Oberbank

Interim Report to Shareholders as at 30 September 2023

Oberbank at a Glance

Income statement in € m	Q1-3 2023	Change	Q1-3 2022
Net interest income	439.3	54.0%	285.3
Profit from entities recognized using the equity method	125.6	>-100%	-30.5
Charges for losses on loans and advances	-21.0	> 100%	-8.1
Net commission income	148.7	-5.0%	156.4
Administrative expenses	-273.3	10.3%	-247.9
Profit/loss for the period before tax	409.5	> 100%	109.2
Profit/loss for the period after tax	329.2	> 100%	74.1

Balance sheet in €m	30/9/2023	Change	31/12/2022
Total assets	27,977.4	4.4%	26,798.2
Loans and advances to customers	20,030.4	4.4%	19,192.9
Primary funds	18,570.6	3.5%	17,948.1
thereof securitised liabilities incl. subordinated capital	3,266.2	13.1%	2,886.7
Equity	3,819.2	7.7%	3,546.9
Customer funds under management	38,627.6	3.9%	37,185.5

Own funds pursuant to CRR in € m	30/9/2023	Change	31/12/2022
Common equity tier 1 capital (CET 1)	3,071.8	-1.7%	3,126.4
Tier 1 capital	3,121.8	-1.7%	3,176.4
Own funds	3,459.9	-1.2%	3,501.9
CET 1 ratio in %	17.01 %	-1.02% ppt	18.03 %
Tier 1 capital ratio in %	17.29 %	-1.03% ppt	18.32 %
Total capital ratio in %	19.16 %	-1.03% ppt	20.19 %

Performance indicators	Q1-3 2023	Change	Q1-3 2022
Liquidity coverage ratio in %	189.80	31.01% ppt	158.79
Net stable funding ratio in %	127.88	-0.56% ppt	128.44
Leverage ratio in %	10.27	0.73% ppt	9.54

Performance indicators	Q1-3 2023	Change	Q1-3 2022
Cost/income ratio in %	38.83 %	-29.05% ppt	67.88 %
Return on equity before tax in %	14.79 %	10.45% ppt	4.34 %
Return on equity after tax in %	11.89 %	8.94% ppt	2.95 %
Risk/earnings ratio (credit risk/net interest) in %	4.78 %	1.94% ppt	2.84 %

Resources	30/9/2023	Change	31/12/2022
Average number of staff (weighted)	2,142	8	2,134
Number of branches	178	-2	180

Development of Business of the Oberbank Group in the first three quarters of 2023

Dear Shareholders,

The first three quarters of the current financial year were overshadowed by intensifying geopolitical tensions and conflicts. The economic situation was influenced by the key factors of inflation, which peaked in the summer, as well as interest rate hikes that now seem to have reached their apex. Economic growth slowed mainly in Austria and Germany especially in the industrial sector. Despite this environment, Oberbank's business development was highly satisfactory driven mainly by very good interest income levels and excellent income streams from our equity investments, which all helped lift net profit three times higher than in the same period of the preceding year.

Robust business operations

Net interest income rose by 54.0% to EUR 439.3 million compared to 30 September of preceding year. This pleasing development was supported not only by higher interest rates, but also by the continued increase in demand for loans and higher interest income from our own investments. The credit volume rose 4.4% to EUR 20.0 billion.

Corporate and Business Banking

In **Corporate and Business Banking**, the lending volume increased by 7.1% to EUR 16.1 billion. There was broad demand for investment loans for automation, digitalisation, energy efficiency and climate change mitigation. However, since the middle of the year momentum has slowed, but nonetheless, demand continued to grow at the end of the third quarter despite the general market trend.

Personal Banking

In **Personal Banking**, the deposit volume increased year on year by 2.0% to EUR 6.7 billion, with primary deposits increasing by 3.5% to EUR 18.6 billion as of the beginning of the year. Demand for home loans dropped by nearly half especially due to the steep increase in construction costs and the generally gloomier expectations for the economy.

Mixed results in net fee and commission income

The development of **net fee and commission income** was mixed and decreased by -5.0% to EUR 148.7 million compared to the excellent figure of the preceding year.

Higher charges for impairment losses

Charges for impairment losses increased from EUR 8.1 million to EUR 21 million. Considering Oberbank's financing volume of EUR 20 billion, the risk provisions required are within a range of just one per mil, therefore, quite manageable.

Inflation and collective wage agreement raise administrative costs

Administrative expenses rose by 10.3% to EUR 273.3 million. The reasons were the increase in personnel costs under the collective bargaining agreement and the inflation-linked rise in material costs. The cost/income ratio was 38.8% as at 30 September 2023.

Excellent result from entities accounted for by the equity method

The contribution from entities accounted for by the equity method rose by EUR 156.2 million (from minus EUR 30.5 million) to EUR 125.6 million, and contributed significantly to the net profit for period.

Net profit for Q3 2023 at EUR 409.5 million

Profit for the period before tax was EUR 409.5 million as at 30 September 2023, which is almost three times higher year on year. Income tax totalled EUR 80.3 million after EUR 35.0 million. Therefore, net profit for the period after tax was EUR 329.2 million.

Stronger equity base

Oberbank's equity capital increased by EUR 463.4 million to EUR 3.8 billion year on year. This is a new all-time high. At a tier 1 capital ratio of 17.3% and a total capital ratio of 19.2%, the bank's capital base is excellent compared to European banks.

Therefore, Oberbank is well-positioned to serve its customers as their principal bank, also in difficult times, and provide support as a dependable partner.

CEO Franz Gasselsberger

Oberbank's shares

The positive performance of the stock prompted us to carry out a 1:2 share split on 1 August 2023. For shareholders, this meant that the number of shares on their custody accounts doubled, while the total market value did not change.

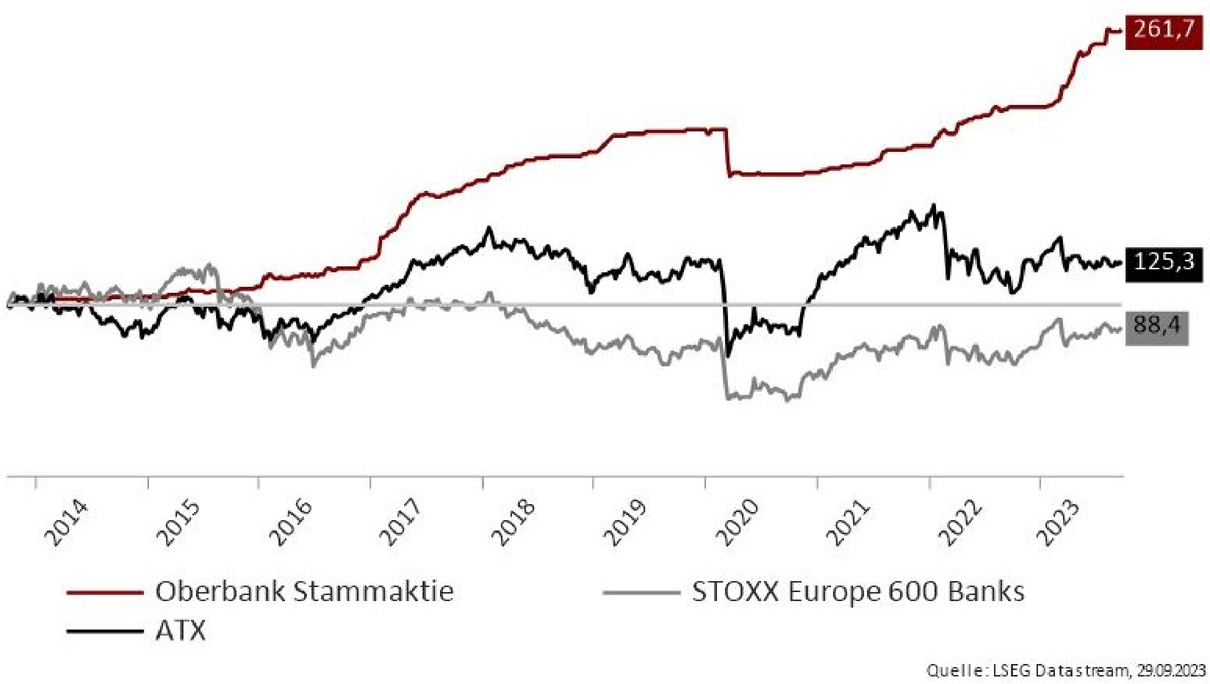
At the end of first three quarters of 2023, Oberbank's ordinary shares were trading at EUR 61.80. Oberbank's ordinary shares gained +20.59%. Including dividend payments of EUR 0.73 per share in May 2023 (pre-split: EUR 1.45 per share), the performance of ordinary shares was +22.09%. Market capitalisation at the close of Q3 2023 was EUR 4,363.98 million versus EUR 3,601.35 million at the close of Q3 2022.

Oberbank shares – key figures	Q1-3 2023	Q1-3 2022
Number of ordinary no-par shares	70,614,600	70,614,600
High, ordinary shares in €	61, 80	51.25
Low, ordinary shares in €	51.00	45.80
Closing price ordinary shares in €	61.80	51.00
Market capitalization in € m	4,363.98	3,601.35
IFRS earnings per share in € annualised	6.22*	1.40*
P/E ratio, ordinary shares	9.94	36.43

Historical data has been adjusted for the split.

