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Ratings

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Hypo Vorarlberg Bank AG

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Hypo Vorarlberg Bank AG

SACP	bbb+
Anchor	a-	
Business Position	Moderate	-1
Capital and Earnings	Strong	+1
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

\+

Support	+3
ALAC Support	0
GRE Support	+3
Group Support	0
Sovereign Support	0

\+

Additional Factors	0

Issuer Credit Rating

A+/Stable/A-1

Major Rating Factors

Strengths	Weaknesses
• Solid market share with corporate and retail clients in the Austrian state of Vorarlberg. • Strong capitalization and low cost of risk. • Comfortable funding and liquidity profile, backed by implicit support from the government of Vorarlberg.	• Low income margins due to the low-yield environment and highly competitive banking market in Austria. • Lack of geographical diversification, which makes the bank vulnerable to cyclical downturns in the regional economy.

Outlook: Stable

The stable outlook reflects S&P Global Ratings' expectation that Austria-based Hypo Vorarlberg Bank AG will maintain its current business and financial risk profiles, and continue to benefit from extraordinary government support from its federal state owner over the next two years, if needed. The bank's issuer credit rating rests on an unchanged stand-alone credit profile (SACP). Because we regard the bank as a government-related entity (GRE), the ratings on the bank also depend on our view of the State of Vorarlberg's creditworthiness. The rating on Vorarlberg (AA+/Stable/A-1+) would need to drop by one notch to trigger a negative rating action on the bank, assuming all bank-specific factors remain unchanged. An upgrade of Vorarlberg would not directly affect the rating on the bank.

Downside scenario

We could lower the long-term issuer credit rating on the bank in the next two years if:

- The bank deviated from its current business strategy of focusing on key markets and low-risk products; or
- Hypo Vorarlberg's risk-adjusted capital (RAC) ratio remained below 10%, contrary to our expectation; or
- The bank's asset quality deteriorated significantly, resulting in higher credit losses and weaker earnings quality.

Upside scenario

We see an upgrade as remote, mainly because of Hypo Vorarlberg's regional and business-line concentration, which is greater than that of some of the market-dominating banks in Austria.

Rationale

The starting point for our ratings on Hypo Vorarlberg is its 'a-' anchor, which represents our view of the bank's economic environment where the bank operates and banking industry risk in Austria. Hypo Vorarlberg is a relatively small but leading corporate and retail bank in Vorarlberg. The regional government holds a 77% ownership in the bank, while the rest belongs to two German banks. The business model of Hypo Vorarlberg is prone to its regional focus and product line concentration, which limits diversification of income. One strength of Hypo Vorarlberg is its capitalization. We expect the bank's RAC ratio to remain above 10% in the next 12-24 months. Its cost efficiency compares favorable to other rated Austrian GRE banks, in our view, and is demonstrated by the adequate cost-to-income ratio.

The geographical concentration of Hypo Vorarlberg makes the bank vulnerable to a downturn in the regional economy. The bank's asset quality compares well with the domestic average, with nonperforming loans (NPLs; loans overdue by 90 days or more) declining significantly since 2015. Hypo Vorarlberg's funding and liquidity profile is sound, in our view, owing to the implicit support from state ownership, its adequate liquidity buffers, and access to capital markets to issue debt instruments. We regard Hypo Vorarlberg as a GRE with a high likelihood of receiving government support from its owner, the State of Vorarlberg. This is because of the bank's strong and durable link to the government, and its important role for Vorarlberg. As a result, we apply three notches of uplift to the SACP of 'bbb+', leading to a long-term issuer credit rating of 'A+'. This is stronger than many rated banks in Austria.

Anchor: 'a-' anchor mainly reflects Hypo Vorarlberg's business in Austria

We use our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating only in Austria is 'a-', based on an economic risk score of '2' and an industry risk score of '3' (on a scale from '1', the strongest score, to '10', the weakest). We take Hypo Vorarlberg's international exposure into account when analyzing its economic risks. However, as Hypo Vorarlberg's share of exposure to countries with weaker economic risk scores than Austria is only 9%, relating to its Italian operations, this does not change the overall rounded weighted economic risk score. The score of '2' is the same level as that of institutions that lend exclusively in Austria. We regard the relevant industry risk for Hypo Vorarlberg as that of Austria. As we see stable trends for both economic and industry risk in Austria, and expect no material shift in Hypo Vorarlberg's lending split in the medium term, the anchor for the bank is likely to remain unchanged over the next two years.

