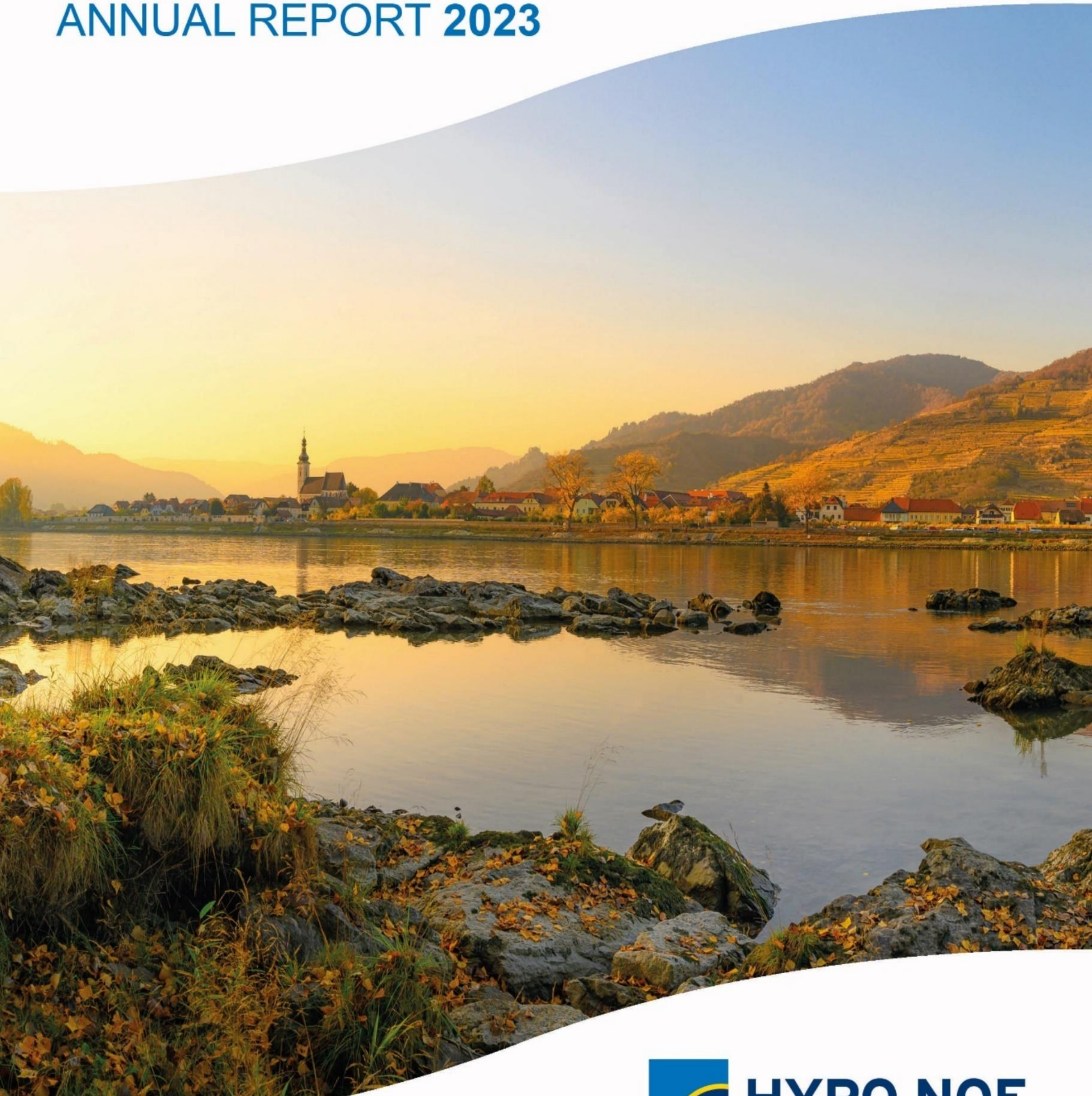
# ANNUAL REPORT **2023**



HYPO NOE

# 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 | 2023 | 2022 |
|---|---|---|
| Net interest income | 176,699 | 142,129 |
| Administrative expenses | -112,830 | -102,655 |
| Impairment losses on financial assets – IFRS 9 ECL | -27,236 | -3,733 |
| **Profit before tax** | **88,113** | **61,580** |
| Income tax expense | -22,130 | -14,453 |
| **Profit for the year** | **65,983** | **47,127** |
| Return on equity before tax | 10.74% | 8.01% |
| Cost/income ratio | 52.21% | 51.69% |
| **Consolidated statement of financial position** | **31 Dec. 2023** | **31 Dec. 2022** |
| Total assets | 15,579,450 | 15,121,252 |
| Financial assets – AC | 14,229,790 | 13,899,591 |
| Financial liabilities – AC | 13,898,367 | 13,362,690 |
| Equity (incl. non-controlling interests) | 849,977 | 790,571 |
| Non-performing loan ratio | 2.45% | 1.02% |
| **Regulatory indicators** | **31 Dec. 2023** | **31 Dec. 2022** |
| Eligible Tier 1 capital | 817,211 | 772,830 |
| Total eligible capital | 817,211 | 772,830 |
| Minimum capital requirement (Pillar I) | 313,121 | 301,300 |
| Excess equity | 504,089 | 471,530 |
| Total risk exposure amount in accordance with Art. 92(3) CRR | 3,914,015 | 3,766,253 |
| Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR | 20.88% | 20.52% |
| Total capital ratio in accordance with Art. 92(2)(c) CRR | 20.88% | 20.52% |
| Leverage ratio in accordance with Art. 92(2)(d) CRR | 5.27% | 5.14% |
| Liquidity coverage ratio (LCR) | 235.99% | 162.89% |
| Net stable funding ratio (NSFR) | 115.63% | 112.54% |
| **Operational resources** | **31 Dec. 2023** | **31 Dec. 2022** |
| Employees | 619 | 616 |
| Branches | 26 | 27 |

Further information regarding the change in the number of employees as at year-end can be found in Note 5.3.2 Staff costs.
For details of the calculation see section 3.2 Earnings performance.

# FOREWORD BY THE SUPERVISORY BOARD

2023 was another turbulent year: Russia's war of aggression against Ukraine continued unabated, while Israel suffered the worst terrorist attack in its history on 7 October. These geopolitical events led to supply chain disruption worldwide, which was compounded by Huthi rebels' attacks on vessels in the Red Sea and the shift in supply routes away from the Suez Canal. 2023 brought a number of other challenges for us, too. After soaring in 2022, inflation remained very high last year, hitting a record level of 7.7% in Austria. Extremely restrictive monetary policies were adopted in an attempt to curb inflation. The European Central Bank alone raised base rates by a total of 450 basis points in 2023.

Against this challenging backdrop, HYPO NOE maintained its focus 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, continuing to systematically implement its strategy across these businesses. Offering outstanding personal advice and bespoke, made-to-measure financing solutions, backed up by top-class digital services, remained the centrepiece of HYPO NOE's operations in 2023. Last year underlined once more that HYPO NOE's exceptionally strong performance is attributable to the systematic implementation of this customer-focused, risk-aware business strategy.

In 2023, the Lower Austrian state bank again lived up to its standing as a sustainability pioneer. The Group extended its portfolio of sustainable products with the addition of the Green Life Loan for retail customers, which is aimed at individuals looking to implement eco-friendly home renovation projects, including thermal upgrades and replacing fossil fuel-powered heating with systems that run on non-fossil energy sources. The benefits for customers include lower fees – and even, in some cases, no bank fees at all – as well as attractive conditions.

At the beginning of 2023, HYPO NOE completed another extremely successful green bond issue. The EUR 500m, four-year green senior preferred benchmark bond attracted interest from 65 investors from 13 countries. Following this third green bond issue, HYPO NOE's green bond asset pool now amounts to EUR 1.54bn. It comprises social infrastructure in the health, education and culture sectors, subsidised homebuilding loans and housing development finance – all of which reflect the Group's core competences. All of the properties in the green bond asset pool are located in Austria and are among the top 15% of the most energy-efficient buildings in the country. The green bond asset pool has financed a total of 1,346,621$m^2$ of usable space, and helped to reduce carbon emissions – as measured in terms of energy efficiency compared with the national benchmark – by 31,723 tonnes of $CO_2$.

HYPO NOE's commitment to meeting its environmental and social responsibilities is reflected in the Group's long-standing Prime rating from respected sustainability ratings agency ISS ESG. The Bank's focused, risk-conscious business model has earned it a solid single A rating with a stable outlook from Standard & Poor's.

In 2023 the Supervisory Board was involved in all fundamental decisions, supervised the Management Board in accordance with legal requirements and provided it with guidance relating to the management of the Group. Through its plenary and committee meetings, and reports from the Management Board, the Supervisory Board was able to obtain a timely and comprehensive picture of the relevant economic and financial developments affecting the HYPO NOE Group.

The Bank's exceptionally strong performance shows it is heading in the right direction with its focused, highly risk-aware strategy. This enables the HYPO NOE Group to fulfil its role as a dependable partner, promoting the region as a business location and assisting our sole owner, the State of Lower Austria. The State supports HYPO NOE's continued expansion thanks to its long-term approach and the varying forms of backing it provides, while the Group works to ensure consistent dividends and drive steady growth in the Bank's value.

The Supervisory Board would like to express its gratitude to the Management Board and all of the Group's employees for their tireless dedication. Their commitment, expertise and the customer-focused services they provide are the mainstay of our Group's success, and allow us to foster long-term customer relationships founded on a sense of partnership.

**Günther Ofner**

Chairman of the Supervisory Board

# FOREWORD BY THE MANAGEMENT BOARD

Our performance indicators point to two trends over recent years. Firstly, the Bank has posted outstanding growth and generated the annual profits to go with it. And secondly, our independent staff survey – held every two years – showed a steady increase in employee satisfaction levels. We are convinced that these two trends are related. The shortage of skilled workers, and of labour in general, is increasingly posing problems for the domestic economy. But we set about equipping the Group to deal with this development at an early stage. It is not a case of more candidates submitting applications; instead, companies are competing for the attention of young high potentials. This is the reason behind the systematic implementation of our employee experience programme, in tandem with targeted employer branding. At the same time we have introduced more accommodating working-from-home arrangements, as well as a host of other measures designed to deliver an improved work-life balance. We put a lot of energy into maintaining and boosting staff satisfaction levels, and it is thanks to our employees that the Group has also been able to post very strong results.

HYPO NOE has always been dedicated to ensuring that we are there for our customers, offering products that generate innovative added value and – especially in recent years – treating digitalisation as an opportunity for customers. These objectives have not changed. But they have been put to the test over the past few months. The climate catastrophe, wars and the resulting turbulence on world markets, as well as inflation driven by sharply increasing energy prices have all left their mark. As a state bank – and a bank for everyone in the region – we have provided companies and private individuals with the best possible support, accompanying them through difficult times. In parallel, some positive factors have given grounds for hope that the end of this highly eventful period may be within touching distance. For instance, inflation in Austria averaged 7.7% in 2023, but is expected to slow further in the coming months. There is potential for growth in private consumption, which may pick up steam thanks to the outcome of the latest round of salary negotiations. We are also expecting the interest rate situation to ease, which could spark a revival on the real estate markets.

That said, it is hard to deny that we are living through a period of upheaval that is reshaping people's lives. Major changes leave scope for humanitarian, economic and political growth. But turbulent periods are often uncomfortable, and can trigger a sense of resignation and helplessness, as well as fuelling uncertainty. In times like these, dependable institutions that respond prudently and flexibly to developments and face up to challenging conditions confidently are absolutely invaluable. It is a matter of spotting opportunities and taking them, exercising vision coupled with a dose of courage. HYPO NOE Landesbank is focused on leading by example, taking forward-looking business decisions for the good of its customers and investors.

For us, capitalising on opportunities and taking action are paramount. This is why we work continuously to fine-tune our strategy. Based on our Level 30 organisational development process, we have already started planning for the future and designing measures that will allow us to address our customers' needs more closely. And the Group's results for 2023 show that continuing, customer-centred improvement pays off. In spite of all the challenges we have faced, such as rising prices and economic uncertainty, HYPO NOE remains on track for continued success and is still able to serve as a reliable partner.

The Group reported another increase in core earnings: net interest income climbed from EUR 61.6m at the end of 2022 to EUR 88.1m at the end of last year. Net fee and commission income also improved, rising from EUR 15.1m to EUR 16.4m. Pre-tax profits came in at around EUR 88.1m, largely thanks to a non-recurring effect recognised in the first half of 2023. Due to the interest policy turnaround now under way, and following repayment of negative interest to our customers, the related provisions are now no longer required and were reversed in the first half of last year. Although inflation led to an increase in administrative expenses to EUR 112.8m as at 31 December 2023, the cost/income ratio rose only slightly, from 51.69% at the end of 2022 to 52.21% at year-end 2023. The Common Equity Tier 1 ratio remains outstanding, at 20.88%. The bank for the state of Lower Austria has made a number of decisions with an eye on the future, which will enable it to carry on playing the role of a reliable partner.

And nowadays, forward-looking usually means sustainable. The Bank is steadily growing its range of green products in order to pave the way for stable, environmentally friendly growth, while also conserving resources. Since issuing Austria's first-ever certified green bond in June 2020 – a EUR 500m senior preferred benchmark bond – HYPO NOE has gone on to place another two, and the green bond asset pool now amounts to EUR 1.54bn. Sizeable investor interest in HYPO NOE Landesbank's eco-friendly investments underlines the clear value created by our financial services in terms of sustainability. Around two-thirds of the financing extended by the Group makes a contribution to achieving the United

Nations’ Sustainable Development Goals (SDGs). Alongside green current and savings accounts, prospective customers can also take advantage of HYPO NOE’s Green Home Loan. In addition, as a klimaaktiv Pakt signatory, the Group is committed to at least halving its carbon footprint by 2030.

Operating sustainably while also keeping an eye on cost effectiveness can also mean bundling expertise at a single location, instead of extending operations over a wider radius. The refurbishment and significant expansion of our branch at the Universitätsklinikum Krems hospital has bolstered our regional presence since last summer. The Group has created a central point of contact for queries on financial matters in Lower Austria’s fifth-largest town by relocating staff from the former branch on Obere Landstrasse. The entire team at the redesigned Krems branch is on hand to provide support on a variety of banking-related topics, serving as an advice centre for local customers.

However, in such a fast-moving world, not everyone can find the time to manage their financial affairs in person at a branch. And HYPO NOE is ideally placed to capitalise on opportunities presented by technological advances, as illustrated by several innovative projects. With a view to providing convenient customer services, HYPO NOE Landesbank is focused on effectively combining traditional and modern approaches by means of tailored digital service offerings, including HYPO NOE myBusiness. An ideal crossover between personal advice and digital expertise, this platform enables corporate and public-sector clients to communicate directly with their advisers using a secure chat function. An integrated document management system allows for secure data exchange, including for large organisations with complex structures. Other digital processes are being continuously improved and extended, always with users’ individual needs in mind. The Bank is also demonstrating just how seriously it takes the threats posed by cybercrime – the security of our customers’ data is always the leading priority, as reflected in the adoption of two-factor authentication and next-generation data encryption technologies. The free Wohnrechner, our digital project cost calculator, enables customers to generate a personalised cost overview for planned property purchases or renovations to their dream home, and provides people looking to buy their own home with support for financial decision making.

Not only do HYPO NOE’s services pay dividends for our customers and business partners; they also generate added value for the whole of Lower Austria. A study published by economic research institute Economica at the start of 2023 highlighted the significant part that the Bank’s economic footprint plays in the region’s economic system. For every person employed by the Group, HYPO NOE safeguards another job outside the Bank, while every euro of added value creates 35 cents of value added in Lower Austria as a whole.

By supporting a construction programme for new educational facilities, HYPO NOE is also investing in another valuable resource: education. Summer 2023 saw the handover of the two remaining projects in Vienna: the Innerfavoriten and Heidemarie Lex-Nalis campuses were completed in under two years by a consortium comprising STRABAG Real Estate, HYPO NOE Leasing, CAVERION and STRABAG AG, under a public-private partnership (PPP) model. Opened in autumn 2023, these modern, high-quality education facilities provide spaces where a total of 2,200 children can grow, learn and spend their free time together.

The reliable, highly skilled work of the Group’s 600 or so employees laid the foundations for all of these examples of the added value that HYPO NOE created for its customers, for the state of Lower Austria and for the planet in the year just ended. The Bank would be in no position to achieve long-term success without the motivation of our people across all departments and the knowledge of our experts at the Group’s various offices. In return, and in recognition of this outstanding dedication, HYPO NOE strives constantly to remain a sustainable, certified family-friendly employer that enables every single one of its employees to utilise their individual strengths as effectively as possible. At the same time, the Group regularly adapts its operating structures in line with current needs, which ensures that our people can organise their professional and personal lives with the utmost flexibility – for instance, through the redesigned mobility concept, which we believe will serve as a model for others. Our goal remains the same: maintaining a workplace atmosphere shaped by respect, one which puts people first and provides an ideal working environment for employees in different life phases.

All in all, HYPO NOE can look back on a highly successful year in 2023, a year in which we leveraged our capabilities for the good of our customers and built on our strengths. And in the months ahead, the Bank will do everything it can to continue serving as a reliable financial partner for people and businesses in Lower Austria, by sticking to its tried-and-tested approaches, but also by improving continuously.

**Wolfgang Viehauser and Udo Birkner**

# ANNUAL REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2023 IN ACCORDANCE WITH IFRS HYPO NOE GROUP

# HYPO NOE Group Annual Report

# GROUP OPERATIONAL AND FINANCIAL REVIEW

## FOR THE YEAR ENDED 31 DECEMBER 2023 IN ACCORDANCE WITH IFRS
## HYPO NOE GROUP

# 1 ECONOMIC CLIMATE

## 1.1 Global economic and financial market trends

2023 was primarily shaped by the consequences of an almost unprecedented shift to a restrictive monetary policy stance. Initially slow to respond to the sharp rise in inflation in 2022, the central banks abruptly changed tack from highly expansive to extremely tight monetary policies.

The cycle of interest rate hikes that began in March (US Federal Reserve) and July 2022 (ECB) picked up speed throughout the reporting period and did not stop until the autumn of 2023. By this point, the US Federal Reserve had raised its key interest rate by 525 basis points to 5.25%-5.5%, and the ECB by 450 basis points to 4% for deposits and 4.5% for the main refinancing rate. At the same time, central banks were pursuing a policy of accelerated balance sheet reduction. Other leading central banks also raised their key interest rates at record speed. Only the Bank of Japan left its interest rates unchanged during this period, while the People's Bank of China actually decided on a moderate interest rate cut.

Even with these two exceptions, this represented the strongest tightening of monetary policy worldwide since the early 1980s. Restrictive monetary policies largely delivered the effect that the central banks intended in terms of cooling demand and dampening inflation. Although global economic developments were mixed during the reporting period, overall performance was roughly in line with expectations at the end of 2022.

### 1.1.1 Economy and inflation

The hopes for growth in the Chinese economy triggered by the country's abandonment of its strict zero-Covid strategy in December 2022 quickly gave way to a sense of disillusionment during 2023. After a short, sharp increase in growth at the start of the year, momentum slowed appreciably – and earlier than expected – in the spring. A combination of the real estate crisis, which has been simmering since 2021, coupled with high overall debt, soaring youth unemployment and a lack of confidence among companies and private households are weighing heavy on the Chinese economy. Contrary to the situation in most other economies, China's central bank is currently facing deflationary risks. Consumer prices slowed over the course of the year, from around 2% to -0.5% in November, in a clear reflection of the tense economic environment. In light of these conditions, the People's Bank of China took the decision to implement moderate cuts in certain interest rates, while the government adopted a number of fiscal packages designed to stimulate the economy. There is, however, every indication that the government will have achieved the 5% growth target it set at the beginning of 2023. Though seemingly high at first glance, this figure marks a departure from the strong growth witnessed in recent decades, as the weak performance of 2022 meant that growth started from a low base.

Forecasts for the eurozone for 2023 were poor from the outset, with rising interest rates, a sluggish global economic environment, high inflation and labour shortages bringing growth to a halt. Economic output has been at a standstill since the fourth quarter of 2022. Although the favourable labour market conditions continued from an employee perspective – employment is at its highest level since the eurozone was founded – private consumption remained anaemic. High inflation initially caused a significant drop in real incomes. And the situation was further compounded by downbeat consumer sentiment. As is so often the case in an inflationary cycle, wage increases failed to keep pace with inflation. It was not until the end of the year that real incomes started to rise again and earners' financial situations began to recover. At this point, inflation had already slowed noticeably and very high wage settlements were also being agreed.

Although industrial output was weak, too, it was less so than feared, as many companies were busy working off significant order backlogs accumulated during the pandemic in 2021 and 2022, which provided something of a buffer in the economic downturn. By the end of 2023, order intake had settled at a low level, as had the purchasing managers' indices, albeit at recessionary levels close to their annual lows. The construction and real estate sectors were hardest hit by the negative impact of interest rate hikes. The number of property transactions in both the private residential and commercial sectors has fallen sharply, leading to a decline in property prices in many places. The slump would probably have been even more severe had the labour market not remained so stable – an unusual development attributable to demographic change – during the economic downturn.

Unlike industry, the services sector was still feeling the benefit of pent-up consumer demand in the wake of the pandemic in the first half of 2023. Hospitality and tourism reported outstanding capacity utilisation/occupancy rates and lively demand. A shortage of skilled workers resulted in a bottleneck, without which performance would have been even better still. The positive momentum in the services sector gradually tapered off in the second half of the year, as confirmed by the drop in the Purchasing Managers' Index for this part of the economy, from 56.2 in April to 48.1 in December.

The picture was brighter as regards inflation in the eurozone. Prices in the goods sector had already started to slow at the beginning of 2023, in line with expectations. Commodity and energy prices fell considerably from the highs recorded in 2022. In addition, the pronounced supply chain problems that had emerged two years previously and which played a significant role in the high price momentum during this period, lessened again over the course of the year. In combination with statistical base effects, all of these factors contributed to a marked slowdown in increases in the price of goods. At 15.1%, the rate of inflation in the prices of core consumer goods reached the peak of the current cycle in October 2022, which also marked an all-time high. By November 2023, inflation had slowed again to 1.3%. Producer prices in the eurozone were up by an almost breathtaking 43.4% year on year in August 2022, before settling at 12.4% below the previous year's level in October 2023.

This disinflation trend was less pronounced when it came to the price of services. Price rises in this area of the economy continued in the first half of 2023, eventually peaking at 5.6% in June. Since then, price growth has fallen steadily, to reach 4% – and the downward trend is continuing.

The overall inflation rate was 2.4% in November 2023, compared with a peak of 10.6% in October 2022. However, the decline in the core inflation rate was slower due to the delayed disinflation trend for service sector consumer prices. By November, the core rate had fallen to 3.6% from its high of 5.7% in March 2023.

The performance of the US economy came as a positive surprise in 2023. At the beginning of the year, the chances of a recession setting in over the course of the year was seen as very high. Fairly reliable in the past, early indicators – such as the inversion of the yield curve and a significant decline in the Leading Economic Index – were pointing in this direction. And as it transpired, industrial production did in fact slip into a moderate recession during the year. Value added in industry dropped by 1% in October compared to the same month a year earlier, though expectations of an even worse outcome would have been supported by a number of otherwise reliable early indicators. However, the moderate decline in industrial production was not enough in itself to tip the wider economy into a downturn.

The service sector performed much better. Contrary to expectations, consumer spending by private households confounded the sentiment indicators to remain at an encouragingly high level. In the first three quarters of the year, an increase of some USD 290bn in private household consumption was a significant driver of solid economic growth in the US. Conditions in the labour market, which had been tight for some time, put US workers in a position to demand higher salaries at a much earlier juncture than their counterparts in Europe, for example. As a result, negative real income trends in the US triggered by high inflation pivoted to real income growth at an earlier point in 2023. The labour market barely weakened during the year under review and unemployment in the USA was close to an all-time low at the end of the year.

A highly stable labour market also explains why property prices in the US held largely steady in spite of the sharp rises in long-term mortgage rates to as high as 8.1% in October 2023. The change in mortgage rates had a clear negative impact on real estate market transactions. The affordability of property as measured by the Housing Affordability Index (which plummeted from 180.4 index points in Q1 2021 to 93.4 index points in Q3 2023) indicates that American property is even less affordable at present than it was before the housing crisis in 2008. It came as no surprise that there was a double-digit percentage drop in new home building activity, with sales figures for existing homes reflecting a similar picture. Although housing construction output declined as the year progressed, 2023 was still an exceptionally good year for the US construction industry overall. This was because construction spending increased significantly for both companies and the federal government alike, with the result that third-quarter economic output for the construction sector was up by 11.6% year-on-year in 2023.

On balance, economic output in the US held up very well in 2023 despite higher interest rates. The Biden administration's major fiscal policy measures – the Inflation Reduction Act, and the CHIPS and Science Act – countered the effects of rising interest rates on the economy. Both of these measures encouraged companies to invest. A booming energy sector that set new records both in terms of renewables and crude oil production was another of the factors behind the favourable economic situation. Economic output in the US is seen as having expanded by 2.4% in 2023.

Inflation also continued to fall steadily in the USA. It had slowed from 6.4% (overall) and 5.6% (core – i.e. excluding food and energy prices) in January to 3.1% and 4% respectively by the end of the year. As far as inflation is concerned, a slowdown in the rate of wage increases represents a positive development. While wage growth continues to ride high, indications of a degree of weakness on the labour market give hope that wage and income rises will taper off going forward.

### 1.1.2 Monetary policy

Central banks continued to raise key interest rates steadily and sharply throughout the reporting period. In the case of the US Federal Reserve, the rate hikes seen in 2022 continued with an additional 100 basis point increase, for a total rise of 425 basis points by July 2023. While interest rates have remained unchanged since then, the Fed's balance sheet reduction programme continued at about USD 90-95bn/month.

The ECB has increased its key interest rates by a total of 450 basis points during the current cycle – far more than during previous hikes. Like the Fed, the ECB has also taken a break. With its last increase coming in September 2023, it is now believed that the cycle of increases has come to an end. The ECB has also continued to trim its bloated balance sheet since the end of 2022. Having peaked at EUR 8.81tn in September 2022, the balance sheet has now shrunk to around EUR 6.9tn. A large part of this reduction is attributable to the discontinuation of targeted longer-term refinancing operations that the ECB had offered banks in recent years to promote more favourable lending conditions. A smaller proportion of the balance sheet reduction was accounted for by downsizing of the securities portfolio.

By the end of the year, hopes and expectations that central banks would cut key interest rates significantly in 2024 were increasingly coming out of the capital markets. In light of the weak economy in Europe and the expected slowdown in the USA, as well as the prevailing disinflation trend, expectations such as these are entirely justified. Even so, it is doubtful whether rate cuts – some of which had already been priced into the interest rate market by the end of 2023 – will be implemented so quickly. There are two reasons for this. Firstly, the structural framework conditions for inflation have probably deteriorated permanently, which makes a lasting return of inflation rates to the central banks' target of 2% in the near future doubtful at the very least. And secondly, moderate economic growth is now expected in the eurozone in 2024, and many observers in the US are now predicting a soft landing: a cyclical slowdown in economic growth that avoids recession.

### 1.1.3 Geopolitical situation

The overall geopolitical situation deteriorated further in 2023. Russia's war against Ukraine continued to rage with a significant rise in casualties on both sides. There is no end in sight, but there are signs that the pendulum swung in Russia's favour over the course of the year. While the front lines remained largely unchanged, this kind of attritional warfare is increasingly favouring the regime in Moscow. This is due to the greater manpower and resources that the Russians can draw on. In addition, the West's resolve – first and foremost that of the USA – is gradually crumbling. A second exceptional event, the potential impact of which can unfortunately scarcely be overestimated, was the terrorist attack on Israel by the Iranian-backed radical Islamist organisation Hamas. Around 1,200 people were killed in the worst massacre in Israel's history, and around 240 hostages were taken. As was to be expected, Israel launched air strikes and a ground offensive against Hamas in the Gaza Strip immediately after the attack on 7 October. There have been a very large number of casualties among the Palestinian population since the start of the hostilities, and the humanitarian situation is extremely precarious. To date, a wider conflagration in the Middle East involving other countries has not materialised. But fears of an escalation of the situation that could lead to renewed disruption to global supply chains (the Suez Canal and Huthi attacks on Red Sea shipping lanes, to name two such scenarios) and trigger increased raw materials prices continued to loom large at the end of the reporting period.

### 1.1.4 Capital market developments

Capital markets went through a rollercoaster ride in 2023 and varied hugely depending on the market segment involved. Capital market yields were on the rise for much of the year under review, with the trend only interrupted in March as a result of the shock waves caused by the failures of a number of small to medium-sized banks in the US. Bond markets were dominated by central banks' interest rate increases. It was not until the end of November that a sharp reversal took place, reflecting nascent hopes of early and significant interest rate cuts in 2024. That said, the main yield curves remained inverted throughout the year.

Risk premiums on the credit market reached a high point for the year in March as a result of the turbulence on the US banking market outlined above. This was followed by a trend of falling credit spreads that continued throughout the rest of the year, with only one, significant, interruption in October.

Performances on most stock markets went against the forecasts in place at the start of the year. In spite of the sharp rise in interest rates, performance was positive across the board. After a strong start to the year, stock markets likewise faltered briefly in March, but after concerns about a possible new banking crisis in the USA quickly dissipated, they picked up where they had left off, continuing to perform well until the middle of the year. Following another setback in that shape of continued interest rates hikes and a slowdown in growth in Europe and China, markets rallied once again from the end of October, with most share indices in Europe posting annual growth of between 15% and 25%. 2023 was also a highly successful year for the stock markets in the USA, particularly for the NASDAQ technology index, which had been hit particularly hard in the previous year. The Magnificent 7 tech stocks (Apple, Microsoft, Tesla, Alphabet, Amazon, Meta and Nvidia) played a key role in the index gains of 12%-40%.

## 1.2 Economic trends in the HYPO NOE Group’s core markets

### 1.2.1 Austria and Germany

In 2023, economic trends in both of the countries in the HYPO NOE Group's core market were shaped by recession: Austria's gross domestic product contracted by 0.7%, while that of Germany narrowed by 0.3%. After pronounced economic growth in 2022, the race to meet pent-up demand in the wake of the Covid-19 pandemic came to an end in the reporting period, and energy prices also fell. However, consumers have only felt the benefits of lower prices to a limited degree – a development which is still reflected in higher living and production costs.

As a result, despite declining slightly, inflation in both countries remained at record levels of 7.7% in Austria and 6.1% in Germany. Fiscal support programmes and a general tightening of monetary and interest rate policy by the ECB continued throughout the year. Rising interest rates and construction costs (construction cost price index: increase of around a quarter on 2020) resulted in a decline in investment activity, a drop in construction output, particularly in residential construction (2023: down 8.4% year on year), lower private consumption and a significant drop in inventory build-ups.

After years of house price increases (latterly up 10.4% in 2022), there was a slight decrease in the second half of 2023, partly due to lower demand (Q3 2023: down 2.9% compared to the same period a year earlier). Developments in the tourism industry painted a very different picture, with significant recovery following the pandemic-induced collapse of previous years putting the sector within touching distance of the record pre-crisis levels seen in 2019. However, export growth across all sectors came out below average at 1.8% in 2023.

Despite the challenging environment, the labour market in Austria remained stable, with unemployment in 2023 holding firm at 6.5% (AMS), only slightly above the 2022 level (up 0.2%). According to reports by the Federal Ministry of Finance, tax revenue between January and October 2023 was up 4.4% or EUR 3.8bn on the same period a year earlier. At the same time, fiscal policy support measures continued and reform proposals designed to put paid to fiscal drag were implemented.

### 1.2.2 Federal states

The economic downturn clearly made itself felt in the Austrian states that are heavily reliant on exports and industry, such as Vorarlberg and Styria, which saw a more pronounced drop in growth than the federal states with less export-driven economies. The marked recovery in the tourism sector partly made up for the drop in growth in Salzburg, Tyrol, Carinthia and Vorarlberg. According to the full-year forecast for 2023 from UniCredit Research (12/2023), six of the nine federal states will have recorded declines in growth ranging from 0.5% to 1.8% (Lower Austria, 2022: up 3.8%; 2023: down 0.9%).

In 2023, a combination of the support measures designed to lessen the impact of high inflation, increased interest costs and higher staff costs weighed on the federal states’ budgets. As a result, the state governments’ net fiscal deficits are projected to reach a combined EUR 3.6bn (up 33% on 2021). Having fallen only marginally by 0.5% year on year, the revenue shares distributed to state governments in 2023 remained high.

Negotiations on fiscal equalisation between the federal government, federal states and municipalities were concluded with a unanimous agreement at the end of 2023 and adopted by parliament for 2024-2028. Annual funds totalling EUR 1.1bn were allocated to the federal states and municipalities through the Future Fund. Of this amount, 27.5% is earmarked for achieving qualitative and quantitative targets in the Environment and Climate and Housing and Refurbishment sub-sectors.

## 1.3 Banking sector trends in the eurozone

In 2023, the EU banking sector was directly affected by a number of major challenges facing the global economy. These primarily included the war between Russia and Ukraine, high inflation and the monetary policy turnaround initiated by leading central banks in 2022.

The OeNB once again vouched for the robustness of the Austrian banking sector’s business model, as it stressed in its November 2023 financial stability report. In this context, the OeNB explicitly welcomed the FMA Regulation on sustainable lending standards for residential real estate financing, which came into force in August 2022.

The average Common Equity Tier 1 (CET1) ratio of 16.6% as at 30 June 2023 represented a further improvement over time for Austrian banks in the face of current adverse developments. According to the OeNB, the non-performing loan (NPL) ratio fell slightly to 2% at 30 June 2023 (31 Dec. 2022: 2.1%).

The ECB’s change of direction on interest rates contributed to significantly improved net interest income for Austrian banks during the course of the year, with net fee and commission income also increasing across the sector. Overall, Austria’s banks have continued to benefit from the restructuring efforts of the past few years and posted further year-on-year improvements in their operating results. In the course of an extended consolidation process, the number of banks in Austria (main institutions) has fallen by around a quarter since 2012.

The current challenges identified by the OeNB for the domestic banking sector apply equally to the rest of Europe. The majority of the continent’s banks are well positioned: in the first half of 2023, the Basel III regulations in effect throughout the EU proved capable of preventing the crises witnessed at several US regional banks from triggering payment difficulties at institutions in the eurozone.

The equity ratios of financial institutions in the European Union have recently stabilised at high levels. One of the key trends during the year under review was the continuing digitalisation of customer products and services. Multi-channel approaches – which in the case of universal banks still feature branches, albeit augmented by digital offerings – have become established as the fundamental strategy for many retail banks in Europe.

In several European countries and regions, primarily Spain, Italy and Scandinavia, an ongoing trend towards consolidation has been observed in their national banking sectors in recent years. In Austria, by contrast, there has been a noticeable break in the process of consolidation, regular mergers of local Raiffeisen banks notwithstanding.

# 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. The wholly owned HYPO NOE Leasing subsidiary, 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 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 also 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 ESG ratings from Sustainalytics and Moody's ESG Solutions, and has been awarded the DZ Bank sustainability seal of approval.

1 In terms of total assets (2023 interim financial statements and 2022 consolidated financial statements) and date of establishment.

# 3 FINANCIAL REVIEW

## 3.1 Highlights

- “Profit before tax” up year on year to EUR 88.1m (2022: EUR 61.6m)
- Further increase in “Net interest income” to EUR 176.7m (2022: EUR 142.1m)
- “Administrative expenses” higher than in the previous year, at EUR 112.8m (2022: EUR 102.7m) due to inflation
- Net other operating income of EUR 50.7m (2022: EUR 2.4m) includes non-recurring effects related to settlement agreements concerning negative interest on corporate loan agreements
- CIR based on operating profit improved to 52.21%, up slightly year on year (2022: 51.69%)
- Non-performing loan (NPL) ratio of 2.45% at 31 December 2023 (31 Dec. 2022: 1.02%)
- CET1 ratio of 20.88% (31 Dec. 2022: 20.52%)

## 3.2 Earnings performance

| | | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|---|
| Return on equity before tax | Profit before tax/avg. consolidated equity | 10.74% | 8.01% |
| Return on equity after tax | Profit for the year/avg. consolidated equity | 8.04% | 6.13% |
| Return on assets | Profit for the year/total assets | 0.42% | 0.31% |
| Cost/income ratio | Operating expenses/operating income | 52.21% | 51.69% |
| NPL ratio | Carrying amounts of non-performing financial assets – AC (excl. banks)/financial assets – AC (excl. banks) | 2.45% | 1.02% |

The Group has made further progress in implementing its strategy, which is aimed at achieving a long-term increase in profitability through organic growth in the core business, while also maintaining a conservative risk profile and strong capital profile. The continuing increase in core earnings has laid the foundations for a further improvement in the Group’s results.

The HYPO NOE Group reported “Profit before tax” of EUR 88.1m (2022: EUR 61.6m) and a return on equity (ROE) before tax of 10.74% (2022: 8.01%) in the year under review. The Group recorded a significant rise in “Net interest income”, which reached EUR 176.7m (2022: EUR 142.1m), and the results also include a positive non-recurring effect from settlement agreements concerning negative interest on corporate loan agreements.

There was an encouraging increase in “Net fee and commission income”, which stood at EUR 16.4m compared with EUR 15.1m a year earlier. “Administrative expenses” rose to EUR 112.8m (2022: EUR 102.7m) due to inflation. However, this was offset by higher operating income. Adjusted for non-recurring effects, the cost/income ratio (CIR) was 52.21% at the end of the reporting period, compared with 51.69% in 2022.

## 3.3 Cost/income ratio

The cost/income ratio is a key 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.

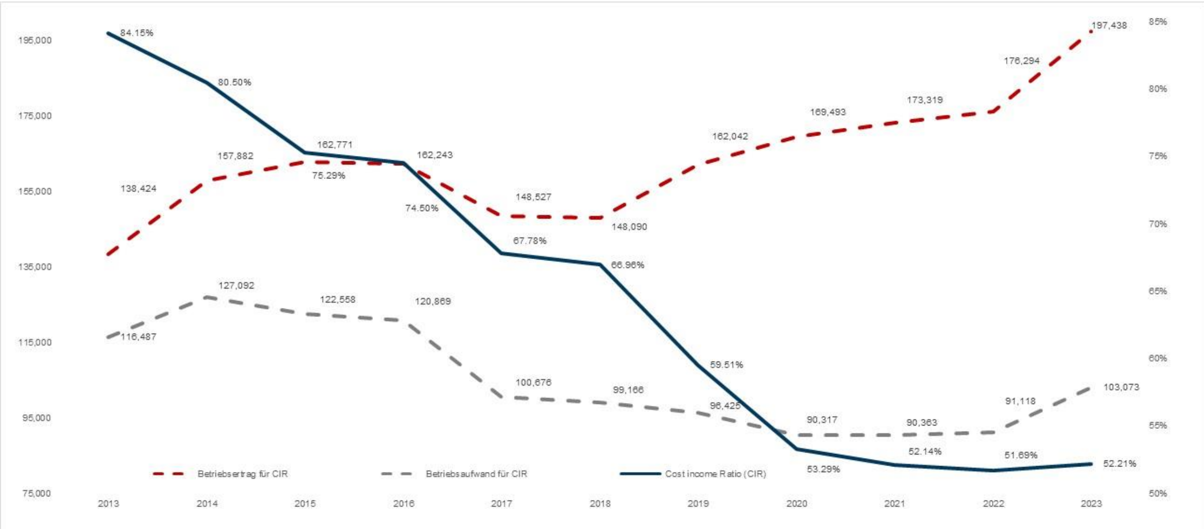
Operating expenses are based on the "Administrative expenses" item, which in 2023 – as in 2022 – was adjusted for the following exceptional, non-recurring earnings components: (1) the contribution to the resolution fund; (2) the contribution to the deposit insurance fund; and (3) the one-off payment of the financial stability contribution spread across the 2017-2020 period.

Operating income is composed of "Net interest income", "Net fee and commission income", "Net gains or losses on financial assets and liabilities", "Net other operating income" and "Net gains or losses on investments accounted for using the equity method". In 2023, as in the previous year, it excluded the following exceptional, non-recurring components: (1) valuation of the HETA contingent additional purchase price (see also 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).

| EUR '000 | 2023 | 2022 |
|---|---|---|
| Net interest income | 176,699 | 142,129 |
| Net fee and commission income | 16,395 | 15,058 |
| Net gains or losses on financial assets and liabilities | -11,169 | 8,735 |
| Net other operating income | 50,683 | 2,413 |
| Net losses on investments accounted for using the equity method | -4,430 | -368 |
| Extraordinary effects | -30,740 | 8,326 |
| **Operating income** | **197,438** | **176,294** |
| Administrative expenses | 112,830 | 102,655 |
| Extraordinary effects | -9,756 | -11,537 |
| **Operating expenses** | **103,073** | **91,118** |
| **CIR** | **52.21%** | **51.69%** |

The chart below, which shows movements in the CIR since 2013, reveals a significant improvement as a result of effective cost reduction measures and steps aimed at increasing earnings.

**CIR since 2013***




*Retrospectively adjusted, as described above

# 3.4 Balance sheet movements

New lending to customers totalled around EUR 1,638m in 2023, which was up on the level recorded a year earlier (2022: EUR 1,607m). The Bank mainly extended this vital funding to customers for infrastructure projects, housing construction and corporate finance.

The HYPO NOE Group's balance sheet as at the end of the reporting period stood out for the very high quality of assets – this was thanks to the business model, which gives preference to risk-aware transactions and the corresponding extension of loans. "Financial assets – AC" went up year on year, to EUR 14.2bn (31 Dec. 2022: EUR 13.9bn).

The changes in risk provisions reflected macroeconomic developments. There was a 21.1% decrease in risk provisions in the performing loan portfolio (Stages 1 and 2) to EUR 35m (31 Dec. 2022: EUR 44.4m), while total risk provisions (Stages 1-3 and purchased or originated credit impaired [POCI]) climbed to EUR 114.8m (31 Dec. 2022: EUR 90.9m).

Meanwhile, the Group underscored its issuing capacity again during the reporting period by placing three benchmark bonds, as well as one retail bond and a housing bond. This led to higher "Financial liabilities – AC" of EUR 13.9bn, compared with EUR 13.4bn as at year-end 2022.

## 3.5 Non-performing loan (NPL) ratio

The NPL ratio is calculated on the basis of the gross carrying amounts under the “Financial assets – AC” item, adjusted to exclude banks.

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

| EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Financial assets – AC (excl. banks) | 13,217,087 | 12,929,274 |
| Non-performing loans | 323,341 | 132,426 |
| **NPL ratio** | **2.45%** | **1.02%** |

The Group’s NPL ratio was influenced by the prevailing macroeconomic developments during the period under review. The ratio remained at a moderate level thanks to risk-conscious lending and the systematic approaches adopted by Intensive Care Management.

## 3.6 Segment performance

The HYPO NOE Group reported a highly satisfactory “Profit before tax” of EUR 88.1m in 2023. Even after adjustment for a non-recurring effect related to the reversal of a provision, this very strong result underlined the rock-solid performance across the Group over the long term, driven by the Bank’s decision to stand by its strategy even in the face of testing economic conditions. The operating segments all contributed to this result, as explained below.

### Public Sector segment

The Public Sector segment contributed EUR 30.2m of consolidated “Profit before tax” in 2023 (2022: EUR 19.9m) – a jump of more than 51% compared with the previous year and a reflection of its position as a cornerstone of the Group’s business model. This strong performance helped to offset the predicted downturn in the real-estate business – a consequence of the economic situation – and also speaks to the degree of diversification in the Group’s set-up.

Compared with 2022, the segment’s net interest income increased by a quarter, thanks mainly to growth in the leasing and bespoke financing businesses. This once again clearly underlines the HYPO NOE Group’s expertise when it comes to developing custom financing solutions for state governments, municipalities, local and regional authorities, and public agencies.

Net fee and commission income remained solid compared with 2022, when this item was impacted by negative one-off effects related to subsidised homebuilding loans. After adjustment for these effects, the segment reported steady growth, especially in earnings from services in the Back Office Payments & Product Service unit.

Administrative expenses rose as a result of cost increases driven by inflation.

The net gains reported under the impairment gains/losses on financial assets – IFRS 9, ECL item, which improved once again year on year, mainly reflected the reversal of risk provisions related to an existing, long-term exposure.

### Real Estate

The Real Estate segment recorded a loss before tax of EUR 17.6m (2022: profit of EUR 20.8m).

This reflected rising construction cost indexes, the about-turn in the ECB's interest-rate policy and broadly stricter lending criteria for home loans – factors that are increasingly also causing financial difficulties for commercial property developers and are likely to weigh on growth in the real estate financing sector in the near term.

One of the segment’s focuses is financing solutions for non-profit housing developers, which are usually more defensively positioned with solid capitalisation, as well as related financing for tranches of subsidised home loans for non-profit housing construction from the State of Lower Austria. The year-on-year rise in segment assets was largely due to the acquisition of such tranches of subsidised home loans put out to tender by the State.

In contrast to its assets, Real Estate's net interest income fell slightly, which reflects the segment's emphasis on such low-risk forms of financing, among other factors.

This year's results were not impacted by negative measurement effects on loan agreements mandatorily measured as at fair value, as was the case in 2022. A range of measures are being implemented in order to bring about a steady and sustained reduction in the portfolio of these variable items, which are reported in the statement of profit or loss. The drop in other operating income mainly reflected a real estate transaction concluded in 2022, as well as a reduction in penalties.

The segment reported higher administrative expenses than in the previous year, in particular as a result of adjustments for inflation.

The impairment loss recognised on NOE Immobilien Development GmbH, an entity accounted for using the equity method, was attributable to changes in market parameters in the real estate sector, which led to a net loss on segment investments accounted for in this way.

In view of the testing current market conditions mentioned above, the HYPO NOE Group took conservative steps designed to offset anticipated losses on exposures in the commercial real estate development business by recognising risk provisions under the credit risk model in accordance with IFRS 9. As a result, impairment losses on financial assets – IFRS 9, ECL were significantly higher year on year in 2023.

## Retail and Corporate Customers segment

Despite the difficult market conditions, Retail and Corporate Customers posted profit before tax of EUR 10.1m, which was significantly higher than the previous year (2022: EUR 7.2m).

The segment's net interest income rose slightly year on year, which can be traced back to its long-term strategy of focusing on core products and a risk-aware approach to new lending.

At EUR 13.9m, Retail and Corporate Customers contributed the lion's share of Group "Net fee and commission income" (2022: EUR 14.2m). The decrease compared with a year earlier reflects the challenging operating environment, which above all led to a drop in earnings from the loan intermediation business operated in cooperation with Teambank.

