



Oberbank

Interim Report to Shareholders as at 31 March 2021

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Key Performance Indicators

Income statement in €m	Q1 2021	Change	Q1 2020
Net interest income	82.7	-3.8%	86.0
Profit from entities accounted for by the equity method	23.4	>100%	-81.7
Charges for losses on loans and advances	-5.8	16.0%	-5.0
Net fee and commission income	48.9	5.4%	46.4
Administrative expenses	-74.8	2.7%	-72.8
Profit/loss for the period before tax	59.2	>100%	-75.0
Profit/loss for the period after tax	49.4	>100%	-73.7
Balance sheet in €m	31/3/2021	Change	31/12/2020
Total assets	25,926.7	6.1%	24,432.9
Loans and advances to customers	17,778.8	3.0%	17,264.7
Primary funds	16,153.5	4.7%	15,426.9
thereof savings deposits	2,637.0	-0.9%	2,660.9
thereof securitised liabilities incl. subordinated debt capital	2,567.5	9.7%	2,339.8
Shareholders' equity	3,105.6	2.2%	3,038.9
Customer funds under management	33,865.4	5.3%	32,147.6
Own funds pursuant to CRR in € m	31/3/2021	Change	31/12/2020
Common equity tier 1 capital (CET 1)	2,729.1	0.9%	2,705.2
Tier 1 capital	2,779.1	0.9%	2,755.2
Own funds	3,140.4	1.3%	3,099.3
CET 1 ratio in %	17.55	-0.29% ppt	17.84
Tier 1 capital ratio in %	17.87	-0.30% ppt	18.17
Total capital ratio in %	20.19	-0.24% ppt	20.43
Performance indicators	Q1 2021	Change	Q1 2020
Liquidity coverage ratio in %	140.56	2.67% ppt	137.89
Net stable funding ratio in %	128.75	9.64% ppt	119.11
Leverage ratio in %	11.15	1.67% ppt	9.48
Cost/income ratio in %	53.52	n.a.	n.a.
Return on equity before tax in % (equity ratio)	7.70	n.a.	n.a.
Return on equity after tax in %	6.43	n.a.	n.a.
Risk/earnings ratio (credit risk/net interest) in %	7.02	1.20% ppt	5.82
Resources	31/3/2021	Change	31/12/2020
Average number of staff (weighted)	2,161	-7	2,168
Number of branches	175	-1	176

n.a. – not indicative

Development of Business of the Oberbank Group in Q1 2021

Dear Readers, Dear Shareholders,

The financial year 2021 started out well for Oberbank

In business operations with customers, Oberbank started the year 2021 with sustained robust demand for loans and lively business in private banking. The volume of loans rose 5.1% to EUR 17.8 billion, and primary funds increased 6.8%, rising to EUR 16.2 billion. At the same time, the factors that had had a negative impact on results in the first quarter of the preceding year were now contributing positively to earnings in the first quarter. The contribution to earnings from voestalpine and end of the impairments due to market distortions triggered by the coronavirus pandemic in the preceding year were supportive of the satisfactory result.

Strong growth among many industrial customers

Customer business was boosted by the strong demand for investment finance. The government's new investment allowance scheme also helped motivate companies to make investments or even increase investment activity or advance plans despite the coronavirus crisis. But also since the close of the application period at the end of February, we have been seeing lively investment in capital goods especially by industrial companies. In private banking, our customers continued to invest actively.

Net interest income was EUR 82.7 million in Q1 2021 and was therefore 3.8% below the preceding year's figure. Net fee and commission income rose by 5.4% to EUR 48.9 million. Income from investments accounted for by the equity method was positive again at EUR 23.4 million compared to the losses of EUR 81.7 million in the first quarter of the preceding year.

Satisfying trend in results for Q1

A volume of EUR 5.8 million was allocated to impairment charges which is 16% higher than in the same reporting period of the preceding year. Administrative expenses rose by EUR 2.0 million or 2.7% and the other operating expenses by around EUR 7 million as a result of the higher costs for the contribution to the Austrian deposit insurance scheme and the European resolution fund. These include the additional costs for Commerzialbank Mattersburg of more than EUR 4 million. All of these factors helped boost quarterly results, and profit before tax for the period was EUR 59.2 million and after tax it was EUR 49.4 million.

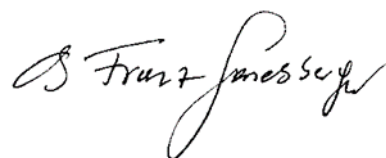
Equity higher again

Equity at Oberbank increased to EUR 3.1 billion which is a new all-time record. At a common equity tier 1 capital ratio of 17.55% and a total capital ratio of 20.19%, puts Oberbank among the top performing banks of Europe. Both indicators increased by a solid 2.0% points each.

We expect full year earnings to develop well

Based on the expectations of a significant recovery of the economy in our markets, especially for our industrial customers, we are confident about the future of Oberbank. We are aiming for a substantial improvement over the preceding year provided measurement risk and credit risk do not deteriorate dramatically, for which there are no signs right now.

Linz, May 2021



CEO Franz Gasselsberger

Chairman of the Management Board

The Oberbank share

At the end of the first quarter of 2021, Oberbank's share was trading at a price of EUR 85.80. The share trend was +1.90%; including a dividend payment of EUR 0.18 per share in January 2021, the ordinary share gained +2.11%. Market capitalisation at the close of Q1 2021 was EUR 3,029.37 million as compared to EUR 2,923.93 million at the end of the preceding year.

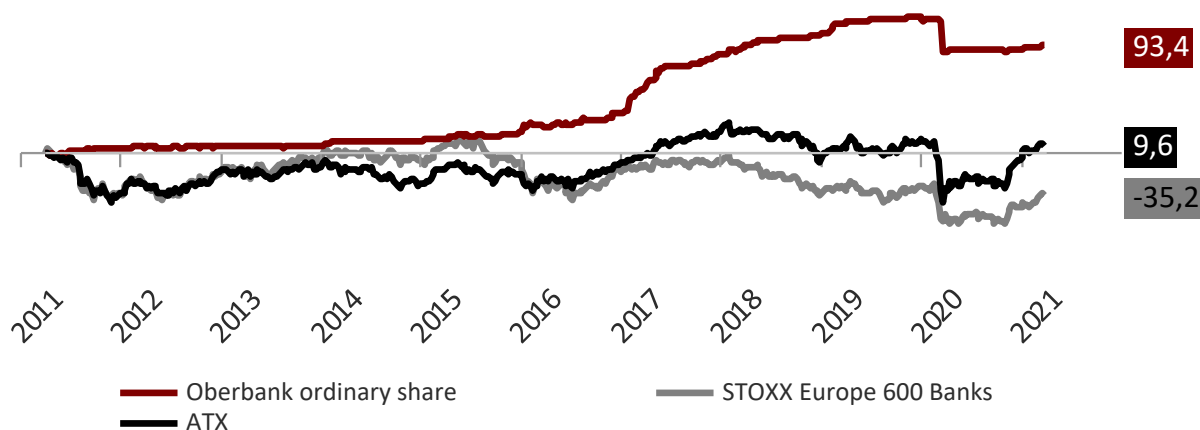
The Oberbank share – key figures	Q1 2021*	Q1 2020
Number of ordinary no-par shares	35,307,300	32,307,300
Number of preference shares		3,000,000
High (ordinary/preference share) in €	86.00	96,20/91,00
Low (ordinary/preference share) in €	84.40	83.00/75.50
Close (ordinary/preference share) in €	85.80	83,40/76,50
Market capitalization in €m	3,029.37	2,923.93
IFRS earnings per share in € annualised	5.62	n.a.
P/E ratio, ordinary shares	15.27	n.a.

^{*)} After combining preference and ordinary shares, the information in Q1 2021 refers to ordinary shares.

n.a. – not indicative

Oberbank ordinary share vs. ATX and the European banking index

Period: 31/03/2011 to 31/03/2021



Source: Refinitiv Datastream, 31/03/2021

This chart compares the development of the Oberbank ordinary share, the Austrian stock index ATX, and the European banking index STOXX Europe 600 Banks. The prices have been adjusted in the chart by indexing the daily closing prices of the relevant stock and the indices to 0. This means the starting prices were all set to 0% at the starting time. Therefore, the chart presents the relative percentage development.

The figures given refer to the past. These can not be used to derive future trends.

Segments in Q1 2021

Corporate and Business Banking

Corporate and Business Banking in	Q1 2021	Q1 2020	+ / - absolute	+ / - in %
Net interest income	66.2	65.5	0.7	1.0%
Charges for losses on loans and advances	-3.0	-2.7	-0.3	10.7%
Net fee and commission income	26.5	23.1	3.4	14.8%
Net trading income	-0.6	-0.1	-0.5	> 100
Administrative expenses	-39.9	-40.5	0.6	-1.6%
Other operating income	-1.0	-0.6	-0.4	68.0%
Profit/loss for the period	48.2	44.7	3.5	7.9%
Risk equivalent	10,758.3	10,513.8	244.5	2.3%
Average allocated equity	1,823.6	1,702.4	121.1	7.1%
Return on equity before tax (RoE)	10.6%	10.5%	0.1% ppt	
Cost/income ratio	43.8%	46.1%	-2.3% ppt	

Earnings in Corporate and Business Banking

Profit in the Corporate and Business Banking segment was EUR 48.2 million, which is EUR 3.5 million or 7.9% higher year on year.

Net interest income rose by EUR 0.7 million or 1.0% to EUR 66.2 million.

Charges for losses on loans and advances increased from EUR 2.7 million by EUR 0.3 million to EUR 3.0 million.

Net fee and commission income was up by EUR 3.4 million or 14.8% to EUR 26.5 million over the preceding year.

