Oberbank

Interim Report to Shareholders as at 30 June 2023

Oberbank at a Glance

Income statement in € m	HY1 2023	Change	HY1 2022
Net interest income	281.4	48.5%	189.5
Profit from entities accounted for by the equity method	94.0	> 100.0%	22.7
Charges for losses on loans and advances	-8.4	> 100.0%	-3.6
Net commission income	102.2	-6.5%	109.2
Administrative expenses	-184.6	10.5%	-167.1
Profit/loss for the period before tax	278.7	> 100.0%	108.7
Profit/loss for the period after tax	229.6	> 100.0%	86.4

Balance sheet in €m	30/6/2023	Change	31/12/2022
Total assets	27,662.9	3.2%	26,798.2
Loans and advances to customers	20,005.2	4.2%	19,192.9
Primary funds	18,361.2	2.3%	17,948.1
thereof securitised liabilities incl. subordinated debt capital	3,215.8	11.4%	2,886.7
Equity	3,710.2	4.6%	3,546.9
Customer funds under management	38,977.5	4.8%	37,185.5

Own funds pursuant to CRR in € m	30/6/2023	Change	31/12/2022
Common equity tier 1 capital (CET 1)	3,091.6	-1.1%	3,126.4
Tier 1 capital	3,141.6	-1.1%	3,176.4
Own funds	3,471.4	-0.9%	3,501.9
CET 1 ratio in %	16.94	-1.09% ppt	18.03%
Tier 1 capital ratio in %	17.21	-1.11% ppt	18.32%
Total capital ratio in %	19.02	-1.17% ppt	20.19%

Performance indicators	HY1 2023	Change	HY1 2022
Liquidity coverage ratio in %	179.64	13.81% ppt	165.83
Net stable funding ratio in %	128.76	-0.36% ppt	129.12
Leverage ratio in %	10.49	0.40% ppt	10.09
Cost/income ratio in %	39.14	-20.67% ppt	59.81
Return on equity before tax in % (equity ratio)	15.27	8.78% ppt	6.49
Return on equity after tax in %	12.58	7.42% ppt	5.16
Risk/earnings ratio (credit risk/net interest) in %	2.98	1.11% ppt	1.87

Resources	30/6/2023	Change	31/12/2022
Average number of staff (weighted)	2,144	10	2,134
Number of branches	179	-1	180

Development of Business of the Oberbank Group in HY1 2023

Dear Shareholders,

The first half of the current business year was overshadowed by the continuing geopolitical tension, an unexpectedly stubborn inflationary tendency and more hikes in key lending rate. Despite this setting, Oberbank's corporate and business banking segment performed very well, with net profit more than doubling on the back of excellent net interest income and a significant increase in net income from equity investments.

Net interest income rose by 48.5% to EUR 281.4 million. This development was due not only to higher interest rates, but also to the constantly rising demand for loans as well as higher interest income from own investments. The lending volume expanded by 5.2% to EUR 20.0 billion.
In **Corporate and Business Banking**, the lending volume rose by 7.7% to EUR 16.0 billion. There was broad demand for finance for investments in automation, digitalisation, energy efficiency and climate change mitigation. Towards the end of the reporting period, however, momentum slowed.
In **Personal Banking**, the deposit volume widened by 4.2% to EUR 6.2 billion. Primary deposits expanded by 9.2% to EUR 18.4 billion. Demand for home loans declined by half driven mainly by the steep increase in construction costs and the gloomier expectations regarding the general development of the economy.
The picture for **net interest and commission income** was mixed, with a decline of 6.5% to EUR 102.2 million compared to the excellent results of the same period in the preceding year.

Risk costs stay low despite slight increase
Charges for impairment losses increased from EUR 3.6 million to EUR 8.4 million, however, these are still at a very low level.

Inflation and the collective wage agreement drive up administrative costs
Administrative expenses rose by 10.5% to EUR 184.6 million. The reasons were the increase in personnel costs under the collective bargaining agreement and the inflation-linked rise in material costs.

Pleasing result from entities accounted for by the equity method
The contribution from entities accounted for by the equity method rose from EUR 22.7 million to EUR 94.0 million, thus significantly improving profit for the period.

Net profit for the period in HY1 2023 more than doubled
Net profit before tax for the period was EUR 278.7 million on 30 June 2023, and therefore, EUR 156.2 million higher year on year. Taxes on income were EUR 49.0 million after EUR 22.4 million. Therefore, net profit for the period after tax was EUR 229.6 million and earnings per share for the half-year EUR 6.51.

Equity stronger again
Oberbank's equity capital increased by EUR 328.4 million to EUR 3.7 billion year on year. This is a new all-time high. At a tier 1 capital ratio of 17.21% and a total capital ratio of 19.02%, the bank’s capital base is excellent compared to European peers. Oberbank is in an excellent position to serve customers as their principal bank and provide support as a reliable partner also in adverse times.

Franz Gasselsberger

Oberbank's shares

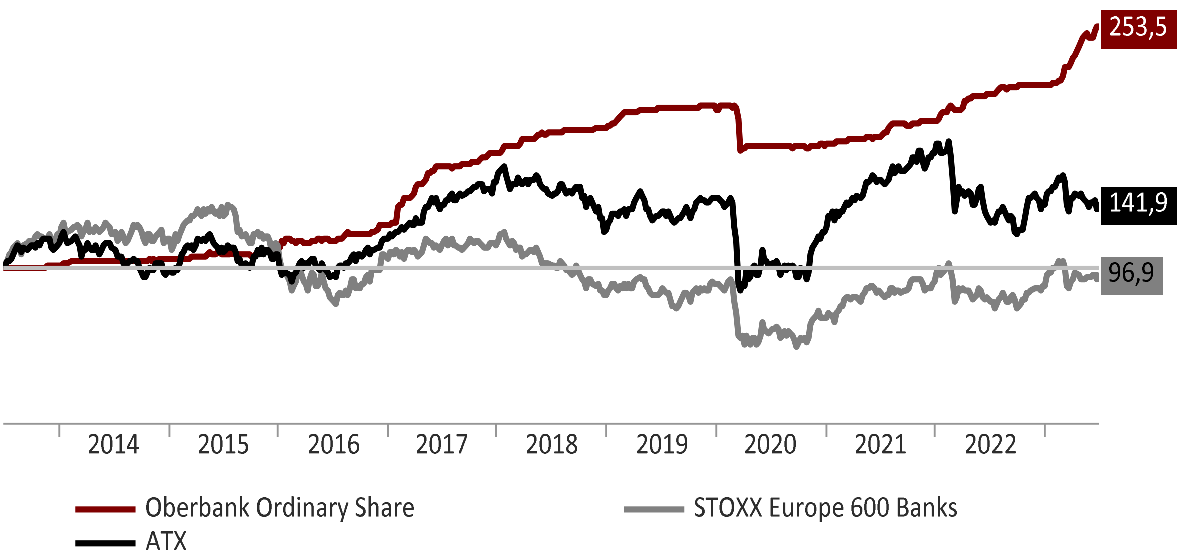
In HY1 2023, Oberbank's ordinary shares were trading at an all-time high of EUR 120. Performance was +17.07%, and including the dividend payment of EUR 1.45 per share in May 2023, ordinary shares gained +18.53%. Market capitalisation at the end of HY1 2023 was EUR 4,236.88 million as compared to EUR 3,523.67 million at the close HY1 2022.

Oberbank shares – key figures	HY1 2023	HY1 2022
Number of ordinary no-par shares	35,307,300	35,307,300
High, ordinary share in €	120.00	99.80
Low, ordinary share in €	102.00	91.60
Closing price ordinary share in €	120.00	99.80
Market capitalization in € m	4,236.88	3,523.67
IFRS earnings per share in € annualised	13,01*	4.89
P/E ratio, ordinary shares	9.22	20.41

*Earnings per share are annualised. They are calculated as follows: Profit for the period after tax in the first half-year divided by the average number of ordinary shares in circulation, multiplied by two (projection for the full year).

Oberbank ordinary shares vs. ATX and the European banking index

Period: 28 June 2013 to 30 June 2023



This chart compares the development of Oberbank's ordinary shares, the Austrian stock index, ATX, and the European banking index, STOXX Europe 600 Banks. The prices have been adjusted in the chart by indexing the daily closing prices of the relevant stock and the indices to 100. This means the starting prices were all set to 100% at the starting time. Therefore, the chart presents the relative percentage development.

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

Segments in HY1 2023

Corporate and Business Banking

Corporate and Business Banking in	HY1 2023	HY1 2022	+ / - absolute	+ / - in %
Net interest income	237.2	154.6	82.6	53.5%
Charges for losses on loans and advances	-8.5	8.2	-16.7	>-100%
Net commission income	60.9	62.7	-1.8	-2.9%
Net trading income	-0.1	-0.3	0.2	57.7%
Administrative expenses *)	-99.8	-89.8	-10.1	11.2%
Other operating income	-1.2	-0.5	-0.7	>-100%
Profit/loss for the period	188.5	134.9	53.6	39.7%
Risk equivalent	12,635.0	11,530.9	1,104.1	9.6%
Average allocated equity	2,295.2	1,940.9	354.4	18.3%
Return on equity before tax (RoE)	16.4%	13.9%	2.5% ppt	
Cost/income ratio	33.6%	41.5%	-7.9% ppt	

*) Administrative expenses in the first half of 2022 were adjusted for the contribution to the employee participation foundation (Mitarbeiter-Beteiligungsstiftung) in the amount of EU 2.97 million recognized in the segment "Other" in the prior year.

Earnings in Corporate and Business Banking

Profit in Corporate and Business Banking was EUR 188.5 million, which is EUR 53.6 million or 39.7% higher year on year.
Net interest income rose by EUR 82.6 million or 53.5% to EUR 237.2 million.
Charges for losses on loans and advances increased from a positive EUR 8.2 million by EUR 16.7 million to a negative EUR 8.5 million.
At EUR 60.9 million, net fee and commission income was EUR 1.8 million or -2.9% lower year on year.
Administrative expenses increased by EUR 10.1 million or 11.2% to EUR 99.8 million.
Other operating income fell by EUR 0.7 million from negative EUR 0.5 million to negative EUR 1.2 million.
Return on equity (RoE) in Corporate and Business Banking rose from 13.9% by 2.5%-points to 16.4%, while the cost/income ratio improved from 41.5% by 7.9%-points to 33.6%.

Commercial loans

Oberbank's commercial lending volume increased by EUR 1,143.4 million or 7.7% from EUR 14,866.9 million to EUR 16,010.2 million.

Commercial loans		YoY change	
As at 30/6/2023	As at 30/6/2022	absolute	in %
€ 16,010.2 million	€ 14,866.9 million	€ 1,143.4 million	7.7%

Due to a change in the balance sheet (net presentation in the leasing business), the increase of EUR 167.9 million is presented lower than it actually was. The effective increase thus amounts to EUR 1,311.3 million.

