FINANCIAL FACT SHEET FOR THE QUARTER ENDED **30 SEPTEMBER 2015**

The Group is under no legal obligation to publish interim reports. This report does not fully comply with, and was not drawn up in accordance with International Financial Reporting Standards (IFRSs).
In particular, paragraphs 8d (statement of cash flows) and 8e (explanatory notes) IAS 34 were not fully applied and this report should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2014.
This report was neither fully audited nor reviewed by independent auditors.

HYPO NOE GRUPPE

Group financial highlights

EUR '000	30 Sep. 2015	30 Sep. 2014	31 Dec. 2014
Total assets	**16,050,501**	**15.855.956**	**15,926,960**
Total eligible core capital in accordance with CRR and CRD IV	**590,040**	**626,041**	**614,757**
Core capital ratio in accordance with Article 92(2)(b) CRR	13.21%	12.16%	12.26%
Operational information			
Operating cost/income ratio	76.1%	69.6%	121.1%
Return on equity (ROE) after tax	1.8%	5.3%	-5.5%

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Economic climate

Global, European and domestic trends

Despite the continued adverse market environment, shaped most recently by the situation in Greece and the crisis in Syria, the European economy recorded stable growth once again in the third quarter. Ongoing low raw materials prices are having a positive effect on consumer spending by pushing up real incomes. The resulting stronger private consumption is now a major support for the economy. In the US, the labour and real estate markets continue to recover, and the Fed is now considering raising interest rates. As a result of the strong dollar and weak investment climate in the energy sector, the slowdown in US industrial sector has now become quite obvious. Owing to the dominance of the services sector in the US economy and the increase in consumer spending, it is safe to assume acceptable growth of 1.5-2% in the second half of this year. The performance of emerging economies and of industrialised economies with a sizeable commodities sector is far less satisfactory. Consistently low prices for many raw materials are putting the economies and governments of exporting countries under considerable pressure. This particularly affects those states whose strong economies have made a significant contribution to global economic growth, such as China. The slowdown in the Chinese economy is becoming increasingly pronounced, and at 7%, the official growth figures for the first half of the year seem barely credible given the steady decline in leading indicators. In addition to the existing problems on the real estate market and overcapacity in certain sectors, the world's second-largest economy is still plagued by substantial corporate debt and the effects of a stock market bubble which in the meantime has burst. The picture is no more encouraging in the remaining BRICS countries with the exception of India. Brazil is in recession, as is the Russian economy. Against this backdrop, and in spite of the strong showing from Europe, the overall picture on the global economy was mixed in the third quarter. Although new risks have emerged in addition to the existing ones, we remain cautiously optimistic. That said, we will be keeping a close eye on risk factors as they develop.

Financial markets

Financial and money markets were volatile in the third quarter. Investors were relieved once the threat of a Grexit had been prevented and European stock markets and European peripheral bonds made significant gains. Increased concerns of an increase in interest rates in the USA and uncertainty regarding the decidedly weak growth in emerging countries dampened the stock market upturn in August. Investors' reservations were compounded by the continued slump in Chinese markets and the shock devaluation of the Chinese yuan. Higher-risk asset categories sustained significant losses worldwide as a consequence, while government bonds benefited. Central banks' influence over financial market developments was limited in the third quarter. The Federal Reserve's comments on the likelihood of a rise in interest rates before the end of the year were the only negative influence. Uncertainty on financial markets stemming from a possible rate increase in the USA was certainty no lower at the end of the reporting period than at the start. By contrast, there was renewed speculation of an extension of ongoing quantitative easing (QE) programmes in Japan and Europe.

Austria

The Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS) are still forecasting modest growth of 0.4% in 2015 (Eurozone: 1.5%, EU28: 1.8%). At 0.6%, the annual growth forecast for Austria is slightly below the level expected in the previous quarter. Faltering growth in 2015 is attributable to the recent difficult market conditions. Declining net exports, particularly to China and Russia, as well as extremely muted public sector investment were major factors (forecast for 2015: 0.1%).

2016 is forecast to bring a significant upturn in the Austrian economy, with growth rates expected to more than double. The tangible surge in growth is attributed to a range of factors, including the tax reform which will come into effect next year. The lower burden on income will push up consumer spending and contribute to an increase in employment, although unemployment is still expected to rise again in 2016. Initial signs that the tax reform is having an effect may be seen as early as the end of 2015, as planned investments are brought forward.

The situation regarding public debt, which is currently at 83.4%, will be affected by developments surrounding Heta, particularly if the federal government participates in early debt repayment alongside the province of Carinthia.

Danube region

Once again this year, the countries of the HYPO NOE Group's extended core market (Bulgaria, the Czech Republic, Germany, Hungary, Poland, Romania and Slovakia) will post solid growth rates above the EU average. The Czech Republic will lead the way, with growth of 4.2%. With the exception of Germany, where growth is put at 1.7% in 2015, all of the economies in the HYPO NOE Group's extended core market will expand by between 2.1% and 3.3%.

