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HYPO NOE Landesbank fur Niederosterreich und Wien AG

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HYPO NOE Landesbank fur Niederosterreich und Wien AG

SACP	bbb+	+	Support	+2	+	Additional Factors	0

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

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

Issuer Credit Rating
A/Stable/A-1

Credit Highlights

Overview	
Key strengths	**Key risks**
Very strong capitalization.	Low net interest margins and profitability.
Very strong link to and important role for the State of Lower Austria, the bank's 100% owner.	Limited geographic diversity and large reliance on public-sector-related business.

Austria-based HYPO NOE Landesbank fur Niederosterreich und Wien AG (HYPO NOE) runs a concentrated but stable business model. Hypo NOE operates primarily in its core region of Lower Austria with a focus on public sector and public sector-related real estate lending and leasing, which we generally view as a low risk-low return business model. We believe this business approach will continue to support a stable core operating performance against the difficult, but easing, economic risks caused by the pandemic and the associated containment measures. Accordingly, we forecast Hypo NOE's nonperforming loan (NPL) levels will rise only slightly to 1.1% (from 0.8% at end-2020 while risk costs (to customer loans) will remain at 10-15 basis points (bps) through the next 12-24 months.

Despite improvements in efficiency, we expect low lending margins will continue to constrain the bank's profitability. Hypo NOE's return on equity averaged at 4.5%-5.0% over the past four years, and we expect similar levels going forward. The bank has addressed its cost base and benefitted from the fall-away of regulatory payments, such that its cost-to-income ratio improved to 63% in 2020--a level close to industry average in Austria--from more than 85% two years ago. We expect the bank's lower cost base will support its bottom line against a more normalized level of risk costs, although low lending margins in Hypo NOE's public sector business will continue to constrain upside on profitability without the bank overly jeopardizing its risk profile.

We project Hypo NOE's very strong capitalization will remain a credit strength. We expect Hypo NOE's risk-adjusted capital (RAC) ratio will hover between 16.0% and 16.5% over the next 12-24 months (see table 1). We think that Hypo NOE will be able to protect its moderate but stable earnings generation capacity and maintain a moderate payout policy, which should enable the bank to build its capital base and facilitate our forecast of organic loan growth of 3.5%-4.5% annually.

We expect Hypo NOE's important role for and very strong link to Lower Austria will continue to support its franchise and creditworthiness. The bank is fully owned by Lower Austria (AA/Negative/A-1+) and has an important role in public sector-related lending. In the event of financial stress, we believe there is a high likelihood that Lower Austria would provide sufficient extraordinary support. This is reflected in the two-notch uplift we incorporate in our 'A' long-term issuer credit rating on Hypo NOE. If we downgrade Lower Austria, we will review our ratings on Hypo NOE.

Outlook: Stable

The stable outlook reflects S&P Global Ratings' view that HYPO NOE will maintain very strong capital and moderate bottom-line profitability with contained loan losses.

Downside scenario

We could lower our ratings within the next two years if we lower our ratings on Lower Austria, and:

- We saw the negative trend on the industry risk for Austrian banks materializing, leading to higher industry risk and, as a result, a lower anchor for Austrian banks; or
- We expected risk-adjusted capitalization to fall below 15%, for example, following higher-than-expected credit losses or a shift toward higher-risk underwriting.

While less likely, a change in HYPO NOE's role for or link with the state could lead us to reassess the bank's status as a GRE and result in a downgrade.

Upside scenario

We could raise our rating on HYPO NOE if it continued to improve its operational performance while maintaining a low-risk posture in its strategy and very strong capital, including an S&P Global Ratings risk-adjusted capital (RAC) sustainably above 15%. However, in such a scenario, we would only raise the rating if we considered HYPO NOE's creditworthiness to be in line with that of higher-rated peers, which is unlikely over the next two years. Any positive rating action would also depend on a stabilization of the industry risk trend and a stable outlook on Lower Austria.

Key Metrics

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Growth in operating revenue	22.1	6.0	(5.5)-(6.7)	1.7-2.1	3.5-4.3
Growth in customer loans	5.0	5.0	4.1-5.0	3.6-4.4	3.2-3.9
Net interest income/average earning assets (NIM)	0.9	0.9	0.9-1.0	0.9-1.0	0.9-1.0
Cost to income ratio	70.2	63.1	61.6-64.7	61.0-64.1	59.3-62.4
Return on average common equity	4.5	4.6	5.5-6.1	4.2-4.7	4.5-5.0
Return on assets	0.2	0.2	0.2-0.3	0.2-0.2	0.2-0.2

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Key Ratios And Forecasts (cont.)

