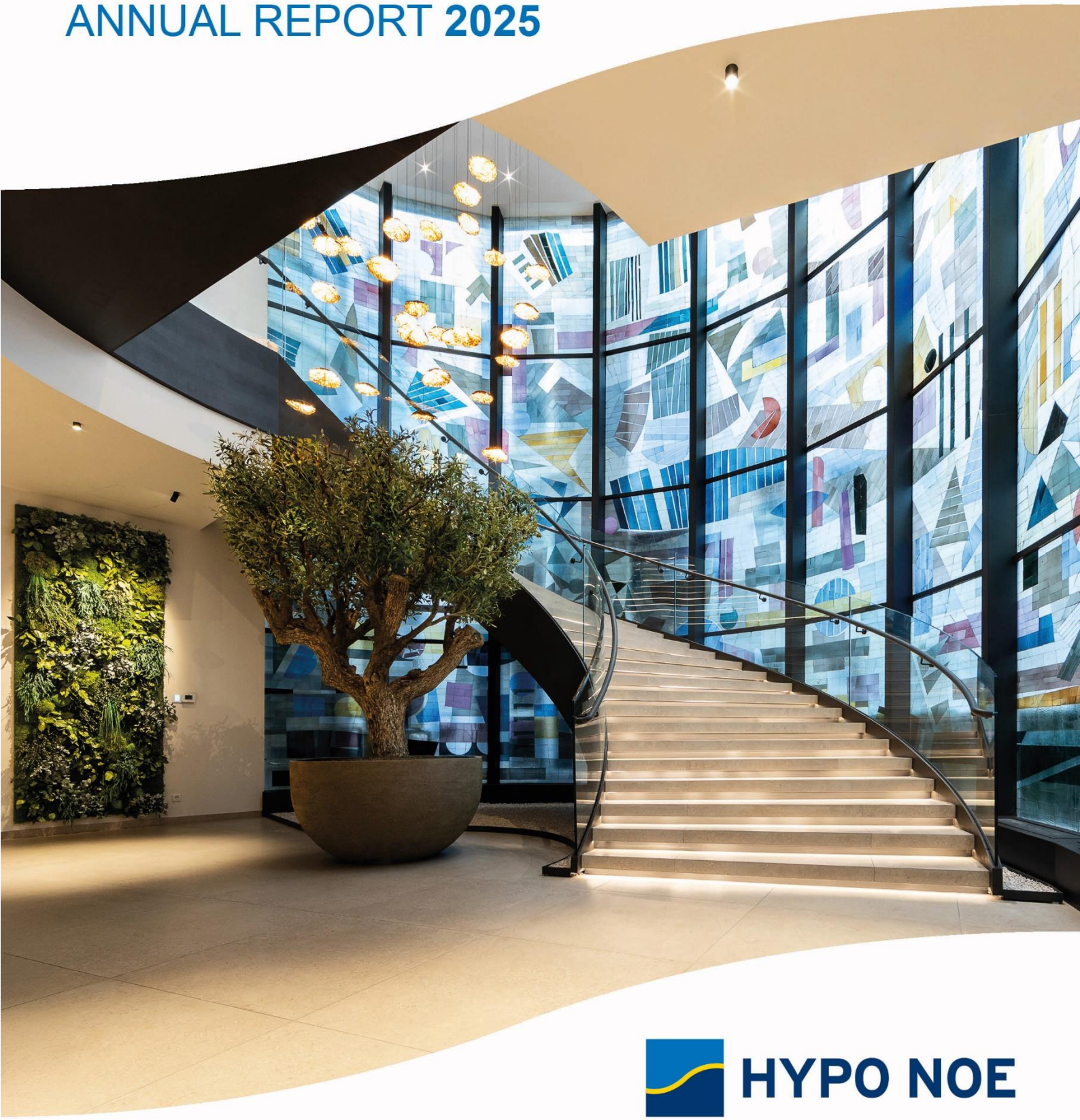
ANNUAL REPORT **2025**



HYPO NOE

CURRENT RATINGS

Standard & Poor's: A/A-1 (negative) issuer rating

Moody's: Aa1 mortgage and public-sector covered bond rating

ISS ESG: C Prime status sustainability rating

GROUP FINANCIAL HIGHLIGHTS

EUR '000

Consolidated statement of comprehensive income	**2025**	**2024**
Net interest income	159,764	183,869
Administrative expenses	-123,365	-111,086
Impairment losses on financial assets – IFRS 9 ECL	-39,807	-23,560
Profit before tax	**33,444**	**82,242**
Income tax expense	-11,069	-17,772
Profit for the year	**22,375**	**64,470**
Return on equity before tax	3.73%	9.45%
Return on equity after tax	2.49%	7.41%
Return on assets	0.13%	0.39%
Cost/income ratio	60.09%	51.72%
Consolidated statement of financial position	**31 Dec. 2025**	**31 Dec. 2024**
Total assets	16,695,066	16,357,561
Financial assets – AC	15,226,633	14,708,988
Financial liabilities – AC	15,265,871	14,762,832
Equity (incl. non-controlling interests)	904,089	889,892
Non-performing loan (NPL) ratio	2.96%	2.94%
Regulatory indicators	**31 Dec. 2025**	**31 Dec. 2024**
Eligible Tier 1 capital	866,896	867,308
Total eligible capital	866,896	867,308
Minimum capital requirement (Pillar I)	378,794	341,446
Excess equity	488,102	525,862
Total risk exposure amount in accordance with Art. 92(3) CRR	4,734,931	4,268,077
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	18.31%	20.32%
Total capital ratio in accordance with Art. 92(2)(c) CRR	18.31%	20.32%
Leverage ratio in accordance with Art. 92(2)(d) CRR	5.22%	5.30%
Liquidity coverage ratio	206.26%	229.23%
Net stable funding ratio	119.69%	118.55%
Operational resources	**31 Dec. 2025**	**31 Dec. 2024**
Employees at end of reporting period	623	617
Branches	26	26

For details of the calculation see section 3.2 Earnings performance.

FOREWORD BY THE SUPERVISORY BOARD

Just as it was for international markets, 2025 was another year defined by a variety of challenges for Austria as a business and financial location. These included geopolitical tensions, the USA's increasingly protectionist trade policy, and major political and economic uncertainty. Meanwhile, the investment boom driven by artificial intelligence continued, providing strong impetus to the capital markets in particular. In Europe, monetary policy easing, initial signs of cyclical stabilisation and the announcement of broad fiscal investment programmes brought a note of cautious optimism to the economic outlook. This complex environment had a tangible impact on businesses, private households and, in turn, the banking sector – and formed the backdrop for the HYPO NOE Group's financial year.

Particularly in tougher economic times, banks with strong regional roots – like HYPO NOE Landesbank – have special responsibilities. They know their customers – many of them regional enterprises and companies – better than anyone, which means they can make a vital contribution to enabling businesses like these to come through difficult periods. The HYPO NOE Group is committed to supporting corporates, the public sector and private individuals in challenging times, facilitating investments, and playing an active part in strengthening the region as a location for businesses as a result. The bank for the state of Lower Austria promotes regional value creation and long-term growth through tailored financing solutions, sound advice and proximity to our home markets.

Continuity at the senior management level is the cornerstone of this stability. During the reporting period, the Group's Management Board members were reappointed for what is now their third term of office, meaning they will remain at the helm until 2031. This decision underscores our great confidence in the Board's work to date. Wolfgang Viehauser and Udo Birkner have guided the HYPO NOE Group with characteristic prudence, foresight and a strong sense of responsibility through a number of challenging years – from the coronavirus pandemic and phases of economic uncertainty to the current process of structural transformation. Their reappointment brings a welcome sense of continuity to the Group, and also reflects the Bank's ongoing successful development.

One emphasis for our activities in 2025 was providing targeted support for investments in future-focused areas and technologies. In this context, one of the stand-out developments was the new European Investment Fund (EIF) guarantee initiative, which will enable Austrian SMEs and mid-caps to make investments totalling around EUR 43m. Based on the agreement with the EIF, HYPO NOE Landesbank can provide funding aimed specifically at energy-efficiency and renewable-energy projects. Thanks to the sharing of risk under an EIF guarantee, the Bank is now in a position to offer loans on improved terms.

This initiative will make a vital contribution to helping companies cut their energy costs and reduce their exposure to volatile energy prices, while also strengthening Austria's standing as a business location. Especially for energy-intensive industries, this will open up new opportunities for them to boost their competitiveness through equipment upgrades, more efficient production processes and the use of renewable energy. At the same time, investments in innovation and supply security will safeguard the country's long-term future as a business location.

We are looking ahead to the new financial year with cautious optimism. Initial indications of economic stabilisation, coupled with targeted investments and structural adjustments, hint at the beginning of an upturn – although the situation is only expected to ease fully in 2028, according to some economic researchers. The current environment calls for clear strategic decisions and their systematic implementation. In particular, regional banks like HYPO NOE Landesbank will have the opportunity over the coming years to highlight their strengths through an efficient, future-proof business model, forward-looking Group-wide management, and targeted optimisation of revenue sources – with a view to using the phase of gradual economic recovery to proactively lay the foundations for sustained success in the future.

Finally, on behalf of the Supervisory Board I would like to thank all of the Group's employees for their dedication during 2025. In an extremely demanding environment, they performed their day-to-day work diligently and professionally – especially as regards customer support. And this played a key role in ensuring the smooth running of the Bank's operations. Their commitment deserves our utmost recognition and gratitude.

Günther Ofner

Supervisory Board Chairperson

FOREWORD BY THE MANAGEMENT BOARD

In an age when banks are in constant competition with one another, it is the commendations from customers that we find particularly pleasing – and which underscore the quality of our services. As a bank with strong regional roots, we are still firmly convinced that the HYPO NOE Group needs a combination of in-person support at our branches and best-in-class online services.

Customers have always been the focal point of everything we do. And this is reflected in numerous awards: we took second place in a test of current accounts available in Vienna carried out by consumer studies organisation Gesellschaft für Verbraucherstudien (ÖGVS) in cooperation with business and finance magazine Trend, and received the Recommender quality seal for very strong customer focus from financial marketing association FMVÖ. The Group also placed third out of 12 Austrian banks in the Forbes World's Best Banks ranking – and what's more, we were awarded top spots in the "overall satisfaction" and "trustworthiness" categories. These international accolades are testimony to the day-to-day work of our employees, as well as a clear incentive for us to continue on our chosen path.

In line with our strategy, the opening of the redesigned branch on Kremser Gasse in St Pölten in time for World Savings Day also sent a clear message about our proximity to customers and our regional presence. Featuring natural materials, greening elements and individually-designed customer service spaces, the branch's modern, feel-good design creates a pleasant atmosphere for face-to-face discussions. The new branch, which includes state-of-the-art service areas and sustainable furnishings, is also an excellent example of our goal of combining contemporary banking services with personal support and trust.

And also a clear statement of HYPO NOE Landesbank's commitment to reliability, shaping the future, and creating added value for society. We are dedicated to improving quality of life, and promoting economic and social development in the long run – an outlook that in the past year also shaped our actions in an economic environment defined by some significant challenges.

Following a prolonged and difficult phase for the domestic economy, the first – albeit modest – signs of recovery emerged in 2025. The Austrian Institute of Economic Research (WIFO) forecast growth of 0.6% for Austria, giving grounds for renewed confidence. Growth in the European Union also had a stabilising effect on the economic environment in Austria. Particularly in the construction sector, the signals are increasingly positive as it has returned to moderate growth, according to Euroconstruct. Developments on the real estate market were similarly encouraging in 2025, and included falling interest rates, rising demand and increased willingness among private individuals to apply for housing finance once more. As a universal bank, HYPO NOE is taking action to support this trend by providing loans for private housing construction projects, as well as for non-profit and commercial real estate, and public and private infrastructure. We accompany these projects as a reliable partner, providing our customers with sound advice and tailored solutions designed to enable them to overcome the present economic challenges.

Promoting sustainable investments was another major focus of our activities in 2025. The European Investment Fund (EIF) and HYPO NOE Landesbank für Niederösterreich und Wien signed a new guarantee agreement that will enable Austrian SMEs and mid-caps to make investments totalling EUR 43m. This partnership allows us to offer financing solutions on improved terms, alongside targeted support for Austrian companies investing in energy efficiency, green technologies and renewable energy generation. By doing so, we are making a tangible contribution to reducing energy costs and bolstering the development of a robust, future-proof economy.

In spite of these challenging economic conditions, as well as a significant hike in the bank levy, HYPO NOE offered further proof of its outstanding capabilities. Net interest income stood at EUR 159.8m at 31 December 2025, while net fee and commission income rose by more than 7% to EUR 21.5m at year-end. Administrative expenses rose to EUR 123.4m due to the increase in the financial stability contribution passed by the lower house of the Austrian Parliament in March. Pre-tax profit for 2025 came in at a solid EUR 33.4m.

We also recorded further major successes on the capital market in 2025, implementing our refinancing programme as planned with several benchmark issues, including a green senior preferred bond and a public-sector covered bond.

HYPO NOE's strengths were plain to see yet again in 2025 – besides supporting our customers with high-quality services, personal advice and innovative solutions, we also succeeded in further consolidating our role as a reliable regional partner. For this, we would like to express our sincere thanks to the entire HYPO NOE workforce – without their dedication and personal commitment, these successes would not have been possible. The awards we received over the past year show that we are moving in the right direction.

And we will continue to focus all of our attention on the healthy combination of digitalisation with the regional foundations provided by our branch network. This will enable us to create stability, trust and added value in the long term – for people and businesses in Lower Austria.

Wolfgang Viehauser and Udo Birkner

HYPO NOE Management Board

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025
IN ACCORDANCE WITH IFRS
HYPO NOE GROUP

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HYPO NOE

HYPO NOE Group
Annual Report

GROUP OPERATIONAL AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2025
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1 ECONOMIC CLIMATE

1.1 Global economic and financial market trends

2025 was characterised by a shift in US trade policy involving selective increases in import tariffs and a global surge in investment and equity markets linked to advances in AI, as well as increased fiscal leeway in Germany following the reform of the nation's debt brake. While the US tariff measures triggered bouts of market uncertainty, Germany's newly announced investment programmes and the AI-fuelled demand for microchip, data-centre and energy infrastructure worldwide bolstered growth expectations.

The prospect of investment in these areas running into several hundred billion euros over the coming years significantly increased growth expectations, both in Germany and the wider eurozone. These signals were accompanied by announcements from both the German federal government and the EU to increasingly push ahead with economic reforms and deregulation.

In 2025 AI finally emerged as the dominant global growth and investment focus, with major US technology corporations acting as central drivers and profiting the most from these developments so far. Rapid progress in the field of AI triggered an unprecedented investment boom in high-performance microchips, data centres and the associated energy infrastructure.

1.1.1 Economy and inflation

Over the course of the year, early fears that the confrontational trade policy of the USA would cause significant damage to the global economy proved to be exaggerated. There were, however, temporary distortions in the growth rates of individual economies due to front-loading effects and the restructuring of global trade flows.

The US economy recorded a noticeable dip in growth at the start of the year, mainly as a result of a sharp increase in the foreign trade deficit. Numerous companies had significantly expanded their inventories of foreign products in anticipation of the expected tariff increases. Private consumption weakened only moderately despite rising inflation, while subdued consumer sentiment proved to be an unreliable leading indicator for consumption. The service sector remained a central growth driver while industry hardly benefited from reindustrialisation efforts. Although corporate AI investment was massively expanded, a slowdown was observed in almost all other investment categories – not least due to the high levels of uncertainty surrounding trade policy. After a weak start for the economy with a decline in GDP in the first quarter (down 0.6% on an annualised basis) the US economy quickly regained momentum, growing by 3.8% annualised in the second quarter and by 4.3% in the third quarter.

At the beginning of the year, concerns dominated in the eurozone that the protectionist US trade policy could delay the hoped-for economic recovery still further. However front-loading had a supportive effect, leading first-quarter economic output to rise by 0.6% year on year. The economy would falter again as the year progressed, but the drop in momentum was significantly less pronounced than originally feared. Though the ongoing industrial recession came to an end in 2025, it failed to transition into a dynamic upswing. Despite falling short of expectations, private consumption still made a noticeable contribution to economic growth. Overall GDP growth in the eurozone is seen as amounting to around 1.4%. Corporate investment remained cautious but – unlike in the previous year – helped fuel growth once again.

Inflation in the eurozone stabilised just above the ECB target of 2% in 2025. While price dynamics for goods remained subdued due to falling energy commodity prices and cheap imports from China, price increases in the service sector slowed only slightly. Here, inflation was measured at 3.4% in December – still higher than the ECB target. Overall, it can be noted that the ECB largely achieved its price-stability objective in 2025. In the USA, inflation was less favourable than in the eurozone. Contrary to earlier official assessments stating otherwise, the higher import tariffs did in fact lead to rising prices for consumers. Overall, however, the inflationary burden was lower than feared, as US companies appear to have passed on only part of the tariff burden to end consumers, and in many cases not in full.

1.1.2 Monetary policy

The ECB initially continued its course of interest rate cuts, reducing the key interest rates by 25 basis points at each monetary policy meeting until mid-2025. June brought the last interest rate cut thus far, which left the deposit facility rate

at 2% and the main refinancing rate at 2.15%. Since then, the view has firmed within the ECB Governing Council that no further interest-rate moves are needed for the time being. At the end of the year, the ECB was in a comparatively comfortable position, though it continued to emphasise its data-driven approach.

The ECB continued to pursue its balance sheet reduction as announced. Having reached just under EUR 8.8 trillion in 2022, total ECB assets stood at around EUR 6.2 trillion at the end of 2025. As a result of this development, excess liquidity in the euro financial system fell from EUR 4.8 trillion in November 2022 to EUR 2.5 trillion as at the end of 2025.

The US Federal Reserve resumed its interest rate reduction cycle – which had been on hiatus for around nine months – in September and lowered the key interest rate in three 25-basis-point steps by the end of 2025. The decisive factor behind this move was the cooling of the US labour market, which led to the Federal Reserve's decision to loosen its monetary policy despite the underlying uncertainties regarding the economy and inflation.

1.1.3 Geopolitical situation

The geopolitical situation continued to be characterised by high uncertainty in 2025. In addition to long-standing flashpoints, several conflicts intensified and new areas of tension emerged during the course of the year. According to the continuously updated data from the CONIAS conflict database, the number of regional and international conflicts of varying intensity reached a new peak.

The violent conflict in the Israel-Gaza region and the Russian war of aggression in Ukraine were particularly relevant in terms of global risk perception. After a temporary escalation in the Middle East, which culminated in targeted air strikes on Iranian nuclear facilities by the USA and Israel, the situation eased somewhat as the year went on. Against this backdrop, the remaining Israeli hostages were released by Hamas. Still, the fragile situation persisted as key political questions remained unresolved and the ceasefires put in place have so far only held to a limited extent.

In 2025, the conflict in Eastern Europe remained a major source of uncertainty, although the past few months have brought more frequent talks between Ukraine and Russia.

Geopolitical tensions also continued to increase in the Indo-Pacific region. Several regional actors – chief among them China – took an increasingly offensive stance and expanded their military presence. Tensions escalated significantly, particularly in the South China Sea and as a result of the increased pressure on Taiwan. The effects of these territorial rivalries were increasingly felt by neighbouring coastal states such as the Philippines and Japan, which further compounded uncertainties in this strategically important region.

1.1.4 Capital market developments

Despite ongoing geopolitical uncertainties and a US economic policy that was hard to assess, global capital markets performed well overall in 2025. Although there were temporary setbacks during the year – triggered by various developments including doubts about the sustainability of the AI investment boom and trade policy tensions – these were mostly limited and the recovery set in quickly. Corporate profits, especially in the US technology sector, exceeded expectations for the most part and had a supportive effect on the capital markets. The Fed's easing cycle also provided a tailwind.

Almost all asset classes were up in 2025. Commodity markets – with the exception of the energy sector – also printed gains. Price increases for precious metals were particularly pronounced in 2025. With gold having reached new record highs at the beginning of the year, silver gained significant ground as the year progressed, achieving a US-dollar gain of around 148% compared to around 65% for gold. In industrial metals, copper stood out in particular, passing the USD 13,000 per tonne mark for the first time. The significant price increase, especially in the precious metal segment, reflects a combination of the wider geopolitical shifts and increasing scepticism towards US fiscal and trade policy, as well as the role of the US dollar as a global reserve currency. At the same time, rapidly rising government debt worldwide reinforced growing doubts about the long-term stability of fiat currency systems and contributed to the demand for real hedging assets.

However, a noticeable correction occurred at the beginning of 2026. At the beginning of February, gold and silver prices fell appreciably from their previous all-time highs: gold dropped around 10% and silver – depending on the market – between 25% and 40%. This correction took place against the background of a firmer US dollar following the nomination of Kevin Warsh as the future Fed chair. It also reflected increased profit-taking and technical consolidation in the wake of the previous strong upward movement.

In the course of 2025, the performance of government bonds with long to very long maturities was more anaemic. Although money market rates fell or stabilised in many currency areas – in the eurozone they remained stable at a low level, while they even declined in the UK and the USA – long-term bond yields hardly saw any benefit. Yield curves became significantly steeper as investors demanded higher risk premiums, especially for very long maturities. This was particularly evident in the yields of government bonds with maturities of 30 years and longer. In the eurozone, this global trend was given additional weight by a reform of Dutch pension-fund regulations, which prompted the country's cash-rich funds to retreat from the ultra-long end of the bond market.

The market for corporate bonds profited from upbeat investor sentiment and largely solid corporate profits. Credit spreads, which serve as a benchmark for perceived corporate risk, fell to a historically low level during the year. In the foreign exchange market, the euro appreciated significantly against the US dollar. US economic policy weighed more heavily on the US dollar than expected while international investors gave increased support to the euro. Over the course of the year, the EUR/USD exchange rate rose from around 1.02 to as high as 1.19, before consolidating from autumn 2025 onwards and ending the year just below 1.18.

1.2 Economic trends in the HYPO NOE Group's core markets

1.2.1 Austria and Germany

After around two and a half years of recession, Austria finally came through the other side at the end of 2024. In 2025, a tentative economic recovery began to take hold. WIFO forecast growth of 0.6% for Austria, and the ifo Institute saw growth as reaching 0.1% for Germany.

Obstacles to a stronger economic recovery were private consumption, which was muted due to inflation, as well as weak export dynamics and persistent industrial weakness. Investment, especially in the equipment (up 7.8% on 2024), civil engineering (1.8%) and private sectors, increased slightly again after sharp declines in the previous year. At the same time, business and household sentiment continued to be shaped by a high degree of uncertainty.

Consumer restraint persisted, with spending increasing by just 0.5% year on year. In Austria, the savings rate in Austria held steady at a high level of 11.2%, and of 10.4% in Germany despite a slight decline. The weakness of Austria's industrial sector stemmed primarily from subdued external demand – most notably from Germany, its main export partner – compounded by structural competitive weaknesses, a 30% surge in unit labour costs since 2019 and a faltering structural transition, as well as intensifying geopolitical tensions and trade barriers. The US import tariffs introduced in spring 2025 initially led to positive effects from front-loading. But a significant reversal of the trend set in during the second half of the year. Overall, 2025 is expected to bring a 1.3% year-on-year decline in Austrian exports (export ratio: 54% of GDP) and a modest 0.8% increase in Germany (export ratio: 41% of GDP).

A combination of fiscal consolidation and the EU deficit procedure opened in July 2025 served to restrict political leeway. The double budget for 2025/26 provides for consolidation measures in Austria amounting to EUR 4.1 billion in 2025 and EUR 6.1 billion in 2026. The originally planned reduction of the deficit from 4.7% in 2024 to 4.2% in 2025 will not be achieved according to the OeNB forecast (2025F: 4.5%), while the national debt is seen as rising to 81.9% of GDP. At the end of November, the signing of the Austrian Stability Pact established the permitted Maastricht deficits for the federal government, states and municipalities from 2026 to 2029 in order to lead Austria out of the EU deficit procedure by 2028.

The extensive fiscal packages announced in Germany – including accelerated depreciation and a reduction in value added tax for the catering trade – and the special fund amounting to EUR 500 billion for defence and the environment are supporting economic activity while simultaneously improving the economic climate. For 2025, only moderate stimulus measures amounting to EUR 10 billion were planned. By contrast, significantly more extensive measures amounting to EUR 57 billion are scheduled for 2026.

Inflation was adversely affected in 2025 by government relief measures – such as the electricity price cap – coming to an end and seen as reaching 3.6%. For Germany, inflation is expected to stand at 2.2%. New energy price-reducing measures have already been decided in both countries.

Having declined in 2023 and 2024, real estate prices rose slightly again in 2025 (Austria Q3: up 1.8%; Germany: up 3.3%) but remained significantly below the record levels of previous years overall. Housing investment in Austria has declined by around 20% since the beginning of 2022 (2025: down 4.1%), a development which particularly affects commercial

developers. For single-family homes, a slight recovery was observed. Housing completions continued to reflect a significant overall decline (2024: down 20.1% on 2023).

Due to the weak economic climate, unemployment in Austria advanced to 7.5% (up 0.5 percentage points compared to the previous year) and to 6.3% in Germany (up 0.3 percentage points).

1.2.2 Federal states

The economic situation continued to vary significantly between individual regions. While Vienna and Tyrol showed the strongest growth, traditional industrial regions such as Carinthia, Upper Austria and Vorarlberg continued to struggle with challenges. Weak export demand weighed on the metal-producing industry in particularly, with plant and mechanical engineering and vehicle manufacturing also affected. The construction industry has recently seen slight improvements in order expectations, with the exceptions of Salzburg, Vorarlberg and Burgenland.

Regional authorities' financial situation remains strained. Inflation-related increases in material and staff costs as well as high levies continued to weigh on budgets, even though the shares of federal revenue had risen slightly. According to an analysis by the Centre for Public Administration Research (KDZ), more than half of all municipalities would have reported negative free funding in 2025 without countermeasures. At the same time, the amount of equity available for investments has fallen significantly.

According to available state budgets (including supplementary budgets), net financing deficits rose to an aggregate EUR 6 billion in 2025 (up 100% on 2023) and the forecast financial debt at the end of the year to a total of EUR 38.3 billion (up 24.8%).

The measures implemented to stabilise the situation included the Future Fund (EUR 1.1 billion annually), the municipal investment program with a reduced co-financing share (20% instead of 80%), and additional liquidity support for states and municipalities. The funds for sustainable budget management were increased accordingly.

1.3 Banking sector trends in the eurozone

In 2025, the EU banking sector was once again affected by the various major challenges facing the global economy. These included military conflicts and a weakening economic environment in several countries.

Against this backdrop, the OeNB confirmed that the domestic banking sector has a robust business model, as reiterated in its November 2025 Financial Stability Report. The average Common Equity Tier 1 ratio (CET1) of 18.6% as at 30 June 2025 represents a significant improvement on the 17.7% reported at 30 June 2024 and provides a solid basis for Austrian banks in spite of the challenging economic environment.

The non-performing loan (NPL) ratio increased year-on-year from 2.7% to 3.0% as at 30 June 2025. Overall, Austrian banks benefited from the restructuring efforts of recent years, although the OeNB – in light of rising NPL ratios – is signalling stricter requirements for risk provisioning and also recommends more active management of non-performing loans. In the course of an extended consolidation process, the number of banks in Austria (main institutions) has decreased by around a quarter since 2012.

Although the challenges identified by the OeNB for the domestic banking sector also apply to the rest of Europe, the continent's banks are well positioned. The equity ratios of financial institutions in the European Union have recently stabilised at high levels. In addition, numerous European banks intensified their use of AI-based tools in 2025, at first mainly in internal processes such as fraud prevention, credit risk assessment and the automation of complex procedures. Parallel to this, increasing digitalisation of customer offerings was one of the key trends once again in 2025. Multi-channel approaches under which branch networks are supplemented by digital offerings have established themselves as the dominant model in European retail banking.

In some European countries and regions, particularly in Spain, Italy and Scandinavia, the trends towards consolidation in the banking sector continued. In Austria, by contrast, there has recently been a phase of relative stability, mergers of local Raiffeisen banks notwithstanding. At the same time, Europe saw a number of larger individual cross-border transactions in 2025, for example between Western European institutions and banks in Central and Eastern Europe as well as on the Iberian Peninsula, which served to underscore the growing likelihood of pan-European mergers.

2 COMPANY PROFILE

This report on the HYPO NOE Group was prepared by the Group's parent, HYPO NOE Landesbank für Niederösterreich und Wien AG (HYPO NOE Landesbank).

HYPO NOE Landesbank is the largest and oldest-established of Austria's state mortgage banks[1], and has been a reliable commercial bank, a stable state bank and a specialist mortgage lender for over 130 years. Using its strong position in Lower Austria and Vienna as a springboard, the Bank operates primarily in Austria and Germany, as well as in selected markets elsewhere in the European Union.

The HYPO NOE Group serves as a one-stop shop, providing a comprehensive range of financial services for public sector, real estate and corporate customers, in line with its business model as a mortgage bank. The product portfolio is centred on funding for hard and social infrastructure, non-profit and commercial housing construction, and other large property development projects. Retail customers benefit from the expert personal service delivered by the branch network in the Group's home market of Lower Austria and Vienna, with its focus on housing finance.

The Group concentrates on four business segments that play to its core competences: Public Sector, Real Estate, Retail and Corporate Customers, and Treasury & ALM. Wholly owned subsidiary HYPO NOE Leasing, which specialises in real estate leasing to public sector clients and has extensive experience of budget-efficient financing solutions for social infrastructure, enables the Group to concentrate specifically on serving large federal government, state government and local authority clients.

HYPO NOE Landesbank is one of Austria's leading covered bond issuers and is a regular participant on the capital markets through the issuance of secured and unsecured benchmark bonds. Thanks to the solid foundations provided by customer deposits, and its increasingly close cooperation with development banks, HYPO NOE Landesbank can also look to diversify its sources of refinancing. Standard & Poor's currently gives the Bank a solid single A rating with a negative outlook, while Moody's ratings on the public sector and mortgage cover pools are unchanged at Aa1.

HYPO NOE Landesbank is backed by a stable and reliable sole owner in the shape of Austria's largest state, Lower Austria. The Bank's owner takes a long-term view, ensuring that the Bank can maintain its strategy of organic growth in its core business, best-in-class digital solutions in its mortgage lending operations, and further improvements in profitability, while preserving a conservative risk and capital profile.

The Bank's sustainable approach to its core operations is underpinned and promoted by clear ethics guidelines and business principles. Its portfolio is geared strongly towards sustainability due to the large proportion of lending that creates social value added. ISS ESG Prime status underlines the Bank's commitment to environmental and social responsibility. HYPO NOE Landesbank has also received an ESG rating from Sustainalytics, and has been awarded the DZ Bank sustainability seal of approval.

[1] In terms of total assets (2024 consolidated financial statements) and date of establishment.

3 FINANCIAL REVIEW

3.1 Highlights

- “Profit before tax” of EUR 33.4m (2024: EUR 82.2m)
- “Net interest income” at EUR 159.8m (2024: EUR 183.9m)
- Year-on-year increase in “Administrative expenses” to EUR 123.4m (2024: EUR 111.1m) due to higher expenses related to the financial stability contribution
- CIR of 60.09% (2024: 51.72%)
- NPL ratio remained solid and virtually unchanged year on year, at 2.96% (31 Dec. 2024: 2.94%)
- Three EUR 500m benchmark issues, including one mortgage-backed covered bond as forward coverage for part of the liquidity needs for 2026
- CET1 ratio of 18.31% (31 Dec. 2024: 20.32%)

3.2 Earnings performance

The HYPO NOE Group reported “Profit before tax” of EUR 33.4m (2024: EUR 82.2m) and a return on equity (ROE) before tax of 3.73% (2024: 9.45%) in the year under review.

In spite of the challenging macroeconomic conditions, this performance made a valuable contribution to the sustained implementation of the Group’s strategy during the reporting period, while also preserving its conservative risk profile and strong capital profile.

“Net interest income” was lower than in the previous year, at EUR 159.8m (2024: EUR 183.9m), due to a fall in earnings from interest maturity transformation.

However, "Net fee and commission income" rose by 7.13% to EUR 21.5m, which mainly reflected the increase in fees and commissions in the securities and insurance businesses.

“Administrative expenses” were higher, at EUR 123.4m (2024: EUR 111.1m) – this was mainly driven by the increase in the current financial stability contribution as well as the one-off payment towards the financial stability contribution, both of which were adopted by the lower house of the Austrian Parliament at the beginning of March.

Impairment losses on financial assets – IFRS 9 ECL increased from EUR 23.6m to EUR 39.8m as a result of continued weak performance in the real estate market in 2025.

3.3 Cost/income ratio

The cost/income ratio (CIR) based on operating profit, adjusted for exceptional and non-recurring earnings components, was 60.09% (2024: 51.72%).

The CIR is an indicator of the HYPO NOE Group’s long-term efficiency. It shows the ratio of operating expenses to operating income and is made up as follows.

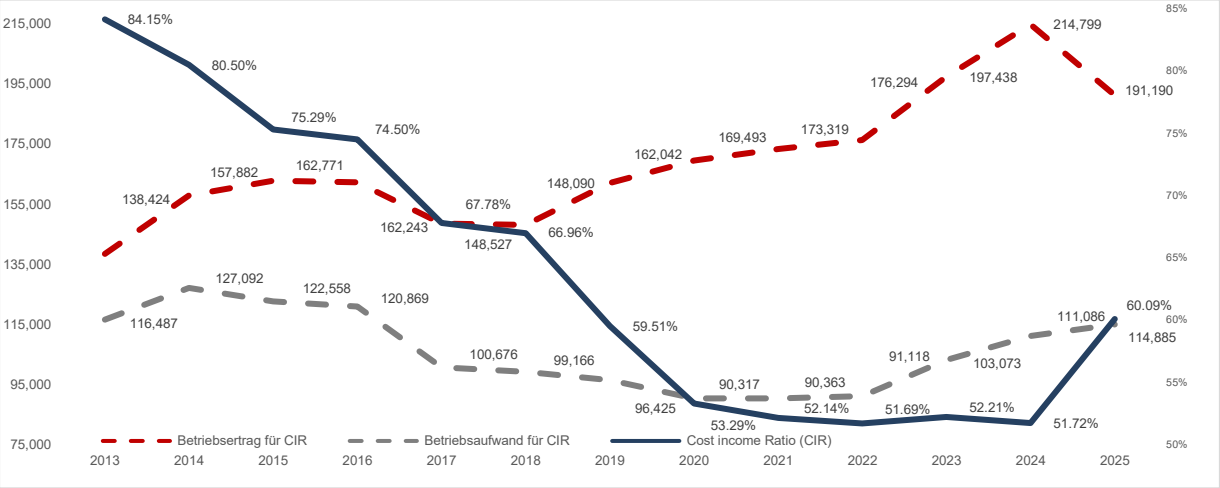
Operating income, the breakdown of which is shown in the table below, was adjusted for the following exceptional, non-recurring earnings components in 2025: (1) valuation of the HETA contingent additional purchase price (see Note 4.7 Fair value disclosures); and (2) the change in the provision for negative interest rates on corporate loans (see Note 6.2 Provisions).

Operating expenses are based on the “Administrative expenses” item, which was adjusted for the following exceptional, non-recurring earnings components in the reporting period: (1) the contribution to the deposit insurance fund; (2) expenses arising from the increase in the financial stability contribution and the one-off payment towards the financial stability contribution; and (3) allocations to other provisions.

EUR '000	2025	2024
Net interest income	159,764	183,869
Net fee and commission income	21,528	20,095
Net gains or losses on financial assets and liabilities	-4,925	3,443
Net other operating income	15,780	4,023
Net gains on investments accounted for using the equity method	4,470	5,458
Extraordinary effects	-5,426	-2,089
Operating income	**191,190**	**214,799**
Administrative expenses	-123,365	-111,086
Extraordinary effects	8,481	-
Operating expenses	**-114,885**	**-111,086**
CIR	**60.09%**	**51.72%**

CIR since 2013*

EUR '000



*Retrospectively adjusted, as described above

3.4 Balance sheet movements

HYPO NOE Landesbank has continued to systematically pursue its strategy as the bank for the state of Lower Austria and a strong partner for the public sector, the domestic economy, the real estate sector and retail customers.

"Financial assets – AC" were higher compared with year-end 2024, at EUR 15.2bn (31 Dec. 2024: EUR 14.7bn), which again reflected the high quality of assets on the HYPO NOE Group's balance sheet as at the end of the reporting period.

During the year under review, the Group extended new loans totalling around EUR 1.7bn (2024: EUR 1.6bn), providing vital funding mainly for infrastructure projects, housing construction and corporate finance.

HYPO NOE Landesbank provided support in the form of a bidding platform for the sale of subsidised homebuilding loans issued by the State of Lower Austria. Under a purchase and trust agreement with the State, subsidised homebuilding loans with a nominal value of EUR 300m were acquired. These loans were refinanced through deposits raised from institutional investors by way of a tender process.

Although the difficult economic conditions persisted, non-performing loans remained stable in 2025. The Group's NPL ratio was 2.96% at 31 December 2025 (31 Dec. 2024: 2.94%). The ratio continued to be influenced by the prevailing macroeconomic developments during the reporting period. Thanks to the systematic work of the Intensive Care Management Department, non-performing loans are dealt with using a structured approach, which served to stabilise the

increase in the NPL ratio in the period under review. The HYPO NOE Group assumes that the temporarily elevated level of NPLs will be reduced over the coming reporting periods.

Total risk provisions (Stages 1-3 and purchased or originated credit impaired [POCI]) fell to EUR 116.3m (31 Dec. 2024: EUR 117.3m). Risk provisions were mainly influenced by the structured management of non-performing loans and associated provisioning in the reporting period. The decline in risk provisions for performing loans (Stages 1 and 2) to EUR 24.2m (31 Dec. 2024: EUR 30.1m) was primarily attributable to the reversal of the collective stage transfer in connection with the anticipated impact of current macroeconomic developments on selected industries, and to the regular parameter adjustments.

"Financial liabilities – AC" increased to EUR 15.3bn as at 31 December 2025 (31 Dec. 2024: EUR 14.8bn), mainly as a result of the bond issuance in 2025 as well as the growth in customer deposits. Three benchmark bonds were placed during the year, including one mortgage-backed covered bond issued as forward coverage of part of the Group's refinancing needs for 2026. In total, current account, savings account and fixed-term deposits from retail and institutional customers remained steady at a high level, with increases in some deposit categories.

3.5 Non-performing loan (NPL) ratio

The NPL ratio is calculated on the basis of gross carrying amounts adjusted to exclude banks.

The following table shows the NPL ratio as at the stated reporting dates:

EUR '000	31. Dec. 2025	31. Dec. 2024
NPLs (excl. banks)	418,713	401,867
Financial assets – AC (excl. banks), gross carrying amount	14,149,800	13,690,323
NPL ratio	**2.96%**	**2.94%**

The prevailing macroeconomic developments had an impact on the Group's NPL ratio during the period under review. Due to the systematic approach of the Intensive Care Management Department, non-performing loans are dealt with in a structured manner, meaning that the temporarily increased level of NPLs will be reduced in future reporting periods.

3.6 Segment performance

The HYPO NOE Group held its own in the face of a challenging economic and global political environment in 2025, reporting "Profit before tax" of EUR 33.4m. In spite of the difficult conditions, this result reflected the Group's continuing operational resilience and the robust underlying structure provided by its business model. The operating segments all contributed to this result, as explained below.

3.6.1 Public Sector segment

The Public Sector segment reported a fall in pre-tax profit to EUR 23.3m (2024: EUR 35.2m).

As expected, competition in the segment's current margin situation resulted in a decrease in net interest income. The volatile economic and global political environment of recent years has added to the attractiveness of this traditionally low-risk business, which has had the effect of sharpening competition and putting noticeable pressure on margins. Additionally, net interest income in the leasing business declined significantly at the consolidated subsidiaries, particularly as a result of lower interest rates.

Net fee and commission income rose year on year to EUR 4.3m (2024: EUR 3.7m), primarily due to higher earnings from services related to loan management.

Designing bespoke financing solutions for state governments, local and regional authorities, and public agencies remains one of the core pillars of the HYPO NOE Group's business strategy. In 2025, the Group provided effective support for the sale of subsidised homebuilding loans from the State of Lower Austria, in the form of a bidding platform, which again strongly underlined the HYPO NOE Group's expertise in consultation and execution for complex public-sector transactions.

Part of the Austrian government's budget consolidation package, the significant increase in the financial stability contribution (bank tax), coupled with the one-off payment towards the contribution for 2025 and 2026, weighed heavily on the segment's administrative expenses.

A reflection of the low-risk nature of the segment's business, impairment gains on financial assets – IFRS 9 ECL remained extremely low.

3.6.2 Real Estate segment

The Real Estate segment reported a loss for the year of EUR 5.5m (2024: profit of EUR 15.4m). To a significant extent this was due to impairment losses on financial assets – IFRS 9 ECL, as well as substantial direct write-offs reported under net losses on financial assets and liabilities.

Shaped by persistently high construction cost indexes and generally stricter criteria for the approval of housing loans to retail customers, the current economic environment means that commercial property developers and project developers still face considerable challenges. This led to an increase in NPLs in this sub-portfolio – reflecting a general trend among domestic banks with real-estate exposures. In response, the HYPO NOE Group has taken action in the form of conservative risk provisioning in line with the business model, benefiting from its solid capital base in the process.

There was a significant year-on-year deterioration in both impairment losses on financial assets – IFRS 9 ECL item and net losses on financial assets and liabilities during the reporting period. In the course of 2025, there were initial signs of modest stabilisation in the real estate sector, although market conditions remain challenging for commercial developers and real estate project developers.

Loan repayments related to real estate transactions were seen in a small number of cases in 2025. This had a positive effect in two ways: firstly, prepayment penalties led to an increase in segment net interest income, and secondly, the rise in the number of transactions points to initial stabilisation in the real estate market.

In terms of net gains on investments accounted for using the equity method, a positive measurement effect was recognised in relation to NOE Immobilien Development GmbH (2025: EUR 1.4m; 2024: EUR 0.6m). The fall compared with the previous year is due to a one-time effect in 2024: in connection with an adjustment in the company's structure – namely the disposal of non-profit investments and the liquidation of EWU – the recoverable amount was reassessed, resulting in a positive effect of EUR 2.3m on earnings for 2024. The liquidation of EWU was completed at the end of 2025 and the company removed from the register of companies.

The considerable increase in the financial stability contribution also resulted in higher administrative expenses in this segment.

3.6.3 Retail and Corporate Customers segment

Profit before tax in the Retail and Corporate Customers segment stood at EUR 3.7m (2024: EUR 1.6m). In the previous period, significantly higher expenses for direct write-offs recognised under net gains or losses on financial assets and liabilities – due to defaults by individual corporate customers – weighed on segment profit.

At EUR 16.0m, the segment accounted for the largest proportion of Group "Net fee and commission income" (2024: EUR 15.3m). This year-on-year improvement came in spite of difficult operating conditions, which reflects the success of the sales units in generating additional earnings irrespective of the level of interest rates.

The segment's net interest income rose year on year once again, which was particularly pleasing in view of the tough economic conditions. Deposits – particularly from retail customers – increased considerably on the previous year. Diversifying the refinancing base is a key consideration for the HYPO NOE Group in order to safeguard the long-term resilience of its liquidity base.

The rise in the financial stability contribution only had a minor effect on the evolution of the segment's administrative expenses. In accordance with the principle of causation-based cost allocation, a significant proportion of this cost component was not attributed to the segment in the comparative period.

Exposures to individual corporate customers led to an increase in impairment losses on financial assets – IFRS 9 ECL.

3.6.4 Treasury & ALM segment

Treasury & ALM posted a lower profit before tax compared with 2024, at EUR 14.4m (2024: EUR 33.0m).

This was primarily due to the EUR 19.5m year-on-year decrease in net interest income. Interest maturity transformation in previous years was positively influenced by the slightly delayed impact on the deposit market of the change in direction of the European Central Bank's interest policy. However, this effect has now been reversed by the ECB's most recent interest rate cuts – coupled with increased refinancing costs owing to the currently volatile economic environment, this had a significant impact on segment net interest income.

Net gains on financial assets and liabilities include losses on currency valuations for derivatives totalling EUR 0.3m (2024: gains of EUR 10.4m), which are offset by opposing currency valuations reported in net other operating income. Compared with 2024, the picture was rather brighter in terms of net gains on hedges, which amounted to EUR 2.7m (2024: net losses of EUR 1.5m).

With three benchmark issues, the HYPO NOE Group's capital market refinancing activities were successful once again during the period under review. HYPO NOE Landesbank reaffirmed its strong market position once more in February 2025 – demand for the Bank's EUR 500m, six-year green senior preferred benchmark bond was high. The Bank sent another strong signal in May 2025 with the successful issue of a seven-year benchmark public-sector covered bond. The refinancing programme was completed in October 2025 with the placement of a five-year, EUR 500m benchmark mortgage-backed covered bond. With the order books oversubscribed several times, the widely diversified investor base – which extended outside Austria – reflected the capital market's continued confidence in the Bank's long-term focus, as well as HYPO NOE Landesbank's strong international reputation.

As in the other segments, Treasury & ALM reported higher administrative expenses due to the substantial increase in the financial stability contribution.

3.7 Equity

The Capital Requirements Regulation (CRR) III, which sets out comprehensive new capital requirements for all banks in the EU, came into force on 1 January 2025. HYPO NOE Landesbank had taken early action to ensure timely implementation of the regulation and safeguard its own long-term stability and competitiveness.

As anticipated, implementation of the CRR III regulations has had an impact on the HYPO NOE Group's capital ratios, at consolidated and non-consolidated subsidiaries alike. The risk-weighted measurement basis for credit risk (credit risk RWA) increased, mainly in connection with real estate financing that meets the definitions for ADC or IPRE under CRR III, and for which the regulator has raised the capital requirements significantly.

Adaptation to the new regulatory requirements will provide a solid starting point for generating stable earnings in the future. Thanks to its sound capital base, the HYPO NOE Group has been able to meet these new requirements without strategic restrictions.

The optimisation measures initiated on the basis of clarifications and announcements issued in the meantime by the EBA are already having positive effects, and have contributed to a significant reduction in the impact of initial application of CRR III on capital ratios that had originally been anticipated at the end of 2024. Effective preparation and robust capital management have created a reliable basis for continued stable performance combined with a forward-looking approach under the new regulatory framework.

Consolidated eligible capital in accordance with the CRR/CRD as amended was EUR 866.9m as at 31 December 2025 (31 Dec. 2024: EUR 867.3m).

Excess equity excluding buffers stood at EUR 488.1m at the end of the reporting period (31 Dec. 2024: EUR 525.9m), compared with a capital requirement of EUR 378.8m (31 Dec. 2024: EUR 341.4m).

The Group's capital ratios stood at 18.31% as at 31 December 2025 (31 Dec. 2024: 20.32%) and are composed entirely of CET1.

3.8 Leverage ratio

The leverage ratio is a non-risk-based regulatory indicator intended to limit gearing. It supplements the risk-based Tier 1 and total capital ratios and, as a result, restricts banks' debt-financed and – from a regulatory perspective – risk-aware growth. A key control metric, the leverage ratio is reported on a quarterly basis, disclosed every half-year, and is fully integrated into the Group's planning processes.

EUR '000	31. Dec. 2025	31. Dec. 2024
Tier 1 capital	866,896	867,308
Total leverage ratio exposure	16,621,723	16,353,780
Leverage ratio in accordance with Art. 92(2)(d) CRR	**5.22%**	**5.30%**
Leverage ratio requirement (Pillar 1)	3.00%	3.00%

3.9 Liquidity coverage ratio

The regulatory liquidity coverage ratio (LCR) is an important control metric for operational liquidity. Reported on a monthly basis, the LCR is integral to the Group's operational liquidity management and the budgeting processes.

EUR '000	31. Dec. 2025	31. Dec. 2024
Liquidity buffer	1,709,658	2,028,843
Net liquidity outflow	828,886	885,061
LCR	**206.26%**	**229.23%**

3.10 Net stable funding ratio (NSFR)

The NSFR helps to reduce dependence on short-term refinancing by safeguarding medium-to-long-term stable funding. The ratio is reported on a quarterly basis and is integrated into the Group's planning processes.

EUR '000	31. Dec. 2025	31. Dec. 2024
Required stable funding	11,256,805	11,067,152
Available stable funding	13,473,811	13,120,411
NSFR	**119.69%**	**118.55%**

4 RISK REPORT

Descriptions of risk management objectives and methods, and explanations of material risks are contained in Note 8 RISK MANAGEMENT of the notes to the consolidated financial statements.

5 RESEARCH AND DEVELOPMENT

As a financial services provider, research and development in the industrial sense only plays a minor role at the HYPO NOE Group. The Group constantly invests in innovation, digitalisation and the refinement of its systems, in accordance with its guiding principle of offering customers continuous improvements in all lines of business as well as in product quality.

6 EQUITY INVESTMENTS AND BRANCH OFFICES

The HYPO NOE Group holds investments that underpin its strategy. The Group only enters into such investments if they are compatible with its primary business objectives. In line with its role as a shareholder representative, the Group promotes, guides and supports investees' strategic business development. Details of changes in the scope of consolidation can be found in Note 10.1 Scope of consolidation.

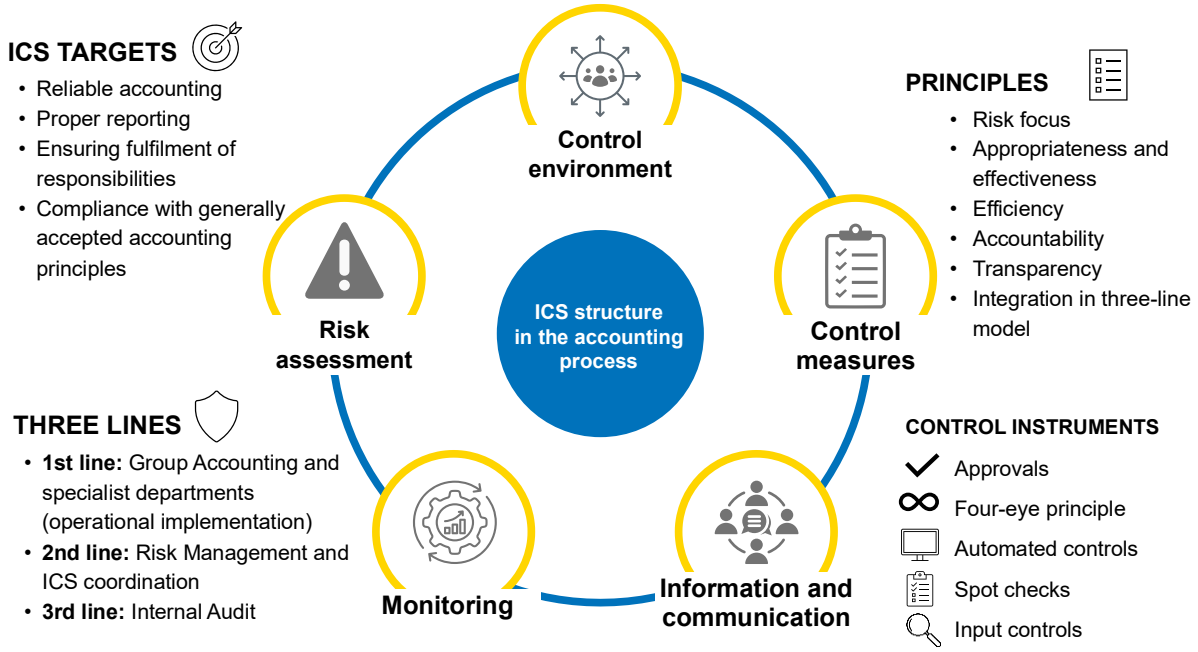
HYPO NOE Landesbank has operated a branch office at Wipplingerstrasse 4, 1010 Vienna since 2008.

