Annual Report 2022

Oberbank

Grow independently.
Flourish sustainably.

Franz Gasselsberger
Chief Executive Officer
Oberbank AG

Martin Seiter
Management Board Member of
Oberbank AG

Josef Weißl
Management Board Member of
Oberbank AG

Florian Hagenauer
Management Board Member of
Oberbank AG

(from left to right)

Independence and sustainability are inseparable for us. Only when you are able to reach decisions independently, can you act autonomously and sustainably.

Annual Report 2022

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Oberbank at a Glance

Income statement in € m	2022	2021	Change
Net interest income	406.1	346.1	17.3%
Charges for losses on loans and advances	-41.5	-35.7	16.2%
Net fee and commission income	206.9	192.0	7.8%
Administrative expenses	-320.3	-313.6	2.2%
Profit/loss for the year before tax	295.3	281.9	4.7%
Profit/loss for the year after tax	243.3	234.6	3.7%

Balance sheet in € m	2022	2021	Change
Total assets	26,798.2	27,539.7	-2.7%
Loans and advances to customers	19,192.9	18,427.9	4.2%
Primary funds	17,948.1	17,431.6	3.0%
thereof securitised liabilities incl. subordinated debt capital	2,886.7	2,703.0	6.8%
Shareholders' equity	3,546.9	3,317.9	6.9%
Customer funds under management	37,185.5	38,636.7	-3.76%

Regulatory capital in € m	2022	2021	Change
Common equity tier 1 capital	3,126.4	2,971.1	5.2%
Tier 1 capital	3,176.4	3,021.1	5.1%
Own funds	3,501.9	3,353.2	4.4%
Common equity tier 1 capital ratio	18.03%	18.35%	-0.32% ppt
Tier 1 capital ratio	18.32%	18.66%	-0.34% ppt
Total capital ratio	20.19%	20.71%	-0.52% ppt

Performance indicators	2022	2021	Change
Return on equity before tax (RoE)	8.71%	8.88%	-0.17% ppt
Return on equity after tax	7.18%	7.39%	-0.21% ppt
Cost/income ratio	48.75%	49.68%	-0.93% ppt
Risk/earnings ratio (credit risk/net interest)	10.22%	10.32%	-0.10% ppt

Resources	2022	2021	Change
Average number of staff (weighted) [1)]	2,134	2,152	-18
Number of branches	180	178	2

[1)] Does not include 25 employees who are seconded to 3 Banken IT GmbH to provide services.

Oberbank shares – key figures	2022	2021
Number of ordinary no-par shares	35,307,300	35,307,300
High, ordinary share in €	102.50	91.60
Low, ordinary share in €	91.60	84.40
Closing price ordinary share in €	102.50	91.40
Market capitalization in €m	3,619.00	3,227.09
IFRS earnings per share in €	6.89	6.66
Dividend per share in €	1.45[1)]	1.00
P/E ratio, ordinary shares	14.88	13.72

When adding up rounded figures and calculating percentage rates of change, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded.

[1)]The Management Board and Supervisory Board will propose the payout of a dividend of EUR 1.45 per share for the financial year 2022 to the Annual General Meeting 2023.

Letter from the Chairman of the Management Board


FRANZ GASSELSBERGER
CEO of Oberbank AG

Letter from the Chairman of the Management Board

Dear readers, dear shareholders,

War, interest rates and inflation weighed on sentiment ...
In the year 2022, events happened in rapid succession. After an optimistic start at the beginning of the year, Russia's invasion of the Ukraine on 24 February shocked the western world and drove up energy prices. Subsequently, interest rate hikes and steadily rising inflation weighed on public sentiment until the end of the year. **However, corporate and business banking customers, and thus Oberbank's operating business, proved to be extremely resilient and business expanded in terms of volume and earnings, in some cases even quite significantly.**

... but the operating business remained strong and stable.
Demand for loans increased and the volume of receivables from customers rose by 4.2% to EUR 19.2 billion. This development combined with higher interest rates resulted in a rise of 17.3% in net interest income to EUR 406.1 million, an **absolute record gain** in the history of Oberbank.

The year 2022 on stock markets was overshadowed by the significantly negative year-on-year performance of both interest–bearing securities and equities. Still, Oberbank improved net fee and commission income in Private Banking & Asset Management. **Net fee and commission income rose** by 7.8% to EUR 206.9 million – also an all-time high – driven by **strong demand for services in the corporate and business banking segment**.

The volatile market environment resulted in write-downs on securities measured at fair value. Income from investments accounted for using the equity method recovered in Q4 2022, but at EUR 90.7 million it was still 9.5% lower year on year.

We allocated EUR 41.5 million to **charges for losses on loans and advances,** which is an increase by 16.2% – albeit a **still very low level**. Administrative expenses rose by 2.2% to EUR 320.3 million, which, considering the high inflation rate, is an excellent value.

Higher net profit for the year despite adverse trends on stock markets.
Therefore, despite markdowns on securities held by the Bank due to market distortions, the net profit for the year before tax improved by 4.7% to EUR 295.3 million and net profit for the year after tax by 3.7% to EUR 243.3 million.

Stronger equity strengthens Oberbank for future challenges
Shareholders' equity rose by 6.9% to over EUR 3.5 billion. This corresponds to a common equity tier 1 ratio of 18.3% and a total capital ratio of 20.2%, thus **ranking us** among the **top performing banks in Europe**. **The A rating we have from Standard & Poor's is further proof** of Oberbank's **risk-bearing capacity**, stability and creditworthiness.

Higher dividends planned
Based on the excellent results, the Management Board and the Supervisory Board will propose to the Annual General Meeting to raise the dividend from EUR 1 to EUR 1.45 per share.

Growth trend continues
Oberbank is committed to its long-standing growth course – even in times of an adverse economy. In the coming year, for example, we plan to open more branches in Germany, which is our most important growth market. However, we pay the same attention to **long-term challenges** as we devote to our day-to-day operations, while giving due consideration to our growth plans.

Last year, we discussed the eight fields of action of the "Oberbank 2025" strategy in our letter to shareholders, but today I would like to highlight two topics whose development will have an impact on Oberbank as well as on customers and society far beyond the year 2025:

- **Development** of **employees,** and
- Development of our **sustainability** management

Development of employees

The satisfaction of our customers depends on the competence and commitment of our employees, because the customers we hope to retain long term greatly appreciate the quality of the advice they receive from Oberbank. **Our employees make the difference and set us apart from our competitors**. For this reason, we invest in the loyalty of our employees to our Bank. We accomplish this not only through our employee participation foundation and social benefits, but primarily by engaging in targeted and **intensive leadership work**. Conveying how **meaningful** and beneficial our services are to our customers is a top priority.

We demand not only the highest professional competence from the approximately 280 management staff of Oberbank, but also leadership in day-to-day work, which we make visible and also evaluate on a regular basis. It is already possible to measure the success of our strategic actions in the area of human resources:

- We reduced staff fluctuation to below the industry average and we significantly lowered the number of unfilled positions.
- We filled at least 88% of management positions from within our own ranks in 2022.
- We increased the ratio of women in management positions to 27.2%, which is higher than the defined target.
- At 5.3 training days per employee, we are well above the industry average.
- And finally, 9 out of 10 employees recommend us on social media as the best employer in banking in the German-speaking region.

Sustainability

We devote the same intensity to our work on the development of our sustainability strategy. We started two years ago by defining strategic sustainability goals, which we have made part of our corporate strategy. Over the past two years, Oberbank has built up resources and invested in the training and certification of advisors – primarily in corporate and business banking as well as in the securities business.

Our **sustainability management** has been rated **prime** by an external rating agency, which puts us among the **best-rated 10% of banks in Europe** and we are considered a pioneer in the field. Oberbank's Sustainability Report 2021 was ranked in 3rd place in the Austrian Sustainability Reporting Award (ASRA) 2021 in the category Capital Market-oriented Companies – Banks and Insurance.

We believe there is **no alternative** to an economic development based on conserving resources and improving energy efficiency, **and are proactive in tackling this enormous challenge**. What is called for is a real change in values, because it is not just about financial or organisational issues, but about a change in basic attitudes, about a fundamental reorientation of businesses and managers throughout the entire economic cycle – and also in public administration.

The **decarbonisation** of our **loan portfolio** has always been at the core of our efforts, because we – as a bank that serves industry and SMEs – can confirm that this is where the greatest leverage for climate change mitigation and energy efficiency is to be found. In the past financial year, we analysed our portfolio of commercial loans and its CO_2 emissions, and present this information in our Sustainability Report.

Based on this knowledge, we are now in a position to develop and implement a decarbonisation strategy to achieve the 1.5°C target of the Paris Climate Agreement. Oberbank's advisors have conducted in-depth talks with more than 6,000 corporate and business customers to work out what needs to change.

Letter from the Chairman of the Management Board

As a recognised **leader in sustainability**, we believe it is our duty to point out an **obstacle to the transformation of the economy**: The EU administration and also national authorities are in the process of creating a **bureaucratic mammoth** that can only be managed by deploying enormous resources. We have lost track of the purpose of this avalanche of administrative measures and believe it poses a risk by reducing people's motivation at companies to commit to the necessary changes to implement these with the due care required. The change in values mentioned above must also become daily practice in politics and administration; demanding compliance only from the business sector is not conducive to the goal of sustainability.

Linz, 7 March 2023

CEO Franz Gasselsberger
Chairman of the Management Board

Corporate Governance Report for the Group

Corporate Governance Report for the Group

Preamble

A listed company with subsidiaries such as Oberbank must prepare a corporate governance report on a consolidated basis (§ 267b Austrian Business Code). As the Oberbank Group does not have any exchange-listed subsidiaries, the information required is limited to the information defined in § 243c (2) Austrian Business Code as set out in the principles of the Austrian Financial Reporting and Auditing Committee (AFRAC), i.e. the information on the mode of operation of the management boards and of the supervisory boards of these companies, on the measures to promote the underrepresented gender and on remuneration policy. The information required was integrated into the appropriate sections of the corporate governance report. The report has been prepared in accordance with the principles published by the Austrian Financial Reporting and Auditing Committee (AFRAC) for the drafting and auditing of corporate governance reports.

Corporate Governance

The commonly applied national and international standards of good corporate governance aim to guarantee the long-term and sustainable creation of added value for listed companies to safeguard the interests of all stakeholders involved.
This objective of long-term and sustainable value added creation is also a strategic goal of Oberbank, and therefore, the establishment of effective corporate governance is a matter of great importance for us.
In its internal corporate governance principles, Oberbank takes guidance in this endeavour from the **Guidelines of the European Banking Authority** (**EBA**) on internal governance and from the rules of the Austrian Code of Corporate Governance (ÖCGK). The revised version of the EBA Guidelines on Corporate Governance (EBA/GL/2021/05) effective as of 31 December 2021 were implemented at Oberbank and the internal guidelines were adjusted accordingly.

Austrian Code of Corporate Governance (ÖCGK)/ Conformity Declaration

As a listed company, Oberbank is committed to the Austrian Code of Corporate Governance (ÖCGK), as amended. The Code of Corporate Governance is available for downloading from the website of Oberbank at www.oberbank.at and serves as valuable guidance for developing internal mechanisms and rules. The Supervisory Board of Oberbank made its first declaration of conformity at its meeting of 26 November 2007.
Ever since, Oberbank has complied with the respective, current version of ÖCGK by implementing the relevant rules or giving explanations for any departures from the rules; this was also reviewed and confirmed at the first meeting of the Supervisory Board of the year in March.
Due to the updates to OCGK that took effect as of January 2021, the principles of remuneration policy and the information on the remuneration of governing bodies (remuneration report) are now part of the remuneration policy for the management board and the supervisory board of Oberbank and the information is published in the remuneration report on the compensation of members of the management and supervisory boards.

Oberbank's reasons for non-compliance with certain C Rules

The Austrian Code of Corporate Governance (ÖCGK) requires companies to state the reasons for any non-compliance with the so-called C Rules ("comply or explain") clearly, precisely and comprehensively (ÖCFK 2021, Annex 2b). Oberbank complied with the Code in the reporting year by explaining the following departures from the rules:

Rule 45 C: Owing to the historically evolved shareholder structure of Oberbank, the members of the Supervisory Board also include representatives from among the major shareholders. Since these representatives also include banks, the respective Supervisory Board members also hold board functions at other banks that are competitors of Oberbank. The statutory obligations of the members of the Supervisory Board ensure that the legitimate interests of Oberbank are protected to the fullest extent.

Company information on the internet

Oberbank complies with the extensive rights to information of shareholders by publishing the following materials and reports on its website:

Company information on the internet	Website
Austrian Code of Corporate Governance	www.corporate-governance.at
Oberbank AG shares	www.oberbank.at/oberbank-aktien
Shareholder structure	www.oberbank.at/aktionarsstruktur
Financial calendar	www.oberbank.at/finanzkalender
Annual General Meeting	www.oberbank.at/hauptversammlung
Corporate Governance: • Compliance Statement of Oberbank AG • Independence Criteria • Report of Oberbank AG regarding the Austrian Code of Corporate Governance • Publications pursuant to § 65 Banking Act regarding Corporate Governance and Remuneration • Internal Rules of Procedure of Oberbank AG • Articles of Association of Oberbank AG • Directors' Dealings	www.oberbank.at/corporate-governance
Key Ratios and Reports of Oberbank AG: • Business, financial and sustainability reports • Letter to shareholders • Single-entity financial statements • Remuneration policy • Remuneration report	www.oberbank.at/kennzahlen-berichte
• Ad-hoc reports • Corporate news	www.oberbank.at/ad-hoc-meldungen

Composition and mode of operation of the Management Board

The Management Board of Oberbank AG conducts the Company's business in accordance with the principles and objectives derived from the overall bank strategy and on its own responsibility within the parameters defined by the Austrian Stock Corporation Act (AktG) to ensure the protection of the various interests at stake. The Supervisory Board monitors the implementation of the individual projects and their completion in compliance with the Articles of Association and the Rules of Procedure. The Management Board regularly reports to the Supervisory Board, ensuring a comprehensive flow of information. In the case of fully consolidated companies (see Chapter "Consolidated Financial Statements, note 41), mandates in governing bodies, management positions, and if necessary, supervisory board mandates are carried out in many cases by current or former management board members or employees of Oberbank. Regular reports on the development of business of the operational subsidiaries are sent to the Management Board. These subsidiaries are also covered by the Group rules on money laundering and compliance.

Members of the Management Board

In the 2022 financial year, the Management Board of Oberbank consisted of four members.

	Year of birth	Initial appointment	End of period of office
Franz Gasselsberger	1959	28 April 1998	12 May 2027
Josef Weißl	1959	1 May 2005	30 April 2025
Florian Hagenauer	1963	1 Dec. 2009	30 Nov. 2024
Martin Seiter	1985	1 Oct. 2020	30 Sept. 2023

CEO Franz Gasselsberger

Having obtained a doctorate in law from Paris-Lodron University in Salzburg, Franz Gasselsberger started his career at Oberbank in 1983. Parallel to his management function in the Bank's Salzburg operations, he completed the MBA programme at the International Management Academy, earning an International Executive MBA degree. In April 1998, the Supervisory Board appointed him to the Management Board of Oberbank AG; on 1 May 2002, he was appointed Board Spokesman; on 1 May 2005 he was designated Chairman of the Management Board with the title "Generaldirektor" (CEO). In November 2007, the German Federal President appointed Franz Gasselsberger Honorary Consul of the Federal Republic of Germany in Upper Austria. He is also a member of the Management Board and Vice President of the Austrian Bankers Association (VOeBB), Member of the Board of Directors of the Federation of Austrian Industries, Member of the Board of Directors of the Upper Austrian Association of Independent Businesspeople, Member of the Board of Directors of the Upper Austrian Federation of Industries, Member of the Board of Directors of the Austrian Society for Banking Research (BWG).

Supervisory board mandates and further functions in non-Group Austrian and international companies:

Member of the Supervisory Board of Lenzing Aktiengesellschaft

Functions in companies included in the consolidated financial statements:

Member of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft
Member of the Supervisory Board of BKS Bank AG
Member of the Supervisory Board of voestalpine AG

Compliance with all upper limits to mandates pursuant to the ÖCGK, Stock Corporation Act and the Banking Act is given.

Management Board Member Josef Weißl

Upon his graduation from the University of Linz, where he studied business management and law, Josef Weißl started his career at Oberbank in 1983. In addition to his management activities for the Salzburg business division, he completed the LIMAK General Management Programme in 2002 and graduated from the LIMAK MBA Programme in 2005. In 2005, the Supervisory Board appointed him to the Management Board of Oberbank AG. He is also a member of the Austrian-American Society and President of its Upper Austrian regional organisation.

Supervisory board mandates and further functions in non-Group Austrian and international companies:

Chairman of the Supervisory Board of Gasteiner Bergbahnen Aktiengesellschaft
Member of the Supervisory Board of BRP-Powertrain Management GmbH
Member of the Supervisory Board of BAUSPARERHEIM Gemeinnützige Siedlungsgemeinschaft reg. Gen. m.b.H.

Functions in companies included in the consolidated financial statements:

None

Compliance with all upper limits to mandates pursuant to the ÖCGK, Stock Corporation Act and the Banking Act is given.

Management Board Member Florian Hagenauer

After graduating with a degree from the University of Vienna in International Commerce and Business Administration, he started his career at Oberbank in 1987. As of 1987 he worked in what was then the Foreign Department, later renamed the "Bank Relations and Payment Systems". In 1994, he was appointed authorised signatory (Prokurist) for the entire bank, and in 1999, he became Deputy Head of the Organisation Department. He completed the LIMAK General Management Programme in 1999 and the LIMAK MBA Programme in 2005.

In 2005, Florian Hagenauer was appointed Managing Director of 3 Banken-EDV Gesellschaft (today: 3 Banken IT GmbH). In 2008, he returned to Oberbank in the position of Head of the Organisation Department.

In 2009, the Supervisory Board appointed him to the Management Board of Oberbank AG. He is also President of "Verein der Förderer der OÖ Landmuseen" (Association of Supporters of the Museums of the Province of Upper Austria) as well as of the LIMAK Austrian Business School and auditor of the Federation of Austrian Industries in Upper Austria.

Supervisory board mandates and further functions in non-Group Austrian and international companies:

Vice Chairman of the Supervisory Board of Wüstenrot Wohnungswirtschaft registrierte Genossenschaft mit beschränkter Haftung

Member of the Supervisory Board of Energie AG Oberösterreich

Chairman of the Supervisory Board of VA Intertrading Aktiengesellschaft

Functions in companies included in the consolidated financial statements:

Chairman of the Supervisory Board of 3 Banken Wohnbaubank AG

Member of the Advisory Board of 3 Banken IT GmbH

Chairman of the Advisory Board of Oberbank Service GmbH

Compliance with all upper limits to mandates pursuant to the ÖCGK, Stock Corporation Act and the Banking Act is given.

Management Board Member Martin Seiter

Martin Seiter, MBA, has been with Oberbank since 2006. After graduating from Oberbank Ausbildungsakademie, he initially worked as a personal banking advisor at the Gmunden Salzkammergut branch and became manager of the Gmunden Rathausplatz branch in 2011. He worked in further positions in Sales and at the Main Branch Salzburg, as Head of the Main Branch Salzkammergut, and as joint manager of the Main Branch OÖ-Süd (Upper Austria South) created by the combination of the Main Branches of Salzkammergut and Wels.

Martin Seiter was general authorized signatory (Gesamtprokurist) at the Head Office, and from December 2017 until December 2018 he worked as Deputy Head of Personal Banking. From 2018 to 2020, he completed an MBA course of studies at the LIMAK Business School, and graduated with a Master of Business Administration (MBA). In 2020, the Supervisory Board appointed him to the Management Board of Oberbank AG.

Supervisory board mandates and further functions in non-Group Austrian and international companies:

Member of the Supervisory Board of MINTality Stiftung

Functions in companies included in the consolidated financial statements:

None

Compliance with all upper limits to mandates pursuant to the ÖCGK, Stock Corporation Act and the Banking Act is given.

Mode of operation of the Supervisory Board

The Management Board has the obligation to uphold the interests of the company in its work with the aim of optimally achieving the sustainable value added defined in the corporate strategy for the benefit of all stakeholders.

The mode of operation of the Management Board is defined by the legal framework and the Articles of Association in addition to the defined areas of competence in the Internal Rules of Procedure of the Management Board. Cooperation within the Management Board is based on regular Management Board meetings, usually held weekly.

Resolutions are usually reached unanimously even though the areas of responsibility are clearly defined for each individual member of the Management Board. In the case of major decisions with an impact on risk, it is customary to inform the Supervisory Board by the latest at the next subsequent meeting unless approval is mandatory under the Articles of Association, the law or the Internal Rules of Procedure of the Management Board and of the Supervisory Board.

Additionally, the individual members of the Management Board cooperate closely with the second management level of the bank, which must also report to the Management Board in connection with the extensive internal reporting duties.

Current Management Board Remits

CEO **Franz Gasselsberger**	**Management Board Member** **Josef Weißl**	**Management Board Member** **Martin Seiter**	**Management Board Member** **Florian Hagenauer**
Market	Market	Market	Back Office
General Business Policy			
Internal Audit			
Compliance			
Business and Service Departments			
HRA (Human Resources)	PAM (Private Banking & Asset Management)	CIF (Corporate & International Finance)	KRM (Credit Management)
RUC (Accounts & Controlling)	PKU (Personal Banking)	TRE (Treasury & Trade)	ORG (Strategic Organisational Development, Digitisation and IT) including Sustainability
		GFI (Global Financial Institutions)	RIS (Strategic Risk Management)
			SEK (Corporate Secretary & Communication)
			ZSP (Zentr. Service and Production CEE1), Securities Settlement)
			ISK (Real Estate, Security and Cost Management)
Special Areas			
Private equity	Insurance service	Leasing business	IT development
	Investment fund business		Payment services and account/loan management
Regional Business Divisions			
Linz North	Innviertel	Linz South	Back Office Austria
Upper Austria South	Lower Austria	Vienna	Back Office Germany
Germany Central	Czech Republic	Salzburg	Back Office Czech Republic
	Hungary	Germany South	Back office Hungary
		Germany Southwest	Back office Slovakia
		Slovakia	

1) CEE as defined by Oberbank comprises the regions of Czech Republic, Slovakia and Hungary.

Composition and mode of operation of the Supervisory Board

Members of the Supervisory Board

Number and type of all additional mandates in the case of all supervisory board members comply with the mandate restrictions pursuant to the Austrian Banking Act. In accordance with Rule 58 C ÖCGK, all supervisory board mandates and similar functions in Austrian and international listed companies are listed here.

	Year of birth/Initial appointment/ Scheduled end of period of office
Presidency:	
Andreas König, Chairman	1960 / 11 May 2021/ AGM 2026
Member of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft	
Martin Zahlbruckner, Vice Chairman	1966 / 18 May 2016 / AGM 2023
Representatives of shareholders:	
Hannes Bogner	1959 / 20 May 2020 / AGM 2027
Member of the Supervisory Board of BKS Bank AG Member of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft Member of the Supervisory Board of PALFINGER AG	
Gerhard Burtscher	1967 / 18 May 2016 / AGM 2026
Member of the Supervisory Board of BKS Bank AG	
Alina Czerny (since 17 May 2022)	1983 / 17 May 2022 / AGM 2023
Stephan Koren (until 31 Jan. 2022)	1957 / 15 May 2018 / AGM 2024
Barbara Leitl-Staudinger	1974 / 13 May 2014 / AGM 2027
Alfred Leu (until 17 May 2022)	1958 / 18 May 2016 / AGM 2023
Peter Mitterbauer	1975 / 20 May 2020 / AGM 2025
Gregor Pilgram (since 17 May 2022)	1973 / 17 May 2022 / AGM 2027
Stefan Pierer (since 17 May 2022)	1956 / 17 May 2022 / AGM 2024
Barbara Steger (17 May 2022)	1980 / 13 May 2014 / AGM 2022
Herta Stockbauer	1960 / 13 May 2014 / AGM 2024
Supervisory Board Member of Bank für Tirol und Vorarlberg Aktiengesellschaft	

Honorary president for life:
Hermann Bell *(since 13 May 2014)*

Representatives of the Works Council:
Wolfgang Pischinger, first delegated: 28 January 1993; Chairman of the Central Works Council of Oberbank AG
Susanne Braun, first delegated: 15 May 2018, Oberbank Baden bei Wien
Alexandra Grabner, first delegated: 26 March 2014; Central Works Council of Oberbank AG
Elfriede Höchtel, first delegated: 22 May 2007; Oberbank Wels
Sven Zeiss first delegated: 1 January 2019; Oberbank Main Branch Salzburg

State Commissioners:
***Angelika Schlögel**,* State Commissioner, appointed as of 1 August 2017; reappointed effective 1 August 2022
Jutta Raunig, Deputy State Commissioner appointed as of 1 July 2017; reappointed effective 1 July 2022

Criteria for the assessment of the independence of a member of the Supervisory Board
In compliance with Rule C 53 of the Austrian Code of Corporate Governance, the Supervisory Board defined the following criteria to ensure its members' independence and also published it on its website at www.oberbank.at:

- A supervisory board member shall be considered independent if he or she has not served as a member of the management board or as a management staff member of the Company or one of its subsidiaries in the past three years. A previous management board mandate shall not be deemed to qualify a person as lacking independence, above all, when considering all of the circumstances set out in § 87 (2) Stock Corporation Act there is no doubt as to the independent exercise of the mandate.
- The supervisory board member shall not maintain or have maintained, in the past year, any business relations with the company or one of its subsidiaries to any extent of significance for such member of the supervisory board. This shall also apply to relationships with companies in which a member of the Supervisory Board has a material economic interest. The approval of individual transactions by the Supervisory Board pursuant to L Rule 48 does not automatically mean the person is qualified as independent. The establishment or existence of agreements with the Company that are customary in banking shall not be deemed to prejudice a Supervisory Board member's independence.
- The supervisory board member shall not have acted as auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past three years.
- A supervisory board member shall not be a member of the management board of another company in which a member of the management board of the company is a supervisory board member unless the two companies are part of the same group or are associated with one another through a shareholding.
- The supervisory board member shall not be closely related (direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) to a member of the management board who holds one of the aforementioned positions.

All members of the Supervisory Board of Oberbank elected by the Annual General Meeting have confirmed their independence in accordance with these criteria in individual statements. Furthermore, with the exception of Herta Stockbauer (BKS Bank AG), Gerhard Burtscher (Bank für Tirol und Vorarlberg AG), Hannes Bogner (UCBA), all members of the Supervisory Board elected by the Annual General Meeting are neither shareholders with a stake of more than 10% nor representatives of such shareholders (Rule 54 C Austrian Code of Corporate Governance). Outside the scope of its ordinary banking activities, Oberbank has no business relationships with subsidiaries or individuals (including supervisory board members) that could jeopardise the Bank's independence.
In addition to the independence criteria in the meaning of the ÖCGK, the Banking Act also specifies in some cases more restrictive criteria for representatives of the capital on supervisory boards and on certain committees of the supervisory board. The full supervisory board must include at least two shareholder representatives that meet the independence criteria pursuant to § 28a (5a) 2 Banking Act. The different independence criteria applicable to the committees defined in the respective legal provisions are stated in the explanations on each of the committees. The full Supervisory Board has been in full compliance with these criteria since they entered into force. The collective suitability of the entire body is evaluated annually and was also confirmed in the report year.

Mode of operation of the Supervisory Board
The Supervisory Board has consisted since the Annual General Meeting of 20 May 2020 of ten elected representatives of the capital and five delegated Representatives of the Works Council.

The Supervisory Board held four regular meetings and one extraordinary supervisory board meeting in the financial year 2022 at which it performed its control functions (see also Report of the Supervisory Board).
The extraordinary meeting of the Supervisory Board of 26 April was held to discuss the legal issues relating to the possibility put forth at the time by Wüstenrot of its exit from the syndicate with Bank für Tirol und Vorarlberg Aktiengesellschaft and the sale of shares in Oberbank AG also by Wüstenrot.
None of the members of the Supervisory Board failed to take part personally in more than half of the meetings of the Supervisory Board (Rule 58 C Austrian Code of Corporate Governance).
The Supervisory Board monitors how the Management Board manages the company, discusses the business and risk strategy with the Management Board, monitors the efficacy of the main processes such as accounting, risk management, internal audit and the internal control system; it reviews the single-entity and consolidated financial statements, monitors the independence of the auditors of the financial statements, defines the items to be decided at the Annual General Meeting regarding the election of the auditor and the election of new Supervisory Board members; it discusses and decides jointly with the Management Board the common proposals for resolutions for all other items of the agenda; it examines conformity with the law and compliance with the remuneration guidelines and is responsible for the appointment and removal of the Management Board members and for many other matters. The individual fit & proper evaluations of the members of the Management Board, the Supervisory Board and the collective suitability of the full Supervisory Board and its Committees are conducted on the basis of the Fit & Proper Policy of the Bank. This evaluation was conducted in the reporting year at the meetings of the Nominations Committee in January and March of 2022 and at the meeting of the full Supervisory Board in March 2022.
Apart from expert knowledge and the personal qualification of the individual members of the Supervisory Board as well as an assessment of their independence and of any potential conflicts of interest, the purpose is to evaluate the collective suitability of the full Supervisory Board and all of its Committees regarding the criteria for composition, age and diversity. The strict rules of the Banking Act are complied with. An internal policy on how to deal with potential conflicts of interest has been defined by the company. At the meeting of 24 March 2022, the Supervisory Board also conducted a re-evaluation of the suitability of the members of the Nominations Committee and confirmed that they qualified as fit and proper for their positions.
Based on the extensive materials and with the help of a preparatory questionnaire, the Supervisory Board also conducted the self-evaluation of its activities pursuant to C Rule 36 of the Austrian Code of Corporate Governance ÖCGK.

Transactions requiring consent (L-Rule 48 and C-Rule 49 ÖCGK)

In the reporting year 2022, transactions were approved that require the approval of the Supervisory Board pursuant to § 95 (5) 12 of the Austrian Stock Corporation Act (AktG) for the Supervisory Board member Alina Czerny (apc Wirtschaftsprüfung & Steuerberatung) in connection with the provision of fit & proper training courses for the management board, supervisory board and key staff members for an amount of annually up to EUR 15,000 including VAT. The fees settled since her appointment to the Supervisory Board amount to EUR 8,640 including VAT.

Committees set up by the Supervisory Board

In order to accomplish its extensive tasks, the Supervisory Board establishes a certain number of committees that include the relevant experts from among its members who deal with the topics specified by law, by the Articles of Association or by the Rules of Procedure.
With the objective of improving operational efficiency, the Supervisory Board of Oberbank AG has set up a Working Committee, a Credit Committee, a Risk Committee, an Audit Committee, a Nominations Committee and a Remuneration Committee. Their members are elected by the full Supervisory Board from among the shareholder representatives and supplemented by the required number of members from among staff representatives.
Due to the dispute with the two minority shareholders UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H., which has been ongoing since mid-March 2019 and is now before a court of law, the Supervisory Board passed the resolution to establish a separate committee (Legal Committee) for dealing with the legal issues in connection with this legal dispute.

The Audit Committee, the Risk Committee, the Remuneration Committee and the Legal Committee each consist of four representatives of the capital; the Credit Committee, the Working Committee and the Nominations Committee each of three representatives of the capital. With the exception of the Nominations Committee, employee representatives are members of the committees in accordance with legal provisions.

Audit Committee

The Audit Committee fulfils its tasks pursuant to § 63a (4) of the Austrian Banking Act. These include:

- Monitoring the accounting process and presenting recommendations and proposals to guarantee their reliability;
- Monitoring the effectiveness of the Company's internal control system, the internal auditing system and the risk management system;
- Monitoring the audit of the single-entity and consolidated financial statements taking into account the findings and conclusions in reports that the oversight body of the auditing profession has published pursuant to § 4 (2) 12 Auditor Supervisory Act (APAG);
- The review and monitoring of the independence of the auditor (auditor of the consolidated financial statements), especially with respect to the additional services provided to the audited company; Art. 5 Regulation (EU) No 537/2014 and § 271a (6) Austrian Business Code) apply;
- Reporting the findings of the audit of the financial statements to the Supervisory Board and presenting how the audit of the financial statements contributed to the reliability of financial reporting as well as on the role of the Audit Committee;
- The audit of the financial statements and the preparations for their approval, examination of the proposal for the appropriation of profits, the management report and, if applicable, the corporate governance report, as well as the report on the audit findings to Supervisory Board;
- If applicable, the audit of the consolidated financial statements and Group management report, the consolidated corporate governance report as well as the report on the audit findings to the Supervisory Board;
- The execution of the procedure for the selection of the auditor for the single-entity and consolidated financial statements considering also the appropriateness of the fee and the recommendation for the appointment of the auditor of the single-entity and consolidated financial statements to the Supervisory Board pursuant to Art. 16 Regulation (EU) 537/2014.

With the entry into force on 17 June 2016 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding the statutory audit of public interest entities, the Audit Committee was assigned additional monitoring obligations regarding auditor independence; the Audit Committee also discussed this topic in detail at its meetings of 24 March 2022 and 19 September 2022. The Audit Committee convened twice in the reporting year. The two meetings were held in the presence of the auditor and the State Commissioner and the Deputy State Commissioner. The auditor presented the findings of the audit conducted in accordance with the auditing assignment defined in the audit contract on the economic position (single-entity and consolidated financial statements) and on the risk situation of the Bank to the Management Board and to the chairperson of the Supervisory Board. The chairperson then presented the findings to the Audit Committee, which discussed the matter at length directly with the auditors. The results of the work performed by the Audit Committee were presented to the Supervisory Board at its next plenary session.

The Audit Committee resolved to recommend to the Supervisory Board to renew the contract for the audit mandate to Deloitte Audit Wirtschaftsprüfungs GmbH, Wien, as auditors and bank auditors for the single-entity and consolidated financial statements for the 2023 financial year.
In accordance with Rule 83 of the Austrian Code of Corporate Governance, the bank auditor was also commissioned in the reporting year to review the functioning of the risk management system.

The corresponding report will be discussed at the next meeting of the Audit Committee. In accordance with Rule 83 of the ÖCGK, this will also be reported to the Supervisory Board.

Committee Members: Gerhard Burtscher (chairman, Alina Czerny (since 17 May 2022), Andreas König, Stephan Koren (until 31 Jan. 2022), Martin Zahlbruckner, Wolfgang Pischinger, Susanne Braun

With Gerhard Burtscher and Stephan Koren, two committee members have specialist knowledge and practical experience in banking operations in the areas of finance and accounting (financial experts). All member of the Committee meet the independence criteria of § 63a (4) Banking Act.

Working Committee

The Working Committee is not a committee required by law. The Working Committee takes decisions on matters of special urgency which are not assigned to either the plenary meeting of the Supervisory Board or the Credit Committee under the Rules of Procedure. These include, but is not limited to the acquisition and divestment of shareholdings of significant size and the acquisition, sale or encumbrance of real estate and investments exceeding defined threshold amounts, which are exactly specified in the Rules of Procedure of the Management Board and the Supervisory Board. In urgent matters requiring prompt decisions, the Working Committee, in accordance with the Articles of Association, exercises its decision-making power by resolutions reached by circular resolution, and, in addition to the reports written in preparation of such decisions, has the right to request information from the Management Board by telephone.

In 2022, six time-critical resolutions were approved by the Working Committee. Business matters decided by the Working Committee were subsequently reported and discussed in detail at the next plenary meeting of the Supervisory Board. Oberbank relies on the banking expertise of the members of the Committee for all decisions that usually have to be reached by circular resolution due to urgency.

Committee Members: Barbara Leitl-Staudinger (chairwoman), Gerhard Burtscher, Alina Czerny (since 17 May 2022), Stephan Koren (until 31 Jan. 2022), Wolfgang Pischinger, Susanne Braun

Credit Committee

The Credit Committee is not a committee required by law. The approval of the Credit Committee is required for every loan exceeding the threshold amount specified in the Rules of Procedure of the Management Board unless such loan is approved directly by the full Supervisory Board at one of its meetings. Large exposures in the meaning of Article 392 EU Regulation 575/2013 (CRR) must be presented to the Supervisory Board and the Credit Committee for a decision.

In urgent matters requiring prompt decisions, the Credit Committee, in accordance with the Articles of Association, exercises its decision-making power by circular resolutions, and, in addition to the reports written in preparation of such decisions, has the right to request information from the Management Board by telephone. In 2022, the Credit Committee approved 87 time-critical resolutions. Transactions decided by the Credit Committee are subsequently reported and discussed in detail at the next plenary meeting of the Supervisory Board.

Committee Members: Herta Stockbauer (chairwoman), Gerhard Burtscher, Alina Czerny (since 17 May 2022), Stephan Koren (until 31 Jan. 2022), Wolfgang Pischinger, Susanne Braun

Risk Committee

In its function as Risk Committee, it must deal with the following matters pursuant to § 39d Banking Act:

- Advising the Management Board with respect to current and future risk appetite, and the risk strategy of the credit institution;

- Monitoring implementation of the risk strategy in connection with the management, monitoring and containment of risks pursuant to § 39 (2b) 1 - 14, with capital adequacy and with liquidity;
- Reviewing the pricing policy for the services and products offered by the credit institution to check if it adequately takes the business model and risk strategy of the credit institution into account, and if necessary, presenting a plan for remedial measures;
- Regardless of the tasks of the Remuneration Committee, it checks to ascertain if the incentives of the internal remuneration system take into consideration risk, capital, liquidity, probability and time of profits realisation.

In the reporting year, in accordance with the Banking Act, the Committee held one meeting in the presence of the staff member responsible for the independent risk management function within Oberbank and the competent State Commissioner; at this meeting, the Committee discussed in detail the risk strategy of Oberbank and other matters required by law. The full Supervisory Board was informed of the topics discussed in detail at the following meeting.

Committee Members: Stephan Koren (chairman until 31 Jan. 2022), Alina Czerny (chairwoman since 17 May 2022), Hannes Bogner, Herta Stockbauer, Martin Zahlbruckner, Wolfgang Pischinger, Susanne Braun

Apart from chairwoman Alina Czerny, Hannes Bogner, Herta Stockbauer and Martin Zahlbruckner have the required experience and expertise for monitoring implementation of the Bank's risk strategy as required by law. All members of the Committee meet the independence criteria of § 39d (3) Banking Act.

Nominations Committee

The Nominations Committee performs the tasks assigned to it by law (§ 29 Banking Act).

- Find candidates for an appointment to any vacant positions on the Management Board and present relevant proposals to the Supervisory Board;
- If required by the respective legal form of the credit institution, provide support to the Supervisory Board in preparing proposals for the Annual General Meeting for appointments to vacant positions on the Supervisory Board;
- Within the scope of its tasks pursuant to nos 1 and 2, considering the requirement to achieve a balance and wide scope of knowledge, skills and experience of all members of a relevant entity, prepare a description of the tasks with an applicant job profile, and state the time required to accomplish the tasks;
- Within the scope of its tasks pursuant to nos. 1 and 2, define a target ratio for the underrepresented gender on the Management Board and on the Supervisory Board as well as develop a strategy to achieve this target; the target ratio, strategy and progress achieved must be published pursuant to Article 435 (2) (c) of Regulation (EU) No 575/2013;
- Within the scope of its tasks pursuant to nos 1 and 2, ensure that when decisions are being reached by the Management Board or the Supervisory Board, no individual or a small group of persons is able to dominate those bodies in such a manner than is contrary to the interests of the Bank;
- it regularly evaluates – in any case when events occur that indicate the need for a re-assessment – the structure, size, composition and performance of the Management Board and of the Supervisory Board.
- Regularly, but in any case at least yearly, conduct an assessment of the knowledge, skills and experience of both the Management Board members and of each of the members of the Supervisory Board as well as of the respective body as a whole and report its findings to the Supervisory Board;
- Review the course of the Management Board with respect to the selection of senior management staff and support the Supervisory Board in preparing recommendations for the Management Board.

Among other things, the Nominations Committee defines the rules – unless the Remuneration Committee is responsible – of the relations between the company and the members of the Management Board, submits proposals regarding appointments to management board positions (vacancies) and takes care of addressing succession planning issues.

At an extraordinary meeting of the Nominations Committee held on 26 January, the development of potential candidates for the management board and a pre-selection of potential candidates for the supervisory board as well as the further mode of procedure were discussed.
At the regular meeting held in March 2022, the Nominations Committee also conducted an evaluation of the current task descriptions and applicant profiles for members of the management board and of the supervisory board, and discussed the process and objectives of the strategic succession planning in detail.
Apart from an evaluation of the knowledge, skills and experience of the management board members and of each of the members of the supervisory board as well as of the respective body as a whole, a review and an assessment is also made of the formal independence of the members of the Supervisory Board and an evaluation is conducted of any potential material conflicts of interest on the management board and supervisory board.
The Nominations Committee also prepared a proposal for a resolution at the Annual General Meeting 2022 on the topic of filling vacant positions on the Supervisory Board; this proposal was adopted at the subsequent meeting of the supervisory board unanimously.

Committee Members: Barbara Leitl-Staudinger (chairwoman), Andreas König, Herta Stockbauer
There was no member delegated by the Works Council on the Nominations Committee.
There are no separate independence criteria defined in the Banking Act for the Nominations Committee.

Legal Committee
The Legal Committee is not a committee required by law.
On account of the lawsuit filed by the largest individual shareholder against Oberbank that contests the resolution passed by the Annual General Meeting 2019 to reduce the number of shareholder representatives from twelve to eleven, the Supervisory Board set up a special committee at its meeting of 17 September 2019 to deal with this legal dispute with UniCredit Bank Austria and all related pending proceedings. The committee also has the power to commission external service providers (in particular, lawyers) with the representation of the company by the Supervisory Board externally, to make any required statements of the Supervisory Board in court proceedings or proceedings before authorities as well as to take decisions in these matters (decision-making competence) unless it is mandatory for the full Supervisory Board itself to reach a decision.
This became necessary because confidential information from the Supervisory Board had been passed on to the lawyers of the shareholder filing the lawsuit. The step was taken to prevent further violations of the Supervisory Board's policy on conflicts of interests.
In such proceedings, the company is represented by the management board and supervisory board, which may require swift decisions in some circumstances by circular vote that would otherwise take too long in the full supervisory board. This Committee was made as compact as possible to enable quick responses and is composed of independent, experienced members of the Supervisory Board with legal expertise. The legal committee met four times in 2022 in the presence of the State Commissioners and informed itself of the current status of the individual proceedings.

Committee Members: Andreas König (chairman), Barbara Leitl-Staudinger, Barbara Steger (until 17 May 2022), Herta Stockbauer, Martin Zahlbruckner (since 17 May 2022), Wolfgang Pischinger, Susanne Braun

Remuneration Committee
The Remuneration Committee performs the tasks assigned to it by law.
In accordance with the provisions of the Stock Corporation Act § 78a to § 78e and § 98a regarding remuneration policy for the management board and the supervisory board, the supervisory board must define principles for the remuneration of the members of the management board and supervisory board.

Remuneration Policy

- must be supportive of the business strategy and the long-term goals,
- must be clear and easy to understand,
- must describe the different fixed and variable payments and their relative shares,
- must present how the remuneration and employment terms are considered,
- must clearly and comprehensively present the criteria for the variable components,
- must take into consideration the financial and non-financial criteria,
- must contain the waiting periods and possibilities for demanding refunds,
- must precisely define the waiting periods and retention periods for the share components,
- must contain the term of the contracts, the material termination periods, the main features of the additional retirement benefits, of pre-retirement programmes and termination conditions,
- must explain the procedures for determining, reviewing and implementation,
- must describe the role of the Remuneration Committee, and
- must describe all material changes after the review.

The current Remuneration Policy and the Remuneration Report must be published on the bank’s website (https://www.oberbank.at/kennzahlen-berichte).
At its meeting in March 2022, the Remuneration Committee discussed in detail the variable remuneration components of management board members for the financial year 2021 based on the documented long-term goals. The determination of the variable components of the remuneration for the individual members of the management board for the financial year 2021 was based on the remuneration policy and was presented clearly in accordance with the recommendations of AFRAC in a remuneration report presented to the Annual General Meeting 2022 and published. Applying the policy for the internal identification, the Remuneration Committee also evaluated so-called risk-takers to ascertain whether a risk existed in the meaning of the EBA Guidelines on Sound Remuneration Policies.
A working meeting was held in July 2022 for the purpose of incorporating new sustainability criteria into the rules for the remuneration of management board members. At its extraordinary meeting of 5 December 2022, the Remuneration Committee discussed and approved the Draft Guidelines for the Remuneration of Management and Supervisory Board members of Oberbank (Remuneration Policy) prepared in July by the Remuneration Officer on the basis of the Committee's proposal. These Guidelines will be presented to the Annual General Meeting in May 2023 for a vote and will apply to the remuneration of management board members for the 2023 financial year.

Committee Members: Andreas König (chairman) Franz Peter Mitterbauer, Herta Stockbauer, Martin Zahlbruckner, Wolfgang Pischinger

The chairperson is supported by three long-term managers with many years of experience in the area of remuneration policy. All members of the Committee meet the criteria of the EBA Guidelines referred to above.

Measures aimed at promoting women (§ 243c (2) 2 Business Code) and diversity concept (§ 243c (2a) Business Code)
At a share of around 60% women in total staff, Oberbank has an excellent starting situation for the development of women for management positions.

Management positions below Board level
As at 31 December 2022, the Oberbank Group (including Leasing) employed 131 women in management positions (up to team leader level); this corresponds to a share of 27.2% (2021: 118 women or 25.76%). In 2018, the project “Chance 2030, Gender Balance – Next Generation” was implemented with the help of external advisors. Project implementation started in 2019. Within the scope of this project, a detailed survey was conducted of the management positions at the various departments that will have to be filled in the coming years.

By defining an internal ratio of 50% for women when making new appointments and successors for positions, the goal is to raise the share of women in management positions to at least 40% in the coming ten years. The attainment of this quota is supported by a wide range of measures in recruiting, leave of absence and personnel development as well as internal and external communication. We also continued certification as a family-friendly company, a programme started in 2011 with the “Grundzertifikat Audit berufundfamilie” (“Basic Certificate Audit berufundfamilie”) awarded for a period of three years by the Federal Ministry for Economy, Family and Youth. The external evaluation is conducted by TÜV SÜD Landesgesellschaft Österreich GmbH. In 2014, 2017 and 2020, this national quality certificate was awarded for a further three years. In the autumn of 2021, the childcare facility “Kinkis Nest” was opened at the Oberbank headquarters in Linz to support our female employees to return to work as soon as possible after maternity leave.

Target ratios and implementation strategy

The Management Board and Supervisory Board of Oberbank have developed a diversity concept which also contains measures to promote women.

Status as at 31 December 2022:

Governing body	Number of women	Number of men	Minority ratio
Management Board	0	4	0%
Supervisory Board (shareholder representatives)	3	7	30%
Supervisory Board (employee representatives)	3	2	40%
Supervisory Board (total)	6	9	40%

Members of the Management Board

At present, the Management Board (governing body) has four male members. In the past few years, recruiting from the ranks of higher management has been very successful. Therefore, it must be the aim of the bank to ensure, already at the second management level, that the share of women in management positions increases continuously, and the aforementioned project “Chance 2030, Gender Balance – Next Generation” will contribute considerably to this end.
The target for the Nominations Committee is 25% for a 4-person Board and 33% for a 3-person Board. With a view to developing staff for management positions and to filling openings on the management board – also for recruiting board members externally, the Nominations Committee has prepared job descriptions and applicant profiles for board members responsible for sales and back office; these also serve as guidance for potential candidates from the bank’s own ranks. The priority defined for women candidates in the recruiting process when qualifications are equal apply here as well.

Supervisory Board (shareholder representatives)

When filling expiring mandates, the chairperson of the Supervisory Board and the Nominations Committee of Oberbank always endeavour to find qualified women to fill Supervisory Board mandates. The statutory provision states a total share of 30% on supervisory boards from the underrepresented gender; at three out of ten capital representatives, Oberbank complies with the law.

Supervisory Board (employee representatives)

As at 31 December 2022, the employee representatives consisted of three women and two men.
Therefore, the ratio mandated by law which stipulates that women must be represented with at least 30% on the Supervisory Board and men with at least 30%, was complied with as at 31 December 2022 with respect to the full supervisory board as well as with respect to the representatives of the capital and of employees respectively.

Diversity

The Management Board of Oberbank currently consists of four male Austrian citizens. Three Management Board members are in charge of sales and share responsibility for the regional sales units in the bank’s five country markets. Sales units report to these Management Board members in line with the members’ main remits for Corporate and Business Banking, and Personal Banking, respectively. The fourth Management Board member is in charge of all back office matters and the relevant departments dealing with these. The Supervisory Board consists of three female shareholder representatives and seven male shareholder representatives. All are top specialists in their fields, with the board exhibiting a broad diversification (banks, insurance, industry, academia). In accordance with the company's strategic goal of preserving the independence of Oberbank, there is no political influence on the Supervisory Board. With respect to the age of the members of the Supervisory Board, we would like to state that the Supervisory Board members have many years of professional experience, which is also highly appreciated, and that this guarantees good supervision. Still, in the past years there have been several elections and appointments of shareholder representatives and employee representatives which brought younger members onto the Supervisory Board without detracting from quality. Nonetheless, bearing in mind the responsibility to be assumed, the Works Council also refrains from delegating young and unexperienced colleagues. The majority of the shareholder representatives hold university degrees, with qualifications ranging from business and law to technical specialties. The other members of the Supervisory Board also have sufficient experience, especially in the area of banking, to ensure proper supervision. In accordance with the one-third parity rule, five employee representatives are on the Supervisory Board of the Bank. The three women and two men come from various business areas of the bank, including one employee delegated full-time to the Central Works Council and also employees from sales.

Evaluation of Compliance with the C Rules pursuant to Rule 62 ÖCGK

In accordance with the C Rule 62 of the Austrian Code of Corporate Governance (ÖCGK) which states that at least every three years compliance with the C Rules must be evaluated, in 2020 the Supervisory Board assigned KPMG the task of evaluating Oberbank AG's compliance with the C Rules of the ÖCGK in accordance with C Rule 62 of the ÖCGK on the basis of the Corporate Governance Report for the financial year 2019 and to assess if the statement of compliance by the Management Board presented in all material aspects a true view of the implementation and compliance with the relevant C Rules of ÖCGK.

Audit activities

- Interviews of persons responsible for reporting on compliance with the Austrian Code of Corporate Governance
- Inspection of the relevant documents and materials
- Analysis of the information made available on the website
- Review and examination of the statement of compliance by the Management Board and the explanations of departures from the C Rules of the ÖCGK for the financial year 2019 based on the questionnaire published by the Austrian Working Group for Corporate Governance.

Findings of the audit

Based on its audit activities, KPMG did not gain knowledge of any matters that would lead it to believe that the statement of the company in the Corporate Governance Report fails to present a true view of implementation and compliance with the relevant rules of ÖCGK. As KPMG also served as auditor of the financial statements for the financial year 2019, under the contract, the audit did not include a review of compliance with C Rules 77 to 83 of ÖCGK. This audit will be conducted again in the financial year 2023.

Linz, 7 March 2023

The Management Board

CEO	Management Board Member	Management Board Member	Management Board Member
Franz Gasselsberger	Josef Weißl	Florian Hagenauer	Martin Seiter
Remit	Remit	Remit	Remit
Personnel and Accounting	Personal Banking	Overall Risk Management	Corporate and Business Banking

Investor Relations

Shares and shareholder structure

Autonomy and independence are high priorities for Oberbank. This is achieved by robust earnings, a sound risk policy and shareholders with an interest in preserving the independence of Oberbank. No single shareholder of Oberbank AG is in a position to acquire a direct or indirect controlling interest. There is a syndicate agreement between BKS and BTV for the purpose of protecting Oberbank's independence. Furthermore, employee share ownership is an additional stabilising element.

Oberbank AG's ordinary shares 2022

Oberbank's ordinary shares developed very well in the year 2022. Performance was 12.14%. Including dividends, performance was 13.28%. Market capitalisation of Oberbank AG was EUR 3,619 million at the end of 2022 compared to EUR 3,227 million at year-end 2021.

Oberbank' shares – key figures	2022	2021
Number of ordinary no-par shares	35,307,300	35,307,300
High, ordinary share in €	102.50	91.60
Low, ordinary share in €	91.60	84.40
Closing price ordinary share in €	102.50	91.40
Market capitalization in €m	3,619.00	3,227.09
IFRS earnings per share in €	6.89	6.66
Dividend per share in €	1.45[1)]	1.00
P/E ratio, ordinary shares	14.88	13.72

* The Management Board and Supervisory Board will propose the payout of a dividend of EUR 1.45 for the financial year 2022 to the Annual General Meeting 2023.

Steadily rising value

Oberbank ordinary shares have been listed on the Vienna Stock Exchange since 1 July 1986 and their value has risen steadily ever since. Shareholders who acquired Oberbank shares in 1986 and participated in all capital increases have earned an average yield of 8.96% per year taking into account dividend distributions (before withholding tax). Earnings per share rose in 2022 from EUR 6.66 to EUR 6.89. Based on the shares' closing price, the price/earnings ratio (PER) for ordinary shares was 14.88. At the 143rd Annual General Meeting of 16 May 2023, the Board will recommend a dividend distribution of EUR 1.45 per qualifying share, which is EUR 0.45 higher than in the preceding year.

Oberbank's overall bank rating and mortgage-backed cover pool

Standard & Poor's did not change the rating in 2022. It remained at a very good A rating (outlook: negative) and the maximum rating of AAA (with stable outlook) was also confirmed for the mortgage cover pool. This highlights the stability of Oberbank.

Oberbank issues

In the reporting year, the issuing activity on the capital market continued, but an increasing number of bonds were also placed with our own clients.

The fifth sub-benchmark covered bond was very successfully placed on the market in May. Measured by demand, it was the most successful issue to date, with a volume of EUR 250 million and a maturity of seven years. Furthermore, some of the demand was covered by private placements, and almost EUR 100 million in Pfandbriefe with maturities from five to fifteen years were also issued.

Higher interest rates, especially for longer maturities, made bonds significantly more attractive again for private investors and customers. This resulted in the placement of a total of almost EUR 100 million own bank bonds in several tranches (senior preferred) with maturities of five and seven years. The issuing activity of subordinated bonds also continued and, as in previous years, a total volume of just over EUR 50 million were issued. Thus, the total volume of issues was EUR 494 million, with redemptions of EUR 158 million.

Shareholders of Oberbank as at 31 December 2022	Total
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck (incl. BTV 2000)*	16.45%
BKS Bank AG, Klagenfurt (incl. subordinating syndicate with BVG)**	14.74%
G3B Holding AG, Wien	1.62%
Employees	4.48%
CABO Beteiligungsgesellschaft m.b.H., Wien	23.76%
UniCredit Bank Austria AG, Wien	3.41%
Free float	35.54%

* BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H. (BTV 2000), a 100% consolidated subsidiary of Bank für Tirol und Vorarlberg Aktiengesellschaft, owns 2.62% of shares in Oberbank AG.

** Beteiligungsverwaltung Gesellschaft m.b.H. (BVG) owns 0.58% of shares in Oberbank AG.

The share capital of Oberbank is divided into 35,307,300 ordinary registered shares, which are listed on the Vienna Stock Exchange under ISIN AT0000625108. The largest individual shareholder is CABO Beteiligungsgesellschaft m.b.H., a 100% consolidated subsidiary of UniCredit Bank Austria. Free float (35.54% of Oberbank ordinary shares) is held by companies, institutional investors and private investors.

Investor relations and communication

Oberbank informs shareholders in detail about its financial position and earnings performance in its quarterly and annual reports. The website www.oberbank.at also provides a continuous flow of information. The invitation to the Annual General Meeting encourages shareholders to seek direct contact with the members of the Management Board and the Supervisory Board. Potentially price-sensitive events are disclosed through the “euro adhoc system” under “Insiderinformationen”.

