



Semi-Annual
Financial Report 2014



HYPO NOE
GRUPPE

Die Bank an Ihrer Seite.

Current rating

Standard&Poor's: A/Watch negative/A-1

Group financial highlights

EUR '000	CRR/CRD IV 30 Jun. 2014	BASEL II 30 Jun. 2013	BASEL II 31 Dec. 2013	BASEL II 31 Dec. 2012
Total assets	15,025,555	14,120,448	14,209,746	14,861,697
Equity ratio (%) in accordance with Basel II based on the risk-weighted assessment base for credit risk	-	12.85%	14.71%	12.33%
Core capital ratio (%) in accordance with the CRR and CRD IV based on the total capital requirement	12.25%	-	-	-
Cost/income ratio (CIR)	80.60%	76.05%	59.34%	67.55%
Return on equity (ROE) after tax	4.2%	5.8%	10.2%	4.9%

SEMI-ANNUAL FINANCIAL REPORT

AS AT 30 JUNE 2014

HYPO NOE GRUPPE BANK AG



HYPO NOE
GRUPPE

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2014: STRONG FOCUS ON CORE MARKETS, PROXIMITY TO CUSTOMERS AND SUSTAINABILITY IN OUR ACTIVITIES AS A REGIONAL BANK

HYPO NOE intends to remain a stable, independent and close partner to its customers and investors. Our main priority will be to fulfil our traditional responsibility as a regional bank - by providing finance that safeguards investment, creates jobs and drives the growth of the region's economy. The HYPO NOE Group was certainly up to this task in the first half of 2014, issuing loans worth over EUR 600 million (m). One of the main challenges in the future will be operating as "the bank at your side" - working for the good of our customers and promoting healthy economic development - in spite of the increased burden on the banking sector.

Although we saw a sharp increase in the financial stability contribution, the Group's business performance over the first six months was encouraging. We returned a profit after tax attributable to owners of the parent of EUR 11.7m and net interest income of EUR 62.0m (both in accordance with IFRS). The HYPO NOE Group's total assets stood at EUR 14.2bn as at 30 June 2014 - an increase of EUR 15.0bn or 5.7% on year-end 2013 (in accordance with IFRS). In the period under review the Group's capitalisation was calculated on the basis of the EU Capital Requirements Regulation for the first time, and our core capital ratio of 12.3% and equity ratio of 15.3% are both still well in excess of the Basel III requirements.

Sustainability and transparency

Social responsibility and sustainability are defining issues for the Group in 2014. During the opening six months of the year, we pressed ahead with the development of a wide-ranging sustainability programme which was initiated last autumn. Banks, too, must live up to certain financial, environmental and social obligations. Consequently, sustainability is central to the HYPO NOE Group's core business. In this regard, for instance, the Bank must take decisions on where and where not to invest. We make use of exclusion and inclusion criteria when it comes to issuing loans, and we do not provide finance for arms deals or belligerent countries. The lion's share of financing is provided in Lower Austria, as well as in selected parts of the Danube region, with a focus on areas that are of value to local communities, such as education, health, social services and infrastructure.



Peter Harold,
Chairman of the Management Board



Nikolai de Arnoldi,
Member of the Management Board

The Group's sustainability programme is a reflection of our desire to ensure that our operations are sustainable across the board and that they are measurable in line with international standards, as well as to make our business more accountable and transparent for customers and investors.

Outlook for the second half of 2014

The HYPO NOE Group is heading into the second half with positive expectations, and an unchanged focus on its established customer groups and core geographical markets. We currently anticipate solid full-year performance from all the Group's business lines.

The Group began drawing up a restructuring plan in accordance with the Bank Intervention and Restructuring Act in good time and most of the work will have been completed by the end of this year. Incorporating the details of the plan into day-to-day operations will form an integral part of our risk and capital management framework.

A handwritten signature in blue ink, appearing to read 'Harold'.

Peter Harold
Chairman of the Management Board

A handwritten signature in blue ink, appearing to read 'Nikolai de Arnoldi'.

Nikolai de Arnoldi
Member of the Management Board

SEMI-ANNUAL OPERATIONAL AND FINANCIAL REVIEW

AS AT 30 JUNE 2014

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HYPO NOE
GRUPPE

ECONOMIC CLIMATE

Global, European and domestic trends

The outlook for the global economy was revised in the middle of the year. While the consensus estimate for GDP growth was around 3.5% at the start of the year, forecasts have been steadily revised downwards ever since, with the World Bank most recently putting the figure at 2.8%. Various reasons were behind the downgrade, including some unpredictable events as well as developments that reflected seasonal patterns. It is clear that weaker than expected growth is spread across a broad range of regions. Key emerging economies continue to struggle with home-grown issues, leaving their economies significantly less dynamic than in previous years.

After weak growth in the first quarter the US economy picked up again, but forecasts see average GDP growth for 2014 only reaching 1.7%, rather than the 3% originally predicted. Eurozone GDP growth of 0.2% in the first quarter of 2014 was very low compared to the previous quarter. Of all member states, it was only Germany with its buoyant construction sector and growth of 0.8% and Spain with 0.4% that were convincing. At 0.3%, Austria was only marginally ahead of the average. There are noticeable variances among the core economies. The French economy went sideways during the period under review, while economic output in the Netherlands dropped by 0.6%. Because early economic indicators had pointed towards better GDP data, the outlook now shows that stagnation in the weaker performing economies could last still longer. There are no signs of an upswing in economic growth in the foreseeable future.

Inflation was below average, in line with the middling growth data. At global level, inflation remains low with only a few exceptions among individual emerging economies. At 0.5%, eurozone inflation for June reached a record low against the previous month and fell a long way short of the inflation target announced by the European Central Bank (ECB) of just under 2%. As a result the ECB saw further monetary policy steps as necessary at the start of June. A package of measures was launched that included interest rate cuts - the base rate was cut from 0.25% to 0.15% - as well as other liquidity measures. By introducing a negative deposit rate of -0.10 percent - a punitive rate of interest for credit deposited at the central bank - the ECB took an unprecedented step, the effects of which remain to be seen. In addition, the ECB also decided to inject fresh liquidity into the European financial system by discontinuing reverse repos as well as announcing the launch of a new long-term tender in September, with a maturity of up to four years and initially amounting to EUR 400 billion (bn). While this liquidity is tied to certain conditions, they are not particularly strict. The issue of financing by the bank is intended to kick start economic growth.

While the ECB introduced a new round of relaxed monetary policy, the Federal Reserve has continued to scale back its security purchase scheme to around USD 35bn per month, as planned. US policy is still expansive, albeit less so than in the past. The Bank of Japan is also staying the course, leaving monthly security purchases unchanged at JPY 50 trillion. Only the Bank of England is making a departure from its previous communications, having recently signalled its belief that a change in direction, towards raising interest rates, may come sooner than expected.

Financial markets

Geopolitical tensions intensified during the reporting period, although so far they appear to have had only a temporary influence on developments on the capital markets. International monetary policy is still by far and away the single biggest factor influencing prices on the markets. Most recently the decisions made by the ECB at the start of June triggered significant movements on the markets. Through its further interest rate reduction, the introduction of a negative deposit rate and additional liquidity measures, the ECB upped pressure on investors with the compliance of other central banks. Additionally, regulatory pressure on banks and insurance companies means that demand for asset categories which are traditionally viewed as relatively safe – such as government bonds and covered bonds – is still sufficient, in the face of historically low interest rates and declining availability. The quest for yields is forcing investors into more and more risky investments. This explains why virtually all asset classes have performed positively despite weaker than expected growth and the geopolitical tensions. In Europe, share and bond markets in peripheral euro economies are returning outstanding performances. At the start of April Greece successfully placed a new government bond with a maturity of five years, following a four-year absence from the capital market. Having opened at 5% at the time it was issued, the yield fell below 4% for a time in June, reflecting strong gains.

Austria

Forecasts from the WIFO (Austrian Institute of Economic Research) 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% – matching the EU 28 average in 2015 as things currently stand. 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 companies in the form of inventory build. In comparison with the outlook for 2014 issued at the start of the year, the position at the end of the first half signals a reversal of the trend for exports. Originally expected to contract, the latest figures now point towards slight growth. In line with expectations, consumer confidence will continue to be muted and will only grow slightly in 2014 and 2015.

Danube region

In HYPO NOE Group's extended core market (Bulgaria, Czech Republic, Germany, Hungary, Poland, Romania, Slovakia) growth is expected to be significantly higher in 2014 than in 2013, coming in at between 1.6% and 3.3% (EU28: 1.4%). Still in recession last year, the Czech economy improved considerably. 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, although a sharp increase in the uptake of EU grants expected in the second half of 2014 will provide fresh impetus. The 2014-2020 regional development programme for the Danube region (including Czech Republic and Poland) amounts to around 12% of aggregated regional economic output in 2013, or EUR 167bn. 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, whose sovereign debt exceeded the targeted amount.

Banking sector trends in the eurozone and CEE

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. The generally low level of interest rates, and the fact that local central banks are slashing rates, are expected to have an indirect impact on banks' profitability. In spite of this situation banks in the Czech Republic, Poland and Slovakia should perform well.

FINANCIAL REVIEW

Key developments in the first half of 2014

EARNINGS (IFRS)

Profit for the period attributable to owners of the parent was EUR 11.7m. The sharp increase in the financial stability contribution ("bank tax") had a major impact on profit, which was below the level achieved in the same period last year (H1 2013: EUR 14.5m). The Gruppe Bank segment made the largest contribution to profits. The Landesbank and Leasing segments also delivered substantial profits for the period, although the Other segment contributed a minimal loss before tax.

Group net interest income was EUR 1.7m down on the like period of 2013, at EUR 62.0m (H1 2013: EUR 63.7m). Despite a steady upturn in interest rate margins in the lending business, the improvement in the long-term refinancing base led to higher interest expense. Net interest income was also significantly affected by the loss on investments accounted for using the equity method.

Mainly as a result of the recovery of impaired bad debt thanks to effective workout management, the cost of risk in the Bank's lending business was slightly higher than in the comparative period, at EUR 0.2m (H1 2013: income of EUR 1.1m).

Net fee and commission income rose year-on-year to EUR 6.8m (H1 2013: EUR 6.3m).

General administrative expenses climbed 10.9% to EUR 64.9m (H1 2013: EUR 58.5m). This was principally due to the significant increase in the statutory financial stability contribution ("bank tax") for 2014, which amounted to EUR 6.6m in the first half (H1 2013: EUR 3.2m). Other increased costs were attributable to the extensive requirements for implementing new regulations.

Net other operating expense/income was positive by EUR 7.4m (H1 2013: EUR 11.2m). The year-on-year decline was mainly due to foreign currency remeasurement losses.

Net gains on hedging instruments amounted to EUR 2.7m (H1 2013: net losses of EUR 10.4 m). OIS discounting, which replaced Euribor discounting as the market standard for pricing collateralised OTC derivatives, played a significant part in the high losses incurred in the comparative period.

Net losses of EUR 0.1m on other financial investments compared with gains of EUR 4.5m in the first half of 2013 - the strong positive result in the comparative period was largely due to the Bank's success in negotiating the part-redemption of Hungarian local authority bonds.

Profit before tax amounted to EUR 15.4m, EUR 4.0m lower than in the same period a year earlier (H1 2013: EUR 19.5m).

This decline was mirrored in the following financial performance indicators:

		Q2 2014	Q2 2013	2013	2012	2011
Return on equity before tax*	Profit before tax/ ave. equity	5.5%	7.8%	14.3%	6.5%	29.2%
Return on equity after tax*	Profit for the period/ave. equity	4.2%	5.8%	10.2%	4.9%	22.0%
Cost/income ratio	Operating expenses/operating income	80.6%	76.0%	59.3%	67.6%	40.4%
Risk/earnings ratio	Credit provisions/net interest income	0.3%	-1.7%	4.1%	15.6%	14.5%

* Intra-year indicators annualised on a per diem basis

ASSETS AND LIABILITIES (IFRS)

The Group's total assets grew by EUR 0.8bn or 5.7% as compared to year-end 2013, to reach EUR 15.0bn as at 30 June 2014, mainly due to increases in loans and advances to banks of EUR 0.1bn and in loans and advances to customers of EUR 0.1bn, as well as gains of EUR 0.3bn on available-for-sale securities.

On the equity and liabilities side, deposits from customers rose by EUR 0.2bn, deposits from banks edged up by EUR 0.1bn, and there was a net increase of EUR 0.2bn in debts evidenced by certificates due to the successful bond issue.

The rises in loans and advances to customers and in deposits from banks mainly resulted from the inclusion of seven leasing companies in the scope of consolidation as at 30 June 2014; these companies had previously been accounted for using the equity method.

CHANGES IN EQUITY (IFRS)

IFRS consolidated equity including non-controlling interests was EUR 569.5m, up by EUR 15.1m on year-end 2013. The main reasons for the growth in equity were the profit for the period, the rise in the available-for-sale reserve for remeasurement of financial assets to fair value, and the change from accounting using the equity method to consolidation in respect of seven leasing companies.

CHANGES IN EQUITY (BASEL II/AUSTRIAN BANKING ACT AND CRR/CRD IV *)

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 and with the regulatory scope of consolidation.

Consolidated eligible capital as defined by the Austrian Banking Act (implementing Basel II) was EUR 692.3m as at 31 December 2013. Surplus capital was EUR 359.7m, compared with a capital requirement of EUR 332.7m. Calculated using the risk-weighted assessment base for credit risk, the core capital ratio and the equity ratio stood at 14.7% and 17.9% respectively.

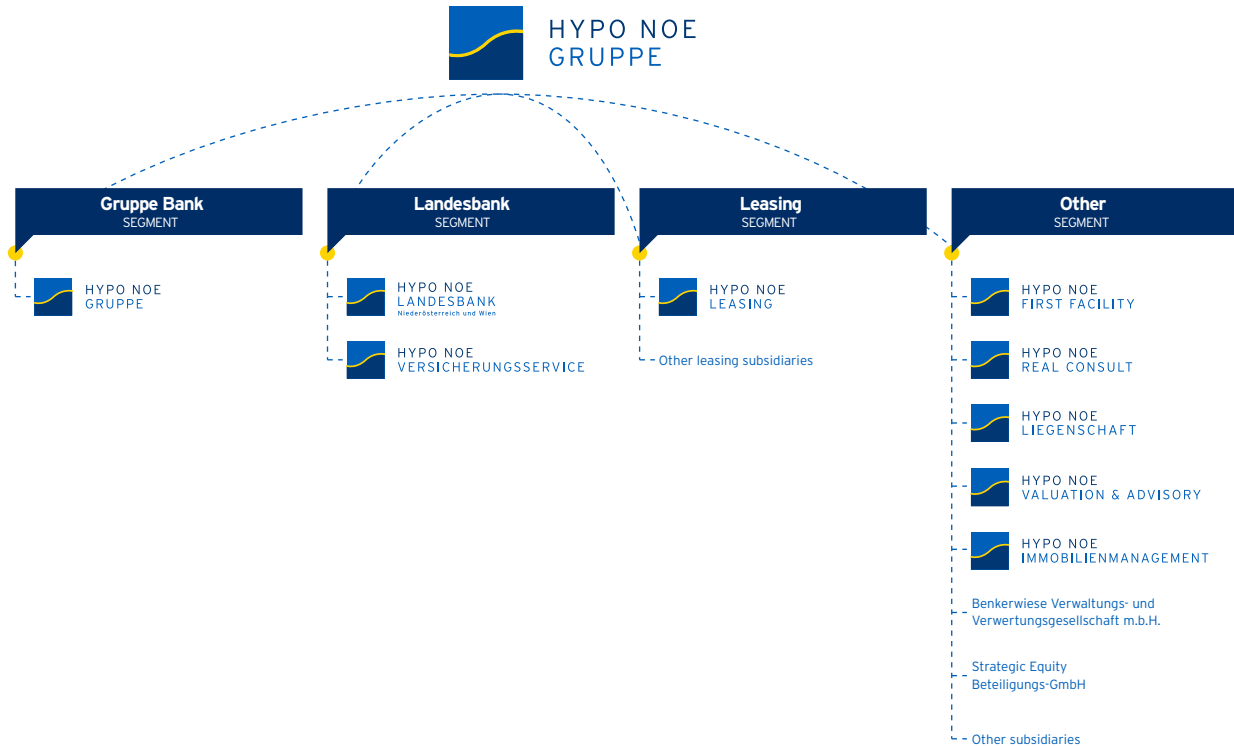
On the basis of the total capital requirement in accordance with Basel II and the Austrian Banking Act, the core capital ratio stood at 13.7% and the equity ratio stood at 16.7%.

