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HYPO NOE Landesbank fur Niederosterreich und Wien AG

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HYPO NOE Landesbank fur Niederosterreich und Wien AG

SACP	bbb+	+	Support	+2	+	Additional Factors	0

Anchor	a-	
Business Position	Weak	-2
Capital and Earnings	Very Strong	+2
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

ALAC Support	0
GRE Support	+2
Group Support	0
Sovereign Support	0

Issuer Credit Rating
A/Stable/A-1

Major Rating Factors

Strengths:

- Very strong capitalization.
- Very strong link to and important role for the State of Lower Austria, the bank's 100% owner.

Weaknesses:

- One of the lowest net interest margins and operating efficiency ratios among peers, which is further strained by challenging operating conditions because of COVID-19.
- Limited geographic diversity and large reliance on public-sector-related business.

Outlook: Stable

The stable outlook reflects S&P Global Ratings' view that HYPO NOE Landesbank fur Niederosterreich und Wien AG will contain loan losses and preserve low-but-positive bottom-line profitability.

Downside scenario

We could lower our rating on Hypo NOE within the next 12-24 months if the bank's stand-alone credit profile (SACP) materially weakens, in particular if the economic risk in Austria increases and Hypo NOE's tight profitability deteriorates. Moreover, if our risk-adjusted capital (RAC) ratio drops below 15%, for example due to higher credit losses than we currently expect, we could lower the rating on the bank.

Because Hypo NOE is a GRE, the ratings are also sensitive to the creditworthiness of the State of Lower Austria (AA/Negative/A-1+). Therefore, if we downgrade Lower Austria, we will review our ratings on Hypo NOE. In addition, we could lower our rating if the likelihood of extraordinary support from the state diminishes. We see this scenario as unlikely, however.

Upside scenario

Although unlikely over the next 12-24 months, we could raise our rating on Hypo NOE if the risks to Austria's economy related to COVID-19 ease, if the bank maintains asset quality significantly above the market average, and the rating on Lower Austria does not indicate a downside change. At the same time, we would expect the bank's RAC ratio to remain sustainably above 15%.

Rationale

We base our ratings on Hypo NOE on the bank's concentrated business model with a focus on public sector-related lending and real estate, which is characterized by very low margins, and weak efficiency. Partially mitigating these are very strong capitalization, as underlined by our projected RAC ratio of 17%-18% over the next 12-24 months, generally solid asset quality, and sufficient liquidity buffers.

Our rating on Hypo NOE continues to benefit from extraordinary government support from its 100% owner, Lower Austria. We view the bank as a government-related entity and our ratings on it depend on our view of the state's creditworthiness. This provides two notches of rating uplift above the 'bbb+' SACP, resulting in a long-term issuer credit rating of 'A'.

We believe the bank's focus on public sector lending and leasing and real estate leaves the bank less affected by the market stress fromthe COVID-19 pandemic than many domestic peers. Hypo NOE has notably lower exposure to the market segments most severely affected by the downturn, namely consumer credit and corporate lending. At the same time, the negative macroeconomic trajectory will increase the bank's strain on profitability.

We note significant uncertainty in assessing the severity of COVID-19-related economic stress, material fiscal and monetary support measures, and their potential unwinding (including debt moratoria and temporary insolvency exceptions), with the resulting impact on markets. Still, rising bankruptcies and increasing unemployment could represent a material risk for Hypo NOE's retail and corporate banking segments, which already exhibit an above-average nonperforming loan (NPL) ratio.

Anchor: The 'a-' anchor reflects Hypo NOE's focus on Austria

Our anchor for a bank operating mainly in Austria is 'a-', based on an economic risk score of '2' and an industry risk score of '3' (on the scale from '1', the strongest score, to '10', the weakest).

Hypo NOE's foreign exposure is limited to about 10%. The bank is active in Germany and in Central and Eastern Europe. We expect the overall share of higher risk countries in the portfolio to remain low and see the economic risks of operations to be in line with that of a purely domestic Austrian bank.

Our economic risk assessment is based on Austria's highly competitive and diverse economy, with strong economic fundamentals, high integration in Western European economies, and strong ties to Eastern and Southeastern Europe. In our base-case scenario, we expect a sharp recession due to the pandemic this year, but anticipate a relatively strong rebound in 2021. However, we view the economic risk trend as negative, reflecting the significant downside risk to our baseline scenario due to the economic effects of COVID-19, which could result in deteriorating household and corporate sector health. This is particularly true given Austria's economy is focused on service industries, with some sensitivity due to the large tourism sector exposure.

Austrian banks face similar industry risks as their global peers, including business model optimization, ensuring sufficient and sustainable profitability, leveraging digital benefits, and introducing measures to avoid disruption and franchise damage from cyberattacks and customer data mismanagement. We view the trend on banking industry risk in Austria as stable. We expect that overall COVID-19-related damage to the banking system will remain contained. Despite the one-off deterioration of the sector's performance, overall sector stability is unlikely to weaken, given banks comfortable capital and provisions, as well as massive government programs, large-scale short-term work contracts, and the social benefit system, which are likely to absorb or prevent material adverse effects on the banking system. Looking beyond the pandemic, we believe the enhanced focus on efficiency and profitability and recent de-risking will contribute to system stability.

