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Oberbank AG

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Table Of Contents

Table Of Contents (cont.)

Oberbank AG

SACP: a-		
Anchor	a-	
Business position	Adequate	0
Capital and earnings	Strong	+1
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: +1	
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0

Additional factors: 0
Issuer credit rating
A/Negative/A-1
Resolution counterparty rating
A+/A-1

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Global Scale Ratings
Issuer Credit Rating
A/Negative/A-1
Resolution Counterparty Rating
A+/--/A-1

Key strengths	Key risks
Strong and stable corporate and retail franchise in Upper Austria and Salzburg.	Regional concentration in corporate business.
Sound cost efficiency.	Concentration from sizable equity investments in Upper Austria.
Strong capitalization and solid additional loss-absorbing capacity (ALAC).	

Oberbank AG runs a strong regional franchise in small and midsize enterprises (SMEs) and corporate banking. Supported by a consistent strategy, this allowed the bank to post sound and stable efficiency and profitability metrics through the cycle. Nevertheless, the bank's revenue depends heavily on the corporate sector in Upper Austria and Salzburg--an area S&P Global Ratings considers vulnerable during economic contractions. We also consider the bank's retail operations weaker than its corporates segments, particularly considering lower margins and higher costs.

We expect Oberbank's solid capitalization will continue to balance risks from its regional concentration and local equity investments. At Dec. 31, 2020, Oberbank's risk-adjusted capital (RAC) ratio stood at 11.6%. We expect the ratio will remain sufficiently above 10% in the next 12-24 months and continue to balance concentration risks in local corporates, which leave the bank more susceptible to a potential deterioration in the domestic economy than better diversified peers. Oberbank's asset quality has remained stable during the pandemic, and we project a nonperforming assets (NPAs) ratio of about 2.7% for 2022, which is broadly in line with the average for Austrian peers with a corporate focus.

Oberbank is set for a bail-in resolution. We anticipate that Oberbank will continue to hold ALAC well above 2% of its risk-weighted assets (RWAs) through 2023, which we expect will provide protection to senior unsecured creditors in a resolution scenario. This supports our issuer credit rating.

Outlook

The negative outlook reflects risks for Austrian banking sector stability, amid persistent structural profitability issues, and our view that these could weigh on Oberbank's creditworthiness.

Downside scenario

We could lower our long-term rating by one notch over the next two years if we conclude that industry risk for the Austrian banking sector has increased, which would lead to a revision of our Banking Industry Country Risk Assessments (BICRA) anchor for Austrian banks to 'bbb+' from 'a-'. We would lower the ratings on Oberbank unless it manages to protect its profitability and cost efficiency in its core banking operations, while withstanding structural challenges in the Austrian banking industry materially and sustainably better than its peers.

We would also downgrade Oberbank if its capital buffer deteriorates, with the RAC ratio falling below 10% because of offering more risky products, strong growth into regions with higher risk than Austria, or tail risk in its equity holdings that could harm the risk profile or materially increase its capital consumption, for example.

Although less likely, we would also lower the rating if we expect the bank's ALAC buffer would drop below our 2% threshold.

Upside scenario

We could revise the outlook to stable if we consider that risks to the Austrian banking industry's stability are receding.

We could also revise the outlook to stable if Oberbank materially increases its ALAC buffers to sustainably above our adjusted threshold of 5%, provided it continues to deliver a strong track record of material and sustainable outperformance in efficiency and domestic profitability compared with peers that is commensurate with the rating level.

Key Metrics

Oberbank AG--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Growth in operating revenue	(0.4)	(12.7)	19.2-23.5	(0.5)-(0.7)	5.0-6.1
Growth in customer loans	5.6	4.2	5.1-6.3	5.0-6.1	5.0-6.1
Net interest income/average earning assets (NIM)	1.7	1.6	1.5-1.7	1.6-1.7	1.6-1.7

Oberbank AG--Key Ratios And Forecasts (cont.)					
	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Cost to income ratio	50.0	58.5	49.5-52.0	51.3-53.9	50.0-52.6
Return on average common equity	7.6	4.2	7.0-7.7	6.0-6.6	6.2-6.9
Return on assets	1.0	0.5	0.8-1.0	0.7-0.9	0.7-0.9
New loan loss provisions/average customer loans	0.1	0.2	0.1-0.1	0.2-0.2	0.2-0.2
Gross nonperforming assets/customer loans	2.1	2.2	2.0-2.2	2.5-2.8	2.4-2.7
Risk-adjusted capital ratio	11.9	11.6	11.5-12.1	11.6-12.2	11.8-12.4

