



**Strong for our  
customers**

CEO Franz Gasselsberger  
Chairman of the Management Board



# **The Financial Year 2020 at a Glance**

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## Key Performance Indicators

<b>Income statement in €m</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Net interest income	336.9	345.8	-2.6%
Charges for losses on loans and advances	-41.8	-12.2	> 100.0%
Net fee and commission income	170.7	163.0	4.7%
Administrative expenses	-294.9	-288.9	2.1%
Profit for the year before tax	167.5	276.2	-39.4%
Profit for the year after tax	123.5	216.1	-42.8%

<b>Balance sheet in €m</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Total assets	24,432.9	22,829.0	7.0%
Loans and advances to customers	17,264.7	16,570.2	4.2%
Primary funds	15,426.9	14,166.0	8.9%
thereof savings deposits	2,660.9	2,697.4	-1.4%
thereof securitised liabilities incl. subordinated debt capital	2,339.8	2,185.4	7.1%
Shareholders' equity	3,038.9	2,960.5	2.6%
Customer funds under management	32,147.6	30,314.8	6.1%

<b>Own funds pursuant to CRR in €m</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Common equity tier 1 capital	2,705.2	2,659.0	1.7%
Tier 1 capital	2,755.2	2,709.0	1.7%
Own funds	3,099.3	3,058.1	1.3%
Common equity tier 1 capital ratio	17.84%	17.59%	0.24% ppt
Tier 1 capital ratio	18.17%	17.92%	0.24% ppt
Total capital ratio	20.43%	20.23%	0.20% ppt

<b>Performance indicators</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Return on equity before tax	5.67%	9.64%	-3.97% ppt
Return on equity after tax	4.18%	7.54%	-3.36% ppt
Cost/income ratio	58.49%	50.04%	8.45% ppt
Risk/earnings ratio (credit risk/net interest)	12.42%	3.53%	8.89% ppt

<b>Resources</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Average number of staff (weighted)	2,168	2,150	18
Number of branches	176	177	-1

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.

## Key Performance Indicators

The Oberbank share	2020	2019	2018
Number of ordinary no-par shares	35,307,300	32,307,300	32,307,300
Number of preference shares*		3,000,000	3,000,000
High ordinary/preference share in €*	96.00	96.20/93.00	89.80/88.50
Low (ordinary/preference share) in €*	83.00	89.80/83.00	82.00/72.50
Close (ordinary/preference share) in €*	84.40	95.80/89.50	89.80/83.00
Market capitalization in €m	2,978.74	3,363.5	3,150.2
IFRS earnings per share in €	3.52	6.13	6.39
Dividend per share in €	0.58 <sup>1)</sup>	0.18	1.10
P/E ratio, ordinary shares	24.0	15.6	14.1
P/E ratio, preference shares*		14.6	13.0

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.

\*2020: Conversion of preference shares into ordinary shares

<sup>1)</sup> On the condition precedent that

- (i) the recommendation of the European Central Bank to restrict dividend distributions (Recommendation of the European Central Bank of 15 December 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/35 (ECB/2020/62) is no longer applicable to Oberbank AG on 31 December 2021 or earlier, and
- (ii) at the time the aforementioned condition precedent occurs no other legal restriction or recommendation imposed by a supervisory body is in place that would preclude an additional distribution in this amount,

the Management Board and Supervisory Board will propose to distribute an additional dividend of EUR 0.17 on every eligible share.

## Letter from the Chairman of the Management Board

*Dear Readers, Dear Shareholders,*

### ***Oberbank successfully mastered the extraordinary challenges of the year 2020***

The outbreak of the pandemic clearly showed Oberbank's resilience to crises. We were able to meet the spike in demand from our customers at all times throughout the year and proved a reliable partner to customers also in these special times. There were no constraints on the business operations of the bank, and we were able to maintain the solid level of business of the preceding year.

The legal challenges to our independence continued, although to date the courts have in every instance upheld the legal position we have maintained for decades. The legal proceedings are likely to occupy more of our time in the year 2021 and we will persevere and make every effort to protect our autonomy. Independence is not merely an end in itself, but a requirement for the growth of the bank.

### ***Pandemic and politics dominated the financial year***

The first two months of the financial year 2020 saw brisk growth. In March, we were suddenly and unexpectedly confronted with the effects of the pandemic and the lockdown. After supporting customers with bridge financing and loan deferrals, demand for loans increased again strongly with the introduction of the government investment bonus scheme. This measure was the right policy instrument to stimulate the economy by supporting investment activity.

In the year 2020, the bank's employees were faced with enormous volumes of work in dealing with the surge in customer demand for advisory services and support. During this period, the high quality of the bank's advisory services clearly demonstrated its *raison d'être*.

### ***Despite the coronavirus crisis, we achieved a satisfactory operating result***

Demand for investment finance rose by 4.2% to EUR 17.3 billion, and primary funds increased robustly by 8.9%, rising to EUR 15.4 billion. Net interest income declined slightly by 2.6% to EUR 336.9 million due to stiffening competition, while net fee and commission income was up by 4.7% to EUR 170.7 million.

Income from equity investments recognised using the equity method was negative at EUR -8.0 million at the end of the year 2020. This was due mainly to the negative contribution to results from voestalpine. Additionally, market distortions weighed on income from trade and finance. Charges for losses on loans and advances increased to EUR 41.8 million. Administrative expenses rose moderately by 2.1%.

Net profit for the year before tax was EUR 167.5 million or 39.4% lower year on year. Net profit for the year after tax was EUR 123.5 million, a decline of 42.8%.

### ***Tier 1 capital ratio puts us in top league of European banks***

Equity improved by 2.6% and stood at just over EUR 3.0 billion at year-end 2020 – higher than ever before. This corresponds to a tier 1 capital ratio of 18.17% and a total capital ratio of 20.43%. These indicators also highlight the stability and the risk-bearing capacity of Oberbank, which ranks it among the top performing European banks.

### ***We are aiming for regular dividend distributions***

Based on the satisfactory result of operations, the Supervisory Board and Management Board will propose a dividend distribution of EUR 0.58 per share, and, on the condition precedent that no restrictions on dividend distributions are imposed by law or under prudential supervisory measures, an additional dividend payout of EUR 0.17 per share.

### ***Oberbank 2025 – Our self-defined path to sustainable growth***

We define our strategic goals every five years. In the first half of the year 2020, our internal team completed its work on the new corporate strategy '*Oberbank 2025*' despite the ongoing coronavirus crisis.

## Letter from the Chairman of the Management Board

The strategy supports our principal goal of securing our independence by being a profitable business. We have defined concrete measures to steadily and sustainably increase customer satisfaction, business, earnings power and equity. Our goal for the coming years, as a strong, self-confident credit institution is to join the ranks of European banks directly under the supervision of the ECB.

### ***Oberbank has a strong commitment to sustainability***

Sustainability is a vital issue that has developed into a new challenge, and we are putting every effort into achieving our sustainability goals. For a long time now, acting sustainably has been the aspiration of most of our employees, and our customers are increasingly buying “green” investment products. What is new is that supervisory bodies and rating agencies are now assessing the extent to which a bank meets environmental, social and governance criteria (ESG) and adheres to the various sustainability standards. Our sustainability strategy developed in 2020 therefore takes an integrated approach and makes sustainability part and parcel of our corporate strategy.

We are committed to the Paris Climate Agreement goal of limiting the rise in temperature to 1.5°C. Our contribution to the attainment of this goal places the focus of our efforts on the core business of lending. We will take action to promote decarbonization by establishing exclusion and inclusion criteria for commercial loans, and will publish annual reports on how many tons of CO<sub>2</sub> we have helped to reduce through our lending policy. With respect to retail loans, we aim to grant a volume of EUR 1.5 billion in private loans for energy-efficient residential construction by 2025, a figure that corresponds to around half of all new home loans granted in this period. 50% of refinancing of our core business through the issuance of own debt securities will meet the ESG criteria (green bonds).

We believe that these measures in conjunction with the other goals we have defined for our investment business and banking operations will help us make a tangible contribution to climate protection.

### ***On behalf of the Management Board, I would like to express my appreciation for all the exceptional efforts everyone has made to be there for our customers during the crisis.***

My thanks go, first of all, to our employees who during the critical phase in March showed amazing fortitude and never failed to be available to our customers. This made it possible for Oberbank to serve as a reliable partner during these especially trying times.

We would also like to thank our customers for their forbearance regarding the changes that became necessary, and I also thank the Supervisory Board members for their support to the management during the crisis and in the fight to preserve our independence. My personal thanks go to Herta Stockbauer who supported us for many years until the autumn of 2020 with highly valuable advice as Chairwoman of the Supervisory Board.

Linz, 3 March 2021



CEO Franz Gasselsberger  
Chairman of the Management Board

## **Oberbank's Strategy 2025**

### ***New strategic objectives and our corporate values***

In the first half of 2020, we completed work on the new strategic objectives for the coming five years. Under the heading *Oberbank 2025*, we defined a set of measures whose rigorous implementation will help us secure the independence of Oberbank through organic growth. In the course of our work on the strategy, which was accomplished by a group of 80 employees from all business areas of the bank, we also updated Oberbank's corporate values: competence, passion, trust and a sense of community are the cornerstones of our corporate culture.

### ***Sustainability management is part of our corporate strategy***

Along with the strategies developed for the banking business and closely related to these, we also worked intensely to measure and reduce the influence of the bank's core business on the climate. This concerns primarily corporate finance and home loans which will be analysed as to the carbon footprint of the projects funded. In the future, we will be able to prove the extent to which the bank contributed to the reduction of greenhouse gases, thereby quantifying our contribution to climate protection more precisely. A similar approach will be taken in the investment business. A detailed presentation of the measures and goals of our integrated sustainability management scheme are given in the Sustainability Report.

