RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED **30 SEPTEMBER 2018**

This information on HYPO NOE Landesbank für Niederösterreich und Wien AG Group (hereafter referred to as the HYPO NOE Group) was drawn up voluntarily, and the Group 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 IFRS.
In particular, paragraphs 8(d) (condensed statement of cash flows) and 8(e) (selected explanatory notes) of IAS 34 were not fully applied. This announcement should therefore be read in conjunction with the 2018 semi-annual financial report and the consolidated annual financial statements as at 31 December 2017.
This announcement was neither audited nor reviewed by independent auditors.

HYPO NOE

Group financial highlights

EUR '000		IFRS 9 30 Sep. 2018	IAS 39 30 Sep. 2017	IAS 39 31 Dec. 2017
Total assets		**14,137,941**	**14,633,916**	**14,368,013**
Total eligible capital in accordance with CRR/CRD IV		**613,184**	**613,402**	**646,015**
Tier 1 capital ratio in accordance with Art. 92(2) point b) CRR	[1]	19.89%	18.13%	19.89%
Tier 1 capital ratio in accordance with Art. 92(2) point b) CRR – fully loaded	[1]	-	18.37%	20.17%
Total capital ratio in accordance with Art. 92(2) point c) CRR	[1]	19.89%	18.13%	19.89%
Total capital ratio in accordance with Art. 92(2) point c) CRR – fully loaded	[1]	-	18.37%	20.17%
Return on equity (ROE) before tax		6.5%	5.2%	6.2%
Operating ROE before tax		9.3%	8.5%	8.6%
ROE after tax		4.9%	4.1%	4.7%
Cost/income ratio (CIR)	[2]	78.6%	81.0%	78.5%
Operating CIR		65.6%	66.7%	67.1%

The intrayear indicators are annualised on a daily basis.

Definitions of the indicators and other explanations can be found in the financial review, below.

[1] The Tier 1 capital ratio in accordance with Article 92(2) point b) CRR and the total capital ratio in accordance with Art. 92(2) point c) CRR as at the end of the reporting period were identical with the fully loaded ratios.

[2] CIR as at 30 September 2018 includes the entire costs of the one-off financial stability contribution, as well as the contributions to the deposit insurance fund and resolution fund for 2018. Pro forma, on an accruals basis CIR as at 30 September 2018 would have been 76.9%.

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Company profile

Profile of the HYPO NOE Group

This information on the HYPO NOE Group was prepared by the Group's parent, HYPO NOE Landesbank für Niederösterreich und Wien AG (HYPO NOE Landesbank), Austria's oldest and one of the country's largest state-owned regional banks. Founded in 1888, it has a long tradition in the banking and financial services sector. HYPO NOE Landesbank is wholly owned by the State of Lower Austria, enabling it to build on foundations of stable and dependable ownership. Based on a regional focus, closeness to customers and sustainability, HYPO NOE Landesbank's strategy has stood the test of time and the Bank remains strongly committed to it.

The HYPO NOE Group is principally active in its core market of Lower Austria and Vienna, as well as in selected countries in the neighbouring Danube region. The Group's aspiration and mission is to act as a secure and reliable partner to its public sector and real estate clients, large corporates, and retail and corporate customers. The product portfolio focuses on finance for social and hard infrastructure, as well as real estate and corporate customers, and commercial and non-profit housing developers. The Group has 26 branches in Lower Austria and Vienna, serving about 80,000 customers.

In May 2018, rating agency Standard & Poor's reaffirmed its solid A/A-1 ratings for HYPO NOE Landesbank, and upgraded its outlook to positive in view of the sustained increase in the Bank's capital. This could potentially open the door to an upgrade in HYPO NOE Landesbank's issuer rating, if the Bank maintains its focus on higher cost efficiency and capital generation. Moody's high Aa1 ratings on HYPO NOE Landesbank's public sector and mortgage cover pools have also remained unchanged. With regard to sustainability, the bank for Lower Austria is among the leaders in the sector. An excellent rating with Prime status from oekom research is testimony to HYPO NOE Landesbank's outstanding commitment to environmental and social affairs.

Group structure

As the parent company of a group that also includes HYPO NOE Leasing, HYPO NOE Landesbank mainly serves large state and local government clients. The strategy of HYPO NOE Immobilien Beteiligungsholding and its subsidiaries and associates is geared towards providing services across the entire real estate management value chain. HYPO NOE Real Consult specialises in brokerage, and construction project and property management, while HYPO NOE First Facility is a full-line facility management service provider.

