FINANCIAL FACT SHEET FOR THE QUARTER ENDED **31 MARCH 2013**

HYPO NOE Gruppe Bank AG is under no legal obligation to publish quarterly interim reports. This Financial Fact Sheet does not fully comply with, and was not drawn up in accordance with International Financial Reporting Standards (IFRSs). In particular, paragraphs 8d (statement of cash flows) and 8e (disclosures) IAS 34 were not fully applied. This Financial Fact Sheet was neither fully audited nor reviewed by independent auditors.

HYPO NOE GRUPPE

Group financial highlights

EUR '000	31 Mar. 2013	31 Mar. 2012	31 Dec. 2012	31 Dec. 2011
Total assets	**14,457,986**	**13,788,453**	**14,861,697**	**13,233,058**
Core capital ratio	12.44%	12.97%	12.33%	13.25%
Cost/income ratio (CIR)	77.2%	68.0%	67.6%	40.4%
Return on equity (ROE) after tax	6.6%	4.2%	4.9%	22.0%

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Economic climate

Global, European and domestic trends

The eurozone economy appears to have bottomed out during the fourth quarter of 2012, and small but steady improvements in the leading indicators were borne out by some real data at the start of 2013. This fuelled optimism on financial markets, which were already cheered by initial indications that the global economic recovery was continuing as anticipated. US economic data significantly exceeded expectations at the beginning of the year. The aggressive fiscal and monetary easing pledged by the new Japanese government also contributed to the buoyant mood. However, the economic climate worsened again towards the end of February. The Italian general election produced an inconclusive result, with many voters turning their backs on reform policies. The troika's new approach to the negotiations on the bail-out package for Cyprus also jangled investors' nerves. For the first time depositors were being made to help pay for a bank rescue – and as this could only be achieved by introducing controls on capital movements, the deal created two alarming new precedents for the euro area at a stroke. Towards the end of the reporting period the focus of market fears switched to Slovenia. The country's troubled political situation has prevented it from tackling an unresolved banking and property crisis. After receding for some months the euro crisis is now back in the spotlight, although the European Central Bank's outright monetary transactions (OMT) programme, which permits the ECB to make unlimited purchases of government bonds, has so far averted another outbreak of escalation and contagion like those witnessed in the past few years. Following a bright start, the first quarter ended on a negative note due to sharp downturns in the leading indicators in the USA and the eurozone.

Financial markets

Worrying political developments in the euro area and darkening economic news had a very mixed impact on the financial markets, especially towards the end of the reporting period. On the bond market, these factors halted and ultimately reversed the upward trend in interest rates. The highly expansionary monetary policies that still prevail and have recently been ramped up still further by the Japanese central bank have distorted risk premiums and the pricing of all asset classes. The Japanese monetary policy reset drove market developments in the first quarter. Market interest rates in the eurozone neared the historic lows recorded in the fourth quarter of 2012, while the riskier asset classes hit new cyclical highs, with equities leading the charge. Monetary policies and political decisions are continuing to shape market trends, and are pushing fundamentals into the background – a situation that is unlikely to change for some time to come.

Economic trends in the Group's core markets

Austria

The European Commission's autumn forecast and the latest WIFO (Austrian Institute of Economic Research) outlook see Austria continuing to significantly outperform the eurozone as a whole in terms of economic growth, government debt and unemployment, with growth running at one percent in 2013. The country is also consistently running a higher balance of payments surplus than the euro area average, and the government's budget consolidation policies are on course to shrink the budget deficit in 2013. The main growth drivers are rising business investment and reviving exports.

At 4.3% (2013 forecast) Austrian unemployment is still very low in comparison to the rest of the EU-27. Fluctuations in the first quarter were mainly attributable to the bad weather and its influence on the building industry. In 2012 unemployment was considerably above the national average in Burgenland, Carinthia and Vienna. In Lower Austria unemployment was close to the national average in 2012. It rose slightly in the first quarter of 2013 as a result of the above factors.

Danube region

According to the HYPO NOE Group's strategic definition, its Danube region comprises its core Austrian and German markets, as well as Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia. A comparison of economic growth in the Danube region – excluding Austria and Germany – and the euro area shows that the former has always enjoyed higher growth rates than the latter. This is mainly because of the continuing economic divide between the region and Western Europe, and related efforts to achieve convergence.