### ***Oberbank confronted with an array of challenges in the period up to 2025***

The key goals of Oberbank up to 2025

- Increase efficacy and efficiency in the sale of products and services, and maintain customer satisfaction
- Increase profitability in the growth markets: past investments in expansion must result in higher earnings. To this end it is necessary to raise the levels of competence and skills of local employees.
- Successfully manage the upcoming generational transition in management and instil Oberbank's traditional corporate culture among the staff in our growth markets.
- Achieve a reasonable cost/benefit ratio in investments in digitization: Priority will be given to solutions that increase earnings and digitize internal processes to increase efficiency and thus help lower costs.
- Master sustained regulatory pressure from the implementation of Basel IV affecting liquidity management, compliance and sustainability.
- Continuous streamlining of cost structures, which are under pressure from the prevailing interest rate and market environment, in terms of staff and administrative costs as well as the constant optimisation of processes
- Early recognition of risks as a key factor for attaining a satisfactory trend in profits.

### ***Measures to increase earnings power and strengthen equity bundled into fields of action***

**Human resources:** The key point of leverage for achieving our goals is modern human resources management. The expansion will require new employees and they must be trained rapidly to attain the required Oberbank quality levels. In the coming ten years, 150 management staff members will retire, which is more than two-thirds. These positions must be filled in order to establish a uniform management ethos at Oberbank. Additionally, employee satisfaction at Oberbank will be accorded the same high priority as customer satisfaction.

**Efficiency in sales:** It is clearly necessary to increase net fee and commission income and interest income, working with more or less unchanged resources. This is why the staff must proactively contact customers and this is only possible if they have a high degree of advisory competence. Studies have shown that customers expect and desire to be actively contacted by the bank's staff, especially in times of major changes. To give branch employees the free capacities they need to achieve this goal, digital assistants will take over routine tasks. The extension of branch opening hours has already been put in place. In future, feedback from customers will be requested more frequently and systematically, the objective being to further increase customer satisfaction.

## Oberbank's Strategy 2025

**Regional strategy for growth markets:** Foreign markets and the Vienna business area are key sources of income and their potential must be fully exploited in the coming years. To this end, we need to significantly advance the maturity of business in these markets, and the aim here is to increase income from the provision of services alongside income from the lending business. Specific measures include raising the skills of employees and the standardization of all IT systems.

**Digitization:** Oberbank pursues a “smart follower” strategy, which means that only relevant services are offered digitally. The customer portal is a modern, uniform platform across all markets for retail customers and small businesses. Individual solutions are being developed for corporate customers. A crucial factor will be to raise the staff efficiency by digitizing internal processes. The automated analysis of customer data is designed to support early risk recognition and prevent fraud.

**Credit risk:** In the future, competence for lending operations will be more decentralized across the markets to enable faster decision-making. Furthermore, lending decisions – especially for retail customers – can be supported by digital systems and thus rendered more efficient. Specialist expertise for selected industries such as tourism and real estate will be increased to better exploit potential and properly assess risks.

**Rules, regulations and compliance:** Regulatory pressure is not expected to diminish in the coming years. The focus will be on the implementation of Basel IV, sustainability, compliance and data governance regulations. As regards sustainability, concrete targets have been defined to support the goal of reducing carbon emissions from the bank's core business, namely lending and investment. The measures and the organisation are described in the Sustainability Report.

**Costs and performance management:** In addition to pursuing ambitious growth objectives, it is also necessary to focus on costs. The number of employees will be kept more or less unchanged at the 2020 level until the year 2025. However, their level of qualification will be increased by making internal changes. The assumed annual rate of increase of administrative expenses is a maximum of 3%, which, given index adjustments of many cost items, is expected to yield annual cost savings of EUR 1.5 million.

Overall, these measures should result in a significant rise in annual profits and return on equity by 2025, and also raise equity from currently around EUR 3 billion to almost EUR 4 billion.

Linz, 3 March 2021



CEO Franz Gasselsberger  
Chairman of the Management Board

## Independence

### ***Legal interventions by UniCredit Bank Austria***

Since 2019, the shareholder UniCredit Bank Austria has been filing legal actions to question the independence of Oberbank as well as that of BKS Bank and Bank für Tirol und Vorarlberg. The legal proceedings firstly raise the issue of whether the capital increases of the past 25 years were lawful, and secondly, address the question of whether the Oberbank syndicate would have had to make an offer to UniCredit for its Oberbank shares under a takeover procedure. The courts of law have already ruled in favour of Oberbank in several instances, and the 3 Banken Group expects the Supreme Court of Austria to reach a final ruling. Moreover, the proceedings before the Takeover Commission will ultimately also be heard by the Supreme Court.

### ***The benefits of independence***

Independence and the related autonomy of Oberbank are not merely self-serving. They make it possible to reach a balance of interests among key stakeholders, i.e., customers, shareholders, and employees, and enable us to be guided exclusively by the verifiable benefits we produce. Independence makes it possible for us to define the path we will take in the future. It enables us to drive our own growth and to develop autonomously – as long as we are profitable.

### ***Benefits for customers***

Our autonomy yields concrete benefits for customers, shareholders and employees. Autonomy makes it possible to develop special relationships with customers that set us apart from other banks. Everyone at Oberbank, from our branch managers to our management board members, knows our corporate customers personally and meets with them regularly. Therefore, we are better able to assess their situation and quickly take decisions. As an independent bank that takes its decisions in the region for the region, we must stand by our decisions and commitments; we do not want to and cannot hide behind decisions taken by a central office in Munich or Milan.

Independence makes it possible for us to exploit our advantages as a regional bank. We know our customers, their interests and needs, we live in the same region; we take quick decisions and are also in a position to weather difficult phases together. Many of our customers are themselves independent and autonomous, and they appreciate the fact that we are independent and autonomous too. This creates a common understanding of what it means to run a business efficiently and profitably.

Since obtaining our independence, we have developed and refined the core competencies that are essential for our customers, such as in the field of subsidized lending schemes, export transactions and foreign payment services. This has made Oberbank a real, independent alternative on the Austrian banking market.

Our customers are sending us a clear message: they greatly appreciate our independence and autonomy. It is especially important to them that lending decisions are reached locally and close to customers. Because we are committed to success, we must pay more attention than other banks to ensure that our customers are satisfied. This is our responsibility.

### ***Shareholders benefit from the bank's growth***

The shareholders of Oberbank benefit from our commitment to living up to our responsibility. The long-term development of the value of the Oberbank share is remarkable (past price trends cannot be used to forecast future trends): the steady increase in equity capital over the past years from EUR 1,160.9 million in 2010 to EUR 3,038.9 in 2020 correlates very closely with the share's price trend (stable price/book value ratio). This is also what underpins the loyalty and continuity of our shareholders, quite a few of whom are also our customers and thus express their loyalty to Oberbank in multiple ways.

Our shareholders also participate in decision-making, because when there are opposing interests between the two major shareholder groups (UniCredit, on the one side, and the Oberbank syndicate on the other), the votes of the shares held in free float are decisive. Neither of the two major shareholder groups holds the absolute majority at our annual general meetings. The syndicate agreements have the sole purpose of securing a relative majority over UniCredit. The voting behaviour of free float shares decides the course to be pursued, so private shareholders have the casting vote. However, there is one shareholder that profits very handsomely from our growth, namely UniCredit. The high value of the investment is not due so much to the money invested in the capital increases, but rather because the recurring profits of Oberbank are raising the enterprise value and thus the value of the investment.

## Independence

### ***Our employees advance their careers on their own merits***

The independence of the bank makes it possible for employees to advance their careers based on their performance and skills acquired. Oberbank's goal is to fill at least 80% of management positions from within its own ranks. If Oberbank were not independent, some central departments and their employees would not exist. These include treasury, specialized departments, risk management and IT, because as an appendix of another bank these structures would not be needed. And some branches would soon be closed, whereas as an independent bank we are constantly opening new ones. If Oberbank were controlled by another banking group, we would probably be limited to the markets of Upper Austria and Salzburg, and we would lose the specialized knowledge of our employees as regards structured loans and international transactions. We would become a nondescript, medium-sized and insignificant Austria regional bank engaged in a constant struggle to survive. Further advantages for our employees are the numerous social benefits Oberbank offers. Here, special mention must be made of the private foundation for employee shares ("Mitarbeiter-Beteiligungs-Privatstiftung"). The Management Board and the Supervisory Board took the decision to allocate EUR 5 million to the foundation for the years 2020 and 2021, respectively.

### ***Where we operate***

Our independence is also a valuable asset for the places and regions in which we operate, because we are the only unique and excellently-performing alternative to other market players. If we were to lose our independence, the banking market would lose its diversity and the region its competitive edge and prosperity factor. It would leave a real gap if Oberbank and the 3 Banken Group were to disappear, a gap that would impact all of our markets. The process of consolidation in Austria's banking sector will continue, but Oberbank and the 3 Banken Group will not be affected – as long as we remain independent. Independence is a core value of Oberbank – a prerequisite for our business success and the basis of our existence – and losing it would have a massive effect on all our other key values. It would destroy the foundation upon which our strategy, our self-image and our future rest. Passion would dissipate into lethargy, competence into incompetence, and our sense of community and common strategy would deteriorate into individual egoism.

### ***Independence is the foundation of economic success***

The Management Board and management staff will always do their utmost to preserve the independence of Oberbank. Because the bank's independence from any single controlling shareholder and the autonomy of the management to act in the balanced interests of all stakeholders constitute the basis for the bank's long-term success. Sustainable growth is impossible without independence.

Linz, 3 March 2021



CEO Franz Gasselsberger

Chairman of the Management Board

## Oberbank Plays a Key Role for the Economy

Oberbank is firmly anchored in the regional and also national value chain with its strong economic position and plays a key role for the national economy. These are the findings of a study conducted by “Industriewissenschaftliche Institut IWI” on Oberbank’s impact on the economy in Austria.

