

An aerial photograph of a city, likely Vienna, showing a dense collection of buildings with dark, tiled roofs and numerous skylights. In the background, a prominent church with a tall, slender tower and a red-tiled roof stands out against the skyline. The sky is a clear, pale blue. A large, semi-transparent green rectangle is positioned in the lower half of the image, serving as a background for the title text.

Annual Financial Statements 2021

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This report is a translation of the original report in German, which is solely valid.

Legend

A rounded actual value of less than 500 Euro is shown as "0" in the tables. If no numerical value is available, the item is shown with "-". Rounding may result in calculation differences.

1. Management report

1.1 Business environment 2021

In 2021, the persistent low interest rate environment combined with COVID-19-related increased financing needs had a positive impact on issuing activities, the price level of shares and funds as well as settlement volumes on the Austrian capital market, which also positively influenced the business result of OeKB CSD GmbH (OeKB CSD).

A central milestone for the digitalisation of the issuing process of Austrian securities was the legal regulation of the Digital Global Certificate in an amendment to the Securities Deposit Act, which OeKB CSD played a major role in shaping. The amendment makes it possible for a security to certify a securities right even without a physical securities certificate. This paves the way for the digital global certificate, for the introduction of which OeKB CSD will implement a newly developed solution, the Issuer Platform. Issuers will transmit the relevant data of the issue to OeKB CSD in a structured format, whereby essential information previously contained only in text form in the securities terms and conditions will become electronically readable and the process steps concerned can be digitised. The implementation of such digital interfaces between issuers and OeKB CSD will enable significantly more efficient business processes and is the most important area of the Issuer Platform Implementation Project. The project progress planned for 2021 has been achieved and it is scheduled to be completed in mid-2022.

The project "Settlement Discipline" was continued and will be completed on schedule in February 2022, when production operations will have started. With the "Settlement Discipline" project, OeKB CSD will have implemented the CSDR rules on settlement discipline. These include measures to improve settlement efficiency, such as fines for failed settlements, with the aim of reducing the number of failed securities deliveries and settlements in the EU.

The project "MegaCor 12/SCoRE 2/ISO 20022" started putting the standards defined in the Single Collateral Management Rulebook for Europe (SCoRE) into operation to ensure a timely implementation for the planned European Collateral Management System (ECMS, scheduled to go live in November 2023) operated by the Eurosystem.

1.2 Business development 2021

As already observed in the previous year, COVID-19 led to increased issuing activities in nominal securities in 2021, especially by the Republic of Austria. The business volume in settlement also exceeded expectations.

These two factors had a very positive impact on the business development. At €21,157,488.53, operating income was clearly above the budgeted figure and 7 % above the previous year's figure. The operating profit of €8,902,027.20 is also significantly above the budgeted figure and 25.8 % above the previous year's figure.

1.2.1 Safekeeping and administration

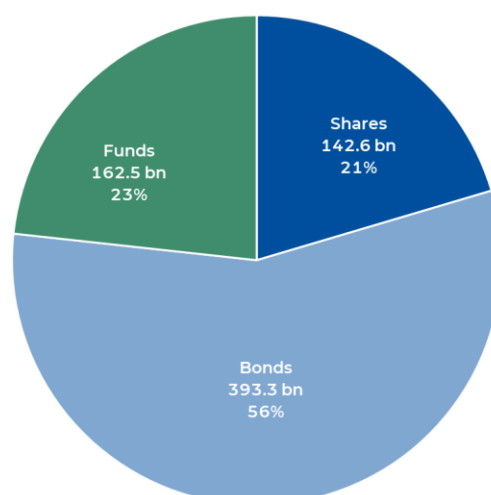
		31.12.2019	31.12.2020	31.03.2021	30.06.2021	30.09.2021	31.12.2021
Securities with a price as percentage of par in Euro million	Issuer CSD	308,516	347,129	362,812	379,658	385,763	391,991
	Investor CSD	10,791	11,353	11,559	8,905	9,101	9,123
Securities with a price per unit	Market value in Euro million	Issuer CSD	268,348	267,806	282,178	300,520	312,656
		Investor CSD	2,038	1,602	1,755	1,714	1,739
	Units in million	Issuer CSD	7,429	7,524	7,600	7,656	7,748
		Investor CSD	396	363	359	331	277
Number of securities categories	Issuer CSD	13,885	14,074	15,063	14,652	14,485	14,400
	Investor CSD	1,200	1,269	1,275	1,282	1,328	1,319

In the case of securities kept and administered as Issuer CSD, a rise in issuing activity, facilitated by the persistent low interest environment, combined with COVID-19-related additional funding requirements, led to a 12.9 % increase in the custody volume of securities with a price as percentage of par to €391.9 billion in nominal value. Stock exchange and fund prices also developed favourably in 2021, so the market value of securities with a price per unit rose by 14.4 % to €306.4 billion during the year.

As a result, the custody volume of issuer CSD securities amounted to €698.4 billion at the end of 2021. Bonds accounted for the majority of the volume with 56 %, followed by funds with 23 %, and shares with 21 %.

At the end of the year, the number of securities categories kept and administered as Issuer CSD was 14,400, a slight increase of 2.3 % compared with the beginning of the year.

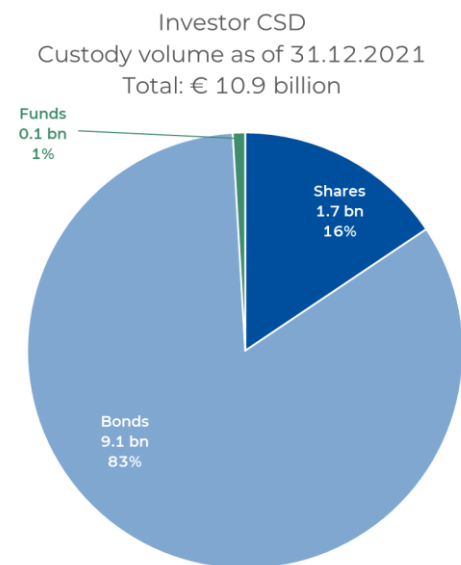
Issuer CSD
Custody volume as of 31.12.2021
Total: € 698.4 billion



In the case of securities kept and administered with a depository and OeKB CSD as Investor CSD, the custody volume of securities with a price as percentage of par decreased by 19.6 % to a nominal value of €9.1 billion nominal value. This decrease is primarily due to the largely completed wind-down of HETA ASSET RESOLUTION AG, the wind-down company of the former Hypo Alpe Adria. The market value of securities with a price per unit increased by 8.6 % to €1.7 billion.

The volume of securities kept and administered with depositories and OeKB CSD as Investor CSD thus amounted to €10.9 billion at the end of 2021. Bonds accounted for the majority of the volume with 83 %, followed by shares with 16 %, and funds with 1 %.