The Bank had 26 branches in Lower Austria and Vienna as at 31 December 2025 (31 Dec. 2024: 26).

7 INTERNAL CONTROL SYSTEM (ICS) AND RISK MANAGEMENT IN THE ACCOUNTING PROCESS

The HYPO NOE Group Management Board is responsible for the design, implementation and refinement of an appropriate internal control system. By creating the necessary organisational framework, and in cooperation with the management of all Group companies, the Board ensures consistent implementation and monitoring of the ICS across the Group.

Coordinated ICS methods and measures ensure compliance with laws, regulations and guidelines. These controls also support efficient and effective business operations and the reliability of operational information, while also safeguarding the Group's assets, finances and earnings as well as its financial reporting.



Control environment

Group Accounting is based in the finance unit at the parent company, HYPO NOE Landesbank, and is responsible for accounting processes, financial reporting, and compliance with selected regulatory requirements.

When drafting reports, Group Accounting performs a consolidation and preparation function – for this, it is dependent on the reliability of information and data provided by all of the organisational units and Group companies.

Group Accounting has the power to define regulations and authority to issue instructions in all accounting-related matters. Frameworks are in place to ensure compliance with Group-wide standards, as well as clear responsibilities and quality assurance. These include the Group Accounting Manual, accounting guidelines, account assignment instructions, central Group schedules for consolidated financial statements and reporting, and a dedicated ICS Manual.

Risk assessment

Risk assessment is conducted in accordance with the Group-wide ICS guidelines, applying three criteria: likelihood of occurrence, impact, and the likelihood of an error being detected. On this basis, risks within the accounting process are systematically identified and evaluated. These risks include unintentional errors or fraud, misstatements in financial statements, as well as inconsistencies in judgments or estimates that could lead to a distorted view of assets, finances and earnings.

Control measures

Controls are integrated into operational processes to safeguard the outcomes of the monitored processes. They facilitate the detection and prevention of deviations at an early stage. Key control measures include spot checks, the four-eye principle, automated controls, approvals and input controls. Control documentation from all of the organisational units involved forms the basis for evaluating the control chain across all accounting, financial reporting and regulatory compliance processes.

Organisational safeguards are also in place within and between organisational units, including signature regulations, decision-making authorities, separation of functions, role and authorisation systems in IT applications, as well as business continuity management.

Accenture TiGital GmbH's IT systems form the central hub. Posting processes are subject to the four-eye principle, and are supplemented by regular spot checks for completeness and accuracy. Plausibility checks and reconciliations of trial balances are performed and validated daily or monthly using automated controls. Data deliveries from Accenture TiGital GmbH's IT systems, which enable compliance with regulatory reporting requirements, are reviewed and, where necessary, corrected.

Through these measures, the ICS ensures that all business transactions within the HYPO NOE Group are correctly processed, posted, recognised, prepared, documented and evaluated.

Information and communication

To ensure proper accounting and financial reporting, the Management Board, Audit Committee and Supervisory Board receive regular financial information. This can take the form of budget-to-actual comparisons and segment analyses.

The HYPO NOE Group publishes quarterly results announcements, interim consolidated financial statements in accordance with IAS 34 in the form of the semi-annual financial report, as well as consolidated and individual annual financial reports. Reports to the regulator are submitted in accordance with the legal requirements for banks.

Monitoring

Under the three-lines-of-defence model, the first line is directly responsible for operational implementation of the ICS in the accounting process. The second line – part of the Strategic Risk Management Department – performs a monitoring and control function. Material risks and controls are recorded in Strategic Risk Management's ICS tool for monitoring and management purposes, and form the basis for regular ICS reporting to the Management Board, Audit Committee and Supervisory Board.

Internal Audit serves as the third line. As part of the process-independent monitoring measures, it is clearly separated from the ICS and the other lines of defence. It carries out independent and regular verification of compliance with internal and external regulations in the organisational units and Group companies. The focuses of the 2025 audit of accounting, preparation of financial statements, reporting related to financial statements and regulatory risk reporting included the organisational and process structure, processes and the ICS, material costs in the branches (an integral element of the branch audits), and CRR III. The Management Board receives quarterly reports on the monitoring of measures. Reporting to the Audit Committee and the Supervisory Board is also on a quarterly basis.

The Audit Committee monitors the status and effectiveness of the ICS by means of regular meetings and reports.

8 GROUP NON-FINANCIAL STATEMENT

Under the Austrian Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act), the HYPO NOE Group is obliged, as a minimum, to report on environmental, social and employee-related matters, respect for human rights, as well as anti-corruption and anti-bribery measures. The requirements of the Sustainability and Diversity Improvement Act, as well as Article 8 of the EU Taxonomy Regulation are met by way of a separate non-financial statement for 2025. This summary report contains disclosures for the HYPO NOE Group and HYPO NOE Landesbank. It is published at the same time as the Annual Report and is available on the Group's website at www.hyponoe.at.

9 GROUP OUTLOOK

9.1 Economic environment

2026 looks set to be a transitional year, with the cyclical recovery on a firmer footing even as structural shifts become more pronounced. Consensus forecasts for the global economy from the International Monetary Fund (IMF) point to growth of around 3.1%, with risks and opportunities for the year ahead appearing broadly balanced. The adverse effects of protectionist US trade policies are likely to gradually fade, with Germany's expansionary fiscal measures also increasingly taking effect. Geopolitical tensions, however, remain a major source of uncertainty. For the United States, the IMF is projecting growth of around 2%, placing the economy slightly below its estimated potential and significantly behind the growth rates seen in recent years.

In the eurozone, a sense of cautious optimism currently prevails. Increased fiscal spending in Germany is expected to provide tangible support for the nation’s economy and help drive GDP growth to just over 1%. The Austrian economy is also poised to benefit, given the close economic ties between the two nations. There are indications that the industrial recession that had persisted for several years had been overcome as 2025 drew to a close. Looking ahead, European industry can be expected to make a moderate contribution to overall growth once again, though sectoral divergences will persist.

Inflation is set to decline further and approach target levels in many industrialised economies. Some emerging markets, however, will continue to face heightened inflationary risks due to commodity and exchange-rate volatility. US monetary policy is likely to maintain a path of cautious easing. At the same time, it remains uncertain whether the independence of the Federal Reserve will be preserved in its current form or whether – as signalled – political intervention will play an increasing role. For the ECB, the key rate is anticipated to remain stable throughout 2026, even if the inflation target is undershot in the interim. This is offset by a more favourable cyclical picture, which suggests that there is no immediate need for ECB action. The Bank of Japan continues to pursue an opposing course and only embarked on modest rate increases at a later stage. A gradual normalisation therefore seems probable.

The energy transition continues to be a defining factor for commodity markets. Demand for metals used in industry and battery manufacturing is likely to remain elevated, while oil and gas prices will depend more heavily on geopolitical developments and OPEC+ decisions. At the same time, fragmentation of global supply chains continues. Companies are stepping up their nearshoring and friendshoring efforts and increasing investment in automation and AI to mitigate risks and bolster operational resilience. Though international capital flows are still focused chiefly on emerging Asian countries, the importance of Africa could grow through infrastructure and energy projects.

Financial markets are expected to see a moderate rise in volatility. Technology- and AI-driven business models will remain key growth engines. Money-market rates in most advanced economies are likely to stay largely stable, while additional rate cuts are probable only in the United States and the United Kingdom. However, longer-term capital-market rates will hardly benefit from such a move, as increasingly high government debt in many countries tends to necessitate higher risk premiums and exerts some upward pressure on yields at extended maturities.

After appreciating in 2025, the euro is expected to strengthen further against the dollar in 2026, as interest-rate and growth differentials between the United States and the euro area narrow somewhat. This forecast is subject to a high degree of uncertainty, as the influence of the US presidency on future monetary policy is difficult to assess following the departure of Fed Chair Jerome Powell in May 2026. If the impression arises that the Federal Reserve is acting more in response to political than economic motivations, this would likely lead to further weakness in the US dollar.

As far as the euro/Swiss franc exchange rate is concerned, the pattern of recent months – stable trading within a narrow range – looks set to continue. With neither the ECB nor the Swiss National Bank expected to adjust rates, international risk aversion is expected to remain the central factor influencing the exchange rate. However, given the surprising resilience to geopolitical tensions shown by investors of late, no major shifts in sentiment are anticipated on this front.

In the HYPO NOE Group’s two core markets, the subdued cyclical recovery is expected to extend into 2026 with growth of 0.8% in each case (OeNB/ifo). These projections are, however, subject to considerable uncertainty. Economic performance will be shaped primarily by geopolitical conflicts, the reorientation of US foreign and trade policy, the course of the Russia-Ukraine war and the implications of subsequent reconstruction, as well as a further decline in inflation.

The projected recovery is mainly based on an increase in private consumption (Austria: 0.7%; Germany: 0.4%) and rising investment in fixed assets (Austria: 1.7%; Germany: 1.5%). Exports, by contrast, remain weak: Austria is forecast to see an increase of only 0.4% in 2026, while its most important trading partner, Germany, is expected to record a similarly tentative rise of just 0.6%. A combination of structural adjustments, higher energy and wage costs, and intensifying competition – particularly from China – are delaying a more robust rebound in exports.

Housing investment in Austria reached its low point in 2025 with a 20% decline from 2022 levels. Broad stagnation is anticipated for 2026, before moderate growth of 1.1% could set in again from 2027. Overall, the OeNB does not expect the construction sector to provide a notable boost to growth over the next three years. Other construction and equipment investment – which fell sharply by around 15% between 2021 and 2024 – is expected to edge up by around 1.1% in 2026. The picture is similar with demand for corporate loans: after passing its low point in the third quarter of 2025 it went on to show a moderate upward trend. This is likely to continue in 2026 – aided, among other factors, by lower interest rates and rising equipment investment (2026F: up 2.5% year on year).

Despite subdued economic growth, the unemployment rate is expected to remain stable in 2026 (Austria: 7.5%; Germany: 6.3%) ahead of a slight decline in 2027. In Austria, measures to reduce energy prices in 2026 (including the reduction in the electricity levy) are projected to lead to a decline in inflation from 3.6% to 2.4%, with the rate for Germany likewise falling, to 2.2%. Low inflation reduces uncertainty for economic entities, supports consumption and chips away at the currently high savings rate, which is now expected to fall to 10.4% during the year. Stagnating household incomes will drag on momentum, though.

In 2026, public finances will continue to face heightened consolidation pressure. The return to the European Stability and Growth Pact, inflation-related spending increases, demographic challenges in health, care and education, higher interest costs and the ongoing EU deficit procedure all significantly restrict budgetary leeway and fuel the need for consolidation. Public construction investment may be delayed or scaled back as a result. For Austria, although the budget deficit is projected to improve slightly in 2026 (to 4.2% from 4.5%), it is still well above the Maastricht threshold. At the same time, the national debt ratio is set to rise to around 83.8% of GDP.

The Austrian banking sector has recently seen a slowdown in consolidation. Apart from the regular mergers of local primary banks, no major consolidation activity is expected in the current financial year. Elsewhere in Europe, though, the trend towards structural mergers remains pronounced. Several countries are seeing progressive concentration in their banking markets, which is likely to prompt further local mergers or acquisitions. Despite the extensive regulatory and supervisory requirements now in place, cross-border transactions in the large-bank segment cannot be ruled out, particularly as recent trends may gather momentum.

9.2 Outlook for Group performance

The economic climate will remain challenging in 2026, but there are early signs of gradual stabilisation. From today's perspective, a subdued yet positive cyclical development is anticipated in the HYPO NOE Group’s core markets of Austria and Germany, in spite of the persistent geopolitical uncertainties, moderate growth prospects and structural shifts in certain economic sectors. Thanks to its clear regional focus and low-risk business orientation, the HYPO NOE Group is only indirectly affected by global tensions. Bolstered by budget consolidation as it gradually takes effect, the economic recovery in Austria is expected to continue to support the Group's long-term growth trajectory.

Developments in the real estate sector are likely to stabilise to some degree during 2026, although market conditions for commercial developers and real estate development projects continue to present a challenge. The bottoming-out of the housing construction sector witnessed recently could – in tandem with the prospect of an increasingly stable interest-rate environment – contribute to a moderate revival of market conditions later in the year. In line with the cautious recovery in the housing market, a slight rise in demand for home loans is expected in the Group’s retail business. The HYPO NOE Group counters the persistently elevated risks in the property segment with conservative, business-model aligned risk provisioning while also relying on its solid capital base and broadly diversified business model. Its strong position in financing for public sector and government-linked customers as well as in non-profit housing will remain a key source of stability for the Group in 2026.

With new business amounting to EUR 1.7bn in the 2025 financial year – which was higher than in 2024 and above the original budget – the HYPO NOE Group expects volumes to hold firm or rise slightly in 2026. In line with these developments, the forecast for 2026 has been raised slightly to reflect cautious sentiment and emerging signs of stabilisation. Lending continues to reflect a strict commitment to a risk-aware, long-term-oriented business strategy. The

expected trend is rooted in sustained high demand in the public and non-profit sectors, as well as the emerging stabilisation in the real estate market. In parallel, prudent interest-rate and liquidity management remains central to the Group's sustained success and supports its overarching strategic orientation.

The long-term strategy of HYPO NOE Landesbank is defined by responsible governance, strong local roots and a firm commitment to supporting the regional economy. Against this backdrop, sustainability – encompassing environmental, social and governance (ESG) dimensions – will continue to play a central role in 2026. A formal sustainability programme was established in 2013 within the framework of the Group's corporate social responsibility efforts, signalling a strong commitment to sustainable business practices at an early stage. Going forward, the Group will continue to align its activities with environmental, social and regional considerations in order to provide the transparency and reliability expected by the public, capital markets and other key stakeholders.

Refinancing represents a key strategic pillar for Group performance. The successful placement of several benchmark transactions in 2025 – including an additional mortgage-backed covered bond issue as partial forward funding for 2026 – has once again underscored the HYPO NOE Group's strong standing in the capital market. Under the long-term refinancing strategy, further senior preferred and covered bond benchmark issues are planned for 2026. Sustainable bonds will remain an integral component of the capital-market strategy. HYPO NOE Landesbank consistently aligns its business model with social and environmental principles – an approach that is clearly reflected in its lending and capital-market strategy. This clear positioning strengthens confidence among capital-market participants and supports the successful execution of refinancing activities that are focused on enhancing long-term stability, transparency and sustainability.

Implementation of CRR III and the Austrian Kapitalpuffer-Verordnung (Capital Buffer Regulation) 2025 was completed successfully. The associated effects on risk weightings and capital ratios are already factored into the budget and can be comfortably absorbed given the solid capital base. HYPO NOE Landesbank will continue to consistently develop its capital strategy in 2026 to enable sustainable growth under the new regulatory framework.

Rising costs in recent years due to inflation and regulation, as well as the demanding competitive landscape, will call for a clear focus on efficiency and operational excellence once again in 2026. The HYPO NOE Group will press ahead with initiatives to optimise processes and advance digitalisation in order to bolster long-term competitiveness, unlock synergies and stabilise the cost base for the long term.

The dedication of HYPO NOE Landesbank’s employees and the Group’s strong capitalisation are essential for its continued success going forward. On the basis of its reliable business policies, deep regional roots and clear strategic direction, HYPO NOE Landesbank has a solid foundation to master the challenges ahead effectively. The extension of Management Board appointments at the end of the 2025 reporting period secures the requisite continuity at senior management level and underlines its solid starting position. Against this background the HYPO NOE Group is approaching the 2026 financial year with cautious optimism and sees itself well positioned to continue its path of risk-aware growth in spite of the continued volatile economic environment.

St. Pölten, 25 February 2026

The Management Board

Wolfgang Viehauser
Management Board Member Markets and
Speaker of the Board

Udo Birkner
Management Board Member Finance,
Risk & Operations

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
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HYPO NOE GROUP

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1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Gains/losses

EUR '000	Notes	2025	2024
Interest and similar income measured using the effective interest method		493,352	594,240
Interest and similar income not measured using the effective interest method		71,758	111,710
Interest and similar expense		-405,446	-522,133
Dividend income		99	53
Net interest income	**4.2.1**	**159,764**	**183,869**
Fee and commission income		23,926	22,481
Fee and commission expense		-2,398	-2,386
Net fee and commission income	**5.1**	**21,528**	**20,095**
Net measurement gains or losses		-5,593	2,862
Net gains on derecognition of financial assets		667	581
Net gains or losses on financial assets and liabilities	**4.2.2**	**-4,925**	**3,443**
Other operating income	5.2	18,276	10,567
Other operating expense	5.2	-2,496	-6,544
Administrative expenses	5.3	-123,365	-111,086
Impairment losses on financial assets – IFRS 9 ECL	4.5.4	-39,807	-23,560
Net gains on investments accounted for using the equity method	10.3	4,470	5,458
Profit before tax		**33,444**	**82,242**
Income tax expense	7.1	-11,069	-17,772
Profit for the year		**22,375**	**64,470**
Non-controlling interests	3.2	-496	-309
Profit attributable to owners of the parent		**21,879**	**64,161**

Other comprehensive income

EUR '000	Notes	2025	2024
Profit for the year		**22,375**	**64,470**
Changes in valuation that will not be reclassified to profit or loss		**736**	**-1,224**
Equity instruments – FVOCI		188	231
Actuarial gains and losses	6.2.2, 7.3	548	-1,455
Changes in valuation that will be reclassified subsequently to profit or loss		**1,119**	**-2,385**
Debt instruments – FVOCI		1,263	-2,085
Debt instruments – FVOCI reclassified to profit or loss		-	-167
Hedges (hedge accounting)	4.6.2	-144	-132
Other comprehensive income		**1,854**	**-3,609**
Total comprehensive income		**24,229**	**60,860**
Non-controlling interests	3.2	-496	-309
Comprehensive income attributable to owners of the parent		**23,734**	**60,552**

2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR '000	Notes	31 Dec. 2025	31 Dec. 2024
Cash and balances at central banks	4.3	711,800	753,541
Financial assets – HFT	4.3	96,743	157,922
Financial assets – mandatorily FVTPL	4.3	58,765	68,141
Financial assets – FVOCI	4.3	141,571	207,911
Financial assets – AC	4.3	15,226,633	14,708,988
Positive fair value of hedges (hedge accounting)	4.6.2	300,900	280,356
Investments accounted for using the equity method	10.3	35,925	35,401
Investment property	6.1	19,647	23,188
Intangible assets	6.1	977	847
Property, plant and equipment	6.1	61,229	61,058
Current tax assets	7.1	9,122	29,239
Deferred tax assets	7.3	605	384
Other assets	6.3	31,149	30,587
Total		**16,695,066**	**16,357,561**

Liabilities

EUR '000	Notes	31 Dec. 2025	31 Dec. 2024
Financial liabilities – HFT	4.4	85,088	142,001
Financial liabilities – FVO	4.4	6,168	5,839
Financial liabilities – AC	4.4	15,265,871	14,762,832
Negative fair value of hedges (hedge accounting)	4.6.2	296,328	366,872
Provisions	6.2	25,324	31,030
Current tax liabilities	7.1	6	70
Deferred tax liabilities	7.3	33,355	26,650
Other liabilities	6.3	78,839	132,375
Equity	**3.1**	**904,089**	**889,892**
Equity attributable to owners of the parent	3.1	896,391	882,589
Non-controlling interests	3.2	7,698	7,302
Total equity and liabilities		**16,695,066**	**16,357,561**

3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	1 Jan. 2025	Profit for the year	Reversals	Dividends paid	Changes in scope of consolidation	Other compre-hensive income	31 Dec. 2025
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	639,707	21,879	-	-10,000	68	-	651,654
Other reserves composed of:	**-922**	**-**	**-**	**-**	**-**	**1,854**	**932**
Actuarial gains and losses	-1,306	-	-	-	-	548	-758
Debt instruments – FVOCI	-152	-	-	-	-	1,263	1,111
Equity instruments – FVOCI	668	-	-	-	-	188	856
Hedges (hedge accounting)	-132	-	-	-	-	-144	-276
Equity attributable to owners of the parent	**882,589**	**21,879**	**-**	**-10,000**	**68**	**1,854**	**896,391**
Non-controlling interests	7,302	496	-	-	-100	-	7,698
Equity	**889,892**	**22,375**	**-**	**-10,000**	**-32**	**1,854**	**904,089**

EUR '000	1 Jan. 2024	Profit for the year	Reversals	Dividends paid	Changes in scope of consolidation	Other compre-hensive income	31 Dec. 2024
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	594,701	64,161	4	-20,000	841	-	639,707
Other reserves composed of:	**2,691**	**-**	**-4**	**-**	**-**	**-3,609**	**-922**
Actuarial gains and losses	150	-	-	-	-	-1,455	-1,306
Debt instruments – FVOCI	2,101	-	-	-	-	-2,253	-152
Equity instruments – FVOCI	441	-	-4	-	-	231	668
Hedges (hedge accounting)	-	-	-	-	-	-132	-132
Equity attributable to owners of the parent	**841,196**	**64,161**	**-**	**-20,000**	**841**	**-3,609**	**882,589**
Non-controlling interests	8,781	309	-	-910	-876	-	7,302
Equity	**849,977**	**64,470**	**-**	**-20,910**	**-35**	**-3,609**	**889,892**

4 CONSOLIDATED STATEMENT OF CASH FLOWS

EUR '000	Notes	31 Dec. 2025	31 Dec. 2024
Cash and cash equivalents at end of previous period	**4.3**	**753,541**	**397,981**
Profit for the year		**22,375**	**64,470**
Adjustments for interest income and expense	4.2.1	-159,764	-183,869
Non-cash items from operating activities		**47,186**	**34,282**
Depreciation, amortisation, impairment and write-ups on investment property, intangible assets and property, plant and equipment	**6.1**	5,342	5,093
Allocations to and reversals of provisions and risk provisions	4.5.4/6.2.1	36,411	22,400
Net measurement gains or losses on financial assets and liabilities	4.2.2	5,631	-2,770
Other adjustments		-197	9,559
Changes in assets and liabilities arising from operating activities		**-102,449**	**324,029**
Financial assets – AC		-649,419	-597,351
Financial assets – mandatorily FVTPL		11,802	41,882
Financial assets – FVOCI		63,300	15,265
Other operating assets		23,101	-13,388
Financial liabilities – AC		503,528	865,454
Other operating liabilities		-54,760	12,166
Payments for taxes, interest and dividends		**162,712**	**151,583**
Income tax received		23,184	-
Income tax paid		-10,675	-46,004
Interest received		551,461	694,754
Interest paid		-404,461	-500,244
Dividends on FVOCI investments received	4.2.1	99	53
Dividends on investments accounted for using the equity method received		3,105	2,974
Dividends from non-consolidated subsidiaries and associates received		-	50
Cash flows from operating activities		**-29,939**	**390,494**
Proceeds from sale/redemption of:		**6,163**	**169**
Equity investments (accounted for using the equity method/FVOCI/non-consolidated subsidiaries and associates included in other assets)		1,835	5
Property, plant and equipment, intangible assets and investment property		4,328	164
Purchase of:		**-7,341**	**-13,618**
Equity investments (accounted for using the equity method/FVOCI/non-consolidated subsidiaries and associates included in other assets)		-990	-10,179
Property, plant and equipment, intangible assets and investment property		-6,351	-3,439
Proceeds from loss of control of subsidiaries	**5.2**	**-**	**12**
Cash flows from investing activities		**-1,178**	**-13,437**
Dividends paid		**-10,000**	**-20,910**
Repayment of lease liabilities		**-607**	**-588**
Outflows to non-controlling interests (minority interests)		**-18**	**-**
Cash flows from financing activities		**-10,625**	**-21,498**
Effects of exchange rate changes		**2**	**-**
Net increase/decrease in cash and cash equivalents		**-41,740**	**355,560**
Cash and cash equivalents at end of period		**711,800**	**753,541**

Information on the consolidated statement of cash flows can be found in Note 9.

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1 GENERAL INFORMATION

HYPO NOE Landesbank für Niederösterreich und Wien AG, a state mortgage bank domiciled at Hypogasse 1, 3100 St. Pölten, Austria, is the ultimate parent of the companies included in consolidation. It is registered in the register of companies under FN 99073x.

The HYPO NOE Group has chosen the internet as the means of fulfilling its disclosure obligations in accordance with section 65 Austrian Bankwesengesetz (Banking Act), Part Eight of Regulation (EU) No 575/2013, and the Disclosure Regulation. The disclosures are published on the HYPO NOE Group website at www.hyponoe.at/.

The Management Board approved the consolidated financial statements for publication on 25 February 2026.

1.1 Accounting standards

The consolidated financial statements of the HYPO NOE Landesbank für Niederösterreich und Wien AG Group (the HYPO NOE Group) for 2025 were prepared in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the European Union pursuant to Regulation (EC) No 1606/2002 on the application of international accounting standards. The requirements of section 59a Austrian Banking Act and section 245a Unternehmensgesetzbuch (Austrian Business Code) were fulfilled.

The consolidated financial statements of the HYPO NOE Group for the year ended 31 December 2025 consist of the statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes. The risk report, which contains disclosures pursuant to the provisions on the operational and financial review in section 267 Austrian Business Code, is part of the notes.

The HYPO NOE Group applies uniform Group-wide accounting policies. The reporting currency is the euro. All figures are presented in thousand euro (EUR thsd/EUR ’000) unless otherwise stated. The tables below may contain rounding differences. The consolidated financial statements have been prepared on a going concern basis.

1.2 Accounting adjustments

Changes in accounting estimates for the measurement of equity investments

To avoid distortions resulting from temporary market fluctuations that are not caused by a company’s operating performance, the core input factors for the discount rate (WACC) over historic periods were smoothed in the course of the company valuation process. This change in accounting estimates is intended to ensure that the fair value/value in use is based on long-term, well-founded market expectations and is not distorted by temporary volatility. This refinement of the measurement represents a change in an accounting estimate in accordance with paragraph 34 IAS 8, and is recognised prospectively.

Details of estimation uncertainties and judgements in relation to the equity instruments reported under “Financial assets – FVOCI” can be found in Note 4.7 Fair value disclosures. Information on investments accounted for using the equity method is presented in Note 10.3.

1.3 Accounting policies

Information on the accounting policies applied can be found in the disclosures on the various subjects. In the following chapters, accounting policies are denoted by the symbol . The table below provides an overview.

Accounting policies	Notes	IFRS
Currency translation	1.5	IAS 21
Segment information	2	IFRS 8
Financial instruments I – classification and measurement	4.1, 4.3, 4.4	IFRS 9, IFRS 7, IAS 32
Net interest income	4.2.1	IAS 1
Financial instruments II – loss allowances	4.5.2	IFRS 9, IFRS 7
Financial instruments III – hedge accounting	4.6.2	IFRS 9, IFRS 7
Fair value disclosures	4.7	IFRS 9, IFRS 7, IFRS 13
Net fee and commission income	5.1	IFRS 15
Investment property	6.1	IAS 40
Leasing	6.1	IFRS 16
Intangible assets and property, plant and equipment	6.1	IAS 38, IAS 16
Impairment of non-financial assets	6.1, 10.3	IAS 36
Provisions	6.2	IAS 19, IAS 37
Taxes	7	IAS 12
Consolidated statement of cash flows	9	IAS 7
Interests in subsidiaries, associates and joint ventures	10	IAS 28, IFRS 10, IFRS 11, IFRS 12

1.4 Estimation uncertainty and judgements

Estimation uncertainties and judgements are denoted by the symbol .

All the estimates and judgements required when preparing the financial statements in accordance with IFRS are best estimates made in accordance with the relevant standards. The estimates are reviewed on an ongoing basis, and are drawn from experience and other factors, including expectations regarding future events that appear reasonable under the circumstances. Estimates and assumptions were primarily applied to the following:

- Measurement of property, plant and equipment, financial instruments, associates and joint ventures
- Evaluation of the transfer of financial instruments in accordance with paragraph 3.2.4 IFRS 9
- Determining impairment losses and gains on financial assets
- Defining default
- Establishment of the principles governing the transfer of financial instruments (stage transfers)
- Assessment of inclusion in the scope of consolidation
- Recognition of deferred tax assets attributable to tax loss carryforwards
- Determination of fair value
- Determination of value in use
- Determination of the useful lives of intangible assets, right-of-use assets, and property, plant and equipment
- Assessment of the effect of first-time application of new IFRSs
- Recognition and measurement of provisions
- Determination of the credit-adjusted effective interest rate for POCI assets
- Classification related to leases

Where estimates and judgements were necessary, the assumptions made are explained in the notes to the corresponding items.

1.5 New and amended regulations

New and amended standards	Applicable from	Effect
Lack of Exchangeability – Amendments to IAS 21	1 Jan. 2025	None

New and amended standards adopted but not yet applied		
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 Jan. 2026	Immaterial
Contracts for Renewable Energy – Amendments to IFRS 9 and IFRS 7	1 Jan. 2026	Immaterial
Annual Improvements to IFRS Accounting Standards – Volume 11	1 Jan. 2026	None
New standard: IFRS 18 Presentation and Disclosure in Financial Statements	1 Jan. 2027	Material
New standard and amendment: IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 Jan. 2027 *	None
Amendment to IAS 21: Translation to a Hyperinflationary Presentation Currency	1 Jan. 2027 *	None

*Mandatory application not yet endorsed by the EU

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The new standard is intended primarily as a means of improving the comparability of information about companies' financial performance. To this end, subtotals must be introduced as compulsory elements in the statement of profit or loss. IFRS 18 also includes regulations on the aggregation and disaggregation of material items. The IASB will also set out guidelines regarding the disclosure and explanation of performance measures. The options available for classifying certain cash flows in the statement of cash flows will be limited.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2027. The Group will implement IFRS 18 with effect from 1 January 2027, with the 2026 financial year serving as the comparative period.

The analysis of qualitative impacts was largely completed at 31 December 2025, and the necessary process adjustments have been initiated. The HYPO NOE Group assumes that publication of IFRS 18 will have material effects on its financial reporting. The quantitative effects on line items in the financial statements cannot be reliably estimated at this time.

1.6 Currency translation

Accounting policies

In accordance with IAS 21, monetary assets and liabilities denominated in foreign currencies, non-monetary items measured at fair value, and cash transactions unsettled as at the end of the reporting period are translated at the mid spot rate, and forward transactions unsettled as at the end of the reporting period are translated at the mid forward rate ruling at the end of the reporting period.

As all of the consolidated subsidiaries prepare their financial statements in euro (the functional currency), it was not necessary to translate them into the reporting currency.

2 SEGMENT INFORMATION

Accounting policies

The Bank's segment reporting is in accordance with IFRS 8. In its capacity as the HYPO NOE Group's most senior managing body, the Management Board regularly monitors the evolution of profit or loss before tax across the various business segments and takes decisions on the management of the Group in light of the segment reports.

The HYPO NOE Group's organisational and management structure is based on areas of activity and customer groups.

Segment reporting is derived from the profit centre accounting of HYPO NOE Landesbank and consolidated subsidiaries' IFRS consolidation packages. The same accounting policies are applied to the preparation of these statements as those set out in the 'Accounting policies' section of Note 1.

The allocation of income in the profit centre accounting is based on Schierenbeck's market interest method. Interest income and expense are divided into a contribution to margin and a structural contribution (i.e. maturity transformation), and imputed refinancing costs (liquidity costs) are directly allocated to assets and liabilities. The resulting costs and income from liquidity and maturity transformation are allocated to the Treasury & ALM segment. Due to the decomposition of net interest income for individual transactions and allocation of the individual components under this standard industry approach, interest income and expense for each segment are not included in the management view. Management of the company's profitability is based on the individual net interest income components, and as a result the segment reporting does not include gross figures for this item.

Individual items under administrative expenses are allocated directly where possible. Components that cannot be directly allocated are attributed to the various segments in a cost-reflective allocation procedure appropriate to the management of a bank.

The reported segment assets and liabilities relate to the volume of business in the operating segment concerned. Equity is reported in full under the segment liabilities of the Corporate Center segment.

Analysis by geographical area in accordance with paragraph 33 IFRS 8 is based on the domiciles of reporting entities, and accordingly all interest income is attributed to Austria.

A breakdown by products and services in accordance with paragraph 32 IFRS 8 is not performed, as the necessary information is not available in full on a regular basis and the expense of compiling it would be out of proportion to any benefits.

Disclosures on profit or loss for the year and the carrying amounts of investments accounted for using the equity method in each segment, in accordance with paragraphs 23 and 24 IFRS 8, are provided in Note 10.3 Investments accounted for using the equity method.

The four reporting segments, which are derived from the HYPO NOE Group's organisational structure, and the reconciliation with consolidated profit or loss are as follows:

Segmental analysis as at 31 December 2025, EUR '000	Public Sector	Real Estate	Retail and Corporate Customers	Treasury & ALM	Corporate Center	Group
Net interest income	37,502	51,428	51,454	21,727	-2,348	159,764
Net fee and commission income/expense	4,303	1,426	15,962	-266	103	21,528
Net gains or losses on financial assets and liabilities	-678	-8,471	543	2,396	1,284	-4,925
Net other operating income	4,560	1,221	935	6,155	2,909	15,780
Net gains on investments accounted for using the equity method	1,407	1,360	53	1,481	169	4,470
Administrative expenses	-24,251	-24,293	-53,262	-17,153	-4,406	-123,365
Impairment losses/gains on financial assets – IFRS 9 ECL	439	-28,176	-12,032	9	-48	-39,807
Profit/loss before tax	**23,284**	**-5,506**	**3,653**	**14,350**	**-2,337**	**33,444**
Income tax expense						-11,069
Profit for the year						**22,375**
Segment assets	**6,806,895**	**4,048,039**	**2,485,799**	**3,198,130**	**156,203**	**16,695,066**
Segment liabilities	**1,894,194**	**419,681**	**3,024,580**	**10,388,629**	**967,982**	**16,695,066**

Segmental analysis as at 31 December 2024, EUR '000	Public Sector	Real Estate	Retail and Corporate Customers	Treasury & ALM	Corporate Center	Group
Net interest income	44,131	50,959	49,966	41,270	-2,456	183,869
Net fee and commission income/expense	3,715	1,421	15,349	-353	-37	20,095
Net gains or losses on financial assets and liabilities	-169	-1,372	-4,929	9,119	795	3,443
Net other operating income/expense	4,393	881	844	-3,702	1,607	4,023
Net gains on investments accounted for using the equity method	1,906	2,107	50	1,394	-	5,458
Administrative expenses	-21,307	-21,968	-50,197	-14,722	-2,892	-111,086
Impairment losses/gains on financial assets – IFRS 9 ECL	2,532	-16,604	-9,532	16	27	-23,560
Profit/loss before tax	**35,201**	**15,423**	**1,551**	**33,021**	**-2,955**	**82,242**
Income tax expense						-17,772
Profit for the year						**64,470**
Segment assets	**6,807,88**	**3,910,931**	**2,310,044**	**3,158,081**	**170,617**	**16,357,561**
Segment liabilities	**1,962,50**	**417,212**	**2,842,826**	**10,163,403**	**971,616**	**16,357,561**

2.1 Public Sector

This segment includes financing and deposit-taking business with public sector and government-linked customers (state governments, local and regional authorities, public agencies and infrastructure businesses, as well as religious communities and interest groups). The regional focus is on Lower Austria and Vienna, where the HYPO NOE Group is the market leader. In other states in Austria, business expansion and growth takes place under the overarching HYPO Österreich strategy. Customers are offered conventional loans, and there is an emphasis on bespoke financing models in the segment's home market. In addition, income generated by the administration of subsidised homebuilding loans, a service provided for the public sector by HYPO NOE Landesbank, is reported under this segment.

All of the leasing subsidiaries' earnings, which are almost entirely derived from leasing transactions with the public sector and public agencies, are also attributed to the Public Sector segment. The products provided by the leasing subsidiaries include complex project-based real estate lease agreements, support services for real estate project management, and business management services.

Gemdat Niederösterreichische Gemeinde-Datenservice Gesellschaft m.b.H, which is accounted for using the equity method, is also allocated to this segment.

The Public Sector segment has a business relationship with a major customer in the meaning of paragraph 34 IFRS 8. The customer in question is a public authority, and the services provided primarily take the form of leases, as well as lending and deposit taking. Dealings with the authority and its allocable group entities, in accordance with the definition of major investments and without recourse to the exemption for sub-groups, resulted in net interest income of EUR 24.1m in

2025. Of this amount, EUR 11.0m was generated from direct business relationships with the customer, EUR 3.2m from direct business relationships with allocable group members, and EUR 9.9m from indirect business relationships in the form of lease refinancing.

2.2 Real Estate segment

The Group's business with property sector companies is attributed to this segment. Earnings from lending to non-profit and commercial housing developers, as well as for the office, shopping centre, retail park, housing and city hotel asset classes, and mixed-use portfolios are reported under this segment. Real estate finance and real estate leases for the public sector and public agencies, retail customers and SMEs are exceptions, as these are allocated to the relevant segments.

The HYPO NOE Group has a long tradition of providing finance for cooperative and non-profit housing developers, with an emphasis on the construction and renovation of large housing projects including land purchases in Austria, mainly in Lower Austria and Vienna. This business is a stable source of long-term earnings due to the high collateral coverage ratio, the long duration of contracts and resulting low probability of default. In addition, HYPO NOE Landesbank has recently won several contracts put out to tender by the State of Lower Austria for state-guaranteed subsidised homebuilding loans. These loans are earmarked primarily for affordable housing and homes for young people.

In addition, the segment provides finance for commercial housing construction projects, other real estate developments devoted predominantly to residential use, as well as existing properties (rental apartment buildings). In the case of new builds, the apartments constructed are either held in the portfolio and let to private individuals, or sold off individually as owner-occupier properties. For the most part, financing is provided to satisfy housing demand and is limited to the Group's home market of Austria.

Activities in this segment also include large-scale commercial real estate transactions in Austria and in selected foreign markets, with financing provided for real estate earmarked for residential and commercial use. In Austria, the segment focuses on flagship and other large-scale projects valued at between EUR 20m and EUR 40m. The segment plans to extend its operations in selected areas – in its foreign business, the emphasis will be on leveraging the potential to generate additional earnings compared with the domestic market, as well as ensuring a balanced risk-return ratio. Equity ratios are higher and guarantee mechanisms are more highly developed in the foreign business. Outside Austria, the costs for entering collaterals in property registers are negligible, meaning that the barriers to entry are low. The segment will concentrate on cover-pool-eligible financing in EU markets with good or very good ratings.

The Real Estate segment's product portfolio is supplemented by subsidiary HYPO Niederösterreichische Liegenschaft GmbH, as well as the Group's interests in NOE Immobilien Development GmbH (NID), a property developer, and VIVITliving GmbH, both of which are accounted for using the equity method.

EWU Wohnbau Unternehmensbeteiligungs-GmbH, which is also accounted for using the equity method, was still included in this segment in 2025. The liquidation of the company was completed at the end of the reporting period and it was then removed from the register of companies.

2.3 Retail and Corporate Customers segment

This segment's core competences include banking transactions with retail, self-employed and corporate customers. The product portfolio for retail customers consists of 'finance and housing', 'saving and investment', and 'accounts and cards' lines, and covers the full range of conventional banking business, from lending – with an emphasis on housing construction – to investment in savings products and securities, as well as current accounts and credit cards. The advantage of close cooperation with the State of Lower Austria is that it enables the Group to offer one-stop consultation on loans and subsidies, which ensures sound advice as well as rapid processing.

Here, the strategic focus is on the core product of home construction finance. Regarding add-on products, the segment proactively enters into partnerships with the goal of further increasing net fee and commission income. These efforts are centred on digitalisation and achieving efficiency gains by implementing numerous proprietary innovations.

The comprehensive range of services provided to corporate customers is geared towards ensuring sustained and profitable expansion of the Bank's business in its core market of Lower Austria and Vienna, as well as in its home market of Austria and Germany. Alongside a team that concentrates on small and medium-sized enterprises (SMEs) nationwide

– with a particular focus on Lower Austria and Vienna – the segment also comprises a unit specialising in large corporates in Austria and abroad. Another specialist team in the segment is responsible for structured finance and product solutions, and concentrates on consultation for subsidies, export and foreign trade finance, as well as advice on payment transactions. In line with the strong focus on customer service, proactive cross-selling – especially in payment transactions – has resulted in steady increases in net fee and commission income.

The insurance brokerage business of HYPO NOE Versicherungsservice GmbH (HVM), a segment investment accounted for using the equity method, also forms part of Retail and Corporate Customers.

2.4 Treasury & ALM segment

Treasury & ALM is in charge of the HYPO NOE Group's capital market operations and interbank business. This ranges from money market and capital market refinancing to interest rate and liquidity management activities, as well as liquidity buffering and management of foreign exchange risk.

The Nostro Management Department's activities are centred on providing liquid assets for liquidity maintenance and compliance with regulatory requirements. Nostro Management's targeted exploitation of capital market opportunities enables it to generate interest contributions for the segment and diversify the portfolio.

The objective of Asset Liability Management (ALM) is to centrally manage the Bank's interest position, in line with its interest rate expectations and risk appetite, in order to safeguard profitability and achieve positive structural contributions.

Close cooperation with institutional customers plays a central role in the HYPO NOE Group's business model. As part of its investor relations activities, the Bank fosters these long-standing, trust-based partnerships on an ongoing basis by actively servicing its direct relationships with other banks, insurance companies, pension funds, utilities and investment companies. The resulting focus is on relations within Europe, although in recent years there has been growing interest from certain countries outside the continent.

Niederösterreichische Vorsorgekasse AG, an entity accounted for using the equity method, is also allocated to the Treasury & ALM segment

2.5 Corporate Center

The Corporate Center segment serves to reconcile the operating segments' results with the consolidated totals. It includes activities and ancillary banking services that are not attributable to any other segment, and do not constitute separate reportable segments on materiality grounds. This segment is also used for elimination of intra-Group income and expenses that are not attributable to any other segment and primarily relate to ancillary services provided by Corporate Center. This presentation reflects the Group's management view as applied by the Management Board.

The ancillary services include companies that manage properties predominantly used by the Group and any related assets. These are Benkerwiese Verwaltungs- und Verwertungsgesellschaft m.b.H., and Unternehmens-, Verwaltungs- und Verwertungsgesellschaft m.b.H. The rental expenses and operating costs charged on by these firms are allocated to the operating segments' administrative expenses on a causation basis. HYPO Officium GmbH is also allocated to the Corporate Center, as are earnings and expenses related to interests managed by the investment management unit that are not directly apportioned to any operating segment.

Specific material earnings from prior periods, and non-recurring earnings and expenses relating to the Bank as a whole are allocated to the Corporate Center segment so as to avoid sending distorted signals to management at the segment reporting level wherever possible. This approach is not applied to impairments or restructuring gains or losses, which are allocated directly to the segments in the same way as the corresponding assets.

The following asymmetrical allocations are also reported under Corporate Center, pursuant to paragraph 27f IFRS 8:

- Cost of cash collaterals for customer derivatives contracts in the absence of collateral agreements, provided that this was not considered in pricing.
- Changes in a legal-risk provision for potentially contentious negative interest collected on corporate loans.

Net interest income in the Corporate Center segment in 2025 included a charge of EUR 0.9m (2024: charge of EUR 1.2m) in asymmetrical allocations arising from collateral expenses.

The cost of refinancing ancillary companies (Group properties) is also reported under Corporate Center's net interest income.

Net gains on financial assets and liabilities in the reporting period were EUR 1.3m (2024: EUR 0.7m). These were attributable to measurement of the HETA contingent additional purchase price. Details can be found in Note 4.7 Fair value disclosures.

Net other operating income and administrative expenses in the Corporate Center segment include specific material earnings from prior periods and non-recurring income and expenses. This is to avoid sending distorted signals to management at the segment reporting level.

In the reporting period, net other operating income in the Corporate Center segment included reversal of the remaining provision for negative interest on corporate loans for the final time. See Note 6.2 Provisions for further information. The same item includes compensation for the services of the Retail and Corporate Customers segment in connection with internal customers, recognised as an expense of EUR 0.9m (2024: expense of EUR 0.7m).

Additional disclosures on the performance of the various segments are provided in section 3 of the Group operational and financial review.

3 EQUITY AND CONSOLIDATED OWN FUNDS

3.1 Equity

Accounting policies

Reported as a separate equity item in accordance with IAS 1, “Non-controlling interests” (minority interests) include interests in consolidated subsidiaries.

The capital reserves contain share premiums paid in excess of nominal value when shares are issued. The retained earnings reserves required by law and the articles of association, and the other retained earnings, as well as the liability reserve pursuant to section 57(5) Banking Act, and consolidated profit/loss (comprising the accumulated profit or loss brought forward, the profit for the year and dividends) are reported under “Retained earnings”.

EUR ’000	31 Dec. 2025	31 Dec. 2024
Share capital	51,981	51,981
Capital reserves	191,824	191,824
Appropriated reserve	94,624	94,624
Unappropriated reserve	97,200	97,200
Other reserves	932	-922
Retained earnings	651,654	639,707
Equity attributable to owners of the parent	**896,391**	**882,589**
Non-controlling interests	7,698	7,302
Equity	**904,089**	**889,892**

As was the case a year earlier, as at 31 December 2025 there were 7,150,000 registered shares of no par value in issue. Of these, 70.49% or 5,040,000 shares were held by NÖ Landes-Beteiligungsholding GmbH, and 29.51% or 2,110,000 shares by NÖ BET GmbH. At year-end 2025 the share capital (issued capital) of HYPO NOE Landesbank, amounting to EUR 51,981thsd (2024: EUR 51,981thsd), was fully paid-up. Each share confers the right to one vote. In 2025 a dividend of EUR 10,000thsd (2024: EUR 20,000thsd) was paid to the owners. This corresponds to a rounded-up dividend yield of EUR 1.40 per share (2024: EUR 2.80 per share). Management proposes the distribution of a dividend of EUR 10,000thsd in 2026.

The total return on assets was 0.13% (2024: 0.39%).

3.2 Non-controlling interests

The table below provides an overview of the share of earnings attributable to non-controlling interests.

EUR '000	Profit and loss attributable to non-controlling interests 2025	Non-controlling interests – net assets 2025
FORIS Grundstückvermietungs Gesellschaft m.b.H.	5	910
VALET-Grundstückverwaltungs Gesellschaft m.b.H.	283	2,728
LITUS Grundstückvermietungs Gesellschaft m.b.H.	-	1,375
VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H.	50	1,122
Adoria Grundstückvermietungs Gesellschaft m.b.H.	-1	-
CONATUS Grundstückvermietungs Gesellschaft m.b.H.	-32	-235
Esquilin Grundstücksverwaltungs Gesellschaft m.b.H.	118	1,530
HOSPES-Grundstückverwaltungs Gesellschaft m.b.H.	72	269
Non-controlling interests	**496**	**7,698**

EUR '000	Profit and loss attributable to non-controlling interests 2024	Non-controlling interests – net assets 2024
FORIS Grundstückvermietungs Gesellschaft m.b.H.	7	905
VALET-Grundstückverwaltungs Gesellschaft m.b.H.	186	2,444
LITUS Grundstückvermietungs Gesellschaft m.b.H.	21	1,375
VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H.	51	1,072
Adoria Grundstückvermietungs Gesellschaft m.b.H.	7	101
CONATUS Grundstückvermietungs Gesellschaft m.b.H.	5	-204
Esquilin Grundstücksverwaltungs Gesellschaft m.b.H.	40	1,413
HOSPES-Grundstückverwaltungs Gesellschaft m.b.H.	-10	197
Non-controlling interests	**309**	**7,302**

All the subsidiaries in which the Group holds minority interests are in the Public Sector segment. Information on the head offices of subsidiaries in which the Group has a non-controlling interest, and on the holdings in them, can be found in Note 10.2 Consolidated subsidiaries.

In 2025 there were again no non-controlling interests with a claim to a share of other comprehensive income. No dividends were distributed to non-controlling interests (2024: EUR 910thsd).

Financial information relating to unconsolidated subsidiaries in which the Group holds non-controlling interests is shown below.

EUR '000	31 Dec. 2025	31 Dec. 2024
Cash and balances at central banks	15	21
Financial assets – AC	342,957	374,131
Other assets	6,637	30
Total	**349,610**	**374,182**
Financial liabilities – AC	315,975	345,990
Deferred tax liabilities	8,891	8,300
Other liabilities	7,385	3,613
Equity	17,359	16,279
Equity attributable to owners of the parent	9,661	8,977
Non-controlling interests	7,698	7,302
Total equity and liabilities	**349,610**	**374,182**

3.3 Reconciliation of equity

EUR '000	31 Dec. 2025	31 Dec. 2024
Equity according to IFRS financial statements	**904,089**	**889,892**
Divergence in scope of consolidation (accounting vs. regulatory treatment)	2,625	3,049
Equity according to FINREP template 51	**906,713**	**892,941**
Deferred taxes on untaxed reserves	-3,591	-3,591
Adjustments to CET1 capital (prudential filters)	-390	-514
Intangible assets	-977	-847
Prudential backstop: insufficient coverage of non-performing exposures	-17,161	-3,379
Ineligible minority interests	-7,698	-7,302
Dividends	-10,000	-10,000
Eligible capital	**866,896**	**867,308**

Eligible capital diverges from the HYPO NOE Group's equity for the following reasons:

- The scope of consolidation according to the CRR and IFRS is slightly different.
- The deferred tax liabilities included in EUR 15,612thsd in untaxed liability reserves may not be included in equity, as these reserves would be taxable in the event of reversal (Independent Financial Senate appeal decision GZ.RV/1669-W/02 of 2003, and paragraph 95a AFRAC 30) and therefore do not fully meet the requirements of Article 26(1) CRR.
- Under Commission Delegated Regulation (EU) 2016/101 in conjunction with Article 105 CRR, valuation uncertainties must be considered in relation to items recognised at fair value when using the simplified approach to prudent valuation.
- Article 36(1)(b) CRR states that intangible assets are a regulatory deduction.
- For the purposes of Article 36(1)(m) CRR, "insufficient coverage of non-performing exposures" is the purely regulatory adjustment for non-performing exposures as defined by Article 47a CRR, over and above the IFRS 9 Stage 3 risk provisions, and the calculation formula is set out in Article 47c in conjunction with Article 469a CRR.
- As the minority interests only relate to banks, they are not eligible under Article 81 CRR.
- The proposed dividend is a non-qualifying equity component in the meaning of Article 26(2) CRR.