In spite of high inflation, administrative expenses remained modest.

There was a marked year-on-year improvement in the impairment losses or gains on financial assets – IFRS 9, ECL item. This was attributable to the reversal of individual risk provisions thanks to effective restructuring measures in the corporate customers business. In terms of private housing finance, the Group took action in connection with the IFRS 9 credit risk model to counter the current difficulties facing the real estate finance market (turnaround in interest rates, rising construction costs), which explains the increase in risk provisions in accordance with IFRS 9.

## Treasury & ALM segment

Thanks to forward-looking liquidity management, interest rate risk positioning within strict limits, and its ability to capitalise on existing market opportunities, Treasury & ALM reported a substantial year-on-year increase in profit before tax, to EUR 43.7m (2022: EUR 30.2m).

There was a sharp increase in net interest income due to significant gains on maturity transformation, which were attributable to the about-turn in the ECB's interest rate policy compared with 2022. The effects of implementing paragraph B5.4.6 of IFRS 9 had a positive effect on net interest income, which came in at EUR 0.9m in the period under review (2022: net interest expense of EUR 1.4m), due to the revision of the expected repayment dates for TLTRO liabilities.

The net losses on financial assets and liabilities (the segment reported net gains in 2022) were mainly due to measurement effects reported under net gains or losses on hedges. This item also includes currency valuations for derivatives, which gave rise to a net loss of EUR 9.4m (2022: net gain of EUR 4.0m), although this was offset by currency valuations reported under net other operating income.

The net gains on investments accounted for using the equity method reflected the positive performance of Niederösterreichische Vorsorgekasse AG (NÖVK), where results in 2022 had been significantly affected by recognition of a provision related to a capital guarantee.

In 2023, the HYPO NOE Group issued three benchmark bonds (a green senior preferred benchmark bond, a mortgage-backed benchmark covered bond and a public sector benchmark covered bond) on the capital market. This underlines the positive perception of HYPO NOE Landesbank on the bond market and its excellent standing among foreign investors. Two TLTRO financing tranches totalling EUR 749m were repaid as scheduled in 2023. This reflected proactive refinancing management approaches.

January 2024 saw HYPO NOE Landesbank complete its first placement on the Swiss capital market with a CHF 100m green preferred senior benchmark issue. This represented yet another demonstration of the Bank's expertise when it comes to developing sustainable financial products – including for new markets – and also impressively underlined its strong reputation among the international investor community. In addition, the first covered bond issue of 2024 – a EUR 500m benchmark bond from the mortgage cover pool – took place at the end of January; both domestic and international investors were among the buyers.

## 3.7 Equity

Under Regulation (EU) No. 575/2013 (Capital Requirements Regulation [CRR]) as amended, including latterly by Regulation (EU) No. 2022/2036, and related EBA delegated regulations, as well as Directive 2013/36/EU on access to the activity of credit institutions (Capital Requirements Directive [CRD]) as last amended by Directive (EU) No. 2023/2864, which is currently being transposed into Austrian law and various national orders, since 2014 it has been necessary to determine banks' consolidated own funds and their consolidated regulatory own funds requirements under IFRS, as well as the regulatory scope of consolidation.

Consolidated eligible capital in accordance with the CRR/CRD as amended was EUR 817.2m as at 31 December 2023 (31 Dec. 2022: EUR 772.8m).

Excess equity excluding buffers stood at EUR 504.1m as at 31 December 2023 (31 Dec. 2022: EUR 471.5m), compared with a capital requirement of EUR 313.1m (31 Dec. 2022: EUR 301.3m). The Tier 1 capital ratio in accordance with Article 92(2)(b) CRR and the total capital ratio in accordance with Article 92(2)(c) CRR were 20.88% as at 31 December 2023 (31 Dec. 2022: both ratios 20.52%).

No new or amended regulations came into force in 2023 that will affect the HYPO NOE Group's eligible capital or capital requirement. As at 31 December 2023, the Group did not make use of any transitional arrangements or exercise any elective rights under transitional arrangements.

## 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.

| | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Tier 1 capital | 817,211 | 772,830 |
| Total leverage ratio exposure | 15,497,335 | 15,026,265 |
| **Leverage ratio in accordance with Art. 92(2)(d) CRR, %** | **5.27%** | **5.14%** |
| 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 planning processes.

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Liquidity buffer | 1,434 | 1,153 |
| Net liquidity outflow | 608 | 708 |
| **LCR** | **235.99%** | **162.89%** |

## 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Stable funding requirement | 10,645,121 | 10,078,814 |
| Available stable funding | 12,308,993 | 11,342,332 |
| **NSFR** | **115.63%** | **112.54%** |

# 4 HUMAN RESOURCE MANAGEMENT

The long-term success of the HYPO NOE Group is directly influenced to a large extent by the knowledge, experience, motivation and commitment of all its employees. As a result, it is essential for the Group to increase employee loyalty through active management of the employee experience and make sure it is attractive for job applicants thanks to its strong employer brand. Targeted transformation processes are needed in order to counter demographic change and the shift in conditions for the future world of work. The HYPO NOE Group receives feedback through regular anonymous surveys and uses the results to inform the continuous development of its corporate culture. The focus is on job satisfaction and working conditions, transparency of communications, diversity and schemes to support women in particular, and the digital transformation.

## 4.1 Human resources in 2023: facts and figures

At year-end 2023 the HYPO NOE Group had 619 employees (31 Dec. 2022: 616), 16 of whom were on parental leave (31 Dec. 2022: 27). The workforce of 619 comprised 329 male and 290 female employees (31 Dec. 2022: 322 male and 294 female). In terms of full-time equivalents (FTE), there were 549.3 employees at year-end (31 Dec. 2022: 542.2). Excluding non-active employees, the headcount was 530.7 FTE as at 31 December 2023 (31 Dec. 2022: 515.3).

The table below shows the changes in headcount over time.

| | 2023 | | | | | | | 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | HC | | | Avg. HC p.a. | FTE | | | HC | | | Avg. HC p.a. | FTE | | |
| | Total | m | f | Total | Total | m | f | Total | m | f | Total | Total | m | f |
| HYPO NOE Landesbank für Niederösterreich und Wien AG | 591 | 321 | 270 | 589.0 | 526.0 | 306.1 | 220.0 | 587 | 313 | 274 | 598.0 | 517.1 | 299.9 | 217.2 |
| HYPO NOE Leasing GmbH | 28 | 8 | 20 | 27.4 | 23.3 | 7.3 | 16.0 | 29 | 9 | 20 | 28.3 | 25.1 | 8.3 | 16.8 |
| HYPO NOE Versicherungsservice GmbH | - | - | - | - | - | - | - | - | - | - | 3.6 | - | - | - |
| **HYPO NOE GROUP** | **619** | **329** | **290** | **616.4** | **549.3** | **313.3** | **236.0** | **616** | **322** | **294** | **629.8** | **542.2** | **308.2** | **234.0** |

Key: m = male; f = female; FTE = full time equivalent; HC = headcount;
owing to the decimal places, totals may include rounding differences

## 4.2 Organisational and staff development

Staff and managers receive regular, reasoned feedback on their development as part of the annual performance and development appraisal. Employees agree further training measures with their line manager and draw up personal development plans in the course of the appraisal. The development agreements indicate specific training needs, and in turn training offers suited to given target groups are developed, with an emphasis on enhancing professional expertise as well as personal development, management development and teambuilding.

The following HR development initiatives were relaunched in 2023 in order to promote the professional development of our employees and facilitate networking even more effectively. One of the main focuses during the year was on schemes to support women, the implementation of a women's mentoring pilot programme, the launch of a leadership alumni network for graduates of our leadership programmes and the implementation of a programme on the topic of healthy leadership.

**Advancement of women**

Schemes to support women in their careers are an integral part of our staff development activities. Targeted training measures, networking events for women and the successful implementation of our pilot mentoring programme for female employees were all part of the HR focus in 2023. The Frauen@HYPONOE women’s network plays a key role in promoting the development of female staff members, as well as underpinning equality and diversity and fostering a supportive working environment at the HYPO NOE Group.

**Leadership Alumni Network**

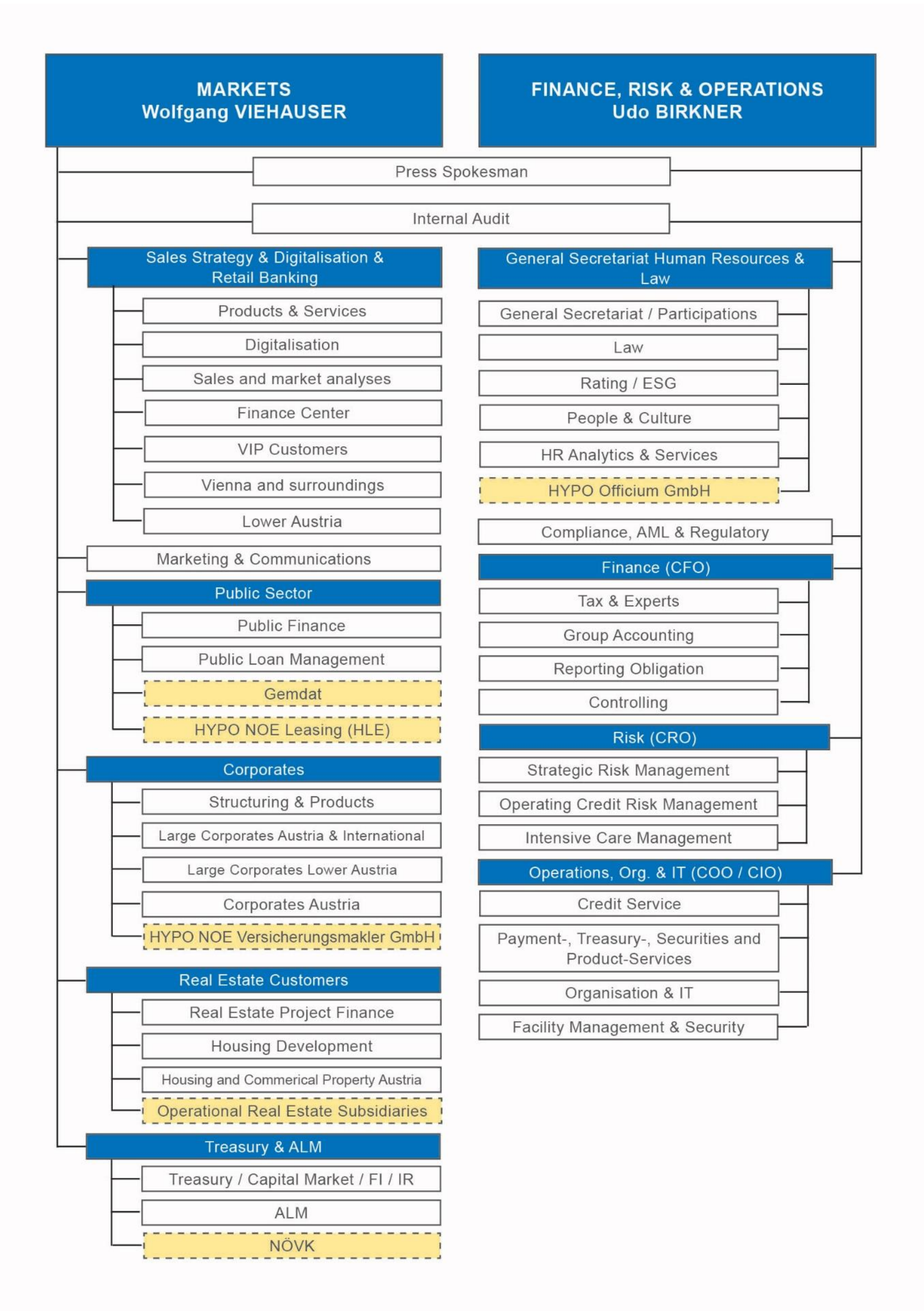
The Leadership Alumni Network was initiated to facilitate exchange between graduates of our leadership programmes. It offers a platform where graduates have the opportunity to compare notes on their experiences and ongoing career development activities at networking meetings, with additional support in the form of specialist input or learning journeys.

**Group-wide organisational development process**

The HYPO NOE Group is constantly evolving. The ongoing LEVEL 30 development process is now an integral part of our corporate culture. The corporate development team regularly assesses the changing workplace requirements before developing strategic solutions designed to strengthen the Company’s organisational standing in this regard. The process is based on the vision and mission, clear values and a shared understanding of leadership. Regular employee surveys form part of a wide-ranging feedback process. Progress is reflected in the results of these surveys, which also give a clear indication of the commitment to continuous improvement and innovation to assure continued success going forward.

During the period under review, HYPO NOE Group employees completed a total of 2,679 days of training (2022: 2,774 days).

The organisational chart at 31 December 2023 was as follows:


MARKETS
Wolfgang VIEHAUSER
FINANCE, RISK & OPERATIONS
Udo BIRKNER
Press Spokesman
Internal Audit
Sales Strategy & Digitalisation & Retail Banking
Products & Services
Digitalisation
Sales and market analyses
Finance Center
VIP Customers
Vienna and surroundings
Lower Austria
Marketing & Communications
Public Sector
Public Finance
Public Loan Management
Gemdat
HYPO NOE Leasing (HLE)
Corporates
Structuring & Products
Large Corporates Austria & International
Large Corporates Lower Austria
Corporates Austria
HYPO NOE Versicherungsmakler GmbH
Real Estate Customers
Real Estate Project Finance
Housing Development
Housing and Commerical Property Austria
Operational Real Estate Subsidiaries
Treasury & ALM
Treasury / Capital Market / FI / IR
ALM
NÖVK
General Secretariat Human Resources & Law
General Secretariat / Participations
Law
Rating / ESG
People & Culture
HR Analytics & Services
HYPO Officium GmbH
Compliance, AML & Regulatory
Finance (CFO)
Tax & Experts
Group Accounting
Reporting Obligation
Controlling
Risk (CRO)
Strategic Risk Management
Operating Credit Risk Management
Intensive Care Management
Operations, Org. & IT (COO / CIO)
Credit Service
Payment-, Treasury-, Securities and Product-Services
Organisation & IT
Facility Management & Security

## 4.3 Human Resources Department's sustainability mission

The HYPO NOE Group sees itself as an attractive employer which is synonymous with sustainability, an outstanding work-life balance and excellent development opportunities. This was confirmed during the berufundfamilie (Career and Family) audit. The aim is to create a sustainable working environment in which respect for employees and their needs is felt at every stage of life, regardless of individual circumstances. Re-certification marks another milestone in this regard.

The Group uses a variety of measures to counter the risk of stress and overwork. The MAVIE (formerly Consentiv) health platform, which is available to all employees and immediate family members living in the same household free of charge, provides individual counselling and coaching for challenging life situations – anonymously and at any time of day or night. Regular online presentations conducted by MAVIE experts round out the programme and provide valuable support for mental and physical well-being.

The *Glücklich rauchfrei* presentation attracted numerous employees, motivating them to participate in and successfully complete the smoking cessation programme. Seminars on developing resilience and the workshop "From difficulty to effortlessness" were offered as part of the workplace health promotion programme, during which participants learned to implement useful methods and adapt the necessary mindset for stress-free and enjoyable work days.

Held in the Waldviertel region of Lower Austria, the popular three-day mindfulness seminars were once again in great demand. Aimed at managers, the “Focus on Healthy Leadership” seminar series was launched in 2023. The HYPO NOE Group is a strong believer in encouraging self-reflection and giving employees a high degree of personal responsibility. The social management aspect of the HYPO NOE Group's approach is clearly identifiable – the focus is on the individual.

As part of these measures, all workstations are equipped with height-adjustable desks to ensure ideal workplace ergonomics for each employee. Different workspace arrangements, such as telephone or meeting boxes and creative labs, enable employees to work undisturbed and/or collaborate with others.

# 5 RISK REPORT

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

# 6 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 and fine-tuning, in line with its guiding principle of offering customers continuous improvements in all lines of business and in product quality.

# 7 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 under Note 10.1 Scope of consolidation.

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

HYPO NOE Landesbank had 26 branches in Lower Austria and Vienna as at 31 December 2023 (31 Dec. 2022: 27).

# 8 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (ICS)

The main features of the Group's internal control and risk management systems, and their significance for the accounting process, are outlined below.

## 8.1 Control environment

The HYPO NOE Group Management Board is responsible for the design, implementation and refinement of an internal control system focused on Group accounting processes. The Board ensures that Company-wide monitoring of the ICS takes place by creating the necessary organisational structures (assignment of responsibilities, creation of appropriate information systems, etc.).

The Group Accounting Department at HYPO NOE Landesbank is responsible for all accounting matters and for issuing instructions in order to ensure compliance with Group-wide standards. Directives have been drawn up to assist it in performing its duties.

The HYPO NOE Group's internal control system comprises a comprehensive range of coordinated methods and measures that ensure

- compliance with laws and guidelines (compliance objectives)
- the efficiency and effectiveness of the Group's business activities
- the reliability of operational information, and
- optimal protection of the assets, finances and earnings of the HYPO NOE Group, as well as the accuracy of financial reporting.

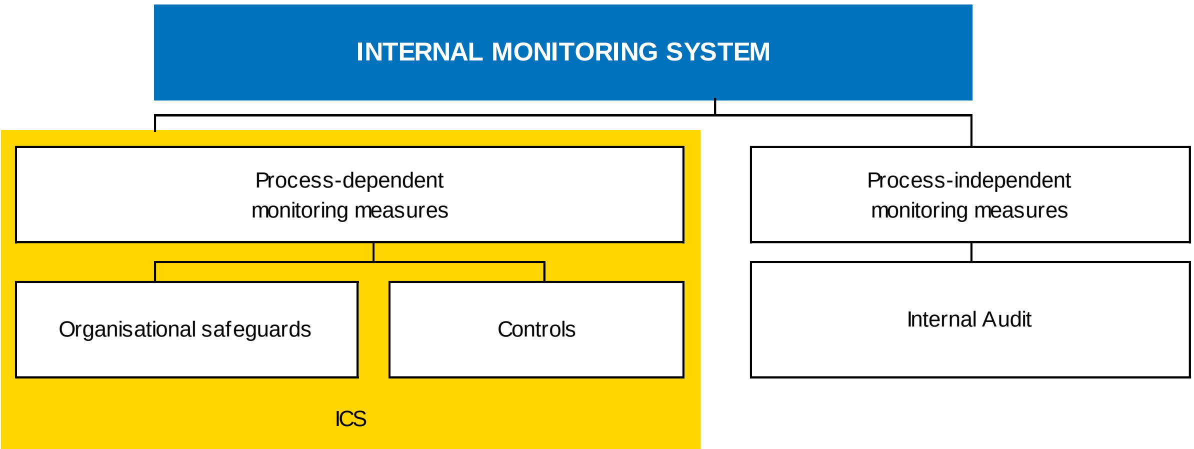
## 8.2 Risk assessment

The accounting process can give rise to the following key risks:

- Unintentional errors or fraud
- The accounts do not present a true and fair picture of assets, finances and earnings that reflects actual circumstances. This is the case when the financial statements contain figures or disclosures that deviate materially from the correct information.
- Material errors when making estimates and exercising judgement

## 8.3 Control measures

The HYPO NOE Group's internal monitoring system comprises process-dependent and process-independent monitoring measures.




**Organisational safeguards** are all measures implemented at organisational level as well as one-off measures – either within a department or across several departments – that are designed to prevent errors, fraud and damage to the HYPO NOE Group, chief among them:

- Signature regulations, decision-making authorities
- Role and permission systems in IT applications
- Business continuity management
- Daily, weekly and monthly reports
- Preparation and periodic updating of documentation (manuals, guidelines, work instructions)

With regard to the ICS, **controls** are periodic or ongoing checks that are directly or indirectly integrated into the processes being monitored. They are designed to safeguard the quality of the process outcomes by ensuring early identification and prevention of deviations.

While value for money is a concern when implementing controls, fulfilment of legal requirements, including those with no demonstrable benefit, must always be assured.

The following primary control measures are carried out:

- Four-eye principle within individual departments, or across departments
- Use of checklists
- Automated checking of values and analysis of reports/lists
- Checking information
- Performing key controls

The ICS ensures that business information is correctly recorded in the financial statements, analysed and assessed, and incorporated into the Bank's accounting.

The ICS encompasses accounting-related instructions and processes aimed at correct and appropriate recording of events with regard to the following:

- Employment of the Group's assets
- Recording all information required to draw up the annual financial statements, in order to prevent unauthorised purchases and sales
- Risk-based decision-making authorities and monitoring instruments which could have a material impact on the annual financial statements
- Tailoring the chart of accounts to the Group's specific requirements
- Storage of vouchers according to systematic and chronological criteria, providing an adequate audit trail
- Documentation of processes involved in the preparation of the separate parent entity and consolidated financial statements, and the parent entity and Group operational and financial reviews, as well as the related risks and controls
- Sufficient numbers of suitably qualified staff in departments involved in the accounting process; standardised

training and development programmes to ensure that employees have the necessary skills for their roles; senior executives serving as role models in terms of integrity and ethical standards is the foundation of the control system
- Clear demarcation of the main functions involved in the accounting process and their management as separate departments
- Unambiguous assignment of departmental responsibilities
- Protection of computer systems against unauthorised access by means of appropriate control mechanisms
- Auditing of accounting data for their completeness and correctness on a sample basis
- Checks of all data-entry processes related to accounting in accordance with the four-eye principle; checks are carried out by Group Accounting, or by trained staff in the various operational departments, in accordance with internal regulations.
- Daily or monthly plausibility checks and preparation of trial balances for posting lists, revenue reports, valuation lists and lists of Banking Act/Capital Requirements Directive IV requirements, etc. provided by the central Accenture TiGital GmbH IT system, which subjects them to automated checks
- IT security checks as one of the cornerstones of the internal control system; firewalling of sensitive activities by taking a restrictive approach to IT authorisations

## 8.4 Information and communication

The following financial reports are published in fulfilment of the monitoring and control functions, and to ensure that accounting and reporting are in line with the relevant standards:

- Annual report and ESEF annual report, interim consolidated financial statements in accordance with IAS 34, and quarterly results announcements
- Monthly and quarterly reports to the Management Board and the Supervisory Board (segment information, budget/actual comparisons)
- Periodic reporting to the OeNB in accordance with the statutory reporting requirements for banks; forwarding of reports from the central Accenture TiGital GmbH IT system, and checking and correction of any errors by the finance units

## 8.5 Monitoring

Monitoring of the ICS takes place at different levels. Internal organisational arrangements support the monitoring of the ICS at the process level. Supervisors ensure that controls are actually performed, for example by carrying out spot checks.

As part of the process-independent measures, internal auditing is clearly distinct from the ICS. All internal audit activities are subject to Group-wide standards based primarily on the Austrian Banking Act, the current FMA Minimum Standards for Internal Auditing as amended and international best practice. The independent Internal Audit Department regularly reviews compliance with the internal and external regulations by the various departments and other organisational units. In 2023, the audits carried out in Accounting/Group Accounting focused on clearing accounts and ledger accounts in branch operations (as an integral component of branch auditing) and reporting.

The Supervisory Board Audit Committee exercises its oversight function by holding regular discussions on the current status and effectiveness of the ICS.

This ensures the proper recording, processing and documentation of all transactions. It also ensures that assets and liabilities in the annual financial statements are recognised, reported and measured in accordance with the applicable legal and regulatory requirements.

The ICS is regularly adapted in line with changed circumstances and requirements. Like any control system, however well it is designed, operated and monitored, the internal accounting control system can only provide adequate and not absolute assurance that the reported figures are accurate. Identification of any changes required in the light of new risks, and ongoing monitoring of the system and assessment of its effectiveness are seen as key tasks. The main priorities in this respect will be enhancing the effectiveness and efficiency of operational processes, minimising operational risk by making improvements to those processes, and refining the ICS.

# 9 GROUP NON-FINANCIAL STATEMENT

Pursuant to section 267a Austrian Business Code, the HYPO NOE Group is obliged to prepare a consolidated non-financial statement. Under section 243b Austrian Business Code, the parent company HYPO NOE Landesbank für Niederösterreich und Wien AG is also required to prepare such a statement. The non-financial statement was prepared in accordance with the Austrian Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act; see also section 267a of the Austrian Business Code). The HYPO NOE Group has published an additional ESG supplement drawn up with reference to the GRI Standards since 2014. A copy of the supplement and other related information can be found on the HYPO NOE website.

The following non-financial statement provides information necessary for understanding the Group's course of business, earnings, position and the effects of its operations, as well as information connected with the environment, social and employee-related matters, respect for human rights and combating corruption and bribery. The topics addressed below were selected on the basis of the materiality analysis performed for the first time in the 2014 sustainability report and revised in 2018. A double materiality analysis was carried out in 2022 using internal and external sources. Supplementary information can be found elsewhere in this Annual Report.

## 9.1 Description of the business model

HYPO NOE Landesbank is the largest and oldest-established Austrian state mortgage bank, and has been a reliable commercial bank, stable state bank and 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.

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 also 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 focusing on its core business, best-in-class digital solutions in its mortgage lending operations and maintaining 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 aligned strongly towards sustainability, through financing that creates social value added. 74.8% of the Group's total financing makes a major contribution to realising the Sustainable Development Goals. ISS ESG Prime status underlines the Bank's commitment to environmental and social responsibility.

## 9.2 Sustainability in the Group's core business

The HYPO NOE Group has implemented clear ethics guidelines and business principles for its financing activities. In this way, the Bank makes every effort to ensure that loans are extended for purposes that meet high social and environmental standards. For financial services providers, the environmental and social effects of their business operations (financing and investment) give rise to both risks and opportunities.

Inclusion criteria enshrined in the ethics guidelines and business principles are intended to promote business activities in areas that the Group believes generate the largest benefits for society, while exclusion criteria help to identify sectors where the Bank chooses not to operate, in the interest of social responsibility. These guidelines, which also form part of the Group’s credit risk management manual, can be found on the HYPO NOE website.

Sustainability criteria are documented in the core banking system as part of the lending process. This information enables the HYPO NOE Group to identify which loans have a sustainability element to them. The eligibility of a project for financing from green bond proceeds is assessed on the basis of the HYPO NOE Group’s Green Bond Framework.

## 9.2.1 Products and services

The Group concentrates on four business segments that play to its core competences: Public Sector, Real Estate, Retail and Corporate Customers, and Treasury & ALM. Working in collaboration with HYPO NOE Leasing, the Group predominantly serves large state and local government clients.

A key milestone came in 2020 with the issue of HYPO NOE Landesbank’s first green bond, worth EUR 500m. This was the first green bond to be certified in accordance with Austria’s UZ 49 standard for sustainable financial products. The third green bond was successfully issued in 2023.

The proceeds will be used to finance and refinance green buildings that rank among the top 15% in Austria in terms of carbon efficiency. The focus is on non-profit housing and social infrastructure – HYPO NOE Landesbank’s core business. The second party opinion for Green Bond Framework (2020) and the Sustainability Bond Framework (2023) was prepared by ISS ESG and can be found on the website.

In 2021, the HYPO NOE Group launched its green current and savings accounts for retail customers, which are likewise certified in accordance with the UZ 49 sustainable financial products ecolabel. Deposits in green current and savings accounts are earmarked for financing of sustainable energy and municipal infrastructure projects, or projects designed to combat climate change. The framework for the green accounts is published on the HYPO NOE Group website. The Green Home Loan is available to retail customers looking to buy, build or renovate property, provided that their project meets specific energy efficiency targets. In addition to enjoying the sustainability and energy-efficiency gains associated with their projects, customers can also expect a waiver on contract fees for their loan agreement, as well as lower account management fees.

The HYPO NOE Group’s customers have had access to its Green Investment Loan since 2022. The financed investments must meet either the requirements of the HYPO NOE Group’s Green or Sustainability Bond frameworks, or the technical screening criteria of the EU Taxonomy for sustainable activities.

In 2023, the HYPO NOE Group’s Grüne Linie product portfolio was expanded to include the Green Life Loan, which is designed to finance property-related investments, including support for thermal renovation projects, installation of solar thermal and PV systems, and conversion of fossil-fuel-powered heating systems.

## 9.2.2 Partners and sustainable investments

With regard to sustainable investment, the HYPO NOE Group offers corresponding products from numerous providers that enable environmentally sound and ethical investments in selected funds. The Group has organised a series of training courses and product information events, in order to make sustainable investment opportunities more accessible to a wider audience. Securities and insurance officers continued to build on their expertise in 2023 by participating in the EFPA ESG Advisor® certification scheme. Investments in sustainable funds managed on behalf of clients exceeded EUR 99.47m at the end of 2023.

## 9.2.3 EU Taxonomy eligibility and alignment assessment

The Taxonomy Regulation is the first uniform, EU-wide classification system to establish a list of environmentally sustainable economic activities that is binding for all companies with non-financial reporting obligations under Directive 2014/95/EU. It sets out the criteria which can be used to establish whether an economic activity reaches a level of environmental performance that qualifies as environmentally sustainable.

The HYPO NOE Group assessed its entire loan and securities portfolio on the assets side to determine which financing can be allocated to the supercategories in accordance with the Commission Delegated Regulation (EU) 2021/2178 (hereafter: CDR [EU] 2021/2178) supplementing Regulation (EU) 2020/852 (hereafter: Taxonomy Regulation). Financing activity and, in turn, the allocation of funds was a central element of this assessment. When assessing Taxonomy eligibility, it must be determined whether a financing activity is in principle covered by the economic activities defined in CDR (EU) 2021/2178 and, accordingly, has the potential to qualify as an economically sustainable activity. The conformity (alignment) of financing activities with the Taxonomy also had to be determined for the first time in 2023, and green asset ratios (GARs) must now be calculated based on the environmentally sustainable activities identified.

**Statutory disclosures**

In accordance with Article 4 in conjunction with Articles 7 and 8 of CDR (EU) 2021/2178 regarding Article 8 of the Taxonomy Regulation, financial market participants must disclose information for 2023 regarding the first six environmental objectives of the Taxonomy Regulation, provided that the allocation was made by the companies concerned and the information is publicly available. The key performance indicators are:

- Aggregate ratio for Taxonomy eligibility and GAR for recognised on-balance-sheet assets
    - Differentiation according to CapEx and sales
    - As a proportion of total GAR assets
- Breakdown of ratio for Taxonomy eligibility and GAR by type of counterparty:
    - total GAR for financing activities directed at financial undertakings, for all the environmental objectives.
    - total GAR for financing activities directed at non-financial undertakings, for all the environmental objectives.
    - GAR for residential real estate exposures, including house renovation loans, for the objectives of climate change mitigation, climate change adaptation, and circular economy.
    - GAR for retail car loans, for the objective of climate change mitigation.
    - GAR for loans to local governments for financing housing construction and other special financing.
    - GAR for commercial and residential repossessed real estate collateral held for sale.
- Exposures to companies not subject to the Non-Financial Reporting Directive (NFRD), and derivatives, short-term interbank loans and the trading portfolio as a proportion of total assets
- Exposures to central governments, central banks and supranational issuers, and the trading portfolio as a proportion of total assets

The ratios for Taxonomy eligibility and the GAR for the portfolio and – in accordance with the Draft Commission Notice of 21 December 2023 – for inflows will be disclosed from 2023.

To date, the Taxonomy-eligibility disclosures of banks subject to the NFRD have not been assigned to environmental targets. Financing for banks is not taken into account when determining Taxonomy eligibility for the 2023 financial year, as at least one environmental objective must be specified when determining the Taxonomy eligibility of the loan and securities portfolios.

**Data preparation**

Various mapping and allocation steps were carried out to complete the Covered Assets sheet in the reporting workbook in accordance with Annex VI of CDR (EU) 2021/2178.

The borrowers that are obliged to make NFRD disclosures were identified in order to determine which loans to non-financial and financial undertakings were to be included in the determination of Taxonomy eligibility and the GAR. The criteria are that they are companies that meet the definition of public-interest entities and employ an average of more than 500 employees as at the end of a given reporting period.

To determine the financed counterparty, the ÖNACE sector allocation used in the HYPO NOE Group was reconciled with the corresponding EU NACE designations (financial undertakings, households, etc). A reconciliation to the Taxonomy product designation (debt securities, loans and advances, etc.) was subsequently carried out for the respective financing on the basis of the account group in connection with the account type. In addition, loans to public bodies for public housing construction and other specialised financing (for the purpose of public water supply and sewerage) was identified by searching the sustainability category allocated internally by the Bank. The same procedure is also used to determine the risk exposures to central governments, central banks, supranational issuers, derivatives, short-term interbank loans and companies not subject to the NFRD.

In the second part of the Covered Assets template, new business identified for 2023 – with amounts stated at the time of inflow – is allocated to the respective risk exposures according to the same reconciliation and allocation principles outlined above.

**Determination of Taxonomy eligibility/Taxonomy alignment**

In determining the Taxonomy-eligible values for the respective exposures within the scope of statutory disclosure, exposures to entities with disclosure obligations under the NFRD were considered in the Covered Assets template, weighted by the CapEx and revenue indicators published by the counterparties. A separate template is completed for each of these two key indicators – this applies to each sheet in the reporting workbook where it is required – and the Taxonomy-eligible volumes are taken into account for the respective entities for each indicator. In the case of exposures that are not subject to NFRD disclosure obligations, residential real estate financing to retail customers as well as financing to public bodies and local authorities for public housing, water supply and sewerage were identified as Taxonomy-eligible, taking into account the criteria pursuant to Annex V to CDR (EU) 2021/2178, and also included in the Covered Assets template.

When determining the Taxonomy-aligned value, exposures relating to entities subject to NFRD disclosure obligations and for which no clear financing purpose can be identified – e.g. working capital loans, cash advances – were weighted by the CapEx and revenue figures published by the counterparties and taken into account in the published environmental targets. For all other financing identified as Taxonomy-eligible, possible alignment with the Taxonomy was determined by analysing the fulfilment of the requirements as defined by the Taxonomy Regulation for the respective financing purpose or, if available, on the basis of external expert opinions. The HYPO NOE Group aims to analyse the Taxonomy alignment of its financing more closely from 2024 onwards with a view to gradually increasing the scope of verified environmentally sustainable (green) business activities.

In the second part of the Covered Assets template, the Taxonomy-eligible and Taxonomy-aligned volume of new business identified for 2023 is determined using the methodology described above.

In the first step, the GAR – Sector Information template in the reporting workbook in accordance with Annex VI of CDR (EU) 2021/2178 shows the identified Taxonomy-eligible volume by NACE sector (4th level). In a second step, identified Taxonomy-aligned items are allocated to the respective NACE sectors.

**Results**

In accordance with Annex VI of CDR (EU) 2021/2178, the total GAR is shown in the GAR KPI Stock template in the reporting workbook as the share of environmentally sustainable (aligned) exposures in total on-balance-sheet assets excluding the risk exposures mentioned in Article 7(1), as well as the total Taxonomy-eligible exposures as a share of the above-mentioned numerator. Secondly, the GARs and the Taxonomy eligibility ratios are broken down by environmental targets and type of counterparty as a proportion of the total exposure for the respective counterparty or the respective Taxonomy product position.

The GARs and Taxonomy eligibility ratios of the new business identified for 2023 are determined in the GAR KPIs flow template.

The Summary of KPIs template in the reporting workbook (Annex VI of CDR [EU] 2021/2178) provides an overview of the KPIs to be disclosed by credit institutions in accordance with Article 8 of the Taxonomy Regulation. The main KPI is the total GAR of the portfolio, which is reported on the basis of the counterparty's CapEx KPI and the revenue KPI. In addition, the total environmentally sustainable (Taxonomy-aligned) assets, assets eligible for the calculation of the GAR as a share of total assets and the two indicators for assets excluded from the numerator for GAR calculation as a proportion of total assets (in accordance with Article 7[2] and [3] CDR [EU] 2021/2178 and Chapter 1.1.2 of Annex V) and assets excluded from the denominator for GAR calculation as a share of total assets (in accordance with Article 7[1] and Chapter 1.2.4 of Annex V) are presented.

The HYPO NOE Group is submitting a blank FinGar, AuM KPIs template for 2023. Disclosure of the F&C KPI and Trading KPI templates is not required for the 2023 financial year.

The analysis of the Taxonomy alignment of the overall portfolio leads to the following results (environmental objective: climate protection) as a proportion of the total GAR assets:

- CapEx: Taxonomy-eligible 15.30%, Taxonomy non-eligible 84.70%
- Revenue: Taxonomy-eligible 15.23%, Taxonomy non-eligible 84.77%

Due to the first-time calculation of Taxonomy eligibility as a proportion of total GAR assets in 2023, no comparative figures from the previous year can be provided.

Calculation of total GAR for the entire portfolio reflects the following results (environmental objective: climate protection) as a proportion of the total GAR assets:

- CapEx: Taxonomy-eligible 0.01%, Taxonomy non-eligible 99.99%
- Revenue: Taxonomy-eligible 0.004%, Taxonomy non-eligible 99.996%

Due to the first-time disclosure of the GAR in 2023, no prior-year figures can be provided. The complete results of all disclosed indicators can be found in the reporting tables in accordance with Annex VI of the CDR (EU) 2021/2178 in chapter 9.8 Reporting forms in accordance with Annex VI of Commission Delegated Regulation (EU) 2021/2178 to the EU Taxonomy Regulation (EU) 2020/852

**Voluntary disclosures**

In line with the HYPO NOE Group's business model, approximately two-thirds of the loan portfolio consists of real estate financing that can be assigned to the Taxonomy criteria. Since most of these borrowers are not large customers subject to obligations under the NFRD, these exposures are not covered by the statutory disclosure requirements. Therefore, the HYPO NOE Group has decided to voluntarily disclose the Taxonomy eligibility of the financing concerned. This measure is intended to show the actual potential of the loan portfolio in terms of financing environmentally sustainable economic activities.

To determine the actual financing activity for the various exposures, the HYPO NOE Group can draw on information that was collected as part of the review of loans in terms of eligibility for financing from green bond proceeds. During this process, the purpose of financing extended for the exposures assessed was recorded at account level in the core banking system in the form of sustainability categories, which show the actual use of funds. The following step-by-step procedure was used for these evaluations:

- Portfolio or sub-portfolio analysis according to account groups and types
- Case-by-case analysis of financing descriptions assessable within the system
- Manual case-by-case assessment based on financing information from the loan application

The categorisation of financing purposes is checked regularly and adapted to reflect current information. Eligibility under the Taxonomy is then assessed by mapping the financing purpose onto the supercategories specified in CDR (EU) 2021/2178.

The process of analysis produced the following cumulative results from statutory and voluntary disclosures, based on the Group's total assets:

- CapEx: Taxonomy-eligible 57.83% (31 Dec. 2022: 57.33%), Taxonomy non-eligible 42.17% (31 Dec. 2022: 42.67%)
- Revenue: Taxonomy-eligible 57.77% (31 Dec. 2022: 57.30%), Taxonomy non-eligible 42.23% (31 Dec. 2022: 42.20%)

The HYPO NOE Group is committed to providing the necessary human resources, specialist know-how and sustainability information to enable it to meet future regulatory and internal requirements for the identification and assessment of environmentally sustainable economic activities.

# 9.3 Environment

As the bank for the state of Lower Austria and one of Austria's leading businesses, the HYPO NOE Group has a responsibility to finance investments in climate protection and to play a pioneering role in terms of the environmental impact of its operations. Therefore, the HYPO NOE Group presents its environmental footprint transparently and takes targeted measures to reduce it. Excluding financed emissions, building infrastructure management and employees' use of transport for work have the most significant impact on the HYPO NOE Group's operational carbon footprint.

The Bank is well aware that it is potentially contributing to climate change and is therefore taking action so that it can live up to its environmental responsibilities.

In order to reaffirm its dedication to meeting domestic and international climate goals, in 2018 the Group finalised its environmental and climate strategy (that builds on the current energy strategy) under which it commits to achieving specific targets. Introduction of an ISO 14001-compliant environmental management system was part of this strategy. A surveillance audit was carried out in 2023. The audit report highlighted the strengths of the management system in place at the HYPO NOE Group.

In a clear indication of its commitment to meeting its environmental and climate goals, in 2021 HYPO NOE Landesbank elected to sign up to the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology klimaaktiv 2030 Pakt initiative. Conducted in 2023 by experts within the partnership, the annual external review underlined the successes reported achieved as the Group continues to work towards attaining the goals of the initiative. By way of example, the energy efficiency targets set for 2030 were achieved in 2022.

## 9.3.1 Focus on energy efficiency

HYPO NOE's St. Pölten headquarters was built in accordance with the klimaaktiv silver building standard with a strong focus on energy efficiency. As a case in point, part of the building's electricity demand is met with green power generated by its own solar array. Extended in 2022, the system produced around 99,000 kWh of zero-emission power in the reporting period. The Group's innovative, low-energy head office received the klimaaktiv silver award in 2012, as well as Green Building certification from the EU. In 2021, the building was also certified as a Green Event Location by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology, in accordance with the Austrian UZ 200 eco-label. The HYPO NOE Group has been using UZ 46-certified green electricity at all of its sites since 2023.

Each year, the Group also participates in the International Facility Management Association's $CO_2$ Countdown, an initiative aimed at achieving a climate-neutral building stock in Austria.

## 9.3.2 Climate-friendly mobility

Reducing emissions from transportation is one of the cornerstones of the HYPO NOE Group's environment and climate strategy. Inspired by the goal of creating the "vehicle fleet of the future", the HYPO NOE Group slashed $CO_2$ emissions from passenger vehicle transport by 80% between 2015 and 2023. The number of company cars in the Group fleet was cut by more than 83% over the same period. The car policy specifically promotes the acquisition of low-emission company cars, sending out a clear signal with strict $CO_2$ limits. The proportion of cars with alternative drive systems is 34%, and the goal is to increase this figure.

In 2017, the first five rapid-charging stations were installed at the St. Pölten headquarters, as well as a charging station for guests at events and customers to use free of charge. The number of charging stations was increased to 16 in 2021. In 2023, space was created for anti-theft charging stations for 14 e-bikes and seven e-scooters to facilitate climate-friendly mobility choices for employees and visitors. Two e-bikes were purchased for employees to use for work-related trips and errands – slots can be booked via a special platform.

Employees have been offered the opportunity to work from home for many years now. Internal and external appointments can be conducted as video calls and telephone conferences.

# 9.4 Social and employee-related matters

In its role as the bank for Lower Austria, the HYPO NOE Group sees itself as a partner to people in the region. And in order to serve as a reliable partner to its external stakeholders, the Group capitalises on its most important resource: its employees.

The HYPO NOE Group's goal is to create an innovative and appreciative environment that gives all employees the opportunity to realise their full potential.

Targeted transformation processes are needed in order to counter demographic change and the increasingly complex requirements associated with the future world of work. By establishing professional employee experience and design management approaches, the Bank is creating a modern and attractive working environment with the support and involvement of its employees.

The HYPO NOE Group receives feedback through regular anonymous surveys and uses the results to inform the continuous development of its corporate culture. The focus is on job satisfaction and working conditions, transparency of communications, advancement of women, and the digital transformation.

## 9.4.1 Principles and guidelines for equitable collaboration

The HYPO NOE Group's market conduct and its dealings with customers and employees are governed by its code of conduct. The Group is also committed to complying with the International Labour Organisation's (ILO) international labour standards.

Active and constructive cooperation with the Works Council, and observing the rights of employees and trade unions are a matter of course at the Group.

HYPO NOE Landesbank is a member of the Diversity Charter initiative, which is designed to promote respect for all members of society, regardless of gender, age, background, sexual identity, outlook or disability. At the HYPO NOE Group, diversity is seen as a source of enrichment, and discrimination has no place.

In 2022, the HYPO NOE Group took part in the government-funded 100 Prozent - Gleichstellung zahlt sich aus ("100 per cent – equality pays off") advisory programme in which the employees responsible focused closely on all aspects of equality and developed measures to achieve the Group's goals in this area. A workshop to raise awareness of gender equality at the Group revealed that the topic is seen as a key success factor by staff and management alike. HYPO NOE Landesbank was awarded the Wir stellen gleich equal opportunities quality seal, making its efforts in this area more visible.

## 9.4.2 Training and development opportunities

The HYPO NOE Group is as efficient and effective as its employees. Staff and managers receive regular, reasoned feedback on their development as part of the performance and development appraisal. Employees reflect on all aspects of their work with their line manager, draw up personal development plans and identify further training measures in the course of the appraisal.

During the period under review, HYPO NOE Group employees completed a total of 2,679 days of training (2022: 2,774 days).

Staff training and development is a leading priority for the Group, with an emphasis on enhancing professional expertise as well as personal development, management development and teambuilding. The Leadership Programme (Core and Advanced) is offered in line with the Group's commitment to promoting a leadership culture and leadership skills. The Leadership Alumni Network gives managers the opportunity to expand and deepen their expertise on an ongoing basis.

## 9.4.3 Health management

The Group is committed to building a positive, respectful and appreciative work climate that combines a high degree of personal responsibility with creativity and flexibility. In this regard, the focus is on training and development, workplace health promotion, maintaining an appropriate work-life balance and securing jobs.

As a responsible employer, the HYPO NOE Group pays particularly close attention to safeguarding the health and wellbeing of its employees. The following measures are offered to help identify and avoid health risks:

The MAVIE (formerly Consentiv) health platform, which is available to all employees free of charge, provides individual counselling and coaching for challenging life situations – anonymously and at any time of day or night.

Training courses are offered to develop resilience and promote conscious living (stress prevention, smoking cessation, mental strength, etc.).

All workstations are equipped with height-adjustable desks to ensure ideal workplace ergonomics for each individual. Different workspace arrangements, such as telephone or meeting boxes and creative labs, enable employees to work undisturbed and/or collaborate with others.

### 9.4.4 Working arrangements aligned with different life phases

At the HYPO NOE Group, the concept of life-stage-oriented work is all about providing the greatest possible degree of flexibility.

Moving into other specialisms, reintegration following longer-term sick leave or other interruptions, as well as offering flexitime or temporary part-time working models all make it easier for employees to manage their work commitments whatever their life circumstances at the time. The HYPO NOE GROUP aims to create a sustainable working environment in which respect for employees and their needs is felt at every stage of life, regardless of individual circumstances.

As a family-friendly employer with berufundfamilie certification, the HYPO NOE Group implements numerous measures to promote a healthy work-life balance. These are supported by flexible working time models, modern working from home arrangements and effective parental leave management structures.

The Group-wide Frauen@HYPONOE women's network strengthens and raises awareness of modern career paths among the HYPO NOE Group's female employees. In addition to regular opportunities to compare notes, networking events centring on female role models and event-related measures, the HYPO NOE Group successfully launched its women's mentoring programme in 2023.

### 9.4.5 Disabled accessibility/access to financial services

In terms of disabled accessibility, the HYPO NOE Group strives to provide safe and secure access so that all customers can take care of their financial affairs, and to prevent discrimination against people with disabilities. To this end, an action plan was prepared for measures to be implemented in the Bank’s branches. All branches had been made wheelchair-accessible by the end of 2017. The HYPO NOE website has also been given an accessible design.

