

## CREDIT OPINION

8 August 2023

Update



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### RATINGS

#### UniCredit Bank Austria AG

Domicile	Vienna, Austria
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Dom Curr
Outlook	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Fgn Curr
Outlook	Negative
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Negative

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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## UniCredit Bank Austria AG

Update to credit analysis following upgrade of senior ratings

### Summary

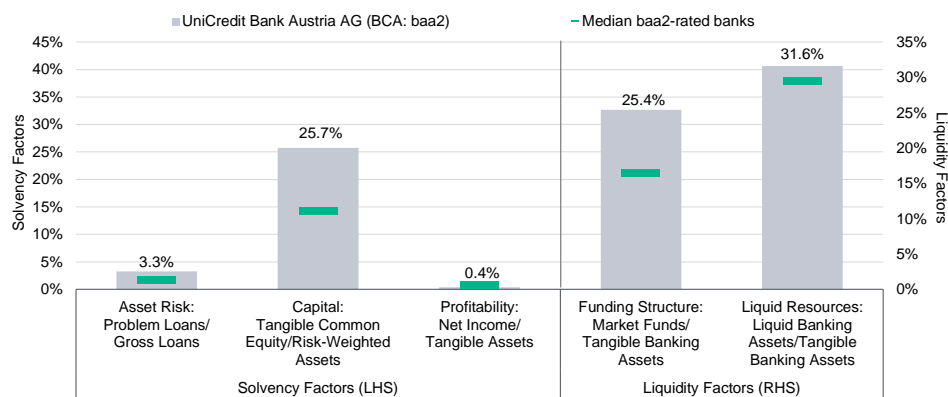
On 11 July, we upgraded the deposit ratings of [UniCredit Bank Austria AG](#) (UBA) to A2 from A3 and its senior unsecured debt ratings to A3 from Baa1, because of a change in our assumption for government support to moderate from low for banks and banking groups in Austria that we consider to be of systemic relevance, which includes UBA as one of the largest banks operating in Austria. The outlook is negative.

UBA's A2 deposit ratings and A3 senior unsecured ratings reflect its baa2 Baseline Credit Assessment (BCA); the application of our Advanced Loss Given Failure (LGF) analysis to its liabilities, which incorporates the relative loss severity of a liability class and results in two notches of rating uplift for deposits and one notch for senior unsecured debt; and one notch of uplift from our assumption of moderate government support in case of need, considering UBA as a systemically relevant institution given its market shares in Austria.

UBA's baa2 BCA reflects the bank's sound financial strength, based on its strong capitalisation; its moderate reliance on confidence-sensitive market funding; and its sound liquid resources. The bank's BCA is also supported by its sound profitability and asset quality, balancing concentration risks from domestic equity participation and real estate lending. Although UBA's standalone financial strength is commensurate with a baa1 BCA, we cap UBA's BCA one notch above that of its parent bank [UniCredit S.p.A.](#) (UniCredit, Baa1 negative/Baa1 negative, baa3)<sup>1</sup>.

Exhibit 1

### Rating Scorecard - Key financial ratios



Ratios as of Dec 2022; Asset Risk and Profitability = worse of last reported or 3 year average; Capital = last reported; Funding and Liquidity = last full year reported  
Source: Moody's Financial Metrics

## Credit strengths

- » Strong capitalisation, well above regulatory minimum requirements
- » Sizeable deposit base, and sound liquidity
- » Sound underlying profitability

## Credit challenges

- » Defending asset quality in an adverse market environment and establishing a track record of strong earnings protection
- » Largely domestic asset risks, including concentrations in domestic equity stakes in other banks and real estate
- » Common branding and close interconnectedness with UniCredit group's activities, which constrain UBA's credit profile

## Outlook

- » The negative outlook on UBA's long-term deposit and senior unsecured debt ratings reflects the fact that the bank's standalone BCA could be downgraded if UniCredit's BCA were to be downgraded because of a deterioration in the operating environment in Italy, and incorporates the limitation of UBA's BCA at one notch above that of its parent because of existing interlinks and our joint resolution assumption.

## Factors that could lead to an upgrade

- » An upgrade of UBA's ratings, although unlikely as reflected by the negative outlook, could be driven by an upgrade of the BCA and Adjusted BCA, which would require an upgrade of the BCA of UniCredit. The ratings could also be upgraded because of a higher rating uplift resulting from our Advanced LGF analysis.
- » Our Advanced LGF analysis could result in additional notches of rating uplift for UBA if the bank issues more junior loss-absorbing securities than we currently expect.