3.4 Consolidated own funds and regulatory own funds requirement

Under Regulation (EU) No. 575/2013 (CRR), related EBA delegated regulations, as well as Directive 2013/36/EU (Capital Requirements Directive – [CRD]), which is currently being transposed into Austrian law, banks' consolidated own funds and regulatory own funds requirements must be determined in accordance with IFRS, as well as in accordance with the regulatory scope of consolidation.

The composition of the HYPO NOE Group's own funds, calculated in accordance with the CRR/CRD, is as follows.

EUR '000	CRR III 31 Dec. 2025	CRR II 31 Dec. 2024
Total eligible capital	**866,896**	**867,308**
Tier 1 capital	**866,896**	**867,308**
Common Equity Tier 1 (CET1) capital	**866,896**	**867,308**
Share capital	136,546	136,546
Paid-up capital instruments	51,981	51,981
Premiums	84,566	84,566
Reserves, differences and non-controlling interests	752,469	739,092
Retained earnings	633,375	622,408
Other reserves	107,258	107,258
Accumulated comprehensive income	11,836	9,427
Adjustments to CET1 capital	-22,119	-8,331
Adjustments to CET1 capital (prudential filters)	-390	-514
Intangible assets	-977	-847
Prudential backstop: insufficient coverage of non-performing exposures	-17,161	-3,379
Other foreseeable tax liabilities	-3,591	-3,591
Additional Tier 1 (AT1) capital	**-**	**-**
Supplementary capital (Tier II)	**-**	**-**
Minimum capital requirements	**378,794**	**341,446**
Excess capital	**488,102**	**525,862**

Equity ratios	31 Dec. 2025	31 Dec. 2024
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	18.31%	20.32%
Total capital ratio in accordance with Art. 92(2)(c) CRR	18.31%	20.32%
Own funds requirement incl. all buffer requirements	13.20%	13.04%
Minimum requirement in accordance with CRR	8.00%	8.00%
Capital conservation buffer	2.50%	2.50%
Countercyclical capital buffer	0.27%	0.24%
Systemic risk buffer	0.73%	0.50%
SREP capital requirement	1.70%	1.80%

Leverage ratio	31 Dec. 2025	31 Dec. 2024
Total leverage ratio exposure	16,621,723	16,353,780
Leverage ratio in accordance with Art. 92(2)(d) CRR	**5.22%**	**5.30%**
Leverage ratio requirement (Pillar 1)	3.00%	3.00%

The changes in the risk-weighted exposures for credit risk and for other types of risk were as follows:

EUR '000	CRR III 31 Dec. 2025	CRR II 31 Dec. 2024
Risk-weighted exposures – credit risk	4,390,965	3,873,167
Foreign exchange risk exposure	-	-
Operational risk exposure	325,561	369,567
Credit valuation adjustment (CVA) risk exposure	18,404	25,343
Total risk exposure amount	**4,734,931**	**4,268,077**

The HYPO NOE Group's total own funds requirement stood at EUR 378,794thsd as at 31 December 2025 (31 Dec. 2024: EUR 341,446thsd), an increase of EUR 37,348thsd or 10.94%.

The increase and the shifts across the various risk categories are mainly attributable to the introduction of CRR III and the resulting changes in calculation rules. This led in particular to higher risk-weighted exposure amounts in credit risk, while operational risk showed a slight decline.

In addition, the evolution of RWA in credit risk reflects the growth of the individual departments.

European legislators have used Title VII Chapter 4 Sections I and II of the CRD to standardise various capital buffer requirements, and these amendments have been transposed into Austrian law by way of the Banking Act. All buffer requirements must be met entirely with Common Equity Tier 1 capital.

The phased introduction of the capital conservation buffer pursuant to section 22 Banking Act began in 2016. Identical throughout the territory of the Community since 2019, this buffer remains at 2.5% of the total risk exposure amount.

Also since 2016, it has been necessary to comply with the countercyclical capital buffer, likewise in the form of CET1 capital, which is governed by section 23a Banking Act. Under section 5 of the schedule to section 23a Banking Act, the relevant credit exposures form the calculation basis for this requirement.

For the HYPO NOE Group, this buffer requirement resulted in the need for a buffer of 0.27% of the total risk exposure amount in 2025 (2024: 0.24%).

In accordance with section 23d Banking Act, under the Kapitalpuffer-Verordnung (Capital Buffer Order) the FMA prescribes additional capital buffers for specifically listed domestic banks in the form of CET1 capital, in order to enhance the resilience of Austrian banks against specific systemic risks. For the HYPO NOE Group, the buffer requirements were unaltered at 0.50% (2024: 0.50%) of the total risk exposure calculated in accordance with Article 92(3) CRR.

Since July 2025 an additional sectoral systemic risk buffer pursuant to section 23e Austrian Banking Act amounting to 1% has been required for the risk subitem of commercial real estate loans. For the HYPO NOE Group, this resulted in an additional buffer need of 0.23% of the total risk exposure amount.

The banking supervisors regularly evaluate the adequacy of banks' capital on the basis of the risk assessment performed as part of the supervisory review and evaluation process (SREP). During this process the supervisors assess the banks' leverage ratios, and judge whether there is a need for additional capital buffers.

On this basis, HYPO NOE Landesbank and the HYPO NOE Group received a new FMA notice in April 2025, setting the SREP add-on at 1.70% (2024: 1.80%) and reducing the total SREP capital requirements (TSCR) to 9.7% (2024: 9.8%).

Unlike the capital buffers, the SREP add-on must be met in proportion to the minimum capital requirements under the CRR using the various capital components.

Capital management

Determination of capital requirements and investment opportunities

Management aims to employ the Company's capital in the interests of its owners by taking a responsible, value-driven approach. The methods primarily applied to this end are budget and scenario analysis. With the current capital situation

as the starting point, they reflect specific economic parameters over a five-year planning horizon. Among other things, it is necessary to assess whether risk-bearing capacity (Pillar II) is being maintained on the basis of the planning assumptions made.

Communication of the results as an aid to capital management decision-making

The Group's budgeting and medium-term planning takes place in close consultation with all the front-office and back-office units, and the chief executives of the subsidiaries concerned. There are regular liaison discussions with the Management Board. The medium-term budget is approved by the Management Board and notified to the Supervisory Board on an annual basis.

If the budget and scenario analysis indicates a need for capital management actions, these may involve reducing or suspending dividend payments; rights issues; slowing growth, and balance sheet downsizing and related reductions in risk-weighted assets.

Basel Committee on Banking Supervision (BCBS) Paper 277

The above objectives, methods and processes mean that the HYPO NOE Group conforms to the four components of good practice outlined in BCBS Paper 277 entitled "A Sound Capital Planning Process: Fundamental Elements":

- Internal control and governance
- Capital policy and risk capture
- Forward-looking view
- Management framework for preserving capital

Capital management actions in 2025

No unforeseen capital measures were necessary in 2025. The long-term policy of moderate dividend payout ratios has continued to help strengthen the Company's capital. Through its early analysis of the effects of CRR III and strategic capital management, HYPO NOE is well-positioned for the future. This proactive preparation also facilitates the realisation of growth opportunities under the new legal framework.

4 FINANCIAL INSTRUMENTS AND CREDIT RISK

4.1 Recognition of financial instruments

Accounting policies

The HYPO NOE Group recognises the regular way purchase or sale of derivatives and financial instruments on the trade date. Financial assets are derecognised when the contractual rights to the cash flows from them expire or the transfer criteria are fulfilled. Financial liabilities are derecognised when the obligations concerned are discharged or otherwise extinguished.

In the event of modifications to contractual terms during the lifetime of an investment, IFRS 9 requires a distinction to be made as to whether the cash flows have been modified to such an extent that a new contractual relationship has effectively come into being. This assessment is based on both quantitative and qualitative criteria.

- The quantitative criterion is whether there has been a modification of the contractual cash flows resulting in a change of more than 10% in the present value of the modified cash flow structure, discounted by the effective interest rate of the original cash flow. In a quantitative pre-analysis, the main indicator of such a change in present value is modifications to the terms where these are not contractually provided for. Qualitative criteria relate to changes that were not originally contractually agreed:
- Currency
- Debtor
- Amendments to clauses affecting SPPI conformity, even if these do not result in a change of more than 10% in present value
- Type of interest, with regard to the contractual terms (change from variable to fixed interest, or from fixed to variable)
- Maturity within six months of the maturity date or 90 days after expiry of the transaction concerned (prolongation)

If such a substantial modification is identified, the existing financial instrument must be derecognised and the new, modified instrument recognised. If it is decided that the modification is not substantial in terms of the criteria, a modification gain or loss is recognised on financial instruments measured at amortised cost.

4.2 Influence of financial instruments on the statement of profit or loss

4.2.1 Net interest income

Accounting policies

Paragraph 82(a) IAS 1 requires interest income calculated using the effective interest (EIR) method to be shown separately from other interest income.

Interest payments and accrued interest arising from derivatives are calculated on the basis of the contractual terms of the transaction, and consequently not using the EIR method, and are offset across both legs (fixed and floating).

EUR '000	2025	2024
Interest and similar income measured using the effective interest method	**493,352**	**594,240**
Financial assets – FVOCI	5,083	6,933
Financial assets – AC	412,021	481,351
Current finance lease income	76,249	105,955
Interest and similar income not measured using the effective interest method	**71,758**	**111,710**
Financial assets and liabilities – HFT	18,165	21,313
Financial assets – mandatorily FVTPL	1,176	2,397
Hedges	50,640	86,295
Other interest and similar income	1,777	1,704
Interest and similar expense	**-405,446**	**-522,133**
Financial assets and liabilities – HFT	-16,681	-18,305
Financial liabilities – AC	-297,926	-322,348
Hedges	-90,788	-181,427
Lease liabilities in accordance with IFRS 16	-51	-52
Dividend income	**99**	**53**
Net interest income	**159,764**	**183,869**

The HYPO NOE Group reported "Net interest income" of EUR 159,764thsd in 2025 (2024: EUR 183,869thsd). As expected, lower interest rates compared to previous years led to a fall in this item.

In contrast, new lending was higher year on year. Deposits also grew in the reporting period, which underlined customers' strong confidence in the Bank, as well as the demand for secure forms of investment. Further details are provided in the segment reporting (Note 2 SEGMENT INFORMATION).

Interest capitalised in accordance with paragraph 26(a) IAS 23 totalled EUR 580thsd (2024: EUR 2,577thsd), while the average capitalisation rate was 2.99% (2024: 4.82%).

Dividends on FVOCI equity instruments of EUR 99thsd (2024: EUR 53thsd) were paid during the reporting period. These did not arise from any equity instruments derecognised during the year, and related to Hypo-Banken-Holding Gesellschaft m.b.H.

Details of the transaction related to subsidised homebuilding loans can be found in Note 4.3 Financial assets.

4.2.2 Net gains or losses on financial assets and liabilities

Accounting policies

Net gains or losses on disposal contain the net gains or losses recognised through profit or loss on disposal of financial assets reported under "Financial assets – AC" and "Financial assets – FVOCI" (recycling). The net gains on disposal include routine disposals of bonds which are attributed to the "hold to collect and sell" business model and trigger a recycling result by their effective derecognition.

All gains and losses on fair value measurement are reported under "Net gains or losses on financial assets and liabilities". This item includes the effects of measurement of financial instruments in the mandatorily FVTPL, HFT and FVO categories. It also includes direct measurement gains and losses for assets recognised under "Financial assets – AC" and "Financial assets – FVOCI", receipts from written-off receivables, and gains and losses on non-substantial contract modifications. The "Net gains or losses on derecognition of financial liabilities" item discloses the result of applying the offsetting rules under paragraph 3.3.3 IFRS 9 to the repurchase of own issues.

Net gains or losses on the measurement of hedged risk with respect to hedged items (basis adjustment) and of the corresponding hedges are shown under net measurement gains or losses on hedges (see Note 4.6.2 Detailed information on hedge accounting).

In accordance with paragraph 20A IFRS 7, the impact of "Net gains on derecognition of financial assets" on earnings results from substantial contract modifications.

EUR '000	2025	2024
Net gains or losses on:	**-5,593**	**2,862**
Disposal	**572**	**1,075**
Financial assets – AC	572	858
Financial assets – FVOCI	-	217
Measurement	**-8,845**	**3,252**
Financial assets and liabilities – AC	-9,723	-7,398
Net losses due to non-substantial modification	-102	-39
Direct write-offs/receipts from written-off assets	-9,687	-7,697
Net gains on derecognition of assets	67	339
Financial assets – mandatorily FVTPL	2,426	1,832
Financial assets and liabilities – HFT	-1,218	9,007
Financial assets and liabilities – FVO	-329	-189
Hedging relationships	**2,680**	**-1,465**
Net losses on hedged transactions (fair value hedges)	-84,385	-82,242
Net gains on hedges (fair value hedges)	87,065	80,778
Net gains on derecognition of financial assets	**667**	**581**
Financial assets – AC	667	581
Net gains or losses on financial assets and liabilities	**-4,925**	**3,443**

The **net measurement gain on "Financial assets – mandatorily FVTPL"** includes the change in the HETA contingent additional purchase price. Details can be found in Note 4.7 Fair value disclosures.

The **direct write-offs/receipts from written-off assets** item is influenced to a significant extent by direct write-offs in relation to property realisation. Due to the upheaval on the real estate market, it was not possible to generate the expected income from two exposures.

The contractual outstanding amount of written-off financial assets that are subject to **execution measures** was EUR 74,466thsd as at 31 December 2025 (31 Dec. 2024: EUR 39,701thsd).

Detailed disclosures: non-substantial modifications

	2025				2024			
EUR '000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Net gains or losses due to non-substantial modification of financial assets	-98	-4	-	-102	2	-53	11	-39

	31 Dec. 2025				31 Dec. 2024			
EUR '000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost before non-substantial modification of financial assets	26,734	57,229	339	84,302	39,584	81,270	3,956	124,811

The gross carrying amount of financial assets measured at amortised cost affected by non-substantial modifications that were transferred to Stage 1 during the period was EUR 604thsd as at 31 December 2025 (31 Dec. 2024: EUR 983thsd).

4.3 Financial assets

Accounting policies

“Financial assets – HFT” comprises the positive fair value of derivatives held by the Group as economic hedges and not included in hedge accounting. Additional information on these assets is provided in Note 4.6 Derivatives and hedge accounting.

The category “Financial assets – mandatorily FVTPL” contains financial assets not assigned to either the “hold to collect” or “hold to collect and sell” business models, as well as assets assigned to the “hold to collect” and “hold to collect and sell” models that do not meet the SPPI criteria, meaning that the cash flows do not consist solely of payments of principal and interest at market rates.

The “Financial assets – FVOCI” category comprises debt instruments allocated to the “hold to collect and sell” business model. It also includes equity instruments that are financial instruments as defined by IFRS 9. Internal assessments of these entities found that the Group exercised neither control as defined by IFRS 10 nor significant influence as defined by IAS 28, and they were therefore measured at fair value in accordance with IFRS 13.

The Group’s Management Board has made use of its elective right to classify all equity instruments as “Financial assets – FVOCI” under IFRS 9. The justification for this decision was that these strategic investments are neither held for sale nor with the objective of generating a profit.

The dividend income included in “Financial assets – FVOCI” is reported under “Dividend income” in the statement presenting comprehensive income.

The “Financial assets – AC” category contains non-derivative financial assets assigned to the “hold to collect” business model, where the cash flows solely represent payments of principal and interest at market rates. Measurement is at amortised cost, less impairment in accordance with paragraph 5.5 IFRS 9 (for detailed information, see Note 4.5 Credit risk and risk provisions); gains and losses are recognised in profit or loss and amortised over the remaining lives of the assets using the effective interest method. Interest is reported under Note 4.2.1 Net interest income.

Lease agreements concluded by the HYPO NOE Group as the lessor, which are classified as finance leases, are also included in "Financial assets – AC". Finance lease receivables are included under loans. The main determinant of the classification of leases, and hence the method of accounting, is not the legal ownership of the leased property but the substance of the lease. If substantially all the risks and rewards incidental to legal ownership are transferred to the lessee, under IFRS 16 the lease is a finance lease; otherwise it is an operating lease. Instead of recognising the asset, the present value of the future lease payments is reported, taking account of any residual values. Agreed lease payments are apportioned between the finance charge, recognised in profit or loss, and the reduction in the outstanding liability. The finance charge is reported under “Net interest income” (Note 4.2.1).

Estimation uncertainties and judgements

The designation and assessment of business models is on a portfolio basis. The classification of the portfolios is not arbitrary, but must be based on control of the business activities concerned as well as objectively supportable.

The HYPO NOE Group’s business models are as follows:

- “Hold to collect” business model

The Group’s loans are normally held to maturity. However, this business model permits disposals to a limited extent. In principle, minor asset sales are allowed, as are instances of significant sales transactions, provided that these are unusual and only occur rarely. Compliance with this rule is monitored by the regular meetings of the ALM Committee.

In the Group’s securities business, the “hold to collect” business model is likewise geared to holding the assets concerned to maturity. The emphasis is on period-focused net interest income management. The debt instrument business of all segments other than Treasury & ALM is likewise assigned to this business model since the intention, as with the lending business, is to hold to maturity.

- “Hold to collect and sell” business model

In the HYPO NOE Group, the “hold to collect and sell” business model is currently used solely in the securities business. The purpose of the securities assigned to this business model is both to collect contractual cash flows by holding the financial assets concerned and to sell. Under this business model, significant and regular sales are neither incidental nor unexpected, but are an integral part of the asset management approach. Consequently, there is no compulsion to hold the assets to maturity.

The HYPO NOE Group currently has no loans within the “hold to collect and sell” business model. If such a designation occurs, similar arrangements to those for securities will be made. Monitoring is performed by the ALM Committee. The FVOCI portfolio is regularly assessed and documented with regard to the frequency of sales of assets subject to the “hold to collect and sell” business model.

The following table shows the HYPO NOE Group’s financial assets classified in accordance with paragraph 6 IFRS 7:

EUR ’000	31 Dec. 2025	31 Dec. 2024
Cash and balances at central banks	**711,800**	**753,541**
Cash on hand incl. demand deposits	16,667	13,900
Balances at central banks	695,133	739,641
Financial assets – HFT	**96,743**	**157,922**
Positive fair value of interest rate derivatives	47,360	66,670
Positive fair value of foreign exchange derivatives	49,383	91,251
Financial assets – mandatorily FVTPL	**58,765**	**68,141**
Loans	56,633	60,518
General governments	30,646	29,208
Other financial corporations	473	613
Non-financial corporations	18,599	21,913
Households	6,915	8,782
Bonds	2,133	7,624
General governments	2,133	7,624
Financial assets – FVOCI	**141,571**	**207,911**
Bonds	138,987	205,566
General governments	80,966	119,376
Banks	54,904	75,948
Other financial corporations	3,116	10,243
Equity instruments	2,584	2,344
Other financial corporations	1,562	1,510
Non-financial corporations	980	786
Financial assets – AC	**15,226,633**	**14,708,988**
Loans	13,331,569	12,999,360
General governments	4,153,238	4,120,738
Banks	176,083	259,952
Other financial corporations	135,815	130,165
Non-financial corporations	6,152,803	5,994,099
Households	2,713,629	2,494,407
Bonds	1,895,065	1,709,628
General governments	683,739	568,186
Banks	1,015,113	873,527
Other financial corporations	158,068	227,915
Non-financial corporations	38,145	40,000
Total	**16,235,513**	**15,896,503**

Included in loans recognised in the "Financial assets – FVTPL" category, under "General governments", the HETA contingent additional purchase price stood at EUR 30,242thsd (31 Dec. 2024: EUR 28,629thsd). Further details regarding HETA can be found in Note 4.7.2 Fair value hierarchy: Level 3 disclosures.

Financial assets include EUR 99,747thsd denominated in foreign currency pursuant to section 64(1)(2) Austrian Banking Act (31 Dec. 2024: EUR 159,185thsd).

On 9 July 2025, HYPO NOE Landesbank acquired a total of 5,492 subsidised homebuilding loans with a combined value of EUR 300,000thsd under a purchase and trust agreement with the State of Lower Austria. In accordance with paragraph 3.2.4f IFRS 9, the loans were transferred to the Bank and allocated to the "hold to collect" business model. As at 31 December 2025, receivables from the borrowers – reported under "Financial assets – AC" – totalled EUR 229,775thsd. The cash-in refinancing, which HYPO NOE Landesbank defined as separate deposits after assessing paragraph 3.2.5 IFRS 9, are recognised as a liability of EUR 229,698thsd in the "Banks" sub-item under "Financial liabilities – AC" (see Note 4.4 Financial liabilities). The interest income from the acquired loans amounted to EUR 3,766thsd as at 31 December 2025, while the interest expense for the cash-in refinancing stood at EUR 3,509thsd as at the end of the reporting period. These amounts are included in "Net interest income" as "Financial assets – AC" under "Interest and similar income measured using the effective interest method" (see Note 4.2.1), and as "Financial liabilities – AC" under "Interest expense".

The companies listed below were recognised as “Financial assets – FVOCI (equity instruments)”.

Company name	Interest	Fair value 31 Dec. 2025	Fair value 31 Dec. 2024
Equity instruments		**2,584**	**2,344**
NÖ Bürgschaften und Beteiligungen GmbH	5.82%	835	791
Hypo-Wohnbaubank Aktiengesellschaft	12.50%	726	719
Hypo-Banken-Holding Gesellschaft m.b.H.	12.50%	891	704

4.3.1 Analysis of financial assets by maturities

A breakdown of residual maturities in accordance with section 64 Austrian Banking Act is shown in the table below:

EUR '000	31 Dec. 2025	31 Dec. 2024
Financial assets – HFT	**96,743**	**157,922**
Up to 3 months	1,066	1,311
3 months to 1 year	501	41,582
1 to 5 years	10,277	14,191
Over 5 years	84,899	100,838
Financial assets – mandatorily FVTPL	**58,765**	**68,141**
Repayable on demand	217	877
Up to 3 months	-	745
3 months to 1 year	2,942	9,915
1 to 5 years	42,273	41,957
Over 5 years	13,334	14,648
Financial assets – FVOCI	**141,571**	**207,911**
Repayable on demand	2,584	2,344
Up to 3 months	-	30,804
3 months to 1 year	15,424	32,643
1 to 5 years	56,468	67,895
Over 5 years	67,095	74,225
Financial assets – AC	**15,226,633**	**14,708,988**
Repayable on demand	285,001	368,114
Up to 3 months	279,899	393,652
3 months to 1 year	673,931	1,275,778
1 to 5 years	4,870,971	4,411,446
Over 5 years	9,116,830	8,259,997
Positive fair value of derivatives (hedge accounting)	**300,900**	**280,356**
Up to 3 months	11,215	1,170
3 months to 1 year	3,495	2,927
1 to 5 years	88,975	102,174
Over 5 years	197,214	174,085
Other assets	**31,149**	**30,587**
Repayable on demand	20,851	19,886
Up to 3 months	3,553	5,230
3 months to 1 year	2,110	1,571
1 to 5 years	3,701	2,381
Over 5 years	933	1,519

Receivables falling due within one year from bonds and other fixed-income securities pursuant to section 64 Austrian Banking Act stood at EUR 146,547thsd (31 Dec. 2024: EUR 128,087thsd), while those from bonds issued amounted to EUR 1,575,921thsd (31 Dec. 2024: EUR 1,128,365thsd).

4.3.2 Supplementary information concerning financial assets

Finance leases (with the Group as lessor)

Net investment in finance leases is included under the “Financial assets – AC” item.

EUR ’000	31 Dec. 2025	31 Dec. 2024
Gross investment	**3,023,300**	**3,235,087**
Minimum lease payments	2,763,755	2,968,753
Up to 1 year	227,882	228,934
1 to 2 years	248,054	240,229
2 to 3 years	238,773	233,681
3 to 4 years	234,802	222,133
4 to 5 years	230,094	216,288
Over 5 years	1,584,151	1,827,488
Unguaranteed residual values	259,545	266,334
Unearned finance income	**-771,844**	**-863,297**
Up to 1 year	-89,536	-91,223
1 to 2 years	-86,683	-85,319
2 to 3 years	-83,612	-79,626
3 to 4 years	-80,452	-73,791
4 to 5 years	-77,284	-68,204
Over 5 years	-354,276	-465,134
Net investment	**2,251,456**	**2,371,790**

Regional authorities – primarily the State of Lower Austria and Lower Austrian local authorities – account for around 96% (31 Dec. 2024: 95%) of the finance leases written (as a proportion of assets). The rest of the lessees are business customers, other public agencies or associations. Property accounts for about 91% (31 Dec. 2024: 91%) of the total value of the lease assets. Under finance leases, land and buildings are treated as a single unit, but a small amount of equipment is also involved, often directly related to the real estate financed by the leases. Most of the leased properties are hospitals, care homes, office buildings and schools, while the equipment largely relates to furnishings treated as separate assets, and to medical equipment.

EUR ’000	31 Dec. 2025	31 Dec. 2024
Minimum lease payments	2,763,755	2,968,753
Unearned finance income	-771,844	-863,297
Net present value of minimum lease payments	**1,991,911**	**2,105,456**
Unguaranteed residual values	259,545	266,334
Net investment	**2,251,456**	**2,371,790**

Disclosures on operating leases concluded by the HYPO NOE Group as lessor and as lessee can be found in Note 6.1 Investment property, intangible assets, and property, plant and equipment.

Transfer of financial assets

The HYPO NOE Group engages in transactions that result in the transfer of assets. Assets transferred within the Group either remain on the statement of financial position or are derecognised in accordance with paragraph B3.2.1 IFRS 9. Transferred assets are derecognised if substantially all risks and rewards incidental to ownership of the assets are also transferred.

At the HYPO NOE Group, transferred financial assets that are not derecognised mainly relate to loans, as well as pension and securities-lending transactions. However, none of these assets were pension or securities-lending transactions as at 31 December 2025.

The carrying amounts of financial assets that were transferred are shown in the table below.

	31 Dec. 2025		31 Dec. 2024	
EUR '000	Transferred assets	Related liabilities	Transferred assets	Related liabilities
Financial assets – AC	**76,861**	**76,861**	**80,238**	**80,238**
Loans	76,861	76,861	80,238	80,238
Total	**76,861**	**76,861**	**80,238**	**80,238**

Transferred assets in accordance with paragraph 3.2.4 IFRS 9 in conjunction with paragraph 42A IFRS 7 consisted solely of loans. The entitlement to regular cash flows from a project loan was divested in order to repay liabilities arising from refinancing; however, the Group retained substantially all of the associated risks and rewards (valid lease agreement).

Securities admitted to trading

The following table shows securities admitted to trading in accordance with section 64(1)(10) Austrian Banking Act:

	Listed		Not listed	
EUR '000	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Bonds and other fixed-income securities	1,186,057	1,182,151	-	-
Total	**1,186,057**	**1,182,151**	**-**	**-**

4.4 Financial liabilities

Accounting policies

The category "Financial liabilities – HFT" comprises the negative fair value of derivatives held by the Group as economic hedges and not included in hedge accounting. Additional information can be found in Note 4.6 Derivatives and hedge accounting.

"Financial liabilities – FVO" comprises liabilities for which the option to designate a financial liability as at fair value through profit or loss has been exercised, in order to eliminate measurement inconsistencies in accordance with paragraph 4.2.2(a) IFRS 9.

"Financial liabilities – AC" comprises financial liabilities, including bonds in issue, for which the option of measurement at fair value through profit or loss was not exercised.

"Financial liabilities – AC" are measured at amortised cost. Gains and losses on bonds in issue are amortised in accordance with the effective interest method over the maturities of the liabilities. Interest expense is reported under Note 4.2.1 Net interest income.

4.4.1 Financial liabilities by financial instrument class

The following table lists the HYPO NOE Group's financial liabilities, broken down into financial instrument classes, in accordance with paragraph 6 IFRS 7:

EUR '000	31 Dec. 2025	31 Dec. 2024
Financial liabilities – HFT	**85,088**	**142,001**
Negative fair value of interest rate derivatives	37,348	53,950
Negative fair value of foreign exchange derivatives	47,740	88,051
Financial liabilities – FVO	**6,168**	**5,839**
Other financial liabilities	6,168	5,839
Financial liabilities – AC	**15,265,871**	**14,762,832**
Savings and savings-equivalent deposits	1,660,688	1,609,926
Deposits	4,191,227	4,049,048
Banks	1,578,122	1,502,227
General governments	938,883	878,849
Other financial corporations	239,180	198,957
Non-financial corporations	816,878	881,631
Households	618,165	587,383
Bonds in issue	9,413,956	9,103,858
Covered bonds	3,022,505	2,523,283
Municipal bonds	3,807,457	3,923,347
Other bonds	2,583,993	2,657,228
Total	**15,357,127**	**14,910,672**

"Financial liabilities – FVO" comprises a liability related to the HETA contingent additional purchase price. Details can be found in Note 4.7.2 Fair value hierarchy: Level 3 disclosures.

Financial liabilities include EUR 438,637thsd denominated in foreign currency in accordance with section 64(1)(2) Austrian Banking Act (31 Dec. 2024: EUR 526,143thsd).

Details of the transaction related to subsidised homebuilding loans can be found in Note 4.3 Financial assets.

4.4.2 Analysis of financial liabilities by maturities

A breakdown of residual maturities in accordance with section 64 Austrian Banking Act is shown in the table below:

EUR '000	31 Dec. 2025	31 Dec. 2024
Financial liabilities – HFT	**85,088**	**142,001**
Up to 3 months	165	50
3 months to 1 year	35	39,769
1 to 5 years	9,247	12,711
Over 5 years	75,641	89,471
Financial liabilities – FVO	**6,168**	**5,839**
1 to 5 years	6,168	5,839
Financial liabilities – AC	**15,265,871**	**14,762,832**
Repayable on demand or no fixed term	2,474,058	2,314,236
Up to 3 months	1,335,066	870,410
3 months to 1 year	1,999,587	2,215,160
1 to 5 years	4,673,481	5,205,491
Over 5 years	4,783,680	4,157,535
Negative fair value of hedges (hedge accounting)	**296,328**	**366,872**
Up to 3 months	385	2,551
3 months to 1 year	14,280	13,237
1 to 5 years	72,807	110,530
Over 5 years	208,855	240,554
Other liabilities	**78,839**	**132,375**
Repayable on demand or no fixed term	8,158	12,634
Up to 3 months	30,365	33,627
3 months to 1 year	19,075	40,969
1 to 5 years	17,424	43,949
Over 5 years	3,815	1,196

4.4.3 Off-balance-sheet transactions and contingent liabilities

EUR '000	31 Dec. 2025	31 Dec. 2024
Guarantees and financial guarantee contracts	70,849	62,776
Contingent liabilities	**70,849**	**62,776**
Unutilised facilities	**941,069**	**878,822**
Off-balance-sheet transactions	**1,011,917**	**941,598**

Unutilised facilities

"Unutilised facilities" includes both unused loan facilities and revolving borrowing facilities (e.g. overdraft facilities) where there is a very high probability that the unused credit facilities will be used within a contractually specified period. By contrast, credit lines can be used at any time, implying a higher degree of uncertainty regarding utilisation and the maturity date. The amount disclosed for unutilised credit facilities includes amounts listed in Note 10.4 Disclosures on related-party relationships.

Obligation to become a member of a deposit protection scheme

Since 1 January 2019, HYPO NOE Landesbank has been a member of the Einlagensicherung AUSTRIA Ges.m.b.H. (ESA) deposit protection scheme, in accordance with its obligations under sections 93 and 93a Austrian Banking Act as well as the Austrian Einlagensicherungs- und Anlegerentschädigungsgesetz (Deposit Guarantee Schemes and Investor Compensation Act).

Interbank exemption

The June 2024 referral by the Austrian Federal Finance Court (BFG) to the European Court of Justice (ECJ) for a preliminary ruling on whether the VAT exemption for interbank services ("interbank exemption"), applicable until 31 December 2024, constituted prohibited state aid was rejected by the ECJ in early May 2025 on the grounds that the referral was manifestly inadmissible. The BFG submitted a new referral for a preliminary ruling at the end of May 2025, in a renewed attempt to have the ECJ examine this question.

As justification for the relevance of the submitted matter to the ECJ's ruling, the second referral states that while there is no dispute between the complainant bank and the Austrian tax authorities for large corporations regarding the tax exemption pursuant to the previous version of section 6(1)(28) final sentence of the Austrian Umsatzsteuergesetz (Value Added Tax Act), the BFG is obliged under section 279(1) of the Bundesabgabenordnung (Federal Tax Code) to initiate official proceedings to determine whether the tax exemption violates Union law. It remains to be seen whether this justification will be sufficient for the ECJ to consider the BFG's referral.

If the ECJ does agree to carry out a substantive assessment of the matter, the statement issued in autumn 2024 by the Austrian federal government as well as the opinions of expert authors (e.g. Haunold, Steuer- und WirtschaftsKartei [SWK] issue 20/21 of 20 July 2025) cast justified doubts on the BFG's view that the tax exemption constituted illegal aid in the meaning of Article 107(1) Treaty on the Functioning of the European Union (TFEU).

The Group's internal calculations – based on the assumption that, contrary to the view above, state aid proceedings are initiated – suggest potential impending losses of between EUR 1.5m and EUR 2.5m. This range of potential losses reflects uncertainty regarding the exact period of any retroactive effect, and whether only VAT from appealable periods – which at present would extend back to 2018 – or non-appealable years (2017 and earlier) would be recovered under state aid proceedings. Furthermore, it is not possible to accurately predict when the European Commission would initiate such proceedings.

Application fees

The Group has carried out an internal analysis of the potential financial effects of multiple Austrian Supreme Court decisions that would oblige the individual banks charged with breaching regulations to repay various one-off loan application and other fees. Based on this analysis, it was determined that a potential obligation to repay such fees could apply for the relevant limitation period, even though there is currently no legal obligation to make repayments, nor does the analysis suggest that there is a very strong probability of a cash outflow. In view of this conclusion, the recognition of a provision was not necessary as at the end of the reporting period. Estimated using a range-based model, the potential financial impacts are subject to a variety of uncertainties, including with regard to the length of the limitation period, the product structures concerned, and assumptions regarding any settlements reached. Taking these uncertainties into account, the potential repayment obligation was between approximately EUR 4m and around EUR 47m as at the end of the reporting period.

4.4.4 Supplementary information on financial liabilities

Mortgage banking in accordance with the Austrian Pfandbriefgesetz (Covered Bond Act)

31 Dec. 2025, EUR '000	Coverage required for bonds in issue	Coverage of:		Surplus coverage
		Loans	Securities	
Covered bonds	3,110,698	3,627,878	604,100	1,121,280
Public sector covered bonds	4,244,541	5,143,789	40,842	940,090
Total	**7,355,239**	**8,771,667**	**644,942**	**2,061,370**

31 Dec. 2024, EUR '000	Coverage required for bonds in issue	Coverage of:		Surplus coverage
		Loans	Securities	
Covered bonds	2,860,704	3,186,645	15,893	341,834
Public sector covered bonds	4,024,313	4,864,653	87,053	927,392
Total	**6,885,017**	**8,051,298**	**102,946**	**1,269,226**

EUR '000	31 Dec. 2025	31 Dec. 2024
Assets pledged as collateral		
Cover pool for public-sector and mortgage-backed covered bonds (bond issues)	**9,416,609**	**8,154,243**
Covering loans	8,771,667	8,051,298
Securities	644,942	102,946
Marketable collateral (securities) delivered to the collateral custody account with the OeNB (for "Financial liabilities – AC")* **	**557,207**	**939,445**
Non-marketable collateral (loans) transferred to the OeNB (for "Financial liabilities – AC")*	**185,306**	**197,727**
Securities pledged to the EIB (for "Financial liabilities – AC")	**12,798**	**97,206**
Loans pledged to the EIB (for "Financial liabilities – AC")	**583,527**	**592,918**
Loans pledged for other deposits (for "Financial liabilities – AC")***	**697,671**	**393,190**
Collateral delivered (cash) (for derivatives)	186,581	255,502
Coverage of trustee savings accounts (securities)	**6,050**	**7,011**
Trustee savings accounts requiring coverage****	3,399	3,587
Surplus coverage	2,650	3,424

* The Group had no tender liabilities as at the end of the reporting period (31 Dec. 2024: nil)

** In addition, repurchased covered bonds of EUR 300,000thsd (2024: EUR 250,000thsd) were delivered to the OeNB as collateral, which is not recognised in the statement of financial position as there is no intention to sell the bonds

*** "Loans pledged for other deposits" includes receivables for the collateralisation of liabilities arising from the purchase of subsidised homebuilding loans as well as – to a lesser extent – transactions with Österreichische Kontrollbank AG

**** Additionally, trustee savings accounts amounting to EUR 296thsd (2024: EUR 329thsd) are covered by a state guarantee

Contingent liability of the State of Lower Austria

Under section 1356 Austrian Civil Code, the State of Lower Austria is liable, as the deficiency guarantor, for all the liabilities incurred by HYPO NOE Landesbank up to and including 2 April 2003. Liabilities incurred between 3 April 2003 and 1 April 2007 were covered by the state guarantee, provided that their maturities did not extend beyond 30 September 2017. The guarantee does not cover liabilities incurred after 1 April 2007 or falling due after 30 September 2017. As at 31 December 2025, state guarantees of issues, deposits and other liabilities for the HYPO NOE Group amounted to EUR 80,641thsd (31 Dec. 2024: EUR 87,459thsd).

4.5 Credit risk and risk provisions

4.5.1 Credit risk

The credit risk strategy maps out the framework for managing individual, Bank-specific credit risks. These include:

- Counterparty risk
- Replacement risk
- Issuer risk
- Investment risk
- Customer foreign exchange risk (foreign-currency-induced credit risk)
- Customer fixed interest risk
- Repayment vehicle risk
- Lease residual value risk
- Country risk/transfer risk and conversion risk
- Residual risk arising from credit risk mitigation techniques
- Settlement risk (prepayment and clearing risk)
- Securitisation risk
- Dilution risk
- Central counterparty (CCP) risk
- Concentration risk present in credit risk incl. the banking book

- Migration risk
- Sustainability risk

The main credit risks to which the HYPO NOE Group is exposed are counterparty risk (loans), replacement risk (derivatives), issuer risk (securities) and the concentration risk present in credit risk.

The Group is also susceptible to investment risk, customer foreign exchange credit risk, repayment vehicle risk and country risk, all of which are accordingly limited and monitored.

The importance of sustainability risks has grown significantly, and they have therefore been recognised as a separate key risk sub-category. In view of the HYPO NOE Group's strict internal standards for socially responsible and sustainable business practices, material aspects of sustainability risk have already been incorporated into the Group's lending processes, and these will continue to be refined. In addition, aspects of sustainability relevant to credit risk are evaluated and reconsidered on an ongoing basis.

Principles derived from the objectives outlined in the Group’s risk management strategy provide the framework for exposure to and management of individual credit risks. These principles are implemented by the Operating Credit Risk Management and Strategic Risk Management departments, by means of an appropriate reporting system, coordinated limits, suitable assessment and measurement methods, and transparent processes.

The HYPO NOE Group’s credit risk strategy is based on the following risk management principles:

- Identifying and regularly appraising credit risks
- Determining models and processes for measuring identified credit risks, and regularly reviewing their suitability
- Quantifying credit risk using the methods established for this purpose
- Identifying and complying with legislative and regulatory frameworks
- Determining Management’s risk appetite/tolerance
- Appropriate limiting and monitoring of credit risk on the basis of the predetermined risk tolerance
- Regular, goal-driven reporting
- Use of methods and processes tailored to the risk-weighted calculation of credit risk costs

Credit risk in the narrow sense

Credit risk should be seen as the risk of a change in creditworthiness. In other words, monitoring it involves keeping a watch on the risk of a deterioration in creditworthiness and, in the worst case, the default of the counterparty or guarantor.

Credit risk is classified according to the product groups concerned, as follows:

In the lending business, counterparty risk is the risk of complete or partial loss due to default or a deterioration in the counterparty’s creditworthiness. In this case, from the Bank’s perspective, credit risk exists over the entire lifetime of a transaction, from the time of its conclusion through to its termination.

Replacement risk exists with derivatives (including forwards and futures, and credit derivatives) that are subject to fixed price agreements, the market prices of which could change during their lifetimes. If a counterparty drops out during the lifetime of the derivative, the Bank must conclude a new contract for the remaining maturity, at the market price ruling at that time. If the current price is unfavourable for the Bank, the replacement transaction results in costs or losses. The Bank is exposed to counterparty risk throughout the lifetime of a transaction.

Similarly, issuer risk means the risk of complete or partial loss due to a default of the counterparty where the latter is an issuer of securities. From the Bank’s perspective, issuer risk exists from the time of conclusion of a transaction until its termination, i.e. over its entire lifetime.

The HYPO NOE Group calculates the capital charge for credit risk (counterparty risk, replacement risk and issuer risk) for regulatory purposes (Pillar 1) using the standardised approach required by Chapter 2 of Title II of Part 3 of the CRR, and applying the “simple” credit risk mitigation method.

The calculation of own funds requirements (unexpected loss) with regard to counterparty risk, replacement risk and issuer risk, as part of Pillar 2 of the Internal Capital Adequacy Assessment Process (ICAAP), is derived from the formulas for the internal ratings-based (IRB) approach set out in Article 153ff CRR.

IRB approach (holding period of one year, 99.9% confidence level), EUR '000	31 Dec. 2025	31 Dec. 2024
Credit risk (counterparty, replacement and issuer risk)	-192,710	-197,831

Credit risk analysis

Lending accounts for a significant proportion of the HYPO NOE Group's core business, meaning that assuming, managing and limiting credit risks are among the Group's core competences. Lending activities, the valuation and classification of collateral, and credit ratings are all governed by strategic, organisational and substantive guidelines, the fundamental principles of which are embedded in the Group risk manual. These rules also deal with decision-making authorities, credit rating and collateral classification procedures, as well as guidelines for credit risk policy, and lending and loan management processes.

Operating Credit Risk Management is responsible for all activities related to assessing, monitoring, managing and limiting risks associated with on-balance-sheet and off-balance-sheet receivables at the individual customer level.

This department's duties primarily involve checking the form and content of loan applications and providing second opinions. It also has sole responsibility for confirming rating assessments (apart from those in the low-volume retail lending business).

Operating Credit Risk Management also reviews early warning signs (which it is mainly alerted to by Credit Services or through the early warning system) in order to spot potential problem customers and initiate countermeasures at the earliest possible stage. The appearance of certain early warning indicators (such as economic or political instability or negative stock exchange announcements) results in loans being designated as "watch loans". This designation is applied to all customers with ratings of between 4C and 4E. If a customer experiences financial difficulties and concessions are contractually agreed with them, the customer is designated as being subject to forbearance. If the decision is taken to make individual customers the subject of increased monitoring, these customers are also categorised as watch loans. In the event of a significant and lasting deterioration in creditworthiness as compared to the time of initial recognition, the customer concerned is also flagged as "intensive care". All forbearance, watch loan and intensive care customers are monitored more closely, and their cases are reviewed on a quarterly basis by the Problem Loans Committee. This committee also takes any decisions related to exposure policy. As of 31 December 2025, the volume of designated watch loans stood at EUR 389.8m (31 Dec. 2024: EUR 494.4m). This decrease reflects falls in the level of watch loans across all customer segments, with most of the decline accounted for by Real Estate.

Primary responsibility for loans subject to intensive care lies with the front office unit concerned and Operating Credit Risk Management. In certain cases, Intensive Care Management provides support in the form of action plans and attendance at meetings with the customer. The goal of intensive care is to eliminate uncertainty regarding the risk situation, and to reach a decision on whether the exposure can be returned to normal service or needs to be transferred to Intensive Care Management due to increased risk.

If the heightened risk factors must be regarded as lasting, meaning that there is an acute threat to the continued existence of the debtor, or if the exposure threatens to significantly impact the Bank's risk position, due mainly to its size, Intensive Care Management is informed immediately by the front office unit concerned.

Intensive Care Management is responsible for managing distressed loans and Stage 3 impairment gains/losses on financial assets in accordance with IFRS 9.

Credit risk monitoring

Operating Credit Risk Management is responsible for risk monitoring at the individual customer level. This involves checking credit ratings, monitoring blacklists drawn up by Credit Services and generated by the early warning system, as well as processing loan applications that potentially entail significant risks. In addition, relationship managers are required to prepare comprehensive reviews of the current situation for each customer when necessary, and at least once a year, irrespective of the customer segment, the amount of the exposure and the credit rating (the only exceptions are low-risk transactions). The reviews are submitted to the managers with the necessary decision-making authority. Customers who attract notice (where this is relevant in terms of risk) are designated as watch loans and monitored by Operating Credit Risk Management. Where there is a significant deterioration in the risk situation, the exposures become the responsibility of the specialists in Intensive Care Management, who are not involved in front office approval.

Where necessary, an assessment is carried out immediately to determine whether risk provisions for the exposure in question will be calculated in Stage 3 in future, using a fully automated or expected cash flow (ECF) method, due to attainment of the significance threshold. If risk provisions for the Stage 3 loan in question are calculated using the ECF method, a decision must be made as to whether an ECF analysis is required immediately, i.e. outside the quarterly process cycle. If not, the risk provisions for the Stage 3 exposure are calculated prior to the next regular ECF process cycle, using the fully automated method. Customers with 5A ratings are transferred to Intensive Care Management in the month following that in which the rating is assigned at the latest.

Lending facilities for own investments, money market investments and derivatives are submitted to the Supervisory Board for authorisation once every half-year. Compliance with these facilities is continuously monitored, and regular reports are sent to the Supervisory Board. Such facilities are principally requested for sovereigns, regional governments, and Austrian and foreign banking groups.

The Strategic Risk Management Department also monitors credit risk at portfolio level. The Management Board is kept informed of changes in credit risks by means of monthly credit risk reports, and regular or ad hoc reports on risk-related issues. The Management Board and selected senior managers receive comprehensive information on the Group's risk situation, and hold in-depth discussions on selected issues, at meetings of the Risk Management Committee (RICO), during which any necessary measures are discussed, agreed and monitored.

Risk concentrations

At the HYPO NOE Group, risk concentrations are identified and monitored using country and industry limits, and by means of internal capital charges for name concentrations, as well as securities, derivatives and money market facilities, and a limit for related-party transactions.

Name concentration risk

The concentration in the Public Sector segment reflects the HYPO NOE Group's strategic focus on Austria, and Lower Austria in particular. The portfolio in question is essentially granular, and partly comprises loans to sovereigns, state governments and local authorities, where the emphasis is mainly on finance for social and public infrastructure, and for subsidised homebuilding loans.

The concentration risk component of credit risk, as part of Pillar 2 of the ICAAP, is calculated using the granularity adjustment method. The credit risk is calculated using the formulas for the IRB approach, and adjusted by applying a concentration risk factor:

Granularity adjustment (holding period of one year, 99.9% confidence level), EUR '000	31 Dec. 2025	31 Dec. 2024
Concentration risk inherent in credit risk	-22,797	-23,602

The decrease in risk reflected a reduction in the concentration risk related to the State of Lower Austria.

The table below presents the risk volume (not a financial reporting item, but in line with internal risk assessment practices) of the five largest name concentrations (excluding balances at the OeNB), which principally comprise amounts receivable from public sector customers and non-profit housing associations.

EUR '000	31 Dec. 2025	31 Dec. 2024
1	5,276,943	5,416,817
2	232,996	236,716
3	201,806	164,630
4	158,603	153,221
5	145,121	145,652

Country risk

Country risks are operational banking risks that arise in the international lending business due to a foreign country's insolvency (business risk) or unwillingness to pay (political risk). As a result, this is an overarching category of risk, which may affect both creditors and borrowers but cannot be influenced or managed by either. Other elements of country risk are transfer and conversion risk, which represent limitations on foreign currency dealings caused by the above risks.

Country risk is managed by setting country limits for the target countries, and by limiting the entire outstanding foreign exposures to 20% of Group total assets, as well as confining foreign lending operations (in the Public Finance, Real Estate Project Finance and Corporate Customers control units) to 8% of the Group's total assets (early warning level).

Operating Credit Risk Management oversees utilisation of the individual country limits, while monitoring of the portfolio country limits takes place at the quarterly RICO meetings.

The table below shows the aggregate risk exposures (in line with internal aggregate banking risk management approaches) of the five largest countries.

EUR '000	31 Dec. 2025	31 Dec. 2024
Austria	14,032,855	13,803,924
Germany	435,621	426,463
Netherlands	412,882	373,122
France	318,824	288,827
Poland	234,731	226,755

Breakdown of the aggregate lending exposure (in accordance with the CRR) by item in the statement of financial position

The table below shows the breakdown of the aggregate lending exposure, which forms the basis for internal portfolio management, by statement of financial position items. In its approach to internal risk management, the Bank takes an economic view of its credit risk exposures, which may not be fully consistent with the IFRS statement of financial position. Exposure at default (EAD) is calculated on the basis of the following premises:

- An empirically determined credit conversion factor (CCF) is applied to calculate the aggregate risk exposure (EAD) arising from off-balance-sheet transactions.
- The fair value of the items in question is used when determining internal credit risk for securities in the banking book and the small trading book (i.e. all IFRS classes), since risk coverage capital includes hidden reserves and potential liabilities.
- Cash collaterals for derivatives are offset against fair value when determining internal exposures. Credit risk is also calculated for any excess cash collaterals.
- Equity holding exposures are presented as investment risk based on their IFRS classification, in accordance with Article 165 CRR, and are not included in credit risk.

Risk exposure by statement of financial position items	31 Dec. 2025	31 Dec. 2024
Cash and balances at central banks	701,413	744,150
Financial assets – HFT (held for trading)	159,808	252,720
Financial assets – mandatorily FVTPL (mandatorily measured at fair value through profit or loss, and not held for trading)	28,916	40,744
Financial assets – FVOCI (measured at fair value through other comprehensive income)	131,706	193,512
Financial assets – AC (measured at amortised cost)	15,200,650	14,731,069
Derivatives – positive fair value of hedges (hedge accounting)	18,373	19,052
Tangible assets	69,040	72,099
Intangible assets	8	2
Tax assets	605	384
Other assets	11,521	11,900
Total	**16,322,039**	**16,065,631**
Off-balance-sheet transactions	382,697	309,140
Aggregate risk exposures	**16,704,735**	**16,374,771**

Credit risk management

The tables below correspond to the internal risk monitoring data which is regularly reported to the Management Board and is used for internal aggregate banking risk management (Pillar 2).