## 9.5 Respecting human rights

As a responsible corporate citizen, the HYPO NOE Group sees upholding human rights as a core element of its philosophy.

Taking the possibility that its business activities might harm human rights as its point of departure, the HYPO NOE Group scrutinises all of its business dealings for compliance with applicable laws, regulations and external and internal guidelines, as well as its internal ethics guidelines and business principles. No breaches of such laws, regulations or guidelines were identified during the reporting period.

The HYPO NOE Group is committed to observing and complying with the applicable laws and regulations in all of the countries in which it does business, as well as in those countries in which its customers are based.

The Group does not conduct any business or projects that involve forced labour (including bonded labour) or child labour. Nor does it take part in any activities that contravene

- human rights,
- the statutory labour-related and social obligations of the country concerned (ILO);
- the applicable regulations put in place by international organisations, or the relevant UN conventions, or
- the rights of minorities.

When it comes to protecting customer data and safeguarding privacy, the HYPO NOE Group takes its commitments extremely seriously. Compliance with applicable data protection legislation (the EU General Data Protection Regulation

[GDPR]) is the overriding priority. No official sanctions were imposed on the Group in this respect during the reporting period.

The Group has established an internal feedback and complaints database, into which staff must enter all customer complaints. These are analysed on a regular basis, included in the ombudsman's report, which is submitted to the Supervisory Board, and evaluated for relevance to compliance issues. This approach helps to minimise the risk of compromising customer privacy as far as possible. There were no significant complaints or breaches related to the handling of customer data in 2023.

## 9.6 Compliance and anti-corruption

For the entire Group, adhering to compliance regulations, conducting business ethically and preventing corruption are crucial for effective business operations.

The HYPO NOE Group recognises the negative impacts of corruption and bribery on business activities as a material risk, and has implemented corresponding anti-corruption measures to guard against these in its operations.

Measures to ensure that all staff act with integrity are backed up by internal regulations, which provide a clear overview of the legal requirements. All employees of subsidiaries and companies in which the Group holds a stake of over 50% are considered officials within the meaning of the anti-corruption legislation and are subject to strict statutory anti-corruption regulations.

### 9.6.1 Organisational structure

The permanent functions of General & WAG Compliance, Prevention of Money Laundering Compliance and Regulatory Compliance report directly to the Management Board.

### 9.6.2 Internal compliance codes

Internal compliance policies are regularly reviewed and updated, and apply to the entire Group where necessary. In particular, new regulations and legislative changes are incorporated into the existing guidance and communicated to staff in a timely manner. The following key compliance rules and guidelines are in place at present:

- Compliance Manual: standard regulations covering all core compliance topics
- Manual for Prevention of Money Laundering and Terrorism Financing: standard regulations for all processes and measures, including those to prevent money laundering and financing of terrorism
- Sanctions Policy: provides an explanation of current international sanctions and clearly describes the Group's policy in this respect
- New product introduction processes: conflicts of interest policy, which covers the subject of donations and granting and accepting benefits in the securities business in accordance with the new *Wertpapieraufsichtsgesetz* (Securities Supervision Act) 2018.
- Anti-corruption guidelines
- Investment Advice and Rules of Conduct Manual: provides guidance regarding the obligation to act in the best interests of the customer in connection with securities services, among other matters

### 9.6.3 Raising awareness within the Group

The Group has adopted a separate set of internal anti-corruption guidelines which form an integral part of its compliance rules. New employees are obliged to complete a web-based compliance and anti-money-laundering training course within four weeks of joining the Group. New staff also receive training in this area as part of their induction. Existing employees are required to take web-based refresher tests at regular intervals. Anti-corruption forms part of the Group's compliance training. In 2023 all HYPO NOE Landesbank employees participated in mandatory compliance courses (annual refresher courses). These are intended to raise staff awareness of general compliance and compliance with regard to the prevention of money laundering, with the goal of minimising the risk of breaches of statutory requirements or internal standards. There were no significant compliance-related violations during the reporting period. Non-significant violations are defined as procedural errors, such as late notifications of participation in events. In terms of their content, late notifications do not lead to any perceptible damage or pose a risk of corruption, as they would have been approved by Compliance had they been submitted on time.

The Bank also supports international anti-corruption and anti-bribery initiatives, reinforcing its position that the Group will not tolerate such activity in any form. Inappropriate gifts or favours must not be given or received as part of any working relationship, and the anti-corruption rules apply at all times.

The relevant internal processes must be kept up to date at all times and are optimised on an ongoing basis. Any amendments are implemented as quickly as possible. Under these processes, all invitations to third-party events must be registered on the HYPO NOE Compliance Portal and added to the internal event schedule. Compliance is determined using a defined traffic light system. There were no confirmed incidents of corruption in 2023.

## 9.7 Management of sustainability risks

In addition to clearly stating its desire to make a meaningful contribution to achieving climate targets, the HYPO NOE Group is also committed to ensuring that its infrastructure, loan portfolio and refinancing operations are climate-resilient. Appropriate consideration of sustainability risks as part of the risk management strategy is an essential part of this.

In line with the recommendations of the FMA Guide for Managing Sustainability Risks, when drawing up its risk inventory the HYPO NOE Group has incorporated sustainability risks in the existing main risk categories of its risk map as sub-categories (i.e. reporting the effect on existing types of risk). The risk manuals and strategies have been revised accordingly.

Sustainability risks are limited and managed when approving new lending, and by means of regular reviews, using inclusion and exclusion criteria and by defining environmentally and socially sensitive sectors for which the Bank has a heightened duty of care. These measures are supported by an environment, social and governance (ESG) questionnaire for real estate and corporate customers, by recording compliance with ESG criteria in company rating models by means of the soft facts questionnaire, and by taking ESG indicators into account (corruption index and rule of law indicators) when assessing country ratings.

Other steps taken to monitor sustainability risks include assessment of potential impacts of climate-related risks in specific regions and countries, 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.

At the HYPO NOE Group, ESG measures are integrated into operations as routine activities in individual departments. The ESG Committee has overall responsibility for managing these topics.

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 (EU) 2021/2178 supplementing the Taxonomy Regulation (Regulation [EU] 2020/852), which determines the conditions under which an economic activity can be seen as making a significant contribution to climate protection and climate change adaptation without significantly prejudicing any other environmental targets. The conformity (alignment) of financing activities with the Taxonomy also had to be determined for the first time for the 2023 financial year, and green asset ratios must now be calculated based on the identified environmentally sustainable activities.

| Indicator/description | Unit | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| **HYPO NOE GROUP** | | | | | |
| **ENVIRONMENTAL INDICATORS – carbon footprint**[1] | | | | | |
| Material consumption (paper) | kg $CO_2$-e | 6,965 | 9,334 | 8,527 | 16,060 |
| Electricity[2] | kg $CO_2$-e | - | - | - | - |
| District heating[3] | kg $CO_2$-e | 134,786 | 152,549 | 172,972 | 129,762 |
| Gas heating | kg $CO_2$-e | 90,932 | 108,308 | 88,019 | 93,835 |
| Passenger vehicle transport – total | kg $CO_2$-e | 86,520 | 87,616 | 84,417 | 165,822 |
| Flights | kg $CO_2$-e | 18,908 | 12,194 | 4,963 | 1,269 |
| Rail | | 473 | 259 | 141 | 326 |
| **Total $CO_2$-e**[4] | **kg $CO_2$-e** | **338,583** | **370,260** | **359,039** | **407,075** |
| **$CO_2$-e/employee**[5] | **kg $CO_2$-e** | **547** | **601** | **567** | **570** |

[1]Due to Covid-19 there are variances in both environmental and human resources indicators for 2020 and 2021
[2]Renewable electricity since 2016 at all locations and UZ 46-certified green electricity at all locations since 2023, therefore no $CO_2$ emissions recognised.
[3]Due to an error, the kg $CO_2$-e figure was reported incorrectly in 2022. Corrected from 92,331kg $CO_2$-e to 152,549kg $CO_2$-e for HYPO NOE Group.
[4]Accuracy of vehicle transport calculations improved in 2020.
[5]Scope 1-3
$CO_2$-e conversion factors – source: DEFRA

| Group $CO_2$ data by scope | | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| SCOPE 1: Heating energy (gas) and vehicle fleet | kg $CO_2$-e | 177,452 | 195,924 | 172,435 | 259,657 |
| SCOPE 2: Electricity and heating energy (district heating) | kg $CO_2$-e | 134,786 | 152,549 | 172,972 | 129,762 |
| SCOPE 3: Flights, rail and paper | kg $CO_2$-e | 26,345 | 21,787 | 13,632 | 17,656 |

| Indicator/description | Unit | 31 Dec. 2023 | 31 Dec. 2022 | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|---|---|---|
| **HUMAN RESOURCE INDICATORS** | | | | | |
| Total employees | Head count | 619 | 616 | 630 | 714 |
| Female | Head count | 290 | 294 | 300 | 307 |
| Male | Head count | 329 | 322 | 330 | 407 |
| **Managers by level** | | | | | |
| Management Board | Head count | 2 | 2 | 2 | 2 |
| Management level 1 | Head count | 9 | 9 | 10 | 11 |
| Management level 2 | Head count | 21 | 20 | 19 | 17 |
| Management level 3 | Head count | 36 | 40 | 46 | 45 |
| Proportion of women on the Management Board | % | 0% | 0% | 0% | 0% |
| Proportion of women on the Supervisory Board | % | 42% | 33% | 33% | 33% |
| Management Board, over 50 years old | % | 100% | 100% | 100% | 100% |
| Supervisory Board, 30-50 years old | Head count | - | 2 | 2 | 4 |
| | % | 0% | 17% | 17% | 33% |
| Supervisory Board, over 50 years old | Head count | 12 | 10 | 10 | 8 |
| | % | 100% | 83% | 83% | 67% |

| Indicator/description | Unit | 31 Dec. 2023 | 31 Dec. 2022 | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|---|---|---|
| **Type of employment (excl. employees on parental leave)** | | | | | |
| Full-time employees | Head count | 434 | 417 | 428 | 513 |
| Female | Head count | 139 | 130 | 130 | 143 |
| Male | Head count | 295 | 287 | 298 | 370 |
| Part-time employees | Head count | 169 | 172 | 175 | 175 |
| Female | Head count | 136 | 141 | 145 | 139 |
| Male | Head count | 33 | 31 | 30 | 36 |
| | | | | | |
| **Employees by category (excluding parental leave)** | | | | | |
| **Managers** | Head count | 68 | 70 | 77 | 75 |
| | % | 11% | 12% | 13% | 11% |
| Female | Head count | 13 | 11 | 12 | 11 |
| | % | 19% | 16% | 16% | 15% |
| Male | Head count | 55 | 59 | 65 | 64 |
| | % | 81% | 84% | 84% | 85% |
| Managers under 30 years old | Head count | - | - | - | - |
| | % | 0% | 0% | 0% | 0% |
| Managers 30-50 years old | Head count | 35 | 40 | 47 | 50 |
| | % | 51% | 57% | 61% | 67% |
| Managers over 50 years old | Head count | 33 | 30 | 30 | 25 |
| | % | 49% | 43% | 39% | 33% |
| | | | | | |
| **Employees** | Head count | 535 | 519 | 526 | 613 |
| | % | 89% | 88% | 87% | 89% |
| Female | Head count | 262 | 260 | 263 | 271 |
| | % | 49% | 50% | 50% | 44% |
| Male | Head count | 273 | 259 | 263 | 342 |
| | % | 51% | 50% | 50% | 56% |
| Under 30 years old | Head count | 83 | 82 | 85 | 104 |
| | % | 16% | 16% | 16% | 17% |
| 30-50 years old | Head count | 305 | 294 | 298 | 351 |
| | % | 57% | 57% | 57% | 57% |
| Over 50 years | Head count | 147 | 143 | 143 | 158 |
| | % | 27% | 28% | 27% | 26% |

| Indicator/description | Unit | 31 Dec. 2023 | 31 Dec. 2022 | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|---|---|---|
| **New employees and staff turnover** | | | | | |
| New employees | Head count | 70 | 65 | 53 | 110 |
| | % | 13% | 12% | 8% | 18% |
| Female | Head count | 29 | 29 | 27 | 37 |
| | % | 41% | 45% | 51% | 34% |
| Male | Head count | 41 | 36 | 26 | 73 |
| | % | 59% | 55% | 49% | 66% |
| Under 30 years old | Head count | 30 | 37 | 26 | 57 |
| | % | 43% | 57% | 49% | 52% |
| 30-50 years old | Head count | 34 | 24 | 22 | 44 |
| | % | 49% | 37% | 42% | 40% |
| Over 50 years old | Head count | 6 | 4 | 5 | 9 |
| | % | 9% | 6% | 9% | 8% |
| **Employees leaving the Group** | Head count | 68 | 71 | 52 | 134 |
| | % | 10% | 10% | 7% | 16% |
| Female | Head count | 34 | 33 | 23 | 43 |
| | % | 50% | 46% | 44% | 32% |
| Male | Head count | 34 | 38 | 29 | 91 |
| | % | 50% | 54% | 56% | 68% |
| Under 30 years old | Head count | 24 | 26 | 18 | 33 |
| | % | 35% | 37% | 35% | 25% |
| 30-50 years old | Head count | 27 | 22 | 19 | 65 |
| | % | 40% | 31% | 37% | 49% |
| Over 50 years old | Head count | 17 | 23 | 15 | 36 |
| | % | 25% | 32% | 29% | 27% |

All employees leaving the Group are included in the calculation. The exceptions are employees who are subsequently re-employed, vacation interns and transfers of undertakings.

| **Training** | | | | | |
|---|---|---|---|---|---|
| Training days, total | Days | 2,679 | 2,774 | 2,600 | 1,438 |

The amount of training is shown in days due to the differences in standard working hours at the various Group companies.
A breakdown of training days by gender and employee category for the Group as a whole cannot be provided at present.

| **Sick leave** | | | | | |
|---|---|---|---|---|---|
| Sick leave, total | Days | 5,325 | 5,134 | 4,016 | 5,236 |
| Average days of sick leave per employee | Days | 9 | 8 | 6 | 7 |
| Occupational accidents | Total | 3 | 2 | 0 | 2 |

According to doctor’s note, i.e. includes weekends and public holidays during the period of sick leave.

| **Employee compliance/anti-corruption training** | | | | | |
|---|---|---|---|---|---|
| Proportion of employees taking part in training courses, incl. refresher courses | % | 100% | 100% | 100% | 100% |

# 9.8 Reporting forms in accordance with Annex VI of Commission Delegated Regulation (EU) 2021/2178 to the EU Taxonomy Regulation (EU) 2020/852

**0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation**

| | | Total environmentally sustainable assets | KPI**** | KPI***** | % coverage (over total assets)*** | % of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V) | % of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V) |
|---|---|---|---|---|---|---|---|
| Main KPI | Green asset ratio (GAR) stoc | 1,71 | 0,00% | 0,01% | 19,78% | 74,99% | 5,95% |

| | | Total environmentally sustainable activities | KPI | KPI | % coverage (over total assets) | % of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V) | % of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V) |
|---|---|---|---|---|---|---|---|
| *Additional KPIs* | *GAR (flow)* | 0,00 | 0,00% | 0,08% | | | |
| | *Trading book** | - | - | - | | | |
| | *Financial guarantees* | - | - | - | | | |
| | *Assets under management* | - | - | - | | | |
| | *Fees and commissions income*** | - | - | - | | | |

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR
**Fees and commissions income from services other than lending and AuM
Instutitons shall dislcose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
*** % of assets covered by the KPI over banks´ total assets
****based on the Turnover KPI of the counterparty
*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used
**Note 1: Across the reporting templates: cells shaded in black should not be reported.**
**Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs´inclusion in these KPI will only apply subject to a positive result of an impact assessment.**

As the values in the following reporting forms are shown in accounting format, zero values are displayed as a dash.

Disclosure reference date T = 31 Dec. 2023

Disclosure reference date T-1 = 31 Dec. 2022

**1. Assets for the calculation of GAR - Umsatz**

| |
|---|
| 1 This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing). |
| 2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts. |
| 3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations |
| 4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure |

| | | a | b | c | d | e | f |
|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | |
| | | | Climate Change Mitigation (CCM) | | | | |
| | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | Million EUR | Total [gross] carrying amount | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | **3.081,01** | **2.249,05** | **0,64** | **0,00** | **0,47** | **0,16** |
| 2 | **Financial undertakings** | **767,70** | **-** | **-** | **-** | **-** | **-** |
| 3 | Credit institutions | 767,70 | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | 767,70 | - | - | - | - | - |
| 6 | Equity instruments | - | - | - | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | **66,40** | **2,13** | **0,64** | **0,00** | **0,47** | **0,16** |
| 21 | Loans and advances | 24,00 | 0,35 | - | - | - | - |
| 22 | Debt securities, including UoP | 42,40 | 1,78 | 0,64 | 0,00 | 0,47 | 0,16 |
| 23 | Equity instruments | - | - | - | | - | - |
| 24 | **Households** | **1.787,79** | **1.787,79** | **-** | **-** | **-** | **-** |
| 25 | of which loans collateralised by residential immovable property | 1752,82 | 1752,82 | - | - | - | - |
| 26 | of which building renovation loans | 34,97 | 34,97 | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | - |
| 28 | **Local governments financing** | **459,12** | **459,12** | **-** | **-** | **-** | **-** |
| 29 | Housing financing | 174,12 | 174,12 | - | - | - | - |
| 30 | Other local government financing | 285,00 | 285,00 | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | **-** | **-** | **-** | **-** | **-** | **-** |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | **11.683,33** | **-** | **-** | **-** | **-** | **-** |
| 33 | **Financial and Non-financial undertakings** | **11.039,94** | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | **10.725,69** | | | | | |
| 35 | Loans and advances | 10.481,65 | | | | | |
| 36 | of which loans collateralised by commercial immovable property | 676,60 | | | | | |
| 37 | of which building renovation loans | 0,21 | | | | | |
| 38 | Debt securities | 214,16 | | | | | |
| 39 | Equity instruments | 29,88 | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | **314,24** | | | | | |
| 41 | Loans and advances | 2,14 | | | | | |
| 42 | Debt securities | 312,10 | | | | | |
| 43 | Equity instruments | - | | | | | |
| 44 | **Derivatives** | **466,31** | | | | | |
| 45 | **On demand interbank loans** | **5,37** | | | | | |
| 46 | **Cash and cash-related assets** | **20,23** | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | **151,49** | | | | | |
| 48 | **Total GAR assets** | **14.764,35** | **2.249,05** | **0,64** | **0,00** | **0,47** | **0,16** |
| 49 | **Assets not covered for GAR calculation** | **927,18** | | | | | |
| 50 | **Central governments and Supranational issuers** | **550,25** | | | | | |
| 51 | **Central banks exposure** | **376,93** | | | | | |
| 52 | **Trading book** | - | | | | | |
| 53 | **Total assets** | **15.691,52** | **-** | **-** | **-** | **-** | **-** |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - |

| | | |
|---|---|---|
| Total assets | | 15.691,52 |
| abzgl. Wertberichtigung | - | 112,07 |
| **Konzernbilanzsumme** | | **15.579,45** |

| | Million EUR | g | h | i | j | k | l | m | n |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Climate Change Adaptation (CCA) | | | | Water and marine resources (WTR) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy- | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | Million EUR | o | p | q | r | s | t | u | v |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Circular economy (CE) | | | | Pollution (PPC) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | Million EUR | w | x | z | aa | ab | ac | ad | ae | af |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | | |
| | | **Biodiversity and Ecosystems (BIO)** | | | | **TOTAL (CCM + CCA + WTR + CE + PPC + BIO)** | | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | **-** | **-** | **-** | **-** | **2.249,05** | **0,64** | **0,00** | **0,47** | **0,16** |
| 2 | **Financial undertakings** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | **-** | **-** | **-** | **-** | **2,13** | **0,64** | **0,00** | **0,47** | **0,16** |
| 21 | Loans and advances | - | - | - | - | 0,35 | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | 1,78 | 0,64 | 0,00 | 0,47 | 0,16 |
| 23 | Equity instruments | - | - | | - | - | - | | - | - |
| 24 | **Households** | | | | | **1.787,79** | **-** | **-** | **-** | **-** |
| 25 | of which loans collateralised by residential immovable property | | | | | 1752,82 | - | - | - | - |
| 26 | of which building renovation loans | | | | | 34,97 | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | - | - | - | - | - |
| 28 | **Local governments financing** | **-** | **-** | **-** | **-** | **459,12** | **-** | **-** | **-** | **-** |
| 29 | Housing financing | - | - | - | - | 174,12 | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | 285,00 | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | | |
| 35 | Loans and advances | | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | | |
| 38 | Debt securities | | | | | | | | | |
| 39 | Equity instruments | | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | | |
| 41 | Loans and advances | | | | | | | | | |
| 42 | Debt securities | | | | | | | | | |
| 43 | Equity instruments | | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | | |
| 48 | **Total GAR assets** | **-** | **-** | **-** | **-** | **2.249,05** | **0,64** | **0,00** | **0,47** | **0,16** |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | | |
| 52 | **Trading book** | | | | | | | | | |
| 53 | **Total assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - | - |

| Million EUR | | ag | ah | ai | aj | ak | al |
|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | |
| | | Total [gross] carrying amount | Climate Change Mitigation (CCM) | | | | |
| | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | | | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | - | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | - | | - | - |
| 24 | **Households** | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | - |
| 28 | **Local governments financing** | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | |
| 35 | Loans and advances | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | |
| 37 | of which building renovation loans | | | | | | |
| 38 | Debt securities | | | | | | |
| 39 | Equity instruments | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | |
| 41 | Loans and advances | | | | | | |
| 42 | Debt securities | | | | | | |
| 43 | Equity instruments | | | | | | |
| 44 | **Derivatives** | | | | | | |
| 45 | **On demand interbank loans** | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | |
| 51 | **Central banks exposure** | | | | | | |
| 52 | **Trading book** | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - |

| | | am | an | ao | ap | aq | ar | as | at |
|---|---|---|---|---|---|---|---|---|---|
| | **Million EUR** | Disclosure reference date T-1 | | | | | | | |
| | | **Climate Change Adaptation (CCA)** | | | | **Water and marine resources (WTR)** | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | Million EUR | au | av | aw | ax | ay | az | ba | bb |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | |
| | | Circular economy (CE) | | | | Pollution (PPC) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | | bc | bd | be | bf | bg | bh | bi | bj | bk |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | | |
| Million EUR | | Biodiversity and Ecosystems (BIO) | | | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - | - |
| 24 | **Households** | | | | | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | - | - | - | - | - |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | | |
| 35 | Loans and advances | | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | | |
| 38 | Debt securities | | | | | | | | | |
| 39 | Equity instruments | | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | | |
| 41 | Loans and advances | | | | | | | | | |
| 42 | Debt securities | | | | | | | | | |
| 43 | Equity instruments | | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | | |
| 52 | **Trading book** | | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - | - |

**1.Assets for the calculation of GAR - CapEx**

| |
|---|
| 1 This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing). |
| 2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts. |
| 3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations |
| 4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure |

| | | a | b | c | d | e | f |
|---|---|---|---|---|---|---|---|
| | | | Disclosure reference date T | | | | |
| | | | Climate Change Mitigation (CCM) | | | | |
| | Million EUR | Total [gross] carrying amount | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | | | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | **3.081,01** | **2.259,17** | **1,08** | **0,47** | **0,42** | **0,18** |
| 2 | **Financial undertakings** | **767,70** | **-** | **-** | **-** | **-** | **-** |
| 3 | Credit institutions | 767,70 | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | 767,70 | - | - | - | - | - |
| 6 | Equity instruments | - | - | | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | | - | - |
| 12 | of which management | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | **66,40** | **12,26** | **1,08** | **0,47** | **0,42** | **0,18** |
| 21 | Loans and advances | 24,00 | 6,79 | 0,00 | 0,00 | - | 0,00 |
| 22 | Debt securities, including UoP | 42,40 | 5,47 | 1,08 | 0,47 | 0,42 | 0,18 |
| 23 | Equity instruments | - | - | - | | - | - |
| 24 | **Households** | **1.787,79** | **1.787,79** | **-** | **-** | **-** | **-** |
| 25 | of which loans collateralised by residential immovable property | 1752,82 | 1752,82 | - | - | - | - |
| 26 | of which building renovation loans | 34,97 | 34,97 | - | - | - | - |
| 27 | of which motor vehicle loans | 0,00 | 0,00 | - | - | - | - |
| 28 | **Local governments financing** | **459,12** | **459,12** | **-** | **-** | **-** | **-** |
| 29 | Housing financing | 174,12 | 174,12 | - | - | - | - |
| 30 | Other local government financing | 285,00 | 285,00 | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | **-** | **-** | **-** | **-** | **-** | **-** |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | **11.683,33** | **-** | **-** | **-** | **-** | **-** |
| 33 | **Financial and Non-financial undertakings** | **11.039,94** | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | **10.725,69** | | | | | |
| 35 | Loans and advances | 10.481,65 | | | | | |
| 36 | of which loans collateralised by commercial immovable property | 676,60 | | | | | |
| 37 | of which building renovation loans | 0,21 | | | | | |
| 38 | Debt securities | 214,16 | | | | | |
| 39 | Equity instruments | 29,88 | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | **314,24** | | | | | |
| 41 | Loans and advances | 2,14 | | | | | |
| 42 | Debt securities | 312,10 | | | | | |
| 43 | Equity instruments | - | | | | | |
| 44 | **Derivatives** | **466,31** | | | | | |
| 45 | **On demand interbank loans** | **5,37** | | | | | |
| 46 | **Cash and cash-related assets** | **20,23** | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | **151,49** | | | | | |
| 48 | **Total GAR assets** | **14.764,35** | **2.259,17** | **1,08** | **0,47** | **0,42** | **0,18** |
| 49 | **Assets not covered for GAR calculation** | **927,18** | | | | | |
| 50 | **Central governments and Supranational issuers** | 550,25 | | | | | |
| 51 | **Central banks exposure** | 376,93 | | | | | |
| 52 | **Trading book** | - | | | | | |
| 53 | **Total assets** | **15.691,52** | **-** | **-** | **-** | **-** | **-** |
| | **Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations** | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - |

| | | |
|---|---|---|
| Total assets | | 15.691,52 |
| abzgl. Wertberichtigung | - | 112,07 |
| **Konzernbilanzsumme** | | **15.579,45** |

| | Million EUR | g | h | i | j | k | l | m | n |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Climate Change Adaptation (CCA) | | | | Water and marine resources (WTR) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy- | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | | o | p | q | r | s | t | u | v |
|---|---|---|---|---|---|---|---|---|---|
| Million EUR | | Disclosure reference date T | | | | | | | |
| | | Circular economy (CE) | | | | Pollution (PPC) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | Million EUR | w | x | z | aa | ab | ac | ad | ae | af |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | | |
| | | Biodiversity and Ecosystems (BIO) | | | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | **-** | **-** | **-** | **-** | **2.259,17** | **1,08** | **0,47** | **0,42** | **0,18** |
| 2 | **Financial undertakings** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - | - |
| 12 | of which management | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | **-** | **-** | **-** | **-** | **12,26** | **1,08** | **0,47** | **0,42** | **0,18** |
| 21 | Loans and advances | - | - | - | - | 6,79 | 0,00 | 0,00 | - | 0,00 |
| 22 | Debt securities, including UoP | - | - | - | - | 5,47 | 1,08 | 0,47 | 0,42 | 0,18 |
| 23 | Equity instruments | - | - | | - | - | - | | - | - |
| 24 | **Households** | | | | | **1.787,79** | **-** | **-** | **-** | **-** |
| 25 | of which loans collateralised by residential immovable property | | | | | 1752,82 | - | - | - | - |
| 26 | of which building renovation loans | | | | | 34,97 | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | - | - | - | - | - |
| 28 | **Local governments financing** | **-** | **-** | **-** | **-** | **459,12** | **-** | **-** | **-** | **-** |
| 29 | Housing financing | - | - | - | - | 174,12 | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | 285,00 | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | | |
| 35 | Loans and advances | | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | | |
| 38 | Debt securities | | | | | | | | | |
| 39 | Equity instruments | | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | | |
| 41 | Loans and advances | | | | | | | | | |
| 42 | Debt securities | | | | | | | | | |
| 43 | Equity instruments | | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | | |
| 48 | **Total GAR assets** | **-** | **-** | **-** | **-** | **2.259,17** | **1,08** | **0,47** | **0,42** | **0,18** |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | | |
| 52 | **Trading book** | | | | | | | | | |
| 53 | **Total assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Off-balance sheet exposures - Undertakings subject to** | | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - | - |

| Million EUR | | ag | ah | ai | aj | ak | al |
|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | |
| | | | Climate Change Mitigation (CCM) | | | | |
| | | Total [gross] carrying amount | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | | | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | - | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | | - | - |
| 12 | of which management | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | - | | - | - |
| 24 | **Households** | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | - |
| 28 | **Local governments financing** | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | |
| 35 | Loans and advances | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | |
| 37 | of which building renovation loans | | | | | | |
| 38 | Debt securities | | | | | | |
| 39 | Equity instruments | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | |
| 41 | Loans and advances | | | | | | |
| 42 | Debt securities | | | | | | |
| 43 | Equity instruments | | | | | | |
| 44 | **Derivatives** | | | | | | |
| 45 | **On demand interbank loans** | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | |
| 51 | **Central banks exposure** | | | | | | |
| 52 | **Trading book** | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to** | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - |

| | Million EUR | am | an | ao | ap | aq | ar | as | at |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | |
| | | Climate Change Adaptation (CCA) | | | | Water and marine resources (WTR) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | Million EUR | au | av | aw | ax | ay | az | ba | bb |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | |
| | | Circular economy (CE) | | | | Pollution (PPC) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | | | | |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | | | | |
| 26 | of which building renovation loans | - | - | - | - | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | |
| 35 | Loans and advances | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | |
| 38 | Debt securities | | | | | | | | |
| 39 | Equity instruments | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | |
| 41 | Loans and advances | | | | | | | | |
| 42 | Debt securities | | | | | | | | |
| 43 | Equity instruments | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | |
| 52 | **Trading book** | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to** | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - |

| | Million EUR | bc | bd | be | bf | bg | bh | bi | bj | bk |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | | |
| | | **Biodiversity and Ecosystems (BIO)** | | | | **TOTAL (CCM + CCA + WTR + CE + PPC + BIO)** | | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - | - |
| 12 | of which management | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - | - |
| 24 | **Households** | | | | | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | - | - | - | - | - |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Assets excluded from the numerator for GAR calculation (covered in the denominator)** | - | - | - | - | - | - | - | - | - |
| 33 | **Financial and Non-financial undertakings** | | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | | | | | | | | | |
| 35 | Loans and advances | | | | | | | | | |
| 36 | of which loans collateralised by commercial immovable property | | | | | | | | | |
| 37 | of which building renovation loans | | | | | | | | | |
| 38 | Debt securities | | | | | | | | | |
| 39 | Equity instruments | | | | | | | | | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | | | | | | | | | |
| 41 | Loans and advances | | | | | | | | | |
| 42 | Debt securities | | | | | | | | | |
| 43 | Equity instruments | | | | | | | | | |
| 44 | **Derivatives** | | | | | | | | | |
| 45 | **On demand interbank loans** | | | | | | | | | |
| 46 | **Cash and cash-related assets** | | | | | | | | | |
| 47 | **Other categories of assets (e.g. Goodwill, commodities etc.)** | | | | | | | | | |
| 48 | **Total GAR assets** | - | - | - | - | - | - | - | - | - |
| 49 | **Assets not covered for GAR calculation** | | | | | | | | | |
| 50 | **Central governments and Supranational issuers** | | | | | | | | | |
| 51 | **Central banks exposure** | | | | | | | | | |
| 52 | **Trading book** | | | | | | | | | |
| 53 | **Total assets** | - | - | - | - | - | - | - | - | - |
| | **Off-balance sheet exposures - Undertakings subject to** | | | | | | | | | |
| 54 | Financial guarantees | - | - | - | - | - | - | - | - | - |
| 55 | Assets under management | - | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | - | - | - | - | - | - | - | - | - |

## 2. GAR sector information - Umsatz

| |
|---|
| 1 Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty |
| 2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template. |

| | | a | b | c | d |
|---|---|---|---|---|---|
| | **Breakdown by sector - NACE 4 digits level (code and label)** | **Climate Change Mitigation (CCM)** | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CCM) | Mn EUR | Of which environmentally sustainable (CCM) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | 18,35 | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | 1,00 | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | 2,50 | 0,64 | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | 5,00 | - | | |

| | | e | f | g | h |
|---|---|---|---|---|---|
| | **Breakdown by sector - NACE 4 digits level (code and label)** | **Climate Change Adaptation (CCA)** | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CCA) | Mn EUR | Of which environmentally sustainable (CCA) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | | i | j | k | l |
|---|---|---|---|---|---|
| | **Breakdown by sector - NACE 4 digits level (code and label)** | **Water and marine resources (WTR)** | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (WTR) | Mn EUR | Of which environmentally sustainable (WTR) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | Breakdown by sector - NACE 4 digits level (code and label) | m | n | o | p |
|---|---|---|---|---|---|
| | | Circular economy (CE) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CE) | Mn EUR | Of which environmentally sustainable (CE) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | Breakdown by sector - NACE 4 digits level (code and label) | q | r | s | t |
|---|---|---|---|---|---|
| | | Pollution (PPC) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (PPC) | Mn EUR | Of which environmentally sustainable (PPC) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | Breakdown by sector - NACE 4 digits level (code and label) | u | v | w | x |
|---|---|---|---|---|---|
| | | Biodiversity and Ecosystems (BIO) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (BIO) | Mn EUR | Of which environmentally sustainable (BIO) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | Breakdown by sector - NACE 4 digits level (code and label) | y | z | aa | ab |
|---|---|---|---|---|---|
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO) | Mn EUR | Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | 18,35 | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | 1,00 | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | 2,50 | 0,64 | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | 5,00 | - | | |

**2. GAR sector information - CapEx**

| |
|---|
| 1 Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty |
| 2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template. |

| | | a | b | c | d |
|---|---|---|---|---|---|
| | Breakdown by sector - NACE 4 digits level (code and label) | Climate Change Mitigation (CCM) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CCM) | Mn EUR | Of which environmentally sustainable (CCM) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | 18,35 | 0,19 | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | 1,00 | 0,00 | | |
| 3 | C241 Roheisen- und Stahlerzeugung | 2,50 | 0,60 | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | 5,00 | 0,29 | | |

| | | e | f | g | h |
|---|---|---|---|---|---|
| | Breakdown by sector - NACE 4 digits level (code and label) | Climate Change Adaptation (CCA) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CCA) | Mn EUR | Of which environmentally sustainable (CCA) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | | i | j | k | l |
|---|---|---|---|---|---|
| | Breakdown by sector - NACE 4 digits level (code and label) | Water and marine resources (WTR) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (WTR) | Mn EUR | Of which environmentally sustainable (WTR) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | | m | n | o | p |
|---|---|---|---|---|---|
| | Breakdown by sector - NACE 4 digits level (code and label) | Circular economy (CE) | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CE) | Mn EUR | Of which environmentally sustainable (CE) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | | q | r | s | t |
|---|---|---|---|---|---|
| | **Breakdown by sector - NACE 4 digits level (code and label)** | **Pollution (PPC)** | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (PPC) | Mn EUR | Of which environmentally sustainable (PPC) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | | u | v | w | x |
|---|---|---|---|---|---|
| | **Breakdown by sector - NACE 4 digits level (code and label)** | **Biodiversity and Ecosystems (BIO)** | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (BIO) | Mn EUR | Of which environmentally sustainable (BIO) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | - | - | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | - | - | | |
| 3 | C241 Roheisen- und Stahlerzeugung | - | - | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | - | - | | |

| | | y | z | aa | ab |
|---|---|---|---|---|---|
| | **Breakdown by sector - NACE 4 digits level (code and label)** | **TOTAL (CCM + CCA + WTR + CE + PPC + BIO)** | | | |
| | | Non-Financial corporates (Subject to NFRD) | | SMEs and other NFC not subject to NFRD | |
| | | [Gross] carrying amount | | [Gross] carrying amount | |
| | | Mn EUR | Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO) | Mn EUR | Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO) |
| 1 | H522 Sonst. Dienstleistungen - Verkehr | 18,35 | 0,19 | | |
| 2 | C171 H.v. Holz-/Zellstoff, Papier, Karton | 1,00 | 0,00 | | |
| 3 | C241 Roheisen- und Stahlerzeugung | 2,50 | 0,60 | | |
| 4 | C162 H.v. sonst. Holzwaren; Korbwaren | 5,00 | 0,29 | | |

**3. GAR KPI stock - Umsatz**

| |
|---|
| 1 Institution shall dislcose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template |
| 2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR |
| 3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmetnally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentatlly sustainable assets compared to total covered assets |
| 4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures |

| | | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| % (compared to total covered assets in the denominator) | | Disclosure reference date T | | | | | | | | |
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 73,00% | 0,02% | 0,00% | 0,02% | 0,01% | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | - | | - |
| 20 | **Non-financial undertakings** | 3,21% | 0,96% | 0,00% | 0,71% | 0,24% | - | - | - | - |
| 21 | Loans and advances | 1,46% | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | 4,21% | 1,50% | 0,01% | 1,11% | 0,38% | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | - | | - |
| 24 | **Households** | 100,00% | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | 100,00% | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | 100,00% | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | | | | |
| 28 | **Local governments financing** | 100,00% | - | - | - | - | - | - | - | - |
| 29 | Housing financing | 100,00% | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | 100,00% | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 15,23% | 0,004% | 0,00% | 0,00% | 0,00% | - | - | - | - |

| | % (compared to total covered assets in the denominator) | j | k | l | m | n | o | p | q |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Water and marine resources (WTR) | | | | Circular economy (CE) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| % (compared to total covered assets in the denominator) | | r | s | t | u | v | w | x | z |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | **Pollution (PPC)** | | | | **Biodiversity and Ecosystems (BIO)** | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | | | | |
| 25 | of which loans collateralised by residential immovable property | | | | | | | | |
| 26 | of which building renovation loans | | | | | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | % (compared to total covered assets in the denominator) | aa | ab | ac | ad | ae | af |
|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | |
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total assets covered |
| | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 73,00% | 0,02% | 0,00% | 0,02% | 0,01% | 19,78% |
| 2 | **Financial undertakings** | - | - | - | - | - | 4,93% |
| 3 | Credit institutions | - | - | - | - | - | 4,93% |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | 4,93% |
| 6 | Equity instruments | - | - | | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - |
| 20 | **Non-financial undertakings** | 3,21% | 0,96% | 0,00% | 0,71% | 0,24% | 0,43% |
| 21 | Loans and advances | 1,46% | - | - | - | - | 0,15% |
| 22 | Debt securities, including UoP | 4,21% | 1,50% | 0,01% | 1,11% | 0,38% | 0,27% |
| 23 | Equity instruments | - | - | | - | - | - |
| 24 | **Households** | 100,00% | - | - | - | - | 11,48% |
| 25 | of which loans collateralised by residential immovable property | 100,00% | - | - | - | - | 11,25% |
| 26 | of which building renovation loans | 100,00% | - | - | - | - | 0,22% |
| 27 | of which motor vehicle loans | | | | | | |
| 28 | **Local governments financing** | 100,00% | - | - | - | - | 2,95% |
| 29 | Housing financing | 100,00% | - | - | - | - | 1,12% |
| 30 | Other local government financing | 100,00% | - | - | - | - | 1,83% |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 15,23% | 0,00% | 0,00% | 0,00% | 0,00% | 94,77% |

| | % (compared to total covered assets in the denominator) | ag | ah | ai | aj | ak | al | am | an | ao |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | | |
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy- | | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which specialised lending | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | | | | | | - | - | - | - |
| 2 | **Financial undertakings** | | | | | | - | - | - | - |
| 3 | Credit institutions | | | | | | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | - | | - |
| 20 | **Non-financial undertakings** | | | | | | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | - | | - |
| 24 | **Households** | | | | | | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | | |
| 28 | **Local governments financing** | | | | | | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - | - |

| | % (compared to total covered assets in the denominator) | ap | aq | ar | as | at | au | av | aw |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | |
| | | **Water and marine resources (WTR)** | | | | **Circular economy (CE)** | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | | ax | ay | az | ba | bb | bc | bd | be |
|---|---|---|---|---|---|---|---|---|---|
| % (compared to total covered assets in the denominator) | | Disclosure reference date T-1 | | | | | | | |
| | | Pollution (PPC) | | | | Biodiversity and Ecosystems (BIO) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | | | | |
| 25 | of which loans collateralised by residential immovable property | | | | | | | | |
| 26 | of which building renovation loans | | | | | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | | bf | bg | bh | bi | bj | bk |
|---|---|---|---|---|---|---|---|
| % (compared to total covered assets in the denominator) | | Disclosure reference date T-1 | | | | | |
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | | Proportion of total assets covered |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy- | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - |
| 24 | **Households** | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | - |
| 28 | **Local governments financing** | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - |

**3. GAR KPI stock - CapEx**

| |
|---|
| 1 Institution shall dislcose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template |
| 2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR |
| 3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmetnally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentatlly sustainable assets compared to total covered assets |
| 4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures |

| | | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| % (compared to total covered assets in the denominator) | | Disclosure reference date T | | | | | | | | |
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 73,33% | 0,03% | 0,02% | 0,01% | 0,01% | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | - | | - |
| 20 | **Non-financial undertakings** | 18,46% | 1,62% | 0,71% | 0,63% | 0,28% | - | - | - | - |
| 21 | Loans and advances | 28,27% | 0,01% | 0,01% | - | 0,00% | - | - | - | - |
| 22 | Debt securities, including UoP | 12,91% | 2,54% | 1,11% | 0,99% | 0,43% | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | - | | - |
| 24 | **Households** | 100,00% | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | 100,00% | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | 100,00% | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | | | | |
| 28 | **Local governments financing** | 100,00% | - | - | - | - | - | - | - | - |
| 29 | Housing financing | 100,00% | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | 100,00% | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 15,30% | 0,01% | 0,00% | 0,00% | 0,00% | - | - | - | - |

| | % (compared to total covered assets in the denominator) | j | k | l | m | n | o | p | q |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Water and marine resources (WTR) | | | | Circular economy (CE) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | - | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| % (compared to total covered assets in the denominator) | | r | s | t | u | v | w | x | z |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Pollution (PPC) | | | | Biodiversity and Ecosystems (BIO) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | | | | |
| 25 | of which loans collateralised by residential immovable property | | | | | | | | |
| 26 | of which building renovation loans | | | | | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| % (compared to total covered assets in the denominator) | | aa | ab | ac | ad | ae | af |
|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | |
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total assets covered |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 73,33% | 0,03% | 0,02% | 0,01% | 0,01% | 19,78% |
| 2 | **Financial undertakings** | - | - | - | - | - | 4,93% |
| 3 | Credit institutions | - | - | - | - | - | 4,93% |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | 4,93% |
| 6 | Equity instruments | - | - | | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - |
| 20 | **Non-financial undertakings** | 18,46% | 1,62% | 0,71% | 0,63% | 0,28% | 0,43% |
| 21 | Loans and advances | 28,27% | 0,01% | 0,01% | - | 0,00% | 0,15% |
| 22 | Debt securities, including UoP | 12,91% | 2,54% | 1,11% | 0,99% | 0,43% | 0,27% |
| 23 | Equity instruments | - | - | | - | - | - |
| 24 | **Households** | 100,00% | - | - | - | - | 11,48% |
| 25 | of which loans collateralised by residential immovable property | 100,00% | - | - | - | - | 11,25% |
| 26 | of which building renovation loans | 100,00% | - | - | - | - | 0,22% |
| 27 | of which motor vehicle loans | | | | | | |
| 28 | **Local governments financing** | 100,00% | - | - | - | - | 2,95% |
| 29 | Housing financing | 100,00% | - | - | - | - | 1,12% |
| 30 | Other local government financing | 100,00% | - | - | - | - | 1,83% |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 15,30% | 0,01% | 0,00% | 0,00% | 0,00% | 94,77% |

| | | ag | ah | ai | aj | ak | al | am | an | ao |
|---|---|---|---|---|---|---|---|---|---|---|
| % (compared to total covered assets in the denominator) | | Disclosure reference date T-1 | | | | | | | | |
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which specialised lending | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | | | - | - | | - |
| 24 | **Households** | - | - | - | - | | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - | - |

| | % (compared to total covered assets in the denominator) | ap | aq | ar | as | at | au | av | aw |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | |
| | | Water and marine resources (WTR) | | | | Circular economy (CE) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | % (compared to total covered assets in the denominator) | ax | ay | az | ba | bb | bc | bd | be |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T-1 | | | | | | | |
| | | Pollution (PPC) | | | | Biodiversity and Ecosystems (BIO) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors | | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | | | | |
| 25 | of which loans collateralised by residential immovable property | | | | | | | | |
| 26 | of which building renovation loans | | | | | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | | bf | bg | bh | bi | bj | bk |
|---|---|---|---|---|---|---|---|
| % (compared to total covered assets in the denominator) | | Disclosure reference date T-1 | | | | | |
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total assets covered |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - |
| 24 | **Households** | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | - |
| 28 | **Local governments financing** | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - |

