RESULTS ANNOUNCEMENT FOR THE THREE QUARTERS ENDED **30 September 2021**

CURRENT RATINGS

Standard & Poor's: A/A-1 (stable) 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	**Q1-Q3 2021**	**Q1-Q3 2020**
Net interest income	105,572	96,296
Administrative expenses	-77,041	-83,261
Impairment losses on financial assets – IFRS 9 ECL	-118	-2,707
Profit before tax	**48,879**	**37,607**
Income tax expense	-11,729	-8,735
Profit for the period	**37,150**	**28,872**
Return on equity before tax	9.00%	7.23%
Cost/income ratio	52.04%	55.10%
Consolidated statement of financial position	**30 Sep. 2021**	**31 Dec. 2020**
Total assets	16,586,906	16,416,615
Financial assets – AC	13,717,727	13,230,957
Financial liabilities – AC	14,670,463	14,274,540
Equity (incl. non-controlling interests)	741,790	710,362
NPL ratio	0.66%	0.78%
Regulatory indicators	**30 Sep. 2021**	**31 Dec. 2020**
Eligible Tier 1 capital	687,174	691,311
Total eligible capital	687,174	691,311
Minimum capital requirement (Pillar I)	310,562	308,546
Excess equity	376,612	382,765
Total risk exposure amount in accordance with Art. 92(3) CRR	3,882,022	3,856,823
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	17.70%	17.92%
Total capital ratio in accordance with Art. 92(2)(c) CRR	17.70%	17.92%
LCR	217.35%	199.56%
Operational resources	**30 Sep. 2021**	**31 Dec. 2020**
Number of employees at period end	629	714
Number of branches	27	27

The intrayear indicators are annualised on a daily basis. For details of the calculation, see the "Earnings performance" section.

COMPANY PROFILE

Profile of the HYPO NOE Group

This HYPO NOE Group quarterly results announcement 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 Austrian state mortgage bank[1], and has been a reliable commercial bank, stable state bank and specialist mortgage lender for over 130 years. The Bank operates primarily in Austria and Germany, as well as in selected markets elsewhere in the European Union, using its strong position in Lower Austria and Vienna as a springboard.

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 focuses 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. The wholly owned HYPO NOE Leasing subsidiary, which specialises in real estate leasing to public sector clients and has extensive experience of "Maastricht friendly" financing structures enables the Group to concentrate 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 flotation 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 stable 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 and ensures that it stays true to 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 maintaining a conservative risk and capital profile.

The Bank's sustainable approach to its core operations is underpinned and promoted by clear ethical principles and business policies. Its portfolio leans 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 ESG ratings from Sustainalytics, Vigeo Eiris (V.E) and imug, and has been awarded the DZ Bank sustainability seal of approval.

1 In terms of total assets (2020 consolidated financial statements) and date of establishment

FINANCIAL REVIEW

- Increase in "Profit before tax" to EUR 48.9m (Q1-3 2020: EUR 37.6m)
- Higher pre-tax profit thanks to strong core earnings: "Net interest income" up 9.6% and "Net fee and commission income" up 4.8% compared with the like period of 2020
- "Administrative expenses" 7.5% lower year on year, CIR at 52.04% in the period under review
- Very low NPL ratio of 0.66% (31 Dec. 2020: 0.78%),
  risk provisions (ECL) in the performing loan portfolio at a solid 131 bps as a proportion of RWA
- CET1 ratio of 17.70% as at 30 September 2021 (pro forma ratio incl. interim result: 18.60%)

In the first nine months of 2021, the HYPO NOE Group recorded "Profit before tax" of EUR 48.9m – which is already higher than the profit for the year of EUR 41.2m reported in 2020. The return on equity (ROE) before tax improved to 9.00%, up from 7.23% in the same period a year earlier. These results reflect the continuing successful implementation of the HYPO NOE Group's Fokus 25 strategy, which is geared towards improving profitability through organic growth in the core business, while also taking into account the Group's conservative risk and capital profile.