Banking sector trends in the euro area and CEE

At the start of the third quarter, tensions surrounding the situation in Greece left European financial markets holding their breath. Though the prospect of a Grexit and the risk of secondary effects were apparently averted, the situation over the summer still clearly demonstrated the interdependence of trade and business relationships in the region. In the Danube region, and in Bulgaria and Romania in particular, it was apparent that there were no significant withdrawals of investments from subsidiaries of Greek banks during the most recent crisis to affect Europe's banking supervision mechanisms. In fact, the opposite was true, with various Bulgarian banks reporting a sharp rise in deposits from Greece, particularly in border areas.

Events surrounding the winding-up of HETA Asset Resolution AG (Heta), the partially regulated winding-up vehicle and successor institution of Hypo Alpe Adria Bank International AG, continued to weigh heavily on the Austrian banking sector. Despite persistently sluggish growth, customer-related operating results stabilised at various banks, but increased cost burden due to the bank levy and the necessary allocations to deposit insurance and resolution funds have in most cases prevented a sustainable upturn in earnings. Over the course of the year, these developments were reflected in lower ratings across the Austrian banking sector, which was partly due to downgrades brought about by changes in the rating agencies' valuation methods. With unrelenting pressure on Europe's leading banks to focus on business models geared towards long-term profitability, there is still a long way to go before restructuring of the continent's banking market is completed. The Austrian market will also be affected.

As regards the banking sector, the majority of the Danube region countries are now seeing the first signs of recovery. This points towards an increase in lending, which could help to stimulate these countries' economies. Non-performing loan (NPL) ratios are also starting to improve. Moves by the banking sector in Romania to sell off non-performing loans have helped to reduce the country's aggregate NPL ratio from around 20% to its current level of about 13%.

Financial review

Key developments in the third quarter of 2015

Earnings (IFRS)

Profit for the period attributable to owners of the parent was down year on year at EUR 7.3 million (m) (Q1-3 2014: EUR 21.7m), despite improvements in net interest income and in risk costs. Profit was affected by statutory contributions (to a deposit insurance fund and a resolution fund) which took effect for the first time, and by a rise in the financial stability contribution (“bank tax”) and additional impairment losses recognised on HETA bonds. The Gruppe Bank and Landesbank segments delivered significant pre-tax profits for the period, although the Other segment reported a loss before tax.

Group net interest income was EUR 3.0m up on the like period of 2014, at EUR 98.3m (Q1-3 2014: EUR 95.3m).

Effective workout management yielded net gains on credit provisions of EUR 2.4m (Q1-3 2014: EUR 1.9m), for a year-on-year increase of EUR 0.4m.

Net trading income climbed to EUR 6.5m (Q1-3 2014: EUR 0.4m), mainly driven by fair value measurement of derivatives used as economic hedges and the measurement of currency forward contracts. As in previous years, the results of the measurement of currency forward contracts and the secured FX value of cash transactions must be reported separately, with the result that amounts reported under net trading income and net other comprehensive income offset one another.

General administrative expenses climbed by 7.0% year on year, to EUR 103.1m (Q1-3 2014: EUR 96.3m). This was principally due to the new statutory contributions to the deposit insurance and resolution funds, which amounted to EUR 7.5m (Q1-3 2014: nil), as well as an increase in the financial stability contribution, which rose to EUR 10.9m (Q1-3 2014: EUR 9.9m). A reduction of EUR 0.7m in staff costs and of EUR 0.3 in depreciation, amortisation and impairment had a positive effect on earnings.

The Bank recorded net other operating income of EUR 22.6m, up on the EUR 15.6m reported in the first nine months of 2014. The change was mainly due to debt buyback gains and measurement gains on foreign currency cash transactions that were not hedging transactions. Gains on the measurement of currency forward contracts used to secure cash transactions in foreign currencies are reported under net trading income, as in previous years.

Further impairments of Heta securities were recognised in the period under review, in addition to those reported in the fourth quarter of 2014. This resulted in a net loss on financial assets of EUR 22.8m (Q1-3 2014: EUR 0.9m).

There were net losses of EUR 4.1m on hedges (Q1-Q3 2014: net gains of EUR 4.1m).

Profit before tax amounted to EUR 10.2m, EUR 19.3m lower than in the same period a year earlier (Q1-3 2014: EUR 29.5m).

The changes in earnings were reflected in the following financial performance indicators:

		Q3 2015	Q3 2014	2014	2013
Return on equity before tax*	Profit before tax/ ave. equity	2.4%	7.0%	-7.1%	14.3%
Return on equity after tax*	Profit for the period/ ave. equity	1.8%	5.3%	-5.5%	10.2%
Cost/income ratio	Operating expenses/operating income	92.9%	77.8%	135.2%	59.3%
Operating cost/income ratio	Cost/income ratio excl. financial stability contribution, contributions to resolution and deposit insurance funds, and regulatory costs	76.1%	69.6%	121.1%	56.0%
Risk/earnings ratio	Credit provisions/net interest income	-2.4%	-2.0%	5.3%	4.1%

*Intrayear indicators annualised on a per diem basis

Assets and liabilities (IFRS)

The Group's total assets grew by EUR 0.1bn or 0.8% as compared to year-end 2014, to reach EUR 16.5bn as at 30 September 2015, mainly due to the increase in loans and advances to customers of EUR 0.6bn, and falls of EUR 0.1bn in loans and advances to banks and of EUR 0.2bn in available-for-sale securities.