Finance for investments and innovation

At 861 projects, the number of applications in HY1 2023 for subsidized loans submitted in all five Oberbank markets for investments and innovation, and to secure liquidity was 11.0% higher than in the pre-coronavirus year 2019. The volume of subsidised finance mediated by Oberbank rose again by 6.4% to EUR 1.98 billion as at 30 June 2023. This pleasing development was also reflected in the loan commitments granted within the scope of the Austrian ERP Fund in the first half-year of 2023. Oberbank continues to hold the absolute top position among Austrian banks with a market share of 22%. Although general demand for investment and innovation finance was subdued in Q2 2023 due to the uncertainty regarding markets and framework conditions, the trend towards innovation, energy efficiency and sustainability projects including digitalisation and automation is unbroken.

Structured finance and syndicated loans
Measured in terms of the total number of applications, demand for structured finance was at the level of the same period of the preceding year. It was mainly financing for company acquisitions and changes to shareholders that increased in the second quarter. The tourism finance segment also picked up. However, demand for large-volume commercial real estate financing continued to decline due to the general conditions.
There was an increase in loan commitments and number of transactions in syndicated loans and borrower’s notes versus both the same period of the preceding year as well as Q1 2023.
The number of transactions in which Oberbank acted as lead manager is on a slight uptrend.
The borrower's note segment showed a similarly positive development in Q2 as in Q1 2023. Margin spreads have developed very positively compared to the same period of the preceding year. Therefore, in the first half of the financial year 2023 numerous transactions by Austrian and German issuers – including several ESG-linked bonds – were floated.

Oberbank Opportunity Fund
In HY1 2023, the Oberbank Opportunity Fund reported 82 inquiries, which was higher year on year. During this period, the Oberbank Opportunity Fund finalized three new transactions, with four further ones about to be completed, supplemented by exclusively debt capital transactions. Since the inception of the Oberbank Opportunity Fund, 112 transactions with equity and/or mezzanine capital or high-yield capital (plus debt capital finance) have been supported, and ten supplementary finance transactions were also carried out for portfolio companies. The volume of committed capital as at 30 June 2023 was EUR 339 million and breaks down into equity, mezzanine capital and high-yield capital.

Payment services
At half-year 2023, income from payment transactions by corporate and business customers developed very positively at +10.2% compared to the same period of the preceding year.
Development work on the payment services software "ELBA", which is widely used in Austria, including the integrated communication standard MBS (Multi Bank Standard) will be discontinued. This means that technical changes in payment services will no longer be implemented in this system starting as of November 2023 and a successor product (communication standard EBICS) will be required. When selecting a successor product, particular emphasis was placed highly innovative technology, user-friendliness and usability in all of Oberbank’s markets. In addition, interfaces to other programmes must be available so as to enable further digital solutions for customers in other business areas of the bank.

Documentary business
World trade developed sideways at a low level in the first half of 2023. To make matters worse, ships are already starting to get stuck at various ports in the Panama Canal due to low water levels. The recovery of supply chains could thus falter again. Only China attracted attention in June with unprecedented export and import ratios.
At the same time, country risk increased in several regions. In such uncertain times, customers appreciate Oberbank's expertise and know-how in international business. The topic of hedge transactions has gained renewed popularity before the backdrop of rising global insecurity. Therefore, an increase of around 27.0% in income was recorded in the documentary business compared to the first half of the year 2022.

Export finance
In the second half of 2022, the recovery trend after the coronavirus pandemic came to a stop. Since then, the economy has been in a phase of zero growth and continued high inflation due to uncertainties caused by the Russian war of aggression, a slower dynamic on international markets and the sharp rise in inflation caused by energy prices. Apart from uncertainties regarding the payment behaviour of international customers, the sustained high cost of energy and the effects of inflation are burdening companies. Therefore, many companies requested working capital credit lines. In this context, the subsidised working capital loan schemes of Oesterreichische Kontrollbank (OeKB) were especially popular among exporting companies.

Oberbank's strength in this area is illustrated by its expanding market share. Compared to the start of the year, the market share of loans granted under the OeKB’s Refinancing Facility (KRR) for large companies rose to over 11.6% (+0.5%). In a forecast published at the end of June, Oesterreichische Nationalbank (OeNB) expects significant growth rates again in the second half of 2023 due to a recovery of the international economy in the further course of the year and declining inflationary pressure. The development is indicated by an impressive increase in requests for investment finance from the exporting sector that started in the 2nd quarter. The new, sustainable financing products that support, among other things, the export industry's exit from fossil fuels are attracting great interest.

Factoring

Compared to the same period of the preceding year, Oberbank's factoring volume increased by 6.7% and its use by 16.6%. The rather weak consumer demand as a result of continued high inflation is reflected in the slight decline in revenues of 1.7 %. With the gradual revival of consumption, however, a slight increase is expected in the coming months.
Another rise of 13.9% in income showed that factoring has established itself as a good source of earnings at Oberbank.

Leasing

The volume of new business in HY1 2023 rose again substantially year on year by EUR 103.3 million or 21.4%. Total volume of receivables from customers also rose by 9.3% to EUR 2,533.1 million.
At EUR 250 million in capitalised new business, the majority of the business continued to come from Austria, but at EUR 190 million, Germany already accounted for about one-third of business volume. After a weaker Q1, CEE markets recovered and reached the preceding year's levels again. At around EUR 145 million, they made an important contribution to the overall development of business.

International relations with correspondence and partner banks

For almost 40 years, Oberbank has been successfully providing support for the cross-border transactions of its customers through its network of international correspondence and partner banks. As a partner for all matters relating to international payment services, trade finance as well as interest rate and foreign currency risk hedging, we must maintain suitable infrastructure and make it available to customers. However, due to regulatory requirements, the conditions for maintaining the necessary infrastructure on an ongoing basis have become more challenging and in HY1 2023, the existing partner bank network was put to the test and checked for future viability. This process is not yet complete, but some first indications are already becoming clear. Several legacy issues have been resolved and efficiency increased. The number of partner banks has been reduced to around 900 international banks, thereby also reducing the work relating to the necessary KYC documentation. On account of the efficient partner bank optimisation, it is now possible to offer customers the same services without loss of quality using fewer partner banks.

Primary deposits

Deposits have been gaining significance in recent months. Inflation is putting a strain on household budgets and also challenging businesses, the savings ratio is on a decline, and additionally, the ECB is constantly withdrawing liquidity. The key lending rate was raised from 2.5% to 4% and the central bank's balance sheet shrank due to a reduction of the bond portfolio. Moreover, the events surrounding Silicon Valley Bank and Credit Suisse upset investors and made them focus on greater security.In this environment, deposit levels have been volatile. After a phase of substantial increases, customers have partly reduced volumes. However, in this environment, the deposit level was generally kept stable in the first six months compared to the beginning of the year.

Currency risk management

Currency markets were influenced mostly by the interest rate policies of central banks in HY1 2023, especially since the core inflation rate has proven very persistent. The actions of central banks also caused volatility among major and minor currencies. Thus customers again shifted their attention to the topic of currency hedging, resulting in a positive development of earnings in the foreign exchange business. Although some sectors were confronted with a declining need for hedging due to the development of the economy, the expertise and personal support provided by our customer account managers for foreign exchange was decisive for the sound development of business.

Personal Banking

Personal Banking in €m	HY1 2023	HY1 2022	+ / - absolute	+ / - in %
Net interest income	105.6	36.0	69.6	> 100
Charges for losses on loans and advances	4.1	-7.6	11.7	> 100
Net commission income	41.3	46.6	-5.2	-11.3%
Net trading income	0.0	0.0	0.0	0.0%
Administrative expenses *)	-62.5	-56.7	-6.0	10.6%
Other operating income	2.7	3.0	-0.3	-11.0%
Profit/loss for the period	91.2	21.4	69.8	> 100
Risk equivalent	2,099.2	2,146.5	-47.3	-2.2%
Average allocated equity	381.3	361.3	20.0	5.5%
Return on equity before tax (RoE)	47.8%	11.9%	35.9% ppt	
Cost/income ratio	41.8%	66.1%	-24.3% ppt	

*) Administrative expenses in the first half of 2022 were adjusted for the contribution to the employee participation foundation (Mitarbeiter-Beteiligungsstiftung) in an amount of EU 1.86 million recognized in the segment "Other” in the preceding year.

Earnings in Personal Banking

Profit in the Personal Banking segment was EUR 91.2 million, which is EUR 69.8 million higher year on year.

Net interest income rose by EUR 69.6 million to EUR 105.6 million.

Risk provisions decreased from negative EUR 7.6 million by EUR 11.7 million to positive EUR 4.1 million.

Net fee and commission income was EUR 5.2 million or -11.3% lower than in the preceding year at EUR 41.3 million.

At EUR 62.5 million, administrative expenses were EUR 6.0 million or 10.6% higher year on year.

Other operating income decreased by EUR 0.3 million or -11.0% to EUR 2.7 million.

Return on equity (RoE) in Personal Banking rose from 11.9% by 35.9%-points to 47.8%, while the cost/income ratio improved by 24.3%-points from 66.1% to 41.8%.

Personal accounts

The portfolio of personal accounts increased year on year from 193,919 by 658 or 0.3% to 194,577 accounts. The "be(e) green account", which is a sustainable giro account for retail customers, was introduced in Austria in June 2021. As at 30 June 2023, 29.6% of private accounts in the portfolio are sustainable accounts.

Personal accounts		YoY change	
As at 30/6/2023	As at 30/6/2022	absolute	in %
194,577	193,919	658	0.3%

Personal loans

Due to the challenging market environment, the outstanding volume (excluding leasing) decreased by EUR 146.0 million or -3.5% from EUR 4,140.9 million to EUR 3,994.9 million compared to 30 June 2022. Additionally, the volume of new retail loans was 48.3% lower than in the same period of the preceding year. However, demand for residential real estate loans, and therefore, new lending has plunged since August 2022. The main reason is the generally deteriorated macroeconomic environment and the related uncertainty. The share of foreign currency loans in the total volume of retail loans of Oberbank was only 1.2%.

Personal loans		YoY change	
As at 30/6/2023	As at 30/6/2022	absolute	in %
€ 3,994.9 million	€ 4,140.9 million	- € 146.0 million	-3.5%

Primary deposits

The volume on savings, sight and term deposits rose from EUR 6,548.7 million by EUR 278.3 million or 4.2% to EUR 6,827.0 million year on year. The trend towards online savings products continues unchanged. Deposits on online savings products in Austria increased robustly year on year again, specifically from EUR 1,077.2 million by EUR 566.8 million or 52.6% to EUR 1,644.0 million. By contrast, deposits on savings passbooks decreased compared to the preceding year from EUR 2,379.0 million by EUR -613.2 million or -25.8% to EUR 1,765.8 million.

Retail customer deposits		**YoY change**	
As at 30/6/2023	**As at 30/6/2022**	**absolute**	**in %**
€ 6,827.0 million	€ 6,548.7 million	€ 278.3 million	4.2%

Building society savings

In HY1 2023, a total of 2,733 building society savings contracts were sold. Compared to HY1 2022, this is a decrease of 1,713 contracts or 38.5%.

Wüstenrot loans

There was also a significant decline in the number of Wüstenrot loans mediated. In HY1 2022, we achieved a record result with a volume of EUR 61.4 million brokered, but in the same period of 2023 it was only EUR 820 thousand. This corresponds to a decline of 98.7% and reflects the tense situation on the finance market.