Administrative expenses declined by EUR 0.6 million or 1.6% to EUR 39.9 million.

Other operating income decreased from EUR 0.6 million by EUR 0.4 million to EUR -1.0 million.

RoE in Corporate and Business Banking rose from 10.5% by 0.1%-points to 10.6%, while the cost/income ratio improved from 46.1% by 2.3%-points to 43.8%.

Commercial loans

Oberbank's commercial lending volume rose further from EUR 13,411.4 million by EUR 609.4 million or 4.5% to EUR 14,020.8 million.

Commercial loans		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 14,020.8 million	€ 13,411.4 million	€ 609.4 million	4.5%

Investment and innovation finance

The number of applications submitted in Austria, Germany, Czech Republic, Hungary and Slovakia for subsidised loans and innovation projects and to secure liquidity in Q1 2021 was 625 projects, which is 12.6% higher than the very high level of the preceding year. This renewed strong rise in applications submitted was driven, on the one hand, by the coronavirus financial aid schemes, and on the other, by the largely positive bias to investment of companies in Oberbank's markets. The volume of subsidised finance granted through Oberbank amounted to EUR 1,554 billion as at 31 March 2021, which is 39.7% higher than in the same period of the preceding year.

Investment finance		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 10,311.4 million	€ 9,687.6 million	€ 623.8 million	6.4%

Leasing

After a slow fourth quarter due to the coronavirus pandemic in Q4 2020, Oberbank again posted an increase in new business of EUR 194.2 million in Q1. However, compared to the preceding year, new business declined by EUR 31.2 million.

Leasing receivables from customers		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 2,404.9 million	€ 2,452.3 million	- € 47.4 million	- 1.9%

Foreign business

The global economic upswing is a direct consequence of the progress achieved in the fight against the coronavirus pandemic and the subsequent reduction of the containment measures. Therefore, the IMF expects the global economy to expand by 4.0% this year and by 5.5% in 2022. The assessment states that China, India, Vietnam, UK, Canada and also the EU will play a crucial role for economic growth in the first half-year 2021. The Euler-Hermes Group expects its insolvency index to rise by 31.0% in a comparison of 2019 with 2021. Worldwide, there are 44 countries confronted with a rising number of insolvencies. Furthermore, the temporarily closure of the Suez canal due to an accident revealed the vulnerability of international supply chains. The consequences were higher shipping costs, changes to delivery plans and the immediate rise in the price of commodities. In this situation, the advisory competence of Oberbank in international trade – especially letters of credit, documentary collection and guarantees – has proven highly valuable for securing sales and purchases.

Documentary business

These traditional hedge transactions for international trade have proven ideal as protection against the risks of global trade. International companies rely on the expertise of Oberbank for security and risk protection. Market participants showed greater risk awareness and demand for documentary transactions to hedge risks rose again. In Q1 2021, 9.4% more hedging instruments were settled than in the same period of the previous year. Volumes also increased by 9.0%. At the end of 2020, businesses were more optimistic again about entering foreign markets.

Export finance

In these challenging times, being able to serve as a single point of contact for advisory services for international transactions was an advantage. Apart from securing and financing foreign investments, the significance of providing support to customers for domestic investment projects for exports is increasing, and here as well, the market share widened to over 13%.

We also successfully defended our ranking as the leading Austrian regional bank for revolving OeKB lines of credit. With respect to export fund loans to SMEs, Oberbank attained a market share of 11.5% as at 31 March 2021, and of over 10.4% for loans to large corporates under the KRR procedure.

Factoring

There is demand for factoring as a finance alternative. The positive trend in new business acquisition and volumes continued for a sixth year in a row. This development was also seen in the renewed rise in factoring sales despite the negative market environment and in the positive feedback received from customers.

Payment services

Earnings from payment services in Corporate and Business Banking was 2.5% higher year on year. Further steps were taken in the digitization of payment services in the first quarter.

Since January, SEPA payments in Austria and Germany entered before 12:00 noon are forwarded to the recipient banks on the same day. Additionally, the progress was made in the development of CAMT.086 (electronic generation of fee statements) and it was made available to the first customers at the beginning of April. Further internal processes were also digitized. Now it is possible to conclude contracts electronically in a paperless process making it even more sustainable.

Structured finance

Demand was high for structured finance transactions in the first quarter of 2021. Starting out from an already high level in the preceding year, the total number of enquiries went up again by 7.0%, and the project volume of transactions processed even rose by 10.0% year on year. The strongest growth driver was again real estate lending. In this area, enquiries increased by more than 20.0%, and project volume expanded by 36.0%. In the areas of lending for tourism, change of ownership and expansion finance, we succeeded in maintaining the high levels of the preceding year both in number of transactions as well as in project volumes. We are seeing signs of heightened capital spending in the business sector and this is also reflected in the lively business in structured finance. Syndicated loans and borrowers' notes developed very positively in Q1 2021. Compared to the same period of the preceding year, the number of transactions and outstanding debt volumes were higher. Oberbank also succeeded in assuming the role of lead financier in several interesting projects. Numerous projects are already in the pipeline also for the second quarter of 2021. Business in borrowers' notes showed a moderate number of issues and high demand from investors, and for Oberbank this resulted in a substantial reduction in the allocation of subscribed transactions.

Oberbank Opportunity Fund

In the first quarter of 2021, the Oberbank Opportunity Fund received 40 enquiries which was more or less the level of the same period of the preceding year. The Oberbank Opportunity Fund completed three new transactions in this period. Since the inception of the Oberbank Opportunity Fund, 98 transactions for equity, mezzanine capital or high-yield capital were supported with funding (plus external capital loans) and ten supplementary financing projects were finalized. The volume of capital committed as at 31 March 2021 was around EUR 240 million distributed across equity, mezzanine capital and high-yield capital.

International network of partner banks and institutions

Oberbank's global partner bank network sustainably ensures the smooth processing of business payment transactions and documentary business for Oberbank customers.

With more than 1,100 partner banks worldwide and access to major global and European payment services platforms, we cover all business lines in the area of "Pay - Secure - Finance". The current higher demand for risk hedging and insurance among exporters is due to the instability of the markets caused by the coronavirus.

Primary deposits

Low interest rates and no change – this is how one could describe the situation for sight deposits even though the yield curve at the long end has shown some movement in the past three months. Interest rates increased by up to 0.3% for maturities close to 10 years or longer. This was caused by rising inflationary fears. The ECB's low interest rate policy is aggravating the negative interest situation. The bond purchasing programmes continue to pump liquidity into the market. Against this backdrop, Oberbank continues its course with respect to negative interest and partially passes on the costs incurred to corporate and business customers.

Currency risk management

The year started out on a positive note in currency risk management, encouraged by movements in the USD and the growing optimism regarding the economy. Customers engaged in international business used hedging in the form of forward exchange transactions. Limits on purchases and sales of foreign currencies were also used frequently. Generally, it became clear that with the improving containment of the coronavirus crisis, international business will also revive and gain importance. Income from the foreign exchange business increased year on year.

Personal Banking

Personal Banking in €m	Q1 2021	Q1 2020	+ / - absolute	+ / - in %
Net interest income	15.3	15.9	-0.6	-4.0%
Charges for losses on loans and advances	-0.6	-0.9	0.4	-38.4%
Net fee and commission income	22.4	23.3	-0.9	-3.9%
Net trading income	0.0	0.0	0.0	0.0%
Administrative expenses	-24.3	-22.4	-2.0	8.8%
Other operating income	1.3	1.0	0.2	22.3%
Profit/loss for the period	14.0	17.0	-2.9	-17.3%
Risk equivalent	1,986.1	1,899.1	87.0	4.6%
Average allocated equity	336.6	307.5	29.1	9.5%
Return on equity before tax (RoE)	16.7%	22.1%	-5.4 ppt	
Cost/income ratio	62.5%	55.6%	6.9 ppt	

Earnings in Personal Banking

Profit in the Personal Banking segment was EUR 14.0 million, which is EUR 2.9 million or -17.3% lower year on year.

Net interest income decreased by EUR 0.6 million or 4.0% to EUR 15.3 million.

Charges for losses on loans and advances decreased by EUR 0.4 million to EUR 0.6 million.

Net commission income declined from EUR 0.9 million or 3.9% to EUR 22.4 million, which was lower year on year.

Administrative expenses increased by EUR 2.0 million or 8.8% to EUR 24.3 million.

Other operating income increased by EUR 0.2 million or 22.3% to EUR 1.3 million.

Return on equity in Personal Banking declined from 22.1% by 5.4%-points to 16.7%, and the cost/income ratio deteriorated from 55.6% by 6.9%-points to 62.5%.

Personal accounts

The portfolio of personal accounts expanded year on year by 1,164 to a total of 191,434 accounts. We are constantly enlarging our range of personal accounts by adding innovative products and payment services functions. Digital and mobile solutions such as the Oberbank customer portal, the Oberbank banking app, and the Oberbank wallet app complete our array of services and are very popular with customers.

Personal accounts		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
191,434	190,270	1,164	0.6%

Personal loans

The volume of personal loans rose by EUR 253.7 million or 7.2% to EUR 3,795.1 million compared to 31 March 2020, with the volume of new retail loans granted in the first quarter of 2021 declining 0.3% year on year. Encouraged by current interest rates, demand for housing loans remained high. The share of foreign currency loans in the total personal loan portfolio of Oberbank was 1.9%.

Oberbank also informs borrowers of potential funding schemes to promote sustainability and develops suitable project funding strategies together with customers.

Personal loans		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 3,795.1 million	€ 3,541.4 million	€ 253.7 million	7.2%

Savings deposits

The volume of savings deposits decreased by EUR 34.7 million or 1.3% to EUR 2,637.0 million compared to the preceding year. Customers continue to leave money on giro accounts and on daily callable investment forms. Online savings products continue to gain ground and have increased by EUR 30.4 million or 3.3% since the start of the year.

