RESULTS ANNOUNCEMENT FOR THE QUARTER ENDED **31 March 2023**

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 2023	Q1 2022
Net interest income	44,020	36,445
Administrative expenses	-33,738	-35,083
Impairment gains on financial assets – IFRS 9 ECL	2,534	7,812
Profit before tax	**19,094**	**17,286**
Income tax expense	-4,216	-4,127
Profit for the period	**14,878**	**13,159**
Return on equity before tax	9.74%	9.33%
Cost/income ratio	48.68%	46.38%
Consolidated statement of financial position	**31 Mar. 2023**	**31 Dec. 2022**
Total assets	15,835,276	15,121,252
Financial assets – AC	13,992,714	13,899,591
Financial liabilities – AC	14,072,345	13,362,690
Equity (incl. non-controlling interests)	799,567	790,571
Non-performing loan ratio	1.00%	1.02%
Regulatory indicators	**31 Mar. 2023**	**31 Dec. 2022**
Eligible Tier 1 capital	772,057	772,830
Total eligible capital	772,057	772,830
Minimum capital requirement (Pillar I)	306,089	301,300
Excess equity	465,967	471,530
Total risk exposure amount in accordance with Art. 92(3) CRR	3,826,116	3,766,253
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	20.18%	20.52%
Total capital ratio in accordance with Art. 92(2)(c) CRR	20.18%	20.52%
Leverage ratio in accordance with Art. 92(2)(d) CRR	4.91%	5.14%
Liquidity coverage ratio (LCR)	152.12%	162.89%
Operational resources	**31 Mar. 2023**	**31 Dec. 2022**
Employees	617	616
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. Using its strong position in Lower Austria and Vienna as a springboard, the Bank operates primarily in Austria and Germany, as well as in selected markets elsewhere in the European Union.

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 also unchanged at Aa1.

HYPO NOE Landesbank is backed by a stable and reliable sole owner in the shape of Austria's largest 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 also received ESG ratings from Sustainalytics, Moody's ESG Solutions (previously Vigeo Eiris [V.E]) and imug, and has been awarded the DZ Bank sustainability seal of approval.

[1] In terms of total assets (2021 consolidated financial statements) and date of establishment

FINANCIAL REVIEW

- Increase in “Profit before tax” to EUR 19.1m (Q1 2022: EUR 17.3m)
- “Net interest income” higher at EUR 44.0m (Q1 2022: EUR 36.5m)
- Cost/income ratio (CIR) of 48.68% as at 31 March 2023 (31 Mar. 2022: 46.38%)
- Non-performing loan (NPL) ratio of 1.00% at 31 March 2023 (31 Dec. 2022: 1.02%)
- Common Equity Tier 1 (CET1) ratio at 20.18% as at 31 March 2023; if applied, the pro forma ratio, i.e. including the interim result, would be 20.7%, an increase on the ratio of 20.52% reported at 31 December 2022

In the opening quarter of 2023 the HYPO NOE Group reported “Profit before tax” of EUR 19.1m and a return on equity (ROE) before tax of 9.74%. Further progress has been made in implementing the FOKUS25 strategy, which is geared towards achieving a long-term increase in profitability through organic growth in the core business, while also maintaining the Group’s conservative risk profile and strong capital profile.

This latest increase in core earnings laid the foundations for yet another improvement in the Group’s results. “Net interest income” rose sharply year on year, to EUR 44.0m (Q1 2022: EUR 36.5m), while “Net fee and commission income” declined to EUR 4.5m (Q1 2022: EUR 5.5m).

“Administrative expenses” fell by EUR 1.2m to EUR 33.7m (Q1 2022: EUR 35.1m). Among other things, this was due to lower contributions to the resolution and deposit guarantee funds. Without taking this and other extraordinary effects into account, the CIR was maintained at a very good level of 48.68%.

New loans totalling around EUR 391m were extended in the first three months of 2023. This exceeded the volume of new lending recorded a year earlier (Q1 2022: EUR 311m). The Bank mainly extended this vital funding to customers for infrastructure projects, housing construction and corporate finance.

Risk provisions in the performing loan portfolio (Stages 1 and 2) amounted to EUR 40.8m as at 31 March 2023, down significantly on the same period a year earlier (Q1 2022: EUR 49.0m), while total risk provisions (Stages 1-3) climbed to EUR 85.5m (Q1 2022: EUR 83.0m).

During the quarter, the Group issued a four-year benchmark bond, underlining its strong issuing capacity once more. Coupled with the rise in demand and time deposits, this resulted in an increase in “Financial liabilities – AC” compared with year-end 2022, to EUR 14.1bn (31 Dec. 2022: EUR 13.4bn).

The HYPO NOE Group again reported a strong CET1 ratio of 20.18% as at the end of the period under review. Adjusted for earnings in Q1 2023 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 higher year on year at 20.7%, 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. The NPL ratio remained low, coming in at 1.00% as at 31 March 2023. Systematic, proactive intensive care management, in tandem with risk-aware lending focused on the Group’s core competences, laid the foundations for this strong performance.

