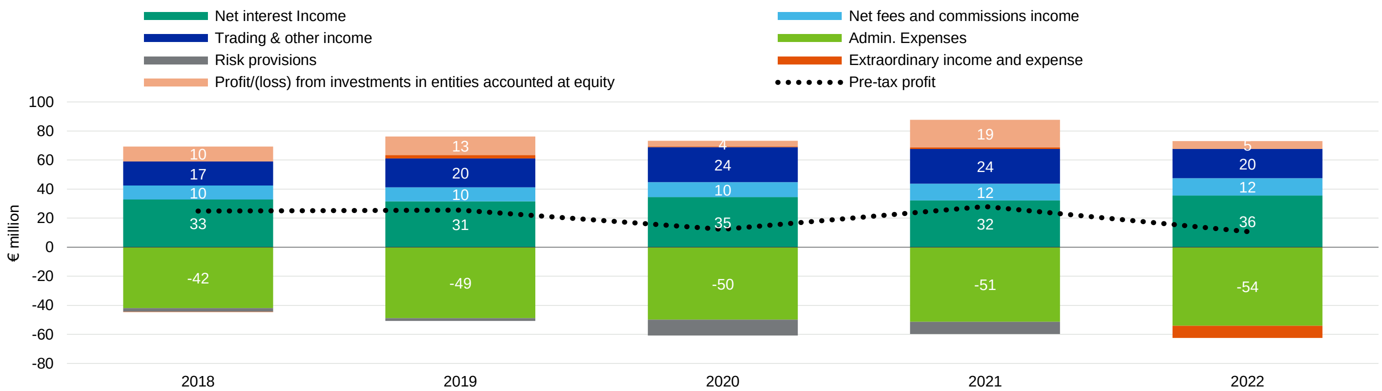
In 2022, RLB Vorarlberg's net income decreased to €6.1 million from €40.0 million in 2021, (2020: €8.7 million), despite improved net interest income, which increased to €35.6 million in 2022 from €32.2 million in 2021. Fee income remained broadly stable at €11.8 million in 2022 versus €11.6 million in 2021. Lower net income in 2022 was largely driven by the absence of dividends from RBI and additionally by impairments on securities, which became necessary following the accelerated increase in interest rates, amounting to €8.3 million. Additionally, the bank had reported an extraordinary profit in 2021 after the disposal of a non-core real estate property, thus the reported net income in 2021 was above the multiyear average of the bank.

RLB Vorarlberg released loan loss provisions of €0.1 million in 2022, while it booked loan loss provisions of €8.5 million in the previous year. At the same time, total operating expenses increased slightly to €54.1 million from €51.3 million mainly driven by the increase in administrative expenses.[4]

Exhibit 7

RLB Vorarlberg's revenue declined in 2022

Data in € millions, Austrian local GAAP



Sources: Company and Moody's Financial Metrics

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

We assign a Funding Structure score of b1, three notches above the caa1 initial score, reflecting the bank's high market funds/tangible banking assets of 67% as of year-end 2022 (2021: 71%). The assigned score takes into account the bank's good access to funds from regional Raiffeisen banks, which mitigates its reliance on wholesale funding. Additionally, the assigned score takes into account the fact that the balance sheet is temporarily inflated by RLB Vorarlberg's participation in European Central Bank's (ECB) Targeted Longer-Term Refinancing Operations (TLTRO).

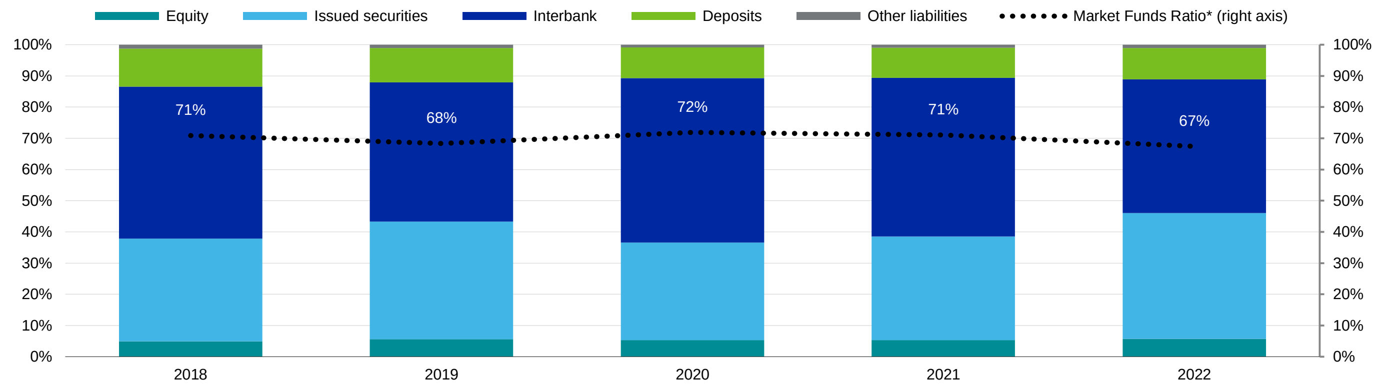
As part of its business model as a regional central bank for the primary Raiffeisen banks, RLB Vorarlberg's interbank liabilities include a high proportion of intragroup funding within the Raiffeisen sector. We adjust our market funding ratio for intragroup funding in the Raiffeisen sector (funds received from primary banks) because we consider funding from primary banks more sticky than the usual interbank business because it is part of the bank's business model to hold liquidity reserves for its primary banks. Additionally, we adjust the market funding ratio for pass-through funding from development banks because these funds are typically downstreamed to the primary banks and are not market confidence sensitive, and for TLTRO amounts, which are stored as extra liquidity in the bank's cash position instead of being used for lending activities to benefit from attractive remuneration terms of the TLTRO III.