Investor Relations:

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Financial calendar 2023	
Online publication of the Annual Report 2022 (German version)	3 April 2023
Publication of the Annual Report 2022 in the Official Gazette “Wiener Zeitung”	4 April 2023
Date of record for Oberbank shares	6 May 2023
143rd Annual General Meeting	16 May 2023
Ex dividend day – dividend for the financial year 2022	22 May 2023
Date of record – dividend for the financial year 2022	23 May 2023
Dividend payout day – dividend for financial year 2022	24 May 2023

Publication of quarterly reports	
Q1	19 May 2023
HY1	24 August 2023
Q1-Q3	24 Nov. 2023

142nd Annual General Meeting of Oberbank on 17 May 2022 / resolutions

Agenda item 2 Resolution on the use of the net profit for the financial year 2021
YES: 20,901,671 votes; NO: 11,528 votes; ABSTENTIONS: 9,627,738 votes

Agenda item 3 Resolution on the discharge from liability of the members of the Management Board for the financial year 2021

Gasselsberger: YES: 20,816,770 votes; NO: 9,594,407 votes; ABSTENTIONS: 60,461 votes
Weißl: YES: 20,813,202 votes; NO: 9,594,407 votes; ABSTENTIONS: 64,029 votes

Hagenauer YES: 20,814,102 votes; NO: 9,594,407 votes; ABSTENTIONS: 63,129 votes
Seiter: YES: 20,813,202 votes; NO: 9,594,425 votes; ABSTENTIONS: 64,011 votes

Agenda item 4 Resolution on the discharge from liability of the members of the Supervisory Board for the financial year 2021

König: YES: 30,378,950 votes; NO: 630 votes; ABSTENTIONS: 92,058 votes
Zahlbruckner: YES: 30,379,773 votes; NO: 0 votes; ABSTENTIONS: 91,865 votes
Bogner: YES: 30,364,964 votes; NO: 14,396 votes; ABSTENTIONS: 92,278 votes
Burtscher: YES: 20,785,366 votes; NO: 9,594,407 votes; ABSTENTIONS: 91,865 votes
Koren: YES: 30,379,311 votes; NO: 1,628 votes; ABSTENTIONS: 90,699 votes
Leu: YES: 30,378,580 votes; NO: 1,232 votes; ABSTENTIONS: 91,826 votes
Leitl-Staudinger YES: 30,379,377 votes; NO: 1,628 votes; ABSTENTIONS: 90,633 votes
Franz Peter Mitterbauer: YES: 30,380,252 votes; NO: 1,628 votes; ABSTENTIONS: 89,758 votes
Steger: YES: 30,378,580 votes; NO: 1,232 votes; ABSTENTIONS: 91,826 votes
Stockbauer: YES: 20,785,405 votes; NO: 9,594,407 votes; ABSTENTIONS: 91,826 votes
Andorfer YES: 30,379,812 votes; NO: 0 votes; ABSTENTIONS: 91,826 votes
Pischinger: YES: 20,788,082 votes; NO: 9,594,407 votes; ABSTENTIONS: 89,149 votes
Braun: YES: 30,379,182 votes; NO: 0 votes; ABSTENTIONS: 92,456 votes
Grabner: YES: 30,379,182 votes; NO: 0 votes; ABSTENTIONS: 92,456 votes
Höchtel: YES: 30,379,182 votes; NO: 0 votes; ABSTENTIONS: 92,456 votes
Zeiss: YES: 30,379,182 votes; NO: 0 votes; ABSTENTIONS: 92,456 votes

Agenda item 5 Supervisory Board elections

TOP 5a: Leitl-Staudinger election
YES: 30,317,730 votes; NO: 22,191 votes; ABSTENTIONS: 201,016 votes

TOP 5b: Pilgrim election
YES: 30,309,854 votes; NO: 20,628 votes; ABSTENTIONS: 210,455 votes

TOP 5c: Czerny election
YES: 30,310,088 votes; NO: 20,628 votes; ABSTENTIONS: 210,221 votes

TOP 5d: Pierer election
YES: 30,206,539 votes; NO: 123,692 votes; ABSTENTIONS: 210,706 votes

TOP 5e: Bogner election
YES: 30,289,013 votes; NO: 43,890 votes; ABSTENTIONS: 211,034 votes

Agenda item 6 Resolution on the discharge from liability of the members of the Management Board for the financial year 2022
YES: 30,354,192 votes; NO: 4,845 votes; ABSTENTIONS: 181,900 votes

Agenda item 7 Election of the bank auditor for the financial year 2023
YES: 30,492,212 votes; NO: 1,709 votes; ABSTENTIONS: 47,016 votes

Agenda item 8 Election of the bank auditor for the Main Branch Slovakia for the financial year 2022
YES: 30,484,959 votes; NO: 3,777 votes; ABSTENTIONS: 52,201 votes

TOP 9: Resolution on the remuneration report
YES: 20,893,422 votes; NO: 9,595,181 votes; ABSTENTIONS: 52,334 votes

Item 10: Resolution on the revocation of the authorisation granted at the 140th Annual General Meeting of 20 May 2020 to acquire own shares pursuant to § 65 (1) 4 of the Austrian Stock Corporation Act (AktG) to the extent not used, with simultaneous authorisation of the Management Board to acquire own shares for the purpose of offering them to employees, management staff and members of the management board or supervisory board of the company or to an associated company to acquire up to 5% of the share capital for a period of 30 months as of the date the resolution is adopted at the 142nd Annual General Meeting pursuant to § 65 (1) 4 the Austrian Stock Corporation Act (AktG)
YES: 20,800,340 votes; NO: 9,598,574 votes; ABSTENTIONS: 142,023 votes

Item 11: Resolution on the revocation of the authorisation granted at the 140th Annual General Meeting of 20 May 2020 to acquire own shares pursuant to § 65 (1) 7 Austrian Stock Corporation Act (AktG) to the extent not used, with simultaneous authorisation of the Management Board to acquire own shares of up to 5% of the share capital for a period of 30 months as of the date the resolution is adopted at the 142nd Annual General Meeting pursuant to § 65 (1) 4 Austrian Stock Corporation Act (AktG)
YES: 20,799,641 votes; NO: 9,598,309 votes; ABSTENTIONS: 142,987 votes

Item 12: Resolution on the revocation of the authorisation granted at the 140th Annual General Meeting of 20 May 2020 to acquire own shares pursuant to § 65 (1) 8 Austrian Stock Corporation Act (AktG) to the extent not used, with simultaneous authorisation of the Management Board to acquire own shares of up to 10% of the share capital for a period of 30 months as of the date the resolution is adopted at the 142nd Annual General Meeting pursuant to § 65 (1) 4 Austrian Stock Corporation Act (AktG)
YES: 20,800,987 votes; NO: 9,598,574 votes; ABSTENTIONS: 141,376 votes

Item 13: Amendments to the Articles of Association
TOP 13a: Resolution on the amendment to the Articles of Association in § 11
YES: 20,678,948 votes; NO: 9,599,402 votes; ABSTENTIONS: 262,587 votes
TOP 13b: Resolution on the revision and supplements to the Articles of Association as of and including Section 5 (§§ 27 et seq)
YES: 30,273,355 votes; NO: 4,995 votes; ABSTENTIONS: 262,587 votes

Investor relations and communication

Oberbank informs shareholders in detail about its financial position and earnings performance in its quarterly and annual reports. The website www.oberbank.at also provides a continuous flow of information.
The invitation to the Annual General Meeting encourages shareholders to seek direct contact with the members of the Management Board and the Supervisory Board. Potentially price-sensitive events are disclosed through the “euro adhoc system” under “Insiderinformationen”. In the financial year 2022, Oberbank published two such disclosures.

Linz, 7 March 2023

The Management Board

CEO	Management Board Member	Management Board Member	Management Board Member
Franz Gasselsberger	Josef Weißl	Florian Hagenauer	Martin Seiter
Remit	Remit	Remit	Remit
Personnel and Accounting	Personal Banking	Overall Risk Management	Corporate and Business Banking

Compliance

Compliance

Compliance (Banking Act)

Since 1 September 2018, banks have been under the obligation to keep written records on relevant principles and procedures for discovering and mitigating risks caused by violations of the supervisory provisions by Management Board members, Supervisory Board members and by employees. Furthermore, since 1 January 2019 it has been mandatory and of extreme importance for banks to set up a permanent, effective and independent compliance function with direct access to the management (hereinafter: compliance function under the Banking Act).
The work of the compliance unit under the Banking Act is supported by high-quality IT tools. An information service unit is responsible for providing updates on supervisory requirements on an ongoing basis. Revision-proof workflows are used to evaluate the company-specific application of the new regulations and to facilitate processing by the competent expert departments.

The compliance unit (Banking Act) screened 480 standards during the reporting period and processed them a total of 1,332 times. 217 data records were classified as applicable by the departments, 11 were presented based on a materiality analysis in the monthly monitoring report to the Management Board. The implementation of six material standards was completed in 2022.

Directors' Dealings

Persons with managerial responsibilities at an issuer or related parties shall notify the issuer and FMA of every transaction conducted for their own account relating to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked thereto (Article 19 (1) MAR). The issuer must subsequently make the report public pursuant to Article 19 (3) Market Abuse Regulation. Oberbank AG published 39 such reports through the "euro adhoc system" in 2022.

Securities Compliance

Credit institutions are under the obligation to ensure that their organisation and workflows are commensurate with their structure and business activities, and must also guarantee ongoing monitoring of the proper execution of investment services and ancillary investment services. To discover potential violations of statutory provisions, Oberbank uses a computer-aided compliance tool to help mitigate risk by quickly and specifically revealing instances of malversation in exchange trading, especially market manipulation and inside dealings as well as violations of the duty of due diligence in connection with the securities business. Oberbank employees are obliged to comply with the Compliance Guidelines issued under the Austrian Securities supervision Act. Oberbank employees are trained regularly and they are made aware of the sanctions under administrative law, criminal law and labour law for violations of these Guidelines. The training courses include mandatory annual web-based training courses as well as regular in-person and online courses that are held as needed on current topics and for various target groups.

Starting out from an evaluation of securities compliance risk within the scope of a risk analysis, Oberbank has created a risk-based monitoring programme for investment services and investments activities. The risk-based monitoring activities defined therein have been fully executed and the results reported to the responsible expert departments and to the Management Board.
In the year 2022, Oberbank did not report any suspicious securities orders or transactions (Suspicious Activity Reports) to the Financial Market Authority (FMA) on the grounds of market abuse.

Anti-money Laundering Compliance

Oberbank is aware of its responsibility for complying with regulatory requirements in the area of prevention of money laundering and terrorism financing, and makes constant efforts to optimise measures and processes in this area.

These include, among other things, conducting automatic and manual audits of the customer base and of transactions, the ascertainment and checking of the economic beneficiaries according to the relevant provisions of the Beneficial Owners Register Act (WiEReG), checking and updating of customer data, checking potential high-risk customers with respect to money laundering before opening transactions subject to approval, checking the PEP and sanctions status as well as providing service-oriented advice and training to Oberbank employees.
The priorities in the year 2022 were the further optimisation of internal rules and regulations, the modernisation and standardisation of training media for all employees, as well as the sales-based design and digitisation of workflows and processes. Special attention was given to the current status and integrity of the data of existing customers, which was also the object of special monitoring and reporting. The regular further education and training of all employees is ensured by in-person and web-based training courses.
The close cooperation between the international branches and subsidiaries, on the one hand, and headquarters in Linz, on the other, was intensified in 2022. The focus was on standardising reporting and control processes, as well as on the development of rules and regulations for the entire Group. This ensures uniform standards for Group-wide strategies and procedures at the highest level and in line with the strictest standards.

Fraud Prevention
In accordance with Delegated Regulation (EU) 2018/389, Oberbank uses a dedicated IT tool for the prevention of fraud in payment services. This IT tool automatically stops suspicious transactions which are then are carefully analysed. Only after a positive outcome of the review are the transactions released. In the financial year 2022, a number of 96,311 transactions were classified as suspicious by the IT tool. Of these, 19,461 cases required confirmation of approval from the customers. In the financial year 2022, Oberbank was able to prevent a potential loss due to fraud of EUR 2.3 million for customers.

Anti-corruption
Oberbank does not tolerate any violations of anti-corruption provisions and takes appropriate action in such cases. In 2022, Anti-corruption Guidelines were approved by the plenary meeting of the Management Board that clearly present the Bank's applicable anti-corruption rules and regulations. These Guidelines increase transparency and awareness among employees for this important topic. There were no confirmed incidents of corruption in the reporting year.

Sanctions management
Oberbank’s sanctions management ensures that the relevant financial and economic sanctions as well as all supplementary regulatory requirements are complied with. A special sanctions team has been set up to deal exclusively with this topic and ensure compliance with the stricter sanctions legislation triggered by the war in Ukraine. This central unit jointly with the local compliance officers in our international markets are responsible for Group-wide compliance with sanctions. To ensure a uniform security standard and the efficiency of business transactions for Oberbank's customers, each and every transaction with a connection to Russia or Belarus was closely scrutinised. These measures made it possible to continue payments to these countries while complying with sanctions regulations.

Group Management Report

Economy suffers shock after Russian attack

While the world was still reeling from the effects of coronavirus pandemic, the next shock followed with the invasion of the Ukraine by Russian troops. The return of war to Europe was the reason for the massive rise in inflation and interest rates, especially in Europe, but also throughout the rest of the world. This sent energy prices soaring and triggered fears regarding the security of the energy supply considering the high degree of dependence on gas from Russia. The steep rise in gas prices also pushed up the price of other fuels, and therefore, it became clear early on that inflation rates would also increase sharply. Fears of a recession were the consequence and growth forecasts were revised substantially downwards.

Return of inflation

For years, central banks struggled inflation rates that were much too low. The markets were supplied with liquidity – almost to an excess. Inflation rates rose due to the aforementioned causes, not least because of the supply chain problems for many products from Asia created by the coronavirus pandemic. The inflation rates varied from country to country in the euro area by up to more than 20% and central banks were suddenly faced with new challenges. The measures taken by the central banks included the reversal of the generous liquidity provided to banks and raising of key lending rates. The two moves resulted in higher interest rates. Inflation probably peaked in the second half of the year, while rates decreased slightly around the end of the year.

End of negative interest

In the third quarter of 2022, the phase of low interest rates – which had lasted several years – and charges for negative interest came to an end. The two key lending rate hikes by the ECB in July and September sent a clear message indicating the end of this interest rate phase. In the first half of 2022, negative interest still prevailed in the euro area. The resulting high costs for banks were passed on, especially to corporate and business customers. With the end of negative interest rates, the ECB also initiated the exit from several refinancing programmes.

Major central banks adjusted interest rate

All major central banks raised their key lending rates in 2022, in some cases quite substantially. The US Federal Reserve raised the key lending rate from 0.25% to 4.5% in seven steps. The ECB was much more cautious in its moves, raising rates from 0% to 2.5%. The main bodies of the central banks pointed out their determination to fight inflation by taking further steps if necessary. Central banks faced the dilemma of deciding between fighting inflation and the risk of pushing the economy onto an excessive downtrend due to rising interest rates.

Massive movements in EUR/USD

Driven by the euphoria of rising interest rates, the EUR/USD exchange rate climbed over the parity level for the first time in a long time in the course of 2022. At the peak of the trend, the spread between the high and low rate was 15%. The EUR/USD exchange rate reached its lowest level around the end of the third quarter. The US Federal Reserve's massive interest rate hikes were supportive of the US dollar. In the last quarter of 2022, the euro started to recover – fuelled by hopes of upside potential driven by the interest rate hikes in the euro area and the signs of decreasing intensity of hikes by the US Federal Reserve. The euro also depreciated against the Czech koruna. The koruna appreciated versus the euro from levels above CZK 25 to just below CZK 24.

Only the Hungarian forint exhibited clear depreciation tendencies for most of the year. At over 425 forint per euro, the forint reached its highest value versus the euro. By way of comparison: at the beginning of 2022, the exchange rate was between 350 and 375.

2022 absolutely exceptional year for equities and bonds, bullish for 2023

Global equities and global bonds dropped in some phases by more than 20% in 2022. With respect to bonds, it was the first global bear market in 70 years. Although a bear market is nothing unusual for shares, there have only been two years in this century with losses of over 10% (financial crisis 2008 and 2002). Stock market developments were dominated by strong inflationary trends and the response of central banks, specifically, their response to higher interest rates in the US and Europe. The war in the Ukraine and its consequences also caused uncertainty regarding the energy supply and high prices for oil and gas. We believe the economy in 2023 will develop better than expected by markets, and therefore, a solid trend on bond and equity markets.

General Information on Reporting

Consolidated financial statements

The consolidated financial statements are published in accordance with the International Financial Reporting Standards (IFRS). These consolidated financial statements, prepared in accordance with internationally recognised standards, replace the consolidated financial statements under Austrian law pursuant to § 59a of the Austrian Banking Act and § 245a of the Austrian Business Code. The group management report was prepared in accordance with international accounting standards.

Oberbank group of consolidated companies

The group of consolidated companies in 2022 included, apart from Oberbank AG, 29 Austrian and 16 foreign subsidiaries. Compared to 31 December 2021, the group of consolidated companies changed as follows:

- The acquisition of Oberbank Frank Immobilienleasing GmbH, Linz, resulted in an increase in the item Receivables from customers by €k 18 and in Other assets by €k 5,316 as well as an increase in Other liabilities by €k 1,195.

ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. was included in the consolidated financial statements as a joint arrangement in accordance with IFRS 11. Apart from BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, voestalpine AG was recognised in the consolidated financial statements using the equity method.

18 subsidiaries and 13 associated companies were not consolidated; the influence of these companies on the financial position, financial performance and cash flows of the Group is of minor importance.

The reporting date for the consolidated financial statements is 31 December. Sub-group financial statements were prepared for the leasing companies included in the consolidated financial statements with reporting date 30 September to enable the timely preparation of the consolidated annual financial statements. Material transactions and changes to the composition of the Leasing sub-group in the fourth quarter were taken into account.

Segmentation

Oberbank's customer business is grouped into the segments Corporate and Business Banking, Personal Banking, Financial Markets and Other. Regionally, Oberbank's markets break down into 180 branches as follows: Austria (95 branches), Germany (46), the Czech Republic (21), Hungary (14) and Slovakia (4).
Details on the development of business and earnings in the customer segments and regions are presented in the chapters "Segment report" and "Consolidated financial statements" in this Annual Report.

Business Development and Economic Situation

Income statement in € m	2022	2021	Change
Net interest income	406.1	346.1	17.3%
Impairment charges for losses on loans and advances	-41.5	-35.7	16.2%
Net fee and commission income	206.9	192.0	7.8%
Administrative expenses	-320.3	-313.6	2.2%
Profit/loss for the year before tax	295.3	281.9	4.7%
Profit/loss for the year after tax	243.3	234.6	3.7%

War, interest and inflation influenced sentiment

In the year 2022, events happened in rapid succession. After an optimistic start at the beginning of the year, Russia's invasion of the Ukraine on 24 February shocked the western world and drove energy prices up. Subsequently, interest rate hikes and steadily rising inflation weighed down public sentiment until the end of the year. However, Corporate and Business Banking, and therefore, Oberbank's operating business, proved to be extremely resilient and grew both in terms of volume and earnings, in some cases even quite significantly.

Operating business – strong and stable

Demand for loans increased and the volume of receivables from customers went up by 4.2% to EUR 19.2 billion. This development combined with higher interest rates resulted in a rise of 17.3% in net interest income to EUR 406.1 million, an absolute record in the history of Oberbank.

The year 2022 on the stock market was overshadowed by the markedly negative year-on-year performance of interest-bearing securities and equities. Still, Oberbank improved net fee and commission income in Private Banking and Asset Management. Therefore, net fee and commission income rose by 7.8% to EUR 206.9 million – also an all-time high – driven by strong demand for services in corporate and business banking. The volatile market environment resulted in write-downs on securities measured at fair value. Income from investments accounted for using the equity method recovered in Q4 2022, but at EUR 90.7 million it was still 9.5% lower year on year.

We allocated EUR 41.5 million to charges for losses on loans and advances, which is an increase by 16.2% – but still very low level. Administrative expenses rose by 2.2% to EUR 320.3 million, which, considering the high inflation rate, is an excellent value.

Higher net profit for the year despite adverse stock markets

Therefore, despite markdowns on securities held by the Bank due to market distortions – the net profit for the year before tax improved by 4.7% to EUR 295.3 million and net profit after tax by 3.7% to EUR 243.3 million.

Higher equity strengthens Oberbank for future challenges

Shareholders' equity rose by 6.9% to over EUR 3.5 billion. At a tier 1 capital ratio of 18.3% and a total capital ratio of 20.2%, Oberbank ranks among the top performing banks in Europe. The excellent "A" rating by Standard & Poor's is further proof of Oberbank's risk-bearing capacity, stability and creditworthiness.

Profit distribution proposal

Distributable profit is determined on the basis of the single-entity financial statements of the parent of the Group, Oberbank AG. Net profit for the financial year 2022 of Oberbank AG was EUR 170.2 million. After allocation of EUR 119.0 million to reserves and including the profit brought forward of EUR 0.2 million, the profit available for distribution amounts to EUR 51.4 million. Subject to approval by the Annual General Meeting, the Management Board proposes to distribute a dividend of EUR 1.45 per eligible share. At 35,307,300 ordinary shares, this results in a distribution amount of EUR 51.2 million. The Management Board also proposes to carry the remainder of EUR 187,443.60 forward to new account.

Balance sheet in € m	2022	2021	Change
Total assets	26,798.2	27,539.7	-2.7%
Loans and advances to customers	19,192.9	18,427.9	4.2%
Primary funds	17,948.1	17,431.6	3.0%
thereof savings deposits	2,167.2	2,534.7	-14.5%
thereof securitised liabilities incl. subordinated debt capital	2,886.7	2,703.0	6.8%
Shareholders’ equity	3,546.9	3,317.9	6.9%
Customer funds under management	37,185.5	38,636.7	-3.76%

Financial position, financial performance and cash flows

Consolidated total assets decreased versus 31 December 2021 by EUR 741.5 million or 2.7% to EUR 26,798.2 million. The cause for this trend lies mainly in the cash reserve.

Balance sheet – assets

The cash reserve decreased by EUR 2,113.6 million from EUR 4,400.9 million to EUR 2,287.3 million.
The main reason was the decrease in refinancing with banks due to the early repayments of TLTRO III in an amount of EUR 1,500 million.
Loans and advances to banks increased by EUR 183.6 million or 21.0% to EUR 1,057.2 million.
Compared to year-end 2021, loans and advances to customers rose by 4.2% from EUR 765.0 million to EUR 19,192.9 million.
The increase in financial assets by EUR 473.1 million or 14.9% to EUR 3,653.5 million was due mainly to the increase in fixed-interest securities. These increased by EUR 431.4 million or 27.6% from EUR 1,563.7 million to EUR 1,995.1 million. The unexpected rise in interest rates triggered additional investments here.
Shares and other variable-yield securities decreased by EUR 89.6 million or 25.5% from EUR 351.6 million to EUR 262.0 million.
Shares in affiliated companies rose by EUR 4.1 million or 4.9% from EUR 84.0 million to EUR 88.1 million.
Investments in entities recognised using the equity method increased by EUR 98.8 million or 9.9% from EUR 1,000.8 million to EUR 1,099.6 million.
Other equity investments increased by EUR 28.4 million or 15.8% from EUR 180.3 million to EUR 208.7 million.

Balance sheet – equity and liabilities

Primary deposits increased again from EUR 17,431.6 million to EUR 17,948.1 million.
Amounts owed to credit institutions decreased by EUR 1,444.5 or 24.5% to EUR 4,448.8 million.
Amounts owed to customers rose by EUR 332.8 million or 2.3% to EUR 15,061.4 million, securitised liabilities increased by EUR 200.4 million or 9.1% to EUR 2,407.0 million, and subordinated capital decreased by EUR 16.7 million or 3.4% to EUR 479.7 million.
At EUR 319.6 million, provisions for liabilities and charges were EUR 45.2 million lower than on 31 December 2021.
Shareholders' equity rose by EUR 229.0 million or 6.9% to EUR 3,546.9 million.

Regulatory capital in € m	2022	2021	Change
Common equity tier 1 capital	3,126.4	2,971.1	5.2%
Tier 1 capital	3,176.4	3,021.1	5.1%
Own funds	3,501.9	3,353.2	4.4%
Common equity tier 1 capital ratio	18.03%	18.35%	-0.32% ppt
Tier 1 capital ratio	18.32%	18.66%	-0.34% ppt
Total capital ratio	20.19%	20.71%	-0.52% ppt

The common equity tier 1 capital ratio decreased by 0.32%-points year on year from 18.35% to 18.03%. Eligible common equity tier 1 capital increased by 5.2%.

The tier 1 capital ratio decreased by 0.34%-points year on year from 18.66% to 18.32%.
Total capital ratio decreased by 0.52%-points year on year from 20.71% to 20.19%.

Performance indicators	2022	2021	Change
Return on equity before tax[1)]	8.71%	8.88%	-0.17% ppt
Return on equity after tax[1]	7.18%	7.39%	-0.21% ppt
Cost/income ratio[2]	48.75%	49.68%	-0.93% ppt
Risk/earnings ratio (credit risk/net interest income)[3]	10.22%	10.32%	-0.10% ppt

1) Return-on-equity before/after tax shows the return on equity of the company within a defined period. The calculation is based on the ratio of the net profit before/after taxes versus the average equity available on the quarterly cut-off dates of the period and adjusted for planned dividend distributions.
2) The cost/income ratio is an indicator of efficiency and shows the costs the bank incurs to earn one euro. To calculate it, the administrative expenses for the respective accounting period are compared to operating income (sum of net interest income and net commission income, trade result and other operating income).
3) The risk/earnings ratio is a risk indicator for the lending business that indicates the share of the net interest income used to cover credit risk. For the calculation, the charges for losses on loans and advances in lending operations are compared to net interest income.

Use of financial instruments

The use of financial instruments is presented in detail in the Notes to the Consolidated Financial Statements of the Oberbank Group.

Own shares

In the reporting year, the purchase and sale of own shares took place in accordance with the authorisation granted pursuant to § 65 (1) 4 Austrian Stock Corporation Act (AktG) (repurchase programme for the purpose of offering them to employees, management staff and members of the management board or supervisory board of the company or an associated company as well as pursuant to § 65 (1) 7 Austrian Stock Corporation Act.
For the purpose of securities trading, Oberbank acquired 124,547 of its own ordinary shares, which corresponds to 0.35% or EUR 373,641.00 of the share capital, at an average price of EUR 99.32, compared to the sale of 94,099 own ordinary shares at an average price of EUR 97.18. The proceeds from the sale were allocated to working capital.
For information on the purchase and sale of ordinary shares under the share buyback programme 2022, please refer to Note 32.
On the balance sheet date, Oberbank held a total of 50,151 ordinary own shares, representing 0.14% or EUR 150,453.00 of the share capital. The highest level in 2022 was on 23 June 2022 with 89,508 shares, which is 0.25% or EUR 268,524 of the share capital.

Research and development

Oberbank develops individual financial services in finance and investment based on the needs of its customers. Oberbank does not engage in research and development in the classic sense.

Legal dispute of the 3 Banken Group with UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H.

UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H. (hereinafter: "UniCredit") made a motion at the Annual General Meeting of Oberbank in May 2019 to elect a third representative from their side to the Supervisory Board of Oberbank. The motion failed to receive a consenting vote. Subsequently, UniCredit filed a lawsuit contesting the individual resolutions adopted by the Annual General Meeting. The proceedings in this matter were closed on 20 December 2019. After Landesgericht Linz (Regional Court Linz) ruled against all lawsuits filed by UniCredit, Oberlandesgericht Linz (Higher Regional Court Linz) revised this ruling with respect to the reduction of the number of shareholder representatives from twelve to eleven adopted by resolution of the Annual General Meeting of May 2019 and declared it null and void. However, the Court did not rule in favour of UniCredit's petition for a declaratory judgment on the election of the candidate that UniCredit nominated. This decision has meanwhile become legally binding and final. The decision has no further legal effects apart from confirming that the candidate requested by UniCredit has not been elected. These proceedings do not have any relevant effects on the financial statements.

At the end of December 2019, UniCredit requested an extraordinary general shareholder’s meeting of Oberbank that was held on 4 February 2020. The motions put forth by UniCredit (special audit of all capital increases of Oberbank since 1989, termination of arbitration proceedings with Generali-3 Banken Holding) did not receive a consenting vote.
Also at the Annual General Meeting of 20 May 2020, UniCredit put forth motions requesting special audits, but these did not obtain a majority of the votes.
On the one hand, UniCredit filed an action for annulment of these decisions. On the other, UniCredit filed for a special audit with the courts regarding the motion for a special audit made at the Annual General Meeting 2020 in connection with the capital increases of BKS Bank AG (hereinafter: BKS) and Bank für Tirol und Vorarlberg AG (hereinafter: BTV) in 2018, and with respect to several special audit matters rejected at the Annual General Meeting 2020. The petition for a special audit filed by UniCredit with a court of law was partially rejected by Landesgericht Linz and with respect to the rest of the matters, the proceedings were paused until the pending civil proceedings regarding the action for annulment against the decisions adopted by the Annual General Meeting 2020 are resolved. The proceedings regarding the action for annulment were paused until the preliminary matters in connection with takeover law are clarified.
At the end of February 2020, UniCredit filed requested the Takeover Commission to review if the shareholders’ syndicate of 3 Banken Group violated the mandatory bid requirement under the Takeover Act. Oberbank is directly affected by these proceedings as a member of the syndicate with BVT and BKS Bank. The syndicates of BTV and BKS were approved by the Takeover Commission by official notices issued in 2003 which are still valid today. UniCredit claims that the composition and decision-making processes of the syndicates have changed since then and that the syndicates have expanded their weighting in votes since the year 2003 to an extent that is of relevance under the Takeover Act so as to trigger a mandatory bid.
From 27 September 2020 to 1 October 2020, three hearings before the Takeover Commission were held with extensive witness interviews. A decision is still pending.
After carefully reviewing the matter jointly with external experts, the Management Board believes that such an audit under the Takeover Act will not result in the obligation to make a mandatory bid.
No challenges were raised against the resolutions of the Annual General Meeting of 11 May 2021. No challenges were raised against the resolutions of the Annual General Meeting of 17 May 2022. At the end of June 2021, UniCredit filed new legal actions for an injunction ruling and declaratory judgment with Landesgericht Linz. The purpose of these filings was to obtain a decision with respect to the resolutions of the Management Board of Oberbank on the execution of the last four capital increases of Oberbank and with respect to the resolutions to make payments to Generali 3Banken Holding AG for the capital increases of 3 Banken stating that these were null and void, and to order the Management Board to refrain in future from making such payments or allocating shares to shareholders with mutual holdings with Oberbank within the scope of capital increases. UniCredit also brought similar actions against BKS and BTV, with Oberbank AG joining the legal action as a third party intervenor.
In the proceedings against BTV, the legal action was dismissed in its entirety in the first and second instances, therefore, these proceedings are now pending in the third and final instance with the Supreme Court. Before this backdrop, UniCredit and Oberbank have meanwhile agreed to suspend proceedings against Oberbank for the time being, and wait for the decision of the Supreme Court in the proceedings against BTV. After a careful review, the Management Board of Oberbank does not expect any relevant effects on the balance sheet from these proceedings, just as for all other pending proceedings.

Significant events since the end of the financial year
See Consolidated Financial Statements 2022 Note 2.11.

Earnings outlook for the financial year 2023

We are optimistic about the development of earnings for the rest of the current year. We are nonetheless well aware of the challenges that lie ahead in the coming months. We will be following the development of energy prices and inflation closely. The general shortage of skilled labour will be an issue of concern for some time to come not only for Oberbank, and will pose a strategic challenge to all managers. The changeover to low-resource business models will also take longer. The greatest risk for the development of the economy and capital markets is posed by geopolitical tensions, and we are watching developments very closely.

Oberbank trusts in the stability of its operating business and expects a development similar to that of the preceding year. However, Oberbank's annual result for 2023 will also be substantially influenced by the development of credit risk and market trends, therefore, a precise outlook is not possible from today’s perspective.

Consciously taking on risks is a key feature of the banking business and a prerequisite for maintaining stable business and earnings within the Oberbank Group over the long term. Oberbank AG has responsibility for defining the Group's central risk management strategy, risk management and risk controlling for the entire Oberbank Group. The basis for the risk strategy of Oberbank is the Bank's positioning as a regional bank. The Management Board and all employees act in accordance with the principles laid down in the Bank's risk policy, and decisions are made on the basis of these guidelines.

Organisation of risk management

At Oberbank, risk management is an integral element of the Bank's business policy, internal planning of strategic targets, and operational management and controlling. Central responsibility for the Bank's risk management lies with the full Management Board of Oberbank AG. Management competences as well as the share of available economic capital for a specific risk (limits) and predefined control processes are specified for every material risk within the Oberbank Group. Overall bank (risk) management is carried out by the Bank's Asset and Liability Management Committee (ALM Committee), which meets on a monthly basis and for which the Strategic Risk Management Department prepares the relevant documents. The Management Board member responsible for risk management is the chair of the Committee and has a veto right in the decision-making process relating to risk exposure.

Risk management pursuant to § 39 (5) Banking Act

The Strategic Risk Management Department meets the function required by the Austrian Banking Act (§ 39 (5) Banking Act) of a central and independent risk management unit. This unit has the complete overview of the risk types as well as the risk situation of the credit institution; it also measures, analyses, monitors and reports all material risks within Oberbank. The reporting line is to the Supervisory Board, the Management Board, the ALM Committee as well as to the respective department heads and staff. The department is also involved in the development of the risk strategy.

Internal Control System

Oberbank's Internal Control System (ICS) complies with the internationally recognised COSO Framework. There are detailed descriptions of the ICS processes and a uniform documentation of all risk-relevant processes of the bank and of the control measures. Responsibilities and functions with respect to the ICS are clearly defined. The ICS is subject to regular, multi-level reporting on effectiveness and maturity. Control activities are documented and reviewed, and ICS-relevant risks are regularly evaluated and adjusted. This ongoing optimisation process contributes to quality assurance. In its function as an independent monitoring body, the Internal Audit department of Oberbank AG audits the internal control system. It examines the effectiveness and adequacy of the ICS.

The control mechanisms of ICS with respect to the accounting process are described in the following section (Disclosure pursuant to § 243a (2) Austrian Business Code).

Responsibility for bookkeeping and accounting with the related processes is part of the Accounting and Controlling department. Some sub-processes are part of Strategic Risk Management. The Internal Audit department conducts the statutory audits as an independent unit. Within the ICS, all processes are checked when the financial statements are prepared and the related risks are identified, analysed and monitored. If necessary, measures are taken to mitigate the risks.

Control environment

In addition to compliance with statutory requirements, the code of conduct and corporate governance rules defined by Oberbank are considered priority topics. The staff involved in accounting have the knowledge and experience required for their area of responsibility.

Ongoing continuing education measures serve to ensure that know-how is constantly being improved and are the basis for the timely implementation of any innovations to accounting processes. To comply with the extensive legal regulations, there are numerous guidelines, manuals and work aids to help with daily work; these are regularly reviewed and updated as necessary.

Control procedures

Controls comprise, on the one hand, systemic controls in IT defined by Oberbank and, on the other, manual controls and plausibility checks as well as the application of the dual control principle. The IT authorisation concept implemented at Oberbank represents an additional safeguarding mechanism.

Monitoring procedures

The monitoring of accounting processes is ensured by ICS. Furthermore, heads of department and the competent group leaders exercise surveillance and supervisory functions. This entire monitoring process is audited by Internal Audit. An additional monitoring function is performed by the auditors of the consolidated financial statements and the Audit Committee.

Overall bank risk management and risk-bearing capacity calculation

At Oberbank AG, compliance with the regulatory requirements for qualitative risk management arising from the Internal Capital Adequacy Assessment Process (ICAAP) and the ILAAP (Internal Liquidity Adequacy Assessment Process) is complied with by calculating the risk-bearing capacity and by means of a reporting system and limits for liquidity management. The basis for assessing the Bank’s risk-bearing capacity is the quantification of the material banking risks and the economic capital allocated to each of them. Within the framework of the risk-bearing capacity calculation, ICAAP risk limits for material banking risks resulting from the business model of Oberbank are derived on the basis of the economic coverage capital. This is done for the credit risk (in detail, within the framework of credit risk, the default risk, the counterparty default risk, the foreign currency loan risk, the risk of credit valuation adjustments (CVA risk), the country risk and the credit risk concentrations are quantified), the market risk in the trading book, the market risk in the banking book, the liquidity risk, the operational risks as well as risks arising from the macroeconomic environment. In accordance with the recommendations of the FMA in the Guidelines on how to deal with sustainability risks, the special topics of sustainability risk in risk management are covered under primary risks. In the risk-bearing capacity calculation, the risk appetite of Oberbank is limited to 90% of economic coverage capital. The remainder of 10% is not allocated. Apart from using economic capital management as a tool for limiting risk, Oberbank controls material risks by means of processes and individual limits applied within the context of operational risk management.

Credit risk

Credit risk is understood to mean the risk of a borrower's full or partial failure to fulfil the contractually-agreed payment obligations. Credit risk associated with loans and advances to other banks, sovereigns as well as personal banking and corporate and business banking customers is the most important risk component within the Oberbank Group. Credit risk management is the responsibility of the Credit Management department. This ensures that risk assessment and risk decisions are separated from sales operations across all phases of the credit process, up to Management Board level.
The Bank's credit risk strategy is based on the regionality principle (i.e. domicile of lending customers are in the regions covered by the branch network). The principal focus is on lending to industry and medium-sized enterprises. Operational risk targets are defined jointly by the Management Board together with the head of the Credit Management department within the framework of the budgeting process and, if required, following an analysis of the business situation and current developments. Every lending decision is based on a credit rating, which is an assessment of the respective customer's creditworthiness. In Corporate and Business Banking, these assessments are performed applying credit rating processes developed using statistical methods. The same is true for the rating of existing business in the Personal Banking segment as well as for application ratings in the Personal Banking business in Austria and Germany.

Assessments are based on quantitative (hard facts) and qualitative criteria (soft facts, warning signals), which together provide an objective and forward-looking picture of a customer's creditworthiness. The rating procedures are validated annually. The resultant findings are used as a basis for the ongoing further development and optimisation of the rating system. Accepting collateral and managing it is an important component of credit risk management within the Oberbank Group. Credit monitoring aimed at averting the threat of cover shortfalls means stringent requirements with respect to the correct and up to date valuation of collateral. For this reason, the administration of credit collateral is organisationally separated from sales throughout the Oberbank Group. In Austria and Germany, this is the exclusive responsibility of the subsidiary Oberbank DL Servicegesellschaft. In the Czech Republic, Slovakia and Hungary, collateral management is done at the central back office units in Budweis and Budapest. The applicable management principles have been defined so as to guarantee the legally sound assignment of credit collateral and to ensure that, if necessary, all requirements for the rapid enforcement of claims are met.

Equity risk

Equity risk is defined as the risk of value impairments caused by dividends not paid out, impairment and realised losses as well as a reduction of undisclosed reserves caused by the risk of negative economic developments. The most important equity investments of Oberbank AG are the stakes in BKS and BTV with which it forms the 3 Banken Group. The fundamental tenet of Oberbank's equity investment policy is to acquire stakes in other companies only for reasons related to banking or sales, i.e. if their activities are a direct extension of banking activities or constitute services ancillary to banking. Where new equity investments are to be made, analyses are performed in order to gain as complete a picture as possible of the entity's earning power, strategic fit and legal position. The default risk associated with equity investments is quantified in the context of the credit risk within the framework of ICAAP.

Market risk

Market risk is defined as the risk of possible losses arising due to changes in value as a result of movements in prices and interest rates on financial markets. Market risk is centrally managed by Oberbank AG and includes the Bank's foreign business units as well as its fully consolidated subsidiaries. Within Oberbank, the management of market risks is split between two competent bodies, which manage these risks within the framework of the limits assigned to them. The Treasury & Trade department is responsible for managing the market risks of trading book positions, the interest rate risk in the money market trading book, and the foreign currency risk of the entire Oberbank Group. The Strategic Risk Management department is in charge of daily limit control as well as reporting on the risk and earnings situation to the Management Board and to Treasury & Trade. The ALM Committee is responsible for managing the interest rate risk of long-term positions (rate commitments >12 months) for the currencies EUR, USD, CZK and HUF as well as for credit spread risk.

Macroeconomic risk

Macroeconomic risks are defined as potential losses resulting from changes in the macroeconomic environment (deterioration of real GDP growth rates, substantial rise in unemployment and the number of insolvencies, decline in equity prices and the real estate market, etc.).

Operational risk

Operational risks are an inseparable part of banking operations. This term refers to the risks that affect the operations of the Bank.

Oberbank defines operational risks as the risk of losses incurred as a result of the inappropriateness or failure of internal procedures and systems, human error or external events. A committee with responsibility for the management of operational risks has been set up at Oberbank. This committee oversees the management process of operational risks and is responsible for the ongoing improvement of this process and the revision and adjustment of the applied methodology.

The management of operational risks is performed by the respective operating departments and the regional sales units (risk-taking units) responsible for operational risk in connection with products and processes within their respective spheres

of responsibility. The electronic logging process supports the recording of information regarding nascent operational risks. Systematic risk analyses form the basis for the steering and further development of operational risk management. These are conducted in the form of risk assessments that comprise regular surveys and the quantification of potential operational risks, as well as by evaluating instances of loss or damage as recorded in a special database and monitoring the key risk indicators.
Concrete measures have been taken to hedge against any major risks identified in the risk analyses (e.g. insurance policies, IT contingency plans, backup data centre). Based on the increasing significance of digitalisation, IT risks and cyber risks play a key role among operational risks. The strategy of the bank in this case consists of ensuring a state-of-the-art level of security. This is achieved operationally by 3 Banken IT GmbH which has been charged with the implementation.

The **risk from money laundering and terrorism financing,** which is also included in the operational risks, is mitigated by measures such as staff training, automated and manual transaction monitoring and by setting thresholds that trigger a review of the origin of funds in the cash system.

Liquidity Risk

Liquidity risk (or refinancing risk) is defined as the risk of a bank being unable to meet its present and future payment obligations fully and on schedule or having to raise additional capital at higher cost. The primary objective of liquidity management therefore is to ensure the availability of sufficient liquidity at all times and to optimise the Bank's refinancing structure in terms of risk and result. To limit the risk of refinancing being dependent on the volatile money markets for banks, the ratio of customer loans to total primary deposits, own issues and the deposits of the special banks handling subsidized loan schemes is restricted to a strategic limit of 110%. Oberbank holds appropriate reserves (liquidity buffer) in the form of free refinancing potential in the form of securities and loan assets eligible for refinancing with central banks as well as deposits with central banks. The adequacy of the liquidity buffer is reviewed monthly using liquidity stress tests. Furthermore, Oberbank has access to unutilised refinancing lines at other banks. A further strategic principle is the goal of having as highly diversified sources for refinancing as possible to avoid dependence on the interbank money market and capital market. This includes a proactive approach to eligible collateral when granting loans.
Treasury & Trade is responsible for the short-term, daily management of liquidity in all currencies. Daily liquidity management is done by conducting a short-term liquidity gap analysis. Strategic Risk Management prepares a forward liquidity gap analysis daily including assumptions for new business for the next 30 days that represent the net cash inflows and outflows as well as the accumulated forward liquidity gap of the bank. Furthermore, a 30-day forward liquidity gap analysis for day-to-day liquidity management is prepared based only on the contractual cash flows of Oberbank. Oberbank's long-term and strategic liquidity is the responsibility of the Management Board and the ALM Committee. The Strategic Risk Management department is responsible for reporting. A comprehensive liquidity gap analysis is drawn up for the purpose of medium and long-term liquidity risk management. A contingency plan is in place for the eventuality of extreme market conditions.

Risk concentration

Risk concentrations constitute a concentration risk with a potential to cause losses large enough to threaten the stability of a financial institution or to produce a material change in its risk profile.

A differentiation is made between two types of risk concentration:

- Inter-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures across different risk categories.

The sensitivity of Oberbank AG for the inter-risk concentration risk is assessed by means of scenario analyses performed on a quarterly basis within the context of measuring the Bank's risk-bearing capacity.

- Intra-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures within a single risk category. Responsibility for the intra-risk concentration risk therefore lies with the units responsible for the individual risk categories. Owing to the specific business model of Oberbank, the intra-risk concentration risk is a crucial factor especially in credit risk. The intra-concentration risk in credit risk is taken into account within the framework of the risk-bearing capacity calculation. Concentration risk is managed by means of country limits, large-loan limits and portfolio limits.

Risk of excessive indebtedness

Oberbank measures the risk of incurring excessive debt by calculating the debt ratio (leverage ratio) pursuant to Article 429 CRR. An internal limit of 4% was defined for the debt ratio for the purpose of effectively controlling this risk.

Sustainability risk (ESG risk)

Sustainability risk comprises physical risks that result from extreme weather events and transition risks that result from the transition to a low-carbon economy. In accordance with the FMA recommendations in the Guidelines on how to deal with sustainability risks, the special topics of sustainability risks in risk management are covered under primary risks.

Strategy 2025: Focus on employees

A key factor for Oberbank's lasting success is its committed, competent and sales-oriented staff. Therefore, employees are at the focus of the Strategy 2025. After a systematic analysis, strategic fields of action were defined for the period until 2025. Values such as trust, competence, passion and cohesion create the framework for human resources work.

To be well-prepared to meet the future challenges, work concentrated on a transformation process in the area of Human Resources. Furthermore, we are constantly working to improve employer branding and communicate our commitment as an employer both internally and externally. In 2022, the first survey was conducted as part of the Employee Experience Initiative. The purpose of the survey was to give employees a chance to express their views.

Additionally, a HR day was organised in 2022 with the full Management Board and all heads of business areas and departments. The rules governing HR work adopted in 2021 that include leadership principles and HR standards were analysed against the background of a changing work environment. In a last step, the participants each defined their areas of focus for implementation in 2023.

Coronavirus

The measures taken by Oberbank proved successful and the Bank was able to return to normal operations to a large extent in the course of the year. Oberbank's rules are designed to prevent contagion of other employees in the event employees and persons near them are infected. Training courses were attended in person and in blended-learning formats. Therefore, employees were able to continue expanding their knowledge even under such difficult conditions. To enhance the sustainability of training options, we introduced new learning methods and media.

Oberbank is an attractive employer

Oberbank is considered a very attractive employer. This is highlighted not only by the many positive reviews on kununu, but also a recommendation rate of 94%. Oberbank belongs to the exclusive group of 5% of companies that have been awarded the title "Top Company", and also for a second time after 2022. In addition to the title "Top Company 2023", the Bank also received the "best workplace award". In an international comparison of the German-speaking region (Germany-Austria-Switzerland), Oberbank ranks among the top 10 corporations (>250 employees). Oberbank performs significantly better than the industry average in the banking sector. The awards underline the pioneering role of Oberbank as an attractive employer.

The economic success of Oberbank and its independence, the exciting challenges, internal career opportunities, excellent working climate, and work-life balance (recertification audit 2020 "berufundfamilie") make Oberbank a strong employer brand. The appeal of Oberbank as an employer is highlighted by the average employment period of around 13.3 years despite the Bank's strong expansion in the past years, and therefore, shows quite new employment contracts.

Oberbank opens day care for small children

One measure implemented by Oberbank to enable a good work-life balance was the opening of the childcare facility "Kinkis Nest". The day care centre is currently attended by 14 children. In total, Oberbank invested some EUR 500,000 for renovation and new facilities. Parental leave management, individual part-time work models, financial support for childcare and supervised holiday weeks for children are additional measures taken to achieve the goal of being the most family-friendly bank in Austria.

Family-friendly company since 2011

Since 2011, Oberbank has been obtained the "berufundfamilie" seal of quality as a family-friendly company. Oberbank is distinguished for its programmes to promote women and for its unwavering family-friendly strategy. Additionally, Oberbank makes a broad range of modern social benefits available to its employees such as reduced-cost lunches, holiday facilities and allowances for public transport.

Zertifikat seit 2011
audit berufundfamilie

Recruiting and training

In order to continue to attract the best salespersons and specialists, Oberbank uses the method "recruiting through all channels" and relies strongly on recommendation management for customer business. Not only by using the digital tool AHOI to recruit new employees, we acquired more than 80 new employees through recommendations. This corresponds to a share of 23% of total recruitment in 2022.

Constantly changing framework conditions require lifelong learning and high-quality digital further education. Therefore, we concentrated efforts on enlarging the range of web-based courses, live online training courses, web events, training videos, eBooks and eTesting. We offer our in-house certification series for the segments Personal Banking and Corporate and Business Banking also as blended learning offers and exclusively online formats without reducing quality. Furthermore, our sales staff is supported by regular on-site training at the branches. The number of training days increased from 5.16 in 2021 to 5.33 days per employee. In 2022, some EUR 1.84 million were invested in further education courses. A large share of the increase versus 2021 was due to the training focus on sustainability and leadership development.

General banking

The concept and implementation of the General Banking Academy marked the start of the largest recruitment and training campaign in Oberbank's history. In line with the requirements of potential and current employees, the role profile in retail banking was completely redesigned. Oberbank's promise to employees is a clear commitment to offer training courses of high quality to help attendees attain their best performance. Thus, all employees are in a position to provide advisory services efficiently from day one.

Employee Participation Foundation (Mitarbeiterbeteiligungsstiftung)

Making it possible for employees to participate in the profits is one of our promises as an employer. To deliver on this promise, the company relies on performance-linked pay and its own Employee Participation Foundation. Since 2018, this has made it possible for employees to participate in Oberbank's success. The Employee Participation Foundation was endowed by Oberbank for the fifth time in 2022. For the first time, the Foundation transferred around EUR 10.0 million in the form of own shares to the employees. Full-time employees, irrespective of their function, received shares in an amount worth EUR 4,500, and part-time employees received the prorated share.

Succession planning and management

Consistent and respectful management practices are a key factor for the loyalty of employees and for Oberbank's lasting success. Therefore, management positions are filled mainly from within the bank. In this manner, we filled at least 88% of management positions from within our own ranks in 2022. This secures our vision of independence and Oberbank's business model. The great significance of HR work for the Strategy 2025 has made the annual management by objectives (MbO) talk even more important. The MbO talk has a clear focus on development, management and agreed objectives. Oberbank Management Academy, in cooperation with LIMAK Austrian Business School, provides training in the defined management standards and in the necessary skills. The Academy was successfully changed over to a blended-learning concept in 2021.

"Chance 2030 – with gender balance to greater diversity"

The project started in 2019 "Chance 2030 – with gender balance to greater diversity" has the objective of achieving gender balance in management. The project provides key support for achieving the upcoming generational change on the management from within the company's own ranks. By rigorously following our strategy in the areas of internal recruiting, development of potential and employee leave management we achieved our milestone for 2022 of a 25.2% ratio of women in management, even surpassing it by 2.0%. Oberbank is on a solid path of achieving the long-term goal of a 30% ratio of women in management positions by 2025. Oberbank is on a solid path of achieving the long-term goal of a 30% ratio of women in management positions by 2025.

"Aktie Gesundheit" ("Health Share")

"Mens sana in corpore sano – a healthy mind in a healthy body": a well-known saying that is very important to Oberbank and has been implemented since 2010 in the project "Aktie Gesundheit". This project is based on three pillars: movement, nutrition and mental fitness and was developed under the aspect of sustainability. Many colleagues from all of Oberbank's country participate. Additionally, health ambassadors are promoting the project in all business areas and central departments: This is just one of the measures initiated by Oberbank that helped it earn recertification under the "Betriebliche Gesundheitsförderung" quality seal. The traditionally very high health ratio was 95.6% in 2022.
The implementation of preventive measures, which were defined on the basis of the survey on mental stress conducted in 2021, continued to progress with a focus on structural improvements as well as individual measures in the business areas and departments. A special project was launched to make the position of head of branch more attractive.

Employee experience

The Employee Experience Initiative created by Oberbank enables the Bank to receive feedback from employees via four channels (Pulse Check, Always On Button, Employee Lifecycle Survey and Engagement Survey). The results are evaluated scientifically and reveal how employees experience the Bank. Recently, an engagement survey was conducted with a response rate of more than 75%. The next step is to learn from the regular feedback received and derive the appropriate measures. This strengthens and improves the loyalty and commitment of the staff.

Managing person-related risks

The principal human resource risks (staff availability, compliance with labour laws and employment practices, staff conflicts, criminal acts and unauthorized activities by employees) are systematically monitored, recorded and evaluated.
Monitoring key risk indicators permit us to take measures in a timely manner to eliminate or mitigate risks.

Number of employees of the Oberbank Group

The average headcount of the Oberbank Group (employees, full time equivalents) decreased by 18 persons to 2,134 in 2022. The decline was due to changes in corporate customer assistance, a decrease in retail banking in Slovakia, further centralisation in sales and higher efficiency. Additional staff was hired for branch expansion and at the head office, in particular, for the areas of sustainability and risk management.

Oberbank takes sustainability into account in all aspects of its business and operations. The Sustainability Report (Directive 2014/95/EU) is available at www.oberbank.at/Nachhaltigkeit.

Governance focused on sustainability

Oberbank's business policy is based on the principles of good corporate governance and transparency, and is geared towards sustainable and long-term objectives. The primary corporate goal of guaranteeing the Bank's independence is achieved by sustainable earnings and a prudent risk policy. Oberbank has implemented a sustainability organisation and established the sustainability as a topic throughout the Bank at all levels of responsibility.

Commitment to the Austrian Code of Corporate Governance (ÖCGK)

As a listed company, Oberbank AG is committed to the Austrian Code of Corporate Governance (ÖCGK), which serves as valuable guidance for developing internal mechanisms and rules. The Supervisory Board of Oberbank issued its first declaration of conformity at its meeting of 26 November 2007. Ever since, Oberbank has complied with the respective, current version of ÖCGK.

Sustainable risk management

Knowingly assuming risks is a key element of the banking business. Oberbank AG is responsible for the definition, the implementation, the management and controlling of the risk strategy throughout the Oberbank Group. The Management Board and employees act in accordance with the principles laid down in the Bank's risk policy, and decisions are made on the basis of these policies and guidelines. Assessing the sustainability risks of our customers and in our loan portfolios is part of risk management at the Oberbank Group.

Employees

The employees invest their time, knowledge and hard work in Oberbank. To make sure that employees do not reduce their investment, Oberbank must remain an attractive employer that offers meaningful work. This includes not only fair remuneration and social benefits, but also development and career opportunities, equal treatment, a good work-life balance and participation in the company's profits.

Responsibility in product design and lending policy

Developing the product portfolio with a view to sustainability is part of Oberbank's corporate profile. A sustainable lending policy and the effective management of sustainability risks in the loan portfolio are the greatest leverage points for ensuring Oberbank's contribution to the sustainable development of society and the environment. Credit institutions play a key role in the transition to a low-carbon economy. In line with the European Union's "Action Plan: Financing Sustainable Growth", the goal is to intensify direct capital flows into sustainable investments.

Ecological responsibility

Using resources responsibly is part and parcel of corporate social responsibility. Oberbank strives for the highest levels of environmental compatibility in all its operations, processes and products. Above all, in building and energy management, business travel planning and procurement, Oberbank's policy focuses on environmentally-compatible approaches, and therefore, also on lowering costs over the long term. The environmental management system is certified under the EU's Eco-Management and Audit Scheme (EMAS).

Social responsibility

Oberbank can only achieve economic success if it lives up to its social responsibility. Oberbank's social engagement means it takes measures that promote a positive development of society, thereby also securing the sustainability of its business model. In this context, Oberbank focuses primarily on activities in its regions.

Share capital, share denomination and authorised capital

On 31 December 2022, the share capital of Oberbank AG was EUR 105,921,900 divided into 35,307,300 registered ordinary shares under ISIN AT0000625108.

Share buyback

The Annual General Meeting authorised the Management Board of Oberbank AG to acquire the company's own shares in an amount of up to 5% each of the share capital for securities trading purposes and for the purpose of passing them on to employees of the Oberbank Group as well as up to 10% of the share capital for no defined purpose. The corresponding approval of the supervisory authority in accordance with the provisions of the Capital Requirements Regulation (CRR) has been obtained.

Syndicate agreement and shares vested with special rights of control

There is a syndicate agreement between Bank für Tirol und Vorarlberg Aktiengesellschaft, BKS Bank AG and Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H. to secure the independence of Oberbank AG. In this agreement, the members of the syndicate have agreed to jointly exercise their voting rights and have granted each other mutual pre-emptive rights. Beteiligungsverwaltung Gesellschaft m.b.H (BVG) and BKS Bank AG entered into a subordinating syndicate agreement effective as of 7 November 2020.

Shareholder structure and employee stock ownership

The largest single shareholder of Oberbank on 31 December 2022 was CABO Beteiligungsgesellschaft m.b.H. with a stake of 23.76%. Bank für Tirol und Vorarlberg Aktiengesellschaft Bank für Tirol und Vorarlberg Aktiengesellschaft held 16.45% (including BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H.), and BKS Bank AG 14.74% (including a subordinating syndicate agreement with BVG). G3B Holding AG held 1.62% and Oberbank employees 4.48% of shares.
A large portion of voting rights of Oberbank employees are held by the syndicate Oberbank-Mitarbeiterbildungs- und Erholungsförderung registrierte Genossenschaft mit beschränkter Haftung. Furthermore, BOB Mitarbeiterbeteiligungsgenossenschaft e.Gen. exercises voting rights for a special part of the employee shareholders by way of proxy votes in accordance with the corresponding instructions. Oberbank Mitarbeiterbeteiligungsprivatstiftung exercises the voting rights at the Annual General Meeting uniformly that are attached to the shares transferred by the beneficiary employees to this foundation, with these shares being held and managed under a fiduciary arrangement.

Appointment of boards and officers, and change of control

There are no further rules and regulations with regard to the appointment and dismissal of the Management Board and the Supervisory Board or amendments to the Articles of Association above and beyond those specified by the law. No single shareholder is in a position to control Oberbank AG directly or indirectly. The company is not aware of any agreements that could take effect in the event of any arranged change in control. Furthermore, no compensation agreements are in place between the company and the members of its Management Board or Supervisory Board or its employees for the event of a public takeover bid.

Linz, 7 March 2023
The Management Board

CEO
Franz Gasselsberger
Remit
Personnel and Accounting

Management Board Member
Josef Weißl
Remit
Personal Banking

Management Board Member
Florian Hagenauer
Remit
Overall Risk Management

Management Board Member
Martin Seiter
Remit
Corporate and Business Banking

Segment Report

Segmentation and Overview
Corporate and Business Banking
Personal Banking
Financial Markets
Other

Segment Report
Segmentation and Overview

Oberbank's operating activities are grouped into the segments Corporate and Business Banking, Personal Banking, Financial Markets and Other (primary segments).

The Corporate and Business Banking segment serves businesses (large corporates, SMEs and micro-businesses) and self-employed persons. The Leasing sub-group is also included in this segment.

The Personal Banking segment includes business with wage and salary earners, and private individuals.

The Financial Markets segment covers earnings from equity investments and trading activities as well as net interest income from spread transactions and structural earnings.

The segment Other includes income and expense items that cannot be meaningfully assigned to any of the other segments, including overheads classified as staff costs and other administrative expenses as well as depreciation and amortisation.

A breakdown by secondary segments is not required, because neither profit contributions nor allocable assets reached the 10% thresholds specified by IFRS.

Segment overview 2022 in €m	**Corporate and Business Banking**	**Personal Banking**	**Financial Markets**	**Other**	**Consolidated income statement 2022**
Net interest income	340.0	96.9	-30.9	0	406.1
Income from entities recognised using the equity method			90.7		90.7
Charges for losses on loans and	-20.4	-13.3	-7.7	0	-41.5
Net fee and commission income	119.7	87.2	0	0	206.9
Net trading income	-0.2		6.3		6.1
Administrative expenses	-172.2	-107.1	-10.9	-30.1	-320.3
Other operating income	-0.0	1.2	-41.0	-12.7	-52.6
Extraordinary profit/loss					
Profit/loss for the year before tax	266.9	64.8	6.4	-42.9	295.3
Return on equity before tax (RoE)	13.4%	17.8%	0.6%		8.7%
Cost/income ratio	37.5%	57.8%	43.6%		48.8%

As a regional bank, Oberbank has a geographically limited catchment area. Consequently, there is no segmentation of business by region as it would be immaterial.

