S&P Global Ratings

RatingsDirect®

Hypo Vorarlberg Bank AG

Primary Credit Analyst:
Harm Semder, Frankfurt (49) 69-33-999-158; harm.semder@spglobal.com

Secondary Contact:
Anna Lozmann, Frankfurt (49) 69-33-999-166; anna.lozmann@spglobal.com

Research Contributor:
Ankur Verma1, Mumbai; Ankur.Verma1@spglobal.com

Table Of Contents

Hypo Vorarlberg Bank AG

SACP	bbb+		+	Support	+3	+	Additional Factors	0

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

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

Issuer Credit Rating
A+/Stable/A-1

Major Rating Factors

Strengths:

- Solid market share with corporate and retail clients in the Austrian state of Vorarlberg.
- Superior capitalization and low cost of risk.
- Comfortable funding and liquidity profile, backed by implicit support from the government of Vorarlberg.

Weaknesses:

- Low income margins due to the longer for lower-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;
- 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

Hypo Vorarlberg's domicile and main lending focus, Austria, is likely to provide the bank with a generally strong economic environment and relatively benign credit conditions in the medium term, and we believe the bank will maintain its beneficial and cost-efficient leading franchise in corporate and retail banking in Vorarlberg. However, we also think that its relatively small size and its regional focus and product line concentrations will continue to drag on the bank's diversification of income, and business opportunities, and its geographical concentrations make the bank vulnerable to a possible future downturn in the regional economy. Hypo Vorarlberg's somewhat bolsters our concerns with managing superior capitalization as represented by our expected banks' RAC ratio to remain comfortably above 10% in the next 12-24 months. Hypo Vorarlberg's funding and liquidity profile is sound, in our view, owing to the benefits of state ownership, which fosters investor confidence and deposit stability, its adequate liquidity buffers, and access to capital markets to issue debt instruments.

We continue to regard Hypo Vorarlberg as a GRE with a high likelihood of extraordinary government support from its owner, the State of Vorarlberg. We expect the State of Vorarlberg to remain supportive of Hypo Vorarlberg and continue as a long-term shareholder of the bank.

Anchor: 'a-' anchor reflects Hypo Vorarlberg's main 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 the scale from '1', the strongest score, to '10', the weakest). We also 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 don't 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 regards to industry risk, Austrian banks face similar challenges to their global peers regarding 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. €)	**2019***	**2018**	**2017**	**2016**	**2015**
Adjusted assets	13,963.0	13,752.1	13,148.6	13,322.4	13,901.6
Customer loans (gross)	9,840.7	9,736.1	9,420.1	9,154.1	9,229.3
Adjusted common equity	1,167.9	1,126.9	1,071.6	1,029.3	955.6
Operating revenues	125.2	234.5	219.9	265.8	256.2
Noninterest expenses	71.4	139.3	129.1	161.9	130.4
Core earnings	36.8	29.2	71.1	114.0	79.0

*Data as of June 30.

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

We expect Hypo Vorarlberg to maintain its leading franchise and strong market shares in corporate and retail banking in Vorarlberg, and its importance for the local economy in line with the management's solid long-term strategy. Likewise, we also believe that its concentrated business model in terms of its regional focus and income base will continue to compare less favorably with other larger and more diversified banks operating in Austria and other countries with similar industry risk.

Hypo Vorarlberg was established in 1897 by the State of Vorarlberg, which owns 77%, while the rest belongs to two German banks. It is the house bank for its respective federal state, and provides commercial banking services to state-related parties. The bank's business model is not centered on public sector clients or on developmental lending.