The so-called “enabler effects” of Oberbank were investigated, i.e., the effects of our lending activity for the Austrian economy. The bank made a volume of EUR 3.55 billion in investment finance available in the year 2020. The loans helped generate a macroeconomic output value (= revenues) of EUR 6.02 billion in Austria, and also secured or created more than 38,000 jobs with remuneration amounting to EUR 1.53 billion. The value added achieved by the loans granted was EUR 2.92 billion and the fiscal effects amounted to EUR 890 million.

In other words: for every euro granted for investment finance, two euros in revenues are achieved, 11 jobs are secured or created, and EUR 0.82 in added value generated.

Furthermore, we want to stress the many multiplier effects which measure the economic impulses contributed by Oberbank. The production value has a multiplication factor of 2.19, and this means that the operating output of Oberbank in Austria triggers a total of EUR 916 million in production output (comparable to corporate revenues). The resulting value added is EUR 482 million, and therefore, 2.13 higher than the added value at the bank itself. Finally, 4,339 jobs in Austria may be attributed to the activities of the bank; which is a factor of 2.9 in relation to the employment effects of Oberbank. In other words: one job at Oberbank secures almost two additional jobs for Austria’s economy.

## Group Management Report

### **Result of operations satisfactory despite coronavirus**

Investment finance demand rose by 4.2% to EUR 17.3 billion, and primary funds increased substantially by 8.9%, rising to EUR 15.4 billion. Net interest income decreased slightly by 2.6% to EUR 336.9 million, while net fee and commission income was up by 4.7% to EUR 170.7 million.

Net profit before tax for the year was EUR 167.5 million or 39.4% lower year on year. Net profit after tax for the year was EUR 123.5 million, which is a decline by 42.8%. The income taxes of EUR 44.0 million were 26.8% lower than in the preceding year.

<b>IFRS consolidated income statement in €m</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Net interest income	336.9	345.8	-2.6%
Investments in entities accounted for by the equity method	-8.0	29.7	> 100.0%
Charges for losses on loans and advances	-41.8	-12.2	> 100.0%
Net fee and commission income	170.7	163.0	4.7%
Net trading income	1.5	2.3	-38.2%
Administrative expenses	-294.9	-288.9	2.1%
Other operating income	3.2	36.5	-91.2%
<b>Profit for the year before tax</b>	<b>167.5</b>	<b>276.2</b>	<b>-39.4%</b>
Income taxes	-44.0	-60.1	-26.8%
<b>Profit for the year after tax</b>	<b>123.5</b>	<b>216.1</b>	<b>-42.8%</b>
of which attributable to the owners of the parent company and the owners of additional equity components	122.4	215.0	-43.1%
thereof attributable to non-controlling interests	1.1	1.1	-0.7%

### **Adequate provisions were set up for all discernible future risks.**

Including write-offs of receivables, net charges for losses on loans and advances came to EUR 41.8 million in 2020. In relation to receivables from customers of EUR 17,264.7 million, this is an impairment allowance ratio of 0.25%.

### **Net trading income**

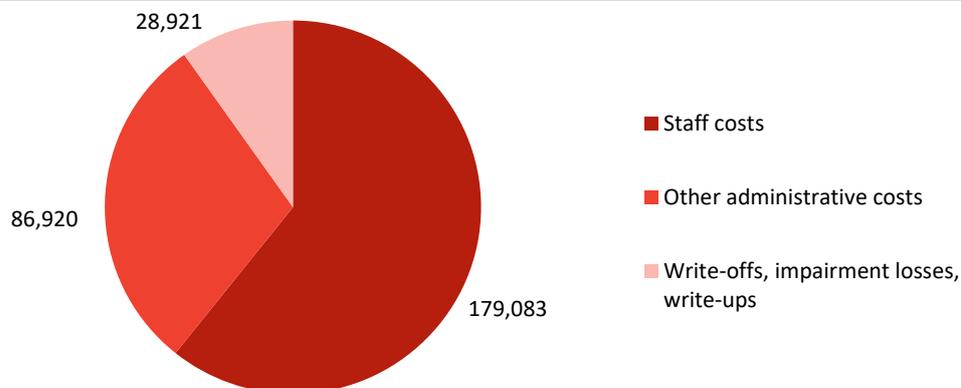
The net trading income comprises earnings from securities and derivatives in the trading book as well as earnings from dealings in foreign exchange, foreign bank notes and precious metals. In the financial year 2020, net trading income was EUR 1.5 million which is 38.2% lower than in the preceding year.

### **Administrative expenses**

In the financial year 2020, administrative expenses were only 2.1% higher year on year at EUR 294.9 million.

Staff costs increased to EUR 179.1 million, administrative expenses from EUR 86.7 million to Eur 86.9 million. Write-offs and impairment allowances rose from EUR 27.4 million to EUR 28.9 million.

### **Structure of administrative expenses in €k**



## Group Management Report

### **Profit distribution proposal**

After the addition of EUR 90.3 million to reserves and the higher profit carryover by EUR 0.3 million, the net profit for 2020 was EUR 31.1 million. Provided the Annual General Meeting gives its approval and taking into account the recommendation of the Financial Market Authority (FMA) regarding dividend distributions during the coronavirus pandemic, the proposal is made to distribute dividends as follows based on the net profit reported in the financial statements for the period ended on 31 December 2020 of EUR 31,125,728.77

- a) On each share eligible for dividends, a dividend of EUR 0.58, and
- b) on the condition precedent that
  - (i) the recommendation of the European Central Bank to restrict dividend distributions (Recommendation of the European Central Bank of 15 December 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/35 (ECB/2020/62)) is no longer applicable for Oberbank AG on 31 December 2021 or earlier, and
  - (ii) provided that at the time the aforementioned condition precedent occurs, no other legal restriction or recommendation imposed by a supervisory body is in place that would preclude an additional distribution in this amount,

to distribute additionally a dividend of EUR 0.17 on every eligible share.

### **Analysis of key performance indicators**

Return on equity (ROE) before tax decreased from 9.64% to 5.67%, and after tax from 7.54% to 4.18%.

Earnings per share amounted to EUR 3.52, after EUR 6.13 in the previous year.

The cost/income ratio was 58.5% in 2020. The risk/earnings ratio was 12.42%.

Key performance indicators, IFRS	2020	2019
Return on equity before tax <sup>1)</sup>	5.67%	9.64%
Return on equity after tax <sup>1)</sup>	4.18%	7.54%
IFRS earnings per share in €	3.52	6.13
Cost-income-ratio (cost/income coefficient) <sup>2)</sup>	58.49%	50.04%
Risk/earnings ratio (credit risk/net interest income) <sup>3)</sup>	12.42%	3.53%

1) Return-on-equity before/after tax shows the return on equity of the company within a defined period. The calculation is based on the ratio of the net profit before/after taxes versus the average equity available on the quarterly cut-off dates of the period and adjusted for planned dividend distributions.

2) The cost/income ratio is an indicator of efficiency and shows the costs the bank incurs to earn one euro. To calculate it, the administrative expenses for the respective accounting period are compared to the operating income (sum of net interest income and net commission income, trade result and other operating income).

3) The risk/earnings ratio is a risk indicator for the lending business that indicates the share of the net interest income used to cover credit risk. For the calculation, the charges for losses on loans and advances in lending operations are compared to net interest income.

### **Assets, earnings, and financial position**

Total assets of the Oberbank Group amounted to EUR 24,432.9 million at the end of 2020 which is 7.0% higher than on the preceding year's balance sheet date.

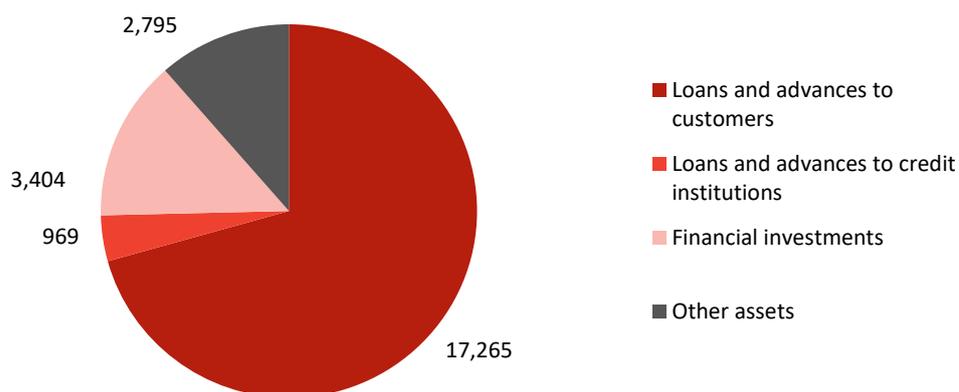
#### **Balance sheet assets**

Loans and advances to credit institutions declined by 36.3% to EUR 968.9 million in 2020. Loans and advances to customers increased significantly by 4.2% to EUR 17,264.7 million. Financial investments decreased in 2020 by 6.6% to EUR 3,404.2 million.

Trading assets increased 15.8% to EUR 47.4 million, intangible assets by 31.7% to EUR 2.2 million; while property, plant and equipment decreased 2.5% to EUR 404.4 million.

