Annual Report 2023

This annual report is a translation from the original German,
which was the version audited by KPMG and the only legally binding report.

www.hypo.at

HYPO OBERÖSTERREICH

General information

Group Management Report

Business development in the segments

Consolidated Financial Statements

in accordance with International Financial Reporting Standards (IFRSs)

Dear customers,
valued business partners,

The 2023 financial year was once again characterised by success and growth in all segments for HYPO Oberösterreich. Last year, we welcomed a record number of over 5,000 new customers to HYPO Oberösterreich and increased our deposits to an all-time high.

HYPO Oberösterreich's strategy therefore proved to be more than effective in 2023, even in a challenging market environment.

We again increased our financing volume by over EUR 270 million, more than compensating for the slight decline in housing finance. At the same time, we were able to increase the volume of customer deposits by around EUR 600 million. In the retail sector alone, we recorded an increase of 12.6% thanks to our progressive and attractive interest rate policy. We are particularly pleased that we were able to significantly increase the share of term deposits in this sector compared to the previous year, from 14.9% to 41.6%.

HYPO Oberösterreich also impressively demonstrated its reputation on the international capital market, placing a total of around EUR 900 million in issues.

Another focus in 2023 was on promoting a healthy working environment. A central component of this is the compatibility of work and family life, which we at HYPO Oberösterreich were the first bank in the state to commit to in 2007, and which we put into practice with measures such as flexible working hours and special childcare programmes. We are therefore delighted that we have recently been awarded the state seal of approval "berufundfamilie" for the sixth time in a row.

Both our Bank's top rating (A+ with improved outlook "stable") and our excellent sustainability rating with prime status are proof of the success of our joint commitment.

On behalf of the Management Board and all employees, I would like to express my sincere thanks for the fruitful cooperation during the past year. We see your trust as a mandate to continue on our successful path and further develop HYPO Oberösterreich in line with our core positioning of growth, customer focus, digitalisation and sustainability.

Klaus Kumpfmüller
Chairman of the Management Board

Allocation of responsibilities

Chairman of the Management Board
Klaus Kumpfmüller

Doctors, liberal professions and private banking
Authorised signatory Marcel Kohl-Peterke

Asset and liability management/treasury
Authorised signatory Christoph Zoitl

Branch sales
Authorised signatory Marietta Kratochwill

Key Accounts
Wolfgang Kastl

Corporate customers and real estate projects
Alexander Wienerroither, authorised signatory

Marketing
Rainer Kargel

Sustainability & securities
Hans-Jörg Preining

OÖ Hypo Leasinggesellschaft m.b.H.
Helmut Schrems and
Alexander Wienerroither, authorised signatory

Human resources
Kerstin Ebenführer

Sales support
Tanja Hartl

Management Board office

Member of the Management Board
Thomas Wolfsgruber

Controlling
Oliver Tölle

Financing
Mario Eidinger, authorised signatory

Real estate companies
Helmut Schrems and
Walter Lindinger-Pesendorfer

Information technology
Christian Hofer, authorised signatory

Internal audit
Bettina Undesser

Accounting
Stefan Meier, authorised signatory

Law and corporate development
Serena Denkmair, authorised signatory

Risk management
Georg-Dominik Stangl

Environmental, safety and infrastructure management
Gerhard Garbeis

Key figures 2023

Total assets

8,677

EUR million
2022: EUR 7,969 million

Loans and advances to customers

6,155

EUR million
2022: EUR 5,882 million

NPL (non-performing loans) ratio

1.35

percent
2022: 0.31%

Securitised liabilities

4,421

EUR million
2022: EUR 3,945 million

General administrative expenses

66.5

EUR million
2022: EUR 60.0 million

Consolidated pre-tax profit for the year

42.9

EUR million
2022: EUR 40.1 million

Consolidated after-tax profit for the year

35.6

EUR million
2022: EUR 33.5 million

ROE (return on equity)

8.2

percent
2022: 8.1%

Liabilities to customers

2,930

EUR million
2022: EUR 2,301 million

Net fee and commission income

16.7

EUR million
2022: EUR 16.2 million

CIR (cost-income ratio)

54.8

percent
2022: 57.6%

Tier 1 capital ratio

14.1

percent
2022: 13.7%

Report of the Supervisory Board

2023 was a turbulent year in economic and geopolitical terms, with high inflation, rising interest rates and weakening economic performance. The conditions were unusual and challenging. But we mastered them, thanks to an excellent team effort. External influences and the fact that targets have been achieved more quickly than planned mean that the company's strategy has to be kept under constant review – adjustments, additions and clarifications have been made to our four strategic core positions on an ongoing basis. The HYPO added-value strategy has proven to be a valuable and effective guide.

In the 2023 financial year, the Supervisory Board of HYPO Oberösterreich fulfilled the duties incumbent upon it by virtue of the law and the articles of association. The Management Board reported regularly and comprehensively on the situation and development of the Bank and the Group.

The accounting, the annual financial statements in accordance with the provisions of the Austrian Commercial Code (UGB) / Austrian Banking Act (BWG), the consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) as at 31 December 2023, the Management Report and the Group Management Report for the 2023 financial year have been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

The audits did not give rise to any objections and the legal requirements were fully complied with. The unqualified audit certificate was thus issued.

At the meeting held on 18 April 2024, the Supervisory Board examined the annual financial statements and the consolidated financial statements as at 31 December 2023, the Management Report and the Group Management Report for the financial year 2023. The annual financial statements prepared by the Management Board were approved by the Supervisory Board in accordance with Section 96(4) or the Austrian Stock Corporations Act. The Management Board's proposal on the appropriation of profit was approved.

The Bank's work is particularly important in a challenging, dynamic environment. We would like to thank the Management Board and all employees for this.

Linz, April 2024

The Chairman of the Supervisory Board

Othmar Nagl

Governing bodies of the Bank

Supervisory Board

Chairman:
Othmar Nagl
(General Manager OÖ Versicherung AG)

Deputy Chairmen:
Heinrich Schaller
(General Director Raiffeisenlandesbank Oberösterreich AG)

Michael Tissot
(tax advisor)

Members:
Volkmar Angermeier
(President of the Supervisory Board Raiffeisenlandesbank Oberösterreich AG)

Miriam Eder
(Head of Controlling, Auditing & Compliance BBRZ Group)

Klaus Fürlinger
(Member of the National Council, lawyer)

Michael Glaser
(Member of the Managing Board of Raiffeisenlandesbank Oberösterreich AG)

Horst Haudum
(Managing Director of OÖ Landesholding GmbH)

Elisabeth Kölblinger
(Tax advisor)

Reinhard Schwendtbauer
(Member of the Managing Board of Raiffeisenlandesbank Oberösterreich AG)

Delegated by the Works Council:
Kurt Dobersberger
(Chairman of the Works Council, HYPO Oberösterreich)

Andrea Koppe
(Deputy Chairwoman of the Works Council, HYPO Oberösterreich)

Sabine Füreder, until 31 December 2023

Claudia Kastenhofer, from 1 January 2024

Silvia Häusler

Roland Raab

Supervisory commissioner of the federal state of Upper Austria:
Thomas Stelzer
(Governor of the federal state of Upper Austria)

Deputy supervisory commissioner of the federal state of Upper Austria:
Christiane Frauscher
(Managing Director of OÖ Landesholding GmbH, Finance Director of the federal state of Upper Austria)

State Commissioner:
Hans-Georg Kramer
(Federal Ministry of Finance)

Deputy State Commissioner:
Sigrid Part
(Federal Ministry of Finance)

Management Board

Chairman of the Management Board:
Klaus Kumpfmüller

Member of the Management Board:
Thomas Wolfsgruber

Cover pool trustee

Cover pool trustee:
Wolfgang Claus
(Federal Ministry of Finance),
until 30 June 2023

Deputy cover pool trustee:
Katharina Lehmayer
(President of the Higher Regional Court of Vienna),
until 30 June 2023

Cover pool trustee:
Saxinger, Chalupsky & Partner Rechtsanwälte GmbH,
Appointment as at 15 May 2023,
assumption of the function as at 1 July 2023

Branches

Linz – "ServiceCenter Landstraße"
Manager: Lydia Kropfreiter
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landstrasse@hypo-ooe.at

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bahnhof@hypo-ooe.at

Linz – "Bindermichl"
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Linz – "Eisenhand"
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Linz – "Magdalena"
Manager: Andreas Nigl
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wels@hypoooe.at

Vienna
Manager: Sebastian Szabo
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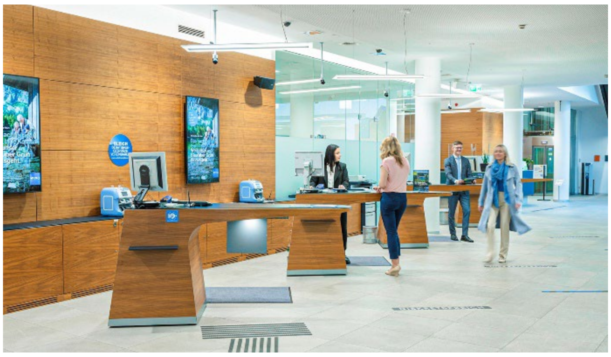
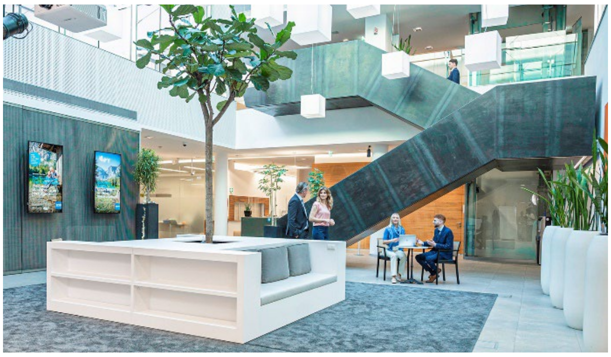
Phone +43 1 79 69 820
wien@hypoooe.at





Ownership structure

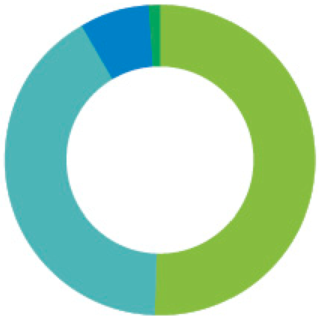
Strong owners

The federal state of Upper Austria owns 50.57% of HYPO Oberösterreich. Its shares are held via OÖ Landesholding GmbH (which is wholly owned by the federal state of Upper Austria). Hypo Holding GmbH holds 48.59% of the shares. Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and Oberösterreichische Versicherung Aktiengesellschaft are shareholders in this company. This results in the following calculated equity investments in HYPO Oberösterreich: Raiffeisenlandesbank Oberösterreich Aktiengesellschaft 41.14% and Oberösterreichische Versicherung Aktiengesellschaft 7.45%. The Bank's employees hold a 0.84% stake in HYPO Oberösterreich. The subscribed share capital of the Bank amounts to EUR 14,663,590.

Excellent ratings

HYPO Oberösterreich was once again able to maintain its top position in the Austria-wide 2023 rating comparison and impressed with its high level of security and very good credit rating. The Bank's top rating of "A+" was reaffirmed by the international rating agency Standard & Poor's, and its outlook was upgraded to "stable". This means that HYPO Oberösterreich continues to occupy a leading position among domestic universal banks. We maintained our "prime status" in the international ISS ESG sustainability rating, despite more stringent requirements. The introduction of a climate strategy, the launch of the hypo_blue housing loan and the engagement strategy have led to a significant improvement in the area "environment" in particular. The public cover pool was also rated in 2023 and the result was convincing: with a cover pool rating of "AA+ with stable outlook", HYPO Oberösterreich has an excellent basis for a future-proof refinancing structure.

Ownership structure in %



- Federal state of Upper Austria 50.57 %
- Raiffeisenlandesbank Oberösterreich Aktiengesellschaft 41.14 %
- Oberösterreichische Versicherung Aktiengesellschaft 7.45 %
- Employees 0.84 %

S&P Global Ratings

Issuer rating	A+	Stable outlook
Mortgage cover pool	AA+	Stable outlook
Public cover pool	AA+	Stable outlook

ISS ESG

Sustainability rating	C	Prime

Group Management Report

Consolidated pre-tax profit for the year

42.9

EUR million

NPL ratio

1.35

percent

Impairment ratio

0.33

percent

Tier 1 capital ratio

14.1

percent

Business development and economic situation

Continued success and growth

HYPO Oberösterreich can look back on a very successful financial year 2023. We continued resolutely on our success and growth trajectory of recent years, based on the “HYPO added-value-strategy 2025”.

Consolidated pre-tax profit for the year increased by +7.1% to EUR +42.9% (2022: EUR +40.1 million). Total assets increased 2023 by +8.9% to EUR 8,676.7 million (2022 : EUR 7,968.8 million).

The main drivers of this excellent performance were a significant increase in the financing volume, strong investment business, particularly in customer deposits, and very good net interest and net fee and commission income.

Record level of lending business

HYPO Oberösterreich further consolidated its remarkable position as a credit bank in 2023.
The financing volume exceeded the EUR 6 billion mark for the first time. Loans and advances to customers increased by +4.6% to EUR 6,154.5 million (2022: EUR 5,882.1 million). The growth of over EUR +270 million required a new financing volume of around EUR 900 million. The main reason for the increase in the financing volume was the Key Accounts customer segment (this includes the subsegments Large-scale housing, Public institutions, Corporate customers and real estate projects as well as Church and social organisations). As a result, segment assets increased by +10.7% to EUR 3,505.8 million (2022: EUR 3,167.4 million).

HYPO Oberösterreich’s excellent market position as a financing bank is also reflected in its position as a housing bank. Despite the very challenging framework conditions – the rise in lending rates, KIM regulation, increases in construction costs – a new volume of EUR 160.6 million was achieved in private and privately-financed residential construction. Although this represents a decline of −23.7% from the record level of 2022, it is significantly better than the Austrian market as a whole. The latter recorded a decline of more than −50% in housing finance.

An important asset of the Bank is the low risk in the lending business. Although risk provisions had to be increased to EUR 28.5 million (2022: EUR 17.4 million) as at the reporting date due to the challenging market situation, especially in the real estate business, HYPO Oberösterreich’s credit risk metrics remain very good in comparison with other Austrian banks. The important NPL (non-performing loans) ratio at the end of 2023 was 1.35% (2022: 0.31%). The impairment ratio in 2023 was 0.33% (2022: 0.22%). Both ratios are therefore well below the Austrian banking average.

High level of issuing activity

The 2023 financial year was also characterised by strong issuing activity. New issues with a total volume of around EUR 900 million were placed. Worth a special mention was the placement of two mortgage covered bonds (including a green bond), each with a volume of EUR 250.0 million, on the international capital market. Demand for the bonds was high. Both issues were significantly oversubscribed within a very short time.

Convertible housing bonds were also in high demand. A record volume of EUR 209.5 million was issued here in 2023 (2022: EUR 40.6 million). This makes HYPO Oberösterreich the number one in the Austrian banking market in this area. The volume of securitised liabilities increased by a total of +12.1% to EUR 4,420.6 million (2022: EUR 3,944.9 million).

Strong growth in customer deposits

There was remarkable growth in customer deposits in 2023. Liabilities to customers increased by +27.4% to a new record level of EUR 2,930.2 million (2022: EUR 2,300.6 million). This was mainly due to strong growth among private customers, driven by attractive savings offers, also by Austrian standards, and higher deposits from institutional key accounts as at the reporting date. Customer deposits have thus doubled within ten years. Together with the issue volume, this means that the Bank continues to have excellent liquidity adequacy for the continuation of its defined growth course.

Strong interest and net fee and commission income

Net interest income increased by +27.8% to EUR +98.9 million (2022: EUR +77.3 million). This was mainly due to the expansion of business and the improvement in margins. Risk provisions had to be increased significantly compared to 2022 due to the deterioration in general framework conditions, particularly in the real estate sector. The impact in 2023 was EUR −11.8 million (2022: EUR −4.1 million). Net interest income after risk provisions thus rose by +18.8% to EUR +87.0 million (2022: EUR +73.2 million). The companies accounted for using the equity method – the Beteiligungs- und Wohnungsanlagen GmbH and the Beteiligungs- und Immobilien GmbH – also made a positive contribution to income in 2023 in the amount of EUR +6.8 million (2022: EUR +5.9 million).

The Bank's commission-based business also grew in 2023. Net fee and commission income increased by +3.5% to EUR +16.7 million (2022: EUR +16.2 million) due to increased income from payment transactions and a stable result from the securities business at a high level.

Net financial income totalled EUR −3.4 million (2022: EUR +4.3 million). The decline is due to measurement effects with regard to increased refinancing costs and deteriorations in credit ratings.

General administrative expenses increased by +10.7% to EUR −66.5 million (2022: EUR −60.0 million). This was primarily due to increases in salaries under collective agreements and index adjustments to other expenses.

In contrast, the net other operating income improved to EUR +2.2 million (2022: EUR +0.5 million). This is because the prescribed contributions to the resolution and deposit insurance funds are significantly lower compared to 2022.

HYPO Oberösterreich's cost-income ratio (CIR) was 2023 at 54.8% (2022: 57.6%). This is calculated by dividing general administrative expenses by total income including net other operating income.

Overall, this led to a consolidated pre-tax profit for the year of EUR +42.9 million (2022: EUR +40.1 million). The consolidated after-tax profit for the year increased to EUR +35.6 million (2022: EUR +33.5 million).

The return on equity (ROE) was thus 8.2% in 2023 (2022: 8.1%). This is calculated by dividing the pre-tax profit for the year by the average equity.

In the consolidated statement of comprehensive income, other consolidated comprehensive income for the period was primarily influenced by the measurement of investments in public limited companies. These must be recognised in the statement of financial position at fair value (e.g. share price) at the end of the year. HYPO Oberösterreich indirectly holds a 1% stake in voestalpine AG and a 0.5% stake in Austria Metall AG and Energie AG Oberösterreich. This led 2023 to a positive contribution to other consolidated comprehensive income for the period of EUR +9.8 million (2022: EUR −15.2 million).

The fall in market interest rates at the end of the year 2023 led to a revaluation of bonds in the own securities portfolio in the amount of EUR +7.7 million (2022: EUR −31.3 million) and to a measurement gain of EUR +11.6 million (2022: EUR +13.2 million) for own issues. The total consolidated comprehensive income for the year 2023 thus amounted to EUR +57.9 million (2022: EUR +10.1 million).

Capital adequacy

Group (IFRS)
Retained earnings provide the basis for meeting the increasing own funds requirements of further growth. Regulatory own funds increased to EUR 581.5 million (2022: EUR 542.1 million). Compared to the previous year, the Tier 1 capital ratio has even increased slightly.

The growth course in asset-based customer business led to an increase in the total risk exposure amount to EUR 3,655.2 million (2022: EUR 3,484.4 million). As at 31 December 2023 this results in a total capital ratio of 15.9% for the HYPO Oberösterreich Group (2022: 15.6%).

Credit institution (UGB/BWG)
After taking into account the dividend distribution, the remaining amount was allocated to reserves. As a result, regulatory own funds were increased to EUR 508.8 million (2022: EUR 477.8 million) and the increasing own funds requirements were funded by further growth. Despite an increase in the total risk exposure amount to EUR 3,439.8 million (2022: EUR 3,302.6 million), the total capital ratio increased to 14.8% (2022: 14.5%).

According to the SREP decision from 2022, as at 31 December 2023 there is an additional own funds requirement of 1.1% (2022: 1.1%) in the Group and 0.2% (2022: 0.2%) in the credit institution.

As at 31 December 2023, HYPO Oberösterreich had an MREL (Minimum Requirement for Own Funds and Eligible Liabilities) surplus (TREA) of EUR 1,377.4 million (2022: EUR 1,489.3 million) with an MREL target (TREA) of EUR 610.4 million (2022: EUR 581.9 million) and an MREL surplus (LRE) of EUR 1,516.1 million (2022: EUR 1,637.4 million) with an MREL target (LRE) of EUR 471.6 million (2022: EUR 433.8 million).

Please refer to item (45) in the Notes for information on own shares.

In accordance with the Capital Requirements Regulation (CRR), own funds as at 31 December 2023 were as follows:

Own funds in accordance with CRR	Group (IFRS)		Credit institution (UGB/BWG)	
in EUR million	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Solvency assessment basis (total risk exposure amount)	3,655.2	3,484.4	3,439.8	3,302.6
Minimum own funds requirement (8%)	292.4	278.7	275.2	264.2
Common Equity Tier 1 capital – ACTUAL =				
Tier 1 capital – ACTUAL	516.6	478.0	438.8	408.7
Common Equity Tier 1 capital ratio in % =				
Tier 1 capital ratio in %	14.1	13.7	12.8	12.4
Supplementary own funds – ACTUAL	64.9	64.0	70.0	69.2
Supplementary own funds in %	1.8	1.8	2.0	2.1
Total capital – ACTUAL (regulatory own funds)	581.5	542.1	508.8	477.8
Total capital ratio in %	15.9	15.6	14.8	14.5
Excess own funds	289.1	263.3	233.6	213.6

Risk management

The risk strategy in place at HYPO Oberösterreich was derived from the requirements arising from the business strategy in conjunction with medium-term planning, the economic framework conditions and the legal national and European framework. The risk strategy was significantly refined in the areas of sustainability risk and operational risk (particularly IT risk).

HYPO Oberösterreich has implemented a risk management system whose aim and task is to identify, measure and limit risks within the Bank.

Decisions on risk management are made by the Management Board on the basis of the principles established by risk management and the central considerations of the risk committee set up for this purpose, as well as the ALM committee for market and liquidity risks. The risk committee's task is to exchange information and advise on the Bank's risk situation on the basis of existing risk reports, to discuss the risk strategy and limit regime and to advise on proposals for risk optimisation.

Credit risk

Specific strategic guidelines for limiting credit risk in the asset classes of loans and advances to customers and for the Bank's own securities portfolio are anchored in the risk strategy and the limit regime.

The risk situation in the sub-portfolios can be optimised on an ongoing basis through the intensive and professional case-by-case assessment of new transactions or loan agreement amendments with individual credit ratings and collateral assessments. The counterparty risk, which is very good by external standards, was maintained; the NPL ratios have risen significantly due to market developments, but remain below average in a sector comparison. The indirect consequences of the war in Ukraine with its effects on inflation and interest rate trends have led to an increase in credit default rates and higher risk provisions. These are below average in a sector comparison. The conflict in the Middle East also had no impact on credit risk, particularly due to the lack of exposure in the region.

Market risk

In order to monitor the impact on the Bank's fair value and earnings situation, interest rate risk in the banking book and credit spread risk on the Bank's own debt instruments are managed in particular. Compliance with the risk strategy approved by the Management Board, the risk-bearing capacity and market risk limits and regulatory limits is monitored on an ongoing basis.

Climate-related risks

The aim is to avert potential damage to the institution, including environmental and climatic events that could have a negative impact on the known types of risk. Internal risk management is based on national and international legal requirements, our own developments for measuring and limiting sustainability risks and standard market procedures, which are implemented on an ongoing basis.

Sustainability risks are managed in accordance with the FMA guidelines in the usual categorisations of physical and transitory risks, each of which is considered a component of the existing risk types. Sustainability risk has been integrated into the main risk types and is part of the ICAAP. Accordingly, it is backed by risk capital and is subject to limitation (controlling). The effects of climate and environmental risks are currently measured in credit, credit spread and macroeconomic risk, using stress tests and scenario analyses.

Liquidity risk

HYPO Oberösterreich attaches great importance to matching maturities. To limit the risk from maturity mismatches, the Management Board has set limits for the operational and structural liquidity risk as well as for the regulatory key figures. The results of the stress tests show that HYPO Oberösterreich is in a position to meet its liabilities at all times.

Operational risk
In addition to our own assessments, operational risks are monitored by taking into account audit reports, risk reports (e.g. from IT), complaints, reported near misses and the recording of actual loss events using a loss database, which also forms the basis for ongoing reporting to management.

In addition, organisational measures (e.g. separation of front and back office) and IT measures are taken to limit operational risk. An internal control system, competence regulations and audits by Internal Audit ensure a high standard of security. A central ICS has been implemented to minimise operational risk.

The internal control and risk management system with regard to the financial reporting process
By setting up and designing an internal control and risk management system, the Management Board ensures that business matters and transactions are properly recorded, processed, assessed and subsequently accounted for completely, correctly and in the period to which they apply. It also ensures that assets and liabilities are recognised, reported and measured correctly in the annual and consolidated financial statements.

All tasks and responsibilities of the financial reporting process are recorded chronologically in a process modelling system. The functions in the financial reporting process are clearly separated. The main risks and the corresponding internal controls are comprehensibly documented. The established controls are regularly reviewed and evaluated for their effectiveness. Standardised accounting and measurement methods are prescribed. Legal changes are constantly monitored and implemented in coordination with all affected areas. The process for preparing the financial statements follows a coordinated procedure and defined interfaces. The annual and consolidated financial statements are only approved once controls have been carried out at all levels. An integrated reporting software ensures the harmonised, validated and automated reporting of all legally required financial statement information in accordance with the dual control principle.

Appropriate control measures have been implemented to ensure compliance with IT security in relation to all relevant accounting systems. In addition, IT authorisations for sensitive activities are assigned restrictively.

In addition, the effectiveness of the internal control system is regularly reviewed by Internal Audit.

For further information on risk management objectives and methods as well as statements regarding existing risks, see the risk report in the Notes to the consolidated financial statements. The information pursuant to Part VIII of the CRR in conjunction with the Disclosure Regulation is published on the HYPO Oberösterreich website (www.hypo.at).

Branches
HYPO Oberösterreich operated the ServiceCenter Landstraße in Linz and ten other branches in 2023. With the exception of one branch in Vienna, all branches are located in Upper Austria. Five branches are operated in the district capitals of Schärding, Ried, Vöcklabruck, Wels and Steyr, and five branches in Linz. There are no regional branch offices.

Research and development
In an increasingly digital world, mobile payment technology is growing in importance and changing the way we pay. HYPO Oberösterreich responded to this development in 2023 by expanding its range of mobile payment options with the innovative SwatchPAY! and LAKS PAY services. “Mobile payment” refers to the use of mobile devices such as smartphones, smartwatches or other so-called wearables (such as rings or keychains) to carry out transactions. Purchases can be completed quickly and easily without having to carry traditional physical debit cards or cash.

SwatchPAY! allows customers to make simple and contactless payments with a selection of Swatch watches. Payment is made using an NFC chip (Near Field Communication), which is located under the face of the watch. The power required for this is supplied by the payment terminal, so unlike a smartphone or smartwatch, the watch can be used to make payments even when the battery is empty. To activate SwatchPAY!, all you need to do is to register your debit card in the SwatchPAY! application.

Since 2023, HYPO Oberösterreich also supports the products of the provider LAKS PAY. The LAKS PAY portfolio includes over 250 wearables, from rings and keychains to wristbands. The way it works is similar to that of SwatchPAY!. NFC chips are built into all wearables and are activated via the LAKS PAY app, which is used to connect the wearable to the smartphone.

Launch of the ich.app
HYPO Oberösterreich is one of nine banking partners of the new ich.app – an application for secure and efficient online identification. The launch of the ich.app took place in October 2023. ich.app allows private individuals to identify themselves and complete transactions when using online purchases and services. The identification procedure is based on the data that customers provided to the Bank when they opened their bank account. By participating in the ich.app, HYPO Oberösterreich contributes to an improved digital user experience.

Innovations in online banking
“Mein ELBA”, HYPO Oberösterreich’s online banking portal, was also further developed in 2023: The sales categorisation was refined and expanded from the previous eight main categories and 55 subcategories to 20 main categories and 220 subcategories. This allows customers to manage their transactions with greater precision and gain a better overview of their finances. Furthermore, customers can now upgrade or downgrade their Mein ELBA package independently: They can switch between

the Basic, Premium and Premium Plus versions and book additional functions.

A key focus in 2024 will be on the introduction of INFINITY, the new electronic banking portal for corporate customers. This web-based platform will replace the existing ELBA mbs. Extensive updates are also planned for the HYPO Mein ELBA app and the HYPO ELBA-pay app, including a redesign.

Online banking has also found its way into the area of subsidised homebuilding: since June 2023, customers have been able – via the new subsidised homebuilding portal – to apply online for a subsidised loan as part of Upper Austria's home ownership subsidy scheme. All the steps right up to the disbursement of the subsidised loan can be handled in a simple and digital manner.

Digital signatures were also further developed in 2023: with the intuitive SMART signature tool, signatures can be initiated directly during the consultation or from anywhere by customer support. In both variants, customers are shown the documents to be signed on their tablet or smartphone and the signature process is initiated with a single click.

Artificial intelligence
With the launch of the ChatGPT chatbot, the topic of artificial intelligence (AI for short) has gained widespread public recognition. As HYPO Oberösterreich, we will actively engage with this technology and look for ways to integrate AI into our daily work in a beneficial way and identify new sustainable use cases. In addition to the existing authentication methods, AI-based photo recognition (photo ID) will be introduced in 2024. This automated authentication method with artificial intelligence background checks makes it easy to onboard new customers.

Macroeconomic environment and capital markets

Global economy grows slowly

In terms of global politics, 2023 continued to be strongly characterised by Russia's war against Ukraine. This war has still not come to an end, and the fighting is developing more and more in the direction of a war of attrition. Neither side seems to be in a position to decisively defeat the opponent militarily. In June, a military coup by the leader of the Wagner mercenaries, who marched his troops towards Moscow, caused a brief uproar. The uprising was settled peacefully after a day of negotiations led by Belarusian ruler Alexander Lukashenko, but the Wagner leader died in an unexplained plane crash just two months later. After the United States continued to actively support Ukraine with arms deliveries until the autumn, this aid came to an end towards the end of the year because some Republicans only want to release further funds in return for a restrictive immigration law. However, since the US military industry stands to benefit greatly from the war, there is great interest in finding a solution. However, even with further arms deliveries, an end to the war is not in sight in 2024.

In October 2023, another theatre of war opened up when fighters from the radical Islamic group Hamas launched a terrorist attack on Israel. In response, Israel began to take military action against Hamas and invade the Gaza Strip. These hostilities were also still ongoing at the end of the year and there is currently no end in sight. Hamas supporters can be found above all in Iran and among the Yemeni Houthis, who obstruct shipping traffic through the Suez Canal by attacking ships in the Red Sea. The impact on the global economy is still manageable; Western combat ships are trying to ensure shipping traffic by repelling the attacks and launching precise military strikes against Houthi facilities.

The global economy is still suffering from the after-effects of high inflation rates and the subsequent interest rate hikes by many central banks. As a result of the restrictive monetary environment, the International Monetary Fund (IMF), in its January 2024 forecast, predicted growth of only +3.1% for 2023 as a whole, well below the historical average of +3.8% since 2000. The forecast for 2024 also shows a steady increase of +3.1%. The evolution of inflation rates should provide some relief; after a rise of +6.8% in 2023, the IMF forecasts a decline to 5.8% in 2024. Core inflation, which excludes energy and food prices, is described as stubborn and is not expected to fall to target levels in most countries before 2025.

Looking at the two main global regions, Europe looks set to grow very slowly in 2023. The weakness of Germany, the EU's strongest economy, was the main reason for the increase of just +0.5% in the euro area. Slightly more robust growth of +0.9% is expected again in 2024. As is so often the case, the economy in the United States performed better than that in Europe. According to the IMF, continued low unemployment rates and stable consumer demand have led to economic growth of +2.5%. The US may feel the effects of tighter monetary policy with a slight delay in 2024, when growth is forecast to be lower at +2.1%. However, the US elections at the beginning of November could lead to additional measures to stimulate the economy.