The number of securities categories kept with a depository increased by 3.9 % to 1,319.



This results in a total custody volume of €709.3 billion at the end of 2021, an all-time high in custody volume. In accordance with the business model of OeKB CSD, as the only authorised central securities depository in Austria, 98 % of the volume is accounted for by securities that OeKB CSD itself keeps and administers as Issuer CSD.

1.2.2 Settlement

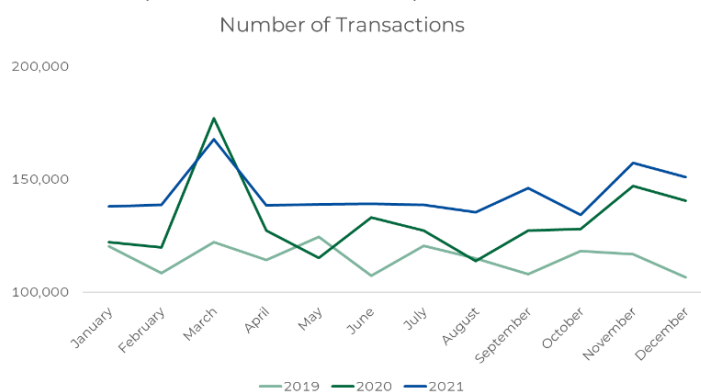
Average Values per Month		Monthly Average 2019	Monthly Average 2020	Monthly Average 2021	Monthly Average 01-03/2021	Monthly Average 04-06/2021	Monthly Average 07-09/2021	Monthly Average 10-12/2021
Number of transactions	Intra	112,059	126,392	137,465	142,264	133,343	133,585	140,669
	Cross/External	3,102	5,183	6,179	5,818	5,573	6,466	6,858
Settled volume in securities with a price as percentage of par in Euro million	Intra	38,153	44,083	52,167	49,472	62,385	49,497	47,314
	Cross/External	341	166	153	217	57	124	215
Securities with a price per unit	Market value in Euro million	Intra	14,616	13,917	21,852	22,459	21,111	24,858
		Cross/External	150	208	235	220	219	263
	Units in million	Intra	555	659	703	699	669	762
		Cross/External	17	30	30	28	22	33

Absolut Values per Year		Σ 01-12/ 2019	Σ 01-12/ 2020	Σ 01-12/ 2021	
Number of transactions	Intra	1,344,703	1,516,709	1,649,584	
	Cross/External	37,226	62,193	74,143	
Settled volume in securities with a price as percentage of par in Euro million	Intra	457,838	528,990	626,004	
	Cross/External	4,088	1,997	1,836	
Securities with a price per unit	Market value in Euro million	Intra	175,392	167,004	262,222
		Cross/External	1,796	2,496	2,820
	Units in million	Intra	6,663	7,910	8,435
		Cross/External	206	361	364

In 2021, OeKB CSD processed more than 1.6 million transactions of the transaction type Intra, 8.8 % more than in 2020. This equated to a settled volume of €626.0 billion nominal value for securities with a price as percentage of par, a 18.3 % increase over 2020, and a 57 % year-on-year increase in the volume of securities with a price per unit to a market value of €262.2 billion.

The number of transactions settled in the types Cross and External rose by 19.2 % in annual comparison to more than 74,000. The settled volume of securities with a price as percentage of par decreased by 8.1 % to €1.8 billion compared to 2020 while the volume of securities with a price per unit increased by 13 % to a market value of €2.80 billion.

The months of March and November 2021 saw the most transactions. With the exception of March, the 2021 monthly values were always higher than the 2020 and 2019 values; only March 2020 saw more transactions settled than March 2021, due to the impact of the COVID-19 pandemic.



1.2.3 Income statement

Net interest income for 2021 amounted to €-150,364.38 (2020: €-144 thousand) as a result of the negative interest applied to deposits at the Oesterreichische Nationalbank.

Net fee and commission income in 2021 came to €21,146,860.96, a year-on-year increase of 7.7 % (2020: €19,628 thousand). Safekeeping fees income increased by 8.2 % to €15,608,415.87 (2020: €14,427 thousand) thanks to increased issuing activity, favoured by the persistent low interest environment combined with the COVID-19 related additional financing needs. Transaction fees income increased by 4.7 % to €5,377,867.90 (2020: €5,138 thousand) due to increased trading activity as a result of COVID-19. Commission expenses of €1,409,931.46 were roughly at the previous year's level (2020: €1,470 thousand).

The **net income from financial operations** amounted to €975.14 for 2021 (2020: €-1 thousand) and resulted from the foreign exchange valuation.

Operating income amounted to €21,157,488.53 (2020: €19,766 thousand). Other income from operations decreased by 43.3 % to €160,016.81 (2020: €282 thousand), as the previous year benefited from a one-off effect from input tax adjustments for the previous years.

General administrative expenses decreased by 3.7 % to €11,929,819.06 (2020: €12,385 thousand). In 2021, material expenses amounted to €7,331,034.35 (2020: €7,693 thousand), which mainly included expenses for IT operations, software maintenance and IT workplace equipment totalling €4,713,089.20 (2020: €5,100 thousand) as well as project costs amounting to €649,913.90 (2020: €520.7 thousand). In 2021, general administrative expenses also included personnel expenses for employees in the amount of €4,598,784.71. In 2020, all personnel expenses (2020: €4,692 thousand) were passed on from OeKB AG to OeKB CSD. In the financial year 2021, 33 employees transferred from OeKB AG to OeKB CSD. The personnel expenses of 3 employees will continue to be passed on by OeKB AG. The total personnel expenses are 2 % below the previous year's figure. In total, **operating expenses** amounted to €12,255,461.33 (2020: €12,691 thousand).

As a result, the **operating profit** was €8,902,027.20 (2020: €7,075 thousand) and corresponds to the earnings before interest and taxes. After income tax the net **profit for the year** amounted to €6,677,234.70 (2020: €5,296 thousand).

In the 2021 business year, €1,000,000.00 were allocated to the retained earnings (2020: €1,000 thousand). Furthermore, a statutory reserve of €334,000.00 (previous year: €265 thousand) was allocated. Including the profit brought forward, the profit available for distribution amounts to €5,350,318.93 (2020: €4,057 thousand).

1.2.4 Balance sheet

As at 31.12.2021, the **assets** of OeKB CSD mainly resulted from cash and cash equivalents in the form of balances with central banks amounting to €29,000,735.03 (31.12.2020: €28,016 thousand), balances with other credit institutions amounting to €4,132,946.17 (31.12.2020: €275 thousand), intangible assets amounting to €1,181,581.24 (31.12.2020: €1,041 thousand), and other assets amounting to €2,148,495.67 (31.12.2020: €2,019 thousand).