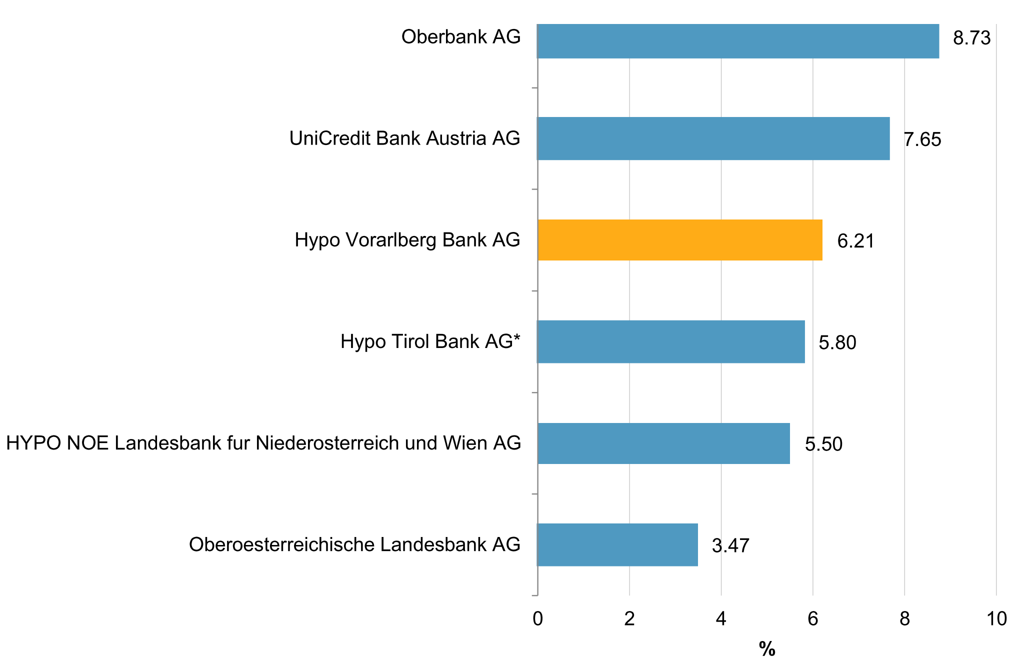
Due to Hypo Vorarlberg's geographical proximity to Germany, Switzerland, and Italy, the bank's management considers the neighboring parts of these countries to be its core business region. In Italy, the bank concentrates on real-estate leasing in the neighboring Northern part of the country. Given the difficult operating environment in Italy, the bank's management continues to target 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. Like other banks in Europe, the bank is investing in its digital infrastructure, and is keen to improve its stakeholders' impression of the bank's environmental, social, and corporate governance strategy.

Chart 1

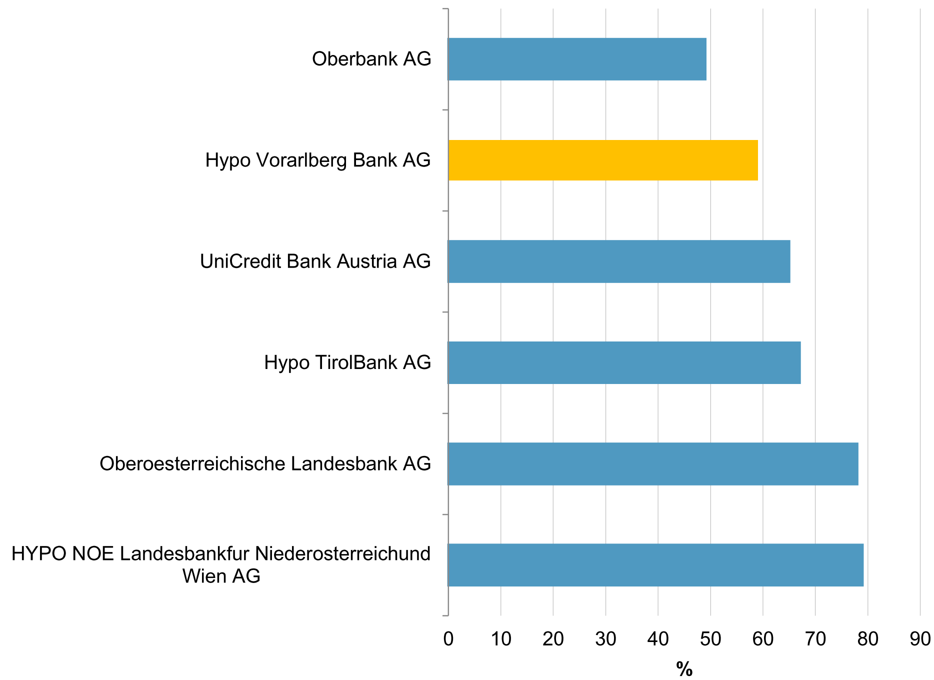
Hypo Vorarlberg Bank AG's Profitability Is Well Placed Among Other Rated Austrian Bank Peers



*Return on average common equity for Hypo Vorarlberg at mid-year 2019. Data as of Dec. 31, 2018.
Source: S&P Global Ratings.