The fall in the positive fair value of hedges on the assets side of the statement of financial position was mirrored on the equity and liabilities side in the negative fair value of hedges.

On the equity and liabilities side, deposits from customers rose by EUR 0.4bn and deposits from banks by EUR 0.2bn. Debts evidenced by certificates fell by EUR 0.3bn

Changes in equity (IFRS)

IFRS consolidated equity including non-controlling interests as at 30 September 2015 was EUR 567.5m, a decline of EUR 3.2m on year-end 2014. This was mainly due to the drop in the available-for-sale reserve for remeasurement of financial assets to fair value.

Changes in equity (CRR/CRD IV[1])

Regulation (EU) No 575/2013 (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 in accordance with the CRR was EUR 590.0m as at 30 September 2015 (31 Dec. 2014: EUR 614.8m). Surplus capital as at 30 September 2015 was EUR 279.3m (31 Dec. 2014: EUR 283.6m), compared to a capital requirement of EUR 310.7m (31 Dec. 2014: EUR 331.2m). The core capital ratio in accordance with Article 92(2)(b) CRR was 13.2% as at 30 September 2015 (31 Dec. 2014: 12.3%), and the equity ratio in accordance with Article 92(2)(c) CRR was 15.2% (31 Dec. 2014: 14.9%).

[1]CRD IV: Capital Requirements Directive IV; CRR: Capital Requirements Regulation

Operational review

Gruppe Bank segment

The Group's parent company, HYPO NOE Gruppe Bank, is a regional bank, committed to promoting and supporting the development of its home market – Lower Austria and Vienna – and of the wider Danube region. With its stable owner, the state of Lower Austria, HYPO NOE has a partner that it can rely on. As the parent, HYPO NOE Gruppe Bank AG concentrates on banking services aimed at the larger customer segments, especially social and conventional infrastructure for local authorities, regional governments and other regional authorities, as well as corporate, project and real estate finance, and treasury solutions for clients in Austria and the Danube region. The Bank has a strong position in these markets, and its extensive experience is a convincing argument in its favour.

HYPO NOE Gruppe Bank operates in Austria – with a strong emphasis on the states of Lower Austria and Vienna – as well as in selected countries in its extended core market, the Danube region. The latter encompasses Bulgaria, the Czech Republic, Germany, Hungary, Poland, Romania and Slovakia. The Bank has opened representative offices in Bucharest, Budapest, Prague and Sofia so as to be in a position to deliver comprehensive customer service as well as optimum risk assessment.

On 9 June Standard & Poor's affirmed its A/A-1 issuer rating on HYPO NOE Gruppe Bank AG with a "stable" outlook, underlining the agency's belief that the increased risks in the Austrian banking industry following imposition of the Heta debt moratorium did not negatively affect the creditworthiness of the HYPO NOE Group. The strong capitalisation, stability and security conferred by the Bank's sole owner, the Lower Austrian state government, played a key role in the decision to maintain the rating. On 24 September 2015 Moody's completed its review for downgrade of the covered bond rating, which was initiated in view of the potential effects of the Heta moratorium and a change in the rating methodology, and confirmed its Aa1 rating for the mortgage cover pool. At the same time, the agency downgraded its rating of the public sector cover pool from Aaa to Aa1.

The sustainability agenda is still growing in importance for the HYPO NOE Group. The Group's sustainability-related initiatives have been managed by the Executive Board Affairs and Group General Secretariat since the first half of 2015. The unit addresses our strategic approach to these issues and consolidates the sustainability-related activities previously performed by the Group.

Public Finance

The Public Finance Department is a strong partner for local and regional authorities, public agencies and infrastructure companies. In the third quarter, stepping up the provision of advice on bespoke finance solutions to state governments, local authorities, other public sector bodies and infrastructure companies in the core eastern Austria market and in selected countries and major cities covered by the Danube region strategy was at the top of the agenda.

The budgetary situation faced by state governments and local authorities has fuelled demand for a variety of bespoke finance solutions tailored to the needs of public building construction projects. The prime objectives are to develop sustainable, integrated solutions for customers, in concert with other Group operations, and increasingly to figure as a provider of expertise and services – for example, by structuring public building construction projects aimed at creating social infrastructure. Public Finance always sets out to understand customers' special requirements and to deliver risk-aware advice and service.

This year the Group was part of a bidding consortium with Strabag AG which took part in a public tender procedure and was awarded the contract for the extension and upgrade of the Bundesschulzentrum education facility in Eisenstadt (comprising a commercial college, commercial school and a higher technical college). Construction work is due for completion in 2017. Strabag is responsible for planning, construction and maintenance, with HYPO NOE Group concentrating on finance and commercial matters. The project is being implemented under a tenancy agreement with the relevant federal ministry. This project allowed the Group yet again to underline its outstanding expertise in developing bespoke, full-line solutions for public and social infrastructure projects, in conjunction with a reliable and professional partner.