Core market

HYPO NOE Landesbank's home market is one of the most dynamic regions in Austria. Lower Austria and Vienna are among the country's wealthiest regions in terms of per capita income and purchasing power; together they generate 41% of Austria's gross domestic product. Some 40% of the nation's population lives and works in Lower Austria and Vienna, and the fact that forecast population growth tops the national league table adds to its economic potential. In this dynamic environment, HYPO NOE Landesbank is positioning itself as a strong partner for the public sector, real estate clients and large corporates, as well as retail and corporate customers.

Financial review

Key developments in the first three quarters of 2018

Earnings (IFRS)

Group profit attributable to owners of the parent was up significantly year on year, at EUR 24.2m (Q1-3 2017: EUR 19.5m). This does not include non-accruable, one-off expenses amounting to EUR 13.7m.

Net interest income was down slightly year on year, at EUR 84.3m, a fall of EUR 1.0m (Q1-3 2017: EUR 85.3m).

The risk provisions for "hold to collect" assets, calculated for the first time according to the new measurement methods under IFRS 9, which entered into effect on 1 January 2018, yielded higher net gains, at EUR 9.0m, than the figure arrived at in the comparative period under IAS 39 (Q1-3 2017: EUR 3.8m). The Group recorded losses of EUR 0.8m on derecognition of financial assets previously accounted for at amortised cost.

As a result, net interest income after risk provisions was EUR 92.5m, for a year-on-year increase of EUR 3.4m or 3.8% on the EUR 89.1m reported in the first nine months of 2017.

Net fee and commission income decreased by EUR 0.3m to EUR 11.5m.

Net trading income, which under IFRS 9 – in contrast to IAS 39 – includes net gains or losses on all financial instruments mandatorily measured at fair value (net loss of EUR 1.8m), was positive by an overall EUR 1.2m (Q1-3 2017: net loss of EUR 0.8m).

Administrative expenses continued to fall and were down by 4.5% or EUR 4.2m year on year, at EUR 88.3m (Q1-3 2017: EUR 92.5m). This decline was due to staff costs (down EUR 0.2m), other administrative expenses (down EUR 3.6m) and depreciation and amortisation of property, plant and equipment and intangible assets (EUR 0.4m). The total financial stability contribution, including the current levy, was EUR 8.1m (Q1-3 2017: EUR 8.9m). Administrative expenses also include the statutory contributions to the deposit insurance and resolution funds, amounting to EUR 7.6m (Q1-3 2017: EUR 8.4m). Non-accruable, one-off expenses totalling EUR 13.7m, made up of the one-off financial stability contribution and contributions to the deposit insurance and resolution funds, will not have an impact on earnings in the final quarter of 2018.

Net other operating income stood at EUR 6.3m (Q1-3 2017: EUR 20.0m). In view of recent developments in legal proceedings related to the subject of negative interest on corporate loans, net other operating income fell due to allocations to provisions.

Net gains on disposal of consolidated subsidiaries include a substantial one-off gain attributable to the disposal of interests in Obere Donaustrasse 61 Liegenschaftserrichtungs- und -verwertungs GmbH, which reflected a change in the Bank's branch concept.

Net gains on investments accounted for using the equity method amounted to EUR 0.9m (Q1-3 2017: EUR 3.2m) in the period under review, primarily as a result of an increase in value in use at the EWU non-profit subgroup, as well as gains from the valuation of a property management company and a data services company.

The net gains on financial assets of EUR 1.8m (Q1-3 2017: net losses of EUR 0.1m) mainly arose from sales of securities.

The net losses on hedges of EUR 2.0m (Q1-3 2017: EUR 5.3m) were largely attributable to early repayments.

Operating income was EUR 112.3m, down by EUR 1.8m (Q1-3 2017: EUR 114.1m). This was mainly due to lower net other operating income.

Profit before tax was EUR 32.2m, EUR 6.8m or 26.7% higher than in the same period a year earlier (Q1-3 2017: EUR 25.4m).