Insurance business

Austrian market

Premium volume (=annual net premium volume) in life insurance and non-life insurance declined only slightly versus the excellent HY1 2022 by -1.7%. The increase of 8.4% in life insurance production (= annual net premium volume) was a very positive development.

Insurance contracts – premium volume*		**YoY change**	
As at 30/6/2023	**As at 30/6/2022**	**absolute**	**in %**
€ 5,520 thousand	€ 5,619 thousand	-€ 99 thousand	-1.7%

*) Annual net premium volume; in the case of single-premium insurance, 10% of the single premium less insurance tax is recognized

German market

Premium volume (= premium sum) in life insurance rose year on year by 46.0%.

Insurance contracts - premium volume**		**YoY change**	
As at 30/6/2023	**As at 30/6/2022**	**absolute**	**in %**
€ 10.8 million	€ 7.4 million	€ 3.4 million	46.0%

**) Premium sum, valuation of the annual premium x term, for single premiums 100% is recognized.

Securities business

Equity markets performed well in the first half of the year despite interest rate hikes in the US and Europe as well as the continued geopolitical conflicts.

On US stock markets, the first half of the year saw a stock market rally that concentrated in just a few stocks, which is a trend that hardly ever occurs. The major IT corporations have started a race in the field of AI (artificial intelligence). The market potential of AI applications is estimated to be enormous for the coming decades. Apart from these trends, markets – including Europe – showed little fluctuation in the second quarter.

Demand for bonds remained very high also in the second quarter of 2023. Total issues for the retail market amounted to EUR 170.1 million.

The investment fund business also developed positively, although competition from attractive bonds dampened sales. At the end of Q2, we launched the fund “3 Banken Energiewende/2 Laufzeitfonds”, a further addition to our range of sustainable investment funds.
The Oberbank Financial Market Forum with guest star speaker Prof Marcel Fratzscher, head of the German “Institut für Wirtschaftsforschung” (Institute for Economic Research), was very well attended.
In total, fee and commission income in the securities business in HY1 decreased by EUR -6.4 million or -16.8% to EUR 31.7 million. In Q2 2023, the figure was lower by EUR 1.9 million or 10.9% year on year at EUR -15.8 million. This shows that the decline slowed considerably.

Fee and commission income from securities		**YoY change**	
As at 30/6/2023	**As at 30/6/2022**	**absolute**	**in %**
€ 31.7 million	€ 38.1 million	€ -6.4 million	-16.8%

Market value on custody accounts
The market value of custody accounts increased by EUR 1,453.1 million or 7.6% to EUR 20.6 billion year on year.

Market value on custody accounts		**YoY change**	
As at 30/6/2023	**As at 30/6/2022**	**absolute**	**in %**
€ 20,616.3 million	€ 19,153.2 million	€ 1,453.1 million	7.6%

Private banking
Assets under management in Private Banking (demand deposits and custody accounts) increased by EUR 787.6 million or 6.9% to EUR 12.2 billion year on year.
Compared to the same period of the preceding year, the inflow of funds continued to be very satisfactory, but due to declining prices, the volume of individual portfolio management mandates increased by EUR 37.4 million or 5.1% to EUR 768.9 million year on year.

Assets under management - private banking		**YoY change**	
As at 30/6/2023	**As at 30/6/2022**	**absolute**	**in %**
€ 12,245.5 million	€ 11,457.9 million	€ 787.6 million	6.9%

3 Banken-Generali Investment-Gesellschaft m.b.H.
Oberbank's assets under management by 3Banken-Generali-Gesellschaft m.b.H. increased by EUR 237.4 million or 4.3% to EUR 5.7 billion compared to the same period of the preceding year. The company manages total assets of EUR 11.3 billion. As at 30 June 2023, the volume of the overall market was EUR 195.8 billion, which means the market share is 5.8%. The company’s market share is virtually unchanged versus the preceding year, and continues to be the fifth-largest investment fund company in Austria.
Inflows into sustainable investment funds remained strong also in HY1 2023 at EUR 85.0 million. A share of 40.3% of the volume in investment funds went into sustainability funds.

Financial Markets

Financial Markets in € m	HY1 2023	HY1 2022	+ / - absolute	+ / - in %
Net interest income	-61.4	-1.0	-60.4	>-100%
Profit from entities accounted for by the equity method	94.0	22.7	71.2	> 100
Charges for losses on loans and advances	-4.0	-4.2	0.2	-3.9%
Net commission income	0.0	0.0	0.0	
Net trading income	3.5	10.2	-6.7	-65.7%
Administrative expenses *)	-6.8	-6.2	-0.6	10.1%
Other operating income	0.9	-36.6	37.5	> 100
Profit/loss for the period	26.1	-15.0	41.1	> 100
Risk equivalent	5,357.0	6,225.2	-868.2	-13.9%
Average allocated equity	973.1	1,047.8	-74.7	-7.1%
Return on equity before tax (RoE)	5.4%	n.a.		
Cost/income ratio	18.4%	n.a.		

n.a. – not indicative

*) Administrative expenses in the first half of 2022 were adjusted for the contribution to the employee participation foundation (Mitarbeiter-Beteiligungsstiftung) in an amount of EUR 0.17 million recognized in the segment "Other" in the prior year.

Earnings trend in the Financial Markets

The profit in Financial Markets rose by EUR 41.4 million from negative EUR 15.0 million to positive EUR 26.1 million.
Net interest income decreased by EUR 60.4 million to a negative EUR 61.4 million.
Income from equity investments increased by EUR 71.2 million from EUR 22.7 million to EUR 94.0 million.
Charges for losses on loans and advances decreased by EUR 0.2 million from EUR 4.2 million to EUR 4.0 million.
Net trading income decreased by EUR 6.7 million or -65.7% from EUR 10.2 million to EUR 3.5 million.
At EUR 6.8 million, administrative expenses were EUR 0.6 million or 10.1% higher year on year.
Other operating income increased by EUR 37.5 million from negative EUR 36.6 million to positive EUR 0.9 million.
Return on equity (RoE) for this year is 5.4 % and the cost/income ratio 18.4 %. The two values were not indicative in the preceding year.

Proprietary trading

Financial markets developed stably and positively in the first half of the year. Stock markets have risen constantly and in some cases reached new record highs. Interest rates on long-term bonds moved into a stable range in the first few months of the year, therefore, avoiding any further losses, and recently, these investments have also been yielding good returns again. Only short-term bonds, which were negatively affected by the interest rate hikes of the central bank, saw losses. More stability has also returned to currencies and the euro developed into a winner.
This environment was taken advantage of to earn good contributions to results in proprietary trading.

Refinancing

Since the ECB announced a gradual withdrawal from bond-buying programmes, it has become more difficult to obtain financing on the capital market. Premiums have become significantly more expensive for issuers and it was possible to place only relatively short maturities on the market, both in the case of bank bonds and Pfandbriefe. Oberbank was again able to find a very good window of opportunity for issues planned, and in February attracted investor interest of more than EUR 600 million for its EUR 250 million Pfandbrief. At 7.5 years, it is the longest term Austrian bond issued in the first half of the year and also the longest term European sub-benchmark Pfandbrief.
The attractive interest rates have rekindled retail investors' interest in bonds. Thus, it was possible to sell more bank bonds in this segment in HY1 than originally projected. Until 30 June 2023, sales amounted to EUR 128 million and an additional EUR 39 million in subordinate bonds were also floated. Therefore, just over half of the volume planned was placed and the outlook for the second half of 2023 remains positive.

Own funds

Own funds stood at EUR 3,471.4 million as at 30 June 2023, which is a ratio of 19.02%. Tier 1 capital was EUR 3,141.6 million, and the tier 1 capital ratio was 17.21%. The common equity tier 1 capital of EUR 3,091.6 million corresponds to a ratio of 16.94%.

Risk

Oberbank’s risk policy takes the risk situation of all business areas into account. Risk management focuses on keeping customer funds entrusted to Oberbank safe, conserving own funds and guaranteeing liquidity.
The most important risk category is counterparty risk. This risk is accounted for by recognizing the corresponding impairment charges in the balance sheet.
When assessing creditworthiness and in collateral policy, Oberbank can rely on decades of know-how. Moreover, its business model as a regional bank, its professional credit management, and a balanced distribution of overall debt across customer segments help to contain the threat to Oberbank’s overall result from this category of risk exposure. Therefore, no extraordinary counterparty risk events are expected for the full financial year 2023.
The other risk categories are equity risk (risk of loss in value or foregone profits in the equity portfolio), market risk (risk of losses due to fluctuating interest rates, foreign exchange rates or equity prices), operational risk and liquidity risk. These risks are also covered by the corresponding funds in line with the principle of conservatism. In terms of liquidity risk, Oberbank's good position is also supported by the fact that it can refinance the total volume of loans to customers (30/06/2023: EUR 20.0 billion) by primary deposits, own issues and deposits of investment finance banks (OeKB, LfA, KfW) in an amount of EUR 21.6 billion (30/06/2023).
Additionally, Oberbank has a permanent risk controlling system in place as well as strict process management and other efficient control and steering instruments.

Consolidated Interim Financial Statements pursuant to IFRS for 1/1/2023 to 30/6/2023

Consolidated income statement in €k		1/1 - 30/6/2023	1/1 - 30/6/2022	Change in €k	Change in %
1. Interest and similar income		455,496	211,925	243,571	> 100.0
a) Interest income based on the effective interest rate		444,958	201,927	243,031	> 100.0
b) Other interest income		10,538	9,998	540	5.4
2. Interest and similar expenses		-174,050	-22,391	-151,659	> 100.0
Net interest income	(1)	281,446	189,534	91,912	48.5
3. Profit from entities accounted for by the equity method	(2)	93,955	22,736	71,219	> 100.0
4. Charges for losses on loans and advances	(3)	-8,397	-3,553	-4,844	> 100.0
5. Net commission income		112,531	120,208	-7,677	-6.4
6. Net commission expenses		-10,349	-10,968	619	-5.6
Net commission income	(4)	102,182	109,240	-7,058	-6.5
7. Net trading income	(5)	3,365	9,880	-6,515	-65.9
8. Administrative expenses	(6)	-184,639	-167,099	-17,540	10.5
9. Other operating income	(7)	-9,260	-51,994	42,734	-82.2
a) Net income from financial assets - FV/PL		4,890	-32,739	37,629	>-100.0
b) Net income from financial assets - FV/OCI		-302	-1,458	1,156	-79.3
c) Net income from financial assets - AC		0	0	0	0
d) Other operating income		-13,848	-17,797	3,949	-22.2
Profit/loss for the period before tax		278,652	108,744	169,908	> 100.0
10. Income taxes	(8)	-49,038	-22,349	-26,689	> 100.0
Profit/loss for the period after tax		229,614	86,395	143,219	> 100.0
Thereof attributable to the owners of the parent company and the owners of additional equity components		228,910	85,898	143,012	> 100.0
thereof attributable to non-controlling interests		704	497	207	41.6