Consolidated eligible capital in accordance with the CRR was EUR 652.6m as at 30 June 2014, and surplus capital stood at EUR 311.8m, compared with a capital requirement of EUR 340.8m. On the basis of the total capital requirement, the core capital ratio stood at 12.3% and the equity ratio was 15.3%.

* CRD IV: Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR)

OPERATIONAL REVIEW

Group structure (segments)



The following review includes only the key subsidiaries in each segment, and the departments that are important in terms of the Group's overall strategy and performance.

Gruppe Bank segment

HYPO NOE Gruppe Bank AG is the Group's parent and one of the main financial institutions in Lower Austria and Vienna. Thanks to its dedication to sustainable, customer-focused operations, in the first half of 2014 the Bank 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 preparations are under way for the opening of another office in Romania. Gruppe Bank's operating units held their own in the first half, in a market environment that remained challenging. Following detailed and intensive discussions with rating agency Standard & Poor's (S&P), HYPO NOE Gruppe Bank's A/A-1 issuer rating was reaffirmed with a positive outlook on 3 June. The repeated increase in the core capital ratio in 2013, the improvement in the macroeconomic climate

and outright ownership by the State of Lower Austria were the main factors that resulted in the positive outlook. At the time of writing, the planned ratification by federal legislators of a special law to wind up an Austrian bank meant that S&P's view of the systemic environment for the Austrian banking sector had worsened. Consequently, all Austrian banks reviewed by S&P were put on credit watch negative by the agency on 10 June, which could have an influence on HYPO NOE Gruppe Bank's issuer rating. S&P repeated its positive view of HYPO NOE Gruppe Bank's underlying strategic focus and noted its significant strengths in terms of capitalisation and the market environment, as well as the readiness of its owner - the State of Lower Austria - to provide support. The current credit watch negative status is solely attributable to external factors beyond the Bank's influence.

HYPO NOE Gruppe Bank's sustainability rating is becoming increasingly important. Following the successful conclusion last year of the bank's first sustainability analysis - by an independent rating agency specialising in ethical and environmental issues - the first half of 2014 was characterised by the extension and integration of the resulting measures throughout the Group. The progress made on corporate social responsibility (CSR) reporting is central to these efforts. Over the long term, maintaining an appropriate position in terms of sustainability ratings will be just as high a priority as our issuer rating.

PUBLIC FINANCE

Our Public Finance Department partners local and regional authorities, public agencies and infrastructure companies. In the first half of 2014, the department focused on growing its business in eastern Austria and with enterprises linked to the federal and state governments.

As part of this strategy, Public Finance participated in the Kommunalmesse local authorities fair held in Oberwart in June, which provided an opportunity to present HYPO NOE's fire brigade leasing finance product, a special financing model for firefighting vehicles and equipment. The product enables local authorities to make key investments in safety provisions. Federal states and local authorities are also making wider use of special financing models for public construction projects.

The department's primary objective is to develop sustainable, integrated finance 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.

The Group has established end-to-end processes for public construction projects in Austria, and continually works to improve them. This allows it to serve as a one-stop shop for the domestic sector. Throughout the design-develop-finance-build-operate cycle, our services are aimed at creating and preserving assets and generating sustainable, long-term returns for public sector clients.

Another priority is closer cooperation with development banks, including the European Investment Bank (EIB) and Kreditanstalt für Wiederaufbau (KfW), which offer tailored loans that bring many benefits for our customers. Following the floods in May 2014 we launched the "HYPO NOE reconstruction package", which facilitated the rapid and straightforward extension of bridging loans to fund the repair of local government infrastructure.

Budgetary constraints, including the stability pact, are having a significant impact on states and local authorities, with large investments being postponed. This meant that public finance provided in the first half of the year was mostly required for standard infrastructure investments in water supply and wastewater disposal, as well as the renovation of education infrastructure and administrative buildings. In this environment, it is clear that close relationships with customers combined with high-quality advisory services are becoming increasingly important. With this in mind, customer relationship managers participate in continuous training programmes, often organised in cooperation with partners such as the Lower Austria Community Management Academy and Danube University Krems. The Group is planning to publish a brochure on modern finance management for local authorities, in collaboration with the Lower Austria Community Management Academy, in the second half of 2014.

REAL ESTATE FINANCE

The Real Estate Finance Department specialises in finance for real estate and real estate projects. Its key strengths are the wide range of products it can offer, its ability to structure bespoke solutions and especially the know-how of its staff.

Early repayments in the financing portfolio were recorded in the first half of the year, mainly as a result of premature refinancing or real estate disposals. In all of the markets served there is increased pressure on margins as a result of our competitors' activities. In spite of this, Real Estate Finance remains profitable and made a significant contribution to the Bank's results.

Especially in the core Austrian and German markets, the financing terms and conditions currently on offer for major real estate projects are unusually competitive. The uncertain economic situation has strongly suppressed demand in almost all real estate categories, most notably city centre rental apartment buildings. The German commercial and residential property markets are still attracting greater interest from foreign investors than other locations in Europe.

In the second half of 2014 the department's operations will continue to focus on our core real estate markets - Austria, Germany and the neighbouring EU member states in Central and Eastern Europe. We will continue to keep a close watch on macroeconomic developments and regional real estate trends in our target markets outside Austria. The volume of transactions relating to commercial buildings is expected to hold at last year's levels during the second half of 2014. The department will work to stabilise profitability and optimise the finance portfolio by selectively acquiring new business from institutional investors, funds and property developers.

The strategy is still based on the office, shopping centre, retail park, logistics facility and city hotel asset classes, and on relatively conservative lending terms. As regards risk allocation, we are continuing to restrict ourselves to cooperating with tried and trusted partners on real estate projects in prime locations and with particularly good prospects of stable long-term returns.

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's strategy is to distinguish itself from competitors by offering corporate customers tailored, sophisticated finance solutions and personal service, and to underline the HYPO NOE Gruppe Bank's importance as a long-term partner for business in Lower Austria. Responsiveness, streamlined decision-making, and relationship management that is focused on long-term partnerships are the decisive qualities valued by our growing customer base.

The first half of 2014 was shaped by a policy of actively acquiring new corporate customers. Innovative financing solutions helped the department to attract new business. With the aim of deepening relationships with new customers, we continued to concentrate closely on broadening the product and service portfolio for corporate customers, in order to serve as an expert partner on a full range of business matters. Despite the persistently sluggish environment for corporate investment, Gruppe Bank was able to successfully stake its claim in the highly competitive market for business from larger small and medium-sized enterprises. In response to continued weak demand in the traditional lending business, in the second half of 2014 and beyond Corporate & Project Finance intends to further expand its portfolio of consultancy and other services, and extend the range of products provided to existing customers.

The work of the department's project and infrastructure finance team in the first half was dominated by a strong focus on social and transport infrastructure. In particular, there was an even greater emphasis on finance for the health sector and for educational institutions, reflecting the importance of corporate responsibility in the Group's strategy. The growth in business in the renewable energy sector was limited by market conditions resulting mainly from the unfavourable regulatory climate in key European markets. Although HYPO NOE Gruppe Bank AG can point to exceptional expertise in this area, a significant pick-up in the market will depend on the successful realignment of the regulatory environment for renewable energy at the national level. Another area in which the Bank performed well in the first half was promissory notes for

companies based both in Austria and other European countries. Corporate & Project Finance continues to pursue business selectively and successfully in its target markets in the Danube region. In the Czech Republic, the Bank was part of a consortium that implemented a gas storage project which will play a significant role in long-term energy supply security in Europe. The project, which is also strategically important for the Czech Republic, played its part in supporting the region and giving the Group a foothold there, in line with its Danube region strategy. In addition, financing agreements were concluded with leading companies in the region, both in the industrial and government-related sectors.

In summary the department's results lived up to expectations, and based on the current project portfolio Corporate & Project Finance is set to make further progress in the second half.

CHURCH BODIES, INTEREST GROUPS & AGRICULTURE

Established at the start of 2014, this department brings together the Bank's extensive expertise in servicing public sector bodies, with a focus on financing regional and social infrastructure projects, and specialises in conservative investments for these specific customer groups. The formation of a Group competence centre for financial products and services tailored to these customers has laid the foundations for the continuing, sustainable development of long-term customer relationships, and the various commercial activities arising from them.

In the first half of 2014, the department took steps to develop and extend its expertise in ethical investing, based on the Bank's traditionally conservative and high-value product portfolio, with a view to satisfying customer demand for ethical and sustainable investments as effectively as possible.

In addition to conventional forms of funding for short- and medium-term liquidity requirements, the emphasis is on long-term financing eligible for investment in premium reserve funds relating to customers' new construction, renovation and revitalisation projects. The department's efforts to leverage the full potential of these customer groups are centred on offering the Group's comprehensive selection of products and services for each stage of customers' value chains. This applies in particular to the real estate segment, where the HYPO NOE Group and its subsidiaries can already cover the full range of customer needs. The priority in relation to church bodies is preserving and restoring historic structures, and developing them in line with specific customer requirements.

We aim to become one of the top three banks for Lower Austrian church bodies and interest groups, and to establish a reputation as the partner of choice for financial services and real estate in this segment.

TREASURY & FUNDING

HYPO NOE Gruppe Bank AG is an established issuer of public covered bonds. Last year a mortgage cover pool was set up, from which the Bank's initial issues on the international capital market were placed during the first half of 2014. All of the issues were given a Aaa rating by Moody's.

The majority of funding activities were in the unsecured segment, and by the end of April, around half of the budgeted unsecured capital market finance for 2014 was already in place. Due to the current low level of interest rates, there was a clear preference among investors for structured products (e.g. callable bonds). Treasury took advantage of the favourable market situation at the start of the year to make investments for the liquidity portfolio, and was rewarded with excellent spreads.

The main focus was on meeting the Basel III regulatory requirements. Investments are mainly concentrated on covered bonds and eurozone government bonds.

FOREIGN BRANCHES, REPRESENTATIVE OFFICES AND BRANCHES

HYPO NOE Gruppe Bank AG had no foreign branches in the first half of 2014, but operated representative offices in Budapest, Prague and Sofia. A fourth office, in Romania, is in the process of being set up.

HYPO NOE Gruppe Bank AG has operated a branch at Wipplingerstrasse 4, 1010 Vienna since 2008.

Landesbank segment

HYPO NOE LANDESBANK AG

HYPO NOE Landesbank AG is responsible for the HYPO NOE 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 the Group's core market of Lower Austria and Vienna. The bank has defined family and housing, health, and education as the pillars of its strategy.

The department recorded growth in both lending and deposits in the period under review. As part of a series of targeted sales initiatives, the Bank's highly qualified customer advisers provided clients with top-quality service, and acquired a large number of new customers.

Growth was particularly strong in the commercial and cooperative housing construction segments. Close collaboration between the various sales units enabled us to provide tailored, all-round support to customers, including for construction of private accommodation.

The Aufwertung Filialbetrieb project, which is aimed at enhancing our branch operations, is progressing well. The goals of the initiative include exploiting the potential for new business with existing and new customers more effectively, implementing multi-channel technologies, optimising processes in the lending business, and extending operations at our branches.

Under the Lower Austrian Weeks initiative staged at all 30 branches, the "bank for the people of Lower Austria" remained true to its strategy of operating in the region where most of its customers live, and met its targets for the first six months of this year in full. A range of promotional products were offered during these themed weeks, under the motto "regional, reliable and traditional", including special home loans on attractive terms and conditions, and the Lower Austrian savings account, which has played a significant part in the strong performance of the deposits business in the past few months. The focus on Lower Austria is intended to give this independent brand an even sharper identity, as well as setting it apart from other brands and building up a positive image.

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.

In the second quarter of this year the company beat off strong competition to win contracts for the construction of a number of care homes for young people, and several vocational colleges. There was strong growth in the volume of new business and in earnings during the period under review. As things stand, the outlook for the second half of this year is positive on account of the large number of contracts implemented on terms similar to those of rental developments.

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.

In project development, the company made further progress on its own high-end home building projects in attractive locations in Vienna, as well as those of third parties. The Bank's first project developed by HYPO NOE Real Consult GmbH was completed and will be handed over to the future owners shortly. This project underscores the HYPO NOE Group's real estate expertise - all of the activities in the property value chain, from acquisition and development to disposal, were carried out internally. On the project management side HYPO NOE Real Consult continued to provide high-quality services for existing projects, as well as attracting new business in the universities segment. The company has also concluded new property management contracts with third parties.

It aims to acquire new customers in all of the aforementioned segments, even though these markets are highly competitive. HYPO NOE Real Consult GmbH looks set to grow in 2014.

HYPO NOE FIRST FACILITY GMBH

HYPO NOE First Facility GmbH is a non-captive, full-line provider of facility management services in Austria and the Danube region, as well as in Serbia and Macedonia. Alongside facility management, the company offers consulting services related to all aspects of property operation.

HYPO NOE First Facility is proceeding as planned with its growth strategy, and this is reflected in its performance both in Austria and abroad. It has reinforced its sales activities, as well as further optimising its system operation structures in Austria and at the Bank's key foreign subsidiaries.

An increase in the number of tenders, the saturated market and the entry of new competitors (in particular large property management companies) have led to greater pressure on margins in the facility management business. As part of its HYPO NOE First Facility 2020 strategy project, the company's management is examining the possibility of moving into additional markets, with a view to continuing the company's growth in a rapidly changing market environment. There will be a particular emphasis on cross-selling within the HYPO NOE Group, and HYPO NOE First Facility GmbH has identified public buildings as an important target group. High-quality service, transparency and process reliability remain the features which set First Facility apart from its competitors. The impact of the quality drive initiated in 2013 was confirmed in the course of an external quality audit.

RISK REPORT

The HYPO NOE Group defines risk as the possibility of unexpected, unfavourable future developments that could have adverse effects on the assets, earnings or liquidity of the Group or its individual subsidiaries.

All major business activities in pursuit of the Group's corporate strategic goals are organised in accordance with strategic risk considerations, with particularly close attention paid to risk bearing capacity. The Group attaches particular importance to ensuring that risks are incurred only where the potential rewards are commensurate. Risks are not ends in themselves; they are assumed in the interests of value creation, and may therefore only be incurred where risk bearing capacity is sufficient and the return on risk capital is adequate. The ongoing refinement of instruments and processes designed to maintain an appropriate balance of risks and rewards is integral to the Group's long-term strategy.