## Group Management Report

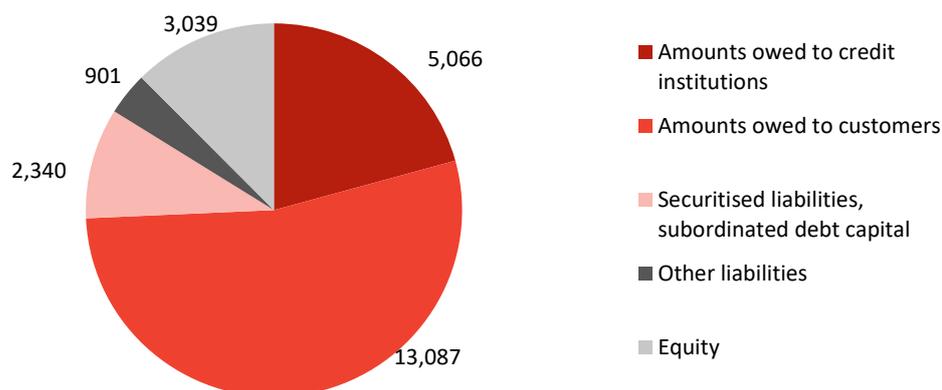
### Structure of balance sheet assets in €m



The line item Other assets (positive fair values of derivatives in the banking book, down payments on lease contracts as well as lease contracts not yet effective, other receivables of leasing companies as well as deferred tax assets and other deferred items) decreased by 10.9% to EUR 235.2 million.

### Balance sheet - equity and liabilities

#### Structure of balance sheet equity and liabilities in €m



Amounts owed to credit institutions rose in 2020 by 5.6% to EUR 5,065.6 million.

Primary funds increased by 8.9% to EUR 15,426.9 million. Amounts owed to customers included in primary funds stood at EUR 13,087.2 million which is 9.2% higher year on year. Securitised liabilities rose by 11.5% to EUR 1,854.0 million, and subordinated capital was lower year on year by 7.0% at EUR 485.8 million. Shareholders' equity rose by 2.6% to EUR 3,038.9 million.

Provisions in €k	2020	2019
Provisions for termination benefits and pensions	201,775	199,541
Provisions for anniversary bonuses	15,778	14,962
Provisions for credit risks	117,159	121,764
Other provisions	38,129	45,095
Provisions for liabilities and charges	372,841	381,362

The remaining liabilities include provisions for liabilities and charges as well as other liabilities.

Risk provisions decreased by 2.2% to EUR 372.8 million. These consist mainly of provisions for termination and post-employment benefits (EUR 201.8 million) and loan loss provisions (EUR 117.2 million).

## Group Management Report

Other liabilities increased by 0.6% to EUR 528.6 million. This item comprises the negative fair values of derivatives in the banking book, other short-term provisions, other liabilities of the Leasing sub-group and deferred items.

Funding base in €m	2020	2019	Change
Amounts owed to customers	13,087.2	11,980.7	9.2%
Securitised liabilities	1,854.0	1,662.9	11.5%
Subordinated debt capital	485.8	522.5	-7%
<b>Primary deposits incl. subordinated debt capital</b>	<b>15,426.9</b>	<b>14,166.0</b>	<b>8.9%</b>
Amounts owed to credit institutions	5,065.6	4,795.8	5.6%
<b>Total</b>	<b>20,492.50</b>	<b>18,961.8</b>	<b>8.1%</b>

### Statement of changes in equity

In €k	2020	2019	Change
Subscribed capital	105,381	105,844	-0.4%
Capital reserves	505,523	505,523	-
Retained earnings (incl. net profit)	2,368,439	2,288,601	3.5%
Negative goodwill	1,872	1,872	-
Additional equity capital components	50,000	50,000	-
Minority interests	7,651	8,697	-12.0%
<b>Equity on the balance sheet</b>	<b>3,038,866</b>	<b>2,960,537</b>	<b>2.6%</b>

Regulatory capital pursuant to Part 2 of Reg. (EU) No 575/2013 <sup>1)</sup> – Pillar I in €m	2020	2019	Change
Common equity tier 1 capital	2,705.2	2,659.0	1.7%
Tier 1 capital	2,755.2	2,709.0	1.7%
Own funds	3,099.3	3,058.1	1.3%
Common equity tier 1 capital ratio	17.84%	17.59%	0.24% ppt
Tier 1 capital ratio	18.17%	17.92%	0.24% ppt
Total capital ratio	20.43%	20.23%	0.20% ppt

1) Subject to approval by the Supervisory Board on 17 March 2021.

In financial year 2020, equity on the consolidated balance sheet of the Oberbank Group increased by 2.6% to EUR 3,038.9 million. The share capital of EUR 105.4 million remained at the same level as in the preceding year.

Consolidated common equity tier 1 capital of the Oberbank Group amounted to EUR 2,705.2 million on 31 December 2020 and exceeded the statutory requirement of EUR 1,069.3 million 153.0%. Common equity tier 1 capital was EUR 2,755.2 million and exceeded the mandatory level of EUR 1,296.8 million by EUR 1,458.4 or 112.5%. Own funds stood at EUR 3,099.3 million and were EUR 1,499.2 million or 93.7% higher than required (EUR 1,600.1 million).

Common equity tier 1 capital ratio was 17.84% in 2020; the tier 1 capital ratio was 18.17% and the total capital ratio was 20.43%.

### Use of financial instruments

The use of financial instruments is presented in detail in the Notes to the Consolidated Financial Statements of the Oberbank Group.

### Own shares

In the course of the year, Oberbank briefly held own shares on its trading book.

In the reporting year, it acquired 503,811 own ordinary shares (ISIN AT0000625108 and ISIN AT0000A2HAY1 together) at an average price of EUR 85.44 as well as 54,503 of its own preference shares at an average price of EUR 80.32; these were offset by the sale of 399,171 own ordinary shares (ISIN AT0000625108 and ISIN AT0000A2HAY1 together) at an average price of EUR 85.61 and by the sale of 4,622 own preference shares at an average price of EUR 80.20.

The proceeds from the sale were allocated to working capital. Within the buyback programme for preference shares, Oberbank repurchased a total of 3,408 preference shares from 20 March 2020 to 12 June 2020 through the stock exchange which corresponds to 0.0097% of share capital.

## Group Management Report

The weighted average price per preference share was EUR 76.2811; the highest price paid per preference share was EUR 80.0; the lowest price paid per preference share was EUR 76.00. The value of repurchased preference shares amounted to EUR 259,966.00. These shares were not transferred to employees in 2020; therefore, they remained in the bank's own portfolio after the conversion of preference shares (entered into Companies Register on 7 November 2020) into ordinary shares (ISIN AT0000A2HAY1). They are available for transfer to employees as bonus shares under future employee participation schemes.

As of the balance sheet date, Oberbank held a total of 180,238 own ordinary shares (ISIN AT0000625108 and ISIN AT0000A2HAY1 together). The highest level in the course of the year 2020 was 0.93% of the share capital.

### Research and development

Oberbank develops individual financial services in finance and investment in response to the needs of its customers. Oberbank does not engage in research and development in the classic sense.

### ***Legal dispute of the 3 Banken Group with UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H.***

UniCredit Bank Austria AG and CABO Beteiligungsgesellschaft m.b.H. (hereinafter: "UniCredit") put forth a motion at the Annual General Meeting of Oberbank in May 2019 to elect a third representative from their side to the Supervisory Board of Oberbank. The motion failed to receive a consenting vote. Subsequently, UniCredit filed a lawsuit contesting the individual resolutions adopted by the Annual General Meeting. The proceedings in this matter were closed on 20 December 2019.

After Landesgericht Linz (District Court Linz) ruled against all lawsuits filed by UniCredit, Oberlandesgericht Linz (Higher Regional Court) revised this ruling with respect to the reduction of the number of shareholder representatives from twelve to eleven adopted by resolution of the Annual General Meeting of May 2019 and declared it null and void. However, the Court did not decide positively on UniCredit's petition for a declaratory decision on the election of the candidate UniCredit nominated. This decision has meanwhile become legally binding and final. A decision on the extraordinary audit requested by Oberbank is still pending. The decision handed down has no further legal effects apart from confirming that the candidate requested by UniCredit has not been elected. These proceedings are not expected to have any relevant effects on the balance sheet.

At the end of December 2019, UniCredit demanded that an extraordinary general shareholder's meeting of Oberbank be convened that took place on 4 February 2020. The motions put forth by UniCredit (special audit of all capital increases of Oberbank since 1989, termination of arbitration proceedings with Generali-3Banken Holding) did not receive a consenting vote.

Also at the Annual General Meeting of 20 May 2020, UniCredit put forth motions requesting special audits, but these did not obtain a majority of the votes. On the one hand, UniCredit filed an action for annulment of these decisions. On the other, UniCredit filed for a special audit with the courts regarding the motion for a special audit made at the Annual General Meeting 2020 in connection with the capital increases of BKS Bank AG (hereinafter: BKS) and Bank für Tirol und Vorarlberg AG (hereinafter: BTV) in 2018, and with respect to several special audit matters rejected at the Annual General Meeting 2020.

The petition for a special audit filed by UniCredit with a court of law was partially rejected by Landesgericht Linz and with respect to the rest of the matters, the proceedings were suspended until the pending civil proceedings regarding the action for annulment against the decisions adopted by the Annual General Meeting 2020 are resolved.

The proceedings regarding the action for annulment were suspended until the preliminary questions regarding takeover law are clarified.

At the end of February 2020, UniCredit filed requests with the Takeover Commission to review if the shareholders' syndicate of 3 Banken Group violated the mandatory bid requirement under the Takeover Act. Oberbank is directly affected by these proceedings as a member of the syndicate with BVT and BKS. The syndicates of BTV and BKS were approved by the Takeover Commission by official notices issued in 2003 which are still valid today. UniCredit claims that the composition and decision-making processes of the syndicates have changed since then and that the syndicates have expanded their weighting in votes since the year 2003 to an extent that is of relevance under the Takeover Act so as to trigger a mandatory bid.

On 27 September 2020 and 1 October 2020, three court hearings were held with extensive witness interviews before the Takeover Commission. A decision is still pending.

## Group Management Report

After carefully reviewing the matter jointly with external experts, the Management Board believes that such an audit under the Takeover Act will not result in the obligation to make a mandatory bid.