**4. GAR KPI flow - Umsatz**

| |
|---|
| 1 Institution shall dislcose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template |
| 2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures |

| | | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| % (compared to flow of total eligible assets) | | Disclosure reference date T | | | | | | | | |
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | | Proportion of total covered assets funding | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 61,56% | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | - | - | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | - | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | - | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | - | - | - | - | - | | - |
| 20 | **Non-financial undertakings** | 1,50% | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | 0,01% | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | 1,49% | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | - | - | - | - | - | | - |
| 24 | **Households** | 39,07% | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | 38,06% | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | 1,01% | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | | | | |
| 28 | **Local governments financing** | 21,00% | - | - | - | - | - | - | - | - |
| 29 | Housing financing | 14,17% | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | 6,83% | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 13,20% | - | - | - | - | - | - | - | - |

| | % (compared to flow of total eligible assets) | j | k | l | m | n | o | p | q |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Water and marine resources (WTR) | | | | Circular economy (CE) | | | |
| | | Proportion of total covered assets funding taxonomy relevant | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding | | | | Proportion of total covered assets funding | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | % (compared to flow of total eligible assets) | r | s | t | u | v | w | x | z |
|---|---|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | | | |
| | | Pollution (PPC) | | | | Biodiversity and Ecosystems (BIO) | | | |
| | | Proportion of total covered assets funding taxonomy relevant | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding | | | | Proportion of total covered assets funding | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | | | | |
| 26 | of which building renovation loans | | | | | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| % (compared to flow of total eligible assets) | | aa | ab | ac | ad | ae | af |
|---|---|---|---|---|---|---|---|
| | | Disclosure reference date T | | | | | |
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | | Proportion of total new assets covered |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy- | | | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 61,56% | - | - | - | - | 21,04% |
| 2 | **Financial undertakings** | - | - | - | - | - | 7,27% |
| 3 | Credit institutions | - | - | - | - | - | 7,27% |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | 7,27% |
| 6 | Equity instruments | - | - | | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - |
| 20 | **Non-financial undertakings** | 1,50% | - | - | - | - | 1,13% |
| 21 | Loans and advances | 0,01% | - | - | - | - | 0,84% |
| 22 | Debt securities, including UoP | 1,49% | - | - | - | - | 0,30% |
| 23 | Equity instruments | - | - | | - | - | - |
| 24 | **Households** | 39,07% | - | - | - | - | 8,22% |
| 25 | of which loans collateralised by residential immovable property | 38,06% | - | - | - | - | 8,01% |
| 26 | of which building renovation loans | 1,01% | - | - | - | - | 0,21% |
| 27 | of which motor vehicle loans | - | - | - | - | - | - |
| 28 | **Local governments financing** | 21,00% | - | - | - | - | 4,42% |
| 29 | Housing financing | 14,17% | - | - | - | - | 2,98% |
| 30 | Other local government financing | 6,83% | - | - | - | - | 1,44% |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 13,20% | - | - | - | - | - |

**4. GAR KPI flow - CapEx**

| |
|---|
| 1 Institution shall dislcose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template |
| 2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures |

| | | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| | % (compared to flow of total eligible assets) | Disclosure reference date T | | | | | | | | |
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | | Proportion of total covered assets funding | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 62,37% | 0,08% | 0,08% | - | 0,00% | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | - | - | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | - | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | - | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | - | - | - | - | - | | - |
| 20 | **Non-financial undertakings** | 2,31% | 0,08% | 0,08% | - | 0,00% | - | - | - | - |
| 21 | Loans and advances | 0,64% | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | 1,67% | 0,08% | 0,08% | - | 0,00% | - | - | - | - |
| 23 | Equity instruments | - | - | - | - | - | - | - | | - |
| 24 | **Households** | 39,07% | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | 38,06% | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | 1,01% | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | | | | |
| 28 | **Local governments financing** | 21,00% | - | - | - | - | - | - | - | - |
| 29 | Housing financing | 14,17% | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | 6,83% | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 13,38% | 0,02% | 0,02% | - | 0,00% | - | - | - | - |

| | | j | k | l | m | n | o | p | q |
|---|---|---|---|---|---|---|---|---|---|
| % (compared to flow of total eligible assets) | | Disclosure reference date T | | | | | | | |
| | | Water and marine resources (WTR) | | | | Circular economy (CE) | | | |
| | | Proportion of total covered assets funding taxonomy relevant | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding | | | | Proportion of total covered assets funding | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | | | | | - | - | - | - |
| 26 | of which building renovation loans | | | | | - | - | - | - |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | | r | s | t | u | v | w | x | z |
|---|---|---|---|---|---|---|---|---|---|
| % (compared to flow of total eligible assets) | | Disclosure reference date T | | | | | | | |
| | | Pollution (PPC) | | | | Biodiversity and Ecosystems (BIO) | | | |
| | | Proportion of total covered assets funding taxonomy relevant | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding | | | | Proportion of total covered assets funding | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | - | - | - | - | - | - | - | - |
| 2 | **Financial undertakings** | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - |
| 4 | Loans and advances | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 6 | Equity instruments | - | - | | - | - | - | | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - | | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - | | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - | | - |
| 20 | **Non-financial undertakings** | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | | - | - | - | | - |
| 24 | **Households** | | | | | | | | |
| 25 | of which loans collateralised by residential immovable property | | | | | | | | |
| 26 | of which building renovation loans | | | | | | | | |
| 27 | of which motor vehicle loans | | | | | | | | |
| 28 | **Local governments financing** | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - | - | - |
| 32 | **Total GAR assets** | - | - | - | - | - | - | - | - |

| | | aa | ab | ac | ad | ae | af |
|---|---|---|---|---|---|---|---|
| % (compared to flow of total eligible assets) | | Disclosure reference date T | | | | | |
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy- | | | | | Proportion of total new assets covered |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| | **GAR - Covered assets in both numerator and denominator** | | | | | | |
| 1 | Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 62,37% | 0,08% | 0,08% | - | 0,00% | 21,04% |
| 2 | **Financial undertakings** | - | - | - | - | - | 7,27% |
| 3 | Credit institutions | - | - | - | - | - | 7,27% |
| 4 | Loans and advances | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | - | - | - | - | - | 7,27% |
| 6 | Equity instruments | - | - | | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - |
| 19 | Equity instruments | - | - | | - | - | - |
| 20 | **Non-financial undertakings** | 2,31% | 0,08% | 0,08% | - | 0,00% | 1,13% |
| 21 | Loans and advances | 0,64% | - | - | - | - | 0,84% |
| 22 | Debt securities, including UoP | 1,67% | 0,08% | 0,08% | - | 0,00% | 0,30% |
| 23 | Equity instruments | - | - | | - | - | - |
| 24 | **Households** | 39,07% | - | - | - | - | 8,22% |
| 25 | of which loans collateralised by residential immovable property | 38,06% | - | - | - | - | 8,01% |
| 26 | of which building renovation loans | 1,01% | - | - | - | - | 0,21% |
| 27 | of which motor vehicle loans | - | - | - | - | - | - |
| 28 | **Local governments financing** | 21,00% | - | - | - | - | 4,42% |
| 29 | Housing financing | 14,17% | - | - | - | - | 2,98% |
| 30 | Other local government financing | 6,83% | - | - | - | - | 1,44% |
| 31 | **Collateral obtained by taking possession: residential and commercial immovable properties** | - | - | - | - | - | - |
| 32 | **Total GAR assets** | 13,38% | 0,02% | 0,02% | - | 0,00% | - |

**5. KPI off-balance sheet exposures**

| |
|---|
| 1 Institution shall dislcose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template |
| 2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures |

| | | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| % (compared to total eligible off-balance sheet assets) | | Disclosure reference date T | | | | | | | | |
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| 1 | Financial guarantees (FinGuar KPI) | - | - | - | - | - | - | - | - | - |
| 2 | Assets under management (AuM KPI) | - | - | - | - | - | - | - | - | - |

| | | j | k | l | m | n | o | p | q |
|---|---|---|---|---|---|---|---|---|---|
| % (compared to total eligible off-balance sheet assets) | | Disclosure reference date T | | | | | | | |
| | | Water and marine resources (WTR) | | | | Circular economy (CE) | | | |
| | | Proportion of total covered assets funding taxonomy relevant | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| 1 | Financial guarantees (FinGuar KPI) | - | - | - | - | - | - | - | - |
| 2 | Assets under management (AuM KPI) | - | - | - | - | - | - | - | - |

| | | r | s | t | u | v | w | x | z |
|---|---|---|---|---|---|---|---|---|---|
| % (compared to total eligible off-balance sheet assets) | | Disclosure reference date T | | | | | | | |
| | | Pollution (PPC) | | | | Biodiversity and Ecosystems (BIO) | | | |
| | | Proportion of total covered assets funding taxonomy relevant | | | | Proportion of total covered assets funding taxonomy relevant | | | |
| | | | Proportion of total covered assets funding taxonomy | | | | Proportion of total covered assets funding taxonomy | | |
| | | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which enabling |
| 1 | Financial guarantees (FinGuar KPI) | - | - | - | - | - | - | - | - |
| 2 | Assets under management (AuM KPI) | - | - | - | - | - | - | - | - |

| | | aa | ab | ac | ad | ae |
|---|---|---|---|---|---|---|
| % (compared to total eligible off-balance sheet assets) | | Disclosure reference date T | | | | |
| | | TOTAL (CCM + CCA + WTR + CE + PPC + BIO) | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | | Proportion of total covered assets funding taxonomy relevant sectors | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling |
| 1 | Financial guarantees (FinGuar KPI) | - | - | - | - | - |
| 2 | Assets under management (AuM KPI) | - | - | - | - | - |

Ergänzendee DelVO (EU) 2021/2178: Atom und Gas - Anhang III

Die in Artikel 8 Absätze 6 und 7 genannten Angaben werden für jeden anwendbaren wichtigsten Leistungsindikator (KPI) auf folgende Weise vorgelegt.

Meldebogen 1- Tätigkeiten in den Bereichen Kernenergie und fossiles Gas

| Zeile | **Tätigkeiten im Bereich Kernenergie** | |
|---|---|---|
| 1 | Das Unternehmen ist im Bereich Erforschung, Entwicklung, Demonstration und Einsatz innovativer Stromerzeugungsanlagen, die bei minimalem Abfall aus dem Brennstoffkreislauf Energie aus Nuklearprozessen erzeugen, tätig, finanziert solche Tätigkeiten oder hält Risikopositionen im Zusammenhang mit diesen Tätigkeiten. | NEIN |
| 2. | Das Unternehmen ist im Bau und sicheren Betrieb neuer kerntechnischer Anlagen zur Erzeugung von Strom oder Prozesswärme — auch für die Fernwärmeversorgung oder industrielle Prozesse wie die Wasserstofferzeugung — sowie bei deren sicherheitstechnischer Verbesserung mithilfe der besten verfügbaren Technologien tätig, finanziert solche Tätigkeiten oder hält Risikopositionen im Zusammenhang mit diesen Tätigkeiten. | NEIN |
| 3. | Das Unternehmen ist im sicheren Betrieb bestehender kerntechnischer Anlagen zur Erzeugung von Strom oder Prozesswärme — auch für die Fernwärmeversorgung oder industrielle Prozesse wie die Wasserstofferzeugung — sowie bei deren sicherheitstechnischer Verbesserung tätig, finanziert solche Tätigkeiten oder hält Risikopositionen im Zusammenhang mit diesen Tätigkeiten. | NEIN |
| | **Tätigkeiten im Bereich fossiles Gas** | |
| 4. | Das Unternehmen ist im Bau oder Betrieb von Anlagen zur Erzeugung von Strom aus fossilen gasförmigen Brennstoffen tätig, finanziert solche Tätigkeiten oder hält Risikopositionen im Zusammenhang mit diesen Tätigkeiten. | NEIN |
| 5. | Das Unternehmen ist im Bau, in der Modernisierung und im Betrieb von Anlagen für die Kraft-Wärme/Kälte-Kopplung mit fossilen gasförmigen Brennstoffen tätig, finanziert solche Tätigkeiten oder hält Risikopositionen im Zusammenhang mit diesen Tätigkeiten. | NEIN |
| 6. | Das Unternehmen ist im Bau, in der Modernisierung und im Betrieb von Anlagen für die Wärmegewinnung, die Wärme/Kälte aus fossilen gasförmigen Brennstoffen erzeugen, tätig, finanziert solche Tätigkeiten oder hält Risikopositionen im Zusammenhang mit diesen Tätigkeiten. | NEIN |

# 10 GROUP OUTLOOK

## 10.1 Economic environment

After a year of weak global economic growth in 2023, the outlook for 2024 is scarcely any better. Although current estimates signal the prospect of recovery for the eurozone economy at least, economic growth in the US and China is expected to slow. Numerous forecasts are already taking expected key interest rate cuts by central banks over the course of 2024 into account. Even so, there are no truly significant stimulus measures or effects on the horizon when it comes to monetary and fiscal policy. As things currently stand, many hopes rest on private consumption, with rising real incomes and a generally stable labour market set to continue stimulating consumer spending over the course of the year ahead. The disinflation trend that started in 2023 is also seen as likely to continue in the new year ahead, a development that will provide additional support for the global economy.

The extremely tense geopolitical situation will continue to pose the greatest threat to the world economy in 2024. In addition to the crises in Ukraine and the Middle East, where it seems that the situation could escalate further at any time, numerous key elections are just around the corner, with almost a third of the world's population set to go to the polls during the year. For established democracies in Europe and the USA in particular, the outcomes of these elections could potentially present one of the biggest challenges for decades. The European elections held in June could see right-wing conservative and nationalist parties characterised by a fundamentally anti-EU stance sweep to power. In Germany, the AfD could potentially win a majority in a federal state for the first time and in Austria, a landslide victory for the FPÖ in the national elections no longer seems out of the question. However, the global implications of the re-election of Donald Trump in the USA could prove even more serious than any of the election results in Europe. Such an event would have major consequences for security and economic growth in Europe, especially given the backdrop of Russia's increasingly imperialist ambitions. Trump, who questioned the value of NATO membership during his first term in office, also proved to have a less-than-constructive attitude towards European partners in economic terms. If re-elected, he would presumably double down on his "make America great again" policy, potentially achieving precisely the opposite in the process.

However, if the worst fears fail to materialise and there are no unexpected material events such as the recent pandemic or the energy crisis, the global economy is likely to grow. Though this growth will come at a slower pace it will still support the upbeat prospects harboured for the capital markets so far this year.

Only moderate growth is expected for the countries in the Group's core market, with the OeNB putting expansion at 0.6% for Austria and Deutsche Bundesbank forecasting 0.4% for Germany in 2024. According to the OeNB, the situation in Austria will be supported by a combination of a significant reduction in inflation (to 4%,) stronger consumer demand in view of the delayed effect of inflation compensation on wages and pensions, and the elimination of fiscal drag. Inflation is not expected to fall below 3% again until 2026 in Austria. Germany, by contrast, is expected to cross this threshold earlier.

While export growth will start to pick up momentum in 2024, according to the OeNB, investment in home building in Austria is expected to decline again, by 4.5%, compared with 2023 due to high interest rates and construction costs, as well as increased equity requirements for residential loans. As weaknesses in the residential building sector are likely to have a knock-on effect on other parts of the construction industry, particularly ancillary trades, the WIFO Institute of Economic Research expects the domestic construction industry to reach its low point in the course of 2024, with the situation not seen as stabilising until 2025. This lower demand in the construction industry, however, does have the potential to contribute to a drop in construction costs in the medium term.

At the federal level, in 2024 tax revenue will rise significantly more slowly than in 2021 and 2022 because of low economic growth, but it will benefit indirectly from higher wage settlements, and from forecast inflation via consumption taxes. On the spending side, cost-of-living measures will have to be funded, as will sharply increasing interest payments now that rates have risen again and accommodative interest rate and monetary policies have come to an end. In parallel, these developments will have an impact on state government finances in the form of slower growth in revenue shares, increased interest expenses and higher expenditure owing to inflation. This is already reflected in the high net fiscal deficits forecast for 2024 (aggregated EUR 4.9bn). The main uncertainties affecting the outlook for HYPO NOE Landesbank's core markets are energy prices, the duration and extent of the property price correction, and the ECB's monetary and interest rate policy.

In terms of competition, the consolidation process witnessed in the European banking sector for many years has recently slowed in Austria. However, this underlying trend is expected to continue and will lead to mergers in other European countries where activity has been less pronounced. There are no immediate expectations as regards cross-border takeovers of major banks, as such a move would be made even more difficult by the extensive controls and requirements put in place by European authorities. In the Austrian banking sector, there are no signs at present of any major corporate mergers in the current financial year outside mergers of local primary banks.

## 10.2 Outlook for Group performance

Despite numerous challenges and an environment shaped by the continuing hostilities in Ukraine and the flare-up in tensions in the Middle East, the HYPO NOE Group once again posted outstanding results in the first half of 2023. The bank for the state of Lower Austria once again lived up to its responsibility for the future, with new lending up slightly compared with the same period a year earlier.

Still, rising construction cost indexes, the ECB's interest-rate turnaround, and broadly stricter lending criteria for home loans have, as expected, weighed on growth in the Austrian real estate financing sector since mid-2022 – and are likely to carry on doing so in future. This environment is increasingly causing financial difficulties for commercial property developers and has triggered numerous insolvencies in the HYPO NOE Group's core market, including at companies in the SIGNA Group. Even though the HYPO NOE Group has no direct or indirect exposures to SIGNA Group projects, conservative steps were taken in the course of 2023 to offset expected future losses on commercial property development exposures as part of the risk provisioning in the credit risk model in accordance with IFRS 9. Due to the expected and budgeted future decline in business, an impairment loss was also recognised for the investment in NOE Immobilien Development GmbH, which is accounted for using the equity method.

Thanks to the HYPO NOE Group's diversified business model, this anticipated decline in business in the real estate market was successfully offset in the reporting period, thanks in particular to a focus on financing solutions for public sector and government-linked clients, as well as in non-profit housing associations, which as a rule are more defensively positioned with solid capitalisation. In doing so, the business model once again proved its worth thanks to its focus on low-risk infrastructure and housing finance. Responsible interest rate and liquidity management are serving to further underpin the ongoing success of the HYPO NOE Group.

HYPO NOE Landesbank is taking steps to tackle one of the most pressing challenges of our times: climate change. The Bank is partnering ten other flagship companies which have signed up to the klimaaktiv Pakt programme that forms part of the Austrian climate initiative, committing them to a reduction of over 50% in $CO_2$ emissions by 2030 and an increase of 22% in energy efficiency over the same period. As a regional bank, HYPO NOE Landesbank has always been committed to sustainability, reflecting a sense of responsibility to its region and for promoting local economic development since its formation in 1888. In its capacity as a corporate social responsibility pioneer, which began with the establishment of a formal sustainability programme as early as 2013, the Bank is aware of its duty to current and future generations.

It continuously monitors the social and environmental compatibility of its own banking business, and investors can do likewise in connection with its successful refinancing operations. January 2024 saw HYPO NOE Landesbank complete its first placement on the Swiss capital market with a CHF 100m green preferred senior benchmark issue. This represented yet another demonstration of the Bank’s expertise when it comes to developing sustainable financial products – including for new markets – and also impressively underlined its strong reputation among the international investor community. In addition, the first covered bond issue of 2024 – a EUR 500m benchmark bond from the mortgage cover pool – took place at the end of January; both domestic and international investors were among the buyers. HYPO NOE Landesbank will continue to capitalise on the high level of confidence in its solid standing by occasionally issuing additional unsecured retail bonds through its own branch network and, primarily, through an increase in fixed-term deposits in the retail business, to uphold the high proportion of deposits as a proportion of total refinancing.

Fuelled by high inflation, increased administrative expenses at HYPO NOE Landesbank will be countered by further efficiency gains and process optimisation, together with honing of the business model and adherence to the current strategy of risk-aware, sustainable growth. HYPO NOE Landesbank’s highly committed workforce and its exceptionally sound capital base, with a CET1 ratio of 20.88%, will be the main props of its continued success in view of the volatile and, in part, difficult business environment.

St. Pölten, 21 February 2024
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 2023
## IN ACCORDANCE WITH IFRS
## HYPO NOE GROUP

# 1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**Gains/losses**

| EUR '000 | Notes | 2023 | 2022 |
|---|---|---|---|
| Interest and similar income measured using the effective interest method | | 499,191 | 266,920 |
| Interest and similar income not measured using the effective interest method | | 103,077 | 128,597 |
| Interest and similar expense | | -425,596 | -253,388 |
| Dividend income | | 26 | - |
| **Net interest income** | **4.2.1** | **176,699** | **142,129** |
| Fee and commission income | | 18,763 | 17,301 |
| Fee and commission expense | | -2,369 | -2,243 |
| **Net fee and commission income** | **5.1** | **16,395** | **15,058** |
| Net measurement gains or losses | | -11,862 | 8,461 |
| Net gains on derecognition of financial assets | | 694 | 275 |
| **Net gains or losses on financial assets and liabilities** | **4.2.2** | **-11,169** | **8,735** |
| Other operating income | 5.2 | 53,573 | 13,049 |
| Other operating expense | 5.2 | -2,889 | -10,635 |
| Administrative expenses | 5.3 | -112,830 | -102,655 |
| Impairment losses on financial assets – IFRS 9 ECL | 4.5.4 | -27,236 | -3,733 |
| Net losses on investments accounted for using the equity method | 10.3 | -4,430 | -368 |
| **Profit before tax** | | **88,113** | **61,580** |
| Income tax expense | 7.1 | -22,130 | -14,453 |
| **Profit for the year** | | **65,983** | **47,127** |
| Non-controlling interests | 3.2 | -71 | -208 |
| **Profit attributable to owners of the parent** | | **65,912** | **46,919** |

**Other comprehensive income**

| EUR '000 | Notes | 2023 | 2022 |
|---|---|---|---|
| **Profit for the year** | | **65,983** | **47,127** |
| **Changes in valuation that will not be reclassified to profit or loss** | | **536** | **3,290** |
| Equity instruments – FVOCI | 4.2.2 | 88 | -105 |
| Actuarial gains | 6.2.2 | 449 | 3,395 |
| **Changes in valuation that will be reclassified subsequently to profit or loss** | | **-2,113** | **-3,689** |
| Debt instruments – FVOCI | 4.2.2 | -1,924 | -3,389 |
| Debt instruments – FVOCI reclassified to profit or loss | 4.2.2 | -190 | -300 |
| **Other comprehensive income** | | **-1,577** | **-399** |
| **Total comprehensive income** | | **64,406** | **46,728** |
| Non-controlling interests | 3.2 | -71 | -208 |
| **Comprehensive income attributable to owners of the parent** | | **64,335** | **46,519** |

# 2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**Assets**

| EUR '000 | Notes | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|---|
| Cash and balances at central banks | 4.3 | 397,981 | 184,915 |
| Financial assets – HFT | 4.3 | 150,622 | 124,809 |
| Financial assets – mandatorily FVTPL | 4.3 | 108,192 | 122,172 |
| Financial assets – FVOCI | 4.3 | 225,588 | 236,890 |
| Financial assets – AC | 4.3 | 14,229,790 | 13,899,591 |
| Positive fair value of hedges (hedge accounting) | 4.6.2 | 315,691 | 388,385 |
| Investments accounted for using the equity method | 10.3 | 27,828 | 33,724 |
| Investment property | 6.1 | 22,452 | 24,671 |
| Intangible assets | 6.1 | 677 | 474 |
| Property, plant and equipment | 6.1 | 62,272 | 63,826 |
| Current tax assets | 7.1 | 8,378 | 17,719 |
| Deferred tax assets | 7.3 | 279 | 325 |
| Other assets | 6.3 | 29,700 | 23,751 |
| **Total assets** | | **15,579,450** | **15,121,252** |

**Liabilities**

| EUR '000 | Notes | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|---|
| Financial liabilities – HFT | 4.4 | 141,766 | 103,065 |
| Financial liabilities – FVO | 4.4 | 5,650 | 5,239 |
| Financial liabilities – AC | 4.4 | 13,898,367 | 13,362,690 |
| Negative fair value of hedges (hedge accounting) | 4.6.2 | 496,887 | 683,653 |
| Provisions | 6.2 | 30,533 | 74,970 |
| Current tax liabilities | 7.1 | 17,074 | 6,741 |
| Deferred tax liabilities | 7.3 | 19,893 | 22,613 |
| Other liabilities | 6.3 | 119,305 | 71,711 |
| **Equity** | **3.1** | **849,977** | **790,571** |
| Equity attributable to owners of the parent | 3.1 | 841,196 | 781,862 |
| Non-controlling interests | 3.2 | 8,781 | 8,710 |
| **Total equity and liabilities** | | **15,579,450** | **15,121,252** |

# 3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR '000 | 1 Jan. 2023 | Profit for the year | Reversals | Dividends paid | Other comprehen-sive income | 31 Dec. 2023 |
|---|---|---|---|---|---|---|
| Share capital | 51,981 | - | - | - | - | 51,981 |
| Capital reserves | 191,824 | - | - | - | - | 191,824 |
| Retained earnings | 533,782 | 65,912 | 6 | -5,000 | - | 594,701 |
| **Other reserves composed of:** | **4,275** | **-** | **-6** | **-** | **-1,577** | **2,691** |
| Actuarial gains and losses | -299 | - | - | - | 449 | 150 |
| Debt instruments – FVOCI | 4,214 | - | - | - | -2,113 | 2,101 |
| Equity instruments – FVOCI | 359 | - | -6 | - | 88 | 441 |
| **Equity attributable to owners of the parent** | **781,862** | **65,912** | **-** | **-5,000** | **-1,577** | **841,196** |
| Non-controlling interests | 8,710 | 71 | - | - | - | 8,781 |
| **Equity** | **790,571** | **65,983** | **-** | **-5,000** | **-1,577** | **849,977** |

| EUR '000 | 1 Jan. 2022 | Profit for the year | Reversals | Dividends paid | Other comprehen-sive income | 31 Dec. 2022 |
|---|---|---|---|---|---|---|
| Share capital | 51,981 | - | - | - | - | 51,981 |
| Capital reserves | 191,824 | - | - | - | - | 191,824 |
| Retained earnings | 490,427 | 46,919 | -63 | -3,500 | - | 533,782 |
| **Other reserves composed of:** | **4,610** | **-** | **63** | **-** | **-399** | **4,275** |
| Actuarial gains and losses | -3,694 | - | - | - | 3,395 | -299 |
| Debt instruments – FVOCI | 7,903 | - | - | - | -3,689 | 4,214 |
| Equity instruments – FVOCI | 401 | - | 63 | - | -105 | 359 |
| **Equity attributable to owners of the parent** | **738,842** | **46,919** | **-** | **-3,500** | **-399** | **781,862** |
| Non-controlling interests | 8,501 | 208 | - | - | - | 8,710 |
| **Equity** | **747,344** | **47,127** | **-** | **-3,500** | **-399** | **790,571** |

# 4 CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR '000 | Notes | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|---|
| **Cash and cash equivalents at end of previous period** | **4.3** | **184,915** | **1,409,248** |
| **Profit for the year** | | **65,983** | **47,127** |
| Adjustments for interest income and expense | 4.2.1 | -176,699 | -142,129 |
| **Non-cash items from operating activities** | | **28,728** | **24,238** |
| Depreciation, amortisation, impairment and write-ups on investment property, intangible assets and property, plant and equipment | | 6,499 | 5,430 |
| Allocations to and reversals of provisions and risk provisions | 4.5.4, 6.2.1 | -2,079 | 8,673 |
| Net measurement gains or losses on financial assets and liabilities | 4.2.2 | 11,851 | -7,138 |
| Other adjustments | | 12,455 | 17,273 |
| **Changes in assets and liabilities due to operating activities** | | **75,800** | **-1,311,774** |
| Financial assets – AC | | -452,152 | 149,968 |
| Financial assets – mandatorily FVTPL | | 16,704 | 20,266 |
| Financial assets – FVOCI | | 8,915 | 128,879 |
| Other operating assets | | -64,189 | -39,532 |
| Financial liabilities – AC | | 533,180 | -1,562,470 |
| Other operating liabilities | | 33,342 | -8,886 |
| **Payments for taxes, interest and dividends** | | **226,056** | **158,100** |
| Income tax paid | | -4,975 | -12,920 |
| Interest received | | 586,027 | 429,333 |
| Interest paid | | -355,902 | -260,543 |
| Dividends on FVOCI investments received | 4.2.1 | 26 | - |
| Dividends on investments accounted for using the equity method received | | 717 | 2,230 |
| Dividends on immaterial equity investments received | | 162 | - |
| **Cash flows from operating activities** | | **219,868** | **-1,224,438** |
| **Proceeds from sale of/redemption of:** | | **2,438** | **8,289** |
| Investments (accounted for using the equity method/FVOCI/immaterial investments in other assets) | | 749 | 43 |
| Property, plant and equipment, intangible assets and investment property | | 1,689 | 8,246 |
| **Purchase of:** | | **-3,889** | **-4,555** |
| Investments (accounted for using the equity method/FVOCI/immaterial investments in other assets) | | -40 | -2,450 |
| Property, plant and equipment, intangible assets and investment property | | -3,849 | -2,105 |
| **Proceeds from loss of control of subsidiaries** | **5.2** | **12** | **195** |
| **Cash flows from investing activities** | | **-1,439** | **3,929** |
| **Dividends paid** | | **-5,000** | **-3,500** |
| **Repayment of lease liabilities** | | **-363** | **-324** |
| **Cash flows from financing activities** | | **-5,363** | **-3,824** |
| **Net increase/decrease in cash and cash equivalents** | | **213,066** | **-1,224,333** |
| **Cash and cash equivalents at end of period** | | **397,981** | **184,915** |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023
## IN ACCORDANCE WITH IFRS
## HYPO NOE GROUP

# 1 GENERAL INFORMATION

HYPO NOE Landesbank für Niederösterreich und Wien AG, 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 ir.hyponoe.at/en/.

The Management Board approved the consolidated financial statements for publication on 21 February 2024.

## 1.1 Accounting standards

The consolidated financial statements of the HYPO NOE Landesbank für Niederösterreich und Wien AG Group (the HYPO NOE Group) for 2023 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 2023 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 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 |

## 1.3 Estimation uncertainty and judgements

Estimation uncertainties and judgements are denoted below 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
- Assessment of the ECB's monetary policy measures (use of TLTRO instruments)
- 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 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 IFRS
- Recognition and measurement of provisions
- Determination of the credit-adjusted effective interest rate for POCI assets

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

## 1.4 New and amended regulations

| New and amended standards | Applicable from | Effect |
|---|---|---|
| Disclosure of Accounting Policies – Amendment to IAS 1 | 1 Jan. 2023 | Immaterial |
| Definition of Accounting Estimates – Amendment to IAS 8 | 1 Jan. 2023 | Immaterial |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendment to IAS 12 | 1 Jan. 2023 | None |
| OECD Pillar Two Model Rules: Global Minimum Tax – Amendments to IAS 12 | 1 Jan. 2023 | None |
| IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information | 1 Jan. 2023 | None |
| Amendments to IFRS 17 Insurance Contracts | 1 Jan. 2023 | None |
| **New and amended standards adopted but not yet applied** | | |
| Classification of Liabilities as Current or Non-current – Amendment to IAS 1 | 1 Jan. 2024 | None |
| Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 | 1 Jan. 2024 | None |
| Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 | 1 Jan. 2024 * | None |
| Lack of Exchangeability – Amendments to IAS 21 | 1 Jan. 2025 * | None |

*Mandatory application not yet endorsed by the EU

## 1.5 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 role as the HYPO NOE Group's most senior managing body, the Management Board regularly monitors changes in 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 organisational and management structure of the HYPO NOE Group 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. interest maturity transformation), and imputed refinancing costs (liquidity costs) are allocated directly to assets and liabilities. The resulting costs and income from liquidity maturity transformation, and the results of interest maturity transformation are allocated to the Treasury & ALM segment. Due to this approach, which is the industry norm, management control is based on net interest income, so 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 on-balance-sheet customer business in the operating segments. 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 disproportionate to any benefits.

Disclosures on profit or loss 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 10.1 Scope of consolidation.

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 2023, EUR '000 | Public Sector | Real Estate | Retail and Corporate Customers | Treasury & ALM | Corporate Center | Group |
|---|---|---|---|---|---|---|
| Net interest income/expense | 41,060 | 41,976 | 37,818 | 58,458 | -2,614 | 176,699 |
| Net fee and commission income/expense | 1,509 | 1,080 | 13,954 | -253 | 105 | 16,395 |
| Net gains or losses on financial assets and liabilities | -577 | 728 | 998 | -13,913 | 1,596 | -11,169 |
| Net other operating income | 5,024 | 1,226 | 2,313 | 14,473 | 27,647 | 50,683 |
| Net gains or losses on investments accounted for using the equity method | 1,310 | -7,244 | 43 | 1,460 | - | -4,430 |
| Administrative expenses | -23,427 | -21,026 | -47,014 | -16,593 | -4,769 | -112,830 |
| Impairment gains/losses on financial assets – IFRS 9, ECL | 5,241 | -34,554 | 1,967 | 76 | 34 | -27,236 |
| **Profit before tax** | **30,140** | **-17,813** | **10,080** | **43,709** | **21,998** | **88,113** |
| Income tax expense | | | | | | -22,130 |
| **Profit for the year** | | | | | | **65,983** |
| **Segment assets** | **6,840,188** | 3,590,556 | **2,183,036** | **2,822,196** | **143,474** | **15,579,450** |
| **Segment liabilities** | **1,854,964** | **345,287** | **2,319,879** | **10,094,599** | **964,721** | **15,579,450** |

| Segmental analysis as at 31 Dec. 2022, EUR '000 | Public Sector | Real Estate | Retail and Corporate Customers | Treasury & ALM | Corporate Center | Group |
|---|---|---|---|---|---|---|
| Net interest income/expense | 32,917 | 43,069 | 36,821 | 33,778 | -4,456 | 142,129 |
| Net fee and commission income/expense | -215 | 1,271 | 14,184 | -161 | -21 | 15,058 |
| Net gains or losses on financial assets and liabilities | -1,153 | -1,322 | 836 | 13,631 | -3,258 | 8,735 |
| Net other operating income/expense | 4,755 | 2,830 | 2,628 | -1,786 | -6,013 | 2,413 |
| Net gains or losses on investments accounted for using the equity method | 1,232 | -1,933 | - | 333 | - | -368 |
| Administrative expenses | -21,018 | -17,849 | -45,347 | -15,633 | -2,807 | -102,655 |
| Impairment gains/losses on financial assets – IFRS 9, ECL | 3,421 | -5,266 | -1,970 | 51 | 31 | -3,733 |
| **Profit/loss before tax** | **19,939** | **20,800** | **7,152** | **30,213** | **-16,524** | **61,580** |
| Income tax expense | | | | | | -14,453 |
| **Profit for the year** | | | | | | **47,127** |
| **Segment assets** | **6,923,982** | **3,232,469** | **2,216,516** | **2,603,109** | **145,177** | **15,121,252** |
| **Segment liabilities** | **1,786,027** | **301,544** | **2,311,105** | **9,805,717** | **916,860** | **15,121,252** |

## 2.1 Public Sector segment

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). 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 major business relationship with a customer in the meaning of paragraph 34 IFRS 8. The customer in question is a public authority, and the services provided mainly 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, generated net interest income of EUR 26.8m during the reporting period. This figure comprises EUR 11.5m from direct business relationships with the customer, EUR 3.1m from direct business relationships with allocable group members, and EUR 12.2m 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 finance for non-profit and commercial housing developers as well as the office, shopping centre, retail park, housing and city hotel asset classes, and mixed-use portfolios are reported under this segment. Exceptions are real estate finance and real estate leases for the public sector and public agencies, for retail customers and for SMEs, which 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 line of 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 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, EWU Wohnbau Unternehmensbeteiligungs-GmbH, and VIVITliving GmbH, all three of which are accounted for using the equity method.

## 2.3 Retail and Corporate Customers segment

Banking transactions with retail, self-employed and corporate customers are among this segment's core competences. The product portfolio consists of 'finance and housing', 'saving and investment', and 'accounts and cards' lines, and covers the full range of traditional 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. Close cooperation with the State of Lower Austria enables the Group to offer one-stop consultation regarding loans and subsidies, which ensures sound advice and rapid processing for customers.

In the retail business, 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 healthy and sustained expansion of the Bank's business in its core market of Lower Austria and Vienna, as well as in Austria as a whole and in Germany. The focus is on small and medium-sized enterprises (SMEs) as well as large companies. A specialised team develops structured product solutions, in particular subsidised loans and export finance, and provides advice on payment transactions.

The insurance brokerage business of HYPO NOE Versicherungsservice GmbH (HVS), an entity accounted for using the equity method, also forms part of this segment. The majority interest in HVS was disposed of in December 2022. Consequently, the company was reported as a consolidated subsidiary in the Retail and Corporate Customers segment in 2022 up until the time of disposal of the interest.

## 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 achieve market and customer diversification.

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 is central to the HYPO NOE Group's business model. As part of its investor relations activities, the Bank nurtures 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 with European partners, although in recent years there has been growing interest from investors in certain countries outside Europe.

For regulatory reasons, the segment's trading activities are limited to a small trading book aimed at generating additional income and designed for short holding periods. Consequently, segment earnings are not materially affected by these trading activities.

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 is used for elimination of intra-Group income and expenses, as well as activities and ancillary banking services that are not attributable to any other segment, and do not constitute separate reportable segments on materiality grounds.

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 other 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 paragraphs 27ff IFRS 8:

- Cost of cash collaterals for customer derivatives contracts in the absence of collateral agreements:
  Where customer derivatives are not secured by collateral agreements, the HYPO NOE Group does not receive collateral from customers but must post cash collaterals for the related hedges. Liquidity costs are incurred when refinancing the open collateral position. Treasury & ALM is responsible for managing all collateral positions, while the related refinancing costs for the open collateral positions are reported under Corporate Center. Under the current approach, collateral requirements for derivatives contracts with customers are met by means of pricing or collateral agreements, and are therefore not included in this asymmetrical allocation.

- Adverse effects of structural contributions on consumer loans arising from negative variable interest indicators (only applicable to the comparative period, 1 Jan.-31 Dec. 2022).
- Changes in a legal-risk provision for potentially contentious negative interest collected on corporate loans.

In 2023, net interest income in the Corporate Center segment included a charge of EUR 1.1m (2022: charge of EUR 1.5m) in asymmetrical allocations arising from collateral expenses. The comparative period (2022) includes the adverse effects of structural contributions on consumer loans arising from negative variable interest indicators, amounting to EUR 2.4m. This negative effect has been eliminated as a result of the sharp increase in interest rates over the past two years.

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 1.6m (2022: net losses of EUR 3.2m). These were attributable to measurement of the HETA contingent additional purchase price (CAPP). Details can be found in Note 4.7 Fair value disclosures.

Net other operating income and administrative expenses in the Corporate Center 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 2022, net other operating income in the Corporate Center segment included recognition of a provision for negative interest on corporate loans; this provision was reversed in 2023. 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 1.0m (2022: expense of EUR 1.1m).

The rise in the segment's administrative expenses in 2023 reflects an impairment allowance of EUR 1.0m recognised on a Group property.

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. 2023 | 31 Dec. 2022 |
|---|---|---|
| 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 | 2,691 | 4,275 |
| Retained earnings | 594,701 | 533,782 |
| **Equity attributable to owners of the parent** | **841,196** | **781,862** |
| Non-controlling interests | 8,781 | 8,710 |
| **Equity** | **849,977** | **790,571** |

As was the case a year earlier, as at 31 December 2023 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 2023 the share capital (issued capital) of HYPO NOE Landesbank, amounting to EUR 51,981thsd (2022: EUR 51,981thsd), was fully paid-up. Each share confers the right to one vote. A dividend of EUR 5,000thsd (2022: EUR 3,500thsd) was paid to the owners in 2023. This corresponds to a rounded-up dividend yield of EUR 0.70 per share (2022: EUR 0.49 per share). Management proposes the distribution of a dividend of EUR 20,000thsd in 2024.

The total return on assets was 0.42% (2022: 0.31%).

## 3.2 Non-controlling interests

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

| EUR '000 | Profit/loss, 2023 | Net assets, 2023 |
|---|---|---|
| FORIS Grundstückvermietungs Gesellschaft m.b.H. | 8 | 898 |
| VALET-Grundstückverwaltungs Gesellschaft m.b.H. | -87 | 2,258 |
| LITUS Grundstückvermietungs Gesellschaft m.b.H. | - | 1,354 |
| PINUS Grundstückvermietungs Gesellschaft m.b.H. | -43 | 435 |
| VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H. | -20 | 1,020 |
| Adoria Grundstückvermietungs Gesellschaft m.b.H. | -5 | 446 |
| CONATUS Grundstückvermietungs Gesellschaft m.b.H. | 2 | 349 |
| Esquilin Grundstücksverwaltungs Gesellschaft m.b.H. | -13 | 1,373 |
| HOSPES-Grundstückverwaltungs Gesellschaft m.b.H. | 104 | 207 |
| HYPO Niederösterreich-Immobilienleasinggesellschaft m.b.H. | -15 | 412 |
| **Non-controlling interests** | **-71** | **8,781** |

| EUR '000 | Profit/loss, 2022 | Net assets, 2022 |
|---|---|---|
| FORIS Grundstückvermietungs Gesellschaft m.b.H. | 13 | 906 |
| VALET-Grundstückverwaltungs Gesellschaft m.b.H. | -198 | 2,171 |
| LITUS Grundstückvermietungs Gesellschaft m.b.H. | 12 | 1,353 |
| PINUS Grundstückvermietungs Gesellschaft m.b.H. | -24 | 392 |
| VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H. | -63 | 1,000 |
| Adoria Grundstückvermietungs Gesellschaft m.b.H. | 129 | 441 |
| CONATUS Grundstückvermietungs Gesellschaft m.b.H. | - | 351 |
| Esquilin Grundstücksverwaltungs Gesellschaft m.b.H. | -5 | 1,360 |
| HOSPES-Grundstückverwaltungs Gesellschaft m.b.H. | -62 | 311 |
| HYPO Niederösterreich-Immobilienleasinggesellschaft m.b.H. | -12 | 397 |
| **Non-controlling interests** | **-208** | **8,710** |

All the subsidiaries in which the Group holds minority interests are in the Leasing 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 2023 there were no non-controlling interests with a claim to a share of other comprehensive income. As in the previous year, no dividends were distributed to non-controlling interests.

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

| EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Cash and balances at central banks | 3,533 | 3,684 |
| Financial assets – AC | 733,914 | 723,374 |
| Current tax assets | - | 3 |
| Deferred tax assets | 663 | 1,791 |
| Other assets | 809 | 80 |
| **Total assets** | **738,919** | **728,932** |
| Financial liabilities – AC | 672,067 | 671,478 |
| Current tax liabilities | 122 | - |
| Deferred tax liabilities | 8,125 | 6,986 |
| Other liabilities | 32,820 | 25,198 |
| Equity | 25,784 | 25,270 |
| Equity attributable to owners of the parent | 17,004 | 16,560 |
| Non-controlling interests | 8,781 | 8,710 |
| **Total equity and liabilities** | **738,919** | **728,932** |

## 3.3 Reconciliation of equity

| EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Equity according to IFRS financial statements** | **849,977** | **790,571** |
| Divergence in scope of consolidation (accounting vs. regulatory treatment) | 1,521 | 1,600 |
| **Equity according to FINREP template 51** | **851,498** | **792,171** |
| Deferred taxes on untaxed reserves | -3,747 | -3,903 |
| Adjustments to CET1 (prudential filters) | -580 | -544 |
| Intangible assets | -677 | -474 |
| Insufficient coverage of non-performing exposures | -503 | -711 |
| Ineligible minority interests | -8,781 | -8,710 |
| Intra-year change in revaluation surplus, profit and dividend | -20,000 | -5,000 |
| **Eligible capital** | **817,211** | **772,830** |

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 or an unaudited interim profit 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 (Capital Requirements Regulation [CRR]) as amended, including latterly by Regulation (EU) No. 2022/2036, and related EBA delegated regulations, as well as Directive 2013/36/EU on access to the activity of credit institutions (Capital Requirements Directive [CRD]) as last amended by Directive (EU) No. 2023/2864, which is currently being transposed into Austrian law and various national orders, since 2014 it has been necessary to determine banks' consolidated own funds and their consolidated regulatory own funds requirements under IFRS, as well as 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/CRD 31 Dec. 2023 | CRR/CRD 31 Dec. 2022 |
|---|---|---|
| **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** | **682,424** | **638,012** |
| Retained earnings | 567,583 | 522,979 |
| Other reserves | 104,844 | 104,744 |
| Accumulated comprehensive income | 9,997 | 10,290 |
| Adjustments to CET1 (prudential filters) | -580 | -544 |
| Insufficient coverage of non-performing exposures | -503 | -711 |
| Intangible assets | -677 | -474 |
| Common Equity Tier 1 (CET1) capital | 817,211 | 772,830 |
| Additional Tier 1 (AT1) capital | - | - |
| **Tier 1 capital** | **817,211** | **772,830** |
| Deductions due to investments, pursuant to Arts. 36 and 89 CRR | - | - |
| **Eligible Tier 1 capital** | **817,211** | **772,830** |
| **Eligible supplementary capital (after deductions)** | **-** | **-** |
| **Total eligible capital** | **817,211** | **772,830** |
| **Minimum capital requirements** | **313,121** | **301,300** |
| **Excess capital** | **504,089** | **471,530** |
| Coverage ratio | 260.99% | 256.50% |
| Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR | 20.88% | 20.52% |
| Total capital ratio in accordance with Art. 92(2)(c) CRR | 20.88% | 20.52% |
| Own funds requirement incl. all buffer requirements | 12.57% | 12.54% |
| Leverage ratio in accordance with Art. 92(2)(d) CRR | 5.27% | 5.14% |
| Leverage ratio requirement (Pillar 1) | 3.00% | 3.00% |

Changes in the risk-weighted measurement basis and the resulting own funds requirement are shown below.

| EUR '000 | CRR/CRD 31 Dec. 2023 | CRR/CRD 31 Dec. 2022 |
|---|---|---|
| Total leverage ratio exposure | 15,497,335 | 15,026,265 |
| Risk-weighted exposure measure | 3,542,346 | 3,409,434 |
| Minimum own funds requirement for credit risk (8%) | 283,388 | 272,755 |
| Own funds requirement for open currency positions | - | - |
| Own funds requirement for operational risk | 27,456 | 25,482 |
| Own funds requirement for CVA risk | 2,278 | 3,063 |
| **Total own funds requirement** | **313,121** | **301,300** |

The Group's total own funds requirement stood at EUR 313,121thsd as at 31 December 2023 (31 Dec. 2022: EUR 301,300thsd), an increase of EUR 11,821thsd or 3.9%. This was predominantly due to the growth in risk-weighted assets (RWA), and to a minor extent to the increase in the own funds requirement for operational risk, driven by the continuing upward trend in operating income in recent years. As the newly initiated introductory phase regarding capital charges for exposures to central governments (Article 500a CRR) was the only new regulation that was relevant for the HYPO NOE Group during the reporting period and will not have a material effect, the change in RWA reflects the Group's growth as well as the increased risk in the various business segments.

## 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 2023**

No unforeseen capital measures were necessary in 2023. The long-term policy of moderate dividend payout ratios has continued to help strengthen the Company's capital. This policy is tailored primarily to the new rules for the standardised approach to credit risk, which are applicable from 2025. These will bring new arrangements and increased capital requirements under CRR III for real estate finance, which is an important business for the HYPO NOE Group.

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.

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. The latest amendment to the Order was Federal Law Gazette II No. 428/2023. This brought no changes for the HYPO NOE Group. The buffer requirements were unaltered at 0.5% (2022: 0.5%) of the total risk exposure calculated in accordance with Article 92(3) CRR. HYPO NOE Landesbank was subject to this regulation for the first time in 2023. During the one-year introductory phase, the Bank is required to meet a buffer requirement of 0.25%, which will increase to 0.5% in 2024. Member states use these buffer requirements in very different ways. Up-to-date information can be found on the European Systemic Risk Board (ESRB) website at https://www.esrb.europa.eu/national_policy/systemic/html/index.en.html.

