FINANCIAL FACT SHEET FOR THE QUARTER ENDED **30 SEPTEMBER 2013**

HYPO NOE Gruppe Bank AG is under no legal obligation to publish 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 and this Financial Fact Sheet should therefore be read in conjunction with the 2013 semi-annual financial report and consolidated annual financial statements as at 31 December 2012.
This Financial Fact Sheet was neither fully audited nor reviewed by independent auditors.

HYPO NOE GRUPPE

Group financial highlights

EUR '000	30 Sep. 2013	30 Sep. 2012	31 Dec. 2012	31 Dec. 2011
Total assets	**14,341,992**	**14,531,567**	**14,861,697**	**13,233,058**
Core capital ratio	12.83%	12.36%	12.33%	13.25%
Cost/income ratio (CIR)	79.0%	67.0%	67.6%	40.4%
Return on equity (ROE) after tax	4.0%	5.6%	4.9%	22.0%

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Economic climate

Global, European and domestic trends

In the third quarter of 2013 leading indicators pointed to an upturn in growth in both the USA and Europe. The worries surrounding Chinese growth which emerged mid-year were dispelled by the return of purchasing manager indices to positive territory, as well as improved figures from the real economy. In a particularly positive development, the eurozone's economic rebound has extended to the peripherals. Against this backdrop, signs of recovery in the European economy have emerged. Political risks were the main concern towards the end of the reporting period. America's economic recovery is under threat from the unresolved dispute over the country's budget and the rise in the debt ceiling. As this report went to press, the coalition negotiations following elections in Austria had failed to produce agreements. However, thanks to the support of the European Central Bank's (ECB) Outright Monetary Transactions (OMT) programme, this political uncertainty is unlikely to have further negative impacts on the financial markets or the real economy. The budget crisis in the USA and the possible termination of OMT represent the biggest potential threats to the upbeat economic outlook.

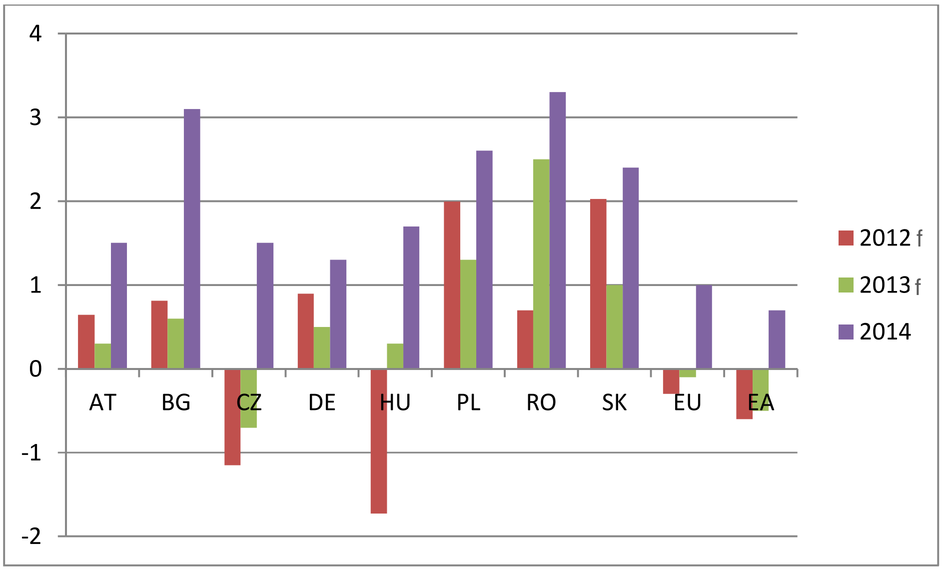
Financial markets

Developments on the international financial markets were very mixed. As is often the case, America's monetary policy proved to be the dominant force. Stock and bond markets in industrialised countries largely performed well. However, the announcement by the Federal Reserve chairman of the beginning of the end of unconventional monetary policies prompted a sharp hike in market interest rates in the US, the UK and the eurozone. Many emerging economies, with their sizeable current account deficits, also felt the consequences of the Fed's statement, most notably Brazil, India and Turkey. The prospect of a tapering of the Fed's liquidity injections sparked a wave of portfolio restructuring around the world. Financial markets in the emerging economies again suffered as a result. Against expectations, though, in mid-September the Federal Reserve decided against a change of course, leading to a partial correction of the downturns seen in various markets.