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

Oberbank ordinary and preference shares vs. ATX and the European banking index
Period 30 September 2013 to 29 September 2023



Note: Oberbank Stammaktie = Oberbank ordinary shares; Quelle=Source. The figures use German annotation, i.e. 261,7 = 261.7

This chart compares the development of Oberbank's ordinary shares, the Austrian stock index ATX, and the European banking index STOXX Europe 600 Banks. In the chart, the prices have been adjusted 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 Q3 2023

Corporate and Business Banking

Corporate and Business Banking in € million	Q1-3 2023	Q1-3 2022	± absolute	± in %
Net interest income	366.7	238.8	127.9	53.5%
Charges for losses on loans and advances	-20.6	10.1	-30.7	>-100,0%
Net commission income	87.7	89.7	-2.1	-2.3%
Net trading income	0.0	-0.4	0.4	-89.1%
Administrative expenses	-148.3	-133.4	-14.9	11.1%
Other operating income	0.3	0.7	-0.4	-57.9%
Profit/loss for the period	285.8	205.6	80.2	39.0%
Risk equivalent	12,751.3	11,653.9	1,097.4	9.4%
Average allocated equity	2,352.3	1,954.7	397.6	20.3%
Return on equity before tax (RoE)	16.2%	14.0%	2.2% ppt	
Cost/income ratio	32.6%	40.6%	-8.0% ppt	

__Earnings in Corporate and Business Banking__

Profit in the Corporate and Business Banking segment was EUR 285.8 million, which is EUR 80.2 million or 39.0% higher year on year.
Net interest income rose by EUR 127.9 million or 53.5% to EUR 366.7 million.
Charges for losses on loans and advances increased from positive EUR 10.1 million by EUR -30.7 million to negative EUR -20.6 million.
At EUR 87.7 million, net fee and commission income was EUR -2.1 million or -2.3% lower year on year.
Administrative expenses recorded an increase of EUR 14.9 million or 11.1% to EUR 148.3 million.
Other operating income decreased by EUR -0.4 million from EUR 0.7 million to EUR 0.3 million.
RoE in the Corporate and Business Banking segment rose by 2.2% percentage points from 14.0% to 16.2%, while cost/income ratio improved by 8.0 percentage points from 40.6%to 32.6%.

__Commercial loans__

Oberbank's commercial lending volume increased by EUR 1,066.1 million or 7.1% from EUR 15,229.1 million to EUR 16,109.6 million.

Commercial loans		YoY change	
As at 30/9/2023	As at 30/9/2022	**absolute**	**in %**
16,109.6 in €m	15,229.1 in €m	1,066.1 in €m	7.1%

The figure of comparison as at 30 September 2022 was adjusted to net figures for the leasing business in an amount of EUR 185.7 million.

Investment and innovation finance

At 1,231 projects, the number of applications for subsidized loans submitted in all five Oberbank markets in the first three quarters of this year for investments and innovation, and to secure liquidity was 8% higher than in the same period of the preceding year. The volume of subsidised loans brokered by Oberbank rose again by 7% to EUR 2.0 billion. 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. In this segment, Oberbank continues to hold the absolute top position among Austrian banks with a market share of 22%.
Although general demand for investment and innovation funding is subdued this year due to the continued uncertainty of overall conditions, the trend towards innovation, sustainability and digitalisation projects continues unabated.

Leasing

The leasing business also developed very well in the third quarter of the current financial year. The company maintained the very good performance of the preceding year and even enhanced this development. At EUR 905.4 million, the volume of new business increased again by EUR 164.2 million or 22.2% year on year. Thus, the volume rose by EUR 252.6 million or 10.7% to EUR 2,609.3 million.

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. Financing for company acquisitions and changes in ownership remained in high demand also in the third quarter. The volume trends in tourism financing also remained high. In the area of commercial property financing, the trend of subdued demand persisted and the feasibility of financing for projects under current conditions remained limited.

In the area of syndicated loans, borrower's notes and special loans, both the number of transactions and the volumes increased significantly compared to the same period of the preceding year.
The number of transactions in which Oberbank acted as leader manager remained stable. There are also some interesting business cases in the pipeline for syndicated financing that are to be realised by the end of the year.
In the area of borrower's notes, issuing activity slowed somewhat compared to the two preceding quarters that posted above-average figures. The spreads of transactions in Q3 remained attractive, and we carried out several transactions again.

Oberbank Opportunity Fund

In the first nine months until September 2023, the Oberbank Opportunity Fund recorded 119 enquiries, which was higher than the already very high figure for the same period of the preceding year. During this period, the Oberbank Opportunity Fund closed seven new transactions and invested a substantial portion of the equity committed (investments in several third-party funds) last year.

Since the inception of the Oberbank Opportunity Fund, 115 transactions involving equity and/or mezzanine capital or high-yield capital have been financed (plus debt financing) and ten supplementary financing transactions were also carried out with portfolio companies. The total volume committed as at 30 September 2023 amounted to around EUR 344 million, divided into equity, mezzanine capital and high-yield capital.

Payment services

Income from payment services as at 30 September 2023 was 8.3% higher year on year in Corporate and Business Banking. Compared to preceding quarters, growth rates slowed due mainly to the general economic downturn. We are currently working swiftly on a replacement of the software product, ELBA MBS. In the past quarter, the technical parameters for the introduction of a new system for payment services were defined. In Austria and Germany, the last corporate and business customers who collected account statements from the branches were switched to an alternative delivery method (PDF statement, direct mailing). By taking this step, we achieved an important milestone in digitalisation.

Documentary business

The upswing in international trade was only moderate until the third quarter of 2023. The sideways trend slowed again around the end of the third quarter. Demand for letters of credit, collections and guarantees to secure domestic and foreign transactions remained high. Demand also increased with respect to the more difficult markets. The results in the documentary business and guarantee business indicate that the targets will be achieved by the end of the year. The results in the documentary business were 16.3% higher than in the same period of the preceding year, and 19.5% higher in the guarantee business.

Export finance

The ECB and the European Commission forecast subdued growth for the global economy for 2023. Current forecasts estimate a growth rate of just 3.0% for 2023, which is disappointing compared to the long-term average of 3.5%.

The forecasts for Austria are even more pessimistic. According to the latest calculation published by Statistik Austria in September, GDP in Austria contracted by 0.7% in the second quarter and the growth forecasts for the full year were revised downwards to +0.1%. The forecast for 2024 was also reduced to + 1.1%. One ray of hope is the export sector. Exports have gone up by 3.7% thus far. This development is also observable in Oberbank's export finance business. The very high demand for working capital lines of credit at the beginning of the year helped to sustainably secure Oberbank's strong position in OeKB's subsidized working capital finance schemes. For example, the market share of OeKB’s refinancing framework (KRR) for large companies rose to 12.1%. (In the period of comparison of the preceding year, the figure was 11.5%)

In the area of investment loans refinanced by OeKB, exporters were unable to escape the general trend caused by the deteriorating economic outlook and rising interest rates. Exporters also reduced their investment activity. Contrary to this trend, Oberbank's market share of 5.6% in international loans refinanced by OeKB remained stable year on year boosted by the excellent quality of its advisory services.

Factoring

Compared to the same period of the preceding year, Oberbank's factoring volumes increased by 5.2% while the number of customers remained almost unchanged. Factoring income continued to be a good source of income, rising by 8.2%. The continued very high inflation and reduced purchasing power are reflected in the 7.6% drop in sales and the 10.9% lower rate of use. With the economic recovery forecast for the medium term, utilization and sales are expected to increase again.

International network of partner banks and institutions

Oberbank must provide and maintain a suitable infrastructure in the form of a banking network to fulfil its function as point of contact for international payment services, trade finance as well as hedging for interest risk and foreign currency risk. The challenge in the banking sector in recent months has been to cope with the increasing workload of documentation and meeting the auditing requirements for the banking network, and to maintain accounts in the required currencies with the clearing banks. Due to tightening regulatory requirements, the network of partner banks has been reduced in recent years. Further evaluations and, if necessary, reductions in the number of partner banks are under way. Nonetheless, it is absolutely necessary to maintain quality in this context, as these partner banks help us meet both customer demand and Oberbank's own needs. The network of partner banks makes it possible for Oberbank to offer customers the entire range of products required for international business so as to ensure smooth and, above all, risk-free business transactions.

Primary deposits

The ECB’s interest rate hikes in the last quarter were a further step in the efforts to fight inflation. It is as of yet unclear if this move was the last one in the current rate-hiking cycle. The Governing Council of the ECB had not made any clear statements in this regard. For Oberbank's primary deposits, this meant a slight increase in fixed-term deposits in the past quarter. As in previous quarters, the shift from sight deposits to fixed-term deposits continued.

Currency risk management

The sluggish economy and lower hedge volumes, which businesses were more hesitant to use than in the preceding year, also had an effect on foreign exchange transactions in the last quarter. Although generally at a good level, the figures did not match the preceding year's excellent figures. In addition, currency volatility was somewhat lower, especially in the main currency – the US dollar.

Personal Banking

Personal Banking in € million	Q1-3 2023	Q1-3 2022	± absolute	± in %
Net interest income	163.3	58.5	104.8	> 100.0%
Charges for losses on loans and advances	6.3	-12.2	18.5	>-100.0%
Net fee and commission income	61.0	66.7	-5.7	-8.5%
Net trading income	0.0	0.0	0.0	
Administrative expenses	-92.4	-83.0	-9.4	11.3%
Other operating income	3.5	3.6	-0.2	-4.6%
Profit/loss for the period	141.7	33.6	108.1	> 100.0%
Risk equivalent	2,074.8	2,152.8	-78.0	-3.6%
Average allocated equity	382.7	361.1	21.7	6.0%
Return on equity before tax (RoE)	49.4 %	12.4 %	37.0% ppt	
Cost/income ratio	40.6 %	64.4 %	-23.9% ppt	

Earnings in Personal Banking

At EUR 141.7 million, the result in the Personal Banking segment was EUR 108.1 million or >100.0% higher than in the preceding year.
Net interest income increased by EUR 104.8 million or >100.0% to EUR 163.3 million.
Charges for losses on loans and advances decreased by EUR 18.5 million to positive EUR 6.3 million.
Net fee and commission income decreased by -5.7 million or -8.5% to EUR 61.0 million year on year.
At EUR 92.4 million, administrative expenses were EUR 9.4 million or 11.3% higher year on year.
Other operating income decreased by EUR 0.2 million or -4.6% to EUR 3.5 million.
RoE in Personal Banking rose by 37.0 percentage points from 12.4% to 49.4%, while the cost/income ratio improved from 64.4% by 23.9 percentage points to 40.6 percentage points.

Personal accounts

The number of personal accounts increased by 471 accounts or 0.2% from 194,541 in the preceding year to 195,012 accounts. The "be(e) green account", a sustainable giro account for retail customers, was introduced in Austria in June 2021, and in the Czech Republic in the second half of 2023. As at 30 September 2023, 32.1% of personal accounts in the portfolio were sustainable accounts.