Other comprehensive income in €k	1/1-30/6/2023	1/1-30/6/2022
Profit/loss for the period after tax	229,614	86,395
Items not reclassified to profit or loss for the year	-18,363	396
+/- Actuarial gains/losses IAS 19	-13,734	11,215
+/- Deferred taxes on actuarial gains/losses IAS 19	3,159	-3,684
+/- Share from entities recognised using the equity method	2,465	6,230
+/- Value changes in own credit risk recognised in equity IFRS 9	-5,891	25,149
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	1,355	-5,968
+/- Value changes in equity instruments recognised in equity IFRS 9	-7,367	-46,479
+/- Deferred tax on value changes in equity instruments recognised in equity IFRS 9	1,649	13,935
Items reclassified to profit or loss for the year	4,246	6,768
+/- Value changes recognised in equity for debt securities IFRS 9	2,042	-652
Amounts recognised in equity	1,654	-1,138
Reclassification adjustments	388	486
+/- Deferred tax on value changes recognised in equity for debt instruments IFRS 9	-470	154
Amounts recognised in equity	-380	266
Reclassification adjustments	-90	-112
+/- Exchange differences	4,797	1,843
+/- Share from entities recognised using the equity method	-2,123	5,422

	1/1-30/6/2023	1/1-30/6/2022
Total income and expenses recognised directly in equity	-14,117	7,164
Total comprehensive income for the period from net profit/loss and income/expenses not recognised in profit/loss	215,497	93,559
thereof attributable to the owners of the parent company and the owners of additional equity components	214,793	93,062
thereof attributable to non-controlling interests	704	497

Performance indicators	**1/1-30/6/2023**	**1/1-30/6/2022**
Cost/income ratio in %[1)]	39.14	59.81
Return on equity before tax in %[2)]	15.27	6.49
Return on equity after tax in %[3)]	12.58	5.16
Risk/earnings ratio (credit risk/net interest income) in %[4)]	2.98	1.87
Earnings per share (annualised) in €[5)6)]	13.01	4.89

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

Consolidated Interim Financial Statements pursuant to IFRS for 1/4/2023 to 30/6/2023

Consolidated income statement in €k		1/4 - 30/6/2023	1/4 - 30/6/2022	Change in €k	Change in %
1. Interest and similar income		248,416	108,245	140,171	> 100.0
a) Interest income based on the effective interest rate		242,716	102,246	140,470	> 100.0
b) Other interest income		5,700	5,999	-299	-5.0
2. Interest and similar expenses		-97,972	-9,331	-88,641	> 100.0
Net interest income	(1)	150,444	98,914	51,530	52.1
3. Profit from entities accounted for by the equity method	(2)	28,570	2,937	25,633	> 100.0
4. Charges for losses on loans and advances	(3)	-3,657	148	-3,805	>-100.0
5. Net commission income		55,004	56,444	-1,440	-2.6
6. Net commission expenses		-5,463	-5,103	-360	7.1
Net commission income	(4)	49,541	51,341	-1,800	-3.5
7. Net trading income	(5)	1,166	2,650	-1,484	-56.0
8. Administrative expenses	(6)	-99,774	-88,635	-11,139	12.6
9. Other operating income	(7)	2,351	-19,189	21,540	>-100.0
a) Net income from financial assets - FV/PL		-1,787	-18,820	17,033	-90.5
b) Net income from financial assets - FV/OCI		50	-919	969	>-100.0
c) Net income from financial assets - AC		0	0	0	0.0
d) Other operating income		4,088	550	3,538	> 100.0
Profit/loss for the period before tax		128,641	48,166	80,475	> 100.0
10. Income taxes	(8)	-27,819	-11,967	-15,852	> 100.0
Profit/loss for the period after tax		100,822	36,199	64,623	> 100.0
Thereof attributable to the owners of the parent company and the owners of additional equity components		100,411	35,910	64,501	> 100.0
thereof attributable to non-controlling interests		411	289	122	42.2

Other comprehensive income in €k	1/4-30/6/2023	1/4-30/6/2022
Profit/loss for the period after tax	100,822	36,199
Items not reclassified to profit or loss for the year	-21,129	21,638
+/- Actuarial gains/losses IAS 19	-13,734	11,215
+/- Deferred taxes on actuarial gains/losses IAS 19	3,159	-2,579
+/- Share from entities recognised using the equity method	7,246	5,785
+/- Value changes in own credit risk recognised in equity IFRS 9	-726	24,586
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	167	-5,654
+/- Value changes in equity instruments recognised in equity IFRS 9	-22,333	-15,212
+/- Deferred tax on value changes in equity instruments recognised in equity IFRS 9	5,091	3,499
Items reclassified to profit or loss for the year	4,712	5,916
+/- Value changes recognised in equity for debt securities IFRS 9	831	66
Amounts recognised in equity	505	-440
Reclassification adjustments	326	506
+/- Deferred tax on value changes recognised in equity for debt instruments IFRS 9	-191	-15
Amounts recognised in equity	-116	101
Reclassification adjustments	-75	-116
+/- Exchange differences	2,736	909
+/- Share from entities recognised using the equity method	1,336	4,955

	1/4-30/6/2023	1/4-30/6/2022
Total income and expenses recognised directly in equity	-16,417	27,554
Total comprehensive income for the period from net profit/loss and income/expenses not recognised in profit/loss	84,405	63,753
thereof attributable to the owners of the parent company and the owners of additional equity components	83,994	63,464
thereof attributable to non-controlling interests	411	289

Consolidated balance sheet as at 30/6/2023 / Assets

	in €k		30/6/2023	31/12/2022	Change in €k	Change in %
1.	Cash and balances at central banks	(10)	2,720,220	2,287,322	432,898	18.9
2.	Loans and advances to credit	(11)	770,971	1,057,204	-286,233	-27.1
3.	Loans and advances to customers	(12)	20,005,165	19,192,911	812,254	4.2
4.	Trading assets	(13)	42,703	56,655	-13,952	-24.6
5.	Financial investments	(14)	3,528,711	3,653,467	-124,756	-3.4
	a) Financial assets - FV/PL		507,375	489,243	18,132	3.7
	b) Financial assets - FV/OCI		365,271	594,456	-229,185	-38.6
	c) Financial assets - AC		1,471,359	1,470,122	1,237	0.1
	d) Interest in entities accounted for using the equity method		1,184,706	1,099,646	85,060	7.7
6.	Intangible assets	(15)	3,964	3,767	197	5.2
7.	Property, plant and equipment	(16, 17)	356,915	357,389	-474	-0.1
	a) Investment property		71,198	72,693	-1,495	-2.1
	b) Other property, plant and equipment		285,717	284,696	1,021	0.4
8.	Other assets	(18)	234,207	189,451	44,756	23.6
	a) Deferred tax assets		1,736	1,353	383	28.3
	b) Positive fair values of closed out derivatives in the banking book		28,479	39,640	-11,161	-28.2
	c) Other		203,992	148,458	55,534	37.4
	Total assets		**27,662,856**	**26,798,166**	**864,690**	**3.2**

Consolidated balance sheet as at 30/6/2023 / Equity and liabilities

	in €k		30/6/2023	31/12/2022	Change in €k	Change in %
1.	Amounts owed to credit institutions	(19)	4,659,732	4,448,735	210,997	4.7
	a) Refinance allocated for customer loans		3,242,525	3,292,756	-50,231	-1.5
	b) Other amounts owed to credit institutions		1,417,207	1,155,979	261,228	22.6
2.	Amounts owed to customers	(20)	15,145,412	15,061,355	84,057	0.6
3.	Securitised liabilities	(21)	2,716,145	2,407,017	309,128	12.8
4.	Provisions for liabilities and charges	(22)	344,570	319,621	24,949	7.8
5.	Other liabilities	(23)	587,137	534,806	52,331	9.8
	a) Trading liabilities	(24)	50,436	50,381	55	0.1
	b) Tax liabilities		55,902	23,632	32,270	> 100.0
	ba) Current tax liabilities		46,424	9,425	36,999	> 100.0
	bb) Deferred tax liabilities		9,478	14,207	-4,729	-33.3
	c) Negative fair values of closed out derivatives in the banking book		171,303	184,551	-13,248	-7.2
	d) Other		309,496	276,242	33,254	12.0
6.	Subordinated debt capital	(25)	499,615	479,712	19,903	4.1
7.	Equity	(26)	3,710,245	3,546,920	163,325	4.6
	a) Equity after minorities		3,652,071	3,488,314	163,757	4.7
	b) Minority interests		8,174	8,606	-432	-5.0
	c) Additional equity capital components		50,000	50,000	0	0.0
	Total equity and liabilities		**27,662,856**	**26,798,166**	**864,690**	**3.2**

Consolidated statement of changes in equity as at 30/6/2023

in €k	Subscribed capital	Capital reserves	Retained earnings	Exchange differences	Revaluation reserve: Reclassified debt securities IFRS 9	Revaluation reserve: Equity instruments IFRS 9 not reclassified	Revaluation reserve: Change in own credit risk IFRS 9 not reclassified	Actuarial gains/losses under IAS 19	Associates	Equity after minorities	Shares of non-controlling shareholders	Additional equity capital components	Shareholders' equity
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			69,076	1,843	-498	-32,545	19,181	7,531	28,474	93,062	497		93,559
Net profit/loss for the year			69,076						16,822	85,898	497		86,395
Other comprehensive income				1,843	-498	-32,545	19,181	7,531	11,652	7,164			7,164
Dividend distribution			-35,306							-35,306			-35,306
Coupon payments on additional equity components			-1,725							-1,725			-1,725
Capital increase													
Issuance of additional equity components													
Repurchased own shares	48		1,365							1,413			1,413
Other changes not recognised in income			161						7,062	7,223	-1,213		6,010
As at 30/6/2022	**105,911**	**505,523**	**1,878,387**	**-84**	**-337**	**124,333**	**12,276**	**-33,901**	**732,629**	**3,324,735**	**7,077**	**50,000**	**3,381,812**
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			143,148	4,797	1,572	-5,717	-4,536	-10,575	86,104	214,793	704		215,497
Net profit/loss for the year			143,148						85,762	228,910	704		229,614
Other comprehensive income				4,797	1,572	-5,717	-4,536	-10,575	342	-14,117			-14,117
Dividend distribution			-51,187							-51,187			-51,187
Coupon payments on additional equity components			-1,725							-1,725			-1,725
Capital increase													
Issuance of additional equity components													
Repurchased own shares	121		3,837							3,958			3,958
Other changes not recognised in income			-105						-1,977	-2,082	-1,136		-3,218
As at 30/6/2023	**105,893**	**505,523**	**2,067,933**	**3,465**	**50**	**118,701**	**8,828**	**-24,434**	**866,114**	**3,652,071**	**8,174**	**50,000**	**3,710,245**

