CREDIT OPINION
27 September 2024

Update

Send Your Feedback

HYPO VORARLBERG BANK AG

Update to credit analysis

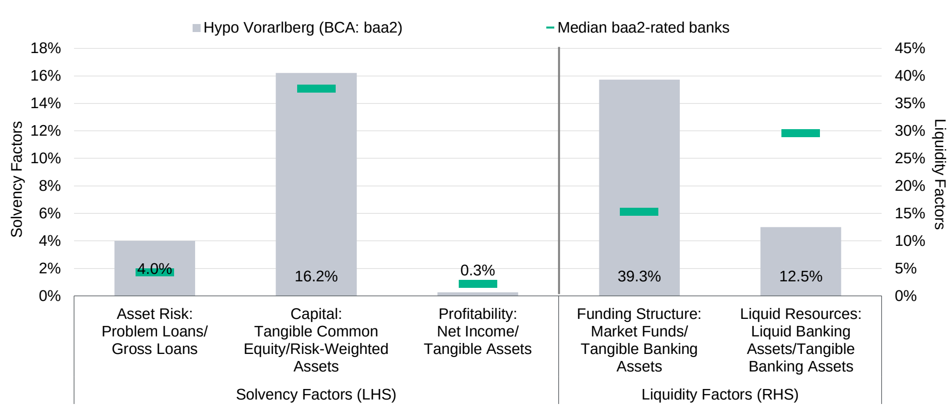
Summary

Hypo Vorarlberg Bank AG's (Hypo Vorarlberg) A3 deposits and senior unsecured debt ratings reflect the bank's baa2 Baseline Credit Assessment (BCA) and Adjusted BCA, as well as two notches of uplift from our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class. Hypo Vorarlberg's ratings do not benefit from government support uplift because of its small size in the context of the Austrian banking system.

Hypo Vorarlberg's baa2 BCA reflects the bank's sound and resilient financial profile, supported by its regionally-focused activities of retail and corporate banking in the State of Vorarlberg, Austria, as well as adjacent regions of Germany, Italy, and Switzerland. The bank's BCA considers its solid solvency profile, driven by sound risk-weighted capitalisation and strong balance sheet leverage, which balances satisfying but weakened asset quality. Hypo Vorarlberg's BCA is constrained by regional and sector concentrations which could render the bank vulnerable under adverse economic conditions, while its profitability is moderate. The bank's BCA also reflects its solid and improved liquidity, which balances its high dependence on wholesale funding.

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

RATINGS

Hypo Vorarlberg Bank AG

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

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

Contacts

Swen Metzler, CFA +49.69.70730.762
VP-Sr Credit Officer
swen.metzler@moodys.com

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

Carola Schuler +49.69.70730.766
MD-Banking
carola.schuler@moodys.com

Credit strengths

- Solid capitalisation and strong balance sheet leverage, providing sizeable loss-absorbing buffers
- On-balance sheet reserves mitigate Hypo Vorarlberg's increased asset risks from regional and sector concentrations which include commercial real estate exposure

Credit challenges

- Moderate profitability which is burdened by elevated credit costs, limiting Hypo Vorarlberg's ability to retain earnings
- Hypo Vorarlberg's high reliance on wholesale funding is mitigated by a well established covered bond franchise and improved liquid resources

Outlook

- The stable outlook reflects our expectation of Hypo Vorarlberg maintaining its current solvency and liquidity profile. The stable outlook also takes into account our expectation that the bank will maintain sufficient volumes of bail-in-able liabilities safeguarding the currently assigned rating uplift resulting from our Advanced LGF analysis.

Factors that could lead to an upgrade

- An upgrade of Hypo Vorarlberg's ratings could be triggered by an upgrade of the bank's BCA and Adjusted BCA, or from additional rating uplift as a result of our Advanced LGF analysis, caused by issuing significant volumes of instruments ranking below senior unsecured debt, in particular capital instruments.
- Hypo Vorarlberg's BCA could be upgraded following a significant and sustainably strengthened solvency and liquidity, in particular due to a meaningful improvement in asset quality and a significant reduction in higher-risk asset concentrations, in combination with sustainably improved profitability and capitalisation, as well as a sizeable reduction in market funding.

