



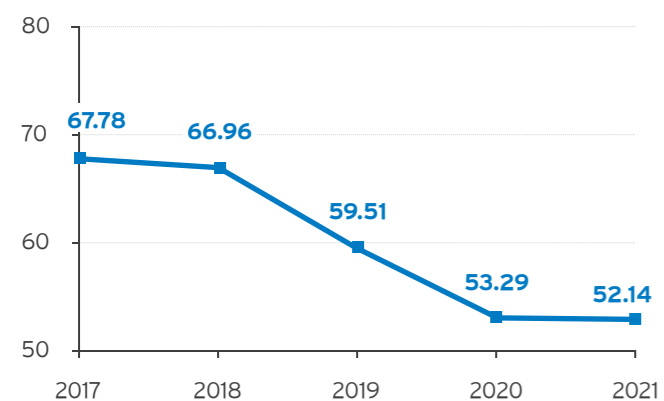
# Bank & Land

HYPO NOE  
2021 Investor Relations and ESG supplement

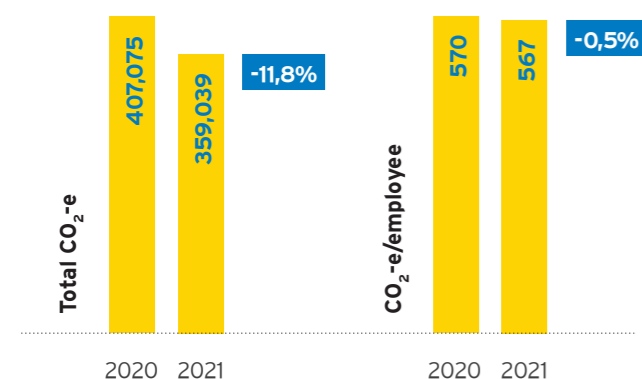
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## Group financial highlights

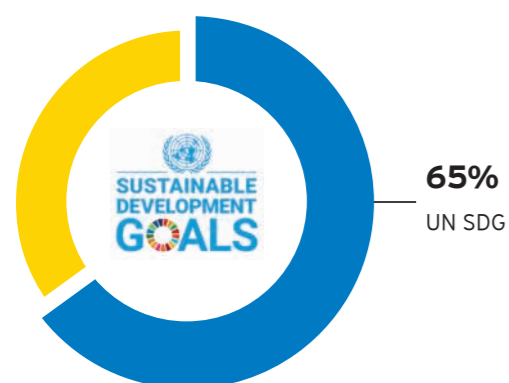
### COST/INCOME RATIO (CIR) %



### CARBON FOOTPRINT (down 57% since 2016) kg CO<sub>2</sub>-e

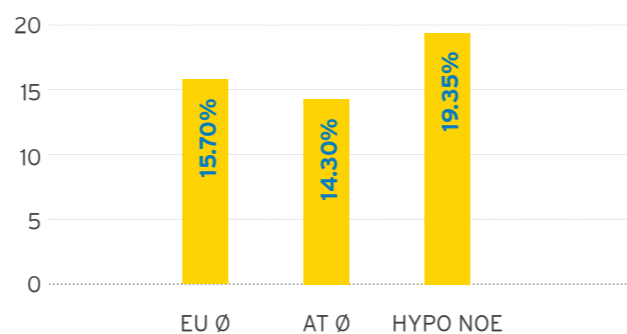


### CONTRIBUTION TO ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs) % of financing volume

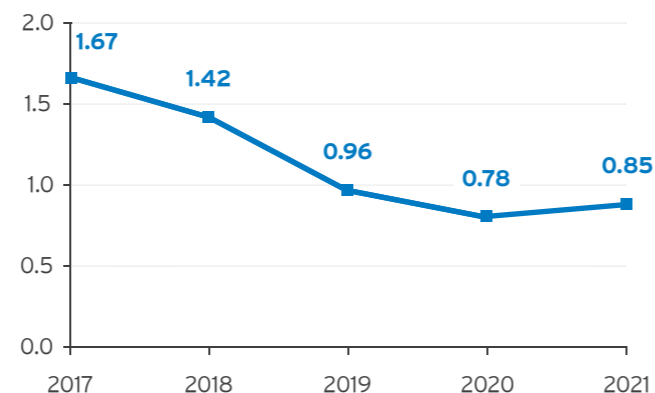


### COMMON EQUITY TIER 1 (CET1) RATIO 2021, %

Source: AT Ø and EU Ø: European Banking Authority (EBA),  
most recent figures: June 2020



### NON-PERFORMING LOAN (NPL) RATIO %



In line with its business model, which focuses on infrastructure and housing finance, HYPO NOE makes a significant contribution to achievement of the United Nations Sustainable Development Goals, primarily those relating to sustainable cities and communities, infrastructure and health and well-being.

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The full  
annual report  
is available for  
download here:



[ir.hyponoe.at/en/](https://ir.hyponoe.at/en/)



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# HYPO NOE at a glance

**STABLE AND RELIABLE** Austria's largest and oldest state mortgage bank<sup>1</sup> has successfully pursued a low-risk strategy since 1888 and can build on solid foundations thanks to its sole owner, the State of Lower Austria.

<sup>1</sup>In terms of total assets (2020 consolidated financial statements) and foundation dates

## Successful business model

Stability that transcends economic cycles



### RELIABLE COMMERCIAL BANK

Operational focus

- Public sector
- Real estate
- Retail and corporate customers



### STABLE STATE BANK

Sole owner: State of Lower Austria

- Largest state in Austria
- Long-term outlook



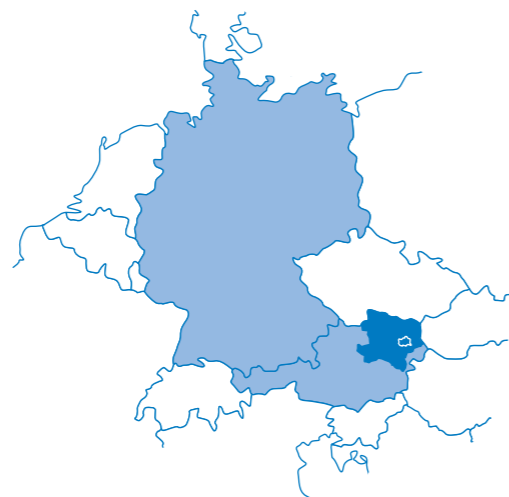
### SPECIALIST MORTGAGE BANK

Low-risk business model

- Conventional and social infrastructure
- Multi- and single-family residential housing
- Real estate projects

## Strong player in Lower Austria and Vienna

- Home market: Lower Austria and Vienna
- Core market: Austria and Germany
- Also targeted: selected EU markets



## PERFORMANCE METRICS

**0.85%**

NPL ratio

**19.35%**

CET1 ratio

**A (stable)**

S&P issuer credit rating

**Aa1**

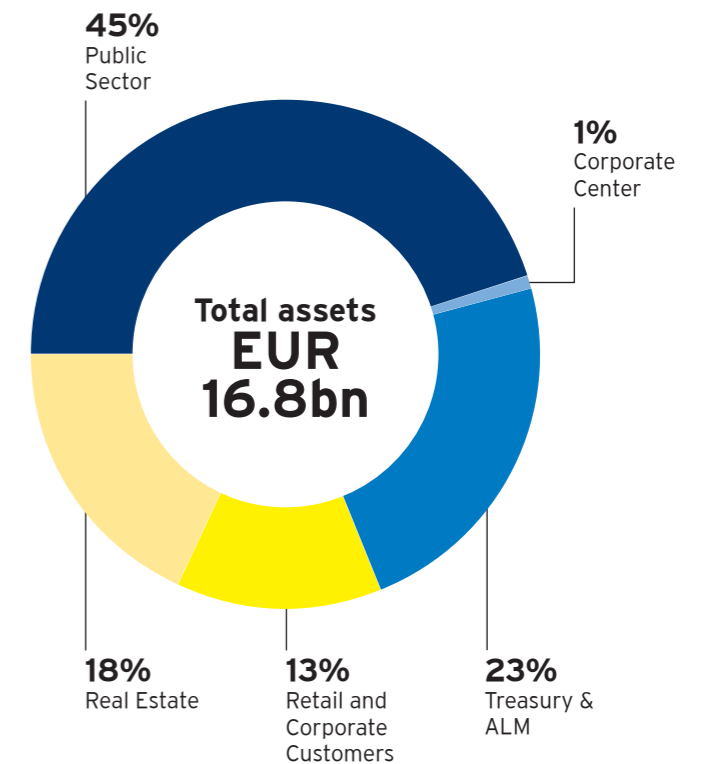
Moody's covered bond ratings

**Prime**

ISS ESG rating

## The HYPO NOE Group's business segments

Assets as at 31 December 2021



## HYPO NOE's strategy

### GROUP STRATEGY

#### Organic growth

- Focus on core business
- Emphasis on Austria and Germany

#### Digitalisation

- Best-in-class core products
- Partnerships for add-on products

#### Profitability

- Growth and diversification of core income streams
- Maintaining a conservative risk and capital profile

### ESG STRATEGY

#### Financing projects that add value for society

- Green housing and social infrastructure
- Ethics guidelines and business principles

#### Responsible employer

- Preventive healthcare for employees
- Professional and personal development

#### Reducing the Group's environmental footprint

- Environmental and climate strategy (Klimaaktiv Pakt participation)
- Sustainability working group

# Sustainable and family-friendly projects



HYPO NOE also has future generations in mind when it comes to the special design of its savings products.

FEBRUARY 2021

## Green accounts for private customers

Launched in February, the green current account and three green savings accounts - including one with instant access to deposits - give HYPO NOE customers the opportunity to do their bit for climate protection. Deposits are earmarked for financing of energy and municipal infrastructure projects as part of our work to combat climate change.

MARCH 2021

## Top marks for sustainability

In spring 2021, HYPO NOE Landesbank was assessed by Moody's subsidiary Vigeo Eiris (V.E), and achieved 52 points, earning it a 'robust' rating. This was the best

performance in Austria among the peer group of nine retail and specialist banks, and the second-highest score of any of the 14 Austrian banks evaluated by V.E.



APRIL/SEPTEMBER 2021

## Certified family-friendly

In April, HYPO NOE was awarded a berufundfamilie (Career and Family) audit certificate. Additional measures aimed at facilitating a better balance between work and family commitments will be implemented in the three-year period following the audit process. HYPO NOE was named a Leading Employer in September, officially placing it among the top one percent of all employers in Austria.



HYPO NOE Management Board members Wolfgang Viehauser and Udo Birkner are proud to be at the helm of a leading employer.



The newly designed flagship branch in the centre of Vienna provides a fitting setting to ponder life's bigger decisions.

MAY 2021

## Bank branch makes a statement

Moss ceiling, real stone walls and eco-friendly materials: opened in May, the HYPO NOE branch on Wipplingerstrasse now emanates a cosy ambience following a full refurbishment. It also creates the ideal space for personal customer consultations.