## Factors that could lead to a downgrade

- » UBA's BCA could be downgraded because of a downgrade of UniCredit's BCA or if the bank's financial fundamentals were to deteriorate significantly; or if the financial and non-financial interlinks between UBA and its parent were to increase, for example, if regulation allowed greater intra-group exposures.
- » For a discussion of the factors that could lead to a downgrade of UniCredit's BCA, please refer to its company-specific [Credit Opinion](#).
- » UBA's ratings could also be downgraded if UBA issues significantly less loss-absorbing liabilities than we currently expect.

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

## Key indicators

Exhibit 2

### UniCredit Bank Austria AG (Consolidated Financials) [1]

	12-22 <sup>2</sup>	12-21 <sup>2</sup>	12-20 <sup>2</sup>	12-19 <sup>2</sup>	12-18 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (EUR Billion)	100.4	116.1	115.3	98.8	96.8	0.9 <sup>4</sup>
Total Assets (USD Billion)	107.2	131.6	141.1	110.9	110.7	(0.8) <sup>4</sup>
Tangible Common Equity (EUR Billion)	9.2	8.0	7.9	8.0	7.9	3.9 <sup>4</sup>
Tangible Common Equity (USD Billion)	9.8	9.1	9.6	9.0	9.0	2.1 <sup>4</sup>
Problem Loans / Gross Loans (%)	3.2	3.0	3.5	3.2	3.4	3.3 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	25.7	22.2	25.0	23.9	22.9	24.0 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	20.3	21.2	23.2	21.9	22.7	21.9 <sup>5</sup>
Net Interest Margin (%)	1.0	0.8	0.9	1.0	1.0	0.9 <sup>5</sup>
PPI / Average RWA (%)	2.2	1.3	1.3	1.1	1.7	1.5 <sup>6</sup>
Net Income / Tangible Assets (%)	0.8	0.3	0.0	0.7	0.7	0.5 <sup>5</sup>
Cost / Income Ratio (%)	62.3	74.9	74.9	80.2	69.9	72.4 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	25.4	32.1	35.0	28.1	28.4	29.8 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	31.6	38.4	42.4	29.8	29.8	34.4 <sup>5</sup>
Gross Loans / Due to Customers (%)	106.6	103.9	99.8	111.3	113.0	107.0 <sup>5</sup>

[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

UniCredit Bank Austria AG (UBA) is a leading commercial bank in Austria. With around €107.3 billion reported assets as of December 2022 (2021: €118.4 billion), UBA is among the three largest domestic banks. The bank has sizeable market shares in retail and corporate banking, and is a leading domestic wealth manager. As of December 2022, UBA had 4,872 employees and 106 branches in Austria. Since 2005, UBA is wholly owned by UniCredit. On 1 October 2016, UBA transferred its Eastern European banking subsidiaries to its Italian parent bank.

From the beginning of 2022, the bank changed the set-up of its business divisions and currently reports the following three main segments: Retail (formerly 'Privatkundenbank'), wealth management and private banking (including Schoellerbank), and corporates (formerly 'Unternehmerbank' and corporate and investment banking), including small, medium and large corporates, leasing, factoring and real estate.

### Weighted macro profile of Strong +

UBA's lending business has a strong domestic focus and, accordingly, its macro profile is aligned with the [Strong + Macro Profile](#) of Austria.

## Detailed credit considerations

### Strong capitalisation, well above regulatory minimum requirements

UBA's strong capitalisation underpins its standalone credit profile. This view is reflected in our assigned aa3 Capital score, which is two notches below its aa1 initial score. The downward adjustment reflects our expectation of a moderate decline in the bank's capitalisation because of loan growth and upward pressure on risk-weighted assets (RWA) from the implementation of Basel IV. The assessment also reflects the fact that UBA's capital is vulnerable in a stress scenario because of the bank's equity stakes in domestic financial institutions.

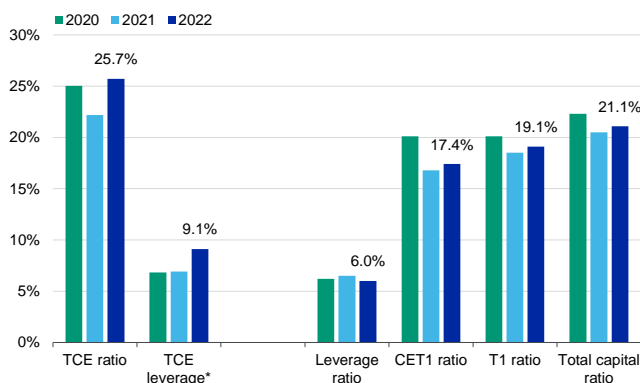
As of December 2022, UBA's Common Tier 1 (CET1) capital ratio increased to 17.4% from 16.8% as of year-end 2021, reflecting a decrease of 2% in RWA to €35.6 billion from €36.2 billion and an increase in CET1 capital to €6.2 billion from €6.1 billion over the same period. The strong increase in capital ratios mostly reflects an adaptation in the model for the calculation of RWA in combination with a slight increase in capital through earnings retention, which supported the Tier 1 capital and total capital ratio.

