

CREDIT OPINION

30 August 2022

New Issue



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RATINGS

Raiffeisenlandesbank Burgenland

Domicile	Austria
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

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

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Raiffeisenlandesbank Burgenland

New issuer - Strongly capitalised but with significant market risks

Summary

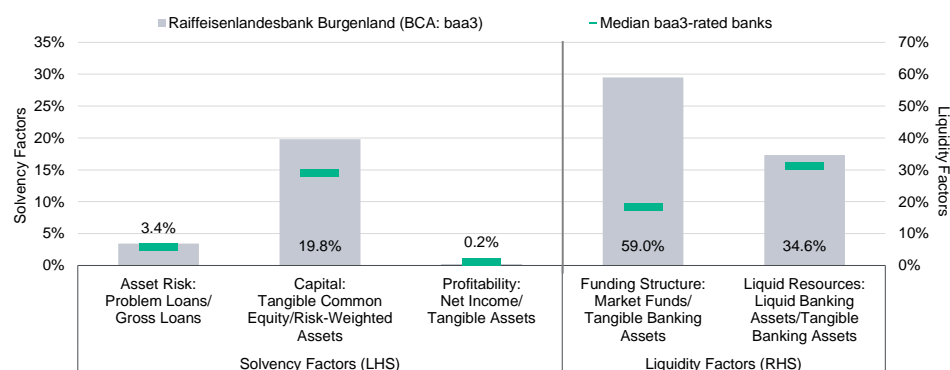
On 11 July 2022, we assigned first-time A3/P2 deposit and issuer ratings to Raiffeisenlandesbank Burgenland und Revisionsverband eGen (RLB Burgenland), a baa3 Baseline Credit Assessment (BCA) and a baa2 Adjusted BCA.

The deposit and issuer ratings reflect the bank's baa3 BCA; its membership in the federal institutional protection scheme of Austria's Raiffeisen Banking Group (RBG), which results in a one-notch uplift and a baa2 Adjusted BCA; and two notches of uplift from the application of our Advanced Loss Given Failure (LGF) analysis to its liabilities. We do not incorporate any rating uplift from government support because of the wider scope of the Bank Recovery and Resolution Directive's (BRRD) application in Austria and the demonstrated willingness of the government to apply burden-sharing to creditors.

RLB Burgenland's baa3 BCA mostly reflects that meaningful asset risks related to equity investments are sufficiently mitigated by a strong capitalisation. While the bank's share in [Raiffeisen Bank International AG](#) (RBI, A2/A2 stable, baa3¹, is substantial and implies significant market risk to the bank's otherwise solid asset quality, the downside risks can be absorbed largely by RLB Burgenland's comfortable capitalisation. The bank's profitability is modest, providing only limited protection against headwinds from a challenging macro environment. RLB Burgenland's solvency profile is accompanied by a liquidity profile where good access to the regional Austrian Raiffeisen banks' excess deposits and a sufficient liquidity cushion mitigate the bank's high market funding dependence.

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

- » RLB Burgenland's good capitalisation
- » The bank's good access to the Raiffeisen sector, which mitigates the bank's high dependence on wholesale funding
- » Senior creditors benefiting from a large volume of outstanding debt, implying a very low loss given failure in the unlikely event of resolution

Credit challenges

- » RLB Burgenland's significant stake in RBI relative to its capital poses considerable risk.
- » The bank's profitability remains modest and volatile.

Rating outlook

The stable outlook on the long-term deposit and issuer ratings reflects our expectation that potential pressures on asset risk, profitability and capital because of RLB Burgenland's participations will not impair its financial profile and that of the Raiffeisen sector in Austria over the next 12-18 months. Further, we expect no changes in the liability structure that could result in changes in the applied rating uplift from its Advanced LGF analysis.

