

IR newsletter, 25 September 2019

HYPO NOE Landesbank: Successful benchmark issue out of public cover pool

Yesterday, HYPO NOE Landesbank successfully placed a covered bond benchmark transaction in the capital markets. The EUR 500mn public sector covered bond (XS2057917366) with a soft-bullet repayment structure and an expected 'Aa1' rating by Moody's has a tenor of seven years and carries a coupon of 0.01%. Due to meaningful new business underwritten, the Bank's funding requirement is now over EUR 1bn, and has already been almost entirely met with this transaction.

On Tuesday morning at 9:08 AM, lead managing banks DekaBank, DZ BANK, Erste Group, LBBW and UniCredit opened the order books with a spread guidance of mid-swaps +11bps. Just 45 minutes later, investor orders of more than EUR 500mn were taken. The guidance was subsequently revised to mid-swaps +9bps (+/-1). By close of the order books at 11:15 AM, 38 orders with a total volume of EUR 730mn (excl. lead managers) could be generated. Due to this solid demand, the bond was finally priced at mid-swaps +8bps.

16% of the issue is attributable to domestic investors. With the remaining 84%, once more a substantial share could be placed abroad, with Germany (63%) showing particular interest, followed by South Europe (11%) and the Nordics (4%). As expected, the lion share went to banks (80%), with the remainder being made up of asset managers (16%), insurance companies and central banks, each with 2%.

"In the light of the recently further tightened interest rate environment in the eurozone, we are delighted to see that this covered bond was met with broad investor interest. This indicates, that HYPO NOE Landesbank is solidly positioned in the capital markets", says Wolfgang Viehauser, Management Board Member Markets and Spokesman.

Kind regards
The Investor Relations team

HYPO NOE Landesbank für Niederösterreich und Wien AG

Wipplingerstraße 2-4
1010 Vienna | Austria

mailto: investorrelations@hyponoe.at

www.hyponoe.at

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