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

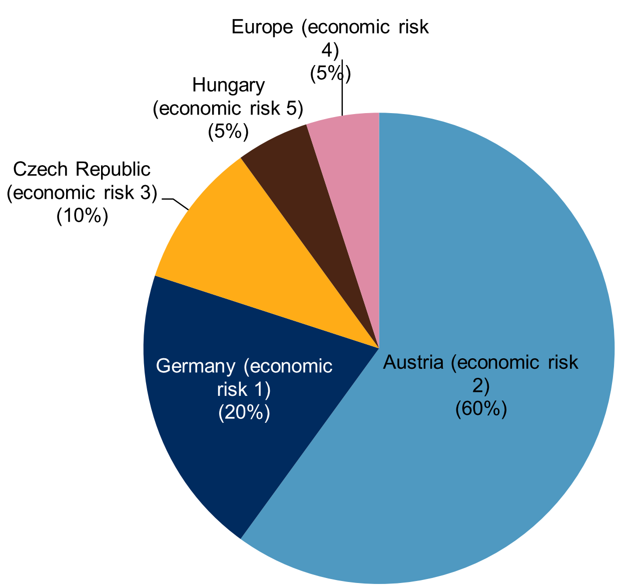
Anchor: 'a-' For Banks Mainly Operating In Austria

The 'a-' anchor draws on our BICRA for countries in which Oberbank operates.

The geographical distribution of its corporate and retail exposures (see chart 1) results in a weighted-average economic risk score slightly above the '2' for Austrian banks with a sole domestic focus but not to the extent that it negatively affects the anchor. The industry risk score of '3' for Oberbank is based solely on its home market of Austria.

Chart 1

Oberbank's Economic Risk Benefits From High Exposure To Lower Risk Countries
Breakdown by retail and corporate exposures



Source: S&P Global Ratings.

Our economic risk assessment is based on Austria's highly competitive and diverse economy, with strong economic fundamentals, high integration in western European economies, and strong ties to eastern and southeastern Europe. Although there are risks to our baseline scenario due to the COVID-19 pandemic's economic effects, we expect an only slow phaseout of government support to the private sector amid the recovery over 2021-2022 will support households' and corporates' financial health. We remain mindful that nonperforming loans (NPLs) are likely to rise throughout 2022 as fiscal support measures are gradually withdrawn, but we believe that the residual effect on the banking system will likely be manageable.

We consider that Austria's prudential regulatory standards are in line with the EU's and that banks' funding conditions remain comfortable, reflecting a high share of customer deposits. However, moderate overcapacity and structural impediments in the banking sector result in ultra-low lending margins and cost inefficiencies, which remain the weakest spot in our assessment and pose risks to long-term stability. This is reflected in the negative trend for banking industry risk.

Business Position: Midsize Universal Bank With A Strong Regional Franchise Under Cost-Efficient Structures

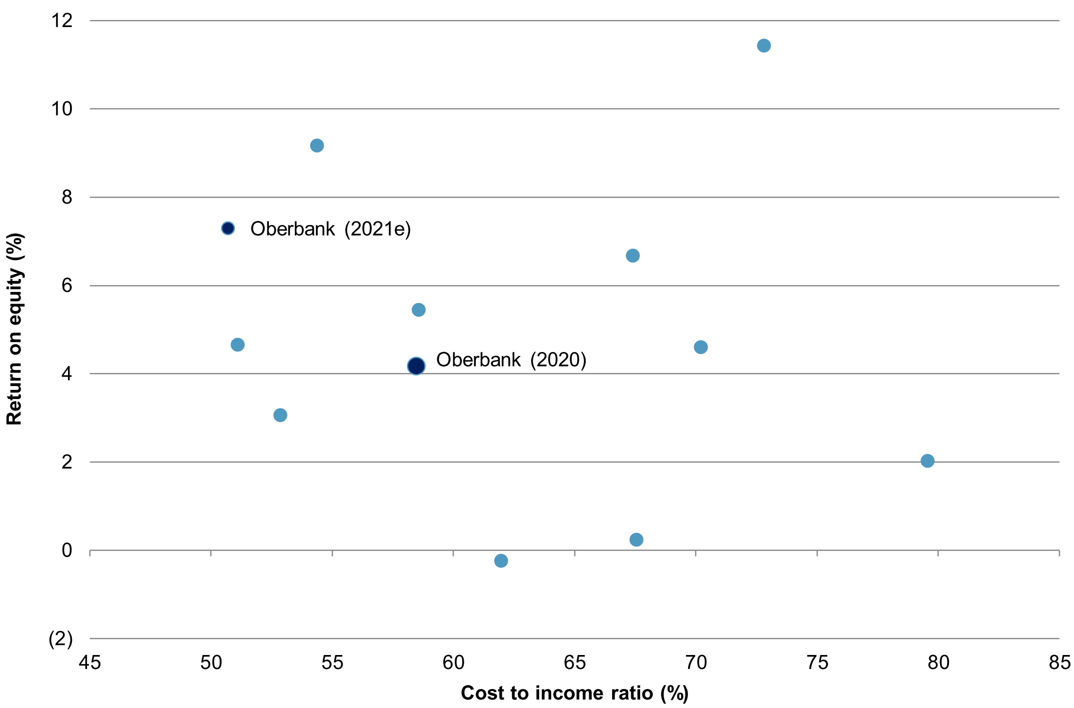
With about €27 billion in assets, Oberbank is a midsize universal bank in Austria with a strong regional focus, complemented by supplementary business in neighboring countries. In our assessment, we balance Oberbank's strong and stable franchise in its core regions and its sound cost efficiency against its limited size, corporate focus, and high regional and business concentrations.