Consolidated statement of cash flows in €k	1/1-30/6/2023	1/1-30/6/2022
Profit/loss for the period	229,614	86,395
Non-cash items in profit/loss for the period and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	-78,546	40,230
Change in provisions for staff benefits and other provisions for liabilities and charges	14,373	-4,913
Change in other non-cash items	66,984	-19,791
Gains and losses on financial investments, property, plant and equipment, and intangible assets		
	-344	3
Subtotal	**232,081**	**101,924**
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Receivables from credit institutions	303,350	225,064
- Receivables from customers	-780,907	-575,987
- Trading assets	16,267	-941
- Financial assets for operating activities[1)]	220,228	24,953
- Other assets from operating activities	2,749	29,959
- Amounts owed to credit institutions	172,407	240,918
- Amounts owed to customers	41,316	-656,964
- Securitised liabilities	285,072	168,302
- Other liabilities from operating activities	-14,210	-52,892
Cash flow from operating activities	**478,353**	**-495,664**
Proceeds from the sale of		
- Financial assets held as investments[2)]	184,957	152,326
- Property, plant and equipment, and intangible assets	0	1,384
Outlay on purchases of		
- Financial investments	-175,242	-331,497
- Property, plant and equipment, and intangible assets	-18,115	-11,981
Cash flow from investing activities	**-8,400**	**-189,768**
Capital increase	0	0
Dividend distributions	-51,187	-35,306
Coupon payments on additional equity components	-1,725	-1,725
Inflow from subordinated debt capital and other financing activities		
- Issues	19,721	40,814
- Other	1,725	3,138
Outflow from subordinated debt capital and other financing activities		
- Redemptions	0	-30,000
- Other	-5,588	-9,262
Cash flow from financing activities	**-37,054**	**-32,341**
Cash and cash equivalents at the end of preceding period	**2,287,322**	**4,400,915**
Cash flow from operating activities	478,353	-495,664
Cash flow from investing activities	-8,400	-189,768
Cash flow from financing activities	-37,054	-32,341
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	**2,720,220**	**3,683,142**
Interest received	431,991	204,551
Dividends received	10,798	11,840
Interest paid	-228,350	-49,618
Coupon payments on additional equity components	-1,725	-1,725
Income tax paid	-33,388	-22,646

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

Notes to the consolidated financial statements

Accounting policies

The consolidated financial statements of Oberbank AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as in force and as adopted by the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements cover the first half-year 2023 (1 January 2023 to 30 June 2023) and compare the results with the corresponding period of the preceding year. This interim report for the first quarter of 2023 complies with IAS 34 (“Interim Reports”). No full audit or review by an auditor has been conducted of these condensed interim financial statements for the group. We have not applied standards and interpretations that take effect as of the financial year 2024 or later.

Changes to accounting policies 2023

The quarterly report of Oberbank AG has been drafted using the same recognition and measurement policies as applied on 31 December 2022. An exception are the standards and interpretations that apply to financial years that start on or after 1 January 2023. Only those new standards and interpretations are presented that are relevant for the operating activities of Oberbank.

The following standards and interpretations, as amended, have been mandatory since January 2023.

- Amendment to IAS 1 Classification of liabilities as current or non-current
- Amendment to IAS 1 Information on accounting methods
- Amendment to IAS 8 Definition of accounting estimates
- Amendment to IAS 12 Recognition of deferred tax assets on initial recognition of an asset or debt
- IFRS 17 Insurance contracts

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

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

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

Actuarial assumptions

Material actuarial assumptions for calculating the present values of defined benefit obligations were updated as set out below.

	30/6/2023	31/12/2022
Interest rate applied	3.50%	3.75%
Increase under collective agreements	4.03%	2.84%
Pension increase	2.99%	1.89%

Oberbank group of consolidated companies

The group of consolidated companies as at 30 June 2023 included, apart from Oberbank AG, 27 Austrian and 16 foreign subsidiaries. The group of consolidated companies was reduced compared to 31/12/2022 due to the deconsolidation of the following companies: Oberbank MLC-Pernau Immobilienleasing GmbH (share 99.8%) and the deconsolidation of Oberbank Immobilie-Bergheim Leasing GmbH (share 95%).

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 the economic factors. This measurement is done on the basis of weighted probabilities. The impairment model pursuant to IFRS 9 applies to financial assets designated at amortised cost or at FV/OCI as well as to contractual assets and off-balance sheet instruments such as guarantees and irrevocable letters of credit.

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

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

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

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

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

Segmentation

Oberbank AG's loan portfolio is grouped into the following five segments in the impairment model pursuant to IFRS 9: sovereigns, banks, corporates, SME and retail. The reasons for the segmentation are the 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 losses: These are expected credit losses due to potential default events over the expected life of a financial instrument. Recognition of risk provisions in the amount of the expected credit loss and in relation to the remaining time to maturity of the financial instrument (lifetime ECL) and calculation of interest income based on the gross carrying amount applying the effective interest rate method (for stage 2 instruments).

<u>Qualitative criteria for a stage transfer</u>

The assessment of the significant increase in credit risk is a key factor of the 3-stage model in the impairment rules of IFRS 9, because when there is a significant increase in credit risk, the impairment must be recognised over the entire life of the financial instrument (lifetime ECL).
The main characteristic for determining the credit risk of a financial instrument is the internal rating of the borrower. For the corporate portfolio, ESG risks are also taken into account when preparing the rating. A borrower's rating is always based on a default ratio per rating category. This default ratio is derived from the Bank's internal master rating scale for the low-default portfolio (sovereigns and banks). For the principal customer segments of Corporate and Business Banking, Retail Banking and SME, the default ratio is derived from the ratio of actual defaults of the respective migration matrix. This is the basis for the assessment to ascertain whether – and if yes, when – a significant increase in credit risk took place.
The quantitative transfer criterion at Oberbank AG is based on an analysis of the cumulative probabilities of default (lifetime PDs). The following variables influence the determination of a relative deterioration of PD:

- Customer segment;
- Rating at time of initial recognition of the financial instrument
- Remaining time to maturity (comparison of balance sheet date and expiry of contract);
- Age of the financial instrument (comparison of initial recognition date and balance sheet date).

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

The criterion for allocation to stage 1 and stage 2 is thus based on a relative criterion and not on an absolute credit risk estimate at every point in time of an assessment (IFRS 9.B5.5.9).

As a backstop and based on an analysis of the relative transfer criterion, the decision was taken – irrespective of the structure of the migration matrix – that a stage transfer would have to be triggered in any case if the loan has shifted by at least three rating stages since initial recognition. In the case of very long remaining times to maturity and very good ratings, it is possible that due to the 'drift to the middle' tendency, it may happen in marginal PDs that even for downgrades by several rating stages, the relative transfer criterion would otherwise not be reached.
A return to a higher stage is done when the criteria which were the cause of the downgrade no longer apply. Thus, upgrades and downgrades are treated symmetrically. The return to stage 2 is carried out, for example, as soon as there is no longer any significant increase in the default risk. The measure used is a comparison of default risk upon initial recognition with the default risk on the relevant balance sheet date.

The impairment model of Oberbank AG always refers to individual transactions when calculating risk provisions and also when assessing a stage transition. This means that the relevant credit risk parameters – PD (default probability), LGD (loss given default) and EAD (exposure at default) – always refer to the individual borrower and are derived from an individual transaction.

Qualitative criteria for a stage transfer

A financial instrument with the attribute forbearance is always assigned to stage 2 provided the receivable is not already in default anyway. The lifetime expected loss is recognised for this receivable throughout the entire forbearance phase. As a qualitative criterion, the rebuttable 30 days past due presumption results in a stage transfer (IFRS 9.5.5.11). This means that instruments are assigned to stage 2 when the default on payment of principal and/or interest exceeds 30 days.

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

Apart from qualitative factors inherent to the model for a stage transfer, as at 30 June 2023 Oberbank applied the collective stage transfer to stage 2 for certain sub-portfolios due to the sustained energy crisis, high inflation and rising interest rates as a consequence of the war in the Ukraine.

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

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

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

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

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

Impairments for Stage 3 (non-performing loans)

Non-performing loans are allocated to stage 3. Impairment allowances are recognised throughout the Group in the amount of the expected loss whenever there are grounds for believing customers are unlikely to repay their loans obligations in full. For non-performing loans, risk provisions are set aside pursuant to IFRS 9 5.5 using the discounted cash flow method in the amount of the expected loss in relation to the remaining term (lifetime expected credit loss (ECL) and calculating the interest income based on the net carrying amount using the effective interest rate method.

For all non-significant non-performing loans, a special expert-based procedure is used to calculate an impairment allowance to cover the shortfall. The impairment allowance covers 100% of the shortfall for loans already terminated. For the remaining loans, 20% to 100% of the shortfall is covered by impairment charges depending on the default reason and the default status.

Direct write-off of non-performing loans

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

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

Calculating ECL

At Oberbank, the impairment model pursuant to IFRS 9 is applied in the following cases:

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

Expected credit loss at Oberbank is a probability-weighted estimate of the loss over the expected remaining time to maturity of the financial instrument. On other words, it is the present value of the difference between the contractually-agreed cash flows and expected cash flows. The calculation of the expected loss includes:

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

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

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

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

In the case of an asset assigned to stage 2 and the related calculation of the lifetime expected credit loss, this corresponds to the remaining time to maturity 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 EL per period is multiplied by the discounting factor per period. The discounting factor considers the effective interest rate on the loan.

Key input parameters

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

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

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

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

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

Logistic regression is used as the statistical model, whereby the probability of default is predicted. The regression parameters are estimated by maximising the likelihood function. The harmonised consumer price index (CPI) and the growth of the gross domestic product (GDP) are the main macroeconomic variables used in the model. The CPI and GDP factors are weighted by country. In this context, the countries of Austria, Germany, Czech Republic, Hungary and Slovakia are considered which is where Oberbank does business. The factors are weighted as follows: Austria with 66%, Germany with 19%, Czech Republic with 8%, Hungary 4% and Slovakia with 3%.
The model selection is based on the information criterion pursuant to Akaike (AIC), with the variables being chosen in a step-wise selection process.

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

The following table shows the country-weighted macroeconomic factors considered in the ECL calculation for the segments Corporates, Retail and SME as at 30 June 2023:

Normal scenario	Year 1 (4 quarterly averages)	Year 2 (4 quarterly averages)	Year 3 (4 quarterly averages)
Real GDP growth	0.01%	1.34%	1.42%
Harmonized consumer price index	6.92%	2.86%	2.65%

Pessimistic scenario	Year 1 (4 quarterly averages)	Year 2 (4 quarterly averages)	Year 3 (4 quarterly averages)
Real GDP growth	-0.81%	0.43%	0.87%
Harmonized consumer price index	7.92%	3.68%	3.56%

Optimistic scenario	Year 1 (4 quarterly averages)	Year 2 (4 quarterly averages)	Year 3 (4 quarterly averages)
Real GDP growth	0.30%	1.88%	2.01%
Harmonized consumer price index	5.62%	0.64%	0.63%

Loss Given Default (LGD)

The loss in the event of 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 an LGD from unsecured parts of a loan. LGD from the secured portions of a loan depends on the type of collateral and the potential development of value/depreciation over time. The development of an exposure over a time period and the development of the collateral results in effective LGDs per bandwidth over a time period.

Secured LGD

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

Unsecured LGD

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

Exposure at Default (EAD)

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

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

At Oberbank, there are loans that were granted on a “until further notice” basis with respect to maturity. Within the scope of the annual credit review, the credit agreement is reassessed and, if applicable, the terms are adjusted with a view to the changes in credit quality. These loans can be called at any time. Therefore, with respect to maturity, it is assumed that the period is one year, because every year a decision is made on the prolongation of the line of credit. Oberbank 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 start of the year, the amount of the impairment charges for performing loans (stage 1 and stage 2) increased by EUR 9.0 million.

