

**HYPO NOE Landesbank
für Niederösterreich und Wien AG**

**GREEN BOND ALLOCATION AND
IMPACT REPORT**



October 2024



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1 FOREWORD

Dear investors,

Financing investments in sustainability and operating sustainably have been central to our strategy for more than a decade now. Financing for housing – and affordable housing in particular – as well as health, care, education and culture projects is a key pillar of our business model. It allows HYPO NOE to take on responsibility for the well-being of future generations and contribute to the achievement of the UN's Sustainable Development Goals (SDGs). Around two-thirds of HYPO NOE's lending can be assigned to the SDGs.

Sustainability is firmly embedded in the Group's strategy, and HYPO NOE also takes action that enables it to act as a pioneering, flagship company, and to serve as a model to others. HYPO NOE has been a klimaaktiv Pakt 2030 partner since 2021. Companies that sign up to this initiative of the Austrian Federal Ministry for Climate Action undertake to reduce their environmental footprint by 50% by 2030¹ and are also subject to an annual external assessment to monitor goal attainment.

The Group's extensive action in relation to sustainability in recent years is also reflected in its excellent environment, social and governance (ESG) ratings. HYPO NOE has held ISS ESG Prime status since 2016.

Transparency and clarity were paramount when it came to defining our Green Bond and Sustainability Bond Frameworks. These frameworks were drawn up in accordance with the International Capital Market Association's (ICMA) Green Bond Principles (GBP), which means that the allocation of funds is precisely defined. ISS ESG provided the second party opinions (SPOs). Deloitte carried out the external audit of the allocation and impact report.

HYPO NOE's sustainability officers assess whether the selected projects meet the criteria defined in the frameworks on the basis of the energy performance certificates in the core banking system. The final decision on the allocation of loans to the green bond asset pool is taken by the Sustainability Bond Committee, which is headed by Treasury & ALM. The committee is made up of representatives of front-office and back-office departments and the sustainability officers.

¹Basis: 2005

The Group issued its first green bond – a EUR 500m senior preferred benchmark bond – in June 2020. This was also the first green bond in Austria to be certified in accordance with the national UZ 49 Ecolabel for sustainable financial products. Three more benchmark bond issues have since followed, in 2022, 2023 and 2024. These have demonstrated that a large proportion of investors are specifically focused on green and sustainable investments.

HYPO NOE's four green bond asset pools mainly comprise financing for subsidised homebuilding loans, housing development (some of it subsidised) and social infrastructure in the health, education and culture sectors. All of the buildings in the asset pools are located in Austria. As of 31 March 2024, the total value of HYPO NOE's green bond asset pools was EUR 1.7bn.

HYPO NOE uses the proceeds to finance and refinance green buildings, all of which are among the top 15% of Austria's building stock in terms of carbon efficiency, in line with the Green Bond and Sustainability Bond Frameworks.

According to the energy performance certificates of the buildings in the green bond asset pools, construction of a total of 1,560,601.09m² of space has been financed. **All four green bond asset pools include buildings that are more energy-efficient than the national benchmark², accounting for emissions savings of 48,997 tonnes of CO₂, of which approximately 23,614 tonnes** are attributable to buildings financed by HYPO NOE and the exposure as at the time of calculation of the impact. The national benchmarks and emission factors for the Austrian energy mix are updated annually in the course of calculating the impact.

The four green bond asset pools were assessed on the basis of criteria that determine whether they make a substantial contribution to climate change mitigation in accordance with the EU taxonomy. The assessment showed that 93.4% of the allocated financing meets the first criterion for a substantial contribution to climate change mitigation as set out in the EU Taxonomy Regulation. 0.5% of the allocated assets are currently classified as "aligned" (i.e. compliant with the EU Taxonomy Regulation).

The strong demand – primarily from investors focused purely on sustainability – as well as lively dialogue and strong interest in HYPO NOE's investor relations activities have confirmed

²The benchmark corresponds to the average national heating energy demand (source: PCAF)

that the Group's decision to become an active and regular issuer of green bonds (with the most recent issue coming at the start of 2024) was the correct one.

Thomas Fendrich
Division Head, Treasury & ALM

Claudia Mikes
Head of Rating/ESG

2 SUSTAINABILITY AS A BUSINESS MODEL

Financing infrastructure and real estate projects has been HYPO NOE's core business since day one. Public infrastructure, housing development and real estate financing accounted for 67% of total assets as at 31 December 2023. As the bank for the state of Lower Austria, HYPO NOE makes a significant contribution to the construction of affordable housing and the expansion of social infrastructure in the region. Throughout its 130-plus-year history, the Group has pursued an environmentally friendly, socially responsible business model with an eye on future generations.

HYPO NOE's current sustainability ratings can be found on the [website](#).

2.1 ETHICS GUIDELINES AND BUSINESS PRINCIPLES

HYPO NOE has implemented clear ethics guidelines and business principles for its operations. By doing so, the bank ensures that it only enters into business relationships that are compatible with its philosophy and its focus on sustainability. The guidelines guarantee that financing is not extended to projects which breach the exclusion criteria, and that in case of doubt due to the potentially controversial nature of lending – either from a social or environmental perspective – the bank will not provide funding. The ethics guidelines and business principles comprise inclusion and exclusion criteria, which are the basis for initiating new business throughout the Group. A detailed overview can be found in the sustainability section of the [HYPO NOE website](#).

2.2 CONTRIBUTING TO ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

By virtue of its business model, which has an inherent focus on public sector and real estate finance, HYPO NOE plays a significant part in the achievement of the UN's SDGs. In the course of the lending process, the bank evaluates potential sustainability-related factors and the ways in which financing will promote attainment of the goals. As at 31 December 2023, 74.8% of total financing was allocated to selected SDGs. Accounting for 46%, the emphasis was on SDG 11 Sustainable Cities and Communities, which includes financing for affordable and energy-efficient real estate. There was also a strong focus on infrastructure (SDG 9), which accounted for around 11% of the total.