In terms of both inflation and economic growth, Austria is one of the outliers within the European Union. The winter forecast of the Institute for Advanced Studies (IHS) for the fourth quarter of 2023 predicts a contraction in economic output of −0.7% for 2023 as a whole. Lower real incomes as a result of inflation and weaker demand for industrial goods are also likely to ensure a slow recovery in 2024. The IHS expects an increase of +0.8%, and economic growth could only pick up towards 1.5% in 2025.

Inflation falls significantly

Strong central bank intervention, coupled with a stabilisation in the prices of various commodities, has meant that inflation has come down well from its highs in 2023. While inflation in the euro area started the year at 9.2%, it had fallen to 5.5% by mid-year and 2.4% by the end of November. In December there was a renewed slight increase to 2.9%. Inflation in Austria fell less markedly. It fell from 10.2% at the beginning of the year to just 5.6% at the end of 2023. The Institute for Advanced Studies (IHS) expects inflation to continue to fall to 3.9% in 2024, followed by 3.0% in 2025. The United States began 2023 with a lower inflation rate of 6.5%, which then fell steadily to 3.0% by the end of June. Since then, inflation has been moving sideways, with a figure of 3.1% at the end of the year.

Central banks reach peak in raising rates

In 2023, the central banks' interest rate hike cycle reached its finale. In parallel, inflation fell significantly during the year. This has already led to interest rates falling again on the capital markets. Yields on ten-year Republic of Austria Government Bonds fell from 3.2% at the end of 2022 to around 2.6% at the end of 2023. There was a similar decline for ten-year German Bunds from just under −2.6% to almost exactly 2.0%.

On the money market, however, there was still a significant increase in 2023. The deposit rate of the European Central Bank (ECB), at which commercial banks park money with the central bank, was increased six times over the course of the year, twice by as much as 0.5%. From 2.0% at the beginning of the year, it rose to 4.0% in September before the ECB announced a pause in interest rates. The key interest rate was also increased from

2.5% to 4.5%. The 3-month Euribor has followed a similar pattern, although it has actually been on a slight downward trend since peaking in October. The year started at 2.132%, peaked at 4.002% and ended at 3.909%. In addition to the interest rate hikes, liquidity was also withdrawn from the market with the expiry of the targeted longer-term refinancing operations (TLTRO). Interest rates are already expected to be cut again in 2024, now that inflation has calmed down and the economy is barely growing.

The US Federal Reserve (Fed) had already raised interest rates more aggressively in 2022 and therefore only needed four interest rate hikes of 0.25% each in 2023 to reach its interest rate peak. Since the last increase in July, the key interest rate has been in a range of 5.25% to 5.5%. As in Europe, key interest rate cuts are also predicted in the USA for 2024. Yields on ten-year US Treasuries rose in line with the key interest rate from 3.9% at the beginning of the year to almost 5.0% in October. As it became clear to the markets that interest rates were not going to rise any further and that rate cuts were imminent, yields plummeted and were back to 3.9% at the end of 2023, where they started the year.

Share rally at the end of the year

A sideways movement prevailed on the stock markets until the autumn. It was still unclear to market participants how persistent inflation would remain. In addition, many central banks continued to raise interest rates. From the beginning of November, however, the stock markets seemed to have changed their mood. Indications that key interest rates could be cut again as early as 2024, coupled with a significant decline in inflation rates, led to price rallies in many global stock markets. The Dow Jones started 2023 at 33,147 points and had fallen to 32,417 points by shortly before the end of October. From then on, there was a steady upward trend and the year closed at 37,689 points with an increase of +13.7%. The DAX, Germany's leading index, showed a similar trend, but rose even more sharply by +20.3% from 13,923 points at the beginning of the year to 16,751 points. Although the Austrian ATX also rose, the gain of +9.9% was not as impressive and the year-end level of 3,435 points was also below the high of 3,557 points reached in March.

Euro constant against US dollar

After the euro weakened slightly in 2022, the single European currency remained stable in 2023. The fluctuation range against the US dollar was low over the course of the year; after starting the year at an exchange rate of around 1.07, the euro rose to around 1.12 by July. The euro was at its weakest in October at around 1.05, but by the end of the year it was back above the starting value at around 1.10. With interest rate cuts likely on both sides of the Atlantic in 2024, the two currencies are currently moving in relative unison. The Swiss franc, on the other hand, is constantly strengthening. The role as a safe haven and the low inflation rates in Switzerland led to a significant increase. The year started with an exchange rate of around 0.99 and ended just under 0.93, a new all-time low for the euro.

Lending business

In the year 2023, loans and advances to customers increased to EUR 6,154.5 million (2022: EUR 5,882.1 million).

Key Accounts

The financing volume in the segment Key Accounts rose sharply to EUR 3,300.3 million (2022: EUR 2,961.6 million).

Large-scale housing and Institutional customers
The subsegment Large-scale housing showed a significant increase to EUR 1,319.1 million (2022: EUR 1,214.8 million). The share of loans and advances to customers increased to 21.4%. This enabled us to defend our excellent market position as a financing partner for large-scale housing in Upper Austria and to maintain stable financing volumes in other federal states.

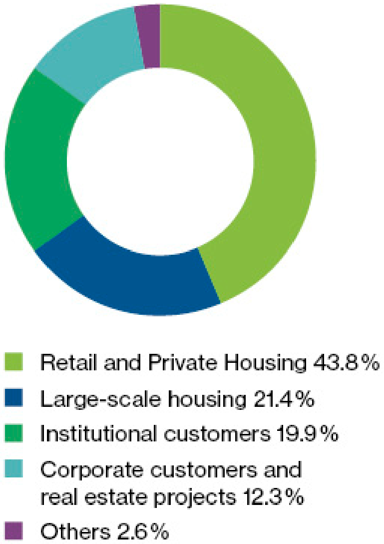
In the subsegment nstitutional customers (public institutions and clerical and social institutions), the financing volume also increased significantly to EUR 1,225.7 million (2022: EUR 1,075.8 million).

Corporate customers and real estate projects
Despite challenging market conditions, the subsegment Corporate customers and real estate projects managed to increase its volume to EUR 755.5 million (2022: EUR 671.0 million).

Retail and Private Housing

The segment Retail and Private Housing, HYPO Oberösterreich's core business area, is characterised by a high level of expertise and comprehensive advice and support. At EUR 2,696.5 million (2022: EUR 2,778.4 million), the financing volume remains at a very good level. In addition to the significant change in the environment for private housing, in particular the rise in interest rates and high construction costs, the decline is due to a reduction in subsidised homebuilding in Upper Austria. The share of total loans and advances to customers fell to 43.8%. Nevertheless, in 2023 we were able to defend the excellent market position for doctors and the liberal professions as well as our traditional position as a housing bank for private customers despite the highly competitive market.

Breakdown of loans and advances to customersby segment
Total volume as at 31 December 2023: EUR 6,154.5 million



Green Finance Alliance

HYPO Oberösterreich is a regional bank in majority public ownership. As such it stands for holistic, long-term and mutually beneficial customer relationships. We are also committed to ethical and sustainable behaviour with regard to social and environmental standards. By joining the Green Finance Alliance, HYPO Oberösterreich is making a public commitment to this.

The Green Finance Alliance requires concrete measures that commit its members to making their core business climate-neutral by 2050. One exemplary measure is HYPO Oberösterreich's engagement strategy, which was updated in December 2023 and aims to improve our own sustainability performance and that of our customers, partners and suppliers. Among other things, it sets out strict exclusion criteria that apply to the entire Group. These include environmental or climate-related criteria (such as the exclusion of new financing in connection with the discovery, extraction, refining, distribution and generation of energy from fossil fuels – unless the companies concerned are pursuing science-based goals and a corresponding transformation plan) as well as social factors and issues of responsible corporate governance.

A further measure of the Green Finance Alliance is the phase-out of existing financing in the coal and oil sector by 2030, with the exception of companies that have set science-based climate targets and are decarbonising their core business in line with the Paris Agreement, as well as projects that are in line with the Paris Agreement. HYPO Oberösterreich's loan and leasing portfolio does not contain any significant financing in the coal sector (financing volume < EUR 0.2 million). In the oil value chain, the lending business is very low at EUR 5.4 million. In line with the defined engagement approach, HYPO Oberösterreich will support its affected corporate customers in the transformation to a sustainable business model.

HYPO Oberösterreich calculates the financed emissions annually on the basis of the international standard of the Partnership for Carbon Accounting Financials (PCAF). The results are published in the sustainability report. Measures are constantly being taken to improve the quality of the calculations. HYPO Oberösterreich joined the PCAF network in 2023. In addition, science-based climate targets were developed and submitted to the Science Based Targets Initiative for validation. Notable measures in the area of sustainability are also planned for 2024. HYPO Oberösterreich will, for example, develop measures to implement the climate targets and intensify the integration of sustainability criteria in the lending process.

Further information on sustainability can be found in the sustainability report available in German ("Nachhaltigkeitsbericht") on the HYPO Oberösterreich website (www.hypo.at).

Securities business

Extensive fiscal stimuli in the US and Europe and the continued strength of US consumers prevented the global economy from drifting into recession in 2023. The high inflation rates also fell significantly over the course of the year in both the USA and Europe, fuelling fantasies that the central banks may soon cut interest rates.

Government and corporate bonds traded sideways for much of the year before the prospect of an end to the central bank rate hike cycle led to strong gains in the fourth quarter. They ended the year with a positive performance of around 4% to 6%. The leading US index S&P 500 closed the year with a strong gain of around 24.2% in local currency terms, driven primarily by technology shares as a result of positive expectations regarding investment opportunities in artificial intelligence. Despite more mixed economic development in Europe, the European stock markets also trended positively. The Stoxx Europe 600 price index rose by around 12.7% and the Austrian ATX by around 9.9%.

HYPO Oberösterreich's customer assets invested in securities rose by 10.2% year-on-year to EUR 1,479.4 million at the end of 2023. The increase was driven in particular by growth in private customers of +15.4% to EUR 946.4 million. This positive development in the assets of private customers was primarily driven by strong growth in bonds (+23.0%), but also by double-digit percentage growth in shares (+12.5%) and funds (+11.2%).

Securities commission income in sales increased by +2.6% compared to the previous year. Increases in our customers' cost of living had a noticeable impact on fund savers. While the number of funds rose by +0.6%, the fund volume invoiced fell by around −16.4%. After strong growth in previous years, the volume-weighted share of ESG fund savers fell from 51.0% in the previous year to 43.8% on average in 2023. Nevertheless, the number of ESG fund savers rose by +1.1%. The ongoing digitalisation of the securities business is reflected in the increase in securities customers with ELBA access from 77.6% to 83.1%.

The future prospects for 2024 remain mixed. The relatively weak economic outlook is offset by the expectation of falling interest rates. Elections in numerous countries – including the USA in November – and geopolitics could bring additional uncertainty. Nevertheless, most experts expect a positive investment year.

Marketing

Creating perspectives

Stable, reliable, sustainable and personal – these were the key words of HYPO Oberösterreich's marketing campaigns in 2023. In the spring, the Bank used a values campaign to position itself as a financial partner that can be relied on even in uncertain economic times. The campaign also emphasised the importance of sustainability as well as personal and tailored advice at HYPO Oberösterreich.

In autumn, the focus was on a product marketing campaign relating to housing and renovation. Some of the Bank's customer advisers acted as authentic brand ambassadors. The campaign encouraged people not to be unsettled by the gloomy mood on the real estate market and instead to carefully examine their own situation in personal discussions with the advisers. The comprehensive advisory programme was entitled "Der HYPO Effekt für Ihr Wohnprojekt" (The HYPO effect for your housing project). With this campaign, HYPO Oberösterreich showed that it is aware of its strength and expertise in the area of housing and that it is able to address this topic well even in challenging times. The campaign was staged using a wide variety of channels, including posters, adverts, point of sale (POS), moving images, radio spots and digital measures.

The marketing activities concluded with a performance campaign with the priority objective of attracting new customers to the attractive savings programme HYPO Online Sparen. The campaign was played out via online and social media channels and made a significant contribution to customer growth.

Human resources management and development

HYPO Oberösterreich once again lived up to its reputation as an excellent employer in 2023. The renowned business magazine "Trend" and Austria's largest online platform for employer ratings "Kununu" have, in an independent assessment, once again named HYPO Oberösterreich one of Austria's best employers in the banking and financial services sector. This is the 7th award in a row since 2017, and HYPO Oberösterreich was among the top 60 of the more than 1,000 companies analysed in 2023. A good corporate culture is not imposed. It is the result of many individual, interlocking mosaic pieces. These include the major initiatives "Beruf & Familie" (work & family), "Gesund & Zufrieden" (healthy & happy) and the newly launched Diversity & Inclusion project, as well as exciting professional development opportunities and respectful and appreciative interaction with one another.

Successful human resources management

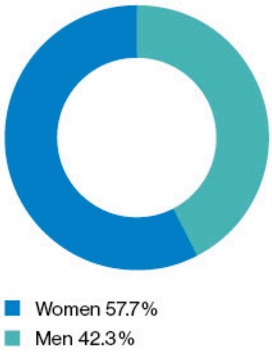
In a turbulent and ever-changing environment, the hallmark of successful personnel work is ensuring that the organisation is adaptable and flexible in the face of these very changes, thereby securing the organisation's success.

This is made possible by recruiting diverse and competent teams, constantly increasing efficiency in day-to-day business (for example through digitalisation and reducing bureaucracy) and making the company more attractive both internally and externally.

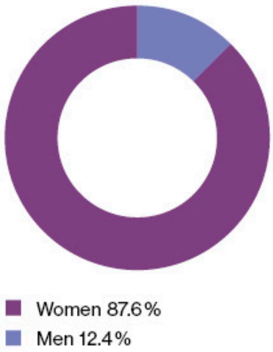
Numerous measures were implemented to this end in 2023. The introduction of new digital tools in day-to-day work, the launch of a diversity and inclusion project and the start of the "Employees recruit employees" initiative as well as numerous school projects are just a few examples.

The employee survey conducted in 2023 resulted in a pleasingly high participation rate of 71.7% (2021: 66%), which is well above the usual average and demonstrates a high level of employee commitment. Compared to 2021, the response rate has even improved by 7 percentage points. The survey, including the statements and assessments of our employees, is an important tool that we can use to further develop the organisation in line with our strategy and also with regard to the job satisfaction of our employees.

Employees



Part-time



An average of 414 employees[1] (2022: 407 employees) contributed to a successful business result in 2023 with their commitment and drive to succeed. Compared to the previous year, the number of employees is at the same level. Of the 45 employees (2022: 49 employees) who left the company last year, 12 people (2022: 17 people) retired. Adjusted for retirements, this results in a fluctuation rate of 8.0% (2022: 7.9%). The average age of all employees is 42.3 years (2022: 42.6 years), the average length of service is around 13.5 years (2022: 14.2 years). The proportion of women at HYPO Oberösterreich fell slightly year-on-year to 57.7% (2022: 59.8%). At the end of 2023, an average of 159 employees (2022: 149 employees) worked part-time at HYPO Oberösterreich.

[1] excl. maternity leave and maternity protection
All figures refer to the number
of employees (= headcount)

Staying healthy together

The dynamic and fast-paced working environment also puts the physical and mental health of our employees to the test time and again. This is where our workplace health promotion project “Healthy and Satisfied” comes in. A wide range of measures are aimed at maintaining a good and, above all, healthy corporate culture.

These include company events – such as various lectures, cycling excursions, bouldering or tennis courses, etc. – as well as the services of a company doctor and an occupational psychologist.

To make it easier for employees to return to work after a longer period of illness, they have the option of reducing their previous working hours as part of a part-time reintegration agreement.

All of these measures strengthen the sense of belonging and employee loyalty while also exerting a preventive and health-promoting effect.

The traditionally particularly low sickness absence rate of 6.8 days per employee for the year 2023 (2022: 6.0 days per employee) shows that investing in health-promoting measures pays off.

Balancing work and family

HYPO Oberösterreich has long since established family-friendliness as one of its key objectives. Back in 2007, HYPO Oberösterreich was the first bank in Upper Austria to take part in the certification process for the compatibility of family and career. Another successful re-audit took place in 2023, when HYPO Oberösterreich received its fifth certificate for a further three years. The compatibility of professional development and starting a family is central for many employees, increasing satisfaction while also enabling the optimal utilisation of our employees' resources and skills.

We develop customised solutions for our company and our employees. HYPO Oberösterreich offers a comprehensive range of various part-time models and customised remote work solutions. Employees on or returning from family-related leave are offered career opportunities and optimal reintegration through part-time employment during parental leave, job-sharing models or part-time management.

Diversity & Inclusion

Diversity and equal opportunities are not just buzzwords for increasing the company’s attractiveness and drawing in new employees. Diverse teams are demonstrably more successful, and diverse companies have a significantly higher probability of above-average profitability (McKinsey, 2020). Diversity also contributes to a good, sustainable corporate culture.

HYPO Oberösterreich therefore published a diversity and inclusion policy in 2023 and launched a project on the topic. A comprehensive catalogue of measures was also drawn up, with implementation to begin in 2024 with the support of the newly founded Diversity & Inclusion Circle.

On a positive note, the number of women in management positions rose from 9 in 2022 to 12 in 2023.

Modern human resources development

The trend towards digitalisation will continue in 2023, and HYPO Oberösterreich has responded with a wide range of measures.

L@RA, a new, modern learning management system that combines learning, booking and reporting in one system and offers an intuitive catalogue search and a clear dashboard for employees and managers, has been in use since this year.

In addition, the first initiatives for the application of AI at HYPO Oberösterreich were launched in the form of presentations and training courses. In sales, we also implemented a comprehensive concept to improve the digital skills of our branch employees.

The high qualification standards of all our employees continue to be our top priority, setting us apart from the competition and guaranteeing excellent services for our customers. We meet these standards through comprehensive training and further education in the form of traditional bank training, hybrid learning formats and modern e-learning programmes.

Human resources development in figures	2023	Change in %	2022
Training expenditures in EUR thousand	490	+1.7	482
Expenditures per employee in EUR	1,183	+4.6	1,131
Average training days per employee	4.3	−25.3	5.8

The admission of school and university graduates without banking experience and the need for numerous specialised training courses have led to a consistently high level of training and further education – and the year 2023 was no exception.

- 21 employees (2022: 27 employees) successfully completed the HYPO bank examinations HYPO 1 and HYPO 2.
- 13 securities experts (2022: 45 securities experts) underwent further training in the area of sustainability and completed the EFPA ESG Advisor training programme.
- 87 customer advisors (2022: 105 customer advisors) took part in the annual recertification programme in the areas of investment, financing and insurance.
- 4 employees started a part-time degree programme for the first time, which is supported by HYPO in the form of contributions to tuition fees and the provision of paid study time during working hours.

Once again in 2023, 15 pupils and students (2022: 17 pupils and students) were given the opportunity to broaden their professional experience as part of an internship. When employing young people, particular attention is paid to varied activities and an expansion of the respective level of knowledge. Each intern also had the opportunity to complete selected e-learning banking programmes with final exams or take part in a job application training.

Business development in the segments

Business development in the Key Accounts segment

The Key Accounts segment is a traditionally important business area for HYPO Oberösterreich. The segment consists of the subsegments of Large-scale housing, Public institutions, Church and social organisations as well as Corporate customers and real estate projects.

Large-scale housing, Public institutions, Church and social organisations
Customer deposits increased in all of these sub-segments, in particular due to an increase in term deposits. The financing volume also increased, primarily due to growth in the Public institutions sub-segment. This was mainly due to growth in financing for municipalities and the expansion of business activities in the remaining federal provinces outside of Upper Austria. An increase in the financing volume was also recorded in the Large-scale housing subsegment despite the challenging market conditions.

The Church and social organisations sub-segment acquired several major customers both within and outside of Upper Austria during the 2023 financial year and successfully expanded existing business relationships. HYPO Oberösterreich thus once again demonstrated its leading role as a specialist bank for church and social organisations.

Thanks to the recent positive business development in the Key Accounts segment, HYPO Oberösterreich was able to confirm its leading market position in the domestic market for large-scale public housing construction and consolidate its role as the bank of the federal state of Upper Austria and its subsidiaries and also as a bank for organisations in the church and social sectors.

Corporate customers and real estate projects
The new Corporate customers and real estate projects subsegment, which was only established in 2021, recorded significant progress and success in the past year and proved to be an innovative and dynamic market area.

One key milestone was the establishment of the HYPO Funding Centre in mid–2023, which enables us to provide our corporate customers with more extensive expert advice through the involvement of specialised employees. This new offering and the interaction between customers, subsidy specialists and customer advisors has been very well received and has proven to have a promising future.

A new group structure within the subsegment has enabled improved efficiency, with the subsegment now divided into two groups (corporate customers group and real estate projects group).

Business development in 2023 was characterised by continuous and significant volume and earnings growth. Despite the challenging market situation, new and promising business relationships were established, particularly in Upper Austria. The financing volume rose by +12.5% to EUR 792.3 million. Total income also saw a disproportionately high increase of more than +20%. This result impressively underlines the increased sales momentum in the subsegment and the high-quality growth in business volume.

The increase in the volume of deposits by around +160% to EUR 158.2 million is also noteworthy. The main driver here was the higher interest rate level, although a large number of new customer contacts also contributed to the increase.

The effects of the current interest rate environment are particularly noticeable in the area of real estate projects and were reflected in higher risk provisions in the past year. HYPO Oberösterreich therefore reacted already at the start of the interest rate hike cycle and worked with the affected customers to find individual solutions.

The outlook for the corporate customers and real estate projects subsegment in 2024 is optimistic. Already during the initial weeks and months, new Upper Austrian SMEs were welcomed as Bank customers. The turnaround in interest rates forecast for 2024 is expected to ease the situation in the real estate sector and stimulate investment in the corporate customers business.

In the Key Accounts segment as a whole, segment assets thus increased by +10.7% to EUR 3,505.8 million (2022: EUR 3,167.4 million). Segment liabilities also increased by +44.4% to EUR 1,433.9 million (2022: EUR 993.0 million).

Business development in the
Retail and Private Housing segment

The Retail and Private Housing segment comprises the subsegments of doctors, liberal professions and private banking as well as subsidised private residential construction. HYPO Oberösterreich's excellent market position in the province is also evident in this segment. The leading role as a bank for doctors in private practice and in the financing of private residential construction was also further consolidated in 2023.

Privately financed residential construction was characterised by challenging conditions throughout Austria during 2023. Higher interest rates on loans, increases in construction costs and ongoing uncertainty among customers due to high inflation caused housing financing in Austria to plummet by more than −50%. As the leading housing bank in the province, HYPO Oberösterreich was able to buck this trend to a large extent.

New volume amounting to EUR 160.6 million was added in privately financed residential construction in 2023. Although this is a decline of −23.7% compared to the record figure from 2022 (EUR 210.6 million), it is significantly better than the Austrian market as a whole. Another noteworthy detail: the proportion of fixed-rate loans in new business increased to 91.9% in 2023. In the previous year, this share was also already very high at 75.3%.

Segment assets fell slightly from a high level to EUR 2,696.5 million (2022: EUR 2,799.8 million). In contrast, segment liabilities increased by +6.0% to EUR 1,852.1 million (2022: EUR 1,746.5 million). The main reason for this was growth in customer deposits due to the prompt passing on of interest rate developments to customers in the form of attractive fixed interest rate offers.

Net interest income increased to EUR +43.0 million (2022: EUR +25.7 million) due to the significant increase in the volume of customer deposits and margin improvements. Net fee and commission income improved once again to EUR +13.3 million (2022: EUR +12.9 million).

The risk situation in this segment also remained excellent in 2023. Risk provisions were reduced to EUR −0.5 million (2022: EUR −2.0 million).

General administrative expenses increased in particular due to the annual valorisation of personnel expenses to EUR −32.7 million (2022: EUR −30.9 million). Overall, consolidated pre-tax profit for the year in this segment increased to EUR +23.3 million (2022: EUR +5.6 million).

Business development in the Financial Markets segment

In-house investment

The plan for the year 2023 was to keep the securities portfolio constant and further expand the liquidity portfolio. This plan was implemented successfully, and the repayments of EUR 36.4 million were significantly exceeded by additions of EUR 56.5 million in liquid securities. Liquid covered bonds accounted for the lion's share with an increase of EUR +26.1 million, while government bonds fell slightly by EUR −6.0 million. There was a decline of EUR −20.4 million in bank bonds, with repayments of EUR 61.7 million being offset by purchases of EUR 41.3 million.

A total of EUR 97.8 million was invested in the securities portfolio last year, compared to maturities of EUR 98.1 million. The portfolio therefore remained virtually unchanged. The aim for 2024 is to slightly expand the securities portfolio again, with repayments of EUR 82.2 million to be replaced by purchases of around EUR 100.0 million.

After interest rates fell slightly over the course of the year, the interest-related measurement losses of the previous year were somewhat offset. At the same time, however, an attractive interest rate level was still realised for the additions with yields of over 5% in some cases. The maturities of the additions to the securities portfolio were mainly in the range of three to seven years, compared with up to ten years for government securities. The focus was once again on sustainability, with the proportion of green and social bonds in the securities portfolio increasing from around 10.4% to 15.1%.

Refinancing

The liquidity requirement for 2023 was determined in part by the planned loan growth and the refinancing of maturities. Another focus was on further strengthening and expanding the sustainable hypo_blue product range. The maturity profile in 2023 was primarily characterised by the redemption of the first syndicated mortgage covered bond issued in 2016 for EUR 300.0 million at the end of October 2023 as well as maturities of long-term ECB tender transactions totalling EUR 400.0 million.

Based on the planned new business assumptions of the underlying growth strategy and taking into account the upcoming maturities, an issue volume of EUR 815.0 million was planned for the 2023 financial year.

The year 2023 got off to a brisk start in January with a flurry of issuing activity on the capital market. Following the first wave of issues, the first syndicated mortgage bond for EUR 250.0 million with a term of just over four and a half years and a spread of mid-swap +27 basis points was placed on the market at the end of January. The second planned syndicated mortgage bond was only realised towards the end of the year in November in a much more difficult environment. The high volume of Austrian covered bond issuers in 2023 and the inverted yield curve meant that issue spreads widened significantly over the course of the year and shorter issue terms were still favoured by investors. The "green covered bond" format was chosen for the second syndicated mortgage covered bond in order to increase demand and consolidate our focus on sustainability. The issue costs for the almost four-and-a-half-year green bond issue were mid-swap +50 basis points.

The total issue volume in 2023, including the aforementioned sub-benchmark transactions, amounted to EUR 897.1 million (2022: EUR 452.7 million). The weighted average term of all issues was around seven years. With a volume of EUR 391.3 million, a significant proportion of the refinancing was generated through senior bonds. A significant portion of this was again due to housing bonds with an average term of eleven and a half years. With sales of EUR 209.5 million in housing bonds in the calendar year 2023, the Company achieved a historic record in this category. The volume of securitised liabilities increased to EUR 4,420.6 million (2022: EUR 3,944.9 million).

In addition to the green covered bond in autumn 2023, the sustainable hypo_blue product range was also further promoted, with the focus in 2023 primarily on customer deposits. With a volume of EUR 615.2 million (2022: EUR 349.8 million), the volume of "green financial products" that our customers trust us with increased by +75.8%.

The exposure of the long-term tenders (TLTROs) provided by the ECB fell from EUR 600.0 million in the previous year to EUR 200.0 million due to maturities. Tranche 4 of EUR 200.0 million maturing in June 2023 was cancelled early in March 2023 for management reasons. Tranche 5, also EUR 200.0 million, expired in September 2023. The maturities of the remaining ECB long-term tenders of EUR 200.0 million comprise EUR 100.0 million in tranche 7 maturing in March 2024 and EUR 100.0 million in tranche 9 maturing in September 2024.

Liabilities to customers increased to EUR 2,930.2 million (2022: EUR 2,300.6 million), with the volume of stable retail deposits increasing by +12.7%. Customers were focused on savings products with binding terms, with one- to two-year online savings products in particular demand.

HYPO Oberösterreich has a very comfortable liquidity position, and the Bank fulfils all regulatory liquidity requirements. At the end of 2023, the LCR (liquidity coverage ratio) was 200.8% (2022: 165.8%) and therefore significantly higher than the previous year's figure. The NSFR (net stable funding ratio) was 127.0% (2022: 121.3%).

Business development in the Others segment

The subsidiaries of HYPO Oberösterreich are OÖ HYPO Leasinggesellschaft m.b.H. and the real estate companies.

OÖ HYPO Leasinggesellschaft m.b.H.

OÖ HYPO Leasinggesellschaft m.b.H. mainly handles leasing contracts for motor vehicles and movables, which are both brokered by HYPO Oberösterreich and acquired directly. Refinancing is provided by HYPO Oberösterreich, and no branch offices are maintained.

As at the reporting date on 30 September 2023, the acquisition costs of all of the company's leased and rental properties amounted to EUR 204.8 million, compared to EUR 188.7 million in the previous year.

In the 2023 financial year, the volume of new business in the vehicle and movables segment increased to a pleasing EUR 69.6 million, with EUR 33.8 million attributable to new vehicle leasing business and EUR 39.7 million to new movables leasing business. The leasing volume increased by +1.7% from EUR 148.1 million to EUR 150.5 million.

Despite the current economic challenges, new contracts at the start of the 2023/24 financial year continue to be favourable. Although the dynamic inflation and interest rate situation since mid–2022 makes for uncertainty regarding future economic developments, it is assumed that interest rates have peaked, which should also support demand.

The plans for the coming financial year are based on a slight increase in new production and a consistently high demand for lease financing from companies and private customers. Ongoing efforts to digitalise business processes should enable even faster processing.

Real estate companies

2023 was a successful year for HYPO Oberösterreich's real estate companies. As at the reporting date on 30 September 2023, the acquisition costs of all leased and rental properties of the real estate companies amounted to EUR 125.8 million (2022: EUR 123.3 million).

OÖ HYPO Immobilien und Beteiligungen GmbH

OÖ HYPO Immobilien und Beteiligungen GmbH manages the real estate sector, prepares real estate valuations and holds and manages equity investments, primarily in the leasing and real estate sector.

In the 2023 financial year, I&B Immobilien und Bewertungs GmbH was merged with OÖ HYPO Immobilien und Beteiligungen GmbH.

Hypo Immobilien Anlagen GmbH

Hypo Immobilien Anlagen GmbH is a subsidiary of OÖ HYPO Immobilien und Beteiligungen GmbH and lets commercial properties to renowned retail partners in the textile, food, shoe and drugstore sectors. Thanks to its expertise and high-quality locations, Hypo Immobilien Anlagen GmbH has had a very high occupancy rate for years.

Despite the war in Ukraine, the conflict in the Middle East and the economic environment, all of Hypo Immobilien Anlagen GmbH's properties were fully let as at the reporting date. In the interests of sustainability, a photovoltaic system was installed and put into operation at our Ebelsberg retail centre. The electricity is made available to the tenants. Further PV systems and e-charging stations are in planning.

Outlook

The outlook for global economic development improved at the beginning of the year. The International Monetary Fund (IMF) raised its forecasts compared to the autumn. The IMF now expects global growth of 3.1% in 2024. The USA and China in particular are proving to be very robust. In contrast, lower growth rates than previously expected are forecast for Germany and the eurozone. The IMF is forecasting growth of 0.9% for the eurozone, which corresponds to a downward revision of −0.3 percentage points compared to the October forecast. The IMF identifies recovering consumer spending and falling inflation as the main drivers of growth.

In its winter forecast for 2024, the Institute for Advanced Studies (IHS) expects gross domestic product (GDP) in Austria to grow by 0.8%, which is 0.1 percentage points less than previously assumed. Nevertheless, after a year of declining economic output (2023: decline of 0.7%), Austria should return to a growth path.

The inflation trend is also expected to ease somewhat in the current year. According to IHS estimates, the decline in the high level of inflation in Austria which began already in 2023 (from 8.6% to 7.8%) will continue in the current year and gain momentum. An inflation rate of 3.9% is forecast in Austria, and the European Central Bank (ECB) expects inflation of 2.7% in the eurozone.