We view positively the bank's sound market presence in the economically strong Upper Austria and Salzburg regions, in particular in the corporate and SME segment, which demonstrated resilience during the pandemic and will continue to provide a stable source of income. This view is supported by Oberbank's strong track record in delivering sound and stable risk-adjusted profits over the past few decades.

We expect Oberbank will maintain its competitive advantage in efficiency. Lower contributions and impairments on its equity investments (particularly in steel producer Voestalpine AG) in 2020 led to a temporary surge in its cost-to-income ratio but we expect it will return to about 50%-53% through 2023 (see chart 2). Although we also look through the headline cost-to-income ratio by deducting returns from equity participations, the 55%-59% underlying ratio for its core banking operations is still favorable compared to the domestic average of about 70%.

Chart 2

We Expect Oberbank's Cost Efficiency Will Return To Strong Levels



e--estimate. Data relates to 2020. Return on equity is defined as return on average common equity. Cost to income ratio is defined as noninterest expenses as % of total operating revenue. Source: S&P Global Ratings.

We consider Oberbank's geographical and business diversity as significantly weaker than that of larger domestic peers such as Erste Bank Group, as well as other larger banks active in European markets with similar industry risk profiles, for example, Germany, Belgium, or France. This partially offsets the bank's strengths, in our view, and leaves it more vulnerable to adverse economic developments, such as potential second-round effects from the COVID-19 pandemic. Although Oberbank has an established presence in neighboring countries Germany, the Czech Republic, and Hungary, its domestic activities accounted for about 75% of pre-tax profits in 2020--and most of these originate from corporate banking in two Austrian states. Additionally, Oberbank only plays a niche role in its foreign markets and we consider its customer relationships more price sensitive and less stable compared to its home market.

We believe Oberbank's corporate and SME-focused business model implies less risk of technological disruption compared with retail-focused peers in the short term. However, we still expect disruption risk will extend to corporate banking over the coming years. Although we believe Oberbank is sufficiently agile to face this risk, we do not expect the bank will become a frontrunner in the development of digital innovations. Instead, we think it will follow a more resource preserving second mover approach.