In the first three quarters of this year, state governments and local authorities mainly invested in standard infrastructure – an effect of the stability pact.

Close customer relationships and high-quality advice are especially important in a business environment like this. The main priority for the fourth quarter will be working more closely with federal states, cities, municipalities, public sector bodies and infrastructure companies to provide advice on special financing models.

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.

In the first nine months of 2015 Real Estate Finance concentrated solely on its target markets – in particular Austria, the Czech Republic, Germany, Poland, Romania and Slovakia. A number of early loan repayments were recorded during the period as a result of early refinancing and property disposals by customers. Leading analysts in Germany have predicted a sharp increase in loan-to-value (LTV) ratios, and anticipate the possibility of full external financing of some properties as early as this year. This means that heavy pressure on financing institutions' risk elasticity and on margins is on the horizon.

Low interest rates and historically low returns on possible alternative investments in particular have driven a surge in demand in most real estate categories, and especially city centre rental apartment buildings. The German commercial and residential property markets remained among the most attractive in Europe for foreign investors.

In the final quarter of 2015 the operations will continue to focus on our core real estate markets – Austria, Germany and the neighbouring EU member states in Central and Eastern Europe. Real Estate Finance will keep a close watch on macroeconomic developments and regional property trends in its target markets outside Austria.

The volume of transactions involving commercial buildings is expected to hold at last year's levels for the remainder of 2015. Special attention will be paid to stabilising profitability and optimising the lending portfolio by selectively seeking new customers among institutional investors, funds and property developers. The business model is still based on the office, shopping centre, retail park, residential property, logistics facility and city hotel asset classes, and on relatively conservative lending terms. As regards risk allocation, we are continuing to concentrate exclusively on the long-term financing of real estate projects in prime locations, in cooperation with tried and trusted partners..

Corporate and Project Finance

The Corporate and Project Finance Department, our centre of expertise in corporate banking, continued to establish a position on the market in the third quarter as planned, in spite of the difficult operating environment.

This was primarily due to the ability to offer specialist corporate banking products in areas such as acquisitions and succession planning, as well as to the significant increase in the depth of the product portfolio for existing customers. HYPO NOE Gruppe Bank AG remains committed to establishing itself as a reliable, long-term partner for Austrian businesses, and especially Lower Austrian companies, by consistently providing top-quality services based on the Bank's expertise and proximity to customers. This market has tended to be underserved by institutions other than the major network banks.

Restrained demand for loans is still having an impact on the market, but demand appears to differ substantially depending on the borrower's credit rating – companies with strong ratings are taking advantage of low interest rates to refinance longer-term loans and capital market instruments on exceptionally reasonable terms. In such cases, the Group still gives priority to earnings over volume.

Austria remains the centre of attention, although companies are increasingly seeking advice on exports and doing business abroad. We continued to further develop a number of successful customer relationships in Germany, where personalised customer services play just as important a role as in Austria. Corporate & Project Finance continues to concentrate mainly on transactions with Austrian involvement in selected Central European markets.

The Bank expects the operating environment in the corporate segment to remain challenging, but will do its utmost to capitalise on opportunities generated as a result of the trend towards consolidation in some industries. The aim for the final quarter of 2015 and for 2016 is to continue enhancing existing customer relationships, and to develop new relationships with conventional corporate customers based on structured finance products. The focus will be on direct financing to principal companies with conservative capital structures.

Religious Communities, Interest Groups and Agriculture

Securities transactions and money market investments were the focus of activities in the Religious Communities, Interest Groups and Agriculture (KIA) sales segment in the period under review. HYPO NOE Gruppe Bank's excellent rating provides a solid foundation for extending relations with current customers and addressing new clients and client segments.

Support for church and social projects remains a core component of the Group's corporate culture. The wide range of projects implemented included the revitalisation of the iconic Sonntagberg basilica in the Mostviertel region, which will be transformed into a centre for pilgrims.

A number of securities transactions were concluded on the primary and secondary markets. The extension of our product portfolio to include management mandates for special sustainable investment funds (in collaboration with respected partners) was extremely well received by KIA's customer groups and will play a central role in the department's capital market investment services in the coming months.

Besides investments, KIA's product portfolio includes financing for the following selected areas and projects:

- Social infrastructure, such as care and social welfare centres, hospitals, schools and kindergartens, on behalf of selected customer groups
- Church renovation and revitalisation projects
- Agricultural businesses (food processing and retailing)

Treasury and Funding

The HYPO NOE Group has a broad refinancing base and secures liquidity by means of customer deposits, conventional long-term capital market instruments, standard repo transactions on the Eurex exchange and the SIX repo platform, as well as ECB tenders. We also collaborate with development banks such as the European Investment Bank (EIB) and Kreditanstalt für Wiederaufbau (KfW).

Although the capital markets were largely closed to Austrian issuers in the third quarter, German financial institutions took advantage of upbeat market sentiment in July to float new issues with very low credit spread premiums. Due to the summer break, no major transactions normally take place in August. At the beginning of September the HYPO NOE Group used the brief window in the market to place a EUR 300m mortgage-backed sub-benchmark senior bond with a maturity of five years, once again underlining the Bank's excellent position on the international capital markets.

