

RESULTS ANNOUNCEMENT FOR THE  
QUARTER ENDED **31 March 2024**



# CURRENT RATINGS

Standard & Poor's: A/A-1 (stable) issuer rating

Moody's: Aa1 mortgage and public-sector covered bond rating

ISS ESG: C Prime status sustainability rating

# GROUP FINANCIAL HIGHLIGHTS

EUR '000

Consolidated statement of comprehensive income	Q1 2024	Q1 2023
Net interest income	46,120	44,020
Administrative expenses	-27,263	-33,738
Impairment gains/losses on financial assets – IFRS 9 ECL	-8,892	2,534
<b>Profit before tax</b>	<b>19,009</b>	<b>19,094</b>
Income tax expense	-4,484	-4,216
<b>Profit for the period</b>	<b>14,524</b>	<b>14,878</b>
Return on equity before tax	9.03%	9.74%
Cost/income ratio	48.17%	48.68%
Consolidated statement of financial position	31 Mar. 2024	31 Dec. 2023
Total assets	16,448,704	15,579,450
Financial assets – AC	14,413,552	14,229,790
Financial liabilities – AC	14,798,751	13,898,367
Equity (incl. non-controlling interests)	843,744	849,977
Non-performing loan ratio	2.57%	2.45%
Regulatory indicators	31 Mar. 2024	31 Dec. 2023
Eligible Tier 1 capital	816,405	817,211
Total eligible capital	816,405	817,211
Minimum capital requirement (Pillar I)	322,040	313,121
Excess equity	494,366	504,089
Total risk exposure amount in accordance with Art. 92(3) CRR	4,025,497	3,914,015
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	20.28%	20.88%
Total capital ratio in accordance with Art. 92(2)(c) CRR	20.28%	20.88%
Leverage ratio in accordance with Art. 92(2)(d) CRR	5.01%	5.27%
Liquidity coverage ratio	294.72%	235.99%
Net stable funding ratio	121.35%	115.63%
Operational resources	31 Mar. 2024	31 Dec. 2023
Employees	625	619
Branches	26	26

The intrayear indicators are annualised on a daily basis.

# COMPANY PROFILE

This report on the HYPO NOE Group was prepared by the Group's parent, HYPO NOE Landesbank für Niederösterreich und Wien AG (HYPO NOE Landesbank).

HYPO NOE Landesbank is the largest and oldest-established of Austria's state mortgage banks<sup>1</sup>, and has been a reliable commercial bank, a stable state bank and a specialist mortgage lender for over 130 years. Using its strong position in Lower Austria and Vienna as a springboard, the Bank operates primarily in Austria and Germany, as well as in selected markets elsewhere in the European Union.

The HYPO NOE Group serves as a one-stop shop, providing a comprehensive range of financial services for public sector, real estate and corporate customers, in line with its business model as a mortgage bank. The product portfolio is centred on funding for hard and social infrastructure, non-profit and commercial housing construction, and other large property development projects. Retail customers benefit from the expert personal service delivered by the branch network in the Group's home market of Lower Austria and Vienna, with its focus on housing finance.

The Group concentrates on four business segments that play to its core competences: Public Sector, Real Estate, Retail and Corporate Customers, and Treasury & ALM. The wholly owned HYPO NOE Leasing subsidiary, which specialises in real estate leasing to public sector clients and has extensive experience of budget-efficient financing solutions for social infrastructure, enables the Group to concentrate on serving large federal government, state government and local authority clients.

HYPO NOE Landesbank is one of Austria's leading covered bond issuers and is a regular participant on the capital markets through the flotation of secured and unsecured benchmark bonds. Thanks to the solid foundations provided by customer deposits, and its increasingly close cooperation with development banks, HYPO NOE Landesbank can also look to diversify its sources of refinancing. Standard & Poor's currently gives the Bank a solid single A rating with a stable outlook, while Moody's ratings on the public sector and mortgage cover pools are also unchanged at Aa1.

HYPO NOE Landesbank is backed by a stable and reliable sole owner in the shape of Austria's largest state, Lower Austria. The Bank's owner takes a long-term view, ensuring that the Bank can maintain its strategy of organic growth in its core business, best-in-class digital solutions in its mortgage lending operations, and further improvements in profitability, while preserving a conservative risk and capital profile.

The Bank's sustainable approach to its core operations is underpinned and promoted by clear ethics guidelines and business principles. Its portfolio is geared strongly towards sustainability due to the large proportion of lending that creates social value added. ISS ESG Prime status underlines the Bank's commitment to environmental and social responsibility. HYPO NOE Landesbank has also received ESG ratings from Sustainalytics and Moody's ESG Solutions, and has been awarded the DZ Bank sustainability seal of approval.

