

Oberbank

**Annual Report
2023**



Martin Seiter, MBA
Member of the Management Board

Mag. Florian Hagenauer, MBA
Member of the Management Board

Mag. Isabella Lehner, MBA
Member of the Management Board

Dr. Franz Gasselsberger, MBA
CEO & Chairman of the Management Board

(from left to right)



**For us, independence and sustainability
are two sides of the same coin.
Two basic truths rooted in independent
decision-making.**



Oberbank
Not like any other bank

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Oberbank at a Glance

Key Performance Indicators

Income statement in € m	2023	2022	Change
Net interest income	596.8	406.1	47.0%
Charges for losses on loans and advances	-83.6	-41.5	> 100%
Net fee and commission income	196.1	206.9	-5.2%
Administrative expenses	-369.3	-320.3	15.3%
Profit for the year before tax	477.7	295.3	61.8%
Profit for the year after tax	382.6	243.3	57.3%

Balance sheet in €m	2023	2022	Change
Total assets	27,834.5	26,798.2	3.9%
Loans and advances to customers	20,074.3	19,192.9	4.6%
Primary funds	19,125.3	17,948.1	6.6%
thereof securitised liabilities incl. subordinated capital	3,369.2	2,886.7	16.7%
Shareholders' equity	3,863.1	3,546.9	8.9%
Customer funds under management	39,214.7	37,185.5	5.5%

Regulatory capital in € m	2023	2022	Change
Common equity tier 1 capital	3,383.3	3,126.4	8.2%
Tier 1 capital	3,433.3	3,176.4	8.1%
Own funds	3,775.9	3,501.9	7.8%
Common equity tier 1 capital ratio	18.61%	18.03 %	0.58 ppt
Tier 1 capital ratio	18.88%	18.32 %	0.56 ppt
Total capital ratio	20.77%	20.19 %	0.58 ppt

Risk indicators	2023	2022	Change
Liquidity coverage ratio	193.63%	179.78%	13.85 ppt
Net stable funding ratio	131.05%	132.27%	-1.22 ppt
Leverage ratio	11.42%	10.96%	0.46 ppt

Performance indicators	2023	2022	Change
Return on equity before tax (RoE)	12.82%	8.71 %	4.11 ppt
Return on equity after tax	10.27%	7.18%	3.09 ppt
Cost/income ratio	39.68%	48.75%	-9.07 ppt
Risk/earnings ratio (credit risk/net interest)	14.00%	10.22%	3.78 ppt

Resources	2023	2022	Change
Average number of staff (weighted) ¹⁾	2,152	2,134	18
Number of branches	178	180	-2

¹⁾ Does not include 22 employees who are seconded to 3 Banken IT GmbH to provide services.

Key Performance Indicators

Oberbank shares – key figures	2023	2022*
Number of ordinary no-par shares	70,614,600	70,614,600
High, ordinary shares in €	64.40	51.25
Low, ordinary shares in €	51.00	45.80
Close, ordinary share in €	64.40	51.25
Market capitalization in €m	4,547.6	3,619.0
IFRS earnings per share in €	5.42	3.45
Dividend per share in € ¹⁾	1.00	0.73
P/E ratio, ordinary shares	11.88	14.88

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.

*To improve comparability, shares, high, low and closing prices, IFRS earnings per share and dividend per share for 2022 were calculated in the same way as for the share split of Q3 2023 at a ratio of 1:2.

¹⁾The Management Board and Supervisory Board will propose the payout of a dividend of EUR 1.00 for the financial year 2023 to the Annual General Meeting 2024.

Letter from the Chairman of the Management Board



Dr. Franz Gasselsberger, MBA
CEO of Oberbank AG

Dear Readers, Dear Shareholders,

We live in turbulent times.

In the past three years, we have seen a rapid succession of interest rate and economic cycles, accompanied by geopolitical conflicts. Inflation and interest rate hikes were the dominant topics in the previous year. The economy contracted primarily in Austria and Germany, and above all, the industrial sector.

Despite the adverse conditions, Oberbank's earnings rose to new highs, boosting equity.

Oberbank's strong performance was also reflected in its customer business. **Lending volume** increased by EUR 881.4 million (+4.6%) to EUR 20.1 billion year on year. In **Corporate and Business Banking**, lending volume rose by 7.2% to EUR 16.2 billion. **Net interest income** improved by 47.0% to EUR 596.8 million.

Payment services were once again a reliable source of income and improved **fee and commission** income. However, decreasing commissions on loans and the sluggish investment services business in the first three quarters depressed **net fee and commission income** in 2023 by a total of 5.2% to EUR 196.1 million.

Income from earnings in investments accounted for by the equity method rose by EUR 34.8 million or 38.3% to 125.4 million, significantly helping increase net profit for the year.

Credit risk is growing, but still manageable; risk provisions were increased from EUR 41.5 million to EUR 83.6 million. **Administrative expenses** rose by 15.3% to EUR 369.3 million on account of the high collective wage agreements. These again include an allocation of EUR 20 million to the employee foundation (Mitarbeiterstiftung).

Net profit before tax for the year was EUR 477.7 million at year-end, thus 61.8% higher year on year. Income tax totalled EUR 95.1 million after EUR 52.0 million in the preceding year. Therefore, net profit for the year after tax was EUR 382.6 million, which is a gain of 57.3% or EUR 139.3 million.

Oberbank's **shareholders' equity** increased by 8.9% or EUR 316.2 million to EUR 3.9 billion year on year. This is a new all-time high and improves Oberbank's position for future challenges. At a **tier 1 capital ratio** of 18.88% and a **total capital ratio** of 20.77%, Oberbank ranks among the top performing banks in Europe. The A rating assigned by Standard & Poor's is further proof of Oberbank's risk-bearing capacity, stability and creditworthiness.

Share split as of 1 August 2023

As resolved at the Annual General Meeting, a share split was carried out at a ratio of 1:2 effective 1 August 2023. The number of shares doubled to 70,614,600 shares.

Higher dividends planned

Based on the excellent results, the Management Board and the Supervisory Board will propose to the Annual General Meeting an increase in dividends to EUR 1 per share. (Taking into account the share split, this corresponds to an increase of 38%.)

Strategic focus

Letter from the Chairman of the Management Board

Oberbank's success is no coincidence, but the result of rigorous work on our strategy. Our current strategy period ends with the close of 2024 and I am very proud that we focused on the right strategic areas of action and achieved our goals. – and this was done during a phase in which pretty much everything we knew before was turned upside down. Who could have imagined that overnight we would switch to working from home and business operations would nonetheless continue? That a European country would be invaded by its neighbour? That the long-time shortage of skilled workers would turn into a real shortage of labour?

Human resources

Although we cannot escape the problem of lack of skilled workers, we recognised the problem early on and put staffing at the top of our priority list. Human resources is a very important area and even ranks ahead of sales and regulatory issues. Our employees are the foundation of our success and the intense work has paid off.

We defined clear objectives and are making good progress. We reduced staff fluctuation to below the industry average and significantly lowered the number of unfilled positions. In 2023, we filled 96% of management positions from within the company and a record level of women in management positions with a ratio of 28%. We believe training and further education are very important and the average number of 5.33 training days per employee is much better than the industry average.

However, the most important thing is for our employees to feel happy working at our company, and this is where managers have the greatest influence. Therefore, the selection and training of our managers is extremely important and this policy pays off: 75% of our employees gave us top marks in the latest satisfaction survey. We are proud of the awards we have received commending our performance as an employer.

Last year, we went one step further and took a closer look at the (working hours) potential within the company. Fortunately, it became clear that the potential is much greater than we had expected. To motivate our part-time employees to work more hours, we collaborated with the company's employee representatives to calculate how much lifetime income and pension payments they are giving up and how they could increase their economic independence by working more hours.

Another great source of potential lies with our long-time, older and experienced employees. We do not want these high performers, culture leaders and experts to retire early. To achieve this, we need to show them attractive prospects and our utmost appreciation.

The two initiatives started out very successfully, which gives me confidence for the coming years. Still, we do not plan to rest on our laurels and human resources will play a key role in our new strategy as well.

Sustainability

The transition to a sustainable economy is a once-in-a-lifetime project that will only succeed if everyone works together: The business sector, politics and the banking industry

Our goal is to play a pioneering role in sustainability, and we are succeeding. We are proud of our prime rating – it means that we are one of the top 10 banks out of 287 rated regional banks worldwide. In 2023, the rating was upgraded to C+, which is a rating only few banks have. Oberbank's ordinary shares were included in the VÖNIX sustainability index of the Vienna Stock Exchange in June 2023.

In the course of the year 2023, Oberbank carried out a materiality assessment in accordance with ESRS (European Sustainability Reporting Standards) requirements and reorganised its sustainability reporting based on the findings. This annual report includes the integrated sustainability report and, therefore, we are complying with regulatory requirements one year earlier than stipulated.

Another milestone of our sustainability organisation is the establishment of a Sustainability Committee on the Supervisory Board and new staff for sustainability management.

In May 2023, Isabella Lehner joined the Management Board. Her remit covers topics that will be of great importance in the future: sustainability and the digital transformation. In the coming year, we will also be working intensely on the revision of our sustainability strategy and the development of new goals for the year 2030 as part of a new overall banking strategy.

Growth trend set to continue

We will continue our organic growth and plan to open more branches in Germany, which is our most important growth market. Oberbank is now present in 10 of Germany's federal states with almost 50 branches.

40 Years of independence

Oberbank will not only be celebrating its 155th anniversary in 2024, but also 40 years of independence. In 1984, my predecessor Hermann Bell led Oberbank to independence, marking the beginning of the golden age of Oberbank. Independence is not merely an end in itself, but a requirement for the successful growth of the bank, and today it is one of the banks in Europe with the best capitalisation.

Therefore, we will continue to defend our independence with all our strength.

But the best protection for our success and our independence is the trust and loyalty of our customers, shareholders and employees.

We hope you will continue to accompany us on our journey.

Linz, 5 March 2024



CEO Franz Gasselsberger

Chairman of the Management Board

Corporate Governance Report for the Group

Corporate Governance Report

Preamble

As a listed company with subsidiaries, 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 rules of the Austrian Financial Reporting and Auditing Committee (AFRAC) provide that the required reporting is limited to the information as defined in § 243c (2) Austrian Business Code for companies included in the consolidation, i.e., information on the mode of operation of the management boards and any supervisory boards, on measures to promote the underrepresented gender, and on the diversity policy in place at these companies. The information required was integrated into the appropriate sections of the Corporate Governance Report. The report complies 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 by listed companies so as to safeguard the interests of all stakeholders involved.

This objective of long-term and sustainable value adding 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 from the **Guidelines of the European Banking Authority (EBA)** on internal governance and from the rules laid down in the Austrian Code of Corporate Governance (ÖCGK).

Austrian Code of Corporate Governance / Compliance Statement

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 Oberbank's website at www.oberbank.at and serves as valuable guidance for developing internal mechanisms and rules. The Supervisory Board of Oberbank issued its first compliance statement at its meeting of 26 November 2007.

Ever since, the respective current version of the Austrian Code of Corporate Governance has been applied by implementing the relevant rules or giving explanations for any departures from the rules; this is also reviewed and confirmed at the first meeting of the Supervisory Board of the year in March.

Due to the updates to the ÖCGK 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 are published in the remuneration report on the remuneration of members of the Management and Supervisory Boards.

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

The Austrian Code of Corporate Governance requires companies to state the reasons for any non-compliance with the so-called C Rules (comply or explain) clearly, precisely and comprehensively (ÖCFK 2023, Annex 2b). Oberbank ensured compliance with the Code by giving explanations on the following non-compliance with the rules:

Rule 45 C: Owing to the historically evolved shareholder structure of Oberbank, the members of the Supervisory Board include representatives appointed by the Annual General Meeting from among the largest

Corporate Governance Report

single shareholders. Since these shareholders 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	Websites
Austrian Code of Corporate Governance	www.corporate-governance.at
Oberbank AG Share	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 on 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 clear 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 implementation of the individual projects and their success in compliance with the Articles of Association and the Internal Rules of Procedure. The Management Board

Corporate Governance Report

regularly reports to the Supervisory Board, thus ensuring a comprehensive flow of information. Management board functions, directorships, and where applicable, supervisory board functions in fully consolidated companies (see Chapter Consolidated Financial Statements, note 41) are in many cases filled by current or former members of the Oberbank Management Board or by employees of Oberbank.

Regular reports on the development of business in the operational subsidiaries are submitted to the Management Board. These subsidiaries are also covered by the Group rules on money laundering and compliance.

Members of the Management Board

Apart from the month of May, in which the Management Board of Oberbank consisted of five members for a short period of time due to personnel changes, the Management Board was made up of four members in the reporting year.

	Year of birth	Initial appointment	End of period of office
Franz Gasselsberger	1959	28 April 1998	12 May 2027
Florian Hagenauer	1963	1 December 2009	30 November 2029
Martin Seiter	1985	1 October 2020	30 September 2028
Isabella Lehner	1986	1 May 2023	1 May 2026
Josef Weißl	1959	1 May 2005	31 May 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 operations in Salzburg, he completed the MBA program 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, 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 functions and other 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

Oberbank complies with all upper limits to board functions pursuant to the ÖCGK, Stock Corporation Act and the Banking Act.

Florian Hagenauer, Management Board Member

After graduating from the University of Vienna with a degree in International Commerce and Business Administration, he started his career at Oberbank in 1987. As from 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, taking over the function 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 functions and other functions in non-Group Austrian and international companies:

Vice Chairman of the Supervisory Board of Wüstenrot Wohnungswirtschaft registrierte Genossenschaft mit beschränkter Haftung (until 31 December 2023)

Member of the Supervisory Board of Energie AG Oberösterreich

Chairman of the Supervisory Board of VA Intertrading Aktiengesellschaft

Member of the University Council of the University of Art and Design Linz (since 16 March 2023)

Functions in companies included in the consolidated financial statements:

Chairman of the Supervisory Board of 3 Banken Wohnbaubank AG

Advisory Council member of 3 Banken IT GmbH

Chairman of the Advisory Board of Oberbank Service GmbH

Oberbank complies with all upper limits to board functions pursuant to the Austrian Code of Corporate Governance, Stock Corporation Act and the Banking Act.

Martin Seiter, Management Board Member

Martin Seiter, MBA, has been with Oberbank since 2006. After completing the Oberbank Ausbildungsakademie (Training Academy), he worked initially as a retail customer advisor at the Gmunden Salzkammergut Branch at the time, and in 2011 took over as head of the Gmunden Rathausplatz Branch. He worked in further positions in Sales and at the Salzburg Regional Division, as Head of the Salzkammergut Regional Division, and as joint manager of the OÖ-Süd (Upper Austria South) Regional Division created by the combination of the Salzkammergut and Wels Regional Divisions. Martin Seiter was general authorised signatory (Gesamtprokurist) at the Head Office, and worked as Deputy Head of Retail Banking from December 2017 until December 2018. From 2018 to 2020, he completed an MBA course at the LIMAK Business School, graduating with a Master's Degree in Business Administration (MBA). In 2020, the Supervisory Board appointed him to the Management Board of Oberbank AG.

Supervisory board functions and other 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

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Oberbank complies with all upper limits to board functions pursuant to the Austrian Code of Corporate Governance, Stock Corporation Act and the Banking Act.

Isabella Lehner, Management Board Member

Isabella Lehner studied economics at the Johannes Kepler University Linz. After completing her studies, she joined Oberbank in 2011 and worked in the central Secretariat and Communications department in Advertising, PR and New Media. After some five years, she took over as head of Online Marketing & Digital Media. In this position, she significantly expanded and defined Oberbank's online presence. In 2020, she became deputy head of the Head Office Retail Banking unit. In 2022, she assumed the position of deputy head of Strategic Organisational Development, Digitalisation & IT. While working in her management role, she completed a Management MBA in New Business Development in the Digital Economy at the LIMAK Austrian Business School. Effective 1 May 2023, the Supervisory Board appointed her to the Management Board of Oberbank AG.

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

None

Functions in companies included in the consolidated financial statements:

None

Oberbank complies with all upper limits to board functions pursuant to the Austrian Code of Corporate Governance, Stock Corporation Act and the Banking Act.

Management Board Member Josef Weißl

The generational change on the Management Board of Oberbank continued with Josef Weißl resigning from the Board at his own request effective 31 May 2023. Josef Weißl looks back at 40 years of outstanding service at Oberbank, 15 of them in a management function for the bank's Salzburg Regional Division, and since 2005, as a member of the Management Board.

Supervisory board functions and other 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 GmbH & Co.KG (until 31 December 2023)

Member of the Supervisory Board of LBAUSPARERHEIM Gemeinnützige Siedlungsgemeinschaft reg. Gen. m.b.H.

Functions in companies included in the consolidated financial statements:

None

Oberbank complies with all upper limits to board functions pursuant to the ÖCGK, Stock Corporation Act and the Banking Act.

Mode of operation of the Management Board

In its work, the Management Board has the obligation to uphold the interests of the company in order to optimally achieve the sustainable value creation set out as a goal in the corporate strategy for the benefit of all involved stakeholders. The mode of operation of the Management Board is defined by the legal framework

Corporate Governance Report

and the Articles of Association, in addition to the areas of competence defined 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 in the remits 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 no later than at its next meeting, unless approval is mandatory anyway 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 report to the Management Board within the scope of extensive internal reporting duties.

Current Management Board Remits

CEO	Management Board	Management Board Member	Management Board Member
Franz Gasselsberger	Member	Director Florian Hagenauer	Isabella Lehner
Market	Market	Back office	Back office
General Business Policy			
Internal Audit			
Compliance			
Business and Service Departments			
CIF (Corporate & International Finance)	GFI (Global Financial Institutions)	BSR (Bank Supervisory Reporting)	ORG (Organisational Development, Strategy and Process Management)
HRA (Human Resources)	PAM (Private Banking & Asset Management)	ISK (Real Estate, Safety & Security and Cost)	ZSP (Central Services and Production)
RUC (Accounts & Controlling)	PKU (Retail Banking)	KRM (Credit Management)	Oberbank Service GmbH ¹
	TRE (Treasury & Trade)	RIS (Strategic Risk Management)	3 Banken IT GmbH ²
	Oberbank Leasing GmbH ¹	SEK (Secretariat & Communication)	
Regional Divisions			
Linz North	Linz South	Back Office Austria	
Innviertel	Salzburg	Back Office Germany	
Lower Austria & Burgenland	Vienna	Back Office Czech Republic	
Upper Austria South	Germany Southwest	Back Office Hungary	
Germany Central	Germany South	Back Office Slovakia	
Czech Republic	Slovakia		
	Hungary		

1) 100% subsidiary of Oberbank

2) 40% investee of Oberbank AG

Mode of operation of the Supervisory Board

Members of the Supervisory Board

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

	Year of birth / Initial appointment / End of period of office
Presidency:	
Andreas König Member of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft	1960 / 11 May 2021 / AGM 2026
Martin Zahlbruckner, Vice Chairman	1966 / 18 May 2016 / AGM 2028
Shareholder representatives:	
Hannes Bogner 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	1959 / 20 May 2020 / AGM 2027
Gerhard Burtscher Member of the Supervisory Board of BKS Bank AG	1967 / 18 May 2016 / AGM 2026
Alina CERNY	1983 / 17 May 2022 / AGM 2028
Barbara Leitl-Staudinger	1974 / 13 May 2014 / AGM 2027
Franz Peter Mitterbauer:	1975 / 20 May 2020 / AGM 2025
Gregor Pilgram	1973 / 17 May 2022 / AGM 2027
Stefan Pierer Member of the Supervisory Board of SHW AG Member of the Supervisory Board of Mercedes-Benz Group AG	1956 / 17 May 2022 / AGM 2024
Herta Stockbauer Member of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft	1960 / 13 May 2014 / AGM 2024

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

Elfriede Höchtel, first delegated: 22 May 2007; Oberbank Wels

Sven Zeiss first delegated: 1 January 2019; Oberbank Salzburg Regional Division

State Commissioners:

Angelika Schlögel, State Commissioner, appointed effective 1 August 2017; reappointed effective 1 August 2022

Jutta Raunig, Deputy State Commissioner appointed effective 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 these criteria 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 senior management staff of the company or one of its subsidiaries in the past three years. A previous management board position 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 position.
- 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 lacking independence. 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.
- The 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.

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- 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 or a person 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 declarations. Furthermore, with the exception of Herta Stockbauer (BKS Bank AG), Gerhard Burtscher (Bank für Tirol und Vorarlberg AG) and 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 ÖCGK, 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 jeopardize the bank's independence.

In addition to the independence criteria in the meaning of the ÖCGK (Austrian Code of Corporate Governance), the Banking Act also specifies more restrictive criteria in some cases for shareholder representatives on the Supervisory Board and on certain committees of the Supervisory Board. The plenary 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 information provided on each of the committees. The plenary Supervisory Board has been fully compliant with this provision in the reporting year since it entered into force. The collective suitability of the entire board is evaluated annually and was also confirmed in the reporting year.

Mode of operation of the Supervisory Board

Since the Annual General Meeting of 20 May 2020 the Supervisory Board has consisted of ten elected shareholder representatives and five representatives delegated by the Works Council.

The Supervisory Board held four regular meetings in the financial year 2023 at which it performed its control functions (see also Report of the Supervisory Board).

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; reviews the single-entity and consolidated financial statements; monitors the independence of the auditors of the financial statements; defines Annual General Meeting agenda items regarding the election of the auditor and the election of new Supervisory Board members; discusses and decides jointly with the Management Board on the joint proposals for resolutions for all other items of the agenda; checks whether the remuneration policy conforms to the law and is being complied with; defines the remuneration principles for Management Board members; draws up a coherent and easy-to-understand remuneration report together with the Management Board; and is responsible for the appointment and removal of Management Board members and for many other matters. The individual fit & proper evaluations of the members of the Management Board and of the Supervisory Board as well as the collective suitability of the plenary Supervisory Board and its Committees

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are conducted on the basis of the bank's Fit & Proper Policy. This evaluation was conducted in the reporting year at the meetings of the Nominations Committee held in January and March 2023 and the meeting of the plenary Supervisory Board held in March 2023.

Apart from looking at the individual members of the Supervisory Board in terms of expert knowledge and personal qualification, independence and any potential conflicts of interest, the fit & proper evaluation also assesses the collective suitability of the plenary Supervisory Board and all of its Committees in terms of composition, age and diversity. The strict rules of the Austrian Banking Act are complied with. A policy on how to deal with potential conflicts of interest has been defined. At its meeting of 22 March 2023, the Supervisory Board also re-evaluated the suitability of the members of the Nominations Committee and confirmed their eligibility under the fit & proper rules.

Relying on the extensive materials available and with the help of a preparatory questionnaire, the Supervisory Board also self-evaluated its activities pursuant to the C Rule 36 of Austrian Code of Corporate Governance (ÖCGK) at the same meeting.

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

In the 2023 reporting year, the Supervisory Board approved one transaction requiring approval pursuant to § 95 (5) 12 Austrian Stock Corporation Act (AktG). KISKA GmbH, in which Supervisory Board member Stefan Pierer holds a major interest, was commissioned to provide services as part of the BRAND BOOST 2023 project to refine the "Oberbank" brand and design the bank branch of the future. The costs were EUR 418,680.00 including VAT.

In the 2022 financial year, the Supervisory Board approved fit & proper training courses for the Management Board, Supervisory Board and key employees to be held by Supervisory Board member Alina Czerny (apc Wirtschaftsprüfung & Steuerberatung) with a budget of up to EUR 15,000 including VAT per year. In fact, the fee charged for this in the reporting year was EUR 4,320 including VAT.

Committees set up by the Supervisory Board

To accomplish its many tasks, the Supervisory Board establishes a certain number of committees that include the relevant experts from the Supervisory Board for the topics specified by law, the Articles of Association or the Internal 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, and in the reporting year, a new Sustainability Committee. The members of these committees are selected by the plenary Supervisory Board from among the shareholder representatives and are supplemented by the required number of members from the 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 committee (Legal Committee) dedicated to dealing with the legal issues in connection with this legal dispute.

The Audit Committee, the Risk Committee, the Remuneration Committee, the Sustainability Committee and the Legal Committee each consist of four shareholder representatives; the Credit Committee, the Working Committee and the Nominations Committee are each made up of three shareholder representatives. Worker representatives are represented on the committees in accordance with legal provisions.

Audit Committee

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

- Monitoring the accounting process, presenting recommendations and proposals to guarantee its reliability;
- Monitoring the effectiveness of the bank's internal control system, the internal audit 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) no. 12 Auditor Supervisory Act (APAG);
- Reviewing and monitoring the independence of the auditor (auditor of the consolidated financial statements), especially with respect to the additional services provided to the company being audited; Article 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 played by the Audit Committee in this context;
- The audit of the financial statements and the preparations for their approval, examination of the proposal for the distribution of profits, the management report and, if applicable, the corporate governance report, as well as reporting the audit findings to Supervisory Board;
- If applicable, the audit of the consolidated financial statements and Group management report and the consolidated corporate governance report, and reporting the audit findings to Supervisory Board;
- Carrying out the procedure for the selection of the auditor for the single-entity/consolidated financial statements, taking into consideration the appropriateness of the fee, and recommending the auditor to be appointed by the Supervisory Board for the audit of the single-entity/consolidated financial statements pursuant to Article 16 Regulation (EU) No 537/2014.

The Audit Committee met twice in the reporting year. The two meetings were held in the presence of the auditor and the State Commissioner and/or the Deputy State Commissioner.

The auditor presented the findings of the audit conducted in accordance with the audit engagement as defined in the audit contract regarding the economic position (single-entity and consolidated financial statements) and the risk situation of the bank to the Management Board and also to the chairperson of the Supervisory Board. The chairperson 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 meeting.

The Audit Committee decided to propose to the Supervisory Board that the audit engagement of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, be renewed as auditor of the single-entity and consolidated financial statements for the 2024 financial year.

In accordance with Rule 83 of the Austrian Code of Corporate Governance, the bank auditor was also tasked with reviewing the functioning of the risk management system in the reporting year.

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.

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Members: Gerhard Burtscher (Chair), Alina Czerny, Andreas König, Martin Zahlbruckner, Wolfgang Pischinger, Susanne Braun

Gerhard Burtscher is a committee member who has specialist knowledge and practical experience in banking finance and accounting and reporting (financial expert). All members 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 is authorised to take decisions on certain matters which, while reserved for the Supervisory Board, fall neither under the exclusive authority of the plenary meeting of the Supervisory Board nor under the authority of the Credit Committee. These include, in particular, 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 precisely specified in the Rules of Procedure of the Management Board and the Supervisory Board, as well as decisions in urgent matters. In accordance with the applicable provisions of the Articles of Association as well as of the Internal Rules of Procedure of the Supervisory Board, the Working Committee exercises its decision-making powers in urgent matters requiring prompt decisions by passing resolutions in writing, and, in addition to the reports written in preparation of such decisions, it also has the right to request information from the Management Board by telephone.

In the reporting year, the Working Committee approved seven time-critical resolutions. 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 written resolution due to the urgency of the matter.

Members: Barbara Leitl-Staudinger (Chair), Gerhard Burtscher, Alina Czerny, Wolfgang Pischinger, Susanne Braun

Credit Committee

The Credit Committee is not a committee required by law.

Approval of the Credit Committee is required for any investment within the meaning of Article 112 Regulation (EU) 575/2013 (CRR) provided the volume exceeds the amount specified in the Internal Rules of Procedure for the Management Board, as well as for the executing of transactions with members of a governing body within the meaning of § 28 Banking Act, but only with regard to transactions not covered by the relevant annual framework resolution of the Supervisory Board. Large exposures in the meaning of Article 392 CRR must be presented to the Supervisory Board and the Credit Committee for a decision.

In accordance with the applicable provisions of the Articles of Association as well as the Internal Rules of Procedure of the Supervisory Board, the Credit Committee exercises its decision-making powers in urgent matters requiring prompt decisions by passing resolutions in writing, and, in addition to the reports written in preparation of such decisions, it also has the right to request information from the Management Board by telephone. In 2023, the Credit Committee approved 57 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.

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Members: Herta Stockbauer (Chair), Gerhard Burtscher, Alina Czerny, Wolfgang Pischinger, Susanne Braun

Risk Committee

The Risk Committee must deal with the following matters pursuant to § 39d Banking Act:

- Advising the Management Board with respect to the 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) nos 1 to 14, capital adequacy and 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, checking 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, the Committee, in compliance with the Banking Act, held one meeting in the presence of the staff member responsible for the independent risk management function within Oberbank and the State Commissioner; at this meeting, the Committee dealt in detail with the risk strategy of Oberbank and other matters required by law.

At its next meeting, the plenary Supervisory Board was informed in detail of the results.

Members: Alina Czerny, Hannes Bogner, Herta Stockbauer, Martin Zahlbruckner, Wolfgang Pischinger, Susanne Braun

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

Nominations Committee

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

- Its tasks include finding candidates to fill 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, providing support to the Supervisory Board in preparing proposals for the Annual General Meeting for appointments to vacant positions on the Supervisory Board;
- Considering, within the scope of its tasks pursuant to 1 and 2, the differences in knowledge, skills and experience of all the members of the respective board with a view to achieving balanced representation, preparing job profiles that include a description of the tasks applicants are expected to perform, and stating the time requirements for the job;
- Defining, within the scope of its tasks pursuant to 1 and 2, a target ratio for the underrepresented gender on the Management Board and the Supervisory Board as well as developing a strategy to achieve this

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target; the target ratio, strategy and progress achieved are to be published pursuant to Article 435(2)(c) of Regulation (EU) No 575/2013;

- Ensuring, within the scope of its tasks pursuant to 1 and 2, 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 governing bodies in a manner contrary to the interests of the bank;
- Evaluating at regular intervals, but 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 the Supervisory Board, and, if necessary, presenting proposals for changes to the Supervisory Board;
- Conducting at regular intervals, but in any case at least yearly, an assessment 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 governing body in its entirety and report its findings to the Supervisory Board;
- Reviewing the policy of the Management Board with respect to the selection of senior management staff and assisting the Supervisory Board in preparing recommendations for the Management Board.

Among other things, the Nominations Committee controls – unless the matter is the remit of the Remuneration Committee – the relations between the company and the members of the Management Board, submits proposals on appointments to Management Board and Supervisory Board positions (vacancies) and takes care of addressing succession planning issues.

At its regular meeting in March 2023, the Nominations Committee evaluated existing job descriptions and candidate profiles for members of the Management Board and Supervisory Board as well as the diversity policy and discussed the process and the objectives of strategic succession planning in detail. Apart from assessing 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 governing body in its entirety, this meeting also reviewed and assessed the formal independence of the members of the Supervisory Board as well as the existence of any potential material conflicts of interest at Management Board and Supervisory Board level.

At this meeting, the Nominations Committee also submitted a proposal for a resolution at the Annual General Meeting 2023 for filling vacancies on the Supervisory Board, which was unanimously approved at the subsequent Supervisory Board meeting.

Three extraordinary Nominations Committee meetings were held to evaluate and prepare the personnel changes in the Management Board and the prolongation of the terms of office of Management Board members in the reporting year. The Nominations Committee acknowledged the early resignation of Josef Weißl and, after completing a structured appointment process, submitted a proposal to the plenary Supervisory Board to appoint Isabella Lehner as a member of the Management Board for a period of three years as of 1 May 2023, and to prematurely prolong the terms of office of Martin Seiter and Florian Hagenauer by five years in each case.

Members: Barbara Leitl-Staudinger (Chairwoman), Andreas König, Herta Stockbauer, Wolfgang Pischinger (since 16 May 2023)

There are no separate independence criteria defined in the Austrian Banking Act for the Nominations Committee.

Remuneration Committee

The Nominations Committee performs the tasks assigned to it by law (§ 39c Austrian Banking Act). These tasks include all remuneration-related resolutions to be passed by the Supervisory Board, including those concerning risk and risk management, as well as the monitoring of the remuneration policy, remuneration practices and remuneration-related incentive structures.

In accordance with the new provisions of the Stock Corporation Act §§ 78a to 78e and 98a derived from the Shareholder Rights Directive regarding the remuneration policy for the Management Board and the Supervisory Board, the Remuneration Committee must define principles for the remuneration of Management Board and Supervisory Board members based on the relevant banking legislation and to prepare, jointly with the Management Board, a clear-cut and easy-to-understand remuneration report on its implementation. The current remuneration policy and remuneration report are published on Oberbank's website (<https://www.oberbank.at/kennzahlen-berichte>).

Additionally, in accordance with § 39b Austrian Banking Act and the Annex to § 39b, the Remuneration Committee must also define the principles of the remuneration policy and practices applicable to the remuneration of employees below the Management Board level that have a material impact on the bank's risk profile and also review their practical implementation annually.

At its regular meeting in March and at the extraordinary meeting in November 2023, the Remuneration Committee monitored the remuneration policy, the practices applied and the remuneration-related incentives pursuant to § 39b Austrian Banking Act the Annex to § 39b.

Based on the documented long-term objectives, the Committee dealt in detail with the variable components of Management Board member remuneration for the financial year 2022. The variable remuneration components for the individual members of the Management Board for the financial year 2022 were determined based on the remuneration policy and presented in a remuneration report drafted in clear and easy-to-understand language in accordance with the AFRAC recommendations, submitted to the Annual General Meeting 2023 and published. Moreover, the specific metrics for the assessment of the variable component of Management Board remuneration and their respective weighting were evaluated, and specific targets and target corridors for such metrics were defined to apply to the Management Board's remuneration in 2024.

Furthermore, the Remuneration Committee used the policy for the internal identification of so-called risk-takers to evaluate whether a risk for a sound remuneration policy as defined in the EBA Guidelines can be identified in respect of certain employees.

In view of changes in Management Board composition and the prolongation of the terms of office of some Management Board members, the Committee also discussed the content of the employment contracts with the members of the Management Board.

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

The Chairman is supported by three long-time managers with many years of experience in remuneration policy. All members of the Committee meet the criteria of the EBA Guidelines.

Legal Committee

The Legal Committee is not a committee required by law.

Given the lawsuit filed against Oberbank by the largest single shareholder after the Annual General Meeting 2019, which contests the resolution passed by the Annual General Meeting to reduce the number of shareholder representatives on the Supervisory Board from twelve to eleven, the Supervisory Board, at its meeting of 17 September 2019, set up a special committee designated to deal with this legal dispute with UniCredit Bank Austria and all related pending proceedings, which includes retaining the services of external service providers (in particular, legal counsel), ensuring external representation of the bank by the Supervisory Board, making any statements required of the Supervisory Board in court proceedings or proceedings before public authorities as well as to taking decisions in these matters (decision-making authority) unless it is mandatory for the plenary Supervisory Board itself to take such decisions.

This became necessary because confidential information from the Supervisory Board was passed on to the lawyers of the shareholder filing the lawsuit. The step was taken to prevent further violations of the conflicts of interest policy of Oberbank's Supervisory Board.

Another reason for setting up this Committee is that, in such proceedings, the company is represented by the Management Board and the Supervisory Board, which may in some circumstances require swift decisions to be taken by written resolution, a procedure that might take too long if the plenary Supervisory Board were involved in its entirety. This Committee was designed to be as compact as possible to enable quick responses and is composed of independent, experienced members of the Supervisory Board with expert legal knowledge. The Legal Committee met five times in 2023 in the presence of the State Commissioners and kept itself informed of the status of all ongoing legal proceedings.

Members: Andreas König (Chairman), Barbara Leitl-Staudinger, ⁱⁿ Herta Stockbauer, Martin Zahlbruckner, Wolfgang Pischinger, Susanne Braun

Sustainability Committee

The Sustainability Committee, which is not required by law, was newly established in 2023 and meets once a year.

The Committee is responsible for supporting the Supervisory Board with monitoring the implementation and development of the sustainability strategy. The Sustainability Committee is responsible for maintaining oversight of the topic of sustainability and, above all, for designing and developing the sustainability strategy jointly with the Management Board. The Committee does not have any decision-making powers within the meaning of § 74 (4) Austrian Banking Act.

At its first meeting in November 2023, the Committee discussed the topics relating to Oberbank's sustainability strategy in detail.

Members: Martin Zahlbruckner (Chairman), Hannes Bogner, Alina Czerny, Gregor Pilgram, Wolfgang Pischinger, Susanne Braun

Measures for promoting women (§ 243c (2) 2 Austrian Business Code); diversity policy (§ 243c (2a) Austrian Business Code)

At a share of 58.15% of women in all of its workforce, the Oberbank Group is in an excellent situation to advance the development of women for executive positions.

Management positions below Board level

As at 31 December 2023, the Oberbank Group (including Oberbank Service GmbH) employed 138 women in managerial positions (up to and including team leader level); this corresponds to a share of 28% (2022: 131 women or 27.2%). In 2018, the project “Chance 2030, Gender Balance – Next Generation” was implemented with support from external advisors. Implementation started in 2019. In this project, a detailed survey of all departments was conducted for the first time to ascertain which management positions will have to be filled with successors by 2030.

By defining an internal 50% women’s ratio for new appointments and successors, 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 goal is supported by a bundle of policy measures regarding recruiting, leave of absence and personnel development as well as internal and external communication. We continued our certification as a family-friendly company under the “berufundfamilie” programme, which 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 will continue to be conducted by TÜV SÜD Landesgesellschaft Österreich GmbH. Following re-evaluation, this government quality certificate was renewed for further three-year period in each 2014, 2017 and 2020. The recertification process was launched again in 2023 and is currently underway. In the autumn of 2021, “Kinkis Nest”, a childcare facility for small children, was opened at the Oberbank Head Office in Linz to help female employees working at this location to return to work as soon as possible after maternity leave.

Target ratios and implementation strategy

The Management Board and the Supervisory Board of Oberbank have developed a diversity policy that includes measures to promote women. These measures are subject to evaluation at regular intervals.

Status as at 31/12/2023:

Governing body	Number of women	Number of men	Minority ratio
Management Board	1	3	25%
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

Currently, three members of the Management Board (governing body) are men and one member is a woman. In the past few years, recruiting from the ranks of higher in-house 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. The aforementioned project “Chance 2030, Gender Balance – Next Generation” supports this goal.

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The target of the Nominations Committee as defined in the project “Chance 2030, Gender Balance – Next Generation” is 25% (for a 4-person Board) and 33% (for a 3-person Board) respectively. The Management Board presently meets this target. With a view to specifically developing executive staff for a Management Board position and also to filling openings on the Management Board through outside recruiting in some instances, the Nominations Committee has prepared job descriptions and candidate profiles for board members responsible for sales and back office matters. These may also serve as guidance for potential candidates from within the bank. Giving priority to female candidates when qualifications are equal, a principle defined in the recruiting process, also applies here.

Supervisory Board (shareholder representatives)

When filling expiring positions, the chairperson of the Supervisory Board and the Nominations Committee of Oberbank always strive to find qualified women to fill vacant positions on the Supervisory Board. Statutory provisions stipulate that supervisory boards should feature a share of at least 30% of the respective underrepresented gender; at a share of three out of ten shareholder representatives, Oberbank complies with these rules.

Supervisory Board (employee representatives)

As at 31 December 2023, the employee representatives included three women and two men. Therefore, the ratio mandated by law, which stipulates that women and men must each be represented on the Supervisory Board with at least 30% was complied with as at 31 December 2023, both with respect to the full Supervisory Board and with respect to shareholder representatives and employee representatives taken separately.

Diversity

The Management Board of Oberbank currently consists of one female and three male Austrian citizens. Two 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, i.e. Corporate and Business Banking and Retail Banking respectively. Two further members of the Management Board are in charge of all back office matters and the relevant departments. The Supervisory Board consists of three female shareholder representatives and seven male shareholder representatives. All are top specialists in their fields, thus ensuring a broad diversification on the Board (banks, insurance, industry, academia). In accordance with the strategic goal of preserving the independence of Oberbank, there is no political influence on the Supervisory Board.

With respect to the age of Supervisory Board members, we would like to underline that while Oberbank highly appreciates the fact that Supervisory Board members have many years of professional experience, which ensures high quality supervision, several elections and appointments of both shareholder and employee representatives in the past years have resulted in younger members joining the Supervisory Board without detracting from quality. Bearing in mind the responsibility of serving on the Board, the Works Council also refrains from delegating unexperienced colleagues to the Supervisory Board. Most shareholder representatives have 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. These 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.

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Evaluation of Compliance with the C Rules pursuant to Rule 62 ÖCGK (Austrian Code of Corporate Governance)

In accordance with C Rule 62 of the Austrian Code of Corporate Governance (ÖCGK), which states that compliance with the C Rules must be evaluated externally at least every three years, the Supervisory Board assigned Deloitte the task of evaluating Oberbank AG's compliance with the C Rules of the ÖCGK in accordance with C Rule 62 ÖCGK on the basis of the Corporate Governance Report for the financial year 2022, and to assess if the compliance statement of 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

- Review of the explanations of departures from the C Rules of ÖCGK as part of the Corporate Governance Report of the company for the financial year 2022, and examination of compliance with the requirements of ÖCGK 2021. The review and examination were conducted on the basis of the questionnaire published by the Austrian Working Group for Corporate Governance.
- Interviews of persons responsible
- Checking random samples of relevant documents and records as well as the information provided on the website (<http://www.oberbank.at>) with regard to corporate governance

Audit findings

Based on these audit activities, Deloitte did not gain knowledge of any matters that would lead it to believe that the reporting of the company in the (consolidated) Corporate Governance Report fails to present a true view of the implementation and compliance with the relevant rules of ÖCGK.

As Deloitte also served as auditor of the financial statements for the financial year 2022, the audit engagement did not include a review of compliance with C Rules 77 to 83 of ÖCGK.

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The next audit will be conducted in the financial year 2026.

Linz, 5 March 2024

Management Board



CEO
Franz Gasselsberger
Management Board Remits
Accounting and Human Resources



Management Board Member
Martin Seiter
Management Board Remits
Corporate and Business
Banking



Management Board Member
Florian Hagenauer
Management Board Remits
Group-wide Risk Management



Management Board
Isabella Lehner
Management Board Remits
Organisational Development

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 who are committed to preserving the independence of Oberbank. It is not possible for individual shareholders of Oberbank AG to exercise direct or indirect control on their own. 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's ordinary shares 2023

Oberbank's ordinary shares performed strongly in 2023, posting a rise of 25.66%. Including dividends, the share's performance was 27.22%. Market capitalisation of Oberbank AG was EUR 4,548 million at year-end 2023 compared to EUR 3,619 million year on year.

Oberbank' shares – key figures	2023	2022*
Number of ordinary no-par shares	70,614,600	70,614,600
High, ordinary shares in €	64.40	51.25
Low, ordinary shares in €	51.00	45.80
Close, ordinary shares in €	64.40	51.25
Market capitalisation in €m	4,547.58	3,619.00
IFRS earnings per share in €	5.42	3.45
Dividend per share in ¹⁾	1.00	0.73
P/E ratio, ordinary shares	11.88	14.88

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.

*To improve comparability, shares, high, low and closing prices, IFRS earnings per share and dividend per share for 2022 were calculated in the same way as for the share split of Q3 2023 at a ratio of 1:2.

¹⁾The Management Board and the Supervisory Board will propose the payout of a dividend of EUR 1.00 for the financial year 2023 to the Annual General Meeting 2024.

Steadily rising value

Oberbank's 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's shares in 1986 and participated in all capital increases have earned an average yield of 9.42% per year taking into account dividend distributions (before withholding tax). Earnings per share increased from EUR 3.45 (split-adjusted) to EUR 5.42 in 2023. Based on the shares' closing price, the price/earnings ratio (PER) for ordinary shares is 11.88. At the 144th Annual General Meeting on 13 May 2024, a proposal will be made for the distribution of a dividend of EUR 1.00 per eligible share, which is an increase of EUR 0.275 (split-adjusted) year on year.

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

Standard & Poor's did not change the rating in 2023 either. The institution's rating remained at a very good A (the outlook was even raised from negative to stable in March) and the highest rating of AAA (with a stable outlook) was also confirmed for the mortgage cover pool. This once again highlights the stability of Oberbank.

Shareholders of Oberbank as at 31/12/2023	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, Vienna	1.62%
Employees	4.69%
CABO Beteiligungsgesellschaft m. b. H., Vienna	23.76%
UniCredit Bank Austria AG, Vienna	3.41%
Free float	35.33%

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

** Beteiligungsverwaltung Gesellschaft m.b.H. (BVG) holds a stake of 0.58% in Oberbank AG.

The share capital of Oberbank is divided into 70,614,600 ordinary registered shares, which are listed on the Vienna Stock Exchange under ISIN AT0000625108. The largest single shareholder is CABO Beteiligungsgesellschaft m.b.H., a 100% subsidiary of UniCredit Bank Austria. The free float (35.33% of Oberbank ordinary shares) is held by corporate investors, institutional investors and private shareholders.

143rd Annual General Meeting of Oberbank on 16 May 2023 / resolutions passed

AGENDA

ITEM 2 Resolution on the use of the net profit for the financial year 2022
YES: 30,620,430 votes; NO: 0 votes; ABSTENTIONS: 219,395 votes

AGENDA

ITEM 3 Resolution on the approval of the activities of the Management Board for the financial year 2022
Gasselsberger: YES: 21,020,623 votes; NO: 9,594,407 votes; ABSTENTIONS: 108,173 votes
Weißl: YES: 21,020,369 votes; NO: 9,594,407 votes; ABSTENTIONS: 108,427 votes
Hagenauer: YES: 21,020,369 votes; NO: 9,594,407 votes; ABSTENTIONS: 108,427 votes
Seiter: YES: 21,013,069 votes; NO: 9,594,407 votes; ABSTENTIONS: 115,727 votes

AGENDA

ITEM 4 Resolution on the approval of the activities of the members of the Supervisory Board for the 2022 financial year
König: YES: 20,987,326 votes; NO: 9,595,174 votes; ABSTENTIONS: 140,865 votes
Zahlbruckner: YES: 30,582,684 votes; NO: 0 votes; ABSTENTIONS: 141,119 votes
Bogner: YES: 30,582,174 votes; NO: 68 votes; ABSTENTIONS: 141,119 votes
Burtscher: YES: 20,949,036 votes; NO: 9,594,946 votes; ABSTENTIONS: 141,119 votes
Koren: YES: 30,477,043 votes; NO: 0 votes; ABSTENTIONS: 143,796 votes
Leu: YES: 30,479,684 votes; NO: 0 votes; ABSTENTIONS: 141,119 votes
Leitl-Staudinger YES: 30,479,684 votes; NO: 0 votes; ABSTENTIONS: 141,119 votes
Franz Peter Mitterbauer: YES: 30,477,117 votes; NO: 0 Votes; ABSTENTIONS: 143,796 votes
Steger: YES: 30,544,766 votes; NO: 0 votes; ABSTENTIONS: 141,119 votes
Stockbauer: YES: 20,934,393 votes; NO: 9597623 votes; ABSTENTIONS: 153,869 votes

Pierer: YES: 30,473,764 votes; NO: 0 votes; ABSTENTIONS: 147,149 votes
Czerny: YES: 30,480,420 votes; NO: 0 votes; ABSTENTIONS: 140,419 votes
Pilgram: YES: 30,479,794 votes; NO: 0 votes; ABSTENTIONS: 141,119 votes
Pischinger: YES: 20,935,482 votes; NO: 9,594,407 votes; ABSTENTIONS: 156,296 votes
Braun: YES: 30,531,423 votes; NO: 0 votes; ABSTENTIONS: 156,546 votes
Grabner: YES: 30,531,123 votes; NO: 0 votes; ABSTENTIONS: 156,546 votes
Höchtel: YES: 30,531,223 votes; NO: 0 votes; ABSTENTIONS: 156,546 votes
Zeiss: YES: 30,532,063 votes; NO: 0 votes; ABSTENTIONS: 155,706 votes

AGENDA

ITEM 5 Supervisory Board elections

Item 5a: Czerny election

YES: 30,580,416 votes; NO: 18,035 votes; ABSTENTIONS: 270,902 votes

Item 5b Zahlbruckner election

YES: 30,569,520 votes; NO: 18,035 votes; ABSTENTIONS: 271,598 votes

AGENDA

ITEM 6 Appointment of the bank auditor for the financial year 2024

YES: 30,643,501 votes; NO: 10,371 votes; ABSTENTIONS: 205,281 votes

AGENDA

ITEM 7 Election of the bank auditor for the Regional Division Slovakia for the financial year 2023

YES: 30,624,961 votes; NO: 10,371 votes; ABSTENTIONS: 224,027 votes

AGENDA

ITEM 8 Resolution on the remuneration report

YES: 20,926,452 votes; NO: 10,689 votes; ABSTENTIONS: 9,921,907 votes

AGENDA

ITEM 9 Resolution on the remuneration policy

YES: 20,920,364 votes; NO: 10,247 votes; ABSTENTIONS: 9,927,093 votes

AGENDA

ITEM 10 Resolution on the remuneration for the members of the Sustainability Committee for the financial year 2023 and subsequent financial years

YES: 30,517,796 votes; NO: 11,318 Votes; ABSTENTIONS: 329,135 votes

AGENDA

ITEM 11 Resolution on share split at a ratio of 1:2, with the number of shares being increased to 70,614,600 and each no-par value share representing EUR 1.50 of the share capital as well as regarding the relevant amendment to the Articles of Association in § 4 (1).

YES: 30,536,160 votes; NO: 6,899 votes; ABSTENTIONS: 314,995 votes

AGENDA

ITEM 12 Resolution on the amendment of § 4 (2), (3) and (4) and § 8 of the Articles of Association

YES: 30,467,881 votes; NO: 3,040 votes; ABSTENTIONS: 387,733 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 calls on shareholders to seek direct contact with the members of the Management Board and the Supervisory Board. Potentially price-sensitive events are published by Oberbank on the euro ad hoc platform under the heading “Insiderinformationen”.

Investor Relations:

Beatrix Putz
 Phone: +43 732 78 02 ext. 37247
 beatrix.putz@oberbank.at
 www.oberbank.at

Financial calendar 2024

Publication of the 2023 Annual Report	3 April 2024
Publication of the 2023 Financial Statements	3 April 2024
Date of record for 144th Annual General Meeting 2024	3 May 2024
144th Annual General Meeting of Oberbank AG’s shareholders	13 May 2024
Ex dividend day – dividend for financial year 2023	16 May 2024
Date of record – dividend for financial year 2023	17 May 2024
Dividend payout date – dividend for financial year 2023	21 May 2024

Publication of quarterly reports

Q1	13 May 2024
HY1	22 August 2024
Q1 to Q3	22 November 2024

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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 published by Oberbank on the euro ad hoc platform under the heading “Insiderinformationen”. In the financial year 2023, Oberbank published four such disclosures.

Linz, 5 March 2024

Management Board



CEO
Franz Gasselsberger
Management Board Remits
Accounting and Human Resources



Management Board Member
Martin Seiter
Management Board Remit
Corporate and Business
Banking



Management Board Member
Florian Hagenauer
Management Board Remit
Group-wide Risk Management



Management Board
Isabella Lehner
Management Board Remit
Organisational Development

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 breaches of supervisory regulations by Management Board and 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 Austrian Banking Act).

Activities in the compliance function under the Banking Act are 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 new regulations and to facilitate processing by the competent expert departments.

The compliance unit (Austrian Banking Act) looked at 480 standards during the reporting period and processed these a total of 1,332 times. 217 data records were classified as applicable by the competent departments, and based on a materiality assessment, 11 were presented in the monthly progress report to the Management Board. The implementation of six of these materiality standards was completed in 2023.

Directors' dealings

Persons discharging managerial responsibilities, as well as persons closely associated with them, shall notify the issuer and the FMA in respect of issuers, of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto (Article 19 (1) Market Abuse Regulation (MAR)). The issuer shall subsequently make the report public pursuant to Article 19 (3) MAR. Oberbank AG published 29 such reports through the "euro adhoc" system in 2023.

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 detecting instances of malversation in exchange trading, in particular, market manipulation and insider dealings, and violations of the duty of due diligence in connection with investment services. Oberbank employees are obliged to comply with the compliance policy issued pursuant to 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 this policy. The training courses include mandatory annual web-based training as well as regular in-person and online courses on current topics and for various target groups being held as needed.

Starting out from an evaluation of the 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 implemented and the results reported to the responsible expert departments and to the Management Board.

In the year 2023, Oberbank did not report any suspicious securities orders or transactions (Suspicious Activity Report) to the Financial Market Authority (FMA) on the grounds of market abuse.

Compliance

Anti-money laundering compliance

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

Among other things, these include conducting automatic and manual audits of customer data and transactions, the ascertainment and checking of economic beneficiaries according to the relevant provisions of the Austrian Beneficial Owners Register Act (WiEReG), checking and updating customer data within the meaning of know-your-customer principle, checking the PEP and sanctions status as well as providing service-oriented advice and training to Oberbank employees.

Priorities for the year 2023 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 and customer-oriented design and digitalisation of workflows and processes. Special attention was given to the current status and integrity of the data of existing customers, which was also the subject of special monitoring and reporting. Regular further education and training of all employees is ensured by in-person training courses as well as target-group-specific and modular web-based training courses.

Close cooperation between the international branches and subsidiaries, on the one hand, and the head office 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 accordance 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 then are carefully analysed. Only after a positive outcome of a review are the transactions released. In the financial year 2023, 96,311 transactions were flagged as suspicious by the IT tool. Of these, 19,461 transactions required confirmed approval by the customers. In the financial year 2023, Oberbank prevented 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. Since 2023, a special anti-corruption policy was approved at the plenary meeting of the Management Board. This policy provides a clearly structured compilation of the bank's anti-corruption rules and regulations applicable to date. This policy 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. The current geopolitical global situation and the increased sanctions requirements triggered, for example, by Russia's war on Ukraine war have increased the importance of restrictive measures and sanctions. In the past two years alone, the European Union imposed numerous and in some cases very far-reaching sanctions as a response to Russia's war on Ukraine.

As a Head Office unit, the Sanctions team is jointly responsible with the local compliance officers in our international markets for Group-wide compliance with sanctions. To ensure a uniform security standard and the efficiency of business transactions for Oberbank's customers, every transaction with a connection to a

Compliance

sanctioned country and the countries used to by-pass the sanctions are closely scrutinised, and a screening for natural persons and legal entities on the sanctions lists is conducted regularly. This makes it possible to process payment services transactions with these countries within the framework of sanctions regulations.

Group Management Report

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Sustainability and Non-financial Performance Indicators

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Economy under pressure

After years of vigorous economic growth, moderation returned in 2023. Although there was some economic growth throughout the euro area, in Germany and Austria the trend was slow. The two countries went into recession, granted not very severe. No support came from international export markets. The war in Ukraine and the steeply rising interest rates were the main factors behind this development. Energy prices and declining inflation rates were unable to offset the negative effects.

Inflation in Europe on downtrend

After the surge in inflation in 2022, it declined steeply in the preceding year. Inflation dropped by two-thirds over the course of the year. The harmonised consumer price index fell from 9.2% in December 2022 to 2.9% in December 2023. The decrease in energy prices had a positive effect and food prices also dropped substantially. Although the decline in inflation in the euro area is very satisfactory, a closer look at the individual countries reveals a strong imbalance. Inflation levels ranged from 0.5% to over 6% (December 2023). Germany ranked in mid-field, while Austria remained at the top of the list of countries with high inflation rates in the euro area. Outside the euro area, Hungary stood out in Europe and although inflation showed a declining tendency, the average inflation rate there was still above 17% in 2023.

Year of interest rate hikes

Following the four rate hikes of 2022, the European Central Bank (ECB) stepped up the pace in 2023 with a further six hikes. The aim was to combat inflation. The key lending rate went up from 2.5% to 4.5%. After a very long period of low interest rates, the ECB therefore raised interest rates over a period of 18 months to a level reached or surpassed only once since the year 2000. The repeated hikes were successful in lowering the inflation rate in the euro area, thus bringing the ECB a bit closer to its objective of price stability. The collateral damage – a weak economy – was accepted. Around the end of the year, there were some initial signs that this brief – but hefty – phase of interest rate hikes was coming to an end.

The US Federal Reserve also tightened interest rates sharply in 2023 and raised the key lending rate in four steps from 4.5% to 5.5%. The last hike was carried out at the beginning of the third quarter of 2023. Apart from the inflation trend, the central bank also monitored general economic developments in the United States. The ECB's interest rate policy worked and brought inflation under control. At the same time, the US economy proved surprisingly robust despite rising interest rates. The labour market did not see any major dips, and consumer sentiment also improved by the end of the year after some major fluctuations during the year.

And yet more rate cuts...

Following the steps of the major central banks – Fed, ECB – interest rates in Europe were lowered again in 2023. In Hungary, for example, the Magyar Nemzeti Bank (MNB) lowered the key lending rate for the first time in September, from 13% to 10.75% shortly before the end of the year. Poland also started in September and has since reduced interest rates by a total of 1%.

Group Management Report

Economic Environment

The Czech Republic also made a first interest rate cut before the end of the year and lowered the interest rate by 0.25%.

Movement in EUR/USD

Driven by the interest rate discussions, there were larger movements in the US dollar versus the euro in 2023. However, at around 7% between the high and low, they still fell short of the 15% seen in 2022. Interest rate expectations were similar in both the euro area and the US – albeit with a time lag and differing intensities. The EUR/USD reached its high of over 1.12 in mid-year and its low of 1.05 just ten weeks later in October 2023. The discussions as to whether interest rates in the US had peaked and would subsequently start declining again caused the US dollar to depreciate versus the euro in the fourth quarter.

2023: Rollercoaster ride on stock and bond markets

Supply chain problems, labour shortages, inflation, central bank policy, major bankruptcies and new global crisis spots are just a few of the major problems of 2023. The problems in the past financial year contributed to extremely volatile markets. Bank failures such as Silicon Valley Bank and Credit Suisse were the primary cause of the first massive risk-off movement in the spring. In the summer months, additional negative factors for stock markets were the more restrictive bias of central banks and, in the fall, the conflict in the Middle East.

Moreover, interest rates on bond markets rose – usually a burden for stock markets – to levels not seen in a long time due to central bank policy and inflationary expectations. The 3-month Euribor rose from 2.162% to 4.002%, thus rising to the highest level since 2008. In the autumn, the 10-year annual interest rate rose to its highest level since 2011 at 3.518%.

Nonetheless, it is well known that capital markets are always forward-looking, and so it was primarily hopes of a swift reversal of interest rates that helped stock markets on both sides of the Atlantic to new all-time highs and resulted in corrections on bond markets.

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 accepted accounting standards replace the consolidated financial statements under Austrian law pursuant to § 59a Banking Act and § 245a Business Code. The Group management report was prepared in accordance with international financial reporting standards.

Oberbank group of consolidated companies

Besides Oberbank AG, the group of consolidated companies in 2023 included 30 Austrian and 15 foreign subsidiaries. Compared to 31 December 2022, the group of consolidated companies changed as follows:

- The establishment of Oberbank LKR Immobilienleasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The establishment of Oberbank Logistik Immobilienleasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The establishment of Oberbank Jerich Immobilienleasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The sale of Oberbank MLC-Pernau Immobilienleasing GmbH, Linz reduced receivables from customers by €k 4,126, no change in other assets and lowered other liabilities by €k 3.
- The sale of Oberbank Immobilie-Bergheim Leasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The sale of Oberbank Immobilienleasing GmbH Bayern Co KG, Goldkronach, Neuötting, did not change receivables from customers, reduced other assets by €k11 and other liabilities by €k 2.

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

18 subsidiaries and 11 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 consolidated financial statements for the full year. Material transactions and changes to the composition of the Leasing sub-group in Q4 were taken into account.

Segmentation

In terms of customer segmentation, the reporting breaks down into Corporate and Business Banking, Retail Banking, Financial Markets and Other. As regards the regional segmentation, the 178 branch branches of Oberbank are distributed as follows: Austria (94 branches), Germany (45), Czech Republic (21), Hungary (14) and Slovakia (4).

Details regarding business and earnings developments in the customer segments and in the geographic regions are presented in the chapters “Segment Report” and “Consolidated Financial Statements” of this Annual Report.

Income statement in € m	2023	2022	Change
Net interest income	596.8	406.1	47.0%
Charges for losses on loans and advances	-83.6	-41.5	> 100.0
Net fee and commission income	196.1	206.9	-5.2%
Administrative expenses	-369.3	-320.3	15.3%
Profit for the year before tax	477.7	295.3	61.8%
Profit for the year after tax	382.6	243.3	57.3%

New record earnings, boost to shareholders' equity

Oberbank's strong performance was also seen in its customer business. Credit volumes increased by EUR 881.4 million (+4.6%) to EUR 20.1 billion year on year. In Corporate and Business Banking, the lending volume increased by 7.2% to EUR 16.2 billion. Net interest income improved by 47.0% to EUR 596.8 million. Payment services were once again a reliable source of income and boosted fee and commission income. However, decreasing commissions on loans and a sluggish securities business in the first three quarters lowered net fee and commission income in 2023 by a total of 5.2% to EUR 196.1 million.

The contribution to earnings from investments accounted for using the equity method went up by EUR 34.8 million (+38.3%) to 125.4 million, making a significant contribution to the rise in net profit for the year.

Credit risk rose in 2023, but is still manageable. The allocation to risk provisions was raised from EUR 41.5 million to EUR 83.6 million. Administrative expenses rose by 15.3% to EUR 369.3 million on account of the high collective wage agreements. These include an allocation of EUR 20 million to the employee foundation (Mitarbeiterstiftung).

Net profit for the year up again

Net profit for the year before tax was EUR 477.7 million at the end of the year, up 61.8% year on year. Income tax totalled EUR 95.1 million after EUR 52.0 million in the preceding year. Therefore, net profit after tax was EUR 382.6 million, which corresponds to a gain of EUR 139.3 million or 57.3%.

Oberbank's shareholders' equity increased again by 8.9% or EUR 316.2 million to EUR 3.9 billion year on year. This is a new all-time high and improves Oberbank's position for any future challenges. At a tier 1 capital ratio of 18.88% and a total capital ratio of 20.77%, Oberbank ranks among the top performing banks in Europe. The A rating assigned 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 2023 financial year of Oberbank AG was EUR 236.2 million. After the allocation of EUR 165.6 million to reserves and including the profit brought forward of EUR 0.2 million, the net profit available for distribution amounted to EUR 70.8 million. Subject to approval by the Annual General Meeting, the Management Board proposes to distribute a dividend of EUR 1.00 per eligible share. At 70,614,600 ordinary shares, this results in a distribution amount of EUR 70.6 million. The Management Board also proposes to carry the remainder of EUR 196,036.30 forward to new account.

Group Management Report

Business Development and Economic Situation

Balance sheet in €m	2023	2022	Change
Total assets	27,834.5	26,798.2	3.9%
Loans and advances to customers	20,074.3	19,192.9	4.6%
Primary funds	19,125.3	17,948.1	6.6%
thereof savings deposits	1,429.5	2,167.2	-34.0%
thereof securitised liabilities incl. subordinated debt capital	3,369.2	2,886.7	16.7%
Shareholders' equity	3,863.1	3,546.9	8.9%
Customer funds under management	39,214.7	37,185.5	5.5%

Assets, earnings and financial position

Consolidated total assets increased by EUR 1,036.3 million (+3.9%) to EUR 27,834.5 million compared to 31 December 2022. The change was due mainly to cash reserves and receivables from customers.

Balance sheet – assets

The cash reserve increased by EUR 549.0 million from EUR 2,287.3 million to EUR 2,836.3 million.

Loans and advances to banks decreased by EUR 239.7 million (-22.7%) to EUR 817.6 million.

Compared to the close of the preceding year, loans and advances to customers rose by 4.6% from EUR 881.4 million to EUR 20,074.3 million.

The decrease in financial assets by EUR 96.5 million (-2.6%) to EUR 3,557.0 million is due primarily to the decline in fixed-interest securities. The decline was by EUR 232.3 million (-11.6%) from EUR 1,995.1 million to EUR 1,762.8 million.

Shares and other variable-yield securities increased by EUR 6.3 million (+2.4%) from EUR 262 million to EUR 268.3 million.

Shares in affiliated companies increased by EUR 2.4 million (+2.7%) from EUR 88.1 million to EUR 90.5 million. Investments accounted for using the equity method increased by EUR 94.8 million (+8.6%) from EUR 1,099.6 million to EUR 1,194.5 million. Other equity investments increased by EUR 32.2 million (+15.4%) from EUR 208.7 million to EUR 240.9 million.

Balance sheet – equity and liabilities

Primary deposits were up again, rising from EUR 17,948.1 million to EUR 19,125.3 million.

Amounts owed to credit institutions decreased by EUR 402.3 million (-9.0%) to EUR 4,046.4 million.

Amounts owed to customers rose by EUR 694.8 million (+4.6%) to EUR 15,756.1 million, while securitised liabilities increased by EUR 435.1 million (+18.1%) to EUR 2,842.1 million and subordinated capital increased by EUR 47.3 million (+9.9%) to EUR 527.1 million.

At EUR 308.1 million, provisions were EUR 11.5 million lower than on 31 December 2022.

Shareholders' equity rose by EUR 316.2 million (+8.9%) to EUR 3,863.1 million.

Group Management Report

Business Development and Economic Situation

Regulatory capital in € m	2023	2022	Change
Common equity tier 1 capital	3,383.3	3,126.4	8.2%
Tier 1 capital	3,433.3	3,176.4	8.1%
Own funds	3,775.9	3,501.9	7.8%
Common equity tier 1 capital ratio	18.61%	18.03%	0.58 ppt
Tier 1 capital ratio	18.88%	18.32%	0.56 ppt
Total capital ratio	20.77%	20.19%	0.58ppt

The common equity tier 1 capital ratio increased by 0.58 percentage points year on year from 18.03% to 18.61%. Eligible common equity tier 1 capital increased by 8.2%.

The common equity tier 1 capital ratio rose by 0.56 percentage points year on year from 18.32% to 18.88%. The total capital ratio increased year on year by 0.58 percentage points from 20.19% to 20.77%.

Performance indicators	2023	2022	Change
Return on equity before tax ¹⁾	12.82%	8.71%	4.11 ppt
Return on equity after tax ¹⁾	10.27%	7.18%	3.09 ppt
Cost/income ratio ²⁾	39.68%	48.75%	-9.07 ppt
Risk/earnings ratio (credit risk/net interest income) ³⁾	14.00%	10.22%	3.78 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 the 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 shares 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 (securities trading).

For the purpose of securities trading, Oberbank acquired 185,817 of its own ordinary shares, which corresponds to 0.26% or EUR 278,725.50 of the share capital, at an average price of EUR 59.67, compared to the sale of 284,123 own ordinary shares at an average price of EUR 57.84. All of the relevant information relates to values after the share split. The proceeds from the sale were allocated to working capital.

Group Management Report

Business Development and Economic Situation

For information on the purchase and sale of ordinary shares under the share buyback programme 2023, please refer to Note 32.

Thus, on the balance sheet date, Oberbank held a total of 1,996 ordinary own shares, representing 0.003% or EUR 2,994.00 of the share capital. The highest level in the course of the year 2023 was recorded on 2 January 2023 at 166,886 shares, which is 0.24% or EUR 250,329.00 of the share capital.

Research and development

Oberbank develops individual financial services for the finance and investment 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.

At the end of December 2019, UniCredit demanded that an extraordinary general shareholder's meeting of Oberbank be convened, which took place 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 G3B Holding AG) were not approved. 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.

UniCredit filed actions for annulment of these resolutions with the Linz Regional Court (Landesgericht Linz). These proceedings for annulment were paused until preliminary matters under takeover law are clarified with final legal effect.

UniCredit filed a petition for a special audit with the courts with respect to 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 was rejected by the Linz Regional Court in parts, with final legal effect, and with respect to the remaining matters, the proceedings were paused until the pending civil-law proceedings regarding the action for annulment of the decisions adopted by the Annual General Meeting 2020 are resolved.

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 requirement under the Takeover Act to offer to buy the remaining shares (mandatory offer obligation). As a member of the syndicate with BTV and BKS, Oberbank is directly affected by these proceedings. 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 and had thus triggered a mandatory offer obligation. The Takeover Commission rejected all of UniCredit's applications at the beginning of November 2023. UniCredit has lodged appeals against these decisions, on which the Vienna Court of Appeals (Oberlandesgericht Wien) has yet to rule.

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As soon as these appeal proceedings have been decided with final legal effect, the Linz Regional Court will have to resume the two paused proceedings regarding the annulment of resolutions of the extraordinary Annual General Meeting 2020 and the ordinary Annual General Meeting 2020 as well as the proceedings for the appointment of a special auditor by the court.

At the end of June 2021, UniCredit filed new legal actions for an injunction and for a declaratory judgment with the Linz Regional Court. The purpose of these filings was to obtain a decision stating, 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 G3B Holding AG for the capital increases of 3 Banken, that these were null and void, and to order the Management Board to refrain in future from making such payments or allocating, within the scope of capital increases, shares to shareholders that have mutual holdings with Oberbank. UniCredit also brought similar actions against BKS and BTV, with Oberbank joining these actions as a third party intervenor.

In the proceedings brought against BTV, this action was dismissed on all counts in all stages of appeal, including by the Supreme Court (Oberster Gerichtshof). In view of this legally binding settlement of the key disputes in favour of the 3Banken, UniCredit has withdrawn the parallel lawsuits against Oberbank and BKS, waiving its claims. After a careful review, the Management Board of Oberbank does not expect any relevant effects on the balance sheet from the proceedings that are still pending.

At the Annual General Meeting on 16 May 2023, UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft mbH claimed that Oberbank should be entitled to claim damages from its former Management Board members because Oberbank had spent around EUR 3 million in 2022 to safeguard the BTV syndicate and to protect BVT from a takeover by UniCredit. Exercising their minority rights pursuant to § 134 Austrian Stock Corporation Act (AktG), UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft mbH requested the appointment of a special representative; this special representative has meanwhile initiated the proceedings as requested. The Management Board remains firm in its conviction that in safeguarding the BTV syndicate it acted with due care and in the best interests of Oberbank.

Significant events since the end of the financial year

See Consolidated Financial Statements 2023 Note 2.10.

Earnings outlook for the financial year 2024

Trends for the 2024 financial year are viewed with cautious optimism. The excellent result in 2023 was driven by the substantial widening of interest rate spreads; these are set to decline again in 2024, which will make it hard to stabilise results. Still, the expected interest rate cuts should have a positive effect on businesses' propensity to invest, and thereby on demand for loans. This also applies to private home loans, where the high level of wage settlements and declining inflation are providing additional support.

Human resources remains the greatest challenge and Oberbank will continue to focus on this topic also after 2024. Therefore, we will continue our intense efforts in the area of human resources. This topic will also play an important role for the next strategy process. The two major transformations of our time – sustainability and digitalisation – are increasingly being considered jointly and developed together.

Oberbank will continue to pursue its policy of organic growth in 2024 and believes in the stability of its operating business. However, Oberbank's annual result for 2024 will also be significantly influenced by the development of credit risk and our equity investment portfolio, as well as by market trends, therefore, a precise outlook is not possible from today's perspective.

Group Management Report

Risk Management and Internal Control System

Knowingly assuming risks is a key element of the banking business and a prerequisite for maintaining a stable business and earnings development within the Oberbank Group over the long term. Oberbank has responsibility for defining and implementing the Group's central risk management strategy as well as for risk management and risk controlling for the entire Oberbank Group. Oberbank's risk strategy is based on 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, the planning of strategic targets, and operational management and controlling. Central responsibility for risk management lies with the full Management Board of Oberbank AG. For each material risk within the Oberbank Group there are defined remits for management and control processes as well as economic capital allocated to specific risks (limits) or defined management processes. The group-wide risk management process is the responsibility of the Bank's Asset/Liability Management Committee (ALM Committee), which meets once a month and reviews the relevant materials prepared for it by the Strategic Risk Management department. 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 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. 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 unit is also involved in preparing the risk strategy.

Internal control system

Oberbank'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. 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, Oberbank's Internal Audit department audits the internal control system. It examines the effectiveness and adequacy of the ICS and reviews compliance with policies.

The ICS control mechanisms with respect to the accounting process are described in the following section based on the COSO Framework (disclosure pursuant to § 243a (2) Austrian Business Code).

Bookkeeping, accounting and related processes are the responsibility of the Accounts 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 key processes are checked when the

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financial statements are prepared and the related risks are identified, analysed and monitored. If necessary, measures are taken to mitigate these 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. Apart from the Supervisory Board, the Management Board and Internal Audit, all employees are involved in Oberbank's internal control system. Responsibilities and accountabilities are clearly defined for the ICS in general, and therefore, also in relation to accounting. 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 training is 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 policies in place to assist employees in their daily work; these are reviewed at least once a year and updated as necessary.

Risk assessment

Oberbank has always considered risk assessment, i.e. the identification and analysis of risks, a high priority. Only businesses that know their specific risks are able to respond appropriately. The ICS makes it possible to manage the most important risks based on metrics and a standardised assessment process, with the resulting coordinated treatment of risks.

At Oberbank AG, risks are identified, assessed and documented by the person responsible for the process as part of process documentation. The process, including the risks identified, is submitted annually to the person responsible for the process for review and updating.

Control activity

The organisational and operational structure as well as control measures for the accounting process are described in various internal documents. To cover the risks identified in the accounting process, the controls implemented have to be verifiable, i.e. the contents are documented in the respective systems and provide a structured overview.

A key element in the implementation of the internal control system at Oberbank is the dual control principle as well as checks integrated in the IT applications. Another essential aspect is verifiable evidence, which can also be presented to third parties to prove that the controls were applied and all process steps were complied with.

Information and communication

Making information about the ICS available and communicating with the relevant contact persons has high priority at Oberbank. Every year, the Supervisory Board and the Audit Committee receive an ICS status report. Additionally, regular series of *jour fixe* meetings are held, on the one hand, at the management level (management board and department heads), and on the other, with the Risk and Control Officer. Furthermore, an overall ICS status report is published once a year at Oberbank on an annual basis.

Monitoring

Heads of department and the competent group leaders are responsible for monitoring processes. The entire monitoring process is audited by Internal Audit. An additional surveillance function is exercised by the auditors of the consolidated financial statements and by the Audit Committee.

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The monitoring of financial reporting processes is also ensured by the ICS.

Oberbank's ICS monitoring activities are supported by effectiveness tests, which are carried out at least once a year for key controls (= controls of particular importance based on a list of defined criteria) and on an ad hoc basis for selected other checks.

Group-wide risk management process

At Oberbank AG, the regulatory requirements for qualitative risk management arising from the Internal Capital Adequacy Assessment Process (ICAAP) and the ILAAP (Internal Liquidity Adequacy Assessment Process) are 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, ICAAP risk limits are derived for all material banking risks, specifically credit risk (within which loss exposure, counterparty default risk, foreign currency loan risk, migration risk, credit valuation adjustments risk (CVA risk), country risk and credit risk concentrations are quantified), market risk in the trading book, market risk in the banking book, liquidity risk and operational risks. In accordance with the recommendations of the FMA in the *Guide for Managing 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 controls material risks by means of processes and individual limits applied within the context of operational risk management.

The normative perspective method ensures that Oberbank complies with all regulatory and supervisory capital limits over the next three years also in adverse scenarios.

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 retail and corporate customers is the most important risk component within the Oberbank Group. The management of credit risk 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.

The bank's credit risk strategy is based on the regionality principle (i.e. domicile of borrowers is 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 the Corporate Banking business, a proprietary rating system based on statistical methods is used for such assessments. The same is true for the rating of existing business in Retail Banking as well as for application ratings in Retail Banking 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

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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 separate from sales throughout the Oberbank Group. In Austria and Germany, it 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 the value of equity investments becoming impaired by dividends not paid out, partial write-offs and losses realised on disposal as well as a reduction of undisclosed reserves triggered by the risk of a negative business 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 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 the 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 departments, 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.

Operational risk

Operational risks are an intrinsic 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

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within their respective spheres of responsibility. An electronic reporting 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 a quantification of potential operational risks, as well as by evaluating loss events as recorded in a special database and by monitoring 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 ensured operationally by 3 Banken IT GmbH, which has been charged with implementation.

The risk from money laundering and terrorist financing, which is also included in 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.

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 to be able to do so. 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 deposits of special banks handling subsidised 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 daily forward liquidity gap analysis for the next 30 days, including assumptions for new business, that represents the net cash inflows and outflows as well as the accumulated forward liquidity gap of the bank. 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. 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 recommendations of the FMA in the Guide for Managing Sustainability Risks, the special topics of sustainability risk in risk management and quantification are covered under primary risks.

Oberbank's Strategy 2025: Focus on employees

A key factor for Oberbank's sustainable 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 our employees for the period until 2025. Values such as trust, competence, passion and community create the framework for our HR work.

The Employee Experience programme not only offers four channels for employee feedback, but also included a second employee survey conducted in 2023. The result confirms that Oberbank is on the right path. The measures developed and implemented together with our employees on the basis of the first survey had a positive effect and survey response rate, top score and commitment index all increased significantly. Employees were happy to engage through the various channels – last year there were over 400 responses via the feedback button implemented on website pages.

Opportunities for managerial staff to share their experiences and the use of the management-by-objectives method contributed to our success. As part of the Human Resources Day 2023, the full Management Board and all division and department heads came together to develop the objectives for 2024. Priority topics were the mobilisation of in-house resources among part-time and older employees, as well as a clear focus on staff members with high potential. Independent career paths have been developed for potentials aiming to fill either management positions or pursue specialist careers. Offers to part-time employees to increase the weekly hours they work, development options for older employees and the new programme for high potentials and specialist careers were also key issues addressed at the annual MbO meetings with employees.

The benefits of part-time employees increasing the weekly hours they work was also communicated at a major event organised by the Management Board, the Works Council and the trade union to which all part-time employees from Austria and Germany were invited. Almost 500 part-time employees accepted the invitation and attended the event to learn what Oberbank has to offer in terms of flexibility, development opportunities and financial incentives. The Works Council and the trade union explained the substantial financial disadvantages of part-time work in terms of lifetime earnings. The motto of the event was "Every hour counts".

Oberbank as an attractive employer

Oberbank is perceived as a very attractive employer. This is highlighted not only by the many positive reviews on kununu, but also by a referral rate of 91%. Oberbank belongs to the exclusive group of 5% of companies that have been awarded the title "Top Company".



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Human Resources

Apart from the designation Top Company, Oberbank also received the "Leading Employer" seal of approval in 2023. According to an independently conducted meta-study, Oberbank ranks among the top 1% of employers out of 40,000 companies in Austria. The study covers employers and analyses the topics of employee satisfaction, working conditions, values, job security, leadership, image and sustainability. 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 (recertified 2020 "auditberufundfamilie") make Oberbank a strong employer brand. The appeal of Oberbank as an employer is highlighted by the average employment period of around 13.2 years, despite the bank's strong expansion in the past years, which entails a substantial number of employment contracts having been entered only recently.

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" in 2021. 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.



Recruiting and training

To continue to attract the best salespersons and specialists, Oberbank uses several recruiting channels and also relies strongly on referral management to fill positions, just as it does with customer referrals. 90 new employees were recruited not only via the digital AHOI tool, but also based on direct referrals by Oberbank employees. This corresponds to a share of 25.60% of total recruitment in 2023.

A constantly changing framework requires life-long learning and a high-quality hybrid programme for further education and training that includes digital and in-person unit. Therefore, in 2023 we focused on enlarging the range of web-based courses, online live training courses, web events, training videos, e-books and e-testing. We offer our in-house certification series for Retail Banking and Corporate and Business Banking also as blended learning formats or online-only formats, without any loss in quality. Furthermore, our sales staff benefit from regular on-site training at the branches. The number of training days increased from 5.16 in 2022 to 5.33 days per employee in 2023. Around EUR 2.2 million were invested in training courses in 2023. A large share of the increase versus 2022 was due to the training focus on sustainability and leadership development.

General Banking

The development and implementation of the General Banking Academy marked the start of one of the largest recruitment and training campaigns in Oberbank's history. In line with the requirements of potential and current employees, the role profiles in retail banking were completely overhauled. Oberbank's promise to employees is a clear commitment to offering high-quality training to help attendees achieve their best performance as quickly as possible. This puts all employees in a position to provide advisory services efficiently from day one. In 2023 was the first year in which the Academy offered courses throughout the entire year. The feedback from attendees and management staff was excellent, and the goals defined were achieved.

Employee Participation Foundation

Making it possible for employees to participate in profits is one of our promises as an employer. To deliver on this promise, the company relies on performance-linked pay and on its own Employee Participation Foundation. Since 2018, this has made it possible for employees to participate in Oberbank's success. The Employee Participation Foundation (Mitarbeiterbeteiligungsstiftung) was endowed by Oberbank for the sixth time in 2023. As in the preceding year, the Foundation transferred around EUR 10 million in the form of own shares to employees. Full-time employees, irrespective of their function, received shares in an amount equivalent to EUR 4,500, while part-time employees received a prorated share.

Succession planning and management

In 2023, we filled at least 96% of management positions from within our own ranks. This secures our vision of independence as well as Oberbank's business model. Given the enormous significance of HR work in the Strategy 2025, the annual MbO meeting held with each employee has gained even more importance. Management by Objectives (MbO) is an expression of the work and leadership culture at the bank, and the objectives are based on Oberbank's values. The MbO meeting has a clear focus on development, leadership and agreements on targets. In cooperation with LIMAK Austrian Business School, Oberbank's Management Academy provides training in the defined management standards and in the necessary skills. The Academy also relies on a blended learning format. With hands-on support from both the Management Board and the Head of HR, the Academy is able to communicate to attendees in a transparent and clear-cut manner what Oberbank's values are and what Oberbank expects from its management staff. At the same time, the Academy is a forum for feedback on what issues are currently at the top of the agenda among managers.

"Chance 2030, Gender Balance - Next Generation" is a first step towards greater diversity

Launched in 2019, the project "Chance 2030 – Gender Balance - Next Generation" is a first step towards greater diversity and aims to achieve gender balance in management. The project not only provides key support for successfully managing the upcoming generational change by filling management positions from within our own ranks, but also raises Oberbank's attractiveness as an employer. By rigorously pursuing our strategy in internal recruiting, the development of high potential employees and the management of leaves of absence, we managed to increase the ratio of women in management positions to 28% in 2023. Oberbank is on a solid path to achieving the long-term goal of a 40% ratio of women in management positions by 2030.

"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, which is based on three pillars – physical activity, nutrition and mental fitness – has been substantially adapted and further developed to take the aspect of sustainability into account.

Many employees from all of Oberbank's countries take part in this health scheme. Additionally, health ambassadors are promoting the project in all divisions and Head Office departments. This is just one of the measures initiated by Oberbank that helped it earn recertification under the "Betriebliche Gesundheitsförderung" quality seal. The health ratio, which has always been at a very high level, came to 96.71% in 2023.

Since February 2023, employees in all countries have been offered to participate in an Employee Assistance Programme (EAP) designed to address increasing mental and stress-related conditions. Employees have



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access to anonymous and free occupational psychological counselling at any time, in both a professional and a private context.

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Managing person-related risks

The principal person-related risks (staff availability, compliance with labour laws and employment practices, staff conflicts, criminal acts and unauthorised 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 Oberbank Group

The average headcount of the Oberbank Group (employees, full-time equivalents) rose by 18 FTEs to 2,152 in 2023. The higher figure was due to the first increases in working hours as part of our "part-time" project being implemented already in November and December, as well as to the highly successful recruitment efforts in the second half of 2023.

Sustainability Statement

(non-financial information)

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Environmental information

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Sustainability Statement

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General information

GRI 2-3

This Sustainability Statement provides information on group-wide sustainability issues and activities at Oberbank in the financial year 2023 (1 January 2023 to 31 December 2023).

In compliance with the requirements set out in § 243b and § 267a of the Austrian Business Code (Sustainability and Diversity Improvement Act (NaDiVeG)) as well as with the requirements set out in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), Oberbank reports on its non-financial key performance indicators. At the same time, Oberbank is already making the transition towards the structure provided for by the ESRS (European Sustainability Reporting Standards) to meet the mandatory requirements effective as from 2024.

The report's contents include Oberbank's sustainability policy, the strategy development process as well as the specific actions taken in relation to the key action areas identified. The indicators published refer to the Oberbank Group as a whole. Where the calculation of indicators relies on a different basis in specific cases, such fact will be mentioned at the relevant point in the statement.

Target audience of the statement and frequency of reporting

Oberbank addresses this Sustainability Statement to all of its stakeholders.

The Sustainability Statement is published once a year. The statement for 2023 was published on 3 April 2024. The last preceding publication date of the statement was 3 April 2023.

Deloitte performed an independent assurance engagement on the 2023 Sustainability Statement.

ESRS 2 General disclosures

Basis for preparation

BP-1 – General basis for preparation of Sustainability Statements

Group of consolidated companies

GRI 2-2

The Sustainability Statement for 2023 was prepared for the Oberbank Group. The group of consolidated companies therefore matches that shown in the annual financial statements (see Consolidated Financial Statements > [Notes](#)).

GRI 2-4

Unlike in previous years, the Sustainability Statement for the financial year 2023 will not be published in the form of a separate report, but will, for the first time, be included in the annual financial report for 2023. The group of consolidated companies covered by the Sustainability Statement corresponds to the one presented in the annual financial report.

Transparency

Transparency is one of the key principles of Oberbank's business conduct. For this reason, we have not availed ourselves of the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation from the disclosure in this Sustainability Statement.

Value chain

See Chapter ESRS 2 > [SBM-1 — Strategy, business model and value chain](#).

BP-2 – Disclosures in relation to specific circumstances

Time horizons

As the reporting time horizons conform to the requirements set out in the ESRS (European Sustainability Reporting Standards), Oberbank has adopted the following time intervals for reporting:

- for the short-term time horizon > the reporting period, which is one year
- for the medium-term time horizon > from the end of the short-term reporting period up to five years
- for the long-term time horizon > more than 5 years.

Strategy time horizons: The embedding of sustainability in the corporate strategy resulted in the time horizon for the sustainability strategy being extended in 2020, namely from 2022 to 2025. Oberbank's sustainability goals were adjusted accordingly. For details on Oberbank's sustainability strategy, see Chapter ESRS 2 > [SBM-1 Strategy, business model and value chain](#).

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New structure of the 2023 Sustainability Statement

GRI 2-4

The 2022 Sustainability Report was prepared in conformity with the GRI Standards. In terms of the structuring of the 2022 report's contents, Oberbank took guidance from the materiality assessment performed at the time.

For the 2023 reporting period, Oberbank conducted a materiality assessment based on the requirements set out in the ESRS (European Sustainability Reporting Standards). This new materiality assessment entailed a re-organisation of sustainability reporting, with the 2023 Sustainability Statement being structured in alignment with the ESRS. Textual information also conforms to the ESRS requirements as far as possible.

As in the preceding year, metrics were disclosed in accordance with the GRI Standard. Wherever possible, the GRI metrics were supplemented with first metrics calculated based on the ESRS. The independent assurance engagement in respect of the 2023 Sustainability Statement was based on the GRI disclosures. The GRI content index provided at the end of the Sustainability Statement provides an overview of the GRI disclosures covered in the new material topics.

The presentation of sustainability-related information was changed because in 2025 Oberbank will be under the obligation to report the metrics pertaining to the financial year 2024 pursuant to the ESRS. To prepare as best possible for this major change in reporting methodology, Oberbank opted to approach future sustainability reporting proactively and therefore voluntarily conformed to the structure provided for in the ESRS already in the 2023 Sustainability Statement. As for matters relating to Oberbank's core business, we decided to provide summary reporting on these topics as well as on their impacts, risks and opportunities for 2023 in a separate chapter on ESG aspects in core business. Where necessary, the structure will be adapted next year, and the necessary information will be supplemented for any disclosures not fully covered yet in the 2023 Sustainability Statement.

Oberbank will continue to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) – see [TCFD Index](#).

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References outside the Sustainability Statement

Chapter in the Sustainability Statement	Reference
BP-1 General basis for preparation of Sustainability Statements	Consolidated Financial Statements
GOV-1 The role of the administrative, management and supervisory bodies	Corporate Governance Report
GOV-3 Integration of sustainability-related performance in incentive schemes	Corporate Governance Report
GOV-5 Risk management and internal controls over sustainability reporting	Group Management Report
SBM-1 Strategy, business model and value chain	Group Management Report
S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Group Management Report
G1-1 Business conduct policies and corporate culture	Annual Report
ESG criteria in lending	
Sustainability in risk management	Risk Report
ESG risks in the loan portfolio	Risk Report

Governance

GOV-1 – The role of the administrative, management and supervisory bodies

GRI 2-9

The governance structure has a major impact on both sustainability strategy and organisation. Where ESG (Environmental, Social, Governance) matters are embraced and supported by the highest governance bodies and throughout all of the organisation, it is much easier to successfully implement goals and develop an ambitious strategy.

Administrative, management and supervisory bodies at Oberbank

Number of executive and non-executive members of administrative, management and supervisory bodies

See Corporate Governance Report > Members of the Management Board, and > Members of the Supervisory Board.

Representation of employees and other workers

On the Supervisory Board: five workers' representatives delegated by the Works Council

For further information on workers' representation, see Chapter ESRS S1 > S1-2 Processes for engaging with own workforce and workers' representatives about impacts.

Diversity policy for governance bodies

GRI 405-1

Striving for diversity is something that concerns all of Oberbank's employees and thus also its governance bodies. The percentage of women on these bodies is presented in the following tables.

Diversity of governance bodies

	Number of women			Number of men			Percentage of women		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Management Board	1	0	0	3	4	4	25%	—%	—%
Supervisory Board, full	6	6	6	9	9	9	40%	40%	40%
Supervisory Board (shareholders' representatives)	3	3	3	7	7	7	30%	30%	30%
Supervisory Board (workers' representatives)	3	3	3	2	2	2	60%	60%	60%

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	30 years or younger			31 to 50 years			51 years or older		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Management Board	0	0	0	2	1	1	2	3	3
Supervisory Board, full	0	0	0	4	5	4	11	10	11
Supervisory Board (shareholders' representatives)	0	0	0	3	4	3	7	6	7
Supervisory Board (workers' representatives)	0	0	0	1	1	1	4	4	4

For a more detailed description, see Corporate Governance Report > Diversity.

Independent board members

100% of the members of the Supervisory Board elected by the Annual General Meeting are qualified as independent in accordance with the criteria defined by the Supervisory Board in compliance with Rule C 53 of the Austrian Code of Corporate Governance.

Management Board

GRI 2-10

The Annual General Meeting elects the Supervisory Board, which in turn appoints the Management Board. It is thus already ensured by the relevant legal provisions that the shareholders and, consequently, also stakeholder interests, are being taken into account.

Composition, period of office, and generational change

GRI 2-17

For the composition of the Management Board, see Corporate Governance Report > Members of the Management Board, which also provides information on the backgrounds and periods of office of the individual members of the Management Board.

For the proportion of women on the Management Board and generational change, see Corporate Governance Report > Target ratios and implementation strategy > Members of the Management Board.

For the remits of each member of the Management Board, see Corporate Governance Report > Current Management Board remits.

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Management Board remits

GRI 2-17

See Corporate Governance Report > Composition and mode of operation of the Management Board.

The Management Board is proactively advancing sustainability topics. The four members of the Management Board are also represented on the Sustainability Steering Committee (see Chapter ESRS 2 > GOV-1 The role of the administrative, management and supervisory bodies > Oberbank's sustainability organisation) and as such involved in monitoring actions and defining new targets on an ongoing basis. In addition, a jour fixe meeting is scheduled at regular intervals where the head of the ESG Unit discusses topical issues with the members of the Management Board.

Evaluation of Management Board performance

GRI 2-18

Achievement of non-financial goals is evaluated by the Remuneration Committee as a basis for assessing the Management Board members' variable remuneration components. Every year, the Remuneration Committee evaluates the specific metrics and their relevant weighting and makes adjustments where necessary. The Remuneration Committee defines, in advance, targets and target corridors for the metrics against which target achievement (over-achievement or under-achievement) is measured. For the remuneration of Management Board members, see Chapter ESRS 2 > GOV-3: Integration of sustainability-related performance in incentive schemes).

Members of the Management Board

For a list of the members of the Management Board and their CVs, see Corporate Governance Report > Members of the Management Board.

As at 31 December 2023, the members of Oberbank AG's Management Board held the following number of board functions, including the one as a member of the Management Board of Oberbank AG.

Board functions held by members of the Management Board

Name	Function	Total	
		Executive	Non-executive
Franz Gasselsberger	CEO	3	4
Isabella Lehner	Management Board	1	0
Florian Hagenauer	Management Board	1	5
Martin Seiter	Management Board	1	1

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Supervisory Board

The Supervisory Board is elected by the Annual General Meeting.

Composition and remit

See Corporate Governance Report > Mode of operation of the Supervisory Board

Evaluation of Supervisory Board performance

GRI 2-17, GRI 2-18

The Supervisory Board’s collective knowledge on risk management, including ESG risks and risk factors, is given appropriate consideration when evaluating the collective suitability of this governance body. Should deficits be identified, specific training will be provided to make up for them. See also the information provided in the Chapter ESRS 2 > GOV-1 The role of the administrative, management and supervisory bodies > Sustainability-related expertise of governance bodies.

Members of the Supervisory Board

See Corporate Governance Report > Mode of operation of the Supervisory Board

Board functions

As at 31 December 2023, the members of Oberbank AG’s Supervisory Board held the following number of board functions, including the one as a member of the Supervisory Board of Oberbank AG.

Board functions held by members of the Supervisory Board

Name	Function	Total	
		Executive	Non-executive
Andreas König	Chairman	1	2
Martin Zahlbruckner	Vice Chairman	10	2
Hannes Bogner	Member (shareholder representative)	0	4
Gerhard Burtscher	Member (shareholder representative)	2	4
Alina Czerny	Member (shareholder representative)	0	4
Barbara Leitl-Staudinger	Member (shareholder representative)	1	1
Franz Peter Mitterbauer	Member (shareholder representative)	2	3
Stefan Pierer	Member (shareholder representative)	13	7
Gregor Pilgram	Member (shareholder representative)	1	9
Herta Stockbauer	Member (shareholder representative)	1	5
Wolfgang Pischinger	Member (workers’ representative)	5	1

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Susanne Braun	Member (workers' representative)	0	1
Alexandra Grabner	Member (workers' representative)	0	2
Elfriede Höchtel	Member (workers' representative)	0	1
Sven Zeiss	Member (workers' representative)	0	1

Nomination and selection of Management Board and Supervisory Board members

GRI 2-10

As described in the Basel III Disclosure Report, Oberbank has defined criteria for the nomination and selection of Management Board and Supervisory Board members:

In December 2014, the Nominations Committee developed specific candidate profiles for Management Board members in charge of sales and in charge of back office matters; the main goals set out in these profiles include the sustainable development of the bank within the scope of its guiding principles as well as the generally sustainable economic development of the bank within the remit explicitly assigned to the respective member under the defined allocation of responsibilities. Among other requirements, these profiles explicitly mention required subject-matter expertise and leadership skills. A candidate profile was also developed for members of the Supervisory Board.

At its meeting of 17 March 2020, the Nominations Committee adopted a policy for filling vacancies on the Management Board and the Supervisory Board and submitted a comprehensive report on the result to the full Supervisory Board at its meeting of 18 March 2020.

At its regular meeting in March 2023, the Nominations Committee evaluated the existing task descriptions and candidate profiles for Management Board and Supervisory Board members and engaged in an in-depth discussion of the process and goals of strategic succession planning. At the same meeting, the Nominations Committee evaluated the knowledge, skills and experience of the Management Board members and of each member of the Supervisory Board, as well as of the respective governance body as a whole, and communicated the results to the Supervisory Board.

Sustainability-related expertise of governance bodies

GRI 2-9, GRI 2-10, GRI 2-17

The Management Board members' profound knowledge on sustainability-related matters, which is being honed through comprehensive training as well as ongoing updates on the most recent developments, is crucial in assessing the impacts, risks and opportunities relevant to Oberbank.

Within the Supervisory Board it is above all the members of the Sustainability Committee that have specific expertise – acquired during the course of their careers – which they bring to bear at meetings accordingly. In addition to the policy for selecting Management Board and Supervisory Board members and planning for their succession, a comprehensive training policy is in place for current board members. Training also includes

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ESG topics, as needed, in an effort to strengthen the skills and the knowledge of Management Board and Supervisory Board members in this area. What is more, the collective knowledge on risk management, including ESG risks and risk factors, is given appropriate consideration in evaluating collective suitability.

Fit & proper training on sustainability provided to the Supervisory Board in 2023 addressed regulatory issues such as disclosure requirements and sustainability risks in detail.

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Oberbank's sustainability organisation

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-24

In 2019, Oberbank established a sustainability organisation (with sustainability officers deployed in all Head Office departments), thereby embedding the topic of sustainability across a range of different departments.

However, since 2019, there has been a steep rise in requirements for professional sustainability management in the banking sector: customers are increasingly demanding sustainable products, (potential) employees show interest in their employer's sustainability strategy, and regulatory requirements in particular have multiplied as a result of the EU's Action Plan: Financing Sustainable Growth adopted by the EU Commission in 2018. All of these changes have led to a noticeable increase in the amount of work involved in sustainability management. To master these ever-growing challenges, Oberbank relies on a broadly based sustainability organisation:

Oversight			
Oberbank AG Supervisory Board			
Management Board			
Full Management Board			
Franz Gasselsberger Florian Hagenauer Martin Seiter Isabella Lehner Management Board Member responsible for sustainability matters			
Strategy and steering			
ESG Unit	Sustainability Steering Committee	Stakeholder Sounding Board	Green Bond Committee
Sustainability hub	Full Management Board & department heads	Members from the private and public sectors, interest groups, and advisors	Chief Risk Officer, relevant department heads and sustainability officers
Implementation			
Sustainability officers in Head Office departments	Employees ESG Unit	All employees through project work and brainstorming	

Sustainability Committee

In March 2023, the Supervisory Board resolved to establish a separate committee to deal with sustainability matters. The Sustainability Committee held its first meeting during the November 2023 meeting of the Supervisory Board. The Sustainability Committee is tasked with helping the Supervisory Board to monitor, implement and further develop Oberbank's sustainability strategy. The Committee meets once a year.

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Sustainability Steering Committee

The Sustainability Steering Committee consists of all Management Board members, department heads, and head of the ESG Unit and meets every one or two months. Its tasks include ensuring the implementation of the sustainability strategy and new actions and measures. In addition, the Steering Committee monitors target achievement, decides on new strategic priorities and approves memberships in relevant industry initiatives. New memberships will be considered if and when they contribute to target achievement and/or to advancing Oberbank's sustainability strategy. The Steering Committee is also tasked with reporting on the progress of the implementation of projects and actions defined in the sustainability strategy as well as with approving new actions and performing variance analyses and adapting actions as needed.

A sustainability jour fixe meeting with selected members of the Management Board is scheduled on a monthly or bi-monthly basis to provide room for information sharing and discussion on current sustainability topics beyond the scope of the Steering Committee, which is, by definition, a decision-making body.

Stakeholder Sounding Board

The Stakeholder Sounding Board meets once a year to re-evaluate Oberbank's sustainability activities together with Oberbank's key groups of stakeholders. Stakeholder Sounding Board membership varies year on year and comprises participants from the private sector, customers, public sector representatives, interest groups, and advisors. The composition of the Stakeholder Sounding Board is disclosed in Oberbank AG's sustainability report. The purpose of the Stakeholder Sounding Board is to integrate the interests and expectations of Oberbank's external stakeholders and to ensure that the sustainability strategy and the actions taken under it are continuously monitored for materiality.

Green Bond Committee

GRI 2-12

Oberbank set up a Green Bond Committee (GBC) to manage its Green Bond Framework. The Committee meets every three months alongside the Asset Liability Management (ALM) Committee and is responsible for the following topics:

- Approval of green loans in accordance with the selection criteria defined in the framework (green bond criteria)
- Exclusion of green loans that fail to meet the green bond criteria
- Identification and management of potential ESG risks in green loans
- Monitoring of the distribution of the net proceeds from green bond instruments
- Review and update of the Green Bond Framework

The meeting is chaired by the Chief Risk Officer and attended by the Management Board member in charge of sustainability as well as by Oberbank's relevant department heads and sustainability officers.

When it comes to identifying green loans and their non-financial impacts, Oberbank reserves the right to also consult external advisors and their respective data sources.

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ESG Unit

GRI 2-24

To better concentrate and monitor all actions taken in sustainability management, the ESG Unit group was set up within the Strategic Organisational Development, Digitalisation and IT department as of 1 January 2022. The ESG Unit group head acts as Oberbank's Sustainability Manager and is chiefly responsible for Oberbank's sustainability strategy and any activities derived from it for its implementation. The ESG Unit is the first point of call on sustainability matters for all departments and takes on project management and coordination tasks for the various sustainability projects. The ESG Unit also has prime responsibility for the various reports and publications on the topic of sustainability.

In addition, the ESG Unit and/or the Sustainability Manager regularly meets with various target groups to ensure that Oberbank's sustainability strategy is implemented and further developed. For this reason, the ESG Unit is in charge of organising and hosting the sustainability jour fixe meetings with the sustainability officers of the respective departments, the Sustainability Steering Committee and the Stakeholder Sounding Board.

Sustainability officers at department level

GRI 2-24

At least one sustainability officer has been nominated in each department to ensure that sustainability matters are implemented and continuously further developed throughout the entire organisation. The sustainability officers act as first points of call for all sustainability matters within their respective departments and make sure that all the relevant actions are implemented in their departments. They are tasked not only with identifying and developing new topics and actions but also with subsequently reporting to the Oberbank Sustainability Officer on the current status of implementation or with assisting in the preparation of sustainability reports. The departmental sustainability officers also attend the monthly sustainability jour fixe meetings organised by the ESG Unit.

Other meeting formats within the sustainability organisation

To ensure that the sustainability strategy and the related actions are implemented at Oberbank and that new actions are developed and the strategy is updated as needed, the Oberbank sustainability organisation provides for the following formats to complement the work of the bodies described above:

Sustainability jour fixe meeting (monthly)

Attended by: Employees of the ESG Unit; departmental sustainability officers

Purpose: Monitoring the implementation of actions; identifying and developing new topics and actions on an ongoing basis; performing variance analyses and adapting actions as needed.

Management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities is described along with the relevant meeting formats. For a brief summary of the information and reports provided to the Management Board and the Supervisory Board, see Chapter ESRS 2 > GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies.

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Controls and procedures for impact, risk and opportunity management

A materiality assessment (see Chapter ESRS 2 > [SBM-3 Material impacts, risks and opportunities](#)) was performed to identify those areas where Oberbank produces positive and negative impacts on the economy, environment and people, or, in other words, the material topics for Oberbank. Sustainability reporting provides for the materiality assessment to be updated every year so that Oberbank will always be able to focus on the most recent material topics. The relevant departments analyse the respective contents in their remits and will propose appropriate actions if necessary.

Identifying and evaluating ESG risks in the loan portfolio is a key element of Oberbank's sustainability strategy and sustainability management and impacts all of Oberbank's business lines (see Chapter [ESG criteria in lending](#)).

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

As already described in the preceding chapters, both the Management Board and the Supervisory Board are informed about sustainability topics at regular intervals.

The Management Board is provided with information by the ESG Unit group head and other sustainability officers in various meeting formats (see Chapter ESRS 2 > GOV-1 The role of the administrative, management and supervisory bodies > [Oberbank's sustainability organisation](#)), primarily in the Steering Committee, at regular jour fixe meetings, and ad hoc on the results of the materiality assessment and on current issues, the outcome and the effectiveness of the strategies, actions, metrics and targets adopted.