This was reflected in the following financial performance indicators:

		IFRS 9 Q3 2018	IAS 39 Q3 2017	IAS 39 2017	IAS 39 2016
Return on equity (ROE) before tax***	Profit or loss for the period before tax/ave. equity	6.5%	5.2%	6.2%	15.2%
Operating ROE before tax***	ROE before tax excl. financial stability and resolution fund contributions, and regulatory costs/ave. equity adjusted for financial stability and resolution fund contributions, and regulatory costs	9.3%	8.5%	8.6%	18.5%
ROE after tax***	Profit or loss for the period/ave. equity	4.9%	4.1%	4.7%	11.4%
Cost/income ratio (CIR)[1]	Operating expenses/operating income*	78.6%	81.0%	78.5%	56.0%
Operating CIR	CIR excl. financial stability and resolution fund contributions, and regulatory costs**	65.6%	66.7%	67.1%	46.3%
Risk/earnings ratio	Credit provisions/net interest income A negative indicator signifies income and a positive indicator signifies expenses in credit provisions	-10.7%	-4.5%	-8.3%	6.3%

*Operating expenses include administrative expenses. The latter comprise staff costs, other administrative expenses and depreciation, amortisation and impairment. Operating income is made up of: net interest income; net fee and commission income; net trading income; net other operating income; net gains or losses on investments accounted for using the equity method; net gains or losses on financial assets; net gains or losses on hedges; and net gains or losses on other financial investments.

**Operating expenses include administrative expenses less the total financial stability contribution and contributions to the deposit insurance and resolution funds. Operating income corresponds to the figure used to calculate the cost/income ratio.

***Intrayear indicators annualised on a daily basis

[1]CIR as at 30 September 2018 includes the entire costs of the one-off financial stability contribution, as well as contributions to the deposit insurance fund and resolution fund for 2018. On a pro forma basis, CIR would have amounted to 76.9% if the contributions had been reported by period.

Changes in total assets and consolidated equity (IFRS)

The HYPO NOE Group's total assets in accordance with IFRS 9 decreased by 1.6% or EUR 0.2bn compared with year-end 2017 (under IAS 39), to EUR 14.1bn as at 30 September 2018. This included a EUR 0.7bn increase in loans and advances to customers, a fall of EUR 0.8bn in financial assets measured at fair value through other comprehensive income and a EUR 0.2bn decrease in other assets. This fall in other assets was mainly attributable to future finance lease assets (amounting to EUR 0.2bn), which have been reported under loans and advances to customers since 1 January 2018. Loans and securities mandatorily measured at fair value for the first time in accordance with IFRS 9 totalled EUR 0.2bn.

On the equity and liabilities side, debts evidenced by certificates rose by EUR 0.3bn, while deposits from banks were EUR 0.4bn lower.

The new mandatory classification and measurement treatment of financial assets under IFRS 9 was applied, resulting in opening balance entries of EUR -38.4m. There has also been a decrease in OCI reserves in the course of this year, and dividends of EUR 3.7m including non-controlling interests have been paid. Nevertheless, IFRS consolidated equity including non-controlling interests was EUR 652.6m – down by only EUR 23.8m on year-end 2017 owing to the high consolidated profit.

Changes in consolidated eligible capital (CRR/CRD IV[1])

Regulation (EU) No 575/2013 (CRR), which came into effect on 1 January 2014, requires the calculation of figures for consolidated equity and the consolidated regulatory capital adequacy requirements in accordance with IFRS and with the regulatory scope of consolidation.

[1]CRD IV: Capital Requirements Directive IV; CRR: Capital Requirements Regulation

Consolidated eligible capital in accordance with the CRR was EUR 613.2m as at 30 September 2018 (31 Dec. 2017: EUR 646.0m). Surplus capital as at 30 September 2018 was EUR 366.5m (31 Dec. 2017: EUR 386.2m), in comparison with a capital requirement of EUR 246.7m (31 Dec. 2017: EUR 259.9m). The Tier 1 capital ratio in accordance with Article 92(2) point b) CRR and the total capital ratio in accordance with Article 92(2) point c) CRR were 19.9% as at 30 September 2018 (31 Dec. 2017: both ratios 19.9%), and were identical with the fully loaded ratios (31 Dec. 2017: both fully loaded ratios 20.2%).

Significant accounting policies

In all material respects, this information on the HYPO NOE Group (HYPO NOE Landesbank für Niederösterreich und Wien AG Group) 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 2017, apart from IFRS 9.

The International Accounting Standards Board published the final version of IFRS 9 Financial Instruments in July 2014. First-time application by the HYPO NOE Group took place as of 1 January 2018. IFRS 9 embodies new classification and measurement approaches to financial assets. These reflect the business models in which assets are held, as well as the characteristics of their cash flows. The effect of first-time application on IFRS equity in the IFRS 9 consolidated statements, on the basis of the current market situation and the validated parameters, was EUR -38.4m. The main factors behind this were the impairment recognition required by the standard and the reclassification of the nostro portfolio.

