



GREEN BOND PRESENTATION

HYPO VORARLBERG BANK AG

Bregenz, February 2023

HYPO VORARLBERG AT A GLANCE

Largest single banking institution in Vorarlberg

- 727 employees
- Total assets of EUR 16 bln

Strong distribution channels in our home market

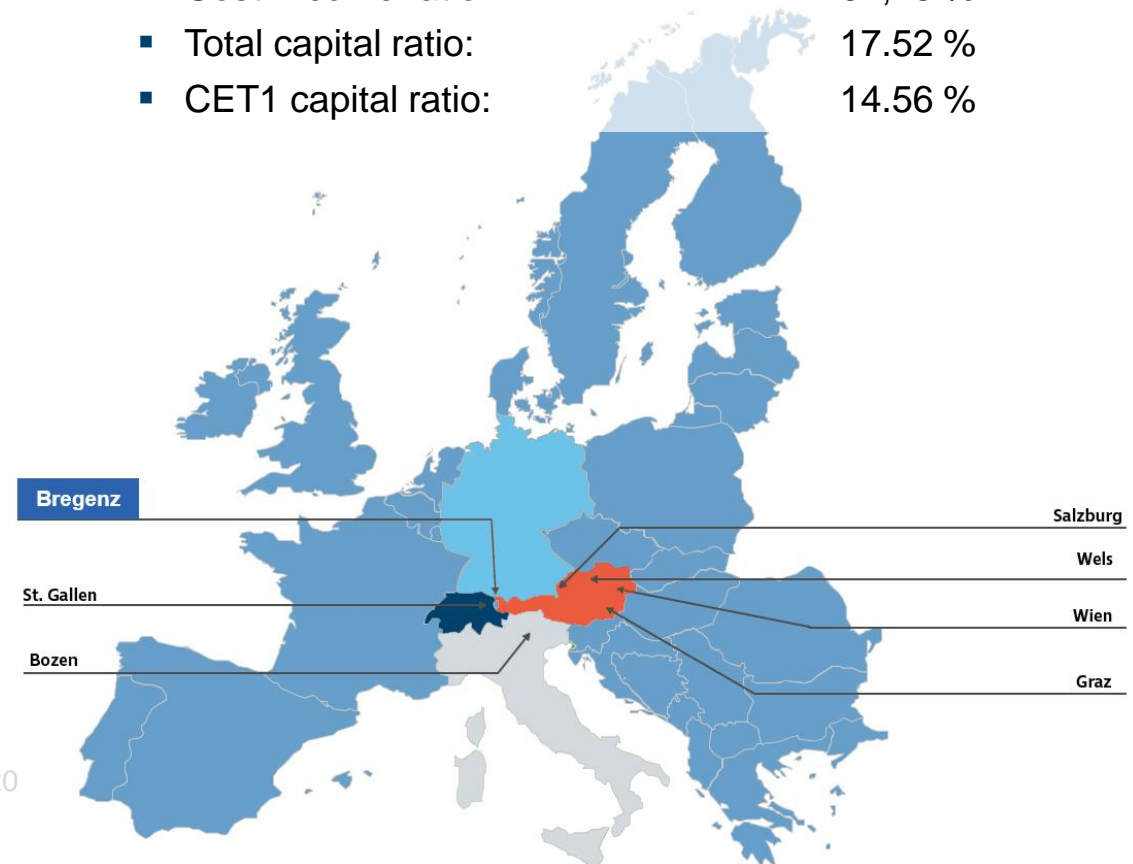
- 20 branches (15 in Vorarlberg, also active in St. Gallen, Bolzano and Southern Germany)
- Leading corporate bank in Vorarlberg
- approx. 90,000 retail- and approx. 11,000 business customers

Ratings

- S&P: A+ (Outlook: negative)*
- Moody's: A3 (Outlook: stable)
- ISS ESG: C (Prime)
- DZ Bank seal of quality for sustainability

Financial data

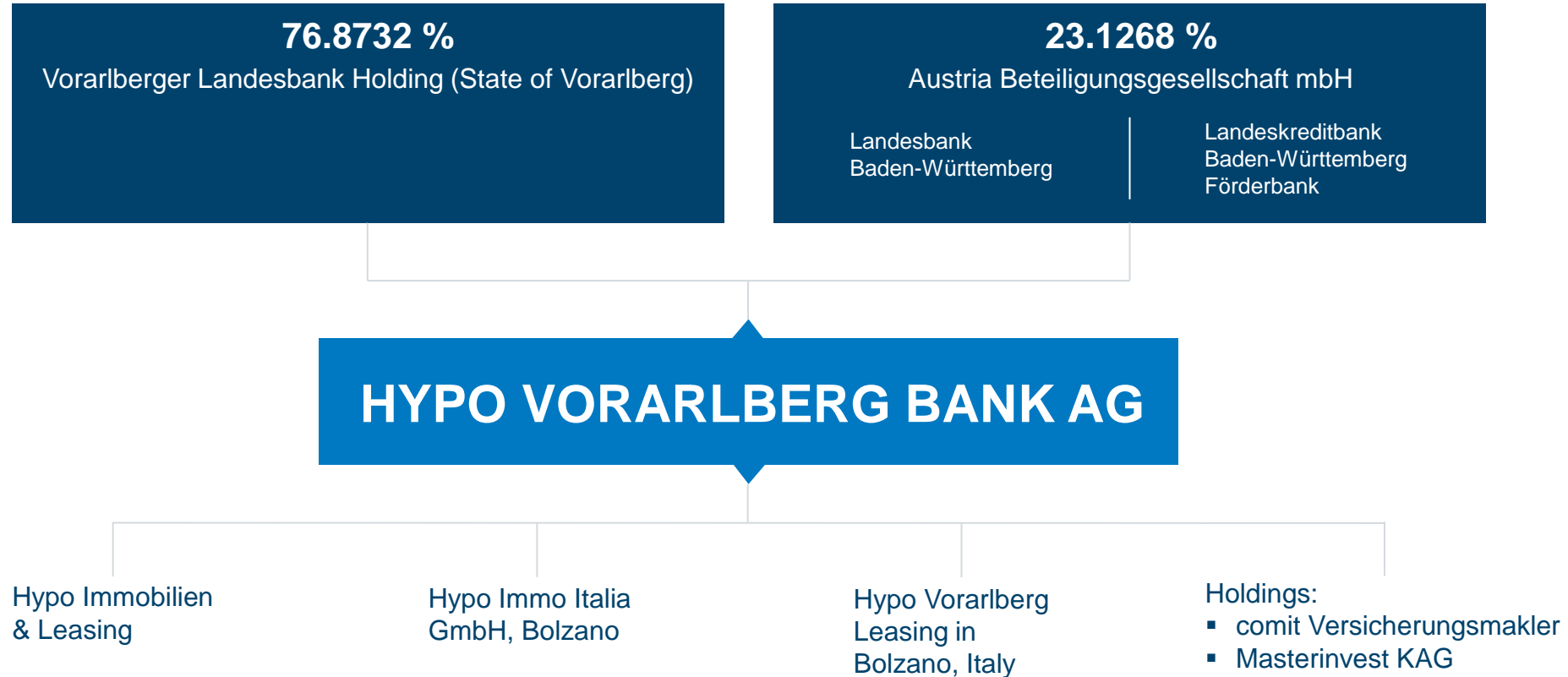
- Earnings before taxes: EUR 134.2 mln
- Cost-Income ratio: 64,78 %
- Total capital ratio: 17.52 %
- CET1 capital ratio: 14.56 %