Factors that could lead to an upgrade

- » RLB Burgenland's ratings could be upgraded if RBC's financial strength improves, such that it results in higher affiliate support uplift.
- » In addition, the bank's ratings may benefit from an additional rating uplift, as assessed by our Advanced LGF analysis. However, a higher rating uplift would require significantly higher subordinated instruments.
- » Upward rating pressure could develop for RLB Burgenland's BCA if the bank were to strengthen its liquidity profile, demonstrated by either a lower recourse to market funding or an increase in liquid assets. Further, a combination of an improved asset quality, a stronger resilience of its capitalisation under our stressed assumption with regard to the valuation of participations or a significantly improved profitability could lead to a higher BCA. However, this would not result in a rating upgrade unless RBC's financial strength improves as well.

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.

Factors that could lead to a downgrade

- » A rating downgrade is possible if RLB Burgenland's BCA is downgraded and, at the same time, the Raiffeisen sector's fundamentals weaken to such a level that the downgrade cannot be offset by higher affiliate support; or RBG's financial strength deteriorates, leading to constraints on the bank's BCA.
- » In addition, a downgrade could result from a significant decrease in the volume of senior unsecured liabilities relative to its tangible assets by such an amount that it increases the severity of loss in our LGF analysis.
- » Negative pressure on RLB Burgenland's BCA could result from a combined weakening of the bank's solvency profile, as reflected in a deterioration in asset quality, capital or profitability beyond our current expectations and a significant weakening of the combined liquidity profile as a result of higher market funding and lower liquid reserves. However, this would not result in a rating downgrade if the financial strength of its affiliate RBG remains unchanged.

Key indicators

Exhibit 2

Raiffeisenlandesbank Burgenland (Consolidated Financials) [1]

	12-21 ²	12-20 ²	12-19 ³	12-18 ³	CAGR/Avg. ⁴
Total Assets (EUR Billion)	4.5	4.4	3.5	3.4	9.8 ⁵
Total Assets (USD Billion)	5.1	5.3	3.9	3.9	9.5 ⁵
Tangible Common Equity (EUR Billion)	0.4	0.4	0.4	0.4	1.8 ⁵
Tangible Common Equity (USD Billion)	0.5	0.5	0.4	0.4	1.5 ⁵
Problem Loans / Gross Loans (%)	2.9	3.4	4.0	4.0	3.6 ⁶
Tangible Common Equity / Risk Weighted Assets (%)	19.8	20.3	21.2	24.4	21.4 ⁷
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	12.2	12.8	13.6	12.5	12.8 ⁶
Net Interest Margin (%)	0.8	0.9	0.9	0.9	0.9 ⁶
PPI / Average RWA (%)	0.9	0.9	0.8	0.9	0.9 ⁷
Net Income / Tangible Assets (%)	0.4	-0.1	0.5	0.8	0.4 ⁶
Cost / Income Ratio (%)	70.3	67.8	74.1	70.3	70.6 ⁶
Market Funds / Tangible Banking Assets (%)	59.0	59.4	55.0	55.5	57.2 ⁶
Liquid Banking Assets / Tangible Banking Assets (%)	34.6	38.6	31.6	34.7	34.9 ⁶
Gross Loans / Due to Customers (%)	142.0	140.5	146.1	139.4	142.0 ⁶

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Compound annual growth rate (%) based on the periods for the latest accounting regime. [6] Simple average of periods for the latest accounting regime. [7] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

With total assets of €4.5 billion as of December 2021, RLB Burgenland is one of the smaller of the eight Raiffeisenlandesbanken in Austria. As of today, RLB Burgenland is majority owned by the local primary credit cooperatives in the region, for which the bank is the central institution. RLB Burgenland's lending activities are primarily focused on corporate customers, that is, mainly small and medium-sized enterprises (SMEs) in Burgenland. As of year-end 2021, RLB Burgenland had 15 branches and employed 291 people on average.

RLB Burgenland is a direct shareholder of RBI, the Austrian Raiffeisen sector's central institution, holding a 2.95% share, which implies significant indirect exposure to the Central and Eastern European banking markets.