The HYPO NOE Group also strives to maintain a healthy balance between risk bearing capacity and the risks incurred. The eligible risk coverage capital is very carefully defined, and the confidence level for risk quantification (i.e. the probability of loss) is set at a conservative level.

Risk management system

Achieving business success necessarily involves taking risks. The HYPO NOE Group practises active risk transformation - risks are incurred on the basis of considered decisions. The Group's risk management objectives are to identify, quantify, monitor and actively manage all types of banking risks.

Our organisational structure provides for a clear separation of the front and back office functions (four-eye principle) at every level up to the Management Board. The front office functions originate business and give initial clearance to transactions, while the back office functions cast a second vote (second opinion) that confers final approval. The internal control regulations require the unanimous approval of the front and back office functions for certain business decisions. There is also a structured process for the approval of exposures requiring resolutions of the Group Supervisory Board.

All quantifiable risks throughout the HYPO NOE Group are subject to the Group-wide, uniform limit system, which is constantly monitored. No risk may be assumed unless a corresponding limit is in place.

The Group-wide risk reporting system ensures that reporting of all risks is regular, timely and comprehensive. In addition to the monthly ICAAP report, which provides an aggregated summary of all risks and their capital coverage, the Management and Supervisory boards receive separate, regular risk reports for each risk category. These provide comprehensive information on current risk developments.

The disclosures for 2013 required by sections 26 and 26a Austrian Banking Act in conjunction with the Offenlegungsverordnung (FMA Disclosure Order) are on a consolidated basis for the HYPO NOE Group, and are made in a separate document posted on our corporate website.

Aggregate risk management and risk-bearing capacity (ICAAP)

The identification, quantification and monitoring of total bank risk at portfolio level is the responsibility of the Group Strategic Risk Management Department, and encompasses the identification, measurement, aggregation and analysis of all the risks assumed.

Maintenance of adequate risk bearing capacity is monitored by two control loops:

- The economic capital management control loop serves to protect against the dangers of creditor liquidation. Risks are evaluated at a high confidence level (99.9% with a holding period of one year) and compared with the risk coverage capital available in the event of liquidation.
- The going concern management control loop, which is designed to ensure that the Bank survives as a going concern. In this case, risks are evaluated at a lower confidence level (95% with a holding period of one year) and compared with the realisable coverage capital available without endangering survival.

Despite the adverse market environment in the first half of this year, as at 30 June 2014 Group utilisation of the risk limit was only 70.7% (including an adequate buffer) - a significant decline as compared to 31 December 2013 (86.2%). Under the Bankeninterventions- und -restrukturierungsgesetz (Bank Intervention and Restructuring Act), which came into force in 2013, the HYPO NOE Group is required to submit a restructuring plan to the Austrian regulator by mid-2015. The Group began drawing up the plan in accordance with the Act in good time and most of the work will have been completed by the end of this year. Incorporating the details of the restructuring plan into day-to-day operations will form an integral part of the Bank's risk and capital management framework.

Significant risk-related developments in the first half of 2014

CREDIT RISK

Refining our credit risk management system is seen as a long-term strategic growth driver for the HYPO NOE Group.

BANK-WIDE STRESS TESTING

As part of the internal bank-wide stress test, in the opening six months of 2014 a comprehensive economic study provided the basis for the analysis of scenarios relevant to the HYPO NOE Group's business model (such as an economic downturn in Eastern Europe and a worsening EU sovereign debt crisis). The impact of the scenarios on credit, investment, interest rate and liquidity risk at subsidiary and Group level, in terms both of regulatory and economic risk-bearing capacity, was simulated. The results were presented to management and suitable responses were formulated. Bank-wide stress tests based on the selected scenarios are carried out every quarter.

BASEL III

The first regulatory reports under the Basel III requirements were submitted to the regulator. In the third quarter, the focus will be on the preparations for compiling the revised report under the FINREP Guidelines. We are constantly monitoring and applying amendments and clarifications to the Basel III regulations issued by the European Banking Authority.

EXPOSURE TO PIIGS*, CYPRUS AND HUNGARY

We are continuing to monitor developments in Italy, Ireland, Greece, Spain, Hungary and Cyprus very closely. The HYPO NOE Group has no exposure in Portugal. The Bank's Hungarian local authority bonds were redeemed in full in February 2014. In the first six months of this year we also made selective investments in Spanish government bonds on the basis of our amended risk assessment.

Credit risk

Credit risk is the danger of a deterioration in creditworthiness, and ultimately the risk of default by a counterparty or the guarantor.

The HYPO NOE Group calculates regulatory capital for credit risks using the standardised approach required by Chapter 2 of Title II of Part 3 of the CRR Regulation, and the "simple" credit risk mitigation method.

The internal risk management system employs the 25-level HYPO master scale, which is shown in condensed form below:

HYPO NOE Group master scale			Corresponding external ratings	
Grade	Description	Rating grade	Moody's	S&P
	Top grade	1A-1E	Aaa-Aa3	AAA-AA-
Investment	Excellent or very good	2A-2E	A1-Baa3	A+-BBB
	Good, medium or acceptable	3A-3E	Ba1-B1	BB+-B+
Non-	Unsatisfactory	4A-4B	B2-B3	B
investment	Watchlist	4C-4E	Caa1-C	B-C
	Default	5A-5E	D	D

For private customers, the Group currently employs an applications rating procedure together with behaviour rating for day-to-day evaluation. Business customers are assessed using different rating instruments for start-ups, businesses preparing accounts on a cash basis and those using accrual accounting. There are also separate processes for local authorities and for banks. Credit ratings for specialised lending are carried out using the slotting approach based on income-producing real estate (IPRE) and project finance ratings. A rating tool is used for the evaluation of condominium apartments under the Wohnungseigentumsgesetz (Condominium Act).

Internal ratings are generally used for credit risks, foreign exchange risks and investment risks. There are relatively few unrated customers, and they are constantly monitored. Unrated loans are generally assigned a conservative 4A rating.

* Portugal, Ireland, Italy, Greece and Spain

CREDIT RISK ANALYSIS

Lending is one of the HYPO NOE Group's core businesses, and assuming and managing credit risks, and keeping them within limits is one of the Bank's core competences. Lending activities, the valuation and classification of collateral, and credit ratings are all governed by strict organisational and substantive rules, the fundamental principles of which are set out in the Group Risk Manual. These rules establish the decision-making authorities, credit rating and collateral classification procedures, and guidelines for lending and loan management.

The operational credit risk management units are responsible for the full range of activities related to the assessment, monitoring and management of all risks associated with on and off-balance sheet lending at the individual customer level. The main emphasis is on checking both the form and content of loan applications and on providing the second opinions. The departments also have sole responsibility for the rating assessments (apart from those in the low-volume retail lending business).

In addition, the operational credit risk management departments are responsible for monitoring early warning indicators (principally generated by the Credit Services Department) in order to identify potential problem customers as early as possible so as to initiate countermeasures in good time.

Below a given rating level, exposures are classified as "watch loans", or transferred for intensive care to the Workout Management Department. The HYPO NOE Group applies rigorous standards as to what constitutes default.

The Workout Management Department is responsible for the management of non-performing loans and provisioning (recognition of individual impairment allowances).

RISK PROVISIONS

Individual or collective impairment allowances are recognised for identifiable lending risks.

The individual impairment allowances are determined on the basis of an assessment of the borrower's financial situation, taking into account the current valuations of collaterals, the repayment structure, and the projected cash flows and maturities.

Collective impairment allowances are recognised for reductions in the value of the Group lending portfolio (losses incurred but not reported) as at the end of the reporting period.

CREDIT RISK MONITORING AND PORTFOLIO MANAGEMENT

The Group Strategic Risk Management Department is responsible for monitoring credit risk at portfolio level.

Management is kept up to date with changes in credit risks by monthly credit risk reports, and regular or case-by-case reports on risk-related issues (transfer of accounts to the Workout Management Department, overdraft trends, etc.). Management is comprehensively briefed on the Group's risk situation, including in-depth analysis of selected issues, at meetings of the Risk Management Committee (RICO).

CURRENT RISK SITUATION

The Group's portfolio of loans and investments largely consists of low-risk loans to public sector borrowers such as sovereigns, the federal government, state governments and local authorities (and their associated enterprises), as well as loans to banks with good external ratings (predominantly own investments, derivatives and money market investments) and – generally well collateralised – loans to housing construction companies (both large housing associations and private sector). Within these low-risk areas there are nevertheless significant risk concentrations (unsecured lending per individual borrower) in the loan portfolio.

Subsidised home loans from the Lower Austrian state government make up a considerable proportion of the HYPO NOE Group's total lending. In addition to the primary collateral, all of this lending is subject to a guarantee provided by the government of Lower Austria, and the credit risk on these exposures is therefore not a cause for concern.

HYPO NOE Gruppe Bank also finances selected public sector loans, real estate projects with excellent or good credit ratings, as well as certain infrastructure enterprises and foreign corporate customers. HYPO NOE Landesbank AG specialises in retail banking, large-scale housing construction (both housing associations and private sector housing) and SME finance.

The credit portfolio shows no notable concentrations of risk from a Group perspective. Most of the Bank's operations relate to lending to the Austrian public sector.

The HYPO NOE Group regularly calculates the statistically expected loss associated with credit risk exposures on the basis of the default probabilities and the collateral structure. The aim is to ensure that the expected loss on the overall portfolio is adequately covered by risk provisions, and that a conservative approach is taken to monitoring any possible shortfalls in aggregate risk management.

The non-performing loan (NPL) ratio, defined as total exposure on default customers (5A-5E rated) divided by total loans and advances to customers, is calculated at Group level. As at 30 June 2014 this was 2.23% (31 Dec. 2013: 2.37%).

The proposed participation of subordinated debt holders pursuant to the Bundesgesetz über Sanierungsmassnahmen für die Hypo Alpe Adria Bank International AG (Act on Restructuring Measures for Hypo Alpe Adria Bank International AG) would not result in the need for impairments, as the HYPO NOE Group does not hold any such debt in Hypo Alpe Adria. The HYPO NOE Group has no exposure in Ukraine or Russia.

Interest rate risk

In its approach to the measurement and control of interest rate risk, the HYPO NOE Group distinguishes between period net interest income risk arising from timing differences between the repricing positions for like or different repricing indicators, and present value sensitivity to interest rate changes, which is mainly influenced by long-term interest risk positions. The effects are only partly recognised directly as measurement gains or losses in the statement of comprehensive income, or as net interest income in subsequent periods.

RISK MANAGEMENT

Fixed and non-linear interest rate risks are by and large eliminated by the use of hedges. Only IAS-compliant hedges (fair value or cash flow hedges) are employed. Strategic, long-term, interest-rate-sensitive positions in the banking book are discussed by the Asset Liability Management Committee, and implementation is subject to approval by the Management Board. Equity is invested in the form of a rolling fixed income portfolio.

Monitoring and quantification of interest rate risk is the responsibility of a back office department, Group Strategic Risk Management, which performs interest rate gap and sensitivity analyses. Positions with unspecified fixed interest rates are modelled and regularly assessed on the basis of statistical methods and/or expert evaluations.

The present value of interest rate risk is limited by means of an absolute limit to be applied in internal risk measurement, which is imposed during the annual risk budgeting process on the basis of the Bank's total risk bearing capacity and risk tolerance, and in line with the limit requirements set out in the Oesterreichische Nationalbank (OeNB) interest rate risk statistics.

CURRENT RISK SITUATION

The Oesterreichische Nationalbank statistics indicate that as of 30 June 2014 interest rate risk was moderate relative to the regulatory limit (20% of eligible capital), at 8.43% (31 Dec. 2013: 6.82%). Interest rate risks are only assumed within strictly defined internal limits and following a rigorous assessment. Derivatives are primarily employed for hedging purposes.

Market risk

Market risks are the potential losses that may arise from negative changes in the fair value of positions held, due to movements in exchange rates (currency risk), share prices, indexes or fund unit prices (equity risk), credit spreads (spread risk) or volatility (volatility risk).

RISK MANAGEMENT

The organisation of the treasury function is based on a clear operational and disciplinary separation of trading activities from processing and control. The division between front and back office functions ensures that the four-eyes principle is adhered to. Structures, decision-making authorities and processes are laid down by the authorisation rules, the minimum requirements for investment and trading activities, and the procedures for the introduction of new products.

Market risk may only be incurred within the authorised limits and with respect to authorised products.

CURRENT RISK SITUATION

The Group does not engage in any business that requires it to maintain a large trading book as defined by the Capital Requirements Regulation. It maintains a small trading book in accordance with Article 94 CRR.

Spread risks are particularly important in connection with the Group's own investments, and these risks are monitored and reported on a monthly basis in the risk management report.

Matching currency refinancing and the use of forex derivatives to all intents and purposes eliminate the HYPO NOE Group's exposure to exchange risk. Where foreign currency exposures are not entirely covered, they are subject to strict limits.

There is only a limited degree of volatility risk, and no equity risk.

Liquidity risk

Liquidity risk is defined as the danger that the HYPO NOE Group will be unable to meet its present and future payment obligations in full and on time, or may only be able to do so at prohibitive cost.

RISK MANAGEMENT

The task of the liquidity risk management function is to identify, analyse and manage the HYPO NOE Group's liquidity risk position, and to maintain sufficient, cost-effective liquidity coverage at all times.

The HYPO NOE Group differentiates between operational (from intraday up to a maximum of two days), tactical (up to and including one year) and structural (beyond one year) liquidity risk management.

Liquidity management measures are derived from the medium-term funding and issuance programme, which is drawn up in the course of the annual rolling budgeting process on the basis of liquidity maturity profiles, including forecast new business. The programme requires the approval of the Management Board. Any decisions regarding issuance that deviate significantly from this framework are taken on a case-by-case basis by the Management Board.

The Group refines its liquidity risk management system on an ongoing basis.

Operational liquidity risk (from intraday up to a maximum of two days)

In order to manage, plan and monitor the Group's daily liquidity requirements, each week the Group Strategic Risk Management Department provides a report on daily liquidity gaps in existing business for the next 30 days, broken down by currency. Group Treasury forecasts liquidity requirements for the subsequent days by applying assumptions on rolling and new business, and manages liquidity by means of funding from the European Central Bank (ECB), as well as collateralised and uncollateralised money market refinancing.

Tactical liquidity risk (up to one year)

Each month Group Strategic Risk Management prepares one baseline and three stress scenarios for the next 12 months to assist in tactical liquidity management operations. These scenarios take account of contractual payment streams, as well as the anticipated proceeds of new issues, income from new business, extensions of money market and repurchase agreements, and liquidity needs arising from terminations of existing transactions, and compare them with the liquidity reserve.

Structural liquidity risk (beyond one year)

To support strategic liquidity management and structural analysis of the liquidity risk position, the HYPO NOE Group analyses the expected capital flows over the entire maturities of all on- and off-balance sheet transactions. Group Strategic Risk Management monitors periodic and cumulative excess capital inflows and outflows using a limits system, and reports on them both to the relevant organisational units, and to the Asset Liability Committee (ALCO) on a monthly basis. These reports also play a part in the budgeting process, and serve as the basis for the medium-term funding and issuance programme. Deviations are constantly monitored and corrective action taken as required.