Savings deposits		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 2,637.0 million	€ 2,671.7 million	- € 34.7 million	-1.3%

Securities business

Fee and commission income from securities operations dropped by only EUR 0.4 million or -2.3% to EUR 16.8 million in Q1 2021 compared to the record year 2020 – at the time, turnover had increased steeply at the peak of the coronavirus crisis. Developments on the stock market were quite positive in the first three months of the year 2021. The expansionary policy of central banks, massive public financial aid packages and the global vaccination campaign helped boost optimism. As a result, strong markets such as the US – but also Germany – rose to new record highs. This also had a very positive impact on trading activity of customers. This was true for stock trading as well as for inflows into investment funds. Customer activity on the customer portal broke new records. New all-time highs were seen in support activity and orders placed by customers in equity trading. By contrast, demand is still very weak in the asset class of bonds on account of the still very low interest rates. Oberbank took part in the syndicated issuance of a green bond of S IMMO AG to support sustainability also through bond issues.

The development of volumes on customer custody accounts was also positive, climbing to a new record of EUR 17.7 billion.

Commission income from securities		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 16.8 million	€ 17.2 million	€ 0.4	-2.3%

Market value on custody accounts

Year on year, the market value on custody accounts increased steeply by EUR 4,152.0 million or 30.6% to an all-time high of EUR 17,711.9 million.

Market value on custody accounts		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 17,711.9 million	€ 13,559.9 million	€ 4,152.0 million	30.6%

Oberbank issues

In Q1 2021, Oberbank also placed a volume of EUR 296.4 million in bond issues. EUR 250 million thereof were placed with institutional investors. There was no new offer from 3-Banken Wohnbaubank AG.

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

3 Banken-Generali Investment-Gesellschaft m.b.H. developed better (3.2%) than the overall market in Austria in the first quarter of 2021, rising by 4.5% with respect to volumes under management. The market share of the company was 5.6% on 31 March 2021.

Oberbank's market share has grown since 31 December 2020 by EUR 313.8 million or 6.7% widening to a new record of EUR 5,002.9 million, and therefore, much better than the overall market. This increase was driven by both robust demand and rising prices.

The gain was 27.7% or EUR 1,086.8 million year on year, starting out from a relatively low level during last year's coronavirus turmoil.

Net inflow volumes into open investment funds continue at a high level, mostly into Oberbank's asset management portfolios, the three "Oberbank Premium Strategien" funds as well as into the sustainable fund "Mensch & Umwelt". There were also substantial transactions in special funds custom-designed for customers investing over EUR 10 million. Oberbank currently accounts for 45.3% of the total volume of the company, which also breaks a new record.

Public investment funds and special funds		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 5,002.9 million	€ 3,916.1 million	€ 1,086.8 million	27.7%

Private banking

Assets under management in private banking rose year on year by EUR 2,116.9 million or 24.0% to EUR 10,949.0 million, thus attaining a new all-time high. The increase since the start of the year has been EUR 670.0 million or 6.5%. Inflows into individual portfolio management mandates also saw an increase to a new record of EUR 706.8 million.

Assets under management - private banking		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 10,949.0 million	€ 8,832.1 million	€ 2,116.9 million	24.0%

Building society savings

In the first quarter of 2021, a number of 4,504 building society savings contracts were brokered. This corresponds to an increase of 1,539 contracts or 51.9% versus the same period of the preceding year.

Wüstenrot loans

A significant increase was also achieved in Wüstenrot loans. In the first quarter of 2021, a lending volume of EUR 14.5 million was brokered for Wüstenrot, which is 83.5% higher year on year.

Insurance business

In the insurance business, total production (life insurance and non-life insurance) rose 26.8% year on year. Almost all insurance segments posted growth rates. The most significant increases compared to the preceding year were achieved in the segments of accident insurance (82.7%), company pension schemes (75.6 %) and risk insurance (70.7 %).

Insurance contracts - premium volume		YoY change	
As at 31/3/2021	As at 31/3/2020	absolute	in %
€ 57.2 million	€ 45.1 million	€ 12.1 million	26.8%

^{*)} Production: Life insurance (premium sum) + non-life insurance (annual net premium x 10)

Financial Markets

Financial Markets in € m	Q1 2021	Q1 2020	+ / - absolute	+ / - in %
Net interest income	1.3	4.6	-3.3	-72.3%
Profit from entities accounted for by the equity method	23.4	-81.7	105.1	
Charges for losses on loans and	-2.3	-1.4	-0.9	62.2%
Net fee and commission income	0.0	0.0	0.0	
Net trading income	4.1	-2.4	6.5	
Administrative expenses	-2.9	-2.2	-0.7	29.9%
Other operating income	0.8	-33.6	34.4	
Profit/loss for the period	24.4	-116.7	141.1	
Risk equivalent	5,380.6	5,447.5	-67.0	-1.2%
Average allocated equity	912.0	882.1	29.9	3.4%
Return on equity before tax (RoE)	10.7%	n.a.	n.a.	
Cost/income ratio	9.7%	n.a.	n.a.	

n.a. – not indicative

Earnings trend in Financial Markets

The profit in Financial Markets rose by EUR 141.1 million from negative EUR 116.7 million to positive EUR 24.4 million.

Net interest income decreased by EUR 3.3 million or 72.3% to EUR 1.3 million.

Income from equity investments rose from negative EUR 81.7 million by EUR 105.1 million to positive EUR 23.4 million.

Charges for losses on loans and advances increased from EUR 1.4 million by EUR 0.9 million to EUR 2.3 million.

Net trading income increased from negative EUR 2.4 million by EUR 6.5 million to positive EUR 4.1 million.

Administrative expenses were EUR 0.7 million higher year on year at EUR 2.9 million.

Other operating income increased from negative EUR 33.6 million by EUR 34.4 million to positive EUR 0.8 million. RoE in the first quarter of 2021 was 10.7%, and the cost/income ratio was 9.7%.

Proprietary trading

Optimism predominated on financial markets in the first quarter. Sentiment was boosted by hopes that the coronavirus pandemic will soon end. Stock markets rallied and long-term interest rates rose especially in the US dollar. Gold as a crisis currency lost some ground and the US dollar appreciated slightly. This environment was supportive for all trading segments and helped lift earnings.

Liquidity

Oberbank successfully placed a senior non-preferred bond with a volume of EUR 250 million on the capital market at the beginning of the year. This bond with a maturity of 8 years raised long-term capital, which also counts towards the MREL ratio.

In addition, a further EUR 450 million were raised under the ECB's targeted longer-term refinancing operations (TLTRO). This liquidity carries interest of -0.5%, and with the achievement of credit growth targets, the interest rate improves to 0.5%. Customer deposits also expanded in the first quarter by EUR 500 million. These inflows raised cash reserves further and they rose well above EUR 3 billion.

Own funds

Own funds stood at EUR 3,140.4 million as at 31 March 2021, which is a ratio of 20.19%. Tier 1 capital was EUR 2,779.1 million and the tier 1 capital ratio was 17.87%. The common equity tier 1 capital of EUR 2,729.1 million corresponds to a ratio of 17.55%.

Risk

Oberbank's risk policy takes into account the risk situation of all business areas including the new markets. Risk management focuses on keeping customer funds entrusted to Oberbank safe, conserving own funds and guaranteeing liquidity.

The most important risk category is counterparty risk. This risk is accounted for by recognizing the corresponding impairment charges in the balance sheet.

When assessing creditworthiness and in collateral policy, Oberbank can rely on decades of know-how. Moreover, its business model as a regional bank, professional credit management and a balanced distribution of overall debt across customer segments serve to contain the threat to Oberbank's overall result from this risk exposure. Therefore, it may be assumed that there will not be any extraordinary counterparty risk events in the full financial year 2021.

The other risk categories are equity risk (risk of loss in value or foregone profits in the equity portfolio), market risk (risk of losses due to fluctuating interest rates, foreign exchange rates or equity prices), operational risk and liquidity risk. These risks are also covered by the corresponding funds in line with the principle of conservatism. In the case of liquidity risk, the sound position of Oberbank is also supported by the fact that it can refinance the entire credit volume (31 March 2021: EUR 17.8 billion) with the primary deposits of customers, own issues and deposits from Förderbanken (OeKB, LfA, KfW) of EUR 19.0 billion (as at 31 March 2021). Additionally, Oberbank has a permanent risk controlling system in place as well as strict process management and other efficient control and management instruments.