Sensitivity analysis
A major driver for the magnitude of the expected credit loss is the stage determined for each of the positions. This results from the aforementioned qualitative and quantitative staging criteria. Subsequently, the effects on the expected credit loss are reported based on the assumption that all positions are allocated, on the one hand, to Stage 1 (12-month ECL), and on the other, to Stage 2 (lifetime ECL).

Impairment charges by segment

in €k	100% Stage 1: 12M ECL	ECL calculation as at 30/06/2023	100% Stage 2: LT ECL
Banks	-539	-542	-1,545
Corporate	-27,669	-60,322	-132,962
Retail	-10,783	-12,154	-19,743
SME	-5,450	-6,294	-7,429
Sovereign	-450	-625	-1,886
TOTAL	-44,891	-79,937	-163,566

Impairment testing for investments accounted for using the equity method

Interests in entities accounted for using equity method are recognised proportionately to the equity held by Oberbank. If there are objective indications of impairment for an investment measured by the equity method, an individual value-in-use is determined for this investment. Pursuant to IAS 36.6, the higher of fair value less selling costs and value-in-use constitutes the recoverable amount, which is the value to be used for measurement. A trigger for an impairment test is given if either the fair value drops by at least 20% below the carrying amount of investments recognised using the equity method or if the fair value remains persistently below the carrying amount for a period of at least nine months.
On the measurement date 30 June 2023, quantitative impairment was triggered for the investment in voestalpine AG accounted for using the equity method, as the stock market price of EUR 32.9 on 30 June 2023 was significantly lower by 23.72% than the carrying value of EUR 43.13.
This triggered an impairment test in which the individual value-in-use of voestalpine AG as at 30 June 2023 was determined. The value-in-use was calculated in accordance with the discounted cash flow method and applying the WACC method (weighted average cost of capital) and resulted in a value of €k 740,047. This value-in-use exceeded both the fair value less cost of sale as well as the value of Oberbank’s proportionate share in the equity of voestalpine AG. Therefore, the proportionate share in equity of €k 619,277 was used for the measurement on 30 June 2023.

The impairment of €k 54,640 still effective as at 31 December 2022 was recognised again in income as an addition. The discount rate used in the terminal value was a WACC (weighted average cost of capital) of 7.16%. A change in the discount rate of +/- 25 basis points would have resulted in a reduction of 5.18% or an increase of 5.65% of the value-in-use respectively, and a change in the discount rate of +/- 50 basis points would have resulted in a reduction of 9.95% or an increase of 11.85% 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 is an objective indication of a possible impairment. The impairment test conducted did not result in any impairment requirement.

Effects of the war in Ukraine and its consequences on the consolidated financial statements
Oberbank AG does not finance any Ukrainian or Russian companies and does not hold any Ukrainian, Russian or Belarusian government bonds. Therefore, the business activities of Oberbank AG are not directly affected by the war in Ukraine.
The following statements provide updated information and explain the material aspects of the current effects of the war in Ukraine and the resulting energy crisis, high inflation and rising interest rates on the consolidated financial statements and, in particular, on the credit risk of Oberbank AG.
In the second half of 2022, economic recovery in Austria came to an end and has been in a phase of stagflation since then. This trend continued in Q2 2023 as well. The reasons are the high price of commodities and energy caused by the war in the Ukraine as well as the resulting rise in inflation, the slowing economy along with decreasing exports of goods, as well as the tightening of monetary policy by central banks.
The federal government took new measures in the fourth quarter of 2022 to ameliorate the high energy costs and ease the burden on citizens and Austrian companies (electricity price stop, 3rd anti-inflation set of measures). Furthermore, one-time payments were made by the provincial governments to help cover the rising costs housing and energy (in Upper Austria bonus scheme for housing and energy costs, etc.).
The government support measures and the sustained uncertainty regarding the development and consequences of the war in Ukraine are delaying the representation of default rates for retail and corporate customers in the macroeconomic variables, thereby making the early identification of a potential deterioration in credit quality difficult.
Oberbank's impairment model pursuant to IFRS 9 includes, among other things, an adjustment to the probability of default (PD) to take account of forward-looking macroeconomic information. The forward-looking information (FLI) model is based on a time-series that does not take into account these economic aberrations, government aid-induced distortions or extreme macroeconomic trends.

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

- Receivables from borrowers for which a high level of dependence on gas was ascertained during the case-by-case analyses. The risk of a renewed steep increase in gas prices or a stop to gas deliveries and their potential consequences cannot be ruled out and are difficult to assess.
- Receivables from borrowers with real estate project finance covered by commercial mortgage-backed collateral in which project progress and loan repayment capability are at high risk due to the massive interest rate hikes by the ECB and prevailing high inflation rates.

The effects of collective staging are presented in the table below:

Collective staging portfolio as at 30/06/2023 by reason for stage transfer in €k

Item	Reason for transfer	Volume of receivables in €k	Effects of stage transfers in €k
Balance sheet assets	Collective stage transfer dependence on gas	1,041,519	5,302
	Collective stage transfer real estate projects	2,037,579	7,308
	Total	**3,079,098**	**12,610**
Off-balance sheet assets	Collective stage transfer dependence on gas	714,864	2,240
	Collective stage transfer real estate projects	167,452	488
	Total	**882,316**	**2,728**
Total		**3,961,413**	**15,338**

Outlook

The financial year started out well for Oberbank, but around of the middle of the year, the dynamic pace of demand for loans started to slow and risk incidents became more frequent. The management expects solid operating results despite the increasing allocations to risk provisions. However, consolidated results for the full year cannot be estimated because of the fair value measurements in a volatile market environment.

Material events since the close of the interim reporting period

No events of material significance occurred after the reporting date 30 June 2023.

Details of the income statement in €k

1) Net interest income	1/1-30/6/2023	1/1-30/6/2022
Interest income from		
Credit and money market operations	430,626	191,557
Shares and other variable-yield securities	3,512	3,056
Other equity investments	2,039	2,004
Subsidiaries	565	866
Fixed-interest securities and bonds	18,754	14,442
Interest and similar income	**455,496**	**211,925**
Interest expenses for		
Deposits	-149,067	-6,710
Securitised liabilities	-19,698	-9,618
Subordinated liabilities	-6,985	-6,259
Result of non-significant modifications	1,700	196
Interest and similar expenses	**-174,050**	**-22,391**
Net interest income	**281,446**	**189,534**

2) Income from entities recognised using the equity method	1/1-30/6/2023	1/1-30/6/2022
Net amounts from proportionately recognised income	48,918	75,830
Expenses from impairments and income from additions	54,640	-53,094
Expenses from dilution	-9,603	0
Profit from entities accounted for by the equity method	**93,955**	**22,736**

3) Charges for losses on loans and advances	1/1-30/6/2023	1/1-30/6/2022
Additions to charges for losses on loans and advances	-66,661	-50,538
Direct write-offs	-891	-892
Reversals of loan loss provisions	58,012	46,641
Recoveries of written-off receivables	1,151	814
Result of non-significant modifications	285	-27
Result of POCI financial instruments	-293	449
Charges for losses on loans and advances	-8,397	-3,553

4) Net fee and commission income	1/1-30/6/2023	1/1-30/6/2022
Net fee and commission income		
Payment services	37,360	34,355
Securities business	35,748	43,175
Foreign exchange, foreign bank notes and precious metals business	12,486	12,018
Credit operations	25,157	28,073
Other service and advisory business	1,780	2,587
Total net fee and commission income	112,531	120,208
Net fee and commission expenses		
Payment services	3,174	2,746
Securities business	4,033	5,071
Foreign exchange, foreign bank notes and precious metals business	354	318
Credit operations	2,704	2,476
Other service and advisory business	84	357
Total fee and commission expenses	10,349	10,968
Net commission income	102,182	109,240

5) Net trading income	1/1-30/6/2023	1/1-30/6/2022
Gains/losses on interest rate contracts	498	335
Gains/losses on foreign exchange, foreign bank notes and numismatic business	2,364	1,813
Gains/losses on derivatives	503	7,732
Net trading income	3,365	9,880

6) Administrative expenses	1/1-30/6/2023	1/1-30/6/2022
Staff costs	115,550	103,152
Other administrative expenses	54,025	49,017
Write-offs and impairment allowances	15,064	14,930
Administrative expenses	184,639	167,099

7) Other operating income	1/1-30/6/2023	1/1-30/6/2022
a) Net income from financial assets - FVTPL	4,890	-32,739
thereof from designated financial instruments	966	-11,865
thereof financial instruments with mandatory measurement at FVPL	3,924	-20,874
b) Net income from financial assets - FVOCI	-302	-1,458
thereof from the measurement of debt instruments	-11	-991
thereof from the sale and derecognition of debt instruments	-291	-467
c) Net income from financial assets - AC	0	0
d) Other operating income	-13,848	-17,797
Payables to other banks	**15,245**	**16,371**
Thereof income from operational risks	1,862	1,974
Gains from the sale of land and buildings	0	0
Income from private equity investments	361	1,109
Income from operating leases	4,939	5,438
Other income from the leasing sub-group	2,875	2,961
Brokerage fees from third parties	2,616	2,889
Other	2,592	2,000
Other operating expenses	**-29,093**	**-34,168**
Thereof expenses from operational risks	-79	-1,734
Stability tax	-5,352	-2,845
Contributions to the resolution fund and deposit protection scheme	-12,449	-18,833
Expenses from operating leases	-3,965	-4,852
Other income from the leasing sub-group	-4,196	-2,882
Other	-3,052	-3,022
Other operating income net of other operating expenses	**-9,260**	**-51,994**

8) Income taxes	1/1-30/6/2023	1/1-30/6/2022
Current income tax expense	48,556	31,604
Deferred income tax expense (income)	482	-9,255
Income taxes	49,038	22,349

9) Earnings per share in €	1/1-30/6/2023	1/1-30/6/2022
Number of shares as at 30/6	35,307,300	35,307,300
Average number of shares in issue	35,290,614	35,299,445
Profit/loss for the period after tax	229,614	86,395
Earnings per share in €	6.51	2.45
Annualised values	13.01	4.89

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

Details of the balance sheet in €k

10) Cash and balances with central banks	30/6/2023	31/12/2022
Credit balances with central banks of issue	2,639,471	2,195,154
Other liabilities	80,749	92,168
Cash and balances at central banks	2,720,220	2,287,322

11) Loans and advances to credit institutions	30/6/2023	31/12/2022
Loans and advances to domestic credit institutions	97,145	84,407
Loans and advances to foreign credit institutions	673,826	972,797
Loans and advances to credit institutions	770,971	1,057,204

12) Loans and advances to customers	30/6/2023	31/12/2022
Loans and advances to domestic customers	10,854,883	10,623,848
Loans and advances to foreign customers	9,150,282	8,569,063
Loans and advances to customers	20,005,165	19,192,911

13) Trading assets	30/6/2023	31/12/2022
Bonds and other fixed-interest securities		
Listed	494	9,933
Shares and other variable-yield securities		
Listed	631	2
Positive fair values of derivative financial instruments		
Currency contracts	6,561	10,184
Interest rate contracts	35,017	36,536
Other contracts	0	0
Trading assets	42,703	56,655