The equity allocated to the segments has been measured since the financial year 2016 on the basis of the average ten-year swap rate calculated for the last 120 months and recognised in net interest income as income from equity investments. The distribution of the equity capital allocated is done in line with regulatory capital requirements for the segments.

Corporate and Business Banking

Corporate and Business Banking in €m	2022	2021	Change
Net interest income	340.0	275.2	23.6%
Income from entities recognised using the equity method			
Charges for losses on loans and advances	-20.4	-24.4	-16.4%
Net fee and commission income	119.7	106.9	12.0%
Net trading income	-0.2	-1.0	-82.5%
Administrative expenses	-172.2	-167.0	3.1%
Other operating income	0.0	-2.1	-98.3%
Extraordinary profit/loss			
Profit/loss for the year before tax	266.9	187.6	42.3%
Contribution to profit for the year before tax	90.4%	66.6%	23.8% ppt
Average credit and market risk equivalent (Banking Act)	11,776.3	10,983.3	7.2%
Segment assets	15,416.3	14,736.0	4.6%
Segment liabilities	10,781.4	10,765.7	0.1%
Average allocated equity	1,990.9	1,892.6	5.2%
Return on equity before tax (RoE)	13.4%	9.9%	3.5% ppt
Cost/income ratio	37.5%	44.1%	-6.6% ppt

Development of business in 2022

In Corporate and Business Banking, net profit for the year rose by 42.3% to EUR 266.9 million in 2022.
Net interest income rose by 23.6% to EUR 340.0 million, and net fee and commission income by 12.0% to EUR 119.7 million.
Charges for losses on loans and advances decreased to EUR 20.4 million after EUR 24.4 million in the preceding year.
Administrative expenses rose by 3.1% to EUR 172.2 million, while other operating income was EUR 0 million, after EUR -2.1 million in the preceding year.
RoE rose to 13.4%, and the cost/income ratio improved to 37.5%.

Commercial loans

The volume of commercial loans of Oberbank rose in 2022 by 5.0% to EUR 15,124.3 million. Due to the excellent equity situation of Oberbank, it was able to continue supplying its corporate and business customers with sufficient funding.

Government subsidies for investment activity, environment, innovation and coronavirus financial aid

In 2022, Oberbank submitted 1,347 customer projects for subsidies for investment, environmental and R&D&I activities in Austria, Germany, the Czech Republic, Hungary and Slovakia, which is an increase of 13.9% compared to three years before the coronavirus pandemic. This resulted in a rise in the total volume of subsidised loans granted in all of Oberbank markets by 14.6% to over EUR 1.9 billion compared to the level on 31 December 2021.

Structured finance

Compared to the preceding year, demand for structured finance solutions was on a slight downtrend in 2022. The somewhat lower demand affected all finance segments equally. In this context, it is pointed out that both the number of business transactions processed and the project volumes remained at a very high level in a multi-year comparison. Therefore, we supported customers with more than 50 transactions and a total financing volume of around EUR 750 million. About half of the loan volume extended was used to finance real estate projects. Important contributions also came from loans for M&A, expansion plans and tourism.

Private equity and mezzanine capital

In the year 2022, the Oberbank Opportunity Fund received 143 enquiries and the high level of the preceding year was surpassed again. In times of economic uncertainty, the significance of mezzanine finance and private equity (shareholders' equity) as financial instruments on the balance sheets of companies is increasing. Since its inception, the Oberbank Opportunity Fund has handled 109 transactions and ten add-on investments with equity and/or mezzanine capital, and high yield capital and granted approximately EUR 331 million in loans. The Fund concentrates on established companies in the later stages of development. To close the gap to early stage finance, Oberbank invested in the high-tech fund operated by the province of Upper Austria. A very profitable business segment is also the area of investments in private equity and mezzanine funds managed by third parties, which support our own regional and strategic investments and have generated very high returns to date.

Payment services

Despite the general uncertainty caused by the war in the Ukraine and the extreme inflationary developments, income from payment services in Corporate and Business Banking increased by 13.2% year on year.

The number of SEPA instant payments processed rose significantly compared to 2021. This resulted from the fact that the two SEPA instant payment clearing houses (EBA, TIPS) have been mutually accessible to customers of the respective other clearing house since April 2022.

Its benefits (money transfers within 10 seconds, available 24/7) leads us to expect a continued rise in the number of transactions using this modern payment method. By contrast, transactions using checks have been declining in Austria for many years, and therefore, national cheque clearing operations were discontinued at the end of the year. The online customer portal has become even more attractive, because customers can now integrate accounts from other banks via the PSD2 interface.

To promote sustainability, an initiative to reduce account statements in paper was launched at the end of the year. The goal is to eliminate the transportation of paper statements within the Bank.

Syndicated loans and international lending

With respect to syndicated loans, special loans and promissory notes, there was a slight increase of around 3.4% in total outstanding loans versus the balance sheet date of the preceding year, and the volume amounted to EUR 2.09 billion. The higher volume of loans contrasts with a slight decline in transactions. This development resulted from the situation that a number of large-volume transactions were carried out in the preceding year, especially with participation in syndicated loans. The largest single transaction was for a volume of EUR 150 million. We again acquired new mandates as arranger and syndicate leader. In total, the syndicated loans team managed 68 loan tranches as syndicate leader on the reporting date. As regards promissory notes, selected transactions of Austrian and German issuers with high credit ratings were subscribed to in the financial year 2022, and we also participated in ESG-linked promissory note issues to support sustainability.

International business

According to the OeNB, the outlook for global economic growth remains mixed. Due to the war, the energy crisis and inflation, the OECD estimates global growth to recover slightly to 2.7% only in 2024. There are many reasons for this including expectations of further interest rate hikes, plunging confidence and uncertainty regarding the energy supply. However, global supply chains also remain topical for business. In Europe, inventories were successively built up to guarantee the ability to deliver. Now this inventory build-up faces flattening demand. On the other hand, economic indicators for China are exhibiting a gradual upward trend.

In this environment, customers benefited from Oberbank's extensive range of hedging and finance instruments combined with a global network of selected correspondent banks. Oberbank provides reliable help to its importing and exporting customers with international business providing advisory services tailored to their needs.

Documentary business and guarantee transactions

In times of increasing global uncertainty, the hedging of international transactions remains a decisive component for success in cross-border business. The first positive signs came from the return of shipping costs for sea container transport to normal levels in the second half of 2022. The documentary and foreign guarantee business developed very well again in 2022. In the year 2022, the volume of hedging business for international transactions increased by 10%. This shows that Oberbank's expertise in hedging international transactions is clearly highly sought-after, especially in challenging times.

Export finance

Even in a setting of rising interest rates, OeKB's subsidized working capital finance schemes remain highly attractive. The market share of subsidised working capital loans extended to large corporates under the OeKB’s KRR refinancing scheme is over 11% highlighting this trend. Additionally, the market share for subsidised working capital loans for SMEs under the OeKB’s Export Fund procedures increased to over 11.8%. The investment activity of exporting companies was affected by the fluctuations in demand. Our comprehensive advisory activities and focus on the needs of exporters which helped us increase our market share in OeKB-refinanced domestic investments to over 11.7% in a half-year comparison.

Factoring

The positive trend in the acquisition of new customers and in volumes continued for the seventh year of operation and was highly satisfactory in 2022 as well. The recent increase in factoring revenue by 31.0% and the positive feedback from clients reflected this development.

Leasing

Despite the fluctuations in capitalised new business volume per quarter, the trend in the past business year was very good. With a volume of new business of EUR 1,018.6 million, revenues exceeded EUR 1 billion for the first time in the company's history. Thus, Oberbank exceeded the results of the preceding year by EUR 179.2 million or +21.4%.

The main driver of this uptrend was Germany, but there was also significant growth in Austria and the CEE countries. Based on this development in new business, the volume of receivables from customers increased by EUR 147.3 million or 6.01% year on year.

Personal Banking in €m	2022	2021	Change
Net interest income	96.9	64.4	50.4%
Income from entities recognised using the equity method			
Charges for losses on loans and advances	-13.3	-3.7	> 100
Net fee and commission income	87.2	85.1	2.5%
Net trading income	0.0	0.0	
Administrative expenses	-107.1	-105.4	1.6%
Other operating income	1.2	7.0	-83.4%
Extraordinary profit/loss			
Profit/loss for the year before tax	64.8	47.4	36.8%
Contribution to profit for the year before tax	22.0%	16.8%	5.1% ppt
Average credit and market risk equivalent (Banking Act)	2,150.7	2,054.6	4.7%
Segment assets	4,155.0	4,104.7	1.2%
Segment liabilities	7,231.4	6,976.5	3.7%
Average allocated equity	363.6	354.0	2.7%
Return on equity before tax (RoE)	17.8%	13.4%	4.4% ppt
Cost/income ratio	57.8%	67.4%	-9.6% ppt

Development of business in 2022

In Personal Banking, profit for the year rose by 36.8% to EUR 64.8 million in 2022.
Net interest income rose by 50.4% to EUR 96.9 million and net fee and commission income was up by 2.5% to EUR 87.2 million.
Charges for losses on loans and advances amounted to EUR 13.3 million after EUR 3.7 million in the preceding year.
Administrative expenses were 1.6% higher year on year at EUR 107.1 million, and other operating income was EUR 1.2 million after EUR 7.0 million in the preceding year.
Return on equity in the Personal Banking segment rose to 17.8% and the cost/income ratio improved to 57.8%.

Retail customer deposits

The savings deposits, sight deposits and term deposits of Oberbank’s customers amounted to EUR 6,754.3 million, which is EUR 246 million or 3.6% higher year on year. In 2022, deposits on online savings products increased again year on year by 189.8% or 18.2% to EUR 1,233.0 million. By contrast, deposits on savings products decreased year on year by EUR 367.5 or by -14.5%. The number of savings passbooks decreased as well by around 22,600.

Personal loans

Despite the challenging market environment, the outstanding volume of personal loans (excluding leasing) rose by 1.3% to EUR 4,068.7 million compared to the preceding year, with the volume of new personal loans in 2022 being 15.7% lower year on year. However, demand for residential real estate loans, and therefore, new lending has dropped steeply since August 2022. The main reason is the generally deteriorated macroeconomic environment and the resultant uncertainty (higher cost of living, energy prices, construction costs and real estate prices).

Sustainable accounts

The “be(e) green” account has been awarded the Austrian Eco-Label since 2021, because sustainable projects that meet not only economic but also environmental and social criteria are financed in the amount of the balance on the respective accounts. Furthermore, with each new “be(e) green” account, Oberbank makes a contribution to the preservation of the bee population and other pollinating insects. Since the introduction of this product in 2021, 46,000 m2 of flowering areas have been created by this initiative. Additionally, the “be(e) green” savings account was introduced, which was also conferred the Austrian Eco-Label. In autumn, the sustainable “be(e) green” student account was added to the range of accounts offered. In 2022, the portfolio of personal accounts increased by 2,158 to 194,746 accounts. Of these accounts, 48,833 accounts or 25.1% are sustainable “be(e) green” accounts.

Green payments – for the environment

Documentary transfer orders with printed confirmation slips have large carbon footprint. Modern online payment transactions are not only faster and easier, but also sustainable. Electronic payment transfers are therefore classified as green payments. At Oberbank, 95% of all payments made by corporate and business customers as well as retail customers are done electronically.

Digitalisation

In 2022, the range of self-service functions was enlarged. Customers now have the option of completing the know-your-customer (KYC) process online. The eKYC process was introduced in all Oberbank markets and offers the advantage of completing administrative steps from the comfort of one's own home and saves a trip to the branch. In addition, customers can now also view accounts of other banks via the Oberbank customer portal.
Since 2022, the Oberbank Banking App has offered the option of receiving push notifications of new messages directly on smartphones so that customers do not miss important information.

Portfolio of card products

Like the “Oberbank Mastercard Klassik”, the “Oberbank Mastercard Gold” is not only equipped with extensive mobile payment features such as Apple Pay, Oberbank Wallet, SwatchPAY! and Garmin Pay, but it is of course also eCommerce–enabled and comes with comprehensive travel insurance. Internet transactions are approved conveniently in the Oberbank Security App.

On the reporting date 31 December 2022, Oberbank has 25,508 own Classic and Gold Mastercard credit cards in circulation. Including credit cards brokered to partners (credit card organisations), the total card portfolio of private and corporate credit cards issued was 70,562 cards. The total number of debit cards was 209,322 in the year 2022.

Savings in building and loan associations

In 2022, a total of 8,346 building society savings contracts were closed. This represents a decrease by 3,557 contracts or –29.9% versus the financial year 2021.

Building society loans: new all-time high again

With respect to building society loans, the strong performance of 2021 was again clearly exceeded. In 2022, Oberbank brokered a volume of EUR 80.9 million which is an increase of EUR 33.7 million or 71.4%.

Insurance services: good results, despite difficult conditions

The record level of the preceding year was not quite reached due to the difficult overall economic conditions. However, at a production value of EUR 142.0 million, the result is still good. The output in endowment insurance in the retail and corporate customer segments increased by 2.5% in Austria and Germany compared to 2021. In this segment, fund-linked and unit-linked life insurance policies were sold, as well as policies with sustainable investments. Overall, the life insurance business in Austria developed well with an increase of 1.5% compared to the preceding year. Output in the segment of accident insurance as well as the brokerage of retail and commercial property insurance increased by 8.8% year on year.

Insurance contracts - premium volume*		**YoY change**	
As at 31/12/2022	**As at 31/12/2021**	**absolute**	**in %**
€ 142.0 million	€ 148.3 million	-€ 6.3 million	-4.2%

*) Production: life insurance (premium volume) + non-life insurance (net premium for year x 10)

Securities business: new record achieved in difficult environment

The market environment for the securities business was highly challenging in 2022. The distortions on stock and bond markets were caused by the war of aggression and its subsequent effects that Russia started against Ukraine in February. The global surge in inflation as a consequence of the rise in energy prices was enormous and forced the central banks to drastically change their expansive monetary bias pursued for many years. The interest rate hikes were accordingly steep on money markets – which are more under the influence of central banks – as well as on capital markets that tend to follow inflationary expectations. For example, Austrian government bonds (Bloomberg Barclays Österreich Staatsanleihenindex in euro) decreased by 21.3%. This was even a stronger decline than the ATX share index with a drop of –19.1%. The rise in bond yields triggered the comeback of this asset class in the second half of the year. New Oberbank issues were in strong demand and yielded around 3.5% p.a. for 5-year maturities. In the course of the year, Oberbank placed EUR 145.0 million in retail bonds. 3 Banken-Wohnbaubank AG did not carry out any new issues in 2022.

The simultaneous decline in equities and bonds also affected the mixed portfolios. Only the gold and commodity components made positive contributions in the full year.

Despite the difficult circumstances, income from securities commissions went up by EUR 3.1 million from EUR 68.0 million to EUR 71.1 million or 4.6% reaching a new record in the securities business. The strongest single quarter was the first quarter, which in the beginning still had a positive outlook after the coronavirus crisis was overcome, and at the end, high transaction income due to the heavy pressure on stock markets since the start of the war.

Sustainability: many new products

The enlarged range of sustainable products by funds of 3 Banken-Generali Investment GmbH was also on the agenda in 2022. New bond funds, mixed funds and equity funds were added to the array of products. This means that all major asset classes are now covered. The share of sustainable investment funds in total investments funds sold to the public was 22.7%. Since August 2022, investors must be interviewed about their sustainability preferences. Our advisory staff was extensively trained for this. Additionally, new requirements are in place now for product selection and monitoring obligations. At the turn of the year, further requirements came into force regarding pre-contractual and post-contractual information for customers regarding sustainable products. All aspects were integrated technically into the advisory portal to ensure the best possible and legally secure clearing and settlement.

Private banking and asset management

After several years of growth, the increase in assets under management in Private Banking was interrupted in 2022 due to price drops in equities and bonds. The total volume of deposits and securities of individuals, foundations and companies decreased by EUR 0.6 billion from EUR 12.2 billion to EUR 11.6 billion.

New content was added to the Oberbank website, “#jetztvermoegen”. This section informs investors about a wide range of topics related to financial investments and more. Apart from numerous written publications, Oberbank again organised in-person events for customers in the German-speaking business areas after the restrictions during the coronavirus pandemic. An event was held again at the Oberbank Donau-Forum. The commentary series "oTon" was also placed in several media. There were also numerous video contributions under this heading.

Individual portfolio management (iPM) received several awards in 2022. Focus Money gave Oberbank the rating “outstanding", and Elite Report awarded Oberbank the designation "cum laude". The two renowned German media took a wide range of criteria into consideration. The development of volumes in iPM was also affected by market circumstances. Total volume at year-end was EUR 706.7 million, and therefore, EUR 80.2 million or –10.2% lower than in the preceding year. Apart from the three classic variants (defensive, balanced, dynamic), these are also offered in sustainable strategy variants. A special focus is placed on sustainable investment products, which are selected based on a defined ESG analysis process. Principal adverse impacts (PAIs) on sustainability factors are also considered in the “iPM nachhaltig” variant.

The brokerage service for trading-oriented equity investors recorded very strong order volumes, especially at the end of the first quarter.

3 Banken-Generali Investment-Gesellschaft m.b.H.

3 Banken-Generali Investment-Gesellschaft m.b.H. was voted the best domestic investment fund company in Austria for the sixth time in a row by the trade magazine "Börsianer" and won second place among 50 national and international companies with operations in Austria.

The volume under management of the company decreased year on year by 11.9% or EUR 1.5 billion to EUR 11.0 billion. The entire Austrian market lost 14.2%. The market share of the company at year-end was 0.1%-points higher year on year at 5.88%. Oberbank's share in the company rose again from 47.0% at year-end 2021 to 49.5% on 31 December 2021. The volume attributable to Oberbank amounted to EUR 5.5 billion. Customers made purchases in an amount of EUR 456.4 million into the segment of investment funds. Demand was particularly high for investments in Oberbank's asset management and Oberbank's premium strategies. The share of sustainable investments accounted for 22.7% of total demand.

Financial Markets in €m	2022	2021	Change
Net interest income	-30.9	6.4	
Income from entities recognised using the equity method	90.7	100.1	-9.5%
Charges for losses on loans and advances	-7.7	-7.5	2.5%
Net fee and commission income	0.0	0.0	
Net trading income	6.3	8.7	-28.3%
Administrative expenses	-10.9	-10.3	6.4%
Other operating income	-41.0	0.5	
Extraordinary profit/loss			
Profit/loss for the year before tax	6.4	98.0	-93.5%
Contribution to profit for the year before tax	2.2%	34.8%	-32.6% ppt
Average credit and market risk equivalent (Banking Act)	6,128.0	5,390.1	13.7%
Segment assets	7,095.5	8,595.4	-17.4%
Segment liabilities	8,321.8	9,285.8	-10.4%
Average allocated equity	1,036.0	928.8	11.5%
Return on equity before tax (RoE)	0.6%	10.6%	-10.0% ppt
Cost/income ratio	43.6%	8.9%	34.7% ppt

Development of business in 2022

In the Financial Markets segment, net interest income declined to EUR -30.9 million, and income from entities accounted for by the equity method was EUR 90.7 million after EUR 100.1 million in the preceding year.
Charges for losses on loans and advances increased by 2.5% to EUR 7.7 million.
Trade income declined to EUR 6.3 million after EUR 8.7 million in the preceding year. Other operating income dropped to EUR –41.0 million after EUR 0.5 million in the preceding year.
In Financial Markets, net profit was EUR 6.4 million after EUR 98.0 million in the preceding year.
RoE dropped to 0.6%, and the cost/income ratio worsened to 43.6%.

Proprietary trading
2022 was an exceptional year with significant losses on the capital markets. The equity markets have seen similar movements often in the past, but there were also historic interest rate hikes on bond markets with the corresponding effect on bonds and swaps. There were some noticeable movements in currencies as well.
The magnitude of the movements were hardly predictable, and as a result it was hardly possible to achieve any returns worth mentioning in trading. In the end, it was possible to offset the less successful transactions and keep the bottom line at breakeven.

Primary deposits impacted by reversal of interest policy
In the first half of the year, the costs incurred by the Bank in the form of negative interest, especially for corporate deposits, were passed on to customers. However, this did not change the fact that liquidity in the market and at Oberbank was at a high level. As interest rate hikes advanced in the second half of the year, term deposits became popular again. Overall, Oberbank increased primary deposits compared to 2021.

International network of partner banks and institutions
Support for our international correspondence and network banks faced special challenges in 2022. Right at the beginning of the year, the Guidelines "Relations with Correspondent and Network Banks" were substantially adapted to meet the legal requirements of the Financial Market Anti-Money Laundering Act (FM-GwG) of the Financial Market Authority (FMA), which is the basis for cooperation with other credit institutions.

This meant tighter rules at Oberbank, both with regard to in the implementation of the know-your-customer (KYC) documentation and the review of the compliance-relevant parameters. Neither were the partner banks able to avoid these requirements. The time and expenses incurred for checking transactions, making enquiries with banks and completing questionnaires became significantly higher. In order to increase efficiency, Oberbank's international banking network was put to the test. While maintaining the full range of international services offered by Oberbank to its customers, the number of partner banks was reduced to about 960 banks in 115 countries. Despite the changes triggered by the Russia-Ukraine war, foreign trade revenues with most international markets improved significantly. The support provided to customers with international business activities, especially risk hedging, were the most frequently used services. This trend remained strong until the end of 2022.

Special topics required attention, in particular, due to the Russia-Ukraine war, such the analysis of alternative trading partners and export countries, and preparations for increasing trade relations with these countries. Likewise, in the hope that the Russia-Ukraine conflict will come to an end in 2023, options are already being considered that would offer customers opportunities to be part of the reconstruction process.

Finally, it must be mentioned that Oberbank's stable and lastingly secured network of partner banks is the foundation for the successful handling of customers' international business activities and for Oberbank's own liquidity and risk management.

Other

The shortfall for the year before tax in 2022 in the segment Other was EUR –42.9 million versus EUR –51.1 million in the preceding year.

Consolidated Financial Statements

Consolidated Financial Statements of the Oberbank Group for 2022 prepared in accordance with International Financial Reporting Standards (IFRS)

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When adding up rounded figures and calculating percentage rates of change, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded. The 'n/a' in the tables of the consolidated financial statements means that the respective provision was not applicable in the relevant financial year.

Statement of comprehensive income for the financial year 2022

Consolidated income statement in €k		2022	2021	Change in €k	Change in %
1. Interest and similar income		540,906	389,287	151,619	38.9
a) Interest income, effective interest rate method		519,165	368,102	151,063	41.0
b) Other net interest income		21,741	21,185	556	2.6
2. Interest and similar expenses		-134,846	-43,230	-91,616	> 100.0
Net interest income	(3)	406,060	346,057	60,003	17.3
3. Profit from entities accounted for using the	(4)	90,653	100,133	-9,480	-9.5
4. Charges for losses on loans and advances	(5)	-41,482	-35,713	-5,769	16.2
5. Fee and commission income		227,223	212,828	14,395	6.8
6. Fee and commission expenses		-20,361	-20,877	516	-2.5
Net fee and commission income	(6)	206,862	191,951	14,911	7.8
7. Net trading income	(7)	6,100	7,764	-1,664	-21.4
8. Administrative expenses	(8)	-320,331	-313,568	-6,763	2.2
9. Other operating income	(9)	-52,602	-14,737	-37,865	> 100.0
a) Result from financial assets FV/PL		-33,732	5,398	-39,130	>-100.0
b) Result from financial assets FV/OCI		-2,198	-1,195	-1,003	83.9
c) Result from financial assets AC		0	21	-21	-100.0
d) Other operating income		-16,672	-18,961	2,289	-12.1
Profit/loss for the year before tax		295,260	281,887	13,373	4.7
10. Income taxes	(10)	-51,973	-47,239	-4,734	10.0
Profit/loss for the year after tax		243,287	234,648	8,639	3.7
of which attributable to shareholders of the parent company and to the owners of additional equity components		242,154	233,449	8,705	3.7
thereof attributable to non-controlling interests		1,133	1,199	-66	-5.5

Other comprehensive income in €k	**2022**	**2021**
Profit/loss for the year after tax	**243,287**	**234,648**
Items not reclassified to profit or loss for the year	**34,557**	**55,234**
+/- Actuarial gains/losses IAS 19	37,244	17,147
+/- Deferred taxes on actuarial gains/losses IAS 19	-9,671	-4,287
+/- Share from entities accounted for using the equity method	19,175	11,149
+/- Value changes in own credit risk recognised in equity IFRS 9	26,563	-17,377
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	-6,294	4,344
+/- Value changes in equity instruments recognised in equity IFRS 9	-48,836	58,866
+/- Deferred taxes on changes in the valuation of financial assets recognised directly in equity IFRS 9	16,377	-14,608
Items reclassified to profit or loss for the year	**-7,473**	**5,981**
+/- Value changes recognised in equity for debt securities IFRS 9	-2,193	-107
Amounts recognised in equity	-2,758	-37
Reclassification adjustments	565	-70
+/- Deferred tax on value changes recognised in equity for debt securities IFRS 9	510	26
Amounts recognised in equity	640	9
Reclassification adjustments	-130	17
+/- Exchange differences	595	3,736
+/- Share from entities accounted for using the equity method	-6,385	2,326
Total income and expenses recognised directly in equity	27,084	61,215
Total comprehensive income for the period from net profit and income/expenses recognised in equity	270,371	295,863
of which attributable to shareholders of the parent company and to the owners of additional equity components	269,238	294,664
thereof attributable to non-controlling interests	1,133	1,199

Performance indicators	**2022**	**2021**
Cost/income ratio in %[1)]	48.75	49.68
Return on equity before tax in %[2)]	8.71	8.88
Return on equity after tax in %[3)]	7.18	7.39
Risk/earnings ratio (credit risk/net interest income) in %[4)]	10.22	10.32
Earnings per share in €[5)6)]	6.89	6.66

1) Administrative expenses in relation to net interest income, equity method, net fee and commission income and net trading income and other operating income
2) Profit/loss for the year before tax in relation to average shareholders' equity
3) Profit/loss for the year after tax in relation to average shareholders' equity
4) Charges for losses on loans and advances in relation to net interest income
5) Profit/loss for the year after tax in relation to average number of shares in circulation
6) Since no financial instruments with diluting effect were issued, diluted earnings per share were identical with undiluted earnings per share (see also Note 11).

	Consolidated balance sheet at 31/12/2022 Assets in €k		**31/12/2022**	**31/12/2021**	**Change in €k**	**Change in %**
1.	Cash and balances at central banks	(12)	2,287,322	4,400,915	-2,113,593	-48.0%
2.	Loans and advances to banks	(13)	1,057,204	873,561	183,643	21.0%
3.	Loans and advances to customers	(14)	19,192,911	18,427,927	764,984	4.2%
4.	Trading assets	(16)	56,655	37,380	19,275	51.6%
5.	Financial investments	(17)	3,653,467	3,180,410	473,057	14.9%
	a) Financial assets - FVPL		489,243	481,966	7,277	1.5%
	b) Financial assets FVOCI		594,456	414,571	179,885	43.4%
	c) Financial assets - AC		1,470,122	1,283,109	187,013	14.6%
	d) Interests in entities recognized using the equity method		1,099,646	1,000,764	98,882	9.9%
6.	Intangible assets	(18)	3,767	3,221	546	17.0%
7.	Property, plant and equipment	(19) (20)	357,389	382,622	-25,233	-6.6%
	a) Investment property		72,693	84,234	-11,541	-13.7%
	b) Other property, plant and equipment		284,696	298,388	-13,692	-4.6%
8.	Other assets	(21)	189,451	233,627	-44,176	-18.9%
	a) Deferred tax assets		1,353	1,390	-37	-2.7%
	b) Positive fair values of closed out derivatives in the banking book		39,640	102,159	-62,519	-61.2%
	c) Other		148,458	130,078	18,380	14.1%
	Total assets		26,798,166	27,539,663	-741,497	-2.7%

	Consolidated balance sheet at 31/12/2022 Liabilities in €k		**31/12/2022**	**31/12/2021**	**Change in €k**	**Change in %**
1.	Amounts owed to banks	(22)	4,448,735	5,893,338	-1,444,603	-24.5%
	a) Refinance allocated for customer loans		3,292,756	3,042,865	249,891	8.2%
	b) Other amounts owed to banks		1,155,979	2,850,473	-1,694,494	-59.4%
2.	Amounts owed to customers	(23)	15,061,355	14,728,589	332,766	2.3%
3.	Securitised liabilities	(24)	2,407,017	2,206,647	200,370	9.1%
4.	Provisions for liabilities and charges	(25)	319,621	364,802	-45,181	-12.4%
5.	Other liabilities	(26)	534,806	532,058	2,748	0.5%
	a) Trading liabilities	(27)	50,381	35,539	14,842	41.8%
	b) Tax liabilities		23,632	16,983	6,649	39.2%
	ba) Current tax liabilities		9,425	1,738	7,687	> 100.0%
	bb) Deferred tax liabilities		14,207	15,245	-1,038	-6.8%
	c) Negative fair values of derivatives closed out in the banking book		184,551	34,077	150,474	> 100.0%
	c) Other		276,242	445,459	-169,217	-38.0%
6.	Subordinated debt capital	(28)	479,712	496,368	-16,656	-3.4%
7.	Shareholders' equity	(29)	3,546,920	3,317,861	229,059	6.9%
	a) Equity after minorities		3,488,314	3,260,068	228,246	7.0%
	b) Share of non-controlling shareholders		8,606	7,793	813	10.4%
	c) Additional equity components		50,000	50,000	0	0.0%
	Total equity and liabilities		26,798,166	27,539,663	-741,497	-2.7%

Consolidated statement of changes in equity as at 31/12/2022

					Revaluation reserve								
in €k	Subscribed capital	Capital reserves	Retained earnings	Exchange differences	Reclassified debt securities IFRS 9	Equity instruments IFRS 9 not reclassified	Change to own credit risk IFRS 9 without reclassification	Actuarial gains/losses IAS 19	Associates	Equity after minorities	Share of non-controlling shareholders	Additional equity capital components	Shareholders' equity
As at 1/1/2021	**105,381**	**505,523**	**1,717,804**	**-5,663**	**242**	**112,620**	**6,128**	**-54,292**	**593,474**	**2,981,215**	**7,651**	**50,000**	**3,038,866**
Consolidated net profit			143,507	3,736	-81	44,258	-13,033	12,860	103,417	294,664	1,199		295,863
Net profit/loss for the year			143,507						89,942	233,449	1,199		234,648
Other comprehensive income				3,736	-81	44,258	-13,033	12,860	13,475	61,215			61,215
Dividend distribution			-26,409							-26,409			-26,409
Coupon payments on additional equity			-2,925							-2,925			-2,925
Capital increase													
Issuance of additional equity components													
Repurchased own shares	482		12,790							13,272			13,272
Other changes not recognised in income			49						202	251	-1,057		-806
As at 31/12/2021	**105,863**	**505,523**	**1,844,816**	**-1,927**	**161**	**156,878**	**-6,905**	**-41,432**	**697,093**	**3,260,068**	**7,793**	**50,000**	**3,317,861**
As at 1/1/2022	**105,863**	**505,523**	**1,844,816**	**-1,927**	**161**	**156,878**	**-6,905**	**-41,432**	**697,093**	**3,260,068**	**7,793**	**50,000**	**3,317,861**
Consolidated net profit			171,975	**595**	**-1,683**	-32,460	20,269	27,573	82,969	269,238	1,133		270,371
Net profit/loss for the year			171,975						70,179	242,154	1,133		243,287
Other comprehensive income				**595**	**-1,683**	-32,460	20,269	27,573	12,790	27,084			27,084
Dividend distribution			-35,306							-35,306			-35,306
Coupon payments on additional equity components			-2,925							-2,925			-2,925
Capital increase													
Issuance of additional equity components													
Repurchased own shares	-91		-3,230							-3,321			-3,321
Other changes not recognised in income			-1,365						1,925	560	-320		240
As at 31/12/2022	**105,772**	**505,523**	**1,973,965**	**-1,332**	**-1,522**	**124,418**	**13,364**	**-13,859**	**781,987**	**3,488,314**	**8,606**	**50,000**	**3,546,920**

Consolidated statement of cash flows in €k		2022	2021
Consolidated profit for the year		243,287	234,648
Non-cash positions in profit for the year and reconciliation of net cash from operating activities contained in net profit for the year			
Write-offs, impairment losses, write-ups		43,025	-23,114
Change in provisions for staff benefits and other provisions for liabilities and		-17,607	4,821
Change in other non-cash items		27,180	9,819
Gains and losses on financial investments, property, plant and equipment and intangible assets		155	-591
Subtotal		296,040	225,583
Change in assets and liabilities arising from operating activities after corrections for non-cash positions			
Loans and advances to banks		-165,320	112,982
Loans and advances to customers		-798,133	-1,182,418
Trading assets		-17,610	11,888
Financial assets for operating activities[1)]		-222,093	120,422
Other assets from operating activities		86,219	38,623
Amounts owed to banks		-1,455,736	845,173
Amounts owed to customers		394,208	1,649,870
Securitised liabilities		296,612	361,905
Other liabilities from operating activities		-266,245	-98,405
Cash flow from operating activities		-1,852,058	2,085,623
Proceeds from the sale of			
Financial assets used for investment activities[2)]		290,165	537,279
Property, plant and equipment, and intangible assets		16,296	13,730
Outlay on purchases of			
Financial investments		-509,019	-295,481
Property, plant and equipment, and intangible assets		-28,807	-32,768
Cash flow from investing activities		-231,365	222,760
Capital increase		0	0
Dividend distributions		-35,306	-26,409
Coupon payments on additional equity components		-2,925	-2,925
Cash from subordinated liabilities and other financing activities			
Issues	(28)	54,844	43,079
Other		3,738	16,196
Fund outflows from subordinated debt capital and other financing activities			
Redemptions	(28)	-30,000	-26,251
Other		-20,521	-17,142
Cash flow from financing activities		-30,170	-13,452
Cash and cash equivalents at the end of previous period		4,400,915	2,105,984
Cash flow from operating activities		-1,852,058	2,085,623
Cash flow from investing activities		-231,365	222,760
Cash flow from financing activities		-30,170	-13,452
Effects of changes in the consolidation scope and revaluation		0	0
Effects of foreign exchange rate changes		0	0
Cash and cash equivalents at the end of the period		2,287,322	4,400,915
Interest received		505,782	386,208
Dividends received		32,937	21,285
Interest paid		-91,654	-68,778
Coupon payments on additional equity components		-2,925	-2,925
Income tax paid		-48,839	-37,315

Cash and cash equivalents comprise the line item cash reserves, consisting of cash in hand and credit balances with central banks of issue.

[1)] Financial investments not intended to be held long term

[2)] Financial investments intended to be held long term

Breakdown of interest, dividends and income tax payments

in €k		Cash flow from operating activities	Cash flow from investing activities	Cash flow from finance activities	Total
Interest received	2022	478,539	27,243	0	505,782
	2021	361,627	24,581	0	386,208
Dividends received	2022	1,469	31,468	0	32,937
	2021	1,266	20,019	0	21,285
Interest paid	2022	-78,788	0	-12,866	-91,654
	2021	-55,189	0	-13,589	-68,778
Dividends paid	2022	0	0	-35,306	-35,306
	2021	0	0	-26,409	-26,409
Coupon payments on additional equity capital components	2022	0	0	-2,925	-2,925
	2021	0	0	-2,925	-2,925
Income tax paid	2022	-38,812	-6,811	-3,216	-48,839
	2021	-27,773	-6,145	-3,397	-37,315

Notes to the Consolidated Financial Statements

Introduction

Oberbank AG is Austria's oldest remaining independent listed joint stock bank (*Aktienbank*). It is fully privately owned (no state shareholders) and is listed on the Vienna Stock Exchange. Oberbank's registered office is at Untere Donaulände 28, 4020 Linz. Oberbank AG's positioning is characterised by its regional ties, its independence, its strong customer relations and its widespread presence in the regions of its markets. Oberbank offers all of the main classical banking services of a universal bank.

The Management Board of Oberbank AG signed the consolidated financial statements on 7 March 2023 and approved them for submittal to the Supervisory Board. The financial statements for the financial year 2022 were approved and released for publication on 23 March 2023.

1) Group of consolidated companies of Oberbank

In addition to Oberbank AG, the scope of consolidation in 2022 comprises 29 domestic and 16 foreign subsidiaries. Compared to 31 December 2021, the group of consolidated companies changed as follows:

- The acquisition of Oberbank Frank Immobilienleasing GmbH, Linz, resulted in an increase in the item Receivables from customers by €k 18 and in Other assets by €k 5,316 as well as an increase in Other liabilities by €k 1,195.

ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. was included in the consolidated financial statements as a joint arrangement in accordance with IFRS 11. Apart from BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, voestalpine AG was included in the consolidated financial statements using the equity method.

18 subsidiaries and 13 associated companies were not consolidated; the influence of these companies on the net assets, financial position and result of operations of the Group is of minor importance.

The reporting date for the consolidated financial statements is 31 December. Sub-group financial statements for the leasing companies accounted for in the consolidated financial statements were prepared for the period ended on 30 September to facilitate the timely preparation of the annual financial statements. Material transactions and changes to the composition of the Leasing sub-group in the fourth quarter were taken into account.

2) Summary of accounting policies

2.1) Application of IAS and IFRS

The consolidated financial statements of Oberbank AG for the financial year 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as in force and as adopted by the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC). They also satisfy the requirements of § 59a of the Banking Act and § 245a of the Business Code regarding the exemption of consolidated financial statements that comply with internationally accepted accounting principles. The going concern assumption was applied.

The following table lists standards and interpretations newly published and amended as at the balance sheet date, which were applied for the first time in the reporting period.

Standard/Interpretation	Designation	Applicable for FY from	Already adopted by EU
Annual Improvements to IFRS	Cycle 2018 - 2020	01/01/2022	Yes
Amendment to IFRS 3	Reference to Conceptual Framework	01/01/2022	Yes
Amendment to IFRS 16	Proceeds Before Intended Use	01/04/2022	Yes
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	01/01/2022	Yes

The table below shows standards and interpretations published and amended on the balance sheet date that have fully entered into effect under the IASB or partly under the EU endorsement procedure, but are not yet mandatory. These were not applied in these consolidated financial statements. Early application is not planned at present.

Standard/Interpretation	Designation	Applicable for FY from	Already adopted by EU
Amendment to IAS 1	Classification of liabilities as current or non-current	01/01/2023	No
Amendment to IAS 1	Information on accounting methods	01/01/2023	Yes
Amendment to IAS 8	Definition of accounting estimates	01/01/2023	Yes
Amendment to IAS 12	Recognition of deferred tax assets on initial recognition of an asset or debt	01/01/2023	Yes
IFRS 17	Insurance contracts	1/1/2023	Yes
Amendments IFRS 16	Lease liability for sale and leaseback	01/01/2024	No

Changes to accounting policies 2022

The **annual improvements** cycle for IFRS refer to amendments to IFRS 1, IFRS 9, IAS 16 and IAS 41. These amendments, which took effect as of 1 January 2022, had no material effect on the consolidated financial statements of Oberbank AG.

IFRS 3 "Business Combinations" has been updated so that references are now to the current 2018 Conceptual Framework for financial reporting than to the 1989 Reporting Framework. The amendments to IFRS 3 entered into force on 1 January 2022. This does not result in any material effects on the consolidated financial statements of Oberbank AG.

The amendments to **IAS 16 "Property, Plant and Equipment"** now explicitly prohibit the deduction of possible net income from the acquisition cost of an item of property, plant and equipment. If goods are produced and sold in the time an item of property, plant and equipment is being transported to its intended location or being set up for its intended operation, the income resulting from the sale of these goods and their cost of acquisition must be recognised in profit or loss in accordance with applicable standards. The amendments must be applied for the first time in the financial years starting on or after 1 January 2022. As the Group does not have any property, plant and equipment used to produce goods as part of test runs, there are no effects from these amendments on the consolidated financial statements of Oberbank AG.

The amendments to **IAS 37 "Provisions and Contingent Liabilities"** specify the costs for the fulfilment onerous contracts. All directly attributable costs are recognized as fulfilment costs.

This includes the incremental costs of fulfilling the contract (e.g. directly attributable labour and material costs) as well as allocation of other costs directly attributable to fulfilling the contract (e.g. proportionate depreciation of property, plant and equipment used to fulfil several contracts). The amendments to IAS 37 are applicable to all contracts for which not all obligations had been fulfilled by the time the amendment came into force on 1 January 2022. This does not result in any material effects on the consolidated financial statements of Oberbank AG.

The amendments to **IFRS 9, IAS 39, IFRS 7, IFRS 4** and **IFRS 16** (Phase 2 IBOR Reform) published in August 2020 are intended to ameliorate the effects on financial reporting that occur when an existing reference interest rate is replaced by an alternative interest rate. The effects of minor significance that result for Oberbank AG are presented here:
The replacement of the Interbank Offered Rates (IBOR) by a new risk-free interest rate caused a switch in the market valuation of derivatives from EONIA to €STR already as of 31 December 2021, and therefore, there were no conversion effects from this change in the financial year 2022.

The extent of the converted volumes affected by the LIBOR conversion to new reference values in the financial year 2022 > at Oberbank AG was:

in €k	CHF-LIBOR	JPY-LIBOR	GBP-LIBOR
Receivables from customers	22,252	323	0
Payables to customers	669	106	1

The USD reference values are to be converted as of June 2023; therefore, the volume of USD receivables converted to euro was €k 8,706 and the volume of USD liabilities converted to euro was €k 2,037 on 31 December 2022.

Future amendments to accounting policies

The amendments to **IAS 1 "Presentation of Financial Statements"** refer to the presentation of liabilities as current or non-current in the statement of financial position and not to the amount or timing of the recognition of assets, liabilities, income or expenses or the information to be disclosed for these items. In addition, the amendments to **IAS 1** and **IAS 8** ("Accounting and Measurement Policies, Changes in Accounting Estimates and Errors") specify the extent to which accounting and measurement policies must be explained in the IFRS notes. This amendment creates a uniform and precise definition of materiality of information in financial statements that aims to harmonise the conceptual framework for financial reporting, IAS 1 and IAS 8 as well as the IFRS Practice Statement 'Making Materiality Judgements'. The amendments enter into force on 1 January 2023. These amendments do not result in any material effects on the consolidated financial statements of Oberbank AG.

The amendments to **IAS 12 "Deferred Taxes"** restrict the scope of application of the exemption for the initial recognition of deferred taxes (initial recognition exemption). The exemption is not intended to apply to business transactions that simultaneously lead to taxable and deductible temporary differences of the same amount. No material effects are expected for Oberbank AG's future consolidated financial statements.

IFRS 17 "Insurance Contracts" establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts as well as the information in the Notes for insurance contracts and replaces IFRS 4 "Insurance Contracts" as of 1 January 2023. This amendment does not have any material effects on Oberbank AG.

IFRS 16 "Lease Liability in a Sale and Leaseback"
The amendment includes requirements for the subsequent measurement of leases under a sale and leaseback (SLB) transaction for seller-lessees. In accordance with this amendment, the subsequent measurement of lease liabilities under an SLB requires the payments expected at the beginning of the term to be determined in a way that no amount of gain or relating to the retained right of use is recognised. In each period, the lease liability is reduced by the underlying expected payments and the difference to the actual payments is recognised in profit or loss. The changes must be applied for the first time in financial years starting on or after 1 January 2024. These amendments do not result in any material effects on the consolidated financial statements of Oberbank AG, because generally the Bank does not enter into sale-and-leaseback agreements with variable lease payments.

2.2) Impact of the coronavirus pandemic on the Group
The coronavirus pandemic created enormous uncertainty in the global economy and markets in the years 2020 and 2021. The rules enacted by governments, with restrictions to freedom of movement, the closing of restaurants and shops, and production shutdowns led to an economic contraction in Austria and Europe. A number of measures were taken and financial assistance schemes introduced in the countries in which Oberbank AG does business (such as state guarantees, bridge finance, hardship funds for self-employed) as well as loan moratoria to provide the best possible support for the economy and private households during this life-threatening crisis. For this reason, the risk models being used were unsuitable for a sufficiently realistic assessment of the risk from potential loan defaults of individual customers. Therefore, a management overlay approach was applied to allocate lump-sum risk provisions for sectors severely affected by the pandemic.
In the meantime, the (government) support measures have been largely phased out, without causing any material negative effects on the quality of Oberbank AG's portfolio. At the individual customer level, risks materialised in the form of rating downgrades or defaults, which led to the recognition of risk provisions in stage 3.
According to current assessments, the Covid-19 pandemic no longer has any material impact on the credit risk situation for the 2022 consolidated financial statements; therefore, all related management overlay measures have been discontinued. Specifically, the following measures were discontinued:

- The amount resulting from the termination of the collective staging for receivables from borrowers in sectors severely affected by the Covid lockdowns (accommodation, restaurant and food service industry, travel, aerospace) was EUR 4.3 million.
- Receivables from borrowers, which were revealed to have a high degree of credit rating uncertainty due to Covid-19 based on a case-by-case analysis in Q1 2021, were also reclassified under the collective staging method, and risk provisions were recognised in the amount of the expected credit loss (ECL) in relation to the remaining time to maturity (lifetime expected loss). Ongoing monitoring in the year 2022 helped to clarify these uncertainties. The effects were either negligible or the higher default risk became clearly visible in the form of a rating downgrade or even the default of an individual client. The implicit effect from the reversal of the staging effect as a result of the monitoring of customers described was EUR 3.8 million in the year 2022.
- The reversal of collective staging for receivables from borrowers with real estate project finance covered by commercial mortgage-backed collateral resulted in income of approximately EUR 9.6 million.
- The return to the originally developed standard ECL model when using forward-looking macroeconomic information (FLI) resulted in an ECL reversal of EUR 10 million. In the standard ECL model, FLI factors are not applied to the ECL Corporates segment in the first year, as the macroeconomic factors used were already applied in the balance sheet rating and are therefore already part of the estimated probability of default of a customer. This avoids double counting of FLIs. However, during the coronavirus pandemic, the application of the balance sheet rating was adjusted to the exceptional circumstances due to the existing uncertainty, otherwise the rating of all clients in the corporate portfolio would have been downgraded due to the forecast of declining GDP. This would also have led to a flat-rate and undifferentiated increase in ECL. For this reason, the use of forecasts of hard facts in

the balance sheet rating was suspended. Customers severely impacted by the coronavirus pandemic were identified by conducting talks on their outlook and selectively downgraded as necessary. As FLI factors were no longer implicitly included in the balance sheet rating because of this, they were now taken into account in the ECL model for corporates also in the first year.

Only with respect to provisions for operational risks were “provisions for impending losses from interest deferrals under the Covid-19 moratorium" still in effect in an amount of EUR 2.6 million.

2.3) Effects of the war in Ukraine and its consequences on the consolidated financial statements

Oberbank AG does not finance any Ukrainian or Russian companies and does not hold any Ukrainian, Russian or Belarusian government bonds. Therefore, the business activities of Oberbank AG are not directly affected by the war in Ukraine.
The following statements provide updated information and explain the material aspects of the current effects of the war in Ukraine and the resulting energy crisis, high inflation and rising interest rates on the consolidated financial statements and, in particular, on the credit risk of Oberbank AG.
In the second half of 2022, the economic recovery in Austria came to an end and slipped into a downwards trend, which continued in the fourth quarter of 2022. The reasons for this are the high prices for commodities and energy caused by the war in the Ukraine as well as the resulting rise in inflation, a slowing economy along with decreasing exports of goods, as well as the tightening of monetary policy by central banks.
The federal government took new measures in the fourth quarter of 2022 to ameliorate the high energy costs and ease the burden on citizens and companies in Austria (electricity price stop, 3rd set of anti-inflation measures).
Given these government support measures and the still prevailing uncertainty over the development and consequences of the war in Ukraine, macroeconomic variables are reflected in the default rates of retail and corporate customers only with a certain delay, which makes it difficult to identify any potential deterioration in credit quality.

Oberbank AG's impairment model pursuant to IFRS 9 includes, among other things, an adjustment to the probability of default (PD) in order to take forward-looking macroeconomic data into account. The FLI model was developed with a time series that does not take these economic distortions, government support measures and extreme macroeconomic figures into consideration.

In order to take into account the expected significant increase in default risks, a collective transfer from stage 1 to stage 2 was carried out for the following sub-portfolios as a management overlay measure.

- Receivables from borrowers for which a high level of dependence on gas was ascertained during the case-by-case analyses. The risk of a renewed steep increase in gas prices or a stop to gas supplies and their potential consequences cannot be ruled out and are difficult to assess. The allocation of additional provisions increases impairment charges for performing loans by EUR 10.5 million
- Receivables from borrowers with real estate project finance covered by commercial mortgage-backed collateral in which project progress and loan repayment capability are at high risk due to the massive interest rate hikes by the ECB and prevailing high inflation rates. The recognition of additional provisions (lifetime expected loss) increases impairment charges for performing loans by EUR 9.6 million.

Collective staging portfolio as at 31/12/2022 by reason for stage transfer in €k

Item	Reason for transfer	Volume of receivables in €k	Effects of stage transfers in €k
Balance sheet assets	Collective stage transfer dependence on gas	1.079.209	6.748
	Collective stage transfer real estate projects	1.876.116	7.948
	Total	**2.955.325**	**14.696**
Off-balance sheet assets	Collective stage transfer dependence on gas	810.551	3.709
	Collective stage transfer real estate projects	234.907	1.647
	Total	**1.045.457**	**5.355**
Total		**4.000.782**	**20.051**

Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.

2.4) Consolidation Policies

All material subsidiaries under the control of Oberbank AG were accounted for in the consolidated financial statements.

- Material equity investments up to a participating interest of 50% were accounted for using the equity method (BKS Bank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft, voestalpine AG). For an entity to be accounted for using the equity method, Oberbank must be able to exert a significant influence on its business policies. The significant influence of an investor means that it has a share in the earnings of the associate, and consequently, also a share in the return on investment and in net assets. Similarly, profit distributions are not a benchmark for the Group's interest in an associate's performance. Income from an equity investment over which a significant influence is exercised is more accurately captured by taking into account the Group's share in its net profit for the year. A further elimination of income due to consolidation or own shares in the profit for the year is not done for investments accounted for using the equity method.
- For joint arrangements (ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H.), proportionate consolidation was applied in addition to accounting for own assets, liabilities, revenues and expenses.
- Subsidiaries whose effect on the financial position, financial performance and cash flows of the Group were generally of minor significance were not consolidated.
- The other investments were recognised at fair value pursuant to IFRS 9.

Capital consolidation took place in accordance with the provisions of IFRS 3 using the purchase method. Positive differences attributable to separately identifiable intangible assets acquired during a business combination were recognised separately from goodwill. The differences were disclosed on a prorated basis also for minority interests. If a useful life was ascertainable for an asset, depreciation/amortisation was applied over the assets' expected useful lives.
Intra-Group receivables and payables, expenses and income are eliminated provided they are not of minor significance. An elimination of intercompany profits was not required because there were no material intercompany profits.

2.5) Corporate acquisitions

Oberbank Frank Immobilienleasing GmbH was acquired effective 1 January 2022. This is a real estate leasing company which, pursuant to IFRS 3, was included in the consolidated financial statements for the first time in the financial year 2022.

2.6) Discretionary decisions, assumptions and estimates

These consolidated financial statements contain values whose amounts were arrived at based on discretionary decisions, assumptions and estimates.
These assumptions and estimates are based on past experience, budgets and forecasts regarding future events that appear likely from our current perspective.

Discretionary decisions, assumptions and estimates contained in these consolidated financial statements basically relate to the following items:

Risk provisions

The measurement of risk provisions depends mainly on expectations regarding future loan losses and the structure and quality of the loan portfolio. In addition, the calculation of any future charges for impairment losses requires estimates of the amounts and dates of future cash flows. More details are given in 2.8) Financial Assets and Obligations as well as Hedging Contracts and in the risk report in Note 43 et seq (credit risk).

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities cannot be measured using current stock market prices, because no sufficiently reliable publicly quoted market prices are available, model values are used. The measurement models, input parameters, the fair value hierarchy and the fair values of financial instruments are described in detail in Note 31 (Fair value of financial instruments and other reconciliation items).

Impairment losses on investments accounted for using the equity method

If there are objective indications of an impairment of a share in companies accounted for using the equity method, the recoverable amount is determined on the basis of estimated future cash flows (see also Note 2.10). Cause for an impairment test is given when the fair value drops by at least 20% below the amortised cost or if this decline persists over a period of more than nine months at a level below amortised cost. For details regarding the carrying values of interests held in companies recognised at equity, see Note 17 (Financial investments).

Impairment losses on debt securities

Debt instruments have to be tested for impairment if their fair value has dropped by at least 20% below their amortised cost and this decline persists over a period of more than nine months. An assessment is made at each reporting date as to whether any event has occurred that may have an effect on future payment flows and that can be reliably determined. If it is found that an instrument cannot be expected to recover its cost during the planned holding period, impairment has to be recognised.

Useful life of fixed assets

Plant, property and equipment and intangible assets are depreciated/amortised over their expected useful lives. For details regarding carrying values, please refer to Note 18 (Intangible fixed assets) and Note 19 (Property, plant and equipment).

Deferred taxes

The calculation for each taxed entity is carried out applying the tax rates that, under the applicable legislation, must be applied in the tax period in which a temporary difference is reversed. Deferred tax assets are recognised with respect to tax loss carry-forwards insofar as taxable profits in the equivalent amount are to be expected in the future.
For details on deferred taxes, please refer to Note 21 (Other assets).

Provisions for staff benefits

Provisions for staff benefits are calculated on the basis of expert actuarial valuations. In addition to post-employment benefits and acquired benefit rights known on the balance sheet date, expected future increases in salaries and pensions are also taken into account. Note 25 (Provisions for liabilities and charges) provides an overview of material actuarial assumptions as well as a sensitivity analysis of the effects of changes in important actuarial assumptions.

Provisions for liabilities and charges

Measuring the necessity to set aside provisions for liabilities and charges requires estimates regarding the amounts and due dates of future payment flows. Details are given in Note 25 (Provisions for liabilities and charges).

Legal dispute of the 3 Banken Group with UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H.

UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H. (hereinafter: “UniCredit”) made a motion at the Annual General Meeting of Oberbank in May 2019 to elect a third representative from their side to the Supervisory Board of Oberbank. The motion failed to receive a consenting vote. Subsequently, UniCredit filed a lawsuit contesting the individual resolutions adopted by the Annual General Meeting. The proceedings in this matter were closed on 20 December 2019. After Landesgericht Linz (Regional Court Linz) ruled against all lawsuits filed by UniCredit, Oberlandesgericht Linz (Higher Regional Court Linz) revised this ruling with respect to the reduction of the number of shareholder representatives from twelve to eleven adopted by resolution of the Annual General Meeting of May 2019 and declared it null and void.
However, the Court did not decide positively on UniCredit’s petition for a declaratory judgment on the election of the candidate that UniCredit nominated. This decision has meanwhile become legally binding and final. The decision has no further legal effects apart from confirming that the candidate nominated by UniCredit was not elected. These proceedings do not have any relevant effects on the financial statements.
At the end of December 2019, UniCredit requested an extraordinary general shareholders’ meeting of Oberbank AG that was held on 4 February 2020. The motions put forth by UniCredit (special audit of all capital increases of Oberbank since 1989, termination of arbitration proceedings with Generali-3 Banken Holding) did not receive a consenting vote.
Also at the Annual General Meeting of 20 May 2020, UniCredit put forth motions requesting special audits, but these did not obtain a majority of the votes. On the one hand, UniCredit filed an action for annulment of these decisions. On the other, UniCredit filed for a special audit with the courts regarding the motion for a special audit made at the Annual General Meeting 2020 in connection with the capital increases of BKS Bank AG (hereinafter: BKS) and Bank für Tirol und Vorarlberg AG (hereinafter: BTV) in 2018, and with respect to several special audit matters rejected at the Annual General Meeting 2020.
The petition for a special audit filed by UniCredit with the courts was partially rejected by Landesgericht Linz (Regional Court Linz) and with respect to the other matters, the proceedings were suspended until the pending civil proceedings regarding the action for annulment against the decisions adopted by the Annual General Meeting 2020 are resolved.
The proceedings regarding the action for annulment were suspended until the preliminary questions regarding takeover law are clarified.
At the end of February 2020, UniCredit filed requests with the Takeover Commission to review if the shareholders’ syndicate of 3 Banken Group violated the mandatory bid requirement under the Takeover Act. Oberbank AG is directly affected by these proceedings as a member of the syndicate with BVT and BKS Bank. The syndicates of BTV and BKS were approved by the Takeover Commission by official notices issued in 2003, which are still valid today. UniCredit claims that the composition and decision-making processes of the syndicates have changed since then and that the syndicates have expanded their weighting in votes since the year 2003 to an extent that is of relevance under the Takeover Act so as to trigger a mandatory bid.
From 27 September 2020 to 1 October 2020, three hearings before the Takeover Commission were held with extensive witness interviews. A decision is still pending.
After carefully reviewing the matter jointly with external experts, the Management Board believes that such an audit under the Takeover Act will not result in the obligation to make a mandatory bid.
No challenges were raised against the resolutions of the Annual General Meeting of 11 May 2021.
No challenges were raised against the resolutions of the Annual General Meeting of 17 May 2022.
At the end of June 2021, UniCredit filed new legal actions for an injunction ruling and declaratory judgment with Landesgericht Linz (Regional Court Linz). The purpose of these filings was to obtain a decision with respect to the resolutions of the Management Board of Oberbank AG on the execution of the last four capital increases of Oberbank AG and with respect to the resolutions to make payments to Generali 3Banken Holding AG for the capital increases of 3 Banken stating that these were null and void, and to order the Management Board to refrain in future from making such payments or allocating shares to shareholders with mutual holdings with Oberbank AG within the scope of capital increases.