Consolidated Interim Financial Statements pursuant to IFRS for 1/1/2021 to 31/3/2021

Consolidated income statement in €k	1/1 to 31/3/202	1/1 to 31/3/202	Change in €k	Change in %
1. Interest and similar income	93,249	109,088	-15,839	-14.5
a) Interest income pursuant to effective interest rate method	88,324	103,180	-14,856	-14.4
b) Other interest income	4,925	5,908	-983	-16.6
2. Interest and similar expenses	-10,519	-23,074	12,555	-54.4
Net interest income (1)	82,730	86,014	-3,284	-3.8
3. Profit from entities accounted for by the equity method (2)	23,403	-81,680	105,083	>-100.0
4. Charges for losses on loans and advances (3)	-5,811	-5,009	-802	16.0
5. Fee and commission income	53,701	52,580	1,121	2.1
6. Fee and commission expenses	-4,799	-6,183	1,384	-22.4
Net fee and commission income (4)	48,902	46,397	2,505	5.4
7. Net trading income (5)	3,577	-2,437	6,014	>-100.0
8. Administrative expenses (6)	-74,836	-72,843	-1,993	2.7
9. Other operating income (7)	-18,796	-45,423	26,627	-58.6
a) Net income from financial assets - FV/PL	1,552	-34,155	35,707	>-100.0
b) Net income from financial assets - FVOCI	-16	10	-26	>-100.0
c) Net income from financial assets - AC	0	0	0	
d) Other operating income	-20,332	-11,278	-9,054	80.3
Profit/loss for the period before tax	59,169	-74,981	134,150	>-100.0
10. Income taxes (8)	-9,752	1,257	-11,009	>-100.0
Profit/loss for the period after tax	49,417	-73,724	123,141	>-100.0
of which attributable to the owners of the parent company and the owners of additional equity components	49,057	-74,063	123,120	>-100.0
thereof attributable to non-controlling interests	360	339	21	6.2

Other comprehensive income in €k	1/1 to 31/3/2021	1/1 to 31/3/2020
Profit/loss for the period after tax	49,417	-73,724
Items not reclassified to profit or loss for the year	9,314	-2,039
+/- Actuarial gains/losses IAS 19	0	0
+/- Deferred taxes on actuarial gains/losses IAS 19	0	0
+/- Share from entities accounted for by the equity method	-200	501
+/- Value changes in own credit risk recognised in equity IFRS 9	-15,428	29,445
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	3,857	-7,361
+/- Value changes in equity instruments recognised in equity IFRS 9	28,113	-32,835
+/- Deferred tax on value changes in equity instruments recognised in equity IFRS 9	-7,028	8,211
Items reclassified to profit or loss for the year	5,114	-2,911
+/- Value changes recognised in equity for debt securities IFRS 9	197	-3,464
Amounts recognised in equity	211	-3,458
Reclassification adjustments	-14	-6
+/- Deferred tax on value changes recognised in equity for debt securities IFRS 9	-49	866
Amounts recognised in equity	-53	864
Reclassification adjustments	4	2
+/- Exchange differences	2,024	1,087
+/- Share from entities recognised using the equity method	2,942	-1,400

	1/1 to 31/3/2021	1/1 to 30/3/2020
Total income and expenses recognised directly in equity	14,428	-4,950
Total comprehensive income for the period from net profit/loss and income/expenses not recognised in profit/loss	63,845	-78,674
of which attributable to the owners of the parent company and the owners of additional equity components	63,485	-79,013
thereof attributable to non-controlling interests	360	339

Performance indicators	1/1 to 31/3/2021	1/1 to 30/3/2020
Cost/income ratio in % ¹⁾	53.52	n.a.
Return on equity before tax in % ²⁾	7.70	n.a.
Return on equity after tax in % ³⁾	6.43	n.a.
Risk/earnings ratio (credit risk/net interest income) in % ⁴⁾	7.02	5.82
Earnings per share in € ⁵⁾⁶⁾	1.41	-2.09

1) Administrative expenses in relation to net interest income, equity method, net fee and commission income, 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. In the financial year 2020, the preference shares issued were converted into ordinary shares. Therefore, earnings per share as at 31 March 2021 refer only to ordinary shares. In the preceding year, earnings per share were the same for both ordinary and preference shares.

Consolidated balance sheet as at 31/3/2021 / Assets

in €k			31/3/2021	31/12/2020	Change in €k	Change in %
1.	Cash and balances at central banks	(10)	3,575,669	2,105,984	1,469,685	69.8
2.	Loans and advances to credit	(11)	555,819	968,908	-413,089	-42.6
3.	Loans and advances to customers	(12)	17,778,756	17,264,665	514,091	3.0
4.	Trading assets	(13)	45,302	47,434	-2,132	-4.5
5.	Financial investments	(14)	3,320,327	3,404,229	-83,902	-2.5
	a) Financial assets - FVPL		519,990	560,251	-40,261	-7.2
	b) Financial assets FVOCI		442,455	487,826	-45,371	-9.3
	c) Financial assets - AC		1,435,777	1,459,007	-23,230	-1.6
	d) Interests in entities accounted for by the equity method		922,105	897,145	24,960	2.8
6.	Intangible assets	(15)	2,145	2,203	-58	-2.6
7.	Property, plant and equipment	(16, 17)	398,911	404,351	-5,440	-1.3
	a) Investment property		89,569	89,656	-87	-0.1
	b) Other property, plant and		309,342	314,695	-5,353	-1.7
8.	Other assets	(18)	249,760	235,155	14,605	6.2
	a) Deferred tax assets		7,831	7,388	443	6.0
	b) Positive fair values of closed out derivatives in the banking book		133,214	153,306	-20,092	-13.1
	c) Other		108,715	74,461	34,254	46.0
Total assets			25,926,689	24,432,929	1,493,760	6.1

Balance sheet as at 31/3/2021 / Equity and liabilities

in €k			31/3/2021	31/12/2020	Change in €k	Change in %
1.	Amounts owed to credit institutions	(19)	5,749,115	5,065,644	683,471	13.5
	a) Refinance allocated for customer loans		2,856,491	2,734,835	121,656	4.4
	b) Other amounts owed to credit institutions		2,892,624	2,330,809	561,815	24.1
2.	Amounts owed to customers	(20)	13,585,969	13,087,168	498,801	3.8
3.	Securitised liabilities	(21)	2,072,174	1,854,005	218,169	11.8
4.	Provisions for liabilities and charges	(22)	373,612	372,841	771	0.2
5.	Other liabilities	(23)	544,946	528,630	16,316	3.1
	a) Trading liabilities	(24)	34,533	42,799	-8,266	-19.3
	b) Tax liabilities		16,055	6,638	9,417	> 100
	ba) Current tax liabilities		12,035	2,932	9,103	> 100
	bb) Deferred tax liabilities		4,020	3,706	314	8.5
	c) Negative fair values of closed out derivatives in the banking book		17,149	39,932	-22,783	-57.1
	c) Other		477,209	439,261	37,948	8.6
6.	Subordinated debt capital	(25)	495,299	485,775	9,524	2.0
7.	Shareholders' equity	(26)	3,105,574	3,038,866	66,708	2.2
	a) Equity after minorities		3,048,687	2,981,215	67,472	2.3
	b) Minority interests		6,887	7,651	-764	-10.0
	c) Additional equity capital components		50,000	50,000	0	0.0
Total equity and liabilities			25,926,689	24,432,929	1,493,760	6.1

Consolidated statement of changes in equity as at 31/3/2021

	Subscribed capital	Capital reserves	Retained earnings	Exchange differences	Revaluation reserve			Actuarial gains/losses under IAS 19	Associates	Equity after minorities	Shares of non-controlling shareholders	Additional equity capital components	Shareholders' equity
					Reclassified debt securities IFRS 9	Equity instruments IFRS 9 not reclassified	Change in own credit risk IFRS 9 not reclassified						
in €k													
As at 1/1/2020	105,844	505,523	1,605,472	-1,365	1,414	126,729	-9,522	-48,552	616,297	2,901,840	8,697	50,000	2,960,537
Consolidated net profit			11,499	1,087	-2,598	-24,624	22,084		-86,461	-79,013	339		-78,674
Net profit/loss for the year			11,499						-85,562	-74,063	339		-73,724
Other comprehensive income				1,087	-2,598	-24,624	22,084		-899	-4,950			-4,950
Dividend distribution													
Coupon payments on additional equity components													
Capital increase													
Issuance of additional equity components													
Repurchased own shares	-648		-17,298							-17,946			-17,946
Other changes not recognised in income			442						1,416	1,858	-1,550		308
As at 31/3/2020	105,196	505,523	1,600,115	-278	-1,184	102,105	12,562	-48,552	531,252	2,806,739	7,486	50,000	2,864,225
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			27,347	2,024	148	21,085	-11,571		24,452	63,485	360		63,845
Net profit/loss for the year			27,347						21,710	49,057	360		49,417
Other comprehensive income				2,024	148	21,085	-11,571		2,742	14,428			14,428
Dividend distribution													
Coupon payments on additional equity components													
Capital increase													
Issuance of additional equity components													
Repurchased own shares	124		3,287							3,411			3,411
Other changes not recognised in income			67						508	575	-1,124		-549
As at 31/3/2021	105,505	505,523	1,748,505	-3,639	390	133,705	-5,443	-54,292	618,434	3,048,687	6,887	50,000	3,105,574

Consolidated statement of cash flows in €k	1/1 to 31/3/2021	1/1 to 31/3/2020
Profit/loss for the period	49,417	-73,724
Non-cash items in profit/loss for the period and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	-10,013	130,119
Change in provisions for staff benefits and other provisions for liabilities and charges	770	5,467
Change in other non-cash items	-6,675	-53,581
Gains and losses on financial investments, property, plant and equipment, and intangible assets and intangible assets	-238	-7
Subtotal	33,261	8,273
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Loans and advances to credit institutions	426,232	334,733
- Loans and advances to customers	-504,236	-330,891
- Trading assets	6,333	-10,928
- Financial assets for operating activities ¹⁾	59,341	-7,552
- Other assets from operating activities	37,862	56,125
- Amounts owed to credit institutions	682,732	-87,124
- Amounts owed to customers	497,706	818,705
- Securitised liabilities	216,455	158,840
- Other liabilities from operating activities	-69,593	-130,598
Cash flow from operating activities	1,386,093	809,584
Proceeds from the sale of		
- Financial assets used for investment activities ²⁾	175,338	115,060
- Property, plant and equipment, and intangible assets	5,597	0
Outlay on purchases of		
- Financial investments	-99,964	-275,001
- Property, plant and equipment, and intangible assets	-10,154	-16,922
Cash flow from investing activities	70,817	-176,864
Capital increase	0	0
Dividend distributions	0	0
Coupon payments on additional equity components	0	0
Cash from subordinated liabilities and other financing activities		
- Issues	33,038	15,320
- Other	3,411	0
Outflow from subordinated debt capital and other financing activities		
- Redemptions	-18,600	-33,200
- Other	-5,074	-23,291
Cash flow from financing activities	12,775	-41,171
Cash and cash equivalents at the end of preceding period	2,105,984	371,557
Cash flow from operating activities	1,386,093	809,584
Cash flow from investing activities	70,817	-176,864
Cash flow from financing activities	12,775	-41,171
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	3,575,669	963,106
Interest received	82,390	56,217
Dividends received	3,890	7,378
Interest paid	-36,257	-60,059
Coupon payments on additional equity components	0	0
Income tax paid	-10,026	-9,776

Cash and cash equivalents include the item Cash and balances at central banks, consisting of cash on hand and balances with central banks.