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

Detailed credit considerations

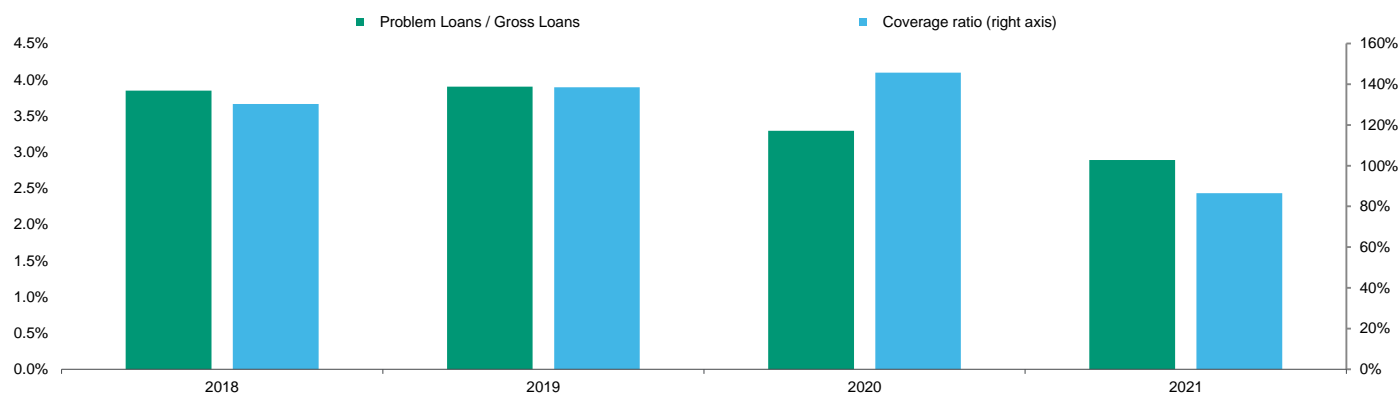
Good asset quality in the lending book — Commercial real estate and equity participations add volatility

We assign a ba1 Asset Risk score to RLB Burgenland, four notches below the a3 initial score. The ba1 score takes into account the bank's credit quality, as measured by its nonperforming loan (NPL) ratio; and the sector concentration risk in its lending book, in particular the additional market risk related to the bank's equity investments in RBI.

As of year-end 2021, RLB Burgenland's asset-risk profile, as measured by its NPL ratio, improved to 2.9% from 3.4% a year earlier. The bank's provisioning level of more than 100% is strong and provides a good buffer to cover risks from its loan book of €1.9 billion in an environment of more subdued economic growth and a more difficult operating environment, which primarily focuses on regional SME lending, while retail lending is mostly provided by the primary Raiffeisen banks in the region.

Exhibit 3

Asset risk at a glance



Sources: Moody's Investors Service and company reports

In terms of the bank's focus on regional SME lending, RLB Burgenland holds exposures to cyclical industries such as construction and higher-risk housing companies. We negatively adjust our Asset Risk score to reflect the tail risks that could trigger large losses in a highly adverse macroeconomic scenario.

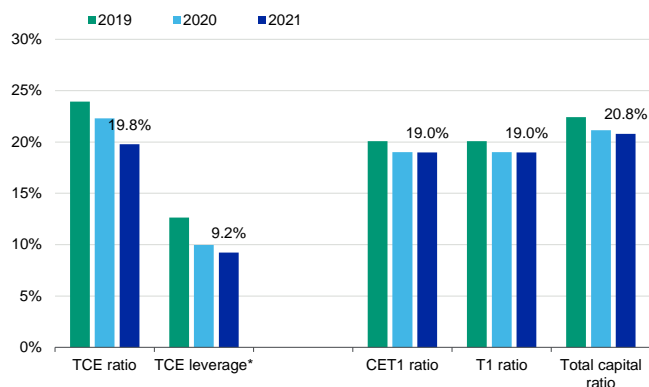
Moreover, we consider market risks from the bank's equity participations in our Asset Risk score. RLB Burgenland's total amount of equity investment of €270.2 million accounts for 65% of the bank's tangible common equity (TCE). This includes RLB Burgenland's 2.95% stake in RBI, the largest of its total participations as of year-end 2021.