JULY 2021

## Climate protection promotion pact

In summer, HYPO NOE officially signed up to the Federal Climate Action Ministry's klimaaktiv Pakt. By participating, it has made a formal pledge to reduce the Group's greenhouse gas emissions by at least 50% by 2030 (benchmark year: 2005). In all, eleven major Austrian corporations have qualified for inclusion in this ambitious undertaking.

Wolfgang Viehauser added his signature to confirm HYPO NOE's official participation in the klimaaktiv Pakt 2030.



The summer concert for customers and partners is a long-standing tradition at HYPO NOE.

JULY 2021

## Gone with the wind in Grafenegg

After a Covid-enforced hiatus last year, Lower Austria's Tonkünstler Orchester returned in style for its traditional summer concert. More than 1,100 guests took up HYPO NOE's invitation to attend

the concert featuring unforgettable melodies from a host of Hollywood classics including Gone with the Wind, Casablanca and Once Upon a Time in America.



#### MANAGEMENT BOARD APPOINTMENTS RENEWED

Wolfgang Viehauser, Management Board Member Markets and Speaker of the Board, and Udo Birkner, Management Board Member Finance, Risk & Operations, were reappointed for a new five-year period in March 2021. Supervisory Board Chairman Günter Ofner called the successful team "outstanding professionals who have headed the institute superbly and played a significant part in its development in recent years". According to Lower Austrian state councillor for finance and owners' representative Ludwig Schleritzko, the Bank is "on an extremely sound footing going forward" thanks to the Board members, whose "prudent management" had guided the Group through the difficulties posed by the Covid-19 crisis.

## Strong performance

**CRISIS-PROOF.** Management Board Member Markets and Speaker of the Board Wolfgang Viehauser and Management Board Member Finance, Risk & Operations Udo Birkner talk about the effects of the pandemic, signing up to the klimaaktiv programme and future digitalisation plans.

**2021 was yet another eventful year in many different ways. How would you assess HYPO NOE's performance during the period?**

WOLFGANG VIEHAUSER: In spite of the challenges we faced, we managed to not only match but improve on last year's solid results. Our performance in 2021 fits in seamlessly with positive trend we set in motion with the Fokus 25 organisational development process. We enhanced core earnings yet again thanks to our strong customer business, and in parallel we also succeeded in boosting efficiency.

UDO BIRKNER: A strong balance sheet laid the foundations for our operations once again in 2021. Liquidity remains solid, and we further enhanced the high quality of our assets and our capital adequacy. Very prudent growth as well as continuous, incremental and tangible improvements in profitability have certainly been the key to achieving this. This has enabled us to generate additional capital, paving the way for further organic growth.

**We've been in an exceptional situation for the past two years now, due to Covid-19. What impact has the pandemic had on HYPO NOE so far?**

BIRKNER: If our most recent results tell us anything, it's definitely that to date, we've come through the crisis in exceptionally good shape. This reflects our decision to set up a crisis team right at the very start of the pandemic in spring 2020, and building on those foundations we took all the right decisions – that's also true in hindsight. What's more, the pandemic has again underlined the intrinsic resilience of our business model. Around four-fifths of our balance sheet is accounted for by infrastructure and housing finance, which has always been highly resistant to external influences throughout the economic cycle. The NPL ratio for this portion of our assets was

only 0.06% at 31 December 2021. The decision to refocus our core market on Austria and Germany made a significant contribution in this respect, because this means we conduct the majority of our business in very strong and stable markets.

**To what extent did the Fokus 25 organisational development process influence performance?**

VIEHAUSER: Now we are seeing that our thinking back in 2018 was absolutely spot on. We've sharpened our strategic focus and given priority to the business lines where we are convinced that we can secure a strong market position in the long run: infrastructure, housing construction and corporates. "Do a lot of what you're good at, and consciously avoid things that aren't among your strengths" – put simply, that's the guiding principle behind our strategy. Thanks to its clear focus, HYPO NOE brings an unbelievably high level of expertise to the table – and our customers recognise this. The very stable evolution of our results – especially now in the midst of the pandemic – ought to be evaluated against this backdrop.

**Environmental, social and governance or ESG factors also play a part in HYPO NOE's strategy. You joined the Austrian Climate Protection Ministry's klimaaktiv Pakt in 2021. What were the reasons behind that decision?**

BIRKNER: Actually, we're very familiar with ESG already. In our role as a publicly owned mortgage bank, we have been making a decisive contribution to the sustainable development of our region for more than 130 years, mainly by providing finance for social infrastructure and affordable housing. Based on this philosophy, we have defined ambitious climate protection goals. When it came to joining the klimaaktiv initiative, the main aim was to maximise credibility and transparency both inside and outside the Group. Attainment of our target of reducing our greenhouse gas emissions »

» by at least 50%\* compared with 2005 is assessed by an independent external body every year. We're very proud that the Group was accepted as a klimaaktiv signatory. This means we are one of 11 flagship companies in Austria that are taking measurable steps aimed at protecting the climate.

**Banks play a crucial role in transforming society and the economy by extending loans. How are ESG considerations rooted in HYPO NOE's core business?**

VIEHAUSER: Due to our business model, the lending portfolio contains a large proportion of loans that generate added value for local communities. We want to gradually increase this share, and help to create a cleaner environment and a

\* According to klimaaktiv Pakt 2030

**"We're highly satisfied with the Bank's performance."**

Wolfgang Viehauser



**Wolfgang Viehauser:**  
"We want to help create a cleaner environment and a more equitable society by means of new lending."

more equitable society by means of new lending. This is why we introduced strict exclusion criteria many years ago - they represent the initial step of determining who we can enter into business relationships with. Besides that, we've come a long way in the past few years: after issuing our first green bonds and launching specially designed savings and current account products, in 2021 we expanded the wohnrechner.at tool to include renovation. Users can now calculate the CO<sub>2</sub> footprint of a house before and after renovations in just a few simple steps. Last year, we also introduced green mortgages that offer benefits for customers depending on the heating energy demand of their property.

**Turning to digitalisation - can you give us an update on the steps you've taken?**

VIEHAUSER: When it comes to digitalisation, we're pursuing a clear strategy. For our core products, we're focused on best-in-class solutions for in-house digital developments, while with complementary products we look to enter into partnerships so that we can offer our customers the leading solutions on the market and increase net fee and commission income. Real estate finance is our core product. Here, we've introduced a unique service in the shape of the Wohnrechner tool. At the moment, our agile teams are working hard to develop a fully digital mortgage, in line with our strategy. We're confident that we will soon have a solution that boosts the efficiency of banking operations and is also attractive for customers. What's more, a new partnership in the securities business means that our certified securities advisers can give customers access to an extensive new investment universe.

**"We're very proud that the Group was accepted as a klimaaktiv signatory."**

Udo Birkner



**Udo Birkner:**  
"The pandemic has again underlined the intrinsic resilience of our business model."

**Is digitalisation now an absolute must if a bank wants to remain competitive?**

BIRKNER: It's certainly not an end in itself. Our digitalisation strategy isn't just driven by the desire to boost efficiency; we always have an eye on the customer side as well. Every digital solution has to enhance the efficiency of banking operations while at the same time generating clear added value for customers. This is the only way we can achieve broad acceptance and, in turn, ensure the long-term success of new digital products and solutions. But obviously, speed and flexibility are becoming increasingly important in a rapidly changing world, and banking is no different. This is why we are taking action on the digitalisation and automation front, so that ultimately our relationship managers have more time for what really matters: providing our customers with comprehensive, high-quality consulting services.

**Let's finish by looking ahead to the future. What are your targets for HYPO NOE in the medium term?**

VIEHAUSER: We're highly satisfied with the Bank's performance in recent years, especially during the pandemic. We will continue to systematically enhance our more precise strategy in line with Fokus 25. We want to carry on diversifying the business model, with a focus on our core competences, and we will also take steps to strengthen our position on the market. These moves are

designed to achieve further increases in profitability without undermining our conservative risk and capital profile.

BIRKNER: The keyword here is definitely evolution. Based on the course we've plotted with Fokus 25, we want to evolve steadily and make continuous improvements in our core business. Our latest results show we are moving in the right direction and reflect this incremental improvement, both in terms of profitability as well as risk and capital. Along with all of our employees, we are working diligently and taking systematic steps to position HYPO NOE as Austria's leading bank for infrastructure, housing construction and corporates. ■

# Renovating for the environment and the bottom line



**Q&A WITH**  
**Heimo Bürbaumer, Head of Expertise at the Energy and Environment Agency of Lower Austria (eNu)**

**How and why did eNu support the wohnrechner.at project?**  
We developed the CO<sub>2</sub> coach, a tool that people can use to find out where they can save energy and cut CO<sub>2</sub> emissions for the good of the environment thanks to a handful of revealing indicators. In a second step, the tool provides definitive information on prospective environmentally friendly building measures, such as installing a new heating system. We were more than happy to share this expertise with HYPO NOE for its Wohnrechner project cost calculator. After all, just knowing where work needs to be done is not enough. It needs to be implemented - and for that, the necessary financing has to be in place.



**FINANCING THAT DREAM HOME.** HYPO NOE’s innovative online housing construction and renovation calculator gives users a rapid insight into the costs associated with their project, including information on monthly repayments and details of the environmental benefits generated by any improvements.

An ageing oil central heating system, draughty windows or a roof that has seen better days? Although renovating a property can often be a costly undertaking, it definitely pays off - from an environmental perspective, too. “First of all, homeowners should take a look at the shell and see just how much heat the building is losing through poor insulation alone. There are a lot of gains to be leveraged here, in particular,” says Matthias Förster, Head of Sales Strategy & Digitalisation at HYPO NOE.

And to smooth the path for customers looking to complete their own renovation projects, in 2021 HYPO NOE added a renovation project calculator to its tried-and-tested loan calculator feature with the support of the experts at the Energy and Environment Agency of Lower Austria. As Förster notes, the new online tool is the perfect foil to HYPO NOE’s sustainability strategy: “We want to give people the confidence to move forward with their renovation plans, while also doing our bit for climate protection.”

“The renovation calculator not only gives homeowners an idea of the costs involved in their project and whether it is affordable, they also receive information on potential money savings and reductions in CO<sub>2</sub> emissions, illustrated in terms of return flights between New York and Vienna,” explains Martin Draxler,

who headed the wohnrechner.at project at HYPO NOE. “If desired, we can also provide a detailed loan offer based on the user’s precise specifications.”