	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
New loan loss provisions/average customer loans	0.1	0.2	0.0-0.0	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans	1.2	0.8	0.8-0.9	1.1-1.2	0.9-1.0
Risk-adjusted capital ratio	17.9	16.1	15.9-16.8	16.0-16.8	16.2-17.0

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: The 'a-' Anchor Reflects Hypo NOE's Focus On Austria

We use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine the anchor. The 'a-' anchor reflects Hypo NOE's domicile and the vast majority of its credit exposures in Austria.

Our economic risk assessment is based on Austria's highly competitive and diverse economy, with strong economic fundamentals, high integration in Western European economies, and strong ties to Eastern and Southeastern Europe. While there are risks to our baseline scenario due to the pandemic's economic effects, we expect that an only slow phaseout of government support to the private sector amid the recovery over 2021-2022 will support households' and corporates' financial health. We remain mindful that nonperforming loans (NPLs) are likely to rise throughout 2021 as fiscal support measures are gradually withdrawn, but we believe that the residual impact on the banking system will likely be manageable.

We consider that Austria's prudential regulatory standards are in line with the EU and that banks' funding conditions remain comfortable, reflecting a high share of customer deposits. However, moderate overcapacity and structural impediments in the banking sector result in ultra-low lending margins and cost inefficiencies, which remains the weakest spot in our assessment and pose risk to long-term stability, as reflected in the negative trend on the banking industry risk.

Business Position: Geographically Concentrated Business Model With Low Efficiency

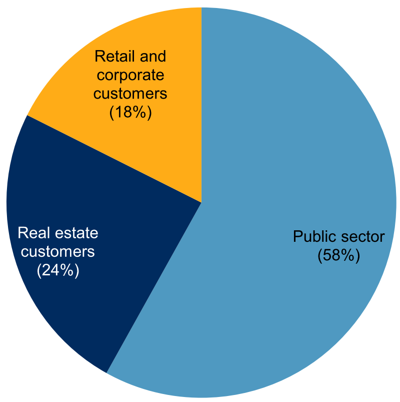
We view Hypo NOE's concentrated business model, which focuses on the public sector and public sector-related real estate in Lower Austria, as a key factor that constrains the ratings. We believe these concentrations make the bank more vulnerable to adverse operating conditions than the industry risk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

Hypo NOE is a small commercial bank based in Lower Austria, with reported total assets of €16.6 billion on Sept. 30, 2021. About 72% of the bank's asset base (excluding asset liability management and treasury and corporate center) is low risk in our view, and comprises lending and leasing to the public sector and for nonprofit housing (see chart 1).

However, earnings are much more tilted toward retail and corporate customers and commercial real estate (see chart 2).

Chart 1

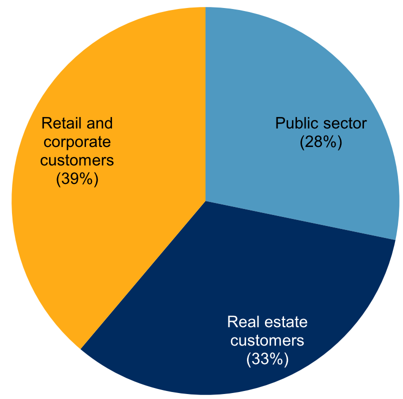
Hypo NOE's Exposures Are Mostly In The Public Sector
Business segments by assets



Data as of September 30, 2021. Breakdown excludes the corporate center segment and treasury and ALM. Source: Hypo NOE, S&P Global Ratings.

Chart 2

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



Data as of September 30, 2021. Breakdown excludes the corporate center segment and treasury and ALM. Source: Hypo NOE, S&P Global Ratings.