Other assets mainly included receivables from commission income, primarily for safekeeping fees and for transaction fees due from customers for the month of December.

Liabilities consisted mainly of liabilities to banks amounting to €1,724,221.32 (31.12.2020: €147 thousand), in particular from not yet distributed income for securities due (coupons, redemptions, dividends), other liabilities amounting to €1,411,363.73 (31.12.2020: €925 thousand), provisions amounting to €1,051,997.16 (31.12.2020: €597 thousand) and the equity of OeKB CSD in the amount of €32,430,287.73 (31.12.2020: €29,803 thousand). As at 31.12.2021 provisions existed in the amount of €67,101.00 (31.12.2020: €0.00) for severance payments, in the amount of €406,729.00 (31.12.2020: €232 thousand) for taxes, and in the amount of €578,167.16 (31.12.2020: €365 thousand) for other provisions, including management bonuses and premiums. **Total assets** as at 31.12.2021 amounted to €36,628,795.12 (31.12.2020: €31,483 thousand) and thus increased by 16.3 %.

1.3 Branches

As in the previous year, OeKB CSD did not have any branch offices in this business year.

1.4 Research and development

Due to the nature of the company's business activities, no research and development was carried out.

1.5 Financial and non-financial performance indicators

1.5.1 Financial performance indicators

The capital requirements pursuant to Regulation (EU) No 909/2014 (CSDR) and Articles 1-7 of the Commission Delegated Regulation (EU) 2017/390 amounted to €15,634,419.04 (2020: €16,069 thousand) as at 31.12.2021. A detailed breakdown can be found in the appendix.

The eligible capital according to Regulation (EU) No. 575/2013 (CRR) corresponds to the tier 1 capital and amounted to €24,898,387.56 as at 31.12.2021 (2020: €23,705 thousand). Pursuant to article 3 para. 1 (12) of the Austrian Banking Act (BWG), OeKB CSD is exempt from parts 3, 5, 6, and 7 of the CRR and therefore did not calculate capital requirements according to the CRR.

In the 2021 business year, retained earnings in the amount of €1,000,000.00 (2020: €1,000 thousand) and the statutory reserve in the amount of €334,000.00 (2020: €265 thousand) were allocated.

The equity ratio (equity/total capital) was 88.5 % in 2021 (2020: 94.7 %).

The return on equity (profit for the year after taxes/average equity) was 21.5 % in 2021 (2020: 18.4 %).

The cost-income ratio (operating expenses/operating income) was 57.9 % as at the reporting date (2020: 64.2 %).

1.5.2 Non-financial performance indicators

Personnel

As at 31.12.2021, OeKB CSD had 36 employees (31.12.2020: 37), of whom 3 were delegated from OeKB AG (31.12.2020: 37) and two were on leave (31.12.2020: 1).

In the business year 2021, 33 of the employees previously delegated from OeKB AG were employed directly by OeKB CSD. Any employment obligations (severance payments, holidays, etc.) were settled by OeKB AG before the transfer.

All employees are subject to the bank collective agreement.

Art 26 (1) of the CSDR provides that the CSD shall have its own remuneration policy. The remuneration policy of OeKB CSD is equally applied to the employees delegated from OeKB AG. The remuneration policy takes into account that the variable salary components depend both on individual performance as well as on various company performance indicators. In general, emphasis is placed on a balanced ratio of fixed and variable compensation.

In order to promote individual performance, internal and external training was offered and encouraged. A total of €28,193.94 (previous year: €19 thousand) was spent on continuing education measures. Due to the pandemic, many training courses were held in the form of virtual events. In addition, there are annual staff appraisals in which the previous work period is analysed, constructive feedback is given and goals are set for the new year.

OeKB CSD offers its employees a number of fringe benefits, e.g. the use of a staff restaurant, use of a medical centre and a company doctor on the premises, health budget, participation in vaccination campaigns, participation in a wide range of sports courses, use of the company kindergarten and the OeKB sports centre, group accident insurance, an inter-company pension fund, special conditions for supplementary health insurance, and the Employee Assistance Programme.

OeKB CSD also offers its employees a flexible working time model. In addition, a company agreement on home office was concluded in June 2021, which lets employees work at home for up to 50 % of the working days per month. Managers can set further framework conditions for their organisational unit, such as in-person attendance on certain days if it is necessary for business.

There are no benefits that are only available to full-time employees.

OeKB CSD Employees	31.12.2021	31.12.2020
Total employees*	36	37
<i>of which delegated from OeKB AG</i>	3	37
<i>of which part-time employed</i>	5	2
Full-time employee equivalent	34.08	36.38
Average age	48.72	48.16
Sick days full-time per year per employee	10.9	6.98
Total share of women	44.44 %	40.54 %
Share of women in management positions	16.67 %	16.67 %

* excl. 2 employees on leave (2020: 1)

Environmental and sustainability (ESG)

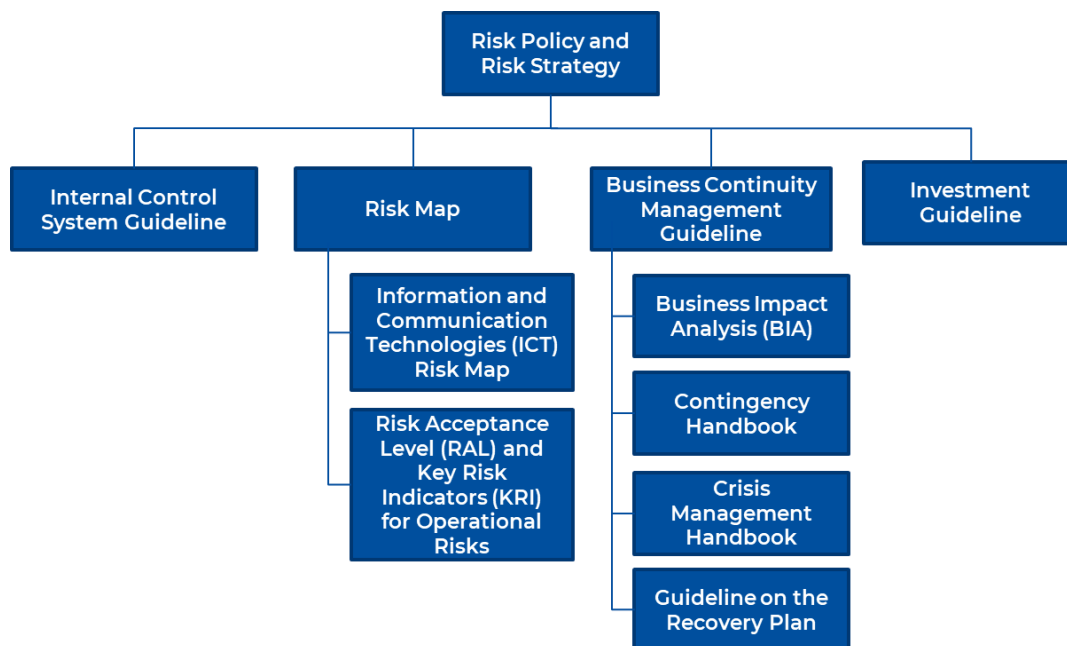
As part of OeKB Group's sustainability management, operational ecology indicators for the Strauchgasse offices are carefully observed and monitored (EMAS, GRI). These can be found in the Sustainability Report 2021 of OeKB Group.