In view of the forecast convergence of the eurozone inflation rate towards the ECB's target value (2%), it can be assumed that the central bank will lower its key interest rate again in the course of the year. The key interest rate of 4.5%, which has been in force since September 2023, is therefore likely to mark the peak of interest rate hikes.

Due to the continued tense market environment, we foresee a challenging financial year, which HYPO Oberösterreich can nevertheless face with confidence thanks to forward-looking measures. The effects of last year's interest rate policy have led to a radical change in both private and institutional residential construction. HYPO Oberösterreich is aware of the associated risks and has adjusted its risk provisioning accordingly. We are confident that we will be able to realise further growth in the current financial year and expect a solid result. Although this is unlikely to match the record-breaking year of 2023, it will continue the long-term growth trend of recent years.

Linz, on 18 March 2024

The Management Board

Klaus Kumpfmüller
Chairman of the Management Board

Thomas Wolfsgruber
Member of the Management Board

Consolidated financial statements

in accordance with International Financial Reporting Standards (IFRSs)

I. Consolidated income statement

	in EUR thousand	Notes	2023	2022*)
1.1.	Interest income according to the effective interest method	19	288,892	110,452
1.2.	Other interest-related income, similar income and current income	19	18,313	16,497
2.	Interest and similar expenses	19	−208,346	−49,625
A.	Net interest income	19	98,860	77,325
3.	Risk provisioning	20	−11,839	−4,102
B.	Net interest income after risk provisioning		87,021	73,223
C.	Profit or loss from companies accounted for using the equity method	33	6,823	5,896
4.	Fee and commission income	21	27,096	26,651
5.	Fee and commission expense	21	−10,361	−10,482
D.	Net fee and commission income*)	21	16,735	16,169
E.	Net financial income*)	22	−3,398	4,341
6.	Personnel expenses	23	−37,117	−32,909
7.	Other administrative expenses	24	−24,131	−22,339
8.	Depreciation, amortisation and impairment of investment property, intangible assets and property, plant and equipment	25	−5,209	−4,778
F.	General administrative expenses		−66,457	−60,026
9.	Other operating income	26	9,546	8,822
10.	Other operating expense	26	−5,652	−6,748
11.	Other taxes	26	−1,675	−1,588
G.	Net other operating income*)	26	2,219	487
H.	Pre-tax profit for the year		42,943	40,089
12.	Income tax expense	27	−7,349	−6,555
I.	After-tax profit for the year		35,594	33,534

*) The changes made to the disclosure of individual items in the 2023 financial year are explained in Note (1).

Consolidated statement of comprehensive income

in EUR thousand	2023	2022
After-tax profit for the year	35,594	33,534
Other comprehensive income for the year:		
Items that cannot be reclassified to the income statement:		
Actuarial gains and losses**)	−152	2,690
Rating-related changes in liabilities measured at fair value	11,610	13,165
Changes in the fair value of FVOCI equity instruments	9,825	−15,218
Deferred taxes on items recognised directly in consolidated capital***)	−4,880	−107
Items that can be reclassified to the income statement:		
Changes in the fair value of FVOCI debt instruments****)	7,691	−31,251
Deferred taxes on items recognised directly in consolidated capital	−1,769	7,255
Other comprehensive income for the year	22,325	−23,466
Total comprehensive income for the year	57,919	10,068
**) of which from companies accounted for using the equity method	−195	365
***) of which from companies accounted for using the equity method	45	−84
****) of which amounts reclassified to the income statement (recycling)	28	2

II. Consolidated statement of financial position

	Assets in EUR thousand	Notes	31 Dec. 2023	31 Dec. 2022*)
1.	Cash and balances at central banks	28, 36	1,102,713	669,189
2.	Loans and advances to banks	29, 36	148,239	185,172
3.	Loans and advances to customers	30, 36	6,154,521	5,882,085
4.	Positive fair values from derivative transactions*)	31	135,057	125,771
5.	Financial assets*)	32, 36	944,000	921,788
6.	Shares in companies accounted for using the equity method	33	75,324	71,877
7.	Investment property	34	66,429	70,241
8.	Intangible assets	34	982	916
9.	Property, plant and equipment	34	14,822	11,669
10.	Other assets	35	33,557	30,112
11.	Tax assets	43	1,024	
	TOTAL ASSETS		8,676,669	7,968,822

	Equity and liabilities in EUR thousand	Notes	31 Dec. 2023	31 Dec. 2022*)
1.	Liabilities to banks	37	544,834	930,918
2.	Liabilities to customers	38	2,930,183	2,300,585
3.	Securitised liabilities	39	4,420,638	3,944,946
4.	Negative fair values of derivative transactions*)	40	88,750	135,670
5.	Provisions	41	18,689	22,252
6.	Other liabilities	42	47,625	64,170
7.	Tax liabilities	43	13,171	11,141
8.	Subordinated capital	44	65,476	64,345
9.	Equity capital	45	547,302	494,793
	TOTAL EQUITY AND LIABILITIES		8,676,669	7,968,822

*) The changes made to the disclosure of individual items in the 2023 financial year are explained in Note (1).

III. Consolidated statement of changes in equity

in EUR thousand	Subscribed capital	Capital reserves	Retained earnings reserves	OCI reserve		Total Equity capital
				IAS 19 reserve	Miscellaneous OCI reserve*)	
As at 1 Jan. 2023	**14,561**	**30,739**	**478,133**	**–1,500**	**–27,140**	**494,793**
Acquisition/disposal of own shares	–3		–99			–102
Profit distribution			–5,308			–5,308
After-tax profit for the year			35,594			35,594
Other comprehensive income for the year				–117	22,442	22,325
Total comprehensive income for the year			35,594	–117	22,442	57,919
As at 31 Dec. 2023	**14,558**	**30,739**	**508,321**	**–1,617**	**–4,698**	**547,302**

in EUR thousand	Subscribed capital	Capital reserves	Retained earnings reserves	OCI reserve		Total Equity capital
				IAS 19 reserve	Miscellaneous OCI reserve*)	
As at 1 Jan. 2022	**14,564**	**30,739**	**451,871**	**–3,486**	**–1,688**	**492,001**
Acquisition/disposal of own shares	–4		–113			–117
Profit distribution			–7,159			–7,159
After-tax profit for the year			33,534			33,534
Other comprehensive income for the year				1,986	–25,452	–23,466
Total comprehensive income for the year			33,534	1,986	–25,452	10,068
As at 31 Dec. 2022	**14,561**	**30,739**	**478,133**	**–1,500**	**–27,140**	**494,793**

*) For further information on the other OCI reserve, see Note (45).

IV. Consolidated cash flow statement

in EUR thousand	2023	2022
After-tax profit for the year	35,594	33,534
Non-cash items included in after-tax profit for the year:		
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and investment property	5,209	5,124
Income from companies accounted for using the equity method	−6,823	−5,895
Allocations to/reversals of provisions and risk provisions	7,577	−8,703
Net measurement gains or losses from financial instruments measured at fair value through profit or loss	14,742	−45,793
Dividends recognised	−8,861	−7,420
Interest income recognised	−298,280	−126,961
Interest expense recognised	208,282	57,016
Income tax expense recognised	7,349	6,555
Other changes	−3,165	−4,958
Changes in assets and liabilities after adjustment for non-cash components:		
Loans and advances to banks and customers	−224,859	−345,119
Property, plant and equipment, intangible assets, investment property, other assets, tax assets	−4,554	−25,019
Liabilities to banks and customers	219,159	70,244
Securitised liabilities	394,215	111,989
Provisions, other liabilities, tax liabilities	−14,890	25,934
Dividends received	12,086	7,770
Interest received	281,347	165,279
Interest paid	−177,747	−62,589
Income tax payments	−9,578	−5,519
Cash flows from operating activities	436,803	−154,531
Inflows from the sale of		
Financial assets	302,197	321,376
Property, plant and equipment, intangible assets and investment property	201	36
Payments for the acquisition of		
Financial assets	−295,013	−261,974
Property, plant and equipment, intangible assets and investment property	−4,732	−3,520
Cash flows from financing activities	2,653	55,918
Dividends paid	−5,308	−7,159
Inflows from subordinated capital*)	718	4,085
Payments for the amortisation portion of lease liabilities**)	−1,240	−1,022
Payments for the acquisition of treasury shares	−104	−250
Inflows from the sale of treasury shares	2	133
Cash flows from financing activities	−5,932	−4,213
Cash and cash equivalents at the end of the previous period	669,189	772,016
Cash flows from operating activities	436,803	−154,531
Cash flows from financing activities	2,653	55,918
Cash flows from financing activities	−5,932	−4,213
Cash and cash equivalents at the end of the period	1,102,713	669,189

*) For reconciliation statement, see Note (44)
**) For reconciliation statement, see Note (49)

V. Notes to the consolidated financial statements

Oberösterreichische Landesbank Aktiengesellschaft and its subsidiaries offer their customers a comprehensive range of financial services. The core business areas include business with doctors and the liberal professions, public institutions (federal, state, municipal, social insurance, recognised religious communities), non-profit and commercial property developers, contract insurance companies, corporate customers and subsidised home financing. In addition, various services are offered in the areas of leasing, insurance and real estate.

The Banking Group's core market is the federal state of Upper Austria. In eastern Austria, the Bank is represented by a branch in Vienna.

The Bank is a stock corporation, has its registered office in Linz, Austria, and is entered in the commercial register of Linz, Austria (FN 157656y). The address of the Bank is Landstraße 38, 4010 Linz.

Group accounting principles

The Banking Group of Oberösterreichische Landesbank Aktiengesellschaft is within the scope of consolidation of OÖ Landesholding GmbH, which is based in Linz.

These consolidated financial statements were prepared as at 31 December 2023 in accordance with International Financial Reporting Standards, as applicable in the EU, and also meet the requirements of Section 59a of the Austrian Banking Act (BWG) in conjunction with Section 245a of the Austrian Commercial Code (UGB). They were approved for publication by the Management Board on 18 March 2024.

In addition to the consolidated statement of financial position and the consolidated statement of comprehensive income, the consolidated financial statements also include the statement of changes in equity, the cash flow statement and the Notes. Segment reporting is presented in Note (52) to the consolidated financial statements.

The report on the risks of future development (risk report in accordance with IFRS 7) is presented in Notes (63) to (68).

Unless stated otherwise, all amounts are given in thousands of euros (EUR thousand). The tables below may contain rounding differences.

Accounting and measurement methods

(1) Principles

The consolidated financial statements are based on the going concern principle. Income and expenses are deferred pro rata temporis and recognised through profit or loss in the period to which they are economically attributable.

The main accounting policies applied in the preparation of these consolidated financial statements are presented below. The methods described were applied uniformly and consistently to the reporting periods presented, unless otherwise stated.

In the 2023 financial year, the items of net trading income and net income from financial investments were transferred to net financial income and the result from modifications previously included in net income from financial investments was allocated to net interest income in order to improve the readability and informative value of the descriptions of the items in the consolidated income statement. Additional earnings items have also been added as subtotals. The previous year's figures were reclassified accordingly. The result from modifications in the amount of EUR −40 thousand is recognised in net interest income, the net trading income in the amount of EUR 4,425 thousand and the net income from financial investments (excluding the result from modifications) in the amount of EUR −84 thousand are recognised in the net financial income.

Furthermore, in the 2023 financial year, in order to improve the readability and informative value of the descriptions of the items in the consolidated statement of financial position, the item trading assets was divided into derivative financial instruments and securities recognised at fair value and allocated to the items positive fair values from derivative transactions and financial assets. The previous year's figures were reclassified accordingly: The trading assets as at 31 December 2022 in the amount of EUR 328,548 thousand are reported under financial assets under positive fair values from derivative transactions in the amount of EUR 125,771 thousand and under financial instruments recognised at fair value in the amount of EUR 202,776 thousand. The item trading liabilities was renamed negative fair values from derivative transactions.

The Oberösterreichische Landesbank Aktiengesellschaft Group prepares its accounts in accordance with uniform Group accounting and measurement methods.

(2) IAS/IFRS and SIC/IFRIC regulations applied

These consolidated financial statements were prepared in accordance with the IAS/IFRS regulations valid on 31 December 2023, as applicable in the EU. All applicable IAS and IFRS standards and interpretations of SIC and IFRIC were applied in accounting and measurement. Standards and interpretations that are not applicable until 1 January 2024 or later were not applied early.

The standards applied for the first time in the financial year as well as new or amended standards and interpretations that had already been published by the reporting date but had not yet come into force and were not applied in these consolidated financial statements are presented below:

Standard / interpretation	Designation	To be applied to financial years as of	Already adopted by the EU
IFRS 17 (including amendments to IFRS 17)	Insurance Contracts; including amendments to IFRS 17	1 Jan. 2023	yes
Amendments to IAS 8	Definition of Accounting Estimates	1 Jan. 2023	yes
Amendments to IAS 1	Disclosure of Accounting Policies	1 Jan. 2023	yes
Amendments to IAS 12	Deferred Tax-related to Assets and Liabilities arising from a Single Transaction	1 Jan. 2023	yes
Amendments to IFRS 17	Initial application of IFRS 17 and IFRS 9 – Comparative Information	1 Jan. 2023	yes
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	1 Jan. 2023	yes
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 Jan. 2024	yes
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants	1 Jan. 2024	yes
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 Jan. 2024	no
Amendments to IAS 21	Lack of Exchangeability	1 Jan. 2025	no

The application of the aforementioned standards and interpretations will not have any material impact on future consolidated financial statements.

(3) Estimates, discretionary decisions and management judgements

The proper and complete preparation of the consolidated financial statements requires management to make discretionary decisions, estimates and assumptions that affect the disclosures in the Notes and the presentation of income and expenses during the reporting period. These mainly relate to the assessment of the fair values of assets including at equity measurement and liabilities (insofar as these cannot be derived directly from stock market prices), the recoverability of assets, the uniform Group-wide determination of the economic useful life of property, plant and equipment and investment property, the classification of leasing agreements, the calculation of sensitivities and the recognition and measurement of provisions.

The assumptions are based on premises that reflect the current state of knowledge (for details, see Note (48), Note (41), Note (20)). The expected future business development was determined based on the circumstances prevailing at the time the consolidated financial statements were prepared and on realistic assumptions concerning future developments in the global and sector-specific environment. The amounts to be recognised may deviate from the originally expected estimates due to developments in these general conditions that deviate from the assumptions and are beyond the control of management.

Accounting options are utilised, among other things, in connection with short-term leases and leases of low-value assets in accordance with IFRS 16 (see Note (14)), hedge accounting in accordance with IFRS 9 (see Note (6b)), the application of the fair value option for financial assets and liabilities and the measurement of equity instruments through other comprehensive income in accordance with IFRS 9 (see Note (6a)).

(4) Scope of consolidation

In order to determine whether a company is to be consolidated, the following factors are reviewed in accordance with IFRS 10:

- Purpose and organisation of the company
- Relevant activities and how these are determined
- Whether the Group has the ability to determine the relevant activities through its rights
- Whether the Group can minimise the risk exposure through variable returns
  Whether the Group has the right to variable returns
- Whether the Group has the ability to utilise its power of disposition in way that influences the amount of returns

If voting rights are material, the Group controls a company if it directly or indirectly holds more than half of the voting rights in the company, unless there are indications that another investor has the practical ability to unilaterally determine the relevant activities. One or more of the following factors indicate such signs:

- Another investor has the power to control more than half of the voting rights on the basis of an agreement with the Group.
- Another investor has the power to govern the financial policies and operations of the company by operation of law or agreement.
- Another investor controls the company by virtue of its ability to appoint and dismiss the majority of the members of the Management Board or an equivalent governing body.
- Another investor controls the company by virtue of its ability to exercise a majority of the voting rights to be cast at a meeting of the members of the Management Board or an equivalent governing body.

Potential voting rights are also taken into account when assessing control. Subsidiaries are consolidated from the date on which the Group obtains a controlling influence. The appropriateness of the consolidation decisions is regularly reviewed. To review the materiality of the individual subsidiaries and associates, the net assets and earnings position were compared with the Group figures.

In addition to the parent company, the consolidated financial statements include 4 subsidiaries (2022: 4) in which Oberösterreichische Landesbank Aktiengesellschaft directly or indirectly holds 100% (2022: 100%) of the voting rights. Of these companies, 4 are based in Austria (2022: 4) and none are based abroad (2022: 0).

2 (2022: 2) material Austrian associates are accounted for using the equity method. For further information on companies accounted for using the equity method, see Note (33).

8 subsidiaries and associates (2022: 9) of minor importance for the overall statement of the Group's net assets, financial and earnings position were not consolidated. In the 2023 financial year, I&B Immobilien und Bewertungs GmbH was merged with OÖ HYPO Immobilien und Beteiligungen GmbH.

The reporting date for fully consolidated subsidiaries and companies accounted for using the equity method is 30 September. In order to ensure that the annual financial statements are prepared promptly, different reporting dates have been selected. The financial statements are adjusted for the effects of significant transactions or events between the reporting date of the companies on 30 September and the reporting date of the consolidated financial statements on 31 December. A complete list of subsidiaries and associated companies can be found in the Notes under item VII (Equity investments). None of the associated companies and subsidiaries are listed on the stock exchange. No business mergers in accordance with IFRS 3 were recognised in the financial year.

(5) Consolidation principles

All material subsidiaries controlled by Oberösterreichische Landesbank Aktiengesellschaft are included in the consolidated financial statements and are fully consolidated.

Capital consolidation is carried out using the purchase method in accordance with IFRS 3. Differences from capital consolidation that were offset against reserves in accordance with principles of the Austrian Commercial Code were transferred to the IFRS opening balance sheet in accordance with IFRS 1.15.

Intragroup expenses and income as well as receivables and liabilities are eliminated as part of the consolidation. Intercompany profits and losses are eliminated unless they are of minor significance. The tax deferrals required by IAS 12 are recognised on temporary differences arising from consolidation.

Associated companies are valued using the equity method in accordance with IAS 28. Their recoverability is assessed on an ad hoc basis. If no observable market prices are available for such equity investments, Bank-internal company measurements are used to determine the fair value. In the event of a shortfall, an impairment is recognised in this amount.

Shares in subsidiaries that were not consolidated due to their minor significance and equity investments are recognised at fair value under financial assets.

(6) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Receivables, deposits and debt securities issued are classified and recognised at the time they arise. All other financial assets and liabilities are recognised in the statement of financial position for the first time on the trade date.

"Green financial products" include liabilities based on the "Green Finance Framework" of Oberösterreichische Landesbank Aktiengesellschaft from June 2021. They include bonds (covered bonds, senior or housing bonds), sight deposits and savings deposits which are also sold under the marketing name hypo_blue. The fundamental characteristic is the use of the net proceeds of the "green financial products" to finance or refinance energy-efficient residential construction in Austria. An annual report on the utilisation of net proceeds (allocation reporting) and an impact report are published on the website. The characteristic of "green financial product" has no influence on the categorisation and its measurement.

The following notes provide an overview of how the provisions of IFRS 9 have been implemented in the Oberösterreichische Landesbank Aktiengesellschaft Group:

a) Categorisation of financial assets and liabilities and their measurement

IFRS 9 retains the mixed measurement model and introduces three basic measurement categories: amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The classification is based on the defined business model and the structure of the contractual cash flows of the financial instrument. The individual measurement categories are explained in more detail below:

Financial assets measured at amortised cost (AC)
Debt instruments are measured at amortised cost if they are held in a business model whose objective is to collect the contractual cash flows ("hold" business model) and their contractual cash flows give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the outstanding principal amount.

Differences between the acquisition cost and the repayment amount are recognised in net interest income through profit or loss using the effective interest method and distributed over the term. Financial assets measured at amortised cost represent the largest measurement category at Oberösterreichische Landesbank Aktiengesellschaft.

Financial assets measured at fair value through profit or loss (FVPL)
Debt instruments whose contractual cash flows do not meet the SPPI criterion are automatically measured at FVPL. At Oberösterreichische Landesbank Aktiengesellschaft, this primarily relates to financial assets with mismatched interest components (see description in the "SPPI assessment" section).

Financial instruments held in the "sell" business model are also recognised at fair value through profit or loss. In most cases, these financial assets are expected to be sold before maturity or the development of the portfolio in which they are held is assessed on the basis of fair value. These are primarily financial assets held for trading purposes. They include financial instruments (in particular interest-bearing securities, shares and investment certificates) and derivative financial instruments with a positive fair value.

Oberösterreichische Landesbank Aktiengesellschaft makes use of the option to allocate certain debt instruments to the FVPL category on initial recognition (fair value option). These are recognised at fair value due to a hedging relationship with a derivative financial instrument, as otherwise accounting mismatches would arise in the measurement and recognition of the hedge.

Financial assets held at fair value are recognised in the statement of financial position under loans and advances to customers and financial assets. Gains and losses from the measurement are recognised through profit or loss in the income statement under net financial income. Interest income and interest expenses are recognised in net interest income.

Financial assets measured at fair value through other comprehensive income (FVOCI)
Debt instruments are recognised at fair value through other comprehensive income (FVOCI) if their contractual cash flows are SPPI-compliant and they are held within a business model whose objectives are both the collection of contractual cash flows and the sale of assets ("hold and sell" business model). They are recognised in the statement of financial position under financial assets. Differences between the acquisition cost and the repayment amount are recognised in net interest income through profit or loss using the effective interest method and distributed over the term.

The difference between the fair value at which the assets are recognised and the amortised cost is reported in equity under "OCI reserve" as accumulated other comprehensive income (OCI). The changes in the reporting period are recognised directly in equity under other comprehensive income in the statement of comprehensive income. If the financial asset is sold, the accumulated net measurement gains or losses recognised in the OCI reserve are reversed and recognised through profit or loss in the income statement.

In accordance with IFRS 9, Oberösterreichische Landesbank Aktiengesellschaft makes use of the option to measure all investments in equity instruments at FVOCI on initial application. The equity instruments represent investments that the Group intends to hold for the long term for strategic reasons. This amount recognised in OCI is not reclassified to the income statement. Only dividend entitlements are to be recognised in the income statement.

Financial liabilities measured at amortised cost (AC)
This category includes financial instruments under the balance sheet items liabilities to banks and customers and securitised liabilities. They are measured at amortised cost. Differences between the acquisition cost and the repayment amount are recognised in net interest income through profit or loss and distributed over the term.

Financial liabilities recognised at fair value through profit or loss (FVPL)
The balance sheet items securitised liabilities and liabilities to customers also include financial liabilities measured at fair value. However, the change in own credit risk for liabilities measured at fair value must be recognised through other comprehensive income for the respective reporting period. When calculating the cumulative OCI effect, the difference between the present value of the liability using the original credit risk at the beginning of the term and the current fair value of the liability is determined.

Oberösterreichische Landesbank Aktiengesellschaft applies the option of designating certain financial liabilities to the FVPL category upon initial recognition (fair value option) if such classification eliminates or significantly reduces accounting mismatches that would otherwise arise between financial liabilities measured at acquisition cost and derivative financial instruments measured at fair value through profit or loss that are related to these liabilities. Financial liabilities in the fair value option are recognised in the statement of financial position in their original balance sheet categories.

In addition, derivative financial instruments with a negative fair value are measured at fair value and are therefore also categorised as FVPL. Gains and losses from the measurement are recognised through profit or loss under net financial income.

b) Hedge accounting (HDFV)

Oberösterreichische Landesbank Aktiengesellschaft is exposed to fair value risks from securitised liabilities with fixed interest rates. The risk management objective and strategy is to limit this fair value risk. To this end, interest rate swaps are concluded with external banks in accordance with the risk management guidelines. Oberösterreichische Landesbank Aktiengesellschaft designates hedging relationships between fixed-interest liabilities as underlying transactions and derivative financial instruments as hedging instruments. The derivative financial instruments are used to hedge interest rate and currency risks. The risk to be hedged is the fair value risk induced by the fixed-interest securitised liabilities. The credit spread is not part of the hedging relationship. Currently, only so-called micro hedges, which are offset 1:1, are allocated to hedge accounting. Receiver interest rate swaps and receiver interest rate currency swaps are used as hedging instruments for fixed-interest liabilities.

At the beginning of the hedging relationship between the underlying transaction and the hedging transaction, the relationship is formally defined and documented. The intention is to establish the hedging relationship with the underlying transactions from the time the derivative is concluded and to maintain this intention until the derivative expires. Effectiveness is measured prospectively and therefore only according to the critical terms match since the main parameters of the underlying and hedging transaction match, corresponding to a hedge ratio of 1. It can therefore be assumed that the hedging relationship is highly effective.

Oberösterreichische Landesbank Aktiengesellschaft only engages in fair value hedging, which is recognised in accordance with IFRS 9. The change in the fair value of derivative financial instruments is recognised in the income statement under net financial income. The change in the fair value of the underlying transaction which is allocated to the hedged risk is also recognised under net financial income. Derivative financial instruments are recognised in the balance sheet items positive fair values from derivative transactions and negative fair values from derivative transactions. The underlying transactions are included in the balance sheet items liabilities to customers and securitised liabilities.

c) Derecognition of financial instruments and treatment of contractual modification

Renegotiations or changes to contractual terms and conditions that affect contractual payments may occur as part of the ongoing lending business. For each contract amendment, a predefined catalogue of criteria is used to check whether and what type of modification is involved.

Contract amendments that lead to a substantial change in the contractual conditions:
The quantitative assessment of whether a contractual amendment is substantial or not is carried out on the basis of a present value test by comparing the present values of the originally agreed cash flows with the newly agreed cash flows. The present value is calculated on the basis of the originally agreed effective interest rate. Oberösterreichische Landesbank Aktiengesellschaft considers a present value difference of more than 10% to be a substantial modification.

In addition, the following qualitative changes to the contractual terms lead to the derecognition of the original financial asset and the recognition of the new asset at fair value:

- Change in contractual SPPI criteria leading to a change in measurement
- Financing is subordinated
- Change of borrower or dismissal

The fair value corresponds to the outstanding balance since the contractual adjustments are always made at market conditions. The derecognition of unamortised transaction costs leads to a gain on disposal, which is recognised in net interest income.

If an asset is derecognised and reclassified due to contractual adjustments, it is reclassified and the credit quality is redetermined at this time and thus allocated to Stage 1. However, if the asset is in default at the time of derecognition, it is classified as POCI (purchased or originated credit impaired). However, if the asset can be regarded as fully recoverable in its entirety, it is only allocated to Stage 3.

Contract amendments that do not lead to a substantial change in the contractual conditions:
In the case of non-substantial modifications, the gross carrying amount is adjusted and a modification gain or loss is recognised in the income statement through profit or loss under net interest income. The new carrying amount corresponds to the present value of the renegotiated or amended cash flows, discounted at the original effective interest rate of the financial asset. The size of the carrying amount adjustment or the modification result is calculated by comparing the current carrying amount with the recalculated carrying amount. Incurred costs or fees lead to an adjustment of the carrying amount of the modified financial asset and, like the modification result, are amortised over the remaining term.

d) SPPI assessment

Standard products and standard contracts or clauses were defined that do not conflict with SPPI. A separate review process and a different authorisation responsibility is defined for individual contracts or for interest rate agreements that are SPPI-injurious.

The majority of subsidised housing contracts contain interest rate agreements stipulated by the Upper Austrian legislature, all of which are continued in the AC category.

Loans with modified payment terms were subjected to a qualitative and quantitative benchmark test. As a result, only loans and credits with an interest rate agreement based on the UDRB index (which tracks the average government bond yields weighted by outstanding amounts) remain SPPI-conflicting.

e) Assessment of the business models

The classification is based on the defined business models under which the assets are held. Based on the existing segment reporting, the portfolios were defined and the business models determined in accordance with the strategic orientation, the earnings responsibility and corresponding management as well as the monitoring and management of risk. As in previous years, there were no changes to the business models in 2023.

The "Retail and Private Housing" and "Key Accounts" segments essentially constitute the lending business of Oberösterreichische Landesbank Aktiengesellschaft, and these portfolios are managed according to the "hold" business model. The aim is to collect the contractual cash flows by the end of the term (solely payments of principal and interest, SPPI).

In the "Financial Markets" segment, which essentially comprises the Bank's own securities holdings and money market transactions, the portfolios and business models are defined according to their utilisation and objective. The "Treasury investment" portfolio with the "hold" business model aims to collect the contractual cash flows through the end of the term. The "Liquidity compensation" portfolio is used to manage liquidity and pursues a "hold and sell" business model. There was no change in business model for any financial instrument.

The aim of the "Small trading book" portfolio is to generate income by buying and selling financial instruments, meaning that it naturally pursues the "sell" business model. This portfolio is only utilised to a very limited extent and is measured through profit or loss (FVPL). As at 31 December 2023, there is a volume of EUR 0 thousand (2022: EUR 0 thousand).

In both the loan and securities portfolios that fulfil the criteria for AC or FVOCI measurement, the fair value option is used in the case of supplementary derivatives to avoid measurement inconsistencies. This leads to measurement through profit or loss (FVPL). Sales as a result of an increase in the default risk close to the maturity date of the financial instrument and infrequent sales due to non-recurring events such as regulatory or tax changes or the discontinuation of a sub-portfolio, i.e. non-conflicting sales, are not seen as contradictory to the "hold" business model.

Overview of the portfolios and business models of Oberösterreichische Landesbank Aktiengesellschaft

Segment	Portfolio	Business model
Key Accounts	Key Accounts	Hold
Retail and Private Housing	Retail and Private Housing	Hold
Financial Markets	Treasury investment Liquidity compensation Small trading book	Hold Hold and sell Sell

(7) Embedded derivatives

Embedded derivatives are derivatives that are part of an original financial instrument and are linked to it. The separation of original financial instruments is only possible on the liabilities side. Embedded derivatives are separated from the original financial instrument and recognised and measured separately at fair value like a stand-alone derivative if the characteristics and risks of the embedded derivative are not closely related to those of the host contract. Changes in measurement are recognised through profit or loss in the income statement. The recognition and measurement of the host contract, however, follows the provisions of the relevant category of financial instrument. Another option is to recognise the entire contract at fair value. However, if the characteristics and risks of the embedded derivative are closely related to those of the host contract, the embedded derivative is not separated and the hybrid financial instrument is measured in accordance with the general rules. At Oberösterreichische Landesbank Aktiengesellschaft, the embedded derivatives are generally always closely linked to the host contract.

(8) Currency translation

Monetary assets and liabilities not denominated in euros are translated into euros at market spot rates as at the reporting date in accordance with IAS 21.

(9) Offsetting of financial assets and liabilities

In accordance with IAS 32.42, offsetting only takes place to the extent that there is an enforceable right to it and the offsetting corresponds to the actual expected course of the transaction.

(10) Risk provisions

The impairment rules are applied to
- financial assets measured at amortised cost,
- financial assets measured at fair value through other comprehensive income and
- off-balance sheet obligations such as loan commitments and financial guarantees as well as lease receivables.

Multi-stage approach to determining expected loan defaults
The impairment model, an expected loss model, tends to provide for an early determination of and provision for possible losses. The focus is on three stages that will determine the amount of losses to be recognised and the future interest income:

- Stage 1 includes all new financial instruments as well as those items for which there has been no significant deterioration in credit quality since the financial instrument was initially recognised. A risk provision in the amount of the expected 12-month loss (present value of expected payment defaults resulting from possible default events within the next 12 months after the reporting date) must be recognised for these items. Interest income is recognised on the basis of the gross carrying amount.
- All financial instruments for which there has been a significant deterioration in credit quality since initial recognition are transferred to Stage 2. A risk provision must be recognised for these items in the amount of the expected loss over the entire remaining term of the instrument (present value of the expected payment defaults resulting from all possible default events over the remaining term of the financial instrument). Interest income is also recognised on the basis of the gross carrying amount.
- Finally, Stage 3 includes all defaulted financial instruments. A risk provision is also recognised for these items in the amount of the expected loss over the entire remaining term. Interest income is recognised on the basis of the net carrying amount (unwinding).
- The three-stage model is not applied to financial assets that are already impaired when they are initially recognised in the statement of financial position (purchased or originated credit impaired, POCI). These are recognised in Stage 3 right from the start. There were no POCI assets in the Oberösterreichische Landesbank Aktiengesellschaft Group as at the reporting date (2022: none).

