FINANCIAL FACT SHEET FOR THE QUARTER ENDED **31 March 2018**

This HYPO NOE Landesbank für Niederösterreich und Wien AG Group (hereafter referred to as the HYPO NOE Group) financial fact sheet was drawn up voluntarily, and the Group is under no obligation to publish such reports. This report 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 (condensed statement of cash flows) and 8e (selected explanatory notes) of IAS 34 were not fully applied. This financial fact sheet should be read in conjunction with the annual financial statements for the year ended 31 December 2017.
It has neither been fully audited nor has it been reviewed by independent auditors.

HYPO NOE

Group financial highlights

EUR '000		IFRS 9 31 Mar. 2018	IAS 39 31 Mar. 2017	IAS 39 31 Dec. 2017
Total assets		**14,358,449**	**15,938,007**	**14,368,013**
Total eligible capital in accordance with CRR/CRD IV		**613,143**	**631,015**	**646,015**
Tier 1 capital ratio in accordance with Art. 92(2) point b) CRR	1	19.42%	16.19%	19.89%
Tier 1 capital ratio in accordance with Art. 92(2) point (b) CRR – fully phased in	1	19.42%	16.40%	20.17%
Total capital ratio in accordance with Art. 92(2) point (c) CRR	1	19.42%	16.69%	19.89%
Total capital ratio in accordance with Art. 92(2) point (c) CRR – fully phased in	1	19.42%	16.90%	20.17%
Return on equity (ROE) before tax		1.3%	0.5%	6.2%
Operating ROE before tax		9.3%	9.4%	8.6%
ROE after tax		1.1%	0.6%	4.7%
Cost/income ratio (CIR)	2	107.8%	100.1%	78.5%
Operating CIR		71.2%	65.3%	67.1%

The intrayear indicators are annualised on a daily basis.

[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 phased-in ratios.
[2] CIR as at 31 March 2018 includes the entire cost of the one-off financial stability contribution and the contributions to the deposit insurance and resolution funds in 2018. Pro forma, on an accruals basis CIR as at 31 March 2018 would have been 92.2%.

CONTENTS

Company profile

Profile of the HYPO NOE Group

This HYPO NOE Group financial fact sheet was prepared by the Group's parent, HYPO NOE Landesbank für Niederösterreich und Wien AG (hereafter referred to as HYPO NOE Landesbank), one of Austria's oldest and largest state government-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, meaning that it rests on foundations of stable and dependable ownership. Based on a regional focus, closeness to customers and sustainability, the Bank's strategy has stood the test of time and we remain strongly committed to it.

The HYPO NOE Group is principally active in its core market of Lower Austria and Vienna, one of Austria's most dynamic regions, as well as in selected neighbouring countries in the 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. Infrastructure, real estate, corporate, project and structured finance are central to its business model, as is lending to retail customers, the region's small and medium-sized enterprises, and commercial and non-profit housing developers. The Group has 27 branches in Lower Austria and Vienna, serving about 80,000 customers.

A solid A/A-1 issuer rating with a "stable" outlook from Standard & Poor's reflects HYPO NOE Landesbank's excellent financial standing, and it is among the best rated and hence most secure banks in Austria. Moody's ratings on HYPO NOE Landesbank's public sector and mortgage cover pools have also remained high, at Aa1. In terms of sustainability, the Group is among the best in its industry. An oekom research C rating with Prime status is testimony to the HYPO NOE Group's exceptionally strong commitment to environmental and social responsibility.

Group structure

As the parent company of a group that also includes HYPO NOE Leasing and HYPO NOE Real Consult, HYPO NOE Landesbank mainly serves large state and local government clients. In addition, facility management subsidiary HYPO NOE First Facility enables the Group to deliver real estate services that cover the entire life cycle of a property.

Core market

HYPO NOE Landesbank's core 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 Austria'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, property developers and large corporates, as well as retail and corporate customers.