GRI 2-9, GRI 2-14

The Supervisory Board plays a key role in sustainability reporting. Once completed, the sustainability report is presented to the Supervisory Board prior to publication. In addition, the Management Board reports on current ESG issues to the Supervisory Board at every meeting, which involves matters being discussed and resolutions being adopted in this context.

Apart from the Supervisory Board, Oberbank meanwhile has four Supervisory Board committees that also deal with various aspects and questions relating to sustainability:

- Audit Committee: audits the Management Report (sustainability reporting within the Management Report)
- Risk Committee: monitors the implementation of the risk strategy in connection with the management, monitoring and containment of risks, which also includes sustainability risks
- Remuneration Committee: monitors the achievement of sustainability targets within the scope of the remuneration policy, remuneration practices and remuneration-related incentive structures
- Sustainability Committee: monitors the implementation and ongoing further development of the sustainability strategy

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In most cases (other than remuneration), it is the Management Board that presents relevant information in the committees; where necessary and depending on the topic addressed, other persons will be consulted additionally.

GRI 2-24

For the embedding of material topics in the bank's strategy, see Chapter ESRS 2 > SBM-1 Strategy, business model and value chain. Key identified impacts, risks and opportunities are taken into consideration in decisions on which steps to take next.

Communication of critical concerns

GRI 2-16

Definition of "critical concerns" for Oberbank

Critical concerns include concerns about the organisation's potential and actual negative impacts on stakeholders raised through grievance mechanisms and other processes. They also include concerns identified through other mechanisms with regard to the organisation's business conduct in its operations and its business relationships.

At Oberbank, critical concerns are raised above all in the context of compliance processes, data protection complaints and incidents, other complaints, whistleblowing reports, and Internal Audit activities.

Number of critical concerns communicated to the Management Board and the Supervisory Board

With respect to compliance and data protection, the number of such incidents is reported in the relevant chapters. For corruption and bribery, see Chapter ESRS G1 > G1-4 Incidents of corruption or bribery. For inquiries and complaints in data protection matters, see Chapter ESRS S4 > S4-3 Processes to remediate negative impacts and channels > Inquiries into and breaches of data privacy.

The Management Board is regularly kept abreast of these topics. The Supervisory Board receives an annual anti-corruption report in accordance with Rule 18a of the Austrian Code of Corporate Governance (ÖCGK), In the event of data breaches or material legal cases under the GDPR, the Supervisory Board will have to be notified. No such reports were made in the past as no applicable incidents occurred.

In addition, Oberbank identifies potential critical concerns in other complaints and in whistleblowing reports. Complaints are communicated to the Management Board as they arise, as well as in an annual report to the Management Board. Events of physical loss or damage are reported to the Supervisory Board as well.

Any critical concerns identified by Internal Audit must be reported to the full Management Board and the chair of the Supervisory Board under § 42(3) Banking Act (BWG).

Feedback received from other sources is highly relevant as well and can result in critical issues being identified, for instance concerning oversight – in such a case, Supervisory Board meetings will be attended by

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State Commissioners. Key regulatory decisions are communicated to the full Supervisory Board. Moreover, auditor reports are also submitted to the Supervisory Board.

Topics coordinated with the Management Board but not regularly submitted to the Supervisory Board include customer feedback, employee satisfaction, and improvements proposed by employees.

GOV-3 — Integration of sustainability-related performance in incentive schemes

GRI 2-19, GRI 2-20

Management Board remuneration

At its meeting of 24 November 2010, the Supervisory Board resolved to delegate all matters regarding the remuneration of Management Board members to the Remuneration Committee. The Remuneration Committee designed Oberbank's remuneration system in such a way that, in conformity with the commensurability test set out in § 39b Banking Act and in the Annex to § 39b, it is modelled on that of companies of comparable size, branch of industry and complexity and/or takes account of the risk propensity underlying the business model, and also ensures that the members of the Management Board receive a remuneration that is commensurate with their scope of activities and responsibilities.

The Remuneration Policy for Oberbank's Management Board and Supervisory Board was most recently revised, voted on and adopted by the Remuneration Committee at its meeting in December 2022. The policy was submitted for approval to the Annual General Meeting in 2023 and was adopted with the necessary majority of votes. Stakeholder opinions are being taken into account to the extent that the remuneration policy must be approved by the Annual General Meeting, which also votes on the remuneration report. The Annual General Meeting's voting results on the remuneration policy as well as the remuneration report are published on [Oberbank's website](#).

No remuneration advisors are involved in determining the Management Board remuneration or the remuneration policy. The Remuneration Committee, which was established pursuant to § 39b Banking Act, consists of four shareholder representatives from the Supervisory Board, at least one of whom must have expert knowledge and practical experience in the area of remuneration policy (remuneration expert). In addition to the State Commissioner and her deputy, the chairperson of Oberbank's Central Works Council is invited to attend the meetings of the Remuneration Committee. The shareholder representatives on the Remuneration Committee meet the criteria for independence as set out in the Banking Act.

Management Board remuneration is regularly subjected to benchmarking by a well-reputed external service provider. For more information on the Remuneration Committee, see Corporate Governance Report > Committees set up by the Supervisory Board > Remuneration Committee.

Management Board remuneration (in €k)

Management Board member	2023	2022	2021
Franz Gasselsberger	1,945	1,408	1,183
Josef Weißl ¹	1,316	691	618
Florian Hagenauer	680	631	560
Martin Seiter	453	394	306
Isabella Lehner ²	226		

Notes on 2023: including variable components granted for 2022

The aim is to achieve a balance between fixed and variable components, with the variable remuneration being capped at 40% of the basic salary (fixed component excluding in-kind remuneration). The fixed basic salaries depend on the specific remits of Management Board members. Both the fixed and variable components of the remuneration of Management Board members are subject to an annual peer group benchmarking with comparable banks. As the terms of remuneration and employment of the employees of these peer group banks are governed by a comparable legal framework, the Remuneration Committee is also able to use this comparison as a reference for the remuneration those peer group banks pay their management board members. Management Board member income is not supposed to exceed eight times the income of the first management level below the Management Board. Joint and personal performance elements of Management Board members as well as the overall performance of Oberbank are taken into account in the variable component. Oberbank's performance is measured based on medium- and long-term strategic goals being met, such goals being defined in more detail in the new remuneration policy submitted to the 2023 Annual General Meeting:

- a. Earnings goals: Sustained achievement of the strategic financial goals based on the bank's defined strategy and multi-year projections measured in terms of the earnings indicators defined in the annual budgeting process is taken into account at a rate of 35%.
- b. Risk goals: Sustained compliance with strategic risk allocation in accordance with the group-wide risk management strategy measured in terms of the risk indicators derived from the annual budgeting process is taken into account at a rate of 35%.
- c. Sustainability, HR indicators, external assessment: Sustained achievement of strategic non-financial goals based on the defined (sustainability) strategy is measured using selected metrics and taken into account at a rate of 20%.
- d. Individual strategic competence, effectiveness and agility: The individual assessment of each Management Board member's performance based on the development of the specific areas of responsibility assigned to them under the distribution of remits may add a maximum of 10 percentage points to the combined results of items a to c.

Every year, the Remuneration Committee evaluates the specific metrics and their relevant weighting and makes adjustments where necessary.

¹ Active up to, and including, May 2023 (remuneration January to May, including severance pay)

² Active since May 2023 (remuneration May to December)

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With reference to strategic goals and budgetary goals, the Remuneration Committee defines, in advance, targets and target corridors for the metrics against which target achievement (over-achievement or under-achievement) is measured.

To ensure sustainability in Oberbank's economic activities as well as in Oberbank's conduct vis-à-vis its customers, the Remuneration Committee defined the following non-financial criteria to measure the achievement of non-financial goals: sustainability rating; volume of sustainable investment funds; carbon footprint per Oberbank employee; volume of sustainable finance; and digitalisation rate. In addition, the non-financial goals include employee turnover and employee satisfaction, as measured through the commitment index.

Should goal achievement in all categories add up to 100%, the variable component will amount to 30% of the basic salary (fixed component excluding in-kind remuneration). Every percentage point by which achievement falls short of 100% results in one percentage point less variable remuneration being granted. Accordingly, if goal achievement falls below 70% in total, no variable remuneration component will be paid at all. The variable remuneration component is capped at 40% of the basic salary, with one percentage point being added on top of the 30% for every percentage point by which the 100% goal is exceeded. In line with Article 94(1) (l) and (m) Directive 2013/36/EU (Capital Requirements Directive), the variable component of the Management Board members' remuneration, the amount of which is determined by the Remuneration Committee based on the above-mentioned metrics, 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 – 40% of the variable remuneration component, or 60% if the variable remuneration component exceeds EUR 175,000 – must consist in equal parts of shares and cash. The variable components are not paid out until the Remuneration Committee has completed its annual review and has adopted a corresponding resolution. As pay-out is capped at a fifth of the annual amount, the variable components are subject to clawback in case of adverse developments at Oberbank. No dividend payments will be made in years where clawback arrangements apply to these instruments.

The total remuneration paid to the Management Board members in the reporting year was EUR 4.62 million, of which EUR 748 k were attributable to variable remuneration components for the financial year 2022. To date, no signing or onboarding bonuses have been paid to members of the Management Board or the Supervisory Board. Where termination benefits apply to Management Board members, the amount is determined by the Remuneration Committee in line with Rule 27a of the Austrian Code of Corporate Governance (ÖCGK). Provisions to this effect have been included in all employment contracts with Management Board members.

Side-line business activities pursued by members of the Management Board require approval by the Supervisory Board in accordance with the Rules of Procedure of the Management Board. Accordingly, the above-listed board functions held by individual Management Board members have all been approved by the Supervisory Board and are in compliance with the limits applicable under the Banking Act.

The amount of benefits from the contractually-agreed company pension scheme for Management Board member Franz Gasselsberger depends on length of service. Benefits are calculated based on a progressive scale of 40 years and the pensionable component (eligible for contributions to a pension plan) of the fixed salary last received. For members of the Management Board appointed in or after 2005, a company pension

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is being accumulated under a contractual scheme based on monthly contributions to a pension fund, 20% of the pensionable component of the remuneration is being paid into a pension fund for these Management Board members. The variable remuneration component is not taken into account for this purpose. Under the relevant company agreement with the Works Council, the bank's contribution to the pension fund amounts to between 4% and 6% of the total fixed remuneration component for senior executives, and to 2.7% for employees, in line with the collective agreement. Optionally, these amounts can also be paid into an occupational group insurance.

As for arrangements for variable remuneration components in fully consolidated companies, only the direct leasing subsidiaries in Austria, Germany, the Czech Republic, Hungary and Slovakia have managing directors or sales staff that receive any significant variable bonuses. Every year, the Remuneration Committee reviews the variable remuneration components of such persons, which includes an analysis of their risk propensity as they qualify as potential risk-takers. The special payment modalities (deferred payment or payment in equity instruments) do not apply to this category of employees because the total amount of their variable remuneration components is negligible and falls below the statutory materiality threshold, they have to follow the bank's credit risk management process when taking lending decisions and have almost no autonomous decision-making powers when it comes to entering into transactions.

All Management Board and Supervisory Board members are covered by a Directors and Officers (D&O) insurance policy, the costs of which are borne by Oberbank.

Supervisory Board remuneration

The shareholder representatives only receive fixed emoluments for their work. There are no variable remuneration components. Pursuant to the Austrian Stock Corporation Act, the right to set the amount of remuneration members of the Supervisory Board receive for their work on the full Supervisory Board and on its Committees is reserved to the Annual General Meeting.

The 2023 Annual General Meeting resolved the following emoluments to be paid, with effect from the financial year 2023:

- a. Chair: EUR 28,000 p.a.
- b. Vice-Chair: EUR 25,000 p.a.
- c. Supervisory Board members: EUR 22,000 p.a.
- d. Credit Committee members: EUR 6,000 p.a.
- e. Risk Committee members: EUR 3,000 p.a.
- f. Nominations Committee members: EUR 4,000 p.a.
- g. Working Committee members: EUR 3,000 p.a.
- h. Audit Committee members: EUR 6,000 p.a.
- h. Remuneration Committee members: EUR 3,000 p.a.
- i. Legal Committee members: EUR 6,000 p.a.
- k. Sustainability Committee members: EUR 3,000 p.a.

These amounts are paid out in arrears every year, within 30 days from the Annual General Meeting; where members did not serve for a full year, these amounts will be pro-rated on a days-served basis.

GOV-4 – Statement on due diligence

GRI 2-23

The table below provides an overview on where in the report to find the core elements relating to due diligence – i.e. the processes implemented by Oberbank to identify impacts, risks and opportunities (also within the scope of a materiality assessment) as well as actions taken to prevent negative impacts.

Core elements of due diligence	Paragraphs in the Sustainability Statement
<p>Embedding due diligence in governance, strategy and business model</p>	<p>See the following chapters:</p> <ul style="list-style-type: none"> • ESRS 2 > GOV-2 Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies • ESRS 2 > GOV-3 Integration of sustainability-related performance in incentive schemes • ESRS 2 > SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
<p>Engaging with affected stakeholders in all key steps of the due diligence process</p>	<p>See the following chapters:</p> <ul style="list-style-type: none"> • ESRS 2 > GOV-2 Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies • ESRS 2 > SBM-2 Interests and views of stakeholders • ESRS 2 > IRO-1 Description of the process to identify and assess material impacts, risks and opportunities • ESRS E1 > E1-2 Policies related to climate change mitigation and adaptation • ESRS S1 > S1-1 Policies related to own workforce • ESRS S1 > S1-2 Processes for engaging with own workforce and workers’ representatives about impacts • ESRS S4 > S4-1 Policies related to consumers and end-users • ESRS S4 > S4-2 Processes for engaging with consumers and end-users about impacts • ESRS G1 > G1-1 Business conduct policies and corporate culture • ESRS G1 > G1-2 Management of relationships with suppliers > Policies • ESRS G1 > Sponsoring > Policies • ESG criteria in lending > Lending policies • Strategic investments > Policies • Own investments > Policies • Investment services > Policies

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<p>Identifying and assessing adverse impacts</p>	<p>See the following chapters:</p> <ul style="list-style-type: none"> • ESRS 2 > SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model • ESRS 2 > IRO-1 Description of the process to identify and assess material impacts, risks and opportunities • ESRS E1 > Policy– related to ESRS 2 SBM-3: Climate stress test • ESG criteria in lending > Policy – related to ESRS 2 SBM-3 • Strategic investments > Policy– related to ESRS 2 SBM-3 • Own investments > Policy– related to ESRS 2 SBM-3 • Investment services > Policy– related to ESRS 2 SBM-3
<p>Taking actions to address those adverse impacts</p>	<p>See the following chapters:</p> <ul style="list-style-type: none"> • ESRS E1 > E1-1 Transition plan for climate change mitigation • ESRS E1 > E1-3 Actions and resources in relation to climate change policies • ESRS S1 > S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions • ESRS S4 > S4-4 Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions • ESRS G1 > G1-2 Management of relationships with suppliers > Actions • ESRS G1 > Actions related to governance • ESRS G1 > Sponsoring > Actions • ESG criteria in lending > Actions in lending • Strategic investments > Actions • Own investments > Actions • Investment services > Actions
<p>Tracking the effectiveness of these efforts and communicating</p>	<p>See the following Chapters:</p> <ul style="list-style-type: none"> • ESRS E1 > Metrics and targets • ESRS S1 > Metrics and targets • ESRS S4 > Metrics and targets • ESRS G1 > Metrics and targets • ESRS G1 > Sponsoring > Metrics and targets • ESG criteria in lending > Metrics and targets • Strategic investments > Metrics and targets • Own investments > Metrics and targets • Investment services > Metrics and targets

GOV-5 – Risk management and internal controls over sustainability reporting

Internal control system (ICS)

See Group Management Report > [Risk Management and Internal Control System](#).

Risks and controls in sustainability reporting

Two risks were identified in the context of sustainability reporting:

- On the one hand, there is the risk that topics which are material for Oberbank get overlooked in reporting, resulting in an incomplete sustainability report. This risk is covered by the fact that a materiality assessment is carried out before the Sustainability Statement is prepared (see Chapter ESRS 2 > [SBM-3 Material impacts, risks and opportunities](#)). This control ensures that all topics that are material for Oberbank are identified and addressed in the sustainability report, resulting in full and complete reporting. Moreover, stakeholder perspectives will figure more prominently in the materiality assessment in the future, and the material topics will also be discussed in various other formats. An assurance engagement performed by Oberbank's auditor ensures that the identified topics are being covered in full.
- On the other hand, there is a risk that incorrect data is inputted into the sustainability report, with the report's contents becoming incorrect as a consequence. To cover this risk, the report's contents are subjected to dual controls within the respective departments.

Oberbank's management is responsible for implementing an appropriate ICS (internal control system) to ensure the reliability of non-financial reporting. This responsibility has been accounted for in Oberbank's system, with corresponding documentation in place as well. The system provides a structured overview of the risks identified and the controls implemented to cover these risks.

An ICS is deemed to be effective if the implemented controls work reliably and consistently, which makes the monitoring of such controls a crucial element. Monitoring in the ICS is supported by effectiveness tests. In addition, the ICS is regularly audited by Internal Audit as a third line of defence.

Making information about the ICS available and communicating with the relevant contact persons has high priority at Oberbank. Every year, the Supervisory Board and the Audit Committee receive an ICS status report. In addition, a regular series of *jour fixe* meetings has been set up, attended by the management (competent Management Board member and department heads), on the one hand, and the Risk and Control Officer, on the other hand. What is more, an overall ICS status report is published at Oberbank on an annual basis.

The 2023 Sustainability Statement was prepared using the Workiva collaboration tool. This tool allows all authorised users to simultaneously access and edit the document, which significantly improves collaboration, automation and transparency in sustainability reporting. An added bonus is that changes in structure or content can easily be implemented and tracked in the report.

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Information communicated to the Management Board and the Supervisory Board

GRI 2-14

The Management Board is kept informed about the progress in sustainability reporting at regular intervals, with a constructive dialogue taking place in this respect (see details on meeting formats in Chapter ESRS 2 > GOV-1 The role of the administrative, management and supervisory bodies > Oberbank's sustainability organisation). The auditor relies on the same meeting formats to inform the Management Board on the progress and outcome of the limited assurance review of the Sustainability Statement, as well as providing additional information as and when needed.

Sustainability is also a part of the auditing remit of Oberbank's Internal Audit unit. An audit focusing on sustainability is conducted at least once every year. The audit results are presented in the form of internal audit reports.

Pursuant to § 42 (3) Banking Act, Internal Audit reports on audits conducted and material findings to the Chairman of the Supervisory Board and to the Audit Committee on a quarterly basis. At least once a year, the head of Internal Audit also reports orally to the Audit Committee on the effectiveness of, and quality management within, the Internal Audit organisation.

Internal audit reports are addressed to the full Management Board. In addition, the full Management Board receives quarterly reports on the implementation of actions, as well as an annual activity report from Internal Audit.

Strategy

SBM-1 — Strategy, business model and value chain

Sustainability in the overall bank strategy

Sustainability has been added to the overall bank strategy as a separate field of action, in addition to sales, regional strategies, digitalisation, human resources, credit risk organisation, regulatory matters & bank-wide risk management, and costs & performance management. The fact that the sustainability strategy has been integrated into Oberbank's corporate strategy for 2025 clearly shows that Oberbank considers sustainability to be of prime importance for the bank's future development and success also at the strategy level. Consequently, sustainability aspects have an impact on the business model as well as on strategy in a number of areas.

For more information on changes in our product range, sustainable lending policy, and environmental impacts of operations, see the relevant chapters.

Oberbank markets and customer groups



GRI 2-1, GRI 2-6

Oberbank AG is an independent Austrian regional bank headquartered in Linz, Upper Austria. It has branches in Austria, Germany, the Czech Republic, Slovakia and Hungary, which will also be referred to as Oberbank markets in the following. Oberbank AG serves both retail and corporate customers, offering the full range of financial services typically provided by a universal bank.

GRI 2-6

Its product portfolio comprises a broad range of financial services targeted at all relevant customer groups. Such services include bank accounts as well as payment services for retail and corporate customers. The range of services available to retail customers includes saving and investing, loans, as well as insurance and pension plans. Corporate customers are offered working capital loans, investment finance and loans under subsidised finance schemes, leasing, international business transactions, investment services as well as insurance and pension plans. Private Banking services comprise investment advice, asset management, as well as products such as securities and investment funds. Seeing its role as that of an advisory bank, Oberbank strives to meet individual customer needs as best possible and to offer the best suited products in each and every case. For more details on specific products and services, see [Oberbank's website](#) as well as the Chapter [ESG aspects in core business](#).

Overview of branches and employees³

GRI 2-6, GRI 2-7

	Branches			Employees ⁴		
	2023	2022	2021	2023	2022	2021
Austria ⁵	94	95	96	1,761	1,724	1,706
Germany	45	46	43	317	304	306
Czech Rep.	21	21	21	194	196	194
Hungary	14	14	14	142	139	135
Slovakia	4	4	4	47	48	54
Total	178	180	178	2,461	2,411	2,395

Strategic sustainability goals until 2025

Oberbank's sustainability strategy, which is based on ethical and environmental values, is subject to ongoing further development. When it comes to sustainability, Oberbank is highly aware of its responsibilities ...

... in governance

- a. We are committed to the Paris Climate Agreement goal of limiting the rise in global temperature to 1.5°C.
- b. We pursue a clear-cut sustainability strategy that is part of our overall bank strategy.
- c. We are actively engaged in ESG initiatives, forming new partnerships and confirming the high standards we set for compliance with ethical principles.
- d. We engage in a regular dialogue with our stakeholders.

... in finance and in lending policy

- a. We will grant sustainable retail loans (for energy-efficient housing) in an amount of at least EUR 1.5 billion by 2025, which amounts to more than 50% of all newly granted housing loans.
- b. We identify and assess the ESG risks in our loan portfolio and work towards decarbonisation by applying negative (exclusion) and positive criteria.
- c. Impact reporting: every year, we measure and report on the impacts achieved (carbon reduction) based on our sustainable lending activities.
- d. By 2025, more than 50% of all new issues carried out by Oberbank will meet the ESG criteria.

... in asset management

- a. We will grow the volume of sustainable 3BG mutual investment funds (qualified as sustainable by the new ESG analysis process) to in excess of EUR 1 billion by 2025.

... for our customers

- a. Our customer experience management is excellent, with a high level of customer satisfaction of more than 60 points (NPS).

³Reporting date for branches and employees: 31 December

⁴Number corresponds to employee headcount (HC), reporting date 31 December

⁵Incl. Head Office

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- b. We provide support to our customers all along the pathway towards the digital transformation of banking services. The digitalisation rate exceeds 80%.

... for our employees

- a. Next generation: we offer young talents opportunities to grow. We fill 80% of management positions from within our own ranks.
- b. Gender balance: 30% female managers by 2025, 40% female managers by 2030

... for society

- a. Regionality is our guiding principle: 95% of our sponsoring budget goes to projects in our markets. In procurement, we work mainly with partners from our regions.

... for the environment

- a. We will achieve climate neutrality (Scopes 1 and 2) by 2025 and contribute to limiting the rise in global temperature to 1.5 degrees.
- b. Our carbon footprint per employee will be less than one metric tonne by 2025.

Identifying and evaluating ESG risks in our own loan portfolio is a key element of Oberbank's sustainability strategy and sustainability management. This also includes managing the (physical and transition) risks linked to climate change (see Chapter [ESG criteria in lending](#)).

The Covid-19 pandemic had no effects on Oberbank's sustainability strategy and the strategic sustainability-related goals for 2025. Neither did current political events and developments result in any changes of the former.

GRI 2-24

When defining goals, we make sure that such goals are aligned with existing guidelines and strategies. The materiality assessment has highlighted new topics that will be addressed in the next strategy process. No specific goals have been defined for these new material topics yet.

The existing goals apply to the group as a whole, in all of its markets, unless otherwise defined.

The various chapters describe, for each material topic, which actions have been taken or are planned to be taken to attain the defined goals. The progress made in target achievement will also be also indicated along with the specific actions and targets. Where the data was confirmed by external validation, a reference will be included.

The focus of our sustainability strategy is squarely on further development in our core business. In this context, we are working on a decarbonisation strategy (see ESRS E1 > [E1-1 Transition plan for climate change mitigation](#)). Moreover, we are constantly introducing new products, for both corporate and retail customers (see Chapter ESG criteria in lending > [Sustainable product portfolio](#)). Sustainability topics have also become part and parcel of our advisory activities, with sustainability risks being analysed in respect of all customers in all of Oberbank's markets.

Contribution to sustainable development goals broken down by material topics

Oberbank has set itself ambitious goals which it intends to reach in various fields of action by 2025. All measures and activities under Oberbank's sustainability strategy are designed to contribute to the sustainable development of our environment and our society. What is more, Oberbank contributes to the achievement of the United Nations' Sustainable Development Goals (SDGs) at the same time. Oberbank is unequivocally committed to respecting human rights, promoting sustainable peace and wealth, and protecting our planet.

The SDGs are subject to annual monitoring. Previously, annual progress in this respect was communicated in the sustainability report. In the future, the UN Global Compact online questionnaire will be used for reporting purposes (see Chapter ESRS 2 > SBM-2 Interests and views of stakeholders > [UN Global Compact](#)).

Oberbank's sustainability strategy contributes to achieving the following SDGs:

E1 Climate change



7.2: Increase substantially the share of renewable energy in the global energy mix



12.5: Reduce waste generation



13.2: Integrate climate change measures into national policies, strategies and planning

13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

S1 Own workforce



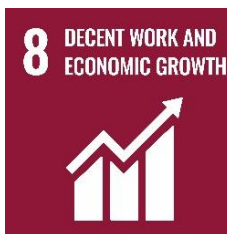
4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development



5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

S4 Consumers and end-users



8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

G1 Business conduct



10.5: Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

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16.5: Substantially reduce corruption and bribery in all their forms

ESG aspects in core business



12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

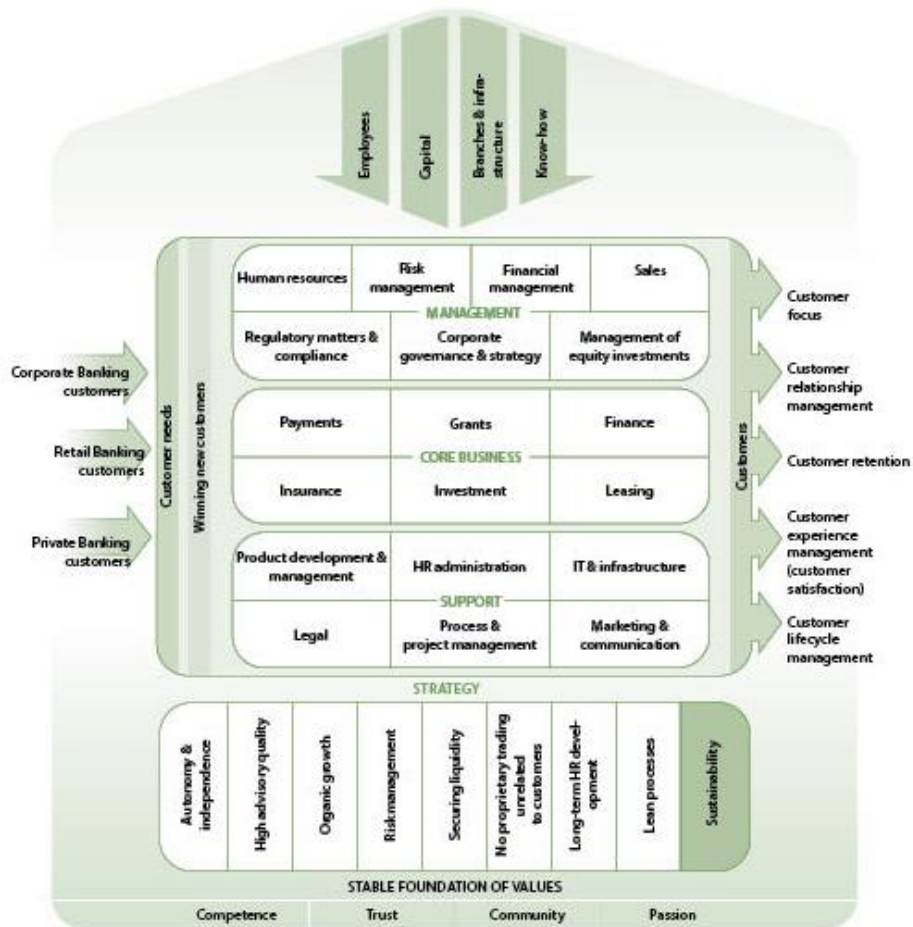
Oberbank's value chain

GRI 2-6

Value creation at Oberbank relies mainly on designing banking products and providing advisory services to customers. As these kinds of service processes require neither raw materials nor suppliers, value creation at Oberbank differs substantially from the value chain of a manufacturing enterprise. Being an independent regional bank, Oberbank is nevertheless fully aware of the fact that its business decisions and activities can have a major impact on the environment and on society. It is for this reason that Oberbank has complemented its general Code of Conduct for Employees with a Code of Conduct for Suppliers and Business Partners (see Chapter ESRS G1 > G1-2 Management of relationships with suppliers).

Thinking and acting sustainably – in the interest of the regions and the people living there – has always been part and parcel of Oberbank's business activities.

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The figure provides a simplified view of all the key elements contributing to value creation at Oberbank as well as of the most important impacting factors. The Sustainability Statement covers both the direct and indirect impacts and emissions caused by Oberbank (e.g. through energy purchases). In addition, it also presents the Scope 3 impacts caused by customers (financed emissions) or by employee mobility (commuting, business travel) (see Chapter [ESRS E1 Climate change](#)).

Value creation at Oberbank is primarily driven by its customers, which is why customers figure both at the beginning and at the end of the value chain. All of the bank's processes are designed around its customers. To that end it is necessary to identify customer needs and requirements (customer needs) and to then meet them as best possible by offering appropriate services, the aim being to win new customers just as much as to grow existing customer relationships.

Relying on capital, on the know-how and commitment of its employees as well as on a strategically balanced branch network, Oberbank bundles its core competences as a universal bank in its core business, which includes financial services for payment transactions, government subsidies, lending, insurance and investment, among others. To keep our employees' knowledge up to date and develop it further, we invest in comprehensive learning and training opportunities covering all bank-relevant, legal, subject-related and subject-independent topics (see Chapter [ESRS S1 > S1-13 Training and skills development metrics](#)).

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Financial services are supplemented by management processes (risk, human resources, compliance, etc.) and support processes (legal, IT and infrastructure, marketing and communication, etc.).

Oberbank takes a number of measures to strengthen customer relationships on a sustained basis, apart from just concluding individual transactions (customer relationship management). The focus of attention is always on our customers (customer orientation). Customer experience management involves actively collecting customer feedback to help us better understand what our customers need and consequently strengthen customer retention (also through customer-specific cross selling). All of these measures help Oberbank to continually adapt its business processes to better meet customer needs or to gear such processes to customer requirements right from the start.

Key factors underlying Oberbank's long-term success are reliable and stable values (competence, trust, sense of community, passion) and an all-encompassing strategy.

Ratings and awards

Oberbank's sustainability efforts are recognised by national and international rating agencies and by the awards we receive. As, in addition to financial indicators, sustainability criteria are taking on a more and more prominent role when it comes to assessing potential investments, sustainability ratings and awards provide guidance in this respect.

ISS ESG rating⁶

The international rating agency, Institutional Shareholder Services (ISS), offers industry-leading research on sustainable investment. The ISS ESG rating is based on as many as a hundred rating criteria, among them environmental management, human rights, climate change strategy, shareholder structure or the sustainable effect of lending and other financial services.



In December 2023, Oberbank's sustainability rating was confirmed once more as qualifying for "prime status", with a step up from C to C+ compared to the preceding year. According to ISS ESG, Oberbank AG is thus among the top ten worldwide out of 287 banks rated in the sector Financials/Public & Regional Bank (as at 28/12/2023). Moreover, Oberbank achieved top scores in the ISS ESG transparency rating: Transparency Level: very high (80-100%).

⁶ <https://www.issgovernance.com/esg/ratings>

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CDP rating

Established as the Carbon Disclosure Project (CDP) in 2000, the not-for-profit organisation has the most comprehensive international platform and database worldwide for disclosing corporate environmental and climate data (greenhouse gas emissions, climate risks, reduction goals, etc.). CDP is regarded as the gold standard of environmental transparency for listed companies.



The data collected by CDP enables investors, enterprises and governments to take informed decisions to minimise environmental risk. The CDP score ranges from A to F.

In 2023, the rating covered more than 23,000 enterprises worldwide. In the financial year 2023, Oberbank scored a “B”, a very good rating, which was awarded to Oberbank already in 2022 when it first applied for a CDP rating.

ASRA

Every year, the Chamber of Tax Advisors and Auditors (KSW) and the Institute of Auditors (IWP) confer the Austrian Sustainability Reporting Award (ASRA) for the best sustainability reports published in the preceding financial year. For more than 20 years, this award has constituted a recognition for best-in-country sustainability reporting.



2023 was the second time that Oberbank received the ASRA award. Oberbank’s 2022 sustainability report won 2nd place in the category Mandatory Reporting (excluding ATX prime). In the preceding year, the report was awarded 3rd place in the category Capital Market-oriented Companies – Banks and Insurance Companies.

EMAS

EMAS, the Eco-Management and Audit Scheme, is a voluntary instrument for all organisations striving to improve their environmental performance. Organisations that meet the high standards of the EU EMAS Regulation are eligible for the EMAS logo. Following assessment by an accredited entity, Oberbank has been EMAS-certified since December 2022. This means that Oberbank has committed itself to complying with the standards defined by the Eco-Management and Audit Scheme, the aim being to identify and leverage potentials for improvement in environmental and economic performance. In the future, an external audit will be conducted once a year to evaluate implementation of the Regulation. Such an audit was completed successfully in 2023.



Awards for employees

See Group Management Report > Human Resources.

SBM-2 — Interests and views of stakeholders

GRI 2-25, GRI 2-29, GRI G4-DMA (former FS5)

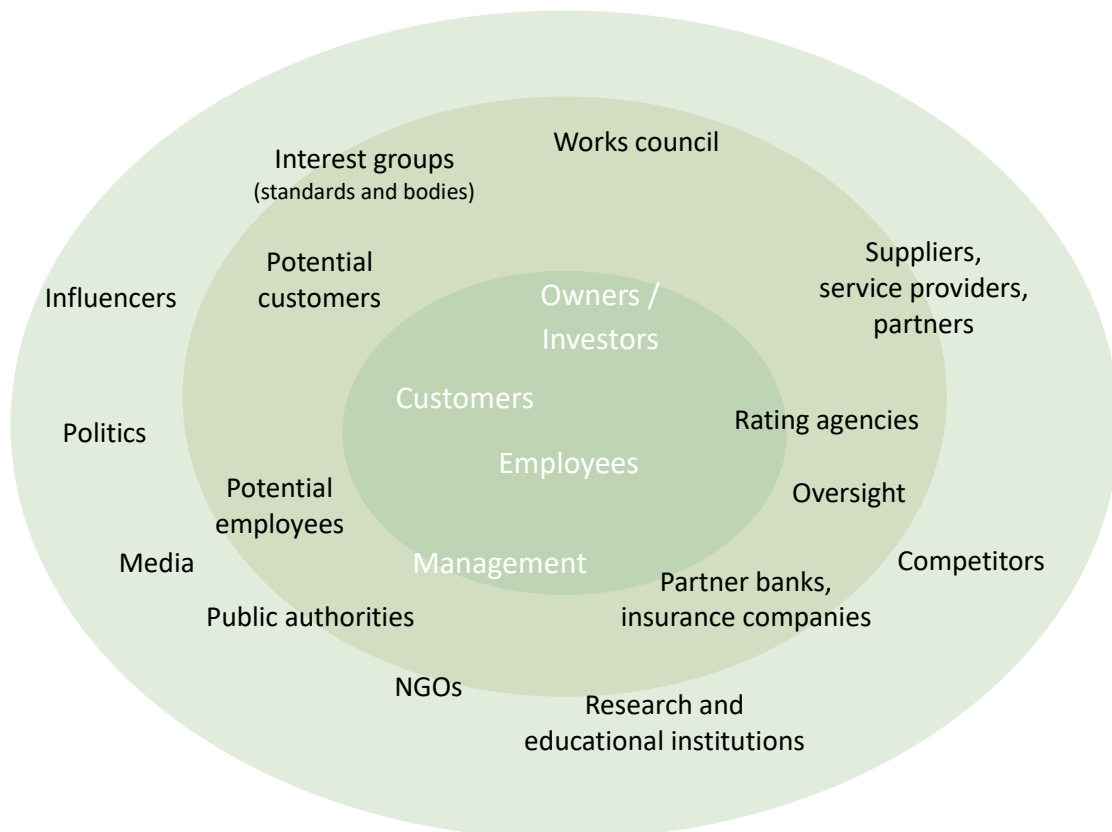
Stakeholder engagement

When it comes to sustainability, Oberbank's approach is an integrative one, which involves regular open dialogue with the bank's most important stakeholder groups (public institutions, customers, investors, employees) as well as with representatives of the most influential drivers and trendsetters in sustainable development (NGOs, industry initiatives, sustainability rating agencies, and regulators).

A culture characterised by open and honest feedback is not only one of the key principles of corporate governance, but part and parcel of day-to-day practice at Oberbank. Stakeholder suggestions, ideas and feedback are always welcome and are taken into account to the fullest extent possible, for instance when deciding what topics are material or what actions need to be taken. Accordingly, the interests and expectations of all stakeholders are reflected in Oberbank's ambitions and actions in the context of sustainability. When it comes to agreeing on strategies and goals, Oberbank always strives to take the interests of its key stakeholder groups into account as best possible.

Oberbank's key stakeholders

For details on the stakeholder analysis, see the 2019 sustainability report.



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Stakeholder Sounding Board

As Oberbank engages with a large number of stakeholders, the stakeholder groups which exert the most influence on Oberbank and vice versa are invited to delegate representatives to the Sounding Board. Among others, these are customers, employees, investors, and sustainability rating agencies.

The Sounding Board last organised in 2022 by the ESG Unit comprised representatives of the following organisations: the Austrian Bankers' Association (Bankenverband), Lenzing AG, voestalpine AG, KTM AG, Swietelsky AG, rfu (Reinhard Friesenbichler Unternehmensberatung), JKU – Johannes Kepler University Linz, WWF Austria, ÖGUT – Österreichische Gesellschaft für Umwelt und Technik. Florian Hagenauer and Martin Seiter attended as representatives of Oberbank's Management Board.

Oberbank engaged in a constant exchange with many of these organisations also in 2023. Relationships with the stakeholders have been excellent to date, and Oberbank continues its efforts to maintain and strengthen these relationships.

The Stakeholder Sounding Board is scheduled to be organised again in 2024, with plans to coordinate material topics in greater detail with the stakeholders.

Backstage Tour and job fairs

Oberbank also sets great store by engaging with schools, education and training institutions and, by extension, with potential job candidates. HR work and personnel marketing also takes place on site in Oberbank's regional divisions. Every organisational unit should contribute to employer branding activities.

The Backstage Tour programme was launched in the spring of 2023 to allow interested pupils and students to take a peek behind the scenes at Oberbank – twice a year in Linz and in every regional division in Austria. The Backstage Tour relies on a standardised programme to present not only Oberbank as an employer, but also the multi-faceted job profiles it offers. The purpose of these events is to encourage a mutual sharing of expectations, opportunities and opinions and to provide a platform for knowledge transfer between education and real-life work environments. In addition, Oberbank is present at numerous job fairs held by schools and universities and has cooperation agreements in place to interact with this target group.

Goals of stakeholder engagement

One goal of stakeholder engagement is to make information available to stakeholders in a transparent manner. This involves not merely a transfer of data but engaging in active communication, developing an understanding of stakeholder needs and expectations, and taking their perspectives into account in Oberbank's decision-making processes.

Overview of communication channels and types of stakeholder engagement

The two tables below provide more details on how information is communicated to stakeholders and how they are involved in sustainability topics.

Stakeholder information channels

Description	Frequency
Oberbank website: Sustainability	Updated annually and ad hoc
Sustainability report (GRI standards)	Annually
Shortened sustainability report "Sustainability in Brief"	Annually, since 2021
Oberbank events on sustainability (e.g. Business Brunch)	Ad hoc
Marketing campaigns with an ESG focus	Ongoing
Sustainability ratings and communications about them	Annually
Oberbank social media channels (Facebook, Instagram, LinkedIn)	Ongoing – ad hoc and regularly updated
Internal communications: Oberbank intranet (Inside), Sustainability page, Inside news as well as regular contributions and focus reporting in the employee magazine	Inside: Sustainability intranet page providing a constant body of information that is updated as needed, regular communications, focus reporting in the employee magazine at least once a year
Online guide #jetztunternehmen featuring a sustainability column Online home magazine #jetztwohnen featuring an energy saving column Online asset management magazine #jetztvermögen – specific articles on relevant sustainability topics	New articles are added constantly, articles are sent out via Corporate & Business Banking customer newsletter (quarterly) / Retail Banking customer newsletter (monthly)
Presentations for pupils and students (in-house or externally)	Several times a year, ad hoc

Oberbank is actively seeking contact with various stakeholder groups in an effort to survey their opinions or to improve customer satisfaction, among other things. This active engagement makes it possible not only to create awareness of sustainability topics in finance and the actions Oberbank is taking in this respect, but also to motivate internal stakeholders to take part in ESG projects.

Formats of stakeholder engagement

Type of stakeholder engagement	Stakeholder group	Stakeholder category	Frequency
Regular exchange with other banks on sustainability topics	Primarily Austrian financial institutions	Sustainability statement users	Ad hoc
Membership and participation in national initiatives (respACT, ÖGUT)	External initiatives	Sustainability statement users	Ongoing
Membership and participation in international initiatives (e.g. UN Global Compact)		Sustainability statement users	

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Support for project work (e.g. cooperation with schools, universities of applied sciences, and other universities)	Schools, universities of applied sciences, and other universities	Sustainability statement users	Ad hoc, more than five times a year
Oberbank Backstage Tour for pupils	Schools	Sustainability statement users	Twice a year in Linz and in every regional division in Austria
Stakeholder dialogue	Internal and external stakeholders	Affected stakeholders and sustainability statement users	Annually
Cooperation with external advisors on various projects (e.g. EMAS, PCAF, reporting)	External stakeholders	Sustainability statement users	Ad hoc
Employees: seminars, courses and WBT on sustainability (see Chapter ESRS S1 > S1-13 Training and skills development metrics)	Employees	Affected stakeholders	Different focus points, web-based training every three years and mandatory for all new entrants
Employee satisfaction survey / Employee Experience initiative (see Chapter ESRS S1 > S1-2 Processes for engaging with own workforce and workers' representatives about impacts)	Employees	Affected stakeholders	Annually
Employee mobility survey (see Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Employee mobility)	Employees	Affected stakeholders	Annually
“Chance 2030” survey	Employees	Affected stakeholders	First held in June/July 2023
Management by objectives (MbO) talk with Oberbank employees	Employees	Affected stakeholders	Annually
Energy saving challenge	Employees	Affected stakeholders	First held in 2023
Customer satisfaction survey (see Chapter ESRS S4 > S4-2 Processes for engaging with consumers and end-users about impacts)	Customers	Affected stakeholders and sustainability statement users	Following trigger events such as consultations or the opening of an account, etc.

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Annual sustainability consultation and sustainability check (see Chapter ESG criteria in lending > Sustainable product portfolio metrics > <u>Sustainability consultation and sustainability check for corporates</u>)	Corporate customers	Affected stakeholders and sustainability statement users	Annually
Annual consultation for retail customers	Retail customers	Affected stakeholders and sustainability statement users	Annually
Feedback from Oberbank app	Customers	Affected stakeholders and sustainability statement users	Ongoing
Dialogue / Provision of additional information for ratings, SPO	Rating agencies (e.g. ISS ESG, S&P, CDP)	Sustainability statement users	Annually
Dialogue with public institutions, interest groups and industry associations	e.g. Economic Chambers, Bankers' Association, provincial government of Upper Austria	Sustainability statement users	Ad hoc
Exchange under EMAS (Eco-Management and Audit Scheme), e.g. EMAS sharing of best practices	Austrian companies that have implemented EMAS	Sustainability statement users	Annually
FERONIA sustainability award conferred by Oberbank, Upper Austrian News (OÖN) and the provincial government of Upper Austria	Enterprises, organisations, associations, educational institutions in Upper Austria	Affected stakeholders and sustainability statement users	Annually
EMAS & Green Location audits	Auditors	Sustainability statement users	For the first time in 2022 – annual recertification by EMAS; Green Location label: interim audit after 2 years, recertification after 4 years

The Management Board is kept informed about important feedback and the results of stakeholder engagement.

Membership in industry initiatives

GRI 2-23, GRI 2-28

UN Global Compact

The United Nations Global Compact is the largest initiative worldwide for corporate social responsibility (CSR) and sustainable development. Oberbank has publicly committed itself to implementing the UNGC's ten universal principles addressing human rights, labour standards, environmental protection and the fight against corruption, as well as to supporting the 17 sustainable development goals and herewith renews its support.



Upon joining the UN Global Compact, it becomes mandatory for businesses to report on their progress in implementing the ten principles of the Global Compact and the SDGs. Up to and including 2021, Oberbank used its sustainability report to do so. In 2023, the UN Global Compact introduced a standardised online questionnaire which Oberbank has been using since the financial year 2022 to provide detailed Communication on Progress (CoP) reporting. Due to technical problems, the CoP for the 2022 reporting period is not expected to become publicly available on the UN Global Compact platform before mid-2024.

Businesses have a key role to play when it comes to implementing the SDGs. Oberbank is well aware of its social responsibility and will continue to actively contribute to overcoming the challenges we face on a global level. Oberbank's sustainability ambitions are aligned with the UN's sustainable development goals. This symbiotic relationship is one of the drivers of relevant ethical and environmental standards at Oberbank.

RespACT – austrian business council for sustainable development

In the context of SDG implementation, respACT is a major nexus between international sustainability organisations such as the World Business Council of Sustainable Development, CSR Europe and the UN Global Compact, public entities and businesses.



Oberbank wholeheartedly subscribes to respact's bylaws and the principles laid down in its CRS mission statement "Success based on responsibility. Guidance for future economic activity". Active participation in workshops on innovative solution approaches and the strategic implementation of global goals are part of Oberbank's sustainability policy.

ÖGUT – Österreichische Gesellschaft für Umwelt und Technik

ÖGUT is an independent Austrian NGO that has been advocating for sustainability in business and society for more than 30 years. Taking part in ÖGUT projects and activities helps Oberbank to realise its ambitions in the area of sustainability.



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PCAF – Partnership for Carbon Accounting Financials

PCAF is a worldwide initiative whose members work together to develop the Global GHG Accounting and Reporting Standard for the finance industry to assess and disclose the greenhouse gas emissions associated with its loans and investments. By doing so, PCAF participants take an important step towards assessing climate-related risks, setting goals aligned with the Paris Climate Agreement, and developing effective strategies for decarbonising our society.



TCFD – Task Force on Climate-Related Financial Disclosures

TCFD develops recommendations for climate-related disclosures in the financial sector to promote transparency and comparable, high-quality reporting across the industry. Contents include information on the core elements of governance, strategy, risk management as well as metrics and targets. Oberbank has committed itself to implementing the TCFD recommendations – for an overview, refer to the end of the sustainability report.

SBTi – Science Based Targets Initiative

The Science Based Targets Initiative is an international organisation aiming to actively involve companies in climate change mitigation activities. The initiative is considered the internationally recognised gold standard for science-based corporate climate action targets. Such targets must be aligned with the targets of the Paris Climate Agreement and contribute to reducing global warming to well below 2 degrees Celsius or, in a best-case scenario, to meeting the 1.5-degree target. In December 2022, Oberbank was one of the first banks in Austria to commit to SBTi and thus to developing science-based targets and has since been working on such targets as well as on a decarbonisation strategy (see Chapter ESRS E1 > E1-1 Transition plan for climate change mitigation).

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

GRI 3-1

The material impacts Oberbank is causing go beyond the direct impacts of its own operations and can be found primarily in the downstream value chain – loans granted, equity investments, investment and customer portfolio, etc.

Oberbank's sustainability strategy for 2025, which forms part of the overall bank strategy, had already included the topics defined as material in the past few years. The 2022 Sustainability Report showed that financed emissions (Scope 3.15) account for the largest share of greenhouse gas (GHG) emissions caused by the operations of Oberbank. This is why in 2023 Oberbank started working on a decarbonisation strategy for its entire portfolio (see Chapter ESRS E1 > E1-1 Transition plan for climate change mitigation).

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Product development, too, responds to changed requirements, such as increasing customer demand for sustainable products, as well as to Oberbank's overarching goal of contributing to the transformation of society and the economy towards more sustainability. The range of products and services that include ESG criteria is being continually expanded and adapted (see Chapter [ESG criteria in lending](#)).

The topics derived from the new materiality assessment will also be taken into account in the future strategy process, with further actions being defined in the respective areas.

Changes to the material impacts, risks and opportunities compared to the previous reporting period

Based on the new materiality assessment carried out in accordance with ESRS, impacts, risks and opportunities were subjected to more in-depth scrutiny than ever before and were analysed from a double materiality perspective. For the process description, see Chapter ESRS 2 > [IRO-1 Description of the process](#).

Double materiality has two dimensions: impact materiality and financial materiality. Impact materiality looks at the positive or negative effects the undertaking has or could have on the environment and people, including effects on human rights. This includes effects connected with the undertaking's own operations and upstream and downstream value chain, including through its products and services or through its business relationships. A sustainability matter is deemed material from a financial perspective if it generates risks or opportunities that affect the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. A sustainability matter meets the criterion of double materiality if it is material from the impact perspective or the financial perspective or both.

The first materiality assessment performed pursuant to ESRS included an assessment of both impact materiality and financial materiality. A first analysis of the anticipated financial effects of the undertaking's material risks and opportunities on its financial position, financial performance and cash flows over the short, medium and long term is to be carried out in the course of 2024.

GRI 3-2

The materiality assessment pursuant to ESRS has led to changes in and/or additions to the topics material for Oberbank. The following material topics that were covered in the 2022 report can be found at different points in the new structure of this report:

1. Protection of customer data
2. Customer satisfaction
3. Corporate governance
4. Compliance
5. Sustainable product portfolio
6. Sustainable lending policy
7. Asset management
8. Own investments

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9. Fair employer
10. Employee development
10. Work-life balance
11. Occupational health and safety
12. Environmental impacts of operations
13. Sustainable sourcing and use of renewable resources
15. Social engagement and corporate citizenship

Based on the materiality assessment performed in 2023 pursuant to ESRS, the following topics were identified as material for Oberbank:

ESRS standard	Sub-topic
E1 – Climate change	Climate change adaptation
E1 – Climate change	Climate change mitigation
E1 – Climate change	Energy
S1 – Own workforce	Working conditions – Secure employment
S1 – Own workforce	Working conditions – Working time
S1 – Own workforce	Working conditions – Adequate wages
S1 – Own workforce	Working conditions – Social dialogue
S1 – Own workforce	Working conditions – Work-life balance
S1 – Own workforce	Working conditions – Health and safety
S1 – Own workforce	Equal treatment and opportunities for all – Gender equality and equal work for equal pay
S1 – Own workforce	Equal treatment and opportunities for all – Training and skills development
S1 – Own workforce	Equal treatment and opportunities for all – Diversity
S1 – Own workforce	Other work-related rights – Privacy
S4 – Consumers and end-users	Information-related impacts for consumers and/or end-users – Privacy
S4 – Consumers and end-users	Information-related impacts for consumers and/or end-users – Freedom of expression
S4 – Consumers and end-users	Information-related impacts for consumers and/or end-users – Access to (quality) information
S4 – Consumers and end-users	Personal safety of consumers and/or end-users – Security of a person
S4 – Consumers and end-users	Personal safety of consumers and/or end-users – Protection of children
S4 – Consumers and end-users	Social inclusion of consumers and/or end-users – Access to products and services
S4 – Consumers and end-users	Social inclusion of consumers and/or end-users – Responsible marketing practices
G1 – Business conduct	Corporate culture
G1 – Business conduct	Protection of whistle-blowers
G1 – Business conduct	Management of relationships with suppliers including payment practices
G1 – Business conduct	Corruption and bribery – prevention and detection including training
G1 – Business conduct	Sponsoring
Entity-specific	ESG criteria in lending

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Entity-specific	Strategic investments
Entity-specific	Own investments
Entity-specific	Investment services

Note on this table: The designations used for the sub-topics correspond to the ones used in the European Sustainability Reporting Standards (ESRS). However, for ease of reading, shortened forms of material topics will be used in this Sustainability Statement.

The impacts, risks and opportunities related to these newly identified material topics are described below.

Positive and negative material impacts, as well as risks and opportunities

GRI 3-3

This section provides a summary of the positive and negative material impacts as well as the risks and opportunities relating to the material topics for Oberbank as identified in the materiality assessment. The description also includes potential negative impacts and risks that are not material for Oberbank where this made the outcomes of the materiality assessment easier to understand.

General information on time horizons: In the case of actual impacts the time horizon is short-term, in the case of potential impacts assumed time horizons tend to vary. Where positive and negative material impacts as well as risks and opportunities were identified, the time horizons were specified separately for each. See time horizons definitions in Chapter ESRS 2 > [BP-2 Disclosures in relation to specific circumstances](#).

E1 Climate change

Climate change adaptation

This topic comprises the organisation's process of adaptation to both actual and expected climate change and its impacts.

Impacts

Business enterprises, which includes credit institutions such as Oberbank, may have both positive and negative material impacts on climate change. To minimise the negative impacts and to cope with the challenges of climate change in their own operations, they need to adapt their business strategies. If they fail to do so, the capacity of societies and ecosystems to deal with, or adapt to, the impacts of climate change would potentially diminish on a global scale as a result. Therefore, the focus must be on developing policies and/or business strategies for climate change adaptation. Oberbank's materiality assessment revealed actual and potential negative environmental impacts of its business operations. The focus of the ongoing work on these material topics is on remodelling buildings, involving a transition to renewable heat sources, and on implementing the e-mobility infrastructure introduced in 2022.

- Time horizon for potential impacts
 - Negative impacts: short-term (resource use directly noticeable)
 - Positive impacts: medium-term (longer implementation period due to need for investment)

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Financial risks and opportunities

Being able to adapt well to new conditions may not only give rise to competitive advantages, but may also result in a business enterprise being perceived as a more attractive employer. Where the remodelling of buildings as may become necessary to adapt to climate change is used to give company locations an appealing visual and tactile design, this may contribute to increasing customer retention. The likelihood of these opportunities arising is very high as there are plans for remodelling measures in the pipeline. No material financial risks were identified.

- Time horizon: medium-term (realistic period for implementation of measures, in particular with respect to remodelling and delivery times for infrastructure goods)

Climate change mitigation

This topic covers actions taken to reduce GHG emissions to limit the increase in the global average temperature to well below 2 °C and efforts to limit it to 1.5 °C above pre-industrial levels, in line with the Paris Agreement.

The focus of the 2023 materiality assessment in terms of climate change mitigation was on actions taken by Oberbank. The impacts, risks and opportunities in Oberbank's core business (banking products and services) were analysed separately (see Chapter [ESG aspects in core business](#)). The materiality assessment will be re-evaluated in 2024, and, if necessary, this structure will be adjusted accordingly.

Impacts

Defining and subsequently meeting reduction targets for GHG emissions (TCFD, CDP disclosures) can contribute to mitigating the further progression of climate change.

- Time horizon for potential impacts
 - Negative impacts: short-term (emissions)
 - Positive impacts: medium-term (actions for introducing renewable energy sources)

Financial risks and opportunities

Making its operations climate-friendly might result in more favourable financing terms for Oberbank itself as well as in positive changes on the customer side, such as increased trust and growth in customer business due to better sustainability ratings for Oberbank. No material financial risks were identified.

- Time horizon: short-term (ratings have immediate impacts)

Energy

This topic covers the energy consumption and the energy mix of the organisation as well as GHG emissions (Scopes 1 to 3) and GHG intensity in own operations and in the value chain.

Impacts

Defining reduction targets for GHG emissions (TCFD, CDP disclosures) as well as specific energy efficiency measures and further reduction measures and policies in Oberbank's own operations can contribute to mitigating the further progression of climate change. This is why Oberbank's energy management advisory

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team has been providing support, since 2007, in planning measures in this context that also contribute to reducing the use of fossil fuels.

- Time horizon for potential impacts
 - Negative impacts: medium-term (the use of resources can have a medium-term impact)
 - Positive impacts: short-term (change in energy sources – direct impacts)

Financial risks and opportunities

As for the topic of energy, Oberbank identified only material opportunities and no material risks. Self-produced renewable energy (green energy) could substantially improve Oberbank's energy security. In addition, the potential selling of excess energy produced in this way can be qualified as an opportunity. A strategy for energy purchases can counteract negative financial impacts (higher costs) resulting from being dependent on volatile international energy markets. As Oberbank has already defined such a strategy, the likelihood of this opportunity arising is very high.

- Time horizon: medium-term (opportunities likely to arise over the medium term, given the amount and period of investment required)

S1 Own workforce

Secure employment

This topic covers job security, for instance the approach towards temporary contracts, social protection, as well as freelancers and temporary workers.

Impacts

Insecure and/or temporary employment results in insecurity for those affected, preventing them from planning ahead with confidence. Higher employee turnover may also result in higher costs for the employer. No actual or potential negative material impacts were identified as Oberbank works with freelancers only on a few projects and does not employ any temporary workers at all. Actual and also potential positive impacts of secure employment for both employer and employees were found to include stability and higher employee satisfaction as well as increased employee retention.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

No material financial risks and opportunities for Oberbank were identified for this topic.

Working time

This topic covers employee satisfaction with working time as well as related strategies and policies, such as working time models, mobile working, or part-time work.

Impacts

When employees are overworked, actual impacts consist in a reduction of quality of life and negative impacts on employee health. However, Oberbank also identified a number of actual positive and potential positive impacts. Various strategies and policies can contribute to achieving a good work-life balance. Flexible working

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hours, for instance, were found to raise employee satisfaction. In addition, part-time work models at Oberbank give rise to positive material aspects by leveraging potential and offering pension schemes and increased financial security in old age. Other positive impacts may arise in an employee health context.

- Time horizon for potential impacts
 - Negative impacts: medium-term (giving increasing requirements)
 - Positive impacts: short-term

Financial risks and opportunities

No material financial risks and opportunities for Oberbank were identified for this topic.

Adequate wages

This topic is about adequate wages, with various (statutory) requirements applying (e.g. collective agreements, minimum wage).

Impacts

The following potential negative material impacts were identified: difficult financial situation for employees when wages are inadequate; declining employee motivation and satisfaction; rising turnover rate. Observable positive impacts include financial security for employees; higher employee satisfaction; lower turnover. To establish what adequate and comparable wages are in the markets outside Austria, wage studies were used for comparison.

- Time horizon for potential impacts
 - Negative impacts: medium-term (where wages are not in line with market standards)
 - Positive impacts: short-term

Financial risks and opportunities

A material opportunity for Oberbank in this respect is the fact that fair and adequate wages not only strengthen its position on the labour market but also employee retention and loyalty. Risks include wages paid to employees or offered to potential employees falling short of rising wage trends on the market. However, such risks are currently not material for Oberbank.

- Time horizon
 - Risks: short-term
 - Opportunities: short-term

Social dialogue

This is a topic where employee representation has a key role to play, as does the pro-active gathering of feedback from employees and the encouragement of dialogue among employees, for instance through the organising of events.

Impacts

A potential negative impact of a lack of social dialogue can be (strong) feelings of dissatisfaction when employees feel that they are not being heard. However, an analysis of this topic revealed neither actual nor potential negative impacts for Oberbank, as numerous measures are being taken to encourage dialogue

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among employees and active feedback from employees, thus contributing to employee satisfaction and a feeling of being appreciated. Impact materiality is therefore based on actual and potential positive impacts.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

Offering opportunities for social dialogue strengthens Oberbank's position on the labour market and employee loyalty towards Oberbank. Risks may occur if information does not flow fast enough in corporate communications.

- Time horizon: short-term

Work-life balance

This topic covers family-related absences, flexible working times, and access to childcare.

Impacts

A lack in work-life balance leads to actual negative impacts, such as loss in quality of life, for instance in situations where the requirements of work and family are incompatible. Results include stress-induced symptoms such as declining performance, and a rise in sick leave days, with burn-out as the worst-case scenario. Increasing workloads can entail and/or reinforce potential negative impacts. A positive work-life balance, on the other hand, contributes to better physical and mental health, an actual positive impact identified for Oberbank. In some cases, this will even translate into increased performance. Employee satisfaction, too, may rise as a result.

- Time horizon for potential impacts
 - Negative impacts: medium-term
 - Positive impacts: short-term

Financial risks and opportunities

Opportunities may arise from Oberbank offering workplace health promotion and mental health support measures in different life situations, as this will result in fewer sick leave days, and healthier employees will be able to perform better. Where the work-life balance develops unfavourably, negative reactions from employees can be expected already in the short term.

- Time horizon
 - Opportunities: medium-term
 - Risks: short-term

Health and safety

This topic is about the status of, and the prerequisites for, occupational health and safety.

Impacts

A lack of occupational health and safety could have negative impacts on employee health, for instance mental stress, cardiovascular disorders or musculoskeletal problems. However, Oberbank has prevention measures

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and support programmes in place (e.g. sport programmes, mental health counselling, safety measures) that tend to improve health. With this topic, impact materiality is based on positive impacts.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

As with work-life balance, Oberbank identifies opportunities based on the health promotion measures already being taken (physical and mental employee health), above all opportunities to reduce the number of sick leave days and to increase employee satisfaction. This is also a contribution towards strengthening employee retention and loyalty. No material financial risks were identified.

- Time horizon: medium-term

Gender equality and equal work for equal pay

This topic covers, among other things, the percentage of women in management positions or the gender pay gap.

Impacts

Negative impacts identified for this topic include discrimination and lack of gender equality leading to less satisfaction and quality of life; the existence of a gender pay gap; a male-dominated management level; and part-time work as a “trap”. On the positive side, gender equality has impacts such as higher satisfaction; equal treatment; more women in management positions; diversity/gender balance in management teams and/or diverse teams; and a sufficient number of potentials to fill vacant positions.

- Time horizon for potential impacts
 - Negative impacts: short-term
 - Positive impacts: short-term

Financial risks and opportunities

A material aspect for Oberbank was found to be the fact that gender equality will, in the medium term, strengthen both Oberbank’s position on the labour market and employee loyalty. It also allows vacant management positions to be filled from a sufficiently large pool of qualified candidates. Discrimination would result in negative employee reactions (e.g. strikes) in the short term and in potential reputational damage.

- Time horizon
 - Opportunities: medium-term
 - Risks: short-term

Training and skills development

The focus of this topic is on employee development, the potential for, and number of, training options, and regularly held performance assessments.

Impacts

As Oberbank places a strong focus on employee development, only positive material impacts were identified, such as the development of new skills, which may lead to higher employee satisfaction and to increased performance at the workplace. Promoting training and development may also be regarded as an expression

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of the employer's appreciation for its employees. Training programmes that are standardised across Oberbank guarantee equal opportunities for all. Active management of potentials highlights clear perspectives for individual further development.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

Oberbank identifies financial opportunities in development measures and a better skill set for employees as a contribution towards raising productivity. In addition, attractive opportunities for development make a positive contribution to Oberbank's position on the labour market. A lack of employee skills may lead to customer dissatisfaction and negatively impact business success. This risk was found not to be material for Oberbank.

- Time horizon
 - Opportunities: medium-term

Diversity

The material topic of diversity covers the way diverse groups are being treated, measured for instance by the percentage of women and members of various ethnic groups or minorities as well as different age groups in Oberbank's workforce.

Impacts

The following positive impacts were found to be material for Oberbank: inclusion; a sense of belonging among those concerned; a higher percentage of women in management positions; Initiative 50+ for supporting older employees. No negative impacts were identified.

- Time horizon for potential positive impacts: medium-term

Financial risks and opportunities

Oberbank identifies opportunities in recruiting employees from diverse groups and also in providing support to older employees. Different opinions/views, as tend to be expressed in diverse teams, result in better performance from a business perspective. In addition to giving rise to compensatory payments, a lack of diversity might result in a limited pool of job candidates or even in reputational damage. This risk was found not to be material for Oberbank.

- Time horizon
 - Opportunities: medium-term

Employee data privacy

This topic is about how Oberbank handles private employee data. Statutory provisions such as the General Data Protection Regulation (GDPR) apply.

Impacts

With respect to employee data privacy, the materiality assessment revealed no actual negative impacts. The potential negative impacts of incidents of data privacy violations would be employee dissatisfaction and, if there were strict security measures or conduct monitoring in place, an infringement of employee rights and

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freedoms with respect to data handling. Actual positive material impacts were also identified for this material topic: a positive sense of security among the workforce; attractive employer.

- Time horizon for potential impacts
 - Positive impacts: medium-term
 - Negative impacts: short-term

Financial risks and opportunities

Oberbank is aware of the potential risks linked to data privacy and is therefore taking both technical and organisational prevention measures. To date, no data loss has occurred that would have caused financial loss or reputational damage. Given these prevention measures and Oberbank's prior experience, the likelihood of a data privacy incident in connection with employee data was assessed to be low, and no material risk was identified. No material opportunities were identified.

S4 Consumers and end-users

Customer data privacy

This topic is about how Oberbank deals with private customer data. Statutory provisions such as the General Data Protection Regulation (GDPR) apply.

Impacts

No actual material impacts were identified in respect of customer data privacy. To date, only singular incidents with minor consequences have occurred. Potential/future negative impacts of incidents relating to customer data would be loss of trust; economic or financial impacts on customers; and non-financial loss or damage. However, well-functioning preventive measures have already generated actual positive impacts, such as a positive sense of security among customers and the positioning of Oberbank as an attractive business partner.

- Time horizon for potential impacts
 - Negative impacts: short-term
 - Positive impacts: long-term

Financial risks and opportunities

See also the description regarding employee data privacy. Oberbank is aware of the potential risks linked to data privacy and is therefore taking prevention measures. Given these preventive measures and Oberbank's prior experience, the likelihood of consequences deriving from a data privacy incident in connection with customer data was assessed to be low, and no material risk was identified. No material opportunities were identified.

Freedom of expression

This topic is about freedom of expression on the part of customers. An essential requirement in this respect is the existence of channels for feedback and for grievances or complaints handling.

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Impacts

Primarily positive impacts were identified as material for this topic as Oberbank, being a regional bank, offers its customers direct points of contact, an approach which makes dialogue between customers and bank easier and strengthens customer retention and loyalty. Customer experience management involves customer satisfaction surveys being conducted at regular intervals. Moreover, response times to customer complaints are short (within 24 hours).

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

Given the low likelihood of a lack of freedom of expression on the part of customers occurring, no material financial risks were identified. Oberbank's close relationship with its customers may also have positive impacts on customer retention and loyalty and can thus be considered an opportunity. No material financial risks were identified.

- Time horizon for opportunity: medium-term

Access to (quality) information

It is mandatory for Oberbank to inform customers extensively about a variety of topics, which requires bank employees to be trained accordingly and products being labelled appropriately.

Impacts

Primarily positive impacts were found in this context, such as awareness-raising, prevention of insecurity and complaints. Quality information may also strengthen customer security and prevent loss or damage in instances of fraud.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

A material opportunity for Oberbank are referrals, as quality and transparent information helps Oberbank to position itself as an open and informative financial partner. No material financial risks were identified.

- Time horizon: medium-term

Security of a person

For Oberbank, this includes physical security as well as security or control measures which also serve customer security, such as measures to prevent bank robberies, fraud, or misuse of information, unless already covered by the topic of data privacy.

Impacts

Preventive measures to ensure the security of a person, such as measures to prevent bank robberies, reduce the likelihood of such incidents taking place. Controls are in place as well to prevent misuse, for example in the case of cash transactions. Extensive information is provided to pre-empt customer insecurity in this respect.

- Time horizon for potential positive impacts: short-term

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Financial risks and opportunities

No material financial risks or opportunities were identified.

Protection of children

This topic covers the protection of children in their role as consumers to prevent negative impacts being caused by Oberbank products.

Impacts

No positive or negative material impacts on children caused by Oberbank's products and services were identified.

Financial risks and opportunities

Oberbank identifies an opportunity in the fact that offering products for children/young people makes it possible to build up a customer relationship with them early on. No material financial risks were identified.

- Time horizon: medium-term

Access to products and services

This topic is about customer access to Oberbank's products and services, with a distinction being made between digital or online channels and in-branch offers.

Impacts

Enabling access via a number of different channels, i.e. enabling banking transactions to be carried out both digitally and analogously in a branch, results in positive material impacts, such as the possibility to do banking transactions online at any time and to be able to still receive personal advice and support in a local branch.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

The possibility for Oberbank to position itself as a regional bank was identified as a material opportunity. Always being close at hand as a regional bank makes customers regard Oberbank as a reliable partner. A key advantage Oberbank has as a regional bank is that decision-making paths are short and decisions can therefore be taken rapidly, which in turn has a positive impact on Oberbank itself. No material financial risks were identified.

- Time horizon: medium-term

Responsible marketing practices

Oberbank understands this topic to be about providing transparent and comprehensive information when advertising its products and services. The materiality assessment found product information or explanatory video clips on the website to be points of reference – in this respect, this topic overlaps with the topic Access to (quality) information.

Sustainability Statement

General information

Impacts

An increase in customer satisfaction due to responsible marketing practices was identified as a positive impact; providing instructions makes access to a variety of products easier.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

Freeing up advisor time by making information or explanatory video clips available online is a material opportunity for Oberbank as customer advisors will then have more time to devote to business that requires extensive advisory services. This opportunity is also linked to access to products and services. No material financial risks were identified.

- Time horizon: medium-term

G1 Business conduct

Corporate culture

This is about the organisation's corporate culture: What guidelines are being applied and how does the management promote the corporate culture and lead by example? One point of reference in this context is the topic of integrity in tax matters.

Impacts

Positive impacts linked to a good corporate culture at Oberbank include satisfied employees; raised productivity; a stable financial system; a pioneering role and role model function of Oberbank for other businesses. By contrast, poor corporate culture might lead to a loss of trust among employees, customers and shareholders. However, such negative impacts were found not to be material for Oberbank.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

Apart from the positive impacts of productivity increases, opportunities arise also from securing shareholder and stakeholder trust and strengthening the position of Oberbank on the capital market. Conversely, there is the potential risk of losing trust when corporate culture is perceived to be negative. However, this risk is not material for Oberbank.

- Time horizon
 - Opportunities: short-term

Protection of whistle-blowers

With respect to this topic, Oberbank provides a description of its whistleblowing platform and how it works. Statutory provisions apply in this context, key among them the Whistleblowing Directive (EU) 2019/1937, which was implemented in Austria by means of the Whistleblower Protection Act (HSchG), which entered into effect as of 25 February 2023.

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Impacts

The positive impacts are material in this context. Whistleblowing helps the organisation to improve and allows weaknesses to be detected at an earlier stage. The possibility to address critical issues anonymously helps to fight corruption.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

A material opportunity for Oberbank arises from the fact that the reporting channel can have wider uses and serve to also address topics that are not covered by whistleblower protection. Preventing reputational damage and early detection of weaknesses are highly relevant factors as well. This is an area where financial and impact materiality overlap. No material financial risks were identified.

- Time horizon short-term

Management of relationships with suppliers including payment practices

This is about describing how Oberbank interacts with its suppliers. Information on Oberbank's payment practices will be included in the next Sustainability Statement (covering 2024).

Impacts

Oberbank identified primarily positive impacts in respect of this topic. The definition of ESG criteria and of a dedicated Code of Conduct for Suppliers and Business Partners contributes to raising awareness of sustainability among Oberbank's suppliers.

- Time horizon for potential positive impacts: short-term – in terms of selecting sustainable suppliers

Financial risks and opportunities

No material financial risks or opportunities were identified.

Corruption and bribery – prevention and detection including training

For this topic, Oberbank provides a description of in-house systems and management practices developed to identify, detect and investigate incidents linked to corruption and bribery. The management approaches used to prevent such incidents are addressed as well. This also includes training on anti-corruption and anti-bribery measures.

Impacts

Positive impacts were identified for Oberbank. Preventive measures and training opportunities strengthen awareness of corruption issues and help to prevent potential corruption or bribery-related practices.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

Strengthening the trust in Oberbank's independence was identified as a material opportunity for this topic. No material financial risks were identified.

- Time horizon short-term

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Sponsoring

In this context Oberbank describes its policies for sponsoring as well as the measures taken in the various areas of sponsoring.

Impacts

It is safe to assume that Oberbank's activities in this context create positive material impacts as Oberbank's sponsoring is limited exclusively to environmentally sustainable and/or socially relevant areas.

- Time horizon for potential positive impacts: short-term

Financial risks and opportunities

The strengthening of the Oberbank brand through sponsoring is a material opportunity. No material financial risks were identified.

- Time horizon: medium-term

Entity-specific topics

For entity-specific topics, see Chapter ESG aspects in core business.

Impact, risk and opportunity management

IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities

GRI 2-14, GRI 3-1

Starting in 2019, a materiality assessment was carried out in line with the standards of the Global Reporting Initiative (GRI), which was subjected to a re-evaluation in 2021. 2023 saw the first double materiality assessment being conducted, with external support, in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and those of the European Sustainability Reporting Standards (ESRS).

The starting point for further assessment were the topics included in the ESRS 1 longlist of potentially material topics. The first step was a benchmark analysis which examined sustainability information (websites, sustainability reports) provided by entities in the financial industry for how they had addressed these topics. The results of this research were documented in order to identify reference points and potential impacts, risks and opportunities for the financial industry.

Assessment workshops were then organised to complete the longlist of potentially material topics, which already contained suggestions for Oberbank, in consultation with the respective departments and/or to add entity-specific topics.

Moreover, the workshop participants were given an introduction to the materiality assessment method as defined in ESRS. This included a more detailed explanation of the assessment methodology to be applied and, above all, of the structure of the scales according to which the impacts, risks and opportunities of the various topics were to be subsequently assessed. Oberbank's existing assessment method for operational risks was relied upon in preparing these scales.

The identified topics were then assessed in terms of their positive and negative impacts and, depending on the selection, also in terms of potential and actual impacts. Actual impacts are those that have already occurred. Potential impacts are those that could occur but have not yet occurred. The first elements to assess were what would cause the impact (directly or indirectly caused by Oberbank), where it might occur (i.e. the place/region where the expected impact was likely to occur) and the time horizon over which the impact might occur. The next step was a quantitative analysis to determine the extent, scope and reversibility of the impacts. The question as to whether human rights might be violated in connection with the expected impacts was also discussed in the workshops. In the case of potential impacts, the likelihood of occurrence was assessed as well.

Where risks and opportunities were qualified as relevant for Oberbank, the time horizon of their likely occurrence was defined before it was analysed how these risks and opportunities were likely to impact on different factors (availability of resources, relationships with key stakeholders, future cash flow). The likelihood of occurrence was assessed as well.

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Risks and opportunities are frequently linked to identified impacts on the environment, on society and on stakeholders. For instance, impacts on stakeholders (e.g. caused by dissatisfaction) may also entail financial impacts on Oberbank itself. These interactions were taken into account in assessing the risks and opportunities.

Overall, a threshold of 0.5 was defined for impact materiality and financial materiality (risks and opportunities), such threshold being calculated based on the assessments for each of the various criteria. Where the impact materiality and/or financial materiality of a topic exceeded this threshold, the topic was deemed material for Oberbank and was included in the present Sustainability Statement.

Depending on the specific topic covered, sustainability officers and the heads of the relevant departments were involved in the assessment process. Some topics were assessed by several departments to ensure that different perspectives were being taken into account. The results of the assessments were presented to the Management Board and the Supervisory Board, with comments and improvements being incorporated in the sustainability statement.

Additional analysis – core business

Oberbank's core business, which is to provide banking products and services, may, in particular based on capital flows in connection with lending and investment, have material impacts, risks and opportunities that relate to the environment and to society. The same applies to Oberbank's strategic investments. For this reason, a special focus was placed on this issue in the materiality assessment, with an additional data-based approach being chosen for impact assessment.

The Climcycle tool, an external platform for quantifying and disclosing ESG risks developed by ESG Software GmbH, and the UNEP FI Impact Analysis tool (United Nations Environment Program – Finance Initiative) were used to analyse the impacts produced by the loan portfolio. The data sources included in these tools were used to assess the positive and negative impacts as well as the risks in the portfolio. The starting point was the economic sector in which customers are operating (see Chapter ESG criteria in lending > [Policy – related to ESRS 2 SBM-3](#)).

With respect to own investments, the approach included breaking down the composition of the portfolio (see Chapter Own investments > [Metrics and targets](#)) on the one hand and analysing the MSCI ESG ratings of our proprietary portfolio and of new investments on the other hand.

In investment services, the first step was to identify the impact of the various segments, such as brokerage, asset management (individual portfolio management), retail (advisory and non-advisory) as well as private banking (advisory and non-advisory). The next step was then to determine impact materiality and financial materiality on this basis.

With respect to strategic investments, the impacts, risks and opportunities of each respective sector of industry were evaluated using the Climcycle tool and the UNEP FI Impact Analysis tool, with the material impacts, risks and opportunities being determined on the basis of the published sustainability reports.

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The analysis results are presented in Chapter ESRS 2 > SBM-3 Material impacts, risks and opportunities for the topics from the ESRS standards, and in the respective chapters in the section on ESG aspects in core business for the core business topics.

These outcomes and the resulting material topics will inform the next strategy process and the definition of future goals and targets. In risk management, too, sustainability risks are a topic that is subject to ongoing monitoring, see Consolidated Financial Statements > Risk report > Sustainability risk as an integral component of credit risk. The detailed analysis of the impacts, risks and opportunities of the lending business as derived from the materiality assessment performed in Climcycle and UNEP FI is interrelated with the risk assessment in Oberbank's general risk management.

Various topics form the subject of an ongoing dialogue with stakeholders (see Chapter ESRS 2 > SBM-2 Interests and views of stakeholders); an in-depth discussion of the materiality assessment is scheduled for the next re-evaluation cycle in 2024.

Environmental information

Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Sustainability under the EU Taxonomy

By adopting the Green Deal, the European Union set the course towards sustainable investment. The Taxonomy Regulation 2020/852 and the associated delegated acts are to contribute significantly to directing more investment into sustainable economic activities and to achieving sustainable growth and transforming both the economy and society.

Fundamentally, the EU Taxonomy is a list of economic activities that are considered to be sustainable. It comprises detailed classification systems, set out in what are called delegated acts, which tell you whether an economic activity is sustainable or not. The purpose of the Green Asset Ratio (GAR), which requires banks in the European Union to provide extensive reporting on the proportion of their sustainable business going forward from 2024, will make banks more easily comparable to one another.

The evaluation benchmarks are the six environmental objectives set out in more detail in supplementary delegated regulations, namely climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems.

GAR calculation compares the proportion of sustainable finance of a group of finance customers defined in the Regulation (undertakings that are required under the NFRD to publish the proportion of their taxonomy-aligned business, private individuals, and local governments) to the bank's business volume as defined pursuant to the EU Taxonomy. Over the next few years, the number of enterprises which are required to make disclosures under the CSRD and whose finance business is subject to evaluation will rise as publication criteria will become more encompassing.

Where finance serves the general object of the business (working capital finance, promissory notes and securities), the calculation will be based on the published KPIs of NFRD undertakings using the method defined in EU Regulation 2021/2178, i.e. turnover-based and CapEx-based KPIs.

Oberbank's Corporate & International Finance department (CIF) set up a special sustainability team in 2022 to carry out and document the taxonomy screening from a technical point of view. The relevant criteria are substantial contribution to the environmental objective, the DNSH (Do No Significant Harm) criteria and the MSS (Minimum Social Safeguards) criteria.

Mandatory disclosures under the EU Taxonomy

Under Article 8 EU Taxonomy Regulation, Oberbank must disclose the following information for 2023:

EU Taxonomy Reporting	
Template	
0	Summary of the KPIs and the Green Asset Ratio to be disclosed by credit institutions under Article 8 Taxonomy Regulation. The coverage ratio is calculated with all the assets covered for GAR calculation in the numerator.
1	<p>Assets for the calculation of GAR</p> <p><u>GAR – Covered assets in both numerator and denominator:</u> Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation. Broken down by financial undertakings (subject to NFRD), non-financial undertakings (subject to NFRD), households, local government financing</p> <p><u>Assets excluded from the numerator for GAR calculation</u> Broken down by financial and non-financial undertakings (not subject to NFRD), derivatives, on-demand interbank loans, cash and cash-related assets, and other assets</p> <p><u>Assets not covered for GAR calculation</u> Broken down by central governments and supranational issuers, central bank exposure, and trading book; receivables excluded from the GAR numerator due from households and local governments are included only in the total of this item as there is no pertinent ‘of which’ item.</p> <p><u>Off-balance sheet exposures subject to NFRD disclosure obligations:</u> Broken down by financial guarantees and assets under management.</p> <p>For each entry, the table lists the total gross carrying amount and the taxonomy-eligible or taxonomy-aligned gross carrying amount broken down by the six environmental goals and by intended use.</p>
1a	Presentation by turnover KPIs
1b	Presentation by CapEx KPIs
2	<p>GAR sector information</p> <p>Detailed breakdown by sector (NACE sectors, 4 digits level) of non-financial undertakings (subject to NFRD). The NACE code of each entity is provided.</p> <p>For each entry, the table lists the taxonomy-eligible or taxonomy-aligned gross carrying amount broken down by the six environmental goals and by intended use.</p>
2a	Presentation by turnover KPIs
2b	Presentation by CapEx KPIs
3	<p>GAR KPI stock</p> <p>Disclosure of taxonomy-eligible or taxonomy-aligned gross carrying amounts of the GAR covered assets in both numerator and denominator in relation to the total gross carrying amounts of the GAR covered assets in both numerator and denominator (divided by the values shown in the respective row).</p> <p>For each entry, the table lists the taxonomy-eligible or taxonomy-aligned gross carrying amount broken down by the six environmental goals and by intended use.</p>
3a	Presentation by turnover KPIs
3b	Presentation by CapEx KPIs

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4	GAR KPI flow 2023 Disclosure of loans newly granted and/or securities newly added in 2023, GAR covered both in numerator and denominator and still recognised on the balance sheet at the end of the reporting period. For each entry, the table lists the taxonomy-eligible or taxonomy-aligned gross carrying amount broken down by the six environmental goals and by intended use. The table shows the ratio to gross carrying amounts newly recognised in the reporting period (divided by the values shown in the respective row)
4a	Presentation by turnover KPIs
4b	Presentation by CapEx KPIs
5	KPIs off-balance sheet exposures Disclosure of taxonomy-eligible or taxonomy-aligned off-balance sheet exposures (financial guarantees and assets under management) in relation to total exposures of financial guarantees and assets under management. Templates for off-balance sheet exposures newly added in 2023 are provided as well.
5a	Presentation by turnover KPIs
5b	Presentation by CapEx KPIs

All the information relevant for these disclosures comes from Oberbank's core banking systems and is also used for reporting purposes.

As Oberbank neither has operations of its own in the fields of nuclear energy and energy production from fossil gaseous fuels nor provides finance to enterprises operating in these sectors, only Template 1 was filled in with respect to the information requested to be provided in Section 4.26 of Annexes I and II of Delegated Regulation (EU) 2021/2139. The full template will be included in the 2023 annual financial report on the Oberbank website.

ESRS E1 Climate change

Climate change is one of the major challenges of our time, with far-reaching effects on people and on the environment. As a regional bank, Oberbank is aware of its responsibility to make an active contribution to climate change mitigation. Oberbank relies on continuous improvements and ambitious projects in its efforts to meet the Paris climate goals. In the banking sector more than anywhere else, economy, reliability, stability and solidity are valuable assets that need to be treated with great care, because the trust of customers, employees and other stakeholders is an asset of utmost importance.

Climate change mitigation, energy efficiency and responsible use of resources are deeply engrained in Oberbank's strategy and form the basis for defining ambitious goals and taking the actions needed to attain them. Building and energy management as well as long-term decarbonisation are priority areas where Oberbank is taking targeted steps.

Strategy

E1-1 – Transition plan for climate change mitigation

Under its sustainability strategy, Oberbank committed itself to making a measurable contribution towards meeting the 1.5-degree goal defined in the Paris Climate Agreement. This is why the development of a decarbonisation strategy was launched in 2023. Oberbank has identified the activities it finances as the most effective lever for reducing greenhouse gas (GHG) emissions and will therefore place a special focus on this aspect in its decarbonisation strategy (see Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Financed emissions and PCAF (Scope 3.15)). When it comes to setting itself targets, Oberbank will rely on the Science Based Targets Initiative (SBTi). Targets are to be defined and submitted to SBTi over the course of 2024, with the validation process expected to be completed by the end of the year. The decarbonisation strategy constitutes a key step along Oberbank's pathway towards making a measurable contribution to achieving the Paris climate goals and will be the cornerstone of the transition plan for climate change mitigation. The transition plan is scheduled to be adopted by the end of 2024.

Policy – related to ESRS 2 SBM-3: Climate stress test

GRI 2-25

The climate stress test devised by the European Central Bank (ECB) was conducted for the first time in 2022, covering 107 major banks qualified as significant by the ECB, and provided a first view on the extent to which banks are exposed to climate risks. In an effort to raise awareness of such risks, Oberbank AG, even though qualified as an LSI or less significant institution, submitted to the climate stress on a voluntary basis in 2022.

Aspects reviewed for this test included business model viability and exposure to emission-intensive operators.

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In 2022, 44% of Oberbank's exposures were in GHG-intensive sectors, and more than 52% of interest income was generated in these sectors (below the 60% average found in the ECB climate stress test). More than 51% of fees and commission income were attributable to GHG-intensive sectors.

A trend analysis shows that Oberbank's results in terms of sector intensity are comparable to those of European major banks in the ECB climate stress test. For Oberbank, it is in particular energy supply (D), mining (B) and transport (H) that present high financed GHG intensities. Oberbank's financed Scopes 1 to 3 GHG intensity is lower than the average of the banks taking part in the ECB climate stress test.

Financial ESG impacts were calculated based on three different climate change scenarios (short-term disruptive, heat, and flooding), with both physical and transition risks being taken into account. Climate risks result in relevant losses both in the short and the long term. Oberbank's stress test in the flooding scenario shows slight impacts on credit losses and on a short-term perspective a very moderate impact on credit risk parameters.

Impact, risk and opportunity management

E1-2 – Policies related to climate change mitigation and adaptation

GRI 2-23

General information on policies available in written form

This section covers in-house policies, guidelines and strategies on climate change mitigation and adaptation. Employees have access to in-house policies via the document management system. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

Climate change adaptation / climate change mitigation

EMAS Eco-Management and Audit Scheme guidelines including environmental policy/mission statement

Contents: EMAS, the Eco-Management and Audit Scheme, is an EU system designed to help organisations enhance their environmental performance. It provides guidance on elements such as environmental policy, environmental review, environmental programme and an environmental management system. General goals include the continuous improvement of environmental performance, transparency and compliance, with opportunities taking the form of competitive advantages and improvement of corporate image, while risks arise in the form of resource input and public monitoring. The guidance provided by EMAS can be used to derive specific goals and actions.

Related standards and third-party initiatives: Regulation (EC) No. 1221/2009 (EMAS Regulation)

Scope of application: EMAS applies to Oberbank AG in Austria, with impacts on supplier relationships (e.g. energy supply) being directly affected.

Responsibility: Pursuant to EMAS, the top management of a company – at Oberbank, this is the Management Board – is responsible for complying with and implementing the EMAS policy and the identified action points. The Management Board is obligated to record in writing, in the form of a management review, the performance, the actions taken, target achievement in the past year, as well as the outlook with regard to EMAS. The management review is part of an annual verification, which is carried out by an independent third party.

In 2022, Oberbank adopted the Eco-Management and Audit Scheme in Austria and was verified by an accredited independent auditor. EMAS is a comprehensive environmental management and audit system introduced by the EU with the aim of identifying and leveraging environmental and economic improvement potentials in organisations. The environmental management system also comprises ISO 14001. For Oberbank, EMAS verification translates into improvements in environmental performance, increased transparency through environmental reporting, cost optimisation and targeted environmental investments.

In 2023, the annual process of collecting data for the EMAS management system served as the backdrop for an energy saving challenge in all branches. The goal was 15% energy savings compared to 2022. Overall, goal achievement at Oberbank AG came to 12.5%. Given the very hot summer of 2023, which caused more energy

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to be consumed for cooling, the result was highly satisfactory (see ESRS E1 > [E1-3 Actions and resources in relation to climate change policies](#)).

EMAS reporting requires recording Oberbank's direct and indirect environmental aspects, which are then verified every year. Direct environmental aspects comprise material efficiency; energy use; water; waste; emissions; and soil sealing. Indirect environmental aspects, which include intangible aspects, were likewise taken into consideration, among them procurement procedures; rules on service provider selection; public relations; financed emissions; a sustainable product portfolio; employee mobility. Looking at direct and indirect environmental aspects made it possible to identify potentials for improvement within the organisation. EMAS provides for environmental objectives to be defined and improvement measures to be derived, which are then implemented step-by-step. Every year, external verifiers conduct a verification process and validate to what extent these objectives have been achieved.

3 Banken IT GmbH underwent EMAS verification at the same time as Oberbank AG. EMAS registration took place in 2023.

Work instruction for business travel

Contents: Wherever possible, business travel should be replaced by online meetings or video conferences. Where this is not possible, the rule is to primarily use public transport for business travel. Business travel in a pool car is allowed only if travelling on public transport is not an option. If no pool car is available, the last-resort option is using a private car and being compensated for it through a mileage allowance.

Scope of application: The work instruction is applicable in all of Oberbank's markets.

Responsibility: Human Resources

Code of Conduct for Employees

See Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > [Code of Conduct for Employees](#).

Work instruction for vehicle fleet management and e-mobility

Contents: The work instruction provides information and rules on company vehicle fleet management, amongst other things. Oberbank considers e-mobility an important step along the pathway towards Scopes 1 and 2 carbon neutrality. Those authorised to use company vehicles benefit from the amount of in-kind remuneration being lower for electric cars.

Scope of application: This work instruction provides the framework for organising the use of company vehicles for Oberbank AG and its subsidiaries. In-kind remuneration is subject to national legislation.

Responsibility: Real Estate, Safety & Security and Cost Management

Energy

GRI 302-4

EMAS Eco-Management and Audit Scheme policy including environmental policy/mission statement

See Chapter ESRS E1 > E1-2 Policies related to climate change mitigation and adaptation > [Climate change adaptation / climate change mitigation](#).

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Energy management

Contents: Oberbank introduced professional energy management in 2007. Its key focus is on actively encouraging energy saving, based not only on a responsible use of energy, but on a general approach of conserving resources. Energy management involves transparent communications, deliberately following up on employee suggestions and coming up with new measures to continually improve Oberbank's energy performance.

Scope of application: all markets

Responsibility: Real Estate, Safety & Security and Cost Management

A special page on the intranet (Inside) is dedicated to energy management.

Code of Conduct for Employees

See Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > Code of Conduct for Employees.

E1-3 – Actions and resources in relation to climate change policies

General information on the following actions

Scope of impact: The actions are generally applicable in all of Oberbank's markets. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as “taken” have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

Climate change adaptation / climate change mitigation

Actions taken

- EMAS certification (*GRI G4-DMA (former FS9)*)
 - Following the introduction of EMAS, the legal framework relating to the environmental impacts of operations is reviewed twice a year. In 2023, Oberbank's waste management system was revised and rolled out throughout Austria.
 - The environmental management system (EMAS) is verified every year, which includes all the actions taken.
- Reduction of waste (*GRI G4-EN23*)
 - 2023: The total weight of waste produced group-wide amounted to 468,452 kg, of which
 - 268,658 kg non-recyclable waste,
 - 162,844 kg waste paper, and
 - 2,000 kg electronic waste (data collected for the first time in 2023).
 - In 2022, the total weight of waste produced group-wide amounted to 471,587 kg, of which
 - 261,751 kg non-recyclable waste, and
 - 172,612 kg waste paper.

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- 2021: The total weight of waste produced group-wide amounted to 486,787 kg. This is a slight increase over the base year 2020, during which more days were spent working from home. The breakdown was as follows:
 - 263,289 kg non-recyclable waste, and
 - 181,529 kg waste paper.
- In the base year 2020, the total weight of waste produced group-wide amounted to 486,696 kg. 2020 saw employees frequently availing themselves of the working from home option. In 2020, the weight of waste broke down into
 - 263,693 kg non-recyclable waste, and
 - 183,689 kg waste paper.
- Paper produced from sustainable forestry as well as recycled and carbon-neutral paper is to be given preference.
- Reduction in paper use
 - Minimise the sending of letters
 - For further actions, see Chapter ESRS E1 > [E1-3 Actions and resources in relation to climate change policies](#)
- Reduction in the number of courier trips: Starting in August 2021, Oberbank managed to gradually reduce the number of courier trips between the Head Office in Linz and 54 branches in Upper Austria and Salzburg from previously five trips per week to one trip per week.
- Green location (see Chapter ESRS E1 > [E1-3 Actions and resources in relation to climate change policies](#))
- Actions for digitalisation (see Chapter ESRS E1 > [E1-3 Actions and resources in relation to climate change policies](#))
- Actions to reduce the number of business trips (see Chapter ESRS E1 > [E1-3 Actions and resources in relation to climate change policies](#))

Green Location label

In spring 2023, Donau-Forum, Oberbank's event venue, was awarded the Austrian Green Location ecolabel.

In addition to certifying Oberbank's high quality standards, the label underlines the importance of sustainability. Under the Green Location label, Oberbank commits to complying with strict environmental requirements for events and to undergoing regular monitoring for environmentally-compatible management and social

action, administered by an independent entity on behalf of Environment Agency Austria. The focus is on environmentally safe and regional products, the aim being to keep the environmental impacts of events as small as possible. No single-use tableware is used at Donau-Forum events. Responsible use of resources and renewable energy are on the top of the agenda, as is showcased by the use of water-saving fittings.

Invitations to events are increasingly sent out electronically and no longer on paper and explicitly point out how to get to the event location by public transport.



Actions for digitalisation

GRI 203-1

Electronic signature

Oberbank has signature pads in place in all regional divisions in Austria, Germany, the Czech Republic, Hungary and Slovakia. Use of these signature pads significantly reduces paper consumption, especially in the day-to-day business of our branches. What is more, all forms and vouchers signed via signature pad are directly archived as well and no longer have to be transferred on paper to the central archive for scanning and electronic filing.

In 2023, the number of cash transactions where the corresponding paper vouchers were automatically stored in digital form came to 472,600, while the number of electronically signed forms exceeded 138,000. By comparison, in 2022 roughly 675,000 cash transactions involved automatic digital archiving of paper vouchers and more than 123,000 forms were signed electronically. To be able to make as many different forms as possible available for electronic signing, all forms are regularly checked for signature pad compatibility. Forms that are called up more than 500 times a year are checked to see whether or not a transition to signature pad signing is technically feasible. If electronic signing is technically feasible and unobjectionable from a legal point of view, the respective form will be converted accordingly.

Digital signature

In 2021, a preliminary study was launched in cooperation with 3 Banken IT GmbH to provide customers and employees with the option to digitally sign documents. Completed in 2022, this preliminary study tested the "Moxis" system developed by XiTrust, piloting it in defined use cases. The system has since been subject to further development on an ongoing basis. By 2024, each and every employee is to be able to digitally sign documents or have documents digitally signed by customers.

Manual signature on notebooks instead of on paper

The option to digitally sign documents directly on touchpad-compatible notebooks was implemented in the first quarter of 2023. This makes it possible to carry out the entire securities selling process (investor profile, documentation of consultation, securities order) without any paper printouts in the future. This action has been implemented for all employees equipped with a touchpad-compatible notebook.

Actions to reduce business travel

GRI 203-1

- Setting up of video conferencing rooms
- Partnership with Austrian Railways (ÖBB) as mode of transport
- Company cars: e-vehicles or hybrid vehicles; further expansion of e-charging infrastructure
- Travel allowance for use of public transport

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Business travel, too, should have as little impact as possible on the climate. With this in mind, Oberbank has embedded the primacy of public transport, in particular rail transport, as a guiding principle in its work instruction on business travel. Only if using it is uneconomical, unacceptable or unfeasible in a given case is it allowed to use a different mode of transport. Oberbank's business partner in this context is Austrian Railways.

By setting up video conferencing rooms and encouraging the use of video-conferencing and Webex meetings Oberbank also managed to considerably reduce the number of business trips. Since 2022, the employee mobility survey collects data on mode of transport used and distances travelled on business trips. For sustainability and efficiency reasons, Oberbank continues to encourage the use of online meetings over business trips.

For more details on GHG emissions caused by business travel, see Chapter ESRS E1 > [E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions](#).

E-mobility at Oberbank

To ensure that business travel in cases where Oberbank employees are unable to use public transport is still as environmentally compatible as possible, Oberbank has since 2018 been relying increasingly on e-mobility. E-mobility was included as a key principle in Oberbank's vehicle fleet policy in 2022.

Vehicle fleet policy reduces CO₂ emissions in the long term

In its strategy for 2025, Oberbank has committed to reducing (Scopes 1 and 2) CO₂ emissions to below 1 tonne per employee group-wide. E-vehicles were added to the vehicle fleet policy in an effort to attain this goal. The actions taken resulted in the first e-vehicles becoming operational in 2022. E-mobility met with a positive response in 2023. The vehicle fleet already has 20 e-vehicles in operation. The infrastructure required for e-vehicles was established first in Austria, with additional charging stations being installed at the Oberbank Head Office and new charging stations set up in the branches. By the end of 2023, as many as 25 e-charging stations had been installed and taken into operation. Plans provide for a charging station to be installed at every location where a company e-vehicle is in use. Should this not be viable in leased properties, employees can use charging cards for public charging points instead. In addition, employees having company e-vehicles also for their personal use are given access to wall boxes for private use.

The rise in mileage recorded in 2023 is attributable to the growing number of company vehicles. The end of the pandemic led to increased mobility. Encouraging the use of e-mobility options has manifestly resulted in a reduction of CO₂ emissions, as is evidenced by the cumulative carbon savings figures (see graph in Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > [Carbon savings in own operations](#)).

The average CO₂ emissions of Oberbank's vehicle fleet were calculated based on all company vehicles being in use. Actions such as the introduction of e-mobility are designed to substantially reduce average CO₂ emissions produced by company vehicles in the long term. One of the reasons why CO₂ emissions saw a significant increase in 2021 was that part of the automotive industry switched to using the WLTP (Worldwide Harmonised Light-Duty Vehicles Test Procedure) for measuring emissions. Using the same calculation base, 2022 showed a decline in CO₂ emissions (g/km).

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What is more, CO₂ emissions decreased by 2.52% compared to 2022 even though the vehicle fleet comprised more cars in 2023 than it did in 2022 (12 vehicles in absolute terms). Kilometres travelled include kilometres travelled in company vehicles for personal purposes as well as kilometres travelled in private cars for business travel purposes. In total, the number of kilometres rose by 445,882 compared to 2022. Total carbon savings in the vehicle fleet amounted to 84.7 tonnes in 2023. This reduction in CO₂ emissions was attributable above all to the actions taken with respect to e-mobility.

Average CO₂ emissions generated by company cars

	2023	2022	2021
Car (km/a)	9,756,803	9,310,921	6,505,144
CO ₂ emissions (g/km) ⁷	116	119	125.04
Reduction in CO ₂ emissions compared to preceding year (in g/km)	3	6.04	
Reduction in CO ₂ emissions compared to preceding year (in %)	2.52%	4.83%	
Carbon savings (in t)	84.7		

Notes on table: With respect to reduction in CO₂ emissions compared to the preceding year 2021 (in %): increase in values due to adjustments under the WLTP procedure.

Travel allowance for use of public transport

Travel allowances are granted to employees in Austria, Germany and Hungary.

Energy

GRI 302-4

Actions taken

Energy management

- Professional energy management team in cooperation with an external partner since 2007
- The new project “Active & sustainable energy management” was launched to complement existing energy management efforts. The project objective was to achieve electricity savings of at least 15% in 2023. The project team developed and implemented specific actions to this end.
 - Reduction in activation times of advertising lettering, window decoration and other advertising elements – about 115 megawatt hours (MWh) can be saved each year by adjusting activation times or using twilight switches.

⁷ CO₂ emissions for 2020 and 2021 correspond to the average measured for the vehicle fleet in Austria (including leasing companies) both under the NEDC (New European Driving Cycle) and the WLTP procedures. Emissions were calculated based on Austrian figures, as not all the necessary data was available in the foreign markets. From 2022, the calculation of the average was based on all company vehicles used at Oberbank, which is why the year-on-year change in CO₂ emissions is not comparable. Kilometres travelled (Oberbank AG in all markets) include kilometres travelled in company vehicles for personal purposes as well as kilometres travelled in private cars for business travel purposes. Starting in 2023, kilometres travelled in private cars on company business were used for the Scope 3 calculation for improved data accuracy.

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- Adjustment of lighting times at the Head Office: the lighting in the two underground car parks and throughout all office premises in the buildings at Untere Donaulände was adjusted, with a total savings potential of about 76 MWh per year.
- Adjustment of activation times for IT hardware: activation and deactivation of IT equipment (PCs, laptops, IP phones) is centrally controlled. Screen saver times were capped. A total of 51 TV sets was equipped with timers. The total annual savings potential comes to about 250 MWh.
- Adjustment of operating hours for ventilation systems in plant rooms and office rooms at the Head Office, with a total savings potential of 164 MWh per year.
- Other actions are in the pipeline and will be implemented over the course of 2024.
- The energy saving challenge was a competition calling upon all Oberbank branches to save at least 15% electricity in 2023 and to raise employee awareness for a responsible use of resources. The relevant metric was electricity consumption in kilowatt hours per square metre (kWh/m²) in the respective branch. The benchmark for savings achieved was consumption in 2022.
- Increase in energy efficiency based on space management (location analysis, mergers, reductions), with the extra bonus of avoiding additional soil sealing.

Green electricity

- 100% green electricity in Austria and Germany
- Electricity from renewable energies also in the Czech Republic since 2021
- The possibilities for switching to green electricity in Slovakia and Hungary were evaluated in 2023. Oberbank's plan was to switch to separate electricity metres first and then to green electricity in a next step. However, structural conditions did not allow for this approach to be implemented. What is more, most of the properties are leased.

Refurbishment of buildings and branches plus other actions

- More efficient self-service areas in the branches
- Efficient cooling of plant rooms
- Deinstallation of servers in Austrian branches
- The property at Untere Donaulände 36
 - is supplied with water for cooling and as a source of heat for heat pumps via an existing well system;
 - is supplied with reject or waste water;
 - benefits from indirect additional heating in the winter by using waste heat produced by the computer centre; and
 - has a new cooling system in the server room.
- Refurbishment, new working models, process optimisation

Actions planned

- Step-by-step switchover to digital transfer of metre readings in Austria, which allows for active energy management
- Implementation of a software that generates timely evaluations of consumption levels, ensuring year-on-year comparability of data
- Phasing-out of oil and gas

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- Investments in new facilities (e-mobility, photovoltaic systems)
- Carbon offsetting as a transitional measure
- “Branch of the Future” project, with full-scale digitalisation in selected branches in Austria
- Digitalisation and standardisation of work processes
- Switching advertising from paper to digital media

Metrics and targets

E1-4 – Targets related to climate change mitigation and adaptation

The targets set out below are applicable in all markets unless a different scope of application is explicitly stated. Target achievement is monitored at regular intervals and disclosed in the annual sustainability report. Where necessary, adjustments to targets will be made and communicated in a transparent manner.