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 must consist of CET1 capital, and remains at 2.5% of the total risk exposure amount (see https://www.esrb.europa.eu/national_policy/capital/html/index.en.html).

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.

As at the end of the reporting period, according to information from the ESRB (https://www.esrb.europa.eu/national_policy/ccb/html/index.en.html) and the Bank for International Settlements (BIS, https://www.bis.org/bcbs/ccyb/index.htm), the countercyclical capital buffers for risk exposures to customers in the host countries below were as follows.

- Australia: 1%
- Federal Republic of Germany: 0.75%
- French Republic: 0.5%
- Grand Duchy of Luxembourg: 0.5%
- Ireland: 1%
- Kingdom of Denmark: 2.5%
- Kingdom of Norway: 2.5%
- Kingdom of Sweden: 2%
- Netherlands: 1%
- Republic of Bulgaria: 2%
- Republic of Estonia: 1.5%
- Republic of Iceland: 2%
- Republic of Croatia: 1%
- Republic of Lithuania: 1%
- Republic of Slovenia: 0.5%
- Republic of Cyprus: 0.5%
- Romania: 1%
- Hong Kong Special Administrative Region of the People’s Republic of China: 1%
- Slovak Republic: 1.5%
- Czech Republic: 2%
- United Kingdom of Great Britain and Northern Ireland: 2%

The reintroduction of countercyclical capital buffers, which began in 2022 after the Covid-19 pandemic had tailed off, continued in 2023. In 2024 some states will increase their current buffers, while others will introduce new ones:

- French Republic: 1%
- Ireland: 1.5%
- Kingdom of Belgium: 1%
- Netherlands: 2%
- Republic of Croatia: 1.5%
- Republic of Latvia: 1%
- Republic of Iceland: 2.5%
- Hungary: 0.5%
- Republic of Cyprus: 1%

At its last meeting, on 11 December 2023, the Austrian Financial Market Stability Board recommended maintaining the country’s countercyclical capital buffer at zero.

The Republic of Slovenia, which plans to raise its countercyclical capital buffer to 1%, was the first country to announce an additional increase in the buffer in 2025.

In spite of a significant increase in its needs, the HYPO NOE Group’s additional own funds requirement as a result of the buffer regulations remained manageable in 2023 (31 Dec. 2023: EUR 6,735thsd or 0.17%; 31 Dec. 2022: EUR 1,381thsd or 0.04%). Given the current composition of the underlying business, the announced changes are expected to bring about a further increase in the own funds requirement to 0.25% up to year-end 2024.

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.

The assessment of capital adequacy and the need for additional own funds is largely based on three factors:

- The risk of unexpected losses and of expected losses not covered by sufficient assets over a 12-month period
- Underestimation of risk due to deficiencies in risk models
- Risks arising from weaknesses in internal governance, including the internal control system and other process vulnerabilities

The SREP guidelines provide for two benchmarks of banks' capital adequacy: first, the total SREP capital requirements (TSCR) – the sum of the capital requirements under Article 92 CRR and other requirements to be specified in more detail by the supervisory authorities; and second, the overall capital requirements (OCR), which are the aggregate of the TSCR, the capital buffers and the macro-prudential requirements.

At the end of June 2023 HYPO NOE Landesbank and the HYPO NOE Group received a new FMA notice reducing the TSCR requirement to 1.4% (2022: 1.5%), reflecting the partially reduced requirements for the introductory phase. Consequently, HYPO NOE Landesbank and the HYPO NOE Group were both obliged to comply with minimum capital ratios of 5.29% for CET1 capital, 7.05% for Tier 1 capital and 9.4% for total capital. With the reductions for the introductory phase due to expire in 2024, an increase in the TSCR can definitely be expected, regardless of any positive reassessment of the underlying risks.

# 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 where 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 yardstick 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 method (EIR) to be shown separately from other interest income. Interest on loans and advances with negative interest rates is reported under interest expense (under “Financial liabilities – AC”), while interest on liabilities bearing negative interest is recognised as interest income (under “Financial assets – AC”).

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

| EUR '000 | 2023 | 2022 |
|---|---|---|
| **Interest and similar income measured using the effective interest method** | **499,191** | **266,919** |
| Financial assets – FVOCI | 6,996 | 7,925 |
| Financial assets and liabilities – AC | 409,283 | 227,044 |
| Current finance lease income | 82,912 | 31,950 |
| **Interest and similar income not measured using the effective interest method** | **103,077** | **128,597** |
| Financial assets and liabilities – HFT | 24,585 | 59,297 |
| Financial assets – mandatorily FVTPL | 2,619 | 1,119 |
| Hedges | 73,686 | 65,637 |
| Other interest and similar income | 2,187 | 2,543 |
| **Interest and similar expense** | **-425,596** | **-253,388** |
| Financial assets and liabilities – HFT | -21,670 | -57,579 |
| Financial liabilities – AC | -236,565 | -116,260 |
| Hedges | -167,357 | -79,519 |
| Other interest and similar expense | - | -27 |
| Lease liabilities in accordance with IFRS 16 | -4 | -3 |
| **Dividend income** | **26** | **-** |
| **Net interest income** | **176,699** | **142,129** |

The HYPO NOE Group once again reported increased “Net interest income” in 2023. This item jumped by 24.32% (2022: 1.30%) to EUR 176,699thsd – a highly encouraging result that reflected improved profitability, in spite of an extremely challenging operating environment, as well as effective management of refinancing operations across all sales channels. The Group capitalised on favourable points in time for its funding measures. The 2023 results include a positive effect of EUR 938thsd (2022: negative effect of EUR 1,375thsd) reported in accordance with paragraph B5.4.6 IFRS 9. This relates to the TLTRO programme, which ceased to apply due to the repayment of the refinancing instalments (see Note 4.4 Financial liabilities for further details).

Interest capitalised in accordance with paragraph 26(a) IAS 23 totalled EUR 3,029thsd (2021: EUR 590thsd). The average capitalisation rate was 3.06% (2022: 1.32%).

Dividends of EUR 26thsd on FVOCI equity instruments (31 Dec. 2022: nil) were paid during the reporting period. These did not arise from any equity instruments derecognised during the year.

Further details are provided in the segment reporting (Note 2 SEGMENT INFORMATION).

## 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 triggered 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 item “Net losses on the derecognition of financial liabilities” 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 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 arising from the derecognition of financial assets” on earnings results from substantial contract modifications.

| EUR ’000 | 2023 | 2022 |
|---|---|---|
| **Net gains or losses on:** | **-11,862** | **8,461** |
| **Disposal** | **302** | **3,255** |
| Financial assets – AC | 56 | 2,866 |
| Financial assets – FVOCI | 246 | 390 |
| **Measurement** | **-7,555** | **-2,180** |
| Financial assets and liabilities – AC | 899 | 23 |
| Net gains or losses due to non-substantial modification | 91 | -160 |
| Direct write-offs/receipts from written-off assets | 295 | 1,389 |
| Net gains or losses on derecognition of assets | 513 | -1,205 |
| Financial assets – mandatorily FVTPL | 2,724 | -7,067 |
| Financial assets and liabilities – HFT | -10,767 | 4,041 |
| Financial assets and liabilities – FVO | -411 | 822 |
| **Hedging relationships** | **-4,609** | **7,385** |
| Net losses on hedged transactions (fair value hedges) | -116,505 | -21,401 |
| Net gains on hedges (fair value hedges) | 111,896 | 28,786 |
| **Net gains arising from the derecognition of financial assets** | **694** | **275** |
| Financial assets – AC | 694 | 275 |
| **Net gains or losses on financial assets and liabilities** | **-11,169** | **8,735** |

**Detailed disclosures: non-substantial modifications**

| | 2023 | | | |
|---|---|---|---|---|
| EUR ’000 | Stage 1 | Stage 2 | Stage 3 | Total |
| Net gains due to non-substantial modification of financial assets | 5 | 84 | 2 | 91 |

| | 31 Dec. 2023 | | | |
|---|---|---|---|---|
| EUR ’000 | Stage 1 | Stage 2 | Stage 3 | Total |
| Amortised cost before non-substantial modification of financial assets | 37,671 | 61,578 | 1,566 | 100,815 |

| | 2022 | | | |
|---|---|---|---|---|
| EUR ’000 | Stage 1 | Stage 2 | Stage 3 | Total |
| Net losses due to non-substantial modification of financial assets | -151 | -10 | - | -160 |

| | 31 Dec. 2022 | | | |
|---|---|---|---|---|
| EUR ’000 | Stage 1 | Stage 2 | Stage 3 | Total |
| Amortised cost before non-substantial modification of financial assets | 65,861 | 8,961 | 785 | 75,607 |

The gross carrying amount of “Financial assets – AC” affected by non-substantial modifications that were transferred to Stage 1 during the period was EUR 31,982thsd as at 31 December 2023 (31 Dec. 2022: EUR 30thsd).

The net measurement gain on “Financial assets – mandatorily FVTPL” chiefly arose from the change in the HETA contingent additional purchase price, which is included in loans measured at fair value reported under “Financial assets – mandatorily FVTPL”. Details can be found in Note 4.7 Fair value disclosures.

The contractual outstanding amount of written-off financial assets that are subject to execution measures was EUR 14,896thsd as at 31 December 2023 (31 Dec. 2022: EUR 14,838thsd).

# 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 not measured at fair value as prescribed by 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 no significant increase in the value of these holdings is to be expected, and such strategic investments are not held for sale.

The dividend income included in “Financial assets – FVOCI” is reported under “Dividend income” in the statement of 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”. The main determinant of the classification of, and hence the method of accounting for leases 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 recognised, 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 and objectively supportable.

The Group’s business models are as follows:

- “Hold to collect” business model

The HYPO NOE 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 well as instances of significant sales transactions provided that these are unusual and seldom occur. 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 focus 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 devoted 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. Securities are purchased with the intention of holding most of them for three years or longer, and one year at least.

As evidence of adherence to the “hold to collect and sell” business model with regard to significant sales, the Bank has flagged 5% of the FVOCI portfolio as the internal warning level for the volume of annual security sales. 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.

Taking the measurement category as a starting point, portfolios are classified according to the business model implemented under the business strategy. With few exceptions, financial assets are carried at amortised cost.

Some of these assets are held for earnings diversification purposes, and to reinvest equity (“hold to collect” business model). However, the majority are liquid assets used to manage the liquidity buffer so as to maintain short-term and medium-term liquidity (“hold to collect and sell” business model). As a consequence, the financial assets in the nostro portfolio were classified as AC, FVOCI or mandatorily FVTPL. The Group has no assets for which it has exercised the option to designate financial assets as at fair value through profit or loss.

The following table presents the HYPO NOE Group's financial assets grouped into classes of financial instrument in accordance with paragraph 6 IFRS 7:

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Cash and balances at central banks** | **397,981** | **184,915** |
| Cash on hand incl. demand deposits | 20,205 | 21,749 |
| Balances at central banks | 377,776 | 163,166 |
| **Financial assets – HFT** | **150,622** | **124,809** |
| Positive fair value of interest rate derivatives | 76,513 | 79,980 |
| Positive fair value of foreign exchange derivatives | 74,109 | 44,829 |
| **Financial assets – mandatorily FVTPL** | **108,192** | **122,172** |
| Loans | 65,101 | 52,575 |
| General governments | 28,580 | 1,369 |
| Other financial corporations | 739 | 871 |
| Non-financial corporations | 24,439 | 33,672 |
| Households | 11,342 | 16,662 |
| Bonds | 43,091 | 69,597 |
| General governments | 8,199 | 34,847 |
| Banks | 34,892 | 34,750 |
| **Financial assets – FVOCI** | **225,588** | **236,890** |
| Bonds | 223,538 | 234,945 |
| General governments | 148,266 | 181,849 |
| Banks | 65,164 | 50,334 |
| Other financial corporations | 10,109 | 2,762 |
| Equity instruments | 2,051 | 1,945 |
| Other financial corporations | 1,474 | 1,500 |
| Non-financial corporations | 533 | 445 |
| **Financial assets – AC** | **14,229,790** | **13,899,591** |
| Loans | 12,678,340 | 12,524,409 |
| General governments | 4,139,527 | 4,318,953 |
| Banks | 354,441 | 440,978 |
| Other financial corporations | 150,619 | 214,694 |
| Non-financial corporations | 5,598,025 | 5,148,954 |
| Households | 2,435,728 | 2,400,830 |
| Bonds | 1,551,450 | 1,375,182 |
| General governments | 523,466 | 506,477 |
| Banks | 770,165 | 616,820 |
| Other financial corporations | 226,469 | 210,797 |
| Non-financial corporations | 31,350 | 41,089 |
| **Total** | **15,112,173** | **14,568,377** |

Further disclosures concerning "Cash and balances at central banks" can be found in the CONSOLIDATED STATEMENT OF CASH FLOWS (section 4 of the consolidated financial statements).

The HETA contingent additional purchase price is included in loans recognised in the "Financial assets – FVTPL" category, under "General governments". Further details regarding HETA can be found in Note 4.7.2 Fair value hierarchy: Level 3 disclosures.

Financial assets include EUR 178,847thsd denominated in foreign currency pursuant to section 64(1)(2) Austrian Banking Act (31 Dec. 2021: EUR 176,321thsd).

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

| Company name | Interest | Fair value 31 Dec. 2023 | Fair value 31 Dec. 2022 |
|---|---|---|---|
| **Equity instruments** | | **2,051** | **1,945** |
| NÖ Bürgschaften und Beteiligungen GmbH | 5.82% | 762 | 786 |
| Hypo-Wohnbaubank Aktiengesellschaft | 12.50% | 712 | 715 |
| Hypo-Banken-Holding Gesellschaft m.b.H. | 12.50% | 458 | 328 |

## 4.3.1 Analysis of financial assets by maturities

The following table shows a breakdown of residual maturities in accordance with section 64 Banking Act:

| EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Financial assets – HFT** | **150,622** | **124,809** |
| Up to 3 months | 268 | 1,186 |
| 3 months to 1 year | 1,467 | 1,434 |
| 1 to 5 years | 54,407 | 39,483 |
| Over 5 years | 94,479 | 82,707 |
| **Financial assets – mandatorily FVTPL** | **108,192** | **122,172** |
| Repayable on demand | 1,204 | 275 |
| Up to 3 months | 505 | 526 |
| 3 months to 1 year | 39,718 | 32,585 |
| 1 to 5 years | 49,418 | 62,893 |
| Over 5 years | 17,348 | 25,892 |
| **Financial assets – FVOCI** | **225,588** | **236,890** |
| Repayable on demand | 2,051 | 1,945 |
| Up to 3 months | 16,347 | - |
| 3 months to 1 year | 13,043 | 18,157 |
| 1 to 5 years | 127,806 | 157,951 |
| Over 5 years | 66,342 | 58,837 |
| **Financial assets – AC** | **14,229,790** | **13,899,591** |
| Repayable on demand | 117,866 | 116,039 |
| Up to 3 months | 325,939 | 492,001 |
| 3 months to 1 year | 1,328,948 | 1,272,908 |
| 1 to 5 years | 4,526,197 | 4,243,072 |
| Over 5 years | 7,930,841 | 7,775,572 |
| **Positive fair value of derivatives (hedge accounting)** | **315,691** | **388,385** |
| Up to 3 months | 1,362 | 762 |
| 3 months to 1 year | 21,122 | 2,937 |
| 1 to 5 years | 95,323 | 86,533 |
| Over 5 years | 197,884 | 298,152 |
| **Other assets** | **29,700** | **23,751** |
| Repayable on demand | 17,375 | 11,999 |
| Up to 3 months | 5,579 | 3,356 |
| 3 months to 1 year | 1,250 | 1,537 |
| 1 to 5 years | 3,387 | 4,164 |
| Over 5 years | 2,107 | 2,696 |

Receivables falling due within one year from bonds and other fixed-income securities pursuant to section 64 Banking Act stood at EUR 80,026thsd (31 Dec. 2022: EUR 143,172thsd), and those from bonds issued at EUR 757,753thsd (31 Dec. 2022: EUR 1,172,383thsd).

## 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Gross investment** | **3,023,048** | **2,620,842** |
| Minimum lease payments | 2,773,416 | 2,380,615 |
| Up to 1 year | 211,735 | 198,432 |
| 1 to 2 years | 227,088 | 194,587 |
| 2 to 3 years | 221,365 | 190,662 |
| 3 to 4 years | 214,672 | 184,789 |
| 4 to 5 years | 204,502 | 178,683 |
| Over 5 years | 1,694,054 | 1,433,461 |
| Unguaranteed residual values | 249,633 | 240,227 |
| **Unearned finance income** | **-861,474** | **-528,163** |
| Up to 1 year | -92,541 | -61,058 |
| 1 to 2 years | -86,855 | -57,184 |
| 2 to 3 years | -81,000 | -53,189 |
| 3 to 4 years | -75,173 | -49,017 |
| 4 to 5 years | -69,188 | -44,992 |
| Over 5 years | -456,717 | -262,724 |
| **Net investment** | **2,161,574** | **2,092,679** |

Regional authorities – primarily the State of Lower Austria and Lower Austrian local authorities – account for around 99% (31 Dec. 2022: 98%) of the finance leases written (as a proportion of assets). The rest of the lessees are business customers, other public agencies or associations. About 96% (31 Dec. 2022: 96%) of the lease assets in question are property, 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Minimum lease payments | 2,773,416 | 2,380,615 |
| Unearned finance income | -861,474 | -528,163 |
| **Net present value of minimum lease payments** | **1,911,941** | **1,852,452** |
| Unguaranteed residual values | 249,633 | 240,227 |
| **Net investment** | **2,161,574** | **2,092,679** |

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 asset transfers. 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.

The following table shows the carrying amounts of financial assets that were transferred.

| EUR '000 | 31 Dec. 2023 Transferred assets | 31 Dec. 2023 Related liabilities | 31 Dec. 2022 Transferred assets | 31 Dec. 2022 Related liabilities |
|---|---|---|---|---|
| **Financial assets – AC** | **83,592** | **83,592** | **86,921** | **86,921** |
| Loans | 83,592 | 83,592 | 86,921 | 86,921 |
| **Total** | **83,592** | **83,592** | **86,921** | **86,921** |

At the HYPO NOE Group, transferred financial assets that are not derecognised mainly relate to loans, as well as pension and securities-lending transactions.

There were no pension or securities-lending transactions as at the end of the reporting period. 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) Banking Act:

| EUR '000 | Listed 31 Dec. 2023 | Listed 31 Dec. 2022 | Not listed 31 Dec. 2023 | Not listed 31 Dec. 2022 |
|---|---|---|---|---|
| Bonds and other fixed-income securities | 1,062,806 | 897,401 | - | - |
| **Total** | **1,062,806** | **897,401** | **-** | **-** |

# 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.

Financial liabilities arising from the TLTRO programme are recognised at amortised cost under "Financial liabilities – AC", in accordance with paragraph 4.2.1 IFRS 9, and amounted to EUR 189,918thsd as at 30 June 2023 (31 Dec. 2022: EUR 919,090thsd). Interest expense arising from these liabilities is reported under "Financial assets – AC", as negative interest expense under the "Interest and similar expenses" item for 2023, amounting to EUR 15,427thsd (2022:

EUR 11,293thsd reported as negative interest expense under “Interest and similar income measured using the effective interest method”); see Note 4.2.1 Net interest income, above.

Of the instalments with a nominal value of EUR 934,000thsd as at 31 December 2022, a further EUR 749,000thsd expired during the reporting period, meaning that the Bank continued to hold an amount of EUR 185,000thsd up to the various expiry dates as at the end of the reporting period. The effective interest rate as at 31 December 2023 was 2.57%.

## 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Financial liabilities – HFT** | **141,766** | **103,065** |
| Negative fair value of interest rate derivatives | 59,445 | 59,944 |
| Negative fair value of foreign exchange derivatives | 82,321 | 43,121 |
| **Financial liabilities – FVO** | **5,650** | **5,239** |
| Other financial liabilities | 5,650 | 5,239 |
| **Financial liabilities – AC** | **13,898,367** | **13,362,690** |
| Savings and savings-equivalent deposits | 1,315,389 | 1,207,526 |
| Deposits | 3,966,780 | 4,214,540 |
| Banks | 1,827,445 | 2,087,011 |
| General governments | 724,887 | 587,957 |
| Other financial corporations | 167,098 | 177,622 |
| Non-financial corporations | 660,473 | 668,820 |
| Households | 586,877 | 693,130 |
| Bonds in issue | 8,616,198 | 7,940,624 |
| Covered bonds | 2,004,505 | 1,429,479 |
| Municipal bonds | 3,378,531 | 3,257,267 |
| Other bonds | 3,233,162 | 3,253,877 |
| **Total** | **14,045,783** | **13,470,993** |

“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 637,476thsd denominated in foreign currency pursuant to section 64(1)(2) Banking Act (31 Dec. 2022: EUR 728,791thsd).

## 4.4.2 Analysis of financial liabilities by maturities

The following table shows a breakdown of residual maturities in accordance with section 64 Banking Act:

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Financial liabilities – HFT** | **141,766** | **103,065** |
| Up to 3 months | 8,182 | 747 |
| 3 months to 1 year | 1,294 | 944 |
| 1 to 5 years | 51,536 | 37,049 |
| Over 5 years | 80,754 | 64,325 |
| **Financial liabilities – FVO** | **5,650** | **5,239** |
| 1 to 5 years | 5,650 | 5,239 |
| **Financial liabilities – AC** | **13,898,367** | **13,362,690** |
| Repayable on demand or no fixed term | 2,206,045 | 2,520,826 |
| Up to 3 months | 545,927 | 209,173 |
| 3 months to 1 year | 1,751,493 | 2,472,981 |
| 1 to 5 years | 5,361,341 | 3,944,553 |
| Over 5 years | 4,033,561 | 4,215,156 |
| **Negative fair value of hedges (hedge accounting)** | **496,887** | **683,653** |
| Up to 3 months | 208 | 2,985 |
| 3 months to 1 year | 40,542 | 14,348 |
| 1 to 5 years | 179,314 | 254,682 |
| Over 5 years | 276,823 | 411,638 |
| **Other liabilities** | **119,305** | **71,711** |
| Repayable on demand or no fixed term | 29,882 | 3,764 |
| Up to 3 months | 21,392 | 26,894 |
| 3 months to 1 year | 23,889 | 9,818 |
| 1 to 5 years | 42,979 | 29,470 |
| Over 5 years | 1,164 | 1,765 |

## 4.4.3 Contingent liabilities and unutilised facilities

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Guarantees and financial guarantee contracts | 50,578 | 58,924 |
| **Liabilities arising from guarantees and provision of collateral** | **50,578** | **58,924** |

"Unutilised facilities" includes both unused loan facilities and revolving borrowing facilities (e.g. overdraft facilities) where there is a strong 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 with regard to utilisation and the maturity date. The amounts disclosed for unutilised credit facilities include amounts listed in Note 10.4 Disclosures on related-party relationships.

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Unutilised facilities | 1,086,314 | 1,403,880 |

## 4.4.4 Supplementary information on financial liabilities

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

| 31 Dec. 2023, EUR '000 | Coverage required for bonds in issue | Coverage of: | | Surplus coverage |
|---|---|---|---|---|
| | | Loans | Securities | |
| Covered bonds | 2,636,433 | 3,053,973 | 13,350 | 430,890 |
| Public sector covered bonds | 3,541,566 | 4,701,157 | 88,263 | 1,247,854 |
| **Total** | **6,178,000** | **7,755,131** | **101,613** | **1,678,744** |

| 31 Dec. 2022, EUR '000 | Coverage required for bonds in issue | Coverage of: | | Surplus coverage |
|---|---|---|---|---|
| | | Loans | Securities | |
| Covered bonds | 2,738,057 | 3,043,424 | - | 305,367 |
| Public sector covered bonds | 3,573,825 | 4,376,612 | 101,295 | 904,082 |
| **Total** | **6,311,882** | **7,420,036** | **101,295** | **1,209,449** |

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Assets pledged as collateral** | | |
| **Cover pool for covered bonds and public sector covered bonds (bond issues)** | **7,856,744** | **7,521,330** |
| Covering loans | 7,755,131 | 7,420,036 |
| Securities | 101,613 | 101,295 |
| **Marketable collateral (securities) delivered to the collateral custody account with the OeNB (for "Financial liabilities – AC")* **** | **973,144** | **1,224,523** |
| **Non-marketable collateral (loans) transferred to the OeNB (for "Financial liabilities – AC")*** | **321,935** | **411,087** |
| *OeNB tenders | 390,018 | 920,485 |
| **Securities pledged to the EIB (for "Financial liabilities – AC")** | **89,888** | **87,144** |
| **Loans pledged to the EIB (for "Financial liabilities – AC")** | **542,647** | **369,404** |
| **Loans pledged for other deposits (for "Financial liabilities – AC")** | **402,636** | **411,245** |
| Collateral delivered (cash) (for derivatives) | 320,183 | 388,061 |
| **Coverage of trustee savings accounts (securities)** | **6,821** | **6,614** |
| Trustee savings accounts requiring coverage*** | 4,251 | 6,461 |
| Surplus coverage | 2,570 | 153 |

******In addition, repurchased covered bonds of EUR 500m (2022: EUR 1,100m) were delivered to the OeNB as collateral, which is not recognised in the statement of financial position due to IFRS offsetting rules

***Furthermore, trustee savings accounts amounting to EUR 173,935 (2022: EUR 57,865) 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 2023, state guarantees of issues, deposits and other liabilities amounted to EUR 93,293thsd (31 Dec. 2021: EUR 103,308thsd) for the HYPO NOE Group.

# 4.5 Credit risk and risk provisions

## 4.5.1 Credit risk

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

- Counterparty risk
- Replacement risk
- Issuer risk
- Investment risk
- Foreign exchange risk from a customer's perspective (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 exposed to investment risk, customer foreign currency credit risk, repayment vehicle risk and country risk, all of which are limited and monitored accordingly.

The importance of sustainability risks has grown significantly, and they have therefore been recognised as a separate key risk sub-category. The HYPO NOE Group has implemented strict internal standards for socially responsible and sustainable business practices. As a result, material aspects of sustainability risk have already been incorporated into its lending processes. These processes will continue to be refined in future. This will be supplemented by the ongoing evaluation and revision of further sustainability factors related to credit risk.

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 principles:

- Identifying and regularly evaluating 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 pre-established risk tolerance
- Regular, goal-driven reporting
- Use of methods and processes for risk-weighted calculation of credit risk costs

## Credit risk in the narrow sense (counterparty risk, replacement risk and issuer risk)

Credit risk refers to the risk of a change in creditworthiness. Monitoring it involves keeping a watch on the risk of a deterioration in creditworthiness or, in the worst case, default by the counterparty or guarantor.

Credit risk is classified according to the product groups concerned, as outlined below.

In the lending business, counterparty risk is the risk of complete or partial loss due to a 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 in the case of 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 party to a contract 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 Group's perspective, issuer risk again exists from the time of conclusion of the 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Credit risk (counterparty, replacement and issuer risk) | -222,146 | -277,606 |

## Credit risk analysis

Lending is the HYPO NOE Group's core business, meaning that assuming, managing and limiting credit risks are among its core competences. Lending activities, the valuation and classification of collateral, and credit ratings are all governed by strategic, organisational and substantive guidelines, the fundamentals 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 (to which it is mainly alerted by Credit Services or through the early warning system) in order to spot potential problem customers and initiate countermeasures in good time. 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 generally reviewed on a quarterly basis by the Problem Loans Committee. The committee also takes any decisions related to exposure policy. The volume of designated watch loans stood at EUR 446.5m (31 Dec. 2022:

EUR 375.3m) as at 31 December 2023. This increase reflects rises in the level of watch loans across all customer segments, but most of the decline is accounted for by the Housing and Commercial Property Austria control unit.

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 individual customer level; this involves checking credit ratings, monitoring blacklists drawn up by Credit Services, and 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 amount of the exposure and the credit rating (the only exceptions are low-risk transactions). The reviews are submitted to the managers with the requisite 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 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 monitored on an ongoing basis, 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

In 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 home 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Concentration risk inherent in credit risk | -22,595 | -32,637 |

The decrease in concentration risk is attributable to an update of unsecured LGDs for the sovereigns customer group according to the rating class. The fall in the concentration risk related to the State of Lower Austria was particularly pronounced, which reflects the solid ratings of all the risk exposures included in this cluster.

The following table 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| 1 | 5,529,237 | 5,636,369 |
| 2 | 257,288 | 235,499 |
| 3 | 161,732 | 183,101 |
| 4 | 160,365 | 113,946 |
| 5 | 154,926 | 149,242 |

### Country risk

Country risks are operational banking risks that arise in the international lending business as a result of 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 restrictions 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 total Group assets, as well as confining foreign lending operations (in the Public Finance, Real Estate Project Finance and Corporate Customers control units) to 8% of 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 Risk Management Committee (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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Austria | 13,298,779 | 13,229,831 |
| Germany | 423,883 | 476,996 |
| Netherlands | 353,987 | 229,040 |
| France | 236,293 | 220,106 |
| Poland | 228,183 | 319,953 |

## 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 determine the aggregate risk exposures (EAD) arising from contingent assets (guarantees and credit facilities).
- 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Cash and balances at central banks | 385,824 | 172,992 |
| Financial assets – HFT (held for trading) | 243,031 | 211,501 |
| Financial assets – mandatorily FVTPL (mandatorily measured at fair value through profit or loss, and not held for trading) | 82,309 | 100,959 |
| Financial assets – FVOCI (measured at fair value through other comprehensive income) | 212,702 | 229,967 |
| Financial assets – AC (measured at amortised cost) | 14,428,631 | 14,482,671 |
| Derivatives – positive fair value of hedges (hedge accounting) | 27,394 | 28,531 |
| Tangible assets | 67,767 | 71,190 |
| Intangible assets | 3 | 4 |
| Tax assets | 239 | 287 |
| Other assets | 7,657 | 11,277 |
| **Total** | **15,455,557** | **15,309,378** |
| Off-balance-sheet | 290,672 | 327,732 |
| **Aggregate risk exposures** | **15,746,229** | **15,637,110** |

## 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, and the risk exposure for each control unit is shown in the following table:

| Control units, EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Public Finance | 7,445,961 | 7,934,959 |
| Real Estate Project Finance | 1,001,888 | 1,050,103 |
| Treasury & ALM | 2,172,077 | 1,857,271 |
| Housing Development | 2,248,777 | 1,895,834 |
| Housing and Commercial Property Austria | 506,952 | 439,673 |
| Retail | 1,585,261 | 1,568,418 |
| Corporates | 785,313 | 890,852 |
| **Total** | **15,746,229** | **15,637,110** |

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. 2023 | 31 Dec. 2022 |
|---|---|---|
| 1A – 1E: | 8,110,921 | 7,329,530 |
| 2A – 2E | 4,482,357 | 4,591,202 |
| 3A – 3E | 2,466,812 | 3,303,656 |
| 4A – 4E | 358,400 | 276,293 |
| 5A – 5E | 327,739 | 136,429 |
| **Total** | **15,746,229** | **15,637,110** |

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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Banks | 1,070,245 | 951,849 |
| Sovereigns | 869,013 | 677,535 |
| State governments and local authorities | 4,129,661 | 4,391,904 |
| Multilateral development banks | 54,731 | 43,586 |
| International organisations | 29,541 | 28,672 |
| Public sector enterprises | 490,485 | 545,649 |
| Special purpose finance (income producing real estate [IPRE] and project finance) | 1,604,418 | 1,610,137 |
| Corporates | 5,157,430 | 5,027,174 |
| Retail | 2,258,497 | 2,269,691 |
| Religious communities | 1,765 | 1,963 |
| Associations, insurance companies and leasing companies | 80,443 | 88,950 |
| **Total** | **15,746,229** | **15,637,110** |

## Credit risk mitigation

The key determinants of credit risk, and thus of the prescribed capital charge for a loan, include the borrower's creditworthiness and collaterals. 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, while 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 strict organisational and substantive rules. Throughout the Group a distinction is made between collateral recognised for regulatory purposes and its economic value. Usually, the relationship manager checks 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, 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 manager inputs 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 individual customer and portfolio level, there is now a stronger focus on the current upheaval on the real estate market, which has affected the commercial 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 a non-performing loan 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 largely consists 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 generally well-collateralised loans to housing construction companies (both large housing associations and commercial developers).

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.

Non-performing loan (NPL) coverage is a key performance measure for banks in connection with financial assets in default. NPL coverage 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]). Coverage for the Group as at 31 December 2023 was 102.93% (31 Dec. 2022: 89%). The surplus coverage reflects the need to take the current situation in the real estate sector into consideration when determining risk provisions.

Ongoing development of the credit risk management system involves: enhancing processes for managing high-risk cases (watch list, continuous evaluation of impairment losses, and forbearance); 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

A one-off review was carried out in order to determine whether borrowers have been materially and directly impacted by the war in Ukraine. The HYPO NOE Group does not have any direct outstanding loans in Russia or Ukraine. The effects of the current crises (such as rising energy prices and interest rates, uncertainty and falling demand on the real estate market, and supply chain disruption) were also analysed and taken into account in the rating review (where necessary, by means of downgrades and/or designation of the customers concerned as watch loans).

## Investment risk

Investment risk is the risk of a partial or total loss of the value of investments (ceding of equity to third parties). Such 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Investment risk | -8,256 | -9,508 |

## Customer foreign exchange risk

Foreign exchange risk from a customer's perspective (foreign-currency-induced credit risk) arises where the customer has taken out a loan in a currency that differs from the one in which the customer generates 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 currency 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 (1 year holding period, 99.9% confidence level), EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Customer foreign exchange risk | -1,675 | -1,319 |

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

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Investment grade | 135,772 | 148,226 |
| Non-investment grade | 47,303 | 50,710 |
| Default | 3,219 | 6,454 |
| **Total** | **186,294** | **205,389** |

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 2023.

### 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 the repayment vehicle. 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 Asset Liability Management (ALM). It is limited and managed by monitoring the counterparty's parameter rating (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 full calculated residual value of a leased asset. Operating Credit Risk Management performs regular monitoring of residual value risk exposures, mainly identifying 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. Migration matrixes are used for the ongoing monitoring of rating changes in the finance portfolio in the course of regular reporting.

Settlement risk comprises prepayment risk and clearing risk. Prepayment risk is the risk that consideration will not be received at the agreed time. Clearing risk is the risk of changes in fair value when 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 events or circumstances that have an impact on sustainability (i.e. in connection with environmental, social and employee-related matters, and respect for human rights, as well as anti-corruption and anti-bribery measures) where their occurrence has or could potentially have material negative impacts on asset values, or on the assets, finances, earnings or reputation of a business. As far as credit risk is concerned, sustainability risks are currently limited and managed by using an ESG and reputational risk questionnaire for real estate and corporate customers, and by defining inclusion and exclusion criteria, and environmentally and socially sensitive sectors (increased duty of care), which form the basis for decision making in the loan approval process.

## 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. To determine exposure at risk (EAR), the uncollateralised portion is multiplied by the LGD to give 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 customers. 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 customers that are in default in Stage 3. Customers are classified as significant if total loans, advances and off-balance-sheet items 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 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 and letting projects or acquisitions is fully or substantially dependent on the cash flow generated from the project (income-producing real estate, IPRE). This model is a refinement of the IPRE model previously applied under the slotting approach. Separate rating modules are employed for local authorities, banks and commonhold associations under the Austrian *Wohnungseigentumsgesetz* (Home Ownership Act). 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, dunning 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. Regarding 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 or prolonging a 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 (IPRE and 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 master scale

The internal risk management system and the classification of customers by creditworthiness in accordance with the annual probability of default employs the 25-step HYPO 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

Depending on the time of recognition of the transaction, the historic rating tables must be considered in order to identify the corresponding customer rating. 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). A debtor continues to be rated as performing if the forbearance concessions do not result in reclassification as non-performing and the loan was 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 the debtor can meet its 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
- None of the debtor's exposures during and at the end of the probation period are overdue by more than 30 days

In 2023, the main forbearance measures were rescheduling, maturity extensions and refinancing measures.

| EUR '000 | 2023 | 2022 |
|---|---|---|
| **Forborne exposures as at 1 Jan.** | **55,289** | **84,065** |
| Additions (+) | 197,814 | 22,685 |
| Exits (-) | -38,606 | -51,460 |
| **Forborne exposures as at 31 Dec.** | **214,496** | **55,289** |
| Related interest income from existing receivables recognised in profit or loss | 11,344 | 1,556 |
| Related risk provisions | -20,094 | -12,352 |

Presentation includes both forborne instalments and arrears. There were no significant cases of derecognition as a result of forbearance measures in 2023. The majority of the additions were the result of forbearance measures related to real estate developments. 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Domestic customers** | **97,273** | **39,109** |
| **Foreign customers** | **117,223** | **16,180** |
| Central and Eastern Europe (CEE) | 57,460 | 1,084 |
| Rest of the world | 59,763 | 15,096 |
| **Total** | **214,496** | **55,289** |

### Rating class analysis

| 31 Dec. 2023, EUR '000 | Not past due | Less than 90 days overdue | 90 or more days overdue | Total | Collateral received |
|---|---|---|---|---|---|
| Rating class 2 | 13,717 | - | - | 13,717 | 214 |
| Rating class 3 | 45,527 | 54 | - | 45,581 | 11,183 |
| Rating class 4 | 80,370 | 1,391 | - | 81,761 | 59,357 |
| Rating class 5 | 40,438 | 453 | 32,546 | 73,437 | 42,493 |
| **Total** | **180,052** | **1,899** | **32,546** | **214,496** | **113,246** |

| 31 Dec. 2022, EUR '000 | Not past due | Less than 90 days overdue | 90 or more days overdue | Total | Collateral received |
|---|---|---|---|---|---|
| Rating class 2 | 877 | - | - | 877 | 876 |
| Rating class 3 | 4,354 | - | - | 4,354 | 4,169 |
| Rating class 4 | 19,247 | 43 | - | 19,290 | 17,242 |
| Rating class 5 | 25,492 | 337 | 4,940 | 30,769 | 9,394 |
| **Total** | **49,970** | **380** | **4,940** | **55,289** | **31,680** |

**Maturity analysis**

| 31 Dec. 2023, EUR '000 | Not past due | Less than 90 days overdue | 90 or more days overdue | Total | Collateral received |
|---|---|---|---|---|---|
| Financial assets – AC (Stage 1) | 136 | - | - | 136 | 136 |
| Financial assets – AC (Stage 2) | 139,092 | 404 | - | 139,497 | 69,388 |
| Financial assets – AC (Stage 3) | 40,438 | 453 | 32,543 | 73,434 | 42,493 |
| Financial assets – mandatorily FVTPL | 385 | 1,041 | 3 | 1,429 | 1,229 |
| **Total** | **180,052** | **1,899** | **32,546** | **214,496** | **113,246** |

| 31 Dec. 2022, 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) | 24,030 | 43 | - | 24,073 | 21,929 |
| Financial assets – AC (Stage 3) | 25,212 | 337 | 4,937 | 30,485 | 9,114 |
| Financial assets – mandatorily FVTPL | 728 | - | 4 | 732 | 638 |
| **Total** | **49,970** | **380** | **4,940** | **55,289** | **31,680** |

## 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. 2023 | | | 31 Dec. 2022 | | |
|---|---|---|---|---|---|---|
| | Min. | Max. | Median | Min. | Max. | Median |
| All | 131% | 375% | 173% | 130% | 355% | 185% |
| Retail | 144% | 225% | 161% | 145% | 238% | 190% |
| Corporate | 141% | 225% | 183% | 140% | 225% | 178% |
| Institutions | 131% | 225% | 165% | 130% | 225% | 169% |
| Sovereign | 157% | 375% | 262% | 137% | 355% | 229% |

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 the sector or customer segment concerned are also considered when assessing whether a stage transfer is required. As at 31 December 2023, the main macroeconomic influences were related to the consequences of the Covid-19 pandemic, the war in Ukraine and the Middle East conflict. Inflation, rising interest rates, the threat of a wage-price spiral, and the current upheaval on the real estate market have been identified as the main risk drivers. With these in mind, a one-off analysis of the Bank's lending portfolios was carried out, which gave rise to the following measures:

- **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 increases in construction costs**
  Construction loans extended to retail customers and for property developments from 1 July 2020 up to and including 30 June 2022 were transferred to Stage 2 in cases where a portion of the loan remained unused and there was a material risk of an overrun in building costs. There has not been a significant increase in credit risk on new lending agreed since 1 July 2022 compared with the time of conclusion because macroeconomic developments had already been taken into account when the loans were approved.
- **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 were given poor overall scores:

  - Agriculture, forestry and fisheries
  - Metal production and processing
  - Coking and oil processing
  - Energy supply – non-sustainable
  - 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

  When preparing the financial statements for the year ended 31 December 2022, individual property development loans were analysed and transferred to Stage 2 where there were grounds for doing so. In the analysis of measures related to increases in interest rates, the effect on the debt service coverage ratio (DSCR) was also taken into account. As a result of the collective stage transfer of loans in the construction industry/construction category –

which includes financing for property development – analysis of individual loans and selective stage transfers are no longer required.

- **Measures related to increases in interest rates**
  The past few years have been marked by low interest rates. The 3-month EURIBOR fell below the 0% mark in 2015 and remained there until July 2022. Until September 2022 a relatively low stressed interest rate was assumed in loan application processes. EURIBOR rates have since risen sharply, driven by the interest rate increases implemented by the ECB with the aim of reining in inflation. The HYPO NOE Group believes that as early as 31 December 2022 there were definite indications of a significant rise in credit risk associated with variable-rate loans extended to retail and corporate customers between 2015 and September 2022, as compared with the time of conclusion of those loans, owing to the increase in repayment burdens. As a result, the loans in question have been transferred to Stage 2.

  In addition, the financial statements as at 31 December 2023 include variable-rate loans extended to retail and corporate customers between 2009 and 2014 that have also been transferred to Stage 2. During this period the 3-month EURIBOR was at times significantly lower than its current level. Consequently, in the HYPO NOE Group's view, there are also clear signs that the credit risk associated with these loans is significantly higher than at the time of their conclusion, due likewise to the increase in repayment amounts.

  However, this does not generally apply to lending to non-profit housing developers, as the increased repayments are passed on directly to end customers, nor to financing for companies with links to the public sector.

  Some loans extended for non-profit housing development, where increased capital service costs arising from higher interest rates were not passed on directly in consultation with the non-profit housing developer concerned, were also transferred to Stage 2. This was aimed at reducing the burden on customers in relation to certain selected construction projects. Due to the change in repayment behaviour in comparison with the time at which the loans were extended, the HYPO NOE Group believes there is strong evidence of a significant increase in the credit risk associated with these loans compared with the date of their conclusion.

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

| Collective qualitative staging measures as at 31 Dec. 2023, EUR ’000<br>Measures related to | Exposure | Cumulative impairment losses before measures | Cumulative impairment losses after measures |
|---|---|---|---|
| CHF-denominated loans and loans with repayment vehicles | 59,168 | 807 | 850 |
| Increased construction costs | 4,253 | 23 | 36 |
| Macroeconomic risk drivers – industries | 1,521,978 | 13,193 | 18,638 |
| Macroeconomic risk drivers – real estate developments | - | - | - |
| Increases in interest rates for corporate customers | 274,824 | 2,468 | 4,348 |
| Increases in interest rates for retail customers | 344,393 | 2,218 | 3,379 |
| Increases in interest rates for non-profit housing development | 107,766 | 20 | 388 |
| Increases in interest rates for real estate developments | - | - | - |
| **Total** | **2,312,382** | **18,729** | **27,639** |

| Collective qualitative staging measures as at 31 Dec. 2022, EUR ’000<br>Measures related to | Exposure | Cumulative impairment losses before measures | Cumulative impairment losses after measures |
|---|---|---|---|
| CHF-denominated loans and loans with repayment vehicles | 69,126 | 548 | 592 |
| Increased construction costs | 28,963 | 35 | 124 |
| Macroeconomic risk drivers – industries | 5,012 | 11 | 55 |
| Macroeconomic risk drivers – real estate developments | 288,159 | 6,165 | 7,993 |
| Increases in interest rates for corporate customers | 366,820 | 2,175 | 5,014 |
| Increases in interest rates for retail customers | 375,544 | 1,060 | 2,213 |
| Increases in interest rates for non-profit housing development | n/a | n/a | n/a |
| Increases in interest rates for real estate developments | 162,659 | 756 | 3,938 |
| **Total** | **1,296,283** | **10,750** | **19,929** |

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 a third party
- 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 suspect 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 customer's 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 an individual customer, various servicing statuses may apply. The servicing status depends on the customer's 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.
- Purchase of new instruments (fresh money or bridging loans) leading to a significant increase in exposure from the uncollateralised portion, while intensive care management is still in the initial stages, meaning that there is a high degree of uncertainty regarding a cure.
- 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").

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 customers
        - 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 income-producing real estate or 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 Bank'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 five 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 data in the public domain 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 five years are generated for the retail customer group, based on one, two, three, four and five-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 data in the public domain 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 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. The TTC PD curves for all four customer groups were updated in the course of preparing the 2023 annual financial statements.

**Point in time (PiT) PD curves**

PiT adjustment enables current and expected macroeconomic developments to be taken into account when calculating PD. 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 Bank'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 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 customer 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. Published 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) are used as sources for the forecast. 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 2023 fed into the model for PiT adjustment as at 31 December 2023, with the following weightings: OeNB 50%, Fitch 50%. This is because these were the only two sources to include a three-year forecast horizon as at the reporting date (31 Dec. 2022: weightings for December 2022 forecasts – OeNB 50%, Fitch 50%).