**Monthly repayment overview in just a few mouse clicks.** Launched in October 2020, the online loan calculator (wohnrechner.at) gives users an overview of all the costs associated with buying or building a property in just a few steps, alongside information on future mortgage repayments. “Lots of people tend to overlook incidental costs or fail to budget for furniture when buying a property. But this tool really does take everything into consideration,” Draxler explains. In its first year, it was used to cost more than 22,500 projects. ■

**“Although renovation projects often cost a lot of money, they also increase the value of a property while helping to cut energy costs considerably - and that’s before the environmental benefits come into it.”**

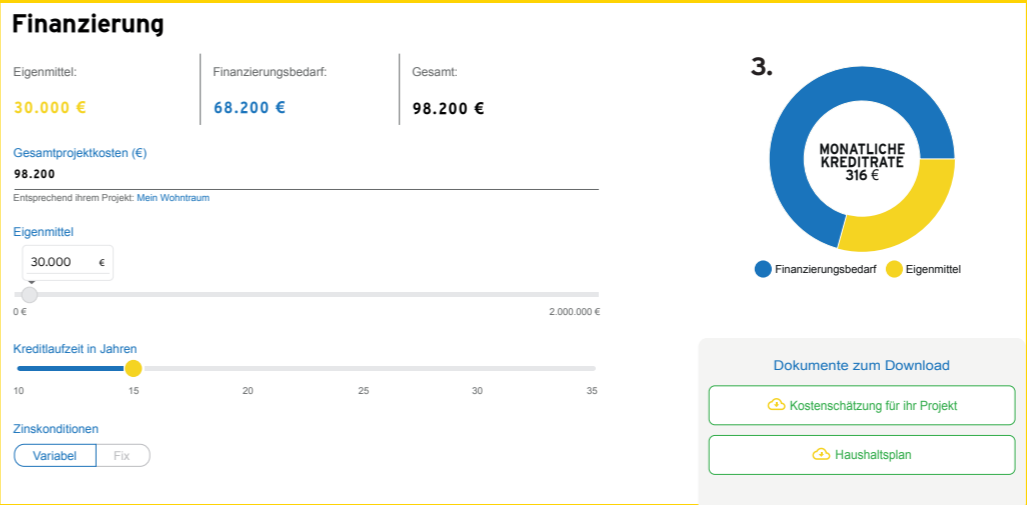
**Matthias Förster, Head of Sales Strategy & Digitalisation at HYPO NOE**

# Case study: the Huber family

Mr and Mrs Huber live in a small village in Lower Austria. They share their 160 square meter bungalow with their children Hanna and Emil. Built in 1975, the house is heated with a 25-year-old oil central heating system. The couple have been thinking about renovating their home for a long time: above all, they want an environmentally friendly alternative to heating the property as well as proper insulation. And the ill-fitting windows need to be replaced. Specifically, they want to buy a new wood pellet boiler with room ventilation, refurbish the facade and replace the windows and front door. The ceiling cavities and the cellar ceiling also need to be insulated.

**Affordable or not?** The HYPO NOE refurbishment project calculator gives the Hubers an at-a-glance overview of whether they can afford it. The first price check reveals that they will need a budget of EUR 98,200. The couple can afford to pay EUR 30,000 of the total from their savings. Mr and Mrs Huber can finance the remainder of the project thanks to a loan with monthly repayments calculated at EUR 316 over the next 15 years. “We can manage that comfortably,” they confirm with relief.

## BEFORE AND AFTER: FROM AMBER TO GREEN



## ECO-BONUS

Because the refurbishment project will cut the heating energy requirement by more than 50%, the Huber family qualifies for HYPO NOE's green mortgage product and will also get EUR 100 off the contract fees.

Like this black pine growing on the Peilstein in Lower Austria, HYPO NOE is perfectly equipped to weather extreme situations.



# Resistance in its genes

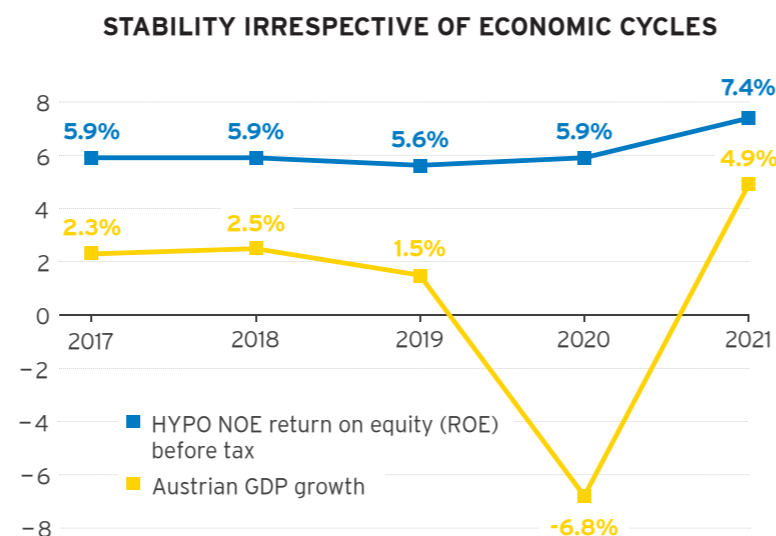
**IDEALLY PLACED.** HYPO NOE's solid, low-risk business model continued to pay dividends during the pandemic.

Originating from the world of psychology, the German term "resilienz" refers to a person's ability to emerge from extreme situations without any lasting impact. With usage long since extended to ecosystems and companies, it can now be found everywhere, especially in relation to the Covid-19 pandemic at the moment.

At HYPO NOE, this kind of toughness in the face of challenging situations is deeply ingrained in the Group's DNA and business model: in this regard, the focus on infrastructure and housing finance pays off particularly in times of crisis, with this segment always proving highly stable irrespective of economic cycles. As a result, the Lower Austrian state bank reported solid results even in these challenging times - demonstrating its inherent resilience once again.

**Focus on stability.** The robustness that has been a distinguishing feature of HYPO NOE since 1888 is reflected not only in the Group's stable performance, but also in the outstanding quality of its loan portfolio and strong market capitalisation - both of which

it wishes to safeguard. In response, it launched the Fokus 25 organisational development programme in 2018, with an emphasis on its core competences of infrastructure, housing construction and corporates. In line with its more precisely defined strategy,



## REFINANCING AT HYPO NOE LANDESBANK: FACTS AND FIGURES

- Annual capital market funding requirement of about EUR 1bn
- One of Austria's largest covered bond issuers
- Benchmark bond issues - secured and unsecured
- Issuer of green bonds
- Diversified refinancing sources thanks to solid customer deposits

## SERVICE

Visit our new Investor Relations website at [ir.hyponoe.at/en/](https://ir.hyponoe.at/en/), where you can also sign up for our investor newsletter. If you have any questions, you can reach the Investor Relations team at [investorrelations@hyponoe.at](mailto:investorrelations@hyponoe.at).

HYPO NOE aims to further increase profitability, optimise its business model and drive forward digitalisation and the core sustainability topics of environmental and social responsibility as well as good corporate citizenship by 2025. ■

**"HYPO NOE will continue to base its strategy on organic growth in its core business, digitalisation and further increases in profitability. This will be backed up by its conservative capital and risk profile."**

Udo Birkner, Management Board Member  
Finance, Risk & Operations

## Strong and stable ratings

HYPO NOE's low-risk business model - coupled with a commitment to social and environmental responsibilities that goes beyond the norm - has regularly earned the Group top rankings from respected international rating agencies.

### CREDIT RATINGS

#### S&P

Standard & Poor's currently gives HYPO NOE a solid single A rating with a stable outlook.

**A (STABLE)**

#### MOODY'S

Moody's left its rating of HYPO NOE's public sector and mortgage cover pools unchanged at Aa1.

**Aa1**

### SUSTAINABILITY RATINGS

#### SUSTAINALYTICS

In February 2021 HYPO NOE reported yet another improvement in its Sustainalytics result. The score of 22.9 ranked it among the top 15% in its peer group (Diversified Banks) at the time of the assessment.

**22.9**  
(MEDIUM RISK)



#### IMUG

HYPO NOE has achieved above-par imug ratings for years. In March 2020 the Group built on previous successes once again, achieving a second place finish for its peer group (Savings banks).



**BB**  
(POSITIVE)

#### ISS ESG

ISS ESG has awarded HYPO NOE Prime status since 2016. In March 2020 the Bank's rating was upgraded from C to C+, earning it first place in Austria and fourth place internationally in its peer group (Public & Regional Banks).



#### VIGEO EIRIS (V.E)

In March 2021 HYPO NOE achieved 52 (of 100) points in the Vigeo Eiris rating scale, earning it top spot in Austria in its peer group (Retail & Specialised Banks).

**VE 52**  
(ROBUST)

#### DZ BANK

HYPO NOE has held the DZ Bank sustainability seal of approval since 2020.



# Ethical business practices

**STRICT RULES.** Financing projects that add value for society, fulfilling its responsibilities to its employees, reducing its carbon footprint: these are the three pillars that form the basis for HYPO NOE's sustainability efforts.



Working in the name of climate protection:  
Management Board Member  
Markets Wolfgang Viehauser,  
Federal Minister for Climate  
Action Leonore Gewessler,  
Claudia Mikes (Head of  
Rating/ESG)

## Q&A WITH Claudia Mikes, Head of Rating/ESG

**Why is HYPO NOE participating in the klimaaktiv Pakt?**  
We had already set ourselves binding reduction targets for 2025 as part of our environmental and climate strategy. They related to mobility, buildings, energy and waste. And now as a participant in the klimaaktiv Pakt we have set a number of other ambitious targets for 2030. We are proud to be one of just 11 Austrian flagship companies that have pledged to halve greenhouse gas emissions by 2030 – compared with 2005 – under the pact.

As a publicly owned bank, HYPO NOE has a special responsibility to its stakeholders, society and future generations. In light of its standing, HYPO NOE has implemented clear ethics guidelines and business principles that apply to all of its operations. These comprise inclusion and exclusion criteria, which are the basis for initiating new business throughout the Group. In this way the Bank ensures that all Group companies only enter into business relationships that are compatible with its philosophy and its focus on sustainability.

**Environmental and social awareness.** HYPO NOE supports the areas that in its view deliver the greatest benefits to society, such as social and environmentally friendly housing, as well as education and health sector projects. This policy specifically excludes finance for nuclear and coal-fired power plants, the arms and tobacco industries and activities that are at odds with EU animal welfare guidelines.

HYPO NOE is also committed to achieving a raft of national and inter-

national climate targets, and as a participant in the klimaaktiv Pakt 2030 has pledged to continuously reduce its carbon footprint (see page 17). Another of the Group's focuses is on fulfilling its responsibilities to its employees (see page 18-19). ■

## “We are ambitious”

**FUTURE PLANS** Alexander Schmauss, Head of Facility Management & Security, talks about ongoing and future climate protection measures at the Group.

**As a participant in the klimaaktiv Pakt, you had to present a climate protection plan for the company. What does it include?**

ALEXANDER SCHMAUSS: The plan centres on four main areas: we want to significantly reduce greenhouse gas emissions, increase energy efficiency considerably, accelerate the expansion of renewables, and raise employee awareness through training and consulting.

