FINANCIAL FACT SHEET FOR THE QUARTER ENDED **31 MARCH 2014**

The Group is under no legal obligation to publish interim reports. This report 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 (explanatory notes) IAS 34 were not fully applied and this report should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2013.
This report was neither fully audited nor reviewed by independent auditors.

HYPO NOE GRUPPE

Group financial highlights

EUR '000	31 Mar. 2014	31 Mar. 2013	31 Dec. 2013	31 Dec. 2012
Total assets	**14,406,283**	**14,457,986**	**14,209,746**	**14,861,697**
Core capital ratio	n/s*	12.44%	14.71%	12.33%
Cost/income ratio (CIR)	87.0%	77.2%	59.3%	67.6%
Return on equity (ROE) after tax	3.8%	6.6%	10.2%	4.9%

*n/s: not specified – see note on consolidated capital resources and regulatory capital adequacy requirements (Austrian Banking Act), page 17

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Economic climate

Global, European and domestic trends

In the first quarter of 2014 the global economy was shaped by unfavourable – and unforeseeable – conditions. Both leading indicators and real economic data reflected a significant slowdown, which was attributable to the unusually cold winter in the US. From a political perspective, the quarter was dominated by events in Ukraine and the resulting deterioration in relations between the West and Russia. The economic impact of the geopolitical situation remains unclear. The pressure on emerging economies, which experienced sizeable capital outflows during 2013, persisted in the first three months of the year in the form of currency devaluations and capital flight. As a result, many emerging-market central banks were forced to raise their key interest rates, in some cases considerably, meaning that their economies are unlikely to pick up in the short term. In spite of these negative factors, the eurozone has proven to be robust so far, and has even succeeded in attracting capital from international investors.

Inflation has remained subdued in the past few months, leaving the Federal Reserve free to pursue the tapering of its quantitative easing (QE) programme, under which it purchases government bonds and other securities. By contrast, eurozone inflation has been well wide of the European Central Bank (ECB) target rate, suggesting that the Bank will maintain its policy of lower interest rates. Further easing of monetary policy by the ECB is also under discussion.

Financial markets

Developments on the international financial markets in the first quarter contrasted sharply with the majority of the forecasts made at the turn of the year. Government bonds and gold benefited from the gloomy conditions outlined above, although most analysts predicted the opposite in 2014. Government bonds issued by all of the eurozone peripherals performed particularly well thanks to their recovering economies, accommodatory monetary policy, and the reallocation of capital by international investors. Performance on the international stock markets largely fell short of expectations following a bright start to the year. Although the Fed's long-awaited tapering of its relaxed monetary policy, which was implemented in December 2013, has thus far seen its bond purchases fall from USD 85 billion (bn) to EUR 55bn per month, this has had surprisingly little effect on the financial markets. The focus is now turning to the problems of the emerging economies, with worries surrounding China's economic growth, as well as to geopolitical events and weak inflation in the euro area.

Economic trends in the Group's core markets

Austria

Forecasts from the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS), Vienna, suggest that Austrian economic growth will again be slightly above the predicted EU average in 2014 and 2015, at 1.7%. This will mainly be driven by the anticipated rise in gross fixed capital formation (by the government, businesses and households), which is put at 0.6%, as well as contributions from the public sector, and from companies in the form of inventory build. With the exception of the balance of trade, current forecasts point to marked improvements in all growth factors compared to 2013.

Danube region

The countries in the HYPO NOE Group's extended core market again reported growth in excess of the EU average, but their expansion was far more subdued than in recent years. Romania was an exception, posting the strongest growth in the Danube region, at 3.5%. The Czech Republic was the only country in the region to remain in recession.

Growth is expected to be significantly higher in 2014 than in 2013, coming in at between 1.6% and 3.3% (EU-28: 1.4%). Private consumption and the balance of trade are seen as the main growth drivers. Public consumption is also set to rise in all countries in the Danube region – with Romania again the exception – following the extension of EU support programmes to the end of 2015; these were originally due to run from 2007 to 2013. The latest predictions point to stagnating public-sector consumption in Romania.

Unemployment in the region ranges from 5.1% in Romania to 14% in Slovakia. The countries have met all of the Maastricht criteria for budget deficits and government debt, except Hungary, which has missed the latter target.