Source: Quarterly report of Hypo Vorarlberg as of September 2022; *updated April 2020



OUR SHAREHOLDERS



ON THE RIGHT TRACK WITH OUR BUSINESS STRATEGY



ORGANIC GROWTH

Regional focus on eastern Austria and southern Germany as economically prosperous regions



PRIVATE BANKING

Expansion of the top segment of the investment business



RAISING PRODUCTIVITY

Measures to improve in retail banking



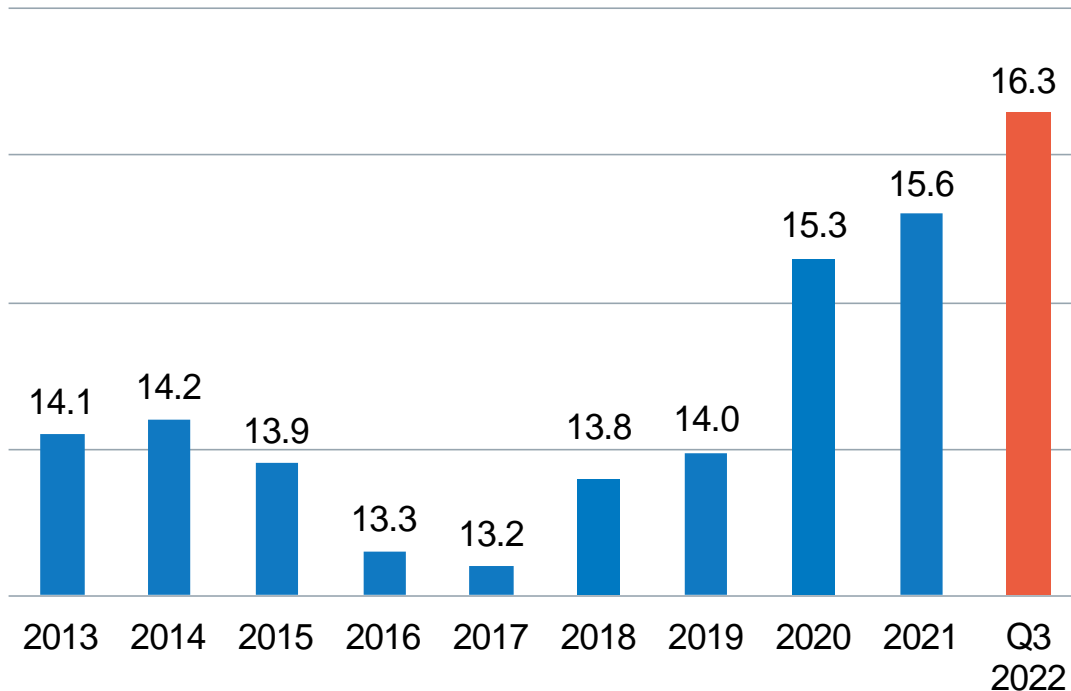
DIGITALIZATION

Taking advantage of opportunities in technological change

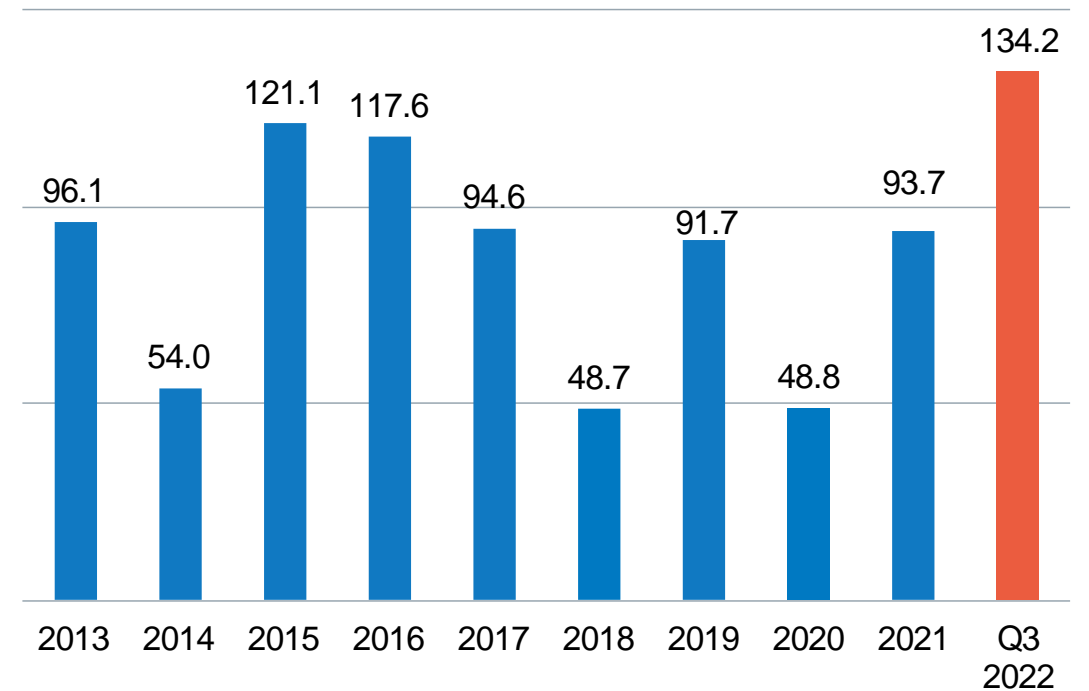


TOTAL ASSETS AND RESULTS OF ORDINARY BUSINESS ACTIVITIES

Total Assets (in bln EUR)



Results of ordinary business activities (in million EUR)

