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CREDIT OPINION
5 August 2022

Update

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Volksbank Wien AG

Update to credit analysis

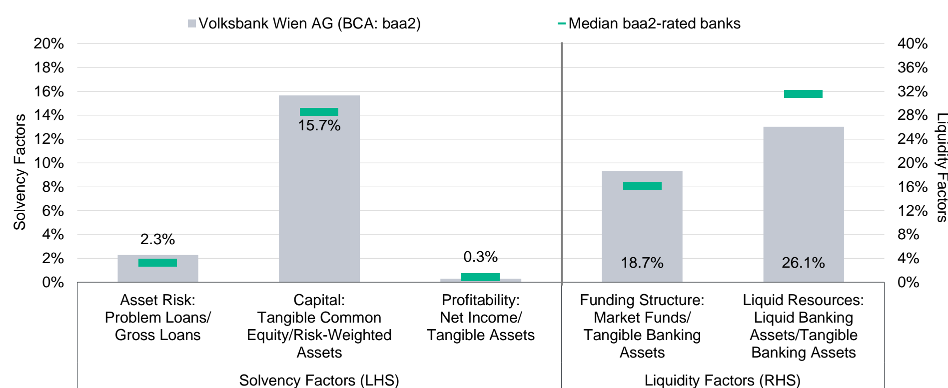
Summary

Volksbank Wien AG's (VBW) Baa1 deposit ratings reflect its baa2 Baseline Credit Assessment (BCA) and the application of our Advanced Loss Given Failure (LGF) analysis to its liabilities, which takes into account the risks faced by different liability classes at failure and results in one notch of rating uplift. VBW's ratings do not benefit from government support uplift because of its small size in the context of the Austrian banking system.

The baa2 BCA reflects the bank's sound funding and liquidity profiles and the continuous improvement in its asset quality, which has been accompanied by strengthening capitalisation. While the bank's financial metrics are overall trending towards a standalone creditworthiness commensurate with a higher BCA, the current BCA incorporates some remaining vulnerability as to the stability of this trajectory, in particular as it relates to capitalisation pressure from the need to repay capital instruments.

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.

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

RATINGS

Volksbank Wien AG

Domicile	Austria
Long Term CRR	A2
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	Positive

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

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Credit strengths

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

» Solid capitalisation

» Low level of problem loans

Credit challenges

» Expectation of a slight increase in exposure to problem loans in the Verbund's small businesses portfolio

» Concentration in the real estate sector

» Temporarily constrained ability to retain capital, based on the remaining repayment obligation of participation rights

Outlook

» The positive outlook reflects the scenario that VBW's solvency profile remains stronger than what we expected despite and after the scheduled repayments of the Austrian government's participation rights, which VBW is on track to fully meet despite the challenging economic environment.

» The positive outlook continues to reflect the likelihood for VBW's long-term deposit ratings to achieve more rating uplift from our Advanced LGF analysis, provided the issuance of senior unsecured or lower-ranking instruments in order to comply with VBW's current regulatory MREL.

Factors that could lead to an upgrade

» VBW's long-term deposit ratings could be upgraded if the bank's BCA is upgraded or there is an increase in the stock of bail-inable liabilities.

» A BCA upgrade could result if the bank sustainably improves its standalone intrinsic strength by maintaining its achieved solvency, including a high coverage of problem loans without experiencing renewed pressure on its profitability.

» Additional upward rating pressure could develop if VBW successfully completes its debt issuance plan to become MREL-compliant by year-end 2024, or in case it accelerates the required placement of bail-in instruments.

Factors that could lead to a downgrade

» The ratings could be downgraded if there is a deterioration in the bank's fundamental credit profile, for instance, if we observe significant weakening in capital metrics and in particular if VBW experiences a substantial increase in problem loans and higher through-the-cycle losses.

» VBW's ratings could also be downgraded if the group significantly reduces its unsecured debt issuance plans or fails to successfully execute these.