**How does that fit in with the Group's sustainability strategy?**

A company's ecological impact is a defining element. Since we published our first sustainability report in 2013, we have focused on measuring, managing and reducing our environmental footprint. In 2015, we adopted the ISO 50001 standard to promote efficient energy management, going on to achieve ISO 14001 environmental certification in 2019. Those were the key milestones on the road to making the Group more environment-friendly. Continuous monitoring also helps

us to underline the credibility of our sustainability activities.

**Which measures have already been implemented?**

When it comes to the company fleet – which we have cut from around 200 to just 40 vehicles since 2015 – we have set CO<sub>2</sub> limits and implemented incentives to expedite the changeover to e-mobility. Company cars are gradually being replaced with hybrid and electric alternatives. 2016 saw the Group make the transition to carbon-neutral renewable electricity at all locations. Digital mail saves time as well as resources and paper. And, on top of that, there are various measures designed to reduce our footprint, including a changeover to eco-friendly cleaning materials and the decision to replace all of our coffee capsule machines.

**And what else are you planning?**

In the next few years, we will be expanding the photovoltaic array at the headquarters and taking steps

to optimise the cooling system. The redesign projects planned at 10 branches will also have a very strong environmental focus. We are planning operational sustainability courses for employees and technicians. As far as CO<sub>2</sub> emissions are concerned, we have already achieved a 50% reduction since 2015. And as part of our participation in the klimaaktiv Pakt, we are committed to cutting the total in half once again. We are ambitious: in reality, we want to reach 80% by 2030. ■



Alexander Schmauss,  
Head of Facility  
Management &  
Security

## COMMITMENT TO THE UN SUSTAINABLE DEVELOPMENT GOALS

HYPO NOE made a significant contribution to achieving the UN Sustainable Development Goals in 2021.



- Financing of infrastructure projects with a focus on health and education
- Financing of renewable energy and energy efficiency measures
- Financing of public infrastructure and sustainable housing projects
- Green bond with a focus on green buildings
- Expansion of the portfolio of certified green financial products
- Fine tuning and ongoing definition of exclusion criteria for Group operations

- Comprehensive health management/occupational health and safety management
- Comprehensive training and education opportunities
- Membership of the Diversity Charter initiative
- berufundfamilie certification
- Working arrangements in step with various life phases: part-time work, working from home, flexitime agreements

- ISO 14001-certified environment management system
- Group environmental and climate strategy
- klimaaktiv Pakt 2030 partner
- Extension of the photovoltaic system on the roof of the St. Pölten HQ
- Continuous reductions in CO<sub>2</sub> emissions from the Group's vehicle fleet: greening of the car policy

# Rewarding jobs

**EFFECTIVE MANAGEMENT.** We talk to Petra Fritscher, Head of Human Resources Management, HR and Organisational Development, and Works Council Chairman Franz Gyöngyösi about the ideal working environment, the proportion of managerial positions currently held by women, and the challenges that the future holds.

## What makes an employer attractive?

PETRA FRITSCHER: The most important factor is creating a workplace that is defined by respect, equality, trust and mutual support between employees. In line with our corporate value of adopting a collaborative approach, we believe that these parameters are hugely important at a time when everyday life and work are changing so rapidly, because employees feel well looked after.

Held in October 2021, the Zukunftswerkshop Frauen event for female employees is aimed at increasing the number of female managers



FRANZ GYÖNGYÖSI: On top of that, it's vital that employees have personal development opportunities and they receive support during different life phases, with options like part-time working models. Attractive employers also need to convey a sense of security. And we score highly in that regard thanks to our stable ownership and financial indicators.

## How have employees' needs changed over time?

FRITSCHER: It is increasingly important for people to have a sense that their work is meaningful. That's especially true for younger generations. This fits perfectly with our role as the bank for the state of Lower Austria, because we make a major contribution to social and personal development in the region, and we take the topic of sustainability very seriously.

GYÖNGYÖSI: Ten or twenty years ago, the focus was on salaries and promotion opportunities. Now, flexible working arrangements are more important and an expert career is an attractive prospect.

## What does HYPO NOE already do particularly well?

FRITSCHER: We offer a very good range of training and development programmes, as well as structured development interviews, where managers can pinpoint the next steps in their career. We have also fully restructured our leadership programme as part of the Fokus 25 organisational development process, in order to promote approaches where employees have a very high degree of independence. Here, managers act as enablers and coaches. HYPO NOE is also extremely flexible when it comes to working hours, so it can satisfy employees' needs. The 'Family-Friendly Company' and 'Leading Employer' awards - and many others - show that we're moving in the right direction.

GYÖNGYÖSI: Compared with other banks, the collective agreement puts us in a very strong position and we're proud of our generous flexitime arrangement. Workplace health promotion is another key factor. At the moment, we're installing height-adjustable desks in all offices. We also offer subsidies for fitness

programmes, additional health insurance and vaccinations. For many years, all employees have been able to obtain free, anonymous advice on problems at work or at home from our partner Consentiv.



**"A strong balance between work and private life enhances motivation and employee satisfaction."**

Head of Human Resource Management  
Petra Fritscher



This year, the Works Council provided staff with free TheraBand resistance bands, part of the "Pulling in the Same Direction" initiative (pictured: Franz Gyöngyösi)

## Where do you see room for improvement?

FRITSCHER: At the moment, about 20% of managers at HYPO NOE are women. In the long run, we want to have equal numbers of male and female managers. This is why we launched the frauen@hyponoe (women@hyponoe) initiative at the start of 2021. We want to enhance women's career opportunities through targeted measures such as mentoring programmes for female high potentials, as well as networking events.

GYÖNGYÖSI: The option of working from home certainly makes it easier to balance work and family commitments. Having said that, we also want to address the individual challenges facing our people in greater depth. For example, there are significant differences between the various federal states in Austria in terms of childcare availability.

## Where do you see the biggest challenges further down the line?

FRITSCHER: In the near term, it's a question of how we can create a hybrid working culture that generates synergies between working from home and in the office, and also safeguards our attractive work climate.

GYÖNGYÖSI: And we need to look at the shortage of specialist employees, which is also affecting our industry. Addressing this problem calls for new concepts and approaches. ■

## AWARDS

### An outstanding place to work

#### Leading Employer

The assessment looked at 40,000 Austrian businesses and 700,000 items of data from 200 sources worldwide - so clearly, the chances of securing the Leading Employers accolade as a top employer are fairly slim. But at the first attempt, HYPO NOE was ranked among the top 1% of businesses in Austria. In order to build up a realistic picture, the independent assessment of each employer's quality takes in a range of viewpoints, including those of employees, auditors and the media.

#### Career and Family audit

In July 2020 HYPO NOE launched an internal organisational development process designed to lead up to the berufundfamilie (Career and Family) audit. The Group's efforts to enhance the workplace and make HYPO NOE a healthier, more flexible and family-friendly place to work were rewarded with basic certification in April 2021. As part of the audit, HYPO NOE made a commitment to continuously improve its employees' work-life balance.

#### Diversity Charter

Integration is central to HYPO NOE's corporate culture - discrimination and harassment have no place here. The Group sees differences in employees' cultural backgrounds, specialist knowledge and perspectives as a valuable asset. For this reason, HYPO NOE is also a signatory of the Austrian Federal Economic Chamber's Diversity Charter. The initiative is designed to promote respect for all members of society, regardless of their gender, age, background, sexual identity, outlook or disabilities.



# Revitalising town centres

**NON-PROFIT HOUSING PROJECT.** Housing cooperative SG Pielachtal is behind a residential and commercial development that includes a medical centre in the heart of Ober-Grafendorf. HYPO NOE is the financing partner.



Business premises, housing estates and new roads: every year, 42 square kilometres of farm land and green spaces – an area the size of Eisenstadt – are irretrievably lost to make way for construction projects like these. And this has dramatic consequences: concrete and asphalt surfaces increase the risk of flooding, make towns and cities hotter, and reduce the availability of natural recreational spaces. This is why non-profit housing associations are focusing instead on “densifying” space in residential areas – which in

turn breathes new life into neglected town centres.

**Special state subsidies.** Non-profit housing association SG Pielachtal jumped on this green bandwagon, building a residential and commercial property in the centre of Ober-Grafendorf (in the St. Pölten-Land region). “Rejuvenating town centres is a key objective for the State of Lower Austria, so we obtained special subsidies from the town centre revitalisation scheme for the development. The project

## FACTS AND FIGURES

- **33 subsidised rental apartments** of between **55 and 90m<sup>2</sup> with balcony, terrace or garden**
- **7 commercial units** on the ground floor (bank, chemist, hairdresser, clothing alterations, medical supplies store, post office partner, catering outlets)
- **Medical centre** with three surgeries
- **78 underground parking spaces**
- **Construction costs:** approx. EUR 9m

also qualifies for higher housing subsidies due to the assisted living apartments,” says Thomas Ebner. As a long-serving housing adviser at HYPO NOE, Ebner supports projects like this with his financing expertise and extensive knowledge of subsidy programmes.

## Amenities just around the corner.

Completed in November 2021, the development in Ober-Grafendorf (population: 4,600) includes 33 subsidised rental and owner-occupier apartments, several commercial units, and a medical centre that will be operated by the local council. Eight apartments are assisted living facilities for elderly residents. “As some of the residents are pensioners, the local council and the housing association focused on minimising the distances to local shops and the medical centre,” Ebner comments. Another plus point is the 78-space underground parking facility, which will reduce the burden on the town square.

The total cost for the project is around EUR 9 million, and HYPO NOE extended a 30-year, EUR 3 million loan, which was supplemented by a subsidised home loan of EUR 5.3 million. The remainder was covered by SG Pielachtal’s own funds. The main challenge associated with the financing was the mix of different uses, explains Thomas Ebner: “Obviously, completely different rules apply for the various types of subsidy.” ■

## COMMENT

### Ideal partners: non-profit housing and HYPO NOE

When it comes to providing affordable living space for as many people as possible, the Austrian system of social housing construction, non-profit housing associations and housing subsidies serves as a model for the rest of Europe. In 2021 alone, HYPO NOE extended financing of around EUR 345 million for affordable housing. Social housing developments and the associations behind them are ideal partners for the Bank. The reasons speak for themselves:

- **Good cause:** HYPO NOE is fully owned by the State of Lower Austria and supports its strategy of working for the common good. High-quality, affordable housing is vital in order to ensure decent living conditions. For this reason alone, social housing finance fits perfectly with the Bank’s portfolio.
- **Strict rules:** Non-profit housing is subject to the Wohnungsgemeinnützigkeitsgesetz (Non-profit Housing Act) and the housing subsidy regulations. These high social and environmental standards are another reason why this business is so important for HYPO NOE.
- **Pioneers:** Non-profit organisations such as housing associations are often the driving force behind new innovations. For instance, the not-for-profit sector was responsible for the first low-energy and passive houses. They are also one step ahead when it comes to eco-friendly insulation using materials such as straw and hemp.
- **Reliable partner:** Non-profit housing associations date back to the mid-19th century. These long-established partners are crisis-proof and have excellent credit ratings – a point that has been underlined during the current pandemic.