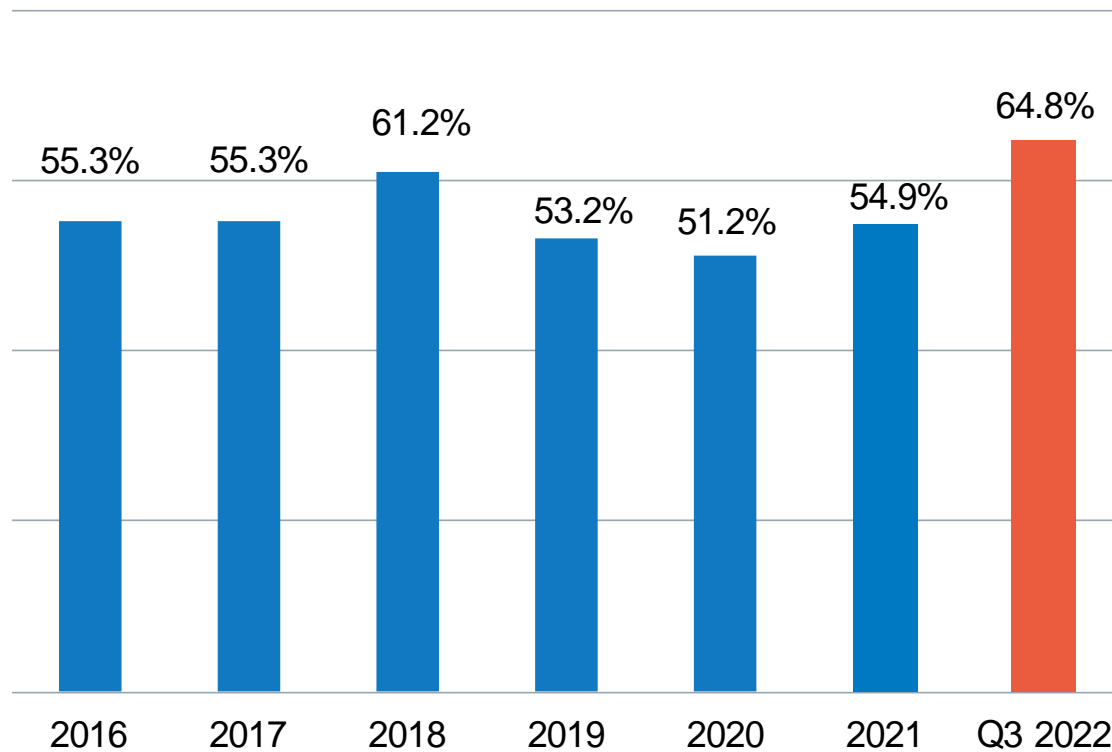


Source: Quarterly Report as of September 2022

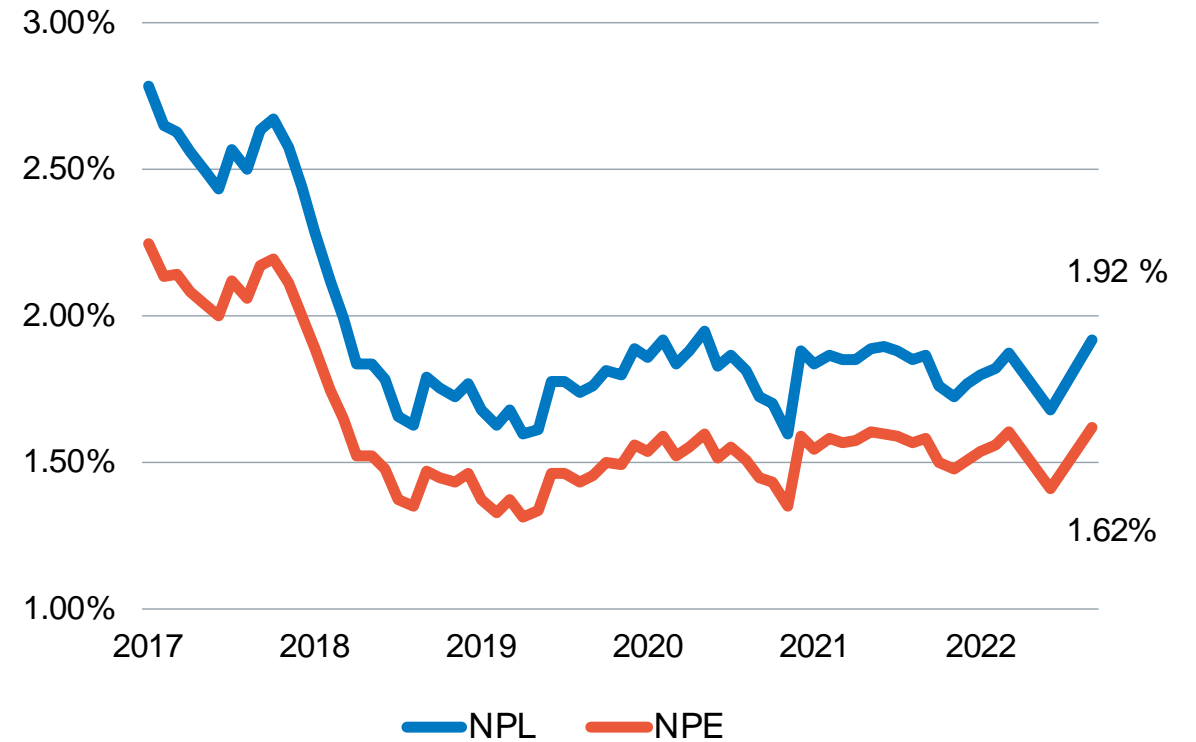


COST-INCOME-RATIO AND NPL RATIO

Cost-Income-Ratio



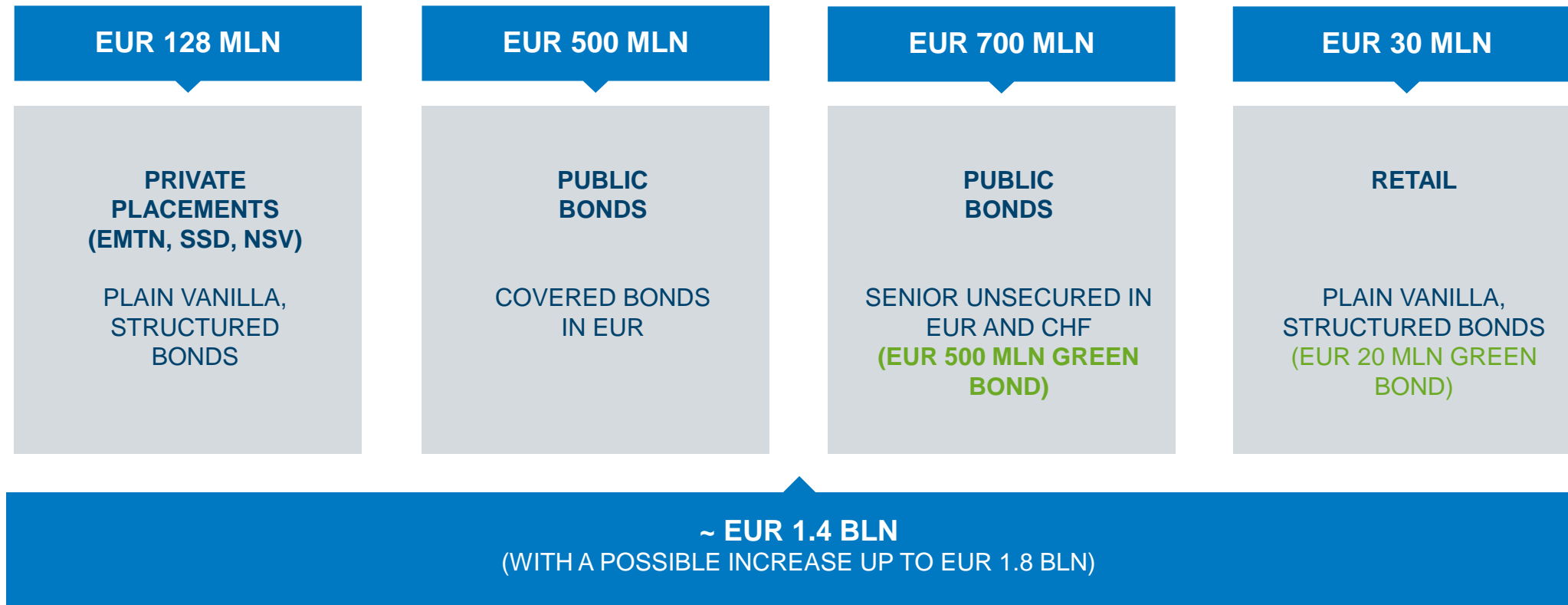
NPE und NPL ratio over time



Source: Quarterly Report as of September 2022



FUNDING PLANNING 2023



02 OUR SUSTAINABILITY CONTRIBUTION



SUSTAINABILITY DEVELOPMENT

2013

- Founding member "Climate Neutrality Alliance 2025"

2014

- Start of sustainability activities (donation fund, purchase of hybrid/e-cars)



2016

- Definition of CO₂ reduction target
- Own position in the field of sustainability
- Installation of photovoltaic systems

2017

- 1st Austrian bank with a green bond
- Exclusion criteria in core business
- First sustainability report (2016)
- First stakeholder survey
- ISS ESG rating: C (prime range)

2018

- Guidelines for Sustainable Procurement

2019

- Expansion of exclusion criteria in asset management

2020

- CHF Green Bond
- Project "Sustainable Finance" with external support
- Second stakeholder survey

2021

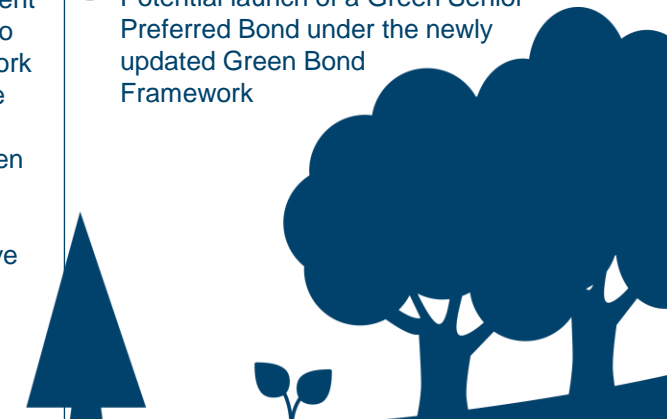
- Newly released regulatory document triggered a review process of Hypo Vorarlbergs Green Bond Framework in order to partially align it with the EU Taxonomy
- Review of the draft of the EU Green Bond Standard
- Climate Neutrality Alliance 2025 becomes the "turn to zero" initiative

2022

- Connection to energy certificate center

2023

- Publication of updated Green Bond Framework, taking into account the EU Taxonomy on a best effort basis
- Potential launch of a Green Senior Preferred Bond under the newly updated Green Bond Framework



TODAY

ENERGY AUTONOMY 2050 – GOALS



ENERGY SAVING

The reduction of the energy demand is the basis of the energy autonomy. In various issues this can be reached already by changes of behaviour.



ENERGY EFFICIENCY

Today there are technologies that allow a better exploitation of the produced energy sources in Vorarlberg. These technologies should have priority.



RENEWABLE ENERGY

