RESULTS ANNOUNCEMENT FOR THE QUARTER ENDED **31 March 2022**

HYPO NOE

CURRENT RATINGS

Standard & Poor's: A/A-1 (stable) issuer rating

Moody's: Aa1 mortgage and public-sector covered bond rating

ISS ESG: C+ Prime status sustainability rating

GROUP FINANCIAL HIGHLIGHTS

EUR '000

Consolidated statement of comprehensive income	Q1 2022	Q1 2021
Net interest income	36,445	34,773
Administrative expenses	-35,083	-32,645
Impairment gains on financial assets – IFRS 9 ECL	7,812	1,173
Profit before tax	**17,286**	**11,640**
Income tax expense	-4,127	-2,490
Profit for the period	**13,159**	**9,150**
Return on equity before tax	9.33%	6.63%
Cost/income ratio	46.38%	50.36%
Consolidated statement of financial position	**31 Mar. 2022**	**31 Dec. 2021**
Total assets	16,595,913	16,763,250
Financial assets – AC	13,875,447	14,053,484
Financial liabilities – AC	14,877,258	14,920,835
Equity (incl. non-controlling interests)	755,786	747,344
NPL ratio	0.83%	0.85%
Regulatory indicators	**31 Mar. 2022**	**31 Dec. 2021**
Eligible Tier 1 capital	726,211	729,622
Total eligible capital	726,211	729,622
Minimum capital requirement (Pillar I)	308,260	301,609
Excess equity	417,951	428,013
Total risk exposure amount in accordance with Art. 92(3) CRR	3,853,250	3,770,117
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	18.85%	19.35%
Total capital ratio in accordance with Art. 92(2)(c) CRR	18.85%	19.35%
Leverage ratio in accordance with Art. 92(2)(d) CRR	4.78%	4.75%
LCR	232.71%	202.45%
Operational resources	**31 Mar. 2022**	**31 Dec. 2021**
Employees	636	630
Branches	27	27

The intrayear indicators are annualised on a daily basis.

COMPANY PROFILE

Profile of the HYPO NOE Group

This HYPO NOE Group quarterly results announcement was prepared by the Group's parent, HYPO NOE Landesbank für Niederösterreich und Wien AG (HYPO NOE Landesbank).

HYPO NOE Landesbank is the largest and oldest-established Austrian state mortgage bank[1], and has been a reliable commercial bank, stable state bank and specialist mortgage lender for over 130 years. The Bank operates primarily in Austria and Germany, as well as in selected markets elsewhere in the European Union, using its strong position in Lower Austria and Vienna as a springboard.

The HYPO NOE Group serves as a one-stop shop, providing a comprehensive range of financial services for public sector, real estate and corporate customers, in line with its business model as a mortgage bank. The product portfolio is centred on funding for hard and social infrastructure, non-profit and commercial housing construction, and other large property development projects. Retail customers benefit from the expert personal service delivered by the branch network in the Group's home market of Lower Austria and Vienna, with its focus on housing finance.

The Group concentrates on four business segments that play to its core competences: Public Sector, Real Estate, Retail and Corporate Customers, and Treasury & ALM. The wholly owned HYPO NOE Leasing subsidiary, which specialises in real estate leasing to public sector clients and has extensive experience of "Maastricht-compliant" financing structures, enables the Group to concentrate on serving large federal government, state government and local authority clients.

HYPO NOE Landesbank is one of Austria's leading covered bond issuers and is a regular participant on the capital markets through the flotation of secured and unsecured benchmark bonds. Thanks to the solid foundations provided by customer deposits, and its increasingly close cooperation with development banks, HYPO NOE Landesbank can also look to diversify its sources of refinancing. Standard & Poor's currently gives the Bank a solid single A rating with a stable outlook, while Moody's ratings on the public sector and mortgage cover pools are unchanged at Aa1.

HYPO NOE Landesbank is backed by a stable and reliable sole owner in the shape of Austria's largest federal state, Lower Austria. The Bank's owner takes a long-term view and ensures that it stays true to its strategy of organic growth in its core business, best-in-class digital solutions in its mortgage lending operations, and further improvements in profitability, while maintaining a conservative risk and capital profile.