Personal accounts		YoY change	
As at 30/9/2023	As at 30/9/2022	absolute	in %
195.012	194.541	471	0.2%

Personal loans

Due to the very challenging market environment, the outstanding volume (excluding leasing) decreased by EUR -209.8 million or -5.1% from EUR 4,130.7 million as at 30 September 2022 to EUR 3,920.9 million. The volume of new retail loans was 48.0% lower than in the same period of the preceding year. 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 associated uncertainty. The share of foreign currency loans in the total volume of personal loans at Oberbank was only 1.2%.

Personal loans		**YoY change**	
As at 30/9/2023	**As at 30/9/2022**	**absolute**	**in %**
3,920.9 € million	4,130.7 € million	-209.8 € million	-5.1%

Primary deposits

The volume on savings, sight and term deposits widened by EUR 131.1 million or 2.0% from EUR 6,578.7 million to EUR 6,709.8 million year on year. The trend towards online savings products is unbroken. Deposits on online savings products in Austria increased robustly again year on year by EUR 662.7 million or 58.6% from EUR 1,130.0 million to EUR 1,792.7 million. By contrast, deposits on savings passbooks decreased compared to the preceding year by EUR -694.1 million or -30.1% from EUR 2,309.5 million or -30.1% to EUR 1,615.4 million.

Retail customer deposits		**YoY change**	
As at 30/9/2023	**As at 30/9/2022**	**absolute**	**in %**
6,709.8 € million	6,578.7 € million	131.1 € million	2.0%

Securities business

Developments on international bond and stock markets are having a major impact on the securities business. As bond yields continue to rise, investors are increasingly turning to attractive bank and corporate bonds with medium-term maturities. There was no increase in demand for government bonds from the euro area, although yields have also risen significantly there. A very long sideways movement now prevails on stock markets. The general geopolitical situation and strong competition from bonds, but also from short-term deposits, have significantly reduced investor appetite for stock investments. Furthermore, the global stock market rally was concentrated in major US tech stocks in the first three quarters. Broad segments of the market – even promising segments driven by the energy transition – performed disappointingly in the recent past.

In this environment, fee and commission income from the securities business decreased year on year from EUR 53.5 million to EUR 46.9 million in the first three quarters of 2023. Viewed alone, the third quarter was only slightly lower than the same quarter of the preceding year.

By contrast, the volume figures were significantly higher in key areas (market value on custody accounts, customer assets under management in Private Banking, volume invested in three public and special funds of the 3 Banken Generali-Investment G.m.b.H) than on the same reporting date of the preceding year. Demand for Oberbank issues rose significantly. Sales of public investment funds were slightly lower year on year, but still higher than in the case of Oberbank issues.

The equities business is rather subdued, with many investors showing greater restraint in view of the geopolitical events.

Fee and commission income from securities		YoY change	
As at 30/9/2023	As at 30/9/2022	absolute	in %
46.9 € million	53.5 € million	-6.5 € million	-12.2%

Market value on custody accounts

Market values on custody accounts increased year on year by EUR 1,790.3 million or 9.8% to EUR 20.1 billion.

Market value on custody accounts		YoY change	
As at 30/9/2023	As at 30/9/2022	absolute	in %
20,056.7 € million	18,266.4 € million	1,790.3 € million	9.8%

Private Banking

The assets under management in Private Banking (demand deposits and custody accounts) increased by a pleasing EUR 965.0 million or 8.6% to EUR 12.2 billion year on year.
At EUR 749.3 million on 30 September 2023, the result in the individual portfolio management business was also higher year on year by 3.9%.
Our portfolio management service was again awarded the designation “Outstanding Asset Management” by the German magazine “Focus Money”.

Assets under management in Private Banking		YoY change	
As at 30/9/2023	As at 30/9/2022	absolute	in %
12,158.5 € million	11,193.5 € million	965.0 € million	8.6%

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

Oberbank's assets under management by 3 Banken-Generali-Gesellschaft m.b.H. (3BG) increased by EUR 434.5 million or 8.2% to EUR 5.7 billion compared to the same period of the preceding year. The company manages total assets of EUR 11.2 billion. As at 30 September 2023, the volume of the overall market was EUR 193.5 billion, and on 30 September 2022 it was EUR 186.3 million. Therefore, the market share is 5.8%. Thus, the company expanded its market share slightly, and remains the fifth largest investment fund company in Austria. In the first three quarters of the year, a net amount of EUR 103.2 million flowed from Oberbank into the company's sustainable investment funds.

Retail investment funds and special funds		YoY change	
As at 30/9/2023	As at 30/9/2022	absolute	in %
5,715.5 € million	5,280.9 € million	434.6 € million	8.2%

Building society savings

Oberbank brokered 3,488 building society loan contracts in the first three quarters of 2023. Compared to the same period of the preceding year, this corresponds to a decrease of 3,054 contracts or minus 46.7%.
Due to the steep rise in interest rates in recent months, Oberbank has introduced many competing products to the traditional building society loans, which explains this decline.

Wüstenrot loans

With respect to Wüstenrot loans, it was not possible to attain the excellent levels of the preceding year. The reason is the generally tense situation with regard to interest rates and property prices. In the first three quarters of 2023, a loan volume of EUR 0.9 million was brokered to Wüstenrot. This corresponded to a decrease of EUR 78.5 million or 98.8%.

Insurance business

Austrian market

Total premium volume in the insurance business (life insurance and non-life insurance) rose 3.0% year on year. A highlight is the 13.0% increase in life insurance compared to the preceding year.

Insurance contracts - premium volume		YoY change	
As at 30/9/2023	**As at 30/9/2022**	**absolute**	**in %**
6.8 € million	6.6 € million	0.2 € million	3.0%

German market

Premium volume (= premium sum) in life insurance rose year on year by 62.1%.

Insurance contracts - premium volume		YoY change	
As at 30/9/2023	**As at 30/9/2022**	**absolute**	**in %**
15.9 € million	9.8 € million	6.1 € million	62.1%

Financial Markets

Financial Markets in € million	Q1-3 2023	Q1-3 2022	± absolute	± in %
Net interest income	-90.7	-12.0	-78.7	> 100.0%
Profit from entities recognized using the equity method	125.6	-30.5	156.2	>-100.0%
Charges for losses on loans and advances	-6.7	-6.0	-0.7	12.2%
Net fee and commission income	0.0	0.0	0.0	
Net trading income	3.1	8.4	-5.3	-62.6%
Administrative expenses	-9.4	-9.0	-0.4	3.9%
Other operating income	-7.0	-42.3	35.3	-83.5%
Profit/loss for the period	14.9	-91.4	106.4	>-100.0%
Risk equivalent	5,188.1	6,174.6	-986.5	-16.0%
Average allocated equity	957.1	1,035.7	-78.6	-7.6%
Return on equity before tax (RoE)	2.1 %	n.a.		
Cost/income ratio	30.2 %	n.a.		

n.a. – not indicative

Earnings trend in Financial Markets

The profit in Financial Markets rose by EUR 106.4 million from EUR -91.4 million to positive EUR 14.9 million.
Net interest income decreased by EUR 78.7 million to negative EUR 90.7 million.
Income from equity investments increased by EUR 156.2 million from EUR -30.5 million to EUR 125.6 million.
Impairment charges increased from EUR 6.0 million by EUR 0.7 million to EUR 6.7 million.
Net trading income decreased by EUR -5.3 million from EUR 8.4 million to EUR 3.1 million.
Administrative expenses were EUR 0.4 million higher year on year at EUR 9.4 million.
Other operating income rose by EUR 35.3 million from negative EUR 42.3 million to negative EUR 7.0 million.
Return on equity (RoE) was 2.1%, and the cost/income ratio was 30.2% (not indicative in preceding year).

Proprietary trading

Financial markets have gotten used to the Russia-Ukraine conflict over the past months, therefore, these events did not have a major influence on markets. Rather, attention focused on inflation, but above all, on the development of the economy. Europe is confronted with a contracting economy, and neither is China anywhere near the momentum that drove global trends some time ago. Only the US continues to surprise everyone with excellent economic indicators and an especially strong labour market.
Developments in the USA resulted in unexpected market movements. The interest rate peak, especially for long maturities, was expected to be significantly lower, and the US dollar was not expected to appreciate as much as it did. Stock markets have held up well despite rising interest rates and a gloomy economic outlook. In this environment, positive profits were made in foreign exchange trading and also in stock trading.

Compared to the preceding year, however, the net trading result was significantly lower. However, this was due to just a few transactions in the year before for bank management purposes. In the preceding year, interest rate swaps and cross-currency swaps were successfully executed and also yielded short-term returns and a positive valuation. No transactions of this magnitude were executed this year, thus results returned to the level of previous years.

Refinancing

At the beginning of the year, one of the best possible windows for the issuance of bonds on the capital market opened. By placing a 7.5 year covered bond with a volume of EUR 250 million, the longest issue by an Austrian bank was floated. Since then, it has become increasingly difficult to refinance through this channel. The appeal has faded significantly for investors, and therefore, estimated premiums have also increased.

However, attractive interest rates have rekindled interest in bonds among private investors and it was possible to place a larger volume with customers.

In total, more than EUR 225 million were floated to this investor group in the first nine months. Just under a third of the issues were subordinated bonds and the rest were unsecured banking bonds (senior preferred).

Own funds

Own funds of EUR 3,459.9 million as at 30 September 2023 represent a ratio of 19.2%. Tier 1 capital was EUR 3,121.8 million, and the tier 1 capital ratio was 17.3%. The common equity tier 1 capital of EUR 3,071.8 million corresponds to a ratio of 17.0%.

Risk

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

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

When assessing creditworthiness and in collateral policy, Oberbank can rely on decades of know-how. Moreover, its business model as a regional bank, 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 earnings 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 (30/9/2023: EUR 20.0 billion) by primary deposits, own issues and deposits of investment finance banks (OeKB, LfA, KfW) amounting to EUR 22.0 billion (30/9/2023). Additionally, Oberbank has a permanent risk controlling system in place as well as strict process management and other efficient control and management instruments.