In addition to the baseline scenario, an optimistic and a pessimistic alternative scenario were incorporated into the estimate for the final PiT PDs as at 31 December 2023. To determine the alternative scenarios, the 10% quantile of a stochastic distribution of PD scenarios resulting from a large number of possible trajectories of the macroeconomic variables was selected for the optimistic scenario, and the 90% quantile for the pessimistic 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 optimistic and the pessimistic scenario are given a 10% weighting, in accordance with the selected quantiles. However, if available information is not adequately reflected in the forecasts, the weighting is reviewed to determine whether an adjustment is necessary. As at the end of the reporting period, the forecasts were subject to a high degree of uncertainty due to various negative factors. These include the continuing risks associated with high inflation and rising prices, interest rates for lending that have reached all-time highs, the continued risk of a wage-price spiral, and the crisis on the property market. In order to take this information into consideration appropriately, the HYPO NOE Group defined the following weightings for the three PD scenarios as at 31 December 2023: baseline scenario 30%, optimistic scenario 10%, pessimistic scenario 60% (31 Dec. 2022: baseline scenario 30%, optimistic scenario 10%, pessimistic 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 2023 and 31 December 2022.

| **31 Dec. 2023** | | **Forecasts** | |
|---|---|---|---|
| | **Years** | **OeNB** | **Fitch** |
| GDP | 2024 | 0.6 | 0.9 |
| | 2025 | 1.7 | 1.9 |
| | 2026 | 1.3 | 1.6 |
| Private consumption | 2024 | 1.5 | 1.3 |
| | 2025 | 1.8 | 1.0 |
| | 2026 | 1.2 | 1.5 |
| Exports | 2024 | 1.5 | 3.0 |
| | 2025 | 2.2 | 2.6 |
| | 2026 | 2.6 | 2.0 |

| **31 Dec. 2023** | | **HYPO NOE inputs** | |
|---|---|---|---|
| | **Years** | **OeNB** | **Fitch** |
| GDP | 2024 | 0.6 | 0.9 |
| | 2025 | 1.7 | 1.9 |
| | 2026 | 1.3 | 1.6 |
| Private consumption | 2024 | 1.5 | 1.3 |
| | 2025 | 1.8 | 1.0 |
| | 2026 | 1.2 | 1.5 |
| Exports | 2024 | 1.5 | 3.0 |
| | 2025 | 2.2 | 2.6 |
| | 2026 | 2.6 | 2.0 |

| 31 Dec. 2022 | Forecasts | | |
|---|---|---|---|
| | Years | OeNB | Fitch |
| GDP | 2023 | 0.6 | 0.2 |
| | 2024 | 1.7 | 1.4 |
| | 2025 | 1.6 | 2.0 |
| Private consumption | 2023 | 0.1 | -0.2 |
| | 2024 | 2.1 | 1.4 |
| | 2025 | 1.4 | 2.0 |
| Exports | 2023 | 1.7 | 1.4 |
| | 2024 | 3.3 | 2.5 |
| | 2025 | 3.7 | 2.0 |

| 31 Dec. 2022 | HYPO NOE inputs | | |
|---|---|---|---|
| | Years | OeNB | Fitch |
| GDP | 2023 | 0.6 | 0.2 |
| | 2024 | 1.7 | 1.4 |
| | 2025 | 1.6 | 2.0 |
| Private consumption | 2023 | 0.1 | -0.2 |
| | 2024 | 2.1 | 1.4 |
| | 2025 | 1.4 | 2.0 |
| Exports | 2023 | 1.7 | 1.4 |
| | 2024 | 3.3 | 2.5 |
| | 2025 | 3.7 | 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 master scale, broken down by rating grades. The comparison between the master scale and the PiT PDs reveals a significant increase in expectations of default in the lower rating classes in the corporates PD segment, and generally in the retail 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% | 0.03% | |
| 1D | 0.04% | 0.03% | |
| 1E | 0.05% | 0.04% | |
| 2A | 0.07% | 0.04% | |
| 2B | 0.11% | 0.07% | |
| 2C | 0.16% | 0.10% | 0.18% |
| 2D | 0.24% | 0.16% | 0.27% |
| 2E | 0.35% | 0.26% | 0.40% |
| 3A | 0.53% | 0.44% | 0.59% |
| 3B | 0.80% | 0.74% | 0.88% |
| 3C | 1.20% | 1.14% | 1.32% |
| 3D | 1.79% | 1.74% | 1.97% |
| 3E | 2.69% | 2.68% | 2.93% |
| 4A | 4.04% | 4.12% | 4.37% |
| 4B | 6.05% | 6.83% | 6.51% |
| 4C | 9.08% | 11.35% | 9.70% |
| 4D | 13.62% | 18.82% | 14.44% |
| 4E | 20.44% | 31.18% | 21.48% |

**LGD for uncollateralised loan portions**

LGDs for uncollateralised loan portions are applied to each key customer group specifically. The LGDs for the retail and corporates customer groups are derived from internal empirical default data. When preparing the 2023 financial statements, the estimates of LGDs for uncollateralised loan portions in the corporates customer group were updated and refined, while the estimates of LGDs for uncollateralised loan portions for sovereigns were refined on the basis of a hybrid modelling approach, applying 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 were set at

100% for those exposures where the calculation was already based on the IPRE asset-based rating model, which was refined in 2023. In the case of specialised lending exposures for which the asset-based rating model has not yet been applied, 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 realisation period and by 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. In the HYPO NOE Group, guarantees concluded close to the beginning of the guaranteed financial transaction are viewed as integral parts of the contract for the financial asset concerned.

The collaterals used by the Bank are largely guarantees and mortgages. The LGD on guarantees is determined by means of a mathematical model, applying the joint default approach. For the purpose of preparing the 2023 annual financial statements, the estimates of mortgage LGDs (excluding IPRE) were refined and updated on the basis of the Bank’s historic default and recovery data; refinements and updates were also carried out for the estimates of mortgage LGDs for IPRE lending that had already been transferred to the IPRE asset-based rating model, which was refined in 2023. 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 4.4.3 Detailed information on risk provisions.

**Credit conversion factor (CCF)**

The credit equivalent of off-balance-sheet items (such as contingent liabilities and irrevocable commitments) 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 is calculated for financial institutions on a case-by-case basis, in accordance with paragraph 5.5.20 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. The estimates of maturity were updated and refined for the 2023 financial statements. The effects of the aforementioned parameter adjustments on risk provisions recognised in the 2023 annual financial statements largely offset one another, and amount to around EUR 900thsd.

## 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 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 that were previously applied underlie the new model, but 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 protection/adaptation to climate change, 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 industry breakdown based on the purpose of financing provides a more detailed analysis of the credit portfolio, and of lending to the real estate and public sectors in particular. Many of the borrowers concerned have high environmental and social standards, and these sectors make up a significant proportion 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 about 2% of the entire lending portfolio, from this perspective. The Netherlands expects sea levels to rise by 0.5m by 2050. Taking this forecast into consideration, and on account of the average remaining terms of approximately five years, as well as the country's long-standing, highly successful implementation of preventive measures, the Group concluded that there is no acute risk in this regard and therefore no basis for the recognition of additional risk provisions.

Due to the Group's comprehensive ethics guidelines and business principles, and the business model's focus on finance for the public sector and housing construction in the core markets of Austria and Germany as well as selected EU markets, at present it is assumed that there are no material transition or physical sustainability risks.

## 4.5.3 Detailed information on risk provisions

### Gross carrying amount/nominal amount by rating class

| | 31 Dec. 2023 | | | | | 31 Dec. 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **EUR '000** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Total** |
| **Cash and balances at central banks** | **397,985** | **-** | **-** | **-** | **397,985** | **184,902** | **19** | **-** | **-** | **184,921** |
| **Financial assets – AC** | **11,382,472** | **2,632,858** | **323,341** | **3,192** | **14,341,863** | **11,655,178** | **2,199,623** | **128,862** | **3,564** | **13,987,228** |
| Loans | 9,875,933 | 2,581,489 | 323,341 | 3,192 | 12,783,955 | 10,315,055 | 2,156,743 | 128,862 | 3,564 | 12,604,224 |
| Rating class 1 | 5,535,407 | 36,145 | - | - | 5,571,552 | 4,905,442 | 19,385 | - | - | 4,924,827 |
| Rating class 2 | 3,466,435 | 908,987 | - | - | 4,375,422 | 4,045,225 | 810,807 | - | - | 4,856,032 |
| Rating class 3 | 855,272 | 1,344,858 | - | - | 2,200,129 | 1,349,348 | 1,138,697 | - | - | 2,488,045 |
| Rating class 4 | 18,819 | 291,500 | - | 3,192 | 313,511 | 15,040 | 187,853 | - | - | 202,893 |
| Rating class 5 | - | - | 323,341 | - | 323,341 | - | - | 128,862 | 3,564 | 132,426 |
| Bonds | 1,506,539 | 51,368 | - | - | 1,557,908 | 1,340,124 | 42,881 | - | - | 1,383,004 |
| Rating class 1 | 964,192 | - | - | - | 964,192 | 832,871 | - | - | - | 832,871 |
| Rating class 2 | 529,751 | 8,170 | - | - | 537,920 | 489,664 | 3,973 | - | - | 493,637 |
| Rating class 3 | 12,597 | 8,102 | - | - | 20,699 | 17,589 | 2,314 | - | - | 19,902 |
| Rating class 4 | - | 35,096 | - | - | 35,096 | - | 36,594 | - | - | 36,594 |
| **Financial assets – FVOCI** | **220,821** | **-** | **-** | **-** | **220,821** | **229,483** | **-** | **-** | **-** | **229,483** |
| Bonds | 220,821 | - | - | - | 220,821 | 229,483 | - | - | - | 229,483 |
| Rating class 1 | 189,303 | - | - | - | 189,303 | 190,240 | - | - | - | 190,240 |
| Rating class 2 | 31,518 | - | - | - | 31,518 | 39,243 | - | - | - | 39,243 |
| **Provisions for off-balance-sheet risks** | **942,357** | **190,301** | **4,235** | **-** | **1,136,893** | **1,278,250** | **182,134** | **2,419** | **-** | **1,462,803** |
| Rating class 1 | 635,381 | 304 | - | - | 635,685 | 946,430 | 300 | - | - | 946,730 |
| Rating class 2 | 200,516 | 61,728 | - | - | 262,244 | 174,507 | 46,799 | - | - | 221,306 |
| Rating class 3 | 104,416 | 118,933 | - | - | 223,348 | 149,701 | 124,983 | - | - | 274,684 |
| Rating class 4 | 2,044 | 9,337 | - | - | 11,381 | 7,612 | 10,052 | - | - | 17,664 |
| Rating class 5 | - | - | 4,235 | - | 4,235 | - | - | 2,419 | - | 2,419 |
| **Trade receivables** | **-** | **2,203** | **-** | **-** | **2,203** | **-** | **2,771** | **-** | **-** | **2,771** |
| **Total** | **12,943,635** | **2,825,363** | **327,576** | **3,192** | **16,099,765** | **13,347,813** | **2,384,548** | **131,281** | **3,564** | **15,867,206** |

## Risk provisions by rating class

| | 31 Dec. 2023 | | | | | 31 Dec. 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 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** | **-4** | **-1** | **-** | **-** | **-6** |
| **Financial assets – AC** | **-2,363** | **-31,682** | **-78,081** | **54** | **-112,073** | **-6,946** | **-35,966** | **-44,724** | **-** | **-87,637** |
| Loans | -2,182 | -25,405 | -78,081 | 54 | -105,615 | -6,683 | -28,407 | -44,724 | - | -79,814 |
| Rating class 1 | -101 | -20 | - | - | -120 | -66 | -3 | - | - | -68 |
| Rating class 2 | -507 | -3,958 | - | - | -4,464 | -2,121 | -6,070 | - | - | -8,192 |
| Rating class 3 | -1,314 | -12,452 | - | - | -13,767 | -4,396 | -10,979 | - | - | -15,375 |
| Rating class 4 | -261 | -8,976 | - | 54 | -9,183 | -100 | -11,354 | - | - | -11,454 |
| Rating class 5 | - | - | -78,081 | - | -78,081 | - | - | -44,724 | - | -44,724 |
| Bonds | -181 | -6,277 | - | - | -6,458 | -263 | -7,559 | - | - | -7,822 |
| Rating class 1 | -55 | - | - | - | -55 | -52 | - | - | - | -52 |
| Rating class 2 | -121 | -26 | - | - | -147 | -151 | -37 | - | - | -188 |
| Rating class 3 | -5 | -76 | - | - | -80 | -60 | -50 | - | - | -110 |
| Rating class 4 | - | -6,175 | - | - | -6,175 | - | -7,472 | - | - | -7,472 |
| **Financial assets – FVOCI** | **-12** | **-** | **-** | **-** | **-12** | **-11** | **-** | **-** | **-** | **-11** |
| Bonds | -12 | - | - | - | -12 | -11 | - | - | - | -11 |
| Rating class 1 | -4 | - | - | - | -4 | -7 | - | - | - | -7 |
| Rating class 2 | -7 | - | - | - | -7 | -3 | - | - | - | -3 |
| **Provisions for off-balance-sheet risks** | **-220** | **-733** | **-1,768** | **-** | **-2,722** | **-358** | **-1,096** | **-1,782** | **-** | **-3,236** |
| Rating class 1 | - | - | - | - | - | -1 | - | - | - | -1 |
| Rating class 2 | -57 | -150 | - | - | -207 | -61 | -131 | - | - | -192 |
| Rating class 3 | -140 | -408 | - | - | -548 | -236 | -658 | - | - | -893 |
| Rating class 4 | -23 | -176 | - | - | -199 | -61 | -307 | - | - | -368 |
| Rating class 5 | - | - | -1,768 | - | -1,768 | - | - | -1,782 | - | -1,782 |
| **Trade receivables** | **-** | **-14** | **-** | **-** | **-14** | **-** | **-14** | **-** | **-** | **-14** |
| **Total** | **-2,599** | **-32,430** | **-79,850** | **54** | **-114,825** | **-7,319** | **-37,077** | **-46,506** | **-** | **-90,903** |

## 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 2023 and 31 December 2022 are shown below. The scenarios are described in the 'Measurement parameters' section of Note 4.5.2 Risk provisions, above.

| 31 Dec. 2023, EUR '000 | Optimistic | Baseline | Pessimistic |
|---|---|---|---|
| Risk provisions generated by the fully automated process (Stage 1 and Stage 2) | 30,880 | 33,607 | 36,434 |

| 31 Dec. 2022, EUR '000 | Optimistic | Baseline | Pessimistic |
|---|---|---|---|
| Risk provisions generated by the fully automated process (Stage 1 and Stage 2) | 38,356 | 42,334 | 46,519 |

The current crises have increased the level of uncertainty associated with estimating expected credit losses. In order to address this growing uncertainty, one scenario is presented that depicts the effects of an increase of 25% in all unsecured losses, coupled with a 15% fall in the value of real estate collaterals. The effect on risk provisions amounted to EUR 14,954thsd as at 31 December 2023 (31 Dec. 2022: EUR 18,912thsd).

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

The following table shows the changes in risk provisions in 2023 and the breakdown of the changes by statement of profit or loss items.

| EUR ’000 | Changes in risk provisions, 2023 | Impairment losses/gains on financial assets – IFRS 9 ECL | Interest expense | Not recog-nised through profit or loss | Changes in risk provisions, 2022 |
|---|---|---|---|---|---|
| **Risk provisions at start of reporting period** | **-90,903** | | | | **-91,560** |
| Increase due to origination and purchase | -6,719 | -6,719 | - | - | -4,783 |
| Reduction due to derecognition and substantial modification | 8,340 | 8,340 | - | - | 3,919 |
| Utilisation of risk provisions | 5,016 | - | - | 5,016 | 5,263 |
| Allocations and reversals due to changes in credit risk | -30,564 | -28,861 | -1,702 | - | -3,799 |
| Change due to non-substantial modification | 4 | 4 | - | - | 6 |
| Cash and balances at central banks, and trade receivables | 1 | 1 | - | - | 52 |
| **Risk provisions at end of reporting period** | **-114,825** | **-27,236** | **-1,702** | **5,016** | **-90,903** |

### 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.

| 31 Dec. 2023<br>EUR '000 | 1 Jan. 2023 | Origination and purchase | Derecognition/ utilisation | Change in credit risk | Foreign exchange and other changes | 31 Dec. 2023 |
|---|---|---|---|---|---|---|
| **Cash and balances at central banks** | **-4** | **-1** | **1** | **1** | **-** | **-4** |
| **Financial assets – AC** | **-6,946** | **-3,664** | **910** | **7,336** | **-** | **-2,363** |
| Loans | -6,683 | -3,633 | 898 | 7,235 | - | -2,182 |
| Banks | - | - | - | - | - | - |
| General governments | -10 | -3 | 3 | 2 | - | -8 |
| Other financial corporations | -461 | -27 | 1 | 486 | - | - |
| Non-financial corporations | -5,794 | -3,248 | 842 | 7,157 | - | -1,043 |
| Households | -418 | -355 | 51 | -410 | - | -1,131 |
| Bonds | -263 | -31 | 12 | 101 | - | -181 |
| Banks | -156 | -23 | - | 35 | -1 | -144 |
| General governments | -5 | - | - | 4 | -2 | -3 |
| Other financial corporations | -32 | -8 | 2 | 7 | 3 | -28 |
| Non-financial corporations | -70 | - | 10 | 55 | - | -6 |
| **Financial assets – FVOCI** | **-11** | **-7** | **-** | **6** | **-** | **-12** |
| Bonds | -11 | -7 | - | 6 | - | -12 |
| Banks | -9 | -7 | - | 4 | 1 | -11 |
| General governments | -1 | - | - | - | - | - |
| Other financial corporations | -1 | - | - | - | - | -1 |
| Non-financial corporations | - | - | - | 1 | -1 | - |
| **Provisions for off-balance-sheet risks** | **-358** | **-638** | **189** | **587** | **-** | **-220** |
| Loan commitments and financial guarantee contracts | -358 | -638 | 189 | 587 | - | -220 |
| **Total** | **-7,319** | **-4,310** | **1,100** | **7,930** | **-** | **-2,599** |

| 31 Dec. 2022<br>EUR '000 | 1 Jan. 2022 | Origination and purchase | Derecognition/ utilisation | Change in credit risk | Foreign exchange and other changes | 31 Dec. 2022 |
|---|---|---|---|---|---|---|
| **Cash and balances at central banks** | **-7** | **-** | **4** | **-2** | **-** | **-4** |
| **Financial assets – AC** | **-9,640** | **-2,871** | **1,289** | **4,276** | **-** | **-6,946** |
| Loans | -9,473 | -2,806 | 1,286 | 4,310 | - | -6,683 |
| Banks | -6 | - | 6 | - | - | - |
| General governments | -8 | -7 | 6 | -1 | - | -10 |
| Other financial corporations | -869 | -55 | 18 | 445 | - | -461 |
| Non-financial corporations | -7,719 | -2,544 | 1,195 | 3,275 | - | -5,794 |
| Households | -870 | -200 | 61 | 591 | - | -418 |
| Bonds | -167 | -65 | 3 | -34 | - | -263 |
| Banks | -123 | -56 | 3 | 20 | - | -156 |
| General governments | -7 | -1 | - | 2 | 2 | -5 |
| Other financial corporations | -30 | -8 | - | 8 | -1 | -32 |
| Non-financial corporations | -7 | - | - | -63 | - | -70 |
| **Financial assets – FVOCI** | **-12** | **-1** | **-** | **2** | **-** | **-11** |
| Bonds | -12 | -1 | - | 2 | - | -11 |
| Banks | -9 | -1 | - | 1 | - | -9 |
| General governments | -2 | - | - | 1 | - | -1 |
| Other financial corporations | -1 | - | - | - | - | -1 |
| Non-financial corporations | - | - | - | - | - | - |
| **Provisions for off-balance-sheet risks** | **-924** | **-671** | **150** | **1,087** | **-** | **-358** |
| Loan commitments and financial guarantee contracts | -924 | -671 | 150 | 1,087 | - | -358 |
| **Total** | **-10,583** | **-3,543** | **1,444** | **5,363** | **-** | **-7,319** |

**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.

| 31 Dec. 2023<br>EUR '000 | 1 Jan. 2023 | Origination and purchase | Derecognition/ utilisation | Change in credit risk | Foreign exchange and other changes | 31 Dec. 2023 |
|---|---|---|---|---|---|---|
| **Cash and balances at central banks** | **-1** | **-** | **19** | **-18** | **-** | **-** |
| **Financial assets – AC** | **-35,966** | **-2,370** | **6,490** | **161** | **3** | **-31,682** |
| Loans | -28,407 | -2,370 | 6,490 | -1,122 | 3 | -25,405 |
| General governments | -266 | - | - | 60 | - | -206 |
| Other financial corporations | -3,431 | -1 | 10 | 2,904 | -9 | -526 |
| Non-financial corporations | -18,323 | -2,179 | 5,628 | -818 | 12 | -15,680 |
| Households | -6,387 | -190 | 851 | -3,268 | - | -8,994 |
| Bonds | -7,559 | - | - | 1,283 | - | -6,277 |
| Banks | - | - | - | - | -26 | -26 |
| General governments | - | - | - | - | - | - |
| Other financial corporations | -7,472 | - | - | 1,271 | 26 | -6,175 |
| Non-financial corporations | -87 | - | - | 11 | - | -76 |
| **Trade receivables** | **-14** | **-14** | **14** | **-** | **-** | **-14** |
| **Provisions for off-balance-sheet risks** | **-1,096** | **-40** | **279** | **123** | **-** | **-733** |
| Loan commitments and financial guarantee contracts | -1,096 | -40 | 279 | 123 | - | -733 |
| **Total** | **-37,077** | **-2,424** | **6,802** | **266** | **3** | **-32,430** |

| 31 Dec. 2022<br>EUR '000 | 1 Jan. 2022 | Origination and purchase | Derecognition/ utilisation | Change in credit risk | Foreign exchange and other changes | 31 Dec. 2022 |
|---|---|---|---|---|---|---|
| **Cash and balances at central banks** | **-16** | **-** | **1** | **14** | **-** | **-1** |
| **Financial assets – AC** | **-39,627** | **-363** | **1,979** | **2,039** | **6** | **-35,966** |
| Loans | -30,138 | -104 | 1,979 | -150 | 6 | -28,407 |
| General governments | -764 | -3 | 64 | 438 | - | -266 |
| Other financial corporations | -302 | - | - | -3,129 | - | -3,431 |
| Non-financial corporations | -23,078 | -38 | 1,487 | 3,303 | 3 | -18,323 |
| Households | -5,994 | -63 | 428 | -762 | 3 | -6,387 |
| Bonds | -9,489 | -259 | - | 2,189 | - | -7,559 |
| Banks | - | - | - | - | - | - |
| General governments | -2 | - | - | 2 | - | - |
| Other financial corporations | -9,000 | -259 | - | 1,853 | -66 | -7,472 |
| Non-financial corporations | -488 | - | - | 334 | 66 | -87 |
| **Trade receivables** | **-49** | **-14** | **48** | **-** | **-** | **-14** |
| **Provisions for off-balance-sheet risks** | **-1,523** | **-79** | **72** | **434** | **-** | **-1,096** |
| Loan commitments and financial guarantee contracts | -1,523 | -79 | 72 | 434 | - | -1,096 |
| **Total** | **-41,215** | **-456** | **2,101** | **2,487** | **6** | **-37,077** |

### Stage 3 impairment losses/gains

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

| 31 Dec. 2023<br>EUR '000 | 1 Jan. 2023 | Origination and purchase | Derecognition/ utilisation | Change in credit risk | Foreign exchange and other changes | 31 Dec. 2023 |
|---|---|---|---|---|---|---|
| **Financial assets – AC** | **-44,724** | **-** | **5,377** | **-38,734** | **-** | **-78,081** |
| Loans | -44,724 | - | 5,377 | -38,734 | - | -78,081 |
| General governments | -3,012 | - | - | 3,012 | - | - |
| Other financial corporations | -7,791 | - | - | -2,837 | - | -10,628 |
| Non-financial corporations | -26,981 | - | 3,010 | -37,375 | - | -61,346 |
| Households | -6,941 | - | 2,367 | -1,533 | - | -6,107 |
| **Provisions for off-balance-sheet risks** | **-1,782** | **-** | **110** | **-97** | **-** | **-1,768** |
| Loan commitments and financial guarantee contracts | -1,782 | - | 110 | -97 | - | -1,768 |
| **Total** | **-46,506** | **-** | **5,487** | **-38,831** | **-** | **-79,850** |

| 31 Dec. 2022<br>EUR '000 | 1 Jan. 2022 | | | | | 31 Dec. 2022 |
|---|---|---|---|---|---|---|
| **Financial assets – AC** | **-38,868** | **-** | **5,687** | **-11,544** | **-** | **-44,724** |
| Loans | -38,868 | - | 5,687 | -11,544 | - | -44,724 |
| General governments | -3,541 | - | - | 529 | - | -3,012 |
| Other financial corporations | -7,569 | - | - | -223 | - | -7,791 |
| Non-financial corporations | -20,251 | - | 4,752 | -9,768 | -1,714 | -26,981 |
| Households | -7,508 | - | 936 | -2,083 | 1,714 | -6,941 |
| **Provisions for off-balance-sheet risks** | **-894** | **-798** | **4** | **-94** | **-** | **-1,782** |
| Loan commitments and financial guarantee contracts | -894 | -798 | 4 | -94 | - | -1,782 |
| **Total** | **-39,762** | **-798** | **5,691** | **-11,637** | **-** | **-46,506** |

**POCI impairment losses/gains**

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

| 31 Dec. 2023<br>EUR '000 | 1 Jan. 2023 | Origination and purchase | Derecognition/ utilisation | Change in credit risk | Foreign exchange and other changes | 31 Dec. 2023 |
|---|---|---|---|---|---|---|
| **Financial assets – AC** | **-** | **-** | **-** | **54** | **-** | **54** |
| Loans | - | - | - | 54 | - | 54 |
| Non-financial corporations | - | - | - | 54 | - | 54 |
| **Total** | **-** | **-** | **-** | **54** | **-** | **54** |

In 2022 there were no risk provisions for POCI assets.

## 4.5.5 Collateral and loan-to-value ratio

The main forms of collateral received are guarantees for loans and advances to customers, securities and derivatives; guarantees are provided almost exclusively by the public sector (sovereigns, state governments and local authorities). Financial collateral mainly includes pledged securities, margins received and deposits received from banks.

Collateral received, which was in use as at 31 December 2023 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<br>EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Guarantees | 3,769,113 | 3,580,482 |
| Residential properties | 2,627,232 | 2,500,467 |
| Commercial properties | 673,749 | 701,356 |
| Financial collateral | 438,095 | 456,849 |
| Life insurance policies | 7,739 | 10,624 |

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<br>EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Households** | **5,306** | **8,089** |
| LTV ratio 61-80% | 3,362 | 4,173 |
| LTV ratio 81-100% | 933 | 2,374 |
| LTV ratio >100% | 1,012 | 1,542 |
| **Non-financial corporations** | **58,457** | **4,061** |
| LTV ratio 61-80% | 19,384 | 990 |
| LTV ratio 81-100% | 9,249 | 647 |
| LTV ratio >100% | 29,824 | 2,424 |
| **Total** | **63,764** | **12,151** |

# 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 based on 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.

In the HYPO NOE Group, potential causes of hedge ineffectiveness 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”. 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” 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. A hedging relationship was rebalanced during the reporting period following partial repayment of the hedged item.

As at 31 December 2023, 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 of 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 in 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 basis adjustment, so that the gain or loss on derecognition is determined including 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 2023 two hedging relationships were terminated early due to the dominance of credit risk. The most recent applicable basis adjustments for the two hedged items 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 fulfil 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

At the end of the reporting period the HYPO NOE Group only held unlisted OTC derivatives.

The table below shows the nominal values and carrying amounts of derivatives recognised as at 31 December 2023.

| EUR ’000 | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | | Nominal value | Carrying amount | | Nominal value |
| | Assets | Liabilities | | Assets | Liabilities | |
| **Financial assets and liabilities – HFT** | **150,622** | **141,766** | **3,351,428** | **124,809** | **103,065** | **3,603,523** |
| Interest rate derivatives | 76,513 | 59,445 | 2,539,655 | 79,980 | 59,944 | 2,849,975 |
| Foreign exchange derivatives | 74,109 | 82,321 | 811,773 | 44,829 | 43,121 | 753,549 |
| **Positive and negative fair value of hedges (hedge accounting)** | **315,691** | **496,887** | **11,530,342** | **388,385** | **683,653** | **11,303,970** |
| Interest rate derivatives | 297,452 | 456,792 | 11,315,594 | 378,189 | 652,650 | 11,088,280 |
| Foreign exchange derivatives | 18,238 | 40,094 | 214,748 | 10,196 | 31,002 | 215,689 |

| 2023<br>EUR ’000 | Financial assets/liabilities (gross)<br>(a) | Reported amounts offset (gross) (-)<br>(b) | Reported financial assets (net)<br>(c)=(a)+(b) | Not offset: Effect of master netting agreements (-)<br>(d)(i) | Not offset: Collateral in the form of financial instruments (-)<br>(d)(ii) | Net amount<br>(e)=(c)+(d) |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Financial assets – HFT | 150,622 | - | 150,622 | -2,589 | -917 | 147,116 |
| Positive fair value of hedges (hedge accounting) | 315,691 | - | 315,691 | -277,104 | -985 | 37,602 |
| **Total assets** | **466,313** | **-** | **466,313** | **-279,693** | **-1,902** | **184,718** |
| **Liabilities** | | | | | | |
| Financial liabilities – HFT | 141,766 | - | 141,766 | -2,589 | -134,443 | 4,733 |
| Financial liabilities – FVO | 5,650 | - | 5,650 | - | - | 5,650 |
| Negative fair value of hedges (hedge accounting) | 496,887 | - | 496,887 | -277,104 | -172,419 | 47,364 |
| **Total equity and liabilities** | **644,303** | **-** | **644,303** | **-279,693** | **-306,862** | **57,747** |

| 2022<br>EUR ’000 | Financial assets/liabilities (gross)<br>(a) | Reported amounts offset (gross) (-)<br>(b) | Reported financial assets (net)<br>(c)=(a)+(b) | Not offset: Effect of master netting agreements (-)<br>(d)(i) | Not offset: Collateral in the form of financial instruments (-)<br>(d)(ii) | Net amount<br>(e)=(c)+(d) |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Financial assets – HFT | 124,809 | - | 124,809 | -2,054 | -500 | 122,255 |
| Positive fair value of hedges (hedge accounting) | 388,385 | - | 388,385 | -373,792 | -7,950 | 6,643 |
| **Total assets** | **513,194** | **-** | **513,194** | **-375,846** | **-8,450** | **128,898** |
| **Liabilities** | | | | | | |
| Financial liabilities – HFT | 103,065 | - | 103,065 | -2,054 | -86,790 | 14,220 |
| Financial liabilities – FVO | 5,239 | - | 5,239 | - | - | 5,239 |
| Negative fair value of hedges (hedge accounting) | 683,653 | - | 683,653 | -373,792 | -283,389 | 26,472 |
| **Total equity and liabilities** | **791,957** | **-** | **791,957** | **-375,846** | **-370,179** | **45,932** |

## 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 hedging relationships terminated early are shown.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| 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** | **5,987** | **-5,879** | **108** | **-38,330** | **38,796** | **466** |
| Bonds | 5,987 | -5,879 | 108 | -38,330 | 38,796 | 466 |
| **Financial assets – AC** | **180,464** | **-180,327** | **137** | **-759,201** | **769,514** | **10,313** |
| Loans | 118,203 | -120,102 | -1,899 | -605,405 | 614,685 | 9,280 |
| Bonds | 62,261 | -60,225 | 2,036 | -153,796 | 154,828 | 1,032 |
| **Investment property** | **-** | **-** | **-** | **-195** | **161** | **-33** |
| **Liabilities** | | | | | | |
| **Financial liabilities – AC** | **-302,956** | **298,102** | **-4,854** | **776,324** | **-779,684** | **-3,360** |
| Deposits | -1,663 | 1,657 | -6 | 4,048 | -4,017 | 31 |
| Bonds in issue | -301,293 | 296,445 | -4,848 | 772,276 | -775,667 | -3,391 |
| **Total** | **-116,505** | **111,896** | **-4,609** | **-21,401** | **28,786** | **7,385** |

The change in "Net gains or losses on hedging relationships" as compared to 2022 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 | 2023 | 2022 |
|---|---|---|
| **Assets** | **238,888** | **370,110** |
| Financial assets – FVOCI | 2,360 | 3,647 |
| Financial assets – AC | 236,528 | 366,464 |
| **Liabilities** | **76,803** | **18,274** |
| Financial liabilities – AC | 76,803 | 18,274 |
| **Total** | **315,691** | **388,385** |

### Negative fair value of hedges (hedge accounting)

The table below gives 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 | 2023 | 2022 |
|---|---|---|
| **Assets** | **131,223** | **95,168** |
| Financial assets – FVOCI | 10,184 | 7,402 |
| Financial assets – AC | 121,039 | 87,766 |
| **Liabilities** | **365,664** | **588,485** |
| Financial liabilities – AC | 365,664 | 588,485 |
| **Total** | **496,887** | **683,653** |

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.

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

| | 2023 | | 2022 | |
|---|---|---|---|---|
| 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** | **222,687** | **5,514** | **234,945** | **-642** |
| Loans | - | - | - | - |
| Bonds | 222,687 | 5,514 | 234,945 | -642 |
| **Financial assets – AC** | **3,790,469** | **-99,515** | **3,582,543** | **-281,948** |
| Loans | 2,531,489 | -22,964 | 2,503,318 | -144,459 |
| Bonds | 1,258,980 | -76,552 | 1,079,225 | -137,488 |
| **Investment property** | **-** | **-** | **3,567** | **-** |
| **Liabilities** | | | | |
| **Financial liabilities – AC** | **8,235,175** | **-302,744** | **7,584,848** | **-605,700** |
| Deposits | 46,258 | -1,486 | 44,156 | -3,149 |
| Bonds in issue | 8,188,916 | -301,258 | 7,540,692 | -602,551 |

**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. 2023<br>EUR ’000 | Up to 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Financial assets – FVOCI** | **21,000** | **27,000** | **106,600** | **55,000** | **209,600** |
| Bonds | 21,000 | 27,000 | 106,600 | 55,000 | 209,600 |
| **Financial assets – AC** | **85,559** | **110,140** | **934,029** | **2,840,763** | **3,970,491** |
| Loans | 26,059 | 61,640 | 365,814 | 2,214,824 | 2,668,337 |
| Bonds | 59,500 | 48,500 | 568,215 | 625,939 | 1,302,154 |
| **Liabilities** | | | | | |
| **Financial liabilities – AC** | **37,000** | **589,955** | **4,410,600** | **2,312,696** | **7,350,251** |
| Deposits | - | 20,000 | 6,000 | 21,000 | 47,000 |
| Bonds in issue | 37,000 | 569,955 | 4,404,600 | 2,291,696 | 7,303,251 |
| **Total** | **143,559** | **727,095** | **5,451,229** | **5,208,459** | **11,530,342** |

| Nominal value at 31 Dec. 2022<br>EUR ’000 | Up to 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Financial assets – FVOCI** | **-** | **34,000** | **139,000** | **52,000** | **225,000** |
| Bonds | - | 34,000 | 139,000 | 52,000 | 225,000 |
| **Financial assets – AC** | **54,350** | **127,145** | **908,060** | **2,856,409** | **3,945,964** |
| Loans | 26,850 | 65,431 | 397,095 | 2,265,389 | 2,754,765 |
| Bonds | 27,500 | 61,714 | 510,965 | 591,020 | 1,191,199 |
| **Liabilities** | | | | | |
| **Financial liabilities – AC** | **541,900** | **669,254** | **2,988,767** | **2,933,086** | **7,133,006** |
| Deposits | - | - | 26,000 | 21,000 | 47,000 |
| Bonds in issue | 541,900 | 669,254 | 2,962,767 | 2,912,086 | 7,086,006 |
| **Total** | **596,250** | **830,399** | **4,035,827** | **5,841,494** | **11,303,970** |

# 4.7 Fair value disclosures

The nature and extent of the risks that arise from financial instruments, as well as sensitivity analyses and other additional disclosures, form part of 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 according to a 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, this concerns inputs other than quoted prices as used for Level 1 measurements, that are observable for the asset or liability, 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.

In the HYPO NOE Group, methods based on market prices (market approach) and net present values (income approach) are applied for Level 2 measurements. The former is applied to measure receivables from securities, and is largely based on market prices for the assets in question or analogously on market prices for similar assets or liabilities. The latter is applied to the measurement of receivables from securities and OTC derivatives, and is 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. 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, which are regularly updated, 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 measurement model for the HETA contingent additional purchase price is updated every quarter. 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, 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 2020 annual report and audited financial statements
- HETA 2021 annual report and audited financial statements
- HETA 2022 annual report and audited financial statements
- HETA corporate presentation on the 2021 wind-down plan, 20 May 2021
- HETA investor information 2021 – final distribution, 28 October 2021
- HETA corporate presentation on the updated 2021 wind-down plan, 16 December 2021

- HETA corporate presentation March 2022, 24 March 2022
- HETA corporate presentation May 2023, 26 May 2023
- FMA press release, 21 October 2021
- HETA press release, 27 October 2021
- HETA press release, 24 March 2022
- HETA press release, 26 May 2023
- KAF press release, 2 November 2021
- KAF Tender Offer
- Third FMA notice on HETA, 26 March 2019

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**

The "Financial assets – HFT" item contains 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 IFRS manual, both of which are regularly updated. They set out the methods, processes and legal framework for measurement, as well as laying 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. 2023<br>EUR '000 | Carrying amount | Fair value | Fair value measurement<br>Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and balances at central banks | 397,981 | 397,981 | 377,776 | 20,205 | - |
| Financial assets – HFT | 150,622 | 150,622 | - | 85,652 | 64,970 |
| Financial assets – mandatorily FVTPL | 108,192 | 108,192 | - | 43,091 | 65,101 |
| Financial assets – FVOCI | 225,588 | 225,588 | 223,538 | - | 2,051 |
| Financial assets – AC | 14,229,790 | 13,888,439 | 1,339,598 | 112,403 | 12,436,438 |
| Positive fair value of hedges (hedge accounting) | 315,691 | 315,691 | - | 315,691 | - |
| **Total assets** | **15,427,864** | **15,086,513** | **1,940,912** | **577,042** | **12,568,559** |
| **Liabilities** | | | | | |
| Financial liabilities – HFT | 141,766 | 141,766 | - | 139,521 | 2,245 |
| Financial liabilities – FVO | 5,650 | 5,650 | - | - | 5,650 |
| Financial liabilities – AC | 13,898,367 | 13,508,736 | 1,063,119 | 7,490,500 | 4,955,117 |
| Negative fair value of hedges (hedge accounting) | 496,887 | 496,887 | - | 496,887 | - |
| **Total equity and liabilities** | **14,542,670** | **14,153,039** | **1,063,119** | **8,126,909** | **4,963,012** |

| 31 Dec. 2022<br>EUR '000 | Carrying amount | Fair value | Fair value measurement<br>Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and balances at central banks | 184,915 | 184,915 | 163,166 | 21,749 | - |
| Financial assets – HFT | 124,809 | 124,809 | - | 68,230 | 56,579 |
| Financial assets – mandatorily FVTPL | 122,172 | 122,172 | - | 43,909 | 78,263 |
| Financial assets – FVOCI | 236,890 | 236,890 | 234,945 | - | 1,945 |
| Financial assets – AC | 13,899,591 | 13,488,970 | 1,148,586 | 125,156 | 12,215,228 |
| Positive fair value of hedges (hedge accounting) | 388,385 | 388,385 | - | 388,385 | - |
| **Total assets** | **14,956,762** | **14,546,140** | **1,546,697** | **647,429** | **12,352,014** |
| **Liabilities** | | | | | |
| Financial liabilities – HFT | 103,065 | 103,065 | - | 98,802 | 4,262 |
| Financial liabilities – FVO | 5,239 | 5,239 | - | - | 5,239 |
| Financial liabilities – AC | 13,362,690 | 13,010,642 | 1,516,635 | 6,887,097 | 4,606,910 |
| Negative fair value of hedges (hedge accounting) | 683,653 | 683,653 | - | 683,653 | - |
| **Total equity and liabilities** | **14,154,646** | **13,802,598** | **1,516,635** | **7,669,552** | **4,616,411** |

In 2023 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. 2023 | Gains/losses: Recognised in profit or loss | Gains/losses: Not recognised in profit or loss | Purchases | Sales | Transfers to/from Level 3 | 31 Dec. 2023 | Unrealised gains recognised in profit or loss as at 31 Dec. 2023 |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Financial assets – HFT | 56,579 | 8,391 | - | - | - | - | 64,970 | 12,260 |
| Financial assets – mandatorily FVTPL | 78,263 | 2,868 | - | - | -16,030 | - | 65,101 | 4,347 |
| Financial assets – FVOCI | 1,945 | - | 106 | - | - | - | 2,051 | - |
| **Total assets** | **136,787** | **11,259** | **106** | **-** | **-16,030** | **-** | **132,121** | **16,607** |
| **Liabilities** | | | | | | | | |
| Financial liabilities – HFT | 4,262 | -2,018 | - | - | - | - | 2,245 | 1,565 |
| Financial liabilities – FVO | 5,239 | 411 | - | - | - | - | 5,650 | 411 |
| **Total equity and liabilities** | **9,501** | **-1,607** | **-** | **-** | **-** | **-** | **7,895** | **1,976** |

The most significant 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. 2022 | Gains/losses: Recognised in profit or loss | Gains/losses: Not recognised in profit or loss | Purchases | Sales | Transfers to/from Level 3 | 31 Dec. 2022 | Unrealised losses recognised in profit or loss as at 31 Dec. 2022 |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Financial assets – HFT | 250,636 | -194,057 | - | - | - | - | 56,579 | -182,089 |
| Financial assets – mandatorily FVTPL | 104,353 | -6,437 | - | 7,781 | -27,435 | - | 78,263 | -6,183 |
| Financial assets – FVOCI | 2,092 | - | -147 | - | - | - | 1,945 | - |
| **Total assets** | **357,080** | **-200,493** | **-147** | **7,781** | **-27,435** | **-** | **136,787** | **-188,272** |
| **Liabilities** | | | | | | | | |
| Financial liabilities – HFT | - | 4,262 | - | - | - | - | 4,262 | -11,126 |
| Financial liabilities – FVO | 6,061 | - | -822 | - | - | - | 5,239 | -822 |
| **Total equity and liabilities** | **6,061** | **4,262** | **-822** | **-** | **-** | **-** | **9,501** | **-11,948** |

### 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, five-year history) in accordance 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 and 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. The reported VaR assumes a fluctuation of 50 bps. 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 or adjusted net asset value are used to determine fair value. The item exclusively comprises equity instruments assigned to Level 3.

| 31 Dec. 2023, EUR ’000 | Fair value | Fluctuation (VaR) | Measurement method | Inputs |
|---|---|---|---|---|
| Financial assets – HFT | 64,970 | 257 | Hybrid Hull-White model | Global CDS spreads |
| Financial assets – mandatorily FVTPL (excl. HETA) | 36,954 | 1,021 | Discounted cash flow (DCF) model | Premiums for credit and liquidity risk |
| Financial assets – mandatorily FVTPL, Stage 3 (excl. HETA) | 443 | 7 | Discounted cash flow (DCF) model | Premiums for credit and liquidity risk |
| Financial assets – FVOCI | 2,051 | n/a | Adjusted net asset value (NAV) model; DCF model | Adjusted equity (for adjusted NAV model); WACC (for DCF model); cost of equity (for both models) |
| **Total assets** | **104,417** | **1,285** | | |
| Financial liabilities – HFT | 2,245 | - | | Global CDS spreads |
| **Total equity and liabilities** | **2,245** | **-** | | |

| 31 Dec. 2022, EUR ’000 | Fair value | Fluctuation (VaR) | Measurement method | Inputs |
|---|---|---|---|---|
| Financial assets – HFT | 56,579 | 216 | Hybrid Hull-White model | Global CDS spreads |
| Financial assets – mandatorily FVTPL (excl. HETA) | 51,608 | 1,238 | Discounted cash flow (DCF) model | Premiums for credit and liquidity risk |
| Financial assets – mandatorily FVTPL, Stage 3 (excl. HETA) | 966 | 11 | Discounted cash flow (DCF) model | Premiums for credit and liquidity risk |
| Financial assets – FVOCI | 1,945 | n/a | Adjusted net asset value (NAV) model; DCF model | Adjusted equity (for adjusted NAV model); WACC (for DCF model); cost of equity (for both models) |
| **Total assets** | **111,098** | **1,465** | | |
| Financial liabilities – HFT | 4,262 | 1 | | Global CDS spreads |
| **Total equity and liabilities** | **4,262** | **1** | | |

The ranges for unobservable inputs to the “Financial assets – FVOCI (equity instruments)” item categorised as Level 3 are shown below.

**Change in fair value**

| EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| 10% increase in adjusted equity | 201 | 191 |
| 10% decrease in adjusted equity | -201 | -191 |
| 50 bp increase in WACC | - | - |
| 50 bp decrease in WACC | - | - |
| 50 bp increase in cost of equity | -10 | -10 |
| 50 bp decrease in cost of equity | 11 | 11 |

**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. Since 1 January 2022 the company has been under resolution in accordance with the Aktiengesetz (Austrian Companies Act). In May 2023, HETA published its 2022 financial statements as well as an updated financial plan for 2023.

Taking into account the published documentation, significant measurement pillars have remained unchanged as compared with the period ending 31 December 2022.

Separate scenarios are simulated for expected payments based on the FMA payout ratio, 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 payout ratio. This enables precise reporting of different assumptions regarding maturities and expected returns.

For measurement of the payment according to the FMA payout ratio, the amount of which can be assumed to be relatively certain, three scenarios are modelled (base, worse, worst) with different assumptions regarding the payment date. Due to the fixed payout ratio, no variations in the payment amount are assumed. The probabilities of occurrence are equally weighted, since at the reporting date there had been no firm indications of a prospective payment date. Potential payment dates are assumed to range from the next year until the end of 2029. To discount the payment to present value, in addition to the current yield curve and senior unsecured liquidity costs, a 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 only change in comparison with the end of the previous period was in the assumed payment date for the fixed payout ratio in the worst-case scenario, from 31 December 2028 to 31 December 2029, in order to include an equally broad range of payment dates as in the previous year.

The remaining, uncertain portion of the payout is calculated based on the HETA payout ratio (90.25%) less the FMA payout ratio, and the maximum value of the CAPP (10%). As with the relatively certain part of the payout, three different scenarios are modelled, 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, senior unsecured liquidity costs and a 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. Due to the high degree of uncertainty, a range of maturities from the next year up to the end of 2031 is assumed.