CONTINGENCY PLAN

There is a liquidity contingency plan for the Group to ensure that effective liquidity management can be maintained even in a market crisis. The plan sets out the responsibilities in case of emergencies, the composition of the crisis management teams, the internal and external communication channels, and the actions to be taken. In emergency situations a crisis management team takes over control of liquidity management and decides on a case-by-case basis on the action to be taken.

CURRENT RISK SITUATION

The HYPO NOE Group's liquidity situation remains satisfactory. The Group has sufficient access to short-term and long-term refinancing mechanisms. As well as sufficient assets eligible as collateral for ECB tenders, there is a broad funding portfolio that acts as a hedge against a possible liquidity shortfall - additional evidence that the current 12-month liquidity position is satisfactory. Recourse to long-term sources of finance is also possible despite the challenging market environment. Action to secure medium-to-long-term liquidity in the current climate has gone ahead as planned.

Operational risk

Operational risk is the danger of losses arising directly or indirectly from the inadequacy or failure of internal processes, people or systems, or from external events.

In the HYPO NOE Group operational risks are kept under control by regularly adapting and improving internal guidelines, and by means of emergency plans, systems of internal checks, staff training and development, and insurance of various risks. The operational risk database plays a vital role in the improvement of existing processes.

There is also an emphasis on continuous improvements in the effectiveness and efficiency of operational risk management processes. The extension of the internal control system (ICS) is intended to minimise the likelihood and effects of operational risk. Risks are systematically identified and assessed, controls are drawn up and, where necessary, key processes are adapted.

Reputational risk

The HYPO NOE Group attaches great importance to avoiding reputational risk, and it is therefore treated as a separate risk category. The Group's code of conduct sets out the common values and principles shared by all HYPO NOE employees. Avoiding potential damage to the reputation of the HYPO NOE Group is a vital consideration when making business decisions, and a process for evaluating reputational risk is now in place. Our independent Group ombudsman deals quickly and efficiently with customer queries (such as complaints and misunderstandings) and aims to find satisfactory solutions to problems in consultation with the customers themselves. Besides meeting the statutory requirements for improving customer relations, the goal of these activities is to reduce reputational risk.

Other risks

"Other risks" consist largely of business risk (the danger of loss as a result of a deterioration in the economic environment and the Bank's business relationships) and strategic risks (the danger of losses arising from decisions concerning the Bank's strategic focus and business development).

Sufficient risk capital is maintained to cover unquantifiable risks.

Legal risks

Generally, provisions are recognised for legal proceedings for which the outcome or any potential losses can be reliably predicted. In such cases, the provisions are recognised at a level deemed appropriate in the circumstances, in accordance with the applicable accounting principles.

As at 30 June 2014 provisions were in place against legal risks from pending proceedings connected with derivatives and credit restructuring.

GROUP OUTLOOK FOR 2014

Market outlook

Regarding the economic climate, the HYPO NOE Group foresees modest growth in the eurozone in the second half of 2014. Following a further reduction in interest rates in June - which pushed the discount rate into negative territory for the first time, at -0.10% - and the announcement of a programme to purchase asset-backed securities, the European Central Bank (ECB) is not expected to take any further steps this year. The supply of liquidity for the European financial system will remain extremely generous, not least thanks to the long-term tenders with maturities of up to four years also announced in June, although these come with a number of conditions attached.

The solid growth in GDP in the CEE region in the first half of 2014 was a pleasant surprise. This upswing came as a result of increased domestic demand. Low inflation led to a change in monetary policy in a number of CEE countries, with base rates reaching all-time lows. Considering the expansive policy being pursued by the ECB, further changes in interest rates in the region are unlikely for the rest of this year. The crisis in Ukraine and the associated effects on Russian investments and possibly on gas supplies to Europe, as well as weak growth in emerging markets also weighed on global economic performance.

In Austria, economic performance was muted at the start of the year. Growth had recovered only modestly by mid-2014, due in no small part to the challenging environment for foreign trade. The Austrian export sector continues to face uncertainty in terms of revenue. Increased instability due to rising geopolitical risks has dampened key economic indicators in Europe. The Eurozone Purchasing Managers' Index and the Ifo Business Climate Index for Germany are now just above their long-term average values.

Based on the current low level of investment among Austrian companies, an upswing is expected in the second half of the year. Investments in residential construction are benefiting from advantageous financing terms, rising property prices and the strong demand for living space. After three years of negative contributions to growth, inventory build is expected to have a positive impact on the economy once again from the middle of the year. Developments in the Austrian labour market are still out of synch with the overall economic trend. The unemployment rate rose by 0.6 percentage points in 2013 and is forecast to increase by the same amount in 2014, to reach 8.1%.

Business outlook

Although the market environment remains challenging, the HYPO NOE Group is holding its own as a dependable partner for businesses and the public sector in its core market. Following a solid first half, we expect to report sustainable and stable operating profit for 2014. The increase in the financial stability contribution will have a negative impact on the full-year results. The Group's operating segments are expected to grow. A major focus for the Gruppe Bank segment will be financing for corporate customers in our core market, as well as for regional and social infrastructure. Relationships with church bodies, interest groups and customers in the agricultural sector will be intensified following the creation of the new department for this purpose. Growth in these sectors is expected to be in line with the market average. The Group will maintain a sharp focus on its core target groups and regions. Outside its core market, the Group's business model is rounded out by its activities in the Danube region, where it already has three representative offices. Another office will open in Bucharest in August 2014. In the Landesbank segment, the emphasis is on extending the sales network, ongoing optimisation of the quality of our products and advice, and acquiring new customers. The current rates of customer and volume growth are above the market average. The Leasing segment also anticipates continued growth in the second half after tendering for a wide range of projects on terms similar to rental agreements. Expansion is also planned in the Other segment, where companies such as HYPO NOE Real Consult GmbH and HYPO NOE First Facility GmbH (a provider of facility management services) form the final link in the Group's real estate services value chain.

In 2014 the Group is again fully occupied with current and upcoming regulatory changes. Preparations have already been made for the most significant of these, namely legislative changes introduced in accordance with the EU directives related to Basel III (CRD IV/CRR), which entered into force at the beginning of the year, and the implementation of the Bank Intervention and Restructuring Act.

HYPO NOE Gruppe Bank's strong A/A-1 issuer rating was reaffirmed by rating agency Standard & Poor's (S&P) in the first half, with a positive outlook replacing the negative outlook due to consistent capital increases and the stability provided by the Group's sole owner, the State of Lower Austria. Owing to the current enactment of a special law to wind up an Austrian bank, S&P has put all Austrian banks that it reviews on credit watch negative. We expect S&P to publish its latest assessment of HYPO NOE Gruppe Bank's creditworthiness by early September. We are confident that Moody's will maintain its strong Aaa ratings for both the public sector and the mortgage pools for HYPO NOE Gruppe Bank AG's covered bonds. This underlines the Bank's consistent strengths, the quality of the loans that form the basis for the covered bonds and the high degree of overcollateralisation.

The Group's interim results, the positive operating conditions and our 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.

EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the end of the reporting period.

St. Pölten, 7 August 2014

The Management Board



Peter Harold
Chairman of the Management Board



Nikolai de Arnoldi
Member of the Management Board

SEMI-ANNUAL FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

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HYPO NOE
GRUPPE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit or loss (EUR '000)	(Notes)	H1 2014	H1 2013
Interest and similar income	(3.1)	297,838	287,528
<i>of which income from investments accounted for using the equity method</i>		-94	1,575
Interest and similar expense	(3.2)	-235,810	-223,852
Net interest income		62,028	63,675
Credit provisions	(3.4)	-175	1,059
Net interest income after risk provisions		61,853	64,734
Fee and commission income		8,066	7,617
Fee and commission expense		-1,262	-1,349
Net fee and commission income	(3.5)	6,804	6,268
Net trading income	(3.6)	1,450	1,527
General administrative expenses	(3.7)	-64,853	-58,482
Net other operating income	(3.8)	7,398	11,168
Net gains or losses on disposal of consolidated subsidiaries	(3.9)	-	150
Net gains or losses on available-for-sale financial assets	(3.10)	103	45
Net gains or losses on financial assets designated as at fair value through profit or loss	(3.11)	68	-73
Net gains or losses on hedges	(3.12)	2,697	-10,353
Net gains or losses on other financial investments	(3.14)	-87	4,494
Profit before tax		15,433	19,478
Income tax expense	(3.15)	-3,846	-4,935
Profit for the period		11,587	14,543
Non-controlling interests	(3.16)	142	-61
Profit attributable to owners of the parent		11,729	14,482
Other comprehensive income (EUR '000)			
Profit attributable to owners of the parent		11,729	14,482
Items that will not be reclassified to profit or loss			
Items that may be reclassified subsequently to profit or loss			
<i>Other changes</i>		8	-
<i>Change in available-for-sale financial instruments (before tax)</i>		10,034	13,525
<i>Change in a cash flow hedge (before tax)</i>		-	-536
<i>Exchange differences on translating foreign operations accounted for using the equity method (before tax)</i>		-25	-1
<i>Change in deferred tax</i>		-2,502	-3,247
Total other comprehensive income		7,514	9,741
Total comprehensive income attributable to owners of the parent		19,243	24,223

Other comprehensive income is attributable to owners of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (EUR '000)	(Notes)	30 Jun. 2014	31 Dec. 2013
Cash and balances at central banks	(4.1)	76,460	56,609
Loans and advances to banks	(4.2)	864,954	773,381
Loans and advances to customers	(4.3)	10,710,562	10,590,574
Risk provisions	(4.4)	-105,192	-111,156
Assets held for trading	(4.5)	553,383	457,965
Positive fair value of hedges (hedge accounting)	(4.6)	532,236	377,938
Available-for-sale financial assets	(4.7)	2,148,846	1,801,467
Financial assets designated as at fair value through profit or loss	(4.8)	4,370	4,200
Investments accounted for using the equity method	(4.9)	36,420	44,437
Investment property	(4.10)	81,332	65,545
Intangible assets	(4.11)	1,982	2,172
Property, plant and equipment	(4.11)	82,122	86,460
Deferred tax assets	(4.12)	3,968	3,874
Other assets	(4.13)	34,112	56,280
Total assets		15,025,555	14,209,746

Equity and liabilities (EUR '000)		30 Jun. 2014	31 Dec. 2013
Deposits from banks	(4.14)	2,234,520	2,149,698
Deposits from customers	(4.15)	2,333,162	2,168,943
Debts evidenced by certificates	(4.16)	8,387,262	8,163,364
Liabilities held for trading	(4.17)	484,084	389,775
Negative fair value of hedges (hedge accounting)	(4.18)	619,367	423,103
Provisions	(4.19)	50,550	50,362
Current tax liabilities	(4.20)	13,110	12,454
Deferred tax liabilities	(4.20)	27,334	21,175
Other liabilities	(4.21)	95,049	65,960
Subordinated capital	(4.22)	211,600	210,512
Equity (inc. non-controlling interests)*	(4.23)	569,517	554,400
Equity attributable to owners of the parent		561,498	553,254
Non-controlling interests		8,019	1,146
Total equity and liabilities		15,025,555	14,209,746

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 Jun. 2014, EUR '000	Balance at 1 Jan. 2014	Profit/loss for the period	Dividends paid	Changes in scope of consolidation	Other comprehensive income	Balance at 30 Jun. 2014
Share capital	51,981	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	191,824
Retained earnings	329,439	11,729	-11,000	-	8	330,177
IAS 19 reserve	-4,651	-	-	-	-	-4,651
Available-for-sale reserve	-15,324	-	-	-	7,525	-7,799
Cash flow hedge reserve	-	-	-	-	-	-
Currency translation reserve	-15	-	-	-	-19	-34
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	553,254	11,729	-11,000	-	7,515	561,498
Non-controlling interests	1,146	-142	-	7,014	-	8,019
TOTAL EQUITY	554,400	11,587	-11,000	7,014	7,515	569,517

The increase in the "Non-controlling interests" item under "Changes in scope of consolidation" is largely due to the effects of the consolidation of seven leasing companies (see Note 2 Changes in scope of consolidation as at 30 June 2014).

As at 30 Jun. 2013, EUR '000	Balance at 1 Jan. 2013	Profit/loss for the year	Dividends paid	Changes in scope of consolidation	Other comprehensive income	Balance at 30 Jun. 2013
Share capital	51,981	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	191,824
Retained earnings	286,762	14,482	-11,000	-	-	290,244
IAS 19 reserve	-5,498	-	-	-	-	-5,498
Available-for-sale reserve	-29,964	-	-	-	10,144	-19,820
Cash flow hedge reserve	1,875	-	-	-	-402	1,473
Currency translation reserve	-3	-	-	-	-1	-4
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	496,977	14,482	-11,000	-	9,741	510,199
Non-controlling interests	565	61	-	563	-	1,188
TOTAL EQUITY	497,542	14,543	-11,000	563	9,741	511,387

Additional information is given in Note 4.23 Equity.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR '000	30 Jun. 2014	31 Dec. 2013
Cash and cash equivalents at end of previous period	56,609	71,644
Cash flows from operating activities	37,631	-7,494
Cash flows from investing activities	-6,633	-4,101
Cash flows from financing activities	-11,366	-2,923
Effects of exchange rate changes on cash and cash equivalents	219	-517
Cash and cash equivalents at end of period	76,460	56,609

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2014

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HYPO NOE
GRUPPE

1. ACCOUNTING AND MEASUREMENT POLICIES

The interim financial statements of the HYPO NOE Gruppe Bank AG Group (hereafter “Hypo NOE Group”) as at 30 June 2014 were drawn up in accordance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), as well as the interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Committee (IFRIC).

The consolidated financial statements have been prepared in accordance with the IFRS/IAS standards and interpretations adopted and published by the European Union, and applicable to the business activities of the HYPO NOE Group.

IAS 34 was applied to preparation of this interim report. The same accounting policies were applied to the interim report of the HYPO NOE Group as on 31 December 2013, taking account of new standards which entered into effect on 1 January 2014.

The interim financial statements do not contain all of the information required for full annual financial statements, and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2013.

In these consolidated financial statements, regulatory capital was calculated on the basis of the Capital Requirements Regulation (CRR) and the Capital Requirements Directive 4 (CRD IV) for the first time. Details can be found in Note 4.24 Consolidated capital resources and regulatory capital adequacy requirements.

2. CHANGES IN THE SCOPE OF CONSOLIDATION AS AT 30 JUNE 2014

Acquisitions

NÖ. HYPO LEASING DECUS Grundstückvermietungs GmbH acquired a 90% interest in Haymogasse 102 Immobilienentwicklung GmbH, which was included in the HYPO NOE Group's consolidated financial statements with effect from 25 January 2014 - the date on which the change was registered.

Under a purchase agreement signed on 23 May 2014, HYPO NOE Leasing GmbH acquired 90% of VB Real Estate Leasing Kommunal GmbH, and Telos Mobilien-Leasinggesellschaft m.b.H. acquired the remaining 10%. The company is included in these interim consolidated financial statements of the HYPO NOE Group.

Changes in consolidation

Due to changes in control the following companies, which had previously been accounted for using the equity method, were included in the interim consolidated financial statements.

- FORIS Grundstückvermietungs Gesellschaft m.b.H.
- VALET-Grundstückverwaltungs Gesellschaft m.b.H.
- LITUS Grundstückvermietungs Gesellschaft m.b.H.
- Adoria Grundstückvermietungs Gesellschaft m.b.H.
- CONATUS Grundstückvermietungs Gesellschaft m.b.H.
- Aventin Grundstückverwaltungs Gesellschaft m.b.H.
- Esquilin Grundstücksverwaltungs Gesellschaft m.b.H.