1) Financial investments not intended to be held long term

2) Financial investments intended to be held long term

Notes to the consolidated financial statements

Accounting policies

The consolidated financial statements of Oberbank AG have been 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). The consolidated financial statements cover the first quarter of 2021 (1 January 2021 to 31 March 2021) and compare the results with the corresponding periods of the preceding year. This condensed interim report for the first quarter of 2021 complies with IAS 34 ("Interim Reports"). No full audit or review by an auditor has been conducted of these condensed interim financial statements for the group. We have not applied standards and interpretations that take effect as of the financial year 2022 or later.

Changes to accounting policies 2021

The quarterly report of Oberbank AG has been drafted using the same recognition and measurement policies as applied on 31/12/2020. An exception are the standards and interpretations that apply to financial years that start on or after 1 January 2021. Only those new standards and interpretations are presented that are relevant for the operating activities of Oberbank.

The following standards and interpretations, as amended, have been mandatory since January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 – Interest rate benchmark reform (Phase 2)

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are intended to ameliorate the effects on financial reporting that occur when an existing reference interest rate is replaced by an alternative interest rate. In particular, the amendments make it simpler to implement the modifications required due to the IBOR reform. Apart from this, hedge contracts on the balance sheet will be permitted to be continued under modified documentation despite the replacement of the reference interest rate. This does not result in any material effects on the consolidated financial statements of Oberbank.

Actuarial assumptions

Material actuarial assumptions for calculating the present values of defined benefit obligations did not change compared to 31 December 2020.

Oberbank group of consolidated companies

The group of consolidated companies as at 31 March 2021 included, apart from Oberbank AG, 29 Austrian and 17 foreign subsidiaries. Compared to 31 December 2020, the group of consolidated companies did not change.

Effects of the coronavirus pandemic on the consolidated quarterly financial statements

1) Background

The coronavirus pandemic has dominated life for months – and still does – with curfews, closed restaurants and shops as well as production standstills causing severe, unprecedented changes to the public and private lives of people in Austria and worldwide. Hardly anyone can reliably assess the effects of this global crisis at present. Many companies are affected by collapsing sales markets despite the meanwhile eased restrictions. In many countries, numerous measures have been initiated and financial aid programmes started to support the economy and private households as best as possible during this crisis that is threatening their very existence. The following explanations give updated information and describe the key aspects of the current effects of the coronavirus pandemic on the consolidated financial statements of Oberbank AG.

2) 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 today's perspective.

Due to the currently unpredictable global consequences of the coronavirus pandemic, these estimates and discretionary decisions are subject to a high degree of uncertainty. The amounts actually reported may differ from the estimates and discretionary decisions. Such changes may have material effects on the consolidated financial statements. The updated estimates and discretionary decisions took into consideration all available information on the probable further development of the economy.

The updated discretionary decisions, assumptions and estimates contained in these consolidated financial statements relate essentially to the items presented below.

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. Further details are given in 3) Risks of financial instruments.

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 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 items regarding reconciliation as at 31 March 2021.

Impairment losses on investments accounted for using the equity method

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. Details regarding the effects of the coronavirus pandemic are given in 3) Risks of financial instruments.

3) Risk from financial instruments

Effects of the coronavirus pandemic on the impairment model for financial instruments pursuant to IFRS 9

The first quarter of 2021 continued to be dominated by a recession of historic magnitude in Austria as well as in the entire region of Oberbank's markets. According to OeNB, Austria's GDP in the 12 months since the first lockdown was on average 8.5% lower than in preceding 12 months. A marked economic recovery is expected to set in as soon as vaccination coverage of the population is sufficiently high. Over the medium term, the economic outlook is encouraging before the backdrop of a robust upswing in the industrial sector. Should the lockdowns be phased out in the summer of 2021, economic recovery in Austria is expected to be strong.

Governments and central banks have responded to the crisis with massive interventions and financial aid measures. In the preceding year, for example, extensive moratoria on loan repayments were mandated by law in Austria and other countries which were still valid in Q1 2021, and in some cases, will continue until 30 June 2021. Likewise, far-reaching subsidy schemes were rolled out. The key trigger events for insolvencies among businesses such as default on payments to tax authorities and social insurance organizations are currently suspended and this is obfuscating the true impact of the coronavirus pandemic on business failures.

The decline in economic output is not reflected directly in the insolvencies of individuals and businesses due to the effects of the massive public funding schemes. The “surge” in insolvencies is generally expected to occur with a time lag. Furthermore, it is assumed that support is also being given to businesses that would otherwise default even without the coronavirus pandemic – so-called “zombie companies”. It is not possible to consider these circumstances adequately in the rating models.

The Oberbank impairment model contains, among other things, a modification of the default probability (PD) to take into account forward-looking macroeconomic information. The financial aid measures help to ameliorate the negative economic effects for our customers, but also make the early detection of any potential worsening of credit quality more difficult. Therefore, the direct relationship between default rates and macroeconomic development is temporarily suspended and distorted. If one were to apply the already positive estimates for GDP growth for the year 2021 in the model, the expected default probabilities would decrease even further although the rating structure has not yet deteriorated across a broad base. The forward-looking information (FLI) model developed at Oberbank uses a time-series that does not take into account the economic distortions, government support measures or extreme macroeconomic values, and therefore, it cannot be applied to the current economic phase.

Before this backdrop, the point-in-time adjustment factors have not been adjusted since the second quarter of 2020. A collective stage transfer was carried out for certain segments of the portfolio in order to deal with the expected higher default risk. For the assessment, additional risks are identified with an influence on impairment charges, especially crisis-induced risks and those of a probably temporary nature. The collective stage transfer is applied to the following portfolios:

- Receivables from borrowers in industries severely affected by lockdowns: Based on the allocation to branches using the NACE code system, a structural analysis of both the supply and the demand side with respect to the severity of the shock is conducted and the companies are categorised according to a 5-tier scale. Based on this categorisation, receivables with the highest ranking regarding the severity of the economic impact of the lockdowns are transferred to stage 2. As a consequence, the NACE Code serves as a further qualitative criterion in the stage transfer model, and therefore, a lifetime expected loss is used as basis for defining impairment charges for all receivables of the sectors concerned (accommodations, restaurant and foodservice industry, travel, aerospace).
- Receivables from borrowers that are still in the status of statutory moratoria as at the reporting date: In this case, it is pointed out that in some of Oberbank’s markets (Hungary, Slovakia) EBA-compliant deferrals are still possible; therefore, these loans are assigned to stage 2 provided there are not already classified as forborne. Generally, it is assumed that the necessity of a payment deferral granted on the reporting date is a further indicator of a higher default risk.
- Receivables from borrowers in the segment of real estate project finance with commercial mortgage-backed collateral: As the credit risk of these loans are directly related to the earnings opportunities from the sale or rental of real estate, any distortions on the real estate market caused by the coronavirus crisis have an effect on creditworthiness. The current focus is on the market for commercial real estate where demand is being negatively influenced by the pandemic.
- Receivables from borrowers classified as severely affected by the coronavirus based on case-by-case analyses conducted in Q1 2021 of coronavirus vulnerability of customers with high risk exposure: As a management overlay measure, a risk provision in the amount of the lifetime expected loss was allocated for these customers.

Compared with the start of the year, the amount of the impairment charges for performing loans (stage 1 and stage 2) increased by EUR 2.4 million. The effect of the collective staging additionally applied in the first quarter is EUR 5.0 million and refers to a volume of receivables of EUR 314 million.

Fair value measurement

The measurement models and processes, and the determination of the fair value as well as the effects of the coronavirus pandemic are described in detail in Note 31) Fair value of financial instruments and other items regarding reconciliation as at 31 March 2021.

Impairment testing for investments accounted for using the equity method

Interests in entities accounted for using the equity method are recognised proportionately to the equity held by Oberbank in the entity. 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. The higher of the two values – market price and value-in-use – constitute the recoverable amount pursuant to IAS 36.6 and is used for the measurement. No impairment loss was recognised as at 31 March 2021.

4) Impairment losses for non-financial assets and deferred tax assets on loss carryforwards

Oberbank holds non-financial assets in intangible assets; property, plant and equipment; investment property; and right-of-use assets on leased objects. Assets are accounted for at amortised cost. There were no indications for impairment losses such as shop closures, declining demand for banking products, significant changes to right-of-use assets or the reassessment of usable life. The fair value of investment property was EUR 102,228,000 (31 Dec. 2020: EUR 105,150,000). The decline is due to depreciation over time. Currently, there are no signs of additional adjustments on the real estate market due to the effects of the coronavirus pandemic.

Oberbank AG capitalised deferred tax assets on loss carryforwards to a minor extent of around EUR 556,000 (31/12/2020: EUR 647,000). The earnings situation of the Group companies from which the loss carryforwards result did not change due to the coronavirus pandemic. The tax loss carryforwards will remain recoverable.

The relief measures issued by IASB in May 2020 regarding the application of IFRS 16 granting lessees accounting concessions in the case of, for example, lease payment deferrals and rent reductions directly related to the coronavirus pandemic, will not have any effect on Oberbank at present. Oberbank as the lessee has not made use of the options of lease payment deferrals or rent reductions.