Chart 2

S&P Global Ratings' Noninterest Expenses To Operating Revenues
Hypo Vorarlberg Bank AG remains more efficient than peers



Source: S&P Global Ratings.

Table 2

Hypo Vorarlberg Bank AG--Business Position

	--Year ended Dec. 31--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Total revenues from business line (mil. €)	125.2	234.5	219.9	265.8	274.4
Commercial banking/total revenues from business line	45.9	49.8	50.2	36.6	33.2
Retail banking/total revenues from business line	21.4	20.7	23.0	20.6	21.5
Commercial & retail banking/total revenues from business line	67.2	70.5	73.3	57.2	54.8
Other revenues/total revenues from business line	32.8	29.5	26.7	42.8	45.2
Return on average common equity	6.2	3.8	6.2	8.7	10.0

*Data as of June 30.

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

We expect Hypo Vorarlberg's capital to remain a relative strength, based mainly on our forecast that its RAC ratio will increase to about 11.0% by 2021--a slight increase on 10.5% at year-end 2018--thanks to earning retention into capital reserves against moderate lending growth opportunities. This compares with a 15.21% regulatory common equity Tier 1 ratio on Dec. 31, 2018.

For our capital and earnings projections over the next two years, we assume:

- Moderate lending growth in line with the local economy at about 2%;
- Ongoing margin pressure with mild margin decreases to 1.3%.
- Marginally increasing costs (up to 2%);
- Maximum annual credit losses of €45 million until 2021; and
- Pre-tax profit at about €40 million annually, on which we expect stable 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 supporting 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--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Tier 1 capital ratio	14.5	15.2	14.8	13.3	11.2
S&P Global Ratings' RAC ratio before diversification	N/A	10.5	9.8	9.7	9.2
S&P Global Ratings' RAC ratio after diversification	N/A	9.4	8.7	8.8	9.6
Adjusted common equity/total adjusted capital	100.0	95.8	99.1	99.0	100.0
Net interest income/operating revenues	64.1	71.4	72.4	63.1	71.6
Fee income/operating revenues	13.4	13.6	15.8	12.8	14.3
Market-sensitive income/operating revenues	10.1	6.7	6.4	15.2	6.8
Noninterest expenses/operating revenues	57.1	59.4	58.7	60.9	50.9
Preprovision operating income/average assets	0.8	0.7	0.7	0.8	0.9
Core earnings/average managed assets	0.5	0.2	0.5	0.8	0.6

*Data as of June 30. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Hypo Vorarlberg Bank AG--Risk-Adjusted Capital Framework Data

	Exposure*	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government & central banks	1,997,294,849.5	34,654,435.4	1.7	65,824,380.1	3.3
Of which regional governments and local authorities	728,353,826.0	21,113,474.8	2.9	33,591,052.2	4.6
Institutions and CCPs	1,985,345,898.3	349,049,061.9	17.6	444,969,977.0	22.4
Corporate	6,565,227,455.3	4,868,773,638.3	74.2	7,457,784,334.8	113.6
Retail	2,919,471,950.8	1,232,068,981.9	42.2	1,064,726,744.5	36.5