Climate change adaptation

Measurable and time-bound targets

- Banking operations at Oberbank will be climate-neutral by 2025 (Scopes 1 & 2). Oberbank's carbon footprint per employee will be less than one metric tonne by 2025.
 - In 2023, the carbon footprint amounted to a total of 3,071 tonnes CO₂e or 1.04 tonnes CO₂e per head.
 - In 2022, the carbon footprint amounted to a total of 3,363 tonnes CO₂e or 1.14 tonnes CO₂e per head.
 - In 2021, the carbon footprint amounted to a total of 3,367 tonnes CO₂e or 1.16 tonnes CO₂e per head.
 - The base value in the base year 2020 was 3,424 tonnes CO₂e or 1.19 tonnes CO₂e per head.
- The number of e-vehicles/hybrid vehicles is to grow to 30% by 2025 and 50% by 2030.
 - In 2023, a total of 20 e-vehicles were taken into operation in Austria, which corresponds to 6% of the total across all markets.
 - In 2022, as many as seven e-vehicles were in use, which corresponded to 2.18% of the total. Two of these were used as part of the vehicle pool.
 - No e-vehicles were in use in 2021.
 - In the base year 2020 no e-vehicles were in use either.
- Paper use is to be reduced by 25% by 2025.
 - 2023: Paper use was reduced by about 57% compared to the base year.
 - 2022: Paper use was reduced by about 35% compared to the base year. The 2022 report recorded the reduction compared to 2019, which for this reason already came to about 50%.
 - 2021: Paper consumption was reduced by about 16% compared to the preceding year.
 - The figure for the base year 2020 was 18,261,500 sheets/year.

Target definition in the strategy for 2025

Oberbank defined its five-year strategy (2020–2025) in 2019. Within the predefined framework, specific targets were set in the context of the environmental impacts of Oberbank's own operations, in particular with respect to reducing CO₂ emissions. For this reason, an external partner was co-opted to define yearly actions, which were then modulated in a projection per year in an effort to attain the strategically defined outcome of less than one tonne of CO₂e per head by the end of 2025. These projections are continually supplemented with actions over the course of the year, which have so far turned out to be adequate and successful as CO₂ emissions per head are steadily declining. The projections were actually surpassed (see Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Scopes 1, 2 and 3 GHG emissions (tCO₂e)).

Energy

Measurable and time-bound target

- The target was to save at least 15% electricity in 2023. To give employees in the branches an incentive to actively contribute to saving electricity, the three branches with the highest savings outcomes won prizes in the energy saving challenge.
 - Overall, target achievement at Oberbank AG came to 12.5%. Given the very hot summer of 2023, which caused more energy to be consumed for cooling, the result was highly satisfactory.
- In 2023, the group as a whole consumed 10,016,329 kWh of electricity.
- In 2022, group-wide electricity consumption came to 11,550,514 kWh.
- In 2021, the group as a whole consumed a total of 11,827,583 kWh of electricity.
- The figure for total electricity consumption within the Oberbank Group in the base year 2020 was 12,025,321 kWh.

E1-5 – Energy consumption and mix

GRI 302-1, GRI 302-3, GRI 302-4

The table below breaks down Oberbank's energy consumption.

Energy consumption

(in kWh/FY)⁸

	Corporate group	IFRS-consolidated group	Oberbank AG	Corporate group	IFRS-consolidated group	Oberbank AG
	2023	2023	2023	2022	2022	2022
Total heat consumption	10,288,322	8,533,724	8,207,772	12,159,823	9,924,622	9,545,914
Total electricity consumption	10,016,329	8,308,118	7,990,782	11,550,514	9,427,316	9,067,584
Total electricity consumption incl. server room (excluding BTV-BKS) ⁹	10,391,539			11,915,464		
Total consumption from non-renewable energy sources	9,975,428	8,274,192	7,958,152	10,900,759	8,896,997	8,557,502
Total consumption from renewable energy sources	15,167,180	12,580,529	12,100,005	15,558,804	12,698,807	12,214,241

⁸ 1 GJ (gigajoule) corresponds to 277.77 kWh (kilowatt hours)

⁹ The server room is used by all three banks of the 3 Banken Group. The percentage shares of Bank für Tirol und Vorarlberg AG and BKS Bank AG were not taken into account for this indicator.

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Total consumption from nuclear sources						
Total energy consumption	25,142,608	20,854,721	20,058,157	28,524,865	23,281,466	22,393,081
Energy intensity (total consumption/employee headcount)	8,474	8,474	8,474	9,656	9,656	9,656
Savings in energy consumption (in FY)	13,511	10,927	10,510			

	Corporate group	IFRS-consolidated group	Oberbank AG	Corporate group	IFRS-consolidated group	Oberbank AG
	2021	2021	2021	2020	2020	2020
Total heat consumption	13,096,471	10,778,711	10,346,662	12,037,782	10,131,555	9,673,892
Total electricity consumption	11,827,583	9,734,385	9,344,197	12,025,321	10,121,067	9,663,878
Total electricity consumption incl. server room (excluding BTV-BKS)	12,157,868			11,942,161		
Total consumption from non-renewable energy sources	11,368,294	9,356,380	8,981,343			
Total consumption from renewable energy sources	15,563,737	12,809,330	12,295,887			
Total consumption from nuclear sources						
Total energy consumption	29,705,475	24,448,320	23,468,346			
Energy intensity (total consumption/employee headcount)	10,208	10,208	10,208			
Savings in energy consumption (in GJ)						

Note on the table: Total consumption from non-renewable energy sources is electricity in Hungary and in Slovakia (from non-renewable sources) + oil/gas heating + consumption by vehicle fleet (calculated based on CO₂ emissions); total consumption from renewable energy sources is electricity Austria/Germany/Czech Republic (from renewable sources) + district heating (in kWh); nuclear energy is not included in the electricity mix in Austria, Germany and the Czech Republic; no data available yet for Slovakia and Hungary. All the amounts consumed as indicated in the figures under the heading of corporate group include investees and subsidiaries domiciled at Oberbank locations (such as Donaulände in Linz). As for the disclosures relating to

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the IFRS-consolidated group (IFRS – International Financial Reporting Standards), which consists of Oberbank AG and the leasing companies, and the disclosures relating to Oberbank AG, the figures were pro-rated based on headcount (date: 31 December 2023) .

For more details on conversion factors, see Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Scopes 1, 2 and 3 GHG emissions (tCO₂e).

Reduction of energy consumption

GRI 302-4

The actions taken resulted in substantial energy savings. Compared to the base year 2020, energy consumption was reduced from a base value of 12.04 MWh for heat and 12.03 MWh for electricity for the corporate group to 10.3 MWh for heat and 10.0 MWh for electricity in 2023. Year-on-year (2022) energy savings amounted to some 1.9 MWh (6,700 GJ) for heat and to 1.5 MWh (5,500 GJ) for electricity.

Energy consumption in the corporate group came to 25.1 MWh (90,513 GJ), comprising electricity, heating sources and fuel for vehicles.

In Austria, Germany and the Czech Republic electricity is procured from renewable energy sources. No data on the origin of energy sources in Hungary and Slovakia is available at present as lessors are under no labelling or disclosure obligations vis-à-vis lessees. In Austria, Germany and the Czech Republic Oberbank does not procure electricity from nuclear sources. Sources in Hungary and Slovakia could not be identified. No specifications are available in respect of heat-related data.

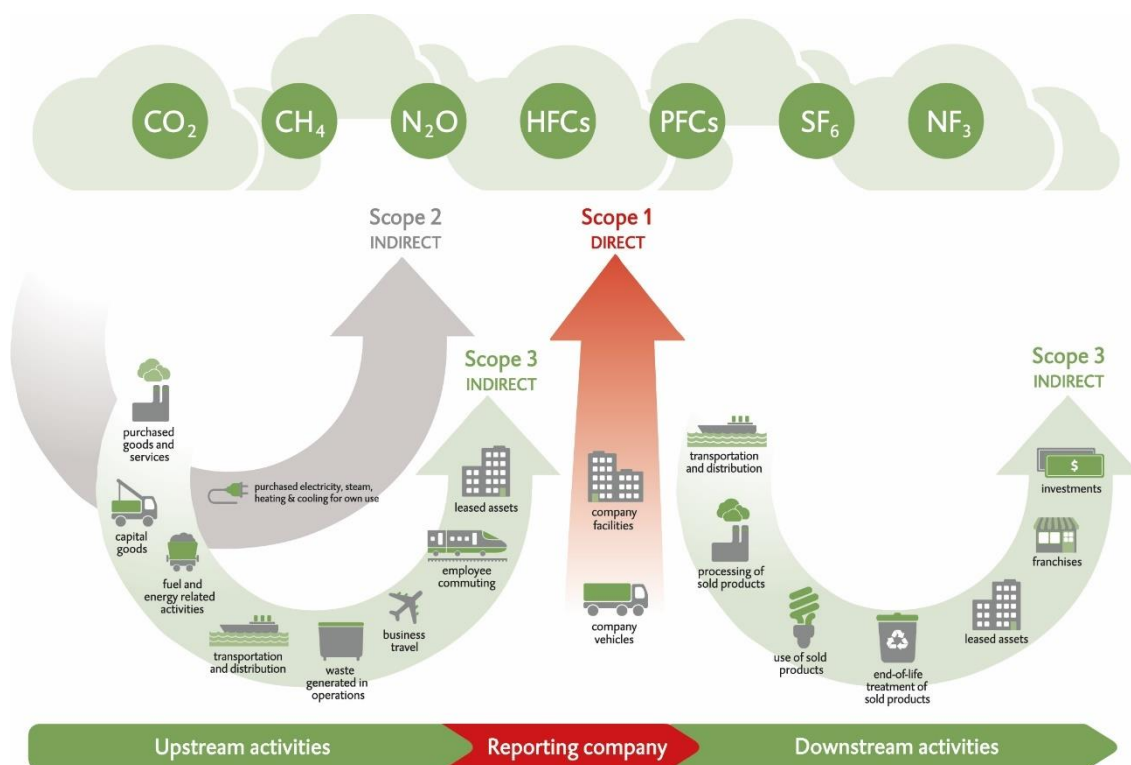
Heat sources break down into oil, gas, biogas and renewable energy sources, with oil-fuelled heating systems being converted to district heating or heat pumps where possible. Gas-fuelled heating systems will be converted to renewable energy sources where infrastructure is available and where this is a viable option. At individual locations in Austria, Germany and the Czech Republic, heat comes from renewable energies. With respect to both electricity and heat, this amounts to a total of 15.2 MWh (54,600 GJ).

Vehicle fuels include diesel, electricity and petrol, with petrol accounting for merely a negligible portion. Petrol use is currently attributable to one hybrid vehicle. Not all publicly accessible e-charging stations provide information on the electricity sources they use.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

GRI 305-1, GRI 305-2, GRI 305-3, GRI G4-EN15, GRI G4-EN16, GRI G4-EN17

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Source: *World Resources Institute, Technical Guidance for Calculating Scope 3 Emissions, page 6*

Scope 1 emissions: direct greenhouse gas emissions

Direct emissions, which are also known as Scope 1 emissions, are emissions owned or controlled by an organisation. They occur for instance as a result of fossil fuel combustion at the organisation's own location. Scope 1 emissions also include emissions created by the organisation's own vehicle fleet, such as through the use of company cars for commuting or for business travel.

See table in Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Scopes 1, 2 and 3 GHG emissions (tCO₂e).

Scope 2 emissions: indirect greenhouse gas emissions

According to the GHG Protocol, indirect emissions are a consequence of the organisation's business operations. The greenhouse gases come from sources owned or controlled by another organisation or entity. Scope 2 emissions subsume upstream activities occurring during the provision of energy to the organisation. This includes for instance the provision of electricity or district heating. As these emissions physically occur at external energy suppliers they are not generated directly by the organisation but nonetheless for the purposes of the organisation's business activities, which is why they are accounted for as indirect emissions.

See table in Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Scopes 1, 2 and 3 GHG emissions (tCO₂e).

Scope 3 emissions: other indirect greenhouse gas emissions

Scope-3-emissions are emissions that occur along the value chain and can be caused by both upstream and downstream activities. This includes above all upstream emissions generated by the purchase of products and services and downstream emissions generated by the selling of products and services. Scope 3 emissions

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also include the emissions generated by employee mobility. The part of Scope 3 emissions most relevant to banks are the emissions associated with their loans and investments.

See table in Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Scopes 1, 2 and 3 GHG emissions (tCO₂e).

Scopes 1, 2, 3 GHG emissions (tCO₂e)

GRI 305-1, GRI 305-2, GRI 305-3, GRI G4-EN15, GRI G4-EN16, GRI G4-EN17

		Target in total	Corporate group	IFRS-consolidated group	Oberbank AG
		2025	2023	2023	2023
Scope 1			1,680	1,495	1,399
Scope 2	Scope 2 (market-based)		1,391	1,234	1,147
	Scope 2 (location-based)		2,656	2,313	2,182
Scopes 1+2	market-based	2,800	3,071	2,729	2,546
	location-based		4,336	3,808	3,581
Per head	Scopes 1+2 (market-based) on employees	<1	1.04	1.04	1.04
Scope 3 (relevant areas in total)	Scope 3.6 (business travel)			428	412
	Scope 3.7 (commuting)			1,551	1,492
	Scope 3.15 (financed emissions)				
Scopes 1+2+3	market-based				
	location-based				
GHG intensity per net revenue: Total GHG emissions (market-based) per net revenue (in EUR k)					
GHG intensity per net revenue: Total GHG emissions (location-based) per net revenue (in EUR k)					

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		Corporate group	IFRS-consolidated group	Oberbank AG	Corporate group	Corporate group
		2022	2022	2022	2021	2020
Scope 1		1,728	1,410	1,357	1,562	
Scope 2	Scope 2 (market-based)	1,635	1,334	1,283	1,805	
	Scope 2 (location-based)	3,263	2,663	2,561		
Scopes 1+2	market-based	3,363	2,744	2,640	3,367	3,424
	location-based	4,991	4,073	3,918		
Per head	Scopes 1+2 (market-based) on employees	1.14	1.14	1.14	1.16	1.19
Scope 3 (relevant areas in total)	Scope 3.6 (business travel)		281	271		
	Scope 3.7 (commuting)		1,532	1,474		
	Scope 3.15 (financed emissions)		6,331,502	6,331,502	3,882,131	
Scopes 1+2+3	location-based		6,337,388	6,337,164		
	market-based		6,336,059	6,335,886		
GHG intensity per net revenue: Scopes 1+2+3 (market-based) per net revenue (in EUR k)			26.04	37.23		
GHG intensity per net revenue: Scopes 1+2+3 (location-based) per net revenue (in EUR k)			26.05	37.24		

Note on the table: The emissions as indicated in the Scopes 1 and 2 figures under the heading of corporate group include investees and subsidiaries domiciled at Oberbank locations (such as Donaulände in Linz). As for the disclosures relating to the IFRS-consolidated Group, which consists of Oberbank AG and the leasing companies, and the disclosures relating to Oberbank AG, the figures were pro-rated based on headcount (date: 31 December 2023).

Conversion factors (kg)

Unit	Conversion factor source
CO ₂ gas	OIB Guideline 6 (2019) ¹
CO ₂ oil	OIB Guideline 6 (2019)
CO ₂ district heat	OIB Guideline 6 (2019) and other reference points as set out in the comments. If a provider does not furnish information on the technology, the calculation will be based on 0% renewable.
CO ₂ electricity Location Austria	Green electricity rating 0 g/kWh
CO ₂ electricity Location Germany	Green electricity rating 0 g/kWh
CO ₂ electricity Location Czech Republic	Green electricity rating 0 g/kWh
CO ₂ electricity Location Hungary	Data see European Environment Agency
CO ₂ electricity Location Slovakia	Data see European Environment Agency
CO ₂ transport	<p>Nominal consumption values as set out in vehicle type-approval certificates are used, taking mileage and a factor of 1.2 for energy use and CO₂ emissions into account. Where no information is available, the mean of the known vehicle fleet is used; for Hungary and Slovakia, the mean of the Czech Republic. Emissions generated by employees on business trips in vehicles not owned by Oberbank (private car, public transport) are not included.</p> <p>The calculation formula is as follows: $\text{CO}_2 \text{ data [g CO}_2\text{/km]} * \text{conversion [l/g CO}_2\text{]} * \text{energy density [kWh/l]} * \text{distance travelled [km/100]} * 1.2$ [markup factor for actual consumption – jointly defined in 2019, standard specifications are deemed unrealistic]</p> <p>Conversion petrol: 0.00043 [l/g CO₂] 1 l petrol = 2.37 kg CO₂ Conversion diesel: 0.00038 [l/g CO₂] 1 l petrol = 2.65 kg CO₂ Energy density petrol: 8.72 [kWh/l] Energy density diesel: 9.91 [kWh/l]</p>
Coolant	Any amounts of coolant replaced are detailed in the servicing reports and are recorded for each location.
CO ₂ electricity market Austria	Disclosure see European Environment Agency
CO ₂ electricity market Germany	Disclosure see European Environment Agency
CO ₂ electricity market Czech	Disclosure see European Environment Agency
CO ₂ electricity market Hungary	Disclosure see European Environment Agency
CO ₂ electricity market Slovakia	Disclosure see European Environment Agency

¹ Austrian Institute of Construction Engineering (OIB)

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GHG intensity per net revenue: In this case, the profit for the year after tax is used as indicator for the IFRS-consolidated group, as net revenue is not a meaningful category in banking (see Consolidated Financial Statements > [Consolidated Income Statement](#)). The figure used for Oberbank AG is profit for the year (see Single-entity financial statements of Oberbank AG > [Oberbank AG I Income Statement](#)).

Financed emissions do not differ for the IFRS-consolidated group and for Oberbank AG, as no emissions from leasing companies are included.

GHG intensity was calculated for the first time in 2022. Since total emissions including Scope 3 are not available yet for 2023, this figure will be disclosed in the next report.

Oberbank Group relies on natural and organic growth, a fact that is evidenced, above all, by the growth in the number of employees. In 2023, Oberbank AG had 2,367 employees, the IFRS-consolidated group 2,461, and the group as a whole 2,967. In 2022, Oberbank AG had 2,319 employees, the IFRS-consolidated group 2,410, and the group as a whole 2,954. This translates into an increase of about 2% at Oberbank AG and in the IFRS-consolidated group.

Energy saving measures, including the energy saving challenge, heating system switches and the promotion of e-mobility in the bank's vehicle fleet resulted in a decline in Scopes 1 and 2 emissions in 2023. Leased and owned properties were treated the same with respect to energy saving measures.

The Scopes 1 and 2 figure per head dropped from 1.14 tonnes in 2022 to 1.04 tonnes in 2023.

For descriptions of the Scope 3 emissions, see the following chapters: ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > [Employee mobility and emissions \(Scopes 3.6 and 3.7\)](#) and [Financed emissions and PCAF \(Scope 3.15\)](#).

Employee mobility and emissions (Scopes 3.6 and 3.7)

Transport remains one of the major sources of GHG emissions. The mobility choices of Oberbank's employees also contribute to generating CO₂ emissions. These activities have to be allocated to Scope 3 (Scope 3 categories 6 and 7 under the GHG Protocol), while the in-house vehicle fleet is exempted here. Such emissions are generated, on the one hand, by business travel and, on the other, by commuting, i.e. employees travelling to and from their place of work.

To better understand employee mobility at Oberbank, the first survey on mobility was conducted in 2022, covering all Oberbank Group locations in Austria, Germany, Slovakia, Hungary and the Czech Republic (IFRS-consolidated group, which includes Oberbank AG and the leasing companies). The employee survey, which was repeated in 2023, produced valuable data for the calculation of Scope 3 emissions caused by business travel and commuting. 61.19% of all employees of Oberbank Group took part in the survey. In 2022, it had been 66.36%

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Based on the survey results, the CO₂ emissions generated by employee mobility were calculated in metric tonnes of carbon dioxide equivalents (tCO₂e). The calculation was based on the calculation logic presented in the GHG Protocol, using the distance-based method. The data gathered in the survey was extrapolated to the total employee headcount (as per 31 December 2023).

The employee mobility survey and the CO₂ emissions calculation based on it are scheduled to be carried out again also in the coming financial years. The results of the 2022 mobility survey will be used as benchmark for these future surveys, the aim being to derive actions for reducing Scope 3 emissions and to monitor the effectiveness of actions potentially taken.

Commuting

(in km)

	Austria		Germany		Slovakia	
	2023	2022	2023	2022	2023	2022
Company car	678,846.17	611,683.69	835,715.8	738,174.59	141,708.62	96,260.09
On foot	320,353.57	120,676.57	19,898.52	10,787.78	9,191.39	1,237.83
Bike	184,690.95	63,980.22	49,170.95	12,926.91	5,884.58	1,870.15
E-bike / e-scooter	36,531.1	—	7,816.76	—	0	—
Rail	1,770,541.72	1,910,950	676,147.31	449,550.34	1,681.15	3,557.69
Bus	1,360,726.6	1,278,010.41	61,260.1	11,160.97	29,414.95	12,024.53
Tram / underground	542,653.26	471,276.02	106,496.73	102,414.42	8,578.4	0
Petrol car	2,726,081.51	2,684,828.09	622,276.03	602,308.5	137,385.52	49,427.2
Diesel car	3,601,341.95	3,705,767.39	511,466.7	750,784.83	40,260.92	62,584.89
Electric car	174,153.24	173,344.12	45,949.54	65,882.56	0	0
Hybrid car	179,540.65	107,528.95	30,730.99	29,333.02	0	8,245.33
Moped/scooter	1,090.75	7,505.93	194.84	79.48	0	0
Motorcycle	61,863.55	13,393.03	3,401.95	1,773.33	0	0
Total	11,638,415.02	11,148,944.42	2,970,526.22	2,775,176.73	374,105.53	235,207.71

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	Hungary		Czech Republic		Total ¹	
	2023	2022	2023	2022	2023	2022
Company car	80,787.08	80,220.38	182,599.78	170,692.44	1,919,657.44	1,697,031.19
On foot	19,129.8	6,737.64	29,293.08	6,280.37	397,866.36	145,720.19
Bike	29,929.45	2,769.4	22,579.55	6,165.94	292,255.48	87,712.62
E-bike / e-scooter	1,957.42	—	4,904.49	—	51,209.77	—
Rail	148,051.38	233,142.27	10,735.39	47,411.52	2,607,156.97	2,644,611.82
Bus	49,200.6	112,777.02	116,759.58	123,590.77	1,617,361.82	1,537,563.7
Tram / underground	121,330.92	74,877.15	104,327.53	93,004.42	883,386.84	741,572.01
Petrol car	181,682.23	261,757.16	191,240.4	89,549.76	3,858,665.69	3,687,870.71
Diesel car	175,098.89	89,590.71	371,294.86	160,026.07	4,699,463.32	4,768,753.89
Electric car	0	17,201.25	0	0	220,102.77	256,427.93
Hybrid car	35,368.92	32,292.48	11,149.55	0	256,790.11	177,399.78
Moped/scooter	1,009.29	516.04	0	0	2,294.89	8,101.45
Motorcycle	0	0	10,299.44	2,774.83	75,564.94	17,941.19
Total	843,545.98	911,881.5	1,055,183.65	699,496.12	16,881,776.4	15,770,706.48

The next section provides details on employee mobility patterns in commuting. Employee mobility behaviour was reflected in the CO₂ emissions generated in the course of the financial year 2023. 93.03% of all survey participants filled in the data referring to their commuting behaviour correctly and completely.

The evaluation (see table Commuting) showed that 30.25% of employees across all markets were using mostly public transport to travel to and from work. In 2022, it had been 31.22%. The value for 2023 includes use of the following modes of transport: 15.44% used rail services on a daily basis, 9.58% bus services and 5.23% tram or underground services. With regard to employees whose daily commute was by bike or on foot, a year-on-year comparison indicated a favourable trend: While in 2022 only 1.48% of kilometres travelled were attributable to a zero-emission commute, the number of employees throughout the Group who commuted by bike or on foot had risen to 4.09% in 2023. Another 1.30% of employees used their own e-vehicle and 0.30% e-bikes or e-scooters for their commute. Emissions generated by the use of e-bikes or e-scooters were not calculated for 2023. In terms of choice of mode of transport, 35.64% used an environmentally compatible form of mobility for their commute. By contrast, the percentage for 2022 had been somewhat lower, at 34.33%.

Of the remaining 64.05%, 52.22% were attributable to employees using their private car to commute, while another 0.46% used a moped or motorcycle and 11.37% a company vehicle (Scope 1). The 52.68% carbon-intensive portion (Scope 3) generated 89.33% of group-wide Scope 3.7 emissions caused by the employees' daily commute, which was more or less the same as in the preceding year (2022: 89.46%).

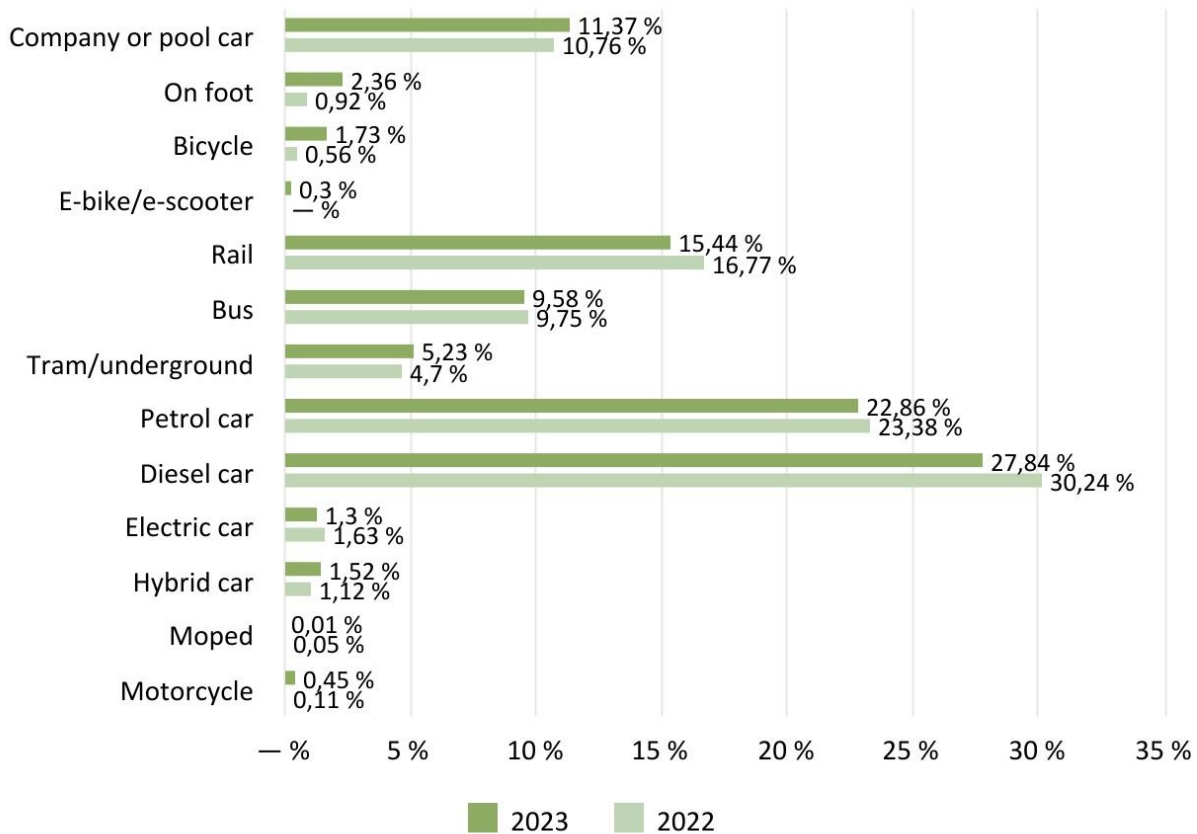
Overall, employee commutes in 2023 came to a total of 16,881,776.40 kilometres travelled. In 2022, it had been 15,770,706.48 kilometres. Consequently, given the modes of transport chosen, average emissions in

¹ The mobility survey queried distance between home and work as a basis for calculating CO₂ emissions from commuting. The gathered data was then used as input to calculate the annual commute in kilometres. Kilometres travelled were extrapolated to the total headcount in the Group both in the financial year 2022 and in the financial year 2023.

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2023 amounted to 1,551.34 tCO₂e. This corresponds to a minimal rise of 1.2% year-on-year (2022: 1,532.22 tCO₂e), attributable to the slight increase group-wide in tram, underground and private car use.

Choice of mode of transport



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

Trends vary from location to location. Germany has seen a shift in that commuting by car considerably declined, while emissions generated by public transport increased. This shift can be attributed to the introduction in May 2023 of the “Deutschland-Ticket”, a low-priced monthly ticket for public transport use throughout Germany. Slovakia recorded a rise in the use of both public transport and private cars (especially of the petrol type). A year-on-year comparison shows private cars to be among the main sources of CO₂ emissions in the Czech Republic as well, a fact that is reflected in kilometres travelled on commutes.

CO₂ emissions for commuting (in tCO₂e)

	Austria		Germany		Slovakia	
	2023	2022	2023	2022	2023	2022
Rail	10.67	13.19	4.12	3.1	0.01	0.02
Bus	52.55	56.49	2.37	0.42	1.14	0.53
Tram / underground	42.94	35.35	8.52	7.68	0.69	0
Petrol car	428.38	408.87	102.92	96.73	16.09	7.42
Diesel car	560.83	583.58	85.89	124.91	3.93	10.06
Electric car	13.31	13.68	3.92	5.63	0	0
Hybrid car	25.95	14.01	4.78	4.53	0	0.02
Moped/scooter	0.09	0.62	0.02	0.01	0	0
Motorcycle	6.97	1.52	0.39	0.2	0	0
Total	1,141.69	1,127.31	212.93	243.21	21.86	18.05

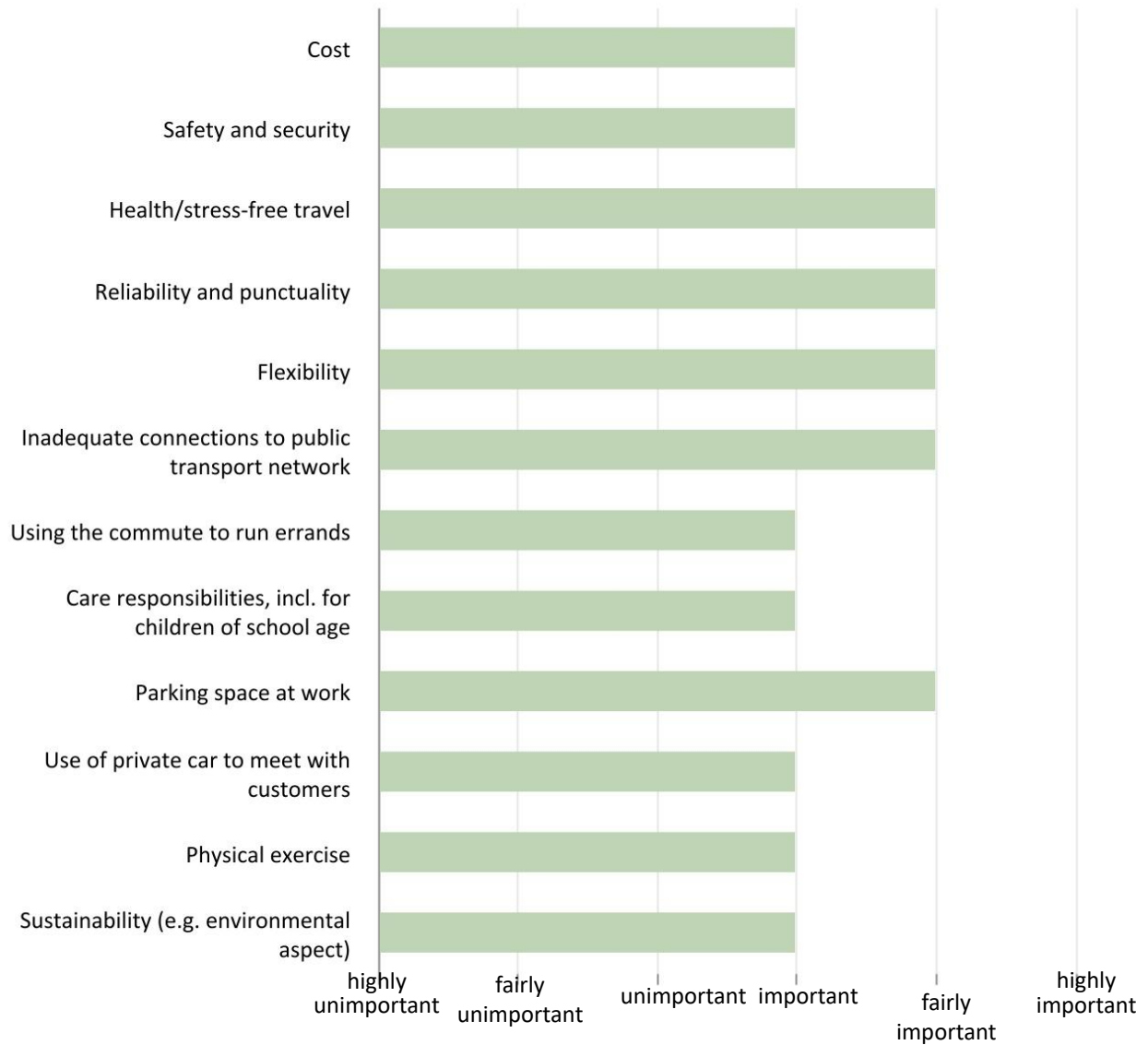
	Hungary		Czech Republic		Total	
	2023	2022	2023	2022	2023	2022
Rail	0.87	1.61	0.01	0.33	15.68	18.25
Bus	1.96	4.98	4.65	5.46	62.67	67.88
Tram / underground	9.46	5.62	8.35	6.98	69.96	55.63
Petrol car	27.32	35.15	30.43	12.29	605.14	560.46
Diesel car	28.15	41.7	55.18	23.83	733.98	784.08
Electric car	0	0.49	0	0	17.23	19.8
Hybrid car	5.5	4.86	1.73	0	37.96	23.42
Moped/scooter	0.08	0.04	0	0	0.19	0.67
Motorcycle	0	0	1.17	0.32	8.53	2.04
Total	73.34	94.45	101.52	49.21	1,551.34	1,532.22

Motivation for choice of mode of transport

Motivation for choice of mode of transport was also queried in the mobility survey. Employees were asked to rate the criteria found to have been identified as highly relevant in the prior-year survey on a scale from highly unimportant to highly important.

The result showed that employees were well aware of the impacts of the mode of transport they chose, as the environmental aspect was rated as fairly important across all markets. Key factors in choice of mode of transport included flexibility, stress-free travel, as well as punctuality and/or reliability. Long travel times and/or inadequate connections to the public transport network were criteria rated as fairly important in deciding against using environmentally compatible modes of transport. Other factors impacting the choice of mode of transport were care responsibilities for children of school age, physical activity to balance day-to-day work, and using the commute to run various errands. A year-on-year comparison reveals that the factors which had been identified as particularly relevant for the choice of mode of transport in 2022 were also rated as important or fairly important in the financial year 2023. Cost, reliability and punctuality as well as sustainability and environmental aspects remained crucially important.

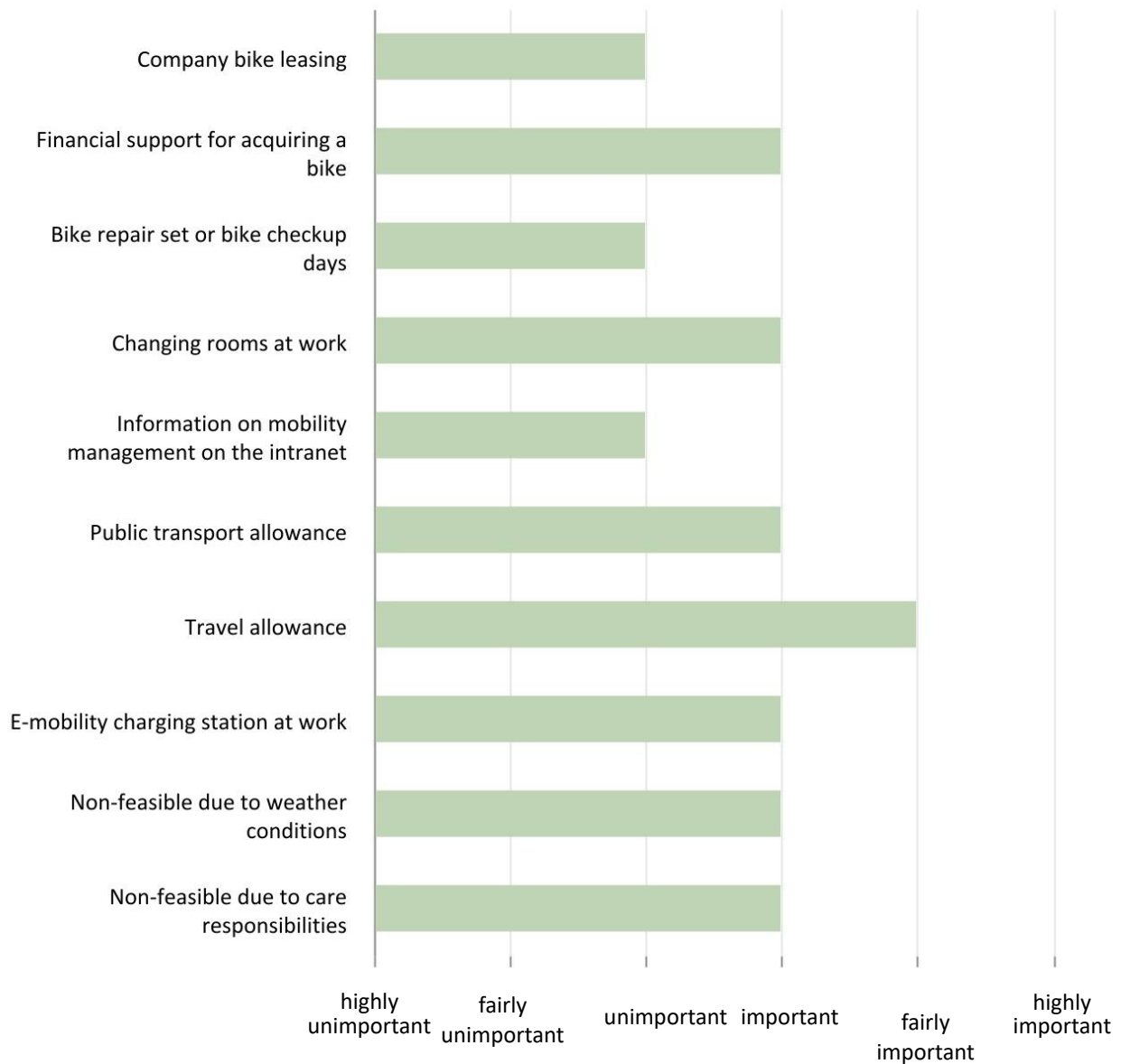
Motivation for choice of mode of transport
(Values refer to all markets)



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

The survey also asked specifically which actions would motivate employees to switch from using a car to an eco-friendlier mode of transport. The results indicated that, in particular, a higher travel allowance for use of public transport and financial support for acquiring a bike or e-bike can motivate employees to use an eco-friendlier form of mobility for their commute in the future. By contrast, there are circumstances where the employer is not able to provide any incentive for choosing a zero-emission/low-emission mode of transport, for instance where there are care responsibilities or adverse weather conditions.

Switching to more eco-friendly modes of transport



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

A particularly encouraging result is that 15.60% of employees made deliberate changes to their mobility behaviour as compared to the first mobility survey conducted in 2022. In a free-text field, survey participants commented on aspects such as switching to public transport, buying the "KlimaTicket Ö" (pass for using public transport throughout Austria), or travelling more distances on foot. Car-pooling and a deliberate switch to e-mobility (e-vehicle, e-bike, etc.) were also mentioned multiple times in relation to positive changes in mobility behaviour. By contrast, some participants commented that a change of residence had made commuting with eco-friendly modes of transport non-feasible.

Business travel (in km)

	Austria		Germany		Slovakia	
	2023	2022	2023	2022	2023	2022
Pool car / company car (Scope 1)	1,293,848.3	1,137,793.2	1,886,762.2	2,022,236.0	217,831.8	157.5
Air	35,661.1	21,071.1	2,422.9	2,323.7	0.0	0.0
Rail	689,925.8	640,256.5	201,491.1	96,450.0	7,354.6	1,620.0
Bus	16,584.5	31,370.4	6,501.5	3,682.9	0.0	285,961.5
Tram / underground	83,493.2	87,098.9	17,064.3	14,455.2	0.0	2,670.0
Petrol car	244,760.8	262,187.3	76,984.5	78,724.6	11,186.0	0.0
Diesel car	1,459,439.0	480,743.9	238,735.3	192,138.3	752.0	0.0
Electric car	92,651.1	5,612.0	5,492.0	11,880.5	0.0	30,000.0
Hybrid car	79,292.3	15,980.6	47.9	9,783.9	0.0	6,501.0
Total	3,995,655.9	2,682,113.8	2,435,501.7	2,431,675.0	237,124.4	326,910.0

	Hungary		Czech Republic		Total	
	2023	2022	2023	2022	2023	2022
Pool car / company car (Scope 1)	337,302.7	10,314.4	2,928,836.1	92,079.1	6,664,581.1	3,262,580.2
Air	0.0	29,485.4	0.0	19,122.8	38,084.0	72,003.0
Rail	19,190.3	7,430.2	37,711.8	14,197.2	955,673.6	759,953.9
Bus	620.7	548,633.0	21,472.3	767,059.6	45,179.0	1,636,707.5
Tram / underground	6,722.7	30,418.9	20,388.5	21,935.0	127,668.7	156,577.9
Petrol car	22,192.6	0.0	15,938.9	0.0	371,062.7	340,911.8
Diesel car	263,345.1	1,811.7	157,922.6	6,722.0	2,120,194.0	681,415.9
Electric car	0.0	758.2	0.0	0.0	98,143.1	48,250.6
Hybrid car	405.7	13,789.4	0.0	30,353.6	79,745.9	76,408.5
Total	649,779.8	642,641.2	3,182,270.2	951,469.2	10,500,332.1	7,034,809.3

Notes on the table: The Total column in the table comprises the total number of kilometres travelled for group-wide business travel, broken down by mode of transport. Based on the data collected, the Scope 1 emissions were extrapolated to the employee headcount. The differentiated analysis in showing kilometres travelled in a pool car/company car results in variances with respect to the total number of kilometres shown under vehicle fleet in Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Scopes 1, 2 and 3 GHG emissions (in tCO₂e). This is due to the fact that the kilometres travelled for the commute and for business travel were added up in the above-mentioned chapter. Kilometres travelled were extrapolated to the total headcount in the Group both in the financial year 2022 and in the financial year 2023. This extrapolation and the differentiated data collection resulted in variances compared to the preceding year.

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Emissions generated by the use of company vehicles from the in-house vehicle fleet are subsumed under Scope 1 emissions and shown in Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 emissions > Scope 1 emissions: direct greenhouse gas emissions. In 2023, the kilometres travelled in company vehicles and/or pool cars accounted for 63.47% of total kilometres travelled. In 2022, that share had been 46.38%. 10.75% of kilometres travelled in 2023 were travelled using public transport. In 2022, it had been 36.29%.

0.93% of kilometres travelled were travelled in e-vehicles in 2023, which is up slightly from the preceding year (2022: 0.69%). Eco-friendly forms of mobility accounted for 11.68% of business travel (in kilometres) in 2023 and to 36.98% in 2022.

The remaining kilometres were travelled by air (1.02%) and by private car (15.62%) in 2022. In the financial year 2023, the share of air travel decreased to 0.36%, while kilometres travelled in carbon-intensive private cars increased to 2,571,002.51 kilometres in total. Consequently, 10,500,332.05 kilometres were attributable to business travel in 2023. In 2022, it had been 7,034,809.28 kilometres.

Business travel in modes of transport not attributable to the in-house vehicle fleet are shown in Scope 3.6 emissions. Given the choice of mode of transport, emissions in 2023 came to a total of 428.47 tCO₂e (2022: 281.24 tCO₂e), which constitutes a year-on-year rise in generated emissions by some 52.35%. The use of private cars for business travel saw a strong increase in Austria, the Czech Republic and Hungary, which was reflected in kilometres travelled per vehicle and thus negatively impacted Oberbank’s carbon footprint in terms of Scope 3.6 emissions.

CO₂ emissions for business travel
(in tCO₂e)

	Austria		Germany		Slovakia	
	2023	2022	2023	2022	2023	2022
Air	6.01	10.7	0.31	1.3	0	0
Rail	3.56	5.95	1.15	0.56	0.04	0.01
Bus	0.58	1.14	0.24	0.12	0	9.74
Tram / underground	6.13	5.95	1.15	0.99	0	0.13
Petrol car	36.23	39.12	12.2	11.83	1.32	0
Diesel car	242.37	71.77	38.36	31.62	0.06	0
Electric car	5.91	0.39	0	1.01	0	2.56
Hybrid car	11.88	3.32	0.01	0.5	0	0.3
Total	312.67	138.34	53.42	47.93	1.42	12.74

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	Hungary		Czech Republic		Total	
	2023	2022	2023	2022	2023	2022
Air	0	4.19	0	9.97	6.32	26.16
Rail	0.09	0.05	0.17	0.1	5.01	6.67
Bus	0.02	20.31	0.78	25.81	1.62	57.12
Tram / underground	0.54	2.04	1.36	1.65	9.18	10.76
Petrol car	2.11	0	2.45	0	54.31	50.95
Diesel car	38.67	13.8	14.74	0.89	334.2	118.08
Electric car	0	0.02	0	0	5.91	3.98
Hybrid car	0.03	0.29	0	3.11	11.92	7.52
Total	41.46	40.7	19.5	41.53	428.47	281.24

Note on the table: The first mobility survey in 2022 featured incorrect references in datasets reporting. The 2023 Sustainability Statement shows the correct value for the Scope 3.6 emissions generated in 2022.

Emission factors

For the most part, the emission factors published and annually updated by Environment Agency Austria (Österreichisches Umweltbundesamt) were used as a basis for calculating emissions. Direct emissions were used for the calculations (except for e-vehicles/hybrid vehicles). The emission indicator for short-haul and medium-haul flights over distances under 1,000 kilometres was applied to air travel. For mopeds/scooters and motorcycles, we relied on the emission factors provided by the British Department for Environment, Food & Rural Affairs; for tram, light rail and underground transport, the factors supplied by the German Environmental Protection Agency (Umweltbundesamt), as no such figures were published by Environment Agency Austria. Furthermore, we used the values calculated for hybrid and electric vehicles as compared to fossil fuel vehicles on the basis of a 2021 publication by Environment Agency Austria called “Ökobilanz von Personenkraftwagen” (Environmental Footprint of Cars) to calculate emissions taking into account average Austrian electricity composition.

Emission factors

Mode of transport	2023	2022	Unit ²
Petrol car	0.1654	0.1642	CO ₂ e in kg/vkm
Source 2023	Environment Agency Austria 2023		
Source 2022	Environment Agency Austria 2022		
Diesel car	0.1705	0.1708	CO ₂ e in kg/vkm
Source 2023	Environment Agency Austria 2023		
Source 2022	Environment Agency Austria 2022		
Hybrid car	0.155476	0.154348	CO ₂ e in kg/vkm
Source 2023	Environment Agency Austria 2023		
Source 2022	Environment Agency Austria 2021		
E-vehicle	0.08525	0.0854	CO ₂ e in kg/vkm
Source 2023	Environment Agency Austria 2023		

² Carbon equivalent either in kilogramme per vehicle kilometre (vkm) or kilogramme per person kilometre (pkm)

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Source 2022	<u>Environment Agency Austria 2021</u>		
Public bus	0.0399	0.0442	CO ₂ e in kg/pkm
Source 2023	<u>Environment Agency Austria 2023</u>		
Source 2022	<u>Environment Agency Austria 2022</u>		
Rail: passenger rail transport in Austria	0.0061	0.0069	CO ₂ e in kg/pkm
Source 2023	<u>Environment Agency Austria 2023</u>		
Source 2022	<u>Environment Agency Austria 2022</u>		
Air travel average (international) ³	0.3436	0.5609	CO ₂ e in kg/pkm
Source 2023	<u>Environment Agency Austria 2023</u>		
Source 2022	<u>Environment Agency Austria 2022</u>		
Tram, light rail and underground	0.08	0.075	CO ₂ e in kg/pkm
Source 2023	<u>German Environmental Protection Agency (UBA) 2022</u>		
Source 2022	<u>German Environmental Protection Agency (UBA) 2021</u>		
Mopeds/scooters up to	0.08319	0.08306	CO ₂ e in kg/vkm
Source 2023	<u>Governmental Digital Service UK, Department for Environment, Food and Rural Affairs 2023</u>		
Source 2022	<u>Governmental Digital Service UK, Department for Environment, Food and Rural Affairs 2022</u>		
Motorcycle (average)	0.11367	0.11355	CO ₂ e in kg/vkm
Source 2023	<u>Governmental Digital Service UK, Department for Environment, Food and Rural Affairs 2023</u>		
Source 2022	<u>Governmental Digital Service UK, Department for Environment, Food and Rural Affairs 2022</u>		

Financed emissions and PCAF (Scope 3.15)

Partnership for Carbon Accounting Financials (PCAF)

Oberbank has been a member of the Partnership for Carbon Accounting Financials (PCAF) since October 2021. The PCAF methodology provides for a globally harmonised approach to assess and disclose the greenhouse gas emissions associated with loans and investments. These GHG emissions are allocated to Scope 3 (category 15 under the GHG Protocol).

The calculations made as at 31 December 2022 were based on the Global GHG Accounting and Reporting Standard Part A: Financed Emissions developed by PCAF. The first edition of the PCAF standard applies to six asset classes, has been reviewed by the GHG Protocol and is in conformance with the requirements set forth in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, for Category 15 investment activities. The methodology for another asset class – Sovereign debt – and the guidance on emission removals were added in the second edition of the PCAF standard (published in December 2022) but are still pending GHG Protocol review and approval. Nonetheless, we included the sovereign debt asset class in the calculations of financed emissions for the first time as per 31 December 2022.

³ For air travel, a factor of 2 takes non-CO₂ effects into account.

General calculation methodology for Scope 3.15 GHG emissions at Oberbank (in 2023 and in comparison with 2022)

Financed emissions for 2022 were determined in analogy with the preceding year, for the following four asset classes:

- Listed equity and corporate bonds
- Business loans and unlisted equity
- Mortgages
- Commercial real estate

No calculations were made for the asset classes Project finance and Motor vehicle loans, as they are of minor significance to Oberbank.

The asset class Sovereign debt was included for the first time in the calculations for 2022.

Due to changes in the PCAF standard, the amount of commercial real estate generating financed emissions was substantially higher than in the preceding year.

As this was the first time Climcycle was applied to make these calculations, different data sources were used than in the preceding year. For more details on the data sources used for this report, see the descriptions of the relevant asset classes. In the preceding year, Oberbank had relied on data from EXIOBASE (environmentally extended input-output table providing country- and industry-specific average emission factors) and/or from the PCAF Emission Factor Database.

Under PCAF, reporting of Scope 3 emissions for the asset classes Listed equity and Corporate bonds and Business loans and unlisted equity is currently mandatory only for NACE economic activities B (Mining and Quarrying), C (Manufacturing), F (Construction), H (Transport and Storage) and N81 (Services to buildings and landscape activities). Scope 3 emissions will have to be disclosed for all economic activities as from the reporting year 2025. Due to the non-availability of relevant data, Oberbank AG disclosed no Scope 3 financed emissions for economic activities for which reporting is currently not mandatory, unless published data was available. Financed emissions thus comprised

- Scopes 1 and 2 emissions of all economic activities,
- Scope 3 emissions of the economic activities listed above as subject to reporting obligations, and
- published Scope 3 emissions of economic activities currently not subject to reporting obligations.

Calculation methodology for asset classes accounted for by Oberbank under PCAF

Depending on the granularity of the available input data, different calculation options are available for these asset classes at transaction level. Oberbank used the highest quality datasets available for each asset class. Under the PCAF standard, a score of 1 marks the highest and a score of 5 the lowest data quality. Data quality was reported based on the weighted data quality score.

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Oberbank AG calculated Scopes 1, 2 and 3 financed emissions for the asset classes Listed equity and Corporate bonds and Business loans and unlisted equity, across all economic activities, using the following formula:

$$\text{Financed emissions} = \text{Attribution factor} \times \text{Company emissions}$$

For listed companies:

$$\text{Attribution factor} = \frac{\text{Outstanding amount}}{\text{Enterprise Value Including Cash (EVIC)}}$$

For unlisted companies:

$$\text{Attribution factor} = \frac{\text{Outstanding amount}}{\text{Total equity + debt}}$$

To estimate the emissions generated by a company, every borrower or investee was allocated a GHG intensity metric depending on country and economic activity, which was then multiplied by the company’s revenue. Where no revenue figures were available, the GHG intensity metric was multiplied by the outstanding amount. Where companies had reported emissions, this data was used instead of estimations, as recommended in the PCAF standard.

With these asset classes, Climcycle used data from Eurostat, from the World-Input-Output-Database (WIOD) and from the Joint Research Centre (JRC) to determine average emission intensities by country and economic activity (Scope 1 emissions only). The intensity data derived from these sources were then extrapolated to determine the Scopes 2 and 3 emissions, using allocation formulas presented in a CDP report (formerly known as the Carbon Disclosure Project) published in 2022 and updated in 2023. CDP has the most comprehensive collection of self-disclosed environmental data worldwide.

For mortgages and commercial real estate loans, we calculated the total financed emissions related to the energy use of financed buildings during their operation as follows:

$$\text{Financed emissions} = \text{Attribution factor} \times \text{Building emissions}$$

Attribution factor

$$= \frac{\text{Outstanding amount}}{\text{Property value}}$$

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The emissions of buildings were calculated as the product of a building's energy consumption and the average GHG intensity of the energy mix. Energy consumption can be derived from energy performance certificates (EPCs) or energy labels, type of property and location-specific statistics (land and floor area).

Climcycle relied on various data sources, among them the European Commission, ClimateWatch, the OECD and the Joint Research Centre (JRC), to determine energy emission intensity. In the case of buildings with no information on floor areas, average square footage per type of property was used in the calculations. In contrast to property value at origination as defined in the PCAF standard, we generally used the current fair market value of the property as property value, as is common practice in the banking sector.

The following formula was used to calculate financed emissions for sovereign debt:

$$\begin{array}{c}
 \boxed{\text{Financed emissions}} = \boxed{\text{Attribution factor}} \times \boxed{\text{Sovereign emissions}} \\
 \downarrow \\
 \frac{\text{Outstanding amount}}{\text{PPP-adjusted GDP}}
 \end{array}$$

Climcycle relied on the data sources recommended by PCAF to determine emissions. The GDP data was taken from the World Bank's World Development Indicators Database.

Financed emissions

(as at 31/12/2022)

GRI 305-4

Asset class	Exposure (in EUR m)		Financed emissions (in tCO ₂ e)		Intensity (in tCO ₂ e/EUR m)		Weighted data score	
	2022	2021	2022	2021	2022	2021	2022	2021
Listed equity and corporate bonds; of which:	997.8	1,080.3	1,334,070	1,299,089	1,337	1,203	1.78	1.67
Listed equity	720.5	862.9	1,312,552	1,294,672	1,822	1,500	1.02	1.02
Corporate bonds	277.3	217.4	21,518	4,417	78	20	3.76	4.25
Business loans and unlisted equity; of which:	10,055.7	9,094.0	4,428,052	2,542,061	440	280	4.09	4.02
Business loans	9,887.2	8,923.9	4,399,846	2,501,580	445	280	4.10	4.03
Unlisted equity	168.5	170.1	28,206	40,481	167	238	3.43	3.50
Sovereign debt	1,254.2	-						
Excluding LULUCF			519,210	-	414	-	1.00	-
Including LULUCF			513,232	-	409	-	1.00	-

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Mortgages	1,706.3	1,581.0	20,465	31,709	12	20	3.74	4.84
Commercial real estate	1,579.0	224.1	29,705	9,272	19	41	3.88	4.71
Total	15,593.0	11,979.4						
Excluding LULUCF ¹			6,331,502	3,882,131	406	324	3.63	3.93
Including LULUCF			6,325,524	-	406	-	3.63	-

Overall, a portfolio of some EUR 15,593.0 million was allocated to the five asset classes as at 31 December 2022 (31 December 2021: EUR 11,979.4 million), with the respective financed emissions being calculated accordingly. The increase in the portfolio accounted for is attributable, above all, to the first-time inclusion of the sovereign debt asset class and to changes in the PCAF standard, which had an impact in particular on commercial real estate. Financed emissions for all quantified portfolios amounted to a total of 6.3 million tCO₂e (including and/or excluding LULUCF). Emission intensity was established at around 406 tCO₂e/EUR million on average (including and/or excluding LULUCF). Due to the use of new emission factors, as mentioned above, financed emissions were not specifically compared to those of the preceding year.

The highest share of financed emissions was attributable to business loans, in the amount of about EUR 9,887.2 million. Financed emissions of 4.4 million tCO₂e were determined for business loans, which corresponds to about 69.5% of total financed emissions. Emission intensity for business loans came to 445 tCO₂e/EUR million. At 1,822 tCO₂e/EUR million, listed equity accounted for the highest emission intensity by far. This was largely attributable to Oberbank AG's equity investment in voestalpine AG, which accounted for 90.1% of financed emissions in the listed equity category.

Overall, the weighted data quality score was 3.63 on 31 December 2022. The highest data quality was identified for Sovereign debt and Listed equity.

Due to non-availability of data, Oberbank was unable to calculate financed emissions for a portfolio of about EUR 53.8 million in the asset classes Business loans and unlisted equity and Sovereign debt.

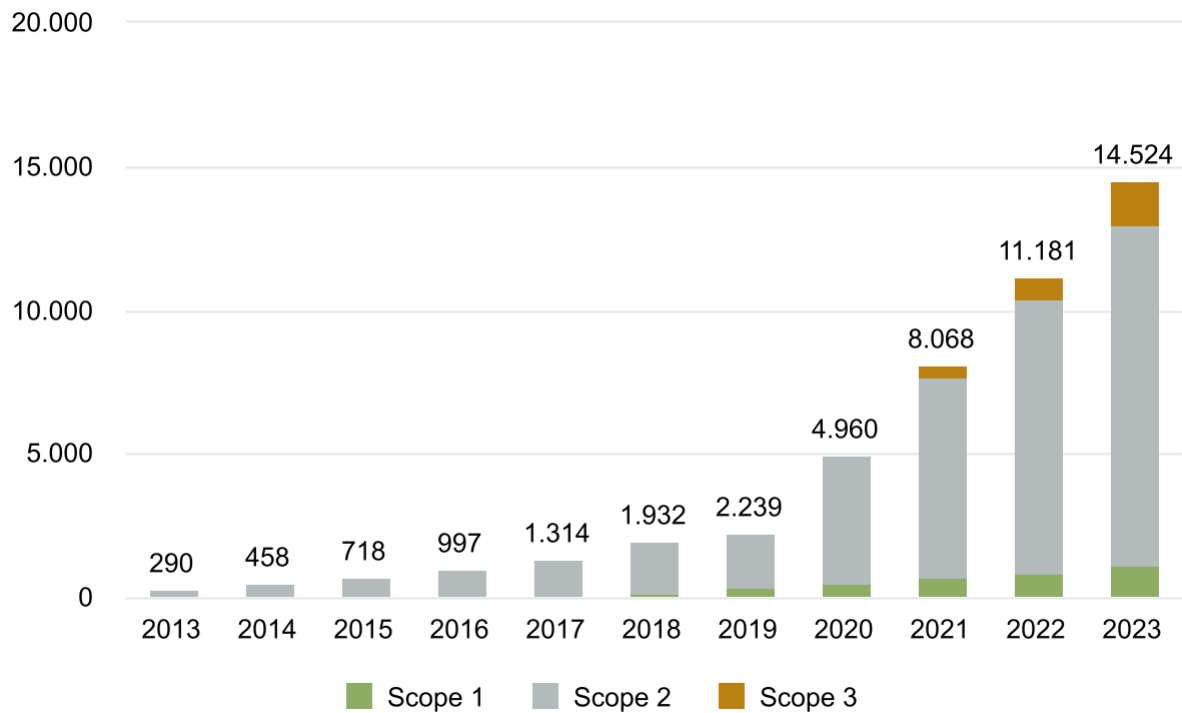
Specific measures to improve data quality are being planned. Regulatory requirements that will, in the medium term, obligate a range of other companies and organisations to also publish their data on emissions are expected to have positive impacts on data quality and thus on the relevance of the calculations made based on such data. In any case, calculations pursuant to the PCAF standard are to be carried out on a yearly basis going forward.

¹ LULUCF: EU-Rules on Land Use, Land Use Change and Forestry)

Carbon savings in own operations

GRI 305-5

Cumulative carbon savings Oberbank Austria in total, by segment (in tCO₂)



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

	2013	2014	2015	2016	2017	2018
Scope 3						
Energy purchases						
Landstraße (Linz)	67.3	107.1	126.8	146.6	167.6	194.6
Branches Austria	0	0	15.4	47.2	81.8	122.4
Alpenstraße (Salzburg)	43.2	86.5	119	153	214.6	282.8
Systems room	65.5	127.5	188.9	250.8	318.1	397.1
Untere Donaulände 36	0	0	0	0	0	216.2
Untere Donaulände 24–32	114	136.8	268.1	399.5	531.7	718.4
Total savings	290	457.9	718.2	997.1	1,313.8	1,931.5

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	2019	2020	2021	2022	2023
Scope 3			381	809	1,596
Energy purchases		2,416	4,790	7,133	9,248
Landstraße (Linz)	197.7	203.7	213.6	219.6	234.4
Branches Austria	116.9	116.9	116.9	116.9	117.9
Alpenstraße (Salzburg)	337.3	352.5	367.7	382.9	399
Systems room	385	385	385	385	386
Untere Donaulände 36	358.7	511.5	700.6	889.7	1,079.9
Untere Donaulände 24–32	843.2	975.5	1,113	1,245.2	1,464.9
Total savings	2,238.8	4,961.1	7,686.8	10,372.3	12,930.1

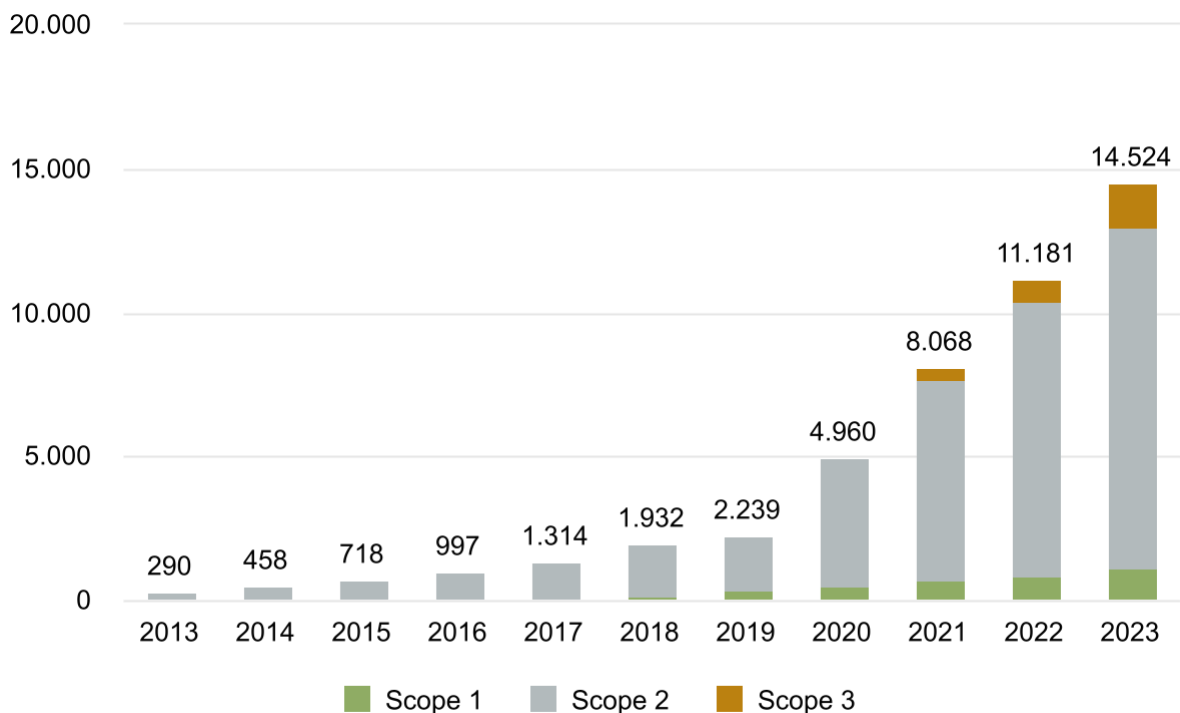
The CO₂ conversion factor set out in OIB Guideline 6 (2019) was used as reference value for the value stated by the energy utility company – with green electricity, the CO₂ value is 0.

The CO₂ emissions of buildings reported in this chapter were calculated based on data extracted from utility bills, and, where no such data was available, the mean floor area (separately by country, if possible) of all branches (excluding the Head Office at Untere Donaulände (UDL), Alpenstraße Salzburg, and Munich) and then multiplied by the floor area of each branch.

Scope 1 refers to emissions in buildings and in transport, while Scope 2 comprises indirect emissions, such as those generated by energy purchases, heating and cooling. In detail, Scope 1 for Oberbank includes fuels (oil, gas) for owned branches, coolants, as well as transport. Scope 2 comprises fuels (oil, gas) in leased branches, as well as district heat and electricity.

Scope 3 refers to fuel savings resulting from the granting of a travel allowance for public transport tickets.

Cumulative carbon savings Oberbank Austria, Scopes 1, 2 and 3 (in tCO₂)



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

The reported savings were the result of measures taken in relation to buildings and transport as well as heating and cooling (for example, systems room). For more details on the specific measures, see the relevant chapters (Chapter ESRS E1 > [Actions and resources in relation to climate change policies](#)).

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits GRI 305-5

The target set out in the current strategy is to reduce CO₂ emissions to one metric tonne per head by 2025, which corresponds to about 2,800 tonnes of CO₂ emissions (Scopes 1 and 2). To achieve climate neutrality in Scopes 1 and 2 as planned, Oberbank is considering offsetting remaining emissions by acquiring emission allowances as from 2025. In no way does Oberbank consider these allowances to be a substitute for an actual reduction of emissions, but rather as a tool to make an additional contribution to climate change mitigation beyond the far-reaching actions being taken anyway. Transparency, quality and origin are essential criteria in selecting emissions allowances so as to ensure that these allowances make a positive contribution towards climate change mitigation.

Oberbank has already tested emission allowances so as to be well prepared for acquiring a larger number of them in 2025. In 2023, Oberbank organised a gala for the first-time presentation of the FERONIA sustainability award (see Chapter ESRS G1 > [Sponsoring > Presentation of FERONIA sustainability award](#)). The non-avoidable emissions generated by that event were calculated by Impactory and compensated for by supporting the Dürrenstein-Lassingtal Wilderness climate project.

E1-9¹⁵ – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The climate stress test carried out in 2022 (see Chapter ESRS E1 > Policy – related to ESRS 2 SBM-3: Climate stress test) showed no current material financial impacts for Oberbank.

Oberbank plans to carry out climate stress tests also going forward. If and when such tests indicate material financial impacts, Oberbank will report in detail on such impacts.

¹⁵ No reporting was provided on disclosure requirement E1-8 – Internal carbon pricing for the financial year 2023.

Social information

ESRS S1 Own workforce

Our workforce is not simply employed with the company, our employees are also shareholders of Oberbank at the same time. What is more, they call some of the most valuable resources their own, namely their time, their talent, and their commitment. And they invest all of these assets in Oberbank on a daily basis. The most important task of Human Resources (HR) is to make sure that in deciding on where to invest their time, their talent and their commitment over the long term, people will opt for Oberbank and will not withdraw their investment. The only way to do so is to offer meaningful work and an attractive work environment.

Impact, risk and opportunity management

S1-1 – Policies related to own workforce

GRI 2-23

General information on policies available in written form

This section covers in-house policies, guidelines and strategies applicable in the field of human resources. Employees have access to in-house policies via the document management system. In addition, the intranet (Inside) provides information to employees on updates of the various policies. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. Such documents are informed by consultations with a varied range of interest groups. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

Secure employment

Remuneration policy

See Chapter ESRS S1 > S1-1 Policies related to own workforce > [Adequate wages](#).

Remuneration Policy for Oberbank's Management Board and Supervisory Board

See Chapter ESRS S1 > S1-1 Policies related to own workforce > [Adequate wages](#).

Working time

Company agreement on mobile working (working from home) for Austria and Germany

Contents: The company agreement on mobile working concluded in 2021 allows Oberbank employees in Austria and Germany to enter into an individualised written side agreement to their employment contracts giving them the option of mobile working on a one-day-per-week basis, provided that the specific conditions and circumstances of their work are suitable for this type of scheme. In marginal employment scenarios, for

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instance during parental or educational leave, mobile working is possible throughout the entire working time. All the tools and resources needed for mobile working are provided by Oberbank. Employees must, above all, make sure that confidentiality and compliance requirements are met and that their home workplace satisfies ergonomic criteria. On 15 December 2022, a similar framework was put in place for employees in Germany, likewise under a company agreement with the Works Council.

Related standards and third-party initiatives: Austrian Working Time Act (AZG), Austrian Employees Act (AngG), German Work Relations Act (BetrVG)

Scope of application: The company agreement in Austria applies to all employees of Oberbank, including its 100% subsidiaries; the company agreement in Germany applies to all employees except for senior executives (pursuant to § 5 (3) BetrVG).

Responsibility: Strategic Organisational Development, Digitalisation and IT, as well as Human Resources; approval by Management Board and Works Council

Mobile working/Working from home handbook

Contents: Working from home applies where an employee regularly performs work in their home. The prerequisite for working from home under an employment contract is an agreement to that effect between the parties to said employment contract. In none of the countries where Oberbank operates do employees have a right to work from home or does the employer have the power to unilaterally order employees to work from home.

Related standards and third-party initiatives: Company agreements with the Works Council in Austria and Germany; statutory provisions in § 2h of the Austrian Labour Contract Law Amendment Act (AVRAG)

Scope of application: Oberbank Austria

Responsibility: Strategic Organisational Development, Digitalisation and IT

Company agreement on flexitime in Austria

Contents: Flexitime allows employees to individually choose the time when they work, within the limits of defined boundary hours and the rules set out in the company agreement. Every workday counts the same under this scheme. Another aspect to be taken into account is that Oberbank needs to offer its services when customers demand them. This type of working hours organisation requires high levels of self-organisation and responsibility on the part of employees and must be appropriately coordinated with supervisors and co-workers.

Related standards and third-party initiatives: Collective agreement with the Austrian Bankers' Association (Bankenverband)

Scope of application: This company agreement applies to all full-time and part-time employees of Oberbank AG who are subject to the scope of application of the collective agreement with the Austrian Bankers' Association and are 18 years old or older.

Responsibility: Human Resources; approval by Management Board and Works Council

Company agreement on flexitime in Germany

Contents: A company agreement on flexitime similar to the one in Austria was also concluded in Germany.

Related standards and third-party initiatives: Collective agreement for the private banking business

Scope of application: This company agreement applies to all full-time and part-time employees of Oberbank AG in Germany who are subject to the scope of application of the collective agreement for the private banking business and are 18 years old or older.

Responsibility: Human Resources; approval by Management Board and Works Council

Adequate wages

Remuneration policy

Contents: The strategy and business policy of the Oberbank Group are based on values such as sustainability, stability, security, and credibility. Oberbank explicitly advocates gender-neutral remuneration. The interests of customers, shareholders, employees and other stakeholder groups are taken into consideration in a well-balanced manner. To avoid conflicts of interest, Oberbank has conflict of interest rules in place that address potential conflicts of interest with customers and employees and accord priority to customer interests as a general rule. In addition, Oberbank's rules on performance-related variable remuneration parts and bonuses are highly restrictive.

Related standards and third-party initiatives: Collective agreement with the Austrian Bankers' Association (Austria) and collective agreement for the private banking business (Germany)

Scope of application: all markets

Responsibility: Secretariat and Communication

Remuneration policy for Oberbank's Management Board and Supervisory Board

Contents: The remuneration of Management Board and Supervisory Board members as described in Chapter ESRS 2 > GOV-3 Integration of sustainability-related performance in incentive schemes is based on this policy, which sets out firm and solid principles. Oberbank's strategy and business policy, which are based on values such as sustainability, stability, security, and credibility, are discussed with the Supervisory Board at least once a year and submitted to the Supervisory Board for final approval. The interests of customers, shareholders, employees and other stakeholder groups are taken into consideration in a well-balanced manner. It is the Management Board's task to manage Oberbank and all its Group companies in accordance with these values and to ensure the bank's continued existence and sustainable growth. A special focus is placed on liquidity and risk-bearing capacity. The bank's financial performance is sustainable. Its risk profile is conservative, and its dividend policy is even more so. The purpose of Oberbank AG's remuneration policy for Supervisory Board members is to ensure that the members of the Supervisory Board receive a remuneration that is commensurate with their tasks, their responsibilities and the situation of the company. Its objectives include implementing the business strategy and furthering Oberbank AG's development over the long term while at the same time ensuring the objectivity and independence of the supervisory body.

Related standards and third-party initiatives: -

Scope of application: all markets

Responsibility: Secretariat and Communication

Social dialogue

Company agreement on the processing of personal employee data in the context of employee surveys (Austria and Germany)

Contents: The aim is to create a culture of open feedback and development at Oberbank in order to continually improve employee satisfaction and commitment. This is why the Employee Experience initiative was launched: Automated employee surveys based on an online platform are carried out to gather feedback from the workforce. Oberbank commissioned an IT service provider to process and aggregate the personal data thus collected. To ensure a high level of data protection and to safeguard employee interests, the conditions under which employee data may be processed are set out in a works agreement.

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Related standards and third-party initiatives: Austrian Labour Relations Act (ArbVG), Austrian Data Protection Act (DSG), General Data Protection Regulation (GDPR)

Scope of application: Austria and Germany

Responsibility: Human Resources; approval by Management Board and Works Council

Work-life balance

Company agreement on mobile working (working from home)

See Chapter ESRS S1 > S1-1 Policies related to own workforce > Working time.

Company agreement on flexitime

See Chapter ESRS S1 > S1-1 Policies related to own workforce > Working time.

Health and safety

GRI 403-1, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI G4-DMA

Safety and security handbook

Contents: The safety and security handbook describes safety and security precautions and procedures designed to prevent criminal acts (bank robberies, theft, counterfeit money, damaged notes and coins) and/or mitigate their impacts. It explains safety and security arrangements and rules of conduct to ensure that the correct actions are taken to prevent injury to employees and customers should an incident occur. Another aim is to promptly have everything in place that is needed to successfully chase or trace the perpetrators after a robbery. Providing a full and complete documentation of all instructions relating to safety and security is of crucial importance.

Related standards and third-party initiatives: Austrian Occupational Safety and Health Act (ASchG)

Scope of application: all markets

Responsibility: Real Estate, Safety & Security and Cost Management (ISK)

Gender equality and equal work for equal pay

Human Resources “Chance 2030” handbook

Contents: The aim of the “Chance 2030” initiative is to improve the gender balance in Oberbank’s management and create equal opportunities for women in management. The introduction of a defined proportion of women in management will lead to gender-equitable and balanced recruiting on all levels. Key factors include well-balanced and forward-looking potentials development, open in-house recruiting and clear rules concerning the return to work after parental leave. Oberbank wants family life and careers to be compatible and offers support in this context through flexible working time models and working-from-home options, for example. A side aspect of all of the described measures is raising Oberbank’s attractiveness as an employer. Oberbank is facing a “changing of the guards” in terms of generational change: By 2030, 12.8% (or 63 out) of currently 492 management positions will have to be filled again, mostly due to retirement. The striving for diversity and equal opportunity as well as the upcoming changes in personnel led to the “Chance

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2030" initiative, which was launched in conceptual terms already back in 2017 in a bid to change Oberbank's culture with lasting effects.

Related standards and third-party initiatives: -

Scope of application: all markets

Responsibility: Human Resources

Oberbank's diversity policy for the Management and Supervisory Boards

Contents: Diversity within its Management and Supervisory Boards is a key focus of Oberbank's diversity policy. The Management Board of Oberbank currently consists of three male members and one female member, each of whom are Austrian citizens. Two Management Board members are in charge of sales and share responsibility for the regional sales units in Oberbank's five country markets. Sales units report to these Management Board members in line with those members' main remits, i.e. Corporate and Business Banking and Retail Banking respectively. Two Management Board members are in charge of back office matters and the departments dealing with these matters. The Supervisory Board consists of three female shareholder representatives and seven male shareholder representatives. The proportion of at least 30% women and at least 30% men on the Supervisory Board as mandated by law was complied with as at 31 December 2023 with respect to both the full Supervisory Board and the shareholder and staff representatives respectively. With six female Supervisory Board members in total as at 31 December 2023, Oberbank not only met the mandated statutory proportion (30% of 15 = 4.5), but even surpassed it at 40%.

Related standards and third-party initiatives: EU Women on Boards Directive

Scope of application: all markets

Responsibility: Secretariat and Communication

Training and skills development

GRI 404-2

Code of Conduct

Contents: Oberbank offers employees opportunities to grow, both professionally and personally, and to benefit from training and skills development. Multifaceted programmes and seminars are available for HR development. Subject-matter training requirements are determined at regular intervals with the respective line managers. To ensure that employees are kept up-to-date with technical and legal matters and that quality standards are being complied with in all areas of work, Human Resources assigns them courses, e-learning seminars or webcasts in the HR system on an ongoing basis. Depending on their position within the organisation, employees have to attend mandatory training courses every year, for example e-learning seminars on data protection and privacy, FATCA, CRS, compliance/operational risk/complaints management/internal control system, money laundering/sanctions/terrorist financing etc. and webcasts on compliance with the Austrian Securities Supervision Act (WAG), AML compliance, IT security, fraud prevention, etc.

For further contents, related standards and third-party initiatives, scope of application and responsibility for the code of conduct, see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > Code of Conduct for Employees.

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E-learning handbook

Contents: This handbook provides instructions on how to successfully work with e-learning content on the “SuccessFactors Learning” system.

Related standards and third-party initiatives: Code of Conduct

Scope of application: all markets

Responsibility: Human Resources

Diversity

Human Resources “Chance 2030” handbook

See Chapter ESRS S1 > S1-1 Policies related to own workforce > Gender equality and equal work for equal pay.

Oberbank’s diversity policy for the Management and Supervisory Boards

See Chapter ESRS S1 > S1-1 Policies related to own workforce > Gender equality and equal work for equal pay.

Diversity Charter

Contents: In implementing the Diversity Charter, Oberbank pays tribute to diversity and commits to the principle of showing equal respect and appreciation to all members of society, regardless of gender, colour, nationality, ethnic origin, religion or belief, disability, age, sexual orientation and identity. Inclusion is another topic that is highly relevant to the pursuit of diversity. Oberbank complies with all the requirements stipulated by law and by collective agreements (special protection against dismissal, one additional week of annual leave, disabled persons representatives, accessibility, etc.) to make the working environment as comfortable as possible for eligible persons with disabilities. Above and beyond that the bank is always willing to look for bespoke solutions in individual cases.

Related standards and third-party initiatives: Code of Conduct, “Chance 2030” handbook

Scope of application: all markets

Responsibility: Human Resources, Management Board

Data protection and information security

See Chapter ESRS S4 > S4-1 Policies related to consumers and end-users > Data protection and information security.

S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

GRI 2-25

As already described in Chapter ESRS 2 > SBM-2 Interests and views of stakeholders, page 100, a culture characterised by open and honest feedback is not only one of the principles of corporate governance, but part and parcel of day-to-day practice at Oberbank. Stakeholder suggestions, ideas or feedback are always welcome and will be taken into account to the largest extent possible.

Oberbank's own workforce has a variety of channels at its disposal to give feedback, ask questions and contribute to the further development of the organisation. Given our commitment to the Diversity Charter and the "Chance 2030" initiative, diversity in ideas and opinions – in particular also those voiced by vulnerable groups – is important to us in our efforts to get as broad and representative a sample as possible.

MbO meeting

The annual MbO meeting, which gives employees an opportunity to discuss matters with their direct line manager in an informal atmosphere, has been established as a management instrument at Oberbank for several years now. Informed by Oberbank's key values, Management by Objectives (MbO) is a manifestation of Oberbank's work and management culture and its goal orientation. Appreciation, mutual feedback, learning, and development planning are key elements of the annual MbO meeting or semi-annual MbO check-up. In 2023, MbO meetings were conducted with 94.5%¹⁶ of Oberbank's employees (1,351 women and 974 men), i.e. with 94.4% of the women and 94.6% of the men. Six months later, a check-up is scheduled for all employees to discuss goal achievement for the planned measures and any adjustments that may have become necessary.

Employee Experience, surveys, lifecycle analyses, feedback button

A key initiative providing digital support for feedback culture at Oberbank is what is referred to as Employee Experience. This initiative ingrains the principle of pro-actively taking account of employee interests and opinions at the highest possible level, namely in Oberbank's corporate strategy. The above-mentioned company agreement on the processing of personal employee data in the context of employee surveys (see Chapter ESRS S1 > S1-1 Policies related to own workforce > Social dialogue) created a master agreement between employer and employees that allows Oberbank to gain insights into the views and opinions of its workforce. The Medallia tool is used to carry out annual employee surveys as well as ad-hoc surveys on specific topics. In addition, lifecycle analyses can be conducted to examine specific moments in the employee lifecycle. A feedback button on Oberbank's intranet site provides an easy way for employees to give feedback or ask questions at any time. This type of anonymised employee survey not only encourages honest feedback, but ensures that changes and tendencies can be recognised faster, which helps to identify risks early on. Encouraging regular feedback is a way to ensure continuous improvement of the working environment for employees and also serves to raise Oberbank's attractiveness as an employer. The survey results are the basis for actions tailored specifically to each area. Recurrent employee surveys and lifecycle analyses allow results

¹⁶ In cases of scheduled absences or resignations, longer sick leaves, or deadline extensions until 31 January 2024, no meetings had been held yet before 31 December 2023.

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to be compared, trends to be detected and actions taken to be evaluated, helping to strengthen employee loyalty and minimising employee turnover.

Examples of ad-hoc surveys conducted in 2023 include an evaluation of the “Chance 2030” initiative to get both employee feedback on the effectiveness of actions to promote women and suggestions for improvement. Another survey was held on the topic of employee mobility (see Chapter ESRS 2 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Employee mobility and Emissions (Scope 3.6 and 3.7)) to inform the calculation of group-wide CO₂ emissions caused by the daily commute and by business travel on the one hand, and to learn more about employee habits and motives for choosing a particular mode of transport on the other hand.

Kununu employer review platform

The electronic employer review platform kununu is a channel that both employees and external stakeholders such as jobseekers can use to provide anonymous feedback. Rated among the top 5% of the organisations reviewed on kununu, Oberbank was awarded the Top Company 2023 label, making it one of the most popular employers of the year 2023 in Austria and Germany. With an excellent score of 4.3 (out of 5) points, Oberbank ranks significantly above the industry average of 3.7. The referral rate in 2023 came to 91%, slightly down on the preceding year (2022: 94%).

Workers’ representatives

Employees can interact with or turn to worker’s representatives for advice at any time. The Works Council has elected representation bodies in all of Oberbank’s regional divisions in Austria, as well as in Germany, the Czech Republic and Hungary.

The Works Council for the Greater Linz area, for instance, has 14 members, seven of whom are women. Striking a balance between the bank’s business interests and the interests of the workforce is a key priority. Five of the six elected members of the Central Works Council are also delegated to serve on Oberbank’s Supervisory Board to exercise the control rights stipulated by law.

The workers’ representatives are regarded with great respect by the shareholder representatives on the Supervisory Board and their opinions are heard on all matters. At Oberbank, management and workers’ representatives engage in fruitful cooperation, communicate openly and constructively, and regard one another as equal partners. In addition to ad-hoc talks, a structured meeting that lasts several hours is scheduled at least twice a year between the top management and representatives of the Central Works Council. The Works Council also meets regularly with HR management. Works Council members can organise works meetings with all or parts of the workforce. All employees are free to attend such works meetings, with Oberbank providing adequate premises for them.

The Works Council has a presence on Oberbank’s intranet (Inside) as well and can send out information on Inside or address the whole workforce by e-mail or video message. In addition, the “Dialog” staff magazine, which is published four times a year, also has a page reserved for the Works Council to communicate high-priority topics. All elected Works Council members have the right to attend training events related to their work as a staff representative as needed and will be granted leave from work for this purpose. No disputes between management and Works Council have ever been taken to court at Oberbank.

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Both the workforce and their representatives are involved when new projects are launched or initiatives are evaluated. One example of employee engagement – apart from the surveys mentioned above – is the annual Summer Academy, a two-day retreat at which the Management Board, selected senior executives and selected employees address and discuss strategic issues for Oberbank. Projects, too, involve employees in a variety of work packages.

S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

GRI 2-9, GRI 2-26, GRI 403-2

The various channels of employee engagement referred to above can also be used by employees to raise concerns. This makes it possible to recognise potential negative impacts promptly and take action to avoid or eliminate them. All of these channels can basically be used to raise concerns, and evaluating the surveys being conducted also tends to reveal employee concerns, if there are any. The regular MbO meetings between employees and their line managers are especially well suited for this purpose as they provide a confidential setting. If employees prefer a greater level of anonymity or would like to use an easy-access feature to comment on matters, they can use the feedback button present on every Inside page to directly report issues relating to Oberbank in its role as employer or to IT systems and processes. In 2023, more than 400 comments, suggestions for improvement, and ideas relating to IT systems and processes currently operational at Oberbank were submitted via the feedback button. Each and every feedback is relevant and will be referred to the persons in charge of the respective matter. If there is a need for action, the competent department will initiate and implement corresponding measures. If an employee prefers to give personal feedback, they will have to indicate their name.

Oberbank does not tolerate any conduct which could be likely to cause harm of any kind to the bank, its employees, its stakeholders or the general public. The focus here is in particular on preventing fraud, money laundering, corruption, market abuse, insider trading, circumvention of sanctions, and terrorist financing, as well as on ensuring that new or amended regulatory requirements are implemented. All employees in all of Oberbank's markets are called upon to make sure their conduct is fair, ethical and in conformity with the law. The Code of Conduct as well as numerous in-house policies and work instructions, which are binding on all employees, provide the basis for such conduct. The Compliance department has key control and monitoring responsibilities in this context. Serious violations of these rules may result in massive loss or damage to Oberbank as well as to individual employees. A number of effective regulations, systems and procedures ensure that even the smallest infraction will be detected, sanctioned and, where necessary, reported to the competent bodies or authorities.

The whistleblower system introduced by Oberbank and enshrined in a company agreement is designed to provide another channel – in addition to the already existing ones – for employees to report serious misconduct on the part of Oberbank. The whistleblower system should be the preferred channel in particular in cases where a face-to-face talk with the line manager or other contact persons is either not possible or not desirable under the rules of the Code of Conduct or the compliance policy. For more information on whistleblowing, see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > Whistleblowing.

S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

GRI 2-24

General information on the following actions

Scope of impact: The actions are generally applicable in all of Oberbank's markets. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as “taken” have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

Secure employment

Actions taken

- Oberbank has had an employee participation scheme in place since 1994, one of the earliest ever introduced in Austria.
 - Employees who purchase ordinary shares will get bonus shares allotted for free.
 - In 2023, 20,670 free bonus shares were allotted for 51,675 purchased ordinary shares (5+2 scheme).
 - In 2022, 23,266 free bonus shares were allotted for 58,165 purchased ordinary shares (5+2 scheme).
 - In 2021, 25,634 free bonus shares were allotted for 64,085 purchased ordinary shares (5+2 scheme).
 - Employees (including those working part-time or on temporary employment contracts) who have worked for Oberbank for at least six months can also acquire shares in Oberbank through the private foundation for employee participation. This scheme has been in operation since 2018.
 - In 2023, shares in the equivalent of about EUR 9.6 million were allotted to employees. As at 31 December 2023, employees eligible under this scheme held 699,832 ordinary shares equivalent to about EUR 45.1 million.
 - In 2022, shares in the equivalent of about EUR 9.7 million were allotted to employees. As at 31 December 2022, employees eligible under this scheme held 284,263 ordinary shares, which corresponded to 4.48% of total shares.
 - By the end of 2021, employees held a stake of 4.20% in Oberbank AG or a total of 199,070 shares. In 2021, 58,294 shares in the equivalent of about EUR 5.3 million were allotted.
- Over the past few years, the AHOI employee referral programme has become an indispensable source for recruiting new potential. Employees who actively advertise their employer among friends and acquaintances are sure to be fully convinced of Oberbank's attractiveness as an employer and the job security it provides. In 2023, 580 job applications were based on such referrals. 1 in 4 new employees

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was hired based on active referrals. A range of incentives was organised in 2023 to make this initiative continually more attractive:

- Apart from tried and tested premiums for successful referrals, those newly registering for the programme took part in a prize draw in the first and second quarters of the year.
 - This was followed by a mid-year contest of ideas on how to increase AHOI use in the regional divisions and departments.
 - In addition, the second and fourth quarters provided for the ever-popular option of gamification, where users receive vouchers as a reward for their activities. All job applications received via Talentry link referrals in 2023 were counted towards the annual competition. The regional division or department that generated the most applications per headcount in 2023 won funding for an event. Until September 2023, Talentry was available for use only in Austria and in Germany. Starting on 1 October 2023, it was rolled out also to Hungary, the Czech Republic and Slovakia.
- The high rate of management positions filled with in-house talent shows clearly that the organisation does not discourage its workforce from rising through the ranks. Attractive opportunities for development are an incentive for employees to pursue further training and development on an ongoing basis.

Actions planned

- The employee participation scheme will be continued also in the next year.
- The AHOI employee referral programme will be promoted with attractive incentives in 2024. Following successful rollout in Hungary, the Czech Republic and Slovakia, the relevant initiatives will then be available in those countries as well. Registration and referral rates will be specifically monitored on a monthly basis in 2024.
- Starting in 2024, a redesign of the potentials programme will provide even more targeted measures to promote and develop high potentials for management positions, so as not to fall below the target of at least 80% of positions filled with in-house candidates. As a counterpart to management career paths, 2024 will see the rollout of transparent specialist career paths to develop the potentials we need in various fields of the banking business. These multifaceted opportunities for development underline the level of job security offered by Oberbank.

Working time

Actions taken

- Flexible working models: part-time, flexitime, parental part-time, marginal employment during parental or educational leave, reintegration part-time, educational part-time, mobile working, working from home
 - Mobile working is an option available to all employees of Oberbank and its 100% subsidiaries after completion of their onboarding and orientation phase and in consultation with the line manager. The option provides for one day of mobile working per person and week, with employees marginally employed during parental or educational leave being allowed to apply this option to their entire range of working hours.
 - Part-time: Oberbank affirms its clear commitment to offering part-time work as a working time model. A part-time drive highlighted the opportunities offered by the above-mentioned

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flexible working time arrangements when it comes to creating favourable conditions for increasing weekly hours worked (see also Group Management Report > [Human Resources](#)).

- In 2023, 29.30% of group-wide employees and 35.50% of employees in Austria availed themselves of the part-time work option.
- In 2022, it had been 28.99% of group-wide employees and 35.38% in Austria.
- In 2021, 27.81% of group-wide employees worked part-time.

Actions planned

- The efforts under the part-time work initiative will be continued in 2024 and assessed for effectiveness.

Adequate wages

Actions taken

- Adequate wages in line with the applicable collective agreement with the Austrian Bankers' Association and with the applicable statutory provisions in the respective countries.
- Actions to raise the proportion of women in managerial positions (specific maternity leave planning, open job postings for all management positions, active potentials management, setting target percentages for women in certain positions, etc.) to reduce the gender pay gap.
- For some years now, gender pay gap calculations have been carried out for employees in Austria (see Chapter ESRS S1 > [S1-16 Remuneration metrics](#)).

Actions planned

- The above-mentioned actions will be continued and stepped up.
- Gender pay gap calculations will also be made in the future in order to illustrate both the gradual reduction in the gender pay gap and Oberbank's efforts to achieve equal treatment of men and women.
- The study on wages in the banking sector carried out by Deloitte in 2023 (see Chapter ESRS S1 > [S1-10 Adequate wages](#)) will be analysed in terms of key roles in the company and adjustments to wage scales will be made as necessary.

Social dialogue

Actions taken

- The interests of external and internal stakeholders are taken into account, for instance by organising the annual Sounding Board and the annual stakeholder dialogue and sending out newsletters.
- A structured meeting that lasts several hours is scheduled at least twice a year between the top management and representatives of the Central Works Council.
- The Works Council and Human Resources meet at regular intervals to discuss operational HR policy topics.
- Annual MbO meetings, including semi-annual check-ups (see Chapter ESRS S1 > [S1-2 Processes for engaging with own workforce and workers' representatives about impacts](#))

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- Confidential employee surveys (using the Medallia software tool); Oberbank Employee Experience initiative featuring four dimensions: annual employee survey (commitment survey) in all five countries; feedback button on Oberbank intranet (Inside) pages; pulse check to survey specific aspects on an ad-hoc basis, such as sustainability or gender balance; lifecycle surveys (“Moments that matter”) specifically addressing key moments in the Oberbank lifecycle, such as onboarding, promotion to a management position, parental leave, etc. See also Chapter ESRS S1 > S1-2 Processes for engaging with own workforce and workers' representatives about impacts.
 - Following its launch in 2022, the second employee commitment survey was conducted successfully in 2023. It showed not only an increase in the response rate, but, more importantly, also a rise by more than 5% in the commitment index ratio. The commitment index states the percentage of employees who expressed strong agreement (levels 4 or 5) in response to all six questions on employee commitment. The response rate in 2023 was 81.9%, meaning that 2,051 employees took part in the survey (in 2022 the rate was 75.2%). In 2023, the commitment index ratio came to 45% (in 2022, it had been 39.8%). The top score is the percentage of commitment-related questions where the score was 4 or 5 in the survey. In 2023, the top score was 74% (in 2022, it had been 70.8%). Conclusion: The actions taken in the wake of the first commitment survey were effective and successful.
 - The feedback button, a feature introduced within the scope of a state-of-the-art continuous improvement process, proved to be highly popular. More than 400 comments, suggestions for improvement and ideas relating to IT systems and processes currently operational at Oberbank were submitted via the feedback button and processed by the organisation.
 - In 2023, a pulse check was carried out on the “Chance 2030” programme to evaluate the actions taken so far under this scheme. A total of 957 employees from four countries (Austria, Czech Republic, Slovakia and Hungary) took part in the survey. Its purpose was to find out how Oberbank employees perceive the actions taken under the programme in their day-to-day work. The outcome was that employees were willing to make referrals for Oberbank and that the organisation’s family-friendly environment was easily discernible. Oberbank’s employees also welcomed internal and external communications on gender balance. They identified a need for action when it comes to holding managerial positions while working part-time, as well as with respect to male role models for paternity leave or paternity part-time schemes.
 - A second pulse check was carried out on the topic of employee mobility. More than 1,600 employees from all markets took part in the survey. The responses informed the calculation of emissions caused by employee mobility and served as the basis for identifying the core messages as described in Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Employee mobility and emissions (Scopes 3.6 and 3.7).

Actions planned

- Detailed analysis of the second employee commitment survey: the results per unit will be discussed at management conferences in early 2024, with specific measures being taken for the respective areas in the follow-up.
- Work on the first lifecycle survey scheduled for the spring of 2024 is already under way. The topic will be first-time appointment to a management position.
- The third employee commitment survey is also scheduled for 2024, in addition to the already announced lifecycle survey. Its purpose is to further raise the profile of Oberbank's Employee Experience in a bid to improve employee retention. All of these measures are designed to reduce employee turnover at Oberbank.
- The results of the "Chance 2030" survey will continue to inform actions to further advance progress on gender balance at Oberbank.

Work-life balance

Actions taken

- Flexible working time models and mobile working (see Chapter ESRS S1 > S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions > Working time)
- Parental leave (planning) meeting with employees who will be on leave for more than three months.
- Kinkis Nest, a crèche-type childcare facility at the Head Office in Linz was opened in 2021, offering childcare for children aged one to three. It was set up in cooperation with the Upper Austrian Families Association (Familienbund). Parents pay an income-related fee.
- Children's holiday camps in August in the Greater Linz area
 - In 2023, 67 children of Oberbank employees took advantage of this summer holiday offer over three weeks.
 - In 2022, 61 children were enrolled in the programme over three weeks.
- Financial support for childcare in Austria capped at EUR 500 per child and year
 - In 2023, EUR 64,400 were spent on childcare support for children aged 10 years or under (excluding the crèche facility).
 - In 2022, some EUR 64,000 were spent on childcare support for children aged 10 years or under (excluding the crèche facility).
- Mobile childcare in emergencies or in cases of illness, in cooperation with the charity Caritas Österreich.
- Approval of special leave, leave to meet care responsibilities, or sabbaticals to help employees cope with special life circumstances as necessary.
- Approval of and financial support for educational leave where the training attended is relevant to future work for the bank.

Actions planned

- In addition to the actions listed above, financial support for childcare will be raised from EUR 500 to EUR 1,000 and will be available in all countries.

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Health and safety

GRI 403-1, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI G4-DMA

Actions taken

- Occupational health and safety (OHS) Committee (meets twice a year)
- In Austria, first responders and fire safety officers attend training sessions at regular intervals.
- Seminar on what to do in the event of a bank robbery (more information in Chapter ESRS S1 > [S1-14 Health and safety metrics](#))
- Health Share (“Aktie Gesundheit”) initiative
 - Workshops and seminars on topics such as physical activity, healthy eating and mental health. A new addition to the programme was a dance class, among others. Current trends and expert recommendations are taken into consideration in programme selection, just as much as in-house focus topics such as the 50+ age group.
 - GO!2023 health drive: the relevant measures were stepped up once again in 2023, the motto being #wirsindfit (we are fit). A broad-based information campaign was implemented, with health checks being carried out in Linz in the first quarter (180 checks on two different dates performed by Dr. Ocenasek), with a presentation on “Work-Life-Health – how to find the right balance” being offered as well. With help from Uniqa Mobile HealthCheck, similar health checks were offered at another five Oberbank locations (Vienna, St. Pölten, Wels, Salzburg, and Ried). Overall, about 240 employees availed themselves of the opportunity to have their health status checked during working hours, including travel time. The health checks comprised kidney and lung screenings, eye tests, cardiovascular screenings and long-term blood glucose screenings.
 - Austrian Health Day (online health day featuring several expert presentations)
 - Specially trained employees are available in all regions to act as health ambassadors to talk and answer questions about three key topics, namely healthy eating, physical activity, and mental fitness/stress management.
 - The Health Share is a fixture in the Dialog employee magazine, providing information on what is currently on the agenda and passing on health tips from in-house and external experts.
 - Oberbank takes over the cost of entry fees for various running events and for the Oberbank cycling club, as well as providing running gear.
- Evaluation of mental stress (see description below)
- Employee Assistance Program (EAP): This programme is designed to take account of any kind of mental or stress-related problems and provide easy-access support by offering free-of-charge counselling in both a professional and a private context. Since February 2023, employees in all countries have had access to occupational psychology counselling. What is special about the EAP is that coaching services are also available to senior executives dealing with critical situations in management. With a 9.1% usage rate, the programme has been very well received.

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GRI 403-4

Evaluation of mental stress

The Austrian Occupational Safety and Health Act (ASchG) as amended in January 2013 calls for regular evaluations of mental stress factors at the workplace. The first such evaluation was carried out by Oberbank in 2016, with regular re-evaluations being organised ever since. The evaluation focused on four basic dimensions that can lead to work-related mental stress: job requirements and activities; social and organisational climate; work environment; and work processes and organisation.

The re-evaluation in 2021 was the first that covered all Oberbank markets (Austria, Germany, the Czech Republic, Slovakia and Hungary). External support was provided by the service provider ASZ (Centre for Occupational Health and Safety). The results of the last survey from 2021 were processed together with the respective organisational units. All employees were involved in developing action plans, which are being implemented on an ongoing basis.

Actions planned

- A broad-based programme of workshops, seminars, running events and other initiatives for promoting employee health is in the pipeline for 2024.

Gender equality and equal work for equal pay

Actions taken

- Annual calculation of the gender pay gap (see Chapters > S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions > Adequate wages, and ESRS S1 > S1-16 Remuneration metrics)
- “Chance 2030” project
 - Launched in 2017, this project is designed to achieve a stable gender balance at the top management level. The general rule as laid down in 2019 is to achieve a gender ratio of 50% women and 50% men for new appointments to management positions. Given consistent implementation of this rule, the proportion of women in management positions will rise to about 40% by 2030.
 - Other actions defined within the scope of this project include open in-house recruiting, potentials development, as well as parental leave management (planned return to work after parental leave, support for paternity leave and one-month paternal leave after the birth of a child).
 - In 2023, an employee survey was conducted in Austria, the Czech Republic, Slovakia and Hungary to evaluate the project (see Chapter ESRS S1 > S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions > Social dialogue).
- Generational change through internal recruiting
 - When vacancies for management positions and positions on the Management and Supervisory Boards have to be filled, Oberbank pays special attention to diversity in terms of age and gender.

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- Management positions that become vacant at Oberbank are usually filled from the bank's own ranks. In 2023, the corresponding rate was 96%. For the upcoming generational change, Oberbank has set the target at 80%, in the firm belief that filling vacancies through internal recruitment is the best way to safeguard Oberbank's vision, values and business model. Two initiatives were launched to meet this target: succession planning is to start already five or three years prior to retirement – depending on hierarchy level – and a structured process is to be put in place with comprehensive measures for potentials development, personal career planning, and absences management.

Actions planned

- Processing of the evaluation results of the “Chance 2030” project and definition of actions to further advance progress on gender balance at Oberbank.