**Michael Swoboda,**  
Head of Housing  
Development



## Q&A WITH Rudolf Schöbinger, Chairman of SG Pielachtal

### Why did you choose HYPO NOE to finance the Ober-Grafendorf project?

We spoke to five banks and HYPO NOE simply made the best offer. That made it a very easy decision for us. We’ve already implemented several projects with HYPO NOE and always been fully satisfied with their work.

### THREE QUESTIONS FOR...

**Architect Ursula Schneider (pos Architekten) on designing the Heidemarie Lex-Nalis campus in Vienna's Simmering district**

#### How is designing a school campus different to other construction projects?

A campus like this is much more complex than a residential or office property. We had to take various standards into account, as well as numerous municipal department regulations. On top of that we need a wide range of fixtures and fittings for the many different uses.

#### What did you find particularly challenging?

With an educational facility, it's always a question of installing ventilation, air conditioning and lighting that keeps energy consumption and maintenance costs to an absolute minimum. Sustainability is a priority for the City of Vienna, so we can do lots of things that wouldn't be possible elsewhere. Here at the campus, our energy comes from groundwater, geothermal and solar power.

#### What makes the Rappachgasse site so unique?

It's a difficult plot of land to work with because it's severely restricted on all sides: by the rail tracks, a busy road, an elevated sewer pipe and a district heating pipeline that runs under the site. But it's also quite poetic, because there used to be a branch of the Danube here, as well as the boundary of a former residential site. That's why the building is designed to resemble a ship in a wetland forest with jetties.



**Architect  
Ursula Schneider**



The two school campuses (pictured: Heidemarie Lex-Nalis campus) are due for completion in July 2023. The construction costs are around EUR 100m.

## Building for the future

**PUBLIC-PRIVATE PARTNERSHIP.** Two new school campuses for a total of 2,200 children and young people are currently taking shape in Vienna. HYPO NOE Leasing is responsible for the financing, construction and operation.

At the moment, cranes rule the roost, but soon they will make way for children learning and playing. Two new schools for a total of 2,200 boys and girls from the city are due for completion by 2023 in Vienna's 10th and 11th district.

HYPO NOE Leasing - the co-founder of the project company - has a special role to play in the developments. As a member of the consortium that submitted a tender to the City of Vienna for this public-private partnership (PPP), HYPO NOE Leasing has overall responsibility for construction of the buildings, operation of the nurseries and schools, and of course the financing. The HYPO NOE Group first assumed this role for the construction of the Aron Menczer and Liselotte Hansen-Schmidt campuses

### NEW PLACES TO LEARN

The two campuses, on Rappachgasse in Vienna's Simmering district and on Landgutgasse in Favoriten, are scheduled for completion by autumn 2023; they will have places for 825 and 1,375 pupils respectively. The Heidemarie Lex-Nalis campus (Simmering) will have space for 12 toddler and nursery groups, a full-day primary school with 17 classes, and various facilities for education, sports and arts and crafts. The Landgutgasse campus will comprise a nursery with 12 groups, a full-day primary and middle school with a total of 29 classes, four prevocational groups, and a music school.

(in Vienna's third and 22nd district respectively), both of which are due to open this year.

#### Trusted partners

"I was very fortunate because I could draw on the experience we gained from the first project," says Birgit Engel, a PPP expert who joined the HYPO NOE Leasing team in April 2020. Comprising Strabag Real Estate, building services engineering specialist Caverion Austria, as well as Strabag AG alongside the HYPO NOE Group company, the consortium won the contract in an EU-wide tender process. HYPO NOE Leasing's partners are responsible for the trouble-free construction and smooth operation of the facility under back-to-back contracts. Debt financing was again provided by the European

**"HYPO NOE is a key partner for local authorities. Not just in terms of financing, but also when it comes to delivering innovative solutions to the challenges currently facing local councils."**

**Alfred Riedl, President  
of the Association of  
Austrian Municipalities**

### DID YOU KNOW THAT...

**...financing social infrastructure such as schools, hospitals and housing has been one of HYPO NOE's core competences for many years?**

Green buildings, which meet high social and environmental standards, play an important part in this respect.

**...besides the federal and state governments, HYPO NOE's clients also include over 700 local authorities?**

The Group's strategic goals include providing finance to towns, cities and municipalities outside its home market of Lower Austria. For instance, the Bank has funded renovation work and new builds for the Schulerhalterverband schools association in Hittisau (Vorarlberg).

**...with total assets of more than EUR 2 billion, HYPO NOE Leasing is the market leader in real estate leasing for the public sector?**

With this type of financing, only the lease payments made during the term of the agreement are reported. This is an important consideration due to the European Maastricht criteria, which place strict limits on budget deficits.

**...HYPO NOE also provides administrative services for housing construction loans?**

Responsible for about 250,000 loans, the Bank is the largest provider of such services in Lower Austria.

**...religious bodies and interest groups have also benefited from HYPO NOE's expertise over the years?**

The Bank has financed projects such as the renovation of the Baroque Sonntagberg basilica and the Heilandskirche Evangelical church in Krems.

# Energy-efficient collaboration

**POTENTIAL SAVINGS.** A new partnership between HYPO NOE and Linz-Energieservice GmbH (LES) is helping corporate customers to make the transition to eco-friendly, renewable energy.

Fully owned by Linz AG, LES supports businesses that decide to install climate-friendly, energy-saving building utilities. LES's experts analyse the current situation, identify building services that consume large amounts of energy and implement bespoke solutions such as installing high-efficiency LED lighting, photovoltaic arrays and/or modern HVAC systems. Operating as a one-stop shop, the company's services extend from planning and execution to subsidies management and financing.

**Wanted: finance partner. Look no further...**

In order to incorporate suitable financing plans into its service package, LES decided to team up with an expert banking partner. "LES approached us at the first Austrian Energy Efficiency Conference at the end of 2020, and by March 2021 we were already working on the first joint contract," says Florian Schallmeiner, Senior Project Manager at HYPO NOE's Large Corporates unit. "Energy optimisation projects like this often last for a decade, so

we need reputable and experienced partners with a strong financial base," adds Thomas Priglinger, LES's Head of Sales, explaining what makes HYPO NOE an ideal partner.

The Bank assesses companies' creditworthiness and draws up a financing plan. The combination of subsidies and energy cost savings mean that the companies' investments not only make sense from a business point of view, they are also good for the environment, as Priglinger explains: "We frequently combine measures that pay for themselves quickly, like high-efficiency lighting, photovoltaic systems and other approaches designed to enhance energy efficiency. This results in shorter amortisation periods and increased profitability."

**Refinancing with green bonds.** Green loans extended under the partnership with LES are an attractive proposition for HYPO NOE for various reasons, according to Markus Pieringer, Head of the Corporate Customers Division. "One of the most pleasing aspects is that we are financing many plans that are structured in very similar ways. The projects are small-scale, but high-value, and they are aligned with our strategic goal under the Fokus 25 organisational development programme of acquiring customers outside our home market of Lower Austria and Vienna. What's more, sustainable projects like these are well suited to refinancing with green bonds." As Pieringer notes: "And in any case, it's always been our style to conclude long-term partnerships with businesses and organisations that take their responsibilities seriously." ■

**"Energy optimisation projects like this often last for several years, so we need reputable and experienced partners with a strong financial base."**

Thomas Priglinger, Head of Sales at Linz-Energieservice GmbH (LES)



Linz-based Leube Betonschwellen GmbH produces sleepers for Austrian Federal Railways (ÖBB) and private rail operators.

## Zero-cost climate protection

**GOOD PRACTICE.** Leube Betonschwellen GmbH's operations at its factory in Linz are powered by solar energy, which reduces CO<sub>2</sub> emissions by 20.7 tonnes and generates cost savings of EUR 11,500 each year.

Cement production is responsible for about 6% of total global greenhouse gas emissions. Leube, which claims to be the world's oldest cement works still in operation and is managed by its founding families, is well aware of this. Set up in 1838, the building materials manufacturer now has 14 sites across Europe. In June 2021, all of the companies merged to form the Leube Group, which has combined annual revenue of EUR 128 million. Leube is committed to ensuring that production of construction materials and concrete elements generates the lowest possible level of CO<sub>2</sub> emissions. In line with this philosophy, in early 2022 the group launched Leube GreenTech, a combination cement with a CO<sub>2</sub> footprint that is 44% below the European average.

"As a family business, we want to leave behind a liveable planet for future generations. This is why we

are investing in clean technologies and sustainable projects in the region," explains CEO Heimo Berger. In the long run, the group is looking to implement climate-neutral process cycles at all of its production plants.

**Solar power for factory in Linz.**

One of the milestones on the road to achieving this goal is the switch to solar power at Leube Betonschwellen GmbH (formerly SSL Schwellenwerk Linz). LES installed a photovoltaic array on the roof of building 2 at the company's factory on Salzburger Strasse in Linz - completed in November 2021, the array generates 85 kilowatt-peak (kWp; approx. 90,000 kilowatt-hours) of solar energy every year. Three-quarters of the total is used to power the company's operations and the remainder is fed into the public grid. The changeover has delivered an annual reduction of 20.7 tonnes of carbon emissions.

HYPO NOE financed the project, which cost EUR 120,300 in total. "The annual energy cost savings and subsidies totalling around EUR 54,000 were taken as the basis for refinancing. This means that Leube also saves money during the entire five-year contract period," explains Florian Schallmeiner, Senior Project Manager at HYPO NOE's Large Corporates unit. ■

### EXPLAINER High-performance contracting

Under the financing model adopted by LES, the guaranteed yearly savings exceed the repayments. The bottom line: businesses can implement energy-saving measures without incurring additional expenses.

# Sustainability close to home

**REGIONAL VALUE-ADDED.** HYPO NOE is also committed to forming sustainable, long-term partnerships in its marketing activities – by teaming up with Lower Austrian and Viennese businesses.

“As the bank for the state of Lower Austria, we see ourselves as the number one partner for private individuals and businesses in the region. And we want to bring that message home every single day,” says HYPO NOE’s Head of Marketing Petra Skala. She believes that never losing sight of this regional identity is particularly important in all marketing activities: “Over the years we’ve shown that promotional gifts don’t need to be cheap products from China; affordable,

environmentally friendly, high-quality regional products fit the bill perfectly.” As Skala points out, this also enables the Bank to protect jobs in its home Lower Austria/Vienna market. There’s more than enough scope for innovation as well. HYPO NOE uses a green alternative to conventional paper bags: stone paper bags are made from calcium carbonate powder mixed with a small amount of organic plastic – and no water or bleaching agents are used in production.



