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CREDIT OPINION
14 July 2023

Update

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RATINGS

Volksbank Wien AG

Domicile	Austria
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Dom Curr
Outlook	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Dom Curr
Outlook	Positive
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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Volksbank Wien AG

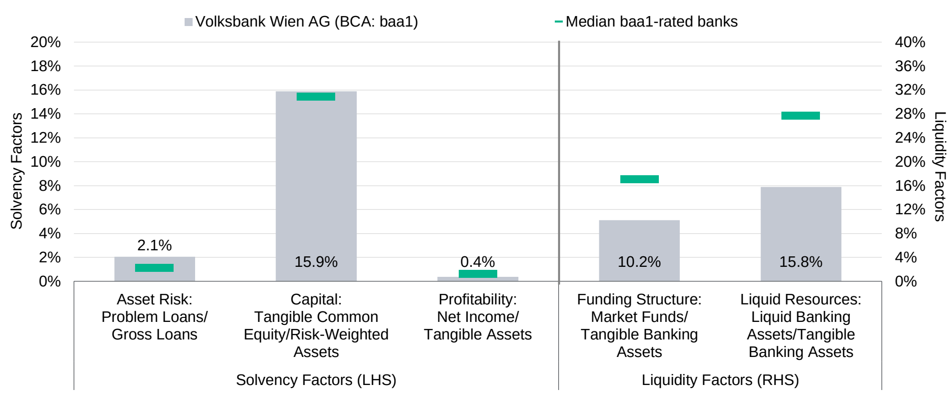
Update following rating affirmation

Summary

On 20 June, we affirmed Volksbank Wien AG's (VBW) deposit and senior unsecured debt ratings at A2 and A3, respectively, based on our unchanged low government support assumptions. The ratings reflect the bank's baa1 Baseline Credit Assessment (BCA) and Adjusted BCA, and the outcome of our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class and results in two notches of uplift for deposits, one notch for senior unsecured debt and no uplift for junior senior instruments. VBW's ratings do not benefit from government support uplift because of its small size in the context of the Austrian banking system.

VBW's BCA baa1 reflects the bank's sound solvency profile, including a resilient asset-quality performance, and its strong capital levels provide a substantial buffer against potential losses from adverse market developments. VBW's BCA further reflects its stable funding profile and solid liquidity, which benefit from the bank's large and granular deposit franchise in Austria. Because VBW is largely deposit funded, we expect its profitability to be supported by the benign interest rate environment and repricing of the bank's loan book.

Exhibit 1
Rating Scorecard - Key financial ratios



VBW's key financial ratios are calculated based on the consolidated financial statements of the cooperative group.
Source: Moody's Investors Service

VBW's ratings are based on the consolidated financial statements of Austria's (Aa1 stable) cooperative banking sector, the Oesterreichischer Volksbanken-Verbund (Verbund), which operates a statutory mutualist support framework that ensures the cohesion of its member banks. VBW serves as the central organisation for this framework.

Credit strengths

» Sound funding and liquidity, which benefit from a large deposit base and moderate dependence on market funds

» Solid capitalisation

» Low level of problem loans

Credit challenges

» Concentration in the real estate sector and tourism

» Efficiency lags that of domestic peers

Outlook

The stable outlook on VBW's long-term deposit ratings reflects our expectation that the bank will be able to protect its achieved solvency. Furthermore, the stable outlook reflects our assumption that the outstanding volumes of junior senior unsecured and subordinated debt instruments will not significantly drop below indicated levels in relation to the bank's balance sheet, and that additional instruments to satisfy the bank's requirement for own funds and eligible liabilities (MREL) will be issued over the next 12-18 months.

The positive outlook on the senior unsecured rating reflects the likelihood of VBW's senior unsecured rating receiving additional rating uplift from our Advanced LGF analysis, provided additional senior unsecured or lower-ranking instruments are issued during 2023 and 2024 to comply with VBW's MREL requirements.

Factors that could lead to an upgrade

» VBW's ratings could be upgraded in case of an upgrade of its baa1 BCA because of a sustainably improved standalone intrinsic strength. This improvement could be achieved by the bank enhancing either its capitalisation or its profitability beyond our current assumptions without incurring renewed asset risks and while keeping its defensive liquidity profile.

» The bank's deposit and senior unsecured debt ratings could be also upgraded in case additional volumes of senior unsecured or lower-ranking instruments are issued.