Training and skills development

GRI 404-2

Actions taken

- Onboarding process for new employees that conveys a comprehensive understanding of all cultural, technical and organisational matters and offers numerous opportunities for cross-learning and intra-bank networking
- Centralised management of training with support from local training coordinators in the departments and regional divisions
- Clearly defined multi-year training paths for all key professional roles, such as retail and corporate customer advisory or management positions
- Roll-out of the General Banking Academy in the retail customer segment in 2023
- Adaptation of training policies in the regional divisions in Germany, Czech Republic, Slovakia and Hungary
- Blended learning offers featuring e-learning, web-based training (WBT), webinars and classroom training
- Continuation of existing training programmes for sustainability (WBT on sustainability, ESG training for retail customer advisors with a focus on investment, “FOCUS Sustainability” training)
- Continuation of branch training events in all markets, which fosters learning from one another
- Opportunities to provide feedback on training quality
- Financial support or leave for part-time study programmes
- High potentials development programme for management positions

Actions planned

- Adding the role of expert to the General Banking Academy programme (which for the first time ever combines retail customer matters and small-volume corporate customer matters under the umbrella of sole proprietorships not registered in the Companies Register)
- Revamping of the training for corporate customer advisors, who will be referred to as Corporate Banking advisors in the future
- Rollout of career paths for specialists at the Head Office

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- Further training offers for management and integration of strategic HR topics in the Management Academy programme
- Expansion of online learning offers and onboarding for employees in Head Office departments
- Fit & proper focus in view of future direct oversight by the ECB
- Revision of training policy

Diversity

Actions taken

- The Diversity Charter (initiative for promoting equal respect and appreciation towards all members of society – regardless of gender, colour, nationality, etc.) was launched in 2010 by the Austrian Economic Chambers and the Vienna Economic Chamber and ratified by Oberbank in 2022.

Actions planned

- In 2024, Oberbank will work towards a diversity strategy, which will also be made available in written form.

Data protection and information security

See Chapter ESRS S4 > S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions > Data protection and information security.

Metrics and targets

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The targets set out below are applicable in all markets unless a different scope of application is explicitly stated. Target achievement is monitored at regular intervals and disclosed in the annual sustainability report. Where necessary, adjustments to targets will be made and communicated in a transparent manner.

Secure employment

Measurable and time-bound target

Oberbank's business model and strategy are based on long-term, stable employment relationships. Several of the actions mentioned above aim to minimise employee turnover (e.g. Employee Experience, stakeholder engagement, employee referrals, ...). The target for the adjusted employee turnover rate¹⁷ at Oberbank AG in all five countries plus leasing companies is to remain below 8.5%.

- In 2023, the employee turnover rate was 7.05%.
- In 2022, the employee turnover rate had been 7.83%.
- In 2021, it had amounted to 8.29%.
- In the base year 2020, it had come to 7.4%.

Working time

There are no measurable time-bound targets subject to monitoring at a granular level for this material topic. Compliance with, and effectiveness of, flexible working time models are reviewed at irregular intervals and as the need arises. Examples of evaluations made to prevent negative developments include the recording of break times, working times outside normal working hours, or use of the working from home option. We have no plans to formulate time-bound targets as we currently see no need for them.

Adequate wages

There are no measurable time-bound targets for this material topic. Requirements under law and collective agreements form the basis for employee remuneration. Oberbank also regularly takes part in wage studies or acquires such studies. So far there has been no need to define measurable targets for this topic.

¹⁷ Adjusted for parental leave, retirement, death, transfer within the Group

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Social dialogue

There are no measurable time-bound targets for this material topic. However, various ratios are calculated within the scope of the Employee Experience initiative. Monitoring the development of these ratios allows us to trace the effectiveness of communications with employees at the same time.

At present, we have no plans to define targets to avoid unnecessary pressure being put on the organisational units. The primary aim is for employees to become accustomed to the new scenario and to the opportunity to provide honest feedback without having to fear negative consequences. The next-level goal is for the ratios on this material topic to develop as planned.

Work-life balance

While there are no measurable time-bound targets for this material topic, a large number of actions have been put in place in the context of flexible working times, working from home, childcare, and training in a bid to provide the best possible support to employees.

Health and safety

Measurable and time-bound target

The sick leave ratio is subject to annual evaluation. The target ceiling for the sick leave ratio is 2.99%.

- In 2023, the sick leave ratio was 3.29%, manifesting a slow return to pre-Covid levels.
- In 2022, it had amounted to 4.39%, the recorded rise being due to the Covid pandemic.
- In 2021, it had stood at 2.66%.
- In the base year 2020, it had come to 2.9%.

Gender equality and equal work for equal pay

Measurable and time-bound targets

Proportion of women in management positions: This target was set out in the “Chance 2030” handbook in an effort to advance diversity and equal opportunity in the organisation.

- Target: 30% female managers by 2025, 40% female managers by 2030
 - In 2023, the proportion of women in management positions was 28% (Oberbank Group + 100% subsidiaries).
 - In 2022, it amounted to 27.2%.
 - In 2021, it had been 25.8%.
 - In the base year 2020, it had come to 23%.
- Generational change through internal recruiting: The target is to fill at least 80% of management positions from within our own ranks.
 - In 2023, we managed to fill as many as 96% of management positions from within our own ranks.
 - In 2022, it had been 88%.
 - In 2021, we had filled 92% of management positions from within our own ranks.
 - In the base year 2020, the rate had been 86%.

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Training and skills development

GRI 404-3

Measurable and time-bound target

Every year, all employees complete the mandatory learning contents relating to sustainability, AML compliance, fraud, MiFID, the Austrian Mortgage and Real Estate Loan Act (HIKrG), FATCA, CRS and GDPR using e-learning.

- The completion rate in 2023 was 100%.
- In 2022, the rate had been the same.
- 2021 and the base year 2020 likewise recorded 100% completion of learning contents by employees.

Diversity

Measurable and time-bound target

See Chapter ESRS S1 > S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities > Gender equality and equal work for equal pay.

Data protection and information security

Measurable and time-bound target

See Chapter ESRS S4 > S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities > Data protection and information security.

S1-6 – Characteristics of the undertaking's employees

GRI 2-7, GRI 405-1

The figures provided were evaluated as per 31 December 2023 (reporting date evaluation) and indicated on a headcount basis. The data originally came from SAP, the leading HR system. The footnotes for the tables below provide details on the calculation methodology used.

New entrants

GRI 401-1

	Number			in % ¹⁸		
	2023	2022	2021	2023	2022	2021
Total	260	296	272	10.56%	12.28%	11.4%
Men	116	141	122	11.26%	13.8%	12.1%
Women	144	155	150	10.06%	11.16%	10.8%
30 years or younger	151	161	138	32.47%	36.26%	32.9%
31 to 50 years	95	113	118	7.56%	9.15%	9.3%
51 years or older	14	22	16	1.89%	3.01%	2.3%
Austria	196	212	190	11.13%	12.30%	11.10%
Men	83	98	88	11.69%	13.73%	12.61%
Women	113	114	102	10.75%	11.29%	10.12%
30 years or younger	134	140	121	32.21%	35.44%	33.52%
31 to 50 years	57	65	64	6.87%	8.02%	7.67%
51 years or older	5	7	5	0.97%	1.35%	0.98%
Germany	41	48	37	12.93%	15.79%	12.10%
Men	23	26	19	13.22%	16.05%	11.59%
Women	18	22	18	12.59%	15.49%	12.68%
30 years or younger	12	14	9	30.77%	40.00%	21.95%
31 to 50 years	22	25	21	12.79%	14.62%	12.28%
51 years or older	7	9	7	6.60%	9.18%	7.45%
Czech Republic	12	19	33	6.19%	9.69%	17.00%
Men	5	11	13	6.41%	13.58%	16.67%
Women	7	8	20	6.03%	6.96%	17.24%
30 years or younger	1	5	5	16.67%	50.00%	41.67%
31 to 50 years	9	10	24	6.72%	7.30%	17.27%
51 years or older	2	4	4	3.70%	8.16%	9.30%
Hungary	10	14	8	7.04%	10.07%	5.90%
Men	5	5	1	9.43%	10.00%	2.13%
Women	5	9	7	5.62%	10.11%	7.95%
30 years or younger	4	2	2	100.00%	50.00%	50.00%

¹⁸ Percentage of respective headcount per category and country

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31 to 50 years	6	11	6	6.67%	12.64%	6.52%
51 years or older	0	1	0	—%	2.08%	—%
Slovakia						
Slovakia	1	3	4	2.13%	6.25%	7.40%
Men	0	1	1	—%	6.67%	5.00%
Women	1	2	3	3.13%	6.06%	8.82%
Age groups						
30 years or younger	0	0	1	—%	—%	100.00%
31 to 50 years	1	2	3	3.33%	6.67%	8.33%
51 years or older	0	1	0	—%	5.56%	—%

Departures from Oberbank

	Number ¹⁹			in % ²⁰		
	2023	2022	2021	2023	2022	2021
Total	182	201	213	7.05%	7.83%	8.29%
Men	80	84	85	7.64%	8.16%	8.25%
Women	102	117	128	6.64%	7.61%	8.32%
30 years or younger	76	79	76	16.62%	17.55%	17.46%
31 to 50 years	87	101	118	6.48%	7.51%	8.49%
51 years or older	19	21	19	2.43%	2.72%	2.56%
Austria	133	132	142	7.17%	7.16%	7.77%
Men	59	58	62	3.18%	3.15%	3.39%
Women	74	74	78	3.99%	4.02%	4.27%
30 years or younger	65	63	57	3.5%	3.42%	3.12%
31 to 50 years	60	59	74	3.23%	3.20%	4.05%
51 years or older	8	10	9	0.43%	0.54%	0.49%
Germany	26	38	36	7.9%	11.70%	10.66%
Men	10	16	13	3.04%	4.93%	3.85%
Women	16	22	25	4.86%	6.78%	7.4%
30 years or younger	4	12	9	1.22%	3.70%	2.67%
31 to 50 years	15	21	21	4.56%	6.47%	6.22%
51 years or older	7	5	8	2.13%	1.54%	2.37%
Czech Republic	16	20	26	7.79%	9.57%	12.22%
Men	9	6	10	4.38%	2.87%	4.7%
Women	7	14	16	3.41%	6.70%	7.52%
30 years or younger	4	1	4	1.95%	0.48%	1.88%
31 to 50 years	9	15	17	4.38%	7.18%	7.99%
51 years or older	3	4	5	1.46%	1.91%	2.35%
Hungary	5	6	8	3.44%	4.26%	5.91%
Men	1	1	1	0.69%	0.71%	0.74%
Women	4	5	7	2.75%	3.55%	5.17%
30 years or younger	3	2	0	2.07%	1.42%	—%
31 to 50 years	1	3	5	0.69%	2.13%	3.69%

¹⁹ Adjusted for parental leave, retirement, death, transfer within the Group

²⁰ Number divided by average headcount incl. parental leaves per country

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51 years or older	1	1	3	0.69%	0.71%	2.22%
Slovakia	2	5	1	4.16%	9.77%	1.8%
Men	1	3	0	2.08%	5.86%	—%
Women	1	2	1	2.08%	3.91%	1.8%
30 years or younger	0	1	0	—%	1.95%	—%
31 to 50 years	0	3	1	—%	5.86%	1.8%
51 years or older	2	1	0	4.16%	1.95%	—%

Turnover rate²¹

GRI 401-1

Target 2025	Actual value		
	2023	2022	2021
< 8.5%	7.05%	7.83%	8.29%

Nationality

	Number			in %		
	2023	2022	2021	2023	2022	2021
Afghan	1	1	1	0.04%	0.04%	0.04%
Albanian	2	1	1	0.08%	0.04%	0.04%
Belorussian	1	1	0	0.04%	0.04%	—%
Bosnian	9	10	7	0.37%	0.41%	0.29%
British	1	1	1	0.04%	0.04%	0.04%
Bulgarian	1	1	0	0.04%	0.04%	—%
German	329	309	303	13.37%	12.82%	12.65%
French	2	1	0	0.08%	0.04%	—%
Georgian	1	1	1	0.04%	0.04%	0.04%
Italian	1	1	1	0.04%	0.04%	0.04%
Kosovan	1	2	1	0.04%	0.08%	0.04%
Croatian	3	6	4	0.12%	0.25%	0.17%
Macedonian	8	1	1	0.33%	0.04%	0.04%
Mongolian	1	0	0	0.04%	—%	—%
Montenegrin	1	1	1	0.04%	0.04%	0.04%
Dutch	1	1	1	0.04%	0.04%	0.04%
Austrian	1,683	1,656	1,664	68.39%	68.69%	69.48%
Polish	2	2	2	0.08%	0.08%	0.08%
Portuguese	1	1	1	0.04%	0.04%	0.04%
Romanian	2	2	0	0.08%	0.08%	—%
Russian	1	1	2	0.04%	0.04%	0.08%

²¹ Adjusted for parental leave, retirement, death, transfer within the Group

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Swedish	1	1	1	0.04%	0.04%	0.04%
Serbian	2	3	1	0.08%	0.12%	0.04%
Slovak	57	56	61	2.32%	2.32%	2.55%
Slovene	3	1	1	0.12%	0.04%	0.04%
Spanish	1	1	0	0.04%	0.04%	—%
Czech	192	196	195	7.80%	8.13%	8.14%
Turkish	1	2	3	0.04%	0.08%	0.13%
Ukrainian	3	3	3	0.12%	0.12%	0.13%
Hungarian	149	148	138	6.05%	6.14%	5.76%

Age average (in years)

	2023	2022	2021
Total	43.1	43.2	42.6
Men	44.3	44.3	43.8
Women	42.3	42.4	41.7

Length of service (in years)

	2023	2022	2021
Total	13.2	13.3	13.5
Men	12.9	13.1	13.4
Women	13.4	13.4	13.5

Employees in countries where Oberbank operates

GRI 2-7, GRI 405-1

	Number			in % ²²		
	2023	2022	2021	2023	2022	2021
Total	2,461	2,411	2,395			
Men	1,030	1,022	1,007	41.85%	42.39%	42.05%
Women	1,431	1,389	1,388	58.15%	57.61%	57.95%
30 years or younger	465	444	419	18.89%	18.42%	17.49%
31 to 50 years	1,256	1,235	1,272	51.04%	51.22%	53.11%
51 years or older	740	732	704	30.07%	30.36%	29.39%
Austria	1,761	1,724	1,706	71.56%	71.51%	71.23%
Men	710	714	698	28.85%	29.61%	29.14%
Women	1,051	1,010	1,008	42.71%	41.89%	42.09%
30 years or younger	416	395	361	16.90%	16.38%	15.07%
31 to 50 years	830	810	834	33.73%	33.6%	34.82%

²² Percentage of total headcount

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51 years or older	515	519	511	20.93%	21.53%	21.34%
Germany	317	304	306	12.88%	12.61%	12.78%
Men	174	162	164	7.07%	6.72%	6.85%
Women	143	142	142	5.81%	5.89%	5.93%
30 years or younger	39	35	41	1.58%	1.45%	1.71%
31 to 50 years	172	171	171	6.99%	7.09%	7.14%
51 years or older	106	98	94	4.31%	4.06%	3.92%
Czech Republic	194	196	194	7.88%	8.13%	8.10%
Men	78	81	78	3.17%	3.36%	3.26%
Women	116	115	116	4.71%	4.77%	4.84%
30 years or younger	6	10	12	0.24%	0.41%	0.50%
31 to 50 years	134	137	139	5.44%	5.68%	5.80%
51 years or older	54	49	43	2.19%	2.03%	1.80%
Hungary	142	139	135	5.77%	5.77%	5.64%
Men	53	50	47	2.15%	2.07%	1.96%
Women	89	89	88	3.62%	3.69%	3.67%
30 years or younger	4	4	4	0.16%	0.17%	0.17%
31 to 50 years	90	87	92	3.66%	3.61%	3.84%
51 years or older	48	48	39	1.95%	1.99%	1.63%
Slovakia	47	48	54	1.91%	1.99%	2.25%
Men	15	15	20	0.61%	0.62%	0.84%
Women	32	33	34	1.30%	1.37%	1.42%
30 years or younger	0	0	1	—%	—%	0.04%
31 to 50 years	30	30	36	1.22%	1.24%	1.50%
51 years or older	17	18	17	0.69%	0.75%	0.71%

Employment contracts

GRI 2-7, GRI 2-8

Oberbank primarily aims for permanent employment contracts. In 2023, the proportion of open-ended employment contracts without a time limit was 99.76% (which corresponds to 2,455 persons). Oberbank does not employ any temporary workers. Freelancers, if any, are relied upon only for clearly defined projects. Fixed-term contracts serve the purpose of mutually getting to know one another and having a trial period after which they are converted into permanent employment contracts (after six months in Austria, after twelve months in Germany, the Czech Republic and Slovakia; Hungary does not have any fixed-term contracts).

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Exceptions from this rule are internships and traineeships for pupils and students, where the time limits range from one to six months. In 2023, Oberbank employed six trainees – all of them in Austria – under a fixed-term contract. They accounted for 0.24% of total employees (0.16% male, 0.08% female). School holiday internships were not shown specifically in this compilation as they only ever cover one month during the summer holidays.

Non-guaranteed hours employees are the exception at Oberbank: in 2023, Oberbank had five of this type of employees in Austria and two in Hungary. In Austria, they accounted for 0.20% of total employees (0.16% male, 0.04% female). In Hungary, they accounted for 0.08% of total employees (all of them male).

Full-time and part-time employees in Oberbank’s markets²³

GRI 2-7

Employment relationships	Total						Austria			
	Number			%			Number		%	
	2023	2022	2021	2023	2022	2021	2023	2022	2023	2022
Employees Full-time	1,740	1,712	1,729	70.70%	71.01%	72.19%	1,135	1,114	64.50%	64.62%
Women Full-time	773	760	778	31.40%	44.39%	45.00%	481	463	27.30%	41.56%
Men Full-time	967	952	951	39.30%	55.61%	55.00%	654	651	37.10%	58.44%
Employees Part-time	721	699	666	29.30%	28.99%	27.81%	626	610	35.50%	35.38%
Women Part-time	658	629	610	26.70%	89.99%	91.59%	570	547	32.40%	89.67%
Men Part-time	63	70	56	2.60%	10.01%	8.41%	56	63	3.20%	10.33%

Employment relationships	Germany				Czech Republic			
	Number		%		Number		%	
	2023	2022	2023	2022	2023	2022	2023	2022
Employees Full-time	244	236	77.00%	77.63%	181	185	93.30%	94.39%
Women Full-time	75	80	23.70%	33.90%	104	105	53.60%	56.76%
Men Full-time	169	156	53.30%	66.10%	77	80	39.70%	43.24%
Employees Part-time	73	68	23.00%	22.37%	13	11	6.70%	5.61%
Women Part-time	68	62	21.50%	91.18%	12	10	6.20%	90.91%
Men Part-time	5	6	1.60%	8.82%	1	1	0.50%	9.09%

²³ Number corresponds to employee headcount, reporting date: 31 December; % share corresponds to ratio between HC and category per country

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Employment relationships	Slovakia				Hungary			
	Number		%		Number		%	
	2023	2022	2023	2022	2023	2022	2023	2022
Employees Full-time	44	45	93.60%	93.75%	136	132	47.90%	94.96%
Women Full-time	30	30	63.80%	66.67%	83	82	29.20%	62.12%
Men Full-time	14	15	29.80%	33.33%	53	50	18.70%	37.88%
Employees Part-time	3	3	6.40%	6.25%	6	7	2.10%	5.04%
Women Part-time	2	3	4.30%	100.00%	6	7	2.10%	100.00%
Men Part-time	1	0	2.10%	—%	0	0	—%	—%

S1-7 – Characteristics of non-employees in the undertaking’s own workforce

GRI 2-8

Given the small number of non-employees in our own workforce (see Chapter ESRS S1 > S1-6 Characteristics of the Undertaking’s Employees) no further details on the activities performed by these persons and their characteristics have ever been disclosed so far. More information is to be provided in the 2024 Sustainability Statement.

S1-8 – Collective bargaining coverage and social dialogue

GRI 2-20, GRI 2-30

All employment at Oberbank is based on the applicable legal provisions. All employment contracts are duly reported to the competent authorities in line with applicable procedures. The benchmark for wages for all employees is the applicable collective agreement with the Austrian Bankers' Association and the applicable statutory provisions in the respective countries.

Collective bargaining coverage and social dialogue in 2023

Both Austria and Germany have a collective agreement in place which applies to all employees in the respective country. All employees in Austria and Germany are represented by a Works Council. The table below shows that employees in Austria and Germany are covered at 100% by collective agreements and enjoy Works Council representation at a 100% in entities where the number relevant for reporting (> 50 employees) is reached.

Coverage rate	Collective bargaining coverage		Social dialogue
	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0–19%			
20–39%			
40–59%			
60–79%			
80–100%	Austria, Germany		Austria, Germany

Oberbank has no employees outside the European Economic Area (EEA), which is why the centre column remains empty. There is no European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

S1-9 – Diversity metrics

GRI 405-1

Diversity in the top management levels

See Chapter ESRS 2 > GOV-1 The role of the administrative, management and supervisory bodies > Governance bodies' diversity policy.

Diversity of employees

Distribution by age group has remained largely unchanged at Oberbank over the past few years.

Distribution of employees by age group

Employees	Number ²⁴			in %		
	2023	2022	2021	2023	2022	2021
Total	2,461	2,411	2,395			
30 years or younger	465	444	419	18.89%	18.42%	17.49%
31 to 50 years	1,256	1,235	1,272	51.04%	51.22%	53.11%
51 years or older	740	732	704	30.07%	30.36%	29.40%

S1-10 — Adequate wages

The wages paid to employees of Oberbank AG and its subsidiaries are based on the legal provisions applicable in the respective countries and the applicable collective agreements. To ensure pay is in conformity with the market beyond legal requirements, Oberbank relies on wage studies from all its markets. In Austria, Oberbank participates in a study on wages in the banking sector. Apart from pay rises under law and/or collective agreements, the remaining Oberbank markets adjust wages annually for inflation. Consequently, all employees of Oberbank AG and its subsidiaries earn adequate wages in line with applicable reference values. See also Chapter ESRS S1 > [S1-8 Collective bargaining coverage and social dialogue](#).

S1-11 – Social protection

GRI 401-2

Oberbank accords high priority to affording its employees social protection. All employees in Austria, Germany, Hungary, the Czech Republic and Slovakia are protected against loss of income due to major life events (100% coverage). This type of coverage, which is either stipulated by law or provided for internally, concerns loss of income due to illness, unemployment, work-related accidents, parental leave, and retirement. All countries have statutory regulations in place that allow employees to be absent from work without suffering financial loss in cases of major life events. The 2024 report will detail how this type of protection applies also to non-employees in Oberbank's workforce.

Social benefits for employees

All employees of Oberbank in Austria and in its foreign markets have access to a wide range of social benefits. These benefits, which apply equally to all employees, including those in part-time and marginal employment, include, for example:

- Employee participation scheme: every year, since 1994, Oberbank has organised a drive offering Oberbank shares to employees. See Chapter ESRS S1 > S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions > [Secure employment](#).
- Fundraising campaigns: time and again, Oberbank's Works Council launches campaigns to raise financial support for co-workers who have to deal with personal tragedy (death of a family member, severe illness of a child, etc.).

²⁴ Number corresponds to employee headcount (HC), reporting date 31 December

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- Oberbank guesthouses: Oberbank has apartments – 23 owned and 27 leased – in attractive regions where employees can spend affordable family holidays.

Austria, Germany and Hungary offer an additional company pension plan. In Austria, all employees can opt for supplementary health insurance under a favourably priced group insurance policy, with a financial grant from Oberbank on top. For more information on social benefits, see the [Oberbank website](#).

S1-12 – Persons with disabilities

GRI 405-1

Employees with disabilities

The number of employees with disabilities saw a slight decline in 2023 compared to the number recorded in 2022.

	Number			in %		
	2023	2022	2021	2023	2022	2021
Total	34	38	36	1.38%	1.58%	1.50%
Men	13	15	14	0.53%	0.62%	0.58%
Women	21	23	22	0.85%	0.95%	0.92%

S1-13 – Training and skills development metrics

GRI 2-24, GRI 404-2, GRI 404-3, GRI G4-DMA (former FS4)

Even though digitalisation has come to stay and many people prefer to do their banking transactions online, there is more demand than ever before for quality advisory services. Competent advice and assistance to customers is key to Oberbank's success going forward. This is why Oberbank needs excellently qualified employees. Significant changes in Oberbank's environment have given rise to several challenges in this respect: digitalisation, regulatory requirements, demographic developments, rising customer expectations, and generational change.

Oberbank is taking a number of measures to improve employee knowledge and expertise on an ongoing basis. The sections below describe the relevant training options offered in the various divisions of Oberbank.

Sustainability training for all Oberbank employees

In 2022, Oberbank set up special web-based training (WBT) on sustainability for employees in Austria and Germany, which was rolled out to the other Oberbank markets – Czech Republic, Hungary and Slovakia – in 2023.

It was mandatory for all employees to complete the WBT by the end of 2023. New entrants also have to complete the WBT within six months of joining Oberbank. The WBT is to be completed every three years, unless its contents are substantially revised before that.

Investment services

It was already back in 2021 that the first Private Banking advisors in Austria and Germany and the employees working in the Private Banking & Asset Management (PAM) department at the Head Office underwent external ESG certification. The next step in 2022 and 2023 was ESG-certified MiFID advisors, the aim being to have one ESG advisor in every branch. A total of 426 MiFID advisors were certified at Oberbank in the course of the past three years. Another 100 certifications are planned for 2024.

Oberbank's advisory staff meet at least twice a year at major investment conferences, which have had sustainability as a fixed item on the agenda for the past few years, as did the two conferences organised in 2023. Expert coaching, telephone conferences and electronic learning offers complement the vast range of training options available at Oberbank.

Corporate and Business Banking advisors

Delivering new ESG knowledge to corporate customer advisors and honing their existing knowledge was a milestone project for Oberbank already in 2022, the primary aim being to build up and strengthen skills and competencies specifically for the annual consultation on sustainability.

The focus on imparting knowledge through training remained applicable in 2023 as well. In the first quarter, half-day training events were organised in all branches in the regional divisions to deepen and consolidate subject-matter understanding. This involved answering sustainability-related FAQs and training all German-language speakers among Corporate and Business Banking advisors on how to apply and integrate the sustainability check in the advisory process (see Chapter ESG criteria in lending > [Sustainable product portfolio](#)).

The "FOCUS Sustainability" training carried out in 2022 in cooperation with LIMAK Austrian Business School and Terra Institute GmbH for more than 300 corporate and SME customer advisors was continued in the autumn of 2023 for a wider group of participants. From September to December 2023, webinars on current sustainability topics (above all sustainability reporting, decarbonisation strategy, and supply chain due diligence) were attended not only by sales staff, but also by employees of Head Office departments who have to deal with these topics in their work. Sales executives from the regional divisions as well as corporate customer advisors had an additional opportunity to discuss these topics at a Sustainability in Practice Day held on site with Günther Reifer, the CEO & founder of Terra Institute GmbH.

In November 2023, the annual Corporate and Business Customers Forum was once again dedicated to sustainability, providing updates on Oberbank sustainability projects and deep dives into selected topics. Experts and customers gave presentations and interviews on hydrogen technology, the circular economy, and the mobility trends of the future. More than 340 corporate customer advisors from Austria and Germany attended this online event.

The implementation of Oberbank's Sustainable Corporate Lending Framework gave rise to a need for training to enable staff to identify sustainable finance in consultations with customers and to record it in the core banking system. The framework was implemented in stages, from its introduction via group-wide communication formats to the Oberbank Sustainable Finance WBT, which provides information on the sustainable lending process and the labelling of sustainable finance in the internal banking systems, to branch-based training events in the first quarter of 2023 and more in-depth meetings for real estate finance

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advisory. Sustainability was included in the basic training for employees newly joining corporate customer advisory.

The introduction of the "Financed Activity" screen form for flagging EU taxonomy-eligible economic activities in the core banking system in a lending context came with extensive training being delivered in Austria in 2023. In addition to comprehensive descriptions and handbooks, live webinars and web-based training offers were provided to raise awareness for this important topic among sales and risk organisation staff.

General Banking advisors

Regular training provided by sales trainers to all employees working in retail banking ensure high-quality advisory services for customers. In 2023, training for General Banking advisors was transitioned to hybrid learning. This innovative method enabled Oberbank employees to work through preparatory and follow-up content via an online portal. In 2023, the modules of the General Banking Academy were delivered in-person, in Linz and partly in seminar hotels, while participants did preparatory and follow-up work at their own pace per online video, which resulted in a significant reduction in travel and associated cost.

IDD certification rules

Since 2020, some 600 employees working in retail banking have relied mostly on the online modular training catalogue to meet the 15-hours-per-year mandatory training requirement. The fact the Oberbank employees do not have to travel long distances to the training location as they are able to complete the training modules online is a positive outcome from a sustainability perspective.

The information events held regularly (about six times a year) for those employees who are in charge of insurance matters at a branch are likewise no longer organised in an in-person format, but via Webex, reducing carbon emissions both at the Head Office and at the local branches.

Training on financed activities

As described in Chapter ESRS S1 > S1-13 Training and skills development metrics > Corporate and Business Banking advisors, General Banking advisors also received extensive assistance and support when it came to implementing the Financed Activity screen form.

Data protection and information security

GRI 2-24

E-learning content has been prepared on the topic of data protection and privacy, and web-based training is available for topics relating to IT security. It is mandatory for all Oberbank employees to complete these two training formats every year. Special web-based training content has likewise been devised for business continuity management, and all employees at the Oberbank Head Office in Linz have to undergo such training once a year.

In addition to the training and events described above, relevant changes and novelties were communicated on an ongoing basis in 2023 via the Oberbank intranet (Inside) or through other training formats (such as online consultations in the CEE markets) to keep all employees fully up-to-date on the dynamic topic of sustainability.

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Further information on education and training

GRI 404-2

Apprenticeships at Oberbank

Oberbank Service GmbH trains apprentices in office administration. Two apprentices successfully completed their apprenticeships in 2023. Another six apprentices are still undergoing training. Oberbank plans to continue training two or three new apprentices every year.

Until the end of 2022, Oberbank took part in the Dual Academy programme for banking & finance run by the Economic Chambers of Upper Austria and Salzburg. As the in-house General Banking Academy, which was introduced in 2023, now provides a suitable alternative, no new apprenticeship are offered under the Dual Academy programme anymore; already running apprenticeships will of course be completed as scheduled. In 2023, two apprentices successfully completed the training under the Dual Academy programme, and another three are currently undergoing training. One apprenticeship was successfully completed in 2022.

Work and study

At Oberbank, work and university studies are easily compatible. Students are offered two- to six-month traineeships to take a peek behind the scenes and get a first idea of potential job opportunities at Oberbank. New entrants as well as employees who would like to follow a study programme while continuing to work at Oberbank receive adequate support. If the education or training in question is job-relevant, Oberbank will – if certain conditions are met – take over the cost of external education or training and enter into part-time work agreements with such employees or offer them a leave of absence for educational purposes.

Strategic training management

Learning and development is under centralised control at Oberbank, with in-house training coordinators providing support locally in all regional divisions and departments. Oberbank's line managers double as first-line HR developers on site. Oberbank has a clear structure in place for the kind of skills development that is to be provided to employees in various roles. Defined multi-year training paths are available for all key roles in sales, such as retail customer advisory services (General Banking), corporate customer advisory services (Corporate Banking) and management positions. Customer advisor training always ends in a high-level assessment, including qualification and financial reward.

Specialists in Head Office departments have access to an additional range of training options (most of them external) funded by Oberbank. The new specialist career paths created in 2024 will add another level to this offering.

Learning methods and learning environment

Learning methods continue to mix digital techniques, such as e-learning, web-based training (WBT) and webinars, with conventional in-person formats, giving rise to a blended learning offer. While e-learning has become standard practice over the past few years, blended learning has been in place at Oberbank since 2019. Both models are being continually expanded, making learning even more flexible and more easily accessible for all employees.

Direct feedback after attending or completing training programmes is used to measure the quality of the training provided. On a scale of 1 to 10, Oberbank scored an excellent 9.05 in 2023 (target: >8; 2022: 9.05).

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Many seminars include preparatory and follow-up tasks for participants to complete in their day-to-day work, thus ensuring a transfer of knowledge. Talks with line managers about seminars and the way the delivered content can be applied in day-to-day work are also part of the process.

Training expense

In 2023, Oberbank invested EUR 2.2 million in offering all employees learning and training opportunities covering all bank-relevant, legal, subject-related and subject-independent topics. In 2022, it had been EUR 1.84 million.

Potentials management

Potentials management is a cornerstone of continuous employee development at Oberbank – be it towards a career in management or as an expert. Potentials are identified within the scope of MbO meetings (see Chapter ESRS S1 > S1-2 Processes for engaging with own workforce and workers' representatives about impacts > MbO meeting).

Employees also have the opportunity of putting their own names or that of co-workers forward. The HR business partners hold regular talks with line managers about high potentials within their units and the action that needs to be taken in this context – each and every potential candidate for career development benefits from a bespoke development plan. In addition, Oberbank has a framework programme for high potentials, which also includes kick-off events or networking meetings. High potentials aiming for management positions have access to an annual nine-month potentials development programme (POP). In this manner, we manage to attain the target of filling 80% of management positions from within our own ranks.

Given its regional expansion, Oberbank increasingly relies on winning outside talent in the new markets in Vienna, Germany, the Czech Republic and Hungary. When a candidate takes on a management role, a tailor-made training plan will be drawn up based on the applicable Oberbank standards. This plan provides every new manager with opportunities for stocktaking, benchmarking and potentials analysis to find out which skills and competences might still need further development. A key element in this process is Oberbank's Management Academy programme, which was designed based on Oberbank's values and on defined performance standards for top managers. More than ten years ago, Oberbank entered into a standing cooperation with LIMAK Austrian Business School in this area, providing various series of training programmes to continually further develop leadership and management skills.

Training hours

GRI 404-1

The table below shows the hours of training for the group as consolidated under IFRS (International Financial Reporting Standards). In total, the number of training hours (incl. e-learning) was up 1 hour/employee from 2022. An analysis of training hours including and excluding e-learning showed that training hours excluding e-learning saw a percentage rise compared with the preceding year. In 2023, 66% of training hours were held "live", i.e. with trainers in a physical or virtual classroom. In 2022, it had been 46%. This trend – most pronounced in Austria – was attributable to the introduction of the General Banking Academy, which not only offered a structured training programme to new entrants, but also motivated many other employees to catch up on non-mandatory skills upgrading.

Training hours²⁵

Excl. e-learning	Total			Average per head			Incl. e-learning	Total			Average per head		
	2023	2022	2021	2023	2022	2021		2023	2022	2021	2023	2022	2021
Austria	67,04	41,355	29,263	38	24	15	Austria	102,314	96,149	82,378	58	56	43
Men	32,01	21,317	13,765	45	30		Men	47,215	46,231	35,984	67	65	
Women	35,03	20,039	15,498	33	20		Women	55,099	49,918	46,395	52	49	
30 or younger	27,926	15,271	12,253	67	39		30 or younger	40,091	33,065	29,799	96	84	
31 to 50	27,981	19,279	12,542	34	24		31 to 50	43,035	42,882	35,815	52	53	
51 or older	11,14	6,805	4,478	22	13		51 or	19,188	20,202	16,768	37	39	
Management	13,886	11,646	6,496	40	35		Management	19,458	22,317	15,540	56	66	
1st level	1,749	No data	No data	25	No data	No data	1st level	2,705	No data	No data	39	No data	No data
2nd level	12,137	No data	No data	44	No data	No data	2nd level	16,753	No data	No data	61	No data	No data
Employees	53,163	29,710	22,768	38	21		Employees	82,856	73,832	66,838	59	53	
Germany	13,65	11,311	8,244	43	37	28	Germany	18,885	19,856	17,254	60	65	59
Men	9,317	7,831	5,530	54	48		Men	12,370	12,816	10,445	71	79	
Women	4,333	3,481	2,714	30	25		Women	6,515	7,041	6,809	46	50	
30 or younger	1,906	1,843	1,246	49	53		30 or younger	2,709	3,075	2,833	69	88	
31 to 50	7,911	6,710	5,186	46	39		31 to 50	10,821	11,646	10,394	63	68	
51 or older	3,833	2,759	1,812	36	28		51 or	5,356	5,136	4,027	51	52	
Management	4,509	4,188	2,360	60	56		Management	5,672	6,499	4,292	76	87	
1st level	734	No data	No data	56	No data	No data	1st level	958	No data	No data	74	No data	No data
2nd level	3,775	No data	No data	61	No data	No data	2nd level	4,714	No data	No data	76	No data	No data
Employees	9,142	7,123	5,883	38	31		Employees	13,213	13,357	12,962	55	58	
Czech Rep.	5,107	4,716	3,475	26	24	18	Czech Rep.	7,792	9,257	5,147	40	47	26
Men	2,569	2,831	1,758	33	35		Men	3,729	5,079	2,458	48	63	
Women	2,539	1,884	1,716	22	16		Women	4,064	4,178	2,690	35	36	
30 or younger	143	161	156	24	16		30 or younger	239	426	266	40	43	
31 to 50	3,360	3,125	2,529	25	23		31 to 50	5,178	6,180	3,750	39	45	
51 or older	1,605	1,429	790	30	29		51 or	2,376	2,651	1,132	44	54	
Management	1,853	2,087	983	49	55		Management	2,431	3,099	1,307	64	82	
1st level	116	No data	No data	19	No data	No data	1st level	221	No data	No data	37	No data	No data

²⁵ Since 2022, reporting has been limited to the training hours of the IFRS-consolidated group (Oberbank AG + leasing companies); 2021 includes the data for the Oberbank Group including the 100 % subsidiaries.

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2nd level	1,737	No data	No data	54	No data	No data	2nd level	2,210	No data	No data	69	No data	No data
Employees	3,254	2,629	2,492	21	17		Employees	5,361	6,158	3,841	34	39	
Slovakia	813	361	452	17	8	8	Slovakia	1,137	985	682	24	21	13
Men	340	171	192	23	11		Men	438	386	277	29	26	
Women	473	190	259	15	6		Women	699	599	405	22	18	
30 or younger	0	0	2				30 or younger	0	0	3			
31 to 50	547	255	337	18	9		31 to 50	744	637	499	25	21	
51 or older	266	106	112	16	6		51 or	393	348	179	23	19	
Management	155	122	121	22	14		Management	207	245	190	30	27	
1st level	0	No data	No data		No data	No data	1st level	0	No data	No data		No data	No data
2nd level	155	No data	No data	22	No data	No data	2nd level	207	No data	No data	30	No data	No data
Employees	657	239	331	16	6		Employees	930	740	492	23	19	
Hungary	2,050	1,187	1,115	14	9	9	Hungary	3,513	2,086	1,744	25	15	13
Men	846	496	190	16	10		Men	1,414	816	287	27	16	
Women	1,204	691	261	14	8		Women	2,099	1,270	408	24	14	
m/f/d ²⁶			664							1,050			
30 or younger	44	7	24	11	2		30 or younger	98	34	36	25	9	
31 to 50	1,162	732	693	13	8		31 to 50	2,071	1,297	1,089	23	15	
51 or older	844	449	398	18	9		51 or	1,344	755	619	28	16	
Management	810	291	406	30	12		Management	1,109	454	534	41	19	
1st level	21	No data	No data	5	No data	No data	1st level	71	No data	No data	18	No data	No data
2nd level	789	No data	No data	34	No data	No data	2nd level	1,038	No data	No data	45	No data	No data
Employees	1,240	896	709	11	8		Employees	2,404	1,632	1,211	21	14	
Group as a whole (IFRS)	88,670	58,930	42,549	36	24		Group as a whole (IFRS)	133,641	128,333	107,205	54	53	

S1-14 – Health and safety metrics

GRI 403-1

Taking a holistic approach to health requires taking into account a large number of factors potentially impacting the work environment: working climate, working times, training offers, mutual respect and appreciation, an ingrained culture of learning from mistakes, and social activities. Oberbank's management

²⁶ No gender evaluation possible

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approach is to take on responsibility for all of these aspects and, consequently, also for employee health. In 2023, the result of these efforts was a health ratio which at 96.71% remained at a consistently high level (2022 95.6%).

Worker health and safety are high on Oberbank's agenda. All the standards required by law are being met to a sufficient extent. In terms of ergonomics, lighting and ventilation, our workplaces meet the requirements of the Austrian Occupational Safety and Health Act (ASchG).

GRI 403-8

An occupational health and safety management system is in place for all employees.

GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7

At Oberbank's location in Linz (Untere Donaulände 24–32), occupational health and safety come within the remit of Oberbank's in-house Safety Officer and an external medical officer. On-site inspections and workplace evaluations and re-evaluations are carried out at regular intervals. For support and advice, the Safety Officer and the external medical offer can rely on a network of specially trained safety stewards and first responders. For all other branches in Austria, Oberbank has sourced out these tasks to the service provider ASZ (Centre for Occupational Health and Safety). In the foreign markets, responsibility lies with the heads of the respective regional divisions, with occupational health and safety being organised locally. The services provided are reviewed by the Oberbank Safety Officer for evaluation purposes.

The OHS Committee meets twice a year to discuss all matters related to occupational health and safety. These meetings are attended by employer and employee representatives: Works Council, medical officer, Human Resources department, and the Safety Officer from the Real Estate, Safety & Security and Cost Management department. Employees can contact any of these persons or entities to raise concerns about occupational health and safety, which will then be discussed in the Committee and referred for further processing as necessary. In addition to this way of raising concerns, all regional divisions have appointed health ambassadors to act as points of contact for all health-related matters. In February 2023, the psychological support and counselling offered by a psychologist in Linz was replaced with the introduction of the Employee Assistance Programme (EAP) support services in all of Oberbank's markets (see Chapter ESRS S1 > S1-4 Taking action > [Employee Assistance Programme](#)).

First aid is another high-priority topic at Oberbank. All first responders receive training at regular intervals during paid working hours. In addition, all six Oberbank locations have defibrillators as well as employees trained in how to use them.

Fire safety officers plus deputies as well as fire safety stewards have been appointed to ensure fire prevention and safety at the workplace. Evacuation drills are carried out at regular intervals. The last one was organised in June 2022 in cooperation with the City of Linz municipal fire-fighting services and with support from the Federal Police Directorate in Linz. The public fire inspector's office regularly inspects the premises, in particular to establish the proper working of fire detectors, smoke and heat vents, fire escapes, as well as fire escape and safety lighting systems. No fire has occurred in the past five years.

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GRI 403-9, GRI 403-10

First responders / work-related accidents / bank robberies

	2023	2022	2021
First responders (in Austria)	166	153	170
Work-related accidents	1	5	7
Bank robberies	0	1	0

Accidents on the way to and from, or at, work / days of absence

	Accidents on the way to and from,			Days of absence		
	2023	2022	2021	2023	2022	2021
Men	0	1	3	0	40	22
Women	1	4	4	11	55	96

Like in the preceding years, no deaths due to work-related accidents or work-related ill health were recorded in 2023 among Oberbank's own workforce or other workers engaged in work at the organisation's locations. Every work-related accident is evaluated, with preventive measures being put in place based on the information ascertained. Oberbank has thus taken another step along the way towards its zero-accidents target. The work-related accident shown in the table for 2023 corresponds to a ratio of 0.04%.

In 2023 there were no robberies at any Oberbank branch. As for prevention, an internal control system (ICS) was set up in the preceding year to carry out regular checks of different branches. The scope of the ICS is as follows:

- Compliance with maximum amounts in Safemaster
- Weekly check to verify that video surveillance is working
- Structural conditions
- Documentation of annual safety training by the person in charge of safety matters
- Correct installation and positioning of safety notices
- Annual alarm drill

GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7

As most of Oberbank's employees tend to work in a sitting position, poor posture constitutes a health risk. Regular inspections/evaluations of workplaces at Oberbank locations by the Safety Officer can help to partly mitigate this risk. Employees are informed about office workplace ergonomics in line with AUVA memo M021 (Austrian Workers' Compensation Board) and measures for improvement are suggested as applicable. In addition, Oberbank offers physical activity at the workplace programmes (a variety of courses) and generally motivates staff to "get moving". Posters featuring stretching and muscle relaxation exercises have been mounted near printers. Where employees have back problems, standing desks will be made available as necessary.

All information on occupational health and safety is easily accessible to employees in summary form on a separate intranet page (Inside). This page also features simple instructions and e-learning options on computer work, instructions in case of fire, emergency exits and evacuation routes, bank robberies, work-related accidents, as well as exercises to reduce eye strain. In Austria, health is a matter regulated by the collective agreement with the Austrian Bankers' Association.

S1-15 – Work-life balance metrics

GRI 401-3

As already described in Chapter ESRS S1 > S1-11 Social protection, all employees in all Oberbank countries benefit from social protection, including, without limitation, family-related leave.

Family-related leave

Oberbank has a proactive approach to family-related leave. Leave planning meetings are organised with all employees who will be on family-related leave for more than three months. The main issues discussed at such meetings are how the family-related leave is likely to be structured and how Oberbank can contribute during that time, for instance by offering training, keeping up employment throughout the leave period, or helping employees maintain social contacts. Gender balance campaigns are set to further raise the number of fathers taking parental leave in the future.

Following parental leave, many employees opt for parental part-time work. Oberbank is very accommodating and flexible in this respect and also encourages paternity leave and one-month paternal leave after the birth of a child.

Eligibility for parental leave

	Number			in %		
	2023	2022	2021	2023	2022	2021
Total	305	310	355	12.39%	12.86%	14.82%
Men	144	107	166	5.85%	4.44%	6.93%
Women	161	203	189	6.54%	8.42%	7.89%

Note: Child was <2 years old in 2022 (Austria) <3 years old (Germany & CEE); may include past parental leaves

Parental leave taken

	Number			in %		
	2023	2022	2021	2023	2022	2021
Total	139	176	159	5.65%	7.30%	6.64%
Men	13	12	11	0.53%	0.50%	0.46%
Women	126	164	148	5.12%	6.80%	6.18%

Note: Parental leave may have started already before 1 January 2023 or 1 January 2022 or 1 January 2021. Where a parental leave continues from 2021 to 2023, it will be counted towards “parental leave taken” in 2022 and 2023, in the case of a return from parental leave, it will be counted only once in the respective calendar year.

Return from parental leave²⁷

	Number			in %		
	2023	2022	2021	2023	2022	2021
Total	84	90	84	3.41%	3.73%	3.51%
Men	12	12	10	0.49%	0.50%	
Women	72	78	74	2.93%	3.24%	

Retention rate (in %)²⁸

	2023	2022	2021
Total	84.30%	79.31%	94.32%
Men	90.90%	82.00%	100.00%
Women	83.30%	78.95%	92.96%

S1-16 – Remuneration metrics (pay gap and total remuneration)

GRI 405-2

Oberbank AG once again calculated the gender pay gap²⁹ for Austria in 2023.

Gender pay gap (in Austria)

In a comparison of all employees (excluding the Management Board and the top management/first management level), the result for 2023 is a gender pay gap of 17.24% and thus a noticeable improvement over 2022 (18.12%). One reason for this improvement is the growing number of female managers among the total population surveyed.

	2023	2022	2021
	17.24%	18.12%	18.87%

In a group consisting of all employees excluding any management position, the gender pay gap for 2023 dropped to 10.20% (as compared with 10.89% in 2022 and 11.44% in 2021). The downward trend is clearly discernible in this case as well.

GRI 2-21

In 2023, the annual total compensation ratio of the median of all employees to that of the highest-paid individual was 1:23.4. In 2022, this ratio had been 1:24. In respect of the percentage increase in annual total compensation, the ratio was 1:1.106 in 2023 and 1:1.04 in 2022³⁰.

²⁷ In relation to average headcount in 2023 or 2022 or 2021

²⁸ Return from parental leave in 2021 + 12 months with the company or return from parental leave in 2022 + 12 months with the company

²⁹ The calculation of the gender pay gap is based on the method proposed in Directive 2021/0050 of the European Parliament and Council.

³⁰ The data base for annual total compensation is the same as that used for calculating the gender pay gap. For the highest-paid individual, the base is the average increase over the past five years (comparison of 2019 to 2023, divided by 5). The population used for comparison is employees who were in active employment throughout 2022 and 2023. Unlike with Management Board remuneration, the median annual total compensation for employees did not include flat-rate compensation for overtime, overtime hours paid out in cash, contributions to pension plans, remuneration in kind as well as employee participation scheme payments.

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The gender pay gap at Oberbank is attributable above all to management positions and top-level specialist positions with seniority contracts still being largely male-dominated (2023: 72.00% male managers; 2022: 72.80% male managers; 2021: 74.20% male managers). However, it has been observed that the actions taken to raise the proportion of women in managerial positions (specific maternity leave planning, open job postings for all management positions, active potentials management, setting target percentages for women in certain positions, etc.) help to gradually further reduce the gender pay gap.

Information on gender pay gap pursuant to EBA Guidelines (Germany and Austria)³¹

2023 was the first year in which the gender pay gap was also calculated pursuant to the provisions of the EBA Guidelines 2019/2034, which will replace the previously used calculation method going forward. The calculation was made for Austria and Germany, as these two are the only countries where Oberbank has more than 250 employees.

Employee gender ratio by amount of remuneration quartile³²

Gender ratio in the different remuneration quartiles	Number of male employees in % of all employees	Number of female employees in % of all employees	Number of male identified employees in % of all identified employees	Number of female identified employees in % of all identified employees
Austria				
Quartile 1 (low)	33.99%	66.01%		
Quartile 2 (low to medium)	21.18%	78.82%		
Quartile 3 (medium to high)	34.73%	65.27%		
Quartile 4 (high)	75.31%	24.69%		
All employees/identified employees	41.28%	58.72%	75.29%	24.71%
Germany				
Quartile 1 (low)	23.19%	76.81%		
Quartile 2 (low to medium)	28.99%	71.01%		
Quartile 3 (medium to high)	79.71%	20.29%		
Quartile 4 (high)	88.41%	11.59%		
All employees/identified employees	55.07%	44.93%	90.91%	9.09%

It turns out that the highest quartile of remuneration in Austria contains 75.31% men; in Germany 88.41% men.

³¹ The following comments refer to the results of the median of individual evaluations.

³² Employees on parental leave, new entrants within the past 3 months, and absences of 3 months or more in the reporting year are excluded.

Gender pay gap based on gross total remuneration³³

Amount of annual gross total remuneration	Gender pay gap for all employees based on the median	Gender pay gap for all employees based on the mean	Gender pay gap for identified employees based on the median	Gender pay gap for identified employees based on the mean
Austria				
Quartile 1 (low)	-1.87%	-1.38%		
Quartile 2 (low to medium)	-0.52%	-1.19%		
Quartile 3 (medium to high)	3.89%	2.86%		
Quartile 4 (high)	9.34%	20.02%		
All employees/identified employees	26.66%	37.96%	19.87%	38.87%
Germany				
Quartile 1 (low)	2.11%	1.61%		
Quartile 2 (low to medium)	6.8%	4.76%		
Quartile 3 (medium to high)	3.58%	1.89%		
Quartile 4 (high)	6.5%	5.62%		
All employees/identified employees	34.9%	38.35%	19.4%	22.15%

Overall, the wage gap came to 26.66% in Austria and to 34.9% in Germany. A look at the different quartiles shows quite a different outcome. The pay gaps based on the median were below 10% in all pay ranges. In the first two quartiles, there was even a slight increase in pay for women as compared to men in Austria. This is attributable above all to women in these roles having longer work experience.

A more in-depth analysis revealed that the pay gap is attributable to too few (top) management positions being filled with women. The continually rising rate of women in management positions will thus result in narrowing the gender pay gap overall in the course of the next few years. Under applicable law, seniority in a given role is also a significant factor in terms of pay. The positive trend of more women remaining in management positions for longer over time and due to the actions taken will lead to a further reduction in the gender pay gap. This underlines yet again the importance of the “Chance 2030” initiative.

³³ As the final variable remuneration component for 2023 will not be paid out until 2024, the calculation deviates from the EBA Guidelines by including the variable remuneration component for 2022, which was paid out in 2023.

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S1-17 – Incidents, complaints and severe human rights impacts

GRI 406-1

Oberbank affirms its clear commitment to always acting responsibly, ethically and respectfully both within and outside its organisation. This applies quite generally to the way we interact with people, regardless of whether they be employees, customers or stakeholders, but also includes taking environmental and economic aspects into account and acting responsibly in complying with all aspects of the applicable legal framework. Every decision we make and every action we take is guided by ethical principles.

For more information on corporate culture and on the Code of Conduct for Employees, see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > [Code of Conduct for Employees](#).

GRI 2-27

No work-related incidents of discrimination on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation were reported in the financial year 2023. Neither had any informal or formal incidents indicative of discrimination or harassment been recorded in 2022.

One incident of sexual harassment of a female employee by a customer was reported in 2023. Shortly after the incident, the employee in question turned to her line manager, who immediately contacted Human Resources. The relationship with that customer was terminated shortly after that. The employee and all team members had immediate access to counselling and support services through the Employee Assistance Programme (EAP). In addition, a team intervention was organised with the help of outside counsellors to allow everybody to process what had happened. This incident has given rise to work on a bank-wide policy on how to deal with cases of harassment.

GRI 2-26

No indications of discrimination or other violations of human rights were reported via the channels referenced in Chapter ESRS S1 > [S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns](#), which people can use to raise concerns or report incidents.

Consequently, there were no fines, penalties, and compensation for damages as a result of the incidents and complaints described in 2022 and 2023 (see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > [Whistleblowing](#)).

ESRS S4 Consumers and end-users

Customers are among Oberbank's most important stakeholders, which is why impacts on this group as well as strategies and actions in this context are material for Oberbank.

The materiality assessment (see Chapter ESRS 2 > [SBM-3 Material impacts, risks and opportunities](#)) identified the following sub-topics as material topics for Oberbank: data protection and information security; freedom of expression; access to (quality) information; security of a person; protection of children; access to products and services; responsible marketing practices.

Impact, risk and opportunity management

S4-1 – Policies related to consumers and end-users

GRI 2-23

General information on policies available in written form

This section covers internal policies, guidelines and strategies relating to consumers and end-users. Employees have access to in-house policies via the document management system. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

Data protection and information security

Data protection

Data protection policy (handbook)

Contents: Oberbank is under the obligation to take comprehensive action in the field of data protection and information security. Actions to this effect must be taken for all organisational units. The data protection principles deriving from the General Data Protection Regulation (GDPR) provide that the following be ensured, in particular:

- data processing is lawful and fair;
- data processing respects the principles of purpose limitation and data minimisation;
- data is kept accurate and up to date at all times;
- the principle of storage limitation is observed;
- the confidentiality, integrity and availability of the data is ensured (e.g. pursuant to ISO/IEC 2700x).

Hence data must be protected against sabotage, destruction and loss and must not be accessible by unauthorised parties. Upon introduction of the GDPR, Oberbank appointed a Data Protection Officer (DPO) as point of contact for all matters of data protection and made the name of that person known to the competent data protection authorities.

Related standards and third-party initiatives: GDPR, national data protection acts (e.g. Austrian Data Protection Act (DSG))

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Scope of application: This policy applies to Oberbank AG. Currently, the main instrument in terms of data protection under EU law is the GDPR (Regulation (EU) 2016/679), which entered into force in all EU Member States on 25 May 2018. This EU Regulation is directly applicable.

Responsibility: Data Protection Officer, Secretariat and Communication

Data protection at Oberbank is based on four fundamental values:

- Confidentiality: protecting information against unauthorised access, thus ensuring that information is accessible only to authorised users
- Integrity: protecting information and systems against intentional or accidental modification or manipulation, thus ensuring that information and processing methods are accurate and complete and cannot be manipulated
- Availability: ensure that users have access to information at any time they need to do so, which includes the availability of systems and applications
- Authenticity: ensure that all communication partners and all pieces of information are trustworthy

Work instruction for the GDPR

Contents: Oberbank is under the obligation to inform its employees of the legal principles and requirements applicable under the GDPR to ensure compliance with the GDPR throughout the whole organisation and by all employees. This work instruction provides employees with an overview of the points of contact within the organisation and explains the key concepts and principles of the GDPR in an easily understandable format.

Related standards and third-party initiatives: General Data Protection Regulation (GDPR)

Scope of application: This policy applies to Oberbank AG.

Responsibility: Secretariat and Communication

Work instruction on handling job applicant and employee data – GDPR

Contents: With respect to personal data of job applicants and employees, Oberbank is subject to an enhanced duty of care. This work instruction informs all Oberbank employees about the correct way to handle the personal data of job applicants and employees. More specifically, it details how, where and by whom said data may be processed.

Related standards and third-party initiatives: General Data Protection Regulation (GDPR)

Scope of application: This policy applies to Oberbank AG.

Responsibility: Human Resources

Work instruction on data breach notification

Contents: Under Articles 33 and 34 GDPR, Oberbank must closely examine potential personal data breaches to be able to establish whether there is an obligation to notify the competent supervisory authority and/or communicate the breach to the data subjects. This work instruction regulates the internal processes applicable when a potential personal data breach becomes known and informs all employees about the obligations applying to them in such a context.

Related standards and third-party initiatives: General Data Protection Regulation (GDPR)

Scope of application: This policy applies to Oberbank AG.

Responsibility: Real Estate, Safety & Security and Cost Management

Information security

Information security policy

Contents: This information security policy is a policy document designed for the long term which lays down the requirements defined by the Management Board of Oberbank as well as Oberbank's commitment with regard to information security and the security of information and communications technology (ICT). Oberbank's primary goal is to implement, in its interactions with employees, customers and contract partners, the highest possible standards in all areas of corporate activity, including in ICT. All security measures taken by Oberbank are aligned with its business objectives and the IT objectives derived from them. Given not only the statutory requirements, but also the business requirements Oberbank has to meet, information security is very high on the agenda. A Chief Information Security Officer (CISO) and an Information Risk Manager with responsibility for monitoring these objectives have been appointed, both outsourced to 3 Banken IT GmbH. Real Estate, Safety & Security and Cost Management coordinates the interface to Oberbank.

Related standards and third-party initiatives: -

Scope of application: This information security policy applies to Oberbank AG and its 100% subsidiaries (e.g. Oberbank Service GmbH, Oberbank Leasing Gesellschaft mbH).

Responsibility: Real Estate, Safety & Security and Cost Management; additionally required: approval by Management Board

GRI G4-DMA (former FS9)

Cloud computing – IT security rules

Contents: The purpose of this document is to unambiguously assign tasks and responsibilities in the context of cloud services or applications use, while also pointing out the advantages and disadvantages resulting from the use of cloud services. Cloud services or storage on the cloud must be evaluated (for materiality), subjected to a risk analysis, duly documented (test certificates for auditors and the Financial Market Authority) and entered into both the supplier register and in the 3Apps software inventory (see Chapter ESRS G1 > G1-2 Management of relationships with suppliers). Any potentially cloud service used must meet the above requirements and comply with the rules regarding supplier management and IT security.

Related standards and third-party initiatives: ESMA (European Securities and Markets Authority) guidelines on outsourcing to cloud service providers (ESMA50-157-240); publication on secure use of cloud services issued by BSI (German Federal Office for Information Security)

Scope of application: These rules include guidance on evaluating and introducing cloud services. It is mandatory for all employees of the 3 Banken Group.

Responsibility: Real Estate, Safety & Security and Cost Management; additionally required: approval by Management Board

The growing level of digitalisation entails constant changes in the requirements the IT and/or 3 Banken IT GmbH have to meet. The need for scalable services is increasingly taking centre stage. Cloud services are easy to acquire and introduce independently of in-house IT systems. As a result, an organisation may end up with overly complex IT structures characterised by a wide range of particular interests.

The introduction of the GDPR and the protection of personal data it provides for have made it crucial to take a holistic view on cloud services and to define rules for using them. Cloud service users are responsible for

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information and data security and will always be so. In 2023, the rules on cloud computing as well as the checklists contained in them were further developed and coordinated with Oberbank to ensure alignment with applicable rules and regulations. The review procedures for new cloud services have been standardised.

New cloud services are subjected to a preliminary review, which includes their providers and the data they process. Oberbank and 3 Banken IT GmbH cooperate closely in this context to ensure that all relevant aspects can be adequately evaluated.

Policy on the outsourcing of banking services: risk policy

Contents: The policy sets out the key prerequisites for outsourcing at Oberbank, providing a governance framework in this context. In addition, it defines all roles and responsibilities as well as selection procedures and terms and conditions for outsourcing.

Related standards and third-party initiatives: EBA (European Banking Authority) guidelines on outsourcing arrangements

Scope of application: This policy applies to Oberbank AG and its 100% subsidiaries.

Responsibility: Strategic Risk Management; approval by Management Board

Work instruction for outsourcing

Contents: As outsourcing has been gaining in importance also in the financial sector, efforts are being made at the international level to develop guidelines for the banking sector. The growth in (regulatory) legal requirements is a key reason to extensively document all outsourcing processes. This work instruction covers the processes relating to new outsourcing, existing outsourcing, termination of outsourcing, as well as reporting.

Related standards and third-party initiatives: EBA guidelines on outsourcing arrangements

Scope of application: This policy applies to Oberbank AG and its 100% subsidiaries.

Responsibility: Real Estate, Safety & Security and Cost Management

Freedom of expression

Code of Conduct for Employees

Contents: Oberbank affirms its clear commitment to acting in accordance with international conventions and standards, such as the European Convention on Human Rights (ECHR), the UN Global Compact, the OECD-Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights. Being enshrined in the ECHR, freedom of expression is a fundamental right that Oberbank considers to be crucially important in any cooperation or interaction, including with customers. For more information on the code of conduct, see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > Code of Conduct for Employees.

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Access to (quality) information

While Oberbank has no written policies on this material topic, it is taking a broad range of measures to give customers access to (quality) information and continually improve such access (see Chapter ESRS S4 > S4-4 Taking action on material impacts on consumers and end-users > [Access to \(quality\) information](#)).

See Chapter ESRS S4 > S4-1 Policies related to consumers and end-users > [Responsible marketing practices](#).

Security of a person

In this context, the materiality assessment identified three topics as reference points: the prevention of bank robberies; the dual-control principle; and communication of hazards and risks to customers (e.g. phishing mails).

For communication of hazards and risks to customers, see Chapter ESRS S4 > S4-4 Taking action on material impacts on consumers and end- users > [Data protection and information security](#).

Safety and security handbook

See Chapter ESRS S1 > S1-1 Policies related to own workforce > [Health and safety](#).

Cash desk handbook

Contents: The handbook provides a summary of the guidance applicable to day-to-day operations at the cash desk, including rules on due diligence and approvals as well as further security precautions.

Scope of application: all markets

Related standards and third-party initiatives: -

Responsibility: Strategic Organisational Development, Digitalisation and IT

Protection of children

Code of Conduct for Employees

Contents: Oberbank affirms its clear commitment to acting in accordance with international conventions and standards, such as the European Convention on Human Rights (ECHR), the UN Global Compact, the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights. Being enshrined in the European Charter of Fundamental Rights, the prohibition of child labour and the protection of young people at work is something that Oberbank considers to be crucially important in any cooperation or interaction, including with customers. For more information on the code of conduct, see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > [Code of Conduct for Employees](#).

While Oberbank has no further written policies, work instructions or guidelines on the protection of children, [Oberbank's website](#) provides general information on bank accounts for young people and bank accounts for pocket money.

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For more information on protective arrangements involved in opening banking accounts for young people or accounts for pocket money, see Chapter ESRS S4 > S4-4 Taking action on material impacts on consumers and end- users > [Protection of children](#).

Access to products and services

An overview of Oberbank's products is available at any time on [Oberbank's website](#). One-on-one consultations in the branches can also be used to obtain further information on the range of products offered by Oberbank.

The General Terms and Conditions of Business of Oberbank as well as the relevant terms and conditions of specific products can be accessed on [Oberbank's website](#).

Responsible marketing practices

GRI 417-1, GRI G4-DMA (former FS15)

SOP for marketing communications

Contents: This work instruction covers the drawing up of information to customers in accordance with applicable legal requirements, including marketing communications within the scope of Oberbank AG's investment services. On the one hand, this concerns the content of all types of information, including marketing communications, which Oberbank AG as a legal entity providing investment services addresses to customers or communicates in a manner which makes it likely for customers to become aware of such information. On the other hand, Oberbank AG must ensure, by way of its internal organisation and by putting adequate processes and procedures in place, that the information to customers it produces, publishes or otherwise uses in the context of investment services complies with all applicable legal requirements in terms of how it is drawn up and distributed. Greenwashing is another topic that must be taken into consideration when drawing up and/or reviewing information to customers, including marketing communications. This concerns not only the wording of marketing copy, but also product names and labels. For this reason, greenwashing has been added to the checklist for information to customers in the context of investment services.

Related standards and third-party initiatives: -

Scope of application: Austria

Responsibility: Secretariat and Communication

S4-2 – Processes for engaging with consumers and end-users about impacts

GRI 2-29

This chapter provides insights into the processes for engaging with consumers and end-users and their representatives about actual and potential impacts on them. For more details on general stakeholder engagement in various lines of business, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

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Customer experience management

Oberbank has been conducting customer satisfaction surveys in Austria since September 2019. Standardised online surveys are used for retail customers, private banking customers and business customers (micro-undertakings, self-employed persons and freelancers). Such surveys are carried out as a follow-up to annual consultations, product marketing meetings, investment advice meetings and account openings, as well as after agreement on a housing loan.

Since mid-2021, customer surveys have also been carried out as a follow-up to telephone calls made to Oberbank's Customer Service Centre. The purpose of these surveys is twofold: improving the quality of telephone conversations with the Customer Service Centre while at the same time reaching out to a sizeable number of customers. Moreover, this is a way to gather feedback from customers who have not had any face-to-face consultations in the recent past. Customers will receive an e-mail about the customer satisfaction survey on the day following either their consultation meeting or telephone call to the Customer Service Centre. To avoid customers potentially feeling inconvenienced by too frequent contacts, there is a 90-day limit before a customer can be surveyed again.

In addition to these surveys, customers can at any time use the feedback button on Oberbank's website, on the customer portal and in the banking app to get in touch with Oberbank.

High degree of customer satisfaction

Customer satisfaction is measured based on the Net Promoter Score (NPS), which is calculated from the responses to the question "How likely are you to recommend Oberbank to friends or family?" The Net Promoter Score is the percentage of promoters (customers that would recommend Oberbank) less the percentage of detractors (customers that would not recommend Oberbank) out of all responses.

At 65.7% as at 31 December 2023, Oberbank's NPS was very high (31 December 2022: 62.9). At 69.0, the NPS following face-to-face consultations as per 31 December 2023 (31 December 2022: 66.1) was higher than the NPS following calls to the Customer Service Centre, which came to 50.7 as per 31 December 2023 (31 December 2022: 53.6).

Oberbank's customer satisfaction surveys include questions on general topics such as ease of making an appointment, type of consultation, or branch visited, but also questions about the specific appointment and what it was about. In addition, customers can submit personal feedback in a comments field. This feedback is then analysed, and grievances, suggestions for improvement, as well as actions derived from the feedback are discussed in a specially designated body every three months.

Oberbank also actively reaches out to customers who say they are not likely to recommend Oberbank (detractors), calling them on the telephone to obtain more detailed feedback.

Customer satisfaction surveys

	2023	2022	2021
Surveys delivered	55,410	55,400	42,986
Response rate	28.4%	25%	31.1%
Minutes needed per survey	3	3	3
Digital responses	1,558	3,252	3,815
thereof via the customer portal	1,188	2,954	3,498
thereof via the website	227	298	317
thereof in the banking app	143		
Customer satisfaction ³⁴	65.7	62.9	65.1
Feedback containing comments	63.4%	64.9%	66.7%

The number of surveys delivered, the response rate and the time spent on each survey remained virtually the same as in 2022. The decline in digital responses is attributable to the fact that a separate customer portal satisfaction survey was conducted in 2022, which was not repeated in 2023. Since January 2023, customers have also been able to provide digital feedback in the banking app. The table shows an encouraging increase in customer satisfaction. A majority of the customers also availed themselves of the opportunity to express their satisfaction in a comment.

The purpose of these surveys is to measure customers' satisfaction with Oberbank and, where necessary, take actions to improve satisfaction. Successfully implemented features based on customer feedback included, for example, a call-back service in the Customer Service Centre, or the Finance Manager function on the customer portal and in the banking app. What is more, customer feedback contributes to the sustainable further development of the organisation as whole.

From 2024, surveys of business customers and surveys in the follow-up to the opening of an account and to housing loan consultations will be discontinued as these formats generated only a very small number of responses.

Engagement with consumers and end-users

On the Stakeholder Sounding Board (see Chapter ESRS 2 > GOV-1 The role of the administrative, management and supervisory bodies > [Stakeholder Sounding Board](#)), Oberbank's largest customers act as representatives of all other customers. The surveys described above give each and every customer the opportunity to provide independent feedback and express their opinions towards Oberbank.

Responsibility for ensuring that the results inform the undertaking's approach

Operational responsibility for ensuring that the results of the customer experience survey inform Oberbank's approach lies with Strategic Organisational Development, Digitalisation and IT and with General Banking. The highest decision-making level in this respect is the Management Board.

³⁴ Relates to surveys conducted as a follow-up to consultations and telephone conversations with the Customer Service Centre

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For more information on the role of the Management Board in connection with customer feedback, see Chapter ESRS S4 > S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns > [Customer feedback/complaints management journey](#).

Evaluation of the effectiveness of the engagement with consumers and end-users

The Net Promoter Score (NPS) represents customers' willingness to recommend Oberbank to friends and family and thus also reflects customer satisfaction with Oberbank. The Oberbank Management Board considers the NPS a very important metric. Oberbank is keen to maintain the positive results achieved in the past and improve them going forward. In this context, it is just as important to develop and implement suitable actions for improving the NPS.

For the NPS, see Chapter ESRS S4 > S4-2 Processes for engaging with consumers and end-users about impacts > [High degree of customer satisfaction](#).

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

GRI 2-25, GRI 2-26

This chapter provides insights into how negative impacts are remediated and which channels are available for consumers and end-users to raise concerns. For a comprehensive description of stakeholder management, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

Ombuds Office

The in-house Ombuds Office settles disagreements and disputes between customers and Oberbank. As a neutral point of contact in cases of disputes, the Ombuds Office strives to find a solution that is satisfactory for all parties involved. The services of the Ombuds Office are available free of charge. It can be contacted by post, e-mail, fax or telephone.

Oberbank AG – Ombuds Office

Untere Donaulände 28, 4020 Linz

Tel.: +43 732 7802-37280 or +43 732 7802-37248

Fax: +43 732 7802-37555

E-mail: ombudsstelle@oberbank.at

Processing of complaints

If a complaint is raised, Oberbank asks its customers to be as specific as possible about what their concerns are and to make the information and documents required to clarify the matter available (such as account number, branch in question, account statement, e-mail address of account manager or advisor, etc.). The complaint/inquiry will promptly be handled and/or referred to the competent in-house unit(s) for comments, clarification, decision-making and processing. Once the necessary information is available, the customers will be informed of the outcome.

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Simple inquiries are processed as quickly as possible and will be handled within 24 hours of having been received (except on weekends, public or bank holidays). A response will be communicated within two weeks of receipt of a complaint/inquiry. If the matter cannot be settled within this deadline for justified reasons, such as high level of complexity, need for extensive research, or absence of persons involved, the Ombuds Office will inform the customer accordingly.

Out-of-court dispute resolution entity

In addition, Oberbank submits to the decisions of the following external out-of-court entity for alternative dispute resolution in consumer matters:

Joint Conciliation Board of the Austrian Banking Industry

(www.bankenschlichtung.at)

Wiedner Hauptstraße 63, 1045 Vienna

Tel.: +43 1 505 42 98

Fax: +43 590 900 118 337

E-mail: office@bankenschlichtung.at

Handling of complaints

National legal provisions on complaints handling

Under Austrian law, § 39e Banking Act (BWG) provides the legal basis for complaints handling: “Credit institutions and financial institutions shall establish transparent and adequate procedures for the processing of complaints by customers and business partners, in order to be able to identify, analyse and remedy recurring risks, as well as potential legal and operational risks.”

Definition of the term “complaint”

Pursuant to § 5 (1) (4) VERA-V (Regulation of the Financial Market Authority (FMA) on Asset, Income and Risk Statements), a complaint is “any expression of dissatisfaction” addressed to a credit institution by a natural or legal person in connection with the provision of a banking service, an investment service, a payment service or the issuance of electronic money.

Development of the number of complaints

In the period 1 January 2023 to 31 December 2023, the Ombuds Office handled 10% more complaints (502 in total) than in 2022 (456 in total).

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Inquiries into and breaches of data privacy

GRI 2-27, GRI 418-1

In the financial year 2023, the Oberbank Data Protection Officer received 101 inquiries relating to the rights of data subjects. All requests made by data subjects as well as other inquiries from customers were processed within the defined deadlines.

In 2023, no substantiated complaints were addressed to Oberbank by data protection authorities. One complaint is currently still being processed by the Austrian Data Protection Authority.

2023 also saw the Austrian Data Protection Authority carry out a special financial sector audit. In the course of this *ex officio* audit in June 2023, Oberbank AG was asked to submit information and was able to provide and submit answers to the questions of the Austrian Data Protection Authority within the set time limit.

In 2023, Oberbank AG was not subject to any notification obligation under Article 33 GDPR, as no personal data breach occurred that would have been likely to result in a risk to the rights and freedoms of natural persons.

Customer feedback/complaints management jour fixe

Oberbank actively monitors customer satisfaction and will, where necessary, carry out more in-depth analyses or take actions. A body consisting of the Management Board members Florian Hagenauer, Martin Seiter and Isabella Lehner as well as selected department heads meets every three months to discuss customer feedback and complaints having been received in the preceding quarter and to decide on whether or not action needs to be taken. Progress on actions taken is likewise reported at this meeting.

For more information on customer engagement, see Chapter ESRS S4 > [S4-2 Processes for engaging with consumers and end-users about impacts](#), which also provides more details on the various types of customer satisfaction surveys being carried out (customer experience management).

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

GRI 2-24

General information on the following actions

Scope of impact: The actions are generally applicable in all of Oberbank's markets. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as “taken” have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

Data protection and information security

GRI 2-23

Data protection

Actions taken

Actions relating to data protection, privacy and security are required, among other things, to exclude unlawful access to, and misuse of, data and information. The actions taken by Oberbank to ensure this include, in particular:

- Full implementation of the General Data Protection Regulation (GDPR)
- Establishment and annual update of technical and organisational measures (TOM)
- Authorisation systems based on the need-to-know principle
- Development of sets of rules for the secure handling of personal data
 - Data protection handbook
 - Work instructions
 - Various company agreements and guidelines
- Regular meeting of persons in charge of data protection to discuss data protection topics
- Annual meeting of data protection officers from all Oberbank markets
- E-learning on data protection which Oberbank employees have to complete every year
- Information on data protection news for all employees on Oberbank's intranet

Actions planned

Changes in data protection legislation are being constantly monitored. If any need for action arises, adequate steps will be taken within the set deadlines.

Information security

Actions taken

- WBT on IT security, which Oberbank employees have to complete every year
- IT security management (for details, see below)
- Business continuity management (for details, see end of chapter)
- In-house Ombuds Office and out-of-court dispute resolution entity are available (see ESRS S4 > S4-3 Processes to remediate negative impacts and channels > [Ombuds Office](#)).
- ISO certification of 3 Banken IT GmbH
- ISAE 3402 Type 2 report

IT security management and handling of cyber threats

Digitalisation and automation based on state-of-the-art technologies hold numerous opportunities for the financial industry, for instance to make processes more efficient, or to offer services digitally and in a customer-friendly manner. However, the increasing use of new technologies has not only positive impacts, but also comes with a rise in information security risks.

Cyber threats pose a particularly high risk: throughout the world, we see attacks on information and technology increase rapidly in terms of scope, speed and sophistication. Oberbank's IT is exposed to these risks as well. Managing risks efficiently in view of these potential threats requires a structured framework for IT information security. Such a framework defines structures, rules, procedures and methods that help raise the level of information security and contribute to its continual improvement.

Oberbank relied on the Corporate Risk Application Method (CRISAM) to systematically establish a new IT risk management system. Business impact and risk analyses were carried out for all key processes and applications, the aim being to comply with the state of the art and to identify and eliminate any variances. This approach ensures that IT risks become transparent and investment in IT will be made on a risk-related basis. Simulations make it possible to calculate and measure IT risk also in monetary terms.

3 Banken IT GmbH's information security strategy

3 Banken IT GmbH's information security policy is a policy document designed for the long term, which sets out the general approach to information security as well as the requirements for IT system security. The purpose of this policy is to advance data security, data protection and privacy as well as protection against threats by means of comprehensive IT security management, and to provide support for developing rules, risk analyses, security sub-policies and process descriptions and implementing security measures.

The primary focus of information security management is to achieve security objectives. This includes ensuring the confidentiality, authenticity, availability and integrity of information and systems in order to protect 3 Banken IT GmbH and Oberbank AG against threats and to increase the overall level of IT security.

3 Banken IT GmbH has a dedicated IT Security unit, which is in charge of all organisational matters relating to information security. Ensuring effective communication with operational units is a key factor in being able to take preventive as well as responsive action in a timely and appropriate manner. What is more, well-

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established communication structures are in place between 3 Banken IT GmbH and Oberbank AG to facilitate information sharing.

Identifying cyber threats and providing protection against them

As Oberbank's IT service provider, 3 Banken IT GmbH is not only responsible for ensuring constant further development, but also for requesting and implementing measures that reflect the latest state of the art. As threat scenarios keep constantly changing, it is necessary to continuously monitor threats, analyse them in detail and derive specific actions to raise the security level and eliminate or mitigate threats.

It is important and absolutely necessary to implement protective measures at different levels. A range of technical and organisational measures are used for this purpose, from securing and monitoring in-house systems and systems that are accessible from outside, to communication channels and potential gateways for malware, to awareness-raising among Oberbank's own workforce. Apart from prevention, what is most important in the event of an acute threat is a rapid and structured response, with clearly defined responsibilities. Well-defined processes that are being constantly updated are in place to ensure this.

In the past two years, Oberbank AG and 3 Banken IT GmbH implemented numerous projects to raise the level of IT security.

GRI G4-DMA (former FS9) ISO/IEC 27001:2013

In March 2021, 3 Banken IT GmbH underwent certification in accordance with ISO/IEC 27001:2013, the internationally recognised information security standard. 3 Banken IT GmbH successfully passed the surveillance audit conducted in April 2023.

Certification involves an ongoing analysis of the actual situation, ensuring not only that internal processes for improving IT security continually adapt to potential new requirements as the state of the art progresses, but also that evidence of such adaptation can be provided.

ISAE 3402 Type 2 report

A well-functioning internal control system (ICS) is indispensable for a financial institution. As 3 Banken IT GmbH is responsible for providing a variety of banking services, it is necessary to put in place and implement appropriate controls here as well. The requirements of the ISAE 3402 Type 2 Audit Report stipulate an audit of 3 Banken IT GmbH's ICS an independent external entity (auditor). The ISAE 3402 Type 2 audit conducted in October 2023 examined how controls were actually carried out in the 2023 reporting period and how effective these controls were. Both audit reports were issued by the auditor and are available to Oberbank.

Raising security awareness among the workforce

It is frequently employees who are the targets of cyber-attacks, for instance through social engineering calls, fake president e-mails or phishing e-mails. This is why 3 Banken IT GmbH attaches special importance to providing targeted information to employees about current threats, how to handle confidential information

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and what to do in the event of an attack, and to establish long-lasting awareness for security matters. Every year, all employees must complete a specially developed online training programme (WBT) on IT security.

Employees are responsible for complying with the rules and processes for information security, making a substantial contribution to upholding information security.

In addition, employees and customers receive warnings and IT security news both on a regular basis and as the need arises.

Information and cyber security report

A quarterly “Cybercrime Report” has been published since 2017. This report provides information on current threat scenarios, countermeasures taken, statistics to illustrate the reality of the threats, current projects, as well as an overview of actual security incidents. In the third quarter of 2021, the “Cybercrime Report” was renamed “Information & Cybersecurity Report” to reflect that it not only presents the external situation but also provides insights into in-house information security topics. The report now features a number of new and interesting statistics and metrics on information security. With its structure modelled on that of ISO/IEC 27001, it ensures transparent reporting on essential security topics to Oberbank AG.

Regulatory requirements relating to IT security

Operating in a dynamic environment characterised by uncertainties, financial industry enterprises need to stay abreast of current legislation projects to be able to initiate the necessary adaptations within their own organisation early on. For this reason, a process is in place to ensure that banking-related regulatory requirements will be monitored and assessed by Oberbank and IT-related regulatory requirements by 3 Banken IT GmbH, with non-banking-related requirements being taken into consideration as well.

A key requirement is implementing the EBA (European Banking Authority) Guidelines on ICT and security risk management. In addition, 3 Banken IT GmbH set up a whistleblowing system in 2022, which protects whistleblowers who report violations based on information they gained access to in a work-related context.

2023 saw the launch of a project to implement the new Digital Operational Resilience Act (DORA), an EU regulation that will enter into force in 2025 and replace the existing EBA guidelines.

Backup data centre test

3 Banken IT GmbH conducts at least two backup tests every year. On the dates set for the test, one of the existing two data centres will be disconnected entirely, with access to the site being prohibited as well. The purpose is to test the redundancy of the remaining data centre, the processes and procedures, the staff and the technical equipment and to initiate improvements, where necessary.

2023 saw another simulation and successful completion of failover testing for both data centres.

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Business continuity management

Oberbank's business continuity management (BCM) ensures that critical processes are protected against failure as best possible and/or can be continued also in emergencies. This involves precautionary measures for risk mitigation as well as plans for measures to take effect in potential emergencies to enable at least emergency operations to be continued. Scenarios where BCM is applied include, for instance, a sudden failure of the bank's Head Office buildings due to flooding or fire or a prolonged power failure.

Oberbank's BCM policy focuses on actions to take during the first three days after the occurrence of a crisis. Where infrastructure failures continue over the medium or long term, it is necessary to make the transition from the emergency operations triggered by the BCM policy to limited normal operations.

The Covid-19 crisis was a wake-up call in terms of the importance of a well-functioning BCM. The existing emergency plans and the rapid response by the crisis unit made it possible to respond swiftly to the new situation and to avert loss and damage for Oberbank.

Outsourcing

The EBA guidelines on outsourcing arrangements obligate all financial institutions to further develop their outsourcing arrangements. Oberbank is no exception to the rule and has put substantial efforts into implementing the regulatory requirements relating to outsourcing. The results include an outsourcing policy, a work instruction and a comprehensive documentation of contracts and service level agreements, as well as the outsourcing register.

Actions planned

Changes in outsourcing legislation are being constantly monitored. If any need for action arises, adequate steps will be taken within the set deadlines.

Freedom of expression

Oberbank attaches great importance to the opinion of its customers and therefore takes a variety of actions to take their interests into account as best possible.

Actions taken

- Pro-active complaints management (see Chapter ESRS S4 > S4-3 Processes to remediate negative impacts and channels > Ombuds Office)
 - Ombuds Office (neutral point of call for settling disagreements and disputes between customers and Oberbank; its services are available free of charge)
 - Oberbank submits to the decisions of an external out-of-court entity for alternative dispute resolution in consumer matters
 - Oberbank responds to data protection and privacy inquiries
 - Customer feedback/complaints management jour fixe (quarterly meeting to discuss and take decisions on customer feedback and complaints received in the preceding quarter)
 - Customer satisfaction survey (see Chapter ESRS S4 > S4-2 Processes for engaging with consumers and end-users about impacts)

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Actions planned

No further actions are currently planned, but actions already taken are continually monitored for effectiveness and adjusted as necessary.

Access to (quality) information

Actions taken

- Publication of various reports by Oberbank (such as Sustainability Statement, management report, annual report, etc.) following prior audit by the statutory auditor
- Oberbank's website provides extensive information.
- Presentations, events, etc.
- Newsletter/online magazines (e.g. market commentary, #jetztvermögen, #jetztwohnen and #jetztunternehmen online magazines on asset management, housing or business matters)

Financial literacy

GRI G4-DMA (former FS16)

Efforts at raising long-term awareness for financial literacy can be successful only if financial information and education offers are provided already at a young age. Oberbank seizes every opportunity to strengthen financial skills and point out sustainable investment options by organising presentations and workshops at business enterprises, at universities and in schools.

Examples of such activities in 2023 included a presentation at Johannes Kepler University (JKU) Linz and a sustainability event on sustainability in investment hosted at a regional business enterprise.

Oberbank also cooperates on an ongoing basis with JKU Linz and the Salzburg University of Applied Sciences (FH Salzburg) in terms of master or doctoral theses and university projects. In 2019, Oberbank provided expertise as well as financial support for a master thesis on sustainable investment in Austria with a focus on the private banking sector. In 2023, Oberbank commissioned students from FH Salzburg to conduct a study on the transparency and usability of sustainability documentation for investment in securities.

Improving financial literacy within society at large is another focus of Oberbank's efforts. A monthly market commentary, the #jetztvermögen online asset management magazine and other formats are designed to help customers to better assess the market situation. The #jetztvermögen online magazine and the daily market commentary deliberately avoid product recommendations and product information. Regular presentations at Donau-Forum, Oberbank's in-house event centre in Linz, in the branches and in the course of external events likewise contribute to strengthening financial literacy.

The #jetztunternehmen online guide for corporate customers features a regular column on sustainability which addresses, analyses and explains topical issues.

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Actions planned

- Continued cooperation with FH Salzburg, JKU Linz, and schools
- Continuation of existing formats in the context of financial literacy

Security of a person

General actions to ensure customer safety and security

Actions taken

- Regular training of employees on the contents of the safety and security handbook
- Technical safety and security mechanisms
 - Alarm system (various mechanisms for triggering an alarm)
 - Video surveillance system
 - Structural measures
- Reduction of amounts of cash held in branches, cash-less branches in some instances
- Dual-control principle for access to larger amounts of cash
- Use of external security services as needed
- Internal control system to check actions and measures taken

For information on cyber security for customers and employees, see Chapter ESRS S4 > S4-4 Taking action on material impacts on consumers and end- users > [Data protection and information security](#).

Actions taken to ensure safety and security at cash desks

Actions taken

Cash desk transactions require compliance with defined due diligence rules, which are integrated in the cash desk system.

- Proof of identity: defined ID document and personal data of the person making the transaction has to be recorded.
- Origin of funds: in certain circumstances, it is necessary to perform a plausibility check with respect to the origin of funds and/or obtain proof of such origin.
- Anti-money Laundering (AML) inquiry: it needs to be established whether the person making a cash deposit is acting for their own account or for the account of a third party.

In addition, cash desk staff need to deal with a variety of approvals.

- Some approvals can be granted in the cash desk system by the cash desk staff themselves once they have verified that the relevant conditions have been met.
 - Example: "Generate customer receipt" or "Verify customer signature"
- Where approvals are subject to dual control, a second person will have to verify the transaction and approve it in the cash desk system by entering their user login.
 - Example: "Cash withdrawal of more than EUR 15,000"
- External approvals can be granted only by the respective account manager or their substitute, following verification of the transaction. Such approvals are not processed directly in the cash desk system, but in linked-up back-office systems.
 - Example: "Exceeding of overdraft limit" or "Blocking in place"

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Actions planned

- There are currently no plans for additional due diligence measures or approvals.

Protection of children

Actions taken

- Exclusion criteria, which also define the exclusion of child labour, apply along the entire value chain and thus also in relation to external stakeholders; the corresponding process for automatic blocking, which was defined in 2021, is being applied on an ongoing basis and is to be continued to be applied in the future (for the exclusion criteria and automatic blocking process, see Chapter ESG criteria in lending > Lending policies > Exclusion criteria)
- Precautions involved in the opening of young customer accounts:
 - Consultation meeting
 - No online account opening
 - Proof of identity and age
 - Presence of a legal representative

Actions planned

No further actions are currently planned, but actions already taken are continually monitored for effectiveness and adjusted as necessary.

Access to products and services

Actions taken

- Customer Service Centre
- Detailed information on specific products and services available on Oberbank's website.
- Various online services
 - The Oberbank customer portal has an extensive offer of online self-services.
 - The Oberbank banking app provides for swift transaction handling.
- Electronic document transfer on the Oberbank customer portal and in the Oberbank banking app provide prompt access to key documents.
- Mobile payment methods make using a smartphone or smartwatch convenient payment options.
- Basic bank account for socially and economically vulnerable consumers who do not have a payment account with any other Austrian bank (see Chapter ESG criteria in lending > Sustainable product portfolio metrics > Sustainable product range for retail customers)

Actions planned

No further actions are planned at present, but actions already taken are continually monitored for effectiveness and adjusted as necessary.

Responsible marketing practices

GRI 417-1

Actions taken

- The Secretariat and Communication department/Capital Markets and Taxes group offer regular training to other departments and individual users on the principles that need to be complied with to draw up information to customers in accordance with applicable legal requirements, including marketing communications in investment services, as well as, upon request, training on how to deal with supporting documents, and will reply to questions at any time.
- Prevention of greenwashing is a factor that is always taken into account when drawing up or reviewing marketing communications.
- Oberbank has undertaken to comply with the Austrian advertising industry's ethics code and was certified under the "Pro Ethik" label in 2021.

Transparency, truth and ease of understanding are the key principles underlying all of Oberbank's marketing and communications activities. Prior to publication, all advertising material used in communications is subjected to a strict legal assessment by the in-house legal department. This helps to prevent, right from the start, unfair business practices in marketing, product promotions, competitions or similar activities that could be interpreted as misleading. Supplementary information or small-print terms and conditions are reviewed specifically for ease of readability and understanding. Prices and/or costs relating to any product marketed or service provided by Oberbank are openly disclosed. No false information or information likely to be deceptive for average consumers with respect to prices and products is communicated. Oberbank's communications provide all the information relevant to a product or service.

GRI 417-2, GRI 417-3

Consequently, there were no incidents of non-compliance with rules or codes of conduct regarding product and service information and labelling or concerning marketing communications in the reporting year.

In addition, Oberbank has undertaken to comply with certain quality criteria that go beyond statutory requirements under the Austrian advertising industry's ethics code. For this reason, Oberbank was awarded the "Pro Ethik" label by the Austrian Advertising Council.



The "Pro Ethik" label is granted for two-year periods. The label's criteria state that it is awarded to business enterprises that, in their advertising activities,

- a. subscribe to the ethical and moral principles of the Austrian advertising industry's ethics code (ethics in advertising),
- b. embrace the shared social-ethical tenets of the communications industry (self-regulation), and
- c. advocate in this way for the freedom of advertising and against bans on advertising (freedom of advertising).

Metrics and targets

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Data protection and information security

Data protection

The primary goal in data protection is to fully meet the statutory requirements set out in the GDPR and in national data protection law, with the highest priority accorded to the protection of personal data processed by Oberbank AG.

A monitoring process has been set up to trace any changes in national and international data protection law on an ongoing and reliable basis. Where changes in legislation give rise to need for action in the future, the competent units of Oberbank will take measurable and time-bound actions accordingly. Implementation of such actions is governed by statutory transition periods and requirements.

Information security

The Oberbank IT strategy (document “Strategie: Oberbank IT-Strategie der Bank”) sets out general requirements and expectations, providing a framework for topics relating to information and communication technology (ICT) and information security.

It defines how information security topics are embedded in the overall bank strategy, while also stipulating strategic goals and guidelines.

The following guidelines and KPIs (key performance indicators) are defined here:

- Latest state of the art in IT security and pro-active IT risk management, with the following targets defined by the Management Board:
 - a CRISAM (Corporate Risk Application Method) rating of BBB
 - a cybersecurity score (KSV Kreditschutzverband/Nimbusec Rating) WSI (WhiteHat Security Index) of 1
- Strict compliance with regulatory requirements as set out in the ICT guidelines of European and Austrian regulatory authorities
- Continued ISO certification of 3 Banken IT GmbH under ISO/IEC 27001

Other goals

Oberbank aims to achieve the following 10 strategic information security goals:

1. Top customer satisfaction ratings also with respect to discretion
2. Retention of the assets invested in workforce (skills and knowledge), tools and processes
3. Positioning of Oberbank as a trusted and reliable partner

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4. Maintaining industry-standard security levels
5. Business continuity in emergencies and crises
6. Compliance with statutory requirements and reporting/notification obligations
7. Prevention and mitigation of loss and damage
8. Establishment of information security as an equally important goal as performance and functionality in the development, procurement and use of information technology
9. Open dialogue about security problems and incidents within Oberbank (priorities: immediate elimination of errors and prevention of errors in the future)
10. Appropriate assessment, evaluation and management of risks based on a recognised method

The passing of the annual ISO-27001 surveillance audit, as well as recertification every three years and the valid ISO-27001 certificate awarded in the process, serve as proof of goal achievement.

The topics mentioned above are subject to ongoing monitoring and reporting to the Management Board. The requirements 3 Banken IT GmbH has to meet are described in the information security policy as well as in the basic security requirements document of 3 Banken IT GmbH (“Basissicherheitsanforderungen”). Controls have been put in place in the form of service level agreements. The document is subject to annual revision and release under document control processes.

Measurable and time-bound targets of 3 Banken IT GmbH

- Annual target: obtain and maintain ISO 27001 certification
- ISO 27001 re-certification every three years
- Annual target: certification of the service-related internal control system under ISAE 3402 Type 2
- Improvement of security measures, in particular measures derived from penetration tests, weaknesses scans, internal and external IT audits and from the risk management process

Measurable information security targets (KPIs) at 3 Banken IT GmbH

- Operational information security targets under ISO 27001, which are reported in line with the measuring of information security rules and audited in the course of the ISO 27001 audit
- Re-certification of the internal control system under the ISAE 3402 Type 2 standard with no serious defects found
- Implementation of annual internal audit measures, in particular elimination of PRIO1 problems and semi-annual reporting in the internal audit statistics.
- Quarterly reporting on remaining security measures in the service level agreement statistics and in the information and cybersecurity report.

Information security targets are measured annually within the scope of the information security management process, based on defined KPIs. These KPIs will also be measured during the course of the year from 2024 onwards.

Freedom of expression

Oberbank uses customer experience surveys to measure customer satisfaction. The target for 2024 is to attain a Net Promoter Score (NPS) of 70%.

- In 2023, the NPS was 65.7%.
- In 2022, the NPS had been 62.9%.
- In 2021, the NPS had been 65.1%.
- In the base year 2020, the NPS had been 62%.

Access to (quality) information

There is no measurable time-bound target for this material topic. Oberbank publishes ad-hoc market information to inform customers as best possible especially in crisis situations, such as the war on Ukraine. Information transfer in cooperation with schools and universities is provided as needed, in line with the subjects currently taught at the cooperation partners. The in-person presentations and the videos published on the internet meet with great interest, which is why Oberbank intends to continue these activities. No specific targets are planned at present.

Security of a person

The overriding goal is to take all the necessary precautions to ensure the security of both employees and customers. Oberbank keeps reviewing the effectiveness of the actions taken and also discusses this question at regular meetings with persons in charge of this topic at other banks. This helps Oberbank to identify current developments and new threats early and to take action accordingly. In addition, a regular dialogue with the national authorities tasked with security matters makes it easier to promptly introduce necessary measures. The effectiveness of security measures is reflected, for example, in a reduction in security-related incidents or the more efficient clearing of criminal offences. A system of controls has been put in place to check whether the defined measures have been adequately implemented in the branches. No further measurable targets have been defined as external factors are almost impossible to influence and threat scenarios tend to change relatively quickly.

Protection of children

There are no measurable time-bound targets for this material topic. As security standards for accounts for young customers are already very high – mandatory proof of identity, presence of a legal representative and account opening only in-person at a branch –, Oberbank does not see any need to define targets.

Access to products and services

Measurable and time-bound targets

- We provide support to our customers all along the way towards the digital transformation of banking services. The target we have set ourselves is to raise customer portal and app use by retail customers in Austria to 80% by 2025. The digitalisation rate should exceed 80%.
 - For the values recorded in 2023, 2022 and 2021 and the base year 2020, see Chapter ESG criteria in lending > Metrics and targets > Targets related to sustainable finance and sustainable product portfolio.
- Another target is to raise Oberbank mailbox use to 90% by 2025.
 - In 2023, 84% of retail customers had documents delivered to their electronic mailboxes.
 - In 2022, document service via electronic mailbox was used by 84% of retail customers.
 - In 2021, the percentage of retail customers who had documents delivered to their electronic mailboxes came to 81%.
 - In the base year 2020, 87% of retail customers had their documents delivered to their electronic mailboxes.

Responsible marketing practices

For this material topic, we have no measurable time-bound targets compliance with which would be monitored at regular intervals. Oberbank attaches great importance to communicating information that is relevant to customers in a transparent and truthful manner. This is the only way to retain and strengthen customer trust, which is a cornerstone of all banking business. For the same reason, Oberbank's employees regard compliance with statutory requirements – for instance under anti-trust law, media law or copyright law – as a matter of course and an integral part of their day-to-day work. Certification under the "Pro Ethik" label awarded by the Austrian Advertising Council shows that Oberbank's efforts for a responsible approach to marketing practices are effective (see Chapter ESRS S4 > S4-4 Taking action on material impacts on consumers and end- users > Responsible marketing practices).

Governance information

ESRS G1 Business conduct

Oberbank's business conduct is based on the principles of sustainable governance and transparency, a fact that translates into sustained business success. Oberbank pursues sustainable and long-term goals.

With a view to maintaining customer trust, which is essential in the banking business, Oberbank attaches great importance to its in-house policies and measures in the context of corporate culture just as much as to compliance with all laws, rules, regulations and guidelines in all markets.

Oberbank's Code of Conduct for Employees is the key document that holds all the general information relevant to Oberbank's corporate culture. A separate Code of Conduct for Suppliers and Business Partners extends the scope of application of such rules of conduct to include external partners as well.

Impact, risk and opportunity management

G1-1 – Business conduct policies and corporate culture

GRI 2-16, GRI 2-23

General information on policies available in written form

This section covers internal policies, guidelines and strategies relating to Oberbank's business conduct and corporate culture. Employees have access to in-house policies via the document management system. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > SBM-2 Interests and views of stakeholders.

Corporate culture

Code of Conduct for Employees

Contents: The Code of Conduct provides general information on corporate culture (values, conduct, whistleblowing, complaints management, social and environmental responsibility) and on the applicable legal framework (banking secrecy, data protection and privacy, cybercrime, integrity and honesty in tax matters, anti-money laundering and anti-terrorist financing rules, securities compliance, etc.).

Related standards and third-party initiatives: European Convention on Human Rights (Article 10), Charter of Fundamental Rights of the European Union (Article 11)

Scope of application: The Code of Conduct applies without exception to all employees of Oberbank Group.

Responsibility: Responsibility for the content of the Code of Conduct lies with the heads of Secretariat and Communication, Compliance, Internal Audit, Human Resources and with the ESG Unit in Strategic

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Organisational Development, Digitalisation and IT. Responsibility for leading by example and for demanding and verifying compliance with internal and external guidelines lies with the bank's management, starting with the Management Board. Where employees have questions about how to interpret internal rules, their first point of call should be their line manager. However, ultimately it is down to each and every employee of Oberbank Group to assess whether or not their own actions, conduct or omissions are compatible in terms of ethics and morals with the values of our society and with the values of the bank.

The Code of Conduct is published on Oberbank's website and is thus available to all stakeholders.

The Code of Conduct applies to all employees of Oberbank Group, i.e. in all divisions, in all regions where Oberbank operates and in all companies in which Oberbank holds a stake of at least 50%. For this reason, the Code of Conduct has been translated into the respective languages of the foreign markets and applies without exception to all employees in these markets as well.

The rules set out in it also apply to those who, even though not directly employed by Oberbank, are affiliated with Oberbank in organisational terms or work at a given Oberbank location on a permanent basis. Even with investees not controlled by Oberbank, as well as with customers, suppliers and partners, Oberbank aims to ensure that the fundamental principles of the Code of Conduct – basic rules of conduct with respect to equal opportunities, non-discrimination, learning from mistakes, prevention of corruption – are complied with.

The Code of Conduct is made available to the aforementioned addressees as soon as they join Oberbank and has to be signed during the mandatory compliance consultation. It is always available for consultation on the in-house intranet (Inside) and can also be viewed and downloaded on the [Oberbank website](#). Oberbank expects all employees, at whatever level in its hierarchy, to read, understand and consistently comply with the most recent version of the Code of Conduct. Every time an update is published, employees are notified thereof via the intranet.

Oberbank affirms its clear commitment to always acting responsibly, ethically and respectfully both within and outside its organisation. This applies quite generally to the way we interact with people, regardless of whether they be employees, customers or stakeholders, but also includes taking environmental and economic aspects into account and acting responsibly in complying with all aspects of the applicable legal framework. Every decision we make and every action we take is guided by ethical principles.

Oberbank rejects any form of discrimination, corruption or sexual harassment as a matter of principle. Deliberate non-compliance with the rules of the Code of Conduct may entail consequences under labour law. Such consequences may range from a warning (least severe measure) to dismissal (severest measure). In addition, Internal Audit has dedicated points of contact for whistleblowing. Reports made by employees to these points of contact are not subject to any internal or external reporting procedures that could compromise the anonymity and confidentiality of such reports. Whistleblowers are not subject to pressure or reprisals of any kind.

It is a matter of course that Oberbank complies with all applicable legal rules and regulations. Controls include monitoring by Compliance as well as IT system settings.

Several evaluations have shown that the Code of Conduct is not merely words on paper, but, quite on the contrary, part and parcel of daily work and a key reference in decision-making. In the reporting year, the Code

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of Conduct was viewed around 94 times a month on average on Oberbank's German-language website. On Inside, too, employees throughout Oberbank Group downloaded it around 173 times per months (40 times for the German-language version). All the more reason to continually check whether the Code of Conduct is up-to-date and to put the necessary care and effort into revising it.

Commitment to the Austrian Code of Corporate Governance (ÖCGK)

See Corporate Governance Report > Austrian Code of Corporate Governance / Compliance Statement

Oberbank's reasons for non-compliance with certain C Rules (comply or explain)

See Corporate Governance Report > Oberbank's reasons for non-compliance with certain C Rules.

Protection of whistleblowers

Whistleblowing policy

Contents: Oberbank stands for an open and transparent corporate culture and therefore regards whistleblowing not only as a way to prevent and clear up non-compliance with legal provisions early on, but also as a means of improving operating procedures and its internal control system (ICS). Whistleblowing contributes substantially to establishing a culture of compliance and respect for rules, and is not a system whose inherent purpose is to punish and sanction non-compliant behaviour. Prohibition of pressure and reprisals by the employer and anonymity of personal identity are measures designed to protect whistleblowers, which is also laid down in a voluntary company agreement with the Works Council. The Oberbank Integrity Line is a digital reporting system on a protected web reporting channel that meets all the requirements for confidentiality and protection of identity.

Related standards and third-party initiatives: Whistleblowing Directive (EU) 2019/1937, Whistleblower Protection Act (HSchG) in Austria and similar acts in Germany (HinSchG), the Czech Republic, Slovakia and Hungary.

Scope of application: Oberbank Group

Responsibility: Points of contact for whistleblowing in Internal Audit

Mechanisms for identifying, reporting and investigating concerns about unlawful behaviour

GRI 2-23

Compliance

Oberbank has a Compliance department that is independent in organisational terms and reports to the full Management Board. Not bound by instructions by other bodies, Compliance has responsibility for the Oberbank Group in its entirety. It has four subdivisions. The Banking Act Compliance/Fraud Prevention unit is headed by the Banking Act Compliance Officer. The Compliance unit (Securities Supervision Act) is headed by the Compliance Officer (Securities Supervision Act), who also doubles as Safeguarding Officer. The Anti-Money-Laundering Compliance (AML) unit is headed by the Anti-Money-Laundering Officer. The Sanctions and Embargoes unit, which was newly set up in 2022, consists of the Sanctions Officer and one other staff member, both of whom report directly to the head of the department. Adequate rules on who substitutes

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for whom throughout the department ensure continuity and meet the regulatory requirements for substitutes needing to be available at all times in Compliance.