Economic climate

Global economic and financial market trends

The world economy continued to grow rapidly at the start of 2018. Almost all of the major economies are currently in expansion phases. This synchronised recovery provides a strong platform for a stable, broad-based upswing in 2018. The favourable underlying situation in the euro area points to an increase in output at about the same rate as last year's 2.4%. However, as expected, the leading indicators retreated during the first quarter, albeit from historic highs. Among other factors, the gloomier sentiment indicators reflect increased uncertainty about United States trade policy and the political situation, especially in Syria. In the absence of a further worsening of the political backdrop, global economic performance is likely to match the current positive forecasts. However, a further escalation in political tensions would probably hit business confidence, leading to slower economic growth.

During the first quarter of 2018, international financial markets were considerably more volatile than in the previous year. Although the only strong movements at the start of the year were in market interest rates, this subsequently led to sharp and significant corrections on world stock markets. Besides the rise in interest rates – which retreated markedly towards the end of the reporting period – increased worries about US trade and foreign policy played a part in these corrections.

Economic trends in the HYPO NOE Group's core markets

Austria

The Oesterreichische Nationalbank (OeNB) expects the Austrian economy to extend last year's high growth and run at 2.8%. In December 2017 the European Commission's Economic Sentiment Indicator (ESI) gave Austria the highest reading since 1990, underlining the upbeat mood during the current boom.

Total exports climbed by 8.6% in 2017. Exports to fellow eurozone countries, and to the Central, Eastern and Southeast European (CESEE) countries both jumped by 10%.

Austrian companies are now reacting to the favourable economic situation by increasing their capacity. At present, the main focus of investment is on new machinery, but construction investment is also steadily rising. Manufacturing industry is predicted to repeat last year's robust output growth of 4% in 2018.

Lending growth remains high: in January 2018 business lending was up by 5.4% and personal loans by 3.4% year on year.

Federal states

Due to the upbeat economic climate, growth in most of the federal states should increase or hold at today's high level. Export demand is having a particularly strong impact on growth in the states with large industrial sectors – Upper Austria, Styria and Vorarlberg.

The gross domestic product (GDP) growth outlook for Lower Austria has lately seen a marked upward revision from 2% to 3.3%. Lower Austria's industrial output rose by 10% year on year, on the back of the global economic upturn. The situation in the state's construction sector has also improved significantly of late.

Danube region

With the exception of Germany, the Danube region – the HYPO NOE Group's extended core market – is again set to record growth well in excess of the EU average in 2018. After expanding by about 4.5% in 2017, the region's economy is expected to power ahead by 3.8% this year.

Romania is seen posting the strongest growth in the region in 2018, at 4.7%, followed by Hungary, Poland and Slovakia, all at 3.8%.

With the start of a new support programme period, recourse to EU funding accelerated in 2017 – a trend that will continue in 2018. As a result, a strong upturn in investment, especially in infrastructure, is likely in the course of the year.

Group outlook for 2018

Outlook for Group performance

With strong roots in its core Lower Austrian and Viennese market, the HYPO NOE Group will strive to remain a secure and reliable partner to the public sector, real estate customers, large corporates, and retail and corporate customers.

In line with the increased demand for housing in the core market, one of the Group's priorities for 2018 will be systematic expansion of its housing development business, with a strong emphasis on serving non-profit housing associations. At the same time, a growth strategy has been mapped out for the corporate customer segment. This is principally aimed at increasing provision of services to business customers in the core region by offering them a wider range of products. The Group's structure, with its strong roots in the core region and focus on local customer care, will support these activities. In the public sector finance business, the Group is pressing ahead with existing initiatives to further improve the balance sheet structure with a view to increasing portfolio granularity.

The Group is maintaining its successful efforts to enhance cost efficiency and the income structure. Additional action on digitalisation will help drive this progress, as will moves to strengthen further earnings components such as net fee and commission income.

The two disposals initiated in 2017 have gone ahead. One was completed during the second quarter of 2018 as part of a share deal. This concerns a property near the centre of Vienna, owned by HYPO NOE Landesbank. The other relates to the foreign subsidiaries of HYPO NOE First Facility GmbH.

Economic environment

The strong momentum of the global economy has carried over into the new year. The eurozone is expected to record similar growth to last year, at about 2.4%. At present, it seems safe to assume that the solid performance of the world economy will persist, although the business confidence indicators have edged down as a result of increased uncertainties and current political developments.

