CREDIT OPINION
11 February 2026

Update

Send Your Feedback

Hypo-Bank Burgenland AG

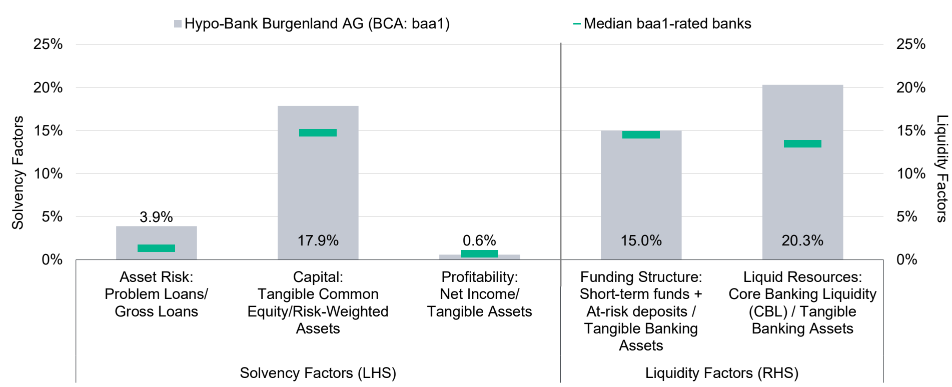
Update following rating affirmation

Summary

Hypo-Bank Burgenland AG's (Bank Burgenland) A2 deposit and issuer ratings reflect the bank's baa1 Baseline Credit Assessment (BCA) and Adjusted BCA, and the application of our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class and results in two notches of rating uplift. We do not incorporate any rating uplift for government support to Bank Burgenland because of the bank's small size in the context of the Austrian banking system.

Bank Burgenland's baa1 BCA takes into account the expected limited impact of the planned acquisition of Austrian Anadi Bank AG (Anadi) including a weakening of the combined entity's assets quality, its continued high exposure to the commercial real estate (CRE) sector, and the market and operational risks arising from Bank Burgenland's private banking business and the guarantees it provides to its insurance parent, Grazer Wechselseitige Versicherung AG (GRAWE Group). Additionally, the BCA reflects our expectation that Bank Burgenland's capitalisation will decline slightly but remain sound following the Anadi acquisition, and that its profitability relative to its asset base will potentially be compressed slightly over the next two to three years, reflecting the low interest rate environment and the continued subdued economic development in Austria. At the same time the BCA considers the combined entity's moderate reliance on short-term funding, reflecting its large and stable deposit base, the medium- to long-term nature of its market funding, and its adequate level of high-quality liquid assets (HQLA).

Exhibit 1
Rating Scorecard - Key financial ratios
Bank Burgenland



Sources: Company and Moody's Ratings

RATINGS

Hypo-Bank Burgenland AG

Domicile	Austria
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

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

Contacts

Andrea Wehmeier +49.69.70730.782
VP-Senior Analyst
andrea.wehmeier@moodys.com

Alexander Hendricks, CFA +49.69.70730.779
Associate Managing Director
alexander.hendricks@moodys.com

CLIENT SERVICES

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

Credit strengths

» Good capitalisation

» Strong deposit base and liquidity

Credit challenges

» Concentration risk in the highly cyclical CRE sector

» Significant market risk

» Execution risks associated with the integration of Anadi

Outlook

The outlooks on the long-term bank deposit and long-term issuer ratings are stable, reflecting our expectation of a broadly stable credit quality and liability structure of Bank Burgenland over the next 12-18 months and following the acquisition of Anadi.

Factors that could lead to an upgrade

» Bank Burgenland's long-term ratings could be upgraded following an upgrade of its BCA. Furthermore, the long-term bank deposit and long-term issuer ratings could theoretically be upgraded if Bank Burgenland were to issue material volumes of subordinated instruments, which could result in additional rating uplift from our Advance LGF analysis.