2.3 GREEN PRODUCTS FOR RETAIL AND CORPORATE CUSTOMERS

Besides issuing green bonds, the bank has also developed an accompanying range of sustainable, green products for retail customers. This began with the launch of green current and savings accounts. In the meantime, the range has been expanded to include the Green Home Loan and Green Life Loan, as well as services such as the renovation project calculator. Since 2022, HYPO NOE's corporate customers have also had access to green investment loans for financing that complies with the HYPO NOE Sustainability Bond Framework and the Taxonomy Regulation. The Group's green product range is certified in accordance with the UZ 49 Ecolabel for sustainable financial products (see section 8.2. below).

2.4 CORPORATE SUSTAINABILITY MANAGEMENT

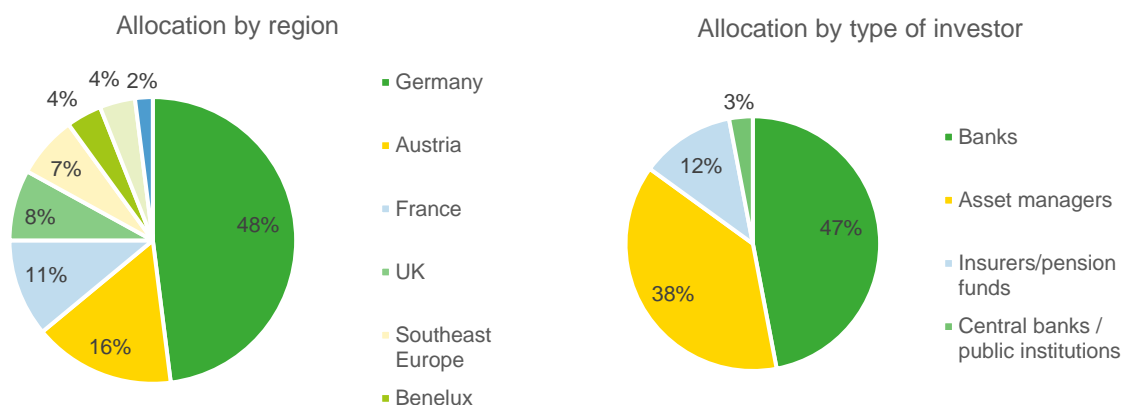
HYPO NOE launched its sustainability programme back in 2013, and it was rolled out to the entire Group the following year. Since then, the Group has reported annually on its activities and the steps taken in connection with sustainability (in the shape of a non-financial statement and the ESG supplement to the annual report, both of which are externally audited).

In 2021, HYPO NOE Landesbank became a partner of the klimaaktiv Pakt 2030 climate protection initiative – making it one of 12 flagship businesses in Austria to hold this status. By signing up to the pact, these major companies have made a commitment to achieve the ambitious goal of reducing their greenhouse gas emissions by at least 50% (compared with 2005) by 2030. After joining the klimaaktiv Pakt – an initiative of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology – the signatories must complete a structured, annual process aimed at optimising their corporate climate-protection plans. Goal attainment is externally reviewed each year in order to maximise the credibility and transparency of the process, both inside and outside the Group.

3 HYPO NOE GREEN BOND ISSUES

3.1 2020 HYPO NOE GREEN BOND: FACTSHEET

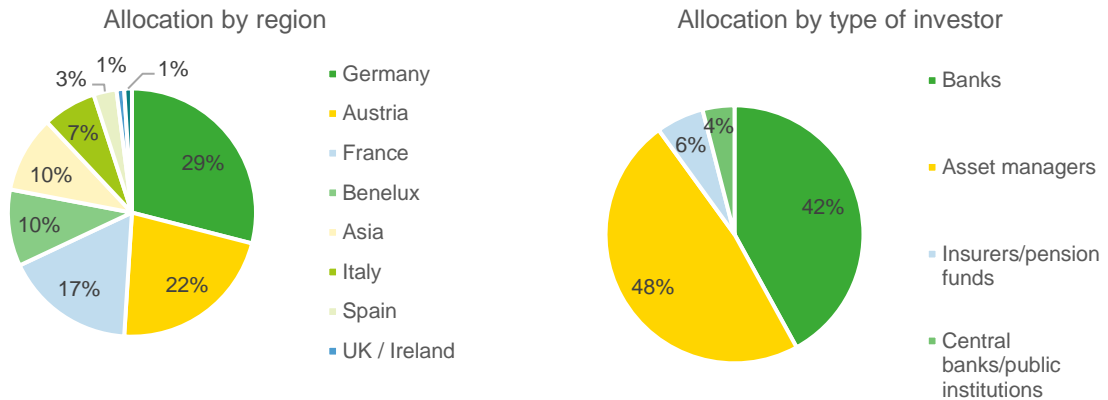
HYPO NOE issued its first green bond, focused on green buildings, in June 2020.



Issuer	HYPO NOE
Rating	A (S&P)
Type	Green senior preferred
Amount	EUR 500m
Coupon	0.375% p.a., ICMA Actual/Actual
Trade date	18 June 2020
Value date	25 June 2020
Maturity	25 June 2024
Reoffer price	99.684%
Reoffer spread	MS +80bps
Denomination	EUR 100,000 +100,000
Exchange	Vienna
Joint lead managers	BayernLB, CACIB, DekaBank, DZ Bank, RBI
ISIN	XS2193956716