Table 1

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Key Figures

		--Year ended Dec. 31--			
(Mil. €)	**2020***	**2019**	**2018**	**2017**	**2016**
Adjusted assets	17,272.7	14,571.3	14,059.3	14,367.1	15,391.1
Customer loans (gross)	11,284.7	10,841.8	10,325.3	10,249.7	10,875.3
Adjusted common equity	674.7	663.2	638.9	628.0	601.0
Operating revenues	79.0	156.8	128.4	147.5	162.3
Noninterest expenses	59.7	110.1	112.8	115.8	128.9
Core earnings	11.0	30.0	19.9	31.1	19.1

*Data as of June 30.

Business position: Geographically concentrated business model with low efficiency

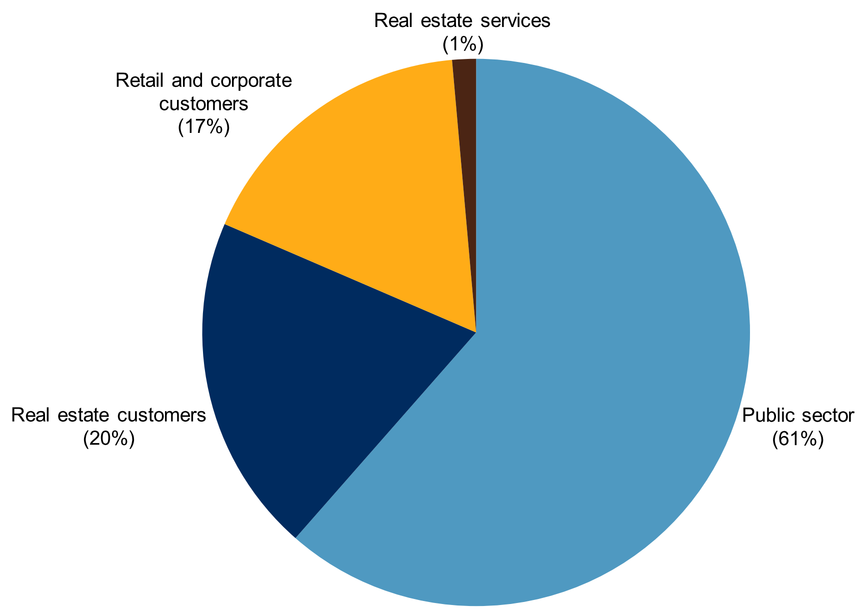
We view Hypo NOE's concentrated business model, which focuses on the public sector and public sector-related real estate in Lower Austria, and weak efficiency as factors that constrain the ratings. We believe these concentrations make the bank more vulnerable to adverse operating conditions than the industry risk score of '3' for Austria indicates. Nevertheless, strong market shares and solid brand recognition in its home market, and stable earnings partly offset these factors. In addition, we view strategic ownership support from Lower Austria and implicit funding benefits as critical for the stability of the bank's business model.

Hypo NOE is a small commercial bank based in Lower Austria, with reported total assets of €17.3 billion on June 30, 2020. About 72% of the bank's asset base (excluding asset liability management and treasury and corporate center) are low risk in our view, and comprise lending and leasing to the public sector and for nonprofit housing (see chart 1). However, earnings are much more tilted toward retail and corporate customers, and commercial real estate (see chart 2).

Chart 1

Hypo NOE's Exposure Is Mostly To The Public Sector...

Business segments by assets

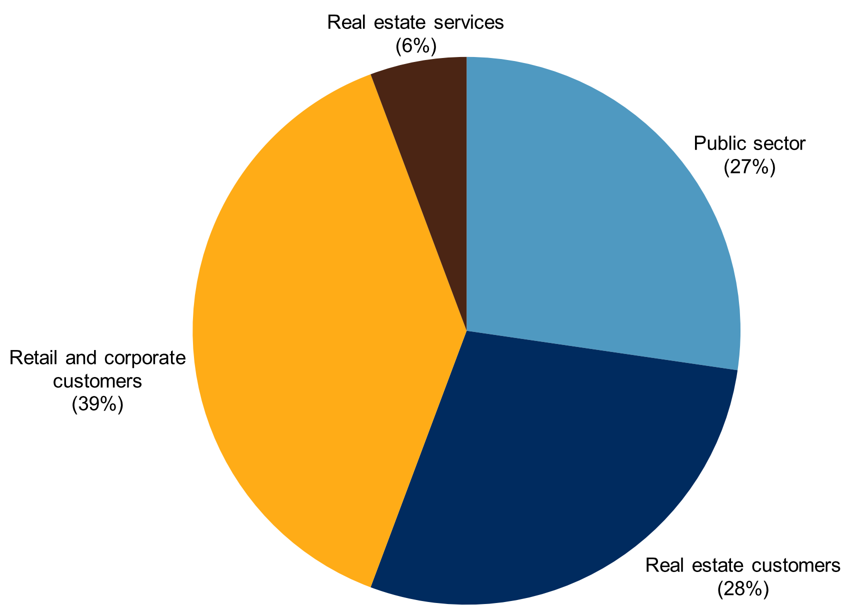


Data as of June 30, 2020. Breakdown excludes the corporate segment and treasury and ALM.