» The bank's junior senior unsecured debt and subordinated debt ratings could be upgraded in case significant additional volumes of capital instruments (Tier 2 and Additional Tier 1 [AT1]) are issued.

Factors that could lead to a downgrade

» VBW's ratings could be downgraded if its BCA is downgraded or if the bank's liability structure leads to a less favourable outcome under our Advanced LGF analysis, which could, for example, result from a significant reduction in the volume of debt instruments subordinated to senior unsecured liabilities.

» A downgrade of VBW's BCA could result from a weakening of the bank's combined solvency profile, in particular if this were to be caused by a significant reduction in capitalisation and profitability, together with an increased reliance on market funding beyond our expectation.

Key indicators

Exhibit 2

Volksbank Wien AG (Consolidated Financials) [1]

	12-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	14.5	16.9	14.3	12.7	11.5	5.9[4]
Total Assets (USD Billion)	15.4	19.2	17.5	14.3	13.2	4.1[4]
Tangible Common Equity (EUR Billion)	0.7	0.7	0.6	0.8	0.7	0.8[4]
Tangible Common Equity (USD Billion)	0.8	0.8	0.8	0.9	0.8	(0.9)[4]
Problem Loans / Gross Loans (%)	2.0	2.0	2.3	2.8	2.4	2.3[5]
Tangible Common Equity / Risk Weighted Assets (%)	18.1	17.5	16.6	19.2	17.0	17.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	14.1	14.7	17.6	18.1	17.3	16.4[5]
Net Interest Margin (%)	0.7	0.7	0.9	1.0	1.2	0.9[5]
PPI / Average RWA (%)	1.5	2.0	1.4	1.5	1.6	1.6[6]
Net Income / Tangible Assets (%)	0.5	0.5	0.1	0.3	0.6	0.4[5]
Cost / Income Ratio (%)	79.5	75.1	80.7	78.2	79.5	78.6[5]
Market Funds / Tangible Banking Assets (%)	38.4	46.0	38.0	31.5	32.7	37.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	43.1	53.0	42.8	35.5	33.9	41.7[5]
Gross Loans / Due to Customers (%)	83.1	78.9	82.1	85.8	85.4	83.1[5]

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

Sources: Moody's Investors Service and company filings

Exhibit 3

Oesterreichischer Volksbanken-Verbund (Consolidated Financials) [1]

	12-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	29.2	32.1	29.3	27.4	26.6	2.3[4]
Total Assets (USD Billion)	31.1	36.3	35.9	30.8	30.4	0.6[4]
Tangible Common Equity (EUR Billion)	2.3	2.1	2.1	2.1	1.9	4.5[4]
Tangible Common Equity (USD Billion)	2.4	2.4	2.5	2.3	2.2	2.7[4]
Problem Loans / Gross Loans (%)	1.9	2.2	2.1	2.6	3.1	2.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.9	15.7	14.7	13.9	12.9	14.6[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	16.6	19.1	18.6	22.9	29.0	21.2[5]
Net Interest Margin (%)	1.5	1.3	1.4	1.6	1.7	1.5[5]
PPI / Average RWA (%)	1.6	1.1	1.0	1.0	0.7	1.1[6]
Net Income / Tangible Assets (%)	0.6	0.6	0.0	0.3	0.4	0.4[5]
Cost / Income Ratio (%)	70.2	78.2	78.2	78.4	85.9	78.2[5]
Market Funds / Tangible Banking Assets (%)	10.2	16.7	13.1	8.6	5.9	10.9[5]
Liquid Banking Assets / Tangible Banking Assets (%)	15.8	26.1	19.9	14.1	14.2	18.0[5]
Gross Loans / Due to Customers (%)	100.1	94.5	95.9	96.9	93.8	96.3[5]

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

Sources: Moody's Investors Service and company filings

Profile

Volksbank Wien AG (VBW) is the central organisation of Austria's cooperative banking sector, the Verbund. Member banks of the Verbund benefit from a statutory mutualist support framework, codified in the Austrian Banking Act; and the cohesion and solidarity within the Verbund, reflected in a mutual obligation to support each member institution in case of need. The Verbund consists of nine primary banks, among which VBW is the central organisation. As of December 2022, VBW had 54 branches, while the Verbund had 236 branches along with 3,033 full-time employees.

Member banks of the Verbund are predominantly active in Austria. They mainly provide financial services to retail and small and medium-sized enterprises (SMEs). As of the end of December 2022, the Verbund held consolidated assets of €29.2 billion and reported a net income of €115 million.