The gap between the bank's regulatory CET1 ratio and our tangible common equity (TCE) ratio of 25.7% as of the end of December 2022 results from regulatory deductions because of UBA's equity stakes in other banks. UBA has been equipped with strong capital because the bank requires above-average capital buffers and has significant non-lending risks, specifically those associated with its equity holdings in other Austrian banks. UBA's total equity holdings amounted to €2.5 billion as of December 2022, equivalent to around 26% of the bank's €9.4 billion equity. We expect a decline in the bank's CET1 ratio in the context of planned adjustments to the regulatory requirements under Basel IV.<sup>2</sup>

UBA's capitalisation is supported by its sound regulatory leverage ratio, which was 6.0% as of December 2022 compared with 6.5% as of year-end 2021, and compares its Tier 1 capital to its exposure at default, as stipulated in the EU's capital requirements regulation. As of December 2022, exposure towards central banks was no longer excluded from the calculation of the leverage risk exposure, which resulted in the decline of the ratio compared with year-end 2021.

Exhibit 3

### UBA operates with strong capital ratios As a percentage of RWA or tangible assets

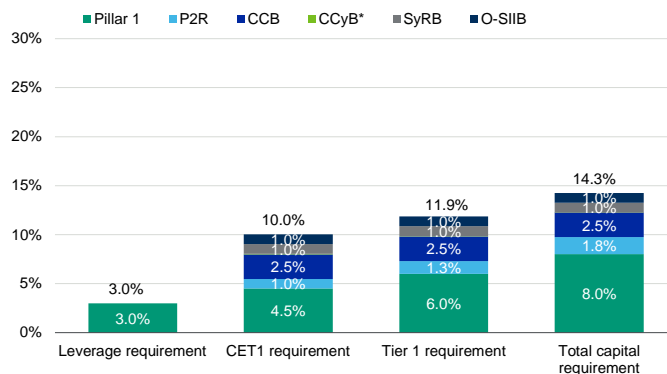


TCE = Tangible common equity (Moody's calculation); CET1 = Common Equity Tier 1; the leverage ratio compares TCE with tangible assets.

Sources: Company data and Moody's Financial Metrics

Exhibit 4

### UBA's regulatory minimum requirements in detail as of year-end 2022 As a percentage of RWA



\* The countercyclical buffer (CCyB) requirement for Austrian exposure is currently set at 0 while it is 0.05% in average for the entire UBA risk exposure. CCB = Capital conservation buffer; SyRB = Systemic risk buffer; O-SIIB = Other systemically important institutions buffer.

Sources: Company data and Moody's Financial Metrics

### Largely domestic asset risks, including concentration in domestic equity stakes in other banks and real estate

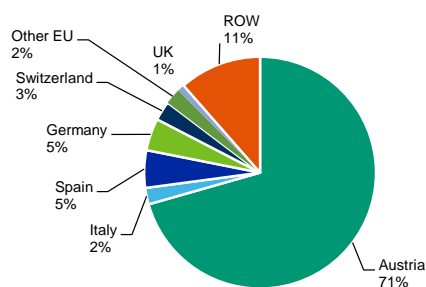
UBA's assigned baa3 Asset Risk score is three notches below its initial score of a3. The downward adjustment reflects UBA's exposure to commercial real estate, its exposure to Swiss-franc-denominated loans and its substantial equity shareholdings in domestic banks.

In addition to UBA's traditional lending risks, our asset risk assessment for the Vienna-based bank mainly takes into account the following points:

- » UBA had substantial shareholdings in domestic banks, equivalent to €2.5 billion or 26% of its TCE, as of December 2022. The largest at-equity stake holdings were in Oberbank AG and Bank für Tirol und Vorarlberg AG, with carrying amounts of around €939 million and around €711 million as of year-end 2022, respectively, which poses substantial bulk risk.
- » UBA's Swiss-franc-denominated loans to customers decreased to €3.7 billion in 2022 from €4.1 billion in 2021 (2020: €4.6 billion; 2019: €5.4 billion; 2018: €5.9 billion). These foreign-currency loans entail higher credit risks for UBA because their repayment is linked to the asset value of repayment vehicles, such as insurance contracts; and the appreciation of the Swiss franc since the inception of the loans has increased the repayment amount when denominated in euros.
- » Sector concentrations within UBA's corporate lending exposure, in particular to the commercial real estate sector, are somewhat mitigated because of the high share of social housing included in these exposures.