Institutional Customers

Working to maintain relationships with other financial institutions is an important aspect of our mission, and in this respect the third quarter was no exception. Besides our business links with numerous banks in Austria and abroad, we are also continuing to actively manage our relationships with insurance companies, pension funds and investment companies. As in the first six months of 2015, we retained our strong focus on ongoing dialogue with investors in the third quarter, in collaboration with our domestic and foreign capital market partners. In particular the evolving situation surrounding Heta Asset Resolution AG required us to remain in close contact with investors and keep buyers of Austrian securities up to date with the latest developments. Continued dialogue with our correspondent banks ensured that our relations with key banking partners remained intact in spite of widespread uncertainty on the markets.

Foreign branches

HYPO NOE Gruppe Bank AG had no foreign branches in the first half of 2015, but operated representative offices in Bucharest, Budapest, Prague and Sofia.

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 banking business. Landesbank has defined family and housing, health, and education as the main pillars of its strategy. Its 30 branches provide outstanding service to private, self-employed and business customers in the Group's core retail market of Lower Austria and Vienna. The Bruck an der Leitha branch, opened in 2005, closed on 15 October 2015 and was relocated to Schwechat.

In line with its strategic focuses, Landesbank recorded above-average growth in the lending business in the first nine months of the year, especially in the family and housing segment. With money market interest rates still at an all-time low, private households are benefiting from the low cost of borrowing. The rise in deposits, in particular those repayable on demand, was in line with the market average, while there is a downward trend in fixed-term deposits. This is mainly due to record-low interest rates and reduced opportunity costs. However, HYPO NOE Landesbank is aiming to reverse the trend in fixed-term deposits by the end of the year.

Marketing activities during the third quarter included the HYPO NOE Bädertour, which stopped off in ten Lower Austrian municipalities in July, and the HYPO NOE Schulstartaktion, an initiative timed to coincide with the end of the school holidays which targeted specific groups at 18 highly frequented locations in Lower Austria's district capitals.

Leasing segment

HYPO NOE Leasing GmbH

HYPO NOE Leasing GmbH, including the project companies, looks after the leasing business won from the public sector as a whole, and from the Lower Austrian state government in particular. Its core competency is complex lease agreements relating to real estate projects. In addition, the company offers real estate project management and business management services.

The business reported strong performance in the third quarter. A high-volume extension to a leasing agreement was concluded in relation to a hospital and there was satisfactory growth in the volume of new business.

HYPO NOE Leasing GmbH is also a bidder for a large-scale real estate leasing project and has qualified for the second round of negotiations, due to take place in the fourth quarter. A number of major public-private partnerships (PPPs) in the health sector are also on the agenda.

Other segment

HYPO NOE Real Consult GmbH

HYPO NOE Real Consult GmbH is active in property development, construction, management and marketing, and concentrates on the Lower Austria and Vienna region. Working in close collaboration with property experts in the HYPO NOE Group, the department has a strong focus on property services and portfolios tailored to the needs of a changing society, and on bundling its core competences with a view to achieving its objectives.

In project development, preparations for the acquisition of various projects in Lower Austria are currently under way. The Karrée Korneuburg development and another housing construction project on Stettnerweg in Korneuburg are progressing on schedule with the involvement of local people and local authority representatives.

On the construction management front, work continued on several major public sector construction projects. These include the various development phases for an elite university in Maria Gugging near Klosterneuburg, as well as the Galerie NÖ project in Krems.

Regarding municipalities, the company continued to expand its market share in Lower Austria. HYPO NOE Real Consult and Group Property Management emerged as the best bidder in a tender process organised by the town of Pöchlarn and KIG Pöchlarn.

The sales/estate agency services business is currently implementing a number of in-house projects, as well as projects on the Lower Austrian and Viennese third-party property markets. Cross-selling is instrumental in generating synergies within the Group, and plans to market several Group-owned projects in the near future are in place.

HYPO NOE Real Consult GmbH still looks set to record growth in 2015.

HYPO NOE First Facility GmbH

HYPO NOE First Facility GmbH is a leading provider of integrated facility management (FM) and technical facility management services (such as electrical, HVAC and sanitary installations) for technically advanced and complex properties, forming a key link in the HYPO NOE Group's real estate value chain. The main geographical markets served are Lower Austria, Vienna and the Danube region. HYPO NOE First Facility GmbH follows its clients into countries in our extended core market and represents their interests with respect to the buildings they occupy, leaving them free to concentrate on their core business. The main customer groups are property funds, banks and insurance companies, as well as a growing number of public sector clients.

We believe that the systematic implementation of this strategy, and related organisational development with a view to exploiting potential synergies across the Group's entire real estate value chain, can lay the groundwork for a sustainable improvement in performance. In addition to introducing new products in energy management as well as measurement and control services, HYPO NOE First Facility is broadening its skills and service portfolio in the health sector. The company is now entering a new line of business with PPP models under which First Facility assumes long-term operational responsibility. Such models are being offered in healthcare and in the government sector (primarily for schools and kindergartens). The aim is to win the trust of many new customers through the firm's expertise and the advantage generated by economies of scale, and to convince new business partners of the quality of its services.