The Bank's sustainable approach to its core operations is underpinned and promoted by clear ethical principles and business policies. Its portfolio is geared strongly towards sustainability due to the large proportion of lending that creates social value added. ISS ESG Prime status underlines the Bank's commitment to environmental and social responsibility. HYPO NOE Landesbank has ESG ratings from Sustainalytics, Vigeo Eiris (part of Moody's ESG Solutions Group) and imug, and has also been awarded the DZ Bank sustainability seal of approval.

[1] In terms of total assets (2020 consolidated financial statements) and date of establishment

FINANCIAL REVIEW

- “Profit before tax” up by 48.51% to EUR 17.3m (Q1 2021: EUR 11.6m)
- Strong core earnings provide solid foundations: “Net interest income” up by 4.81%, and “Net fee and commission income” 7.54% higher year on year
- Cost/income ratio (CIR) of 46.38% as at 31 March 2022, compared with 50.36% a year earlier
- NPL ratio of 0.83% at the end of Q1 2022 (31 Dec. 2021: 0.85%)
- CET1 ratio of 18.85% as at 31 March 2022. The pro forma ratio, i.e. including the interim result, would be identical to the CET1 ratio of 19.35% reported at year-end 2021.

The HYPO NOE Group reported “Profit before tax” of EUR 17.3m in the first three months of 2022 (Q1 2021: EUR 11.6m), and the return on equity (ROE) was 9.33% (Q1 2021: 6.63%). These results reflect the progress made in implementing the HYPO NOE Group’s FOKUS25 strategy, which is geared towards enhancing profitability through organic growth in the core business, while also taking into account the Group’s conservative risk profile and strong capital profile.

This latest increase in core earnings laid the foundations for a further improvement in the Group’s results. “Net interest income” rose by 4.81% to EUR 36.4m (Q1 2021: EUR 34.8m), and “Net fee and commission income” grew by 7.54% to reach EUR 5.5m (Q1 2021: EUR 5.1m). “Administrative expenses” went up to EUR 35.1m, compared with EUR 32.6m in the same period a year earlier. This was mainly due to the EUR 2.9m year-on-year increase in the resolution fund contribution. Adjusted for this and other one-time effects, the CIR improved once again, to stand at 46.38% (Q1 2021: 50.36%).

Risk provisions in the performing loan portfolio (Stages 1 and 2) amounted to EUR 49.0m at 31 March 2022 – an increase of 45.48% on the pre-Covid level reported at year-end 2019. Total risk provisions (Stages 1-3) reached EUR 83.0m at the end of the reporting period, which was 7.06% higher than at 31 December 2019, before the outbreak of the coronavirus pandemic.

New lending in the first three months of 2022 totalled about EUR 310m (Q1 2021: EUR 387m) and was mainly in line with the Group’s core competences of infrastructure and housing construction finance. The Group recorded a 1.3% fall in “Financial assets – AC” compared with year-end 2021, to EUR 13.9bn (31 Dec. 2021: EUR 14.1bn).

On the equity and liabilities side of the balance sheet, “Financial liabilities – AC” remained unchanged from 31 December 2021, at EUR 14.9bn as at 31 March 2022. The reduction in repayment and measurement effects from bonds in issue was almost fully offset by an increase in demand and time deposits.

The HYPO NOE Group again reported a strong Common Equity Tier 1 (CET1) ratio of 18.85% as at the end of the period under review (31 Dec. 2021: 19.35%). Adjusted for earnings in the first quarter of 2022 and the prorating of regulatory costs, which were required to be recognised in full at the start of the year, the pro forma CET1 ratio was unchanged year on year, in spite of the increase in risk-weighted assets (RWA).

The HYPO NOE Group’s balance sheet stood out for the exceptionally high quality of assets as at the end of the first quarter, as well as the Group’s strong capitalisation and robust liquidity position. The non-performing loan (NPL) ratio remained low, at 0.83% (31 Dec. 2021: 0.85%), while the NPL coverage ratio was a solid 84.97% (31 Dec. 2021: 88.84%). Systematic, proactive intensive care management, in tandem with risk-aware lending focused on the Group’s core competences, paved the way for this strong performance.