After discounting the forecast payments and applying the weightings, the CAPP payout ratio was valued at 7.29% as at year-end (31 Dec. 2022: 6.76%). The model produced a range of valuations between 5.52% and 8.53%. Compared with the previous year, the range of potential valuations is smaller, as a result of changes in the discounting parameters. Higher liquidity costs and a slight increase in the required rate of return for the payment to be made according to the FMA payout ratio weighed on the valuations, while a significant reduction in the required rate of return for the uncertain portion of the payout and a decline in average interest had a positive effect. 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. HETA's articles of association contain an obligation to continue preparing financial plans and publishing material insights related to them in future. If these lead to amendments in the parameter assumptions described here that underlie the model, 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 2023 financial plan is 0.25 percentage points above the maximum value of the CAPP, a change in the recovery amount of +/- EUR 100 million 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. 2023<br>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) | - | - | -703 | 742 | -1,194 | 1,271 |

| 31 Dec. 2022<br>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% | -0.1% | -0.2% | 0.3% | -0.4% | 0.4% |
| Valuation sensitivity to profit or loss (EUR ’000) | - | -332 | -729 | 778 | -1,163 | 1,244 |

# 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”.

| 2023 EUR ’000 | Public Sector | Real Estate | Retail and Corporate Customers | Treasury & ALM | Corporate Center | Total |
|---|---|---|---|---|---|---|
| **Fee and commission income** | **1,579** | **1,129** | **15,240** | **716** | **101** | **18,763** |
| Securities and custody account business | 44 | - | 4,553 | 509 | 8 | 5,114 |
| Payment transactions | 1,058 | 789 | 5,998 | 94 | 37 | 7,976 |
| Foreign exchange, foreign notes and coins, and precious metals | 52 | 4 | 216 | 23 | - | 295 |
| Other services | 713 | - | 3,520 | 89 | 116 | 4,437 |
| Other fee and commission income | -289 | 335 | 954 | 1 | -60 | 941 |
| **Fee and commission expense** | **-70** | **-49** | **-1,285** | **-968** | **4** | **-2,369** |
| Securities and custody account business | -3 | - | -48 | -491 | -5 | -547 |
| Payment transactions | -26 | -15 | -1,190 | -477 | - | -1,709 |
| Other services | - | - | -29 | - | -7 | -36 |
| Other fee and commission expense | -41 | -34 | -18 | - | 16 | -77 |
| **Total** | **1,509** | **1,080** | **13,954** | **-253** | **105** | **16,395** |

| 2022, EUR '000 | Public Sector | Real Estate | Retail and Corporate Customers | Treasury & ALM | Corporate Center | Total |
|---|---|---|---|---|---|---|
| **Fee and commission income** | **-129** | **1,309** | **15,502** | **646** | **-27** | **17,301** |
| Securities and custody account business | 111 | - | 4,430 | 401 | 21 | 4,964 |
| Payment transactions | 689 | 749 | 5,955 | 95 | -41 | 7,447 |
| Foreign exchange, foreign notes and coins, and precious metals | 43 | 58 | 285 | 22 | - | 407 |
| Other services | -862 | 2 | 4,154 | 124 | 35 | 3,451 |
| Other fee and commission income | -110 | 501 | 679 | 4 | -42 | 1,032 |
| **Fee and commission expense** | **-86** | **-38** | **-1,318** | **-807** | **6** | **-2,243** |
| Securities and custody account business | -10 | - | -76 | -414 | - | -501 |
| Payment transactions | -24 | -17 | -1,200 | -392 | - | -1,634 |
| Other services | - | - | -34 | - | - | -34 |
| Other fee and commission expense | -51 | -21 | -9 | - | 6 | -74 |
| **Total** | **-215** | **1,271** | **14,184** | **-161** | **-21** | **15,058** |

## 5.2 Net other operating income

| EUR '000 | 2023 | 2022 |
|---|---|---|
| **Other income** | **53,573** | **13,045** |
| Gains on the disposal of intangible assets, property, plant and equipment, and other non-financial assets | 117 | 73 |
| Gains on reversals of provisions | 29,335 | 437 |
| Gains on foreign currency translation | 14,442 | - |
| Gains on deconsolidation | - | 285 |
| Gains on investment property | 2,456 | 3,095 |
| Other rental income | 481 | 410 |
| Income from real estate services and property development | 2,936 | 2,699 |
| Income from early repayments | 1,794 | 4,749 |
| Sundry other income | 2,011 | 1,297 |
| **Other expenses** | **-2,889** | **-10,635** |
| Losses on the disposal of intangible assets, property, plant and equipment, and other non-financial assets | -81 | -24 |
| Losses on recognition of provisions | -19 | -5,319 |
| Losses on foreign currency translation | - | -2,754 |
| Losses on deconsolidation | -11 | - |
| Losses on investment property | -1,715 | -1,801 |
| Sundry other expenses | -1,063 | -738 |
| **Total** | **50,683** | **2,409** |

See Note 6.2 Provisions for further details on the "Gains on reversals of provisions" item.

**Net gains or losses on disposal of consolidated subsidiaries**

| EUR '000 | 2023 | 2022 |
| --- | --- | --- |
| Financial assets – AC | 21 | 158 |
| Property, plant and equipment | - | 21 |
| Current tax assets | 3 | - |
| Deferred tax assets | - | 15 |
| **Total assets** | **23** | **194** |
| Provisions | - | 76 |
| Other liabilities | - | 28 |
| **Total liabilities** | **-** | **104** |
| Proceeds of disposal | 12 | 195 |
| + Fair value of remaining interest held by the Group | - | 180 |
| - Assets disposed of | -23 | -194 |
| + Liabilities disposed of | - | 104 |
| **Net gains or losses on disposal of consolidated subsidiaries** | **-11** | **285** |
| **Net gains or losses on disposal of consolidated subsidiaries through profit or** | **-11** | **285** |

| EUR '000 | 2023 | 2022 |
| --- | --- | --- |
| Consideration received in cash and cash equivalents | 12 | 195 |
| **Cash proceeds from the disposal of subsidiaries** | **12** | **195** |
| Amount outstanding from the corporate transaction | - | - |

# 5.3 Administrative expenses

## 5.3.1 Analysis of administrative expenses

| EUR ’000 | 2023 | 2022 |
|---|---|---|
| **Staff costs** | **-59,925** | **-53,640** |
| Wages and salaries | -46,572 | -41,591 |
| Pensions and other employee benefit expenses | -13,353 | -12,048 |
| **Other administrative expenses** | **-47,632** | **-44,986** |
| Premises | -4,494 | -3,859 |
| Office and communication expenses | -1,215 | -1,110 |
| IT expenses | -14,862 | -13,098 |
| Legal and consultancy costs | -3,080 | -2,513 |
| Auditors: annual audit | -562 | -530 |
| Auditors: other auditing services | -66 | -38 |
| Advertising and entertainment expenses | -4,676 | -4,316 |
| Other administrative expenses | -19,304 | -20,090 |
| of which: Financial stability contribution (bank tax) | -4,751 | -3,128 |
| of which: Deposit insurance fund and resolution fund | -8,672 | -11,574 |
| of which: Cost of compliance with company law | -490 | -494 |
| of which: Training costs | -702 | -580 |
| of which: Vehicle and fleet expenses | -247 | -269 |
| of which: Insurance | -552 | -512 |
| of which: Cost of information procurement and payment transactions | -712 | -688 |
| **Depreciation, amortisation and impairment** | **-5,272** | **-4,029** |
| Depreciation and amortisation | -4,252 | -4,029 |
| Intangible assets | -183 | -116 |
| Buildings used by Group companies | -1,462 | -1,501 |
| Equipment, fixtures and furnishings (incl. low value assets) | -2,264 | -2,106 |
| Right-of-use assets (IFRS 16) | -342 | -307 |
| Impairment losses | -1,021 | - |
| **Administrative expenses** | **-112,830** | **-102,655** |

See Note 6.1 Investment property, intangible assets, and property, plant and equipment for details on the “Impairment losses” item.

## 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.

| | 2023 | 2022 |
|---|---|---|
| Average number of employees (excl. on statutory leave) | 594 | 603 |

| EUR ’000 | 2023 | 2022 |
|---|---|---|
| **Termination benefit expenses incl. provident fund for:** | **-1,143** | **-979** |
| Management Board | -17 | -16 |
| Key management | -64 | -56 |
| Other employees | -1,062 | -908 |
| **Pension expenses for:** | **-1,718** | **-1,323** |
| Management Board | -109 | -101 |
| Key management | -162 | -152 |
| Other employees (including former employees) | -1,447 | -1,071 |
| **Expenses for former officers** | **-190** | **-310** |
| Former Management Board members: total remuneration | -190 | -310 |

| EUR ’000 | 2023 | 2022 |
|---|---|---|
| **Salaries of Management Board members** | **-1,236** | **-1,150** |
| Total remuneration of Management Board | -1,236 | -1,150 |
| **Supervisory Board members’ remuneration (non-employees)** | **-125** | **-121** |
| **Supervisory Board members’ salaries** | **-513** | **-482** |
| **Remuneration of Management Board members, Supervisory Board members and key management:** | **-5,614** | **-5,732** |
| Short-term employee benefits | -5,614 | -5,732 |

# 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 rentals 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 HYPO NOE Group held only intangible assets acquired for consideration and no self-constructed intangible assets in 2023.

The fair value of investment property is measured by independent external assessors every three years, in accordance with paragraph 34 IAS 16.

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). If the recoverable amount subsequently exceeds the carrying amount, a reversal is recognised in profit or loss, up to a maximum of the amortised carrying amount that would have been carried excluding impairment.

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 25-50 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. In 2023 no impairment losses were recognised for “Investment property” or “Intangible assets” (2022: nil). An impairment loss was recognised for a property reported under “Property, plant and equipment” in 2023 due to changes in market conditions, in particular higher interest rates. The property comprises an office building and a bank branch, and is located at Wipplingerstrasse 2, Vienna. The recoverable amount corresponds to the fair value according to IFRS 13 (Level 2) and was determined based on an external expert opinion using the income approach. The recoverable amount was EUR 21,147thsd (31 Dec. 2022: EUR 23,540thsd), which was lower than the carrying amount (31 Dec. 2023: EUR 22,633thsd; 31 Dec. 2022: EUR 21,147thsd). This resulted in an impairment loss of EUR 1,021thsd (31 Dec. 2022: nil). The following table shows the material input parameters used to determine the value of the property, as well as corresponding sensitivities.

**Wipplingerstrasse 2: significant assumptions and sensitivities – IAS 16**

| Wipplingerstrasse 2 - change in fair value due to changes in individual inputs, EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Input parameter: risk of loss of rent** | **7.50%** | **6.50%** |
| 1pp reduction in risk of loss of rent | 204 | 187 |
| 1pp increase in risk of loss of rent | -205 | -186 |
| **Input parameter: land value capitalisation rate** | **2.75%** | **2.00%** |
| 1pp reduction in land value capitalisation rate | 3,266 | 3,896 |
| 1pp increase in return on land value capitalisation rate | -5,444 | -3,895 |
| **Input parameter: capitalisation rate** | **3.00%** | **3.00%** |
| 1pp reduction in capitalisation rate | 437 | 1,391 |
| 1pp increase in capitalisation rate | -330 | -1,037 |

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

| | Cost | | | | | | |
|---|---|---|---|---|---|---|---|
| EUR '000 | 1 Jan. 2023 | Changes in scope of consolidation | Additions | Disposals | Transfers | Other changes | 31 Dec. 2023 |
| Software | 8,872 | - | 388 | -1 | - | - | 9,259 |
| Goodwill | - | - | - | - | - | - | - |
| **Intangible assets** | **8,872** | **-** | **388** | **-1** | **-** | **-** | **9,259** |
| Land | 13,004 | - | - | - | - | - | 13,004 |
| Buildings | 60,310 | - | 398 | - | - | - | 60,708 |
| IT equipment | 2,263 | - | 429 | -71 | - | - | 2,621 |
| Equipment, fixtures and furnishings | 32,357 | - | 2,698 | -1,073 | - | - | 33,982 |
| Right-of-use assets (IFRS 16) | 2,073 | - | 52 | - | - | 98 | 2,223 |
| Other property, plant and equipment | 356 | - | - | -86 | - | - | 270 |
| **Property, plant and** | **110,362** | **-** | **3,577** | **-1,230** | **-** | **98** | **112,806** |
| **Investment property** | **34,920** | **-** | **376** | **-1,410** | **-** | **-** | **33,886** |

| | Accumulated depreciation and amortisation | | | | | | Carrying amount | |
|---|---|---|---|---|---|---|---|---|
| EUR '000 | 1 Jan. 2023 | Changes in scope of consolidation | Depre-ciation and amorti-sation | Impair-ment | Dis-posals | 31 Dec. 2023 | 1 Jan. 2023 | 31 Dec. 2023 |
| Software | -8,398 | - | -183 | - | - | -8,582 | 474 | 677 |
| Goodwill | - | - | - | - | - | - | - | - |
| **Intangible assets** | **-8,398** | **-** | **-183** | **-** | **-** | **-8,582** | **474** | **677** |
| Land | -20 | - | -1 | - | - | -21 | 12,983 | 12,983 |
| Buildings | -18,696 | - | -1,462 | -1,021 | - | -21,178 | 41,614 | 39,530 |
| IT equipment | -1,747 | - | -455 | - | 69 | -2,132 | 517 | 489 |
| Equipment, fixtures and furnishings | -24,966 | - | -1,770 | - | 1,002 | -25,735 | 7,390 | 8,247 |
| Right-of-use assets (IFRS 16) | -982 | - | -342 | - | - | -1,325 | 1,091 | 898 |
| Other property, plant and equipment | -125 | - | -39 | - | 20 | -143 | 231 | 126 |
| **Property, plant and** | **-46,536** | **-** | **-4,068** | **-1,021** | **1,091** | **-50,534** | **63,826** | **62,272** |
| **Investment property** | **-10,249** | **-** | **-1,227** | **-** | **42** | **-11,434** | **24,671** | **22,452** |

| | Cost | | | | | | |
|---|---|---|---|---|---|---|---|
| EUR '000 | 1 Jan. 2022 | Changes in scope of consolidation | Additions | Disposals | Transfers | Other changes | 31 Dec. 2022 |
| Software | 8,720 | -28 | 393 | -213 | - | - | 8,872 |
| **Intangible assets** | **8,752** | **-28** | **393** | **-245** | **-** | **-** | **8,872** |
| Land | 13,004 | - | - | - | - | - | 13,004 |
| Buildings | 60,151 | - | 158 | - | - | - | 60,310 |
| IT equipment | 4,030 | -12 | 428 | -2,184 | - | - | 2,263 |
| Equipment, fixtures and furnishings | 34,814 | -1 | 1,130 | -3,586 | - | - | 32,357 |
| Right-of-use assets (IFRS 16) | 2,001 | - | 75 | -99 | - | 97 | 2,073 |
| Other property, plant and equipment | 382 | -32 | 46 | -40 | - | - | 356 |
| **Property, plant and** | **114,381** | **-45** | **1,837** | **-5,908** | **-** | **97** | **110,362** |
| **Investment property** | **46,013** | **-** | **386** | **-11,285** | **-** | **-195** | **34,920** |

| | Accumulated depreciation and amortisation | | | | | | Carrying amount | |
|---|---|---|---|---|---|---|---|---|
| EUR '000 | 1 Jan. 2022 | Changes in scope of consolidation | Depre-ciation and amorti-sation | Impair-ment | Dispo-sals | 31 Dec. 2022 | 1 Jan. 2022 | 31 Dec. 2022 |
| Software | -8,523 | 28 | -116 | - | 213 | -8,398 | 197 | 474 |
| **Intangible assets** | **-8,556** | **28** | **-116** | **-** | **245** | **-8,398** | **197** | **474** |
| Land | -19 | - | -1 | - | - | -20 | 12,984 | 12,983 |
| Buildings | -17,196 | - | -1,500 | - | - | -18,696 | 42,956 | 41,614 |
| IT equipment | -3,611 | 12 | -321 | - | 2,173 | -1,747 | 419 | 517 |
| Equipment, fixtures and furnishings | -26,707 | 1 | -1,741 | - | 3,481 | -24,966 | 8,107 | 7,390 |
| Right-of-use assets (IFRS 16) | -775 | - | -307 | - | 99 | -982 | 1,226 | 1,091 |
| Other property, plant and equipment | -132 | 11 | -43 | - | 40 | -125 | 250 | 231 |
| **Property, plant and** | **-48,439** | **24** | **-3,913** | **-** | **5,793** | **-46,536** | **65,942** | **63,826** |
| **Investment property** | **-12,495** | **-** | **-1,401** | **-** | **3,647** | **-10,249** | **33,518** | **24,671** |

| EUR '000 | 2023 | 2022 |
|---|---|---|
| **Other income from investment property** | **2,456** | **3,095** |
| Rental income | 1,870 | 1,786 |
| Other income | 429 | 371 |
| Income from disposals | 157 | 938 |
| **Other expenses arising from investment property** | **-1,715** | **-1,801** |
| Depreciation, amortisation and impairment | -1,227 | -1,401 |
| Expenses arising from let investment property | -457 | -399 |
| **Total** | **741** | **1,294** |

| | 31 Dec. 2023 | | 31 Dec. 2022 | |
|---|---|---|---|---|
| **EUR '000** | **Carrying** | **Fair value** | **Carrying** | **Fair value** |
| Land and buildings | 52,513 | 65,467 | 54,597 | 71,988 |
| Investment property | 22,452 | 38,032 | 24,671 | 38,861 |

## 6.1.1 Operating leases (with the Group as lessor)

| **EUR '000** | **2023** | **2022** |
|---|---|---|
| **Income from operating leases** | | |
| Investment property | 1,870 | 1,786 |
| Property, plant and equipment | 481 | 410 |

| **EUR '000** | **2023** | **2022** |
|---|---|---|
| **Future minimum lease payments on non-cancellable leases** | | |
| Up to 1 year | 1,539 | 1,562 |
| 1 to 2 years | 1,521 | 1,557 |
| 2 to 3 years | 1,485 | 1,542 |
| 3 to 4 years | 1,485 | 1,513 |
| 4 to 5 years | 1,485 | 1,513 |
| Over 5 years | 20,439 | 22,054 |
| **Total** | **27,955** | **29,741** |

## 6.1.2 Right-of-use assets (IFRS 16)

| | 31 Dec. 2023 | | | 31 Dec. 2022 | | |
|---|---|---|---|---|---|---|
| **EUR '000** | **Carrying** | **Additions** | **Depreciation** | **Carrying** | **Additions** | **Depreciation** |
| Land and buildings | 898 | 52 | -342 | 1,091 | 75 | -307 |
| **Right-of-use assets (IFRS** | **898** | **52** | **-342** | **1,091** | **75** | **-307** |

| **EUR '000** | **2023** | **2022** |
|---|---|---|
| **Leases with the Group as lessee – supplementary information** | | |
| Payments for leases on low-value assets | -19 | -27 |
| Short-term lease payments | -523 | -561 |
| Total cash outflow for leases | -904 | -912 |

# 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, 3.0% of eligible salaries are paid to the pension fund on behalf of ordinary employees, 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). Pension fund arrangements at HYPO NOE Officium GmbH apply to one managing director. EUR 2thsd was paid in to the fund (31 Dec. 2022: nil)

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 9.5 years, and that of the termination benefit obligation is 10.3 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.

**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.

## Estimation uncertainties and judgements

**Employee benefit provisions**

Measurement of the long-term employee benefit provisions was based on the statutory retirement ages of 60 for women and 65 for men. Account was taken of the staged increase in the retirement age for women from 60 to 65.

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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Discount rate | 4.25% | 3.80% |
| Future salary increases | 3.80% | 3.50% |
| Future pension increases | 3.30% | 3.00% |
| Adjustment for employee turnover applied to jubilee benefits | 10.70% | 10.70% |

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**

Due to settlement agreements with entities or persons as defined by IAS 24, made in the first half of 2023, the legal risk arising from negative interest related to corporate loan agreements was largely eliminated.

As the legal situation regarding negative interest on corporate loan agreements remains unchanged and the Austrian Supreme Court is yet to make a ruling that would change our risk assessment, the recognition criteria for contracts not affected by settlement agreements, governed by paragraph 14 IAS 37, remain in place.

Measurement is based on estimates by experts, on the Bank’s own experience, and on discounted cash flow methods. The carrying amounts reflect best estimates of the expenditure (outflow of resources) required to settle the obligations. This is an interest-bearing debt, which takes its lead from the 4% rate established by the Austrian Civil Code and forms part of the impending loss. Since 30 June 2023, no model has been required to determine the provision for impending losses, as the settlement agreement rules out the other scenarios. Measurement was on the basis of the assumptions of an average settlement percentage and an expected outflow of resources in the event of full payment. The uncertainty regarding the likelihood of full payment as opposed to a settlement payment on arm’s length terms was addressed by means of the expected value method, and the mid-point of the range set at 50% in accordance with paragraph 39 IAS 37. Experience of valid settlement agreements was directly drawn on as a source of arm’s length terms.

This approach is in line with the best estimate of the expenditure required to settle the present obligation at the end of the reporting period as required by paragraph 36 in conjunction with paragraph 37 IAS 37. Account is also taken of all significant information available at the measurement date.

| Sensitivity of the provision for negative interest rates under corporate loan agreements (parameter changes expressed in EUR ’000) | 31 Dec. 2023 |
|---|---|
| Expected parameter assumptions | 5,495 |
| Expected settlement percentage +10 percentage points | 5,907 |
| Expected settlement percentage -10 percentage points | 5,083 |
| Weighting of full payment +10 percentage points | 6,044 |
| Weighting of full payment -10 percentage points | 4,946 |

## 6.2.1 Movements in provisions

| EUR '000 | 1 Jan. 2023 | Changes in scope of consoli-dation | Allo-cations | Utilisation | Reversals | Discount unwinding effect | Remea-sure-ment | 31 Dec. 2023 |
|---|---|---|---|---|---|---|---|---|
| **Employee benefit provisions** | **22,864** | **-** | **465** | **-1,519** | **-** | **886** | **-527** | **22,168** |
| Provisions for pensions | 13,245 | - | - | -1,075 | - | 503 | -763 | 11,910 |
| Provisions for termination benefits | 7,330 | - | 301 | -342 | - | 290 | 180 | 7,760 |
| Provisions for jubilee benefits | 2,288 | - | 163 | -102 | - | 93 | 55 | 2,498 |
| **Credit provisions** | **3,236** | **-** | **908** | **-** | **-1,421** | **-** | **-** | **2,722** |
| **Other provisions** | **48,870** | **-** | **19** | **-13,912** | **-29,335** | **-** | **-** | **5,643** |
| **Total** | **74,970** | **-** | **1,392** | **-15,431** | **-30,757** | **886** | **-527** | **30,533** |

As at 31 December 2023 the provision relating to negative interest rates in connection with corporate loan agreements, carried under "Other provisions", amounted to EUR 5,495thsd (31 Dec. 2022: EUR 48,342thsd). As this provision relates to a legal risk, allocations to it are recognised in "Other operating expense", while any reversals are reported under "Other operating income".

## 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 that the parameters remain unchanged from the previous year.

| Provision for pensions, EUR '000 | DBO |
|---|---|
| **Carrying amounts as at 31 Dec. 2023: 0.25pp discount rate increase** | |
| Discount rate 4.5%; salary increase 3.8%; pension increase 3.3% | 11,643 |
| **Carrying amounts as at 31 Dec. 2023: 0.25pp discount rate reduction** | |
| Discount rate 4%; salary increase 3.8%; pension increase 3.3% | 12,189 |
| **Carrying amounts as at 31 Dec. 2023: +0.25% pension increase** | |
| Discount rate 4.25%; salary increase 3.8%; pension increase 3.55% | 12,189 |
| **Carrying amounts as at 31 Dec. 2023: -0.25% pension increase** | |
| Discount rate 4.25%; salary increase 3.8%; pension increase 3.05% | 11,643 |
| **Carrying amounts as at 31 Dec. 2023: one-year increase in life expectancy** | |
| Discount rate 4.25%; salary increase 3.8%; pension increase 3.3% | 12,504 |
| **Carrying amounts as at 31 Dec. 2023: one-year decrease in life expectancy** | |
| Discount rate 4.25%; salary increase 3.8%; pension increase 3.3% | 11,328 |
| **Carrying amounts as at 31 Dec. 2023: previous year's discount rate** | |
| Discount rate 3.8%; salary increase 3.8%; pension increase 3.3% | 12,076 |

| Provision for termination benefits, EUR '000 | DBO |
|---|---|
| **Carrying amounts as at 31 Dec. 2023: 0.25pp discount rate increase** | |
| Discount rate 4.5%; salary increase 3.8%; pension increase 3.3% | 7,571 |
| **Carrying amounts as at 31 Dec. 2023: 0.25pp discount rate reduction** | |
| Discount rate 4%; salary increase 3.8%; pension increase 3.3% | 7,955 |
| **Carrying amounts as at 31 Dec. 2023: +0.25% salary increase** | |
| Discount rate 4.25%; salary increase 4.05%; pension increase 3.3% | 7,966 |
| **Carrying amounts as at 31 Dec. 2023: -0.25% salary increase** | |
| Discount rate 4.25%; salary increase 3.55%; pension increase 3.3% | 7,560 |
| **Carrying amounts as at 31 Dec. 2023: previous year's discount rate** | |
| Discount rate 3.8%; salary increase 3.8%; pension increase 3.3% | 7,863 |

**Type of provision**

| EUR '000 | Pensions | Termination benefits | Jubilee benefits | Total |
|---|---|---|---|---|
| **Present value of DBO at 31 Dec. 2021** | **17,913** | **8,670** | **2,801** | **29,384** |
| Change in scope of consolidation | - | - | -4 | -4 |
| Service cost | - | 369 | 217 | 586 |
| Interest cost | 188 | 95 | 32 | 315 |
| Payments | -1,230 | -893 | -54 | -2,177 |
| Actuarial gains and losses recognised in profit or loss | - | - | -704 | -704 |
| Actuarial gains and losses not recognised in profit or loss | -3,626 | -911 | - | -4,537 |
| **Present value of DBO at 31 Dec. 2022** | **13,245** | **7,330** | **2,288** | **22,864** |
| Service cost | - | 301 | 163 | 465 |
| Interest cost | 503 | 290 | 93 | 886 |
| Payments | -1,075 | -342 | -102 | -1,519 |
| Actuarial gains and losses recognised in profit or loss | - | - | 55 | 55 |
| Actuarial gains and losses not recognised in profit or loss | -763 | 180 | - | -583 |
| **Present value of DBO at 31 Dec. 2023** | **11,910** | **7,760** | **2,498** | **22,168** |

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 2023, and the service and interest cost, as well as the underlying assumptions (discount rate, and salary and pension increases) for 2024 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. 2024 (forecast), EUR ’000**<br>**Discount rate 4.25%; salary increase 3.8%; pension increase 3.3%** | **Provisions for pensions** | **Provisions for termination benefits** | **Provisions for jubilee benefits** | **Total** |
|---|---|---|---|---|
| DBO | 11,910 | 7,760 | 2,498 | 22,168 |
| Current service cost | - | 323 | 175 | 498 |
| Interest cost | 506 | 344 | 114 | 963 |
| | | | | |
| Supervisory and Management boards | | | | |
| DBO | - | 256 | 30 | 286 |
| Service cost | - | 11 | 1 | 12 |
| Interest cost | - | 11 | 1 | 13 |
| | | | | |
| Key management staff | | | | |
| DBO | - | 190 | 107 | 297 |
| Service cost | - | 8 | 6 | 14 |
| Interest cost | - | 8 | 5 | 13 |

# 6.3 Other assets and liabilities

## Accounting policies

“Other assets and liabilities” largely relates to other non-bank receivables and liabilities.

Following conclusion in November 2022 of an energy supply agreement that runs until 2025, the HYPO NOE Group only uses electricity generated from renewable sources. The agreement locks in the electricity price paid by the Group for specified quantities in 2024, which correspond to expected consumption.

In September 2023 the Group also concluded a gas supply agreement that runs until 2025. It locks in the gas price paid by the Group for specified quantities in 2024, which likewise correspond to expected consumption.

Following conclusion of the agreement, prepayments of EUR 112thsd were made for future consumption. These are recognised under “Other assets” in “Accruals and deferrals, and contract assets in accordance with IFRS 15”. As the agreed quantities of electricity and gas will solely cover the HYPO NOE Group’s own demand, the Group opted to apply the own use exemption under paragraph 2.4 IFRS 9 to the agreements, which are therefore recognised as pending agreements.

### Other assets

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Offset receivables (public loan management) | 11,485 | 6,957 |
| Other offset receivables | 5,883 | 5,618 |
| Accruals and deferrals, and contract assets in accordance with IFRS 15 | 5,708 | 6,403 |
| VAT and other tax credits (other than income tax) | 2,272 | 476 |
| Trade receivables | 2,189 | 2,757 |
| Sundry other receivables | 1,581 | 1,066 |
| Immaterial equity investments | 582 | 475 |
| **Other assets** | **29,700** | **23,751** |

### Other liabilities

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Trade payables | 56,709 | 34,995 |
| SEPA clearing offset liabilities | 25,560 | - |
| VAT and other tax liabilities (other than income tax) | 10,135 | 6,397 |
| Firm commitments arising from future lending | 9,907 | 13,494 |
| Employee liabilities | 7,326 | 6,130 |
| Accruals and deferrals, and contract liabilities in accordance with IFRS 15 | 3,746 | 5,536 |
| Other offset liabilities | 3,026 | 2,313 |
| Sundry other liabilities | 1,060 | 524 |
| Offset liabilities (public loan management) | 937 | 1,230 |
| Lease liabilities in accordance with IFRS 16 | 900 | 1,092 |
| **Other liabilities** | **119,305** | **71,711** |

The offset liabilities related to the new SEPA clearing service are shown under the "SEPA clearing offset liabilities" item. Due to the takeover of the clearing business of Geldservice Austria – an OeNB subsidiary – by Payment Services Austria GmbH, the latter carried out a technical upgrade on 12 June 2023 as part of the modernisation of the clearing operations.

The increase in "Firm commitments arising from future lending" is due to a basis adjustment recognised for a large future fixed-interest loan, for which an agreement has already been concluded.

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 | 2023 | 2022 |
|---|---|---|
| **Lease liabilities by term** | | |
| Up to 1 year | 223 | 307 |
| 1 to 2 years | 194 | 197 |
| 2 to 3 years | 159 | 167 |
| 3 to 4 years | 138 | 133 |
| 4 to 5 years | 130 | 119 |
| Over 5 years | 55 | 168 |
| **Total** | **900** | **1,092** |

# 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 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 24% 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").

Due to the phased reduction of the corporate income tax rate in Austria, to 23% from 2024, the reduced rate of 23% was applied when calculating deferred taxes, as the deferred tax assets and liabilities carried will not reverse until future periods.

## 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 2,181thsd (2022: EUR 2,080thsd).

## 7.1 Income tax

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

| EUR '000 | 2023 | 2022 |
|---|---|---|
| Current income tax | -24,332 | -13,865 |
| Current income tax on previous years | -8,299 | -27 |
| Deferred income tax | 2,201 | -588 |
| **Total** | **-22,130** | **-14,453** |

## 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 | 2023 | 2022 |
|---|---|---|
| **Profit before tax** | **88,113** | **61,580** |
| **x income tax rate** | **24%** | **25%** |
| **= anticipated income tax expense** | **-21,147** | **-15,395** |
| **Reductions in tax liability** | **1,008** | **977** |
| Tax-free income from investments | 212 | 564 |
| Other tax-free income | 274 | 413 |
| Investments accounted for using the equity method | 521 | - |
| **Increases in tax liability** | **-1,259** | **-1,694** |
| Non-deductible expenses | -1,259 | -1,025 |
| Investments accounted for using the equity method | - | -669 |
| **Tax effects of other differences** | **-732** | **1,659** |
| Adjustments to and non-recognition of deferred tax | -95 | - |
| Previous years | -612 | 1,699 |
| Prepayments | -9 | -6 |
| Other adjustments | -16 | -34 |
| **Total** | **-22,130** | **-14,453** |

The “Increases in tax liability” arise from non-deductible expenses, such as the financial stability contribution which has not been tax-deductible since 2017.

“Adjustments to and non-recognition of deferred tax” solely concerns the effect of the phased reduction in the rate of corporation tax to 23%, starting in 2024, which is central to the measurement and recognition of deferred tax.

## 7.3 Deferred income tax

| EUR '000 | Net deferred taxes, 1 Jan. 2023 | Changes in scope of conso-lidation | Change in 2023 | | Net deferred taxes, 31 Dec. 2023 | of which: assets | Of which: liabilities |
|---|---|---|---|---|---|---|---|
| | | | Recogni-sed in profit or loss | Recogni-sed outside profit or loss | | | |
| Financial assets – HFT | -14,401 | - | -1,451 | - | -15,852 | - | -15,852 |
| Financial assets – mandatorily FVTPL | -1,315 | - | 95 | - | -1,220 | - | -1,220 |
| Financial assets – FVOCI | -1,398 | - | -1,471 | 607 | -2,262 | 1 | -2,263 |
| Financial assets – AC | 43,395 | - | -44,497 | - | -1,102 | 28,706 | -29,808 |
| Positive fair value of hedges (hedge accounting) | -87,046 | - | 24,651 | - | -62,394 | - | -62,394 |
| Other assets (statement of financial position) | 955 | - | -911 | - | 43 | 1,163 | -1,119 |
| Financial liabilities – HFT | 12,923 | - | 1,821 | - | 14,744 | 14,744 | - |
| Financial liabilities – AC | -141,008 | - | 69,383 | - | -71,624 | - | -71,624 |
| Negative fair value of hedges (hedge accounting) | 160,768 | - | -49,887 | - | 110,882 | 110,882 | - |
| Other liabilities (statement of financial position) | -2,428 | - | 4,368 | -134 | 1,806 | 4,135 | -2,329 |
| Tax loss carryforwards available for use without time limit | 7,265 | - | 100 | - | 7,365 | 7,365 | - |
| less deferred tax liabilities | - | - | - | - | - | -166,717 | 166,717 |
| **Total** | **-22,288** | **-** | **2,201** | **473** | **-19,614** | **279** | **-19,893** |

| EUR '000 | Net deferred taxes, 1 Jan. 2022 | Changes in scope of conso-lidation | Change in 2022 | | Net deferred taxes, 31 Dec. 2022 | of which: assets | of which: liabilities |
|---|---|---|---|---|---|---|---|
| | | | Recogni-sed in profit or loss | Recogni-sed outside profit or loss | | | |
| Financial assets – HFT | -64,450 | - | 50,049 | - | -14,401 | - | -14,401 |
| Financial assets – mandatorily FVTPL | -1,778 | - | 463 | - | -1,315 | - | -1,315 |
| Financial assets – FVOCI | -11,997 | - | 9,196 | 1,402 | -1,398 | 1 | -1,399 |
| Financial assets – AC | -143,833 | - | 187,228 | - | 43,395 | 69,080 | -25,685 |
| Positive fair value of hedges (hedge accounting) | -63,198 | - | -23,848 | - | -87,046 | - | -87,046 |
| Other assets (statement of financial position) | -28 | - | 983 | - | 955 | 2,143 | -1,188 |
| Financial liabilities – HFT | 62,761 | - | -49,838 | - | 12,923 | 12,923 | - |
| Financial liabilities – AC | 40,392 | - | -181,400 | - | -141,008 | - | -141,008 |
| Negative fair value of hedges (hedge accounting) | 150,788 | - | 9,981 | - | 160,768 | 160,768 | - |
| Other liabilities (statement of financial position) | 884 | -15 | -2,154 | -1,142 | -2,428 | 4,532 | -6,960 |
| Tax loss carryforwards available for use without time limit | 8,513 | - | -1,248 | - | 7,265 | 7,265 | - |
| less deferred tax liabilities | - | - | - | - | - | -256,388 | 256,388 |
| **Total** | **-21,945** | **-15** | **-588** | **260** | **-22,288** | **325** | **-22,613** |

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

Net deferred tax credits of EUR 473thsd (2022: EUR 260thsd) were recognised directly in equity. The basis for non-recognition of deferred tax for associates and joint ventures in profit or loss was negative by EUR 2,173thsd (31 Dec. 2022: positive by EUR 2,676thsd).

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 687thsd (2022: EUR 363thsd). 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 20,233thsd (2022: EUR 18,813thsd).

# 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.

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

The Group's risk-bearing capacity is safeguarded by a balanced relationship between risks and coverage capital. To this end, eligible risk coverage capital is very 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 continuously. 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 of the Group's insolvency risk, the Management and Supervisory Boards receive separate regular risk reports for each risk category. These provide comprehensive 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, in a separate document posted on the Group's website (en.hyponoe.at).

The rules for introducing new areas of business or new products, and for entering new markets, call for 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. In principle, the Group restricts its exposures to areas where it has the necessary expertise to judge and manage the specific risks involved. Where the risk situation is unclear, or where 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. Neither can the risk management techniques and strategies applied 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 provides creditor protection 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 Bank survives 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Credit risk** | **257,375** | **334,366** |
| Counterparty risk | 222,146 | 277,606 |
| FX risk (customer perspective) | 1,675 | 1,319 |
| Investment risk | 8,256 | 9,508 |
| Concentration risk | 22,595 | 32,637 |
| Macroeconomic risk | 1,382 | 12,069 |
| Repayment vehicle risk | 1,323 | 1,227 |
| **Market risk** | **83,971** | **89,645** |
| Interest rate risk | 53,669 | 58,762 |
| Credit spread risk | 29,227 | 29,818 |
| Credit valuation adjustment risk | 337 | 306 |
| FX risk (Bank perspective) | 87 | 110 |
| Risk – small trading book | 650 | 650 |
| **Liquidity risk** | **6,200** | **8,700** |
| **Operational risks** | **27,456** | **25,482** |
| **Risk buffer** | **55,187** | **66,279** |
| Model risk | 18,750 | 22,910 |
| Reputational risk | 7,500 | 9,164 |
| Other non-quantified risks | 28,936 | 34,205 |
| **Total** | **430,189** | **524,473** |

| Allocated to RBC, EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Economic Tier 1 capital | 816,728 | 772,298 |
| Undisclosed reserves/liabilities | -19,693 | -18,326 |
| **Economic risk-bearing capacity (RBC)** | **797,035** | **753,973** |
| **Utilisation of economic RBC** | **54%** | **70%** |

As at 31 December 2023 the Group was utilising 54% of its risk-bearing capacity (including an adequate risk buffer), which was lower than at 31 December 2022 (69.6%). This reduction was mainly due to updates and refinements to the model used for credit risk parameters, in particular loss given defaults.

## 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 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. The 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 2023 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.

## 8.2.3 Bank-wide stress test

As part of the internal Bank-wide stress testing process, a detailed economic study compiled every year provides the basis for the annual analysis of scenarios relevant to the HYPO NOE Group's business model. 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 tests may also be held on a case-by-case basis.

## 8.2.4 Basel III/IV

Another impact analysis was carried out to determine the credit risk on the business portfolio as at 30 June 2023. The analysis was based on the various proposals available at the midway point of the year regarding amendments to Regulation (EU) No 575/2013 (known as CRR III), and the results fed into the medium-term budget drawn up in the autumn. After the European Council and the European Parliament had reached a provisional agreement on amendments to the CRD and the CRR, consolidated versions of CRR III and CRD VI as adopted by the Committee of Permanent Representatives (COREPER) were published in early December 2023. A formal resolution has not yet been passed by the Council and the Parliament. The initial draft of the European Banking Authority reporting framework 4.0 (EBA ITS 4.0), which implements the new and amended CRR III regulations into the supervisory reporting requirements, was published in mid-December. The related consultation phase is scheduled to last until mid-March.

Implementation of the revised requirements in accordance with CRR III forms a major part of the Group's Integrated Finance and Risk Architecture (IFRA) programme, which was initiated in 2022. The corresponding work and preparations for testing are now under way, in collaboration with existing and new IT partners.

### 8.2.5 Upgrading risk management systems

In 2024 the HYPO NOE Group will again refine its infrastructure, processes and methodologies, in order to meet current and future regulatory requirements, and to ensure that internal risk control systems remain compatible with the Group's permitted risk tolerance and its business objectives.

### 8.2.6 Minimum requirement for own funds and eligible liabilities (MREL)

As at 31 December 2023, the HYPO NOE Group was obliged to comply with the following mandatory minimum requirements for MREL:

- 5.90% of leverage ratio exposure (31 Dec. 2022: 5.90%), or
- 20.92% of total risk exposure (31 Dec. 2022: 20.92%)

As the minimum ratios in accordance with the most recent notice are higher than the previously prescribed minimum ratios, the latter had to be complied with at 31 December 2023. From 1 January 2024 onwards, the Group's equity and eligible liabilities must amount to at least 5.91% of the leverage ratio exposure and 21.36% of the total risk exposure. The Group must comply with these requirements at all times.

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%. The officially approved GPP for 2023 was EUR 288m. Renewal of the GPP at EUR 254m for 2024 was applied for and approved by the regulator. Consequently, the HYPO NOE Group is entitled to make repurchases of eligible liabilities amounting to EUR 254m without further approval from the regulator.

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 regulator, 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 price 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 ordinary banking activities such as fixed-interest lending and management of liquidity reserves. The HYPO NOE Group has implemented 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 closely monitored. 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 made to control the liquidity reserve, 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 ensure 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 consequently no material 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 guarantee 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 evaluating market risks
- Specifying and regularly reviewing 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
- Identifying and complying with legislative and regulatory 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 restricting interest rate risk, the HYPO NOE Group distinguishes between period net interest income risk – which mainly tracks 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.

A major objective for the HYPO NOE Group is monitoring and managing the interest rate risk arising from aggregate net interest income at Bank level and sub-portfolios relevant to IFRS earnings and equity, which are prime indicators of performance in the accounts for a given period. 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 supervisory requirements (identifier for an outlier bank).

### 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 expert estimates. Regular analyses are also carried out for the entire banking book and for sub-portfolios.

Management of interest rate risk positions and implementation of the Bank's interest rate risk management strategy are the responsibility of the ALM team. The main objective is to achieve stable, long-term contributions to net interest income, while also managing the present value of interest rate risk in terms of its impact on earnings.

The Bank's interest rate risk policy is planned as part of the annual budget and medium-term planning and calibrated to 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 within the defined interest rate risk limits and authorities,

and coordinates regularly with Strategic Risk Management on decisions that have a bearing on interest rate risk. Interest rate risk management measures are ultimately executed by the Treasury/Capital Market/FI/IR Department.

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 may be 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. This is set during the annual risk budgeting process, on the basis of the Bank's total risk-bearing capacity and risk appetite, and 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 to the specified limits. The effect on net asset value of a range of interest rate scenarios and shifts forms the basis for the measurement.

The internal present value of interest rate risk is assessed on the basis of 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 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 the interest rate risks associated with the various currencies, negative present value changes are weighted at 100% and positive present value changes at 50%.

During the reporting period, adaptations and amendments were carried out on the basis of the IRRBB guidelines applicable since 30 June 2023, including the recognition of pipeline exposures, scenario-dependent assumptions on prepayments and the implicit maturities of exposures with interest rates fixed for indefinite periods and unspecified maturities (customer deposits). Risk measurement and submission of the OeNB interest rate risk statistics are carried out in accordance with regulatory requirements.

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 from 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: total banking book

Interest rate risk measured in terms of the supervisory outlier test (15% of eligible capital) remains low. 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 2023 and 31 December 2022. The indicators are based on equity including retained profit.

| Regulatory interest rate risk, total banking book, change in present value, EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Scenario I: EBA parallel up | -48,790 | -53,423 |
| Scenario II: EBA parallel down | 16,384 | 36,735 |
| Scenario III: EBA steepener | 4,941 | -19,585 |
| Scenario IV: EBA flattener | -605 | 6,203 |
| Scenario V: EBA short rate up | -17,350 | -5,576 |
| Scenario VI: EBA short rate down | 7,680 | 3,063 |
| **Worst-case scenario** | **-48,790** | **-53,423** |
| **Worst case as percentage of equity** | **5.97%** | **6.91%** |

The changes in interest income by period for both parallel interest rate shocks are as follows:

| Interest income risk for the period, EUR ’000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Scenario I: EBA parallel up | -537 | 6,445 |
| Scenario II: EBA parallel down | -5,927 | -12,692 |

The interest rate risk positions taken by the HYPO NOE Group as at 31 December 2023 and 31 December 2022 are presented in the tables below.

| Interest rate risk positions (assets – liabilities), 31 Dec. 2023, EUR ’000 | On-balance-sheet | Off-balance-sheet | Total |
|---|---|---|---|
| Up to 1 month | 659,643 | -673,443 | -13,801 |
| >1-3 months | 823,599 | -708,014 | 115,585 |
| >3-6 months | 1,738,215 | -1,508,390 | 229,825 |
| >6 months-1 year | 601,386 | 163,003 | 764,388 |
| >1-2 years | -1,007,096 | 939,564 | -67,532 |
| >2-3 years | -960,634 | 671,853 | -288,781 |
| >3-4 years | -510,425 | 623,124 | 112,699 |
| >4-5 years | -402,378 | 466,630 | 64,252 |
| >5-7 years | -510,794 | 759,601 | 248,807 |
| >7-10 years | 21,955 | -43,272 | -21,317 |
| >10-15 years | 425,189 | -504,757 | -79,569 |
| >15-20 years | 308,294 | -243,614 | 64,680 |
| Over 20 years | 72,941 | -71,004 | 1,937 |

| Interest rate risk positions (assets – liabilities), 31 Dec. 2022, EUR ’000 | On-balance-sheet | Off-balance-sheet | Total |
|---|---|---|---|
| Up to 1 month | -251,043 | -399,246 | -650,288 |
| >1-3 months | 1,043,125 | -404,867 | 638,258 |
| >3-6 months | 2,361,130 | -2,379,948 | -18,817 |
| >6 months-1 year | 207,580 | 675,470 | 883,050 |
| >1-2 years | -488,330 | 387,474 | -100,857 |
| >2-3 years | -1,023,129 | 984,045 | -39,084 |
| >3-4 years | -611,037 | 310,887 | -300,150 |
| >4-5 years | -184,844 | 160,213 | -24,632 |
| >5-7 years | -806,248 | 674,678 | -131,569 |
| >7-10 years | -256,929 | 390,127 | 133,198 |
| >10-15 years | 428,299 | -239,540 | 188,759 |
| >15-20 years | 304,981 | -195,691 | 109,290 |
| Over 20 years | 76,297 | -72,908 | 3,388 |

As at 31 December 2023, risk utilisation was 72% of the total limit of EUR 75m (31 Dec. 2022: 90% of the total limit of EUR 65m). 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 2023 and 31 December 2022. 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Scenario I: EBA parallel up | -53,669 | -58,765 |
| Scenario II: EBA parallel down | 18,022 | 40,408 |
| Scenario III: EBA steepener | 5,435 | -21,544 |
| Scenario IV: EBA flattener | -666 | 6,823 |
| Scenario V: EBA short rate up | -19,085 | -6,133 |
| Scenario VI: EBA short rate down | 8,448 | 3,369 |
| Scenario VII: EBA parallel down without interest rate floor | 18,022 | 40,408 |
| Scenario VIII: EBA steepener without interest rate floor | 3,614 | -14,298 |
| Scenario IX: EBA flattener without interest rate floor | -3,549 | 7,375 |
| Scenario X: EBA short rate down without interest rate floor | 3,885 | -1,791 |
| Internal risk | -53,669 | -58,765 |
| **Warning level (95% of limit)** | **75,000** | **65,000** |
| **Limit/utilisation (%)** | **-71.56%** | **-90.41%** |

## 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. Credit spread risk mainly arises due to own investments of liquidity reserves. The IFRS fair value of loans was included for the first time in the measurement of credit spread risk as at 31 December 2023.