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

Key indicators

Exhibit 2

Volksbank Wien AG (Consolidated Financials) [1]

	12-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	16.9	14.3	12.7	11.5	10.6	12.4[4]
Total Assets (USD Billion)	19.2	17.5	14.3	13.2	12.7	10.8[4]
Tangible Common Equity (EUR Billion)	0.7	0.6	0.8	0.7	0.5	7.3[4]
Tangible Common Equity (USD Billion)	0.8	0.8	0.9	0.8	0.6	5.7[4]
Problem Loans / Gross Loans (%)	2.0	2.3	2.8	2.4	3.5	2.6[5]
Tangible Common Equity / Risk Weighted Assets (%)	17.5	16.6	19.2	17.0	14.6	17.0[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	14.7	17.6	18.1	17.3	29.7	19.5[5]
Net Interest Margin (%)	0.7	0.9	1.0	1.2	1.2	1.0[5]
PPI / Average RWA (%)	2.0	1.4	1.5	1.6	0.7	1.4[6]
Net Income / Tangible Assets (%)	0.5	0.1	0.3	0.6	0.4	0.4[5]
Cost / Income Ratio (%)	75.1	80.7	78.2	79.5	90.5	80.8[5]
Market Funds / Tangible Banking Assets (%)	46.0	38.0	31.5	32.7	32.5	36.2[5]
Liquid Banking Assets / Tangible Banking Assets (%)	53.0	42.8	35.5	33.9	47.7	42.6[5]
Gross Loans / Due to Customers (%)	78.9	82.1	85.8	85.4	83.1	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]

	12-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	32.1	29.3	27.4	26.6	25.3	6.1[4]
Total Assets (USD Billion)	36.3	35.9	30.8	30.4	30.4	4.5[4]
Tangible Common Equity (EUR Billion)	2.1	2.1	2.1	1.9	1.8	5.3[4]
Tangible Common Equity (USD Billion)	2.4	2.5	2.3	2.2	2.1	3.8[4]
Problem Loans / Gross Loans (%)	2.2	2.1	2.6	3.1	4.2	2.8[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.7	14.7	13.9	12.9	13.2	14.1[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	19.1	18.6	22.9	29.0	39.7	25.9[5]
Net Interest Margin (%)	1.3	1.4	1.6	1.7	1.8	1.5[5]
PPI / Average RWA (%)	1.1	1.0	1.0	0.7	0.8	0.9[6]
Net Income / Tangible Assets (%)	0.6	0.0	0.3	0.4	0.2	0.3[5]
Cost / Income Ratio (%)	78.2	78.2	78.4	85.9	85.9	81.3[5]
Market Funds / Tangible Banking Assets (%)	18.7	13.1	8.6	5.9	6.1	10.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	26.1	19.9	14.1	14.2	17.5	18.3[5]
Gross Loans / Due to Customers (%)	94.5	95.9	96.9	93.8	94.8	95.2[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 Volksbanken-Verbund (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 year-end 2021, VBW had 56 branches, while the Verbund had 243 branches along with 3,128 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 year-end 2021, the Verbund held consolidated assets of €32.1 billion (4% of the aggregated balance-sheet size of the Austrian banking industry) and reported net income of €219.1 million. In May 2019, immigon portfolioabbau ag (immigon), the wind-down entity of the former central institution of the Verbund, ceased all banking-related activities and entered liquidation thereafter.

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 Austrian 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 management.

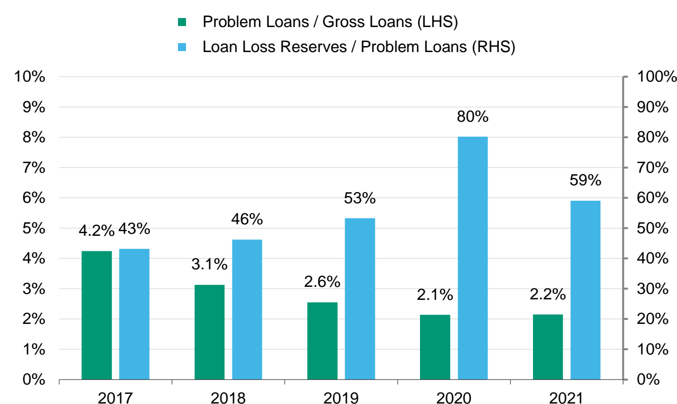
The Verbund's problem loans will increase from the current low level

We assign a baa1 Asset Risk score to VBW, two notches below the initial a2 score. The baa1 score considers the Verbund's concentration risks into real estate, tourism and SME which we deem more vulnerable to economic downturns as well as our expectation of slightly increasing nonperforming loan ratios for SME exposures after the expiration of pandemic related government support measures and challenging economic environment due to the conflict in the Ukraine.