The upturn in economic activity looks set to persist in 2018, meaning that in all probability Austria will post a growth rate above the euro area and EU-28 averages. The economic sentiment indicators, and consumer confidence in particular, underpin this expectation, and point to a broad-based recovery. The continued availability of cheap money, leading to increased demand for loans, is also likely to support economic activity.

Faced with an environment marked by increasing uncertainties, the European Central Bank (ECB) is maintaining the expansionary stance of its monetary policy. The ECB is highly unlikely to start winding down its bond buying (quantitative easing) programme before the end of September, but will probably finish the job by the end of 2018. At present, the ECB is not seen raising interest rates this year.

The HYPO NOE Group's core market, where per capita income and purchasing power are both strong, encompasses the Austrian federal states with the highest forecast population growth. This is already manifesting itself in increased housing demand. Meanwhile, the 2018 GDP growth forecast for Lower Austria has been upped from 2.0% to 3.3%.

Financial review

Key developments in the first quarter of 2018

Earnings (IFRS)

Group profit attributable to owners of the parent was well in the black, at EUR 1.6m (Q1 2017: EUR 0.6m), despite hefty non-accruable, one-off regulatory expenses, amounting to EUR 13.5m.

Net interest income was EUR 26.9m – down EUR 3.4m year on year (Q1 2017: EUR 30.3m).

The risk provisions, calculated according to the new IFRS 9 measurement methods, which entered into effect on 1 January 2018, yielded higher net gains, at EUR 4.9m, than the figure arrived at in the comparative period under IAS 39 (Q1 2017: EUR 0.8m).

Net interest income after risk provisions was EUR 31.8m, for a year-on-year increase of EUR 0.7m or 2.2% on the EUR 31.1m reported for 2017.

Net fee and commission income was almost unchanged at EUR 3.8m.

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 2.5m), was negative by an overall EUR 3.3m (Q1 2017: net loss of EUR 0.3m). This item also reflected foreign exchange gains on CHF-denominated forward exchange transactions (net gains of EUR 0.9m), which were offset by transactions recognised in net other operating income, as well as positive earnings contributions from interest rate transactions, largely resulting from differences between the measurement of customer derivatives and related hedges.

Administrative expenses fell by 7.2% or EUR 3.0m year on year, to EUR 38.4m (Q1 2017: EUR 41.4m). This decline was due both to staff costs (EUR 0.3m) and to other administrative expenses (EUR 2.5m). The total financial stability contribution, including the current levy, was EUR 6.8m (Q1 2017: EUR 7.5m). Administrative expenses also include the statutory contributions to the deposit insurance and resolution funds, amounting to EUR 7.4m (Q1 2017: EUR 8.2m). It should be noted that this will not impose any additional burden on the next three quarters’ earnings.

Net other operating income was EUR 8.3m (Q1 2017: EUR 8.0m). The balance includes measurement gains and losses on cash transactions during the reporting period; offsetting gains and losses on forward exchange operations (EUR 0.9m) that are not subject to hedge accounting are reported under net trading income.

Net gains on investments accounted for using the equity method stood at EUR 0.4m (Q1 2017: net gains of EUR 1.5m); they primarily resulted from an increase in value in use at the EWU non-profit subgroup.

The net gains on financial assets of EUR 1.2m (Q1 2017: marginally lower net gains) mainly arose from sales of securities.

The net losses on hedges of EUR 1.7m (Q1 2017: EUR 2.0m) were largely attributable to the different discount rates applied to hedges and the related underlying transactions, as well as early repayments.

Operating income was EUR 35.7m – down by EUR 5.7m (Q1 2017: EUR 41.4m). This was mainly due to lower net interest income (EUR 3.4m) and the higher net trading loss (EUR 3.0m).

Together these changes led to a profit before tax of EUR 2.2m, compared to EUR 0.8m in the first quarter of 2017.

The changes in earnings were reflected by the following financial performance indicators:

		IFRS 9 Q1 2018	IAS 39 Q1 2017	IAS 39 2017	IAS 39 2016
Return on equity (ROE) before tax**	Profit or loss for the period before tax/ave. equity	1.3%	0.5%	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%	9.4%	8.6%	18.5%
ROE after tax**	Profit or loss for the period/ave. equity	1.1%	0.6%	4.7%	11.4%
Cost/income ratio (CIR)[1]	Operating expenses/operating income*	107.8%	100.1%	78.5%	56.0%
Operating CIR	CIR excl. financial stability and resolution fund contributions, and regulatory costs	71.2%	65.3%	67.1%	46.3%
Risk/earnings ratio	Credit provisions/net interest income A negative indicator signifies income from, and a positive indicator expenses for credit provisions	-18.4%	-2.8%	-8.3%	6.3%
Overall profitability	Profit for the period/total assets	0.049%	0.026%	0.217%	0.455%

*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.