## Great rewards

Climate protection and commitment to the region also play a big part in HYPO NOE’s customer rewards. Young people aged up to 25 receive a free ÖBB Vorteilskarte Jugend young person’s rail card when they open a free Jugend-Konto account. And HYPO NOE account holders who recommend the Bank to friends and family through the ‘Freunde bringen Freunde’ referral programme can look forward to vouchers for Spar, dm, Bauernladen.at or Niederösterreich Bahnen transport services.



## Green accounts

For every green current account, HYPO NOE uses deposits to fund sustainable initiatives, and also donates EUR 2 of the monthly account fees to animal and plant conservation. The account holder can choose to support either Schönbrunn Zoo’s conservation programme or the fruit tree collection at the Arche Noah botanical gardens in Schiltern. Account holders receive a certificate, as well as regular updates on the zoo’s polar diversity conservation project or Arche Noah’s drive to preserve rare fruit and plant varieties.



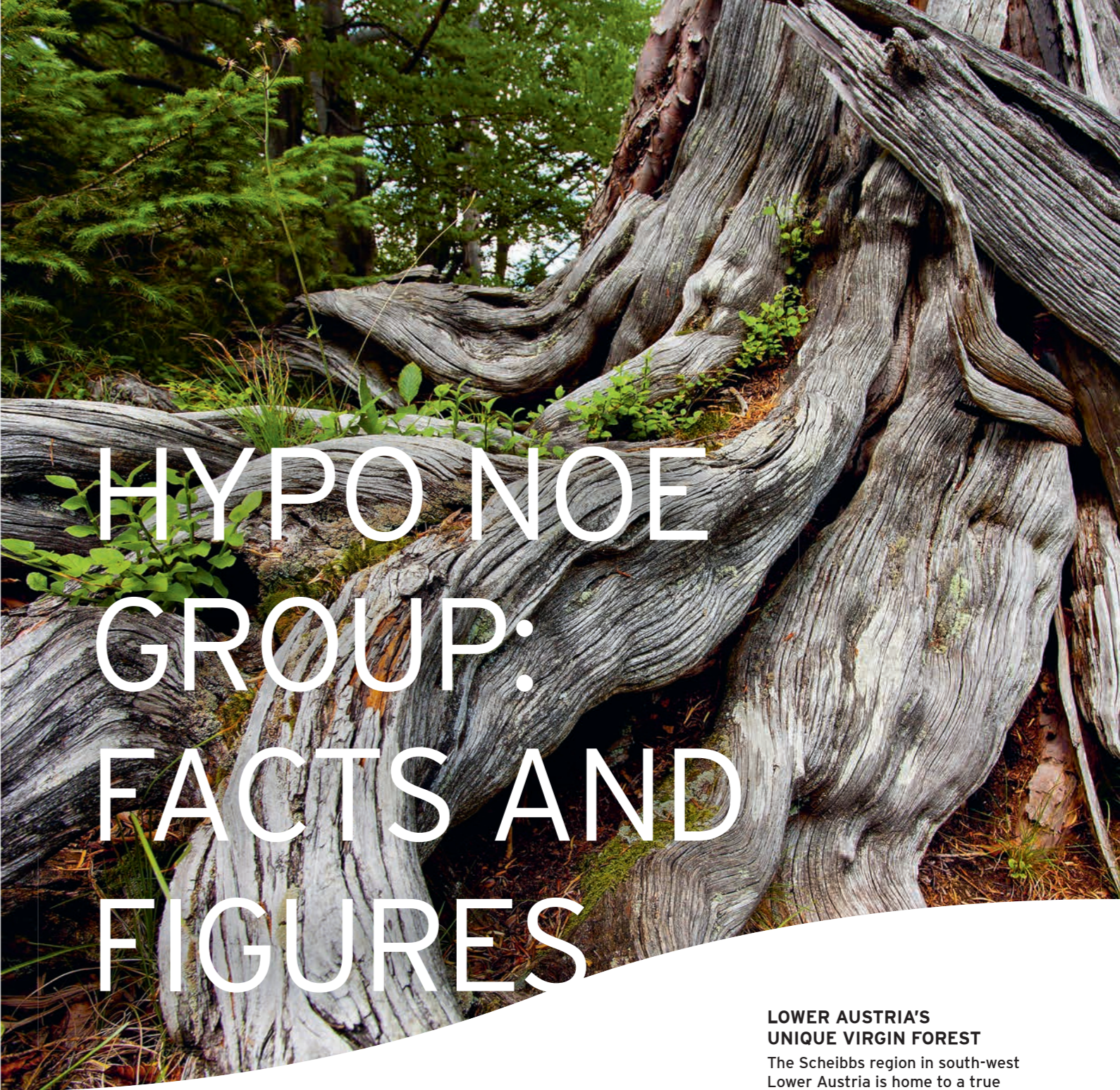
## Special treats for World Savings Day

Organic apple chips, herb salt and speciality vinegars from Lower Austria: gifts handed out on World Savings Day are also intended to reflect the Group’s regional roots – and were “extremely well received” by customers, says Petra Skala. “We’re a small, regional producer, so we’re delighted to have this opportunity to reach out to more people. It’s very valuable advertising for us,” comments Thomas Gram of Gramhof, which produces premium vinegar in Ober-Grafendorf.

## A picture of responsibility



Brochures, and customer and employee magazines: “Printed materials make a high-value impression, and not all of them can or should be replaced,” Skala says. The Group’s printed materials meet the highest environmental standards – and are produced by companies in Lower Austria and Vienna. So it goes without saying that ‘Hippo baut ein Baumhaus’ (Hippo builds a treehouse) was also printed locally – the second special gift for young savers to mark World Savings Day was written by Tulln-based children’s author and Bakabu creator Ferdinand Auhser.



# HYPO NOE GROUP: FACTS AND FIGURES



## LOWER AUSTRIA’S UNIQUE VIRGIN FOREST

The Scheibbs region in south-west Lower Austria is home to a true natural treasure. The Dürrenstein nature reserve is the last remaining ancient woodland area in the Alps – so it comes as no surprise to learn that this unique site has UNESCO World Heritage status. Here, the trees reach their natural maximum ages – up to 600 years for spruce and fir, and up to 450 for beech trees. The woodlands provide habitats for 70 types of bird and 45 species of mammal, including lynx that pass through the area, brooding golden eagles and reintroduced Ural owls. Humans are rarely spotted, though: entry to the reserve, which HYPO NOE has been supporting since 2019, is highly restricted.

# Consolidated statement of comprehensive income

(excerpt)

**PROFITABILITY CONTINUES TO IMPROVE.** The strategic initiatives that make up the Fokus 25 organisational development process are having a sustained impact: earnings improved once again, in line with the trend over recent years. This performance reflected robust core earnings and the continuing fall in administrative expenses.

## Net fee and commission income

Despite the difficulties involved in personal consultations due to Covid-19, net fee and commission income rose by 8.6% to EUR 18.9m. Successful partnerships for add-on products played a part in this, as did the continued growth in multi-channel sales.

## Profit before tax

Earnings in 2021 helped to continue the positive trend initiated with the launch of Fokus 25. Pre-tax profit rose significantly year on year, to EUR 54.2m (2020: EUR 41.2m), and return on equity (ROE) before tax improved to 7.44%. The Group remains focused on enhancing profitability by means of organic growth in its core business, which will be backed up by maintaining a conservative capital and risk profile.

Profit or loss (EUR '000)	2021	2020
<b>Net interest income</b>	<b>140,334</b>	<b>129,153</b>
<b>Net fee and commission income</b>	<b>18,862</b>	<b>17,369</b>
Net measurement gains or losses	-1,354	3,903
Net gains on derecognition of financial assets	2	23
<b>Net gains or losses on financial assets and liabilities</b>	<b>-1,352</b>	<b>3,926</b>
Net other operating income	5,322	11,752
Administrative expenses	-101,465	-104,844
Impairment losses on financial assets - IFRS 9 ECL	-10,679	-20,438
Net gains on investments accounted for using the equity method	3,207	4,237
<b>Profit before tax</b>	<b>54,228</b>	<b>41,156</b>
Income tax expense	-12,373	-9,281
<b>Profit for the year</b>	<b>41,855</b>	<b>31,876</b>
Non-controlling interests	-205	-163
<b>Profit attributable to owners of the parent</b>	<b>41,651</b>	<b>31,713</b>

## Net interest income

Net interest income - the most important component of earnings - went up by a substantial 8.7% to EUR 140.3m (2020: EUR 129.2m), even though interest rates remained low. This was due to organic growth in the Group's core business, as well as further optimisation of refinancing costs.

## Net other operating income

Restructuring of the former real estate services business led to a fall in net other operating income. However, the decrease was more than offset by increased earnings from the banking and leasing businesses, in line with the Group's strategy.

## Administrative expenses

Administrative expenses were down by 3.2% year on year, to EUR 101.5m. The end to financial stability contribution payments as well as completion of restructuring of the real estate services business had a positive impact in this regard. These factors were partly offset, though, by higher contributions to the deposit insurance and resolution fund.

Since 2016, the cost/income ratio<sup>1</sup> (CIR) has decreased by more than 20 percentage points to 52.14%, as a result of the comprehensive action taken to optimise structures, processes and the business model.

## Impairment losses on financial assets - IFRS 9 ECL

Following the precautionary measures taken and provisions recognised in the previous year in response to the Covid-19 pandemic, the cost of risk was significantly lower in the period under review, at EUR 10.7m compared with EUR 20.4m in 2020. Although the economic picture improved, the Group continued to apply the methodology for modelling the potential impacts of the Covid-19 pandemic in the ECL models during the reporting period.

<sup>1</sup>Operating expenses/operating income

# In a nutshell: HYPO NOE Group environmental indicators



### CALCULATING GREENHOUSE GAS EMISSIONS

In order to record and account for greenhouse gas emissions, a distinction is made between direct and indirect emissions. The recognised standard for reporting greenhouse gas emissions, the Greenhouse Gas Protocol developed by the Geneva-based World Resources Institute, divides emissions into three “Scopes”.<sup>1</sup>



### CO<sub>2</sub>-EQUIVALENT (CO<sub>2</sub>-e)

The various greenhouse gases have differing impacts on the climate. They contribute to the greenhouse effect to different degrees of intensity and remain in our atmosphere for different periods of time. For this reason, greenhouse gases are converted into CO<sub>2</sub>-equivalent in accordance with their global warming potential (GWP). To calculate this, units of emissions of the greenhouse gas in question are multiplied by a corresponding factor.

<sup>1</sup> ghgprotocol.org

### Environmental indicators

There are various ways of calculating CO<sub>2</sub>-equivalents. The HYPO NOE Group uses the DEFRA conversion factors, because they provide a very precise basis for converting highly specific information.

### Material consumption

HYPO NOE’s environmental and climate strategy is geared towards achieving a continuous reduction in material consumption. Due to the increase in working from home, material consumption fell by half year on year.

### Renewable electricity

Since 2016 HYPO NOE has used renewable electricity at all of its locations, which translates into zero CO<sub>2</sub> emissions and CO<sub>2</sub>-equivalents.