This latest rise in core earnings laid the foundations for another improvement in the Group's results. "Net interest income" advanced by 9.6% to EUR 105.6m (Q1-3 2020: EUR 96.3m), while "Net fee and commission income" grew by 4.8% to reach EUR 13.8m (Q1-3 2020: EUR 13.2m). The jump in "Net interest income" resulted from loan disbursements made ahead of schedule, partly higher margins, as well as optimised refinancing costs. Stronger contributions from the securities and payments businesses were the main reason behind the increase in "Net fee and commission income".

The disposal of HYPO NOE First Facility GmbH in the second quarter of 2021 represented the final step towards achieving the Group structure targeted under the Fokus 25 strategy. Compared with 2016, the organisational set-up is now significantly more streamlined, and this will be reflected in an annual drop of around three percentage points in the cost/income ratio (CIR) moving forward. The CIR for the first three quarters of this year stood at 52.04%, compared with 55.10% in the same period in 2020.

As a result of ongoing process optimisation, "Administrative expenses" fell sharply once again during the reporting period, by 7.5%, to EUR 77.0m (Q1-3 2020: EUR 83.3m). The end of the obligation to pay the financial stability contribution instalment also had a positive effect in this regard. However, this was offset primarily by a marked increase in the resolution fund contribution.

Although the economic picture continues to brighten, and payment deferrals decreased once more in the first nine months of 2021, the Group has continued to apply the methodology for modelling the potential impacts of the Covid-19 pandemic in the current reporting period. In line with this approach, risk provisions in the performing loan portfolio (Stages 1 and 2) amounted to EUR 50.9m at the end of September 2021 – an increase of around 50% on pre-Covid levels. This equates to a relatively high 131 bps as a proportion of risk-weighted assets (RWA). The cost of risk (expected credit loss, ECL) came in at EUR 0.1m in the period under review (Q1-3 2020: EUR 2.7m).

The Group extended new loans totalling about EUR 1.3bn during the first three quarters of this year (Q1-3 2020: EUR 1.2bn), mainly in line with its core competences of infrastructure and housing construction finance. The Group is driving forward its planned geographical diversification, especially in the public sector and housing development portfolios. This new lending was reflected in a 3.7% rise in "Financial assets – AC" compared with year-end 2020, to EUR 13.7bn (31 Dec. 2020: EUR 13.2bn). The proportion of total financial assets recognised at amortised cost increased once again, rising by two percentage points on year-end 2020 to stand at 97%.

Irrespective of its participation in the ECB's TLTRO III programme, the HYPO NOE Group completed its refinancing activities for 2021 as planned. This resulted in slightly higher "Financial liabilities – AC" on the equity and liabilities side of the balance sheet; this item amounted to EUR 14.7bn as at 30 September 2021 (a 2.8% increase on 31 Dec. 2020). Three EUR 500m benchmark bonds – one senior preferred bond and two covered bonds – were issued on highly competitive terms, which allowed the Group to further optimise its funding costs. This was founded on stable deposits compared with mid-year of EUR 4.6bn (excluding the ECB tender. The temporary increase in "Total assets" to EUR 16.6bn at the end of the third quarter (31 Dec. 2020: EUR 16.4bn) was mainly attributable to the higher tender volume.

The HYPO NOE Group again reported a strong Common Equity Tier 1 (CET1) ratio of 17.70% at the end of the period under review (31 Dec. 2020: 17.92%). The steady improvement in profitability has already had a noticeable impact on internal capital generating capacity. Adjusted for earnings through the first three quarters of this year and the prorating of regulatory costs, which were required to be recognised in full at the start of 2021, the pro forma CET1 ratio was 18.60% at 30 September 2021.

The HYPO NOE Group's balance sheet stood out for the exceptionally high quality of assets as at the end of the third quarter, as well as the Group's strong capitalisation and robust liquidity position. The non-performing loan (NPL) ratio remained low, at 0.66% (31 Dec. 2020: 0.78%), while the NPL coverage ratio stood at a robust 83.89% (31 Dec. 2020: 75.18%). Systematic, proactive intensive care management, coupled with risk-aware lending with a focus on the Group's core competences, paved the way for this strong performance.