As RLB Vorarlberg acts as a central bank for the primary Raiffeisen banks in Vorarlberg, the bank's funding profile consists largely of interbank liabilities. Interbank liabilities declined to €3.1 billion in 2022, from €3.8 billion in the previous year. We expect the amount to decrease further in 2023 and 2024 as the bank will gradually repay the outstanding tender amounts to the ECB. As of December 2022, the bank had already repaid €1.1 billion, followed by €50 million in 2023. The bank also relies on covered bonds as a main funding source, which stood at €1.1 billion, up by €0.1 billion from the previous year, while customer deposits account for only 10.7% of the bank's funding base and remained broadly stable at €0.7 billion year on year The deposits of RLB Vorarlberg largely stem from corporate clients as RLB Vorarlberg has an only limited share of private customers, however its access to the intragroup funding and excess liquidity of primary banks significantly reduces risks associated with confidence-sensitive wholesale funding.

Exhibit 8

Interbank funding and covered bonds are the main funding sources; access to sector funding mitigates funding risks

Composition of funding sources as a percentage of tangible banking assets



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

Sources: Company and Moody's Financial Metrics

Sound liquidity mitigates funding risks

We assign a Liquid Resources score of a1 to RLB Vorarlberg, two notches below the initial score of aa2, which reflects the bank's strong initial liquid banking assets/tangible banking assets of 52% as of year-end 2022. Besides the solid liquidity profile, the assigned a1 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.

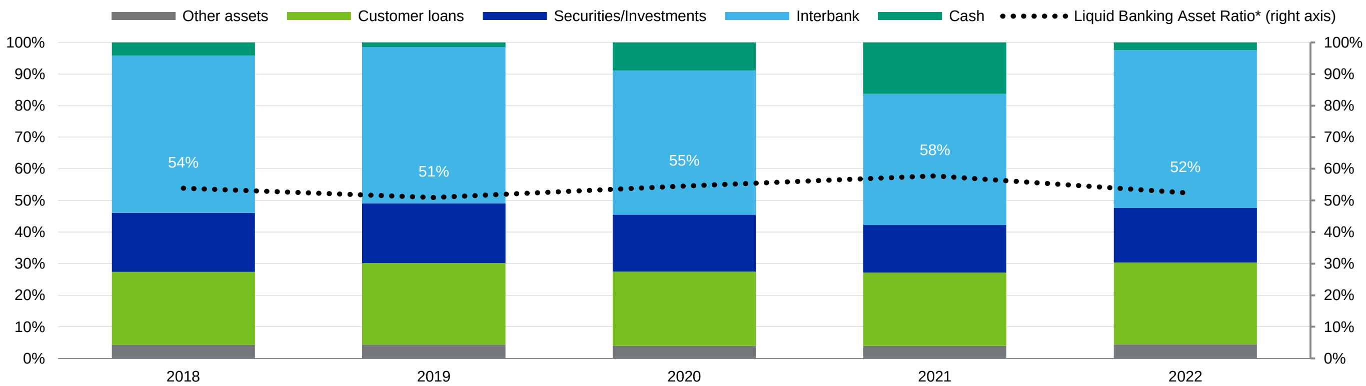
As the central bank for the regional primary banks, RLB Vorarlberg provides intragroup lending to the primary banks and RBI. Thus, we negatively adjust our Liquid Resources score for liquidity reserves held at RBI and other intragroup lending for primary banks because we assume that these amounts are not fully fungible for RLB Vorarlberg to cover short-term liquidity needs. Interbank lending to RBI generally includes the minimum reserve that RLB Vorarlberg holds for its primary banks and is not available to cover the bank's liquidity needs. Additionally, we adjust our ratio for encumbrance of liquid securities that are initially classified as liquid, but we know that those are pledged as collateral, for example, for public-sector covered bonds.

The assigned score further captures additional liquid resources the bank can generate through overcollateralisation in its mortgage covered bond programmes. In case of need, RLB Vorarlberg can increase issuances and post them at the central bank to generate additional cash, given the current level of overcollateralisation above the required overcollateralisation of around 13%[5](corresponding to additional €464 million) in the programme.

As of year-end 2022, the bank's liquid resources stood at €3.7 billion (2021: €4.4 billion) and mainly consisted €3.6 billion interbank loans (2021: €3.1 billion). However, a substantial part is not available as liquidity to RLB Vorarlberg because the bank holds the liquidity reserves on behalf of the primary banks because of its function as the central institution. On the other hand, RLB Vorarlberg benefits from access to the excess liquidity of primary Raiffeisen banks, which is also deposited at RLB Vorarlberg.