The credit risk management system is based on control units. The risk exposure for each control unit is shown in the following table:

Control units, EUR '000	31 Dec. 2025	31 Dec. 2024
Public Finance	7,018,228	7,237,764
Real Estate Project Finance	999,328	1,051,267
Treasury & ALM	2,721,046	2,597,271
Housing Development	2,598,757	2,384,594
Housing and Commercial Property Austria	648,135	605,492
Retail	1,793,924	1,676,457
Corporates	925,318	821,924
Total	**16,704,735**	**16,374,771**

Credit risk management is also carried out on the basis of credit ratings. The exposures in each rating category are as follows:

Rating categories, EUR '000	31 Dec. 2025	31 Dec. 2024
1A – 1E	8,405,784	8,490,782
2A – 2E	4,946,785	4,730,469
3A – 3E	2,635,628	2,412,480
4A – 4E	294,514	339,020
5A – 5E	422,025	402,020
Total	**16,704,735**	**16,374,771**

Credit risk management on an economic basis is also applied via the Basel segments shown below. The Basel segments do not correspond to the breakdown used in the Bank's segment information, but instead form the basis for allocations to the risk exposure class in accordance with Article 112 CRR. A breakdown of risk exposures by Basel segment is shown in the table below:

Basel segments, EUR '000	31 Dec. 2025	31 Dec. 2024
Banks	1,138,351	1,112,103
Sovereigns	1,153,085	1,171,428
State governments and local authorities	4,111,140	4,211,630
Multilateral development banks	75,700	56,931
International organisations	90,820	50,897
Public sector enterprises	526,308	452,226
Special purpose finance (income producing real estate [IPRE] and project finance)	1,689,949	1,753,457
Corporates	5,413,041	5,163,576
Retail	2,395,366	2,322,449
Religious communities	1,404	1,587
Associations, insurance companies and leasing companies	109,572	78,487
Total	**16,704,735**	**16,374,771**

Credit risk mitigation

Alongside the borrower's creditworthiness, collaterals are one of the key determinants of credit risk, and they therefore have a significant influence on the prescribed capital charge for a loan. To benefit from the available credit risk mitigation techniques, the minimum requirements specified in the Group collateral manual must be met. These relate both to the type of collateral furnished and to the internal processes.

The collateral list shows all permissible forms of collateral in the HYPO NOE Group. The principal categories of CRR-compliant collateral that are relevant to the HYPO NOE Group are guarantees (mainly public sector), mortgages and pledges. A substantial proportion of the Group's total lending relates to the purchase of subsidised homebuilding loans from the State of Lower Austria. Most of this exposure is secured by a guarantee from the State of Lower Austria; the remainder is collateralised by means of pledged cash deposits. The policy on collaterals has remained unchanged since last year.

The measurement and classification of collateral are subject to organisational and substantive rules. Throughout the Group, a distinction is made between collateral recognised for regulatory purposes and for its economic value. Usually, the relationship managers check the legal status and the economic value of the collateral – with particular reference to the current market environment – when the initial loan application is made, at least once a year when the application is resubmitted, and whenever circumstances require. Operating Credit Risk Management checks the information, as well as the assumptions and underlying parameters as part of the credit review process.

The HYPO NOE Group determines the fair value of mortgage collateral in compliance with the applicable statutory regulations and standards. The Group uses established valuation methods and software for this purpose. Depending on the type of property concerned, the methods employed include the income approach, the comparative value approach, the cost approach, the discounted cash flow method, or a combination of approaches. Standard residential properties are valued by means of an automated, statistically validated system. The relationship managers input the property data required for the valuation. The operational department responsible assesses these valuations on the basis of a random sample. Specially trained and, in some cases, certified assessors value other forms of real estate collateral. If necessary, valuations are performed by externally certified property valuers, and their plausibility is checked internally. In customer reviews at both the individual customer and the portfolio level, the Group has maintained its increased focus on the persistent upheaval on the real estate market, and in the commercial property segment in particular. The uncertainty surrounding the fair values of real estate in Germany is reflected in the writedown of mortgaging values.

Property collaterals are initially valued as part of the credit rating process, and in all events prior to disbursal of a loan. Collaterals are then tested for impairment annually and, where necessary, revalued. In addition, collateral values are index-linked and reviewed annually based on market data. One-off revaluations of real estate collaterals occur if an exposure is classified as an NPL and:

- the valuation is out of date, or
- was made using an automated process, or
- there are suspicions of a material change in value.

Collaterals on a property are revalued annually as long as the exposure is classed as non-performing. Furthermore, one-off valuations of commercial properties are carried out if, since the previous valuation:

- the vacancy rate has increased by ten percentage points, or
- net rental income has fallen by 15%, or
- an anchor tenant is insolvent, and space has not been let to a new anchor tenant within the past six months.

The residual risk arising from the use of credit risk mitigation techniques is the danger that recognised risk mitigation techniques employed by the Bank will be less effective than expected. This relates to the approaches adopted, the valuation arrived at, and the enforceability of collaterals. This risk is addressed by determining mortgaging values and losses given default (LGDs). The mortgaging values contained in the collateral list include discounts on the fair value or nominal value arrived at by means of the collateral valuation process. The discounts reflect the risks associated with valuation and realisation.

Current credit risk situation

The Group's loan and investment portfolio is largely made up of risk-conscious loans to public sector borrowers such as sovereigns, the Austrian federal government, state governments and local authorities (and their associated enterprises) – mainly in Lower Austria – as well as loans to banks with good external ratings (predominantly own investments, derivatives and money market investments), and loans to housing construction companies (both large housing associations and commercial developers), predominantly in the form of mortgages.

The HYPO NOE Group also finances real estate projects with good to excellent ratings, as well as infrastructure companies, corporate and retail customers, and small and medium-sized enterprises.

Conditions on the real estate market remained challenging in 2025. Particularly in commercial real estate project development, persistently high construction costs, restrictive financing conditions and delays in project implementation all had a negative impact. The HYPO NOE Group has maintained its conservative lending policies in this segment, including strict requirements for collateral, equity capitalisation and project structure. Current exposures are continuously monitored, and accompanied by appropriate restructuring and risk management measures where necessary.

NPL coverage is a key performance measure for banks in connection with financial assets in default. The NPL coverage ratio is defined as total Stage 3 risk provisions plus collaterals, divided by the sum of the gross carrying amounts of NPLs (financial assets – AC [excluding banks]). The coverage ratio for the Group as at 31 December 2025 was 87.83% (31 Dec. 2024: 89.13%). This slight reduction was due to more cautious valuation of mortgage collaterals in the course of the regular updates of expert opinions.

The refinement of the credit risk management system involves: enhancing processes for managing high-risk cases (early warning system, forbearance, watch list, and continuous evaluation of impairment losses); tighter monitoring; and active portfolio management (increasing portfolio granularity, risk transfer, risk concentrations, and improving the structure and concentration of collateral).

Effects of current crises and events

The HYPO NOE Group does not have any direct outstanding loans in Russia, Ukraine, Israel or the Arab states. Alongside the risks associated with the current interest rate environment, the primary risk factors are seen as persistently weak growth as well as economic uncertainty. These factors are analysed and taken into consideration in the regular assessment of creditworthiness (in the form of downgrades or designation of the customers concerned as watch loans, where necessary).

Investment risk

Investment risk is the risk of a partial or total loss of the value of investments (ceding of equity to third parties). These risks only materialise when it becomes necessary to write down (or, in extreme cases, totally write off) the carrying amounts of investments and any remargining.

Investment risk is managed by acquiring equity holdings which serve the Group's primary business objectives and support its strategic alignment. Other control levers include measuring investments against internal models, and acting on the results of the analysis, as well as constantly monitoring existing holdings at portfolio and customer level.

The calculation of own funds requirements (unexpected loss) in order to determine investment risk as part of Pillar 2 of the ICAAP is derived from formulas for the IRB approach set out in Article 153ff CRR. However, use is also made of the minimum parameters for probability of default (PD), LGD and remaining maturity in accordance with Article 165 CRR.

IRB approach (holding period of one year, 99.9% confidence level), EUR '000	31 Dec. 2025	31 Dec. 2024
Investment risk	-9,588	-9,438

Customer foreign exchange risk

Customer foreign exchange risk (foreign-currency-induced credit risk) arises where the customer has taken out a loan in a currency that differs from the one in which they generate most of the cash flow required to service the debt. In this case, there is a risk that the borrower may be unable to continue to service the loan due to unfavourable movements in the exchange rate.

Customer foreign exchange risk is managed by offering conversion products at preferential prices, by limiting the exposure, and by constantly monitoring existing positions that are vulnerable to foreign exchange risk, both at portfolio and individual customer level. New lending that is subject to foreign exchange risk is only offered to specific customer segments and in accordance with the borrower's creditworthiness.

The calculation of the own funds requirement (unexpected loss) with regard to customer foreign exchange risk, as part of Pillar 2 of the ICAAP, is carried out in two stages. The potential increase in lending volume is arrived at using a variance-covariance value at risk approach based on the volatility of the exchange rate in question. The unexpected loss resulting from this increase in lending volume is calculated using the IRB approach set out in Article 153ff CRR.

Variance-covariance VaR, IRB approach (holding period of one year, 99.9% confidence level), EUR '000	31 Dec. 2025	31 Dec. 2024
Customer foreign exchange risk	-353	-709

The rating structure of receivables exposed to customers' Swiss franc exchange rate risk is as follows:

EUR '000	31 Dec. 2025	31 Dec. 2024
Investment grade	51,675	115,825
Non-investment grade	27,722	31,516
Default	652	2,349
Total	**80,049**	**149,690**

The largest exposure in the investment grade category relates to a company linked to the State of Lower Austria. The non-investment grade category largely consists of private housing finance. Lending exposed to Swiss franc exchange rate risk was further reduced in 2025.

Other subtypes of credit risk

Repayment vehicle risk refers to the risk of the emergence of a hedging gap due to adverse market developments affecting factors on which the repayment vehicle is based. This type of risk is quantified when calculating risk-bearing capacity, and is hedged using equity (including limits).

Customer fixed interest risk consists of the risk that hedging will lead to losses on structured and fixed-interest loans. It is regularly monitored by the Asset Liability Management (ALM) group. This form of risk is limited and managed by monitoring counterparties' parameter ratings (in order to assess the probability of default) and the present value of hedging transactions.

Lease residual value risk is the risk that it will not be possible to realise the calculated residual value of a leased asset. Operating Credit Risk Management regularly monitors residual value risk exposures and, above all, the definition under which lessees or types of real estate where residual value without purchase options may arise, as well as the possibility of disposal of assets to third parties, the strategic significance of a property for the lessee in question, and the time to maturity of the residual value.

Migration risk refers to the risk of a deterioration in a debtor's creditworthiness resulting in an increase in the probability of default and a consequent downgrading of the customer's credit rating. It is countered by providing additional equity cover, using the buffer, as part of the risk-bearing capacity calculation. In addition, potential effects of migration on profit or loss and on capital requirements are regularly recognised, using scenario assumptions and sensitivities, as part of Bank-wide and reverse stress tests. A migration matrix is used for the ongoing monitoring of rating changes in the finance portfolio in the course of the regular reporting.

Settlement risk comprises prepayment risk and clearing risk. Prepayment risk denotes the risk that consideration will not be received at the agreed time. Clearing risk is the risk of changes in fair value where a transaction is not completed on the due date. Settlement risk is limited and managed by setting and regularly monitoring volume limits for risk exposures. Settlement limits are reduced accordingly when they are no longer necessary.

Sustainability risks relate to environmental (E), social (S) and governance (G) events or circumstances which, if they occur, will have or can have material negative impacts on the value of an investment. See Note 8.8 Sustainability risks for further information on environmental risks.

4.5.2 Risk provisions

Accounting policies

Calculation method for Stage 1 and 2 expected credit losses

The following inputs are used to calculate expected credit loss (ECL) over time in Stages 1 and 2 (the process is fully automated):

- Exposure at default (EAD)
- Probability of default (PD)
- Loss given default (LGD) for the uncollateralised or collateralised portion
- Credit conversion factor (CCF)

EAD represents the expected exposure at the time of default. For each individual transaction, EAD is divided into a collateralised and an uncollateralised portion. The uncollateralised portion is calculated as EAD less the aggregate value of collaterals after discounting. To determine exposure at risk (EAR), the uncollateralised portion is multiplied by the LGD for the uncollateralised portion, and the value of collaterals by the LGD for each collateral. LGD represents the expected loss in the event of default relative to EAD.

The impairments to be recognised in Stages 1 and 2 are determined by aggregating the products of the multiplication of monthly marginal PD by the applicable exposure at risk for a period of up to one year (Stage 1) or for the remaining maturity (Stage 2).

The simplified impairment model described in paragraph 5.5.15 IFRS 9 is applied to trade receivables that do not contain a financing component. For these receivables, impairment losses are measured at an amount equal to the lifetime expected credit losses. The receivables are therefore assigned to Stage 2.

Calculation method for Stage 3 expected credit losses

Impairment losses/gains on financial assets in Stage 3 are calculated either automatically or using the expected cash flow (ECF) approach. Both processes are carried out at the individual customer level. The fully automated procedure is used for non-significant customer exposures. The method used is virtually identical to Stage 2, with the exception that only a monthly allowance is calculated, as the probability of default is 100%.

The ECF approach is adopted for significant defaults in Stage 3. Defaults are classified as significant if total loans, advances and off-balance-sheet transactions exceed EUR 150thsd. The risk provisions recognised represent the difference between the gross carrying amount of the asset and the present value of expected future cash flows. The scenario-weighted impairment loss is calculated on the basis of the expected recoveries, taking the expected realisation of collateral into account.

Estimation uncertainties and judgements

Rating models

The HYPO NOE Group uses various rating modules to regularly assess customers' creditworthiness, as a variety of financial indicators and assessment criteria are available and appropriate for the accurate evaluation of a multiplicity of exposures. Allocation to given rating modules and models depends on the customer group concerned.

For retail customers, the HYPO NOE Group currently employs an applications rating procedure together with behaviour rating for ongoing evaluation. With corporate customers, allocation principally depends on whether they use accrual accounting, whether they prepare accounts on a cash basis, and whether they are start-ups. Various rating modules, with given statistical and qualitative parameters, are applied accordingly. Companies using accrual accounting are further broken down by operating revenue and risk-related dependence on the personal circumstances of the business owner. Behaviour ratings are used for ongoing assessment of businesses that are obliged to prepare accounts on a cash basis and for small businesses that use accrual accounting. An asset-based model is used to assess creditworthiness where expected repayment of financing for real estate construction, letting or acquisition projects is fully or substantially dependent on the cash flow generated from the project (income-producing real estate, IPRE). Separate rating modules are applied for local authorities, banks, commonhold associations under the Austrian Wohnungseigentumsgesetz (Home Ownership Act), and non-profit housing cooperatives. Customers that do not match any rating module are rated in accordance with expert opinions based on analyses of internal and external information.

Inputs

Credit assessments are based on quantitative and qualitative information. The main quantitative inputs for the rating modules are annual financial statements, project-related information and household budgets, as well as – in the case of automated credit ratings – account and customer data, in particular figures relating to exceeded overdraft limits, reminder levels and use of overdraft facilities. When assessing a business's creditworthiness, the qualitative factors considered include details of the trading and industry environment, corporate strategy, management and investor relations. With retail customers, key inputs include the duration of the individual's current employment and level of qualifications.

If other relevant and material information is available for the rating, justifiable transfers between rating categories can be carried out at the end of the process. Reasons for such transfers include intra-year publications that result in a change in the risk assessment, unusual changes in future order volumes, or risks arising from unusual concentrations and the resulting dependence on certain customers or suppliers.

Rating process

Customers are subject to a regular rating process from the time of conclusion of a transaction. When preparing a rating in response to an application in connection with a transaction or customer review, the market-facing units submit a rating proposal which is then confirmed and approved by Operating Credit Risk Management. In the case of retail customers, the rating is approved by a staff member with the necessary decision-making authority. With the fully automated behaviour rating models, the current rating is generated on a quarterly basis and automatically fed into the Bank's systems.

Ratings generated using all other processes are usually updated at least once a year, in accordance with the statutory requirements. In addition, in the event of a one-off evaluation of the risk associated with certain exposures, the rating is updated immediately if the Bank becomes aware of information from internal or external sources that suggests a significant deterioration in the risk assessment of the exposure in question. Such information includes updated external ratings, changes that occur in the course of entering details in the register of companies or the property register, entries in the warning list, and subsequent registrations with Kreditschutzverband von 1870.

Ratings must be based on the latest financial documentation and prepared promptly after the documentation becomes available. Financial documentation with a reporting date more than 19 months in the past, or more than 22 months in the case of entities that prepare accounts on a cash basis, may only be used to prepare a rating in exceptional cases, subject to approval by Operating Credit Risk Management. In such cases, Operating Credit Risk Management sets a period of less than 12 months until the next review takes place.

Financial documentation and all other risk-related documents must be submitted in German or English, or in the form of a certified translation into one of those languages, and must provide sufficient information and be of sufficient quality. If an

entity has not disclosed any information, the Bank will generally refrain from concluding a transaction or prolonging an existing transaction.

As a rule, ratings of group companies may not be higher than that of the group parent. Exceptions to this principle are only possible in exceptional cases with good reason, and decisions are taken in consultation with Operating Credit Risk Management.

Collaterals are not considered in the rating, with the following exceptions:

- Rating systems that use the slotting approach (project finance) assess the customer's overall credit risk and not just the probability of default
- Guarantees which can be invoked before a customer defaults may also be considered when preparing the rating

Internal rating: HYPO NOE master scale

The HYPO NOE Group's internal risk management and the classification of customers by creditworthiness in accordance with the annual probability of default employs the 25-step master scale, which is shown in condensed form below. The corresponding one-year PDs are presented in the final table in Note 4.5.2 Risk provisions, in the "Point in time (PiT) PD curves" section under "Measurement parameters":

HYPO NOE Group master scale

		PD reconciliation	
Grade	**Rating grade**	**Moody's**	**S&P**
Investment	1A – 1E:	Aaa – A1	AAA – A+
	2A – 2E	A2 – Baa3	A – BBB-
Non-investment	3A – 3E	Ba1 – B2	BB+ – B+
	4A – 4B	B3 – Caa1	B
	4C – 4E	Caa2 – C	B- – C
Default	5A – 5E	D	D

Determining the initial rating

For transactions concluded after 1 January 2018, the most recent customer rating on the final day of a given month is taken as the initial rating, depending on the time of recognition of the transaction.

In the case of transactions concluded before 31 December 2017, the historic rating tables must be considered in order to identify the corresponding customer rating, again depending on the time of recognition of the transaction. Subsequently, where necessary, rating information that cannot be used to determine the initial rating of a transaction (e.g. duplicate ratings or incorrect rating grades) is deleted from the rating data sets.

In general, the most recent rating up to 359 days prior to initial recognition of the transaction is taken as the initial rating in accordance with the updated rating table. Consideration is given to including a 29-day grace period in the period after recognition of the transaction. If no rating is available within this period, the first rating after the initial recognition of the transaction is applied as the initial rating. It is subject to the following criteria:

- If the first available rating for a retail customer is more than three months after recognition of the transaction, or
- if the first available rating for all customer groups is more than one year after recognition of the transaction,

this rating is not accepted as a valid initial rating, and the transactions in question are allocated to Stage 2 in accordance with IFRS 9. The limits of three months and one year for assigning a valid initial rating after recognition of a transaction were set in accordance with internal rating processes. Updates of retail customers' ratings are carried out automatically on a quarterly basis by means of a behaviour rating; other customers are generally subject to an annual rating review.

In the case of securities, starting with the customer reference number and the date of initial recognition of the transaction (purchases are reported separately as at the initial recognition date), a rating table is used to determine the rating; a rating within a period of between 719 days before and 29 days after a transaction is classed as valid.

Forbearance

Forborne exposures are loans for which concessions have been made to debtors who are in danger of being unable to fulfil their payment obligations due to financial difficulties. Forborne exposures are those that satisfy both of the following conditions:

- Amendment of the agreement or refinancing that results in concessions to a debtor
- Payment difficulties

Forbearance concessions may be made to debtors in the performing rating grades (1 to 4) and the non-performing grade (5). Debtors continue to be rated as performing if the forbearance concessions do not result in reclassification as non-performing and the loans were not non-performing at the time of the concessions.

Forborne exposures not classified as non-performing are monitored by way of a regular review process and as part of the early warning and event system.

Transactions subject to forbearance measures which are in a probation period and have previously been in default are closely monitored in case the account falls into arrears for longer than 30 days.

This ensures that transactions which were previously in default and are currently subject to forbearance measures are classified as non-performing as soon as:

- The desired outcome of forbearance (restored compliance with terms and conditions) is not achieved or can no longer be expected to be achieved
- The customer meets another of the predefined criteria for non-performance
- Where the customer has previously been in default, the account has been in arrears for more than 30 days or a new forbearance measure is necessary

Where forborne exposures are already classified as non-performing, they are constantly monitored as part of the strategy for intensive care cases.

As a general rule, risk provisions are calculated for all Stage 2 forborne exposures not classified as non-performing. Risk provisions are recognised in Stage 3 for forborne exposures that have been classified as non-performing.

The following conditions must be satisfied for forbearance status to be lifted:

- An analysis of the debtor's financial position leads to the conclusion that they can meet their financial liabilities
- The loan/bond is classified as performing
- The probation period of at least two years after classification as performing has been completed
- The debtor has materially fulfilled their payment obligations regularly over at least half of the probation period
- All of the debtor's exposures during and at the end of the probation period are overdue by less than 30 days.

In 2025, the main forbearance measures were rescheduling, maturity extensions and refinancing measures.

EUR '000	2025	2024
Forborne exposures as at 1 Jan.	**509,727**	**214,496**
Additions (+)	79,549	326,274
Exits (-)	-117,766	-31,044
Forborne exposures as at 31 Dec.	**471,510**	**509,727**
Related interest income from existing receivables recognised in profit or loss	29,426	34,282
Related risk provisions	-52,730	-40,388

Presentation includes all forbearance measures. Unlike the NPL portfolio, the tables below include all assets in respect of which forbearance measures were taken, even where these did not lead to Stage 3 classification at the level of individual exposures.

Geographical analysis

EUR '000	31 Dec. 2025	31 Dec. 2024
Domestic customers	**386,089**	**376,770**
Foreign customers	**85,421**	**132,956**
Central and Eastern Europe (CEE)	32,740	54,939
Rest of the world	52,682	78,017
Total	**471,510**	**509,727**

Rating class analysis

31 Dec. 2025, EUR '000	Not past due	Less than 90 days overdue	90 or more days overdue	Total	Collateral received
Rating class 2	46,592	-	-	46,592	11,960
Rating class 3	62,965	23,150	-	86,114	55,568
Rating class 4	57,951	38,771	-	96,722	64,814
Rating class 5	11,586	19,571	210,925	242,082	99,506
Total	**179,094**	**81,492**	**210,925**	**471,510**	**231,848**

31 Dec. 2024, EUR '000	Not past due	Less than 90 days overdue	90 or more days overdue	Total	Collateral received
Rating class 2	55,689	-	-	55,689	30,211
Rating class 3	55,808	56,933	-	112,741	53,242
Rating class 4	87,974	59,679	-	147,653	108,780
Rating class 5	16,460	30,019	147,164	193,643	80,086
Total	**215,931**	**146,631**	**147,164**	**509,727**	**272,320**

Maturity analysis

31 Dec. 2025, EUR '000	Not past due	Less than 90 days overdue	90 or more days overdue	Total	Collateral received
Financial assets – AC (Stage 1)	-	-	-	-	-
Financial assets – AC (Stage 2)	167,351	61,920	-	229,271	132,205
Financial assets – AC (Stage 3)	9,022	19,571	210,924	239,517	99,500
Financial assets – AC (POCI)	2,558	-	-	2,558	-
Financial assets – mandatorily FVTPL	164	-	1	165	143
Total	**179,094**	**81,492**	**210,925**	**471,510**	**231,848**

31 Dec. 2024, EUR '000	Not past due	Less than 90 days overdue	90 or more days overdue	Total	Collateral received
Financial assets – AC (Stage 1)	204	-	-	204	204
Financial assets – AC (Stage 2)	198,974	116,613	-	315,587	191,825
Financial assets – AC (Stage 3)	16,430	30,019	146,503	192,952	79,439
Financial assets – AC (POCI)	-	-	-	-	-
Financial assets – mandatorily FVTPL	323	-	661	984	852
Total	**215,931**	**146,631**	**147,164**	**509,727**	**272,320**

Payment deferrals and bridging loans

When considering whether to grant a payment deferral, a forbearance review is carried out. Detailed information on such reviews can be found in the section entitled “Forbearance”, above.

Financial instruments for which there has not been a significant increase in credit risk (Stage 1)

Regardless of the rating, new business is usually allocated to Stage 1. As soon as credit risk increases significantly compared with the risk at the time of conclusion of the transaction, the instrument is transferred to Stage 2. The qualitative and quantitative triggers that result in a transfer to Stage 2 are described below.

Financial instruments for which there has been a significant increase in credit risk (Stage 2)

The HYPO NOE Group uses quantitative and qualitative indicators to determine whether there has been a significant increase in credit risk (SICR). Individual and collective analyses and information are taken into account.

The quantitative staging factor compares the residual probability of default for the remaining term of the asset as at the reporting date with the forward-looking PD for the same term as estimated on initial recognition. This means that the following two PDs are compared:

- The lifetime PD of the financial instrument (from the current date to the end of the contractual term) given the current assessment of the customer’s creditworthiness
- The lifetime PD of the financial instrument (from the current date to the end of the contractual term) implied by the assessment of the customer’s creditworthiness at the time of initial recognition of the asset

If the first lifetime PD is significantly higher than the second, the financial instrument is assigned to Stage 2. The quantitative staging criterion establishes a threshold, over and above a predefined staging factor, that leads to a stage transfer. As the starting point for determining the staging threshold, a three-notch deterioration in the credit rating has been classified as significant. This threshold is subsequently calculated for each customer group, rating level, lifetime and remaining term. This is done by comparing the cumulative lifetime PD of the initial rating with the same lifetime PD minus three notches. As multi-year cumulative lifetime PDs do not increase in a linear fashion over time, there are different staging thresholds for the lifetimes and remaining terms, depending on the PD curve for a given customer group and rating. The staging factor threshold determined by the customer group, lifetime and residual maturity is compared with the current staging factor (the rate of change in the PD) for each transaction. A stage transfer takes place if the threshold is exceeded. The threshold bands resulting from the model are shown in the following table.

	31 Dec. 2025			31 Dec. 2024		
	Min.	Max.	Median	Min.	Max.	Median
All	131%	375%	174%	131%	375%	174%
Retail	143%	225%	159%	144%	225%	162%
Corporate	141%	228%	191%	141%	225%	187%
Institutions	131%	225%	165%	131%	225%	165%
Sovereign	157%	375%	262%	157%	375%	262%

The qualitative SICR indicators comprise: forbearance measures; whether payment is 30 days past due; whether the customer is subject to intensive care measures; customers unrated at the reporting date; and early warning indicators, to the extent that these are not already adequately reflected in the rating.

Overall shifts in the macroeconomic conditions affecting a sector or customer segment are also considered when assessing whether a stage transfer is required. As at the end of 2025, the key macroeconomic developments were related to the consequences of the war in Ukraine and the Middle East conflict. Above all, persistently weak growth as well as macrofinancial uncertainty are seen as the main risk factors. These risks are primarily considered in the standard parameters for the ECL model, with supplementary measures in the form of qualitative stage transfers implemented as required; these measures are regularly reviewed and updated. Made in the past in connection with interest rate increases, qualitative stage transfers were no longer applied in the 2025 semi-annual financial statements due to the downward trend in interest rates. Measures implemented or discontinued as at the end of the period under review are described below.

- **Measures related to CHF-denominated loans and loans with repayment vehicles**

  The HYPO NOE Group believes that there are still indications of a significant increase in the credit risk associated with CHF loans and loans with repayment vehicles in the retail segment, as compared with the time of conclusion of the transactions concerned, in view of the deterioration in the EUR/CHF exchange rate and the performance of repayment vehicles over time. The loans in question have been transferred to Stage 2.

- **Measures related to other macroeconomic risk drivers**

  As part of an industry benchmarking process, credit risk and ESG risks associated with future developments in the industries concerned were evaluated in terms of quantitative (empirical and statistical) and qualitative (expert opinions) criteria. All loans extended to industries that scored poorly overall in the evaluation were transferred to Stage 2. The following industries with poor overall scores were assessed and confirmed:

  - Agriculture
  - Forestry and logging
  - Energy supply – non-sustainable

  Due to an improvement in the overall scores applied for the 2025 annual financial statements, no stage transfers were made in the following industries:

  - Metal production and processing
  - Coking and oil processing
  - Manufacturing industries/goods production
  - Land transport and transportation by pipeline
  - Glass, glassware and ceramics production, stone and soil processing
  - Mining, quarrying and soil production
  - Motor vehicle and vehicle parts manufacturing
  - Construction industry/construction – property development
  - Production of rubber and plastic goods
  - Other vehicle manufacturing
  - Production of printed materials; reproduction of storage media containing audio recordings, images and data
  - Production of data processing devices, electronic and optical products
  - Warehousing and provision of other transportation services
  - Mechanical engineering

- **Measures in connection with the recalibration of the asset-based model**

  The asset-based rating model will be recalibrated in 2026 in view of the elevated probability of default for income-generating real estate. It is not yet possible to quantify the effects of the recalibration on individual exposures. Against this backdrop, it was determined that a significant increase in credit risk at portfolio level is expected. For this reason, the exposures concerned were collectively allocated to Stage 2.

  The effects of the measures outlined above on risk provisions are shown in the tables below.

Collective qualitative staging measures as at 31 Dec. 2025, EUR '000	Exposure	Cumulative impairment losses before measures	Cumulative impairment losses after measures
Measures related to			
Recalibration of the asset-based model	1,364,001	4,199	8,053
CHF-denominated loans and loans with repayment vehicles	38,738	327	339
Macroeconomic risk drivers – industries	8,004	29	85
Total	**1,410,743**	**4,555**	**8,477**

Collective qualitative staging measures as at 31 Dec. 2024, EUR '000	Exposure	Cumulative impairment losses before measures	Cumulative impairment losses after measures
Measures related to			
Recalibration of the asset-based model	-	-	-
CHF-denominated loans and loans with repayment vehicles	47,590	504	549
Macroeconomic risk drivers – industries	1,891,261	13,253	19,496
Increases in interest rates for non-profit housing development	198,856	26	603
Total	**2,137,707**	**13,783**	**20,648**

When a trigger event induces a stage transfer, retransfer only takes place if the event in question no longer applies. In Stage 2, there are generally no good conduct periods with the exception of the forbearance measures. In the case of the latter, there is a two-year probation period before the event is deemed to be voided.

Financial assets with impaired credit quality (Stage 3)

Financial instruments with impaired credit quality (i.e. in default) in accordance with the definition of default in Article 178 CRR are allocated to Stage 3. A borrower is considered to be in default if one or both of the following criteria are met:

- A material liability of the borrower is 90 days overdue
- The Bank believes it is unlikely that the borrower will fully repay its liabilities (unlikeliness to pay)

The following indicators are assumed to suggest that the borrower meets this second criterion:

- Third unsuccessful reminder
- Insolvency: daily search of and checking against list of newly opened insolvency proceedings
- Deterioration in financial position: ongoing assessment of creditworthiness as part of the review and rating process performed by the Operating Credit Risk Management Department and sales units
- Insufficient expected cash flow: identification by Operating Credit Risk Management
- Significant financial difficulties on the part of the issuer or borrower
- Breach of contract or breach of trust
- Execution of collateral by third parties
- Disappearance of an active market for the financial asset because of financial difficulties
- Negative entry in a public register
- Reforbearance measures taken

The following indicators are also applied to corporate loan agreements:

- Acute liquidity bottlenecks
- Termination of credit lines by other lenders
- Requests for additional collateral from other lenders
- Equity used up in connection with losses
- Operating losses incurred, but only non-recurrent income due
- Impairment of collateral
- Objections to bills of exchange or cheques, rejection of debit notes
- Payments to collection agencies, attachments
- Serious managerial problems (e.g. frequent replacement of managers, succession not clearly planned)
- Several simultaneous warning signals (e.g. payment arrears, frequent overdrafts and suspicious account movements)
- Planned payment of a large fixed amount due at the end of the repayment schedule
- Irregular repayment schedule, with significantly smaller payments planned at the start of the schedule
- Significant grace period before the start of the repayment schedule

In many cases, it is not a single event, but the combined effect of several events that causes a deterioration in an individual customer's creditworthiness. Close cooperation between the sales units, Operating Credit Risk Management and Intensive Care Management ensures that customers with compromised creditworthiness are identified in good time.

When calculating the necessary risk provisions using the ECF approach, up to three different scenarios are generated and weighted, depending on the servicing status of the customer in question. This yields the current level of risk provisions required for the customers' various credit facilities.

The HYPO NOE Group has defined the following three basic scenarios:

- Contractual cash flow scenario: in this scenario, only cash flows of principal and interest arising from contractual agreements over the entire residual term of the loan are recognised. Income from the potential realisation of collateral is not considered. When estimating the level of cash flows, it is assumed that these will be received in full over the entire residual maturity of the transaction.
- Going concern scenario: here, it is assumed that the customer will pay the principal and/or interest for at least three more years and that the realisation of available collateral will only begin after three years. Until that time, no steps will be taken to collect the outstanding amount. Realisation begins after three years. Consequently, cash flows from payments of principal and interest, as well as from the realisation of collateral are taken into account in this scenario.
- Gone concern scenario: in the gone concern scenario, it is assumed that the customer has ceased to make payments and the outstanding loans and receivables can be covered from the realisation of the collateral furnished. The realisation period is determined by the collateral class. Usually, only cash flows from collateral realisation are recognised in this scenario.

When determining the risk provision for individual customers, various servicing statuses may apply. The servicing status depends on the customers' contractual position. The status indicates that given scenarios are more likely, or that they are no longer relevant. For this reason there are a variety of weightings, which are determined by the servicing status. Changes to these weightings are only permitted in exceptional cases, and reasons must be given.

Purchased or originated credit-impaired (POCI) financial assets

POCI assets are financial assets for which there is objective evidence of impairment on initial recognition. The HYPO NOE Group has laid down the following circumstances that help establish whether there is actually objective evidence of the impairment of a financial asset:

- Purchase of a financial asset at a price that represents a significant rating discount.
- Substantial modification of a Stage 3 financial asset, leading to the derecognition of the original instrument and recognition of a modified, impaired instrument ("originated credit-impaired"), for which the newly agreed cash flows differ significantly from the expected cash flows.

In the course of initial measurement of a POCI asset, the expected cash flows are discounted using a credit-adjusted effective interest rate (Ca-EIR). This present value represents the IFRS carrying amount of the POCI asset on initial recognition. No risk provisions are recognised at the time of initial recognition. However, risk provisions are recognised on subsequent measurement for both positive and negative deviations from the present value.

Depreciation, amortisation and impairment

Receivables and securities that are more likely than not to be unrecoverable must be partly or entirely derecognised. Receivables are unrecoverable if at least two attempts at execution have failed, it has not been possible to trace the customer's place of residence for a considerable period, or the customer has no attachable income or has such high liabilities that there is no prospect of collection. Receivables and securities must also be partly or entirely derecognised if they have been partly or entirely waived. This may be the case if there is a rescue or payment plan, or a bank account attachment in connection with bankruptcy, a composition agreement or an instalment agreement.

Cure

A cure is where an intensive care customer transitions from a non-performing (i.e. from 5A downwards) to a performing rating grade. The following minimum requirements are decisive:

- The exposure is performing in accordance with the regulatory forbearance requirements

- None of the customer's loans or receivables are in arrears or overdue.
- The reason or reasons that triggered the default event have no longer applied for an extended period. Intensive care customers must also meet all of the following criteria, regardless of the initial default event:
  - Obligations arising from the loan agreement are duly fulfilled for the following minimum periods after restructuring:
    - Six months in the case of monthly repayments
    - Nine months in the case of quarterly repayments
    - 12 months in the case of half-yearly repayments
      - Retail
      - Positive household budget
      - All other customer groups
        - Two successive sets of annual financial statements (statement of financial position, or receipts and payments statement) showing an operating profit
        - Realistic prospects of long-term debt service from cash flow
  - Improvement in the customer's financial situation
  - No other indications of impaired creditworthiness

Pursuant to the EBA guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013, applicable from 1 January 2021, a cure may be approved in exceptional circumstances diverging from the above standard conditions.

Measurement parameters

The HYPO NOE Group distinguishes between four key customer groups: sovereigns, retail customers, corporates, and financial institutions. Each group has its own PD curve and its own LGD for uncollateralised loan portions.

Probability of default (PD)

The internal rating for all products is generally applied when estimating the probability of default. This forms the basis for calculating the rate of change of the PD in the quantitative staging process for the expected credit loss (ECL) and lifetime ECL.

The treatment of transactions involving project finance ratings uses a slotting approach, in accordance with Article 158(6) CRR. In order to permit a stage transfer on this basis, the various slots must be reconciled with one of the rating grades on the Group's master scale. The PD curve is drawn up on the basis of this "slot-implied" rating, which permits a staging comparison based on the long-term PD, as well as calculation of the ECL.

The lifetime PD curves are derived from a breakdown of the entire portfolio by credit risk factors. The Group distinguishes between the following key customer groups: sovereigns, retail customers, corporates, and financial institutions. The first step involves generating a multi-year (lifetime) PD curve that reflects a through-the-cycle (TTC) methodology. Owing to the HYPO NOE Group's size and risk-averse business model, sufficient empirical default and migration data from which to derive an empirical lifetime PD curve are only available for the retail business. Empirical default data for up to ten years can be used to determine the one-year PDs on the master scale, and also serve as the basis for plotting the TTC lifetime PD curve. External, publicly available data are also used to generate the TTC PD curves for other customer groups.

TTC PD curves

The HYPO NOE Group has adopted the following approach to the derivation of multi-year probabilities of default in line with the TTC approach.

An average one-year migration matrix and an average, cumulative multi-year PD curve for a period of up to ten years are generated for the retail customer group, based on one-, two-, three-, four-, and up to ten-year cohorts compiled using historic, Bank-specific rating migration data and the cohort method. An intensity matrix generated on the basis of the aforementioned one-year migration matrix (time-homogeneous generator matrix) is used, leading as a next step to calibrating the time-inhomogeneous curve (seasoning effect), applying the above cumulative multi-year PD curve and an appropriate transformation approach.

In order to generate multi-year PD curves for the corporates, sovereigns and financial institutions customer groups, the Bank makes use of external, publicly available data as it does not have sufficient internal data. Sovereign default is extremely rare, and time series of empirical default rates are not available. By design, migration matrixes are based on all

changes in the ratings of the customers under observation, and not purely on default data. In other words, all available empirical migration data are used for the estimate. With regard to sovereigns, the Bank draws on external, publicly available one-year migration matrixes for sovereigns, and obtains cumulative 50-year PD curves by means of exponentiation (time-discrete, autonomous Markov process). Regardless of whether they are generated using external or internal data, migration matrixes often need to be smoothed in order to assure the economic plausibility of the data and a monotonic curve. Smoothing is also required for the sovereign PD curves generated using the migration model. Likewise, due to the lack of internal default data, the Bank relies on publicly available external data in the public domain for the corporates and financial institutions customer groups. In contrast to sovereigns, sufficient data on one-year default rates are available for these groups. In order to incorporate these data into the estimate as efficiently as possible, a fitting approach was adopted to generate the multi-year PD curves, as this employs empirical default data. Based on the empirical cumulative default rate data, fitting is carried out for corporates and financial institutions by means of adjusted Weibull distributions.

Point in time (PiT) PD curves

PiT adjustment enables current and expected macroeconomic developments to be taken into account when calculating probability of default. To this end, an empirical model was used to analyse the relationships between changes in macroeconomic indicators and the PD. The Group has identified such a correlation in the retail and corporates customer groups. Defaults are rare in the other groups, so a connection between PD and macroeconomic developments cannot be demonstrated. The model focuses on identifying the business cycle relevant to defaults and the current position in the cycle. This is represented by a standardised aggregate indicator and is subsequently used to adjust the TTC PDs (PiT adjustment).

The basis for the simulation is a multivariate linear regression model based on the ordinary least squares (OLS) model. To begin with, the macroeconomic indicators relevant to the HYPO NOE Group's empirical default data are identified. The model is then calibrated for the composition and type of the selected macroeconomic indicators until an economically meaningful and statistically significant relationship between empirical defaults and the explanatory indicators with an appropriate level of explanatory power can be derived. Calibration is carried out by means of the step-by-step selection of indicators, whereby the first indicators that feed into the model are those that make the greatest contribution to explaining the course of PD. In addition, indicators are assessed to find out whether they have become superfluous due to their correlation with the other indicators and can be removed from the model.

In both of the target groups concerned, the fully calibrated model permits the application of the following macroeconomic indicators, which explain the connection between macroeconomic trends and the probability of default in a statistically significant and economically meaningful manner:

- GDP growth (%)
- Export growth (%)
- Growth in private consumption (%)

Historical data for these economic indicators are taken from data published by Eurostat, the EU's statistical office. A weighted average of forecasts from up to three different sources is used for the macroeconomic forecasts incorporated into the model. The forecast horizon is three years. The sources for the forecast are publicly available data from the OeNB, the Austrian Institute of Economic Research (WIFO), Fitch Solutions (Fitch), the Institute for Advanced Studies (IHS) and the Organisation for Economic Cooperation and Development (OECD). The final selection of forecast sources is made according to the criteria of currentness, granularity and forecasting horizon, and the selection is limited to a maximum of three sources. The following forecasts from December 2025 fed into the model for PiT adjustment as at 31 December 2025, with the following weightings: OeNB 50%, Fitch 50% (31 Dec. 2024 – weightings for December 2024 forecasts: OeNB 50%, Fitch 50%).

In addition to the baseline scenario, an upside and downside alternative scenario were taken into account when estimating the final PiT PD as at 31 December 2025. To determine the alternative scenarios, the 10% quantile of the distribution of PD scenarios resulting from a large number of possible trajectories of the macroeconomic variables was selected for the upside scenario, and the 90% quantile for the downside scenario.

The three PD scenarios are weighted to produce the overall PiT PD curves for the retail and corporates customer groups. The weighted PiT PD curves provide the basis for evaluation of the quantitative stage transfer. In principle, both the upside and the downside scenario are given an equal weighting. However, if available information is not adequately reflected in the forecasts, the weighting is reviewed to determine whether an adjustment is necessary, and, if so, the adjustment is

made. As at the end of the reporting period, the forecasts were still subject to a degree of uncertainty due to various negative factors. In light of the recession in Austria, which has persisted for more than two years, the current economic forecasts now reflect considerably more cautious expectations. For this reason, the HYPO NOE Group defined the following weightings for the three PD scenarios as at 31 December 2025: baseline scenario 50%, upside scenario 25%, downside scenario 25% (31.12.2024: baseline scenario 30%, upside scenario 10%, downside scenario 60%).

The tables below provide a comparison of the macroeconomic indicators published by the selected sources and those applied in generating the HYPO NOE Group's forecasts as at 31 December 2025 and 31 December 2024.

31 Dec. 2025	Forecasts		
	Years	OeNB	Fitch
GDP	2026	0.8	1.3
	2027	1.1	1.4
	2028	1.0	1.6
Private consumption	2026	0.7	1.5
	2027	1.4	1.6
	2028	1.0	1.8
Exports	2026	0.4	1.2
	2027	2.1	2.0
	2028	2.2	2.2

31 Dec. 2025	HYPO NOE inputs		
	Years	OeNB	Fitch
GDP	2026	0.8	1.3
	2027	1.1	1.4
	2028	1.0	1.6
Private consumption	2026	0.7	1.5
	2027	1.4	1.6
	2028	1.0	1.8
Exports	2026	0.4	1.2
	2027	2.1	2.0
	2028	2.2	2.2

31 Dec. 2024	Forecasts		
	Years	OeNB	Fitch
GDP	2025	0.8	1.0
	2026	1.6	1.6
	2027	1.3	1.7
Private consumption	2025	0.7	1.5
	2026	1.6	1.5
	2027	1.4	2.0
Exports	2025	1.3	2.3
	2026	2.5	2.0
	2027	2.4	2.0

31 Dec. 2024	HYPO NOE inputs		
	Years	OeNB	Fitch
GDP	2025	0.8	1.0
	2026	1.6	1.6
	2027	1.3	1.7
Private consumption	2025	0.7	1.5
	2026	1.6	1.5
	2027	1.4	2.0
Exports	2025	1.3	2.3
	2026	2.5	2.0
	2027	2.4	2.0

The table below shows the one-year default probabilities generated by the PiT PD model, and a comparison with the one-year probability of default according to the long-term average PD based on the HYPO NOE master scale, broken down by rating grades. The comparison between the master scale and the PiT PDs reveals an increase in expectations of default in the lower rating classes in the corporates PD segment, and across the board in the retail PD segment, as compared with the long-term average.

Rating	1Y PD – master scale	1Y PiT PD – corporate	1Y PiT PD – retail
1A	0.01%	0.02%	The assessment of retail customers' creditworthiness begins at a rating of 2C, meaning that these categories do not apply
1B	0.02%	0.02%	
1C	0.03%	0.02%	
1D	0.04%	0.03%	
1E	0.05%	0.03%	
2A	0.07%	0.04%	
2B	0.11%	0.06%	
2C	0.16%	0.09%	0.16%
2D	0.24%	0.13%	0.23%
2E	0.35%	0.22%	0.35%
3A	0.53%	0.37%	0.53%
3B	0.80%	0.64%	0.79%
3C	1.20%	0.99%	1.19%
3D	1.79%	1.53%	1.78%
3E	2.69%	2.37%	2.67%
4A	4.04%	3.68%	4.01%
4B	6.05%	6.16%	6.02%
4C	9.08%	10.37%	9.03%
4D	13.62%	17.43%	13.55%
4E	20.44%	29.36%	20.34%

LGD for uncollateralised loan portions

LGDs for uncollateralised loan portions are applied individually to each key customer group. The LGDs for the retail and corporates customer groups are derived from internal empirical default data. When preparing the 2025 financial statements, the estimates of LGDs for uncollateralised loan portions in the retail and corporates customer groups were updated. The estimates of LGDs for uncollateralised loan portions for sovereigns were calculated on the basis of a hybrid modelling approach that incorporates both empirical values and implied market values for LGD. In the remainder of the low-default-risk portfolio (i.e. covered bonds and financial institutions) the Group currently uses estimates of LGD based on global default data from the rating agency Moody's. LGDs for uncollateralised loan portions for specialised lending in the IPRE asset-based rating model were set at 100%. In the case of specialised lending related to project finance under the slotting approach, LGD for uncollateralised loan portions is derived from slot 5 in Table 2 in Article 158(6) CRR. This is used to generate "slot-implied" ratings.

Owing to the application of a liquidation period, the HYPO NOE Group directly includes haircuts in the LGD estimate. This results in material reductions in retail and corporate LGD. The liquidation period is derived from internal empirical default data. The haircut feeds into the estimate of LGD by discounting the expected recovery over the liquidation period and including the average rate of interest on the portfolio (effective interest rate). Internal analysis does not give rise to a material liquidation period for the LGDs of the other customer groups. This is mainly due to short-term restructuring measures, required by statutory frameworks, that enable sovereigns and financial institutions to ensure that systemically important operations continue to run smoothly in advanced societies. For this reason, a separate resolution procedure has been established for financial institutions. This is designed to restore a bank's viability and ability to restructure in a short space of time, by converting bail-in debt capital into equity.

LGD for collateralised loan portions

EAD is divided into a collateralised and an uncollateralised portion for each individual transaction. The value of collaterals to be recognised (i.e. the mortgaging values) is compared with the EAD, and offset up to the maximum EAD. The LGD for the collateralised portion of a loan is then assigned to the collateral in question.

The collaterals used by the HYPO NOE Group are largely guarantees and mortgages. The LGD on guarantees is determined by means of a mathematical model, applying the joint default approach. Based on the Bank's historic default and recovery data, the estimates of mortgage LGDs (excluding IPRE) form the basis for the estimates of mortgage LGDs for IPRE lending. In the case of mortgages, a potential sales writedown is already included in the mortgaging value of the collateral. Real estate furnished as collateral can have a very wide range of mortgaging values, and these are set out in

the lending rate table in the Group's collateral list. The mortgaging rates for real estate collateral are determined in accordance with the regulatory requirements, taking into account the various options for furnishing collateral (e.g. a maximum-amount mortgage or a fixed-amount mortgage on a property or a building on third-party land), and distinguishing between the various types of property in Austria and other countries. In the case of properties valued using an automated process, the resulting market price forms the basis of the Bank's internal mortgaging value. With properties for which an automated valuation procedure is not applied, if finance is provided to buy the property, the internal mortgaging value is normally capped at the purchase price.

The realisation period for collaterals is taken into account in the calculation of LGD. A discount rate is calculated and applied on the basis of the realisation period and the average interest on the corresponding portfolio (effective interest rate). This is primarily relevant to mortgages. The realisation period is calculated using internal empirical default data.

An additional sensitivity analysis to identify the effects of potential decreases in the value of real estate collaterals is presented in the 'Scenarios and sensitivities' section of Note 4.5.3 Detailed information on risk provisions.

Credit conversion factor (CCF)

The credit equivalent of off-balance-sheet transactions (such as contingent liabilities and unutilised facilities) is calculated by multiplying the value of an individual transaction by a credit conversion factor. The CCF is arrived at by means of an internal empirical analysis, focusing on the pattern of use of overdraft facilities in the 12 months prior to default.

Early repayments

The impact of early repayments on Stage 1 is insignificant because of the one-year observation period. Transfer from Stage 1 to Stage 2 results from a significant increase in credit risk, and the related deterioration in the borrower's solvency makes early repayment unlikely. Indeed, in such cases it can be assumed that the borrower is unable to make early repayment, and because of this the Group does not consider prepayment profiles in Stages 1 and 2.

Instruments with no fixed maturity date

The maturity of perpetual instruments (instruments with no stated or predetermined maturity) is calculated for financial institutions on a case-by-case basis, in accordance with paragraph 5.5.20 IFRS 9 in conjunction with B5.5.40 IFRS 9. The purchase date is assumed to be the opening date, and the initial rating is therefore recorded at the purchase date. An empirical analysis of historic repayment behaviour on the part of these accounts is used to determine the maturity.

Climate risk

Evaluation of exposures to particularly carbon-intensive industries in the Group's lending portfolio, based on estimates of CO_2 emissions broken down by NACE industry, uses an internal industry benchmarking model designed to assess industries' current and future situation. The model comprises an industry-specific and an ESG-specific section, both of which are further broken down into empirical/statistical and expert-opinion components. The industries' greenhouse gas intensity is evaluated in the empirical/statistical component. The Eurostat statistics for CO_2 emissions by NACE industries underlie the new model, and these figures are subsequently correlated with the net non-current assets of the industry in question. As a result, the greenhouse gas intensity attributed to older assets is higher than that for newer, more modern assets. Using expert opinions collected by means of a survey, the industries are also assessed in terms of climate change mitigation/adaptation, sustainable use/protection of water and marine resources, the transition to a circular economy, avoiding/reducing pollution, and protecting/restoring ecosystem biodiversity. By applying a benchmarking function and defined weightings, the results of the empirical/statistical and expert-opinion components give rise to an overall ESG assessment.

