

RESULTS ANNOUNCEMENT FOR THE THREE
QUARTERS ENDED **30 SEPTEMBER 2024**



CURRENT RATINGS

Standard & Poor's: A/A-1 (stable) issuer rating

Moody's: Aa1 mortgage and public-sector covered bond rating

ISS ESG: C Prime status sustainability rating

GROUP FINANCIAL HIGHLIGHTS

EUR '000

Consolidated statement of comprehensive income	Q1-Q3 2024	Q1-Q3 2023
Net interest income	139,503	132,343
Administrative expenses	-81,631	-84,890
Impairment losses/gains on financial assets – IFRS 9 ECL	-23,521	1,097
Profit before tax	65,572	95,825
Income tax expense	-13,705	-23,498
Profit for the period	51,867	72,327
Return on equity before tax	10.13%	15.56%
Cost/income ratio	48.27%	50.78%
Consolidated statement of financial position	30 Sep. 2024	31 Dec. 2023
Total assets	16,601,137	15,579,450
Financial assets – AC	14,711,256	14,229,790
Financial liabilities – AC	14,927,910	13,898,367
Equity (incl. non-controlling interests)	879,975	849,977
Non-performing loan ratio	2.86%	2.45%
Regulatory indicators	30 Sep. 2024	31 Dec. 2023
Eligible Tier 1 capital	815,059	817,211
Total eligible capital	815,059	817,211
Minimum capital requirement (Pillar I)	333,752	313,121
Excess equity	481,307	504,089
Total risk exposure amount in accordance with Art. 92(3) CRR	4,171,902	3,914,015
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	19.54%	20.88%
Total capital ratio in accordance with Art. 92(2)(c) CRR	19.54%	20.88%
Leverage ratio in accordance with Art. 92(2)(d) CRR	4.92%	5.27%
Liquidity coverage ratio	280.55%	235.99%
Net Stable Funding Ratio	121.38%	115.63%
Operational resources	30 Sep. 2024	31 Dec. 2023
Employees	633	619
Branches	26	26

The intrayear indicators are annualised on a daily basis.

COMPANY PROFILE

This report on the HYPO NOE Group was prepared by the Group's parent, HYPO NOE Landesbank für Niederösterreich und Wien AG (HYPO NOE Landesbank).

HYPO NOE Landesbank is the largest and oldest-established of Austria's state mortgage banks¹, and has been a reliable commercial bank, a stable state bank and a specialist mortgage lender for over 130 years. Using its strong position in Lower Austria and Vienna as a springboard, the Bank operates primarily in Austria and Germany, as well as in selected markets elsewhere in the European Union.

The HYPO NOE Group serves as a one-stop shop, providing a comprehensive range of financial services for public sector, real estate and corporate customers, in line with its business model as a mortgage bank. The product portfolio is centred on funding for hard and social infrastructure, non-profit and commercial housing construction, and other large property development projects. Retail customers benefit from the expert personal service delivered by the branch network in the Group's home market of Lower Austria and Vienna, with its focus on housing finance.

The Group concentrates on four business segments that play to its core competences: Public Sector, Real Estate, Retail and Corporate Customers, and Treasury & ALM. The wholly owned HYPO NOE Leasing subsidiary, which specialises in real estate leasing to public sector clients and has extensive experience of budget-efficient financing solutions for social infrastructure, enables the Group to concentrate on serving large federal government, state government and local authority clients.

HYPO NOE Landesbank is one of Austria's leading covered bond issuers and is a regular participant on the capital markets through the flotation of secured and unsecured benchmark bonds. Thanks to the solid foundations provided by customer deposits, and its increasingly close cooperation with development banks, HYPO NOE Landesbank can also look to diversify its sources of refinancing. Standard & Poor's currently gives the Bank a solid single A rating with a stable outlook, while Moody's ratings on the public sector and mortgage cover pools are also unchanged at Aa1.

HYPO NOE Landesbank is backed by a stable and reliable sole owner in the shape of Austria's largest state, Lower Austria. The Bank's owner takes a long-term view, ensuring that the Bank can maintain its strategy of organic growth in its core business, best-in-class digital solutions in its mortgage lending operations, and further improvements in profitability, while preserving a conservative risk and capital profile.