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<sup>1</sup>In terms of total assets (2023 interim financial statements and 2022 consolidated financial statements) and date of establishment.

# FINANCIAL REVIEW

- “Profit before tax” virtually unchanged year on year at EUR 19.0m (Q1 2023: EUR 19.1m)
- Further increase in “Net interest income” to EUR 46.1m (Q1 2023: EUR 44.0m)
- “Administrative expenses” down on the same period a year earlier in spite of inflation, at EUR 27.3m (Q1 2023: EUR 33.7m)
- Improvement in the cost/income ratio (CIR) based on operating result to 48.17%, compared with 48.68% in the same period of 2023
- EUR 500m benchmark covered bond and CHF 100m green bond issued
- Common Equity Tier 1 (CET1) ratio of 20.28% as at 31 March 2024 – the pro forma ratio, i.e. including the interim result, would be 20.59% (31 Dec. 2023: 20.88%)

The HYPO NOE Group reported “Profit before tax” of EUR 19.0m in the first quarter of 2024 (Q1 2023: EUR 19.1m) and a return on equity (ROE) before tax of 9.03% (Q1 2023: 9.74%).

“Net interest income” rose year on year to EUR 46.1m, compared with EUR 44.0m a year earlier. “Net fee and commission income” also improved, to stand at EUR 5.3m (Q1 2023: EUR 4.5m), an increase of 18.2%.

Despite trending downwards, inflation has remained high. Nevertheless, the Group reported “Administrative expenses” of EUR 27.3m – a decrease on the EUR 33.7m reported in the first three months of 2023. This was primarily due to the cessation of contributions to the resolution fund, for which expenses are no longer recognised.

The continuing increases in core earnings outlined above were reflected in an improvement in the CIR adjusted for non-recurring effects. At the end of the period under review, the ratio stood at 48.17% (Q1 2023: 48.68%).

HYPO NOE Group’s balance sheet at the end of the first quarter was characterised by high asset quality. “Financial assets – AC” rose compared with year-end 2023, reaching EUR 14.4bn (31 Dec. 2023: EUR 14.2bn).

The impacts of geopolitical events coupled with restrictive monetary policies have again made for a demanding operating environment in 2024. In spite of this, though, HYPO NOE Landesbank has continued to systematically pursue its strategy as the bank for the state of Lower Austria and a strong partner for the public sector, the domestic economy, the real estate sector and retail customers.

Total risk provisions (Stages 1-3 and purchased or originated credit impaired [POCI]) rose to EUR 122.1m (31 Dec. 2023: EUR 112.1m), primarily as a result of allocations due to changes in credit risk; as a consequence, risk provisions for Stages 1 and 2 fell to EUR 32.9m (31 Dec. 2023: EUR 34.1m).

The only slight increase in the NPL ratio – to 2.57%, compared with 2.45% as at year-end 2023 – reflects the Group’s business model, which tends towards risk-aware business and corresponding credit approval practices, as well as the systematic approach taken by Intensive Care Management.

The rise in “Financial liabilities – AC” to EUR 14.8bn (31 Dec. 2023: EUR 13.9bn) was due to the issuance of two benchmark issues in the first quarter, which successfully demonstrated HYPO NOE Group’s ability to come to the market at any time. The issue of a mortgage-backed Euro covered bond benchmark in January was characterised by strong demand, while HYPO NOE Landesbank once again lived up to its responsibilities in terms of sustainability by issuing another Green Senior Preferred benchmark bond in Swiss francs.

The HYPO NOE Group’s CET1 ratio remained high and stood at 20.28% as at the end of the first quarter. After adjustment for first-quarter earnings and the prorating of regulatory costs, which were required to be recognised in full at the start of the year, the pro forma CET1 ratio would be 20.59% (31 Dec. 2023: 20.88%).

# STATEMENT OF PROFIT OR LOSS

## Gains/losses

EUR '000	Q1 2024	Q1 2023
Interest and similar income measured using the effective interest method	144,946	105,782
Interest and similar income not measured using the effective interest method	30,361	21,925
Interest and similar expense	-129,187	-83,687
<b>Net interest income</b>	<b>46,120</b>	<b>44,020</b>
Fee and commission income	5,850	4,939
Fee and commission expense	-524	-433
<b>Net fee and commission income</b>	<b>5,326</b>	<b>4,506</b>
Net measurement gains or losses	17,334	-1,019
Net gains on derecognition of financial assets	60	151
<b>Net gains or losses on financial assets and liabilities</b>	<b>17,394</b>	<b>-868</b>
Other operating income	2,524	1,999
Other operating expense	-15,712	-886
Administrative expenses	-27,263	-33,738
Impairment gains/losses on financial assets – IFRS 9 ECL	-8,892	2,534
Net gains or losses on investments accounted for using the equity method	-488	1,528
<b>Profit before tax</b>	<b>19,009</b>	<b>19,094</b>
Income tax expense	-4,484	-4,216
<b>Profit for the period</b>	<b>14,524</b>	<b>14,878</b>
Non-controlling interests	-115	294
<b>Profit attributable to owners of the parent</b>	<b>14,409</b>	<b>15,173</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Assets