### ***Material events since the close of the financial year***

No events of material importance took place after the close of the 2020 financial year

## Investor Relations and Compliance

### **The Oberbank share and shareholders**

Autonomy and independence have the highest priority for Oberbank. This is achieved by robust earnings, pursuing a sound risk policy and having shareholders who are committed to preserving the independence of Oberbank. No single shareholder of Oberbank AG is in a position to acquire a direct or indirect controlling interest. A syndicate agreement between BKS, BTW and Wüstenrot Genossenschaft specifically aims at ensuring Oberbank's independence. A further stabilising element of the shareholder structure is the fact that the employees as well as long-time business partners like Generali also own shares.

### **Oberbank ordinary share in 2020**

At the Annual General Meeting of Oberbank shareholders of 20 May 2020 and at the general meeting of preference shareholders of 9 June 2020, the resolution was adopted to convert all existing preference shares into ordinary shares of Oberbank AG. Bearing this in mind, the following sections will refer only to data regarding ordinary shares for the year 2020. In 2020, the price trend of the Oberbank ordinary share posted a decline of -11.90%. As the dividend of EUR 0.18 per share for the financial year 2019 was paid retroactively in January 2021 – the conditions precedent of the recommendation of the European Central Bank occurred on 15 December – the price development in 2020 corresponded with the performance (price + dividend). Market capitalisation of Oberbank AG was EUR 2,978.74 million at the end of 2020.

<b>Oberbank shares – key figures</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number of ordinary no-par shares	35,307,300	32,307,300	32,307,300
Number of preference shares*		3,000,000	3,000,000
High ordinary/preference share in €*	96.00	96.20/93.00	89.80/88.50
Low (ordinary/preference share) in €*	83.00	89.80/83.00	82.00/72.50
Close (ordinary/preference share) in €*	84.40	95.80/89.50	89.80/83.00
Market capitalization in €m	2,978.74	3,363.5	3,150.2
IFRS earnings per share in €	3.52	6.13	6.39
Dividend per share in €	0.58 <sup>1)</sup>	0.18	1.10
P/E ratio, ordinary shares	24.0	15.6	14.1
P/E ratio, preference shares*		14.6	13.0

\*2020 conversion of preference shares into ordinary shares

<sup>1)</sup> Under the condition precedent that

(i) the recommendation of the European Central Bank to restrict dividend distributions (Recommendation of the European Central Bank of 15 December 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/35 (ECB/2020/62) is no longer applicable to Oberbank AG on 31 December 2021 or earlier, and

(ii) provided that at the time the aforementioned condition precedent occurs no other legal restriction or recommendation imposed by a supervisory body is in place that would preclude an additional distribution in this amount,

the Management Board and Supervisory Board will propose to distribute additionally a dividend of EUR 0.17 on every eligible share.

### **Steadily rising valuation, constant dividends**

Oberbank ordinary shares have been listed on the Vienna Stock Exchange since 1 July 1986. Shareholders who acquired Oberbank shares in 1986 and participated in all capital increases have earned an average yield of 8.82% per year taking into account dividend distributions (before withholding tax).

Earnings per share decreased in 2020 from EUR 6.13 to EUR 3.52. Based on the shares' closing price, the price/earnings ratio (PER) for ordinary shares is 24.0. Provided the Annual General Meeting gives its approval and taking into account the recommendation of the FMA regarding dividend distributions during the pandemic, the proposal is made to distribute dividends on the net profit of EUR 31,125,728.77 reported in the financial statements for the period ended on

## Investor Relations and Compliance

31 December 2020 as follows: EUR 0.58 on every eligible share without any conditions; under conditions precedent an additional dividend of EUR 0.17 on every eligible share.

### ***Oberbank overall bank rating and mortgage-backed cover pool***

The effects of the coronavirus pandemic on the economy are also influencing the ratings of European banks. The rating agency Standard & Poor's believes the risks for Austrian banks has increased and for this reason lowered the outlook for all Austrian banks by one notch. Although the Austrian federal government has taken far-reaching fiscal and economic policy measures, if the negative economic trends continue Austria's anchor credit rating might even drop from currently a- to bbb+. At present, Standard & Poor's assigned Oberbank a global bank rating of A (outlook: negative) and the mortgage-backed cover pool a rating of AAA (outlook: stable).

### ***Raising funds on the capital market***

Oberbank achieved successful year again on international capital markets in 2020. Before the corona crisis started to affect financial markets in Europe, Oberbank issued a ten-year covered bond with an AAA rating and a volume of EUR 250 million at a very attractive premium of seven basis points. As the year came to a close, the improved market situation was used to float a senior non-preferred bond with a volume of EUR 100 million. The rating agency Standard & Poor's credited the funds to the capital buffer. Furthermore, this liquidity is eligible for MREL requirements, and the bond was assigned a rating of BBB+.

### ***Oberbank issues***

Despite the low interest rates, Oberbank also issued a large volume of bonds in 2020. The total volume of Oberbank issues was EUR 508.2 million in 2020. A volume of EUR 55.8 million were subordinate bonds. Taking into account scheduled redemptions and premature repayments the line item Securitised liabilities including subordinate capital increased by 7.1% up to EUR 2,339.8 million.

<b>Oberbank shareholder structure as at 31/12/2020</b>	<b>Total</b>
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck (incl. BTV 2000)*	16.15%
BKS Bank AG, Klagenfurt (incl. subordination syndicate with BVG)**	14.79%
Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	4.50%
Generali 3 Banken Holding AG, Vienna	1.62%
Employees	4.15%
CABO Beteiligungsgesellschaft m. b. H., Vienna	23.76%
UniCredit Bank Austria AG, Vienna	3.41%
Free float	31.62%

\* BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H. (BTV 2000), a 100% subsidiary of Bank für Tirol und Vorarlberg Aktiengesellschaft, holds a stake of 2.26% in Oberbank AG.

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

Based on a resolution of the Annual General Meeting of 15 April 1991, Oberbank also issued non-voting preference shares besides ordinary shares. With the resolution of the Annual General Meeting of 20 May 2020, the conversion of the preference shares into ordinary shares was decided by a simple majority vote of the shareholders represented in accordance with the provisions of COVID-19 Company Law Act (COVID-19-GesG) in conjunction with COVID-19 Company Law Decree (COVID-19-GesV). This resolution was passed at a virtual meeting of shareholders of preference shares on 9 June 2020 in accordance with COVID-19-GesV with the required three-quarters majority vote of the holders of preference shares represented. The registration of the amendment to the Articles of Association regarding the conversion in the Companies Register was done on 7 November 2020. Since this conversion, there have only been Oberbank ordinary shares. The ordinary shares resulting from the conversion of the preference shares are listed under ISIN AT0000A2HAY1 in addition to the already listed ordinary shares under ISIN AT0000625108. Effective 25 January 2021, the ordinary shares were merged to a single listing under ISIN AT0000625108.

## Investor Relations and Compliance

The share capital of Oberbank has since this time consisted of 35,307,300 no-par bearer shares. The largest single shareholder is CABO Beteiligungsgesellschaft m.b.H., a 100% subsidiary of UniCredit Bank Austria. The free float (31.62% of Oberbank ordinary shares) is held by corporate investors, institutional investors and private shareholders.

### **Investor relations and communication**

Oberbank informs shareholders in detail about its financial position and earnings in its quarterly and annual reports. The website [www.oberbank.at](http://www.oberbank.at) also provides a continuous flow of information. The invitation to the Annual General Meeting encourages shareholders to seek direct contact with the members of the Management Board and the Supervisory Board. Potentially price-sensitive events are published by Oberbank on the euro ad hoc platform under the heading "Insiderinformationen".

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<b>Financial calendar 2021</b>	
Ex dividend day – dividend for financial year 2019 for ISIN AT0000625108	14/1/2021
Date of record – dividend for financial year 2019 for ISIN AT0000625108	14/1/2021
Dividend payout date – dividend for financial year 2019 for ISIN AT0000625108	18/1/2021
Online publication of the Annual Report 2020	22/3/2021
Publication of the financial statements 2020 in the Official Gazette "Wiener Zeitung"	23/3/2021
Date of record in respect of Oberbank shares	01/5/2021
141 <sup>st</sup> Annual General Meeting of the shareholders of Oberbank AG	11/5/2021
Ex dividend day – dividend for financial year 2020	17/5/2021
Date of record – dividend for financial year 2020	18/5/2021
Dividend payout date – dividend for financial year 2020	19/5/2021
<b>Publication of quarterly reports</b>	
Q1	21/05/2021
HY1	26/08/2021
Q1 - 3	26/11/2021

### **Directors' Dealings**

Persons discharging managerial responsibilities within the issuer and persons closely associated with such persons shall notify the issuer and FMA of every transaction conducted for their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto (Article 19 (1) MAR). The issuer must subsequently make the report public pursuant to Article 19 (3) Market Abuse Regulation. Oberbank AG published 20 such reports through the euro ad hoc system in 2020.

## Investor Relations and Compliance

### Compliance

At the end of May 2019, the steady expansion of Oberbank motivated us to separate Group Compliance from Secretariat & Communication; Group Compliance has been a separate department since 1 June 2019. This move takes into consideration that issues relating to regulations have been gaining significance in the overall organisation of credit institutions and that this trend is very likely to continue.

### Banking Act - Compliance

The amendments to the Austrian Banking Act that entered into force in 2018 and 2019 changed, among other things, the requirements for the organisation of compliance at credit institutions.

Since 1 September 2018, banks have been under the obligation to keep written records on relevant principles and procedures for discovering and mitigating risks caused by violations of the supervisory provisions by Management Board members, Supervisory Board members and by employees.

Furthermore, since 1 January 2019 it has been mandatory and of extreme importance for banks to set up a permanent, effective and independent compliance function with direct access to the management (hereinafter: compliance function under the Banking Act). A person with the appropriate qualifications must be appointed to head the compliance unit under the Banking Act.