In the majority of countries in the region, bank lending – especially to households – remained extremely subdued, although Hungary and the Czech Republic bucked this particular trend. There was a decline in loans extended to businesses in Hungary and Slovakia, while corporate borrowing increased in Bulgaria, Poland and the Czech Republic.

Financial review

Key developments in the first quarter of 2014

Earnings (IFRS)

Profit for the period attributable to owners of the parent was down year on year, at EUR 5.2m (Q1 2013: EUR 8.2m). Group net interest income was EUR 1.3m lower than in the like period of 2013, at EUR 30.8m (Q1 2013: EUR 32.1m). Thanks to the steady trend 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 interest income was also affected by the loss on investments accounted for using the equity method.

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 slightly higher net gain on credit provisions of EUR 2.1m (Q1 2013: EUR 1.8m).

Net fee and commission income also rose moderately, to EUR 2.8m (Q1 2013: EUR 2.6m).

General administrative expenses climbed by 5.3% year on year, to EUR 32.3m. This was mainly due to a significant increase in the statutory financial stability contribution (“bank tax”) for 2014, which amounted to EUR 3.2m in the first quarter (Q1 2013: EUR 1.6m), as well as the increased expenses resulting from the extensive requirements for implementation of new regulations (mainly CRD IV[1]). .

Net gains or losses on financial assets were slightly positive; in the comparative period, expenses arising from the netting of repurchases of debts evidenced by certificates issued by the bank led to a net loss of EUR 0.9m.

There were net losses of EUR 0.2m on hedges (Q1 2013: EUR 2.4m).

Net gains or losses on other financial investments were negative by a small amount. This compared to a net gain of EUR 0.9m in the first quarter of 2013, which resulted primarily from a fall in the carrying amount of investment property following the disposal of an office building in Switzerland.

Net operating income was EUR 3.1m (Q1 2013: EUR 6.8m). The year-on-year decline was mainly due to foreign currency valuation losses.

Profit before tax amounted to EUR 6.9m, EUR 4.0m lower than in the same period in the previous year (Q1 2013: EUR 10.9m).

This decline was also mirrored in the following financial performance indicators:

		Q1 2014	Q1 2013	2013	2012	2011
Return on equity before tax*	Profit before tax/ ave. equity	5.0%	8.7%	14.3%	6.5%	29.2%
Return on equity after tax*	Profit for the period/ ave. equity	3.8%	6.6%	10.2%	4.9%	22.0%
Cost/income ratio	Operating expenses/operating income	87.0%	77.2%	59.3%	67.6%	40.4%
Risk/earnings ratio	Credit provisions/net interest income	-6.8%	-5.6%	4.1%	15.6%	14.5%

*Intrayear indicators annualised on a daily basis

[1] CRD IV: Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR)

Assets and liabilities (IFRS)

The Group's total assets grew by EUR 0.2bn or 1.4% as compared to year-end 2013, standing at EUR 14.4bn as at 31 March 2014, mainly due to an increase in loans and advances to banks of EUR 0.1bn and gains of EUR 0.1bn on available-for-sale securities. Loans and advances to customers fell, largely as a result of early repayment of loans following debt consolidation by Hungarian local authorities.

On the equity and liabilities side, deposits from customers rose by EUR 0.1bn, and there was a net decrease of EUR 0.2bn in debts evidenced by certificates due to the successful EUR 120.0m senior unsecured bond issue. Deposits from banks edged down by EUR 0.2bn.

Equity (IFRS)

IFRS consolidated equity including non-controlling interests was EUR 561.3m, up by EUR 6.9m on year-end 2013. 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/CRR)

Regulation (EU) No 575/2013 (Capital Requirements Regulation (CRR)), which came into effect on 1 January 2014, requires the calculation of figures for consolidated equity and the consolidated regulatory capital adequacy requirements in accordance with IFRS, as well as with the regulatory scope of consolidation.

Regarding the consolidated reports as at 31 March 2014, the regulatory authorities have granted a one-off extension of the deadline for submission to 30 June 2014. The HYPO NOE Group will make use of this extension. The final calculation will take place during the second quarter of 2014 and consequently no figures are reported here.