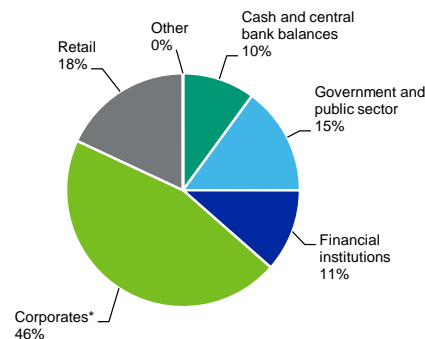
UBA's €130 billion risk exposure<sup>3</sup> as of year-end 2022 was largely geared towards Austria, accounting for around 70% of the total. As a leading financial institution in Austria, UBA benefits from its strong position in domestic corporate banking, which accounted for around 46% of its credit exposures in 2022, complemented by its domestic retail banking activities at 18%, central bank and public sector activities at 25%, and financial institutions activities at 11%.

Exhibit 5  
**UBA's risk exposure by country**  
 Data in percentage as of year-end 2022



Sources: Company report and Moody's Financial Metrics

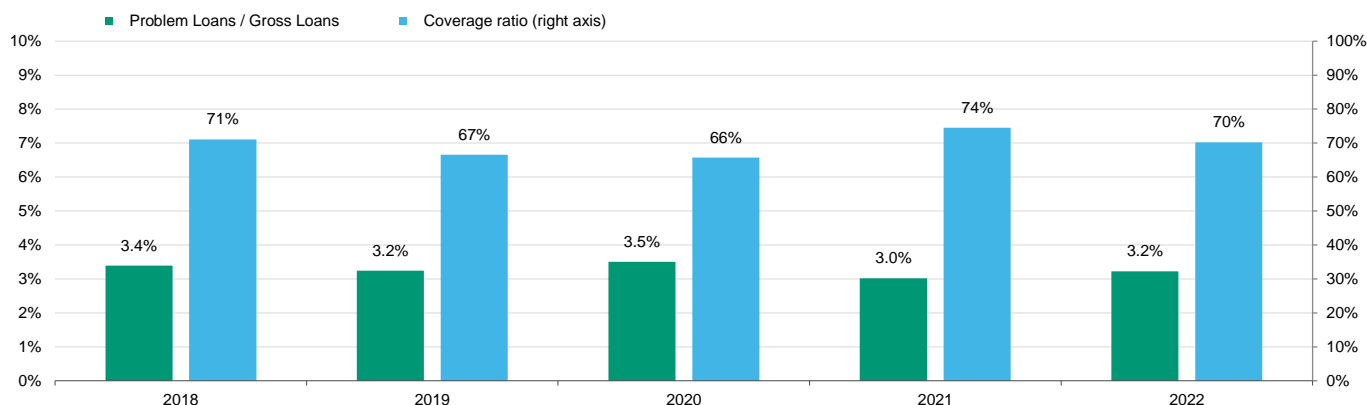
Exhibit 6  
**UBA's total exposure by customer segment**  
 Data in percentage as of year-end 2022



\*UBA's corporate exposure reflects companies with revenue of more than €1 million. Self-employment and companies with lower revenue are included in the retail segment. Total risk exposure includes loans, securities and off-balance-sheet exposure totaling €141 billion.  
 Sources: Company report and Moody's Financial Metrics

UBA's problem loan ratio slightly increased to 3.2% as of December 2022. At the same time, UBA's specific and generic loan loss reserves increased slightly as of December 2022 to €1.5 billion, translating into a strong coverage ratio of 70% as of December 2022, slightly below the figure of 74% as of year-end 2021. Loan quality remained almost stable during the first half of 2023.

Exhibit 7  
**UBA's asset quality benefits from a rather low level in problem loans and a strong coverage ratio**



Sources: Company report and Moody's Financial Metrics

### Sound underlying profitability

UBA's assigned ba1 Profitability score is in line with the initial score, reflecting our expectation that the bank will continue to benefit from its strong position in the corporate and wealth management segment, and from rising interest rates.

In the first six months to end-June 2023, UBA generated a net profit of €564 million, almost twice the result of the corresponding period of last year. The positive trend was mainly driven by the monetary policy tightening resulting in significantly higher net

interest income, and ongoing strict cost control. The half-year net profit, equivalent to a return on average assets of around 1% on an annualised basis, underlines the positive trajectory of UBA's profitability, well supported by the favourable interest rate environment. While cost of risk related to the bank's loan book remain low at present (9 basis points of gross loans), we expect slightly higher provisioning needs going forward.

We expect the group's multiyear plan "UniCredit Unlocked", which resulted in substantial restructuring expenses in 2021, to support the group's operating efficiency also going forward. UBA's reported cost-to-income ratio declined to 41% as of June 2023, from 59% a year earlier.