The sector's total loan book of €21.8 billion, as of year-end 2021, was concentrated in SME clients of €7.9 billion representing 3.6x of the Verbund's tangible common equity (TCE), followed by the real estate sector with €6.0 billion or 2.8x TCE and exposure towards tourism companies with €1.6 billion or 0.8x TCE. The Verbund's SME client base is overwhelmingly focused on local business activities and is generally not integrated into global supply chains. Nevertheless, these businesses will be impacted by rising inflation due to higher energy prices in Austria which could result in higher provisioning needs. Moreover, 77% of the real estate exposure relates to the SME sector as well. Next to SME and real estate, the tourism clients mainly comprises of family-owned hotels, which have benefited from support measures since the beginning of the pandemic, including a guarantee framework of the Austrian Hotel and Tourism Bank, a dedicated development bank.

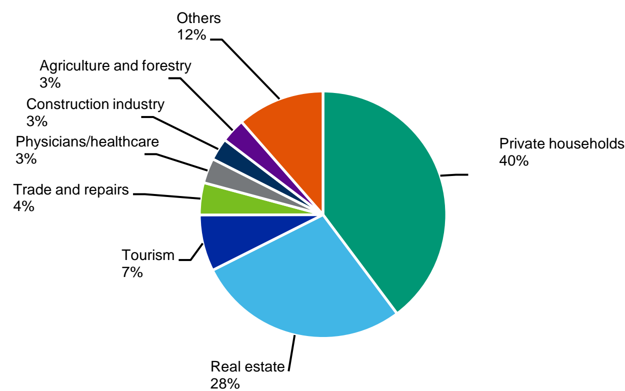
As of February 2022, the total volume of active pandemic related concessions (bridge loans and voluntary moratoria) declined to €413 million down from the peak of €3.5 billion as of June 2020. Those concessions supported the asset quality of the Verbund in the past two years which is reflected in a decline in the problem loan ratio in 2020 and 2021 to 2.2% by year-end 2021. Moreover, The Verbund released loan loss provisions of €89 million in 2021 compared to €126 million creation in 2020 caused by post-model adjustments in response to the pandemic. Nevertheless, we expect the Verbund's asset quality to decline slightly in 2022 because smaller companies may be more challenged to operate successfully after the expiration of concessions and in light on increasing inflation and energy prices following the military conflict in the Ukraine.

Exhibit 4
The Verbund has continued 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 2021, total €21.8 billion



Source: Company

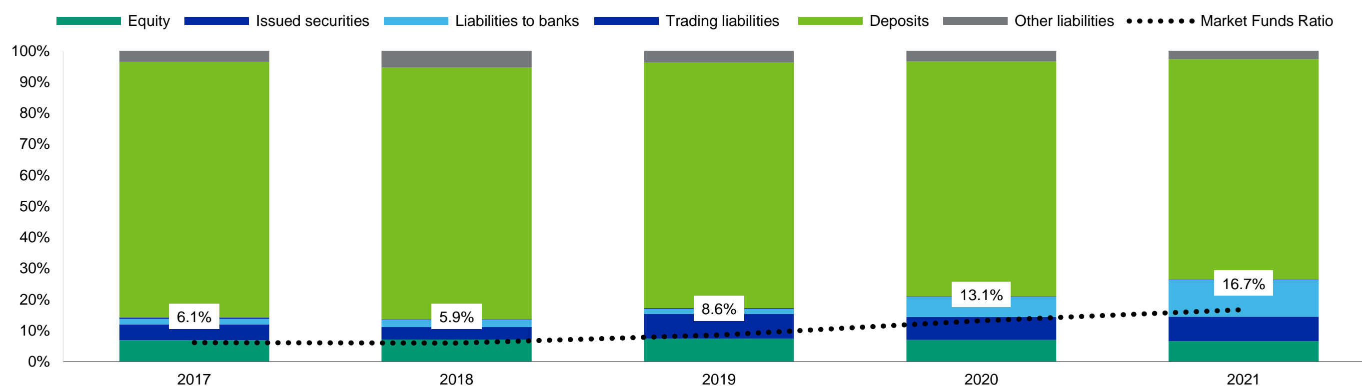
Large deposit franchise and low dependence on market funds

The Verbund's funding profile strongly supports VBW's BCA, which is reflected in our a1 Funding Structure score for the bank which is two notches above the initial score of a3. Our assigned score considers the granular deposit franchise as well as the temporarily increase in the market funding ratio due to the Verbund's participation of €3.5 billion TLTRO III funding by year-end 2021 that outweighs the expected issuances in relation to the Verbund's minimum requirement for own funds and eligible liabilities (MREL) requirements.