» Bank Burgenland's BCA could be upgraded following the successful integration of Anadi and provided that the bank's asset quality materially improves again and that capitalization and profitability recover on a sustained basis from the likely negative impact of the Anadi acquisition. An upgrade of the BCA would be contingent upon Bank Burgenland at least maintaining its current combined liquidity profile.

Factors that could lead to a downgrade

» Bank Burgenland's ratings could be downgraded following a downgrade of its BCA. Furthermore, the long-term bank deposit and long-term issuer ratings could be downgraded if the bank's senior unsecured debt in relation to its asset base were to decline materially, which could result in less rating uplift from our Advance LGF analysis.

» Bank Burgenland's BCA could be downgraded because of a pronounced decline in the bank's asset quality, capitalization, and profitability beyond our current expectations. Furthermore, a shift towards short-term funding and materially lower liquid resources could trigger a downgrade of the BCA.

Key Indicators

Exhibit 2
Hypo-Bank Burgenland AG (Consolidated Financials) [1]

	12-24 [2]	12-23 [2]	12-22 [2]	12-21 [2]	12-20 [2]	CAGR/Avg. [3]
Total Assets (EUR Billion)	7.7	6.5	6.8	6.5	6.2	5.5 [4]
Total Assets (USD Billion)	8.0	7.2	7.3	7.4	7.6	1.2 [4]
Tangible Common Equity (EUR Billion)	0.8	0.8	0.8	0.8	0.7	4.3 [4]
Tangible Common Equity (USD Billion)	0.9	0.9	0.8	0.9	0.9	(0.0) [4]
Tangible Common Equity / Risk Weighted Assets (%)	17.9	20.0	17.9	16.0	16.8	17.7 [5]
PPI / Average RWA (%)	3.4	3.3	1.7	1.6	1.6	2.3 [5]
Net Income / Tangible Assets (%)	0.6	0.9	0.5	0.8	0.8	0.7 [5]
Cost / Income Ratio (%)	53.0	50.8	61.8	65.0	65.1	59.1 [5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	20.3	--	--	--	--	--
Less-stable Funds (Non-LCR) / Tangible Banking Assets (%)	15.0	--	--	--	--	--

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of Basel III periods. [6] Simple average of periods for the latest accounting regime. [-] Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities.
Sources: Moody's Ratings and company filings

Profile

Bank Burgenland is a regional bank, headquartered in Eisenstadt (Austria), with select activities in Hungary, Slovakia and Germany. Bank Burgenland is 100% owned by GRAWE Group,[1] an Austrian insurance group, and consolidates multiple entities operating under their own brand names.

Bank Burgenland is a universal bank with a focus on corporate banking, particularly for small and medium-sized enterprises (SMEs) and the real estate sector, with total assets of €7.7 billion as of 31 December 2024. Bank Burgenland also offers retail banking, private banking and asset management services.

On 6 January 2026, the bank announced plans to take over Anadi, following its acquisition of significant parts of Anadi's activities with a total business volume of €1.7 billion in 2024. The planned acquisition is pending regulatory approvals, and supports Bank Burgenland's growth strategy, strengthens its franchise in Carinthia, particularly for the public-sector business, and adds more digital retail clients.

Macro profile of Strong+

Bank Burgenland's BCA is supported by its Strong+ macro profile, which is derived from the group's weighted average credit exposures, largely towards Austria (Aa1 negative), with minor holdings in central Europe and other countries. Bank Burgenland's Strong+ macro profile, therefore, matches the assigned macro profile of Austria.