VBW took over the role as the central organisation of the Verbund after the former Oesterreichische Volksbanken AG (VBAG) announced its reorganisation and break-up as the central institution of Austria's Volksbanken sector following its failure in the ECB's Comprehensive Assessment in October 2014. VBAG relinquished its banking licence and changed its name to immigon portfolioabbau ag (immigon) on 4 July 2015.[1] All legally required businesses and necessary service activities were transferred to VBW at that time. As of year-end 2022, the Verbund had paid back the last outstanding tranche of the participation right of Austria, which was granted in the course of the restructuring, lifting all requirements resulting from the state aid proceedings of 2015. As a result, Austria, which held a 25% stake in VBW, is no longer a shareholder.

For more information, please see VBW's Issuer Profile.

VBW's domestic exposures determine its Strong+ macro profile

VBW and the Verbund are predominantly active in Austria, and the assigned Strong+ weighted macro profile is set on par with the Strong+ macro profile of Austria.

Detailed credit considerations

We assess VBW on the basis of the consolidated financial statements of the Verbund. This approach takes into consideration the statutory mutualist support framework, codified in the Austrian Banking Act; and the cohesion and solidarity within the Verbund, reflected in a mutual obligation to support each member institution in case of need. Consequently, the Verbund member banks, with the exception of VBW, are exempt from reporting individual capital and other regulatory ratios to the European Central Bank (ECB), their supervisor. The high level of cooperation within the Verbund is further demonstrated by VBW's role as a central bank institution, which provides ample control rights to the Vienna-based bank, including centralised management of capital, funding, liquidity and risk.

The Verbund's asset risks are driven by concentrations in the real estate and tourism sectors

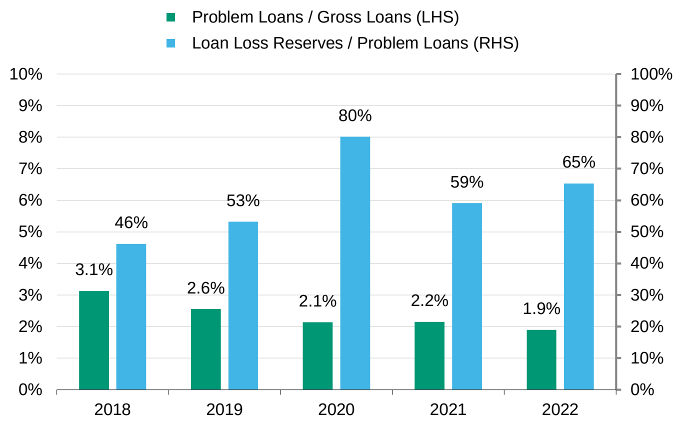
We assign a baa1 Asset Risk score to VBW, two notches below the initial a2 score. The baa1 score takes into consideration the Verbund's concentration in the real estate, tourism and SME sectors, which are more vulnerable to economic downturns.

The Verbund's total loan book of €22.5 billion, as of December 2022, is focused on SME clients (€11.2 billion), followed by retail lending (€8.9 billion), which mainly relates to residential mortgages. In terms of customer loans by industry, lending to the commercial real estate sector stood at €6.3 billion, or around 2.9x of the Verbund's tangible common equity (TCE), followed by tourism companies (€1.6 billion or around 0.7x TCE as of year-end 2022), representing large concentration risks.

VBW's loan book predominantly consists of loans granted at variable rates, which increases the repayment burden of its borrowers amid rising interest rates. We expect a moderate increase in problem loans over the next 12 to 18 months; in particular the smaller companies may find it increasingly difficult to operate successfully on the back of elevated inflation and rising interest rates.

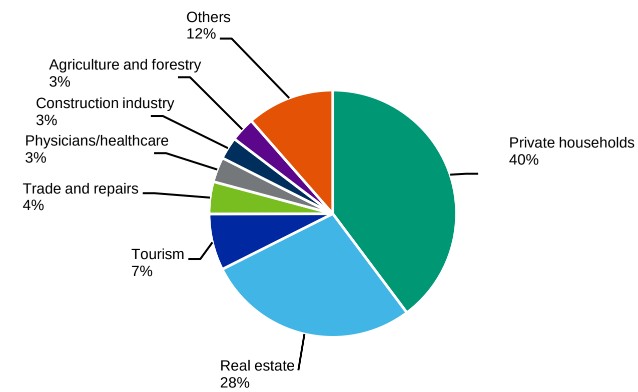
The Verbund's asset quality has improved since December 2020, as reflected by a problem loan ratio of 1.9% at end-2022. Loan loss reserve coverage improved as the Verbund booked €31 million of risk provisions, which mainly relate to management overlays, to prepare for economic challenges as a result of the military conflict in Ukraine.