The CEE economies expanded by an average of 3.1% and the eurozone by 1.5% in 2011, but in 2012 there was a sharp slowdown to 1.1% in CEE and 0.5% in the eurozone. The CEE region is forecast to record average growth of 1.6% in 2013 – again well ahead of the eurozone average of -0.1% (source: Economist Intelligence Unit).

In line with these regional disparities the growth rates of the economies that make up the HYPO NOE Group's focus markets vary widely. Among these markets, Austria, the Czech Republic, Germany, Poland and Slovakia have recorded the highest growth rates since 2008. The following factors are mainly responsible for slower expansion in the CEE region since 2011.

- **Weaker investment confidence despite signs of recovery in the eurozone**

  The euro crisis intensified in the first half of 2012, but action by the ECB and EU member states has since calmed the situation. Even the Italian and Cypriot crises have merely been blips in this trend, as is shown by the peripheral countries' refinancing costs and the risk premiums on their debt.

- **Global economic downturn affecting Western Europe's main trading partners, resulting in falling overseas demand**

  The HYPO NOE Group's focus markets are set for a sharp slowdown in export growth in 2013 as compared to the 2011-2012 period. Nevertheless the CEE region's exports are growing somewhat faster than those of euro area.

- **Declining domestic demand due to increased budget consolidation efforts, contracting consumer demand and credit squeezes in some countries**

  Positive trade balances have been the main growth driver in the CEE region since 2011. Personal consumption is forecast to pick up in 2013 after faltering in 2012, and business investment is predicted to support demand in the region in 2013 after making a negative contribution in 2012. Public sector spending has been in decline since 2011 because of the ubiquitous austerity policies, and has been making a negative growth contribution.

Banking sector trends in the eurozone and CEE

For the eurozone banking sector, and hence for the financial industries of Central and Eastern Europe, the main features of 2012 and the first quarter of 2013 were the obdurate sovereign debt crisis – though this ultimately subsided a little – and money market intervention by the ECB, as well as Basel III and overall economic trends. Due to increased market liquidity, spreads have narrowed markedly in the past few months, and this has had a major impact on the banks' capital market operations. Improved market conditions have also been reflected in increased issuance by banks.

Some banks from eurozone peripheral countries have been able to return to the bond market. Thanks to the ECB's long-term refinancing operations (LTRO) programme and its low interest rates, liquidity risk has lost a lot of its sting. Meanwhile, large amounts of ECB funding have been repaid. Nevertheless the banking sector will continue to face funding problems as its refinancing needs are well above pre-crisis levels, and low interest rates have significantly reduced the role of maturity transformation as a source of profits, resulting in declining net interest margins.

Basel III has led to considerably more restrictive dividend policies and to a rundown of risk-weighted assets. The banks have increased their equity and core capital in both absolute and relative terms.

Low credit demand and the banks' efforts to shed risk-weighted assets have resulted in a corresponding reduction in outstanding loans. There is a strong correlation between GDP growth and lending volume.

Financial review

Key developments in the first quarter of 2013

Earnings (IFRS)

Profit for the period attributable to owners of the parent increased sharply year on year, to EUR 8.2 million (m) (Q1 2012: EUR 4.6m). This was due to the fact that no material cost of risk was reported in the Bank's lending business in the first three months of 2013. The Gruppe Bank segment made the largest contribution to profits, while the Landesbank, Leasing and Other segments all delivered positive contributions.

HYPO NOE First Facility GmbH (First Facility), included in consolidation since the third quarter of 2012, posted a profit before tax of EUR 0.3m in the period under review.

Group net interest income was only slightly lower than in the like period of 2012, at EUR 32.1m (Q1 2012: EUR 32.3m).

In the absence of any significant cost of risk in the lending business, the reversal of credit provisions due to effective workout management led to a net gain of EUR 1.8m, following a net loss of EUR 5.3m in the first quarter of 2012.

Net fee and commission income fell by EUR 1.3m to EUR 2.6m, largely as a result of the increase in expenses in the securities and custody account business.

The Bank made a net trading gain of EUR 0.7m, which arose from the fair value measurement of derivatives used for economic hedges.