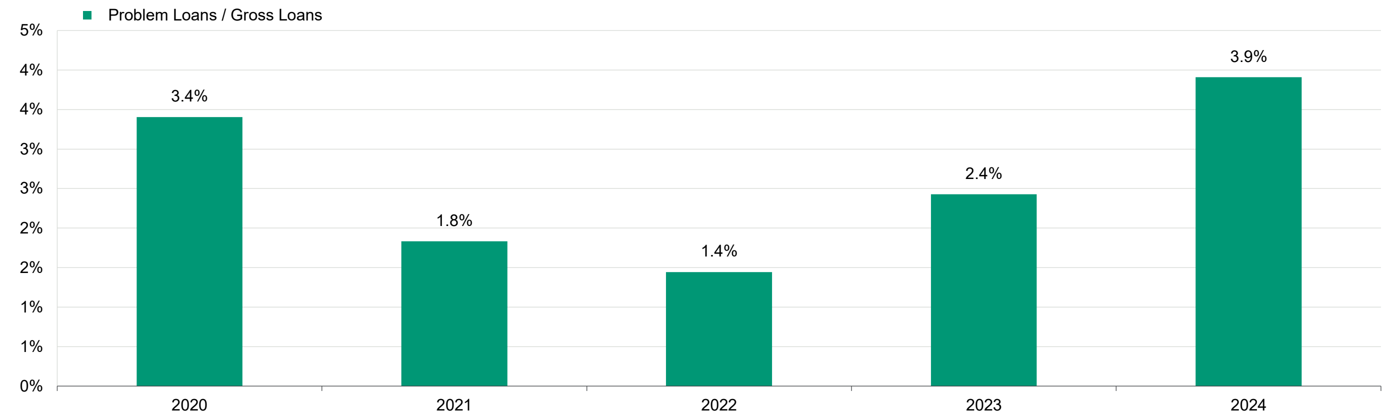
Detailed credit considerations

Asset quality to weaken after the Anadi acquisition

We assign an Asset Risk score of ba2 to Bank Burgenland, reflecting our expectation of an at least temporary deterioration in the bank's asset quality after the planned takeover of Anadi, and the execution risks associated with the integration of Anadi. The assigned score also incorporates continued high concentration risk in CRE, and the market and operational risks arising from Bank Burgenland's private banking business and the guarantees it provides to its insurance parent, GRAWE Group

Bank Burgenland's asset risk is primarily tied to its loan book, which makes up 66% of total assets. We expect Bank Burgenland's asset quality to deteriorate in 2025-26, reflecting continued sluggish economic growth in Austria, but also the expected impact of the Anadi acquisition. The bank's substantial exposure to highly cyclical CRE lending — several times its equity — and the related large lending volumes to single debtors remain, and have been the main contributors to past asset-quality deterioration and continue to pose significant tail risks.

Exhibit 3
The bank's sound asset quality is deteriorating from very low levels

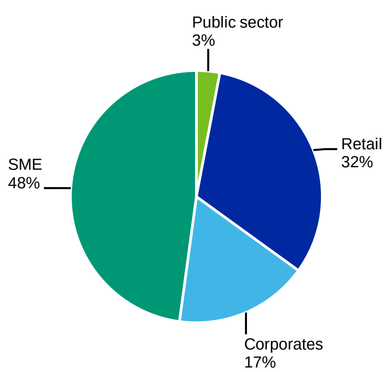


Sources: Company and Moody's Ratings

In addition, Bank Burgenland's market risk is still high, reflecting tail risks stemming from guarantees related to insurance products issued by its parent. The market risk arises from the guarantee the bank provides for the invested capital to cover potential shortfalls in case the underlying asset performance or evaluation falls below a certain value. Such a guarantee is not typical for a regional banking franchise, despite the links to its insurance parent.

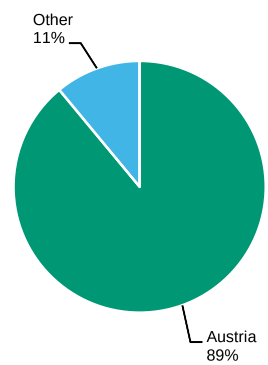
Bank Burgenland's asset management and private banking operations run through its Schelhammer Capital subsidiary, providing a stabilising counterbalance. These activities generate recurring fee and commission income, supporting more stable and diversified earnings. The associated market, operational and legal risks are limited, given the small scale of the bank's private banking business.