An adapted breakdown based on significant industries provides a more detailed analysis of the HYPO NOE Group's loan portfolio, in particular lending to the public sector, e.g. finance leases from the "provision of financial and other services" industry to the "public administration, defence, social insurance" industry concluded by the State of Lower Austria. This is due to the fact that a substantial proportion of the loans concerned are subject to high environmental and social standards, and these loans account for a significant share of the Group's overall loan portfolio. The evaluations showed that currently less than 1% of the HYPO NOE Group's lending portfolio contains sectors with a below-average ESG rating.

Another significant risk in the medium-to-long term is the physical risk of rising sea levels. The HYPO NOE Group has specifically evaluated lending in the Netherlands, which makes up 2.6% of the entire lending portfolio, from this perspective. The evaluation considered long-term climate scenarios (including rising sea levels) as well as the average

residual maturities of the lending exposures concerned. Based on current assumptions, the comparatively short residual maturities averaging around five years, and the long-standing and effective preventive measures implemented in the Netherlands, there were no indications of acute risk from today's perspective. Accordingly, there was no need to recognise additional risk provisions as at the end of the reporting period. Further developments will be monitored as part of ongoing risk management activities.

4.5.3 Detailed information on risk provisions

Gross carrying amount/nominal amount by rating class

	31 Dec. 2025					31 Dec. 2024				
EUR '000	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and balances at central banks	**711,804**	**-**	**-**	**-**	**711,804**	**753,543**	**-**	**-**	**-**	**753,543**
Financial assets – AC	**12,666,145**	**2,256,292**	**416,085**	**2,628**	**15,341,150**	**11,815,190**	**2,603,943**	**401,867**	**2,950**	**14,823,950**
Loans	10,805,810	2,218,015	416,085	2,628	13,442,538	10,143,399	2,562,072	401,867	2,950	13,110,288
Rating class 1	5,590,050	8,315	-	-	5,598,365	5,522,451	14,372	-	-	5,536,823
Rating class 2	3,746,962	1,000,467	-	-	4,747,430	3,553,579	1,055,057	-	-	4,608,636
Rating class 3	1,431,684	1,007,696	-	-	2,439,380	1,059,403	1,207,353	-	2,950	2,269,706
Rating class 4	37,113	201,538	-	-	238,651	7,967	285,290	-	-	293,257
Rating class 5	-	-	416,085	2,628	418,713	-	-	401,867	-	401,867
Bonds	1,860,335	38,277	-	-	1,898,612	1,671,791	41,871	-	-	1,713,662
Rating class 1	1,352,792	-	-	-	1,352,792	1,147,031	-	-	-	1,147,031
Rating class 2	503,513	6,419	-	-	509,932	524,760	-	-	-	524,760
Rating class 3	4,029	31,858	-	-	35,888	-	40,387	-	-	40,387
Rating class 4	-	-	-	-	-	-	1,483	-	-	1,483
Financial assets – FVOCI	**137,557**	**-**	**-**	**-**	**137,557**	**205,778**	**-**	**-**	**-**	**205,778**
Bonds	137,557	-	-	-	137,557	205,778	-	-	-	205,778
Rating class 1	116,590	-	-	-	116,590	178,620	-	-	-	178,620
Rating class 2	20,967	-	-	-	20,967	27,158	-	-	-	27,158
Off-balance-sheet transactions	**860,209**	**148,816**	**2,892**	**-**	**1,011,917**	**719,766**	**218,868**	**2,964**	**-**	**941,598**
Rating class 1	357,212	-	-	-	357,212	486,437	300	-	-	486,737
Rating class 2	224,093	79,012	-	-	303,105	116,628	78,853	-	-	195,481
Rating class 3	278,020	63,735	-	-	341,755	114,991	129,523	-	-	244,514
Rating class 4	884	6,069	-	-	6,953	1,710	10,192	-	-	11,902
Rating class 5	-	-	2,892	-	2,892	-	-	2,964	-	2,964
Trade receivables	**-**	**406**	**-**	**-**	**406**	**-**	**691**	**-**	**-**	**691**
Total	**14,375,715**	**2,405,515**	**418,977**	**2,628**	**17,202,835**	**13,494,278**	**2,823,502**	**404,830**	**2,950**	**16,725,560**

Risk provisions by rating class

	31 Dec. 2025					31 Dec. 2024				
EUR '000	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and balances at central banks	**-4**	**-**	**-**	**-**	**-4**	**-3**	**-**	**-**	**-**	**-3**
Financial assets – AC	**-2,725**	**-20,716**	**-91,275**	**200**	**-114,517**	**-2,256**	**-26,658**	**-86,114**	**67**	**-114,961**
Loans	-2,543	-17,351	-91,275	200	-110,970	-2,065	-22,816	-86,114	67	-110,928
Rating class 1	-104	-1	-	-	-104	-220	-1	-	-	-222
Rating class 2	-400	-1,798	-	-	-2,198	-342	-2,279	-	-	-2,621
Rating class 3	-1,767	-8,894	-	-	-10,661	-1,419	-10,925	-	67	-12,277
Rating class 4	-272	-6,658	-	-	-6,931	-84	-9,611	-	-	-9,695
Rating class 5	-	-	-91,275	200	-91,076	-	-	-86,114	-	-86,114
Bonds	-182	-3,365	-	-	-3,547	-191	-3,843	-	-	-4,034
Rating class 1	-73	-	-	-	-73	-67	-	-	-	-67
Rating class 2	-105	-3	-	-	-108	-124	-	-	-	-124
Rating class 3	-5	-3,362	-	-	-3,366	-	-3,705	-	-	-3,705
Rating class 4	-	-	-	-	-	-	-138	-	-	-138
Financial assets – FVOCI	**-13**	**-**	**-**	**-**	**-13**	**-14**	**-**	**-**	**-**	**-14**
Bonds	-13	-	-	-	-13	-14	-	-	-	-14
Rating class 1	-4	-	-	-	-4	-4	-	-	-	-4
Rating class 2	-9	-	-	-	-9	-10	-	-	-	-10
Off-balance-sheet transactions	**-296**	**-395**	**-1,095**	**-**	**-1,786**	**-150**	**-1,038**	**-1,174**	**-**	**-2,361**
Rating class 1	-	-	-	-	-	-	-	-	-	-
Rating class 2	-41	-73	-	-	-115	-23	-374	-	-	-397
Rating class 3	-250	-245	-	-	-495	-114	-514	-	-	-628
Rating class 4	-4	-77	-	-	-81	-13	-149	-	-	-162
Rating class 5	-	-	-1,095	-	-1,095	-	-	-1,174	-	-1,174
Trade receivables	**-**	**-9**	**-**	**-**	**-9**	**-**	**-1**	**-**	**-**	**-1**
Total	**-3,037**	**-21,120**	**-92,370**	**200**	**-116,328**	**-2,423**	**-27,698**	**-87,287**	**67**	**-117,341**

Scenarios and sensitivities

The HYPO NOE Group analyses and takes account of a range of scenarios in order to reduce uncertainty arising from the use of forecasts and statistical models when estimating PD, and to portray this uncertainty in a transparent manner. The results yielded by the various scenarios as at 31 December 2025 and 31 December 2024 are shown below. The scenarios are described in the 'Measurement parameters' section of Note 4.5.2 Risk provisions, above.

31 Dec. 2025, EUR '000	Upside	Baseline	Downside
Risk provisions generated by the fully automated process (Stage 1 and Stage 2)	21,806	24,129	26,818

31 Dec. 2024, EUR '000	Upside	Baseline	Downside
Risk provisions generated by the fully automated process (Stage 1 and Stage 2)	26,006	28,659	31,522

The current crises have increased the uncertainty associated with estimating anticipated credit losses. In order to address this heightened uncertainty, sensitivity analyses were also performed to determine the effects of a 25% increase in all unsecured losses given default (LGDs; 31 Dec. 2024: 25%) coupled with an 85% increase in LGDs on collateralised loan receivables secured by residential and commercial real estate, excluding IPRE (31 Dec. 2024: 85%), as well as a 37% increase in IPRE lending (31 Dec. 2024: 37%). The effects of the measures outlined above on risk provisions as at 31 December 2025 are shown in the table below.

31 Dec. 2025, EUR '000	Increase in unsecured LGDs	Increase in LGDs on real estate collaterals
Change in risk provisions generated by the fully automated process (Stage 1 and Stage 2)	1,659	9,670

31 Dec. 2024, EUR '000	Increase in unsecured LGDs	Increase in LGDs on real estate collaterals
Change in risk provisions generated by the fully automated process (Stage 1 and Stage 2)	2,183	11,926

4.5.4 Detailed information on impairment losses/gains – IFRS 9, ECL

The following table shows the changes in risk provisions in 2025 and the breakdown of the changes by statement of profit or loss items.

EUR '000	Changes in risk provisions, 2025	Impairment losses/gains on financial assets – IFRS 9 ECL	Interest and similar expense	Not recog-nised through profit or loss	Changes in risk provisions, 2024
Risk provisions at start of reporting period	**-117,341**				**-114,825**
Increase due to origination and purchase	-4,558	-4,558	-	-	-10,281
Reduction due to derecognition and substantial modification	4,250	4,250	-	-	5,693
Utilisation of risk provisions	45,030	-	-	45,030	22,731
Allocations and reversals due to changes in credit risk	-43,700	-39,490	-4,210	-	-20,673
Cash and balances at central banks, and trade receivables	-9	-9	-	-	14
Risk provisions at end of reporting period	**-116,328**	**-39,807**	**-4,210**	**45,030**	**-117,341**

Stage 1 impairment losses/gains

The following table shows the evolution of the loss allowances for expected losses on financial assets without a significant increase in credit risk. These loss allowances are measured at amounts equal to the 12-month expected credit losses.

EUR '000	1 Jan. 2025	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2025
Cash and balances at central banks	**-3**	**-**	**1**	**-2**	**-**	**-4**
Financial assets – AC	**-2,256**	**-1,594**	**419**	**707**	**-**	**-2,725**
Loans	-2,065	-1,570	410	683	-	-2,543
General governments	-8	-2	2	3	-	-5
Other financial corporations	-2	-4	1	-3	-	-7
Non-financial corporations	-738	-1,080	311	304	-	-1,203
Households	-1,318	-485	95	379	-	-1,328
Bonds	-191	-24	9	23	-	-182
Banks	-148	-16	4	10	-1	-151
General governments	-3	-	-	1	-	-2
Other financial corporations	-32	-5	4	14	-	-19
Non-financial corporations	-9	-2	2	-2	2	-10
Financial assets – FVOCI	**-14**	**-1**	**1**	**1**	**-**	**-13**
Bonds	-14	-1	1	1	-	-13
Banks	-14	-1	1	-	-	-13
Other financial corporations	-1	-	-	-	-	-
Off-balance-sheet transactions	**-150**	**-537**	**79**	**312**	**-**	**-296**
Loan commitments and financial guarantee contracts	-150	-537	79	312	-	-296
Total	**-2,423**	**-2,132**	**500**	**1,017**	**-**	**-3,037**

EUR '000	1 Jan. 2024	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2024
Cash and balances at central banks	**-4**	**-**	**1**	**-**	**-**	**-3**
Financial assets – AC	**-2,363**	**-1,821**	**229**	**1,699**	**-**	**-2,256**
Loans	-2,182	-1,799	226	1,691	-	-2,065
General governments	-8	-2	2	1	-	-8
Other financial corporations	-	-3	1	1	-	-2
Non-financial corporations	-1,043	-1,387	141	1,552	-	-738
Households	-1,131	-406	82	137	-	-1,318
Bonds	-181	-22	3	8	-	-191
Banks	-144	-15	2	12	-3	-148
General governments	-3	-	-	1	-	-3
Other financial corporations	-28	-4	1	-1	-	-32
Non-financial corporations	-6	-2	-	-3	3	-9
Financial assets – FVOCI	**-12**	**-9**	**4**	**2**	**-**	**-14**
Bonds	-12	-9	4	2	-	-14
Banks	-11	-9	4	1	-	-14
Other financial corporations	-1	-	-	-	-	-1
Off-balance-sheet transactions	**-220**	**-476**	**187**	**359**	**-**	**-150**
Loan commitments and financial guarantee contracts	-220	-476	187	359	-	-150
Total	**-2,599**	**-2,306**	**421**	**2,061**	**-**	**-2,423**

The decrease in risk provisions resulting from transfers from Stages 2 and 3 to Stage 1 amounted to EUR 670thsd (31 Dec. 2024: decrease of EUR 410thsd).

Stage 2 impairment losses/gains

The following table shows the evolution of the loss allowances for expected losses on financial assets with a significant increase in credit risk. These loss allowances are measured at amounts equal to the lifetime expected credit losses.

EUR '000	1 Jan. 2025	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2025
Financial assets – AC	**-26,658**	**-2,263**	**2,401**	**5,804**	**-**	**-20,716**
Loans	-22,816	-2,179	2,401	5,242	-	-17,351
General governments	-23	-	-	-50	-	-73
Other financial corporations	-125	-	22	45	-11	-69
Non-financial corporations	-14,892	-2,075	1,925	4,546	11	-10,485
Households	-7,776	-103	454	701	-	-6,724
Bonds	-3,843	-84	-	562	-	-3,365
Banks	-	-84	-	81	-	-3
Other financial corporations	-3,687	-	-	325	-	-3,362
Non-financial corporations	-156	-	-	156	-	-
Financial assets – FVOCI	**-**	**-**	**-**	**-**	**-**	**-**
Bonds	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Trade receivables	**-1**	**-9**	**1**	**-**	**-**	**-9**
Off-balance-sheet transactions	**-1,038**	**-164**	**50**	**757**	**-**	**-395**
Loan commitments and financial guarantee contracts	-1,038	-164	50	757	-	-395
Total	**-27,698**	**-2,436**	**2,453**	**6,560**	**-**	**-21,120**

EUR '000	1 Jan. 2024	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2024
Financial assets – AC	**-31,682**	**-7,766**	**4,751**	**8,040**	**-1**	**-26,658**
Loans	-25,405	-7,746	4,750	5,586	-1	-22,816
General governments	-206	-	-	182	-	-23
Other financial corporations	-526	-5	8	393	4	-125
Non-financial corporations	-15,680	-7,511	4,053	4,251	-4	-14,892
Households	-8,994	-230	690	760	-1	-7,776
Bonds	-6,277	-20	-	2,454	-	-3,843
Banks	-26	-	-	-	26	-
Other financial corporations	-6,175	-20	-	2,534	-26	-3,687
Non-financial corporations	-76	-	-	-80	-	-156
Financial assets – FVOCI	**-**	**-18**	**-**	**18**	**-**	**-**
Bonds	-	-18	-	18	-	-
Other financial corporations	-	-18	-	18	-	-
Trade receivables	**-14**	**-1**	**14**	**-**	**-**	**-1**
Off-balance-sheet transactions	**-733**	**-192**	**96**	**-209**	**-**	**-1,038**
Loan commitments and financial guarantee contracts	-733	-192	96	-209	-	-1,038
Total	**-32,430**	**-7,976**	**4,861**	**7,848**	**-1**	**-27,698**

The decrease in risk provisions resulting from transfers from Stages 1 and 3 to Stage 2 amounted to EUR 698thsd (31 Dec. 2024: decrease of EUR 1,493thsd).

Stage 3 impairment losses/gains

The following table shows the changes in the loss allowances for expected losses on financial assets with impaired credit quality as at the end of the reporting period. These loss allowances are measured at amounts equal to the lifetime expected credit losses.

EUR '000	1 Jan. 2025	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2025
Financial assets – AC	**-86,114**	**-**	**46,309**	**-51,471**	**-**	**-91,275**
Loans	-86,114	-	46,309	-51,471	-	-91,275
Other financial corporations	-9,961	-	10,409	-3,196	-	-2,747
Non-financial corporations	-70,172	-	35,255	-47,928	-	-82,845
Households	-5,980	-	645	-347	-	-5,683
Off-balance-sheet transactions	**-1,174**	**-**	**21**	**58**	**-**	**-1,095**
Loan commitments and financial guarantee contracts	-1,174	-	21	58	-	-1,095
Total	**-87,287**	**-**	**46,329**	**-51,413**	**-**	**-92,370**

EUR '000	1 Jan. 2024	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2024
Financial assets – AC	**-78,081**	**-**	**23,147**	**-31,180**	**-**	**-86,114**
Loans	-78,081	-	23,147	-31,180	-	-86,114
Other financial corporations	-10,628	-	189	478	-	-9,961
Non-financial corporations	-61,346	-	22,148	-30,975	-	-70,172
Households	-6,107	-	810	-683	-	-5,980
Off-balance-sheet transactions	**-1,768**	**-**	**10**	**585**	**-**	**-1,174**
Loan commitments and financial guarantee contracts	-1,768	-	10	585	-	-1,174
Total	**-79,850**	**-**	**23,157**	**-30,594**	**-**	**-87,287**

The decrease in risk provisions resulting from transfers from Stages 1 and 2 to Stage 3 amounted to EUR 3,453thsd (31 Dec. 2024: decrease of EUR 3,402thsd).

Impairment losses/gains on POCI assets

The following table shows the changes in the loss allowances for expected losses on purchased or originated credit-impaired financial assets. These loss allowances are measured at amounts equal to the lifetime expected credit losses.

EUR '000	1 Jan. 2025	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2025
Financial assets – AC	**67**	**-**	**-**	**133**	**-**	**200**
Loans	67	-	-	133	-	200
Other financial corporations	6	-	-	1	-	6
Non-financial corporations	61	-	-	133	-	193
Total	**67**	**-**	**-**	**133**	**-**	**200**

EUR '000	1 Jan. 2024	Origination and purchase	Derecognition/ utilisation	Change in credit risk	Foreign exchange and other changes	31 Dec. 2024
Financial assets – AC	**54**	**-**	**-**	**13**	**-**	**67**
Loans	54	-	-	13	-	67
Other financial corporations	-	-	-	1	5	6
Non-financial corporations	54	-	-	12	-5	61
Total	**54**	**-**	**-**	**13**	**-**	**67**

4.5.5 Collateral and loan-to-value ratio

The main forms of collateral received are guarantees for loans and advances to customers, as well as securities and derivatives; guarantees are provided almost exclusively by the public sector (sovereigns, state governments and local authorities). Only cash deposits are classed as financial collateral.

The figures as at 31 December 2025 were calculated in accordance with CRR III, and those as at 31 December 2024 in accordance with CRR II. Due to the amended regulations on the allocation of real-estate collaterals resulting from CRR III, the table shows a corresponding increase for residential and commercial real estate. Collateral received, which was in use as at 31 December 2025 in accordance with the requirements for credit risk mitigation in Title I, Chapter 4 of Part Three of the CRR, is broken down as follows:

Types of collateral

EUR '000	31 Dec. 2025	31 Dec. 2024
Guarantees	3,872,087	3,679,282
Residential properties	3,118,197	2,766,383
Commercial properties	1,267,414	669,677
Financial collateral	664,164	419,586
Life insurance policies	4,860	4,224

The following table shows the loans assigned to Stage 3 with a loan-to-value (LTV) ratio of over 60%, as recommended by the European Systemic Risk Board (ESRB). The LTV ratio is the ratio of the loan extended to the related real estate collaterals.

Loans – Stage 3

EUR '000	31 Dec. 2025	31 Dec. 2024
Households	**10,857**	**6,373**
LTV ratio 61-80%	4,334	3,420
LTV ratio 81-100%	2,081	1,183
LTV ratio >100%	4,441	1,770
Non-financial corporations	**55,788**	**76,287**
LTV ratio 61-80%	23,374	34,875
LTV ratio 81-100%	25,370	27,530
LTV ratio >100%	7,044	13,882
Total	**66,645**	**82,659**

4.6 Derivatives and hedge accounting

Accounting policies

Derivative financial instruments are always carried at "dirty" fair value (i.e. "clean" fair value plus any accrued interest), which is calculated on the basis of the fair value hierarchy.

In accordance with IFRS 9 and the Bank's risk management strategy, Group guidelines require derivative financial instruments designated for hedge accounting treatment to be carried under "Positive fair value of hedges (hedge accounting)" and "Negative fair value of hedges (hedge accounting)". All other derivative transactions are measured at fair value and reported under "Financial assets – HFT" and "Financial liabilities – HFT".

Changes in the reference rate curve (primarily the Euribor) are one of the main drivers of fluctuations in the fair value of fixed-rate financial instruments. In line with its risk management strategy, the Group ensures that interest rate risk remains within specified limits (see Note 8 RISK MANAGEMENT) by means of hedging. Hedging instruments convert the fixed interest rate on the hedged item into a floating rate pegged to the reference rate, which in turn mitigates the market risk induced by changes in interest rates. The HYPO NOE Group generally uses interest rate swaps to hedge against interest rate risk arising from fixed-rate financial instruments reported under "Financial assets – AC", "Financial assets – FVOCI" and "Financial liabilities – AC". Interest rate and foreign exchange risk on bond issues denominated in foreign currencies ("Financial liabilities – AC") are hedged by cross-currency interest rate swaps. The fixed leg of the swap represents the hedged risk component in the hedged item. Assets are therefore hedged by trading swaps with a fixed-rate payer side and a floating-rate receiver side, while liabilities are hedged by means of swaps with a fixed-rate receiver side and a floating-rate payer side. Interest rate options are used to hedge against interest rate risk arising from interest rate caps on variable-rate financial instruments (purchased caps for assets), and are recognised as fair value hedges provided that they qualify for hedge accounting. Any changes in the contractual nominal values of or call rights on hedged items are replicated in the hedging instrument. Off-balance-sheet firm commitments are occasionally hedged by forward starting swaps and designated as hedged items in hedge accounting.

Potential causes of hedge ineffectiveness for the HYPO NOE Group are:

- Basis risks arising from differing discount curves
- FX basis risks
- Hedge credit risk
- Residual risks in the floating leg in swaps

Basis risks arising from differing discount curves are in principle purely valuation risks resulting from current market practice with regard to valuation in hedge accounting. Cash-collateralised derivatives (e.g. collateralised by means of a credit support annex [CSA]) are discounted using the risk-free (OIS) interest curve, while the hedged items are discounted using the Interbank Offered Rate (IBOR), which includes the interbank liquidity spread as well as the risk-free rate.

FX basis risks arise when the FX basis components in the hedged item are not recognised in hedge accounting, although they are included in the valuation of the hedge instrument. This leads to the contradictory situation that when the FX basis risk is adequately hedged by a cross-currency swap with matching maturity, there is a risk of earnings fluctuations over

the term arising from changes in the FX basis spread, due to their inclusion in the valuation of the FX derivative. In economic terms, no risk arises over the entire term of such FX hedges as the periodic effects on earnings completely cancel each other out. With regard to cross-currency swaps, IFRS 9 includes an elective right to recognise the FX basis spread in other reserves (presented in OCI), and not under “Net gains or losses on financial assets and liabilities”. The Group exercises this elective right for eligible transactions, for which the FX basis spread is recognised as a cost of hedging in other reserves (hedge accounting). The ineffectiveness is reported under “Net gains or losses on financial assets and liabilities” in the statement of profit or loss.

The residual risk in the floating leg in swaps refers to the interest rate risk that arises from the floating leg of an interest rate swap, even in the case of matched hedging of a fixed-rate transaction.

The documentation of hedges largely comprises the type of hedging relationship, the hedged risk, the economic relationship, the risk management objective, and the method for assessing effectiveness. Hedge effectiveness is crucial to the use of hedge accounting. In many cases, the Group demonstrates the economic relationship qualitatively, and using a forward-looking approach, by documenting the correlation between the main risk parameters for hedges and hedged items (critical terms match [CTM]) at the time of designation. If the material terms of the hedge and those of the opposing risk position in the hedged item were not or, in the case of significant changes in the terms of hedged transactions, ceased to be sufficiently closely aligned to the extent usually expected in a standard economic hedge, a purely qualitative assessment would entail a high degree of uncertainty. In such cases, a final assessment based on quantitative methods is permitted. The HYPO NOE Group carries out quantitative assessment of effectiveness retrospectively using the dollar offset method, and prospectively using linear regression analysis.

The hedged risk is modelled either by means of adjustment of the contractual fixed interest rate and measurement using the reference rate curve (the NPV margin method), or by means of measurement using the reference rate curve including a premium and applying the contractual fixed interest rate (yield spread method). Changes in the fair value of the hedged risk component (hedged fair value) are calculated regularly and incorporated into the carrying amount of hedged items by means of basis adjustments.

Both the hedged item and the hedge may nominally qualify for hedge accounting in full or in part. The hedge ratio is the ratio of the portion of the nominal value qualifying for hedge accounting to the overall nominal value of the financial instrument. IFRS 9 states that in the event of changes in risk parameters (e.g. in basis risks between the hedged item and the hedge), an entity may adjust the hedge ratio so as to restore effectiveness.

As at 31 December 2025, only micro fair value hedges were reported on the consolidated statement of financial position. A micro-hedge arises if a hedged item (or group of hedged items) can be clearly assigned to one or more hedges. Bottom layer hedges are used as a special form of micro fair value hedge for a variety of fixed-interest loans. A bottom layer for a group of like hedged items is designated for hedge accounting, and it is assumed that following expected premature repayments this layer will in all likelihood remain in place until the hedging instruments mature. In this case, precise allocation of individual hedged items to the remaining bottom layer is not required.

Net measurement gains or losses on fair value hedges form part of "Net gains or losses on financial assets and liabilities".

Designated derivatives in hedging relationships are measured at fair value, and gains or losses on them are reported under “Net gains or losses on financial assets and liabilities”. Corresponding interest accruals are shown under "Net interest income". For details see notes 4.2.1 Net interest income and 4.2.2 Net gains or losses on financial assets and liabilities.

The measurement of designated hedged items in hedging relationships is at amortised cost, and is reported under “Financial assets – AC” and “Financial liabilities – AC”, adjusted for the fair value measurement of the hedged risk (basis adjustment). Changes in basis adjustments are reported under "Net gains or losses on financial assets and liabilities". Fair value measurement of hedged risks is recognised for hedged items in the statement presenting financial position under “Financial assets – FVOCI” by adjusting the carrying amount. Any remaining difference compared to fair value is reported in OCI.

When a hedge or hedged transaction is terminated early, or if the hedging relationship no longer fully meets the criteria for hedge accounting, the hedging relationship must be discontinued. IFRS 9 does not provide for the voluntary discontinuation of hedge accounting.

Early termination of hedging instruments is recognised at fair value and not carried to profit or loss. In case of early termination of the hedged item, derecognition is performed at the carrying amount including the basis adjustment, so that the gain or loss on derecognition is determined including the basis adjustment.

If hedge accounting is terminated but a hedged item is still carried, the most recent basis adjustment for the hedged items concerned, reported under “Financial assets – AC” and “Financial liabilities – AC”, is amortised in “Net interest income” over the remaining maturity of the hedged item. A similar approach is used for the most recent hedge accounting adjustment of the OCI reserve for hedged items under “Financial assets – FVOCI”. The financial statements presented in this annual report do not include any amortisation under this line item. In the year under review, one hedging relationship was terminated early due to the dominance of credit risk. The most recent applicable basis adjustment for the hedged item concerned will be amortised over the remaining term of the hedged item, as described above.

The Group has not netted off derivatives for accounting purposes, as the current master agreements that provide for netting (the ISDA Master Agreements, as well as other Austrian and German master agreements for financial forward transactions) do not meet the relevant criteria in this regard. Under these agreements, the right to offset all transactions by a single net amount would only be enforceable if certain future events occurred which would result in termination of the agreements (e.g. default or insolvency of the counterparty).

4.6.1 Carrying amounts and nominal values of derivatives

The HYPO NOE Group only held unlisted OTC derivatives as at the end of the reporting period.

The following table shows the nominal values and carrying amounts of derivatives recognised as at 31 December 2025.

	31 Dec. 2025			31 Dec. 2024		
	Carrying amount		Nominal value	Carrying amount		Nominal value
EUR ’000	Assets	Liabilities		Assets	Liabilities	
Financial assets and liabilities – HFT	**96,743**	**85,088**	**2,351,657**	**157,922**	**142,001**	**2,936,172**
Interest rate derivatives	47,360	37,348	1,938,178	66,670	53,950	2,139,568
Foreign exchange derivatives	49,383	47,740	413,479	91,251	88,051	796,604
Positive and negative fair value of hedges (hedge accounting)	**300,900**	**296,328**	**11,878,295**	**280,356**	**366,872**	**11,662,512**
Interest rate derivatives	296,928	288,154	11,754,042	276,808	358,505	11,539,309
Foreign exchange derivatives	3,972	8,173	124,253	3,548	8,367	123,204

31 Dec. 2025	Financial assets/liabilities (gross)	Reported amounts offset (gross) (-)	Reported financial assets (net)	Effect of master netting agreements (-)	Collateral in the form of financial instruments (-)	Net amount
				Not offset		
EUR '000	(a)	(b)	(c)=(a)+(b)	(d)(i)	(d)(ii)	(e)=(c)+(d)
Assets						
Financial assets – HFT	96,743	-	96,743	-1,145	-600	94,998
Positive fair value of hedges (hedge accounting)	300,900	-	300,900	-170,232	-69,813	60,855
Total	**397,642**	**-**	**397,642**	**-171,376**	**-70,413**	**155,853**
Liabilities						
Financial liabilities – HFT	85,088	-	85,088	-1,145	-68,726	15,217
Financial liabilities – FVO	6,168	-	6,168	-	-	6,168
Negative fair value of hedges (hedge accounting)	296,328	-	296,328	-170,232	-114,374	11,721
Total	**387,584**	**-**	**387,584**	**-171,376**	**-183,101**	**33,107**

31 Dec. 2024	Financial assets/liabilities (gross)	Reported amounts offset (gross) (-)	Reported financial assets (net)	Effect of master netting agreements (-)	Collateral in the form of financial instruments (-)	Net amount
				Not offset		
EUR '000	(a)	(b)	(c)=(a)+(b)	(d)(i)	(d)(ii)	(e)=(c)+(d)
Assets						
Financial assets – HFT	157,922	-	157,922	-2,305	-74	155,543
Positive fair value of hedges (hedge accounting)	280,356	-	280,356	-196,874	-13,664	69,818
Total	**438,278**	**-**	**438,278**	**-199,179**	**-13,738**	**225,361**
Liabilities						
Financial liabilities – HFT	142,001	-	142,001	-2,305	-127,522	12,174
Financial liabilities – FVO	5,839	-	5,839	-	-	5,839
Negative fair value of hedges (hedge accounting)	366,872	-	366,872	-196,874	-124,325	45,673
Total	**514,712**	**-**	**514,712**	**-199,179**	**-251,847**	**63,686**

4.6.2 Detailed information on hedge accounting

Net gains or losses on hedging relationships

The following table shows the basis adjustments for hedged items as recognised in profit or loss on the basis of fair value hedge accounting, as well as net gains or losses on measurement of hedges, and resultant hedge ineffectiveness, broken down by line item and the product type of the hedged item.

It should be noted that the relevant valuations of both the active hedged items and hedging instruments, and the final valuations of prematurely terminated hedging relationships are shown.

	2025			2024		
EUR '000	Net gains or losses on hedged items	Net gains or losses on hedges	Net gains or losses on hedging relationships	Net gains or losses on hedged items	Net gains or losses on hedges	Net gains or losses on hedging relationships
Assets						
Financial assets – FVOCI	**-3,796**	**3,705**	**-91**	**2,255**	**-2,135**	**120**
Bonds	-3,796	3,705	-91	2,255	-2,135	120
Financial assets – AC	**-119,501**	**120,278**	**777**	**66,930**	**-66,218**	**711**
Loans	-99,885	100,621	736	33,722	-33,273	449
Bonds	-19,616	19,657	41	33,208	-32,946	262
Liabilities						
Financial liabilities – AC	**38,912**	**-36,918**	**1,994**	**-151,427**	**149,131**	**-2,296**
Deposits	1,383	-1,433	-50	-1,355	1,487	131
Bonds in issue	37,529	-35,485	2,044	-150,071	147,644	-2,427
Total	**-84,385**	**87,065**	**2,680**	**-82,242**	**80,778**	**-1,465**

The change in "Net gains or losses on hedging relationships" as compared to 2024 is mainly due to residual risk in the floating legs of swaps, the basis risks arising from differing discount curves, and foreign exchange basis risks where these were not taken to OCI.

Positive fair value of hedges (hedge accounting)

The table below provides an analysis of the positive fair value of hedges (hedge accounting) according to the entries in the statement of financial position under which the hedged items are reported.

EUR '000	31 Dec. 2025	31 Dec. 2024
Assets	**230,068**	**183,621**
Financial assets – FVOCI	144	936
Financial assets – AC	229,923	182,684
Liabilities	**70,832**	**96,736**
Financial liabilities – AC	70,832	96,736
Total	**300,900**	**280,356**

Negative fair value of hedges (hedge accounting)

The table below shows a breakdown of the negative fair value of hedges (hedge accounting) according to the entries in the statement of financial position under which the hedged items are reported.

EUR '000	31 Dec. 2025	31 Dec. 2024
Assets	**90,014**	**150,845**
Financial assets – FVOCI	6,470	10,637
Financial assets – AC	83,544	140,208
Liabilities	**206,313**	**216,027**
Financial liabilities – AC	206,313	216,027
Total	**296,328**	**366,872**

The change in the positive and negative fair value of hedges (hedge accounting) is attributable to fluctuations in the fair value of the underlying derivatives.

Hedged items in fair value hedges

The following table shows the carrying amounts and the basis adjustments they contain for hedged items included in hedge accounting as at the end of the reporting period.

In the previous reporting period, the basis adjustments included in the carrying amounts of the hedged items, recognised as loans under "Financial assets – AC", also contained basis adjustments arising from firm commitments, which are described in Note 6.3 Other assets and liabilities.

	31 Dec. 2025		31 Dec. 2024	
EUR '000	Carrying amounts of hedged items	Basis adjustments contained in carrying amounts	Carrying amounts of hedged items	Basis adjustments contained in carrying amounts
Assets				
Financial assets – FVOCI	**133,976**	**3,427**	**199,735**	**7,223**
Bonds	133,976	3,427	199,735	7,223
Financial assets – AC	**4,492,663**	**-153,102**	**4,197,411**	**-32,483**
Loans	2,860,024	-90,243	2,752,834	10,760
Bonds	1,632,639	-62,860	1,444,577	-43,243
Liabilities				
Financial liabilities – AC	**8,484,689**	**-190,230**	**8,181,402**	**-151,317**
Deposits	36,087	-1,514	73,177	-131
Bonds in issue	8,448,602	-188,716	8,108,226	-151,187

Maturity profile of hedges

The breakdown of the nominal values of hedges qualifying for hedge accounting by residual maturity is as follows.

Nominal value at 31 Dec. 2025 EUR '000	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Assets					
Financial assets – FVOCI	**15,000**	**8,500**	**49,200**	**53,000**	**125,700**
Bonds	15,000	8,500	49,200	53,000	125,700
Financial assets – AC	**77,969**	**269,889**	**1,075,590**	**3,198,663**	**4,622,111**
Loans	35,769	145,189	458,648	2,313,890	2,953,496
Bonds	42,200	124,700	616,942	884,773	1,668,615
Liabilities					
Financial liabilities – AC	**436,800**	**711,000**	**3,833,953**	**2,148,731**	**7,130,484**
Deposits	-	3,000	5,000	29,000	37,000
Bonds in issue	436,800	708,000	3,828,953	2,119,731	7,093,484
Total	**529,769**	**989,389**	**4,958,743**	**5,400,394**	**11,878,295**

Nominal value at 31 Dec. 2024 EUR '000	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Assets					
Financial assets – FVOCI	**30,000**	**32,500**	**64,700**	**61,000**	**188,200**
Bonds	30,000	32,500	64,700	61,000	188,200
Financial assets – AC	**61,500**	**128,488**	**1,133,865**	**2,974,463**	**4,298,316**
Loans	-	46,423	532,662	2,252,350	2,831,436
Bonds	61,500	82,065	601,203	722,113	1,466,881
Liabilities					
Financial liabilities – AC	**527,500**	**631,800**	**4,031,247**	**1,985,449**	**7,175,996**
Deposits	20,000	-	8,000	29,000	57,000
Bonds in issue	507,500	631,800	4,023,247	1,956,449	7,118,996
Total	**619,000**	**792,788**	**5,229,812**	**5,020,912**	**11,662,512**

4.7 Fair value disclosures

Information on the nature and extent of the risks that arise from financial instruments, as well as sensitivity analyses and other additional disclosures, can be found in Note 8 RISK MANAGEMENT.

Accounting policies

Fair value is defined by IFRS 13 and is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must be classified using a level hierarchy as follows:

Level 1

According to paragraph 76 IFRS 13, this concerns quoted prices in active markets for identical assets or liabilities, and balances at central banks.

Level 2

According to paragraph 81 IFRS 13, Level 2 relates to inputs other than quoted prices, as used for Level 1 measurements, that are observable for the asset or liability concerned, either directly (i.e. as prices) or indirectly (i.e. derived from prices, inactive markets, similar assets or liabilities, or other observable data relevant to valuation). This chiefly applies to OTC derivatives ("Financial assets and liabilities – HFT", and "Positive and negative fair values of hedges"), as well as securities not traded on active markets. Assets carried under the "Cash and balances at central banks" item are reported in Level 2 of the hierarchy, with the exception of balances at central banks.

The HYPO NOE Group applies methods based on market prices (market approach) and net present values (income approach) for Level 2 measurements. The former are applied to measure receivables from securities, and are largely based on market prices for the assets in question or analogously on market prices for similar assets or liabilities. The latter are applied to the measurement of receivables from securities and OTC derivatives, and are used to determine the discounted value of all future payment streams at the measurement date (present value method). The price parameters used are:

(a) the interest rate curves directly observable on the money and capital markets, and

(b) premiums for similar assets directly observable on capital markets.

Prevalent pricing models used to value options (in particular caps, floors and call rights embedded in the related hedges) include indirectly observable parameters in the form of implicit interest rate volatility figures from established market data providers, derived from prices quoted on options markets.

Level 3

According to paragraph 86 IFRS 13, Level 3 inputs are unobservable inputs for the asset or liability concerned. In this model, measurement is based on management's assumptions and assessments, which depend on the price transparency and complexity of the financial instrument.

The Strategic Risk Management Department defines the methods to be applied in valuation, in accordance with the relevant measurement guidelines. These guidelines are regularly updated, and lay down the procedural and operational rules for determining fair value. The HYPO NOE Group measures the fair value of Level 3 assets and liabilities on a monthly basis. The parameters applied are tested for plausibility as part of the monthly measurement process, and management receives regular reports.

Level 3 fair values occur in the following items:

Financial assets – mandatorily FVTPL and FVOCI (debt instruments), and financial liabilities – FVO

Here, default risk, liquidity costs and the epsilon are employed as measurement parameters. Default risk is measured using the PD and LGD parameters, as well as eligible collateral. Liquidity premiums are calculated on the basis of the internal liquidity cost model. Upon conclusion of a transaction, the delta for the price is offset using epsilon calibration.

For defaulted assets, different assumptions are made for the expected cash flows from the collateralised and uncollateralised portions of the instruments with regard to their due dates. The discount factor applied takes account of the risk-free interest rate, the senior unsecured liquidity costs implied by the maturity of the individual cash flows, and a net required rate of return determined using the market interest method and based on regularly updated indicators from a sample of European banks, published on the EBA Risk Dashboard.

The HETA contingent additional purchase price (CAPP), to which all the senior and junior creditors that participated in the second Kärntner Ausgleichszahlungsfonds (KAF) Tender Offer are entitled (irrespective of whether they opted for the cash or exchange offer), is valued using an internal model. There is neither a liquid market nor are there observable market transactions for the CAPP. The parameters for the Level 3 model were determined using available official information on HETA and details from the Austrian Financial Market Authority (FMA), as well as a scenario analysis. This took into account all of the information and assumptions that market participants would apply in price formation. The threshold for the CAPP and the payment terms are governed by the second KAF Tender Offer.

The internal valuation model is based on the following information:

- HETA company presentations 2021-2025, most recent: 24 April 2025
- HETA annual financial statements, annual reports 2020-2024

- HETA press releases, 27 October 2021, 24 March 2022, 26 May 2023, 26 April 2024, 24 April 2025
- KAF press release, 2 November 2021
- HETA investor information 2021 – final distribution, 28 October 2021
- FMA press release, 21 October 2021
- Third FMA notice on HETA, 26 March 2019
- KAF Tender Offer

The HYPO NOE Group took up the swap offer in KAF's second Tender Offer. Under the terms of the offer, the possible range for the CAPP is between 0% and 10%.

Financial assets – HFT and financial liabilities – HFT

The "Financial assets – HFT" and "Financial liabilities – HFT" items contain measurements of uncollateralised customer derivatives (e.g. without the CSA annex to the ISDA Master Agreement). An internal model based on the discounted cash flow method is applied, taking account of the current interest rate and basis spread curves. Suitable models are used to measure embedded options. Counterparty and internal credit risk (credit value adjustment and debt value adjustment) are taken into consideration when calculating the fair value of all uncollateralised customer derivatives. However, since issuance by customers is minimal to non-existent, in the absence of quoted prices derivable from credit spreads, recourse is made to credit spreads with matching maturities, drawn from global CDS index curves that correspond to the internal customer ratings. A hybrid Hull-White model is used to calculate CVAs and DVAs.

Financial assets – FVOCI (equity instruments)

In consultation with other organisational units, the General Secretariat/Participations Department coordinates and implements the process for determining the fair values reported under this item. The framework is provided by the Group's binding procedural instructions and the Group manual, both of which are regularly updated. They set out the methods, processes and legal framework for measurement, and lay the basis for implementation of the internal measurement processes. Measurement case studies establish the key principles, objectives and parameters for business decisions.

The General Secretariat/Participations Department measures the fair value of the "Financial assets – FVOCI (equity instruments)" item on a half-yearly basis, and regularly analyses the relevant qualitative and quantitative measurement factors.

Financial assets – AC

The main measurement parameter for the bonds in the credit spread is comparable assets (peer group). For all other receivables included in this item, the same measurement parameters are applied as for "Financial assets – mandatorily FVTPL".

4.7.1 Fair value hierarchy

The table below summarises the fair value hierarchies of all the financial instruments held by the HYPO NOE Group.

31 Dec. 2025 EUR '000	Carrying amount	Fair value	Fair value measurement		
			Level 1	Level 2	Level 3
Assets					
Cash and balances at central banks	711,800	711,800	695,133	16,667	-
Financial assets – HFT	96,743	96,743	-	54,252	42,491
Financial assets – mandatorily FVTPL	58,765	58,765	-	2,133	56,633
Financial assets – FVOCI	141,571	141,571	133,976	5,010	2,584
Financial assets – AC	15,226,633	15,142,908	1,741,156	73,994	13,327,759
Positive fair value of hedges (hedge accounting)	300,900	300,900	-	300,900	-
Total	**16,536,413**	**16,452,687**	**2,570,265**	**452,955**	**13,429,467**
Liabilities					
Financial liabilities – HFT	85,088	85,088	-	84,970	118
Financial liabilities – FVO	6,168	6,168	-	-	6,168
Financial liabilities – AC	15,265,871	15,038,221	514,246	8,615,650	5,908,325
Negative fair value of hedges (hedge accounting)	296,328	296,328	-	296,328	-
Total	**15,653,455**	**15,425,805**	**514,246**	**8,996,948**	**5,914,611**

31 Dec. 2024 EUR '000	Carrying amount	Fair value	Fair value measurement		
			Level 1	Level 2	Level 3
Assets					
Cash and balances at central banks	753,541	753,541	739,641	13,900	-
Financial assets – HFT	157,922	157,922	-	97,098	60,823
Financial assets – mandatorily FVTPL	68,141	68,141	-	7,624	60,518
Financial assets – FVOCI	207,911	207,911	200,577	4,990	2,344
Financial assets – AC	14,708,988	14,551,573	1,522,789	75,958	12,952,826
Positive fair value of hedges (hedge accounting)	280,356	280,356	-	280,356	-
Total	**16,176,859**	**16,019,443**	**2,463,006**	**479,925**	**13,076,511**
Liabilities					
Financial liabilities – HFT	142,001	142,001	-	141,430	571
Financial liabilities – FVO	5,839	5,839	-	-	5,839
Financial liabilities – AC	14,762,832	14,493,935	994,189	7,731,974	5,767,772
Negative fair value of hedges (hedge accounting)	366,872	366,872	-	366,872	-
Total	**15,277,544**	**15,008,648**	**994,189**	**8,240,276**	**5,774,182**

In 2025 there were no transfers of financial instruments between the different levels of the fair value hierarchy.

4.7.2 Fair value hierarchy: Level 3 disclosures

EUR '000	1 Jan. 2025	Gains/losses		Pur-chases	Sales	Transfers to/from Level 3	31 Dec. 2025	Unrealised gains or losses recognised in profit or loss at 31 Dec. 2025
		Recog-nised in profit or loss	Not recog-nised in profit or loss					
Assets								
Financial assets – HFT	60,823	-18,332	-	-	-	-	42,491	-18,892
Financial assets – mandatorily FVTPL	60,518	2,359	-	184	-6,427	-	56,633	1,967
Financial assets – FVOCI	2,344	-	245	-	-5	-	2,584	-
Total	**123,685**	**-15,973**	**245**	**184**	**-6,433**	**-**	**101,708**	**-16,925**
Liabilities								
Financial liabilities – HFT	571	-453	-	-	-	-	118	-13
Financial liabilities – FVO	5,839	329	-	-	-	-	6,168	329
Total	**6,410**	**-124**	**-**	**-**	**-**	**-**	**6,286**	**316**

The main gains or losses on current Level 3 assets are recognised in the statement of profit or loss under "Net gains or losses on financial assets and liabilities".

EUR '000	1 Jan. 2024	Gains/losses		Pur-chases	Sales	Transfers to/from Level 3	31 Dec. 2024	Unrealised gains or losses recognised in profit or loss as at 31 Dec. 2024
		Recog-nised in profit or loss	Not recog-nised in profit or loss					
Assets								
Financial assets – HFT	64,970	-4,146	-	-	-	-	60,823	-4,999
Financial assets – mandatorily FVTPL	65,101	1,301	-	-	-5,884	-	60,518	1,201
Financial assets – FVOCI	2,051	290	5	-	-1	-	2,344	-
Total	**132,121**	**-2,556**	**5**	**-**	**-5,885**	**-**	**123,685**	**-3,798**
Liabilities								
Financial liabilities – HFT	2,245	-1,674	-	-	-	-	571	1,583
Financial liabilities – FVO	5,650	189	-	-	-	-	5,839	189
Total	**7,895**	**-1,485**	**-**	**-**	**-**	**-**	**6,410**	**1,772**

Estimation uncertainties and judgements

The results of the sensitivity analysis for the "Financial assets – HFT", "Financial assets – mandatorily FVTPL" and "Financial assets – FVOCI" (equity instruments) items at Level 3 are discussed below.

All sensitivities are presented using a historical value-at-risk (VaR) approach (95% confidence level, one-year holding period) in line with internal risk management policies. The disclosures in the table below show the impact of changes in significant unobservable input parameters on Level 3 fair value. The figures are not a forecast or indication of future changes in fair value, but represent potential losses, where gains of a similar amount are also possible. In the case of "Financial assets – HFT" and "Financial liabilities – HFT", the significant inputs are global CDS spreads. For the "Financial assets – mandatorily FVTPL" item, credit and liquidity risk premiums are the unobservable inputs that drive prices. An increase in premiums results in lower fair values. In the case of "Financial assets – FVOCI", conventional company valuation methods such as discounted cash flow (DCF) or adjusted net asset value (NAV) are used to determine fair value. This item is made up entirely of equity instruments assigned to Level 3.

31 Dec. 2025, EUR '000	Fair value	Fluctuation (VaR)	Measurement method	Inputs
Financial assets – HFT	42,491	114	Hybrid Hull-White model; DCF model	Global CDS spreads
Financial assets – mandatorily FVTPL (excl. HETA)	26,114	659	DCF model	Premiums for credit and liquidity risk
Financial assets – mandatorily FVTPL, Stage 3 (excl. HETA)	277	5	DCF model	Premiums for credit and liquidity risk
Financial assets – FVOCI	2,584	n/a	Adjusted NAV model; DCF model	Adjusted equity (for adjusted NAV model); WACC (for DCF model); cost of equity (for both models)*
Total	**71,466**	**778**		
Financial liabilities – HFT	118	1	Hybrid Hull-White model; DCF model	Global CDS spreads
Total	**118**	**1**		

31 Dec. 2024, EUR '000	Fair value	Fluctuation (VaR)	Measurement method	Inputs
Financial assets – HFT	60,823	212	Hybrid Hull-White model; DCF model	Global CDS spreads
Financial assets – mandatorily FVTPL (excl. HETA)	30,880	823	DCF model	Premiums for credit and liquidity risk
Financial assets – mandatorily FVTPL, Stage 3 (excl. HETA)	1,009	16	DCF model	Premiums for credit and liquidity risk
Financial assets – FVOCI	2,344	n/a	Adjusted NAV model; DCF model	Adjusted equity (for adjusted NAV model); WACC (for DCF model); cost of equity (for both models)
Total	**95,056**	**1,051**		
Financial liabilities – HFT	571	-	Hybrid Hull-White model; DCF model	Global CDS spreads
Total	**571**	**-**		

Financial assets – FVOCI (equity instruments)

*Change in an accounting estimate in accordance with paragraph 34 IAS 8; see Note 1.2 Accounting adjustments

This affects the carrying amounts and fair values of the equity instruments reported under "Financial assets – FVOCI". Overall, these amounts are around 3% below those calculated before the change in the accounting estimate.

Change in fair value, financial assets – FVOCI (equity instruments)

EUR '000	31 Dec. 2025 After change in estimate	31 Dec. 2025 Before change in estimate	31 Dec. 2024
10% increase in adjusted equity	254	262	230
10% decrease in adjusted equity	-254	-262	-230
50 bp increase in cost of equity	-20	-28	-16
50 bp decrease in cost of equity	23	33	19

Measurement model for the HETA contingent additional purchase price (CAPP)

On 31 December 2021 HETA exited the resolution regime implemented under the Federal Act on the Recovery and Resolution of Banks. The company has been under resolution in accordance with the Aktiengesetz (Austrian Companies Act) since 1 January 2022. In April 2025, HETA published its 2024 financial statements as well as an updated financial plan for 2025.

Taking into account the published documentation, significant measurement pillars have remained unchanged as compared with the period ending 31 December 2024.

Separate scenarios are simulated for expected payments based on the FMA quota, and for payments which remain uncertain and are dependent on the continued wind-down process and the results of the liquidation procedure. The scenarios are then combined to arrive at an overall quota. This enables precise reporting of different assumptions regarding maturities and expected returns.