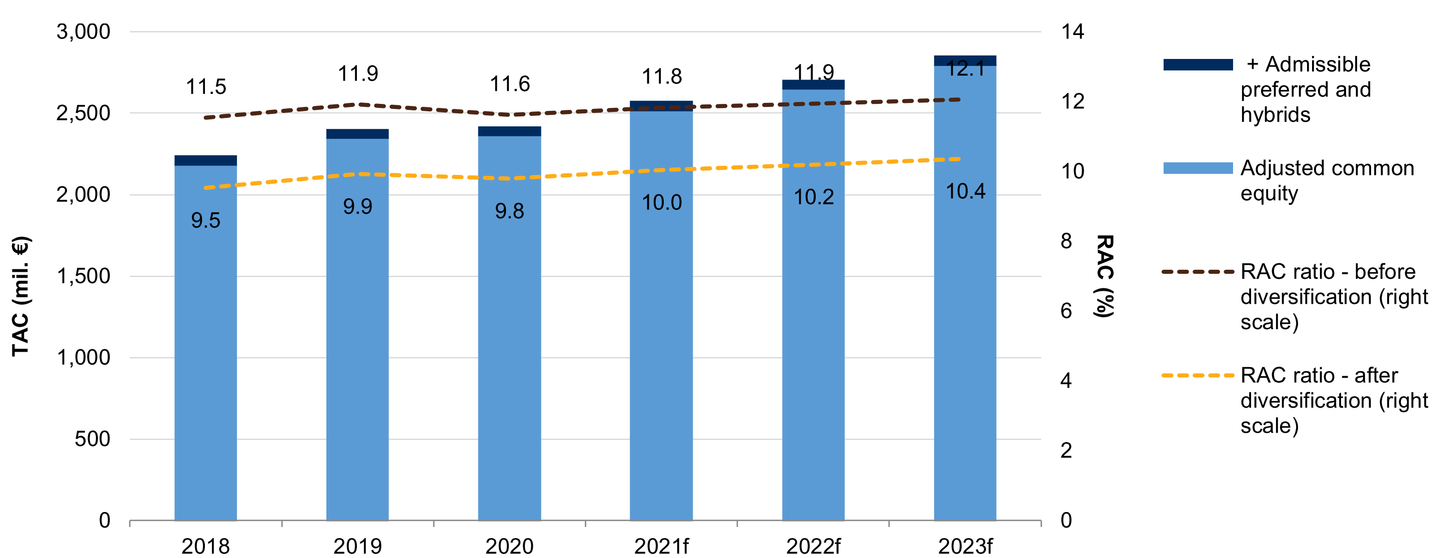
Oberbank is part of The 3 Banken Group, a partnership-based cooperation together with two other regional banks in Austria (BKS Bank AG [BKS] and Bank für Tirol und Vorarlberg AG [BTV]). We consider the key benefits of membership in the group the possibility to exploit cost synergies in information technology (IT), sharing single-name concentrations, and stabilizing each bank's ownership structure by cross-shareholdings of 30%-40%.

Capital And Earnings: We Expect Strong Capitalization Will Remain A Rating Strength

Oberbank shows strong capital ratios. The bank's RAC ratio of 11.6% at year-end 2020 remains higher than that of many international peers, and we expect this strength will persist. We expect Overbank's RAC ratio will increase toward 12.1% by year-end 2023 as earnings generation and a modest payout policy offset moderate growth in RWAs (see chart 3).

Chart 3

We Expect Oberbank’s RAC Ratio Will Be Solidly Above 10% In The Next 12-24 Months
Oberbank's RAC developments



TAC--Total adjusted capital. RAC--Risk-adjusted capital.

More specifically, our forecast for the next two years includes the following assumptions:

- Operating revenue increases about 20% in 2021, mainly due to higher contributions from equity investments, and remains flat in 2022;
- Operating expenses increase about 5% in 2021, spurred by targeted business expansion, and about 3% thereafter;
- Credit losses of about 10 basis points (bps) in 2021 followed by a moderate increase to about 15 bps-20 bps in 2022 and 2023, reflecting the phase out of pandemic-related governmental support;

- S&P Global Ratings' RWAs increase 4%-5% in 2021 and 2022, broadly in line with credit growth; and
- Ongoing moderate dividend payouts of 15%-25% of annual net income.

Oberbank's financial performance is heavily affected by its sizable equity investments in its two sister banks and Voestalpine AG, which have contributed about 27% of pre-tax profits over the past 10 years, on average. The capital calculation remains sensitive to market risk resulting from fluctuations in the stock price of Voestalpine AG, Oberbank's largest equity participation. In contrast, we fully deduct the book value of BTV and BKS equity stakes from our total adjusted capital (TAC), which limits the risk that earnings from BTV and BKS could obscure our RAC ratio projections.

The quality of Oberbank's capital and earnings adds to our capital assessment, reflecting that TAC almost fully consists of high-quality capital. Hybrid capital instruments only represent 2% of TAC and refer to two additional tier 1 (AT1) issuances amounting to €50 million.

Oberbank's 17.5% regulatory risk-weighted common equity tier 1 (CET1) ratio at Sept. 30, 2021, is comfortably above regulatory going-concern capital requirements, which supports our assessment.