3.2 2022 HYPO NOE GREEN BOND: FACTSHEET

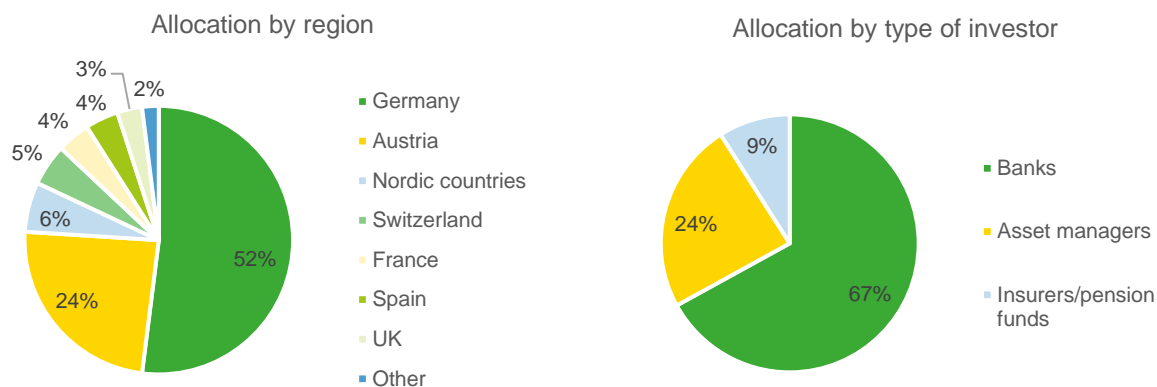
Also focused on green buildings, HYPO NOE's second green bond was issued in April 2022.



Issuer	HYPO NOE
Rating	A (S&P)
Type	Green senior preferred
Amount	EUR 500m
Coupon	1.375% p.a., ICMA Actual/Actual
Trade date	7 April 2022
Value date	14 April 2022
Maturity	14 April 2025
Reoffer price	99.688%
Reoffer spread	MS +50bps
Denomination	EUR 100,000 +100,000
Exchange	Vienna
Joint lead managers	BayernLB, BNP Paribas, DekaBank, Erste Group Bank AG, UniCredit
ISIN	AT0000A2XG57

3.3 2023 HYPO NOE GREEN BOND: FACTSHEET

HYPO NOE's third green bond was placed in January 2023; again, it focused on green buildings.

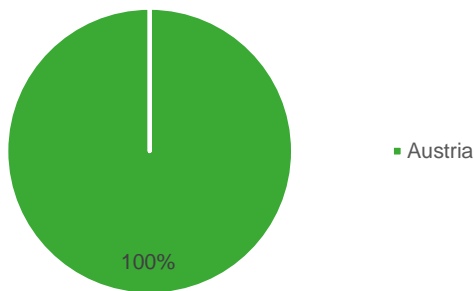


Issuer	HYPO NOE
Rating	A (S&P)
Type	Green senior preferred
Amount	EUR 500m
Coupon	4.000% p.a., ICMA Actual/Actual
Trade date	23 January 2023
Value date	1 February 2023
Maturity	1 February 2027
Reoffer price	99.547%
Reoffer spread	MS +115bps
Denomination	EUR 100,000 +100,000
Exchange	Vienna
Joint lead managers	BayernLB, BNP Paribas, Danske Bank, DekaBank, DZ BANK AG, Erste Group Bank AG
ISIN	AT0000A32HA3

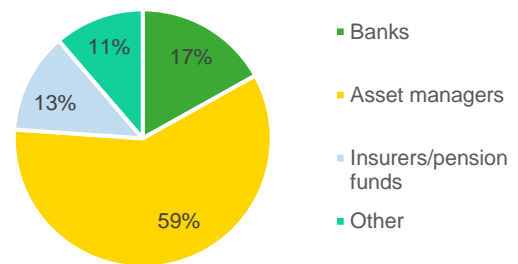
3.4 2024 HYPO NOE GREEN BOND (CHF): FACTSHEET

HYPO NOE issued its fourth green bond with a focus on green buildings in January 2024.

Allocation by region



Allocation by type of investor



Issuer	HYPO NOE
Rating	A (S&P)
Type	Green senior preferred
Amount	CHF 100m
Coupon	2.375% p.a., 30/360
Trade date	8 January 2024
Value date	26 January 2024
Maturity	26 January 2029
Reoffer price	100.35%
Reoffer spread	SARON MS +110 bps
Denomination	CHF 5,000 and multiples thereof
Exchange	SIX Swiss Exchange
Joint lead managers	UBS, Raiffeisen Schweiz
ISIN	CH1271007952




4 USE OF PROCEEDS FROM THE ISSUES

The green bond issues (see sections 4.1. to 4.3. above) are covered by the [HYPO NOE Green Bond Framework](#), which specifies eight categories of green bond-compliant loans. HYPO NOE's most recent issue (see section 4.4. above) is subject to the extended and updated [HYPO NOE Sustainability Bond Framework](#). When selecting the relevant category, HYPO NOE bases its decision on the EU taxonomy for sustainable activities, the EU Green Bond Standard and the ICMA Green Bond Principles, as well as best-practice programmes in place when the frameworks were drafted. The categories are:

1. Green buildings
2. Renewable energy
3. Energy efficiency
4. Clean transportation
5. Water and wastewater management
6. Climate change adaptation
7. Pollution prevention
8. Environmentally sustainable management of living natural resources and land use




The green bond issues to date have been focused exclusively on the green buildings category.

The buildings allocated funding from the **2020, 2022 and 2023 green bonds** (green buildings; see sections 4.1.-4.3.) met the following minimum criteria:

ICMA GBP categories	Definition	All of the buildings allocated funding...	Contribution to SDGs
Green buildings	Financing or refinancing of energy-efficient and environmentally friendly buildings	<ol style="list-style-type: none"> a. have a heating energy demand of at least category B or above (i.e. energy performance certificate [EPC] class A+, A and B), b. meet the minimum standards defined in the building regulations in Austria (Austrian Institute of Construction Engineering [OIB] Guideline 6 2011/2015/2019), and/or c. were built in accordance with the applicable construction standards in the 2011/2019 Lower Austrian housing subsidy guidelines, and d. are among the top 15%³ of the most carbon-efficient buildings in Austria, as they were built in or after 2016 in accordance with strict building regulations on energy efficiency. 	  