EUR '000	31 Mar. 2024	31 Dec. 2023
Cash and balances at central banks	990,910	397,981
Financial assets – HFT	157,340	150,622
Financial assets – mandatorily FVTPL	107,979	108,192
Financial assets – FVOCI	235,097	225,588
Financial assets – AC	14,413,552	14,229,790
Positive fair value of hedges (hedge accounting)	285,715	315,691
Investments accounted for using the equity method	27,340	27,828
Investment property	22,349	22,452
Intangible assets	649	677
Property, plant and equipment	62,467	62,272
Current tax assets	8,629	8,378
Deferred tax assets	274	279
Other assets	136,404	29,700
<b>Total assets</b>	<b>16,448,704</b>	<b>15,579,450</b>

## Liabilities

EUR '000	31 Mar. 2024	31 Dec. 2023
Financial liabilities – HFT	133,701	141,766
Financial liabilities – FVO	5,718	5,650
Financial liabilities – AC	14,798,751	13,898,367
Negative fair value of hedges (hedge accounting)	517,553	496,887
Provisions	30,478	30,533
Current tax liabilities	14,153	17,074
Deferred tax liabilities	24,720	19,893
Other liabilities	79,885	119,305
<b>Equity</b>	<b>843,744</b>	<b>849,977</b>
Equity attributable to owners of the parent	834,837	841,196
Non-controlling interests	8,906	8,781
<b>Total equity and liabilities</b>	<b>16,448,704</b>	<b>15,579,450</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	1 Jan. 2024	Profit for the period	Reversals	Dividends paid	Changes in scope of consolidation	Other comprehensive income	31 Mar. 2024
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	594,701	14,409	-	-20,000	-10	-	589,099
<b>Other reserves composed of:</b>	<b>2,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-757</b>	<b>1,934</b>
Actuarial gains and losses	150	-	-	-	-	-	150
Debt instruments – FVOCI	2,101	-	-	-	-	-449	1,651
Equity instruments – FVOCI	441	-	-	-	-	-	441
Hedges (hedge accounting)	-	-	-	-	-	-308	-308
<b>Equity attributable to owners of the parent</b>	<b>841,196</b>	<b>14,409</b>	<b>-</b>	<b>-20,000</b>	<b>-10</b>	<b>-757</b>	<b>834,837</b>
Non-controlling interests	8,781	115	-	-	10	-	8,906
<b>Equity</b>	<b>849,977</b>	<b>14,524</b>	<b>-</b>	<b>-20,000</b>	<b>-</b>	<b>-757</b>	<b>843,744</b>

EUR '000	1 Jan. 2023	Profit for the period	Reversals	Dividends paid	Changes in scope of consolidation	Other comprehensive income	31 Mar. 2023
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	533,782	15,173	6	-5,000	-	-	543,961
<b>Other reserves composed of:</b>	<b>4,275</b>	<b>-</b>	<b>-6</b>	<b>-</b>	<b>-</b>	<b>-883</b>	<b>3,386</b>
Actuarial gains and losses	-299	-	-	-	-	-	-299
Debt instruments – FVOCI	4,214	-	-	-	-	-888	3,326
Equity instruments – FVOCI	359	-	-6	-	-	6	359
<b>Equity attributable to owners of the parent</b>	<b>781,862</b>	<b>15,173</b>	<b>-</b>	<b>-5,000</b>	<b>-</b>	<b>-883</b>	<b>791,151</b>
Non-controlling interests	8,710	-294	-	-	-	-	8,415
<b>Equity</b>	<b>790,571</b>	<b>14,878</b>	<b>-</b>	<b>-5,000</b>	<b>-</b>	<b>-883</b>	<b>799,567</b>

# ACCOUNTING POLICIES

In all material respects, this HYPO NOE Group quarterly results announcement was drawn up in accordance with the same accounting policies as those applied to the IFRS consolidated annual financial statements for the year ended 31 December 2023.

The HYPO NOE Group prepared this quarterly results announcement voluntarily, and is under no obligation to publish such information. It does not meet all the requirements of International Financial Reporting Standards (IFRS) and was not drawn up in accordance with the IFRS as adopted in the EU.