In Vorarlberg there is a huge amount of renewable energies like solar energy, hydropower and biomass available. The usage of these energies should be expanded.



RESEARCH, DEVELOPMENT & EDUCATION

Education is an investment in the future. Know-how creates a head start and strengthens Vorarlberg. For a future worth living for future generations.

State-owned companies with more than 50% state participation are called upon to make their contribution in the area of energy efficiency and energy procurement from renewable sources.

Source: <https://www.energieautonomie-vorarlberg.at/de/die-saeulen-der-energieautonomie>

MissionZeroV+: Klimaneutralität für landeseigene Unternehmen - Energieautonomie Vorarlberg ([energieautonomie-vorarlberg.at](https://www.energieautonomie-vorarlberg.at)) (retrieved February 02, 2023)



GREAT COMMITMENT TO SUSTAINABILITY

ECONOMIC SUSTAINABILITY

- **Credit products** (climate-, lifetime- and live value loans)
- **Sustainable investment products** (own Green Bonds, terrAssisi¹, etc.)
- **Green investor**

ECOLOGICAL AWARENESS

- Conscious planning of our own carbon emissions
- CO₂ minimum reduction: 1% per year
- Preference for investments in climate neutral buildings
- Sensitization of employees concerning the use of energy, paper and water

SOCIAL PARTICIPATION

- **Sponsorings:** Bregenz Festival², Hypomeeting³
- **Hypo-Vital** to support the activities of employees
- **Endowment fund** „Hypo for Vorarlberg“

¹<https://www.terrassisi.de/>

³<https://bregenzfestspiele.com/de>

²<https://meeting-goetzis.at/>



EMISSIONS OF HYPO VORARLBERG

Emissions
(in tons of CO₂ equivalent)



Scope 1 includes all direct emissions caused by combustion in the company's own facilities (natural gas, heating oil, consumption by the company's own vehicle fleet).

Scope 2 includes all emissions caused by purchased energy (district heating and electricity).

Scope 3 includes emissions caused by services provided by third parties or purchased inputs (employee travel, business trips, workplace equipment, etc.).