Consolidated eligible capital as defined by the Austrian Banking Act was EUR 692.3m as at 31 December 2013. Surplus capital was EUR 359.7m, compared to a capital requirement of EUR 332.7m. The core capital ratio (credit risk-weighted) was 14.7% as at 31 Dec. 2013, and the equity ratio was 17.9%; the total risk-based core capital ratio and equity ratio in accordance with the Austrian Banking Act stood at 13.7% and 16.7%, respectively.

Operational review

Gruppe Bank segment

HYPO NOE Gruppe Bank AG is the Group's parent and one of the main financial institutions in Lower Austria. In the first quarter of 2014 it further consolidated its position as 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. The bank has defined the Danube region as its extended core market, an area that includes Austria as well as Bulgaria, the Czech Republic, Germany, Hungary, Poland, Romania and Slovakia. Staff at representative offices outside Austria ensure that customers receive high-quality service. In addition to the long-established operations in the Czech Republic and Hungary, a representative office was opened in Bulgaria in the first quarter of 2014 and another is being set up in Romania. Gruppe Bank's operating units held their own in the quarter in a challenging market environment. On the refinancing side, the bank's mortgage cover pool (rated Aaa by Moody's) provided an additional source of funding alongside the public mortgage bond and senior unsecured bonds.

Public Finance

Our Public Finance Department partners local and regional authorities, public agencies and infrastructure companies. The department's prime objective is to develop sustainable, integrated solutions for customers, in cooperation with other parts of the Group, 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 risk-aware advice and service. In line with our Danube region strategy, the Bank offers finance solutions to governments and large cities in the region on a selective basis.

In the first quarter of 2014 the department focused on continuing to grow its business in the federal states of eastern Austria and with enterprises linked to the federal and state governments. Cuts to local authority budgets mean that the funding required by municipalities is principally earmarked for essential infrastructure investments, such as water and waste water systems.

Another priority was even closer cooperation with development banks, which provide tailored loans that bring many benefits to our customers.

Real Estate Finance

The Real Estate Finance Department works with customers that require finance for commercial property, hotels, retail parks and residential property. It provides traditional financing as well as tailored solutions that draw on a broad portfolio of innovative products.

In the first quarter of 2014, the department concentrated exclusively on business in its target markets of Austria, the Czech Republic, Germany, Poland, Slovakia and Romania. The operating environment was generally stable, but it should be noted that especially in the core markets of Austria and Germany, the financing terms being offered in the market for major real estate projects were unusually competitive. Performance was good in the other target markets.

In 2014, the department is continuing 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 2014 is expected to be similar to that in 2013, and conventional senior loans with a loan-to-value ratio of around 60-65% will remain the bank's key product.

Corporate & Project Finance

The Corporate & Project Finance Department is HYPO NOE Gruppe Bank's competence centre for corporate banking, structured finance for companies, and project finance.

The department continued to make solid progress in the first quarter of 2014, increasing its market presence through a strong focus on expanding existing customer relationships and acquiring new customers, and thanks to concentrated efforts in relation to infrastructure investments. Based on the current project pipeline, and the associated wide-ranging customer acquisition activities, Corporate & Project Finance is looking forward to the second quarter with confidence.

Religious Communities, Chambers & Agriculture

The Religious Communities, Chambers & Agriculture Department began operations at the start of 2014 and works with bodies corporate under public law – in particular churches and other religious communities – as well as the agriculture sector, offering the Group's financial products and service expertise to selected target groups.

In the first quarter, the department focused on deepening and expanding the bank's existing activities and customer relationships in these areas, as well as initiating extensive sales measures in the Lower Austria and Vienna region. HYPO NOE Gruppe Bank lived up to its claim to be "the bank at your side" with a number of special events tailored to specific target groups at the new Group headquarters in St. Pölten.

Alongside standard financing solutions to support short-term liquidity requirements, there is also demand for services such as medium- and long-term asset finance (for example for renovations and new construction) and the Group's conventional, tried-and-tested investment products. One of the main priorities is designing and evaluating proposals for ethical and sustainable investments. There is strong customer interest in the extensive product and service portfolio offered by the Group and its subsidiaries along the real estate value chain, in particular when it comes to enhancing the value of historic properties and developing them.