The equipment and staff of the compliance function under the Banking Act is commensurate with the company's size as well as with the type, scope, complexity and risk of the business activity of Oberbank. The staff employed in this function has the corresponding knowledge, capabilities and experience in the area of compliance under the Banking Act. The qualification of employees is maintained on an ongoing basis and a strong focus is placed on continuing education for employees.

Activities in the compliance function under the Banking Act are supported by high-quality IT tools. An information service unit is responsible for providing updates on supervisory requirements on an ongoing basis. Revision-secure workflows are used to evaluate the company-specific application of the new regulations and to facilitate processing by the competent specialised departments.

The permanent and centralized surveillance of new supervisory rules and their implementation by the compliance function under the Banking Act make it possible to develop forward-looking projections for projects, resources and budgets at Oberbank and to implement new processes and interfaces required in a timely manner.

### Securities compliance

Credit institutions are under the obligation to ensure that their organisation and workflows are commensurate with their structure and business activities, and must also guarantee ongoing monitoring of the proper execution of investment services and ancillary investment services.

To discover potential violations of statutory provisions, Oberbank uses a computer-aided compliance tool to help mitigate risk by quickly and specifically revealing instances of malversation in exchange trading, in particular, market manipulation and insider dealings, and violations of the duty of due diligence in connection with the securities business.

It provides for proactive monitoring through ad hoc and regular evaluations and helps to avoid reputational damage and monetary loss. Furthermore, this IT tool also monitors and maintains the lists and records that are required by law (insider lists, blocking and watchlists, areas of confidentiality). This IT tool thus enables the professional management of (potential) securities compliance incidents by documenting all incidents seamlessly, centrally and without delay.

Oberbank also has an extensive internal set of rules and regulations on securities compliance in place (Compliance Manual). The Compliance Manual contains a description of general organisational aspects as well as detailed information on the compliance rules and regulations relating to investment activities and the capital market. The Compliance Manual is published internally on the internal intranet and is therefore available at all times to all employees.

The employees of Oberbank are under the obligation to comply with the rules and regulations in this Manual and their attention is drawn to the sanctions under criminal law and labour law in the event of violations of these rules and regulations; they also receive the relevant training courses on a regular basis. The training courses include mandatory annual e-learning courses as well as the regular in-person courses.

Therefore, this ensures that Oberbank meets its statutory obligations to install and maintain effective rules, systems and procedures for the discovery and reporting of suspicious securities orders and transactions.

## Investor Relations and Compliance

### Findings of the securities compliance audits

Starting out from an evaluation of the compliance risk within the scope of a risk analysis, Oberbank has created a risk-based monitoring program for investment services and investments activities. The risk-based monitoring activities defined therein have been fully executed and the results have been reported to the responsible expert departments and to the Management Board.

In the year 2020, Oberbank reported two suspicious securities orders or transactions to the Financial Market Authority (FMA) on the grounds of market abuse.

### Administrative fine imposed by the Financial Market Authority (FMA)

On 17 November 2020, the Financial Market Authority (FMA) published on its website (<https://www.fma.gv.at/bekanntmachung-fma-verhaengt-sanktion-gegen-die-oberbank-ag-wegen-verletzung-von-organisationsvorschriften-im-zusammenhang-mit-aufzeichnungspflichten/>) an announcement on a penal order imposed on Oberbank AG of EUR 64,000 for a breach of organizational requirements in connection with record-keeping obligations. The penal order was imposed with final effect within the scope of accelerated proceedings pursuant to § 22 (2a) Financial Market Authority Act (FMABG) and acknowledged by Oberbank AG.

The penal order was the outcome of an onsite audit of the securities services business in the year 2018 which took place in the first year after enactment of MIFID II rules in the Securities Supervision Act (Wertpapieraufsichtsgesetz, WAG 2018) that imposed new obligations on credit institutions for the securities business. One of the new statutory obligations concerns record-keeping of telephone conversations with customers by securities advisors, which for various mainly technical reasons were not found for every single case during the onsite audit. In the view of the supervisory body this constitutes a breach of law to be sanctioned within the scope of administrative penal proceedings. The deficits that resulted in the failure to find individual records of telephone conversations were fully remedied – also in the opinion of the Financial Market Authority (FMA) – in 2018 and have been subject to ongoing monitoring ever since.

### Anti-money laundering compliance

Oberbank is aware of its responsibility for complying with regulatory requirements in the area of prevention of money laundering prevention and terrorism financing, and makes constant efforts to optimise measures and processes in this area. These include, among other things, conducting automatic and manual audits of the master data on customers and of transactions, the ascertainment and checking of the economic beneficiaries according to the relevant provisions of the Beneficial Owners Register Act (WiEReG), checking and updating of customer data, checking potential money laundering high-risk customers before initiating transactions subject to approval, checking PEP status and sanctions status as well as providing service-oriented advice and training to Oberbank employees.

The focus of activities in 2020 was on the fundamental revision of all internal rules and regulations as well as manuals, the updating and revision of the training concept for all employees, the design of sales-oriented workflows and work instructions, the outsourcing of anti-money laundering and anti-terrorism activities from Leasinggesellschaft mbH Österreich to the bank, and the optimisation of cross-border cooperation between international anti-money laundering and sanctions authorities and the central compliance unit. We placed the highest priority on keeping the customer data of current customers up to date.

Providing continuing education and training to our employees is especially important to us at Oberbank. Apart from classical in-person courses, the focus is shifting to digital web-based training forms.

The training courses are mandatory for all employees of Oberbank and must be refreshed in regular intervals. The anti-money laundering compliance experts are moreover under the obligation to obtain external certification according to international standards.

To support Sales, instructions and FAQs were prepared for all types of customer advisors drafted in “clear and comprehensible language, concise and easy to use” on matters of approval in connection with anti-money laundering; to help ascertain and review the economic beneficial owners of diverse company forms and private foundations; to obtain and update KYC information, and many other topics in order to guarantee the high standard in the fight against money laundering and terrorism financing.

## Investor Relations and Compliance

Cooperation between international branches and subsidiaries, on the one hand, and the headquarters in Linz, on the other, was intensified in 2020. This ensures high uniform standards and adherence to stringent rules throughout the Group implemented through strategies and procedures.

The 5th Anti-Money Laundering Directive of the EU was passed into national law in Austria with the Financial Markets – Anti-Money Laundering Act (Finanz-Anpassungsgesetz 2019) that entered into force on 10 January 2020. The necessary adjustments to internal procedures were carried in a timely manner and, therefore, compliance with statutory obligations has been guaranteed since 10 January 2020.

### **Fraud prevention**

In accordance with the Guidelines of the European Banking Authority (EBA), Oberbank uses a dedicated IT tool for the prevention of fraud in payment services. This IT tool automatically stops suspicious transactions which are then critically reviewed by the Compliance Unit. Only after the positive outcome of a review are the transactions released. In the financial year 2020, 107,424 transactions were classified as suspicious by IT Tool and reviewed by the Compliance/Team Fraud Prevention Department. A total of 13,687 transactions required a release confirmation from customers. Additionally, Oberbank also has an extensive internal set of rules and regulations to fight fraud. These contain detailed descriptions of the different types of fraud and the corresponding preventive measures taken within Oberbank.

The Fraud Prevention Policy is available to all employees on the intranet and can be viewed at any time. Employees of all Oberbank markets are informed regularly of the contents of the Fraud Prevention Policy in the form of annual mandatory e-learning courses. In the year 2020, there were no in-person events due to the coronavirus pandemic.

The Fraud Prevention Team prevented potential damage to customers in an amount of EUR 325,482.95 in 2020.

## Segment Report

<b>Corporate and Business Banking in €m</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Net interest income	262.5	258.8	1.4%
Income from entities recognised using the equity method			
Charges for losses on loans and advances	-35.2	-3.2	> 100.0%
Net fee and commission income	89.4	87.6	2.0%
Net trading income	1.4	0.1	> 100.0%
Administrative expenses	-160.4	-156.5	2.5%
Other operating income	5.4	9.6	-44.1%
Extraordinary profit/loss			
Profit for the year before tax	163.1	196.5	-17.0%
Contribution to profit for the year before tax	97.4%	71.1%	26.2% ppt
Average credit and market risk equivalent (BWG*)	10,602.0	10,197.1	4.0%
Segment assets	13,852.0	13,423.8	3.2%
Segment liabilities	9,276.1	8,569.5	8.2%
Average allocated equity	1,725.7	1,664.0	3.7%
Return on equity before tax (RoE)	9.5%	11.8%	-2.3% ppt
Cost/income ratio	44.7%	43.9%	0.8% ppt

\*Austrian Banking Act

In Corporate and Business Banking, the profit for the year decreased by 17.0% to EUR 163.1 million in 2020. Net interest income rose by 1.4% to EUR 262.5 million, and net commission income by 2.0% to EUR 89.4 million.

Charges for losses on loans and advances increased to EUR 35.2 million.

Administrative expenses rose by 2.5% to EUR 160.4 million, while other operating income was EUR 5.4 million, after EUR 9.6 million in the preceding year.

RoE dropped to 9.5%, and the cost/income ratio deteriorated to 44.7%.