Factors that could lead to a downgrade

- A downgrade of Hypo Vorarlberg's ratings could be triggered following a downgrade of the bank's BCA and Adjusted BCA. The bank's deposit, issuer and senior unsecured ratings could also be downgraded in case of a material reduction of bail-in-able debt volume in issuance, such that it results in fewer notches of rating uplift from our Advanced LGF analysis.
- A downgrade of Hypo Vorarlberg's BCA could result from a further weakening of the bank's credit quality, a reduction in its capitalisation, a meaningful and sustained decline in profitability, an increase in its already high market funding dependence, or a reduction in the bank's currently solid liquid resources.
- Our Advanced LGF analysis would result in fewer notches of rating uplift if Hypo Vorarlberg replaces maturing bail-in-able senior unsecured and subordinated debt instruments with secured debt instruments to a substantial extent.

Key indicators

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

	12-23[2]	12-22[2]	12-21[2]	12-20[2]	12-19[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	15.1	14.9	15.3	14.9	13.7	2.5[4]
Total Assets (USD Billion)	16.6	15.9	17.4	18.2	15.3	2.1[4]
Tangible Common Equity (EUR Billion)	1.4	1.4	1.3	1.2	1.2	4.0[4]
Tangible Common Equity (USD Billion)	1.6	1.5	1.5	1.5	1.4	3.6[4]
Problem Loans / Gross Loans (%)	4.0	2.6	2.7	2.7	2.7	2.9[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.2	16.2	15.3	14.3	14.6	15.3[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	26.6	17.5	18.9	19.0	18.6	20.1[5]
Net Interest Margin (%)	1.6	1.1	1.3	1.2	1.3	1.3[5]
PPI / Average RWA (%)	1.5	1.7	1.3	1.1	1.4	1.4[6]
Net Income / Tangible Assets (%)	0.3	0.8	0.4	0.3	0.5	0.5[5]
Cost / Income Ratio (%)	54.0	52.6	57.8	58.1	52.9	55.1[5]
Market Funds / Tangible Banking Assets (%)	39.3	38.7	45.2	44.3	38.7	41.2[5]
Liquid Banking Assets / Tangible Banking Assets (%)	12.5	12.5	17.6	14.4	8.8	13.2[5]
Gross Loans / Due to Customers (%)	208.2	188.6	191.8	183.1	184.3	191.2[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [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 periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Ratings and company filings

Profile

As a universal bank, Hypo Vorarlberg operates a regional business model with a strong focus on the State of Vorarlberg, Austria, and adjacent regions of Germany, Italy, and Switzerland. The bank offers a broad range of retail and corporate banking services, including investment products and advice, and also serves institutional customers, real estate investors as well as public sector entities and financial institutions

As of 31 December 2023, Hypo Vorarlberg operated domestically through a network of 19 branches. In addition, the Bregenz-based bank also operates a branch in nearby St. Gallen, Switzerland, and several subsidiaries in Italy. At the end of December 2023, Hypo Vorarlberg reported total assets of €15.7 billion and employed around 739 staff. The bank's major shareholder is the State of Vorarlberg, which holds 76.9% of its share capital. The remaining shares are held by Landesbank Baden-Wuerttemberg (LBBW, Aa2 stable, baa2)[1] with a 15.4% share and Landeskreditbank Baden-Wuerttemberg Foerderbank (L-Bank, Aaa stable)[2] with a 7.7% share.

Weighted Macro Profile of Strong (+)

Hypo Vorarlberg's activities are mainly focused on Austria. Therefore, the bank's Weighted Macro Profile is aligned with Austria's Strong (+) Macro Profile. Hypo Vorarlberg also operates in neighboring countries of Germany, Switzerland, and Italy, and the bank has international exposures through its diversified investment portfolio.

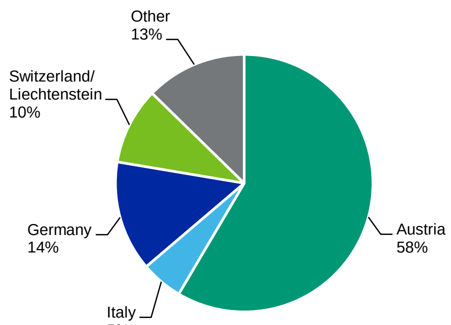
Detailed credit considerations

Weakening asset quality, driven by corporate and commercial real estate exposure

Hypo Vorarlberg's assigned Asset Risk score is baa2, two notches below its initial score (a3). Our downward adjustment reflects regional and sector concentration risks, arising from the bank's Italian lending activities and exposure to commercial real estate (CRE), as well as moderate tail risks from its Swiss franc (CHF)-denominated loans. Further, Hypo Vorarlberg's small-size banking franchise exhibits geographic concentration risk which mainly arise from corporate lending in its home regions Vorarlberg, and adjacent German, Italian and Swiss regions (Exhibit 3).