5) Presentation of effects attributed mainly to the coronavirus pandemic

The material effects of the coronavirus pandemic on the income statement referred to the item Charges for losses on loans and advances (additions to loan loss provisions in lending stage 1 and stage 2) as mentioned above. However, the additions in an amount of EUR 2,458,000 cannot be unambiguously assumed to have been caused directly by the coronavirus crisis. Furthermore, the item Other administrative expenses in an amount of EUR 178,000 include costs directly related to the coronavirus pandemic (expenses for special cleaning, purchase of cleaning and disinfecting products, and protective items, IT infrastructure, furnishings for branches). Furthermore, the coronavirus caused reduced or suspended distributions on profits from equity investments. However, the effects caused by the coronavirus cannot be precisely quantified.

6) Material events since the close of the interim reporting period

No events of material significance occurred after the reporting date 31 March 2021.

Details of the income statement in €k

1) Net interest income	1/1 to 31/3/2021	1/1 to 31/3/2020
Interest income from		
Credit and money market operations	82,499	93,785
Shares and other variable-yield securities	924	1,499
Other equity investments	874	1,834
Subsidiaries	399	163
Fixed-interest securities and bonds	8,553	11,807
Interest and similar income	93,249	109,088
Interest expenses for		
Deposits	-2,413	-14,136
Securitised liabilities	-4,498	-4,850
Subordinated liabilities	-3,315	-4,088
Result of non-significant modifications	-293	0
Interest and similar expenses	-10,519	-23,074
Net interest income	82,730	86,014
2) Income from entities recognised using the equity method	1/1 to 31/3/2021	1/1 to 31/3/2020
Net amounts from proportionately recognised income	16,944	-1,083
Expenses from impairments and income from additions	6,459	-80,597
Profit from entities accounted for by the equity method	23,403	-81,680
3) Charges for losses on loans and advances	1/1 to 31/3/2021	1/1 to 31/3/2020
Additions to charges for losses on loans and advances	-28,395	-26,063
Direct write-offs	-365	-418
Reversals of charges for losses on loans and advances	21,937	22,156
Recoveries from written-off receivables	435	736
Result of non-significant modifications	46	34
Result of POCI financial instruments	531	-1,454
Charges for losses on loans and advances	-5,811	-5,009
4) Net commission income	1/1 to 31/3/2021	1/1 to 31/3/2020
Net commission income		
Payment services	16,213	15,777
Securities business	19,247	19,407
Foreign exchange, foreign bank notes and precious metals	4,530	4,247
Credit operations	11,809	10,074
Other service and advisory business	1,902	3,075
Total net fee and commission income	53,701	52,580
Net fee and commission expenses		
Payment services	1,160	1,205
Securities business	2,382	2,146
Foreign exchange, foreign bank notes and precious metals	135	149
Credit operations	1,036	1,118
Other services and advisory business	86	1,565
Total fee and commission expenses	4,799	6,183
Net fee and commission income	48,902	46,397
5) Net trading income	1/1 to 31/3/2021	1/1 to 31/3/2020
Gains/losses on interest rate contracts	288	-872
Gains/losses on foreign exchange, foreign bank note and numismatic	11	109
Gains/losses on derivatives	3,278	-1,674
Net trading income	3,577	-2,437

6) Administrative expenses	1/1 to 31/3/2021	1/1 to 31/3/2020
Staff costs	44,212	43,714
Other administrative expenses	23,261	21,796
Write-offs and impairment allowances	7,363	7,333
Administrative expenses	74,836	72,843

7) Other operating income	1/1 to 31/3/2021	1/1 to 31/3/2020
a) Net income from financial assets - FVPL	1,552	-34,155
thereof from designated financial instruments	-3,006	-9,429
thereof financial instruments with mandatory measurement at FVPL	4,558	-24,726
b) Net income from financial assets - FVOCI	-16	10
thereof from the measurement of debt instruments	-29	-54
thereof from the sale and derecognition of debt instruments	13	64
c) Net income from financial assets - AC	0	0
d) Other operating income	-20,332	-11,278
Other operating income:	7,604	10,264
Income from operational risks	955	954
Gains from the sale of land and buildings	0	0
Income from private equity investments	0	1,871
Income from operating leases	3,723	4,044
Other income from the leasing sub-group	1,125	1,362
Brokerage fees from third parties	1,205	1,053
Other	596	980
Other operating expenses	-27,935	-21,542
Expenses from operational risks	-1,388	-1,388
Stability tax	-1,306	-1,396
Contributions to the resolution fund and deposit protection scheme	-20,000	-12,700
Expenses from operating leases	-3,380	-3,602
Other income from the leasing sub-group	-994	-1,162
Other	-867	-1,293
Other operating income net of other operating expenses	-18,796	-45,423

8) Income taxes	1/1 to 31/3/2021	1/1 to 31/3/2020
Current income tax expense	13,210	11,287
Deferred income tax expense (income)	-3,458	-12,544
Income taxes	9,752	-1,257

9) Earnings per share in €	1/1 to 31/3/2021	1/1 to 31/3/2020
Number of shares as at 31/3	35,307,300	35,307,300
Average number of shares in issue	35,155,930	35,198,994
Profit/loss for the period after tax	49,417	-73,724
Earnings per share in €	1.41	-2.09
Annualised values	5.62	n.a.

Since no financial instruments with diluting effect were issued, diluted earnings per share were identical with undiluted earnings per share. In the financial year 2020, the preference shares issued were converted into ordinary shares. Therefore, earnings per share as at 31 March 2021 refer only to ordinary shares. In the same period of the preceding year, earnings per share were the same for both ordinary and preference shares.

Details of the balance sheet in €k

10) Cash and balances at central banks	31/3/2021	31/12/2020
Cash in hand	150,146	162,148
Credit balances with central banks of issue	3,425,523	1,943,836
Cash and balances at central banks	3,575,669	2,105,984
11) Loans and advances to credit institutions	31/3/2021	31/12/2020
Loans and advances to Austrian credit institutions	108,586	79,498
Loans and advances to foreign credit institutions	447,233	889,410
Loans and advances to credit institutions	555,819	968,908
12) Loans and advances to customers	31/3/2021	31/12/2020
Loans and advances to domestic customers	10,346,658	10,210,754
Loans and advances to foreign customers	7,432,098	7,053,911
Loans and advances to customers	17,778,756	17,264,665
13) Trading assets	31/3/2021	31/12/2020
Bonds and other fixed-interest securities		
Listed	0	206
Shares and other variable-yield securities		
Listed	1,555	551
Positive fair values of derivative financial instruments		
Currency contracts	6,230	5,239
Interest rate contracts	37,517	41,438
Other contracts	0	0
Trading assets	45,302	47,434
14) Financial investments	31/3/2021	31/12/2020
Bonds and other fixed-interest securities		
Listed	1,772,463	1,877,632
Unlisted	45,367	60,568
Shares and other variable-yield securities		
Listed	119,754	91,656
Unlisted	215,565	214,284
Equity investments/shares		
Subsidiaries	82,080	94,468
Entities accounted for using the equity method		
Banks	483,824	476,421
Non-banks	438,281	420,724
Other equity investments		
Banks	46,441	46,441
Non-banks	116,552	122,035
Financial investments	3,320,327	3,404,229
a) Financial assets - FVPL	519,990	560,251
b) Financial assets FVOCI	442,455	487,826
thereof equity instruments	344,540	329,186
thereof debt instruments	97,915	158,640
c) Financial assets - AC	1,435,777	1,459,007
d) Interests in entities accounted by the equity method	922,105	897,145
Financial investments	3,320,327	3,404,229

15) Intangible assets	31/3/2021	31/12/2020
Other intangible assets	1,808	1,861
Customer base	337	342
Intangible assets	2,145	2,203

16) Property, plant and equipment	31/3/2021	31/12/2020
Investment property	89,569	89,656
Land and buildings	89,518	89,314
Business equipment and furnishings	57,824	58,124
Other property, plant and equipment	20,953	24,039
Right of use for leased objects	141,047	143,218
Property, plant and equipment	398,911	404,351

17) Lease contracts in which Oberbank is lessee

The lease contracts entered into by Oberbank 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 leasing contracts do not involve any significant restrictions or commitments. There were no sale-and-leaseback transactions. For the first quarter of 2021 or as at 31 March 2021, the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows for Oberbank as a lessee are presented below:

Leasing in the consolidated balance sheet	31/3/2021	31/12/2020
Property, plant and equipment	141,730	143,218
Right-of-use for land and buildings	138,011	140,339
Right-of-use for business equipment and furnishings	1,005	590
Right-of-use for other property, plant and equipment	2,031	1,566
Right-of-use in investment property	683	723
Other liabilities		
Leasing liabilities	142,530	143,934

Additions to right-of-use in the first quarter 2021 amounted to EUR 2,506,000 Cash outflows for leasing liabilities amounted to €k 3,950.