Saturation of the market and the implications of this remain unchanged. Margins in the standard facility management business have remained under substantial pressure in 2015, as competitors continue to pursue aggressive pricing strategies in public- and private-sector calls for tenders for facility management services. The company is looking to reduce its exposure to the pressure on margins in the standard FM business, as part of its continuous development and repositioning.

NÖ Hypo Beteiligungsholding GmbH

Since the start of 2015 considerable effort has been dedicated to restructuring the Group's property services, with a view to optimising the positioning of the entire real estate services supply chain in the company's target markets. This includes the launch of a new HYPO NOE real estate brand. To this end NÖ HYPO Beteiligungsholding GmbH was renamed HYPO NOE Immobilien Beteiligungsholding GmbH in the fourth quarter of 2015.

The restructuring of the Group's property investments should enable us to integrate the entire HYPO NOE Group service portfolio into development projects currently at the planning stage. Implementation is scheduled for the end of the first quarter of 2016.

Risk report

Significant risk-related developments in the third quarter of 2015

Owing to the update of the parameters for the internal Heta valuation model, further impairment losses of approximately 1% were recognised as at 30 September 2015. The securities are currently valued at 64.45% of the nominal euro value. Interest was written off in full as a result of the exemption introduced in 2015. The impairment losses were based on the HETA statement of financial position for the six months to 30 June 2015, which was published in August and showed an increase of around EUR 230m in the funding shortfall compared with year-end 2014, principally due to the recognition of additional provisions. The annulment of Hypo-Alpe-Adria Sanierungsgesetz (Act on Restructuring Measures for Hypo Alpe Adria Bank International AG) by the Austrian Constitutional Court was taken into account in the analysis of the financial statements for the first half of 2015. The view that the annulment would not have any direct effects on the valuation parameters has so far proven to be correct, and there is thus no need to adjust the valuation in this regard.

The HYPO NOE Group’s liquidity situation remains stable. As a result of the HETA moratorium, Austrian banks’ access to capital markets is limited, although as in previous years, the Group has succeeded in placing a variety of issues this year. The Group also has sufficient access to alternative refinancing instruments – in particular, there are still sufficient assets eligible as collateral for ECB tenders.

We are continuing to closely monitor developments and our exposures in Croatia, Cyprus, Greece, Ireland and Slovenia. We are also keeping a close eye on developments related to the HETA moratorium, as well as analysing their impacts on the Bank and devising appropriate strategies to counter them. Both HYPO NOE Gruppe Bank AG and HYPO NOE Landesbank AG have brought proceedings at Frankfurt am Main Provincial Court in respect of their holdings of HETA bonds (with a total nominal value of EUR 225m).

During the third quarter we submitted the restructuring plan drawn up in accordance with the new Bundesgesetz über die Sanierung und Abwicklung von Banken (Bank Recovery and Resolution Act) to the regulator on time. The restructuring plan forms an integral part of the Bank’s risk and capital management framework.

In order to meet the additional reporting obligations under the Basel III framework, as well as future obligations (currently referred to as Basel IV) in good time, we regularly examine the new requirements, assess whether there is need to implement them, and take appropriate action.

Accounting policies/ accounting and measurement methods

Essentially the same accounting policies were applied to this quarterly report as to the consolidated financial statements of the HYPO NOE Group for the year ended 31 December 2014.

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

The Group is under no legal obligation to publish interim reports. This report does not fully comply with, and was not drawn up in accordance with International Financial Reporting Standards (IFRSs).

In particular, paragraphs 8d (statement of cash flows) and 8e (disclosures) IAS 34 were not fully applied and this report should therefore be read in conjunction with the 2015 semi-annual financial report and consolidated annual financial statements as at 31 December 2014.

STATEMENT OF COMPREHENSIVE INCOME

Profit or loss (EUR '000)	**Q1-Q3 2015**	**Q1-Q3 2014**
Interest and similar income	438,569	449,552
Income from investments accounted for using the equity method	*-192*	*772*
Interest and similar expense	-340,291	-354,267
Net interest income	**98,278**	**95,286**
Credit provisions	2,364	1,919
Net interest income after risk provisions	**100,642**	**97,205**
Fee and commission income	12,076	11,352
Fee and commission expense	-2,036	-1,951
Net fee and commission income	**10,040**	**9,401**
Net trading income	6,467	435
General administrative expenses*	-103,053	-96,302
Net other operating income	22,558	15,583
Net gains or losses on available-for-sale financial assets	-22,725	-949
Net gains or losses on financial assets designated as at fair value through profit or loss	-64	66
Net gains or losses on hedges	-4,070	4,128
Net gains or losses on other financial investments	418	-112
Profit before tax	**10,213**	**29,456**
Income tax expense	-2,616	-7,171
Profit for the period	**7,597**	**22,285**
Non-controlling interests	-324	-595
Profit attributable to owners of the parent	**7,273**	**21,690**

*General administrative expenses include the financial stability contribution ("bank tax") of EUR 10,912thsd (30 Sep. 2014: EUR 9,895thsd).