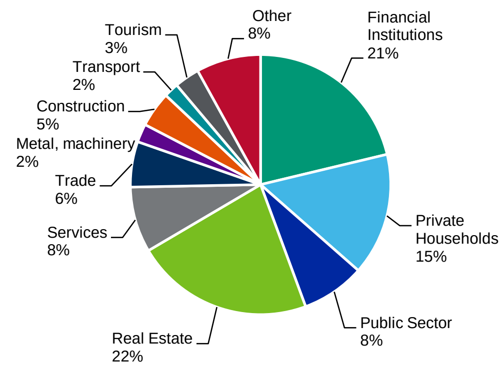
Hypo Vorarlberg faces weakening asset quality from asset concentrations to corporate exposure (2023: €6.0 billion, equivalent to 415% of Tangible Common Equity, TCE), CRE exposure (€4.0 billion, 274%), and its Italian activities (€0.9 billion, 65%, Exhibit 4). We believe that Hypo Vorarlberg faces reduced but still moderate tail risks from its 1.5 billion CHF-denominated loans, or 14% of gross loans at the end of 2023, reflecting that around 70% of these loans relate to Swiss customers of its St. Gallen branch, which allows the Bregenz-based bank to fund Swiss franc loans with Swiss franc deposits.

Exhibit 3
Hypo Vorarlberg's exposure at default by country ...
Data as of end-2023, total = €17.9 billion



Source: Company reports, Moody's Ratings

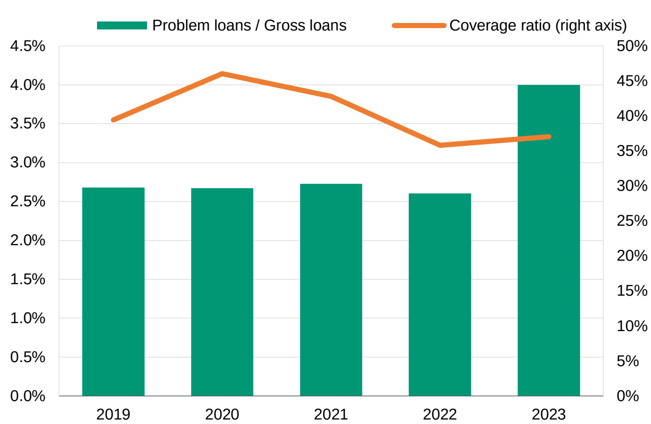
Exhibit 4
... is geared to corporates (34% of the total) and real estate (22%) customers
Data as of end-2023, total = €17.9 billion



Source: Company reports, Moody's Ratings

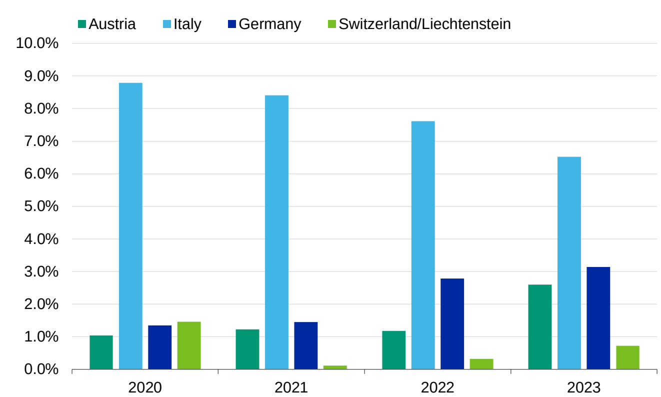
Following benign credit conditions in the years 2019-22, Hypo Vorarlberg is facing weakening asset quality, as demonstrated by a higher non-performing loan ratio, which increased to 4.0% last year from 2.7% in 2022 (Exhibit 5). The deteriorating trend is mainly driven by rising problematic domestic corporate lending, incl CRE customers (Exhibit 6), and somewhat mitigated by the bank's stable coverage ratio[3] of 37% at the end of 2023 (2022: 36%), reflecting sizeable additions to provisions last year.

Exhibit 5
Hypo Vorarlberg's asset quality weakened last year ...
Data in %



Source: Company reports, Moody's Ratings

Exhibit 6
... driven by higher domestic problematic exposure which mainly relates to corporate and CRE customers
Data in %, exposure classified in rating class 5 compared to gross credit exposure



Source: Company reports, Moody's Ratings

For 2024 and beyond, we expect that Hypo Vorarlberg will manage to keep its non-performing loan and coverage ratios stable, reflecting the balance of improving corporate exposures and ongoing structural challenges for its CRE lending exposures. According to the financial press, Hypo Vorarlberg is among a group of domestic lenders to Austria's SIGNA Group which filed for insolvency and, thus, may take time to settle the issue and require ample credit provisions.