Outlook

In the current financial year, demand for loans has been slowing since the mid-year. At the same time, we have seen an increase in credit risk events. Management expects an excellent operating result for the financial year, which will enable prudent provisioning for future credit risks. It is not possible to give a forecast for the consolidated result, as it is heavily dependent on fair value measurement.

Consolidated Interim Financial Statements pursuant to IFRS – Statement of Comprehensive Income for the period 1/1/2023 to 30/9/2023

Consolidated income statement in € thousand		**1/1 to 30/9/2023**	**1/1 to 30/9/2022**	**Change in €k**	**Change in %**
1. Interest and similar income		730,826	332,843	397,983	> 100.0
a) Interest income based on the effective interest rate method		715,205	317,874	397,331	> 100.0
b) Other provisions for liabilities and charges		15,621	14,969	652	4.4
2. Interest and similar expenses		-291,520	-47,515	-244,005	> 100.0
Net interest income	(1)	439,306	285,328	153,978	54.0
3. Profit from entities accounted for by the equity method	(2)	125,612	-30,540	156,152	>-100.0
4. Charges for losses on loans and advances	(3)	-20,984	-8,097	-12,887	> 100.0
5. Net commission income		167,185	172,159	-4,974	-2.9
6. Net commission expenses		-18,520	-15,750	-2,770	17.6
Net fee and commission income	(4)	148,665	156,409	-7,744	-5.0
7. Net trading income	(5)	3,093	7,965	-4,872	-61.2
8. Administrative expenses	(6)	-273,289	-247,875	-25,414	10.3
9. Other operating income	(7)	-12,935	-54,015	41,080	-76.1
a) Net income from financial assets - FVTPL		1,194	-35,816	37,010	>-100.0
b) Net income from financial assets - FVOCI		-1,174	-1,973	799	-40.5
c) Net income from financial assets - AC		0	0	0	
d) Other operating income		-12,955	-16,226	3,271	-20.2
Profit/loss for the period before tax		409,468	109,175	300,293	> 100.0
10. Income taxes	(8)	-80,298	-35,043	-45,255	> 100.0
Profit/loss for the period after tax		329,170	74,132	255,038	> 100.0
thereof attributable to the owners of the parent company and the owners of additional equity components		328,028	73,281	254,747	> 100.0
thereof attributable to non-controlling interests		1,142	851	291	34.2

Other comprehensive income in €k	**1/1 to 30/9/2023**	**1/1 to 30/9/2022**
Profit/loss for the period after tax	**329,170**	**74,132**
Items not reclassified to profit or loss for the year	**-12,303**	**-578**
-/+ Actuarial gain/loss IAS 19	-17,342	16,823
+/- Deferred taxes on actuarial gains/losses IAS 19	3,989	-4,974
+/- Share from entities recognised using the equity method	984	19,062
+/- Value changes in own credit risk recognised in equity IFRS 9	14,776	23,396
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	-3,399	-5,565
+/- Value changes in equity instruments recognised in equity IFRS 9	-14,632	-68,265
+/- Deferred tax on value changes in equity instruments recognised in equity IFRS 9	3,320	18,945
Items reclassified to profit or loss for the year	**1,372**	**-7,560**
+/- Value changes recognised in equity for debt securities IFRS 9	1,670	-2,366
Amounts recognised in equity	1,267	-2,853
Reclassification adjustments	403	487
+/- Deferred tax on value changes recognised in equity for debt securities IFRS 9	-384	549
Amounts recognised in equity	-291	661
Reclassification adjustments	-93	-112
± Exchange differences	4,430	-239
+/- Share from entities recognised using the equity method	-4,344	-5,504

	1/1 to 30/9/2023	**1/1 to 30/9/2022**
Total income and expenses recognised directly in equity	-10,931	-8,138
Total comprehensive income for the period from net profit/loss and income/expenses not recognised in profit or loss	318,239	65,994
thereof attributable to the owners of the parent company and the owners of additional equity components	317,097	65,143
thereof attributable to non-controlling interests	1,142	851

Performance indicators	**1/1 to 30/9/2023**	**1/1/to 30/9/2022**
Cost/income ratio in %[1)]	38.83	67.88
Return on equity before tax in %[2)]	14.79	4.34
Return on equity after tax in %[3)]	11.89	2.95
Risk-earnings ratio (credit risk/net interest income) in %[4)]	4.78	2.84
Earnings per share (annualised) in €[)5)6)7)]	6.22	2.80

1) Administrative expenses in relation to net interest income, income from entities accounted for by the equity method, net fee and commission income, net trading income and other operating income
2) Profit/loss for the year before tax in relation to average shareholders' equity
3) Profit/loss for the year after tax in relation to average shareholders' equity
4) Charges for losses on loans and advances in relation to net interest income
5) Profit/loss for the year after tax in relation to average number of shares in circulation
6) Since no financial instruments with diluting effect were issued, diluted earnings per share were identical with undiluted earnings per share.
7) In Q3 2023, Oberbank AG carried out a share split at a ratio of 1:2. This results in adjusted earnings per share of EUR 1.40 for the preceding year.

Consolidated Interim Financial Statements pursuant to IFRS – Statement of Comprehensive Income for the period 1/7/2022 to 30/9/2023

Consolidated income statement in € thousand		**1/7 to 30/9/2023**	**1/7 to 30/9/2022**	**Change in €k**	**Change in %**
1. Interest and similar income		275,330	120,918	154,412	> 100.0
a) Interest income based on the effective interest rate method		270,247	115,947	154,300	> 100.0
b) Other net interest income		5,083	4,971	112	2.3
2. Interest and similar expenses		-117,470	-25,124	-92,346	> 100.0
Net interest income	(1)	157,860	95,794	62,066	64.8
3. Profit from entities accounted for by the equity method	(2)	31,657	-53,276	84,933	>-100.0
4. Charges for losses on loans and advances	(3)	-12,587	-4,544	-8,043	> 100.0
5. Net commission income		54,654	51,951	2,703	5.2
6. Net commission expenses		-8,171	-4,782	-3,389	70.9
Net fee and commission income	(4)	46,483	47,169	-686	-1.5
7. Net trading income	(5)	-272	-1,915	1,643	-85.8
8. Administrative expenses	(6)	-88,650	-80,776	-7,874	9.7
9. Other operating income	(7)	-3,675	-2,021	-1,654	81.8
a) Net income from financial assets - FVTPL		-3,696	-3,077	-619	20.1
b) Net income from financial assets - FVOCI		-872	-515	-357	69.3
c) Net income from financial assets - AC		0	0	0	
d) Other operating income		893	1,571	-678	-43.2
Profit/loss for the period before tax		130,816	431	130,385	> 100.0
10. Income taxes	(8)	-31,260	-12,694	-18,566	> 100.0
Profit/loss for the period after tax		99,556	-12,263	111,819	>-100.0
thereof attributable to the owners of the parent company and the owners of additional equity components		99,118	-12,617	111,735	>-100.0
thereof attributable to non-controlling interests		438	354	84	23.7

Other comprehensive income in €k	**1/7 to 30/9/2023**	**1/7 to 30/9/2022**
Profit/loss for the period after tax	99,556	-12,263
Items not reclassified to profit or loss for the year	6,060	-974
-/+ Actuarial gain/loss IAS 19	-3,608	5,608
+/- Deferred taxes on actuarial gains/losses IAS 19	830	-1,290
+/- Share from entities recognised using the equity method	-1,481	12,832
+/- Value changes in own credit risk recognised in equity IFRS 9	20,667	-1,753
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	-4,754	403
+/- Value changes in equity instruments recognised in equity IFRS 9	-7,265	-21,785
+/- Deferred taxes on changes in the valuation of financial instruments recognised directly in equity IFRS 9	1,671	5,011
Items reclassified to profit or loss for the year	-2,874	-14,328
+/- Value changes recognised in equity for debt securities IFRS 9	-372	-1,714
Amounts recognised in equity	-387	-1,715
Reclassification adjustments	15	1
+/- Deferred tax on value changes recognised in equity for debt securities IFRS 9	86	395
Amounts recognised in equity	89	395
Reclassification adjustments	-3	0
+/- Exchange differences	-367	-2,083
+/-Share from entities recognised using the equity method	-2,221	-10,926

	1/7 to 30/9/2023	**1/1/to 30/9/2022**
Total income and expenses recognised directly in equity	3,186	-15,302
Total comprehensive income for the period from net profit/loss and income/expenses not recognised in profit or loss	102,742	-27,565
thereof attributable to the owners of the parent company and the owners of additional equity components	102,304	-27,919
thereof attributable to non-controlling interests	438	354

Consolidated balance sheet as at 30/9/2023

Assets						
in €k			**30/9/2023**	**31/12/2022**	**Change in €k**	**Change in %**
1.	Cash and balances with central banks	(10)	2,991,359	2,287,322	704,037	30.8%
2.	Loans and advances to credit institutions	(11)	713,951	1,057,204	-343,253	-32.5%
3.	Loans and advances to customers	(12)	20,030,448	19,192,911	837,537	4.4 %
4.	Trading assets	(13)	43,546	56,655	-13,109	-23.1%
5.	Financial investments	(14)	3,614,836	3,653,467	-38,631	-1.1%
	a) Financial assets FVPL		504,224	489,243	14,981	3.1%
	b) Financial assets FVOCI		354,405	594,456	-240,051	-40.4%
	c) Financial assets AC		1,545,847	1,470,122	75,725	5.2%
	d) Interests in entities accounted for by the equity method		1,210,360	1,099,646	110,714	10.1%
6.	Intangible assets	(15)	3,984	3,767	217	5.8%
7.	Property, plant and equipment	(16, 17)	353,061	357,389	-4,328	-1.2%
	a) Investment property		69,819	72,693	-2,874	-4.0%
	b) Other property, plant and equipment		283,242	284,696	-1,454	-0.5%
8.	Other assets	(18)	226,203	189,451	36,752	19.4%
	a) Deferred tax assets		1,876	1,353	523	38.7%
	b) Positive fair values of closed out derivatives in the banking book		25,775	39,640	-13,865	-35.0%
	c) Other		198,552	148,458	50,094	33.7%
	Total assets		**27,977,388**	**26,798,166**	**1,179,222**	**4.4%**