Source: Hypo NOE, S&P Global Ratings.

Chart 2

… But Most Of Its Income Comes From Other Segments
Business segments by operating income

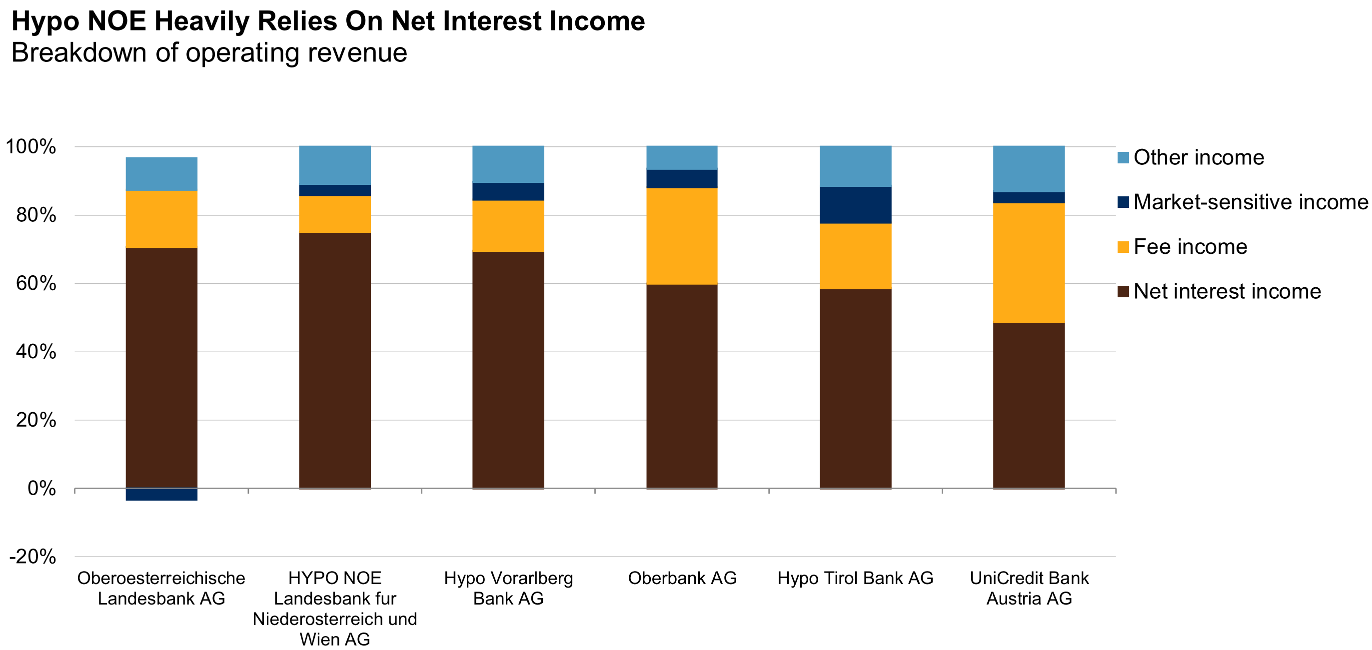


Data as of June 30, 2020. Breakdown excludes the corporate segment and treasury and ALM.
Source: Hypo NOE, S&P Global Ratings.

We expect Hypo NOE to remain the dominant player in Lower Austria's public finance niche area, in line with its medium-term strategy. At the same time, we believe the bank will incrementally shift its exposure toward higher-margin segments to counter pressure from the low rate environment. This includes selective business outside Austria, such as real estate project finance, which we are more cautious on.

Hypo NOE has made some progress in addressing its heavy cost with its cost-to-income ratio, as calculated by S&P Global Ratings, improving to about 70% in 2019, compared with more than 90% five years ago. Further potential improvement stems on the fall-away of regulatory payments, such as the financial stability contribution in 2020, which we believe could lower the cost-to-income ratio to 65%-70% in 2022. Other than that, we believe Hypo NOE's bottom-line profitability will remain constrained by its low-margin asset profile, low interest rates, and continuing expenses for regulation and digitalization. Given Hypo NOE's reliance on interest income, we also see the bank as more sensitive to prolonged low interest rates than peers with higher revenue diversification (see chart 3).

Chart 3



The selected peer group only includes rated Austrian banks which are focussed predominantely on the Austrian market. Data as of Dec. 31, 2019. Source: S&P Global Ratings.

Table 2

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Business Position

		--Year ended Dec. 31--			
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Total revenues from business line (currency in millions)	79.2	157.4	150.6	147.5	230.2
Commercial and retail banking/total revenues from business line	82.9	82.2	81.0	100.0	100.0
Trading and sales income/total revenues from business line	17.6	17.0	16.9	N/A	N/A
Other revenues/total revenues from business line	(0.5)	0.9	2.1	N/A	N/A
Investment banking/total revenues from business line	17.6	17.0	16.9	N/A	N/A
Return on average common equity	3.2	4.5	5.5	4.7	11.5

*Data as of June 30. N/A--Not applicable.