Exhibit 4
Bank Burgenland's loan book mainly includes SMEs, whereas its credit exposure to large corporates is limited
As of 31 December 2024



Sources: Company and Moody's Ratings

Exhibit 5
Bank Burgenland's operations are mainly concentrated in Austria



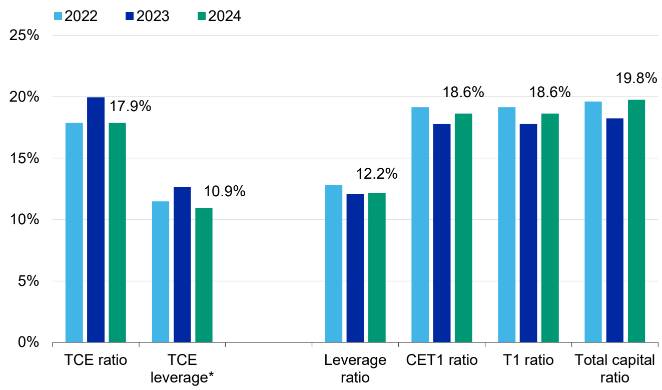
Sources: Company and Moody's Ratings

Sound capital ratios continue to provide strong buffers

We assign a Capital score of a1, in line with the initial score, reflecting our expectation that the planned acquisition will not significantly weaken the bank's sound capitalisation, which continues to provide good protection against the aforementioned tail risks. Further, available capital reserves provide an additional buffer against the integration and asset risks stemming from the acquisition.

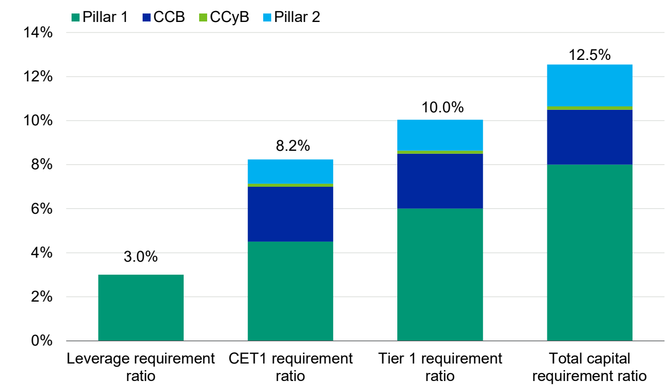
Bank Burgenland's capital ratio will weaken in 2025 and 2026 compared with historical levels, given the expected increase in risk-weighted assets (RWA), which will exceed potential capital growth because of the acquisition. Nevertheless, we expect the bank to maintain good capitalisation, remaining above 16% in 2026, but below the 17.9% tangible common equity (TCE)/RWA as of 31 December 2024. As of the same date, the Common Equity Tier 1 (CET1) capital ratio and Tier 1 capital ratio stood at 18.6%. The bank's sound capital position is underpinned by its robust leverage ratio of 12.2% and a very high risk density, with RWA accounting for 61% of total assets as of year-end 2024, according to the standardised approach for measuring risk weights.

Exhibit 6
Bank Burgenland's capital ratios remain strong
Capital as a percentage of RWA; leverage as a percentage of tangible assets



TCE = tangible common equity; CET1 = Common Equity Tier 1 capital; the TCE leverage ratio compares TCE with tangible banking assets.
Sources: Company and Moody's Ratings

Exhibit 7
Bank Burgenland exceeded its regulatory capital requirement as of year-end 2024
As a percentage of RWA