Our economic risk assessment is based on Austria's highly competitive and diverse economy, with strong economic fundamentals, high integration in Western European economies, and strong ties to Eastern and Southeastern Europe. Economic growth is aiding the banking sector's performance. We believe that the Austrian economy will remain in an expansionary phase, but do not expect an accumulation of imbalances due to further increases in real estate prices. Credit risk in the economy is likely to remain low, reflecting a healthy private sector, low lending growth, and prudent lending standards, which we expect will persist.

With regard to industry risk, Austrian banks face similar challenges as their global peers in terms of business model optimization, ensuring sufficient and sustainable profitability, leveraging the benefits of the digital era, and introducing measures to avoid disruption and franchise damage from cyber attacks and customer data mismanagement. We believe that most Austrian banks still have much work to do to improve profitability, as we continue to see moderate overcapacity in their domestic operations and low prices in core banking products, resulting in lower domestic margins than those of many peers in other countries. In our view, enhanced focus on efficiency and profitability and recent de-risking contribute to stability of the system over the cycle.

Table 1

Hypo Vorarlberg Bank AG Key Figures

		--Year-ended Dec. 31--			
(Mil. €)	**2018***	**2017**	**2016**	**2015**	**2014**
Adjusted assets	13,175.0	13,148.6	13,322.4	13,901.6	14,184.2
Customer loans (gross)	9,415.5	9,420.1	9,154.1	9,229.3	9,123.3
Adjusted common equity	1,127.6	1,071.6	1,029.3	955.6	866.2
Operating revenues	105.1	219.9	265.8	256.2	261.7
Noninterest expenses	69.3	129.1	161.9	130.4	125.7
Core earnings	32.5	71.1	114.0	79.0	41.5

*Data as of June 30.

Business position: Regional and product line focus on corporate and retail clients in Vorarlberg

We consider Hypo Vorarlberg's business position to be moderate. We compare the bank with other banks operating in Austria and other countries with similar industry risk. The moderate assessment mainly reflects the bank's concentrated business model in terms of its regional focus and income base, which we do not expect to change. We believe this makes the bank more vulnerable to adverse operating conditions than the industry risk score of '3' for Austria indicates. A positive factor in the overall business position assessment is the bank's strong market share in the region of Vorarlberg, and its importance for the local economy.

Hypo Vorarlberg was established in 1897 by the State of Vorarlberg, which owns 77%. The bank is the house bank for its respective federal state and also provides commercial banking services to state-related parties, but the bank's business model is not centered on public sector clients or on developmental lending. Hypo Vorarlberg is a leading retail and corporate bank for a diversified customer base in Vorarlberg, which makes state ownership less crucial for the stability of the business model than for many other GRE banks. As of Sept. 30, 2018, the bank had 724 employees and total assets of €13.5 billion, which we expect will gradually increase to close to €14 billion by end of 2020.

Due to Hypo Vorarlberg's geographical proximity to Germany, Switzerland, and Italy, the bank's management considers the neighboring parts of these countries as its core business region. In Italy, the bank concentrates on real estate leasing in the neighboring Northern part of the country. Given the difficult operating environment in Italy, the bank's management is targeting a slow shrinkage of activities there. Vorarlberg is one of the strongest regional economies in Austria. GDP and debt per capita metrics, as well the unemployment rate, are solid in comparison to other Austrian states. In our view, the benign economic environment is an important factor in why Hypo Vorarlberg's business model has fared better than some peer banks.

The management team executes a consistent strategy and we do not expect a shift in business focus in the medium term. Similar to other banks in Europe, the bank is investing in its digital infrastructure and keen to improve its stakeholders' impression of the bank's environmental, social, and corporate governance strategy. That said, Hypo Vorarlberg was fined €414,000 in March 2018 by the Austrian regulators because of a breach of due diligence requirements for the prevention of money laundering and terrorist financing in the context of the leaked "Panama Papers" in early April 2016. We understand that the bank has submitted an appeal against this decision.