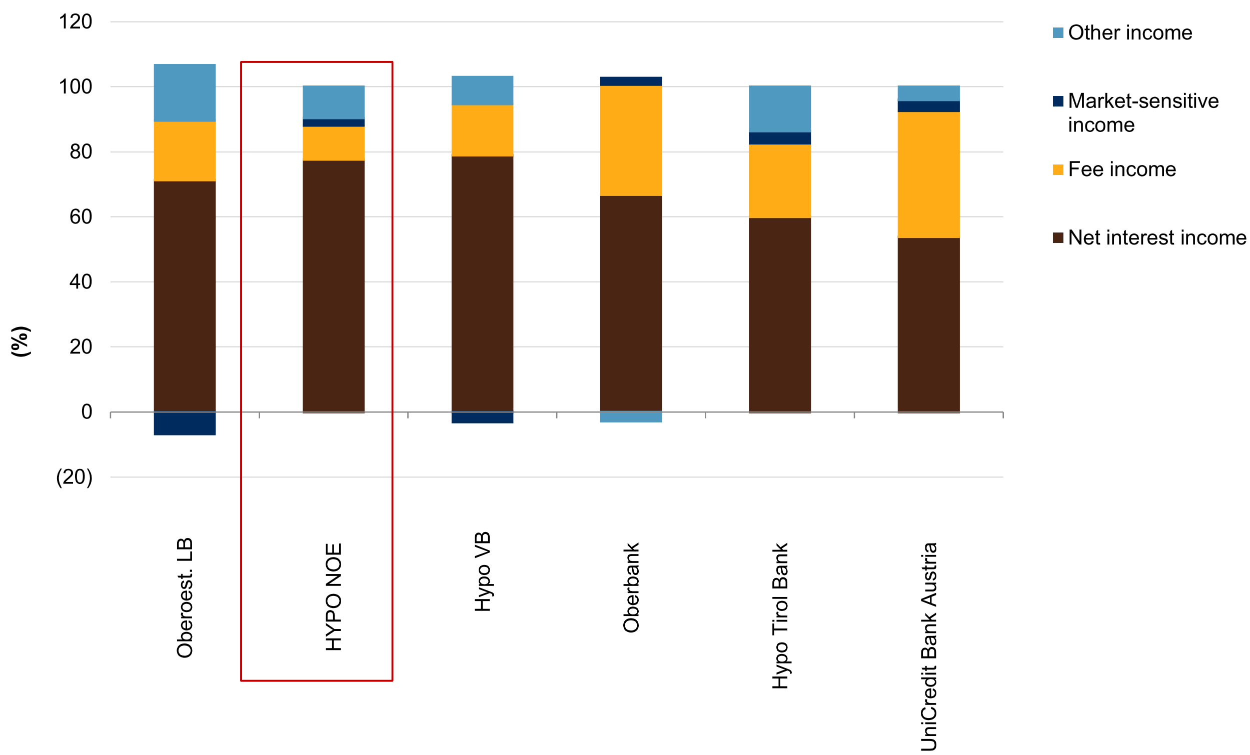
We expect Hypo NOE to remain the dominant player in Lower Austria's public finance niche area, in line with its medium-term strategy. At the same time, we believe the bank will incrementally shift its exposure toward higher-margin segments to counter pressure from the low-rate environment and stabilize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

Hypo NOE has made progress in addressing its heavy cost. Its cost-to-income ratio, as calculated by S&P Global Ratings, improved to about 63% in 2020 compared with more than 85% two years ago. This improvement has also been facilitated by the fall-away of regulatory payments, such as the financial stability contribution in 2020. Other than that, we believe Hypo NOE's bottom-line profitability will remain constrained by its low-margin asset profile, low interest rates, and continuing expenses for regulation and digitalization.

Given Hypo NOE's reliance on interest income, we also see the bank as more sensitive to prolonged low interest rates than peers with higher revenue diversification (see chart 3).

Chart 3

Hypo NOE Heavily Relies On Net Interest Income
Breakdown of operating revenues



The selected peer group only includes rated Austrian banks which are focussed predominantely on the Austrian market. Data as of Dec. 31, 2020. Source: S&P Global Ratings.

Capital And Earnings: Very Strong Projected Capitalization Thanks To Low-Risk Lending Profile

We expect Hypo NOE's capital position will remain a key rating strength driven by our expectation that our RAC ratio will grow towards 16.5% over the next two years, after 16.1% as of Dec. 31, 2020.