This information was neither audited nor reviewed by independent auditors.

It was drawn up voluntarily, and the Group 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 IFRS.

In particular, paragraphs 8d (statement of cash flows) and 8e (disclosures) IAS 34 were not fully applied and this announcement should therefore be read in conjunction with the 2018 semi-annual financial report and consolidated annual financial statements as at 31 December 2017.

In accordance with a Supervisory Board resolution adopted on 19 September 2018, HYPO NOE First Facility GmbH and its subsidiaries will remain a core component of the HYPO NOE Group’s real-estate value chain. The aim is to expand the company’s operations in Lower Austria over the long term. Consequently, the subsidiaries accounted for using the equity method will no longer be recognised under the “Non-current assets held for sale (IFRS 5)” item in the statement of financial position.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Earnings are reported as positive amounts and expenses as negative amounts in the statement of comprehensive income.

Profit or loss (EUR ’000)	IFRS 9 Q1-Q3 2018	IAS 39 Q1-Q3 2017
Interest and similar income	181,232	252,302
Interest on assets measured at amortised cost, or not measured at fair value through profit or loss	155,764	135,967
Interest and similar expense	-252,692	-302,999
Net interest income	**84,305**	**85,270**
Risk provisions for “hold to collect” assets	8,985	3,796
Gains or losses on derecognition of financial assets previously accounted for at amortised cost	-799	N/A
Net interest income after risk provisions	**92,490**	**89,066**
Fee and commission income	13,546	14,295
Fee and commission expense	-2,026	-2,483
Net fee and commission income	**11,520**	**11,812**
Net gains or losses on financial instruments mandatorily measured at fair value (net trading and non-trading income)	1,199	-826
Administrative expenses*	-88,292	-92,458
Net other operating income	6,345	20,020
Net gains on disposal of consolidated subsidiaries	8,286	-
Net gains on investments accounted for using the equity method	937	3,246
Net gains or losses on available-for-sale financial assets	N/A	-161
Net gains on financial assets measured at fair value through other comprehensive income (FVOCI) (debt instruments)	1,678	N/A
Net gains or losses on financial assets designated as at fair value through profit or loss	-102	72
Net gains on financial assets measured at amortised cost	208	N/A
Net losses on hedges	-2,039	-5,280
Net losses on other financial investments	-7	-49
Profit before tax	**32,224**	**25,443**
Income tax expense	-7,822	-5,549
Profit for the period	**24,402**	**19,894**
Non-controlling interests	-234	-392
Profit attributable to owners of the parent	**24,168**	**19,502**

Other comprehensive income (EUR ’000)	IFRS 9 Q1-Q3 2018	IAS 39 Q1-Q3 2017
Profit attributable to owners of the parent	**24,168**	**19,502**
Items that will not be reclassified to profit or loss		
Change in equity instruments measured at fair value through OCI (FVOCI) (before tax)	*-102*	*N/A*
Change in actuarial gains or losses (before tax)	*656*	*-468*
Change in deferred tax	*-139*	*117*
Items that may be reclassified subsequently to profit or loss		
Change in available-for-sale financial instruments (before tax)	*N/A*	*637*
Change in debt instruments measured at FVOCI (before tax)	*-8,574*	*N/A*
Change in hedges presented in OCI (before tax)	*-127*	*N/A*
Changes in associates accounted for using the equity method (before tax)	*-*	*-4*
Exchange differences on translating foreign operations accounted for using the equity method (before tax)	*-24*	*-*
Change in deferred tax	*2,181*	*-158*
Total other comprehensive income	**-6,128**	**128**
Total comprehensive income attributable to owners of the parent	**18,039**	**19,629**

Other comprehensive income is entirely attributable to owners of the parent.

*Administrative expenses include the financial stability contribution (“bank tax”) amounting to EUR 8,077thsd (30 Sep. 2017: EUR 8,945thsd), as well as the deposit insurance and resolution fund contributions totalling 7,558thsd (30 Sep. 2017: EUR 8,400thsd).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Items are reported as positive amounts on both the assets and liabilities sides; negative amounts result in a reduction in total assets.