Equity and liabilities						
	in €k		**30/9/2023**	**31/12/2022**	**Change in €k**	**Change in %**
1.	Amounts owed to credit institutions	(19)	4,664,368	4,448,735	215,633	4.8%
	a) Dedicated refinancing for customer loans		3,434,169	3,292,756	141,413	4.3%
	b) Other amounts owed to credit institutions		1,230,199	1,155,979	74,220	6.4%
2.	Amounts owed to customers	(20)	15,304,354	15,061,355	242,999	1.6%
3.	Securitised liabilities	(21)	2,741,141	2,407,017	334,124	13.9%
4.	Provisions for liabilities and charges	(22)	334,257	319,621	14,636	4.6%
5.	Other liabilities	(23)	588,980	534,806	54,174	10.1%
	a) Trading liabilities	(24)	52,423	50,381	2,042	4.1%
	b) Tax liabilities		90,176	23,632	66,544	> 100.0%
	ba) Current tax liabilities		77,156	9,425	67,731	> 100.0%
	bb) Deferred tax liabilities		13,020	14,207	-1,187	-8.4%
	c) Negative fair values of closed out derivatives in the banking book		166,959	184,551	-17,592	-9.5%
	c) Other		279,422	276,242	3,180	1.2%
6.	Subordinated debt capital	(25)	525,073	479,712	45,361	9.5%
7.	Equity	(26)	3,819,215	3,546,920	272,295	7.7%
	a) Equity after minorities		3,760,665	3,488,314	272,351	7.8%
	b) Minority interests		8,550	8,606	-56	-0.7%
	c) Additional equity capital components		50,000	50,000	0	0.0%
	Total equity and liabilities		**27,977,388**	**26,798,166**	**1,179,222**	**4.4 %**

Consolidated statement of changes in equity as at 30/9/2022

					Revaluation reserve								
in €k	**Subscribed capital**	**Capital reserves**	**Retained earnings**	**Exchange differences**	**Reclassified debt securities IFRS 9**	**Equity instruments IFRS 9 not reclassified**	**Change in own credit risk IFRS 9 not reclassified**	**Actuarial gains/losses pursuant to IAS 19**	**Associates**	**Equity after minorities**	**Shares of non-controlling shareholders**	**Additional equity 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			117,015	-239	-1,817	-49,320	17,831	11,849	-30,176	65,143	851		65,994
Net profit/loss for the year			117,015						-43,734	73,281	851		74,132
Other comprehensive income				-239	-1,817	-49,320	17,831	11,849	13,558	-8,138			-8,138
Dividend distribution			-35,306							-35,306			-35,306
Coupon payments on additional equity components			-1,725							-1,725			-1,725
Capital increase										0			0
Issuance of additional equity components										0			0
Repurchased own shares	-17		-745							-762			-762
Other changes not recognised in income			89						10,890	10,979	-1,223		9,756
As at 30/9/2022	**105,846**	**505,523**	**1,924,144**	**-2,166**	**-1,656**	**107,558**	**10,926**	**-29,583**	**677,807**	**3,298,397**	**7,421**	**50,000**	**3,355,818**

Consolidated statement of changes in equity as at 30/9/2023

					Revaluation reserve								
in €k	**Subscribed capital**	**Capital reserves**	**Retained earnings**	**Exchange differences**	**Reclassified debt securities IFRS 9**	**Equity instruments IFRS 9 not reclassified**	**Change in own credit risk IFRS 9 not reclassified**	**Actuarial gains/losses pursuant to IAS 19**	**Associates**	**Equity after minorities**	**Shares of non-controlling shareholders**	**Additional equity components**	**Shareholders' equity**
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			219,125	4,430	1,285	-11,311	11,378	-13,353	105,543	317,097	1,142		318,239
Net profit/loss for the year			219,125						108,903	328,028	1,142		329,170
Other comprehensive income				4,430	1,285	-11,311	11,378	-13,353	-3,360	-10,931			-10,931
Dividend distribution			-51,187							-51,187			-51,187
Coupon payments on additional equity components			-1,725							-1,725			-1,725
Capital increase										0			0
Issuance of additional equity components										0			0
Repurchased own shares	101		3,008							3,109			3,109
Other changes not recognised in income			819						4,238	5,057	-1,198		3,859
As at 30/9/2023	**105,873**	**505,523**	**2,144,005**	**3,098**	**-237**	**113,107**	**24,742**	**-27,212**	**891,768**	**3,760,665**	**8,550**	**50,000**	**3,819,215**

Consolidated statement of cash flows in €k	1/1 to 30/9/2023	1/1 to 30/9/2022
Profit/loss for the period	329,170	74,132
Non-cash items in profit/loss for the period and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	-56,806	116,550
Change in provisions for staff benefits and other provisions for liabilities and charges	1,282	-12,857
Change in other non-cash items	89,049	-34,305
Gains and losses on financial investments, property, plant and equipment, and intangible assets	497	4
Subtotal	**363,192**	**143,524**
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Receivables from credit institutions	364,157	72,927
- Receivables from customers	-832,995	-928,718
- Trading assets	12,692	-37,352
- Financial assets used for operating activities[1)]	240,009	-223,145
- Other assets from operating activities	23,218	47,738
- Amounts owed to credit institutions	174,138	212,254
- Amounts owed to customers	187,543	-52,355
- Securitised liabilities	313,268	171,049
- Other liabilities from operating activities	-26,230	-43,344
Cash flow from operating activities	**818,992**	**-637,422**
Proceeds from the sale of		
- Financial assets used for investing activities[2)]	158,279	161,313
- Property, plant and equipment, and intangible assets	773	11,309
Outlay on purchases of		
- Financial investments	-232,875	-403,562
- Property, plant and equipment, and intangible assets	-23,919	-19,869
Cash flow from investing activities	**-97,742**	**-250,809**
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	44,699	49,860
- Other	1,725	963
Outflow from subordinated debt capital and other financing activities		
- Redemptions	0	-30,000
- Other	-10,725	-13,265
Cash flow from financing activities	**-17,213**	**-29,473**

Cash and cash equivalents at the end of preceding period	**2,287,322**	**4,400,915**
Cash flow from operating activities	818,992	-637,422
Cash flow from investing activities	-97,742	-250,809
Cash flow from financing activities	-17,213	-29,473
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	**2,991,359**	**3,483,211**
Interest received	691,967	297,823
Dividends received	20,932	21,870
Interest paid	-202,935	-64,310
Coupon payments on additional equity components	-1,725	-1,725
Income tax paid	-54,805	-36,967

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 three quarters of 2023 (1 January 2023 to 30 September 2023) and compare the results with the corresponding periods of the preceding year. These interim financial statements for the first three quarters of 2023 comply with IAS 34 ("Interim Financial Reporting"). 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 interim 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 amended standards and interpretations 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 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.

	30/9/2023	31/12/2022
Interest rate applied	3.75%	3.75%
Increase under collective agreements	4.03%	2.84%
Pension increase	2.99%	1.89%

Oberbank group of consolidated companies

As at 30 September 2023, the scope of consolidation comprised 27 domestic and 16 foreign subsidiaries in addition to Oberbank AG. 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 FVOCI as well as to contractual assets and off-balance sheet instruments such as guarantees and irrevocable letters of credit.

These are allocated either to stage 1, stage 2 or stage 3 on the respective measurement date depending on the change in credit risk from the time of initial recognition 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 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 is based on the 90-day default or the probability of an irrecoverable debt.

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

Segmentation

Oberbank AG's loan portfolio is grouped into the following five segments in the impairment model pursuant to IFRS 9: sovereigns, banks, corporates, SME and retail. The reasons for the segmentation are 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>Quantitative 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 determining 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.

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

A rebuttable presumption when contractual payments are more than 30 days past due results in a stage transfer as a qualitative criterion (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.
Problematic loans, observation cases and loans under intensive monitoring are allocated to Stage 2, as the emerging factors indicate a change in default risk (IFRS 9.B.5.5.17(o)).

Apart from qualitative factors inherent to the model for a stage transfer, as at 30 September 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 Ukraine.

This is due to the high prices of natural gas, which, while having recently eased on the energy markets due to high gas storage levels, still remain high for end customers. Furthermore, it is not possible to rule out a renewed steep increase in gas prices or a stop to gas 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 for the ability to repay loans, as the construction industry has been sluggish since Q2 2022, and high construction costs are dampening demand and investment activity in construction projects.

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

- Receivables from borrowers for which a high level of dependence on gas was ascertained during the case-by-case analyses.
- 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 created throughout the Group in the amount of the expected loss whenever there are grounds for believing that customers are unlikely to repay their credit 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.
With respect to the remaining amount, 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 cost 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. In other words, it is the present value of the difference between the contractually-agreed cash flows and expected cash flows. Where 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
- Time value of money
- Information on past events, current conditions and forecasts of future economic conditions

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

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

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

When an asset is assigned to stage 2 and the related calculation of the lifetime expected credit loss 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 asset.

Key input parameters

Probability of Default (PD)

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. The default probability for the segments Banks and Sovereigns 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 this context, 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 based on the Markov assumption for migration matrices by applying matrix multiplication. This results in PD curves per segment and rating class.

For individual segments and maturity bands, these conditional basis PD that result from the 'through-the-cycle migration matrix' are adjusted in order to include forward-looking information. 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 to predict the probability of default. The regression parameters are estimated by maximising the likelihood function. The harmonised consumer price index (CPI) and the increase in gross domestic product (GDP) are the main macroeconomic variables used in the model. A country weighting is applied to the CPI and GDP factors. 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 18%, Hungary with 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, the PD is adjusted in the segments Corporate and SME by scaling. For the segments of Sovereigns, Banks and Retail it was not possible to establish a plausible correlation with macroeconomic factors.