UniCredit also brought similar actions against BKS and BTV, with Oberbank AG joining the legal action as a third-party intervenor. In the proceedings against BTV, the legal action was dismissed in its entirety in the first and second instances, so that these proceedings are now pending in the third and final instance with the Supreme Court. Against this backdrop, UniCredit and Oberbank AG have meanwhile agreed to pause the proceedings against Oberbank AG for the time being and wait for the decision of the Supreme Court in the proceedings against BTV.

After careful review, the Management Board of Oberbank AG does not expect these proceedings, just as all other pending proceedings, to have any relevant effects on the balance sheet.

Leases

In this field, the lessor needs to make discretionary decisions, particularly with regard to differentiating between a finance lease and an operating lease. The decisive criterion pursuant to IFRS 16.62 is that a finance lease essentially transfers all the risks and rewards from the lessor to the lessee. For further details, see Note 14 (Receivables from customers) and Note 19 (Property, plant and equipment).

2.7) Foreign currency translation and Group currency

Foreign currency translation took place in conformity with the provisions of IAS 21. Subsequently, monetary assets and liabilities not denominated in euro were translated into euro at the market exchange rates valid on the balance sheet date. Outstanding forward transactions were translated applying the forward rates valid on the balance sheet date. The annual financial statements of foreign subsidiaries prepared in foreign currencies were translated applying the ECB's mean foreign exchange rates valid on the balance sheet date for the purposes of the balance sheet and applying average rates of exchange over the year for the purposes of the income statement. The consolidated financial statements are prepared in euro.

2.8) Financial assets and obligations as well as hedging contracts

Classification – Financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which the assets are held as well as the characteristics of its cash flows (cash flow conditions).

Business model

The classes of financial assets were analysed with respect to the business strategy as well as potential divestments from which the business models were derived. The securities portfolio contains securities which are intended to be held, and therefore, this portfolio was allocated to the business model 'hold-to-collect'. Securities measured at fair value not recognised in income are allocated to the business model 'hold and sell'. Securities held in the trading book were allocated to the business model 'sell'. Lending operations, on the other hand, were all allocated to the category 'hold-to-collect'. The clear intention to hold the assets is derived from the corporate strategy of Oberbank AG. The divestments made in the past were all insignificant.

Cash flow terms

The analysis of the cash flow terms (SPPI test) examines the contractual provisions regarding interest that stipulate fixed payments of principal and interest solely on the outstanding principal.

Within the course of the implementation project, mainly loans with negative SPPI interest clauses were identified that feature asymmetric interest components or represent mixed interest rates. However, the cash flow analysis did not reveal any significant difference to standard loan contracts, and therefore, these loans will be measured at amortised cost in the future as well. Therefore, the majority of the loan portfolio does not contain any contractual clauses with negative effects from SPPI.

The implementation of a cash flow test depends primarily on the interest rate terms of the transactions. If there is a negative SPPI interest clause, a quantitative benchmark test was conducted. The outcome of the quantitative benchmark test results in the final classification of the asset. If the benchmark test is failed, the asset is recognised at fair value through profit or loss.
A benchmark product is created within the scope of the quantitative benchmark test based on an asset with a negative SPPI interest clause whose maturity conforms to the interest period. In this context, the undiscounted cash flows of both products are compared within different interest rate scenarios both cumulatively and also periodically in order to determine if the deviations exceed a critical threshold.
An exception is made for negative SPPI interest clauses required by law due to loan subsidy rules.
In the case of transactions for which there is sufficient reason to believe that the modification of the component 'time value of money' may be only of minor importance, a simplified supplementary qualitative benchmark test is conducted.
This is done primarily in the following cases:

- The transaction does not feature a binding term for the capital;
- The fixing is done a few days before the start of the interest rate period.

Measurement categories

IFRS 9 defines three important classification categories for financial assets recognition at amortised cost (AC), recognition at fair value through profit or loss (FVTPL) and recognition at fair value plus or minus through other comprehensive income (FVOCI). If financial instruments are held in a business model with the goal of retaining the assets, and if these financial instruments represent claims to interest and principal payments on agreed dates (SPPI test), these are to be measured at amortised cost. Under certain conditions, a designation at fair value is possible. This occurs at Oberbank AG when collateral is deposited for an underlying transaction in derivatives, because otherwise asymmetric valuations would result for the two financial instruments in the financial reporting.

All other financial instruments are measured at fair value. Changes in the value of these assets must be recognised in the income statement or in Other comprehensive income (depending on the business model). For certain equity instruments, it is optional to recognize changes in value under Other comprehensive income. Only dividend claims on these assets must be recognised in the income statement. Under IFRS 9, derivatives that are embedded in contracts for which the underlying is a financial asset to which the standard applies are never accounted for separately. Instead, the hybrid financial instrument is assessed in its entirety for the classification.
Loans and advances to banks are recognised at amortised cost. Loans and receivables will probably also be measured at amortised cost, because these financial instruments meet the SPPI test that applies to this type of measurement. The measurement of equity instruments is done mainly at fair value plus or minus through other comprehensive income (FVOCI).

Impairment – financial assets and contract assets

IFRS 9 is based on a forward-looking "expected credit loss" model. This calls for substantial discretionary decisions regarding the extent to which expected credit losses are influenced by changes in economic factors. This measurement is done on the basis of weighted probabilities. The impairment model pursuant to IFRS 9 applies to financial assets designated at amortised cost or at FVOCI as well as to contractual assets and off-balance sheet instruments such as guarantees and irrevocable letters of credit.

These are allocated either to stage 1, stage 2 or stage 3 on the respective measurement date depending on the change in credit risk from the time of initial recognition to the current credit risk:

- Stage 1 generally includes newly added financial instruments and those for which no significant increase in risk has been identified since initial recognition. Furthermore, all financial instruments that have an absolute defined low credit risk (rating classes AA to 1b) on the reporting date are always assigned to stage 1 as an exemption from the relative approach (IFRS 9.5.5.10). This logic is only applied to the low-default portfolio for the sovereigns and banking segments. The low credit risk exemption therefore applies to a portfolio that would generally be designated as ‘investment grade’ (average PD of rating class corresponds to S&P-equivalent ratings up to BBB-).

- Stage 2 contains instruments for which there has been a significant increase in credit risk since initial recognition. For lease contracts, an IFRS 9 option is exercised, so these transactions are always allocated to stage 2.

- Stage 3 is assigned to the non-performing portfolio. If a borrower is in default (internal rating grades 5a, 5b or 5c), the loan is assigned to stage 3. Oberbank AG applies the default definition pursuant to Article 178 of Regulation (EU) No 575/2013 (CRR) uniformly and consistently for all exposure classes and risk models. This definition is based on credit obligations being either 90 days past due or unlikely to be repaid.

The exemption from the three-stage approach are assets which are already impaired upon acquisition (so-called "POCI" assets). Under the requirements of IFRS 9, they form a separate category.

Segmentation
Oberbank AG’s loan portfolio is grouped into the following five segments in the impairment model pursuant to IFRS 9: Sovereigns, banks, corporates, SME and retail. The reasons for the segmentation are use of different estimates of the relevant credit risk parameters. The grouping into the different segments is done on the basis of the rating method selected.

The overall classification concept of Oberbank is based on qualitative, quantitative and backstop criteria.

Impairments for Stages 1 and 2
Under IFRS 9, impairments are measured based on one of the following factors:
12-month expected credit loss: Recognition of risk provisions in the amount of the 12-month expected credit loss and calculation of interest income based on the gross carrying amount applying the effective interest rate method (for stage 1 instruments).

Full lifetime expected credit loss: These are expected credit losses due to potential default events over the expected life of a financial instrument. Recognition of risk provisions in the amount of the expected credit loss and in relation to the remaining time to maturity of the financial instrument (lifetime ECL) and calculation of interest income based on the gross carrying amount applying the effective interest rate method (for stage 2 instruments).

<u>Qualitative criteria for a stage transfer</u>
The assessment of the significant increase in credit risk is a key factor of the 3-stage model in the impairment rules of IFRS 9, because when there is a significant increase in credit risk, the impairment must be recognised over the entire life of the financial instrument (lifetime ECL).

The main characteristic for determining the credit risk of a financial instrument is the internal rating of the borrower. For the corporate portfolio, ESG risks are also taken into account when preparing the rating. A borrower's rating is always based on a default ratio per rating category. This default ratio is derived from the Bank's internal master rating scale for the low-default portfolio (sovereigns and banks). For the principal customer segments of Corporate and Business Banking, Retail Banking and SME, the default ratio is derived from the ratio of actual defaults of the respective migration matrix. This is the basis for the assessment to ascertain whether – and if yes, when – is a significant increase in credit risk took place.
The quantitative transfer criterion at Oberbank AG is based on an analysis of the cumulative probabilities of default (lifetime PDs).
The following variables influence the determination of a relative deterioration of PD:

- Customer segment
- Rating at time of initial recognition of the financial instrument
- Remaining term (comparison between reporting date and end of contract)
- Age of the financial instrument (comparison of initial recognition date and balance sheet date).

In order to assess the significance of an increase in credit risk, a comparison is made of the default probability on initial recognition and the default probability on the measurement date (IFRS 9.5.5.9). In this context, the lifetime PD over the remaining time to maturity is to be used. This is done by comparing the lifetime PD in the current rating stage over the remaining time to maturity with the forward lifetime PD in the rating stage at initial recognition over this period.

The criterion for allocation to stage 1 and 2 is thus mainly based on a relative criterion and not on the absolute credit risk assessment on each assessment date (IFRS 9.B5.5.9).

As a backstop and based on an analysis of the relative transfer criterion, the decision was taken – irrespective of the structure of the migration matrix – that a stage transfer would have to be triggered in any case if the loan has shifted by at least three rating stages since initial recognition. In the case of very long remaining times to maturity and very good ratings, it is possible that due to the 'drift to the middle' tendency, it may happen in marginal PDs that even for downgrades by several rating stages, the relative transfer criterion would otherwise not be reached.

A transfer back to a better stage is made when the criteria that led to a downgrade cease to apply. Thus, upgrades and downgrades are treated symmetrically. The return to stage 2 is carried out, for example, as soon as there is no longer any significant increase in the default risk. The measure used is a comparison of default risk upon initial recognition with the default risk on the relevant balance sheet date.

The impairment model of Oberbank AG always refers to the individual transaction, both in the calculation of risk provisions and in the assessment of stage transfers. This means that the relevant credit risk parameters – PD (default probability), LGD (loss given default) and EAD (exposure at default) – always refer to the individual borrower and are derived from an individual transaction.

Qualitative criteria for a stage transfer
A financial instrument with the attribute forbearance is always assigned to stage 2 provided the receivable is not already in default anyway. The lifetime expected loss is recognised for this receivable throughout the entire forbearance phase.

As a qualitative criterion, the rebuttable 30 days past due presumption results in a stage transfer (IFRS 9.5.5.11). This means that instruments are assigned to stage 2 when the default on payment of principal and/or interest exceeds 30 days.

Likewise, foreign currency loans with income in a congruent currency, and also loans with special purpose vehicles classified as performing, are assigned to stage 2. Currency fluctuations and movements in collateral assets in the case of special purpose vehicles have a higher risk with respect to ability to service a loan than in the case of conventional loan portfolios.

Apart from qualitative factors inherent to the model for a stage transfer, as at 31 December 2022 Oberbank AG applied the collective stage transfer to stage 2 for certain sub-portfolios due to the sustained energy crisis, high inflation and rising interest rates in the wake of the Ukraine war.

This is due to the high prices of natural gas, which, while having recently eased on the energy markets due to high gas storage levels, still remain high for end customers. Furthermore, it is not possible to rule out a renewed steep increase in gas prices or a stop to gas supplies, and the consequences for customers dependent on gas are hard to assess in the event of a global economic downturn.

Another reason is the sharp rise in interest rates and the currently prevailing high inflation. Above all, this may lead to delays in the progress of real estate projects with loans covered by commercial mortgage-backed collateral; moreover, there is a risk that higher purchase prices and production costs cannot be passed on. Consequently, there is a high risk for the ability to repay loans, as the construction industry has been sluggish since Q2 2022, and high construction costs are dampening demand and investment activity in construction projects.

Against this backdrop, it would be reasonable to temporarily apply the collective stage transfer due to the expected increase in credit risk for the following portfolios in the Corporates and SME segments:

- Receivables from borrowers for which a gas dependence was identified in a case-by-case analysis across all portfolios.
- Receivables from borrowers in the segment of real estate project finance covered by commercial mortgage-backed collateral.

The timing of the discontinuation or reduction of the collective stage transfer depends primarily on the further development of commodity prices, the easing of inflationary pressure and the development of consumer prices.

Discontinuation of Covid-19 staging
As the Covid-19 pandemic is abating and restrictions are being abolished, the related collective stage transfers have been discontinued. Details are presented in Note 2.2.

Impairment for Stage 3 (non-performing loans)
Non-performing loans are allocated to stage 3. Impairment allowances are recognised throughout the Group in the amount of the expected loss whenever there are grounds for believing customers are unlikely to repay their loans obligations in full. For non-performing loans, risk provisions are set aside pursuant to IFRS 9 5.5 using the discounted cash flow method in the amount of the expected loss in relation to the remaining term (lifetime expected credit loss (ECL) and calculating the interest income based on the net carrying amount using the effective interest rate method. For all non-significant non-performing loans, a special expert-based procedure is used to calculate an impairment allowance to cover the shortfall. The impairment allowance covers 100% of the shortfall for collateral realised for loans already terminated.
For the remaining loans, from 20% to 100% of the shortfall is covered by impairment charges depending on the default reason and the default status.

Direct write-off of non-performing loans

In cases in which an event occurs that prevents recovery of an exposure in full or in part from the respective customer and a specific impairment provision does not exist or is not available in a sufficient amount, the non-recoverable balance is derecognised directly through profit or loss (direct write-off). Such events may include:

- Derecognition of the remaining balance following the dismissal or conclusion of insolvency proceedings and/or realisation of all available collateral;
- Closing of a decedent's estate with a lack of assets and collateral;
- Debt rescheduling including discount granted (composition agreement).

Calculating ECL

At Oberbank AG, the impairment model according to IFRS 9 applies to the following areas of application:

- Financial assets measured at amortised cost or at fair value through profit or loss;
- Leasing receivables from customers;
- Irrevocable letters of credit and guarantees.

At Oberbank AG, the expected credit loss is a probability-weighted estimate of the loss over the first twelve months (stage 1) or over the expected remaining term of the financial instrument (stage 2). In other words, it is the present value of the difference between the contractually agreed cash flows and expected cash flows. The calculation of the expected loss includes:

- An amount in line with expectations and the probability-weighting that is determined on the basis of several possible scenarios
- The time value of money
- Information on past events, current conditions and forecasts of future economic conditions

The maximum period for which the expected credit loss is determined is the term of the contract over which Oberbank AG is exposed to a credit risk from the financial instrument. Only in the case of revolving lines of credit is the expected credit loss determined for a period which under certain conditions may be longer than the life of the contract. The expected loss breaks down into three components:

$$ECL = PD \times LGD \times EAD$$

(PD: probability of default; LGD: loss given default in % of EAD; EAD: exposure at default)

In the case of classification of the asset in stage 2 and the associated calculation of the lifetime expected credit loss, this corresponds to the remaining term of the contract. In the case of assets assigned to stage 1 (12-month ECL), the maturity is limited to one year. If the term is shorter than one year, the actual remaining time to maturity is used for the calculation. The expected credit loss pursuant to IFRS 9 is a discounted value here. To this end, the respective EL per period is multiplied by the discounting factor per period. The discounting factor considers the effective interest rate on the loan.

Key input parameters

<u>Probability of Default (PD)</u>

In a base scenario for the segments Corporate and Business Banking, SME and Personal Banking, the probability of default is derived from the historic default rates and the migration probability.

The probabilities of default for different maturities (lifetime PD) is calculated for each segment and rating stage based on the default vector of the migration matrix. For the segments banks and sovereigns, the probability of default is derived directly from the internal ratings and thus from the internal banking master scale.

The determination of the historic default rates and migration probabilities for the central customer portfolio is based on the migration matrix for each respective segment. In such cases, the last ten-year period is used. The basis for determining the 1-year migration matrix is in a first step the view by quarters of rating migrations.

The 1-year migration matrix is determined based on a matrix multiplication of four successive quarters. The final 1-year migration matrix is the mean value of all migration matrices determined. The 1-year PD per rating class is the sum of the PD from the three default rating classes 5a, 5b and 5c. The cumulated and lifetime PD is formed based on the Markov assumption for migration matrices by applying matrix multiplication. This results in PD curves per segment and rating class.

For individual segments and maturity bands, these conditional basis PD that result from the ‘through-the-cycle migration matrix’ are adjusted in order to include forward-looking information. These so-called ‘point-in-time adjustment’ (PIT adjustment) is done using statistical models to attempt to relate the default probability with the explanatory macroeconomic variables.

Logistic regression is used as the statistical model, whereby the probability of default is predicted. The regression parameters are estimated by maximising the likelihood function. The harmonised consumer price index (CPI) and the growth of the gross domestic product (GDP) are the main macroeconomic variables used in the model. The CPI and GDP factors are weighted by country. The countries taken into account are Austria, Germany, the Czech Republic, Hungary and Slovakia, in which Oberbank AG operates. The factors are weighted at 66% for Austria, 19% for Germany, 8% for the Czech Republic, 4% for Hungary and 3% for Slovakia.
The Akaike information criterion (AIC) is used for model selection, whereby the variables are selected using "stepwise selection".

Based on these estimated factors, PD is adjusted in the Corporate and Business Banking, Personal Banking and SME segments using scalar approaches. No plausible correlations with macroeconomic factors were derived in the sovereign and banking segments.
Oberbank uses three different scenarios for the ECL calculation (normal, upward and downward scenario), with the final adjustment of a linear combination being equivalent to the three different scenarios. The scenario weighting is oriented on the common practice of weighting the normal scenario with 50% and the two other scenarios each with 25%. Oberbank uses the macroeconomic data of the data vendor Bloomberg for the scenarios. It should be noted that economically viable forecasts are only available for 3 years.

The following table shows the country-weighted macroeconomic factors used in the ECL calculation for the Corporate and Business Banking, Personal Banking and SME segments as at 31 December 2022:

Normal scenario	Year 1 (4 quarterly averages)	Year 2 (4 quarterly averages)	Year 3 (4 quarterly averages)
Real GDP growth	-0.58%	1.68%	1.79%
Harmonised Index of Consumer Prices	10.26%	3.40%	3.00%
Pessimistic scenario	**Year 1 (4 quarterly averages)**	**Year 2 (4 quarterly averages)**	**Year 3 (4 quarterly averages)**
Real GDP growth	-1.37%	-0.06%	0.19%
Harmonised Index of Consumer Prices	11.84%	4.10%	3.69%

Optimistic scenario	Year 1 (4 quarterly averages)	Year 2 (4 quarterly averages)	Year 3 (4 quarterly averages)
Real GDP growth	0.20%	2.15%	2.40%
Harmonised Index of Consumer Prices	6.81%	0.38%	0.52%

Loss Given Default (LGD)
The loss given default corresponds to that share of receivables that cannot be recovered and therefore constitutes an economic loss. LGD is divided into LGD from secured parts of a loan and LGD from unsecured parts of a loan. LGD from the secured portions of a loan depends on the type of collateral and the potential development of value/depreciation over time. The development of an exposure over a time period and the development of the collateral results in effective LGDs per bandwidth over a time period.

Secured LGD
The calculation of the expected credit loss includes all internal collateral based on cover values. The difference between the market value and the cover value of collateral corresponds to a haircut for estimation uncertainties and fluctuations in value, and can therefore implicitly be interpreted as the LGD for the secured portion of a loan. The calculation of the expected credit loss thus entails an implicit splitting of the loan in a secure and unsecured part. The secured part thus has an LDG of 0% after considering the cover value and the unsecured part of a loan has an undefined LGD depending on the segment. When both parts of the loan are combined, they result in a type of 'mixed' LGD per maturity bandwidth.

Unsecured LGD
The unsecured LDG represents the irrecoverable portion after deducting the proceeds from the collateral and depends mainly on the proceeds from the realisation or liquidation process.

Exposure at Default (EAD)
For loans with certain principal due dates, the cash flow estimates are based on the contractual redemption structure. All cash flows are determined by the transaction attributes (balance, amount of repayments, frequency of repayments, interest payment intervals, reference interest rates, due dates) as well as current market data (exchange rates and market interest rates). Cash flows from interest payments are derived from the forward interest implicit in the interest rate curve.

Revolving lines of credit do not have any contractually agreed cash flows. Therefore, an explicit cash flow estimate using a replication model is needed.

At Oberbank AG, there are loans that were granted on a "until further notice" basis with respect to maturity. Within the scope of the annual credit review, the credit agreement is reassessed and, if applicable, the terms are adjusted with a view to the changes in credit quality. These loans can be called at any time. Therefore, with respect to maturity, it is assumed that their time to maturity is one year, because every year a decision is made on the prolongation of the line of credit. Oberbank AG is thus exposed to the credit risk for a maximum period of one year.

In the case of overdraft facilities, the portion first calculated is the portion that is currently not being used. In this case, the credit balance is deducted from the overdraft limit. This unused part of an overdraft facility consequently remains unchanged over the entire life of the loan. The calculation of the exposure at default (EAD) is based throughout on a credit conversion factor. The due date of the overdraft facility always corresponds to the maturity of the loan.

Development of impairment charges for performing loans
Compared to the beginning of the year, the amount of the impairment charges for performing loans (stage 1 and stage 2) increased by EUR 8.11 million.

Sensitivity analysis
A main factor of influence for the amount of the expected credit loss is the determination of the stage for the individual items. The stages result from the qualitative and quantitative staging criteria already described. The effects on the expected credit loss are shown below, assuming that all positions are allocated to stage 1 (12-month ECL) and stage 2 (lifetime ECL).

Impairment by segment

in €k	100% Stage 1: 12M-ECL	ECL calculation as at 31/12/2022	100% Stage 2: LT-ECL
Banks	-961	-966	-1,834
Corporate	-25,419	-62,545	-130,203
Personal Banking	-15,817	-17,480	-26,308
SME	-5,985	-7,106	-8,543
Sovereign	-601	-799	-2,136
TOTAL	-48,784	-88,896	-169,024

Stages (Classification) – Financial liabilities
Financial liabilities are usually measured at amortised cost unless these are allocated to instruments held for trading or a designation is made. Such financial liabilities are allocated to the category 'designated at fair value through profit or loss'. Changes to the fair value are recognised as follows:

- The change in the fair value due to changes in the credit risk of the liability is reported under other comprehensive income.
- The remaining change to fair value is reported through profit or loss.

The designation of financial liabilities as at fair value through profit or loss is always done when these financial instruments are secured by interest rate derivatives in order to avoid a measurement incongruence between the underlying transaction and the derivative (fair value option).

The present value method (discounted cash flow method) is used to calculate the fair value of securitised liabilities, subordinated capital and amounts owed to banks and customers, with the cash flows of own issues being calculated using the contractual interest rate. The interest rates used for discounting are derived from the discount curve applicable to the respective currency, adding a premium in the form of a credit spread corresponding to the seniority of the issue. The credit rating premiums are adjusted regularly to the respective market conditions.

In order to determine the amount of the change in fair value caused by the change to the credit rating risk, the financial liabilities are measured two times: first, on the basis of the rating premiums at the initial recognition date of the financial instrument, and second, on the basis of the rating premiums at the reporting date, in each case measured by the current contractual cash flows and the current basis interest rate curve. The differential represents the value change caused by the change in the bank's assessment of creditworthiness. This amount is recognised in Other comprehensive income.
The remaining changes to the fair value are due to the changes in the interest rate curve as well as to the shorter remaining times to maturity and is reported directly in the income statement.

Hedge accounting
Oberbank AG does not engage in hedge accounting at present.

2.9) Material accounting policies for the statement of comprehensive income

Net interest income
Interest income and interest expenses are accounted for on an accrual basis. Net interest income includes income and expenses paid for the provision of capital. In addition, this line item also includes income from equities, other rights and other variable-yield securities insofar as these do not constitute income from securities requiring designation as trading assets. Income from equity investments and investments in subsidiaries (those which were not consolidated because they were immaterial) are also reported in this line item. Both interest income and interest expenses contain negative interest.

Income from entities accounted for using the equity method
This item includes net amounts from proportionately recognised income from entities accounted for using the equity method and, if applicable, expenses from impairments and income from additions.

Charges for losses on loans and advances
The line item loan loss provisions includes transfers to impairment allowances and provisions, and income from reversals of allowances and provisions as well as direct write-offs and subsequent write-backs of receivables already written off in connection with credit operations as well as the result of immaterial modifications and POCI financial instruments.

Net commission income
Net commission income comprises income from the service business net of expenses relating to the rendering of services.

Net trading income
This line item includes realised gains and losses from the sale of securities and other financial instruments held for trading, unrealised gains and losses arising from the measurement at fair value of securities and other financial instruments held for trading, accrued interest arising from fixed-interest securities held for trading and dividend income on equities held for trading as well as the refinance costs associated with such securities.

Administrative expenses
General administrative expenses includes staff costs, other administrative costs and depreciation and amortisation on property, plant and equipment. Staff costs include expenses for wages and salaries, statutory and company benefits as well as changes to provisions for severance pay, pension and anniversary bonuses.

Other operating income

Other operating income includes the results from the measurement categories financial assets recognised at amortised cost (AC), financial assets recognised at fair value through the profit or loss (FVPL) and financial assets recognised at fair value with plus or minus through other comprehensive income (FVOCI). Furthermore, this item includes earnings und expenses from operational risks, operate leasing and expenses from other taxes and charges.

2.10) Material accounting policies for the consolidated balance sheet

Cash and balances at central banks

These items consist of cash and balances with the central bank.

Loans and advances to banks

Loans and advances to banks are recognised at amortised cost less impairments pursuant to IFRS 9.

Loans and advances to customers

In accordance with IFRS 9 the classification categories are recognition at amortised cost, designated or mandatory, recognition at fair value through profit or loss (FVPL) and recognition at fair value through other comprehensive income (FVOCI). Impairment charges pursuant to IFRS 9 are offset against the corresponding receivable. As of the financial statements for the period ended 31/12/2022, the lease receivables were presented net, reduced by special lease payments and deposit payments (effect in 2022: EUR 173 million). This also resulted in a reduction of Other liabilities by the same amount.

Risk provisions

The measurement of risk provisions depends mainly on expectations regarding future loan losses and the structure and quality of the loan portfolio. Please refer to 2.8) Financial assets and liabilities as well as hedging contracts for the impairment model pursuant to IFRS 9. The total impairment allowance balance has not been disclosed as a deduction on the assets side of the balance sheet since the financial year 2020, but rather deducted from the corresponding balance sheet item pursuant to IAS 1. The risk provisions associated with off-balance-sheet transactions (in particular, guarantees and other loan commitments) are reported in the line item Provisions for liabilities and charges.

Trading assets

All trading assets, comprising securities held for trading, the positive fair values of derivative financial instruments in the trading book, and open derivative financial instruments in the banking book were recognised at their fair values. In addition to stock exchange prices, market reference prices were also applied when measuring trading assets. If such prices were not available, generally accepted valuation models were used.

Financial investments

The following financial instruments are reported under financial investments: Bonds and other fixed-interest securities, shares and other variable-yield securities, investments in subsidiaries, shares in entities accounted for using the equity method, other equity investments.
Financial investments comprise the measurement categories recognition at amortised cost (AC), recognition at fair value through the profit or loss (FVPL) and recognition at fair value plus or minus through other comprehensive income (FVOCI) as well as shares in entities accounted for using the equity method.
Debt instruments and other fixed-income securities are assigned to the categories recognition at amortised cost (AC), recognition at fair value plus or minus through other comprehensive income (FVOCI) or recognition at fair value through the profit or loss (FVTPL).

Shares and other variable-yield securities are assigned to the categories: recognition at fair value through the profit or loss (FVTPL) and recognition at fair value plus or minus through other comprehensive income (FVOCI).
Shares in associated entities and equity investments that are neither fully consolidated nor recognised using the equity method are assigned to the measurement category recognition at fair value plus or minus through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). The measurement category at fair value through profit or loss only includes those shares in associated entities and equity investments that are driven by market prices. This refers mainly to shares in private equity funds. For all other shares in associated entities and equity investments, the option was selected and these were assigned to the measurement category recognition at fair value plus or minus through other comprehensive income (FVOCI).

There were no reclassifications in the measurement categories in the financial year 2022.

Debt instruments have to be tested for impairment if their fair value has fallen by at least 20% below the acquisition cost of the debt instruments and this decline persists over a period of nine months. The instrument is then reviewed to determine whether an event has occurred that has an impact on future cash flows of the debt instrument that can be reliably estimated. If it is found that the debt instrument cannot be expected to recover its initial value during the planned holding period (exclusion of market fluctuations), impairment must be recognised.
Investments in companies accounted for using the equity method are recognised at the proportionate share of the investee's equity attributable to Oberbank AG. If there is objective evidence for impairment of an investment accounted for using the equity method, an individual value in use is calculated for this investment. Pursuant to IAS 36.6, the higher of fair value less costs to sell and value-in-use constitutes the recoverable amount, which is the value to be used for measurement. A trigger for an impairment test is given if either the fair value drops by at least 20% below the carrying amount of investments recognised using the equity method or if the fair value remains persistently below the carrying amount of the for a period of at least nine months.
On the measurement date 31 December 2022, the quantitative impairment trigger applied for the investment in voestalpine AG accounted for using the equity method, as the stock market price of EUR 24.78 on 31 December 2022 was significantly lower, by 41.28%, than the carrying value of EUR 42.20.
This triggered an impairment test in which the individual value in use of voestalpine AG as at 31 December 2022 was determined. The value in use as calculated according to the discounted cash flow method using the WACC approach (Weighted Average Cost of Capital) came to €k 551,247. This value was used as the recoverable amount – the higher of value in use and fair value less costs to sell. The resulting impairment charge was €k 54,640. A WACC (Weighted Average Cost of Capital) of 7.07% was used as the discount rate in the terminal value. A change in the discount rate of +/- 25 basis points would have resulted in a reduction of 5.98% or an increase of 6.53% of the value in use respectively, and a change in the discount rate of +/- 50 basis points would have resulted in a reduction of 11.48% or an increase of 13.69% of the value in use respectively.
In the case of the investments in BKS Bank AG and Bank für Tirol und Vorarlberg AG accounted for using the equity method, the stock market price is not an impairment trigger due to the illiquidity of the shares. Unless there are other objective indications of impairment, the pro rata equity of these investments represents the recoverable amount. For reasons of prudence, these measurements are subjected to an indicative valuation on the reporting date, on the basis of a dividend discount model (DDM). Here, the enterprise value is determined as the present value, taking into account possible future corporate earnings and the required regulatory capital.
The estimates of future profit or loss are based on the medium-term planning approved by the respective supervisory board. The discount factor is derived on the basis of externally observable factors.
No impairment requirement would arise from the indicative valuations even if an impairment trigger were to be established.

Intangible assets and property, plant and equipment

The item Intangible assets consist mainly of patents, licenses, software, the customer base and rights as well as acquired goodwill. These assets were valued at cost of purchase and/or conversion less amortisation and write-offs. The assets are amortised on straight-line basis over their expected useful lives. The useful life of intangible assets held by Oberbank AG is from three to 20 years.

Property, plant and equipment (including investment property) was measured at cost of acquisition and/or conversion less depreciation. If impairment is expected to be permanent, a write-off is recognised. The assets are amortised on a straight-line basis over their expected useful lives.

At Oberbank AG, the following average useful lives apply: buildings used for banking operations ten to 40 years; office furniture and equipment four to 20 years; standard software four years.

Furthermore, these items are tested for impairment on each balance sheet date. During this test, Oberbank determines the recoverable value for the asset. This value corresponds to the higher of the utility value or the net sales value. If the fair market value is below the carrying value of the asset, impairment losses in the amount of the difference are recognised in income.

Since 1 January 2019, property, plant and equipment has also included capitalised right-of-use assets pursuant to IFRS 16.

Lease contracts in which Oberbank is the lessee

A lease contract under IFRS 16 is a contract or part of a contract that entitles the lessee to use an asset for a certain period of time for payment of a fee. Right of use assets for leased objects are measured at the time of recognition at amortised cost. Amortised cost corresponds as a rule to the present value of the corresponding lease liabilities. No use is made of the elective option under IFRS 16.5 to refrain from capitalising leased objects under short-term lease contracts and under low-value lease contracts. The amortisation/depreciation of the right of use to the leased objects is done linearly over the estimated useful life or over the shorter contract period. If there are indications that the right of use to the leased objects might be impaired, a review pursuant to IAS 36 is conducted. Future lease payments are discounted applying SWAP interest rates differentiated by maturity and currency and measured by the effective interest rate method at amortised cost.

There are contracts for limited periods (with and without prolongation options) and contracts for indefinite periods at the Oberbank Group. Defining the duration of leasing contracts is generally done at the beginning of the right of use or initial application of IFRS 16. Contracts established for a limited time period without a prolongation option are defined with an end date in accordance with the contractual termination date. The term of a lease contract in the case of contracts for a limited period with a prolongation option and contracts for indefinite periods are recognised to the extent that the entire contractual term of the right of use generally does not exceed the average investment cycle of Oberbank AG of 20 years.

Leasing (as lessor) and investment property

Oberbank AG offers customers both finance leases and operating leases. Pursuant to IAS 16, a finance lease is a lease that essentially transfers all the risks and rewards incidental to ownership of an asset. The ownership title may eventually also be transferred. In the case of a finance lease, Oberbank AG as lessor recognises an amount receivable from the lessee equal to the present value of the contractually agreed payments. Income from leases is shown in the item Interest and similar income. An operating lease is a lease other than a finance lease.

In the case of operating leases, leased assets reduced by depreciation and amortisation are shown in the item Property, plant and equipment. Real estate held as financial investments are carried at amortised cost. Leasing income is shown in the item Other operating income.

Derivatives

Financial derivatives were recognised in the balance sheet at their fair values, changes in value in the course of the financial year are generally recognised immediately through profit or loss. Insofar as use was made of the fair value option under IFRS 9, it serves to eliminate or reduce inconsistencies in the recognition and measurement of assets and liabilities.
Therefore, in such cases assets and liabilities are measured at fair value through profit or loss. The Management Board has elected to pursue an investment strategy in which mismatches are avoided by the use of the fair value option.

Deferred tax

The reporting and calculation of income tax is done in accordance with IAS 12. The calculation for each taxed entity is carried out applying the tax rates that, under the applicable legislation, are to be applied in the tax period in which a temporary difference is going to reverse. Deferred tax assets were recognised with respect to tax loss carry-forwards insofar as taxable profits in the equivalent amount were to be expected within the same entity in the future. Income tax assets and income tax liabilities are reported in the line items Other assets or Tax liabilities.

Trading liabilities

This line item consists mainly of negative fair values of derivative financial instruments in the trading book and open derivative financial instruments in the banking book. Trading liabilities were recognised on the balance sheet in the line item Other liabilities.

Amounts owed to banks and customers

These are recognised at amortised cost. Exceptions are underlying transactions for which the fair value option is used.

Securitised liabilities

Securitised liabilities were generally recognised at their amortised cost. Insofar as use was made of the fair value option, securitised liabilities were recognised at fair value. Long maturity bonds issued at a discount (zero coupon bonds) were recognised at their present values. The line item Securitised liabilities was reduced by the cost of securities held in the bank's own portfolio.

Provisions for liabilities and charges

a) Provisions for staff benefits

Provisions were created if there was a reliable and determinable legal or actual obligation to third parties. All social capital provisions (for severance, pensions and anniversary bonuses) were calculated in accordance with IAS 19 on the basis of expert actuarial valuations. In addition to post-employment benefits and acquired benefit rights known on the balance sheet date, expected future increases in salaries and pensions were also taken into account.

The actuarial calculation of all provisions for benefits was based on the following parameters:

- Interest rate (long-term capital market interest rate) of 3.75 % (previous year 1.25%);
- Salary increases of 2.84% (previous year 2.63%) and pension increases of 1.89% (previous year 1.67%);
- In accordance with the transitional provisions of the Austrian pension reform, the individually determined retirement age for men is between 65 years and for women between 59 and 65 years.

Actuarial gains/losses from termination benefits and post-employment benefits were recognised in equity in other comprehensive income in the reporting year.

b) Other provisions for liabilities and charges

Other provisions were created if there was a reliable and determinable legal or actual obligation to a third party and if it appeared probable that this liability would give rise to an outflow of funds in the future. Provisions were set up in the amount of the best possible estimate of the expense required to settle the respective liability. Provisions for liabilities and charges

Other liabilities

The line item Other liabilities includes deferred income items, liabilities whose amounts and due dates were much more certain than in the case of liabilities for which provisions were created, negative fair values of closed out derivatives in the banking book, other obligations not allocable to other line items on the balance sheet, as well as lease liabilities pursuant to IFRS 16. Special lease payments and deposit payments received from lessees were deducted from lease receivables on the assets side as from the financial year ended 31/12/2022.

Equity

In accordance with a resolution of the Annual General Meeting held on 28 April 1999, Oberbank's share capital was converted from Austrian schillings to euro and from par-value shares to no-par shares. On the occasion of the capital increase in 2000, carried out pursuant to a resolution of the Annual General Meeting held on 27 April 2000, Oberbank's share capital was increased from EUR 58,160,000.00 to EUR 60,486,400.00 by the issuance of 320,000 ordinary shares. Pursuant to a resolution of the Annual General Meeting held on 22 April 2002, Oberbank's share capital was increased to EUR 70 million from company funds. In the 2006 financial year, Oberbank's share capital was increased to EUR 75,384,615.38 by the issuance of 640,000 ordinary shares pursuant to a resolution of the Annual General Meeting held on 9 May 2006. With the resolution of the Annual General Meeting held on 14 May 2007, Oberbank's share capital was increased to EUR 75,721,153.84 by the issuance of 40,000 ordinary shares (conditional capital increase). A further conditional capital increase through the issuance of 30,000 ordinary shares was carried out in the 2008 financial year. The share capital of Oberbank thus increased to EUR 75,973,557.69. Pursuant to the resolution of 27 May 2008, the Company carried out a three-for-one stock split and a capital increase out of Company funds, raising the share capital to EUR 81,270,000.00. By resolution of the Management Board of 30 September 2009, a capital increase at the ratio of 1:16 was carried out in October 2009, raising the share capital to EUR 86,349,375.00.

The 132nd Annual General Meeting of Oberbank AG held on 8 May 2012 passed a resolution authorising the management board to increase the share capital by up to EUR 750,000.00 by issuing up to 250,000 new ordinary no-par bearer shares - if required in several tranches - within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register. This capital increase through the issuance of shares excluding existing shareholders' subscription rights has the purpose to issue shares to be offered to the staff, top executives, the 'Belegschaftsbeteiligungsprivatstiftung der Oberbank AG' (the private foundation managing the non-cash stock compensation programme of Oberbank AG) and members of the management boards of Oberbank or associated companies. Furthermore, the Annual General Meeting authorised the Management Board to increase the share capital of the Company through the issuance of up to 3,125,000 ordinary no-par bearer shares against contributions in cash of up to EUR 9,375,000.00 - if required in several tranches - within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register. The Management Board made use of this authorisation by resolution of 23 May 2015 to issue 1,918,875 Oberbank ordinary no-par-value shares (capital increase 2015, No. 1). The offer price was EUR 47.43 per share. The capital increase carried out through cash contributions and without excluding subscription rights raised the share capital to EUR 92,106,000.00 and the appropriated capital reserves to EUR 280,001,715.06.

The 135th Annual General Meeting of Oberbank AG held on 19 May 2015, retracted the resolution passed at the 132nd Annual General Meeting of 8 May 2012 to the extent not yet used and authorised the management board to increase the share capital by up to EUR 10,500,000.00 by issuing up to 3,500,000 ordinary no-par value bearer shares – if required in several tranches – within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register.

The management board made use of this authorisation by resolution of 8 September 2015 to issue 1,535,100 Oberbank ordinary no-par-value shares (capital increase 2015, No. 2). The offer price was EUR 48.03 per share. The capital increase raised the share capital to EUR 96,711,300.00 and the appropriated capital reserves to EUR 349,127,268.06.

The 136th Annual General Meeting of Oberbank AG held on 18 May 2016 retracted the resolution passed at the 135th Annual General Meeting of 19 May 2015 to the extent not yet used and authorised the management board to increase the share capital by up to EUR 10,500,000.00 by issuing up to 3,500,000 ordinary no-par value bearer shares – if required in several tranches – within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register.

The Management Board made use of this authorisation by resolution of 26 September 2016 to issue 3,070,200 Oberbank ordinary no-par-value shares. The offer price was EUR 53.94 per share. The capital increase carried out through cash contributions and without excluding subscription rights raised the share capital by EUR 9,210,600.00 to EUR 105,921,900.00 and the appropriated capital reserves by EUR 156,395,988.00 to EUR 505,523,256.06.
The 137th Annual General Meeting of Oberbank AG held on 16 May 2017 retracted the resolution passed at the 136th Annual General Meeting of 18 May 2016 to the extent not yet used and authorised the management board to increase the share capital by contribution in kind by up to EUR 10,500,000.00 by issuing up to 3,500,000 ordinary no-par value bearer shares - if required in several tranches - within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register. The resolution of the 132nd Annual General Meeting of Oberbank AG held on 8 May 2012 authorising the management board to increase the share capital was retracted and the management board authorised to increase the share capital by up to EUR 750,000.00 by issuing up to 250,000 new ordinary no-par bearer shares - if required in several tranches - within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register. This capital increase through the issuance of shares excluding existing shareholders' subscription rights has the purpose to issue shares to be offered to the staff, top executives, 'Belegschaftsbeteiligungsprivatstiftung der Oberbank AG' (the private foundation managing the non-cash stock compensation programme of Oberbank AG) and members of the management board of Oberbank or of associated companies. To date, no use has been made of this authorisation.

The share capital is divided into 35,307,300 ordinary no-par bearer shares.- The general meeting of preference shareholders of Oberbank AG of 9 June 2020 adopted a special resolution pursuant to § 129 (3) Stock Corporation Act giving its consent to the resolution adopted by the Annual General Meeting of 20 May 2020 to convert all existing preference shares of Oberbank AG into ordinary shares by repealing the preferential treatment pursuant to § 129 (1) Stock Corporation Act and the relevant amendment to the Articles of Association in § 4. The conversion of the preference shares into ordinary shares became effective upon registration of the amendment to the Articles of Association of Oberbank AG in the Company Register on 7 November 2020.

On the reporting date, 11,723,202 Oberbank shares were held directly by the company itself or by associated entities. Additional proceeds (premiums) from the issuance of own shares were recognised in capital reserves. Retained earnings include the Group's reinvested profits as well as all consolidation entries recognised in the income statement. The revaluation reserves take into account the value changes arising from debt securities with reclassification, equity instruments without reclassification and own credit risk. The reserves attributable to associated companies are equivalent to the difference between historic acquisition costs and the carrying amount of associated companies accounted for using the equity method.

Additional equity capital components
To date, Oberbank AG has carried out two issues of Additional Tier 1 bonds with a total volume of EUR 50 million. These issues are subordinate to Tier 2 instruments (supplementary capital, subordinate capital) and senior bonds.
These are all equivalent to each other and to Additional Tier 1 instruments as well as to liabilities from existing hybrid capital instruments.

They have preference status over shares and other CET1 capital instruments. Interest payments are based on the nominal amount and are fixed until the first possible early repayment date. Subsequently, it is switched to variable interest rates. Interest is only permitted to be paid from eligible items. The issuer has the right to waive interest payments at its discretion. It is not permitted for interest previously waived to be paid out.
The bonds have unlimited maturities, but can be called by Oberbank AG at the fixed first early repayment date, and afterwards, every five years on the coupon dates. The issuer has special call rights if the regulatory classification or the tax treatment of the concerned bonds changes. Every early call requires the prior consent of the competent supervisory authority. The bond holder does not have the right to call the bond. If the tier 1 capital ratio of the issuer or of Oberbank Group of 5.125%, the nominal value of the bond is impaired to the amount necessary. Under certain conditions, the nominal value can be written up again.

2.11) Material events since the close of the financial year

There were no material events after the close of the 2022 financial year.

Details of the income statement in €k

3) Net interest income	2022	2021
Interest income from		
Credit and money market operations	495,394	346,872
Shares and other variable-yield securities	6,459	1,415
Other equity investments	4,440	7,580
Subsidiaries	1,488	1,943
Fixed-interest securities and bonds	33,125	31,477
Interest and similar income	540,906	389,287
Interest expenses for		
deposits	-99,484	-10,509
Securitised liabilities	-22,401	-17,909
Subordinated liabilities	-12,866	-13,590
Result of non-significant modifications	-95	-1,222
Interest and similar expenses	-134,846	-43,230
Net interest income	406,060	346,057

Net interest income from financial assets in the measurement category AC and FVOCI was €k 519,165 (pr. yr.: €k 368,102).
The corresponding interest expenses on financial liabilities amounted to €k 109,357 (pr. yr.: €k 38,631). Net interest income includes income in the amount of €k 9,292 (pr. yr.: €k 14,341) and the interest expenses include negative interest of €k 35,156 (previous year €k 34,849).

4) Income from entities recognised using the equity method	2022	2021
Net amounts from proportionately recognised income	145,293	93,674
Expenses from impairments and income from additions	-54,640	6,459
Income from additions due to purchases	0	0
Profit from entities accounted for using the equity method	90,653	100,133

5) Charges for losses on loans and advances	2022	2021
Additions to charges for losses on loans and advances	-117,079	-101,325
Direct write-offs	-1,325	-1,437
Reversals of loan loss provisions	71,190	66,241
Recoveries of written-off receivables	2,202	2,422
Result of non-significant modifications	41	70
Result of POCI financial instruments	3,489	-1,684
Charges for losses on loans and advances	-41,482	-35,713

Income from non-significant modifications to contractual payment flows from financial assets, which did not result in derecognition, is presented in the table below:

	Stage 1	Stage 2	Stage 3		
Modified financial assets in 2022	**12-M ECL**	**LT-ECL**		**POCI**	**Total**
At amortised cost before modification	97,417	29,799	15,481	0	142,697
Result of non-significant modifications	14	254	-190	0	78

[1] Balance of market and credit rating-induced modifications

	Stage 1	Stage 2	Stage 3		
Modified financial assets in financial year 2021	**12-M ECL**	**LT-ECL**		**POCI**	**Total**
At amortised cost before modification	36,486	56,206	18,124	0	110,816
Result of non-significant modifications	-995	-189	-57	0	-1.2011)

[1] Balance of market and credit rating-induced modifications

6) Net commission income	2022	2021
Net commission income		
Payment services	70,087	65,423
Securities business	80,055	76,559
Foreign exchange, foreign bank notes and precious metals business	26,378	19,943
Credit operations	46,902	44,627
Other service and advisory business	3,801	6,276
Total net fee and commission income	227,223	212,828

Net fee and commission expenses	2022	2021
Payment services	5,709	4,523
Securities business	8,919	8,564
Foreign exchange, foreign bank notes and precious metals business	684	605
Credit operations	4,578	5,990
Other service and advisory business	471	1,195
Total fee and commission expenses	20,361	20,877
Net fee and commission income	206,862	191,951

This item includes income in the amount of €k 5,535 (pr. yr.: €k 5,115) from asset management for the account of third parties.

7) Net trading income	2022	2021
Gains/losses on interest rate contracts	-2,647	2,303
Gains/losses on foreign exchange, foreign bank notes and numismatic business	2,928	1,945
Gains/losses on derivatives	5,819	3,516
Net trading income	6,100	7,764

8) Administrative expenses	2022	2021
Staff costs	193,378	192,518
Other administrative expenses	97,552	91,573
Write-offs and impairment allowances	29,401	29,477
Administrative expenses	320,331	313,568

Pension fund contributions were €k 3,841 (pr. yr.: €k 3,888).

9) Other operating income	2022	2021
a) Net income from financial assets - FVTPL	-33,732	5,398
thereof from designated financial instruments	-9,355	-6,301
thereof financial instruments with mandatory measurement at FVPL	-24,377	11,699
b) Net income from financial assets - FVOCI	-2,198	-1,195
thereof from the measurement of debt instruments	-859	-716
thereof from the sale and derecognition of debt instruments	-1,339	-479
c) Net income from financial assets - AC	0	21
d) Other operating income	-16,672	-18,961
Other operating income	**32,907**	**37,419**
Thereof income from operational risks	5,325	5,027
Gains from the sale of land and buildings	0	0
Income from private equity investments	1,109	136
Income from operating leases	10,466	13,788
Other income from the leasing sub-group	6,940	8,445
Brokerage fees from third parties	4,752	4,134
Other	4,315	5,889
Other operating expenses:	**-49,579**	**-56,380**
Thereof expenses from operational risks	-5,451	-5,680
Stability tax	-8,758	-4,881
Contributions to the resolution fund	-13,333	-9,960
Allocation to the deposit protection fund	-1,317	-12,440
Expenses from operating leases	-9,331	-14,046

Other income from the leasing sub-group	-6,998	-5,840
Other	-4,391	-3,533
Other operating income net of other operating expenses	-52,602	-14,737

In the financial year, Oberbank AG sold no financial asset that was recognised at amortised cost. The sale of the asset in the preceding year was due to the fact that it no longer matched the portfolio of the Oberbank Group due to the credit rating. The sale yielded a profit of €k 20.50 in the preceding year. See Note 47 for more on operational risks.

10) Income taxes

The income taxes include current income taxes of the individual consolidated companies, adjustments for current income taxes relating to other periods as well as the changes in deferred taxes.

	2022	2021
Current income tax expense	52,155	44,421
Deferred income tax expense (income)	-182	2,818
Income taxes	51,973	**47,239**

Reconciliation: Relation between computed and effective reported income taxes:

	2022	2021
Current income tax expense	52,155	44,421
Deferred income tax expense (income)	-182	2,818
Income taxes	51,973	47,239
Profit/loss for the year before tax	295,260	281,887
Computed tax expense 25%	73,815	70,472
Income and expenses taken directly to equity	-734	-737
Tax savings arising due to tax-exempt income from equity investments	-2,392	-2,319
Tax savings arising due to profits accounted for using the equity method	-22,663	-25,033
Tax expenses (+)/-income (-) preceding years	129	2,781
Tax savings arising from other tax-exempt income	-243	-144
Tax incurred as a result of non-deductible expenses	7,753	2,035
Tax savings arising due to used loss carry-forwards	728	551
Tax effects from differing tax rates	1,249	-367
Deferred income tax expenses (+)/income (-)	51,973	47,239
Effective tax rate	17.60%	16.76%

Taxes on income relating to individual components of other comprehensive income and/or equity

	2022			2021		
	Income before tax	Income taxes	Income after tax	Income before tax	Income taxes	Income after tax
Actuarial gains/losses IAS 19	37,244	-9,671	27,573	17,147	-4,287	12,860
Value changes in debt securities IFRS 9 recognised in equity with reclassification	-2,193	510	-1,683	-107	26	-81
Value changes in equity instruments IFRS 9 recognised in equity without reclassification	-48,836	16,377	-32,459	58,866	-14,608	44,258
Value changes in own credit risk IFRS 9 recognised in equity without reclassification	26,563	-6,294	20,269	-17,377	4,344	-13,033
Currency exchange differences	595	0	595	3,736	0	3,736
Share from entities recognised using the equity method	12,790	0	12,790	13,475	0	13,475
Total	**26,164**	**921**	**27,085**	**75,740**	**-14,525**	**61,216**

11) Earnings per share in €	**2022**	**2021**
Number of shares as at 31/12	35,307,300	35,307,300
Average number of shares in issue	35,290,065	35,236,428
Profit for the year after tax in €m	243,287	234,648
Earnings per share in €	6.89	6.66

Since no financial instruments with diluting effect were issued, diluted earnings per share were identical with undiluted earnings per share.

Details of the balance sheet in €k

12) Cash and balances at central banks	2022	2021
Credit balances with central banks of issue	2,195,154	4,193,765
Cash and balances at central banks	92,168	207,150
Cash and balances at central banks	2,287,322	4,400,915

The sharp decline is due to the ECB's TLTRO III refinancing programme. Two early repayments were made in the 2022 financial year. EUR 500 million was repaid in November 2022 and an additional EUR 1,000 million in December 2022, reducing the amount of refinancing taken out to EUR 800 million as at 31 December 2022.

13) Loans and advances to banks	2022	2021
Loans and advances to domestic banks	84,407	120,338
Loans and advances to foreign banks	972,797	753,223
Loans and advances to banks	1,057,204	873,561
Loans and receivables to banks, by maturity		
On demand	318,962	155,585
Up to 3 months	668,270	635,439
3 months to 1 year	64,061	25,275
1 to 5 years	811	41,094
Over 5 years	5,100	16,168
Loans and advances to banks	1,057,204	873,561

14) Loans and advances to customers	2022	2021
Loans and advances to domestic customers	10,623,848	10,620,908
Loans and advances to foreign customers	8,569,063	7,807,019
Loans and advances to customers	19,192,911	18,427,927

As of the annual financial statements for the period ended 31 December 2022, the lease receivables were presented net, reduced by special lease payments and deposit payments in the amount of EUR 173 million. This also resulted in a reduction of Other liabilities by the same amount.

Loans and advances to customers, by maturity		
On demand	3,307,081	2,888,947
Up to 3 months	1,306,136	1,074,448
3 months to 1 year	2,121,983	2,179,340
1 to 5 years	6,851,962	6,917,480
Over 5 years	5,605,749	5,367,712
Loans and advances to customers	19,192,911	18,427,927
Leasing business (finance leasing), gross investment value		
Up to 3 months	79,307	65,061
3 months to 1 year	310,410	208,669
1 to 5 years	883,820	986,036
Over 5 years	252,328	209,234
Total	1,525,865	1,469,000
Unrealised finance income		
Up to 3 months	8,036	6,010
3 months to 1 year	21,314	15,496
1 to 5 years	53,370	36,431
Over 5 years	16,838	8,700
Total	99,558	66,637
Net investment value		
Up to 3 months	71,271	59,051
3 months to 1 year	289,096	193,173
1 to 5 years	830,450	949,605
Over 5 years	235,490	200,534
Total	1,426,307	1,402,363
Cumulated impairment allowances	19,895	20,093

15) Impairment provisions	see Note 43, “Credit risk”

16) Trading assets	2022	2021
Bonds and other fixed-interest securities		
Listed	9,933	0
Shares and other variable-yield securities		
Listed	2	1,617
Positive fair values of derivative financial instruments		
Currency contracts	10,184	5,768
Interest rate contracts	36,536	29,995
Other contracts	0	0
Trading assets	56,655	37,380

17) Financial investments	2022	2021
Bonds and other fixed-interest securities		
Listed	1,946,152	1,503,759
Unlisted	48,926	59,949
Shares and other variable-yield securities		
Listed	61,023	131,319
Unlisted	200,914	220,311
Equity investments/shares		
in subsidiaries	88,089	84,003
Entities accounted for using the equity method		
Banks	548,399	508,392
Non-banks	551,247	492,372
Other equity investments		
Banks	47,694	49,695
Non-banks	161,023	130,610
Financial investments	3,653,467	3,180,410
a) Financial assets - FVPL	489,243	481,966
b) Financial assets FVOCI	594,456	414,571
thereof equity instruments	324,670	373,483
thereof debt instruments	269,786	41,088
c) Financial assets - AC	1,470,122	1,283,109
d) Interests in entities recognized using the equity method	1,099,646	1,000,764
Financial investments	3,653,467	3,180,410

Financial investments in equity instruments recognised directly in equity at fair value through other comprehensive income include all securities, investments and shares in associated companies for which a fair value cannot be determined.

Financial assets Equity capital instruments FVOCI 31/12/2022	fair value	Dividends from instruments derecognised in the reporting year	Dividends from instruments held on the reporting date
Securities	61,265	0	4,997
Equity investments	177,775	0	3,975
Investments in subsidiaries	85,630	0	1,488
	324,670	0	10,460

Financial assets in equity instruments refer especially to non-consolidated investments and shares in subsidiaries, see Note 41), as well as investments in Lenzing AG, Energie AG Oberösterreich, Oesterreichische Kontrollbank AG and Linz Textil AG.

No equity instrument was liquidated in the financial year2022. There was no reclassification within equity in the reporting year. In the previous year, one financial instrument was liquidated which at the time of derecognition had a fair value of €k 16.3 and one equity instrument with a fair value of €k 2,336.1 was partially sold. The cumulated profit from the liquidation was €k 0.0.

Financial assets		Dividends from instruments	
Equity capital instruments FVOCI 31/12/2021	fair value	derecognised in the reporting year	held on the reporting date
Securities	131,550	0	153
Equity investments	161,267	0	4,448
Investments in subsidiaries	80,666	0	1,943
	373,483	0	6,544

18) Intangible assets	**2022**	**2021**
Other intangible assets	3,610	2,912
Customer base	157	309
Intangible assets	3,767	3,221

19) Property, plant and equipment	**2022**	**2021**
Investment property	72,693	84,234
Land and buildings	85,153	87,800
Business equipment and furnishings	39,229	46,022
Other property, plant and equipment	20,726	22,299
Right of use for leased objects	139,588	142,267
Property, plant and equipment	357,389	382,622

The Group owned land and buildings used by others with a carrying value of €k 72,693 (pr. yr.: €k 84,234); these properties had a fair value of €k 83,550 (pr. yr.: €k 97,640). The fair value is assignable to level 3 and is calculated using internal models. Rental income in the reporting year came to €k 3,878 (pr. yr.: €k 4,365), and the associated expenses (including depreciation) amounted to €k 2,869 (pr. yr.: €k 3,107). The disposability of these properties is restricted by purchase option rights contractually granted to the lessees. The non-guaranteed residual values attributable to the leasing business amount to €k 45,663 (pr. yr.: €k 58,181).