Changes in the scope of consolidation

Owing to the size of Haymogasse 102 Immobilienentwicklung GmbH and VB Real Estate Leasing Kommunal GmbH, the total cost for the acquisition of these companies is reported.

The purchase price totalled EUR 623 thousand (thsd). The transaction costs of EUR 7thsd were recognised as legal and consultancy costs in 2014.

The transactions generated a profit (acquisition at below fair value) of EUR 274thsd, which is recognised in profit or loss and included under net other operating income in the statement of comprehensive income.

The identified assets acquired and liabilities assumed as at the consolidation date, measured at fair value, are set out below.

EUR '000	Fair value as at acquisition date
Assets	
Loans and advances to banks	477
Loans and advances to customers	4,396
Tax assets	15
Other assets	2,080
Total assets - assets acquired	6,968
Liabilities	
Deposits from banks	2,928
Deposits from customers	2,294
Tax liabilities	183
Other liabilities	618
Total equity and liabilities - liabilities assumed	6,023
Net assets	945
Acquisition of net assets	897
Non-controlling interests	48
Profit from acquisitions at below fair value	274
Consideration (paid entirely in cash)	623

As seven leasing companies have been consolidated and are no longer accounted for using the equity method, this resulted in the following year-on-year changes in material assets and liabilities reported in the consolidated statement of financial position:

Result of change from accounting using the equity method to consolidation, EUR '000	30 Jun. 2014
Assets	
Loans and advances to customers	261,160
Investments accounted for using the equity method	-6,723
Investment property	12,430
Other assets	3,624
Liabilities	
Deposits from banks	103,989
Deposits from customers	2,976
Tax liabilities	2,861
Other liabilities	12,718
Subordinated capital	1,453

The effect of non-controlling interests on equity is shown in the consolidated statement of changes in equity.

3. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

3.1 Interest and similar income

The increase in current lease income compared to the first half of 2013 is due to the consolidation of several leasing companies.

3.1.1 INTEREST AND SIMILAR INCOME

EUR '000	H1 2014	H1 2013
Interest income from:		
Cash and balances at central banks	13	35
Loans and advances to banks	5,248	5,029
Loans and advances to customers	110,949	114,699
Bonds, public debt certificates and other fixed-income securities	31,579	23,999
Hedges (hedge accounting)	85,758	85,010
Other interest income	53,673	52,199
<i>of which income from investments accounted for using the equity method</i>	-94	1,575
<i>of which income from investment property:</i>	573	652
<i>rental income</i>	1,835	1,260
<i>depreciation</i>	-1,262	-608
Current income from:		
Leases	10,566	6,549
Shares and other variable-income securities	46	-
Other investments	6	8
Total	297,838	287,528

3.1.2 INTEREST AND SIMILAR INCOME BY IAS 39 MEASUREMENT CATEGORIES

EUR '000	H1 2014	H1 2013
Interest and similar income from:		
Loans and receivables (LAR)	118,731	120,077
Available-for-sale (AFS) assets	31,530	23,853
Assets held to maturity (HTM)	-	39
Assets measured using the fair value option (FVO)	102	115
Assets held for trading (HFT)	47,708	48,214
Impaired loans and advances (unwinding)	1,612	246
Hedges (hedge accounting)	85,758	85,010
Interest income attributable to other periods	73	74
Income from investments accounted for using the equity method	-94	1,575
Income from investment property:	573	652
<i>rental income</i>	1,835	1,260
<i>depreciation</i>	-1,262	-608
Current lease income	10,566	6,549
Current origination and commitment fees	1,279	1,124
Total	297,838	287,528

3.2 Interest and similar expense

A significant proportion of the year-on-year rise in interest expense from deposits from banks, which is reported at cost, resulted from the consolidation of a number of leasing companies.

3.2.1 INTEREST AND SIMILAR EXPENSE

EUR '000	H1 2014	H1 2013
Interest expense on:		
Liabilities to central banks	-59	-488
Deposits from banks	-8,306	-6,116
Deposits from customers	-14,072	-16,537
Debts evidenced by certificates	-104,246	-98,766
Subordinated capital	-1,887	-1,542
Hedges (hedge accounting)	-57,652	-52,556
Other interest expense	-49,588	-47,847
Total	-235,810	-223,852

3.2.2 INTEREST AND SIMILAR EXPENSE BY IAS 39 MEASUREMENT CATEGORIES

EUR '000	H1 2014	H1 2013
Interest expense on:		
Financial liabilities measured at amortised cost (LAC)	-130,619	-123,448
Financial liabilities held for trading (HFT)	-47,539	-47,848
Hedges (hedge accounting)	-57,652	-52,556
Total	-235,810	-223,852

3.3 Impairment losses (summary table)

H1 2014, EUR '000	(-)	(+)	Total recognised in reporting period
Impairment losses on financial assets not measured at fair value through profit or loss (FVTPL):	-10,474	10,407	-67
Available-for-sale (AFS) financial assets	-	-	-
Loans and receivables (LAR) (inc. finance leases) measured at amortised cost (3.4)	-10,474	10,407	-67
Impairments according to IAS 36	-30	125	95
Investments accounted for using the equity method	-30	125	95
Total	-10,504	10,532	28

H1 2013, EUR '000	(-)	(+)	Total recognised in reporting period
Impairment losses on financial assets not measured at fair value through profit or loss (FVTPL):	-7,944	8,991	1,047
Available-for-sale (AFS) financial assets (3.10)	-15	273	258
Loans and receivables (LAR) (inc. finance leases) measured at amortised cost (3.4)	-7,929	8,718	789
Impairments according to IAS 36	-156	-	-156
Investments accounted for using the equity method	-156	-	-156
Total	-8,100	8,991	891

3.4 Credit provisions

The risk provisions for on- and off-balance sheet transactions are made up as follows:

EUR '000		H1 2014	H1 2013
Allocations to:		-10,490	-7,909
Individual impairment allowances	(3.3)	-8,482	-5,172
Collective impairment allowances	(3.3)	-1,899	-2,732
Other credit provisions		-109	-5
Reversals of:		7,499	8,534
Individual impairment allowances	(3.3)	6,334	6,559
Collective impairment allowances	(3.3)	1,163	1,701
Other credit provisions		3	274
Receipts from impaired assets	(3.3)	2,910	458
Direct write-offs	(3.3)	-93	-25
Total		-175	1,059

3.5 Net fee and commission income

EUR '000		H1 2014	H1 2013
Fee and commission income		8,066	7,617
Loans and advances		1,036	806
Securities and custody account business		2,142	1,749
Payment transactions		2,783	2,658
Foreign exchange, foreign notes and coins, and precious metals		138	301
Other services		1,596	1,717
Diversification		264	273
Other fee and commission income		107	113
Fee and commission expense		-1,262	-1,349
Loans and advances		-33	-32
Securities and custody account business		-538	-587
Payment transactions		-496	-545
Other services		-12	-13
Diversification		-183	-172
Total		6,804	6,268

3.6 Net trading income

EUR '000	H1 2014	H1 2013
Interest rate transactions	1,008	2,005
Foreign exchange transactions	276	-605
Other transactions	166	127
Total	1,450	1,527

3.7 General administrative expenses

General administrative expenses comprise staff costs, other administrative expenses, and depreciation, amortisation and impairment. These items were as follows:

EUR '000	H1 2014	H1 2013
Staff costs	-35,603	-33,941
Other administrative expenses	-26,045	-21,670
Depreciation, amortisation and impairment	-3,206	-2,871
Total	-64,853	-58,482

3.7.1 STAFF COSTS

EUR '000	H1 2014	H1 2013
Wages and salaries	-27,587	-26,095
<i>of which phantom-share-based cash incentives</i>	-283	-282
Social security costs	-5,594	-5,374
Cost of voluntary employee benefits	-661	-641
Retirement benefit costs	-879	-893
Termination benefit costs	-882	-938
<i>of which expenses for provident fund</i>	-259	-257
Total	-35,603	-33,941

	H1 2014	H1 2013
Average number of employees (inc. staff on parental leave)	911	891

3.7.2 OTHER ADMINISTRATIVE EXPENSES

EUR '000	H1 2014	H1 2013
Premises	-3,362	-3,282
Office and communication expenses	-690	-755
IT expenses	-4,359	-3,961
Legal and consultancy costs	-2,723	-3,176
Advertising and entertainment costs	-2,972	-3,181
Cost of transfers of liability	-552	-752
Other administrative expenses	-11,387	-6,563
Total	-26,045	-21,670

Other administrative expenses include the financial stability contribution ("bank tax") of EUR 6,597thsd (30 June 2013: EUR 3,154thsd).

3.7.3 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR '000	H1 2014	H1 2013
Depreciation and amortisation	-3,206	-2,871
Intangible assets	-367	-341
Buildings used by Group companies	-901	-748
Equipment, fixtures and furnishings (including low value assets)	-1,938	-1,782
Total	-3,206	-2,871

3.8 Net other operating expenses/income

EUR '000	H1 2014	H1 2013
Other rental income	66	244
Gains/losses on	79	161
disposal of intangible assets, and property, plant and equipment	79	161
Net gains or losses on recognition and reversal of provisions	36	73
Profit from acquisitions of companies at below fair value	274	-
Sundry other operating income/expenses	6,943	10,690
Sundry other operating income	12,347	15,242
Sundry other operating expenses	-5,404	-4,552
Total	7,398	11,168

Sundry other operating expenses/income includes a net loss of EUR 809thsd (H1 2013: net gain of EUR 1,067thsd) on currency translation (see Note 3.13 Net gains and losses on financial assets and liabilities).

This item also includes EUR 3,865thsd (H1 2013: EUR 3,559thsd) in administrative and brokerage fees.

3.9 Net gains or losses on disposal of consolidated subsidiaries

There were no disposals of consolidated subsidiaries in the first half of 2014. The comparative figures for the first six months of 2013 relate to the disposal of Orchisgasse 66 Liegenschaftserrichtungs- und -verwertungs GmbH, which was renamed Hart & Haring Liegenschaftsentwicklungs GmbH.

EUR '000	H1 2014	H1 2013
Loans and advances to banks	-	7
Other assets	-	4,007
Total assets	-	4,014
Deposits from banks	-	4,025
Tax liabilities	-	23
Other liabilities	-	81
Total liabilities	-	4,129
Proceeds of disposal	-	26
+ Fair value of remaining interest held by the Group	-	9
- Assets disposed of	-	-4,014
+ Liabilities disposed of	-	4,129
Net gains or losses on disposal of consolidated subsidiaries	-	150
Net gains or losses recognised in profit or loss	-	150

EUR '000	H1 2014	H1 2013
Consideration received in cash and cash equivalents	-	26
Cash flows from the sale of subsidiaries	-	26

3.10 Net gains or losses on available-for-sale financial assets

EUR '000		H1 2014	H1 2013
Income from financial assets		2,212	353
Gains on disposal	(3.13)	2,212	80
Write-ups	(3.3)	-	273
Expenses arising from financial assets		-2,109	-308
Losses on disposal	(3.13)	-2,109	-293
Depreciation and amortisation	(3.3)	-	-15
Total		103	45

3.11 Net gains or losses on financial assets designated as at fair value through profit or loss

EUR '000		H1 2014	H1 2013
Net gains or losses on financial assets		68	-73
Debt instruments		68	-73
Total		68	-73

3.12 Net gains or losses on hedges

Gains or losses on the hedged items attributable to hedged risk and to remeasurement of hedging instruments to fair value (hedge accounting) are recognised under this item, as are the outcomes of early terminations of cash flow hedges.

EUR '000		H1 2014	H1 2013
Hedge accounting		2,697	-10,136
Net gains or losses on hedged items		39,182	68,341
Net gains or losses on hedging instruments		-36,485	-78,477
Other derivative financial instruments (economic hedges)		-	-217
Foreign exchange transactions		-	-217
Total		2,697	-10,353

OIS discounting, which replaced Euribor discounting as the market standard for valuing collateralised OTC derivatives, had a significant influence on this item in the comparative period of 2013. The derivatives measured at fair value are all part of economically hedged positions. However, where a different discounting method is applied to the other part of a closed position, this inevitably results in temporary fluctuations in income that fully reverse by the time the transactions mature.

3.13 Net gains or losses on financial assets and liabilities

EUR '000		H1 2014	H1 2013
Net realised gains or losses on financial assets and liabilities not measured at fair value through profit or loss		102	4,315
Available-for-sale financial assets	(3.10)	103	-213
<i>of which reclassification from other comprehensive income (OCI)</i>		-1,462	-57
Loans and receivables (inc. finance leases)	(3.14)	-1	3,621
Other		-	907
Net gains or losses on financial assets and liabilities held for trading	(3.6)	1,450	1,527
Interest rate instruments and related derivatives		1,008	2,005
Foreign exchange trading		276	-605
Other (including hybrid derivatives)		166	127
Gains or losses on financial assets and liabilities designated as at fair value through profit or loss	(3.11)	68	-73
Gains or losses on hedge accounting	(3.12)	2,697	-10,353
Net gains on currency translation	(3.8)	-809	1,067
Total		3,508	-3,517

3.14 Net gains or losses on other financial investments

EUR '000	H1 2014	H1 2013
Gains or losses on disposal of receivables and promissory notes	-1	3,621
Investment property	-283	827
Proceeds of disposals	-	3,655
Carrying amounts of disposals	-	-2,747
Let investment property	-222	-73
Vacant investment property	-61	-8
Net gains or losses on other financial investments	197	46
Other income from other financial assets	197	46
Total	-87	4,494

The gains on disposal of receivables and promissory notes in the comparative period of 2013 principally reflect the Bank's success in negotiating the part-redemption of outstanding Hungarian local authority bonds.

The proceeds of, and carrying amounts of disposals of investment property in the first half of 2013 entirely relate to a Swiss office building.

3.15 Income tax expense

EUR '000	H1 2014	H1 2013
Current income tax	-2,830	-4,608
Deferred income tax	-1,016	-327
Total	-3,846	-4,935

Deferred tax recognised in other comprehensive income, EUR '000	H1 2014	H1 2013
Available-for-sale (AFS) financial instruments	-2,508	-3,381
Cash flow hedge (effective portion)	-	134
Currency translation reserve	6	-
Total	-2,502	-3,247

3.16 Non-controlling interests

EUR '000	H1 2014	H1 2013
FORIS Grundstückvermietungs Gesellschaft m.b.H.	-12	-
VALET-Grundstückverwaltungs Gesellschaft m.b.H.	-225	-
LITUS Grundstückvermietungs Gesellschaft m.b.H.	-59	-
VOLUNTAS Grundstückvermietungs Gesellschaft m.b.H.	-23	-46
Adoria Grundstückvermietungs Gesellschaft m.b.H.	-15	-
CONATUS Grundstückvermietungs Gesellschaft m.b.H.	57	-
Aventin Grundstückverwaltungs Gesellschaft m.b.H.	27	-
Esquilin Grundstücksverwaltungs Gesellschaft m.b.H.	321	-
HOSPES-Grundstückverwaltungs Gesellschaft m.b.H.	35	-21
Josef-Heinzl-Gasse 1 Immobilienentwicklung GmbH	4	-
Neustift-am-Walde 32 Immobilienentwicklung GmbH	3	-
Haymogasse 102 Immobilienentwicklung GmbH	19	-
Hauptplatz 18 Entwicklungs- und Verwertungs GmbH	10	6
Total	142	-61

Details of the changes compared to the first six months of 2013 are provided in Note 2 Changes in the scope of consolidation as at 30 June 2014.