The Compliance department has a key (risk) management and control function when it comes to mechanisms for identifying, reporting and investigating concerns about unlawful behaviour. A number of effective regulations, systems and procedures ensure that even the smallest infraction will be detected, sanctioned and, where necessary, reported to the competent bodies or authorities. For concrete actions taken to prevent corruption and bribery; see Chapter ESRS G1 > G1-3 Prevention and detection of corruption and bribery.

Functions within the undertaking that are most at risk in respect of corruption and bribery

No analysis has been performed to date on which functions within the undertaking are most at risk in respect of corruption and bribery.

Policy on transactions authorised under AML legislation

Contents: Oberbank distances itself from sectors, businesses and business practices that it considers likely to give rise to adverse impacts on environmental, social and reputational aspects. For this reason, it is mandatory for certain areas of economic activity – such as nuclear energy, betting and gaming, or coal – to apply stricter requirements in terms of entering into new business relationships or screening existing ones. Persons or entities from such areas that apply for an account with Oberbank have to undergo a comprehensive and thorough assessment, and opening an account requires approval by various hierarchy levels, from the Anti-Money-Laundering Officer up to the Management Board. Positive assessments are absolute exceptions to the rule. Following a positive assessment, any such business relationship will consequently be subject to enhanced due diligence. The areas of economic activity requiring such approval are listed in the policy. No approval at all is possible in cases falling in the strictly excluded category.

Related standards and third-party initiatives: -

Scope of application: all Oberbank markets

Responsibility: Secretariat and Communication is responsible for implementing the policy. The policy must be approved for release by the Management Board. For areas of economic activity requiring approval, it is necessary to obtain the approval of the Anti-Money-Laundering Officer and the approval of the Management Board.

Whistleblowing

GRI 2-25, GRI 2-26

The Oberbank Integrity Line, which was launched on 17 December 2021, is an externally hosted reporting platform for whistleblowing purposes. It meets the requirements set out in EU Directive EU 2019/1937 (Whistleblowing Directive) as well as those set out in national legislation such as the Austrian HSchG, the German HinSchG, the Czech Act 171 of 2 June 2023, the Slovakian Act No. 54 of 30 January 2019 and the Hungarian Act XXV from 2023.

This reporting channel is accessible for employees via an intranet page (Inside) and for outsiders via the Oberbank website. The reporting tool is clearly structured and easy to use and meets all the requirements in terms of IT security and data protection and privacy. The system is available in all of Oberbank's languages

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and allows text, image, audio and video files to be uploaded. Anonymous reporting is possible as well: in this case, communication with the point of contact will be handled via electronic mailbox.

The points of contact (designated Internal Audit staff members) check every report, initiate follow-up measures and keep the whistleblower informed on the steps taken. The whistleblowing points of contact are not subject to any internal or external reporting procedures that could compromise the anonymity and confidentiality of reports.

G1-2 – Management of relationships with suppliers

Policies

GRI 2-23

General information on policies available in written form

This section covers internal policies, guidelines and strategies relating to the management of relationships with suppliers. Employees have access to in-house policies via the document management system. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

Code of Conduct for Suppliers and Business Partners of Oberbank AG

Contents: This Code of Conduct must be attached to any agreement entered into with suppliers and business partners and must be signed by the same. It sets out the principles to be complied with, such as respect of human rights, compliance with all applicable laws and various environmental regulations, as well as the prohibition of corruption and bribery.

Related standards and third-party initiatives: Corporate Sustainability Due Diligence Directive (CSDDD; EU Supply Chain Act - currently still at the draft stage) and the implementing legislation adopted in the respective countries; all national legislation in the Oberbank countries on topics covered by the Code of Conduct

Scope of application: The Code of Conduct for Suppliers and Business Partners of Oberbank AG applies to all suppliers and business partners that collaborate with Oberbank AG.

Responsibility: Responsibility for implementing and updating the Code of Conduct lies with Real Estate, Safety & Security and Cost Management. The Management Board of Oberbank AG is not only responsible for approving the release of the Code of Conduct, but also has overall accountability for it.

Actions

GRI 2-24

General information on the following actions

Scope of impact: The actions are applicable in all of Oberbank's markets. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as “taken” have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

Actions taken

- When selecting suppliers, Oberbank takes environmental impacts into account as best possible. When procuring operating resources, Oberbank makes sure that recycled materials are used as much as possible and that orders are placed with regional or at least European suppliers that are already customers of Oberbank AG.
- When selecting suppliers, Oberbank tries to take account of social criteria as well.
- A work instruction was adopted in the course of the year 2023 to implement centralised contract and supplier management in all of Oberbank’s markets. It stipulates that the Code of Conduct for Suppliers and Business Partners of Oberbank AG be presented to all suppliers and business partners of Oberbank AG. The work instruction was disseminated already at the end of 2022.
- The Code of Conduct for Suppliers and Business Partners of Oberbank AG as amended was published on Oberbank’s website. This Code of Conduct is updated every year.
- In 2019, Oberbank began to systematically submit the Code of Conduct to selected suppliers for signing. The response rate among the suppliers contacted was 100%.
- Green IT
 - In its procurement policy, 3 Banken IT GmbH commits to environmentally friendly and resource-efficient procurement of IT equipment. Oberbank hardware is procured with due consideration of special ecolabels (e.g. Energy Star, Blue Angel or The Eco Declaration).
 - Proper disposal is ensured at the end of the IT equipment’s lifecycle. In 2023, Oberbank entered into a contract with a new recovery and recycling enterprise domiciled in Austria, which returns recoverable equipment back to the lifecycle once the data has been erased. What is more, this enterprise takes part in a social project employing persons with disabilities and thus contributes to their integration into the labour market.
- Canteen: The canteen of the Oberbank Head Office started using organic products in the food groups rice, (unfilled) pasta, yoghurt and farmer’s cheese in 2022 and was awarded a certificate in this context. In 2023, vegetables were added to the organic product range.

Actions planned

- The copies of the Code of Conduct signed and returned by suppliers will be evaluated in 2024.
- A policy for a returnable bottle system will be developed in 2024.
- A secondary sales channel will be established for the recovery of foodstuffs.
- Switch to small-scale European coffee suppliers at the Oberbank Head Office in Linz.
- The “Branch of the Future” project will replace paper poster advertising with digital formats. Project implementation is scheduled for 2024 in selected branches.

G1-3 – Prevention and detection of corruption and bribery

GRI 2-13, GRI 2-16, GRI 2-23, GRI 2-26

Policies for the prevention and detection of corruption and bribery, including training

Code of Conduct for Employees

See Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > Code of Conduct for Employees.

Anti-corruption policy

Contents: Rules relating to corruption and criminal corruption offences defined in national law, disclosure of gifts and invitations to prevent bribery, sponsoring and donations, suppliers and business partners, secondary employment, reporting, training, and sanctions for violations

Related standards and third-party initiatives: Austrian Criminal Code (§§ 305 to 309: criminal law on corruption)

Scope of application: The anti-corruption policy applies to all employees, managers and governance bodies (Management Board and Supervisory Board) of Oberbank, its regional divisions and subsidiaries (in which Oberbank holds a stake of at least 50%), both in Austria and in the international markets.

Responsibility: Compliance; the policy requires approval by the Management Board

Separation of investigating committee and chain of management involved in the matter

Oberbank has neither an Investigating Officer nor an Investigating Committee. Internal investigations are carried out by Internal Audit as and when the need arises.

Anti-corruption management and prevention of bribery

GRI 205-2, GRI 205-3

Oberbank does not tolerate any violations of anti-corruption provisions and takes appropriate action in such cases.

A dedicated anti-corruption policy was adopted in 2022 (see Chapter ESRS G1 > G1-3 Prevention and detection of corruption and bribery > Anti-corruption policy). Approved by the full Management Board, it summarises the anti-corruption provisions applicable at the bank. Bribery and acceptance of gifts are covered by the policy as well, ensuring increased transparency and raising awareness among employees in respect of these important topics.

By joining forces to protect customers against loss or damage in the processing of financial transactions, all of Oberbank's employees work towards earning the trust investors place in them.

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In accordance with Rule 18a of the Austrian Code of Corporate Governance (ÖCGK), the Management Board submits an annual anti-corruption report to the Supervisory Board.

Operations assessed for risks related to corruption

GRI 205-1, GRI 2-25, GRI G4-DMA (former FS9)

Operations (departments and regional divisions) are screened for corruption risks at two-year intervals. Only every other regional division will be assessed at any one time, the other half being screened at the next assessment. Consequently, a 100% assessment of all operations is completed every four years, while each single screening process covers only 75%.

Training

GRI 205-2, GRI 205-3

Compliance training

A key target defined in Oberbank's strategy for 2025 is to raise awareness for compliance among all Oberbank employees. At the start of the financial year, employees are assigned web-based training (WBT) units developed by Compliance which they must complete and pass within one year. This is part of a new training policy that takes account of different target groups. The WBT units are complemented by (in-person) units tailored to the specific group of addressees. Every month, Compliance reports the completion rate data collected by Human Resources to the Management Board.

In 2023, Deloitte held two Advance Regulatory Information meetings during which the full Management Board and all department heads had an opportunity to extensively discuss the regulatory requirements of relevance in the past two quarters with the experts.

Web-based anti-corruption training

The web-based anti-corruption training programme is scheduled to be finalised in 2024. The aim of this innovative programme is to consolidate and deepen employee knowledge on anti-corruption measures for the long term. This targeted training will not only ensure a better understanding of how to identify and combat corruption, but will also focus on how to prevent bribery.

Certification

GRI 205-2

Certification of Compliance staff

In a bid to promote the individual professional development of Compliance staff members and to secure the functioning of Oberbank's Compliance organisation for the long term, certifications recognised in the relevant fields must be acquired.

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Anti-money-laundering certification

At least two thirds of full-time legal staff in the Anti-Money-Laundering Compliance unit must obtain a recognised external certification after about two years of working in this field and/or after having completed all scheduled training programmes.

In 2024, the deputy Anti-Money-Laundering Officer of the Group is scheduled to attend a certification course to become a Certified AML Compliance Expert and obtain the related certification.

Certification relating to sanctions

At least half of the full-time legal staff in the Sanctions and Embargoes unit must obtain a certification as Global Sanctions Officer after about two years of working in this field. In 2023, the Sanctions Officer successfully passed the exam to become certified as Global Sanctions Officer.

Certification relating to compliance with the Austrian Securities Supervision Act

In the past year, the Compliance Officer (Securities Supervision Act) and one other Finance staff member successfully acquired certification. In the coming year, one other member of the Compliance unit (Securities Supervision Act) will become certified as Compliance Officer (Securities Supervision Act).

Principles related to integrity in tax matters

GRI 207-1, GRI 207-2, GRI 207-3

Oberbank's success as an independent, exchange-listed regional bank is based on long-term objectives and transparency. What is more, Oberbank is committed to integrity and honesty in tax matters. This commitment and the conduct related to taxes as described below are part of Oberbank's Code of Conduct (see Chapter G1-1 Business conduct policies and corporate culture > [Code of Conduct for Employees](#)). The business model of Oberbank AG is not driven by tax-related motives, but is aligned with the principles outlined below.

In the countries where Oberbank operates, Oberbank pays taxes in line with the specific country's rules and regulations. As a consequence, Oberbank does not generate income in any low-tax jurisdictions where it has no operations. The same rules apply to wages and salaries and the associated taxes and charges – these are all paid in the countries where the respective work is performed. Relevant income and expenses are recognised in the countries where they are generated or to which they are attributable. Cost allocation between the Head Office in Austria and the foreign branch establishments conforms to transfer pricing guidelines. Furthermore, Oberbank will reject without exception any and all activities connected to tax avoidance, tax evasion or tax fraud.

Taxes are assessed and paid in compliance with the legal provisions applicable in each country. If any uncertainties or doubts arise, tax advisors will be consulted immediately to clarify matters to ensure that the tax situation for Oberbank and all of its stakeholders is irreproachable at all times.

Oberbank always strives for transparency in its contacts with the competent tax authorities. On this matter, the Code of Conduct states that Oberbank endeavours to cooperate with all public authorities relevant to its business operations [...] in a productive and transparent manner (see detailed information on the Code of

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Conduct in Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > Code of Conduct for Employees). Oberbank sets great store by handling and responding to inquiries from tax authorities in a timely manner, for instance in the event of a tax audit. This also applies to filing tax returns within the set deadlines. Tax reporting in the annual report is audited by the statutory auditor within the scope of the audit of the financial statements.

Oberbank has at no time actively pursued offshore banking solutions or offered such solutions to Private Banking customers. Oberbank does not recommend or broker such products or services even if requested to do so by customers. Our general view of investment solutions designed primarily for tax purposes is not a favourable one. Oberbank is committed to pursuing the same approach also going forward.

CRS & FATCA

Oberbank fulfils absolutely all tasks and requirements in compliance with the Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA). These regulations provide for customers to self-disclose where they are tax resident and/or whether or not they are subject to unlimited tax liability in the United States of America. Oberbank also acts as Qualified Intermediary (QI) for the US Internal Revenue Service, which means that in its role as US payor it withholds US withholding tax and submits reporting to this effect to the US Internal Revenue Service. Oberbank has fully implemented reporting to the Austrian Accounts Register as stipulated by law. Our advisors specifically point out to customers that they have to comply with taxation rules and that Oberbank will only accept funds acquired in compliance with taxation rules. Advisors attend a range of extensive training seminars on these topics. Customer information brochures, which advisors will make available to customers upon request, provide more information on the above-mentioned rules and regulations.

Actions related to governance

GRI 2-24

General information on the following actions

Scope of impact: The actions are generally applicable in all of Oberbank's markets. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as “taken” have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

Corporate culture

Actions taken

Actions relating to corporate culture in Oberbank's core business

- Definition of transactions that are strictly excluded: exclusion criteria prevent the approval of transactions with new customers as well as new fields of business that existing customers may enter into in sectors of economic activity or with undertakings whose business practices are in contradiction with ethics and sustainability principles and could give rise to unacceptable environmental, social and governance (ESG) impacts. For details on the exclusion criteria, see Chapter ESG criteria in lending > [Exclusion criteria](#).

Actions relating to corporate culture for employees

- Engagement in strategy development and communication of results: Ever since the start of the 2025 strategy period, Oberbank's employees have been engaged on a broad basis in strategy development in an effort to strengthen understanding of corporate strategy and loyalty with the bank. The inclusion of employees in strategic projects and actions on an ongoing basis ensured authentic and high-quality communications to the entire workforce. Specific communication measures:
 - Dedicated strategy folder explaining all key issues and values made available to every employee
 - In-house promotional/explanatory video clips on Oberbank's strategic orientation
 - Communication using a variety of digital and analogue media, ranging from posters and coffee mugs featuring Oberbank's values to a dedicated page on the Oberbank intranet (Inside)
 - Regular publications in the staff newsletter and staff magazine
 - Various employee events
- For employee engagement in corporate culture based on Oberbank's "Employee Experience" programme (regularly held employee surveys, feedback button), see Chapter ESRS S1 > [S1-2 Processes for engaging with own workforce and workers' representatives about impacts](#).
- Newly recruited employees sign the Code of Conduct for Employees during their mandatory compliance consultations.
- Oberbank "Social Star" award

Oberbank "Social Star"

In 2022, the Sustainability Challenge (for details, see 2022 Sustainability Report, available only in German) offered Oberbank employees a forum for presenting their ideas on how to boost sustainability. One of the ideas taken up in this context was to create a social award, which gave rise to the Oberbank "Social Star" award scheme. The award was presented for the first time in 2023 to honour employees who demonstrate commitment to social and sustainable responsibility for society and for the environment. Employees from all Oberbank markets were called upon to submit their volunteering activities and their work in social and sustainability projects for the award. The six finalists were presented on the intranet (Inside) and all employees throughout the group were then able to vote online for their favourite. In a festive award ceremony, the first "Social Star" award was conferred to the three winning projects. The "Social Star" will be awarded again in 2024 so as to encourage Oberbank employees to continue their commitment to social and sustainability causes. The three winners will receive prizes of up to EUR 3,000.

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Business conduct training

GRI 205-2

New entrants receive information on the organisation and its corporate culture already during the onboarding process and at welcome events. For more details on compliance training, see Chapter ESRS G1 > G1-3 Prevention and detection of corruption and bribery > [Training](#).

Actions planned

Oberbank plans to continue employee engagement in strategic projects and actions as well as communication about the same. Employees are to be given “the spotlight” to allow them to talk about change projects and their effects from their own point of view. Oberbank’s online staff magazine publishes topical articles on health, events, sustainability and many other issues.

A variety of employee events hosted by Oberbank are likewise being used as a platform for reporting on Oberbank’s strategic orientation and on the status of strategy implementation.

Protection of whistleblowers

Actions taken

- Establishment of a whistleblowing platform

For more information on the whistleblowing platform, see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > [Whistleblowing](#).

Corruption and bribery

GRI 205-2, GRI 205-3

Actions for prevention and detection

Actions taken

- Establishment of a whistleblowing platform (see Chapter ESRS G1 > G1-1 Business conduct policies and corporate culture > [Whistleblowing](#))
- Training on corruption and bribery (see Chapter ESRS G1 > G1-3 Prevention and detection of corruption and bribery > [Training](#))
- Annual report on incidents of corruption submitted to the Supervisory Board by the Management Board

Actions planned

- Finalisation of the web-based anti-corruption training

Actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery

Actions taken

- Risk analysis related to acceptance of gifts
- Risk analysis related to secondary employment

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Actions planned

- Standardised risk analysis and monitoring programme for corruption risks likely to arise from processes, functions and products

Other actions

Actions taken

- AML (Anti-Money-Laundering) IT tool and manual monitoring put in place to identify conspicuous transactions.
- Siron KYC programme to screen potential customers against politically exposed persons database
- IT tools to combat fraud in internet banking

Metrics and targets

G1-4 – Incidents of corruption or bribery

GRI 2-27, GRI 205-3

Confirmed incidents of corruption or bribery

There were no confirmed incidents of corruption or bribery in the years 2021, 2022 and 2023.

Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws

No convictions with final legal force or fines for suspected corruption or bribery were recorded in the years 2021, 2022 and 2023.

Tax expense

GRI 207-4

Oberbank Group

(in EUR k)

	Austria			Germany			Czech Republic		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Income taxes	-49,124	-33,973	-33,017	-27,932	-9,301	-1,406	-5,474	-4,998	-5,478
Other taxes and charges	-4,105	-3,960	-3,584	-81	-43	-4,934	-129	-100	-103

	Hungary			Slovakia		
	2023	2022	2021	2023	2022	2021
Income taxes	-1,686	-1,870	-1,540	-1,409	-2,012	-1,538
Other taxes and charges	-11,253	-7,905	-3,921	-1	-1	-1

Oberbank AG

(in EUR k)

	Austria			Germany			Czech Republic		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Income taxes	-48,436	-33,275	-32,233	-25,529	-7,335	-143	-4,746	-4,632	-4,605
Other taxes and charges	-4,102	-3,956	-3,581	-30	-31	-31	0	0	0

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	Hungary			Slovakia		
	2023	2022	2021	2023	2022	2021
Income taxes	-1,303	-1,700	-1,370	-1,180	-1,506	-1,297
Other taxes and charges	-7,808	-6,468	-3,020	0	0	0

Country-by-country reporting (tax jurisdiction)

	Austria			Germany			Czech Republic		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Revenue	935,261	492,697	475,677	180,584	92,449	65,939	146,794	94,771	52,512
Profit before tax	226,300	172,340	129,983	83,937	31,434	5,406	14,886	27,073	26,472
Income taxes	-49,124	-33,973	-33,017	-27,932	-9,301	-1,406	-5,474	-4,998	-5,478
Other taxes and charges	-4,105	-3,960	-3,584	-81	-43	-44	-129	-100	-103
Number of employees avg. FTE	1,492.9	1,479.6	1,492.8	283.9	279.7	289.4	191.9	194.3	193.7

	Hungary			Slovakia		
	2023	2022	2021	2023	2022	2021
Revenue	60,370	48,649	36,214	25,261	14,409	12,020
Profit before tax	15,399	15,130	12,714	6,030	7,907	8,066
Income taxes	-1,686	-1,870	-1,540	-1,409	-2,011	-1,538
Other taxes and charges	-11,253	-7,905	-3,921	-1	-1	-1
Number of employees avg. FTE	137.5	134	128.6	49	51.3	53.5

Income from intragroup transactions from Austria with other tax jurisdictions

	(in EUR k)
Tax jurisdiction	2023
Germany	-1,492
Czech Republic	42,264
Hungary	15,569
Slovakia	13,021

Notes on the tables:

- Deferred taxes were not taken into account.
- Revenue includes interest income, commission income, other operating income and net trading income.

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- Income from intragroup transactions with other tax jurisdictions is consolidated.
- Cost allocation between the Head Office in Austria and the foreign branch establishments conforms to transfer pricing guidelines and is of minor significance.
- No country-by-country breakdown of property, plant and equipment has been included as this is not material for the banking business.
- Headcount numbers are based on average full-time equivalents (FTE) per year.

Companies domiciled in Austria

Main activity: Banking business

Oberbank AG

Main activity: Leasing business

3 Banken Kfz Leasing GmbH
Oberbank airplane 2 Leasing GmbH
Oberbank Bergbahnen Leasing GmbH
Oberbank Eugendorf Immobilienleasing GmbH
Oberbank Frank Immobilienleasing GmbH
Oberbank FSS Immobilienleasing GmbH
Oberbank Immobilien-Leasing Gesellschaft m.b.H.
Oberbank Jerich Immobilienleasing GmbH
Oberbank KB Leasing Gesellschaft m.b.H.
Oberbank Kfz-Leasing GmbH
OBERBANK LEASING GESELLSCHAFT MBH.
Oberbank Leobendorf Immobilienleasing GmbH
Oberbank LKR Immobilienleasing GmbH
Oberbank Logistik Immobilienleasing GmbH
Oberbank NGL Immobilienleasing GmbH
Oberbank Operating Mobilienleasing GmbH
Oberbank Operating OPR Immobilienleasing GmbH
Oberbank Pernau Immobilienleasing GmbH
Oberbank Reder Immobilienleasing GmbH
Oberbank Riesenhof Immobilienleasing GmbH
Oberbank Seiersberg Immobilienleasing Gesellschaft m.b.H.
Oberbank Unterpremstätten Immobilienleasing GmbH
Oberbank Weißkirchen Immobilienleasing GmbH
Oberbank Wiener Neustadt Immobilienleasing GmbH
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H.
POWER TOWER GmbH

Main activity: Letting of properties

Donaulände Garagen GmbH
Donaulände Holding GmbH
Donaulände Invest GmbH

Main activity: Housing loans (fiduciary)

3-Banken Wohnbaubank AG

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Main activity: Guarantee business as defined in the Austrian Banking Act
ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H.

Companies domiciled in Germany

Main activity: Banking business
Oberbank AG

Main activity: Leasing business
Immobilien Abwicklung 01 GmbH
Oberbank Goldkronach Beteiligungs GmbH
Oberbank Immobilien Leasing GmbH Bayern
Oberbank Leasing GmbH Bayern
OBK Ahlten Immobilien Leasing GmbH
OBK München 1 Immobilien Leasing GmbH
OBK München 2 Immobilien Leasing GmbH
OBK München 3 Immobilien Leasing GmbH

Companies domiciled in the Czech Republic

Main activity: Banking business
Oberbank AG

Main activity: Leasing business
Oberbank Leasing JAF HOLZ, s.r.o.
Oberbank Leasing Palamon s.r.o.
Oberbank Leasing spol. s.r.o.

Companies domiciled in Hungary

Main activity: Banking business
Oberbank AG

Main activity: Leasing business
Ober Finanz Leasing AG
Ober Leasing Gesellschaft mit beschränkter Haftung

Companies domiciled in Slovakia

Main activity: Banking business
Oberbank AG

Main activity: Leasing business
Oberbank Leasing Prievidza s.r.o.
Oberbank Leasing s.r.o.

Targets related to governance

Corporate culture

While Oberbank aims to provide comprehensive information on its corporate culture and strategy to all employees, it has not set any measurable time-bound targets in this context and has no plans to do so in the future. As reported under the actions for communicating strategy issues, information is provided to the workforce in a variety of different ways. The effectiveness of such communication was evaluated in 2021 in a survey on how much employees knew about Oberbank's strategy. With strategic projects and initiatives, care is taken to ensure that the effectiveness of actions taken will be evaluated ex post facto.

Protection of whistleblowers

No further measurable time-bound targets have been defined in this context as a whistleblowing platform has already been set up and whistleblowers enjoy adequate protection.

Management of relationships with suppliers

All suppliers and business partners in Austria with whom Oberbank regularly does business are asked to duly sign the Code of Conduct for Suppliers and Business Partners (Supplier CoC for short).

Should such suppliers and business partners refuse to sign, we ask them to state the reasons for such refusal in writing.

As different legal standards apply in different countries (for example Supply Chain Act) and suppliers' willingness to respond varies, Oberbank has defined varying targets for response rates. Awareness of supply chain issues is to be raised gradually.

The 2024 response rate target in Austria and Germany is 100% of all contacted suppliers. This rate was reached already in 2022 and 2023.

In a first step, the target in the Czech Republic, Hungary and Slovakia is a 50% response rate from all suppliers having annual revenues in excess of EUR 1,000. For international groups in these countries it is mandatory in any case to sign the Code of Conduct.

In addition, new target groups are considered every year, for instance suppliers with whom Oberbank does not do business on a regular basis.

A first-time detailed evaluation of Code of Conduct signing is scheduled for 2024.

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Corruption and bribery – prevention and detection including training

In the past financial year, no incidents of corruption or bribery were recorded at Oberbank. This result is a reflection of Oberbank's strong commitment to ethical business practices and transparency. The goal for the next few years is to continue to strengthen awareness of the fight against corruption among all employees. A web-based anti-corruption training is in the pipeline in this context. Its purpose is not only to raise awareness for how important integrity is in day-to-day business, but also to teach practical skills to enable employees to detect potential corruption scenarios as early as possible and to take adequate action in response. By providing continuous training, Oberbank aims to uphold and further strengthen its policy of zero tolerance of corruption and bribery.

Sponsoring

Impact, risk and opportunity management

GRI G4-DMA

Policies

GRI 2-23

Sponsoring policy

Oberbank's sponsoring policy, which is available on [Oberbank's website](#) (in German only), is subject to revision and updates as and when needed.

What Oberbank provides sponsoring for:

- Sports clubs (mass sports such as running, hiking, football, etc.)
- Schools or banking-specific school projects
- Arts and culture projects
- Charity projects, social institutions and service clubs
- Raffles and requests for non-cash prizes

What Oberbank does not provide sponsoring for:

- Martial arts, motor sports and winter sports
- Political associations and events
- Private individuals and events

Actions

GRI 2-24, GRI 413-1

Oberbank as a successful financial undertaking is well aware of its responsibility towards society, which is why it engages in targeted sponsoring.

Oberbank sets great store by entering into a long-term commitment towards sponsoring partners and has therefore been providing support to various projects and institutions for many years. These include, among others, the "Lust aufs Wandern" hiking drive (jointly with ORF Upper Austria), the Leonidas Sports Gala in Salzburg, the Oberbank Linz Danube Marathon, the Linz Business Run, the Austrian "Licht ins Dunkel" donations drive, the Union Leichtathletik Club (ULC) Linz Oberbank, the Salzkammergut Festwochen Gmunden cultural association, the St. Florian boys choir or the Catholic Private University Linz.

Sponsoring is not merely an end in itself, but requires careful selection of sponsoring partners and a strategic approach. Oberbank's overarching goal in the context of sponsoring is to contribute to a stable society and economy. Oberbank wants to share its success as a bank with society. Sponsoring expenses and donations by all regional divisions of Oberbank in all markets and departments (with the exception of the Head Office in

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Linz) were subject to the same general awarding principles and came to a total of around EUR 236,900 as at 31 December 2023.

All of Oberbank's sponsoring and donation activities must meet strategic guidelines, such as being in conformity with the bank's values and giving rise to a relevant contribution for Oberbank as well as for society.

As a rule, controls applying to actions taken and services provided or projects conducted include on-site verification, documentation provided by the parties being sponsored (photo and video documentation, ads, social media documentation, final reports), case-by-case verification by the bank or debriefing talks. Any major sponsoring transaction is based on a contractual agreement that sets out the obligations of both the sponsor and the party being sponsored. As a rule, the parties being sponsored will provide documentation of the activities carried out (e.g. photos and/or press articles).

Oberbank's sponsoring activities cover a variety of areas, with a main focus on sports and cultural activities, which are described in more detail below.

Sports sponsoring

With a view to boosting motivation to engage in sports and physical activity, sports sponsoring is particularly important to Oberbank and therefore one of the two main focal areas of its sponsoring activities. Oberbank not only sponsors activities hosted by sports-related organisations (such as ULC Linz Oberbank, SV Guntamatic Ried, TSV Ottensheim or Skiclub Oberbank Dachstein), but also takes action itself to actively motivate people to engage in sports activities. The most prominent activity of this kind is the Oberbank Linz Danube Marathon.

In addition, Oberbank has since 1970 been sponsoring Union Leichtathletik Club (ULC) Linz Oberbank, an association established in 1953 to support and provide training for teenagers and adults engaging in track and field sports. Oberbank's support takes the form of financial funding of ongoing sports activities as well as providing premises and catering for the club's Christmas party.

Another sports team sponsored by Oberbank is the women's football team of TSV Ottensheim. Since 2015, Oberbank has made an annual financial contribution to the club's ongoing operations, while also providing new jerseys for the whole team every two years.

It is important to Oberbank to not only support mass sports activities such as running and football (Oberbank Businessclub SV Guntamatic Ried, Askö Oberbank Ampflwang, UVB Oberbank Vöcklamarkt, Wels Triathlon), but also niche sports or sports practiced by smaller numbers of athletes. In 2023, Oberbank sponsored, among others, the Upper Austrian Tennis Association, the Upper Austrian Track & Field Association, selected young talents, the Oberbank Cycling Club, the Upper Austrian Disabled Sports Association, the Sports Gala Night event in Linz and, since 2022, the Oberbank Steelvolleys Linz-Steg volleyball club.

Sports sponsoring is monitored by verifying participant numbers, observing media reports and holding feedback meetings with sponsoring partners.

Cultural sponsoring

The second main focal area of Oberbank's sponsoring efforts is cultural activities. The aim in this context is to raise awareness for culture throughout society, to offer financial security to artists and cultural institutions and to actively help shape the cultural offers available.

In 2023, Oberbank provided financial support to a total of 46 projects, such as the "Hausmusik Roas" series of events with a focus on musical performances at home under the umbrella of the 2024 European Capitals of Culture programme organised in Bad Ischl and in the Salzkammergut region, a summer festival concert and the Christmas concert staged by the Salzkammergut Festwochen Gmunden cultural association. Sponsoring has also been made available to the St. Florian boys choir, the Herbsttage Blindenmarkt operetta festival, the Ursulinenkirche cultural association, the Brucknerbund für Oberösterreich association, the Austro-Italian cultural society Società Dante Alighieri Linz, as well as, for several years now, to Literaturverein Ohrenschmaus, a literary association catering to persons with learning difficulties. Oberbank also has a long-standing partnership with the Linz municipal music school, providing not only financial support, but also making the Oberbank Donau Forum available as a venue for top-of-the-range events.

In 2024, Oberbank will sponsor several selected concerts at the Linzer Brucknerhaus concert hall to commemorate the 200th anniversary of the birth of Anton Bruckner, the most important Upper Austrian composer in history.

It is important to Oberbank to sponsor, above all, activities that are accessible to the vast majority of society and are not limited to certain groups of high-net-worth individuals. Monitoring for all cultural sponsoring activities takes the form of feedback meetings with the relevant parties.

Social and voluntary organisations and institutions

More than a third of all Austrians volunteered in one capacity or another in 2023. Oberbank provides support to organisations whose work benefits socially or economically disadvantaged persons, animals, or nature conservation or environmental protection. In 2023, Oberbank funded costs in the amount of about EUR 42,500 for some 110 institutions. Recipients included voluntary fire brigades, charities and various other special-purpose institutions and organisations (e.g. Volkshilfe, Alpenverein, Naturfreunde, Wasserrettung, Familienbund, Kinderfreunde, Bergrettung, Hilfswerk, Kinderkrebshilfe, Verein Elijah, Verein für nachhaltige Entwicklungszusammenarbeit Arbing meets Africa, Hospizbewegung Linz und Urfahr-Umgebung, Verein Zwei Hände, Mission Hoffnung) as well as animal welfare organisations.

Charities and service clubs

Charity drives and service clubs are also making a valuable contribution to supporting socially and economically disadvantaged persons. In 2023, a total of EUR 247,400 was donated under this heading, recipients including Licht ins Dunkel, Kronen Zeitung and OÖ BezirksRundschau Christmas collections, Rollende Engel Wels and various service clubs.

Business

As a regional financial service provider, Oberbank specifically supports business projects that contribute to an open dialogue and pursue a future-oriented approach. Such projects include, for example, the Linz Institute for Health System Research, Agenda Austria, the initiative for promoting Upper Austria as a business

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location, and MINTality, a foundation dedicated to promoting, cross-linking and developing a long-term perspective for innovative educational offers in STEM subjects and sustainability-related projects, above all with a focus on gender equality and diversity. The overarching goal here is to strengthen the position and reputation of Austria and in particular Linz as an attractive business location and to promote innovation.

Discussions with interest groups, business associations and political representatives are used to assess the relevance of such cooperative ventures on an ongoing basis.

Public sector institutions

Oberbank provides sponsoring also for public sector institutions, such as educational institutions, hospitals and religious communities. Such institutions are highly relevant to society as they not only contribute to the physical and mental well-being of society, but also ensure education for present and future generations. In the financial year 2023, Oberbank made a total of about EUR 32,000 available in support of these institutions.

Other kinds of sponsoring

In addition to financial support, Oberbank made smaller-scale non-cash donations available on request in an amount of about EUR 7,000 in 2023. Furthermore, Oberbank covers the long-term operating costs for about 125,000 square metres of wildflower areas created throughout Upper Austria specifically to preserve the populations of bees and other pollinators (see Chapter ESG criteria in lending > Sustainable product portfolio metrics > Sustainable product range for retail customers). Oberbank funded one additional square metre of wildflower meadows for each participant in the Oberbank Linz Danube Marathon. All in all, two additional hectares were thus dedicated in 2023, with Oberbank covering the cost of seeds, planting and upkeep.

FERONIA sustainability award

2023 was the first time that Oberbank, in cooperation with the newspaper OÖNachrichten and the government of the province of Upper Austria, conferred the FERONIA sustainability award. The award is granted to companies, initiatives and associations domiciled in Upper Austria that demonstrate awareness for sustainability and climate issues. Upper Austrian companies were called upon to submit their sustainability strategies, but also particularly sustainable business ideas or products. Awards were also conferred on sustainable cultural initiatives or institutions as well as on entities ranging from local communities to associations to social enterprises for their focus on environmental and social sustainability. The jury, which consisted of mainly independent judges and representatives of the sponsoring organisations, covered a broad range of sustainability expertise, from environmental and social issues to art and culture. For more information, see the website of OÖNachrichten.

The FERONIA sustainability award will be available also in 2024. The categories will be as follows: “Sustainable through and through” for thoroughly sustainable business models, “Sustainable products and services”, “Diversity in sustainability” for social commitment and involvement in art, culture, clubs and societies, and “Sustainable learning and teaching” for projects at school and class level.



Other community involvement

Many Oberbank employees volunteer in various associations, societies and organisations. To strengthen such community involvement, Oberbank provides cash and non-cash donations to such organisations upon request. To motivate employees to engage in sports and physical activity, Oberbank covers the participation fees for sports events such as the Oberbank Linz Danube Marathon, the Linz Business Run or the Oberbank Donaulauf Ottensheim run.

Political contributions

GRI 415-1

Oberbank does not make direct contributions to political parties if these are used for political advertising or communications, programme design and implementation, nor to any other activities related directly to a political party. However, it cannot be excluded that support provided by Oberbank to eligible projects or communications activities on the part of Oberbank will result in indirect support for one or more political institutions. In such cases, however, the focus is on the eligibility of the project or Oberbank's own communications presence and not on affiliations with any given political party. Accordingly, no direct political contributions, sponsoring, loans or fees and charges were paid to political parties in 2023.

Transparency with respect to memberships in associations and interest groups

Oberbank does not engage in lobbying – neither in Austria nor abroad – and therefore has no employees working in this area and hence no costs to be accounted for lobbying. Oberbank is, however, a member of several associations and interest groups – among them Finanz-Marketing Verband Österreich, Internationales Kultur- und Wirtschaftsforum Linz, WIFO – Österreichisches Institut für Wirtschaftsforschung, ÖGUT – Österreichische Gesellschaft für Umwelt und Technik, respACT – austrian business council for sustainable development, UN Global Compact, impactory – and as such paid membership fees in a total amount of EUR 99,153 in 2023. Furthermore, Oberbank is a member of several smaller-scale associations such as Pro Danube Austria, Start Up Sport, Facility Management Austria and Gesellschaft zur Förderung des Forschungsinstitutes für Wildtierkunde und Ökologie. These memberships are not used for lobbying purposes but serve to enable Oberbank to identify market trends early on, to engage in general networking and to benefit from continued professional development offers.

Metrics and targets

Performance indicators

GRI G4-EC1

In the financial year 2023, Oberbank approved 425 sponsoring requests and provided funding to projects in a total amount of EUR 2,105,324. The table below breaks sponsoring activities down into seven relevant sub-categories.

Sponsoring amounts (in EUR)

	2023	2022	2021
Sports	988,309	737,288	598,266
Culture	329,435	104,766	66,600
Social & voluntary organisations and institutions	42,516	41,928	45,447
Charities & service clubs	247,400	669,330	115,500
Business	200,646	121,114	305,150
Public sector institutions	32,097	31,740	36,950
Other sponsoring	264,921	31,392	6,931
Total	2,105,324	1,737,558	1,174,844
Membership fees	99,153	80,571	76,209
Total	2,204,477	1,818,129	1,251,053

Notes on the table: The increase in sponsoring amounts compared to the preceding year is attributable to the categories Sports (SV Guntamatic Ried, Sports Gala Night) and Culture (European Capitals of Culture Bad Ischl Salzkammergut 2024) as well as to the first-time presentation of the FERONIA sustainability award. The reduction in the Charity category was due to the one-off special donation made in 2022 to the Nachbar in Not (Neighbours in Need) (Aid for Ukraine) campaign.

Target

Measurable and time-bound target

Oberbank is firmly committed to giving priority to regionality: Since the base year 2020, more than 95% of its sponsoring budget has gone into projects in Oberbank's regional markets (except for the Aid for Ukraine donation in 2022). Oberbank plans to maintain the same level also over the course of the next five years.

ESG aspects in core business

As regards the structuring of the material entity-specific topics from our core business, we decided to describe the impacts, risks and opportunities as well as the targets and actions in a separate block referred to as “ESG aspects in core business” in the first year of our transition towards the ESRS (European Sustainability Reporting Standards). As provided for under the ESRS, the emissions financed by Oberbank are reported under E1 (see Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Financed emissions and PCAF (Scope 3.15)).

An analysis of the ESG aspects in Oberbank’s core business revealed that the loan portfolio may have material impacts not only on the climate, but in particular also on biodiversity and the circular economy (see also Chapter ESG criteria in lending > Policy – related to ESRS 2 SBM-3).

For this reason, we plan to subject these two topics and the related ESRS to a more in-depth analysis in 2024 and include them in our future sustainability reporting if required.

ESG criteria in lending

A sustainable lending policy and the effective management of sustainability risks in the loan portfolio provide the greatest leverage for ensuring Oberbank’s contribution to the sustainable development of society and the environment.

In its sustainable lending policy, Oberbank’s focus is on two areas in particular:

- a. addressing sustainability risks within the scope of risk management
- b. financing sustainable activities and undertakings to contribute to the transformation of society and the economy towards more sustainability and reaching the goals set out in the Paris Climate Agreement.

Policy – related to ESRS 2 SBM-3

GRI 3-3

The following chapter describes the impacts, risks and opportunities identified as material for the lending business in the materiality assessment.

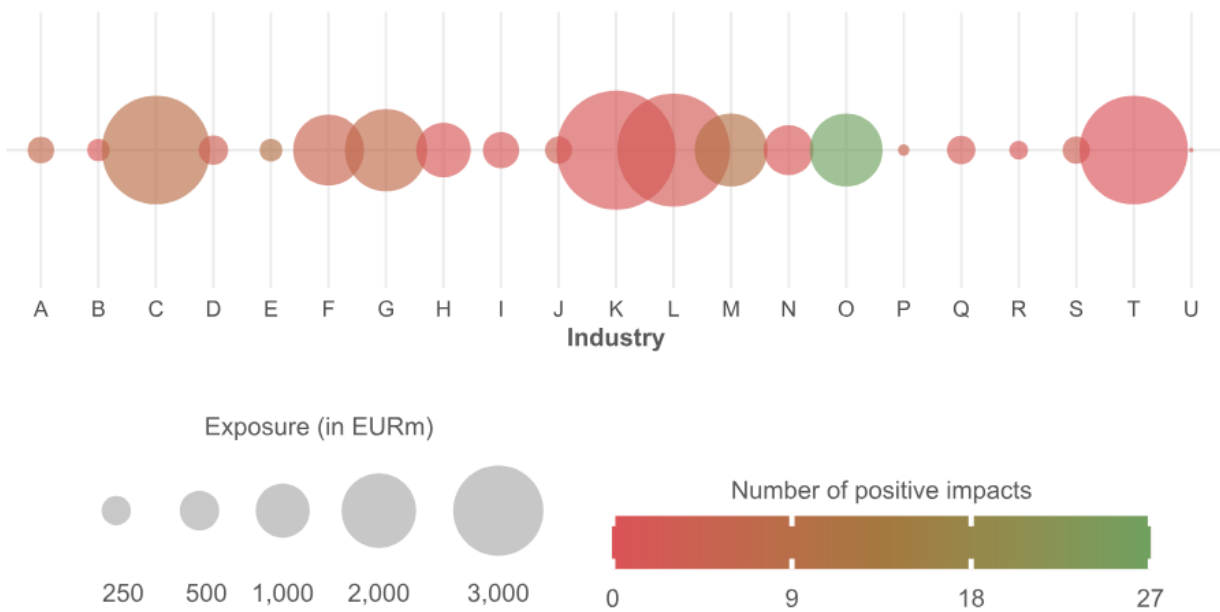
Oberbank’s lending business may have both positive and negative impacts on environmental, social and governance factors. To arrive at a better understanding of the potential impacts of Oberbank’s loan portfolio, we clustered the portfolio by economic sector and used both the Climcycle tool and the UNEP FI (United Nations Environment Program – Finance Initiative) Impact Analysis tool to analyse it. In addition, we subjected the ESG risks of Oberbank’s loan portfolio to closer scrutiny.

Sustainability Statement
ESG aspects in core business

Positive impacts by sector

In Oberbank's loan portfolio, it is, above all, the following sectors to which numerous positive impacts are attributable:

- C – Manufacturing
- G – Wholesale and retail trade; repair of motor vehicles and motorcycles
- M – Professional, scientific and technical activities
- O – Public administration and defence; compulsory social security



The following topics account for most of the potentially positive impacts of these economic sectors:

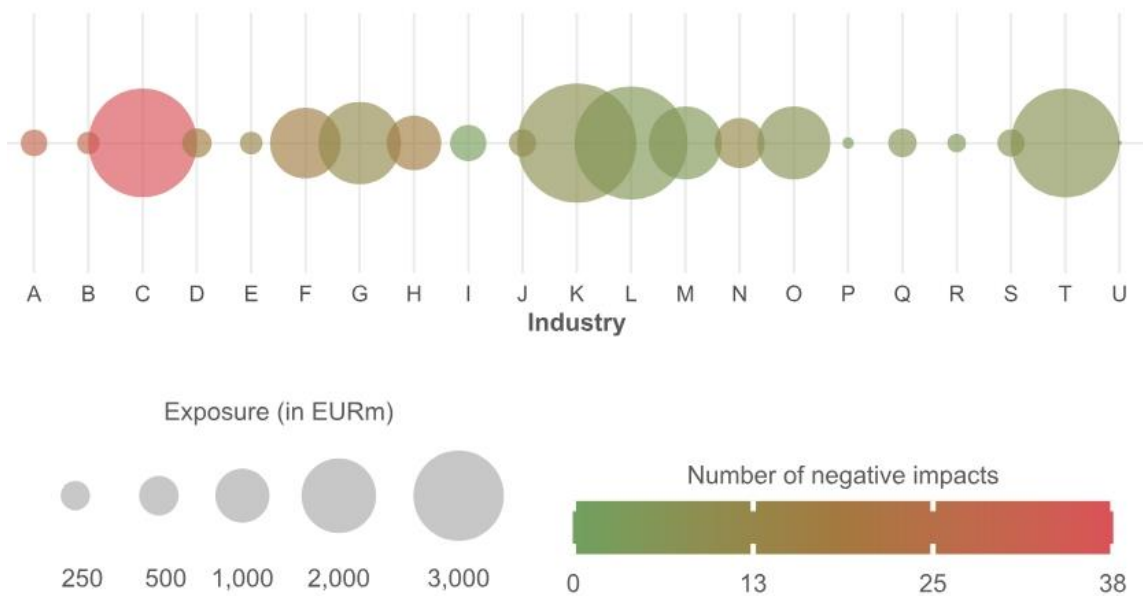
- Health and safety
- Circular economy
- Biodiversity and healthy ecosystems

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ESG aspects in core business

Negative impacts by sector

In Oberbank's loan portfolio, it is above all the following sectors that are likely to produce potentially negative impacts:

- C – Manufacturing
- F – Construction
- G – Wholesale and retail trade; repair of motor vehicles and motorcycles

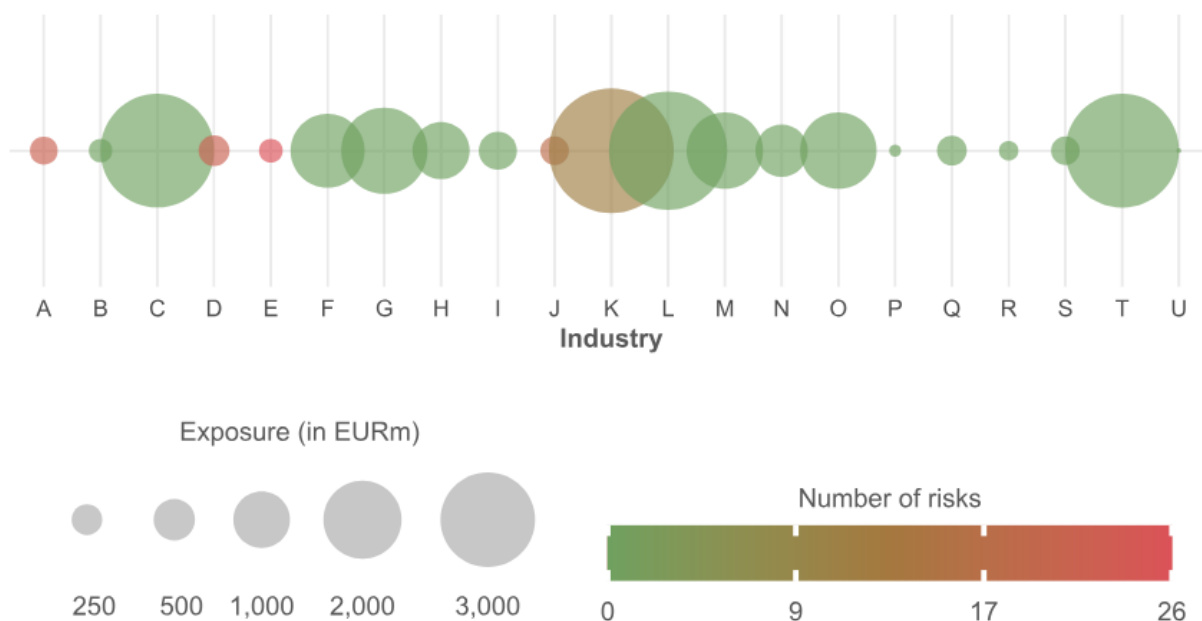


The following topics account for the largest number of potentially negative impacts of these economic sectors:

- Equality and justice
- Biodiversity and healthy ecosystems
- Circular economy

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Number of ESG risks by sector



The only economic sector with a high risk exposure and a large number of physical risks identified in Oberbank’s portfolio was “K – Financial and insurance activities”. Following an in-depth analysis of the loan portfolio in sector K, physical risks can be excluded as a material financial risk for Oberbank. Sector K breaks down into “K64 Financial service activities, except insurance and pension funding”, “K65 Insurance, reinsurance and pension funding, except compulsory social security” and “K66 Activities auxiliary to financial services and insurance activities”. The highest level of physical risk in this sector is generated by economic activities in sector “K65 Insurance, reinsurance and pension funding, except compulsory social security”. As the weight of this sector in the portfolio is below 1%, it is safe to say that the physical risks from the sector K portfolio do not give rise to financial risks for Oberbank.

What is more, we still draw up a sustainability risk heat map as well to reflect sustainability risk: in contrast to the number of risks as analysed here, the heat map presents the level of risk by sector and in relation to exposure (see Consolidated Financial Statements > Risk report> [Sustainability risk heat map of Oberbank AG](#)).

Overall, the positive and negative impacts make the topic material in total, while the risks identified through the Climcycle and UNEP FI Impact Analysis tools did not give rise to any financial materiality for Oberbank. The analyses that were carried out provided no information that would indicate opportunities arising from the loan portfolio.

Impact, risk and opportunity management

Lending policies

GRI G4-DMA (former FS1)

General information on policies available in written form

This section covers internal policies, guidelines and strategies relating to Oberbank's lending activities. Employees have access to in-house policies via the document management system. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

Lending standards policy

Contents: With a view to its overarching goals and against the backdrop of targeted risk control, Oberbank has committed to complying with the lending standards described below. These standards are part of our in-house rules and regulations (within the scope of ICAAP, the Internal Capital Adequacy Assessment Process). As a general rule, these lending standards apply to all transactions featuring counterparty risk. The standards apply to all branches in Austria and abroad. Special rules are set out in the policy for transactions on own account in Treasury & Trade as well as in Oberbank's equity investment standards (Equity investment handbook). Counterparty risk is the risk of the partial or complete default of a counterparty – including country risk, if any. Such risks may occur both in on-balance-sheet transactions (asset-side items) and off-balance-sheet and special off-balance-sheet transactions. For the purposes of these lending standards, transactions involving counterparty risk are referred to as "lending transactions". The same applies analogously to leasing transactions and factoring.

A "lending decision" within the meaning of the lending standards is any decision on new loans, overdrafts, increases in existing limits, extensions and changes in risk-relevant facts that informed a lending decision (such as collateral, intended use), regardless of whether such decision is made solely by the credit institution itself or jointly with other credit institutions (syndicated loans). This also includes decisions on leasing transactions made by the relevant subsidiaries. The meaning of the term "lending decision" also includes defining borrower-specific limits and decisions on equity investments substituting for loans. Likewise, setting counterparty limits for trading activities or issuer limits is considered to be a lending decision.

The lending standards are subject to annual revision, validity checks and updates, where necessary. Only the Credit Management department may make amendments to the lending standards, following consultation with the Management Board.

Related standards and third-party initiatives: FMA (Austrian Financial Market Authority) Minimum standards for the lending business and other transactions with counterparty risks, EBA (European Banking Authority) Guidelines on loan origination and monitoring

Scope of application: all markets

Responsibility: Credit Management, in consultation with the Management Board. The Management Board is accountable for the proper organisation and monitoring of lending transactions. Responsibilities are regulated in the Rules of Procedure of the Management Board.

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Guiding principles ESG risk & sustainability in finance

Contents: Oberbank distances itself from sectors, organisations and business practices that it considers likely to give rise to unacceptable environmental, social and governance (ESG) impacts and has defined exclusion criteria for this purpose. At customer level, ESG risk is measured based on the ESG soft facts in the customer credit rating and an ESG risk score in the Climcycle tool provided by ESG Software GmbH, regardless of the specific circumstances of the finance transaction. If the business model analysis in the rating process identifies risk-relevant drivers or if a certain threshold is exceeded in the Climcycle ESG risk score, it is mandatory for customer advisors to add comments to that effect. To assess the sustainability of individual finance transactions, such transactions are checked for alignment with the EU Taxonomy and/or conformity with the criteria set out in the Oberbank Sustainability Corporate Lending Framework.

Related standards and third-party initiatives: FMA Guide for managing sustainability risks, EBA Guidelines on loan origination and monitoring

Scope of application: Austria, Germany, partly in the Czech Republic, Hungary, Slovakia

Responsibility: Corporate & International Finance, General Banking, Credit Management, in consultation with the Management Board

Work instruction: Rating handbook (rating aid)

Contents: Explanation and detailed description of all rating procedures, including an introduction to ESG soft facts and notes on technical safeguards (where commenting is mandatory, referring matters to the next hierarchy level is possible only once this requirement has been met)

Related standards and third-party initiatives: EBA Guidelines on loan origination and monitoring, FMA Minimum standards for the lending business and other transactions with counterparty risks, FMA Guide for managing sustainability risks

Scope of application: all markets

Responsibility: Credit Management

Work instruction: Strictly excluded transactions (exclusion criteria)

Contents: Oberbank distances itself from sectors, businesses and business practices that it considers likely to give rise to unacceptable environmental, social and governance (ESG) impacts. Compliance with the following exclusion criteria under sustainability aspects is mandatory for transactions with new customers as well as for new fields of business that existing customers may enter into. There are no exemptions for such transactions. This work instruction addresses only strictly excluded transactions and does not apply to transactions authorised under AML legislation. The process applicable to transactions authorised under AML legislation remains unchanged. For details on transactions authorised under AML legislation, see Chapter ESRS G1 > [G1-1 Business conduct policies and corporate culture](#).

Related standards and third-party initiatives: with respect to human rights and labour rights, ECHR – European Convention on Human Rights, the Charter of Fundamental Rights of the European Union, the ILO Declaration on Fundamental Principles and Rights at Work, Reporters Without Borders Press Freedom Index (Black List); with respect to money laundering/high-risk countries: Financial Action Task Force on Money Laundering (FATF) list, EU list of high-risk countries under Regulation (EU) 2020/855; with respect to climate action and environmental protection: Paris Climate Agreement 2015, Washington Convention (CITES – Convention on International Trade in Endangered Species of Wild Fauna and Flora)

Scope of application: all markets

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Responsibility: Strategic Organisational Development, Digitalisation and IT; blocking process controlled and administered by Corporate & International Finance

The ongoing further development and updating of sustainability-related guidelines and policies involved a revision of the exclusion criteria in the first half of 2022, the revised version being published on Oberbank's website.

Even before that Oberbank did not do business with, and distanced itself from, any business that was known to have been involved in violations of labour law and human rights or to have employed child labour or in respect of which such information came to light during the course of the business relationship.

These criteria were specified in more detail during the revision, and Illegal business practices as well as Controversial environmental practices were added to the list:

Criteria	Examples
Labour rights violations	Where there is a violation of at least one out of the four fundamental principles set out in the ILO Declaration on Fundamental Principles and Rights at Work: <ul style="list-style-type: none">• Freedom of association and the effective recognition of the right to collective bargaining• Forced or compulsory labour• Child labour• Discrimination in the workplace
Human rights violations	Where human rights are systematically violated through abuse of political power, torture or restriction of respect for privacy, freedom of expression or freedom of religion. This includes, among other things, interference based on abuse of political power, torture or restriction of respect for privacy, freedom of expression or systematic interference in religious freedom, such as activities that negatively impact on indigenous peoples and their livelihoods.
Illegal business practices	Products or activities which are deemed illegal under applicable law or other regulations in the respective jurisdiction or under international treaties and conventions
Controversial environmental practices	Where national environmental law or international environmental agreements are violated and practices are incompatible with general values and with the preservation and promotion of biodiversity

What is more, Oberbank considers certain segments as having a higher ESG risk and therefore subject to exclusion. Harmful substances, Controversial environmental practices, Heavy weapons and Adult entertainment have been added to the existing fields of industry/criteria. In addition, rules have been tightened in segments that were already excluded before, such as Nuclear energy, High-volume fracking and extraction of oil sands and Coal, thereby expanding the scope of existing exclusion criteria.

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Fields of	Excluded	NACE code (Austrian NACE)	
Nuclear energy	Production and distribution of nuclear energy; extraction and enrichment of uranium; handling of and trade in radioactive waste or hazardous waste and/or receipt of commissions on such trade; radioactive material, with the exception of medical materials and quality control equipment where the radioactive source is trivial and sufficiently shielded	07.21-0 35.11-0	Mining of uranium and thorium ores; production of electricity
Illegal substances (narcotics)	Production of or trade in illegal substances not approved for consumption under national law		
Harmful substances	Prohibited chemical compounds or chemical compounds that are being progressively banned, and other harmful substances (e.g. hazardous or highly hazardous pesticides or pharmaceuticals, such as unbound asbestos fibres)		
Gemstones and conflict materials	Extraction of conflict materials or blood diamonds or similar	08.90-0 08.99-0	Other mining and quarrying n.e.c.; Mining and quarrying n.e.c.
Fishing	Where internationally recognised standards and agreements are not complied with	03.11-0	Marine fishing
Trafficking in protected animals or leather, animal testing	Trade in endangered and threatened species, or trade in species protected by the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or trade in parts of such animals – arranging hunts or hunting such animals. Activities involving live animals carried out for research purposes that come with a risk of causing harm and suffering to the animals involved, for the purpose of consumer product testing (e.g. cosmetics, detergents) that is not required under national legislation	46.23-0 46.24-0 47.76-2	Wholesale of live animals; Wholesale of hides, skins and leather; Retail sale of pet animals and pet food in specialised stores

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High-volume fracking and extraction of oil sands, Crude petroleum	Exclusion of financing with companies whose business purpose is high-volume fracking and/or exclusion of financing for the extraction of oil sands, as well as no new dedicated-purpose business activities for new unconventional oil-related projects (shale oil, oil sands, Arctic oil) aimed at oil infrastructure growth	06.00-0 06.10-0 06.20-0	Extraction of crude petroleum and natural gas; Extraction of crude petroleum; Extraction of natural gas
Coal	Exclusion of financing for the extraction and production of coal as well as energy generation from coal; Exclusion of new business with companies whose primary business purpose is trading in coal	05.00-0 05.10-0 05.20-0	Mining of coal; Mining of hard coal; Mining of lignite
Controversial and heavy weapons	Exclusion of financing of the production of and trade in controversial and heavy weapons, which includes biological/chemical weapons, cluster munitions, nuclear weapons, landmines, etc.	25.40-0 30.40-0	Manufacture of weapons and ammunition; Manufacture of military fighting vehicles
Embryo research	Companies whose business activities are directed towards consumptive research on human embryos (this does not include in vitro fertilisation)		
Adult entertainment	Unacceptable practices include, in particular, the denigrating and degrading portrayal of individuals or sexual acts. Among other things, the production of pornographic content of any format (e.g. films, magazines, etc.), the offering of sex tourism and the operation of brothels are excluded. The distribution of pornographic content (revenue limit: 10%) is excluded as well.		

Automated blocking

In 2021, Oberbank introduced an automated blocking process to prevent business relationships being entered into with companies from excluded sectors of industry. Where an ESG-critical NACE code is recorded during centralised customer account creation, sustainability-related blocking will automatically be enforced and a notification will be sent to an independent in-house verifying body. Following prompt verification of the customer data, the blocking can be revoked with immediate effect on a case-by-case basis, if warranted by the verification results. However, if the business activity meets the defined exclusion criteria, the blocking will remain in place and it will not be possible to enter into a business relationship with that enterprise.

In 2023, 234 new accounts were automatically blocked (2022: 145) and the verifying body was notified accordingly. The verifying body then carried out research internally and consulted with the relevant customer advisors to analyse the respective customers' business models in detail. The fact that more accounts were

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blocked than in the preceding year is attributable to the fact that NACE code 35.11-0 (Electric power generation) also includes renewable energies, which were the focus of sales activities in 2023.

Following in-depth verification of all reported cases, 18 accounts were found to actually warrant blocking. These were attributable to the following fields of activity: nuclear energy (2), trafficking in protected animals or leather (3), extraction of or trade in coal (4), extraction of crude petroleum (1), controversial and heavy weapons (6), and adult entertainment (2). In all other cases, the exclusion criteria did not apply and the accounts were unblocked again.

In March 2023, NACE 30.40-0 (Manufacture of military fighting vehicles) was added to the already existing category of “Controversial and heavy weapons”, which entailed the entire customer stock being screened for this activity. Three customers were identified under this heading and their accounts were blocked. With two of these customers, Oberbank did not have any active business relationship, while one of them had a current account (basic bank account without overdraft option). With respect to weapons-related activities, the verifying body ran a name-based search of the entire customer stock, regardless of NACE code, which resulted in ten additional accounts being blocked. However, Oberbank had an active business relationship with only one of these customers. These business relationships will not be extended once expired.

Exclusion criteria for countries

In keeping with the principle of regionalism, Oberbank focuses on companies in those countries in which it operates or companies which have their registered office in the EU or in a UNIDO (United Nations Industrial Development Organization) member state. In addition, we do not engage in proprietary transactions with central governments that are excluded based on the following criteria:

Criteria	Excluded
FATF list, EU list of high-risk countries	Countries on the black, dark grey or grey lists of the Financial Action Task Force on Money Laundering (FATF) Countries on the EU list of high-risk third countries as set out in Regulation (EU) 2020/855
Climate change	Countries that have not ratified the 2015 Paris Climate Agreement
Freedom of the press and of the media	Countries where the freedom of the press and the media is massively restricted (Reporters Without Borders Press Freedom Index (Black List))
Sanctions	Countries against which UN, US and EU sanctions have been imposed unless specifically defined policies and procedures are in place at Oberbank to mitigate the relevant risks to an appropriate extent and in a lawfully compliant manner.

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Actions in lending

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.

General information on the following actions

Scope of impact: The actions are generally applicable in all of Oberbank's markets. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as "taken" have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

Actions taken

- Introduction of six ESG soft facts (used to systematically assess risks in the existing business model and to gather ESG data) – see Chapter ESG criteria in lending > [ESG soft facts in customer credit rating and lending process](#)
- Sustainability consultations between corporate customer advisors and corporate customers to identify each customer's material ESG risks
- Introduction of the Climcycle tool to automatically take ESG risks into account in lending decisions. The tool determines a sustainability score for all of Oberbank AG's corporate customers, and this score is directly used in the lending decision.
- Voluntary climate stress test to obtain a first assessment of Oberbank's exposure to climate risks
- Sustainability heatmaps (see Risk report > Sustainability risk heat map of Oberbank AG)
- Revision of the Oberbank Corporate Sustainable Lending Framework: Work on evaluating the EU Taxonomy draft published in June 2023 on the economic activities under environmental objectives 3 to 6 and the amendments to environmental objectives 1 and 2 started in the second half of 2023. The outcome included new criteria for assessing sustainable finance, which entailed a revision of the Oberbank Sustainable Corporate Lending Framework. The framework now also covers retail customers, making it all-encompassing. These changes required verification processes and structures to be adapted accordingly. The introduction of the revised version is scheduled for the first quarter of 2024 and will be accompanied by extensive training measures.
- Adaptation of intended uses in loan applications by introducing the Financed Activity function in the Austrian market: to allow sustainable finance agreements to be further mapped and tracked in the core banking system, the loan application now features the economic activities defined in the EU Taxonomy for the environmental objectives of climate change mitigation and climate change adaptation instead of the intended uses shown previously. As a consequence, corporate and retail customer advisors can now choose from among all 99 economic activities listed for environmental goals 1 and 2 in the EU Taxonomy as the intended use for a loan, allowing for greater granularity in recording this type of information. Screen forms for recording Austrian energy performance certificates were created in parallel, enabling the first-ever recording of such data in the core banking

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system. The aim here was to significantly improve the quality of the data gathered on financed activities, which will also make it easier to identify sustainable finance. In a first step, this application was introduced in Austria and will be rolled out to the other markets following evaluation. For related training measures, see Chapter ESRS S1 > S1-13 Training and skills development metrics > Corporate and Business Banking advisors and General Banking advisors.

- Development of a decarbonisation strategy (see Chapter ESRS E1 > E1-1 Transition plan for climate change mitigation)

Sustainability in risk management

GRI 2-25, GRI 2-25, GRI G4-DMA (former FS2)

Oberbank AG considers the topic of sustainability to be inextricably linked with the management of a bank's credit risk (see Consolidated Financial Statements > Risk report > Sustainability risk as an integral component of credit risk). The risk report also provides information on how risk management is organised at Oberbank (see Consolidated Financial Statements > Risk Report > Organisation of risk management).

Social aspects in risk management

Apart from the approach – explained in more detail in the Risk Report – of taking sustainability risks and opportunities into account in the customer credit rating and/or in lending decisions, social aspects are a fixture in Oberbank AG's lending standards. Both in corporate and in retail banking, the affordability and thus serviceability of a loan is an absolute prerequisite for any loan being granted – regardless of whether or not collateral can be provided for it.

Moreover, Oberbank AG has always made it a rule to provide firm support to long-standing customers faced with challenges in economically difficult situations (for instance, retail customers losing their jobs or corporate customers being faced with sudden liquidity shortages through no fault of their own). Measures taken to help borrowers range from flexible conditions to extensive specialist support.

Oberbank AG does not engage in the practice – fairly common in the financial industry – of selling non-performing loans to financial service providers but continues to provide direct support.

ESG soft facts in customer credit rating and lending process

GRI 2-25, GRI 2-25, GRI G4-DMA (former FS2)

Sustainability risks are taken into account in the credit ratings of our customers through the assessment of ESG-relevant soft facts (business model, dependence on external factors). The six ESG soft facts introduced in the second half of 2021 are used to systematically assess the risks of customers' current business model and to gather data on the three ESG factors (Environment, Social and Governance).

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Soft facts in the Environmental context (E)

- **Physical risks impacting on business purpose:** This soft fact measures the direct impacts of climate change (extreme weather events, long-term climate change) on customers' business purposes and business models.
- **Physical risks impacting on assets:** This soft fact measures the impacts of climate change (extreme weather events, long-term climate change) on customers' assets (business location, inventories, machinery).
- **Transition risks – stranded assets:** This soft fact measures the risk of a loss in value of assets (business properties, inventories, technical equipment) caused by official regulations adopted in the course of the transition to a low-carbon economy.
- **Transition risks – renewable energies and circular economy:** This soft fact measures the exposure of customers to an increased shift towards renewable energies and circular economy (waste prevention and recycling).

Soft fact in the Social context (S)

- **Social risks:** This soft fact measures the risks arising from non-compliance with legal and social standards in HR and product management.

Soft fact in the Governance context (G)

- **Governance risks:** This soft fact assesses the risk arising from non-compliance with the rules of responsible governance.

These ESG soft facts and the issues they give rise to inform our sustainability consultations, during the course of which Oberbank's corporate customer advisors identify their customers' main ESG risks and provide pertinent advice.

In the first half of 2022, a ten-week series of training seminars organised jointly with LIMAK Austrian Business School and Terra Institute GmbH under the heading of "Focus Sustainability" provided a significant boost to corporate customer advisor skills in providing advice on sustainability and ESG risks. 2023 provided not only opportunities for them to gain experience in practice, but also to deepen their skill set through ongoing awareness-raising measures. Examples included a refresher workshop for corporate customer advisors and selected staff from Head Office departments, which was conducted jointly with Terra Institute GmbH.

The introduction in the fourth quarter of 2021 of the Climcycle (formerly ClimAid) tool largely automated the consideration of ESG risks in lending decisions. The tool determines a sustainability score for all of Oberbank AG's lending customers, and this score is directly used in the lending decision.

Climate risks as well as social and governance risks are taken into account in the risk rating, with climate risks being accorded the greatest weighting in the overall risk rating. Qualitative and quantitative information from external and publicly available data sources, such as EUROSTAT, SASB (Sustainability Accounting Standards Board), FIRST (Financial Institutions: Resources, Solutions and Tools), the EU Commission (Articles 8, 9 Taxonomy Technical Annex) and the World Bank (ThinkHazard!), is used for the assessment. This helps assess the sectoral and regional risk exposure of Oberbank's customers with regard to physical risks (direct

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consequences of climate change, such as increased natural disasters) and transition risks (risks arising from the adaptation to a climate-neutral economy and society, such as price increases due to carbon taxes).

Oberbank's core banking system shows the ESG risk for each customer broken down by environmental (E), social (S) and governance (G) factors as well as a total score. The geographical region and the field of economic activity where customers operate are the key metrics in this score. Where customers presenting a high or very high ESG risk apply for new finance, customer advisors will have to comment on in how far such finance contributes to reducing the customer's ESG risk. Contributing to reducing ESG risk may, among other things, include improving or decreasing the physical risk impacting on the customer's business purpose or assets. However, the goals of a specific finance transaction may also include a reduction of transition risks, stepped-up circular economy activities or improvements related to social and governance risks.

As the ESG score is automatically and regularly determined for all corporate customers, the focus of lending is directed to customers presenting low or medium ESG risk. The fact that comments are mandatory for new finance applications by customers with increased ESG risk ensures that any finance granted to such customers will be directed to sustainable projects and/or investments.

ESG risks in Oberbank AG's loan portfolio

GRI 2-25, GRI 2-25, GRI G4-DMA (former FS2)

See Consolidated Financial Statements > Risk Report > Sustainability risk as an integral component of credit risk.

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ESG aspects in core business

Sustainable product portfolio

Sustainable product portfolio approach

The sustainable product portfolio is a key element in Oberbank's contribution to the sustainable development of our environment and our society. Oberbank is constantly striving to expand the range of sustainable products and services it offers and to convince more customers to use such products.

There are several reasons why a sustainable product portfolio has positive impacts on customers, the economy, the environment and society. On the one hand, the deposits made are used for sustainable purposes and are directed into funding sustainable projects that make a social or environmental contribution. On the other hand, Oberbank meets growing customer demand for sustainable products and services and thus also contributes to raising awareness of sustainability topics, as do Oberbank's sustainability consultations with corporate customers.

Digitalisation is also high on the agenda when it comes to state-of-the-art sustainable products. Sustainability and digitalisation frequently go together. While digitalisation leads to savings in terms of paper use and physical travel, increasingly digitalised transaction handling, which sometimes requires letting go of old habits, can present challenges. For this reason, Oberbank continues to offer conventional services, such as opening an account at the local branch, making payments at the cash desk or meeting with customer advisors on site.

What is more, inclusion and accessibility are issues that Oberbank addresses also in digital applications.

As for avoiding negative impacts and ensuring the respect of human rights (e.g. working conditions), see the Chapters ESG criteria in lending > Work instruction on strictly excluded transactions (exclusion criteria) and ESG soft facts in customer credit rating and lending process.

Metrics and targets

Sustainable finance metrics

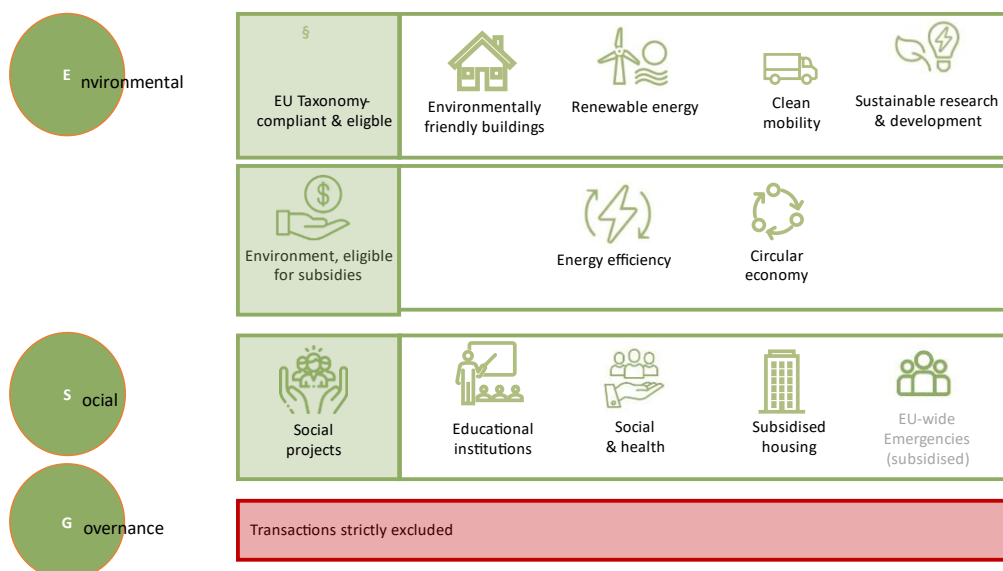
Sustainable corporate finance

Oberbank AG has an extensive portfolio of corporate finance for various fields of industry, intended purposes and company sizes. The analysis of this portfolio in terms of its sustainability is highly complex, among other things due to the great variety of purposes such loans are intended for.

Oberbank Sustainable Corporate Lending Framework

As announced in the 2022 Sustainability Report, the previously used positive criteria developed by ÖGUT (Österreichische Gesellschaft für Umwelt und Technik) were replaced by the Oberbank Sustainable Corporate Lending Framework. The ESG criteria defined in this framework now provide the basis for assessing corporate customer finance. They comprise not only investments in climate change mitigation and climate change adaptation, but socially sustainable finance as well. Strictly excluded transactions which are in conflict with Oberbank’s sustainability principles, have been defined to take account of the rules of responsible governance (see chapter ESG criteria in lending > Exclusion criteria).

The purpose of this framework is to define clear-cut sustainability criteria for investment, leasing and project finance for corporate customers. Keeping the Taxonomy Regulation and United Nations SDGs in mind, Oberbank opted for the following categories:



1

The criteria defined for the environmental categories are closely modelled on the substantial contribution criteria set out in the EU Taxonomy 2020/852, Annex I Environmental Protection. Impact factors have been defined to be able to measure the contribution of such finance to environmental protection. First-time evaluation and reporting of these impact factors is scheduled for the first quarter of 2024.

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The criteria for the social categories are aligned with what is conducive to the public good and are meant to contribute to giving the public at large access to affordable housing as well as to health and education services. Social funding provided in EU-wide emergencies was added as well, in an effort to alleviate social or economic hardship in cross-border emergencies such as a pandemic, a political crisis or a natural disaster.

For information on training measures related to the introduction of the Oberbank Sustainable Corporate Lending Framework and on sustainability consultations, see Chapter ESRS S1 > S1-13 Training and skills development metrics > [Corporate and Business Banking advisors](#).

The option, developed in 2022, to assign identifiers in the core banking systems was introduced early in 2023 (see Chapter ESG criteria in lending > [Actions in lending](#)) and constituted an important step towards setting up an Oberbank sustainable finance pool. This pool comprises independently financed transactions compatible with the Oberbank Framework which guarantee that the proceeds from Oberbank's sustainable account and investment products will be used in accordance with the requirements defined for the respective investment or deposit product.

Oberbank's sustainable finance pool is based not only on new products, but also on existing finance transactions that meet the criteria set out in the Oberbank Sustainable Corporate Lending Framework. Existing transactions were reviewed based on case-by-case checks performed on investment loans with a remaining term to maturity of not less than 10 months and an outstanding debt of more than EUR 1 million. The review of existing transactions across all markets was completed in 2023.

For the Oberbank Sustainable Corporate Lending Framework, which provides more information on the review criteria applied, see [Oberbank's website](#), which has also featured the related external review results (Second Party Opinion ISS ESG) since the first quarter of 2023.

The table below lists Oberbank's finance exposure per framework category as per 31 December 2023, covering investment and leasing finance in all markets. This listing replaces the type of presentation previously used in the sustainability report to make disclosures on sustainable large-scale projects.

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GRI FS7, GRI FS8

Sustainable finance overview

	2023	
	Number	Balance (in EUR m)
Green building (commercial)	188	735
Renewable energy	229	110
Energy efficiency	2	1
Clean mobility	2,123	68
Sustainable research and development	0	0
Circular economy	6	16
Education and training	1	4
Social and health services	12	62
Non-profit housing	0	0
Social funding	10	6
Total	2,571	1,002

The narrowly defined assessment criteria used in the Oberbank Sustainable Corporate Lending Framework are not in all instances identical to those used by the respective funding bodies. For this reason, finance transactions involving environmental subsidies are listed separately in the following.

GRI FS8

Environmental subsidies

Advisory services for subsidised loan schemes are among Oberbank's core areas of competence. Being able to avail themselves of subsidies for investments, innovations and environmental projects is a key benefit for Oberbank's customers, as Oberbank's experts provide extensive advisory services on subsidies and also assist customers along the entire application process.

Business enterprises can thus benefit from favourable subsidised loans, guarantees, subsidised shareholder equity and non-repayable grants.

Introduced in the third quarter of 2022, bespoke green refinance by the European Investment Bank (EIB) is a service Oberbank offers its corporate customers as one of only a few banks in Austria. The scheme involves loans and lease finance at concessionary interest rates for environmentally benign investments. In a first step, the finance volume came to EUR 100 million. Talks with the EIB are under way about a second tranche of EUR 150 million to be made available in 2024.

The table below shows the applications for subsidised loans for environmental projects handled in 2023 (including EIB loans and EIB leasing, ERP (European Recovery Program) subsidised loans as well as environmental grants, but excluding the subsidised lending scheme "OeKB Exportinvest Green Energy" and finance in response to the pandemic). At 176, the number of new subsidised loan applications saw a substantial year-on-year increase by 68%. The volume of environmentally relevant subsidised projects handled by Oberbank in Austria was down 62% from the preceding year. This was attributable above all to a sharp decline in AWS ERP loans caused by a shortage of ERP funds in 2023. The volume of new loans granted under this heading declined by 74% or EUR 74 million. What is more, the tax allowance for investments had

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motivated many Austrian companies to bring investment projects forward in 2021 and 2022, while the general economic environment in 2023 (high inflation/energy prices, supply chain problems, interest rate hikes, etc.) put a damper on Austrian companies' willingness to invest.

Applications for environmental subsidies

	2023	2022	Growth from 2022 to 2023 (in %)	2021
Number	176	75	68%	71
Volume of new loans (in EUR m)	62	160	-62%	113

GRI FS8

Subsidised lending scheme "OeKB Exportinvest Green"

Exportinvest is a long-term funding scheme offered by Oesterreichische Kontrollbank (OeKB) since 2018 for new and replacement investments of exporters in Austria. In addition to being flexible in terms of application, drawdown and repayment, this scheme comes with the advantage of OeKB potentially covering up to 30% of the risk.

In 2020, a new variant, Exportinvest Green, was introduced. This was one of the first measures taken within the scope of the Green Finance Agenda adopted by the Austrian federal government. Exportinvest Green is an OeKB funding scheme for new or replacement investments exporters make in Austria, with the proviso that such investments must reduce environmental impact and make a sustainable contribution to improving the environment. It allows exporters not only to apply for higher amounts of funding, but also comes with the perspective of the Republic of Austria covering an additional 10 percentage points of their commercial risk.

In addition to other funding options provided by the Republic of Austria and other government entities, OeKB introduced the Exportinvest Green Energy scheme in 2023 to help Austrian exporters with investment projects whose purpose is a switch from fossil energy to sustainable energy sources. The objective of the Exportinvest Green Energy scheme is to improve both the supply security and the competitiveness of Austria's export industry.

The scheme allows Austrian exporters and their domestic suppliers to fund up to 100% of their capital requirements – in line with their export ratio – at the attractive terms offered by OeKB.

What is more, this OeKB instrument also allows environmentally beneficial investments made in foreign subsidiaries of Austrian exporters to benefit from the higher risk coverage offered (up to 40%).

New loans³⁵

	2023	2022	2021
Number	8	4	2
Volume of new loans (in EUR m)	68.4	32.4	18.1

Consistently excellent advisory services led to a steady increase in both volume and number of new environmentally beneficial OeKB finance transactions being approved.

Using energy performance certificates for taking stock of sustainable real estate finance

The push to obtain energy performance certificates in Austria and Germany in 2021 and 2022 helped identify a number of sustainable buildings meeting the definition in the Oberbank Sustainable Corporate Lending Framework. An inventory check carried out in 2023 resulted in further energy performance certificates for the real estate portfolio, and thus in a further improvement of data quality. As from 2023, buildings meeting the defined criteria have been part of Oberbank's sustainable finance pool.

Energy performance certificates obtained also in CEE markets

EIB funding operations in 2022 gave rise to energy performance certificates being obtained for the first time in Corporate and Business Banking in Oberbank's CEE (Central and Eastern Europe) markets, i.e. Czech Republic, Hungary and Slovakia. In 2024, the energy performance certificates drive was further rolled out in parallel with the introduction of the Oberbank Sustainable Corporate Lending Framework, allowing a first assessment of green buildings in the portfolio and their addition to Oberbank's sustainable finance pool.

GRI FS7

Lending as a pandemic response measure

In 2023, Oberbank's corporate customers were still granted bridge loans under the heading of response measures to the Covid-19 pandemic in an amount of EUR 7 million, in spite of the relevant schemes coming to a close.

Bridge finance

	2023	2022	2021	2020	Total
Number	14	119	424	1,349	1,906
Volume of new loans (in EUR m)	7	22	268	595	892

As per 31 December 2023, EUR 222 million of the bridge loans granted were outstanding, while EUR 175 million of claimed bridge loans had been repaid in 2023.

³⁵ New loans Exportinvest Green/Green Energy/FDI Green

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ESG aspects in core business

Project for classifying financed activities under the EU Taxonomy at individual finance project level

European Union banks have to disclose what percentage of their business meets the technical screening criteria of the EU Taxonomy and is thus taken into account in the Green Asset Ratio (GAR) (see Chapter Environmental information > Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) > Mandatory disclosures under the EU Taxonomy).

With a view to automating this process while at the same time raising data quality, Oberbank carried out a project to implement the EU Taxonomy in the core banking system, which was completed towards the end of 2023. Since December 2023, the loan application process in Austria allows the relevant financed activity as defined in the EU Taxonomy to be selected (environmental objectives 1 and 2 at the initial stage) and stored in the core banking system as intended use for the loan in question. Going forward, the Financed Activity function will be expanded to include environmental objectives 3 to 6 and rolled out to the other Oberbank markets as well.

Selecting the correct financed activity results in the corresponding EU taxonomy-eligible economic activity being identified and recorded in the system. Extensive training was provided to Oberbank's employees on this topic. An additional feature of the application is direct input of energy performance certificates for corporate customer real estate in the core banking system, in addition to the recording of energy performance certificates for retail customers. This has been a key step in improving data quality in the real estate sector.

As a next step in the project, it is planned for 2024 to allow the results of taxonomy screenings at the individual case level to be input in the core system as well. Currently, taxonomy screening results are still being evaluated and documented separately. This new feature will make it possible to fully record the results of the screening for taxonomy eligibility and taxonomy alignment in the core banking system, thus further improving data quality with respect to sustainable finance.

Renewable Energies project

Given that corporate customers show increasing awareness of sustainability issues and that climate and energy action plans at national and international level are ringing in the energy transition, Oberbank witnesses a massive rise in investment in renewable energies. To ensure that customers will benefit from the same high level of advisory quality they are used to when it comes to transitioning to clean energy sources, Oberbank launched the Renewable Energies project in the autumn of 2022, with a special focus on photovoltaic systems. In the first quarter of 2023, Oberbank presented the outcome of this project in the form of a finance and advisory package for the Austrian and German markets, providing extensive training to corporate customer advisors via Webex on what options are available for companies and projects to obtain finance and subsidies for photovoltaic systems. Tools such as templates for offers, letters and e-mails are being developed and made available to Sales on an ongoing basis.

Sustainability Statement

ESG aspects in core business

GRI FS7, GRI FS8

ESG-linked loans

In 2023, Oberbank issued ESG-linked promissory notes for large customers in an amount of EUR 98.5 million. The lessons learned in this context, especially with respect to ESG-linked margins, informed ESG-score-related pricing and bonus arrangements for bilateral loans for large customers, which led to the creation of a separate category of ESG-linked loans (see Chapter ESG criteria in lending > Sustainable product portfolio metrics > Sustainable product range for corporate customers).

Sustainable leasing

This segment saw targeted investment in forward-looking sustainable projects, which included, above all, finance for photovoltaic systems and support for e-mobility through electric vehicle leasing and charging infrastructure capacity building. In the real estate sector, a special focus was placed on green buildings, which once again underscored how seriously Oberbank takes its responsibility for keeping environmental issues in mind across its entire leasing portfolio.

The introduction of the Oberbank Sustainable Corporate Lending Framework involved automating the classification of sustainable leasing projects in the system.

Financed emissions and decarbonisation of the loan portfolio

Oberbank calculates and discloses financed emissions (see Chapter ESRS E1 > E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions > Financed emissions and PCAF (Scope 3.15)). Oberbank is also developing a strategy for decarbonising its loan portfolio (see Chapter ESRS E1 > E1-1 Transition plan for climate change mitigation).

Sustainability Statement

ESG aspects in core business

Sustainable retail lending

Housing finance accounts for the majority of retail finance operations at Oberbank. As per 31 December 2023, Oberbank's portfolio of retail housing finance in Austria stood at roughly EUR 2.65 billion. In 2022, it had been EUR 2.86 billion. New loans granted in 2023 accounted for EUR 290.01 million. In the future, Oberbank plans to increase its efforts to advocate sustainable finance in private residential construction.

New retail lending in Oberbank's core market Austria

	in € million			Share of new loans		
	2023	2022	2021	2023	2022	2021
Subsidised loans	2.10	3.23	4.01	0.72%	0.56%	0.60%
Loans under housing bank lending scheme	5.50	0.60	13.40	1.90%	0.10%	1.90%
Housing credit facilities and finance for renovation measures	38.50	54.60	57.10	13.28%	9.42%	8.20%
Housing finance transactions	243.91	521.40	620.19	84.10%	89.92%	89.30%
Total	290.01	579.83	694.70	100%	100%	100%

The demand for residential property finance and new finance provided in this context had experienced a significant decline already in 2022. This development, which was noticeable also in 2023, was attributable to the generally deteriorated macroeconomic environment and the resultant uncertainty (higher interest rates, higher cost of living, energy prices, construction costs and real estate prices).

GRI FS8

Sustainable housing finance

The energy performance certificate of a property is the key factor in determining whether or not finance transactions are sustainable based on the screening criteria set out for real estate in the EU Taxonomy. For this reason, in 2021 Oberbank set itself the target of obtaining a mandatory energy performance certificate for 80% of all newly concluded housing finance transactions. As per 31 December 2022, energy performance certificates were already available for about 60% of all new housing finance transactions. As per 31 December 2023, this percentage had risen to 66%, which constituted a 10% increase.

By centralising the recording-keeping of energy performance certificates, Oberbank ensures that energy performance indicators (such as space heating demand or CO₂ emissions) can be attributed to individual properties and thus to the respective loans. This way of data collection makes it possible to filter out retail finance that is deemed sustainable from the loan portfolio.

As early as 2021, Oberbank cooperated with the consultancy firm Drees & Sommer for a project to screen Oberbank's entire housing finance portfolio in Austria for its energy efficiency³⁶. Based on an assessment logic specifically developed for this purpose, a volume of around EUR 1.16 billion of energy efficient housing finance was identified as per 31 December 2022. In 2023, that volume had risen to EUR 1.034 billion.

³⁶ Results not included in the Green Asset Ratio (GAR).

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ESG aspects in core business

However, future changes in the regulatory environment might have an impact on the definition of what constitutes sustainable housing finance and thus also on Oberbank's volume of loans identified as sustainable as per 31 December 2023 and on the targets set by Oberbank. Notwithstanding such potential developments, Oberbank remains committed to its ambitious target in terms of volume for 2025.

GRI FS8

First green covered bond

Using the identified sustainable housing finance transactions as a basis, on 24 June 2021, Oberbank issued the first-ever green covered bond in Austria with a volume of EUR 250 million.

The funds under this green covered bond are used for green residential buildings meeting the EU Taxonomy criteria. ISS ESG's Second Party Opinion on Oberbank's Green Bond Framework confirmed that these finance transactions constituted a significant contribution towards Sustainable Development Goal 13 "Climate action" and towards EU Taxonomy environmental objective 1 "Climate change mitigation".

The first impact report on the green covered bond was published in June 2022. The second impact report, which was published in June 2023, is available for download from Oberbank's website (see [Impact Report 2023](#)).

Home ownership-related subsidies

Currently, there is an abundance of options available to make housing environmentally friendly and sustainable, from the all-out renovation of apartments and houses to specific-impact measures such as switching to environmentally friendly heating methods, installing solar or PV systems or professional insulation, to building new net-zero houses.

Oberbank's specially trained housing advisors can provide customers with extensive information on the subject. What is more, Oberbank has set itself the target of advocating sustainable housing in all of its aspects, which means that sustainable construction and renovation are key elements addressed in each and every customer consultation in this context.

GRI FS8

Subsidised loans

Oberbank distinguishes between subsidies for construction, renovation or switching to alternative energies, and other subsidies, such as for noise protection or the installation of elevators.

In Austria, government funding is provided at three levels: national, regional (provinces) and local. There are also different ways in which funding is provided: direct loans granted by the funding body, one-off grants or subsidies for interest on bank loans. With some types of government-subsidised finance, bank loans are granted only by specifically designated banks. For instance, in Upper Austria, OÖ Landesbank is the only bank allowed to handle loans for building owner-occupied homes. The subsidised loans Oberbank can handle for its customers include loans under the government-subsidised renovation aid scheme (Upper Austria, Lower Austria, Salzburg, Vienna, Styria) and subsidies for home ownership (purchase and construction) in Salzburg.

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Oberbank customers will have to apply with the respective funding body (for instance, in Lower Austria by submitting a quote, or in Upper Austria by submitting invoices already paid).

Financial aid is approved only for amounts meeting strict funding criteria, which may vary from one funding body to the next. However, energy efficiency and measures to ensure accessibility in new builds and in renovation projects are universally accepted criteria. Energy performance figures will have to be corroborated by an energy performance certificate or a similar certificate. Once the funding body of the respective Austrian province has approved the funding, Oberbank will grant the subsidised loan.

New subsidised loans in relation to new housing finance in Austria, Germany and Hungary

Housing finance includes housing loans and loans under the housing bank lending scheme, but excludes pre-financing (housing credit facilities). Given the provisions applicable in the various markets (e.g. caps and income thresholds), the share of such subsidised loans in the total volume of housing finance is low, as would be expected. As the granting of subsidies is contingent on the requirements of the respective funding body being met, Oberbank has no influence on outcomes.

Subsidised loans in relation to housing finance (excl. housing credit facilities) in Austria

	2023	2022	2021
Number of subsidised loans	20	38	49
Share in number of housing finance transactions	1.4%	1.8%	1.8%
Volume of subsidised loans (in EUR m)	2.10	3.23	4.01
Share in volume of housing finance transactions	0.86%	0.90%	0.84%

New subsidised loans in relation to new housing finance (excl. housing credit facilities) in Germany

	2023	2022	2021
Number of subsidised loans	48	64	64
Share in number of housing finance transactions	17.33%	15.13%	14.13%
Volume of subsidised loans (in EUR m)	7.55	13.40	11.51
Share in volume of housing finance transactions	9.17%	11.90%	10.41%

New subsidised loans in relation to new housing finance (excl. housing credit facilities) in Hungary

	2023	2022	2021
Number of subsidised loans	2	51	70
Share in number of housing finance transactions	14.29%	34.93%	19.89%
Volume of subsidised loans (in EUR m)	0.01	0.28	0.57
Share in volume of housing finance transactions	1.74%	4.47%	3.27%

Given the economic situation in the financial year 2023 (high energy prices, high inflation, etc.), customers shied away from large-scale investments, a fact that is reflected in the noticeable decline in subsidised loans shown in the three tables above as compared to 2022.

GRI FS7

Consumer loans for renovation measures in Austria

As a rule, renovation measures are partly pre-financed (for instance under the renovation subsidy scheme in Upper Austria or because the total costs of the renovation measures are still unknown at the time the work starts). These subsidies are finance transactions that can be drawn down in tranches. Where renovation measures are not eligible for subsidies (for instance, because the maximum amount has been exceeded or because of income thresholds), customers can resort to a housing loan as a long-term finance option.

New housing credit facilities and housing finance for renovation purposes in relation to total new housing credit facilities and housing finance in Austria

	2023	2022	2021
Number of loans designated for renovation purposes	340	489	551
Share in number of housing finance transactions	22.0%	17.9%	15.5%
Volume of loans designated for renovation purposes (in EUR m)	38.5	54.6	57.1
Share in volume of housing finance transactions	13.28%	9.42%	8.22%

GRI FS7

Loans under the housing bank lending scheme in Austria

3-Banken Wohnbaubank AG issues what is referred to as housing bank bonds. Up to a nominal interest rate of 4% p.a., these bonds are exempted from capital yields tax for private investors. The funds raised in this way are in turn used to provide favourable housing loans to private households. Lending guidelines are strict and involve providing evidence, subject to verification, of the funds being used for the designated purpose.

Types of loans available under the housing bank lending scheme

- a. Creation of housing: purchase of a first owner-occupied apartment/non-detached home or construction of a detached single-family home with a living area of 150m² or less.
- b. Funding of the construction cost contribution for the purchase of a cooperative housing apartment or for the plot-of-land share in a subsidised-rent apartment (social housing).

New loans under the housing bank lending scheme in relation to new housing finance in Austria

Housing finance transactions include housing loans and loans under the housing bank lending scheme but exclude pre-financing (housing credit facilities). Compliance with approval requirements is strictly monitored and documented. In 2023, the number of loans under the housing bank lending scheme in proportion to the number of housing finance transactions as defined above decreased to 3.21%.

	2023	2022	2021
Number of loans under the housing bank lending scheme	45	14	91
Share in housing finance transactions	3.21%	0.68%	3.34%
Volume of loans under the housing bank lending scheme (in EUR m)	5.5	0.6	13.4
Share in volume of housing finance transactions	2.25%	0.17%	2.81%

Loans referred to cooperation partner Wüstenrot

Austria

Oberbank has been referring finance transactions to the Bausparkasse Wüstenrot building society for more than 50 years. Under the Austrian Building Society Act (Österreichisches Bauspargengesetz), Wüstenrot is under the obligation to provide sustainable finance for creating, upgrading or renovating owner-occupied properties.

Germany

In Germany, Oberbank’s cooperation with Bausparkasse Wüstenrot started in 2019. Modelled on the concept implemented in Austria, Oberbank relies on this cooperation to provide bespoke solutions for sustainable housing finance. The German Building Society Act (Deutsches Bauspargengesetz) likewise obligates Wüstenrot to provide sustainable loans for creating, upgrading or renovating owner-occupied properties.

Digital finance services

The loan calculator on Oberbank’s website allows customers to calculate the amount of the loan instalment they would have to repay and, based on input provided on monthly income and spending, to check whether they can afford to pay it. Applications for consumer or housing loans can also be filed online. Submitting the relevant loan application data in advance means applicants will have more time to benefit from advisory services during the subsequent in-person consultation. Oberbank is currently promoting the use of digital application formats on all sales channels.

Outlook on new products

The be green mobility instant loan for retail customers was introduced in January 2024. This product is available at every Oberbank branch and can be used to finance sustainable mobility such as hydrogen-powered cars, electric cars, e-motorcycles and e-bikes, cargo bikes, bicycles and scooters. In the second quarter of 2024, retail customers will have access to be green living loans for renovating, purchasing and building real estate in Austria.

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Sustainable product portfolio metrics

Sustainable product range for corporate customers

Sustainable business activity means not only developing a long-term sustainable business model, but also pursuing a prudent approach in day-to-day business. This is why Oberbank offers its customers not only a wide range of (subsidised) investment loans (see Chapter ESG criteria in lending > Sustainable finance metrics > Sustainable corporate lending), but also a large number of hedging products (such as documentary business, currency hedging, etc.). At the same time, Oberbank offers adequate short-term (subsidised) finance to meet customers' liquidity requirements. In combination with digital products and services, Oberbank is a finance partner that covers a multitude of customer needs in the context of sustainability.

GRI G4-DMA (former FS5)

Sustainability consultation and sustainability check for corporates

In 2021, Oberbank started to pro-actively address the topic of sustainability with its corporate customers. In 2022, Oberbank added the sustainability consultation to its corporate customer advisory programme. Such a meeting has since been scheduled once a year with the key accounts in the medium and large corporates customer groups (formerly SMEs and corporates) and was introduced for small corporates as well in 2023. The purpose of these meetings is, on the one hand, to assess sustainability risk and, on the other hand, to raise awareness of sustainability topics and fields of action for sustainable growth. Providing information and advice on environmental subsidy programmes is another key element. The guidelines for these consultations, which are being continually updated, include twelve key questions that shed light on a company's sustainability management and inform more in-depth discussion between customers and advisors. The points addressed include environmental and social topics as well as different aspects of governance. In addition, attention is drawn to potential current and future (regulatory) challenges in a sustainability context, with approaches for solutions being outlined as well. To provide sales support for sustainability consultations, Oberbank teamed up with sustainability consultancy Terra Institute GmbH to produce a video clip that explains in an easy-to-understand manner what regulatory issues need to be kept in mind in sustainable finance and how they impact corporate customers.

In 2023, targets and reporting requirements were defined for these consultations to ensure measurability (see Chapter ESG criteria in lending > Targets related to sustainable finance and sustainable product portfolio).

In 2022, Oberbank launched the sustainability check for Austrian and German corporate customers, which was also rolled out to the Czech, Hungarian and Slovakian markets early in 2023. Used as an aid in preparing for a sustainability consultation, this check helps to raise customer awareness for ESG topics. The sustainability check was developed in cooperation with Terra Institute GmbH. It is available free of charge on Oberbank's website and can be used by any interested company, whether they are a customer or not.

The questionnaire provides an opportunity for customers to engage with a wide range of ESG topics. A total of 40 questions helps them to assess the status quo they have achieved in terms of sustainability. Having filled in the questionnaire, they can also request a report on the outcome, which summarises the results and provides suggestions for improvement. A personal advisory talk allows results and further fields of action to be discussed with Oberbank's corporate customer advisors.

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ESG aspects in core business

The insights gained during such sustainability consultations are documented by the customer advisors and will subsequently be taken into account in in-house risk assessment as well as in any lending process, if applicable.

Added value of these consultations for Oberbank's corporate customers:

- a. Awareness-raising for sustainability-related risks and opportunities
- b. Information on regulatory challenges
- c. Explanation of what sustainable management means in a business context
- d. Demand-oriented products to assist in implementing a corporate sustainability strategy, such as advice on available government funding options

Objectives of these consultations from Oberbank's perspective:

- a. Fundamental and fixed part of sustainable sales culture in this customer segment
- b. Establishing a position as long-term and, above all, sustainable finance partner
- c. Strengthening and expansion of key business relationships
- d. Identification of customer risks and opportunities

ESG data hub of Oesterreichische Kontrollbank (OeKB)

As companies come closer to the regulatory thresholds for sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD), they are faced with increasing requirements. Key in meeting these requirements are internal organisation and an appropriate data collection infrastructure. This is why Oberbank opted to take part in the OeKB ESG data hub, actively drawing customer attention to the possibilities this platform affords for collecting and managing ESG data. Invitations were sent out by e-mail to all major customers in Austria and Germany. Based on the feedback received from customers, Oberbank submitted suggestions to OeKB and also collaborated on adapting the questionnaire.

ESG-linked loans

In 2023, Oberbank came up with an ESG-linked loan scheme where companies agree on bespoke sustainability goals they intend to achieve, such as a reduction in CO₂ emissions or in the number of work-related accidents. Oberbank helps its customers to define sustainability goals that are specifically aligned to their respective business operations. Alternatively, a benchmark may also be a sustainability rating from a recognised rating agency or an ESG certificate (for example the ÖGNI certificate issued by the Austrian Sustainable Building Council). If the goals are met, the interest rate on the loan will be adjusted in the customer's favour. The target group for this scheme includes primarily medium and large corporates that have the monitoring capabilities and in-house processes in place to provide sustainability reporting.

GRI FS7

Company pension schemes

This refers to topics of special relevance to corporate customers, such as company pension schemes or financial forward planning schemes for employees. In consultations with in-house experts³⁷ and cooperation partners³⁸, Oberbank determines the needs and pension options available for companies, entrepreneurs and their employees.

³⁷ In Germany: Bayerische Beamten Lebensversicherung a.G., Wüstenrot Bausparkasse DE, UFB:UMU Assekuranzmakler GmbH (until 23 June 2023)

³⁸ In Austria: Generali Versicherung AG und Bausparkasse Wüstenrot AG; in Germany: Bayerische Beamten Lebensversicherung a.G., Wüstenrot Bausparkasse DE

Company pension schemes

	2023	2022
Annual net premium (in EUR k)	1,029	969
Year-on-year growth in %	6.29%	

Note on the table: Switch from premium sum in the 2022 Sustainability Report to annual net premium, therefore no comparability with preceding years

Digital guarantee tool

In 2020, a function for digitally authorising guarantees was introduced on Oberbank's customer portal. 12.6% of all guarantees (domestic and foreign) were sent to the Head Office via this streamlined process in 2021, reducing paper consumption both at customers and at Oberbank. In 2023, the rate had already grown to 25% (2022: 19%).

What is more, another digital channel, the Digital Vault Services (DVS) platform, which was launched in 2021, allows guarantees to be not only authorised, but also executed digitally. DVS is a service offered primarily to corporate customer that use multi-bank-enabled tools.

be(e) green guarantee

Digitalisation generates biodiversity: for every digitally authorised guarantee, Oberbank donates another square metre of wildflower areas for bees. The green guarantee thus supports the preservation of biodiversity and functioning ecosystems (see Chapter ESG criteria in lending > Sustainable product portfolio metrics > Sustainable product range for retail customers). Oberbank launched the be(e) green guarantee scheme in 2023.

Fully automated annual account balance statements

The processing of annual account balance statements is another milestone in Oberbank's digitalisation drive. In 2023, an impressive 41% (2022: 25%) of requested account balance statements were sent out by e-mail, saving CO₂ emissions for printing, paper and transport.

Outlook: sustainable account for corporate customers

Work is under way to implement a be(e) green business account that should obtain the Austrian Ecolabel. As with be(e) green current accounts for retail customers (see Chapter ESG criteria in lending > Sustainable product portfolio metrics > Sustainable product range for retail customers), deposits on such accounts are earmarked to finance only environmental and/or social – i.e. sustainable – projects. Furthermore, with each new be(e) green business account, Oberbank contributes to preserving the bee population by creating extensive wildflower areas, thus offering bees and other pollinators a favourable habitat.

Be(e) green business accounts will not only feature accounts statements in PDF format by default, but also contribute to further advancing the use of digital document service and electronic payment services, giving rise to additional savings in paper and print materials and thus GHG emissions. Oberbank will make it a priority to offer be(e) green business accounts to new corporate customers in Austria.

In addition, Oberbank also plans to motivate existing customers in Austria to switch to the new sustainable account. The basic requirement is that the total of the amounts credited to the account is invested in

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sustainable projects, i.e. in projects that meet the requirements of the Oberbank Sustainable Corporate Lending Framework. Oberbank is currently working on expanding its sustainable finance pool to ensure deposit coverage for the long term.

Plans for digitalisation in Corporate and Business Banking

Size switch for PDF format account statement from A4/3 to A4

The format switch, which had been planned for 2023, had to be rescheduled to 2024. Nonetheless, about 80% of all corporate accounts used the electronic account statement feature in 2023, up 5% from 2022.