Source: Hypo Vorarlberg, Sustainability Report 2021 as of December 2021



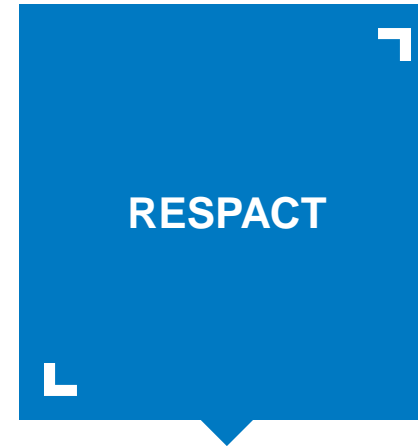
SUSTAINABILITY COMMITMENT



Status: Prime
Rating: C
Prime Threshold: C



[DZ Bank Seal of Quality](#)



<https://www.respect.at/>



ISS ESG CORPORATE RATING

Hypo Vorarlberg Bank AG

Company Information

Country
Austria

Industry
Public & Regional Banks

Rating Summary

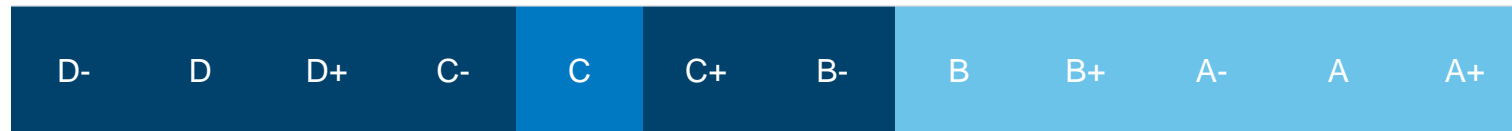
Rating C	Decile Rank 1
Prime Status Prime	Performance Score 55.86

Corporate ESG Performance

RATED BY **ISS ESG**

Prime

Rating scale



HYPO VORARLBERG BELONGS TO THE **BEST 10%** OF THE SECTOR „PUBLIC AND REGIONAL BANKS“

Source: ISS ESG Corporate Rating, January 2023
<https://www.issgovernance.com/esg/ratings/>



ETHICAL AND SUSTAINABLE GUIDELINES



POSITIVE CRITERIA

- New construction / renovation of buildings with high energy efficiency
- Renewable energy projects (e.g. use of wind, solar panels)
- Sustainable mobility and infrastructure
- Measures to improve water management, waste management, etc.
- Biological agriculture
- Social and cultural projects and buildings for health, child care, education
- Companies with high sustainability standards



NEGATIVE RESP. EXCLUSION CRITERIA

- Violation of human rights according to the Universal Declaration of Human Rights of the UN
- Violation of labour rights according to the ILO core values
- Projects and companies in belligerent states*
- Pornography and prostitution**
- Outlawed weapons
- Construction and operation of nuclear power plant**
- Coal mining**

* Projects for humanitarian support or primary care for the population are excluded