Since November 2021, OeKB CSD has been a member of the UN Global Compact (UNGC, www.globalcompact.at). Furthermore, OeKB CSD is represented in the working group of OeKB Group which employs the WEP Gender Gap Analysis Tool and continuously develops suggestions for improvement on the basis of the findings.

1.6 OeKB CSD risk management system (RMS)

1.6.1 Overview RMS

The following documents, which define and govern the risk management of OeKB CSD, present the processes and structures of the RMS:



Due to the special business and risk profile of OeKB CSD as a system relevant financial market infrastructure, measures to manage operational risks in the handling of business processes are of particular importance. In this respect, OeKB CSD's risk strategy aims to reduce these risks to a technically feasible and economically still justifiable minimum, so that OeKB CSD is only exposed to low or no net risks.

The risks have been widely mitigated by a comprehensive set of measures (including insurance). In addition, obligations to indemnify customers for damages in a calendar year caused by slightly negligent acts or omissions of OeKB CSD employees and contractors are limited to a maximum amount of €5 million per year according to OeKB CSD's General Terms and Conditions (GTC).

Due to restrictions in its business model and optimised processes, OeKB CSD has no or extremely low classical banking risks, such as market, credit, or liquidity risk. Climate risks are also expected to have no or very little impact.

1.6.2 Summary of the risk situation in 2021

In the risk analysis, 44 detailed risks were identified and documented in the risk map for the 2021 business year. The main risks remain the system immanent and strategic risks, namely the "medium- to long-term business model risk" and the "risks arising from the macroeconomic environment". Other significant risks are the operational risks - especially the risks concerning information and communication technologies (ICT risks).

The risks arising from the COVID-19 pandemic did not materialise - also due to good crisis management and risk-reducing measures already implemented before the pandemic.

To specify and manage the risk acceptance levels, OeKB has defined CSD Key Risk Indicators (KRI) with corresponding threshold values for the risks documented in the risk map. These are monitored on a quarterly basis.

The risk situation in operational risks has improved in 2021 compared to 2020. The number of loss events has decreased to 12 (2020: 15). Similarly, the costs of covering the loss events, caused almost exclusively by IT incidents, has fallen to €17,935.00 (2020: €41,317.00), whereby this only concerned indirect loss events (with internal expenses). The total extent of damage was also "low" in 2021 and was far below the "tolerable error" of €100,000.00 per loss event calculated for OeKB CSD.

	2021	2020
Near loss	0	0
Indirect loss	12	10
Direct loss	0	5
Number of loss events	12	15

	2021 in €	2020 in €
Near loss	0.00	0.00
Indirect loss	17,935.00	32,275.00
Direct loss	0.00	9,042.00
Costs of loss events	17,935.00	41,317.00

Risk in the context of managing the bank group

Pursuant to article 39a para. 4 of the Austrian Banking Act (BWG), OeKB CSD is not required to apply article 39a paras. 1 and 2 BWG, because OeKB AG as its parent bank complies with these requirements on the basis of the consolidated financial situation. OeKB CSD does not prepare a solo ICAAP, but is integrated into the group ICAAP of OeKB Group.

In order to enable parts of the equity to be invested in government bonds, the following risk budgets have been approved for OeKB CSD by the risk management committee of OeKB AG, effective 01.01.2021:

Risk budgets for OeKB CSD	Amount
Risk budget for credit risk	€0.5 million
Risk budget for market risk	€0.3 million
Total	€0.8 million

The utilisation of these risk budgets was zero per cent throughout 2021.

Capital requirements according to CSDR and risk-bearing capacity

OeKB CSD is exempt from parts 3, 5, 6, and 7 of Regulation (EU) No 575/2013 (CRR, Capital Requirements) pursuant to article 3 para. 1 (12) of the Austrian Banking Act (BWG). However, as regards capital requirements it is subject to the CSDR and Articles 1-7 of the Commission Delegated Regulation (EU) 2017/390. The corresponding calculated capital requirements as at 31.12.2021 were €15.6 million (31.12.2020: €16.1 million).

The capital instruments available as at 31.12.2021 in accordance with Article 2 of the Commission Delegated Regulation (EU) 2017/390 in the amount of €27,079,968.80 (31.12.2019: €25,746 thousand) were above the thresholds for the "Amount of capital required" recovery indicator.

The following table shows the recovery indicators and thresholds as defined in the Guideline on the Recovery Plan of OeKB CSD along with the current values in the form of the figures from the financial statements as at 31.12.2021 and 2020:

Recovery indicator	Threshold value triggering the recovery plan	Threshold value early warning level	Current value
	€15.6 million	€19.5 million	€27.1 million
Amount of capital required	(2020: €16.1 million) (Capital requirement according to CSDR and Delegated Regulation)	(2020: €20.1 million)	(2020: €25.7 million) (Capital instruments according to Article 2 DelReg 2017/390)
Return on equity (RoE)	2.5 % (2020: 2.5 %)	7.5 % (2020: 7.5 %)	21.5 % (2020: 18.4 %)

1.7 Preview for 2022

The scheduled completion of the "3i" project by implementing and commissioning the Issuer Platform will be the focus of the next business year. The Issuer Platform will enable issuers to issue bonds, funds, certificates and warrants in the form of digital global certificates via electronic interfaces, thus replacing the last remaining analogue process stage in the life cycle of a security with a digital process. Subsequently, OeKB CSD is planning an initiative for issuers to convert their already issued physical global certificates into digital global certificates at OeKB CSD in order to integrate as large a part as possible of the legacy securities portfolio into the digital processes of the Issuer Platform.

The "Settlement Discipline" project, which was postponed due to COVID- 19, will be completed and production operations will start as early as the beginning of February 2022. With the "Settlement Discipline" project, OeKB CSD is implementing the CSDR regulations on settlement discipline. These include measures to improve settlement efficiency, such as fines for failed settlements, with the aim of reducing the number of failed securities deliveries and settlements in the EU.

In addition, the necessary measures will be taken to prepare the processes and interfaces for the "T2/T2 Consolidation" project specified by the Eurosystem, with a planned start of operations in November 2022.

