HYPO NOE Group presents solid results for the first nine months of 2025

Highlights Q1-Q3 2025

- Solid operating profit of EUR 65.8m (Q1-Q3 2024: EUR 89.1m)
- Core earnings showed a moderate decline – net interest income of EUR 119.9m down -14.0% and net fee and commission income of EUR 16.0m up 5.5% year-on-year (Q1-Q3 2024: EUR 139.5m and EUR 15.2m, respectively)
- Administrative expenses totalled EUR 91.8m, exceeding the prior-year level (Q1-Q3 2024: EUR 81.6m), partly due to an increased stability levy. As expected, the CIR based on the operating result increased, but at 56.15% it remains within the expected range (Q1-Q3 2024: 48.27%)
- The NPL ratio continued to decline slightly to 2.80% as at 30 Sep. 2025 despite unchanged macroeconomic challenges (31 Dec. 2024: 2.94%), while the NPL coverage ratio remained at a solid level of 88.3% (31 Dec. 2024: 89.1%)
- Strong CET1 ratio of 18.12% as at 30 Sep. 2025 – including a first-time application effect of approximately 1.4 percentage points in accordance with CRR III effective since the beginning of the year (31 Dec. 2024: 20.32%)

Solid progress under challenging conditions

Despite continuing challenging conditions in its core market, HYPO NOE Group can look back on a solid performance in the first nine months of 2025. During this period, **operating profit** (before risk costs) amounted to EUR 65.8m (Q1-Q3 2024: EUR 89.1m), supported by **core earnings** of EUR 135.9m, which declined only moderately (Q1-Q3 2024: EUR 154.7m). **Net interest income** was 14.0% below the previous year's figure at EUR 119.9m (Q1-Q3 2024: EUR 139.5m), while **net fee and commission income** was up by 5.5% on the same period at EUR 16.0m (Q1-Q3 2024: EUR 15.2m).

Administrative expenses rose to EUR 91.8m (Q1-Q3 2024: EUR 81.6m), partly due to the increase in stability levy since March 2025. As expected, the **cost/income ratio[1] (CIR)** rose to 56.15% due to inflation, but remained within the expected range despite temporary burdens. (Q1-Q3 2024: 48.27%). The **net result** amounted to EUR 31.7m, remaining below the prior-year level (Q1-Q3 2024: EUR 51.3m), yet once again confirming the resilience of the Group's business model, with its regional focus on the core markets of Austria and Germany, in a persistently challenging environment.

Consistent and prudent risk provisioning

In the period under review, **net losses on risk provisions (ECL)** amounted to EUR -25.3m, which is almost at the previous year's level (Q1-Q3 2024: EUR -23.5m), after the credit risk model in accordance with IFRS 9 conservatively took into account the difficult conditions in the commercial real estate development sector for expected future losses from exposures as part of risk provisioning. ECL provisions in the performing loan portfolio (Stage 1 and 2) amounted to EUR 22.7m at the end of the third quarter of 2025, representing a level

[1] Operating expenses/operating income

of 48 bps in relation to risk-weighted assets, unchanged from the previous quarter (31 Dec. 2024: EUR 29.9m or 70 bps, respectively). At the end of the reporting period, the NPL coverage ratio remained at a solid level of 88.3% (31 Dec. 2024: 89.1%) and well above the most recent EU average[2] standing at 41.7%.

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 18.12% (31 Dec. 2024: 20.32%), with an effect of approximately 1.4 percentage points from the first-time application of CRR III since the beginning of the year. As at 30 Sep. 2025, the capitalisation of HYPO NOE Group remained comfortably above the target level. On a pro forma basis – taking into account interim results and a linear allocation of regulatory costs – the capital ratio exceeded the total regulatory capital requirement, including SREP, by a good 5 percentage points. This strong position is fully covered by Common Equity Tier 1 (CET1) capital. Compared to the CET1 requirement alone, the surplus amounted to around 9.5 percentage points.

The Group's **non-performing loan (NPL) ratio** continued to decline slightly in the third quarter 2025 despite the persistently difficult environment, standing at 2.80% as at 30 September 2025 (31 Dec. 2024: 2.94%). This underscores the portfolio's stable credit quality, supported by a prudent provisioning policy, consistent restructuring management and a overall low-risk business model with a focus on infrastructure and residential housing.

Growth in new business – compelling refinancing activities

Financial assets - AC rose by 4.0% compared with the end of 2024 to EUR 15.3bn (31 Dec. 2024: EUR 14.7bn). The development of new business was particularly positive: despite unchanged prudent credit approval policies, new business in the first three quarters of 2025 increased to around EUR 1.14bn – a rise of 7.8% compared with the same period in the previous year (Q1-Q3 2024: EUR 1.06bn).

As at 30 Sep. 2025, the liabilities side of the balance sheet recorded a slight increase in **financial liabilities – AC** of 1.8% to EUR 15.0bn (31 Dec. 2024: EUR 14.8bn). The main drivers were two successfully placed benchmark issues: a EUR 500m Green Senior Preferred benchmark bond in February 2025 and a EUR 500m public sector benchmark covered bond in May 2025. **Customer deposits** also developed positively, rising by EUR 358.9m or 6.3% to EUR 6.0bn (31 Dec. 2024 EUR 5.7bn). Together with an additional mortgage covered bond of EUR 500m issued in October 2025, HYPO NOE Landesbank's refinancing programme for 2025 was implemented as planned.

[2] Source: European Banking Authority (EBA), EBA Risk Dashboard | Most recently available statistics : as of Jun. 2025 on 6 Nov. 2025

Outlook

Despite ongoing challenges, the HYPO NOE Group's business model, which focuses on low-risk infrastructure and residential housing finance, has proven its worth in the first nine months of 2025. Despite the continuing subdued macroeconomic outlook for the core markets of Austria and Germany, as well as ongoing geopolitical uncertainties, the business's performance to date is already making an important contribution to the implementation of the Group's diversified and conservative strategy, which is expected to result in a stable financial year overall.

The HYPO NOE Group's strategy is based on organic growth in the core business, the systematic expansion of digital solutions - especially in the mortgage segment - and a further increase in profitability. Rising administrative expenses, driven in part by persistently high inflation, will be addressed through additional efficiency gains, process optimisation and a more focused business model, while maintaining the risk-conscious, sustainable growth path. The State of Lower Austria as the Group's 100% owner with a long-term orientation supports the consistent implementation of this strategy.

The complete Results Announcement for the Three Quarters ended 30 September 2025 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 banks[1], 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.

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[1] By total assets (2024 consolidated financial statements) and date of establishment