STATEMENT OF PROFIT OR LOSS

Gains/losses

EUR '000	Q1 2023	Q1 2022
Interest and similar income measured using the effective interest method	105,782	63,836
Interest and similar income not measured using the effective interest method	21,925	42,132
Interest and similar expense	-83,687	-69,523
Net interest income	**44,020**	**36,445**
Fee and commission income	4,939	5,930
Fee and commission expense	-433	-423
Net fee and commission income	**4,506**	**5,507**
Net measurement gains or losses	-1,019	3,996
Net gains on derecognition of financial assets	151	4
Net gains or losses on financial assets and liabilities	**-868**	**4,000**
Other operating income	1,999	3,184
Other operating expense	-886	-5,357
Administrative expenses	-33,738	-35,083
Impairment gains on financial assets – IFRS 9 ECL	2,534	7,812
Net gains on investments accounted for using the equity method	1,528	778
Profit before tax	**19,094**	**17,286**
Income tax expense	-4,216	-4,127
Profit for the period	**14,878**	**13,159**
Non-controlling interests	294	-36
Profit attributable to owners of the parent	**15,173**	**13,123**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR '000	31 Mar. 2023	31 Dec. 2022
Cash and balances at central banks	822,445	184,915
Financial assets – HFT	148,013	124,809
Financial assets – mandatorily FVTPL	120,206	122,172
Financial assets – FVOCI	238,970	236,890
Financial assets – AC	13,992,714	13,899,591
Positive fair value of hedges (hedge accounting)	352,323	388,385
Investments accounted for using the equity method	35,252	33,724
Investment property	24,352	24,671
Intangible assets	458	474
Property, plant and equipment	63,244	63,826
Current tax assets	17,823	17,719
Deferred tax assets	322	325
Other assets	19,154	23,751
Total assets	**15,835,276**	**15,121,252**

Liabilities

EUR '000	31 Mar. 2023	31 Dec. 2022
Financial liabilities – HFT	125,725	103,065
Financial liabilities – FVO	5,350	5,239
Financial liabilities – AC	14,072,345	13,362,690
Negative fair value of hedges (hedge accounting)	659,726	683,653
Provisions	74,731	74,970
Current tax liabilities	7,256	6,741
Deferred tax liabilities	24,241	22,613
Other liabilities	66,335	71,711
Equity	**799,567**	**790,571**
Equity attributable to owners of the parent	791,151	781,862
Non-controlling interests	8,415	8,710
Total equity and liabilities	**15,835,276**	**15,121,252**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 Mar. 2023 EUR '000	1 Jan. 2023	Profit for the period	Reversals	Dividends paid	Other comprehen-sive income	31 Mar. 2023
Share capital	51,981	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	191,824
Retained earnings	533,782	15,173	6	-5,000	-	543,961
Other reserves composed of:	**4,275**	**-**	**-6**	**-**	**-883**	**3,386**
Actuarial losses	-299	-	-	-	-	-299
Debt instruments – FVOCI	4,214	-	-	-	-888	3,326
Equity instruments – FVOCI	359	-	-6	-	6	359
Equity attributable to owners of the parent	**781,862**	**15,173**	**-**	**-5,000**	**-883**	**791,151**
Non-controlling interests	8,710	-294	-	-	-	8,415
Equity	**790,571**	**14,878**	**-**	**-5,000**	**-883**	**799,567**

31.3.2022 EUR '000	1 Jan. 2022	Profit for the period	Reversals	Dividends paid	Other comprehen-sive income	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 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**

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 2022.

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 2022 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 by Regulation (EU) No. 2022/2036, and related EBA delegated regulations, as well as Directive 2013/36/EU on access to the activity of credit institutions (Capital Requirements Directive [CRD]) as last amended by Directive (EU) No. 2021/338, 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 under IFRS, as well as the regulatory scope of consolidation.

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

EUR '000	CRR/CRD IV 31 Mar. 2023	CRR/CRD IV 31 Dec. 2022
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	**637,285**	**638,012**
Retained earnings	523,040	522,979
Other reserves	104,844	104,744
Accumulated comprehensive income	9,402	10,290
Prudential filters: adjustments due to the prudent valuation requirements	-605	-544
Prudential backstop: insufficient coverage of non-performing exposures	-712	-711
Intangible assets	-458	-474
CET1 capital	772,057	772,830
Additional Tier 1 capital	-	-
Tier 1 capital	**772,057**	**772,830**
Deductions due to investments, pursuant to Arts. 36 and 89 CRR	-	-
Eligible Tier 1 capital	**772,057**	**772,830**
Eligible supplementary capital (after deductions)	**-**	**-**
Total eligible capital	**772,057**	**772,830**
Minimum capital requirements	**306,089**	**301,300**
Excess capital	**465,967**	**471,530**
Coverage ratio	252.23%	256.50%
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	20.18%	20.52%
Total capital ratio in accordance with Art. 92(2)(c) CRR	20.18%	20.52%
Own funds requirement incl. all buffer requirements	12.61%	12.54%
Leverage ratio in accordance with Art. 92(2)(d) CRR	4.91%	5.14%
Leverage ratio requirement (Pillar 1)	3.00%	3.00%

Taking account of the interim profit and prorating of the contributions to the resolution and deposit insurance funds, 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 20.7%. Changes in the risk-weighted measurement basis and the resulting own funds requirement are shown below.

EUR ’000	CRR/CRD IV 31 Mar. 2023	CRR/CRD IV 31 Dec. 2022
Total leverage ratio exposure	15,732,282	15,026,265
Risk-weighted exposure measure	3,476,460	3,409,434
Minimum own funds requirement for credit risk (8%)	278,117	272,755
Own funds requirement for open currency positions	-	-
Own funds requirement for operational risk	25,482	25,482
Own funds requirement for CVA risk	2,490	3,063
Total own funds requirement	**306,089**	**301,300**

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Important information