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 September 2023:

Normal scenario	**Year 1 (average of 4 quarters)**	**Year 2 (average of 4 quarters)**	**Year 3 (average of 4 quarters)**
Real GDP growth	0.03%	1.29%	1.53%
Harmonized consumer price index	5.21%	2.80%	2.40%

Pessimistic scenario	**Year 1 (average of 4 quarters)**	**Year 2 (average of 4 quarters)**	**Year 3 (average of 4 quarters)**
Real GDP growth	-0.41%	0.99%	1.20%
Harmonized consumer price index	6.30%	3.70%	2.87%

Optimistic scenario	**Year 1 (average of 4 quarters)**	**Year 2 (average of 4 quarters)**	**Year 3 (average of 4 quarters)**
Real GDP growth	0.33%	1.76%	1.93%
Harmonized consumer price index	4.62%	0.98%	0.72%

Loss Given Default (LGD)

The loss given default corresponds to that share of receivables that cannot be recovered and therefore constitutes an economic loss. LGD is divided into LGD from secured parts of a loan and 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.

<u>Exposure at Default (EAD)</u>

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 are callable 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.

<u>Development of impairment charges for performing loans</u>
Compared to the start of the year, the amount of the impairment charges for performing loans (stage 1 and stage 2) decreased by EUR 11.0 million.

<u>Sensitivity analysis</u>
A main factor of influence for the amount of the expected credit loss is the determination of the stage for the individual items. The stages result from the qualitative and quantitative staging criteria already described. 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 30/9/2023	100% Stage 2: LT ECL
Banks	-912	-914	-2,045
Corporate	-26,919	-60,251	-131,038
Retail	-8,639	-10,002	-17,522
SME	-5,197	-6,049	-7,129
Sovereign	-443	-608	-1,975
Total	-42,110	-77,824	-159,709

Impairment testing for investments accounted for using the equity method

Interests in entities accounted for using the equity method are recognised proportionately to the equity held by Oberbank in the entity. If there is objective evidence for impairment of an investment accounted for using the equity method, an individual value in use is calculated for this investment. Pursuant to IAS 36.6, the higher of fair value less cost of sale 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 September 2023, quantitative impairment was triggered for the investment in voestalpine AG accounted for using the equity method, as the stock market price of EUR 25.84 on 30 September 2023 was significantly lower by 40.95% than the carrying value of EUR 43.76.

This triggered an impairment test in which the individual value-in-use of voestalpine AG was determined as at 30 September 2023. The value-in-use was calculated in accordance with the discounted cash flow method applying the WACC method (weighted average cost of capital) and resulted in a value of €k 639,692. 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 628,389 was used for the measurement on 30 September 2023. The impairment of €k 54,640 still effective as at 31 December 2022 was recognised in income as an addition again. A WACC (Weighted Average Cost of Capital) of 7.94% was used as the discount rate in the terminal value. A change in the discount rate of +/- 25 basis points would result in a reduction of 4.73% or an increase in the value-in-use of 5.11% and a change in the discount rate of +/- 50 basis points would result in a reduction of 9.13% or an increase in the value-in-use of 10.64%.

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 proportionate 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 ever since. Economic expectations improved slightly in the third quarter of 2023, but the economic outlook remains pessimistic. The reasons are the high price of commodities and energy caused by the war in Ukraine as well as the resulting rise in inflation, the slowing economy along with decreasing exports of goods, as well as tightening monetary policy by central banks. The federal government took new measures in the fourth quarter of 2022 to ameliorate the high energy costs and ease the burden on citizens and companies in Austria (electricity price stop, 3rd package of anti-inflation measures). Furthermore, one-time payments were made by the provincial governments to help cover the rising costs housing and energy (in Upper Austria, a bonus scheme for housing and energy costs, etc.).

The government support measures and the continued 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.

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

- Receivables from borrowers for which a high level of dependence on gas was ascertained during the case-by-case analyses. The risk of a renewed steep increase in gas prices or a stop to gas 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.

Effect of collective staging as at 30 September 2023 in € thousand

Balance sheet item	Reason for transfer	Volume of receivables	Stage transfer effects
Financial assets on the balance sheet	Collective stage transfer Gas dependence	1,080,724	5,032
	Collective stage transfer Real estate projects	1,935,358	7,131
	Total	**3,016,082**	**12,162**
Off-balance sheet financial assets	Collective stage transfer Gas dependence	732,900	2,527
	Collective stage transfer Real estate projects	174,714	504
	Total	907,614	3,030
Total		**3,923,696**	**15,192**

Macroeconomic risks and consequences of the Russia/Ukraine crisis

Apart from the macroeconomic risks, the Russia/Ukraine crisis hardly has any direct consequences for Oberbank. Oberbank does not hold any Russian, Ukrainian or Belarus government bonds. Furthermore, Oberbank does not provide financing to Russian, Ukrainian or Belarus companies. Export finance such as factoring is only carried out with OeKB cover. The support services and the letters of credit provided to Austrian exporters are of secondary importance.

Material events since the close of the interim reporting period

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

Outlook

In the current financial year, demand for loans has been slowing since the middle of the year. At the same time, we have seen an increase in credit risk events. Management expects an excellent operating result for the financial year that will enable prudent provisioning for future credit risks. Due to the volatile market environment, it is not yet possible to give a forecast for the consolidated net profit, as it is heavily dependent on fair value measurement.

Details of the consolidated income statement in €k

1) Net interest income	1/1 to 30/9/2023	1/1 to 30/9/2022
Interest income from:		
Credit and money market operations	693,801	301,530
Shares and other variable-yield securities	3,877	4,661
Other equity investments	3,123	2,984
Subsidiaries	1,100	1,030
Fixed-interest securities and bonds	28,925	22,638
Interest and similar income	730,826	332,843
Interest expenses for:		
Deposits	-250,867	-23,483
Securitised liabilities	-31,189	-15,562
Subordinated liabilities	-10,846	-9,528
Result of non-significant modifications	1,382	1,058
Interest and similar expenses	-291,520	-47,515
Net interest income	439,306	285,328

2) Profit from entities accounted for by the equity method	1/1 to 30/9/2023	1/1 to 30/9/2022
Net amounts from proportionately recognised income	80,575	133,207
Expenses from impairments and income from additions	54,640	-163,747
Expenses from dilution	-9,603	—
Profit from entities recognized using the equity method	125,612	-30,540

3) Charges for losses on loans and advances	1/1 to 30/9/2023	1/1 to 30/9/2022
Additions to charges for losses on loans and advances	-108,606	-63,434
Direct write-offs	-1,191	-1,156
Reversals of loan loss provisions	84,494	54,434
Recoveries of written-off receivables	1,679	1,570
Result of non-significant modifications	460	32
Result of POCI financial instruments	2,180	457
Charges for losses on loans and advances	-20,984	-8,097

4) Net fee and commission income	1/1 to 30/9/2023	1/1 to 30/9/2022
Fee and commission income		
Payment services	55,887	51,999
Securities business	52,628	60,491
Foreign exchange, foreign bank notes and precious metals	18,071	18,929
Credit operations	38,392	37,523
Other services and advisory business	2,207	3,217
Total fee and commission income	167,185	172,159
Net commission expenses		
Payment services	4,900	4,133
Securities business	5,673	7,004
Foreign exchange, foreign bank notes and precious metals	521	499
Credit operations	7,301	3,666
Other services and advisory business	125	448
Total fee and commission expenses	18,520	15,750
Net fee and commission income	148,665	156,409

5) Net trading income	1/1 to 30/9/2023	1/1 to 30/9/2022
Gains/losses on interest rate contracts	842	320
Gains/losses on foreign exchange, foreign bank notes and numismatic business	3,288	2,504
Gains/losses on derivatives	-1,037	5,141
Net trading income	3,093	7,965

6) Administrative expenses	1/1 to 30/9/2023	1/1 to 30/9/2022
Staff costs	168,732	150,471
Other administrative expenses	81,978	75,364
Write-offs and impairment allowances	22,579	22,040
Administrative expenses	273,289	247,875

7) Other operating income	1/1 to 30/9/2023	1/1 to 30/9/2022
a) Net income from financial assets - FVPL	1,194	-35,816
thereof from designated financial instruments	-1,400	-7,715
thereof from financial instruments with mandatory measurement at FVPL	2,594	-28,101
b) Net income from financial assets - FVOCI	-1,174	-1,973
thereof from the measurement of debt instruments	-149	-1,503
thereof from the sale and derecognition of debt instruments	-1,025	-470
c) Net income from financial assets - AC	0	0
d) Other operating income	-12,955	-16,226
Other operating income:	22,714	24,225
Income from operational risks	3,279	3,737
Gains from the sale of land and buildings	0	0
Income from private equity investments	361	1,109
Income from operating leases	7,430	8,031
Other income from the leasing sub-group	4,383	5,057
Brokerage fees from third parties	3,364	3,580
Other	3,897	2,711
Other operating expenses:	-35,669	-40,451
Expenses from operational risks	-98	-1,772
Stability tax	-7,433	-4,822
Contributions to the resolution fund and deposit protection scheme	-10,949	-16,958
Expenses from operating leasing	-6,541	-7,056
Other income from the leasing sub-group	-4,578	-5,005
Other	-6,070	-4,838
Other operating income net of other operating expenses	-12,935	-54,015

8) Income taxes	1/1 to 30/9/2023	1/1 to 30/9/2022
Current income tax expense	78,548	40,618
Deferred income tax expenses (+)/income (-)	1,750	-5,575
Income taxes	80,298	35,043

9) Earnings per share in €	1/1 to 30/9/2023	1/1 to 30/9/2022
Number of shares as at 30/09	70,614,600	35,307,300
Average number of shares in issue	70,579,158	35,297,302
Profit/loss for the period after tax	329,170	74,132
Earnings per share in €	4.66	2.10
Annualised values	6.22	2.80

Since no financial instruments with diluting effect were issued, diluted earnings per share were identical to undiluted earnings per share.
In Q3 2023, Oberbank AG carried out a share split at a ratio of 1:2. This results in adjusted earnings per share of € 1.05 or an annualised value of € 1.40 for the preceding year.