Exhibit 4
The Verbund continues to de-risk its loan book while building up loan loss reserves



Sources: Company and Moody's Investors Service

Exhibit 5
Breakdown of the Verbund's loan book
As of year-end 2022, total €22.5 billion



Source: Company data

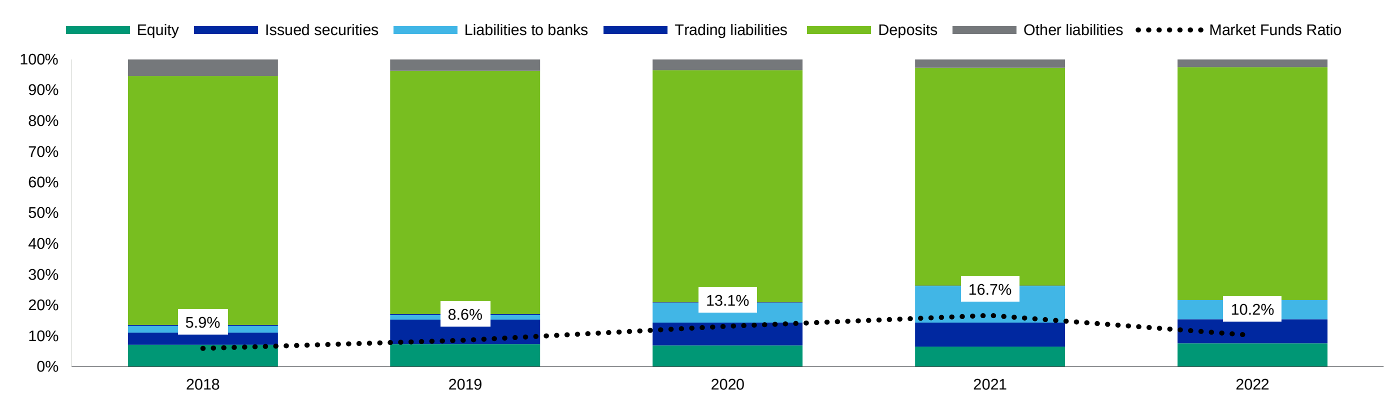
Large deposit franchise with moderate dependence on market funding

The Verbund's funding profile strongly supports VBW's BCA, which is reflected in our a2 Funding Structure score, in line with the initial score. Our assessment takes into consideration the bank's large deposit franchise and our expectation that the increase in market funding will soften as the Verbund repays its takeup of ECB funding under the Targeted Long Term Refinancing Operations (TLTRO).

The Verbund's funding profile benefits from the high granularity of deposits, which are generally more stable than large institutional deposits - retail deposits account for around three-quarters of the Verbund's total deposits. As of December 2022, the latter funded €22.1 billion, or 76%, of the Verbund's assets. Therefore, market funding reliance, as reflected by a market funding ratio of around 10%, is limited and comprises interbank liabilities of around €2 billion (including the €1.3 billion remaining part of TLTRO), as well as around €1 billion of covered bonds[2] and €0.5 billion of junior senior unsecured debt issued to fulfil the Verbund's MREL requirements as of December 2022. As of December 2022, the gross loan-to-deposit ratio was 101% (95% as of December 2021).

For 2023, we expect the TLTRO funding to be gradually reduced and only in part replaced by unsecured debt issuances. In addition to its €500 million junior senior unsecured debt issued in Q1 2021, VBW successfully placed a €500 million benchmark bond on the market in March 2023. The bank plans to issue more senior unsecured instruments before year-end 2024 to meet its final MREL requirement of 26.5% of risk-weighted assets (RWA).

Exhibit 6
Liability structure of the Verbund
In percentage of total assets (market funds as a percentage of tangible banking assets)



Sources: Company and Moody's Investors Service

Strong liquidity supports VBW's funding profile

We assign a baa2 Liquid Resources score to VBW, in line with the initial score. The assigned score reflects the high share of cash and low dependency of the Verbund on market-risk-sensitive securities, while anticipating a moderate decline in cash once the TLTRO funds have been fully redeemed.