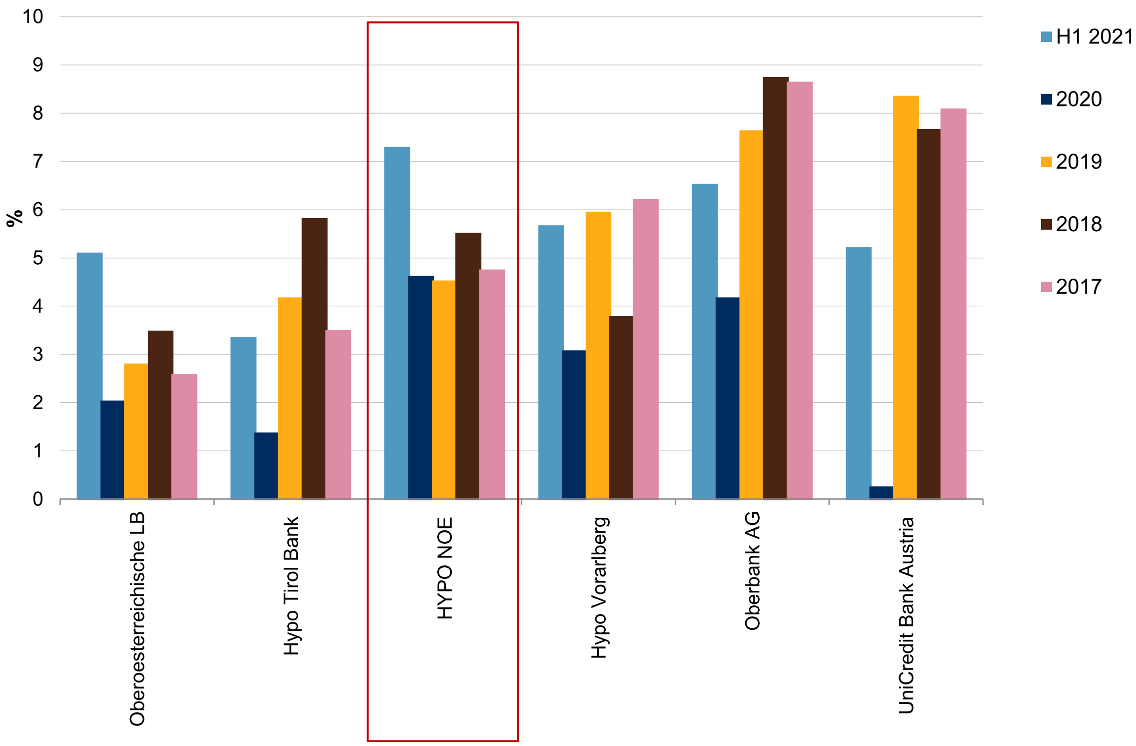
The bank has materially strengthened its capitalization since 2014 following its de-risking activities and internal capital buildup. This gives it the capacity to pursue higher loan growth while retaining its capitalization within its target range of a Tier 1 ratio at 17%-19%, compared with 17.7% at the end of third-quarter 2021 (excluding interim net income). We project loan growth at 3.5%-4.5% over the next two years, and somewhat higher risk-weighted asset (RWA) growth due to an expected granular shift towards higher-risk exposures. Nevertheless, we expect the density of RWAs over total assets to remain very low compared with that of most peers, at about 25%-30% due to a high share of state guaranteed exposures on its balance sheet.

Stable lending margins and net releases in credit loss provisions supported the bottom line in the first three quarters of 2021, and we consider some of the bank's recent improvements in profitability as structural. At the same time, we believe Hypo NOE's focus on low-margin segments, such as the public sector or nonprofit housing, will continue to constrain the bank's earnings capacity, albeit at a higher level than in the past (see chart 4), but support a relatively stable core operating performance.

In our base case, we incorporate slight improvements in pre-provision operating income over our three-year forecast horizon, largely driven by loan growth, stable lending margins and lower regulatory costs, and more normalized risks costs of 10-15 bps in 2022 and 2023. In addition, we believe Hypo NOE's moderate dividend policy, with payouts of about €3.5 million per year, will support gradual, but sustainable internal capital accumulation.

Chart 4

Hypo NOE's Posted Lower But Stable Profitability Compared To Peers
Return on average common equity (%)



Source: S&P Global Ratings.