³[klimaaktiv.at, EU-Taxonomiekonformität im Gebäudesektor](#), page 47ff (German only)

The properties that were allocated funding from the most recent issue, the **2024 green bond (CHF)**, already fulfil the minimum requirements specified in the updated Sustainability Bond Framework:

ICMA GBP categories	Definition	Eligibility criteria	Contribution to SDGs
Green buildings	Financing or refinancing of energy-efficient and environmentally friendly buildings	<ul style="list-style-type: none"> a. New buildings constructed after 31 Dec. 2020: primary energy demand at least 10% lower than the maximum level defined in the requirements for nearly-zero energy buildings (NZEBS) (in accordance with Directive 2010/31/EU of the European Parliament and of the Council). Energy efficiency is certified by the energy performance certificate (EPC). b. Acquisition/ownership of buildings constructed between 1 Jan. 2016 and 31 Dec. 2020, and which are among the top 15% of the national building stock. The buildings must have an EPC of class B or above. c. Properties that have obtained at least one (or more) of the following classifications: <ul style="list-style-type: none"> - LEED: Platinum or Gold - BREEAM: Excellent or very good - DGNB family, in accordance with DGNB - ÖGNI or SGNI: Platinum or Gold - klimaaktiv: Gold or Silver d. Building refurbishment meets the applicable requirements for significant renovations; alternatively, renovation results in a reduction in primary energy demand of at least 30% 	  

All of the buildings financed through the green bond asset pool are located in Austria and meet the green building criteria outlined above.

5 PROJECT EVALUATION AND SELECTION PROCESS

The sustainability officers assessed the green buildings in the green bond asset pool in terms of their green bond compliance based on the buildings' energy performance certificates, and in accordance with the eligibility criteria defined in the frameworks. The final decision on allocation is made by unanimous resolution of the Sustainability Bond Committee. The membership of the committee is published in the Sustainability Bond Framework on the HYPO NOE website ([HYPO NOE Sustainability Bond Framework](#)).

6 ALLOCATION AND IMPACT REPORT

6.1 ALLOCATION REPORT

The green bond asset pools for all four benchmark bonds issued by HYPO NOE to date are made up entirely of assets from the first category in the Green Bond Framework, i.e. green buildings. The financed buildings can be broken down according to the value of the asset pools to which they are allocated, the building category, the residual maturity, the buildings' energy efficiency, as well as the building code and the year of construction.

As at the reporting date (31 March 2024), HYPO NOE had issued three EUR 500m benchmark green bonds and one CHF 100m green bond. Each green bond was assigned its own green bond asset pool. The allocated assets were assigned to the relevant issue and indicated accordingly in the core banking system.

The total value of all green bonds issued so far is EUR 1.6bn⁴, while the value of the 810 allocated assets amounts to EUR 1.74bn, which ensures surplus coverage of the issues. As at 31 March 2024, the total surplus coverage stood at 8.8%.

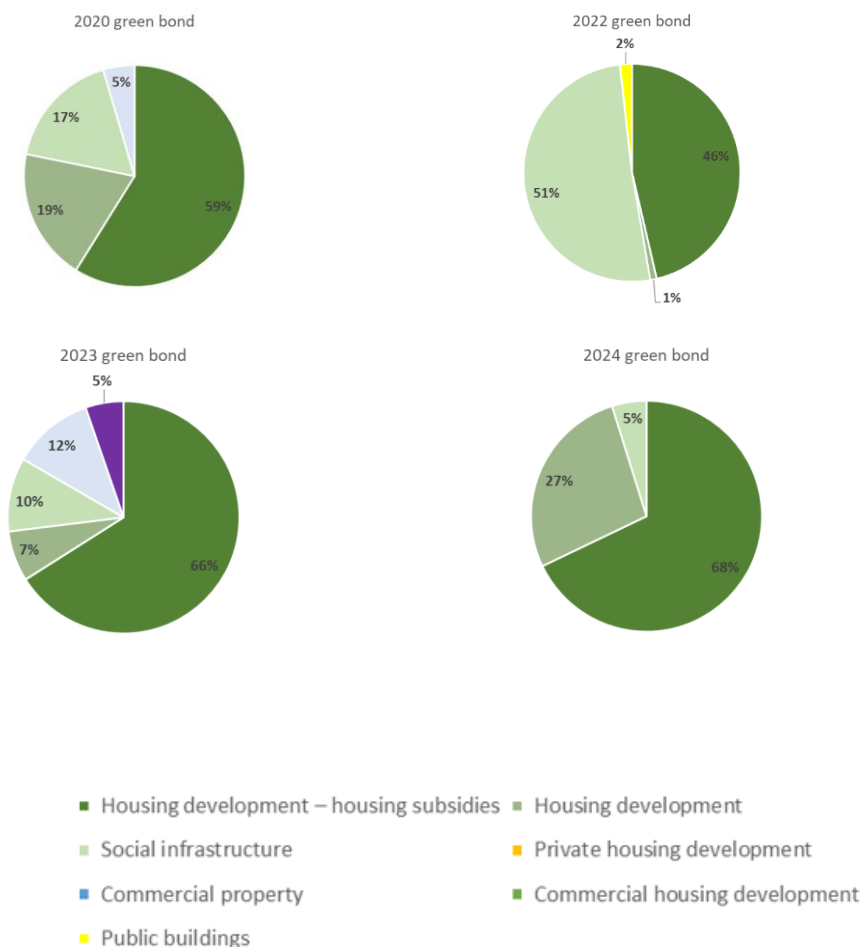
Issue	2020 green bond (GB 2020)	2022 green bond (GB 2022)	2023 green bond (GB 2022)	2024 green bond (GB 2022 CHF)
ISIN	XS2193956716	AT0000A2XG57	AT0000A32HA3	CH1271007952
Amount	EUR 500m	EUR 500m	EUR 500m	CHF 100m
Allocated assets	EUR 507.8m	EUR 581.2m	EUR 521.3m	EUR 133.7m
Number of loans allocated	293	139	305	73
<i>New allocations (yoy change)</i>				
Number	0	+4	+28	+73
Value	EUR 0	+EUR 2m	+EUR 47.5m	+EUR 133.7m
<i>Deallocations (yoy change)</i>				
Number	0	-3	-8	0
Value	EUR 0	-EUR 31.2m	-EUR 24.9m	EUR 0

⁴The exchange rate of 1:1.02635 as at 31 March 2024 was applied for the CHF-denominated issue (CHF 100m).