Electronic service of customer portal business login data

Currently, customer portal login details are sent to corporate customers (and retail customers in Germany) by post (two A4 sheets for each login). Around 500 customer portal logins are set up centrally every month, which means that about 1,000 A4 sheets are printed out and sent out by post every month. Oberbank plans to send out the banking number via e-mail in the future. The QR code needed for setting up the security app and logging in for the first time is to be sent to customers via text message to the mobile phone number indicated in the respective contract. This move is likely to result in major savings in paper consumption and thus also in CO₂ emissions.

Further digitalisation in Corporate and Business Banking

While the use of digital signatures for guarantees instead of postal service delivery was not implemented yet in 2023 because current ways of using the digital signature and transaction handling in the follow-up to digitally signed guarantees turned out to be more complex than expected, Oberbank is still confident that digital guarantees will be the way forward. As getting there involves a wholistic solution approach, Oberbank will keep a close eye on current market developments.

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ESG aspects in core business

Sustainable product range for retail customers

Analysing the ESG risks in the loan portfolio and at the customer level is the starting point for developing and defining a strategy for moving Oberbank AG's loan portfolio further along the path towards sustainability. By doing so, Oberbank AG intends to contribute to achieving the global climate goals and to mitigate potential negative impacts of sustainability risks on its own business model.

A key aspect in this move towards more sustainability is the consistent application and adjustment of the exclusion criteria defined in Oberbank AG's investment and lending business (see Chapter ESG criteria in lending > [Exclusion criteria](#)).

Oberbank annual consultation for retail customers

This annual meeting – an extensive and comprehensive consultation actively managed by Oberbank's customer advisors – is the core element of Oberbank's counselling and advisory services. Its purpose is to analyse customers' financial situation and needs in full, to jointly work out optimisation options and to offer bespoke products to meet customer needs.

Sustainability is an aspect addressed with each of the topics covered during such a consultation. Examples include ways to save time, travelling and cost by holding consultations via video meetings, use of customer portal functions and card payment options, mobile payment, and the many sustainable products on offer, such as the be(e) green current accounts and savings accounts. Likewise, finance options for energy-saving measures or investment in sustainable securities or financial forward planning schemes have become part and parcel of the extensive advisory services offered to customers in a sustainability context.

GRI FS7, GRI FS8

Sustainable current account

Since June 2021, Oberbank has been offering a sustainable current account in Austria, the be(e) green account. The be(e) green account was awarded the Austrian Ecolabel because Oberbank undertakes to finance sustainable projects meeting not only economic but also environmental and social criteria in the same amount as the balances held on these accounts. In the second half of 2023, the sustainable be(e) green account for retail customers was launched also in the Czech Republic. While it meets the same criteria as the one in Austria, there is no Czech certification scheme that matches the Austrian Ecolabel.

Furthermore, with each new be(e) green account, Oberbank contributes to preserving the bee population by creating extensive wildflower areas, thus offering bees and other pollinators a favourable habitat. More than 125,000 square metres of wildflower areas have already been designated since 2021. This figure is equivalent to the total amount of sustainable accounts and guarantees (see Chapter ESG criteria in lending > Sustainable products for corporate customers > [be\(e\) green guarantee](#)) plus one additional square metre for each participant in the Oberbank Linz Danube Marathon.

In autumn 2021, the sustainable be(e) green student account was added to the range of accounts offered in Austria. In autumn 2022, the be(e) green account with a consumer overdraft facility, the be(e) green student account and the be(e) green plus business account (held in addition to a business account) were awarded the Austrian Ecolabel. In November 2022, the Impact & Allocation Report for sustainable accounts was published on Oberbank's website for the first time. The Impact & Allocation Report for sustainable accounts for the financial year 2023 was likewise published on Oberbank's website.

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ESG aspects in core business

	2023	2022	2021
Accounts in total	178,808	172,232	171,335
Sustainable accounts	65,704	48,833	23,179
Share of sustainable accounts (in %)	36.7%	28.4%	13.5%
Deposits held on sustainable accounts (in EUR m)	470.3	475.9	173.7

Note on the table: From 2023, the data is based on accounts in Austria and the Czech Republic. The table shows a noticeable increase in sustainable accounts since 2022. This is attributable, among other things, to a sales drive for sustainable accounts in Austria in 2023 and to the first-time introduction of the be(e) green account in the Czech Republic.

Austrian Ecolabel for sustainable financial products



The Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology awarded the Austrian Ecolabel to the following Oberbank products because the projects financed based on the deposits held on these current/savings accounts meet not only economic but also environmental and social criteria: be(e) green current account, be green savings account, be(e) green account with consumer overdraft facility, be(e) green student account, be(e) green plus business account, be green fixed-rate savings account.

The Ecolabel award does not constitute an evaluation in economic terms and is not an indicator of the future performance of the respective financial product.

Online account opening

The introduction of the be(e) green account came with the option for new customers to open such an account via the Oberbank website. Within just a few minutes and without having to visit a branch, customers can open an account directly online including internet banking functions and debit card. The documents relating to the account opening are served digitally to the customers' Oberbank mailbox, which saves paper as well as travelling to a bank branch. By the end of 2023, 104 be(e) green accounts had been opened online. In 2022, it had been 90 be(e) green accounts.

GRI FS7

Pocket money accounts

Children and young people aged 10 to 14 – in exceptional cases already from the age of 7 – can open an account with Oberbank. A pocket money account allows minors to enjoy the benefits of electronic banking and to manage their pocket money on their own. Oberbank does not levy account management charges for this type of account.

	2023	2022	2021
Accounts in total	171,247	172,232	171,335
Pocket money accounts	1,187	1,127	1,192
Share of pocket money accounts (in %)	0.69%	0.65%	0.70%

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Notes on the table: The change from 2022 to 2023 is attributable to the age group classification (holders turning 14). As there were errors in the underlying data, the values for 2021 were updated as compared to the data published in the 2021 Sustainability Report.

Debit card

The Oberbank debit card comes with a multitude of digital functions. Its e-commerce function enables it to be used for making payments on the internet. The debit card also features extensive e-services, such as card blocking or repeat ordering, PIN reordering, GeoControl enabling/disabling, or changing the card limit. These e-services are easily accessible via the Oberbank customer portal and the Oberbank app. The new mobile payment functions allow the debit card to double as a digital wallet.

GRI FS7

Zero-limit debit card

A zero-limit debit card allows transactions only up to a defined disposable positive account balance. This product is thus particularly suitable for young customers in an age range of 10 to 18 years. The zero-limit debit card allows young people to learn how to handle money in a sensible manner already at a young age while at the same time protecting them from excessive consumerism and over-indebtedness.

	2023	2022	2021
Debit cards in total	195,126	184,820	182,199
Zero-limit debit cards	40,786	39,414	38,153
Share of zero-limit debit cards (in %)	20.90%	21.33%	20.94%

Notes on the table: Data based on the Austrian market. 2023 saw a year-on-year increase that was attributable to the rise in sales of be(e) green accounts in 2023.

Credit card

The Oberbank Mastercard® credit card is a fully digital credit card that can also be used for mobile payments. It can be blocked via the Oberbank banking app. A sales drive in the second half of 2023 led to a noticeable increase in Oberbank Mastercard® Gold cards to 13,160 cards (up from 4,052 cards as at 30 June 2023). Overall, Oberbank had 35,515 Oberbank Mastercard® (Classic and Gold) cards in circulation as per 31 December 2023.

Online services

Oberbank is continually expanding its range of online self-services across all systems and platforms. The introduction in 2023 of the Currency Exchange function on the Oberbank customer portal and the Oberbank app for the Austrian market opened up a convenient way for customers to order foreign currency from an Oberbank branch 24/7. At the same time, Oberbank branches are thus no longer required to keep large amounts of foreign currency available.

Likewise in 2023, customers in Austria and Germany were also presented with an option to conveniently cancel direct debits themselves using the Oberbank customer portal or the Oberbank app. The new Finance

Sustainability Statement
ESG aspects in core business

Manager function introduced in the Oberbank app in 2023 classifies all customer transactions by category, thus providing a convenient overview of incoming and outgoing payments.

Mobile payments

2023 witnessed a further rise in demand for alternative payment options. Convenient payment options via smart phone or smart watch were highly popular with Oberbank’s customers, and the mobile payment functions for debit and credit cards were also well received.

Oberbank offers a variety of mobile payment methods.



Apple Pay: payment via iPhone, iPad, Mac or Apple Watch³⁹



Garmin Pay™: payment via Garmin smart watch⁴⁰



Oberbank Wallet app: payment via Android smart phone and money transfers to phone contacts⁴¹



Bluecode Pay: payment via smart phone – comes with digital added-value services



SwatchPAY! Payment in seconds – safe and secure, battery-free and waterproof⁴²

Use of mobile payment methods kept growing continuously also in 2023.

	2023	2022	2021
Number of card payments including mobile payment methods	25,373,606	28,894,393	27,368,351
Number of mobile payments	3,709,118	2,152,413	1,078,971
Share of mobile payments (in %)	14.6%	6.4%	3.9%

Notes on the table:

- The 2023 figures refer solely to Oberbank’s own debit and credit cards as well as self-issuer cards issued under the Oberbank brand name. Unlike in the preceding years, cards from other providers (e.g. PayLife, Diners or card complete) were no longer included.
- 2023 saw a steep rise in the use of mobile payment methods.
- Mobile payment methods do not include merchant tokens (= encrypted card numbers stored with online merchants).

³⁹ For a list of Apple-compatible terminal devices, refer to the [Apple website](#).

⁴⁰ For an overview of all Garmin-Pay™-compatible smart watches, refer to the Garmin online shop.

⁴¹ Oberbank app for iOS and Android (internet service and internet banking service required)

⁴² For an overview of all SwatchPAY!-compatible smart watches, refer to the Swatch online shop.

Sustainability Statement

ESG aspects in core business

Electronic document service

Oberbank is putting constant effort into boosting the use of electronic document service functions. The target is to raise Oberbank mailbox use to 90%. As per year-end 2023, 89% of customer portal users had their documents delivered to their electronic mailboxes.

For more information, see Chapter ESG criteria in lending > Metrics and targets > Targets related to sustainable finance and sustainable product portfolio.

Customer portal for children from the age of 10

Oberbank offers its customer portal functions also to children and young people aged 10 to 14 years, which helps them to become familiar with internet banking already at an early age. However, children and young people only have viewing privileges for the customer portal and are not authorised to carry out transactions.

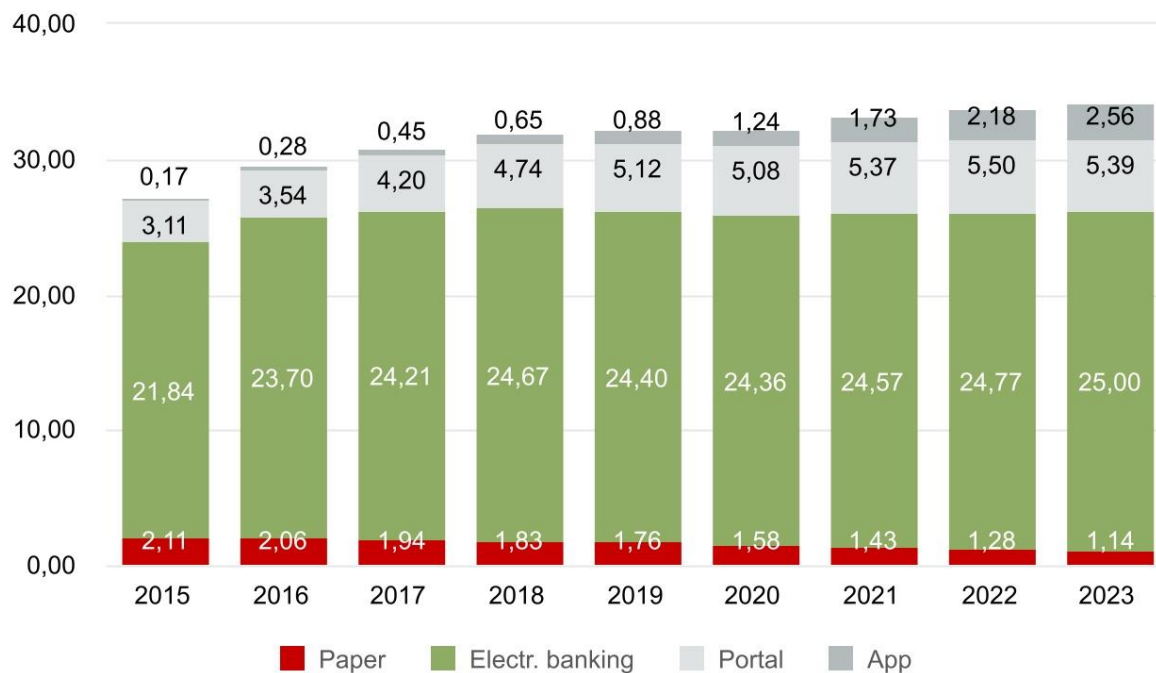
GRI FS8

Electronic payments

Modern online payment services are not only faster and simpler, but also better for the environment. Given the logistics involved, customers bringing physical funds transfer order slips to their branches generates high carbon emissions, which electronic payment orders can help reduce. At Oberbank, already 97% of all payments made by corporate and retail customers were done electronically.

Development of electronic payments at Oberbank

(in EUR m)

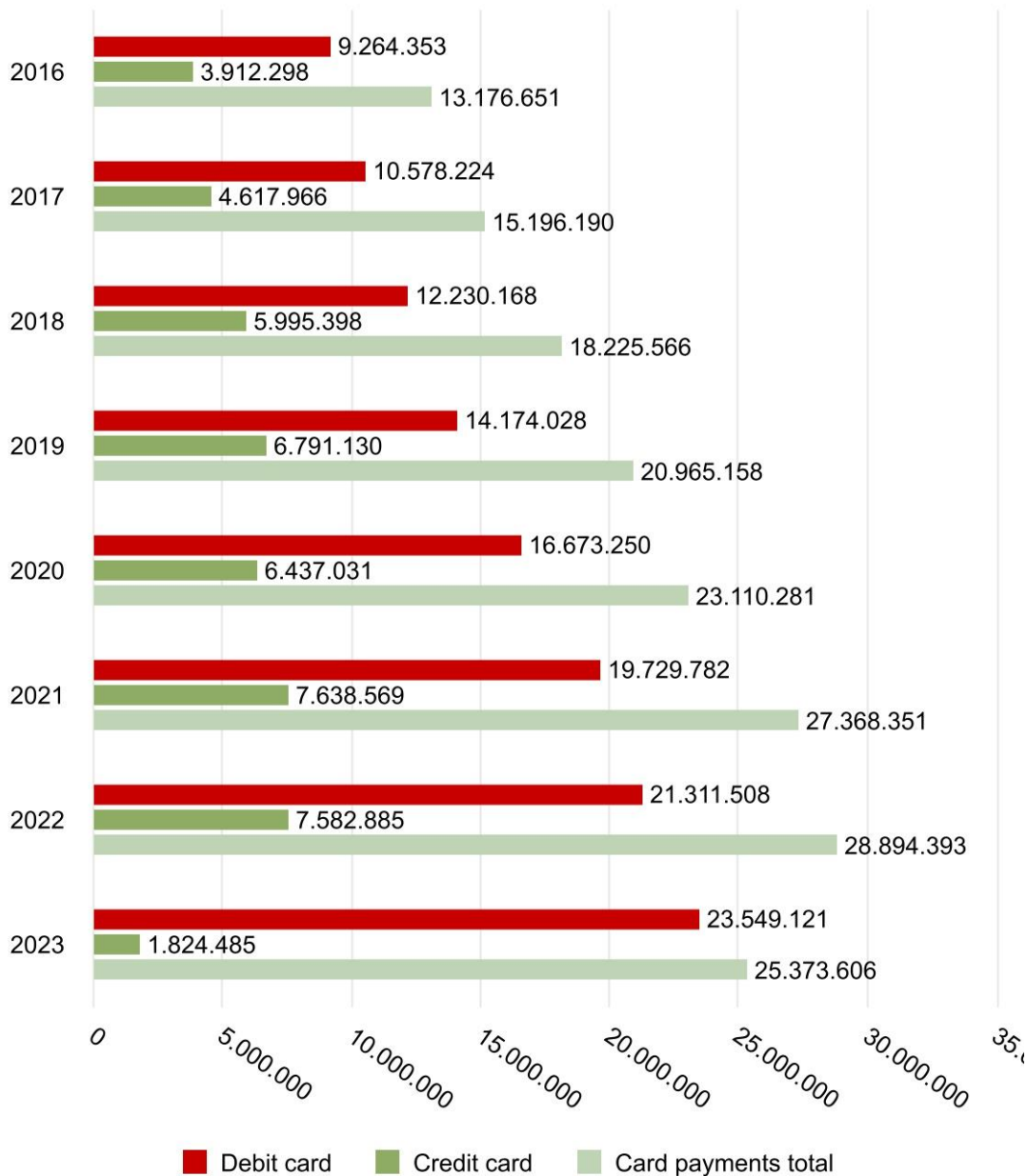


Note on the chart :

- The figures in the chart use the German number format, i.e., decimal points are commas, and vice versa.
- The payment practices of Oberbank's customers have been shifting towards card payment for years. This is a trend that contributes to reducing carbon emissions caused by payment transactions. According to studies conducted by the Dutch National Bank in 2017 and 2018 (see DNB: [Life cycle assessment of cash payments](#)) cashless payment using a debit card produced 3.8 grammes of CO₂⁴³, while a cash transaction accounted for 4.6 grammes of CO₂. The larger carbon footprint of cash use is due primarily to its production and transport.

⁴³ Oberbank uses the same value to calculate the carbon emissions of credit cards.

Development of card payments made by Oberbank customers (in EUR)



Notes on the chart:

- The figures in the chart use the German number format, i.e., decimal points are commas, and vice versa.
- The 2023 figures refer solely to Oberbank’s own debit and credit cards as well as self-issuer cards issued under the Oberbank brand name. Unlike in the preceding years, cards from other providers (e.g. PayLife, Diners or card complete) were no longer included for data privacy reasons. The decline in debit card payments from 2022 to 2023 was attributable to customers switching to other modes of payment (e.g. wallet, smart watch). The figure disclosed in the 2022 report for debit card payments in the year 2022 was too high as it had included e-commerce payments and had to be corrected accordingly.

Carbon savings through card payments (in metric tonnes)

	2023	2022	2021
Carbon savings	20.30	27.04	21.89

Notes on the table: The value for 2023 decreased sharply compared to the preceding year because the 2023 evaluation took only the number of Oberbank's own cards into consideration, while no longer including cards from other providers.

GRI FS8

Online savings products

In 2021, the be green savings account was introduced. Like the be(e) green current account, it was awarded the Austrian Ecolabel because Oberbank undertakes to finance sustainable projects meeting not only economic but also environmental and social criteria in the same amount as the balances held on these accounts. The be green fixed rate savings account was introduced in summer 2022. Featuring a fixed term as well as a fixed interest rate, the account was likewise awarded the Austrian Ecolabel. Given the balance achieved between sustainable lending and sustainable deposits, no further be green fixed rate savings accounts were opened after 31 July 2023.

Oberbank has long been advocating the use of online savings products. As a result, the number of physical savings passbooks was reduced by about 22,600 in 2022 and by a further 46,482 in 2023. Accordingly, deposits held on savings passbooks decreased by EUR 317.6 million in 2022 (-12.8%) and by another EUR 737.8 million in 2023 (-34.0%).

	2023	2022	2021
Total number of online savings accounts	108,200	77,242	66,982
Number of sustainable online savings	36,463	17,450	5,303
Share of sustainable online savings accounts (in %)	33.7%	22.6%	8.0%
Volume in total (in EUR)	2,134,567,691	1,200,000,000	1,000,000,000

Notes on the table: The volume of online savings accounts nearly doubled from 2022 to 2023 because the number of savings passbooks declined steadily and interest rates saw another hike in 2023.

Financial forward planning and insurance

In addition to accumulating capital and investing available funds, making financial provisions for the future also involves issues such as securing one's livelihood, putting financial safeguards in place to deal with unforeseeable events or keeping personal assets safe.

Oberbank's General Banking advisors will, together with their customers, carry out an extensive analysis of customer wishes and needs to identify any gaps in provisions made or issues to address. Where life insurance products are concerned, a product analysis will be carried out to come up with a customer profile. A new feature introduced as of 1 August 2022 is a detailed discussion of customers' sustainability preferences (see Advisory process for sustainable investment products, in the Chapter Investment services > Impact, risk and opportunity management). All of this information taken together forms the basis for a bespoke and flexible

Sustainability Statement

ESG aspects in core business

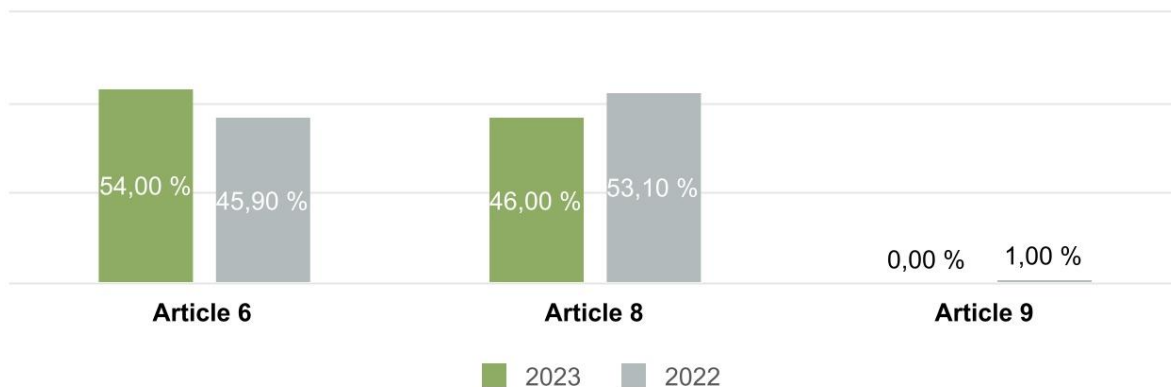
plan that includes a vast range of insurance and/or financial forward planning products that Oberbank offers either jointly with or through its cooperation partners.⁴⁴

The product range available in this context includes suitable life insurance and/or financial forward planning products for any type of investor. Various ESG investment funds are available to build up capital in line with customer sustainability preferences. Oberbank also offers various insurance products for financial protection, such as life insurance, occupational disability insurance or accident insurance. Where customers are interested in coverage topics concerning health (health insurance), home or vehicles, experts from Oberbank's cooperation partners⁴⁵ will provide pertinent advice and services.

As a rule, applications in this context are signed electronically using a signature pad. Application documents are e-mailed to customers. The option to sign applications also via smart phone or tablet was implemented in 2020. Use of this sustainable signature format saves printing and paper costs. Video consultations can help to reduce travel and thus CO₂ emissions.

The transparency requirements set out in the EU Disclosure Regulation (Regulation (EU) 2019/2099) provide a clear indication of which investment products under Articles 6⁴⁶, 8⁴⁷ and 9⁴⁸ were selected for long-term wealth creation using endowment life insurance policies (see graph below).

Investment products under Articles 6, 8 and 9



Notes on the chart:

- The figures in the chart use the German number format, i.e., decimal points are commas, and vice versa.
- The basis for the breakdown of investment products is the premium sum invested in the funds (under Articles 6, 8 and 9 of EU Regulation 2019/2088). The graph clearly shows that in 2023 endowment life insurance policies shifted from investment products under Article 8 to investment products under Article 6.

⁴⁴ In Austria: Generali Versicherung AG und Bausparkasse Wüstenrot AG; in Germany: Bayerische Beamten Lebensversicherung a.G., Wüstenrot Bausparkasse DE

⁴⁵ In Austria: Generali Versicherung AG und Bausparkasse Wüstenrot AG; in Germany: Bayerische Beamten Lebensversicherung a.G., Wüstenrot Bausparkasse DE

⁴⁶ Transparency of the integration of sustainability risks

⁴⁷ Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures

⁴⁸ Transparency of sustainable investments in pre-contractual disclosures

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ESG aspects in core business

GRI FS7

Basic bank account

Every consumer legally resident within the EU is entitled to open and use a basic bank account with any credit institution domiciled in Austria. This right is supposed to enable everyone, no matter where they reside, to participate in the society in which they live and to enjoy the benefits of the internal market. Oberbank offers such accounts to consumers who are particularly vulnerable in social and economic terms and who do not have a payment account with any other Austrian bank. The basic bank account features basic functions such as making deposits, withdrawing cash, as well as receiving and carrying out payments. By doing so, Oberbank is making an important contribution to equal opportunity and equal rights.

Basic bank accounts

	2023	2022	2021
Number of basic bank accounts	131	119	83
Share of basic bank accounts (in %)	0.08%	0.07%	0.05%
Number of accounts in total	171,247	172,232	171,335

Notes on the table: The number of basic bank accounts rose slightly in 2023, which is attributable to this type of account having gained in popularity as well as to an increase in debt settlement procedures.

Sustainability Statement

ESG aspects in core business

Targets related to sustainable finance and sustainable product portfolio

The targets set out below are applicable in all Oberbank markets unless a different scope of application is explicitly stated. Target achievement is monitored at regular intervals and disclosed in the annual sustainability report. Where necessary, adjustments to targets will be made and communicated in a transparent manner.

Measurable and time-bound targets

- Oberbank will provide sustainable retail lending (for energy-efficient housing) in an amount of at least EUR 1.5 billion by 2025, which corresponds to more than 50% of all newly granted housing finance.
 - 2023: EUR 1.034 billion (see details under “Sustainable housing finance” in the Chapter ESG criteria in lending > Sustainable retail lending)
 - 2022: EUR 1.164 billion
 - Base year 2021: EUR 1.161 billion
- To place a corresponding focus on directing corporate finance towards sustainable Oberbank projects, the following targets were defined in 2023 (base year) for all of Oberbank’s markets:
 - New production
 - Target 2023: EUR 250 million
 - As at 31 December 2023: EUR 364 million (146% target achievement)
 - Target for 2024: In spite of the difficult economic environment, especially in the construction and real estate sectors, the target for sustainable corporate finance was raised to EUR 319 million for 2024.
 - Sustainability consultations (*GRI FS10*)
 - Target for all markets 2023: 5,030 sustainability consultations
 - Sustainability consultations completed in all markets in 2023: 4,883 (97.1% target achievement). This means that as per 31 December 2023 sustainability consultations had been held with about 8% of all of Oberbank’s corporate customers.
 - In line with Oberbank’s sustainability strategy, the target for 2024 was set at 9,528 sustainability consultations.
- Raising customer portal and app use by retail customers in Austria to 80% by 2025.
 - 2023: digitalisation rate at around 73%
 - As per 31 December 2022, about 70% of retail customers used the Oberbank customer portal or the Oberbank app.
 - As per 31 December 2021, the digitalisation rate among retail customers had been 67%.
 - In the base year 2020, the digitalisation rate among retail customers had been 43%.
- Raising Oberbank mailbox use to 90%.
 - As per year-end 2023, 89% of customer portal users had their documents delivered to their electronic mailboxes.
 - 2022: 84% of customer portal users had had their documents delivered to their electronic mailboxes.
 - 2021: Document service via electronic mailbox had been used by 84% of customer portal users.
 - Base year 2020: 87% of customer portal users had had their documents delivered to their electronic mailboxes.

Sustainability Statement

ESG aspects in core business

Other targets

- Oberbank identifies and assesses the ESG risks in its loan portfolio and works towards decarbonisation by applying exclusion and positive criteria.
- Impact reporting: every year, Oberbank measures and reports on the impacts achieved (carbon reduction) based on sustainable lending.
- The range of products offered to retail customers is to be expanded in 2024 to include more sustainable products.

Sustainability Statement

ESG aspects in core business

Strategic investments

Oberbank defines equity investments as holding shares in other companies based on the premise that an ongoing relationship with such companies will support its own business operations. This category includes all investments and shareholdings in affiliated companies which are, under the applicable provisions of company law, reported as such in the single-entity financial statements of the companies controlled by Oberbank AG.

Oberbank defines strategic investments as investments where the focus is not on monetary expectations and where the relevant activities are not a direct extension of banking activities or constitute services ancillary to banking. This category includes Oberbank's equity investments in voestalpine AG, BKS Bank AG, Bank für Tirol und Vorarlberg AG and Energie AG.

The shares Oberbank AG holds in BKS Bank AG and Bank für Tirol und Vorarlberg AG for historical reasons contribute, by way of syndicate agreements, to securing the independence of all three banks, which operate joint subsidiaries in a bid to strengthen their competitiveness and leverage synergy effects.

Furthermore, Oberbank acquires and holds strategic investments for the purpose of safeguarding the continued existence of business locations, headquarters and jobs of leading domestic companies. These investments are neither related to banking and sales activities nor do they have a purely economic purpose. This category includes, among others, the equity investment in voestalpine AG. An active industry investment policy above and beyond these equity investments is not consistent with Oberbank's corporate philosophy. Equity investments for reputational reasons (such as in regional technology centres) also fall into this category.

Policy – related to ESRS 2 SBM-3

GRI 3-3

Oberbank's equity investment management not only provides for an extensive (risk) strategy and organisational framework, but also takes impacts on the environment, on society and on governance (ESG) into account. Oberbank distances itself from sectors, businesses and business practices that it considers likely to give rise to unacceptable environmental, social and governance (ESG) impacts.

With respect to strategic investments, the impacts, risks and opportunities of each respective sector of industry in which the investees are operating were evaluated using the Climcycle tool and the UNEP FI Impact Analysis tool. In addition, the sustainability reports of the four equity investments were analysed to gain a better overview of the impacts, risks and opportunities these companies identified themselves.

These analyses revealed that with the two industrial entity investments it is above all the GHG emissions caused by their operations and the actions taken for climate change mitigation that are relevant in terms of impact materiality; with the banks, the most important topic identified was impacts caused by their core business (financed emissions). In terms of financial materiality, supply chain topics such as supply of raw materials and energy played a role in the industrial context, while the banks were likely to be exposed to indirect risks generated by the impacts of climate change on their customers.

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It is safe to assume that the introduction of the regulatory obligation to carry out a double materiality assessment in accordance with the ESRS will, in the course of the next few years, place a stronger spotlight on the assessment of financial materiality in the sustainability reporting of Oberbank's strategic investments. If and when such developments have effects on Oberbank, disclosures will be made on such impacts.

For details on identified impacts, risks and opportunities of equity investments, see the reports published by [voestalpine AG](#), [BKS Bank AG](#), [Bank für Tirol und Vorarlberg AG](#) and [Energie AG](#) .

Impact, risk and opportunity management

Policies

General information on policies available in written form

This section covers internal policies, guidelines and strategies relating to Oberbank's strategic investments. Employees have access to in-house policies via the document management system. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

Oberbank equity investment standards (equity investment handbook)

Contents: Oberbank has defined standards for equity investments in its so-called equity investment handbook. These standards are based on the FMA Minimum standards for the lending business and other transactions with counterparty risks (FMA-MS-K) and must be applied to all components of the equity investment process.

Related standards and third-party initiatives: ICAAP policy (Internal Capital Adequacy Assessment Process), limits handbook, work instruction on strictly excluded transactions

Scope of application: responsibility centralised in Austria

Responsibility: Secretariat and Communication, in consultation with the Management Board

Actions

Actions are to be developed along with the decarbonisation strategy, with reporting scheduled for next year. For the decarbonisation strategy, see Chapter ESRS E1 > [E1-1 Transition plan for climate change mitigation](#).

Metrics and targets

Metrics

Overview of material strategic investments

Material strategic investment	Balance sheet item	IFRS carrying amount	
		31/12/2023	31/12/2022
voestalpine AG	d) Interest in entities accounted for using the equity method	€ 600,186,802.63	€ 551,247,059.00
BTV AG	d) Interest in entities accounted for using the equity method	€ 304,177,166.64	€ 281,269,365.20
BKS Bank AG	d) Interest in entities accounted for using the equity method	€ 290,107,478.76	€ 267,128,938.21
Energie AG	b) Financial assets FV/OCI	€ 119,523,600.00	€ 109,792,800.00

Targets

Targets for strategic investments are to be developed along with the decarbonisation strategy. For the decarbonisation strategy, see Chapter ESRS E1 > [E1-1 Transition plan for climate change mitigation](#).

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Own investments

Own investments have a key role to play in a bank's liquidity management. The primary aim of own investments is to provide and maintain a liquidity portfolio that meets regulatory quality standards. It is a regulatory obligation to have such a portfolio and its composition is governed by law. For this reason, it is first and foremost the criteria defined by the regulatory authority that must be met in this context. This strategy is reflected in the breakdown of the portfolio (see the table "Distribution of own investments" in the Chapter Own investments > [Metrics and targets](#)).

Policy – related to ESRS 2 SBM-3

GRI 3-3

Analysing its own investments from an ESG data and exclusion criteria perspective, Oberbank disclosed the results of such analysis already in the past few years in its sustainability reporting: On the one hand, it provides a breakdown of portfolio composition (see the table "Distribution of own investments" in the Chapter Own investments > [Metrics and targets](#)), and on the other hand, it presents the MSCI ESG ratings of the proprietary portfolio (see the table "ESG rating distribution" in the Chapter Own investments > [Metrics and targets](#)). The results of the analysis of the ESG ratings of the proprietary portfolio served as basis for the impact materiality assessment of Oberbank's own investments.

Impact, risk and opportunity management

Responsibility for Oberbank's own investments lies with the Asset Liability Management (ALM) Committee, which meets every month. The operational implementation of ALM Committee decisions lies with Treasury & Trade. External stakeholder engagement in own investments is not provided for. Proprietary investment in securities is subject to a clearly defined approval process.

Policies

General information on policies available in written form

This section covers internal policies, guidelines and strategies relating to Oberbank's own investments. Employees have access to in-house policies via the document management system.

Asset Liability Management policy

Contents: The Asset Liability Management (ALM) Committee is an interdisciplinary body whose main task is to manage balance sheet structure, bank-wide risks (ICAAP/ILAAP – Internal Capital/Liquidity Adequacy Assessment Process), market risk in the banking book and strategic liquidity risk. The Committee performs these tasks both for Oberbank AG and for the Group.

Related standards and third-party initiatives: -

Scope of application: Oberbank Group

Responsibility: Risk Controlling

Actions

GRI FS11

General information on the following actions

Scope of impact: The actions are applicable for the Oberbank Group. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as “taken” have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

Actions taken

- Compliance with applicable legal provisions
- Compliance with the most recently defined exclusion for new investments
- Investment primarily in high-quality and therefore low-risk securities
- Use of ESG data in the subsequent implementation of investments

Use of ESG data

In using ESG data supplied by MSCI ESG, Oberbank places the focus on issuers, i.e. it looks at the issuers’ ESG score, as this will impact the score of its own portfolio. Even though Oberbank does invest in green bonds, the primary focus of its own investments is not on green, social or sustainability-link bonds.

Use of ESG data in investment decisions

The decision to invest is based on an assessment by the ALM Committee, while the specific investment decisions are guided by the ESG data supplied by MSCI. If an investment option meets regulatory and risk requirements, Oberbank uses ESG data to assure the ESG quality of the entire investment portfolio. To this end, the issuer’s ESG scores are verified, and the relevant data is input into the application process. However, the problem is that not all issuers have an MSCI ESG rating yet (2023: 13.7% of investments were not covered). This is true, above all, for smaller issuers in Oberbank’s home markets. As a result, lack of ESG data is as such no ground for exclusion at present.

Reviewing the exclusion criteria and including the MSCI ESG ratings, where available, ensures both negative and positive screening of the proprietary portfolio and new investments.

Metrics and targets

Metrics

As per 31 December 2023 Oberbank held a portfolio of bonds with a carrying amount of around EUR 1.83 billion (31 December 2022: approximately EUR 2.1 billion).

The majority of the invested volume was attributable to the European Economic Area (EEA). At 81.88%, this high level was maintained in 2023 as well (2022: 83.14%). Managing this portfolio comes with a high level of responsibility, which Oberbank is well aware of. Apart from complying with all applicable legal provisions, Oberbank makes sure to take the most recent exclusion criteria into account when making new investments. In keeping with its highly risk-aware business policy, Oberbank relies on its tried and tested strategy of investing primarily in high-quality and therefore low-risk securities also when it comes to its own investments. This high level of quality is recognised also in regulatory terms, as in 2023 89.5% of the total portfolio (2022: 89.0%) qualified as high-quality liquid assets and were thus eligible to be counted towards meeting the stipulated Liquidity Coverage Ratio (LCR).

Distribution of own investments

	2023		2022		2021	
	Amount (in EUR k)	Share	Amount (in EUR k)	Share	Amount (in EUR k)	Share
Government EEA	736,786.3	40.21%	1,089,674.2	51.94%	825,370.1	49.87%
Government other	217,618.0	11.88%	235,930.9	11.25%	221,167.1	13.36%
Covered EEA	456,123.2	24.89%	365,587.5	17.43%	209,467.6	12.66%
Covered other	36,754.8	2.01%	47,486.9	2.26%	67,478.4	4.08%
Agency EEA	104,950.1	5.73%	91,721.8	4.37%	36,968.8	2.23%
Supranational EEA	36,608.8	2.00%	31,734.4	1.51%	75,706.3	4.57%
Supranational other	77,664.2	4.24%	70,259.5	3.35%	57,123.7	3.45%
Financial EEA	90,603.5	4.94%	91,731.0	4.37%	88,417.4	5.34%
Corporate EEA	75,144.6	4.10%	73,839.8	3.52%	73,297.5	4.43%
Total	1,832,253.7	100.00%	2,097,966.0	100%	1,654,997.0	100%

As at 31 December 2023, Oberbank's portfolio thus included 52% government bonds and 12% bonds from supranational issuers or agencies. Covered bonds accounted for a share of 27%.

The focus on a high-quality liquidity portfolio meant that there were merely minor shifts within the government and covered bonds sectors. The share of the financial and corporate sectors remained lower, as in the preceding years.

The banks' investment policy (ALM policy) provides for the exclusion criteria to be complied with. Strict compliance with these criteria is meant to prevent negative sustainability-related impacts. In addition, ESG data is used in the subsequent implementation of investments.

Sustainability Statement

ESG aspects in core business

ESG portfolio analysis

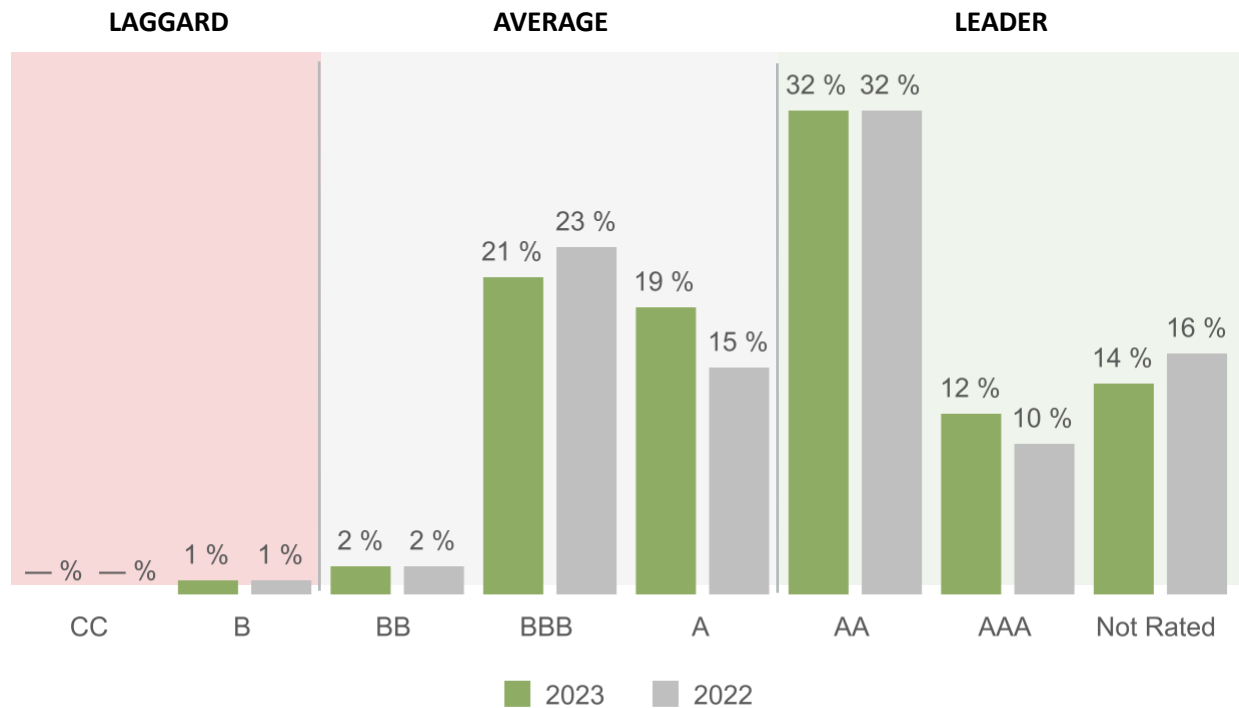
An ESG portfolio analysis was carried out once again in 2023. The overall score was A, which was below the AA achieved in the preceding year. The slight decline in ranking is attributable to the fact that the benchmark had moved upward in the past year. A look at the metrics shows that at 6.99 the Weighted Average ESG Score was above the 6.88 score achieved in the preceding year. Since the portfolio in question is a buy-and-hold portfolio, new investments will lead to changes, which is why it is relevant to look at the respective 2023 figures in isolation. A portfolio analysis of the new investments made in 2023 arrives at a rating of AA and a Weighted Average ESG Score of 7.3. With some of these new investments, ESG data supplied by MSCI were already integrated in the implementation.

	2023	2022
Proprietary portfolio		
Weighted Avg ESG Score	6.99	6.88
ESG rating	A	AA
New investments		
Weighted Avg ESG Score	7.3	7.04
ESG rating	AA	AA

The methodology used by MSCI to calculate the ESG Quality Score was revised in April 2023, which involved the removal of the adjustment factors, making the ESG Quality Score equivalent to the Weighted Average Score.

ESG rating distribution

GRI FS11



Source: MSCI ESG Report, Analysis of proprietary portfolio 2023 and 2022

In the past year, investments were made almost exclusively in issues whose ratings were above the peer group average. This resulted in a rise, above all, in the AAA and A ratings.

Targets

The following target applies throughout the Oberbank Group. Target achievement is monitored at regular intervals and disclosed in the annual sustainability report. Where necessary, adjustments to targets will be made and communicated in a transparent manner.

In 2022, Oberbank opted for MSCI ESG as data provider, which enabled the ESG portfolio analysis mentioned above to be carried out. The ESG universe is highly dynamic, with rating requirements rising as a consequence. Oberbank aims to continue to improve its portfolio's rating score by making adequate new investments.

Sustainability Statement

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Investment services

The main principles of Oberbank's investment policy are transparency and responsibility. Sustainable investment products enable our customers to take account of environmental protection, climate action and ethical values in their investments. This is Oberbank's contribution to directing capital flows into sustainable investment. As minimum standards apply to all investments, fields of economic activity that carry higher sustainability risk are excluded to reduce negative impacts such as endorsing non-sustainable sectors.

Policy – related to ESRS 2 SBM-3

GRI 3-3

The first step in analysing the impacts, risks and opportunities of Oberbank's investment services in terms of a materiality assessment was to look at the influence the bank has on, or in, the various segments of investment services.

The following means of Oberbank exerting influence on investment services were identified in the process: product management (decision as to which instruments to include in a product), digitalisation/processes, communication (information, financial literacy, etc), actions in sales and distribution.

Oberbank's investment services can be broken down into segments, such as brokerage, asset management (bespoke portfolio management), retail (advisory and non-advisory) as well as private banking (advisory and non-advisory).

Oberbank's direct influence was found to be strongest in asset management, given the number and scope of possibilities to exercise control. Retail transactions account for the majority of Oberbank's investment services transactions in terms of volume. The volume in this segment is divided into advisory and non-advisory, with no separate breakdown being available.

Oberbank's investment services were found to be material in terms of impact materiality. However, individual positive and negative impacts were not analysed in detail as they are difficult to measure. The most important risks identified were advisory and reputational risks. These risks were classified as low in the materiality assessment (low likelihood of occurrence).

Impact, risk and opportunity management

Policies

GRI G4-DMA (former FS1)

General information on policies available in written form

This section covers internal policies, guidelines and strategies relating to Oberbank's investment services. Employees have access to in-house policies via the document management system. Policies in written form which are relevant to stakeholders are made available on Oberbank's website. For information on stakeholder engagement in strategy development, see Chapter ESRS 2 > [SBM-2 Interests and views of stakeholders](#).

The ESG analysis process described below is a key element of Oberbank's policy for sustainable investment services.

ESG analysis process for products

Contents: The ESG analysis process is a comprehensive guidance for active investment recommendations provided by Oberbank in a sustainability context. It also provides the basis for sustainable asset management with Oberbank in the producer role. Given the high standards applicable in-house as well as changes in legislation, the ESG analysis process is subject to ongoing revision. 2022 saw more frequent revisions because of amendments to the legal framework such the Taxonomy Regulation and the Disclosure Regulation. In 2021, Oberbank entered into an agreement on an extensive sustainability package with MSCI. In addition, Oberbank engaged in an intensive dialogue with experts and stakeholders, which also involved attending numerous ESG conferences and webinars on the topic as well as joining several working groups.

Related standards and third-party initiatives: Taxonomy Regulation; Disclosure Regulation; UN Global Compact

Scope of application: Oberbank's minimum standards apply to all active product recommendations (sustainable and classic product recommendations) for all of Oberbank's investment services including investments within the scope of traditional asset management. The entire ESG analysis process applies to sustainable product recommendations in Oberbank's investment services as well as to sustainable asset management. Both the Oberbank minimum standards and the entire ESG analysis process apply to the product groups of shares, bonds and funds (active fund products and exchange traded funds).

Scope of validity: Austria, Germany

Responsibility: Private Banking & Asset Management

The consistent and strict application of the ESG analysis process comprises three steps:

1. In a first step, all investments in companies that fail to meet Oberbank's minimum standards and exclusion criteria are excluded. This refers to the exclusion of investments in coal, tobacco, controversial and conventional weapons, etc., with revenue limits applying to companies and percentage limits applying to funds. In addition, sustainable investment in funds involves a check for Article 8 or 9 status under the Disclosure Regulation. All companies are screened with respect to the ten principles set out in the [UN Global Compact](#). Individual stocks that fail to commit to compliance with these principles or have been found to have violated these principles are excluded. Violation of

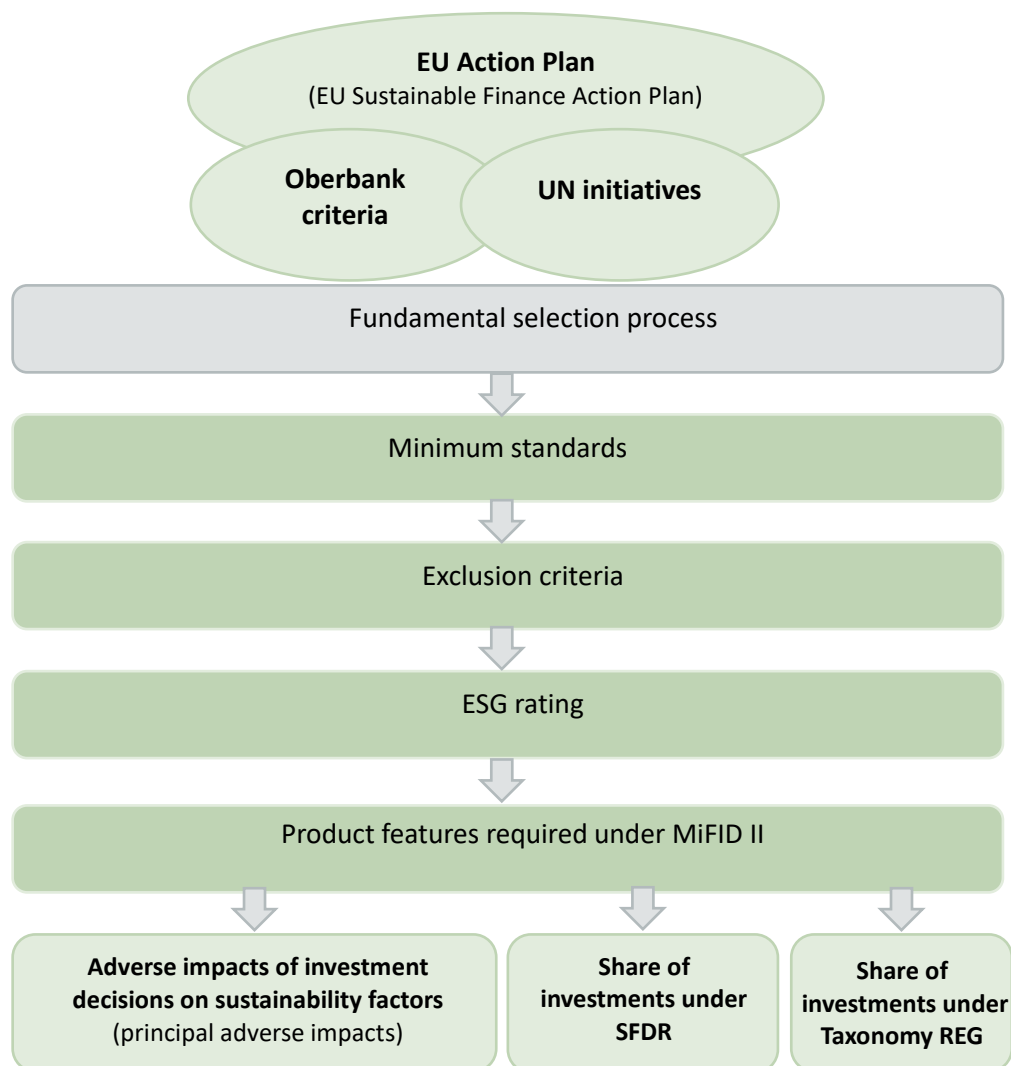
Sustainability Statement

ESG aspects in core business

pre-defined political and social standards or environmental standards will lead to the exclusion of government issuers.

2. In the second step of the ESG analysis process, products are selected based on a best-in-class approach, using the external rating provided by MSCI ESG Research, a leading supplier of sustainability analyses. The rating takes account of ESG aspects. Examples of environmental aspects include GHG emissions, carbon footprint, biodiversity and land use, procurement of raw materials, pollution and waste, toxic emissions, as well as waste or packaging material. Social aspects include labour standards, product safety and quality, health, demographic risk, and development of human capital. Governance aspects include business ethics, remuneration practices and transparency in tax matters, among other things. These assessments are not absolute, but relative (i.e. seen in relation to the relevant industry). Oberbank pursues a rather restrictive and strict approach in this context as well. As for individual securities (shares, bonds), Oberbank will consider only issuers in the AAA, AA and A range, as for investment funds and ETF products, only issuers in the AAA, AA, A and BBB range.
3. The third and last step is taking into account regulatory requirements and sustainable product characteristics (Disclosure Regulation, principal adverse impacts, Taxonomy Regulation). In the case of financial products as defined in the Disclosure Regulation, the criteria are reviewed based on information provided by the respective producer. With other financial instruments, such as shares and bonds, Oberbank relies on data supplied by the external data provider MSCI ESG Research, which screens companies and issuers for compliance with the required criteria.

Overview of the ESG analysis process



GRI FS11

All investment services at Oberbank are subject to a sustainability screening. This means that all the securities portfolios and the entire product governance universe are screened for sustainability and social aspects. A total of 15.99% of the total securities account volume scored a positive result in the ESG analysis.

Actions

General information on the following actions

Scope of impact: The actions are generally applicable in all of Oberbank's securities markets. Where there are differences in scope of application or impact, details will be provided along with the description of the respective action.

Time horizon and completion of actions: Wherever possible, the year in which the – taken or planned – action is completed is indicated in the text. The actions listed below as “taken” have been started and continue to be in effect unless otherwise indicated in each specific case. The effectiveness of actions is subject to ongoing monitoring.

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Actions taken

- Expansion of the sustainable product range
 - Oberbank premium strategy balanced sustainable (institutional tranche)
 - 3 Banken funds (3 Banken Energiewende 2030/2)
- Focus on education and training for employees (see also Chapter ESRS S1 > S1-13 Training and skills development metrics > Investment services).
 - Numerous ESG conferences and webinars on the topic
 - In-house training for employees on sustainability matters (sustainability certifications)
- Cooperation with universities
 - See also Chapter ESRS S4 > S4-4 Taking action on material impacts on consumers and end-users > Access to (quality) information.

Actions planned

- Expansion of sustainable product range in 2024
 - Sustainable 3 Banken funds
 - Sustainable Bond Framework
 - Increased focus on education and training for employees and customers
 - Encourage customer preference for sustainability
- Both the customer portal and the advisor portal will have ESG details added to customer positions by 2025, resulting in increased transparency and a better overview for customers of securities account sustainability.

Sustainable product portfolio in investment services

Oberbank offers investors a variety of options for sustainable investment. In line with its product governance rules, Oberbank carefully curates its offer of both proprietary and third-party products.

In addition to sustainable asset management and 3-Banken fund solutions, Oberbank also maintains a focus list of sustainable third-party funds, shares and green bonds. In spite of the already extensive range of offers, Oberbank plans to expand its sustainable product portfolio even further in the coming years.

Sustainable 3BG funds

Oberbank has teamed up with Banken-Generali Investment-Gesellschaft m.b.H. (3BG) in its efforts to increase the focus on sustainable investment. In this context, 3BG is continually expanding its sustainability-related capacities, in particular with respect to sustainable investment in mutual funds and asset management funds.

The 3 Banken Nachhaltigkeitsfonds, which was launched as far back as in 2001, is a tailor-made choice for those seeking to make sustainable investments. The range of sustainable offers is being continually expanded, with the 3 Banken Energiewende 2023/2 fund added in 2023, for instance. Currently, 3BG has more than 42 mutual funds that meet ESG analysis process criteria and are therefore eligible as sustainable investments.

Advisory process for sustainable investment products

The increase in regulatory requirements for advisory services relating to sustainable products induced Oberbank to successfully expand its advisory process. The digitalised process, which was made more user-friendly over the course of the past few years, comprises all the components required under law, such as a

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survey of the customer's sustainability preferences (investor profile). In a background process, these customer preferences are matched against suitable sustainable products so that the advice provided will conform to customer expectations. If advisors deviate from these suggestions, such changes can be easily documented and securely stored in the system.

Advisors also have access to extensive information on the range of sustainable products available. Details on the volume of sustainable products are provided as well. The information provided includes mandatory product features, such as whether and to which extent a product aims to include investments under the Taxonomy Regulation or under the Disclosure Regulation. Variants are low, medium and high. Information is also provided on eligibility for certain sustainability labels. The scope of information available will be further expanded in the future.

Status quo and outlook

As interest in sustainable investments has been steadily rising, the volume of sustainable investments has seen growth as well. In spite of the dynamic regulatory environment, Oberbank set itself ambitious sustainability targets in 2020, while also drawing attention to the fact that these targets might be subject to change. The development of the new ESG analysis process in 2022 involved a revision of these targets, with all regulatory requirements being met in parallel.

Metrics and targets

Sustainable products results

Oberbank has defined a strategic target for its investment services. The volume of investments in sustainable 3 Banken funds is to rise to EUR 1 billion by 2025.

Oberbank is aware of the fact that future regulatory measures may have an impact on the definition of what constitutes sustainable investments and thus also on this target. However, following the major regulatory changes witnessed in 2022, Oberbank’s outlook is positive as the rules have become somewhat clearer now. Regardless of regulatory changes, Oberbank is always striving to further develop its ESG analysis process and to keep it transparent.

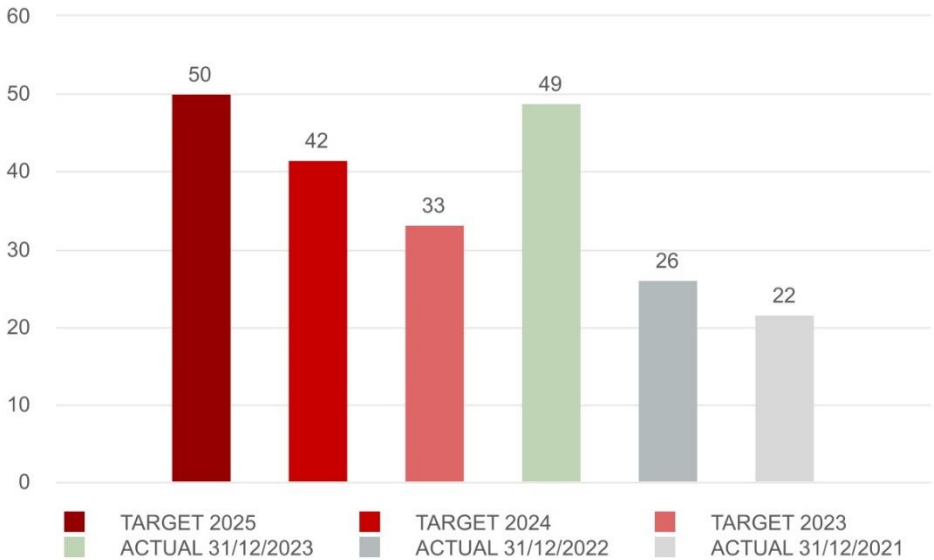
The volume of sustainable securities accounts held by Oberbank grew in 2023, coming to EUR 1,983 million as at 31 December 2023. On 31 December 2022, said volume stood at EUR 1,620 million (EUR 1,799 million according to environmental label UZ 49).

The volume under “individual portfolio management sustainable” (iPM sustainable) also saw another rise in 2023. Its value as per end of December 2023 was EUR 49 million. On 31 December 2022, it had stood at EUR 26 million.

The increase was largely attributable to positive market developments and net inflows in sustainable products. This applied both to 3 Banken mutual funds and to individual portfolio management.

Securities account volume for the iPM product:

iPM sustainable (in EUR m)

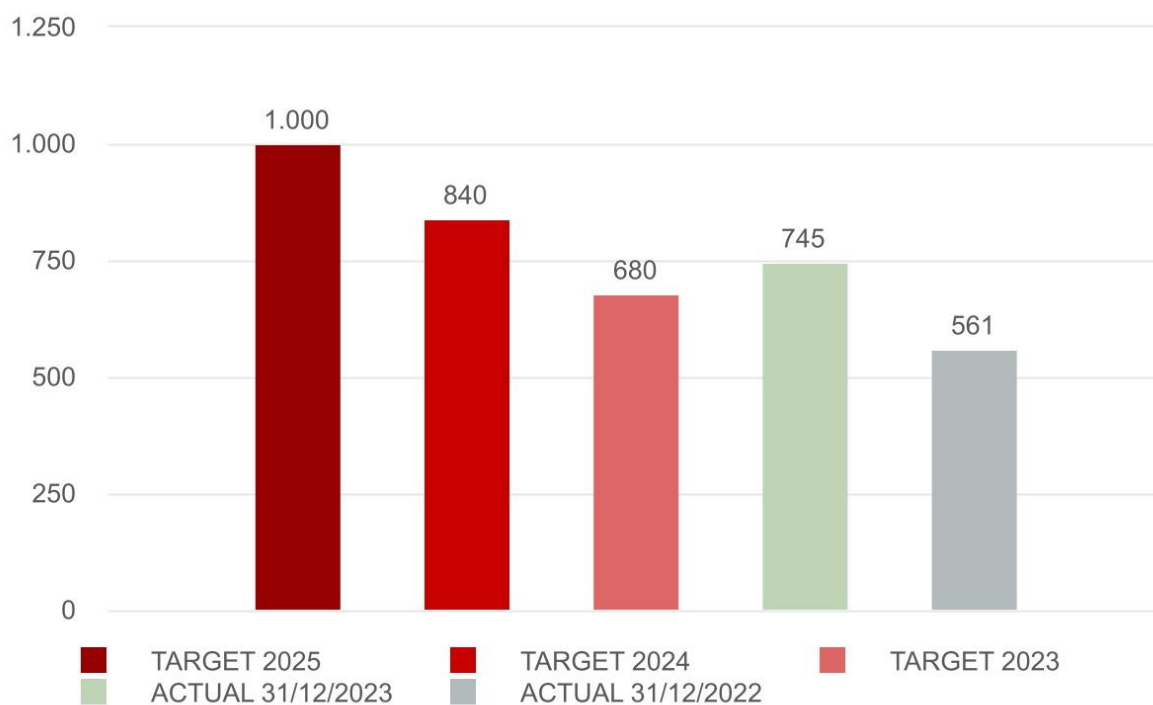


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Securities account volume for 3BG mutual funds deemed to be sustainable, as per 31 December 2023, in accordance with the ESG analysis process:

Sustainable 3BG mutual funds (in EUR m)



Targets

Measurable and time-bound targets

- Oberbank will grow the volume of sustainable 3BG mutual investment funds to in excess of EUR 1 billion by 2025 (2023: EUR 680 million; 2024: EUR 840 million).
 - Investment in sustainable 3BG mutual funds came to EUR 745 million in 2023.
 - The base year is 2022, as the target was redefined in that year due to the introduction of the new ESG analysis process. In 2022, the volume of sustainable 3BG mutual funds had been EUR 561 million.

GRI Index

Statement of use	Oberbank AG has reported the information cited here for the period from 1 January to 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI G4: Financial Services Sector Disclosures Supplement

	GRI disclosure	Page	Comments and references
GRI 2: General Disclosures 2021			
The organisation and its reporting practices	2-1 Organisational details	91–91 517	
	2-2 Entities included in the organisation’s sustainability reporting	69	See Consolidated Financial Statements > Notes
	2-3 Reporting period, frequency and contact point	68 517	
	2-4 Restatements of information	69	
	2-5 External assurance	335	Since no limited assurance report has been included, it is not possible at this time to specify the last page number for this disclosure requirement.
Activities and workers	2-6 Activities, value chain and other business relationships	91–92 96–98	
	2-7 Employees	92–92 186–188 191–194	
	2-8 Workers who are not employees	192–193 194–194	

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Governance	2-9	Governance structure and composition	72–81 76–77 78–81 81–82 174–174	See Corporate Governance Report > Members of the Management Board, and the section > Members of the Supervisory Board
	2-10	Nomination and selection of the highest governance body	73–73 76–76 76–77	
	2-11	Chair of the highest governance body		The chair of the highest governance body is not a member of management within the organisation as this is not possible in joint-stock companies under Austrian law.
	2-12	Role of the highest governance body in overseeing the management of impacts	78–81 79–79	
	2-13	Delegation of responsibility for managing impacts	78–81 240–242	
	2-14	Role of the highest governance body in sustainability reporting	78–81 81–82 90–90 122–124	
	2-15	Conflicts of interest		Oberbank discloses in its Annual Report how the Management Board and the Supervisory Board deal with potential conflicts of interest.
	2-16	Communication of critical concerns	82–83 235–239 240	
	2-17	Collective knowledge of the highest governance body	73–74 75–75 76–77	See Corporate Governance Report > Composition and mode of operation of the Management Board
	2-18	Evaluation of the performance of the highest governance body	74–74 75–75	
	2-19	Remuneration policies	83–86	
	2-20	Process to determine remuneration	83–86 195–195	
	2-21	Annual total compensation ratio	207–207	

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Strategy, policies and practices	2-22	Statement on sustainable development strategy	7-9	The GRI number was omitted from the Letter from the Chairman of the Management Board for layout reasons.
	2-23	Policy commitments	87-88 105-106 130-132 166-171 211-216 222-226 235-239 240 254-254	
	2-24	Embedding policy commitments	78-93 93-93 175-183 197-203 199-199 222-230 239-240 244-247 314-258	
	2-25	Processes to remediate negative impacts	100-106 128-129 172-174 219-221 238-239 271-270	See Consolidated Financial Statements > Risk Report > <u>Sustainability risk as an integral component of credit risk</u>
	2-26	Mechanisms for seeking advice and raising concerns	174-174 210-210 219-221 238-239 240	
	2-27	Compliance with laws and regulations	210-210 221-221 248-248	
	2-28	Membership in associations	105-106	
	Stakeholder engagement	2-29	Approach to stakeholder engagement	100-106 216-219
2-30		Collective bargaining agreements	195-195	
Sector-specific indicator	G4-DMA	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities (former FS5)	100-106 287-288	

Economic performance				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed		See Annual Financial Report > <u>Oberbank at a Glance</u>

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Sustainability strategy				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	106–121 122–124	
	3-2	List of material topics	107–109	
Material Topics E1				
Climate change adaptation / climate change mitigation				
GRI 3: Material Topics 2021	3-3	Management of material topics	139–110	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	142–147	
	305-2	Energy indirect (Scope 2) GHG emissions	142–147	
	305-3	Other indirect (Scope 3) GHG emissions	142–161	
	305-4	GHG emissions intensity	144–147 160–161	GHG intensity was calculated for the first time in 2022. Since total emissions, including Scope 3, are not available yet for 2023, this figure will be disclosed in the next report.
	305-5	Reduction of GHG emissions	162–164	
Sector-specific indicators	G4-EN15	Direct (Scope 1) GHG emissions	142–147	
	G4-EN16	Energy indirect (Scope 2) GHG emissions	142–147	
	G4-EN17	Other indirect (Scope 3) GHG emissions	142–161	
	G4-EN23	Total weight of waste by type and disposal method	132–133	
Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	110–111	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	140–142	
	302-2	Energy consumption outside of the organisation		No data was collected on energy consumption outside of the organisation. GHG emissions are being reported for the relevant Scope 3 categories.
	302-3	Energy intensity	140–142	
	302-4	Reduction of energy consumption	142–132 142–138 140–142	
	302-5	Reductions in energy requirements of products and services		No data was collected on reductions in energy requirements of products and services.

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Material Topics S1				
Secure employment				
GRI 3: Material Topics 2021	3-3	Management of material topics	184–111	
Working time				
GRI 3: Material Topics 2021	3-3	Management of material topics	176–112	
Adequate wages				
GRI 3: Material Topics 2021	3-3	Management of material topics	177–119	
GRI 405: Diversity and equal opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	207–208	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		No metrics available yet as it was not possible to apply the historical data and the complex methodology to the year 2023.
Social dialogue				
GRI 3: Material Topics 2021	3-3	Management of material topics	177–120	
Work-life balance				
GRI 3: Material Topics 2021	3-3	Management of material topics	114	
GRI 401: Employment 2016	401-3	Parental leave	206–207	
Health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	180–121	

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GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	180–169 180–181 203–205	
	403-2	Hazard identification, risk assessment, and incident investigation	174–174 205–205	
	403-3	Occupational health services	180–169 180–181 204–205	
	403-4	Worker participation, consultation, and communication on occupational health and safety	180–169 180–181 204–205	
	403-5	Worker training on occupational health and safety	180–169 180–181 204–205	
	403-6	Promotion of worker health	180–169 180–181 204–205	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	180–169 180–181 204–205	
	403-8	Workers covered by an occupational health and safety management system	204	
	403-9	Work-related injuries	205–205	Fully GRI-compliant reporting was not possible as not all metrics are available and there is no reporting available on individual cases of ill health and injuries for data privacy reasons.
	403-10	Work-related ill health		
Sector-specific indicator	G4-DMA	Sector-specific guidance for DMA	180–169 180–181	
Gender equality and equal work for equal pay				
GRI 3: Material Topics 2021	3-3	Management of material topics	114–114	
Training and skills development				
GRI 3: Material Topics 2021	3-3	Management of material topics	182–115	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	202–203	
	404-2	Programs for upgrading employee skills and transition assistance programs	182–171 182–183 197–203	
	404-3	Percentage of employees receiving regular performance and career development reviews	186–186 197–203	
Sector-specific indicator	G4-DMA	Process(es) for improving staff competency to implement environmental and social policies and procedures as applied to business lines (former FS4)	197–199	
Diversity				
GRI 3: Material Topics 2021	3-3	Management of material topics	115–115	

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GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	72–73 186–194 195–196 197–197	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective action taken	210–210	
Data protection and information security				
GRI 3: Material Topics 2021	3-3	Management of material topics	115–116	
Other GRI disclosures in S1				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		The right to freedom of association and collective bargaining is not at risk at any of Oberbank's operations.
GRI 401: Employment 2016	401-1	New employees hires and employee turnover	187–188 190–190	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	196–197	

Material Topics S4				
Data protection and information security				
GRI 3: Material Topics 2021	3-3	Management of material topics	116–116	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	221–221	
Freedom of expression				
GRI 3: Material Topics 2021	3-3	Management of material topics	116–117	
Access to (quality) information				
GRI 3: Material Topics 2021	3-3	Management of material topics	117–121	
Sector-specific indicator	G4-DMA	Initiatives to enhance financial literacy by type of beneficiary (former FS16)	227–228	
Security of a person				
GRI 3: Material Topics 2021	3-3	Management of material topics	117–118	
Protection of children				
GRI 3: Material Topics 2021	3-3	Management of material topics	118–121	
Access to products and services				
GRI 3: Material Topics 2021	3-3	Management of material topics	118–121	
Responsible marketing practices				
GRI 3: Material Topics 2021	3-3	Management of material topics	230–121	

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GRI 147: Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	216–216 230–230	
	417-2	Incidents of non-compliance concerning product and service information and labelling	230–230	
	417-3	Incidents of non-compliance concerning marketing communications	230–230	
Sector-specific indicator	G4-DMA	Policies for the fair design and sale of financial products and services (former FS15)	216–216	

Material Topics G1				
Corporate culture				
GRI 3: Material Topics 2021	3-3	Management of material topics	119–119	
GRI 207: Tax 2019	207-1	Approach to tax	243–244	
	207-2	Tax governance, control, and risk management	243–244	
	207-3	Stakeholder engagement and management of concerns raised related to tax	243–244	
	207-4	Country-by-country reporting	248–251	No country-by-country breakdown of property, plant and equipment has been included as this is not material for the banking business.
Protection of whistle-blowers				
GRI 3: Material Topics 2021	3-3	Management of material topics	119–120	
Management of relationships with suppliers				
GRI 3: Material Topics 2021	3-3	Management of material topics	120–120	
Corruption and bribery				
GRI 3: Material Topics 2021	3-3	Management of material topics	120–120	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	242–242	
	205-2	Communication and training about anti-corruption policies and procedures	241 246–247	
	205-3	Confirmed incidents of corruption and actions taken	241–242 246–248	
Sponsoring				
GRI 3: Material Topics 2021	3-3	Management of material topics	121–121	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	134–136	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	253–258	
GRI 415: Public Policy 2016	415-1	Political contributions	258–258	

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Sector-specific indicator	G4-DMA	Sector-specific guidance for DMA	254–258	
Sector-specific indicator	G4-EC1	Direct economic value generated and distributed	259–259	Full disclosure is not possible for this requirement as the metric “percentage share of profit before tax” was hitherto not part of the calculations made.
Other GRI disclosures in G1				
Sector-specific indicator	G4-DMA	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures (former FS9)	132–132 213–214 224–224 242–242	

Material Topics ESG aspects in core business				
ESG criteria in lending				
GRI 3: Material Topics 2021	3-3	Management of material topics	260–263	
Sector-specific indicator	FS 7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	277–277 279–281 285–286 288–289 291–293 300–300	
Sector-specific indicator	FS 8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	277–279 281–285 291–292 295–298	
Sector-specific indicator	G4-DMA	Policies with specific environmental and social components applied to business lines (former FS1)	264–269	
Sector-specific indicator	G4-DMA	Procedures for assessing and screening environmental and social risks in business lines (former FS2)	271	See Consolidated Financial Statements > Risk Report > Sustainability risk as an integral component of credit risk See Consolidated Financial Statements > Risk Report > Organisation of risk management
Sector-specific indicator	G4-DMA	Processes for monitoring clients’ implementation of and compliance with environmental and social requirements included in agreements or transactions (former FS3)		The General Terms and Conditions for Loans to Businesses stipulate that borrowers of an environmentally sustainable loan undertake to allocate the borrowed funds to environmentally sustainable projects and activities and to inform the bank, during the life of the loan, of any non-compliance with the proper allocation of the borrowed funds as set out as the purpose of the loan, as well as to regularly report to the bank on the percentage of environmentally sustainable investments. Non-compliance with this obligation constitutes cause for termination.

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Sector-specific indicator	G4-DMA	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities (former FS5)	100–106 287–288	
Sector-specific indicator	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	301–301	
Strategic investments				
GRI 3: Material Topics 2021	3-3	Management of material topics	303–304	
Own investments				
GRI 3: Material Topics 2021	3-3	Management of material topics	306–306	
Sector-specific indicator	FS11	Percentage of assets subject to positive and negative environmental or social screening	307–307 310–310	
Investment services				
GRI 3: Material Topics 2021	3-3	Management of material topics	311–311	
Sector-specific indicator	G4-DMA	Policies with specific environmental and social components applied to business lines (former FS1)	312–314	
Sector-specific indicator	FS11	Percentage of assets subject to positive and negative environmental or social screening	314–314	

Other sector-specific indicators				
Sector-specific indicator	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		The relevant data is not available as Oberbank's exclusion criteria are applied already before an agreement or contract is entered into and Oberbank will thus not enter into any business relationship at all if there are known human rights violations.
Sector-specific indicator	FS13	Access points in low-populated or economically disadvantaged areas by type		The data required for this disclosure is not available.
Sector-specific indicator	FS14	Initiatives to improve access to financial services for disadvantaged people		While Oberbank strives to promote accessibility, no specific initiatives have been launched to improve access to financial services for disadvantaged people.
Sector-specific indicator	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector		No percentage is calculated in this context as the relevant markets and customer groups are specified at the respective product level.
Sector-specific indicator	G4-DMA	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting (former FS12)		No such policies have been implemented to date.

TCFD Index

The Task Force on Climate Related Disclosure (TCFD) was established by the G20 Financial Stability Board (FSB) in 2015 to publish information on climate-related risks and opportunities in an effort to help market actors achieve a better understanding of the same. The aim of the TCFD is to safeguard the stability of the financial markets by publishing information and data relating to such risks and opportunities. The relevant requirements include governance, strategy, risk management, as well as metrics and targets. The financial year 2022 was the first year in which the Oberbank Group provided reporting under these disclosure requirements within the scope of sustainability reporting. As the climate change questionnaires developed by the former Carbon Disclosure Project (CDP) are closely aligned with the TCFD recommendations, reference is made to the answers provided in the Climate Change Questionnaire 2023.⁴⁹

Governance

TCFD core elements	TCFD recommended disclosures	Further information/ chapter references	Reference in report (from page)/reference CDP Climate Change Questionnaire 2023
Disclose governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	Letter from the Chairman of the Management Board	7
		The role of the administrative, management and supervisory bodies, sustainability risk as an integral component of credit risk	72; 81; 464; C1.1; C1.1b; C2.2
		Sustainability strategy (sustainability within the overall bank strategy, Sustainability Steering Committee, material topics, sustainability goals until 2025, sustainability ratings)	72; 90; 464
		Corporate Governance (strictly excluded transactions)	265
		ESG aspects in core business	258
		Employees (governance bodies and remuneration)	83
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Governance structure and sustainability organisation (Steering Committee, sustainability officers, ESG Unit)	78; C1.1a
		Asset Liability Management (ALM) Committee and Chief Risk Officer	464; C1.2
		Sustainability risk as an integral component of credit risk	464; C1.2

⁴⁹ The remit of the Financial Stability Board's TCFD has been fulfilled with the publication of the two ISSB Sustainability Disclosure Standards IFRS S1 and IFRS S2. In the future, the IFRS Foundation will take over the monitoring of the progress of companies' climate-related disclosures. (see [TCFD](#) website).

Strategy

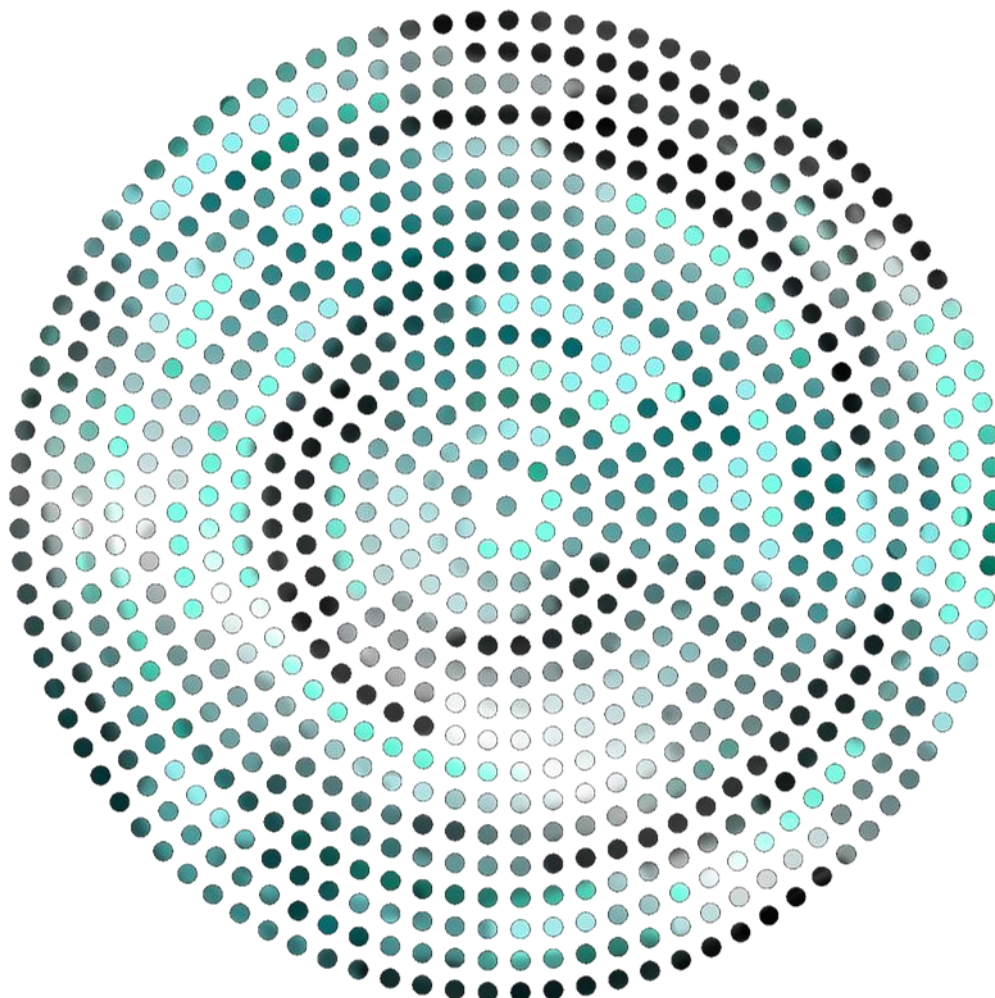
TCFD core elements	TCFD recommended disclosures	Further information/ chapter references			Reference in report (from page)/reference CDP Climate Change Questionnaire 2023	
		Period	Year	Comment		
Disclose the actual and potential future impacts of climate-related risks and opportunities on the organisation’s business activities, strategy, and financial planning where such information is material	a) Describe the actual and potential climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Short-term	0–1	Oberbank’s definition of “short-term” refers to a period of 0 to 1 year.	69; C2.1	
		Medium-term	1–5	Oberbank’s definition of “medium-term” refers to a period of 1 to 5 years.		
		Long-term	5–30	Oberbank’s definition of “long-term” refers to a period of 5 to 30 years, the maximum life of the loan being used as a reference value in this context.		
		Sustainability strategy				90
		ESG aspects in core business (sustainability risks and opportunities, description of ESG risks in the loan portfolio, sustainability as an integral component of risk, sustainability risk heat map, sustainability in accordance with the EU Taxonomy)				260; 464; C2.2a; C2.3; C2.3b; C2.4; C2.4a
	b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning	Strategy, business model and value chain			90	
		Sustainability strategy (sustainability risks and opportunities, strategic sustainability-related goals)			90; 260; C3.3; C3.4	
		ESG criteria in lending			260; C-FS2.2e	
		Sustainable product portfolio			274; C3.3; C-FS3.7	
		Gross GHG emissions, Transition plan for climate change mitigation			128; 142; C3.2	
		Carbon emissions in own operations			144; 162; C3.2	
		c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Sustainability strategy (description of the strategic sustainability-related goals, decarbonisation of the loan portfolio)			128; C3.1
	ESG criteria in lending, sustainable finance			260; 275		
	Sustainable product portfolio			274; C3.3		
	Gross GHG emissions, Transition plan for climate change mitigation			142; 128; C3.2		

Risk Management

TCFD core elements	TCFD recommended disclosures	Further information/ chapter references	Reference in report (from page)/reference CDP Climate Change Questionnaire 2023
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Sustainability organisation (Stakeholder Sounding Board)	78
		ESG criteria in lending (ESG risk guiding principles, ESG soft facts in customer rating & credit process, sustainability risk heat map, climate stress test)	264; 464 C2.1; C2.1a; C2.1b; C2.2; C2.2a; C-FS2.2b; C-FS2.2c; C-FS2.2d; C-FS2.2e
	b) Describe the organisation's processes for managing climate-related risks	Sustainability strategy	90
		Lending strategies	264; C2.2
		Sustainable product portfolio	274
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's group-wide risk management	Gross GHG emissions, transition plan for climate change mitigation	128; 142
		Sustainable lending policy (sustainability in risk management, organisation of Oberbank's risk management, internal control system)	441; C2.2

Metrics and Targets

TCFD core elements	TCFD recommended disclosures	Further information/ chapter references	Reference in report (from page)/reference CDP Climate Change Questionnaire 2023
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities	Climate change adaptation, energy consumption and energy mix (energy efficiency measures, vehicle fleet, ecological metrics, including methodology for estimating climate-related metrics, metrics for historical periods to allow for trend analysis), remuneration report	139; 140; 142; C4.2; C8; C9.1
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 Greenhouse Gas (GHG) emissions	Scopes 1, 2 and 3 GHG emissions (tCO ₂ e), disclosure of Scopes 1, 2 and 3 GHG emissions including presentation of the methodology used to calculate emissions in carbon dioxide equivalents	142; C6.1; C6.2; C6.3; C6.4; C6.5; C6.10
		Carbon savings in own operations (reduction of Scopes 1 and 2 emissions including presentation of the methodology used to calculate the metrics)	162; C4.3; C4.3a-C4.3c
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities	Letter from the Chairman of the Management Board	7; C3.1
		Sustainability strategy	90; C0.1
		Targets for sustainable finance and sustainable product portfolio (sustainable products for retail customers, sustainable product range for corporate customers)	301; C4.2; C4.2b; C-FS4.5, C-FS4.5a
		Gross GHG emissions, transition plan for climate change mitigation	128; 142; C3.1; C4.1; C4.1a; C4.3-C4.3c
		Management Board remuneration	83; C1.3
		Targets related to climate change mitigation and adaptation	139; C4



REPORT

*on the independent audit of the (consolidated)
sustainability statement*

Oberbank AG

Linz

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Appendix

(Consolidated) sustainability statement 2023 of Oberbank AG
General Conditions of Contract for the Public Accounting
Professions

Deloitte.

To the board of
Oberbank AG
Linz

Courtesy Translation of the Audit Report of the Independent Assurance on the (consolidated) sustainability statement*

Introduction

We have performed procedures to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the (consolidated) sustainability statement as of December 31, 2023 has not been prepared, in all material respects, in accordance with the reporting criteria. The reporting criteria consist of the GRI-Standards 2021 issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§243b and 267a UGB (NaDiVeG).

Furthermore, we have performed procedures to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the EU taxonomy information disclosed is not prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and complementary Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139.

Responsibility of the management

The legal representatives of Oberbank AG are responsible for the preparation of the report content in accordance with the reporting criteria and for the selection of the disclosures to be verified. The reporting criteria consist of the GRI-Standards 2021 issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§ 243b and 267a UGB (NaDiVeG). Furthermore, they are responsible for reporting the disclosed information on the EU taxonomy in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and complementary Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139.

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This responsibility of the management of Oberbank AG includes the selection and application of appropriate methods for preparing the statement, making assumptions and estimates of individual non-financial disclosures that are plausible under the given circumstances. The responsibility further includes the internal controls, which have been determined as necessary by the management to enable the preparation of the (consolidated) sustainability statement that is free from misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express a limited assurance opinion as to whether any matters have come to our attention that cause us to believe that the (consolidated) sustainability statement as of December 31, 2023 has not been prepared, in all material respects, in accordance with the reporting criteria. The reporting criteria consist of the GRI-Standards 2021 issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§ 243b and 267a UGB (NaDiVeG).

Furthermore, it is our responsibility to express a limited assurance opinion as to whether any matters have come to our attention that cause us to believe that the EU taxonomy information disclosed is not prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and complementary Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (IAASB) in order to obtain limited assurance on the subject matters.

ISAE 3000 (Revised) requires us to plan and perform the engagement in a way that enables us to obtain limited assurance that nothing has come to our attention that causes us to believe that the (consolidated) sustainability statement has not, in any material aspect, been prepared in accordance with the GRI-Standards 2021 and not all reporting requirements mentioned in §§ 243b and 267a UGB (NaDiVeG) are included, and that the disclosed information on the EU taxonomy has not been prepared in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and complementary Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139.

In a limited assurance engagement, the evidence-gathering procedures are more limited than in a reasonable assurance engagement and therefore, less assurance can be obtained. The choice of audit procedures lies in the due discretion of the auditor.

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As part of our audit, we have performed, inter alia, the following audit procedures and other activities as far as they are relevant to the limited assurance engagement:

- Pre-Audit incl. risk analysis and review of the reporting concept
- Interviews of employees of Oberbank AG regarding the sustainability strategy, the sustainability principles, and the sustainability management
- Interview on the overall approach to determine taxonomy eligibility and alignment, the reporting process and the methodological and, if applicable, technical derivation of the key figures
- Review of the EU taxonomy manual (if available or equivalent documentation, e.g. ESG manual)
- Review of samples regarding the correct integration into the Green Asset Ratio (GAR) and review/plausibility check of the technical screening criteria and minimum safeguards (especially in the case of known use-of-proceeds)
- Identification of any potential for improvement regarding the collection of data for determining the GAR as well as qualitative and quantitative reporting
- Interviews of employees of Oberbank AG to assess the methods of data collection, data processing, internal controls and the reporting process
- Review of the disclosed information according to the GRI-Standards 2021
- Matching the non-financial disclosures shown in the (consolidated) sustainability statement with the documents provided and verification of accordance with the GRI-Standards 2021
- Audit procedures were performed to determine whether the disclosures in the (consolidated) sustainability statement, in all material respects, are in accordance with the reporting criteria
- Furthermore, audit procedures were performed to determine whether the (consolidated) sustainability statement discloses all reporting requirements mentioned in §§ 243b and 267a UGB (NaDiVeG)

We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our assessment.

The objective of our engagement is neither an audit of financial statements nor an auditor's review of financial statements. Likewise, neither the detection and clarification of criminal offences, such as embezzlement or other acts of breach of trust and administrative offenses, nor the assessment of the effectiveness and efficiency of the management is the object of our engagement.

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Summarized Conclusion

Based on our work and the evidence we have obtained, nothing has come to our attention that causes us to believe that the (consolidated) sustainability statement of Oberbank AG as of December 31, 2023 has not, in any material aspects, been prepared in accordance with GRI-Standards 2021.

Furthermore, based on our work and the evidence we have obtained nothing has come to our attention that causes us to believe that the reporting requirements of §§ 243b and 267a UGB (NaDiVeG) are not met by the (consolidated) sustainability statement.

Additionally, based on our audit procedures and the evidence we have obtained, nothing has come to our attention that causes us to believe that the disclosed information on the EU taxonomy has not been prepared in all material aspects in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and complementary Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139.

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Engagement approach

The basis for this engagement are the “General Conditions of Contract for the Public Accounting Professions”, as issued by the Chamber of Tax Advisers and Auditors in Austria (according to appendix). In accordance with chapter 7 of these terms and conditions, our liability shall be limited to intent and gross negligence. In cases of gross negligence, the maximum liability is limited to a maximum of five times the fee. This amount constitutes a total maximum liability cap, which may only be utilized once up to this maximum amount, even if there is more than one claimant or more than one claim has been asserted.

Vienna

March 6, 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

signed by:
Mag. Alfred Ripka
Austrian Certified Public Accountant

*) **Attention:** This report has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

Information pursuant to § 243a Business Code

Share capital, share denomination and authorised capital

On 31 December 2023, the share capital of Oberbank AG was EUR 105,921,900 divided into 70,614,600 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% of the share capital for securities trading purposes and for the purpose of passing them on to employees of the Oberbank Group respectively as well as up to 10% of the share capital for no defined purpose. We also have the corresponding approval of the supervisory authority in accordance with the provisions of the Capital Requirements Regulation (CRR).

Syndicate agreement and shares vested with special controlling rights

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 2023 was CABO Beteiligungsgesellschaft m.b.H., which is indirectly related to UniCredit Bank Austria, with a stake of 23.76% in total capital. UniCredit Bank Austria AG directly held 3.41%. 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 4.69% of shares. A large part of the voting shares owned by Oberbank employees are held by the syndicate OBK-Mitarbeiterbildungs- und Erholungsförderung registrierte Genossenschaft mit beschränkter Haftung. Furthermore, BOB Mitarbeiterbeteiligungsgenossenschaft e.Gen. exercises the voting rights for a separate group of employee shareholders by way of proxy votes in accordance with the corresponding policies. Oberbank Mitarbeiterbeteiligungsprivatstiftung uniformly exercises the voting rights at the Annual General Meeting 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 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

Group Management Report

Information pursuant to § 243a Business Code

indirectly. The company is not aware of any agreements that could take effect in the event of any arranged change in control. In addition, no indemnity agreements are in place between the company and the members of its Management Board or Supervisory Board or its employees for the contingency of a public takeover bid.

Linz, 5 March 2024

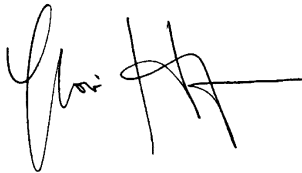
The Management Board



EO
Franz Gasselsberger,
Management Board Remit:
Accounting and Human Resources



Martin Seiter,
Management Board Member
Remit: Corporate and Business Banking



Florian Hagenauer,
Management Board Member
Remit: Group-wide Risk Management



Isabella Lehner,
Management Board Member
Remit: Organisational Development

Segment Report

Segmentation and Overview

Corporate and Business Banking

Retail Banking

Financial Markets

Other

Segment Report

Segmentation and Overview

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

The Corporate and Business Banking segment covers business with corporates, SMEs and micro-businesses and the self-employed. The Leasing sub-group is also included in this segment.

The Retail 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 overhead costs 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 2023 in €m	Corporate and Business Banking	Retail Banking	Financial Markets	Other	Consolidated income statement for 2023
Net interest income	492.3	220.7	-116.2		596.8
Income from entities recognised using the equity method			125.4		125.4
Charges for losses on loans and advances	-80.6	6.0	-8.9		-83.6
Net fee and commission income	115.7	80.4			196.1
Net trading income	0.4		5.4		5.8
Administrative expenses	-200.3	-126.1	-11.8	-31.1	-369.3
Other operating income	0.2	6.3	6.4	-6.5	6.4
Extraordinary profit/loss					
Profit for the year before tax	327.6	187.3	0.3	-37.5	477.7
Return on equity before tax	13.7%	48.8%	- %		12.8%
Cost/income ratio	32.9%	41%	56.1%		39.7%

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

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

Segment Report

Segmentation and Overview

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 in €m	2023	2022	Change
Net interest income	492.3	340.0	44.8%
Income from entities recognised using the equity method			
Charges for losses on loans and advances	-80.6	-20.4	> 100
Net fee and commission income	115.7	119.7	-3.3%
Net trading income	0.4	-0.2	>-100%
Administrative expenses	-200.3	-172.2	16.3%
Other operating income	0.2	0.0	>-100%
Extraordinary profit/loss	0.0	0.0	
Profit for the year before tax	327.6	266.9	22.8%
Contribution to profit for the year before tax	68.6%	90.4%	-21.8 ppt
Average credit and market risk equivalent (Austrian Banking Act)	12,816.8	11,776.3	8.8%
Segment assets	16,484.7	15,416.3	6.9%
Segment liabilities	11,840.5	10,781.4	9.8%
Average allocated equity	2,389.1	1,990.9	20.0%
Return on equity before tax (RoE)	13.7%	13.4%	0.3 ppt
Cost/income ratio	32.9%	37.5%	-4.6 ppt

Development of business in 2023

In Corporate and Business Banking, net profit for the year rose by 22.8% to EUR 327.6 million in 2023.

Net interest income increased by 44.8% to EUR 492.3 million. By contrast, net fee and commission income decreased by 3.3% to EUR 115.7 million.

The allocation to risk provisions increased to EUR 80.6 million after EUR 20.4 million in the preceding year.

Administrative expenses rose by 16.3% to EUR 200.3 million. Other operating income was EUR 0.2 million, compared to EUR 0.0 million year on year.

RoE rose to 13.7% and the cost/income ratio improved to 32.9%.

Commercial loans

The volume of commercial loans of Oberbank rose in 2023 by 7.2% to EUR 16,213.0 million. Due to the excellent equity situation of Oberbank, it was able to continue supplying its corporate and business customers with sufficient funding.

Finance for investments and innovation

At 1,446 projects, the number of funding applications submitted in 2023 in all five Oberbank markets under the headings of investment, environment, innovation and liquidity protection was 7% higher than in the preceding year (more innovation, sustainability and digitalisation projects) despite the difficult economy and economic trends. The volume of subsidised finance brokered by Oberbank rose again by 4% to EUR 2.03 billion as at 31 December 2023. This pleasing development was also reflected in the leading position of Oberbank in terms of loan commitments granted under the Austrian ERP Fund.

Segment Report

Corporate and Business Banking

Commercial real estate financing

The commercial real estate finance segment faced a very difficult market environment in the 2023 financial year. While construction costs settled at a relatively high level, the rise in interest rates caused distortions in the project calculations of numerous real estate developers. There was also a strong decline in demand for real estate, both from private and institutional buyers. The gap widened between real estate prices and the expectations of investors regarding returns over the course of 2023, causing the market for transactions to cool significantly.

Oberbank therefore adjusted its strategy for commercial real estate finance in the financial year 2023. The conditions for new loans were made significantly more restrictive. The loan portfolio was subjected to in-depth, ongoing monitoring during the year. Several times during the year, real estate specialists screened development and construction projects for potential risks to enable Oberbank to take suitable measures in a timely manner.

Oberbank expects the environment to remain difficult in 2024, and the approach and measures applied in 2023 will be continued. Further consolidation is expected in the sector.

Structured finance

Demand for structured finance solutions was lower than in the financial year 2023. It was especially the segments of growth finance and commercial real estate finance that were lower year on year. Demand was higher in the segments of tourism, changes in ownership and renewable energy. In all segments, both the number of business transactions processed and the project volumes remained at a very high level in a multi-year comparison. All in all, we supported customers in almost 60 transactions with a total financing volume of around EUR 720 million again this year. More projects were realized particularly in tourism and renewable energy. Demand for renewable energy projects with a focus on photovoltaics was very dynamic at the beginning of the year, but slowed over the course of the year. Interest rates had a particularly negative impact on project financing and resulted in some postponements or cancellations.

Private equity and mezzanine capital

In the year 2023, the Oberbank Opportunity Fund recorded 142 inquiries, thus nearly reaching the same high level as in the preceding year. 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 118 transactions and ten add-on investments with equity and/or mezzanine capital, and high yield capital, and granted approximately EUR 356 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. Another very profitable business segment is investments in private equity and mezzanine funds managed by third parties, which complement our own regional and strategic investments and have generated very high returns up to now.

Segment Report

Corporate and Business Banking

Payment services

Income growth in payment services in corporate and business banking slowed somewhat in the second half of the year compared to the first six months and at +4.1% p.a. it is exactly in line with the budgeted figures. This development is due primarily to the economic slowdown and the associated decline in transactions and income from payment services.

In the fourth quarter, the decision was taken to use the successor of ELBA MBS and work on implementation began.

Syndicated loans and international lending

With respect to syndicated loans, special loans and promissory notes, there was a significant increase of around 28.2% in total outstanding exposure versus the reporting date of the preceding year, with the volume now amounting to EUR 2.68 billion. The higher exposure corresponded to the increase in the number of transactions.

We again acquired new mandates as arranger and syndicate leader. In total, the syndicated loans team managed 81 loan tranches as syndicate leader on the reporting date. This represents a new record level of lead roles in syndicated loans. As regards promissory notes, we subscribed to selected transactions of Austrian and German issuers with high credit ratings in 2023 and also participated in ESG-linked borrower's notes to support sustainability.

International business

The external economic environment became increasingly gloomy over the course of the year. The situation worsened not only because of the war in Ukraine, but also due to the only gradual easing of supply chain bottlenecks. In the year 2023, high inflation and the global rise in interest rates had a negative impact on the global economy. As a result, global growth remained subdued. Positive impulses came from strong domestic demand in the US. In the euro area, however, the initial recovery came to a nearly complete standstill.

In this environment, customers benefited from Oberbank's extensive range of hedging and finance instruments as well as its global network of selected correspondent banks.

Documentary business and guarantees

The trend in international business recorded in the year 2022 continued in the first three quarters of 2023 as well. However, in Q4 2023 the global economy started to slow down noticeably as also indicated by the declining number of containers shipped. This downturn was influenced significantly by energy prices, price hikes and the reduction in inventories.

With interest rates on the rise and other economic challenges creating problems, customers showed a preference for optimising risk and hedged their imports and exports using documentary services. Overall, income in Oberbank's documentary business increased by 16%. Volumes for guarantees increased by 4.6%. Digitalised processes have become an integral part of the guarantee business. In 2023, more than 25% of all guarantees were requested through Oberbank's online portal.

Segment Report

Corporate and Business Banking

Export finance

With interest rates continuing to rise in 2023, OeKB's subsidy schemes for working capital finance remained highly attractive. The market share of working capital finance under the subsidy schemes for large companies increased by 0.5%, highlighting this positive development. Furthermore, Oberbank was able to maintain its over 11% market share for working capital loans for SMEs under OeKB's Export Fund scheme.

The investment activity of exporting companies decreased due to gloomier market sentiment regarding future trends. The comprehensive advisory services we offer and the focus on the needs of exporters were the factors that helped us preserve our market share in OeKB-refinanced investments in Austria at 11.6% and in OeKB-refinanced investments abroad at 5.9%, a level more or less unchanged compared to the preceding year.

Factoring

After eight years of operation, we saw income in factoring increase slightly at almost unchanged volume levels. Compared to the preceding year, slightly lower revenues were caused by the economic challenges faced by companies.

Leasing

At a volume of EUR 1.2 billion in new business, the increase of EUR 184.4 million (+18.2%) marked another significant improvement versus the preceding financial year. Business in Germany was the driving force behind the improvement, with a volume of new business of EUR 417.0 million year on year representing an increase of EUR 135.8 million (+48.3%); in Austria, the increase came to EUR 31.8 million (+7.1%); in the CEE countries, new business expanded by EUR 17.6 million (+6.1%).

This development in new business also contributed significantly, expanding the portfolio, which rose by EUR 261.7 million (+10.8%) in the reporting period and amounted to EUR 2,685.3 million as at the balance sheet date.

International network of partner banks and institutions

Oberbank has a long-standing and extremely successful tradition of providing support to its customers in their cross-border business transactions. The support provided is based on a strategically and efficiently established international network of correspondent and partner banks which help us meet the requirements of providing a first-class range of products and services. As a key partner in international payment services, trade finance and the hedging of interest rate and currency risks, we focus not only on establishing this robust infrastructure, but, above all, on securing it over the long term.

However, just as in 2022, disruptive global events were predominant in the 2023 financial year. The continuing war by Russia against the Ukraine, geopolitical tensions between China and Taiwan, high inflation due to aggressive central bank policies, the failure of several banks such as Silicon Valley Bank, Credit Suisse and First Republic Bank were events that dominated the international banking industry.

Despite these challenges, partner banks repeatedly praised Oberbank's conservative business policy, excellent credit standing, sustainability efforts, stable business performance and excellent performance indicators.

Segment Report

Corporate and Business Banking

At the same time, tighter regulatory requirements created new challenges, making it harder to maintain this network. Therefore, the network of partner banks was reviewed thoroughly in the first half of 2023. The results thus far have shown positive tendencies and we have set out on our journey towards technical optimisation and increased efficiency. The number of partner banks and the time and effort needed for KYC documentation have already been significantly reduced. Despite the reduction in the number of partner banks, Oberbank has been successful in providing its customers the services they are accustomed to without any loss in quality.

Segment Report

Retail Banking

Primary deposits expanding

With the return of interest rates, primary deposits rose even further, specifically by EUR 694.7 million (+4.6%). Oberbank's excellent credit rating was an additional growth driver. Additionally, customers rediscovered term deposits after the end of the low-interest phase. There was an increase in both euro savings accounts for retail customers (+30.4%) and euro term deposits for corporate customers (+117.1%). On the other hand, the volume of sight deposits in euro fell year on year. Euro deposits of corporate and business customers decreased by EUR 279.7 million (+5.3%), while euro savings deposits declined by EUR 737.8 million (-34%). The inflow into term deposits also shows that even at comparatively short terms, it is possible to earn much higher returns than on conventional current accounts.

Retail Banking in €m	2023	2022	Change
Net interest income	220.7	96.9	> 100
Income from entities recognised using the equity method			
Charges for losses on loans and advances	6.0	-13.3	>-100%
Net fee and commission income	80.4	87.2	-7.8%
Net trading income			
Administrative expenses	-126.1	-107.1	17.8%
Other operating income	6.3	1.2	> 100
Extraordinary profit/loss			
Profit for the year before tax	187.3	64.8	> 100
Contribution to profit for the year before tax	39.2 %	22.0%	17.3 ppt
Average credit and market risk equivalent (Austrian Banking Act)	2,059.9	2,150.7	-4.2%
Segment assets	3,948.8	4,155.0	-5.0%
Segment liabilities	7,339.6	7,231.4	1.5%
Average allocated equity	384.0	363.6	5.6%
Return on equity before tax (RoE)	48.8%	17.8%	31.0 ppt
Cost/income ratio	41.0%	57.8%	-16.8 ppt

Development of business in 2023

In Retail Banking, profit for the year rose by >100% to EUR 187.3 million in 2023.

Net interest income increased by >100% to EUR 220.7 million. Net fee and commission income, by contrast, decreased by 7.8% to EUR 80.4 million.

In the preceding year, the allocation to risk provisions was EUR 13.3 million, while in this financial year, a volume of EUR 6.0 million in risk provisions were reversed.

Administrative expenses were 17.8% higher year on year at EUR 126.1 million. Other operating income was EUR 6.3 million, compared to EUR 1.2 million in the preceding year.

Return on equity in Retail Banking rose to 48.8% and the cost/income ratio improved to 41.0%.

Retail loans

On account of the very challenging market environment, the outstanding volume (excluding leasing) decreased by 5.1% to EUR 3,861.3 million year on year. In 2023, the volume of new retail loans was 43.2% lower than in the same period of the preceding year. Demand for home loans, and thus new lending plunged

Segment Report

Retail Banking

in 2022, a trend still being felt in 2023. The main reason was the generally deteriorated macroeconomic environment and the resultant uncertainty (higher interest, energy prices, construction costs and real estate prices).

Retail customer deposits

The volume on savings, sight and term deposits of Oberbank's customers came to EUR 6,840.5 million, which was EUR 86 million (+1.3%) higher year on year. In 2023, deposits on online savings products increased again steeply year on year by EUR 901.6 million (+73.1%) to EUR 2,134.6 million. Deposits on savings passbooks decreased year on year by EUR 737.8 million (-34.0%). The number of savings passbooks decreased as well, by around 46,482.

