

HYPO NOE Landesbank successfully places benchmark mortgage covered bond

HYPO NOE Landesbank yesterday successfully issued Europe's first benchmark covered bond outside France since the start of the coronavirus crisis. Under conditions that remain difficult due to the Covid-19 outbreak, the bank floated a EUR 500m covered bond (XS2176710510) from the mortgage cover pool; the coupon is 0.01% and the reoffering yield is -0.038%. The bond is expected to receive an Aa1 rating from Moody's, and has a maturity of just over seven years as well as a soft bullet repayment structure. The proceeds from the issuance will go towards refinancing planned lending. The bank extended new loans totalling EUR 380m in the first three months of 2020, compared with EUR 300m in the first quarter of 2019.

The bond syndicate mandated by HYPO NOE Landesbank - BNP Paribas, Commerzbank, Erste Group, LBBW and Nord/LB - opened their order books at 8.55 CET on Tuesday morning with a spread guidance of mid-swaps +25 bps area. Investors placed orders worth more than EUR 1bn in the opening 20 minutes of book building, hence guidance was revised to mid-swaps +20 bps (+/-1 bp, wpir) and an announcement made that the order books would close at 10.30am. By this time, 127 orders had been gathered worth a total of around EUR 3bn, and due to the strong demand the final spread was set at mid-swaps +19 bps.

The order book was once again extremely granular. A substantial proportion of the issue - 86.6% - was placed abroad, with particularly strong interest from Germany (48.3%), followed by the Nordic countries (14.4%) and Benelux (4.8%). 13.4% of demand came from domestic investors. Banks accounted for 53.2% of orders, asset managers 22.6%, central banks 19.1% and insurance companies 3.4%.

Before the end of this year, HYPO NOE Landesbank is planning the debut issue of a senior preferred green bond, depending on new lending volumes achieved. The ISS ESG rating (formerly oekom research) for Lower Austrian's state bank was recently upgraded another notch to C+; the Bank has had Prime status since 2016. In this regard, HYPO NOE Landesbank is ranked number one in Austria and number four worldwide out of a total of 279 public and regional banks.¹

¹Source: ISS ESG, 16 March 2020

Further information is available to download at www.hyponoe.at/en/ir.

HYPO NOE Landesbank für Niederösterreich und Wien AG

HYPO NOE Landesbank is the largest and oldest-established of Austria's state mortgage banks¹, and has served as a dependable commercial bank, stable state bank and specialist mortgage bank for more than 130 years. Based on the foundations of its strong position in the capital region of Lower Austria and Vienna, the Bank operates primarily in Austria and Germany, as well as in selected markets in the European Union.

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¹ By total assets (2019 consolidated financial statements) and date of establishment