

HYPO NOE Group with robust core earnings in the first nine months of 2022

Highlights Q1-Q3 2022

- Decrease in profit before tax to EUR 42.4m (Q1-Q3 2021: EUR 48.9m)
- Robust core earnings as a basis - net interest income and net fee and commission income - in spite of challenging operating environment with marginal growth to EUR 119.6m (up 0.2% on Q1-Q3 2021)
- Higher contribution to the resolution fund impacts administrative expenses (+4.5% vs. Q1-Q3 2021), CIR in the first nine months at 52.59% nearly at the level of the previous year (Q1-Q3 2021: 52.04%)
- NPL ratio as at 30 Sep. 2022 remains low at 0.84% (31 Dec. 2021: 0.85%), risk provisions (ECL) in the performing loan portfolio at a solid 120 bps as a proportion of RWA
- Strong CET1 ratio of 18.89% (pro forma figure incl. interim result: 19.70%) as at 30 Sep. 2022

Core earnings continue to be robust

On 8 November 2022, HYPO NOE Group reported its results for the first nine months of 2022. After EUR 48.9m in Q1-Q3 2021, **profit before tax** fell by 13.2% to EUR 42.4m in the reporting period. **Core earnings** showed marginal growth of 0.2% to EUR 119.6m (Q1-Q3 2021: EUR 119.4m) despite a challenging market environment.

Compared to Q1-Q3 2021, **net interest income** rose by 0.7% to EUR 106.3m, while **net fee and commission income** fell by 3.2% to EUR 13.4m. Due to a significant increase in allocations to the resolution and deposit guarantee fund year-on-year, **administrative expenses** increased by 4.5% to EUR 80.5m (Q1-Q3 2021: EUR 77.0m). **Operating expenses** recorded a slight increase of 1.1% to EUR 68.8m (Q1-Q3 2021: EUR 68.0m).

The **cost/income ratio¹ (CIR)** remained with most recently 52.59% almost at the same level as the previous year's period (Q1-Q3 2021: 52.04%), while the **net result** declined from EUR 37.1m in Q1-Q3 2021 to EUR 31.6m. Normalised, this results in a slight increase of 2.9% in the first nine months of 2022 compared to the average comparative result of the past three years, including both comparison periods 2020 and 2021 affected by Covid-19, amounting to EUR 30.7m.

¹ Operating expenses/operating income

Continuation of prudent provisioning policy

In the reporting period **net losses on risk provisions** (ECL) amounted to EUR -1.0m (Q1-Q3 2021: EUR -0.1m), whereby indirect Ukraine effects and supply chain challenges were maintained unchanged as a model for the formation of risk provisions compared to 31 December 2021. ECL provisions in the performing loan portfolio (Stage 1 and 2) at the end of the first nine months of 2022 totaled EUR 46.2m, representing in relation to risk-weighted assets (RWA) a very solid 120 bps (31 Dec. 2021: EUR 51.7m and 137 bps, respectively).

Resilient capital and risk profile

HYPO NOE Group once again reported a strong **Common Equity Tier 1 (CET1) ratio** of 18.89% at the end of the period under review. Adjusted for first-half earnings and an accrual for regulatory costs, which are to be recognised in full at the start of the year, the pro forma figure for the Group's CET1 ratio is even higher at 19.70% (31 Dec. 2021: 19.35%).

As a result of systematic intensive care management efforts, as well as its low-risk business model - with a focus on infrastructure and housing finance - the Group's **non-performing loan (NPL) ratio** remains stable at a low level of 0.84% at the end of the first nine months of 2022 slightly down from year-end (31 Dec. 2021: 0.85%). The **NPL coverage ratio** remained at a high level of 94.7% as at 30 Sep. 2022 (31 Dec. 2021: 88.8%).

Refinancing programme for 2022 successfully completed

The liabilities side of the balance sheet was characterised by slightly lower **Financial liabilities - AC** after the end of the first nine months of the year (EUR 14.6bn: -2.3% vs. 31 Dec. 2021). Although customer deposits (excl. TLTRO III) declined to EUR 4.5bn as of 30 September 2022 (-7.9% vs. 31 Dec. 2021), their share of the total funding mix at the end of the quarter versus debt securities issued decreased by only 1.9 percentage points to 31.2% (31 Dec. 2021: 33.1%). Thanks to continued high investor demand, the three bonds issued in the course of the year - a green senior preferred, a mortgage and a public sector covered benchmark bond - together enabled HYPO NOE Landesbank to complete its refinancing programme for 2022 as planned.

Outlook

Despite the additional challenges in the first nine months of 2022, HYPO NOE Group again posted solid results. Once more, the business model with its focus on low-risk infrastructure and residential housing proved its worth. Despite significant economic uncertainties, the rather subdued macroeconomic forecasts for Austria and Germany - the Group's core markets - in particular, the business is expected to remain stable for the remainder of the year and going into 2023.

The strategy of HYPO NOE Group continues to be based on organic growth in its core business, the consistent expansion of digital solutions - above all in the mortgage financing area - and a further increase in profitability. This is to be achieved while maintaining a conservative capital and risk profile. The State of Lower Austria as the Bank's 100% owner with a long-term orientation ensures the consistent implementation of this strategy.

The complete Results Announcement for the Three Quarters ended 30 September 2022 is available to download at ir.hyponoe.at/en.

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.

For further information, please contact the Investor Relations team:

☎ +43 590 910 4444 | investorrelations@hyponoe.at | ir.hyponoe.at/en

¹In terms of total assets (2021 consolidated financial statements) and foundation dates