Treasury & Funding

The clear trend towards narrower spreads continued at the beginning of 2014, especially in the sovereign sector. Driven by the implementation of Basel III, buyers focused their attention on liquid securities. HYPO NOE Gruppe Bank AG began to build up positions in its liquidity portfolio in good time and has been able to profit from its effective planning.

In the first quarter the bank focused on securing liquidity by issuing senior unsecured bonds with long maturities. Our intensified efforts to attract investors have already borne fruit, and this was reflected in the strong demand for securities issued by the bank. A series of information events on a possible benchmark issue backed by the mortgage cover pool is under way. The mortgage cover pool received an Aaa rating from Moody's and consists entirely of Austrian and German loans.

Landesbank segment

HYPO NOE Landesbank AG

HYPO NOE Landesbank AG is responsible for the Group's retail operations. With 30 branches and a network of field sales staff, it provides outstanding service to private, self-employed and business customers in its core market of Lower Austria and Vienna.

The bank again reported growth in the first quarter of 2014 despite persistently challenging conditions. In contrast to the general trend in the banking sector, HYPO NOE Landesbank recorded increases in deposits as well as loans and advances, and customer numbers continued to rise. Net interest income was solid in spite of the difficult market environment. Income from services grew year on year in the first quarter, in line with HYPO NOE Landesbank's strategy of further reducing its dependency on volatile interest income and continuing to achieve stable results in spite of market distortions.

Changes in credit risk provisions were also beneficial, as new allocations were significantly lower than reversals of impairment allowances. In addition, recoveries of written-off loans were recognised.

On the whole, the bank's continuing solid, long-term growth underlines the sustainability of its business model.

Leasing segment

HYPO NOE Leasing GmbH

HYPO NOE Leasing GmbH provides leasing solutions to the public sector, primarily in the form of complex lease agreements for real estate projects. The company also offers business management and real estate project management services.

Despite a challenging environment in the leasing sector, HYPO NOE Leasing was able to enhance its leading position in the market for public sector lease finance in Austria. A highlight of the first quarter was an agreement to provide lease financing to Karl Landsteiner University in Krems. The company also began to supply fire brigade leasing finance, which offers beneficial, standardised terms to municipalities and fire services for funding firefighting equipment (in particular vehicles) under framework agreements.

Other segment

HYPO NOE Real Consult GmbH

HYPO NOE Real Consult GmbH is active in property development, construction, management and restructuring, and focuses on the Lower Austria and Vienna region. With a comprehensive range of services, the company is a one-stop shop providing personalised support to customers for all of their real estate needs. It aims to acquire new customers in all of the segments in which it operates, even though these markets are highly competitive.

In project development, the company maintained its efforts to acquire new projects of its own and for third parties in the first quarter, as well as making progress with the high-end home building projects in attractive locations in Vienna launched in 2013. Solid progress was made on the Karrée Korneuburg project, which is gradually taking shape.

On the project management side HYPO NOE Real Consult continued to provide high quality services for existing projects and to acquire new customers. A good example is Karl Landsteiner University in Krems, for which the Group is providing both project management and leasing services.

Property management activities are increasingly focused on acquiring contracts with third parties.

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. Alongside facility management the company offers consulting services on all aspects of property operation.

HYPO NOE First Facility is proceeding as planned with its optimisation strategy, and on the back of changes already made to the organisational structure, the company met its targets for the first quarter. The steps taken at the company’s CEE subsidiaries also had an effect. The market for facility management services remains challenging, but the company is pressing ahead with its strategy of supplying high-quality services that set it apart from the competition.

Risk report

Significant risk-related developments in the first quarter of 2014

The HYPO NOE 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.

We are continuing to monitor developments and our exposures in Italy, Ireland, Greece, Spain, Hungary and Cyprus very closely. The HYPO NOE Group has no exposure in Ukraine or Russia.

Public discussion of the possible insolvency of Hypo Alpe-Adria-Bank International AG, which was initiated at the end of 2013, continued into the first quarter of this year, concluding with the decision to hand responsibility for winding up Hypo-Alpe-Adria to a public authority.

Regarding implementation of the regulatory requirements under Basel III, activities in the first quarter focused on preparing the initial reports, which are to be submitted in the course of the second quarter.