Capital and earnings: One of the highest capitalizations amongst peers

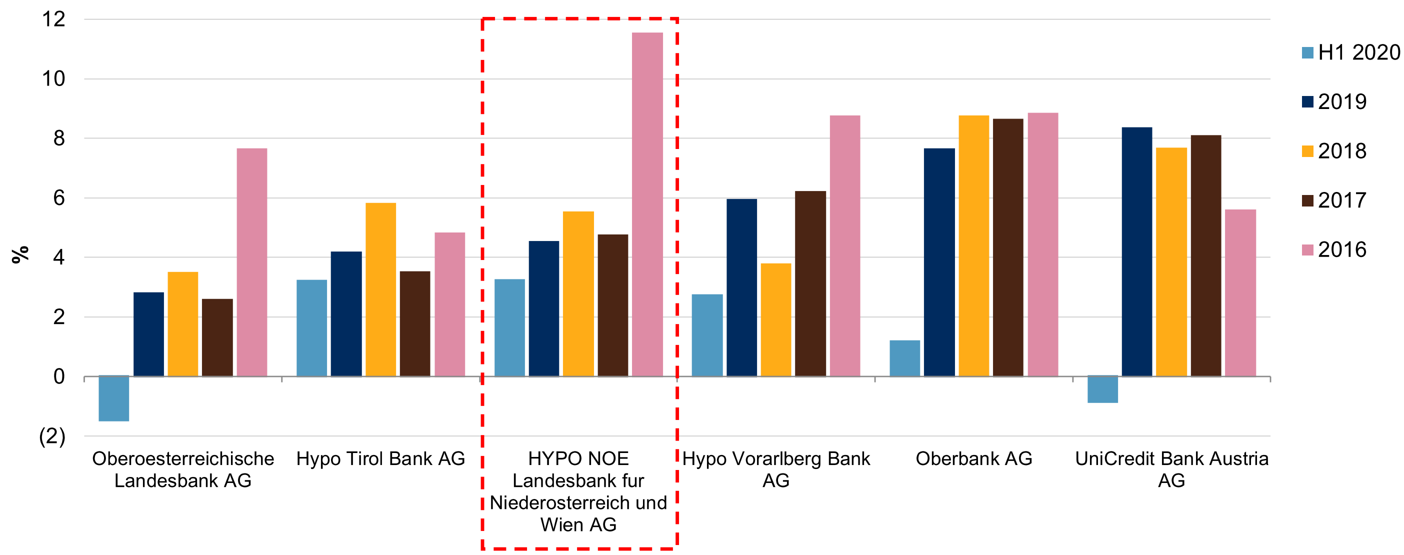
We expect Hypo NOE's capital position will remain a key rating strength, based on our expectation that our RAC ratio will remain comfortably above 15.0% over the next two years. As of Dec. 31, 2019, the ratio stood at 17.9%, which is one of the highest among its peers.

The bank has materially strengthened its capitalization since 2014 following its de-risking activities and internal capital buildup. This gives it the capacity to pursue higher loan growth while retaining its capitalization within its target range of a Tier 1 ratio at 17%-19%, compared with 17.6% at the end of second-quarter 2020 (excluding interim net income). We project loan growth at 8%-10% over the next two years, and somewhat higher risk-weighted asset (RWA) growth due to an expected granular shift towards higher-risk exposures. Nevertheless, we expect the density of regulatory RWAs over total assets to remain low compared with that of most peers, at about 25%.

We believe Hypo NOE's focus on low-margin segments, such as the public sector or nonprofit housing, will continue to constrain the bank's earnings capacity and the negative effects from the recession will further strain its bottom-line profitability (see chart 4). Nevertheless, the low-risk business approach should support a relatively stable core operating performance and cushion the spike in risk costs.

Chart 4

Hypo NOE's Profitability Is Constrained By Its Low-Margin Asset Base
Return on average common equity (%)



Source: S&P Global Ratings. H1--First half of the year.

We expect a net income of €20 million-€25 million, after €11 million for first-half 2020. These projections are based on broadly stable pre-provision operating income, and cost of risks of roughly 15 basis points.In addition, we view Hypo NOE's moderate dividend policy, with payouts of about €3 million per year, as supporting gradual-but-sustainable internal capital accumulation.

We expect significant provisioning for 2021, but the fall away of the financial stability contribution provides additional buffers to Hypo NOE's net income of about €7 million per year. Nevertheless, we recognize enormous economic uncertainties that increase the risks to our base-case scenario.

We continue to view Hypo NOE as having good quality of capital because our total adjusted capital (TAC) comprises solely common equity.