Sustainable accounts

The be(e) green account was awarded the Austrian Ecolabel in 2021, because Oberbank undertakes to finance sustainable projects meeting not only economic but also environmental and social criteria in the same amount as the balances held on these accounts. In the second half of 2023, the be(e) green account was introduced for retail customers in the Czech Republic with the same criteria as in Austria; however, there is no comparable certificate in the Czech Republic. Furthermore, with each new be(e) green account, Oberbank makes a contribution to the preservation of the bee population and other pollinating insects. 125,000 m² of wildflower areas have already been created under this scheme since its introduction in 2021, with another square metre being added for each participant in the Oberbank Linz Danube Marathon. Additionally, the be(e) green savings account was introduced in Austria, which was also awarded the Austrian Ecolabel. In the autumn of 2022, the sustainable be(e) green student account was added to the range of accounts on offer. As at 31 December 2023, 194,455 retail accounts were held throughout the entire banking group. Of these accounts, 33.8% were sustainable be(e) green accounts. This corresponds to an increase by 16,871 to 65,704 sustainable accounts in 2023.

Green payments – for the environment

Paper transfer order slips have a 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, 97% of all payments made by corporate and business customers as well as retail customers are done electronically.

Digitalisation

The range of online self-services at Oberbank is constantly being expanded across all systems and platforms. In 2023, for example, the Currency Exchange function introduced on the Austrian market in the Oberbank customer portal and in the Oberbank app created a convenient method for ordering foreign currencies to be delivered directly to one's branch. This reduces the amount of foreign currency held at the branches and gives customers the opportunity to conveniently place orders online around the clock.

Additionally, since 2023, customers in Austria and Germany have been able to conveniently initiate reversals of direct debits themselves on the Oberbank customer portal and in the Oberbank app.

In 2023, we also introduced the new Finance Manager function in the Oberbank app that groups all customers' transactions into categories and provides an overview of income and expenses.

Segment Report

Retail Banking

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 is, of course, also e-commerce-enabled and comes with comprehensive travel insurance. Internet transactions are approved conveniently in the Oberbank Security App.

On the reporting date 31 December 2023, Oberbank had 35,515 proprietary Classic and Gold Mastercard credit cards in circulation. Including credit cards referred to partners (credit card organisations), the total number of credit cards issued to retail and corporate customers was 73,296. The total number of debit cards was 220,223 in the year 2023.

Investment services

In 2023, Oberbank’s investment services were strongly influenced by the significantly higher bond yields and the increased appeal of savings deposits.

Investors took advantage of the higher yields on sovereign, bank and corporate bonds for new investments with longer maturities to secure long-term interest rates. Conversely, demand for equity investments and mixed portfolios fell noticeably. The rise in interest rates on fixed-term savings deposits certainly slowed the inflow of new funds into investments, in contrast to the trend seen in previous years where a lack of alternatives prompted customers to invest on the capital market.

For investors, 2023 was a positive year in the main asset classes. There was a year-end rally on stock markets, primarily in anticipation of falling interest rates in 2024. In the US, in particular, the rise was boosted by the major IT companies, which are principal beneficiaries of developments in artificial intelligence.

The sharp fall in capital market interest rates in the last quarter of the year resulted in a significant rise in bond prices. This movement was triggered by falling inflation rates, both in the US and in the euro area, and the associated hope that central banks might react sooner than expected by lowering interest rates.

The price of gold also reached new highs. Investments in individual asset classes, but also in mixed investment funds, were successful in 2023. Considering generally poorer consumer sentiment and sluggish economic growth data, 2023 was a surprisingly good year on the capital markets.

In this environment, fee and commission income from investment services decreased by 12.6% or EUR 8.9 million from the all-time high in the preceding year to EUR 62.2 million. This was due primarily to lower fee and commission income on stock transactions. The rise in investments in bonds failed to offset the drop. Noteworthy is the fact that the transactions in equities were more subdued both in advisory services and on the customer portal, especially during the months of sideways movements. Additionally, contributions to earnings were lower in individual portfolio management.

Demand was strong for Oberbank's issues targeting the retail market. A total of EUR 314.2 million was issued, of which EUR 86.2 million were subordinate bonds. The maturities offered ranged from 4 to 10 years. Demand was huge for a 4.25-year issue placed at the end of the year, which was particularly sought after because of its eligibility for an investment tax allowance.

3-Banken Wohnbaubank AG did not issue any bonds for the trustor banks Oberbank, BKS Bank AG and BTW AG in the 2023 financial year. The outstanding volume of issues is EUR 117.9 million, of which EUR 74.6 million is attributable to Oberbank AG.

Segment Report

Retail Banking

The market value of securities on securities accounts (including 3-Banken Investment-Gesellschaft m.b.H) rose year on year by EUR 852.0 million (+4.4%) to EUR 20.1 billion. A look at the distribution across shares, bonds and investment funds also showed an increase in the bond ratio.

Sustainable investments saw steep growth. The product range was enlarged accordingly, in particular by offering a wider range of investment fund products.

The sustainable iPM strategies also showed significant growth. The volume on sustainable investment funds of 3-Banken Generali-Investment Gesellschaft m.b.H. rose from EUR 535.5 million to EUR 744.9 million.

Private banking and asset management

Assets under management in Private Banking (demand deposits and securities accounts) expanded significantly in 2023. The volume rose by 6.7% or EUR 0.8 billion to EUR 12.4 billion. This is a new year-end all-time high. Structurally, there was a slight shift, with the higher interest rates on deposits pushing up the share of funds held on deposit accounts. The number of Private Banking customers also reached new highs. In 2023, the volume on individual portfolio management accounts rose by EUR 49.8 million (+7.0%) to EUR 756.5 million. Sustainable investment options were very popular. Asset management also received several awards in 2023. Excellent ratings were awarded by FokusMoney/ntv "outstanding", Elitereport/Handelsblatt "cum laude" as well as Fuchsbriefe "Gipfelstürmer".

Many in-person events were organised on capital market and investment topics in the regional divisions in 2023. These were supplemented by video formats. These events, which focus on market topics and also contribute to promoting financial literacy among customers, were an opportunity to engage with a large number of customers on site. A series of publications is published monthly, such as "Marktmeinung" and a video format called "oTon".

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

The volume under management of 3 Banken-Generali Investment-Gesellschaft m.b.H. rose by 4.9% or EUR 0.5 billion in the reporting year 2023, from EUR 11.0 billion to EUR 11.5 billion. This increase was slightly lower than the overall market trend of Austrian investment fund companies (+7.7% or EUR 14.4 billion to EUR 202.1 billion). The market share of the company was 5.7% at year-end.

We received some major awards again in 2023. The special interest magazine "Börsianer" ranked the company in second place in a national ranking of investment fund companies and likewise in second place including international investment fund companies. The company also won several distinctions at the prestigious fund of funds awards.

Oberbank's share in the fund volume of the company increased again, to 50.7%. The attributable volume was EUR 5.9 billion and thus 7.5% or EUR 0.4 billion higher versus year-end 2022. Apart from the use of the company's broad range of products, this increase was driven by the lively demand for innovations in sustainable investment funds.

Insurance services: Excellent results

The insurance business developed extremely well in the preceding year. At a premium volume of EUR 161.5 million in Austria and Germany, earnings were 13.7% higher year on year. The premium volume in the endowment insurance segment was particularly high in Retail Banking and in Corporate and Business Banking. In Austria, premium volumes increased by 12.5% compared to 2022, and in Germany even by 85.2%. In this segment, sales were mainly in fund-linked and unit-linked life insurance policies, but also in products with sustainable investments. The focus in 2023 was on the life insurance business. At an increase of EUR 23 million

Segment Report

Retail Banking

in premium sums, this segment expanded substantially by 19.4%. Premium volumes in the non-life insurance segment (commercial and private property insurance, accident insurance) decreased by 15.4% year on year.

Insurance contracts - premium volume*		Year-on-year change	
As at 31/12/2023	As at 31/12/2022	In absolute terms	In %
€ 161.5 million	€ 142.0 million	€ 19.5 million	13.7%

* Premium volume: Life insurance (premium sum) + non-life insurance (annual net premium x 10)

Segment Report

Financial Markets

Financial Markets in € m	2023	2022	Change
Net interest income	-116.2	-30.9	> 100
Income from entities recognised using the equity method	125.4	90.7	38.3%
Charges for losses on loans and advances	-8.9	-7.7	16.0%
Net fee and commission income			
Net trading income	5.4	6.3	-14.1%
Administrative expenses	-11.8	-10.9	7.9%
Other operating income	6.4	-41.0	>-100%
Extraordinary profit/loss			
Profit for the year before tax	0.3	6.4	-95.3%
Contribution to profit for the year before tax	0.1%	2.2%	-2.1 ppt
Average credit and market risk equivalent (Austrian Banking Act)	5,114.0	6,128.0	-16.5%
Segment assets	7,269.3	7,095.5	2.4%
Segment liabilities	8,166.9	8,321.8	-1.9%
Average allocated equity	953.3	1,036.0	-8.0%
Return on equity before tax (RoE)	– %	0.6%	-0.6ppt
Cost/income ratio	56.1%	43.6%	12.5 ppt

Development of business in 2023

In the Financial Markets segment, net interest income declined to EUR -116.2 million, while income from entities accounted for using the equity method was EUR 125.4 million compared to EUR 90.7 million in the preceding year.

Risk provisions increased by 16.0% to EUR 8.9 million.

Trade income declined to EUR 5.4 million after EUR 6.3 million in the preceding year. Other operating income increased to positive EUR 6.4 million after negative EUR -41.0 million in the preceding year.

Net profit in Financial Markets was therefore EUR 0.3 million following EUR 6.4 million in the preceding year. RoE dropped to 0.0%, and the cost/income ratio fell to 56.1%.

Proprietary trading

Global crises did not diminish in 2023. In addition to the war in Ukraine, there was also the conflict with Hamas in Israel. However, financial markets got accustomed to these crises relatively quickly and ignored them to a certain extent.

Inflation and its influence on interest rates had a much greater impact. The first half of the year was overshadowed by concerns about persistently high inflation, causing interest rates to trend upwards across all maturities. In the last two months of the year, sentiment reversed, however. More frequent and larger interest rate cuts were expected given markedly declining inflation. As a result, interest rates in the euro area and also in the US fell significantly. This had an impact on the USD exchange rate, which depreciated somewhat. Stocks by contrast tended to make gains throughout the year and continued to benefit from expectations of interest rate cuts. In this difficult environment, we nonetheless achieved a good positioning in trading. We took advantage of high interest rates to profit from a decline using derivative instruments (mainly options), which turned out very well. All in all, we achieved good results in proprietary trading also in 2023.

Oberbank issues

The issuance of own bonds is an important source of long-term refinancing, in addition to refinancing through investment development banks. For this reason, we steadily increased the share of securitized liabilities in recent years. In 2023, issuing activities increased again robustly. More than EUR 225 million in own bank bonds and over EUR 85 million in subordinated bonds were sold through Oberbank's branches. Moreover, an 8-year covered bond with a volume of EUR 250 million – the longest maturity in Austrian issues in the past year – was floated on the capital market and subsequently topped up by EUR 25 million. Additionally, another EUR 25 million were issued in a covered bond placed with private customers. Therefore, the total issuance volume stood at over EUR 610 million. With EUR 165 million in maturing issues, net growth came to just under EUR 450 million.

Refinancing structure of Oberbank AG			
(amounts in € m)	2023	2022	Change
Savings deposits	1,429.5	2,167.2	-34.0%
Other amounts owed to customers	14,409.8	12,967.3	11.1%
Securitized liabilities	2,906.4	2,503.7	16.1%
Securitized liabilities and subordinated debt capital	540.3	504.1	7.2%
Primary deposits including subordinated debt capital	19,285.9	18,142.3	6.3%
Amounts owed to credit institutions	4,134.3	4,508.5	-8.3%
Total	23,420.3	22,650.8	3.4%

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

Standard & Poor's did not change its rating in 2023. The bank's rating remained at a very good A (the outlook was even raised from negative to stable in March) and the highest rating of AAA (with a stable outlook) was also confirmed for the mortgage cover pool. This once again highlights the stability of Oberbank.

Segment Report

Other

Other

The shortfall for the year before tax in 2023 in the segment Other was EUR -37.5 million, after EUR -42.9 million in the preceding year.

Consolidated Financial Statements

Consolidated Financial Statements of the Oberbank
Group for 2023 prepared in accordance with the
International Financial Reporting Standards (IFRS)

Consolidated Financial Statements

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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 2023

Consolidated income statement in €k	2023	2022	Change in €k	Change in %
1. Interest and similar income	1,125,251	540,906	584,345	> 100.0
a) Interest income based on the effective interest rate method	1,103,421	519,165	584,256	> 100.0
b) Other interest income	21,830	21,741	89	0.4
2. Interest and similar expenses	-528,412	-134,846	-393,566	> 100.0
Net interest income (3)	596,839	406,060	190,779	47.0
3. Income from entities accounted for by the equity method (4)	125,407	90,653	34,754	38.3
4. Charges for losses on loans and advances (5)	-83,556	-41,482	-42,074	> 100.0
5. Fee and commission income	215,456	227,223	-11,767	-5.2
6. Fee and commission expenses	-19,392	-20,361	969	-4.8
Net fee and commission income (6)	196,064	206,862	-10,798	-5.2
7. Net trading income (7)	5,799	6,100	-301	-4.9
8. Administrative expenses (8)	-369,263	-320,331	-48,932	15.3
9. Other operating income (9)	6,414	-52,602	59,016	>-100.0
a) Net income from financial FV/PL	9,981	-33,732	43,713	>-100.0
b) Net income from financial assets FV/OCI	-421	-2,198	1,777	-80.8
c) Net income from financial assets - AC	0	0	0	
d) Other operating income	-3,146	-16,672	13,526	-81.1
Profit for the year before tax	477,704	295,260	182,444	61.8
10. Income taxes (10)	-95,101	-51,973	-43,128	83.0
Profit for the year after tax	382,603	243,287	139,316	57.3
thereof attributable to equity holders of the parent company and to the owners of additional equity components	381,267	242,154	139,113	57.4
thereof attributable to non-controlling interests	1,336	1,133	203	17.9

Consolidated Financial Statements

Other comprehensive income in €k	2023	2022
Profit for the year after tax	382,603	243,287
Items not reclassified to profit or loss for the year	-9,342	34,557
+/- Actuarial gains/losses IAS 19	-33,171	37,244
+/- Deferred taxes on actuarial gains/losses IAS 19	7,629	-9,671
+/- Share from entities recognised using the equity method	3,774	19,175
+/- Value changes in own credit risk recognised in equity IFRS 9	16,162	26,563
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	-3,717	-6,294
+/- Value changes in equity instruments recognised in equity IFRS 9	-1,784	-48,836
+/- Deferred tax on value changes in equity instruments recognised in equity IFRS 9	1,766	16,377
Items reclassified to profit or loss for the year	3,765	-7,473
+/- Value changes recognised in equity for debt securities IFRS 9	3,000	-2,193
Amounts recognised in equity	2,597	-2,758
Reclassification adjustments	404	565
+/- Deferred tax on value changes recognised in equity for debt instruments IFRS 9	-690	510
Amounts recognised in equity	-597	640
Reclassification adjustments	-93	-130
+/- Exchange differences	2,029	595
+/- Share from entities recognised using the equity method	-574	-6,385
Total income and expenses recognised directly in equity	-5,576	27,084
Total comprehensive income for the period from net profit and income/expenses not recognised in profit or loss	377,027	270,371
thereof attributable to equity holders of the parent company and to the owners of additional equity components	375,691	269,238
thereof attributable to non-controlling interests	1,336	1,133

Performance indicators	2023	2022
Cost/income ratio in % ¹⁾	39.68	48.75
Return on equity before tax in % ²⁾	12.82	8.71
Return on equity after tax in % ³⁾	10.27	7.18
Risk/earnings ratio (credit risk/net interest income) in % ⁴⁾	14.00	10.22
Earnings per share in € ⁵⁾⁶⁾⁷⁾	5.42	3.45

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 (see also Note 11).

7) In Q3 2023, Oberbank AG carried out a share split at a ratio of 1:2. This results in comparable earnings per share of EUR 3.45 for the preceding year.

Consolidated Financial Statements

Consolidated balance sheet as at 31/12/2023		31/12/2023	31/12/2022	Change in €k	Change in %
Assets in €k					
1.	Cash and balances at central banks (12)	2,836,294	2,287,322	548,972	24.0%
2.	Loans and advances to credit institutions (13)	817,554	1,057,204	-239,650	-22.7%
3.	Loans and advances to customers (14)	20,074,272	19,192,911	881,361	4.6%
4.	Trading assets (16)	30,917	56,655	-25,738	-45.4%
5.	Financial investments (17)	3,556,995	3,653,467	-96,472	-2.6%
	a) Financial assets FVPL	520,364	489,243	31,121	6.4%
	b) Financial assets FVOCI	372,562	594,456	-221,894	-37.3%
	c) Financial assets AC	1,469,598	1,470,122	-524	0.0%
	d) Interest in entities accounted for using the equity method	1,194,471	1,099,646	94,825	8.6%
6.	Intangible assets (18)	4,274	3,767	507	13.5%
7.	Property, plant and equipment (19) (20)	347,162	357,389	-10,227	-2.9%
	a) Investment property	69,045	72,693	-3,648	-5.0%
	b) Other property, plant and equipment	278,117	284,696	-6,579	-2.3%
8.	Other assets (21)	167,003	189,451	-22,448	-11.8%
	a) Deferred tax assets	1,606	1,353	253	18.7%
	b) Positive fair values of closed out derivatives in the banking book	25,933	39,640	-13,707	-34.6%
	c) Other	139,464	148,458	-8,994	-6.1%
	Total assets	27,834,471	26,798,166	1,036,305	3.9%

Consolidated Financial Statements

Consolidated balance sheet as at 31/12/2023		31/12/2023	31/12/2022	Change in €k	Change in %
Liabilities in €k					
1.	Amounts owed to credit institutions (22)	4,046,388	4,448,735	-402,347	-9.0%
	a) Dedicated refinancing for customer loans	3,405,115	3,292,756	112,359	3.4%
	b) Other amounts owed to credit institutions	641,273	1,155,979	-514,706	-44.5%
2.	Amounts owed to customers (23)	15,756,132	15,061,355	694,777	4.6%
3.	Securitised liabilities (24)	2,842,137	2,407,017	435,120	18.1%
4.	Provisions for liabilities and charges (25)	308,124	319,621	-11,497	-3.6%
5.	Other liabilities (26)	491,563	534,806	-43,243	-8.1%
	a) Trading liabilities (27)	35,020	50,381	-15,361	-30.5%
	b) Tax liabilities	44,647	23,632	21,015	88.9%
	ba) Current tax liabilities	25,689	9,425	16,264	> 100.0%
	bb) Deferred tax liabilities	18,958	14,207	4,751	33.4%
	c) Negative fair values of closed out derivatives in the banking book	119,248	184,551	-65,303	-35.4%
	c) Other	292,648	276,242	16,406	5.9%
6.	Subordinated debt capital (28)	527,054	479,712	47,342	9.9%
7.	Shareholders' equity (29)	3,863,073	3,546,920	316,153	8.9%
	a) Equity after minorities	3,804,390	3,488,314	316,076	9.1%
	b) Minority interests	8,683	8,606	77	0.9%
	c) Additional equity capital components	50,000	50,000	0	0.0%
Total equity and liabilities		27,834,471	26,798,166	1,036,305	3.9%

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

in €k	Subscribed capital	Capital reserves	Retained earnings	Exchange differences	Revaluation reserve			Actuarial gains/losses IAS 19	Associates	Equity after minorities	Share of non- controlling	Additional equity capital components	Shareholders' equity
					Reclassified debt securities IFRS 9	Equity instruments IFRS 9 not reclassified	Change to own credit risk IFRS 9 without reclassification						
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 capital 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 changes in equity as at 31/12/2023

	Subscribed capital	Capital reserves	Retained earnings	Exchange differences	Revaluation reserve			Actuarial gains/losses IAS 19	Associates	Equity after minorities	Share of non-controlling shareholders	Additional equity capital components	Shareholders' equity
					Reclassified debt securities IFRS 9	Equity instruments IFRS 9 not reclassified	Change to own credit risk IFRS 9 without reclassification						
in €k													
As at 1/1/2023	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 net profit			281,083	2,029	2,310	-18	12,445	-25,542	103,384	375,691	1,336		377,027
Net profit/loss for the year			281,083						100,184	381,267	1,336		382,603
Other comprehensive income				2,029	2,310	-18	12,445	-25,542	3,200	-5,576			-5,576
Dividend distribution			-51,187							-51,187			-51,187
Coupon payments on additional equity capital components			-2,925							-2,925			-2,925
Capital increase													
Issuance of additional equity components													
Repurchased own shares	147		4,841							4,988			4,988
Other changes not recognised in income			-1,001						-9,490	-10,491	-1,259		-11,750
As at 31/12/2023	105,919	505,523	2,204,776	697	788	124,400	25,809	-39,401	875,881	3,804,390	8,683	50,000	3,863,073

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Consolidated statement of cash flows in €k	2023	2022
Consolidated profit for the year	382,603	243,287
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	59,507	43,025
Change in provisions for staff benefits and other provisions for liabilities and charges	-37,040	-17,607
Change in other non-cash items	69,670	27,180
Gains and losses on financial investments, property, plant and equipment and intangible assets	11	155
Subtotal	474,751	296,040
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
Loans and advances to credit institutions	263,853	-165,320
Loans and advances to customers	-984,617	-798,133
Trading assets	24,581	-17,610
Financial assets for operating activities ¹⁾	197,956	-222,093
Other assets from operating activities	141,771	86,219
Amounts owed to banks	-453,573	-1,455,736
Amounts owed to customers	647,652	394,208
Securitised liabilities	382,187	296,612
Other liabilities from operating activities	-129,733	-266,245
Cash flow from operating activities	564,828	-1,852,058
Proceeds from the sale of financial assets used for investment activities ²⁾	450,284	290,165
Property, plant and equipment, and intangible assets	5,900	16,296
Outlay on purchases of		
Financial investments	-412,057	-509,019
Property, plant and equipment, and intangible assets	-32,633	-28,807
Cash flow from investing activities	11,494	-231,365
Capital increase	0	0
Dividend distributions	-51,187	-35,306
Coupon payments on additional equity components	-2,925	-2,925
Cash from subordinated liabilities and other financing activities		
Issues	(28)	54,844
Other	7,990	3,738
Fund outflows from subordinated debt capital and other financing activities		
Redemptions	(28)	-30,000
Other	-18,249	-20,521
Cash flow from financing activities	-27,350	-30,170
Cash and cash equivalents at the end of previous period	2,287,322	4,400,915
Cash flow from operating activities	564,828	-1,852,058
Cash flow from investing activities	11,494	-231,365

Consolidated Financial Statements

Cash flow from financing activities	-27,350	-30,170
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	2,836,294	2,287,322
Interest received	1,078,251	505,782
Dividends received	35,037	32,937
Interest paid	-453,053	-91,654
Coupon payments on additional equity components	-2,925	-2,925
Income tax paid	-62,239	-48,839

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	2023	1,043,319	34,932	0	1,078,251
	2022	478,539	27,243	0	505,782
Dividends received	2023	1,460	33,577	0	35,037
	2022	1,469	31,468	0	32,937
Interest paid	2023	-438,009	0	-15,044	-453,053
	2022	-78,788	0	-12,866	-91,654
Dividends paid	2023	0	0	-51,187	-51,187
	2022	0	0	-35,306	-35,306
Coupon payments on additional equity capital components	2023	0	0	-2,925	-2,925
	2022	0	0	-2,925	-2,925
Income tax paid	2023	-50,245	-8,384	-3,611	-62,239
	2022	-38,812	-6,811	-3,216	-48,839

Notes to the Consolidated Financial Statements

Introduction

Oberbank AG is Austria's oldest remaining independent listed *Aktienbank* (joint stock bank). 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 5 March 2024 and approved them for submittal to the Supervisory Board.

The financial statements for the financial year 2023 were approved and released for publication on 21 March 2024.

1) Group of consolidated companies of Oberbank

The group of consolidated companies in 2023 included, apart from Oberbank AG, 30 Austrian and 15 foreign subsidiaries. Compared to 31 December 2022, the group of consolidated companies changed as follows:

- The establishment of Oberbank LKR Immobilienleasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The establishment of Oberbank Logistik Immobilienleasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The establishment of Oberbank Jerich Immobilienleasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The sale of Oberbank MLC-Pernau Immobilienleasing GmbH, Linz reduced receivables from customers by €k 4,126, no change in other assets and lowered other liabilities by €k 3.
- The sale of Oberbank Immobilie-Bergheim Leasing GmbH, Linz, did not result in any change in receivables from customers, other assets or other liabilities.
- The sale of Oberbank Immobilienleasing GmbH Bayern Co KG, Goldkronach, Neuötting, did not change receivables from customers, reduced other assets by €k11 and other liabilities by €k 2.

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

18 subsidiaries and 11 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 consolidated financial statements for the full year. Material transactions and changes to the composition of the Leasing sub-group in Q4 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 2023 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 to financial years from	Already adopted by the EU
Annual improvements to IFRS	Annual improvements to IFRS Accounting Standards – Vol. 11	1/1/2023	Yes
Amendments to IAS 1	Information on accounting policies	1/1/2023	Yes
Amendments to IAS 8	Definition of accounting estimates	1/1/2023	Yes
Amendments to IAS 12	Recognition of deferred taxes relating to assets and liabilities arising from a single transaction	1/1/2023	Yes
Amendments to IAS 12	Effects of Pillar II – Global minimum taxation on deferred taxes	1/1/2023	Yes
IFRS 17	Insurance contracts	1/1/2023	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 to financial years from	Already adopted by the EU
Amendments to IAS 1	Classification of liabilities as current or non-current	1/1/2024	Yes
Amendments to IAS 1	Long-term debts with covenants	1/1/2024	Yes
Amendments to IAS 7 and IFRS 7	Transparency of supplier financing agreements and their effect on liabilities, cash flows and liquidity risks	1/1/2024	Yes
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1/1/2024	Yes

Changes to accounting policies in 2023

The annual improvements cycle for IFRS refers to amendments to IFRS 1, IFRS 7, IAS 9, IFRS 10 and IAS 7. These amendments, which took effect as of 1 January 2023, had no material effect on the consolidated financial statements of Oberbank AG.

The amendments to **IAS 1 "Disclosure of Accounting Policies"** and **IAS 8 "Definition of Accounting Estimates"** change the requirements relating to the disclosure of accounting and measurement policies. In this context, the amendments to IAS 1 and IAS 8 ("material accounting and measurement policies", and "definition of changes in accounting estimates") 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 for the information in financial statements in order 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 entered 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 Relating to Assets and Liabilities Arising from a Single Transaction"** clarify how entities account for deferred taxes on transactions such as leases and decommissioning obligations. This amendment restricts 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. The amendments entered into force on 1 January 2023. This does not result in any material effects on future consolidated financial statements of Oberbank AG.

IAS 12 "Deferred Taxes" - Pillar II

The Oberbank Group operates in Austria, Germany, the Czech Republic, Hungary and Slovakia, where new legislation has been passed to implement the global minimum tax. The Oberbank Group does not expect any material impact on taxes due and on consolidated net profit in the aforementioned countries. As the newly enacted tax laws in Austria, Germany, Czech Republic, Hungary and Slovakia will not enter into force before 1 January 2024, there are no current tax effects for the financial year ending 31 December 2023. The Oberbank Group makes use of a temporary mandatory exemption from the recognition of deferred taxes for the effects of the global minimum tax.

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.

The amendments to **IFRS 9, IAS 39, IFRS 7, IFRS 4** and **IFRS 16** (Phase 2 IBOR Reform) published in August 2020 have the purpose ameliorating the effects on financial reporting that occur when an existing reference interest rate is replaced by an alternative interest rate.

On account of the replacement of the Interbank Offered Rates (IBOR) by a new risk-free interest rate, Oberbank Group completed the changeover of all market valuations of derivatives from EONIA to €STR already as at 31 December 2021. In the 2022 financial year, the currencies CHF, JPY and GBP were affected by the LIBOR changeover to new reference values.

The USD reference values were converted in financial year 2023, with the volume of USD receivables converted to EUR being €k 5,930 and the volume of USD payables converted to EUR being €k 3,181.

Future amendments to accounting policies

The International Accounting Standards Board (IASB) issued the amendment to **IAS 1 "Non-current liabilities with ancillary conditions"** to clarify how conditions that an entity must meet within twelve months of the end of the reporting period affect the classification of a liability. The date of entry into force of the amendments was postponed to 1 January 2024. These amendments do not result in any material effects on the consolidated financial statements of Oberbank AG.

The International Accounting Standards Board (IASB) issued amendments to **IAS 1 "Classification of Liabilities as Current or Non-current"** to introduce a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments only affect the reporting of liabilities in the statement of financial position – not the amount or timing of the recognition of assets, liabilities, income or expenses or the disclosures that entities make about these items. The date of entry into force of the amendments was postponed to 1 January 2024. These amendments do not result in any material effects on the consolidated financial statements of 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 gain 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 the bank generally does not enter into sale-and-leaseback agreements with variable lease payments.

The amendments to **IAS 7 and IFRS 7** relate to disclosure requirements and "sign-posts" within existing disclosure requirements that impose the obligation to provide qualitative and quantitative information about financing arrangements with suppliers. These amendments relate to the description of the features of such an arrangement for which an entity is required to make disclosures. Furthermore, entities must disclose information that enables users of the financial statements to evaluate how supplier financing arrangements affect an entity's liabilities and cash flows and to understand how the supplier financing arrangements affect an entity's liquidity risk and how the entity might be affected if the arrangements were no longer available. Likewise, additional disclosure requirements regarding the terms and conditions of supplier relationships, the agreements at the beginning and end of the reporting period, and the nature and effect of non-cash changes in the carrying amounts of the aforementioned financial liabilities must also be presented. The date of entry

into force of the amendments was set at 1 January 2024. These amendments do not result in any material effects on the consolidated financial statements of Oberbank AG.

2.2) Effects of higher interest rates on real estate loans, especially on real estate project financing

The interest rate hiking cycle initiated by the European Central Bank on 27 July 2022 raised the key lending rate to 4.5% until the end of the year, thereby exerting considerable pressure on the real estate market. Among the hardest hit were development projects whose calculation basis had deteriorated significantly. The higher financing costs resulting from the rise in interest rates had a negative impact on the liquidity of these projects, which were handled mainly by individual companies.

Apart from these factors, the higher yield expectations of investors more or less brought the market for transactions to a standstill, thereby triggering a decline in the market values of properties. With the insolvencies of large and well-known real estate developers in Germany in mid-2023 attracting media attention, the crisis finally became apparent to the public at large. A recovery can be expected at the earliest by the end of 2024.

Oberbank's exposure to loans for third-party-use of real estate is restricted to the catchment area of Oberbank and is financed primarily at project level. There is no financing through bond issues for project developers at the holding level. Oberbank had made some first adjustments to its lending criteria at the end of 2022, which were significantly tightened in the course of 2023. At the same time, the real estate loan portfolio was systematically screened for additional risks. The exposures identified in this process were closely monitored by the competent units and appropriate measures are taken.

To account for the expected significant increase in default risk, 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 in real estate project finance with commercial mortgage-backed collateral where project progress and loan repayment capability were 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) increased impairment charges for performing loans by EUR 9.2 million in receivables from borrowers for which a case-by-case analysis revealed a high level of sensitivity to energy prices as well as a higher vulnerability to economic trends.
- The continued risk of a stop in the supply of natural gas and persistently high energy prices in conjunction with a recession that was more severe than forecast by economists and the consequences this entailed cannot be ruled out and is difficult to assess. The allocation of additional provisions increased impairment charges for performing loans by EUR 7.9 million

Collective staging portfolio as at 31/12/2023 by reason for stage transfer in €k

Balance sheet item	Reason for transfer	Volume of receivables in €k	Effect of stage transfer in €k
Financial assets on balance sheet	Collective stage transfer negative outlook	879,889	5,353
	Collective stage transfer real estate projects	1,869,161	6,699
	Total	2,749,051	12,052
Off-balance sheet financial assets	Collective stage transfer negative outlook	452,284	2,581
	Collective stage transfer real estate projects	171,168	2,528
	Total	623,452	5,108
Total		3,372,502	17,161

2.3) 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 point of reference 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 was 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 assets and financial position of the Group and the results of its operations 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 the business combination were recognised separately from goodwill. The differences were also disclosed on a prorated basis for minority interests. If a useful life was ascertainable for an asset, depreciation/amortisation was applied over the assets' expected useful lives. Unless they were of minor importance, intra-Group receivables and payables, expenses and income were eliminated. An elimination of intercompany profits was not required because there were no material intercompany profits.

2.4) Business acquisitions

There were no business acquisitions within the meaning of IFRS 3 in the 2023 financial year.

2.5) 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 relate essentially to the following items.

Impairment charges

The calculation of impairment charges depends, above all, on expectations regarding future loan losses and the structure and quality of the loan portfolio. Furthermore, 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 2.7) Financial assets, obligations and hedging contracts as well as 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 is objective evidence for impairment of an investment accounted for using the equity method, a value-in-use is calculated on the basis of the estimated future cash flows (see Note 2.9). Cause for an impairment test is given when the fair value drops by at least 20% below the amortised cost of acquisition or if this decline persists over a period of more than nine months at a level below amortised cost. For details regarding the carrying amounts of interests held in companies recognised using the equity method, see Note 17 (Financial investments).

Impairment losses on debt instruments

Debt instruments have to be tested for impairment if their fair value drops by at least 20% below the cost of acquisition and this decline persists over a period of more than nine months. An assessment is made on 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 acquisition cost during the planned holding period, an impairment must 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 amounts, 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 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 actuarial valuations. In addition to post-employment benefits and vested 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).

Leases

In this area, 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).

Legal dispute of 3 Banken Group with UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H. (jointly hereinafter "UniCredit")

At the end of December 2019, UniCredit requested that an extraordinary general shareholder's meeting of Oberbank be convened, which took place 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 G3B Holding AG) were not approved. 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.

UniCredit filed actions for annulment of these resolutions with the Linz Regional Court (Landesgericht Linz). These proceedings for annulment were paused until preliminary matters under takeover law are clarified with final legal effect.

UniCredit filed a petition for a special audit with the courts with respect to 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 was rejected by the Linz Regional Court in parts, with final legal effect, and with respect to the remaining matters, the proceedings were paused until the pending civil-law proceedings regarding the action for annulment of the decisions adopted by the Annual General Meeting 2020 are resolved.

At the end of February 2020, UniCredit requested the Takeover Commission to review if the shareholders' syndicate of 3 Banken Group violated the requirement under the Takeover Act to offer to buy the remaining shares (mandatory offer obligation). As a member of the syndicate with BVT and BKS Bank, Oberbank is directly affected by these proceedings. 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 and had thus triggered a mandatory offer obligation. The Takeover Commission rejected all of UniCredit's applications at the beginning of November 2023. UniCredit has lodged appeals against these decisions, on which the Vienna Court of Appeal (Oberlandesgericht Wien) has yet to rule.

As soon as these appeal proceedings have been decided with final legal effect, the Linz Regional Court will have to resume the two paused proceedings regarding the annulment of resolutions of the extraordinary Annual General Meeting 2020 and the ordinary Annual General Meeting 2020 as well as the proceedings for the appointment of a special auditor by the court.

At the end of June 2021, UniCredit filed new legal actions for an injunction and for a declaratory judgment with the Linz Regional Court. The purpose of these filings was to obtain a decision stating, 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 G3B Holding AG for the capital increases of 3 Banken, that these were null and void, and to order the Management Board to refrain in future from making such payments or allocating, within the scope of capital increases, shares to shareholders that have mutual holdings with Oberbank. UniCredit also brought similar actions against BKS and BTV, with Oberbank joining these actions as a third party intervenor.

In the proceedings brought against BTV, this action was dismissed on all counts in all stages of appeal, including by the Supreme Court (Oberster Gerichtshof). In view of this legally binding settlement of the key disputes in favour of the 3Banken, UniCredit has withdrawn the parallel lawsuits against Oberbank and BKS, waiving its claims. After a careful review, the Management Board of Oberbank does not expect any relevant effects on the balance sheet from the proceedings that are still pending.

At the Annual General Meeting on 16 May 2023, UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft mbH claimed that Oberbank should be entitled to claim damages from its former Management Board members because Oberbank had spent around EUR 3 million in 2022 to safeguard the BTV syndicate and to protect BVT from a takeover by UniCredit. Exercising their minority rights pursuant to § 134 Austrian Joint Stock Companies Act (AktG), UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft mbH requested the appointment of a special representative; this special representative has meanwhile initiated the proceedings as requested. The Management Board remains firm in its conviction that in safeguarding the BTV syndicate it acted with due care and in the best interests of Oberbank.

2.6) Foreign currency translation and Group currency

Foreign-currency translation took place in conformity with the provisions of IAS 21. Accordingly, 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 were prepared in euro.

2.7) 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 terms).

Business model

The classes of financial assets were analysed with respect to the business strategy as well as potential divestments, and the business models were derived therefrom accordingly. As the securities portfolio contains securities which are intended to be held, this portfolio was allocated to the business model 'hold-to-collect'. Securities measured at fair value not recognised in income were 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.

SPPI test

The SPPI (solely payments of principal and interest) test assesses contractual and interest rate provisions in terms of whether they stipulate cash flows that constitute solely payments of principal and interest on the outstanding principal amount.

The main focus is on identifying on loans with interest clauses that fail to meet the SPPI test because they feature asymmetric interest components or mixed interest rates. However, the cash flow analysis did not reveal any significant difference to standard loan contracts, and therefore, these loans will be continued to be measured at amortised cost in the future. Therefore, the majority of the loan portfolio does not contain any non-SPPI-compliant contractual clauses.

Whether or not a cash flow test is conducted depends primarily on the interest rate terms of the transactions. If there is a non-SPPI-compliant interest clause, a quantitative benchmark test will be conducted. The outcome of the quantitative benchmark test governs the final classification of the asset. If it fails the benchmark test, the asset is recognised at fair value through profit or loss.

The quantitative benchmark test involves creating, based on the asset with the non-SPPI-compliant interest clause, a benchmark product whose maturity matches the interest period. Then the undiscounted cash flows of both products are compared under different interest rate scenarios, both cumulatively and also periodically, in order to determine if the deviations exceed a critical threshold. An exemption applies to non-SPPI-compliant interest clauses that are stipulated by law due to regulations on subsidised loans.

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 will be conducted. This is done primarily in the following cases:

- The transaction does not feature a defined lockup period for the principal;
- The fixing occurs only 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 through other comprehensive income (FVOCI). If financial instruments are held in a business model with the intent of retaining the assets, and if these financial instruments represent claims to interest and principal payments on agreed dates (SPPI criteria), they have to be measured at amortised cost. Under certain conditions, designation at fair value is possible as well. 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 financial reporting.

All other financial instruments have to be 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 recognise changes in value in other comprehensive income. Only dividend claims on these assets are 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 classification.

Debt securities are largely recognised at amortised cost. Loans and receivables are in most cases also measured at amortised cost, because these financial instruments meet the SPPI test that applies to this type of measurement. Equity instruments are measured mainly at fair value 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 estimate is based on weighted probabilities. The impairment model pursuant to IFRS 9 applies to financial assets designated at amortised cost or at FVOCI as well as to contract 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 determined to have low credit risk at the reporting date (rating classes AA to 1b) are always assigned to stage 1 as an exemption from the relative approach (IFRS 9.5.5.10). This logic is applied only to the low-default portfolio for the Sovereigns and Banks 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 comprises instruments for which there has been a significant increase in credit risk since initial recognition. For lease contracts, Oberbank exercises an IFRS 9 option, 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, SMEs, and retail. The reason for the segmentation is use of different estimates for 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. Risk provisions are recognised in the amount of the expected credit loss in relation to the remaining time to maturity of the financial instrument (lifetime ECL), and interest income is calculated based on the gross carrying amount applying the effective interest rate method (for stage 2 instruments).

Quantitative criteria for a stage transfer

The assessment of the significant increase in credit risk is a key factor of the 3-stage model in the impairment rules under 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 SMEs, 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;
- Current rating;
- 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, reference is made to the lifetime PD over the remaining time to maturity. 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 the same period.

The criterion for allocation to stage 1 and 2 is thus based mainly on a relative criterion and not on the absolute credit risk assessment on any given 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, the ‘drift to the middle’ tendency for marginal PD may otherwise result in the relative transfer criterion not being reached even in the case of downgrades by several rating stages.

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. A return to stage 2 will be 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.

Oberbank AG’s impairment model always refers to the individual transaction level, 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 a single transaction.

Quantitative 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 will result 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 mismatched 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 carry a higher risk with respect to the ability to service a loan than in the case of conventional loan portfolios.

Furthermore, since 2023, problem loans, observation cases and loans in intensive care have been assigned to stage 2, as the emerging factors indicate a change in default risk.

Apart from qualitative factors for a stage transfer inherent to the model, on 31 December 2023 Oberbank AG started applying a collective stage transfer to stage 2 for certain sub-portfolios due to the steep increase in interest rates.

The reason for doing so included higher financing costs resulting from the rise in interest rates. Apart from these factors, the higher yield expectations of investors have more or less brought the market for transactions to a standstill, thereby triggering a decline in the market values of properties. A recovery can be expected at the earliest by the end of 2024.

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 case-by-case analysis revealed a high level of sensitivity to energy prices as well as a higher vulnerability to economic development.
- 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 inflation, the rise in interest, energy prices, and economic development.

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 loan 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 interest income is calculated 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. This impairment allowance covers 100% of the shortfall for collateral realised for loans already terminated.

For the remaining loans, 20% to 100% of the shortfall is covered by impairment charges depending on default reason and default status.

Direct write-off of non-performing loans

In cases where an event occurs that prevents recovery of an exposure in full or in part from the respective customer and where no specific impairment provision was recognised 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:

- Financial assets measured at amortised cost or at fair value through profit or loss;
- Leasing receivables from customers;
- 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 contractually agreed cash flows and expected cash flows. The calculation of expected loss includes:

- An unbiased and probability-weighted amount determined on the basis of several potential 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 may, under certain conditions, 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 in this case. To this end, the respective ECL per period is multiplied by the discounting factor per period. The discounting factor considers the effective interest rate on the loan.

Key input parameters

Probability of Default (PD)

In a base scenario for the segments Corporate and Business Banking, SME and Retail 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 bank's internal master scale.

The determination of the historic default rates and migration probabilities for the customer portfolio is based on the migration matrix for each respective segment. The period taken into consideration in these cases is the past ten years. The basis for determining the 1-year migration matrix is, in a first step, a breakdown of rating migrations by quarter.

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

For individual segments and maturity bands, these conditional basis PDs that result from the 'through-the-cycle migration matrix' are adjusted in order to include forward-looking information. This 'point-in-time adjustment' (PIT adjustment) is done using statistical models to put the default probability in relation to the explanatory macroeconomic variables.

The statistical model used to predict the probability of default is logistic regression. The regression parameters are estimated by maximising the likelihood function. The harmonised consumer price index (CPI) and the growth of 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 the countries in which Oberbank AG operates, i.e. Austria, Germany, the Czech Republic, Hungary and Slovakia. The factors are weighted at 66% for Austria, 19% for Germany, 8% for the Czech Republic, 4% for Hungary and 3% for Slovakia.

Based on these estimated factors, PD is adjusted in the Corporate and Business Banking, Retail Banking and SMEs segments using scalar approaches. In the Corporate and Business Banking segment, this adjustment is only made from the second year onwards, as the macroeconomic factors of the first year were already taken

into account in the balance sheet rating. No plausible correlations with macroeconomic factors were found in the Sovereigns and Banks segments.

Oberbank uses three different scenarios for the ECL calculation (normal, upward and downward scenario), with the final adjustment being equivalent to a linear combination of the three different scenarios. The scenario weighting is modelled on the common practice of weighting the normal scenario with 50% and the two other scenarios with 25% each. Oberbank uses the macroeconomic data supplied by data vendor Bloomberg for these scenarios. It should be noted that economically viable forecasts are only available for a 3-year horizon.

The following table shows the country-weighted macroeconomic factors used in the ECL calculation in the segments Corporate and Business Banking, Retail Banking and SMEs as at 31 December 2023:

Normal scenario	Year 1 (4-quarter average)	Year 2 (4-quarter average)	Year 3 (4-quarter average)
Real GDP growth	-0.42%	1.75%	1.76%
Harmonised Consumer Price Index	3.56%	2.42%	2.19%

Pessimistic scenario	Year 1 (4-quarter average)	Year 2 (4-quarter average)	Year 3 (4-quarter average)
Real GDP growth	-0.83%	1.08%	1.32%
Harmonised Consumer Price Index	4.60%	2.93%	2.60%

Optimistic scenario	Year 1 (4-quarter average)	Year 2 (4-quarter average)	Year 3 (4-quarter average)
Real GDP growth	0.45%	2.15%	2.32%
Harmonised Consumer Price Index	2.78%	0.61%	0.93%

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 be implicitly 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 into secured and unsecured parts. The secured part thus has an LDG of 0% after considering the cover value, while the unsecured part of a loan has an undefined LGD depending on the segment. When both parts of the loan are combined, the result is a type of 'mixed' LGD per maturity bandwidth.

Unsecured LGD

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

Exposure at Default (EAD)

For loans with defined principal due dates, the cash flow estimates are based on the contractual repayment 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 an “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. As a decision on the prolongation of the line of credit is made every year, their time to maturity is assumed to be one year. 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 7.5 million.

Sensitivity analysis

A main factor of influence for 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 table below shows the effects on expected credit loss based on the assumption that all positions are allocated either to stage 1 (12-month ECL) or stage 2 (lifetime ECL).

Impairment by segment

in €k	100% Stage 1: 12M-ECL	ECL calculation as at 31/12/2023	100% Stage 2: LT-ECL
Banks	965	967	2,574
Corporate	40,188	79,006	145,833
Retail	7,796	9,269	16,359
SME	5,683	6,718	7,811
Sovereign	431	435	2,074
Total	55,063	96,395	174,651

Classification – Financial liabilities

Financial liabilities are usually measured at amortised cost unless they 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 in the income statement.

The designation of financial liabilities as at fair value through profit or loss is applied when these financial instruments are secured by interest rate derivatives in order to avoid a measurement mismatch 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 twice: 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 changes in the interest rate curve as well as to shorter remaining times to maturity and are reported directly in the income statement.

Hedge accounting

Oberbank AG does not engage in hedge accounting at present.

2.8) Material accounting principles 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 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, income from write-ups, and results of dilution.

Charges for losses on loans and advances

The line item loan loss provisions includes allocations 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 fee and commission income

Net fee and 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 on 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 funding costs associated with such securities.

Administrative expenses

General administrative expenses include staff costs, other administrative costs and depreciation on property, plant and equipment. Staff costs include expenses for wages and salaries, statutory and company benefits as well as changes to provisions for post-retirement benefits, 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 through other comprehensive income (FVOCI). Furthermore, this item includes earnings and expenses from operational risks, operating leases and expenses from other taxes and charges.

2.9) Material accounting principles for the consolidated balance sheet

Cash and balances at central banks

These items consist of cash and balances with central banks.

Loans and advances to credit institutions

Loans and advances to credit institutions 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. Starting as of the financial statements for the period ended 31/12/2022, lease receivables are presented net, reduced by special lease payments and deposit payments.

Impairment charges

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 2.7) Financial assets and liabilities as well as hedging contracts for more details on the impairment model pursuant to IFRS 9. Since the financial year 2020, the total impairment amount of impairment charges has no longer been recognised as a separate item on the assets side of the balance sheet, but is, pursuant to IAS 1, deducted from the corresponding balance sheet items. 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 derivative financial instruments in the banking book not used for hedging purposes 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 assets comprise the classification categories recognition at amortised cost (AC), recognition at fair value through the profit or loss (FV/PL), recognition at fair value through other comprehensive income (FV/OCI) and shares in entities recognised 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 through other comprehensive income (FVOCI) or recognition at fair value through profit or loss (FVTPL).

Shares and other variable-yield securities are assigned to the categories recognition at fair value through profit or loss (FVTPL) and recognition at fair value 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 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 to assign them to the measurement category 'recognition at fair value through other comprehensive income' (FVOCI).

There were no reclassifications between measurement categories in the financial year 2023.

Debt instruments have to be tested for impairment if their fair value has fallen by 20% or more 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), an 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. If there are objective indications of impairment for an investment measured using the equity method, an individual value-in-use is determined 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 20% or more below the carrying amount of investments recognised using the equity method or if the fair value remains persistently below the carrying amount for a period of at least nine months.

On the measurement date 31 December 2023, the quantitative impairment trigger applied to the investment in voestalpine AG accounted for using the equity method, as the stock market price of EUR 28.56 on 31 December 2023 was significantly lower, by 33.98%, than the carrying amount of EUR 43.26.

This triggered an impairment test in which the individual value-in-use of voestalpine AG as at 31 December 2023 was determined. The value-in-use calculated according to the discounted cash flow method using the WACC approach (weighted average cost of capital) came to €k 600,187. This value-in-use was used as the recoverable amount – the higher of value-in-use and fair value less costs to sell for the measurement as at 31 December 2023. This resulted in an impairment loss of €k 21,053. The impairment loss of €k 54,640 recognised as at 31 December 2022 had been reversed again in income already in Q1 2023. A WACC (weighted average cost of capital) of 7.61% 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 5.36% or an increase of 5.82% of the value-in-use respectively, and a change in the discount rate of +/- 50 basis points would have resulted in a reduction of 10.33% or an increase of 12.14% 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. Due to the dilution in the context of the capital increase of BKS Bank AG in the first half of 2023, there was objective evidence of a possible impairment. The impairment test carried out did not reveal any need for impairment. Assuming a fluctuation in the existing market risk premium of 6.04% by +/- 0.25 percentage points and other valuation parameters remaining constant, the value-in-use of BKS Bank AG would be 16.00% higher than the carrying amount at a market risk premium of 6.29%. Assuming a market risk premium of 5.79%, the value-in-use of BKS Bank AG would be 22.14% higher than the carrying amount.

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 acquisition or production less amortisation and write-offs. The assets are amortised on a straight-line basis over their expected useful lives. The useful lives of intangible assets held by Oberbank AG range from three to 20 years.

Property, plant and equipment (including investment property) was measured at cost of acquisition or production 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 each asset. This value corresponds to the higher of the value in use and the net selling price. If the fair market value is below the carrying amount of the asset, impairment losses in the amount of the difference are recognised in income.

Since 1 January 2019, the item 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. As a rule, amortised cost corresponds 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 rights of use to the leased objects are amortised on a linear basis over shorter of estimated useful life and contract period. If there are indications that the rights of use to the leased objects might be impaired, a test pursuant to IAS 36 is conducted. Future lease payments are discounted applying SWAP interest rates differentiated by maturity and currency and measured at amortised cost using the effective interest rate method.

Oberbank has lease contracts for limited periods (with and without prolongation options) and for indefinite periods. Lease contract term is generally determined at the beginning of the right of use or upon initial application of IFRS 16. Contracts established for a limited time period without a prolongation option are recognised until the contractual termination date. The term of a lease contract for contracts for a limited period with a prolongation option and contracts for indefinite periods is recognised in such a way that the entire contractual term of the right of use does not exceed Oberbank AG's average investment cycle 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 transfers substantially all 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 any lease that is not a finance lease.

In the case of operating leases, leased assets are shown, less depreciation, in the item Property, plant and equipment. Real estate held as financial investments (investment property) is carried at amortised cost. Lease income is shown in the item Other operating income.

Derivatives

Financial derivatives are recognised in the balance sheet at their fair values, changes in value in the course of the financial year being recognised immediately through profit or loss. Insofar as use was made of the fair value option under IAS 9, it served to eliminate or prevent inconsistencies in the recognition and measurement of assets and liabilities. Accordingly, in such cases, assets and liabilities were 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

Income tax is recorded and calculated in accordance with IAS 12. The calculation for each taxed entity is carried out applying the tax rates that, under the applicable legislation, are expected 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 positions in derivative financial instruments in the banking book. Trading liabilities were recognised on the balance sheet in the line item Other liabilities.

Amounts owed to credit institutions 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 legal or actual obligation to third parties the amount of which was reliably measurable. 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 vested 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 3.25% (preceding year 3.75%);
- Salary increases of 4.03% (previous year 2.84%) and pension increases of 2.99% (preceding year 1.89%);
- In accordance with the transitional provisions of the Austrian pension reform, the individually determined retirement age for men is 65 years and for women between 60 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 legal or actual obligation to a third party the amount of which was reliably measurable 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 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.

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 was 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 had 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 contributions 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 boards of Oberbank or of associated companies. To date, no use has been made of this authorisation.

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.

The share capital is divided into 70,614,600 ordinary no-par bearer shares. At the 143rd Annual General Meeting of Oberbank on 16 May 2023, a share split at a ratio of 1:2 was decided. This increased the number of shares issued from 35,307,300 to 70,614,600.

On the reporting date, 23,348,098 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 amounts 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, they are 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 common equity tier 1 capital ratio of the issuer or of Oberbank Group falls below 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.

2.10) Material events since the close of the financial year

There were no material events after the close of the 2023 financial year.

Details of the income statement in €k

3) Net interest income	2023	2022
Interest income from		
credit and money market operations	1,073,835	495,394
Shares and other variable-yield securities	1,591	6,459
Other equity investments	7,033	4,440
Subsidiaries	1,645	1,488
Fixed-interest securities and bonds	41,147	33,125
Interest and similar income	1,125,251	540,906
Interest expenses for		
Deposits	-471,063	-99,484
Securitised liabilities	-43,088	-22,401
Subordinated liabilities	-15,044	-12,866
Result of non-significant modifications	783	-95
Interest and similar expenses	-528,412	-134,846
Net interest income	596,839	406,060

Net interest income from financial assets in the measurement category AC and FVOCI was €k 1,103,421 (pr.yr.: €k 519,165).

The corresponding interest expenses on financial liabilities amounted to €k 505,731 (pr. yr.: €k 109,357). Net interest income includes income in the amount of €k 3 (pr. yr.: €k 9,292) and the interest expenses include negative interest of €k 604 (previous year €k 35,156).

4) Income from entities recognised using the equity method	2023	2022
Net amounts from proportionately recognised income	101,424	145,293
Expenses from operating leases	-21,053	-54,640
Income from write-ups	54,640	0
Expenses from dilution	-9,604	0
Income from entities accounted for by the equity method	125,407	90,653

5) Charges for losses on loans and advances	2023	2022
Additions to charges for losses on loans and advances	-237,678	-117,079
Direct write-offs	-2,489	-1,325
Reversals of loan loss provisions	150,764	71,190
Recoveries of written-off receivables	2,340	2,202
Result of non-significant modifications	502	41
Result of POCI financial instruments	3,005	3,489
Charges for losses on loans and advances	-83,556	-41,482

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

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	Stage 1	Stage 2	Stage 3		
Modified financial assets in 2023	12-M ECL	LT-ECL		POCI	Total
At amortised cost before modification	42,174	114,718	13,869	0	170,761
Result of non-significant modifications	197	1,044	451	0	1.692 ¹⁾

¹⁾ Balance of market and credit rating-induced modifications

	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⁾

¹⁾ Balance of market and credit rating-induced modifications

6) Net commission income	2023	2022
Fee and commission income:		
Payment services	75,004	70,087
Securities business	70,019	80,055
Foreign exchange, foreign bank notes and precious metals business	24,417	26,378
Credit operations	43,442	46,902
Other service and advisory business	2,574	3,801
Total net fee and commission income	215,456	227,223

Fee and commission expenses:	2023	2022
Payment services	6,832	5,709
Securities business	7,824	8,919
Foreign exchange, foreign bank notes and precious metals business	686	684
Credit operations	3,875	4,578
Other service and advisory business	175	471
Total fee and commission expenses	19,392	20,361
Net fee and commission income	196,064	206,862

This item includes income in the amount of €k 5,319 (pr. yr.: €k 5,535) from asset management for the account of third parties.

7) Net trading income	2023	2022
Gains/losses on interest rate contracts	1,031	-2,647
Gains/losses on foreign exchange, foreign bank notes and numismatic business	3,719	2,928
Gains/losses on derivatives	1,049	5,819
Net trading income	5,799	6,100

8) Administrative expenses	2023	2022
Staff costs	228,508	193,378
Other administrative expenses	110,609	97,552
Write-offs and impairment allowances	30,146	29,401
Administrative expenses	369,263	320,331

Pension fund contributions were €k 4,219 (pr. yr.: €k 3,841).

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9) Other operating income	2023	2022
a) Net income from financial assets - FVTPL	9,981	-33,732
thereof from designated financial instruments	-1,147	-9,355
thereof from financial instruments with mandatory measurement at FVPL	11,128	-24,377
b) Net income from financial assets - FVOCI	-421	-2,198
thereof from the measurement of debt instruments	149	-859
thereof from the sale and derecognition of debt instruments	-570	-1,339
c) Net income from financial assets - AC	0	0
d) Other operating income	-3,146	-16,672
Other operating income:	39,497	32,907
Income from operational risks	6,850	5,325
Income from deconsolidation	4,395	0
Income from private equity investments	361	1,109
Income from operating leases	9,952	10,466
Other income from the leasing sub-group	6,623	6,940
Brokerage fees from third parties	4,574	4,752
Other	6,742	4,315
Other operating expenses:	-42,643	-49,579
Expenses from operational risks	-466	-5,451
Stability tax	-10,629	-8,758
Contributions to the resolution fund and deposit protection scheme	-9,288	-14,650
Expenses from operating leases	-8,440	-9,331
Other income from the leasing sub-group	-8,198	-6,998
Other	-5,622	-4,391
Other operating income net of other operating expenses	6,414	-52,602

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.

	2023	2022
Current income tax expense	85,625	52,155
Deferred income tax expense (income)	9,476	-182
Income taxes	95,101	51,973

Reconciliation: Relation between computed and actually reported income taxes

	2023	2022
Current income tax expense	85,625	52,155
Deferred income tax expense (income)	9,476	-182
Income taxes	95,101	51,973
Profit for the year before tax	477,704	295,260
Computed tax expense	114,745	73,815
Income and expenses taken directly to equity	-713	-734
Tax savings arising due to tax-exempt income from equity investments	-1,274	-2,392
Tax savings arising due to profits accounted for using the equity method	-30,098	-22,663
Tax expenses (+)/-income (-) preceding years	-52	129
Tax savings arising from other tax-exempt income	-239	-243
Tax incurred as a result of non-deductible expenses	2,771	2,084 ¹⁾
Tax savings arising due to the use of loss carry-forwards	796	728
Tax effects from differing tax rates	9,165	1,249
Deferred income tax expenses (+)/income (-)	95,101	51,973
Effective tax rate	19.91%	17.60%

1) The preceding year's amount was adjusted

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

	2023			2022		
	Income before tax	Income taxes	Income after tax	Income before tax	Income taxes	Income after tax
Actuarial gains/losses IAS 19	-33,171	7,629	-25,542	37,244	-9,671	27,573
Value changes recognised in equity for debt securities, IFRS 9 reclassified	3,000	-690	2,310	-2,193	510	-1,683
Value changes in equity instruments IFRS 9 without reclassification	-1,784	1,766	-18	-48,836	16,377	-32,459
Value changes recognised in equity, own credit risk, IFRS 9 without reclassification	16,162	-3,717	12,445	26,563	-6,294	20,269
Currency exchange differences	2,029	0	2,029	595	0	595
Share from entities recognised using the equity method	3,199	0	3,199	12,790	0	12,790
Total	-10,566	4,989	-5,577	26,164	921	27,085

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11) Earnings per share in €	2023	2022
Number of shares as at 31/12	70,614,600	70,614,600
Average number of shares in issue	70,586,480	70,580,130
Profit for the year after tax in €m	382,603	243,287
Earnings per share in €	5.42	3.45

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

In Q3 2023, Oberbank AG carried out a share split at a ratio of 1:2. This resulted in comparable earnings per share of EUR 3.45 for the preceding year. To improve comparability, the average number of shares in circulation for 2022 were calculated at a ratio of 1:2 in line with the share split that took place in Q3 2023.

Details of the balance sheet in €k

12) Cash and balances at central banks	2023	2022
Credit balances with central banks of issue	2,753,939	2,195,154
Cash and balances at central banks	82,355	92,168
Cash and balances at central banks	2,836,294	2,287,322
13) Loans and advances to credit institutions	2023	2022
Loans and advances to Austrian credit institutions	137,648	84,407
Loans and advances to foreign credit institutions	679,906	972,797
Loans and advances to credit institutions	817,554	1,057,204
Loans and receivables to credit institutions, by maturity		
On demand	205,068	318,962
Up to 3 months	579,895	668,270
3 months to 1 year	25,207	64,061
1 to 5 years	1,105	811
Over 5 years	6,279	5,100
Loans and advances to credit institutions	817,554	1,057,204
14) Loans and advances to customers	2023	2022
Loans and advances to Austrian customers	10,706,073	10,623,848
Loans and advances to foreign customers	9,368,199	8,569,063
Loans and advances to customers	20,074,272	19,192,911
Loans and advances to customers, by maturity		
On demand	3,197,393	3,307,081
Up to 3 months	1,372,909	1,306,136
3 months to 1 year	2,466,100	2,121,983
1 to 5 years	7,336,679	6,851,962
Over 5 years	5,701,191	5,605,749
Loans and advances to customers	20,074,272	19,192,911
Leasing business (finance leasing), gross investment value		
Up to 3 months	97,032	79,307
3 months to 1 year	326,187	310,410
1 to 5 years	1,025,491	883,820
Over 5 years	292,692	252,328
Total	1,741,402	1,525,865
Unrealised finance income		
Up to 3 months	15,567	8,036

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3 months to 1 year	41,478	21,314
1 to 5 years	109,071	53,370
Over 5 years	31,699	16,838
Total	197,815	99,558
Net investment value		
Up to 3 months	81,465	71,271
3 months to 1 year	284,709	289,096
1 to 5 years	916,420	830,450
Over 5 years	260,993	235,490
Total	1,543,587	1,426,307
Cumulated impairment allowances	13,729	19,895

15) Impairment provisions see Note 43), "Credit risk"

16) Trading assets	2023	2022
Bonds and other fixed-interest securities		
Listed	0	9,933
Shares and other variable-yield securities		
Listed	432	2
Positive fair values of derivative financial instruments		
Currency contracts	5,021	10,184
Interest rate contracts	25,464	36,536
Other contracts	0	0
Trading assets	30,917	56,655

17) Financial investments	2023	2022
Bonds and other fixed-interest securities		
Listed	1,737,725	1,946,152
Unlisted	25,086	48,926
Shares and other variable-yield securities		
Listed	56,682	61,023
Unlisted	211,625	200,914
Equity investments/shares		
in subsidiaries	90,456	88,089
in entities accounted for using the equity method		
Banks	594,284	548,399
Non-banks	600,187	551,247
Other equity investments		
Banks	50,139	47,694
Non-banks	190,811	161,023
Financial investments	3,556,995	3,653,467

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a) Financial assets FVPL	520,364	489,243
b) Financial assets FVOCI	372,562	594,456
thereof equity instruments	343,187	324,670
thereof debt instruments	29,375	269,786
c) Financial assets AC	1,469,598	1,470,122
d) Interest in entities accounted for using the equity method	1,194,471	1,099,646
Financial investments	3,556,995	3,653,467

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 31/12/2023		Dividends from instruments	
		derecognised in the reporting year	held on the reporting date
	fair value		
Securities	56,917	0	135
Equity investments	197,826	0	4,155
Investments in subsidiaries	88,444	0	1,645
	343,187	0	5,935

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 year 2023. There was no reclassification within equity in the reporting year. In financial year 2023, one financial instrument was sold which at the time of derecognition had a fair value of €k 0.0. The cumulated profit from the liquidation was €k 0.0.

Financial assets Equity capital instruments FVOCI 31/12/2022		Dividends from instruments	
		derecognised in the reporting year	held on the reporting date
	fair value		
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

18) Intangible assets	2023	2022
Other intangible assets	4,116	3,610
Customer base	158	157
Intangible assets	4,274	3,767

19) Property, plant and equipment	2023	2022
Investment property	69,045	72,693
Land and buildings	81,764	85,153
Business equipment and furnishings	38,636	39,229
Other property, plant and equipment	19,153	20,726

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Right of use for leased objects	138,564	139,588
Property, plant and equipment	347,162	357,389

The Group owned land and buildings used by others with a carrying amount of €k 69,045 (pr. yr.: €k 72,693); these properties had a fair value of €k 80,360 (pr. yr.: €k 83,550). The fair value is assignable to level 3 and is calculated using internal models. Rental income in the reporting year came to €k 4,634 (pr. yr.: €k 3,878), and the associated expenses (including depreciation) amounted to €k 2,608 (pr. yr.: €k 2,869). 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 44,795 (pr. yr.: €k 45,663).

Leasing (operating leases) as lessor, future minimum lease instalments	2023	2022
Up to 3 months	2,558	2,980
3 months to 1 year	8,249	8,305
1 to 5 years	26,075	27,246
Over 5 years	7,936	8,957
Total	44,818	47,488

20) Lease contracts as 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 2023:

Leasing in the consolidated balance sheet	2023	2022
Property, plant and equipment	138,875	140,050
Right of use for land and buildings	135,478	137,264
Right of use for business equipment and furnishings	683	737
Right of use for other property, plant and equipment	2,403	1,587
Right of use for investment property	311	462
Other liabilities		
Lease liabilities	140,408	141,298

Additions to rights of use in the financial year 2023 after initial capitalisation amounted to €k 20,510. Cash outflows for lease liabilities amounted to €k 16,913. When measuring lease liabilities, future cash outflows from uncertain prolongation options of €k 15,388 were not considered.

Lease liabilities (gross) by maturity	2023	2022
Up to 3 months	4,002	3,772
3 months to 1 year	11,482	10,754
1 to 5 years	53,936	51,683
Over 5 years	70,988	75,090
Total	140,408	141,298

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Leasing in the consolidated income statement	2023	2022
Interest expenses for lease liabilities	950	798
Administrative expenses	16,245	15,518
Amortisation for rights of use for land and buildings	14,827	14,108
Amortisation for rights of use for business equipment and furnishings	248	291
Amortisation for rights of use for other property, plant and equipment	988	956
Amortisation for rights of use for investment property	182	163
Other expenses from lease contracts	1,963	1,680
Other operating income		
Income from subleasing of rights of use	752	780

Leasing in the consolidated statement of cash flows	2023	2022
Repayment of lease liabilities from finance activities	-16,913	-16,067
Interest expenses for lease liabilities from operating activities	950	798

21) Other assets	2023	2022
Deferred tax assets	1,606	1,353
Other assets	127,318	137,781
Positive fair values of closed out derivatives in the banking book	25,933	39,640
Deferred items	12,146	10,677
Other assets	167,003	189,451

Deferred tax assets/deferred tax liabilities

	Deferred taxes 2023		Deferred taxes 2022	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Cash and balances at central banks	126	0	105	0
Loans and advances to credit institutions	14	-158	11	-138
Loans and advances to customers	41,801	-1,196	8,358	-5,827
Trading assets	0	-6,524	0	-10,492
Financial investments	350	-33,355	465	-26,331
Financial assets - FVPL	0	-15,612	0	-9,089
Financial assets FV/OCI (with recycling)	0	-700	0	-6,869
Financial assets FV/OCI (without recycling)	0	-17,038	0	-10,374
Financial assets - AC	350	0	455	0
Entities accounted for using the equity method	0	-5	11	0
Intangible assets	0	-30	0	-30
Property, plant and equipment	589	-31,691	537	-31,964
Other assets	6,950	-35	3,894	-57
	49,830	-72,989	13,371	-74,838
Amounts owed to banks	58	-93	101	-4
Amounts owed to customers	0	-4,909	0	-6,060
Securitised liabilities	0	-17,196	0	-23,311
Provisions for staff benefits	15,696	0	11,662	0
Other provisions	933	0	298	-714
Other liabilities	54,806	-39,632	72,435	-312
Subordinated debt capital	0	-3,720	0	-5,616
Untaxed reserves/valuation reserves	0	-227	0	-227
	71,493	-65,777	84,497	-36,243
Capitalized tax loss carry-forwards	90	0	359	0
Deferred tax assets/liabilities	121,414	-138,767	98,227	-111,082
Balance of deferred tax assets/liabilities attributable to the same fiscal authority	-119,809	119,809	-96,874	96,874
Balance of deferred tax assets/liabilities	1,605	-18,958	1,353	-14,207

As at 31 December 2023, no deferred tax assets were recognised for loss carry-forwards from the Leasing subgroup in the amount of €k 1,296 (pr. yr.: €k 1,941), because use within the foreseeable future does not seem probable from today's standpoint.

In accordance with IAS 12.39, no deferred tax liabilities were recognised on temporary differences from interests in subsidiaries, joint ventures and associated companies held by Group companies in the amount of €k 941,285 (pr. yr.: €k 850,667), 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 – a hypothetical tax debt in the amount of €k 216,495 (pr. yr.: €k 212,667) was not recognised as at 31 December 2023.

22) Amounts owed to credit institutions	2023	2022
Amounts owed to Austrian banks	1,926,740	2,426,246
Amounts owed to foreign banks	2,119,648	2,022,489
Amounts owed to banks	4,046,388	4,448,735
Amounts owed to credit institutions, by maturity		
On demand	715,872	777,734
Up to 3 months	131,447	177,797
3 months to 1 year	460,520	135,208
1 to 5 years	593,994	1,666,362
Over 5 years	2,144,555	1,691,634
Amounts owed to banks	4,046,388	4,448,735

The item Amounts owed to credit institutions contains an amount of EUR 350 million (pr. yr.: EUR 800 million) under the TLTRO III refinancing programme of the ECB. An early repayment of EUR 450 million was made in December 2023. As of 23 November 2022, the applicable interest rate until the end of the loan term or until the early repayment of the respective refinancing programme has been the ECB's average key lending rate.

This interest rate was in conformity with market rates when compared other similar, collateralised loans. Therefore, we recognised the finance liability as a financial instrument pursuant to IFRS 9.

The future interest rate depends on the further development of the ECB's deposit interest rate, which means that the impact on future interest income is not yet amenable to estimation. In the 2023 financial year, the liabilities under the TLTRO III refinancing programme had an average interest rate of 3.26%, which corresponds to interest expenses of EUR 26.0 million.

The maturities of the transactions were as follows: until June 2024 for EUR 250 million; until September 2024 for the remaining EUR 100 million. The possibility of early repayment will be examined in the course of 2024.

23) Amounts owed to customers	2023	2022
Savings deposits	1,429,458	2,167,226
Other	14,326,674	12,894,129
Amounts owed to customers	15,756,132	15,061,355
Amounts owed to customers, by maturity		
On demand	11,393,581	12,834,782
Up to 3 months	2,202,791	997,858
3 months to 1 year	1,686,335	713,925
1 to 5 years	223,020	379,018
Over 5 years	250,405	135,772
Amounts owed to customers	15,756,132	15,061,355

24) Securitised liabilities	2023	2022
Bonds issued	2,834,820	2,397,353
Other securitised liabilities	7,317	9,664
Securitised liabilities	2,842,137	2,407,017
Securitised liabilities, by maturity		
Up to 3 months	68,880	41,281
3 months to 1 year	89,036	86,010
1 to 5 years	924,349	794,876
Over 5 years	1,759,872	1,484,850
Securitised liabilities	2,842,137	2,407,017

25) Provisions for liabilities and charges	2023	2022
Provisions for termination benefits and pensions	139,736	136,523
Provisions for anniversary bonuses	15,006	12,095
Loan loss provisions	125,137	137,497
Other provisions	28,245	33,506
Provisions for liabilities and charges	308,124	319,621

Movements in provisions for termination benefits and pensions	2023	2022
Provisions as at 01/01	136,523	179,295
Allocated to/reversed from provisions for termination benefits	7,664	-8,918
Allocated to/reversed from provisions for pensions	-4,451	-33,854
Provisions as at 31/12	139,736	136,523

Presentation of obligations under defined benefit plans pursuant to IAS 19	2023	2022
Plan assets	0	0
Provisions for termination benefits	43,873	36,209
Provisions for pensions	95,863	100,314
Provisions for anniversary bonuses	15,005	12,095
Total obligations under defined benefit plans	154,741	148,618

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 (AngGes, § 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 AngGes (Salaried Employees Act, "Abfertigung alt") and the BMSVG (Employee and Self-Employed Severance Pay Act, "Abfertigung neu"). As at 31 December 2023, 613 employees were included in the former system ("Abfertigung alt") (90.9% of the entire volume of provisions) and 1,269 employees in the new system ("Abfertigung neu").

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 2023, provisions for pensions within the Oberbank Group included 331 pension beneficiaries (70.9% of the total volume of provisions) and 235 employees in active service (29.1% of total provisions). Most of the 234 active staff members are entitled to a pension based on 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 15.1% of total provisions.

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

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on the basis of the last salary and taking into account pension fund contributions financed by the bank. No disability pension was granted in 2023.

Administrative pension: Upon termination of an employment contract by the bank, actively employed employees entitled to a pension based on 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). Upon termination, a transitional pension is disbursed (including a theoretical ASVG pension in the calculations). There were no such cases in 2023.

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 2023, provisions for anniversary bonuses covered the entitlements for 1,441 persons. No provisions have been recognised for 431 persons (37 have already received their anniversary bonuses; 256 persons will reach retirement age prior to the entitlement date for the anniversary bonus, 17 are no longer employed; 121 persons joined the bank in HY2 2023 – no provisions are set aside for this group of persons).

Movements in provisions for termination benefits, pensions and similar obligations	2023	2022
Present value of defined benefit provisions as at 01/01	148,618	194,203
Recognised in the income statement		
+ Service cost	2,684	3,803
+ Interest cost	5,368	2,383
Subtotal	156,670	200,389
Revaluation effects		
Recognised directly in Other comprehensive income		
-/+ Actuarial gain/loss	31,961	-35,707
- Financial assumptions	21,300	-38,857
- Demographic assumptions	0	0
- Experience-based assumptions	10,661	3,150
-/+ Gains / losses on plan assets	0	0
-/+ Gains / losses from exchange rate movements	0	0
Recognised in the income statement	2,845	-3,422
Subtotal	34,806	-39,129
Other		
- Payments for plan settlements	-23,258	0
- Payments during the reporting year	-13,477	-12,642
- Other changes	0	0
Subtotal	-36,735	-12,642
Provisions recognised as at 31/12	154,741	148,618

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In Q4 2023, all retired employees were offered a pension compensation payment, giving them the option of receiving 100% of expected pension entitlements due on 31 December 2023 by way of settlement. Around 25% of pensioners made use of this option. In total, an amount of €k 23,258 was paid.

Actuarial gains/losses attributable to pension and post-retirement benefits 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 costs in the income statement.

Important actuarial assumptions for calculating the present values of defined benefit obligations	2023	2022
Interest rate applied	3.25%	3.75%
Increase under collective agreements	4.03%	2.84%
Pension increase	2.99%	1.89%
Staff fluctuation	None	None
Retirement age women	60–65 years	59–65 years
Retirement age men	65 years	65 years
Mortality tables	AVÖ 2018	AVÖ 2018

Assuming unchanged computational parameters, we anticipate a reversal of provisions for termination benefits, pensions and similar obligations of approximately EUR 2.4 million in the financial year 2024.

The present value of defined-benefit obligations was €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, €k 217,553 for the financial year 2020, €k 194,203 for the financial year 2021.

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%	41,821	90,637	-
Interest rate applied - 0.5%	46,048	101,664	-
Collective agreement increase + 0.5%	46,020	96,302	-
Collective agreement increase - 0.5%	41,826	95,464	-
Pension increase + 0.5%	-	100,951	-
Pension increase - 0.5%	-	91,192	-

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:

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in €k	Termination benefits	Pensions	Anniversary bonuses
2024	3,663	6,215	-
2025	1,549	6,092	-
2026	1,735	5,935	-
2027	3,551	5,806	-
2028	4,513	5,661	-
Total of anticipated disbursements of benefits in the next five years	15,011	29,709	-

Maturity

The following table shows the weighted average time to maturity of defined benefit obligations as at 31 December 2023:

in years	Termination benefits	Pensions	Anniversary bonuses
Maturity	9.77	11.72	-

Movements in other provisions for liabilities and charges	Provisions for anniversary bonuses	Loan loss provisions	Other provisions
At 01/01	12,095	137,497	33,506
Allocated	2,911	44,666	2,455
Use / exchange differences / effect of proportionate consolidation / reclassification	0	31,956	-845
Reversed	0	-88,982	-6,871
Balance as at 31/12	15,006	125,137	28,245

These are primarily short-term provisions

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26) Other assets	2023	2022
Trading liabilities	35,020	50,381
Tax liabilities	44,647	23,632
Current tax liabilities	25,689	9,425
Deferred tax liabilities ¹⁾	18,958	14,207
Lease liabilities	140,408	141,298
Other liabilities	140,873	122,876
Negative fair values of closed out derivatives in the banking book	119,248	184,551
Deferred items	11,367	12,068
Other liabilities	491,563	534,806

1) For details regarding deferred tax liabilities, see Note 21) on "Other assets".

27) Other liabilities (trading liabilities)	2023	2022
Currency contracts	7,202	12,769
Interest rate contracts	27,574	37,612
Other contracts	244	0
Trading liabilities	35,020	50,381

28) Subordinated debt capital	2023	2022
Subordinated bonds issued incl. tier 2 capital	527,054	479,712
Hybrid capital	0	0
Subordinated debt capital	527,054	479,712

Subordinated debt capital, by maturity

Up to 3 months	36,974	7,822
3 months to 1 year	49,856	48,269
1 to 5 years	211,360	219,374
Over 5 years	228,864	204,247
Subordinated debt capital	527,054	479,712

Development of subordinated debt capital

As at 01/01	479,712	496,368
Changes in cash items	37,021	24,844
thereof payments from issues	87,021	54,844
thereof repurchase/repayment	-50,000	-30,000
Changes in non-cash items	10,321	-41,500
thereof changes in the fair value	8,240	-39,266
thereof other changes	2,081	-2,234
As at 31/12	527,054	479,712

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29) Shareholders' equity	2023	2022
Subscribed capital	105,919	105,772
Capital reserves	505,523	505,523
Retained earnings (incl. net profit)	3,191,076	2,875,147
Negative goodwill	1,872	1,872
Additional equity capital components	50,000	50,000
Share of non-controlling shareholders	8,683	8,606
Shareholders' equity	3,863,073	3,546,920
Development of shares in issue (units)		
Shares in issue as at 01/01	35,257,149	35,287,597
New shares issued (share split)	35,307,300	0
Treasury shares purchased	-185,817	-124,547
Treasury shares sold	284,123	94,099
Shares in issue as at 31/12	70,662,755	35,257,149
Plus own shares held by the Group	1,996	50,151
Shares issued as at 31/12	70,614,600	35,307,300

The carrying amount of own shares held was EUR 0.1 million (pr. yr.: EUR 5.1 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/production as at 01/01/2023	23,409	691,191	106,384
Currency exchange differences	58	254	0
Transfers	0	0	0
Additions	1,740	34,479	32
Disposals	8	21,148	1,637
Cumulated depreciation	20,925	357,614	35,734
Carrying amount 31/12/2023	4,274	347,162	69,045
Carrying amount 31/12/2022	3,767	357,389	72,693
Depreciation/amortisation during the reporting year	1,243	35,195	2,772

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 0.

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31) Fair value of financial instruments and other items regarding reconciliation as at 31/12/2023 (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								2,836,294		2,836,294
								2,836,294		2,836,294
Loans and advances to credit institutions								817,554		817,554
								818,332		818,332
Loans and advances to customers	73,967	302,402	275,921		739		739	19,697,164		20,074,272
	68,506	302,402	275,921		739		739	19,549,097		19,920,744
Trading assets				30,917						30,917
				30,917						30,917
Financial investments	1,469,598	520,364	218,313		372,562	343,187	29,375		1,194,471	3,556,995
	1,403,082	520,364	218,313		372,562	343,187	29,375			2,296,008
Intangible assets									4,274	4,274
Property, plant and equipment									347,162	347,162
Other assets				25,933					141,070	167,003
				25,933						25,933
thereof closed out derivatives in the banking book				25,933						25,933
				25,933						25,933
Total assets	1,543,565	822,766	494,235	56,850	373,301	343,187	30,114	23,351,013	1,686,977	27,834,471
	1,471,587	822,766	494,235	56,850	373,301	343,187	30,114	23,203,724		

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Amounts owed to banks								4,046,388		4,046,388
								3,749,475		3,749,475
Amounts owed to customers		269,817	269,817					15,486,315		15,756,132
		269,817	269,817					15,470,168		15,739,985
Securitised liabilities		617,327	617,327					2,224,811		2,842,137
		617,327	617,327					2,050,907		2,668,234
Provisions for liabilities and charges									308,124	308,124
Other liabilities				154,268					337,295	491,563
				154,268						154,268
thereof closed out derivatives in the banking book				119,248						119,248
				119,248						119,248
Subordinated debt capital		285,281	285,281					241,773		527,054
		285,281	285,281					224,653		509,934
Capital									3,863,073	3,863,073
Total equity and liabilities		1,172,424	1,172,424	154,268				21,999,288	4,508,491	27,834,471
		1,172,424	1,172,424	154,268				21,495,203		

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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 banks								2,287,322		2,287,322
								2,287,322		2,287,322
Loans and advances to credit institutions								1,057,204		1,057,204
								1,057,398		1,057,398
Loans and advances to customers	43,586	32,660	6,817		35,215		35,215	19,081,451		19,192,911
	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 equipment									357,389	357,389
Other assets				39,640					149,812	189,451
				39,640						
thereof closed out				39,640						39,640
derivatives in the banking book				39,640						39,640
Total	1,513,708	521,903	247,799	96,294	629,671	324,670	305,001	22,425,977	1,610,612	26,798,166
Balance sheet assets	1,378,327	521,903	247,799	96,294	629,671	324,670	305,001	22,000,936		

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Amounts owed to banks								4,448,735		4,448,735
								4,078,306		4,078,306
Amounts owed to customers		284,307	284,307					14,777,048		15,061,355
		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 charges									319,622	319,622
Other liabilities				234,932					299,874	534,806
				234,932						
thereof closed out derivatives in the banking book				184,551						184,551
				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		

In the financial year 2023, financial assets gave rise to one reclassification from the measurement category 'at fair value in other comprehensive income' (FV/OCI) to the measurement category 'at amortised cost' (AC) with a fair value of EUR 29.6 million resulting in a negative result of EUR 0.4 million. There were 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 through other comprehensive income' (FV/OCI).

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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) as at 31/12/2023	Modification to fair value due to a change in market risk (recognised in P/L)		Difference in amount between carrying amount and par value as at 31/12/2023
		in 2023 financial year	cumulated	
Amounts owed to banks	0	0	0	0
Amounts owed to customers	11,864	-10,800	-23,195	-23,195
Securitised liabilities	16,387	-33,765	-74,766	-74,766
Subordinated debt capital	5,267	-11,428	-14,969	-14,969

In the financial year 2023, 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) as at 31/12/2022	Modification to fair value due to a change in market risk (recognised in P/L)		Difference in amount between carrying amount and par value as at 31/12/2022
		in 2022 financial year	cumulated	
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

Assets designated at fair value through profit or loss as at 31/12/2023	Maximum default risk	Reduction due to related credit derivatives or similar instruments Financial instruments	Modification to fair value due to adjusted default risk		Modification to fair value of related credit derivatives or similar instruments	
			in the reporting year	cumulated	in the reporting year	cumulated
Receivables from customers	275,921	–	–	–	–	–
Financial investments	218,313	–	–	72	–	–

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

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:

in €k	31/12/2023	31/12/2022
Loans and advances to customers FV/PL	302,402	32,660
Financial investments FV/PL	520,364	489,243
Financial investments FV/OCI	343,187	324,670
Trading assets	30,917	56,654
Derivatives in the banking book	25,933	39,640
Total	1,222,803	942,867

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Fair value hierarchy of financial instruments	Carrying amount						Fair value			
	AC	FV/PL	HFT	FVOCI	AC / Liabilities	Other	Total	Level 1	Level 2	Level 3
as at 31/12/2023 in €k										
Financial instruments carried at fair value										
Loans and advances to customers		302,402		739			303,141		19,586	283,554
Trading assets			30,917				30,917	422	30,495	
Financial assets - FVPL		520,364					520,364	263,841	256,523	
Financial assets FV/OCI				372,562			372,562	86,041	251	286,270 ¹⁾
Other assets			25,933				25,933		25,933	
thereof closed out derivatives positions in the banking book										
			25,933				25,933		25,933	
Financial assets not carried at fair value										
Loans and advances to credit institutions					817,554		817,554		818,332	
Loans and advances to customers	73,967				19,697,164		19,771,131		68,506	19,549,097
Financial assets - AC	1,469,598						1,469,598	1,379,481	23,601	
Financial liabilities carried at fair value										
Amounts owed to banks										
Amounts owed to customers		269,817					269,817		269,817	
Securitised liabilities		617,327					617,327		617,327	
Other liabilities			154,268				154,268		154,268	

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thereof closed out derivatives positions in the banking book	119,248	119,248	119,248
Subordinated debt capital	285,281	285,281	285,281
Financial liabilities not carried at fair value			
Amounts owed to banks	4,046,388	4,046,388	3,749,475
Amounts owed to customers	15,486,315	15,486,315	15,470,168
Securitised liabilities	2,224,811	2,224,811	2,050,907
Other liabilities			
Subordinated debt capital	241,773	241,773	224,653

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.

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Fair value hierarchy of financial instruments	Carrying amount							Fair value		
	AC	FV/PL	HFT	FVOCI	AC / Liabilities	Other	Total	Level 1	Level 2	Level 3
as at 31/12/2022 in €k										
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 - FV/PL		489,243					489,243	255,170	234,074	
Financial assets FV/OCI				594,456			594,456	326,928	4,122	263,405 ¹⁾
Other assets			39,640				39,640		39,640	
thereof 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 credit institutions					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	

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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.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 measurement 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 the Strategic Risk Management Department of Oberbank. The unit is 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 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 value

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 measurement approach applied to measure the fair value is the income-based methodology. The market-based approach is applied only 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 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.

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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 10.5 million (31/12/2022: EUR 0.3 million); if risk premiums were to rise by 100 bp, the fair values of these loans and advances to customers would decrease by EUR 20.4 million (31/12/2022 EUR 0.5 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 FV/OCI equity investments measured at fair value and assigned to level 3.

Movements in €k	2023	2022
Carrying amount as at 01/01	263,405	241,933
Additions (purchases)	4,860	0
Disposals (sales)	-196	0
Initial recognition due to IFRS 9	0	0
Value changes recognised in equity	18,201	21,472
Value changes recognised in income	0	0
Carrying amount as at 31/12	286,270	263,405

Other comprehensive income increased by €k 15,220 (pr. yr.: increased by €k 19,913) from these instruments. The determination of the fair values of equity investments measured at FV/OCI 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 5.70% to 8.94% (pr. yr. 5.50% - 9.86%), weighted average 6.11% (pr. yr. 6.25%).	The estimated fair value would increase (drop) if the discounting rate were lower (higher).

As regards the fair values of equity investments at FV/OCI, 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:

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in €k	31/12/2023		31/12/2022	
	Increase	Reduction	Increase	Reduction
Discounting rate (0.25% change)	-4,440	4,609	-3,353	3,473

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 2023 in €k	Receivables from customers
Carrying amount as at 01/01	13,691
Transfer to level 2	0
Additions	268,323
Disposals (repayments)	-1,553
Changes in fair value	3,093
thereof disposals	-1,083
thereof portfolio instruments	4,176
Carrying amount as at 31/12	283,554

There were no transfers between Level 1 and Level 2.

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

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

	Financial assets, gross	Gross amounts offset	Recognised financial assets, net	Amounts not recognised		Net amount
				Effects of netting arrangements	Financial instruments pledged	
Assets as at 31/12/2023						
Receivables from banks	817,554		817,554			817,554
Receivables from customers	20,598,230	-523,958	20,074,272			20,074,272
Derivatives	54,299	-	54,299	-32,556	-9,646	12,097
Total	21,470,083	-523,958	20,946,125	-32,556	-9,646	20,903,923
Liabilities as at 31/12/2023						
Amounts owed to banks	4,046,388		4,046,388			4,046,388
Amounts owed to customers	16,280,090	-523,958	15,756,132			15,756,132
Liabilities from central bank deposits transferred and securities repurchase agreements	359,051	-	359,051		-359,051	0
Derivatives	152,055	-	152,055	-32,556	-101,249	18,250
Total	20,837,584	-523,958	20,313,626	-32,556	-460,300	19,820,770

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	Financial assets, gross	Gross amounts offset	Amounts not recognised			Net amount
			Recognised financial assets, net	Effects of netting arrangements	Financial instruments pledged	
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

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 4,620.6 (pr. yr.: € 3,124.2). The variable component was €k 748.0 (pr. yr. €k 741.2).

Payments to former members of the Management Board and their surviving dependents amounted to €k 2,632.0 (pr. yr.: €k 1,219.7). This includes additional compensation payments for pensions under the compensation offer of €k 1,312.2 in the 2023 financial year. Expenses (+) / income (-) for termination benefits and pensions for Management Board members (including former members of the Management Board and their surviving dependents) came to €k 7,211.3 (pr. yr.: €k -5,898.3). These amounts include changes recognised in equity (actuarial gains or losses from changes in the parameters used for the actuarial calculation of provisions for post-employment benefits and pensions).

The remuneration policy of Oberbank AG, which adopted by the Annual General Meeting 2023 with the required majority, provides 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 Board 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 remunerations are as follows:

1. Sustained achievement of the strategic financial goals based on the bank's defined strategy and multi-year projections measured in terms of the earnings indicators defined in the annual budgeting process is taken into account at a rate of 35%.
2. Sustained compliance with strategic risk allocation in accordance with the group-wide risk management strategy measured in terms of the risk indicators derived from the annual budgeting process is taken into account at a rate of 35%.
3. Sustained achievement of strategic non-financial goals based on the defined (sustainability) strategy is measured using selected metrics and taken into account at a rate of 20%.
4. The individual assessment of each Management Board member's performance based on the development of the specific areas of responsibility assigned to them under the distribution of remits may add a maximum of 10 percentage points to the combined results of items 1 to 3.

Should goal attainment ascertained in this way in all categories add up to 100%, the respective member of the Management Board would be entitled to a variable remuneration component of 30% of the fixed remuneration; however, this is capped at 40% in cases where the 100% goal is exceeded. Every percentage point by which achievement falls short of 100% results in one percentage point less variable remuneration being granted, so that if goal attainment is 70% or less, no variable remuneration component will be paid at all.

In accordance with statutory requirements, the variable remuneration component of Management Board members' remuneration, the amount of which is determined based on the "Parameters for the assessment of variable remuneration components for management board members" by the Remuneration Committee at its annual March meeting, is paid 50% in shares and 50% in cash; the respective shares are subject to a holding period of three years and the remuneration portion 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 aside in the balance sheet. Given the very moderate policy course pursued by the Remuneration Committee, these are easy to budget. For the remuneration paid out in 2022 for the year 2021, the amount was €k 453.7, and for the remuneration paid out in 2023 for the year 2022,

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the amount was €k 741.2. The remuneration to be paid out in 2024 for 2023 is €k 748.0 and is recognised in the balance sheet as at 31/12/2023.

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, in accordance with legal requirements, are not disbursed (50% in cash and 50% in equity instruments) remained unchanged. These provisions amounted to €k 368.0 in 2022 and to €k 375.0 in 2023. 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 components of the Management Board remuneration 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. Until further notice, 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:

The amount of the remuneration was defined as follows by the Annual General Meeting (last amended by resolution of 17 May 2022) until further notice: EUR 28,000 for the chairperson, EUR 25,000 for the vice chairperson, and EUR 22,000 for 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 was €k 352.0 (pr. yr. €k 333.7).

With respect to the Supervisory Board of Oberbank AG, loans and guarantees for members of the Supervisory Board were €k 247.8 (pr. yr.: €k 197.4); loans to members of the Management Board of Oberbank AG were €k 116.8 (pr. yr.: €k 126.8). The loans and guarantees were granted on arm's length terms.

Framework conditions of the 2023 employee stock option plan

- Offer period: 22 May to 12 June 2023
- Number of shares limited to 60,000 ordinary non-par value shares available for purchase and up to 24,000 ordinary non-par value shares allocated free of charge ("bonus shares").
- Subscription price: Exchange price on 13 June 2023; maximum number of shares available for purchase: 60 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 51,900 ordinary non-par value shares for purchase and 20,760 ordinary non-par value ordinary shares free of charge ("bonus shares"). The 20,760 ordinary shares acquired through the 2023 buyback programme for the purpose of issuing these to the eligible group of persons at no cost entailed expenses in an amount of €k 2,439.

Share buyback programme 2023

The share buyback programme for ordinary shares was closed on 14 June 2023.

Within the share buyback programme for ordinary shares, Oberbank bought back a total of 74,278 ordinary non-par value shares between 5 June 2023 and 14 June 2023 on the stock exchange and over the counter, which corresponds to around 0.21% or €k 223 of the share capital. The weighted average price per ordinary share amounted to EUR 118.49; the highest price paid per ordinary share was EUR 118.50; the lowest price paid per ordinary share was EUR 117.00. The value of repurchased ordinary shares amounted to €k 8,801.

On 19 June 2023, the Management Board of the company decided to sell or transfer all of the 74,278 ordinary shares purchased under the 2023 buyback programme; more specifically, 72,660 Oberbank ordinary shares to employees (incl. Management Board members) within the scope of the employee stock option plan 2023; thereof 51,900 ordinary no-par shares were purchased by employees and 20,760 shares were bonus shares free of charge (model 5 + 2), and 1,618 ordinary no-par shares went to the Management Board as share-based remuneration of the Management Board pursuant to § 39b Banking Act in compliance with the decision of the meeting of the Remuneration Committee of the Supervisory Board of Oberbank AG on 22 March 2023. This decision as well as the sale of own shares were 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 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 2023, employees (including retirees) and the Management Board held the following shares:

	Ordinary shares
Employees (directly and via the Foundation (Belegschaftsbeteiligungsprivat- stiftung))	3,396,001
thereof Management Board	69,296
Gasselsberger	33,630
Weißl	20,214
Hagenauer	10,324
Seiter	4,230
Lehner	898

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.

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As at 31 December 2023, 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	29,597	0	0	80,360
Guarantees/collateral	34,532	0	0	13,111
Outstanding balances				
Receivables	271,886	28,642	25,102	169,686
Receivables preceding year	256,191	29,122	26,826	138,977
Securities	0	0	0	0
Securities preceding year	7	0	0	0
Payables	9,445	42,780	2,482	132,539
Payables preceding year	12,131	41,913	99	141,280
Guarantees / collateral	208,703	0	0	67,635
Guarantees / collateral in preceding year	185,929	0	0	62,820
Provisions for doubtful receivables	0	0	0	0
Provisions for doubtful receivables, preceding year	11	0	0	0
Income items				
Interest	8,506	962	1,038	6,605
Commissions	270	1	4	1,495
Expenses				
Interest	-323	-1,448	-18	-2,475
Commissions	0	0	0	0
Allowances for doubtful receivables	0	0	0	0
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.

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

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

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 Retail Banking and Corporate and Business Banking and the resultant corresponding management remits. The segments are presented as if they were autonomous enterprises with their own equity and with responsibility for their profit or loss. Customer service competence was the primary criterion this subdivision into segments.

The segment information is based on the so-called management approach, which requires that the segment information derived from internal reporting be presented in such a way as it is regularly used in making decisions on the allocation of resources to the individual segments and the assessment of their performance. In the Oberbank Group, the segments are defined as follows: Retail 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 any other segment; units that contribute to profit but cannot be allocated to any individual segment).

Since 2016, the equity allocated to the segments has been measured 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 accordance with regulatory capital requirements for the segments.

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Segment reporting as at 31/12/2023	Corporate and				Total
	Retail Banking	Business Banking	Financial Markets	Other	
Core business segments in €k					
Net interest income	220,746	492,263	-116,170	0	596,839
Income from entities (equity method)	0	0	125,408	0	125,408
Charges for losses on loans and advances	5,995	-80,604	-8,947	0	-83,556
Fee and commission expenses	-13,809	-5,583	0	0	-19,392
Fee and commission income	94,168	121,288	0	0	215,456
Net trading income	0	414	5,385	0	5,799
Administrative expenses	-126,114	-200,298	-11,799	-31,052	-369,263
Other operating income	6,325	152	6,424	-6,486	6,414
Extraordinary profit/loss	0	0	0	0	0
Profit for the year before tax	187,311	327,631	300	-37,538	477,704
Average risk-weighted assets	2,059,917	12,816,806	5,113,998	0	19,990,721
Average allocated equity	383,970	2,389,061	953,252	0	3,726,283
RoE (return on equity before tax)	48.8%	13.7%	— %		12.8%
Cost/income ratio	41.0%	32.9%	56.1%		39.7%
Cash and balances at central banks			2,836,295		2,836,295
Loans and advances to credit institutions			817,554		817,554
Loans and advances to customers	3,861,297	16,212,975			20,074,272
Trading assets			30,917		30,917
Financial investments			3,556,995		3,556,995
Interest in entities (equity method)			1,194,471		1,194,471
Other assets	87,520	271,701	27,565	131,653	518,439
Segment assets	3,948,817	16,484,677	7,269,326	131,653	27,834,471
Amounts owed to banks			4,046,389		4,046,389
Amounts owed to customers	6,840,516	8,915,615			15,756,132
Securitised liabilities			2,842,137		2,842,137
Trading liabilities			35,021		35,021
Equity and subordinated debt capital	452,375	2,814,676	1,123,076		4,390,127
Other liabilities	46,705	110,226	120,238	487,498	764,666
Segment liabilities	7,339,596	11,840,517	8,166,860	487,498	27,834,471
Depreciation/amortisation	8,824	14,936	336	6,050	30,146

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Segment reporting as at 31/12/2022 Core business segments in €k	Corporate and				Total
	Retail Banking	Business Banking	Financial Markets	Other	
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 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%
<hr/>					
Cash and balances at central banks			2,287,322.00		2,287,322
Loans and advances to credit institutions			1,057,204.00		1,057,204
Loans and advances to customers	4,068,653	15,124,258			19,192,911
Trading assets			56,655.00		56,655
Financial investments			3,653,467.00		3,653,467
Interest in entities (equity method)			1,099,644.00		1,099,644
Other assets	86,365	292,041	40,877.00	131,324	550,607
Segment assets	4,155,018	15,416,299	7,095,525	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	7,231,360	10,781,411	8,321,762	463,634	26,798,166
Depreciation/amortisation	8,296	14,635	290	6,180	29,401

34) Non-performing loans

see Note 43), "Credit risk"

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35) Assets pledged as collateral in €k	2023	2022
Cover pool for trust money in savings deposits	23,000	22,996
Cover pool for covered bank bonds	0	30,766
Cover pool for mortgage-backed bank bonds (liquidity buffer)	3,800,533	3,496,781
Margin cover and collateral deposits for securities transactions and derivatives	166,613	241,415
Collateral for credit line with Euroclear	0	0
Collateral for EIB global loan facility	0	94,861
Securities and receivables for refinancing operations with OeNB	359,051	792,081
Securities held as collateral for the refinancing programme with the Hungarian National Bank	105,622	103,196
Accounts receivable assigned to Oesterreichische Kontrollbank (OeKB)	1,489,139	1,486,805
Accounts receivable assigned to special banks handling subsidised loan schemes in Germany	1,903,036	1,263,763
Accounts receivable assigned to the Hungarian National Bank and to special banks handling subsidised loan schemes in Hungary	61,829	71,632
Securities as cover for pension provisions	28,103	34,111
Other assets furnished as collateral to CCP Austria GmbH as the clearing agent for stock market transactions	523	406
Assets pledged as collateral	7,937,448	7,638,812

Collateral is furnished in accordance with standard commercial practices or statutory provisions.

36) Subordinated assets in €k	2023	2022
Loans and advances to credit institutions	0	0
Loans and advances to customers	43,582	39,228
Bonds and other fixed-interest securities	9,726	14,269
Other variable-yield securities	16,168	16,609
Subordinated assets	69,476	70,106

37) Foreign currency balances in €k	2023	2022
Assets	3,273,732	3,382,827
Equity and liabilities	2,371,975	2,543,824

See Risk Report, Note 42 et seq.

38) Fiduciary assets in €k	2023	2022
Fiduciary loans	450,672	414,928
Fiduciary investments	0	0
Fiduciary assets	450,672	414,928

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	2023	2022
Carrying value of securities underlying genuine repo agreements	0	0

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40) Contingent liabilities and commitments in €k	2023	2022
Other contingent liabilities (guarantees and letters of credit)	1,681,322	1,639,531
Contingent liabilities	1,681,322	1,639,531
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	4,657,470	4,542,796
Credit risks	4,657,470	4,542,796

41) Group of consolidated companies

The following list presents the group of consolidated companies within the Oberbank Group as at 31 December 2023.

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, Linz	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 Immobilien-Leasing Gesellschaft m.b.H., Linz	100.00
Oberbank Immobilien Leasing GmbH Bayern, Neuötting	94.00
Oberbank Jerich Immobilienleasing GmbH	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 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

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Oberbank Leasing spol. s.r.o., Prague	100.00
Oberbank LKR Immobilienleasing GmbH	100.00
Oberbank Logistik Immobilienleasing GmbH	100.00
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	100.00
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 ARRANGEMENT)

	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	17.52
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

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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

Share in %

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
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
DIANA Digital und Analog Beteiligungs- und Verwaltung GmbH (formerly 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 2023 and 2022.

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Name	Country of main activity	Equity share in %	
		2023	2022
Oberbank Leasing GmbH	Austria	100.00	100.00
Oberbank Immobilien-Leasing GmbH	Austria	100.00	100.00
Power Tower GmbH	Austria	99.00	99.00
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 Republic	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 2023, there were no substantial non-controlling interests in any of the subsidiary companies.

Information regarding associates

As regards accounting methods, see item 2) in the Notes to the Consolidated Financial Statements, section “Consolidation policies”. As at 31 December 2023, the Oberbank Group had three associated companies accounted for using the equity method.