RLB Burgenland's capitalisation is strong and provides a sufficient buffer against downside risks

We assign an a2 Capital score to RLB Burgenland, three notches below the aa2 initial score. The a2 score reflects the bank's good capitalisation, represented by the 19.8% TCE ratio, as well as valuation risks in stressed markets resulting from potential impairments in its equity investments.

Exhibit 4

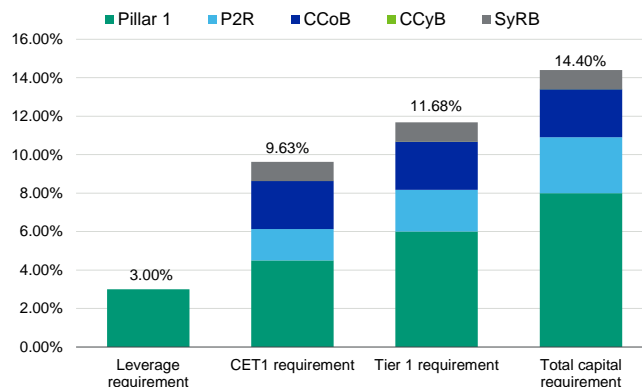
Capital ratios at a glance



TCE = Tangible common equity (Moody's calculation); CET1 = Common Equity Tier 1 capital; T1 = Tier 1 capital. *The leverage ratio compares TCE with tangible banking assets. Sources: Moody's Investors Service and company reports

Exhibit 5

Capital requirements at a glance



CCoB = Capital conservation buffer; CCyB = Countercyclical capital buffer; SyRB = Systemic risk buffer. Sources: Moody's Investors Service and company reports

We also take into consideration the bank's capital resilience in an adverse scenario, assuming a 50% reduction in the value of its holdings. As of year-end 2021, RLB Burgenland reported its stake in financial institutions at €260 million, which includes its stake in RBI, based on the lower of the historical cost or value. This results in a more conservative valuation compared with a market value based on discounted cash flow and provides some buffer against impairment risks because we do not consider hidden reserves of the RBI stake in our capital assessment.

RLB Burgenland reported a TCE ratio of 19.8% as of year-end 2021, down from 20.3% as of year-end 2020, a Common Equity Tier 1 (CET1) capital ratio of 19%, in line with 2020. At the same time, the total capital ratio decreased to 20.8% from 21.2%. Key driver for the decline was a rise in risk-weighted assets as a result of loan growth. RLB Burgenland's ratios are higher than those of its Austrian peers, and the bank's TCE leverage ratio, at 9.2% as of year-end 2021, is well above that of its Raiffeisenlandesbanken peer

RLB Burgenland's earnings mix is diversified, but its profitability remains modest and volatile