Economic trends in the Group's core markets

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, Poland, Romania and Slovakia. Hungary does not entirely fit the definition as we are not currently planning to expand our operations there. A comparison of the region's economic performance with that of the euro area shows that the former has historically enjoyed higher growth rates than the latter. This is due partly to the continuing economic divide between the region and Western Europe, and related efforts to achieve convergence, and partly to the strength of Germany and Austria, both of which are core eurozone countries, and are economically stable.

Economic growth, 2012-2014



Source: Economist Intelligence Unit (EIU)
Key: AT: Austria; BG: Bulgaria; CZ: Czech Republic; DE: Germany; HU: Hungary; PL: Poland; RO: Romania; SK: Slovakia; EU: EU-28 average; EA: eurozone average

The growth performance of the various countries in the Danube region is expected to diverge more widely over the next few years. According to recent forecasts Romania and Slovakia will be at the top end of the range. As anticipated, growth in Germany and Austria was still weak, but up slightly on first-half predictions. As the main export market for numerous European countries, Germany is a key engine of growth for the EU-28 as a whole, and the Danube region in particular. The slight improvement in German growth was reflected by an uptick in the 2013 forecasts for Austria and Poland. Growth in Bulgaria, Hungary, Romania and Slovakia came in slightly below first-half expectations, although their economies are still outperforming the EU-28 and eurozone averages of -0.1 percent and -0.5 percent respectively.

The 2014 growth forecasts for the region have all been revised upwards, in some cases significantly, and these predictions are reflected in the industrial confidence indicators across Europe. Industrial companies in CEE and Germany are more optimistic than their Austrian counterparts. The position with consumer confidence is different – sentiment remains positive in Germany and Austria, while CEE consumers are predominantly pessimistic due to higher unemployment and the constant squeeze on wages.

At present the bond markets are generally well disposed to CEE issuers, and still more so to those in Germany and Austria. Due to low interest rates and risk premiums, market refinancing is far less of a burden for companies from these countries than in previous years. This is in turn helping to stabilise the regional economy (and government budgets in particular), and laying sound foundations for future investments and increased investor confidence.

The key trends in the CEE region in recent years have been improved competitiveness, the opening up of local economies and resultant export growth. Poland and Slovakia have led the way, and their exports now represent 46.1 percent and 96 percent of GDP respectively.

Financial review

Key developments in the third quarter of 2013

Earnings (IFRS)

Profit for the period attributable to owners of the parent fell year on year, to EUR 15.1 million (m) (Q1-Q3 2012: EUR 19.0m). During the first three quarters of this year, the low level of expenses associated with credit provisions failed to offset the high net losses on hedges. The Gruppe Bank segment made the largest contribution to profits, while the Landesbank, Leasing and Other segments also delivered substantial profits for the period.

Owing to organisational changes, HYPO NOE First Facility GmbH (First Facility), included in consolidation since the third quarter of 2012, contributed a loss before tax of EUR 0.3m to the result of the Other segment in the first nine months of this year.

Group net interest income was EUR 6.7m down on the like period of 2012, at EUR 94.4m (Q1-Q3 2012: EUR 101.1m), owing to the low level of interest rates. Thanks to the steady upturn in interest rate margins in the retail business, we saw an improvement in the long-term refinancing base in spite of the rise in interest expense.

Net losses on credit provisions were positive by EUR 3.1m in the period under review (Q1-Q3 2012: EUR 12.3 million) due to the continued high level of reversals of credit provisions – which reflected effective workout management – and the decline in the cost of risk.

Net fee and commission income rose to EUR 9.8m (Q1-Q3 2012: EUR 8.7m).

The Bank made a net trading profit of EUR 0.8m, a year-on-year increase which arose from the fair value measurement of derivatives used for economic hedges.

General administrative expenses jumped by 12.4 percent year on year to EUR 87.5m. The consolidation of First Facility played a significant part in the increase, accounting for EUR 4.1m of the total in the reporting period. Staff costs increased by 18.3 percent to EUR 51.0m (First Facility: increase of EUR 3.6m). Other administrative expenses remained relatively stable in the first nine months of the year, at EUR 32.2m, compared with EUR 31.7m in the like period of 2012. The 42.0 percent increase in depreciation, amortisation and impairment to EUR 4.3m chiefly related to the Group headquarters building in St Pölten. The statutory financial stability contribution reported under other administrative expenses was EUR 4.7m, up slightly on the EUR 4.4 million recorded in the first three quarters of 2012.