STATEMENT OF PROFIT OR LOSS

Gains/losses

EUR '000	Q1 2022	Q1 2021
Interest and similar income measured using the effective interest method	63,836	63,624
Interest and similar income not measured using the effective interest method	42,132	45,250
Interest and similar expense	-69,523	-74,101
Net interest income	**36,445**	**34,773**
Fee and commission income	5,930	5,927
Fee and commission expense	-423	-806
Net fee and commission income	**5,507**	**5,121**
Net measurement gains	3,996	3,125
Net gains or losses on derecognition of financial assets	4	-1
Net gains on financial assets and liabilities	**4,000**	**3,124**
Other operating income	3,184	5,365
Other operating expense	-5,357	-6,951
Administrative expenses	-35,083	-32,645
Impairment gains on financial assets – IFRS 9 ECL	7,812	1,173
Net gains on investments accounted for using the equity method	778	1,679
Profit before tax	**17,286**	**11,640**
Income tax expense	-4,127	-2,490
Profit for the period	**13,159**	**9,150**
Non-controlling interests	-36	24
Profit attributable to owners of the parent	**13,123**	**9,174**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR ’000	31 Mar. 2022	31 Dec. 2021
Cash and balances at central banks	1,595,576	1,409,248
Financial assets – HFT	242,915	310,574
Financial assets – mandatorily FVTPL	141,385	149,504
Financial assets – FVOCI	316,021	370,575
Financial assets – AC	13,875,447	14,053,484
Positive fair value of hedges (hedge accounting)	263,645	302,262
Investments accounted for using the equity method	34,470	33,692
Investment property	25,684	33,518
Intangible assets	192	197
Property, plant and equipment	65,284	65,942
Current tax assets	17,484	15,999
Deferred tax assets	348	352
Other assets	17,463	17,904
Total assets	**16,595,913**	**16,763,250**

Liabilities

EUR ’000	31 Mar. 2022	31 Dec. 2021
Financial liabilities – HFT	221,394	289,887
Financial liabilities – FVO	5,789	6,061
Financial liabilities – AC	14,877,258	14,920,835
Negative fair value of hedges (hedge accounting)	549,791	615,675
Provisions	79,054	76,862
Current tax liabilities	7,796	5,809
Deferred tax liabilities	22,224	22,297
Other liabilities	76,821	78,481
Equity	**755,786**	**747,344**
Equity attributable to owners of the parent	747,248	738,842
Non-controlling interests	8,537	8,501
Total equity and liabilities	**16,595,913**	**16,763,250**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 Mar. 2022 EUR ’000	1 Jan. 2022	Profit for the year	Reversals	Dividends paid	Other comprehen-sive income	Other changes	31 Mar. 2022
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	490,427	13,123	-	-3,500	-	-	500,050
Other reserves composed of:	**4,610**	**-**	**-**	**-**	**-1,217**	**-**	**3,394**
Actuarial gains and losses	-3,694	-	-	-	-6	-	-3,700
Debt instruments – FVOCI	7,903	-	-	-	-1,211	-	6,692
Equity instruments – FVOCI	401	-	-	-	-	-	401
Equity attributable to owners of the parent	**738,842**	**13,123**	**-**	**-3,500**	**-1,217**	**-**	**747,248**
Non-controlling interests	8,501	36	-	-	-	-	8,537
Equity	**747,344**	**13,159**	**-**	**-3,500**	**-1,217**	**-**	**755,786**

31.3.2021 EUR ’000	1 Jan. 2021	Profit for the year	Reversals	Dividends paid	Other comprehen-sive income	Other changes	31 Mar. 2021
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-3,800	188,024
Retained earnings	452,557	9,174	-	-3,800	-	3,800	461,731
Other reserves composed of:	**5,020**	**-**	**-**	**-**	**-542**	**-**	**4,478**
Actuarial gains and losses	-4,462	-	-	-	-10	-	-4,473
Debt instruments – FVOCI	9,034	-	-	-	-534	-	8,500
Equity instruments – FVOCI	449	-	-	-	2	-	451
Equity attributable to owners of the parent	**701,382**	**9,174**	**-**	**-3,800**	**-542**	**-**	**706,213**
Non-controlling interests	8,980	-24	-650	-	-	-	8,306
Equity	**710,362**	**9,150**	**-650**	**-3,800**	**-542**	**-**	**714,519**

SIGNIFICANT ACCOUNTING POLICIES

In all material respects, this HYPO NOE Group quarterly results announcement 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 2021.