14) Financial investments	30/6/2023	31/12/2022
Bonds and other fixed-interest securities		
Listed	1,759,589	1,946,152
Unlisted	24,930	48,926
Shares and other variable-yield securities		
Listed	53,845	61,023
Unlisted	204,149	200,914
Equity investments/shares		
in subsidiaries	87,642	88,089
Entities accounted for using the equity method		
Banks	565,429	548,399
Non-banks	619,277	551,247
Other equity investments		
Banks	47,694	47,694
Non-banks	166,156	161,023
Financial investments	3,528,711	3,653,467
a) Financial assets FVPL	507,375	489,243
b) Financial assets FVOCI	365,271	594,456
thereof equity instruments	317,264	324,670
thereof debt instruments	48,007	269,786
c) Financial assets AC	1,471,359	1,470,122
d) Interest in entities accounted for using the equity method	1,184,706	1,099,646
Financial investments	3,528,711	3,653,467

15) Intangible assets	30/6/2023	31/12/2022
Other intangible assets	3,800	3,610
Customer base	164	157
Intangible assets	3,964	3,767

16) Property, plant and equipment	30/6/2023	31/12/2022
Investment property	71,198	72,693
Land and buildings	85,704	85,153
Business equipment and furnishings	39,328	39,229
Other property, plant and equipment	15,815	20,726
Right of use for leased objects	144,870	139,588
Property, plant and equipment	356,915	357,389

17) Lease contracts in which Oberbank is lessee

The lease contracts entered into by Oberbank relate mainly to rentals for branch premises and office space as well as to building rights and tenancy rights for plots of land, garages, business equipment and furnishings, and vehicles. The leasing contracts do not involve any significant restrictions or commitments. There were no sale-and-leaseback transactions. 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 HY1 2023 as at 30 June 2023:

Leasing in the consolidated balance sheet	30/6/2023	31/12/2022
Property, plant and equipment	145,242	140,050
Right of use for land and buildings	142,182	137,264
Right of use for business equipment and furnishings	801	737
Right of use for other property, plant and equipment	1,886	1,587
Right of use in investment property	373	462
Other liabilities		
Leasing liabilities	146,628	141,298

Additions to rights of use in the first half-year of 2023 were €k 13,875. Cash outflows for leasing liabilities amounted to €k 8,411.

Leasing in the consolidated income statement	1/1-30/6/2023	1/1-30/6/2022
Interest expenses for leasing liabilities	459	398
Administrative expenses	8,085	7,786
Depreciation/amortisation for right of use for land and buildings	7,402	7,067
Depreciation/amortisation for rights-of-use to business equipment and furnishings	125	157
Depreciation/amortisation for right of use for other property, plant and	469	484
Depreciation/amortisation for rights-to-use to property, plant and equipment	89	79
Other expenses from lease contracts	982	769
Other operating income		
Income from subleasing of rights of use	378	384

Leasing in the consolidated statement of cash flows	1/1-30/6/2023	1/1-30/6/2022
Repayment of leasing liabilities from finance activities	-8,411	-8,050
Interest expenses for leasing liabilities from operating activities	459	398

18) Other assets	30/6/2023	31/12/2022
Deferred tax assets	1,736	1,353
Other assets	164,752	137,781
Positive fair values of closed out derivatives in the banking book	28,479	39,640
Deferred items	39,240	10,677
Other assets	234,207	189,451

19) Amounts owed to credit institutions	30/6/2023	31/12/2022
Amounts owed to domestic banks	2,581,714	2,426,246
Amounts owed to foreign banks	2,078,018	2,022,489
Amounts owed to credit institutions	4,659,732	4,448,735

The item amounts owed to credit institutions contains an amount of EUR 800 million (pr. yr.: EUR 800 million) from the TLTRO III refinancing programme of the ECB. No early repayments have been made to date in the 2023 financial year. As of 23 November 2022, the ECB's average key lending rate will be the applicable interest rate until the end of the loan term or until the early repayment of the respective refinancing programme.
This interest rate was in conformity with market rates when compared to other similar, collateralised loans. Therefore, we recognized the refinance liability as a financial instrument pursuant to IFRS 9.
The future interest rate depends on the further development of the ECB's deposit interest rates, which means that the impact on future interest income cannot yet be estimated. In the first half of 2023, liabilities from the TLTRO III refinancing programme carried an average interest rate of 2.785%, which corresponds to an interest expense of EUR 11.2 million.
The maturities of the transactions are as follows: EUR 450 million until March 2024, another EUR 250 million until June 2024 and the remaining EUR 100 million until September 2024. We will decide on possible early repayment shortly before the end of the year.

20) Amounts owed to customers	30/6/2023	31/12/2022
Savings deposits	1,765,751	2,167,226
Other	13,379,661	12,894,129
Amounts owed to customers	15,145,412	15,061,355

21) Securitised liabilities	30/6/2023	31/12/2022
Bonds issued	2,705,946	2,397,353
Other securitised liabilities	10,199	9,664
Securitised liabilities	2,716,145	2,407,017

22) Provisions for liabilities and charges	30/6/2023	31/12/2022
Provisions for termination benefits and pensions	148,763	136,523
Provisions for anniversary bonuses	13,519	12,095
Provisions for credit risks	149,981	137,497
Other provisions	32,307	33,506
Provisions for liabilities and charges	344,570	319,621

23) Other assets	30/6/2023	31/12/2022
Trading liabilities	50,436	50,381
Tax liabilities	55,902	23,632
Current tax liabilities	46,424	9,425
Deferred tax liabilities	9,478	14,207
Leasing liabilities	146,628	141,298
Other liabilities	146,801	122,876
Negative fair values of closed out derivatives in the banking book	171,303	184,551
Deferred items	16,067	12,068
Other liabilities	587,137	534,806

24) Other liabilities (trade liabilities)	30/6/2023	31/12/2022
Currency contracts	13,794	12,769
Interest rate contracts	36,028	37,612
Other contracts	614	0
Trade liabilities	50,436	50,381

25) Subordinated debt capital	30/6/2023	31/12/2022
Subordinated bonds issued incl. tier 2 capital	499,615	479,712
Hybrid capital	0	0
Subordinated debt capital	499,615	479,712

26) Shareholders' equity	30/6/2023	31/12/2022
Subscribed capital	105,893	105,772
Capital reserves	505,523	505,523
Retained earnings (incl. net profit)	3,038,783	2,875,147
Negative goodwill	1,872	1,872
Additional equity capital components	50,000	50,000
Minorities	8,174	8,606
Equity	3,710,245	3,546,920

27) Contingent liabilities and credit risks	30/6/2023	31/12/2022
Other contingent liabilities (guarantees and letters of credit)	1,745,349	1,639,531
Contingent liabilities	1,745,349	1,639,531
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	4,773,530	4,542,796
Credit risks	4,773,530	4,542,796

28) Segment report as at 30/6/2023 Core business segments in €m	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	105.6	237.2	-61.4	0	281.4
Profit from entities accounted for by the equity method			94.0		94.0
Charges for losses on loans and advances	4.1	-8.5	-4.0	0	-8.4
Net commission income	41.3	60.9	0	0	102.2
Net trading income		-0.1	3.5		3.4
Administrative expenses	-62.5	-99.8	-6.8	-15.5	-184.6
Other operating income	2.7	-1.2	0.9	-11.7	-9.3
Profit/loss for the period before tax	91.2	188.5	26.1	-27.2	278.7
Average risk-weighted assets	2,099.2	12,635.0	5,357.0	0	20,091.1
Average allocated equity	381.3	2,295.2	973.1	0	3,649.7
RoE (return on equity before tax)	47.8%	16.4%	5.4%		15.3%
Cost/income ratio	41.8%	33.6%	18.4%		39.1%

n.a. – not indicative

Segment report as at 30/6/2022 Core business segments in €m	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	36.0	154.6	-1.0	0	189.5
Profit from entities accounted for by the equity method			22.7		22.7
Charges for losses on loans and advances	-7.6	8.2	-4.2	0	-3.6
Net commission income	46.6	62.7	0	0	109.2
Net trading income		-0.3	10.2		9.9
Administrative expenses	-56.6	-89.8	-6.2	-14.6	-167.1
Other operating income	3.0	-0.5	-36.6	-18.0	-52.0
Profit/loss for the period before tax	21.4	134.9	-15.0	-32.6	108.7
Average risk-weighted assets	2,146.5	11,530.9	6,225.2	0	19,902.6
Average allocated equity	361.3	1,940.9	1,047.8	0	3,350.0
RoE (return on equity before tax)	11.9%	13.9%	n.a.		6.5%
Cost/income ratio	66.1%	41.5%	n.a.		59.8%

n.a. – not indicative

*) Administrative expenses in the first half of 2022 were adjusted for the contribution to the employee participation foundation (Mitarbeiter-Beteiligungsstiftung) recognized in the segment "Other" in the prior year in an amount of EUR 5.0 million and distributed proportionately to the segments "Corporate and Business Banking", "Personal Banking" and "Financial Markets".

29) Human resources	30/6/2023	31/12/2022
Salaried employees	2,144	2,134
Blue-collar	4	5
Total resources	2,148	2,139

30) Regulatory capital purs. to Part 2 of Regulation (EU) No 575/2013 - Pillar I in €k	30/6/2023	31/12/2022	30/6/2022
Subscribed capital	105,922	105,922	105,922
Capital reserves	505,523	505,523	505,523
Retained earnings	2,701,907	2,708,576	2,494,639
Minority interests	0	0	0
Accumulated other comprehensive income	106,609	121,069	102,371
Regulatory adjustment items	-11,332	-16,078	-14,750
Deductions from common equity tier 1 capital items	-316,995	-298,660	-273,458
COMMON EQUITY TIER 1 CAPITAL	**3,091,634**	**3,126,352**	**2,920,247**
AT1 capital instruments	50,000	50,000	50,000
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**	50,000
TIER 1 CAPITAL	**3,141,634**	**3,176,352**	**2,970,247**
Qualifying supplementary capital instruments	345,059	340,486	355,586
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	-15,301	-14,927	-13,893
Supplementary capital (tier 2)	329,758	**325,559**	341,693
OWN FUNDS	**3,471,392**	**3,501,911**	**3,311,940**
Total risk exposure purs. Art. 92 CRR			
Credit risk	17,069,004	16,162,436	15,734,319
Market risk, settlement risk and CVA risk	20,355	18,187	24,940
Operational risk	1,160,246	1,160,246	1,070,996
Total exposure	**18,249,605**	**17,340,869**	**16,830,255**
Own funds ratio purs. Art. 92 CRR			
Common equity tier 1 capital ratio	16.94%	18.03%	17.35%
Tier 1 capital ratio	17.21%	18.32%	17.65%
Total capital ratio	19.02%	20.19%	19.68%
Regulatory requirement, own capital ratios in %			
Common equity tier 1 capital ratio	7.37%	7.13%	7.06%
Tier 1 capital ratio	8.87%	8.63%	8.56%
Total capital ratio	10.87%	10.63%	10.56%
Regulatory capital requirements purs. to transition rules in €k			
Common equity tier 1 capital	1,344,996	1,236,404	1,188,216
Tier 1 capital	1,618,740	1,496,517	1,440,670
Total capital	1,983,732	1,843,334	1,777,275
Free capital components			
Common equity tier 1 capital	1,746,638	1,889,948	1,732,031
Tier 1 capital	1,522,894	1,679,835	1,529,577
Total capital	1,487,660	1,658,577	1,534,665