Table 3

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Capital And Earnings

		--Year ended Dec. 31--			
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	17.6	19.2	21.0	19.9	16.3
S&P Global Ratings' RAC ratio before diversification	N/A	17.9	20.7	18.2	14.6
S&P Global Ratings' RAC ratio after diversification	N/A	10.8	12.8	12.4	11.2
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	80.4	75.0	86.9	74.3	75.6
Fee income/operating revenues	11.4	10.9	11.5	10.4	8.3
Market-sensitive income/operating revenues	(2.3)	3.2	0.4	(3.7)	(1.6)
Cost to income ratio	75.5	70.2	87.8	78.5	79.5
Preprovision operating income/average assets	0.2	0.3	0.1	0.2	0.2
Core earnings/average managed assets	0.1	0.2	0.1	0.2	0.1

*Data as of June 30. N/A--Not applicable.

Table 4

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Risk-Adjusted Capital Framework Data

	Exposure*	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	5,516,634,486	86,486,177	1.6	237,055,536	4.3
Of which regional governments and local authorities	4,346,534,478	66,070,269	1.5	179,587,073	4.1
Institutions and CCPs	847,896,385	255,349,527	30.1	122,052,101	14.4
Corporate	4,565,176,196	1,668,665,587	36.6	1,623,948,656	35.6
Retail	3,088,524,956	850,445,024	27.5	661,169,161	21.4
Of which mortgage	1,869,425,743	647,556,387	34.6	432,173,782	23.1
Securitization§	6,824,676	0	0.0	204,740	3.0
Other assets†	290,075,881	241,853,647	83.4	288,354,695	99.4
Total credit risk	14,315,132,580	3,102,799,961	21.7	2,932,784,889	20.5
Credit valuation adjustment					
Total credit valuation adjustment	--	79,261,225	--	235,813,467	--
Market risk					
Equity in the banking book	23,659,000	0	0.0	236,590,000	1,000.0
Trading book market risk	--	0	--	0	--
Total market risk	--	0	--	236,590,000	--
Operational risk					
Total operational risk	--	290,791,809	--	295,702,500	--

Table 4

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Risk-Adjusted Capital Framework Data (cont.)

	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	3,472,852,995	--	3,700,890,856	100.0
Total diversification/concentration adjustments	--	--	--	2,458,658,855	66.4
RWA after diversification	--	3,472,852,995	--	6,159,549,712	166.4

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	666,345,000	19.2	663,162,000	17.9
Capital ratio after adjustments‡	666,345,000	19.2	663,162,000	10.8

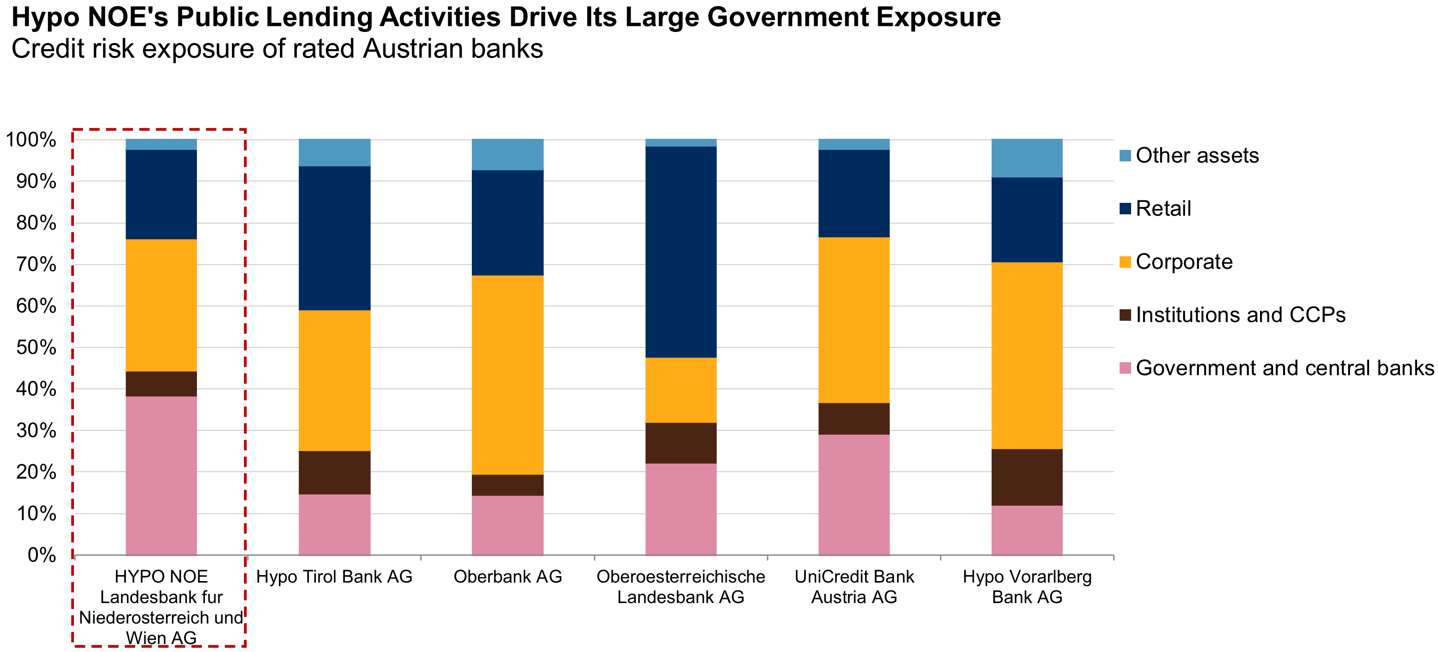
*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of 'Dec. 31 2019', S&P Global Ratings Ratings.