** No direct project funding



03

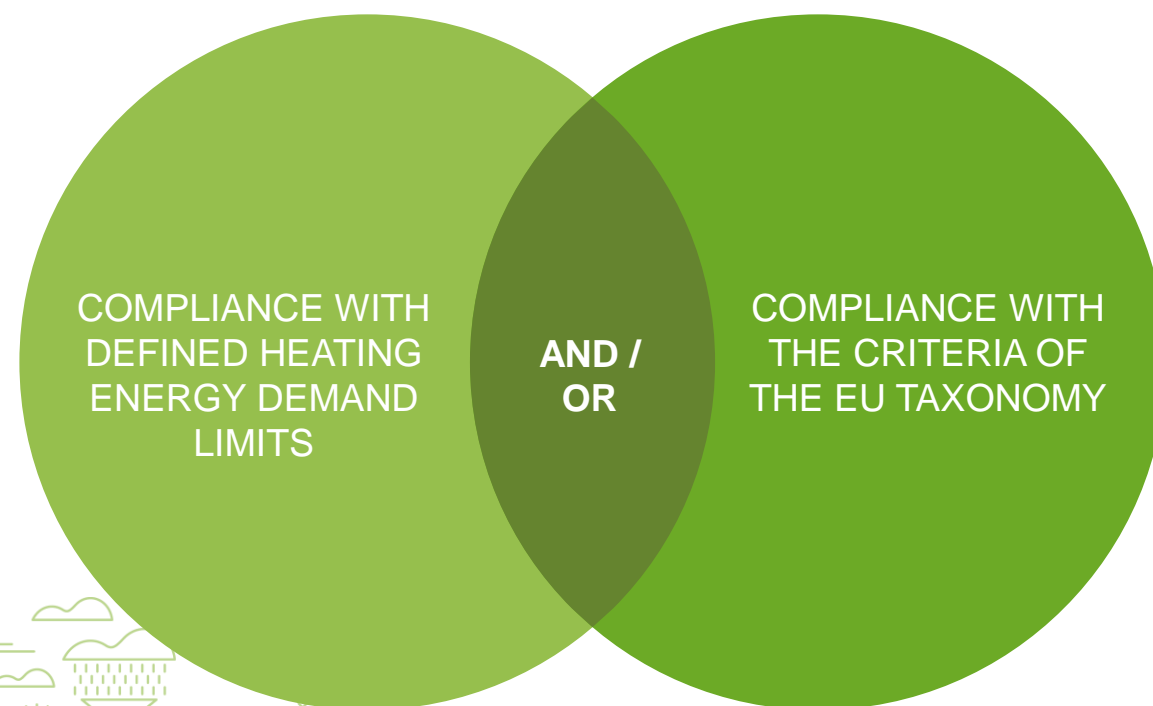
OUR GREEN BOND FRAMEWORK



UPDATE GREEN BOND FRAMEWORK

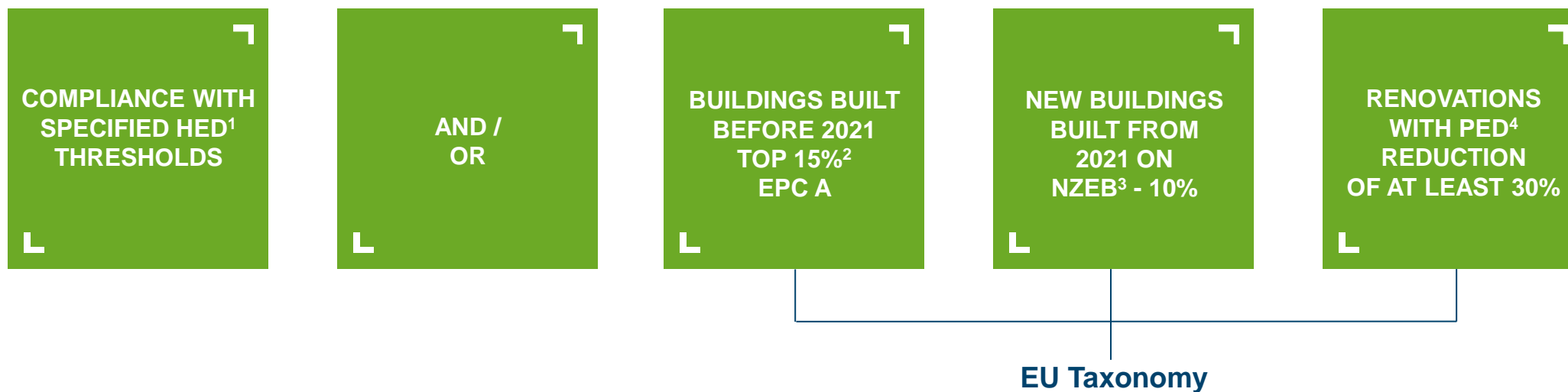
- The framework has been updated to reflect new regulations, including the EU Taxonomy and the proposed EU Green Bond Standard, on a best effort basis.
- **Expansion** of the eligibility criteria for green and energy efficient buildings:
 - For the Austrian portfolio, Hypo Vorarlberg has aligned the eligibility criteria with the substantial contribution criteria of the EU Taxonomy Delegated Act for climate change mitigation, wherever possible. Furthermore, Hypo Vorarlberg will consider the DNSH criteria and minimum social safeguards, on a best effort basis.
 - The aim is to successively adapt its Green Asset Portfolio to the criteria of the EU Taxonomy in the coming years.

Eligibility criteria for green and energy efficient buildings



CRITERIA FOR THE „EUR GREEN BOND“ BUILDING POOL

ENERGY-EFFICIENT AUSTRIAN BUILDINGS CHARACTERISTICS (RESIDENTIAL)



¹Heating Energy Demand

²The methodology for the top 15% in Austria has been developed by Drees & Sommer and can be found in the Green Bond Framework.




³The Primary Energy Demand is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements.

⁴Primary Energy Demand

Source: [resource.html \(europa.eu\)](#) (retrieved February 02, 2023)



USE OF PROCEEDS

Category	Eligibility criteria for the Austrian portfolio	UN SDG	EU ENVIRONMENTAL OBJECTIVE
 <p>GREEN AND ENERGY EFFICIENT BUILDINGS (RESIDENTIAL)</p>	<p>New buildings (built after 31 Dec. 2020): Primary Energy Demand is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements</p>		<p>Climate change mitigation (objective 1)</p>
	<p>Renovation of existing buildings: The building renovation must comply with the applicable requirements for major renovations, or the renovation will result in a Primary Energy Demand reduction of at least 30%.</p>		
	<p>Acquisition and ownership of buildings (built before 31 Dec. 2020): EPC class A or Top 15%¹ of the national/regional building stock</p>		
<p>Energy thresholds for buildings:</p> <ul style="list-style-type: none"> • HED limit 2010- 2016: 50 kWh/m²a • HED limit 2017: 47.6 kWh/m²a • HED limit 2018-2019: 34 kWh/m²a • HED limit 2020-2022: 32 kWh/m²a • HED limit from 2023 on: 30.6 kWh/m²a 			

¹The methodology for the top 15% in Austria has been developed by Drees & Sommer and can be found in the Green Bond Framework.

Source: [resource.html \(europa.eu\)](https://resource.html.europa.eu) (retrieved February 02, 2023) | <https://sdgs.un.org/goals> (retrieved February 02, 2023)

GREEN BOND PRINCIPLES & EU TAXONOMY

ICMA Green Bond Principles 2021

- Contribution to an environmental objective
- Use of Proceeds
- Project evaluation and selection
- Management of proceeds
- Reporting (Impact and Allocation Reporting)
- Green Bond Framework (Recommendation)
- Verification by an external auditor (Recommendation)

EU Taxonomy

- Substantial contribution to at least one of the EU environmental objectives
- Do no significant harm to any other environmental objectives („DNSH“)
- Compliance with minimum social safeguards
- Compliance with the substantial contribution criteria

Source: [resource.html \(europa.eu\)](https://www.europa.eu) (retrieved February 02, 2023) | <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/> (retrieved February 02, 2023)



VOLUNTARY FRAMEWORK*

- Which should guarantee the integrity and transparency of green bonds

* ICMA (Version 2021)

MEMBERSHIP

- Hypo Vorarlberg was the first Austrian issuer to become a member of the Green Bond Principles in 2017

CONFORMITY WITH

- Use of proceeds
- Process for evaluation and selection
- Management of proceeds
- Impact reporting
- External review



SECOND PARTY OPINION FROM ISS ESG

SPO SECTION	SUMMARY	EVALUATION
Alignment with GBP	The formal concept – use of proceeds, processes for project evaluation and selection, management of proceeds and reporting – is in line with the ICMA Green Bond Principles.	Aligned
Sustainability quality of the eligibility criteria	The Green Bonds will (re-)finance eligible asset category which include Green Buildings including Private Mortgages for Energy Efficient Buildings. The use of proceeds categories have a significant contribution to SDG 13 ‘Climate action’ and a limited contribution to SDG 7 ‘Affordable and clean energy’. The environmental and social risks associated with those use of proceeds categories are well managed.	Positive
Assessment of Eligibility Criteria of eligible Green Asset categories with the EU Taxonomy Technical Screening Criteria	<p>The nominated project categories are considered to be:</p> <ul style="list-style-type: none"> ▪ Aligned with the Technical Screening Criteria for Climate Change Mitigation for Green Building - New buildings built after December 31, 2020 ▪ Aligned with the Technical Screening Criteria for Climate Change Mitigation for Green Building - Acquisition and ownership of buildings built before December 31, 2020 	Aligned
Green Bonds’ link to Issuer’s Sustainability strategy	The project categories financed are in line with the sustainability objectives of the Issuer. At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.	Consistent

The detailed ISS ESG Report is available on our website (<https://www.hypovbg.at/investor-relations/>).