Profit for the period attributable to owners of the parent was down year on year at EUR 7.3 million (m) (Q1-3 2014: EUR 21.7m), despite improvements in net interest income and in risk costs. Profit was affected by statutory contributions (to a deposit insurance fund and a resolution fund) which took effect for the first time, and by a rise in the financial stability contribution ("bank tax") and additional impairment losses recognised on HETA bonds.

Other comprehensive income (EUR '000)	Q1-Q3 2015	Q1-Q3 2014
Profit attributable to owners of the parent	**7,273**	**21,690**
Items that will not be reclassified subsequently to profit or loss		
Items that may be reclassified subsequently to profit or loss		
Other changes (before tax)	*-*	*8*
Change in available-for-sale financial instruments (before tax)	*-14,415*	*-7,760*
Exchange differences on translating foreign operations accounted for using the equity method (before tax)	*-2*	*-36*
Change in deferred tax	*3,604*	*1,949*
Total other comprehensive income	**-10,813**	**-5,839**
Total comprehensive income attributable to owners of the parent	**-3,540**	**15,851**

Total other comprehensive income is recognised in equity and was negative by EUR 3.5m at 30 September 2015. The year-on-year fall was mainly due to the drop in the available-for-sale reserve for remeasurement of financial assets to fair value, which is reported under available-for-sale financial assets.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (EUR '000)	30 Sep. 2015	31 Dec. 2014
Cash and balances at central banks	26,475	99,025
Loans and advances to banks	892,457	944,046
Loans and advances to customers	11,746,449	11,194,066
Risk provisions	-104,165	-108,562
Assets held for trading	599,561	652,995
Positive fair value of hedges (hedge accounting)	545,817	663,827
Available-for-sale financial assets	2,084,498	2,245,409
Financial assets designated at fair value through profit or loss	4,128	4,244
Investments accounted for using the equity method	26,151	27,105
Investment property	68,819	67,752
Intangible assets	1,423	1,352
Property, plant and equipment	79,619	80,913
Current tax assets	10,841	10,856
Deferred tax assets	3,358	2,417
Other assets	65,070	38,532
Non-current assets held for sale (IFRS 5)	-	2,983
Total assets	**16,050,501**	**15,926,960**

Equity and liabilities (EUR '000)	30 Sep. 2015	31 Dec. 2014
Deposits from banks	2,785,137	2,627,730
Deposits from customers	2,750,788	2,305,056
Debts evidenced by certificates	8,234,510	8,553,311
Liabilities held for trading	528,482	591,140
Negative fair value of hedges (hedge accounting)	776,660	877,867
Provisions	49,925	49,291
Current tax liabilities	14,716	10,753
Deferred tax liabilities	26,483	30,651
Other liabilities	111,113	104,376
Subordinated capital	205,176	206,059
Equity (including non-controlling interests)*	567,511	570,726
Equity attributable to owners of the parent	558,815	562,355
Non-controlling interests	8,696	8,371
Total equity and liabilities	**16,050,501**	**15,926,960**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 Sep. 2015, EUR ’000	1 Jan. 2015	Profit/loss after tax	Dividends paid	Changes in scope of consolidation	Other comprehensive income	30 Sep. 2015
Share capital	51,981	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	191,824
Retained earnings	287,115	7,273	-	-	-	294,388
IAS 19 reserve	-5,011	-	-	-	-	-5,011
Available-for-sale reserve	36,506	-	-	-	-10,811	25,695
Currency translation reserve	-60	-	-	-	-2	-62
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**562,355**	**7,273**	**-**	**-**	**-10,813**	**558,815**
Non-controlling interests	8,371	323	-	-	-	8,696
TOTAL EQUITY	**570,726**	**7,596**	**-**	**-**	**-10,813**	**567,511**

30 Sep. 2014, EUR ’000	1 Jan. 2014	Profit/loss after tax	Dividends paid	Changes in scope of consolidation	Other comprehensive income	30 Sep. 2014
Share capital	51,981	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	191,824
Retained earnings	329,439	21,690	-11,000	-	8	340,137
IAS 19 reserve	-4,651	-	-	-	-	-4,651
Available-for-sale reserve	-15,324	-	-	-	-5,820	-21,144
Currency translation reserve	-15	-	-	-	-27	-42
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**553,254**	**21,690**	**-11,000**	**-**	**-5,839**	**558,105**
Non-controlling interests	1,146	595	-	7,014	-	8,755
TOTAL EQUITY	**554,400**	**22,285**	**-11,000**	**7,014**	**-5,839**	**566,860**

After-tax gains of EUR 1,153thsd (30 Sep. 2014: EUR 485thsd) on available-for-sale (AFS) financial instruments were reclassified from other comprehensive income to profit or loss.