For measurement of the payment according to the FMA quota, the amount of which can be assumed to be relatively certain, three scenarios are modelled (base, worse and worst case) with different assumptions regarding the payment date. Due to the fixed quota, no variations in the payment amount are assumed. The probabilities of occurrence are equally weighted, since at the reporting date there had been no strong indications of a prospective payment date. The corporate presentation published on 24 April 2025 included an announcement that the remaining liquidation proceeds will be distributed in 2028. In view of this information, it is assumed that receivables under the debtor warrant will potentially be paid between 2027 and 2029. In order to discount the payment to present value, in addition to the current yield curve and the current senior unsecured liquidity costs, a current required rate of return for relatively certain cash flows is applied, which covers both operating costs and expected profit, and is based on the average returns from interest-linked transactions at European banks.

The remaining, uncertain portion of the payout is calculated based on the HETA quota (90.8%) less the FMA quota, and the maximum value of the CAPP (10%). As with the relatively certain part of the payout, three different scenarios are modelled for the uncertain portion, with assumptions of the payment amount ranging from a maximum of 2.71% to 0%, and a range of payment dates. Again, the probability of occurrence is equally weighted for each of the scenarios, and the current yield curve, the present value of the senior unsecured liquidity costs and a current required rate of return are applied for discounting. For risky transactions where the entire cash flow could be lost, the required rate of return is derived from the market risk premium for Austrian equity instruments and/or from comparable securities. This required rate of return is significantly higher than that for a relatively certain cash flow, in order to take account of substantially higher risks. The same range of possible payment dates was assumed as for the measurement of the payment according to the quota.

After discounting the forecast payments and applying the weightings, the CAPP quota was 7.96% as at 31 December 2025 (31 Dec. 2024: 7.53%). The model produced a range of valuations between 6.22% and 9.07%. Compared with the previous year, the range of potential valuations has grown over time, as a result of changes in the discounting parameters. The reduced liquidity costs and lower required rate of return for the uncertain portion have had a positive impact on the valuation. The undiscounted results of the scenarios remained constant as compared with the end of the previous year.

Although uncertainties regarding the valuation of the CAPP have been reduced in the course of the wind-down, measurement is still subject to risks and uncertainties. In addition to overall economic developments, financial developments on fixed-interest and capital markets, the progress of the wind-down and uncertainty over the outcomes of legal proceedings, past announcements and wind-down plans have in some cases deviated significantly from previous announcements. As a result, the recovery amount and the date(s) of payment of the CAPP are still uncertain. The offers made by KAF to the holders of the CAPP in the meantime may also include information relevant to the valuations and have an effect on the date and amount of the payout, among other factors. HETA’s articles of association contain an obligation to continue preparing financial plans and publishing material insights related to them in future. If future developments related to HETA and the CAPP lead to adjustments in the parameter assumptions that underlie the model, as described here, this will also result in changes to the payout value. The effects of changes in significant unobservable inputs for the measurement model on the valuation are presented in the sensitivity analysis below.

The analysis shows the effects of average changes in individual parameters on the CAPP, with other inputs remaining constant (ceteris paribus). The effects are stated as percentages of the nominal value of the original HETA receivables. The impacts of changes in parameters on profit or loss are also shown, as absolute amounts stated in EUR thsd. The three inputs are Level 3 (unobservable) parameters. Since the expected recovery rate according to the 2024 financial plan is higher than the maximum value of the CAPP, a change in the recovery amount of ±EUR 100m has no effect on

measurement. A reduction in the discount rate and bringing the payout date forward by one year would result in a higher valuation.

31 Dec. 2025 Sensitivity analysis: Level 3 parameters	Recovery, EUR m		Discount rate		Payout date, years	
	+100	-100	+1%	-1%	+1	-1
Valuation sensitivity to profit or loss (%)	0.0%	0.0%	-0.2%	0.2%	-0.4%	0.4%
Valuation sensitivity to profit or loss (EUR '000)	-	-	-650	676	-1,094	1,156

31 Dec. 2024 Sensitivity analysis: Level 3 parameters	Recovery, EUR m		Discount rate		Payout date, years	
	+100	-100	+1%	-1%	+1	-1
Valuation sensitivity to profit or loss (%)	0.0%	0.0%	-0.3%	0.3%	-0.4%	0.4%
Valuation sensitivity to profit or loss (EUR '000)	-	-	-825	866	-1,074	1,139

5 ADDITIONAL NOTES TO THE STATEMENT OF PROFIT OR LOSS

5.1 Net fee and commission income

Accounting policies

"Fee and commission income" is measured on the basis of prices agreed with customers for the performance obligation in question. Income is judged to have been recognised in profit or loss if the performance obligation has been satisfied and a promised good or service is transferred to the customer.

Services provided over time result in the ongoing accrual of benefits to the customer. The commissions generated are recognised according to the degree of progress towards satisfaction of the performance obligation in the performance period, and amortised in the appropriate period. Such commissions include account maintenance fees, service fees and portfolio administration charges, which are usually payable monthly or quarterly, depending on the contractual conditions. Transaction-related performance is recognised as soon as the service in question has been provided in full. This mainly relates to commissions from payment transactions, the securities and lending businesses, and foreign exchange transactions.

Fee and commission income that is an integral component of the effective rate of interest on a financial instrument is reported as interest income. In accordance with IFRS, trust transactions entered into by the HYPO NOE Group in its own name but for the account of third parties are not shown in the statement of financial position. Any fees and commissions are reported in the statement of comprehensive income. Contract assets and liabilities are reported in accordance with IFRS 15, under Note 6.3 "Other assets and liabilities".

2025, EUR '000	Public Sector	Real Estate	Retail and Corporate Customers	Treasury & ALM	Corporate Center	Total
Fee and commission income	**4,425**	**1,461**	**17,391**	**546**	**102**	**23,926**
Securities and custody account business	28	-	5,646	356	-	6,029
Payment transactions	671	722	6,555	77	-8	8,018
Foreign exchange, foreign notes and coins, and precious metals	43	10	201	23	-	278
Other services	3,732	1	3,670	89	92	7,583
Other fee and commission income	-49	727	1,320	1	18	2,018
Fee and commission expense	**-122**	**-35**	**-1,430**	**-813**	**1**	**-2,398**
Securities and custody account business	-3	-	-19	-429	-	-451
Payment transactions	-66	-19	-1,386	-383	-	-1,855
Other services	-	-	-5	-	-	-5
Other fee and commission expense	-53	-15	-19	-	1	-86
Total	**4,303**	**1,426**	**15,962**	**-266**	**103**	**21,528**

2024, EUR '000	Public Sector	Real Estate	Retail and Corporate Customers	Treasury & ALM	Corporate Center	Total
Fee and commission income	**3,810**	**1,451**	**16,634**	**623**	**-37**	**22,481**
Securities and custody account business	3	-	5,138	515	-	5,656
Payment transactions	784	719	6,307	40	-12	7,837
Foreign exchange, foreign notes and coins, and precious metals	53	10	220	22	-2	304
Other services	3,040	1	3,643	45	23	6,752
Other fee and commission income	-70	721	1,326	1	-47	1,932
Fee and commission expense	**-95**	**-30**	**-1,285**	**-977**	**-**	**-2,386**
Securities and custody account business	-3	-	-10	-456	-	-468
Payment transactions	-54	-12	-1,230	-521	-2	-1,818
Other services	-	-	-28	-	-	-28
Other fee and commission expense	-38	-19	-18	-	2	-72
Total	**3,715**	**1,421**	**15,349**	**-353**	**-37**	**20,095**

5.2 Net other operating income

EUR '000	2025	2024
Other operating income	**18,276**	**10,567**
Gains on foreign currency translation	5,752	-
Gains on the reversal of provisions	4,216	1,363
Gains on investment property	2,881	2,183
Income from real estate services and property development	2,586	2,629
Other rental income	539	486
Income from early repayments	515	465
Income from default interest arising from corporation tax assessments	39	1,427
Gains on deconsolidation	14	-
Gains on the disposal of intangible assets, property, plant and equipment, and other non-financial assets	13	64
Sundry other income	1,722	1,951
Other operating expenses	**-2,496**	**-6,544**
Losses on investment property	-1,693	-1,712
Other taxes	-238	-302
Losses on the disposal of intangible assets, property, plant and equipment, and other non-financial assets	-3	-17
Losses on foreign currency translation	-	-3,591
Losses on recognition of provisions	-	-189
Sundry other expenses	-562	-733
Total	**15,780**	**4,023**

The change in "Gains on the reversal of provisions", reported under "Other operating income", was mainly accounted for by the reversal of the provision for legal risks related to negative interest. Information on provisions can be found in Note 6.2.

Net gains or losses on disposal of consolidated subsidiaries

EUR '000	2025	2024
Financial assets – AC	-	12
Total assets	**-**	**12**
Proceeds from liquidations/disposals	23	12
- Assets disposed of	-9	-12
Net gains or losses on disposal of consolidated subsidiaries	**14**	**-**
Net gains or losses on disposal of consolidated subsidiaries through profit or	**14**	**-**

EUR '000	2025	2024
Consideration received in cash and cash equivalents	-	12
Proceeds from loss of control of subsidiaries	**-**	**12**

5.3 Administrative expenses

5.3.1 Analysis of administrative expenses

EUR '000	2025	2024
Staff costs	**-67,063**	**-66,780**
Wages and salaries	-52,093	-52,190
Pensions and other employee benefit expenses	-14,970	-14,590
Other administrative expenses	**-52,149**	**-40,423**
Premises	-4,387	-4,351
Office and communication expenses	-1,120	-1,080
IT expenses	-20,579	-17,747
Legal and consultancy costs	-3,262	-3,715
Auditors: annual audit	-677	-766
Auditors: other auditing services	-62	-65
Advertising and entertainment expenses	-4,468	-4,586
Other administrative expenses	-18,333	-8,943
Financial stability contribution	-10,714	-2,784
Other provisions	-828	-
Allocation to deposit insurance fund	-37	-
Cost of compliance with company law	-604	-569
Training costs	-723	-651
Vehicle and fleet expenses	-359	-292
Insurance	-591	-585
Cost of information procurement and payment transactions	-883	-850
Depreciation, amortisation and impairment	**-4,153**	**-3,883**
Depreciation and amortisation	-4,153	-3,883
Intangible assets	-392	-223
Buildings used by Group companies	-1,458	-1,473
Equipment, fixtures and furnishings (incl. low value assets)	-1,800	-1,737
Right-of-use assets (IFRS 16)	-504	-449
Administrative expenses	**-123,365**	**-111,086**

5.3.2 Staff costs

The “Supervisory Board members’ remuneration” sub-item forms part of “Other administrative expenses”, but is shown in the supplementary information on staff costs in the interests of readability. All of the information in the two tables below relates to the individuals who held the positions concerned at the end of or during the reporting period.

At the HYPO NOE Group, “identified staff” comprise persons who are directly or indirectly responsible for planning, managing and supervising the Group’s activities. These are the Management Board, Supervisory Board and key management. A list of key management staff including their names and functions, and the Group companies of which they are employees, is updated at the end of each reporting period.

	2025	2024
Average number of employees (excl. on statutory leave)	627	610

EUR ’000	2025	2024
Termination benefit expenses incl. provident fund for:	**-1,333**	**-1,297**
Management Board	-19	-18
Key management	-35	-77
Other employees	-1,279	-1,201
Pension expenses for:	**-1,889**	**-1,838**
Management Board	-123	-118
Key management	-189	-176
Other employees (including former employees)	-1,577	-1,544
Expenses for former officers	**-166**	**-160**
Former Management Board members: total remuneration	-166	-160

EUR ’000	2025	2024
Salaries of Management Board members	-1,379	-1,331
Supervisory Board members’ remuneration (non-employees)	-142	-133
Supervisory Board members’ salaries	-578	-554
Remuneration of Management Board members, Supervisory Board members and key management (short-term employee benefits)	**-7,087**	**-6,019**

6 ADDITIONAL NOTES TO THE STATEMENT OF FINANCIAL POSITION

6.1 Investment property, intangible assets, and property, plant and equipment

Accounting policies

Land and buildings, and equipment, fixtures and furnishings used by the HYPO NOE Group in the course of its own business activities are stated as property, plant and equipment. Land and buildings held to earn rental income or for expected capital appreciation are classified as investment property. Mixed-use properties where the degree of own use is immaterial are reported under “Investment property”.

The HYPO NOE Group does not apply the requirements for lessees under IFRS 16 to short-term leases or leases for which the underlying asset is of low value.

The fair value of investment property is measured by independent external assessors in accordance with paragraph 34 IAS 16 every three years. The HYPO NOE Group has decided to exercise its option to use the acquisition cost model.

The HYPO NOE Group held only intangible assets acquired for consideration and no self-constructed intangible assets in 2025.

Depreciation, amortisation and impairment are reported as “Administrative expenses” (Note 5.3). Gains and losses on disposal of property, plant and equipment, and current income and expenses from investment property are reported as profit or loss, under “Net other operating income” (Note 5.2).

Depreciation and amortisation of right-of-use assets arising from lease agreements is recognised under “Administrative expenses” (Note 5.3). In accordance with IFRS 16, lease liabilities are reported under “Other assets and liabilities” (Note 6.3), while interest expense on lease liabilities is recognised in “Net interest income” (Note 4.2.1).

Estimation uncertainties and judgements

The items “Investment property”, “Intangible assets” and “Property, plant and equipment” are measured at cost less accumulated depreciation. Depreciation and amortisation are on a straight-line basis over the normal useful lives of the assets. The following useful lives are applied:

- Buildings and building alterations 20-50 years
- Equipment, fixtures and furnishings 3-15 years
- Computer software and hardware 3-5 years
- Right-of-use assets (IFRS 16) 4-10 years

Pursuant to IAS 36, indications of impairment result in an impairment test in order to determine the recoverable amount, and impairment is recognised where necessary.

The table below shows movements in intangible assets, property, plant and equipment, and investment property.

	Cost						
EUR '000	1 Jan. 2025	Changes in scope of consolidation	Additions	Disposals	Transfers	Other changes	31 Dec. 2025
Software	9,618	-	522	-47	-	-	10,094
Intangible assets	**9,618**	**-**	**522**	**-47**	**-**	**-**	**10,094**
Land	13,004	-	-	-	-	-	13,004
Buildings	61,260	-	-	-	-	-13	61,246
IT equipment	2,719	-	524	-989	-	-	2,254
Equipment, fixtures and furnishings	32,603	-	3,414	-604	-	-	35,413
Right-of-use assets (IFRS 16)	2,952	-	145	-470	-	88	2,715
Other property, plant and equipment	270	-	3	-3	-	-	270
Property, plant and equipment	**112,808**	**-**	**4,086**	**-2,066**	**-**	**74**	**114,902**
Investment property	**35,831**	**-**	**2,281**	**-4,633**	**-**	**-**	**33,479**

	Accumulated depreciation and amortisation						Carrying amount	
EUR '000	1 Jan. 2025	Changes in scope of consolidation	Depre-ciation and amorti-sation	Impair-ment	Dis-posals	31 Dec. 2025	1 Jan. 2025	31 Dec. 2025
Software	-8,771	-	-392	-	47	-9,117	847	977
Intangible assets	**-8,771**	**-**	**-392**	**-**	**47**	**-9,117**	**847**	**977**
Land	-22	-	-1	-	-	-22	12,982	12,981
Buildings	-22,651	-	-1,457	-	-	-24,108	38,609	37,139
IT equipment	-2,382	-	-318	-	989	-1,712	337	543
Equipment, fixtures and furnishings	-25,238	-	-1,444	-	582	-26,100	7,366	9,314
Right-of-use assets (IFRS 16)	-1,280	-	-504	-	264	-1,520	1,672	1,195
Other property, plant and	-178	-	-37	-	3	-212	92	58
Property, plant and equipment	**-51,750**	**-**	**-3,761**	**-**	**1,838**	**-53,673**	**61,058**	**61,229**
Investment property	**-12,644**	**-**	**-1,189**	**-**	**-**	**-13,832**	**23,188**	**19,647**

	Cost						
EUR '000	1 Jan. 2024	Changes in scope of consolidation	Additions	Disposals	Transfers	Other changes	31 Dec. 2024
Software	9,259	-	393	-33	-	-	9,618
Intangible assets	**9,259**	**-**	**393**	**-33**	**-**	**-**	**9,618**
Land	13,004	-	-	-	-	-	13,004
Buildings	60,708	-	552	-	-	-	61,260
IT equipment	2,621	-	124	-25	-	-	2,719
Equipment, fixtures and furnishings	33,982	-	664	-2,042	-	-	32,603
Right-of-use assets (IFRS 16)	2,223	-	1,215	-494	-	8	2,952
Other property, plant and equipment	270	-	-	-	-	-	270
Property, plant and equipment	**112,806**	**-**	**2,555**	**-2,561**	**-**	**8**	**112,808**
Investment property	**33,886**	**-**	**1,945**	**-**	**-**	**-**	**35,831**

	Accumulated depreciation and amortisation						Carrying amount	
EUR '000	1 Jan. 2024	Changes in scope of consolidation	Depre-ciation and amortis ation	Impair-ment	Dis-posals	31 Dec. 2024	1 Jan. 2024	31 Dec. 2024
Software	-8,582	-	-223	-	33	-8,771	677	847
Intangible assets	**-8,582**	**-**	**-223**	**-**	**33**	**-8,771**	**677**	**847**
Land	-21	-	-1	-	-	-22	12,983	12,982
Buildings	-21,178	-	-1,473	-	-	-22,651	39,530	38,609
IT equipment	-2,132	-	-275	-	25	-2,382	489	337
Equipment, fixtures and furnishings	-25,735	-	-1,428	-	1,925	-25,238	8,247	7,366
Right-of-use assets (IFRS 16)	-1,325	-	-449	-	494	-1,280	898	1,672
Other property, plant and equipment	-143	-	-34	-	-	-178	126	92
Property, plant and equipment	**-50,534**	**-**	**-3,659**	**-**	**2,443**	**-51,750**	**62,272**	**61,058**
Investment property	**-11,434**	**-**	**-1,210**	**-**	**-**	**-12,644**	**22,452**	**23,188**

EUR '000	2025	2024
Other income from investment property	**2,881**	**2,183**
Rental income	1,675	1,824
Other income	426	360
Income from disposals	780	-
Other expenses arising from investment property	**-1,693**	**-1,712**
Depreciation, amortisation and impairment	-1,189	-1,210
Expenses arising from let investment property	-468	-396
Expenses arising from vacant investment property	-36	-106
Total	**1,188**	**471**

EUR '000	31 Dec. 2025 Carrying amount	31 Dec. 2025 Fair value	31 Dec. 2024 Carrying amount	31 Dec. 2024 Fair value
Land and buildings	50,120	65,468	51,591	65,467
Investment property	19,647	32,187	23,188	37,022

6.1.1 Operating leases (with the Group as lessor)

EUR '000	2025	2024
Income from operating leases		
Investment property	1,675	1,824
Property, plant and equipment	539	486

6.1.2 Right-of-use assets (IFRS 16)

EUR '000	31 Dec. 2025 Carrying amount	Additions	Depreciation and amortisation	Other changes	31 Dec. 2024 Carrying amount	Additions	Depreciation and amortisation	Other changes
Land and buildings	808	134	-340	75	1,145	584	-345	8
Vehicles	388	11	-163	13	527	631	-104	-

6.2 Provisions

Accounting policies

Employee benefit provisions

There are both defined contribution and defined benefit plans in the HYPO NOE Group. Under the former, defined contributions are paid to an external fund. As the employer has no legal or other obligation to make additional payments, there is no need to recognise a provision.

Since 1 January 2019 the defined contribution entitlements have been administered by APK Pensionskasse AG. Under the works agreement in force at HYPO NOE Landesbank and HYPO NOE Leasing GmbH since 1 January 2019, 3.15% of eligible salaries have been paid to the pension fund on behalf of ordinary employees since April 2025 (up to 31 Mar. 2025: 3%), 6% on behalf of departmental heads with all-in contracts, and 9.76% on behalf of divisional heads and other management members of like status. Where there were different agreements on contributions in the past, these remain in force. In the case of employees who joined the pension scheme on or before 31 December 2012, the employer's contributions vested five years after payments began; in that of employees joining on or after 1 January 2013, they did so three years after commencement. Since 1 January 2019 eligibility for employer's contributions has been conditional on two years' service; prior service may be counted (for entrants before 1 January 2019 the waiting period was five years).

There are also defined benefit pension, and termination and jubilee benefit commitments. The plans are not financed by a fund. Long-term employee benefit provisions are measured using the projected unit credit method, in accordance with IAS 19. Future obligations are measured on the basis of a report by an independent actuary. Recognition in the consolidated statement of financial position is at the present value of the defined benefit obligation (DBO). Actuarial gains and losses on the termination benefit and pension provision are recognised in equity, under the "Actuarial gains and losses recognised in other reserves" item. Actuarial gains and losses on the jubilee benefit provision are shown under "Administrative expenses" (Note 5.3) in the statement of profit or loss.

Disclosures on employee benefits

Current service cost and interest cost are recognised in profit or loss, under "Staff costs" (Note 5.3.2). The actuarial gains and losses are due entirely to changes in the financial assumptions applied.

The HYPO NOE Group's defined benefit plans give rise to pension, termination benefit and jubilee benefit obligations. IAS 19 defines pension and termination benefit obligations as benefits that are payable after the completion of employment. Jubilee benefits are classified as other long-term employee benefits. At present, the HYPO NOE Group has no defined benefit pension plans, and the remaining obligations have been transferred to an outside pension fund. The only other defined benefit obligations are to retired employees and their surviving dependents where the latter have entitlements. The remaining obligations have been transferred to an outside pension fund. The average duration of the pension obligation is 8.9 years (31 Dec. 2024: 9.5 years), and that of the termination benefit obligation is 9.7 years (31 Dec. 2024: 10 years). The HYPO NOE Group does not have any plan assets.

There are termination benefit obligations under superseded legislation. These are to employees who entered the service of the Group before 1 January 2003 and have not already received termination benefits as a result of a group transfer. Under the new termination benefit legislation, the benefits are contracted out to a termination benefit fund (see the "Expenses for provident fund" item in "Staff costs" [Note 5.3.2]). The jubilee benefits depend on employees' length of service and are governed by the collective agreement applicable to the employment contract concerned.

Credit provisions

This item comprises provisions for credit risks such as unused but irrevocable credit lines and guarantees, see also "Off-balance-sheet transactions and contingent liabilities" (Note 4.4.3).

Other provisions

Allocations to and reversals of the other provisions are made to/charged to the various profit or loss items concerned on a causation basis. For legal-risk provisions, allocations are recognised in "Other operating expense", while any reversals are reported under "Other operating income".

Estimation uncertainties and judgements

Employee benefit provisions

Measurement of the long-term employee benefit provisions was based on the statutory retirement ages of 60-65 for women and 65 for men.

As in previous years, the discount rate applied to measurement at the end of the reporting period was determined on the basis of investment-grade industrial bonds and finalised in consultation with experts in the eurozone.

Interest rate for	31 Dec. 2025	31 Dec. 2024
Discount rate	3.50%	3.50%
Future salary increases	3.00%	3.50%
Future pension increases	2.50%	3.00%
Adjustment for employee turnover applied to jubilee benefits	8.00%	8.00%

Measurement was based on the biometric estimates contained in the latest Austrian actuarial table for pension insurance, "AVÖ 2018 – P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler, Angestelltenbestand". Use of this table for the measurement of employee benefit obligations is recommended by the Actuarial Association of Austria.

Other provisions

The provision for negative interest rates in connection with corporate loan agreements, carried under “Other provisions”, was fully reversed with effect from 30 June 2025 (31 Dec. 2024: EUR 4,142thsd). The provision had initially been recognised in 2017 in light of an Austrian Supreme Court ruling on the legal treatment of consumer loan agreements against the backdrop of negative money-market interest rates. As this provision related to a legal risk, allocations to it were recognised in “Other operating expense”, while reversals were reported under “Other operating income”. In the HYPO NOE Group’s opinion, the likelihood of future claims for repayment in connection with the underlying legal risk is low. No related legal proceedings are pending and, consistent with past experience, there are neither specific claims nor economic indicators which suggest that new claims will arise. In addition, the legal uncertainty is no longer associated with a specific financial liability for the Company. Consequently, as the criteria for recognition under paragraph 14 IAS 37 are no longer met, the provision was fully reversed.

6.2.1 Movements in provisions

EUR ’000	1 Jan. 2025	Allocations	Utilisation	Reversals	Discount unwinding effect	Remea-surement	31 Dec. 2025
Employee benefit provisions	**24,267**	**555**	**-2,155**	**-**	**869**	**-925**	**22,610**
Provisions for pensions	12,616	-	-1,085	-	442	-222	11,751
Provisions for termination benefits	8,629	344	-904	-	314	-489	7,894
Provisions for jubilee benefits	3,021	210	-165	-	113	-214	2,965
Credit provisions	**2,361**	**932**	**-**	**-1,508**	**-**	**-**	**1,786**
Other provisions	**4,402**	**828**	**-86**	**-4,216**	**-**	**-**	**928**
Total	**31,030**	**2,315**	**-2,241**	**-5,723**	**869**	**-925**	**25,324**

6.2.2 Disclosures on employee benefits

Estimation uncertainties and judgements

The following tables present sensitivity analyses that show how changes in some parameters (the discount rate, salary and pension increases, and life expectancy) would affect the recognised DBO.

The first two calculations show the sensitivity to a change in the discount rate (plus or minus 0.25 percentage points) with the remaining parameters unchanged. The others show the effects of the following assumptions: salary increases or reductions of 0.25%, pension increases or reductions of 0.25%, and a rise or fall of one year in life expectancy, while the remaining parameters are unchanged.

The last line of the table models DBO given a discount rate unchanged from the previous year.

DBO sensitivities of the pension provision under parameter changes	DBO
Carrying amounts as at 31 Dec. 2025: 0.25pp discount rate increase	
Discount rate 3.75%; salary increase 3%; pension increase 2.5%	11,502
Carrying amounts as at 31 Dec. 2025: 0.25pp discount rate decrease	
Discount rate 3.25%; salary increase 3%; pension increase 2.5%	12,010
Carrying amounts as at 31 Dec. 2025: 0.25% pension increase	
Discount rate 3.5%; salary increase 3%; pension increase 2.75%	12,010
Carrying amounts as at 31 Dec. 2025: 0.25% pension decrease	
Discount rate 3.5%; salary increase 3%; pension increase 2.25%	11,502
Carrying amounts as at 31 Dec. 2025: one-year increase in life expectancy	
Discount rate 3.5%; salary increase 3%; pension increase 2.5%	12,368
Carrying amounts as at 31 Dec. 2025: one-year decrease in life expectancy	
Discount rate 3.5%; salary increase 3%; pension increase 2.5%	11,148
Carrying amounts as at 31 Dec. 2025: previous year's discount rate	
Discount rate 3.5%; salary increase 3%; pension increase 2.5%	12,280

DBO sensitivities of the provision for termination benefits under parameter changes	DBO
Carrying amounts as at 31 Dec. 2025: 0.25pp discount rate increase	
Discount rate 3.75%; salary increase 3%; pension increase 2.5%	7,712
Carrying amounts as at 31 Dec. 2025: 0.25pp discount rate decrease	
Discount rate 3.25%; salary increase 3%; pension increase 2.5%	8,082
Carrying amounts as at 31 Dec. 2025: 0.25% salary increase	
Discount rate 3.5%; salary increase 3.25%; pension increase 2.5%	8,092
Carrying amounts as at 31 Dec. 2025: 0.25% salary decrease	
Discount rate 3.5%; salary increase 2.75%; pension increase 2.5%	7,701
Carrying amounts as at 31 Dec. 2025: previous year's discount rate	
Discount rate 3.5%; salary increase 3%; pension increase 2.5%	7,894

Type of provision EUR '000	Pensions	Termination	Jubilee	Total
Present value of DBO at 31 Dec. 2023	**11,910**	**7,760**	**2,498**	**22,168**
Service cost	-	323	175	498
Interest cost	506	344	114	963
Payments	-1,062	-426	-86	-1,573
Actuarial gains and losses recognised in profit or loss	-	-	320	320
Actuarial gains and losses not recognised in profit or loss	1,262	628	-	1,890
Present value of DBO at 31 Dec. 2024	**12,616**	**8,629**	**3,021**	**24,267**
Service cost	-	344	210	555
Interest cost	442	314	113	869
Payments	-1,085	-904	-165	-2,155
Actuarial gains and losses recognised in profit or loss	-	-	-214	-214
Actuarial gains and losses not recognised in profit or loss	-222	-489	-	-711
Present value of DBO at 31 Dec. 2025	**11,751**	**7,894**	**2,965**	**22,610**

The following table shows the present values of the DBOs in respect of the employee benefit provisions (pensions, termination benefits and jubilee benefits) as at 31 December 2025, and the service and interest cost, as well as the underlying assumptions (discount rate, and salary and pension increases) for 2026 on which the calculations are based. The amounts for members of the Supervisory and Management Boards, and for key management are also shown.

These DBOs are subject to longevity and discount rate risk.

31 Dec. 2026 (forecast) by type of provision, EUR '000 **Discount rate 3.5%; salary increase 3%; pension increase 2.5%**	Pensions	Termination benefits	Jubilee benefits	Total
DBO	11,751	7,894	2,965	22,610
Current service cost	-	321	197	518
Interest cost	411	288	111	809
Supervisory and Management boards				
DBO	-	234	37	270
Service cost	-	9	2	11
Interest cost	-	9	1	10
Key management staff				
DBO	-	-	117	117
Service cost	-	-	8	8
Interest cost	-	-	4	4

6.3 Other assets and liabilities

Accounting policies

Other assets and liabilities largely relate to other non-bank receivables and liabilities.

The HYPO NOE Group has fixed the prices for the expected 2025 consumption volumes through electricity and gas supply contracts with maturities until 2025. In October 2025, both contracts – electricity from renewable sources and gas – were extended until 31 December 2029. As all supply volumes are exclusively for own use, the contracts are classified as "own use" in accordance with paragraph 2.4 IFRS 9 and accounted for as executory contracts.

Other assets

EUR '000	31 Dec. 2025	31 Dec. 2024
Offset receivables (public loan management)	18,012	14,844
Accruals and deferrals, and contract assets in accordance with IFRS 15	6,147	6,463
Other offset receivables	3,063	5,183
Properties taken into possession	1,398	331
VAT and other tax credits (other than corporation tax)	857	2,091
Non-consolidated subsidiaries and associates	455	434
Trade receivables	397	690
Sundry other receivables	820	551
Other assets	**31,149**	**30,587**

At the end of the reporting period, 'Properties taken into possession' included four properties which were acquired by Strategic Equity Beteiligungen GmbH as the highest bidder with the aim of subsequent resale. The carrying amount totalled EUR 1,398thsd (31 Dec. 2024: EUR 331thsd).

Other liabilities

EUR '000	31 Dec. 2025	31 Dec. 2024
Trade payables	39,076	79,892
VAT and other tax liabilities (other than corporation tax)	19,801	16,170
Employee liabilities	6,202	8,253
SEPA clearing offset liabilities	5,344	8,782
Accruals and deferrals, and contract liabilities in accordance with IFRS 15	3,087	2,927
Other offset liabilities	2,237	3,219
Lease liabilities in accordance with IFRS 16	1,704	2,212
Offset liabilities (public loan management)	513	850
Firm commitments arising from future lending business	-	9,483
Sundry other liabilities	875	588
Other liabilities	**78,839**	**132,375**

The table below shows a maturity analysis in accordance with paragraph 58 IFRS 16 for the lease liabilities contained in "Other liabilities". Further information on the HYPO NOE Group in its capacity as a lessee can be found in "Right-of-use assets (IFRS 16)" (Note 6.1.2).

EUR '000	31 Dec. 2025	31 Dec. 2024
Lease liabilities by term		
Up to 1 year	458	489
1 to 2 years	445	465
2 to 3 years	326	454
3 to 4 years	75	341
4 to 5 years	57	65
Over 5 years	343	398
Total	**1,704**	**2,212**

EUR '000	2025	2024
Leases with the Group as lessee – supplementary information		
Payments for leases on low-value assets	-14	-14
Short-term lease payments	-518	-514
Total cash outflow for leases	-1,154	-1,072

7 TAXES

Accounting policies

Current tax assets and liabilities are measured at current rates and the amounts expected to be paid to or recovered from the taxation authorities. HYPO NOE Landesbank is exclusively liable to tax in Austria. Since 2008, use has been made of the option of group taxation, with HYPO NOE Landesbank acting as the tax group parent company. To this end, the parent has concluded group taxation agreements governing tax contributions, reporting duties and due dates with each group member. Positive tax contributions are reported as 23% of a Group entity's profit, and negative tax contributions as 20% of its loss.

Deferred tax assets and liabilities are measured using the balance sheet liability method. The tax base of an asset is compared with the IFRS carrying amount, and deferred tax is recognised for the temporary difference. If a tax liability is probable when the temporary difference reverses, a deferred tax liability is recognised. Deferred tax assets are recognised for temporary differences that result in tax reductions when they reverse. Offsetting of deferred tax assets and liabilities is performed on a company-by-company basis. Pursuant to IAS 12, deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are also offset within the tax group, in accordance with paragraph 74 IAS 12.

Deferred tax assets and liabilities are recognised and reversed either in profit or loss, under "Income tax expense", or in equity if the underlying item is recognised outside profit or loss (e.g. under "Other reserves composed of debt instruments – FVOCI").

A tax rate of 23% is applied for deferred tax liabilities.

Estimation uncertainties and judgements

Deferred tax assets are recognised for tax loss carryforwards if it is likely that sufficient taxable profit will be available. The HYPO NOE Group's tax loss carryforwards are recognised in Austria and are available for use without time limit. The relevant calculations are based on an updated budget for each company, and a distinction is made between realisable and non-realisable tax loss carryforwards. The assumed time horizon is five years (or, in the case of project companies, a horizon equal to the contractual term). The carrying amounts of deferred tax assets arising from tax loss carryforwards and temporary differences are reviewed at the end of each reporting period. No deferred tax assets were recognised in respect of tax loss carryforwards of EUR 1,544thsd (2024: EUR 2,176thsd).

7.1 Income tax

This item includes all taxes payable on profits for the reporting period.

EUR '000	2025	2024
Current income tax	-5,138	-10,159
Current income tax on previous years	-1,339	229
Deferred income tax	-5,930	-7,613
Total	**-11,069**	**-17,772**

7.2 Tax reconciliation

A reconciliation of the expense that would result from applying the standard rate of corporate income tax to the reported tax expense is shown below.

EUR '000	2025	2024
Profit before tax	**33,444**	**82,242**
x income tax rate	**23%**	**23%**
= anticipated income tax expense	**-7,692**	**-18,916**
Reductions in tax liability	**1,025**	**2,565**
Tax-free income from investments	440	708
Other tax-free income	325	1,244
Investments accounted for using the equity method	260	614
Increases in tax liability	**-3,061**	**-1,638**
Non-deductible expenses	-3,061	-1,638
Tax effects of other differences	**-1,340**	**217**
Previous years	-1,344	224
Prepayments	-1	-2
Differing tax rates under Group taxation	-8	-
Other adjustments	13	-6
Total	**-11,069**	**-17,772**

The "Increases in tax liability" arise from non-deductible expenses, chief among them the financial stability contribution, which has not been tax-deductible since 2017 but was increased significantly in 2025 due to a one-off payment. The tax effects from prior years relate to tax payments from 2023 and 2024 that were not carried as expenses until 2025.

7.3 Deferred income tax

			Change in 2025				
EUR '000	Net deferred taxes	Changes in scope of consolidation	Recognised in profit or loss	Recognised outside profit or loss	Net deferred taxes	Assets	Liabilities
Financial assets – HFT	-15,449	-	5,492	-	-9,957	-	-9,957
Financial assets – mandatorily FVTPL	-1,197	-	-325	-	-1,522	-	-1,522
Financial assets – FVOCI	-2,193	-	825	-433	-1,801	-	-1,801
Financial assets – AC	-25,301	-	25,314	-	13	37,183	-37,170
Positive fair value of hedges (hedge accounting)	-51,623	-	-3,985	-	-55,608	-	-55,608
Other assets (statement of financial position)	616	-	-477	-	138	1,051	-913
Financial liabilities – HFT	14,510	-	-5,103	-	9,408	9,408	-
Financial liabilities – AC	-36,869	-	-9,174	-	-46,042	-	-46,042
Negative fair value of hedges (hedge accounting)	81,454	-	-16,076	-	65,378	65,378	-
Other liabilities (statement of financial position)	2,463	-	-2,119	-121	224	1,951	-1,727
Tax loss carryforwards available for use without time limit	7,322	-	-304	-	7,018	7,018	-
less deferred tax liabilities	-	-	-	-	-	-121,384	121,384
Total	**-26,266**	**-**	**-5,930**	**-554**	**-32,751**	**605**	**-33,355**

			Change in 2024				
EUR '000	Net deferred taxes	Changes in scope of consolidation	Recognised in profit or loss	Recognised outside profit or loss	Net deferred taxes	Assets	Liabilities
Financial assets – HFT	-15,852	-	403	-	-15,449	-	-15,449
Financial assets – mandatorily FVTPL	-1,220	-	23	-	-1,197	-	-1,197
Financial assets – FVOCI	-2,262	-	-536	605	-2,193	-	-2,193
Financial assets – AC	-1,102	-137	-24,062	-	-25,301	9,702	-35,004
Positive fair value of hedges (hedge accounting)	-62,394	-	10,771	-	-51,623	-	-51,623
Other assets (statement of financial position)	43	-	572	-	616	1,688	-1,072
Financial liabilities – HFT	14,744	-	-234	-	14,510	14,510	-
Financial liabilities – AC	-71,624	-	34,756	-	-36,869	-	-36,869
Negative fair value of hedges (hedge accounting)	110,882	-	-29,428	-	81,454	81,454	-
Other liabilities (statement of financial position)	1,806	-	183	474	2,463	4,296	-1,832
Tax loss carryforwards available for use without time limit	7,365	18	-61	-	7,322	7,322	-
less deferred tax liabilities	-	-	-	-	-	-118,589	118,589
Total	**-19,614**	**-119**	**-7,613**	**1,079**	**-26,266**	**384**	**-26,650**

Deferred taxes on income recognised in other comprehensive income

	2025		
EUR '000	Gross	Deferred taxes	Net
Financial assets – FVOCI	1,884	-433	1,451
Equity instruments – FVOCI	244	-56	188
Debt instruments – FVOCI	1,640	-377	1,263
Debt instruments – FVOCI reclassified to profit or loss	-	-	-
Other liabilities (statement of financial position)	524	-121	404
Actuarial gains and losses	711	-164	548
Hedges (hedge accounting)	-187	43	-144
Total	**2,408**	**-554**	**1,854**

	2024		
EUR '000	Gross	Deferred taxes	Net
Financial assets – FVOCI	-2,625	605	-2,021
Equity instruments – FVOCI	300	-69	231
Debt instruments – FVOCI	-2,708	624	-2,085
Debt instruments – FVOCI reclassified to profit or loss	-217	50	-167
Other liabilities (statement of financial position)	-2,062	474	-1,588
Actuarial gains and losses	-1,890	435	-1,455
Hedges (hedge accounting)	-172	40	-132
Total	**-4,687**	**1,079**	**-3,609**

Tax loss carryforwards for which no deferred tax assets have been recognised may be carried forward without time limit.

The basis for non-recognition of deferred tax for associates and joint ventures in profit or loss was negative by EUR 1,130thsd (31 Dec. 2024: negative by EUR 2,669thsd).

The deductible temporary differences arising from differences between tax and accounting valuations related to interests in affiliated companies, joint ventures and associates, for which no deferred tax liabilities were recognised, totalled EUR 226thsd (31 Dec. 2024: EUR 632thsd). Unrecognised deferred tax liabilities arising from differences between the tax

bases of interests in affiliated companies, joint ventures and associates, measured by shares of net assets held, amounted to EUR 24,427thsd (31 Dec. 2024: EUR 22,352thsd).

8 RISK MANAGEMENT

The HYPO NOE Group defines risk as the possibility of unexpected, unfavourable future developments that could have an adverse impact on the assets, earnings or liquidity of the Group or of individual subsidiaries.

Derived from the Group's strategic objectives, development of all significant business activities takes strategic risk factors into account, with a strong focus on risk-bearing capacity. The Bank attaches particular importance to the assessment of risks based on the risk-reward ratio. Risks are not ends in themselves but are assumed in the interests of value creation and, in turn, improved risk-bearing capacity, as well as achieving adequate returns on risk capital. The refinement of instruments and processes aimed at maintaining an adequate risk-reward ratio is seen as an integral element of the Group's long-term strategy.

The Group's risk-bearing capacity is safeguarded by maintaining a balanced relationship between risks and coverage capital. To this end, eligible risk coverage capital is carefully defined, and the confidence level for risk quantification (i.e. the probability of loss) is set at a conservative level.

The disclosure of risks is based on the Group's internal risk management and risk reporting systems.

8.1 Risk management system

Achieving business success necessarily involves taking risks. The HYPO NOE Group practises active risk transformation, and risks are consciously incurred in connection with it. The Group's risk management objectives are to identify, measure, actively manage and monitor all risks arising from banking operations (credit, market, liquidity, operational, reputational and other risks).

The Group's organisational structure provides for a clear separation of front and back office functions (in line with the four-eye principle) at every level up to and including the Management Board. The front office functions originate business and give initial clearance to transactions, while the back office functions cast an additional, independent vote on lending decisions that confers final approval. The internal division of responsibilities requires the unanimous approval of the front and back office functions for all business decisions that would alter the risk profile. There are also rules for the ultimate approval of exposures requiring resolutions of the Group's Supervisory Board.

In principle, all risks throughout the HYPO NOE Group are subject to a Group-wide, uniform limit system, which is monitored on an ongoing basis. A Group-wide risk reporting system ensures timely, regular and comprehensive risk reporting. In addition to the quarterly risk management report, which provides an aggregated summary of all identified material capital risks and the available capital coverage, and analyses the Group's insolvency risk, the Management and Supervisory Boards receive separate regular risk reports for each risk category. These provide detailed information on current risk-related developments.

The disclosures required by Part 8 of the CRR are made on a consolidated basis for the HYPO NOE Group, and can be found in a separate document posted on the Group's website (en.hyponoe.at).

In line with the guidelines for product launches, the introduction of new lines of business or new products, and entry into new markets, requires an appropriate prior analysis of the relevant business risks. Without exception, transactions that entail risks are only permitted if they are explicitly regulated and authorised by the Group's risk documentation. The Group restricts its exposures primarily to businesses where it has the necessary expertise to judge and manage the specific risks involved. If the risk situation is unclear, or there are methodological uncertainties, the principle of prudence is given precedence.

The HYPO NOE Group identifies, quantifies, monitors and manages risks in accordance with the applicable statutory and commercial requirements. In spite of the risk management methods and internal control processes in place, the Group may still be exposed to unknown and unexpected risks. Furthermore, the risk management techniques and strategies applied cannot completely rule out the future occurrence of risks.

8.2 Aggregate risk management and risk-bearing capacity (ICAAP)

The identification, quantification and oversight of total Bank risk at portfolio level is the responsibility of the Strategic Risk Management Department, and encompasses the identification, measurement, aggregation and analysis of all the risks assumed, assessment of the adequacy of economic capital in relation to the risk profile, and the use and ongoing refinement of appropriate risk management systems.

The minimum own funds requirement is calculated using the standardised approach set out in Pillar 1 of the Basel regulations. All material risks are actively managed as part of the Group's internal risk management process (Pillar 2) and in compliance with the disclosure requirements (Pillar 3).

Maintenance of adequate risk-bearing capacity is monitored by two control loops:

- The economic gone concern control loop protects creditors against exposure to customer liquidation. Risks are measured at a high confidence level of 99.9% with a one-year holding period, and compared with the risk coverage capital available in the event of liquidation.
- The going concern management control loop is designed to ensure that the HYPO NOE Group continues as a going concern. Here, risks are measured at a lower confidence level of 95% with a one-year holding period, and compared with the coverage capital realisable without endangering survival.

The HYPO NOE Group's risks and risk coverage capital for the purposes of the economic control loop are shown below.

Economic risk by risk type, EUR '000	31 Dec. 2025	31 Dec. 2024
Credit risk	**225,517**	**233,897**
Counterparty risk	192,710	197,831
Customer foreign exchange risk	353	709
Investment risk	9,588	9,438
Concentration risk	22,797	23,602
Macroeconomic risk	-	997
Repayment vehicle risk	69	1,320
Market risk	**127,082**	**111,433**
Interest rate risk	91,254	78,665
Credit spread risk	34,991	31,781
Credit valuation adjustment risk	154	289
FX risk (Bank perspective)	33	47
Risk – small trading book	650	650
Liquidity risk	**6,500**	**6,400**
Operational risks*	**60,679**	**29,565**
Risk buffer	**50,036**	**51,126**
Model risk	20,989	19,065
Reputational risk	8,396	7,626
Other non-quantified risks	20,652	24,435
Total	**469,815**	**432,420**

*2025 incl. ICT risk

Allocated to RBC, EUR '000	31 Dec. 2025	31 Dec. 2024
Economic Tier 1 capital	866,335	866,758
Undisclosed reserves/liabilities	-1,551	-26,882
Economic risk-bearing capacity (RBC)	**864,785**	**839,876**
Utilisation of economic RBC	**54.3%**	**51.5%**

As at 31 December 2025 the Group was utilising 54.3% of its risk-bearing capacity (including an adequate risk buffer), which was higher than at 31 December 2024 (51.5%). The main reasons for this were the rise in present value interest rate risk as well as – due to its growing importance for business operations – the assumption of an additional information and communication technology (ICT) risk exposure within operational risk.

The increase in operational risk during the reporting period was primarily attributable to a modified assessment of the risk situation as part of the calculation of risk-bearing capacity. More specifically, this involved consideration of changes in the risk environment and the growing significance of ICT for the Group's operations. In view of these factors, a conservative approach to aggregate risk management was deliberately chosen, in order to take potential risks into account appropriately.

8.2.1 Management of the internal risk coverage capital

As part of the aggregated banking risk management system, own funds are calculated at the consolidated Group level as defined by the CRR. The own funds figures from the Common Reporting Framework (COREP) are thus converted into economic risk-bearing capacity. Undisclosed economic reserves and liabilities arising from securities are also included in the risk coverage capital. Changes are driven both by the volatility of the undisclosed reserves and liabilities, and by the resolutions of the Annual General Meeting with respect to dividend distributions, allocations to reserves and any capital increases.

The main components of the HYPO NOE Group's economic risk-bearing capacity are as follows:

- Tier 1 capital, and
- Undisclosed reserves/liabilities arising from securities (AC)

The following components are currently not included in the Group's economic coverage capital:

- Subordinated and Tier 2 capital (except for certain predefined stress situations) – the HYPO NOE Group currently has no subordinated or Tier 2 capital
- Interim profits and losses for the current financial year

The exclusion of subordinated and Tier 2 capital from the risk coverage capital serves to protect the Group's creditors. In the event of liquidation, the interests of any subordinated creditors are protected, which represents prudent banking practice.

In accordance with the going concern control loop, meeting the own funds requirements is also a strict condition for ensuring that the Bank remains a going concern.

8.2.2 Recovery plan

Under the Bundesgesetz über die Sanierung und Abwicklung von Banken (Federal Act on the Recovery and Resolution of Banks), which came into force on 1 January 2015, the HYPO NOE Group is required to draw up a recovery plan. Embedding of the plan in day-to-day operations pursuant to the Act is integral to the Group's risk and capital management framework.

At the core of the expanded risk management and overall control processes implemented under the recovery plan, specific indicators and restructuring and communication measures will be established, as well as robust escalation and decision-making processes within the recovery governance structure that supplement the existing control measures in the event of an impending or unfolding crisis.

Early warning and recovery indicators are an integral part of the reporting within the relevant management bodies.

The 2025 review of the Group's recovery plan under the Federal Act on the Recovery and Resolution of Banks was completed and the approved document submitted to the supervisory authority on time.

8.2.3 Bank-wide stress test

Derived from a detailed economic analysis, scenarios relevant to the HYPO NOE Group's business model are generated each year as part of the Bank-wide internal stress testing process. The impact of the scenarios on credit, investment and liquidity risk, net interest income and credit spreads, as well as on the recognition of additional risk provisions pursuant to IFRS 9 and expected defaults, are simulated at Group level to determine both regulatory and economic risk-bearing capacity. The results of the stress test and potential countermeasures are reported to the Management Board and presented to the Risk Management Committee (RICO) and Risk Committee.

In addition, reverse stress tests are carried out annually, and stress testing may also take place on a case-by-case basis.

8.2.4 Upgrading risk management systems

In 2026 the HYPO NOE Group will again refine its infrastructure, processes and methodologies, in order to meet current and future regulatory requirements, as well as ensure that internal risk control systems remain compatible with the Group's permitted risk tolerance and its business objectives.

8.2.5 Minimum requirement for own funds and eligible liabilities (MREL)

As at 31 December 2025, the HYPO NOE Group was obliged to comply with the following mandatory minimum requirements for MREL:

- 5.91% of leverage ratio exposure (31 Dec. 2024: 5.91%), or
- 22.18% of total risk exposure (31 Dec. 2024: 21.61%)

The Group makes use of a general prior permission (GPP) in order to reduce the level of instruments for eligible liabilities by up to 10%. As officially approved by the FMA – the national resolution authority – the GPP for 2025 was approximately EUR 172m. A GPP of the same amount for 2026 was applied for and approved by the FMA. Consequently, the HYPO NOE Group is entitled to make repurchases of eligible liabilities amounting to EUR 172m without further FMA approval.

As a result, this pre-approved amount for repurchases of eligible liabilities can no longer be included in the MREL calculations as outstanding liabilities. The Group still comfortably meets the minimum requirements established by the FMA, as there are sufficient eligible liabilities and own funds.

8.3 Credit risk

Information on credit risk can be found in Note 4 FINANCIAL INSTRUMENTS AND CREDIT RISK.

8.4 Market risk

8.4.1 Market risk management

Market risks are potential losses resulting from adverse changes in the net asset value of exposures due to changes in market prices.

Market risks specific to banking include:

- Interest rate risk in the banking book
- Credit spread risk
- Foreign exchange risk from a banking perspective
- Option risk (volatility risk)
- Trading book risk
- Basis risk
- Credit valuation adjustment (CVA) risk

- Concentration risk inherent in market risk
- Commodity risk
- Share price risk
- Fund price risk
- Sustainability risk

The HYPO NOE Group's market risk management strategy sets out the strategic guidelines for managing market risks specific to banking.