Risk position: Exposure mainly in low-risk areas but some tail risks exist

Hypo NOE's risk position balances the sector and geographic concentration risks in the Lower Austria region and some tail risks in commercial real estate with the bank's low risk appetite. We expect that its asset quality should remain largely resilient to the pandemic's economic consequences.

We consider most of Hypo NOE's €11.3 billion gross customer loan book low risk. They comprise lending and leasing to the public sector (62% of total loans; see chart 5) and nonprofit housing agencies (12%). The remaining part of the portfolio consists of retail banking (10%), commercial real estate (9%), and corporate banking (7%), which exhibit comparably weaker risk metrics in our view. We expect the bank will increase its exposures in these segments but remain highly concentrated in financing the public sector. Some additional risk could, for example, stem from the commercial real estate lending segment.

Chart 5

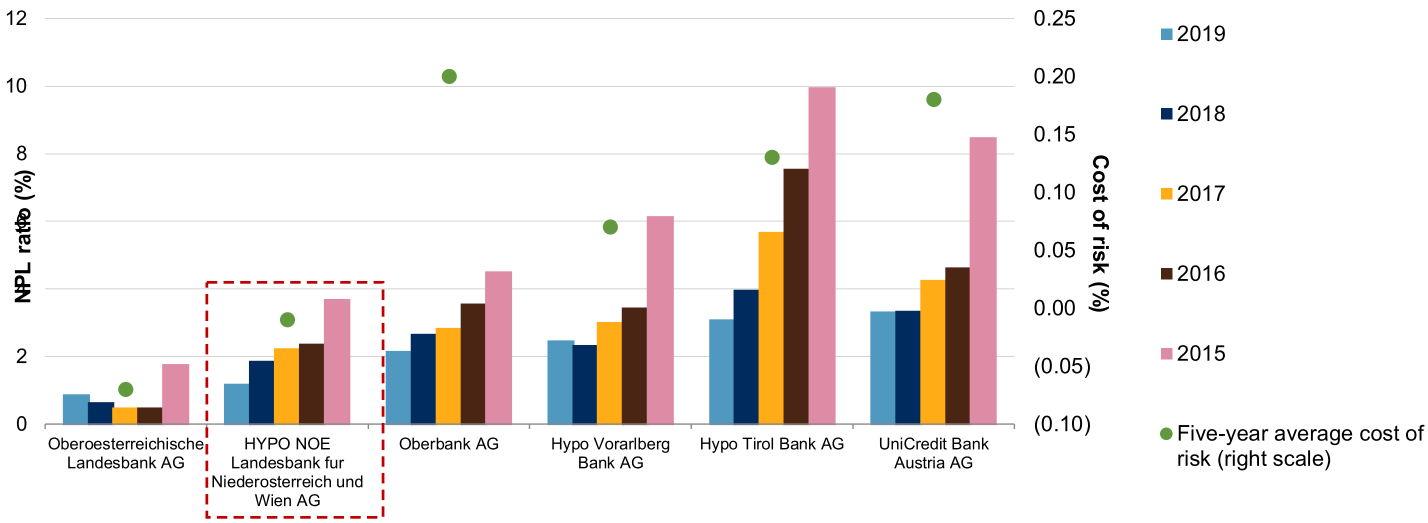


(1) Others includes securitization and other assets. Exposure referes to exposure at default. The selected peer group only includes rated Austrian banks which are focussed predominantely on the Austrian market. Data as of Dec. 31, 2019. Source: S&P Global Ratings.

Hypo NOE entered the pandemic with a strong balance sheet, including a low NPL ratio of 1.16% as of year-end 2019 (see chart 6). While we expect the bank's asset quality will deteriorate because of the pandemic, we believe its comparably high credit quality of its clients, low exposures to corporates, and solid collateralization of its real estate book will help maintain its NPL ratio and risk costs well below the Austrian market average over the next 18-24 months. Until June 2020, Hypo NOE has not recorded additional net NPLs, but we believe borrowers' ultimate ability to service their loans will become clearer once government support measures begin ending.

Chart 6

Low Risk Business Model Supports Hypo NOE's Asset Quality, But It Will be Tested In 2020 and 2021
NPL-ratio and cost of risk (%)



NPL-ratio is defined as gross nonperforming assets divided by customer loans. Cost of risk is defined as new loan loss privisions as % of average customer loans. The selected peer group only includes rated Austrian banks which are focussed predominantely on the Austrian market. Source: S&P Global Ratings.

Gross NPAs (before collateral valuation) were only 51.5% covered by loan loss provisions as of end-2019, which is lower than at most peer banks with similar economic risk and product mix. Nevertheless, the coverage ratio does not reflect the sound collateralization of Hypo NOE's client loan book by real estate assets.