Table 2

Hypo Vorarlberg Bank AG Business Position					
		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Total revenues from business line (€ mil.)	105.1	219.9	265.8	274.4	261.7
Commercial banking/total revenues from business line	58.4	50.2	36.6	33.2	36.8
Retail banking/total revenues from business line	22.6	23.0	20.6	21.5	19.4
Commercial & retail banking/total revenues from business line	81.0	73.3	57.2	54.8	56.3
Other revenues/total revenues from business line	19.0	26.7	42.8	45.2	43.7
Return on average common equity	5.7	6.2	8.7	10.0	4.8

*Data as of June 30.

Capital and earnings: Strong RAC due to internal and external capital buildup

We see Hypo Vorarlberg's capital and earnings profile as strong due to our expectation that its RAC ratio will increase to 10.5%-11.0% in the next 12-24 months, compared with 9.7% in 2017. This is a result of the bank's internal capital buildup, as well as the executed and planned capital injection from its state owner, which is included in our base case.

Following the resolution of issues related to HETA Asset Resolution AG (HETA) in late 2016, we do not expect a further impact on Hypo Vorarlberg's financials. Given tight margins, slightly reducing economic growth in Austria, and low interest rates, Hypo Vorarlberg has only limited earnings generation capacity. The regulatory common equity tier 1 ratio reached a comfortable level of 14.1% on Sept. 30, 2018, after its dip of 9.8% in 2014, when unexpected loan loss provisions for HETA and the Pfandbriefbank (Austria) AG of over €48 million hit the bank's capitalization.

We also base our RAC projections for the next two years on the following assumptions:

- Moderate lending growth in line with the local economy at about 2%-3%.
- Continued pressure on margins, reflecting the interest rate environment.
- Stable costs, with a reduction of the banking fee being offset by an increase of other operational costs.
- Maximum annual credit losses of €30 million until 2020.
- Net result from core operations fluctuating at around €50 million-€55 million per year.
- Dividend payouts of €3 million per year to the bank's owner, Vorarlberg.

The bank issued an €40 million perpetual additional Tier 1 (AT1) instrument in May 2018, which, according to our hybrid criteria, is fully eligible for the bank's total adjusted capital. Its majority owner Vorarlberg holds a 91% stake in the AT1 instrument, supporting our view that the government is committed to support the bank. In our view, relatively high cost efficiency, demonstrated by a sound cost-to-income ratio compared with local peers, supports the bank's earning generation ability.

Table 3

Hypo Vorarlberg Bank AG Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	15.0	14.8	13.3	11.2	9.8
S&P Global Ratings' RAC ratio before diversification	N/A	9.7	9.6	9.2	8.1
S&P Global Ratings' RAC ratio after diversification	N/A	8.6	8.7	9.6	8.5
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	77.7	72.4	63.1	71.6	67.8
Fee income/operating revenues	14.8	15.8	12.8	14.3	13.6
Market-sensitive income/operating revenues	(0.6)	6.4	15.2	6.8	12.4
Noninterest expenses/operating revenues	66.0	58.7	60.9	50.9	48.0
Preprovision operating income/average assets	0.5	0.7	0.8	0.9	1.0
Core earnings/average managed assets	0.5	0.5	0.8	0.6	0.3

*Data as of June 30. N/A--Not applicable.

Table 4

Hypo Vorarlberg Bank AG Risk-Adjusted Capital Framework Data

	Exposure*	Basel III RWA	Average Basel III RW (%)	S&P Global RWA	Average S&P Global RW (%)
Credit risk					
Government and central banks	1,840,169,153	35,189,034	2	67,881,515	4
Of which regional governments and local authorities	718,688,973	21,963,783	3	33,596,710	5
Institutions and CCPs	1,795,583,100	280,075,730	16	416,646,488	23
Corporate	6,347,913,760	4,695,599,051	74	7,315,072,125	115
Retail	2,868,888,603	1,227,957,433	43	1,084,364,228	38
Of which mortgage	2,034,181,910	704,730,381	35	479,793,433	24
Securitization§	15,077,784	991,913	7	4,032,950	27
Other assets†	818,323,896	533,288,760	65	794,567,853	97
Total credit risk	13,685,956,296	6,773,101,922	49	9,682,565,159	71
Credit valuation adjustment					
Total credit valuation adjustment	--	31,660,474	--	0	--
Market risk					
Equity in the banking book	103,507,814	128,567,120	124	793,249,427	766
Trading book market risk	--	0	--	0	--
Total market risk	--	128,567,120	--	793,249,427	--
Operational risk					
Total operational risk	--	442,563,395	--	622,383,156	--