**Intrayear indicators annualised on a daily basis.

[1] CIR as at 31 March 2018 includes the entire cost of the special financial stability contribution, and the contributions to the deposit insurance and resolution funds, in 2018. Pro forma, on an accruals basis CIR would have been 92.2%.

Changes in total assets and consolidated equity (IFRS)

The HYPO NOE Group’s total assets as at 31 March 2018 were fractionally lower, declining by EUR 10.0m or 0.1% from their year-end 2017 level, to stand at EUR 14.4bn. The most significant changes were the rise in cash and balances at central banks (EUR 0.3bn) and the fall in other assets (EUR 0.2bn).

On the equity and liabilities side, deposits from banks were up by EUR 0.3bn, while deposits from customers decreased by EUR 0.2bn, and debts evidenced by certificates by EUR 0.1bn.

As at 31 March 2018, IFRS consolidated equity including non-controlling interests was EUR 632.8m – down by EUR 43.6m on year-end 2017. This reduction was mainly a consequence of the mandatory use of new classification and measurement treatment of financial assets, which had to be reported as opening balance entries (EUR 39.8m), as well as EUR 3.5m in dividend payments including minority interests in 2018.

Changes in consolidated own funds (CRR/CRD IV[1])

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

Consolidated eligible capital in accordance with the CRR was EUR 613.1m as at 31 March 2018 (31 Dec. 2017: EUR 646.0m). The own funds surplus as at 31 March 2018 was EUR 360.6m (31 Dec. 2017: EUR 386.2m), compared with an own funds requirement of EUR 252.6m (31 Dec. 2017: EUR 259.9m). The Tier 1 capital ratio in accordance with Art. 92(2) point (b) CRR and the total capital ratio in accordance with Art. 92(2) point (c) CRR were 19.4% as at 31 March 2018 (31 Dec. 2017: both ratios 19.9%), and were then identical with the fully phased-in ratios (31 Dec. 2017: both fully phased-in ratios 20.2%).

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

Significant accounting policies

In all material respects, this HYPO NOE Group (HYPO NOE Landesbank für Niederösterreich und Wien AG Group) financial fact sheet 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 IASB published the final version of IFRS 9 Financial Instruments in July 2014. Initial application by the HYPO NOE Group took place as of 1 January 2018. IFRS 9 features new classification and measurement approaches for financial assets. These reflect the business models under 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 -39.8m. The two key drivers are the remeasurement required by the standard and the reclassification of the nostro portfolio.

This financial fact sheet has neither been fully audited nor has it been reviewed by independent auditors.

It was drawn up voluntarily, and the Group is under no obligation to publish such reports. 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 (condensed statement of cash flows) and 8e (selected explanatory notes) of IAS 34 were not fully applied, and the financial fact sheet should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

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 2018**	**IAS 39 Q1 2017**
Interest and similar income	61,350	85,588
Interest on assets measured at amortised cost, or not measured at fair value through profit or loss	51,779	48,457
Interest and similar expense	-86,239	-103,745
Net interest income	**26,890**	**30,300**
Risk provisions for "hold to collect" assets	4,939	846
Gains/losses on derecognition of financial assets previously accounted for at cost	-	N/A
Net interest income after risk provisions*	**31,829**	**31,146**
Fee and commission income	4,500	4,511
Fee and commission expense	-675	-740
Net fee and commission income	**3,825**	**3,771**
Net losses on financial instruments mandatorily measured at fair value (net trading and non-trading income)	-3,282	-292
Administrative expenses*	-38,448	-41,423
Net other operating income	8,279	8,038
Net gains on investments accounted for using the equity method	423	1,531
Net gains on available-for-sale financial assets	N/A	7
Net gains on financial assets measured at fair value through other comprehensive income (OCI) (debt instruments)	1,130	N/A
Net gains/losses on financial assets designated as at fair value through profit or loss	-91	52
Net gains on financial assets measured at amortised cost	186	N/A
Net losses on hedges	-1,673	-2,014
Net losses on other financial investments	-5	-5
Profit before tax	**2,173**	**811**
Income tax expense	-437	203
Profit for the period	**1,736**	**1,014**
Non-controlling interests	-124	-385
Profit attributable to owners of the parent	**1,612**	**629**