The Verbund's funding profile benefits from the high granularity of deposits, which are generally more stable than large institutional deposits. As of year-end 2021, deposits funded €22.8 billion or 71% of the Verbund's total assets (75% as of 31 December 2020) and mainly included current account and savings account deposits from retail clients. In consequence, the market funding reliance as reflected by the market funding ratio of 16.7% is limited and comprises of interbank liabilities of €3.6 billion (including €3.5 billion TLTRO III) as well as €1.3 billion of covered bonds[1] and €0.5 billion of junior senior unsecured issued to fulfill the Verbund's MREL requirements as of year-end 2021. As of year-end 2021, the gross loan-to-deposit ratio was 95% (96% as of December 2020).

For 2023, we expect the TLTRO funding to be gradually reduced and in part replaced by unsecured debt issuances. In addition to its €500 million junior senior unsecured debt issued in Q1 2021, VBW anticipates to offer at least one more benchmark-size unsecured instrument before year-end 2024, to meet its 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

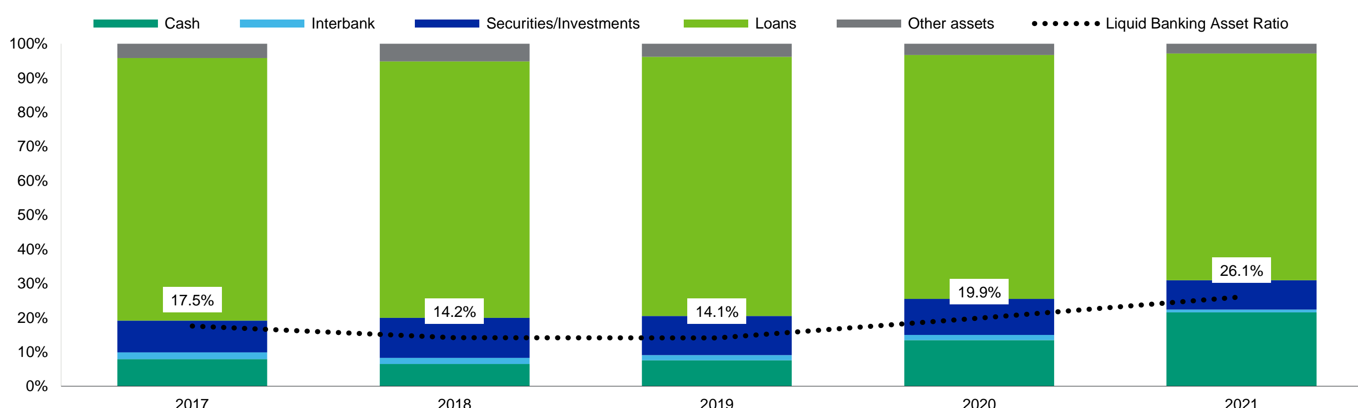
We assign a baa2 liquid resources score to VBW, two notches below the initial score of a3. The assigned score reflects size and high quality of the Verbund's financial securities portfolio as well as our expectation of a decline in the cash position once the TLTRO III is redeemed.

The Verbund's liquidity is well positioned to cover short-term liquidity needs as reflected by the liquid resources of €8.4 billion or 26.1% (2020: 19.9%) which includes a cash position of €6.9 billion, up from €3.9 billion as of December 2020, government securities of €1.1 billion and other liquid securities of €0.4 billion as of year-end 2021. As of the same date, the Verbund's liquidity coverage ratio was 224%, up from 194% in 2020. This effect was largely because of VBW's participation in the TLTRO III programme totalling €3.5 billion by year-end 2021. For the next 12 to 18 months, we expect the liquid resources to decrease again to below 20% once the TLTRO III will be redeemed.

In addition to cash, liquid securities and interbank claims, 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 then could be posted at the central bank to generate additional cash, given the current level of over-collateralisation in the programme of 24%.

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

Solid capitalisation, but limited ability to retain capital

Our assigned a3 Capital score, which is adjusted three notches downward from the aa3 initial score, reflects the Verbund's solid capitalisation but also incorporates limitations to future earnings retention, based on the remaining repayment obligation of silent participation capital as well as expected growth in RWAs.