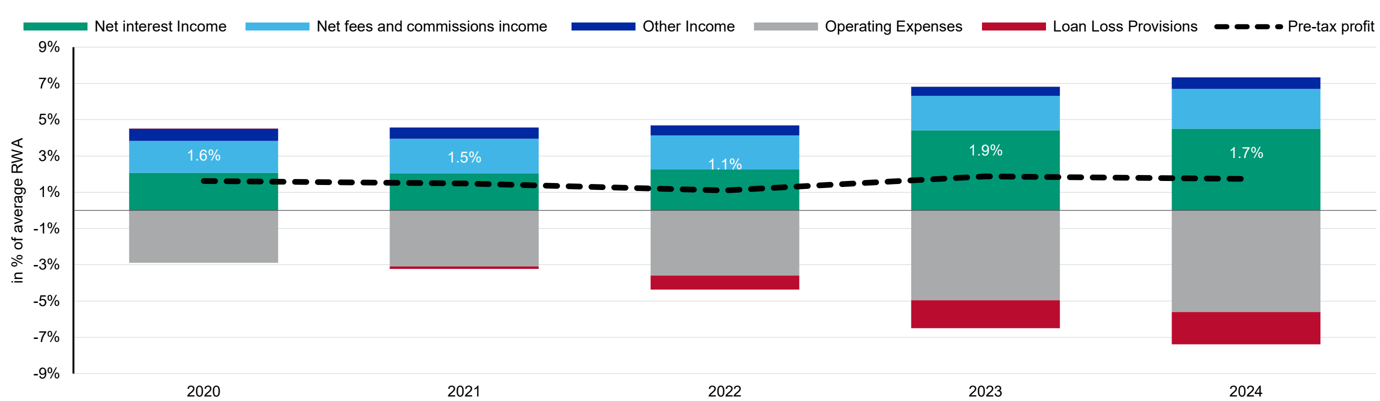
CCB = capital conservation buffer; CCyB = countercyclical capital buffer.
Sources: Company and Moody's Ratings

Profitability to recover in the medium term

We assign a Profitability score of ba2 to Bank Burgenland, three notches below the initial baa2 score, reflecting our expectation that the future combined entity's profitability will remain below historical levels over the next two to three years. Further, the assigned score incorporates the impact of lower rates, which will also strain profitability.

The integration of Anadi will lead to reduced profitability over the next few years, particularly because of high risk costs. However, the impact will be mitigated by Bank Burgenland's well-diversified earnings base, thanks to its relatively large private banking and asset management activities, although lower rates will strain net interest income. A recovery of profitability will depend on effective cost and risk management, and the successful integration of Anadi into the bank.

Exhibit 8
Bank Burgenland maintains a diversified earnings stream and benefitted from the high interest rate environment, offsetting higher expenses
Data in € million



Operating expenses include personnel expenses, administrative costs, deposit insurance fees and systemic risk charges, and depreciation and amortisation.
Sources: Company and Moody's Ratings

Moderate refinancing risks supported by stable deposits

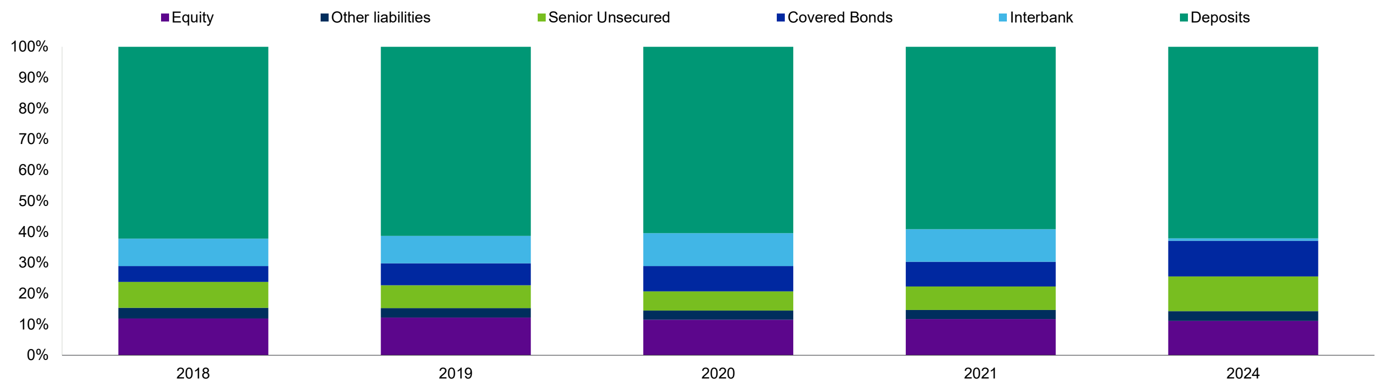
We assign a Funding Structure score of a2 to Bank Burgenland, one notch below the initial score of a1, reflecting the bank's focus on deposit funding and the resulting limited refinancing risks. However, it also captures the potential impact on its funding profile after the integration of Anadi, which implies somewhat higher refinancing risks for 2026, and upcoming bond maturities.