		Basel III RWA		S&P Global RWA	% of S&P Global RWA
Diversification adjustments					
RWA before diversification		7,376,245,620		11,098,197,742	100
Total diversification/concentration adjustments		--		1,388,368,191	13
RWA after diversification		7,376,245,620		12,486,565,933	113

		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		1,093,274,186	14.8	1,071,616,000	9.7
Capital ratio after adjustments‡		1,093,274,186	14.8	1,071,616,000	8.6

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2017, S&P Global.

Risk Position: Concentration of exposure in Vorarlberg and low provision coverage of NPLs, but sound collateralization

In our view, Hypo Vorarlberg's risk position is moderate, because we consider that the capital buffer will remain not far above 10% over the next two years and may not fully cover tail risks to the forecast. In particular, risks can stem from low provision coverage of the NPL portfolio. The bank's NPL ratio and low provisioning of gross NPLs remain weaker than the average of international peers in countries with similar economic risks, such as Germany, Switzerland, and Denmark. That said, our calculated NPL coverage ratio of 43.7% as of June 30, 2018, does not reflect the sound collateralization of Hypo Vorarlberg's client loan book by real estate assets.

Loans to clients comprised €9.6 billion of €13.5 billion in total assets as of Sept. 30, 2018, with roughly 66% of customer loans related to Austria, 62% of customer loans related to corporate entities, 20% related to retail customers, and the remainder split between the public sector and financial institutions. The bank's corporate loan book is adequately diversified, in our view, with most of the exposures in the manufacturing, trade, commerce, and real estate sectors. Hypo Vorarlberg's top 20 non-bank loans represent roughly 15% of its total loans, with most of the borrowers from or related to the public sector. That said, the regional concentration makes the business model vulnerable to a downturn in the Austrian economy.

We consider that the collateralized nature of the bank's lending, mostly by real estate assets, and the comparably high quality of its clients, in many cases related to the public sector in Vorarlberg, as mitigating risk factors. The bank's weighted average loan-to-value ratio for its mortgage lending business is sound and was at 65.8% as of Sept. 30, 2018. We expect the bank to report lower loan losses than the normalized losses of the roughly €56 million we anticipate for comparable portfolios over the cycle.

Hypo Vorarlberg's credit risks in the loan book are adequately covered by our RAC model. The bank targets only low growth in line with the economy, and only in core regions and with core clients. As such, we do not expect a material shift in the bank's risk profile over the next two years. Risks other than credit risk are contained. The bank has not suffered from foreign currency-denominated domestic mortgage portfolios, unlike some regional peers. Its Swiss franc-denominated mortgage business with retail clients has declined materially since 2009 and reached roughly 15% of total customer loans in 2017. Market risk is limited because the bank has marginal exposure to structured investments and hedges most of its foreign currency and interest rate risk. This strategy relies on the swap markets functioning adequately.

Table 5

Hypo Vorarlberg Bank AG Risk Position

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Growth in customer loans	(0.1)	2.9	(0.8)	1.2	5.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	12.5	10.0	(3.3)	(4.8)
Total managed assets/adjusted common equity (x)	11.7	12.3	12.9	14.5	16.4
New loan loss provisions/average customer loans	(0.1)	(0.1)	(0.5)	0.2	0.9
Net charge-offs/average customer loans	N.M.	0.1	0.3	0.5	0.4
Gross nonperforming assets/customer loans + other real estate owned	2.1	3.0	3.4	6.1	4.7
Loan loss reserves/gross nonperforming assets	43.7	31.8	33.4	29.7	39.6

*Data as of June 30. N/A--Not applicable. N.M.--Not meaningful.