### SCOPE 1 (direct)

Scope 1 includes all direct greenhouse gas (GHG) emissions attributable to a company’s operations in the narrow sense – in other words, the company’s direct consumption of primary energy such as natural gas, heating oil, petrol, diesel and coal. At HYPO NOE, Scope 1 mainly includes carbon emissions in the categories “Heating energy (gas)” and “Passenger vehicle transport – total”. The substantial decrease in emissions in 2021 was due to the adoption of a more environmentally friendly car policy, which involved a reduction in use of passenger vehicles as well as the sale of HYPO NOE First Facility GmbH (HFF) in the second quarter of 2021.

Indicator/description	Unit	2018	2019	2020	2021
ENVIRONMENTAL INDICATORS - carbon footprint					
Material consumption (paper)	kg CO <sub>2</sub> -e	14,470	17,064	16,060	8,527
Renewable electricity	kWh	2,509,694	2,311,508	1,879,229	2,007,492
	kg CO <sub>2</sub> -e	-	-	-	-
District heating	kWh	1,321,282	989,625	751,766	1,011,533
		247,688	174,233	129,762	172,972
Gas heating	kWh	765,250	577,635	510,334	480,976
	kg CO <sub>2</sub> -e	140,775	106,198	93,835	88,019
Passenger vehicle transport - total	Petrol, litres	236,122	201,111	121,314	64,197
	kg CO <sub>2</sub> -e	328,627	280,456	165,822	84,417
Flights	kg CO <sub>2</sub> -e	44,872	26,983	1,269	4,963
Rail	kg CO <sub>2</sub> -e	3,323	1,335	326	141
Total CO <sub>2</sub> -e	kg CO <sub>2</sub> -e	779,755	606,269	407,075	359,039
CO <sub>2</sub> -e/employee	kg CO <sub>2</sub> -e	988	817	570	567
Group CO <sub>2</sub> data by scope					
SCOPE 1: Heating energy (gas) and total passenger vehicle transport	kg CO <sub>2</sub> -e	469,402	386,654	259,657	172,435
SCOPE 2: Electricity and heating energy (district heating)	kg CO <sub>2</sub> -e	247,688	174,233	129,762	172,972
SCOPE 3: Flights, rail and material consumption (paper)	kg CO <sub>2</sub> -e	62,665	45,382	17,656	13,632

### Passenger vehicle transport - total

Continued reductions thanks to greening of the car policy and the sale of HFF

### Flights

Further reduction in flights, although 2020 and 2021 were not typical years because business trips were only permitted in exceptional cases due to Covid-19.

### Rail

Fewer rail journeys were made as a result of the increase in video conferencing and working from home.

### Carbon footprint

The sum of Scope 1, 2 and 3

### SCOPE 2 (indirect)

Scope 2 includes indirect GHG emissions resulting from the generation of energy procured by a company. This refers to secondary energy consumed by the company, such as electricity, district heating, steam and cooling energy. In HYPO NOE’s case, this Scope relates to CO<sub>2</sub> emissions under the “Electricity and heating energy (district heating)” item. Increased consumption of district heating led to an increase in 2021 compared with the previous year.

### SCOPE 3 (indirect)

This Scope covers all other indirect GHG emissions attributable to upstream and downstream business activities. In HYPO NOE’s indicators, this currently includes CO<sub>2</sub> emissions from “Material consumption”, as well as travel comprising flights and rail journeys. There was a significant fall in this item during the reporting period, mainly due to the increase in working from home and the drop in business trips on account of the Covid-19 pandemic.

# Systemic sustainability

The sustainability programme applies to all of the current measures that will be used to achieve the stated goals over the coming months. A number of them have already been implemented in the Group's day-to-day operations and, as such, are no longer included in the new sustainability programme.

Focus area	Objective	Measure	Planned by
SUSTAINABILITY IN THE GROUP'S CORE BUSINESS			
Regional responsibility	Focus on sustainable growth in the Group's home market of Lower Austria and Vienna, and in its core Austrian market	Public sector finance: finance for public sector projects that add value for society in the fields of health, education and infrastructure	ongoing
		Housing finance: to remain the partner of choice for non-profit housing construction in Lower Austria	ongoing
Monitoring the sustainability dimension of financing projects	Reporting and monitoring sustainability of financing	Assessing and categorising loans in terms of sustainability (contribution towards achieving the UN Sustainable Development Goals and green bond compatibility) as part of the application process	ongoing
Sustainable products	Improvement and expansion of the range of sustainable products	Extension and development of sustainable financial product range	ongoing
		Assessment of new products regarding potential Umweltzeichen ecolabel certification	ongoing
Compliance and anti-corruption	Promotion of awareness of compliance and anti-corruption topics among employees	Broad-based, mandatory annual compliance and anti-corruption training programme	ongoing
	Elimination of risk of corruption in connection with participation in events	Ongoing monitoring of events and quality controls	ongoing
Responsible sales practices	Ensuring responsible sales practices	Compiling comprehensive information on all opportunities and risks associated with sold and intermediated financial products	ongoing
Sustainable real estate	Proactive customer engagement	Klimaaktiv building and renovating programme partnership; integrating sustainable systems into planning for future construction projects, e.g. photovoltaic arrays, green facades, e-charging points in underground parking facilities	ongoing
Quality management	Consolidation and quality improvement	Evaluation of all programmes and processes in terms of improving quality, increasing efficiency and reducing costs	ongoing
Stakeholders and communication	Communication with internal and external stakeholders and involving them in sustainability-related matters	Offering green events at the headquarters (ecolabel-certified location)	ongoing
		Participation in and contribution to events related to the topic of sustainability	ongoing
		Information on the HYPO NOE Group's sustainability-related activities on various channels and in various formats (internal and external)	ongoing
Sustainability working group	Deployment of an internal working group concentrating on the 'Development of Sustainability at HYPO NOE' focus area	Interdepartmental working group on the topic of sustainability to report ongoing developments to the Management Board (four times a year)	ongoing

RESPONSIBLE EMPLOYER			
Sustainability at the Group	Raising employee awareness of sustainability topics	Ecological literacy: advancing employee awareness of and involvement in the subject and incorporating it into internal communications; range of sustainability training courses for all employees	ongoing
	Health management/ occupational health and safety	HYPO NOE Group sports association, fitness allowance, regular fitness tests and nutritional advice, vaccine cost allowance, spine measuring, heart rate variance analysis, occupational health committee, Consentiv (anonymous consulting and coaching for all employees and their immediate families), group health insurance and allowance for private doctors, shiatsu/yoga on site, preventive health check-ups at the company, bioelectrical impedance analysis (BIA)	ongoing
Training and development	Management training	The development of a leadership programme under Fokus 25 was completed in 2021 ahead of its implementation from autumn 2021	ongoing
	Promoting staff development	Professional and personality training (e.g. stress prevention) for all employees, annual performance and development dialogue between manager and employee	ongoing
Equal opportunities	Increasing the number of women in managerial positions	Maintaining a healthy balance of male and female participants at trainee programmes	ongoing
		Setting up the frauen@hyponoe women's network with the goal of increasing the number of women in managerial positions (mentoring, employ surveys and derivation of measures from them)	ongoing
		Membership of the Diversity Charter as a clear commitment to diversity	ongoing
	Ongoing measures following successful berufundfamilie (Career and Family) certification	Other measures relating to the following action areas: ■ Flexible working hours ■ Remote working solutions ■ Transparent information and communications policy ■ Enhancing the leadership culture	ongoing
Fokus 25:	Group-wide organisational development process	Continuous development of organisational and leadership culture with the involvement of employees (360 degree feedback and employee surveys)	ongoing
	Digitalisation and process optimisation	Promotion of digital literacy Masterplan pilot project, process optimisation: monitoring via in-house process optimisation database	ongoing

SOCIAL INITIATIVES			
Partnerships, donations and sponsorship	Supporting the Lower Austria region through sponsorship of sporting events, culture and the arts, as well as social and education programmes	Continuation of current activities	ongoing
		Providing rapid, bureaucracy-free assistance as required (e.g. flood relief)	ongoing

ENVIRONMENTAL AND CLIMATE PROTECTION			
Environmental management	Systematic recording and assessment of environmental performance	Systematic annual recording of environmental indicators	ongoing
	Optimisation of waste management and measures to reduce waste	Toner cartridges (from HQ and some branches) are recycled for charitable use	ongoing
	Participation in the klimaaktiv Pakt 2030	Binding commitment to reducing greenhouse gas emissions by 50% by 2030 (benchmark year: 2005)	2030
	Publication and reduction of corporate carbon footprint	Completion of analysis of underlying data and opportunities for reductions required for participation in klimaaktiv Pakt 2030, annual reporting (audit) until 2030	2030
	Focus on e-mobility	Ongoing reduction in vehicle numbers in the Group fleet combined with continued increase in proportion of e-vehicles (reformulation/continued greening of car policy)	2022
Purchasing and procurement	Promoting sustainable and regional procurement	Changeover of advertising materials according to potential social and environmental gains (paper at least PEFCF-certified, biodegradable ballpoint pens, advertising materials sourced in Austria and Europe wherever possible, packaging made from cardboard wherever practicable)	ongoing

# Sustainability reporting - at a glance



## THE SUPPLEMENT

The HYPO NOE Group and its strategic business sectors use this supplement to present its sustainability activities and indicators with a view to increasing transparency in stakeholder relations. HYPO NOE's goal is to ensure that its customers have a clear picture of the products and services that it offers, which tasks it performs on behalf of its customers and the contribution it is making towards future-proofing the region.



## SCOPE AND BOUNDARY OF THIS REPORT

The supplement covers the activities of all parts of the consolidated HYPO NOE Group. A full list can be found in the annual report at [ir.hyponoe.at/en](https://ir.hyponoe.at/en).

The information provided chiefly relates to the Austrian market. Where this is not the case, a note to this effect can be found in the corresponding chapters and indicators.



## REPORT FORMAT

The sustainability supplement and accompanying GRI index can be downloaded from [en.hyponoe.at/sustainability](https://en.hyponoe.at/sustainability).



## REPORTING PERIOD

The information and indicators presented in this report relate to 2021 (1 January-31 December).



## CONTACTS

The HYPO NOE sustainability team is available at [nachhaltig@hyponoe.at](mailto:nachhaltig@hyponoe.at) to provide assistance with any questions and observations.



## GLOBAL REPORTING INITIATIVE STANDARDS

This report was prepared in accordance with the core option of the GRI standards, meaning

that it complies with internationally recognised sustainability reporting guidelines. This magazine supplement is also the subject of an external audit (see page 39) The index containing the GRI standards covered by the report is shown at [en.hyponoe.at/sustainability](https://en.hyponoe.at/sustainability).