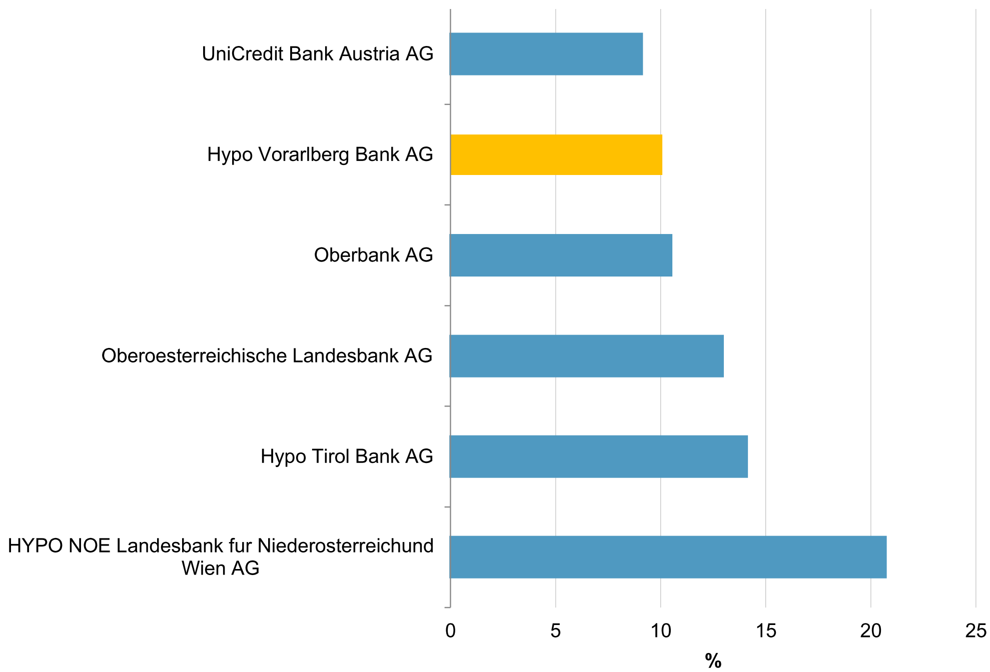
Table 4

Hypo Vorarlberg Bank AG--Risk-Adjusted Capital Framework Data (cont.)					
Of which mortgage	2,157,664,224.7	749,731,219.9	34.7	507,330,991.6	23.5
Securitization§	1,990,345.7	396,880.1	19.9	615,738.7	30.9
Other assets†	863,774,702.2	687,925,195.8	79.6	860,353,514.3	99.6
Total credit risk	14,333,105,201.8	7,172,868,193.5	50.0	9,894,274,689.3	69.0
Credit valuation adjustment					
Total credit valuation adjustment	--	30,641,958.3	--	0.0	--
Market risk					
Equity in the banking book	76,023,845.6	82,646,874.9	108.7	645,131,648.5	848.6
Trading book market risk	--	0.0	--	0.0	--
Total market risk	--	82,646,874.9	--	645,131,648.5	--
Operational risk					
Total operational risk	--	440,523,056.0	--	629,613,892.1	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	7,726,921,916.2	--	11,169,020,230.0	100.0
Total Diversification/ Concentration Adjustments	--	--	--	1,407,906,658.5	12.6
RWA after diversification	--	7,726,921,916.2	--	12,576,926,888.5	112.6
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		1,179,865,713.4	15.3	1,176,886,000.0	10.5
Capital ratio after adjustments‡		1,179,865,713.4	15.2	1,176,886,000.0	9.4

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡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, S&P Global Ratings.

Chart 3

Hypo Vorarlberg Bank AG's Capital Is A Strength In Line With Peers



Note: Capitalization as measured by S&P's risk-adjusted capital ratio before diversification at year-end 2018.
Source: S&P Global Ratings.

Risk position: Concentration of exposure in Vorarlberg and low provision coverage of nonperforming loans (NPLs; loans overdue by 90 days or more), but sound collateralization

We expect Hypo Vorarlberg's geographical and business concentrations make the bank more vulnerable to a possible future downturn in the regional economy, which is a relative weakness compared with more diversified international retail banks. As a result, we expect that overall we will maintain a neutral assessment on our combined view on capital and earnings with risk position.

If the market environment unexpectedly deteriorates, risks could come from the relatively low provision coverage of the NPL portfolio. The bank's NPL ratio and low provisioning of gross NPLs appear smaller than the average of international peers in countries with similar economic risks, such as Germany, Switzerland, and Denmark. That said, NPL have improved to 2.3% as of Dec. 31, 2018 from 3% one year ago, and coverage improved to 38% from 30%. Also, the calculation does not reflect the sound collateralization of Hypo Vorarlberg's client loan book by real estate assets.

Loans to clients comprised €9.7 billion of €13.7 billion in total assets as of Dec. 31, 2018, with roughly 68% of customer loans related to Austria, 56% of customer loans related to corporate entities, 27% 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 66.3% as of Dec. 31, 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.

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 2018. 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, however.