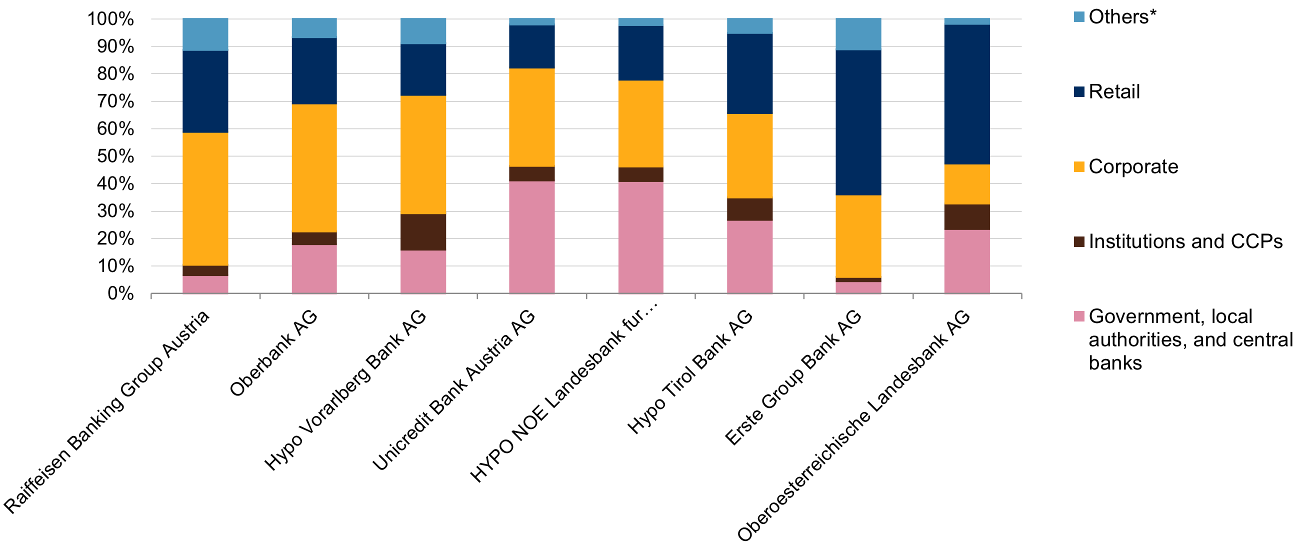
Risk Position: Regional Concentration Is The Bank's Biggest Risk

We believe high exposure to the regional corporate business and through material equity participations in local Austrian corporations makes Oberbank more susceptible to adverse economic developments, particularly in its main region of Upper Austria, compared to more diversified international and domestic peers.

Chart 4

Oberbank's Exposures Are Tilted Toward Corporates

Credit risk exposure by segment of selected Austrian peers



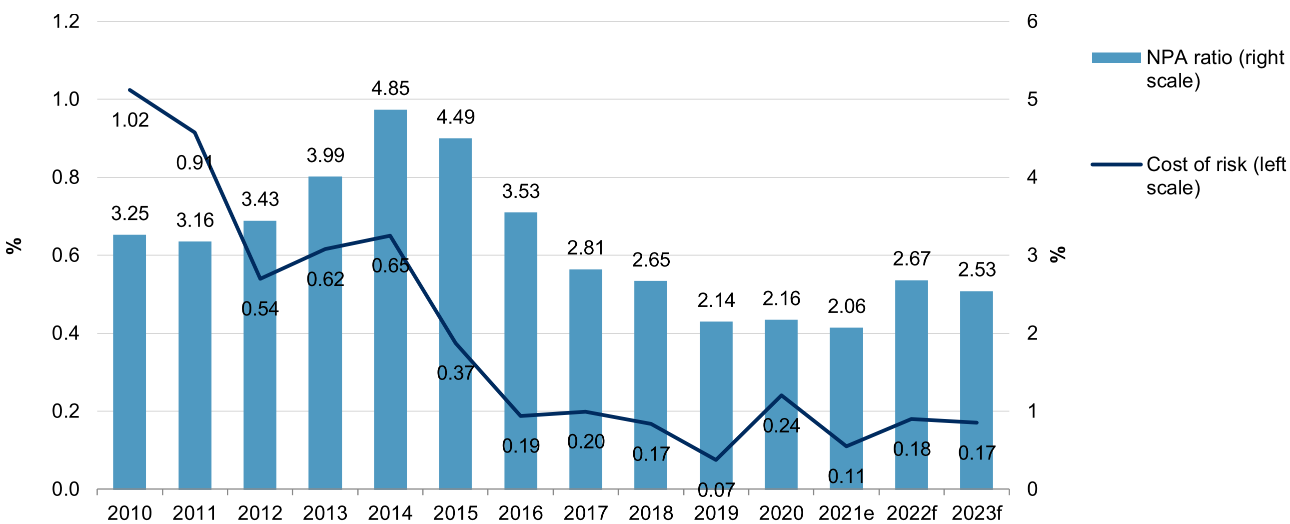
*Others includes securitization and other assets. Exposure refers to exposure at default. The selected peer group only includes rated Austrian banks which are focused predominantly on the Austrian market. Data as of Dec. 31, 2020. Source: S&P Global Ratings.