Items in the securities portfolio form the scope for the regular early warning test in accordance with the credit rating, the implicit credit spread or the deviation of the daily price from the cost price. These items are analysed internally and, if necessary, treated as impaired assets.

Equity investments are analysed internally on the basis of company valuations, annual financial statements and stock market prices. Based on this analysis and in the event of objective indications of impairment, the equity investments are treated as impaired assets if necessary.

The total loss expected over the remaining term must be recognised for instruments whose default risk has increased significantly since initial recognition. The same applies regardless of an increase in the default risk for trade receivables and contract assets that do not constitute a significant financing component in accordance with IFRS 15. In addition, a company can exercise an accounting option to always recognise the entire expected loss over the remaining term for all contract assets and/or trade receivables that constitute a financing relationship in accordance with IFRS 15. The same option also exists for lease receivables. This option is not exercised in the Oberösterreichische Landesbank Aktiengesellschaft Group. For all other financial instruments, the expected losses are recognised in the amount of the expected 12-month loss.

Macroeconomic parameters and portfolios
Four portfolios are used: Retail, Commercial, Institutions, Sovereigns. Mainly unemployment (OECD forecast), gross fixed capital formation and inflation are used to estimate the expected credit losses for the retail portfolio. GDP, gross fixed capital formation and unemployment (OECD forecasts in each case) are used for the Institutions portfolio. The inflation rate (OECD forecast) is included in the Sovereigns portfolio, while gross domestic product, inflation and the yield structure are included in the Commercial portfolio.

In principle, the forecasts for the next three years are included for all portfolios. For the period thereafter, convergence is in the direction of the TTCPD (through-the-cycle probability of default).

Allocation to the sub-portfolios is essentially based on the receivables class and the cost centre.

As at 31 December 2023, the latest OECD forecast values for the given macroeconomic factors are used.

Collective stage transfer
In accordance with IFRS 9.B5.5.1, it may be necessary to assess significant increases in default risk on a collective basis and, for this purpose, to take into account information that indicates significant increases in the default risk of a group or subgroup of financial instruments. For this purpose, IFRS 9.B5.5.5 provides for the grouping of financial instruments on the basis of common default risk characteristics.

On this basis, Oberösterreichische Landesbank Aktiengesellschaft has examined whether changes are required in the grouping of financial instruments based on common default risk characteristics.

The collective stage transfer carried out in the previous year with regard to the economic conditions (energy prices resulting from the Ukraine conflict, inflation, construction prices and material availability due to supply chain problems) was largely undone in 2023, especially as most current company balance sheets reflect the honest economic situation in this regard.

In turn, the economic conditions were analysed with regard to the market changes in the real estate project business (construction prices, interest rate increases, changes in the sales market), and it was decided based on these special conditions to carry out another collective stage transfer for the affected real estate projects in the Corporate customers and real estate projects subsegment.

The volume of the collective stage transfer from Stage 1 to Stage 2 amounted to EUR 230,829 thousand as at 31 December 2023 (2022: EUR 387,849 thousand).

Criteria for a significant increase in the default risk
With the exception of financial assets that are already impaired on initial recognition, losses on financial instruments are recognised in the amount of the present value of the expected loss over the remaining term if the default risk of the instrument has increased significantly since initial recognition.

The assessment of whether the default risk has increased significantly is based on an increase in the probability of default since initial recognition. The regulations also include the rebuttable presumption that the default risk has increased significantly since the instrument was initially recognised if contractual payments have been overdue for more than 30 days.

The provisions of IFRS 9 provide for a return to the 12-month expected loss if the default risk initially increases significantly since the recognition of the instrument but this increase is reversed in later periods (i.e. if, from a cumulative perspective, the default risk is not significantly higher than at the time of initial recognition).

Criteria for stage transfer
To determine the deterioration in the probability of default and the associated transfer from Stage 1 to Stage 2, three components are generally considered: a quantitative criterion, a qualitative criterion and a backstop criterion.

The criteria are reviewed for each financial instrument in turn. If a criterion is met, that financial instrument is transferred to Stage 2 in the case of the quantitative criterion, while all of the customer's financial instruments are transferred to Stage 2 in the case of the backstop criterion.

Significant "rating events" lead to an immediate rating evaluation in accordance with the internal rating models. As the criteria required by IFRS 9 are well covered by the rating systems at Oberösterreichische Landesbank Aktiengesellschaft, there is no need to review the qualitative deterioration and the transfer logic is based only on the quantitative criterion and the backstop criterion.

The quantitative criterion is the primary indicator of whether there has been a significant deterioration in credit risk since the financial instrument was initially recognised. This consists of determining the credit risk deterioration on the basis of both a relative and an absolute limit. The expected probability of default (PD) at the time of initial recognition is compared with the PD on the reporting date. As IFRS 9 expects the PDs to contain forward-looking information, the comparison is made on the basis of the cumulative lifetime PDs for the remaining term of the transactions.

The cumulative forward lifetime PD at the time of initial recognition is used to illustrate the expectation of the cumulative PD of the remaining term of the financial instrument. This is then compared with the cumulative PD on the reporting date.

These PDs form the basis for comparing whether there has been a significant deterioration in credit quality since the financial instrument was initially recognised, where the comparison is carried out individually for each financial instrument and both the relative and absolute change in the lifetime PD play a role.
In the relative criterion, the ratio of the expected cumulative PD at the time of initial recognition is compared with the current cumulative PD observed on the reporting date. If this ratio exceeds a certain threshold, this means that the PD of this financial instrument has increased significantly since initial recognition based on the relative comparison. This threshold value for the relative criterion is set at 200% at Oberösterreichische Landesbank Aktiengesellschaft, which corresponds to a doubling of the PD since initial recognition.

In addition to the relative PD comparison, the absolute change in PD is also evaluated. The measurement is based on the same cumulative lifetime PDs as in the relative criterion, with the difference in PDs measured for the absolute comparison. Since the difference is measured in the absolute criterion, the cumulative lifetime PDs are broken down to the annual level by dividing them by the remaining term. This adjustment is necessary in order to carry out the comparison independently of the lifetime of a financial instrument.

Oberösterreichische Landesbank Aktiengesellschaft has decided not to apply the "low credit risk exemption" and instead to use an absolute limit, which makes it possible to migrate to Stage 2 even in the investment grade area. The threshold for the absolute deterioration in PD is set at 0.5% of the original PD (absolute criterion) at Oberösterreichische Landesbank Aktiengesellschaft. The background to the absolute criterion is that changes of a few basis points, which can mean a doubling of the PD in the very good rating classes, are not seen as a significant change. To determine whether a significant deterioration in credit quality has been observed for a financial instrument since initial recognition according to the quantitative criterion, a significant deterioration in credit quality must be measured in both the relative criterion and the absolute criterion.

Oberösterreichische Landesbank Aktiengesellschaft uses the 30-day past due limit (backstop criterion) as an additional indication that there has been a significant deterioration in credit risk since the financial instrument was initially recognised. All financial instruments of a customer for whom a receivable is more than 30 days overdue are transferred to Stage 2. All instruments with forbearance measures are also transferred to Stage 2.

For the transfer from Stage 2 to Stage 3, Oberösterreichische Landesbank Aktiengesellschaft uses the generally applicable definition of default in accordance with Article 178 of Regulation (EU) No 575/2013 ("CRR"), according to which the following risk positions are considered to be in default:

- All risk positions for which Oberösterreichische Landesbank Aktiengesellschaft considers it unlikely that the debtor will settle its liabilities to Oberösterreichische Landesbank Aktiengesellschaft and its subsidiaries in full without realising collateral, and
- All risk positions vis-à-vis Oberösterreichische Landesbank Aktiengesellschaft and its subsidiaries where a significant liability of the debtor is more than 90 days overdue. The materiality of an overdue liability is assessed using the following thresholds, which are made up of an absolute and a relative component. Retail: absolute EUR 100 and relative 1%; non-retail: absolute EUR 500 and relative 1%.

Stage 3 also includes financial assets with impaired credit ratings. A distinction is made between significant and non-significant receivables. Borrowers with an exposure of more than EUR 400 thousand are considered significant. The amount of the impairment is calculated using a DCF estimate and results from the difference between the carrying amount and the present value of the expected future cash flows. A standardised method is used for non-significant receivables.

Impairment principles

As a rule, Oberösterreichische Landesbank Aktiengesellschaft only writes off a financial asset as soon as it is certain that there are no longer any claims to the respective cash flows from the asset, i.e. when:

- the collateral has been fully realised or is not recoverable and/or
- an unconditional waiver/partial waiver of the claims has been declared and/or
- further payments on the residual claim are no longer expected according to a reasonable estimate.

Impairment is also recognised if the receivable is irrecoverable and the Bank decides not to take any further measures as it is assumed that these are unlikely to be successful beyond the costs. Impairment losses include both direct write-offs and the utilisation of risk provisions. In the course of impairment, the gross carrying amount of the asset and the associated level of risk provisioning are reduced in equal measure.
Financial assets that have already been written off but are still subject to enforcement measures are maintained in an asset list by problem loan management. The amount still outstanding under contractual law as at the reporting date is classified as immaterial.

If a written-off receivable leads to future income, this is recognised as extraordinary income in the income statement – in contrast to a reduction in risk provisions (reversal of impairment losses) for impaired receivables.

If an out-of-court solution for an existing claim cannot be reached or implemented, the following differentiation is made in cases of evident inefficiency: If a title can be obtained, the Bank will refrain from a commencement or continuation of enforcement proceedings and the claim will be transferred to bad debt collection. If a title cannot be obtained economically, the receivable is written off without further cause. The main causes are as follows:

- No deliverability
- There are comparable difficulties with realisation that drive up costs.
- Cost coverage cannot be assumed for other reasons because no cost-covering collateral is available or no cost-covering assets or income are known.
- No receipts are to be expected in the event of an executive notice of wage garnishment priority.

(11) Repurchase agreements (repo transactions) and securities lending transactions

As part of genuine repurchase agreements (repo transactions), the Group sells assets to a contractual partner and simultaneously agrees to repurchase them at a specific date and at an agreed price. The assets are not derecognised from the statement of financial position; rather, they are measured in accordance with the rules of the respective balance sheet item as all material opportunities and risks remain with the security seller. A liability is recognised in the amount of the liquidity received.

Securities lending transactions are recognised in accordance with the recognition of securities from genuine repurchase agreements. Securities lent remain in the securities portfolio and are measured in accordance with the rules of IFRS 9. Borrowed securities are not recognised or measured.

In the case of non-genuine repurchase agreements, the security seller is obliged to take back the assets but does not have the right to reclaim them. The security buyer alone decides on the retransfer. In a reverse repo transaction, assets are acquired with the simultaneous obligation of a future sale. The resulting outflows of liquidity are recognised as receivables and measured accordingly.
Interest expenses from repo transactions and interest income from reverse repo transactions are accrued on a straight-line basis over the term and recognised in net interest income.

(12) Intangible fixed assets

Intangible fixed assets consist exclusively of acquired software and licence rights. Assets are measured at cost less scheduled depreciation and amortisation. Scheduled depreciation and amortisation is recognised on a straight-line basis over the estimated useful life (between four and ten years). The useful life for standard software is four years. If the recoverable amount is below the carrying amount, an impairment loss is recognised.

(13) Investment property and property, plant and equipment

"Investment property" (property held as a financial investment) includes properties held for rental and leasing or for the purpose of capital appreciation as well as the capitalised rights of use from investment property in accordance with IFRS 16. If the property is partly owneroccupied, the parts are recognised separately if they can be sold separately. Properties under construction with the same expected purpose as investment properties are treated as such.

Investment property and property, plant and equipment are measured at acquisition or production cost less scheduled depreciation, amortisation and impairment. Scheduled depreciation is recognised on a straight-line basis over the estimated useful life of the asset.

The useful lives are as follows:

Useful life	Years
Building	20 – 50
Operating and office equipment	4 – 20
Construction measures in rented business premises	10
IT hardware	3

In the event of impairment, the higher of the two comparative values (fair value less costs to sell and value in use) is amortised in accordance with IAS 36. If the reasons for the impairment no longer apply, the impairment loss is reversed up to the amortised cost.

Standard industry appraisals and present value calculations are prepared for the investment properties categorised in Level 3. Depending on the use of the investment property, the fair value is determined using the capitalised earnings value, asset value or comparative value method. Depending on the measurement method deemed appropriate, the main input factors are the income and expenses attributable to the property, the condition and location of the property, comparable assets and interest rates.

Government grants for assets must either be recognised in the statement of financial position as deferred income (gross method) or deducted when the carrying amount of the asset is determined (net method). The net method was chosen as the accounting policy.

(14) Leases

Lessee

In accordance with IFRS 16, all assets and liabilities from lease agreements must be recognised in the lessee's balance sheet. The only exception is the option to continue to recognise short-term leases and leases for low-value assets through profit or loss in the amount of the current consideration.
The capitalised rights of use are reported in the statement of financial position as property, plant and equipment or investment property. Lease liabilities are recognised under other liabilities.

Oberösterreichische Landesbank Aktiengesellschaft does not recognise leases with a remaining term of less than twelve months and leases based on a low-value asset (new value < EUR 5 thousand) in accordance with the simplification provisions of IFRS 16. Current lease payments for these leases continue to be recognised as general administrative expenses.

Lessor

For accounting purposes, the lessor distinguishes between finance and operating leases. Leases are assessed according to the allocation of commercial risks and rewards arising from the leased asset between the lessor and lessee.

Finance lease:

Leased assets are recognised by the lessor under receivables at their net investment value (present value). Interest income is recognised on the basis of a constant, periodic return, the calculation of which is based on the outstanding net investment value.

Operating lease:

Leased assets are recognised by the lessor under property, plant and equipment or investment property and measured in accordance with the principles described there. Lease revenue is recognised on a straight-line basis over the term of the lease.

(15) Income tax expense

Current income tax assets and liabilities are calculated using the currently applicable tax rates, the amount of which is refunded and paid to the respective tax authorities. Deferred taxes are recognised and measured using the balance sheet liability method. The calculation is carried out for each taxable entity at such tax rates as are applicable under current laws in the expected taxable period. The eco-social tax reform includes a gradual reduction of the corporate income tax rate from 25% to 23% from 2024 (2023: 24%). The tax rate that is expected to apply when the underlying temporary difference is realised (reversed) is now used. The recognised tax assets and liabilities are calculated from different measurements of an asset or liability and the respective tax valuation. They will result in expected future income tax charges or credits (temporary differences). Tax assets and liabilities are calculated on a provisional basis.

Deferred tax assets are only recognised if sufficient deferred tax liabilities exist in the same tax unit or if it is sufficiently probable that future taxable profits will be generated in the same tax unit. This also applies to the recognition of deferred tax assets on tax loss carryforwards. Deferred taxes are not discounted.

Actual tax expenses dependent on earnings are recognised in the consolidated income statement under the item “Income tax expense”. The effects from the recognition or reversal of deferred taxes are also included in this item, unless they relate to items not recognised in profit or loss. In this case, they are recognised or reversed in other comprehensive income, without affecting profit or loss.

On 14 December 2023, the Minimum Taxation Reform Act was passed in the Austrian National Council. The so-called “Pillar Two” rules to ensure global minimum taxation were thus transformed into national law. A review of the effects has shown that Oberösterreichische Landesbank AG does not fall within the scope of the Minimum Taxation Act either directly or indirectly through OÖ Landesholding GmbH as the parent company, which is why no further information needs to be provided.

Oberösterreichische Landesbank Aktiengesellschaft is a Group member of the tax group holding company pursuant to Section 9 of the Austrian Corporate Tax Act (KStG) between OÖ Landesholding GmbH and Hypo Holding GmbH. The tax result of each Group member is passed on from level to level in accordance with the legal provisions of Section 9 of the KStG to the respective directly or significantly higher Group member – if this is the tax group parent company, then to the parent – up to the tax group parent company. The consolidated amount of the current and deferred tax expense is allocated to the Group members using the standalone method. As at 31 December 2023, the tax allocation settlement account for the holding company shows a receivable with a balance of EUR 1,047 thousand (2022: a liability with a balance of EUR 3,179 thousand).

(16) Provisions

The provisions for social capital include provisions for termination benefits, work anniversary bonuses, pensions including contributions to supplementary health insurance premiums and occupational and disability risk. Provisions for defined benefit obligations are recognised in accordance with the projected unit credit method.

At Oberösterreichische Landesbank Aktiengesellschaft, 2 (2022: 3) active employees and 16 (2022: 16) pensioners and surviving dependants are entitled to a defined benefit bank pension. A defined contribution pension fund agreement was concluded for all other active employees, with the exception of some employees with special or managing director contracts.

After the expiry of the period covered by the termination benefit following retirement, the beneficiaries receive an insurance subsidy amounting to 50% of the insurance premium for private group health insurance.

Austrian labour law provides for indemnity payments to employees upon termination of the employment relationship under certain conditions. This also includes the termination of the employment relationship as a result of retirement. This termination benefit entitlement applies to all employees who joined the company before 31 December 2002. The amount of the termination benefit entitlement is a maximum of one year’s salary, depending on the length of service. The banking group has recognised a provision for termination benefits for these entitlements in accordance with IAS 19. This regulation does not apply to all employees who joined the company after 31 December 2002. Monthly contributions are paid into a staff provision fund for these employees. Employees have no further rights over and above these.

Each employee is entitled to 1.5 or 2.5 months' salary in anniversary bonuses after 25 or 35 years of service.

Social capital is not matched by any particular assets or funding. The results from the endowment and reversal of provisions are recognised directly in administrative expenses.

The defined benefit plans are intended to cover actuarial risks such as interest rate risks, cost trends or demographic risks such as mortality and employee turnover as well as investment and market risks. The present value of the social capital was calculated on the basis of actuarial assumptions:

- Actuarial interest rate 3.5% (2022: 4.25%)
- Annual increases in the relevant assessment bases in the qualifying period for provisions for pensions 4.5% (2022: 4.5%), for contributions to supplementary health insurance premiums 2.5% (2022: 2.5%) and for provisions for termination benefits and work anniversary bonuses 4.5% (2022: 8.0% in the first year and 4.5% in subsequent years)
- Annual valorisations of current pension payments of 4.5% in the first year and 2.5% in subsequent years (2022: 5.8% in the first year and 2.5% in subsequent years) and of regular benefits for supplementary health insurance grants of 2.5% (2022: 2.5%) in the provisions for pensions
- The earliest possible retirement age was used for all active employees, taking into account all statutory and transitional provisions.
- Mortality tables for salaried employees: Pensionstafeln (retirement tables) “AVÖ 2018P: Rechnungsgrundlagen für die Pensionsversicherung”

The actuarial interest rate was determined on the basis of the interest rate range for a term of 10 years. IAS 19 requires the application of interest rates as at the reporting date that are derived from senior corporate bonds with adequate maturities. Bonds that are rated AA by Standard and Poor's or Aa2 or better by Moody's are regarded as senior. As there is no liquid market for senior bonds with very long maturities in the eurozone, the interest rates for long maturities are estimated by extrapolating the current market interest rates along the yield curve.

In addition to the invalidity rates, mortality rates and the termination of employment upon reaching retirement age, annual service-related rates for premature terminations of employment were recognised based on internal statistics on service-related employee turnover.

Actuarial gains and losses from the adjustment of actuarial assumptions are recognised in other comprehensive income in the period in which they occur.

The agreed payments to a pension fund for defined contribution plans are recognised as an expense on an ongoing basis – there are no further obligations.

Other provisions are recognised for current obligations to third parties that are uncertain in terms of their maturity or amount. In the case of material interest effects, the provisions are discounted and recognised at their present value.

(17) Fiduciary business

Fiduciary transactions involving the management or placement of assets for the account of third parties are not recognised in the statement of financial position. Fee and commission payments from these transactions are included in the income statement in net fee and commission income. Oberösterreichische Landesbank Aktiengesellschaft intends to grant so-called aws erp loans to companies in its function as trustee for the ERP Fund – founded from the resources of the US Marshall Plan aid and using the same employees working in dual roles for Austria Wirtschaftsservice Gesellschaft mbH (aws). These are low-interest investment loans with a long term with the aim of promoting the investment activities of Austrian companies. However, no such transactions were carried out in the past 2023 financial year.

(18) Contingent liabilities – credit risks

Contingent liabilities are contracts under which the guarantor is obliged to make certain payments to the warrantee at the latter's request. Contingent liabilities are recognised as soon as the guarantor becomes a contracting party, i.e. at the time the guarantee is issued.

Credit risks are legally binding obligations on the part of the lender to provide a loan to the borrower. These include promissory notes, but also credit lines that have not yet been utilised.

Explanatory information in this regard is provided in Note (57).

Notes to the consolidated income statement

(19) Net interest income

Interest income is recognised in the periods to which they apply. Income that predominantly represents remuneration for the utilisation of capital (usually interest-related calculation based on the passage of time or the amount of the receivable) is allocated to interest-related income. In addition, income from equity investments is recognised in current income. Interest expenses are recognised in the same way as interest income. Interest income from lending business and money market transactions includes income from the reversal of impending losses relating to negative Euribor (negative interest) in the amount of EUR 3,026 thousand (2022: EUR 6,286 thousand). See Note (41) for the resulting provision.

in EUR thousand	2023	2022
Interest income from		
Lending business and money market transactions with credit institutions	37,673	4,118
Lending business and money market transactions with customers	244,732	95,615
Financial assets	11,482	6,214
Designated securities	3,682	5,728
Liabilities	274	7,525
Current income from		
shares and other variable-yield securities	3,842	3,181
Other equity investments	3,385	2,560
SPPI-injurious securities	1,682	1,679
Profits from modifications	**415**	**299**
Other interest-related income	**39**	**31**
Total interest and interest-related income	**307,206**	**126,950**
of which AC	280,750	100,047
of which FVOCI	8,143	10,406
of which FVPL, mandatory	7,620	3,950
of which FVPL, designated	10,240	12,217
Interest expenses for		
Liabilities to credit institutions	−44,655	−6,766
Liabilities to customers	−44,999	−7,188
Securitised liabilities	−99,428	−74,244
Subordinated capital	−2,307	−744
Derivative financial instruments*)	−15,836	50,062
Assets	−89	−10,011
Losses from modifications	**−268**	**−340**
Other interest-related expenses	**−764**	**−394**
Total interest and interest-related expenses	**−208,346**	**−49,625**
of which AC	−152,825	−31,514
of which FVOCI	−48	−3,548
of which FVPL, mandatory	−4	−4
of which FVPL, designated	−54,437	−13,826
Net interest income	**98,860**	**77,325**
*) originate from the following items for interest rate hedging:		
for interest expenses	−19,123	58,449
for interest income	3,295	−8,292
for open interest rate bands	−8	−95

For financial assets or liabilities that are not measured at fair value through profit or loss, the total interest income amounts to EUR 288,931 thousand (2022: EUR 110,484 thousand) and the total interest expense to EUR −152,873 thousand (2022: EUR −35,062 thousand). Interest expenses according to the effective interest method amount to EUR thousand −152,873 (2022: EUR −35,062 thousand).

(20) Risk provisions

This item includes allocations to risk provisions and income from the release of risk provisions as well as direct write-downs and subsequent recoveries of written-down receivables in connection with the lending business.

in EUR thousand	2023	2022
Changes of risk provision through profit or loss	−11,779	−3,973
Direct write-offs	−127	−206
Receipts from receivables written off	68	78
Total	**−11,839**	**−4,102**

For further details on risk provisions, reference is made to Note (36).

Sensitivity analyses

The quantitative component of the stage determination consists of a relative and an absolute threshold value. The limits selected for a deterioration in PD at Oberösterreichische Landesbank Aktiengesellschaft are 0.5% in absolute terms and 200% of the original PD in relative terms.

If barriers of 0.4% or 150% were selected, the impairment requirement in Stage 2 would increase by around EUR 180 thousand (2022: EUR 330 thousand), and by around EUR 970 thousand (2022: EUR 760 thousand) if barriers of 0.25% or 100% were selected. Conversely, the impairment requirement in Stage 2 would be reduced by around EUR 100 thousand (2022: EUR 280 thousand) for barriers of 0.6% and 250%, and by around EUR 190 thousand (2022: EUR 380 thousand) for barriers of 0.75% and 300%.

A general increase in the LGD values in the “living area” (residential/commercial) by 10% would increase the impairment requirement by around EUR 850 thousand (2022: EUR 900 thousand), while an increase of 20% would increase it by around EUR 1,700 thousand (2022: EUR 1,800 thousand). In the event of a general increase in the PD values in the area of life by 50%, the impairment requirement in Stage 1 would increase by around EUR 750 thousand (2022: EUR 1,190 thousand), taking into account additional transfers from Stage 1 to Stage 2, and that in Stage 2 would increase by EUR 3,800 thousand (2022: EUR 4,390 thousand).

Scenarios

Three macroeconomic scenarios are used: An optimistic, a pessimistic and a baseline scenario. The optimistic and pessimistic scenarios are each weighted at 20%, the baseline scenario at 60% (2022: pessimistic scenario: 50%, baseline scenario: 50%, optimistic scenario: 0%). Due to the fact that the risk of a downside scenario is lower again and the forecasts are more stable, the optimistic scenario is used again.

(21) Net fee and commission income

Net fee and commission income includes income from the service business and expenses to third parties attributable to this business.

in EUR thousand 2023	Key Accounts	Retail and Private Housing	Financial Markets	Others	Total
Fee and commission income	3,826	13,580	7,451	2,239	27,096
from payment transactions	1,968	4,275	0*)	157	6,399
from lending business	1,125	1,396	5	1,988	4,514
from securities business	677	7,273	7,446	3	15,399
from foreign exchange/currency business	37	56		89	182
from other services	19	580		2	601
Fee and commission expense	−88	−283	−7,073	−2,918	−10,361
from payment transactions	−0*)	−31	−45	−230	−307
from lending business	−72			−2,103	−2,175
from securities business	−5	−252	−7,027	−91	−7,374
from foreign exchange/currency business				−0*)	−0*)
from other services	−10		−0*)	−494	−504
Total	3,739	13,297	378	−678	16,735

*) Values < EUR 1 thousand

in EUR thousand 2022	Key Accounts	Retail and Private Housing	Financial Markets	Others	Total
Fee and commission income	3,905	13,013	7,805	1,927	26,651
from payment transactions	1,788	3,780	0*)	185	5,753
from lending business	1,327	1,126	2	1,641	4,096
from securities business	726	7,397	7,803	3	15,929
from foreign exchange/currency business	36	48		91	175
from other services	29	662		6	698
Fee and commission expense	−0*)	−136	−7,733	−2,613	−10,482
from payment transactions	−0*)	−29	−52	−188	−268
from lending business	−75			−1,879	−1,954
from securities business	75	−108	−7,681	−83	−7,797
from foreign exchange/currency business				−1	−1
from other services				−462	−462
Total	3,905	12,877	73	−686	16,169

*) Values < EUR 1 thousand

(22) Net financial income

Oberösterreichische Landesbank Aktiengesellschaft does not currently have an active trading portfolio.

in EUR thousand	2023	2022
Net gains or losses from		
currency-related transactions	4,686	5,376
financial instruments measured at fair value through profit or loss	5,142	−1,453
financial instruments designated at fair value	−50,590	191,926
derivative financial instruments*)	37,834	−186,222
derivative financial instruments in hedging relationships (hedge accounting)	−3,037	−5,615
other financial instruments	2,567	330
Total	**−3,398**	**4,341**

*) The derivative financial instruments were concluded exclusively for hedging purposes.

When designating own liabilities and receivables at fair value, the following gains or losses result from the change in credit rating:

When determining the fair value of own liabilities in 2023, the company's own credit rating risk was recognised through other comprehensive income in the amount of EUR 11,610 thousand (2022: EUR 13,165 thousand), cumulatively EUR 23,416 thousand (2022: EUR 11,823 thousand). In order to also take into account the remaining term effect in the change in fair value due to changes in creditworthiness for the period, this change is calculated from the difference between the beginning and end of the cumulative fair value change. The cumulative changes in fair value, which are also attributable to the default risk, are determined on the basis of market parameters that are not directly observable.

In the case of own securities and receivables, there is a creditworthiness-induced change in fair value of EUR −6,761 thousand (2022: EUR −22,271 thousand) for those items designated at fair value, cumulatively EUR −7,313 thousand (2022: EUR −552 thousand). Changes in fair value, which are, amongst other things, attributable to default risk, are determined on the basis of market parameters that are not directly observable.

Net income from other financial instruments

in EUR thousand	2023	2022
Realised gains or losses from financial instruments measured at amortised cost	2,414	−80
Realised gains or losses from financial instruments measured at fair value through other comprehensive income		−4
Others	153	414
Total	**2,567**	**330**

The realised gains or losses mainly stems from the repurchase of financial liabilities.

(23) Personnel expenses

in EUR thousand	2023	2022
Wages and salaries	−27,620	−24,280
Social security contributions	−7,013	−6,578
Voluntary personnel expenses	−882	−835
Termination benefit expenses	−789	−574
of which contributions to employee pension funds	−290	−244
Expenses for pensions	−813	−642
of which contributions to pension funds	−578	−549
Total	**−37,117**	**−32,909**

(24) Other administrative expenses

in EUR thousand	2023	2022
IT expenditure	−11,487	−11,176
Rental expenses	−173	−235
Expenses for office space	−2,291	−1,680
Expenses for office operations	−141	−104
Advertising/marketing	−2,863	−2,824
Legal and consulting costs	−3,382	−2,450
Other administrative expenses	−3,795	−3,870
Total	**−24,131**	**−22,339**

In the financial year 2023, expenses of EUR −309 thousand were incurred for the audit of the annual consolidated financial statements (including VAT and subsidiaries) (2022: EUR −274 thousand) and for consulting services of EUR −40 thousand (2022: EUR −21 thousand) to the audit firm.

(25) Depreciation, amortisation and impairment of investment property, intangible assets and property, plant and equipment

in EUR thousand	2023	2022
Investment property	−3,219	−3,048
Software and intangible fixed assets	−256	−192
Real estate used by the Group	−1,009	−940
Operating and office equipment and other property, plant and equipment	−726	−598
Total	**−5,209**	**−4,778**

(26) Net other operating income

Other operating income mainly comprises rental income from real estate held as financial investment totalling EUR 8,144 thousand (2022: EUR 7,388 thousand). Other operating expenses include the allocation to the resolution and deposit protection fund in the amount of EUR −4,201 thousand (2022: EUR −5,614 thousand). In addition, rental expenses and expenses from goods and services to be recharged are recognised. Other taxes include the stability fee for the financial year 2023 in the amount of EUR −1,497 thousand (2022: EUR −1,429 thousand).

(27) Income tax expense

in EUR thousand	2023	2022
Current income tax expense	−9,578	−5,519
Deferred taxes	2,229	−1,037
Total	**−7,349**	**−6,555**

The composition of deferred tax assets and deferred tax liabilities is presented in more detail in Note (43).