04 REPORTING



 Alter Rhein, Hohenems

Calculation of the **energy efficiency** per object by **Drees & Sommer** (Projektmanagement und bautechnische Beratung GmbH)

Benchmarks to calculate the potential energy savings per property
Comparison of the CO₂ emission of the financed projects with the benchmarks of the national building stock

Selection of the Green Bond Asset Pool based on defined criteria

Calculation of the **total CO₂ savings** per year



IMPACT REPORTING – RESULTS

IMPACT REPORTING FROM DREES & SOMMER (REPORTING DATE AUSTRIAN GREEN ASSET POOL: NOVEMBER 2022)

Low Carbon Buildings	Year of Issuance	Type	Signed Amount ^a	Share of Total Portfolio Financing ^b	Eligibility for green bonds ^c	Average portfolio lifetime ^d	Annual final energy savings ^e	Annual primary energy savings ^f	Annual CO _{2,eq.} emissions avoidance ^g
Hypo Vorarlberg Bank AG	2022	Low Carbon Building	EUR 561 mln	100 %	100 %	22.6 Years	37,718	51,586	7,240
Single-family houses – AT	2022	Low Carbon Building	EUR 283 mln	51 %	100 %	23.5 Years	21,439	34,484	4,832
Multi-family houses – AT	2022	Low Carbon Building	EUR 277 mln	49 %	100 %	21.8 Years	16,279	17,102	2,409
							[MWh/year]	[MWh/year]	[tCO ₂ /year]

^a Legally committed signed amount by the issuer for the portfolio or portfolio components eligible for green bond financing

^b Portion of the total portfolio cost that is financed by the issuer

^c Portion of the total portfolio cost that is eligible for Green Bond

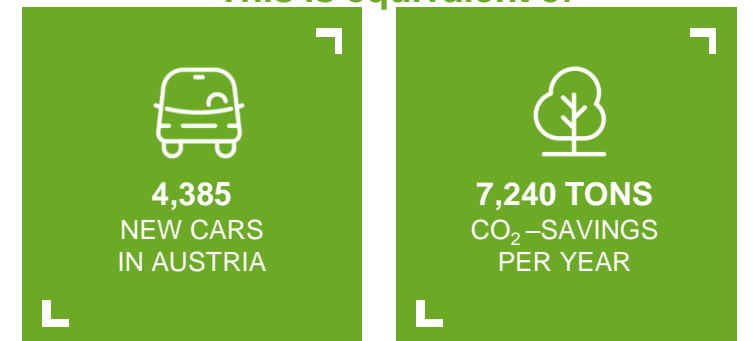
^d Average remaining term of Green Bond loan within the total portfolio

^e Final energy Savings calculated using the difference between the top 15% and the national building stock benchmarks

^f Primary energy savings determined by multiplying the final energy savings with the primary energy factor

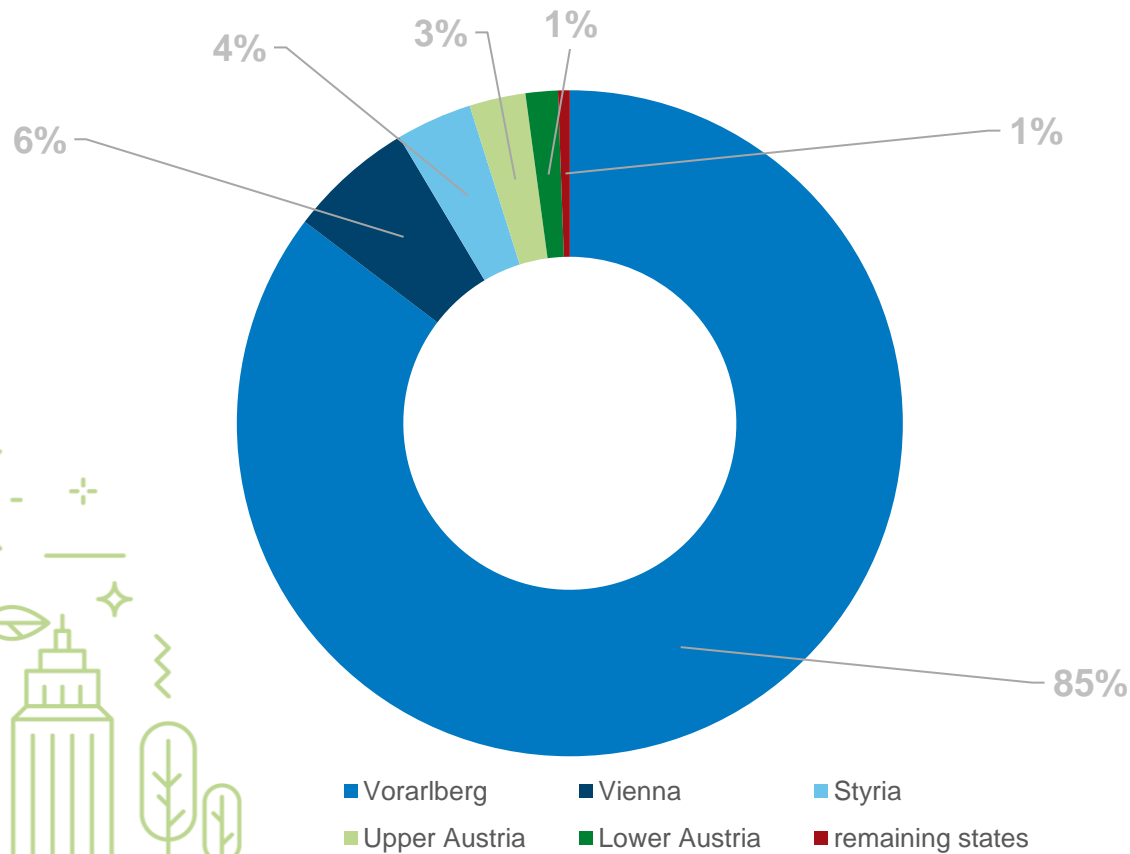
^g Greenhouse gas emissions avoidance determined by multiplying the final energy savings with the carbon emissions intensity