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

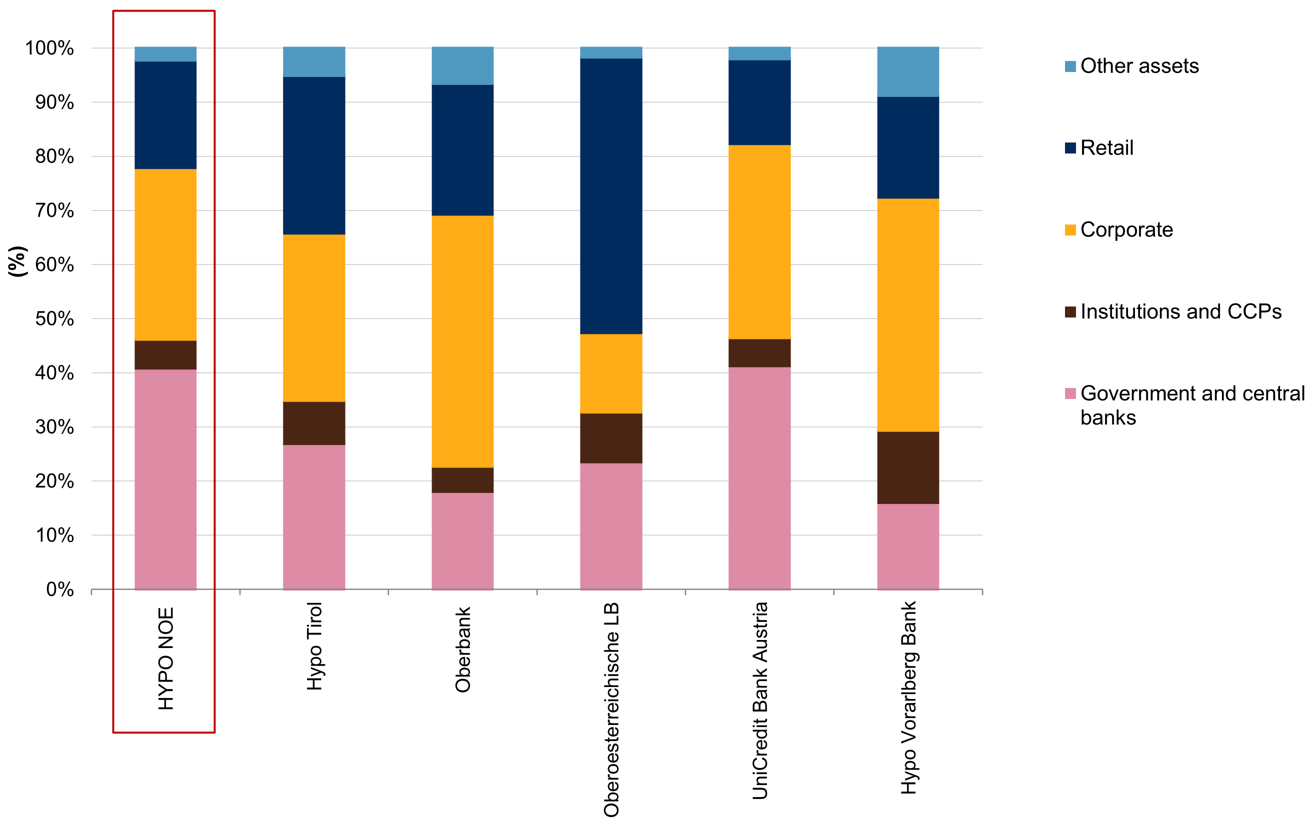
Risk Position: Exposure Mainly In Low-Risk Areas But Some Tail Risks Exist

Hypo NOE's risk position balances the sector and geographic concentration risks in the Lower Austria region and some tail risks in commercial real estate with the bank's low risk appetite and strong risk metrics.

We consider most of Hypo NOE's €11.6 billion gross customer loan book low risk. They comprise lending and leasing to the public sector (58% of total loans) and nonprofit housing agencies (14%). The remaining part of the portfolio consists of retail banking (11%), commercial real estate (11%), and corporate banking (7%), which exhibit comparably weaker risk metrics, in our view. The breakdown of Hypo NOE's credit risk exposures similarly highlight the large share of government exposures (see chart 5). We expect the bank will incrementally increase its exposures to these higher risk segments, but we don't believe this will result in a significant shift in the bank's risk profile. Some additional risk could, for example, stem from the commercial real estate lending segment.

Chart 5

Hypo NOE's Public Lending Activities Drive Its Large Government Exposure
Credit risk exposure of rated Austrian banks