	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	17.52% (2022: 18.52%)	13.85% (2022: 13.85%)	8.04% (2022: 8.04%)
Voting share	17.52% (2022: 18.52%)	13.85% (2022: 13.85%)	8.04% (2022: 8.04%)
Fair value of ownership share (if listed)	€k 130,779 (2022: €k 111,336)	€k 236,517 (2022: €k 192.299)	€k 410,098 (2022: €k 355.820)

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 (other). The information is based on the respective group financial statements prepared in accordance with IFRS.

in €k	Credit institutions				Other	
	BKS		BTV		voestalpine	
	2023	2022	2023	2022	2023	2022
Revenues	362,572	236,730	467,425	347,704	17,442,700	17,175,500
Profit/loss from continuing operations	149,419	61,583	160,633	98,320	796,100	1,559,700
Profit/loss after taxes from discontinued operations	0	0	0	0	0	0
Other comprehensive income	13,714	4,742	9,299	8,485	-6,100	133,500
Consolidated net profit	163,133	66,325	169,932	106,805	790,000	1,693,200
Short-term assets	808,973	1,200,716	2,632,265	2,926,365	8,785,300	9,347,800
Long-term assets	9,763,158	9,360,996	11,509,599	11,323,153	7,883,600	7,796,000
Short-term debts	732,610	862,051	1,561,181	2,598,715	5,931,200	6,061,900
Long-term debts	8,120,252	8,194,067	10,331,490	9,672,026	2,913,100	3,549,000
Group's share in the net assets of associated companies at the beginning of the year	267,129	255,534	281,269	252,858	551,247	492,372

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Profit/loss attributable to parent company	24,033	13,424	24,605	15,838	70,479	76,106
Dividends received in the reporting year	1,988	1,829	1,697	1,414	21,539	17,231
Additions in the reporting year	933	0	0	13,987	0	0
Group's share in the net assets of associated companies at the end of the year	290,107	267,129	304,177	281,269	600,187	551,247

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 as at the balance sheet date (Austrian Business Code):

in €k	2023	2022
Assets	269,815	265,351
Liabilities	168,335	168,166
Revenues	195,060	173,451
Profit/loss for the period	4,291	-4,830

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 is to provide a guarantee for the large loan exposures of the shareholder 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 is 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 entity 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 interests 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 amount 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 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 on the development of their fair value on the basis of a documented investment strategy.

Finance support

During the financial year, the Oberbank Group did not provide 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 amount 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.

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in €k	2023	2022
Assets		
Financial assets - FVPL	45,136	33,401
Consolidated net profit		
Other operating income	5,152	3,181
Net income from financial assets - FVPL	5,152	3,181
Other operating income	0	0
Maximum exposure to loss	45,136	33,401

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 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. 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 risk management lies with the full Management Board of Oberbank AG.

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 group-wide 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 unit is also involved in preparing 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 is submitted 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'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. 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 and reviews compliance with policies.

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").

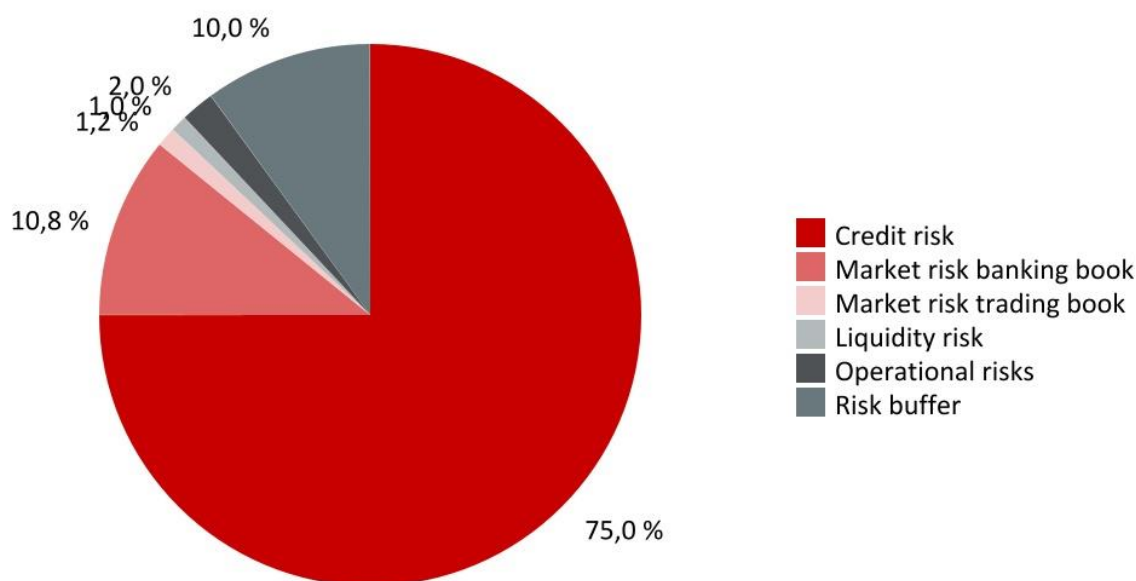
Group-wide risk management process

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, ICAAP risk limits are derived for all material banking risks, specifically credit risk (within which loss exposure, counterparty default risk, foreign currency loan risk, migration risk, risk of credit valuation adjustments (CVA risk), country risk and credit risk concentrations are quantified), market risk in the trading book, market risk in the banking book, liquidity risk and operational risks. In accordance with the recommendations of the FMA in the *Guide for Managing 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 coverage capital 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.

The normative perspective method ensures that Oberbank complies with all regulatory and supervisory capital limits over the next three years also in adverse scenarios.

Share of assigned risk limits in total available economic coverage capital



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

On 31 December 2023, limit utilisation stood at 57.3% (31/12/2022: 55.3%). The credit risk limit was utilised to 60.6% (31/12/2022: 60.1%); in market risk - banking book to 43.7% (31/12/2022: 38.4%); in market risk - trading book to 31.6% (31/12/2022: 18.4%); and in operational risk to 47.8% (31/12/2022: 71.3%).

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 31/12/2023, the overall bank limit was not exceeded in any of these scenarios. In the scenario with the highest quantitative impact, total limit utilisation was 73.0% (31/12/2022:67.6%).

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 entities, 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

Long-term and 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 AG, 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 fixed-interest securities amounted to 18.77% (pr. yr.: 18.61%). Around 83% (pr. yr.: 82%) of the 18.77% are attributed to receivables from the public sector in Oberbank AG's home market. 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 from loans and advances to other banks, sovereigns as well as retail and corporate 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 retail loans. In August 2023, 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 and 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, a proprietary rating system based on statistical methods is used for such assessments. The same is true for the rating of existing business in the Retail Banking segment as well as for application ratings in the Retail Banking business in Austria and Germany.

The credit assessment procedures applied in Corporate and Business Banking (rating procedures) and in Retail 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, 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 of banks, 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 are logical correlations between the rating assigned to a customer and the terms and conditions granted to the respective customer (risk-based pricing terms), such pricing being supported by IT processes.

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 on lending operations available to the units involved on an ongoing basis. 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 triggered by current events are taken into account in the rating (forecasts based on hard facts, the soft facts and the early warning indicators). These talks are held more frequently during crisis years. On account of the current effects of high inflation, rising interest rates and the entailing economic downturn, a large-scale campaign was launched in 2023 to conduct such review talks (decreasing orders in hand/inventory build-up, real estate, especially in industries sensitive to economic cycles). This makes it possible for the bank to adjust customers' credit assessments to their actual business situations very quickly.

Presentation of the portfolio

Credit risk exposure is made up of the loans and advances to central banks included in the item Cash and balances at central banks, the items Loans and advances to credit institutions and Loans and advances to customers, as well as of fixed-interest securities in financial investments, exposure from derivatives and contingent liabilities, including non-utilised credit lines, as well as receivables from operating leases of the entire Oberbank AG Group; these are shown gross, i.e. before charges for losses on loans and advances. 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 2023, while the consolidated financial statements include figures as at 30 September 2023.

in €k	Exposure volume as at 31/12/2023	Exposure volume as at 31/12/2022
Loans and receivables	23,811,970	22,503,848
Fixed-income securities	1,845,875	2,088,027
Credit risks from derivatives and contingent liabilities	6,526,996	6,211,812
Total exposure	32,184,842	30,803,687

The increase in total exposure (EUR +1.4 billion) is due primarily to the higher volume of loans and advances to non-banks (approx. EUR 880 million) and the increase in central bank reserves (approx. EUR 560 million) resulting from the steep growth in customer deposits and own issues.

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 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 35.7 million (pr. Yr.: EUR 79.4 million) of unimpaired credit risk volume due to the high collateralisation ratio.

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Rating grades in €k as at 31/12/2023	Loans and receivables	Fixed-income securities	Credit risks from derivatives and contingent liabilities	Total
Very strong	10,459,549	1,758,070	3,798,845	16,016,464
Strong	11,709,702	87,402	2,595,162	14,392,266
Weak	890,431	104	84,202	974,737
Non-performing	752,289		48,787	801,376
Total exposure	23,811,970	1,845,875	6,526,996	32,184,842

Rating grades in €k as at 31/12/2022	Loans and receivables	Fixed-income 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	550,327
Total exposure	22,503,848	2,088,027	6,211,812	30,803,687

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 2023 and 31 December 2022 broken down by Oberbank's markets and other regions.

Geographic distribution in €k as at 31/12/2023	Loans and receivables	Fixed-income securities	Credit risks from derivatives and contingent liabilities	Total
Austria	14,076,342	317,114	4,528,070	18,921,526
Germany	5,058,377	165,928	1,265,296	6,489,601
Eastern Europe (CZ, SK, HU)	4,344,215	384,765	634,749	5,363,729
Western Europe (ex DE)	182,009	498,125	54,739	734,873
Other countries	151,028	479,943	44,141	675,112
Total exposure	23,811,970	1,845,875	6,526,996	32,184,842

Geographic distribution in €k as at 31/12/2022	Loans and receivables	Fixed-income securities	Credit risks from derivatives and contingent liabilities	Total
Austria	13,317,774	677,885	4,434,837	18,430,496
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)	214,759	364,686	37,863	617,308
Other countries	147,917	531,195	90,449	769,561
Total exposure	22,503,848	2,088,027	6,211,812	30,803,687

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Breakdown by sector

The following tables show credit risk exposure as at 31 December 2023 and as at 31 December 2022 broken down by sector.

Sector in €k as at 31/12/2023	Loans and receivables	Fixed-income securities	Credit risks from derivatives and contingent liabilities	Total
A Agriculture and forestry	179,050		26,075	205,125
B Mining	48,542		76,484	125,026
C Manufacturing	2,881,032	9,253	1,674,788	4,565,073
D Energy supply	171,693	750	106,485	278,928
E Water supply and waste management	122,728		41,860	164,588
F Construction	1,173,993		644,925	1,818,918
G Wholesale and retail trade	1,590,023		1,008,813	2,598,836
H Transportation	955,928	9,944	148,026	1,113,898
I Accommodation and food service activities	397,947	300	58,228	456,475
J Information and communication	109,599		89,310	198,909
K Financial and insurance activities	4,991,136	782,904	287,144	6,061,184
L Real estate activities	4,577,020		661,010	5,238,030
M Professional, scientific and technical activities	1,541,665		521,086	2,062,751
N Administrative and support service activities Services	774,617	29,732	145,763	950,112
O Public administration	269,985	1,012,993	462,669	1,745,647
P Education	14,998		2,175	17,173
Q Human health and social work activities	126,560		66,239	192,799
R Arts, entertainment and recreation	39,190		10,768	49,958
S Other service activities	201,294		33,428	234,722
T Activities of private households	3,644,972		461,719	4,106,691
U Activities of extraterritorial organisations			2	2
Consolidated net profit	23,811,970	1,845,875	6,526,996	32,184,842

Sector in €k as at 31/12/2022	Loans and receivables	Fixed-income securities	Credit risks from derivatives and contingent liabilities	Total
A Agriculture and forestry	172,252		25,830	198,082
B Mining	56,475		73,290	129,765
C Manufacturing	2,817,072	8,640	1,585,331	4,411,043
D Energy supply	156,036	1,200	98,447	255,683
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	5,361,355
L Real estate activities	4,186,704		595,697	4,782,401
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	845,039
O Public administration	242,893	1,356,847	311,689	1,911,429
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

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 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.

Responsibility for drawing up standardised collateral agreements and the 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 collateral primarily located in the five countries where it operates. 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 risk 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 for assessing the objective current nominal value of collateral is subject to binding rules 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 credit transactions.

Property pledged as collateral generally plays a subordinated role. Reported financial assets as at 31 December 2023 do (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 collateral (sureties, guarantees). The exposure type "Loans and receivables" accounts for the major portion of collateral assets (excluding personal collateral) at 93.14% (pr. Yr.: 93.45%); the remainder relates to the exposure type "Credit risk from derivatives and contingent liabilities" at 6.86% (pr. Yr.: 6.55%).

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

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in €k	Collateralised exposure	
Collateral category	31/12/2023	31/12/2022
Financial collateral	1,279,716	1,397,867
Cash deposits	1,205,187	1,322,687
Bonds	20,120	18,515
Shares and other variable-yield securities	54,409	56,665
Real estate collateral	7,443,733	7,060,092
Residential real estate	3,677,617	3,654,233
Commercial property	3,766,116	3,405,859
Physical collateral	1,200,585	1,102,516

Personal collateral accepted by the Bank are restricted to sureties and guarantees. The six most important guarantors, which account for 85.11% (pr. Yr.: 85.26%) of the entire volume of personal collateral, are listed below.

in €k 31/12/2023	External rating	Collateralised exposure	in %
Personal collateral		1,266,008	100.00%
thereof Republic of Austria	AA+	714,985	56.48%
thereof Kreditanstalt für Wiederaufbau	AAA	165,309	13.06%
thereof province of Lower Austria	AA+	70,526	5.57%
thereof Czech Republic	AA-	61,299	4.84%
thereof province of Upper Austria	AA+	35,753	2.82%
thereof provincial capital Graz		29,628	2.34%

in €k 31/12/2022	External rating	Collateralised exposure	in %
Personal collateral		1,100,451	100.00%
thereof Republic of Austria	AA+	626,164	56.9%
thereof Kreditanstalt für Wiederaufbau	AAA	193,372	17.6%
thereof COVID-19 Finanzierungsagentur		38,123	3.5%
thereof Czech Republic	AA-	30,000	2.7%
thereof LfA Förderbank Bayern	AAA	26,082	2.4%
thereof province of Upper Austria	AA+	24,515	2.2%

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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 42.1 million to EUR 83.6 million versus the year 2022.

Movements in loan loss provisions (income statement view)

in €k	31/12/2023	31/12/2022
Additions to charges for losses on loans and advances	237,678	117,079
Reversals of loan loss provisions	-150,764	-71,190
Direct write-offs of receivables	2,489	1,325
Recoveries of written-off receivables	-2,340	-2,202
Result from non-significant modifications	-502	-41
Impairment gain from POCI	-3,005	-3,489
Total	83,556	41,482

Development of impairment charges (balance sheet view)

in €k	As at 1/1/2023	Additions	Reversals	Used	Other effects ²⁾	As at 31/12/2023
for cash reserves stage 1 + 2	361	122	0	0	0	483
for receivables from banks stage 1 + 2	167	0	-73	0	0	94
for receivables from banks stage 3	0	0	0	0	0	0
for receivables from customers stage 1 + 2	67,797	9,156	-1,940	0	-5	75,008
for receivables from customers stage 3	170,766	183,497	-59,485	-51,120	-2,242	241,416
for financial investments stage 1 + 2	870	229	-284	0	-8	807
for property, plant and equipment stage 1 + 2	173	8	0	0	0	181
Impairment charges on loans and advances¹⁾	240,134	193,012	-61,782	-51,120	-2,255	317,989
for off-balance sheet transactions stage 1 + 2	19,528	2,284	-2,112	0	0	19,700
for off-balance sheet transactions stage 3	117,969	42,382	-86,870	-60	32,016	105,437
Total						
Risk provisions	377,631	237,678	-150,764	-51,180	29,761	443,126

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 +31,921; from risk provisions for securities measured at fair value through OCI €k -13; from reclassifications POCI €k 2,177; from exchange rate changes €k +30.

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

The tables below show the impairments of gross carrying amounts as well as risk provisions in the reporting year 2023 for balance sheet assets under the impairment rules of IFRS 9.

The figures in the following table present a comparison of start-of-year to end-of-year values and always include the change in carrying amounts and risk provisions.

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Financial assets recognised at amortised cost:

	Stage 1	Stage 2	Stage 3		
Gross carrying amounts of assets at AC in €k	12-M ECL	LT-ECL	POCI	Total	
As at 31/12/2022*	17,028,320	6,577,670	470,064	39,250	24,115,304
Transfer to Stage 1	302,269	-330,982	-1,782		
Transfer to Stage 2	-635,831	664,271	-75,493		
Transfer to Stage 3	-111,543	-283,961	409,009		
Changes due to newly derecognised or acquired assets incl. POCI reclassification	5,144,638	1,108,889			6,339,119
Changes due to model changes incl. Collective staging	175,208	-215,401			
Changes due to risk parameters and partial repayments	-2,156,339	119,617	-47,399	-6,791	-2,090,912
Changes due to modifications without derecognition	-8,593	-2,253			-10,266
Changes due to derecognition	-2,381,863	-628,417			-3,080,869
Changes due to depreciation/amortisation					
Exchange rate changes and other adjustments					0
As at 31/12/2023	17,356,264	7,009,433	710,733	42,627	25,119,057

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

	Stage 1	Stage 2	Stage 3		
Impairments of financial assets at AC in €k	12-M ECL	LT-ECL	Total		
As at 31/12/2022	18,464	50,869	170,765		240,099
Transfer to Stage 1	1,455	-13,121	-450		-5,463
Transfer to Stage 2	-1,844	12,727	-21,431		-16,417
Transfer to Stage 3	-491	-2,198	116,531		113,842
Changes due to newly derecognised or acquired assets incl. POCI reclassification	5,155	10,581			15,736
Changes due to model changes incl. Collective staging	-145	-2,395			-2,540
Changes due to risk parameters and partial repayments	-2,540	6,266	25,090		28,031
Changes due to modifications without derecognition	-95	162			60
Changes due to derecognition	-3,129	-3,171			-6,300
Changes due to depreciation/amortisation				-49,082	-49,082
Exchange rate changes and other adjustments					0
As at 31/12/2023	16,830	59,721	241,415		317,966

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Financial assets recognised in equity at fair value

	Stage 1	Stage 2	Stage 3	
Gross carrying amounts of assets at FVOCI in €k	12-M ECL	LT-ECL	POCI	Total
As at 31/12/2022	303,999			303,999
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Changes due to newly derecognised or acquired assets incl. POCI reclassification	14,250			
Changes due to model changes incl. Collective staging				
Changes due to risk parameters and partial repayments	-103			-103
Changes due to modifications without derecognition				
Changes due to derecognition	-288,262			-288,262
Changes due to depreciation/amortisation				
Exchange rate changes and other adjustments				
As at 31/12/2023	29,883			29,883

	Stage 1	Stage 2	Stage 3	
Impairments of financial assets at FVOCI in €k	12-M ECL	LT-ECL		Total
As at 31/12/2022	36			36
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Changes due to newly derecognised or acquired assets incl. POCI reclassification	14			14
Changes due to model changes incl. Collective staging				
Changes due to risk parameters and partial repayments	-10			-10
Changes due to modifications without derecognition				
Changes due to derecognition	-17			-17
Changes due to depreciation/amortisation				
Exchange rate changes and other adjustments				
As at 31/12/2023	23			23

The Oberbank Group's maximum default risk derives from the loans and advances to central banks included in the balance sheet item Cash and balances at central banks, the items Loans and advances to credit institutions and Loans and advances to customers, as well as from 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 32,185 million (pr. yr.: EUR 30,804 million). This value contrasts with a total of EUR 13,751.5 million (pr. yr.: EUR 13,017.7 million) in credit collateral, of which EUR 443.5 million (pr. yr.: EUR 303.5 million) for impaired and non-performing loans and advances. Interest and similar

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income includes an amount of EUR 41.6 million (pr. yr.: EUR 17.8 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 2.6 “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. A waiver of 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 ¹⁾	NPL before deduction of impairment charges		NPL after deduction of impairment charges	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Balance sheet item				
Loans and advances to credit institutions	0	0	0	0
Receivables from customers	753,360	509,314	511,944	338,548

	before deduction of impairment charges		after deduction of impairment charges	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Non-performing loans ratio, gross	3.55%	2.49%	–	–
Non-performing loans ratio, net	–	–	2.45%	1.67%

	31/12/2023	31/12/2022
NPL before deduction of impairment charges	753,360	509,314
Risk provisions stage 3 and collateral for non-performing loans	671,176	446,630
Non-performing coverage ratio	89.09%	87.69%

¹⁾ The figures given are carrying amounts.

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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.

Sector in €k as at 31/12/2023	Non- performing credit risk exposure	Impairment charges stage 3		Collateral
		On-Balance	Off-Balance	
A Agriculture and forestry	1,263	262	27	774
B Mining	130	0	0	130
C Manufacturing	151,272	54,197	8,128	75,191
D Energy supply	3,060	38	262	3,019
E Water supply and waste management	497	218	17	268
F Construction	161,657	37,954	3,512	91,528
G Wholesale and retail trade	70,441	27,227	3,841	33,498
H Transportation	40,996	7,053	569	22,665
I Accommodation and food service activities	28,715	4,620	4,850	16,651
J Information and communication	4,432	529	9	3,775
K Financial and insurance activities	77,891	25,461	2,562	34,337
L Real estate activities	119,485	27,204	7,375	89,876
M Professional, scientific and technical activities	45,992	5,568	2,134	36,318
N Administrative and support service activities	45,024	25,885	1,111	11,861
O Public administration	14	14	0	0
P Education	893	519	11	337
Q Human health and social work activities	3,705	446	143	3,233
R Arts, entertainment and recreation	785	343	0	378
S Other service activities	1,811	585	53	1,206
T Activities of private households	43,312	23,292	534	18,445
U Activities of extraterritorial organisations	0	0	0	0
Impairment charges not assignable to a specific sector			60,498	
Total	801,376	241,416	95,638	443,491

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Sector in €k as at 31/12/2022	Non- performing credit risk exposure	Impairment charges stage 3		
		On-Balance	Off-Balance	Collateral
A Agriculture and forestry	1,643	520	133	902
B Mining	0	0	0	0
C Manufacturing	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

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

Geographic distribution as at 31/12/2023 in €k	Non-performing credit risk exposure	Impairment charges stage 3		Collateral
		On-Balance	Off-Balance	
Austria	404,551	116,119	13,572	217,832
Germany	304,176	89,429	16,677	173,828
Eastern Europe (CZ, HU, SK)	89,750	35,491	4,862	49,614
Western Europe (ex DE)	176	80	4	0
Other countries	2,724	299	25	2,217
Impairment provisions not assignable to a specific region			60,498	
Total	801,376	241,416	95,638	443,491

Geographic distribution as at 31/12/2022 in €k	Non-performing credit risk exposure	Impairment charges stage 3		Collateral
		On-Balance	Off-Balance	
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)	387	194	2	31
Other countries	10,170	1,831	192	8,304
Impairment charges not assignable to a specific region			90,039	
Total	550,328	170,766	111,469	303,492

Charges for losses on loans and advances that cannot be allocated 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 2023, the volume reported by the shareholder banks and covered by the guarantee was offset by a provision for expected future utilisation in ALGAR of €k 120,555 (pr.yr.:k 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 took 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 operation in the meaning of IFRS 11 and was included in the consolidation of Oberbank 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

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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 consolidated 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 60,278 for expected credit losses of exposures not unambiguously attributable (pr. yr.: €k 89,820).

Furthermore, risk provisions have been set aside for ECLs in stages 1 and 2 for the "performing" categories with a volume of €k 96,273 (pr. yr.: €k 88,896).

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 31/12/2023 in €k	Stage 1	Stage 2	Stage 3	POCI	Total
	12-M-ECL		LT-ECL		
Very strong	10,505,351	1,275,235			11,780,586
Strong	6,813,960	4,911,597		2,287	11,727,844
Weak	66,837	822,601		1,097	890,534
Non-performing			710,733	39,243	749,976
Gross carrying amount	17,386,148	7,009,433	710,733	42,627	25,148,941
Loan loss provisions	-16,853	-59,721	-241,415		-317,989
Net carrying amount	17,369,295	6,949,712	469,318	42,627	24,830,952

Default risk of financial assets by rating category as at 31/12/2022 in €k	Stage 1	Stage 2	Stage 3	POCI	Total
	12-M-ECL		LT-ECL		
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			444,091
Non-performing			470,064	38,068	508,133
Gross carrying amount	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 amount	17,313,818	6,526,801	299,300	39,250	24,179,168

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Default risk of credit commitments by rating category as at 31/12/2023 in €k	Stage 1	Stage 2	Stage 3	POCI	Total
	12-M-ECL		LT-ECL		
Very strong	2,466,444	153,185			2,619,629
Strong	1,425,897	479,210		7	1,905,114
Weak	5,653	52,247			57,900
Non-performing			28,801	15	28,816
Contingent obligation, gross	3,897,994	684,641	28,801	22	4,611,458
Loan loss provisions	-5,720	-7,176	-102,851	-854	-116,601
Contingent obligation, net	3,892,274	677,465	-74,050	-832	4,494,857

Default risk of credit commitments by rating category as at 31/12/2022 in €k	Stage 1	Stage 2	Stage 3	POCI	Total
	12-M-ECL		LT-ECL		
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 financial guarantees by rating category as at 31/12/2023 in €k	Stage 1	Stage 2	Stage 3	POCI	Total
	12-M-ECL		LT-ECL		
Very strong	910,709	52,368			963,077
Strong	531,826	140,404			672,231
Weak	1,280	24,474			25,754
Non-performing			20,231		20,231
Contingent obligation, gross	1,443,815	217,246	20,231		1,681,293
Loan loss provisions	-1,505	-5,298	-1,733		-8,536
Contingent obligation, net	1,442,311	211,948	18,498		1,672,756

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Default risk of financial guarantees by rating category as at 31/12/2022 in €k	Stage 1	Stage 2	Stage 3	POCI	Total
	12-M-ECL		LT-ECL		
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

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 31/12/2023 in €k ¹⁾			
Overdue since	Credit risks from derivatives		Total
	Loans and receivables	and contingent liabilities	
Less than 30 days	107,868	13,792	121,660
From 30 to 60 days	19,348	255	19,603
From 60 to 90 days	4,620	52	4,672
Total	131,836	14,099	145,935

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 31/12/2022 in €k ¹⁾			
Overdue since	Credit risks from derivatives		Total
	Loans and receivables	and contingent liabilities	
Less than 30 days	246,245	5,822	252,067
From 30 to 60 days	10,566	450	11,016
From 60 to 90 days	1,155	100	1,255
Total	257,966	6,372	264,338

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/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 aside in accordance with the method described in Note 2.8).

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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 forborne.

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 creation of a specific impairment allowance for the unsecured part of the exposure.

If a commitment already marked as forborne required further forbearance measures, it is also reclassified as non-performing.

This procedure eliminates the risk of non-performing loans being concealed by means of deferments or other contractual concessions being granted.

The measures taken in this respect in the reporting year are shown in the table below.

Deferment/forbearance in €k	As at 31/12/2022	No longer categorised as deferment/forbearance	Decline in volume¹⁾	Newly categorised as deferment/forbearance	As at 31/12/2023	Interest received in the 3 reporting period
Term extension for loan	81,031	3,189	11,801	197,165	263,206	14,432
Deferment	208,533	31,905	47,344	79,086	208,370	13,409
Waiver of other contractual rights	18,921	0	3,703	33,328	48,546	2,815
Restructuring	20,197	2,139	2,363	30,593	46,288	2,758
Other	281	0	16	0	265	291
Total	328,964	37,233	65,228	340,172	566,675	33,704

¹⁾ Due to repayments, principal repayments

The table below shows the volume of exposures affected by deferment/forbearance measures by rating category as compared to allocated impairment provisions as well as collateral provided.

as at 31/12/2023 in €k	Exposure	Impairment charges¹⁾	Collateralised exposure
Rating grades			
Very strong	6,549	0	6,549
Strong	156,327	431	64,161
Weak	209,914	7,549	106,075
Non-performing	193,885	49,640	59,533
Total	566,675	57,620	236,318

¹⁾ The impairment provisions shown within the performing categories are attributable to portfolio impairment provisions for ECL under IFRS 9.

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	328,963	48,858	166,977

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

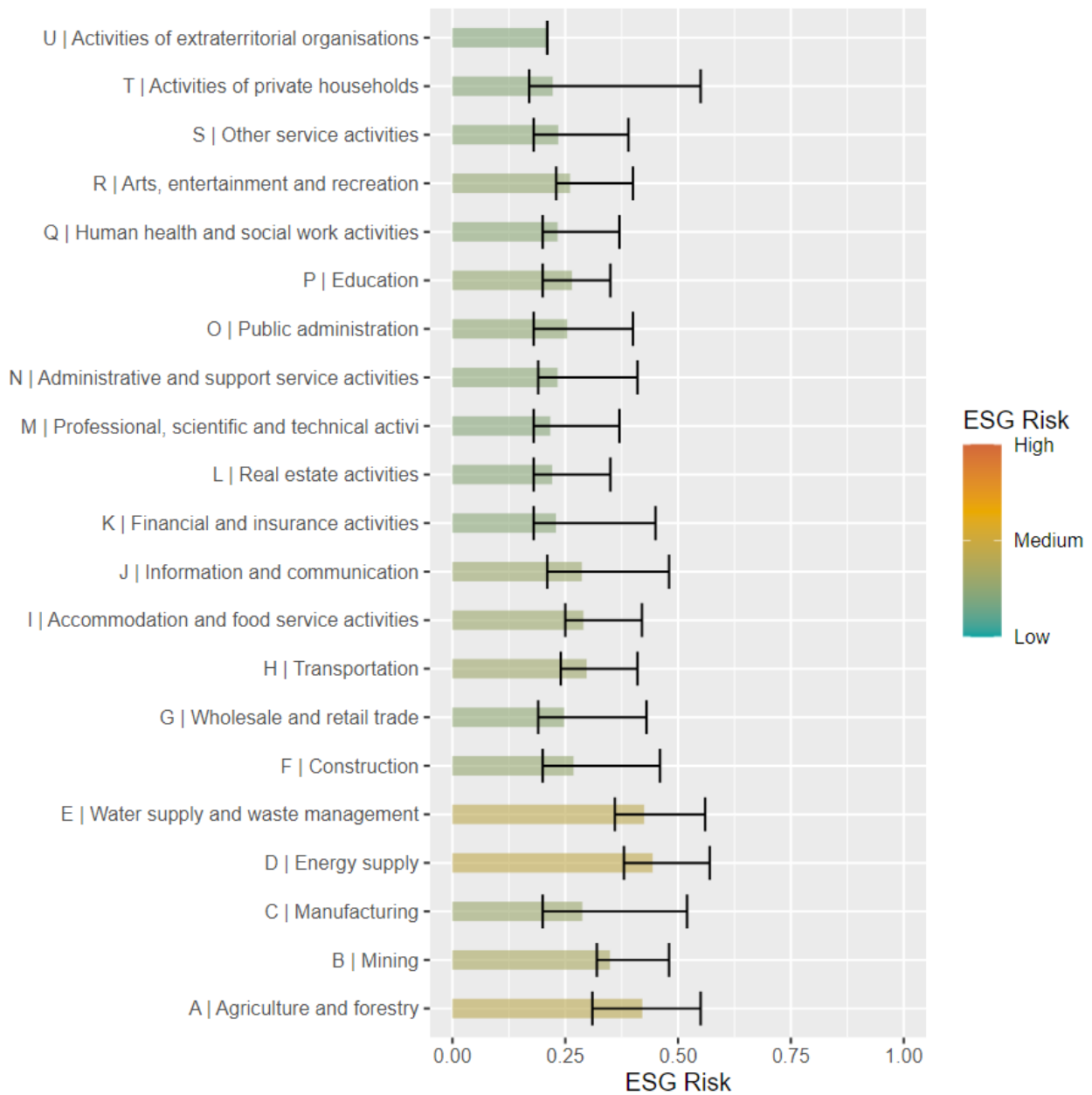
Oberbank AG considers the topic of sustainability to be inextricably linked with the management of a bank's credit risk. Sustainability risks may have substantial negative effects on borrowers of Oberbank AG, and, consequently on credit risk. Climate-related sustainability risk include physical risks such as extreme weather events that are aggravated by climate change and may cause severe damage (also financially). Climate-related disasters may also interrupt, for example, supply chains or destroy business models due to changed environmental conditions. Furthermore, companies might become increasingly accountable for climate-damaging behaviour, which might result in major financial consequences for the businesses concerned. A further potential aspect is 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 assets and financial position. For example, reputational risks may hinder the sale of a company's products. Therefore, it is 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 through the ESG-relevant soft facts (business model, dependence on external factors). Six ESG soft facts are used to systematically assess the risks of the current business model and to collect data for the three ESG factors (Environment, Social and Governance).

Taking ESG risks into account in the credit decision-making process was largely automated with the introduction of the Climcycle tool. The tool 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 group-wide 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 climate risks being accorded the greatest weighting in 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 Oberbank's customers 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 the 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 regional differences and sub-sectors, is indicated by the black bars.

Sustainability risk in the Oberbank AG loan portfolio

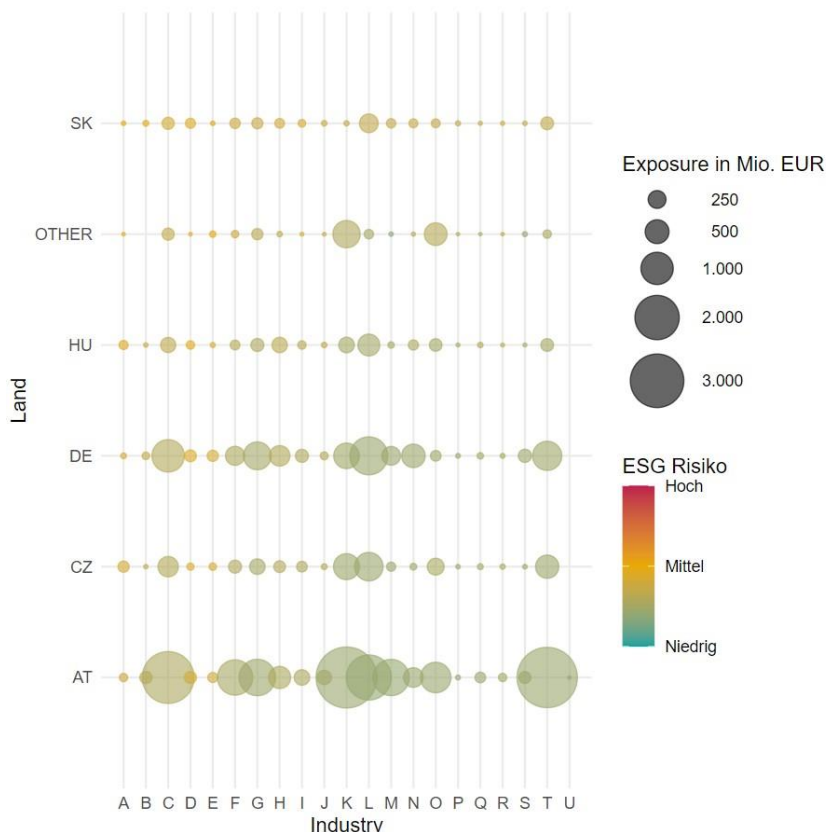


Overall, Oberbank AG's credit portfolio is exposed to only below-average sustainability risks. In the case of physical risks, this is explained by our regional business model in Central Europe; in the case of transition risks by the fact that the share of the more severely affected industries and sectors is underrepresented in the total lending volume at Oberbank AG.

Breakdown of Oberbank AG's exposure volume by internally defined ESG risk classes

ESG risk class	2023	2022	2021
High	0.43%	0.63%	0.54%
Medium	10.21%	10.21%	8.89%
Low	89.36%	89.16%	90.57%

Sustainability risk heat map of Oberbank AG



Texts in chart, from left to right: Country, Exposure in EURm, ESG Risk, High, Medium, Low

Note: The figures in the chart 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

The default risk from investees is understood to be the risk of failure of a company in which Oberbank has an equity investment.

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.

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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 the grounds of either concrete expectations of returns or indirect profitability expectations. The Oberbank Opportunity Fonds investment fund 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 amounts and fair values of equity investments are shown below:

as at 31/12/2023 in €k		Carrying amounts	
Groups of equity instruments by type of measurement	Carrying amount	Fair value	
Fair value through OCI			
Exchange-traded items	5,025	5,025	
Non-exchange traded	281,245	281,245	
Fair value through profit and loss			
Non-exchange traded	45,136	45,136	
Interests in entities accounted for using the equity method			
Exchange-traded items	1,194,471	777,394	
Non-exchange traded			
Total	1,525,877	1,108,800	

as at 31/12/2022 in €k		Carrying amounts	
Groups of equity instruments by type of measurement	Carrying amount	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 using the equity method			
Exchange-traded items	1,099,645	659,455	
Non-exchange traded			
Total	1,396,451	956,261	

45) Market risk

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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 entities, 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:

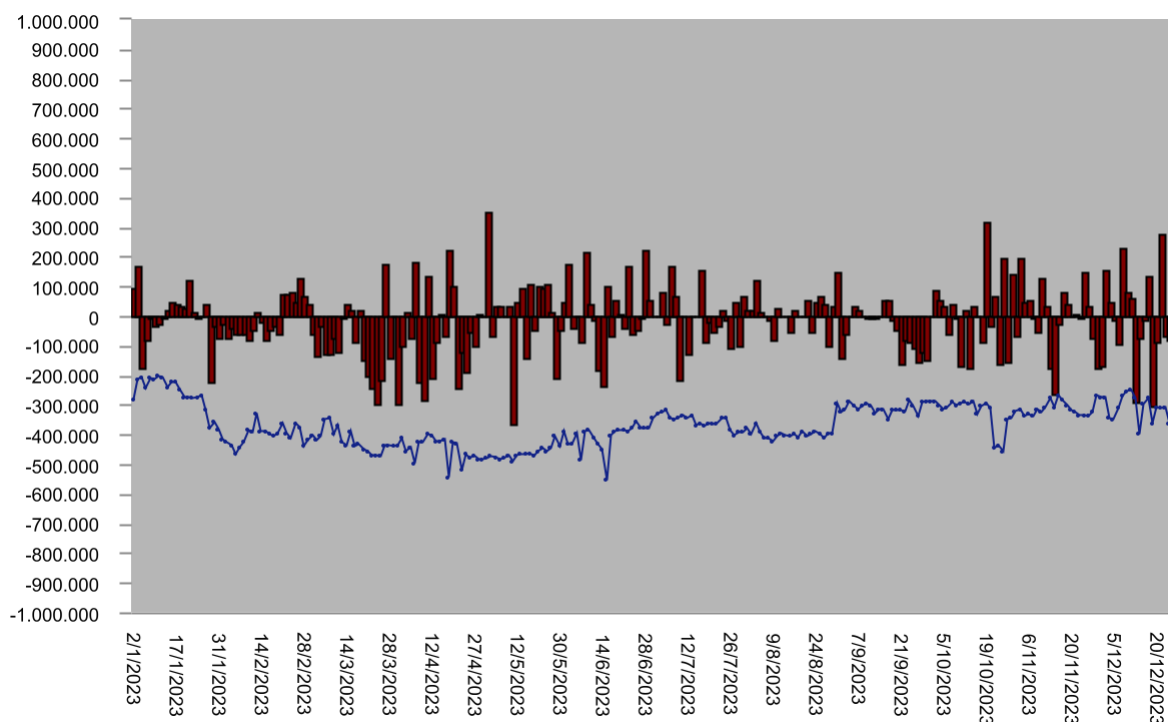
Value at risk 2023 in €k	31/12/2022	MAX	MIN	Average	31/12/2023
	967	1,754	651	1,168	1,024

Value at risk 2022 in €k	31/12/2021	MAX	MIN	Average	31/12/2022
	706	2,680	339	890	967

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, the back-testing time series for the reporting year featured no outliers.

Back-testing by VaR model 2023 in €k

Back-testing TRE as at 31/12/2023



Note: The figures in the chart 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 the open currency positions of Oberbank AG.

	Volume in €k			Volume in €k	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022
AUD	13	43	NOK	23	-19
BGN	-7	4	NZD	35	-1
CAD	85	91	PLN	52	-6
CHF	477	-458	RON	50	9
CNY	-5	119	RUB	-27	5
CZK	-7,361	-4,800	SEK	68	188
DKK	128	37	SGD	31	25
GBP	252	-228	TRY	-9	29
HKD	-39	42	USD	-195	403
HUF	-3,369	-3,547	Other currencies, long	35	121
ISK	0	0	Other currencies, short	-106	-6
JPY	-6	30	Gold	1,698	3,122
MXN	0	11			

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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 2023, the market risk in the remit of Treasury & Trade was EUR 11.1 million (pr. yr.: EUR 6.5 million).

Responsibilities of the Asset/Liability Management (ALM) Committee with regard to market risk management

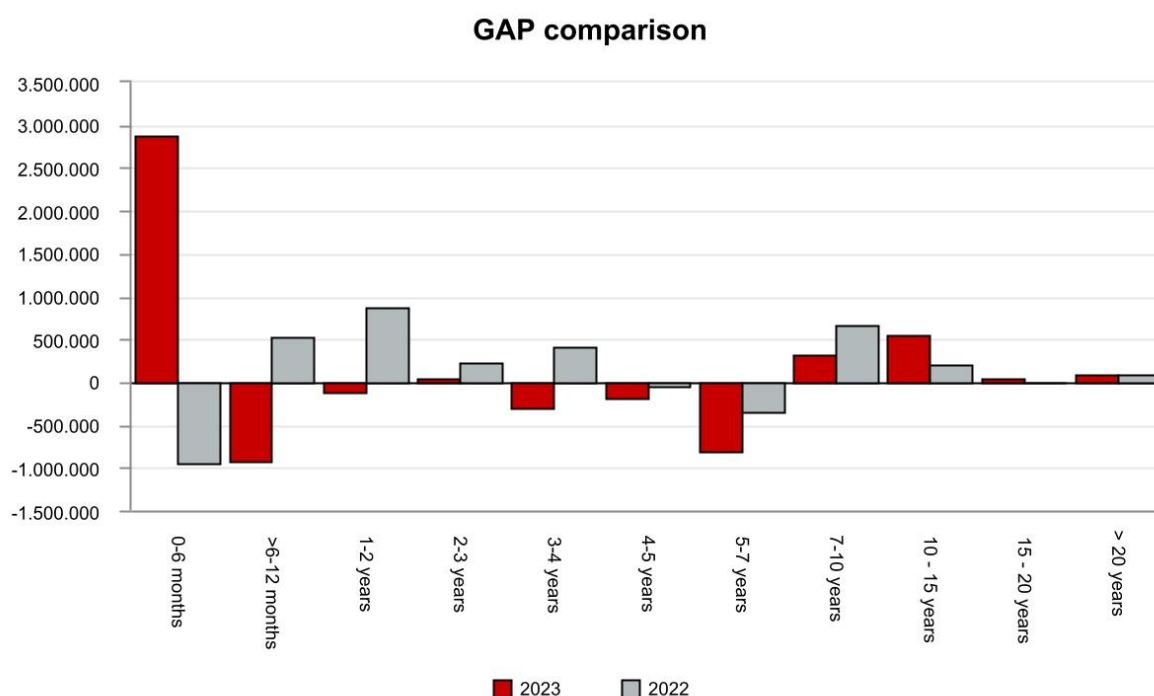
The ALM Committee is responsible for managing the interest rate risk of long-term EUR, USD, CZK and HUF positions (rate commitments >12 months), for strategic stock and investment fund positions in the banking book as well as for the credit spread risk.

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, Retail Banking, Secretariat & Communication, Internal Audit, and Compliance.

Interest rate risk in the banking book

Accepting interest rate risk, which accounts 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 stabilise 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 2022/14. 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 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 31/12/2023 with 31/12/2022)



Note: The figures in the chart 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 which 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 BCBS publication Interest Rate Risk in the Banking Book (BCBS d319). Non-interest-bearing positions are not taken into account. As at 31 December 2023, there was an interest rate risk in the banking book of EUR 60.18 million (pr. yr.: EUR 185.29 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 2023, the risk thus determined amounted to EUR 82.60 million (pr. yr.: EUR 51.41 million).

46) Operational risk

Operational risks are an intrinsic 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 practices 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.

An electronic reporting 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 a quantification of potential operational risks as well as by evaluating loss events in a database of such events and by monitoring key risk indicators. 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 frequency of occurrence and the amount of potential loss or 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 loss events for the current financial year. The report groups the loss events by business area and category of loss event.

Concrete measures have been taken to hedge against any major risks identified in 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 its implementation.

The risk from money laundering and terrorist financing, which is also included in 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 value-at-risk model is used (confidence level 99.9%). The loss distribution is based on Oberbank's loss events and 2 external loss events (malware/encryption and cybercrime). The Crisam system is also used to calculate a loss distribution for IT risks using a Monte Carlo simulation. Both distributions are combined to form a joint loss distribution. As at 31 December 2023, the risk was EUR 28.8 million (pr. yr.: EUR 92.8 million based on the standardised approach pursuant to Part 3, Title III, Chapter 3 CRR II).

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.

47) 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 to be able to do so. The liquidity risk comprises insolvency risk and liquidity spread risk.

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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 deposits of special banks handling subsidised loan schemes is restricted to a strategic limit of 110%. The strategic liquidity indicator on 31 December 2023 was 89.1% (pr. yr.: 90.4%).

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.

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 2023 was EUR 193.6% (31/12/2022: 179.8%).

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 2023 was EUR 131.1% (31/12/2022: 132.3%).

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

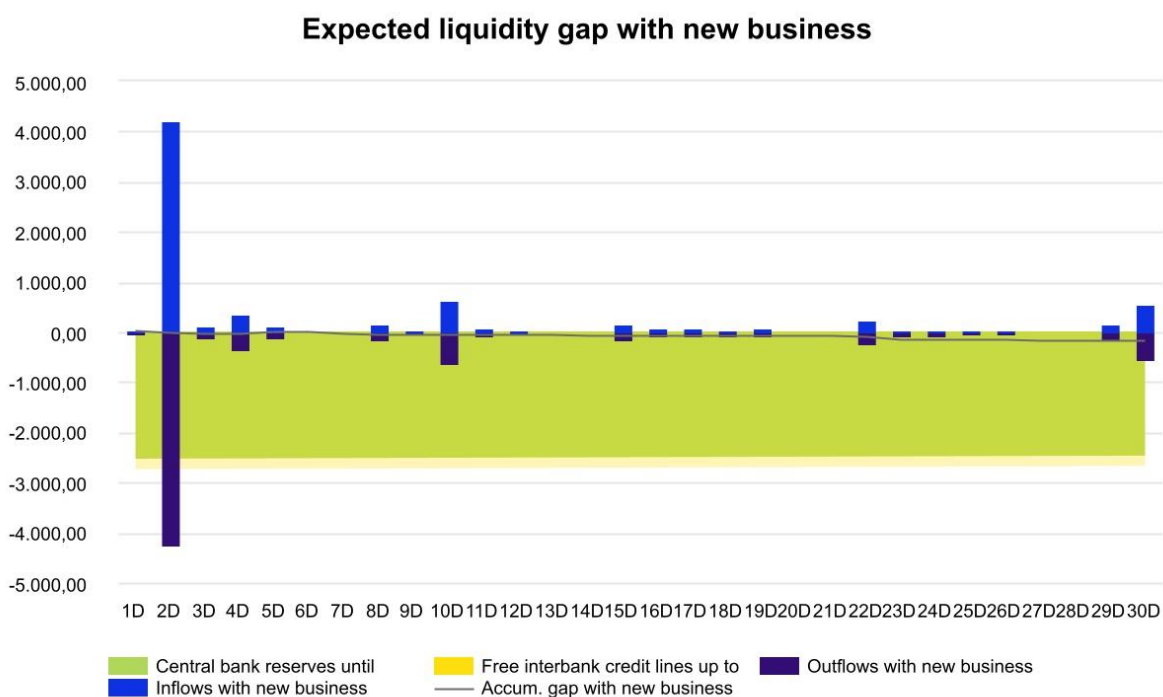
Treasury & Trade is responsible for the short-term, daily management of liquidity in all currencies. Daily liquidity management is done by conducting a short-term liquidity gap analysis.

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Strategic Risk Management prepares a daily forward liquidity gap analysis for the next 30 days, including assumptions for new business, that represents 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.

30-days forward liquidity gap analysis incl. assumptions for new business as at 31/12/2023 in €m



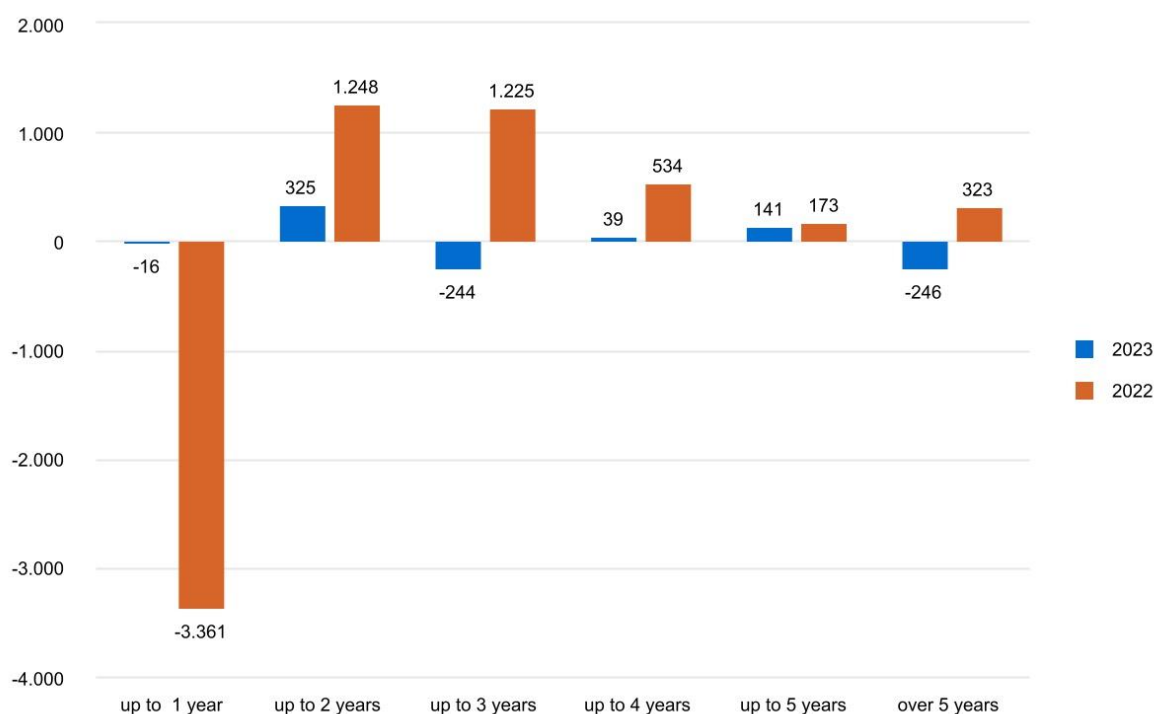
Note: The figures in the chart use the German number format, i.e., decimal points are commas, and vice versa.

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 liquidity gap analysis that presents payment flows resulting from banking products per maturity band is drawn up for the purpose of medium-term and long-term liquidity risk management.

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 31/12/2023 and 31/12/2022 in €m



Note: The figures in the chart 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 0.02 billion (pr. yr.: EUR 3.5 billion) as at the end of the first year. This corresponds to a funding ratio of 99.9% (pr. yr.: 75.3%), which complies with the internally defined limit of 70%.

The change from 2022 to 2023 is partly due to a newly developed model for the presentation of outflows from non-contractual transactions.

The following table shows the maturity structure of securities and loans eligible for repo transactions:

in €k as at 31/12/2023	up to 1 month	1 to 12 months	1 to 5 years	> 5 years
Securities and loans eligible for repo transactions	24,127	220,326	1,455,669	895,863

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

Additionally, as at 31 December 2023 Oberbank AG had collateral assets with a cover value of EUR 510.0 million (pr. yr.: EUR 568.1 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 2,541 million as at 31 December 2023 (pr. yr.: EUR 2,018 million). The calculation of liquidity gaps is based on contractual cash flows. A new capital commitment model was developed in 2023 for items without a defined term for the capital.

Stress scenarios are calculated to illustrate the effects of liquidity crises and the adequacy of the liquidity buffer.

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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 31/12/2023 in €k	Carrying amount	Contractual cash flows	up to 1 month	1 to 12 months	1 to 5 years	> 5 years
Amounts owed to credit institutions	4,046,388	4,311,835	794,139	862,435	1,680,935	974,326
thereof deposits for subsidised loans	3,405,115	3,604,452	497,203	493,564	1,639,358	974,326
Amounts owed to customers	15,756,132	15,867,479	12,810,074	2,527,829	351,682	177,894
Securitised liabilities	2,842,137	3,186,394	72,744	131,504	1,095,098	1,887,047
Subordinated liabilities	527,054	621,078	3,281	101,069	260,123	256,606
Derivative liabilities IRS/CCS	131,689	150,574	8,133	41,063	68,874	32,504

as at 31/12/2022 in €k	Carrying amount	Contractual cash flows	up to 1 month	1 to 12 months	1 to 5 years	> 5 years
Amounts owed to credit institutions	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

48) 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 11.42% on 31 December 2023 (31/12/2022: 10.96%).

49) 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 Guide on How to Deal with Sustainability Risks, the special topics of sustainability risk in risk management and quantification are covered under primary risks. Details on the management of sustainability risks in the credit portfolio are presented in Note 43.

50) 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 stipulated that resolution proceedings be initiated 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 Oberbank's market exit due to insolvency.

The FMA has therefore specified that Oberbank AG must maintain a 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 2023:

- mandatory TREA ratio: 19.41%
- mandatory LRE/TEM ratio: 5.90%.

As at 31 December 2023, the TREA ratio was 26.52% (31 December 2022: 25.69%) and the LRE/TEM ratio 17.76% (31/12/2022: 16.95%).

51) Other risks

The category Other risks comprises risks which are classified as non-material within the framework of the business model of Oberbank and for which therefore 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.).

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- 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 can 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.

52) 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 risk management lies with the full Management Board of Oberbank AG.

For each material risk within the Oberbank Group there are defined remits for management and control processes as well as economic coverage capital allocated to specific risks (limits) or defined management processes.

53) 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, ALM decisions are taken to hedge fixed-interest securities for the banking book and/or for large-volume customer loans by swaps.
- Therefore, open positions in derivative products exist only on a small scale in the trading book.
- Oberbank has no credit derivatives in its portfolio.

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Nominal amounts				2023			2022		
Remaining time to maturity				Nominal	Fair values		Nominal	Fair values	
in €k	up to 1	1 to 5	> 5 years	Total	positive	negative	Total	positive	negative
Interest rate contracts									
Interest rate options									
Call	0	7,910	0	7,910	106	0	8,420	212	0
Put	0	8,210	0	8,210	0	-116	9,170	0	-229
Swaptions									
Call	0	0	0	0	0	0	0	0	0
Put	10,000	0	13,000	23,000	0	-2,280	13,000	0	-2,237
Interest rate swaps									
Call	63,000	241,206	545,989	850,195	22,724	-14,152	418,642	33,568	-1,966
Put	231,750	829,277	680,591	1,741,618	7,292	-109,188	1,786,950	4,098	-177,160
Bond options									
Call	0	0	0	0	0	0	0	0	0
Put	155,000	0	0	155,000	0	-244	0	0	0
Currency contracts									
Currency options									
Call	11,329	0	0	11,329	52	0	50,509	1,242	0
Put	4,145	0	0	4,145	0	-28	53,764	0	-1,272
Currency forwards									
Call	1,370,119	160,287	33,766	1,564,171	17,097	0	1,855,195	29,984	0
Put	1,370,178	161,822	33,730	1,565,730	0	-17,697	1,863,516	0	-36,913
Cross currency swaps									
Call	0	263,559	49,489	313,047	5,183	-1,119	299,119	10,679	-2,207
Put	96,459	71,719	0	168,178	1,845	-7,230	183,577	5,473	-11,837

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 Refinitiv 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.

54) 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

55) Shareholders' equity

Consolidated shareholders' 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 2,618.2 million (pr. yr.: EUR 2,428.2 million), of which the share capital was EUR 105.9 million (pr. yr.: EUR 105.8 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 2023, a maximum amount of EUR 1,685.4 million would be distributable. The net distributable profit is EUR 70.8 million.

56) Human resources

Averaged over the year, the Oberbank Group had the following staff capacities in 2023:

Full-time equivalents, without Management Board members / managing directors	2023	2022
Salaried employees	2,152	2,134
Wage-earners	4	5
Total resources ¹⁾	2,156	2,139

¹⁾ Does not include 22 FTEs who are seconded to 3 Banken IT GmbH to provide services.

57) 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	118,716	1,738,895	1,772,008	85,603	1,857,611
Shares and other variable-yield securities	155,604	62,807	55,169	163,242	218,411
Equity investments	145,965	323,365	469,330	0	469,330
Investments in subsidiaries	119,941	0	119,941	0	119,941
	540,226	2,125,067	2,416,448	248,845	2,665,293

58) 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 the purposes of internal capital management.

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Regulatory capital pursuant to Part 2 of Regulation (EU) No 575/2013 - Pillar I in €k	2023	2022	Change	
			absolute	in %
Subscribed capital	105,922	105,922	0	
Capital reserves	505,523	505,523	0	
Retained earnings ¹⁾	3,008,333	2,708,576	299,757	11.1
Minority interests	0	0	0	
Cumulated other comprehensive income	112,293	121,069	-8,776	-7.2
Regulatory adjustment items	-28,433	-16,078	-12,355	76.8
Deductions from CET 1 capital	-320,349	-298,660	-21,689	7.3
COMMON EQUITY TIER 1 CAPITAL	3,383,289	3,126,352	256,937	8.2
AT1 capital instruments	50,000	50,000	0	
AT1 capital instruments pursuant to national implementation rules	0	0	0	
Deductions from AT1 capital items	0	0	0	
Additional tier 1 capital	50,000	50,000	0	
TIER 1 CAPITAL	3,433,289	3,176,352	256,937	8.1
Qualifying supplementary capital instruments	358,972	340,486	18,486	5.4
Supplementary capital (tier 2) items purs. to national impl. rules	0	0	0	
General credit risk adjustments	0	0	0	
Deductions from tier 2 capital items	-16,403	-14,927	-1,476	9.9
Supplementary capital (tier 2)	342,569	325,559	17,010	5.2
OWN FUNDS	3,775,858	3,501,911	273,947	7.8
Total risk exposure purs. Art. 92 CRR				
Credit risk	16,735,047	16,162,436	572,611	3.5
Market risk, settlement risk and CVA risk	18,189	18,187	2	
Operational risk	1,428,187	1,160,246	267,941	23.1
Total exposure	18,181,423	17,340,869	840,554	4.8
Own funds ratio pursuant to Art. 92 CRR				
Common equity tier 1 capital ratio	18.61%	18.03%	0.58 ppt	
Tier 1 capital ratio	18.88%	18.32%	0.56 ppt	
Total capital ratio	20.77%	20.19%	0.58 ppt	
Regulatory requirement, own capital ratios pursuant to transition rules in %				
Common equity tier 1 capital ratio	7.35%	7.13%	0.22 ppt	
Tier 1 capital ratio	8.85%	8.63%	0.22 ppt	
Total capital ratio	10.85%	10.63%	0.22 ppt	
Regulatory capital requirements pursuant to transition rules in €k				
Common equity tier 1 capital	1,336,335	1,236,404	99,931	8.1
Tier 1 capital	1,609,056	1,496,517	112,539	7.5
Total capital	1,972,684	1,843,334	129,350	7.0
Free capital components				
Common equity tier 1 capital	2,046,954	1,889,948	157,006	8.3

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Tier 1 capital	1,824,233	1,679,835	144,398	8.6
Total capital	1,803,174	1,658,577	144,597	8.7

1) Including allocation to retained earnings 2023 subject to approval by the Supervisory Board on 21 March 2024

59) Other disclosures required pursuant to the Austrian Banking Act and Austrian Business Code

A nominal total of EUR 158.2 million of bonds issued by Oberbank will mature in the financial year 2024. As at 31 December 2023, 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 540,298.0 (nominal). They included supplementary capital subject to interest rates of 1.5% to 4.8% and maturities in the financial years 2024 to 2040.

In the reporting year, expenses for subordinated liabilities were €k 15,044.0. Applying market prices, the volume in the trading book was EUR 40.2 million as at 31 December 2023.

Of this amount, EUR 0.4 million are in securities (fair value) and EUR 39.8 million in financial instruments (fair value). The lease portfolio volume was EUR 1,543.6 million as at 31 December 2023. Expenses for the auditor amounted to €k 675.0 in the financial year (incl. VAT and incl. leasing companies and subsidiaries). This amount breaks down as follows: €k 554.7 for the audit of the single-entity financial statements and the consolidated financial statements; €k 70.0 for other auditing services; €k 0.0 for tax advisory services and €k 50.3 for other services. It is pointed out that the expenses for the auditor include a reversal of provisions from the 2022 financial year in an amount of €k 240.0, which reduces expenses. The expenses for the audit of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., which is included in the consolidated financial statements pursuant to IFRS 11 Joint Arrangements, was €k 14.0.

Disclosure regarding branch establishments pursuant to § 64 (1) 18 Banking Act in €

Name of establishment (incl. leasing companies)	Main Branch Germany	Regional Division Czech Republic	Regional Division Hungary	Regional Division Slovakia
Regional divisions	Germany South Germany Central Germany Southwest			
State of registered office	Federal Republic of Germany	Czech Republic	Hungary	Slovakia
Net interest income	125,926,455	22,529,595	25,086,210	9,982,325
Operating profit	141,905,079	32,103,470	36,181,749	11,881,568
Number of employees (full-time basis)	284	192	138	48
Profit for the period before tax	87,140,302	15,007,819	19,439,564	6,064,291
Income taxes	-26,755,463	-5,300,916	-1,728,441	-1,436,512
Public subsidies received	0	0	0	0

The return on investment pursuant to § 64 (1) 19 Banking Act is 1.37%.

60) List of equity investments required by the Austrian Business Code

	Consolidation method	Equity share 5)		Equity capital	Result of last financial year	Financial statements	Comment
		*) direct in %	total in %				
As at 31 December 2023, the Company held at least 20% in the following companies							
Companies in which it holds at least 20%							
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	8,266	-27	2023	1)
ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., Linz	Q	50.00	50.00	10,947	0	2023	
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)
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	333	6	2023	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	18,222	1,176	09/2023	1)
Ober Leasing Gesellschaft mit beschränkter Haftung, Budapest	V	1.00	100.00	1,304	-353	09/2023	1)

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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	09/2023	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	15,221	09/2023	1) 2)
BKS-Leasing s.r.o., Bratislava	V	0.10	100.00	8,505	899	09/2023	1)
Oberbank Leasing spol. s.r.o., Prague	V	1.00	100.00	46,898	3,516	09/2023	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	09/2023	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		99.99				1) 6)
3-Banken Beteiligung Gesellschaft m.b.H., Linz	N		40.00				6)
3-Banken Kfz-Leasing GmbH, Linz	V		80.00	28,915	2,377	09/2023	1)
Donaulände Garagen GmbH, Linz	V		100.00	47	11	2023	1)
Donaulände Invest GmbH, Linz	V		97.50	755	207	2023	1)
DIANA Digital und Analog Beteiligungs- und Verwaltung GmbH	N		24.90				6)
Oberbank Bergbahnen Leasing GmbH, Linz	V		100.00	35	-280	09/2023	1)
Oberbank airplane 2 Leasing GmbH, Linz	V		100.00	35	-1	09/2023	1)
Oberbank Reder Immobilienleasing GmbH, Linz	V		100.00	35	49	09/2023	1)
Oberbank Eugendorf Immobilienleasing GmbH, Linz	V		100.00	35	199	09/2023	1)
Oberbank Frank Immobilienleasing GmbH	V		90.00	35	40	09/2023	1)

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Oberbank FSS Immobilienleasing GmbH, Linz	V	100.00	35	-20	09/2023	1)
Oberbank Goldkronach Beteiligungs GmbH, Neuötting	V	100.00	7	0	09/2023	1)
Oberbank Leobendorf Immobilienleasing GmbH, Linz	V	100	35	516	09/2023	1)
Oberbank Abwicklung 01 GmbH (formerly Oberbank Idstein Immobilien-Leasing GmbH), Neuötting	V	100.00	11	-5	09/2023	1)
Oberbank Immobilien-Leasing Gesellschaft m.b.H., Linz	V	100.00	741	2,552	09/2023	1)
Oberbank Industrie und Handelsbeteiligungsholding GmbH, Linz	N	100.00				1) 6)
Oberbank KB Leasing Gesellschaft m.b.H., Linz	V	100.00	69	577	09/2023	1)
Oberbank Kfz-Leasing GmbH, Linz	V	100.00	35	955	09/2023	1)
Oberbank Leasing GmbH Bayern, Neuötting	V	100.00	8,360	5,261	09/2023	1)
Oberbank Leasing JAF HOLZ, s.r.o., Prague	V	95.00	5,940	201	09/2023	1)
Oberbank Leasing Palamon s.r.o., Prague	V	100.00	8,310	103	09/2023	1)
Oberbank Operating Mobilienleasing GmbH, Linz	V	100.00	35	-155	09/2023	1)
Oberbank Operating OPR Immobilienleasing GmbH, Linz	V	100.00	35	-538	09/2023	1)
Oberbank PE Beteiligungen GmbH, Linz	N	100.00				1) 6)
Oberbank Pernau Immobilienleasing GmbH, Linz	V	100.00	35	117	09/2023	1)
Oberbank Riesenhof Immobilienleasing GmbH, Linz	V	100.00	35	-45	09/2023	1)
Oberbank Seiersberg Immobilienleasing Gesellschaft m.b.H., Linz	V	100.00	35	102	09/2023	1)
Oberbank Unterpremstätten Immobilienleasing GmbH, Linz	V	100.00	18	0	09/2023	1)
Oberbank Weißkirchen Immobilienleasing GmbH, Linz	V	100.00	35	49	09/2023	1)
Oberbank Wiener Neustadt Immobilienleasing GmbH, Linz	V	100.00	35	29	09/2023	1)
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H., Linz	V	100.00	35	47	09/2023	1)
OBK Ahlten Immobilien Leasing GmbH, Neuötting	V	100.00	1,000	13	09/2023	1)
OBK München 1 Immobilien Leasing GmbH, Neuötting	V	100.00	27	27	09/2023	1)
OBK München 2 Immobilien Leasing GmbH, Neuötting	V	100.00	30	-6	09/2023	1)
OBK München 3 Immobilien Leasing GmbH, Neuötting	V	100.00	30	-2	09/2023	1)
POWER TOWER GmbH, Linz	V	99.00	70	106	09/2023	1)
Oberbank NGL Immobilienleasing GmbH (formerly Oberbank Wien Süd Immobilienleasing GmbH), Linz	V	100.00	35	55	09/2023	1)

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Techno-Z Braunau Technologiezentrum GmbH, Braunau	N	21.50				6)
Oberbank LKR Immobilienleasing GmbH	V	100.00	35	0	09/2023	1)
Oberbank Logistik Immobilienleasing GmbH	V	100.00	35	0	09/2023	1)
Oberbank Jerich Immobilienleasing GmbH	V	100.00	35	0	09/2023	1)

*) Method of inclusion in the consolidated financial statements: C = consolidated, E = accounted for using the equity method, P = accounted for by proportionate consolidation, N = not included in the consolidated financial statements pursuant 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) UGB.

Statement by the Management Board

Statement by the Management Board of Oberbank AG

The consolidated financial statements of Oberbank AG for the financial year ended on 31 December 2023 were prepared by the Management Board in accordance with the International Financial Reporting Standards (IFRS) as in force and as adopted by the EU. These consolidated financial statements meet the legal requirements for exemption from the preparation of consolidated financial statements in accordance with Austrian law and comply with applicable EU regulations. The consolidated financial statements and the Group management report contain all the required disclosures.

Significant events since the end of the financial year

There were no material events after the close of the 2023 financial year.

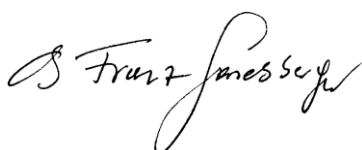
Statement pursuant to § 124 (1) 3 Stock Exchange Act

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 and performance 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 and performance of the Group and that it describes the material risks and uncertainties to which the Group is exposed.

Linz, 5 March 2024

The Management Board



CEO
Franz Gasselsberger
Management Board Remits
Accounting and Human Resources



Management Board Member
Martin Seiter
Management Board Remit
Corporate and Business
Banking



Management Board Member
Florian Hagenauer
Management Board Remit
Group-wide Risk Management



Management Board
Isabella Lehner
Management Board Remit
Organisational Development

Auditor's Opinion

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 2023, 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 assets and financial position of the Group as at 31 December 2023 as well as the result of operations 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 our 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 matters that were of most significance in the audit of the financial statements of the current period. 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 of most significance for our audit:

1. Recoverable value of loans and advances to customers
2. Measurement of companies accounted for by the equity method

Auditor's Opinion

1. Recoverable value of loans and advances to customers

Matters and problems

Loans and advances to customers were reported at EUR 20,074 million as at 31 December 2023. The Management Board describes the monitoring process for credit risk and the procedure for determining impairments losses in 2.2) "Effects of higher interest rates on real estate loans, especially on real estate project financing", in 2.8) "Financial assets and obligations as well as hedging contracts" and in 4.3) "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 impairment charges on individual, defaulted significant loans is based on expected recoverable amounts in different scenarios. These recoveries are influenced by the economic situation and development of the respective customer, as well as by the expected realisation of the credit collateral. The impairment charges for individual, defaulted non-significant receivables is calculated as a percentage of unsecured receivable amounts using historic values.

In the case of performing loans, impairment charges are recognised, based on the applicable calculation model, in the amount of the expected credit loss for the next twelve months (stage 1) 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 2).

The Bank refines the model through a collective stage transfer from stage 1 to stage 2 for certain sub-portfolios (management overlay). This concerns, on the one hand, receivables from borrowers for real estate projects with commercial mortgage collateral, where there is an increased risk to the ability to repay due to the sharp rise in interest rates and high inflation. On the other hand, borrowers with a high vulnerability to energy prices and an increased dependence on economic cycles were subject to a stage transfer due to uncertainties regarding the reliable predictability of these variables.

Estimates and assumptions as well as the exercise of discretion are called for when determining risk provisions. In addition to the identification of default events, these include probabilities of default, loss ratios and expected exposure amounts in the event of default. When determining the credit loss, we take into account ratings, and current and forward-looking information.

The assessment of recoverability of loans and advances to customers contains considerable uncertainties and room for discretion in all of the aforementioned variants. 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 with accounting 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 process workflows and the design and implementation of key controls using the relevant IT systems for testing, and took random samples to ascertain their effectiveness.
- 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 were indicators for a default.

Auditor's Opinion

- We conducted a case-by-case analysis of borrowers with a high degree of vulnerability to energy prices and economic developments as well as random tests of receivables from customers in the case of real estate projects with commercial mortgage-backed collateral 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 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.
- 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 also monitored the appropriateness of the percentages.
- In a last step, we assessed if the disclosures in the Notes regarding the calculation of expected credit losses as well as the material assumptions and estimation uncertainties were correct.

2. Measurement of companies accounted for using the equity method

Matters and problems

Companies accounting for using the equity method in the financial statements were reported at EUR 1,194 million.

The companies accounted for using the equity method are listed companies. In accordance with IAS 28, these investments were checked to determine whether there are any indications of an impairment. If there is such an indication, the bank estimates the recoverable amount of the respective asset in accordance with IAS 36.

For this purpose, a value-in-use is determined based on expected payment flows; 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 the consolidated balance sheet”, 4. “Income from entities recognised using the equity method” and 17. “Financial investments”.

The parameters used in these calculations are based on assumptions subject to high uncertainties and discretionary decisions. Minor changes to these assumptions 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 companies accounted for using 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 using the equity method and evaluated the design and implementation of the key controls identified.
- We reviewed the suitability of the annual projections used by the bank for value-in-use calculations, the reconciliation to the maximum annual distributable amount and the discount rate applied based on the requirements of IAS 36 and current capital market data as well as the mathematical correctness of the calculation.

Auditor's Opinion

- We conducted a critical comparison of the assumptions made by the bank and the back-testing of past projections with the respective actual results. The figures used and the scenarios selected were discussed with the bank taking into account current market uncertainty, and checked for plausibility using internal and external forecasts.

Other information

The management members of the company are responsible for disclosures under "Other information". Other information refers to all information in the financial report for the year and in the annual report other than the annual financial statements, the management report, the consolidated financial statements, the management report for the Group and the corresponding auditor's reports. We received the annual financial report, with the exception of the report of the Supervisory Board, before the date of this auditor's report. The report of the Supervisory Board 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".

As part of our audit of the consolidated financial statements, our responsibility is to read the aforementioned other information and express an opinion as to whether it is materially inconsistent with the consolidated financial statements or the knowledge we obtained in the audit or otherwise appears to be materially misstated.

Where, based on the audit 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 required to report this in the auditor's report. We have nothing to report in this respect.

Responsibility of the Management and the Audit Committee for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements and must ensure that these are in compliance with IFRS as applicable within the European Union and the additional requirements of § 245a Austrian 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, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Opinion

As part of an audit in accordance with the EU Regulation and with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.
- We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.
- We also provide the Audit Committee with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.
- From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Auditor's Opinion

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 prepared in accordance with the requirements of applicable law. As part of our audit of the consolidated non-financial statements contained in the group management report, our responsibility is to read the aforementioned other information and express an opinion as to whether it is materially inconsistent with the consolidated financial statements or the knowledge we obtained in the audit or otherwise appears to be materially misstated.

The management is responsible for preparing the consolidated management report 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.

Audit 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 2023 at the Annual General Meeting of 17 May 2022, and on 14 June 2022, 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 16 May 2023 for the following financial year, and on 12 June 2023, 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 REG and that we retained our independence from the Group throughout the conduct of our audit of the financial statements.

Auditor responsible for the engagement

The auditor responsible for the engagement is Thomas Becker.

Vienna, 6 March 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

Thomas Becker

Auditor

ppa. Stephan Heschl

Auditor

<i>Qualified electronic signature:</i>			
Date:		Date:	

The publication, disclosure or reproduction of the consolidated financial statements bearing our 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

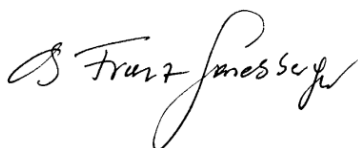
Profit distribution proposal

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 2023 financial year of Oberbank AG was EUR 236.2million.

After the allocation of EUR 165.6 million to reserves and including the profit brought forward of EUR 0.2 million, the net profit available for distribution amounted to EUR 70.8 million. Subject to approval by the Annual General Meeting, the Management Board proposes to distribute a dividend of EUR 1.00 per eligible share. At 70,614,600 ordinary shares, this results in a distribution amount of EUR 70.6 million. The Management Board also proposes to carry the remainder of EUR 196,036.30 forward to new account.

Linz, 5 March 2024

The Management Board



CEO
Franz Gasselsberger
Management Board Remits
Accounting and Human Resources



Management Board Member
Martin Seiter
Management Board Remit
Corporate and Business
Banking



Management Board Member
Florian Hagenauer
Management Board Remit
Group-wide Risk Management



Management Board
Isabella Lehner
Management Board Remit
Organisational Development

Preamble

In financial year 2023, the war in Ukraine triggered far-reaching economic upheavals. Inflation fuelled by the steep rise in commodity and energy prices prompted the ECB to reverse its interest rate policy and take counteractive measures in the first half of the year 2023. Even though this caused inflation to abate, the task remains a fine balancing act between curbing inflation, which is far too high, and keeping the economy running – also in the year 2024.

Oberbank AG demonstrated its ability to act as a reliable partner for customers despite the extraordinarily challenging circumstances. This is reflected in the excellent operating result for the year achieved by both the parent company and the Group, and shows that Oberbank rests on a solid foundation and the right decisions were taken in Linz in the past.

This excellent operating result was made possible by the outstanding work of the Management Board and the entire staff of the Bank. The professionalism, speed and flexibility of the response of the Management Board and of the staff to the special challenges of the financial year 2023 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 of the Supervisory Board meetings. I would like to express my great appreciation to all members of the Supervisory Board for their commitment and hard work at the plenary meetings and on the committees. Furthermore, the Supervisory Board was also deeply involved in the well-planned generational change at Oberbank in the 2023 financial year. Apart from the appointment of Isabella Lehner as new Management Board Member responsible for Back Office Matters, the terms of office of Martin Seiter and Florian Hagenauer as members of the Management Board were prolonged early for another five years. The carefully planned changes to the Management Board will continue in the coming years.

Mode of operation of the Supervisory Board

The Supervisory Board held four meetings during the 2023 financial year.

At these meetings, the Supervisory Board took the decisions incumbent upon it under law and pursuant to the Articles of Association and conducted the reviews 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 about 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. Ahead of the meetings, in my position as Chairman of the Supervisory Board, I also spoke regularly with the Head of Internal Audit, who informed me about the results of the audits conducted since the last meeting and the progress of the recommendations made. At its constituent meeting on 16 May 2023, the Supervisory Board also nominated the members of the newly established Sustainability Committee. In the financial year 2023, the respective experts held two training courses lasting several hours for the members of the Supervisory Board on specific supervisory and banking issues to satisfy the requirements under the "fit & proper" rules. The Supervisory Board of Oberbank consists of fifteen members of different ages and with a broad range of knowledge and extensive practical experience. At a ratio of 40%, Oberbank clearly exceeded the statutory ratio of 30% for women on the Supervisory Board as at 31 December 2023.

Report of the Supervisory Board

Committees of the Supervisory Board

The **Working Committee** adopted seven time-critical resolutions by written resolution in 2023. The business transactions decided on by the Working Committee were reported at the subsequent plenary meeting of the Supervisory Board and discussed in detail.

The **Credit Committee** approved a total of 57 loan applications by way of written resolution in 2023. The business transactions decided on 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 Oberbank's risk strategy and other issues required by law. At its next meeting, the plenary Supervisory Board was informed in detail of the results.

The **Nominations Committee** held two meetings in 2023, which were also attended by the State Commissioner and/or Deputy State Commissioner, and fulfilled all the tasks stipulated by law. On 13 January, an additional hearing was held with Isabella Lehner as a candidate for the appointment to the Management Board with responsibility for Back Office function. At an extraordinary meeting held on 26 January, a resolution was passed in the presence of the State Commissioners to appoint Isabella Lehner to the Management Board with responsibility for the Back Office function. It was also decided to propose to the Supervisory Board the early prolongation of the term of office of Management Board member Martin Seiter.

At its extraordinary meeting of 19 September 2023, the Nominations Committee defined the procedure for the evaluation of future candidates for the Management Board with the help external service providers made necessary by the upcoming generational change on the Management Board.

This process was initiated at an extraordinary meeting held on 13 November 2023 for the purpose of evaluating suitable candidates for the position of an additional Management Board member with responsibility for Sales. Furthermore, it was also decided to propose to the Supervisory Board the early prolongation of Florian Hagenauer's term of office as a member of the Management Board by another five years.

The Nominations Committee also plays a key role in finding replacements for vacant Supervisory Board positions. Therefore, the Nominations Committee reviewed the certified Fit & Proper statements of all Management Board and Supervisory Board members at its meeting of 22 March 2023. The collective as well as individual suitability of all current members was confirmed by the Nominations Committee and, with regard to the members of the Nominations Committee itself, suitability was confirmed by the plenary Supervisory Board meeting.

The **Remuneration Committee** held two meetings in the reporting year, which I chaired, in the presence of the State Commissioner or Deputy State Commissioner.

At its meeting of 22 March 2023, the Remuneration Committee discussed in detail the variable remuneration components of Management Board members for the financial year 2022 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-takers, 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 2022.

Report of the Supervisory Board

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 on Sound Remuneration Policy, the defined payout modalities are limited to members of Oberbank's Management Board.

At this meeting, the Remuneration Committee also approved the salary arrangements for the early prolongation of the term of office of Management Board member Martin Seiter and for the appointment of Isabella Lehner to the Management Board with Back Office responsibility.



Andreas König
Chairman of the Supervisory Board

Report 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 every year. 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 on 23 March 2023.

At an extraordinary meeting of the Remuneration Committee on 13 November 2023, the salary arrangements for the early prolongation of the term of office of Florian Hagenauer as a member of the Management Board were decided on.

The **Audit Committee** held two meetings in 2023, 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 meeting.

At its meeting of 23 March 2023, 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 2022, 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 2022, 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 2022 and reported thereon to the Supervisory Board. The Supervisory Board concurred with the findings of the audit.

At its meeting of 23 March 2023, the Audit Committee also resolved to recommend to the Supervisory Board to contract the audit to Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, as auditors and bank auditors for the single-entity and consolidated financial statements for the 2024 financial year. The Supervisory Board concurred and presented the corresponding proposal to the Annual General Meeting for resolution.

At its meeting of 23 March 2023, the dividend proposal for 2022 was also approved as recommended by the Supervisory Board.

At the meeting of the Audit Committee on 20 September 2023, the audit of the financial statements was planned in detail together with the 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 meeting.

The **Sustainability Committee**, which was newly constituted in 2023, met for the first time on 20 November 2023. It dealt in detail with Oberbank's sustainability strategy and provided comprehensive information on this topic at the subsequent Supervisory Board meeting. As the committee has no decision-making powers, its meetings are held without the presence of State Commissioners.

Legal Committee

Given the lawsuit filed by UniCredit Bank Austria, the Supervisory Board took the decision at its meeting of 17 September 2019 to set up a special committee designated 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.

Report of the Supervisory Board

The Legal Committee held five meetings in the reporting year, each in the presence of the State Commissioner or the Deputy State Commissioner. Four regular meetings were held to prepare for the subsequent Supervisory Board meeting at which the full Supervisory Board was also informed of the status of the proceedings. As regards the legal dispute, UniCredit withdrew its legal action for a declaratory judgment and injunction order against Oberbank, waiving its claim, after the Supreme Court dismissed UniCredit's similar action against BTV on objective grounds on all counts.

The decision of the Takeover Commission also fully confirmed Oberbank's legal opinion. However, these proceedings will continue in the second instance before the Vienna Court of Appeals (Oberlandesgericht Wien).

At an extraordinary meeting of 6 July 2023, the Legal Committee dealt in detail with the issues relating to UniCredit's minority motion at the AGM 2023 stating that the company should bring an action for damages against its Management Board members due to the additional expenses it incurred when it acquired BTV shares on the exit of Wüstenrot from the BTV syndicate.

On the basis of an expert opinion obtained in this context, the Supervisory Board passed a resolution at its meeting of September 2023 to regard this motion as "manifestly unfounded" based on its knowledge of the Management Board's actions and to refrain from filing any claims for damages against the Management Board.

Annual General Meeting

After the annual general meetings of the past three years had been held as virtual meetings due to the coronavirus pandemic, the 2023 Annual General Meeting was once again held as an in-person event on 17 May 2023. The terms of office of Alina Czerny and Martin Zahlbruckner were prolonged by five years. There were no challenges to the resolutions of the 2023 Annual General Meeting. However, UniCredit filed a minority motion stating that the company should bring an action for damages against its Management Board members due to the additional expenses it incurred when it acquired BTV shares on the exit of Wüstenrot from the BTV syndicate. This matter was not subject to a vote at the Annual General Meeting. UniCredit was entitled to make such a motion due to the size of its stake in Oberbank.

UniCredit subsequently requested a court of law to appoint a special representative to conduct these proceedings, who was appointed and is now responsible for conducting these proceedings on behalf of the company against the Management Board. The lawsuit was filed and is currently pending before the Linz Regional Court (Landesgericht Linz) in the first instance.

Bank auditor

Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, audited the accounting records, the financial statements 2023 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, Vienna, audited the consolidated financial statements for 2023 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 assets and financial position of the Group for the year ended on 31 December 2023 as well as of the result of operations and cash flows during the year from 1 January to 31 December 2023.

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.

Report of the Supervisory Board

The employees of Oberbank AG are highly qualified and hard-working. They are exceptionally committed and exhibit a high degree of personal engagement. Together with the Management Board, which worked to ensure the right conditions were in place, it was their combined dedication that made it possible for Oberbank AG to achieve excellent results again despite a challenging environment. The Supervisory Board recognises this extraordinary achievement, and I would like to express my great appreciation to the Management Board, management staff and all employees.

Linz, in March 2024

The Supervisory Board



Dr. Andreas König

Chairman of the Supervisory Board

Consolidated Financial Statements

Governing Bodies of the Bank as at 31/12/2023

Supervisory Board

Honorary President	Hermann BELL
Chairman	Andreas KÖNIG
Deputy	Martin ZAHLBRUCKNER
Members	Gerhard BURTSCHER
	Hannes BOGNER
	Alina CERNY
	Barbara LEITL-STAUDINGER
	Franz Peter MITTERBAUER
	Stefan PIERER
	Gregor PILGRAM
	Herta STOCKBAUER
State Commissioner	Angelika SCHLÖGEL
Deputy State Commissioner	Jutta RAUNIG
Representatives of the Works Council	Wolfgang PISCHINGER, Chairman of the Central Works Council of Oberbank AG
	Alexandra GRABNER
	Susanne BRAUN
	Elfriede HÖCHTEL
	Sven ZEISS
Management Board	Franz GASSELSBERGER, CEO
	Martin SEITER, Management Board Member
	Florian HAGENAUER, Management Board Member
	Isabella LEHNER, Management Board Member

Service Information

Service Information

Organisational Structure of Oberbank

Management Board Members

Chairman of the Management Board, CEO

Franz Gasselsberger

+43/732/7802 ext. 37204

franz.gasselsberger@oberbank.at

Management Board Member

Isabella Lehner

+43/732/7802 ext. 37491

isabella.lehner@oberbank.at

Management Board Member

Florian Hagenauer

+43/732/78 02 ext. 37206

florian.hagenauer@oberbank.at

Management Board Member

Martin Seiter

+43/732/78 02 ext. 37250

martin.seiter@oberbank.at

Market departments

Corporate & International Finance

Dietmar Holzinger-Böcskör ext. 37565,
dietmar.holzinger@oberbank.at

Global Financial Institutions

Helmut Edlbauer, ext. 32630,
helmut.edlbauer@oberbank.at

Treasury & Trade

Robert Musner, ext. 32640,
robert.musner@oberbank.at

Private Banking & Asset Management

Erich Stadlberger, ext. 37550,
erich.stadlberger@oberbank.at

General Banking

Jürgen Kreiner, ext. 37260,
juergen.kreiner@oberbank.at

Back office departments

Credit Management

Marcus Bumberger, ext. 37603,
marcus.bumberger@oberbank.at

Human Resources

Volkmar Riegler, ext. 37340,
volkmar.riegler@oberbank.at

Real estate, Safety & Security and Cost Management

Leopold Krahofer, ext. 32451,
leopold.krahofer@oberbank.at

Accounts & Controlling

Harald Hummer, ext. 32401,
harald.hummer@oberbank.at

Internal Audit

Nikolaus Langeder, ext. 32169,
nikolaus.langeder@oberbank.at

Strategic Organisational Development, Digitalisation and IT

Clemens Bousquet, ext. 32446,
clemens.Bousquet@oberbank.at

Service Information

Organisational Structure of Oberbank

Strategic Risk Management

Andreas Lechner, ext. 32420,
andreas.lechner@oberbank.at

Secretariat & Communication

Andreas Pachinger, ext. 37460,
andreas.pachinger@oberbank.at

Central Services and Production

Brigitte Haider, ext. 37271,
brigitte.haider@oberbank-service.at

Bank Supervisory Reporting

Holger Arden-Stockinger, ext. 37601
holger.arden@oberbank.at

Compliance

Compliance Officer (pursuant to the Banking Act)

Thomas Arden-Stockinger

Compliance Officer (pursuant to the Securities
Supervision Act)

Thomas Linimayer

Anti-money Laundering Officer
Bianca-Maria Schachner

Sanctions Officer

Tatjana Wödlinger

Service Information

Structure of the Oberbank Group

3 Banken Joint Ventures

3 Banken Kfz Leasing GmbH

Hans Fein
+43/732/7802 ext. 37138
hans.fein@oberbank.at

Christina Mirtl
+43/732/7802 ext. 37119
christina.mirtl@oberbank.at

Alexander Fleischanderl
+43/732/7802 ext. 32190
alexander.fleischanderl@oberbank-service.at

3 Banken Versicherungsmakler Gesellschaft m.b.H.

Branch Establishment Linz
Walter Schwinghammer
+43/5 05 333 ext. 2000
walter.schwinghammer@3bvm.at

3 Banken IT GmbH, Linz

Karl Stöbich
+43/732/7802 ext. 32609
karl.stoebich@3bankenit.at

Alexander Wiesinger
+43/732/7802 ext. 32243

alexander.wiesinger@3bankenit.at

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

Alois Wögerbauer
+43/732/7802 ext. 37424
a.woegerbauer@3bg.at

Dietmar Baumgartner
+43/732/7802 ext. 37419
d.baumgartner@3bg.at

Gerhard Schum
+43/1/534 01 ext. 11982
g.schum@3bg.at

3-Banken Wohnbaubank AG, Linz

Erich Stadlberger
+43/732/7802 ext. 37550
erich.stadlberger@3banken-wohnbaubank.at

Gerald Straka
+43/732/7802 ext. 37221
gerald.straka@oberbank.at

3 Banken-Beteiligung-Gesellschaft m.b.H., Linz

Andreas Pachinger
+43/732/7802 ext. 37460
andreas.pachinger@oberbank.at

Reinhard Pircher
+43 (505) 333 Ext. 1500
reinhard.pircher@btv.at

Dieter Kohl
+43/463/5858 ext. 139
dieter.kohl@bks.at

Alpenländische Garantie-Gesellschaft m.b.H., Linz

Andreas Pachinger
+43/732/7802 ext. 37460
andreas.pachinger@oberbank.at

Reinhard Pircher
+43 (505) 333 Ext. 1500
reinhard.pircher@btv.at

Service Information

Structure of the Oberbank Group

Service Information

Business Areas and Branches

Head Office

A-4020 Linz, Untere Donaulände 28

+43/732/78 02 ext. 0; Telefax: +43/732/78 02 ext. 32040; www.oberbank.at

Austria

Regional Division Linz North, A-4020 Linz, Untere Donaulände 36

Bernd Grum +43/732/78 02 ext. 37366, bernd.grum@oberbank.at

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, Hinsenkamplatz 1
A-4070 Eferding - Eferding, Stadtplatz 32
A-4240 Freistadt - Freistadt, Linzer Straße 4
A-4210 Gallneukirchen - Gallneukirchen, Hauptstraße 4
A-4060 Leonding - Leonding, Mayrhansenstraße 13
A-4100 Ottensheim - Ottensheim, Hostauerstraße 87
A-4320 Perg - Perg, Herrenstraße 14
A-4150 Rohrbach - Rohrbach, Stadtplatz 16

Regional Division Linz South, A-4020 Linz, Landstraße 37

Klaus Hofbauer +43/732/774211 ext. 31322, klaus.hofbauer@oberbank.at

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 – Enns, Hauptplatz 9
A-4400 Steyr – Stadtplatz, Stadtplatz 25
A-4400 Steyr – Tabor, Ennser Straße 29
A-4050 Traun – Traun, Linzer Straße 12
A-4050 Traun – St. Martin, Leondinger Straße 2

Service Information

Business Areas and Branches

Regional Division Salzburg, A-5020 Salzburg, Alpenstraße 98

Petra Fuchs, Phone: +43/662/6384 ext. 201, petra.fuchs@oberbank.at

- Branches:**
- A-5020 Salzburg – Alter Markt, Alter Markt 4
 - A-5020 Salzburg – Lehen, Ignaz-Harrer-Straße 40 a
 - A-5020 Salzburg – Lieferung, Münchner Bundesstraße 110
 - 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 – Bad Hofgastein, Kurgartenstraße 27
 - A-5500 Bischofshofen – Bischofshofen, Bodenlehenstraße 2 – 4
 - A-5400 Hallein – Hallein, Robertplatz 4
 - A-5310 Mondsee – Mondsee, Rainerstraße 14
 - A-5760 Saalfelden – Saalfelden, Leoganger Straße 16
 - A-5201 Seekirchen – Seekirchen, Bahnhofstraße 1

Regional Division Innviertel, A-4910 Ried im Innkreis, Friedrich-Thurner-Straße 9

Erich Brandstätter, +43/7752/680 ext. 52214, erich.brandstaetter@oberbank.at

- Branches:**
- A-4950 Altheim, Stadtplatz 14
 - A-5280 Braunau, Stadtplatz 40
 - A-5230 Mattighofen, Stadtplatz 16
 - A-4780 Schärding, Silberzeile 12

Regional Division Upper Austria South, A-4600 Wels, Ringstraße 37

Wolfgang Kern +43 / 7242 / 481 ext. 249, wolfgang.kern@oberbank.at

- 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

Regional Division Lower Austria and Burgenland, St. Pölten, A-3100 St. Pölten, Linzertor 1

Claudio Rojs +43/2742/385 ext. 73, claudio.rojs@oberbank.at

- Branches:**
- A-3300 Amstetten, Hauptplatz 1
 - A-7000 Eisenstadt, Esterhazyplatz 6 a
 - A-3500 Krems, Sparkassengasse 6
 - A-3430 Tulln, Hauptplatz 9
 - A-3340 Waidhofen a. d. Ybbs, Unterer Stadtplatz 17
 - A-2700 Wiener Neustadt, Wiener Straße 25

Service Information

Business Areas and Branches

A-3910 Zwettl, Kuenringer Straße 3

Regional Division Vienna, A-1030 Vienna, Schwarzenbergplatz 5

Andreas Klingan, Phone: +43/1/53421 ext. 55010, andreas.klingan@oberbank.at

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, Lehmannngasse 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

Main Branch Germany

Regional Division Southern Germany, D-80333 München, Oskar-von-Miller-Ring 38

Robert Dempf, Phone: +49/(0)89/55989 ext. 201, robert.dempf@oberbank.de

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, Luitpoldstraße 9
- D-94315 Straubing, Stadtgraben 93
- D-85716 Unterschleißheim, Alleestraße 13

Service Information

Business Areas and Branches

D-82515 Wolfratshausen, Bahnhofstraße 28
D-87700 Memmingen, Roßmarkt 5

Regional Division Central Germany, D-90443 Nürnberg, Zeltnerstraße 1

Ralf Wenzel, +49 / 911 / 723 67 – ext. 0, ralf.wenzel@oberbank.de

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-97080 Würzburg, Schweinfurterstraße 4

Regional Division South-West Germany, D-73728 Esslingen am Neckar, Küferstraße 29

Stefan Ziegler, Tel. +49/711/370921 ext. 11, stefan.ziegler@oberbank.de

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-89073 Ulm, Walfischgasse 12

Regional Division Czech Republic, CZ-12000 Praha 2, nám. I.P.Pavlova 5

Filip Vavruška, Phone +420-224-1901 ext. 15, filip.vavruska@oberbank.cz

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, Trniti 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

Service Information

Business Areas and Branches

CZ-58601 Jihlava, Masarykovo nám. 10
CZ-37701 Jindřichuv Hradec, Jarošovská 53
CZ-46001 Liberec, Soukenné nám. 156
CZ-77100 Olomouc, Dolní nám. 1
CZ-70200 Ostrava, Stodolní 1
CZ-39701 Písek, Budovcova 2530
CZ-30100 Plzeň, Prešovská 20
CZ-39001 Tábor, Pražská třída 211
CZ-40001 Ústí nad Labem, Hrnčířská 4
CZ-76001 Zlín, Osvoboditelů 91

Regional Division Hungary, H-1062 Budapest, Váci út 1 - 3 West End

Peter Szenkurök +36/(06)1/29829 ext. 37, peter.szenkuroek@oberbank.hu

Branches: H-1027 Budapest, Henger utca 2
H-1095 Budapest Dél, Soroksári út 30-32
H-1143 Budapest Kelet, Hungária körút 17 - 19
H-4026 Debrecen, Bem tér 14
H-9024 Győr, 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, Berzsényi Dániel tér 2
H-2800 Tatabánya, Fő tér 8/a

Regional Division Slovakia, SK-821 09 Bratislava, Prievozská 4/A

Peter Szenkurök +421/2/581068 ext. 10, peter.szenkuroek@oberbank.hu

Branches: SK-949 01 Nitra, Mostná ulica 70
SK-010 01 Žilina, Jána Kalinčiaka 22
SK-04001 Košice, Továrenská 8

Service Information

Regional Divisions and Branches

Oberbank Leasing Group

Hans Fein
+43/732/7802 ext. 37138
hans.fein@oberbank.at

Christina Mirtl
+43 (732) 7802 ext. 37119
christina.mirtl@oberbank.at

Manfred Gabriel

+43 (732) 7802 Ext. 37124
manfred.gabriel@oberbank.at

Austria

Hans Fein
+43/732/7802 ext. 37138
hans.fein@oberbank.at

Christina Mirtl
+43 (732) 7802 ext. 37119
christina.mirtl@oberbank.at

Manfred Gabriel
+43 (732) 7802 ext. 37124
manfred.gabriel@oberbank.at

Germany

Michael Gerner
+49/(0)8671/9986 ext. 11
michael.gerner@oberbank.de

Katrin Keppler

+49/(0)89/55989 ext. 246
katrin.keppler@oberbank.de

Czech Republic

Robert Černický
+420 / 387 717 168
robert.cernicky@oberbank.at

Filip Vavruška
+420 / 224 / 1901 – 15
filip.vavruska@oberbank.at

David Zeman

+420 / 386 304 155
david.zeman@oberbank.at

Slovakia

Martin Lagler
+421 2 58 10 68 Ext. 77
martin.lagler@oberbank.at

Hungary

Mihály Nadas
Phone: +36/(0)1/29828 ext. 51
mihaly.nadas@oberlizing.hu
Lajos Sipos
+ 36(0)1/29828 ext. 26
lajos.sipos@oberlizing.hu
András Mörk
+36/(0)1/298 28 ext. 31
andras.moerk@oberlizing.hu

Oberbank Kfz Leasing GmbH

Hans Fein
+43/732/7802 ext. 37138
hans.fein@oberbank.at

Christina Mirtl

+43/732/7802 ext. 37119
christina.mirtl@oberbank.at

Alexander Fleischanderl
+43/732/7802 ext. 32190
alexander.fleischanderl@oberbank-service.at

Oberbank Immobilien-Service Gesellschaft m.b.H., Linz

Matthias-Munir Midani
+43/732/7802 ext. 32261
matthias.midani@oberbank.at

Leopold Krahofer
+43/732/7802 ext. 32451
leopold.krahofer@oberbank.at

Oberbank Opportunity Invest Management Gesellschaft m.b.H., Linz

Roland Leitinger
Phone +43/732/7802 ext. 37564
roland.leitinger@oberbank.at

Dietmar Holzinger-Böcskör, MBA
+43/(0)732/7802 ext. 37565
dietmar.holzinger@oberbank.at

Oberbank Service GmbH

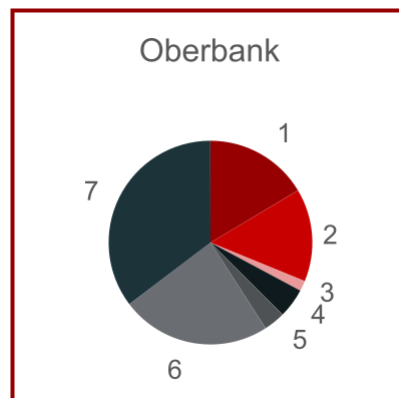
Brigitte Haider
+43/732/7802 ext. 37271
brigitte.haider@oberbank-service.at

Silvio Schedenig
+43/732/7802 ext. 32281
silvio.schedenig@oberbank-service.at

Shareholders of 3 Banken Group

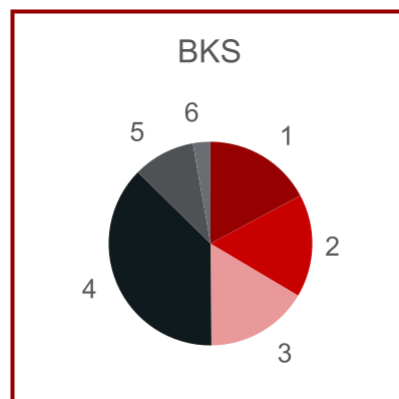
Oberbank

1 Bank für Tirol und Vorarlberg AG (incl. BTV 2000*)	16.5%
2 BKS Bank AG, Klagenfurt (incl. subordination syndicate with BVG**)	14.7%
3 Generali 3 Banken Holding AG, Vienna	1.6%
4 Employees	4.7%
5 UniCredit Bank Austria AG, Vienna	3.4%
6 CABO Beteiligungsgesellschaft m. b. H., Vienna	23.8%
7 Free float	35.3%



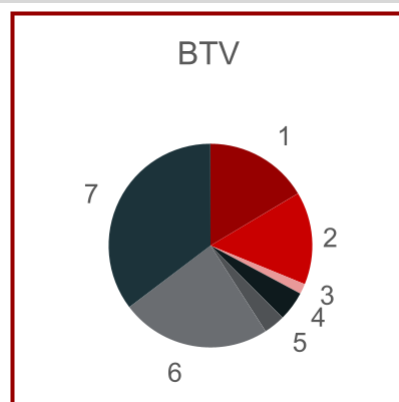
BKS

1 Oberbank AG, Linz (incl. subordinating syndicate with BVG**)	18.1%
2 Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	17.9%
3 Generali 3 Banken Holding AG, Vienna	7.4%
5 UniCredit Bank Austria AG, Vienna	6.6%
6 CABO Beteiligungsgesellschaft m. b. H., Vienna	23.2%
7 BKS - Belegschaftsbeteiligungsprivatstiftung, Klagenfurt	1.9%
8 Free float	24.9%



BTV

1 Oberbank AG, Linz (incl. members of subordinating syndicate) ***	18.2%
2 BKS Bank AG, Klagenfurt (incl. members of subordinating syndicate) ****	16.4%
3 Generali 3 Banken Holding AG, Vienna	15.3%
4 CABO Beteiligungsgesellschaft m. b. H., Vienna	37.5%
5 UniCredit Bank Austria AG, Vienna	9.9%
6 Free float	2.8%



The shareholders shown in red have entered into syndicate agreements.

Shareholders of 3 Banken Group

* 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 0.61% of BKS.

*** Including subordinating syndicate members: 3C-Carbon Group GmbH & Co KG; 3SI Invest GmbH; BFI Beteiligungsgesellschaft für Industrieunternehmen mbH; DHB Grundstücks GmbH & Co. KG; Enzian AG; Knapp Schmid FDS GmbH; Nußbaumer Beteiligungs GmbH; PRIMEPULSE SE; RCM GmbH; Schilifte Gampe, Öztaler Gletscherbahn, Kommanditgesellschaft; Skiliftgesellschaft Sölden - Hochsölden GmbH; BTV-Mitarbeiterbeteiligungsprivatstiftung

*** Including members of subordinating syndicate: BTV Privatstiftung, Doppelmayr Seilbahnen GmbH, Vorarlberger Landes-Versicherung V.a.G

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Media owner and publisher:

Oberbank AG
Untere Donaulände 28 4020 Linz
Phone: +43/732/7802
Telefax: +43/732/78 58 10
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Routing code: 15000
OeNB ID number: 54801
Companies register number 79063w, Linz Regional court
VAT ID: ATU22852606
Oberbank ordinary shares: ISIN AT0000625108

Internet: www.oberbank.at

Contact Financial Reporting: sek@oberbank.at

Contact Sustainability Statement: esg@oberbank.at

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Oberbank abstains from producing a resource-intensive printed version of the Annual Report. The full report is available on the Oberbank website at <https://www.oberbank.at/kennzahlen-berichte>.

When adding up rounded figures and calculating percentage rates of change, slight differences may result compared with totals and rates of change 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 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 materialize, 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. This financial report does not contain a glossary, as the terms used are well-known terms and any specific terms are explained directly in the text.