The reconciliation below shows the relationship between the notional and recognised income tax expense as follows:

in EUR thousand	2023	2022
Consolidated pre-tax profit for the year	42,943	40,089
Calculated income tax expense in the financial year at the domestic income tax rate of 24% (2022: 25%)	−10,306	−10,023
Tax effects		
Tax rate difference between current and deferred taxes (Effect of tax reform)	−89	1,101
Tax savings from tax-exempt income from participations	1,967	525
Changes due to companies accounted for using the equity method	863	1,386
Tax savings from tax-free interest		4
Tax from non-deductible income and expenses	−63	339
Loss deduction	111	73
Tax from other adjustments	165	29
Tax credit/charge from previous years	3	11
Recognised tax expense (-) /income (+)	**−7,349**	**−6,555**
Effective tax rate	17.11%	16.35%

Notes to the consolidated statement of financial position

(28) Cash and balances at central banks

The cash and cash equivalents recognised in the cash flow statement are included in the balance sheet item “Cash and balances at central banks”, which consists of cash on hand and balances at central banks. Loans and advances to banks repayable on demand, public sector debt issues and bills of exchange eligible for refinancing with central banks are not included.

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Cash on hand	8,262	7,639
Balances at central banks	1,094,450	661,550
Total	**1,102,713**	**669,189**

(29) Loans and advances to banks

Loans and advances to banks are recognised at amortised cost.

Loans and advances to banks by type of transaction

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Giro and clearing transactions	18,626	3,208
Cash and term deposits	128,914	181,112
Loans to banks	699	852
Total	**148,239**	**185,172**

Loans and advances to banks by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Repayable on demand	84,450	106,493
up to 3 months	14	28
over 3 months to 1 year	586	11,091
over 1 to 5 years	3,538	452
over 5 years	59,651	67,108
Total	**148,239**	**185,172**

(30) Loans and advances to customers

Loans and advances to customers are predominantly recognised at amortised cost. The fair value option was utilised for loans and advances to customers amounting to EUR 214,382 thousand (2022: EUR 169,410 thousand), whose interest rate risks were hedged using an interest rate swap. In addition, loans and advances to customers that do not fulfil the SPPI criteria and are therefore recognised at fair value are reported in the amount of EUR 128,187 thousand (2022: EUR 119,267 thousand) as at the reporting date. In addition, securitised receivables that are not traded on an active market, mainly promissory note bonds (*Schuldscheindarlehen*) that are not held for trading, are reported under loans and advances to customers.

Loans and advances to customers by type of transaction (products)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Overdraft facilities	340,551	311,677
Cash advances	73,495	158,104
Loans and non-revolving loans	5,582,829	5,270,247
Lease receivables	157,647	142,057
Total	**6,154,521**	**5,882,085**

Loans and advances to customers by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Repayable on demand	220,574	124,948
up to 3 months	182,755	271,913
over 3 months to 1 year	455,938	445,595
over 1 to 5 years	1,594,668	1,662,942
over 5 years	3,700,586	3,376,687
Total	**6,154,521**	**5,882,085**

Loans and advances to customers by business unit (segments)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Key Accounts	3,300,348	2,961,586
Retail and Private Housing	2,696,526	2,778,443
Others	157,647	142,057
Total	**6,154,521**	**5,882,085**

(31) Positive fair value from derivative transactions

Positive fair values from derivative transactions by type of transaction

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Interest rate transactions	135,053	125,435
of which hedge accounting	1,041	147
Foreign exchange transactions	4	336
Total	**135,057**	**125,771**

Positive fair values from derivative transactions by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
up to 3 months	804	430
over 3 months to 1 year	2,533	1,353
over 1 to 5 years	10,729	11,179
over 5 years	120,991	112,809
Total	**135,057**	**125,771**

(32) Financial assets

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Shares and other variable-income securities	57,473	52,328
Listed	784	793
Not listed	56,688	51,535
Measured at fair value through profit or loss	**57,473**	**52,328**
Bonds and other fixed-income securities	141,247	150,448
Listed	99,838	108,296
Not listed	41,409	42,152
Designated at fair value	**141,247**	**150,448**
Bonds and other fixed-income securities	172,861	188,525
Listed	172,861	188,525
Shares and other variable-income securities	88,281	79,560
Not listed	88,281	79,560
Shares in affiliated companies	18	90
Other equity investments	39,433	38,431
Credit institutions	2,447	2,447
Non-banks	36,986	35,984
Measured at fair value through other comprehensive income	**300,593**	**306,606**
Bonds and other fixed-income securities	444,687	412,406
Listed	321,451	281,276
Not listed	123,236	131,129
Measured at amortised costs	**444,687**	**412,406**
Total	**944,000**	**921,788**

Financial assets by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Repayable on demand	9,135	15,603
up to 3 months	21,450	20,596
over 3 months to 1 year	67,721	79,440
over 1 to 5 years	315,299	278,274
over 5 years	345,190	357,465
Total	**758,796**	**751,379**

Shares and other variable-income securities, shares in affiliated companies and other equity investments were not broken down by remaining terms as there are no maturities.

(33) Shares in companies accounted for using the equity method

Financial information on companies accounted for using the equity method

in EUR thousand	Beteiligungs- und Wohnungsanlagen GmbH		Beteiligungs- und Immobilien GmbH		Total	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022	2023	2022
Summarised statement of financial position						
Assets	994,573	955,104	176,285	171,236	1,170,858	1,126,340
Liabilities	723,752	697,329	145,809	141,503	869,561	838,832
Consolidated income statement						
Revenue	152,293	141,001	26,450	25,809	178,743	166,811
Profit/loss from continuing operations	24,514	20,970	2,777	2,612	27,291	23,582
Other comprehensive income	−468	832	−134	291	−602	1,123
Total comprehensive income	**24,046**	**21,803**	**2,643**	**2,903**	**26,689**	**24,705**

Reconciliation of equity method carrying amount

in EUR thousand	Beteiligungs- und Wohnungsanlagen GmbH		Beteiligungs- und Immobilien GmbH		Total	
	2023	2022	2023	2022	2023	2022
Holdings in %	25	25	25	25		
Carrying amount 1 Jan.	64,444	58,993	7,433	7,058	71,877	66,051
Distribution	−2,750		−475	−350	−3,225	−350
Proportionate total comprehensive income	6,011	5,451	661	726	6,672	6,176
Carrying amount 31 Dec.	**67,705**	**64,444**	**7,619**	**7,433**	**75,324**	**71,877**

The summarised financial information corresponds to the amounts in the financial statements and packages of the associated companies prepared in accordance with IFRS.

The investments in companies valued at equity were made in order to consolidate the geographical business environment and intensify the business segment Retail and Private Housing. These investments are also intended to strengthen Upper Austria as a business location.

(34) Real estate held as financial investments, property, plant and equipment and intangible assets

Schedule of movements in fixed assets

in EUR thousand	Cost 1 Jan. 2023	Additions	Re-classification	Disposals	Cost 31 Dec. 2023	Cumulative impairment losses/ reversal of impairment losses	Carrying amount 31 Dec. 2023	Current impairment losses/ reversal of impairment losses
Investment property	101,525	1,721	1,720		104,966	−38,537	66,429	−3,219
Intangible assets	14,647	322		−75	14,894	−13,912	982	−256
Land and buildings	28,015	701	−1,720		26,996	−16,789	10,207	−469
Rights of use for land and buildings	2,997	705			3,702	−2,002	1,700	−541
Other property, plant and equipment	11,483	998		−357	12,124	−9,574	2,550	−637
Leased assets from operating leases	580	285		−408	457	−92	365	−87
Total	**159,247**	**4,732**	**0**	**−840**	**163,139**	**−80,906**	**82,233**	**−5,209**

in EUR thousand	Cost 1 Jan. 2022	Additions	Re-classification	Disposals	Cost 31 Dec. 2022	Cumulative impairment losses/ reversal of impairment losses	Carrying amount 31 Dec. 2022	Current impairment losses/ reversal of impairment losses
Investment property	100,747	1,659	−881		101,525	−31,284	70,241	−3,048
Intangible assets	14,556	124		−33	14,647	−13,731	916	−192
Land and buildings	27,109	25	881		28,015	−20,355	7,660	−557
Rights of use for land and buildings	2,173	824			2,997	−1,461	1,536	−384
Other property, plant and equipment	10,950	781		−248	11,483	−9,279	2,204	−500
Leased assets from operating leases	565	108		−93	580	−311	269	−97
Total	**156,100**	**3,521**	**0**	**−374**	**159,247**	**−76,421**	**82,826**	**−4,778**

The fair value of real estate held as financial investments (excluding rights of use) is EUR 75,450 thousand (2022: EUR 75,578 thousand). The expert opinions are prepared by OÖ Hypo Immobilien und Beteiligungen GmbH, Linz, and by the court-certified experts Stephan Hirsch, Christian Haidinger-Wiesinger and Erhard Leimer. Rental income from investment property amounted to EUR 8,144 thousand in the financial year 2023 (2022: EUR 7,388 thousand) and is recognised under other operating income. The directly related operating expenses include ongoing depreciation, amortisation and maintenance costs and amount to EUR −3,223 thousand (2022: EUR −3,105 thousand). These expenses are included under depreciation and amortisation and other administrative expenses.

There are no contractual obligations (2022: none) for real estate held as financial investments as at the reporting date.

Non-repayable investment grants (Covid−19 investment premiums) amounting to EUR 8 thousand (2022: EUR 14 thousand) were recognised in the financial statements 2023.

(35) Other assets

The balance sheet item “Other assets” includes receivables that do not originate from the banking business (mainly trade receivables and deferred income from investments) and deferred income.

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Deferred income	2,421	1,889
Claims federal state of Upper Austria	243	547
Receivables from non-banking activities	209	380
Other assets	30,685	27,296
Total	**33,557**	**30,112**

The item “Other assets” mainly includes internal settlement accounts and offsets with equity investments in partnerships.

(36) Risk provisions

Risk provisions for balances at central banks

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	1	0	0	1
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	1	0	0	1
Net change	–1			–1
Disposals				0
Utilisations				0
Additions				0
As at 31 Dec. 2023	0	0	0	0

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	103	0	0	103
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	103	0	0	103
Net change	–102			–102
Disposals				0
Utilisations				0
Additions				0
As at 31 Dec. 2022	1	0	0	1

Risk provisions for loans and advances to banks

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	235	0	0	235
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	235	0	0	235
Net change	–164			–164
Disposals	–1			–1
Utilisations				0
Additions	0*)			0*)
As at 31 Dec. 2023	71	0	0	71

*) Values < EUR 1 thousand

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	42	0	0	42
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	42	0	0	42
Net change	25			25
Disposals	–24			–24
Utilisations				0
Additions	192			192
As at 31 Dec. 2022	235	0	0	235

Risk provisions for loans and advances to customers

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	2,010	5,670	7,877	15,556
Reclassifications				
to Stage 1	2,859	–2,857	–3	0
to Stage 2	–139	194	–55	0
to Stage 3	–20	–718	738	0
Subtotal	4,710	2,289	8,557	15,556
Net change	–2,618	1,250	13,127	11,759
Disposals	–179	–299	–341	–819
Utilisations			–381	–381
Additions	494	278	148	920
As at 31 Dec. 2023	2,407	3,517	21,110	27,035

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	929	3,645	8,094	12,668
Reclassifications				
to Stage 1	437	–378	–60	0
to Stage 2	–232	986	–754	0
to Stage 3	–3	–88	91	0
Subtotal	1,132	4,166	7,372	12,668
Net change	147	774	1,048	1,969
Disposals	–167	–197	–400	–764
Utilisations			–514	–514
Additions	898	927	372	2,197
As at 31 Dec. 2022	2,010	5,670	7,877	15,556

Net change: Change relating to the portfolio

Disposal: Reversal due to derecognition of a financial instrument
Addition: Allocation due to recognition of a financial instrument

Risk provisions for financial assets AC

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	387	0	0	387
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	**387**	**0**	**0**	**387**
Net change	−208			−208
Disposals	−58			−58
Utilisations				0
Additions	47			47
As at 31 Dec. 2023	169	0	0	169

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	77	0	0	77
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	**77**	**0**	**0**	**77**
Net change	199			199
Disposals	−10			−10
Utilisations				0
Additions	121			121
As at 31 Dec. 2022	387	0	0	387

Risk provisions for financial assets OCI

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	285	0	0	285
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	**285**	**0**	**0**	**285**
Net change	−193			−193
Disposals	−7			−7
Utilisations				0
Additions				0
As at 31 Dec. 2023	85	0	0	85

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	70	0	0	70
Reclassifications				
to Stage 1				0
to Stage 2				0
to Stage 3				0
Subtotal	**70**	**0**	**0**	**70**
Net change	211			211
Disposals	−1			−1
Utilisations				0
Additions	5			5
As at 31 Dec. 2022	285	0	0	285

Provisions for credit risks and contingent liabilities

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	415	475	80	969
Reclassifications				
to Stage 1	232	−232		0
to Stage 2	−26	26		0
to Stage 3	−1	−48	49	0
Subtotal	**620**	**220**	**129**	**969**
Net change	−343	73	600	330
Disposals	−139	−177	−70	−385
Utilisations				0
Additions	165	40		206
As at 31 Dec. 2023	304	157	659	1,120

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	284	29	835	1,148
Reclassifications				
to Stage 1	8	−8		0
to Stage 2	−168	168		0
to Stage 3	0*)	0*)	0*)	0
Subtotal	**123**	**189**	**835**	**1,148**
Net change	−19	42	−754	−731
Disposals	−33	−46	−1	−79
Utilisations				0
Additions	343	290		633
As at 31 Dec. 2022	415	475	80	969

*) Values < EUR 1 thousand

Total risk provisioning

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	3,333	6,145	7,957	17,434
Reclassifications				
to Stage 1	3,091	−3,089	−3	0
to Stage 2	−165	220	−55	0
to Stage 3	−20	−766	787	0
Subtotal	**6,239**	**2,509**	**8,686**	**17,434**
Net change	−3,526	1,323	13,727	11,524
Disposals	−383	−475	−411	−1,269
Utilisations			−381	−381
Additions	707	318	148	1,173
As at 31 Dec. 2023	3,036	3,675	21,769	28,480

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	1,506	3,674	8,929	14,108
Reclassifications				
to Stage 1	446	−386	−60	0
to Stage 2	−401	1,155	−754	0
to Stage 3	−3	−88	92	0
Subtotal	**1,547**	**4,355**	**8,207**	**14,108**
Net change	461	816	293	1,571
Disposals	−235	−243	−401	−879
Utilisations			−514	−514
Additions	1,559	1,217	372	3,148
As at 31 Dec. 2022	3,333	6,144	7,957	17,434

Information on the modification

In the reporting period, Oberösterreichische Landesbank Aktiengesellschaft primarily made contractual modifications to financial assets in connection with market-induced interest rate changes that did not lead to derecognition. The resulting modification result is not considered to be significant in relation to the overall net interest income. The effect on the change in the gross carrying amount is also classified as immaterial.

The modifications were not based on any financial difficulties (creditworthiness-related concessions) of the borrowers (no migration to higher stages) so the impact on the default risk and risk provisioning is considered to be immaterial.

Modified assets are monitored on an ongoing basis as part of the standardised credit monitoring processes or as part of the quarterly calculation of risk provisioning. Modified financial instruments are also allocated to a stage on the basis of the transfer criteria described in Note (10).

Development of the gross carrying amounts of impaired financial instruments

Balances at central banks

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	661,551	0	0	661,551
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	432,900			432,900
Utilisation				0
Direct write-off				0
As at 31 Dec. 2023	1,094,450	0	0	1,094,450

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	760,138	0	0	760,138
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	−98,587			−98,587
Utilisation				0
Direct write-off				0
As at 31 Dec. 2022	661,551	0	0	661,551

Loans and advances to banks

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	185,407	0	0	185,407
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	−37,097			−37,097
Utilisation				0
Direct write-off				0
As at 31 Dec. 2023	148,310	0	0	148,310

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	166,968	0	0	166,968
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	18,439			18,439
Utilisation				0
Direct write-off				0
As at 31 Dec. 2022	185,407	0	0	185,407

Loans and advances to customers

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	5,164,221	424,623	20,122	5,608,965
to Stage 1	216,740	−216,687	−53	0
to Stage 2	−162,240	163,086	−846	0
to Stage 3	−31,073	−39,910	70,983	0
Addition / disposal / net change	291,652	−60,508	−612	230,531
Utilisation			−382	−382
Direct write-off			−127	−127
As at 31 Dec. 2023	5,479,300	270,603	89,084	5,838,987

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	5,030,105	281,719	22,099	5,333,923
to Stage 1	103,326	−103,264	−62	0
to Stage 2	−224,560	227,557	−2,997	0
to Stage 3	−2,214	−3,624	5,838	0
Addition / disposal / net change	257,564	22,235	−4,036	275,763
Utilisation			−514	−514
Direct write-off			−206	−206
As at 31 Dec. 2022	5,164,221	424,623	20,122	5,608,965

Financial assets – AC

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	412,793	0	0	412,793
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	32,063			32,063
Utilisation				0
Direct write-off				0
As at 31 Dec. 2023	444,856	0	0	444,856

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	417,692	0	0	417,692
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	−4,900			−4,900
Utilisation				0
Direct write-off				0
As at 31 Dec. 2022	412,792	0	0	412,792

Financial assets – OCI

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	188,811	0	0	188,811
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	−15,864			−15,864
Utilisation				0
Direct write-off				0
As at 31 Dec. 2023	172,947	0	0	172,947

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	285,298	0	0	285,298
to Stage 1				0
to Stage 2				0
to Stage 3				0
Addition / disposal / net change	−96,487			−96,487
Utilisation				0
Direct write-off				0
As at 31 Dec. 2022	188,811	0	0	188,811

Credit risks and contingent liabilities

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	774,162	139,529	497	914,188
to Stage 1	46,488	−46,488		0
to Stage 2	−13,646	13,646		0
to Stage 3	−552	−8,994	9,546	0
Addition / disposal / net change	−44,019	−43,506	−2,188	−89,712
Utilisation				0
Direct write-off				0
As at 31 Dec. 2023	762,433	54,187	7,855	824,476

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	837,532	29,990	3,056	870,578
to Stage 1	7,434	−7,434		0
to Stage 2	−128,882	128,882		0
to Stage 3	−2,457	−24	2,481	0
Addition / disposal / net change	60,534	−11,885	−5,040	43,610
Utilisation				0
Direct write-off				0
As at 31 Dec. 2022	774,162	139,529	497	914,188

Total

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2023	7,386,944	564,152	20,619	7,971,715
to Stage 1	263,229	−263,176	−53	0
to Stage 2	−175,886	176,732	−846	0
to Stage 3	−31,625	−48,903	80,529	0
Addition / disposal / net change	659,635	−104,014	−2,801	552,820
Utilisation			−382	−382
Direct write-off			−127	−127
As at 31 Dec. 2023	8,102,296	324,790	96,939	8,524,026

in EUR thousand	Stage 1	Stage 2	Stage 3	Total
As at 1 Jan. 2022	7,497,734	311,710	25,154	7,834,598
to Stage 1	110,760	−110,698	−62	0
to Stage 2	−353,442	356,439	−2,997	0
to Stage 3	−4,671	−3,649	8,319	0
Addition / disposal / net change	136,563	10,350	−9,076	137,837
Utilisation			−514	−514
Direct write-off			−206	−206
As at 31 Dec. 2022	7,386,944	564,152	20,619	7,971,715

(37) Liabilities to banks

Liabilities to banks are recognised at amortised cost.

Liabilities to banks by type of transaction

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Giro and clearing transactions	14,147	8,244
Money market transactions	530,687	922,674
Total	**544,834**	**930,918**

Liabilities to banks by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Repayable on demand	127,318	76,972
up to 3 months	116,400	5,000
over 3 months to 1 year	100,000	400,000
over 1 to 5 years	3,000	203,400
over 5 years	198,116	245,547
Total	**544,834**	**930,918**

As at 31 December 2023, the volume of longer-term financing transactions from the TLTRO III programme of the European Central Bank (ECB) included in the item liabilities to banks amounted to EUR 200,000 thousand (2022: EUR 600,000 thousand). Tranche 4, amounting to EUR 200,000 thousand and maturing in June 2023, was paid off prematurely in March 2023. Tranche 5, also amounting to EUR 200,000 thousand, expired in September 2023. An analysis of the conditions achievable for Oberösterreichische Landesbank Aktiengesellschaft as a credit institution on the market for comparable secured refinancing sources concluded that the conditions of the TLTRO III programme do not offer any significant advantage compared to the market. The financing liability is recognised as a financial instrument with a carrying amount of EUR 200,000 thousand (2022: EUR 600,000 thousand), and the currently applicable interest rate is always used. In the opinion of Oberösterreichische Landesbank Aktiengesellschaft, the changes to the TLTRO III programme published by the ECB in October 2022 (change to the interest rate terms and inclusion of further repayment options) do not constitute a material contractual adjustment, which is why these changes also only led to a change in the interest rate. No changes in estimates or adjustments to carrying amounts were necessary in this context.

The required credit growth for the first special interest rate period (observation period: 1 March 2020 to 31 March 2021) and for the second special interest rate period (observation period: 1 October 2021 to 31 December 2021) was met. The interest rate was therefore set at −1.0%. After the end of the second special interest period on 23 June 2022 and up until 23 November 2022, the interest rate was calculated based on the average ECB interest rate for the deposit facility since the start of the transactions. From 23 November 2022 until the maturity of the respective tranche, the TLTRO liabilities will bear interest based on the current ECB interest rate for the deposit facility. This amounts to 4.0% as at 31 December 2023. In the current financial year 2023, the (2022: negative) interest expense from the TLTRO III programme totalled EUR −12,375 thousand (2022: EUR 2,635 thousand).

(38) Liabilities to customers

Liabilities to customers are predominantly recognised at amortised cost. The fair value option was utilised for liabilities to customers amounting to EUR 37,658 thousand (2022: EUR 36,363 thousand) for which interest rate risks were hedged using an interest rate swap as otherwise there would be mismatches in the measurement and recognition compared to the hedging transaction (accounting mismatch). Hedge accounting is used for liabilities to customers in the amount of EUR 34,326 thousand (2022: EUR 32,125 thousand).

Liabilities to customers by type of transaction (products)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Sight deposits	1,140,428	1,279,899
Term deposits	1,379,079	574,600
Savings deposits	410,676	446,087
Total	**2,930,183**	**2,300,585**

Liabilities to customers by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Repayable on demand	1,319,226	1,649,855
up to 3 months	764,540	386,951
over 3 months to 1 year	456,041	101,533
over 1 to 5 years	318,351	115,345
over 5 years	72,025	46,901
Total	**2,930,183**	**2,300,585**

Liabilities to customers by business segment (segments)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Key Accounts	1,425,463	982,088
Retail and Private Housing	1,432,712	1,249,990
Financial Markets	71,984	68,487
Others	23	21
Total	**2,930,183**	**2,300,585**

(39) Securitised liabilities

The fair value option was utilised for securitised liabilities in the amount of EUR 1,750,659 thousand (2022: EUR 1,617,966 thousand) for which interest rate risks were hedged using an interest rate swap as otherwise there would be mismatches in the measurement and recognition compared to the hedging transaction (accounting mismatch). Hedge accounting is used for securitised liabilities in the amount of EUR 638,539 thousand (2022: EUR 815,696 thousand). The remaining securitised liabilities are recognised at amortised cost.

Securitised liabilities by type of transaction (products)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Mortgage covered bonds	2,444,274	2,260,010
Public sector covered bonds	438,748	434,112
Housing bonds*)	718,041	536,878
Bonds	819,576	713,946
Total	**4,420,638**	**3,944,946**

*) The issues of Hypo-Wohnbaubank Aktiengesellschaft were issued in trust for Oberösterreichische Landesbank Aktiengesellschaft (trustor).

Securitised liabilities by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Repayable on demand*)	48,787	40,151
up to 3 months	81,750	55,586
over 3 months to 1 year	159,502	352,237
over 1 to 5 years	1,922,161	1,267,193
over 5 years	2,208,439	2,229,779
Total	**4,420,638**	**3,944,946**

*) This mainly relates to accrued interest.

(40) Negative fair values from derivative transactions

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Interest rate transactions	72,750	122,782
of which hedge accounting	27,621	54,763
Foreign exchange transactions	16,000	12,888
of which hedge accounting	15,320	12,867
Total	**88,750**	**135,670**

(41) Provisions

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Provisions for social capital	12,896	13,425
Other provisions	5,793	8,827
Total	**18,689**	**22,252**

Development of social capital (DBO)

in EUR thousand	Pension provisions	Provisions for severance payments	Provisions for anniversary bonuses	Provisions for social capital
As at 1 Jan. 2023	5,502	6,650	1,273	13,425
Current service cost	6	219	76	301
Interest expense	224	275	55	553
Profit/loss from the termination of the employment relationship		−257		−257
Actuarial gains/losses	−311	268	132	89
from demographic assumptions	−1	−150	−13	−164
from financial assumptions	394	354	88	836
from experience-based adjustment	−704	64	57	−583
Payments	−422	−738	−56	−1,216
As at 31 Dec. 2023	5,000	6,416	1,480	12,896

in EUR thousand	Pension provisions	Provisions for severance payments	Provisions for anniversary bonuses	Provisions for social capital
As at 1 Jan. 2022	7,411	8,489	1,388	17,289
Current service cost	17	278	91	387
Interest expense	72	81	14	167
Profit/loss from the termination of the employment relationship		−310		−310
Actuarial gains/losses	−1,568	−757	−178	−2,503
from demographic assumptions		−104	−31	−135
from financial assumptions	−1,379	−774	−193	−2,346
from experience-based adjustment	−189	121	46	−22
Payments	−430	−1,132	−42	−1,603
As at 31 Dec. 2022	5,502	6,650	1,273	13,425

As at 31 December 2023, the weighted average term of the defined benefit obligations for termination benefits was 7.92 years (2022: 7.78 years), for work anniversary bonuses 8.76 years (2022: 8.99 years) and for pensions 10.37 years (2022: 9.96 years).

Sensitivity analysis of the defined benefit obligation (DBO)

Sensitivity analyses were carried out as at the reporting date by varying the respective assumptions regarding the most important valuation parameters from a reasonable perspective and recalculating the present values of the defined benefit obligations for pensions and termination benefits:

Parameter	Change in the assumption	Changes in DBO			
		Pensions		Termination benefits	
		31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Discount rate	+0.5%	−4.69%	−4.32%	−3.74%	−3.64%
	−0.5%	5.11%	4.69%	3.98%	3.88%
Salaries	+0.5%	0.00%	0.21%	3.88%	3.80%
	−0.5%	0.00%	−0.15%	−3.68%	−3.60%
Pensions	+0.5%	5.14%	4.73%		
	−0.5%	−4.75%	−4.40%		

Development of other provisions

in EUR thousand	As at 1 Jan. 2023	Allocations	Utilisation	Reversals	As at 31 Dec. 2023
Risks from the credit business	969	362		−211	1,120
Obligations for negative interest	6,301			−3,026	3,274
Miscellaneous other provisions	1,557	1,382	−1,261	−279	1,398
Total	**8,827**	**1,744**	**−1,261**	**−3,517**	**5,793**

With regard to the obligations for future payments in relation to negative interest, the current Supreme Court case law in connection with the permissibility of agreeing a minimum interest rate has been taken into account. As the final legal judgement for non-consumers is still being clarified following the rulings of the Supreme Court (OGH), appropriate precautions have been taken. The estimation uncertainty here relates to the trigger event. The reversal is due to the fact that the probability of utilisation was estimated to be lower than in the previous year.

For further information on the development of provisions for risks from the lending business, please refer to Note (36).

(42) Other liabilities

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Deferred income	443	453
Lease liabilities in accordance with IFRS 16	21,558	20,735
Other liabilities	25,624	42,981
Total	**47,625**	**64,170**

The item other liabilities includes liabilities from payroll accounting totalling EUR 3,627 thousand (2022: EUR 3,754 thousand), liabilities to the tax office totalling EUR 3,289 thousand (2022: EUR 1,821 thousand), settlement accounts from the settlement of residential construction loans in the amount of EUR 4,215 thousand (2022: EUR 4,041 thousand) and liabilities from non-banking activities in the amount of EUR 1,312 thousand (2022: EUR 1,568 thousand). It also includes necessary adjustments of EUR 11,918 thousand (2022: EUR 25,158 thousand) from the shift in the reporting date in relation to the offsetting of results with fully consolidated subsidiaries in the 4th quarter.

(43) Tax assets and liabilities

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Current tax assets	1,024	
Total	**1,024**	**0**

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Current tax liabilities		2,435
Deferred tax liabilities	13,171	8,706
Total	**13,171**	**11,141**

in EUR thousand	Deferred tax assets 31 Dec. 2023	Deferred tax liabilities 31 Dec. 2023	recognised through profit or loss 2023
Loans and advances to customers	2,334		−1,907
Positive fair values from derivative transactions		25,753	−3,462
Financial assets and shares in companies accounted for using the equity method		2,883	4,150
Liabilities to customers		854	17,415
Securitised liabilities		5,836	970
Negative fair values from derivative transactions	19,154		−14,227
Subordinated capital		1,159	24
Provisions	1,815		−742
Other items	764	753	8
Netting of deferred taxes	−24,067	−24,067	
Deferred tax liabilities	**0**	**13,171**	**2,229**

in EUR thousand	Deferred tax assets 31 Dec. 2022	Deferred tax liabilities 31 Dec. 2022	recognised through profit or loss 2022
Loans and advances to customers	4,240		10,384
Positive fair values from derivative transactions		22,291	64,047
Financial assets and shares in companies accounted for using the equity method	1,607	4,627	14,173
Liabilities to customers		1,659	−3,424
Securitised liabilities		20,807	−97,238
Negative fair values from derivative transactions	33,442		11,713
Subordinated capital		1,183	−257
Provisions	2,567		−438
Other items	4		2
Netting of deferred taxes	−41,861	−41,861	
Deferred tax liabilities	**0**	**8,706**	**−1,037**

Deferred taxes were also recognised directly in equity from the measurement of financial instruments classified as OCI and from the measurement of social capital, without affecting profit or loss. In the year 2023, the deferred tax assets recognised through other comprehensive income amounted to EUR −6,694 thousand (2022: tax income EUR 7,232 thousand).

In accordance with IAS 12.39, no deferred tax liabilities were recognised on temporary differences from investments in subsidiaries and associates held by Group companies in the amount of EUR 54,852 thousand (2022: EUR 51,478 thousand) as the temporary differences are not expected to reverse in the foreseeable future. The temporary differences relate to retained earnings that are not intended to be distributed or will remain tax-free for the foreseeable future. As at 31 December 2023, a hypothetical tax liability of EUR 12,616 thousand (2022: EUR 11,841 thousand) was therefore not recognised – without taking into account the tax-free profit distributions from subsidiaries.

(44) Subordinated capital

This item contains Tier 2 capital within the meaning of Article 62 et seq. CRR. Hybrid capital is also recognised in this item.

The fair value option was utilised for subordinated capital in the amount of EUR 20,321 thousand (2022: EUR 20,051 thousand) for which interest rate risks were hedged using an interest rate swap as otherwise there would be mismatches in the measurement and recognition compared to the hedging transaction (accounting mismatch). The remaining subordinated capital is recognised at amortised cost.

Subordinated capital by type of transaction

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Subordinated liabilities	48,513	48,120
Tier 2 capital	16,963	16,225
Total	**65,476**	**64,345**

Subordinated capital by maturity (remaining term)

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Repayable on demand	536	394
over 5 years	64,940	63,952
Total	**65,476**	**64,345**

The total amount of interest expenses for subordinated liabilities amounted to EUR −2,307 thousand in the 2023 financial year (2022: EUR −744 thousand).

Reconciliation of information on cash flows from financing activities

in EUR thousand	2023	2022
Subordinated capital 1 Jan.	**64,345**	**62,361**
Cash changes		
Inflows	718	4,085
Non-cash changes		
Change in fair value	258	−2,412
Change in accrued interest	155	311
Subordinated capital 31 Dec.	**65,476**	**64,345**

(45) Equity

Equity comprises the capital made available to the bank (subscribed capital plus capital reserves) and earned capital (retained earnings, reserves recognised through other comprehensive income and the consolidated comprehensive income for the year). Changes in the measurement of companies accounted for using the equity method are also recognised through other comprehensive income under retained earnings. The OCI reserve comprises the changes in measurement of the FVOCI portfolio that are not recognised through profit or loss and the creditworthiness-related changes in liabilities measured at fair value. The IAS 19 reserve represents the accumulated actuarial gains and losses from the personnel provisions.