The main market risks facing the HYPO NOE Group are interest rate risk in the banking book, and credit spread risk (in particular in the nostro portfolio) arising in part from natural banking activities such as fixed-interest lending and management of liquidity reserves. The HYPO NOE Group has implemented limits, as well as detailed oversight and control processes to address these risks. In the course of its business operations, the HYPO NOE Group is exposed to foreign exchange and option risks (e.g. embedded upper and lower interest rate limits) which are monitored and managed. The use of derivatives to hedge interest rate risk can give rise to basis risk, which is likewise monitored in the risk management systems. Risk management procedures and methods are also in place to deal with the CVA risk associated with derivatives. The concentration risk inherent in market risk chiefly arises from own investments of liquidity reserves, and is managed and limited together with the latter. The Bank also uses the small trading book to trade on its own account. Appropriate and transparent limits that reflect risk appetite and monitoring processes have been introduced in order to maintain compliance with legal requirements and internal risk management policies.

The HYPO NOE Group has not earmarked any internal risk capital for commodity, share price or fund risk, and, as a result, no related risks may be incurred in these market risk categories. Sustainability risk is limited and managed by applying inclusion and exclusion criteria, among other measures.

The HYPO NOE Group's market risk strategy is based on the principles set out below, which are enshrined in the Group's risk strategy. These principles ensure capital coverage of the market risks incurred at all times, and underpin the related monitoring, control and transparency of the individual market risk positions by:

- Identifying and regularly assessing market risks
- Specifying and regularly evaluating the suitability of models and processes for measuring market risks
- Quantifying market risk on the basis of the processes established
- Determining management's risk appetite and tolerance with respect to the various individual market risk categories, taking account of risk and reward expectations
- Compliance with statutory regulations and legal frameworks
- Appropriately limiting and monitoring market risk on the basis of the specified risk tolerance
- Goal-driven reporting

8.4.2 Interest rate risk in the banking book

When measuring, managing and limiting interest rate risk, the HYPO NOE Group distinguishes between period net interest income risk – which mainly monitors the risk of net interest income fluctuations in a given period – and present value risk, which measures decreases in the asset value of a particular portfolio due to interest-rate-induced changes in present value.

The HYPO NOE Group monitors and manages interest rate risk arising from aggregate net interest income at Bank level and from sub-portfolios relevant to IFRS earnings and equity, which are reported in the statement of profit or loss. Additionally, the present value of interest rate risk across the entire banking book is managed to ensure conformity with the Bank's total risk-bearing capacity and with supervisory requirements (supervisory outlier test).

Interest rate risk management

Monitoring and quantifying interest rate risk is the responsibility of an independent back office department, Strategic Risk Management. This involves scrutinising interest rate gaps, calculating present values and performing sensitivity analyses. Positions with interest rates fixed for indefinite periods, fixed-interest loan commitments and associated assumptions on prepayments are modelled and regularly assessed on the basis of statistical models and/or expertise-based estimates. Regular analyses are also carried out for the entire banking book and for sub-portfolios.

The ALM team is responsible for managing interest rate risk positions and implementing the Bank's interest rate risk management strategy. The main objective is to achieve stable, long-term contributions to net interest income, while also managing the present value of interest rate risk.

The Bank's interest rate risk policy is planned as part of the annual budget and medium-term planning, and aligned with the Bank's risk appetite. Adherence to the strategic interest rate risk position is reported in the ALM Committee and, if necessary, adjusted in consultation with the Management Board. The ALM Team is responsible for operational implementation of the interest rate risk management strategy in line with the preordained interest rate risk limits and authorities. Interest rate risk management measures are ultimately executed by the Treasury/Capital Market/FI/IR Department.

The ALM Team coordinates regularly with Strategic Risk Management on decisions that have a bearing on interest rate risk.

The HYPO NOE Group makes use of fair value hedges that qualify for hedge accounting in order to guard against interest rate risk arising from structured positions and significant fixed-interest positions. Low-value transactions are combined and hedged by means of layered hedges (see Note 4.6 Derivatives and hedge accounting). Interest rate swaps are normally used as risk management instruments. Alternatively, the Bank uses new investment and refinancing business as a means of managing structured fixed-interest risk positions.

Banking book

The present value of interest rate risk across the banking book as a whole is subject to an absolute limit for the purposes of internal risk measurement. Based on the Bank's total risk-bearing capacity and risk appetite, this limit is set during the annual risk budgeting process, in accordance with the limits established by the regulator and the provisions for identifying outlier banks.

The present value of interest rate risk for all interest-sensitive positions (i.e. excluding non-interest-bearing equity and interest-free investments) is measured for the banking book as a whole, and is limited, monitored and kept within the specified limits. Measurement is based on the effect on net asset value of a range of interest rate scenarios and shifts.

The internal present value of interest rate risk is assessed on the basis of a static present value simulation, gap analyses and interest rate sensitivities. The worst-case change in present value is calculated for the entire banking book on the basis of the six EBA scenarios, and the four scenarios subject to the EBA interest rate floor are also included without the floor. These ten scenarios are scaled up to a confidence level of 99.9% for the liquidation approach and of 95% for the going concern approach, with a holding period of one year. Parallel shifts and twists in the yield curve (on money and capital markets) are also modelled in the interest rate scenarios. When aggregating interest rate risks associated with the various currencies, negative present value changes are weighted at 100% and positive present value changes at 50%.

The calculation of interest rate risk models pipeline risks, loan prepayments, non-performing loans, and positions with interest rates fixed for indefinite periods, e.g. deposits. Parameters for the exposures concerned are derived on the basis of historical data and applied at the end of the current reporting period. Scenario-dependent assumptions regarding loan prepayments and deposits are also modelled. The parameters for the estimate are the values for the standardised approach set out in the relevant EU regulation. Interest rate risk arising from provisions for pensions and termination benefits is identified and modelled on the basis of the interest rate risk determined using actuarial methods. The realisation period under the ECL method is applied when modelling non-performing loans.

The model parameters are updated regularly, or as required in light of material events. In addition, the models used are reviewed by the independent Validation and Model Risk group.

Risk measurement and submission of the regulatory interest rate risk statistics are carried out in accordance with the regulatory requirements. As at 31 December 2025, none of the regulatory reporting thresholds were exceeded for any foreign currencies, and the total exposure reported was above the regulatory minimum threshold. As a result, only values denominated in euro were reported as at 31 December 2025.

Period net interest income risk is measured using a net interest income simulation. Net interest income risk is a measure of fluctuations in net interest income arising as a result of differences in reference rates and in rate fixing dates. Risk is determined for a 12-month period and includes a calculation of net interest income in the baseline scenario, as well as its sensitivity to a positive and a negative parallel shift. A constant, stable balance sheet structure is assumed and a simulation

performed, based on the premise that new transactions will be concluded to replace expiring positions for the same indicator.

Individual portfolios

As is the case for the banking book as a whole, limits are set and monitored in the control system for interest-sensitive portfolios for which measurement effects are recognised in the IFRS statement of profit or loss or in IFRS equity. Risk assessment and limit setting are based on present value sensitivities derived from the six EBA scenarios without an interest rate floor, scaled up to a confidence level of 95%.

Current interest risk situation

Interest rate risk measured in terms of the supervisory outlier test (15% of eligible capital) is moderate. The following table shows the results of the risk scenarios modelled in accordance with the regulatory requirements and the performance indicator identifying an outlier bank as at 31 December 2025 and 31 December 2024. The indicators are based on equity including retained profit.

Regulatory interest rate risk, total banking book, change in present value, EUR '000	31 Dec. 2025	31 Dec. 2024
Scenario I: EBA parallel up	-80,047	-58,271
Scenario II: EBA parallel down	18,964	16,369
Scenario III: EBA steepener	-20,659	-8,031
Scenario IV: EBA flattener	-15,650	-9,756
Scenario V: EBA short rate up	-44,734	-30,305
Scenario VI: EBA short rate down	9,755	10,384
Worst-case scenario	**-80,047**	**-58,271**
Worst case as percentage of equity	**9.23%**	**6.72%**

The period interest rate risk for both parallel interest rate shocks is as follows:

Interest income risk by period, EUR '000	31 Dec. 2025	31 Dec. 2024
Scenario I: EBA parallel up	-5,956	-5,036
Scenario II: EBA parallel down	-5,270	-6,112

The interest rate risk positions taken by the HYPO NOE Group as at 31 December 2025 and 31 December 2024 are presented in the tables below.

Interest rate risk positions (assets – liabilities), 31 Dec. 2025, EUR '000	On-balance-sheet	Off-balance-sheet	Total
Up to 1 month	36,130	-589,483	-553,354
>1-3 months	433,778	4,419	438,197
>3-6 months	1,869,057	-1,096,955	772,102
>6 months-1 year	136,624	278,000	414,623
>1-2 years	-454,193	566,887	112,694
>2-3 years	-340,234	502,495	162,261
>3-4 years	-260,051	491,523	231,472
>4-5 years	-533,729	133,835	-399,894
>5-7 years	-1,933,066	1,373,011	-560,055
>7-10 years	561,649	-611,018	-49,368
>10-15 years	941,360	-737,654	203,705
>15-20 years	201,061	-212,724	-11,662
Over 20 years	36,297	-35,421	876

Interest rate risk positions (assets – liabilities), 31 Dec. 2024, EUR '000	On-balance-sheet	Off-balance-sheet	Total
Up to 1 month	238,280	-145,602	92,678
>1-3 months	1,602,779	-1,515,537	87,243
>3-6 months	1,920,891	-1,480,625	440,266
>6 months-1 year	-33,854	527,438	493,584
>1-2 years	-1,090,053	805,504	-284,549
>2-3 years	-339,543	628,705	289,163
>3-4 years	-547,420	543,953	-3,468
>4-5 years	-473,497	678,459	204,962
>5-7 years	-957,509	415,144	-542,365
>7-10 years	-487,217	317,779	-169,438
>10-15 years	475,052	-235,647	239,405
>15-20 years	155,857	-171,025	-15,167
Over 20 years	62,977	-71,951	-8,974

As at 31 December 2025, risk utilisation was 91.25% of the total limit of EUR 100m (31 Dec. 2024: 98.33% of the total limit of EUR 80m). The tables below show the results of various interest rate scenarios for the HYPO NOE Group, and how they are reflected in the internal limits, as at 31 December 2025 and 31 December 2024. For the internal risk measurement process, the six EBA scenarios with an interest rate floor and the four without a floor are applied and scaled up to a confidence level of 99.9%.

Internal interest rate scenario analysis, total banking book, EUR '000	31 Dec. 2025	31 Dec. 2024
Scenario I: EBA parallel up	-91,254	-78,665
Scenario II: EBA parallel down	21,619	18,006
Scenario III: EBA steepener	-33,408	-10,360
Scenario IV: EBA flattener	-23,313	-14,146
Scenario V: EBA short rate up	-63,702	-42,124
Scenario VI: EBA short rate down	13,892	15,888
Scenario VII: EBA parallel down without interest rate floor	19,266	18,006
Scenario VIII: EBA steepener without interest rate floor	-32,116	-10,360
Scenario IX: EBA flattener without interest rate floor	-23,752	-14,146
Scenario X: EBA short rate down without interest rate floor	13,308	15,888
Internal risk	-91,254	-78,665
Limit (warning level: 95% of limit)	**100,000**	**80,000**
Limit/utilisation (%)	**-91.25%**	**-98.33%**

8.4.3 Credit spread risk

Credit spread risk is the impact of adverse changes in risk premiums on instruments for which prices are determined by the markets. As with the measurement of interest rate risk, credit spread risk is calculated both in terms of present value and for a given period. The HYPO NOE Group identifies credit spread-sensitive exposures using a documented procedure. Such risk mainly arises due to the Group's own investments of liquidity reserves, and from strategic nostro positions. The IFRS fair value of loans is included in the measurement of credit spread risk. Measurement is carried out for the entire nostro portfolio and for exposures relevant to IFRS earnings and equity.

Credit spread risk is managed indirectly by means of requirements for the nostro portfolio as well as the strategic reduction of exposures designated as at fair value. There are no plans to hedge credit spread risk using derivatives such as credit default swaps. Conformity with the Group's risk appetite is monitored by the back-office Strategic Risk Management Department. Regular reports containing significant information on the credit spread risk portfolio as well as limit utilisation are submitted.

Credit spread risk management focuses primarily on the present value of risk, as this reflects the loss in net asset value resulting from adverse changes in risk premiums. The resulting risks are monitored and quantified, with limits set, and reflected in the calculation of risk-bearing capacity. The capital requirements resulting from credit spread risk are determined for the entire nostro portfolio in the banking book and for loans measured at fair value using a historical value-at-risk (VaR) model. VaR is calculated on the basis of historical credit spread scenarios, which are estimated with the aid of iBoxx indices. The changes arrived at in this way are then aggregated, and this distribution of losses is used to calculate a loss quantile of 99.9% and 95%. The historical simulation methodology uses a history of more than ten years. This indicator measures the potential loss in value from widening spreads that would be realised – from a liquidation perspective – if the underlying portfolio was disposed of. The table below shows the results of the credit spread VaR analysis for the HYPO NOE Group, assuming a holding period of one year and a confidence level of 99.9%.

Credit spread, VaR (holding period of one year, confidence level of 99.9%), EUR '000	31 Dec. 2025	31 Dec. 2024
Total credit spread risk	-34,991	-31,781

Alongside the present value analysis, risk is also measured for a given period. The effect of changes in risk premiums on net interest income are calculated for a 12-month period, assuming a constant balance sheet structure. In order to quantify risk, a scenario with falling risk premiums and one with rising risk premiums are compared with a baseline scenario in which funds from a maturing transaction are reinvested, applying current risk premiums. Quantiles that reflect the changes in credit spreads with a holding period of one year are taken from the history and applied in order to calculate the credit spread risk under both of these risk scenarios. For the scenario in which falling spreads are assumed, quantiles of 0.01% and 5% of the annual change in credit spreads are calculated; in the scenario with rising spreads, quantiles of 95% and 99.9% are calculated. The results of this period-based approach are shown below:

Credit spread risk by period (horizon of one year, confidence level of 99.9%), EUR '000	31 Dec. 2025	31 Dec. 2024
Total credit spread risk	-571	-735

8.4.4 Foreign exchange risk

The strict limits on open foreign exchange positions reflect the HYPO NOE Group's conservative risk policies. Refinancing in the same currency and the use of FX derivatives serves to effectively eliminate foreign exchange risks for the Group.

Consequently, under the Capital Requirements Regulation, as at 31 December 2025 the Group was not subject to the minimum capital requirement for foreign exchange positions, as the total position for the Group as a whole was less than 2% of eligible capital. The internal limit for foreign exchange positions is below this figure.

The residual foreign exchange risk for all open currency positions is regularly measured and monitored, using a VaR model based on foreign currency fluctuations over time. The historic simulation applied is based on an exchange rate history going back more than 20 years. The table below shows the results of the currency-position VaR analysis for the HYPO NOE Group, assuming a holding period of one year and with a confidence level of 99.9%.

Currency positions, VaR (holding period of one year, confidence level of 99.9%), EUR '000	31 Dec. 2025	31 Dec. 2024
Currency risk exposure, total	-33	-47

8.4.5 Options risk

Volatility risks in the HYPO NOE Group chiefly arise from embedded upper and lower interest rate limits on loans and deposits. The management and oversight of these exposures forms part of the management of interest rate risk in the banking book.

The Group normally aims to prohibit any option positions with a significant bearing on IFRS fair value. Option derivatives are only employed to a limited extent, in order to manage interest rate risk and to optimise the mismatch contribution. Limits are imposed by implementing fair value interest rate risk limits.

8.4.6 Trading book risk

The HYPO NOE Group does not engage in any business that requires it to maintain a large trading book as defined by the CRR. It maintains a small trading book in accordance with Article 94 CRR, and the volume of business is limited accordingly, in line with that Article. In addition, sensitivity limits and a maximum loss limit have been set (31 Dec. 2025: EUR 650thsd; 31 Dec. 2024: EUR 650thsd), including an early warning indicator (31 Dec. 2025: EUR 300thsd; 31 Dec. 2024: EUR 300thsd) that halves the sensitivity limit when it is triggered. Daily observation is carried out by the Strategic Risk Management Department. No positions were taken up in the small trading book in 2025.

There were no significant changes in the methods used to measure and monitor foreign exchange risk during the reporting period.

8.4.7 Basis risk

Information on basis risks can be found in Note 4.6 Derivatives and hedge accounting.

8.4.8 CVA/DVA risk

When calculating the fair value of derivative instruments, the CVA for counterparty risk and the debt valuation adjustment (DVA) for the Bank's own credit risk must be taken into account. The CVA is calculated by Strategic Risk Management using customary methods: expected exposure is taken into account by means of a Monte Carlo simulation, and the probability of default feeds into the calculation by applying appropriate global CDS curves. CDS curves are assigned to

the instruments concerned on the basis of the customer rating and sector. The effects of the CVA and DVA are recognised in the consolidated statement of comprehensive income.

CVA risk relates to decreases in present value as a result of fluctuations in the CVAs for OTC derivatives with CVAs, which, in turn, can lead to fluctuations in the “Net measurement gains or losses” item in the statement of profit or loss. CVA risk is measured and monitored on a monthly basis. As part of the assessment of Bank-wide economic banking risk, swings in the CVAs of relevant positions over time are measured and included as risks in the calculation of risk-bearing capacity. These fluctuations are measured on the basis of daily movements in global CDS curves. Risk measurement uses a historic value-at-risk approach, with a holding period of one year and a monitored time series of five years. All derivatives without collateral agreements are included in measurement. The HYPO NOE Group mainly concludes derivative contracts via central clearing houses or collateralises them by means of a credit support annex (CSA) in order to reduce credit risk and CVA volatility risk.

8.4.9 On-balance-sheet market risk: sensitivity analysis

Estimation uncertainties and judgements

The risk measurement methods used to determine market risk meet the legal and economic requirements, and are also internally validated. All risk measurement methods have their limits, and losses in excess of those shown by the risk measurements cannot be ruled out. The amounts shown are not forecasts or indications of how these amounts may evolve in the future. The main limitations of the methods used are discussed below (the information provided is not exhaustive).

The following factors must be borne in mind when employing the sensitivity analyses used to determine risk:

- The scenarios are defined in such a way that they model a broad range of possible market movements. Nevertheless, future events may result in the value at risk in a given scenario being significantly exceeded under certain circumstances.
- The assumptions regarding changes in the risk factors and the relationships between them (e.g. simultaneous twists in the euro and Swiss franc yield curves) may turn out to be false, particularly if extreme market developments occur. There are no standard methodologies for defining interest rate scenarios, and applying other scenarios would generate different results.
- The scenarios applied do not provide any indications of the potential losses in situations not modelled by them.

With regard to the applied value-at-risk approaches, drawbacks of the methodology that need to be borne in mind include:

- The value at risk for a given confidence level does not provide any information about the potential loss beyond the assumed confidence level.
- The models used take account of historical data within the specified time series. The choice of a different period would alter the results.
- The correlations derived from the time series and the risk distribution may change in future.

Besides the risk determination methods described, stress tests are performed in order to highlight risks beyond the regular risk measurement schedule.

Market risk sensitivities in respect of comprehensive income and equity are presented below. All sensitivities are presented using a VaR approach (95% confidence level, holding period of one year) as described above for the various types of risk.

IFRS fair value sensitivities, 31 Dec. 2025, EUR '000	Profit/loss sensitivities			OCI sensitivities		
	VaR	Limit	Utilisation	VaR	Limit	Utilisation
Present value interest rate risk	-722	2,500	29%	-415	2,500	17%
Credit spread risk	-721	3,000	24%	-1,799	4,000	45%
CVA risk	-116					
FX basis risk	-260	3,000	9%	-625	5,000	13%
OIS spread risk	-207					
Banking book risk	-2,026			-2,839		
Trading book interest rate risk	-					

IFRS fair value sensitivities, 31 Dec. 2024, EUR '000	Profit/loss sensitivities			OCI sensitivities		
	VaR	Limit	Utilisation	VaR	Limit	Utilisation
Present value interest rate risk	-1,001	3,000	33%	-538	2,500	22%
Credit spread risk	-921	4,000	23%	-2,194	4,000	55%
CVA risk	-213					
FX basis risk	-309	3,000	10%	-788	5,000	16%
OIS spread risk	-797					
Banking book risk	-3,240			-3,520		
Trading book interest rate risk	-					

8.5 Liquidity risk

Liquidity risk is defined as the danger that the HYPO NOE Group will be unable to meet its present and future payment obligations in full and on time, or may only be able to do so at prohibitive cost.

The HYPO NOE Group distinguishes between intraday liquidity risk management, operational liquidity management (up to one year), and the planning and implementation of the medium-to-long-term structural refinancing and liquidity risk strategy.

The table below provides a maturity analysis of the Group's financial liabilities, including existing financial guarantees extended for derivative financial liabilities and outstanding irrevocable loan commitments as at 31 December 2025 and 31 December 2024. The presentation is based on the following assumptions:

- Undiscounted contractual cash flows (including payments of principal and interest) are shown
- In the case of liabilities with variable cash flows, the future cash flows are calculated on the basis of forward rates
- Liabilities are reported at the earliest possible date they can be called in by the counterparty (sight and savings deposits are therefore shown in the earliest maturity band, regardless of their actual maturities)
- Financial guarantees are assigned to the earliest maturity band
- Finance lease obligations are included at the expected payment dates
- Outstanding irrevocable loan commitments are included at the earliest possible drawing date
- Liabilities arising from derivative transactions based on master agreements do not include any netting agreements
- Cash flows from interest rate derivatives are included on a net basis
- Gross values are shown for repayments of obligations arising from foreign exchange derivatives and forwards
- In the interests of consistency, the liabilities are presented in accordance with the IFRS balance sheet format; the key items from a liquidity perspective are also listed by internal categories

Financial liabilities: maturity analysis, 31 Dec. 2025, EUR '000

Liabilities by Note and internal liquidity category		0-1M	1-3M	3-12M	1-5Y
Financial liabilities – HFT	**4.4**	**-**	**76,766**	**174,626**	**150,413**
Derivative liabilities		-	76,766	174,626	150,413
Financial liabilities – AC	**4.4**	**3,185,386**	**1,039,748**	**2,148,570**	**5,760,245**
Deposits from financial institutions		6,047	4,323	98,584	107,236
Liabilities arising from collateral received for derivatives		163,383	-	-	-
Customer deposits		2,979,913	395,576	784,540	41,902
Liabilities to development banks and multilateral development banks		400	3,519	51,814	204,964
Unsecured own issues		10,227	45,723	625,897	1,191,513
Secured own issues		25,416	590,607	587,734	4,214,631
Financial liabilities – FVO	**4.4**	**-**	**-**	**-**	**-**
Off-balance-sheet transactions	**4.4.3**	**1,011,917**	**-**	**-**	**-**
Contingent liabilities		70,849	-	-	-
Unutilised facilities		941,069	-	-	-
Other positions affecting liquidity		**2,633**	**4,927**	**14,680**	**-**
Finance lease obligations		2,633	4,927	14,680	-

Financial liabilities: maturity analysis, 31 Dec. 2024, EUR '000

Liabilities by Note and internal liquidity category		0-1M	1-3M	3-12M	1-5Y
Financial liabilities – HFT	**4.4**	**30,878**	**77,749**	**570,672**	**121,479**
Derivative liabilities		30,878	77,749	570,672	121,479
Financial liabilities – AC	**4.4**	**3,022,396**	**614,892**	**2,332,531**	**6,045,305**
Deposits from financial institutions		5,275	1,783	241,146	57,007
Liabilities arising from collateral received for derivatives		126,175	-	-	-
Customer deposits		2,721,264	516,622	744,017	63,014
Liabilities to development banks and multilateral development banks		41,281	4,942	47,729	162,149
Unsecured own issues		115,426	47,722	616,328	1,617,865
Secured own issues		12,975	43,824	683,311	4,145,271
Financial liabilities – FVO	**4.4**	**-**	**-**	**-**	**-**
Off-balance-sheet transactions	**4.4.3**	**941,598**	**-**	**-**	**-**
Contingent liabilities		62,776	-	-	-
Unutilised facilities		878,822	-	-	-
Other positions affecting liquidity		**6,240**	**11,960**	**30,800**	**51,000**
Finance lease obligations		6,240	11,960	30,800	51,000

The majority of derivative liabilities are collateralised with cash, or arise due to the inclusion of gross values for foreign exchange derivatives or forwards. As a result, actual net liquidity outflows are lower than those shown in the maturity analysis. In connection with derivatives being cleared or with CSAs, the general risk of remargining is taken into account in the calculation of the time to wall, which is considered in the internal operational liquidity stress tests. This is based on the largest net change in the daily balance figures over the past two years, and an interest rate floor of 0% for the ten-year euro swap rate including a buffer. The worst-case liquidity outflow resulting from remargining of derivatives with CSAs for the years to 31 December 2025 and to 31 December 2024 is shown in the table below.

Worst-case liquidity outflow, EUR '000	31 Dec. 2025	31 Dec. 2024
	109,021	288,852

Irrevocable loan commitments include unused credit lines and loan facilities, as well as revolving credit lines, such as overdraft facilities and cash advances, where there is a strong likelihood that the unutilised loans will be drawn on within the contractually agreed period. By contrast, credit lines can be used at any time, implying a higher degree of uncertainty regarding utilisation and the maturity date. Public sector customers with which the Bank has close relationships account for a significant proportion of the unused credit lines. Planned use by the customer is regularly coordinated with the front office units concerned. In turn, this facilitates forward planning of the Group's refinancing requirements.

The HYPO NOE Group's main sources of finance are secured and unsecured issues, as well as deposits from retail, SME and institutional customers. OeNB tenders and GC Pooling repos are primarily used to manage liquidity.

The concentration of deposits from individual retail customers is usually low in volume terms, so the Group faces no significant concentration risk in this segment. In contrast, customer concentrations are possible in the case of institutional customers, some of which are in a position to make large investments. The Group normally seeks to include different and longer-term maturity bands in the mix by offering appropriate products. In liquidity risk management, the risk that institutional customer deposits will not be extended on maturity is taken into account in the internal operational liquidity stress tests used to determine time to wall on a scenario basis in the light of experience of past crises.

The ten largest fixed-term deposits made by institutional customers were as follows:

EUR '000	31 Dec. 2025	31 Dec. 2024
1	212,500	115,000
2	68,300	91,750
3	60,000	50,000
4	50,000	50,000
5	50,000	40,205
6	38,282	33,000
7	35,000	30,000
8	25,000	28,500
9	25,000	25,000
10	21,000	25,000

The HYPO NOE Group aims to achieve a balanced refinancing mix. Collateralised and uncollateralised bond issues are currently an integral component of the refinancing structure, and will remain so in future. Unlike the other deposit-taking business, issuance allows the Bank to access long-term refinancing and offset the maturity transformation risk that results from long-term lending. Care is taken to avoid concentrations in the maturity profile of issued debt.

The secured capital market accounts for a substantial portion of the Group's total refinancing, and will continue to do so in future. It exhibits a high degree of stability in times of crisis. Another major advantage is the fact that the free collateral in the cover pools can be converted into assets eligible as collateral for OeNB tenders and used to provide liquidity in a crisis.

Fixed-term interbank deposits are another, albeit less important source of refinancing. The table below shows the four largest deposits.

EUR '000	31 Dec. 2025	31 Dec. 2024
1	30,000	133,000
2	25,000	35,000
3	14,500	30,000
4	10,000	20,000

The HYPO NOE Group's primary instruments for managing and covering short-term maturities are its available liquidity reserve, cash reserves and overnight investments. The Group makes a distinction between high-quality liquid assets

(HQLA) and other ECB or GC Pooling repoable collateral. Strategic liquidity is mainly generated by means of OeNB tenders and GC Pooling repos. The available liquidity reserve was broken down as follows.

Available liquidity reserve, 31 Dec. 2025, EUR m	T0	1M	3M	12M
HQLA	1,101	1,101	1,607	1,460
Other collateral eligible for ECB tenders or GC Pooling repos	1,711	1,677	2,057	1,996
Cash and balances at central banks	695	-	-	-

Available liquidity reserve, 31 Dec. 2024, EUR m	T0	1M	3M	12M
HQLA	1,363	1,363	1,328	763
Other collateral eligible for ECB tenders or GC Pooling repos	1,536	1,534	1,478	1,588
Cash and balances at central banks	738	-	-	-

The analysis of the available liquidity reserve does not include collateral already utilised as at the end of the reporting period. This means that once the liabilities secured with such collateral have matured, there could be an increase in the portfolios included in the maturity profile.

The increase in the "HQLA" and "Other collateral eligible for ECB tenders or GC Pooling repos" items in the three-month band was due to the maturity of a mortgage-backed covered bond. In accordance with the Austrian Covered Bond Act, upon maturity the required 180-day HQLA liquidity buffer is no longer included in the cover pool. Consequently, the previously appropriated HQLA and coverage capital become available and are included in the presentation.

By definition, the focus of investments made from the liquidity reserve is restricted to HQLA, OeNB tenders and GC Pooling repoable collateral. In this respect, new investments are primarily made in Level 1 HQLA from the euro area.

If the refinancing options are not sufficient to cover financial liabilities, the Group's emergency processes and measures are triggered. Under the Bank's internal liquidity risk management processes, these processes and measures must be activated well before the actual occurrence of a situation that could pose a threat to its survival.

Details of the individual components of the Group's comprehensive liquidity risk management framework and their interaction are described below. The framework takes account of all of the key pillars of liquidity risk management. These include: preparing and implementing a refinancing and risk strategy adapted to the business model and risk appetite; employing and regularly reviewing suitable methods and processes to determine, measure, oversee and control liquidity risk; and ensuring that effective escalation processes and contingency plans are in place.

8.5.1 Strategic liquidity risk management targets

The liquidity risk management function identifies, analyses and manages the HYPO NOE Group's liquidity risk position, so as to maintain sufficient liquidity coverage as well as an effective cost structure at all times.

This gives rise to the following fundamental objectives of the Group's liquidity risk management:

- Maintenance of a sufficient liquidity buffer, based on suitable stress tests and limit systems, to ensure solvency at all times
- Optimisation of the refinancing structure with respect to risk tolerance, maturity transformation and costs
- Comprehensive planning of the medium-to-long-term refinancing strategy
- Coordination of issuance activity on the money and capital markets
- Risk- and cost-reflective pricing
- Compliance with statutory regulations and legal frameworks

These underlying objectives form the basis for the following liquidity risk management principles, which are applied in liquidity management operations:

- Identification and regular assessment of liquidity risks
- Selection of models and processes for measuring identified liquidity risks, and regular review of their suitability
- Quantification of liquidity risk on the basis of the defined processes
- Compliance with statutory regulations and legal frameworks
- Determining Management's risk appetite/tolerance

- Maintenance of an appropriate liquidity buffer at all times
- Reasonable limitation and monitoring of liquidity risk on the basis of the specified risk tolerance
- Goal-driven reporting
- Emergency plans and processes, and regular reviews to ensure that these are up to date and appropriate
- Efficient and timely management of operational liquidity
- Approval and monitoring of the implementation of the medium-to-long-term refinancing strategy
- Employment of processes and procedures aimed at the risk-reflective allocation of liquidity costs

8.5.2 Implementation of liquidity risk management

Day-to-day liquidity requirements are monitored and managed on the basis of daily reports prepared by the Strategic Risk Management Department.

The department compiles extensive monthly liquidity risk reports to assist in the analysis and control of operational and structural liquidity, and monitoring of compliance with the liquidity risk limits. These reports describe and analyse operational liquidity risk over a period of 12 months according to a normal scenario (volatility scenario), as well as three stress scenarios (name crisis, market crisis and combined crisis) and the structural liquidity risk inherent in the normal scenario. In addition, the Management Board receives comprehensive monthly progress reports on the liquidity position, incorporating planning assumptions and key liquidity risk indicators, as well as information on the current liquidity situation. The Board also receives reports on the liquidity position and limit utilisation in the course of its regular meetings and from RICO.

All on- and off-balance-sheet transactions affecting liquidity are taken into account when preparing the liquidity cash flow forecast and the various liquidity scenarios. With regard to business that affects liquidity, the presentation of the liquidity cash flows distinguishes between a deterministic and a stochastic approach. For the positions given stochastic treatment, fictional maturity scenarios drawn from statistical models, benchmarks and/or expert valuations for given scenarios are extrapolated to arrive at the expected capital commitment.

In addition to existing business, assumptions about expected new business and prolongations are made for each scenario. Prolongations represent the extension of due positions arising from existing business relationships, while new business consists of new business from new or existing customers.

The HYPO NOE Group's operational liquidity capacity is evaluated and monitored on a monthly basis, in terms of the length of time that the Group would be able to survive ("time to wall"). The net cash outflows in the normal scenario and the three stress scenarios are compared with the relevant available liquidity reserve, and the point in time when the liquidity reserve would no longer be sufficient to cover the net cash outflows is calculated. The shortest time to wall is used to calculate limit utilisation. When determining the survival period in the stress scenarios, the fundamental assumption is that no significant changes in the business model or risk strategy have as yet been initiated in order to reduce illiquidity. The limit leaves scope for standard escalation processes to be triggered as required to react quickly to potential liquidity shortages and initiate appropriate action in good time. The stress test horizon is one year. The basic assumptions behind the various stress scenarios are briefly outlined below:

- For the bank name crisis stress scenario, a deterioration in the HYPO NOE Group's individual liquidity situation is simulated. Other market participants are not initially affected by the crisis, but react indirectly, for example by withdrawing their deposits from the Bank. At the same time, the Group's refinancing options in the money and capital markets are constrained or non-existent.
- In the market crisis scenario, an overall deterioration in the liquidity of the money and capital markets is assumed, and access to money and capital market refinancing is taken to be generally restricted. In addition, the available liquidity reserve can be expected to fall in value as a result of declining market prices, as market participants' risk aversion increases. The effects on customer deposits are assumed to be smaller than in a name crisis and, as the Group is owned by the State of Lower Austria, may be seen as entirely positive, given that customers have an increased need for security in a crisis.
- The combined crisis scenario links a bank name crisis with a market crisis. It should be noted that the stress factors of the two components are not simply added in such a scenario; instead, special parameters come into play. It can be assumed that refinancing in the money or capital markets will hardly be possible in such a crisis. The liquidity buffer shrinks as market prices fall, and customer deposits increasingly drain away – albeit less dramatically than in a name crisis, since other market participants are also affected.

- A normal scenario is simulated which depicts routine business developments, as well as customary fluctuations in deposits, and withdrawals attributable to contingent liabilities. Consequently, it is referred to as the volatility scenario.

With a limit of eight weeks (or 12 weeks in the case of an early warning), the HYPO NOE Group's time to wall as at 31 December 2025 was over 52 weeks (31 Dec. 2024: over 43 weeks). The need for HQLA in order to comply with the regulatory requirement for a 180-day liquidity buffer is taken into account in the calculation, in accordance with the Austrian Pfandbriefgesetz (Covered Bond Act). Alongside time to wall, the regulatory liquidity coverage ratio (LCR) is an important operational liquidity control metric. The LCR is reported on a monthly basis and is integral to the Group's operational liquidity management and the planning processes. The LCR reported to the regulator was 206% as at 31 December 2025 (31 Dec. 2024: 229%). The regulatory limit for LCR is 100%, while the HYPO NOE Group has set an internal limit of 120%. There are also maturity-related volume limits designed to control unsecured bank money-market exposures. The 30-day limit of EUR 250m, 90-day limit of EUR 400m and up-to-one-year limit of EUR 500m were adhered to throughout the monitoring period in 2025. The liquidity position (LP) key indicator is employed to measure the Bank's liquidity reserve. This compares the minimum reserve of liquid collaterals, defined according to the Bank's risk appetite, with the current available liquidity reserve. The LP is significantly above the internal limits defined in the budgetary planning process.

For structural liquidity risk, the period and cumulative liquidity gaps are presented in one-year maturity bands. Here, the focus is mainly on contractual cash flows from existing business. Modelled cash flows only play a minor role, and new business and prolongations also play a part.

The HYPO NOE Group uses economic capital as a major metric for structural liquidity risk. Economic capital measures the maximum possible net interest loss that can be absorbed in the course of one year. To calculate the economic capital implied by liquidity risk, higher costs are applied, due to the potentially higher refinancing spreads over a given year. On the basis of changes in historical funding costs for each major funding instrument, the maximum expected increase in refinancing costs over a period of one year is calculated and monitored with a given confidence level. The economic capital for a limit of EUR 15m was EUR 6.5m as at 31 December 2025 (31 Dec. 2024: EUR 6.4m for a limit of EUR 15m). In addition to the economic capital, the structural one-year gap limit – within the five-year time horizon – of EUR 1bn, and the net stable funding ratio (NSFR), a liquidity risk indicator, are also applied. The NSFR was 119.69% at 31 December 2025 (31 Dec. 2024: 118.55%), which was significantly higher than the regulatory minimum ratio of 100% and the internal limit of 107.5%.

Besides these limits, early warning indicators are in place to identify impending critical liquidity situations at the earliest possible stage, so that the Group can initiate timely countermeasures.

8.5.3 Liquidity contingency plan

The liquidity contingency plan is designed to ensure effective liquidity management even in a market crisis. The HYPO NOE Group's plan defines the responsibilities in an emergency, the composition of the crisis management teams, the internal and external communication channels, and the action to be taken where necessary. In an emergency, a crisis management team takes control of liquidity management and decides on the measures to be taken on a case-by-case basis. The contingency plan comprises a package of measures useful in overcoming a liquidity crisis; these were identified, analysed in detail and documented in a multi-stage selection process. The feasibility and suitability of each of the emergency measures in a variety of basic types of stress scenario were evaluated, the quantitative and qualitative effects computed, and the individual steps in the implementation process determined.

8.5.4 Current liquidity risk situation

The HYPO NOE Group has a solid refinancing base and continues to safeguard the supply of liquidity through its conventional capital market and deposit-taking business. Development banks are an additional source of refinancing. Where necessary, refinancing is supplemented by standard repo transactions and ECB tenders.

Global liquidity markets continued to be affected by geopolitical uncertainties in 2025. The reporting period was defined by cyclical slowdowns, falling economic growth, increased refinancing costs and interest rate reduction measures initiated by European central banks.

In spite of this challenging backdrop, the HYPO NOE Group successfully completed all of its capital market issuance scheduled for 2025 in full and according to plan. All of the transactions were significantly oversubscribed. In view of the

extremely favourable market conditions, part of the refinancing budgeted for 2026 was raised ahead of time by means of a forward-funding issue. In 2025, the Group issued a EUR 500m green senior preferred benchmark bond, as well as two EUR 500m benchmark covered bonds – one from the public sector cover pool and one from the mortgage cover pool.

Current account, savings account and fixed-term deposits from both retail and institutional customers held steady at a high level, with increases recorded in some categories.

During the reporting period, the regulatory indicators of liquidity risk were calculated in accordance with the published standards and reported to the Austrian regulator. Where applicable, the minimum regulatory requirements were observed. In future, compliance with the statutory regulations will be assured by their integration into the internal liquidity risk management and planning processes, and by means of the strict internal standards and operational control processes already in place. The HYPO NOE Group refines its liquidity risk management system on an ongoing basis, principally by incorporating the results of model and parameter validations, stress tests and emergency simulations.

During the year just ended, procedural and technical refinements were made to the liquidity risk reporting system, and the report preparation process was improved.

8.6 Operational risk

Operational risk is the danger of losses arising directly or indirectly from the inadequacy or failure of internal processes or systems, human error or external events. In each of these categories of operational risk, legal risks can result in losses. This is because in every category the HYPO NOE Group can be exposed to claims or legal proceedings arising from alleged breaches of contractual, statutory or regulatory requirements. Information and communication technology (ICT) risk and reputational risk are closely related to operational risk. However, business risks do not form part of it.

At the HYPO NOE Group, operational risks are managed by means of a consistent Group-wide system of controls. The following methods are used to identify, evaluate and mitigate operational risks:

- Continuous recording of operational risk events, including the development of countermeasures designed to recognise such events at an early stage or avert similar events in future, as well as regular reporting to the Management Board
- Ongoing monitoring of the implementation of such measures up to completion, and submission of quarterly status reports to the Management Board
- Forward-looking monitoring of the operational risk profile using key risk indicators
- Evaluation of factors that could alter the risk profile, such as the introduction of new products or outsourcing activities
- Ongoing adaptation and improvement of internal guidelines
- Management of business interruption risks by means of emergency plans embedded in the business continuity management (BCM) system
- Strict adherence to the four-eye management principle so as to reduce the likelihood of risk events occurring
- In-service training as part of staff development
- Insurance against various risks

There is also an emphasis on continuously improving the effectiveness and efficiency of operational risk management processes. The operation and continuous improvement of an effective internal control system (ICS) is also aimed at reducing the likelihood of operational risk events and minimising their impact. Risks are systematically identified and assessed, controls agreed and developed, and where necessary key processes adapted.

Current operational risk situation

During the reporting period, all operational risk events were recorded in a central database. Improvements are seen as crucial to controlling operational risk – these have been consistently formulated and implemented when operational risk events and near-miss incidents have occurred.

The early-warning and key risk indicators did not give any indications of increased risk. The Group is constantly responding to the continued increase in cases of payment fraud connected with debit cards and via other channels (notably using social engineering techniques).

During the introduction of instant transfers, new patterns of fraud in payment transactions emerged in the Austrian banking sector. The Group continuously analyses these developments. Specific fraud-prevention measures have been enhanced, in particular by means of organisational modifications as well as intensive awareness-raising initiatives targeting customers and employees.

The rollout of a new ICS tool and the related update of the ICS methodology continued in the second half of 2025.

Risks in connection with new products and new outsourcing are routinely surveyed using a standard evaluation tool, which is built into the product launch and outsourcing processes.

Modern banking operations are heavily dependent on efficient, interruption-free ICT systems, and, with DORA, also subject to specific regulations – as a consequence, ICT risk monitoring and management are increasingly important. This type of risk is addressed jointly by the Operations and Strategic Risk Management departments, as part of the coordination of their information security actions.

ICT risks are identified, assessed, mitigated and documented using a specialised risk management tool, in close consultation with the operator of the Group's computer centre. This focuses on the following three sources of risk: Accenture TiGital GmbH in its capacity as the developer and operator of the in-house core banking system; the HYPO NOE Group, its employees and processes, and the IT systems and applications it develops and operates itself; and third parties to which ICT services are outsourced.

Against this background, the current operational risk situation is still characterised by increasingly complex conditions, primarily in connection with ongoing digitalisation and the growing reliance on stable ICT processes. These developments are continuously monitored and addressed within the existing operational risk management framework.

8.7 Reputational risk

Reputational risk is the danger of direct or indirect damage to the HYPO NOE Group’s good name, and the opportunity costs that this would entail. Such damage can compromise the Group’s all-important standing and the trust of its stakeholders, including customers, investors, employees, business partners and local communities. It may arise from a failure to live up to these stakeholders’ expectations.

As the HYPO NOE Group attaches great importance to limiting and managing reputational risk, it is treated as a separate risk category. The utmost care is taken to avoid potential harm to the Group’s reputation when taking business decisions, and a process for evaluating reputational risk is in place.

Effective business processes, coupled with sound risk monitoring and management, are seen as laying the foundations for meeting those expectations. The HYPO NOE Group’s Code of Conduct outlines the common values and principles shared by its employees. The Group also avoids business policy measures and transactions associated with particularly acute legal or tax risks, or with substantial environmental risks. The Group’s lending is subject to clear ethics guidelines and business principles, which permit strict implementation of a holistic environmental and social sustainability approach in its lending policies. By doing so, the Group ensures that it only extends loans for purposes that are compatible with its philosophy and its focus on sustainability. The ethics guidelines and business principles comprise exclusion criteria, coupled with the exercise of particular care in financing for environmentally and socially sensitive sectors. They are fundamental to the approach to initiating new business across the Group. These criteria are also explicitly referred to in the ESG and reputational risk questionnaire that forms part of loan applications.

The independent ombudsman deals quickly and efficiently with customers’ concerns (such as complaints and misunderstandings), and seeks to find satisfactory solutions in consultation with them. Besides meeting the statutory requirements, the goal is to improve customer relationships and mitigate reputational risk.

8.8 Sustainability risks

In accordance with the recommendations of the FMA Guide for Managing Sustainability Risks, the HYPO NOE Group integrated sustainability risks into the current main risk categories in its risk map as separate sub-categories (i.e. reporting the effect on existing types of risk) when drawing up its risk inventory. The risk manuals and strategies reflect this.

Sustainability risks are limited and managed when approving new lending, in the course of regular reviews using inclusion and exclusion criteria, and by defining environmentally and socially sensitive sectors for which greater due diligence is

necessary. In addition, the Group uses an ESG questionnaire for real estate and corporate customers, records compliance with ESG criteria in company rating, retail customer loan application and asset-based rating models by means of the soft facts questionnaire, and takes ESG metrics into account (corruption index and rule of law indicators) when assessing country ratings.

Compliance with ethics guidelines, in particular the Group's exclusion criteria, is examined before an official loan approval is prepared. If any obstacles are identified, implementation of the financing project concerned is discontinued. This ensures that all loan applications forwarded to Operating Credit Risk Management for assessment meet the defined criteria. Due to this upstream review – and as expected – no financing projects that contravened the ethics guidelines were identified in 2025.

Other steps taken to monitor sustainability risks include assessment of potential impacts of climate-related risks in specific regions and countries in the decision-making process for lending, and the integration of climate risks into stress tests; evaluation of the lending portfolio with regard to allocation of loans to industries with poor ESG scores by means of an internal sector benchmarking model; and regular assessment of ethics guidelines and business principles.

ESG-related topics are integrated into the HYPO NOE Group's operations as routine activities in the various departments. The Sustainability Committee has overall responsibility for managing these topics. In addition, there is an interdepartmental sustainability working group which handles internal and external communication regarding action taken by the HYPO NOE Group to enhance sustainability and reduce sustainability risks, and performs cross-departmental analysis of business opportunities and product developments with a view to addressing sustainability risks.

Following an evaluation of the regulatory expectations regarding ESG in risk management processes, in accordance with the EBA Guidelines on ESG risk management as well as the FMA and ECB guides, a schedule for the implementation of the regulatory requirements is currently being drawn up. The first step towards preparing a database for the structuring and interpretation of emissions generated by financed projects as well as physical climate risks involved collecting energy certificate data for real estate financing and recording them in the core banking system. Taking this master data as the starting point, calculation of the CO_2 emissions in the lending portfolio using the Partnership for Carbon Accounting Financials (PCAF) method began in the second half of 2025, and the procedure is gradually being refined. Financed emissions according to the PCAF method (Scope 3.15) were calculated for the first time as at the data cut-off date of 31 December 2025. The result will continue to serve as an important basis for identifying the downstream decarbonisation pathway for the real estate finance portfolio.

Key future objectives include drawing up a climate transition plan aligned with the EBA Guidelines on ESG risk management and CRD VI, as well as future compliance with the disclosure obligations under Art. 449a CRR.

The HYPO NOE Group assessed its entire loan and securities portfolio to determine which assets meet the definition of financing under the supercategories of the technical evaluation criteria, in accordance with Commission Delegated Regulation (CDR) (EU) 2021/2178 supplementing the Taxonomy Regulation (Regulation [EU] 2020/852), which are used to determine whether an economic activity makes a significant contribution to climate protection and climate change adaptation without significantly prejudicing any other environmental targets. To begin with, the Taxonomy eligibility of the financing activities concerned was determined – i.e. establishing whether they are in principle covered by the economic activities defined in the CDR and, accordingly, have the potential to qualify as an economically sustainable activity. Next, the conformity (alignment) of the financing activities with the Taxonomy was established, and green asset ratios (GARs) calculated on the basis of the environmentally sustainable activities identified.

8.9 Other risks

The following types of risk are classified as “other risks”:

- Business risk (the risk of loss resulting from a deterioration in the economic environment or in the HYPO NOE Group’s business relationships)
- Strategic risk (the risk of losses arising from decisions on the Group’s basic focus and business development)
- Macroeconomic risk (potential losses resulting from exposure to macroeconomic risk factors)
- Concentration risk – encompasses various types of risk (potential adverse consequences of the concentration of, or interplay between similar or differing risk factors or types of risk)
- Leverage risk (any threat to the Bank’s stability arising from its actual or potential indebtedness)
- Real estate price risk (potential losses due to downturns in property prices and the resultant adverse effect on the fair value of a property)
- Model risk (potential losses arising from the consequences of decisions that stem from internal approaches, and which are attributable to errors in the development, implementation and application of such approaches)
- Outsourcing/insourcing risk (risks connected with outsourcing banking operations, reintegrating previously outsourced operations, or insourcing banking operations)
- Data protection risk (risks arising from data processing that could lead to physical, tangible or intangible damage)
- Securities risk arising in connection with the Austrian Wertpapieraufsichtsgesetz (Securities Supervision Act), i.e. risks arising from the provision of securities-related services

The Group identifies and monitors such potential risks and uses equity to hedge them, responding to negative developments at an early stage.

8.10 Risk buffer

To address unquantified risks which the risk inventory has determined should be given equity cover when the risk-bearing capacity is computed, the Group maintains a risk buffer which is calculated on the basis of the quantified risks. The risk buffer is treated as an exposure class forming part of the Bank’s aggregate risk in the total risk-bearing capacity calculation, and is broken down into model risk, reputational risk and other non-quantified risks. The more advanced and accurate risk measurement processes are, and the smaller the proportion of non-quantified risks, the smaller the capital buffer can be.

8.11 Latent legal risks

It is standard practice to recognise provisions for litigation in which the outcome or any potential losses can be reliably predicted. In such cases, provisions are recognised at a level deemed appropriate in the circumstances, and in accordance with the applicable accounting principles. See also Note 6.2 Provisions and Note 4.4.3 Off-balance-sheet transactions and contingent liabilities.

9 NOTES TO THE STATEMENT OF CASH FLOWS

Accounting policies

At the HYPO NOE Group, the cash flows reported in the consolidated statement of cash flows, in accordance with IAS 7, are presented using the indirect method. “Cash flows from investing activities” and “Cash flows from financing activities” are calculated using the direct method.

“Cash flows from **operating activities”** mainly relate to cash inflows and outflows from “Financial assets – AC”, “Financial assets – mandatorily FVTPL”, “Financial assets – FVOCI” and “Financial liabilities – AC”.

When reconciling cash flows with the “Profit for the year” before non-controlling interests, non-cash items are removed. These comprise depreciation and amortisation, impairment and write-ups of property, plant and equipment, intangible assets and investment property, and allocations to and reversals of provisions and risk provisions, as well as net measurement gains or losses on financial assets and liabilities.

The HYPO NOE Group’s interest income and interest expense are eliminated from “Profit for the year” by means of the “Adjustments for interest income and expense” item; the amounts for interest income and interest expense are replaced by the actual interest paid and received, which are recognised under “Cash flows from operating activities”.

“Cash flows from **financing activities**” largely concern cash inflows and outflows from equity investments (accounted for using the equity method/FVOCI/non-consolidated subsidiaries and associates included in other assets) and property, plant and equipment

“Cash flows from **financing activities**” are made up of dividends paid to owners of the parent and repayments of lease liabilities, in accordance with paragraph 50a IFRS 16.

“**Cash and cash equivalents**” consists of cash on hand, demand deposits and balances at central banks repayable on demand. This item corresponds to “Cash and balances at central banks” in the statement of financial position.