The Bank's sustainable approach to its core operations is underpinned and promoted by clear ethics guidelines and business principles. Its portfolio is geared strongly towards sustainability due to the large proportion of lending that creates social value added. ISS ESG Prime status underlines the Bank's commitment to environmental and social responsibility. HYPO NOE Landesbank has also received ESG ratings from Sustainalytics and Moody's ESG Solutions, and has been awarded the DZ Bank sustainability seal of approval.

¹In terms of total assets (2024 interim financial statements and 2023 consolidated financial statements) and date of establishment.

FINANCIAL REVIEW

- “Profit before tax” of EUR 65.6m (Q1-Q3 2023: EUR 95.8m) – strong result in the comparative period due to a non-recurring effect
- “Net interest income” of EUR 139.5m (Q1-Q3 2023: EUR 132.3m)
- Year-on-year decrease in “Administrative expenses” in spite of inflation, to EUR 81.6m (Q1-Q3 2023: EUR 84.9m)
- Improvement in the cost/income ratio (CIR) based on operating profit, to 48.27% (Q1-Q3 2023: 50.78%)
- Non-performing loan (NPL) ratio of 2.86% as at 30 September 2024 (31 Dec. 2023: 2.45%)
- Two EUR 500m benchmark covered bonds and one CHF 100m green bond issued in 2024
- Common Equity Tier 1 (CET1) ratio of 19.54% at 30 September 2024 – if applied, the pro forma CET1 ratio, i.e. including the interim result, would be 20.90% (31 Dec. 2023: 20.88%)

The HYPO NOE Group reported “Profit before tax” of EUR 65.6m (Q1-Q3 2023: EUR 95.8m) and a return on equity (ROE) before tax of 10.13% (Q1-Q3 2023: 15.56%) for the first three quarters of 2024.

“Net interest income” increased to EUR 139.5m, compared with EUR 132.3m a year earlier. “Net fee and commission income” also rose year on year, by 17.0% to EUR 15.2m (Q1-Q3 2023: EUR 13.0m). Although inflation has remained high despite trending downwards, “Administrative expenses” stood at EUR 81.6m – down on the EUR 84.9m reported in the first nine months of 2023. This was primarily due to the cessation of contributions to the resolution fund, for which expenses are no longer recognised.

The positive development of the HYPO NOE Group’s consolidated profit is reflected in the CIR adjusted for exceptional, non-recurring items: in the first three quarters of 2024, the ratio improved once again compared with the previous year, to 48.27% (Q1-Q3 2023: 50.78%). Operating income and, as a consequence, the profit for the first nine months of 2023 included a non-recurring effect of EUR 28.7m from the reversal of a provision, which was adjusted for in the operating income used to calculate the CIR.

The HYPO NOE Group’s balance sheet was characterised by the very high quality of assets as at the end of the third quarter. “Financial assets – AC” were up on year-end 2023, reaching EUR 14.7bn (31 Dec. 2023: EUR 14.2bn). Since the beginning of 2024, HYPO NOE Landesbank has extended new financing to customers totalling around EUR 1.1bn (Q1-Q3 2023: EUR 1.2bn), mainly for infrastructure projects, housing construction and corporate finance.

The evolution of the Group’s risk provisions and non-performing loan ratio reflects macroeconomic developments. The NPL ratio was 2.86% as of 30 September 2024 (31 Dec. 2023: 2.45%). Total risk provisions (Stages 1-3 and purchased or originated credit impaired [POCI]) increased to EUR 124.6m (31 Dec. 2023: EUR 114.8m), primarily as a result of allocations due to changes in credit risk (for Stage 3 in particular). Risk provisions for Stages 1 and 2 amounted to EUR 32.4m – a slight decrease compared with the previous reporting period (31 Dec. 2023: EUR 35.0m).

“Financial liabilities – AC” rose to EUR 14.9bn as at the end of the period under review (31 Dec. 2023: EUR 13.9bn). This reflected several bond issues, as well as satisfactory growth in customer deposits. Once again, the HYPO NOE Group underscored its issuing capacity and the balanced nature of its refinancing base.

The Group’s CET1 ratio remained strong and stood at 19.54% as at 30 September 2024. After adjustment for earnings in the first three quarters of 2024 and the prorating of regulatory costs, which were required to be recognised in full at the start of the year, the pro forma CET1 ratio would be virtually unchanged at 20.90% (31 Dec. 2023: 20.88%).