Solid capitalisation and strong balance sheet leverage, providing sizeable loss-absorbing buffers

Hypo Vorarlberg's assigned Capital score is a1, two notches below the initial score. The adjustment reflects our expectations of negative risk migration leading to higher risk-weighted assets (RWAs) and a moderate decline of the bank's Tangible Common Equity (TCE) ratio to below 15.0%, reflecting further loan growth and the implementation effects of Basel IV, starting in 2025. Our favorable assessment of Hypo Vorarlberg's capitalisation is supported by its strong balance sheet leverage[4], which ranks favorable to domestic peers, and strongly supports its baa2 financial profile.

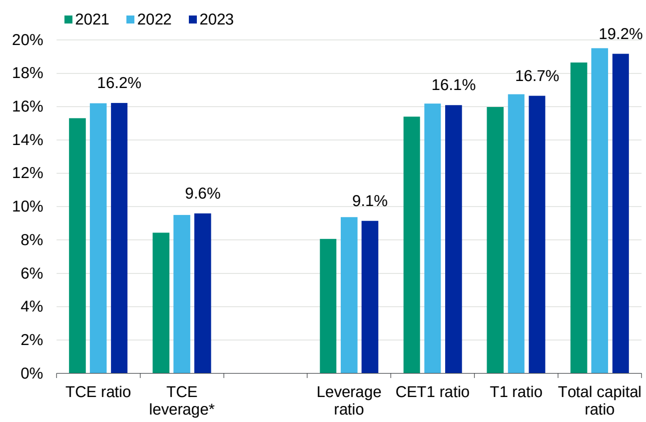
Hypo Vorarlberg' capitalisation remained unchanged last year, as demonstrated by its Tangible Common Equity (TCE) ratio of 16.2% at the end of 2023 (see Exhibit 7), reflecting the balance of around 2% higher TCE of €1.4 billion and around 2% higher RWA of €8.9 billion. We expect that Hypo Vorarlberg will keep its solid capital buffers well above regulatory minimum requirements (see Exhibit 8).

In 2023, Hypo Vorarlberg's TCE leverage ratio[5] somewhat increased to 9.6%, compared with 9.5% in 2022. Our ratio is slightly higher than the bank's regulatory Tier 1 leverage ratio[6] of 9.1% last year, because because we compare capital to tangible banking assets (TBA), while the regulatory ratio also includes off-balance-sheet exposures, and not just TBA.

Hypo Vorarlberg's strong leverage ratio reflects that the application of the standardised approach to calculate its credit-related RWA and the fact that around two-thirds of its loans arise from corporate loans that attract higher risk-weights than retail exposures. As a result, the bank's risk-density which compares RWA to tangible assets was relatively high at 59% at the end of 2023 and unchanged to the year before.

Exhibit 7

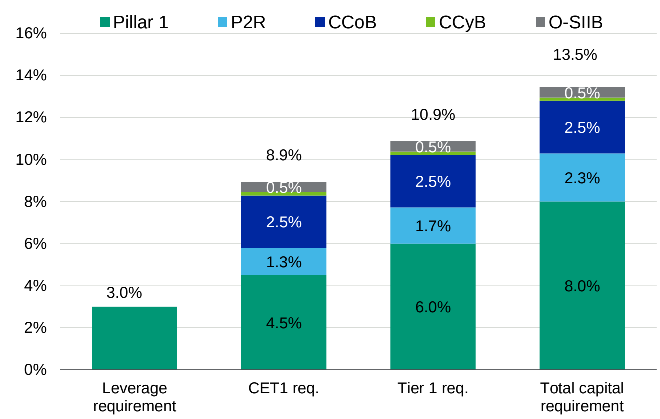
Hypo Vorarlberg has solid capital; Moody's vs regulatory view
Data in %



Note: TCE = Tangible Common Equity; CET1 = Common Equity Tier 1; *TCE leverage ratio compares TCE to tangible assets.
Source: Company reports, Moody's Ratings

Exhibit 8

Hypo Vorarlberg's regulatory minimum requirements in detail
Data in %



Note: CCoB = Capital Conservation buffer; CCyB =Countercyclical Buffer; O-SIIB = Other Systemically Important Institutions Buffer; P2R = Pillar 2 Requirement.
Source: Company reports, Moody's Ratings

Moderate profitability which exhibits some volatility and elevated credit provisions, limiting Hypo Vorarlberg's ability to retain earnings

Hypo Vorarlberg's assigned Profitability score is ba2, inline with the initial score. We expect that the bank's earnings will remain burdened by elevated credit provisions, associated with the bank's CRE lending exposures.