This is equivalent of

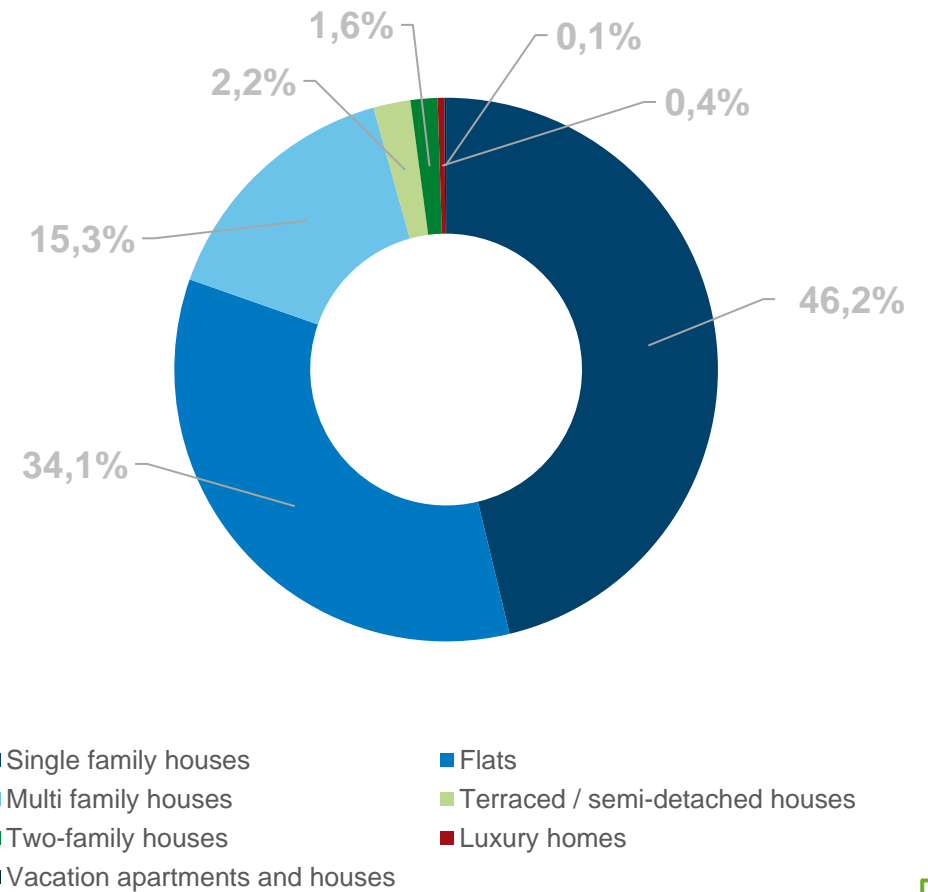


ALLOCATION REPORTING

Credit volume by federal states



Real estate portfolio of the whole Austrian Green Asset Pool



05

INTENDED EUR 500 MLN GREEN BOND NEW ISSUE

 Schwertlilien, Hohenemser Ried



MOTIVATION FOR OUR „EUR GREEN BOND“ PROJECT

Customers and Investors desire for sustainable products

Reliability, stability and solidarity are basic values for Hypo Vorarlberg

Diversification of the investor base

Long-term and organic growth to ensure continuous profitability

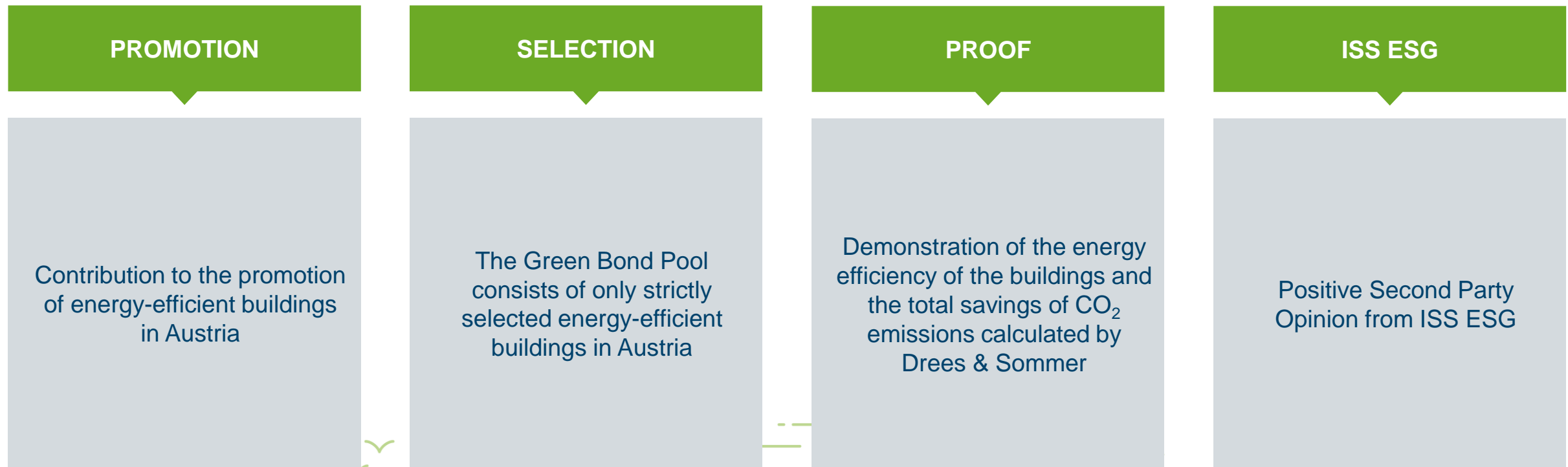
Preparing the bank for **new (market) conditions** from the economic, ecological and social view

Importance of the topic sustainability for the bank and the managing board

Sustainability has been a long established **part of our corporate culture**



INVESTMENT REASONS „EUR GREEN BOND“



PLANNED „EUR GREEN BOND“

VOLUME:
**EUR
500 MLN**

TENOR:
3 YEARS


**GREEN
BOND**
OF HYPO VORARLBERG

FORMAT / STATUS:
PREFERRED
(„SENIOR ELIGIBLE
NOTES“)

IMPACT
REPORTING:
**DREES &
SOMMER**

BOND-
RATING:
A3 (Moody's)

ISSUER
RATING:
A+ (S&P)
A3 (Moody's)

USE OF PROCEEDS:
**REFINANCING AND
FINANCING**
OF ENERGY-EFFICIENT
RESIDENTIAL BUILDINGS IN
AUSTRIA

SECOND PARTY
OPINION:
ISS ESG

DOCUMENTATION:
**DEBT
ISSUANCE**
PROGRAMME



06 CONCLUSION



SUMMARY

- ✓ Largest single banking institution in Vorarlberg
- ✓ Austrian banking pioneer on the green bond market
- ✓ Continuous development in the area of sustainability
- ✓ Well diversified loan portfolio and stable business development
- ✓ High profitability in comparison to other Hypo banks – EBT as of September 30, 2022: EUR 134.2 mln
- ✓ Solid equity base and sufficient liquidity reserves
- ✓ Very high rating: A+ (S&P) / A3 (Moody's) / C-Prime (ISS-ESG)



RELEVANT DOCUMENTS

- [Green Bond Framework](#)
- [Second Party Opinion \(ISS\)](#)
- [Impact Reporting \(Drees & Sommer\)](#)
- [Sustainability Report](#)
- [Hypo Vorarlberg Ratings](#)
- [Debt Issuance Programme](#)
- [Quarterly Report Q3 2022](#)



07 OUR CONTACTS

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