There was an improvement in net gains or losses on financial assets, although the net loss of EUR 5.2m in the Q1-Q3 period of 2012 largely reflected expenses arising from measures aimed at mitigating risk through the disposal of bonds issued by the PIIGS[1] economies, Cyprus and Hungary.

There were net losses of EUR 13.2m on hedges (Q1-Q3 2012: EUR 2.6m). OIS discounting, which has replaced Euribor discounting as the market standard for pricing collateralised OTC derivatives, played a significant part in these gains.

Net gains of EUR 5.1m on other financial investments – up on the EUR 0.1m recorded a year earlier – were largely generated by the Bank's success in negotiating the part-redemption of Hungarian local authority bonds in the current reporting period.

Net other operating income was positive by EUR 13.9m (Q1-Q3 2012: EUR 9.4m), of which EUR 6.3m was attributable to First Facility.

Profit before tax was EUR 20.1m, a reduction of EUR 6.0m year on year (Q1-Q3 2012: EUR 26.1m).

[1] Portugal, Ireland, Italy, Greece and Spain

The downturn was also mirrored in the following financial performance indicators:

		Q3 2013	Q3 2012	2012	2011	2010
Return on equity before tax*	Profit before tax/ ave. equity	5.3%	7.7%	6.5%	29.2%	1.9%
Return on equity after tax*	Profit for the period/ ave. equity	4.0%	5.6%	4.9%	22.0%	1.8%
Cost/income ratio	Operating expenses/operating income	79.0%	67.0%	67.6%	40.4%	76.4%
Risk/earnings ratio	Credit provisions/net interest income	3.3%	12.2%	15.6%	14.5%	13.1%

*Intrayear indicators annualised on a daily basis

Assets and liabilities (IFRS)

The HYPO NOE Group's total assets stood at EUR 14.3 billion (bn) as at 30 September 2013 – a fall of 3.5 percent or EUR 0.5bn on year-end 2012. The decrease was chiefly driven by a EUR 0.2bn drop in loans and advances to customers, which resulted from Austrian and Hungarian bond redemptions in the Public Finance Department (Gruppe Bank segment).

On the equity and liabilities side there was a reduction of EUR 0.7bn in deposits from banks. There was a net increase of EUR 0.4m in debts evidenced by certificates due to the successful EUR 666.7m senior unsecured bond issue.

Equity (IFRS)

IFRS consolidated equity including non-controlling interests was EUR 511.3m, up by EUR 13.8m on year-end 2012. The main reasons for the growth in equity were the profit for the period and the rise in the available-for-sale 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 628.3m as at 30 September 2013 (31 Dec. 2012: EUR 668.5m). Surplus capital was EUR 290.2m (31 Dec. 2012: EUR 317.4m), compared to a capital requirement of EUR 338.1m (31 Dec. 2012: EUR 351.1m). The core capital ratio was 12.8 percent (31 Dec. 2012: 12.3 percent), and the equity ratio was 16.0 percent (31 Dec. 2012: 16.3 percent).

Operational review

Gruppe Bank segment

The Group's parent, HYPO NOE Gruppe Bank AG, can now build on 125 years' experience of working to maximise customer benefits, in line with its creed of "reliability and excellence". The Bank is one of the main financial institutions in Lower Austria, and again showed itself to be a solid and reliable source of public, business, project and real estate finance, as well as treasury services for customers in Austria and the Danube region.

Our approach to stability and shareholder value is vindicated by our single-A rating from Standard & Poor's (S&P), which was confirmed on 16 September.

Public Finance

In the first three quarters of 2013 the department focused on growing its business in eastern Austria, and with enterprises linked to the federal and state governments.

Due to the budgetary constraints faced by state governments and local authorities, the strong demand for public-private partnerships (PPPs) and innovative financing solutions continued in the third quarter. A kindergarten in Korneuburg, which was funded by a bespoke finance solution, opened in the third quarter of 2013. The Bank also won the public tender to finance the extension and upgrade of St Pölten Hospital.

Another strategic priority is closer cooperation with development banks, including the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the Kreditanstalt für Wiederaufbau (KfW), which offer tailored loans that bring many benefits for our customers.

Real Estate Finance

The Real Estate Finance Department specialises in financing large-scale commercial real estate projects, mainly in the Bank's core Austrian market (in particular Lower Austria and Vienna) and its focus markets (Czech Republic, Germany, Poland and Slovakia). Outside Austria, and especially in our core European markets, the significant increase in competition and a degree of pressure on financing conditions persisted into the third quarter. The department will focus on shifting its attention more towards standing investments, particularly in the key office, retail and residential asset classes, with financing for development property becoming less of a priority. HYPO NOE Gruppe Bank aims to achieve high collateralisation ratios in its new business, with a loan-to-value (LTV) of up to 60 percent.