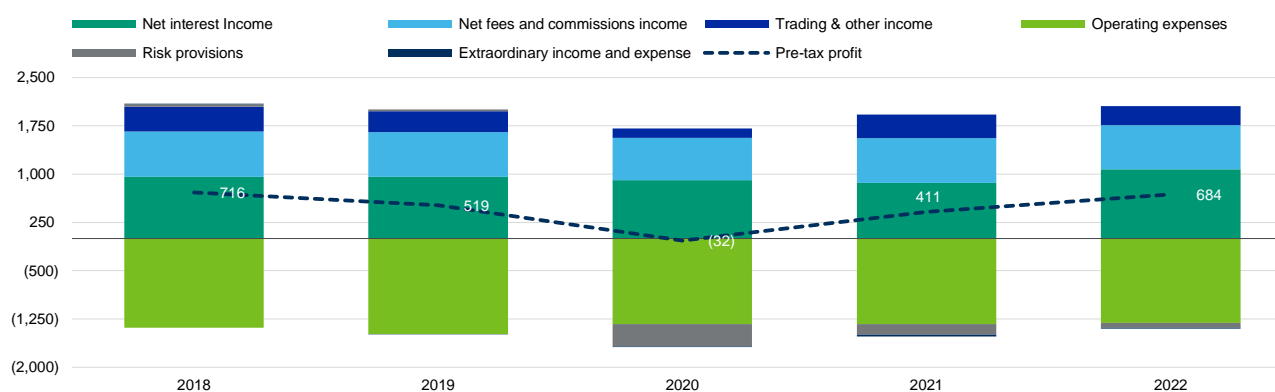
Additionally, we expect UBA's profitability to continue benefitting from its strong position as a leading corporate bank in Austria and its corporate segment as well as its wealth management activities to support the earnings diversification.

In 2022, UBA reported a strong net result of €823 million equivalent to 0.82% of its tangible banking assets (TBAs), which was significantly higher than that in 2021 (€344 million), benefitting from €139 million of income tax benefit in relation to deferred tax assets. In 2022, net interest income increased by 25% year over year to €1.1 billion because of higher interest margins, supported by rising market rates. This positive trend offset a small 2% decline in net fee and commission income.

Exhibit 8

### UniCredit's groupwide strategic measures will help improve UBA's efficiency

Data in € million



Operating expenses include personnel and administrative expenses, bank taxes/systemic charges; adjusted for one-off expenses.

Sources: Company reports and Moody's Financial Metrics

### Solid deposits, with moderate reliance on wholesale funding

UBA's assigned Funding Structure score is baa1, one notch above the initial score of baa2. The positive adjustment reflect UBA's significant participation in the European Central Bank's (ECB) targeted longer-term refinancing operations (TLTRO), which is temporary, and the bank's covered bond issuances that are fully considered in the initial ratio.

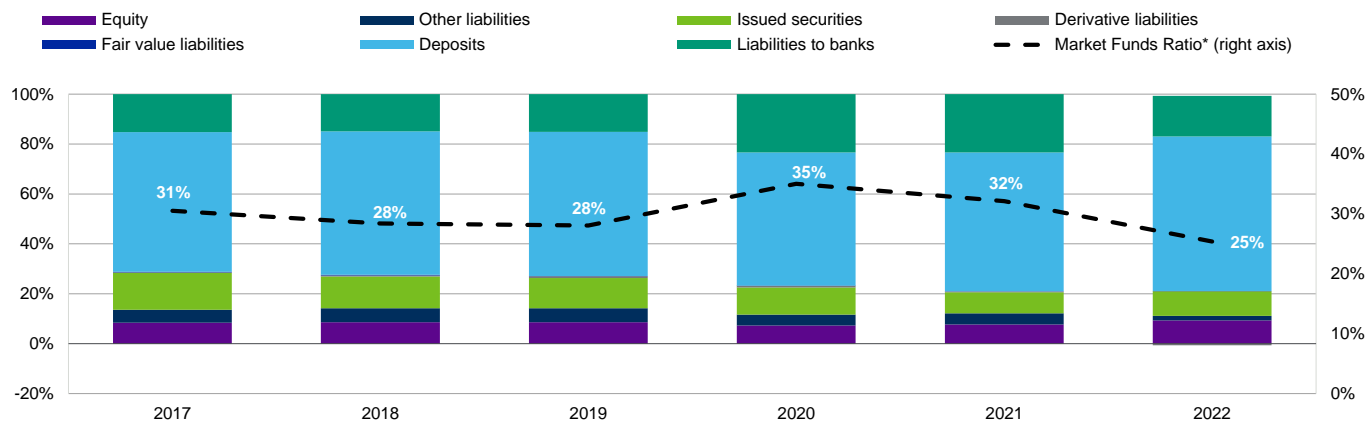
As of December 2022, UBA's funding profile benefited from its solid deposit base, which accounted for 59% of its assets (2021: 55%). Around 40% originate from retail clients, typically granular and stable deposits, while about 60% have been gathered via its corporate banking activities. The bank's loan-to-deposit ratio increased to 106% in 2022 driven by lower corporate deposits in line with the general deposit evolution across the entire sector.