General administrative expenses rose by 22.6% year on year to EUR 30.7m. The consolidation of First Facility in the second half of 2012 played a significant part in the increase. First Facility accounted for general administrative expenses of EUR 2.4m in the reporting period. The consolidation of First Facility was also reflected in the 21.2% upturn in staff costs to EUR 16.9m (First Facility: EUR 2.1m), the 22.6% rise in other administrative expenses to EUR 12.4m (First Facility: EUR 0.3m), and the EUR 0.4m increase in depreciation, amortisation and impairment (First Facility: EUR 0.1m). The statutory financial stability contribution reported under other administrative expenses was EUR 1.6m.

Net other operating income was positive by EUR 6.8m (Q1 2012: EUR 3.8m), of which EUR 2.1m was attributable to First Facility.

Net gains or losses on financial assets were negative by EUR 0.9m.

The profit before tax was EUR 10.9m – a gain of EUR 4.4m year on year (Q1 2012: EUR 6.5m).

The earnings trend is reflected in the following financial ratios:

		Q1 2013	Q1 2012	2012	2011	2010
Return on equity before tax*	Profit before tax/ ave. equity	8.7%	6.0%	6.5%	29.2%	1.9%
Return on equity after tax*	Profit for the year/ ave. equity	6.6%	4.2%	4.9%	22.0%	1.8%
Cost/income ratio	Operating expenses/operating income	77.2%	68.0%	67.6%	40.4%	76.4%
Risk/earnings ratio	Credit provisions/net interest income	-5.6%	16.4%	15.6%	14.5%	13.1%

*Intrayear indicators annualised on a daily basis

The marked year-on-year improvement in the key indicators is explained by the absence of material cost of risk in the lending business during the reporting period. The rise in the cost/income ratio compared with the like period of 2012 was primarily due to the consolidation of First Facility in the third quarter of last year.

Assets and liabilities (IFRS)

The HYPO NOE Group's total assets amounted to EUR 14.5 billion (bn) as at 31 March 2013 – a decline of EUR 0.4bn or 2.7% on year-end 2012, which was mainly driven by a EUR 0.3bn drop in loans and advances to customers.

On the equity and liabilities side of the balance sheet there were decreases of EUR 0.3bn in deposits from banks and of EUR 0.1bn in debts evidenced by certificates.

Equity (IFRS)

IFRS consolidated equity including non-controlling interests was EUR 515.8m – up by EUR 18.3m on year-end 2012. The main reasons for the growth in equity were the quarterly profit and the rise in the AFS reserve for remeasurement of financial assets to fair value.

Regulatory capital (Austrian Banking Act)

Consolidated eligible capital as defined by the Austrian Banking Act was EUR 668.1m as at 31 March 2013 (31 Dec. 2012: EUR 668.5m). Surplus capital was EUR 320.1m (31 Dec. 2012: EUR 317.4m), compared to a capital requirement of EUR 348.0m (31 Dec. 2012: EUR 351.1m). The core capital ratio was 12.4% (31 Dec. 2012: 12.3%), and the equity ratio was 16.4% (31 Dec. 2012: 16.3%).

Operational review

Gruppe Bank segment

HYPO NOE Gruppe Bank AG

In 2013, the Group's parent HYPO NOE Gruppe Bank AG is continuing to build on its 125 years of experience with a view to strengthening customer relationships, in line with its creed of dependability and excellence. The Bank is one of the main financial institutions in Lower Austria, and a solid and reliable source of public, business, real estate and lease finance, as well as treasury services for customers in Austria and the Danube region. The Bank's long experience enables it to offer top-quality solutions across a wide range of products and services.

Public Finance

Our Public Finance Department partners local and regional authorities, public agencies and infrastructure companies. In the first quarter of 2013 the department focused on growing its business in the federal states of eastern Austria, and with enterprises linked to the federal and state governments.

HYPO NOE Gruppe Bank has established end-to-end processes for public construction projects, allowing it to serve as a one-stop shop for this sector in the domestic market. Throughout the design-finance-build-operate cycle, our services are aimed at creating sustainable assets and returns for public sector clients.

Due to the spending constraints faced by state governments and local authorities, public-private partnerships (PPPs) and innovative financing solutions are in growing demand. The new kindergarten in Vienna's Stadtpark, which opened during the quarter, is an example of the effectiveness of such models. Another priority is closer cooperation with development banks, including the European Investment Bank (EIB) and the Kreditanstalt für Wiederaufbau (KfW), which offer tailored loans that bring countless benefits for our customers.