The putting into operation of the standards defined in the Single Collateral Management Rulebook for Europe (SCoRE), which began in 2021 with the "MegaCor 12 / SCoRE 2 / ISO 20022" project, will be continued in 2022 to ensure a timely implementation for the planned European Collateral Management System (ECMS, scheduled to go live in November 2023) operated by the Eurosystem.

OeKB CSD expects the stable low-interest phase and expansive monetary policy to weaken in the course of 2022 and anticipates a resulting end to the growth of the custody volume as well as its price-related decline. As a result, income from custody charges is expected to be lower than in 2021. Operating expenses will be above the 2021 level due to planned higher expenses for projects, especially for the "3i" project. In subsequent years, digital structures and processes realised with these projects will enable a permanent reduction in material expenses.

We wholeheartedly thank all our employees for their commitment and their contribution to the success of our business.

Vienna, 18 February 2022

OeKB CSD GmbH

Managing Directors

PETER FELSINGER m.p.

GEORG ZINNER m.p.

2. Annual Financial Statements 2021

2.1 Balance sheet as at 31.12.2021

Balance sheet as at		31.12.2021	31.12.2020
ASSETS		Euro	Euro thousand
01	Cash and balances at central banks	29,000,735.03	28,016
02	Receivables from banks	4,132,946.18	275
	Repayable on demand	4,132,946.18	275
	<i>Of which: to affiliated companies</i>	2,351,693.25	116
03	Equity investments	1,000.00	1
04	Non-current intangible assets	1,181,581.24	1,041
05	Property and equipment	762.27	1
06	Other assets	2,148,495.67	2,019
	<i>Of which: to affiliated companies</i>	5,412.60	5
07	Prepayments and accrued income	144,388.01	126
08	Active deferred taxes	18,886.72	4
	Total assets	36,628,795.12	31,483
Memo items			
1	Foreign assets	869,514.92	805

Balance sheet as at		31.12.2021	31.12.2020
LIABILITIES AND EQUITY		Euro	Euro thousand
01	Payables to banks	1,724,221.32	147
	<i>Repayable on demand</i>	<i>1,724,221.32</i>	<i>147</i>
	<i>Of which: to affiliated companies</i>	<i>300.00</i>	<i>0</i>
02	Payables to customers	10,925.18	11
	<i>Repayable on demand</i>	<i>10,925.18</i>	<i>11</i>
03	Other liabilities	1,411,363.73	925
	<i>Of which: to affiliated companies</i>	<i>307,696.12</i>	<i>98</i>
04	Provisions	1,051,997.16	597
	a) Provisions for severance payments	67,101.00	-
	b) Tax provisions	406,729.00	232
	c) Other	578,167.16	365
05	Subscribed share capital	20,000,000.00	20,000
06	Unallocated capital reserves	773,968.80	774
07	Retained earnings	6,306,000.00	4,972
	a) Statutory reserve	1,496,000.00	1,162
	b) Other reserves	4,810,000.00	3,810
08	Profit available for distribution	5,350,318.93	4,057
	Total liabilities and equity	36,628,795.12	31,483

Memo items

1	Eligible capital pursuant to Part 2 of Regulation (EU) No. 575/2013	24,898,387.56	23,705
2	Capital requirements pursuant to Article 92 of Regulation (EU) No. 575/2013*	0.00	-
	Capital requirements pursuant to Article 92 para. 1 (a) of Regulation (EU) No. 575/2013 (tier 1 ratio in %) *	0,00 %	0,00 %
	Capital requirements pursuant to Article 92 para. 1 (b) of Regulation (EU) No. 575/2013 (tier 1 ratio in %) *	0,00 %	0,00 %
	Capital requirements pursuant to Article 92 para. 1 (c) of Regulation (EU) No. 575/2013 (total capital ratio in %) *	0,00 %	0,00 %
3	Foreign liabilities	521,912.44	590

* OeKB CSD GmbH is exempt from parts 3, 5, 6, and 7 of Regulation (EU) No. 575/2013 pursuant to article 3 para. 1 (12) BWG (central securities depository).

2.2 Income statement for the business year 2021

Income statement for the business year		2021	2020
		Euro	Euro thousand
01.	Interest and similar income	0.00	0
	Less negative interest from credit balances	- 150,364.52	-144
02.	Interest and similar expenses	0.14	0
I.	Net interest income	-150,364.38	-144
03.	Fee and commission income	22,556,792.42	21,098
04.	Fee and commission expenses	-1,409,931.46	-1,470
05.	Income/expenses from financial operations	975.14	-1
06.	Other operating income	160,016.81	282
II.	Operating income	21,157,488.53	19,766
07.	Administrative expenses	-11,929,819.06	-12,385
	a) Personnel expenses	-4,598,784.71	-4,692
	aa) Salaries and wages	-3,085,193.45	-
	bb) Expenses for statutory social security contributions and other levies and compulsory contributions based on the amount of compensation	-685,437.16	-
	cc) Other social security contributions	-106,344.57	-
	dd) Expenses for pensions and other old-age benefits	-615.80	-
	ee) Expenses for severance payments and payments to company insurance plans	-55,159.23	-
	ff) Personnel costs passed on	-666,034.50	-4,692
	b) Other administrative expenses (material expenses)	-7,331,034.35	-7,693
08.	Impairment losses on asset items 4 and 5	-213,875.70	-170
09.	Other operating expenses	-111,766.57	-136
III.	Operating expenses	-12,255,461.33	-12,691
IV.	Operating profit	8,902,027.20	7,074
10.	Net income/expenses from the sale and valuation of investment securities, as well as shares in affiliated companies and participations	-	0
V.	Profit before tax	8,902,027.20	7,075
11.	Income tax	-2,224,792.50	-1,779
VI.	Profit for the year	6,677,234.70	5,296
12.	Transfer to reserves	-1,334,000.00	-1,265
VII.	Unallocated profit for the year	5,343,234.70	4,031
13.	Profit brought forward from the previous year	7,084.23	26
VIII.	Profit available for distribution	5,350,318.93	4,057

2.3 Notes to the annual financial statements

2.3.1 General disclosures

Legal basis

OeKB CSD GmbH (OeKB CSD) is a limited liability company with its registered office in 1010 Vienna, Austria.

OeKB CSD is a central securities depository (CSD) according to Regulation (EU) No 909/2014 (CSDR).

By decision of 1 August 2018, the Financial Market Authority (FMA) granted OeKB CSD a licence as a central securities depository pursuant to Article 17 of the CSDR and a licence to provide banking-type ancillary services pursuant to Article 54 of the CSDR, as well as a licence "to provide cash accounts to participants in a securities delivery and settlement system and holders of securities accounts, and to accept deposits from these parties within the meaning of Annex I No 1 of Directive 2013/36/EU (CRD IV)" according to section C (a) of the Annex to the CSDR in conjunction with article 1 para. 1 of the Austrian Banking Act (BWG).