6.1.1 GREEN BOND ASSET POOL BY BUILDING CATEGORY
















As the bank for the state of Lower Austria, financing affordable, subsidised housing is just as important a priority for HYPO NOE as lending for social infrastructure and health, education and culture facilities. Austria has strict requirements for housing and public-sector construction projects. The energy-efficiency regulations make a distinction between residential and service buildings, with the former subject to stricter standards. The Lower Austrian housing subsidy regulations also include even more rigorous environmental and social requirements.

Subsidised housing development accounts for the majority – between 46% and 68% – of the buildings in the green bond asset pools. Financing for social infrastructure buildings also makes up a significant proportion (between 5% and 51%) of the asset pools. There was a stronger focus on energy-efficient commercial properties among the buildings allocated to the 2023 asset pool (12%), as well as on energy-efficient commercial housing development. The allocations for the most recent issue in 2024 were again primarily accounted for by subsidised housing development and social infrastructure.



6.1.2 GREEN BOND ASSET POOL BY UN SDG

The largest proportions of financing in the green bond asset pools contribute to the achievement of UN SDG 11 Sustainable Cities and Communities – this goal accounts for between 46.4% and 78.2% of funding – and SDG 3 Good Health and Well-Being.

2020 green bond (GB 2020)	2022 green bond (GB 2022)	2023 green bond (GB 2023)	2024 green bond (GB 2024 CHF)
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>
78.2%	46.4%	89.7%	95.2%
 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>4 QUALITY EDUCATION</p>	 <p>4 QUALITY EDUCATION</p>
12.1%	40.0%	7.4%	4.7%
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>4 QUALITY EDUCATION</p>	 <p>3 GESUNDHEIT UND WOHLERGEHEN</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>
6.7%	10.9%	2.4%	0.1%
 <p>4 QUALITY EDUCATION</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	
3.0%	2.7%	0.5%	

6.1.3 GREEN BOND ASSET POOL BY RESIDUAL MATURITY

As of 31 March 2024, all four green bond asset pools had an average residual maturity of more than 23 years, which is significantly longer than the residual maturities of the green bond issues (GB 2020: 3 months; GB 2022: 13 months; GB 2023: 34 months; GB 2024: 58 months). In the event of regular or irregular maturities, the financing concerned is replaced in order to ensure sufficient coverage of the asset pool at all times.



6.1.4 GREEN BOND ASSET POOL BY ENERGY EFFICIENCY

Only buildings in energy-efficiency class B or above are included in the asset pool. This is in order to ensure the greatest possible positive impact.

All of the buildings in the green bond asset pool have a valid EPC, from which detailed data were taken for the relevant calculations. The Green Bond Framework stipulates that all energy performance certificates must be stored in the core banking system. The sustainability officers are responsible for carrying out energy efficiency assessments based on the EPCs.



6.1.5 GREEN BOND ASSET POOL BY APPLICABLE BUILDING REGULATIONS REGARDING ENERGY EFFICIENCY

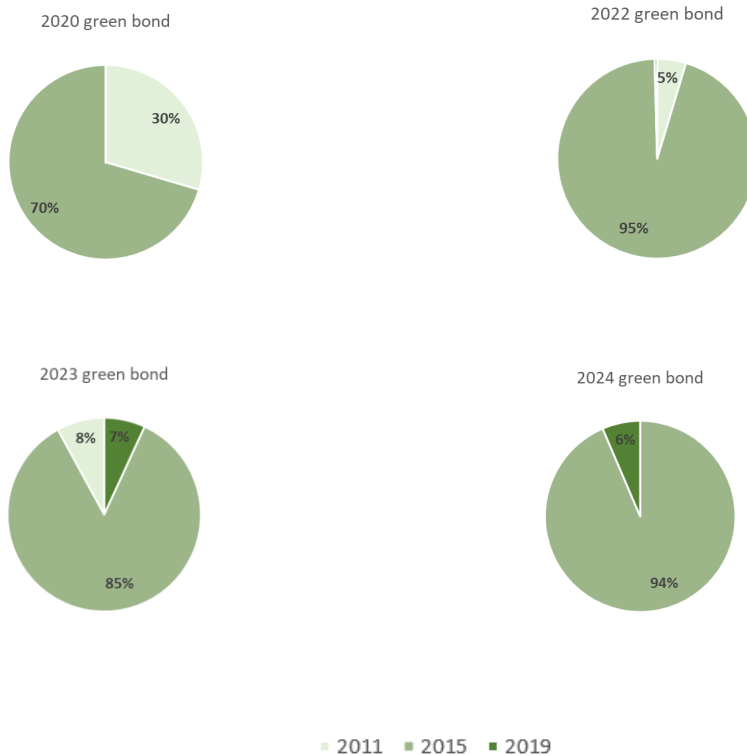
When defining the requirements, there was a particular emphasis on ensuring that the ages of buildings and the underlying regulatory requirements (OIB guidelines) were also taken into account. The green bond asset pool only includes buildings built in accordance with OIB Guideline 6 2011, OIB Guideline 6 2015 or OIB Guideline 6 2019. In terms of weighted volume, the majority of the buildings conform to the newer OIB Guideline 6 2015.