Leasing (operating leases) as lessor: future minimum lease instalments	**2022**	**2021**
Up to 3 months	2,980	3,153
3 months to 1 year	8,305	8,446
1 to 5 years	27,246	28,573
Over 5 years	8,957	10,431
Total	47,488	50,603

20) Lease contracts in which Oberbank is lessee

The lease contracts entered into by Oberbank AG relate mainly to rentals for branch premises and office space as well as to building rights and tenancy right for plots of land, garages, business equipment and furnishings, and vehicles. The lease contracts do not involve any significant restrictions or commitments. There were no sale-and-leaseback transactions.

The results in the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows for Oberbank as a lessee are presented below for the financial year 2022:

Leasing in the consolidated balance sheet	**2022**	**2021**
Property, plant and equipment	140,050	142,832
Right of use for land and buildings	137,264	139,545
Right of use for business equipment and furnishings	737	850
Right of use for other property, plant and equipment	1,587	1,872
Right of use for investment property	462	565
Other liabilities		
Leasing liabilities	141,298	143,833

Additions to right-of-use in the financial year 2022 after initial capitalisation amounted to €k 15,946. Cash outflows for leasing liabilities amounted to €k 16,067. When measuring leasing liabilities, future cash outflows from uncertain prolongation options of €k 15,272 were not considered.

Leasing liabilities (gross) by maturity	2022	2021
Up to 3 months	3,772	3,734
3 months to 1 year	10,754	10,867
1 to 5 years	51,683	50,332
Over 5 years	75,090	78,900
Total	141,298	143,833

Leasing in the consolidated income statement	2022	2021
Interest expenses for leasing liabilities	798	760
Administrative expenses	15,518	15,609
Depreciation/amortisation for right of use for land and buildings	14,108	14,153
Depreciation/amortisation for right of use for business equipment and furnishings	291	316
Depreciation/amortisation for right of use for other property, plant and equipment	956	982
Depreciation for right of use for investment property	163	157
Other expenses from lease contracts	1,680	1,410
Other operating income		
Income from subleasing of rights of use	780	846

Leasing in the consolidated statement of cash flows	2022	2021
Repayment of leasing liabilities from finance activities	-16,067	-16,085
Interest expenses for leasing liabilities from operating activities	798	760

21) Other assets	2022	2021
Deferred tax assets	1,353	1,390
Other assets	137,781	127,011
Positive fair values of closed out derivatives in the banking book	39,640	102,159
Deferred items	10,677	3,067
Other assets	189,451	233,627

Deferred tax assets/deferred tax liabilities

	Deferred taxes 2022		Deferred taxes 2021	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Cash and balances at central banks	105	0	192	0
Loans and advances to banks	0	-138	0	-866
Loans and advances to customers	8,358	-5,827	9,027	-5,233
Trading assets	0	-10,492	0	-8,793
Financial investments	465	-26,331	385	-50,674
Financial assets - FVPL	0	-9,089	0	-15,450
Financial assets FV/OCI (with recycling)	0	-6,869	0	-5,581
Financial assets FV/OCI (without recycling)	0	-10,374	0	-29,643
Financial assets - AC	455	0	368	0
Entities accounted for using the equity method	11	0	17	0
Intangible assets	0	-30	0	-73
Property, plant and equipment	537	-31,964	316	-35,625
Other assets	3,894	-57	0	-15,577
	13,371	-74,838	9,920	-116,513
Amounts owed to banks	101	-4	846	-15
Amounts owed to customers	0	-6,060	11,550	0
Securitised liabilities	0	-23,311	3,193	0
Provisions for staff benefits	11,662	0	24,026	0

Other provisions	298	-714	6,277	0
Other liabilities	72,435	-312	43,195	-269
Subordinated debt capital	0	-5,616	3,712	0
Untaxed reserves/valuation reserves	0	-227	0	-233
	84,497	-36,243	92,799	-517
Capitalized tax loss carry-forwards	359	0	457	0
Deferred tax assets/liabilities	98,227	-111,082	103,175	-117,030
Balance of deferred tax assets/liabilities attributable to the same fiscal authority	-96,874	96,874	-101,785	101,785
Balance of deferred tax assets/liabilities	1,353	-14,207	1,390	-15,245

No deferred tax assets were recognised for loss carry-forwards from the Leasing subgroup in the amount of €k 1,941 as at 31 December 2022 (pr. yr.: €k 1,602), because consumption within the foreseeable future does not seem feasible from today's standpoint.
No deferred tax liabilities were recognised on the temporary differences from interests in subsidiaries, joint ventures and associated companies held by Group companies of €k 850,667 (pr. yr.: €k 759,310) in accordance with IAS 12.39, because the temporary differences are not expected to reverse in the foreseeable future. The temporary differences concern reinvested profit shares which were not intended for distribution and will remain tax-free in the foreseeable future. Therefore – excluding tax-free profit distribution by subsidiaries – the hypothetical tax debt of €k 212,667 (pr. yr.: €k 189,828) was not recognised as at 31 December 2022.

22) Amounts owed to banks	**2022**	**2021**
Amounts owed to domestic banks	2,426,246	3,980,517
Amounts owed to foreign banks	2,022,489	1,912,821
Amounts owed to banks	4,448,735	5,893,338
Amounts owed to banks, by maturity		
On demand	777,734	749,160
Up to 3 months	177,797	247,719
3 months to 1 year	135,208	33
1 to 5 years	1,666,362	2,475,286
Over 5 years	1,691,634	2,421,140
Amounts owed to banks	4,448,735	5,893,338

The item amounts owed to banks contains an amount of EUR 800 million (pr. yr.: EUR 2,300 million) from the TLTRO III refinancing programme of the ECB. Two early repayments were made in the 2022 financial year. EUR 500 million was repaid in November 2022 and an additional EUR 1,000 million in December 2022, reducing the amount of refinancing taken out to EUR 800 million as at 31 December 2022. The loans taken out between June 2020 and September 2021 carried interest until the end of June at the ECB's deposit rate of - 0.5%, which was still valid at that time. For the interest rate from June 2022 to 23 November 2022, the average deposit rate since the beginning of the transaction was used. From 23 November 2022, the ECB's average key lending rate will be the applicable interest rate until the end of the loan term or until the early repayment of the respective refinancing programme.
This interest rate was in conformity with market rates when compared to deposits of our customers and other similar, collateralised loans. Therefore, we recognised the finance liability as a financial instrument pursuant to IFRS 9. In addition, we achieved the required credit growth level and were awarded a bonus of 0.5% until the end of June 2022 in addition to the interest. The interest income received for the negative refinancing interest for the financial year 2022 amounted to EUR 17.0 million. This included a bonus of EUR 11.5 million. The future interest rate depends on the further development of deposit interest rates, which means that the impact on future interest income is not yet amenable to estimation. As of the reporting date, we expected an average interest rate of 1.63%.
We plan to hold the refinancing in place as of 31 December 2022 until final maturity, specifically EUR 450 million thereof until March 2024, another EUR 250 million until June 2024 and the remaining EUR 100 million until September 2024.

23) Amounts owed to customers	**2022**	**2021**
Savings deposits	2,167,226	2,534,685
Other	12,894,129	12,193,904
Amounts owed to customers	15,061,355	14,728,589
Amounts owed to customers, by maturity		
On demand	12,834,782	13,183,297
Up to 3 months	997,858	357,721
3 months to 1 year	713,925	554,958
1 to 5 years	379,018	393,095
Over 5 years	135,772	239,518
Amounts owed to customers	15,061,355	14,728,589

24) Securitised liabilities	2022	2021
Bonds issued	2,397,353	2,192,883
Other securitised liabilities	9,664	13,764
Securitised liabilities	2,407,017	2,206,647
Securitised liabilities, by maturity		
Up to 3 months	41,281	107,039
3 months to 1 year	86,010	27,123
1 to 5 years	794,876	742,253
Over 5 years	1,484,850	1,330,232
Securitised liabilities	2,407,017	2,206,647

25) Provisions for liabilities and charges	2022	2021
Provisions for termination benefits and pensions	136,523	179,295
Provisions for anniversary bonuses	12,095	14,908
Provisions for credit risks	137,497	135,250
Other provisions	33,506	35,349
Provisions for liabilities and charges	319,621	364,802

Movements in provisions for termination benefits and pensions	2022	2021
Provisions as at 01/01	179,295	201,775
Allocated to/reversed from provisions for termination benefits	-8,918	-5,174
Allocated to/reversed from provisions for pensions	-33,854	-17,306
Provisions as at 31/12	136,523	179,295

Presentation of obligations under defined benefit plans pursuant to IAS 19	2022	2021
Plan assets	0	0
Provisions for termination benefits	36,209	45,126
Provisions for pensions	100,314	134,169
Provisions for anniversary bonuses	12,095	14,908
Total obligations under defined benefit plans	148,618	194,203

The defined benefit plans of the Oberbank Group comprise obligations in terms of termination benefits, pensions and anniversary bonuses.
The legal basis for the provisions for termination benefits is the Austrian Salaried Employees Act (AngG, § 23) as well as the valid collective agreement for the banking sector (§ 32). Pursuant to §32 of the collective agreement, employees with a minimum service period of five years are entitled to termination benefits in the amount of two monthly salaries in addition to their claims in accordance with the Salaried Employees Act (Severance Pay OLD) and BMSVG (Corporate Employee and Self-Employed Pension Act; Severance Pay NEW). As at 31 December 2022, 663 employees were included in the "Severance Pay OLD” system (92.7% of the entire volume of provisions) and 1,217 employees were carried in the "Severance Pay NEW" system.
The legal basis for the provisions for pensions is the collective bargaining agreement on the reform of pension entitlements (pension reform of 1997) as well as pension commitments based on individual contracts. As at 31 December 2022, provisions for pensions within the Oberbank Group included 492 pension beneficiaries (75.8% of the total volume of provisions) and 263 employees in active service (24.2% of total provisions). Most of the 261 active staff members are entitled to a pension based on acquired vested rights as calculated for the cut-off date of 1 January 1997 and value-adjusted for salary increases in accordance with the collective agreement on an annual basis. This group of persons accounts for 12.5% of the total provision.

Risks that need to be stated in connection with provisions for pensions
Disability: If an employee is granted a disability pension, the Austrian pension law in force before 1 January 1997 is applicable, meaning that the bank's contribution is a transitional pension (total pension) calculated on the basis of the last salary and taking into account pension fund contributions financed by the Bank. No disability pension was granted in 2022.

Administrative pension: Upon termination of an employment contract by the Bank, active employees entitled to a pension based on acquired vested rights are entitled to an administrative pension calculated on the basis of the last salary, which is paid until such person becomes entitled to a statutory pension pursuant to the provisions laid down in the Austrian General Social Insurance Act (ASVG). As of this date a transitional pension is disbursed (calculated on the basis of a fictitious ASVG pension). There was no such case in 2022.
The legal basis for the provisions for anniversary bonuses is the company agreement with the Works Council. Entitlements are staggered as follows: three monthly salaries after 25 years' service; four monthly salaries after 40 years' service. As at 31 December 2019, provisions for anniversary bonuses covered the entitlements of 1,443 persons. No provisions have been set up for 431 persons (41 have already received their anniversary bonuses; 306 persons will reach retirement age prior to the entitlement date for the anniversary bonus, 84 persons joined the bank in HY2 2022 and no provisions are set aside for this group of persons).

Movements in provisions for termination benefits, pensions and similar obligations	**2022**	**2021**
Present value of defined benefit provisions as at 01/01	**194,203**	**217,553**
Recognised in the income statement		
+ Service cost	3,803	4,392
+ Interest cost	2,383	1,619
Subtotal	**200,389**	**223,564**
Revaluation effects		
Recognised directly in Other comprehensive income		
-/+ Actuarial gain/loss	-35,707	-16,538
- Financial assumptions	-38,857	2,774
- Demographic assumptions	0	0
- Experience-based assumptions	3,150	-19,312
-/+ Gains / losses on plan assets	0	0
-/+ Gains / losses from exchange rate movements	0	0
Recognised in the income statement	-3,422	-1,710
Subtotal	**-39,129**	**-18,248**
Other		
Payments for plan settlements	0	0
- Payments during the reporting year	-12,642	-11,113
- Other changes	0	0
Subtotal	**-12,642**	**-11,113**
Provisions recognised as at 31/12	**148,618**	**194,203**

Actuarial gains/losses attributable to pension and severance obligations were recognised in the reporting year directly in Other comprehensive income (OCI). The amounts will not be reclassified subsequently; a transfer within equity, however, is permitted. Actuarial gains/losses attributable to provisions for anniversary bonuses are shown in the item Staff expenses in the income statement.

Important actuarial assumptions for calculating the present values of defined benefit obligations	**2022**	**2021**
Interest rate applied	3.75%	1.25%
Increase under collective agreements	2.84 %	2.63%
Pension increase	1.89 %	1.67%
Fluctuation	None	None
Retirement age women	59–65 years	59–65 years
Retirement age men	65 years	65 years
Mortality tables	AVÖ 2018	AVÖ 2018

Assuming that the computational parameters remain unchanged, we anticipate a reversal of provisions for termination benefits, pensions and similar obligations of about EUR 2.1 million in the financial year 2023.

The present value of post-retirement benefit obligations was €k 190,317 for the financial year 2015, €k 185,058 for the financial year 2016, €k 184,732 for the financial year 2017, €k 196,750 for the financial year 2018, €k 214,503 for the financial year 2019, and €k 217,553 for the financial year 2020.

Sensitivity analysis

The sensitivity analysis shows the effects that significant changes in actuarial assumptions might reasonably be expected to have had on defined-benefit obligations by the end of the reporting period.

in €k	Termination benefits	Pensions	Anniversary bonuses
Interest rate applied + 0.5%	34,645	95,328	-
Interest rate applied - 0.5%	37,861	105,780	-
Collective agreement increase + 0.5%	37,868	100,717	-
Collective agreement increase - 0.5%	34,624	99,922	-
Pension increase + 0.5%	-	105,209	-
Pension increase - 0.5%	-	95,773	-

Although the sensitivity analysis does not purport to deliver a final presentation of expected future payment flows, the results allow an assessment of the possible effects of significant changes to actuarial assumptions.

Maturity profile

The following table shows anticipated payments of benefits in each of the upcoming periods:

in €k	Termination benefits	Pensions	Anniversary bonuses
2023	1,719	7,073	-
2024	4,051	7,286	-
2025	1,971	7,055	-
2026	2,692	6,826	-
2027	3,313	6,608	-
Total of anticipated disbursements of benefits in the next five years	13,746	34,848	-

Maturity

The following table shows the weighted average term to maturity of defined benefit obligations as at 31 December 31 December 2022:

in years	Termination benefits	Pensions	Anniversary bonuses
Maturity	9.01	10.61	-

Movements in other provisions for liabilities and charges	Provisions for anniversary bonuses	Loan loss provisions	Other provisions
At 01/01	14,908	135,250	35,349
Allocated	0	29,740	5,249
Used / exchange differences / effect proportionate consolidation / reclassification	0	1,214	-84
Reversed	-2,813	-28,707	-7,008
Balance as at 31/12	12,095	137,497	33,506

These are primarily short-term provisions

26) Other assets	2022	2021
Trading liabilities	50,381	35,539
Tax liabilities	23,632	16,983
Current tax liabilities	9,425	1,738
Deferred tax liabilities[1)]	14,207	15,245
Leasing liabilities	141,298	143,833
Other liabilities	122,876	244,459
Negative fair values of closed out derivatives in the banking book	184,551	34,077
Deferred items	12,068	57,167
Other liabilities	534,806	532,058

1) For details regarding deferred tax liabilities, see Note 21) on Other assets. As of the annual financial statements for the period ended 31 December 2022, the lease receivables are presented net, reduced by special lease payments and deposit payments in the amount of EUR 173 million. This also resulted in a reduction of Other liabilities by the same amount.

27) Other liabilities (trading liabilities)	2022	2021
Currency contracts	12,769	7,122
Interest rate contracts	37,612	28,417
Other contracts	0	0
Trading liabilities	50,381	35,539

28) Subordinated debt capital	2022	2021
Subordinated bonds issued incl. tier 2 capital	479,712	496,368
Hybrid capital	0	0
Subordinated debt capital	479,712	496,368

Subordinated debt capital, by maturity		
Up to 3 months	7,822	37,227
3 months to 1 year	48,269	2
1 to 5 years	219,374	291,052
Over 5 years	204,247	168,087
Subordinated debt capital	479,712	496,368

Development of subordinated debt capital		
As at 01/01	496,368	485,775
Changes in cash items	24,844	16,828
thereof payments from issues	54,844	43,079
thereof repurchase/repayment	-30,000	-26,251
Changes in non-cash items	-41,500	-6,235
thereof changes in the fair value	-39,266	-6,207
thereof other changes	-2,234	-28
As at 31/12	479,712	496,368

29) Shareholders' equity	**2022**	**2021**
Subscribed capital	105,772	105,863
Capital reserves	505,523	505,523
Retained earnings (incl. net profit)	2,875,147	2,646,810
Negative goodwill	1,872	1,872
Additional equity capital components	50,000	50,000
Share of non-controlling shareholders	8,606	7,793
Shareholders' equity	3,546,920	3,317,861
Development of shares in issue (units)		
Shares in issue as at 01/01	35,287,597	35,127,062
New shares issued	0	0
Treasury shares purchased	-124,547	-216,585
Treasury shares sold	94,099	377,120
Shares in issue as at 31/12	35,257,149	35,287,597
Plus own shares held by the Group	50,151	19,703
Shares in issue as at 31/12	35,307,300	35,307,300

The carrying value of own shares held was EUR 5.1 million (pr. yr.: EUR 1.8 million) on the balance sheet date.

30) Non-current assets statement

Movements in intangible assets and property, plant and equipment	Intangible assets	Property, plant and equipment	thereof investment property
Cost of acquisition/conversion on 1/1/2022	22,869	701,744	118,315
Currency exchange differences	-88	-230	0
Transfers	0	0	0
Additions	1,504	27,191	59
Disposals	876	37,514	11,990
Cumulated depreciation	19,642	333,802	33,691
Carrying value 31/12/2022	3,767	357,389	72,693
Carrying value 31/12/2021	3,221	382,622	84,234
Depreciation during the reporting year	949	36,133	3,049

Of total depreciation of property, plant and equipment in the reporting year, €k 7,681 assignable to operating leases are shown in the line item Other operating income. The portion of the COVID-19 investment bonus not yet recognised is €k 738.

31) Fair value of financial instruments and other items regarding reconciliation as at 31/12/2022 (upper line: respective carrying amount, lower line: amount as fair value))

	AC	FVTPL	thereof designated	HFT	FVOCI	thereof equity instruments FVOCI	thereof debt instruments FVOCI	AC/ liabilities	Other	Total
Cash and balances at central								2,287,322		**2,287,322**
banks								2,287,322		
										2,287,322
Loans and advances to								1,057,204		**1,057,204**
banks								1,057,398		**1,057,398**
Loans and advances to	43,586	32,660	6,817		35,215		35,215	19,081,451		**19,192,911**
customers	36,115	32,660	6,817		35,215		35,215	18,656,216		**18,760,205**
Trading assets				56,655						**56,655**
				56,655						**56,655**
Financial investments	1,470,122	489,243	240,983		594,456	324,670	269,786		1,099,645	**3,653,467**
	1,342,212	489,243	240,983		594,456	324,670	269,786			
Intangible assets									3,767	**3,767**
Property, plant and									357,389	**357,389**
equipment										
Other assets				39,640					149,812	**189,451**
				39,640						
closed out derivatives in										**39,640**
the banking book				39,640						
				39,640						**39,640**
Total assets	**1,513,708**	**521,903**	247,799	**96,294**	**629,671**	324,670	305,001	**22,425,977**	**1,610,612**	**26,798,166**
	1,378,327	**521,903**	247,799	**96,294**	**629,671**	324,670	305,001	**22,000,936**		
Amounts owed to banks		0	0					4,448,735		**4,448,735**
		0	0					4,078,306		**4,078,306**
Amounts owed to		284,307	284,307					14,777,048		**15,061,355**
customers		284,307	284,307					14,762,343		**15,046,650**
Securitised liabilities		640,406	640,406					1,766,610		**2,407,017**
		640,406	640,406					1,508,338		**2,148,744**
Provisions for liabilities and									319,622	**319,622**
charges										
Other liabilities				234,932					299,874	**534,806**
				234,932						
closed out derivatives in				184,551						184,551
the banking book				184,551						184,551
Subordinated debt capital		277,616	277,616					202,096		**479,712**
		277,616	277,616					181,215		**458,831**
Capital									3,546,920	**3,546,920**
Total equity and liabilities		**1,202,329**	1,202,329	**234,932**				**21,194,489**	**4,166,415**	**26,798,166**
		1,202,329	1,202,329	**234,932**				**20,530,202**		

31) Fair value of financial instruments and other items regarding reconciliation as at 31/12/2021 (upper line: respective carrying amount, lower line: amount as fair value)

	AC	FVTPL	thereof designated	HFT	FVOCI	thereof equity instruments FVOCI	thereof debt instruments FVOCI	AC/ liabilities	Other	Total
Cash and balances at central banks								4,400,915		**4,400,915**
								4,400,915		**4,400,915**
Loans and advances to banks								873,561		**873,561**
								874,216		**874,216**
Loans and advances to customers	37,127	36,972	10,625		35,775		35,775	18,318,053		**18,427,927**
	38,781	36,972	10,625		35,775		35,775	18,573,754		**18,685,283**
Trading assets				37,380						**37,380**
				37,380						**37,380**
Financial investments	1,283,109	481,966	233,985		414,571	373,483	41,088		1,000,764	**3,180,410**
	1,307,671	481,966	233,985		414,571	373,483	41,088			
Intangible assets									3,221	**3,221**
Property, plant and equipment									382,622	**382,622**
Other assets				102,159					131,467	**233,626**
				102,159						
closed out derivatives in the banking book				102,159						**102,159**
				102,159						**102,159**
Total assets	**1,320,236**	**518,938**	244,610	**139,539**	**450,346**	373,483	76,863	**23,592,529**	**1,518,075**	**27,539,663**
	1,346,453	**518,938**	244,610	**139,539**	**450,346**	373,483	76,863	**23,848,885**		
Amounts owed to banks		25,618	25,618					5,867,720		**5,893,338**
		25,618	25,618					5,803,859		**5,829,476**
Amounts owed to customers		394,972	394,972					14,333,618		**14,728,589**
		394,972	394,972					14,345,396		**14,740,368**
Securitised liabilities		768,809	768,809					1,437,838		**2,206,647**
		768,809	768,809					1,459,075		**2,227,883**
Provisions for liabilities and charges									364,803	**364,803**
Other liabilities				69,617					462,441	**532,058**
				69,617						
closed out derivatives in the banking book				34,077						**34,077**
				34,077						**34,077**
Subordinated debt capital		346,572	346,572					149,797		**496,368**
		346,572	346,572					158,704		**505,276**
Capital									3,317,861	**3,317,861**
Total equity and liabilities		**1,535,970**	1,535,970	**69,617**				**21,788,972**	**4,145,105**	**27,539,663**
		1,535,970	1,535,970	**69,617**				**21,767,033**		

In the financial year 2022, there were no reclassifications from the measurement category at fair value with changes in value plus or minus in other comprehensive income (FV/OCI) to the measurement category at amortised cost (AC) and no reclassifications from the measurement category at fair value through profit or loss (FV/PL) to the measurement categories at amortised cost (AC) or at fair value with changes in value in other comprehensive income (FV/OCI).

Liabilities designated at fair value through profit or loss	Cumulated changes to fair value due to a change to the own default risk (recognised in OCI)	Modification to fair value due to a change in market risk (recognised in P/L)		Difference in amount between carrying value and par value
	as at 31/12/2022	in the 2022 financial year	cumulated	as at 31/12/2022
Amounts owed to banks	0	420	0	0
Amounts owed to customers	6,069	63,395	-28,200	-28,200
Securitised liabilities	9,207	101,856	-101,351	-101,351
Subordinated debt capital	2,080	34,171	-23,209	-23,209

In the financial year 2022, there were no reclassifications of cumulated profit or loss within equity.

Liabilities designated at fair value through profit or loss	Cumulated changes to fair value due to a change to the own default risk (recognised in OCI)	Modification to fair value due to a change in market risk (recognised in P/L)		Difference in amount between carrying value and par value
	at 31/12/2021	in financial year 2021	cumulated	at 31/12/2021
Amounts owed to banks	-48	587	468	468
Amounts owed to customers	-3,082	21,888	44,346	44,346
Securitised liabilities	-3,062	25,466	12,774	12,774
Subordinated debt capital	-3,015	9,084	16,057	16,057

Assets designated at fair value through profit or loss as at 31/12/2022			Modification to fair value due to adjusted default risk		Modification to fair value of related credit derivatives or similar instruments	
	maximum default risk	Reduction due to related credit derivatives or similar instruments Financial instruments	in the reporting year	cumulated	in the reporting year	cumulated
Receivables from customers	6,817	-	-	-	-	-
Financial investments	240,983	-	-	275	-	-

Assets designated at fair value through profit or loss as at 31/12/2021			Modification to fair value due to adjusted default risk		Modification to fair value of related credit derivatives or similar instruments	
	maximum default risk	Reduction due to related credit derivatives or similar instruments Financial instruments	in the reporting year	cumulated	in the reporting year	cumulated
Receivables from customers	10,625	-	-	-	-	-
Financial investments	233,985	-	-	281	-	-

The maximum default risk for financial instruments within the scope of application of IFRS 9 to which, however, the impairment rules of IFRS 9 do not apply is as follows:

	31/12/2022	**31/12/2021**
Loans and advances to customers FVTPL	32,660	36,972
Financial investments FVTPL	489,243	481,966
Financial investments FVOCI	324,670	373,483
Trading assets	56,654	37,380
Derivatives in the banking book	39,640	102,159
Total	**942,867**	**1,031,960**

Fair value hierarchy of financial instruments	Carrying value							Fair value		
as at 31/12/2022 in €k	AC	FV/PL	HFT	FVOCI	AC/ liabilities	Other	**Total**	Level 1	Level 2	Level 3
Financial instruments carried at fair value										
Loans and advances to customers		32,660		35,215			**67,874**		54,183	13,691
Trading assets			56,655				**56,655**	9,935	46,720	
Financial assets - FVPL		489,243					**489,243**	255,170	234,074	
B) Financial assets FVOCI				594,456			**594,456**	326,928	4,122	263,405[1)]
Other assets			39,640				**39,640**		39,640	
of which closed out derivatives positions in the banking book			39,640				**39,640**		39,640	
Financial assets not carried at fair value										
Loans and advances to banks					1,057,204		**1,057,204**		1,057,398	
Loans and advances to customers	43,586				19,081,451		**19,125,037**		36,115	18,656,216
Financial assets - AC	1,470,122						**1,470,122**	1,299,389	42,823	
Financial liabilities carried at fair value										
Amounts owed to banks										
Amounts owed to customers		284,307					**284,307**		284,307	
Securitised liabilities		640,406					**640,406**		640,406	
Other liabilities			234,931				**234,931**		234,931	
thereof closed out derivatives positions in the banking book			184,551				**184,551**		184,551	
Subordinated debt capital		277,616					**277,616**		277,616	
Financial liabilities not carried at fair value										
Amounts owed to banks					4,448,735		**4,448,735**		4,078,306	
Amounts owed to customers					14,777,048		**14,777,048**		14,762,343	
Securitised liabilities					1,766,610		**1,766,610**		1,508,338	
Other liabilities										
Subordinated debt capital					202,096		**202,096**		181,215	

[1)]This item is made up of equity investments whose market value was measured using the discounted cash-flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method) or other methods to measure company valuation.

Fair value hierarchy of financial instruments			**Carrying value**						**Fair value**	
as at 31/12/2021 in €k	AC	FV/PL	HFT	FVOCI	AC / Liabilities	Other	**Total**	Level 1	Level 2	Level 3
Financial instruments carried at fair value										
Loans and advances to customers		36,972		35,775			**72,747**		56,234	16,513
Trading assets			37,380				**37,380**	1,614	35,766	
Financial assets - FVPL		481,966					**481,966**	239,512	242,454	
Financial assets FVOCI				414,571			**414,571**	168,541	4,096	241,933 [1)]
Other assets			102,159				**102,159**		102,159	
thereof closed out derivatives positions in the banking book			102,159				**102,159**		102,159	
Financial assets not carried at fair value										
Loans and advances to banks					873,561		**873,561**		874,216	
Loans and advances to customers	37,127				18,318,053		**18,355,180**		38,781	18,573,754
Financial assets - AC	1,283,109						**1,283,109**	1,251,320	56,351	
Financial liabilities carried at fair value										
Amounts owed to banks		25,618					**25,618**		25,618	
Amounts owed to customers		394,972					**394,972**		394,972	
Securitised liabilities		768,809					**768,809**		768,809	
Other liabilities			69,616				**69,616**		69,616	
of which closed out derivatives positions in the banking book			34,077				**34,077**		34,077	
Subordinated debt capital		346,572					**346,572**		346,572	
Financial liabilities not carried at fair value										
Amounts owed to banks					5,867,720		**5,867,720**		5,803,859	
Amounts owed to customers					14,333,618		**14,333,618**		14,345,396	
Securitised liabilities					1,437,838		**1,437,838**		1,459,075	
Other liabilities										
Subordinated debt capital					149,797		**149,797**		158,704	

[1)]This item is made up of equity investments whose market value was measured using the discounted cash-flow entity method or mixed method (multiples method in combination with the discounted cash-flow method) or other methods of enterprise valuation.

The fair value corresponds to the amount at which an asset can be sold or a liability settled by market participants in a transaction under market conditions on the balance sheet date or at which a debt can be transferred. The assessment of the fair value is based on the assumption that the transaction takes place either on the principal market for the respective asset or debt instrument or, if no such principal market exists, the most advantageous active market for the respective transaction, provided the entities involved have access to such markets. Where market prices are available for identical assets or debt instruments in an active market to which access is available on the balance sheet date, these prices are used for the measurement (level 1). Where no such market prices are available, the fair value is determined using valuation models based on parameters that are either directly or indirectly observable (level 2). Where the fair value cannot be assessed on the basis of market prices or using valuation models fully based on directly or indirectly observable market data, individual valuation parameters that are not observable on the market are estimated on the basis of reasonable assumptions (level 3). All fair value measurements refer to regularly performed measurements. There were no one-off fair value measurements in the reporting year.

Measurement process

Responsibility for independent monitoring and communication of risks as well as the measurement of financial instruments lies with the Strategic Risk Management Department of Oberbank. The unit is functionally and organisationally separate from trading, which is responsible for the initiation and conclusion of transactions. Trading book positions are marked-to-market daily at the close of business.

Valuation is based on current stock exchange prices where such quoted market prices are publicly available. If direct measurement based on prices quoted on securities exchanges is not possible, model values derived from current market data (yield curves, volatilities, etc.) are used. The market data is validated daily; at regular intervals, the model prices are compared with the prices actually obtainable on the market; in this context the model prices of the derivatives are compared to the model prices of the partner banks. The management is sent a daily update on risk positions and the valuation results based on entire trading book positions. The fair value of financial instruments not carried in the trading book is measured on a quarterly basis.

Measurement methods for determining fair values

The measurement methods used are in compliance with recognised mathematical methods for measuring financial instruments taking into account all factors that market participants would consider appropriate for determining a price. The income-based methodology applied is the fair value measurement approach. The market-based approach is applied in the fair value measurement of structured products.

Input factors for the fair value measurement

The measurement of the fair value of financial instruments in level 1 is based on prices quoted on active markets. These instruments include listed securities and derivative instruments. If direct measurement based on prices quoted on securities exchanges is not possible, the present value in level 2 is estimated using model values derived from current market data (yield curves, volatilities, etc.). Underlying interest-rate curves and volatilities are obtained from the Refinitiv system. Measurements are based on generally accepted valuation models, with measurements being made under market conditions. In the case of derivatives, symmetrical products (e.g. IRS) are measured using the discounted cash flow method. The fair values of asymmetrical products (options) are calculated using standard methods (e.g. Black-Scholes, Hull & White, etc.). Structured products are measured on the basis of price information obtained from third parties.
All derivative instruments are measured on a counterparty-risk-free basis in a first step. In a second step, a credit risk markdown is determined (credit valuation adjustment, CVA) based on the internal default probabilities of an expected loss. The fair values of non-listed securities are obtained from the Geos system. The fair value of investment fund units is obtained from the fund management companies. The present value method (discounted cash flow method) is used to calculate the fair value of securitised liabilities, subordinated capital and amounts owed to banks and customers, with the cash flows of own issues being calculated using the contractual interest rate.

The interest rates used for discounting are derived from the discount curve applicable to the respective currency, adding a premium in the form of a credit spread corresponding to the seniority of the issue. The credit rating premiums are adjusted regularly to the respective market conditions.
The fair value of level 3 assets is measured using generally accepted valuation models. The fair value measurement of receivables from banks and customers is based on the discounted contract cash flow (based on contractually-agreed repayment structures) and the discounted expected credit loss cash flows (considers the credit rating of customers and collateral). The exchange rates used are the reference rates published by the ECB. A possible deterioration of the creditworthiness of customers has an effect on the determination of the fair value for Level 3 financial instruments.
If risk premiums were to increase by 50 bp, the loans and advances to customers measured at fair value would decrease by EUR 0.3 million (31/12/2021: EUR 0.4 million); if risk premiums were to rise by 100 bp, the fair values of these loans and advances to customers would decrease by EUR 0.5 million (31/12/2021 EUR 0.7 million). The fair value of equity investments and shares in affiliated companies is measured primarily using the discounted cash flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method) or other methods of company valuation. Changes in the fair value hierarchy or classification take place whenever there is any change in the quality of the input parameters used in the valuation method. Classification adjustments are made at the end of the reporting period.
The following table shows the development of equity investments FVOCI measured at fair value and assigned to level 3. The fair value of these assets is measured primarily using the discounted cash flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method) or other methods of company valuation.

Movements in €k	**2022**	**2021**
Carrying value as at 01/01	241,933	237,299
Additions (purchases)	0	511
Disposals (sales)	0	-12,744
Initial recognition due to IFRS 9	0	0
Value changes recognised in equity	21,472	16,867
Value changes recognised in income	0	0
Carrying value as at 31/12	**263,405**	**241,933**

The item Other comprehensive income from this type of instrument increased by €k 19,913 (pr. yr.: increased by €k 12,768).

The determination of the fair values of equity investments measured at FVOCI in Level 3 is based on the following significant, non-observable input factors.:

	Significant, non-observable input factors	**Relationship between significant, non-observable input factors and measurement at fair value**
Equity investments FVOCI	Discounting rate 5.50% to 9.86% (pr. yr. 4.59% - 8.62%), weighted average 6.25% (pr. yr. 5.08%).	The estimated fair value would increase (drop) if the discounting rate were lower (higher).

As regards the fair values of equity investments at FVOCI, a change that may reasonably be expected in one of the key non-observable input factors – with all other input factors being left unchanged – would have the following effects on other comprehensive income after tax:

	31/12/2022		**31/12/2021**	
in €k	**Increase**	**Reduction**	**Increase**	**Reduction**
Discounting rate (0.25% change)	-3,353	3,473	-4,794	5,044

A sensitivity analysis for further input factors (e.g. projected values) was not considered indicative.
The remaining level 3 financial instruments valued at fair value comprise loans and advances to customers for which the fair value option was used.

Movements in 2022 in €k	Loans and advances to customers
Carrying value as at 01/01	16,513
Transfer to level 2	0
Additions	1,187
Disposals (repayments)	-3,068
Changes in fair value	-941
of which disposals	-105
of which portfolio instruments	-836
Carrying value as at 31/12	**13,691**

There were no transfers between Level 1 and Level 2.

Movements in 2021 in €k	Loans and advances to customers
Carrying value as at 01/01	50,301
Transfer to level 2	0
Additions	0
Disposals (repayments)	-31,172
Changes in fair value	-2,616
thereof disposals	-182
thereof portfolio instruments	-2,434
Carrying value as at 31/12	**16,513**

There were no transfers between Level 1 and Level 2.

Offsetting of financial assets and financial liabilities (in €k) as required by IAS 32 and IFRS 7

				Amounts not recognised		
	Financial assets, gross	Gross amounts offset	Recognised financial assets, net	Effects of netting arrangements	Financial instruments pledged	Net amount
Assets as at 31/12/2022						
Receivables from banks	1,057,204		1,057,204			1,057,204
Receivables from customers	19,676,755	-483,844	19,192,911			19,192,911
Derivatives	85,256		85,256	-55,275	-13,262	16,719
Total	**20,819,215**	**-483,844**	**20,335,371**	**-55,275**	**-13,262**	**20,266,834**
Liabilities as at 31/12/2022						
Amounts owed to banks	4,448,735		4,448,735			4,448,735
Amounts owed to customers	15,545,199	-483,844	15,061,355			15,061,355
Liabilities from central bank deposits transferred and securities repurchase agreements	792,081		792,081		-792,081	0
Derivatives	233,823		233,823	-55,275	-138,368	40,180
Total	**21,019,838**	**-483,844**	**20,535,994**	**-55,275**	**-930,449**	**19,550,270**
Assets as at 31/12/2021						
Receivables from banks	873,561		873,561			873,561
Receivables from customers	18,796,932	-369,005	18,427,927			18,427,927
Derivatives	137,331		137,331	-44,603	-52,844	39,884
Total	**19,807,824**	**-369,005**	**19,438,819**	**-44,603**	**-52,844**	**19,341,372**
Liabilities as at 31/12/2021						
Amounts owed to banks	5,893,338		5,893,338			5,893,338
Amounts owed to customers	15,097,594	-369,005	14,728,589			14,728,589
Liabilities from central bank deposits transferred and securities repurchase agreements	2,392,523		2,392,523		-2,392,523	0
Derivatives	69,086		69,086	-44,603	-9,340	15,143
Total	**23,452,541**	**-369,005**	**23,083,536**	**-44,603**	**-2,401,863**	**20,637,070**

The column "Gross amounts offset" shows amounts for which offsetting is permitted pursuant to IAS 32. The column "Effects of netting arrangement" presents amounts subject to a master netting arrangement. These master netting arrangements with customers are standardised derivatives framework agreements. Furthermore, standardised agreements such as ISDA contracts are entered into with banks. ISDA contracts are master netting arrangements (framework contracts) with the International Swaps and Derivatives Association (ISDA). Oberbank AG employs these netting arrangements to reduce risks from derivatives in the event of a counterparty default. On the basis of these agreements, all transactions involving derivatives are settled net, with assets being offset against liabilities. If the net position is additionally hedged by means of cash collateral given or received (e.g. margin accounts), the hedges are reported in the column "Financial instruments pledged". These hedges are based on CSA agreements (Credit Support Annex) with banks, which define the basic provisions governing the acceptance of collateral. The column "Financial instruments pledged" comprises the total amounts of collateral received or furnished in the form of financial instruments in relation to the total amount of assets and liabilities.

32) Information on related parties

Total remuneration of the Management Board recognised in the consolidated financial statements was €k 3,124.2 (pr. yr.: € 2,667.5). The variable component therein was €k 741.2 (pr. yr. €k 453.7).
Payments to former members of the management board and their surviving dependents amounted to €k 1,219.7 (pr. yr.: € 1,260.1). There were no additional compensation payments for pension entitlements to former members of the Management Board (including surviving dependents). Expenses (+) / income (-) for termination benefits and pensions for members of the management board (including former members of the management board and their surviving dependents) came to €k -5,898.3 (pr. yr.: €k -1,382.2). These amounts include changes recognised in equity (actuarial gains or losses from changes in the parameters used for the actuarial calculation of provisions for termination benefits and pensions).
The remuneration guidelines of Oberbank AG adopted by the Annual General Meeting 2021 with the corresponding majority provide for a balanced relationship between fixed and variable components, with the variable remuneration being limited to 40% of the fixed remuneration component. The fixed basic salaries depend on the specific remits of the Management Board members. Joint and personal performance elements of management members as well as the overall performance of Oberbank are taken into account in the variable component.

The key financial and non-financial performance criteria used by the Remuneration Committee for the calculation of the variable components of the management board are as follows:

1 The decision takes into account up to 35% the sustained attainment of the strategic financial objectives based on the defined strategy and multi-year projections.
2 Sustained compliance with risk allocation in accordance with the overall bank management strategy also enter into to the decision at 35%.
3 Sustained attainment of strategic (incl. non-financial) goals, which may raise the result of the calculation of 1 and 2 by a maximum of 20 percentage points.
4 The outcome is completed for every member of the management board separately due to the development of the specific areas of responsibility assigned to the member in accordance with the distribution of the remits, with the result from 1 to 3 being increased by a maximum of 10%-points.

Should the overall goal attainment reach 100%, the respective member of the management board would be entitled to a variable remuneration component of 30% of the fixed remuneration; however, it is capped at 40% in the event the goal is surpassed. For every percentage shortfall below the goal of 100%, one percentage point less variable remuneration is granted so that if goal attainment is 70% or less, no variable remuneration component is paid.
In line with statutory requirements, the variable remuneration component of Management Board members, the amount of which is determined by the Remuneration Committee on the basis of the "Parameters for the assessment of variable remuneration components for Management Board members" at its annual March meeting, is paid 50% in equity instruments and 50% in cash; the respective shares are subject to a holding period of three years and the remuneration portion to be deferred for a period of five years must consist in equal parts of shares and cash.
Since variable remuneration components are always determined and granted retroactively, the corresponding provisions must be set up in the balance sheet. However, given the very moderate policy course pursued by the Remuneration Committee, these are easy to budget. For the remuneration paid out in 2021 for the year 2020, the amount was €k 240, and for the remuneration paid out in 2022 for the year 2021, the amount was €k 467.5. The remuneration to be paid out in 2023 for 2022 is €k 741.2 and is recognised in the balance sheet as at 31/12/2022.
Variable components, like payments made to staff members, are paid out in May together with the monthly salaries; the amount assignable to the portion to be paid in equity instruments is booked to a blocked securities account in the name of the respective Management Board member and used to pay for the shares to be acquired, which are then subject to a holding period of three years.
The provisions recognised for the portions which are not disbursed in accordance with legal requirements (50% in cash and 50% in equity instruments) remain unchanged. These provisions amounted to €k 180 in 2021 and to €k 368 in 2022. These amounts are distributed over the subsequent five years to be paid out following approval by the Remuneration Committee.
In terms of accounting treatment, the provisions to be recognised for the variable remuneration components of the Management Board are additional personnel expenses.

The members of the Supervisory Board receive an annual remuneration and are reimbursed for cash expenses incurred in connection with their function, but do not receive attendance fees. For now, the amount of the remuneration for the members of the Supervisory Board was determined by the Annual General Meeting (last amended by resolution of 17 May 2022) as follows: EUR 28,000 for the chairperson, EUR 25,000 for the vice chairperson and EUR 22,000 each of the other members. The remuneration for work on the Audit Committee was EUR 6,000 per member and year, for the Remuneration Committee EUR 3,000 per member and year, for the Working Committee EUR 3,000 per member and year, for the Nominations Committee EUR 4,000 per member and year, for the Risk Committee EUR 3,000 per member and year, for the Credit Committee EUR 6,000 per member and year, and for the Legal Committee EUR 6,000 per member and year. The remuneration of the Supervisory Board for the financial year amounted to €k 333.7 (pr. yr. €k 277.0).
With respect to the Supervisory Board of Oberbank AG, loans and guarantees for members of the Supervisory Board were €k 197.4 (pr. yr.: €k 475.9); loans to members of the Management Board of Oberbank AG were €k 126.8 (pr. yr.: €k 129.0). The loans and guarantees were granted on arm's length terms.

Framework conditions of the 2022 employee stock option plan

- Offer period: 23 May to 13 June 2022
- Number of shares limited to 70,000 ordinary non-par value shares available for purchase and up to 28,000 ordinary non-par value shares allocated free of charge ("bonus shares").
- Subscription price: exchange price on 14 June 2022; maximum number of shares available for purchase: 85 shares
- Bonus share: two free ordinary shares were allotted as bonus shares for every five ordinary shares purchased (model 5 + 2).

Within the predefined timeframe, the employees of Oberbank AG were offered shares in the company at preferential conditions (bonus shares). The purchase of shares is subject to restrictions on the amount employees are permitted to invest. In the reporting year, the number of shares obtained by employees through this offer was 58,165 ordinary non-par value shares for purchase and 23,266 ordinary non-par value ordinary shares free of charge ("bonus shares") The 23,266 preference shares acquired through the 2022 buyback programme for the purpose of issuing these to the eligible group of persons at no cost entailed expenses in an amount of €k 2,308.

Share buyback programme 2022

The share buyback programme for ordinary and preference shares was closed on 15 June 2022.
Within the share buyback programme for ordinary shares, Oberbank repurchased a total of 83,225 ordinary non-par value shares between 7 June 2022 and 15 June 2022 on the stock exchange and over the counter which corresponds to around 0.24% or EUR 249,675 of the share capital. The weighted average price per ordinary share amounted to EUR 99.20; the highest price paid per ordinary share was EUR 99.20; the lowest price paid per ordinary share was EUR 99.20. The value of repurchased ordinary shares amounted to EUR 8,255,920.00. On 20 June 2022, the Management Board of the company decided to sell or transfer all of the 83,225 ordinary shares purchased under the 2022 buyback programme; more specifically, 81,431 Oberbank ordinary shares to employees (incl. Management Board) within the scope of the employee stock option plan of 2022, of which 58,165 shares were purchased by employees and 23,266 shares were bonus shares free of charge (model 5 + 2), and 1,794 shares went to the Management Board as the share-based remuneration of the Management Board pursuant to § 39b Banking Act in compliance with the proposal submitted by the Remuneration Committee of the Supervisory Board of Oberbank AG on 23 March 2022. This decision as well as the sale of own shares are herewith published pursuant to § 65 (1a) Stock Corporation Act in conjunction with § 119 (7) and (9) Stock Exchange Act 2018 and pursuant to §§ 2, 4 and 5 of the Disclosure Regulation 2018 and are available on the website of Oberbank AG at: https://www.oberbank.at/aktien-ruckkaufprogramme

Shares held by employees and the Management Board

As at 31 December 2022, employees (including retirees) and the Management Board held the following shares:

	Ordinary shares
Employees (directly and via the *Mitarbeiter-Beteiligungsstiftung*)	1,629,176
thereof Management Board	32,224

Gasselsberger	16,008
Weißl	9,744
Hagenauer	4,671
Seiter	1,801

In the course of ordinary business activities, business with companies and individuals considered to be related parties was transacted on arm's length terms. Business transactions between related companies included in the group of consolidated companies were eliminated in the context of consolidation and are not explained in these Notes.

As at 31 December 2022, business transactions with related parties were as follows:

in €k	Associates	Subsidiaries	Entities able to exercise significant influence over the Company	Other related parties[1)]
Transactions				
Loans	278	0	0	23,599
Guarantees/collateral	174	0	0	9,616
Outstanding balances				
Receivables	256,191	29,122	26,826	138,977
Loans and advances to customers pr. yr.	218,181	29,455	25,457	48,200
Securities	7	0	0	0
Securities preceding year	0	0	0	0
Payables	12,131	41,913	99	141,280
Payables in preceding year	14,859	40,818	2,697	90,054
Guarantees/collateral	185,929	0	0	62,820
Guarantees/collateral in preceding year	177,510	0	0	29,791
Provisions for doubtful receivables	11	0	0	0
Provisions for doubtful receivables in preceding year	90	0	0	0
Income items				
Interest	2,774	100	66	1,718
Commissions	267	1	3	1,262
Expenses				
Interest	10	-204	4	-71
Commissions	0	0	0	0
Allowances for doubtful receivables	0	0	0	-28
Administrative expenses	0	0	0	0

1) Other related parties are the members of the management that hold key positions at Oberbank AG including their immediate families as well as companies that are controlled or jointly managed by these parties.

The following group of persons has been defined as key management personnel pursuant to IAS 24 with respect to Oberbank AG:

- Management Board members
- Supervisory Board members (incl. employee representatives)
- Heads of units
- Main party responsible for internal control functions provided they do not head their own department
  - (Regulatory) compliance functions pursuant to § 39 (6) Banking Act
  - Risk management pursuant to § 39 (5) Banking Act
  - Internal Audit pursuant to § 42 Banking Act
  - Money laundering pursuant to § 23 para 3 Financial Market Anti-Money Laundering Act (FM-GwG)
  - Compliance function pursuant to Del RE (EU) 2017/565 and Austrian Securities Supervision Act 2018
  - local functionaries in the foreign markets

2) The previous year's figures for 2021 have been adjusted.

33) Segment Reporting

The basis for segment reporting is the Bank's internal segment accounting system, which is represented by the separation implemented in 2003 between Personal Banking and Corporate and Business Banking and the related corresponding management remits. The segments are presented as if they were autonomous enterprises with their own equity and with responsibility for their results. Customer servicing competence was the primary criterion for defining the segments.
The segment information is based on the so-called "management approach", which requires that the segment information be presented on the basis of the internal reporting approach as it is regularly applied with respect to decisions relating to the allocation of resources for the individual segments and the assessment of their performance.

In the Oberbank Group, the segments 'Personal Banking', 'Corporate and Business Banking' (incl. the results of leasing subgroup), 'Financial Markets' (trading activities; Treasury positions; the bank's market maker positions; term structure income; income from associates; results of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H.) and 'Other' (items not directly related to business segments; balance sheet items not allocated to the other segments; units that contribute to profit but cannot be allocated to any individual segment).
The equity allocated to the segments has been measured since the financial year 2016 on the basis of the average 10-year swap rate calculated for the last 120 months and recognised in net interest income as income from equity investments. The distribution of the equity capital allocated is done in line with regulatory capital requirements for the segments.

Segment reporting as at 31/12/2022 Core business segments in €k	Personal Banking	Corporate and Business Banking	Financial Markets	Other	Total
Net interest income	96,892	340,039	-30,871	0	406,060
Income from entities (equity method)	0	0	90,653	0	90,653
Charges for losses on loans and advances	-13,322	-20,446	-7,714	0	-41,482
Fee and commission expenses	-14,710	-5,652	0	0	-20,361
Fee and commission income	101,881	125,342	0	0	227,223
Net trading income	0	-172	6,272	0	6,100
Administrative expenses	-107,094	-172,167	-10,938	-30,133	-320,331
Other operating income	1,170	-36	-40,988	-12,747	-52,602
Extraordinary profit/loss	0	0	0	0	0
Profit/loss for the year before tax	64,818	266,908	6,414	-42,880	295,259
Average risk-weighted assets	2,150,712	11,776,331	6,127,959	0	20,055,002
Average allocated equity	363,603	1,990,926	1,036,003	0	3,390,532
RoE (return on equity before tax)	17.8%	13.4%	0.6%		8.7%
Cost/income ratio	57.8%	37.5%	43.6%		48.8%
Cash and balances at central banks			2,287,322		2,287,322
Loans and advances to banks			1,057,204		1,057,204
Loans and advances to customers	4,068,653	15,124,258			19,192,911
Trading assets			56,655		56,655
Financial investments			3,653,467		3,653,467
Interest in entities (equity method)			1,099,645		1,099,645
Other assets	86,365	292,040	40,877	131,324	550,607
Segment assets	4,155,018	15,416,299	7,095,524	131,324	26,798,166
Amounts owed to banks			4,448,735		4,448,735
Amounts owed to customers	6,754,334	8,307,021			15,061,355
Securitised liabilities			2,407,017		2,407,017
Trading liabilities			50,381		50,381
Equity and subordinated debt capital	431,819	2,364,445	1,230,368		4,026,632
Other liabilities	45,207	109,945	185,261	463,634	804,047
Segment liabilities	7,231,359	10,781,411	8,321,762	463,634	26,798,166
Depreciation/amortisation	8,296	14,635	290	6,180	29,401

Segment reporting as at 31/12/2021 Core business segments in €k	Personal Banking	Corporate and Business Banking	Financial Markets	Other	Total
Net interest income	64,431	275,189	6,437	0	346,057
Income from entities (equity method)	0	0	100,134	0	100,134
Charges for losses on loans and advances	-3,740	-24,446	-7,527	0	-35,713
Fee and commission expenses	-15,060	-5,817	0	0	-20,877
Fee and commission income	100,138	112,690	0	0	212,828
Net trading income	0	-982	8,746	0	7,764
Administrative expenses *	-105,435	-166,970	-10,277	-30,886	-313,568
Other operating income	7,035	-2,066	503	-20,210	-14,737
Extraordinary profit/loss	0	0	0	0	0
Profit/loss for the year before tax	47,369	187,597	98,016	-51,096	281,887
Average risk-weighted assets	2,054,573	10,983,346	5,390,131	0	18,428,050
Average allocated equity	354,040	1,892,631	928,818	0	3,175,489
RoE (return on equity before tax)	13.4%	9.9%	10.6%		8.9%
Cost/income ratio	67.4%	44.1%	8.9%		49.7%

*) The contribution to the Employee Participation Foundation, which was previously included in the "Other" segment, will be recognised in the Personal Banking, Corporate and Business Banking, and Financial Markets segments from the 2022 financial year. The previous year's figures for 2021 were adjusted accordingly.

Cash and balances at central banks			4,400,915		4,400,915
Loans and advances to banks			873,561		873,561
Loans and advances to customers	4,017,509	14,410,418			18,427,927
Trading assets			37,380		37,380
Financial investments			3,180,410		3,180,410
Interest in entities (equity method)			*1,000,764*		*1,000,764*
Other assets	87,197	325,628	103,154	103,492	619,470
Segment assets	4,104,706	14,736,046	8,595,420	103,492	27,539,663
Amounts owed to banks			5,893,338		5,893,338
Amounts owed to customers	6,508,346	8,220,243			14,728,589
Securitised liabilities			2,206,647		2,206,647
Trading liabilities			35,539		35,539
Equity and subordinated debt capital	425,255	2,273,328	1,115,647		3,814,229
Other liabilities	42,873	272,081	34,582	511,785	861,322
Segment liabilities	6,976,474	10,765,651	9,285,752	511,785	27,539,663
Depreciation/amortisation	7,952	15,170	262	6,093	29,477

34) Non-performing loans see Note 43, “Credit risk”

35) Assets pledged as collateral	2022	2021
Cover pool for trust money in savings deposits	22,996	23,152
Cover pool for covered bank bonds	30,766	30,766
Cover pool for mortgage-backed bank bonds (liquidity buffer)	3,496,781	2,606,570
Margin cover and collateral deposits for securities transactions and derivatives	241,415	78,319
Collateral for credit line with Euroclear	0	0
Collateral for EIB global loan facility	94,861	93,856
Securities and receivables for refinancing operations with OeNB	792,081	2,392,523
Securities held as collateral for the refinancing programme with the Hungarian National Bank	103,196	115,123
Accounts receivable assigned to Oesterreichische Kontrollbank (OeKB)	1,486,805	1,425,392
Accounts receivable assigned to LfA Förderbank Bayern and KfW in Germany	1,263,763	1,424,743
Accounts receivable assigned to the Hungarian National Bank and to special banks	71,632	77,884
Securities as cover for pension provisions	34,111	17,085
Other assets furnished as collateral to CCP Austria GmbH as the clearing agent for stock market transactions	406	467

Assets pledged as collateral	7,638,812	8,285,880

Collateral was furnished in accordance with standard commercial practices or legal provisions.

36) Subordinated assets in €k	**2022**	**2021**
Loans and advances to banks	0	0
Loans and advances to customers	39,228	55,479
Bonds and other fixed-interest securities	14,269	5,287
Other variable-yield securities	16,609	15,276
Subordinated assets	70,106	76,042

37) Foreign currency balances in €k	**2022**	**2021**
Assets	3,382,827	3,206,787
Equity and liabilities	2,543,824	2,335,636

See Risk Report, Note 42 et seq.

38) Fiduciary assets in €k	**2022**	**2021**
Fiduciary loans	414,928	385,693
Fiduciary investments	0	0
Fiduciary assets	414,928	385,693

These include ERP loans for which Oberbank bears only the management risk. The fiduciary transactions of 3-Banken Wohnbaubank AG with BKS Bank AG and Bank für Tirol und Vorarlberg AG are reported directly at the issuer.

39) Genuine repurchase agreements in €k	**2022**	**2021**
Carrying value of securities underlying genuine repo agreements	0	0

40) Contingent liabilities and commitments in €k	**2022**	**2021**
Other contingent liabilities (guarantees and letters of credit)	1,639,531	1,404,392
Contingent liabilities	1,639,531	1,404,392
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	4,542,796	4,551,763
Credit risks	4,542,796	4,551,763

41) Group of consolidated companies

The following list presents the group of consolidated companies within the Oberbank Group as at 31 December 2022.