After a repayment of €10 billion, the 25% market funding ratio as of December 2022 included residual TLTRO funding of around €7 billion (7% of TBAs), which we regard as only temporary and hence exclude again from our analytical assessment. By settling another €5.4 billion in June 2023, equivalent to around 5% of TBAs, UBA has repaid most of its TLTRO. Moreover, we consider covered bond issuances as a more stable source of funding than traditional wholesale market issuances and exclude 50% of the volume from our assessment.

Our assessment further takes into account a moderate need to issue additional debt instruments to meet the (internal) minimum requirements for own funds and eligible securities. UBA had issued €1.5 billion of senior non-preferred notes in 2020 and €600 million of Additional Tier 1 instruments in 2021 to its parent bank.

Exhibit 9

### UBA's funding benefits from substantial deposits As a percentage of tangible banking assets



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

Sources: Company reports and Moody's Financial Metrics

### Liquidity is gradually invested in new lending

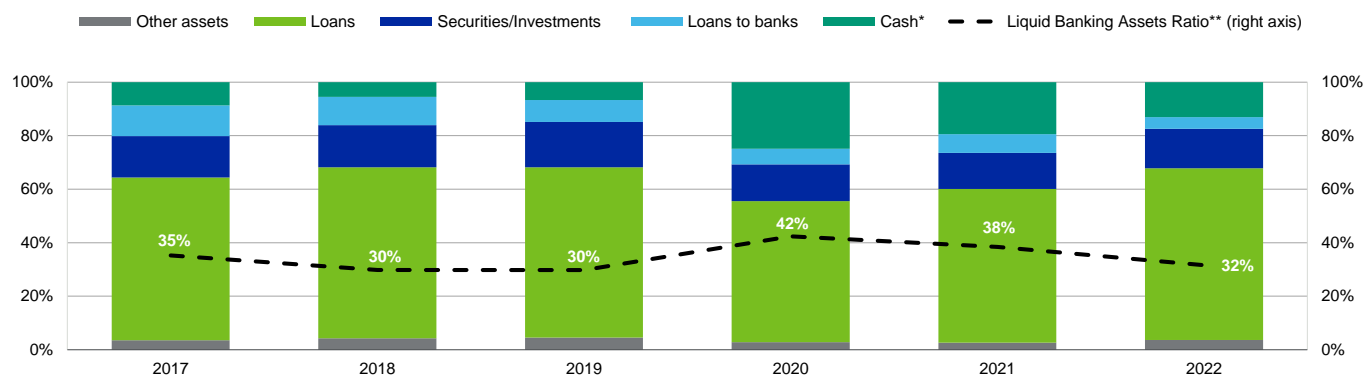
UBA's assigned Liquid Resources score is baa1, which is two notches below the initial score of a2; and captures our expectation of declining liquid assets as the bank expands its lending and gradually repays its TLTRO participation, as well as some degree of asset encumbrance because some financial securities are pledged as collateral for the issuance of covered bonds.

As of December 2022, UBA's liquid resources accounted for 32% of its TBAs, compared with 38% in 2021, which includes around €7 billion remaining TLTRO funds (7% of TBAs) placed with the ECB which we regard as temporary. As of June 2023, the additional repayment of €5.4 billion reduced central bank placements by another €5 billion (5% of TBAs).

Government bond holdings accounted for around 15% of the bank's balance sheet the market risk of which has been almost fully hedged. The €10 billion repayment of TLTRO funds in 2022 resulted in a decrease in the bank's liquidity coverage ratio, which decreased to still sound 164% as of year-end 2022 from 171% in 2021.

Exhibit 10

### Liquid assets will gradually decline along the repayment of TLTRO funding As a percentage of tangible banking assets



\*Cash item includes volumes for compulsory reserves (*Mindestreserve*); \*\*Liquid banking assets ratio = Liquid assets/tangible banking assets.

Sources: Company reports and Moody's Financial Metrics

### High interconnectedness with UniCredit group's activities constrains UBA's standalone credit strength

UBA's baa2 BCA takes into account certain assumptions that imply a level of risk for its standalone credit strength. These assumptions include our view that UBA will duly restrict its intragroup lending exposures, including its lending to UniCredit. The high interconnectedness with UniCredit group's activities, including common branding, is an important factor in our assessment of the extent to which UBA's BCA can exceed the baa3 BCA of its parent bank.