4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

4.1 Cash and balances at central banks

EUR '000	30 Jun. 2014	31 Dec. 2013
Cash on hand	12,427	13,964
Balances at central banks	64,033	42,645
Total	76,460	56,609

4.2 Loans and advances to banks

EUR '000	30 Jun. 2014	31 Dec. 2013
Domestic banks	258,978	194,909
Foreign banks		
Central and Eastern Europe (CEE)	714	31,145
Rest of the world (ROW)	605,262	547,327
Total	864,954	773,381

4.3 Loans and advances to customers

4.3.1 CUSTOMER GROUP ANALYSIS

EUR '000	30 Jun. 2014	31 Dec. 2013
Public sector customers	5,373,830	5,375,767
Business customers	1,645,194	1,704,755
Housing developers	1,511,783	1,501,264
Retail customers	2,106,847	1,931,506
Professionals	72,908	77,282
Total	10,710,562	10,590,574

4.3.2 GEOGRAPHICAL ANALYSIS

EUR '000	30 Jun. 2014	31 Dec. 2013
Domestic customers	9,392,671	9,124,498
Foreign customers		
Central and Eastern Europe (CEE)	516,634	578,802
Rest of the world (ROW)	801,257	887,274
Total	10,710,562	10,590,574

4.4 Risk provisions and credit provisions

4.4.1 ANALYSIS OF RISK PROVISIONS AND CREDIT PROVISIONS BY CUSTOMER GROUPS

EUR '000	As at 1 Jan. 2014	Exchange differ- ences	Alloca- tions	Utilisa- tion	Rever- sals	Unwind- ing	Other changes	As at 30 Jun. 2014
Risk provisions for customers: individual impairment allowances	-106,361	-17	-8,482	7,321	6,334	1,612	-68	-99,661
Public sector customers	-10,331	-	-3	4,970	700	92	-	-4,572
Business customers	-62,703	-17	-7,222	1,246	2,988	1,105	-94	-64,697
Housing developers	-	-	-89	-	-	-	-	-89
Retail customers	-31,222	-	-1,116	1,103	2,547	371	-44	-28,361
Professionals	-2,105	-	-52	2	99	44	70	-1,942
Risk provisions for customers: collective impairment allowances	-4,795	-	-1,899	-	1,163	-	-	-5,531
Subtotal: risk provisions for customers	-111,156	-17	-10,381	7,321	7,497	1,612	-68	-105,192
Credit provisions	-4,690	-	-109	-	3	-	-	-4,797
Total	-115,846	-17	-10,490	7,321	7,500	1,612	-68	-109,989

EUR '000	As at 1 Jan. 2013	Exchange differ- ences	Alloca- tions	Utilisa- tion	Rever- sals	Unwind- ing	Other changes	As at 31 Dec. 2013
Risk provisions for customers: individual impairment allowances	-107,922	18	-27,411	12,728	13,899	3,226	-899	-106,361
Public sector customers	-7,357	-	-3,270	-	21	275	-	-10,331
Business customers	-64,854	18	-19,189	11,250	8,756	1,998	-682	-62,703
Housing developers	-14	-	-	-	-	-	13	-
Retail customers	-32,429	-	-4,879	1,152	4,756	861	-682	-31,222
Professionals	-3,269	-	-73	326	367	92	452	-2,105
Risk provisions for customers: collective impairment allowances	-4,977	-	-2,364	-	2,546	-	-	-4,795
Subtotal: risk provisions for customers	-112,899	18	-29,775	12,728	16,445	3,226	-899	-111,156
Credit provisions	-6,535	11	-409	450	1,792	1	-	-4,690
Total	-119,433	29	-30,184	13,178	18,238	3,226	-899	-115,846

4.4.2 RISK PROVISIONS: GEOGRAPHICAL ANALYSIS

EUR '000	30 Jun. 2014	31 Dec. 2013
Domestic	-85,032	-96,419
Foreign		
Central and Eastern Europe (CEE)	-6,784	-7,751
Rest of the world (ROW)	-13,376	-6,986
Total risk provisions	-105,192	-111,156

4.5 Assets held for trading

This item mainly comprises the positive fair value of derivatives that do not qualify for hedge accounting.

EUR '000	30 Jun. 2014	31 Dec. 2013
Positive fair value of derivative financial instruments (banking book)		
Interest rate derivatives	547,775	450,611
Foreign exchange derivatives	5,608	6,438
Other assets held for trading	-	916
Total	553,383	457,965

4.6 Positive fair value of hedges (hedge accounting)

The positive and negative fair value of hedges is reported separately, on the assets, and equity and liabilities sides of the consolidated statement of financial position, provided that they qualify for hedge accounting under IAS 39.

The positive fair value of hedges is classified according to the nature of the underlying transactions, as follows:

EUR '000	30 Jun. 2014	31 Dec. 2013
Assets	2,478	14,115
Loans and advances to customers	1,849	11,657
Financial assets	629	2,458
Liabilities	529,758	363,824
Deposits from banks	2,863	2,863
Deposits from customers	55,391	52,794
Debts evidenced by certificates	471,504	308,167
Total	532,236	377,938

4.7 Available-for-sale financial assets

EUR '000	30 Jun. 2014	31 Dec. 2013
Shares and other variable-income securities	3,986	200
Bonds, public debt certificates and other fixed-income securities	2,141,136	1,797,546
Interests in non-consolidated subsidiaries (over 50%)	127	127
Interests in associates (20-50%)	490	490
Other investments	3,107	3,104
Total	2,148,846	1,801,467

4.8 Financial assets designated as at fair value through profit or loss

EUR '000	30 Jun. 2014	31 Dec. 2013
Bonds, public debt certificates and other fixed-income securities	4,370	4,200
Total	4,370	4,200

4.9 Investments accounted for using the equity method

EUR '000	30 Jun. 2014	31 Dec. 2013
Banks	3,138	3,064
Non-banks	33,282	41,373
Total	36,420	44,437

The change is largely due to the consolidation of seven leasing companies previously accounted for using the equity method (see Note 2 Changes in scope of consolidation as at 30 June 2014).

4.10 Investment property

EUR '000	30 Jun. 2014	31 Dec. 2013
Investment property	81,332	65,545

The increase is largely due to the consolidation of seven leasing companies previously accounted for using the equity method (see Note 2 Changes in scope of consolidation as at 30 June 2014).

4.11 Intangible assets, and property, plant and equipment

EUR '000	30 Jun. 2014	31 Dec. 2013
Intangible assets		
Software	1,137	1,327
Goodwill	845	845
Total intangible assets	1,982	2,172
Property, plant and equipment		
Land and buildings	69,523	73,092
IT equipment	423	537
Equipment, fixtures and furnishings	12,076	12,783
Other property, plant and equipment	100	47
Total property, plant and equipment	82,122	86,460

The carrying amount of the land was EUR 18,189thsd as at 30 June 2014 (30 June 2013: EUR 18,546thsd).

4.12 Tax assets

EUR '000	30 Jun. 2014	31 Dec. 2013
Deferred tax assets	3,968	3,874
Total	3,968	3,874

No deferred tax assets were recognised in respect of EUR 17,957thsd (H1 2013: EUR 16,359thsd) in tax loss carryforwards.

4.13 Other assets

The "Other assets" item chiefly relates to accruals and deferrals, other non-bank receivables (e.g. trade receivables and amounts due from the tax authorities in respect of other taxes), and derivatives used in connection with banking book management.

EUR '000	30 Jun. 2014	31 Dec. 2013
Deferred items	1,328	2,263
Other receivables and assets	32,784	54,017
<i>of which value added tax (VAT) and other tax credits (other than income tax)</i>	13,062	33,818
<i>of which property classified as inventory</i>	9,775	7,296
<i>of which trade receivables</i>	5,418	8,257
Total	34,112	56,280

4.14 Deposits from banks

EUR '000	30 Jun. 2014	31 Dec. 2013
Domestic banks	499,515	796,438
Foreign banks		
Central and Eastern Europe (CEE)	45,520	79,366
Rest of the world (ROW)	1,689,485	1,273,894
Total	2,234,520	2,149,698

The deposits from banks include repurchase agreements entered into by the Bank as a transferor.

Repurchase agreements entered into as a transferor

The repurchase agreements were of the type described by AG51(a) IAS 39, in that the assets sold under them were loaned. The Bank, as the transferor, retained substantially all the risks and rewards of ownership.

These transactions were largely tri-party repos and collateralised loans from the ECB and the Oesterreichische Nationalbank (Austrian National Bank).

EUR '000	30 Jun. 2014	31 Dec. 2013
Liabilities to banks under repo agreements	580,000	685,000

4.15 Deposits from customers

4.15.1 CUSTOMER GROUP ANALYSIS

EUR '000	30 Jun. 2014	31 Dec. 2013
Savings deposits	859,646	823,641
Demand and time deposits	1,473,516	1,345,302
Public sector customers	284,122	183,354
Business customers	865,742	860,006
Housing developers	21,755	18,545
Retail customers	271,076	250,284
Professionals	30,821	33,113
Total	2,333,162	2,168,943

4.15.2 GEOGRAPHICAL ANALYSIS

EUR '000	30 Jun. 2014	31 Dec. 2013
Domestic customers	1,673,426	1,457,057
Foreign customers		
Central and Eastern Europe (CEE)	5,134	5,283
Rest of the world (ROW)	654,602	706,603
Total	2,333,162	2.168.943

4.16 Debts evidenced by certificates

EUR '000	30 Jun. 2014	31 Dec. 2013
Covered and municipal bonds	3,870,824	3,561,946
Other bonds	4,645,490	4,601,091
Profit-sharing certificates	328	327
Total	8,387,262	8,163,364

Debts evidenced by certificates include new issues, floated during the reporting period, worth EUR 226,116thsd (H1 2013: EUR 1,441,922thsd).

4.17 Liabilities held for trading

EUR '000	30 Jun. 2014	31 Dec. 2013
Negative fair value of derivative financial instruments (banking book)		
Interest rate derivatives	475,605	379,274
Foreign exchange derivatives	8,479	9,585
Other liabilities held for trading	-	916
Total	484,084	389,775

4.18 Negative fair value of hedges (hedge accounting)

The negative fair value of hedges is reported separately, on the equity and liabilities side of the consolidated statement of financial position, provided that they qualify for hedge accounting under IAS 39.

The negative fair value of hedges is classified according to the nature of the underlying transactions, as follows:

EUR '000	30 Jun. 2014	31 Dec. 2013
Assets	611,909	380,308
Loans and advances to customers	480,827	312,840
Available-for-sale financial assets	131,082	67,468
Liabilities	7,458	42,795
Deposits from banks	24	77
Deposits from customers	-	452
Debts evidenced by certificates	7,434	42,266
Total	619,367	423,103

4.19 Provisions

EUR '000	30 Jun. 2014	31 Dec. 2013
Employee benefit provisions	38,190	38,039
Provisions for pensions	24,373	24,807
Provisions for termination benefits	12,167	11,678
Provisions for jubilee benefits	1,650	1,554
Credit provisions	4,797	4,690
Other provisions	7,562	7,632
Total	50,550	50,362

4.20 Tax liabilities

EUR '000	30 Jun. 2014	31 Dec. 2013
Current tax liabilities	13,110	12,454
Deferred tax liabilities	27,334	21,175
Total	40,444	33,629

The deferred tax liabilities represent the potential additional tax burden due to temporary differences between the IFRS carrying amounts of assets and liabilities, and the tax bases.

Deferred tax assets are set off against deferred tax liabilities of the same entities.

4.21 Other liabilities

EUR '000	30 Jun. 2014	31 Dec. 2013
Deferred items	14,824	8,332
Sundry other liabilities	80,226	57,629
<i>of which trade payables</i>	<i>15,046</i>	<i>19,141</i>
<i>of which outstanding invoices</i>	<i>36,798</i>	<i>10,924</i>
<i>of which VAT and other tax liabilities (other than income tax)</i>	<i>2,506</i>	<i>6,389</i>
<i>of which legal and consultancy costs</i>	<i>1,264</i>	<i>1,997</i>
<i>of which phantom-share-based cash incentives</i>	<i>1,225</i>	<i>942</i>
Total	95,049	65,960

4.22 Subordinated capital

EUR '000	30 Jun. 2014	31 Dec. 2013
Subordinated capital	211,600	210,512

4.23 Equity

EUR '000	30 Jun. 2014	31 Dec. 2013
Share capital	51,981	51,981
Capital reserves	191,824	191,824
<i>of which appropriated reserve</i>	94,624	94,624
<i>of which unappropriated reserve</i>	97,200	97,200
Revaluation surplus	-12,450	-19,975
Retained earnings	330,143	329,424
Parent shareholders' equity	561,498	553,254
Non-controlling interests	8,019	1,146
Total	569,517	554,400

4.24 Consolidated capital resources and regulatory capital adequacy requirements

Regulation (EU) No 575/2013 (CRR) and the CRD IV, which came into effect in 2014, require 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.

The significant effects on total eligible core capital are primarily the result of changes in the regulatory scope of consolidation, which does not correspond to the scope of consolidation in accordance with IFRS and also differs from the previous banking group as defined by section 30 Austrian Banking Act. These effects include regulatory changes as well as additions to the scope of consolidation in the current financial year (see Note 2 Changes in the scope of consolidation as at 30 June 2014).

The first-time application of the regulatory credit value adjustment (CVA), amendments to the regulations on deductions with regard to interests in credit institutions and financial institutions, and the adaptation of the definition of default in the standardised approach for the measurement of credit risk in line with the regulations for the internal ratings-based (IRB) approach all had a negative effect on the risk-weighted assessment base. However, the reduction in the haircut from 40% to 20% when applying the fair value approach to residential properties pledged as collateral, and the introduction of the deduction for credit risk on exposures to small and medium-sized enterprises (SMEs) had a positive impact on the assessment base.

The capital resources of the HYPO NOE Group as at 31 December 2013, calculated in accordance with the CRR and CRD IV, as well as with the Basel II regulations, are broken down as follows:

EUR '000	CRR/CRD IV 30 Jun. 2014	BASEL II* 31 Dec. 2013
Share capital, inc. premiums from 2014	136,546	51,981
Reserves, differences and non-controlling interests	391,665	520,602
Prudential filter - adjustments based on the requirements for prudential measurement	-5,266	-
Intangible assets	-936	-1,104
Hard core capital	522,009	-
Additional core capital	-	-
Core capital (tier 1 capital)	522,009	571,478
Deductions related to holdings pursuant to Art. 36 and Art. 89 CRR	-	-
Deductions pursuant to sections 23(13) and 29 (1-2) Banking Act	-	-2,068
Eligible core capital	522,009	569,410
Undisclosed reserves (grandfathering)	4,000	5,000
Eligible subordinated debt issued by the Group's parent	96,857	90,000
Eligible subordinated debt issued by subsidiaries	29,691	30,000
Supplementary capital (tier 2 capital)	130,547	125,000
Deductions related to holdings pursuant to Arts. 36 and 89 CRR	-	-
Deductions pursuant to sections 23(13) and 29 (1-2) Banking Act	-	-2,068
Eligible supplementary capital (after deductions)	130,547	122,932
Total eligible core capital	652,556	692,342
Capital requirement	340,792	332,665
Surplus capital	311,764	359,677
Coverage ratio (%)	191.48%	208.12%
Core capital ratio (%) in accordance with Basel II based on the risk-weighted assessment base for credit risk		14.71%
Core capital ratio (%) in accordance with the CRR and CRD IV based on the total capital requirement	12.25%	
Equity ratio (%) in accordance with Basel II based on the risk-weighted assessment base for credit risk		17.89%
Equity ratio (%) in accordance with the CRR and CRD IV based on the total capital requirement	15.32%	

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

EUR '000	CRR/CRD IV 30 Jun. 2014	BASEL II* 31 Dec. 2013
Risk-weighted assessment base for credit risk	3,784,374	3,870,824
of which 8% minimum capital requirement	302,750	309,666
Capital requirement for operational risk	22,986	22,999
Capital requirement for CVA	15,055	-
Total capital requirement	340,792	332,665

*The comparative figures for the year ended 31 December 2013 were not adapted to the current structure and methodology, and correspond to the published figures.