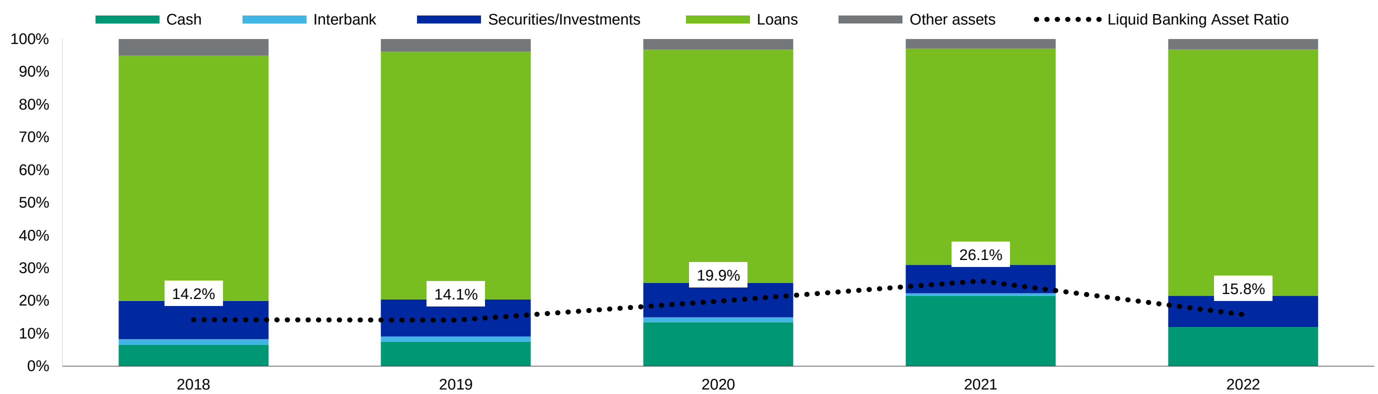
The Verbund's liquidity is adequate to cover short-term liquidity needs, as reflected by its liquid resources of around €4.6 billion, or around 16% of Tangible Banking Assets (TBAs), the bulk of which is cash while government bond holdings are rather minor (3% of TBAs). As of the same date, the Verbund's liquidity coverage ratio was 165%, down from 224% in 2021 because of the partial repayment of TLTRO funding initially placed at the ECB. For the next 12-18 months, we expect the liquid resources ratio to decrease even further once the TLTRO III is fully redeemed.

In addition to the bank's liquid balance sheet assets, the group possesses ample buffer of mortgage claims that qualify as collateral for Volksbank Wien AG - Mortgage Covered Bonds (Aaa). Those claims could, in case of need, be used to increase the volume of covered bonds, which could then be posted at the central bank to generate additional cash, given the current level of over-collateralisation in the programme of 111%.

Exhibit 7

Asset structure of the Verbund

In percentage of total assets (liquid banking assets as a percentage of tangible banking assets)



Sources: Company and Moody's Investors Service

Strong capitalisation provides substantial buffer against adverse market developments

The assigned a1 Capital score is positioned one notch below the aa3 initial score and reflects the Verbund's strong capitalisation that provides a substantial buffer against potential losses. We also acknowledge the bank's early repayment of participation rights held by Austria in December 2022, which has resolved previous constraints on further build-up of its capitalisation.

The Verbund's solid TCE ratio of around 15.7% as of December 2022 is more than one percentage point above the regulatory Common Equity Tier 1 (CET1) capital ratio of 14.0% because of the regulatory deductions applied to the Verbund's participations. In absolute terms, the bank's CET1 capital remained almost unchanged at €2.0 billion. The Verbund calculates its RWA conservatively across all lending portfolios under the standardised approach. For the upcoming years, we expect RWA to continue to grow in line with the increasing business volume.