As of year-end 2024, Bank Burgenland's deposits amounted to €4.8 billion, accounting for 62% of total assets. These deposits are well diversified and focused on retail clients, thereby reducing the risk of large, sudden outflows. Market funding includes €0.1 billion in interbank liabilities, alongside €0.9 billion each in longer-term covered bonds and senior unsecured debt.

Exhibit 9

Bank Burgenland mainly relies on deposit funding

As a percentage of tangible banking assets



Sources: Company and Moody's Ratings

Liquidity is sound

We assign a Liquid Resources score of a3, in line with the initial score, reflecting the bank's good liquidity buffers, which we do not expect to change significantly. Our revised liquidity ratio takes into account liquid resources under the bank's disclosures regarding HQLA.

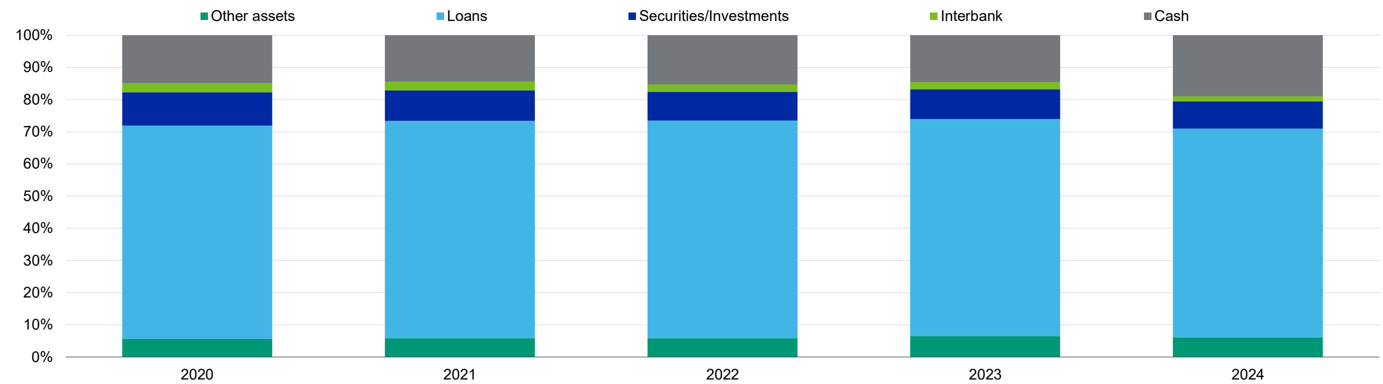
Bank Burgenland's HQLA averaged €1.6 billion in 2024, accounting for 20.3% of tangible banking assets and mainly consisting of cash and cash equivalents of €1.5 billion. The assigned liquidity score considers the particularly strong quality of HQLA, with the available volumes providing a sufficient buffer to comfortably cover potential outflow risks of the combined entity.

Further the bank has a plus a small repo-eligible securities portfolio of €0.3 billion and interbank assets of €0.1 billion available. Bank Burgenland's liquidity coverage ratio of 217% and net stable funding ratio of 133%, both as of year-end 2024, were well above the required minima.