7% of the allocated financing in the 2023 green bond asset pool and 6% of the financing in the 2024 green bond asset pool relates to buildings with EPCs issued in accordance with OIB Guideline 6 2019. Accordingly, the proportion of financing for buildings with EPCs issued in accordance with OIB Guideline 6 2011 in the 2023 green bond asset pool (8%) is considerably lower than that in the 2020 green bond asset pool (30%).

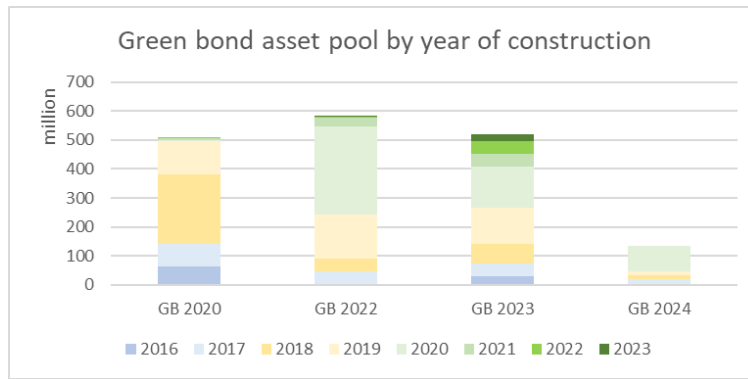
⁵<https://ec.europa.eu/finance/docs/law/221219-draft-commission-notice-eu-taxonomy-climate.pdf> (questions 150-152) and [klimaaktiv.at](https://www.klimaaktiv.at), [EU-Taxonomiekonformität im Gebäudesektor](#), chapter 3.3.2. (German only)

6.1.6 GREEN BOND ASSET POOL BY YEAR OF CONSTRUCTION

The green bond asset pools only contain buildings that were built or completed after 2016. The information sources used to determine the year of construction include the year stated on the EPC, the internal property valuation documents, the letter of undertaking regarding the subsidy extended by the State of Lower Austria, and the notice of completion. Particularly with large-scale construction projects, the construction phase often extends beyond the year of construction shown on the EPC.



By comparison, the 2022 green bond asset pool includes the highest proportion of buildings constructed after 2020. At 49% and 66% respectively, the 2023 and 2024 green bond asset pools also contain large proportions of such buildings.



6.1.7 GREEN BOND ASSET POOL FROM THE PERSPECTIVE OF THE EU TAXONOMY REGULATION

The four green bond asset pools were again assessed on the basis of criteria that determine whether they make a substantial contribution to climate change mitigation in accordance with the EU taxonomy. Until now, only financing for economic activities 7.1. (construction of new buildings) and 7.7. (acquisition and ownership of buildings) has been allocated to the asset pools. As a result, the following criteria were used for the assessment:

		GB 2020	GB 2022	GB 2023	GB 2024	
	Green bond asset pool (HYPO NOE), total value as at 31 Mar. 2023	507.882.270,1	581.195.810,6	521.300.634,0	133.667.248,6	1.744.045.963,3
Economic activity	Criterion for substantial contribution					
7.1.	Buildings with non-renewable PED <math><36.9 \text{ kWh/m}^2/\text{a}</math> (10% below NZEB); built after 31 Dec. 2020	-	10.962.211,3	43.394.029,9	-	54.356.241,2
	Buildings with non-renewable PED <math><36.9 \text{ kWh/m}^2/\text{a}</math> (10% below NZEB); regardless of construction date	54.138.125,2	74.189.993,2	148.693.697,3	49.363.192,9	226.385.008,6
7.7.	Buildings with class A EPC or better (built before 31 Dec. 2020) – alternative criterion 1	133.798.900,0	344.627.288,6	144.852.332,7	13.235.001,2	636.513.522,4
7.7.	Building is among top 15% of Austrian building stock in terms of carbon efficiency (built before 31 Dec. 2020) – alternative criterion 2	499.940.330,9	546.052.343,5	395.717.155,2	133.667.248,6	1.575.377.078,3
	Substantial contribution to climate change mitigation in accordance with EU taxonomy (1st criterion fulfilled)	499.940.330,9	557.014.554,9	439.111.185,1	133.667.248,6	1.629.733.319,5
	Substantial contribution to climate change mitigation in accordance with EU taxonomy (1st criterion fulfilled), % of green bond asset	98,4%	95,8%	84,2%	100,0%	93,4%
	"Aligned/taxonomy-compliant" in accordance with EU taxonomy, % of green bond asset pool	0%	0%	1,7%	0%	0,5%

93.4% of the allocated financing for all four green bond asset pools meets the requirements in the first step of assessing compliance with the technical screening criteria regarding a substantial contribution to climate change mitigation as set out in the EU Taxonomy Regulation⁶. 0.5% of the allocated assets are currently classified as "aligned" (i.e. compliant with the EU Taxonomy Regulation).

⁶Minimum requirements for buildings according to the EU taxonomy – substantial contribution to climate change mitigation: klimaaktiv.at, EU-Taxonomiekonformität im Gebäudesektor, table 1, page 15 (German only)

6.2 IMPACT REPORT

The following section describes the methodology and shows the impacts calculated for HYPO NOE's four green bond issues, including CO₂ emissions benchmarking as at 31 March 2024. Due to the lack of an update to the national ODYSEE/ENTRANZE benchmarks, the measurement method applied in last year's impact report – comparison of heating energy demand with the national benchmark – has been replaced by the 'Comparison of CO₂ emissions per m² with the national CO₂ benchmark by building category (Partnership for Carbon Accounting Financials [PCAF])' method, which was also included in previous reports. The PCAF method provides more granular and up-to-date benchmarking options (several building asset categories) compared with ODYSEE/ENTRANZE (which distinguishes between residential and non-residential properties).