The Verbund's solid TCE ratio of 15.6% as of year-end 2021 was 1.2 percentage points above the regulatory Common Equity Tier 1 (CET1) capital ratio of 14.4% (year-end 2020: 14.1%) because of the regulatory deductions applied to the Verbund's participations. In absolute terms, the CET1 capital remained almost unchanged at €2.0 billion. At the same time, the Verbund benefited from a decrease in RWA to €13.8 billion as of year-end 2021 from €14.2 billion in 2020. To a large extent, this improvement reflects the adoption of the SME supporting factor introduced by the updated capital regulation under the CRR2 quick-fix package, which limits the risk weights for the Verbund's SME exposures. The Verbund calculates this conservatively across all lending portfolios under the standardised approach. However, for the upcoming years, we expect the RWA to grow again in line with increasing business volume.

The Verbund's 16.0% transitional Tier 1 capital ratio as of year-end 2021 was up from 15.7% as of year-end 2020 and includes a €220 million Additional Tier 1 bond. Because these instruments are contractually designed (through the application of a low write-down trigger of a 5.125% CET1 ratio at the Verbund or VBW level) to absorb losses in a gone-concern scenario or upon the intervention of resolution authorities, we do not include them in the TCE calculation, but include them in the Advanced LGF analysis. Moreover, the total capital ratio of 19.3% as of year-end 2021 includes further tier 2 instruments and is well above regulatory requirements of 14.0%

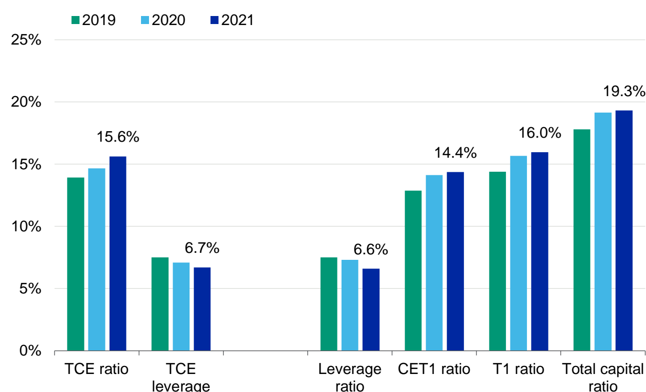
including the Pillar 2 requirement. Other than for Germany or Switzerland, the Austrian regulator FMA did not decide to increase the CCyB up from currently 0% or implement an additional sectoral buffer as a response to increased house prices, because it expects the implementation of upper lending limits to have a sufficient impact on the house price development.

While no direct links to immigon exist anymore, the Verbund is 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 year-end 2021, the Verbund had repaid a cumulative amount of €200 million, and plans to pay back the final tranche of €100 million in 2023) which will limit the earnings retention for the outlook period.

Exhibit 8

SME supporting factor has supported VBW's capitalisation

The Verbund's phased-in capital ratios



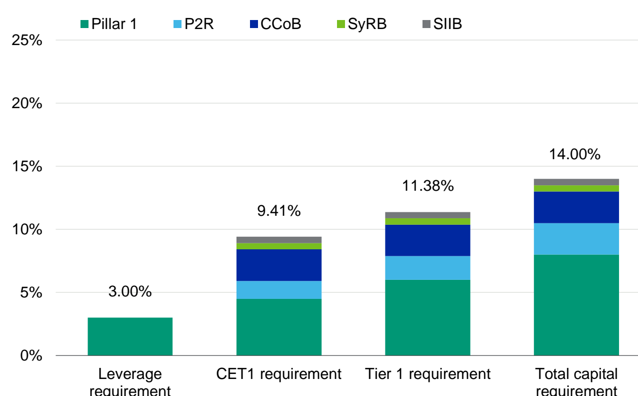
TCE = Tangible common equity (our calculation); CET1 = Common Equity Tier 1 capital; T1 = Tier 1 capital. All transitional

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



CCoB = capital conservation buffer; SyRB = systemic risk buffer; SIIB = systemically important institutions buffer.

Source: Company

Sectorwide profitability is strained by low interest rates and cost of risk

Our assigned Profitability score for VBW is b1, two notches below the ba2 initial score and in line with our expectation of moderate profitability over the next few years. This reflects both the group's improving operating efficiency and our expectation of still-volatile loan loss provisions in a challenging operating environment.

The Verbund's earnings are well diversified with only 57% of revenues resulting from net interest income (NII), 37% from net fee and commission income, 3% from trading and 4% from other income in 2021. At the same time, the Verbund continues to benefit from efficiency gains derived from its cost-reduction initiatives, which helped keeping the cost-to-income ratio stable at around 78% in the last three years (including front-loaded regulatory expenses), somewhat below the 86% in 2018.

