



Statement on current situation

Like many others, we were surprised by current developments.

We did not expect Putin to start a war of aggression, and even less, to launch a military attack on the entire country of Ukraine; we never imagined that the situation would escalate to the stage of putting nuclear deterrent forces on alert. We are amazed at the determination of the Ukrainian people to protect their freedom and defend themselves, and also at the success achieved in checking the advance of Russian armed forces.

The response of the West also exceeded our expectations: the unity and speed with which the sanctions were agreed, the severity of the measures which include blocking access of Russian banks to the international financial messaging and payment system SWIFT, and freezing of assets of the Russian state, Russian companies and also private individuals.

We would like to confirm that Oberbank does not have any loans to banks or companies in Russia or in the Ukraine. The support we provide to Austrian companies exporting to these two countries and the related letters of credit are of minor significance.

It is too early to make any well-founded statements on the effects of the acts of war on economic development. The year 2022 started out well, and demand for loans and retail customer banking activities also were at all-time highs in the first two months of the year.

However, the following is likely to happen.

- The European economy will suffer more from the war and the sanctions than the US or the Asian region.
- Commodities and energy prices will continue to rise or persist at a high level.
- These developments will lastingly impact inflation.
- Central banks will therefore adjust their interest rate and monetary policies; pressure on interest rate hikes has eased.
- Banks may see higher credit risk, albeit starting out from a very low level. This makes equity and strategic liquidity even more important.
- In this context, Oberbank would like to point out its tier 1 capital ratio of approximately 18.6% – which is far above the average in European comparison – and the proposed dividend increase of 33.3% to EUR 1.0 per share.

Positive in our view are the direct talks started today between the Ukraine and Russia, and the determination of the West to impose severe measures. These are grounds for hope that the aggressor will be open to reasonable arguments.