Accounting policies/ accounting and measurement policies

Essentially the same accounting policies were applied to this quarterly report as to the consolidated financial statements of the HYPO NOE Group for the year ended 31 December 2013.

This report was neither fully audited nor reviewed by independent auditors.

The Group is under no legal obligation to publish interim reports. This report 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 (explanatory notes) IAS 34 were not fully applied and this report should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2013.

STATEMENT OF COMPREHENSIVE INCOME

Profit or loss (EUR '000)	Q1 2014	Q1 2013
Interest and similar income	148,887	142,202
of which income from investments accounted for using the equity method	*-491*	*1,042*
Interest and similar expense	-118,099	-110,133
Net interest income	**30,788**	**32,070**
Credit provisions	2,083	1,799
Net interest income after risk provisions	**32,871**	**33,869**
Fee and commission income	3,435	3,942
Fee and commission expense	-676	-1,361
Net fee and commission income	**2,759**	**2,581**
Net trading income	591	662
General administrative expenses*	-32,308	-30,680
Net other operating income	3,089	6,766
Net gains or losses on disposal of consolidated subsidiaries	-	86
Net gains or losses on available-for-sale financial assets	48	-1,006
Net gains or losses on financial assets designated as at fair value through profit or loss	68	121
Net gains or losses on hedges	-198	-2,379
Net gains or losses on other financial investments	-23	853
Profit before tax	**6,897**	**10,872**
Income tax expense	-1,717	-2,662
Profit for the period	**5,180**	**8,210**
Non-controlling interests	-5	-41
Profit attributable to owners of the parent	**5,175**	**8,169**

Other comprehensive income (EUR '000)	Q1 2014	Q1 2013
Profit attributable to owners of the parent	**5,175**	**8,169**
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		
Other changes	*8*	*-*
Change in available-for-sale financial instruments (before tax)	*2,192*	*13,577*
Change in a cash flow hedge (before tax)	*-*	*-232*
Exchange differences on translating foreign operations accounted for using the equity method (before tax)	*-15*	*-2*
Change in deferred tax	*-544*	*-3,336*
Total other comprehensive income	**1,641**	**10,007**
Total comprehensive income attributable to owners of the parent	**6,816**	**18,176**

Other comprehensive income is attributable to owners of the parent.

*General administrative expenses include the financial stability contribution ("bank tax") of EUR 3,159thsd (31 March 2013: EUR 1,577thsd).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (EUR '000)	31 Mar. 2014	31 Dec. 2013
Cash and balances at central banks	24,229	56,609
Loans and advances to banks	835,954	773,381
Loans and advances to customers	10,544,863	10,590,574
Risk provisions	-109,212	-111,156
Assets held for trading	497,588	457,965
Positive fair value of hedges (hedge accounting)	438,427	377,938
Available-for-sale financial assets	1,943,199	1,801,467
Financial assets designated as at fair value through profit or loss	4,319	4,200
Investments accounted for using the equity method	43,780	44,437
Investment property	68,624	65,545
Intangible assets	2,053	2,172
Property, plant and equipment	82,887	86,460
Deferred tax assets	3,479	3,874
Other assets	26,093	56,280
Total assets	**14,406,283**	**14,209,746**

Equity and liabilities (EUR '000)		
Deposits from banks	1,915,966	2,149,698
Deposits from customers	2,268,977	2,168,943
Debts evidenced by certificates	8,341,113	8,163,364
Liabilities held for trading	426,869	389,775
Negative fair value of hedges (hedge accounting)	509,372	423,103
Provisions	50,850	50,362
Current tax liabilities	11,172	12,454
Deferred tax liabilities	22,695	21,175
Other liabilities	87,775	65,960
Subordinated capital	210,225	210,512
Equity (including non-controlling interests)*	561,269	554,400
Equity attributable to owners of the parent	560,070	553,254
Non-controlling interests	1,199	1,146
Total liabilities	**14,406,283**	**14,209,746**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 Mar. 2014, EUR '000	Balance at 1 Jan. 2014	Profit/loss for the period	Changes in scope of consolidation	Other comprehensive income	Balance at 31 Mar. 2014
Share capital	51,981	-	-	-	51,981
Capital reserves	191,824	-	-	-	191,824
Retained earnings	329,439	5,175	-	8	334,623
IAS 19 reserve	-4,651	-	-	-	-4,651
Available-for-sale reserve	-15,324	-	-	1,644	-13,680
Currency translation reserve	-15	-	-	-11	-26
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**553,254**	**5,175**	**-**	**1,641**	**560,070**
Non-controlling interests	1,146	5	48	-	1,199
TOTAL EQUITY	**554,400**	**5,180**	**48**	**1,641**	**561,269**

