

HYPO NOE Group further increases operating result in the first quarter of 2024

Highlights Q1 2024

- Profit before tax with EUR 19.0m at the level of the prior-year period (Q1 2023: EUR 19.1m)
- Further expansion of core earnings: net interest income of EUR 46.1m up +4.8%, net fee and commission income of EUR 5.3m up +18.2% year-on-year (Q1 2023: EUR 44.0m and EUR 4.5m, respectively)
- Administrative expenses of EUR 27.3m below prior year level despite inflation (Q1 2023: EUR 33.7m), improvement in CIR based on operating result to 48.17% (Q1 2023: 48.68%)
- The increase in the NPL ratio to a moderate 2.57% as at 31 Mar. 2024 is primarily due to macroeconomic developments (31 Dec. 2023: 2.45%), while the NPL coverage ratio remains at a high level of 102.4% (31 Dec. 2023: 102.9%)
- Strong CET1 ratio at 31 Mar. 2024 of 20.28% - „pro-forma“-figure incl. interim result: 20.59% (31 Dec. 2023: 20.88%)

Getting 2024 off to a successful start

HYPO NOE Group reported a **profit before tax** of EUR 19.0m for the first quarter of 2024, almost on a par with the previous year (Q1 2023: EUR 19.1m). This stable year-on-year performance in a still demanding environment is the result of higher income from customer business and a reduction in administrative expenses, despite inflation. As a result, the **operating profit** (before risk costs) increased to EUR 27.9m, compared to EUR 16.6m in Q1 2023.

Core earnings increased once again by 6.0% to EUR 51.5m (Q1 2023: EUR 48.5m). Both **net interest income**, up by +4.8% to EUR 46.1m (Q1 2023: EUR 44.0m), and **net fee and commission income**, up by +18.2% to EUR 5.3m (Q1 2023: EUR 4.5m), contributed to this result. At EUR 27.3m, administrative expenses were below the level of the same period last year (Q1 2023: EUR 33.7m), influenced by the absence of expenses related to the allocation to the Resolution Fund, while inflation, although declining, remained high. Accordingly, the **cost/income ratio¹ (CIR)** improved slightly to 48.17% (Q1 2023: 48.68%), while the **net result** of EUR 14.4m was -5.0% below the previous year's level (Q1 2023: EUR 15.2m).

In the period under review, **net losses on risk provisions** (ECL) were EUR -8.9m (Q1 2023: EUR +2.5m), with the IFRS 9 credit risk model continuing to conservatively reflect the current difficult conditions in the commercial property development sector in terms of expected future losses. ECL provisions in the performing loan portfolio (Stage 1 and 2) amounted to EUR 33.7m as at 31 Mar. 2024, which in relation to risk-weighted assets (RWA) still corresponds to a solid level of 84 bps (31 Dec. 2023: EUR 34.9m or 89 bps, respectively). The NPL coverage ratio remains high at 102.4% as at 31 Mar. 2024 (31 Dec. 2023: 102.9%).

¹ Operating expenses/operating income

Resilient capital and risk profile

At the end of the reporting period, HYPO NOE Group once again reported a well above-average **Common Equity Tier 1 (CET1) ratio** of 20.28%. Adjusted for first-quarter earnings, the pro forma figure for the Group's CET1 ratio is even higher at 20.59% (31 Dec. 2023: 20.88%). As a result, HYPO NOE Group's capitalisation remained above target and was just over 8 percentage points above the regulatory minimum requirement including SREP, as at 31 Mar. 2023.

The Group's **non-performing loan (NPL) ratio**, which rose last year due to macroeconomic developments, remains at a moderate long-term level of 2.57% at the end of the first three months of 2024 thanks to consistent restructuring management and the low-risk business model focused on infrastructure and residential housing (31 Dec. 2023: 2.45%).

Slight decline in new business - refinancing activities continue to be a success

Compared to the end of last year, **financial assets - AC** increased slightly to EUR 14.4bn (31 Dec. 2023: EUR 14.2bn). Nevertheless, the volume of new loans extended by the Bank in the first three months of 2024 was -18.6% lower than in the first quarter of the previous year, at around EUR 318.6m (Q1 2023: EUR 391.3m) due to an unchanged risk-conscious lending policy.

On the liabilities side of the balance sheet, **financial liabilities - AC** increased to EUR 14.8bn at the end of the reporting period (+6.5% vs. 31 Dec. 2023), mainly due to the issuance of a green senior preferred benchmark bond of CHF 100m and a mortgage-backed covered bond benchmark bond of EUR 500m in January 2024. At the same time, **customer deposits** (excl. TLTRO III) increased by EUR 417.4m to EUR 5.5bn as of 31 Mar. 2024 (+8.2% vs. 31 Dec. 2023), whereby their share of the total funding mix versus debt securities issued increased by a further 0.6 percentage points to 37.7% at the end of the quarter (31 Dec. 2023: 37.1%).

Since then, together with a headline-grabbing² public sector Covered Bond benchmark of EUR 500m issued in the second quarter of the current year, the refinancing programme of HYPO NOE Landesbank for 2024 has already been implemented to a large extent as planned, thanks to continued strong investor demand.

Outlook

In the first quarter of 2024, the HYPO NOE Group's business model, which focuses on low-risk infrastructure and residential housing finance, continued to prove its worth in the face of ever new challenges. Despite the rather subdued macroeconomic forecasts for Austria and Germany - the Group's core markets - and the continuing, mainly geopolitical uncertainties, the Group's diversified and conservative business model has already taken an important first step towards what is expected to be a generally stable financial year 2024.

² See also the [Investor Relations Newsletter](#) of 11 April 2024

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 Quarter ended 31 March 2024 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 banks³, 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

³ In terms of total assets (according to half-year financial report 2023 or consolidated financial statements 2022) and foundation dates