The department's chief objective is to offer customers sustainable, holistic solutions, in cooperation with other departments, and increasingly to figure as a provider of expertise and services – for example by acting as the lead bank for lending syndicates, or by structuring tenders. Public Finance always sets out to understand customers' special requirements, and to deliver first-class, risk-aware advice and service.

In line with our Danube region strategy, the Bank offers financing solutions to national governments and local authorities in the region on a selective basis.

Real Estate Finance

The Real Estate Finance Department specialises in financing large-scale commercial real estate projects. In the first quarter of 2013, the department concentrated exclusively on business in its core Austrian market (in particular Lower Austria and Vienna) and in the Bank's focus markets (the Czech Republic, Germany, Poland and Slovakia). It did not consider any projects outside this core region. The operating environment was generally stable, but it should be noted that especially in Austria, the financing terms being offered in the market for major real estate projects were unusually competitive. In 2013, the department will continue to focus on projects in the office, retail and residential asset classes, while shifting its attention more towards standing investments, with financing for development property becoming less of a priority.

Demand for real estate finance in 2013 is expected to be similar to that in 2012, and conventional senior loans with a loan-to-value ratio of around 60% will remain the Bank's key product. The department is again expected to make a positive contribution to group earnings in 2013.

Corporate & Project Finance

The Corporate & Project Finance Department provides tailored finance solutions for a highly diverse range of investments in the corporate and infrastructure sectors, both in Austria and the Danube region. Due to persistently low interest rates, demand for funding remained high in the period under review. Direct contact with borrowers resulted in the department winning new customers and expanding relationships with existing customers. This solid performance was not restricted to financing – we also acquired new business in the investment services segment. When making investments, customers value the security offered by the Bank thanks to its strong external ratings and the stability that results from ownership by the Lower Austrian state government.

Alongside transactions involving hard as well as regional social infrastructure, the Bank aims to partner leading Lower Austrian companies that play a significant role in the state's economy.

The constant changes to Europe's renewable energy policy demonstrate the importance of working closely with customers in this sector and carefully coordinating our project partners' interests. Wind and solar parks offer refinancing advantages and will continue to be the main focus in the sector.

In Austria, the department still aims to build long-term customer relationships based on trust, and this strategy has now been extended to include a stronger focus on church institutions and their social infrastructure.

We provide financing to selected projects outside Austria that offer attractive margins, in line with the Bank's Danube region strategy. Strict criteria are applied when assessing risk in such projects, and finance is usually offered in partnership with respected local banks. Proximity to customers is also an important consideration, as local market knowledge plays a significant part in accurately assessing risk.

Treasury & Funding

The first few months of 2013 saw narrowing spreads which the Bank capitalised on to build up positions in the liquidity portfolio, paying particular attention to asset quality and conforming to the liquidity ratios specified in Basel III.

Private placements were the priority in terms of issuance, as further preparation for benchmark transactions in the future. The Bank took advantage of the upbeat market sentiment to secure gains in the longer-term segment.

In keeping with our approach of meeting investors in person, we held a number of roadshows in Austria and abroad during the quarter.

Landesbank segment

HYPO NOE Landesbank AG

Net interest income from the Landesbank segment in the first quarter of 2013 was slightly down year on year at EUR 9.2m (Q1 2012: EUR 10.4m), due to low interest rates. Although the segment did not meet its target for income from services, the improvement in the credit risk position surpassed expectations.

The disappointing performance in income from services was mainly due to lower-than-expected lending, which in turn resulted in lower revenue from processing fees. Total lending remained stable. Reallocations of credit risk remained low, continuing the trend which began in 2012. At the same time, proactive workout management resulted in the release of individual impairment allowances.

There was a modest fall in customer deposits, but a turnaround in primary funds during the quarter means that we expect such funds to increase over the year as a whole.

Attracting new customers and continued efforts to position the Landesbank as a branch-based, multi-channel bank remain a high priority, with the Bank's 29 branches acting as local hubs. Mobile services are continuously being added to the portfolio, enabling the Bank to respond more flexibly to customer needs. Effective risk management aimed at constantly improving the quality of our portfolio goes hand in hand with efforts to expand the Bank's business.