UBA significantly increased its total exposure to UniCredit group to €7 billion in 2022, equivalent to 76% of the bank's TCE, from €3 billion a year ago, leaving the Vienna-based bank mostly exposed to other UniCredit group entities, including its German sister bank [UniCredit Bank AG](#) (A2 negative/A2 negative, baa2)<sup>4</sup> while only €2 million were directly placed with its parent bank UniCredit. The sizeable reduction from exposure to the parent reflects UBA's previously high exposure in 2016 (€7 billion) because of legacy funding arrangements with its former Eastern European subsidiaries.

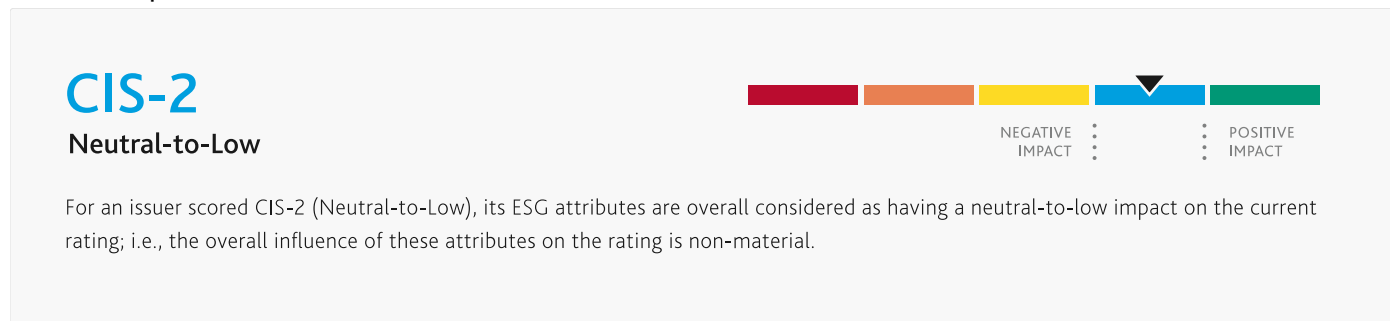
Notwithstanding that reduction of direct exposure, the risk correlation stemming from UBA being a part of the UniCredit group, including common branding, principally constrains its standalone credit strength. We, therefore, position UBA's BCA one notch above that of UniCredit.

## ESG considerations

### UniCredit Bank Austria AG's ESG Credit Impact Score is a CIS-2

Exhibit 11

#### ESG Credit Impact Score



Source: Moody's Investors Service

UniCredit Bank Austria's (UBA) ESG **CIS-2** reflects the limited credit impact of environment and social factors on the ratings to date, as well as low governance risks. UBA's moderate tail risks from lending concentrations and equity investments in domestic financial institutions, are mitigated by the bank's track record in managing these risks and strong financial fundamentals.

Exhibit 12

#### ESG Issuer Profile Scores



Source: Moody's Investors Service

### Environmental

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

goals. In response, UBA is engaging in transforming its lending book towards less carbon-intensive assets and is part of group-wide initiatives to further develop its comprehensive risk management and climate risk reporting frameworks.

### Social

UBA faces high industrywide social risks from customer relations, related to regulatory risk and litigation exposure and is required to meet high compliance standards. These risks are mitigated by developed policies and procedures. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

### Governance

UBA faces low governance risks. In line with UniCredit Group, UBA has strengthened its risk management, policies and procedures in recent years and delivered a strong track record on strategic and financial targets. However, the bank's lending concentrations to real estate, as well as exposures via equity stakes in domestic financial institutions represent tail risks. Because UBA is effectively controlled by UniCredit Group through its 100% shareholding, we have aligned the subsidiary's board structure, policies and procedures score with that of its parent, given the bank's strategic importance and public affiliation with the group, the parent's oversight of its subsidiary board and the regulated nature of both entities.

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 assume a very high probability of affiliate support from UniCredit. However, our assumption does not translate into a rating uplift because UBA's BCA is already higher than that of its parent.

### Loss Given Failure (LGF) analysis

UBA is subject to the European Union BRRD, which we consider an operational resolution regime. Therefore, we apply our Advanced LGF analysis, taking into consideration the risks faced by the different debt and deposit classes across the liability structure, should the bank enter resolution. In line with our standard assumptions, we assume 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, and assign a 25% probability to deposits being preferred to senior unsecured debt. The failure balance sheet for UBA is not shown because data used for senior unsecured liabilities is based on non-public information.

- » For A2 deposit ratings, our Advanced LGF analysis indicates a very low loss given failure, leading to two notches of rating uplift from the bank's baa2 Adjusted BCA.
- » For A3 senior unsecured debt ratings, our Advanced LGF analysis indicates a low loss given failure, leading to one notch of rating uplift from the bank's baa2 Adjusted BCA.
- » For the (P)Baa3 subordinated medium-term note (MTN) debt programme ratings, our Advanced LGF analysis indicates a high loss given failure, leading us to position the rating one notch below the bank's baa2 Adjusted BCA.