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 recognised in the risk-bearing capacity calculation. 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 ten-year history. 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Total credit spread risk | -29,227 | -29,818 |

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 were calculated; in the scenario with rising spreads, quantiles of 95% and 99.9% were 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Total credit spread risk | -856 | n/a |

## 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 2023 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. Using a variance/covariance approach, correlations between the various currencies are also considered in the calculations. More recent developments in the time series are weighted more heavily than those further back in the past, with a decay factor of 0.94. 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| Currency risk exposure, total | -87 | -110 |

There were no significant changes in the methods used to measure and monitor foreign exchange risk during the reporting period.

## 8.4.5 Options risk

Volatility risks in the HYPO NOE Group chiefly arise from upper and lower interest rate limits on loans and deposits. The management and oversight of these exposures forms part of management of interest rate risk in the banking book.

The Bank normally aims to prohibit any option positions with a significant bearing on IFRS fair value. Option derivatives are only employed to a very limited extent, 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 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 accordingly limited, in line with that Article. In addition, sensitivity limits and a maximum loss limit have been set (31 Dec. 2023: EUR 650thsd; 31 Dec. 2022: EUR 650thsd), including an early warning indicator (31 Dec. 2023: EUR 300thsd; 31 Dec. 2022: EUR 300thsd) that halves the sensitivity limit when it is triggered. Daily observation is performed by the Strategic Risk Management Department. No positions were taken up in the small trading book in 2023.

## 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 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 respective instruments 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 CVA adjustments, which can in turn 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 Bank-wide economic banking risk observation, swings in the CVAs of relevant positions over time are measured and included as risks in the calculation of risk-bearing capacity. The daily movements in global CDS curves are the basis for measuring these fluctuations. 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 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 following factors need to be borne in mind when employing the sensitivity analyses used to determine risk:

- The defined scenarios may not be good indicators of future events, especially where they represent extremely positive or extremely negative situations. In such cases, the scenarios could lead to risks being underestimated or overstated.
- 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 stated 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. Repricing risk shows the impact on net interest income.

| IFRS fair value sensitivities, 31 Dec. 2023, EUR ’000 | Profit/loss sensitivities | | | OCI sensitivities | | |
|---|---|---|---|---|---|---|
| | VaR | Limit | Utilisation | VaR | Limit | Utilisation |
| Present value interest rate risk | -817 | 4,000 | 20% | -612 | 3,500 | 17% |
| Credit spread risk | -1,246 | 7,000 | 18% | -2,400 | 4,000 | 60% |
| CVA risk | -257 | | | | | |
| FX basis risk | -722 | 3,000 | 24% | | 5,000 | |
| OIS spread risk | -1,075 | | | | | |
| Banking book risk | -4,117 | | | -3,012 | | |
| Trading book interest rate risk | - | | | | | |

| IFRS fair value sensitivities, 31 Dec. 2022, EUR ’000 | Profit/loss sensitivities | | | OCI sensitivities | | |
|---|---|---|---|---|---|---|
| | VaR | Limit | Utilisation | VaR | Limit | Utilisation |
| Present value interest rate risk | -901 | 4,000 | 23% | -669 | 3,500 | 19% |
| Credit spread risk | -2,110 | 7,000 | 30% | -2,728 | 4,000 | 68% |
| CVA risk | -217 | | | | | |
| FX basis risk | -1,129 | 3,000 | 38% | | 5,000 | |
| OIS spread risk | n/a | | | | | |
| Banking book risk | -4,356 | | | -3,396 | | |
| 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 shows 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 2023 and 31 December 2022. 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 deposits 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 December 2023, EUR ’000**

| Liabilities by Note and internal liquidity category | | 0-1M | 1-3M | 3-12M | 1-5Y |
|---|---|---|---|---|---|
| **Financial liabilities – HFT** | **4.4** | **54,404** | **136,022** | **416,692** | **337,252** |
| Derivative liabilities | | 54,404 | 136,022 | 416,692 | 337,252 |
| **Financial liabilities – AC** | **4.4** | **2,780,800** | **338,270** | **1,987,430** | **6,625,447** |
| OeNB tenders/GC Pooling repos | | 200,175 | - | 185,000 | - |
| Deposits from financial institutions | | 14,998 | 6,130 | 186,450 | 54,196 |
| Liabilities arising from collateral received for derivatives | | 88,206 | - | - | - |
| Customer deposits | | 2,429,198 | 218,670 | 469,937 | 207,226 |
| Liabilities to development banks and multilateral development banks | | 421 | 1,334 | 101,864 | 198,030 |
| Unsecured own issues | | 7,228 | 72,646 | 866,030 | 2,108,194 |
| Secured own issues | | 40,573 | 39,490 | 178,149 | 4,057,801 |
| **Financial liabilities – FVO** | **4.4** | **-** | **-** | **-** | **-** |
| **Contingent liabilities** | | **1,137** | **-** | **-** | **-** |
| Financial guarantees | | 51 | - | - | - |
| Loan commitments | | 1,086 | - | - | - |
| **Other positions affecting liquidity** | | **23,980** | **27,000** | **63,000** | **120,000** |
| Finance lease obligations | | 23,980 | 27,000 | 63,000 | 120,000 |

**Financial liabilities: maturity analysis, 31 December 2022, EUR ’000**

| Liabilities by Note and internal liquidity category | | 0-1M | 1-3M | 3-12M | 1-5Y |
|---|---|---|---|---|---|
| **Financial liabilities – HFT** | **4.4** | **62,431** | **21,849** | **245,310** | **690,660** |
| Derivative liabilities | | 62,431 | 21,849 | 245,310 | 690,660 |
| **Financial liabilities – AC** | **4.4** | **2,810,749** | **271,114** | **2,403,376** | **6,139,213** |
| OeNB tenders/GC Pooling repos | | - | 100,000 | 649,000 | 185,000 |
| Deposits from financial institutions | | 3,564 | 7,902 | 67,384 | 51,513 |
| Liabilities arising from collateral received for derivatives | | 61,500 | - | - | - |
| Customer deposits | | 2,721,912 | 94,829 | 321,154 | 17,388 |
| Liabilities to development banks and multilateral development banks | | 5,554 | 502 | 35,557 | 211,334 |
| Unsecured own issues | | 4,644 | 43,085 | 754,760 | 2,372,653 |
| Secured own issues | | 13,576 | 24,796 | 575,521 | 3,301,325 |
| **Financial liabilities – FVO** | **4.4** | **-** | **-** | **-** | **-** |
| **Contingent liabilities** | | **1,463** | **-** | **-** | **-** |
| Financial guarantees | | 59 | - | - | - |
| Loan commitments | | 1,404 | - | - | - |
| **Other positions affecting liquidity** | | **13,553** | **24,000** | **88,717** | **195,000** |
| Finance lease obligations | | 13,553 | 24,000 | 88,717 | 195,000 |

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 2023 and to 31 December 2022 is shown in the table below.

| Worst-case liquidity outflow, EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| | 315,101 | 315,101 |

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 with regard to 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. This in turn facilitates forward planning of the Bank's refinancing requirements.

The 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 Bank 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 Bank 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| 1 | 75,000 | 99,974 |
| 2 | 51,600 | 65,000 |
| 3 | 50,000 | 55,000 |
| 4 | 40,000 | 28,000 |
| 5 | 28,500 | 22,500 |
| 6 | 28,000 | 15,000 |
| 7 | 17,250 | 12,450 |
| 8 | 16,516 | 10,000 |
| 9 | 15,000 | 10,000 |
| 10 | 14,000 | 9,500 |

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 so 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. 2023 | 31 Dec. 2022 |
|---|---|---|
| 1 | 133,000 | 25,000 |
| 2 | 25,000 | 24,971 |
| 3 | 15,055 | 8,000 |
| 4 | 13,000 | 5,000 |

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, highly 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. 2023, EUR m | T0 | 1M | 3M | 12M |
|---|---|---|---|---|
| HQLA | 1,109 | 1,109 | 1,089 | 1,046 |
| Other collateral eligible for ECB tenders or GC Pooling repos | 1,951 | 2,069 | 2,016 | 1,794 |
| Cash and balances at central banks | 377 | - | - | - |

| Available liquidity reserve, 31 Dec. 2022, EUR m | T0 | 1M | 3M | 12M |
|---|---|---|---|---|
| HQLA | 1,025 | 1,025 | 1,020 | 936 |
| Other collateral eligible for ECB tenders or GC Pooling repos | 1,597 | 1,540 | 1,502 | 2,333 |
| Cash and balances at central banks | 166 | - | - | - |

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.

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 Bank’s emergency processes and measures are triggered. The Bank’s internal liquidity risk management processes require the activation of these processes and measures 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 mainstays 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 maintain 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:

- The 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
- Identifying and complying with legislative and regulatory 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 support 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 items (including contingent liabilities) 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 in order 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 Bank 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 made 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 described briefly 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 severely 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 in such a crisis the stress factors of the two components are not simply added; special parameters come into play. Refinancing in the money or capital markets is hardly possible in such a crisis. The liquidity buffer shrinks as market prices fall, and customer deposits increasingly drain away – albeit less than in a name crisis, since other market participants are also affected.
- A normal scenario is also simulated. This depicts routine business developments, as well as customary fluctuations in deposits, and withdrawals attributable to contingent liabilities. It is therefore 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 2023 was over 52 weeks (31 Dec. 2022: 43 weeks). 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 236% as at 31 December 2023 (31 Dec. 2022: 163%). In 2023 the regulatory limit was 100%, and the internal limit 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 2023. The liquidity position (LP) key indicator is employed to measure the Bank's available 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 generated by 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 6.2m as at 31 December 2023 (31 Dec. 2022: EUR 8.7m for a limit of EUR 15m). In addition to the economic capital, there is a structural one-year gap limit of EUR 1bn, and the net stable funding ratio (NSFR), a recovery indicator, is also applied. The NSFR was 115.63% at the end of the reporting period (31 Dec. 2022: 112.54%), 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 as early as possible, so that the Bank 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 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 is in a strong position as regards its refinancing options. It obtains liquidity from conventional capital market transactions and deposits, as well as standard repo transactions and ECB tenders. Transactions with development banks are another source of refinancing.

In 2023 liquidity markets were affected by uncertainty due to the war in Ukraine, the after-effects of the Covid-19 pandemic, and the conflict in the Middle East. The increase in base rates and the resulting general rise in interest rates which began in mid-2022 continued into 2023. This had an impact on the terms for lending and deposit-taking, as well as the structure of these businesses.

The HYPO NOE Group completed all of its capital market issues planned for 2023, amounting to EUR 1,500m. All of these transactions were significantly oversubscribed.

Some retail and institutional customers switched their current and savings account demand deposits to time deposits during 2023 due to the more attractive conditions on the latter. Overall, the HYPO NOE Group recorded an increase in total current account, savings account and time deposits.

The majority of the financing obtained under the TLTRO III programme was repaid when due in June and September 2023. The remainder of the TLTRO III financing, amounting to EUR 185m, will be repaid in June 2024.

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 the above 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.

The management of operational risks in the HYPO NOE Group is subject to 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 of and improvements to 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 the occurrence of risk events
- 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 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: they have been consistently formulated and implemented when operational risk events and near-miss incidents have occurred.

The early-warning and key risk indicators yielded satisfactory results. The Group has responded to the continued increase in the number of cases of payment fraud in connection with debit cards, but also via other channels (notably using social engineering techniques), through an ongoing awareness-raising drive aimed at customers and staff.

The ICS was updated in the course of the annual review.

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.

Due to the Group's ongoing digitalisation drive as well as the applicable regulatory requirements, ICT risk has become a major issue. It is addressed by the Operations, Organisation & IT Department in cooperation with Strategic Risk Management. ICT risks are identified, assessed, mitigated and documented using a specialised risk management tool. This focuses on the following three sources of risk: Accenture TiGital GmbH in its capacity as the developer and operator of the core banking system; HYPO NOE Landesbank, its employees and processes, and the IT systems and applications it develops and operates itself; and third parties to which ICT services are outsourced.

## 8.7 Reputational risk

As the HYPO NOE Group attaches great importance to limiting and managing reputational risk, it is managed as a separate risk category. Great 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.

Reputational risk is the danger of direct or indirect damage to the Group's good name, and the opportunity costs that this would entail. Such damage can compromise the Group's standing and undermine the trust of its stakeholders, including customers, investors, employees, business partners and the community. It may arise from a failure to live up to these stakeholders' expectations.

In the Group's view, effective business processes, coupled with sound risk monitoring and management provide the foundations for meeting those expectations. The Group's code of conduct outlines the common values and principles shared by its employees. The HYPO NOE Group also avoids business policies 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. In this way, the Bank ensures that loans are only extended for purposes that are compatible with its philosophy and sustainability strategy. The ethics guidelines and business principles comprise exclusion criteria, coupled with the exercise of particular care in financing 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 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 – encompassing 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.

## 8.9 Risk buffer

To deal with 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.

## 8.10 Sustainability risks

In line with the recommendations of the FMA Guide for Managing Sustainability Risks, the HYPO NOE Group incorporated sustainability risks into the current main risk categories in its risk map as sub-categories (i.e. reporting the effect on existing types of risk) when drawing up its risk inventory. The risk manuals and strategies have been revised accordingly.

Sustainability risks are limited and managed when approving new lending, and by means of regular reviews, using inclusion and exclusion criteria and by defining environmentally and socially sensitive sectors for which the Bank has a heightened duty of care. These measures are supported by an environment, social and governance (ESG) questionnaire for real estate and corporate customers, by recording compliance with ESG criteria in company rating models by means of the soft facts questionnaire, and by taking ESG indicators 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 application 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. No financing plans that breached the Group's ethics guidelines were identified during the reporting period.

Other steps taken to monitor sustainability risks include assessment of potential impacts of climate-related risks in specific regions and countries, 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 measures are integrated into the HYPO NOE Group's operations as routine activities in individual departments. The Sustainability Committee has overall responsibility for managing these topics.

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 (EU) 2021/2178 supplementing the Taxonomy Regulation (Regulation [EU] 2020/852), which determines the conditions under which an economic activity can be seen as making a significant contribution to climate protection and climate change adaptation without significantly prejudicing any other environmental targets.

## 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.

# 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 **investing activities**” largely concern cash inflows and outflows from additions to and disposals of property, plant and equipment, and investment property.

“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. 2023 | Cash | Non-cash | 31 Dec. 2023 |
|---|---|---|---|---|
| Lease liabilities | 1,092 | -363 | 171 | 900 |
| **Liabilities from financing activities** | **1,092** | **-363** | **171** | **900** |

| EUR ’000 | 1 Jan. 2022 | Cash | Non-cash | 31 Dec. 2022 |
|---|---|---|---|---|
| Lease liabilities | 1,227 | -324 | 189 | 1,092 |
| **Liabilities from financing activities** | **1,227** | **-324** | **189** | **1,092** |

# 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 51 Austrian subsidiaries (31 Dec. 2022: 53) in which the parent meets the criteria for control as specified by IFRS 10. A total of 13 companies are accounted for using the equity method (31 Dec. 2022: 14).

### 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 Group does not control a majority of the voting rights but has the de facto ability to direct relevant activities, the 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 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 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. 2023 | Included in consolidation as at 31 Dec. 2022 | Date of change | Reason |
|---|---|---|---|---|
| NÖ. HYPO LEASING ASTEWOG Grundstückvermietungs Gesellschaft m.b.H. | n/a | Consolidated | 13 Jun. 2023 | Merger |
| Aventin Grundstückverwaltungs Gesellschaft m.b.H. (under liquidation) | n/a | Consolidated | 22 Sep. 2023 | Liquidation |
| NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG | n/a | Equity method | 19 Dec. 2023 | Reversals |

## 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 2023:

| Company name | Domicile | Interest | of which indirect |
|---|---|---|---|
| HYPO NOE Landesbank für Niederösterreich und Wien AG | St. Pölten | | |
| Adoria Grundstückvermietungs Gesellschaft m.b.H. | St. Pölten | 51.00% | 26.00% |
| 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% |
| 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. | 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 Gamma Immobilienerrichtungs- und Verwertungs GmbH | St. Pölten | 100.00% | 100.00% |
| HYPO Niederösterreich-Immobilienleasinggesellschaft m.b.H. | St. Pölten | 90.00% | 90.00% |
| 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 | 90.00% | 90.00% |
| NEUROM Grundstückvermietungs Gesellschaft m.b.H. | St. Pölten | 100.00% | 100.00% |
| NÖ. HYPO LEASING AGILITAS Grundstücksvermietung Gesellschaft m.b.H. (under liquidation) | St. Pölten | 100.00% | 75.00% |
| 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. | St. Pölten | 100.00% | 100.00% |
| NÖ. HYPO LEASING STRUCTOR Grundstückvermietungs Gesellschaft m.b.H. (under liquidation) | St. Pölten | 100.00% | 75.00% |
| 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 | 90.10% | 90.10% |
| 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% |
| 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.

Exchange differences arising from investments accounted for using the equity method are reported as part of consolidated equity, in the currency translation reserve.

Investments accounted for using the equity method were as follows.

| EUR '000 | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Banks | 7,371 | 5,910 |
| Non-banks | 20,457 | 27,814 |
| **Total** | **27,828** | **33,724** |

| 31 Dec. 2023, EUR ’000 | Domicile | Interest | of which indirect | Carrying amount as at 31 Dec. 2023 | Profit or loss from continuing operations, 2023 | Segment/Corporate Center | Reporting date |
|---|---|---|---|---|---|---|---|
| **Joint ventures** | | | | **8,681** | **1,955** | | |
| Palatin Grundstückverwaltungs Gesellschaft m.b.H. | St. Pölten | 50.00% | 50.00% | 55 | -10 | Public Sector | 31 Dec. 2023 |
| NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG | St. Pölten | - | - | - | 30 | Public Sector | - |
| Niederösterreichische Vorsorgekasse AG | St. Pölten | 49.00% | - | 7,371 | 1,460 | Treasury & ALM | 31 Dec. 2023 |
| PPP Campus AM + SEEA GmbH | St. Pölten | 50.00% | 50.00% | 17 | 1 | Public Sector | 31 Dec. 2023 |
| PPP Campus AM + SEEA GmbH & Co KG | St. Pölten | 50.00% | 50.00% | 1,130 | 380 | Public Sector | 31 Dec. 2023 |
| PPP Campus RAP + LGG GmbH | St. Pölten | 45.00% | 45.00% | 15 | 1 | Public Sector | 31 Dec. 2023 |
| PPP Campus RAP + LGG GmbH & Co KG | St. Pölten | 45.00% | 45.00% | 93 | 93 | Public Sector | 31 Dec. 2023 |
| **Associates** | | | | **19,147** | **-6,385** | | |
| EWU Wohnbau Unternehmensbeteiligungs-GmbH | St. Pölten | 48.00% | - | 2,408 | 153 | Real Estate | 31 Dec. 2023 |
| Gemdat Niederösterreichische Gemeinde-Datenservice Gesellschaft m.b.H. | Korneuburg | 32.50% | - | 3,218 | 881 | Public Sector | 31 Dec. 2023 |
| Hotel- und Sportstätten- Beteiligungs-, Errichtungs- und Betriebsgesellschaft m.b.H. Leasing KG | St. Pölten | 45.41% | 45.41% | 646 | 5 | Public Sector | 31 Dec. 2023 |
| NÖ. Landeshauptstadt - Planungsgesellschaft m.b.H. | St. Pölten | 39.00% | 39.00% | 232 | -70 | Public Sector | 31 Dec. 2023 |
| NOE Immobilien Development GmbH* | St. Pölten | 48.00% | 48.00% | 10,087 | -7.300 | Real Estate | 30 Sep. 2023 |
| VIVITliving GmbH | St. Pölten | 24.50% | 24.50% | 2,333 | -97 | Real Estate | 31 Dec. 2023 |
| HYPO NOE Versicherungsmakler GmbH | St. Pölten | 48.00% | - | 223 | 43 | Retail and Corporate Customers | 31 Dec. 2023 |
| **Total** | | | | **27,828** | **-4,430** | | |

*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.

| 31 Dec. 2022, EUR ’000 | Domicile | Interest | of which indirect | Carrying amount as at 31 Dec. 2022 | Profit or loss from continuing operations, 2022 | Segment/ Corporate Center | Reporting date |
|---|---|---|---|---|---|---|---|
| **Joint ventures** | | | | **7,495** | **708** | | |
| Palatin Grundstückverwaltungs Gesellschaft m.b.H. | St. Pölten | 50.00% | 50.00% | 65 | -9 | Public Sector | 31 Dec. 2022 |
| NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG | St. Pölten | 50.00% | 50.00% | 719 | 7 | Public Sector | 31 Dec. 2022 |
| Niederösterreichische Vorsorgekasse AG | St. Pölten | 49.00% | - | 5,910 | 333 | Treasury & ALM | 31 Dec. 2022 |
| PPP Campus AM + SEEA GmbH | St. Pölten | 50.00% | 50.00% | 16 | 1 | Public Sector | 31 Dec. 2022 |
| PPP Campus AM + SEEA GmbH & Co KG | St. Pölten | 50.00% | 50.00% | 770 | 377 | Public Sector | 31 Dec. 2022 |
| PPP Campus RAP + LGG GmbH | St. Pölten | 45.00% | 45.00% | 15 | - | Public Sector | 31 Dec. 2022 |
| PPP Campus RAP + LGG GmbH & Co KG | St. Pölten | 45.00% | 45.00% | - | - | Public Sector | 31 Dec. 2022 |
| **Associates** | | | | **26,229** | **-1,076** | | |
| EWU Wohnbau Unternehmensbeteiligungs-GmbH | St. Pölten | 48.00% | - | 2,255 | 98 | Real Estate | 31 Dec. 2022 |
| Gemdat Niederösterreichische Gemeinde-Datenservice Gesellschaft m.b.H. | Korneuburg | 32.50% | - | 3,034 | 838 | Public Sector | 31 Dec. 2022 |
| Hotel- und Sportstätten- Beteiligungs-, Errichtungs- und Betriebsgesellschaft m.b.H. Leasing KG | St. Pölten | 45.41% | 45.41% | 641 | 3 | Public Sector | 31 Dec. 2022 |
| NÖ. Landeshauptstadt - Planungsgesellschaft m.b.H. | St. Pölten | 39.00% | 39.00% | 302 | 16 | Public Sector | 31 Dec. 2022 |
| NOE Immobilien Development GmbH* | St. Pölten | 48.00% | 48.00% | 17,388 | -2,011 | Real Estate | 30 Sep. 2022 |
| VIVITliving GmbH | St. Pölten | 24.50% | 24.50% | 2,430 | -20 | Real Estate | Formation |
| HYPO NOE Versicherungsmakler GmbH | St. Pölten | 48.00% | - | 180 | - | Retail and Corporate Customers | 31 Dec. 2022 |
| **Total** | | | | **33,724** | **-368** | | |

*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.

All losses were recognised in profit or loss (31 Dec. 2022: EUR 94thsd not recognised). The cumulative losses fell by EUR 94thsd, whereas they rose by EUR 66thsd in 2022.

**Detailed disclosures on material associates and joint ventures 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. 2023** | **31 Dec. 2022** | **30 Sep. 2023** | **30 Sep. 2022** |
| Non-current assets | 9,931 | 10,093 | 119,758 | 104,611 |
| Current assets | 7,003 | 5,309 | 12,450 | 18,271 |
| *Cash and cash equivalents* | *153* | *549* | *9,797* | *10,441* |
| Non-current liabilities | -295 | -1,091 | -58,810 | -40,731 |
| *Non-current financial liabilities* | - | - | *-58,464* | *-40,377* |
| Current liabilities | -1,597 | -2,250 | -29,125 | -39,725 |
| *Current financial liabilities* | *-8* | *-8* | - | *-2,081* |
| **Net assets (100%)** | **15,042** | **12,062** | **44,274** | **42,426** |
| **Group share of net assets** | **7,371** | **5,910** | **21,251** | **20,364** |
| Impairment gains/losses | - | - | -11,165 | -2,977 |
| **Carrying amount of interests in associates** | **7,371** | **5,910** | **10,087** | **17,388** |
| **EUR '000 – profit/loss as basis for inclusion in annual report** | **2023** | **2022** | **Q1-Q3 2023** | **Q1-Q3 2022** |
| Interest income | 568 | 463 | - | 1,048 |
| Interest expense | - | - | -3,512 | -208 |
| Other income | 5,508 | 4,731 | 78,207 | 13,678 |
| Operating expense | -2,163 | -4,282 | -72,467 | -11,437 |
| *of which: Depreciation, amortisation and impairment* | *-22* | *-23* | *-968* | *-517* |
| **Profit before tax** | **3,913** | **911** | **2,228** | **3,081** |
| Income tax expense | -933 | -231 | -380 | -1,069 |
| **Profit for the year (100%)** | **2,980** | **680** | **1,848** | **2,012** |
| **Group share of profit/loss** | **1,460** | **333** | **887** | **966** |
| **Impairment gains/losses** | **-** | **-** | **-8,188** | **-2,977** |

*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.

## Estimation uncertainties and judgements

The positions held by key management personnel on the management boards of associates and joint ventures, as well as other details, are set out in Note 10.4 Disclosures on related-party relationships.

**Niederösterreichische Vorsorgekasse AG (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 purpose of impairment testing in accordance with IAS 36, the fair value of NÖVK as defined by IFRS 13 was calculated using the dividend discount model (DDM) to determine the value in use, as there are no grounds to expect any synergy effects going beyond this. In applying the DDM – a form of discounted cash flow method – future expected dividends are discounted using 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 discount rate employed for NÖVK corresponds to the pre-tax cost of equity. It is derived from the capital asset pricing model (CAPM), and has the following components:

- The 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); as well as
- a market risk premium based on:
  - the implicit market risk premium for Austria (ATX Prime); and
  - the beta factor (drawn from the parameters of listed peers).

As of 31 December 2023 this was 11.37% (year-end 2022: 11.22%).

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 +36.2% (2022: +6.5%). This reflects the above-average growth rate due to the low base in 2022.

To allow for reliably forecastable special effects, a further six 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 -0.9% (2022: -0.1%).

The rough budgeting phase is followed by the pension phase, with a long-term growth rate of 2.0% (2022: 2.0%), which is equal to the ECB's medium-term inflation target.

| %<br>**NÖVK: key assumptions** | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Pre-tax discount rate (cost of equity) | 11.37% | 11.22% |
| CAGR in the detailed budgeting phase | 36.20% | 6.50% |
| CAGR in the rough budgeting phase | -0.90% | -0.10% |
| Long-term growth rate in the pension phase | 2.00% | 2.00% |

Despite the geopolitical environment, which in 2023 was largely shaped by the Ukraine war and the Middle East conflict, as well as continued very high inflation, both performance and profit for the year were above target. Medium-term budgeting takes account of the risks arising from the geopolitical environment and the inflation expectations implicit in the performance expectations of the collective investment fund (CIF), including their impact on the Company's expenses and the CIF's contributions. NÖVK expects results to continue to improve in subsequent periods, provided there are no massive external disruptions such as the spread of the Ukraine war or the Middle East conflict to other countries, or extreme, wide area impacts of climate change.

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 2023.

| Change in fair value in EUR ’000<br>**Sensitivity analysis** | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| 50 bp increase in pre-tax discount rate | -655 | -593 |
| 50 bp decrease in pre-tax discount rate | 732 | 665 |
| 1 bp increase in net margin as percentage of accrued benefits after the detailed budgeting phase | 399 | 361 |
| 1 bp decrease in net margin as percentage of accrued benefits after the detailed budgeting phase | -399 | -397 |

**NOE Immobilien Development GmbH** (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. As no material synergy effects are likely, measurement of the recoverable amount is at fair value in accordance with IFRS 13, using the discounted cash flow (DCF) approach, in line with the gross method (WACC). Under the WACC approach, the fair value of total capital (enterprise value) is arrived at by discounting free cash flow using the weighted average cost of capital (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. When calculating the WACC for NID, the cost of equity is determined using the CAPM (see description in relation to NÖVK, above), while borrowing costs are arrived at by reconciling the median credit ratings of peer group members with the yield curve (for 30-year maturity) of 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, and remains constant over the entire time horizon. NID’s pre-tax discount rate (WACC) as at 31 December 2023 was 8.07% (2023: 9.18%).

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 2023-2032 budgeting phase is +2.58% (2022: +5.7%), and that in the subsequent pension phase is zero (2022: zero).

| %<br>**NID: key assumptions** | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| Pre-tax discount rate (WACC) | 8.07% | 9.18% |
| CAGR in the budgeting phase | 2.58% | 5.70% |
| Long-term growth rate in the pension phase | - | - |

The delays in obtaining planning permission for some property projects due to the Covid-19 pandemic have persisted, and account has been taken of them in the budgeting that serves as the basis for determining the recoverable amount.

In addition, due to the Ukraine war and the resultant energy crisis, appropriate assumptions were made with regard to existing projects and acquisitions included in the medium-term budget, in order to allow for construction cost fluctuations and rising borrowing costs. Both the latter and the inflation trend were factored into the project calculations, and the profit and loss accounting during the initial budget preparation, medium-term budgeting and liquidity planning. At the same time, there was a significant increase in the discount rate for NID in 2022 – though by 31 December 2023 this had receded slightly.

Application of the equity method resulted in a positive equity valuation of EUR 887thsd for NID as at 31 December 2023. Impairment testing indicated a need to recognise impairment losses of EUR 8,188thsd on NID’s investments accounted for using the equity method as at 31 December 2023. This was primarily due to the lower project profits, and project postponements.

| Change in fair value in EUR '000<br>**Sensitivity analysis** | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|
| 25 bp increase in pre-tax discount rate | -1,509 | -1,154 |
| 25 bp decrease in pre-tax discount rate | 1,584 | 1,210 |

## 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. Further information regarding key management personnel is presented in Note 5.3.2 Staff costs.

The figures for "Identified staff" 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

### 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 HYPO NOE Landesbank, listed in the table below, are likewise all concluded on market terms.

| 31 Dec. 2023<br>EUR '000 | Parent companies | Non-consolidated subsidiaries | Equity method associates | Joint ventures | Other related parties | Identified staff |
|---|---|---|---|---|---|---|
| **Open balances** | | | | | | |
| **Selected financial assets** | **2,438,706** | **130,686** | **457,739** | **12,220** | **2,817** | **2,329** |
| Equity instruments | - | 91 | 18,291 | 7,455 | 229 | - |
| Bonds | 35,709 | - | - | - | - | - |
| Loans | 2,402,997 | 130,595 | 439,448 | 4,765 | 2,588 | 2,329 |
| **Selected financial liabilities** | **116,345** | **513** | **54,858** | **2,174** | **32,256** | **3,889** |
| Deposits | 116,345 | 513 | 54,858 | 2,174 | 31,742 | 3,278 |
| Bonds in issue | - | - | - | - | 515 | 611 |
| **Nominal value of loan commitments, financial guarantees and other commitments** | **358,670** | **33,457** | **49,920** | **100** | **592** | **196** |
| **Loan commitments, financial guarantees and other commitments received** | **2,951,626** | **-** | **-** | **-** | **-** | **-** |
| **Nominal value of derivatives** | **745,039** | **85,000** | **-** | **-** | **-** | **-** |
| | | | | | | |
| **Current period** | | | | | | |
| Interest income | 84,750 | 4,815 | 13,004 | 353 | 128 | 52 |
| Interest expense | -8,015 | -1,351 | -175 | - | -245 | -92 |
| Dividend income | - | - | 697 | - | - | - |
| Fee and commission income | 764 | 2 | 228 | 7 | 19 | - |

Settlement agreements were made with parent companies. Details are shown in Note 6.2 Provisions.

| 31 Dec. 2022<br>EUR '000 | | | | | | |
|---|---|---|---|---|---|---|
| **Open balances** | | | | | | |
| **Selected financial assets** | **2,548,354** | **121,668** | **428,024** | **12,417** | **5,732** | **1,490** |
| Equity instruments | - | -3 | 26,229 | 7,495 | 219 | - |
| Bonds | 30,432 | - | - | - | - | - |
| Loans | 2,517,922 | 121,671 | 401,795 | 4,922 | 5,513 | 1,490 |
| **Selected financial liabilities** | **141,899** | **533** | **52,649** | **698** | **17,375** | **2,431** |
| Deposits | 141,899 | 533 | 52,649 | 698 | 17,375 | 2,431 |
| Bonds in issue | - | - | - | - | - | - |
| **Nominal value of loan commitments, financial guarantees and other commitments** | **655,837** | **42,729** | **21,824** | **2,473** | **969** | **319** |
| **Loan commitments, financial guarantees and other commitments received** | **2,837,444** | **-** | **-** | **-** | **-** | **-** |
| **Nominal value of derivatives** | **777,484** | **85,000** | **-** | **-** | **-** | **-** |
| | | | | | | |
| **Current period** | | | | | | |
| Interest income | 41,764 | 2,093 | 8,070 | 358 | 75 | 13 |
| Interest expense | -10,494 | - | -8 | - | -6 | -8 |
| Dividend income | - | - | 670 | - | - | - |
| Fee and commission income | -824 | 2 | 232 | 16 | 23 | 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 | 1 Jan. 2023 | Additions | Repayment/other change | 31 Dec. 2023 |
|---|---|---|---|---|
| Management Board | 274 | 512 | -12 | 773 |
| Supervisory Board | 769 | 32 | -413 | 387 |
| **Total** | **1,043** | **543** | **-426** | **1,161** |

| EUR ’000 | 1 Jan. 2022 | Additions | Repayment/other change | 31 Dec. 2022 |
|---|---|---|---|---|
| Management Board | 285 | - | -11 | 274 |
| Supervisory Board | 711 | 171 | -113 | 769 |
| **Total** | **996** | **171** | **-123** | **1,043** |

Transactions with parent companies are reported under the Public Sector segment. A description of these dealings can be found in Note 2.1 Public Sector segment.

## 10.4.1 Relationships with subsidiaries

Wolfgang Viehauser, a member of the Management Board, is chairperson of the supervisory board of NÖ Kulturwirtschaft GesmbH, St. Pölten. A member of the Supervisory Board also sits on the supervisory board of NÖ Kulturwirtschaft GesmbH, St. Pölten. A member of the key management is a member of the supervisory board of VIA DOMINORUM Grundstückverwertungs Gesellschaft m.b.H.

## 10.4.2 Relationships with entities accounted for using the equity method

### Niederösterreichische Vorsorgekasse AG

A member of the HYPO NOE Group’s key management chairs the supervisory board of Niederösterreichische Vorsorgekasse AG. A member of the HYPO NOE Group’s key management belongs to the supervisory board of Niederösterreichische Vorsorgekasse AG, St. Pölten.

### EWU Wohnbau Unternehmensbeteiligungs-GmbH and its subsidiaries

A member of the HYPO NOE Group’s key management is also a member of the management board of EWU Wohnbau Unternehmensbeteiligungs-GmbH, St. Pölten.

A member of the HYPO NOE Group’s key management is also on the supervisory board of EWU Wohnbau Unternehmensbeteiligungs-GmbH, St. Pölten.

Management Board member Wolfgang Viehauser is chairperson of the supervisory boards of EWU Wohnbau Unternehmensbeteiligungs-GmbH, St. Pölten, Gemeinnützige Wohnungsgesellschaft “Austria” Aktiengesellschaft, “Wohnungseigentümer” Gemeinnützige Wohnbaugesellschaft m.b.H and GEBAU-NIOBAU Gemeinnützige Baugesellschaft m.b.H (all domiciled in Mödling).

A member of the HYPO NOE Group’s key management is a member of the supervisory boards of Gemeinnützige Wohnungsgesellschaft “Austria” Aktiengesellschaft, “Wohnungseigentümer” Gemeinnützige Wohnbaugesellschaft m.b.H and GEBAU-NIOBAU Gemeinnützige Baugesellschaft m.b.H (all domiciled in Mödling).

### NOE Immobilien Development GmbH

A member of the HYPO NOE Group’s key management is the deputy chairperson of the supervisory board of NOE Immobilien Development GmbH, St. Pölten.

A member of the HYPO NOE Group’s key management is a member of the supervisory board of NOE Immobilien Development GmbH, St. Pölten.

## 10.4.3 Relationships with parent companies

The deputy chairperson of the Supervisory Board chairs, and another member of the Supervisory Board is deputy chairperson of the supervisory board of NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

# 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
Claudia Mikes
Rainer Gutleder
Gabriele Monk

## 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, 21 February 2024
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 2023
## IN ACCORDANCE WITH IFRS
## HYPO NOE GROUP

# 1 DECLARATION BY THE COMPANY'S LEGAL REPRESENTATIVES

We hereby confirm that to the best of our knowledge the 2023 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, 21 February 2024
The Management Board

**Wolfgang Viehauser**
Management Board Member Markets and Speaker of the Board

responsible for

Sales Strategy, Digitalisation & Retail Banking
Marketing & Communication
Public Sector
Corporate Customers
Real Estate Customers
Treasury & ALM
Press Spokesperson

**Udo Birkner**
Management Board Member Finance, Risk & Operations

responsible for

Group General Secretariat HR & Law
Compliance, AML & Regulatory
Finance
Risk
Operations/Organisation & IT
Internal Audit

# 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 2023, 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 2023, and its earnings and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU and the additional requirements of section 245a UGB (Austrian Business Code) and section 59a BWG (Banking Act).

### Basis of opinion

We conducted our audit in accordance with EU Regulation No 537/2014 ("Audit Regulation") and Austrian Standards on Auditing. 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 "Auditor's responsibility for audit of the consolidated financial statements" section of our report. We are independent of the audited Group in conformity with 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 this auditor's 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. These matters were addressed in conjunction with our audit of the consolidated financial statements as a whole, and we do not provide a separate opinion thereon.

#### Valuation of loans

The Management Board describes the approach to the recognition of risk provisions in Note 4.5 Credit risk and risk provisions.

## Risk to the financial statements

The loans, including the receivables guaranteed by the State of Lower Austria, are reported, net of risk provisions, at EUR 12.7bn under the "Financial assets – AC" item in the consolidated statement of financial position.

As part of the oversight of lending, the Group assesses whether loan loss provisions need to be recognised. This includes evaluating whether customers are able to meet the 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 status of collection of the receivables. 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 normally 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 ECL requires estimates and assumptions. These include rating-based probabilities of default and losses given default, which take account of current and forecast conditions. The Group carried out an analysis aimed at taking reasonable account of the effect of current macroeconomic conditions on the future operations of borrowers. In the light of this analysis, *inter alia* portfolio-wide adjustments ("management overlays") are made of default probabilities in respect of selected industries and floating rate lending, and the customers concerned are collectively transferred to Stage 2.

The risk for the financial statements arises from the fact that the determination of the risk provisions for loans not guaranteed by the state government is heavily reliant on assumptions and estimates of default risk and future recoveries, which give rise to wide margins of discretion and estimation uncertainties regarding the amount of the risk provisions.

## Our approach

In testing for impairment of loans unsecured by the state government 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 carried out selected key controls relevant to the audit of the financial statements, assessed their design and implementation, and tested the effectiveness of these controls on a sample basis.
- Also on a sample basis, we investigated whether there were loss indicators. The sampling was both random and risk based, with particularly close attention to rating levels and changes.
- In cases of individually significant loan loss we assessed whether the judgments made with respect to the amount and timing of future payment streams were appropriate. This also involved recoveries from the realisation of collateral. Valuers were used to assess the estimates in expert real estate valuations on a sample basis.
- In cases of individually insignificant, 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. In connection with our audit activities we enlisted the assistance of our financial mathematicians as expert advisers.
- In the light of the analysis performed by the Group, we retraced the derivation and rationale of the manual stage transfers performed. We assessed the Group's analysis of the effects of current macroeconomic trends on selected industries as well as the case for, and appropriateness of the resultant manual stage transfers.
- We verified the mathematical accuracy of the risk provisions by means of approximation tests.

## Other matters

## Other information

The Company's legal representatives are responsible for the other information. The latter comprises all the information in the annual report apart from the consolidated financial statements, the 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.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether it contains any material inconsistencies with the consolidated financial statements or 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 prior to the date of the auditors' report that this other information contains a 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, in conformity with the IFRSs as applicable in the EU, as well as the additional requirements of sections 245a Austrian Business Code and 59a Austrian Commercial Code. 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 preparing 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 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.

## Auditor's responsibility for audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditor's 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 EU Audit Regulation and Austrian auditing standards (which require ISA compliance) will always detect a material misstatement, if any are 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 economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Audit Regulation and Austrian standards, which require the application of the ISA, we exercise professional judgment and maintain a critical attitude throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether 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 control system 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 control system.

- We evaluate the appropriateness of the accounting policies applied and the accounting estimates presented by the Company's representatives.
- 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 Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention to this in our audit report or to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the Group to cease to operate as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, and whether those statements to the maximum extent possible render the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information in respect of the entities and business activities within the Group to express an audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. 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 of the internal control system that we identify during our audit.
- We also report to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other matters that could be reasonably assumed to affect our independence and, where relevant, the related safeguards.
- From the matters discussed with the audit committee, we determine those that were of most significance for the audit of the consolidated financial statements for the year in question, i.e. the key audit matters. We describe these matters in our auditor's 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 benefit to the public interest of such a disclosure.

# Other legal requirements

## Report on the consolidated operational and financial review

Austrian company law requires an audit of the 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.

It is our responsibility to determine whether the non-financial statement in the operational and financial review has been drawn up, to read it and to assess whether this other information exhibits any material inconsistencies with the consolidated financial statements or with any other knowledge gained during the audit, or any other material misstatements.

Under Austrian company law the Company's legal representatives are responsible for the preparation of the consolidated operational and financial review.

We have conducted our audit in accordance with the professional standards applicable to the audit of consolidated 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 consolidated operational and financial review.

## Additional information in accordance with Article 10 Audit Regulation

We were appointed as auditors by the Annual General Meeting on 4 March 2022 and on 8 April 2022 were charged by the Supervisory Board with the audit of the Company's financial statements for the financial year ended 31 December 2023.

On 2 March 2023 we were appointed by the Annual General Meeting and on 2 March 2023 by the Supervisory Board as auditors of the financial statements for the year ended 31 December 2024.

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 that we have maintained our independence from the audited company when conducting our audit.

# Engagement partner

The engagement partner for the audit is Mr. Georg Blazek.

Vienna, 21 February 2024

**KPMG Austria GmbH**

**Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

Executed with a qualified electronic signature

Georg Blazek

Austrian Chartered Accountant

# 3 REPORT OF THE SUPERVISORY BOARD

In 2023 the Supervisory Board comprised Günther Ofner, Michael Lentsch, Birgit Kuras, Sabina Fitz-Becha, Rainer Gutleder, Franz Gyöngyösi, Claudia Mikes, Gabriele Monk, Johann Penz, Ulrike Prommer, Karl Schlögl and Hubert Schultes. The Annual General Meeting (AGM) held on 3 March 2020 saw the election of the shareholder representatives for the period up to the end of the AGM that will rule on the discharge of the Board from liability in 2024.

In 2023 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, one meeting of the Nominations Committee and two meetings of the Remuneration Committee. All the meetings complied with the legal regulations and the articles of association. The Supervisory Board was constantly kept informed by the sitting chairperson as to the matters discussed by the committees.

In the course of their activities, the Supervisory Board and its committees closely monitored the Bank's business performance. As at 31 December 2023, the main macroeconomic trends were related to the consequences of the Covid-19 pandemic, the war in Ukraine and the Middle East conflict. Inflation, rising interest rates, the threat of a wage-price spiral, and the current upheavals on the property market were singled out as the main risk drivers. In risk management activities there was a stronger focus on these influences and their economic effects, and the Bank's lending portfolios were accordingly subjected to a special analysis, and measures taken. For example, reports from the risk management departments were consulted to evaluate the risk position.

In 2023 the Supervisory Board hence 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 **2023 annual financial statements, and the operational and financial review** of HYPO NOE Landesbank für Niederösterreich und Wien AG, to the extent that it discusses the annual financial statements, have been audited by the independent auditors, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. As the audit gave rise to no 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 2023, and the operational and financial review with a non-financial statement, including the dividend recommendation, submitted to it by the Management Board, and hereby approves the 2023 annual financial statements in accordance with section 96(4) Austrian Companies Act.

The auditors KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft audited the **2023 consolidated financial statements** for compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as applicable in the EU, and the Group operational and financial review for compliance with the Austrian Business Code. 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 2023, and of its earnings and cash flows for the year then ended, in accordance with IFRS as adopted in the EU, and the additional requirements of section 59a 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 Supervisory Board has concurred with the audit findings.

St. Pölten, 29 February 2024
The Supervisory Board

**Günther Ofner**
Chairperson

# LIST OF ABBREVIATIONS

| | |
|---|---|
| ABGB | Allgemeines bürgerliches Gesetzbuch (Austrian Civil Code) |
| AC | amortised cost |
| AG | Aktiengesellschaft (public limited company) |
| ALM | Asset Liability Management |
| Art. | Article |
| BaSAG | Bundesgesetz über die Sanierung und Abwicklung von Banken (Federal Act on the Recovery and Resolution of Banks) |
| BCBS | Basel Committee on Banking Supervision |
| BCM | business continuity management |
| bn | billion |
| BWG | Bankwesengesetz (Banking Act) |
| CAPP | contingent additional purchase price |
| CCF | credit conversion factor |
| CCP | central counterparty |
| CDR | Commission Delegated Regulation (EU) |
| CDS | credit default swap |
| CHF | Swiss franc |
| 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 method |
| DSCR | debt service coverage ratio |
| DVA | debt valuation adjustment |
| EAD | exposure at default |
| EAR | exposure at risk |
| EBA | European Banking Authority |
| ECB | European Central Bank |
| ECF | expected cash flow |
| 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 |
| 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 |
| 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 |
| 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 |
| KAF | Kärntner Ausgleichszahlungs-Fonds (Carinthian Compensation Payment Fund) |
| kWh | kilowatt hour |
| LCR | liquidity coverage ratio |
| LGD | loss given default |
| m | million |
| MREL | minimum requirement for own funds and eligible liabilities |
| MWh | megawatt hour |
| n/a | not applicable |
| NACE | Statistical Classification of Economic Activities in the European Community |
| NID | NOE Immobilien Development GmbH |
| NÖ | Niederösterreich (Lower Austria) |
| No. | number |
| 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 |
| OpRisk | operational risk |
| 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 |
| TiGital | Accenture TiGital GmbH |
| TLTRO | targeted longer-term refinancing options |
| TSCR | total SREP capital requirements |
| TTC | through the cycle |
| UGB | Unternehmensgesetzbuch (Austrian Business Code) |
| UN | United Nations |
| UTP | unlikely to pay |
| VaR | value at risk |
| WAG | Wertpapieraufsichtsgesetz (Securities Supervision Act) |
| WIFO | Austrian Institute of Economic Research |

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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.

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