Assets (EUR '000)	IFRS 9 30 Sep. 2018	IAS 39 31 Dec. 2017
Cash and balances at central banks	519,283	456,197
"Hold to collect" loans and advances to banks	833,109	860,821
"Hold to collect" loans and advances to customers	10,888,042	10,230,232
Financial assets measured at FVOCI (debt instruments)	764,390	N/A
Risk provisions for "hold to collect" assets	-79,818	-75,270
Financial instruments mandatorily measured at fair value (assets held for trading and non-trading assets)	673,155	476,252
Positive fair value of hedges (hedge accounting)	348,359	405,229
Available-for-sale financial assets	N/A	1,593,005
Financial assets designated as at fair value through profit or loss	18,683	19,474
Investments accounted for using the equity method	27,570	27,224
Investment property	40,116	41,382
Intangible assets	892	932
Property, plant and equipment	67,158	69,672
Current tax assets	9,259	20,659
Deferred tax assets	3,535	4,076
Other assets	24,208	226,827
Non-current assets held for sale (IFRS 5)	-	11,301
Total assets	**14,137,941**	**14,368,013**

Equity and liabilities (EUR '000)	IFRS 9 30 Sep. 2018	IAS 39 31 Dec. 2017
Deposits from banks	924,084	1,365,168
Deposits from customers	4,089,832	4,049,846
Debts evidenced by certificates	7,206,094	6,893,636
Liabilities held for trading	390,835	432,716
Negative fair value of hedges (hedge accounting)	646,201	705,616
Provisions	50,007	40,908
Current tax liabilities	9,902	19,349
Deferred tax liabilities	26,555	43,075
Other liabilities	140,412	139,845
Subordinated capital	1,453	1,453
Equity (incl. non-controlling interests)*	652,566	676,401
Equity attributable to owners of the parent – share capital	51,981	51,981
Equity attributable to owners of the parent – reserves	592,088	616,035
Non-controlling interests	8,497	8,385
Total equity and liabilities	**14,137,941**	**14,368,013**

*A detailed presentation is given in the consolidated statement of changes in equity, overleaf.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 Sep. 2018, EUR ’000	Balance at 31 Dec. 2017 (IAS 39)	Remeasurement	Balance at 1 Jan. 2018 (IFRS 9)	Profit for the year	Dividends paid	Other comprehensive income	Balance at 30 Sep. 2018 (IFRS 9)
Share capital	51,981	-	51,981	-	-	-	51,981
Capital reserves	191,824	-	191,824	-	-	-	191,824
Retained earnings	383,334	-16,559	366,775	24,168	-3,620	-	387,323
IAS 19 reserve	-5,191	-	-5,191	-	-	492	-4,699
Available-for-sale reserve	46,121	-46,121	N/A	N/A	N/A	N/A	N/A
FVOCI debt instrument reserve	N/A	24,407	24,407	-	-	-6,431	17,976
FVOCI equity instrument reserve	N/A	-94	-94	-	-	-76	-170
Remeasurement reserve – hedge (time value, forward elements and foreign currency basis spread)	N/A	-	-	-	-	-95	-95
Currency translation reserve	-53	-	-53	-	-	-18	-71
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**668,016**	**-38,367**	**629,649**	**24,168**	**-3,620**	**-6,128**	**644,069**
Non-controlling interests	8,385	-6	8,379	234	-116	-	8,497
TOTAL EQUITY	**676,401**	**-38,373**	**638,028**	**24,402**	**-3,736**	**-6,128**	**652,566**

30 Sep. 2017, EUR ’000			Balance at 1 Jan. 2017 (IAS 39)	Profit for the year	Dividends paid	Other comprehensive income	Balance at 30 Sep. 2017 (IAS 39)
Share capital			51,981	-	-	-	51,981
Capital reserves			191,824	-	-	-	191,824
Retained earnings			359,380	19,502	-7,000	-	371,882
IAS 19 reserve			-5,484	-	-	-351	-5,835
Available-for-sale reserve			41,301	-	-	478	41,779
FVOCI debt instrument reserve			N/A	N/A	N/A	N/A	N/A
FVOCI equity instrument reserve			N/A	N/A	N/A	N/A	N/A
Remeasurement reserve – hedge (time value, forward elements and foreign currency basis spread)			N/A	N/A	N/A	N/A	N/A
Currency translation reserve			-53	-	-	-3	-56
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			**638,949**	**19,502**	**-7,000**	**124**	**651,575**
Non-controlling interests			8,419	392	-	-	8,811
TOTAL EQUITY			**647,368**	**19,894**	**-7,000**	**124**	**660,386**

The dividend payment to a domestic corporation with a material interest was not subject to a corporation tax deduction under Austrian tax law.