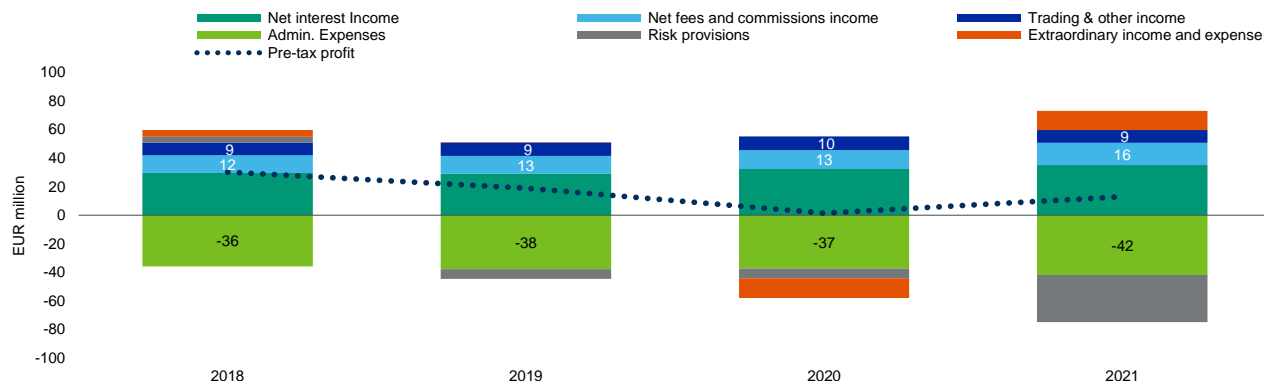
We assign a b3 Profitability score to RLB Burgenland, two notches below the initial score of b1, which reflects its net income/tangible assets of 0.4%. Our assigned score reflects our assessment that the bank's underlying profitability is providing hardly any buffer versus the potential shocks from valuation changes for its participation, particularly in an environment with more subdued economic growth, which should lead to some increase in risk costs.

We take into consideration the impact on the bank's net income resulting from its equity investment in RBI, which exposes the bank's profitability to considerable volatilities. Although the bank's core revenue is relatively stable, it is at a moderate level and does not provide a buffer against the volatilities stemming from its participations.

To evaluate the bank's standalone earnings generation capacity and exclude annual fluctuations, we consider adjusted net income, excluding those earnings. Moreover, we amend profitability for the creation or release of \$57 local GAAP reserves to get to its unadjusted earnings generation capacity. In 2022, we expect RLB Burgenland's profitability to remain under pressure as provisioning levels increase in response to the more difficult economic environment, and as earnings are likely to take a hit because of the likely downward adjustment in the RBI stake valuation, which is linked to RBI's exposures to Russia, Ukraine and Belarus.

Exhibit 6

Profitability over the last four annual periods



Source: Moody's Investors Service

In 2021, RLB Burgenland's net income of €9.1 million was up from €3.3 million a year earlier. Although the bank's net interest income increased to €35.1 million (2020: €32.5 million) and net fee and commission income increased to €16 million (2020: €13 million), and despite a charge of loan loss provisions of €33.1 million (2020: €5.0 million), the investment securities and participation's impairment of €13.4 million was the key driver of the bank's stronger results recorded in 2021. Moreover, returns from participations increased to €14.9 million in 2021 (2020: €4.3 million). On the cost side, total operating expenses increased by 10.5% to €37.8 million in 2021, which includes a slight increase in personnel expenses to €24.2 million (2020: €22.3 million) and higher administrative expenses of €13.6 million (2020: €11.9 million).

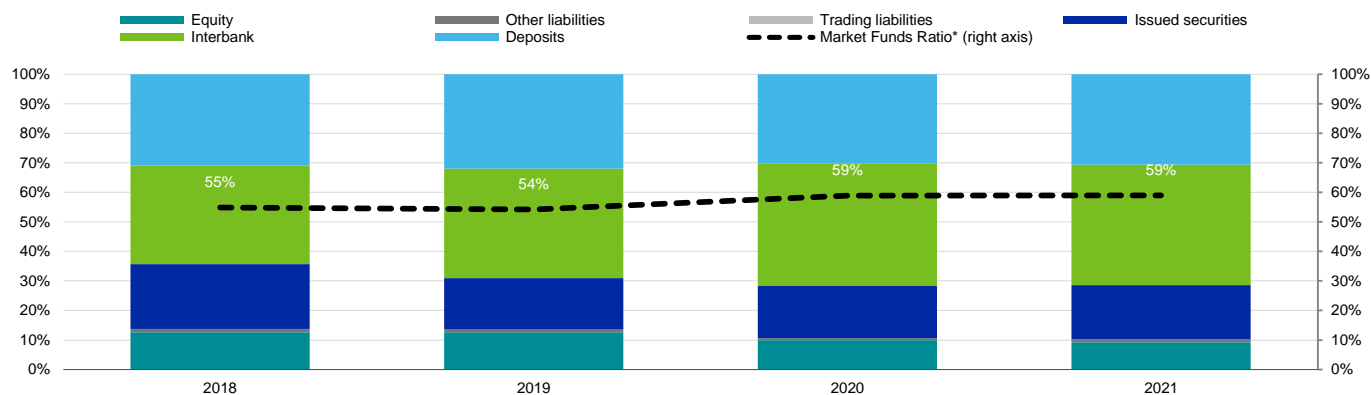
Reliance on wholesale funding is mitigated by access to sector funds and retail deposits