GROUP PARENT OBERBANK AG, Linz

Consolidated entities	**Share in %**
3-Banken Wohnbaubank AG, Linz	80.00
3-Banken Kfz-Leasing GmbH, Linz	80.00
Donaulände Garagen GmbH, Linz	100.00
Donaulände Holding GmbH, Linz	100.00
Donaulände Invest GmbH, Linz	100.00
Ober Finanz Leasing gAG, Budapest	100.00
Ober Leasing Gesellschaft mit beschränkter Haftung, Budapest	100.00
Oberbank airplane 2 Leasing GmbH, Linz	100.00
Oberbank Reder Immobilienleasing GmbH, Linz	100.00
Oberbank Bergbahnen Leasing GmbH, Linz100.00	100.00
Oberbank Eugendorf Immobilienleasing GmbH, Linz	100.00
Oberbank Frank Immobilienleasing GmbH, Linz	90.00
Oberbank FSS Immobilienleasing GmbH, Linz	100.00
Oberbank Goldkronach Beteiligungs GmbH, Neuötting	100.00
Oberbank Leobendorf Immobilienleasing GmbH, Linz	100.00

Oberbank Abwicklung 01 GmbH (formerly Oberbank Idstein Immobilien-Leasing GmbH), Neuötting	100.00
Oberbank Immobilie-Bergheim Leasing GmbH, Linz	95.00
Oberbank Immobilien-Leasing Gesellschaft m.b.H., Linz	100.00
Oberbank Immobilien Leasing GmbH Bayern, Neuötting	100.00
Oberbank KB Leasing Gesellschaft m.b.H., Linz	100.00
Oberbank Kfz-Leasing GmbH, Linz	100.00
OBERBANK LEASING GESELLSCHAFT MBH., Linz	100.00
Oberbank Immobilien-Leasing GmbH Bayern & Co. KG Goldkronach, Neuötting	general partner
Oberbank Leasing GmbH Bayern, Neuötting	100.00
Oberbank Leasing JAF HOLZ, s.r.o., Prague	95.00
Oberbank Leasing Palamon s.r.o., Prague	100.00
Oberbank Leasing Prievidza s.r.o., Bratislava	100.00
BKS-Leasing s.r.o., Bratislava	100.00
Oberbank Leasing spol. s.r.o., Prague	100.00
Oberbank MLC - Pernau Immobilienleasing GmbH, Linz	99.80
Oberbank Operating Mobilienleasing GmbH, Linz	100.00
Oberbank Operating OPR Immobilienleasing GmbH, Linz	100.00
Oberbank Pernau Immobilienleasing GmbH, Linz	100.00
Oberbank Riesenhof Immobilienleasing GmbH, Linz	100.00
Oberbank Seiersberg Immobilienleasing Gesellschaft m.b.H., Linz	100.00
Oberbank Unterpremstätten Immobilienleasing GmbH, Linz	100.00
Oberbank Weißkirchen Immobilienleasing GmbH, Linz	100.00
Oberbank Wiener Neustadt Immobilienleasing GmbH, Linz	100.00
Oberbank NGL Immobilienleasing GmbH (formerly Oberbank Wien Süd Immobilienleasing GmbH), Linz	100.00
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H., Linz	100.00
OBK Ahlten Immobilien Leasing GmbH, Neuötting	94.00
OBK München 1 Immobilien Leasing GmbH, Neuötting	100.00
OBK München 2 Immobilien Leasing GmbH, Neuötting	100.00
OBK München 3 Immobilien Leasing GmbH, Neuötting	100.00
POWER TOWER GmbH, Linz	99.00

COMPANIES CONSOLIDATED PURSUANT TO IFRS 11 (JOINT ARRANGEMENTS)	Share in %
ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., Linz	50.00

Associated companies accounted for using the equity method	Share in %
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	13.85
BKS Bank AG, Klagenfurt	18.52
voestalpine AG, Linz	8.04

Non-consolidated entities	Share in %

A. SUBSIDIARIES

“AM” Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz	100.00
Oberbank Service GmbH, Linz (formerly Banken DL Servicegesellschaft m.b.H.)	100.00

Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz	100.00
GAIN CAPITAL PARTICIPATIONS SA, SICAR, Luxembourg	58.69
“LA” Gebäudevermietung und Bau – Gesellschaft m.b.H., Linz	100.00
Oberbank Beteiligungsholding Gesellschaft m.b.H., Linz	100.00
Oberbank Immobilien-Service Gesellschaft m.b.H., Linz	100.00
Oberbank Industrie und Handelsbeteiligungsholding GmbH, Linz	100.00
OBERBANK NUTZOBJEKTE VERMIETUNGS-GESELLSCHAFT m.b.H., Linz	100.00
Oberbank Opportunity Invest Management Gesellschaft m.b.H., Linz	100.00
Oberbank PE Beteiligungen GmbH, Linz	100.00
Oberbank PE Holding GmbH, Linz	100.00
Oberbank Unternehmensbeteiligung GmbH, Linz	100.00
Samson České Budějovice spol. s r.o., Budweis	100.00
“SG” Gebäudevermietungsgesellschaft m.b.H., Linz	100.00
“SP” Bau- und Gebäudevermietungsgesellschaft m.b.H., Linz	100.00
“ST” BAU Errichtungs- und Vermietungsgesellschaft m.b.H., Linz	100.00
TZ-Vermögensverwaltungs GmbH, Linz	100.00

B. ASSOCIATES

3 Banken-Generali Investment-Gesellschaft m.b.H., Linz	20.57
3-Banken Beteiligung Gesellschaft m.b.H., Linz	40.00
3 Banken Versicherungsmakler Gesellschaft m.b.H., Innsbruck	40.00
Beteiligungsverwaltung Gesellschaft m.b.H., Linz	40.00
Biowärme Attnang-Puchheim GmbH, Attnang-Puchheim	49.00
3 Banken IT GmbH, Linz (formerly DREI-BANKEN-EDV Gesellschaft m.b.H.)	40.00
GAIN CAPITAL PARTICIPATIONS II S.A. SICAR, Luxembourg	33.11
Gain Capital Private Equity III SCSp	36.97
Gasteiner Bergbahnen Aktiengesellschaft, Bad Hofgastein	32.62
GSA Genossenschaft für Stadterneuerung und Assanierung, gemeinnützige registrierte Genossenschaft mit beschränkter Haftung, Linz	25.16
Herold NZ Verwaltung GmbH, Mödling	24.90
OÖ HightechFonds GmbH, Linz	24.70
Techno-Z Braunau Technologiezentrum GmbH, Braunau	21.50

Information on subsidiaries

As regards accounting methods, see item 2) in the Notes to the consolidated financial statements, section Consolidation policies. The table below presents a list of the key subsidiaries of the Oberbank Group in 2022 and 2021.

Name	**Country of main activity**	**Equity interest in %**	
		2022	**2021**
Oberbank Leasing GmbH	Austria	100.00	100.00
Oberbank Immobilien-Leasing GmbH	Austria	100.00	100.00
Oberbank Operating OPR Immobilienleasing GmbH	Austria	100.00	100.00
Power Tower GmbH	Austria	99.00	99.00
Oberbank Leobendorf Immobilien Leasing GmbH	Austria	100.00	100.00
Oberbank Bergbahnen GmbH	Austria	100.00	100.00
3 Banken Kfz-Leasing GmbH	Austria	80.00	80.00
Oberbank Kfz Leasing GmbH	Austria	100.00	100.00

Oberbank Leasing GmbH Bayern	Germany	100.00	100.00
Oberbank Leasing spol.s.r.o.	Czech Rep.	100.00	100.00
Ober Finanz Leasing gAG	Hungary	100.00	100.00
Oberbank Leasing s.r.o.	Slovakia	100.00	100.00
Donaulände Invest GmbH	Austria	100.00	100.00

As at 31 December 2022, there were no substantial non-controlling interests in any of the subsidiary companies.

Information on associates

As regards accounting methods, see item 2) in the Notes to the consolidated financial statements, section Consolidation policies. The Oberbank Group had three associated companies accounted for using the equity method as at 31 December 2022.

	BKS Bank AG	**Bank für Tirol und Vorarlberg Aktiengesellschaft**	**voestalpine AG**
Nature of relationship	Strategic banking partner	Strategic banking partner	Strategic partner
Type of activity	Credit institution	Credit institution	Steel-based technology and industrial goods company
Headquarters of business activity	Austria	Austria	Austria
Share in capital	18.52% (2021: 18.52%)	13.85% (2021: 13.85%)	8.04% (2021: 8.04%)
Voting share	18.52% (2021: 18.52%)	13.85% (2021: 13.85%)	8.04% (2021: 8.04%)
Fair value of ownership share (if listed)	EUR 111,336 (2021: EUR 121,674)	EUR 192,299 (2021: EUR 148,952)	EUR 355,820 (2021: EUR 459,494)

The following table presents summarised financial information on the associated companies BKS Bank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft (credit institutions) and the voestalpine Group (Others). The information is based on the respective group financial statements prepared in accordance with IFRS.

	Banks				**Other**	
	BKS		**BTV**		**voestalpine**	
in €k	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenues	236,730	257,266	347,704	278,905	17,175,500	13,199,400
Profit/loss from continuing operations	61,583	102,887	98,320	78,415	1,559,700	793,200
Profit/loss after taxes from discontinued operations	0	0	0	0	0	0
Other comprehensive income	4,742	14,886	8,485	9,510	133,500	116,900
Consolidated net profit	66,325	117,773	106,805	87,925	1,693,200	910,100
Short-term assets	1,200,716	1,606,152	2,926,365	3,117,000	9,347,800	7,216,900
Long-term assets	9,360,996	8,828,805	11,323,153	10,836,848	7,796,000	8,219,400
Short-term debts	862,051	758,665	2,598,715	2,608,245	6,061,900	5,253,600
Long-term debts	8,194,067	8,233,310	9,672,026	9,474,025	3,549,000	4,105,200
Group's share in the net assets of associated companies at the beginning of the year	255,534	235,677	252,858	240,745	492,372	420,724
Profit/loss attributable to parent	13,424	21,764	15,838	13,219	76,106	78,828
Dividends received in the reporting year	1,829	1,907	1,414	1,105	17,231	7,180

Additions in the reporting year	0	0	13,987	0	0	0
Group's share in the net assets of associated companies at the end of the year	267,129	255,534	281,269	252,858	551,247	492,372

There is a syndicate agreement in place between Oberbank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft and Generali 3Banken Holding AG regarding the investment held in BKS Bank AG, and there is a syndicate agreement in place between Oberbank AG, BKS Bank AG and Generali 3Banken Holding AG regarding the investment held in Bank für Tirol und Vorarlberg Aktiengesellschaft. The purpose of these syndicate agreements is to preserve the independence of BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, respectively. BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft were accounted for in the consolidated financial statements by reason of the aforesaid syndicate agreements. The voestalpine Group was included mainly because of the sustained strategic substance of its shareholder structure and the associated possibility of exerting a material influence. Moreover, as a strategic investor, Oberbank AG also has a representative on the Supervisory Board of voestalpine AG. To permit the timely preparation of annual financial statements, the cut-off date 30 September was applied when recognising associates.
Any effects of significant transactions or other events between the reporting date and the reporting date of the consolidated financial statements were taken into account. The associates not included in the consolidated financial statements reported the following figures on the balance sheet date (Austrian Business Code)::

in €k	2022	2021
Assets	265,351	263,384
Liabilities	168,166	164,717
Revenues	173,451	180,098
Profit/loss for the period	-4,830	5,089

Since these figures were compiled in accordance with the Austrian Business Code, it was not possible to provide a breakdown by result from continuing and discontinued operations as required pursuant to IFRS 12 and other comprehensive income/total income.

Disclosures regarding jointly controlled operations

As regards accounting methods, see item 2) in the Notes to the consolidated financial statements, section Consolidation policies. The Oberbank Group holds a 50% interest in ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H, a joint arrangement entered into together with its partner banks BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft. The purpose of this company lies in providing a guarantee for large loan exposures of the company banks. The company has its headquarters in Austria. ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H is classified as a joint arrangement by the Oberbank Group and its partner banks, although it is legally independent of these parties. The reason for this lies in the fact that the guarantee fund created for covering large loan exposures is available exclusively to the partner banks and was endowed from payments made by the latter.

Disclosures regarding non-consolidated structured entities

Nature, purpose and extent of the Group's interest in non-consolidated structured entities
The Oberbank Group engages in various business activities with so-called structured entities which are designed to achieve a defined business purpose. A structured entity is one that has been set up in such a way that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. A structured company has some or all of the following features or attributes: limited activities, a clearly and precisely defined objective, insufficient equity to permit it to finance its activities without subordinated financial support. Structured entities generally finance the purchase of assets by issuing debt or equity securities. Some are collateralised by and/or indexed to the assets held by the structured entity.

The Oberbank Group's interest in unconsolidated structured entities consist of contractual relationships with attached entitlement to variable proceeds from the performance of the unconsolidated structured entities. These relate to business activities with investment fund units in which the Oberbank Group has invested. They serve the purpose of earning investment income.
The entities covered by this disclosure note are not consolidated because the Oberbank Group does not control them through voting rights, contracts, funding agreements or other means. Material consolidated structured entities identified within the Oberbank Group are generally carried at fair value in the IFRS financial statements as their performance is assessed and monitored in terms of their fair value development on the basis of a documented investment strategy.

Income

The Oberbank Group earns income from such transactions, firstly in the form of dividends and secondly from changes in the value of the securities held. Dividends are reported in the item Interest and similar income. Changes in value are shown under net income from financial assets FVPL in the item Other operating income.

Maximum exposure to loss

The maximum exposure to loss resulting from these interests corresponds to the carrying value at which the assets are reported on the balance sheet. Collateral deposited is not taken into account as deduction items.

Size

The Oberbank Group has defined the fair value of managed assets as the appropriate indicator for evaluating the size of non-consolidated structured entities. The decision to use the fair value was taken, because the performance of these investments is assessed and monitored by their fair value development on the basis of a documented investment strategy.

Finance support

During the financial year, the Oberbank Group provided no support to non-consolidated structured entities other than as required under contractual obligations. No such support is planned for the future either. The table below shows the carrying value of the interests held by the Group and the respective maximum exposure to loss resulting from these interests. It also provides an indication of the size of structured entities.

in €k	2022	2021
Financial assets		
Financial assets - FVPL	33,401	22,374
Consolidated net profit		
Other operating income	3,181	-1,149
Net income from financial assets - FVPL	3,181	-1,145
Other operating income	0	-4
Maximum exposure to loss	**33,401**	**22,374**

42) Risk management

Risk strategy

Consciously taking risks is a key feature of the banking business and a prerequisite for maintaining stable business and earnings development at Oberbank AG over the long term.

The responsibility for defining the Group's central risk management strategy, risk management and risk controlling throughout the Oberbank Group lies with Oberbank AG.
The basis for the risk strategy of Oberbank is the Bank's positioning as a regional bank.

The Management Board and all of the bank's employees consistently act in accordance with the principles laid down in the bank's risk policy, and decisions are invariably made on the basis of these guidelines. The inclusion of new business areas or products is preceded by an adequate analysis of the business-specific risks.

Organisation of risk management
Risk management encompasses all activities involved in systematically addressing potential risks within the Group.
At Oberbank AG, risk management is an integral element of the bank's business policy, strategic target planning and operational management and controlling. Central responsibility for the Bank's risk management lies with the Management Board of Oberbank AG as a whole.

The risk targets for the respective financial year are derived from the Bank's risk strategy, and the available risk coverage capital is distributed across the individual risks by assigning commensurate limits within the framework of the annual planning and budget cycle. These limits create the basis for ongoing strict compliance control throughout the respective year. Responsibility for managing the planning cycle lies with Strategic Risk Management in cooperation with the full Management Board.

Oberbank AG ensures risk management by setting up efficient management mechanisms for individual risk components. The Strategic Risk Management department of the Bank is responsible for integrating the individual risk types into the overall bank risk as the management basis for the Asset/Liability Management (ALM) Committee. The Management Board member responsible for risk management is the chair of the Committee and has a veto right in the decision-making process relating to risk exposure. Within the scope of operational planning, the ALM Committee is responsible for allocating the available capital, taking into account the individual opportunity/risk profiles of the bank's lines of business.

The central and independent risk controlling function stipulated by the Banking Act (§ 39 (5)) is the responsibility of the Strategic Risk Management department. This department has a complete overview of the existing risk types and their magnitude as well as of the risk situation of the Bank; it measures, analyses and monitors and reports on all material risks of Oberbank AG. The reporting line is to the Supervisory Board, the Management Board, the ALM Committee as well as to the relevant department heads and employees. The department is also involved in the development of the risk strategy.

The responsibility for the risk management of all subsidiaries as well as the bank's operating units in Austria and abroad rests centrally with Oberbank AG in the departments and bodies in charge of the individual risk components.

Risk report to the Supervisory Board
A report describing the risk strategy and the risk measurement methods used by the bank are reported annually, while the current risk situation, and the existing control and surveillance systems are presented to the Supervisory Board at every meeting.

Internal Control System
Oberbank AG's Internal Control System (ICS) complies with the internationally recognised COSO Framework. A detailed description of ICS processes and procedures is available; all the bank’s risk-relevant processes, the identified risk and the pertinent control measures are uniformly documented. Responsibilities and functions with respect to the ICS are clearly defined. There are regular, multi-level reports on the effectiveness and maturity of the ICS. Control activities are documented and reviewed, and ICS-relevant risks are regularly evaluated and adjusted. This ongoing optimisation process contributes to quality assurance. The Internal Audit department of Oberbank AG serves as an independent monitoring body and in this capacity performs audits of the internal control system. It examines the effectiveness and adequacy of the ICS.

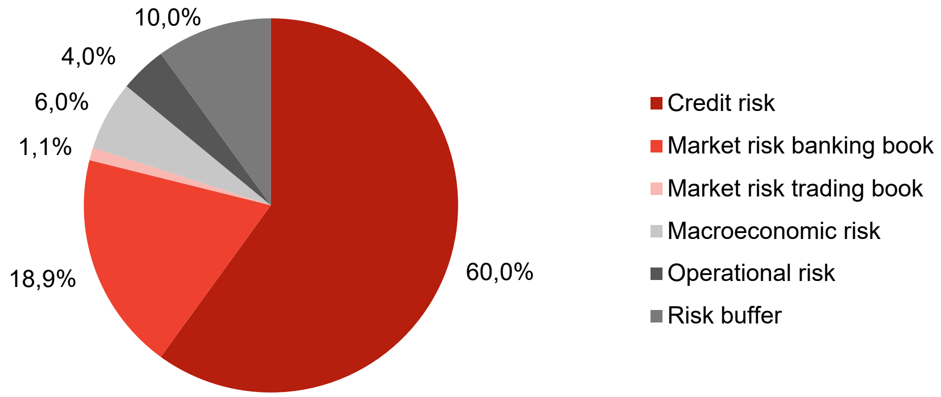
Disclosure pursuant to Part 8 of Regulation (EU) No 575/2013 (CRR)

Oberbank AG has chosen the internet as the disclosure medium pursuant to Part 8 CRR. Disclosures are available at the Oberbank website www.oberbank.at (under "Investor Relations").

Overall risk management process

At Oberbank AG, compliance with the regulatory requirements for qualitative risk management arising from the Internal Capital Adequacy Assessment Process (ICAAP) and the ILAAP (Internal Liquidity Adequacy Assessment Process) is complied with by calculating the risk-bearing capacity and by means of a reporting system and limits for liquidity management. The basis for assessing the Bank's risk-bearing capacity is the quantification of the material banking risks and the economic capital allocated to each of them. Within the framework of the risk-bearing capacity calculation, ICAAP risk limits for material banking risks resulting from the business model of Oberbank AG are derived on the basis of the economic coverage capital. Within the framework of this process, risk limits are derived for all material banking risks, specifically the credit risk (within which loss exposure, the counterparty default risk, the foreign currency loan risk, the risk of credit valuation adjustments (CVA risk), transfer risk and credit risk concentrations are quantified), the market risk in the trading book, the market risk in the banking book, the liquidity risk, the operational risks as well as risks arising from the macroeconomic environment. In accordance with the recommendations of the FMA in the *Guidelines on how to deal with sustainability risks*, the special topics of sustainability risk in risk management are covered under primary risks. In the risk-bearing capacity calculation, the risk appetite of Oberbank AG is limited to 90% of economic coverage capital. The remainder of 10% is not allocated. Apart from using economic capital management as a tool for limiting risk, Oberbank AG controls material risks by means of processes and individual limits applied within the context of operational risk management.

Share of assigned risk limits in total available economic capital



Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.

On 31 December 2022, limit utilisation stood at 55.3% (31/12/2021: 52.0%). The credit risk limit was utilised to 60.1% (31/12/2021: 63.4%), in market risk - banking book to 38.4% (31/12/2021: 26.7%), in market risk - trading book to 18.4% (31/12/2021: 16.0%), in macroeconomic risks to 56.3% (31/12/2021: 44.3%) and in operational risk to 71.3% (31/12/2021: 62.9%).

Effects of stress scenarios

Oberbank AG complements the risk-bearing capacity calculation by performing crisis stress tests on a quarterly basis. In these tests, Oberbank AG takes into account the effects of a deterioration of the macroeconomic environment (slowing GDP growth, increase in unemployment rate and business failures, price drops on stock markets, declines on the real estate markets and higher interest rates, etc.). This is simulated, for example, by higher default probabilities for loans, declines in the value of real estate and a rise in market interest rates. A recession scenario and an inflation scenario are calculated. As at 31/12/2022, the overall bank limit was not exceeded in any of these scenarios. In the scenario with the highest quantitative impact, total limit utilisation was 67.6% (31/12/2021: 63.4%).

Responsibility for the Group's risk management by risk category

Credit risk

Credit risk management is the responsibility of the Credit Management department. This ensures that risk assessment and risk decisions are separated from sales operations across all phases of the credit process up to the management board level.

Equity risk

The Management Board of Oberbank AG as a whole is accountable for investment decisions as well for as the proper organisation and monitoring of the bank's management of equity investments. Operational equity investment management is the responsibility of the Secretariat and Communications department. Equity investments representing direct credit substitutes are subject to the rules of the credit process.

Market risk

Within Oberbank AG, the management of market risks is shared by two competent bodies, which manage these risks within the framework of the limits assigned to them.
Treasury & Trade is responsible for the foreign currency risk of the entire Oberbank Group, the market risk in the trading book and the interest rate risk within the scope of money market trading. The market risk in the banking book is the responsibility of the ALM Committee.

Operational risk

A special committee with responsibility for the management of operational risks has been installed at Oberbank AG. This committee oversees the management process of operational risks and is responsible for the ongoing improvement of the process and adjustments to the methods applied.
The management of operational risks is performed by the respective operating departments and the regional sales units (risk-taking units) responsible for operational risk in connection with products and processes within their respective spheres of responsibility.

Liquidity risk

The long-term, strategic liquidity is managed by the ALM Committee. Short-term liquidity control is the responsibility of Treasury & Trade.

Risk concentration

Risk concentrations constitute a concentration risk with a potential to cause losses large enough to threaten the stability of a financial institution or to produce a material change in its risk profile. A differentiation is made between two types of risk concentration:

- Inter-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures across different risk categories.
  The sensitivity of Oberbank AG for the inter-risk concentration risk is assessed by means of scenario analyses performed on a quarterly basis within the context of measuring the Bank's risk-bearing capacity.
- Intra-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures within a single risk category. Concentrations may occur in all types of risks. Responsibility for the intra-risk concentration risk therefore lies with the units responsible for the individual risk categories.
  Owing to the specific business model of Oberbank, the intra-risk concentration risk is a crucial factor especially in credit risk. It arises due to the fact that individual exposures may account for a high percentage of total exposure, or exposures exhibit an above-average degree of correlation (concentrations within exposure groups, business segments, sectors, countries, customer groups, etc.). The intra-concentration risk in credit risk is taken into account within the framework of the risk-bearing capacity calculation. Concentration risk is managed by means of country limits, large-loan limits and portfolio limits.

The individual country limits are determined on the basis of the country rating and the economic strength of the respective country as well as Oberbank AG's expert opinion based on information accumulated in the context of customer transactions with the respective country. Operating business limits are broken down into individual product categories. Compliance with the individual limits is automatically monitored by means of a limit system. Portfolio limits are also in place in the area of foreign currency financing.
The share of the ten largest borrowers (group of affiliated customers) in the loans and receivables as well as the fixed-interest securities amounted to 18.61% (pr. yr.: 25.00%). Around 82% (pr. yr.: 88%) of the 18.61% are attributed to receivables from the public sector in the home market of Oberbank AG. The decline is due to the lower volume of excess liquidity invested with central banks.
Concentration broken down by sovereign and sector reflects the risk and business strategy as a regional universal bank and is presented in the tables in Note 43) as well as further quantitative information on concentration risk. The volume of the total large-loan exposures was far below the regulatory cap in the reporting period.

43) Credit risk

Credit risk is understood to mean the risk of a borrower's full or partial failure to fulfil the contractually agreed payment obligations. Credit risk associated with loans and advances to other banks, sovereigns as well as personal banking and corporate and business banking customers is the most important risk component within the Oberbank Group. Risk management in credit management comprises counterparty risk and default risk, country risk, foreign currency risk, the risk of credit valuation adjustment (CVA) as well as concentration risk. Oberbank AG does not have any securitisation transactions in its portfolio.

Credit risk strategy

The Bank's credit risk strategy is based on the regionality principle (i.e. domicile of lending customers are in the regions covered by the branch network).

The principal focus is on lending to industry and medium-sized enterprises. Operational risk targets are defined jointly every year by the Management Board together with the head of the Credit Management department within the framework of the budgeting process and, if required, following an analysis of the business situation and current developments. The volume of foreign currency loans is limited to 5% of the total volume of loans to customers and to 7% of the volume of personal loans. In June 2017, foreign currency loans to consumers became subject to compliance with the strict FMA minimum standards. The organisational structure is in conformity with the minimum standards for credit operations.

Lending decision process

Areas of responsibility in the lending decision process are clearly defined and standardised work processes are in place to avoid redundancies, which creates a sound foundation for loan applications to be processed swiftly and smoothly.
The lending decision process encompasses all workflows up to the granting of a loan or the establishment of a credit line.
These processes are based on standardised procedures in compliance with the bank's risk strategy.

Internal rating and assessment of creditworthiness

An efficient system for the assessment of a customer's creditworthiness is a central prerequisite for effective credit risk management with the aim of fair and risk-adequate pricing in the lending business of a bank. Oberbank AG considers its credit rating process one of the bank's core competencies. In the corporate and business banking segment, these assessments are performed using credit rating processes developed using statistical methods. The same is true for the rating of existing business in the personal banking segment as well as for application ratings in the personal banking business in Austria and Germany.
The credit assessment procedures applied in corporate and business banking (rating procedures) and in personal banking (scoring process) differ in terms of procedure. The rating-based approach determines a hard-facts rating (based on balance sheet data) and a soft-facts rating (qualitative information such as on products, markets, etc.). It additionally takes into account warning signals and account data to arrive at a final rating.

The scoring procedure for new retail customers is an application scoring (negative information, income and structural data) and for existing customers, an automated follow-up scoring (account behaviour, income and structural data). All rating and scoring procedures serve to establish the estimated probability of default per customer. This default probability is mapped out on a master scale. The estimated probability of default is mapped into a default risk grid, which ensures that a rating grade established by means of different rating procedures reflects a uniform probability of default. Credit ratings of credit institutions and sovereigns and the respective limits are assigned on the basis of external ratings and/or balance sheet analyses combined with qualitative criteria.
The rating procedures are validated annually. The resultant findings are used as a basis for the ongoing further development and optimisation of the rating system. The rating process is carried out in the run up to the granting of a loan and at least once annually thereafter. The authority to approve the ratings lies with the Credit Management department. There is a logical correlation between the risk rating assigned to a customer in an IT-supported process and the terms and conditions granted to the respective customer (risk-based pricing terms).

Risk management and controlling
The operational management of the credit portfolio is based primarily on the calculation of shortfalls per rating grade. For rating grades of 4a and lower, shortfalls are planned at the level of the individual customers within the framework of the annual budget cycle and the deviation from target values is calculated monthly for each branch. Ongoing controlling is done through the new IT risk cockpit “ROSI” (risk-oriented steering instruments) which makes quantitative and qualitative information available on an ongoing basis regarding lending operations to the units involved. Risk provisioning needs are calculated on a monthly basis and the earnings preview is updated accordingly. Proximity to customers is a key priority at Oberbank AG. The results of regular personal talks with customers well as campaigns, which are triggered by current events (coronavirus pandemic, dependence on gas supply) are taken into account in the rating (forecasts based on hard facts, the soft facts and the early warning indicators). The frequency of these talks is higher in crisis years. Due to the current effects of the war in the Ukraine and the resultant energy crisis, a large-scale campaign was started to conduct these customer talks. This enables the Bank to adjust customers' credit ratings to their actual business situations very quickly.

Presentation of the portfolio
Credit risk exposure is made up of the item Loans and advances to central banks included in the line item cash and balances at central banks and of the items Loans and advances to banks, Loans and advances to customers, Fixed-interest securities of financial investments, credit risk exposure from derivatives and contingent liabilities, including non-utilised credit lines as well as receivables from operating leases of the entire Oberbank AG Group, and is shown gross, i.e. before charges for losses on loans and advances. In order to provide up-to-date information on the Bank's risk situation, the positions from the leasing sub-group are also presented as at 31 December 2022, while the consolidated financial statements include figures as at 30 September 2022.

in €k	Exposure volume as at 31/12/2022	Exposure volume as at 31/12/2021
Loans and receivables	22,503,848	23,574,646
Fixed-income securities	2,088,027	1,654,997
Credit risks from derivatives and contingent liabilities	6,211,812	6,074,169
Total exposure	**30,803,687**	**31,303,812**

The decrease in "loans and receivables" results from the sharp decline in the investment of excess liquidity with central banks (EUR -2.0 billion) mainly as a result of a partial repayment of a TLTRO of EUR 1.5 billion. This decline was partly offset by growth in loans and advances to customers (EUR +0.8 billion) and loans and advances to banks (EUR +0.2 billion).
After the end of the low-interest phase, investments in highly liquid securities increased again in 2022. This resulted in a rise in fixed-income securities of EUR 0.4 billion.

Distribution by credit rating

The rating category "very strong" (corresponds to PD bandwidth 0.00% - 0.39%) includes the rating grades AA, A1, 1a and 1b; the rating category "strong" (corresponds to PD bandwidth 0.4% - 3.49%) includes the rating grades 2a, 2b, 3a and 3b, and in the rating category "weak" (corresponds to PD bandwidth 3.5% - 99.9%) includes the rating grades 4a and 4b. The category "non-performing" comprises exposures to which a default definition within the meaning of CRR II applies: The rating grade 5a refers to exposures not yet transferred to the workout process. Exposures in the rating grades 5b and 5c are already in the process of liquidation. The total non-performing credit risk exposure includes an amount of EUR 79.4 million (pr. yr.: EUR 40.9 million) of unimpaired credit risk volume due to the high collateralisation ratio.

Rating grades in €k as at 31/12/2022	Loans and receivables	Fixed-interest securities	Credit risks from derivatives and contingent liabilities	Total
Very strong	9,955,866	2,028,476	3,412,004	15,396,346
Strong	11,579,314	59,250	2,713,917	14,352,481
Weak	447,970	300	56,263	504,533
Non-performing	520,699		29,628	550,328
Total exposure	**22,503,848**	**2,088,027**	**6,211,812**	**30,803,687**

Rating grades in €k as at 31/12/2021	Loans and receivables	Fixed-interest securities	Credit risks from derivatives and contingent liabilities	Total
Very strong	11,692,500	1,584,251	3,197,267	16,474,018
Strong	10,900,852	70,446	2,750,412	13,721,709
Weak	597,510	300	94,031	691,841
Non-performing	383,784		32,460	416,244
Total exposure	**23,574,646**	**1,654,997**	**6,074,169**	**31,303,812**

Distribution by region

The credit risk volume in geographical terms is presented on a country-of-debtor basis. The following table shows the credit risk exposure of the Oberbank Group as at 31 December 2022 and 31 December 2021 broken down by Oberbank's markets and other regions.

Geographic distribution in €k as at 31/12/2022	Loans and receivables	Fixed-interest securities	Credit risks from derivatives and contingent liabilities	Total
Austria	13,317,774	677,885	4,434,837	18,430,497
Germany	4,627,064	129,687	1,093,754	5,850,505
Eastern Europe (CZ, SK, HU)	4,196,334	384,573	554,908	5,135,815
Western Europe (ex DE)	196,100	309,886	36,217	542,203
PIGS countries	18,659	54,799	1,647	75,105
Other countries	147,917	531,195	90,449	769,561
Total exposure	**22,503,848**	**2,088,027**	**6,211,812**	**30,803,687**

Geographic distribution in €k as at 31/12/2021	Loans and receivables	Fixed-interest securities	Credit risks from derivatives and contingent liabilities	Total
Austria	13,171,484	462,960	4,406,878	18,041,321
Germany	6,076,226	92,258	1,124,048	7,292,531
Eastern Europe (CZ, SK, HU)	3,966,726	375,727	446,461	4,788,915
Western Europe (ex DE)	175,216	134,198	41,635	351,050
PIGS countries	27,550	49,266	4,857	81,673
Other countries	157,444	540,588	50,290	748,323
Total exposure	**23,574,646**	**1,654,997**	**6,074,169**	**31,303,812**

Breakdown by sector

The following tables show the credit risk exposure as at 31 December 2022 and as at 31 December 2021 broken down by sector. The classification is based on the ÖNACE system for the first time. The presentation of the preceding year's figures was adjusted accordingly.

Sector in €k as at 31/12/2022	**Loans and receivables**	**Fixed-interest securities**	**Credit risks from derivatives and contingent liabilities**	**Total**
A Agriculture and forestry	172,252		25,830	198,083
B Mining	56,475		73,290	129,765
C Manufacture of goods	2,817,072	8,640	1,585,331	4,411,043
D Energy supply	156,036	1,200	98,447	255,684
E Water supply and waste management	100,572		34,484	135,056
F Construction	1,121,644		665,178	1,786,822
G Wholesale and retail trade	1,534,242		933,002	2,467,244
H Transportation	873,809	19,929	124,567	1,018,305
I Accommodation and food service activities	346,945	300	69,936	417,181
J Information and communication	120,610		90,954	211,564
K Financial and insurance activities	4,373,701	667,918	319,736	5,361,356
L Real estate activities	4,186,704		595,697	4,782,400
M Professional, scientific and technical activities	1,399,725	3,192	503,426	1,906,343
N Administrative and support service activities	697,356	30,000	117,683	845,040
O Public administration	242,893	1,356,847	311,689	1,911,430
P Education	17,321		2,411	19,732
Q Human health and social work activities	165,477		69,802	235,279
R Arts, entertainment and recreation	59,236		22,728	81,964
S Other service activities	163,917		48,855	212,772
T Activities of private households	3,897,858		518,764	4,416,622
U Activities of extraterritorial organisations			2	2
Consolidated net profit	**22,503,848**	**2,088,027**	**6,211,812**	**30,803,687**

Sector in €k as at 31/12/2021	**Loans and receivables**	**Fixed-interest securities**	**Credit risks from derivatives and contingent liabilities**	**Total**
A Agriculture and forestry	151,999		23,464	175,463
B Mining	45,137		86,366	131,503
C Manufacture of goods	2,569,131		1,632,827	4,201,957
D Energy supply	140,932	1,650	20,917	163,498
E Water supply and waste management	100,017		30,216	130,233
F Construction	1,054,901		621,097	1,675,998
G Wholesale and retail trade	1,341,088		982,685	2,323,772
H Transportation	845,848	9,993	102,259	958,100
I Accommodation and food service activities	416,413	300	78,986	495,698
J Information and communication	146,060		55,880	201,940
K Financial and insurance activities	6,131,770	500,842	315,493	6,948,105
L Real estate activities	3,903,369	9,479	613,816	4,526,664

M Professional, scientific and technical activities	1,426,424	3,302	602,465	2,032,192
N Administrative and support service activities Services	561,388	30,000	118,942	710,330
O Public administration	456,888	1,099,431	67,821	1,624,140
P Education	16,260		3,569	19,829
Q Human health and social work activities	152,682		74,755	227,437
R Arts, entertainment and recreation	66,604		25,204	91,808
S Other service activities	164,641		24,387	189,028
T Activities of private households	3,882,569		593,017	4,475,585
U Activities of extraterritorial organisations	525		2	527
Consolidated net profit	**23,574,646**	**1,654,997**	**6,074,169**	**31,303,812**

Collateral

Strategies and processes applied in measuring and managing collateral securities

Accepting collateral and managing it is an important component of credit risk management at Oberbank AG.
Credit monitoring aimed at averting the threat of cover shortfalls poses high demands with respect to the correct and up-to-date valuation of collateral. For this reason, the administration of credit collateral is organisationally separated from sales throughout the Oberbank Group. In Austria and Germany, this is the exclusive responsibility of the subsidiary Oberbank Service GmbH. In the Czech Republic, Slovakia and Hungary, collateral management is carried out by central back office units in Budweis and Budapest. The applicable management principles have been defined so as to guarantee the legally sound assignment of credit collateral and to ensure that, if necessary, all requirements for the rapid enforcement of claims are met.
Responsibility for drawing up standardised collateral agreements and documentation generally used throughout the Group lies with the central specialist department for legal matters (Credit Management/Finance Law). The management and administration of credit collateral has a material and a formal aspect. All related activities are precisely defined, taking into account the specific requirements of the individual collateral categories.

As regards the acceptance of mortgage collateral for mortgage-backed loans, Oberbank, in accordance with the regionality principle, accepts primarily collateral located in the bank's catchment area. Physical collateral is accepted subject to the rule that the financing term must correspond to the useful life of the collateral. Important valuation criteria are the intrinsic value of collateral assets and the possibility of rapid realisation. With respect to personal guarantees, no material correlations between the guarantor and the lender are permitted. Lease finance arrangements are subject to the rule that any agreed residual value must be lower than or at most equal to the market value expected upon expiry of the lease agreement.

The method of assessing the objective current nominal value of collateral is bindingly prescribed for each type of collateral. The resulting value is recognised as a basis for calculating the coverage value of the collateral for internal risk management purposes and for credit risk mitigation within the framework of Basel III. The internal coverage values are maximum values used for determining the cover shortfall. In duly substantiated cases, the valuation of a collateral asset may be adjusted downward by the respective competent entity. An upward adjustment of a valuation is only possible in well-founded exceptional cases and is done by the back office.

The currently applicable valuation principles are derived from estimates based on debt collection and the bank's experience in the realisation of collateral. The measurement methods are reviewed annually within the scope of the LGD validation and adjusted as necessary. The valuation discount applied in the valuation process accounts for the valuation risk and the liquidation risk involved in the respective collateral asset as well as the interest effect resulting from the realisation period required for the respective collateral security.

The market value of financial assets is constantly monitored to ensure it is up to date; collateral in the form of mortgage collateral is valued and assessed by experts in compliance with the minimum standards defined by the comprehensive collateral valuation principles laid down in the CRR.

As a rule, internally-used collateral assets are subject to the same strict quality requirements in terms of up-to-date status and legal enforceability as in the case of collateral accepted under CRR II when determining the own funds requirements for the credit transactions.

Property pledged as collateral generally plays a subordinated role. Reported financial assets as at 31 December 2022 does (as in the preceding year) not include any real property pledged as collateral. Oberbank AG only acquires property pledged as collateral when the immediate realisation of such assets at a reasonable price (e.g. in an auction or on the open market) is prevented by certain sales obstacles. In such a case, the declared goal is to remove any such sales obstacle and then duly sell the respective property as quickly as possible. Property pledged as collateral is not used in the context of ongoing business operations. In the reporting period, no collateral assets were liquidated that meet the recognition criteria of IFRS.

Types of collateral

The most important types of collateral are mortgages on residential real estate and commercial property, financial collateral (cash deposits, bonds and shares) as well as personal pledges (sureties, guarantees). The exposure type "Loans and receivables" accounts for the major portion of collateral assets (excluding personal collateral) at 93.45% (pr. yr.: 92.56%); the remainder relates to the exposure types "Credit risk from derivatives and contingent liabilities" at 6.55% (pr. yr.: 7.44%).

The figures in the tables below show the reported value of eligible collateral used within the framework of ICAAP quantification of credit risks.

in €k	Collateralised exposure	
Collateral category	**31/12/2022**	**31/12/2021**
Financial collateral	**1,397,867**	**1,218,253**
Cash deposits	1,322,687	1,100,042
Bonds	18,515	29,711
Shares and other variable-yield securities	56,665	88,500
Real estate collateral	**7,060,092**	**6,846,874**
Residential real estate	3,654,233	3,508,448
Commercial property	3,405,859	3,338,426
Physical collateral	**1,102,516**	**863,869**

Personal guarantees accepted by the Bank are restricted to sureties and guarantees. The six most important guarantors, which account for 85.26% (pr. yr.: 83.51%) of the entire volume of personal guarantees, are listed below.

in €k as at 31/12/2022	External rating	Collateralised exposure	in %
Personal collateral		**1,100,451**	**100.00%**
thereof Austria	AA+	626,164	56.9%
thereof Kreditanstalt für Wiederaufbau	AAA	193,372	17.6%
thereof province of Upper Austria	AA+	38,123	3.5%
thereof City of Graz		30,000	2.7%
thereof LfA Förderbank Bayern	AAA	26,082	2.4%
thereof Czech Republic	AA-	24,515	2.2%

in €k as at 31/12/2021	External ratinį	Collateralised exposure	in %
Personal collateral		**1,163,434**	**100.00%**
thereof Austria	AA+	601,919	51.7%
thereof Kreditanstalt für Wiederaufbau	AAA	161,708	13.9%
thereof COVID-19 Finanzierungsagentur		82,950	7.1%
heave State Czech Republic	AA-	43,683	3.8%
thereof LfA Förderbank Bayern	AAA	41,323	3.6%
thereof province of Upper Austria	AA+	40,056	3.4%

Impairment charges and non-performing loans

Allocation of impairment charges (impairment losses and provisions)

For more details on loss allowances pursuant to IFRS 9 5.5 and the classification in ECL stages, see Note 2.7.).

Movements in impairment charges

The balance of impairment charges for loans and advances increased by EUR 5.8 million to EUR 41.5 million versus the year 2021.

Movements in loan loss provisions (income statement view)

in €k	31/12/2022	31/12/2021
Additions to charges for losses on loans and advances	117,079	101,325
Reversals of loan loss provisions	-71,190	-66,241
Direct write-offs of receivables	1,325	1,437
Recoveries of written-off receivables	-2,202	-2,422
Result from non-significant modifications	-41	-70
Impairment gain from POCI	-3,489	1,684
Total	**41,482**	**35,713**

Development of impairment charges (balance sheet view)

in €k	As at 01/01/2022	Additions	Reversals	Used	Other effects[2]	As at 31/12/2022
for cash reserves stage 1 + 2	640	0	-279	0	0	361
for receivables from banks stage 1 + 2	109	58	0	0	0	167
for receivables from banks stage 3	0	0	0	0	0	0
for receivables from customers Stage 1 + 2	57,638	10,166	0	0	-7	67,797
for receivables from customers Stage 3	156,214	77,061	-42,089	-14,929	-5,491	170,766
for financial investments stage 1 + 2	902	54	-81	0	-5	870
for property, plant and equipment stage 1 +2	207	0	-34	0	0	173
Impairment charges on loans and advances[1]	**215,710**	**87,339**	**-42,483**	**-14,929**	**-5,503**	**240,134**
for off-balance sheet transactions stage 1 + 2	21,286	1,041	-2,799	0	0	19,528
for off-balance sheet transactions stage 3	113,964	28,699	-25,908	0	1,214	117,969
Total Risk provisions	**350,960**	**117,079**	**-71,190**	**-14,929**	**-4,289**	**377,631**

[1] Risk provisions for off-balance sheet transactions are recognised in the item provisions (balance sheet shareholders' equity and liabilities 4).

[2] Thereof from consolidation €k 1,257; from risk provisions for securities measured at fair value through OCI €k -12; from reclassifications POCI €k -5.889; from exchange rate changes €k +366.

Change to impairment charges pursuant to IFRS 9 in the reporting year

The tables below show the impairments of gross carrying values as well as risk provisions in the reporting year 2022 for balance sheet assets under the impairment rules of IFRS 9.

Financial assets recognised at amortised cost:

	Stage 1	Stage 2	Stage 3		
Gross carrying values of assets at AC in €k	**12-M ECL**	**LT-ECL**		**POCI**	**Total**
As at 31/12/2021*	**18,863,549**	**5,602,656**	**342,671**	**40,330**	**24,849,205**
Transfer to Stage 1	747,510	-745,640	-1,871		
Transfer to Stage 2	-331,097	340,667	-9,570		
Transfer to Stage 3	-123,634	-97,966	221,600		
Modifications due to newly granted or acquired assets incl. POCI reclassification	3,871,117	977,008			4,848,125
Modifications due to model changes	-2,953,654	2,953,654			
Changes due to risk parameters	-499,685	-1,668,145	-82,766	-1,080	-2,251,675
Changes due to modifications without derecognition	-3,993	-965			-4,959
Changes due to derecognitions	-2,538,742	-783,659			-3,322,401
Modifications due to depreciation/amortisation					
Modifications due to exchange rate changes and other adjustments	-3,052	61			-2,992
As at 31/12/2022	**17,028,320**	**6,577,670**	**470,064**	**39,250**	**24,115,304**

* The preceding year's figures were adjusted due to a reclassification.

	Stage 1	Stage 2	Stage 3	
Impairments of financial assets at AC in €k	**12-M ECL**	**LT-ECL**		**Total**
As at 31/12/2021	**18,203**	**41,246**	**156,213**	**215,662**
Transfer to Stage 1	954	-5,875		-4,921
Transfer to Stage 2	-3,855	7,108	-890	2,364
Transfer to Stage 3	-525	-2,500	53,963	50,939
Changes due to newly derecognized or acquired assets incl. POCI reclassification	5,676	9,426		15,102
Changes due to model changes	-2,070	16,766		14,696
Changes due to risk parameters	2,829	-12,467	-18,101	-27,740
Changes due to modifications without derecognition	10	1		12
Changes due to derecognition	-2,758	-2,841		-5,599
Changes due to depreciation/amortisation			-14,929	-14,929
Changes due to exchange rate changes and other adjustments	1	5	-5,491	-5,486
As at 31/12/2022	**18,464**	**50,869**	**170,765**	**240,099**

Financial assets recognised in equity at fair value:

	Stage 1	Stage 2	Stage 3	
Gross carrying values of assets at FVOCI in €k	**12-M ECL**	**LT-ECL**	**POCI**	**Total**
As at 31/12/2021	**76,911**			**76,911**
Transfer to Stage 1				76,911
Transfer to Stage 2				
Transfer to Stage 3				
Modifications due to newly derecognized or acquired assets incl. POCI reclassification				
Changes due to model changes				
Changes due to risk parameters	245,300			245,300
Changes due to modifications without derecognition				
Changes due to derecognition	-18,212			-18,212
Changes due to depreciation/amortisation				
Exchange rate changes and other adjustments				
As at 31/12/2022	**303,999**			**303,999**

	Stage 1	Stage 2	Stage 3	
Impairments of financial assets at FVOCI in €k	**12-M ECL**	**LT-ECL**		**Total**
As at 31/12/2021	**48**			**48**
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Changes due to newly derecognized or acquired assets incl. POCI reclassification				
Changes due to Model changes				
Changes due to risk parameters	-6			-6
Changes due to modifications without derecognition				
Changes due to derecognition	-6			-6
Changes due to depreciation/amortisation				
Modifications due to exchange rate changes and other adjustments				
As at 31/12/2022	**36**			**36**

The Oberbank Group's maximum default risk comes from the receivables recognised in the balance sheet item Cash and balances at central banks, as well as from Loans and advances to banks, Loans and advances to customers, Fixed-interest securities held as financial investments and credit risks from derivatives and contingent liabilities including non-utilised credit lines and from operating lease receivables and is EUR 30,804 million (pr. yr.: EUR 31,304 million).

This value contrasts with a total of EUR 13,017.7 million (pr. yr.: EUR 12,135.9 million) of which EUR 303.5 million (pr. yr.: EUR 218.0 million) for impaired and non-performing loans and advances. Interest and similar income includes an amount of EUR 17.8 million (pr. yr.: EUR 11.9 million) from impaired loans and advances to customers.

The maximum default risk from receivables measured at fair value corresponds to their fair value.

The impairment criteria for debt securities carried under financial assets are presented in Note 2.5 “Impairment losses on debt securities”.

Non-performing loans

Assets are classified as non-performing if a default definition within the meaning of CRR II applies: A material financial obligation is more than 90 days overdue or full repayment is improbable. The following criteria are indications that a claim is unlikely to be settled in the full amount:

1. Waiving current interest;
2. New credit risk adjustment in Stage 3 due to the marked deterioration of the debtor's credit quality;
3. The credit exposure requires restructuring;
4. Initiation of collection procedures because of inability or unwillingness to pay, fraud, or for other reasons
5. Factoring with material losses due to deteriorated credit rating;
6. Insolvency.
7. Further forbearance for loans and advances already marked forborne.

These loans and advances are recognised in the category of non-performing loans and form part of the balance sheet items below. The development of the key indicators "non-performing loans ratio" and "non-performing coverage ratio" is shown in the table below.

in €k	NPL before deduction of impairment charges		NPL after deduction of impairment charges	
Balance sheet item	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Loans and advances to banks	0	0	0	0
Receivables from customers	509,314	381,882	338,548	227,368

	before deduction of impairment charges		after deduction of impairment charges	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Non-performing loans ratio gross	2.49%	1.96%	-	-
Non-performing loans ratio net	-	-	1.67%	1.18%

	31/12/2022	31/12/2021
NPL before deduction of impairment charges	509,314	381,882
Risk provisions stage 3 and collateral for non-performing loans	446,630	355,603
Non-performing coverage ratio	**87.69%**	**93.12%**

1) The figures given are carrying values.

The credit risk volume from non-performing loans (on and off balance sheet) is compared with impairment provisions as well as collateral assets by sector in the table below. In the period between the close of the accounting period and the preparation of the financial statements, a further EUR 6.5 million in impairment charges were recognised in stage 3 off-balance. Customers were changed over to non-performing in January in a timely manner.

Sector in €k as at 31/12/2022	Non-performing credit risk exposure	Impairment charges stage 3		Collateral
		On-Balance	**Off-Balance**	
A Agriculture and forestry	1,643	520	133	902
B Mining	0	0	0	0
C Manufacture of goods	134,443	31,829	3,236	82,917
D Energy supply	4,424	368	323	3,585
E Water supply and waste management	427	102	17	234
F Construction	41,281	9,614	1,655	28,946
G Wholesale and retail trade	57,145	24,363	3,888	22,019
H Transportation	63,709	10,539	840	35,805
I Accommodation and food service activities	36,549	11,028	5,622	18,238
J Information and communication	6,380	639	13	5,217

K Financial and insurance activities	8,405	366	30	8,019
L Real estate activities	50,495	16,962	4,060	31,679
M Professional, scientific and technical activities	66,814	23,394	544	30,922
N Administrative and support service activities	10,190	4,064	503	5,501
O Public administration	17	17	0	0
P Education	307	176	12	116
Q Human health and social work activities	3,269	496	50	2,317
R Arts, entertainment and recreation	988	421	0	489
S Other service activities	1,907	564	17	1,288
T Activities of private households	61,934	35,304	486	25,300
U Activities of extraterritorial organisations	0	0	0	0
Impairment charges not assignable to a specific sector			90,039	
Total	**550,328**	**170,766**	**111,469**	**303,492**

Sector in €k as at 31/12/2021	**Non-performing credit risk exposure**	**Impairment charges stage 3**		**Collateral**
		On-Balance	**Off-Balance**	
A Agriculture and forestry	2,012	575	136	1,267
B Mining	0	0	0	0
C Manufacture of goods	89,886	28,634	5,647	54,999
D Energy supply	2,505	483	98	1,183
E Water supply and waste management	1,469	247	21	804
F Construction	45,649	13,100	2,753	24,839
G Wholesale and retail trade	41,123	19,304	3,672	17,709
H Transportation	26,247	6,764	273	13,785
I Accommodation and food service activities	20,744	7,144	4,671	7,681
J Information and communication	11,959	7,866	17	4,061
K Financial and insurance activities	3,847	357	61	3,431
L Real estate activities	46,507	15,481	7,107	28,350
M Professional, scientific and technical activities	43,713	16,342	3,392	21,029
N Administrative and support service activities	8,698	2,396	389	5,660
O Public administration	17	17	0	0
P Education	540	158	57	365
Q Human health and social work activities	457	137	2	281
R Arts, entertainment and recreation	3,686	948	100	1,984
S Other service activities	2,051	634	32	1,318
T Activities of private households	65,133	33,928	318	29,255
U Activities of extraterritorial organisations	0	0	0	0
Impairment charges not assignable to a specific sector			75,776	
Total	**416,244**	**154,514**	**113,964**	**218,000**

The table below shows non-performing credit risk exposure, impairment charges and collateral assets by region.

Geographic distribution as at 31/12/2022 in €k	Non-performing credit risk exposure	Impairment charges stage 3		
		On-Balance	Off-Balance	Collateral
Austria	229,534	77,349	6,079	126,144
Germany	180,555	50,097	10,319	94,939
Eastern Europe (CZ, HU, SK)	129,682	41,295	4,838	74,075
Western Europe (ex DE)	382	189	2	31
PIGS countries	5	5	0	0
Other countries	10,170	1,831	192	8,304
Impairment provisions not assignable to a specific region			90,039	
Total	**550,328**	**170,766**	**111,469**	**303,492**

Geographic distribution as at 31/12/2021 in €k	Non-performing credit risk exposure	Impairment charges stage 3		
		On-Balance	Off-Balance	Collateral
Austria	165,970	74,121	6,803	77,098
Germany	112,775	28,844	19,132	66,070
Eastern Europe (CZ, HU, SK)	136,361	51,004	2,811	74,268
Western Europe (ex DE)	76	71	0	0
PIGS countries	11	8	0	0
Other countries	1,052	467	0	564
Impairment provisions not assignable to a specific region			80,119	
Total	**416,244**	**154,514**	**113,964**	**218,000**

Charges for losses on loans and advances that cannot be allocated to geographically result to a large extent from the free provisions of ALGAR, which is explained in more detail below:
Oberbank AG holds 50%, and BKS AG and BTV AG each hold 25%, respectively, in Alpenländische Garantie-Gesellschaft m.b.H. (ALGAR). The business purpose of ALGAR, which holds a limited banking licence, is to assume default risk for defined loans and advances of its shareholder banks. The extent of potential utilisation is limited to the assets held by ALGAR which are not reserved for guarantees already claimed (maximum provision amount for expected future utilisation). The term of the guarantee is unlimited in time. The shareholder banks are required to pay guarantee fees on an ongoing basis, which will be raised accordingly if funds are drawn down (penalty rule).
As at 31 December 2022, the volume reported by the shareholder banks and covered by the guarantee was offset by a provision for expected future utilisation of EURk 179,640. As the expected credit loss determined for the guarantee volume by far exceeded the maximum provisions for expected future utilisation, the limitation rule described above takes effect on the reporting date.
Given the special provisions in the articles of association and the syndicate agreement concluded with Bank für Tirol und Vorarlberg Aktiengesellschaft and with Oberbank AG, ALGAR was classified as a joint arrangement in the meaning of IFRS 11 and was included in the consolidation of BKS Bank AG.
To the extent that the shareholder banks had already utilised ALGAR guarantees due to an event of default, the provisions recognised for such purpose by ALGAR were allocated to the respective shareholder bank in consolidated accounting. The same applies to the credit exposures reported under preliminary guarantees, for which ALGAR had already recognised impairment charges.
The provisions recognised by ALGAR for expected credit losses for the guarantee volume not yet in default are recognised by the shareholder banks on a proportionate basis in the consolidation financial statements commensurate with their respective shareholding ratios, because these provisions cannot be unambiguously attributed to specific guaranteed loans and advances.

For Oberbank AG, this results in provisions in an amount of €k 89,820 for expected credit losses of exposures not unambiguously attributable.
Furthermore, risk provisions have been set aside for ECLs in stage 1 and 2 for the "performing" categories with a volume of €k 88,896 (pr. yr.: €k 80,782).

Impairment charges pursuant to IFRS 9 by rating structure
Impairment charges pursuant to IFRS 9 are calculated for all exposure items measured at amortised cost or directly in equity at fair value. This includes lines of credit and loans, debt securities, receivables from finance leases, and trade receivables. Provisions for financial guarantees and unused lines of credit are calculated provided they are subject to the IFRS 9 impairment rules.