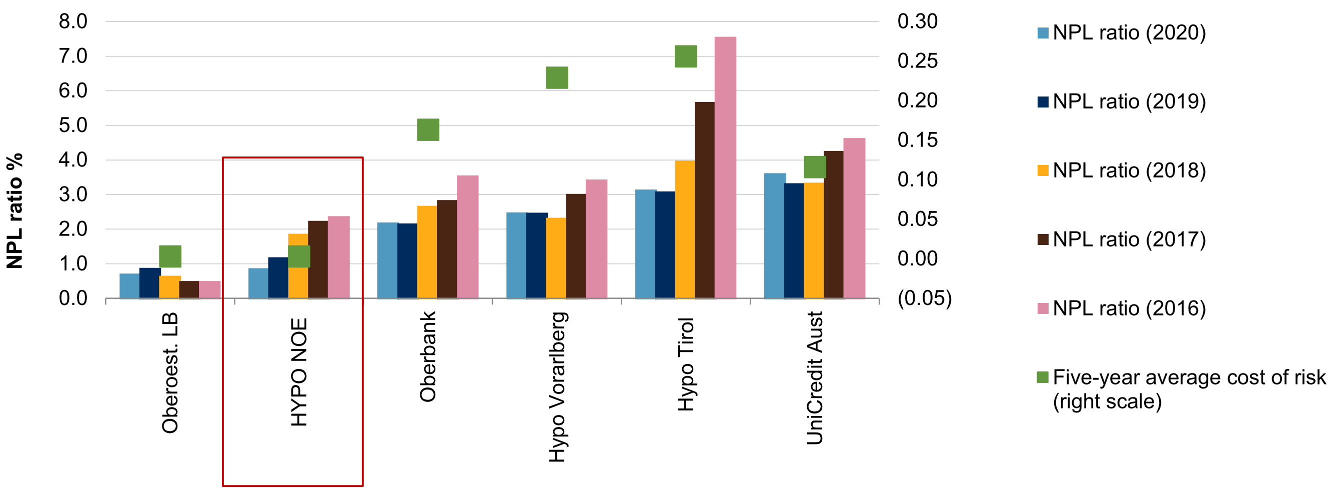


(1) Others includes securitization and other assets. Exposure referes to exposure at default. The selected peer group only includes rated Austrian banks which are focussed predominantely on the Austrian market. Data as of Dec. 31, 2020. Source: S&P Global Ratings.

Across Austria, we expect NPLs to rise somewhat as fiscal support eases, unemployment rises, and corporate and retail borrowers with unsustainable debt become more evident. This will likely be so for Hypo NOE too, although we believe the bank will be less affected than most domestic peers thanks to the composition of its loan book with low exposures to corporates and SMEs, high collateralization of its real estate book, and strong asset quality metrics entering the pandemic (see chart 6). Indeed, the bank posted a NPL ratio of 0.8% at end-2020, measured as stage 3 loans.

Chart 6

We Expect Hypo NOE's Low Risk Business Model Will Support Its Asset Quality
NPL-ratio and cost of risk (%)



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

Due to Hypo NOE's limited size and business model, the bank's single-name concentration is significantly higher than peers with the 20 largest customers accounting for about 500% of total adjusted capital. These exposures are mainly toward the public sector, including Lower Austria, and well-collateralized and low-risk nonprofit housing agencies. We expect losses from these exposures to remain limited in our base-case scenario.

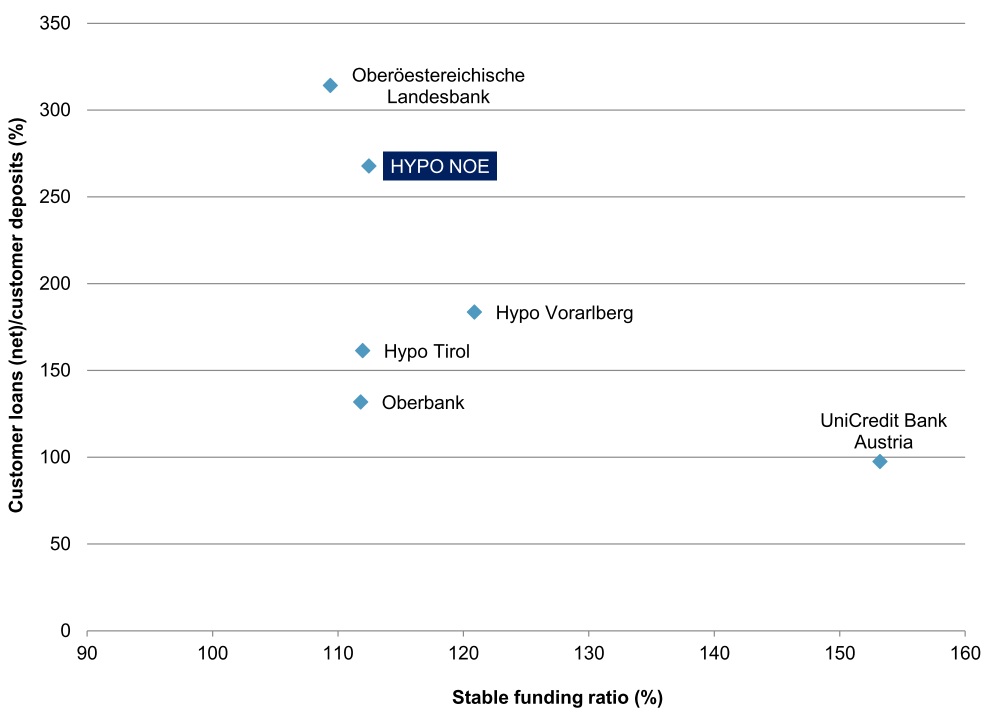
Funding And Liquidity: Benefits From Implicit State Support

We assess that Hypo NOE's link with the state will continue to support its solid funding profile. We believe the bank's ownership by Lower Austria materially reduces its sensitivity to market confidence and supports stability of customer deposits and the bank's access to capital markets during turbulent times. We have seen this, for example, with COVID-19, as Hypo NOE was among the first banks in Europe to tap the covered bond market following the pandemic's onset.