The securities delivery and settlement system operated by OeKB CSD is recognised under the Settlement Finality Act.

OeKB CSD is a company of public interest pursuant to article 189a of the Austrian Uniform Commercial Code (UGB).

The business activities of OeKB CSD

The business activities of OeKB CSD cover the following central services for the capital market:

- Acceptance of securities for safekeeping and administration;
- Processing of instructions from investors for the settlement of their securities transactions;
- Coordinating of the payments from the issuers to investors to settle the investors' claims to the issuers as evidenced by the securities.

The aim and task of OeKB CSD are the long-term fulfilment of its responsibilities as the CSD on the Austrian capital market while generating an appropriately stable profit.

Accounting and valuation methods

The annual financial statements as at 31.12.2021 were prepared by the company's management in accordance with the provisions of the Austrian Uniform Commercial Code (UGB) and the Austrian Banking Act (BWG), each as amended. Where applicable, the classification corresponds to Annex 2 of article 43 of the Austrian Banking Act (BWG).

The annual financial statements were prepared in accordance with generally accepted accounting principles and the general standards of presenting a true and fair view of the company's net assets, financial position, and earnings situation. The principle of completeness was observed in the preparation of the annual financial statements.

The valuation was based on the assumption that the company will continue as a going concern and the principle of individual valuation was applied to the assets and liabilities.

The principle of prudence was observed, in particular by only reporting profits realised as at the balance sheet date. All identifiable risks and impending losses that arose up to the balance sheet date were taken into consideration.

The valuation and identification methods used so far have been retained.

The business year ended corresponded to the calendar year.

Balances with central banks, receivables and other assets

Balances with central banks, receivables from banks and other assets are recognised at their nominal values. Individual value adjustments are made for identifiable risks.

Non-current intangible assets

Intangible assets are recognised on the balance sheet only if they have been acquired against payment. They are recognised at acquisition cost less scheduled depreciation and impairment charges. Internally produced intangible assets and low-value assets (individual acquisition cost below €800) are immediately recognised as expenses.

Scheduled depreciation is applied on a straight-line basis assuming a useful life of 3 to 5 years.

Impairment charges are applied to bring the asset in question to its lower fair value when the reasons for the impairment are expected to be permanent. Write-ups are made if the reasons for the impairment no longer apply.

Property and equipment

Scheduled depreciation is applied on a straight-line basis. The following useful life is assumed:

Useful life	Years
Fixtures, fittings, and equipment	3 to 10
Computer hardware	3 to 5
Software	3 to 5

Impairment charges are applied to bring the asset in question to its lower fair value when the reasons for the impairment are expected to be permanent. Write-ups are made if the reasons for the impairment no longer apply.

Equity investments

Equity investments are recognised at acquisition cost less any impairment charges made to recognise material impairment that is permanent. Write-ups are made if the reasons for the impairment no longer apply.

Liabilities

Liabilities are recognised at their settlement amount.

Provisions for severance payments

Provisions for severance payments are calculated according to recognised actuarial principles using the projected unit credit method in accordance with IAS 19. Actuarial gains and losses are recognised in profit or loss. Interest expenses relating to provisions for severance payments and the effects of actuarial gains and losses are recognised in personnel expenses. The actuarial interest rate for provisions for severance payments is derived from the interest rate on the balance sheet date based on market interest rates of companies with high credit ratings.

The basis for the calculation is:

- An actuarial interest rate of 1.00 % (2020: 0.50 %), a salary trend of 0.50 % (2020: 0.50 %) and a pension trend of 2.00 % (2020: 2.00 %),
- A retirement age of 65 years for women and men (2020: 65 years), and
- The calculation tables of AVÖ 2018-P.

Provisions

In accordance with the principle of prudence, the provisions take into consideration, in addition to the tax provisions, all risks identifiable at the time the balance sheet is prepared, as well as liabilities of uncertain amount and origin, at the amounts deemed necessary based on prudent business judgement. Long-term provisions are discounted if the discount amount is material.

Until the end of 2020, provisions for personnel expenses resulting from the delegation of employees by OeKB AG to OeKB CSD were formed at OeKB AG and charged to OeKB CSD to the extent of the annual expense or income for the duration of the delegation. In 2021, the corresponding provisions - with the exception of those of the employees who continue to be delegated - were allocated at OeKB CSD.

Foreign currency translation

The reporting currency is Euro. Foreign currency items are valued using the ECB reference rate as at 31.12.2021.

Deferred taxes

Deferred taxes are formed in accordance with article 198 paras. 9 and 10 of the Austrian Uniform Commercial Code (UGB) using the balance sheet-oriented concept and without discounting on the basis of the current corporate tax rate of 25 %.

2.3.2 Notes to the balance sheet

Receivables

Receivables from banks	31.12.2021	31.12.2020
Receivables payable on demand	Euro	Euro thousand
In Euro	2,410,306.48	121
In foreign currencies	1,722,639.70	154
Total	4,132,946.18	275

Non-current intangible assets, property and equipment, and equity investments

The changes in the individual non-current asset items and a breakdown of the depreciation and amortisation in the business year by asset item are presented in the statement of changes in non-current assets.

Non-current assets in 2021	Acquisition costs				
Euro	01.01.2021	Additions	Transfers	Disposals	31.12.2021
Software	1,993,258.13	0.00	0.00	0.00	1,993,258.13
Assets under construction	199,690.00	354,037.50	0.00	0.00	553,727.50
Non-current intangible assets	2,192,948.13	354,037.50	0.00	0.00	2,546,985.63
Fixtures, fittings, and equipment	5,085.98	0.00	0.00	0.00	5,085.98
Low-value assets	0.00	488.11	0.00	-488.11	0.00
Property and equipment	5,085.98	488.11	0.00	-488.11	5,085.98
Equity investments	1,000.00	0.00	0.00	0.00	1,000.00
Total	2,199,034.11	354,525.61	0.00	-488.11	2,553,071.61

Non-current assets in 2021	Accumulated depreciation			Amortisation		
Euro	01.01.2021	Additions	Disposals	31.12.2021	31.12.2020	31.12.2021
Software	1,152,155.40	213,248.99	0.00	1,365,404.39	841,102.73	627,853.74
Assets under construction	0.00	0.00	0.00	0.00	199,690.00	553,727.50
Non-current intangible assets	1,152,155.40	213,248.99	0.00	1,365,404.39	1,040,792.73	1,181,581.24
Fixtures, fittings, and equipment	4,185.11	138.60	0.00	4,323.71	900.87	762.27
Low-value assets	0.00	488.11	-488.11	0.00	0.00	0.00
Property and equipment	4,185.11	138.60	-488.11	3,835.60	900.87	762.27
Equity investments	0.00	0.00	0.00	0.00	1,000.00	1,000.00
Total	1,156,340.51	213,387.59	-488.11	1,369,239.99	1,042,693.60	1,183,343.51

The assets under construction relate to the "3i" project (software), which will go live in 2022, and the "MegaCor 12 / SCoRE 2 / ISO 20022" project, which will go live in 2023.