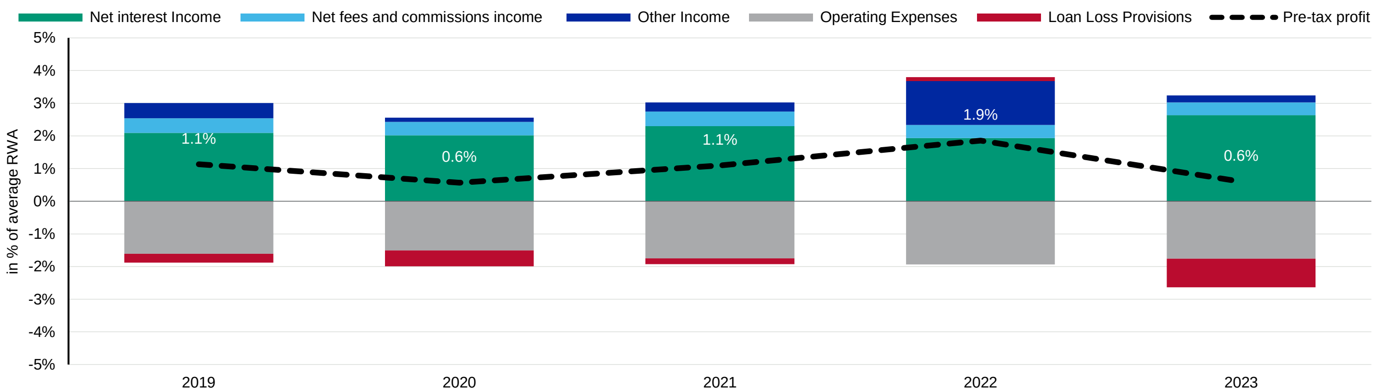
Hypo Vorarlberg's average net income to asset ratio (ROA) was around 45 basis points (bps) for the five year period 2018-22, roughly inline with the profitability level for rated Austrian peers. Extraordinary items like a loss from selling its HUBAG stake in 2018, increased credit costs in 2020 following the breakout of the pandemic, the positive net interest income contribution in 2021 as a result of Hypo Vorarlberg's participation in the ECB's tender program (TLTRO), and a positive fair value gain on derivatives in 2022 reflecting the bank's interest rate hedging strategy triggered some earnings volatily, as demonstrated by its ROA range of 22-81 bps over that period.

Last year, Hypo Vorarlberg's profitability was burdened by higher credit provisions, which increased to €78 million or 74 bps of gross loans, up from a release of €10 million in 2022. Declining interest rates triggered a fair value loss of €31 million on derivatives, mostly offset by an extraordinary release of provisions for operational risks. As a result, Hypo Vorarlberg's reported pretax profit decreased to €53 million (2022: €161 million), and its net income was down to €40 million, compared with €120 million in 2022.

Exhibit 9

In 2023, Hypo Vorarlberg's profitability was burdened by elevated credit costs

Data in % of average risk-weighted assets (RWA)



Source: Company reports, Moody's Ratings

High reliance on wholesale funding, balanced by well-estabilshed market access, including covered bond franchise

Hypo Vorarlberg's assigned Funding Structure score is ba2, in line with the initial score, capturing our expectation of an unchanged high market funding dependence over the next 12-18 months.