Table 5

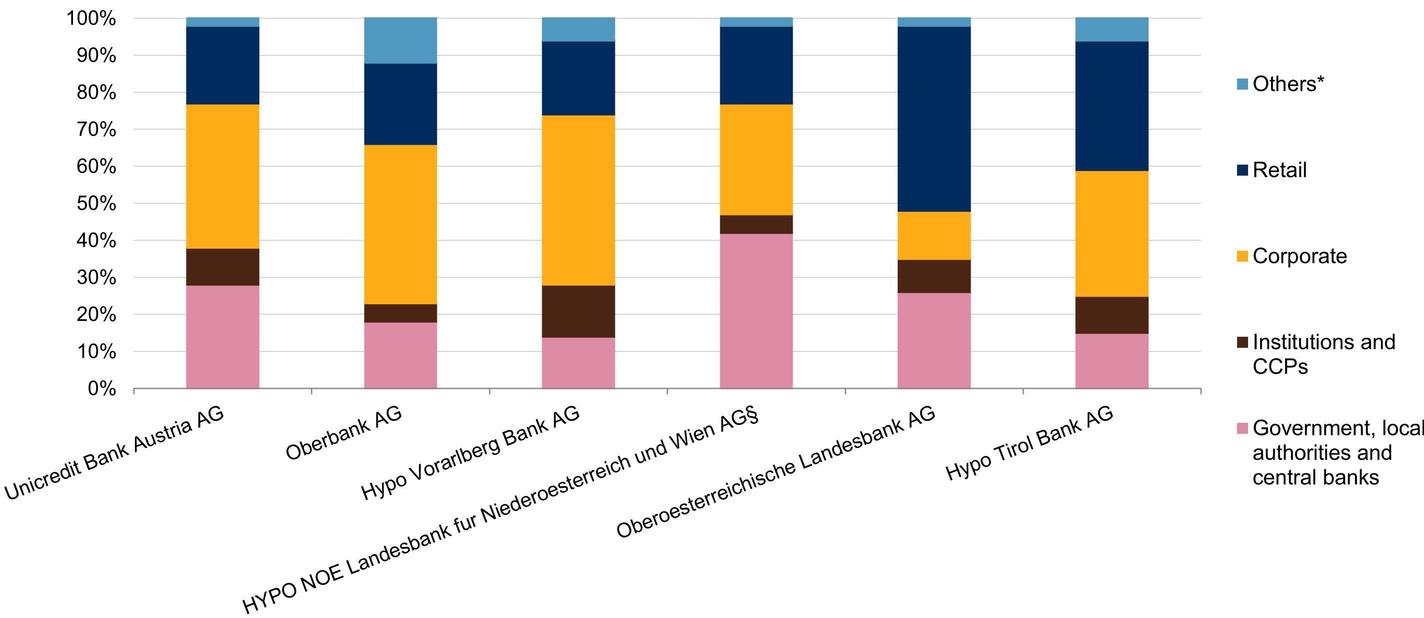
Hypo Vorarlberg Bank AG--Risk Position

	--Year ended Dec. 31--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Growth in customer loans	2.1	3.4	2.9	(0.8)	1.2
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	11.2	11.1	9.1	(3.5)
Total managed assets/adjusted common equity (x)	12.0	12.2	12.3	12.9	14.5
New loan loss provisions/average customer loans	0.2	0.5	(0.1)	(0.5)	0.2
Net charge-offs/average customer loans	N.M.	0.2	0.1	0.3	0.5
Gross nonperforming assets/customer loans + other real estate owned	2.3	2.3	3.0	3.4	6.1
Loan loss reserves/gross nonperforming assets	37.4	37.6	31.8	33.4	29.7

*Data as of June 30. N/A--Not applicable. N.M.--Not meaningful. RWA--Risk-weighted assets.

Chart 4

Hypo Vorarlberg AG Remains More Corporate- Than Retail-Lending Oriented Compared With Peers

