

HYPO NOE Group remains successful in the first nine months of 2024

Highlights Q1-Q3 2024

- Profit before tax at EUR 65.6m (Q1-Q3 2023: EUR 95.8m) - high result in the prior-year period due to one-off effect
- Further expansion of core earnings: net interest income of EUR 139.5m up +5.4%, net fee and commission income of EUR 15.2m up +17.0% year-on-year (Q1-Q3 2023: EUR 132.3m and EUR 13.0m, respectively)
- Administrative expenses of EUR 81.6m below prior year level despite inflation (Q1-Q3 2023: EUR 84.9m), improvement in CIR based on operating result to 48.27% (Q1-Q3 2023: 50.78%)
- Temporary increase in NPL ratio to a moderate 2.86% as at 30 Sep. 2024 primarily due to macroeconomic developments (31 Dec. 2023: 2.45%), NPL coverage ratio remains at a high level of 102.5% (31 Dec. 2023: 102.9%)
- Strong CET1 ratio at 30 Sep. 2024 of 19.54% - „pro-forma“-figure incl. interim result: 20.90% (31 Dec. 2023: 20.88%)

Continuing favourable development during the first nine months of 2024

HYPO NOE Group reported a **profit before tax** of EUR 65.6m for the first nine months of 2024, representing a nominal decrease from the previous year (Q1-Q3 2023: EUR 95.8m). However, when adjusted for last year's one-off effect from the reversal of provisions in the amount of EUR 28.7m during the same period in 2023, profit before tax for the first nine months of 2024 remains almost at the same level of last year. This continuously positive 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. Consequently, the **operating profit** (before risk costs) saw only a slight nominal decrease to EUR 89.1m, compared to EUR 94.7m (Q1-Q3 2023).

Core earnings increased once again by 6.4% to EUR 154.7m (Q1-Q3 2023: EUR 146.4m). Both **net interest income**, up by +5.4% to EUR 139.5m (Q1-Q3 2023: EUR 132.3m), and **net fee and commission income**, up by +17.0% to EUR 15.2m (Q1-Q3 2023: EUR 13.0m), contributed to this result. At EUR 81.6m, **administrative expenses** were below the level of the same period last year (Q1-Q3 2023: EUR 84.9m), influenced by the absence of expenses related to the allocation to the Resolution Fund, while inflation remained above average, albeit declining. Accordingly, the **cost/income ratio¹ (CIR)** improved further to 48.27% (Q1-Q3 2023: 50.78%), while the **net result** of EUR 51.3m is EUR 21.2m below the previous year's outcome, which had included the significant one-off effect from the reversal of provisions (Q1-Q3 2023: EUR 72.5m).

¹ Operating expenses/operating income

In the period under review, **net losses on risk provisions** (ECL) were EUR -23.5m (Q1-Q3 2023: EUR 1.1m), 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 33.4m as at 30 Sep. 2024, which in relation to risk-weighted assets (RWA) still corresponds to a solid level of 80 bps (31 Dec. 2023: EUR 34.9m or 89 bps, respectively). The NPL coverage ratio remains high at 102.5% as at 30 Sep. 2024 (31 Dec. 2023: 102.9%).

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 19.54%. Adjusted for first-nine-months earnings, the pro forma figure for the Group's CET1 ratio is even higher at 20.90% (31 Dec. 2023: 20.88%). As a result, HYPO NOE Group's capitalisation remained above target and was just over 7.5 percentage points above the regulatory minimum requirement including SREP, as at 30 Sep. 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 2.86% at 30. Sep. of 2024 thanks to the low-risk business model focused on infrastructure and residential housing (31 Dec. 2023: 2.45%). With the consistent work of restructuring management, cases are being processed in a structured manner and the temporarily increased NPL volumes will be reduced in the coming reporting periods.

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

Compared to the end of last year, **financial assets - AC** increased slightly by +3.4% to EUR 14.7bn (31 Dec. 2023: EUR 14.2bn). Nevertheless, the volume of new loans extended by the Bank in the first nine months of 2024 was -11.2% lower than in the same period of the previous year, at around EUR 1.1bn (Q1-Q3 2023: EUR 1.2bn) due to an unchanged risk-conscious lending policy.

On the liabilities side of the balance sheet, **financial liabilities - AC** increased to EUR 15.1bn at the end of the reporting period (+8.3% vs. 31 Dec. 2023), mainly due to the issuance of a green senior preferred benchmark bond of CHF 100m and two EUR 500m mortgage-backed and public sector covered bond benchmarks in January and April 2024 respectively. At the same time, **customer deposits** (excl. TLTRO III) increased by EUR 643.3m to EUR 5.7bn as of 30 Sep. 2024 (+12.6% vs. 31 Dec. 2023), whereby their share of the total funding mix versus debt securities issued increased by a further 0.9 percentage points to 38.1% at 30 Sep. 2023 (31 Dec. 2023: 37.2%).

Despite the scheduled repayment of the last tranche of the Eurosystem's Targeted Longer-Term Refinancing Operations at the end of the second quarter, HYPO NOE Landesbank's 2024 refinancing programme has therefore already been implemented as planned, thanks to continued strong investor demand.

Outlook

In the first nine months 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 is already well positioned towards what is expected to be a generally stable financial year 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 Three Quarters ended 30 September 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 135 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 By total assets (according to half-year financial report 2024 or consolidated financial statement 2023) and date of establishment