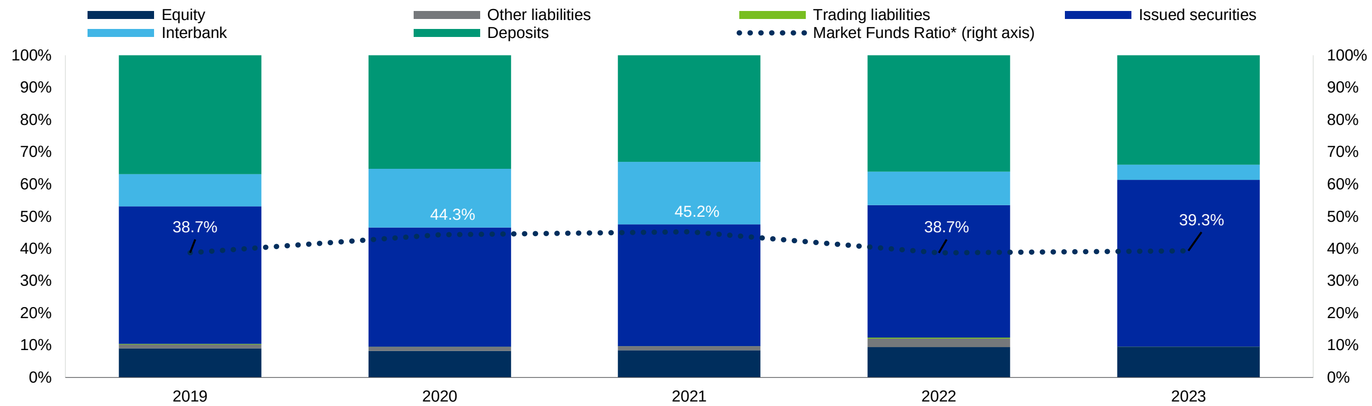
Following the successful refinancing of the matured liabilities that benefited from a deficiency guarantee by the Land of Vorarlberg in 2017, Hypo Vorarlberg today exhibits a more evenly staggered maturity profile. Since then, the bank has issued more covered bonds, equivalent to 30% of liabilities in 2023, up from 18% in 2017. This helped to improve its Market Funds ratio to around 40% last year, while before 2017, it was in the 45%-50% range and temporarily elevated in 2020 and 2021 owing to the bank's participation in the ECB's Targeted Longer-Term Refinancing Operation (TLTRO) program.

Hypo Vorarlberg's high reliance on wholesale funding reflects its narrow retail banking franchise, a view which is underpinned by a relatively high gross loan-to-deposit ratio of 208% in 2023 (2022: 189%). At this time, deposits, mainly from regional retail and SME customers, accounted for €5.1 billion, or 32% of liabilities, down from 36% in 2019 and 39% in 2017. These are rather low ratios when compared to banks with countrywide branch networks. As of December 2023, the bank's market funding consisted of €4.7 billion of covered bonds, €2.2 billion of senior unsecured debt, and €0.7 billion of interbank funding, translating into a Market Funds ratio of 39.3%. The latter component includes Hypo Vorarlberg's remaining €300 million drawings from the ECB's TLTRO program, which has been fully paid back by March 2024.

Exhibit 10

Hypo Vorarlberg's high reliance on wholesale funding remained broadly stable since 2019 and benefits from its well-established covered bond franchise

Liabilities in percent of tangible banking assets



*Market Funds Ratio = Market Funds / Tangible Banking Assets

Source: Company reports, Moody's Ratings

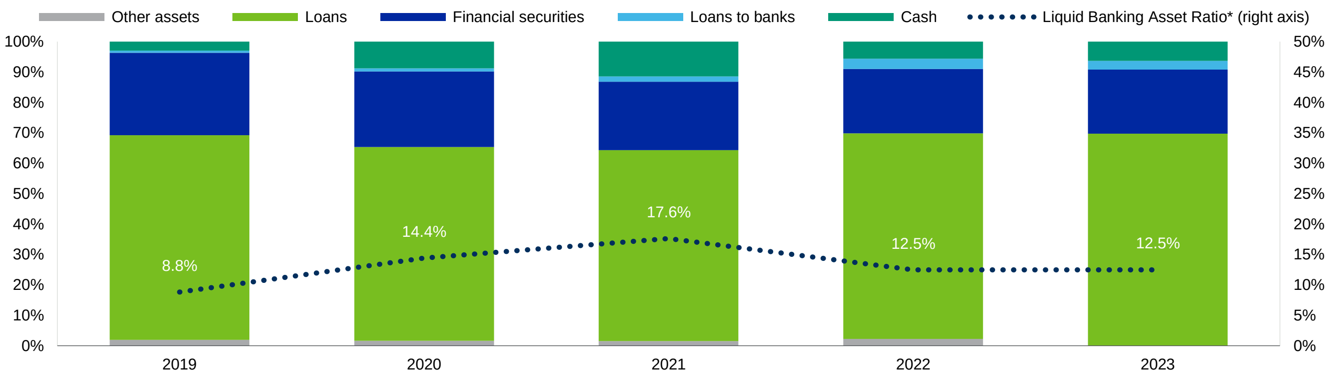
Hypo Vorarlberg's operates with sizeable buffers above Minimum Requirement for own funds and Eligible Liabilities (MREL), which adds flexibility to its annual funding needs of around €700 million to €1.2 billion. This is because these market funds can be mainly sourced from covered bonds and not necessarily by senior unsecured debt. At the end of 2023, Hypo Vorarlberg exhibited a MREL surplus of 27% in terms of RWA, compared with a requirement of 22.4% of RWA.