## CONTENT

The content of this supplement was determined and prepared according to the Group's wider sustainability context, and the principles of stakeholder involvement, materiality and completeness. Balance, comparability, accuracy, timeliness, clarity and reliability of the information and data were all taken into account to ensure the report meets the required quality standards. General information on the Group is provided in the 2021 Annual Report and the 2021 Group operational and financial review, references to which are contained in the text.



## SUSTAINABILITY AND DIVERSITY IMPROVEMENT ACT - REPORTING REQUIREMENTS

Under the Austrian Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act), which implements EU Directive 2014/95/EU (NFI Directive) in national law, since 2017 large companies of public interest have been obliged to disclose information relating to their approach to environmental and social issues.

The overarching goal of the Directive is to promote transparency while enhancing the relevance, consistency and comparability of the non-financial information currently included in reporting by expanding and clarifying the existing requirements. In line with its legal obligations, HYPO NOE has prepared a consolidated non-financial statement, which can be found in the operational and financial review. This magazine supplement provides additional information and was prepared in accordance with the core option of the GRI standards. ■



# Data protection and respect for human rights

As a responsible corporate citizen, the HYPO NOE Group sees upholding human rights as a core element of its philosophy.

Taking the possibility that its business activities might harm human rights as its point of departure, the HYPO NOE Group scrutinises all of its business dealings for compliance with applicable laws, regulations and external and internal guidelines, as well as its internal ethics guidelines and business principles. No breaches of such laws, regulations or guidelines were identified during the reporting period.

The Group does not conduct any business or projects that involve forced labour (including bonded labour) or child labour, nor does it take part in any activities that contravene

- the European Convention on Human Rights;
- the labour-related and social obligations of the country concerned;
- the applicable regulations put in place by international organisations, or the relevant UN conventions;
- or the rights of the local population or minorities.

Compliance with applicable data protection legislation (the EU General Data Protection Regulation [GDPR]) is the overriding priority for HYPO NOE. No official sanctions were imposed on the Group in this respect during the reporting period.

The Group has established an internal feedback and complaints database, into which staff must enter all customer complaints. These are analysed on a regular basis, included in the ombudsman's report and evaluated for relevance to compliance issues. This approach helps to minimise the risk of compromising customer privacy as far as possible. There were no significant complaints or breaches related to the handling of customer data in 2020. ■

# Anti-corruption and anti-bribery measures

The HYPO NOE Group recognises the negative impacts of corruption and bribery on business activities as a material risk, and has implemented corresponding measures to guard against these in its operations.

Measures to ensure that all staff act with integrity are reinforced by internal regulations, which provide a clear overview of the legal requirements. All employees of companies in which the Group holds a stake of over 50% are considered officials and are subject to the corresponding strict statutory regulations.

The permanent functions of WAG Compliance Officer, Anti-Money Laundering Officer and Regulatory Compliance Officer report directly to the Management Board.

Internal compliance policies are regularly reviewed and updated and apply to the entire Group, where necessary. In particular, new regulations and legislative changes are immediately incorporated into the existing guidance and communicated to staff. The current compliance-related regulations are presented in the NFI section of the HYPO NOE annual financial statements.<sup>1</sup> ■

<sup>1</sup> See annual report at [ir.hyponoe.at/en](https://ir.hyponoe.at/en)





# Fokus 25 - a collaborative approach

HYPO NOE launched its first broad-based sustainability process in 2013 and has reported on its efforts in the action areas of “Sustainability in the Group’s core business”, “Sustainable employer” and “Reducing our ecological footprint” on an annual basis ever since. The overarching objective is to provide shareholders with up-to-date, transparent and comprehensive information on sustainability-related progress at the Group. Regular customer and employee surveys provide valuable input, including a way to monitor key topics.

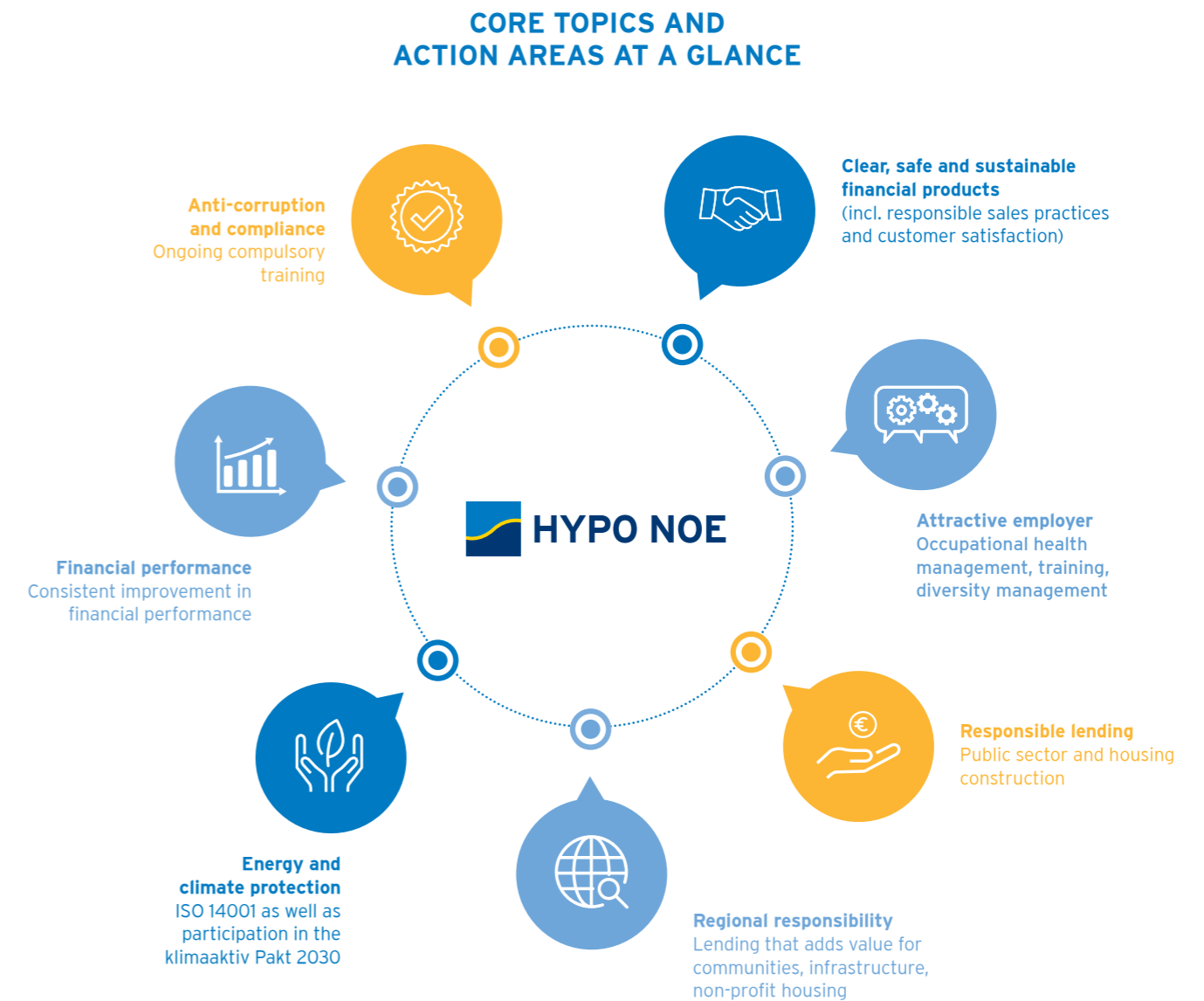
In 2018, HYPO NOE launched its Fokus 25 organisational development process which focuses on customer relationships, corporate culture, strategic and long-term direction and digitalisation. As employee involvement has an important role to play in this process, the Group draws on an extensive range of sources for input, including confidential and anonymous surveys, working groups, information events and workshops, as well as employees and management. The early stages of the process revolved around defining a set of shared values which were subsequently enshrined

in the HYPO NOE Code of Conduct: reliable,  
customer-driven, flexible and collaborative.

A specially created interdepartmental sustainability working group evaluates potential ways to reduce the Group's environmental footprint on an ongoing basis and notifies management and employees of measures as they are implemented. All employees are able to actively contribute their own sustainability-related ideas.

The following diagram provides a summary of the core topics for internal and external stakeholders that HYPO NOE will encounter over the course

of the next few years. Identifying and evaluating the core topics will be subject to an internal assessment which will be conducted annually at the very least. To facilitate the process, the sustainability team actively promotes exchange with the Group-wide sustainability working group and the involvement of all HYPO NOE employees. External feedback from working groups and initiatives is also considered at the assessment stage. HYPO NOE incorporated the resulting measures in its sustainability programme. The core topics aligned to the GRI standards can be found in the GRI index online at [en.hypnoe.at/sustainability](https://en.hypnoe.at/sustainability). ■



Rating/ESG



**Claudia Mikes**  
Head of Rating/ESG  
Tel. +43 (0)590 910 1568  
claudia.mikes@hyponoe.at

Treasury/Capital Markets/  
Financial Institutions/Investor Relations



**Thomas Fendrich**  
Division Head, Treasury & ALM  
Tel. +43 (0)590 910 1233  
thomas.fendrich@hyponoe.at



**Markus Payrits**  
Head of Liquidity Management  
Tel. +43 (0)590 910 1222  
markus.payrits@hyponoe.at



**Martin Leppin**  
Client Business Initiatives  
Tel. +43 (0)590 910 1054  
martin.leppin@hyponoe.at



**Agnieszka Feiler**  
Financial Institutions  
Tel. +43 (0)590 910 1489  
agnieszka.feiler@hyponoe.at



**Christoph Loibl**  
Financial Institutions  
Tel. +43 (0)590 910 1536  
christoph.loibl@hyponoe.at



**Peter Olsacher**  
Treasury Solutions Team  
Tel. +43 (0)590 910 1597  
peter.olsacher@hyponoe.at

investorrelations@hyponoe.at  
ir.hyponoe.at/en

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The cover photo is an aerial shot of Lunz am See in the summer

**Important information:** the greatest possible care has been taken in preparing this magazine supplement. 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 supplement are based on current estimates and information available at the time it was compiled. 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.

Audit report: the report was audited by Deloitte with a limited assurance for compliance with the Core option of the GRI Standards.

The German version of this supplement is definitive. The English version is a translation of the German supplement. This supplement should be read in conjunction with the 2021 annual report.

**RELIABLE  
COMMERCIAL BANK.**

**STABLE  
STATE BANK.**

**SPECIALIST  
MORTGAGE BANK.**

HYPO NOE Landesbank is the largest and oldest-established Austrian state mortgage bank<sup>1</sup>, and has been a reliable commercial bank, stable state bank and 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.

<sup>1</sup> In terms of total assets  
(2020 consolidated financial statements)  
and foundation dates

**HYPO NOE Landesbank für  
Niederösterreich und Wien AG**

Hypogasse 1  
3100 St. Pölten  
+43 (0) 5 90 910-0

investorrelations@hyponoe.at  
**[www.hyponoe.at/en/home](http://www.hyponoe.at/en/home)**