Consolidated capital resources and regulatory capital adequacy requirements

Regulation (EU) No 575/2013 (Capital Requirements Regulations, CRR) and the Capital Requirements Directive IV (CRD IV), which came into effect in 2014, require the calculation of figures for consolidated capital resources and the consolidated regulatory capital adequacy requirements in accordance with IFRS, as well as with the regulatory scope of consolidation.

The capital resources of the HYPO NOE Group as at 30 September 2015, calculated in accordance with the CRR and the CRD IV, are broken down as follows:

EUR '000	**CRR/CRD IV 30 Sep. 2015**	**CRR/CRD IV 31 Dec. 2014**
Share capital incl. premiums from 2014	136,546	136,546
Reserves, differences and non-controlling interests	397,499	408,441
Prudential filter – adjustments based on the requirements for prudential measurement	-4,564	-5,057
Other adjustments to hard core capital	-15,417	-31,485
Intangible assets	-848	-742
Hard core capital	513,217	507,704
Additional core capital	-	-
Core capital (tier 1 capital)	**513,217**	**507,704**
Deductions related to holdings pursuant to Art. 36 and Art. 89 CRR	-	-
Eligible core capital	**513,217**	**507,704**
Eligible subordinated debt issued by the Group's parent	59,315	81,742
Eligible subordinated debt issued by subsidiaries (incl. grandfathering)	17,507	25,312
Supplementary capital (tier 2 capital)	**76,822**	**107,053**
Eligible supplementary capital (after deductions)	**76,822**	**107,053**
Total eligible core capital	**590,040**	**614,757**
Capital requirement	**310,734**	**331,171**
Surplus capital	**279,306**	**283,586**
Coverage ratio	189.89%	185.63%
Core capital ratio in accordance with Article 92(2)(b) CRR	13.21%	12.26%
Equity ratio in accordance with Article 92(2)(c) CRR	15.19%	14.85%

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

EUR '000	**CRR/CRD IV 30 Sep. 2015**	**CRR/CRD IV 31 Dec. 2014**
Risk-weighted assessment base for credit risk	3,448,066	3,701,558
Of which 8% minimum capital requirement	275,845	296,125
Capital requirement for open currency positions	-	-
Capital requirement for operational risk	23,262	22,986
Capital requirement for CVA	11,627	12,059
Total capital requirement	**310,734**	**331,171**

Group outlook for 2015

Market outlook

With growth in the US and Europe expected to remain acceptable in the coming months, the performance of the emerging economies will take on a decisive role. Based on its own scenarios, the Group assumes that Europe will face a few difficult months, but the measures implemented so far and those anticipated in the future will bring about a reversal in the current trend. These scenarios suggest that commodities prices will stabilise, with inflation gradually moving well into positive territory in the course of 2016.

Central banks have exhausted most of their monetary policy options in the past few years, but in the present climate monetary policy is only partially suited to achieving the twin aims of increased growth and higher inflation. If politicians are unable to stimulate growth by means of reforms, which appears likely in view of existing problems and those that have emerged recently, the onus will be on central banks to step in. It appears that the ECB and other central banks will be forced to implement further expansionary measures. This means that the Fed and the Bank of England, both of which look set to move towards more restrictive policies in the future, will have little leeway to raise interest rates owing to the upward pressure on their respective currencies. At present it is impossible to estimate the effect of the influx of refugees on Europe’s economy. Although a modest positive impact on growth is expected in the short term, this is outweighed by the risks associated with the resulting political and social problems.

Business outlook

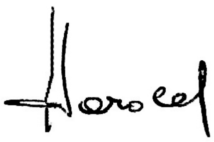
The HYPO NOE Group remains a reliable partner for businesses and the public sector in its core market. Following a solid operating performance in the first three quarters, we expect to report sustainable and stable operating profit for 2015. That said, the high financial stability contribution and the newly introduced compulsory contributions to the national resolution fund and the deposit insurance fund will depress the final results. The Group’s operating segments are expected to grow in selected markets. A major focus for the Gruppe Bank segment in the fourth quarter will be financing and investment for corporate customers in our core market, as well as finance for regional and social infrastructure. Relationships with church bodies, interest groups and customers in the agricultural sector will be intensified with a view to building on past successes. Growth in these segments is in line with the market average. The Group will maintain a sharp focus on its core target groups and regions, while taking risk requirements into account. Outside its core market, the Group’s business model and risk optimisation is complemented by its activities in the Danube region, where it already has four representative offices. Attracting additional customer deposits will again be the main priority for the Landesbank segment in the final three months of 2015. The Leasing segment also anticipates continued growth in the fourth quarter after tendering for a wide range of projects on terms similar to rental agreements. The Other segment, where companies such as HYPO NOE Real Consult GmbH and HYPO NOE First Facility GmbH form the final link in the Group’s real estate services value chain, will continue its expansion in the final quarter of the year.

The interim results, positive operating environment and solid equity base have put the HYPO NOE Group in an excellent position to carry on justifying its customers’ trust, and to provide comprehensive project support to corporate, institutional and retail clients.

Events after the reporting period

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

St. Pölten, 10 November 2015
The Management Board



Peter Harold
Chairman of the Management Board

Nikolai de Arnoldi
Member of the Management Board