STATEMENT OF PROFIT OR LOSS

Gains/losses

EUR '000	Q1-Q3 2021	Q1-Q3 2020
Interest and similar income measured using the effective interest method	190,553	186,276
Interest and similar income not measured using the effective interest method	135,180	142,325
Interest and similar expense	-220,219	-232,361
Dividend income	58	56
Net interest income	**105,572**	**96,296**
Fee and commission income	15,943	15,469
Fee and commission expense	-2,136	-2,289
Net fee and commission income	**13,807**	**13,179**
Net measurement gains	3,083	704
Net gains on derecognition of financial assets	-	25
Net gains on financial assets and liabilities	**3,083**	**729**
Other operating income	13,359	24,648
Other operating expense	-11,747	-13,943
Administrative expenses	-77,041	-83,261
Impairment losses on financial assets – IFRS 9 ECL	-118	-2,707
Net gains on investments accounted for using the equity method	1,965	2,666
Profit before tax	**48,879**	**37,607**
Income tax expense	-11,729	-8,735
Profit for the period	**37,150**	**28,872**
Non-controlling interests	-91	-160
Profit attributable to owners of the parent	**37,059**	**28,711**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR '000	30 Sep. 2021	31 Dec. 2020
Cash and balances at central banks	1,488,834	1,463,942
Financial assets – HFT	348,266	417,189
Financial assets – mandatorily FVTPL	145,645	171,312
Financial assets – FVOCI	375,725	514,991
Financial assets – AC	13,717,727	13,230,957
Positive fair value of hedges (hedge accounting)	328,181	445,780
Investments accounted for using the equity method	32,451	31,074
Investment property	34,116	36,693
Intangible assets	163	241
Property, plant and equipment	65,587	65,475
Current tax assets	30,415	21,163
Deferred tax assets	357	408
Other assets	19,441	17,390
Total assets	**16,586,906**	**16,416,615**

Equity and liabilities

EUR '000	30 Sep. 2021	31 Dec. 2020
Financial liabilities – HFT	321,042	388,764
Financial liabilities – FVO	5,833	5,309
Financial liabilities – AC	14,670,463	14,274,540
Negative fair value of hedges (hedge accounting)	657,583	829,132
Provisions	73,722	69,367
Current tax liabilities	16,044	10,052
Deferred tax liabilities	22,769	22,853
Other liabilities	77,661	106,237
Equity	**741,790**	**710,362**
Equity attributable to owners of the parent	733,369	701,382
Non-controlling interests	8,421	8,980
Total equity and liabilities	**16,586,906**	**16,416,615**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 Sep. 2021 EUR ’000	1 Jan. 2021	Profit for the period	Reversals	Dividends paid	Other comprehensive income	Other changes	30 Sep. 2021
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	452,557	37,059	42	-3,800	-	-17	485,841
Other reserves composed of:	**5,020**	**-**	**-28**	**-**	**-1,286**	**17**	**3,723**
Actuarial gains and losses	-4,462	-	-	-	-34	17	-4,479
Debt instruments – FVOCI	9,034	-	-	-	-1,154	-	7,880
Equity instruments – FVOCI	449	-	-28	-	-99	-	322
Hedges (hedge accounting)	-	-	-	-	-	-	-
Equity attributable to owners of the parent	**701,382**	**37,059**	**14**	**-3,800**	**-1,286**	**-**	**733,369**
Non-controlling interests	8,980	91	-650	-	-	-	8,421
Equity	**710,362**	**37,150**	**-636**	**-3,800**	**-1,286**	**-**	**741,790**

30 Sep. 2020 EUR ’000	1 Jan. 2020	Profit for the period	Reversals	Dividends paid	Other comprehensive income	Other changes	30 Sep. 2020
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	424,706	28,711	-	-3,500	-	-	449,917
Other reserves composed of:	**6,576**	**-**	**-**	**-**	**-1,859**	**-**	**4,718**
Actuarial gains and losses	-5,878	-	-	-	576	-	-5,301
Debt instruments – FVOCI	11,717	-	-	-	-2,386	-	9,331
Equity instruments – FVOCI	809	-	-	-	-121	-	688
Hedges (hedge accounting)	-72	-	-	-	72	-	-
Equity attributable to owners of the parent	**675,087**	**28,711**	**-**	**-3,500**	**-1,859**	**-**	**698,440**
Non-controlling interests	8,415	160	-	-	-	-	8,576
Equity	**683,502**	**28,872**	**-**	**-3,500**	**-1,859**	**-**	**707,016**

SIGNIFICANT ACCOUNTING POLICIES

In all material respects, this quarterly results announcement by the HYPO NOE Group was drawn up in accordance with the same accounting policies as those applied to the IFRS consolidated annual financial statements for the year ended 31 December 2020.