We assign a Funding Structure score of baa1, eight notches above the b3 initial score, reflecting the bank's market funds/tangible banking assets of 59% as of year-end 2021, as well as its role as the central institution for the primary Raiffeisen banks in Burgenland, which mitigates its dependence on confidence-sensitive wholesale funding through access to sector funding.

As part of its business model as a regional central bank for the primary Raiffeisen banks, RLB Burgenland's interbank liabilities include a high proportion of intragroup funding within the Raiffeisen sector. We adjust our market funding ratio for intragroup funding in the Raiffeisen sector (funds received from primary banks) because funding from primary banks is more sticky than the usual interbank funding because it is part of the bank's business model to hold liquidity reserves for its primary banks.

Exhibit 7

Market funding at a glance



Source: Moody's Investors Service

As the central institution for the local Raiffeisen banks in Burgenland, RLB Burgenland has access to diversified funding sources, including interbank funding of €1.8 billion, unchanged from €1.8 billion in 2020, following the participation in the ECB's TLTRO III.

However, we do not consider most of the TLTRO III as market funding, because it is mostly stored as extra liquidity in the bank's cash position instead of being used for lending activities to benefit from attractive remuneration terms of the TLTRO III. Own issuances of €0.8 billion as of year-end 2021 and €1.4 billion of customer deposits constitute the bank's funding profile.

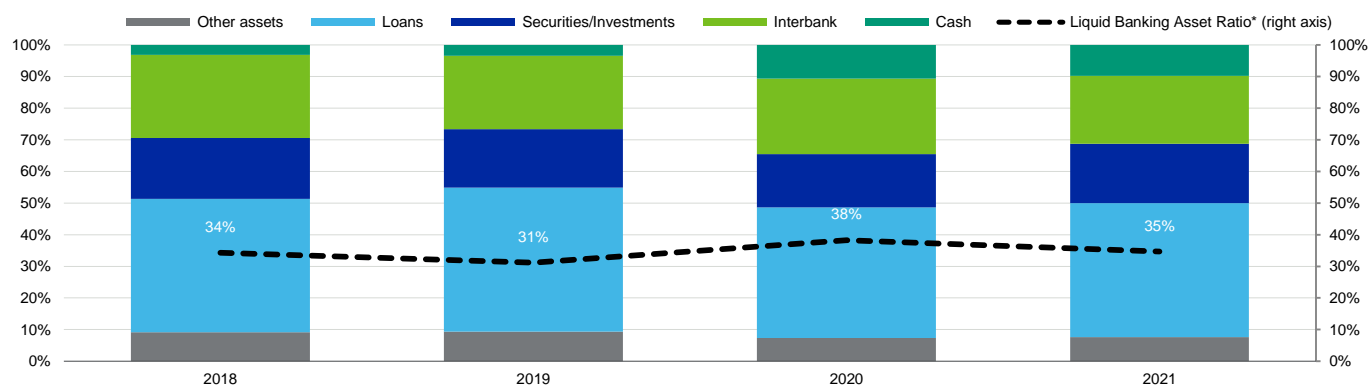
Sufficient liquidity buffer supports RLB Burgenland's funding profile

We assign a Liquid Resources score of baa3, four notches below the initial score of a2, reflecting RLB Burgenland's sound liquid banking assets/tangible banking assets of 35% as of year-end 2021. The baa3 score, however, also includes our assessment of restrictions on intragroup deposits that RLB Burgenland holds as part of its role as the central institution, asset encumbrance and additional access to liquidity through the Raiffeisen sector.