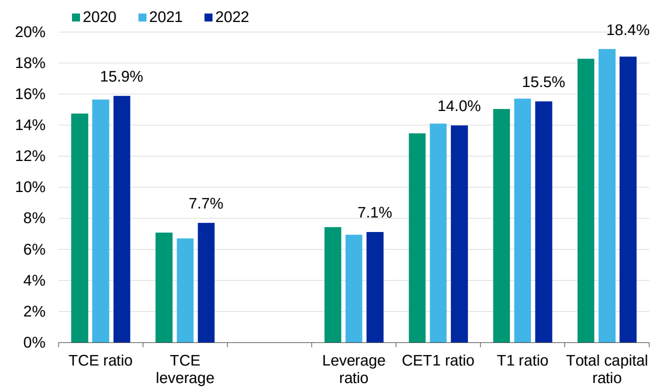
The Verbund's 15.6% fully loaded Tier 1 capital ratio as of December 2022 was stable compared with 15.7% as of year-end 2021 and includes a €220 million AT1 bond. Because these instruments are contractually designed to absorb losses in a gone-concern scenario or upon the intervention of resolution authorities, we do not include them in the TCE calculation, rather in our Advanced LGF analysis. The total capital ratio of 18.5% as of December 2022, complemented by Tier 2 instruments, is comfortably above the regulatory requirement of 14.0% including the Pillar 2 requirement. Other than for Germany or Switzerland, the Austrian regulator Financial Market Authority (FMA) did not decide to increase the countercyclical capital buffer (CCyB) from currently 0% or to implement any additional sectoral buffer as a response to increased house prices because it expects the implementation of upper lending limits to be sufficient to moderate house price dynamics.

While no direct links to immigon exist anymore, the Verbund was obliged to repay the remainder of the original €300 million of participation rights (Genussrechte) as of year-end 2023, which were granted to the Austrian government as compensation for rescuing the former central bank organisation, VBAG. As of December 2022, the Verbund had paid back the final tranche of €100 million one year earlier than required. The repayment of the final tranche ends the participation of the Austrian government and improves the Verbund's earnings retention.

Exhibit 8

The Verbund's regulatory capitalisation is strong

Fully loaded capital ratios

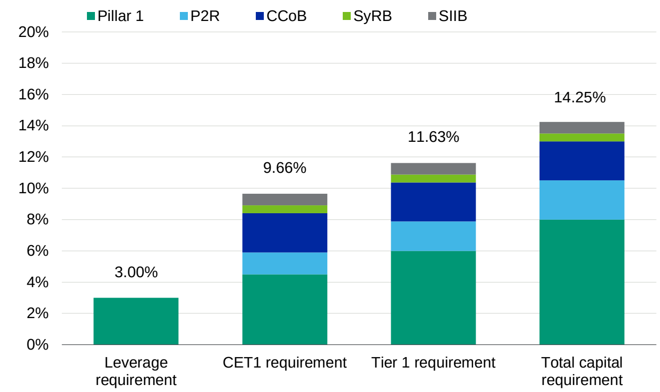


TCE = Tangible common equity (our calculation); CET1 = Common Equity Tier 1 capital; T1 = Tier 1 capital; all transitional.
Our TCE is a balance-sheet equity measure without regulatory deductions.
Sources: Company and Moody's Investors Service

Exhibit 9

VBW has adequate capital buffers over regulatory capital requirements

The Verbund's regulatory capital requirements as of December 2022*



CCoB = capital conservation buffer; SyRB = systemic risk buffer; SIIB = systemically important institutions buffer, *SIIB already reflects the increased requirement since 1 January 2023 from 0.5% to 0.75%.
Source: Company

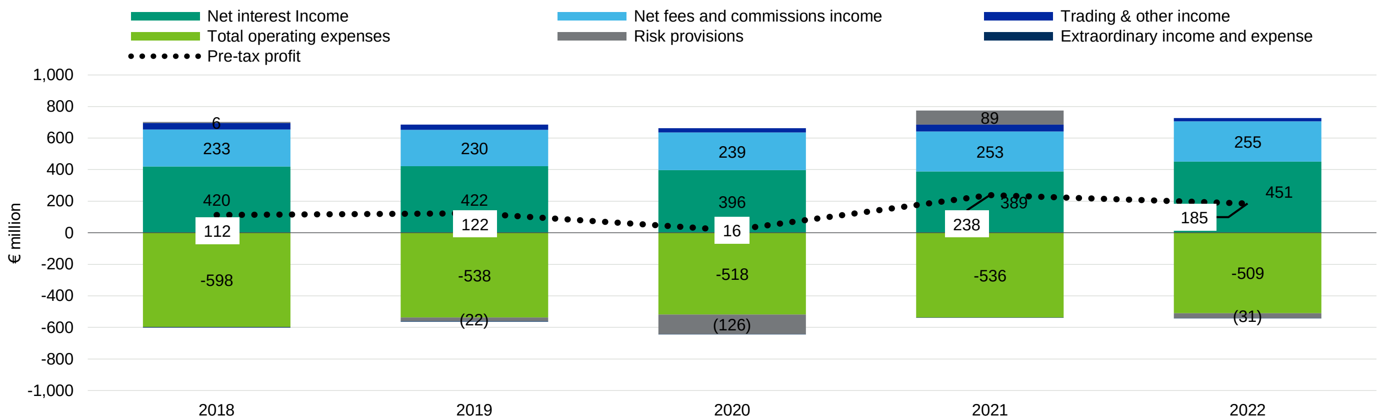
Profitability supported by efficiency gains and the benign interest rate environment

The assigned Profitability score for VBW is ba1, in line with the initial score, reflecting our expectation of sustainable profitability over the next few years as a result of both the group's improving operating efficiency and the expected impact from a more benign interest rate environment and repricing of the bank's loan book.