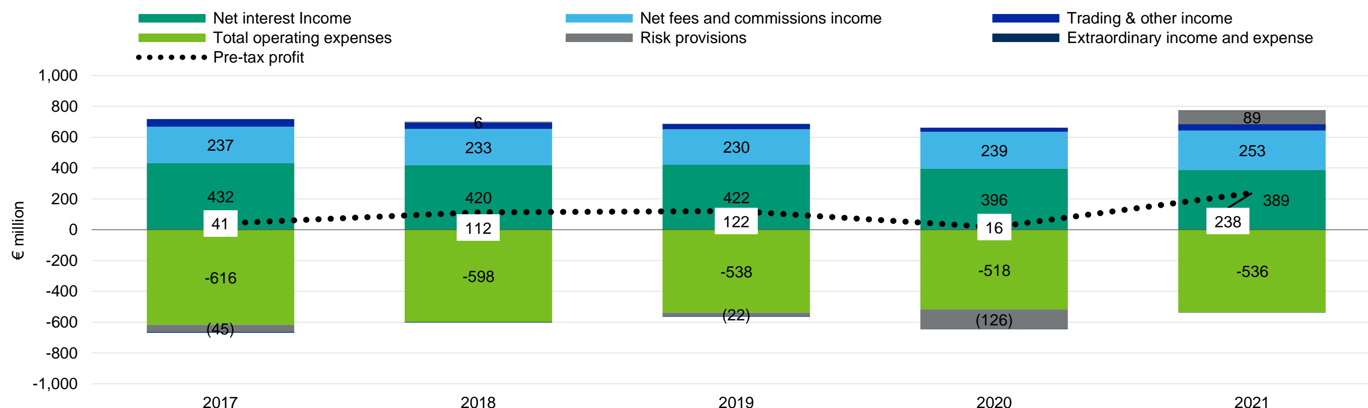
For the next two years, we expect the Verbund's revenues to benefit from the recent interest rate increases supporting the margins for new loan volumes and existing loans at variable rates. However, repricing of fixed rate loans will take longer to result in higher interest income and higher loan loss provisions especially for the SME sector will continue to strain the Verbund's profitability over the next two years.

In 2021, the NII was still strained from the low interest rate environment with €389 million down from €396 million in 2020[2], even including interest payments from TLTRO III participation. Nevertheless, the Verbund reported a significantly higher pretax profit of €238 million for 2021, compared with a pretax profit of €16 million as of year-end 2020 as a result of a net reversal of €89 million risk provisions, after an expense of €126 million in 2020, and higher net fee and commission income amounting to €253 million (up €14 million from 2020) resulting from a stronger securities business. In 2021, despite cost savings in personnel expenses, increased administrative costs and higher payments to the deposit guarantee schemes of €45 million (2020: €31 million) to handle claims led to an overall increased operating cost base of €536 million compared with €518 million in 2020.

Exhibit 10

2021 pre-provision income benefited from release in loan loss provisions

In € millions



Sources: Company and Moody's Investors Service

ESG considerations

In line with our general view on the banking sector, VBW has a low exposure to environmental risks (see our environmental risk heat map[3] for further information).

For social risks, we also place VBW in line with our general view on the banking sector, which indicates a modest exposure. For further information, see our social risk heat map[4]).

Governance[5] is highly relevant for VBW, as it is to all banks. However, we do not have any particular governance concern for this bank. The strategic discussions held a couple of years earlier about the Verbund's structure have been resolved and have resulted in a greater degree of alignment within the group. Nonetheless, corporate governance and, specifically, a joint focus on the cohesion among Verbund banks, remain key credit considerations and require ongoing monitoring.

Support and structural considerations

Loss Given Failure (LGF) analysis

The Verbund represents 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 we consider 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 deposit base to be considered junior (or institutional) deposits.

» For VBW's deposits, our LGF analysis indicates a low loss given failure, leading to a one-notch uplift above the bank's baa2 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 baa2 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 baa2 Adjusted BCA.