### Government support

Because of its size, on a consolidated basis, we consider UBA as systemically relevant, which may prompt government intervention to protect it from disruptive losses and, therefore, attribute a moderate probability of Austrian government support, 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 CRR, senior unsecured debt, and deposit ratings of UBA.

### Subordinated bonds with a deficiency guarantee from the City of Vienna

We rate at Baa1 UBA's "backed" subordinated debt instruments that carry a deficiency guarantee provided by the [City of Vienna](#) (Aa1 stable). The rating benefits from two notches of uplift for these backed instruments, compared with UBA's unbacked subordinated MTN programme rating of (P)Baa3. The rating uplift reflects our assumption of a high probability of support. With the Austrian Constitutional Court declaring selective debt and guarantee cancellation as unconstitutional in July 2015, we expect Vienna to perform in line with the deficiency guarantee. However, our assumption of a high probability of support also reflects some constraints, including

factors such as the risk of compensatory payments not being received by beneficiaries of the deficiency guarantee in a timely fashion because of actions by the legislator or the Austrian resolution authority.

### Counterparty Risk Ratings (CRRs)

#### UBA's CRRs are A1/P-1

The CRR, before government support, is four notches above UBA's baa2 Adjusted BCA, reflecting the extremely low loss given failure from the high volume of instruments, primarily senior unsecured, which are subordinated to CRR liabilities in our Advanced LGF analysis.

### Counterparty Risk (CR) Assessment

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

UBA's CR Assessment is four notches above the bank's baa2 Adjusted BCA, based on the substantial buffer against default provided to the senior counterparty obligations by more junior instruments, such as senior unsecured debt and dated subordinated debt. 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

### Rating methodology

The principal methodology we used in rating UBA is [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 significantly differ from that suggested by raw data alone (although 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

### UniCredit Bank Austria AG

#### 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	3.2%	a3	↔	baa3	Sector concentration	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	25.7%	aa1	↔	aa3	Stress capital resilience	Expected trend
Profitability						
Net Income / Tangible Assets	0.4%	ba1	↔	ba1	Expected trend	Return on assets
Combined Solvency Score		a2		baa1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	25.4%	baa2	↔	baa1	Market funding quality	Extent of market funding reliance
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	31.6%	a2	↔	baa1	Asset encumbrance	Expected trend
Combined Liquidity Score		baa1		baa1		
Financial Profile						
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint						
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

**Balance Sheet is not applicable.**

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	-	-	-	-	-	-	-	3	0	a2
Counterparty Risk Assessment	-	-	-	-	-	-	-	3	0	a2 (cr)
Deposits	-	-	-	-	-	-	-	2	0	a3
Senior unsecured bank debt	-	-	-	-	-	-	-	1	0	baa1
Dated subordinated bank debt	-	-	-	-	-	-	-	-1	0	baa3

INSTRUMENT CLASS	LOSS GIVEN FAILURE NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT	GOVERNMENT SUPPORT NOTCHING	LOCAL CURRENCY RATING	FOREIGN CURRENCY RATING
Counterparty Risk Assessment	3	0	a2 (cr)	1	A1(cr)	
Deposits	2	0	a3	1	A2	A2
Senior unsecured bank debt	1	0	baa1	1	A3	A3
Dated subordinated bank debt	-1	0	baa3	0	(P)Baa3	

[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
<b>UNICREDIT BANK AUSTRIA AG</b>	
Outlook	Negative
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)
Senior Unsecured	A3
Subordinate MTN -Dom Curr	(P)Baa3
Other Short Term -Dom Curr	(P)P-2
<b>PARENT: UNICREDIT S.P.A.</b>	
Outlook	Negative
Counterparty Risk Rating	Baa1/P-2
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa3
Counterparty Risk Assessment	Baa2(cr)/P-2(cr)
Senior Unsecured	Baa1
Junior Senior Unsecured	Baa3
Junior Senior Unsecured MTN	(P)Baa3
Subordinate	Baa3
Pref. Stock Non-cumulative -Dom Curr	Ba3 (hyb)
Commercial Paper -Dom Curr	P-2
Other Short Term -Dom Curr	(P)P-2

Source: Moody's Investors Service

## Endnotes

- [1](#) The ratings refer to the bank's long-term deposit rating and its outlook, long-term senior unsecured debt rating and its outlook, and BCA.
- [2](#) The European Central Bank's (ECB) aim to harmonise risk weightings under the standardised approach and the internal ratings-based approach will likely result in higher capital requirements, particularly for collateralised assets such as mortgage loans.
- [3](#) Including on- and off-balance-sheet exposure.
- [4](#) The ratings refer to the bank's long-term deposit rating and outlook, the long-term senior unsecured debt rating and outlook, and its BCA.

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