

HYPO NOE Landesbank

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HYPO NOE Landesbank für Niederösterreich und Wien AG (HYPO NOE Landesbank) is the oldest and, as measured by total assets (FY 2022), the largest regional mortgage bank in Austria. It operates as a commercial bank, regional bank and specialist mortgage bank. Lower Austria, the largest federal state in Austria, is the sole owner of the banking group. HYPO NOE Landesbank describes the regions of Lower Austria (23% market share) and Vienna as its home market. In addition, the banking group is active across the rest of Austria and Germany, which HYPO NOE ranks among its core markets, in addition to operating selectively in other EU markets. The HYPO NOE Group divides its business activities into the following segments: Public Sector (18% of operating income in H1/2023; focus: public financing, leasing, investment solutions), Real Estate (17%; non-profit and commercial housing development), Retail and Corporate Customers (22%; financing, investment, payment transactions and insurance products) and Treasury & ALM (22%), as well as the administrative segment Corporate Center (22%). The funding mix as at 30 June 2023 comprises public sector and mortgage-backed Pfandbriefe (34%) and unsecured bonds (27%), in addition to deposits (36%) and TLTRO III (2%). According to information from the bank itself, HYPO NOE Landesbank is one of the largest Pfandbrief issuers in Austria. Since 2021, the Bank has been a climate initiative partner (“klimaaktiv Paktpartner 2030”) with the goal of reducing its CO₂ emissions by 50% by 2030 (base 2005). In the senior unsecured segment, three green bonds each worth EUR 500m have been issued up to H1/2023.

Rating	Outlook	
Fitch	-	-
Moody's	-	-
S&P	A	Stable

Homepage

www.hyponoe.at

Balance Sheet

(EURm)	2021Y	2022Y	2023H1
Net Loans to Customers	12,266	12,136	12,206
Total Securities	2,365	2,195	2,333
Total Deposits	3,796	3,340	3,630
Tier 1 Common Capital	730	773	772
Total Assets	16,763	15,121	15,583
Total Risk-weighted Assets	3,770	3,766	3,882

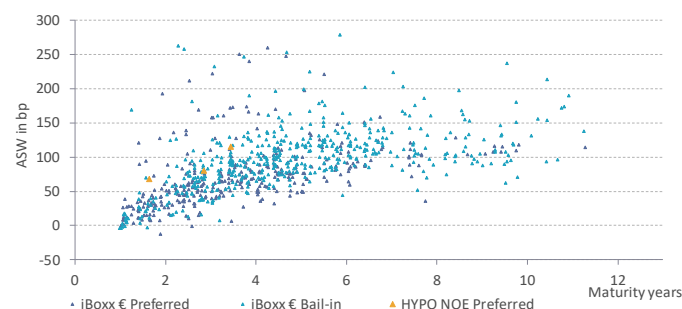
Income Statement

(EURm)	2021Y	2022Y	2023H1
Net Interest Income	140	142	87
Net Fee & Commission Inc.	19	15	9
Net Trading Income	2	6	0
Operating Expense	101	103	60
Credit Commit. Impairment	11	4	2
Pre-tax Profit	54	62	66

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023H1		2021Y	2022Y	2023H1
Net Interest Margin	0.85	0.88	1.12	Liquidity Coverage Ratio	202.45	162.85	163.72
ROAE	5.74	6.16	12.60	IFRS Tier 1 Leverage Ratio	4.60	5.39	5.23
Cost-to-Income	61.33	61.22	46.84	NPL/ Loans at Amortised Cost	0.92	1.07	1.44
Core Tier 1 Ratio	19.35	20.52	19.88	Reserves/Loans at Amort. Cost	0.64	0.66	0.68

As of: 23.08.2023; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

Strengths / Opportunities

- Capitalisation
- Connection to sole owner (Lower Austria)