We expect Hypo NOE will continue relying on the capital markets to fund its loan book. As of mid-2021, its wholesale funding (covered bonds, senior unsecured bonds, and other debt instruments) made up 74% of its funding base. This is higher than for most rated Austrian banks, but approximately 50% of it relates to public sector and mortgage covered bonds, which we regard as a stable and reliable source of funding in Austria. As of September 2021, Hypo NOE's €2.0 billion drawdown under the ECB's TLTRO III program artificially drove its stable funding ratio to high 113% at mid-2021, but we expect the ratio will decline towards 100% over the medium-term (see chart 7).

Chart 7

Hypo NOE Remains Primarily Wholesale Funded



The selected peer group only includes rated Austrian banks which are focussed predominantely on the Austrian market. Data as of Dec. 31, 2020. Source: S&P Global Ratings.

Excess cash also inflates the bank's broad liquid asset to short-term wholesale funding ratio of 3.3x at mid-2021, which we estimate will decline to more normalized levels of around 1.2x over the next 12-24 months. We believe available cash reserves and free collateral for retained covered bonds provide sufficient capacity to manage adverse scenarios. Stress testing of liquidity inflows and outflows indicate that in the event of the closure of access to capital market funding and a significant deposit outflow, Hypo NOE could survive for more than six months, although reliance on central bank funding would likely increase significantly in such a scenario.

Support: Two Notches Of Uplift For Government Support

Our long-term issuer credit rating on Hypo NOE is two notches higher than the SACP because we see a high likelihood of the bank receiving timely and sufficient extraordinary support from the government of Lower Austria if needed. We expect Lower Austria will remain both supportive of Hypo NOE and a long-term shareholder of the bank. We base our assessment on the bank's:

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

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

Environmental, Social, And Governance

We see ESG credit factors for Hypo NOE as broadly in line with those of industry and Austrian peers and not a rating differentiator. We acknowledge Hypo NOE's increasing focus on green lending, and believe the bank's ownership and business model, with a focus on public lending and real estate, supports these efforts. We also expect Hypo NOE to maintain low exposure to assets with material physical climate risks and transition risks, as well as socially controversial industries. The bank began to use green capital market funding and issued a green senior bond in 2020, which accounts for about 4% of its total funding base.

Issue Ratings

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

Key Statistics

Table 1

HYPO NOE Landesbank fur Niederosterreich und Wien AG Key Figures

		--Year-ended Dec. 31--			
(Mil. €)	**2021***	**2020**	**2019**	**2018**	**2017**
Adjusted assets	16,687.4	16,416.4	14,571.3	14,059.3	14,367.1
Customer loans (gross)	11,631.5	11,382.7	10,841.8	10,325.3	10,249.7
Adjusted common equity	717.6	692.3	663.2	638.9	628.0
Operating revenues	87.1	166.2	156.8	128.4	147.5
Noninterest expenses	57.0	104.8	110.1	112.8	115.8

Table 1

HYPO NOE Landesbank fur Niederosterreich und Wien AG Key Figures (cont.)

		--Year-ended Dec. 31--			
(Mil. €)	**2021***	**2020**	**2019**	**2018**	**2017**
Core earnings	25.8	31.7	30.0	19.9	31.1

*Data as of June 30.

Table 2

HYPO NOE Landesbank fur Niederosterreich und Wien AG Business Position

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Total revenues from business line (currency in millions)	87.2	166.6	157.4	150.6	147.5
Commercial & retail banking/total revenues from business line	84.9	79.4	82.2	81.0	100.0
Trading and sales income/total revenues from business line	23.6	20.3	17.0	16.9	N/A
Other revenues/total revenues from business line	(8.5)	0.3	0.9	2.1	N/A
Investment banking/total revenues from business line	23.6	20.3	17.0	16.9	N/A
Return on average common equity	7.3	4.6	4.5	5.5	4.7

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

Table 3

HYPO NOE Landesbank fur Niederosterreich und Wien AG Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	17.6	17.9	19.2	21.0	19.9
S&P Global Ratings' RAC ratio before diversification	N/A	16.1	17.9	20.7	18.2
S&P Global Ratings' RAC ratio after diversification	N/A	7.3	10.8	12.8	12.4
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	80.3	77.7	75.0	86.9	74.3
Fee income/operating revenues	11.2	10.4	10.9	11.5	10.4
Market-sensitive income/operating revenues	4.7	2.3	3.2	0.4	(3.7)
Cost to income ratio	65.4	63.1	70.2	87.8	78.5
Preprovision operating income/average assets	0.4	0.4	0.3	0.1	0.2
Core earnings/average managed assets	0.3	0.2	0.2	0.1	0.2