As the central bank for the regional primary banks, RLB Burgenland provides intragroup lending to primary banks and RBI. We negatively adjust our Liquid Resource score for liquidity reserves held at RBI and other intragroup lending for primary banks because we assume that those amounts are not fully fungible for the bank to cover short-term liquidity needs. Interbank lending to RBI generally includes the minimum reserve RLB Burgenland holds for its primary banks and is not available to cover the liquidity needs of the bank itself. Additionally, we adjust our ratio for encumbrance of liquid securities that are initially classified as liquid, but we know that such securities are pledged as collateral. The assigned score further captures the additional liquid resources the bank can generate through the sector.

Exhibit 8

Liquid assets at a glance



Source: Moody's Investors Service

As of year-end 2021, RLB Burgenland's liquidity benefited from significant interbank receivables of €1.4 billion, which consisted mainly of the cash deposits RLB Burgenland holds because of its role as the central institution for primary banks and were available as a liquidity buffer. Additionally, the liquid resources include a small portfolio of unencumbered, highly rated fixed-income securities of €150 million.

ESG considerations

In line with our general view of the banking sector, RLB Burgenland has low exposure to environmental risks (see our [environmental risks heat map²](#) for further information).

For social risks, we also place RLB Burgenland in line with our general view of the banking sector, which indicates moderate exposure to social risks (see our [social risk heat map³](#)).

Corporate governance⁴ is highly relevant for RLB Burgenland, as it is to all entities in the banking industry. Corporate governance weaknesses can lead to a deterioration in a bank's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for RLB Burgenland, we do not have any particular governance concern. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Affiliate support

We consider the likelihood of support from RBC, the Austrian Raiffeisen sector, very high because of RLB Burgenland's significant regional importance to the sector. This support significantly reduces the probability of default because the co-operative group cross-sector support mechanism aims to stabilise its members by avoiding a bail-in or any form of loss participation by creditors. When the financial strength of RBC and the very high probability of RLB Burgenland receiving support are taken into account, the cross-sector support results in a one-notch rating uplift from its baa3 BCA.

We assess the Austrian Raiffeisen sector's financial capacity to provide support to its members based on the co-operative group's combined financial strength. The sector's financial strength, and cohesion, has improved. Particularly capital buffers are on the rise, a key support to its overall credit profile, which is strongly correlated with its higher-risk Central and Eastern European exposures housed at RBL.

Government support considerations

In contrast to banks in other EU countries and reflective of the government measures in Austria implemented since 2014, we assign a low level of support for the senior debt and deposit ratings of Austrian banks. As a result, we do not include any beneficial rating impact for government support in RLB Burgenland's issuer and deposit ratings, despite the high national market shares and systemic relevance of the Raiffeisen sector as a whole to the country's banking system. We do not incorporate any rating uplift from government support for RLB Burgenland because of the wider scope of the EU BRRD application in Austria and the proven willingness of the government to apply burden-sharing to creditors.

Loss Given Failure (LGF) analysis

RLB Burgenland is subject to the EU BRRD, which we consider an operational resolution regime. We assume a residual TCE of 3% and post-failure losses of 8% of the 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. These assumptions are in line with our standard assumptions.

- » RLB Burgenland's deposits are likely to face a very low loss given failure, resulting in two notches of rating uplift from the bank's baa2 Adjusted BCA.
- » RLB Burgenland's senior obligations (which the issuer rating speaks to) are also likely to face a very low loss given failure, resulting in two notches of rating uplift from its baa2 Adjusted BCA.

Counterparty Risk Ratings (CRRs)

RLB Burgenland'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. RLB Burgenland'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

RLB Burgenland's CR Assessment is A2(cr)/P-1(cr)

RLB Burgenland's CR Assessment is three notches above the bank's baa2 Adjusted BCA, based on the buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments, primarily senior unsecured debt. To determine the CR Assessment, we focus purely on subordination, taking no account of the volume of the instrument class.