Exhibit 10

Bank Burgenland maintains sufficient liquidity

Asset breakdown as a percentage of tangible assets



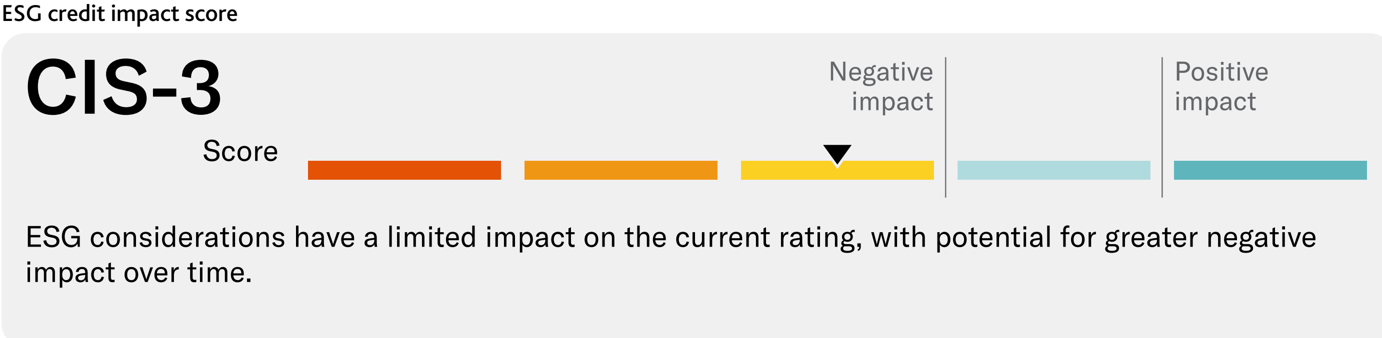
Sources: Company and Moody's Ratings

ESG considerations

Hypo-Bank Burgenland AG's ESG credit impact score is CIS-3

Exhibit 11

ESG credit impact score

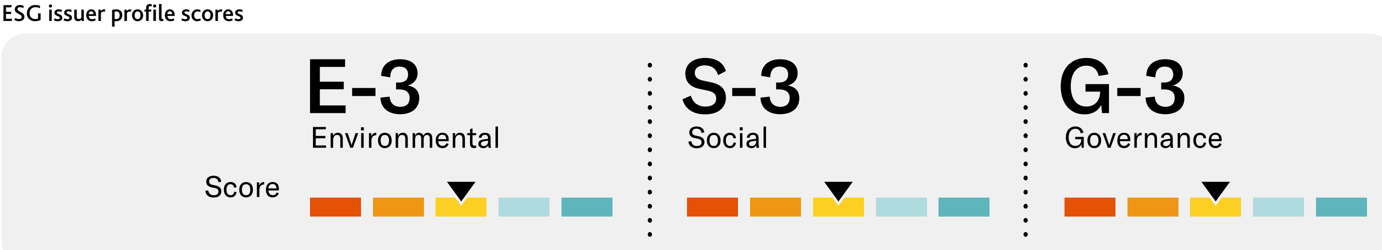


Source: Moody's Ratings

Bank Burgenland AG's (Bank Burgenland) **CIS-3** indicates the limited impact of ESG considerations on the ratings to date, with potential for greater negative impact over time, mostly related to the integration risks around the planned acquisition of Austrian Anadi Bank (Anadi). Environmental and social factors have a limited credit impact on the ratings to date.

Exhibit 12

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Bank Burgenland faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a regional, diversified bank. In line with its peers, Bank Burgenland is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, Bank Burgenland is actively engaging in further developing its comprehensive risk management and climate risk reporting frameworks and tries to align its business with the transition to a low-carbon economy.

Social

Bank Burgenland faces moderate social risks mainly related to customer relation risks, to demographic and societal trends. The bank's developed policies and procedures mitigate conduct risk associated with the distribution of financial products, such as regulatory and reputational risks, as well as exposure to litigation. The bank is required to meet high compliance standards. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

Bank Burgenland faces moderate governance risks, reflecting risks stemming from the recently announced plans to take over Anadi, including integration risks, but also the weaker risk profile of Anadi. Furthermore, elevated market and non-lending credit risks that go beyond the typical profile of a regional banking franchise are considered. The bank’s risk management, policies, and procedures are in line with industry practices and commensurate with its universal banking model. Bank Burgenland is 100% owned by the mutualist insurance group Grazer Wechselseitige Versicherung AG (GRAWE Group), which is reflected in the composition of its board of directors, which includes representatives of the owner next to employee representatives. A number of independent board members and Austria’s developed institutional framework mitigates associated governance risks.