Leasing segment

HYPO NOE Leasing GmbH

HYPO NOE Leasing GmbH (HLE) is a specialist provider of leasing solutions for the public sector in Lower Austria and Vienna. In the first quarter of 2013, HLE signed a three-year leasing framework agreement with the Lower Austrian provincial hospital holding company NÖ Landesklinikenholding to provide lease finance for medical equipment in all facilities operated by the company. Financing-related services form a major part of the leasing model, with HLE assuming structural and organisational responsibilities for the lessee.

HLE also concluded a leasing framework agreement to finance equipment in vocational colleges. Both lease finance projects represent product innovations for HLE, in line with its strategy of providing services related to financing and its stated aim of differentiating itself from competitors by means of its service portfolio.

New business in the local authorities sector was down, in step with the market as a whole. Demand fell due to the introduction of new restrictions on input tax deductions.

Other segment

HYPO NOE Real Consult GmbH

In the period under review HYPO NOE Real Consult GmbH continued to perform well in all three of its business segments – project development, project management and property management – and actively pursued new customers in those areas. These markets are highly competitive, and price pressure is increasing on property and service tenders.

Project development work continued on two high-end residential construction projects in Vienna that were initiated in 2012, and on a high-profile project on Korneuburg's main square, Hauptplatz. The project development department makes significant efforts to acquire new business, and the current project pipeline suggests that the outlook for the rest of the year is positive.

In project management, progress on major construction projects continued in the first quarter of 2013, including Karl Landsteiner University and the laboratory building at the Institute of Science and Technology (IST) Austria in Klosterneuburg. The department also began work on its first foreign project, in Berlin.

Efforts to win new business in the property management segment are being stepped up, and developing the range of services offered to customers is also on the agenda. With effect from the first quarter, brokerage services were transferred to Group company HYPO NOE Immobilienmanagement GmbH, and no longer from part of HYPO NOE Real Consult's operations.

HYPO NOE First Facility GmbH

HYPO NOE First Facility GmbH is a non-captive, full-line provider of facility management services in Austria and CEE. The company offers facility management services and consulting, energy and environmental consulting, real estate management and other property-related services, delivered primarily by its own staff. Subcontractors are mainly used where specialist expertise is required, and to provide security, cleaning, gardening and snow clearing services.

Significant orders related to a number of promising projects were received during the period under review.

In March, the company moved offices, from Wienerberg to the MGC Office Park in Vienna’s third district. The new premises are Gold-certified by the Austrian Sustainable Building Council, and are a flagship for the company’s facility management consulting services. HYPO NOE First Facility has been involved throughout the planning and fit-out phase for the new offices, ensuring a fully optimised construction process as well as the efficient operation of the company headquarters. Besides Austrian Sustainable Building Council certification, the decisive factors in the choice of premises were the effective use of floorspace and the flexibility to add space if required.

Risk report

Significant risk-related developments in the first quarter of 2013

Due to the woes of the eurozone peripherals and Hungary we are continuing to watch developments in these countries very closely. Last year the Group embarked on a strategy of selectively running down risk in these countries. No further reductions in exposures were made in the first quarter of 2013. There are still no plans to increase our existing exposures to the PIIGS countries, Cyprus and Hungary.

With a view to achieving compliance with the regulatory requirements imposed by Basel III and central derivative clearing, during the first quarter we took a close look at the revised CRR I and CRD IV proposals, and other key implementing measures.

The Group has sufficient access to short and long-term refinancing mechanisms. The events surrounding the Cypriot financial sector in the first quarter of 2013 had no impact on the Group's ability to refinance its operations. During the first three months of this year, all of the borrowings via long-term Oesterreichische Nationalbank tenders were repaid ahead of time.

Accounting principles and policies

Essentially the same accounting policies were applied to this Financial Fact Sheet as to the consolidated financial statements of the HYPO NOE Group for the year ended 31 December 2012.

This Financial Fact Sheet was neither fully audited nor reviewed by independent auditors.