In our RAC framework, we capture the bank's corporate equity investments by assigning capital charges that are materially higher than on its corporate credit risk exposure and deduct its equity investments in financial institutions--in particular in BKS (19%) and BTV (14%)--from our measure of capital. However, we believe that the specific tail risk in this case might not fully be covered by our capital framework.

The bank entered the pandemic with a healthy balance sheet and benefits from sound risk management and no significant sector concentrations in its loan book. We expect Oberbank's asset quality metrics will continue to move in sync with the Austrian average, similar to the past few years. We expect Oberbank's nonperforming loans will increase somewhat through 2022 to 2.7% of gross customer loans (from 2.2% at year-end 2020) as pandemic-related fiscal support eases, unemployment rises, and corporate and retail borrowers with unsustainable debt become more evident.

Chart 5

Additional NPLs And Loss Provisioning In 2022 And 2023 Will Remain Manageable
NPA ratio and cost of risk between 2010 and 2023f



Source: S&P Global Ratings. Cost of risk defined as new loan loss provisions as % of average customer loans. NPA ratio defined as gross nonperforming assets as % of customer loans + other real estate owned.
e--Estimate. f--Forecast. NPA--Nonperforming asset. NPL--Nonperforming loan.

We assess Oberbank's risk strategy as adequate. This is demonstrated, for example, by generally low exposures in complex or high-risk structured products and only marginal amounts of foreign-currency lending. The bank's focus on corporate lending results in larger single tickets than retail-oriented peers, but we regard its strategy to mitigate single-name concentration risks in its portfolio as prudent. Oberbank partly hedges credit risk through a jointly owned company that provides guarantees (Alpenländische Garantie Gesellschaft m.b.H) to each member of the 3 Banken Group.

Funding And Liquidity: Stability Through Proximity To Local Customers

We expect Oberbank's funding will remain in line with that of Austrian peers, and liquidity will remain neutral for the rating. We also think the bank is well placed to withstand an extended period of market or idiosyncratic stress.

Our view is based on the bank's strong regional franchise and its proximity to local customers with long-standing relationships that continue to provide it with a stable deposit base, also in times of stress. We saw this, for example, with the COVID-19 pandemic, which had no significant adverse effects on the group's funding and liquidity.

Core customer deposits accounted for about 61% of the funding base at Sept. 30, 2021. This is weaker than for domestic peers with a greater retail focus but is broadly in line with the average for the Austrian market. The remainder of the funding mix is made up of interbank funding, promotional loans, and capital market funding via secured and unsecured instruments with a strong focus on Austria and Germany. Out of €6.0 billion in interbank funding at Sept. 30, 2021, about €2.3 billion is provided by the European Central Bank under its targeted long-term refinancing operations (TLTRO). As a result, we consider Oberbank's stable funding ratio of 112% at Sept. 30, 2021, inflated and we expect it will return to more moderate but still solid levels over the coming 24 months.

Liquidity is adequate, in our view, and we expect the bank's liquidity management will remain prudent. The bank's short-term wholesale funding needs still covered broad liquid assets 2.9x at Sept. 30, 2021. Although this ratio is also inflated by TLTRO III-related excess cash, we estimate that it will decline to more normalized levels of about 1.2x-1.5x over the next 12-24 months. That said, we anticipate that Oberbank will follow its matched-funding strategy and think that it could operate for more than six months without access to market funding in an adverse scenario.

The regulatory liquidity coverage ratio and the net stable funding ratio are also sound, at 187% and 135%, respectively, as of Sept. 30, 2021. This supports our view of adequate liquidity cushions.

Support: One Notch Of Uplift Due To Material Subordinated Capital Buffer In A Bail-In Resolution

We include one notch of support above Oberbank's 'a-' stand-alone credit profile assessment because we expect the bank will maintain a meaningful ALAC buffer, which we believe has the capacity to absorb losses in a resolution scenario without triggering a default on senior obligations.

We see the bank as effectively operating under a well-defined bail-in resolution framework, under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities.

Despite Oberbank's relatively modest size, as well as its corporate focus, we believe it has moderate systemic importance in Austria and, if the bank failed, it would be subject to a bail-in-led resolution. We base our assessment on Oberbank's strong regional franchise, with large regional market shares and strong interconnections with the economy in Upper Austria. The regulator imposed a minimum requirement for own funds and eligible liabilities for the bank, which also indicates an open bank bail-in resolution.