Funding and liquidity: Diversified pool of funding instruments and implicit benefits from state ownership

Hypo Vorarlberg's funding is average and its liquidity adequate, in our view, and we expect them to remain in line with the industry averages. We base this assessment on the bank's prudent funding and liquidity management, as well as the positive effects of state ownership, which materially reduce the bank's sensitivity to market confidence. The bank has a diversified pool of funding instruments, consisting of mortgage and public sector covered bonds for example, and benefits from improved funding conditions.

Core customer deposits covered about 56% of the bank's loan book as of Sept. 30, 2018. The share of wholesale funding is relatively large and reached 46% of total liabilities according to our measures. Most wholesale funding consists of covered bonds (20% of total liabilities as of Dec. 31, 2017), senior unsecured debt (17%), and other wholesale instruments (9%). Almost 50% of secured bonds are mortgage covered bonds. Hypo Vorarlberg was the first bank in Austria to issue a green bond, which attracted international institutional investors. We understand that further issuances are planned for the future.

Most of Hypo Vorarlberg's outstanding grandfathered debt (with state guarantee status) matured in 2017. Growing customer deposits and the availability of central bank funding give the bank high flexibility in closing the funding gap. The bank managed to issue more than €2.1 billion of funding instruments to replace the grandfathered debt, mainly covered bonds (€1.5 billion) and senior unsecured debt (€0.6 billion). Given the low costs of the covered bond issues, the replacement of the grandfathered debt has not significantly increased the bank's refinancing costs.

At mid-year 2018, our stable funding ratio (SFR) for Hypo Vorarlberg was 110.8%, while the broad liquid assets-to-short-term wholesale funding (BLAST) multiple was 2.5x. In our view, the SFR and BLAST metrics are adequate and in in line with the average among peers in Austria and other international banks operating with a similar business model (see chart 1). The regulatory liquidity coverage ratio and the net SFR are also sound, at 144% and 109%, respectively, at mid-year 2018. This supports our view of adequate liquidity cushions.

Chart 1

Key Funding And Liquidity Ratios On Rated Austrian Hypo Banks As Of Dec. 31, 2017