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

Table 4

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

	Exposure*	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	6,566,183,629.7	82,947,992.6	1.3	224,779,269.7	3.4

Table 4

HYPO NOE Landesbank fur Niederosterreich und Wien AG--Risk-Adjusted Capital Framework Data (cont.)					
Of which regional governments and local authorities	4,236,766,046.3	79,883,325.1	1.9	171,113,595.0	4.0
Institutions and CCPs	846,380,322.3	102,238,961.2	12.1	118,257,843.0	14.0
Corporate	5,099,797,303.2	2,135,008,788.7	41.9	2,136,892,189.5	41.9
Retail	3,185,405,361.5	925,263,917.0	29.0	717,594,364.5	22.5
Of which mortgage	1,943,969,131.5	674,841,943.6	34.7	451,069,240.6	23.2
Securitization§	5,847,142.0	0.0	0.0	175,414.3	3.0
Other assets†	357,203,561.2	249,334,857.1	69.8	354,507,974.7	99.2
Total credit risk	16,060,817,319.8	3,494,794,516.6	21.8	3,552,207,055.6	22.1
Credit valuation adjustment					
Total credit valuation adjustment	--	73,045,600.0	--	193,608,973.6	--
Market Risk					
Equity in the banking book	26,486,000.0	0.0	0.0	264,860,000.0	1,000.0
Trading book market risk	--	0.0	--	0.0	--
Total market risk	--	0.0	--	264,860,000.0	--
Operational risk					
Total operational risk	--	288,982,985.4	--	280,884,375.0	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	3,856,823,101.9	--	4,291,560,404.2	100.0
Total Diversification/ Concentration Adjustments	--	--	--	5,216,249,736.2	121.5
RWA after diversification	--	3,856,823,101.9	--	9,507,810,140.4	221.5
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		691,311,000.0	17.9	692,251,000.0	16.1
Capital ratio after adjustments‡		691,311,000.0	17.9	692,251,000.0	7.3

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31 2020, S&P Global Ratings.

Table 5

HYPO NOE Landesbank fur Niederosterreich und Wien AG Risk Position					
		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	4.4	5.0	5.0	0.7	(5.8)

Table 5

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

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	121.5	66.4	61.9	47.0
Total managed assets/adjusted common equity (x)	23.3	23.7	22.0	22.0	22.9
New loan loss provisions/average customer loans	(0.1)	0.2	0.1	(0.1)	(0.1)
Net charge-offs/average customer loans	(0.0)	0.3	0.3	0.0	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.7	0.8	1.2	1.8	2.2
Loan loss reserves/gross nonperforming assets	76.0	71.6	51.5	40.7	33.3

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

Table 6

HYPO NOE Landesbank fur Niederosterreich und Wien AG Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	25.8	29.6	33.3	28.3	32.9
Customer loans (net)/customer deposits	302.5	267.9	258.5	298.9	251.2
Long-term funding ratio	94.1	94.4	89.0	87.7	91.4
Stable funding ratio	112.8	112.5	98.0	98.1	102.0
Short-term wholesale funding/funding base	6.2	5.9	11.6	12.9	9.1
Broad liquid assets/short-term wholesale funding (x)	3.3	3.5	1.2	1.2	1.7
Net broad liquid assets/short-term customer deposits	61.7	55.9	7.3	9.0	21.5
Short-term wholesale funding/total wholesale funding	8.4	8.3	17.4	18.0	13.5
Narrow liquid assets/3-month wholesale funding (x)	17.4	18.2	7.3	5.1	10.0

*Data as of June 30.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And

Assumptions, July 17, 2013

- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Banking Industry Country Risk Assessment: Austria, Jul. 13, 2021
- Easing Economic Risks And Structural Profitability Issues Prompt Rating Actions On Seven Austrian Banks, Jun. 24, 2021
- State of Lower Austria 'AA/A-1+' Ratings Affirmed; Outlook Remains Negative, Feb. 12, 2021

Anchor Matrix

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

Ratings Detail (As Of December 8, 2021)*	
HYPO NOE Landesbank fur Niederosterreich und Wien AG	
Issuer Credit Rating	A/Stable/A-1
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB-
Issuer Credit Ratings History	
29-Apr-2020	A/Stable/A-1
30-May-2018	A/Positive/A-1
13-Aug-2014	A/Stable/A-1

Ratings Detail (As Of December 8, 2021)*(cont.)	
Sovereign Rating	
Austria	AA+/Stable/A-1+
Related Entities	
Lower Austria (State of)	
Issuer Credit Rating	AA/Negative/A-1+

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