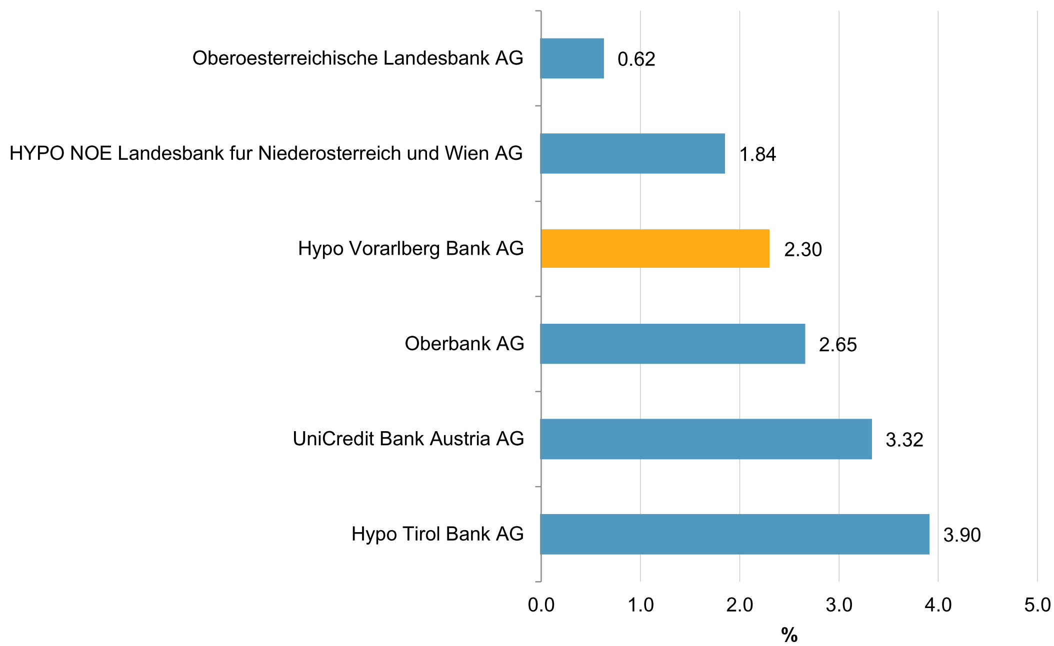


*Others includes securitization and other assets. Exposure refers to exposure at default. The selected peer group only includes rated Austrian banks which are focused predominantly on the Austrian market. §Over half of HYPO NOE exposure reported as corporate carries a sovereign guarantee. Data as of Dec. 31, 2018. Source: S&P Global Ratings.

Chart 5

Nonperforming Loan Ratio

Hypo Vorarlberg's nonperfoming loans compare well with peers



Note: Nonperforming loans ratio is defined as gross nonperforming assets divided by customer loans. Data as of Dec . 31, 2018. Source: S&P Global Ratings.

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

We expect Hypo Vorarlberg's funding to remain in line with the industry average and liquidity also to remain a neutral factor for the rating. 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 59% of the bank's loan book as of Dec. 31, 2018. The share of wholesale funding is relatively large and reached 48% of total liabilities according to our measures. Most wholesale funding consists of covered bonds (about one half), senior unsecured debt (about one third), and other wholesale instruments. Almost 50% of covered 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 grandfathered debt's replacement has not significantly increased the bank's refinancing costs.

At year-end 2018, our stable funding ratio (SFR) for Hypo Vorarlberg was 113.4%, while the broad liquid assets-to-short-term wholesale funding (BLAST) multiple was 3.2x. In our view, the SFR and BLAST metrics are adequate and 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 162% and 113.3%, respectively, at year-end 2018. This supports our view of adequate liquidity cushions.

High BLAST indicates a strong liquidity buffer to cover short-term wholesale funding, but, given the bank's small size, relatively high amount of wholesale funding and concentrations in the funding instruments, funding strength is overall in line with the system average.

Table 6

Hypo Vorarlberg Bank AG--Funding And Liquidity

	--Year ended Dec. 31--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Core deposits/funding base	45.0	46.5	44.4	45.0	40.3
Customer loans (net)/customer deposits	175.1	170.2	180.3	171.3	181.4
Long-term funding ratio	76.7	94.0	93.0	83.6	91.4
Stable funding ratio	93.5	115.0	107.1	97.8	111.1
Short-term wholesale funding/funding base	25.5	6.6	7.6	17.9	9.3
Broad liquid assets/short-term wholesale funding (x)	0.8	3.4	2.2	1.0	2.2
Net broad liquid assets/short-term customer deposits	(11.6)	39.4	23.8	0.7	32.5
Short-term wholesale funding/total wholesale funding	46.4	12.3	13.7	32.4	15.6
Narrow liquid assets/3-month wholesale funding (x)	N/A	5.7	3.3	2.9	2.9

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

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. 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.

Additional rating factors: None

No additional factors affect this rating.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- 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
- 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
- Criteria - Financial Institutions - Banks: Commercial Paper I: Banks, March 23, 2004

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 February 14, 2020)*

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.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@spglobal.com