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

Government support considerations

The introduction of the BRRD has demonstrated a reduction in the willingness of the EU governments to bail out banks because it severely restricts the conditions under which authorities can use public money to fund a bank recapitalisation. We expect most failing banks to be resolved without governments providing financial support. This approach to support will be broadly consistent throughout the EU because the BRRD provides little room for national discretion.

Therefore, Bank Burgenland’s ratings do not benefit from government support uplift, given its small size in the context of the Austrian banking system.

Loss Given Failure (LGF) analysis

Bank Burgenland is subject to the EU BRRD, which we consider an operational resolution regime. Therefore, we apply our Advanced LGF analysis, where we consider the risks faced by the different debt and deposit classes across the liability structure should the bank enter a resolution. We apply our standard assumptions.

For the bank's deposit and issuer ratings, our LGF analysis indicates a very low loss given failure, leading to a two-notch rating uplift from the bank's baa1 Adjusted BCA.

Methodology and scorecard

The principal methodology used is Banks.

Rating methodology and scorecard factors

Exhibit 13

Rating Factors

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	-	-	-	ba2	Sector concentration	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	17.9%	a1	↔	a1	Expected trend	Nominal leverage
Profitability						
Net Income / Tangible Assets	0.6%	baa2	↓↓	ba2	Expected Trend	
Combined Solvency Score		a3		baa2		
Liquidity						
Funding Structure						
Less-stable Funds / Tangible Banking Assets	15.0%	a1	↓	a2	Expected Trend	
Liquid Resources						
Core Banking Liquidity / Tangible Banking Assets	20.3%	a3	↔	a3	Expected trend	
Combined Liquidity Score		a2		a2		
Financial Profile		a3		baa1		
Qualitative Adjustments				Adjustment		
Business and Geographic Diversification				0		
Complexity and Opacity				0		
Strategy, Risk Appetite and Governance				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa1		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	in-scope (EUR Million)	% in-scope	at-failure (EUR Million)	% at-failure
Other liabilities	1,805	23.5%	2,292	29.8%
Deposits	4,777	62.1%	4,290	55.8%
Preferred deposits	3,535	46.0%	3,358	43.7%
Junior deposits	1,242	16.2%	932	12.1%
Senior unsecured bank debt	867	11.3%	867	11.3%
Dated subordinated bank debt	10	0.1%	10	0.1%
Equity	231	3.0%	231	3.0%
Total Tangible Banking Assets	7,690	100.0%	7,690	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	26.5%	26.5%	26.5%	26.5%	3	3	3	3	0	a1
Counterparty Risk Assessment	26.5%	26.5%	26.5%	26.5%	3	3	3	3	0	a1 (cr)
Deposits	26.5%	3.1%	26.5%	14.4%	2	3	2	2	0	a2
Senior unsecured bank debt	26.5%	3.1%	14.4%	3.1%	2	1	2	2	0	a2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	0	A1	A1
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1(cr)	
Deposits	2	0	a2	0	A2	A2
Senior unsecured bank debt	2	0	a2	0	A2	A2

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

Ratings

Exhibit 14

Category	Moody's Rating
HYPO-BANK BURGENLAND AG	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2
ST Issuer Rating	P-1

Source: Moody's Ratings

Endnotes

1 The bank was originally founded in 1928. After GRAWE Group acquired Bank Burgenland in 2006, the banking group GRAWE Bankengruppe was established in 2008, with Bank Burgenland as the leading institution.

REPORT NUMBER 1471126

Contacts

Gerson Morgenstern +49.69.70730.796
Sr Ratings Associate
gerson.morgenstern@moodys.com

CLIENT SERVICES

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