We project that Oberbank's ALAC over S&P Global Ratings' RWAs will increase to above 3.6% through 2022, from 2.6% at year-end 2020. This was supported by the issuance of a €250 million senior nonpreferred instrument in early 2021. We compare Oberbank's ALAC buffers against a reduced threshold of 200 bps for one notch of uplift. We lower the standard threshold of 300 bps for banks with investment-grade anchors by 100 bps to compensate for Oberbank's sizable equity investments, which we expect will not be recapitalized in a resolution.

Environmental, Social, And Governance (ESG)

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors have no material influence on our credit rating analysis of Oberbank. The largest environmental risk, in our opinion, stems from the bank's 8% participation in Voestalpine AG. The steel producer is among the largest greenhouse gas emitters in Austria, accounting for a significant amount of domestic carbon dioxide (CO2) emissions, which makes the bank sensitive to future political developments--for instance in CO2 pricing.

The largest shareholder, UniCredit, has taken legal action to verify the correctness of Oberbank's past capital increases and seek clarification on the application of proper governance standards within the 3-Banken group. Apart from the associated legal expenses, at this point we don't anticipate material negative impacts from the litigation on Oberbank's operations and performance. In our opinion, Oberbank's governance standards are prudent and in line with peers. However, if the legal investigations reveal material weaknesses, this could lead us to reassess our view on the bank's governance.

Resolution Counterparty Ratings (RCRs)

Our RCRs on Oberbank are 'A+/A-1', reflecting our view that the resolution regime in Austria is effective and the bank will likely be subject to a bail-in-led resolution if it reaches nonviability. The RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default through an effective bail-in resolution process for the issuing financial institution (see "Resolution Counterparty Ratings Jurisdiction Assessment For Austria Completed," published June 29, 2018 on RatingsDirect.)

Key Statistics

Table 1

Oberbank AG--Key Figures

	--Year-ended Dec. 31--				
(Mil. €)	**2021***	**2020**	**2019**	**2018**	**2017**
Adjusted assets	26,848.8	24,430.7	22,827.4	22,211.7	20,829.7
Customer loans (gross)	18,220.9	17,480.1	16,772.2	15,883.0	14,760.3
Adjusted common equity	2,598.9	2,364.9	2,347.8	2,184.1	1,928.4
Operating revenues	460.9	504.3	577.4	579.7	533.5
Noninterest expenses	228.1	294.9	288.9	283.6	266.2

Table 1

Oberbank AG--Key Figures (cont.)

	--Year-ended Dec. 31--				
(Mil. €)	**2021***	**2020**	**2019**	**2018**	**2017**
Core earnings	189.8	123.5	216.1	225.6	200.5

*Data as of Sept. 30.

Table 2

Oberbank AG--Business Position

	--Year-ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Total revenues from business line (currency in millions)	460.9	504.3	577.4	579.7	533.5
Commercial banking/total revenues from business line	60.6	71.1	61.7	55.9	54.1
Retail banking/total revenues from business line	24.9	29.3	24.9	24.1	23.7
Commercial & retail banking/total revenues from business line	85.4	100.4	86.6	80.0	77.9
Trading and sales income/total revenues from business line	19.0	2.1	14.7	20.9	23.3
Other revenues/total revenues from business line	(4.4)	(2.5)	(1.2)	(0.9)	(1.2)
Investment banking/total revenues from business line	19.0	2.1	14.7	20.9	23.3
Return on average common equity	8.2	4.2	7.6	8.7	8.6

*Data as of Sept. 30.

Table 3

Oberbank AG--Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	17.8	18.2	17.9	17.8	17.0
S&P Global Ratings' RAC ratio before diversification	N/A	11.6	11.9	11.5	11.3
S&P Global Ratings' RAC ratio after diversification	N/A	9.8	9.9	9.5	9.3
Adjusted common equity/total adjusted capital	98.1	97.9	97.9	97.8	97.5
Net interest income/operating revenues	55.6	66.8	59.9	59.6	59.1
Fee income/operating revenues	31.1	33.8	28.2	27.5	26.4
Market-sensitive income/operating revenues	1.7	2.1	5.5	(1.7)	5.0
Cost to income ratio	49.5	58.5	50.0	48.9	49.9
Preprovision operating income/average assets	1.2	0.9	1.3	1.4	1.3
Core earnings/average managed assets	1.0	0.5	1.0	1.0	1.0

*Data as of Sept. 30. N/A--Not applicable.