The Verbund's earnings are well diversified, with 72% of revenue coming from net interest income (NII) in 2022, 39% from net fee and commission income (NFCI). VBW's profitability has benefitted from an improving cost structure driven by the group's efficiency programme launched in 2018 after its significant restructuring. While the group's cost-to-income ratio still lags its domestic peers as reflected by a cost-to-income ratio of 78% versus 65% for rated domestic peers as of December 2022, efficiency gains have improved the group's resilience to economic challenges over the past five years (2018: cost-to-income ratio of 86%).

Moody's adjusted net income to tangible assets was 0.5% as of year-end 2022 and included a one-off expense of €80 million related to the final repayment of the participation right of Austria. Cost of risk were at a low 17 bps of gross loans, a normalised level compared to the years during the pandemic, after a small net release of provisions in 2021.

Exhibit 10
2022 net income benefited from low cost of risk and, improving interest margins and lower costs
in € millions



Sources: Company and Moody's Investors Service

ESG considerations

Volksbank Wien AG's ESG Credit Impact Score is a CIS-2

Exhibit 11
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

Volksbank Wien AG's (VBW) **CIS-2** indicates that the environmental, social and governance considerations do not have a material impact on the current ratings to date.

Exhibit 12
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-4	G-2
Moderately Negative	Highly Negative	Neutral-to-Low

Source: Moody's Investors Service

Environmental

VBW faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a wholesale bank in Austria. In line with its peers, VBW is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals.

In response, VBW 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

VBW faces high industrywide social risks related to customer relations and associated regulatory risk, litigation exposure and high compliance standards in its operations. These risks are mitigated by the bank's developed policies and procedures. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

VBW's governance risks are low, reflecting the continuous improvement in its asset quality, which has been accompanied by strengthening capitalisation. VBW's ownership structure as a mutualist (cooperative banking sector) result 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

Loss Given Failure (LGF) analysis

The Verbund is a conglomerate of eight regional Volksbanken and one specialised financial institution in Austria. The Verbund is a banking group in the context of the European Capital Requirements Regulation and, therefore, is regulated as a group. All of its affiliated institutions, apart from the central institution, VBW, are exempt from certain regulations. Consequently, the EU's Bank Recovery and Resolution Directive, which is an operational resolution regime (ORR), applies to the Verbund, but not to its member entities individually.

We apply our LGF analysis on the basis of the Verbund's consolidated liabilities, taking into account the risks faced by the different debt and deposit classes across the liability structure at failure. We assume a residual TCE of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits and a 5% runoff in preferred deposits. These are in line with our standard assumptions. Because of the Verbund's clear focus on retail banking, we expect only a small percentage (10%) of VBW's deposits to be considered junior (or institutional) deposits.

» For VBW's deposits, our LGF analysis indicates a very low loss given failure, leading to a two-notch uplift above the bank's baa1 Adjusted BCA.

» For VBW's senior unsecured debt, our LGF analysis indicates a low loss given failure, leading to a one-notch uplift above the bank's baa1 Adjusted BCA.

» For VBW's junior senior unsecured debt, our LGF analysis indicates a moderate loss given failure. Therefore, the rating is on par with the bank's baa1 Adjusted BCA.

» For VBW's subordinated debt, our LGF analysis indicates a high loss given failure. Therefore, the rating is one notch below the bank's baa1 Adjusted BCA.

Additional notching for AT1 instruments

We assign a Ba1(hyb) rating to VBW's AT1 notes. This rating is three notches below the bank's baa1 Adjusted BCA. The rating reflects our assessment of the instruments' undated deeply subordinated claim in liquidation, the issuer's ability to redeem under certain conditions the securities at a level below par in case these have been strained by a write-down and the securities' non-cumulative coupon deferral features. The securities' principal is subject to a partial or full write-down on a contractual basis if the Verbund's or VBW's CET1 ratios fall below 5.125%, the issuer receives public support or the Austrian FMA determines that the conditions for a full write-down of the instrument are fulfilled and orders such a write-down as a precautionary measure to prevent insolvency.