Methodology and scorecard

The principal methodology used is the [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 outcome of our scorecard may significantly differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong

divergence). The scorecard outcome and the individual scores are discussed in Rating Committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 9

Raiffeisenlandesbank Burgenland

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	3.4%	a3	↔	ba1	Sector concentration	Market risk					
Capital											
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.8%	aa2	↔	a2	Risk-weighted capitalisation	Stress capital resilience					
Profitability											
Net Income / Tangible Assets	0.2%	b1	↔	b3	Return on assets	Earnings quality					
Combined Solvency Score		a3		baa3							
Liquidity											
Funding Structure											
Market Funds / Tangible Banking Assets	59.0%	b3	↔	baa1	Extent of market funding reliance	Expected trend					
Liquid Resources											
Liquid Banking Assets / Tangible Banking Assets	34.6%	a2	↔	baa3	Stock of liquid assets	Asset encumbrance					
Combined Liquidity Score		ba2		baa2							
Financial Profile											
				baa3							
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				baa2 - ba1							
Assigned BCA				baa3							
Affiliate Support notching				-							
Adjusted BCA				baa2							
Balance Sheet											
		in-scope (EUR Million)		% in-scope		at-failure (EUR Million)		% at-failure			
Other liabilities		1,763		43.3%		1,903		46.7%			
Deposits		1,370		33.6%		1,230		30.2%			
Preferred deposits		1,014		24.9%		963		23.6%			
Junior deposits		356		8.7%		267		6.6%			
Senior unsecured bank debt		807		19.8%		807		19.8%			
Dated subordinated bank debt		14		0.4%		14		0.4%			
Equity		122		3.0%		122		3.0%			
Total Tangible Banking Assets		4,076		100.0%		4,076		100.0%			
Debt Class											
		De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional Preliminary	
		Instrument	Sub-ordination	Instrument	Sub-ordination	De Jure	De Facto	Notching	LGF	Notching	
		volume +		volume +				vs.		Rating	
		subordination		subordination				Adjusted		Assessment	
								BCA			
Counterparty Risk Rating	29.7%	29.7%	29.7%	29.7%	29.7%	3	3	3	3	0	a2
Counterparty Risk Assessment	29.7%	29.7%	29.7%	29.7%	29.7%	3	3	3	3	0	a2 (cr)
Deposits	29.7%	3.4%	29.7%	23.1%	23.1%	2	3	2	2	0	a3
Senior unsecured bank debt	29.7%	3.4%	23.1%	3.4%	3.4%	2	2	2	2	0	a3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	0	A2	A2
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	2	0	a3	0	A3	A3
Senior unsecured bank debt	2	0	a3	0	A3	A3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 10

Category	Moody's Rating
RAIFFEISENLANDESBANK BURGENLAND	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3
ST Issuer Rating	P-2

Source: Moody's Investors Service

Endnotes

- The ratings shown are RBI's deposit rating/senior unsecured debt rating and BCA.
- Environmental risks can be defined as environmental hazards encompassing the impacts of air pollution, soil/water pollution, water shortages, and natural and human-made hazards (physical risks). Additionally, regulatory or policy risks, such as the impact of carbon regulation or other regulatory restrictions, including the related transition risks like 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.
- Social risk considerations represent a broad spectrum, including customer relations, human capital, demographic and societal trends, health and safety, and responsible production. The most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy, which are 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. Societal trends are also relevant in a number of areas, such as shifting customer preferences toward digital banking services increasing information technology costs, ageing population concerns in several countries affecting the demand for financial services or socially driven policy agendas that may translate into regulations that affect banks' revenue bases.
- Corporate governance is a well-established key driver for banks and related risks are typically included in our evaluation of the banks' financial profile. Further, factors 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.

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