Due to Hypo NOE's limited size and business model, the bank's single-name concentration is significantly higher than peers with 20 largest customers accounting for about 450% of total adjusted capital. These exposures are mainly toward the public sector, including Lower Austria, and well-collateralized and low-risk nonprofit housing agencies. We expect losses from these exposures to remain limited in our base-case scenario.

Table 5

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Risk Position					
		--Year ended Dec. 31--			
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	8.2	5.0	0.7	(5.8)	(5.9)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	66.4	61.9	47.0	30.3
Total managed assets/adjusted common equity (x)	25.6	22.0	22.0	22.9	25.6
New loan loss provisions/average customer loans	0.1	0.1	(0.1)	(0.1)	0.1
Net charge-offs/average customer loans	0.1	0.3	0.0	0.1	0.1

Table 5

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Risk Position (cont.)

		--Year ended Dec. 31--			
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Gross nonperforming assets/customer loans + other real estate owned	0.9	1.2	1.8	2.2	2.4
Loan loss reserves/gross nonperforming assets	57.1	51.5	40.7	33.3	38.1

*Data as of June 30. N/A--Not applicable.

Funding and liquidity: Benefits from implicit state support

We assess Hypo NOE's funding in line with the industry average and its liquidity as adequate, balancing the implicit support from state ownership against its reliance on wholesale funding and a stable funding ratio that is below most domestic peers'.

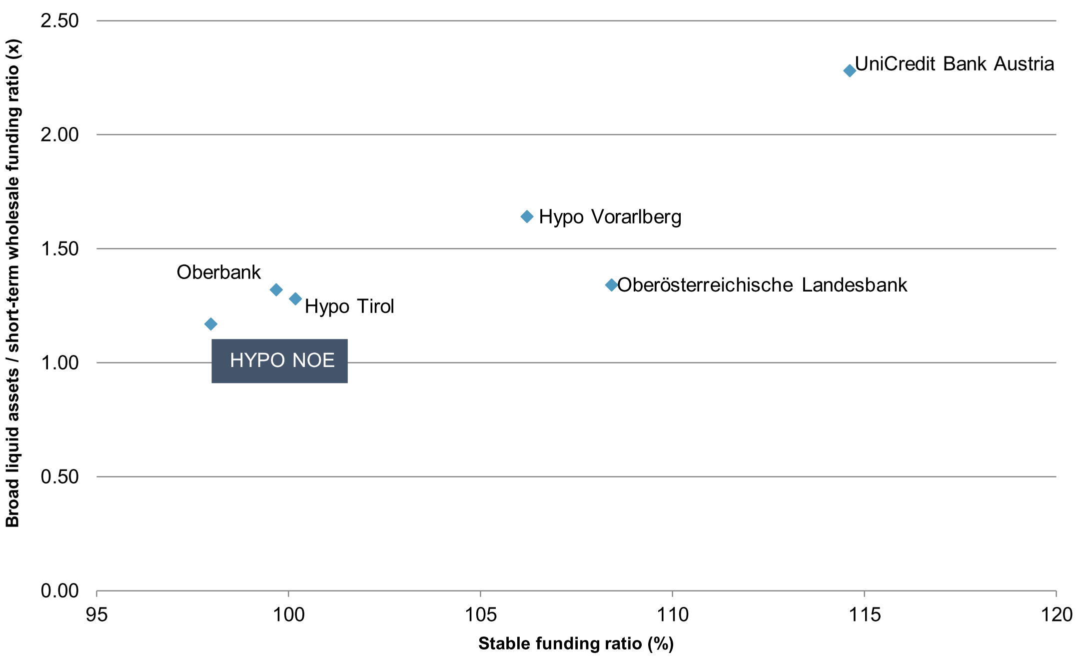
We expect the bank will continue relying on the capital markets to fund its loan book. As of mid-2020, its wholesale funding (covered bonds, senior unsecured bonds, and other debt instruments) made up 74% of its funding base. This is higher than for most rated Austrian banks, but roughly two-thirds of it relate to public sector and mortgage covered bonds, which we regard as a stable and reliable source of funding in Austria. Core customer deposits accounted for only 26% of the funding base due to the bank's relatively smaller retail franchise compared with that of many peers. We expect core customer deposits will continue to cover about 35% of Hypo NOE's loan book.

We view the implicit benefit from state ownership as critical in our funding and liquidity assessment, because it reduces the bank's sensitivity to market confidence, and supports stability of customer deposits and the bank's access to capital markets during turbulent times. We saw this, for example, with COVID-19, which had no significant impact on the group's funding and liquidity situation. Indeed, Hypo NOE has been among the first banks in Europe to tap the covered bond market since the pandemic's onset.

Available cash reserves, the securities portfolio (after haircut), and free collateral for retained covered bonds provide more than sufficient capacity to manage adverse scenarios. Stress testing of liquidity inflows and outflows indicate that, under stressful conditions, involving the closure of access to capital market funding and a significant deposit outflow, Hypo NOE could survive for more than six months, although reliance on central bank funding would likely increase significantly in such a scenario.