Government support considerations

In contrast to banks in other EU countries and reflecting the government measures implemented in Austria since 2014, we assign a low level of support for the senior unsecured debt and deposit ratings of Austrian banks. Consequently, we do not include any uplift for government support in VBW's long-term deposit ratings. This view also takes into account the Verbund's relatively low importance to the domestic deposit-taking market.

Counterparty Risk Ratings (CRRs)

VBW's CRRs are A1/P-1

The CRRs are three notches above the Adjusted BCA of baa1, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities. VBW'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

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

The CR Assessment assigned to VBW is three notches above the bank's Adjusted BCA of baa1, based on the buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments.

CR Assessments for banks are subject to a going-concern ORR, reflecting the loss absorption that capital and more junior debt instruments provide in the bank's liability structure. In Austria, counterparty obligations rank above senior unsecured debt and junior deposits, but not above preferred deposits.

Because the CR Assessment captures the probability of default on certain senior operational obligations, rather than expected loss, we focus purely on subordination and take no account of the volume of the instrument class.

Methodology and scorecard

Methodology

The principal methodology used in rating VBW is our Banks Methodology, published in July 2021.

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 13

Oesterreichischer Volksbanken-Verbund

MACRO FACTORS		
WEIGHTED MACRO PROFILE	STRONG +	100%

FACTOR	HISTORIC RATIO	INITIAL SCORE	EXPECTED TREND	ASSIGNED SCORE	KEY DRIVER #1	KEY DRIVER #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.1%	a2	↔	baa1	Sector concentration	Expected trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	15.9%	aa3	↔	a1	Stress capital resilience	Risk-weighted capitalisation
Profitability						
Net Income / Tangible Assets	0.4%	ba1	↔	ba1	Return on assets	Expected trend
Combined Solvency Score		a2		baa1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	10.2%	a2	↔	a2	Deposit quality	Expected trend
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	15.8%	baa2	↔	baa2	Quality of liquid assets	Expected trend
Combined Liquidity Score		a3		a3		
Financial Profile				baa1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa1		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

BALANCE SHEET	IN-SCOPE (EUR MILLION)	% IN-SCOPE	AT-FAILURE (EUR MILLION)	% AT-FAILURE
Other liabilities	3,744	13.4%	5,292	19.0%
Deposits	22,105	79.2%	20,558	73.6%
Preferred deposits	19,895	71.2%	18,900	67.7%
Junior deposits	2,211	7.9%	1,658	5.9%
Senior unsecured bank debt	60	0.2%	60	0.2%
Junior senior unsecured bank debt	500	1.8%	500	1.8%
Dated subordinated bank debt	452	1.6%	452	1.6%
Junior subordinated bank debt	3	0.0%	3	0.0%
Preference shares (bank)	220	0.8%	220	0.8%
Equity	838	3.0%	838	3.0%
Total Tangible Banking Assets	27,923	100.0%	27,923	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	13.4%	13.4%	13.4%	13.4%	3	3	3	3	0	a1
Counterparty Risk Assessment	13.4%	13.4%	13.4%	13.4%	3	3	3	3	0	a1 (cr)
Deposits	13.4%	7.2%	13.4%	7.4%	1	1	1	2	0	a2
Senior unsecured bank debt	13.4%	7.2%	7.4%	7.2%	1	0	1	1	0	a3
Junior senior unsecured bank debt	7.2%	5.4%	7.2%	5.4%	0	0	0	0	0	baa1

Dated subordinated bank debt	5.4%	3.8%	5.4%	3.8%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	ba1

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	a1	0	A1	
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1(cr)	
Deposits	2	0	a2	0	A2	A2
Senior unsecured bank debt	1	0	a3	0	A3	
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	
Dated subordinated bank debt	-1	0	baa2	0	Baa2	
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	

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

Ratings

Exhibit 14

Category	Moody's Rating
VOLKSBANK WIEN AG	
Outlook	Stable(m)
Counterparty Risk Rating -Dom Curr	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured -Dom Curr	A3
Junior Senior Unsecured -Dom Curr	Baa1
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)

Source: Moody's Investors Service

Endnotes

1 In May 2019, immigon, the wind-down entity of the former central institution of the Verbund, ceased all banking-related activities and entered liquidation thereafter.

2 Our market funding ratio only takes into consideration 50% of covered bonds.

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Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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