Leasing in the consolidated income statement	1/1 to	1/1 to
Interest expenses for leasing liabilities	187	231
Administrative expenses	4,312	4,204
Depreciation/amortisation for rights-of-use to land and buildings	3,484	3,405 ¹⁾
Depreciation/amortisation for rights-of-use to business equipment and furnishings	78	59
Depreciation/amortisation for rights-of-use to other property, plant and	246	194
Depreciation/amortisation for rights-of-use to investment property	39	39 ¹⁾
Other expenses from lease contracts	465	507
Other operating income		
Income from subleasing rights-of-use	217	204

¹⁾The preceding year's figures were adjusted

Leasing in the consolidated statement of cash flows	1/1 to	1/1 to
Repayment of leasing liabilities from finance activities	-3,950	-3,795
Interest expenses for leasing liabilities from operating activities	187	231

18) Other assets	31/3/2021	31/12/2020
Deferred tax assets	7,831	7,388
Other assets	105,977	70,751
Positive fair values of closed out derivatives in the banking book	133,214	153,306
Deferred items	2,738	3,710
Other assets	249,760	235,155

19) Amounts owed to credit institutions	31/3/2021	31/12/2020
Amounts owed to domestic banks	3,548,331	3,336,015
Amounts owed to foreign banks	2,200,784	1,729,629
Amounts owed to credit institutions	5,749,115	5,065,644
20) Amounts owed to customers	31/3/2021	31/12/2020
Savings deposits	2,636,948	2,660,875
Other	10,949,021	10,426,293
Amounts owed to customers	13,585,969	13,087,168
21) Securitised liabilities	31/3/2021	31/12/2020
Bonds issued	2,058,221	1,839,717
Other securitised liabilities	13,953	14,288
Securitised liabilities	2,072,174	1,854,005
22) Provisions for liabilities and charges	31/3/2021	31/12/2020
Provisions for termination benefits and pensions	200,686	201,775
Provisions for anniversary bonuses	15,981	15,778
Provisions for credit risks	118,337	117,159
Other provisions	38,608	38,129
Provisions for liabilities and charges	373,612	372,841
23) Other assets	31/3/2021	31/12/2020
Trading liabilities	34,533	42,799
Tax liabilities	16,055	6,638
Current tax liabilities	12,035	2,932
Deferred tax liabilities	4,020	3,706
Leasing liabilities	142,530	143,934
Other liabilities	279,951	237,262
Negative fair values of closed out derivatives in the banking book	17,149	39,932
Deferred items	54,728	58,065
Other liabilities	544,946	528,630
24) Other liabilities (trading liabilities)	31/3/2021	31/12/2020
Currency contracts	249	1,875
Interest rate contracts	34,284	40,924
Other contracts	0	0
Trading liabilities	34,533	42,799
25) Subordinated debt capital	31/3/2021	31/12/2020
Subordinated bonds issued incl. tier 2 capital	495,299	485,775
Hybrid capital	0	0
Subordinated debt capital	495,299	485,775
26) Shareholders' equity	31/3/2021	31/12/2020
Subscribed capital	105,505	105,381
Capital reserves	505,523	505,523
Retained earnings (incl. net profit)	2,435,787	2,368,439
Negative goodwill	1,872	1,872
Additional equity capital components	50,000	50,000
Share of non-controlling shareholders	6,887	7,651
Shareholders' equity	3,105,574	3,038,866

27) Contingent liabilities and commitments	31/3/2021	31/12/2020
Other contingent liabilities (guarantees and letters of credit)	1,340,713	1,290,784
Contingent liabilities	1,340,713	1,290,784
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	4,154,248	4,402,862
Credit risks	4,154,248	4,402,862

28) Segment report as at 31/3/2021 Core business segments in €m	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	15.3	66.2	1.3	0	82.7
Profit from entities accounted for by the equity method			23.4		23.4
Charges for losses on loans and advances	-0.6	-3.0	-2.3	0	-5.8
Net fee and commission income	22.4	26.5	0	0	48.9
Net trading income		-0.6	4.1		3.6
Administrative expenses	-24.3	-39.9	-2.9	-7.7	-74.8
Other operating income	1.3	-1.0	0.8	-19.8	-18.8
Extraordinary profit/loss	0	0	0	0	0
Profit/loss for the period before tax	14.0	48.2	24.4	-27.5	59.2
Average risk-weighted assets	1,986.1	10,758.3	5,380.6	0	18,124.9
Average allocated equity	336.6	1,823.6	912.0	0	3,072.2
RoE (return on equity before tax)	16.7%	10.6%	10.7%		7.7%
Cost/income ratio	62.5%	43.8%	9.7%		53.5%

Segment report as at 31/3/2020 Core business segments in €m	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	15.9	65.5	4.6	0	86.0
Profit from entities accounted for by the equity method			-81.7		-81.7
Charges for losses on loans and advances	-0.9	-2.7	-1.4	0	-5.0
Net fee and commission income	23.3	23.1	0	0	46.4
Net trading income		-0.1	-2.4		-2.4
Administrative expenses	-22.4	-40.5	-2.2	-7.7	-72.8
Other operating income	1.0	-0.6	-33.6	-12.3	-45.4
Extraordinary profit/loss	0	0	0	0	0
Profit/loss for the period before tax	17.0	44.7	-116.7	-20.0	-75.0
Average risk-weighted assets	1,899.1	10,513.8	5,447.5	0	17,860.4
Average allocated equity	307.5	1,702.4	882.1	0	2,892.0
RoE (return on equity before tax)	22.1%	10.5%	n.a.		n.a.
Cost/income ratio	55.6%	46.1%	n.a.		n.a.

n.a. – not indicative

29) Human resources	31/3/2021	31/12/2020
Salaried employees	2,161	2,168
Blue-collar	7	7
Total resources	2,168	2,175

30) Regulatory Capital pursuant to Part 2 of Regulation (EU) No 575/2013 - Pillar I in €k	31/3/2021	31/12/2020	31/3/2020
Subscribed capital	105,922	105,922	98,722
Capital reserves	505,523	505,523	505,523
Retained earnings	2,294,879	2,288,023	2,060,460
Minority interests	0	0	0
Cumulated other comprehensive income	74,360	64,698	64,931
Regulatory adjustment items	2,479	-9,303	-15,838
Deductions from common equity tier 1 capital items	-254,063	-249,653	-313,781
COMMON EQUITY TIER 1 CAPITAL	2,729,100	2,705,210	2,400,017
AT1 capital instruments	50,000	50,000	50,000
AT1 capital instruments purs. to national implementation rules	0	0	0
Deductions from AT1 capital items	0	0	0
Additional tier 1 capital	50,000	50,000	50,000
TIER 1 CAPITAL	2,779,100	2,755,210	2,450,017
Qualifying supplementary capital instruments	376,388	356,117	354,826
Nominal capital preference shares purs. to transition rules	0	0	7,200
AT1 capital instruments purs. to transition rules	0	0	0
Supplementary capital (tier 2) items purs. to national impl. rules	2,008	5,050	4,494
General credit risk adjustments	0	0	0
Deductions from tier 2 capital items	-17,048	-17,047	-19,196
Supplementary capital (tier 2)	361,348	344,120	347,324
OWN FUNDS	3,140,448	3,099,330	2,797,341
Total risk exposure purs. Art. 92 CRR			
Credit risk	14,465,405	14,074,381	14,356,274
Market risk, settlement risk and CVA risk	35,314	39,278	46,501
Operational risk	1,053,164	1,053,164	1,083,459
Total exposure	15,553,883	15,166,823	15,486,234
Own funds ratio purs. Art. 92			
Common equity tier 1 capital ratio	17.55%	17.84%	15.50%
Tier 1 capital ratio	17.87%	18.17%	15.82%
Total capital ratio	20.19%	20.43%	18.06%
Regulatory requirement own capital ratios pursuant to transition rules in %			
Common equity tier 1 capital ratio	7.05%	7.05%	7.14%
Tier 1 capital ratio	8.55%	8.55%	8.64%
Total capital ratio	10.55%	10.55%	10.64%
Regulatory capital requirements purs. to transition rules in €k			
Common equity tier 1 capital	1,096,549	1,069,261	1,105,717
Tier 1 capital	1,329,857	1,296,763	1,338,011
Total capital	1,640,935	1,600,100	1,647,735
Free capital components			
Common equity tier 1 capital	1,632,551	1,635,949	1,294,300
Tier 1 capital	1,449,243	1,458,447	1,112,006
Total capital	1,499,513	1,499,230	1,149,606

31) Fair value of financial instruments and other items on reconciliation as at 31/3/2021	AC	FVTPL	thereof	HFT	FVOCI	thereof equity instruments FVOCI	thereof debt instruments FVOCI	AC/ liabilities	Other	Total
Cash and balances at central banks								3,575,669		3,575,669
								3,575,669		3,575,669
Loans and advances to credit institutions								555,819		555,819
								557,465		557,465
Loans and advances to customers	14,073	72,076	33,720		38,129		38,129	17,654,478		17,778,756
	14,403	72,076	33,720		38,129		38,129	17,959,875		18,084,483
Trading assets				45,302						45,302
				45,302						45,302
Financial investments	1,435,777	519,990	268,103		442,455	344,540	97,914		922,105	3,320,327
	1,482,243	519,990	268,103		442,455	344,540	97,914			
Intangible assets									2,145	2,145
Property, plant and equipment									398,911	398,911
Other assets				133,214					116,545	249,760
				133,214						
thereof closed out derivatives in the banking book				133,214						133,214
				133,214						133,214
Total assets	1,449,850	592,065	301,823	178,517	480,584	344,540	136,044	21,785,967	1,439,707	25,926,689
	1,496,646	592,065	301,823	178,517	480,584	344,540	136,044	22,093,009		
Amounts owed to credit institutions		26,229	26,229					5,722,886		5,749,115
		26,229	26,229					5,695,060		5,721,289
Amounts owed to customers		403,186	403,186					13,182,783		13,585,969
		403,186	403,186					13,199,770		13,602,956
Securitised liabilities		866,151	866,151					1,206,023		2,072,174
		866,151	866,151					1,247,659		2,113,810
Provisions for liabilities and charges									373,612	373,612
Other liabilities				51,683					493,263	544,946
				51,683						
thereof closed out derivatives in the banking book				17,149						17,149
				17,149						17,149
Subordinated debt capital		348,590	348,590					146,709		495,299
		348,590	348,590					159,415		508,004
Capital									3,105,574	3,105,574
Total equity and liabilities	-	1,644,156	1,644,156	51,683	-	-	-	20,258,402	3,972,449	25,926,689
	-	1,644,156	1,644,156	51,683	-	-	-	20,301,903		

The first line item shows the carrying value; the line below shows the fair value of the same item.