Subscribed capital

The subscribed capital consists of the nominal capital in the amount of EUR 14,664 thousand (2022: EUR 14,664 thousand). On 31 December 2023, 2,017,000 (2022: 2,017,000) shares with a nominal value of EUR 7.27 per share were in circulation. Of the shares issued, the parent company held 14,578 shares as at 31 December 2023 (2022: 14,161). The change stems from repurchases of ordinary shares – formerly preference shares – from employees who have left the company or from purchases from employees.

The 17,000 employee shares of Oberösterreichische Landesbank Aktiengesellschaft are shares issued for an employee participation model in the course of the privatisation in 1997. At that time, these were issued free of charge on a one-time basis to employees, senior executives and members of the Management Board of Oberösterreichische Landesbank Aktiengesellschaft. Upon defined triggering events, the transferees of these shares are obliged to offer the shares to be taken over by the Works Council Fund, the employee nominated by the Works Council, Oberösterreichische Landesbank Aktiengesellschaft, Landesholding GmbH or Hypo Holding GmbH, in that order. The resignation, retirement or death of an employee, for example, constitutes a triggering event.

The price of the employee shares is determined once a year as part of the authorised IFRS consolidated balance sheet. The shares can be purchased by the employee at this price; there is no preferential sale. The purchase and sale of employee shares is only possible in the month following the Annual General Meeting and only for active employees with permanent and non-terminated employment contracts, where a maximum of 50 shares can be purchased per employee. In the year 2023, Oberösterreichische Landesbank Aktiengesellschaft acquired 425 shares (2022: 603 shares) at a total value of EUR 104 thousand (2022: EUR 146 thousand), and 8 shares (2022: 120 shares) were repurchased from employees at a total value of EUR 2 thousand (2022: EUR 29 thousand). The results are recognised directly in equity.

Retained earnings

The retained earnings consist of the legal reserves, other retained earnings and the liability reserve. The allocation to the liability reserve is subject to the provisions of Section 57 (5) BWG. An allocation of EUR −1,221 thousand was required in 2023 (2022: EUR −1,907 thousand).

The return on assets as at 31 December 2023 is 0.41% (2022: 0.42%) and is calculated by dividing the consolidated after-tax profit for the year by the total capital (total assets).

Other comprehensive income (OCI) reserve
Movements in the OCI reserve are recognised through other comprehensive income and therefore directly in equity. These movements include, in particular, actuarial gains and losses from the measurement of social capital (IAS 19 reserve), creditworthiness-related changes in liabilities measured at fair value and fair value changes in FVOCI financial instruments (miscellaneous OCI reserve). In 2023, these movements correspond to other comprehensive income of EUR 22,325 thousand (2022: EUR −23,466 thousand). Deferred taxes were deducted directly from equity when measuring the OCI portfolio and recognising the IAS 19 reserve. Due to disposals of OCI inventories, the reserve of EUR 28 thousand (2022: EUR 2 thousand) was released to profit or loss in the reporting year.

The miscellaneous OCI reserve is made up as follows:

in EUR thousand	1 Jan. 2023	Changes	31 Dec. 2023
Rating-related changes in liabilities measured at fair value	9,104	8,940	18,044
Changes in the fair value of FVOCI equity instruments	−14,772	7,580	−7,191
Changes in the fair value of FVOCI debt instruments	−21,472	5,922	−15,550
Total	**−27,140**	**22,442**	**−4,698**

in EUR thousand	1 Jan. 2022	Changes	31 Dec. 2022
Rating-related changes in liabilities measured at fair value	−1,006	10,110	9,104
Changes in the fair value of FVOCI equity instruments	−3,205	−11,566	−14,772
Changes in the fair value of FVOCI debt instruments	2,524	−23,996	−21,472
Total	**−1,688**	**−25,452**	**−27,140**

The risk provisions of financial assets measured at fair value through other comprehensive income before deferred taxes amounted to EUR 85 thousand (2022: EUR 286 thousand) as at the reporting date.

Additional IFRS information

(46) Total volume of derivative financial products not yet settled

31 Dec. 2023	Nominal amounts by remaining term				Fair values clean	
in EUR thousand	up to 1 year	1 to 5 years	over 5 years	Total	positive	negative
Interest rate contracts	176,636	710,386	1,871,030	2,758,052	113,116	75,339
Exchange rate agreements		59,929	41,917	101,846	6,714	14,998
Interest rate options	45	23	28,287	28,355	386	382
Forward exchange transactions	19,556			19,556	4	694
Total	**196,237**	**770,338**	**1,941,234**	**2,907,809**	**120,220**	**91,413**

31 Dec. 2022	Nominal amounts by remaining term				Fair values clean	
in EUR thousand	up to 1 year	1 to 5 years	over 5 years	Total	positive	negative
Interest rate contracts	335,841	739,124	1,866,263	2,941,228	99,431	131,459
Exchange rate agreements		56,068	45,778	101,846	8,940	12,785
Interest rate options		124	30,115	30,239	638	630
Forward exchange transactions	22,590			22,590	336	21
Total	**358,431**	**795,316**	**1,942,156**	**3,095,903**	**109,345**	**144,895**

(47) Offsetting of financial instruments

Assets 31 Dec. 2023 in EUR thousand	Financial assets (gross)	Offset recognised amounts (gross)	Recognised financial assets (net)	Effect of offsetting framework agreements	Collateral in the form of financial instruments	Net amount
Derivative financial instruments with banks	105,202		105,202	−28,704	−72,885	3,612
Derivative financial instruments with central counterparties	29,855		29,855	−4,096	−24,937	822
Loans and advances to banks	148,239		148,239	−62,741		85,498

Liabilities 31 Dec. 2023 in EUR thousand	Financial liabilities (gross)	Offset recognised amounts (gross)	Recognised financial liabilities (net)	Effect of offsetting framework agreements	Collateral in the form of financial instruments	Net amount
Derivative financial instruments with banks	74,035		74,035	−28,704	−41,994	3,336
Derivative financial instruments with central counterparties	14,715		14,715	−4,096	−10,494	125
Liabilities to banks	544,834		544,834	−62,741		482,093

Assets 31 Dec. 2022 in EUR thousand	Financial assets (gross)	Offset recognised amounts (gross)	Recognised financial assets (net)	Effect of offsetting framework agreements	Collateral in the form of financial instruments	Net amount
Derivative financial instruments with banks	92,713		92,713	−43,896	−44,141	4,676
Derivative financial instruments with central counterparties	33,058		33,058	−3,216	−29,357	485
Loans and advances to banks	185,172		185,172	−77,889		107,283

Liabilities 31 Dec. 2022 in EUR thousand	Financial liabilities (gross)	Offset recognised amounts (gross)	Recognised financial liabilities (net)	Effect of offsetting framework agreements	Collateral in the form of financial instruments	Net amount
Derivative financial instruments with banks	114,246		114,246	−43,896	−66,347	4,003
Derivative financial instruments with central counterparties	21,423		21,423	−3,216	−17,955	253
Liabilities to banks	930,918		930,918	−77,889		853,030

The contracts for derivative financial instruments are German and Austrian framework agreements for financial futures and the associated collateral agreements that do not fulfil the criteria for offsetting of the financial instruments covered in accordance with IAS 32.42. The right to offset fair values and collateral contained in the agreement only arises for the contracting parties in the event of default, insolvency, bankruptcy and cancellation. The contracting parties do not intend to fulfil the transactions on a net basis. Cash collaterals serve as collateral in accordance with the associated collateral agreements.

Initial margins totalling EUR 12,475 thousand (2022: EUR 17,683 thousand) were paid to central counterparties.

The netted receivables from and liabilities to banks relate to an individual netting agreement with a contractual partner to minimise credit risk in accordance with CRR. In addition, contractual netting agreements have been in place since 2016 for receivables and liabilities from derivative financial instruments in order to recognise risk-mitigating effects.

(48) Fair values

31 Dec. 2023 in EUR thousand	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value total
ASSETS					
Financial assets measured at amortised cost Assets					
Cash and balances at central banks*)	1,102,713				
Loans and advances to banks	148,239			152,375	152,375
Loans and advances to customers	5,811,952			6,459,555	6,459,555
Financial assets	444,687	268,748	6,559	158,602	433,908
Other assets (financial instruments)*)	1,151				
Financial assets measured at fair value through profit or loss					
Loans and advances to customers	128,187			128,187	128,187
Financial assets	57,473	784		56,688	57,473
Positive fair values from derivative transactions	134,016		134,016		134,016
Financial assets designated at fair value					
Loans and advances to customers	214,382			214,382	214,382
Financial assets	141,247	99,838		41,409	141,247
Financial assets measured at fair value through other comprehensive income					
Financial assets	300,593	234,454		66,139	300,593
Hedge accounting					
Positive fair values from derivative transactions	1,041		1,041		1,041

*) The fair value corresponds to the carrying amount because the assets are mainly current assets.

31 Dec. 2023 in EUR thousand	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value total
LIABILITIES					
Financial assets measured at amortised cost **Liabilities**					
Liabilities to banks	544,834			544,189	544,189
Liabilities to customers	2,858,198			2,856,931	2,856,931
Securitised liabilities	2,031,440			1,922,428	1,922,428
Subordinated capital	45,155			31,207	31,207
Financial liabilities recognised at fair value through profit or loss					
Negative fair values from derivative transactions	45,810		45,810		45,810
Financial liabilities designated at fair value					
Liabilities to customers	37,658			37,658	37,658
Securitised liabilities	1,750,659			1,750,659	1,750,659
Subordinated capital	20,321			20,321	20,321
Hedge accounting					
Liabilities to customers	34,326			34,326	34,326
Securitised liabilities	638,539			638,539	638,539
Negative fair values from derivative transactions	42,940		42,940		42,940

31 Dec. 2022 in EUR thousand	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value total
ASSETS					
Financial assets measured at amortised cost					
Cash and balances at central banks*)	669,189				
Loans and advances to banks	185,172			181,994	181,994
Loans and advances to customers	5,593,409			5,449,273	5,449,273
Financial assets	412,406	205,261	29,483	155,171	389,915
Other assets (financial instruments)*)	1,961				
Financial assets measured at fair value through profit or loss					
Loans and advances to customers	119,267			119,267	119,267
Financial assets	52,328	793		51,535	52,327
Positive fair values from derivative transactions	125,624		125,624		125,624
Financial assets designated at fair value					
Loans and advances to customers	169,410			169,410	169,410
Financial assets	150,448	108,296		42,152	150,448
Financial assets measured at fair value through other comprehensive income					
Financial assets	306,606	244,210		62,396	306,606
Hedge accounting					
Positive fair values from derivative transactions	147		147		147

*) The fair value corresponds to the carrying amount because the assets are mainly current assets.

31 Dec. 2022 in EUR thousand	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value total
LIABILITIES					
Financial liabilities measured at amortised cost					
Liabilities to banks	930,918			930,224	930,224
Liabilities to customers	2,232,098			2,232,202	2,232,202
Securitised liabilities	1,511,285			1,335,836	1,335,836
Subordinated capital	44,294			31,409	31,409
Financial liabilities recognised at fair value through profit or loss					
Negative fair values from derivative transactions	68,039		68,039		68,039
Financial liabilities designated at fair value					
Liabilities to customers	36,363			36,363	36,363
Securitised liabilities	1,617,966			1,617,966	1,617,966
Subordinated capital	20,051			20,051	20,051
Hedge accounting					
Liabilities to customers	32,125			32,125	32,125
Securitised liabilities	815,696			815,696	815,696
Negative fair values from derivative transactions	67,631		67,631		67,631

The maximum default risk in relation to the assets designated at fair value through profit or loss as at 31 December 2023 is EUR 355,629 thousand (2022: EUR 319,858 thousand).

The carrying amount of the liabilities classified at fair value through profit or loss is EUR 26,594 thousand higher (2022: EUR 23,897 thousand lower) than the contractual amount to be paid to the creditors on maturity. However, this is offset by total fair values from hedging transactions in the amount of EUR 13,541 thousand (2022: EUR −35,684 thousand).

Reclassifications
Reclassifications between the level categories take place on the basis of the internally defined level policy. Oberösterreichische Landesbank Aktiengesellschaft recognises reclassifications in the fair value hierarchy at the end of the reporting period in which the change occurred.

On the reporting date, one reclassification of a financial instrument from Level 1 to Level 2 (2022: none) was made with a carrying amount of EUR 1,726 thousand (2022: EUR 0 thousand). On the reporting date, there was no reclassification from Level 1 to Level 3 for financial instruments (2022: none). On the reporting date, there was no reclassification from Level 2 to Level 1 for financial instruments (2022: none). On the reporting date, two reclassifications of financial instruments from Level 2 to Level 3 (2022: none) were made with a carrying amount of EUR 9,252 thousand (2022: EUR 0 thousand). On the reporting date, there was no reclassification from Level 3 to Level 1 for financial instruments (2022: none). On the reporting date, there was no reclassification from Level 3 to Level 2 for financial instruments (2022: none).

Effects of the reclassifications as at the reporting date
In the 2023 financial year, the business models remained unchanged, and therefore no reclassifications were made due to business model changes.

Special information for Level 3

IFRS category in EUR thousand	1 Jan. 2023	Additions	Disposals	Realised result	Measurement result	Repayments	Amortisation	OCI reserve 1 Jan. 2023	Change Reserve	OCI reserve 31 Dec. 2023 Before deferred taxes	Accrued interest	Carrying amount 31 Dec. 2023
Debt capital												
FVPL loans, designated	169,410	63,981			10,482	−29,417					−74	214,382
FVPL loans	119,267	19,346			−2,295	−8,142					11	128,187
Securities FVPL, designated	42,152				−747						4	41,409
Equity capital												
Securities FVPL	51,535	22,531	−22,531		5,153							56,688
Securities FVOCI	30,000							−5,956	1,401	−4,555		31,401
Equity investments FVOCI	32,396		−73					9,357	2,415	11,772		34,738
Total assets	444,760	105,858	−22,604	0	12,593	−37,559	0	3,401	3,816	7,217	−59	506,805
At fair value	1,674,380	146,095	18,035	245	−56,980	−76,295		11,823	11,610	23,433	1,298	1,808,638
Total liabilities	1,674,380	146,095	18,035	245	−56,980	−76,295	0	11,823	11,610	23,433	1,298	1,808,638

IFRS category in EUR thousand	1 Jan. 2022	Additions	Disposals	Realised result	Measurement result	Repayments	Amortisation	OCI reserve 1 Jan. 2022	Change Reserve	OCI reserve 31 Dec. 2022 Before deferred taxes	Accrued interest	Carrying amount 31 Dec. 2022
Debt capital												
FVPL loans, designated	185,230		23,458		−39,197						−81	169,410
FVPL loans	92,160	30,201			−3,098						4	119,267
Securities FVPL, designated	60,561				−18,413						4	42,152
Equity capital												
Securities FVPL	52,938	4,998	−5,004		−1,396							51,535
Securities, FVOCI	35,835							−121	−5,835	−5,956		30,000
Equity investments FVOCI	26,248		−21					3,188	6,169	9,357		32,396
Total assets	452,972	35,199	18,433	0	−62,104	0	0	3,067	334	3,401	−73	444,760
At fair value	1,867,597	269,978		2,222	293,052	−155,541	−902	−1,342	13,165	11,823	−117	1,674,380
Total liabilities	1,867,597	269,978	0	2,222	293,052	−155,541	−902	−1,342	13,165	11,823	−117	1,674,380

The realised net income and the remeasurement gain or loss from the fair value through profit & loss category as well as the realised net income and impairments from the fair value through OCI category are reported in the net financial income and the remeasurement gain or loss in other comprehensive income. For Level 3 financial instruments, third-party pricing information is used without further adjustments.

Methods and valuation techniques used to determine fair value

The fair value of financial instruments recognised at fair value is generally determined on the basis of stock market prices. If no stock market prices are available, measurement is carried out using standard market methods based on instrument-specific market parameters. The fair value is generally determined using the present value method or, in the case of more complex financial instruments, using corresponding option pricing models, whereby standard market credit risk and liquidity spreads are taken into account when determining the present value.

The fair values of derivative financial instruments such as swaps and interest rate options are also calculated using present value or option pricing models. Credit risks are taken into account in the model valuation of derivatives as a credit value adjustment (CVA) and as a debt value adjustment (DVA) on the basis of parameters such as counterparty risk, collateral, net fair values and remaining term. The CVA/DVA amounted to EUR 110 thousand as at the reporting date (2022: EUR 26 thousand).

The relevant market prices and interest rates from recognised external sources observed on the reporting date are used as input parameters for determining fair value.

There is no liquid market for loans and deposits, which are measured at amortised cost. For short-term loans and deposits repayable on demand, it is assumed that the fair value corresponds to the carrying amount. For all other loans and deposits, the fair value is determined by discounting the expected future cash flows. Interest rates are used for loans at which new loans with a corresponding risk structure, original currency and maturity would be concluded. For deposits, the swap interest rates published by recognised external sources – supplemented by liquidity spreads with matching maturities – are used.

The risk premium (credit spread) is a significant, unobservable input in the measurement of receivables. This is derived by Oberösterreichische Landesbank Aktiengesellschaft from internal probabilities of default and loss given defaults (LGDs). These internal probabilities of default and loss given defaults contain all material information, including the impact of climate-related issues. As at 31 December 2023, a credit spread in a range from 0.1% to 11.1% (2022: from 0.0% to 1.7%) was taken into account in the measurement of Level 3 receivables. An increase or decrease in the credit spread would lead to a lower or higher fair value of the receivables. A change in the credit spread in the amount of 0.2% or −0.2% would lead to a decrease or increase in net income before taxes of EUR −4,905 thousand or EUR 4,905 thousand (2022: EUR −3,597 thousand or EUR 3,597 thousand). In order to determine the impact, Oberösterreichische Landesbank Aktiengesellschaft carries out a remeasurement using the present value of a basis point (PVBP).

The fair value of equity instruments is determined using standard market methods (DCF valuation, fair value appraisal, use of the stock market price).

In the case of investments recognised at fair value in Level 3, the discount factor is a significant, unobservable input in the DCF method used. An increase or decrease in the discount factor would lead to a decrease or increase in the fair value. A change in the discount factor of 0.25% or −0.25% would lead to a decrease or increase in net income before taxes of EUR −2,054 thousand or EUR 2,150 thousand (2022: EUR −1,767 thousand or EUR 1,888 thousand).

The fair value calculation for the Bank's financial liabilities, which were allocated to the measurement category Fair value through profit & loss, includes all instrument-specific market factors, including the issuer's standard market credit and liquidity risk associated with these financial liabilities.

The premium for the non-performance risk is a significant, unobservable input in the measurement of liabilities. This is calculated using the risk curves of Oberösterreichische Landesbank Aktiengesellschaft in relation to subordinated and non-subordinated instruments. This premium for the non-performance risk or the risk curve of Oberösterreichische Landesbank Aktiengesellschaft is determined by comparable institutions and issues for which reliable information is available on the market. This premium therefore includes all key information, including the impact of climate-related issues. As at 31 December 2023, a risk premium in a range of 0.0% to 4.6% (2022: from 0.0% to 4.3%) was taken into account in the measurement of Level 3 liabilities. An increase or decrease in the risk premium would lead to a lower or higher fair value of the liabilities. A change in the risk premium of 0.2% or −0.2% would lead to an increase or decrease in net income before taxes of EUR 19,277 thousand or EUR −19,277 thousand (2022: EUR 17,347 thousand or EUR −17,347 thousand). This effect is determined by the remeasurement of liabilities using the present value of a basis point (PVBP).

In accordance with Section 1356 of the ABGB, the federal state of Upper Austria is liable for the Bank’s liabilities that were established until 2 April 2003.

The price models and inputs used to determine fair values are regularly tested and validated. The remeasurement gain or loss of the instruments recognised at fair value is regularly reported to the Management Board.

Financial investments in equity instruments measured at fair value through other comprehensive income
None (2022: none) of these financial instruments were divested in the reporting period. The dividends recognised for such financial investments held on the reporting date in the reporting period amount to EUR 7,179 thousand (2022: EUR 5,741 thousand).

The fair values of such financial investments are as follows:

Financial investments FVOCI in EUR thousand	31 Dec. 2023	31 Dec. 2022
Hypo-Banken-Holding Gesellschaft m.b.H.	6	6
Hypo-Wohnbaubank Aktiengesellschaft	663	663
Oberösterreichische Kreditgarantiegesellschaft m.b.H.	509	509
KEPLER-FONDS Kapitalanlagegesellschaft m.b.H.	1,276	1,276
GEMDAT OÖ GmbH	8	8
GEMDAT OÖ GmbH & Co KG	51	51
Oberösterreichische Unternehmensbeteiligungsgesellschaft m.b.H.	236	236
Energie AG Oberösterreich	29,590	27,138
OÖ HightechFonds GmbH	2	2
AMAG Austria Metall AG	4,713	6,125
Einlagensicherung AUSTRIA Ges.m.b.H.	1	1
Hypo-Bildung GmbH	9	9
I&B Immobilien und Bewertungs GmbH*)		73
Betriebsliegenschaft Eferding 4070 GmbH	18	18
O.Ö. Kommunalgebäude-Leasing Gesellschaft m.b.H.	4	4
O.Ö. Kommunal-Immobilienleasing GmbH	4	4
Raiffeisen OÖ Invest GmbH	8	8
HYPO-IMPULS Immobilien GmbH	1,426	1,426
Techno-Z Ried Technologiezentrum GmbH	28	28
ELAG Immobilien AG	664	664
OÖ HightechFonds GmbH (Stille Beteiligung)	225	262
R-IMPULS-Projekt Gmundnerberg GmbH	12	12
Genussrecht OÖ. Thermen-Immobilien-GmbH	31,401	30,000
Genussrecht Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG **)	56,880	49,560

*) I&B Immobilien und Bewertungs GmbH was merged with OÖ HYPO Immobilien und Beteiligungen GmbH in the 2023 financial year.
**) Indirect shareholding in voestalpine AG

(49) Leases

Leases as lessee

Oberösterreichische Landesbank Aktiengesellschaft's leases consist mainly of the rental of locations (office space, branches and car parks) as well as building rights and land for real estate leasing projects. These building rights and land rents are subleased.

The capitalised usage rights in the course of IFRS 16 are reported in the statement of financial position as property, plant and equipment or real estate held as financial investments. The changes in the carrying amount of the usage rights are presented in the schedule of movements in fixed assets under Note (34).

Oberösterreichische Landesbank Aktiengesellschaft made use of the practical expedient whereby short-term leases and leases of low value were not recognised. Expenses for short-term leases in the 2023 financial year amounted to EUR −7 thousand (2022: EUR −8 thousand) and are recognised in the consolidated income statement under general administrative expenses. This item also includes expenses for leases for low-value assets in the amount of EUR 0 thousand (2022: EUR 0 thousand).

Income from the subleasing of usage rights in the 2023 financial year totalled EUR 951 thousand (2022: EUR 866 thousand).

The following table shows the maturity analysis of lease liabilities:

in EUR thousand	31 Dec. 2023	31 Dec. 2022
up to 1 year	1,300	1,083
over 1 to 5 years	4,095	3,855
over 5 years	16,162	15,796
Total	**21,558**	**20,735**

The total lease liability as at 31 December 2023 in the amount of EUR 21,558 thousand (2022: EUR 20,735 thousand) is included in Other liabilities. The interest expense for lease liabilities in the current financial year amounts to EUR −292 thousand (2022: EUR −235 thousand).

The consolidated cash flow statement includes total cash outflows for leases as lessee amounting to EUR −1,532 thousand (2022: EUR −1,257 thousand). Cash flows from operating activities includes payments for short-term leases and leases with a low asset value totalling EUR −7 thousand (2022: EUR −8 thousand) and interest payments in connection with leases totalling EUR −292 thousand (2022: EUR −235 thousand). Cash flows from financing activities includes EUR −1,240 thousand (2022: EUR −1,022 thousand) principal payments from leases.

Reconciliation of information on cash flows from financing activities

in EUR thousand	2023	2022
Lease liabilities 1 Jan.	**20,735**	**19,533**
Cash changes		
Principal payments	−1,240	−1,022
Interest payments	−292	−235
Non-cash changes		
Reassessment	1,577	2,061
New business	486	164
Interest expense recognised	292	235
Lease liabilities 31 Dec.	**21,558**	**20,735**

Leases as lessor

The leases of Oberösterreichische Landesbank Aktiengesellschaft as lessor consist of vehicle, movables and real estate leasing.

Finance lease

The following table presents a maturity analysis of the lease receivables and shows the undiscounted lease payments to be received after the reporting date.

31 Dec. 2023 in EUR thousand	Gross investment values	Not yet realised financial income	Net investment values
up to 1 year	48,646	5,020	43,626
over 1 to 2 years	41,395	3,637	37,758
over 2 to 3 years	31,733	2,427	29,306
over 3 to 4 years	20,593	1,376	19,216
over 4 to 5 years	12,012	725	11,286
over 5 years	17,338	855	16,483
Total	**171,716**	**14,040**	**157,676**

31 Dec. 2022 in EUR thousand	Gross investment values	Not yet realised financial income	Net investment values
up to 1 year	43,080	2,458	40,622
over 1 to 2 years	35,937	1,655	34,281
over 2 to 3 years	29,222	1,025	28,197
over 3 to 4 years	19,153	560	18,593
over 4 to 5 years	9,323	283	9,040
over 5 years	12,702	524	12,178
Total	**149,416**	**6,505**	**142,911**

The non-guaranteed residual values amount to EUR 19 thousand (2022: EUR 285 thousand). In 2023, financial income on net investments in finance leases in the amount of EUR 5,020 thousand (2022: EUR 2,991 thousand) was recognised. In both this and the previous financial year, there were no gains or losses on sales or income from variable lease payments not included in the measurement of the net investment in the lease in the case of finance leases.

In the course of the Covid−19 pandemic, in the financial year 2023, receivables from leases totalling EUR 1,108 thousand (2022: EUR 1,443 thousand) deferred. The deferred amounts are repaid by means of increased current lease payments or over an extended contract term.

Operating leases

The following table presents a maturity analysis of lease receivables in accordance with IFRS 16 and shows the undiscounted lease payments to be received after the reporting date.

in EUR thousand	31 Dec. 2023	31 Dec. 2022
up to 1 year	7,451	6,933
over 1 to 2 years	4,871	4,427
over 2 to 3 years	4,036	3,490
over 3 to 4 years	3,366	2,810
over 4 to 5 years	2,641	2,232
over 5 years	10,030	10,431
Total	**32,394**	**30,321**

In 2023, lease income from operating leases amounting to EUR 8,173 thousand (2022: EUR 7,443 thousand) was recognised.

(50) Notes to related parties

Related parties include the following persons and companies:

- Parent companies (federal state of Upper Austria and OÖ Landesholding GmbH) and companies under whose significant influence Oberösterreichische Landesbank Aktiengesellschaft is (Hypo Holding GmbH and Raiffeisenlandesbank Oberösterreich Aktiengesellschaft), as stated under Note (51)
- Members of management in key positions such as the Management Board and Supervisory Board of Oberösterreichische Landesbank Aktiengesellschaft and the parent company OÖ Landesholding GmbH as well as their immediate family members
- Subsidiaries and associated companies
- Other related parties

The mutual balances with related parties as at the reporting date are as follows:

in EUR thousand	Parent company		Company with significant influence		Subsidiaries		Associated companies		Key positions in the company or parent company		Other related parties	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Loans and advances to banks			75,715	86,070								
Loans and advances to customers	330,060	328,805	19,705	21,544	7,104	7,205	174,365	156,616	806	1,023	2,535	1,056
Financial assets	41,409	42,152	56,880	53,088	18	90	35,550	31,781				
Other assets	243	547					908	1,414				
Assets	**371,712**	**371,504**	**152,300**	**160,702**	**7,121**	**7,295**	**210,823**	**189,811**	**806**	**1,023**	**2,535**	**1,056**
Liabilities to banks			215,747	256,509								
Liabilities to customers	364,968	178,473			209	207	13,936	11,529	2,611	2,197	12,078	23,281
Securitised liabilities			249,793	264,579								
Negative fair values from derivative transactions			7,373	5,011								
Others liabilities	2,397	33	48	42			311	928	15	1	24	18
Liabilities	**367,365**	**178,506**	**472,961**	**526,141**	**209**	**207**	**14,246**	**12,457**	**2,627**	**2,199**	**12,102**	**23,299**
Interest income	33,419	6,013	2,478	539	307	103	5,538	2,831	35	15	128	27
Interest expenses	10,823	1,404	22,305	4,853	0*)		220	3	68	5	57	1
Dividend income							2,716	1,784				
Fee and commission income	135	60	8	10	0*)	0*)	83	92	3	3	30	25
Guarantees received	693,573	803,653										
Guarantees granted	10	10					1,231	1,329	111	111	18	33

*) Values < EUR 1 thousand

Companies that are under the significant influence of the federal state of Upper Austria, on the other hand, are not significant and therefore fall under the exemption pursuant to IAS 24.25.

All business relationships with related parties are maintained at standard market conditions.

The members of the Management Board of Oberösterreichische Landesbank Aktiengesellschaft and the managing directors of the subsidiaries received advances from the Bank at year-end, loans and guarantees totalling EUR 73 thousand (2022: EUR 87 thousand) at the usual terms and conditions applicable to bank employees. The members of the Supervisory Board of Oberösterreichische Landesbank Aktiengesellschaft received advances from the Bank at the year-end for themselves and for companies for which they are personally liable, loans and guarantees totalling EUR 274 thousand (2022: EUR 405 thousand) at standard banking terms and conditions or at the usual terms and conditions applicable to bank employees. Repayments are made as agreed.

The annual remuneration of the member of the Management Board consists of a fixed amount. In some cases, variable remuneration has been agreed for managing directors, which is determined individually by the Management Board. There are no share-based remuneration schemes. Remuneration paid to active members of the Management Board and to managing directors totalled EUR 1,173 thousand (2022: EUR 1,009 thousand). The members of the Supervisory Board received remuneration totalling EUR 59 thousand for their activities (2022: EUR 59 thousand). In the 2023 year, the Group recognised provisions for termination benefits and pensions for members of the Management Board and managing directors of EUR 72 thousand (2022: EUR 63 thousand).

(51) Owners of Oberösterreichische Landesbank Aktiengesellschaft

in EUR thousand	31 Dec. 2023	31 Dec. 2022
OÖ Landesholding GmbH	**50.57%**	**50.57%**
Federal state of Upper Austria	50.57%	50.57%
Hypo Holding GmbH	**48.59%**	**48.59%**
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	41.14%	41.14%
Oberösterreichische Versicherung Aktiengesellschaft	7.45%	7.45%
Employees	**0.84%**	**0.84%**
Total	**100.00%**	**100.00%**

Oberösterreichische Landesbank Aktiengesellschaft has been commissioned by the federal state of Upper Austria to manage the subsidised housing loans due to its expertise as a housing bank. The banking group has no ongoing business relationship with Hypo Holding GmbH. There are intensive business relationships with the Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Group, which mainly extend to joint syndicated financing, investment of funds, IT co-operation and co-operation in the development of joint projects (reporting, IFRS). There is a co-operation with Oberösterreichische Versicherung Aktiengesellschaft in the insurance business. Oberösterreichische Landesbank Aktiengesellschaft maintains business relationships with affiliated companies and associates in the form of refinancing transactions and other customary banking transactions.

(52) Segment reporting

Segment reporting is based on the so-called "management approach". This requires segment reporting to be presented on the basis of internal reporting as it is regularly used to decide on the allocation of resources to the segments and to assess their performance.