Corporate & Project Finance

The strategic importance of the corporate customer business has been enhanced and strategic targets defined with the aim of strengthening HYPO NOE Group's position as Lower Austria's leading business bank. In addition, the Bank is targeting companies in attractive industries across the rest of Austria. As our existing relationships demonstrate, such companies value the Group's reliability, professionalism and efficient decision-making processes. This move will enable us to concentrate more closely on supporting Austrian businesses' acquisitions, and in the third quarter we provided assistance for the first time to an Austrian industrial client with a strategic acquisition in Germany.

Energy and social and transportation infrastructure remain the focus of our project finance activities, with the cultivation of close ties to international financial institutions such as the EIB and KfW also playing a vital role. We have succeeded in further deepening our excellent relations with a customer in the German municipal utility sector. In the energy segment, we focused our attention on investments in upgrades and environmental protection measures at existing renewable energy plants, in response to the challenging regulatory environment for renewables across most of Europe.

The decision to set up a separate department for church bodies and agriculture-related customers reflects our enhanced support for these particular client groups.

Treasury & Funding

The investments made in 2013 relate primarily to high-quality assets, with the aim of meeting the provisions of section 25 Banking Act and the new Basel III liquidity requirements.

Credit spreads on the financial markets narrowed significantly in the third quarter, but the overall impact of this has been positive since the Group made most of its investments in the first half of 2013.

The Group took advantage of tighter spreads to conclude a number of refinancing transactions on attractive terms, in the form of private placements of senior unsecured and covered bonds. We are also planning to capitalise on the excellent financial market conditions with further issues in the fourth quarter.

Landesbank segment

HYPO NOE Landesbank AG

HYPO NOE Landesbank AG, the Group's retail banking subsidiary, saw improvements in the situation in its core businesses – loans and advances, and customer deposits – in the third quarter. After a difficult first half, when interest rates were at record lows, new business picked up again, with both loans and advances and customer deposits exceeding their year-end 2012 levels in the reporting period. The Bank's branches also reported a rise in the number of new customers.

Although interest rates remain low, HYPO NOE Landesbank recorded strong net interest income in the first nine months of 2013. The segment did not meet its targets for income from services, but the improvement in the credit risk position surpassed expectations. 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.

During the third quarter the Bank made preparations for the opening of its 30th branch. Situated in an excellent strategic location in Vienna's Alt-Erlaa district, the branch will begin operations in the fourth quarter of 2013, serving as an additional regional hub for Landesbank's service portfolio.

Leasing segment

HYPO NOE Leasing GmbH

HYPO NOE Leasing GmbH is a niche provider of large-scale real-estate lease finance to public sector customers. It is currently expanding its public-sector equipment leasing business. Like the Public Finance segment, HYPO NOE Leasing won a tender relating to the upgrade and expansion of St Pölten Hospital in the third quarter of 2013, for the provision of lease finance. The real-estate and equipment leasing agreement is worth a total of around EUR 650m – the largest transaction of its kind at present in the Austrian leasing market.

Other segment

HYPO NOE Real Consult GmbH

HYPO NOE Real Consult concentrates on project development, project management and property management. The increase in orders continued in the third quarter of 2013. The company is acquiring business across all segments, although margins are often low owing to the current highly competitive market conditions.

Project development work continued on two high-end residential construction projects in excellent locations in Vienna that were initiated in 2012, and on a high-profile project on Korneuburg’s main square, Hauptplatz.

On the project management front, the company again made good progress with some major construction projects in the third quarter, including the IST Austria science laboratories in Klosterneuburg. There is increasingly strong foreign demand for HYPO NOE Real Consult’s project management expertise.

Improvements in customer focus and service quality were made thanks to ongoing efforts aimed at expanding the use of IT-based property management.

HYPO NOE First Facility GmbH

HYPO NOE First Facility GmbH has further consolidated its position as one of the leading full-line providers of facility management (FM) services in Austria and CEE.

During the third quarter the company restructured parts of its operations to reflect current market conditions, as well as further optimising its sales and marketing structures. Project management responsibility is now allocated on a geographic basis, and improvements have been made in the tendering systems. Sales drives are now under way in both the public sector and private customer segments, and additional cuts in overheads have been achieved. The latter are designed to improve First Facility’s earnings contribution, which remains negative.