The following table shows changes in liabilities arising from financing activities.

EUR ’000	1 Jan. 2025	Cash	Non-cash	31 Dec. 2025
Lease liabilities	2,212	-607	99	1,704
Liabilities from financing activities	**2,212**	**-607**	**99**	**1,704**

EUR ’000	1 Jan. 2024	Cash	Non-cash	31 Dec. 2024
Lease liabilities	900	-544	1,856	2,212
Liabilities from financing activities	**900**	**-544**	**1,856**	**2,212**

10 GROUP STRUCTURE AND RELATED-PARTY RELATIONSHIPS

10.1 Scope of consolidation

The scope of consolidation of the HYPO NOE Group includes all subsidiaries that are directly or indirectly controlled by the parent and are material to presentation of the Group's assets, finances and earnings. The scope of consolidation is regularly reviewed. Besides the parent, HYPO NOE Landesbank für Niederösterreich und Wien AG, the Group comprises 48 Austrian subsidiaries (31 Dec. 2024: 50) in which the parent meets the criteria for control as specified by IFRS 10. A total of 15 companies are accounted for using the equity method (31 Dec. 2024: 17).

Accounting policies

Where voting rights are seen as conclusive in judging whether control exists, the HYPO NOE Group is normally assumed to control an investee if it directly or indirectly holds or controls more than half of the voting rights. Besides voting rights, other rights and de facto circumstances are taken into account. Where the HYPO NOE Group does not control a majority of the voting rights but has the de facto ability to direct relevant activities, the HYPO NOE Group is also assumed to control the entity concerned.

All material intra-Group transactions are eliminated on consolidation. The HYPO NOE Group does not apply proportionate consolidation, as it does not hold any interests in joint operations.

Joint ventures (IFRS 11) and associates (IAS 28) are accounted for in the consolidated financial statements using the equity method. The first step towards determining whether there is joint control is to ascertain who exercises control over the relevant activities. Joint control exists if such control is exercised by two or more parties on a contractual basis. Associates are entities over which the HYPO NOE Group directly or indirectly has significant influence. Significant influence over an entity usually exists if the Group holds at least 20% of the voting rights. Besides the extent of the voting rights, the HYPO NOE Group also takes account of other factors which indicate that significant influence is exercised. These include representation of the Bank on the management or supervisory bodies of the investee, or a requirement for participation in key decisions. In such cases, the question as to whether there is significant influence is considered even if the Group holds less than 20% of the voting rights.

Changes in the scope of consolidation

Company name	Included in consolidation as at 31 Dec. 2025	Included in consolidation as at 31 Dec. 2024	Date of change	Reason
HYPO Gamma Immobilienerrichtungs- und Verwertungs GmbH	n/a	Consolidated	1 Oct. 2025	Merger
Adoria Grundstückvermietungs Gesellschaft m.b.H. in Liqu.	n/a	Consolidated	20 Nov. 2025	Liquidation
Palatin Grundstückverwaltungs Gesellschaft m.b.H. in Liqu.	n/a	Equity method	8 Nov. 2025	Liquidation
EWU Wohnbau Unternehmensbeteiligungs-GmbH in Liqu.	n/a	Equity method	23 Dec. 2025	Liquidation

Information on net gains or losses on deconsolidation is contained in Note 5.2 Net other operating income.

EWU Wohnbau Unternehmensbeteiligungs-GmbH

The liquidation of EWU Unternehmensbeteiligungs-GmbH (EWU) was completed in 2025. Upon expiry of all statutory notice periods, the company was removed from the company register as of 23 December 2025.

10.2 Consolidated subsidiaries

The following consolidated, directly or indirectly held Group companies were included in the IFRS consolidated financial statements of HYPO NOE Landesbank as at 31 December 2025:

Company name	Domicile	Interest	of which indirect
HYPO NOE Landesbank für Niederösterreich und Wien AG	St. Pölten		
ALARIS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	75.00%
ARTES Grundstückvermietungs GmbH	St. Pölten	100.00%	100.00%
Benkerwiese Verwaltungs- und Verwertungsgesellschaft m.b.H.	St. Pölten	100.00%	100.00%
BSZ Eisenstadt Immobilien GmbH	St. Pölten	100.00%	100.00%
CALCULATOR Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	75.00%
CALLIDUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
Castellum Schallaburg Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
CLIVUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
COMITAS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
CONATUS Grundstückvermietungs Gesellschaft m.b.H. in Liqu	St. Pölten	51.00%	26.00%
CURIA Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	75.00%
Esquilin Grundstücksverwaltungs Gesellschaft m.b.H.	St. Pölten	51.00%	51.00%
FAVIA Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
FORIS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	51.00%	26.00%
HBV Beteiligungs-GmbH	St. Pölten	100.00%	-
HOSPES-Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	66.67%	66.67%
HYPO Alpha Immobilienerrichtungs- und Verwertungs GmbH	St. Pölten	100.00%	100.00%
HYPO Beta Immobilienerrichtungs- und Verwertungs GmbH	St. Pölten	100.00%	100.00%
HYPO Niederösterreich-Immobilienleasinggesellschaft m.b.H.	St. Pölten	100.00%	100.00%
HYPO Niederösterreichische Liegenschaft GmbH	St. Pölten	100.00%	100.00%
HYPO Officium GmbH	St. Pölten	100.00%	-
HYPO NOE Leasing GmbH	St. Pölten	100.00%	100.00%
HYPO Omega Holding GmbH	St. Pölten	100.00%	-
HYPO-REAL 93 Mobilien-Leasinggesellschaft m.b.H.	St. Pölten	100.00%	100.00%
Landeskrankenhaus Tulln-Immobilienvermietung Gesellschaft m.b.H.	St. Pölten	100.00%	56.42%
LITUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	51.00%	26.00%
METIS Grundstückverwaltungs GmbH	St. Pölten	100.00%	100.00%
NEUROM Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
NÖ. HYPO LEASING FIRMITAS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
NÖ. HYPO LEASING GERUSIA Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	75.00%
NÖ. HYPO LEASING Landeskliniken Equipment GmbH	St. Pölten	100.00%	100.00%
NÖ. HYPO LEASING MEATUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	75.00%
NÖ. HYPO LEASING MENTIO Grundstücksvermietungs Gesellschaft m.b.H. in Liqu.	St. Pölten	100.00%	100.00%
NÖ. HYPO LEASING URBANITAS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
NÖ. Verwaltungszentrum - Verwertungsgesellschaft m.b.H.	St. Pölten	100.00%	100.00%
PINUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
Sana Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
SATORIA Grundstückvermietung GmbH	St. Pölten	100.00%	100.00%
Strategic Equity Beteiligungen GmbH	St. Pölten	100.00%	-
Treisma Grundstücksverwaltungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
Unternehmens-Verwaltungs- und Verwertungsgesellschaft m.b.H.	St. Pölten	100.00%	100.00%
VALET-Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	51.00%	51.00%
VESCUM Grundstückvermietungs GmbH	St. Pölten	100.00%	100.00%
VIA-Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
VIRTUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%
VITALITAS Grundstückverwaltung GmbH	St. Pölten	100.00%	100.00%
VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	65.00%	65.00%

Company name	Domicile	Interest	of which indirect
ZELUS Grundstückvermietungs Gesellschaft m.b.H.	St. Pölten	100.00%	100.00%

10.3 Investments accounted for using the equity method

Accounting policies

Investments in associates and arrangements where there is joint control are recognised at acquisition cost and are included in the consolidated statement of financial position at the date on which significant influence is obtained. The pro rata carrying amounts of changes in equity are adjusted in subsequent periods.

The Group ceases to use equity method accounting from the point at which the investment no longer represents an associate or joint venture, or must be classified as held for sale in accordance with IFRS 5.

Estimation uncertainties and judgements

With effect from 30 June 2025, the core input factors for the discount rate over historic periods were smoothed in the course of the company valuation process. This refinement of the measurement represents a change in an accounting estimate in accordance with paragraph 34 IAS 8 (see Note 1.3)

The cost of equity, determined in accordance with the capital asset pricing model (CAPM), comprises the following components, which have been adjusted as follows:

- **Risk-free rate of interest**
  - The 30-year spot rate calculated in accordance with the Svensson method, using the parameters published by the Deutsche Bundesbank
  - 90-day average instead of a spot rate
- **Market risk premium based on:**
  - Market risk premium:
    - Derived from the average implicit market return for Austria (ATX Prime) over the last 20 quarters, less the risk-free rate of interest (see above).
    - The market return used is within the observable market range.
    - The market risk premium is now derived on the basis of a smoothed market return rather than a spot market risk premium.
  - Beta factor:
    - Drawn from the parameters of listed peers.
    - 20-quarter average instead of a spot rate.

To determine the equity-to-debt ratio in the weighted average cost of capital (WACC), the realisable target capital structure is based on the median leverage ratio of the peer groups at fair value over the last 20 quarters, instead of a spot rate.

Further specific information on estimation uncertainties and judgements can be found under Note 10.3.2 Detailed disclosures on material investments accounted for using the equity method.

10.3.1 General disclosures on investments accounted for using the equity method

EUR '000	31 Dec. 2025	31 Dec. 2024
Banks	9,749	8,765
Non-banks	26,176	26,636
Total	**35,925**	**35,401**

31 Dec. 2025, EUR '000	Domicile	Interest	of which indirect	Carrying amount as at 31 Dec. 2025	Profit or loss from continuing operations, 2025	Segment/ Corporate Center	Reporting date
Joint ventures				**12,349**	**2,173**		
Palatin Grundstückverwaltungs Gesellschaft m.b.H. in Liqu.	St. Pölten	50.00%	50.00%	-	-20	Public Sector	31 Dec. 2025
EH Solar Contracting Solutions GmbH	St. Pölten	50.00%	50.00%	261	-5	Public Sector	31 Dec. 2025
Niederösterreichische Vorsorgekasse AG	St. Pölten	49.00%	-	9,749	1,481	Treasury & ALM	31 Dec. 2025
PPP Campus AM + SEEA GmbH	St. Pölten	50.00%	50.00%	19	2	Public Sector	31 Dec. 2025
PPP Campus AM + SEEA GmbH & Co KG	St. Pölten	50.00%	50.00%	1,867	423	Public Sector	31 Dec. 2025
PPP Campus RAP + LGG GmbH	St. Pölten	45.00%	45.00%	17	1	Public Sector	31 Dec. 2025
PPP Campus RAP + LGG GmbH & Co KG	St. Pölten	45.00%	45.00%	438	292	Public Sector	31 Dec. 2025
Associates				**23,576**	**2,297**		
EWU Wohnbau Unternehmensbeteiligungs-GmbH in Liqu.	St. Pölten	48.00%	-	-	290	Real Estate	31 Dec. 2025
Gemeinnützige Wohnungsgesellschaft "Austria" Aktiengesellschaft	Mödling	47.56%	47.56%	795	28	Real Estate	31 Dec. 2025
"Wohnungseigentümer" Gemeinnützige Wohnbaugesellschaft m.b.H.	Mödling	47.96%	47.96%	3,485	122	Real Estate	31 Dec. 2025
Gebau-Niobau Gemeinnützige Baugesellschaft m.b.H.	Mödling	45.67%	45.67%	542	19	Real Estate	31 Dec. 2025
Gemdat Niederösterreichische Gemeinde-Datenservice Gesellschaft m.b.H.	Korneuburg	32.50%	-	3,235	659	Public Sector	31 Dec. 2025
Hotel- und Sportstätten- Beteiligungs-, Errichtungs- und Betriebsgesellschaft m.b.H. Leasing KG	St. Pölten	45.41%	45.41%	672	15	Public Sector	31 Dec. 2025
NÖ. Landeshauptstadt - Planungsgesellschaft m.b.H.	St. Pölten	39.00%	39.00%	348	42	Public Sector	31 Dec. 2025
NOE Immobilien Development GmbH*	St. Pölten	48.00%	48.00%	13,117	1,393	Real Estate	30 Sep. 2025
VIVITliving GmbH	St. Pölten	24.50%	24.50%	1,191	-324	Real Estate	31 Dec. 2025
HYPO NOE Versicherungsmakler GmbH*	St. Pölten	48.00%	-	191	53	Retail and Corporate	30 Sep. 2025
Total				**35,925**	**4,470**		

*Due to the complexity of the processes involved in preparing the financial statements, combined with the need for timely financial reporting, simultaneous preparation with the same reporting date as the consolidated financial statements is unfeasible in practice. In accordance with paragraph 34 IAS 28, adjustments were made for the effects of significant transactions or other events that occurred between the reporting date of an investment and that of the consolidated statements.

The change in accounting estimates explained under 'Estimation uncertainties and judgements' affects the carrying amounts of NOE Immobilien Development GmbH and VIVITliving GmbH. The carrying amount for NOE Immobilien Development GmbH increased by approximately 15% as a result of the change in the estimate, while that for VIVITliving GmbH is approximately 0.2% lower.

31 Dec. 2024, EUR '000	Domicile	Interest	of which indirect	Carrying amount as at 31 Dec. 2024	Profit or loss from continuing operations, 2024	Segment/ Corporate Center	Reporting date
Joint ventures				**11,213**	**2,346**		
Palatin Grundstückverwaltungs Gesellschaft m.b.H.	St. Pölten	50.00%	50.00%	38	3	Public Sector	31 Dec. 2024
EH Solar Contracting Solutions GmbH	St. Pölten	50.00%	50.00%	265	-2	Public Sector	31 Dec. 2024
Niederösterreichische Vorsorgekasse AG	St. Pölten	49.00%	-	8,765	1,394	Treasury & ALM	31 Dec. 2024
PPP Campus AM + SEEA GmbH	St. Pölten	50.00%	50.00%	17	1	Public Sector	31 Dec. 2024
PPP Campus AM + SEEA GmbH & Co KG	St. Pölten	50.00%	50.00%	1,502	432	Public Sector	31 Dec. 2024
PPP Campus RAP + LGG GmbH	St. Pölten	45.00%	45.00%	16	1	Public Sector	31 Dec. 2024
PPP Campus RAP + LGG GmbH & Co KG	St. Pölten	45.00%	45.00%	609	517	Public Sector	31 Dec. 2024
Associates				**24,188**	**3,112**		
EWU Wohnbau Unternehmensbeteiligungs-GmbH	St. Pölten	48.00%	-	2,511	2,279	Real Estate	31 Dec. 2024
Gemeinnützige Wohnungsgesellschaft "Austria" Aktiengesellschaft	Mödling	47.56%	47.56%	795	-	Real Estate	31 Dec. 2024
"Wohnungseigentümer" Gemeinnützige Wohnbaugesellschaft m.b.H.	Mödling	47.96%	47.96%	3,485	-	Real Estate	31 Dec. 2024
Gebau-Niobau Gemeinnützige Baugesellschaft m.b.H.	Mödling	45.67%	45.67%	542	-	Real Estate	31 Dec. 2024
Gemdat Niederösterreichische Gemeinde-Datenservice Gesellschaft m.b.H.	Korneuburg	32.50%	-	3,370	869	Public Sector	31 Dec. 2024
Hotel- und Sportstätten- Beteiligungs-, Errichtungs- und Betriebsgesellschaft m.b.H. Leasing KG	St. Pölten	45.41%	45.41%	657	11	Public Sector	31 Dec. 2024
NÖ. Landeshauptstadt - Planungsgesellschaft m.b.H.	St. Pölten	39.00%	39.00%	307	75	Public Sector	31 Dec. 2024
NOE Immobilien Development GmbH*	St. Pölten	48.00%	48.00%	10,734	647	Real Estate	30 Sep. 2024
VIVITliving GmbH*	St. Pölten	24.50%	24.50%	1,514	-819	Real Estate	30 Sep. 2024
HYPO NOE Versicherungsmakler GmbH*	St. Pölten	48.00%	-	273	50	Retail and Corporate	30 Sep. 2024
Total				**35,401**	**5,458**		

*Due to the complexity of the processes involved in preparing the financial statements, combined with the need for timely financial reporting, simultaneous preparation with the same reporting date as the consolidated financial statements is unfeasible in practice. In accordance with paragraph 34 IAS 28, adjustments were made for the effects of significant transactions or other events that occurred between the reporting date of an investment and that of the consolidated statements.

The profit or loss from continuing operations shown in the table corresponds to total comprehensive income in accordance with paragraph B16(d) IFRS 12.

10.3.2 Detailed disclosures on material investments accounted for using the equity method

	Niederösterreichische Vorsorgekasse AG		NOE Immobilien Development GmbH (consolidated financial statements)*	
Percentage holding	**49.00%**	**49.00%**	**48.00%**	**48.00%**
EUR '000 as at reporting date	**31 Dec. [illegible]**	**31 Dec. [illegible]**	**30 Sep. [illegible]**	**30 Sep. [illegible]**
Non-current assets	17,006	15,707	131,430	118,561
Current assets	5,188	5,105	7,203	5,960
Cash and cash equivalents	*602*	*1,201*	*2,080*	*4,417*
Non-current liabilities	-104	-109	-70,735	-68,886
Non-current financial liabilities	-	-	*-69,233*	*-68,548*
Current liabilities	-1,180	-2,815	-20,778	-12,019
Current financial liabilities	-	*-8*	-	-
Net assets (100%)	**20,910**	**17,888**	**47,119**	**43,617**
Group share of net assets	**10,246**	**8,765**	**22,617**	**20,936**
Impairment losses	-	-	-9,501	-10,202
Group dividends received	-497	-	-	-
Carrying amount of interests in associates	**9,749**	**8,765**	**13,117**	**10,734**
EUR '000 – profit/loss as basis for inclusion in annual report	**2025**	**2024**	**Q1-Q3 2025**	**Q1-Q3 2024**
Interest income	505	914	57	36
Interest expense	-	-	-3,882	-4,325
Other income	6,484	5,885	30,591	34,501
Operating expense	-3,074	-2,956	-24,963	-30,872
Depreciation, amortisation and impairment	-	*-14*	*-539*	*-595*
Profit before tax	**3,916**	**3,842**	**1,803**	**-660**
Income tax expense	-894	-997	-362	3
Profit for the year (100%)	**3,022**	**2,846**	**1,441**	**-657**
Group share of profit/loss	**1,481**	**1,394**	**692**	**-315**
Impairment gains	**-**	**-**	**701**	**963**

*In accordance with paragraph 34 IAS 28, adjustments were made for the effects of significant transactions or other events that occurred between the reporting date of an investment and that of the consolidated statements.

Niederösterreichische Vorsorgekasse AG (NÖVK)

NÖVK is a separate financial services provider, and is the employee benefit fund that manages employees' termination benefit entitlements. Employers pay statutory contributions on behalf of employees. The manner in which the management board is appointed and the requirement for unanimous resolutions mean that the company is classified as being under joint control.

For the purposes of impairment testing in accordance with IAS 36, the value in use of NÖVK was calculated using the dividend discount model (DDM). In applying the DDM – a form of the discounted cash flow (DCF) method – future expected dividends are discounted by applying a discount rate that corresponds to the cost of equity. The present value of the financial surpluses calculated in this way represents the fair value.

In order to calculate the present value of NÖVK's expected dividends, the distributable amounts budgeted by its management were discounted, using the discount rate. The budgeting of the distributable amounts took account of the statutory requirements such as the own funds requirement and the allocations to the capital guarantee reserve.

The pre-tax discount rate applied for NÖVK was 10.93% (after change in estimate) and 10.38% (before change in estimate) as of 31 December 2025 (31 Dec. 2024: 10.34%).

Besides the detailed budgeting phase, the time horizon applied to measurement consists of the rough budgeting and pension phases.

The time horizon of the detailed budgeting phase is five years, matching that of the NÖVK management's medium-term planning. The planned average annual post-tax profit growth rate (compound annual growth rate [CAGR]) during the detailed budgeting phase is 8.46% (2024: 5.81%).

To allow for reliably forecastable special effects, a further five years (rough budgeting phase) were added for impairment testing purposes. One such special effect would be attainment of the NÖVK management's target for excess cover of the maximum own funds requirement. The CAGR in the rough budgeting phase is -2.26% (2024: -2.83%).

The rough budgeting phase is followed by the pension phase, with a long-term growth rate of 2.00% (2024: 2.00%), which is equal to the ECB's medium-term inflation target.

NÖVK: key assumptions (%)	31 Dec. 2025 After change in estimate	31 Dec. 2025 Before change in estimate	31 Dec. 2024
Pre-tax discount rate (cost of equity)	10.93%	10.38%	10.34%
CAGR in the detailed budgeting phase	8.46%	8.46%	5.81%
CAGR in the rough budgeting phase	-2.26%	-2.26%	-2.83%
Long-term growth rate in the pension phase	2.00%	2.00%	2.00%

In 2025, the performance of NÖVK's investments was shaped by a volatile market environment and geopolitical uncertainties. Interest rates were cut in both the USA and Europe. While equity markets were characterised by sectoral differences and significant fluctuations, they remained robust overall. NÖVK held its own in this environment: business developments were marked by strong growth in contributions – in spite of the increasing payouts built into the system – as well as sales successes and strict cost management.

For the following years, NÖVK's medium-term budget forecasts solid growth. The assumptions are based on a balanced capital market environment, stable contribution growth and a continuous increase in payouts. Planning and valuation risks arise primarily from potential changes related to the interest rate environment, inflation, market volatility and the Austrian economy as well as geopolitical events such as international trade tensions. The company continuously incorporates these factors into its forecasts and planning. These uncertainties are specifically reflected in the sensitivity analysis through changes to the pre-tax discount rate (interest rates/inflation) and the net margin as a percentage of the accrued benefits after the detailed budgeting phase (market volatility/economy).

Impairment testing did not indicate any need to recognise impairment losses on the fund's investments accounted for using the equity method as at 31 December 2025.

Change in value in use, EUR '000 **Sensitivity analysis**	31 Dec. 2025 After change in estimate	31 Dec. 2025 Before change in estimate	31 Dec. 2024
50 bp increase in pre-tax discount rate	-909	-1,021	-924
50 bp decrease in pre-tax discount rate	1,022	1,155	1,046
1 bp increase in net margin as percentage of accrued benefits after the detailed budgeting phase	532	571	501
1 bp decrease in net margin as percentage of accrued benefits after the detailed budgeting phase	-532	-571	-750

NOE Immobilien Development GmbH (NID)

NID specialises in property development, housing construction and neighbourhood development, with a focus on Lower Austria and Vienna. It mainly invests in intergenerational housing schemes forming part of municipal urban development projects. The HYPO NOE Group's significant influence over the company is exercised by means of voting rights and the appointment of members of the Group's key management to supervisory board positions.

The recoverable amount of the investment in NID was calculated for the purpose of impairment testing in accordance with IAS 36. The recoverable amount was measured using the DCF approach, in line with the gross method. To this end, the fair value of total capital (enterprise value) is arrived at by discounting free cash flow using the WACC, a mixed rate comprising the cost of equity and borrowing costs. The fair value of equity (equity value) is calculated by deducting the fair value of interest-bearing debt from that of total capital.

In order to calculate the present value of the cash flows, NID's free cash flow is determined on the basis of management's integrated corporate budget and discounted using the WACC. With regard to uncertainties and volatilities in the market environment, corresponding free cash flow scenarios were determined.

When calculating the WACC for NID, the cost of equity is determined using the CAPM, while borrowing costs are arrived at by reconciling the median credit ratings of peer group members (determined using an internal scoring model) with the yield curve for a 30-year maturity for European corporate bonds corresponding to this rating.

The benchmark for the capital structure realisable within the budgeting period is set by the median leverage ratio of the peer groups at fair value over the last 20 quarters, and remains constant over the entire time horizon. The pre-tax discount rate (WACC) was 8.53% (after change in estimate) and 8.85% (before change in estimate) as of 31 December 2025 (31 Dec. 2024: 7.98%).

The time horizon of the medium-term budget drawn up by NID's management is greater than five years, as account must be taken of special factors related to the performance of property before a long-term profit forecast can be made. An example of these is the adjustment for funds tied up in regulatory provisions for any warranty claims after apartment handovers. The CAGR of EBIT during the 2025-2035 budgeting phase is 7.38% (2024: 3.68%), and that in the subsequent pension phase is 0.00% (2024: 0.00%).

NID: key assumptions (%)	31 Dec. 2025 After change in estimate	31 Dec. 2025 Before change in estimate	31 Dec. 2024
Pre-tax discount rate (WACC)	8.53%	8.85%	7.98%
CAGR in the budgeting phase	7.38%	7.38%	3.68%
Long-term growth rate in the pension phase	0.00%	0.00%	0.00%

As in the previous year, the divergence in the residential real estate market continued during 2025: while investor activity remained subdued, sales of individual residential units showed a positive trend, particularly for completed projects or those currently under construction.

Against this backdrop, NID shifted its operational focus more towards individual apartment sales as well as completion and the sale of finished projects. Some planned sales in the investor segment had to be postponed to subsequent years, resulting in a temporary strain on liquidity.

The outlook remains cautious in light of the continued uncertainties in the real-estate sector. While management expects a slight market recovery in the housing segment, it continues to anticipate challenges due to high interest rates and restrictive financing conditions for end customers as well as volatility in construction costs and land prices.

Management has identified future interest rate developments, the regulatory environment, and the effects of geopolitical tensions – particularly those related to international trade disputes, the Russia-Ukraine war and global supply chains – as key uncertainties. These factors are continuously monitored and incorporated into the company's budgeting. The uncertainties mentioned above primarily affect the sensitivity analysis through the pre-tax discount rate applied.

Based on the impairment test, the need for recognition of an impairment gain of EUR 701thsd in the equity-method valuation of NID is required, mainly because the present value of future cash flows increased more strongly than net debt

as at 31 December 2024. Value in use includes a contribution of EUR 990thsd from the ultimate parent – HYPO NOE Landesbank – for a new real-estate project.

Change in value in use, EUR '000	31 Dec. 2025 After change in estimate	31 Dec. 2025 Before change in estimate	31 Dec. 2024
Sensitivity analysis			
25 bp increase in pre-tax discount rate	-1,368	-1,294	-1,294
25 bp decrease in pre-tax discount rate	1,432	1,351	1,355

10.3.3 Other disclosures on investments accounted for using the equity method

VIVITliving GmbH

Impairment testing indicated the need for recognition of an impairment gain of EUR 24thsd in the equity-method valuation of VIVITliving GmbH as at 31 December 2025. The recoverable amount continues to be measured based on the fair values of the properties as derived from updated external valuations.

10.4 Disclosures on related-party relationships

Accounting policies

The State of Lower Austria holds an indirect interest of 70.49% in HYPO NOE Landesbank via NÖ Landes-Beteiligungsholding GmbH, and an indirect interest of 29.51% via NÖ BET GmbH. The State is therefore included under "Parent companies" in the table below.

The figures for "Identified staff" of the HYPO NOE Group include the following:

- The Management and Supervisory boards of HYPO NOE Landesbank
- Chief executives of material subsidiaries
- The key management of HYPO NOE Landesbank
- The chief executives of NÖ Landes-Beteiligungsholding GmbH and NÖ BET GmbH

Further information regarding key management personnel is presented in Note 5.3.2 Staff costs.

Estimation uncertainties and judgements

The transfer prices between the HYPO NOE Group and related parties are arm's length prices. The State of Lower Austria's guarantees of loans and advances extended to third parties by the HYPO NOE Group, listed in the table below, are likewise all concluded on market terms.

31 Dec. 2025 EUR '000	Parent companies	Non-consolidated subsidiaries	Associates	Joint ventures	Other related parties	Identified staff
Open balances						
Selected financial assets	**2,421,317**	**104,455**	**490,744**	**12,349**	**960**	**3,347**
Equity instruments	-	124	18,754	12,349	284	-
Bonds	36,905	-	-	-	-	-
Loans	2,384,412	104,331	471,990	-	676	3,347
Selected financial liabilities	**111,668**	**399**	**107,027**	**892**	**27,955**	**6,429**
Deposits	111,668	399	107,027	892	27,442	5,820
Bonds in issue	-	-	-	-	513	609
Nominal value of loan commitments, financial guarantees and other commitments	**155,294**	**13,335**	**32,708**	**-**	**1,127**	**155**
Loan commitments, financial guarantees and other commitments received	**2,799,295**	**-**	**-**	**-**	**-**	**-**
Nominal value of derivatives	**530,994**	**-**	**-**	**-**	**-**	**-**
Current period						
Interest income	84,264	3,463	13,352	602	40	75
Interest expense	-5,581	-347	-1,740	-6	-92	-157
Dividend income	-	-	2,085	1,019	-	-
Fee and commission income	3,132	2	317	5	20	1
Profit or loss from the derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	-	-	-	-	-

In 2025, a significant transaction was concluded with the State of Lower Austria in connection with subsidised homebuilding loans, which was concluded on market terms. Details of the transaction can be found in Note 4.3 Financial assets

31 Dec. 2024 EUR '000	Parent companies	Non-consolidated subsidiaries	Associates	Joint ventures	Other related parties	Identified staff
Open balances						
Selected financial assets	**2,495,516**	**121,271**	**475,466**	**17,820**	**1,863**	**2,676**
Equity instruments	-	81	18,424	9,117	178	-
Bonds	37,903	-	-	-	-	-
Loans	2,457,613	121,190	457,042	8,702	1,685	2,676
Selected financial liabilities	**160,575**	**679**	**96,476**	**1,987**	**19,632**	**5,304**
Deposits	160,575	679	96,476	1,987	19,118	4,694
Bonds in issue	-	-	-	-	514	610
Nominal value of loan commitments, financial guarantees and other commitments	**229,965**	**27,558**	**33,613**	**-**	**672**	**259**
Loan commitments, financial guarantees and other commitments received	**2,852,633**	**-**	**-**	**-**	**-**	**-**
Nominal value of derivatives	**692,992**	**85,000**	**-**	**-**	**-**	**-**
Current period						
Interest income	108,039	5,536	15,835	349	74	75
Interest expense	-8,857	-1,732	-1,549	-2	-269	-196
Dividend income	-	-	2,893	-	-	-
Fee and commission income	2,443	2	375	4	20	1
Profit or loss from the derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	-	1	-	-	-

Loans, advances and guarantees in accordance with section 237(1)(3) Austrian Business Code

The table below shows the loans, advances and guarantees extended to officers of HYPO NOE Group companies as at the end of the reporting period. These were furnished with customary banking collateral. The usual terms for officers were applied.

EUR '000	1 Jan. 2025	Additions	Repayment/other change	31 Dec. 2025
Management Board	521	-	-252	269
Supervisory Board	446	191	-6	632
Total	**968**	**191**	**-258**	**900**

EUR '000	1 Jan. 2024	Additions	Repayment/other change	31 Dec. 2024
Management Board	773	-	-252	521
Supervisory Board	387	85	-26	446
Total	**1,161**	**85**	**-278**	**968**

11 EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the end of the reporting period.

12 GOVERNING BODIES OF HYPO NOE LANDESBANK

The following persons were members of the Management and Supervisory boards during the reporting period:

Management Board

Wolfgang Viehauser, Management Board Member Markets and Speaker of the Board
Udo Birkner, Management Board Member Finance, Risk & Operations

Supervisory Board

Günther Ofner, Chairperson
Michael Lentsch, Deputy Chairperson
Sabina Fitz-Becha
Birgit Kuras
Johann Penz
Ulrike Prommer
Karl Schlögl
Hubert Schultes

Delegated by the Works Council

Franz Gyöngyösi (until 27 Nov. 2025)
Claudia Mikes
Rainer Gutleder
Gabriele Monk
Bernd Riesenhuber (from 27 Nov. 2025)

Federal commissioners

Ben-Benedict Hruby, Federal Ministry of Finance
Josef Dorfinger, Federal Ministry of Finance

Supervisory commissioners

Georg Bartmann, office of the State of Lower Austria
Peter Neurauter, office of the State of Lower Austria

St. Pölten, 25 February 2026

The Management Board

Wolfgang Viehauser
Management Board Member Markets
and Speaker of the Board

Udo Birkner
Management Board Member Finance,
Risk & Operations

ADDITIONAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2025
IN ACCORDANCE WITH IFRS
HYPO NOE GROUP

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1 DECLARATION BY THE COMPANY'S LEGAL REPRESENTATIVES

We hereby confirm that to the best of our knowledge the 2025 consolidated financial statements of the HYPO NOE Group give a true and fair view of the Group's assets, finances and earnings, in conformity with the relevant accounting standards, and that the Group operational and financial review presents the course of the Group's business, and its results and financial condition in such a manner as to give a true and fair view of the Group's assets, finances and earnings, and describes the principal risks and uncertainties to which the Group is exposed.

St. Pölten, 25 February 2026

The Management Board

DI Wolfgang Viehauser, MSc
Management Board Member Markets and Speaker of the Board

responsible for

Sales Strategy, Digitalisation & Retail Banking
Marketing & Communication
Public Sector
Corporates
Real Estate
Treasury & ALM
Press Spokesperson

MMag. Dr. Udo Birkner, MBA (LBS)
Management Board Member Finance, Risk & Operations

responsible for

Group General Secretariat HR & Law
Compliance, AML & Regulatory
Finance
Risk
Operations/Organisation & IT
Internal Audit
information Security

2 AUDITORS' REPORT

Report on the consolidated financial statements

Audit opinion

We have audited the consolidated financial statements of HYPO NOE Landesbank für Niederösterreich und Wien AG, Sankt Pölten, Austria, and its subsidiaries ("the Group"), which comprise the consolidated Statement of Financial Position as at 31 December 2025, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion the consolidated financial statements comply with the legal requirements and to the maximum extent possible present fairly the assets and finances of the Group as at 31 December 2025, and its earnings and cash flows for the year then ended, in accordance with the IFRS Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted in the EU, and with the additional requirements of section 245a UGB (Austrian Business Code), section 59a BWG (Austrian Banking Act).

Basis of opinion

We conducted our audit in accordance with Regulation (EU) No 537/2014 ("Audit Regulation") and Austrian generally accepted auditing standards. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibility for audit of the consolidated financial statements" section of our report. We are independent of the audited Group as required by Austrian company and banking law, and the professional regulations, and have fulfilled our other professional responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained up to the date of the auditors' report is sufficient and appropriate to provide a basis for our audit opinion at that date.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year. These matters were addressed in connection with our audit of the consolidated financial statements as a whole and the formulation of an opinion on the latter, and we do not express a separate audit opinion on them.

Impairment of loans reported under "Financial assets – AC" in the statement of financial position

The Management Board explains the approach to the recognition of risk provisions in Note 4.5 Credit risk and risk provisions.

Risk to the financial statements

The loans reported net of risk provisions under the "Financial assets – AC" item in the consolidated statement of financial position are stated at EUR 13.3bn. A substantial portion of the loan portfolio comprises exposures to the public sector as well as secured homebuilding loans.

As part of the oversight of this lending, the Group assesses whether risk provisions need to be recognised. This includes evaluating whether customers are able to meet their contractual repayment obligations in full.

Calculation of the risk provisions for individually significant loan losses is based on a scenario-weighted expected cash flow approach. The selection and weighting of the scenarios is generally based on the current collection status of the customer. Calculation of these risk provisions takes account of the collateral available.

Where loan losses are not individually significant, the Group calculates an individual impairment allowance derived from statistically determined parameters. This risk provision is arrived at with reference to statistical loss given default rates.

Where loans are non-defaulted, a risk provision is also recognised for the expected credit loss (ECL), as required by IFRS 9. The 12-month ECL (Stage 1) is applied. In the event of a significant increase in credit risk (Stage 2), the ECL is calculated on the basis of the entire lifetime. Determination of the ECL depends on estimates and assumptions. These include rating-based probabilities of default and loss given default rates, which take account of current and forward-looking information.

The loans include a portfolio of mortgage-backed subsidised homebuilding loans (SHLs) secured by a guarantee from the State of Lower Austria or by cash deposits. Additionally, the loans reported under "Financial assets – AC" include a portfolio of loans to public sector customers. Due to the low default risk of both of these portfolios, a significant risk is only recognised with respect to the rest of the loans. This risk relates to the calculation of risk provisions, which are heavily reliant on assumptions and estimates of default risk and future recoveries. This may give rise to wide margins of discretion and estimation uncertainties regarding the amount of the risk provisions.

Our approach

When testing for impairment of loans other than public sector loans and SHLs, we carried out the following key audit procedures:

- We analysed and assessed the existing documentation of the processes for risk provision oversight and recognition, in order to ascertain whether the procedures described therein are suitable to identify defaults and risk provisions. In addition, we performed selected key controls relevant to the audit of the financial statements, and assessed their design and implementation, as well as testing the effectiveness of these controls on a sample basis.
- Using a sample of non-defaulting customers, we investigated whether there were loan loss indicators. The sampling was both random and risk-based, and took account of rating grades and changes. One focus was on the commercial residential property market.
- In cases of individually significant loan losses, we assessed on a sample basis whether the judgments made with respect to the amount and timing of future payment streams were reasonable. Sample selection was partly random and partly risk-based. It also extended to recoveries from the realisation of collateral. Valuers were engaged on a sample basis to assess the estimates used in valuations of property held by defaulting customers.
- In cases of individually insignificant defaulted loans or non-defaulted loans for which risk provisions are recognised on a statistical basis, we examined the Group's methodological documentation for its consistency with the requirements of IFRS 9. We also investigated the models and their mathematical functions in the light of internal validations, as well as the parameters employed in them, for their suitability for the recognition of adequate risk provisions. As part of our audit activities we enlisted the assistance of our financial mathematicians as expert advisers.
- We verified the mathematical accuracy of the risk provisions by means of approximation tests.

Other information

The Company's legal representatives are responsible for the other information. This comprises all the information in the annual report apart from the consolidated financial statements, the Group operational and financial review, and the auditors' report.

Our opinion on the consolidated financial statements does not extend to this other information, and we do not provide any form of assurance thereon.

Our audit of the consolidated financial statements implies a responsibility to read this other information and to assess whether it contains any material inconsistencies with the former or with other information gained during our final audit, or any other misstatement.

If we conclude on the basis of the other information obtained from work performed by us that this other information contains any material misstatement of fact, we are obliged to report thereon. We have nothing to report in this regard.

Responsibility of the Company's legal representatives and the Audit Committee for the consolidated financial statements

The Company's legal representatives are responsible for the preparation of the consolidated financial statements and for ensuring that these, to the maximum extent possible, present a true and fair view of the Group's assets, finances and earnings, consonant with the IFRS Accounting Standards applicable in the EU, as well as the additional requirements of sections 245a Austrian Business Code and 59a Austrian Banking Act. The Company's legal representatives are also responsible for such internal controls as they deem necessary to permit the preparation of consolidated financial statements that are free from material misstatement due to fraud or error.

The Company's legal representatives are responsible, when compiling the consolidated financial statements, for assessing the Group's ability to continue as a going concern, for disclosing, where relevant, matters related to going concern, and for applying the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to such action.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditors' responsibility for audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the audited statements as a whole are free from material misstatement due to fraud or error, and to issue an auditors' report that includes our audit opinion. Reasonable assurance is a high level of assurance, but no guarantee that an audit conducted in accordance with the Audit Regulation and Austrian auditing standards (which require ISA compliance) will always detect a material misstatement if present. Misstatements may result from fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the business decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit Regulation and Austrian standards, which require the application of the ISAs, we exercise professional judgment and maintain a critical attitude throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, we plan and perform audit procedures in response to those risks, and we obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of failure to detect material misstatements resulting from fraud is greater than that of overlooking misstatements due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- We evaluate the appropriateness of the accounting policies applied and accounting estimates presented by the Company's legal representatives, and the related disclosures.
- We draw conclusions as to the appropriateness of management's application of the going concern basis of accounting and, in the light of the audit evidence obtained, whether material uncertainty exists with regard to events or circumstances that may cast significant doubt on the Company's ability to continue to operate. If we conclude that material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements in our audit report or, if these disclosures are inappropriate, to modify our audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may cause the Company to cease to operate as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether those statements to the maximum extent possible render the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the audit of the consolidated financial statements so as to obtain sufficient appropriate audit evidence as to the financial information from the entities and business segments within the Group to serve as a basis for an audit opinion on the statements. We are responsible for the direction, supervision and review of the audit activities performed for the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion.

- We exchange information with the Audit Committee regarding, among other matters, the planned scope and timing of the audit as well as significant findings, including any marked deficiencies in the internal controls that we identify during our audit.
- We also report to the Audit Committee that we have complied with the relevant professional conduct requirements in respect of our independence, that we will exchange information with it on any relationships and other matters that could reasonably be assumed to affect our independence and, where relevant, on the action taken to overcome any hazards or on related safeguards.
- Of the matters discussed with the Audit Committee, we determine those that were of most importance to the audit of the financial statements for the year under review, i.e. the key audit matters. We describe these matters in our auditors' report unless legislation or other legal regulations preclude public disclosure or, in very rare cases, we determine that a matter should not be included because the negative consequences of so doing could reasonably be expected to outweigh the benefits to the public interest of such disclosure.

Other legal requirements

Report on the Group operational and financial review

Austrian company law requires an audit of the Group operational and financial review to ascertain whether it is consistent with the consolidated financial statements and was prepared in accordance with the applicable legal requirements.

Under Austrian company law, the Company's legal representatives are responsible for the preparation of the Group operational and financial review.

We have conducted our audit in accordance with the professional standards applicable to the audit of group operational and financial reviews.

Opinion

In our opinion, the Group operational and financial review was drawn up in accordance with the applicable legal requirements, contains the relevant disclosures under section 243a Austrian Business Code, and is consistent with the consolidated financial statements.

Declaration

In the light of the knowledge gained in the course of the audit of the consolidated financial statements and of our understanding of the Group and its environment, we did not note any material misstatements in the Group operational and financial review.

Additional information in accordance with Article 10 Audit Regulation

We were appointed as auditors by the Annual General Meeting on 29 February 2024 and on 29 February 2024 were charged by the Supervisory Board with the audit of the Company's financial statements for the financial year ended 31 December 2025.

On 13 March 2025 we were appointed for the financial year ended 31 December 2025, and on 13 March 2025 we were charged by the Supervisory Board with the audit of the financial statements.

We have been the Company's auditors without interruption since the consolidated financial statements for the year ended 31 December 2022.

We hereby declare that the opinion expressed in the "Report on the consolidated financial statements" section of our report is consistent with our additional report to the Audit Committee pursuant to Article 11 Audit Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 paragraph 1 Audit Regulation) and have maintained our independence when conducting our audit.

We rendered the following services, not stated in the consolidated financial statements or the Group operational and financial review, over and above the audit of the financial statements of the audited company and the companies controlled by it:

Engagement partner

The engagement partner for the audit is Georg Blazek.

Vienna, 25 February 2026

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Executed with a qualified electronic signature

Georg Blazek

Austrian Chartered Accountant

3 REPORT OF THE SUPERVISORY BOARD

In 2025 the Supervisory Board comprised Günther Ofner, Michael Lentsch, Birgit Kuras, Sabina Fitz-Becha, Rainer Gutleder, Franz Gyöngyösi (until 27 Nov. 2025), Claudia Mikes, Gabriele Monk, Johann Penz, Ulrike Prommer, Bernd Riesenhuber (since 27 Nov. 2025),Karl Schlögl and Hubert Schultes. Owing to the expiry of their terms of office, at the Annual General Meeting (AGM) held on 13 March 2025 the shareholder representatives were re-elected for the period up to the end of the AGM that will rule on the discharge of the Board from liability in 2029.

In 2025 there were four plenary meetings of the Supervisory Board, four meetings of the Loan Committee and of the Audit Committee, two meetings of the Risk Committee and Remuneration Committee, and three meetings of the Nomination Committee. All the meetings complied with the legal regulations and the articles of association. The Supervisory Board was constantly kept up to date with the main issues discussed by the committees by the sitting chairperson.

In the course of their activities, the Supervisory Board and its committees closely monitored the Bank's business performance. As at 31 December 2025, the key macroeconomic developments were related to the consequences of the war in Ukraine and the Middle East conflict. Above all, persistently weak growth as well as macrofinancial uncertainty are seen as the main risk factors. As a result, the Group's risk management activities were more strongly focused on these influences and their impact on economic developments, and they were chiefly reflected by the standard parameters of the risk provisioning for the Bank's lending portfolios. Where necessary, additional measures are taken in the form of qualitative stage transfers, which are reviewed regularly and updated as required. For example, reports from the Risk Management Department were considered when evaluating the risk position. In addition, Internal Audit provided information on the viability of the business processes, while Compliance submitted activity reports and risk analyses. Regular reports on the effectiveness of the internal control system were also provided.

Consequently, in 2025 the Supervisory Board fulfilled the duties incumbent upon it by virtue of the law and the articles of association, and was kept regularly informed by the Management Board on the course of business and the state of the Bank's and the Group's affairs.

The accounts and records, the **annual financial statements for the year ended 31 December 2025, and the operational and financial review** of HYPO NOE Landesbank für Niederösterreich und Wien AG have been audited by the independent auditors, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. As the audit did not give rise to any objections, and the statutory requirements were fully complied with, the auditors issued an unqualified audit certificate. The Supervisory Board concurred with the audit findings, is in agreement with the recommendation of the Audit Committee and the annual financial statements for the year ended 31 December 2025, and the operational and financial review, including the dividend recommendation, submitted to it by the Management Board, and hereby approves the 2025 annual financial statements in accordance with section 96(4) Austrian Companies Act.

The auditors, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, audited the **2025 consolidated financial statements** for compliance with the International Financial Reporting Standards (IFRS) Accounting Standards issued by the International Accounting Standards Board, as applicable in the EU, and the Group operational and financial review, for compliance with Austrian company law. The audit gave rise to no objections, and the auditors found that the statutory requirements had been fully met. In the opinion of the auditors, the consolidated financial statements give a true and fair view of the assets and finances of the Group as at 31 December 2025, and of its earnings and cash flows for the year then ended, in accordance with the IFRS Accounting Standards as adopted in the EU, and the additional requirements of section 245a Austrian Business Code and section 59a Austrian Banking Act.

The auditors hereby confirm that the Group operational and financial review is consistent with the consolidated financial statements, such that the statutory requirements for exemption from the obligation to prepare consolidated financial statements according to Austrian law are fulfilled, and issue an unqualified audit certificate. The Audit Committee and the Supervisory Board, in the presence of and with the assistance of the auditors, thoroughly examined the audit report, the consolidated financial statements for the year ended 31 December 2025, the Group operational and financial review and the non-financial report, and concurred with the audit findings.

St. Pölten, 4 March 2026

The Supervisory Board

Günther Ofner

Chairperson

LIST OF ABBREVIATIONS

AC	amortised cost
AG	Aktiengesellschaft (public limited company)
ALM	Asset Liability Management
Art.	Article
BCBS	Basel Committee on Banking Supervision
BCM	Business continuity management
BFG	Bundesfinanzgericht (Austrian Federal Finance Court)
bn	billion
CAGR	compound annual growth rate
CAPM	capital asset pricing model
CAPP	contingent additional purchase price
CCF	credit conversion factor
CCP	central counterparty
CDR	Commission Delegated Regulation (EU)
CDS	credit default swap
CHF	Swiss franc
COREP	Common Reporting Framework
COREPER	Committee of Permanent Representatives
CRD	Capital Requirements Directive as amended
CRR	Capital Requirements Regulation as amended
CSA	credit support annex
CSC	current service cost
CTM	critical terms match
CVA	credit valuation adjustment
DBO	defined benefit obligation
DCF	discounted cash flow
DDM	dividend discount model
DORA	Digital Operational Resilience Act
DSCR	debt service coverage ratio
DVA	debt valuation adjustment
EAD	exposure at default
EAR	exposure at risk
EBA	European Banking Authority
EBIT	earnings before interest and taxes
ECB	European Central Bank
ECF	expected cash flow
ECJ	European Court of Justice
ECL	expected credit loss
EIR	effective interest rate
ESG	environmental, social, governance
ESRB	European Systemic Risk Board

EU	European Union
EUR	euro
EUR ’000/EUR thsd	thousand euro
EUR m	million euro
EURIBOR	Euro Interbank Offered Rate
EWU	EWU Wohnbau Unternehmensbeteiligungs-GmbH
FMA	Austrian Financial Market Authority
FN	Firmenbuchnummer (company register number)
FV	fair value
FVO	fair value option
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
FX	foreign exchange
GAR	green asset ratio
GHG	greenhouse gas
GmbH	Gesellschaft mit beschränkter Haftung (limited liability company)
GPP	general prior permission
HETA	Heta Asset Resolution AG
HFT	held for trading
HQLA	high quality liquid assets
HTM	held to maturity
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICS	internal control system
ICT	Information and communication technology
IFRA	integrated finance and risk architecture
IFRS	International Financial Reporting Standards
IPRE	income-producing real estate
IRB	internal ratings-based
ISDA	International Swaps and Derivatives Association
ISO	International Organization for Standardization
IT	information technology
KAF	Kärntner Ausgleichszahlungs-Fonds (Carinthian Compensation Payment Fund)
LCR	liquidity coverage ratio
LGD	loss given default
LTV	loan-to-value
m	million
MREL	minimum requirement for own funds and eligible liabilities
n/a	not applicable
NACE	Statistical Classification of Economic Activities in the European Community
NAV	net asset value
NFRD	Non-Financial Reporting Directive
NID	NOE Immobilien Development GmbH
NÖ	Niederösterreich (Lower Austria)

No.	number
NÖVK	Niederösterreichische Vorsorgekasse AG
NPL	non-performing loan
NSFR	net stable funding ratio
OCI	other comprehensive income
OeNB	Oesterreichische Nationalbank (Austrian central bank)
OIS	overnight index swap
OLS	ordinary least squares
ÖNACE	Austrian Statistical Classification of Economic Activities
OPEC+	Organization of the Petroleum Exporting Countries
OTC	over the counter
P&L	profit and loss
PD	probability of default
PiT	point in time
POCI	purchased or originated credit impaired
RBC	risk-bearing capacity
RICO	Risk Management Committee
ROE	return on equity
RWA	risk weighted assets
S&P	Standard & Poor's
SME	small and medium-sized enterprises
SPPI	solely payments of principle and interest
SREP	supervisory review and evaluation process
TLTRO	targeted longer-term refinancing options
TSCR	total SREP capital requirements
TTC	through the cycle
UN	United Nations
UTP	unlikely to pay
UZ 46	Austrian Ecolabel for Green Electricity
VaR	value at risk
VAT	value added tax
WACC	weighted average cost of capital
WIFO	Austrian Institute of Economic Research
YTD	year-to-date

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Important information

The greatest possible care has been taken in producing this report. However, transmission, typesetting and printing errors cannot be ruled out. Minor rounding differences may occur in connection with totals of rounded amounts and percentages.

The forecasts and forward-looking statements contained in the report are based on current estimates and information available at the time of writing. They should not be taken as a guarantee that results expressed in forecasts and forward-looking statements will actually occur; actual results are subject to risks and other factors, and could therefore differ materially from results contained in forecasts or forward-looking statements. The Group is not obliged to update its forecasts and forward-looking statements.

The German version of this report is definitive. The English version of the report is a translation of the German version. The European Single Electronic Format (ESEF) publication corresponds to the official version of the report.

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