Oberösterreichische Landesbank Aktiengesellschaft has a limited geographical catchment area due to its regional bank character and therefore does not present by geographical characteristics due to its minor importance.

Segment Reporting – Income Statement

in EUR thousand	Key Accounts		Retail and Private Housing		Financial Markets		Others		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income	44,042	33,761	43,014	25,657	2,658	11,283	9,146	6,624	98,860	77,325
Net gains or losses on at equity measurements							6,823	5,896	6,823	5,896
Net fee and commission income	3,739	3,905	13,297	12,877	378	73	−678	−686	16,735	16,169
Net financial income	−3,650	−78	360	214	−108	4,205			−3,398	4,341
Total income	**44,131**	**37,588**	**56,671**	**38,747**	**2,928**	**15,561**	**15,290**	**11,834**	**119,020**	**103,730**
Risk provisioning	−12,284	−2,206	−497	−1,951	591	−610	352	665	−11,839	−4,102
Administrative expenses*)	−15,699	−13,868	−32,691	−30,949	−11,209	−9,946	−6,858	−5,262	−66,457	−60,026
Net other operating income	58	25	−221	−220	58	41	2,325	641	2,219	487
Consolidated profit for the year before tax	16,205	21,539	23,262	5,627	−7,632	5,045	11,109	7,878	42,943	40,089
CIR**)	35.5%	36.9%	57.9%	80.3%	> 200%	63.8%	38.9%	42.2%	54.8%	57.6%
RoE***)	5.8%	8.8%	12.8%	3.1%	n/a	31.6%	24.0%	15.1%	8.2%	8.1%
Ø allocated equity****)	278,410	245,049	181,646	180,037	14,755	15,982	46,237	52,329	521,048	493,397
Segment assets	**3,505,766**	**3,167,374**	**2,696,526**	**2,799,841**	**1,988,597**	**1,569,800**	**485,779**	**431,806**	**8,676,669**	**7,968,822**
Segment liabilities	**1,433,946**	**992,958**	**1,852,057**	**1,746,549**	**4,764,814**	**4,637,698**	**78,550**	**96,823**	**8,129,366**	**7,474,028**

*) of which depreciation and amortisation: Key Accounts segment EUR −141 thousand (2022: EUR −138 thousand), Retail and Private Housing segment EUR −602 thousand (2022: EUR −461 thousand), Financial Markets segment EUR −105 thousand (2022: EUR −108 thousand), Others segment EUR −4,361 thousand (2022: EUR −4,071 thousand)
**) CIR calculation: general administrative expenses divided by total income incl. net other operating income
***) Calculation of RoE: pre-tax profit for the year divided by average allocated equity
****) The allocation of average equity (average of opening equity and closing equity for the respective reporting period in accordance with IFRS) to the segments is based on risk-weighted assets.

The segments of the Oberösterreichische Landesbank Aktiengesellschaft Group are organised according to the following criteria:

Key Accounts:
Income and expense items from transactions with institutional customers (federal government, federal state, municipalities, social security funds, recognised religious communities) in and outside Austria and their affiliated companies are allocated to this segment. This segment also includes business with limited-profit and commercial property developers, insurance companies and commercial and real estate projects. It also includes the effects of negative interest, which favour the segment's net interest income by EUR 0 thousand (2022: burden of EUR 1,398 thousand).

Retail and Private Housing:
This segment includes all transactions with employed persons (private households) as well as self-employed persons, primarily freelancers and smaller companies that are managed on a decentralised basis in the branches. The profit contributions from subsidised home financing are also included.

Financial Markets:
This segment includes financial assets (excluding equity instruments), derivative financial instruments, the issuing business, the results from the interbank business and the maturity transformation contribution generated from balance sheet structure management. It also includes the effects of negative interest, which favoured the segment's net interest income with EUR 3,026 thousand (2022: EUR 4,888 thousand). No impairment (2022: none) was recognised for any financial instruments.

Others:
This segment includes the net income from the fully consolidated subsidiaries that are active in the leasing and real estate business, the profit or loss from companies accounted for using the equity method and contributions from equity investments (equity instruments) as well as all income and expenses that cannot be allocated to the other segments. Net interest income includes the net interest income of fully consolidated subsidiaries, the refinancing expenses of equity investments accounted for using the equity method and the dividends less refinancing costs from the investments. In the 2023 financial year, no reversal of impairment loss or impairment were recognised for any financial instruments (2022: none).

The net other operating income includes the stability fee of EUR −1,497 thousand (2022: EUR −1,429 thousand) as well as the contributions to the resolution fund of EUR −3,960 thousand (2022: EUR −4,942 thousand) and the contributions to the deposit protection fund of EUR −241 thousand (2022: EUR −672 thousand). This is mainly offset by rental income from the fully consolidated subsidiaries.

(53) Assets transferred as collateral

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Cover pool for mortgage covered bonds	2,789,552	2,717,119
Cover pool for public sector covered bonds	623,387	594,295
Cover pool for trust fund deposits	8,035	8,034
Cash collateral as part of collateral agreements	65,349	103,209
Collateral for tender facilities	200,000	600,000
Total	**3,686,323**	**4,022,657**

The collateral listed is standard banking agreements.

The cover pools for covered bonds grew in 2023. As at the reporting date, the excess coverage in the cover pool for mortgage covered bonds amounted to EUR 349,222 thousand (2022: EUR 363,119 thousand) and for public sector covered bonds EUR 122,077 thousand (2022: EUR 148,795 thousand). The decline in excess coverage in both cover pools is due to issuing activity. As at 31 December 2023, bonds in the amount of EUR 5,000 thousand (2022: EUR 0 thousand) were dedicated and blocked as substitution assets (replacement cover assets).

The amount of trust fund deposits as at 31 December 2023 is EUR 6,726 thousand (2022: EUR 6,646 thousand).

The assets transferred as collateral for tender facilities include both eligible securities and credit claims. 2023 only the ECB's TLTRO III programmes were utilised. As at 31 December 2023, the volume drawn under the TLTROs amounted to EUR 200,000 thousand (2022: EUR 600,000 thousand).

(54) Assets received as collateral

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Cash collateral as part of collateral agreements	104,073	75,147
Total	**104,073**	**75,147**

The collateral listed is standard banking agreements.

(55) Foreign currency volumes

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Total amount of assets in foreign currency	70,216	78,963
Total amount of liabilities in foreign currency	98,624	104,799

The difference between assets and liabilities in the individual currencies does not represent the banking group's open foreign exchange position in accordance with CRR. Open foreign exchange positions are hedged using derivative financial instruments such as currency swaps or cross-currency swaps. However, these hedges are not recognised at nominal value in the IFRS statement of financial position, but at fair value. The total of all open foreign exchange positions in accordance with CRR amounted to EUR 395 thousand as at 31 December 2023 (2022: EUR 879 thousand).

(56) Subordinated assets

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Subordinated assets	1,180	1,172
Total	**1,180**	**1,172**

(57) Contingent liabilities and credit risks

Contingent liabilities

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Liabilities from guarantees	66,593	69,770
Covered	71	139

Contingent liabilities are promised and assumed liabilities for customers in favour of a third party. If the customer does not fulfil his/her contractual obligations, the beneficiary can claim the bank's liability. Contingent liabilities are recognised at their nominal value. Any financial effects of utilisation are covered by a provision.

Credit risks in accordance with Section 51 (14) of the BWG

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Facilities and promissory notes	756,763	843,448
Covered	1,049	830

These credit risks include financing that has been committed but not yet utilised by customers. These are primarily promissory notes in the lending business, but also unutilised credit lines. The credit risks were recognised at their nominal value. Precautions for the effects of utilisation are taken into account through a provision.

(58) Human resources

Employee capacity (by headcount)

Number of employees at annual average	2023	2022
Full-time salaried employees	255	258
Part-time salaried employees	159	149
Total	**414**	**407**

(59) Dividends

As Oberösterreichische Landesbank Aktiengesellschaft pays dividends on the basis of Austrian law, the dividend is limited to the net profit of EUR 9,863 thousand (2022: EUR 5,346 thousand) recognised in the separate financial statements in accordance with the BWG and the UGB. The profit for the year generated in the 2023 financial year totalled EUR 39,433 thousand (2022: EUR 41,382 thousand). After allocation to reserves of EUR 29,608 thousand (2022: EUR 36,086 thousand) and after allocation of the profit brought forward of EUR 38 thousand (2022: EUR 49 thousand), the distributable net profit available for appropriation amounts to EUR 9,863 thousand (2022: EUR 5,346 thousand). At the Annual General Meeting on 18 April 2024, the Management Board and Supervisory Board will propose distributing a dividend of EUR 9,863 thousand (2022: EUR 5,346 thousand) to ordinary shareholders in proportion to their shares in the share capital. This corresponds to a dividend of EUR 4.89 per share.

In the 2023 financial year, a dividend of EUR 2.65 (2022: EUR 3.57) per share, totalling EUR 5,308 thousand (2022: EUR 7,159 thousand) was distributed to shareholders on the basis of the net profit as at 31 December 2022.

(60) Breakdown of securities in accordance with BWG

The following table breaks down the securities (with pro rata interest) in accordance with Section 64 (1) no. 10 and no 11 of the BWG:

in EUR thousand	Not listed		Listed		Total	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Public-sector debt issues			129,823	136,178	129,823	136,178
Loans and advances to banks	24,886	52,404			24,886	52,404
Loans and advances to customers	137,197	141,761			137,197	141,761
Fixed-income securities			496,615	526,409	496,615	526,409
Variable-income securities	104,534	104,534	824	821	105,358	105,355
Total	**266,618**	**298,699**	**627,262**	**663,408**	**893,880**	**962,107**

All securities in the asset items that are admitted for trading on the stock exchange (in accordance with the BWG) are actually listed on the stock exchange. These are bonds and other fixed-income securities, shares, variable-income securities, equity investments and shares in affiliated companies.

Of the bonds and other fixed-income securities admitted to trading on the stock exchange, EUR 449,096 thousand (2022: EUR 417,087 thousand) can be allocated to fixed assets. Of the shares and other variable-yield securities admitted to trading on the stock exchange, EUR 824 thousand (2022: EUR 821 thousand) can be allocated to fixed assets.

The company maintains a small securities trading book in accordance with Article 102 et seq. of the CRR in conjunction with Article 94 of the CRR. The volume of the securities trading book calculated at market prices totalled EUR 0 thousand as at 31 December 2023 (2022: EUR 0 thousand).

The Tier 2 and subordinated capital in the own portfolio amounts to EUR 824 thousand (2022: EUR 821 thousand).

For the coming year, the nominal value of EUR 240,512 thousand (2022: EUR 413,054 thousand) of securitised liabilities will fall due for repayment due to the end of the term.

(61) Consolidated own funds and supervisory own funds requirement

The consolidated own funds and the own funds requirement as at 31 December 2023 in accordance with the Capital Requirements Regulation (CRR) are as follows:

Consolidated own funds in accordance with CRR

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Subscribed capital	14,664	14,664
Reserves	524,456	498,699
Own instruments	−106	−103
Cumulative other comprehensive income	−1,437	−23,762
Gains due to changes in own credit rating and losses of the institution from liabilities measured at fair value	−18,044	−9,104
Amount of additional value adjustments to assets measured at fair value	−1,440	−1,443
Intangible assets	−982	−916
Insufficient cover non-performing risk positions	−554	
CET 1 / Tier 1 capital	516,556	478,034
Eligible subordinated liabilities	64,940	64,045
Tier 2 capital	64,940	64,045
Total eligible own funds	581,496	542,079
Total risk exposure amount	3,655,185	3,484,364
Required own funds (8%)	**292,415**	**278,749**
Excess own funds	289,081	263,330
Tier 1 capital ratio	14.1%	13.7%
Total capital ratio	15.9%	15.6%

Own funds requirement in accordance with CRR

31 Dec. 2023 in EUR thousand	Unweighted risk position	Total risk amount	Own funds requirement
Assets	8,461,389	3,225,639	258,051
Off-balance sheet business	811,077	219,761	17,581
Derivatives		10,769	862
Credit Value Adjustment		30,536	2,443
Operational risk		168,479	13,478
Total	**9,272,466**	**3,655,185**	**292,415**

31 Dec. 2022 in EUR thousand	Unweighted risk position	Total risk amount	Own funds requirement
Assets	7,755,599	3,051,134	244,091
Off-balance sheet business	904,491	220,683	17,655
Derivatives		9,023	722
Credit Value Adjustment		46,575	3,726
Operational risk		156,948	12,556
Total	**8,660,089**	**3,484,364**	**278,749**

In accordance with Section 23 of the BWG in conjunction with Section 103q no. 11 of the BWG, a capital conservation buffer in the form of Common Equity Tier 1 capital must be held since 1 January 2016. This amounts to 2.5% for the year 2023 (2022: 2.5%). In addition to the capital conservation buffer, a systemic risk buffer in the form of Common Equity Tier 1 capital must also be held in accordance with Section 6 of the KPV in conjunction with Section 7 (1) of KPV. Since 2016, a buffer of 0.5% (2022: 0.5%) of the total risk exposure amount must be held at the consolidated level.
In accordance with Section 140 of CRD IV, the countercyclical capital buffer is calculated as a weighted average of the published countercyclical ratios of those jurisdictions in which material credit risk exposures exist. As at 31 December 2023, the countercyclical capital buffer is 0.0% (2022: 0.0%).

The information pursuant to Part VIII of the CRR in conjunction with the Disclosure Regulation is published on the website of Oberösterreichische Landesbank Aktiengesellschaft (www.hypo.at).

(62) Events after the reporting date

There were no significant events in the period between the end of the financial year and the preparation of the consolidated financial statements.

Risk report

(63) Overall bank risk management

The assumption of risk in order to generate net income is a core function of the business activities of the Oberösterreichische Landesbank Aktiengesellschaft Group. The risk strategy of the Oberösterreichische Landesbank Aktiengesellschaft Group is therefore to take on standard banking risks within a defined framework and to utilise the resulting income opportunities. With this in mind, the Oberösterreichische Landesbank Aktiengesellschaft Group has a risk management process that forms the basis for a risk- and profit-orientated approach to overall bank control.

The Management Board is responsible for the organisation of risk management. In cooperation with the committees set up for this purpose, the Risk Committee and the ALM Committee, the Management Board defines the risk strategies for the activities in the business segments and for the Group's central structural risks.

Risk management is organised in such a way that conflicts of interest are avoided both at a personal level and at the level of organisational units. This means that there is an end-to-end separation of front office and back office units right up to the Management Board level.

The overall bank risk strategy is consistent with the business model and takes into account all key business segments and risk types. The type and scope of risk assumption are derived from the individual business segments, whose activities are defined annually as part of the business strategy planning, e.g. for the Key Accounts, Retail and Private Housing and Financial Markets segments. As a matter of principle, Oberösterreichische Landesbank Aktiengesellschaft only focuses its activities on business segments in which it has the necessary expertise to assess the specific risks. The launch of new business segments or products is always preceded by an adequate analysis of the business-specific risks as part of a standardised product launch process.

Due to the broadly diversified customer portfolio, the concentration risks in the Oberösterreichische Landesbank Aktiengesellschaft Group tend to be low. Processes and reporting lines have been defined for credit risk controls, which are used to monitor and report counterparty and issuer risks, for example. The large loan exposure limit is continuously monitored at Oberösterreichische Landesbank Aktiengesellschaft. As in previous years, this was not exceeded in 2023. The Herfindahl-Hirschmann Index for the entire portfolio as at 31 December 2023 is 0.022 (2022: 0.016), not taking into account the CRR option pursuant to Art. 4 (1) no. 39 of the CRR. This means that Oberösterreichische Landesbank Aktiengesellschaft has low concentration overall.

Responsibility for operational risk management is divided among several units within the Group. The Risk Management organisational unit is responsible for Group-wide risk measurement, monitoring and risk reporting in accordance with ICAAP to the Management Board and the holders of risk capital limits. All quantifiable risks (counterparty risk including equity risk, market risk, refinancing risk, risk from foreign currency loans, macroeconomic risk, sustainability risk, other non-quantifiable risks and operational risk) are summarised in the risk-bearing capacity calculation and reported to the Management Board on a monthly basis. Risk management measures are advised on by the ALM Committee and the Risk Committee. The Management Board decides on control measures. Risk dispositions are set either by the market divisions or centrally by Treasury in accordance with the defined responsibilities. The effectiveness of the measures taken is monitored through regular analyses as part of the reporting process and in the committees. The Risk Committee and the Supervisory Board receive regular reports on the risk situation, while the Audit Committee receives reports on the internal control system.

The Internal Audit department regularly audits the internal control and risk management processes of both the subsidiaries and the central divisions for compliance, cost-effectiveness, efficiency and security. As an independent body, it reports directly to the Management Board and the Audit Committee of the Supervisory Board.

Pursuant to Section 8 (1) of the ESAEG, Oberösterreichische Landesbank Aktiengesellschaft, as a deposit-taking institution (CRR institution) domiciled in Austria, is a member of the common deposit guarantee scheme pursuant to Section 1 (1) no. 1 of the ESAEG (Austrian Deposit Guarantee and Investor Compensation Act). The relevant entity is Einlagensicherung Austria Ges.m.b.H. (ESA). Each protection scheme must set up a deposit protection fund consisting of available financial resources in the amount of at least 0.8% of the sum of the covered deposits of the member institutions as a target level by 3 July 2024. The contribution obligation is based on the amount of the covered deposits using predetermined risk factors (risk-based contribution calculation). For Oberösterreichische Landesbank Aktiengesellschaft, a contribution share of EUR −241 thousand was calculated for 2023 (2022: EUR −672 thousand). Further recoveries from the insolvency estate of Autobank's default event have the effect of reducing the contribution. In the following year 2024, further recoveries are also expected from the remaining default events of Anglo Austrian AAB and Commerzialbank Mattersburg.

The fact that the fund's resources were invested with the Austrian Treasury (OeBFA) in the course of the interest rate turnaround also had the effect of reducing contributions. Interest income from this source accrued to the deposit protection fund in the past financial year.

It was also decided in the past financial year that the remaining two assessments would be distributed unevenly. For the 2023 financial year, the Bank had to pay a share of 40% of the residual claim. According to current information, the remaining 60% of the outstanding amount is to be paid in the following year 2024.

Conflicts
With regard to the war in Ukraine, it should be noted that Oberösterreichische Landesbank Aktiengesellschaft has no commitments in Russia, Belarus or Ukraine. Indirect credit risks relating to the war in Ukraine are also still considered to be low. Meticulous attention is paid to compliance with all sanction regulations, and these are increasingly monitored.

Furthermore, Oberösterreichische Landesbank Aktiengesellschaft has no commitments in the Middle East. The possibility of a direct impact from the region on Oberösterreichische Landesbank Aktiengesellschaft is therefore considered to be low. Monitoring of terrorist financing (in particular of Hamas) has been intensified.

In summary, the main effects on the Bank's risk situation with regard to the aforementioned crises are therefore those of the changed macroeconomic environment.

(64) Market risk
Market risks arise from possible changes in market price indicators such as interest rates, exchange rates and share prices as well as from changes in credit spreads. As Oberösterreichische Landesbank Aktiengesellschaft only maintains a small trading book within the meaning of Article 94 CRR, the market risk results primarily from the interest rate risk in the banking book and, to a lesser extent, from currency risks from open foreign exchange positions and from the credit spread risk in the Bank's own securities portfolio.

Market risks are identified and measured by the Risk Management and Financing organisational units.

The Bank's risk analyses in the area of market risk are based on value-at-risk (VaR). The Bank uses the "historical simulation" method with the following parameters:

Parameters	Interest rate risk	Credit spread risk	Foreign currency risk
Monitoring period	10 years	10 years	10 years
Holding period	1 year	1 year	1 year
Confidence level	99.9%	99.9%	99.9%

Back testing is carried out to check the forecasting quality of the value-at-risk for interest rate risks. The gains and losses incurred as a result of actual changes in fair value with an unchanged portfolio are compared with the values forecast by the VaR model. The results of the back testing confirmed the validity of the statistical methods used once again in 2023. Additional stress tests are carried out to take account of risks in the event of extreme market movements. These include the simulation of large fluctuations in market price indicators and serve to identify potential losses that are not covered by the value-at-risk. The stress scenarios include both standardised interest rate shock scenarios and interest rate scenarios that could adversely impact on the Bank's structural contribution due to the interest rate positioning in conjunction with the current balance sheet structure. All market risk activities are assigned risk limits, which are included in their entirety in a risk-bearing capacity calculation.

Interest rate risk is strategically limited by the new regulatory requirements in place since 30 June 2023; although, there are no further strategic risk restrictions:
- Hard threshold 15% of Tier 1 capital

In the previous year, the limit was 20% of own funds.

The following risk-limiting measures are implemented on an ongoing basis:
- When introducing new products, the interest rate risk is taken into account with the aim of minimising it and keeping it predictable.
- Close monitoring of the current weighted average yield for government bonds (UDRB index) and fixed interest rate risks
- Due to its materiality, the risk must be monitored at least weekly.
- In addition to current and historical risk assessment, the Bank's risk management also focuses on forward-looking risk assessment.

The reporting guidelines for interest rate risk statistics also stipulate the measurement of "interest rate risk in the banking book" in relation to the Bank's liable capital by comparing a change in the fair value of the banking book following an interest rate shock of 200 basis points with the Bank's Tier 1 capital. If this interest rate shock were to amount to more than 15% of Tier 1 capital, the banking supervisory authority could demand risk-reducing measures.

The maturity transformation risk remains at a low level (due to tender transactions and issuing activity). The standard procedure currently has an absolute risk value of EUR 714 thousand (2022: EUR 20,500 thousand). This corresponds to a utilisation of 0.14% (2022: 3.78%) of Tier 1 capital. In other words, the capacity utilisation is well below the outlier limit of 15%.

Since 30 June 2023, the effect of a 200 basis point shock on net interest income must also be reported. In this case, the change resulting from the scenario (delta from shock and baseline scenario) may not exceed 5% of Tier 1 capital. As at 31 December 2023, the absolute risk value was EUR 18,408 thousand, which corresponds to a utilisation of 3.56% of eligible Tier 1 capital. Oberösterreichische Landesbank Aktiengesellschaft is therefore just below the outlier limit of 5%.

One central model assumption is the assessment of non-maturing deposits with regard to their interest rate fixation. A maximum period of 5 years for fixing the interest rate is permitted under supervisory law. Oberösterreichische Landesbank Aktiengesellschaft calibrates the model at least once a year and uses conservative values. A distinction is made between retail deposits and wholesale deposits. Retail deposits are divided into further subcategories and modelled with an average interest rate fixation of around 1.25 years – the elasticity method is used to determine a stable share (5Y rolling) and a non-stable share (3M rolling). Wholesale deposits are recognised in the short term.

The foreign currency risk is comparatively low. Generating income from open foreign exchange positions is not an objective. A foreign currency position resulting from customer transactions is therefore always hedged. Open foreign currency positions only arise from foreign exchange transactions, which in turn are limited by a tight disposition. As at 31 December 2023, the de minimis threshold of 2% of total own funds in accordance with Article 351 of Regulation (EU) No 575/2013 had not been exceeded. The regulatory own funds requirement due to the open foreign currency position in the Bank and the Group therefore amounted to EUR 0 thousand (2022: EUR 0 thousand).

As at the reporting date, the value-at-risk on the basis of the listed parameters is as follows:

in EUR thousand	Value-at-risk	
	31 Dec. 2023	31 Dec. 2022
Credit spread risk	9,247	10,381
Interest rate risk – banking book	20,466	53,846
Foreign currency risk	95	240

The largest share of the market risk of Oberösterreichische Landesbank Aktiengesellschaft as at 31 December 2023 is attributable to interest rate risk.

The value-at-risk of the interest rate risk in the banking book fell significantly in 2023 due to the changes in the yield curve and the two sub-benchmark issues.

The reports on market risk as described above are generally submitted to the Management Board on a monthly basis. In addition, a weekly GAP analysis, stress tests and earnings simulations are prepared for the interest rate risk in the banking book, and changes in the fair value of the securities portfolio are tracked and reported on a daily basis.

The fully consolidated subsidiaries refinance themselves with the Bank at matching maturities and currencies so that interest rate and currency risks can be avoided and managed centrally within the Bank.

(65) Derivatives and hedge accounting

Oberösterreichische Landesbank Aktiengesellschaft uses derivatives exclusively to hedge market risks. As a rule, each derivative is matched by an underlying transaction to be hedged. In a few exceptional cases, derivatives without an underlying transaction, so-called macro hedges, are concluded to manage the balance sheet structure. These protect Oberösterreichische Landesbank Aktiengesellschaft against extreme interest rate movements. The use of derivatives without an underlying transaction is regularly discussed by the ALM Committee of Oberösterreichische Landesbank Aktiengesellschaft. All hedging initiatives are decided by the Management Board.

The fair values of the derivatives entered into are regularly checked against the fair values of the counterparty. For each business partner with whom a derivative transaction is concluded, a corresponding credit line must be available that takes into account the borrower's credit rating and the intended transactions. In the interbank area, collateral agreements were concluded with all important business partners in order to minimise the default risk.

(66) Credit risk

Credit risk is the risk of non-fulfilment of contractual payment obligations by debtors. This means that debtors do not make their payments to fulfil all or part of their interest or repayment obligations correctly or on time. As part of the quarterly risk reporting to the Management Board, all elements of credit risk receivables, such as default risks of individual debtors, countries and sectors, are taken into account. In addition to counterparty and default risk, credit risk also includes country risk.

The counterparty and default risk results mainly from loans and advances to customers and banks and from the securities portfolio. The risk strategy aims to avoid losses that could jeopardise the company's existence. On the one hand, this is achieved through the limited allocation of existing risk coverage potential to the business segments defined in the business strategy. On the other hand, care is also taken to ensure that the portfolio is sufficiently diversified. The unexpected loss from credit risks is recognised in Pillar 1 of the Basel capital requirements in accordance with the Standardised Approach. As part of the Pillar 2 capital adequacy process, the unexpected loss from credit risks is calculated using the VaR formula specified in the IRB approach for companies, sovereigns and banks. In the individual segments, explicit attention is paid to compliance with the specified risk limits in addition to the targeted standard market return. The development of the credit risk is reported to the Management Board on a monthly basis.

Oberösterreichische Landesbank Aktiengesellschaft assesses the risk and collateralisation situation of the individual financing arrangements in accordance with the rating and collateral guidelines and initiates and monitors the implementation of measures to limit risk. The professional development of the rating systems and procedures used to assess financing is guaranteed.

The internal rating scale comprises ten rating levels from 0.5 to 5 and is based on the school grading system with half grades. These are refined into further subclasses at some levels by adding "+" or "-". The default classes are divided into 5, 5.1 and 5.2 (all in all 17 credit rating classes). The rating system is managed as an expert system. Automated scoring models are increasingly being used in the retail business in order to reduce administrative expenses. Both hard facts and soft facts are used as creditworthiness criteria. Various rating tools are used in line with segment-specific differences. The aim of all rating tools is to obtain concrete information about the probability of default of individual borrowers. The rating systems are differentiated according to the segments corporates, retail, project and property financing, govenments, financials and other securities issuers. The systems for assessing creditworthiness are continuously validated and further developed.

Oberösterreichische Landesbank Aktiengesellschaft uses the following rating classes for its internal rating:

S&P/ Fitch rating	**Moody's rating**	**Oberösterreichische Landesbank Aktiengesellschaft**			
		10-point scale	Refinement	Description	
AAA	Aaa	0.5	0.5	Risk-free	Investment grade
AA+	Aa1	1	1	Excellent credit rating	
AA	Aa2				
AA–	Aa3				
		1.5	1.5	Very good credit rating	
A+	A1	2	2+ (1.8)	Good credit rating	
A	A2				
A-	A3				
			2		
BBB+	Baa1	2.5	2– (2.2)	Average credit rating	
BBB	Baa2		2.5		
BBB–	Baa3	3	3+ (2.8)		
BB+	Ba1		3	Acceptable credit rating	Non-investment grade
BB	Ba2				
BB–	Ba3	3.5	3– (3.2)	Moderate credit rating	
B+, B	B1, B2		3.5	Weak credit rating	
B-	B3	4	4+ (3.8)	Very weak credit rating	Highly speculative
			4		
CCC+	Caa1	4.5	4.5	At risk of default	
CCC	Caa2				
CCC–	Caa3				
CC	Ca	5	5	Default characteristics achieved	Default
C			5.1		
DDD / D	C		5.2		

The definition and delimitation of the individual rating classes is based on statistical probabilities of default. The verbal designations are for illustrative purposes only. The reconciliation to external ratings is based on probabilities of default. Subclasses with additions (+/-) do not represent main rating classes, they are only used for refinement. Classes 5, 5.1 and 5.2 are used to differentiate between default categories (and correspond to the Ca and C ratings from Moody's and CC, C and D from Standard & Poor's).

Collateral
The following forms of collateral are utilised:

- Personal collateral
  - Sureties, guarantees and letters of comfort
- Collateral in rem
  - Land register collateral
  - Deposits and securities
  - Retention of title, leasing and assignment of receivables
  - Insurance policies

The collateral categories and their values are recorded and monitored in a collateral database. The collateral values are linked to the individual financing arrangements in accordance with the contractual situation and allocated according to a predefined procedure.

The collateral's grade is based on the following grading scale:

Grade		Unsecured portion
b 1.0	Risk	less than 5%
b 1.5	Risk	5% to less than 15%
b 2.0	Risk	15% to less than 30%
b 2.5	Risk	30% to less than 45%
b 3.0	Risk	45% to less than 55%
b 3.5	Risk	55% to less than 70%
b 4.0	Risk	70% to less than 85%
b 4.5	Risk	85% to less than 95%
b 5.0	Risk	95% to less than 100%

The credit value-at-risk is calculated monthly for all assets with counterparty risk. The credit value-at-risk is the maximum loss that can statistically occur within one year and which will not be exceeded with a certain probability. At Oberösterreichische Landesbank Aktiengesellschaft, the credit value-at-risk (= unexpected loss) is calculated with a probability of 95% for the going concern approach and 99.9% for the liquidation approach. The calculation is performed using the IRB formula for companies, states and banks.