Over the past few months, including in the third quarter, the company has begun work on orders to enhance energy efficiency at three large commercial properties in Vienna. The installation of state-of-the-art metering and control systems will lay the foundations for reduced energy consumption.

First Facility’s health-sector expertise is now feeding into the design of bespoke maintenance and service packages for hospitals. The aim is to generate benefits for hospital operators and enhance the efficiency of technical building services by taking advantage of synergies and First Facility’s experience, with a view to becoming a preferred partner to the hospitals concerned.

Risk report

Significant risk-related developments in the third quarter of 2013

The Group has sufficient access to short and long-term refinancing mechanisms, and regularly makes use of long-term sources of finance. Action to secure medium to long-term liquidity in the current climate has gone ahead as planned.

Due to the crisis in the euro 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. 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, in the third quarter we carried out a detailed analysis of the final versions of the EU’s CRR I regulation and CRD IV directive, as well as the implementing legislation in Austria, and their introduction.

Accounting policies/ accounting and measurement 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.

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

HYPO NOE Gruppe Bank AG is under no legal obligation to publish 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 and this report should therefore be read in conjunction with the 2013 semi-annual financial report and consolidated annual financial statements as at 31 December 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of profit or loss (EUR '000)	1 Jan.-30 Sep. 2013	1 Jan.-30 Sep. 2012
Interest and similar income	434,172	405,780
thereof: income from investments accounted for using the equity method	*1,958*	*2,041*
Interest and similar expense	-339,793	-304,715
Net interest income	**94,379**	**101,065**
Credit provisions	-3,116	-12,293
Net interest income after risk provisions	**91,263**	**88,772**
Fee and commission income	11,797	10,797
Fee and commission expense	-2,031	-2,068
Net fee and commission income	**9,766**	**8,729**
Net trading income	774	-196
General administrative expenses	-87,536	-77,891
Net other operating expenses/income	13,871	9,415
Gains/losses on disposal of consolidated subsidiaries	150	–
Net gains or losses on available-for-sale financial assets	26	-5,265
Net gains or losses on financial assets designated as at fair value through profit or loss	-76	31
Net gains/losses on hedges	-13,229	2,562
Net gains or losses on other financial investments	5,103	-85
Profit before tax	**20,112**	**26,072**
Income tax expense	-5,027	-7,001
Profit for the period	**15,085**	**19,071**
Non-controlling interests	-8	-36
Profit attributable to owners of the parent	**15,077**	**19,035**

Other comprehensive income (EUR '000)	1 Jan.-30 Sep. 2013	1 Jan.-30 Sep. 2012
Profit attributable to owners of the parent	**15,077**	**19,035**
Change in available-for-sale financial instruments (before tax)	*12,795*	*54,722*
Change in cash flow hedge (before tax)	*-599*	*-1,023*
Exchange differences on translating foreign operations accounted for using the equity method (before tax)	*-3*	*1*
Change in deferred tax	*-3,048*	*-13,425*
Total other comprehensive income	**9,145**	**40,275**
Total comprehensive income attributable to owners of the parent	**24,221**	**59,310**

Other comprehensive income is attributable to owners of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (EUR ’000)	30 Sep. 2013	31 Dec. 2012
Cash and balances at central banks	45,169	71,644
Loans and advances to banks	769,109	894,317
Loans and advances to customers	10,566,547	10,735,077
Risk provisions	-115,620	-112,899
Assets held for trading	482,708	607,414
Positive fair value of hedges (hedge accounting)	405,920	617,935
Available-for-sale financial assets	1,927,662	1,825,600
Financial assets designated as at fair value through profit or loss	4,022	4,662
Financial assets held to maturity	–	10,009
Investments accounted for using the equity method	53,446	53,514
Investment property	50,295	52,256
Intangible assets	2,132	2,194
Property, plant and equipment	65,386	67,507
Deferred tax assets	4,280	5,342
Other assets	80,936	27,125
Total assets	**14,341,992**	**14,861,697**