In the first quarter of 2021, there were no reclassifications with respect to financial assets from the measurement category recognised at fair value plus or minus through other comprehensive income (FVOCI) to the measurement category at amortised cost (AC) and no reclassification from the measurement category at fair value through profit or loss (FVPL) to the category at amortised cost (AC) or at fair value plus or minus through other comprehensive income (FVOCI).

Liabilities designated at fair value through profit or loss	Cumulated changes to fair value due to a change to the own credit 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 31/3/2021	in Q1 2021	Cumulated	as at 31/3/2021
Amounts owed to credit institutions	-85	147	945	945
Amounts owed to customers	-1,036	10,779	53,408	53,408
Securitised liabilities	-2,914	14,343	23,749	23,749
Subordinated debt capital	-3,222	3,698	21,280	21,280

In the first quarter of 2021, 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
	as at 31/12/2020	in the financial year 2020	Cumulated	as at 31/12/2020
Amounts owed to credit institutions	-77	406	1,084	1,084
Amounts owed to customers	4,933	931	58,218	58,218
Securitised liabilities	3,452	-17,186	31,726	31,726
Subordinated debt capital	-139	-3,182	22,264	22,264

In the financial year 2020, there were no reclassifications of cumulated profit or loss within equity.

Assets designated at fair value through profit or loss as at 31/3/2021		Reduction due to related credit derivatives or similar instruments	Modification to fair value due to adjusted default risk		Modification to fair value of related credit derivatives or similar instruments	
	Maximum default risk		in Q1 2021	Cumulated	in Q1 2021	Cumulated
Loans and advances to customers	33,720	-	-	-	-	-
Financial investments	268,103	-	-	338	-	-

Assets designated at fair value through profit or loss as at 31/12/2020	Maximum default risk	Reduction due to related credit derivatives or similar instruments	Modification to fair value due to adjusted default risk		Modification to fair value of related credit derivatives or similar instruments	
			in the financial year 2020	Cumulated	in the financial year 2020	Cumulated
Loans and advances to customers	36,223	-	-	-	-	-
Financial investments	304,514	-	-	484	-	-

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:

	31/3/2021	31/12/2020
Loans and advances to customers FVTPL	72,076	74,678
Financial investments FVTPL	519,989	560,251
Financial investments FVOCI	344,540	329,186
Trading assets	45,302	47,434
derivatives in the banking book	133,214	153,306
Total	1,115,122	1,164,855

Fair value hierarchy of financial instruments as at 31/3/2021

	AC Carrying value	FVTPL Carrying value	HFT Carrying value	FVOCI Carrying value	AC/ Liabilities carrying value	Other carrying value	Total carrying value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial instruments carried at fair value in €k										
Loans and advances to customers		72,076		38,129			110,205		62,830	47,376
Trading assets			45,302				45,302	1,401	43,901	
Financial assets - FVPL		519,989					519,989	284,137	235,852	
Financial assets - FVOCI				442,455			442,455	213,838	4,061	224,555 ¹⁾
Other assets			133,214				133,214		133,214	
of which closed out derivatives in the banking book			133,214				133,214		133,214	
Financial assets not carried at fair value										
Loans and advances to banks					555,819		555,819		557,465	
Loans and advances to customers	14,073				17,654,478		17,668,551		14,403	17,959,875
Financial assets - AC	1,435,777						1,435,777	1,439,919	42,324	
Financial liabilities carried at fair value										
Amounts owed to credit institutions		26,229					26,229		26,229	
Amounts owed to customers		403,186					403,186		403,186	
Securitised liabilities		866,151					866,151		866,151	
Other liabilities			51,682				51,682		51,682	
of which closed out derivatives in the banking book			17,149				17,149		17,149	
Subordinated debt capital		348,590					348,590		348,590	

¹⁾ This item consists 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 of company valuation.

Fair value hierarchy of financial instruments as at 31/3/2021

	AC Carrying value	FVTPL Carrying value	HFT Carrying value	FVOCI Carrying value	AC/ Liabilities carrying value	Other carrying value	Total carrying value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Liabilities not carried at fair value										
Amounts owed to credit institutions					5,722,886		5,722,886		5,695,060	
Amounts owed to customers					13,182,783		13,182,783		13,199,770	
Securitised liabilities					1,206,023		1,206,023		1,247,659	
Other liabilities										
Subordinated debt capital					146,709		146,709		159,415	

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 period.

Measurement process

Responsibility for independent monitoring and communication of risks as well as the measurement of financial instruments lies with Strategic Risk Management 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. Moreover, model prices of derivatives are compared with the model values of the partner banks. The management is sent a daily update on risk positions and the valuation results based on the entire trading book positions. The fair value of financial instruments not carried in the trading book is measured on a quarterly basis.

Valuation methods for measuring fair values

The valuation 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 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 Reuters Market Data 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. the 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. The sustained phase of low interest rates was aggravated by the coronavirus pandemic. Central banks announced that they would be keeping key lending rates unchanged for some time to come. Interest rates on capital markets are not expected to be pushed above the normal level by higher short-lived inflationary expectations. Therefore, a higher influence of the interest rate component on financial instruments measured at fair value that can be attributed to the coronavirus pandemic is not given. An economic downswing triggered by the coronavirus pandemic and the resultant potential downgrading of credit ratings of customers affects the calculation of fair values of level 3 financial instruments. If measurements based on risk premiums were to increase by 50 bp, receivables from customers valued at fair value would decline by EUR 0.5 million (31/12/2020 EUR € 0.6 million), and if risk premiums were to increase by 100 bp, the fair values of these receivables would decline by EUR 1.1 million (31/12/2020 EUR 1.2 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 a 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	Equity investments FVOCI
Carrying value as at 1/1/2021	237,299
Additions (purchases)	0
Disposals (sales)	-12,744
Value changes recognised in equity	0
Value changes recognised in income	0
Carrying value as at 31/3/2021	224,555

The item Other comprehensive income from these instruments increased by EUR 9,000.

The remaining level 3 financial instruments measured at fair value comprise loans and advances to customers.

Movements in €k	Loans and advances to customers
Carrying value as at 1/1/2021	50,301
Transfer to level 2	0
Additions	0
Disposals	-2,567
Changes in fair value	-358
thereof disposals	-91
thereof portfolio instruments	-267
Carrying value as at 31/3/2021	47,376

There were no transfers between Level 1 and Level 2.

Major transactions with related parties as at 31/3/2021:

Associated companies	€k 0
Subsidiaries	€k 12.000
Other related parties	€k 0

STATEMENT BY THE MANAGEMENT BOARD PURSUANT TO §125 STOCK EXCHANGE ACT

The Management Board confirms that

- these condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) currently in force and published by the International Accounting Standards Board (IASB) as applicable in the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC); they furthermore present a true and fair view of the assets, liabilities, financial position and results of operations of the Oberbank Group.
- These consolidated interim financial statements cover the first quarter of 2021 (1 January 2021 to 31 March 2021) and present a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the principles of IFRS for interim financial reports.

The undersigned members of the management board in their function as legal representatives of Oberbank confirm that

- a) these condensed interim financial statements have been prepared in accordance with the relevant accounting standards and to the best of their knowledge present a true and fair view of the assets, liabilities, financial position and result of operations of the issuer and of all companies included in the group of consolidated companies;
- b) the management report presents a true and fair view of the assets, liabilities, financial position and result of operations with respect to the key events in the first quarter of the financial year and their effects on the condensed interim financial statements, with respect to the key risks and uncertainties in the remaining months of the financial year and with respect to material business transactions with related parties that must be disclosed.

Linz, 21 May 2021

The Management Board



CEO
Franz Gasselsberger
Remit
Human Resources and Accounting



Management Board Member
Josef Weißl
Remit
Personal Banking



Management Board Member
Florian Hagenauer
Remit
Overall Banking Risk Management



Management Board Member
Martin Seiter
Remit
Corporate and Business Banking

Current Management Board Remits

CEO Franz Gasselsberger	Management Board Member Josef Weißl	Management Board Member Florian Hagenauer	Management Board Member Martin Seiter
General Business Policy			
Internal Audit			
Compliance			
Business and Service Departments			
RUC (Accounts & Controlling)	PKU (Personal Banking)	KRM (Credit Management)	CIF (Corporate & International Finance)
HRA (Human Resources)	PAM (Private Banking & Asset Management)	RIS (Strategic Risk Management)	TRE (Treasury & Trade)
		OSG ²⁾ (Payment Systems and Central Production)	GFI (Global Financial Institutions)
		SEK (Corporate Secretary & Communication)	
		ORG (Organisational Development, Strategy and Process Management)	
		ZSP (Payment Systems and Central Production CEE ¹⁾ , securities settlement)	
Regional Business Divisions			
Upper Austria South	Linz South		Vienna
Linz North	Innviertel		Germany South
Germany Central	Salzburg		Slovakia
	Lower Austria		
	Czech Republic		
	Hungary		

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

2) Oberbank Service GmbH, 100% subsidiary of Oberbank

Notes

The forecasts that refer to the future development of Oberbank are estimates made on the basis of all the information available to us on the reporting data. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialise to an extent not anticipated, the actual results may vary from those currently expected. Information provided on market shares are based on the most recent data available at the copy deadline.

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 charts and tables means that the respective provision was not applicable in the relevant financial year.

Financial Calendar 2021

21 May 2021	Report for Q1 2021
26 August 2021	Report for Q1-Q2 2021
26 November 2021	Report for Q1-Q3 2021

All of the information is available online at www.oberbank.at under Investor Relations.

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