Improved liquidity, benefiting from reduced asset encumbrance

Hypo Vorarlberg's assigned Liquid Resources score is baa3, one notch above the initial score. Our positive adjustment considers high-quality financial securities which are not included in our Liquid Banking Asset (LBA) ratio, the bank's reduced level of encumbered assets, reflecting the full repayment of TLTRO III funds, as well as its ability to use its over-collateralized cover pool to source additional liquidity at short notice, if needed. These positive are balanced by our expectation of declining liquid resources over time as Hypo Vorarlberg expands its loan book.

Hypo Vorarlberg's improved liquidity is also underpinned by a higher Liquidity Coverage Ratio (LCR), which increased to 198% at the end of the fourth quarter 2023 from 168% a year earlier, reflecting broadly unchanged high-quality liquid assets (HQLA) of €2.4 billion, or around 15% of assets, and lower simulated cash outflows because of a shift to term deposits from overnight. Similar to the bank's unchanged HQLA, our Liquid Banking Asset (LBA) ratio also remained stable at 12.5% last year, including €1.0 billion cash, €0.4 billion loans to banks and €0.5 billion of public sector-related financial securities.

Exhibit 11
Hypo Vorarlberg's on balance-sheet liquid resources have recovered again
Asset composition, in percent of tangible banking assets

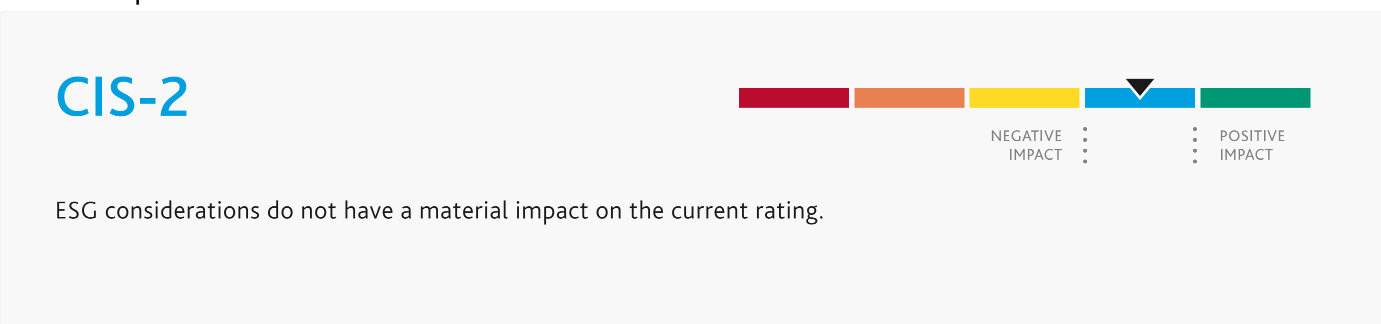


Liquid Banking Assets Ratio = Liquid Assets / Tangible Banking Assets
Source: Company reports, Moody's Ratings

ESG considerations

Hypo Vorarlberg Bank AG's ESG credit impact score is CIS-2

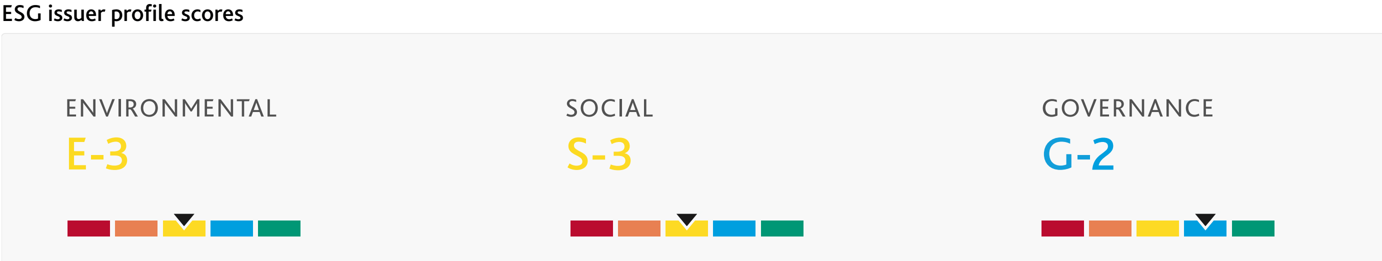
Exhibit 12
ESG credit impact score



Source: Moody's Ratings

Hypo Vorarlberg's **CIS-2** indicates that ESG considerations have no material impact on the current ratings. This reflects the limited credit impact of environmental and social risk factors on the ratings to date, and neutral-to-low governance risks.