Other comprehensive income (EUR '000)	**IFRS 9 Q1 2018**	**IAS 39 Q1 2017**
Profit attributable to owners of the parent	**1,612**	**629**
Items that will not be reclassified to profit or loss		
Change in equity instruments measured at fair value through OCI (FVOCI) (before tax)	*68*	*N/A*
Change in actuarial gains or losses (before tax)	*241*	*-*
Change in deferred tax	*-77*	*-*
Items that may be reclassified subsequently to profit or loss		
Change in available-for-sale financial instruments (before tax)	*N/A*	*307*
Change in available-for-sale financial instruments reclassified to profit or loss (before tax)	*N/A*	*-970*
Change in debt instruments measured at FVOCI (before tax)	*-2,928*	*N/A*
Change in hedges presented in OCI (before tax)	*-116*	*N/A*
Change in deferred tax	*761*	*166*
Total other comprehensive income	**-2,051**	**-497**
Total comprehensive income attributable to owners of the parent	**-439**	**132**

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

*Administrative expenses include the financial stability contribution ("bank tax") amounting to EUR 6,781thsd (31 Mar. 2017: EUR 7,489thsd), as well as the deposit insurance and resolution fund contributions totalling 7,362thsd (31 Mar. 2017: EUR 8,238thsd).

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 31 Mar. 2018	IAS 39 31 Dec. 2017
Cash and balances at central banks	749,924	456,197
“Hold to collect” loans and advances to banks	815,439	860,821
“Hold to collect” loans and advances to customers	10,713,582	10,230,232
Financial assets measured at FVOCI (debt instruments)	779,306	N/A
Risk provisions for “hold to collect” assets	-90,866	-75,270
Financial instruments mandatorily measured at fair value (assets held for trading and non-trading assets)	786,786	476,252
Positive fair value of hedges (hedge accounting)	381,629	405,229
Available-for-sale financial assets	N/A	1,593,005
Financial assets designated as at fair value through profit or loss	19,135	19,474
Investments accounted for using the equity method	26,533	26,238
Investment property	40,960	41,382
Intangible assets	768	932
Property, plant and equipment	69,039	69,672
Current tax assets	26,699	20,659
Deferred tax assets	4,085	4,076
Other assets	23,149	226,827
Non-current assets held for sale (IFRS 5)	12,281	12,287
Total assets	**14,358,449**	**14,368,013**

Equity and liabilities (EUR ’000)	IFRS 9 31 Mar. 2018	IAS 39 31 Dec. 2017
Deposits from banks	1,673,485	1,365,168
Deposits from customers	3,888,190	4,049,846
Debts evidenced by certificates	6,823,783	6,893,636
Liabilities held for trading	431,462	432,716
Negative fair value of hedges (hedge accounting)	671,421	705,616
Provisions	41,369	40,908
Current tax liabilities	8,038	19,349
Deferred tax liabilities	28,189	43,075
Other liabilities	158,297	139,845
Subordinated capital	1,453	1,453
Equity (incl. non-controlling interests)*	632,762	676,401
Equity attributable to owners of the parent – share capital	51,981	51,981
Equity attributable to owners of the parent – reserves	572,279	616,035
Non-controlling interests	8,502	8,385
Total equity and liabilities	**14,358,449**	**14,368,013**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 Mar. 2018, EUR '000	Balance at 1 Jan. 2018 (IAS 39)	Re-measurement	Balance at 1 Jan. 2018 (IFRS 9)	Profit for the year	Dividends paid	Other comprehensive income	Balance at 31 Mar. 2018 (IFRS 9)
Share capital	51,981	-	51,981	-	-	-	51,981
Capital reserves	191,824	-	191,824	-	-	-	191,824
Retained earnings	383,334	-18,010	365,324	1,612	-3,500	-	363,437
IAS 19 reserve	-5,191	-	-5,191	-	-	181	-5,010
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	-	-	-2,196	22,211
FVOCI equity instrument reserve	N/A	-94	-94	-	-	51	-43
Remeasurement reserve hedge (time value, forward elements and foreign currency basis spread)	N/A	-	-	-	-	-87	-87
Currency translation reserve	-53	-	-53	-	-	-	-53
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**668,016**	**-39,818**	**628,198**	**1,612**	**-3,500**	**-2,051**	**624,260**
Non-controlling interests	8,385	-6	8,379	124	-	-	8,502
TOTAL EQUITY	**676,401**	**-39,824**	**636,577**	**1,736**	**-3,500**	**-2,051**	**632,762**