Risks / Weaknesses

- Profitability
- Geographical diversification

Covered Bonds

Author: Dr Frederik Kunze

Issuer with public and mortgage-backed cover pools

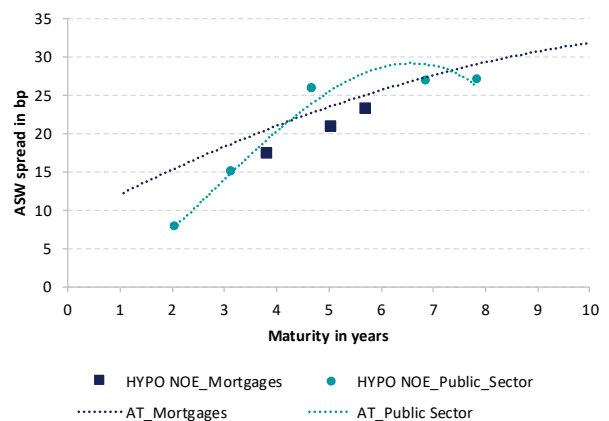
HYPO NOE Landesbank maintains both a public and a mortgage-backed covered bond programme. As at the reporting date of 30 June 2023, the cover assets of the mortgage pool totalled EUR 3.025bn. The cover assets are matched by issues with a volume of EUR 2.082bn, resulting in an overcollateralisation ratio of 45.3%. This is clearly above the statutory minimum requirement. The Public Sector Pool contains – also as of 30 June 2023 – cover assets with a volume of EUR 4.645bn. These are offset by covered bonds in the amount of EUR 3.491bn as of the same reporting date. HYPO NOE Landesbank is represented by a total of eight issues in the iBoxx EUR Covered benchmark index. While the outstanding volume of the five Public Sector Covered Bonds totals EUR 2.5bn, the three Mortgage Covered Bonds amount to EUR 1.5bn.

Programme data

30 June 2023	Public	Mortgage
Covered bonds outstanding	EUR 3.491bn	EUR 2.082bn
Cover pool volume	EUR 4.645bn	EUR 3.025bn
Current OC (nominal / legal)	33.1% / 2.0%	45.3% / 2.0%
Type	78.8% Regional/federal state	71.0% Residential
Main country	100.0% Austria	86.7% Austria
Main region	86.3% Lower Austria	61.8% Lower Austria
Number of exposures	47,507	11,620
Average exposure size	EUR 97,771	EUR 260,340
NPL	0.00%	0.00%
Fixed interest (Cover Pool / CBs)	49.2% / 99.4%	48.3% / 75.9%
WAL (Cover Pool / CBs)	9.9y / 5.9y	9.1y / 4.6y
CB Rating (Fitch / Moody's / S&P)	- / Aa1 / -	- / Aa1 / -

Source: issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview (BMK) – Austria



The largest share of cover assets is of Austrian origin

HYPO NOE Landesbank's mortgage cover pool consists exclusively of primary cover assets. At 71.0% or EUR 2.148bn, the largest share is accounted for by residential assets. The remaining EUR 877m or 29.0%, can be attributed to commercial cover assets. With regard to the geographical distribution of cover assets, Austria dominates with 86.7%. Broken down by type of cover, Austria has shares of 98.5% (residential) and 57.9% (commercial). The commercial cover assets are distributed mainly between the segments Retail (21.7%) and Office (21.3%), while in the case of residential financing, shares of 48.6% and 48.1% are allotted to the categories Buy-to-let/Non-owner occupied and Owner occupied respectively. As regards seasoning, more than 70% of the loans have been outstanding for more than two years, while only 10.4% of the financings are less than twelve months old. Non-performing loans are neither included in the mortgage cover nor in the public sector cover pool.

Regulatory and rating

Both the public-sector covered bonds and the mortgage-backed bonds issued by HYPO NOE Landesbank have an Aa1 rating from Moody's. Based on the rating, a risk weight of 10% applies to the issuer's covered bonds in accordance with the CRR. Furthermore, in our understanding, benchmark transactions are suitable as Level 1 assets within the scope of LCR management. Furthermore, the issuer's covered bonds are suitable as collateral within the scope of transactions with the ECB.

Appendix

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