The HYPO NOE Group prepared this quarterly results announcement voluntarily, and 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 the IFRS as adopted in the EU.

In particular, paragraphs 8(d) (condensed consolidated statement of cash flows) and 8(e) (selected explanatory notes) of IAS 34 were not fully applied. This announcement should be read in conjunction with the 2021 Annual Report.

It was neither subjected to a full audit nor reviewed by independent auditors.

CONSOLIDATED OWN FUNDS AND REGULATORY CAPITAL ADEQUACY REQUIREMENTS

Under Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) as amended, including latterly Regulation (EU) No 2020/873, and related EBA delegated regulations as well as the directive on access to the activity of credit institutions (Capital Requirements Directive, CRD) as amended by Directive (EU) No 2019/878, which is currently being transposed by way of the Austrian *Bankwesengesetz* (Banking Act) and various national orders, since 2014 it has been necessary to determine banks' consolidated own funds and their consolidated regulatory own funds requirements in accordance with IFRS, as well as the regulatory scope of consolidation.

The composition of the own funds of the HYPO NOE Group, calculated in accordance with the CRR/CRD, is as follows:

EUR '000	CRR/CRD IV 31 Mar. 2022	CRR/CRD IV 31 Dec. 2021
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	**591,202**	**594,641**
Retained earnings	480,034	481,417
Other reserves	104,744	104,744
Accumulated comprehensive income	6,424	8,480
Prudential filters: adjustments due to the prudential measurement requirements	-850	-997
Prudential backstop: insufficient coverage of non-performing exposures	-496	-372
Intangible assets	-192	-197
CET1 capital	726,211	729,622
Additional Tier 1 capital	-	-
Tier 1 capital	**726,211**	**729,622**
Deductions due to investments, pursuant to Articles 36 and 89 CRR	-	-
Eligible Tier 1 capital	**726,211**	**729,622**
Deductions due to investments, pursuant to Articles 36 and 89 CRR	-	-
Eligible supplementary capital (after deductions)	**-**	**-**
Total eligible capital	**726,211**	**729,622**
Capital requirement	**308,260**	**301,609**
Excess equity	**417,951**	**428,013**
Coverage ratio	235.58%	241.91%
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	18.85%	19.35%
Total capital ratio in accordance with Art. 92(2)(c) CRR	18.85%	19.35%
Own funds requirement incl. all buffer requirements	12.62%	12.62%
Leverage ratio in accordance with Art. 92(2)(d) CRR	4.78%	4.75%
Leverage ratio requirement (Pillar 1)	3.04%	3.04%

Taking account of the interim profit and prorating of the contributions to the resolution and deposit insurance fund, which have already been taken in full to profit or loss, and applying a pro rata dividend, the pro forma Tier 1 capital ratio was around 19.35%. Changes in the risk-weighted measurement basis and the resulting own funds requirement are shown below:

EUR ’000	CRR/CRD IV 31 Mar. 2022	CRR/CRD IV 31 Dec. 2021
Total leverage ratio exposure	15,189,636	15,357,221
Risk-weighted exposure measure	3,511,237	3,430,746
Minimum own funds requirement for credit risk (8%)	280,899	274,460
Own funds requirement for open currency positions	-	-
Own funds requirement for operational risk	24,456	24,456
Own funds requirement for CVA risk	2,905	2,694
Total own funds requirement	**308,260**	**301,609**

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Important information

The greatest possible care has been taken in preparing this quarterly results announcement. 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 the announcement are based on current estimates and information available at the time of writing. 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.

The German version of this announcement is the definitive version. The English version is a translation of the German announcement.