31 Mar. 2017, EUR '000			Balance at 1 Jan. 2017 (IAS 39)	Profit for the year	Dividends paid	Other comprehensive income	Balance at 31 Mar. 2017 (IAS 39)
Share capital			51,981	-	-	-	51,981
Capital reserves			191,824	-	-	-	191,824
Retained earnings			359,380	630	-7,000	-	353,010
IAS 19 reserve			-5,484	-	-	-	-5,484
Available-for-sale reserve			41,301	-	-	-497	40,804
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	-	-	-	-53
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			**638,949**	**630**	**-7,000**	**-497**	**632,083**
Non-controlling interests			8,419	385	-	-	8,804
TOTAL EQUITY			**647,368**	**1,015**	**-7,000**	**-497**	**640,887**

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 31 Mar. 2018	CRR/CRD IV 31 Dec. 2017
Share capital	136,546	136,546
of which paid-up capital instruments	*51,981*	*51,981*
premiums	*84,566*	*84,566*
Reserves, differences and non-controlling interests	480,375	523,189
of which retained earnings	*358,774*	*377,469*
other reserves	*104,744*	*104,744*
transitional adjustments for additional minority interests	-	*121*
accumulated comprehensive income	*16,857*	*40,855*
Prudential filter: adjustments in the interests of conservative measurement	-3,074	-3,634
Other transitional adjustments to Common Equity Tier 1 capital	-	-9,224
Intangible assets	-703	-862
Common Equity Tier 1 capital	613,143	646,015
Additional Tier 1 capital	-	-
Tier 1 capital	**613,143**	**646,015**
Deductions of holdings, pursuant to Arts. 36 and 89 CRR	-	-
Eligible Tier 1 capital	**613,143**	**646,015**
Deductions of holdings, pursuant to Arts. 36 and 89 CRR	-	-
Total eligible capital	**613,143**	**646,015**
Own funds requirement	**252,579**	**259,854**
Own funds surplus	**360,564**	**386,161**
Coverage ratio (%)	242.75%	248.61%
Tier 1 capital ratio in accordance with Art. 92(2) point b) CRR	19.42%	19.89%
Tier 1 capital ratio in accordance with Art. 92(2) point (b) CRR – fully phased in	19.42%	20.17%
Total capital ratio in accordance with Art. 92(2) point (c) CRR	19.42%	19.89%
Total capital ratio in accordance with Art. 92(2) point (c) CRR – fully phased in	19.42%	20.17%

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

EUR '000	CRR/CRD IV 31 Mar. 2018	CRR/CRD IV 31 Dec. 2017
Risk-weighted measurement basis for credit risk	2,765,302	2,831,046
of which 8% minimum capital requirement	221,224	226,484
Capital requirement for open currency positions	-	-
Capital requirement for operational risk	24,043	24,557
Capital requirement for CVA	7,312	8,814
Total capital requirement	**252,579**	**259,854**

The HYPO NOE Group 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 -0.9 percentage points. The two key drivers are the remeasurement required by the standard and the reclassification of the nostro portfolio.

The total own funds requirements as at 31 March 2018 were EUR 252.6m (31 Dec. 2017: EUR 259.9m). They fell by EUR 7.3m or 2.8% 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 32.9m, to EUR 613.1m (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.

Events after the reporting period

The completion of the share deal for the sale of a property near the centre of Vienna on 13 April 2018 resulted in a material non-recurring gain.

St. Pölten, 15 May 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