STATEMENT OF PROFIT OR LOSS

Gains/losses

EUR '000	Q1-Q3 2024	Q1-Q3 2023
Interest and similar income measured using the effective interest method	451,510	361,717
Interest and similar income not measured using the effective interest method	87,032	72,337
Interest and similar expense	-399,091	-301,737
Dividend income	53	26
Net interest income	139,503	132,343
Fee and commission income	16,873	14,573
Fee and commission expense	-1,692	-1,595
Net fee and commission income	15,181	12,978
Net measurement gains or losses	6,060	-1,267
Net gains on derecognition of financial assets	220	394
Net gains or losses on financial assets and liabilities	6,279	-873
Other operating income	6,903	40,497
Other operating expense	-3,128	-3,244
Administrative expenses	-81,631	-84,890
Impairment losses/gains on financial assets – IFRS 9 ECL	-23,521	1,097
Net gains or losses on investments accounted for using the equity method	5,985	-2,083
Profit before tax	65,572	95,825
Income tax expense	-13,705	-23,498
Profit for the period	51,867	72,327
Non-controlling interests	-534	177
Profit attributable to owners of the parent	51,332	72,505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR '000	30 Sep. 2024	31 Dec. 2023
Cash and balances at central banks	999,872	397,981
Financial assets – HFT	156,409	150,622
Financial assets – mandatorily FVTPL	70,596	108,192
Financial assets – FVOCI	228,847	225,588
Financial assets – AC	14,711,256	14,229,790
Positive fair value of hedges (hedge accounting)	289,198	315,691
Investments accounted for using the equity method	33,304	27,828
Investment property	23,489	22,452
Intangible assets	767	677
Property, plant and equipment	61,449	62,272
Current tax assets	350	8,378
Deferred tax assets	269	279
Other assets	25,332	29,700
Total assets	16,601,137	15,579,450

EUR '000	30 Sep. 2024	31 Dec. 2023
Financial liabilities – HFT	143,576	141,766
Financial liabilities – FVO	5,777	5,650
Financial liabilities – AC	14,927,910	13,898,367
Negative fair value of hedges (hedge accounting)	411,330	496,887
Provisions	30,224	30,533
Current tax liabilities	-	17,074
Deferred tax liabilities	26,924	19,893
Other liabilities	175,421	119,305
Equity	879,975	849,977
Equity attributable to owners of the parent	871,002	841,196
Non-controlling interests	8,973	8,781
Total equity and liabilities	16,601,137	15,579,450

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	1 Jan. 2024	Profit for the period	Reversals	Dividends paid	Changes in scope of consolidation	Other comprehensive income	30 Sep. 2024
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	594,701	51,332	4	-20,000	14	-	626,051
Other reserves composed of:	2,691	-	-4	-	-	-1,540	1,147
Actuarial gains	150	-	-	-	-	-	150
Debt instruments – FVOCI	2,101	-	-	-	-	-1,359	742
Equity instruments – FVOCI	441	-	-4	-	-	93	530
Hedges (hedge accounting)	-	-	-	-	-	-275	-275
Equity attributable to owners of the parent	841,196	51,332	-	-20,000	14	-1,540	871,002
Non-controlling interests	8,781	534	-	-353	10	-	8,973
Equity	849,977	51,867	-	-20,353	24	-1,540	879,975

EUR '000	1 Jan. 2023	Profit for the period	Reversals	Dividends paid	Changes in scope of consolidation	Other comprehensive income	30 Sep. 2023
Share capital	51,981	-	-	-	-	-	51,981
Capital reserves	191,824	-	-	-	-	-	191,824
Retained earnings	533,782	72,505	6	-5,000	-	-	601,293
Other reserves composed of:	4,275	-	-6	-	-	-1,513	2,755
Actuarial gains and losses	-299	-	-	-	-	885	586
Debt instruments – FVOCI	4,214	-	-	-	-	-2,461	1,754
Equity instruments – FVOCI	359	-	-6	-	-	63	416
Equity attributable to owners of the parent	781,862	72,505	-	-5,000	-	-1,513	847,853
Non-controlling interests	8,710	-177	-	-	-	-	8,532
Equity	790,571	72,327	-	-5,000	-	-1,513	856,385

ACCOUNTING POLICIES

In all material respects, this HYPO NOE Group quarterly results announcement was drawn up in accordance with the same accounting policies as those applied to the IFRS consolidated annual financial statements for the year ended 31 December 2023.