Additional notching for AT1 instruments

We assign a Ba2(hyb) rating to VBW's AT1 notes. This rating is three notches below the bank's baa2 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 Financial Market Authority 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 A2/P-1

The CRRs are three notches above the Adjusted BCA of baa2, 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 A2(cr)/P-1(cr)

The CR Assessment assigned to VBW is three notches above the bank's Adjusted BCA of baa2, 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 11

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	2.3%	a2	↔	baa1	Sector concentration	Expected trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	15.7%	aa3	↔	a3	Capital retention	Risk-weighted capitalisation
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↔	b1	Return on assets	Expected trend
Combined Solvency Score		a3		baa2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	16.7%	a3	↔	a1	Deposit quality	Expected trend
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	26.1%	a3	↔	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				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

BALANCE SHEET	IN-SCOPE (EUR MILLION)	% IN-SCOPE	AT-FAILURE (EUR MILLION)	% AT-FAILURE
Other liabilities	4,255	14.6%	5,847	20.1%
Deposits	22,747	78.2%	21,155	72.7%
Preferred deposits	20,472	70.4%	19,449	66.8%
Junior deposits	2,275	7.8%	1,706	5.9%
Junior senior unsecured bank debt	500	1.7%	500	1.7%
Dated subordinated bank debt	488	1.7%	488	1.7%
Junior subordinated bank debt	11	0.0%	11	0.0%
Preference shares (bank)	220	0.8%	220	0.8%
Equity	873	3.0%	873	3.0%
Total Tangible Banking Assets	29,094	100.0%	29,094	100.0%

DEBT CLASS	DE JURE WATERFALL		DE FACTO WATERFALL		NOTCHING		LGF NOTCHING GUIDANCE VS. ADJUSTED BCA	ASSIGNED LGF NOT-CHING	ADDIT-IONAL NOT-CHING	PRELI-MINARY RATING ASSESS-MENT
	INSTRU-MENT VOLUME + SUBORDINATION	SUBOR-DINATION	INSTRU-MENT VOLUME + SUBOR-DINATION	SUBOR-DINATION	DE JURE	DE FACTO				
Counterparty Risk Rating	13.1%	13.1%	13.1%	13.1%	3	3	3	3	0	a2
Counterparty Risk Assessment	13.1%	13.1%	13.1%	13.1%	3	3	3	3	0	a2 (cr)
Deposits	13.1%	7.2%	13.1%	7.2%	1	1	1	1	0	baa1
Junior senior unsecured bank debt	7.2%	5.5%	7.2%	5.5%	0	0	0	0	0	baa2
Dated subordinated bank debt	5.5%	3.8%	5.5%	3.8%	-1	-1	-1	-1	0	baa3
Non-cumulative bank preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	ba2

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	0	A2	
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	1	0	baa1	0	Baa1	Baa1
Junior senior unsecured bank debt	0	0	baa2	0	Baa2	
Dated subordinated bank debt	-1	0	baa3	0	Baa3	
Non-cumulative bank preference shares	-1	-2	ba2	0	Ba2 (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 12

Category	Moody's Rating
VOLKSBANK WIEN AG	
Outlook	Positive
Counterparty Risk Rating -Dom Curr	A2/P-1
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Junior Senior Unsecured -Dom Curr	Baa2
Subordinate -Dom Curr	Baa3
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)

Source: Moody's Investors Service

Endnotes

1 Moody's market funding ratio only consider 50% of covered bonds.

2 Moody's adjusted numbers

3 Environmental risks can be defined as environmental hazards encompassing the effects of air pollution, soil/water pollution, water shortages, and natural and human-made hazards (physical risks). Additionally, regulatory or policy risks such as the effects of carbon regulations or other regulatory restrictions, including the related transition risks such as policy, legal, technology and market shifts, which could impair the evaluation of assets, are important factors. Certain banks could face a higher risk from concentrated lending to individual sectors or operations exposed to the aforementioned risks.

4 Social risk considerations represent a broad spectrum, including customer relations, human capital, demographic and social 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 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 are further social risks. Social trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, which increase information technology costs; ageing population concerns in several countries, which affect the demand for financial services; or socially driven policy agendas, which translate into regulations that affect banks' revenue bases.

5 Corporate governance is a well-established key driver for banks, and the related risks are typically included in our evaluation of banks' financial profiles. Further, factors such as 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, if deemed applicable. Corporate governance weaknesses can lead to a deterioration in a bank's credit quality, while governance strengths can benefit its credit profile. When credit quality deteriorates because of poor governance, such as a breakdown in controls resulting in financial misconduct, it can take a long time to recover. Governance risks are also largely internal rather than externally driven.

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