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In particular, paragraphs 8d (statement of cash flows) and 8e (disclosures) IAS 34 were not fully applied.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income statement (EUR '000)	**Q1 2013**	**Q1 2012**
Interest and similar income	142,202	109,307
thereof: income from investments accounted for using the equity method	*1,042*	*702*
Interest and similar expense	-110,133	-77,029
Net interest income	**32,070**	**32,278**
Credit provisions	1,799	-5,285
Net interest income after risk provisions	**33,869**	**26,993**
Fee and commission income	3,942	4,509
Fee and commission expense	-1,361	-645
Net fee and commission income	**2,581**	**3,864**
Net trading income	662	-726
General administrative expenses	-30,680	-25,016
Net other operating income	6,766	3,771
Gains or losses on disposal of consolidated subsidiaries	86	–
Net gains or losses on available-for-sale financial assets	-1,006	-286
Net gains or losses on financial assets designated as at fair value through profit or loss	121	-26
Net gains or losses on hedges	-2,379	-2,126
Net gains or losses on other financial investments	853	55
Profit before tax	**10,872**	**6,502**
Income tax expense	-2,662	-1,931
Profit for the year	**8,210**	**4,571**
Non-controlling interests	-41	-10
Profit attributable to owners of the parent	**8,169**	**4,561**

Other comprehensive income (EUR '000)	**Q1 2013**	**Q1 2012**
Profit attributable to owners of the parent	**8,169**	**4,561**
Items that will not be reclassified to profit or loss		
Change in actuarial gains or losses (before tax)	*-1*	–
Change in deferred tax	–	–
Items that may be reclassified subsequently to profit or loss		
Change in available-for-sale financial instruments (before tax)	*13,577*	*43,379*
Change in cash flow hedge (before tax)	*-232*	*-1,546*
Exchange differences on translating foreign operations accounted for using the equity method (before tax)	*-2*	–
Change in deferred tax	*-3,336*	*-10,458*
Total other comprehensive income	**10,007**	**31,375**
Total comprehensive income attributable to owners of the parent	**18,176**	**35,936**

Other comprehensive income is attributable to owners of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (EUR ‘000)	**31 Mar. 2013**	**31 Dec. 2012**
Cash and balances at central banks	101,721	71,644
Loans and advances to banks	914,202	894,317
Loans and advances to customers	10,387,265	10,735,077
Risk provisions	-110,811	-112,899
Assets held for trading	568,303	607,414
Positive fair value of hedges (hedge accounting)	543,521	617,935
Available-for-sale financial assets	1,840,220	1,825,600
Financial assets designated as at fair value through profit or loss	4,840	4,662
Financial assets held to maturity	10,008	10,009
Investments accounted for using the equity method	54,045	53,514
Investment property	49,185	52,256
Intangible assets	2,135	2,194
Property, plant and equipment	66,897	67,507
Deferred tax assets	4,927	5,342
Other assets	21,528	27,125
Total assets	**14,457,986**	**14,861,697**

Equity and liabilities (EUR ‘000)		
Deposits from banks	2,453,236	2,717,286
Deposits from customers	2,234,843	2,254,455
Debts evidenced by certificates	7,840,869	7,911,349
Liabilities held for trading	488,019	525,043
Negative fair value of hedges (hedge accounting)	550,819	593,630
Provisions	48,011	47,748
Current tax liabilities	18,102	17,006
Deferred tax liabilities	20,455	16,962
Other liabilities	84,981	78,241
Subordinated capital	202,828	202,435
Equity (including non-controlling interests)*	515,823	497,542
Equity attributable to owners of the parent	515,217	496,977
Non-controlling interests	606	565
Total equity and liabilities	**14,457,986**	**14,861,697**

*A detailed presentation is given in the statement of changes in equity, overleaf.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 Mar. 2013 (EUR '000)	Balance at 1 Jan. 2013	Profit/loss for the year	Dividends paid	Changes in scope of consolidation	Other comprehensive income	Transfers	Balance at 31 Mar. 2013
Share capital	51,981	–	–	–	–	–	51,981
Capital reserves	191,824	–	–	–	–	–	191,824
Retained earnings	286,762	8,169	–	64	–	–	294,996
IAS 19 reserve	-5,498	–	–	–	–	–	-5,498
Available-for-sale reserve	-29,964	–	–	–	10,183	–	-19,781
Cash flow hedge reserve	1,875	–	–	–	-174	–	1,701
Currency translation reserve	-3	–	–	–	-2	–	-5
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**496,977**	**8,169**	**–**	**64**	**10,007**	**–**	**515,218**
Non-controlling interests	565	41	–	–	–	–	606
TOTAL EQUITY	**497,542**	**8,210**	**–**	**64**	**10,007**	**–**	**515,823**