6.2.1 INFORMATION: ALLOCATED ASSETS BELONG TO THE TOP 15% OF THE AUSTRIAN BUILDING STOCK

The Republic of Austria's plan for increasing the number of residential and non-residential buildings that meet the nearly-zero energy building (NZEB) standard by 2020 was first published in 2014 and reviewed in 2018. The construction guidelines in effect when the Green Bond Framework was drawn up (OIB Guideline 6 2015)⁷ provided for stricter requirements to be implemented at two-year intervals, in order to hit the 2020 targets and achieve conformity with EPC class B. Meanwhile, OIB Guideline 6 2019⁸ has introduced even stricter requirements regarding energy efficiency (effective from January 2021; this forms the basis for the Sustainability Bond Framework as amended). As a result of this tightening of the guideline, the energy efficiency of new and renovated buildings has gradually improved over the past ten years.⁹

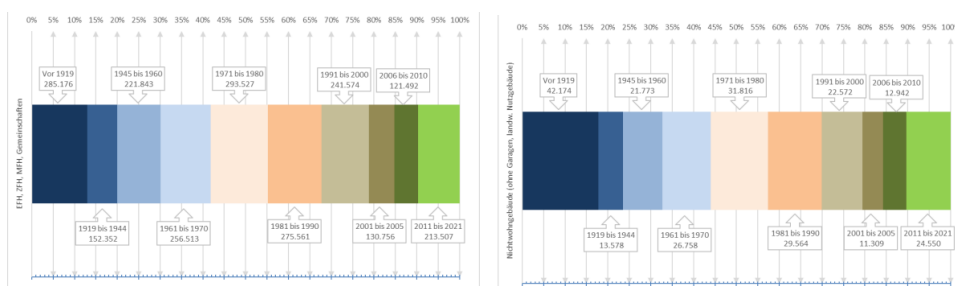
⁷[OIB Guideline 6 2015 | OIB](#) (German only)

⁸[OIB Guideline 6 2019 | OIB](#) (German only)

⁹[Implementation of the EPBD Austria – Status in 2020 \(epbd-ca.eu\)](#)

HYPO NOE’s green bond asset pools only include buildings constructed or completed from 2016 onwards. Consequently, all of the allocated buildings were subject to strict building requirements regarding energy efficiency, which have gradually become more stringent over time. As only 10% of the total residential building stock and 10% of the non-residential building stock was built between 2011 and 2021 (see charts below), and these properties were subject to the stricter building regulations, the financed buildings in the asset pools are among the top 15%¹⁰ of Austria’s building stock in terms of energy efficiency.

Residential building stock (left)/non-residential building stock (right) by age group and percentage share



Source: pulswerk GmbH based on Statistics Austria STATcube evaluation 2022

6.2.2 COMPARISON OF CO₂ EMISSIONS PER M² WITH THE CO₂ BENCHMARK BY BUILDING CATEGORY (PCAF)

The GB 2020 and GB 2022 asset pools also contain some buildings with energy performance certificates issued in accordance with OIB Guideline 6 2011. As these certificates do not contain detailed figures for CO₂ emissions for the buildings concerned, in all cases the values are reconciled with the available data for heating energy demand per m², stated in tonnes of CO₂, using the energy mix conversion factor¹¹.

Baseline scenario: comparison of CO₂ emissions per m² of the allocated building with the national CO₂ benchmark by building category (PCAF)

PCAF provides national figures for both residential and non-residential buildings. Updated national benchmarks for building sub-categories (including for large housing

¹⁰klimaaktiv.at, EU-Taxonomiekonformität im Gebäudesektor, page 47ff. (German only)

¹¹The differences in CO₂ emissions presented in section 7.2.3. are converted into kg and multiplied by the energy mix conversion factor (kg CO₂/kWh); <https://secure.umweltbundesamt.at/co2mon/co2mon.html>

developments) are also available. This has the advantage of making the comparative measurement more informative, as the type of allocated building in the asset pool can be compared with the national PCAF benchmark for the corresponding building sub-category.

The comparative method is applied as follows:

- [a] Determination of the heating energy demand in kWh/m² (according to the EPC) and confirmation of the building type
- [b] Calculation of the difference in heating energy demand in kWh/m² of the financed building minus the relevant national PCAF asset class benchmark (type of building)
- [c] The difference in kWh (heating energy demand [kWh/m²]) is multiplied by the energy mix conversion factor (CO₂ per kWh)
- [d] The result of the calculation (difference in CO₂ emissions) is multiplied by the gross floor area of the building according to the EPC (tonnes of CO₂)
- [e] The result of step [d] is multiplied by HYPO NOE's share of financing (in the event that the property was not fully financed by HYPO NOE or repayments have already been made), stated in EUR: current exposures from the loans in the green bond asset pool (EUR) are divided by the total construction costs (EUR)¹² => financed difference in CO₂ emissions (tonnes of CO₂/year)
- [f] Calculation of CO₂ emissions intensity per EUR m of financing: financed difference in CO₂ emissions (tonnes of CO₂/year) divided by current exposure multiplied by 1,000,000

6.2.3 RESULTS: IMPACT ACHIEVED – ANNUAL PERSPECTIVE

Measurement of the impacts showed that the buildings allocated to the green bond asset pools were clearly more energy-efficient and generated lower carbon dioxide emissions than the national building benchmark.

Measurement of the difference in CO₂ emissions using the PCAF benchmark shows that construction of the buildings in the four green bond asset pools was more efficient and caused fewer CO₂ emissions than the national building benchmark, generating emissions savings of 13,895t for GB 2020, 10,080t for GB 2022, 20,317t for GB 2023 and 4,705t for GB 2024. Of

¹²If the total construction costs as per the letter of undertaking are not available for the calculation, in exceptional cases the construction company's breakdown of the construction costs or the total investment stated in the planning approval application is used.

these amounts, 6,903t (GB 2020), 6,432t (GB 2022), 8,424t (GB 2023) and 1,855t (GB 2024) were attributable to the proportion of total construction costs financed per year by HYPO NOE.