Table 4

Oberbank AG--Risk-Adjusted Capital Framework Data

	Exposure*	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government & central banks	4,497,087,445.8	60,115,784.1	1.3	94,902,518.0	2.1

Table 4

Oberbank AG--Risk-Adjusted Capital Framework Data (cont.)					
Of which regional governments and local authorities	142,282,246.2	857,626.4	0.6	5,179,556.0	3.6
Institutions and CCPs	1,169,971,801.6	251,146,240.1	21.5	238,066,727.3	20.3
Corporate	11,626,335,678.0	8,664,329,621.3	74.5	8,471,833,587.2	72.9
Retail	6,033,339,822.7	2,557,857,689.3	42.4	2,394,914,867.1	39.7
Of which mortgage	3,435,578,664.2	1,161,376,485.5	33.8	858,766,644.3	25.0
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	1,635,701,578.1	857,926,784.2	52.5	1,691,931,342.9	103.4
Total credit risk	24,962,436,326.3	12,391,376,119.1	49.6	12,891,649,042.5	51.6
Credit valuation adjustment					
Total credit valuation adjustment	--	32,747,080.1	--	0.0	--
Market Risk					
Equity in the banking book	932,740,968.0	1,683,005,070.8	180.4	6,632,382,294.2	711.1
Trading book market risk	--	6,531,148.1	--	9,796,722.1	--
Total market risk	--	1,689,536,218.8	--	6,642,179,016.3	--
Operational risk					
Total operational risk	--	1,053,164,029.1	--	1,251,678,255.7	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	15,166,823,447.1	--	20,785,506,314.5	100.0
Total Diversification/ Concentration Adjustments	--	--	--	3,874,453,463.7	18.6
RWA after diversification	--	15,166,823,447.1	--	24,659,959,778.2	118.6
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		2,755,210,273.6	18.2	2,414,858,694.9	11.6
Capital ratio after adjustments‡		2,755,210,273.6	18.2	2,414,858,694.9	9.8

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of 'Dec. 31 2020', S&P Global Ratings.

Table 5

Oberbank AG--Risk Position					
	--Year-ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	5.7	4.2	5.6	7.6	7.1
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	18.6	20.1	21.1	21.3

Table 5

Oberbank AG--Risk Position (cont.)					
	--Year-ended Dec. 31--				
(%)	2021*	2020	2019	2018	2017
Total managed assets/adjusted common equity (x)	10.3	10.3	9.7	10.2	10.8
New loan loss provisions/average customer loans	0.0	0.2	0.1	0.2	0.2
Gross nonperforming assets/customer loans + other real estate owned	N/A	2.2	2.1	2.7	2.8
Loan loss reserves/gross nonperforming assets	N/A	57.0	56.8	59.6	94.7

*Data as of Sept. 30. N/A--Not applicable.

Table 6

Oberbank AG--Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	2021*	2020	2019	2018	2017
Core deposits/funding base	61.1	63.4	62.7	65.2	64.9
Customer loans (net)/customer deposits	130.8	131.9	138.3	128.7	126.1
Long-term funding ratio	92.6	93.2	88.3	90.5	88.9
Stable funding ratio	112.1	111.8	99.7	103.3	104.3
Short-term wholesale funding/funding base	8.4	7.8	13.5	11.0	12.6
Broad liquid assets/short-term wholesale funding (x)	2.9	3.0	1.3	1.8	1.7
Broad liquid assets/total assets	20.4	19.6	14.8	16.2	18.6
Broad liquid assets/customer deposits	39.3	36.6	28.3	29.6	34.0
Net broad liquid assets/short-term customer deposits	27.3	25.8	7.4	13.8	15.9
Short-term wholesale funding/total wholesale funding	21.5	21.3	35.8	31.2	35.8
Narrow liquid assets/3-month wholesale funding (x)	3.3	3.4	1.6	2.1	1.9

*Data as of Sept. 30.

Related Criteria

- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Austrian Bank Ratings Affirmed Under Revised FI Criteria, Feb. 7, 2022
- Banking Industry Country Risk Assessment: Austria, July 13, 2021

Ratings Detail (As Of February 21, 2022)*	
Oberbank AG	
Issuer Credit Rating	A/Negative/A-1
Resolution Counterparty Rating	A+/--/A-1
Senior Secured	AAA/Stable
Senior Subordinated	BBB+
Senior Unsecured	A
Issuer Credit Ratings History	
29-Apr-2020	A/Negative/A-1
09-Jan-2019	A/Stable/A-1
Sovereign Rating	
Austria	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.