Exhibit 13
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Hypo Vorarlberg faces moderate exposure to environmental risks primarily because of its loan portfolio exposure to carbon transition risks as a diversified regional banking group. Carbon transition risks relate mostly to its corporate loan book, which represents about three-quarters of the bank's lending portfolio, with the remainder comprising residential real estate. In line with its peers, Hypo Vorarlberg is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, the bank 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

Hypo Vorarlberg 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

Hypo Vorarlberg faces low governance risks, and its risk management, policies and procedures are in line with industry best practices, and commensurate with its universal banking model. As a public-sector bank, Hypo Vorarlberg is 76.9% owned by the State of Vorarlberg, which is reflected in the composition of its board of directors. 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

Loss Given Failure analysis

Hypo Vorarlberg is subject to the Austrian Federal Act on the Recovery and Resolution of Banks (Sanierungs- und Abwicklungsgesetz – BaSAG), the transposal law of the EU Bank Recovery and Resolution Directive (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 resolution, using our standard assumptions.

Our LGF analysis indicates that Hypo Vorarlberg's deposits and senior unsecured debt is likely to face very low loss-given-failure, resulting in two notches of uplift from the bank's Adjusted BCA.

For Hypo Vorarlberg's subordinated debt, our LGF analysis indicates a high loss given failure, leading us to position the rating one notch below its Adjusted BCA.

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.

As a result, we consider the State of Vorarlberg's options with regard to government support considerably limited, and Hypo Vorarlberg's ratings do not benefit from government support uplift because of its small size in the context of the Austrian banking system.

Methodology and scorecard

The principal methodology we used in rating Hypo Vorarlberg was Banks Methodology, published in March 2024.

About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 14
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	4.0%	a3	↓	baa2	Sector concentration	Geographical concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	16.2%	aa2	↔	a1	Risk-weighted capitalisation	Expected trend
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↔	ba2	Return on assets	Expected trend
Combined Solvency Score		a3		baa1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	39.3%	ba2	↔	ba2	Extent of market funding reliance	Expected trend
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	12.5%	ba1	↔	baa3	Additional liquidity resources	Asset encumbrance
Combined Liquidity Score		ba2		ba1		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa1		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	6,334	42.0%	6,856	45.5%
Deposits	5,119	34.0%	4,597	30.5%
Preferred deposits	3,788	25.1%	3,598	23.9%
Junior deposits	1,331	8.8%	998	6.6%
Senior unsecured bank debt	2,838	18.8%	2,838	18.8%
Dated subordinated bank debt	275	1.8%	275	1.8%
Preference shares (bank)	50	0.3%	50	0.3%
Equity	452	3.0%	452	3.0%
Total Tangible Banking Assets	15,068	100.0%	15,068	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	30.6%	30.6%	30.6%	30.6%	3	3	3	3	0	a2
Counterparty Risk Assessment	30.6%	30.6%	30.6%	30.6%	3	3	3	3	0	a2 (cr)
Deposits	30.6%	5.2%	30.6%	24.0%	2	3	2	2	0	a3
Senior unsecured bank debt	30.6%	5.2%	24.0%	5.2%	2	2	2	2	0	a3
Dated subordinated bank debt	5.2%	3.3%	5.2%	3.3%	-1	-1	-1	-1	0	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	0	A2	
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	2	0	a3	0	A3	A3
Senior unsecured bank debt	2	0	a3	0	A3	A3
Dated subordinated bank debt	-1	0	baa3	0	(P)Baa3	Baa3

[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 15

Category	Moody's Rating
HYPO VORARLBERG BANK AG	
Outlook	Stable
Counterparty Risk Rating -Dom Curr	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3
Senior Unsecured	A3
Subordinate	Baa3
ST Issuer Rating	P-2

Source: Moody's Ratings

Endnotes

1 The ratings shown is LBBW's long-term issuer rating, outlook, and BCA.

2 The rating shown is L-Bank's long-term issuer rating and outlook.

3 The coverage ratio compares specific and generic loan-loss-reserves to non-performing loans.

4 Leverage compares equity to assets.

5 Our TCE leverage ratio compares Tangible Common Equity to Tangible Banking Assets.

6 The regulatory leverage ratio compares Tier 1 capital to exposure at default.

REPORT NUMBER 1414197

Contacts

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