31) Fair value of financial instruments and other items regarding reconciliation as at 30/6/2023 in €k	AC	FVTPL	thereof designated	HFT	FVOCI	thereof equity instruments FVOCI	thereof debt instruments FVOCI	AC/ liabilities	Other	To
Cash and balances at central banks								2,720,220		**2,720,2**
								2,720,220		**2,720,2**
Loans and advances to credit								770,971		**770,9**
institutions								771,148		**771,1**
Loans and advances to customers	74,410	143,053	116,030		1,568		1,568	19,786,134		**20,005,1**
	67,060	143,053	116,030		1,568		1,568	19,472,530		**19,684,2**
Trading assets				42,703						**42,7**
				42,703						**42,7**
Financial investments	1,471,359	507,375	250,882		365,272	317,265	48,007		1,184,706	**3,528,7**
	1,359,027	507,375	250,882		365,272	317,265	48,007			
Intangible assets									3,964	**3,9**
Property, plant and equipment									356,915	**356,9**
Other assets				28,479					205,729	**234,2**
				28,479						
of which closed out derivatives				28,479						**28,4**
positions in the banking book				28,479						
Total assets	**1,545,769**	**650,428**	366,913	**71,182**	**366,839**	317,265	49,575	**23,277,325**	**1,751,313**	**27,662,8**
	1,426,087	**650,428**	366,913	**71,182**	**366,839**	317,265	49,575	**22,963,898**		
Amounts owed to banks								4,659,732		**4,659,7**
								4,346,275		**4,346,2**
Amounts owed to customers		274,849	274,849					14,870,563		**15,145,4**
		274,849	274,849					14,845,199		**15,120,0**
Securitised liabilities		606,933	606,933					2,109,212		**2,716,1**
		606,933	606,933					1,870,124		**2,477,0**
Provisions for liabilities and charges									344,570	**344,5**
Other liabilities				221,740					365,397	**587,1**
				221,740						
thereof closed out derivatives				171,303						**171,3**
positions in the banking book				171,303						**171,3**
Subordinated debt capital		277,692	277,692					221,923		**499,6**
		277,692	277,692					200,936		**478,6**
Capital									3,710,245	**3,710,2**
Total equity and liabilities	**-**	**1,159,475**	1,159,475	**221,740**	**-**	**-**	**-**	**21,861,430**	**4,420,212**	**27,662,8**
	-	**1,159,475**	1,159,475	**221,740**	**-**	**-**	**-**	**21,262,534**		

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

In HY1 2023, there was one reclassification with respect to financial assets from the measurement category recognised at fair value plus or minus through other comprehensive income (FVOCI) to the measurement category at amortised cost (AC) with a fair value of EUR 29.4 million which resulted in a negative result of EUR 0.4 million. There were no reclassifications with respect to the measurement category recognised at fair value plus or minus through profit or loss (FVTPL) to the measurement category at amortised cost (AC) or to fair value plus or minus through other comprehensive income (FVOCI).

Liabilities designated at fair value through profit or loss in €k	Cumulated changes to fair value due to a change to own default risk (recognised in OCI)	Modification to fair value due to a change in market risk (recognised in P/L)		Difference in amount between carrying value and par value
	as at 30/6/2023	in HY1 2023	cumulated	as at 30/6/2023
Amounts owed to banks	0	0	0	0
Amounts owed to customers	1,721	-1,459	-22,393	-22,393
Securitised liabilities	7,508	-7,366	-92,286	-92,286
Subordinated debt capital	2,236	-2,102	-21,262	-21,262

In the first half-year 2023, there were no reclassifications of cumulated profit or loss within equity.

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

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

Assets designated at fair value through profit or loss as at 30/6/2023 in €k			Modification to fair value due to adjusted default risk		Modification to fair value of related credit derivatives or similar instruments	
	maximum default risk	Mitigation due to related credit derivatives or similar instruments	in HY1 2023	cumulated	in HY1 2023	cumulated
Loans and advances to customers	116,030		-	-	-	-
Financial investments	250,882		-	146	-	-

Assets designated at fair value through profit or loss as at 31/12/2022 in €k			Modification to fair value due to adjusted default risk		Modification to fair value of related credit derivatives or similar instruments	
	Maximum default risk	Mitigation due to related credit derivatives or similar instruments	in the 2022 financial year	cumulated	in the 2022 financial year	cumulated
Loans and advances to 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	30/6/2023	31/12/2022
Loans and advances to customers FVTPL	143,053	32,660
Financial investments FVTPL	507,375	489,243
Financial investments FVOCI	317,265	324,670
Trading assets	42,703	56,654
Derivatives positions in the banking book	28,479	39,640
Total	**1,038,875**	**942,867**

Fair value hierarchy of financial instruments as at 30/6/2023										
	AC Carrying value	FVTPL Carrying value	HFT Carrying value	FVOCI Carrying value	AC/ Liabilities carrying value	Other carrying value	Total carrying value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial instruments carried at fair value in €k										
Loans and advances to customers		143,053		1,568			144,621		21,153	123,468
Trading assets			42,703				42,703	629	42,074	
Financial assets - FVPL		507,375					507,375	265,154	242,221	
Financial assets - FVOCI				365,272			365,272	101,852	210	263,209
Other assets			28,479				28,479		28,479	
thereof closed out derivatives in the banking book			28,479				28,479		28,479	
Financial assets not carried at fair value										
Loans and advances to credit institutions					770,971		770,971		771,148	
Loans and advances to customers	74,410				19,786,134		19,860,544		67,060	19,472,530
Financial assets - AC	1,471,359						1,471,359	1,336,305	22,722	
Financial liabilities carried at fair value										
Amounts owed to credit institutions										
Amounts owed to customers		274,849					274,849		274,849	
Securitised liabilities		606,933					606,933		606,933	
Other liabilities			221,739				221,739		221,739	
thereof closed out derivatives in the banking book			171,303				171,303		171,303	
Subordinated debt capital		277,692					277,692		277,692	

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

Fair value hierarchy of financial instruments as at 30/6/2023										
	AC Carrying value	**FVTPL Carrying value**	**HFT Carrying value**	**FVOCI Carrying value**	**AC/ Liabilities carrying value**	**Other carrying value**	**Total carrying value**	**Level 1 Fair value**	**Level 2 Fair value**	**Level 3 Fair value**
Liabilities not carried at fair value in €k										
Amounts owed to credit institutions					4,659,732		4,659,732		4,346,275	
Amounts owed to customers					14,870,563		14,870,563		14,845,199	
Securitised liabilities					2,109,212		2,109,212		1,870,124	
Other liabilities										
Subordinated debt capital					221,923		221,923		200,936	

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

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

Valuation is based on current stock exchange prices where such quoted 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.

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

Input factors for fair value measurement
The measurement of the fair value of financial instruments in level 1 is based on prices quoted on active markets. These instruments include listed securities and derivative instruments. If direct measurement based on prices quoted on securities exchanges is not possible, the present value in level 2 is estimated using model values derived from current market data (yield curves, volatilities, etc.). Underlying interest-rate curves and volatilities are obtained from the 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. the Black-Scholes, Hull & White). Structured products are measured on the basis of price information obtained from third parties.

All derivative instruments are measured on a counterparty-risk-free basis in a first step. In a second step, a credit risk markdown is determined (credit valuation adjustment, CVA) based on the internal default probabilities of an expected loss.

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

The fair value of level 3 assets is measured using generally-accepted valuation models. The fair value measurement of receivables from banks and customers is based on the discounted contract cash flow (based on contractually-agreed repayment structures) and the discounted expected credit loss cash flows (considers the credit rating of the customer and collateral). The exchange rates used are the reference rates published by the ECB.
The potential downgrading of customers' credit ratings affects the calculation of fair values of level 3 financial instruments.

If measurements based on risk premiums were to increase by 50 bp, receivables from customers valued at fair value would decline by EUR 3.5 million (31/12/2022 EUR € 0.3 million); and if risk premiums were to increase by 100 bp, the fair values of these receivables would decline by EUR 6.8 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.

Movements in €k	**Equity investments FVOCI**
Carrying value as at 1/1/2023	263,405
Additions (purchases)	0
Disposals (sales)	-196
Value changes recognised in equity	0
Value changes recognised in income	0
Carrying value as at 30/6/2023	263,209

The item Other comprehensive income from this type of instrument decreased by €k 196.

The remaining level 3 financial instruments measured at fair value comprise receivables from customers.

Movements in €k	**Loans and advances to customers**
Carrying value as at 1/1/2023	13,691
Transfer to level 2	0
Additions	109,940
Disposals	-777
Changes in fair value	613
thereof disposals	19
thereof portfolio instruments	594
Carrying value as at 30/6/2023	123,468

There were no transfers between Level 1 and Level 2.

Major transactions with related parties as at 30/6/2023:

Associated companies	€k 20,597
Subsidiaries	€k 0
Other related parties	€k 30,635

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

The Management Board confirms that

- these condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) currently in force and published by the International Accounting Standards Board (IASB) as applicable in the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC); they furthermore present a true and fair view of the assets, liabilities, financial position and result of operations of the Oberbank Group.

- These consolidated interim financial statements cover the first half-year 2023 (1 January 2023 to 30 June 2023) and present a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the principles of IFRS for interim financial reports.

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

a) these condensed interim financial statements have been prepared in accordance with the relevant accounting standards and to the best of their knowledge present a true and fair view of the assets, liabilities, financial position and result of operations of the issuer and of all companies included in the group of consolidated companies;

b) the half-year management report presents a true and fair view of the assets, liabilities, financial position and result of operations with respect to the key events during the first six months of the financial year and their effects on the condensed interim financial statements, with respect to the key risks and uncertainties in the remaining six months of the financial year, and with respect to material business transactions with related parties subject to mandatory disclosure.

Linz, 24 August 2023

The Management Board

CEO	Management Board Member	Management Board Member	Management Board Member
Franz Gasselsberger	Florian Hagenauer	Martin Seiter	Isabella Lehner

Current Management Board Remits

CEO Franz Gasselsberger	Management Board Member Martin Seiter	Management Board Member Florian Hagenauer	Management Board Member 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, Security and Cost Management)	ZSP (Central Services and Production)
RUC (Accounts & Controlling)	PKU (Personal Banking)	KRM (Credit Management)	Oberbank Service GmbH*
	TRE (Treasury & Trade)	RIS (Strategic Risk Management)	3 Banken IT GmbH
	Oberbank Leasing GmbH.*	SEK (Corporate Secretary & Communication)	
Regional Business 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 Southern		
Czech Republic	Slovakia		
	Hungary		

***100% subsidiary of Oberbank**

****40/30/30 equity investments**

Notes

The forecasts that refer to the future development of Oberbank are estimates made on the basis of all the information available to us on the reporting data. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialise to an extent not anticipated, the actual results may vary from those currently expected. Information provided on market shares are based on the most recent data available at the copy deadline.
When adding up rounded figures and calculating percentage rates of change, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded.

The 'n/a' in the charts and tables means that the respective provision was not applicable in the relevant financial year.

Financial Calendar 2023

19 May 2023	Report for Q1 2023
24 August 2023	Report for Q1-Q2 2023
25 November 2023	Report for Q1-Q3 2023

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

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