Default risk of financial assets by rating category as at 31/12/2022 in €k	Stage 1	Stage 2	Stage 3		
	12-M-ECL		LT-ECL	POCI	Total
Very strong	10,216,228	1,630,975			11,847,202
Strong	7,041,996	4,577,866		15	11,619,876
Weak	74,095	368,830		1,167	444,091
Non-performing			470,064	38,068	508,133
Gross carrying value	**17,332,318**	**6,577,670**	**470,064**	**39,250**	**24,419,302**
Loan loss provisions	-18,500	-50,869	-170,765		-240,134
Net carrying value	**17,313,818**	**6,526,801**	**299,300**	**39,250**	**24,179,168**

Default risk of financial assets by rating category as at 31/12/2021 in €k	Stage 1	Stage 2	Stage 3		
	12-M-ECL		LT-ECL	POCI	Total
Very strong	11,835,616	1,061,195			12,896,811
Strong	6,871,148	4,014,364		4	10,885,516
Weak	75,377	515,098			590,475
Non-performing			342,671	40,325	382,996
Gross carrying value	**18,782,141**	**5,590,657**	**342,671**	**40,330**	**24,755,798**
Loan loss provisions	-18,251	-41,246	-156,213		-215,710
Net carrying value	**18,763,890**	**5,549,411**	**186,458**	**40,330**	**24,540,089**

Default risk of credit commitments by rating category as at 31/12/2022 in €k	Stage 1	Stage 2	Stage 3		
	12-M-ECL		LT-ECL	POCI	Total
Very strong	2,032,778	361,409			2,394,187
Strong	1,585,560	464,486		11	2,050,057
Weak	11,235	24,487			35,723
Non-performing			8,972	16	8,988
Contingent obligation, gross	**3,629,573**	**850,382**	**8,972**	**28**	**4,488,955**
Loan loss provisions	-7,525	-6,390	-113,663	-219	-127,796
Contingent obligation, net	**3,622,048**	**843,993**	**-104,691**	**-191**	**4,361,159**

Default risk of credit commitments by rating category as at 31/12/2021 in €k	Stage 1	Stage 2	Stage 3		
	12-M-ECL		LT-ECL	POCI	Total
Very strong	2,228,527	38,875			2,267,402
Strong	1,858,508	293,533		37	2,152,078
Weak	17,906	44,425			62,331
Non-performing			12,342	5,048	17,390
Contingent obligation, gross	**4,104,941**	**376,834**	**12,342**	**5,084**	**4,499,201**
Loan loss provisions	-9,878	-6,125	-7,080	-413	-23,496
Contingent obligation, net	**4,095,063**	**370,708**	**5,262**	**4,671**	**4,475,705**

Default risk of financial guarantees by rating category	Stage 1	Stage 2	Stage 3		
	12-M-ECL		LT-ECL	POCI	Total

as at 31/12/2022 in €k					
Very strong	733,938	224,989			958,928
Strong	543,937	96,809			640,747
Weak	2,507	16,782			19,290
Non-performing			20,957		20,957
Contingent obligation, gross	**1,280,383**	**338,581**	**20,957**		**1,639,921**
Loan loss provisions	-1,811	-3,800	-4,089		-9,700
Contingent obligation, net	**1,278,572**	**334,781**	**16,868**		**1,630,221**

Default risk of financial guarantees by rating category as at 31/12/2021 in €k	**Stage 1**	**Stage 2**	**Stage 3**		
	12-M-ECL		**LT-ECL**	**POCI**	**Total**
Very strong	774,620	18,479			793,099
Strong	493,753	72,366			566,119
Weak	2,883	27,495			30,378
Non-performing			11,473		11,473
Contingent obligation, gross	**1,271,256**	**118,340**	**11,473**		**1,401,070**
Loan loss provisions	-2,259	-3,024	-9,652		-14,935
Contingent obligation, net	**1,268,998**	**115,316**	**1,821**		**1,386,135**

All financial assets not shown in the non-performing category are overdue but not more than 90 days. If the remaining financial assets become overdue, the respective customer is deemed to be in default with their entire financial assets as shown in the table below.

as at 31/12/2022 in €k[1)]			
Overdue since	**Loans and receivables**	**Credit risks from derivatives and contingent liabilities**	**Total**
Less than 30 days	246,245	5,822	252,067
From 30 to 60 days	10,566	450	11,015
From 60 to 90 days	1,155	100	1,255
Total	**257,965**	**6,372**	**264,337**

[1)] All financial assets that are overdue by more than 90 days and non-impaired due to excess cover are shown in the non-performing segment in the above tables.

as at 31/12/2021 in €k[1)]			
Overdue since	**Loans and receivables**	**Credit risks from derivatives and contingent liabilities**	**Total**
Less than 30 days	194,936	10,892	205,828
From 30 to 60 days	17,227	386	17,613
From 60 to 90 days	670	11	681
Total	**212,833**	**11,290**	**224,122**

[1)] All financial assets that are overdue by more than 90 days and non-impaired due to excess cover are shown in the non-performing segment in the above tables.

Deferment/respite (Forbearance)

Oberbank AG grants deferment of payment or makes other concessions to borrowers in situations in which such borrowers are deemed to be unable to meet the credit terms and conditions owing to their current economic situation. Depending on the reason for the difficulties, Oberbank AG modifies the loan terms in such a way that the borrowers have sufficient leeway to settle the debt or Oberbank AG reschedules the loan (in whole or in part) for this purpose. The exposure is examined in advance as to whether it is to be considered in default. If this is the case, the customer is downgraded to non-performing status and a specific impairment provision is set up in accordance with the method described in Note 2.7).

If there is no default and a thorough analysis of the economic situation shows that the chosen solution will ensure that customers will be able to meet their financial obligations in the future, a deferment or other concession may be granted.

In the event that an agreement is reached with customers in payment difficulties that grants terms unusual for new loans, the respective exposure is marked as a deferment.

If deferment was granted due to government-ordered moratoria or private EBA-compliant moratoria, these were generally not marked as forborne in accordance with the *EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis*. In some cases, however, especially in the case of repeated, active use of the moratoria by a customer, this option was not used after an internal review and the transactions were marked as forborne anyway.

Deferments are monitored within the framework of the 90-day escalation process. If the deferment fails to produce the required result (resumption of the contractually agreed debt service following deferment), the 90-day escalation process automatically results in a downgrade of such debt to non-performing status and the recognition of a specific impairment allowance for the unsecured part of the exposure.

If a commitment already marked as forborne required further forbearance measures, it was also reclassified as non-performing. This procedure eliminates the risk of non-performing loans being concealed by means of deferments being granted or other contractual concessions.

The measures taken in this respect in the reporting year are shown in the table below.

Deferment/respite in €k	**As at 31/12/2021**	**No longer categorised as deferment/respite**	**Decline in volume[1]**	**Newly categorised as deferment/respite**	**As at 31/12/2022**	**Interest received in the reporting period**
Term extension for loan	50,008	4,425	16,816	52,265	81,031	2,748
Deferment	242,384	39,406	57,887	63,442	208,533	8,779
Waiver of other contractual rights	7,399	374	4,735	16,631	18,921	709
Restructuring	21,381	1,122	6,011	5,949	20,197	806
Other	728	239	231	23	281	8
Total	**321,899**	**45,567**	**85,679**	**138,311**	**328,964**	**13,050**

[1] Due to repayments, principal repayments

The table below shows the volume of exposures affected by deferment/respite measures by rating category as compared to allocated impairment provisions as well as collateral provided.

as at 31/12/2022 in €k Rating grades	**Exposure**	**Impairment charges[1]**	**Collateralised exposure**
Very strong	125	1	39
Strong	128,780	353	69,224
Weak	42,577	423	35,438
Non-performing	157,481	48,081	62,276
Total	**328,964**	**48,858**	**166,976**

[1] The impairment provisions shown within the performing categories are attributable to portfolio impairment provisions for ECL under IFRS 9.

as at 31/12/2021 in €k Rating grades	**Exposure**	**Impairment charges[1]**	**Collateralised exposure**
Very strong	112	1	98
Strong	142,356	561	114,120
Weak	41,982	438	24,500
Non-performing	137,449	40,307	69,047
Total	**321,899**	**41,308**	**207,765**

[1] The impairment provisions shown within the performing categories are attributable to portfolio impairment provisions for ECL under IFRS 9.

Sustainability risk as an integrated component of credit risk

The topic of sustainability is inseparable with the management of credit risk of a bank in the view of Oberbank AG. Sustainability risks may have substantial negative effects on borrowers of Oberbank AG and as a consequence on credit risk. Sustainability climate risk include physical risks such as extreme weather events that are aggravated by climate change and may cause severe damage (also financially). Climate-related disaster may also interrupt, for example, supply chains or destroy business models due to changed environmental conditions. Furthermore, companies will become increasingly accountable for climate-damaging behaviour, and this may result in major financial consequences for the businesses concerned. A further aspect consists of the possibility of companies being severely affected by climate-related transition risks. Policy changes (e.g. CO2 taxes) and technological change (e.g. electro-mobility) may become a risk for companies that have not adapted to the changes. A growing awareness for climate change and the changing expectations in society may result in major changes to consumer behaviour. Additionally, sustainability risks in social matters and corporate governance may also have a negative impact on a company's financial position, financial performance and cash flows. For example, reputational risks may hinder the sale of products manufactured. Therefore, it clear that Oberbank AG pays close attention to sustainability risks in the management of its lending business. For this reason, further significant changes were made to Oberbank AG's lending and rating process in the past few years to improve transparency and the management of sustainability risks.

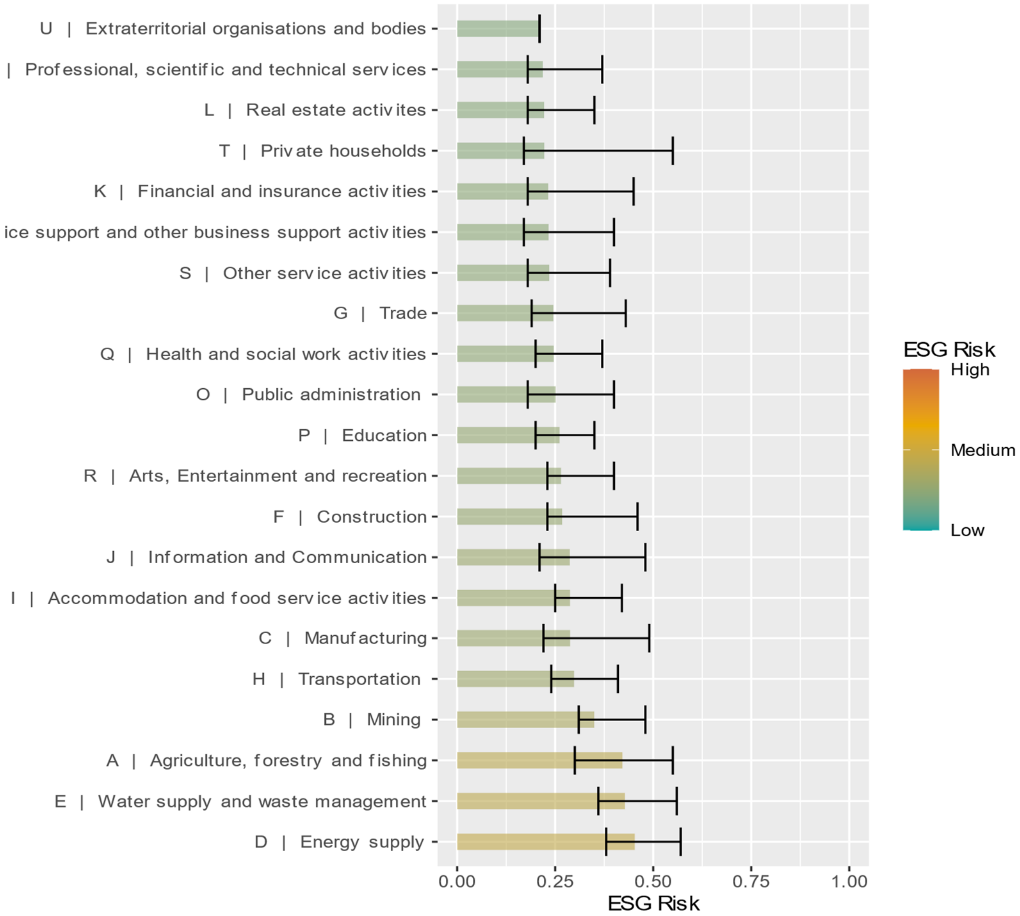
Sustainability risks are taken into account in the credit rating of our customers when assessing the ESG-relevant soft facts (business model, dependence on external factors). The ESG soft facts newly introduced in the second half of 2021 are used to systematically assess the risks of the current business model and to collect data for the three areas of E (Environment), S (Social) and G (Governance).

Taking ESG risks into account in the credit decision-making process was largely automated with the introduction of the Climcycle tool. The tool developed by KPMG determines a sustainability score for all of Oberbank AG’s credit customers, and this score is directly used in the lending decision.

Within the framework of overall bank risk management, the sustainability risks in the credit portfolio of Oberbank AG are evaluated at least twice a year and presented in the form of a sustainability risk heat map. The heat map is presented to the bank's Asset/Liability Management Committee, which is chaired by the bank's Chief Risk Officer. Furthermore, it is also presented to the Supervisory Board in the Risk Committee.

Climate, social and governance risks were taken into account in the risk rating, with the climate risks having the greatest weighting on the overall risk rating. For the evaluation, qualitative and quantitative information is used from external and publicly available data sources (such as EUROSTAT, SASB (Sustainability Accounting Standards Board), FIRST ("Financial Institutions: Resources, Solutions and Tools"), EU Commission (Art. 8 & 9 Taxonomy Technical Annex) and World Bank (ThinkHazard!). This helps assess the sectoral and regional risk exposure of our clients with regard to physical risks (direct consequences of climate change such as increased natural disasters) and transition risks (risks arising from the adaptation process to a climate-neutral economy and society such as price increases due to CO2 taxes). The chart below shows the correlation between the magnitude of sustainability risk and the sector in Oberbank AG's loan portfolio. The length of the bars indicates the average volume-weighted risk. The fluctuation range of the risk within a sector (minimum/maximum), which results from the regional differences and the sub-sectors, is indicated by the black bars.

Sustainability risk in the Oberbank AG loan portfolio

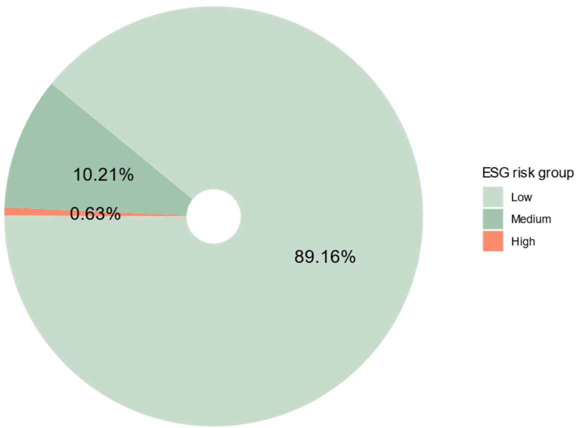


Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.

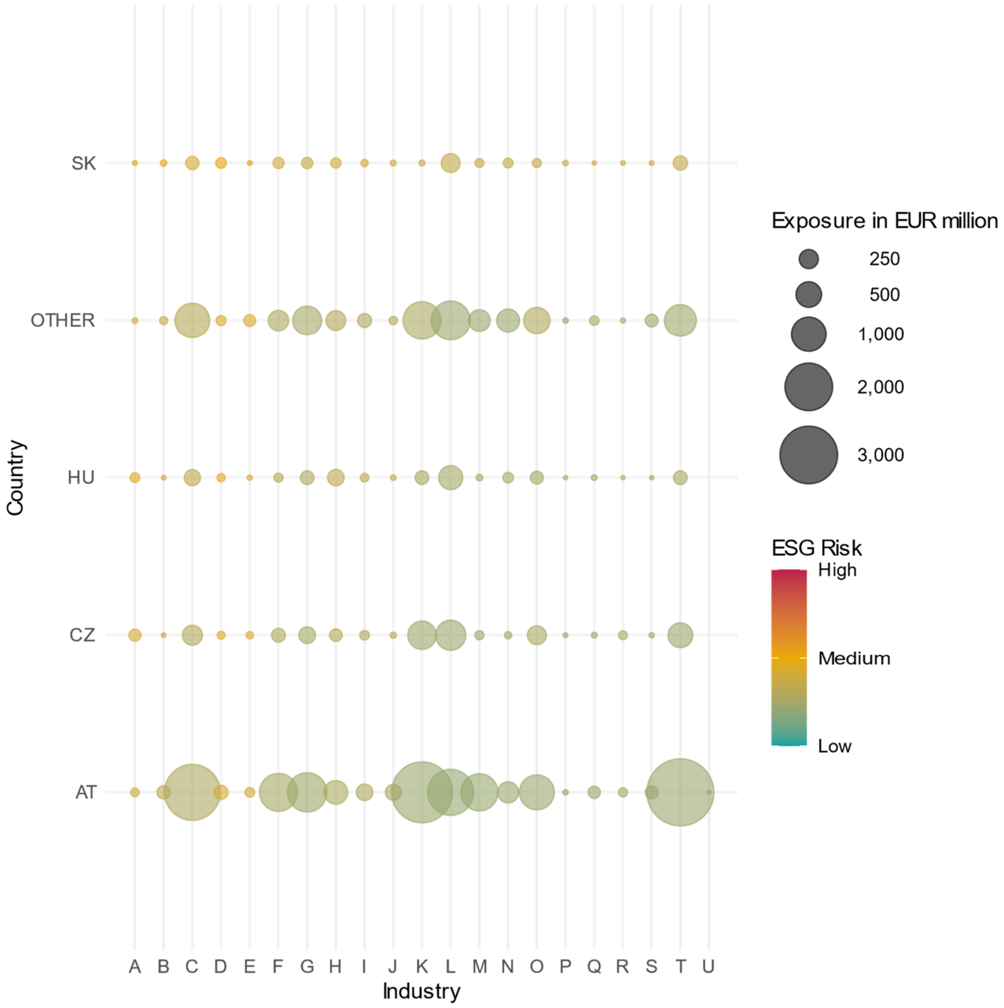
Overall, Oberbank AG's credit portfolio is exposed to only below-average sustainability risks. In the case of physical risks, this is explained by our regional business model in Central Europe; in the case of transition risks by the fact that the share of the more severely affected industries and sectors is underrepresented in the total lending volume at Oberbank AG.

Breakdown of Oberbank AG's exposure volume by internally defined ESG risk class

Distribution of receivables volume by ESG risk class



Sustainability risk heat map of Oberbank AG



Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.

Our sustainability risk heat map shows the sustainability risks of Oberbank AG’s exposure in the individual regions and sectors (pursuant to NACE codes). The regions include the countries in which Oberbank AG has branches as well as a residual item that consists largely of highly liquid assets required for liquidity management. The colour of the dots on the heat map represents the risk rating; the size of the dots represents the size of Oberbank AG's exposure in this area.

44) Equity risk

Equity risk is defined as the risk of value impairments caused by dividends not paid out, impairment losses and losses on divestments as well as a reduction of undisclosed reserves caused by the risk of negative economic development.

The most important equity investments of Oberbank AG are the stakes in BKS and BTV with which it forms the 3 Banken Group. The equity investment policy of Oberbank AG is to acquire stakes in other companies from the banking and related sales industries only when this serves Oberbank AG’s banking business, in other words, if their activities are a direct expansion of banking activities or constitute services ancillary to banking. The investments of Oberbank AG in 3 Banken-Generali Investment-Gesellschaft m.b.H., 3 Banken IT GmbH and Oberbank Service GmbH belong to this segment.

Furthermore, the strategic investments in voestalpine AG and Energie AG Oberösterreich are part of Oberbank AG's investment portfolio. An active industry investment policy above and beyond these equity investments is not consistent with the corporate philosophy of Oberbank AG. Furthermore, Oberbank AG holds equity investments of a purely economic nature made on grounds of either concrete expectations of returns or indirect profitability expectations. The investment fund, 'Oberbank Opportunity Fonds', is Oberbank AG's vehicle for acting as a provider of private equity finance, primarily with the goal of supporting customers in need of a financing solution that goes beyond the scope of traditional lending arrangements. Investments in other mezzanine and equity capital providers are made with the objective of utilising their expertise and entering new markets. In real estate, Oberbank AG holds equity interests in special purpose vehicles set up for the purpose, for example, of the construction or management of Oberbank-owned real estate, and in some cases, in selected residential developers that are potentially important partners for residential construction finance.

Where new equity investments are to be made, analyses are performed in order to gain as complete a picture as possible of the entity's earning power, strategic fit and legal position.

The carrying values and fair values of equity investments are shown below:

as at 31/12/2022 in €k	**Carrying amounts**	
Groups of equity instruments by type of measurement	Carrying value	Fair value
Fair value through OCI		
Exchange-traded items	0	0
Non-exchange traded	263,405	263,405
Fair value through profit and loss		
Non-exchange traded	33,401	33,401
Interests in entities accounted for by the equity method		
Exchange-traded items	1,099,645	659,455
Non-exchange traded		
Total	**1,396,451**	**956,261**

as at 31/12/2021 in €k	**Carrying amounts**	
Groups of equity instruments by type of measurement	Carrying value	Fair value
Fair value through OCI		
Exchange-traded items	0	0
Non-exchange traded	241,933	241,933
Fair value through profit and loss		
Non-exchange traded	22,374	22,374
Interests in entities accounted for by the equity method		
Exchange-traded items	1,000,764	730,120
Non-exchange traded		
Total	**1,265,071**	**994,427**

45) Market risk

Market risk is defined as the risk of possible losses arising due to changes in value as a result of movements in prices and interest rates on financial markets. This risk category encompasses both trading book and banking book positions. Market risk is made up of the following risk types: interest rate risk, foreign currency risk, equity-price risk and credit-spread risk.

Risk management

Market risk is centrally managed by Oberbank AG and includes the Bank's foreign business units as well as its fully consolidated subsidiaries. At Oberbank AG, the management of market risks is split between two competent bodies, which manage these risks within the framework of the limits assigned to them.

Responsibilities of the Treasury & Trade department with regard to managing market risks

The Treasury & Trade department is responsible for managing the market risks of trading book positions, the interest rate risk in the money market trading book, and the foreign currency risk of the entire Oberbank Group.

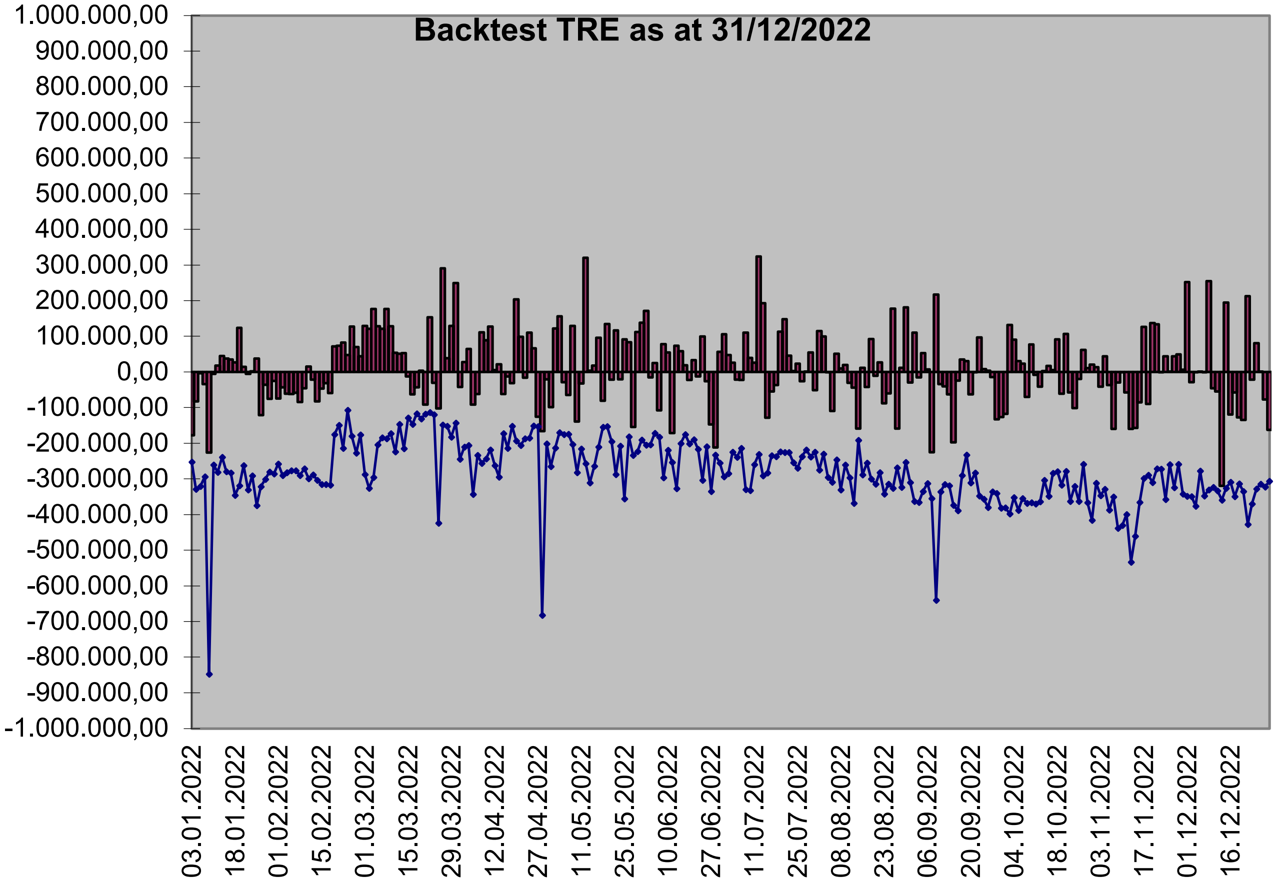
The money market trading book comprises the short-term banking book positions. Risk is calculated using a value-at-risk model. The value at risk is an estimate of the largest loss likely to be suffered on a portfolio position over a holding period within a given probability (confidence level) in normal market conditions. Value at risk is calculated using the method of historic simulation with a confidence level of 99%, a holding period of ten days and a simulation period of 1000 days. Strategic Risk Management is in charge of the daily calculation of value-at-risk, daily limit control and daily reporting of the risk and earnings situation to the Management Board and to the Treasury & Trade department. The table below shows the development of value-at-risk in the reporting period:

Value at risk 2022 in €k	31/12/2021	MAX	MIN	Average	31/12/2022
	706	2,680	339	890	967

Value at risk 2021 in €k	31/12/2020	MAX	MIN	Average	31/12/2021
	979	1,382	575	893	706

The quality of the statistical model is checked by back-testing, i.e. comparing the estimated 1-day values-at-risk with the actual results. As shown in the chart below of the back-testing time series for the reporting year, there were no outliers.

Back-testing by VaR model 2022 in €k



Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.

Besides value-at-risk limits, measures to limit exposure also include risk-reducing limits such as stop-loss limits and volume limits.

The Treasury & Trade department is also responsible for managing the foreign currency risk, which is part of market risk. The table below shows open currency positions of Oberbank AG.

	Volume in €k 31/12/2022	31/12/2021		Volume in €k 31/12/2022	31/12/2021
AUD	43	-17	**MXN**	11	72
CHF	-458	101	**HKD**	42	8
USD	403	7,926	**JPY**	30	-36
GBP	-228	336	**RON**	9	89
HUF	-3,547	-3,615	**NZD**	-1	-104
SEK	188	60	**CZK**	-4,800	5,021
CAD	91	-19	**Other currencies, long**	184	157
CNY	119	40	**Other currencies, short**	-12	-61
DKK	37	48	**Gold**	3,122	2,526
NOK	-19	-37			

Determination of market risk – which is the remit of the Treasury & Trade department – for the liquidation approach in the Internal Capital Adequacy Assessment Process (ICAAP) is done using the aforementioned model, but with a uniform confidence level of 99.9% and a holding period of one year. As at 31 December 2022, the market risk in the remit of Treasury & Trade was EUR 6.5 million (pr. yr.: EUR 5.1 million).

Asset/Liability Management (ALM) Committee responsible for market risk management

The ALM Committee is responsible for managing the interest rate risk of long-term EUR, USD, CZK and HUF positions (rate commitments >12 months), for strategic stock and investment fund positions in the banking book as well as for the credit spread risk.

Das ALM Committee meets once every month. Members of the Committee are the Chief Risk Officer as well as representatives of the departments Strategic Risk Management, Treasury & Trade, Accounts and Controlling, Private Banking & Asset Management, Credit Management, Corporate & International Finance, Secretariat & Communication, Internal Audit and Compliance.

Interest rate risk in the banking book

Taking interest rate risks, which account for the main share of market risk in the banking book, is an integral part of the banking business and an important source of earnings that requires adequate hedging measures within the scope of risk management. The bank's strategy aims at generating interest earnings from maturity transformation by deliberately accepting calculable and actively managed risks. As a way to stabilize interest income and to earn additional net interest income from maturity transformation, the investment strategy invests in positions with fixed long-term interest rates. The interest rate risk in the banking book is measured using classical methods of interest rate fixing analysis (interest-rate gap analysis and interest-rate sensitivity analysis) for the purpose of internal risk management pursuant to EBA Guidelines 2018/02. The magnitude of the interest rate risk is analysed based on changes to the present value of the positions in the banking book, using as basis the various interest rate scenarios. Apart from the present value view, a quarterly simulation of interest returns is carried out using various adverse scenarios. To this end, the deviation of profit and loss from projections is presented for each scenario and for every year as well as cumulated for a three-year period.

The chart below shows the interest rate sensitivity gap analysis as compared with the end-of-year values of the previous year:

Interest rate gap – banking book positions (comparison 31/12/2022 with 31/12/2021)

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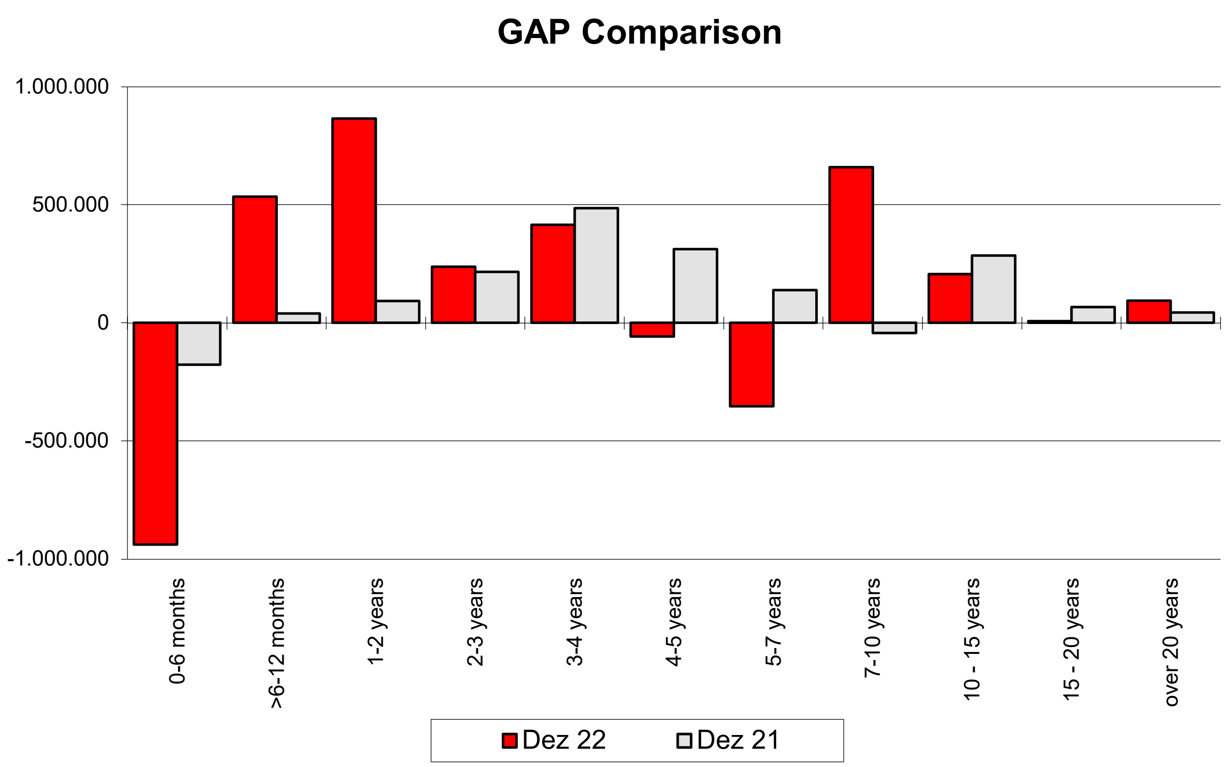


Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.
The interest rate risk in the liquidation approach of the ICAAP is determined on the basis of an EVE model (Economic Value of Equity). The underlying scenario corresponds to annual interest rate changes that will not be exceeded with a probability of 99.9%. The calibration test of the interest rate shock in the main currencies EUR, USD, CZK and HUF is oriented on the publication Interest Rate Risk in the Banking Book of the BCBS (BCBS d319). Non-interest-bearing positions are not taken into account. As at 31 December 2022, there was an interest rate risk in the banking book of EUR 185.29 million (pr. yr.: EUR 180.50 million).

Credit spread risk
The credit spread represents a credit risk premium for the credit risk incurred with a specific investment. The credit spread is the yield differential between a bond and a risk-free reference bond. The risk is measured on the basis of present value fluctuations of the bond portfolio attributable to market changes in credit spreads given an unchanged credit rating of the debtor. The credit spread risk is measured with a confidence level of 99.9% and a holding period of one year. On 31 December 2022, the risk thus determined amounted to EUR 51.41 million (pr. yr.: EUR 29.51 million).

46) Macroeconomic risks

Macroeconomic risk is defined as the risk of possible losses arising due to changes in the macroeconomic environment (decline in real GDP growth, substantial increase in unemployment and business failures, declines in stock markets and real estate markets, etc.).

The effects of a macroeconomic crisis are taken into account by mapping scenarios with a higher probability of default, declines in market values of real estate and a downturn on financial markets. Such an unfavourable scenario involves negative impacts on both the assets of Oberbank and the assets accepted as collateral by the bank.
As at 31 December 2022, the macroeconomic risk thus estimated was EUR 109.99 million (pr. yr.: EUR 105.54 million).

47) Operational risk

Operational risks are an inseparable part of banking operations. This term refers to the risks that affect the operations of the bank. Oberbank AG defines operational risks as the risk of losses incurred as a result of the inappropriateness or failure of internal procedures and systems, human error or external events. This definition includes legal risks (including the risk of money laundering and terrorist financing), but does not comprise strategic risks and reputational risks. The risks are grouped into the following categories: internal fraud, external fraud, employment practice and job safety, customers, products and customary business practices, business interruptions and system outages, execution, delivery and process management, and damage to property. A special committee with responsibility for the management of operational risks has been installed at Oberbank AG. This committee oversees the management process of operational risks and is responsible for the ongoing improvement of this process and the adjustment of the applied methodology. The management of operational risks is performed by the respective operating departments and the regional sales units (risk-taking units) responsible for operational risk in connection with products and processes within their respective spheres of responsibility. The electronic logging process supports the recording of information regarding nascent operational risks. Systematic risk analyses form the basis for the steering and further development of operational risk management. These are conducted in the form of risk assessments that comprise regular surveys and the quantification of potential operational risks and by monitoring the key risk indicators as well as by the evaluation of damage incidences in a database of such events. Qualitative analyses in the form of a risk assessment are done at least every two years by using structured questionnaires. An assessment is made of the incidence frequency and the amount of the potential damage. The Strategic Risk Management unit prepares a quarterly Operational Risk Report which is sent to the Management Board and to the unit responsible for the management of operational risk. This report contains information on the development of the key risk indicators and damage incidents for the current financial year. The report groups the damage incidents by business area and damage category.

Concrete measures have been taken to hedge against any major risks identified in from risk analyses (e.g. insurance policies, IT contingency plans, backup data centre).
Based on the increasing significance of digitalisation, IT risks and cyber risks play a key role among operational risks. The strategy of the bank in this case consists of ensuring a state-of-the-art level of security. This is achieved operationally by 3 Banken IT GmbH which has been charged with the implementation.
The risk from money laundering and terrorist financing, which is also included in the operational risks, is limited by measures such as staff training, automated and manual transaction monitoring and by setting thresholds that trigger a review of the origin of funds in the cash system.
To quantify operational risk within the framework of the risk-bearing capacity calculation, the standardised approach pursuant to Part 3, Title III, Chapter 3 CRR II is applied. As at 31 December 2022, the risk was EUR 92.8 million (pr. yr.: EUR 85.7 million). Over the last five years, net income from operational risks was reported in the income statement due to the reversal of provisions for operational risks allocated in previous years.

48) Liquidity risk

Liquidity risk (or refinancing risk) is defined as the risk of a bank being unable to meet its present and future payment obligations fully and on schedule or having to raise additional capital at increased cost.
The liquidity risk comprises insolvency risk and liquidity spread risk. The insolvency risk or liquidity risk in the narrower sense is defined as the risk that the bank will be unable to satisfy its current and future payment obligations in full and in a timely manner. The insolvency risk includes the maturity risk (that the receipt of agreed payments, e.g. loan repayments, will be delayed leading to a liquidity shortage), the call risk (the risk of customers prematurely or unexpectedly making calls on deposits or credit lines) and the rollover risk (the risk of an inability to fund follow-up financing arrangements for long-term asset-side positions). In addition to risks potentially liable to trigger insolvency, there is the risk that the funding required for follow-up refinancing arrangements will have to be raised at elevated market rates (spreads) and thus diminish profits (liquidity spread risk).
The primary objectives of liquidity risk management are therefore to ensure that the bank is solvent at all times and to optimise the bank's refinancing structure in terms of risk and results.
To limit the risk of refinancing being dependent on the volatile money markets for banks, the ratio of customer loans to total primary deposits, own issues and the deposits of the special banks handling subsidised loan schemes is restricted to a strategic limit of 110%. The strategic liquidity indicator was 90.4% (pr. yr.: 90.0%) on 31 December 2022.
Oberbank AG has adequate reserves (liquidity buffer) in the form of free refinancing potential for securities and loan assets eligible for refinancing with central banks. The adequacy of the liquidity buffer is reviewed monthly using liquidity stress tests. Furthermore, Oberbank has access to unutilised refinancing lines at other banks. A further strategic principle is the goal of having as highly diversified sources for refinancing as possible to avoid dependence on the interbank money market and capital market. This includes a proactive approach to eligible collateral when granting loans.

Regulatory liquidity indicators

The liquidity cover ratio (LCR) defines the minimum volume of (highly) liquid assets that the bank must hold as liquidity reserve in order to be able to cover net payment obligations in the event of distressed market conditions for a period of 30 days. LCR as at 31 December 2022 was EUR 179.8% (31/12/2021: 203.5%).
The net stable funding ratio (NSFR) is the minimum standard for lowering refinancing risk over a longer period of time. The purpose of the structural liquidity ratio is to secure a sustainable refinancing structure by limiting the maturity transformation between the lending business, on the one hand, and refinancing, on the other, and thus mitigate the risk of future refinancing problems. NSFR as at 31 December 2022 was EUR 132.3% (31/12/2021: 137.6%).

Responsibility for liquidity risk management

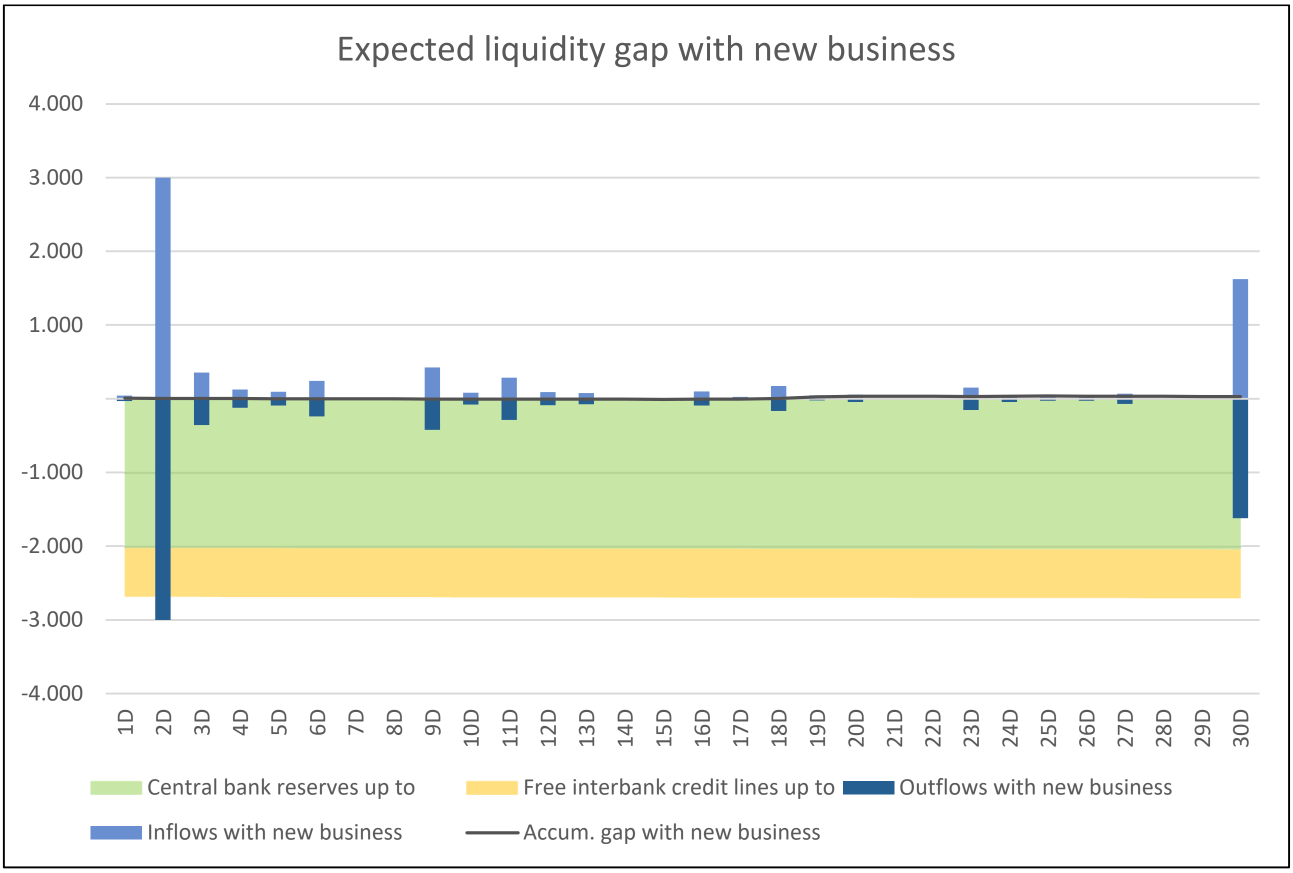
Strategic Risk Management is responsible for the operational risk reporting and for defining and monitoring the relevant risk limits. It is likewise responsible for the further development and maintenance of the risk management models used, for the parameters for the liquidity gap analysis and for back-testing the models.

Short-term liquidity management

Treasury & Trade is responsible for the short-term, daily management of liquidity in all currencies. Daily liquidity management is done by conducting a short-term liquidity gap analysis. A forward liquidity gap analysis is prepared daily including assumptions for new business for the next 30 days that represent the net cash inflows and outflows as well as the accumulated forward liquidity gap of the bank. Amounts held with central banks less the minimum reserve requirements and the free unappropriated inter-bank credit lines (uncommitted inter-bank lines less actual and/or planned utilisation) are presented as limit lines and constitute the counterbalancing capacity.

Furthermore, a 30-days forward liquidity gap analysis for day-to-day liquidity management is prepared based only on the contractual cash flows of Oberbank.

Accumulated 30-days forward liquidity gap analysis incl. assumptions for new business as at 31/12/2022 in €m



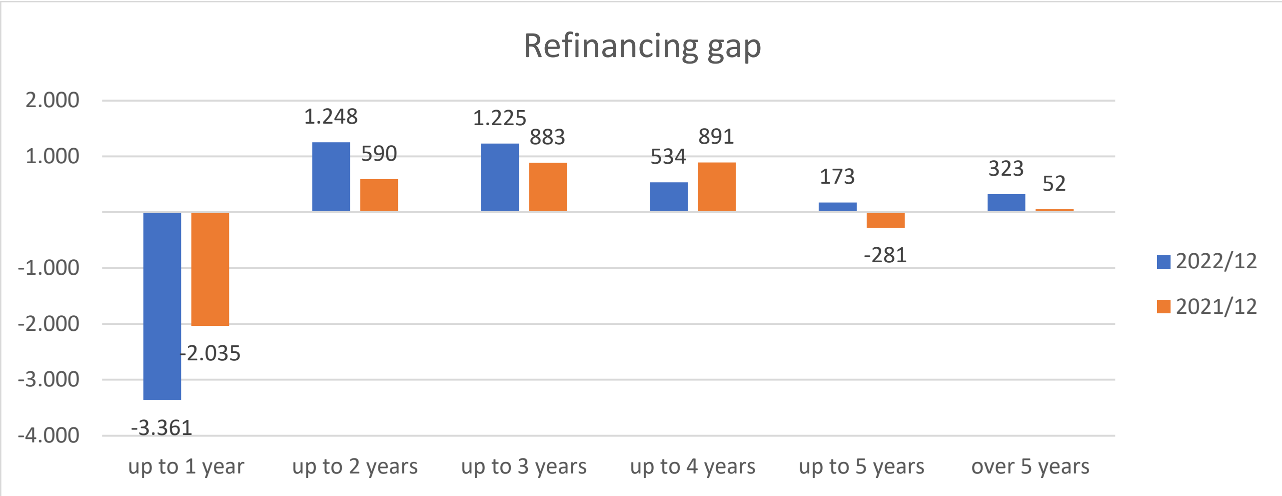
Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.

Long-term and strategic liquidity management

The Management Board and the APM Committee are responsible for managing the long-term and strategic liquidity of Oberbank AG. The Strategic Risk Management department is responsible for reporting. A comprehensive forward liquidity gap analysis is drawn up for the purpose of the medium and long-term liquidity risk management of the bank that sums up the payment flows per maturity band resulting from banking transactions.

To manage the liquidity risk in each of the currencies, the liquidity gaps for the major currencies are reported individually (EUR, USD, CZK and HUF).

Medium to long-term liquidity gap analysis for all currencies as at 31/12/2022 and 31/12/2021 in €m



Note: The figures use the German number format, i.e., decimal points are commas, and vice versa.

The capital commitment report (without newly acquired business) shows a gross funding requirement of EUR 3.5 billion (pr. yr.: EUR 2.1 billion) as at the end of the first year. This corresponds to a funding ratio of 75.3 % (pr. yr.: 84.7%), which complies with the internally defined limit of 70%. The following table shows the maturity structure of securities and loans eligible for repo transactions:

in €k as at 31/12/2022	up to 1 month	1 to 12 months	1 to 5 years	> 5 years
Securities and loans eligible for repo transactions	74,512	484,868	1,379,657	540,054

in €k as at 31/12/2021	up to 1 month	1 to 12 months	1 to 5 years	> 5 years
Securities and loans eligible for repo transactions	19,008	482,717	1,765,168	285,209

Additionally, as at 31 December 2022 Oberbank had collateral assets with a cover value of EUR 568.1 million (pr. yr.: EUR 599.4 million) from reverse repos with CNB at its disposal that may be deposited with the CNB at any time to obtain liquidity. The balance of central bank reserves that can be withdrawn at any time amounted to EUR 2,018 million as at 31 December 2022 (pr. yr.: EUR 4,046 million).The calculation of liquidity gaps is based on contractual cash flows. Assumptions are made for positions without a defined maturity for the repayment of the principal (e.g. sight deposits are shown as rolling twelve-month positions, other assets/liabilities as rolling long-term positions and equity as long-term positions).
Stress scenarios are calculated to illustrate the effects of liquidity crises and the adequacy of the liquidity buffer. Specifically, the scenarios “deterioration in reputation”, “market crisis”, and as the “worst case scenario” a combination of both of these factors are simulated. A contingency plan is in place for the eventuality of extreme market conditions.

Contractual cash flows of financial liabilities pursuant to IFRS 7/39 a and b

as at 31/12/2022 in €k	Carrying value	Contractual cash flows	up to 1 month	1 to 12 months	1 to 5 years	> 5 years
Amounts owed to banks	4,448,735	4,669,838	901,757	514,536	2,275,062	978,484
thereof deposits for subsidised loans	3,292,756	3,431,861	541,898	490,884	1,420,594	978,484

Amounts owed to customers	15,061,355	15,166,224	13,539,885	1,023,651	415,079	187,609
Securitised liabilities	2,407,017	2,694,494	3,587	140,399	928,253	1,622,255
Subordinated liabilities	479,712	565,266	3,224	59,659	299,672	202,712
Derivative liabilities IRS/CCS	193,170	232,977	-162	39,734	138,091	55,314

as at 31/12/2021 in €k	**Carrying value**	**Contractual cash flows**	**up to 1 month**	**1 to 12 months**	**1 to 5 years**	**> 5 years**
Amounts owed to banks	5,893,337	5,991,906	1,017,656	402,361	3,701,525	870,365
of which deposits for subsidised loans	3,042,864	3,088,338	425,994	401,074	1,390,905	870,365
Amounts owed to customers	14,728,589	14,763,428	13,681,943	422,926	433,152	225,408
Securitised liabilities	2,206,646	2,339,361	2,952	142,286	806,118	1,388,005
Subordinated liabilities	496,368	542,687	3,222	40,283	321,477	177,706
Derivative liabilities IRS/CCS	51,823	54,971	-495	9,795	36,116	9,555

49) Risk of excessive indebtedness

Oberbank AG measures the risk of incurring excessive debt by calculating the debt ratio (leverage ratio) pursuant to Article 429 CRR. An internal limit of 4% was defined for the debt ratio for the purpose of effectively controlling this risk. The leverage ratio was 10.96% on 31 December 2022 (31/12/2021: 11.91%). The change in the leverage ratio results mainly from the fact that the balance with the central bank may no longer be deducted from the overall risk figure of the leverage ratio. This Covid-19 relief measure was only allowed until 31 March 2022.

50) Sustainability risk

Sustainability risk comprises physical risks that result from extreme weather events and transition risks that result from the changeover to a low-carbon economy. In accordance with the recommendations of the FMA in the *Guidelines on how to deal with sustainability risks*, the special topics of sustainability risk in risk management are covered under primary risks. Details on the management of sustainability risks in the credit portfolio are presented in Note 43.

51) Systemic risk

Systemic risk describes the risk of a disruption in the financial system as a whole or in parts of the financial system, which can result in serious negative effects in the financial system and in the real economy.

Thus, the insolvency of one market participant may lead to a chain reaction that causes significant liquidity and solvency problems for a large number of other market participants. As a result, this may cause the functional collapse of parts of the financial system or the financial system as a whole. Systemic risks are difficult to predict or influence due to complex interdependencies in the financial system.

In its function as the national resolution authority for Oberbank AG, the FMA has indicated the application of a resolution procedure in the event of a default or probable default.

This assessment is based on the identification of critical functions and the expectation of significant negative effects on financial stability in Austria in the event of market exit due to insolvency.

The FMA has therefore specified that Oberbank AG must maintain certain minimum amount of own funds and eligible liabilities (MREL).

The MREL requirement has the purpose of ensuring that a bank has at all times a minimum ratio of own funds and MREL-eligible liabilities (sufficient buffer of loss absorption capital for the event of resolution and the related resolution strategy).

This ratio is expressed either as a percentage of the total risk exposure amount (TREA) or as a percentage of the total risk exposure measure (LRE/TEM).
The prescribed amount of the ratios is not defined uniformly for all credit institutions in the EU, but rather on a case-by-case basis. The FMA has defined the following ratios for Oberbank AG effective as of 1 January 2022:

- mandatory TREA ratio: 19.41%
- mandatory LRE/TEM ratio: 5.90%.

As at 31/12/2022, the TREA ratio was 25.69% (31/12/2021: 27.28%) and the LRE/TEM ratio 16.95% (31/12/2021: 19.03%). The decline goes hand in hand with the strong credit growth and the more moderate increase in own funds. Furthermore, the prior permission amount pursuant to Art. 78a CRR was deducted for the first time. As the Covid-19 relief of deducting central bank balances from the overall risk figure of the leverage ratio is no longer applicable, this has an impact on the LRE/TEM ratio.

52) Other assets

The category Other risks covers risks which are classified as non-material within the framework of the business model of Oberbank and for which no individual limit is derived from the economic coverage capital.

The category Other risks includes the following banking risks:

- Reputational risks result from negative publicity impairing the reputation of a bank in the eyes of the general public. The damage to the good reputation of the bank (e.g. among customers, business partners, shareholders, authorities) and the resultant loss of confidence may lead to lower earnings or losses.
- Business risks are risks that result from unexpected changes in earnings due to a change in the general business environment (e.g. lower earnings that cannot be offset by cutting expenses to the same extent, a change in the competitive environment, a change in customer behaviour, the impact of technological progress, etc.).
- Strategic risks result from failure to meet long-term corporate goals based on underlying business assumptions or due to a change in the general business environment. Such risks may be avoided or reduced by constantly monitoring the market and competitive conditions as well as by rolling strategic planning with continual adjustments to the market environment.

53) Risk report - summary

At Oberbank AG, risk management is an integral element of the bank's business policy, strategic target planning and operational management and controlling. Central responsibility for the Bank's risk management lies with the Management Board of Oberbank AG as a whole.
Management competences as well as the share of available economic capital allocated to a specific risk (Limits) or predefined management and control processes are specified for every material risk within the Oberbank Group.

54) Total outstanding positions in derivative financial instruments

Derivative financial transactions not yet settled at the balance sheet date are shown in the table below. At Oberbank, financial derivatives are used mainly for hedging market risk in business with customers and for managing the banking book. Oberbank's Hedging strategy is based on the following principles:

- Positions in derivative products sold to business customers are closed out as a matter of principle.
- Derivative products are also used for hedging interest rate risk and foreign exchange risk resulting from cash transactions.
- Long-term own debt securities issued and borrowers’ notes used to secure liquidity are hedged using interest rate swaps.
- In specific cases, fixed-interest securities for the banking book are hedged by swaps.
- Therefore, open positions in derivative products exist on a small scale only in the trading book.
- Oberbank has no credit derivatives in its portfolio.

	Nominal amounts			2022			2021		
	Remaining time to maturity			Nominal	Fair values		Nominal	Fair values	
in €k	up to 1	1 - 5 yrs	> 5 yrs	Total	positive	negative	Total	positive	negative
Interest rate contracts									
Interest rate options									
Call	110	7,310	1,000	8,420	212		7,920	64	
Put	460	7,710	1,000	9,170		-229	6,370		-59
Swaptions									
Call							36,000	413	
Put			13,000	13,000		-2,237	49,000		-1,354
Interest rate swaps									
Call	22,535	246,251	149,856	418,642	33,568	-1,966	532,867	3,820	-25,342
Put	86,035	981,582	719,333	1,786,950	4,098	-177,160	1,909,085	93,825	-5,867
Bond options									
Call									
Put									
Currency contracts									
Currency options									
Call	50,509			50,509	1,242		29,405	354	
Put	53,764			53,764		-1,272	28,760		-291
Currency forwards									
Call	1,685,649	169,546		1,855,195	29,984		2,292,108	24,702	
Put	1,693,451	170,065		1,863,516		-36,913	2,297,011		-28,703
Cross Currency Swaps									
Call	27,368	221,015	50,736	299,119	10,679	-2,207	240,969	8,739	-639
Put	11,724	171,853		183,577	5,473	-11,837	176,455	5,414	-6,831

Measurements are based on generally accepted valuation models, with measurements being made under market conditions. The fair values of symmetrical products (interest rate swaps, forward exchange deals) were measured applying present values on a clean price basis. The yield curves from Refinity are used as the basis for the calculation. The exchange rates used are the reference rates published by the ECB. The market values of asymmetric products are calculated according to option pricing models such as those of Black-Scholes, Hull & White. Implied volatilities are used for the valuation of options.

55) Letters of comfort on behalf of subsidiaries

Oberbank AG has an interest in the companies listed below being able to fulfil their contractual obligations:

Other finance companies: Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz
Property companies: „AM" Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz
OBERBANK NUTZOBJEKTE VERMIETUNGS-GESELLSCHAFT m.b.H., Linz

Disclosures required by Austrian law

56) Shareholders' equity

Consolidated equity was made up of the paid-in capital of Oberbank AG (share capital plus capital reserves) and earned capital (the Group's retained earnings plus consolidated net profit for the year). The equity capital of Oberbank AG amounted to EUR 2,428.2 million (pr. yr.: EUR 2,296.7 million), of which the share capital was EUR 105.8 million (pr. yr.: EUR 105.9 million). As Oberbank AG distributes dividends on the basis of Austrian law, only part of the shareholders' equity measured in accordance with the Austrian Business Code/Banking Act was distributable, namely net profit, non-appropriated retained earnings, and the non-appropriated capital reserve. For 2022, a maximum amount of EUR 1,505.2 million would be distributable. The net distributable profit is EUR 51.4 million.

57) Human resources

Averaged over the year, the Oberbank Group had the following staff capacities in 2022:

Full-time equivalents, without the Management Board / managing directors	2022	2021
Salaried employees	2,134	2,152
Blue-collar	5	6
Total resources *)	2,139	2,158

*) This includes 25 employees who are seconded to 3 Banken IT GmbH to provide services.

58) Breakdown of securities holdings pursuant to the Austrian Banking Act in €k

	Unlisted	Listed	Measured as fixed assets	Other measurement method	Total
Bonds and other fixed-interest securities	146,305	1,981,885	1,781,315	346,875	2,128,190
Shares and other variable-yield securities	155,232	63,263	55,201	163,294	218,495
Equity investments	142,508	317,572	460,080	0	460,080
Investments in subsidiaries	120,358	0	120,358	0	120,358
	564,403	**2,362,720**	**2,416,954**	**510,169**	**2,927,123**

59) Consolidated own funds and regulatory own funds requirement

As from 1 January 2014, Oberbank AG became subject to the provisions of Regulation (EU) No. 575/2013 (CRR) as well as CRD IV. The defined minimum capital requirements were met at all times. The own fund components disclosed are also used for purposes of internal capital management.

Regulatory capital pursuant to Part 2 of Regulation (EU) No 575/2013 – Pillar I in €k	2022	2021	Change absolute	Change in %
Subscribed capital	105,922	105,922	0	0
Capital reserves	505,523	505,523	0	0
Retained earnings1)	2,708,576	2,505,296	203,280	8.1
Minority interests	0	0	0	0
Cumulated other comprehensive income	121,069	108,702	12,367	11.4
Regulatory adjustment items	-16,078	4,169	-20,247	>-100
Deductions from common equity tier 1 capital items	-298,660	-258,504	-40,156	15.5
COMMON EQUITY TIER 1 CAPITAL	**3,126,352**	**2,971,108**	**155,244**	**5.2**
AT1 capital instruments	50,000	50,000	-	-
AT1 capital instruments purs. to national implementation rules	0	0	-	-
Deductions from AT1 capital items	0	0	-	-
Additional tier 1 capital	**50,000**	**50,000**	**-**	**-**
TIER 1 CAPITAL	**3,176,352**	**3,021,108**	**155,244**	**5.1**
Qualifying supplementary capital instruments	340,486	345,098	-4,612	-1.3
Supplementary capital (tier 2) items purs. to national impl. rules	0	865	-865	-100.0
General credit risk adjustments	0	0	-	-
Deductions from tier 2 capital items	-14,927	-13,893	-1,034	7.4
Supplementary capital (tier 2)	**325,559**	**332,070**	**-6,511**	**-2.0**
OWN FUNDS	**3,501,911**	**3,353,178**	**148,733**	**4.4**
Total risk exposure purs. to Art. 92 CRR				
Credit risk	16,162,436	15,071,679	1,090,757	7.2

Market risk, settlement risk and CVA risk	18,187	45,612	-27,425	-60.1
Operational risk	1,160,246	1,070,996	89,250	8.3
Total exposure	**17,340,869**	**16,188,287**	**1,152,582**	**7.1**
Own funds ratio purs. to Art. 92 CRR				
Common equity tier 1 capital ratio	18.03%	18.35%	-0.32% ppt	
Tier 1 capital ratio	18.32%	18.66%	-0.35% ppt	
Total capital ratio	20.19%	20.71%	-0.52% ppt	
Regulatory requirement own capital ratios purs. to trans.				
Common equity tier 1 capital ratio	7.13%	7.06%	0.07% ppt	
Tier 1 capital ratio	8.63%	8.56%	0.07% ppt	
Total capital ratio	10.63%	10.56%	0.07% ppt	
Regulatory capital requirements purs. to trans. rules in €k				
Common equity tier 1 capital	1,236,404	1,142,893	93,511	8.2
Tier 1 capital	1,496,517	1,385,717	110,800	8.0
Total capital	1,843,334	1,709,483	133,851	7.8
Free capital components				
Common equity tier 1 capital	1,889,948	1,828,215	61,733	3.4
Tier 1 capital	1,679,835	1,635,391	44,444	2.7
Total capital	1,658,577	1,643,695	14,882	0.9

1) Including allocation to retained earnings 2022, subject to approval by the Supervisory Board on 23 March 2023.