Chart 7

Hypo NOE's Funding And Liquidity Metrics Somewhat Lag Domestic Peers
Key Funding And Liquidity Metrics



The selected peer group only includes rated Austrian banks which are focussed predominantely on the Austrian market. Data as of Dec. 31, 2019. Source: S&P Global Ratings.

As of June 2020, Hypo NOE's stable funding ratio (which measures the company's ability to fund long-term assets with long-term funding) was 105.6%, and its broad-liquid assets to short-term wholesale funding ratio was 1.54x (see chart 7). We view both ratios as somewhat inflated due to excess liquidity from the €1.7 billion uptake of funding from the European Central Bank in June 2020 (Targeted Long-Term Refinancing Operations III). We believe these funds will finance additional lending and refinance maturing debt, which we expect will drive the ratios back to below 100% and 1.2x, respectively, over the next 6-12 months.

Table 6

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Funding And Liquidity					
		--Year ended Dec. 31--			
(%)	2020*	2019	2018	2017	2016
Core deposits/funding base	25.6	33.3	28.3	32.9	29.1
Customer loans (net)/customer deposits	289.8	258.5	298.9	251.2	280.1
Long-term funding ratio	85.1	89.0	87.7	91.4	79.8
Stable funding ratio	105.6	98.0	98.1	102.0	88.6
Short-term wholesale funding/funding base	15.6	11.6	12.9	9.1	21.1
Broad liquid assets/short-term wholesale funding (x)	1.5	1.2	1.2	1.7	0.7

Table 6

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Funding And Liquidity (cont.)

		--Year ended Dec. 31--			
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Net broad liquid assets/short-term customer deposits	39.8	7.3	9.0	21.5	(28.8)
Short-term wholesale funding/total wholesale funding	20.9	17.4	18.0	13.5	29.8
Narrow liquid assets/three-month wholesale funding (x)	4.6	7.3	5.1	10.0	3.0

*Data as of June 30.

Support: Two notches of uplift for government support

We see a high likelihood of timely and sufficient extraordinary government support from the government of Lower Austria if needed. Our view is based on our assessment of Hypo NOE's:

- Important role for Lower Austria, because a default could tarnish Lower Austria's reputation. In addition, the bank supports regional economic and social objectives; and
- Very strong link with the government of Lower Austria, owing to its very strong and durable relationship with the state. We do not anticipate changes to the state's full ownership.

We believe that the prospect of extraordinary government support for Austrian banks is uncertain, following the full implementation of the EU Bank Recovery and Resolution Directive, including bail-in powers, in January 2015. However, we generally believe that resolution frameworks are less likely to impede the state owners' willingness to provide extraordinary support to banks we consider GREs, including Hypo NOE.

We understand Hypo NOE is subject to an open bank resolution scenario, but this does not provide additional protection to senior unsecured creditors in our view. The bank is not required to issue subordinated instruments under its minimum requirement for own funds and eligible liabilities. As long as this is the case, we don't expect Hypo NOE to issue material amounts of senior nonpreferred or other subordinated instruments that serve as buffers for senior unsecured creditors.

Issue ratings

The 'BBB-' issue rating on Hypo NOE's nondeferrable subordinated debt is two notches lower than the bank's SACP. The SACP indicates our view of a bank's credit risk without extraordinary support from the government. We believe that by notching from the SACP assessment, instead of from the long-term issuer credit rating, we better capture the risk of an increased uncertainty of government support for subordinated debt issues.

Environmental, social, and governance

ESG factors are neutral in our assessment of Hypo NOE's creditworthiness. Social and environmental credit factors are in line with those of banking peers, while the bank's governance standards are comparable with the practice in its home country. We acknowledge Hypo NOE's increasing focus on green lending, and believe the bank's ownership and business model, with a focus on public lending and real estate, supports these efforts. We also expect Hypo NOE to maintain low exposure to assets with material physical climate risks and transition risks, as well as socially controversial industries. The bank began to use green capital market funding and issued its first green bond in June 2020, which accounts for about 3% of its total funding base.

Additional rating factors: None

No additional factors affect this rating.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
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- Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- State of Lower Austria 'AA/A-1+' Ratings Affirmed; Outlook Remains Negative, Aug. 14, 2020
- Banking Industry Country Risk Assessment: Austria, June 17, 2020
- HYPO NOE Affirmed At 'A/A-1', Despite Negative Outlook On Lower Austria; Outlook Stable, May 7, 2020
- Outlook Revisions On Several Austrian Banks On Deepening COVID-19 Downside Risks, April 29, 2020

Anchor Matrix

Industry Risk	Economic Risk									
	1	**2**	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	**a-**	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of November 9, 2020)*

HYPO NOE Landesbank fur Niederosterreich und Wien AG	
Issuer Credit Rating	A/Stable/A-1
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB-
Issuer Credit Ratings History	
29-Apr-2020	A/Stable/A-1
30-May-2018	A/Positive/A-1
13-Aug-2014	A/Stable/A-1
Sovereign Rating	
Austria	AA+/Stable/A-1+
Related Entities	
Lower Austria (State of)	
Issuer Credit Rating	AA/Negative/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.