Details of the balance sheet in €k

10) Cash and balances with central banks	30/9/2023	31/12/2022
Credit balances with central banks of issue	2,917,640	2,195,154
Other cash reserves	73,719	92,168
Cash and balances with central banks	2,991,359	2,287,322

11) Loans and advances to credit institutions	30/9/2023	31/12/2022
Loans and advances to domestic credit institutions	89,959	84,407
Loans and advances to foreign credit institutions	623,992	972,797
Loans and advances to credit institutions	713,951	1,057,204

12) Loans and advances to customers	30/9/2023	31/12/2022
Loans and advances to domestic customers	10,845,572	10,623,848
Loans and advances to foreign customers	9,184,876	8,569,063
Loans and advances to customers	20,030,448	19,192,911

13) Trading assets	30/9/2023	31/12/2022
Bonds and other fixed-interest securities		
Listed	0	9,933
Shares and other variable-yield securities		
Listed	413	2
Positive fair values of derivative financial instruments		
Currency contracts	6,745	10,184
Interest rate contracts	36,388	36,536
Other contracts	0	0
Trading assets	43,546	56,655

14) Financial investments	30/9/2023	31/12/2022
Bonds and other fixed-interest securities		
Listed	1,807,722	1,946,152
Unlisted	25,007	48,926
Shares and other variable-yield securities		
Listed	62,030	61,023
Unlisted	203,007	200,914
Equity investments/shares		
in subsidiaries	87,642	88,089
in entities accounted for by the equity method		
Banks	581,971	548,399
Non-banks	628,389	551,247
Other equity investments		
Credit institutions	47,694	47,694
Non-banks	171,374	161,023
Financial investments	3,614,836	3,653,467

a) Financial assets FVPL	504,224	489,243
b) Financial assets FVOCI	354,405	594,456
thereof equity instruments	325,448	324,670
thereof debt instruments	28,957	269,786
c) Financial assets AC	1,545,847	1,470,122
d) Interest in entities accounted for using the equity method	1,210,360	1,099,646
Financial investments	3,614,836	3,653,467

15) Intangible assets	**30/9/2023**	**31/12/2022**
Other intangible assets	3,822	3,610
Customer base	162	157
Intangible assets	3,984	3,767

16) Property, plant and equipment	**30/9/2023**	**31/12/2022**
Investment property	69,819	72,693
Land and buildings	85,534	85,153
Business equipment and furnishings	41,667	39,229
Other property, plant and equipment	13,305	20,726
Right of use for leased objects	142,736	139,588
Property, plant and equipment	353,061	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 lease contracts do not involve any significant restrictions or commitments. There were no sale-and-leaseback transactions. The results in the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows for Oberbank as a lessee are presented below for the first three quarters of 2023 as at 30 September 2023:

Leasing in the consolidated balance sheet	**30/9/2023**	**31/12/2022**
Property, plant and equipment	143,084	140,050
Right of use for land and buildings	139,911	137,264
Right of use for business equipment and furnishings	738	737
Right of use for other property, plant and equipment	2,087	1,587
Right of use for investment property	348	462
Other liabilities		
Leasing liabilities	144,550	141,299

Additions to right of use in the first three quarters of 2023 totalled EUR 16,180 thousand. The cash outflows for lease liabilities totalled EUR 12,636 thousand.

Consolidated income statement in €k	**1/1 to 30/9/2023**	**1/1 to 30/9/2022**
Interest expenses for leasing liabilities	697	597
Administrative expenses	12,153	11,644
Depreciation/amortisation for right of use for land and buildings	11,111	10,576

Depreciation/amortisation for right of use for business equipment and furnishings	188	227
Depreciation/amortisation for right of use to other property, plant and equipment	719	721
Depreciation/amortisation for right of use for investment property	135	120
Other expenses from lease contracts	1,261	1,142
Other operating income		
Income from subleasing of rights of use	566	575

Leasing in the consolidated statement of cash flows	**1/1 to 30/9/2023**	**1/1 to 30/9/2022**
Repayment of leasing liabilities from finance activities	-12,636	-12,042
Interest expenses for leasing liabilities from operating activities	697	597

18) Other assets	**30/9/2023**	**31/12/2022**
Deferred tax assets	1,876	1,353
Other assets	170,261	137,781
Positive fair values of closed out derivatives in the banking book	25,775	39,640
Deferred items	28,291	10,677
Other assets	226,203	189,451

19) Amounts owed to credit institutions	**30/9/2023**	**31/12/2022**
Amounts owed to domestic banks	2,517,565	2,426,246
Amounts owed to foreign banks	2,146,803	2,022,489
Amounts owed to credit institutions	4,664,368	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 three quarters of 2023, the liabilities from the TLTRO III refinancing programme had an average interest rate of 3.091%, which corresponds to interest expenses of EUR 18.8 million.
The maturities of the transactions are as follows: EUR 450 million thereof 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	**30/9/2023**	**31/12/2022**
Savings deposits	1,615,448	2,167,226
Other	13,688,906	12,894,129
Amounts owed to customers	15,304,354	15,061,355

21) Securitised liabilities	**30/9/2023**	**31/12/2022**
Bonds issued	2,734,605	2,397,353
Other securitised liabilities	6,536	9,664
Securitised liabilities	2,741,141	2,407,017

22) Provisions for liabilities and charges	**30/9/2023**	**31/12/2022**
Provisions for termination benefits and pensions	151,740	136,523
Provisions for anniversary bonuses	13,933	12,095
Provisions for credit risks	137,393	137,497
Other provisions	31,191	33,506
Provisions for liabilities and charges	334,257	319,621

23) Other liabilities	**30/9/2023**	**31/12/2022**
Trade liabilities	52,423	50,381
Tax liabilities	90,176	23,632
thereof current tax liabilities	77,156	9,425
thereof deferred tax liabilities	13,020	14,207
Leasing liabilities	144,550	141,298
Other liabilities	121,925	122,876
Negative fair values of closed out derivatives in the banking book	166,959	184,551
Deferred items	12,947	12,068
Other liabilities	588,980	534,806

24) Other liabilities (trade liabilities)	**30/9/2023**	**31/12/2022**
Currency contracts	10,072	12,769
Interest rate contracts	37,171	37,612
Other contracts	5,180	0
Trade liabilities	52,423	50,381

25) Subordinated debt capital	**30/9/2023**	**31/12/2022**
Subordinated bonds issued incl. tier 2 capital	525,073	479,712
Hybrid capital	0	0
Subordinated debt capital	525,073	479,712

26) Shareholders’ equity	30/9/2023	31/12/2022
Subscribed capital	105,872	105,772
Capital reserves	505,523	505,523
Retained earnings (incl. net profit)	3,147,398	2,875,147
Negative goodwill	1,872	1,872
Additional equity capital components	50,000	50,000
Share of non-controlling shareholders	8,550	8,606
Equity	3,819,215	3,546,920

27) Contingent liabilities and credit risks	30/9/2023	31/12/2022
Other contingent liabilities (guarantees and letters of credit)	1,725,144	1,639,531
Contingent liabilities	1,725,144	1,639,531
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	4,650,048	4,542,796
Credit risks	4,650,048	4,542,796

28) Segment report as at 30/9/2023 Core business segments in €m	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	163.3	366.7	-90.7		439.3
Profit from entities accounted for by the equity method			125.6		125.6
Charges for losses on loans and advances	6.3	-20.6	-6.7		-21.0
Net fee and commission income	61.0	87.7			148.7
Net trading income			3.1		3.1
Administrative expenses	-92.4	-148.3	-9.4	-23.2	-273.3
Other operating income	3.5	0.3	-7.0	-9.7	-12.9
Profit/loss for the period before tax	141.7	285.8	14.9	-33.0	409.5
Average risk-weighted assets	2,074.8	12,751.3	5,188.1		20,014.2
Average allocated equity	382.7	2,352.3	957.1		3,692.1
RoE (return on equity before tax)	49.4%	16.2%	2.1%		4.3%
Cost/income ratio	40.6%	32.6%	30.2%		67.9%

n.a. – not indicative

Segment reporting as at 30/9/2022 Core business areas in €m	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	58.5	238.8	-12.0		285.3
Profit from entities recognized using the equity method			-30.5		-30.5
Charges for losses on loans and advances	-12.2	10.1	-6.0		-8.1
Net fee and commission income	66.7	89.7			156.4
Net trading income		-0.4	8.4		8.0
Administrative expenses	-83.0	-133.4	-9.0	-22.5	-247.9
Other operating income	3.6	0.7	-42.3	-16.1	-54.0
Profit/loss for the period before tax	33.6	205.6	-91.4	-38.6	109.2
Average risk-weighted assets	2,152.8	11,653.9	6,174.6		19,981.3
Average allocated equity	361.1	1,954.7	1,035.7		3,351.4

RoE (return on equity before tax)	12.4%	14.0%	n.a.		9.6%
Cost/income ratio	64.4%	40.6%	n.a.		49.5%

29) Human resources	30/9/2023	31/12/2022
Salaried employees	2,142	2,134
Blue-collar	4	5
Total resources	2,146	2,139

30) Regulatory capital purs. to Part 2 of Regulation (EU) No 575/2013 - Pillar I in €k	30/9/2023	31/12/2022	30/9/2022
Subscribed capital	105,922	105,922	105,922
Capital reserves	505,523	505,523	505,523
Retained earnings	2,705,830	2,708,576	2,456,641
Minority interests	0	0	0
Cumulated other comprehensive income	113,498	121,069	85,078
Regulatory adjustment items	-27,192	-16,078	-13,666
Deductions from CET 1 capital items	-331,778	-298,660	-299,791
COMMON EQUITY TIER 1 CAPITAL	**3,071,803**	**3,126,352**	**2,839,707**
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	**3,121,803**	**3,176,352**	**2,889,707**
Qualifying supplementary capital instruments	353,366	340,486	350,254
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)	**338,065**	**325,559**	**336,361**
OWN FUNDS	**3,459,868**	**3,501,911**	**3,226,068**
Total risk exposure purs. Art. 92 CRR			
Credit risk	16,878,031	16,162,436	15,795,374
Market risk, settlement risk and CVA risk	16,599	18,187	25,134
Operational risk	1,160,246	1,160,246	1,070,996
Total exposure	**18,054,876**	**17,340,869**	**16,891,504**