60) Other disclosures required pursuant to the Austrian Banking Act and Austrian Business Code

A nominal total of EUR 111.8 million of bonds issued by Oberbank will mature in the financial year 2023. As at 31 December 2022, there was no subordinated liability that exceeded 10% of the aggregate amount of subordinated liabilities. Other subordinated borrowings individually coming to 10% or less of aggregate subordinated liabilities totalled €k 504,112.0 (nominal). They included supplementary capital subject to interest rates of 1.25% to 4.5% and maturities in the financial years 2023 to 2031.

In the reporting year, expenses for subordinated liabilities were €k 12,866.3. Applying market prices, the volume on the trading book was EUR 73.3 million as at 31 December 2022.

Of this amount, EUR 10.0 million are in securities (fair value) and EUR 63.3 million in financial instruments (fair value). The lease portfolio volume was EUR 1,426.3 million as at 31 December 2022. Expenses for the auditor amounted to €k 1,261.1 in the financial year (incl. VAT and incl. leasing companies and subsidiaries). This amount breaks down as follows: €k 1037.6 for the audit of the single-entity financial statements and the consolidated financial statements; €k 0.0 for other auditing services, €k 0.0 for tax advisory services as well as €k 223.5 for other services. The expenses for the auditor of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., which is included in the consolidated financial statements pursuant to IFRS 11 Joint Arrangements, was €k 12.7.

Disclosure regarding branch establishments pursuant to § 64 (1) no 18 Banking Act in €k

Name of establishment (incl. leasing companies)	Regional Division Germany	Regional Division Czech Republic	Regional Division Hungary	Regional Division Slovakia
Business Areas	Germany South Germany Central Germany Southwest			
State of registered office	Federal Republic of Germany	Czech Republic	Hungary	Slovakia
Net interest income	60,048	32,060	29,493	11,440
Operating profit	76,875	41,150	38,268	13,083
Number of employees (full-time basis)	279.7	194.3	134.0	51.3
Profit for the period before tax	33,636	25,690	20,575	7,761
Income taxes	-10,223	-4,991	-1,833	-1,987
Public subsidies received	0	0	0	0

The return on investment pursuant to § 64 (1) 19 Banking Act is 0.90%.

61) List of equity investments pursuant to the Austrian Business Code

As at 31 December 2022, the Company held at least 20% in the following companies	Consoli-dation method *)	direct	Share in capital in %[5] Total	Equity [3]	Last FY [4]	Result of financial statements	Comment
a) Direct investments							
“AM” Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz	N	100.0	100.00				1) 6)
“LA” Gebäudevermietung und Bau – Gesellschaft m.b.H., Linz	N	100.0	100.00				1) 6)
“SG” Gebäudevermietungsgesellschaft m.b.H., Linz	N	100.0	100.00				1) 6)
“SP” Bau- und Gebäudevermietungsgesellschaft m.b.H., Linz	N	100.0	100.00				1) 6)
3 Banken-Generali Investment-Gesellschaft m.b.H., Linz	N	20.57	20.57				6)
3-Banken Wohnbaubank AG, Linz	V	80.00	80.00	8,293	8	2022	1)
ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., Linz	Q	50.00	50.00	10,946	0	2022	
Beteiligungsverwaltung Gesellschaft m.b.H., Linz	N	40.00	40.00				6)
Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz	N	100.0	100.00				1) 2) 6)
Biowärme Attnang-Puchheim GmbH, Attnang-Puchheim	N	49.00	49.00				6)
3 Banken IT GmbH, Linz (formerly DREI-BANKEN-EDV Gesellschaft m.b.H.)	N	40.00	40.00				6)
Donaulände Holding GmbH, Linz	V	100.0	100.00	339	-7	2022	1)
GAIN CAPITAL PRIVATE EQUITY III SCSp	N	36.97	36.97				6)
GAIN CAPITAL PARTICIPATIONS II S.A. SICAR, Luxembourg	N	33.11	33.11				6)
GAIN CAPITAL PARTICIPATIONS SA, SICAR, Luxembourg	N	58.69	58.69				1) 6)
Gasteiner Bergbahnen Aktiengesellschaft, Bad Hofgastein	N	32.62	32.62				6)
Ober Finanz Leasing gAG, Budapest	V	1.00	100.00	17,400	1,123	09/2022	1)
Ober Leasing Gesellschaft mit beschränkter Haftung, Budapest	V	1.00	100.00	1,245	-337	09/2022	1)
Oberbank Beteiligungsholding Gesellschaft m.b.H., Linz	N	100.0	100.00				1) 6)
Oberbank Immobilien Leasing GmbH Bayern, Neuötting	V	6.00	100.00	2,081	6	09/2022	1)
Oberbank Immobilien-Service Gesellschaft m.b.H., Linz	N	100.0	100.00				1) 6)
OBERBANK LEASING GESELLSCHAFT MBH., Linz	V	100.0	100.00	52,978	16,485	09/2022	1) 2)
BKS-Leasing s.r.o., Bratislava	V	0.10	100.00	8,505	899	09/2022	1)
Oberbank Leasing spol. s.r.o., Prague	V	1.00	100.00	48,080	3,605	09/2022	1)
OBERBANK NUTZOBJEKTE VERMIETUNGS-GESELLSCHAFT m.b.H., Linz	N	100.0	100.00				1) 2) 6)
Oberbank Opportunity Invest Management Gesellschaft m.b.H., Linz	N	100.0	100.00				1) 6)
Oberbank PE Holding GmbH, Linz	N	100.0	100.00				1) 6)
Oberbank Unternehmensbeteiligung GmbH, Linz	N	100.0	100.00				1) 2) 6)
Oberbank Leasing Prievidza s.r.o., Bratislava	V	15.00	100.00	0	0	09/2021	1)
OÖ HightechFonds GmbH, Linz	N	24.70	24.70				6)

Samson České Budějovice spol. s.r.o., Budweis	N	100.0	100.00				1) 6)
TZ-Vermögensverwaltungs GmbH, Linz	N	100.0	100.00				1) 6)
Oberbank Service GmbH, Linz	N	100.0	100.00				1) 6)
3 Banken Versicherungsmakler Gesellschaft m.b.H., Innsbruck	N	40.00	40.00				6)
b) Indirect investments							
“ST” BAU Errichtungs- und Vermietungsgesellschaft m.b.H., Linz	N		99.90				1) 6)
3-Banken Beteiligung Gesellschaft m.b.H., Linz	N		40.00				6)
3-Banken Kfz-Leasing GmbH, Linz	V		80.00	28,541	2,002	09/2022	1)
Donauländе Garagen GmbH, Linz	V		100.00	36	8	2022	1)
Donaulände Invest GmbH, Linz	V		97.50	548	82	2022	1)
GSA Genossenschaft für Stadterneuerung und Assanierung, gemeinnützige registrierte Genossenschaft mit beschränkter Haftung, Linz	N		25.85				6)
Herold NZ Verwaltung GmbH, Mödling	N		24.90				6)
Oberbank Bergbahnen Leasing GmbH, Linz	V		100.00	35	942	09/2022	1)
Oberbank airplane 2 Leasing GmbH, Linz	V		100.00	35	-3	09/2022	1)
Oberbank Reder Immobilienleasing GmbH, Linz	V		100.00	35	66	09/2022	1)
Oberbank Eugendorf Immobilienleasing GmbH, Linz	V		100.00	35	205	09/2022	1)
Oberbank Frank Immobilienleasing GmbH	V		90.00	35	-15	09/2022	1)
Oberbank FSS Immobilienleasing GmbH, Linz	V		100.00	35	168	09/2022	1)
Oberbank Goldkronach Beteiligungs GmbH, Neuötting	V		100.00	7	-2	09/2022	1)
Oberbank Leobendorf Immobilienleasing GmbH, Linz	V		100.00	35	466	09/2022	1)
Oberbank Abwicklung 01 GmbH (formerly Oberbank Idstein Immobilien-Leasing GmbH), Neuötting	V		100.00	17	-1	09/2022	1)
Oberbank Immobilie-Bergheim Leasing GmbH, Linz	V		95.00	1,275	47	09/2022	1)
Oberbank Immobilien-Leasing Gesellschaft m.b.H., Linz	V		100.00	741	100	09/2022	1)
Oberbank Immobilien-Leasing GmbH Bayern & Co. KG Goldkronach, Neuötting	V		6.00	7	57	09/2022	1)
Oberbank Industrie und Handelsbeteiligungsholding GmbH, Linz	N		100.00				1) 6)
Oberbank KB Leasing Gesellschaft m.b.H., Linz	V		100.00	69	-459	09/2022	1)
Oberbank Kfz-Leasing GmbH, Linz	V		100.00	35	1,428	09/2022	1)
Oberbank Leasing GmbH Bayern, Neuötting	V		100.00	6,746	3,646	09/2022	1)
Oberbank Leasing JAF HOLZ, s.r.o., Prague	V		95.00	5,884	50	09/2022	1)
Oberbank Leasing Palamon s.r.o., Prague	V		100.00	7,581	256	09/2022	1)
Oberbank MLC - Pernau Immobilienleasing GmbH, Linz	V		99.80	35	45	09/2022	1)
Oberbank Operating Mobilienleasing GmbH, Linz	V		100.00	35	235	09/2022	1)
Oberbank Operating OPR Immobilienleasing GmbH, Linz	V		100.00	35	557	09/2022	1)

Oberbank PE Beteiligungen GmbH, Linz	N	100.00				1) 6)
Oberbank Pernau Immobilienleasing GmbH, Linz	V	100.00	35	182	09/2022	1)
Oberbank Riesenhof Immobilienleasing GmbH, Linz	V	100.00	35	87	09/2022	1)
Oberbank Seiersberg Immobilienleasing Gesellschaft m.b.H., Linz	V	100.00	35	75	09/2022	1)
Oberbank Unterpremstätten Immobilienleasing GmbH, Linz	V	100.00	18	-4	09/2022	1)
Oberbank Weißkirchen Immobilienleasing GmbH, Linz	V	100.00	35	91	09/2022	1)
Oberbank Wiener Neustadt Immobilienleasing GmbH, Linz	V	100.00	35	53	09/2022	1)
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H., Linz	V	100.00	168	372	09/2022	1)
OBK Ahlten Immobilien Leasing GmbH, Neuötting	V	94.00	1,000	22	09/2022	1)
OBK München 1 Immobilien Leasing GmbH, Neuötting	V	100.00	27	18	09/2022	1)
OBK München 2 Immobilien Leasing GmbH, Neuötting	V	100.00	30	-26	09/2022	1)
OBK München 3 Immobilien Leasing GmbH, Neuötting	V	100.00	30	-10	09/2022	1)
POWER TOWER GmbH, Linz	V	99.00	70	-79	09/2022	1)
Oberbank NGL Immobilienleasing GmbH (formerly Oberbank Wien Süd Immobilienleasing GmbH), Linz	V	100.00	35	118	09/2022	1)
Techno-Z Braunau Technologiezentrum GmbH, Braunau	N	21.50				6)

*) Method of inclusion in the consolidated financial statements: V = consolidated, E = accounted for using the equity method, Q = accounted for by proportionate consolidation, N = not included in the consolidated financial statements purs. to IAS 27 in conjunction with Framework 29

1) Subsidiary; 2) Profit transfer agreement; 3) Includes untaxed reserves; 4) Profit (loss) for the year pursuant to § 231 (2) no. 21 Austrian Business Code (UGB); 5) Indirect investments in credit institutions and other financial institutions were measured in accordance with § 30 of the Austrian Banking Act (BWG); indirect investments in other companies pursuant to the Business Code (UGB); 6) Use was made of § 242 (2) Austrian Business Code.

Statement pursuant to § 124 (1) 3 Stock Exchange Act

Statement by all legal representatives of the Company

We state to the best of our knowledge that the consolidated financial statements prepared in accordance with the relevant financial reporting standards provide a true and fair view of the financial position, financial performance and cash flows of the Group, and that the management report of the Group presents the business trends, including business results and the position of the Group, in such a way as to provide a true and fair view of the financial position, financial performance and cash flows of the Group and that it describes the material risks and uncertainties to which the Group is exposed.

Linz, 7 March 2023

The Management Board

CEO	Management Board Member	Management Board Member	Management Board Member
Franz Gasselsberger	Josef Weißl	Florian Hagenauer	Martin Seiter
Remit	Remit	Remit	Remit
Personnel and Accounting	Personal Banking	Overall Risk Management	Corporate and Business Banking

Auditor's Report

Report on the consolidated financial statements

Report on the audit of the financial statements

We have audited the consolidated financial statements of Oberbank AG, Linz, and its subsidiaries (Group) consisting of the consolidated financial statements for the year ended on 31 December 2022, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ending on said closing date as well as the Notes to the consolidated financial statements.
In our opinion, the consolidated financial statements comply with the legal provisions and present fairly in all material respects the financial position of the Group as at 31 December 2022 as well as the financial performance and cash flows for the financial year ended on this closing date in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of § 245a Business Code and the Banking Act.

Basis for opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and generally accepted Austrian standards for the audit of financial statements. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities under these rules and standards are described in more detail under "Responsibility of the auditor for the audit of the consolidated financial statements" in our audit certificate. We are independent of the Group as stipulated by Austrian company law and statutory professional standards, and have complied with our other professional duties in accordance with these requirements. We believe that we have obtained sufficient and suitable audit evidence until the date of the audit opinion so that our audit provides an adequately reliable basis for our audit opinion.

Key audit matters

Key audit matters are those that in our professional opinion had the greatest significance for our audit of the consolidated financial statements for the reporting year. These matters were taken into consideration in the context of our audit of the consolidated financial statements as a whole and when forming our audit opinion, and we do not provide a separate opinion on these matters.
The following matters were the most significant to our audit:

1. Recoverable value of loans and advances to customers
2. Measurement of companies accounted for using the equity method

1. Recoverable value of loans and advances to customers

Matters and problem definition

Loans and advances to customers were EUR 19,193 million as at 31 December 2022.
The Management Board describes the monitoring process for credit risk and the procedure for determining impairments losses in 2.8) "Financial assets and obligations as well as hedging contracts" and 43) "Credit risk" of the Notes to the consolidated financial statements.

To determine expected credit losses, the Bank has implemented a procedure to identify default events and any significant increases in credit risk. The calculation of the impairment losses on individual, defaulted significant loans is based on the expected recoverable amounts determined by weighted scenarios. These are influenced by the economic situation and development of the respective customer, the valuation of the loan collateral as well as by estimates of the amount and timing of the derived recoverable amounts. The impairment loss for individual, defaulted non-significant receivables is calculated as the loss rate of unsecured receivable amounts using historic values.

In the case of non-defaulted receivables, the expected credit loss for the next twelve months or – in the case of a significant rise in risk since initial recognition of the debt – the expected credit loss over the entire remaining time to maturity (stage 1 and 2) is recognized. We have taken into account ratings, present and forward-looking information as well as expected future cash flows when determining the credit loss. As the impairment model applied does not adequately cover extraordinary circumstances, such as the effects of the war in Ukraine and its consequences, the bank increased the expected credit loss by a collective stage transfer from stage 1 to stage 2 for certain sub-portfolios (management overlay). On the one hand, this refers to receivables from borrowers with a high degree of dependence on gas, and on the other, to receivables from customers with commercial real estate projects covered by mortgage-backed collateral.
The determination of the expected credit loss to assess the recoverability of loans and advances to customers entails considerable assessment uncertainties, extensive estimates and room for discretion in all of the aforementioned variants. These all result from the identification of a default event or a significant increase in credit risk as well as when estimating expected cash flows or determining and updating the calculation parameters used. Therefore, we defined the recoverability of receivables from customers as a key audit matter.

Our procedure for the audit

When auditing the recoverability of loans and advances to customers, we performed the following key auditing activities:

- We examined the methodology used to determine expected credit losses and assessed conformity to IFRS requirements.
- We analysed the documentation of the processes applied to loan monitoring and allocation of risk provisions, and carefully examined whether these processes are suitable for identifying credit defaults in time and adequately reflecting the recoverability of receivables from customers. We also surveyed the process workflows and examined the key controls as to their design and implementation using the relevant IT systems for testing, and took random samples to ascertain their effectiveness.
- We examined the development of loans and advances to customers by analytical audit procedures with regard to quality, type of support, rating and stage assignment compared to the preceding year and during the financial year.
- We examined the risk aspects of individual loan cases on the basis of random samples. In the case of non-performing loans, we reviewed the Bank's estimates of expected recoveries, taking into account collateral, and examined whether the assumptions used in the calculation were appropriate and derivable from internal or external evidence. In the case of performing loans, we examined whether there are indicators for a default.
- We conducted a case-by-case analysis of borrowers with a high degree of dependence on gas and borrowers with real estate projects, and checked if these borrowers had been transferred to stage 2.

- To assess the suitability of the expected credit losses for performing loans (stage 1 and stage 2), we checked – with the support of experts – the plausibility of the assumptions made and the statistical-mathematical suitability of the models applied as well as the proper application of the models. We paid special attention to the assumptions made in connection with forward-looking information. Furthermore, we assessed the suitability of the assumptions regarding the following parameters: probability of default, loss given default and recoverable amount on default as well as the stage allocation model taking into account the results of the internal bank validations, and the selected calculation steps
- In order to assess the appropriateness of the expected credit losses on individual, non-significant non-performing loans, we surveyed and assessed the process and method applied in the calculation and checked the adequacy of the monitoring of the loss rates.
- In a last step, we assessed the disclosures in the Notes regarding the calculation of expected credit losses as well as the material assumptions made and the estimation uncertainties.

2. Measurement of companies accounted for using the equity method

(See explanations in the Notes to the consolidated financial statements 2.4 "Consolidation Policies", 2.6 "Discretionary Decisions, Assumptions and Estimates", 2.9 "Material Accounting Policies for the Consolidated Income Statement – Financial Assets", 2.10 "Material Accounting Policies for Consolidated Balance Sheet", 4. "Result of Companies Accounted for using the Equity Method" and 17. "Financial Investments")

Matters and problems

The balance sheet item 5. Financial investments d) "Shares in companies accounted for by the equity method" in Bank für Tirol und Vorarlberg Aktiengesellschaft (BTV AG), BKS Bank AG and voestalpine AG had a total carrying value of EUR 1,100 million on 31 December 2022. Write-ups of EUR 145 million and write-downs of EUR 55 million were made on the current share in the profit for the financial year. The shares in all three companies are listed on the stock exchange. In accordance with IAS 36, these investments must be audited on each reporting date or on an ad hoc basis to determine whether there are any indications of an impairment (impairment test). Additionally, it needs to be verified whether the reasons for the impairment losses in earlier periods are still fully or partially applicable.

If objective evidence for the impairment of an investment is identified, an individual value-in-use is calculated for this investment.
For this purpose, a value-in-use is determined on the basis of the projections and information provided by the respective company, taking the scenarios into account. The parameters used in these calculations are based on assumptions subject to high uncertainties and discretionary decisions. Minor changes to these assumptions or the discount rate applied may lead to significant discrepancies in the results.

Due to the discretionary scope in the assumptions and the related sensitivity of the measurement result, we defined the measurement of shares in companies accounted for by the equity method as a key audit matter.

Our procedure for the audit

- We examined the processes for checking the recoverability of investments in companies accounted for by the equity method, verified the individual elements of the calculation, and evaluated the design and implementation of the key controls identified.
- We reviewed the suitability of the annual projections used by the Management Board for value-in-use calculations, the reconciliation to the maximum annual distributable amount and the discount rate applied using the assistance of experts based on the requirements of IAS 36 and current capital market data (with the assistance of internal experts) as well as the mathematical correctness of the calculation.
- We conducted a critical comparison of the assumptions and the back-testing of past annual projections of the Management Board with the respective annual results.
  The figures used and the scenarios selected were discussed with the management and the responsible employees, also taking into account current market uncertainty, and checked for plausibility using internal and external forecasts.

Note on a further matter – consolidated financial statements for the preceding year

The consolidated financial statements for the period ended on 31 December 2021 were audited by a different auditor that gave the consolidated financial statements an unqualified audit opinion on 11 March 2022.

Auditor's Report

Other information

The legal representatives of the company are responsible for the other information. Other information refers to all information in the financial report for the year and in the annual report, except for the information in the annual financial statements, management report, consolidated financial statements, management report for the Group and the related auditor's report. We received the segment report before the date of the audit opinion, while the other parts of the financial report for the year and the annual report will be made available to us after this date.

Our audit opinion of the consolidated financial statements does not cover "Other information" and we do not express any form of assurance in this respect. With regard to the information in the management report for the Group, we refer to the section "Report on the group management report**".**
In connection with our audit of the consolidated financial statements, our responsibility to read the aforementioned "Other information" and express an opinion as to whether it contains any material inconsistencies with respect to the consolidated financial statements or to the knowledge we gained during our audit or in any other way seems to be presented incorrectly.

If, based on the work we have performed regarding the other information received before the date of this audit opinion, we conclude that there is a material misstatement in the "Other information", we are under the obligation to report this. We have nothing to report in this respect.

Responsibility of the Management and the Audit Committee for the consolidated financial statements

The management is responsible for the preparation of the consolidated financial statements and must ensure that these are in compliance with the IFRS as applicable within the European Union and the additional requirements of § 245a Business Code and the Banking Act, and present fairly in all material respects the assets, financial position and the results of operations of the Group. Furthermore, the legal representatives are responsible for the internal controls they deem necessary to prepare consolidated financial statements that are free from material – intentional or unintentional – misrepresentations.

When drafting the consolidated financial statements, the legal representatives are also responsible for assessing the capacity of the company to continue as a going concern, for stating the matters relating to the going concern – if relevant – and also for applying the accounting policy of going concern unless the legal representatives have the intention of either liquidating the concern or discontinuing operations or have no realistic alternative to these options.

The Audit Committee is responsible for monitoring the accounting process of the Group.

Responsibility of the auditor for the audit of the consolidated financial statements

Our objective is to obtain sufficient certainty with respect to whether the consolidated financial statements as a whole are free from material – intentional or unintentional – misrepresentations and to award an audit certificate that states this audit opinion. Sufficient certainty is a high degree of certainty, but not a guarantee that the audit of the financial statements in accordance with the EU Regulation will always reveal material misrepresentations, if any, by auditing the financial statements prepared in accordance with accounting standards applicable in Austria that stipulate the application of ISA. Misrepresentations may result from fraudulent acts or from mistakes and are considered material if it can be reasonably assumed that these, in each case or together, have an influence on the economic decisions users reach on the basis on these consolidated financial statements.
When conducting an audit in accordance with the EU Regulation and with accounting standards applicable in Austria, which require the application of ISA, we exercise due care and diligence and maintain professional scepticism throughout the entire engagement.

The following also applies:

- We identify and assess the risks of material misstatements, whether intentional or unintentional, in the financial statements; plan audit procedures in response to these risks; and perform audits that serve as a sufficient and appropriate basis for our audit opinion. The risk that material misstatements resulting from fraudulent acts will not be identified is greater than the failure to reveal misstatements resulting from errors, because fraud may include fraudulent cooperation, counterfeiting, deliberate omissions, misleading representations or the overriding of internal controls.

- We obtain an understanding of the internal control system to the extent that this is of relevance for the audit of the financial statements in order to plan the suitable audit activities under the given circumstances, but not to express an audit opinion on the effectiveness of the company's internal control system.

- We assess the suitability of the accounting policies used by the legal representatives of the company as well as the reasonableness of the estimated values presented by the company's legal representatives in the financial statements and the related information.

- We draw conclusions on the appropriateness of the legal representatives' use of the going concern basis of accounting; we also determine, based on the audit evidence obtained, whether material uncertainty exists in connection with events or circumstances that may cast significant doubt on the Group's capacity to continue as a going concern. Should we reach the conclusion that there is material uncertainty, we are under the obligation to point out the relevant information in the consolidated financial statements in our audit certificate, or, if giving this information would not be reasonable, we must modify our audit certificate. We draw our conclusions on the basis of the audit evidence obtained up until the date of our audit certificate. However, future events or circumstances may cause the Group to leave the path of a going concern.

- We assess the overall presentation, the structure and the contents of the consolidated financial statements including the data and also whether the consolidated financial statements reflect the underlying transactions and events in such a manner so as to present a true and fair view of the company.

- We obtain sufficient audit evidence on the financial information of the entities or business activities within the Group so as to be able to reach an audit opinion on the consolidated financial statements.
  We are responsible for the management, monitoring and execution of the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

We exchange views with the Audit Committee regarding, among other things, the planned scope and the planned schedule of the audit of the financial statements as well as regarding major audit findings including any significant deficiencies in the internal control system we have discovered during our audit. We also give the Audit Committee a statement declaring that we have complied with the relevant professional code of conduct on the independence of the auditor and discuss with the Audit Committee all relationships or other matters that may reasonably be assumed to have an influence on our independence and – if applicable – on related protection measures.

We decide which matters from among all those we have discussed with the Audit Committee are in our view the most significant for the audit of the consolidated financial statements in the reporting year and are therefore key audit matters. We describe these matters in our audit certificate, unless the law or other statutory provisions rule out the public disclosure of the matter, or, in very rare cases, we determine that a matter does not need to be disclosed in our audit certificate, because it may reasonably be expected that the negative effects of such a disclosure would outweigh the benefits for the public.

Auditor's Report

Report on the Group management report

According to the legislative provisions in force in Austria, the Group management report must be audited to ascertain whether it is consistent with the consolidated financial statements and to ensure that it has been drafted in accordance with the requirements of applicable law.
The company’s legal representatives are responsible for preparing the consolidated financial statements in accordance with accounting standards applicable to companies in Austria. We have conducted our audit in accordance with the principles of professional conduct applicable to the audit of the Group management report.

Opinion

In our opinion, the Group management report has been drafted in accordance with the requirements of applicable law in Austria; it contains the correct information pursuant to § 243a Business Code and is consistent with the consolidated financial statements.

Statement

Based on our findings from the audit of the consolidated financial statements and the understanding gained of the Group and its environment, we did not find any material misstatements in the Group management report.

Additional information pursuant to Article 10 EU Regulation

We were appointed as auditors of the financial statements for the year ended on 31 December 2022 at the Annual General Meeting of 20 May 2021, and on 20 May 2021, we were contracted by the Supervisory Board to conduct the audit of the consolidated financial statements.

We were appointed as auditors of the financial statements at the Annual General Meeting of 17 May 2022 for the following financial year, and on 14 June 2022, we were contracted by the Supervisory Board to conduct the audit.
We have been the auditors for the Group without interruption since the close of the financial year ended 31 December 2022.

We hereby declare that the audit opinion in the section “Report on the audit of the consolidated financial statements” with the additional report to the Audit Committee is in compliance with Article 11 EU Regulation.

We hereby confirm that we have not provided any prohibited non-audit services pursuant to Article 5 (1) EU RE and that we retained our independence from the Group throughout the conduct of our audit of the financial statements.

Auditor's Report

Auditor responsible for the audit mandate

The auditor responsible for the audit mandate is Thomas Becker.

Vienna
9 March 2023

Deloitte Audit Wirtschaftsprüfungs GmbH
qualified electronic signature:

Thomas Becker
Stephan Heschl (authorised signatory)

The publication, disclosure or reproduction of the consolidated financial statements bearing our certified audit opinion shall only be permitted in the version we have certified. This audit opinion refers exclusively to the German version and to the complete consolidated financial statements including the Group management report. The provisions of § 281 (2) Business Code apply to any divergent versions.

Profit distribution proposal

Distributable profit is determined on the basis of the single-entity financial statements of the parent of the Group, Oberbank AG. Net profit for the financial year 2022 of Oberbank AG was EUR 170.2 million. After the allocation of EUR 119.0 million to reserves and including the profit brought forward of EUR 0.2 million, the profit available for distribution amounts to EUR 51.4 million. Subject to approval by the Annual General Meeting, the Management Board proposes to distribute a dividend of EUR 1.45 per eligible share. At 35,307,300 ordinary shares, this results in a distribution amount of EUR 51.2 million. Furthermore, the Management Board proposes to carry the remainder of EUR 187,443.60 forward to new account.

Linz, 2 March 2023

The Management Board

CEO	Management Board Member	Management Board Member	Management Board Member
Franz Gasselsberger	Josef Weißl	Florian Hagenauer	Martin Seiter
Remit	Remit	Remit	Remit
Personnel and Accounting	Personal Banking	Overall Risk Management	Corporate and Business Banking

Preamble

In the past financial year 2022, the war in Ukraine and the economic upheavals it triggered replaced the coronavirus pandemic as a disruptive factor for the economy. Inflation fuelled by the steep rise in commodity and energy prices prompted the ECB to finally reverse interest rate policy and take counteractive measures. The fine balancing act between curbing inflation, which is far too high, and keeping the economy running will continue to be a challenge in 2023 and demand great prowess on the part of the European Central Bank.
Oberbank AG demonstrated its ability to act as a reliable partner for customers despite the extraordinarily challenging circumstances. This is also reflected in the excellent earnings for the year. Consolidated net profit, which after three quarters had still been far below the preceding year due to the valuation of investees and the fair value measurement of securities, for the full-year it exceeded the preceding year's results, as the measurement parameters returned to normal after the previous excessively high levels.
This excellent operating result was made possible by the hard work of the Management Board and staff of Oberbank AG. The professionalism, speed and flexibility of the response of the Management Board and staff to the special challenges of the financial year 2022 enormously impressed the Supervisory Board. The Supervisory Board played a key role in defining the strategic orientation (business and risk strategy) and in monitoring compliance with the requirements resulting from legislation and the company's articles of association also taking into account the rules of the Austrian Code of Corporate Governance valid for the reporting year.
The currently 15 members of the Supervisory Board contribute their knowledge and experience to the lively discussions during the Supervisory Board meetings. I would like to express my great appreciation to all members of the Supervisory Board for their engagement and hard work at the plenary meetings and on the committees.

Mode of operation of the Supervisory Board

In addition to the four scheduled meetings during the financial year 2022, the Supervisory Board held one extraordinary meeting at which it dealt with the legal issues relating to the possibility put forth at the time by Wüstenrot of its exit from the syndicate with Bank für Tirol und Vorarlberg Aktiengesellschaft and the sale of shares in Oberbank AG also by Wüstenrot.
The Supervisory Board reached the decisions it is responsible for by law and pursuant to the Articles of Association at its regular meetings, and conducted the reviews that are its remit and mandated by the provisions of the Austrian Stock Corporation Act and Banking Act. The Supervisory Board received regular written and oral reports from the Management Board regarding the development of business and risk exposure.
As Chairman of the Supervisory Board, I was in regular contact with the Chairman of the Management Board to discuss the Company's strategy, business development and risk management activities. Prior to the meetings, I also regularly spoke to the Head of Internal Audit, who informed me about the results of the audits since the last meeting and the implementation status of the recommendations made.

In the financial year 2022, three training courses lasting several hours were held for the members of the Supervisory Board on specific supervisory and banking issues to satisfy the requirements under the "fit & proper" rules.

Committees of the Supervisory Board

The **Working Committee** passed six circular resolutions in 2022. Business transactions decided by the Working Committee were subsequently reported at the next plenary meeting of the Supervisory Board. The business transactions were also discussed in detail.

The **Credit Committee** approved a total of 87 loan applications by way of circular resolution in 2022. Business transactions decided by the Credit Committee were reported and discussed in detail at the next plenary meeting of the Supervisory Board.

In accordance with banking law, the **Risk Committee** held one meeting in the presence of the head of department responsible for independent risk management at Oberbank AG and the competent State Commissioner. At this meeting, the Committee dealt in detail with the risk strategy of Oberbank and other issues required by law. At its next plenary meeting, the Supervisory Board was informed in detail of the topics discussed.

The **Nominations Committee** held two meetings in 2022, which were also attended by the State Commissioner or Deputy State Commissioner, and fulfilled all the tasks stipulated by law. The Nominations Committee convened an extraordinary meeting on 26 January 2022 on account of the special situation that in addition to the re-election of two Supervisory Board members, the Nominations Committee had to evaluate and propose the appointment of three new members to the Supervisory Board at the 2022 Annual General Meeting.
At its meeting of 8 March 2022, the Nominations Committee confirmed the target ratio of 30% defined by law for the underrepresented gender on the Supervisory Board and confirmed the target ratio for the Management Board. At a ratio of 40%, Oberbank exceeded the mandated statutory ratio of 30% on 31 December 2022 with six female Supervisory Board members out of a total of 15.
The Nominations Committee plays a key role in the replacement of vacant supervisory board mandates and in the appointment of new members or reappointments to management board positions in a timely manner. Therefore, the Nominations Committee reviewed the certified Fit & Proper statements of all Management Board and Supervisory Board members at this meeting. The collective as well as the individual suitability of all current members was confirmed by the Nominations Committee and, with regard to the members of this Committee, suitability was confirmed by the plenary Supervisory Board.

The **Remuneration Committee** held two meetings in the reporting year, which I chaired, in the presence of the State Commissioner or the Deputy State Commissioner. Furthermore, an intensive working meeting was held in July 2022 that dealt with the topic of incorporating new sustainability criteria into the rules for the remuneration of management board members.
At its meeting in March 2022, the Remuneration Committee discussed in detail the variable remuneration components of management board members for the financial year 2021 based on the documented long-term goals and, in compliance with the EBA Guidelines on Sound Remuneration Policies, voted to pay this component at a ratio of 50% in equity instruments and 50% in cash, with the respective equity instruments being subject to a holding period of three years and the portion to be deferred for a period of five years having to consist in equal parts of shares and cash.
Applying the Policy governing the internal process for identifying so-called risk buyers, an assessment was made of the applicability of the aforesaid remuneration principles to employees below management board level and the variable remuneration to be granted to these employees for the financial year 2021.
The variable remuneration to employees at levels below the Management Board with an impact on the risk profile of the bank is of minor significance. Therefore, in accordance with the EBA Guidelines for Sound Remuneration Policy, the payout modalities decided are limited to management board members.


Andreas König
Chairman of the Supervisory Board

At this meeting, the Committee also discussed in detail the remuneration report for the Management and Supervisory Boards that must be presented to the Annual General Meeting annually. The report was approved and recommended to the plenary Supervisory Board meeting for presentation to the Annual General Meeting. The Supervisory Board adopted the recommendation at its regular meeting of 24 March 2022.
At its extraordinary meeting of 5 December 2022, the Remuneration Committee discussed and approved the Draft Guidelines for the remuneration of Management and Supervisory Board members of Oberbank AG (Remuneration Policy) prepared in July by the Remuneration Officer on the basis of the Committee's proposal. These Guidelines will be presented to the Annual General Meeting in May 2023 for a vote and will apply to the remuneration of management board members for the 2023 financial year.

The **Audit Committee** held two meetings in 2022, which were attended by the State Commissioner or the Deputy State Commissioner, and fulfilled all tasks stipulated by law. The results of the work performed by the Audit Committee were presented to the Supervisory Board at its next plenary session.
At its meeting of 24 March 2022, the Audit Committee reviewed the single-entity financial statements, the (consolidated) management report, the (consolidated) non-financial information report (sustainability report) and the (consolidated) corporate governance report of Oberbank AG for the financial year 2021, and reported thereon to the Supervisory Board. The Supervisory Board approved the findings of the Audit Committee after intense discussion and scrutiny, and gave its consent to the single-entity financial statements including the management report submitted by the Management Board, including the proposal for profit distribution, the non-financial information report and the corporate governance report, and also approved the financial statements for 2021, which are thus approved pursuant to § 96 (4) Stock Corporation Act. At this meeting, the Audit Committee also reviewed the consolidated financial statements and the Group management report for the financial year 2021 and reported thereon to the Supervisory Board. The Supervisory Board concurred with the findings of the audit.

At its meeting of 24 March 2022, the Audit Committee also resolved to recommend to the Supervisory Board to renew contract the audit mandate to Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, as auditors and bank auditors for the single-entity and consolidated financial statements for the 2023 financial year. The Supervisory Board concurred and presented the corresponding proposal to the Annual General Meeting for resolution.

At its meeting of 24 March 2022, the dividend proposal for 2021 was also approved as recommended by the Supervisory Board.

At the meeting of the Audit Committee on 19 September 2022, the audit of the financial statements was planned in detail together with the new auditing firm Deloitte. In addition, the Committee also received a comprehensive report on the auditing activities and the audit results of Internal Audit directly from the Head of Internal Audit of Oberbank. The Supervisory Board was informed in detail about the outcome of the meeting at its following plenary session.

Legal Committee
On account of the lawsuit filed by UniCredit Bank Austria, the Supervisory Board took the decision to set up a special committee at its meeting of 17 September 2019 to deal with the legal issues and the legal action filed by UniCredit Bank Austria. This became necessary because confidential information from the Supervisory Board had been passed on to the lawyers of the major shareholder filing the lawsuit, a fact confirmed by a court ruling.

The Legal Committee held 4 meetings in the reporting year, each in the presence of the State Commissioner or the Deputy State Commissioner. These meetings were held regularly to prepare for the subsequent Supervisory Board meeting at which the full Supervisory Board was also informed of the status of the proceedings. In the reporting year 2022, no new lawsuits were filed. There were no significant changes to the status of the ongoing proceedings in 2022.

Annual General Meeting

The Annual General Meeting was held on 17 May 2022 in the form of a virtual meeting due to the coronavirus pandemic. The related technical and organisational challenges were mastered excellently.
The mandates of Barbara Leitl-Staudinger and Hannes Bogner expired. The two were re-elected at the Annual General Meeting for the maximum term defined in the Articles of Association. Stefan Pierer was appointed for the remaining term of office of the mandate vacated by Stephan Koren. Alina Czerny was appointed for the remaining term of office of the mandate vacated by Alfred Leu. Gregor Pilgram was appointed for the maximum remaining term of office defined by the Articles of Association for the mandate vacated by Barbara Steger. There were no challenges to the resolutions of the 2022 Annual General Meeting.

Bank auditor

Deloitte Audit Wirtschaftsprüfungs GmbH, Wien audited the accounting records, the financial statements 2022 of Oberbank AG and the Group management report. The audit did not give rise to any objections and the legal requirements were fully complied with; therefore, the auditors awarded an unqualified opinion. Deloitte Audit Wirtschaftsprüfungs GmbH, Wien audited the consolidated financial statements for 2022 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Group management report, prepared in accordance with the provisions of the Austrian Business Code. The audit did not give rise to any objections and all requirements of the law were complied with. In the opinion of the bank auditors, the consolidated financial statements present a true and fair view of the financial position of the Group for the year ended on 31 December 2022 as well as of the financial performance and cash flows during the year from 1 January to 31 December 2022.

The auditors confirm that the Group management report is consistent with the consolidated financial statements and that the statutory requirements for exemption from the obligation to prepare consolidated financial statements in accordance with Austrian law have been satisfied.

The employees of Oberbank AG are hard-working and highly qualified. They are exceptionally committed and exhibit a high degree of personal engagement. Together with the Management Board providing the necessary framework, it was their dedication that made it possible for Oberbank AG to achieve excellent results again despite the challenging environment. The Supervisory Board recognises this extraordinary achievement, and I would like to express my appreciation to the Management Board, management staff and all employees.

Linz, in March 2023

The Supervisory Board

Dr. Andreas König
Chairman of the Supervisory Board

Supervisory Board

Honorary President	**Hermann Bell**
Chairman:	**Andreas König** *(since 11 May 2021)*
Vice Chairman:	**Martin Zahlbruckner** (*Chairman until 11 May 2021*)
Members:	**Gerhard Burtscher**
	Hannes Bogner
	Alina Cerny
	Barbara Leitl-Staudinger
	Peter Mitterbauer
	Stefan Pierer
	Gregor Pilgram
	Herta Stockbauer
State Commissioner:	**Angelika Schlögel**
Deputy State Commissioner:	**Jutta Raunig**
Staff representatives:	**Wolfgang Pischinger, Chairman of the Central Works Council of Oberbank AG**
	Alexandra Grabner
	Susanne Braun
	Elfriede Höchtel
	Sven Zeiss
Management Board:	**Franz Gasselsberger, Chairman**
	Josef Weißl
	Florian HAGENAUER
	Martin Seiter

Service Information

Organisational Structure of Oberbank
Structure of the Oberbank Group
Business Areas and Branches
Shareholders of the 3 Banken Group by Voting Share

Organisational Structure of Oberbank

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Austria

Main Branch Linz Nord, A-4020 Linz, Untere Donaulände 36
Günther Ott, Phone: +43/(0)732/78 02 ext. 37366, guenther.ott@oberbank.at

Affiliated branches A-4040 Linz – Dornach, Altenberger Straße 9
A-4040 Linz – Harbach, Leonfeldner Straße 75 a
A-4020 Linz – Stadthafen, Industriezeile 56
A-4040 Linz – Urfahr, Hinsenkampplatz 1
A-4070 Eferding, Stadtplatz 32
A-4240 Freistadt, Linzer Straße 4
A-4210 Gallneukirchen, Hauptstraße 4
A-4060 Leonding, Mayrhansenstraße 13
A-4100 Ottensheim, Hostauerstraße 87
A-4320 Perg, Herrenstraße 14
A-4150 Rohrbach, Stadtplatz 16

Main Branch Linz Süd, A-4020 Linz, Landstraße 37
Klaus Hofbauer, +43/(0)732/774211 ext. 31322, klaus.hofbauer@oberbank.at

Affiliated branches: A-4030 Linz – Kleinmünchen, Wiener Straße 382
A-4020 Linz – Neue Heimat, Wegscheider Straße 1 – 3
A-4020 Linz – Spallerhof-Bindermichl, Einsteinstraße 5
A-4020 Linz – Weißenwolffstraße, Weißenwolffstraße 1
A-4020 Linz – Wiener Straße, Wiener Straße 32
A-4470 Enns, Hauptplatz 9
A-4400 Steyr – Stadtplatz, Stadtplatz 25
A-4400 Steyr – Tabor, Ennser Straße 29
A-4050 Traun, Linzer Straße 12
A-4050 Traun – St. Martin, Leondinger Straße 2

Main Branch Salzburg, A-5020 Salzburg, Alpenstraße 98
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Affiliated branches: A-5020 Salzburg, Alter Markt 4
A-5020 Salzburg – Lehen, Ignaz-Harrer-Straße 40 a
A-5020 Salzburg – Liefering, Münchner Bundesstraße 106
A-5020 Salzburg – Maxglan, Neutorstraße 52
A-5020 Salzburg – Schallmoos, Sterneckstraße 55
A-5020 Salzburg – Südtiroler Platz, Ferdinand-Porsche-Straße 10
A-5630 Bad Hofgastein, Kurgartenstraße 27
A-5500 Bischofshofen, Bodenlehenstraße 2 – 4
A-5400 Hallein, Robertplatz 4
A-5310 Mondsee, Rainerstraße 14
A-5760 Saalfelden, Leoganger Straße 16
A-5201 Seekirchen, Bahnhofstraße 1

Main Branch Innviertel, A-4910 Ried im Innkreis, Friedrich-Thurner-Straße 9
Erich Brandstätter, Phone: +43/(0)7752/680 ext. 52214, erich.brandstaetter@oberbank.at

Affiliated branches: A-4950 Altheim, Stadtplatz 14
A-5280 Braunau, Stadtplatz 40
A-5230 Mattighofen, Stadtplatz 16
A-4780 Schärding, Silberzeile 12

Main Branch OÖ Süd, A-4600 Wels, Ringstraße 37
Wolfgang Kern +43 / 7242 / 481 ext. 249, wolfgang.kern@oberbank.at

Affiliated branches: A-4600 Wels – Nord, Oberfeldstraße 91
A-4600 Wels – West, Bauernstraße 1, WDZ 9
A-4710 Grieskirchen, Pühringerplatz 3
A-4560 Kirchdorf, Bahnhofstraße 9
A-4550 Kremsmünster, Marktplatz 26
A-4614 Marchtrenk, Linzer Straße 30
A-4810 Gmunden, Esplanade 24
A-4800 Attnang – Puchheim, Dr. Karl-Renner-Platz 2
A-8990 Bad Aussee, Parkgasse 155
A-4820 Bad Ischl, Kaiser-Fr.-Josef-Straße 4
A-4802 Ebensee, Alte Saline 9
A-4663 Laakirchen, Gmundner Straße 10
A-4860 Lenzing, Atterseestraße 20
A-4690 Schwanenstadt, Huberstraße 1
A-4840 Vöcklabruck, Stadtplatz 31 – 33

Main Branch Lower Austria, St. Pölten, A-3100 St. Pölten, Linzertor 1
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Affiliated branches: A-3300 Amstetten, Hauptplatz 1
A-7000 Eisenstadt, Esterhazyplatz 6 a
A-3500 Krems, Sparkassengasse 6
A-2000 Stockerau, Schießstattgasse 3 A
A-3430 Tulln, Hauptplatz 9
A-3340 Waidhofen a. d. Ybbs, Unterer Stadtplatz 17
A-2700 Wiener Neustadt, Wiener Straße 25
A-3910 Zwettl, Kuenringer Straße 3

Main Branch Vienna, A-1030 Vienna, Schwarzenbergplatz 5
Andreas Klingan, +43/(0)1/53421 ext. 55010, andreas.klingan@oberbank.at

Affiliated branches: A-1090 Wien – Alsergrund, Porzellangasse 25
A-1190 Wien – Döbling, Gatterburggasse 23
A-1220 Wien – Donauspital, Zschokkegasse 140
A-1220 Wien – Donaustadt, Wagramer Straße 124
A-1100 Wien – Favoriten, Sonnwendgasse 13
A-1210 Wien – Floridsdorf, Brünner Straße 42
A-1170 Wien – Hernals, Hernalser Hauptstraße 114
A-1130 Wien – Hietzing, Lainzer Straße 151
A-1080 Wien – Josefstadt, Josefstädter Straße 28
A-1030 Wien – Landstraße, Landstraßer Hauptstraße 114
A-1020 Wien – Leopoldstadt, Taborstraße 11 a
A-1230 Wien – Liesing, Lehmanngasse 9

A-1120 Wien – Meidling, Meidlinger Hauptstraße 33 – 35
A-1070 Wien – Neubau, Neubaugasse 28 – 30
A-1140 Wien – Penzing, Linzer Straße 413
A-1010 Wien – Schottengasse, Schottengasse 2
A-1230 Wien – Süd, Laxenburger Straße 244
A-1180 Wien – Währing, Gersthofer Straße 10
A-1040 Wien – Wieden, Rilkeplatz 8
A-1100 Wien – Wienerberg, Wienerbergstraße 9
A-2120 Wien – Wolkersdorf, Wienerstraße 5
A-2500 Baden bei Wien, Beethovengasse 4 – 6
A-3400 Klosterneuburg, Kierlinger Straße 1
A-2100 Korneuburg, Hauptplatz 21
A-2340 Mödling, Hauptstraße 33
A-2380 Perchtoldsdorf, Wiener Gasse 12
A-2320 Schwechat, Franz Schubert Straße 2a

Regional Division Germany

Regional Division Southern Germany, D-80333 München, Oskar-von-Miller-Ring 38
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Affiliated branches: D-86150 Augsburg, Maximilianstraße 55
D-84307 Eggenfelden, Fischbrunnenplatz 11
D-85354 Freising, Johannisstraße 2
D-82110 Germering, Therese-Giehse-Platz 2
D-85053 Ingolstadt, Erni-Singerl-Straße 2
D-84028 Landshut, Altstadt 391
D-84453 Mühldorf am Inn, Brückenstraße 2
D-85521 Ottobrunn, Rosenheimer Landstraße 39
D-94032 Passau, Bahnhofstraße 10
D-93047 Regensburg, Bahnhofstraße 13
D-83022 Rosenheim, Heilig-Geist-Straße 5
D-94315 Straubing, Stadtgraben 93
D-85716 Unterschleißheim, Alleestraße 13
D-82515 Wolfratshausen, Bahnhofstraße 28
D-87700 Memmingen, Roßmarkt 5

Regional Division Germany Central, D-90443 Nürnberg, Zeltnerstraße 1
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Affiliated branches: D-63739 Aschaffenburg, Weißenburger Straße 16
D-96047 Bamberg, Franz-Ludwig-Straße 7 a
D-95444 Bayreuth, Kanalstraße 17
D-09111 Chemnitz, An der Markthalle 3 – 5
D-03046 Cottbus, Neustädter Straße 8
D-01067 Dresden, Wallstraße 8
D-40217 Düsseldorf, Kaiserteich Elisabethstraße 11
D-99084 Erfurt, Krämpferstraße 6
D-06108 Halle, Große Steinstraße 82 – 85
D-63450 Hanau, Nussallee 7a
D-07743 Jena, Kirchplatz 6
D-50667 Köln, Tunisstraße 19-23

D-04109 Leipzig, Dittrichring 18 – 20
D-55116 Mainz, Große Bleiche 17-23
D-92318 Neumarkt i. d. Oberpfalz, Ringstraße 5
D-14467 Potsdam, Berliner Str. 122
D-92637 Weiden, Sedanstraße 6
D-97070 Würzburg, Schweinfurterstraße 4

Regional Division Germany Southwest, D-73728 Esslingen am Neckar, Küferstraße 29
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Affiliated branches: D-73430 Aalen, Bahnhofstraße 10
D-71032 Böblingen, Stuttgarter Straße 10
D-79104 Freiburg, Merianstraße 16
D-74072 Heilbronn, Lohtorstraße 27
D-76133 Karlsruhe, Kaiserstraße 182
D-68165 Mannheim, Friedrichsplatz 8
D-88212 Ravensburg, Eichelstraße 14
D-72764 Reutlingen, Gartenstraße 8
D-74523 Schwäbisch Hall, Neue Straße 19
D-89073 Ulm, Walfischgasse 12

Main Branch Czech Republic, CZ-12000 Praha 2, nám. I.P.Pavlova 5
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Affiliated Branches: CZ-11000 Praha 1 Klimentská 1246/1
CZ-15000 Praha 5 – Smíchov, Portheimka Center náměstí 14 října 642/17
CZ-17000 Praha 7 – Holešovice, Dukelských hrdinů č. 407/26
CZ-18600 Praha 8 – Karlín, Křižíkova 52/53
CZ-27201 Kladno, Osvobozených politických vězňů 339
CZ-60200 Brno, Lidická 20
CZ-60200 Brno, Trnitá 491/3
CZ-37001 České Budějovice, nám. Přemysla Otakara II. 6/3
CZ-50002 Hradec Králové, Gočárova tř. 1096
CZ-38101 Český Krumlov, Panská 22
CZ-58601 Jihlava, Masarykovo nám. 10
CZ-37701 Jindrichuv Hradec, Jarošovská 53
CZ-46001 Liberec, Soukenné nám. 156
CZ-77100 Olomouc, Dolni nám. 1
CZ-70200 Ostrava, Stodolní 1
CZ-39701 Písek, Budovcova 2530
CZ-30100 Plzeň, Prešovská 20
CZ-39001 Tábor, Pražská 211
CZ-40001 Ústí nad Labem, Hrnčířská 4
CZ-76001 Zlín, Osvoboditelů 91

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Affiliated branches: H-1027 Budapest, Buda, Henger utca 2
H-1095 Budapest Dél, Soroksári út 30-32
H-1143 Budapest, Hungária körút 17 – 19
H-4026 Debrecen, Bem tér 14
H-9024 Gyõr, Hunyadi u. 16

H-6000 Kecskemét, Kisfaludy utca 8
H-3530 Miskolc, Mindszent tér 3
H-8800 Nagykanizsa, Erzsébet tér 23
H-7621 Pécs, Tímár u.2
H-6720 Szeged, Klauzál tér 2
H-8000 Székesfehérvár, Rákóczi út 1
H-9700 Szombathely, Berzsenyi Dániel tér 2
H-2800 Tatabánya, Fő tér 8/a

Main Branch Slovakia, SK-821 09 Bratislava, Prievozská 4/A
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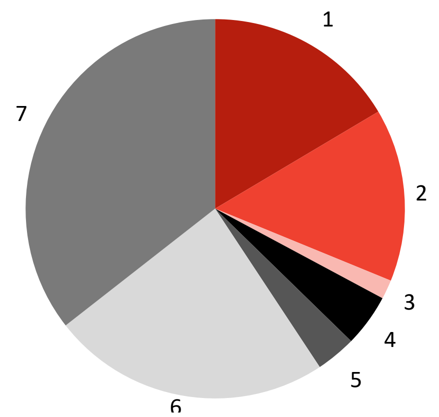
SK-010 01 Žilina, Jána Kalinčiaka 22
SK-04001 Košice, Továrenská 8

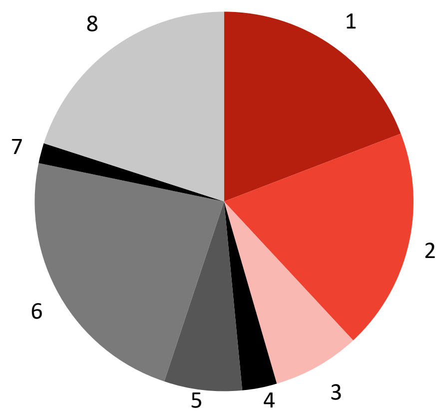
Service Information

Shareholders of the 3 Banken Group by voting share

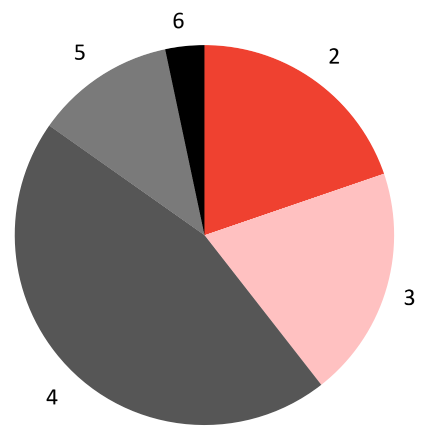
Oberbank		
1	Bank für Tirol und Vorarlberg AG (incl. BTV 2000*)	16.45%
2	BKS Bank AG, Klagenfurt (incl. subordinating syndicate with BVG**)	14.74%
3	G3B Holding AG, Wien	1.62%
4	Employees	4.48%
5	UniCredit Bank Austria AG, Wien	3.41%
6	CABO Beteiligungsgesellschaft m. b. H., Wien	23.76%
7	Free float	35.54%



BKS		
1	Oberbank AG, Linz (incl. subordinating syndicate with BVG**)	19.17%
2	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	18.89%
3	G3B Holding AG, Wien	7.44%
4	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	2.98%
5	UniCredit Bank Austria AG, Wien	6.63%
6	CABO Beteiligungsgesellschaft m. b. H., Wien	23.15%
7	BKS - Belegschaftsbeteiligungsprivatstiftung, Klagenfurt	1.71%
8	Free float	20.03%



BTV		
1	Oberbank AG, Linz (incl. subordinating syndicate members) ***	17.20%
2	BKS Bank AG, Klagenfurt (incl. subordinating syndicate members) ****	16.35%
3	G3B Holding AG, Vienna	16.31%
4	CABO Beteiligungsgesellschaft m. b. H., Wien	37.53%
5	UniCredit Bank Austria AG, Vienna	9.85%
6	Free float	2.76%



* BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H.(BTV 2000), a 100% consolidated subsidiary of Bank für Tirol und Vorarlberg Aktiengesellschaft, owns 2.62% of Oberbank AG.
** Beteiligungsverwaltung Gesellschaft m.b.H. ("BVG") owns 0.58% of Oberbank AG and 0.65% of BKS.
There is a syndicate agreement with each of the shareholders shown in shades of red.
*** Including subordinating syndicate members: 3C-Carbon Group GmbH & Co KG; 3SI Invest GmbH; BFI Beteiligungsgesellschaft fürIndustrieunternehmen mbH; DHB Grundstücks GmbH & Co. KG; Enzian AG; Knapp Schmid FDS GmbH; Nußbaumer BeteiligungsGmbH; PRIMEPULSE SE; RCM GmbH; Schilifte Gampe, Ötztaler Gletscherbahn, Kommanditgesellschaft; Skiliftgesellschaft Sölden - Hochsölden GmbH)
*** Including subordinating syndicate members: BTV Privatstiftung, Doppelmayr Seilbahnen GmbH, Vorarlberger Landes-Versicherung V.a.G

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When adding up rounded figures and calculating percentage rates of change, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded.

Disclaimer: Forward-looking statements
This Annual Report contains statements and forward-looking statements regarding Oberbank AG's future development. These forward-looking statements often use the expressions "estimates", "expects", "plans", "predicts", "targets" and similar. The forecasts are our estimates based on the information at our disposal on the copy deadline date. Should the assumptions regarding such forward-looking statements prove incorrect or the risks mentioned in the risk report materialise, the actual results may vary from those currently expected.

This Annual Report does not constitute a recommendation to buy or sell shares of Oberbank AG.
A separate glossary has not been included in this Annual Report, as the terms used are either common terminology or, where required, explained directly in the text.