		GB 2020	GB 2022	GB 2023	GB 2024 (CHF)
Measurement of difference in CO ₂ emissions (PCAF)	Total difference	13,895t	10,080t	20,317t	4,705t
	HYPO NOE share of financing per year	6,903t	6,432t	8,424t	1,855t

In total, construction of the energy-efficient buildings financed by HYPO NOE and allocated to its four green bond asset pools generated 48,997t less CO₂ than the national PCAF building benchmark. Of this amount, 23,614t were attributable to the proportion of financing provided by HYPO NOE as at 31 March 2024.

The difference between the results in last year's report, calculated using the ODYSEE/ENTRANZE measurement method, and the PCAF benchmarking approach applied to all green bond asset pools is mainly due to the more granular building-category benchmarks available under the PCAF methodology.

The average CO₂ emissions intensity for every EUR 1m of financing provided was 13.6t (GB 2020), 11.1t (GB 2022), 16.2t (GB 2023) and 13.9t (GB 2024). HYPO NOE's four green bond asset pools have financed the construction of a total of 1,560,601.09m² of energy-efficient usable space.

Measurement of the difference in MWh consumed¹³ based on the PCAF benchmark shows that 61,481 MWh less electricity than the national PCAF building benchmark was used in the construction of the buildings financed from the GB 2020 proceeds; construction of the buildings financed through GB 2022, GB 2023 and GB 2024 consumed 44,602 MWh, 89,899 MWh and 20,819 MWh less than the national PCAF building benchmark respectively. The proportion of total construction costs covered by HYPO NOE financing accounted for 30,543 MWh (GB 2020), 28,461 MWh (GB 2022), 37,274 MWh (GB 2023) and 8,209 MWh (GB 2024) of these savings.

¹³The differences in CO₂ emissions presented in section 7.2.3. are converted into kg and multiplied by the energy mix conversion factor (kg CO₂/kWh); <https://secure.umweltbundesamt.at/co2mon/co2mon.html>

		GB 2020	GB 2022	GB 2023	GB 2024 (CHF)
Measurement of difference in MWh consumed (PCAF)	Total difference	61,481 MWh	44,602 MWh	89,899 MWh	20,819 MWh
	HYPO NOE share of financing per year	30,543 MWh	28,461 MWh	37,274 MWh	8,209 MWh

6.2.4 RESULTS: LIFETIME IMPACT ACHIEVED BASED ON RESIDUAL MATURITY

HYPO NOE can only apportion the achieved impact for the period in which financing forms part of the bank's lending portfolio. As a result, the achieved lifetime impact of a financed building is only calculated for the residual maturity of the financing for the building concerned. This is done by multiplying the recorded annual figures (see section 7.2.3. above) by the relevant residual maturities¹⁴ for the allocated financing in the HYPO NOE portfolio.

		GB 2020	GB 2022	GB 2023	GB 2024 (CHF)
Measurement of difference in CO ₂ emissions (PCAF) in t CO ₂	HYPO NOE share of financing for residual maturity	175,449t	166,783t	165,183t	58,708t
Measurement of difference in MWh consumed ¹⁵ (PCAF)	HYPO NOE share of financing for residual maturity	776,322 MWh	737,979 MWh	730,900 MWh	259,770 MWh

7 EXTERNAL REVIEWS

7.1 SECOND PARTY OPINION – FRAMEWORK

ISS ESG prepared the second party opinion (SPO) for the HYPO NOE Sustainability Bond Framework and confirmed that the framework conforms to the ICMA Green Bond Principles (June 2021 edition with Annex 1 dated June 2022), Social Bond Principles (June 2023 edition)

¹⁴After the loan matures (i.e. after the end of the residual maturity), the impact no longer forms part of HYPO NOE's overall impact and is instead attributed in its entirety to the building owner.

¹⁵The differences in CO₂ emissions presented in section 7.2.3. are converted into kg and multiplied by the energy mix conversion factor (kg CO₂/kWh); <https://secure.umweltbundesamt.at/co2mon/co2mon.html>

and Sustainability Bond Guidelines (June 2021 edition). The SPO is available in the investor relations section of the HYPO NOE website: [IR HYPO NOE Second party opinion](#)

7.2 AUSTRIAN ECOLABEL FOR SUSTAINABLE FINANCIAL PRODUCTS (UZ 49)

All four of the issued green bonds are certified in accordance with the Austrian Ecolabel for sustainable financial products (UZ 49)¹⁶.

The Ecolabel is awarded to products and services that represent the more environmentally compatible options within a range of comparable products. The competent body for the Ecolabel is the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology. Working on behalf of the ministry, the Austrian Consumer Association (VKI) is responsible for the development and administration of the Ecolabel Guidelines, which constitute the basis for the award of the label.

A product's compliance with the guidelines must be confirmed by a qualified control body. During the Ecolabel recertification process, HYPO NOE confirmed that only those loans which do not contravene the UZ 49 exclusion criteria would be allocated to the green bond asset pool. HYPO NOE commissioned ESG Solutions GmbH to carry out the assessment, in order to ensure that all of the UZ 49 requirements were met.

Certification by ESG Solutions GmbH confirms that HYPO NOE fulfils the specifications of the Austrian Ecolabel. The award of the Ecolabel was conditional on meeting the relevant exclusion criteria¹⁷.

Proof of the relevance of financing for achievement of the UN SDGs must also be provided. Financing for the projects concerned must make a clear positive contribution to sustainable development and/or to the achievement of the EU's six environmental objectives.

¹⁶ [Austrian Ecolabel](#)

¹⁷ https://www.umweltzeichen.at/file/Guideline/UZ%2049/Long/UZ49_R5a_Sustainable%20Financial%20Products_2020_EN.pdf

7.3 REVIEW BY AN EXTERNAL EXPERT

The review report for the 2024 impact and allocation report was prepared by ISS-Corporate (ICS) and is available in the investor relations section of the HYPO NOE website: is available in the investor relations section of the HYPO NOE website: [Report Review ISS ICS](#)

8 DISCLAIMER

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