5. SEGMENT INFORMATION

All changes in the scope of consolidation as at 30 June 2014 are reported in Note 2.

The newly acquired company Haymogasse 102 Immobilienentwicklung GmbH is part of the Other segment, while VB Real Estate Leasing Kommunal GmbH, which was likewise acquired in the first half of 2014, is included in the Leasing segment.

5.1 Business segment information

5.1.1 SEGMENT PROFIT OR LOSS

H1 2014, EUR '000	Gruppe Bank	Landesbank	Leasing	Other	Consolidation	Total
Interest and similar income	270,693	31,732	11,033	766	-16,386	297,838
<i>of which income from investments accounted for using the equity method</i>	-20	-	-96	23	-	-94
Interest and similar expense	-228,427	-12,548	-8,472	-1,119	14,755	-235,810
Credit provisions	-4,222	4,075	-	-28	-	-175
Net interest income after risk provisions	38,044	23,259	2,561	-381	-1,631	61,853
Net fee and commission income	1,660	5,159	-15	-	-	6,804
Net trading income	1,270	180	-	-	-	1,450
General administrative expenses	-35,540	-24,740	-2,062	-8,956	6,445	-64,853
Net other operating income	3,696	890	707	8,029	-5,924	7,398
Net gains or losses on financial assets	718	-547	-	-	-	171
Net gains or losses on hedges	2,575	123	-	-	-	2,697
Net gains or losses on other financial investments	-1	-110	-37	581	-521	-87
Profit before tax	12,422	4,215	1,154	-727	-1,631	15,433
Income tax expense						-3,846
Profit for the period						11,587
Non-controlling interests						142
Profit attributable to owners of the parent						11,729

Gruppe Bank

During the first half of 2014 the Gruppe Bank segment reported stable net interest income, while credit provisions in the period remained low. The sharp increase in the stability levy ("bank tax"), which is included under general administrative expenses, had a significant impact on profit before tax.

Landesbank

The Landesbank segment's profit before tax for the first half of 2014 includes a considerable improvement in the income streams generated by its core business (net interest income, and net fee and commission income) and increased gains on credit provisions as a result of effective workout management, which compensated for the rise in general administrative expenses.

5.1.2 SEGMENT ASSETS AND LIABILITIES

Despite the profit and loss transfer agreement between HYPO NOE Landesbank and HYPO NOE Gruppe Bank AG, the deferred tax arising from temporary differences is attributed to the Landesbank segment.

As at 30 Jun. 2014, EUR '000	Gruppe Bank	Landesbank	Leasing	Other	Consolidation	Total
Assets						
Cash and balances at central banks	54,049	22,404	-	6	-	76,460
Loans and advances to banks	1,224,230	54,628	72,651	8,800	-495,354	864,954
Loans and advances to customers	8,639,845	1,987,001	1,871,481	534	-1,788,298	10,710,562
Risk provisions	-41,968	-62,383	-790	-50	-	-105,192
Assets held for trading	553,383	97	-	-	-97	553,383
Positive fair value of hedges (hedge accounting)	533,298	32,998	-	-	-34,060	532,236
Available-for-sale financial assets	2,169,917	394,612	7,354	221	-423,257	2,148,846
Financial assets designated as at fair value through profit or loss	4,370	-	-	-	-	4,370
Investments accounted for using the equity method	28,301	1,386	4,219	2,515	-	36,420
Investment property	-	-	20,408	60,925	-	81,332
Intangible assets	842	28	66	1,046	-	1,982
Property, plant and equipment	7,060	7,363	670	67,029	-	82,122
Tax assets	-	2,412	971	585	-	3,968
Other assets	5,156	3,096	53,168	14,655	-41,965	34,112
Total assets	13,178,483	2,443,639	2,030,197	156,266	-2,783,030	15,025,555
Liabilities						
Deposits from banks	2,008,095	479,269	1,825,682	124,451	-2,202,977	2,234,520
Deposits from customers	1,092,848	1,318,482	3,421	-	-81,589	2,333,162
Debts evidenced by certificates	8,190,604	453,232	328	-	-256,901	8,387,262
Liabilities held for trading	484,103	77	-	-	-97	484,084
Negative fair value of hedges (hedge accounting)	638,673	14,754	-	-	-34,060	619,367
Provisions	37,594	11,379	552	1,025	-	50,550
Tax liabilities	20,867	-	17,302	2,275	-	40,444
Other liabilities	20,259	15,043	54,095	5,323	330	95,049
Subordinated capital	198,452	51,694	2,907	-	-41,453	211,600
Equity (inc. non-controlling interests)	486,988	99,709	125,910	23,192	-166,283	569,517
Equity attributable to owners of the parent	486,988	99,709	118,432	22,651	-166,283	561,498
Non-controlling interests	-	-	7,478	541	-	8,019
Total equity and liabilities	13,178,483	2,443,639	2,030,197	156,266	-2,783,030	15,025,555

As at 31 Dec. 2013, EUR '000	Gruppe Bank	Landes-bank	Leasing	Other	Consoli-dation	Total
Assets						
Cash and balances at central banks	30,015	26,588	-	5	-	56,609
Loans and advances to banks	1,192,731	56,027	65,817	9,816	-551,010	773,381
Loans and advances to customers	8,709,437	1,960,373	1,549,795	482	-1,629,514	10,590,574
Risk provisions	-41,924	-68,362	-790	-79	-	-111,156
Assets held for trading	457,965	123	-	-	-123	457,965
Positive fair value of hedges (hedge accounting)	368,430	26,496	-	-	-16,988	377,938
Available-for-sale financial assets	1,891,491	321,781	7,336	217	-419,358	1,801,467
Financial assets designated as at fair value through profit or loss	4,200	-	-	-	-	4,200
Investments accounted for using the equity method	28,655	1,386	11,340	3,056	-	44,437
Investment property	-	-	8,115	57,430	-	65,545
Intangible assets	949	62	93	1,068	-	2,172
Property, plant and equipment	7,598	7,613	637	70,612	-	86,460
Tax assets	-	2,807	556	511	-	3,874
Other assets	9,585	3,638	74,908	11,297	-43,148	56,280
Total assets	12,659,132	2,338,533	1,717,807	154,416	-2,660,142	14,209,746
Liabilities						
Deposits from banks	2,096,002	478,297	1,558,211	125,185	-2,107,998	2,149,698
Deposits from customers	994,496	1,249,464	504	-	-75,522	2,168,943
Debts evidenced by certificates	7,985,784	433,957	327	-	-256,705	8,163,364
Liabilities held for trading	389,781	118	-	-	-123	389,775
Negative fair value of hedges (hedge accounting)	435,291	4,800	-	-	-16,988	423,103
Provisions	37,799	11,002	520	1,041	-	50,362
Tax liabilities	17,025	-	14,336	2,274	-6	33,629
Other liabilities	22,275	11,862	26,017	6,022	-215	65,960
Subordinated capital	198,703	51,809	-	-	-40,000	210,512
Equity (inc. non-controlling interests)	481,975	97,224	117,892	19,893	-162,585	554,400
Equity attributable to owners of the parent	481,975	97,224	117,275	19,364	-162,585	553,254
Non-controlling interests	-	-	617	529	-	1,146
Total equity and liabilities	12,659,132	2,338,533	1,717,807	154,416	-2,660,142	14,209,746

5.2 Geographical information

The table below breaks the main balance sheet items down into domestic and foreign business.

EUR '000	30 Jun. 2014		31 Dec. 2013	
	Domestic	Foreign	Domestic	Foreign
Loans and advances to banks	258,978	605,976	194,909	578,472
Loans and advances to customers	9,392,671	1,317,891	9,124,498	1,466,076
Available-for-sale financial assets	657,387	1,491,459	652,651	1,148,816
Financial assets designated as at fair value through profit or loss	4,370	-	4,200	-
Deposits from banks	499,515	1,735,005	796,438	1,353,260
Deposits from customers	1,673,426	659,736	1,457,057	711,886
Debts evidenced by certificates	3,165,347	5,221,915	2,984,868	5,178,495

The geographical presentation analyses the debts evidenced by certificates that relate to listed securities by the countries of issue.

6. SUPPLEMENTARY INFORMATION

The interim financial statements do not contain all of the information required for full annual financial statements, and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2013.

6.1 Fair value disclosures in accordance with IFRS 7 and IFRS 13

The disclosures regarding the nature and extent of the risks associated with financial instruments, additional sensitivity analyses and the other disclosures form part of the risk report contained in the operational and financial review.

All the obligations to pay principal and interest were met during the reporting period.

6.1.1 FAIR VALUE

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction.

EUR '000	30 Jun. 2014		31 Dec. 2013	
	Fair value	Carrying amount	Fair value	Carrying amount
Assets				
Loans and advances to banks	862,031	864,954	766,768	773,381
Loans and advances to customers ¹	10,648,695	10,610,901	10,517,539	10,484,213
Assets held for trading	553,383	553,383	457,965	457,965
Positive fair value of hedges	532,236	532,236	377,938	377,938
Available-for-sale financial assets	2,148,846	2,148,846	1,801,467	1,801,467
Financial assets designated as at fair value through profit or loss	4,370	4,370	4,200	4,200
Investments accounted for using the equity method	36,420	36,420	44,437	44,437
Investment property	87,851	81,332	71,501	65,545
Sundry other assets	34,110	34,112	56,280	56,280
Total assets	14,209,746	14,209,746	14,098,095	14,065,426
Liabilities				
Deposits from banks	2,223,712	2,234,520	2,119,682	2,149,698
Deposits from customers	2,325,031	2,333,162	2,153,336	2,168,943
Debts evidenced by certificates	8,453,143	8,387,262	8,231,523	8,163,364
Liabilities held for trading	484,084	484,084	389,775	389,775
Negative fair value of hedges	619,367	619,367	423,103	423,103
Other liabilities	95,050	95,049	65,975	65,960
Subordinated capital	211,135	211,600	207,078	210,512
Total equity and liabilities	14,209,746	14,209,746	13,590,472	13,571,355

¹ Carrying value of loans and advances to customers (individually impaired)

6.1.2 FAIR VALUE HIERARCHY DISCLOSURES

IFRS 13 applies to the categories of financial instruments established by IAS 39, as well as those recognised in accordance with other standards, and unrecognised instruments. Under IFRS 13 these financial instruments must be grouped into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of the instruments concerned.

Fair value measurements must be classified using a fair value hierarchy with the following levels:

Level 1: Quoted prices in active markets

These are quoted prices in active markets for identical assets or liabilities. They mainly apply to exchange-traded securities.

Level 2: Valuation techniques based on observable inputs

Here, measurement is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This chiefly applies to OTC derivatives (assets and liabilities held for trading, and hedges), as well as securities not listed on active markets and debts evidenced by certificates.

Level 3: Valuation techniques not based on observable inputs

In this case the inputs for the asset or liability are unobservable, i.e. not based on observable market data. In this model, measurement is based on management's assumptions and assessments, which depend on the price transparency and complexity of the financial instrument.

As at 30 Jun. 2014, EUR '000	Total fair value	Fair value measurement		
		Level 1	Level 2	Level 3
Assets				
Loans and advances to banks	862,031	-	857,084	4,947
Loans and advances to customers	10,648,696	-	44,081	10,604,615
Assets held for trading	553,383	-	24,630	528,753
Positive fair value of hedges	532,236	-	532,236	-
Available-for-sale financial assets	2,148,846	1,698,623	366,205	84,018
Financial assets designated as at fair value through profit or loss	4,370	4,370	-	-
Investments accounted for using the equity method	36,420	-	-	36,420
Investment property	87,851	-	-	87,851
Sundry other assets	34,110	-	-	34,110
Total assets	14,209,746	1,702,993	1,824,236	11,380,714
Liabilities				
Deposits from banks	2,223,712	-	2,113,354	110,358
Deposits from customers	2,325,031	-	-	2,325,031
Debts evidenced by certificates	8,453,143	4,061,115	4,391,700	328
Liabilities held for trading	484,084	-	474,146	9,938
Negative fair value of hedges	619,367	-	619,367	-
Other liabilities	95,050	-	-	95,050
Subordinated capital	211,134	84,653	125,028	1,453
Total equity and liabilities	14,209,746	4,145,768	7,723,595	2,542,158

Detailed information on Level 3 financial assets measured at fair value is provided in Note 6.1.3 Fair value hierarchy: Level 3 disclosures.

Information on reallocations between the various levels of the fair value hierarchy is not included in the table, as no financial instruments were reallocated during the first half of 2014.

As at 31 Dec. 2013, EUR '000	Total fair value	Fair value measurement		
		Level 1	Level 2	Level 3
Assets				
Loans and advances to banks	766,768	-	766,768	-
Loans and advances to customers	10,517,539	-	42,935	10,474,604
Assets held for trading	457,965	-	14,969	442,996
Positive fair value of hedges	377,938	-	377,938	-
Available-for-sale financial assets	1,801,468	1,328,271	389,143	84,053
Financial assets designated as at fair value through profit or loss	4,200	4,200	-	-
Investments accounted for using the equity method	44,437	-	-	44,437
Investment property	71,501	-	-	71,501
Sundry other assets	56,280	-	-	56,280
Total assets	14,098,095	1,332,471	1,591,753	11,173,871
Liabilities				
Deposits from banks	2,119,682	-	2,119,682	-
Deposits from customers	2,153,336	-	-	2,153,336
Debts evidenced by certificates	8,231,523	4,055,767	4,175,429	327
Liabilities held for trading	389,775	-	388,860	916
Negative fair value of hedges	423,103	-	423,103	-
Other liabilities	65,975	-	-	65,975
Subordinated capital	207,078	84,368	122,710	-
Total equity and liabilities	13,590,472	4,140,135	7,229,784	2,220,554

6.1.3 FAIR VALUE HIERARCHY: LEVEL 3 DISCLOSURES

EUR '000	Gains or losses						As at 30 Jun. 2014	Gains/losses recognised in profit and loss for assets held as at the end of the reporting period
	As at 1 Jan. 2014	in profit or loss	in other comprehensive income	Purchases	Settlements	Transfers to/out of Level 3		
Assets								
Assets held for trading	442,996	85,757	-	-	-	-	528,753	93,548
Available-for-sale financial assets	84,053	5,800	-4,072	-	-1,762	-	84,018	5,796
Total assets	527,049	91,557	-4,072	-	-1,762	-	612,771	99,344
Liabilities								
Liabilities held for trading	916	9,023	-	-	-	-	9,938	9,938
Total equity and liabilities	916	9,023	-	-	-	-	9,938	9,938

Both in 2013 and during the reporting period, assets and liabilities held for trading included derivatives in the form of customer swaps and put options. The "Available-for-sale financial assets" item included bonds in both periods.