The HYPO NOE Group prepared this quarterly results announcement voluntarily, and is not obliged to publish such information. It does not meet all the requirements of International Financial Reporting Standards (IFRS) and was not drawn up in accordance with the IFRS as adopted in the EU.

In particular, paragraphs 8(d) (condensed consolidated statement of cash flows) and 8(e) (selected explanatory notes) of IAS 34 were not fully applied. This announcement should be read in conjunction with the 2023 Annual Report.

This results announcement was neither subjected to a full audit nor reviewed by independent auditors.

CONSOLIDATED OWN FUNDS AND REGULATORY CAPITAL ADEQUACY REQUIREMENTS

Under Regulation (EU) No. 575/2013 (Capital Requirements Regulation [CRR]) as amended, including latterly by Regulation (EU) No. 2023/2869, and related EBA delegated regulations, as well as Directive 2013/36/EU on access to the activity of credit institutions (Capital Requirements Directive [CRD]) as last amended by Directive (EU) No. 2024/1619, which is currently being transposed into Austrian law and various national orders, since 2014 it has been required to determine banks' consolidated own funds and their consolidated regulatory own funds requirements in accordance with IFRS and the regulatory scope of consolidation.

The composition of the HYPO NOE Group's own funds, calculated in accordance with the CRR/CRD, is as follows.

EUR '000	CRR/CRD 30 Sep. 2024	CRR/CRD 31 Dec. 2023
Share capital	136,546	136,546
Paid-up capital instruments	51,981	51,981
Premiums	84,566	84,566
Reserves, differences and non-controlling interests	680,840	682,424
Retained earnings	567,532	567,583
Other reserves	104,945	104,844
Accumulated comprehensive income	8,363	9,997
Adjustments to CET1 (prudential filters)	-549	-580
Insufficient coverage of non-performing exposures	-1,011	-503
Intangible assets	-767	-677
Common Equity Tier 1 (CET1) capital	815,059	817,211
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital	815,059	817,211
Deductions due to investments, pursuant to Arts. 36 and 89 CRR	-	-
Eligible Tier 1 capital	815,059	817,211
Eligible supplementary capital (after deductions)	-	-
Total eligible capital	815,059	817,211
Minimum capital requirements	333,752	313,121
Excess capital	481,307	504,089
Coverage ratio	244.21%	260.99%
Tier 1 capital ratio in accordance with Art. 92(2)(b) CRR	19.54%	20.88%
Total capital ratio in accordance with Art. 92(2)(c) CRR	19.54%	20.88%
Own funds requirement incl. all buffer requirements	13.04%	12.57%
Leverage ratio in accordance with Art. 92(2)(d) CRR	4.92%	5.27%
Leverage ratio requirement (Pillar 1)	3.00%	3.00%

Taking account of the profit for the year to date, as well as prorating of the contributions to the resolution and deposit insurance funds – which have already been taken in full to profit or loss – and by applying a pro rata dividend, the pro forma Tier 1 capital ratio would be approximately 20.90%.

Changes in the risk-weighted measurement basis and the resulting own funds requirement are shown below.

EUR '000	CRR/CRD 30 Sep. 2024	CRR/CRD 31 Dec. 2023
Total leverage ratio exposure	16,564,321	15,497,335
Risk-weighted exposure measure	3,803,917	3,542,346
Minimum own funds requirement for credit risk (8%)	304,313	283,388
Own funds requirement for open currency positions	-	-
Own funds requirement for operational risk	27,456	27,456
Own funds requirement for CVA risk	1,983	2,278
Total own funds requirement	333,752	313,121

PUBLICATION DETAILS

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Important information

The greatest possible care has been taken in preparing this quarterly results announcement. However, transmission, typesetting and printing errors cannot be ruled out. Minor rounding differences may occur in connection with totals of rounded amounts and percentages.

The forecasts and forward-looking statements contained in this announcement are based on current estimates and information available at the time of writing. They should not be taken as a guarantee that results expressed in forecasts and forward-looking statements will actually occur; actual results are subject to risks and other factors, and could therefore differ materially from results contained in forecasts or forward-looking statements. The Group is not obliged to update its forecasts and forward-looking statements.

The German version of this announcement is the definitive version. The English version is a translation of the German announcement.