<b>Personal Banking in €m</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Net interest income	62.3	63.8	-2.3%
Income from entities accounted for using the equity method			
Charges for losses on loans and advances	-0.2	-4.0	-95.4%
Net fee and commission income	81.3	75.5	7.6%
Net trading income	0	0	
Administrative expenses	-90.9	-93.0	-2.3%
Other operating income	3.9	4.5	-13.1%
Extraordinary profit/loss			
Profit for the year before tax	56.4	46.7	20.7%
Share in profit for the year before tax	33.7%	16.9%	16.8% ppt
Average credit and market risk equivalent (BWG*)	1,948.6	1,865.7	4.4%
Segment assets	3,795.8	3,561.5	6.8%
Segment liabilities	6,558.7	6,110.9	7.3%
Average allocated equity	317.2	304.5	4.2%
Return on equity before tax (RoE)	17.8%	15.4%	2.4% ppt
Cost/income ratio	61.6%	64.7%	-3.1% ppt

\*Austrian Banking Act

In Personal Banking, the profit for the year rose by 20.7% to EUR 56.4 million in 2020.

Net interest income decreased by 2.3% to EUR 62.3 million, and net fee and commission income rose by 7.6% to EUR 81.3 million.

Charges for losses on loans and advances amounted to EUR 0.2 million after EUR 4.0 million in the preceding year.

Administrative expenses were 2.3% lower year on year at EUR 90.9 million.

Return on equity in the Personal Banking segment rose by 2.4%-points to 17.8% and the cost/income ratio improved to 61.6%.

## Segment Report

<b>Financial Markets in €m</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Net interest income	12.1	23.2	-48.1%
Income from entities recognised using the equity method	-8.0	29.7	>-100.0
Charges for losses on loans and advances	-6.4	-5.0	28.0%
Net fee and commission income	0.0	-0.1	-100.0%
Net trading income	0.1	2.2	-95.8%
Administrative expenses	-9.2	-8.7	5.5%
Other operating income	6.7	29.6	-77.3%
Extraordinary profit/loss			
Profit for the year before tax	-4.8	70.9	>-100.0
Share in profit for the year before tax	-2.8%	25.7%	-28.5% ppt
Average credit and market risk equivalent (BWG*)	5,608.4	5,499.0	2.0%
Segment assets	6,681.1	5,698.4	17.2%
Segment liabilities	8,091.7	7,623.1	6.1%
Average allocated equity	912.9	897.4	1.7%
Return on equity before tax (RoE)	n.a.	7.9%	n.a.
Cost/income ratio	84.7%	10.3%	74.4% ppt

\*Austrian Banking Act

The shortfall in the Financial Markets segment was EUR -4.8 million following a profit for the year of EUR 70.9 million in the preceding year.

In the Financial Markets segment, net interest income decreased by 48.1% to EUR 12.1 million, and income from investments accounted for by the equity method was EUR -8.0 million after EUR 29.7 million in the preceding year.

Risk provisions increased by 28.0% to EUR 6.4 million.

Net trading income decreased by 95.8% to EUR 0.1 million; other operating income declined by 77.3% to EUR 6.7 million.

The shortfall in Financial Markets was EUR -4.8 million after EUR 70.9 million in the preceding year.

RoE is not indicative due to the segment result, and the cost/income ratio rose to 84.7%.

### Other

The segment "Other" includes income and expense items – especially overheads for staff costs and other administrative expenses as well as depreciation and amortisation – that cannot be meaningfully assigned to any of the other segments.

The shortfall for the year before tax in 2020 in the segment Other was EUR -47.2 million following EUR -37.9 million in the preceding year.

## Consolidated Financial Statements

<b>Statement of comprehensive income for the financial year 2020</b>					
<b>Consolidated income statement in €k</b>					
		<b>2020</b>	<b>2019</b>	<b>Change in €k</b>	<b>Change in %</b>
1. Interest and similar income		417,455	467,536	-50,081	-10.7
a) Interest income pursuant to effective interest rate method		397,235	434,310	-37,075	-8.5
b) Other interest income		20,220	33,226	-13,006	-39.1
2. Interest and similar expenses		-80,526	-121,741	41,215	-33.9
Net interest income	(3)	336,929	345,795	-8,866	-2.6
3. Profit from entities accounted for by the equity method	(4)	-8,015	29,739	-37,754	>-100
4. Charges for losses on loans and advances	(5)	-41,830	-12,210	-29,620	> 100
5. Fee and commission income		190,860	180,776	10,084	5.6
6. Fee and commission expenses		-20,186	-17,728	-2,458	13.9
Net fee and commission income	(6)	170,674	163,048	7,626	4.7
7. Net trading income	(7)	1,452	2,348	-896	-38.2
8. Administrative expenses	(8)	-294,924	-288,945	-5,979	2.1
9. Other operating income	(9)	3,214	36,459	-33,245	-91.2
a) Net income from financial assets - FV/PL		8,531	27,356	-18,825	-68.8
b) Net income from financial assets - FVOCI		-192	227	-419	>-100
c) Net income from financial assets - AC		765	1,617	-852	-52.7
d) Other operating income		-5,890	7,259	-13,149	>-100.0
Profit for the year before tax		167,500	276,234	-108,734	-39.4
10. Income taxes	(10)	-43,987	-60,123	16,136	-26.8
Profit for the year after tax		123,513	216,111	-92,598	-42.8
thereof attributable to equity holders of the parent company and to the owners of additional equity components		122,394	214,984	-92,590	-43.1
thereof attributable to non-controlling interests		1,119	1,127	-8	-0.7

## Consolidated Financial Statements

<b>Other comprehensive income in €k</b>	<b>2020</b>	<b>2019</b>
Profit for the year after tax	123,513	216,111
<b>Items not reclassified to profit or loss for the year</b>	<b>-4,670</b>	<b>-15,456</b>
+/- Actuarial gains/losses IAS 19	-7,654	-21,296
+/- Deferred taxes on actuarial gains/losses IAS 19	1,913	5,324
+/- Share from entities recognised using the equity method	-471	-15,345
+/- Value changes in own credit risk recognised in equity IFRS 9	20,867	2,222
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	-5,217	-555
+/- Value changes in equity instruments recognised in equity IFRS 9	625	14,977
+/- Deferred tax on value changes in equity instruments IFRS 9 recognised in equity	-14,734	-784
<b>Items reclassified to profit or loss for the year</b>	<b>-11,341</b>	<b>1,263</b>
+/- Value changes recognised in equity for debt securities IFRS 9	-1,563	-1,230
Amounts recognised in equity	-1,457	-1,107
Reclassification adjustments	-106	-123
+/- Deferred tax on value changes recognised in equity for debt securities IFRS 9	391	308
Amounts recognised in equity	364	277
Reclassification adjustments	26	31
+ / - Exchange differences	-4,298	-596
+/- Share from entities recognised using the equity method	-5,871	2,782
Total income and expenses recognised directly in equity	-16,011	-14,193
Total comprehensive income for the year from net profit and income/expenses not recognised in profit or loss	107,502	201,918
thereof attributable to equity holders of the parent company and to the owners of additional equity components	106,383	200,791
thereof attributable to non-controlling interests	1,119	1,127

<b>Performance indicators</b>	<b>2020</b>	<b>2019</b>
Cost/income ratio in % <sup>1)</sup>	58.49	50.04
Return on equity before tax in % <sup>2)</sup>	5.67	9.64
Return on equity after tax in % <sup>3)</sup>	4.18	7.54
Risk/earnings ratio (credit risk/net interest income) in % <sup>4)</sup>	12.42	3.53
Earnings per share in € <sup>5)6)</sup>	3.52	6.13

1) Administrative expenses in relation to net interest income, equity method, net fee and commission income, net trading income and other operating income

2) Profit/loss for the year before tax in relation to average shareholders' equity

3) Profit/loss for the year after tax in relation to average shareholders' equity

4) Charges for losses on loans and advances in relation to net interest income

5) Profit/loss for the year after tax in relation to average number of shares in circulation

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

In the course of the financial 2020, the preference shares issued were converted into ordinary shares. Therefore, the earnings per share as at 31 December 2020 refer only to ordinary shares (see Note 11). In the preceding year, earnings per share were the same for both ordinary and preference shares.

## Consolidated Financial Statements

<b>Balance sheet at 31/12/2020</b>				<b>Change</b>	<b>Change</b>	
<b>Assets in €k</b>			<b>31/12/2020</b>	<b>31/12/2019</b>	<b>in €k</b>	<b>in %</b>
1.	Cash and balances at central banks	(12)	2,105,984	371,510	1,734,474	> 100.0
2	Loans and advances to credit institutions	(13)	968,908	1,522,205	-553,297	-36.3
3	Loans and advances to customers	(14)	17,264,665	16,570,201	694,464	4.2
4.	Trading assets	(16)	47,434	40,949	6,485	15.8
5.	Financial investments	(17)	3,404,229	3,643,767	-239,538	-6.6
	a) Financial assets - FVPL		560,251	533,355	26,896	5.0
	b) Financial assets FVOCI		487,826	498,075	-10,249	-2.1
	c) Financial assets - AC		1,459,007	1,698,260	-239,253	-14.1
	d) Interests in entities accounted for using the equity method		897,145	914,077	-16,932	-1.9
6.	Intangible assets	(18)	2,203	1,673	530	31.7
7.	Property, plant and equipment	(19)	404,351	414,794	-10,443	-2.5
	a) Investment property		89,656	92,739	-3,083	-3.3
	b) Other property, plant and		314,695	322,055	-7,360	-2.3
8.	Other assets	(21)	235,155	263,930	-28,775	-10.9
	a) Deferred tax assets		7,388	25,367	-17,979	-70.9
	b) Positive fair values of closed out derivatives in the banking book		153,306	118,657	34,649	29.2
	c) Other		74,461	119,906	-45,445	-37.9
	<b>Total assets</b>		<b>24,432,929</b>	<b>22,829,029</b>	<b>1,603,900</b>	<b>7.0</b>