Deferred taxes

The deferred tax assets as at the balance sheet date were formed for temporary differences of €75,546.88 (2020: €14,024.88) between the tax valuation and the commercial valuation as regards the other provisions and the provision for severance payments. The resulting deferred tax assets as at 31.12.2021 (25 %) amount to €18,886.72 (2020: €3,506.22). Beyond that, there are no differences between the tax valuations and the commercial valuations.

Other assets

Other assets	31.12.2021	31.12.2020
	Euro	Euro thousand
Other domestic receivables	1,282,867.39	1,218
Other foreign receivables	865,628.28	801
Others	-	0
Total	2,148,495.67	2,019

The item "Other assets" essentially contains receivables from commission income, primarily for income from safekeeping fees and transaction fees due from customers for the month of December. All other assets are payable in the following year and, as in the previous year, have a remaining time to maturity of less than one year.

Liabilities

Payables to banks	31.12.2021	31.12.2020
	Euro	Euro thousand
Liabilities payable on demand		
In Euro	36,808.23	39
In foreign currencies	1,687,413.09	108
Total	1,724,221.32	147

Payables to customers	31.12.2021	31.12.2020
	Euro	Euro thousand
Liabilities payable on demand		
In Euro	8,708.57	7
In foreign currencies	2,216.61	4
Total	10,925.18	11

Other liabilities	31.12.2021	31.12.2020
	Euro	Euro thousand
Other domestic liabilities	476,551.63	153
Other foreign liabilities	470,035.84	563
Liabilities due to tax authorities	464,718.06	209
Others	58.20	0
Total	1,411,363.73	925

The item "Other domestic liabilities" mainly includes liabilities from the service agreement with OeKB AG (liabilities to banks), which are payable in the following year (€307,696.12; 2020: €98 thousand). As in the previous year, all other liabilities have a remaining time to maturity of up to three months. The liabilities to the tax authority mainly consist of VAT liabilities.

Provisions for severance payments

With the employment of the staff members directly at OeKB CSD as of 01.01.2021, the provision for severance payments was calculated for the first time according to actuarial principles and amounts to €67,101.00.

Tax provisions

The tax provisions as at 31.12.2021 and 2020 exclusively relate to provisions for corporate income tax.

Other provisions

The other provisions break down as follows:

Other provisions	31.12.2021	31.12.2020
	Euro	Euro thousand
Legal consulting, tax consulting, and audit of annual financial statements	30,158.75	10
Bonuses, premiums	443,109.00	351
Unused leave and time credits	73,759.95	-
Other personnel provisions	2,647.46	-
Safekeeping fees and other fees	27,967.50	4
Other administrative expenses	524.50	-
Other provisions	578,167.16	365

Equity

The share capital of OeKB CSD totals €20,000,000.00.

Unallocated capital reserves relate to shareholder contributions of OeKB AG in the course of the spin-off in 2015. The statutory reserve increased to €1,496,000.00 as at 31.12.2021 (2020: €1,162 thousand) as a result of the allocation of an amount of €334,000.00 (2020: €265 thousand) from the profit for the year. Other retained earnings increased to €4,810,000 as at 31.12.2021 (2020: €3,810 thousand) due to the allocation of an amount of €1,000,000.00 (2020: €1,000 thousand) from the profit for the year.

The profit for the year of €5,343,234.70 (2020: €4,031 thousand), including the profit brought forward from the previous year of €7,084.23 (2020: €26 thousand), resulted in a profit available for distribution as at 31.12.2020 of €5,350,318.93 (2020: €4,057 thousand). The return on total capital (net profit / total assets) for 2021 amounted to 18.2 % (2020: 16.8 %).

Proposal for the appropriation of profits

	2021	2020
	Euro	Euro thousand
Unallocated profit for the year	5,343,234.70	4,031
Profit brought forward from the previous year	7,084.23	26
Profit available for distribution	5,350,318.93	4,057
Use		
Disbursement of a dividend of	5,350,000.00	4,050
To be brought forward	318.93	7

2.3.3 Notes to the income statement

Fee and commission income and expenses

	01-12/2021	01-12/2020
	Euro	Euro thousand
Fee and commission income from safekeeping fees	15,608,415.87	14,427
Fee and commission income from transaction fees	5,377,867.90	5,138
Other fee and commission income from securities services	188,295.10	163
Other fee and commission income (cash account management, communication fees, minor differences)	1,382,213.55	1,371
Fee and commission income	22,556,792.42	21,098
Fee and commission expenses from safekeeping fees	1,199,674.31	1,254
Other fee and commission expenses from securities services	204,526.69	207
Other fee and commission expenses (payment transactions)	5,730.46	9
Fee and commission expenses	1,409,931.46	1,470
Net fee and commission income	21,146,860.96	19,628

Fees are calculated in a separate billing module. The raw data for calculating the fees are provided to the billing module by the peripheral systems, in particular by the account management and settlement system. Invoicing and booking of commission income are carried out in the SAP system and are again based on the data from the billing module.

The billing module provides customers with detailed information about the fees that have been charged.

Personnel expenses

Total personnel expenses decreased by 2 % to €4,598,784.71 (2020: €4,692 thousand). This decrease mainly resulted from the direct employment of 33 staff members at OeKB CSD in the financial year 2021. As at the

reporting date 31.12.2020, these employees were employed by OeKB AG. Three employees will continue to be delegated from OeKB AG, with expenses being passed on.

This decreased the passed-on expenses by 85.8 % to €666,034.50 (2020: €4,692 thousand).

Personnel expenses also include allocations for employee benefits (severance payments, bonuses, premiums, etc.).

Other administrative expenses

Other administrative expenses mainly related to expenses for IT operations, software maintenance, IT workplace equipment and project costs.

In connection with the audit of the annual financial statements, €31,487.95 (2020: €22 thousand) were spent. The increase results from insufficient provisions allocated for the 2020 business year.

Expenses for the auditor and its network companies	31.12.2021	31.12.2020
	Euro	Euro thousand
Annual audit	31,487.95	22
Expenses for the auditor	31,487.95	22
Tax consultancy	22,003.56	9
Other consultancy	254.31	5
Expenses for companies in the auditor's network	53,745.82	35

Taxes on income and earnings

	01-12/2021	01-12/2020
	Euro	Euro thousand
Corporate income tax	2,240,173.00	1,773
Corporate income tax for previous years	0.00	10
Change in deferred tax assets	-15,380.50	-4
Income tax	2,224,792.50	1,779

2.3.4 Supplementary disclosures

Obligations from the use of off-balance sheet property and equipment

Future rental obligations from the use of property and equipment not recognised in the balance sheet amount to €274,506.86 for 2022 (2020 for 2021: €272 thousand) and €1,372,534.30 for the next five years (2022-2026) (2021-2025: €1,361 thousand). As in the previous year, these obligations are exclusively towards OeKB AG.