The bank's cash position reduced significantly to €0.18 billion (2021: €1.23 billion) after the partial repayment of €1.1 billion TLTRO in 2022. Despite the repayment, RLB Vorarlberg's liquidity coverage ratio (LCR) was 158% as of year-end 2022, indicating that short-term liquidity needs are well covered, though the LCR is down from 176% in 2021.

Exhibit 9
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: Company reports and Moody's Financial Metrics

ESG considerations

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

Exhibit 10
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

Raiffeisenlandesbank Vorarlberg's (RLB Vorarlberg) Credit Impact Score (**CIS-2**) indicates that ESG considerations have no material impact on the current rating. It also reflects the mitigating impact of the affiliate support from Raiffeisen Bankengruppe (RBG) over RLB Vorarlberg'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 participation in Raiffeisen Bank International AG (RBI) and the bank's weak financial strategy, resulting in subdued operational efficiency.

Exhibit 11
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-3	G-3
Moderately Negative	Moderately Negative	Moderately Negative

Source: Moody's Investors Service

Environmental

RLB Vorarlberg 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 Vorarlberg is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. RLB Vorarlberg is actively engaging in further developing its comprehensive risk management and climate risk reporting frameworks and continues to align its business with the transition to a low-carbon economy.

Social

RLB Vorarlberg faces moderate social risks related to regulatory and litigation risks, requiring high compliance standards. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches. The exposure to customer relation risks is lower than those of its peers, given the bank's business model with limited exposure to retail clients.

Governance

RLB Vorarlberg'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 Vorarlberg'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, to be very high because of RLB Vorarlberg's significant regional importance to the sector and because of its membership in the sector's federal IPS.

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 sector's strong cohesion and its sound capitalisation help mitigate its higher-risk Central and Eastern European exposures housed at RBI.

The sector's strong cohesion results in a very close alignment of the member banks' 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 Vorarlberg.

Loss Given Failure (LGF) analysis

RLB Vorarlberg 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. These assumptions are in line with our standard assumptions.

» RLB Vorarlberg's deposits are likely to face a very low loss given failure, resulting in two notches of rating uplift from the baa2 Adjusted BCA.

» RLB Vorarlberg's senior obligations (which the issuer rating speaks to) are also likely to face a very low loss given failure, resulting in two notches of rating uplift from the baa2 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, and senior unsecured debt and deposit ratings of RLB Vorarlberg.

Counterparty Risk Ratings (CRRs)

RLB Vorarlberg's CRRs are A1/P-1

The CRRs are four notches above the Adjusted BCA of baa2, including one notch of government support, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

Counterparty Risk (CR) Assessment

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

The bank's CR Assessments are four notches above the baa2 Adjusted BCA and based on the buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments, primarily senior unsecured debt, and including one notch of government support uplift. 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, which was published in July 2021, was used to rate RLB Vorarlberg.

About Moody's Bank Scorecard

Our 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 12
Raiffeisen Landesbank 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	2.6%	a2	↔	baa3	Sector concentration	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	17.5%	aa2	↔	a1	Stress capital resilience	Risk-weighted capitalisation
Profitability						
Net Income / Tangible Assets	0.1%	b3	↔	b2	Earnings quality	Expected trend
Combined Solvency Score		a3		baa2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	67.4%	caa1	↔	b1	Extent of market funding reliance	Market funding quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	52.4%	aa2	↔	a1	Intragroup restrictions	Stock of liquid assets
Combined Liquidity Score		ba1		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				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	4,500	74.4%	4,525	74.8%
Preferred deposits	437	7.2%	372	6.2%
Junior deposits	154	2.5%	103	1.7%
Equity	181	3.0%	181	3.0%
Total Tangible Banking Assets	4,682	100.0%	5,571	92.1%

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	19.0%	19.0%	19.0%	19.0%	3	3	3	3	0	a2
Counterparty Risk Assessment	19.0%	19.0%	19.0%	19.0%	3	3	3	3	0	a2 (cr)
Deposits	19.0%	3.0%	19.0%	17.3%	2	3	2	2	0	a3
Senior unsecured bank debt	19.0%	3.0%	17.3%	3.0%	2	2	2	2	0	a3

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	A2

[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 13

Category	Moody's Rating
RAIFFEISEN LANDESBANK VORARLBERG	
Outlook	Stable
Counterparty Risk Rating -Dom Curr	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2
ST Issuer Rating	P-1

Source: Moody's Investors Service

Endnotes

1 The ratings shown are RBI's deposit and senior unsecured debt ratings and outlook, and BCA.

2 Under Austrian local GAAP, the stake is valued at the lower of the 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 not disclosed as reserves.

4 In accordance with §57(1) and (2) of the Austrian Legal Banking Act, such fully taxed reserves under the Austrian local GAAP are labeled loan loss provisions and booked under risk charges in the income statement. Economically, however, the transfers represent allocations of net profit to capital reserves.

5 Mortgage Covered Bond report as of 31.03.2023

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