Own funds ratio purs. Art. 92 CRR			
Common equity tier 1 capital ratio	17.01 %	18.03 %	16.81 %
Tier 1 capital ratio	17.29 %	18.32 %	17.11 %
Total capital ratio	19.16 %	20.19 %	19.10 %
Regulatory requirement, own capital ratios in %			
Common equity tier 1 capital ratio	7.37 %	7.13 %	7.09 %
Tier 1 capital ratio	8.87 %	8.63 %	8.59 %
Total capital ratio	10.87 %	10.63 %	10.59 %
Regulatory capital requirements in €k			
Common equity tier 1 capital	1,330,644	1,236,404	1,197,608
Tier 1 capital	1,601,468	1,496,517	1,450,980
Total capital	1,962,565	1,843,334	1,788,810
Free capital components			
Common equity tier 1 capital	1,741,159	1,889,948	1,642,099
Tier 1 capital	1,520,335	1,679,835	1,438,727
Total capital	1,497,303	1,658,577	1,437,258

31) Fair value of financial instruments and other items regarding reconciliation as at 30/9/2023 in €k	AC	FVTPL	thereof designated	HFT	FVOCI	thereof equity instruments FVOCI	thereof debt instruments FVOCI	AC / liabilities	Other	Total
Cash and balances with central banks								2,991,359		**2,991,359**
								2,991,359		**2,991,359**
Loans and advances to credit institutions								713,951		**713,951**
								714,193		**714,193**
Loans and advances to customers	74,032	140,003	112,521		1,083	0	1,083	19,815,330		**20,030,448**
	64,911	140,003	112,521		1,083	0	1,083	19,435,167		**19,641,164**
Trading assets				43,546						**43,546**
				43,546						**43,546**
Financial investments	1,545,847	504,224	243,479		354,405	325,448	28,957		1,210,360	**3,614,836**
	1,413,620	504,224	243,479		354,405	325,448	28,957			
Intangible assets									3,984	**3,984**
Property, plant and equipment									353,061	**353,061**
Other assets				25,775					200,428	**226,203**
				25,775						
thereof closed out derivatives positions in the banking book				25,775						**25,775**
				25,775						**25,775**
Total assets	**1,619,879**	**644,227**	**356,000**	**69,321**	**355,488**	**325,448**	**30,040**	**23,520,640**	**1,767,833**	**27,977,388**
	1,478,531	**644,227**	**356,000**	**69,321**	**355,488**	**325,448**	**30,040**	**23,140,719**		

31) Fair value of financial instruments and other items regarding reconciliation as at 30/9/2023 in €k	**AC**	**FVTPL**	**thereof designated**	**HFT**	**FVOCI**	**thereof equity instruments FVOCI**	**thereof debt instruments FVOCI**	**AC / liabilities**	**Other**	**Total**
Amounts owed to banks								4,664,368		**4,664,368**
								4,289,143		**4,289,143**
Amounts owed to customers		261,661	261,661					15,042,693		**15,304,354**
		261,661	261,661					15,018,174		**15,279,835**
Securitised liabilities		589,539	589,539					2,151,602		**2,741,141**
		589,539	589,539					1,875,032		**2,464,571**
Provisions for liabilities and charges									334,257	**334,257**
Other liabilities				219,381					369,599	**588,980**
				219,381						**219,381**
thereof closed out				166,959						**166,959**
derivatives in the banking book				166,959						**166,959**
Subordinated debt capital		276,935	276,935					248,138		**525,073**
		276,935	276,935					222,321		**499,256**
Capital									3,819,215	**3,819,215**
Total equity and liabilities	**—**	**1,128,135**	**1,128,135**	**219,381**	**—**	**—**	**—**	**22,106,801**	**4,523,071**	**27,977,388**
	—	**1,128,135**	**1,128,135**	**219,381**	**—**	**—**	**—**	**21,404,670**		

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

In the first three quarters of 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, thereby resulting in a negative result of EUR 0.4 million. There were no reclassifications from the measurement category at fair value through profit or loss (FV/PL) to the measurement categories at amortised cost (AC) or at fair value plus or minus through other comprehensive income (FV/OCI).

Liabilities designated at fair value through profit or loss in €k	Cumulated changes in fair value due to a change to own default risk (recognised in OCI)	Modification in fair value due to a change in market risk (recognised in P/L)		Difference in amount between carrying value and par value
	as at 30/9/2023	Q1 to Q3 2023	cumulated	as at 30/9/2023
Amounts owed to banks	0	0	0	0
Amounts owed to customers	11,003	2,194	-35,328	-35,328
Securitised liabilities	16,272	-6,462	-101,954	-101,954
Subordinated debt capital	4,857	-2,881	-23,105	-23,105

There were no reclassifications of accumulated profit or loss within equity in the first three quarters of 2023.

Liabilities designated at fair value through profit or loss in €k	Cumulated changes in fair value due to a change in own default risk (recognised in OCI)	Modification in 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 financial year 2022	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 30/9/2023 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 through related credit derivatives or similar instruments	Q1 to Q3 2023	cumulated	Q1 to Q3 2023	cumulated
Loans and advances to customers	113,011	—	—	—	—	—
Financial investments	243,479	—	—	317	—	—

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 through related credit derivatives or similar instruments	in financial year 2022	cumulated	in financial year 2022	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	**30/9/2023**	**31/12/2022**
Loans and advances to customers FVTPL	140,003	32,660
Financial investments	504,224	489,243
Financial investments	325,448	324,670
Trading assets	43,546	56,655
Derivatives in the banking book	25,775	39,640
Total	**1,038,996**	**942,867**

Fair value hierarchy for financial instruments as at 30/9/2023										
	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		140,003		1,083			141,086		21,155	119,931
Trading assets			43,547				43,547	412	43,134	
Financial assets - FVTPL		504,224					504,224	257,925	246,299	
Financial assets - FVOCI				354,405			354,405	90,761	434	263,209[1]
Other assets			25,775				25,775		25,775	
thereof closed out derivatives in the banking book			25,775				25,775		25,775	
Financial instruments not carried at fair value										
Loans and advances to credit institutions					713,951		713,951		714,193	
Loans and advances to customers	74,032				19,815,330		19,889,362		64,911	19,435,167
Financial assets - AC	1,545,847						1,545,847	1,390,652	22,968	
Liabilities carried at fair value										
Amounts owed to credit institutions										
Amounts owed to customers		261,661					261,661		261,661	
Securitised liabilities		589,539					589,539		589,539	
Other liabilities			219,382				219,382		219,382	
thereof closed out derivatives positions in the banking book			166,959				166,959		166,959	
Subordinated debt capital		276,935					276,935		276,935	

[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 30/9/2023										
	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										
Amounts owed to banks					4,664,368		**4,664,368**		4,289,143	
Payables to customers					15,042,693		**15,042,693**		15,018,174	
Securitised liabilities					2,151,602		**2,151,602**		1,875,032	
Other liabilities										
Subordinated debt capital					248,138		**248,138**		222,321	

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 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 the fair value measurement

The measurement of the fair value of financial instruments in level 1 is based on prices quoted on active markets. These instruments include listed securities and derivative instruments.

If direct measurement based on prices quoted on securities exchanges is not possible, the present value in level 2 is estimated using model values derived from current market data (yield curves, volatilities, etc.). Underlying interest-rate curves and volatilities are obtained from the Refinitiv System.
Measurements are based on generally-accepted valuation models, with measurements being made under market conditions. In the case of derivatives, symmetrical products (e.g. IRS) are measured using the discounted cash flow method. The fair values of asymmetrical products (options) are calculated using standard methods (e.g. 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 customers 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 measured at fair value would decline by EUR 3.2 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 decrease by EUR 6.3 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 a change in the quality of the input parameters used in the measurement 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 amount as at 30/9/2023	263,209

The item Other comprehensive income from these instruments increased by EUR -196 thousand

Movements in €k	Loans and advances to customers
Carrying value as at 1/1/2023	13,691
Transfer to level 2	0
Additions	110,027
Disposals	-1,593
Changes in fair value	-2,194
thereof disposals	39
thereof portfolio instruments	-2,233
Carrying amount as at 30/9/2023	119,931

There were no transfers between Level 1 and Level 2.

New major transactions with related parties in the financial year as at 30/9/2023 amounted to:

Associated companies	€k 20,597
Subsidiaries	€k 0
Other related parties	€k 60,790

Declaration by the statutory representatives

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 financial position, financial performance and cash flows of the Oberbank Group;

- this report covers the first three quarters of 2023 (1 January 2023 to 30 Sept. 2023) and presents a true and fair view of the financial position, financial performance and cash flows 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 statutory 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 financial position, financial performance and cash flows of the issuer and of all companies included in the group of consolidated companies;

b) the management report for the first three quarters presents a true and fair view of the financial position, financial performance and cash flows with respect to the key events during the first nine 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 three months of the financial year and with respect to material business transactions with related parties that must be disclosed.

Linz, 24 November 2023

The Management Board

CEO	Management Board	Management Board	Management Board
Franz Gasselsberger	Martin Seiter	Florian Hagenauer	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		

1) Oberbank Service GmbH, 100% subsidiary of Oberbank

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

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 date. 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.
This report is available in English. In cases of uncertainty, the German-language version shall be binding.

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

Financial calendar 2023

03 April 2023	Online publication of the Annual Report for the year 2022
04 April 2023	Publication of the financial statements 2022 in the Official Gazette "Wiener Zeitung"
06 May 2023	Date of record for the 143rd Annual General Meeting
16 May 2023	143rd Annual General Meeting of Oberbank AG
22 May 2023	Ex-dividend date
23 May 2023	Date of record
24 May 2023	Dividend payment date
19 May 2023	Report on Q1 2023
24 August 2023	Report on Q1 to Q2 2023
24 November 2023	Report on Q1 to Q3 2023

The financial calendar is subject to change. The most recent version is available on the website of Oberbank AG.

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

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