The HYPO NOE Group prepared this quarterly results announcement voluntarily, and is under no obligation to publish such information. It does not meet all the requirements of International Financial Reporting Standards (IFRS) and was not drawn up in accordance with the IFRS as adopted in the EU.

In particular, paragraphs 8(d) (condensed consolidated statement of cash flows) and 8(e) (selected explanatory notes) of IAS 34 were not fully applied. This announcement should be read in conjunction with the 2021 semi-annual financial report and the 2020 Annual Report.

It was neither subjected to a full audit nor reviewed by independent auditors.

CONSOLIDATED OWN FUNDS AND REGULATORY CAPITAL ADEQUACY REQUIREMENTS

Under Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) as amended, including latterly Regulation (EU) No 2020/873, and related EBA delegated regulations as well as the directive on access to the activity of credit institutions (Capital Requirements Directive, CRD) as amended by Directive (EU) No 2019/878, which is currently being transposed by way of the Austrian *Bankwesengesetz* (Banking Act) and various national orders, since 2014 it has been necessary to determine banks' consolidated own funds and their consolidated regulatory own funds requirements in accordance with IFRS, as well as the regulatory scope of consolidation.

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

EUR '000	CRR/CRD IV 30 Sep. 2021	CRR/CRD IV 31 Dec. 2020
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	553,399	556,407
Retained earnings	442,432	444,260
Other reserves	104,744	104,744
Accumulated comprehensive income	6,223	7,403
Prudential filters: adjustments due to the prudential measurement requirements	-1,258	-1,406
Prudential backstop: insufficient coverage for non-performing exposures	-1,350	-
Intangible assets	-163	-236
CET1 capital	687,174	691,311
Additional Tier 1 capital	-	-
Tier 1 capital	**687,174**	**691,311**
Deductions due to investments, pursuant to Arts. 36 and 89 CRR	-	-
Eligible Tier 1 capital	**687,174**	**691,311**
Deductions due to investments, pursuant to Arts. 36 and 89 CRR	-	-
Eligible supplementary capital (after deductions)	**-**	**-**
Total eligible capital	**687,174**	**691,311**
Capital requirement	**310,562**	**308,546**
Excess capital	**376,612**	**382,765**
Coverage ratio	221.27%	224.05%
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	17.70%	17.92%
Total capital ratio in accordance with Art. 92(2)(c) CRR	17.70%	17.92%
Own funds requirement incl. all buffer requirements	12.62%	12.62%

Taking account of the interim profit and prorating of the contributions to the resolution and deposit insurance fund, which have already been taken in full to profit or loss, the pro forma Tier 1 capital ratio was around 18.6%. Changes in the risk-weighted measurement basis and the resultant own funds requirement are shown below:

EUR '000	CRR/CRD IV 30 Sep. 2021	CRR/CRD IV 31 Dec. 2020
Risk-weighted measurement basis for credit risk	**3,560,351**	**3,494,795**
Minimum own funds requirement for credit risk (8%)	284,828	279,584
Own funds requirement for open currency positions	-	-
Own funds requirement for operational risk	23,119	23,119
Own funds requirement for CVA risk	2,615	5,844
Total own funds requirement	**310,562**	**308,546**

Publisher: HYPO NOE Landesbank für Niederösterreich und Wien AG

Editorial content: HYPO NOE Landesbank für Niederösterreich und Wien AG

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Production: produced internally using the Certent CDM editing system

Important information

The greatest possible care has been taken in preparing this quarterly results announcement. 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 announcement 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 announcement is the definitive version. The English version is a translation of the German announcement.