31 Mar. 2013, EUR '000	Balance at 1 Jan. 2013	Profit/loss for the period	Changes in scope of consolidation	Other comprehensive income	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**

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 Dec. 2013
Share capital	51,981
Reserves, differences and non-controlling interests	520,602
Intangible assets	-1,104
Core capital (tier 1 capital)	**571,478**
Deductions pursuant to sections 23(13) and 29 (1-2) Banking Act	-2,068
Eligible core capital	**569,410**
Undisclosed reserves in the meaning of section 57(1) Banking Act	5,000
Eligible subordinated debt in the meaning of section 23(8) Banking Act	120,000
Supplementary capital (tier 2 capital)	**125,000**
Deductions pursuant to sections 23(13) and 29 (1-2) Banking Act	-2,068
Eligible supplementary capital (after deductions)	**122,932**
Total eligible core capital	**692,342**
Capital requirement	**332,665**
Surplus capital	**359,677**
Coverage ratio	208.12%
Core capital ratio	14.71%
Equity ratio	17.89%

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

EUR '000	31 Dec. 2013
Risk-weighted assessment base as defined by section 22(2) Banking Act	3,870,824
of which 8% minimum capital requirement	309,666
Capital requirement for operational risk	22,999
Total capital requirement	**332,665**

Regulation (EU) No 575/2013 (Capital Requirements Regulation (CRR)), which came into effect on 1 January 2014, requires the calculation of figures for consolidated equity and the consolidated regulatory capital adequacy requirements in accordance with IFRS, as well as with the regulatory scope of consolidation.

Regarding the consolidated reports as at 31 March 2014, the regulatory authorities have granted a one-off extension of the deadline for submission to 30 June 2014. The HYPO NOE Group will make use of this extension. The final calculation will take place during the second quarter of 2014 and consequently no figures are reported here.

Group outlook for 2014

Persistent problems in some of the main emerging economies continued to have an impact on their growth in the first quarter of 2014. The crisis in Crimea and the associated effect on Russian investments as well as weak Chinese growth also weighed on global economic performance. In contrast, the growth prospects for most industrialised countries remain bright. In the United States, the weakening impact of exceptional weather conditions means that the economy will pick up significantly in the next few months. The eurozone economy benefited from a very mild winter compared to that in the US, and growth may have reached a peak in the first quarter. However, the economic outlook for the remainder of this year is still good. Expansion of 1.1% or more in 2014 seems to be a possibility, unless significant geopolitical turbulence intervenes. The recovery in the euro area has led to an improved outlook for Eastern Europe, including in Hungary, where economic indicators have been trending upwards in the past few months. The recent re-election of the Hungarian government suggests that political conditions will remain stable. The Federal Reserve and the Bank of England are expected to move gradually towards more restrictive monetary policies, but the Bank of Japan may introduce even looser policies in the course of the year. Meanwhile, the ECB is likely to maintain its accommodatory monetary policy for some time. Discussions on whether the European economy is heading towards a period of disinflation or even deflation were still progressing at the end of the first quarter, after the latest consumer price data revealed a steep downward trend. As a result, the ECB is still under pressure to take corrective action.

After a solid first quarter, the HYPO NOE Group is expected to record steady performance in 2014. However, the decision by legislators to increase the financial stability contribution will have a negative impact on results. We also anticipate a modest rise in customer numbers during the remainder of 2014 compared with the end of the first quarter of the year. The Group’s interim results and solid equity base have put us in an excellent position to carry on justifying our customers’ trust in us, and to provide comprehensive project support to business, institutional and retail clients.

St. Pölten, 15 May 2014
The Management Board

Peter Harold
Chairman of the Management Board

Nikolai de Arnoldi
Member of the Management Board