31 Mar. 2012 (EUR '000)	Balance at 1 Jan. 2012	Profit/loss for the year	Dividends paid	Changes in scope of consolidation	Other comprehensive income	Transfers	Balance at 31 Mar. 2012
Share capital	51,981	–	–	–	–	–	51,981
Capital reserves	191,824	–	–	–	–	–	191,824
Retained earnings	275,891	4,561	-11,900	–	–	-1	268,551
IAS 19 reserve	-3,439	–	–	–	–	–	-3,439
Available-for-sale reserve	-88,241	–	–	–	32,535	–	-55,706
Cash flow hedge reserve	2,592	–	–	–	-1,159	–	1,433
Currency translation reserve	–	–	–	–	–	–	–
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**430,608**	**4,561**	**-11,900**	**–**	**31,376**	**–**	**454,644**
Non-controlling interests	527	10	–	–	–	1	538
TOTAL EQUITY	**431,135**	**4,571**	**-11,900**	**–**	**31,376**	**–**	**455,182**

Consolidated capital resources and regulatory capital adequacy requirements (Austrian Banking Act)

The capital resources of the HYPO NOE Group, calculated in accordance with the requirements of the Austrian Banking Act, are broken down as follows:

EUR '000	31 Mar. 2013	31 Dec. 2012
Share capital	51,981	51,981
Reserves, differences and non-controlling interests	456,649	456,649
Intangible assets	-1,150	-1,179
Core capital (tier 1 capital)	**507,480**	**507,451**
Deductions pursuant to sections 23(13) and 29 (1-2) Banking Act	-2,181	-1,994
Eligible core capital	**505,299**	**505,457**
Undisclosed reserves as defined by section 57(1) Banking Act	5,000	5,000
Eligible subordinated debt as defined by section 23(8) Banking Act	160,000	160,000
Supplementary capital (tier 2 capital)	**165,000**	**165,000**
Deductions pursuant to sections 23(13) and 29 (1-2) Banking Act	-2,181	-1,994
Eligible supplementary capital (after deductions)	**162,819**	**163,006**
Total eligible core capital	**668,118**	**668,463**
Capital requirement	**348,030**	**351,082**
Surplus capital	**320,088**	**317,381**
Coverage ratio	191.97%	190.40%
Core capital ratio	12.44%	12.33%
Equity ratio	16.44%	16.31%

Movements in the risk-weighted assessment base as defined by the Banking Act and the resultant capital requirements were as follows:

EUR '000	31 Mar. 2013	31 Dec. 2012
Risk-weighted assessment base as defined by section 22(2) Banking Act	4,062,875	4,099,035
thereof 8% minimum capital requirement	325,030	327,923
Capital requirement for operational risk	23,000	23,159
Total capital requirement	**348,030**	**351,082**

Group outlook for 2013

Group outlook

Following a strong operating performance in the first quarter of 2013 the HYPO NOE Group can look forward to the rest of the year with optimism. We will maintain a tight focus on our core customer target groups and regions. There are still no plans to increase our existing exposures in countries which have come in for scrutiny from the financial markets as a result of the sovereign debt crisis.

As far as the economic climate is concerned, the HYPO NOE Group expects the eurozone to exit from recession in mid-2013 and enter a period of moderate growth. This presupposes that the central banks will maintain or even further relax their accommodative monetary stance due to the current slowdown in inflation, and that the ECB and the EU will take further, limited action to stimulate growth. Interest rates are expected to remain at their present historic lows for the rest of the first half of 2013, although a moderate increase, especially for longer maturities, cannot be ruled out later on in the year.

As things stand, the HYPO NOE Group is seen posting a solid performance, in line with its earnings targets for 2013. One of the main challenges in 2013 will be achieving compliance with various regulatory requirements (including Basel III, EMIR, BIRG (Bank Intervention and Restructuring Act) and FATCA), which are now rapidly taking shape and will involve substantial costs for the Group. Our focus will also be on extending our sales network and winning new customers.

St. Pölten, 10 June 2013
The Management Board

Peter Harold
Chairman of the Management Board

Nikolai de Arnoldi
Member of the Management Board