<b>Balance sheet at 31/12/2020</b>				<b>Change</b>	<b>Change</b>	
<b>Liabilities in €k</b>			<b>31/12/2020</b>	<b>31/12/2019</b>	<b>in €k</b>	<b>in %</b>
1.	Amounts owed to credit institutions	(22)	5,065,644	4,795,833	269,811	5.6
	a) Refinance allocated for customer loans		2,734,835	2,561,437	173,398	6.8
	b) Other amounts owed to credit institutions		2,330,809	2,234,396	96,413	4.3
2.	Amounts owed to customers	(23)	13,087,168	11,980,651	1,106,517	9.2
3.	Securitised liabilities	(24)	1,854,005	1,662,863	191,142	11.5
4.	Provisions for liabilities and charges	(25)	372,841	381,362	-8,521	-2.2
5.	Other liabilities	(26)	528,630	525,268	3,362	0.6
	a) Trading liabilities	(27)	42,799	38,092	4,707	12.4
	b) Tax liabilities		6,638	3,997	2,641	66.1
	ba) Current tax liabilities		2,932	250	2,682	> 100
	bb) Deferred tax liabilities		3,706	3,747	-41	-1.1
	c) Negative fair values of derivatives closed out in the banking book		39,932	35,030	4,902	14.0
	c) Other		439,261	448,149	-8,888	-2.0
6.	Subordinated debt capital	(28)	485,775	522,515	-36,740	-7.0
7.	Shareholders' equity	(29)	3,038,866	2,960,537	78,329	2.6
	a) Equity after minorities		2,981,215	2,901,840	79,375	2.7
	b) Share of non-controlling shareholders		7,651	8,697	-1,046	-12.0
	c) Additional equity capital		50,000	50,000	0	-
	<b>Total equity and liabilities</b>		<b>24,432,929</b>	<b>22,829,029</b>	<b>1,603,900</b>	<b>7.0</b>

## Consolidated Financial Statements

### Consolidated own funds and regulatory own funds requirement

As from 1 January 2014, Oberbank AG became subject to the provisions of Regulation (EU) No. 575/2013 (CRR) as well as CRD IV. The defined minimum capital requirements were met at all times. The own fund components disclosed are also used for purposes of internal capital management.

Regulatory capital pursuant to Part 2 of Regulation (EU) No 575/2013 - Pillar I in €k	2020	2019	Change	
			absolute	in %
Subscribed capital	105,922	99,622	6,300	6.3
Capital reserves	505,523	505,523	-	-
Retained earnings <sup>1)</sup>	2,288,023	2,181,127	106,896	4.9
Minority interests	0	0	-	-
Cumulated other comprehensive income	64,698	70,069	-5,371	-7.7
Regulatory adjustment items	-9,303	6,530	-15,833	>-100
Deductions from common equity tier 1 capital items	-249,653	-203,899	-45,754	22.4
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>2,705,210</b>	<b>2,658,972</b>	<b>46,238</b>	<b>1.7</b>
AT1 capital instruments	50,000	50,000	-	-
AT1 capital instruments pursuant to national implementation rules	0	0	-	-
Deductions from AT1 capital items	0	0	-	-
<b>Additional tier 1 capital</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>
<b>TIER 1 CAPITAL</b>	<b>2,755,210</b>	<b>2,708,972</b>	<b>46,238</b>	<b>1.7</b>
Qualifying supplementary capital instruments	356,117	352,382	3,735	1.1
Nominal capital preference shares purs. to transition rules	0	6,300	-6,300	-100.0
AT1 capital instruments purs. to transition rules	0	0	-	-
Supplementary capital (tier 2) items pursuant to national implementation rules	5,050	9,406	-4,356	-46.3
General credit risk adjustments	0	0	-	-
Deductions from tier 2 capital items	-17,047	-18,992	1,945	-10.2
<b>Supplementary capital (tier 2)</b>	<b>344,120</b>	<b>349,096</b>	<b>-4,976</b>	<b>-1.4</b>
<b>OWN FUNDS</b>	<b>3,099,330</b>	<b>3,058,068</b>	<b>41,262</b>	<b>1.3</b>
<b>Total risk exposure pursuant Art. 92 CRR</b>				
Credit risk	14,074,381	13,978,718	95,663	0.7
Market risk, settlement risk and CVA risk	39,278	52,758	-13,480	-25.6
Operational risk	1,053,164	1,083,459	-30,295	-2.8
<b>Total exposure</b>	<b>15,166,823</b>	<b>15,114,935</b>	<b>51,888</b>	<b>0.3</b>
<b>Own funds ratio pursuant to Art. 92 CRR</b>				
Common equity tier 1 capital ratio	17.84%	17.59%	0.24% ppt	
Tier 1 capital ratio	18.17%	17.92%	0.24% ppt	
Total capital ratio	20.43%	20.23%	0.20% ppt	
<b>Regulatory requirement own capital ratios pursuant to transition rules in %</b>				
Common equity tier 1 capital ratio	7.05%	7.13%	-0.08% ppt	
Tier 1 capital ratio	8.55%	8.63%	-0.08% ppt	
Total capital ratio	10.55%	10.63%	-0.08% ppt	
<b>Regulatory capital requirements pursuant to transition rules in €k</b>				
Common equity tier 1 capital	1,069,261	1,078,299	-9,038	-0.8
Tier 1 capital	1,296,763	1,305,023	-8,260	-0.6
Total capital	1,600,100	1,607,322	-7,222	-0.4
<b>Free capital components</b>				
Common equity tier 1 capital	1,635,949	1,580,673	55,276	3.5
Tier 1 capital	1,458,447	1,403,949	54,498	3.9
Total capital	1,499,230	1,450,746	48,484	3.3

1) Incl. allocation to retained earnings 2020 subject to approval by the Supervisory Board on 17 March 2021

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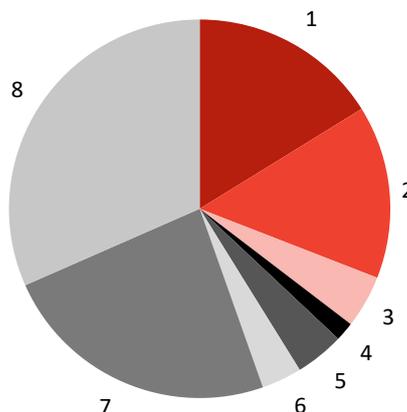
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## Service Information

### Shareholders of the 3 Banken Group by Voting Share

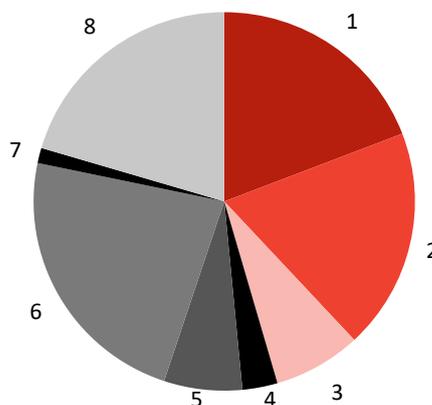
#### Oberbank

1	Bank für Tirol und Vorarlberg AG (incl. BTV 2000*)	16.15%
2	BKS Bank AG, Klagenfurt (including subordination syndicate with BVG**)	14.79 %
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	4.50%
4	Generali 3 Banken Holding AG, Wien	1.62%
5	Employees	4.15%
6	UniCredit Bank Austria AG, Wien	3.41%
7	CABO Beteiligungsgesellschaft m. b. H., Wien	23.76%
8	Free float	31.62%



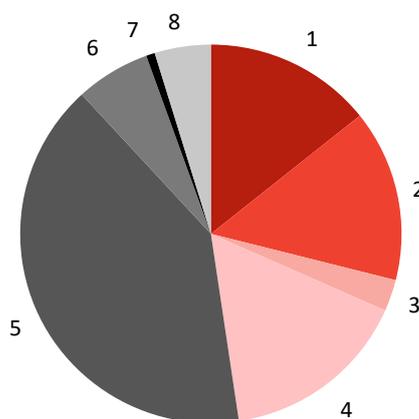
#### BKS

1	Oberbank AG, Linz (including subordination syndicate with BVG**)	19.17 %
2	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	18.89%
3	Generali 3 Banken Holding AG, Wien	7.44%
4	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	2.98%
5	UniCredit Bank Austria AG, Wien	6.63%
6	CABO Beteiligungsgesellschaft m. b. H., Wien	23.15%
7	BKS – Belegschaftsbeteiligungsprivatstiftung, Klagenfurt	1.30%
8	Free float	20.44%



#### BTV

1	Oberbank AG, Linz	14.27%
2	BKS Bank AG, Klagenfurt	14.67%
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	2.70%
4	Generali 3 Banken Holding AG, Wien	16.01%
5	CABO Beteiligungsgesellschaft m. b. H., Wien	40.51%
6	UniCredit Bank Austria AG, Wien	6.34%
7	BTV Privatstiftung, Innsbruck	0.74%
8	Free float	4.76%



\* BTV 2000, Beteiligungsverwaltungsgesellschaft m.b.H. ("BTV 2000"), 100% subsidiary of Bank für Tirol und Vorarlberg Aktiengesellschaft, holds a stake of 2.26% in Oberbank AG.

\*\* Beteiligungsverwaltung Gesellschaft m.b.H. ("BVG") holds 0.58% in Oberbank AG and 0.65% in BKS.

There is a syndicate agreement with each of the shareholders shown in shades of red.

## Publication Details

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Oberbank abstains from producing a resource-intensive printed version of the Annual Report.

The full version of the Bank's Annual Reports can be accessed on our website at [www.oberbank.at](http://www.oberbank.at). 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.

### Disclaimer

This Report contains statements and forward-looking statements regarding Oberbank AG's future development.

These forward-looking statements are usually accompanied by words such as "estimates", "expects", "plans", "predicts", "targets" and similar expressions. The forecasts are our estimates based on the information at our disposal on the copy deadline date. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialize, the actual results may vary from those currently expected. This Annual Report does not constitute a recommendation to buy or sell shares of Oberbank AG.

This English version has been prepared for the convenience of English-speaking readers.