The gains/losses on existing Level 3 assets are primarily reported under Note 3.12 Net gains or losses on hedges. The gain of EUR 93,548thsd (2013: loss of EUR 108,945thsd) on assets held for trading and of EUR 9,938thsd (2013: loss of EUR 272thsd) on liabilities held for trading are reported under Note 3.6 Net trading income.

EUR '000	Gains or losses						As at 31 Dec. 2013	Gains/losses recognised in profit and loss for assets held as at the end of the reporting period
	As at 1 Jan. 2013	in profit or loss	in other comprehensive income	Purchases	Settlements	Transfers to/out of Level 3		
Assets								
Assets held for trading	589,488	-146,492	-	-	-	-	442,996	-108,945
Available-for-sale financial assets	7,328	-383	87	2	-2,634	79,652	84,053	-232
Total assets	596,816	-146,875	87	2	-2,634	79,652	527,049	-109,177
Liabilities								
Liabilities held for trading	5,433	-4,517	-	-	-	-	916	-272
Total equity and liabilities	5,433	-4,517	-	-	-	-	916	-272

6.1.4 LEVEL 3 SENSITIVITY ANALYSIS

The following disclosures are intended to show the potential consequences of the relative uncertainty inherent in determining the fair value of financial instruments for which measurement is based on unobservable parameters. The sensitivity analysis includes credit spreads in the determination of the credit value adjustment (CVA) or debit valuation adjustment (DVA) for customer derivatives, and upward valuation adjustments for Level 3 securities. Appropriate values which reflect the prevailing market conditions and the uncertainty involved in calculating measurement inputs as at the end of the reporting period were selected when determining the unobservable parameters. On the basis of this framework a bandwidth of 10 basis points (bp) was used in the analysis presented in the table below, which shows the impact of changes in material unobservable input parameters on the fair value of Level 3 financial instruments. In practice, it is highly unlikely that all of the unobservable measurement parameters will lie at either extreme of the chosen bandwidth simultaneously, meaning that the estimates in the table exceed the actual element of uncertainty when calculating fair value as at the end of the reporting period. It should also be noted that the figures presented below do not represent a forecast or indication of future changes in fair value.

As at 30 Jun. 2014, EUR '000	Positive changes in fair value	Negative changes in fair value
Derivatives	-	-1,983
Financial instruments	-	-959
Total	-	-2,942

6.1.5 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

As at 30 Jun. 2014, EUR '000	Financial assets/ liabilities (gross) (a)	Reported amounts offset (gross) (b)	Financial assets reported (net) (c)=(a)+(b)	Effect of frame- work agreements on offsetting (-)		Collateral in the form of financial instruments (-) (d)(ii)	Net amount (e)=(c)+(d)
				Not offset (d)(i), (d)(ii)			
Assets							
Loans and advances to customers	10,710,562	-	10,710,562	-	-	-	10,710,562
Assets held for trading	553,383	-	553,383	-10,751	-	-	542,632
Positive fair value of hedges	532,236	-	532,236	-338,094	-105,871	-	88,271
Total assets	11,796,181	-	11,796,181	-348,845	-105,871	-	11,341,465
Liabilities							
Deposits from customers	2,333,162	-	2,333,162	-	-	-	2,333,162
Liabilities held for trading	484,084	-	484,084	-10,751	-	-	473,333
Negative fair value of hedges	619,367	-	619,367	-338,094	-	-	281,273
Total equity and liabilities	3,436,613	-	3,436,613	-348,845	-	-	3,087,768

As at 31 Dec. 2013, EUR '000	Financial assets/ liabilities (gross) (a)	Reported amounts offset (gross) (b)	Financial assets reported (net) (c)=(a)+(b)	Effect of frame- work agreements on offsetting (-)		Collateral in the form of financial instruments (-) (d)(ii)	Net amount (e)=(c)+(d)
				Not offset (d)(i), (d)(ii)			
Assets							
Loans and advances to customers	10,590,618	-44	10,590,574	-	-	-	10,590,574
Assets held for trading	457,965	-	457,965	-3,110	-	-	454,855
Positive fair value of hedges	377,938	-	377,938	-229,784	-63,672	-	84,482
Total assets	11,426,521	-44	11,426,477	-232,894	-63,672	-	11,129,911
Liabilities							
Deposits from customers	2,168,987	-44	2,168,943	-	-	-	2,168,943
Liabilities held for trading	389,775	-	389,775	-3,110	-	-	386,665
Negative fair value of hedges	423,103	-	423,103	-229,784	-	-	193,319
Total equity and liabilities	2,981,865	-44	2,981,821	-232,894	-	-	2,748,927

6.2 Derivatives

DERIVATIVES: NOMINAL AND FAIR VALUE

EUR '000	30 Jun. 2014			31 Dec. 2013		
	Nominal value	Fair value		Nominal value	Fair value	
		Positive	Negative		Positive	Negative
Interest rate risk						
Interest rate swaps	16,393,245	1,039,890	1,085,351	16,229,067	791,905	789,948
Basis swaps	878,845	22,063	5,688	1,018,345	19,978	7,709
Options on interest rate instruments	323,496	299	266	267,880	1,228	1,523
Other similar contracts	20,000	9,650	-	20,000	11,692	-
Total	17,615,587	1,071,902	1,091,306	17,535,292	824,803	799,180
Currency risk						
Cross-currency (interest rate) swaps	217,789	13,407	11,966	213,523	10,710	12,848
Forward exchange operations	146,266	56	179	100,765	147	851
Total	364,055	13,463	12,145	314,288	10,857	13,698
Share price and index-linked transactions						
Equity and other index-linked options	2,001	255	-	2,001	243	-
Total	2,001	255	-	2,001	243	-

6.3 Analysis of assets and liabilities by IAS 39 measurement categories

As at 30 Jun. 2014, EUR '000	Loans and receivables (LAR)	Liabilities measured at amortised cost (LAC)
Cash and balances at central banks	-	-
Loans and advances to banks	864,954	-
Loans and advances to customers	10,710,562	-
Risk provisions	-105,192	-
Assets held for trading	-	-
Positive fair value of hedges	-	-
Available-for-sale financial assets	-	-
Financial assets designated as at fair value through profit or loss	-	-
Investments accounted for using the equity method	-	-
Investment property	-	-
Other financial assets ¹	32,784	-
Total financial assets	11,503,107	-
Deposits from banks	-	2,234,520
Deposits from customers	-	2,333,162
Debts evidenced by certificates	-	8,387,262
Liabilities held for trading	-	-
Negative fair value of hedges	-	-
Subordinated capital	-	211,600
Other financial liabilities ¹	-	80,226
Total financial liabilities	-	13,246,770

Held for trading (HFT)	Designated as at fair value through profit or loss (FVTPL)	Available for sale (AFS)	Fair value hedge	Financial assets/ liabilities at cost (at amortised cost)	Total
-	-	-	-	76,460	76,460
-	-	-	-	-	864,954
-	-	-	-	-	10,710,562
-	-	-	-	-	-105,192
553,383	-	-	-	-	553,383
-	-	-	532,236	-	532,236
-	-	2,148,846	-	-	2,148,846
-	4,370	-	-	-	4,370
-	-	-	-	36,420	36,420
-	-	-	-	81,332	81,332
-	-	-	-	-	32,784
553,383	4,370	2,148,846	532,236	194,212	14,936,154
-	-	-	-	-	2,234,520
-	-	-	-	-	2,333,162
-	-	-	-	-	8,387,262
484,084	-	-	-	-	484,084
-	-	-	619,367	-	619,367
-	-	-	-	-	211,600
-	-	-	-	-	80,226
484,084	-	-	619,367	-	14,350,221

As at 31 Dec. 2013, EUR '000	Loans and receivables (LAR)	Liabilities measured at amortised cost (LAC)
Cash and balances at central banks	-	-
Loans and advances to banks	773,381	-
Loans and advances to customers	10,590,574	-
Risk provisions	-111,156	-
Assets held for trading	-	-
Positive fair value of hedges	-	-
Available-for-sale financial assets	-	-
Financial assets designated as at fair value through profit or loss	-	-
Investments accounted for using the equity method	-	-
Investment property	-	-
Other financial assets ¹	54,017	-
Total financial assets	11,306,816	-
Deposits from banks	-	2,149,698
Deposits from customers	-	2,168,943
Debts evidenced by certificates	-	8,163,364
Liabilities held for trading	-	-
Negative fair value of hedges	-	-
Subordinated capital	-	210,512
Other financial liabilities ¹	-	57,629
Total financial liabilities	-	12,750,146

¹ Shown under "Other assets" or "Other liabilities" in the statement of financial position.

Held for trading (HFT)	Designated as at fair value through profit or loss (FVTPL)	Available for sale (AFS)	Fair value hedge	Financial assets/ liabilities at cost (at amortised cost)	Total
-	-	-	-	56,609	56,609
-	-	-	-	-	773,381
-	-	-	-	-	10,590,574
-	-	-	-	-	-111,156
457,965	-	-	-	-	457,965
-	-	-	377,938	-	377,938
-	-	1,801,467	-	-	1,801,467
-	4,200	-	-	-	4,200
-	-	-	-	44,437	44,437
-	-	-	-	65,545	65,545
-	-	-	-	-	54,017
457,965	4,200	1,801,467	377,938	166,591	14,114,977
-	-	-	-	-	2,149,698
-	-	-	-	-	2,168,943
-	-	-	-	-	8,163,364
389,775	-	-	-	-	389,775
-	-	-	423,103	-	423,103
-	-	-	-	-	210,512
-	-	-	-	-	57,629
389,775	-	-	423,103	-	13,563,024

6.4 Disclosures on related-party relationships

As at 30 Jun. 2014, EUR '000	Non-con- solidated subsidiaries (more than 50%)	Associates	Investments accounted for using the equity method	Key management personnel	Investors with significant influence over the Group's parent
Loans and advances to banks	-	-	629	-	-
Loans and advances to customers	96,388	6	240,647	3,616	2,625,148
<i>of which lease receivables</i>	-	-	-	-	1,595,406
Equity instruments (shareholdings, etc.)	127	490	36,420	-	-
Positive fair value of derivatives	-	-	-	-	58,139
Deposits from banks	-	-	341	-	-
Deposits from customers	1,817	2,661	6,480	5,393	36,941
Guarantees provided by the Group	-	-	161	14	-
Other obligations inc. unused credit lines	9,238	-	93,049	-	644,783
Guarantees received by the Group	-	-	-	-	2,722,942
Provisions for doubtful debts	-	-	-	-	-

As at 31 Dec. 2013, EUR '000	Non-con- solidated subsidiaries (more than 50%)	Associates	Investments accounted for using the equity method	Key management personnel	Investors with significant influence over the Group's parent
Loans and advances to banks	-	-	759	-	-
Loans and advances to customers	97,200	6	376,190	3,099	2,405,913
<i>of which lease receivables</i>	-	-	-	-	1,326,891
Equity instruments (shareholdings, etc.)	127	490	44,437	-	-
Positive fair value of derivatives	-	-	-	-	58,442
Deposits from banks	-	-	391	-	-
Deposits from customers	1,793	1,895	14,428	4,937	26,539
Guarantees provided by the Group	-	-	162	14	-
Other obligations inc. unused credit lines	3,401	-	292,158	-	655,627
Guarantees received by the Group	-	-	-	-	2,778,878
Provisions for doubtful debts	-	-	-	-	-

During the period under review, EUR 10thsd was recognised as expenses in respect of bad or doubtful debts due from related parties (30 June 2013: EUR 12thsd).

The transfer prices charged to each other by HYPO NOE Gruppe AG and related parties are at arm's length levels.

The Lower Austrian state government holds a direct interest of 70.49% in HYPO NOE Gruppe Bank AG via NÖ Landes-Beteiligungsholding GmbH, and an indirect interest of 29.51% via NÖ BET GmbH. On account of its holding, the Lower Austrian state government exercises significant influence over the Group's parent, as shown in the table above.

Key management in the HYPO NOE Group comprises "identified staff" and "identified staff with less material impact".

6.5 Contingent liabilities and credit risk

6.5.1 CONTINGENT LIABILITIES

EUR '000	30 Jun. 2014	31 Dec. 2013
Acceptances and endorsements	327	327
Liabilities arising from guarantees and furnishing of collateral	160,667	182,221

6.5.2 CREDIT RISK

EUR '000	30 Jun. 2014	31 Dec. 2013
Unutilised facilities	1,237,525	1,515,671

6.6 Events after the reporting period

There have been no events since the end of the reporting period to 30 June 2014 that would have been material to the presentation of the Group's assets, finances and earnings.

GOVERNING BODIES OF HYPO NOE GRUPPE BANK AG

The following persons were members of the Management and Supervisory boards during the reporting period:

Management Board

Peter Harold, Chairman

Nikolai de Arnoldi, member

Supervisory Board

Burkhard Hofer, Chairman

Michael Lentsch, Deputy Chairman

Klaus Schneeberger

Karl Schlögl

Karl Sonnweber

Engelbert J. Dockner

Hubert Schultes

Elisabeth Stadler (since 2 April 2014)

Delegated by the Works Council

Hermann Haitzer

Peter Böhm

Franz Gyöngyösi

Claudia Mikes

State commissioners

Hans Georg Kramer, CFP, Federal Ministry of Finance

Franz Ternyak, Federal Accounting Agency

Supervisory commissioners

Reinhard Meissl, office of the Lower Austrian state government

Helmut Frank, office of the Lower Austrian state government

St Pölten, 7 August 2014

The Management Board



Peter Harold

Chairman of the Management Board



Nikolai de Arnoldi

Member of the Management Board

DECLARATION BY THE COMPANY'S

LEGAL REPRESENTATIVES

We hereby confirm that to the best of our knowledge the 2014 condensed semi-annual consolidated financial statements of HYPO NOE Gruppe Bank AG give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as required by the applicable accounting standards, and that the Group interim operational and financial review gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed semi-annual consolidated financial statements, and of the principal risks and uncertainties to which the Group will be exposed during the remaining six months of the financial year.

IAS 34 was applied in the preparation of the 2014 condensed semi-annual consolidated financial statements. Substantially the same accounting policies were applied as to the financial statements as at 31 December 2013.

The 2014 semi-annual financial report was neither fully audited nor reviewed by independent auditors.

St Pölten, 7 August 2014

The Management Board



Peter Harold

Chairman of the Management Board

Responsible for:

Sales & Treasury, Participations & Public Services,
Group Organisation, IT & Facility Management,
Group Real Estate Business, Unit Group ALM &
Strategic Planning, Unit Group Rating & Investor Advisory,
Group Marketing, Group Human Resources,
General Secretariat & Group Compliance,
Group PR, Audit



Nikolai de Arnoldi

Member of the Management Board

Responsible for:

Group Credit Risk Coordination,
Group Finance & Strategic Risk Management,
Ombudsman, Unit Group Tax Advisory,
Unit Group Intensive Care Mgmt,
Group Credit Services, Group Treasury Services,
Group Payment Administration &
Custodian Bank Services, Group Legal

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