Structure of the loan portfolio

The following table shows the distribution of the lending volume by economic sector and thus the maximum default risk:

Industry sector in EUR thousand 31 Dec. 2023	**Balances at central banks / loans and advances to banks**	**Loans and advances to customers**	**Positive fair values from derivative transactions**	**Financial investments**	**Sureties / guarantees**	**Unused credit lines**	**Total**
Central banks	1,094,450						1,094,450
State sector		884,445		278,975	196	175,605	1,339,221
Credit institutions	141,752	19	105,153	441,487	7,339		695,751
Other financial companies	6,487	84,272	29,904	91,717	70	17,072	229,522
Non-financial companies		2,721,547		131,820	51,412	437,170	3,341,950
Households		2,464,238			7,576	126,916	2,598,730
Total Maximum default risk	**1,242,690**	**6,154,521**	**135,057**	**944,000**	**66,593**	**756,763**	**9,299,623**

Industry sector in EUR thousand 31 Dec. 2022	**Balances at central banks / loans and advances to banks**	**Loans and advances to customers**	**Positive fair values from derivative transactions**	**Financial investments**	**Sureties / guarantees**	**Unused credit lines**	**Total**
Central banks	661,550						661,550
State sector		838,741		285,471	96	186,004	1,310,312
Credit institutions	177,325	38	90,903	413,560	7,205		689,031
Other financial companies	7,847	70,941	34,868	100,546	79	14,212	228,493
Non-financial companies		2,404,889		122,211	38,543	488,947	3,054,590
Households		2,567,476			23,847	154,285	2,745,609
Total Maximum default risk	**846,722**	**5,882,085**	**125,771**	**921,788**	**69,770**	**843,448**	**8,689,585**

Analysis of financial assets

31 Dec. 2023	not overdue		up to 30 days		31 to 60 days		61 to 90 days		over 90 days		Total	
in EUR thousand	Carrying amount	Collateral	Carrying amount	Collat-eral	Carrying amount	Collat-eral	Carring amount	Collat-eral	Carrying amount	Collat-eral	Carrying amount	Collat-eral
Loans and advances to banks	148,239	62,724									148,239	62,724
of which AC	148,239	62,724									148,239	62,724
of which Stage 1	148,239	62,724									148,239	62,724
Loans and advances to customers	6,101,729	4,264,662	10,165	1,938	14,950	13,618	4,087	3,769	23,590	20,264	6,154,521	4,304,252
of which AC	5,763,174	4,083,938	10,165	1,938	14,950	13,618	4,087	3,769	19,576	16,693	5,811,952	4,119,958
of which Stage 1	5,463,754	3,880,803	8,750	784	2,747	2,101	340	332	1,300	933	5,476,892	3,884,952
of which Stage 2	261,668	179,577	1,292	1,033	1,103	994	1,013	706	2,009	1,867	267,086	184,178
of which Stage 3	37,751	23,558	123	122	11,100	10,524	2,733	2,730	16,267	13,893	67,974	50,828
of which FVPL, designated	214,382	89,785									214,382	89,785
of which FVPL	124,173	90,939							4,014	3,571	128,187	94,509
Total	6,249,968	4,327,386	10,165	1,938	14,950	13,618	4,087	3,769	23,590	20,264	6,302,760	4,366,976

31 Dec. 2022	not overdue		up to 30 days		31 to 60 days		61 to 90 days		over 90 days		Total	
in EUR thousand	Carrying amount	Collateral	Carrying amount	Collat-eral	Carrying amount	Collat-eral	Carring amount	Collat-eral	Carrying amount	Collat-eral	Carrying amount	Collat-eral
Loans and advances to banks	185,172	83,578									185,172	83,578
of which AC	185,172	83,578									185,172	83,578
of which Stage 1	185,172	83,578									185,172	83,578
Loans and advances to customers	5,812,028	4,149,687	57,827	7,314	1,360	1,080	2,439	1,955	8,432	7,799	5,882,085	4,167,834
of which AC	5,523,352	4,017,453	57,827	7,314	1,360	1,080	2,439	1,955	8,432	7,799	5,593,409	4,035,600
of which Stage 1	5,116,605	3,777,037	44,142	1,932	453	361	507	506	513	506	5,162,220	3,780,342
of which Stage 2	400,779	235,777	13,615	5,337	648	536	1,698	1,215	2,214	2,213	418,954	245,078
of which Stage 3	5,968	4,639	70	44	258	183	234	234	5,705	5,080	12,235	10,180
of which FVPL, designated	169,410	43,011									169,410	43,011
of which FVPL	119,267	89,223									119,267	89,223
Total	5,997,200	4,233,265	57,827	7,314	1,360	1,080	2,439	1,955	8,432	7,799	6,067,257	4,251,412

Impairments
Impairments are used to recognise balance-sheet provisions for future loan defaults. Please refer to Note (10) Risk provisions for further information on the recognition of impairment losses.

The main triggers for recognising risk provisions in Stage 3 are economic or financial difficulties of the debtor, default on interest and repayment obligations and other reasons for default in accordance with regulatory requirements. These triggers are identified and monitored as part of ongoing financial controlling in accordance with the internal risk management guidelines.

The definition of default includes insolvency, similar proceedings or legal action, imminent insolvency, 90 days past due (Basel), interest exemption, crisis-related restructuring, accelerations of maturity, direct write-offs, write-offs of impaired receivables, debt waiver in the event of restructuring, licence withdrawal and payment moratorium.

The default and realisation database records the default events, the capital balances at the time of default, the realisation costs and proceeds from collateral realisation. These records are used for the annual validation of probabilities of default.

Non-performing loans (NPLs) are managed organisationally in problem loan management. Customer responsibility on the assets side is transferred to problem loan management and thus to the back office. In 2023, the NPL ratio was 1.35% (2022: 0.31%).

Impairment stages by rating class

The gross carrying amounts of balances at central banks, loans and advances to banks, loans and advances to customers, financial assets, contingent liabilities and credit risks measured at amortised cost (AC) or at fair value through other comprehensive income (FVOCI) are broken down by rating class as follows:

Rating class	Stage 1	Stage 2	Stage 3	POCI	Total
0.5	102,192				102,192
1.0	1,259,140				1,259,140
1.5	2,153,540	19,490			2,173,030
1.8	931,276	7,918			939,193
2.0	855,821	32,008			887,829
2.2	300,173	37,085			337,258
2.5	1,921,771	55,192			1,976,963
2.8	292,221	24,900			317,120
3.0	177,345	36,658			214,003
3.2	56,398	41,671			98,069
3.5	51,579	38,654			90,234
3.8	279	7,660			7,939
4.0	360	7,759			8,119
4.5	201	15,797			15,998
5.0			1,442		1,442
5.1			86,829		86,829
5.2			8,669		8,669
Gross carrying amounts	8,102,296	324,790	96,939	0	8,524,026
Risk provisions	−3,036	−3,675	−21,769		−28,480
Carrying amounts 31 Dec. 2023	8,099,260	321,116	75,170	0	8,495,546

Rating class	Stage 1	Stage 2	Stage 3	POCI	Total
0.5	108,436				108,436
1.0	820,680				820,680
1.5	2,172,127	59,226			2,231,353
1.8	552,175	71,511			623,686
2.0	1,005,796	77,251			1,083,048
2.2	555,988	35,406			591,395
2.5	1,850,046	84,950			1,934,996
2.8	191,403	71,959			263,361
3.0	89,292	76,730			166,022
3.2	29,916	40,169			70,084
3.5	10,145	27,212			37,357
3.8	348	2,303			2,651
4.0	99	6,756			6,855
4.5	494	10,678			11,173
5.0			2,391		2,391
5.1			13,942		13,942
5.2			4,286		4,286
Gross carrying amounts	7,386,944	564,152	20,619	0	7,971,715
Risk provisions	−3,333	−6,144	−7,957		−17,434
Carrying amounts 31 Dec. 2022	7,383,611	558,008	12,663	0	7,954,281

Credit risk situation

The credit risk situation in the overall portfolio remains good by external standards. This is based on a wealth of individual quality measures that have an impact on the entire portfolio.

The most important of these are:

- Consistent implementation of credit guidelines and processes in credit decision processing when lending.
- Ongoing improvements in the portfolio are achieved through continuously intensified risk monitoring of subportfolios and the associated measures in individual cases.
- Consistent implementation of the internal rating system – in its application, the updating of rating parameters and in system validation – ensures a meaningful credit assessment.

However, changes in market conditions, particularly in the real estate project business and primarily due to higher building costs and interest rates, have led to an increase in non-performing exposures and risk provisions in this sub-portfolio.

The financing volume is fully classified as creditworthy and collateralised. Changes in credit rating are recognised very quickly, and measures to correct the risk are implemented immediately in the event of deterioration. With regard to the default risk for designated receivables, please refer to Note (48).

Forbearance
Forbearance refers to measures that are characterised by the fact that the terms of the loan agreement are changed in favour of the borrower (e.g. deferrals) or loans are refinanced because the borrower can no longer fulfil the existing terms due to financial difficulties. The borrower's financial difficulties and changes to the loan agreement do not always result in losses for the bank. Amendments to loan agreements made for reasons other than the borrower's financial difficulties are not considered forbearance measures.

As at 31 December 2023, there were forbearance measures in the amount of EUR 27,431 thousand (2022: EUR 11,208 thousand). The forbearance ratio was 0.36% (2022: 0.16%). The gross carrying amounts of all accounts with forbearance measures are compared with the gross carrying amount of all loans and advances (in accordance with the EBA risk dashboard). All forbearance measures relate to borrowers in Austria. Additions totalled EUR 18,708 thousand (2022: EUR 2,177 thousand). This is offset by disposals in the amount of EUR 2,485 thousand (2022: EUR 2,160 thousand).

Breakdown by deferral type

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Restructuring not related to default	**4,102**	**3,772**
of which in problem loan management		
Restructuring related to default	**23,329**	**7,436**
of which in problem loan management	23,329	7,436
Total	**27,431**	**11,208**
of which in special management	27,180	10,659

Performing/non-performing exposures for forbearance measures

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Performing exposures	**4,092**	**3,772**
of which other financial companies		4
of which non-financial companies	2,208	1,830
of which households	1,884	1,938
Non-performing exposures	**23,338**	**7,436**
of which other financial companies		865
of which non-financial companies	22,280	5,777
of which households	1,058	794
Total	27,431	11,208
of which loans and advances to customers	26,521	11,110
of which contingent liabilities and credit risks	909	98

Presentation of additions and disposals for forbearance measures

in EUR thousand	1 Jan. 2023	Additions	Disposals	31 Dec. 2023
Amount of forbearance measures	11,208	18,708	2,485	27,431
of which non-performing exposures	7,436	16,470	568	23,339

Breakdown of forbearance measures by segment

in EUR thousand	31 Dec. 2023	31 Dec. 2022
Key Accounts	23,937	7,676
Retail and Private Housing	3,300	3,200
Others	193	331
Total	**27,431**	**11,208**

Breakdown of forbearance measures in accordance with IFRS 7

in EUR thousand	31 Dec. 2023	Collateral	31 Dec. 2022	Collateral
not overdue	19,018	15,138	9,018	5,902
overdue	8,412	6,195	2,190	1,003
Total	**27,431**	**21,334**	**11,208**	**6,905**

(67) Liquidity risk

The aim of liquidity management is to ensure the Bank's solvency at all times, with the secondary condition that the costs of maintaining liquidity are kept as low as possible. The Risk Management organisational unit determines the liquidity status of the Oberösterreichische Landesbank Aktiengesellschaft Group on the basis of liquidity maturity statements. Liquidity is managed on the basis of these liquidity maturity statements. The management measures are primarily aimed at ensuring solvency at all times – even in situations of stress.

A liquidity buffer and a high collateralisation potential for tender transactions with the ECB in the form of securities and credit claims are available for ongoing liquidity balancing. The liquidity situation of the Oberösterreichische Landesbank Aktiengesellschaft Group is comfortable, in particular due to the existing liquidity reserves and stable customer deposits. Oberösterreichische Landesbank Aktiengesellschaft fully complied with the liquidity requirements stipulated in the Austrian Banking Act (BWG).

Remaining term analysis

31 Dec. 2023 in EUR thousand	Repayable on demand up to 1 month	over 1 month up to 3 months	over 3 months up to 1 year	over 1 year up to 5 years	over 5 years	Total
Liabilities to banks*)	174,092	120,889	120,544	90,667	129,907	636,099
Liabilities to customers	581,461	177,722	480,277	785,692	1,339,920	3,365,072
Securitised liabilities	62,804	49,368	287,202	2,474,258	2,340,716	5,214,348
Negative fair values from derivative transactions	7,554	16,636	60,682	199,917	241,566	526,355
Total	**825,911**	**364,615**	**948,705**	**3,550,534**	**4,052,109**	**9,741,874**
Contingent liabilities	66,593					
Credit risks	756,763					

31 Dec. 2022 in EUR thousand	Repayable on demand up to 1 month	over 1 month up to 3 months	over 3 months up to 1 year	over 1 year up to 5 years	over 5 years	Total
Liabilities to banks*)	105,554	7,089	433,236	321,674	159,849	1,027,402
Liabilities to customers	229,219	197,240	288,652	802,150	923,638	2,440,899
Securitised liabilities	16,659	55,785	430,743	1,754,663	2,480,361	4,738,211
Negative fair values from derivative transactions	4,744	10,233	89,149	323,807	293,703	721,635
Total	**356,176**	**270,347**	**1,241,780**	**3,202,293**	**3,857,551**	**8,928,147**
Contingent liabilities	69,770					
Credit risks	843,448					

*) Liabilities to banks include cash collateral deposits for derivatives totalling EUR 156,820 thousand (2022: EUR 93,769 thousand) in the maturity band "repayable on demand to 1 month". However, the repayment of these liabilities is contingent upon changes in market interest rates.

The table shows the maturity analysis of the non-discounted cash flows for financial liabilities and derivatives, including interest payments and the earliest possible utilisation of guarantees and loan commitments. Cancellation options are included according to the mathematical probability of utilisation. In addition to the liquidity maturity statement, the liquidity coverage ratio is used as an indicator for monitoring the short-term liquidity situation. As at 31 December 2023, this amounted to 200.83% at the consolidated level (2022: 165.8%) and is therefore significantly higher than the statutory minimum ratio of 100% for 2023.

(68) Operational risk

Oberösterreichische Landesbank Aktiengesellschaft defines operational risk as the risk of loss resulting from inadequate or failed internal procedures and systems, human error or external events. This definition also includes legal risk.

Oberösterreichische Landesbank Aktiengesellschaft uses the Basic Indicator Approach to determine the capital charges for operational risks in pillar 1 and pillar 2.

To identify operational risks, a loss database is maintained internally in the risk management organisational unit, in which loss events are recorded. In addition to our own assessments, risk monitoring also takes into account audit reports, risk reports (e.g. from IT), complaints and reported near misses. Damage claims are reported to the Management Board on a quarterly basis. If clusters of specific loss events are identified, a process is started to reduce the risks that have arisen, taking organisational responsibilities into account. In addition, the Bank has contingency plans in place to maintain the Bank's operations in the event of crises of various kinds.

Transactions and decisions are made exclusively in accordance with the dual control principle. The Bank highly values well-trained, responsible employees. An internal control system has been set up to prevent loss events with the help of process management software, query software, risk control matrices and assessments.

Legal risk is minimised by carefully drafting and reviewing contracts in the in-house legal department and by obtaining expert opinions from specialist lawyers or other experts. In the past financial year, the number of claims and extent of losses remained constant at a low level.

Oberösterreichische Landesbank Aktiengesellschaft gathers information from various sources for the measurement of cyber risks. This includes, among other things, regular OpKoord situation reports (OpKoord = operational coordination structure for cyber security in Austria under the organisational management of the Federal Ministry of the Interior), which are actively reviewed for relevance to Oberösterreichische Landesbank Aktiengesellschaft and measures are defined together with the relevant IT service providers if necessary.

VI. Governing bodies of the Bank

Supervisory Board

Chairman:
Othmar Nagl
(General Manager OÖ Versicherung AG)

Deputy Chairmen:
Heinrich Schaller
(General Director Raiffeisenlandesbank Oberösterreich AG)

Michael Tissot
(Tax advisor)

Members:
Volkmar Angermeier
(President of the Supervisory Board Raiffeisenlandesbank Oberösterreich AG)

Miriam Eder
(Head of Controlling, Auditing & Compliance BBRZ Group)

Klaus Fürlinger
(Member of the National Council, lawyer)

Michael Glaser
(Member of the Managing Board of Raiffeisenlandesbank Oberösterreich AG)

Horst Haudum
(Managing Director of OÖ Landesholding GmbH)

Elisabeth Kölblinger
(Tax advisor)

Reinhard Schwendtbauer
(Member of the Managing Board of Raiffeisenlandesbank Oberösterreich AG)

Delegated by the Works Council:
Kurt Dobersberger
(Chairman of the Works Council of the Oberösterreichische Landesbank Aktiengesellschaft)

Andrea Koppe
(Deputy Chairwoman of the Works Council of the Oberösterreichische Landesbank Aktiengesellschaft)

Sabine Füreder, until 31 December 2023

Claudia Kastenhofer, from 1 January 2024

Silvia Häusler

Roland Raab

Supervisory commissioner of the federal state of Upper Austria:
Thomas Stelzer
(Governor of the federal state of Upper Austria)

Deputy supervisory commissioner of the federal state of Upper Austria:
Christiane Frauscher
(Managing Director of OÖ Landesholding GmbH, Finance Director of the federal state of Upper Austria)

State Commissioner:
Hans-Georg Kramer
(Federal Ministry of Finance)

Deputy State Commissioner:
Sigrid Part
(Federal Ministry of Finance)

Management Board

Chairman of the Management Board:
Klaus Kumpfmüller

Member of the Management Board:
Thomas Wolfsgruber

Cover pool trustee

Cover pool trustee:
Wolfgang Claus
(Federal Ministry of Finance),
until 30 June 2023

Deputy cover pool trustee:
Katharina Lehmayer
(President of the Higher Regional Court of Vienna),
until 30 June 2023

Cover pool trustee:
Saxinger, Chalupsky & Partner Rechtsanwälte GmbH,
Appointment as at 15 May 2023,
assumption of the function as at 1 July 2023

VII. Equity investments

a) Fully consolidated companies

Company	Own share*)		Reporting date
	2023	2022	
Oberösterreichische Landesbank Aktiengesellschaft, Linz	Parent company		31 Dec.
OÖ HYPO Immobilien und Beteiligungen GmbH, Linz	100.0%	100.0%	30 Sept.
OÖ Hypo Leasinggesellschaft m.b.H., Linz	100.0%	100.0%	30 Sept.
OÖ Hypo Facility Management GmbH, Linz	100.0%	100.0%	30 Sept.
Hypo Immobilien Anlagen GmbH, Linz	100.0%	100.0%	30 Sept.

*) Share of voting rights = share of capital

b) Companies included in the consolidated financial statements using the equity method

Company	Own share*)		Reporting date
	2023	2022	
Beteiligungs- und Immobilien GmbH, Linz	25.0%	25.0%	30 Sept.
Beteiligungs- und Wohnungsanlagen GmbH, Linz	25.0%	25.0%	30 Sept.

*) Share of voting rights = share of capital

c) Companies with an equity investment of at least 20% that are not included in the consolidated financial statements

Company	Own share*)		Asset values	Liabilities	Revenue	Annual result	Statement of financial position	Reporting date
in EUR thousand	2023	2022						
I&B Immobilien und Bewertungs GmbH, Linz**)		100.0%						
Betriebsliegenschaft Eferding 4070 GmbH, Linz	100.0%	100.0%	10,678	10,413	618	51	2023	30 Sept.
HYPO-IMPULS Immobilien GmbH, Linz	49.0%	49.0%	25,623	20,529	3,190	791	2022	31 Dec.
GEMDAT OÖ GmbH & Co KG, Linz	33.3%	33.3%	22,301	9,322	21,440	3,564	2022	31 Dec.
GEMDAT OÖ GmbH, Linz	30.0%	30.0%	740	722	746	33	2022	31 Dec.
Raiffeisen OÖ Invest GmbH, Linz	24.0%	24.0%	46	3	12	8	2023	30 Sept.
KEPLER-FONDS Kapitalanlagegesellschaftm.b.H., Linz	26.0%	26.0%	27,451	14,096	28,776	6,048	2022	31 Dec.
O.Ö. Kommunalgebäude-Leasing Gesellschaft m.b.H., Linz	20.0%	20.0%	19,105	19,231	486	−70	2022	31 Dec.
O.Ö. Kommunal-Immobilienleasing GmbH, Linz	20.0%	20.0%	11,483	11,586	2,604	36	2022	31 Dec.

*) Share of voting rights = share of capital
**) I&B Immobilien und Bewertungs GmbH was merged with OÖ HYPO Immobilien und Beteiligungen GmbH in the 2023 financial year.

VIII. Declaration by all legal representatives on the annual financial report

(pursuant to Section 124 (1) no. 3 of the Austrian Stock Exchange Act)

The Management Board of Oberösterreichische Landesbank Aktiengesellschaft confirms to the best of its knowledge that the consolidated financial statements give a true and fair view of the net assets, financial and earnings position of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

The Management Board of Oberösterreichische Landesbank Aktiengesellschaft confirms to the best of its knowledge that the annual financial statements of the parent company give a true and fair view of the net assets, financial and earnings position of the company as required by the applicable accounting standards and that the Management Report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the Company faces.

Linz, on 18 March 2024

The Management Board

Klaus Kumpfmüller
Chairman of the Management Board

(Doctors, Liberal professions and private banking; Asset and liability management/treasury; Branch sales; Key Accounts; Corporate customers and real estate projects; Marketing; Sustainability & securities; OÖ Hypo Leasinggesellschaft m.b.H.; Human resources; Sales support; Management Board office)

Thomas Wolfsgruber
Member of the Management Board

(Controlling; Financing; Real estate companies; Information technology; Internal auditing; Accounting; Legal and corporate development; Risk management; Environmental, safety, infrastructure management)

IX. Report of the Supervisory Board

2023 was a turbulent year in economic and geopolitical terms, with high inflation, rising interest rates and weakening economic performance. The conditions were unusual and challenging. But we mastered them, thanks to an excellent team effort. External influences and the fact that targets have been achieved more quickly than planned mean that the company's strategy has to be kept under constant review – adjustments, additions and clarifications have been made to our four strategic core positions on an ongoing basis. The HYPO added-value strategy has proven to be a valuable and effective guide.

In the 2023 financial year, the Supervisory Board of HYPO Oberösterreich fulfilled the duties incumbent upon it by virtue of the law and the articles of association. The Management Board reported regularly and comprehensively on the situation and development of the Bank and the Group.

The accounting, the annual financial statements in accordance with the provisions of the Austrian Commercial Code (UGB)/Banking Act (BWG), the consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) as at 31 December 2023, the Management Report and the Group Management Report for the 2023 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The audits did not give rise to any objections and the legal requirements were fully complied with. The unqualified audit certificate was thus issued.

At the meeting held on 18 April 2024, the Supervisory Board examined the annual financial statements and the consolidated financial statements as at 31 December 2023, the Management Report and the Group Management Report for the financial year 2023. The annual financial statements prepared by the Management Board were approved by the Supervisory Board in accordance with Section 96(4) or the Austrian Stock Corporations Act. The Management Board's proposal on the appropriation of profit was approved.

The Bank's work is particularly important in a challenging, dynamic environment. We would like to thank the Management Board and all employees for this.

Linz, April 2024

The Chairman of the Supervisory Board

Othmar Nagl

X. Report of the independent auditor

Auditor's report

Report on the consolidated financial statements

Audit opinion

We have audited the consolidated financial statements of Oberösterreichische Landesbank Aktiengesellschaft, Linz, and its subsidiaries ("the Group"), which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the financial year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with legal requirements and to the maximum extent possible present a true and fair view of the assets and finances of the Group as at 31 December 2023, and its earnings and cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of opinion

We conducted our audit in accordance with EU Regulation No 537/2014 ("Audit regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our auditor's report. We are independent of the audited Group in conformity with Austrian company and banking law, and the professional regulations, and we have fulfilled our other professional responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained up to the date of this auditor's report is sufficient and appropriate to provide a basis of our audit opinion as of that date.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the financial year. These matters were addressed in conjunction with our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion thereon.

Recoverability of loans and advances to customers measured at amortised cost

The risk to the financial statements

Loans and advances to customers recognised at amortised cost comprise an amount of EUR 5,812 million in the statement of financial position. A risk provision of EUR 27.0 million was recognised for these loans and advances.

The Management Board of Oberösterreichische Landesbank Aktiengesellschaft explains the approach for calculating risk provisions in the Notes to the Consolidated Financial Statements in the section "Accounting and measurement methods" (see subsection "Estimates, discretionary decisions and management judgements" and "Risk provisions").

Single risk provisions are recognised for customers for whom a default event has been identified (Stage 3 – risk provision). The individual calculation of the amount of the single risk provisions for significant customers with a default event is subject to material assumptions and estimates. These result from the economic situation and development of the customer as well as the measurement of loan collaterals, as these have an impact on the amount and timing of expected future cash flows. Portfolio provisions for single risks that are recognised for non-significant defaulted customers are based on models and statistical parameters.

Non-defaulted customers are allocated to Stage 1 – recognition of a portfolio valuation allowance in the amount of the expected 12-month credit loss – or, in the event of a significant increase in credit risk, to Stage 2 – recognition of a portfolio valuation allowance in the amount of the credit loss expected over the (entire) term. These provisions, which are recognised using statistical methods, are based on models and statistical parameters and therefore include discretionary decisions and estimation uncertainties that also take into account the current economic framework conditions through post-model adjustments (collective staging).

The risk to the financial statements arises from the fact that the determination of the risk provisions, taking into account the current difficult developments – particularly in the area of real estate project financing – is heavily reliant on estimates and assumptions which give rise to margins of discretion and estimation uncertainties regarding the amount of risk provisions.

Our approach

In testing the recoverability of loans and advances to customers, we carried out the following key audit procedures:

- We analysed the credit risk management processes and assessed whether they are suitable to identify loan defaults in a timely manner and to recognise appropriate provisions. We tested selected key controls in terms of their design and implementation on a sample basis.
- On a sample basis, we investigated whether there were any loss indicators and whether default events were recognised in a timely manner. The sampling was risk-based, with particular attention to rating levels and sectors. In cases of loan loss, we assessed whether the judgments of management with respect to the future cash flows were appropriate, taking into account evidence of the customer's financial situation and performance and the valuation of the collateral.
- We assessed the measurement of real estate collateral on the basis of test cases, involving valuation specialists.
- In the area of generalised single risk provisions in the case of insignificant, defaulted loans we assessed the calculation models used with the help of internal financial risk management specialists to decide whether they are suitable for determining the risk provision requirements in an adequate manner.
- In the case of portfolio provisions we reviewed the calculation models used, including the input parameters and level allocations used as well as the macroeconomic forecasts, for their suitability for the recognition of adequate risk provisions. We also examined the selection and determination of future estimates and scenarios and the parameters employed. We assessed automatic controls on which the calculation model is based were assessed regarding their effectiveness. For this, we enlisted the assistance of internal IT specialists. We retraced the derivation and rationale of the post-model adjustment and assessed the appropriateness of the underlying assumptions. We involved our financial risk management specialists in these audit procedures.
- We verified the mathematical accuracy of the statistical provisions by recalculating the corresponding provisions on the basis of random samples.

Financial liabilities measured at fair value through profit or loss (Level 3)

The risk to the financial statements

The Group recognises financial liabilities measured at fair value through profit or loss in the amount of EUR 1,854 million (thereof Level 3 EUR 1,809 million).

The Management Board of Oberösterreichische Landesbank Aktiengesellschaft describes the procedure for categorising financial instruments and determining the fair value of financial instruments in the notes to the consolidated financial statements in the section on "Accounting and measurement methods" (see subsection " Financial instruments").

The risk to the financial statements is that the measurement of liabilities recognised at fair value on the basis of measurement parameters not observable on the market(Level 3 category) is highly discretionary due to the strong dependence on measurement models and parameter estimates (e.g. credit spread).

Our approach

We performed the following key audit procedures for the audit of financial liabilities measured at fair value through profit or loss (Level 3):

- We have analysed the relevant process in the Treasury department and assessed whether it is suitable for correctly determining the fair value of these instruments. We tested the effectiveness of the key controls in terms of their design and implementation and on a sample basis.
- In test cases, we examined whether the categorisation (level allocation) of the financial liabilities was appropriate.
- As part of the audit team, we used financial mathematicians in the audit of the liabilities measured and recognised at fair value (Level 3), who assessed the measurement models and the assumptions made by the Bank as well as the key parameters in terms of market conformity and appropriateness. The fair values were also recalculated in test cases.

Other information

The Company's legal representatives are responsible for the other information. The latter comprises all the information in the annual report apart from the consolidated financial statements, the Group Management Report and the auditor's report.

Our opinion on the consolidated financial statements does not extend to this other information, and we do not provide any form of assurance thereon.

In conjunction with our audit of the consolidated financial statements, it is our responsibility to read this other information and, in doing so, to assess whether it contains any material inconsistencies with the consolidated financial statements or other information gained during the audit or any other misstatement.

If we conclude on the basis of other information obtained from work performed prior to the date of the auditor's report that this other information contains a material misstatement of fact, we are obliged to report in this regard. We have nothing to report in this regard.

Responsibilities of the Company's legal representatives and the Audit Committee for the consolidated financial statements

The Company's legal representatives are responsible for the preparation of the consolidated financial statements and for ensuring that these, to the maximum extent possible, present a true and fair view of Group's the net assets, financial and earnings position, in conformity with the IFRSs. The Company's legal representatives are responsible for such internal controls as they deem necessary to permit the preparation of consolidated financial statements that are free from material misstatement due to fraud or error.

The Company's legal representatives are responsible, when preparing the consolidated financial statements, for assessing the Group's ability to continue as a going concern, for disclosing, where relevant, matters related to going concern and applying the going concern basis of accounting unless the legal representatives either intend to liquidate the Group or to cease operations, or have no realistic alternative to such action.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance is a high level of assurance, but no guarantee that an audit conducted in accordance with the Audit Regulation and Austrian Standards on Auditing, which require ISA compliance, will always detect a material misstatement, if any are present. Misstatements can arise from fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Audit Regulation and Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgement and maintain a critical attitude throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, we plan and perform audit procedures in response to those risks, and we obtain audit evidence to serve as a basis for our opinion. The risk of failure to detect material misstatements resulting from fraud is greater than that of overlooking misstatements due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.
- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system.
- We evaluate the appropriateness of the accounting policies applied and the accounting estimates presented by the Company's legal representatives.
- We draw conclusions as to the appropriateness of legal representatives' application of the going concern basis of accounting and, in the light of the audit evidence obtained, whether a material uncertainty exists with regard to events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the Group to cease to operate as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements to the maximum extent possible present fairly the underlying transactions and events.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion.
- We exchange information with the Audit Committee regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.
- We also report to the Audit Committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other matters that could be reasonably assumed to affect our independence and, where relevant, the related safeguards.
- From the matters discussed with the Audit Committee, we determine those that were of most significance for the audit of the consolidated financial statements for the financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless legal regulation precludes public disclosure about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other legal requirements

Report on the Group Management Report

Austrian corporate law requires an audit of the Group Management Report to ascertain whether it is consistent with the consolidated financial statements and was prepared in accordance with the applicable legal requirements.

Under Austrian corporate law the Company's legal representatives are responsible for the preparation of the Group Management Report.

We have conducted our audit in accordance with the professional standards applicable to the audit of Group Management Reports.

Opinion
In our opinion, the Group Management Report was drawn up in accordance with the applicable legal requirements, contains the relevant disclosures under Section 243a Austrian Commercial Code, and is consistent with the consolidated financial statements.

Declaration
In the light of the knowledge gained in the course of the audit of the consolidated financial statements and of our understanding of the Group and its environment, we did not note any material misstatements in the Group Management Report.

Additional information in accordance with Article 10 Audit Regulation
We were appointed as auditors by the Annual General Meeting on 25 April 2022 and on 25 April 2022 were charged by the Supervisory Board with the audit of the Company's financial statements for the financial year ended 31 December 2023.

On 26 April 2023 we were appointed and on 26 April 2023 charged by the Supervisory Board with the audit of the financial statements for the financial year ended 31 December 2024.

We have been the Company's auditor without interruption since the consolidated financial statements as at 31 December 1997.

We hereby declare that our audit opinion expressed in the "Report on the consolidated financial statements" section is consistent with our additional report to the Audit Committee pursuant to Article 11 of the Audit Regulation.

We hereby declare that we have not provided any prohibited non-audit services (Article 5 (1) Audit Regulation) and that we have maintained our independence from the audited company when conducting our audit.

Engagement partner
The engagement partner for the audit is Mr. Christian Grinschgl.

Linz

20 March 2024

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Executed with a qualified electronic signature:
Mr. Christian Grinschgl
Auditor

Imprint:
Annual report
Oberösterreichische Landesbank Aktiengesellschaft

Publisher:
Oberösterreichische Landesbank Aktiengesellschaft

Owner:
Oberösterreichische Landesbank
Aktiengesellschaft,
4010 Linz, Landstraße 38

Concept and design:
Oberösterreichische Landesbank Aktiengesellschaft,
Marketing

Photography:
Robert Maybach, Zoe Goldstein, Peter Baier, Lukas Ilgner
and Archive of Oberösterreichische Landesbank
Aktiengesellschaft

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