In particular, paragraphs 8(d) (condensed consolidated statement of cash flows) and 8(e) (selected explanatory notes) of IAS 34 were not fully applied. This announcement should be read in conjunction with the 2023 Annual Report.

This results announcement was neither subjected to a full audit nor reviewed by independent auditors.



# CONSOLIDATED OWN FUNDS AND REGULATORY CAPITAL ADEQUACY REQUIREMENTS

Under Regulation (EU) No. 575/2013 (Capital Requirements Regulation [CRR]) as amended, including latterly by Regulation (EU) No. 2022/2036, and related EBA delegated regulations, as well as Directive 2013/36/EU on access to the activity of credit institutions (Capital Requirements Directive [CRD]) as last amended by Directive (EU) No. 2023/2864, which is currently being transposed into Austrian law and various national orders, since 2014 it has been necessary to determine banks' consolidated own funds and their consolidated regulatory own funds requirements under IFRS, as well as the regulatory scope of consolidation.

The composition of the HYPO NOE Group's own funds, calculated in accordance with the CRR/CRD, is as follows.

EUR '000	CRR/CRD 31 Mar. 2024	CRR/CRD 31 Dec. 2023
<b>Share capital</b>	<b>136,546</b>	<b>136,546</b>
Paid-up capital instruments	51,981	51,981
Premiums	84,566	84,566
<b>Reserves, differences and non-controlling interests</b>	<b>681,688</b>	<b>682,424</b>
Retained earnings	567,503	567,583
Other reserves	104,945	104,844
Accumulated comprehensive income	9,239	9,997
Adjustments to CET1 (prudential filters)	-581	-580
Insufficient coverage of non-performing exposures	-599	-503
Intangible assets	-649	-677
Common Equity Tier 1 (CET1) capital	816,405	817,211
Additional Tier 1 (AT1) capital	-	-
<b>Tier 1 capital</b>	<b>816,405</b>	<b>817,211</b>
Deductions due to investments, pursuant to Arts. 36 and 89 CRR	-	-
<b>Eligible Tier 1 capital</b>	<b>816,405</b>	<b>817,211</b>
<b>Eligible supplementary capital (after deductions)</b>	<b>-</b>	<b>-</b>
<b>Total eligible capital</b>	<b>816,405</b>	<b>817,211</b>
<b>Minimum capital requirements</b>	<b>322,040</b>	<b>313,121</b>
<b>Excess capital</b>	<b>494,366</b>	<b>504,089</b>
Coverage ratio	253.51%	260.99%
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	20.28%	20.88%
Total capital ratio in accordance with Art. 92(2)(c) CRR	20.28%	20.88%
Own funds requirement incl. all buffer requirements	12.58%	12.57%
Leverage ratio in accordance with Art. 92(2)(d) CRR	5.01%	5.27%
Leverage ratio requirement (Pillar 1)	3.00%	3.00%

Taking account of the profit for the year to date and prorating of the contributions to the resolution and deposit insurance funds, which have already been taken in full to profit or loss, and applying a pro rata dividend, the pro forma Tier 1 capital ratio would be approximately 20.59%.

Changes in the risk-weighted measurement basis and the resulting own funds requirement are shown below.

<b>EUR '000</b>	<b>CRR/CRD 31 Mar. 2024</b>	<b>CRR/CRD 31 Dec. 2023</b>
Total leverage ratio exposure	16,305,371	15,497,335
Risk-weighted exposure measure	3,652,894	3,542,346
Minimum own funds requirement for credit risk (8%)	292,231	283,388
Own funds requirement for open currency positions	-	-
Own funds requirement for operational risk	27,456	27,456
Own funds requirement for CVA risk	2,352	2,278
<b>Total own funds requirement</b>	<b>322,040</b>	<b>313,121</b>

#### **PUBLICATION DETAILS**

**Publisher and proprietor:** HYPO NOE Landesbank für Niederösterreich und Wien AG

**Editorial content:** HYPO NOE Landesbank für Niederösterreich und Wien AG

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**Production:** produced internally using the Certent CDM editing system

#### **Important information**

The greatest possible care has been taken in preparing this quarterly results announcement. However, transmission, typesetting and printing errors cannot be ruled out. Minor rounding differences may occur in connection with totals of rounded amounts and percentages.

The forecasts and forward-looking statements contained in this announcement are based on current estimates and information available at the time of writing. They should not be taken as a guarantee that results expressed in forecasts and forward-looking statements will actually occur; actual results are subject to risks and other factors, and could therefore differ materially from results contained in forecasts or forward-looking statements. The Group is not obliged to update its forecasts and forward-looking statements.

The German version of this announcement is the definitive version. The English version is a translation of the German announcement.