Consolidated own funds and regulatory capital adequacy requirements

Regulation (EU) No 575/2013 (Capital Requirements Regulation IV, CRR IV) and the directive on access to the activity of credit institutions (Capital Requirements Directive IV, CRD IV), which came into effect in 2014, require the determination of banks' consolidated own funds and consolidated regulatory own funds requirements in accordance with IFRS and with the regulatory scope of consolidation.

The own funds of the HYPO NOE Landesbank banking group, calculated in accordance with the CRR/CRD IV requirements, are made up as follows:

EUR '000	**CRR/CRD IV 30 Sep. 2018**	**CRR and CRD IV 31 Dec. 2017**
Share capital	136,546	136,546
Paid-up capital instruments	*51,981*	*51,981*
Premiums	*84,566*	*84,566*
Reserves, differences and non-controlling interests	480,325	523,189
Retained earnings	*361,106*	*377,469*
Other reserves	*104,744*	*104,744*
Transitional adjustments for additional minority interests	-	*121*
Accumulated comprehensive income	*14,476*	*40,855*
Prudential filter: adjustments due to the prudential measurement requirements	-2,847	-3,634
Other transitional adjustments to Common Equity Tier 1 (CET1) capital	-	-9,224
Intangible assets	-841	-862
CET1 capital	613,184	646,015
Additional Tier 1 (AT1) capital	-	-
Tier 1 (T1) capital	**613,184**	**646,015**
Holdings subject to deductions pursuant to Arts. 36 and 89 CRR	-	-
Eligible Tier 1 capital	**613,184**	**646,015**
Holdings subject to deductions pursuant to Arts. 36 and 89 CRR	-	-
Total eligible capital	**613,184**	**646,015**
Own funds requirement	**246,666**	**259,854**
Own funds surplus	**366,518**	**386,161**
Coverage ratio (%)	248.59%	248.61%
Tier 1 capital ratio in accordance with Art. 92(2) point b) CRR	19.89%	19.89%
Tier 1 capital ratio in accordance with Art. 92(2) point b) CRR – fully loaded	-	20.17%
Total capital ratio in accordance with Art. 92(2) point c) CRR	19.89%	19.89%
Total capital ratio in accordance with Art. 92(2) point c) CRR – fully loaded	-	20.17%

Changes in the risk-weighted measurement basis and the resultant own funds requirements were as follows:

EUR '000	**CRR/CRD IV 30 Sep. 2018**	**CRR/CRD IV 31 Dec. 2017**
Risk-weighted exposure to credit risk	2,692,813	2,831,046
8% minimum capital requirement	215,425	226,484
Capital requirement for open currency positions	-	-
Capital requirement for operational risk	24,043	24,557
Capital requirement for CVA	7,197	8,814
Total capital requirement	**246,666**	**259,854**

The HYPO NOE Group has continued to exceed the requirements for the regulatory Tier 1 capital ratio and total capital ratio (including the additional requirements imposed by the Supervisory Review and Evaluation Process [SREP]) in 2018.

The effect of first-time application on the CRR capital ratio and total capital ratio in the IFRS 9 consolidated statements, on the basis of the current market situation and the validated parameters, was about -0.7 percentage points. The two key drivers are the remeasurement required by the standard and the reclassification of the nostro portfolio.

The total capital requirement as at 30 September 2018 was EUR 246.7m (31 Dec. 2017: EUR 259.9m). This fell by EUR 13.2m or 5.1% as a result of the decline in risk-weighted assets (RWAs) owing, among other factors, to the recognition of Stage 1 (12-month expected credit losses) and Stage 2 (lifetime expected credit losses) impairments in accordance with IFRS 9.

Total eligible capital decreased by EUR 32.8m, to EUR 613.2m (31 Dec. 2017: EUR 646.0m), chiefly as a result of the negative effect on eligible Tier 1 capital of the first-time application of IFRS 9, which entered into mandatory effect on 1 January 2018. The decrease in the revaluation surplus in the course of 2018, particularly the reduction in debt instruments measured at FVOCI, also had an impact on eligible capital.

Events after the reporting period

There have been no material events since the end of the reporting period.

St. Pölten, 9 November 2018
The Management Board

Peter Harold	**Udo Birkner**	**Wolfgang Viehauser**
Chairman of the Management Board	Member of the Management Board	Member of the Management Board