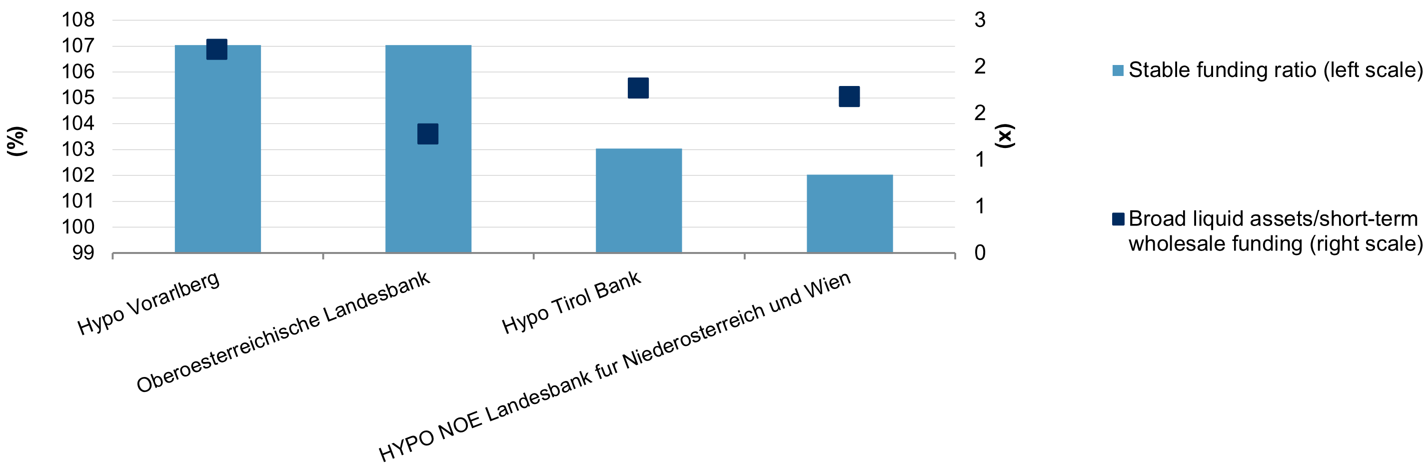

Table 6

Hypo Vorarlberg Bank AG Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	44.6	44.4	45.0	40.3	36.6
Customer loans (net)/customer deposits	179.6	180.3	171.3	181.4	192.0
Long-term funding ratio	92.9	93.0	83.6	91.4	90.9
Stable funding ratio	110.8	107.1	97.8	111.1	111.2
Short-term wholesale funding/funding base	7.8	7.6	17.8	9.3	9.8
Broad liquid assets/short-term wholesale funding (x)	2.5	2.2	1.0	2.2	2.1
Net broad liquid assets/short-term customer deposits	30.4	23.8	0.7	32.5	33.2
Short-term wholesale funding/total wholesale funding	14.1	13.7	32.4	15.6	15.4
Narrow liquid assets/3-month wholesale funding (x)	3.8	3.3	2.9	2.9	3.5

*Data as of June 30.

External Support: Three notches of uplift amid a high likelihood of extraordinary government support from its state owner

We continue to regard Hypo Vorarlberg as a GRE with a high likelihood of receiving government support from its owner, Vorarlberg. This is because of the bank's strong and durable link to the government, and its important role for Vorarlberg. As a result, we apply three notches of uplift from the SACP, leading to a long-term issuer credit rating of 'A+'.

We expect Vorarlberg to remain supportive of Hypo Vorarlberg and a long-term shareholder of the bank. The bank exclusively executes Vorarlberg's developmental mortgage lending program. In addition, means of the state's

"Zukunftsfonds" are invested in Hypo Vorarlberg's bonds. In accordance with our criteria for GREs, our view of a high likelihood of extraordinary government support for Hypo Vorarlberg is based on our assessment of the bank's:

- Very strong and durable link with the government of Vorarlberg and its policies, supported by the government's track record of providing very strong and timely support in most circumstances; and
- Important role for the government of Vorarlberg. Even though the bank operates as a profit-seeking enterprise in a competitive environment, its credit standing is important for the government because credit stress would lead to a disruption of its activities and could have an important impact on a sector of the economy. The assessment is reinforced by the bank's high share in lending to local small and midsize enterprises, and also by the fact that the developmental mortgage lending program is administered by Hypo Vorarlberg as an important asset for the state.

We generally believe that the prospect of extraordinary government support for Austrian banks by the Austrian sovereign is uncertain following the full implementation of the EU Bank Recovery and Resolution Directive, including bail-in powers, in January 2015. However, we believe that resolution frameworks are less likely to impede the state owners' willingness to provide extraordinary support to banks we consider GREs, including Hypo Vorarlberg. Despite the reduced predictability of government support to systemically important commercial banks, we expect Vorarlberg to remain supportive of the bank. We do not doubt the Vorarlberg government's propensity to support Hypo Vorarlberg. In addition, the government has sufficient financial resources to support its GREs.

Related Criteria

- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Industry Report Card: The Austrian Banking System Is Likely To Remain Resilient In A Downturn, Nov. 23, 2018
- Hypo Vorarlberg Bank AG Upgraded To 'A+' On Reduced Industry Risk; Outlook Stable, May 30, 2018

- Various Rating Actions Taken On Five Austrian Banks On Reduced Industry Risk, May 30, 2018
- Banking Industry Country Risk Assessment: Austria, May 30, 2018

Anchor Matrix

Industry Risk	Economic Risk									
	1	**2**	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	**a-**	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of January 10, 2019)

Hypo Vorarlberg Bank AG	
Issuer Credit Rating	A+/Stable/A-1
Senior Unsecured	A+
Short-Term Debt	A-1
Issuer Credit Ratings History	
30-May-2018	A+/Stable/A-1
30-Oct-2017	A/Positive/A-1
16-Oct-2015	A-/Stable/A-2
Sovereign Rating	
Austria	AA+/Stable/A-1+
Related Entities	
Vorarlberg (State of)	
Issuer Credit Rating	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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