Equity and liabilities (EUR ’000)		
Deposits from banks	1,986,232	2,717,286
Deposits from customers	2,300,536	2,254,455
Debts evidenced by certificates	8,270,587	7,911,349
Liabilities held for trading	405,711	525,043
Negative fair value of hedges (hedge accounting)	455,616	593,630
Provisions	46,004	47,748
Current tax liabilities	6,680	17,006
Deferred tax liabilities	18,244	16,962
Other liabilities	139,424	78,241
Subordinated capital	201,624	202,435
Equity (inc. non-controlling interests*)	511,334	497,542
Equity attributable to owners of the parent	510,198	496,977
Non-controlling interests	1,136	565
Total liabilities	**14,341,992**	**14,861,697**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 Sep. 2013 (EUR '000)	Balance at 1 Jan. 2013	Profit/loss for the period	Dividends paid	Changes in scope of consolidation	Other comprehensive income	Balance at 30 Sep. 2013
Share capital	51,981	–	–	–	–	51,981
Capital reserves	191,824	–	–	–	–	191,824
Retained earnings	286,762	15,077	-11,000	–	–	290,840
IAS 19 reserve	-5,498	–	–	–	–	-5,498
Available-for-sale reserve	-29,964	–	–	–	9,596	-20,368
Cash flow hedge reserve	1,875	–	–	–	-449	1,426
Currency translation reserve	-3	–	–	–	-3	-6
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**496,977**	**15,077**	**-11,000**	**–**	**9,145**	**510,199**
Non-controlling interests	565	8	–	563	–	1,136
TOTAL EQUITY	**497,542**	**15,085**	**-11,000**	**563**	**9,145**	**511,334**

30 Sep. 2012 (EUR '000)	Balance at 1 Jan. 2012	Profit/loss for the period	Dividends paid	Changes in scope of consolidation	Other comprehensive income	Balance at 30 Sep. 2012
Share capital	51,981	–	–	–	–	51,981
Capital reserves	191,824	–	–	–	–	191,824
Retained earnings	275,891	19,035	-11,900	–	–	283,026
IAS 19 reserve	-3,439	–	–	–	–	-3,439
Available-for-sale reserve	-88,240	–	–	–	41,042	-47,198
Cash flow hedge reserve	2,592	–	–	–	-768	1,824
Currency translation reserve	–	–	–	–	1	1
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**430,608**	**19,035**	**-11,900**	**–**	**40,275**	**478,018**
Non-controlling interests	528	36	–	–	–	564
TOTAL EQUITY	**431,135**	**19,071**	**-11,900**	**–**	**40,275**	**478,582**

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	30 Sep. 2013	31 Dec. 2012
Share capital	51,981	51,981
Reserves, differences and non-controlling interests	456,649	456,649
Intangible assets	-1,198	-1,179
Core capital (Tier 1 capital)	**507,432**	**507,451**
Deductions pursuant to sections 23(13) and 29(1-2) Banking Act	-2,060	-1,994
Eligible core capital	**505,372**	**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	120,000	160,000
Supplementary capital (Tier 2 capital)	**125,000**	**165,000**
Deductions pursuant to sections 23(13) and 29(1-2) Banking Act	-2,060	-1,994
Eligible supplementary capital (after deductions)	**122,940**	**163,006**
Total eligible core capital	**628,312**	**668,463**
Capital requirement	**338,100**	**351,082**
Surplus capital	**290,212**	**317,381**
Coverage ratio	185.84%	190.40%
Core capital ratio	12.83%	12.33%
Equity ratio	15.95%	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	30 Sep. 2013	31 Dec. 2012
Risk-weighted assessment base as defined by section 22(2) Banking Act	3,938,750	4,099,035
thereof 8% minimum capital requirement	315,100	327,923
Capital requirement for operational risk	23,000	23,159
Total capital requirement	**338,100**	**351,082**

Group outlook for 2013

Following a strong operating performance in the first three quarters of 2013 the HYPO NOE Group can look forward to the rest of the year with optimism. We currently expect the Group to record solid growth and 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 are at the centre of market attention as a result of the sovereign debt crisis.

As far as the economic climate is concerned, the HYPO NOE Group foresees modest growth in the eurozone in the fourth quarter of 2013. Assuming that the ECB will stick to its current monetary policy, we mainly expect to see accommodatory monetary measures aimed primarily at ensuring sufficient liquidity for the European financial system.

In October 2013 the Administrative Court of Appeal annulled the notice issued by the Financial Market Authority in relation to the Augustus Funding Limited case, which led to repayment of the interest penalty imposed on the Group.

Also in the fourth quarter, Moody's issued a provisional Aaa rating on the Group's mortgage-backed cover pool.

In light of the favourable market conditions, a benchmark public covered bond was issued at the start of the fourth quarter.

One of the main challenges in the final three months of 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, 25 November 2013
The Management Board

Peter Harold
Chairman of the Management Board

Nikolai de Arnoldi
Member of the Management Board