Disclosures on derivative financial instruments

As in the previous year, the company held no derivative financial instruments at the reporting date.

Trading book

The company does not hold a trading portfolio and therefore has no trading book.

Disclosures on off-balance sheet transactions pursuant to article 238 para. 1 (10) of the Austrian Uniform Commercial Code (UGB)

The company had no contingent liabilities at the reporting date.

Total assets and liabilities denominated in foreign currencies

The company had foreign currency items with the following equivalent values in Euro at the reporting date:

Assets: €1.724.978,18 (2020: €157 thousand)

Liabilities: €1,690,832.81 (2020: €112 thousand)

The difference between the assets and liabilities results from cash account administration, which is an ancillary service to the administration of securities accounts. For this, OeKB CSD holds the foreign currency amounts received from customers in corresponding accounts (in the name of OeKB CSD) at credit institutions. In addition, OeKB CSD holds cash buffers in these foreign currency accounts to ensure ongoing business operations.

Associated and affiliated companies pursuant to article 238 para.1 (12) of the Austrian Uniform Commercial Code (UGB)

OeKB CSD has its registered office in Vienna (FN 428085m, Vienna Commercial Court), is a 100 % subsidiary of Oesterreichische Kontrollbank Aktiengesellschaft (OeKB AG, FN 85749 b, Vienna Commercial Court), and is included in the consolidated financial statements of the bank group by way of full consolidation.

The disclosures pursuant to Part 8 of the Regulation [EU] No. 575/2013 (CRR) are made in the Disclosure Report prepared by OeKB AG. Further information on this can be found on the OeKB AG website (www.oekb.at).

All transactions with associated and affiliated companies in the business year were concluded with OeKB AG and were conducted at arm's-length terms.

OeKB CSD has concluded service agreements with OeKB AG which regulate the provision of services by OeKB AG. These agreements cover areas such as the rental of office space, personnel assignment, accounting, controlling, personnel management, IT services, and other services.

Related-party transactions with shareholders of OeKB CSD GmbH	31.12.2021	31.12.2020
	Euro	Euro thousand
Receivables from banks	2,351,693.25	116
Other assets	5,412.60	5
Payables to banks	300.00	0
Other liabilities	307,696.12	98

	01-12/2021	01-12/2020
	Euro	Euro thousand
Interest income	-4,680.78	-7
Net fee and commission income	53,426.07	54
Personnel costs passed on *	-555,297.62	-4,692
Other administrative expenses	-4,145,158.73	-4,221

* taking into account the settlement of personnel-related provisions of previously delegated employees

Action for damages

As at the reporting date, there are no known claims for damages and outstanding proceedings.

Events after balance sheet date

There were no events that required reporting after the balance sheet date.

Impact of the COVID-19 pandemic

Due to its business model, OeKB CSD has not been negatively affected by the COVID-19 pandemic.

2.3.5 Additional disclosures

Eligible capital

Eligible capital pursuant to Part 2 of Regulation (EU) No. 575/2013 (CRR)

OeKB CSD is exempt from parts 3, 5, 6, and 7 of the CRR pursuant to article 3 para. 1 (12) of the Austrian Banking Act (BWG).

	31.12.2021	31.12.2020
	Euro	Euro thousand
Share capital	20,000,000.00	20,000
Retained earnings and reserves	7,079,968.80	5,746
Less transfer to retained earnings ¹	-1,000,000.00*	-1,000*
Non-current intangible assets	-1,181,581.24	-1,041
Common equity tier 1 (CET 1)	24,898,387.56	23,705
Total regulatory capital resources	24,898,387.56	23,705
Surplus regulatory capital	24,898,387.56	23,705

¹ Pursuant to Article 26 para. 2 CRR, earnings for the year are included in common equity tier 1 only after the official adoption of the final annual financial statement.

* Statutory reserves (2021: €334,000.00) are recognised immediately in equity.

Capital requirements pursuant to CSDR and Delegated Regulation 2017/390 Articles 1–7

The CSDR establishes supervisory requirements for central securities depositories to ensure that they are on solid footing and that they meet the capital requirements at all times. These capital requirements, which can be found in the Delegated Regulation 2017/390 Articles 1–7, ensure that central securities depositories have adequate capital resources at their disposal at all times. This serves to protect against risks to which they are exposed and, if necessary, to ensure the orderly winding down or restructuring of their business activities.

OeKB CSD was granted the licence as a central depository according to the CSDR by FMA on 1 August 2018. Thus, the capital requirements set out below apply:

Capital requirements pursuant to Delegated Regulation 2017/390 Articles 1–7	31.12.2021	31.12.2020
	Euro	Euro thousand
Capital requirements for		
Operational risks pursuant to Article 4	3,018,756.78	2,991
Investment risks pursuant to Article 5	251,209.75	177
Business risks pursuant to Article 6	3,172,856.51	3,382
Settlement risks pursuant to Article 7	9,191,596.00	9,519
Capital requirement	15,634,419.04	16,069

This means that the capital requirements are lower than the existing capital instruments in accordance with Article 2 of the Delegated Regulation 2017/390 in the amount of €27,079,968.80 (31.12.2020: €25,746 thousand).

2.3.6 Officers of the company

Managing Directors:

Peter Felsing
Georg Zinner

The company is jointly represented by two managing directors. The compensations for the managing directors are included in the personnel expenses. The breakdown of the compensation for the management board is omitted with reference to article 242 of the Austrian Uniform Commercial Code (UGB).

Members of the Supervisory Board:

Angelika Sommer-Hemetsberger (Chairwoman)
Helmut Bernkopf (Deputy Chairman)
Maria Doralt
Anneliese Blasl-Müller

Attendance fees of €8,000.00 (2020: €1,200.00) were paid out for the 2021 business year.

Delegates of the works council:

Petra Zettel
Clemens Gajics

The following members of the Supervisory Board are on the **Audit Committee:**

Helmut Bernkopf (Chairman)
Angelika Sommer-Hemetsberger
Petra Zettel

The following members of the Supervisory Board are on the **Remuneration Committee:**

Angelika Sommer-Hemetsberger (Chairwoman)
Helmut Bernkopf
Petra Zettel

The following members of the Supervisory Board are on the **Risk Committee:**

Helmut Bernkopf (Chairman)
Angelika Sommer-Hemetsberger
Clemens Gajics

Vienna, 18 February 2022

OeKB CSD GmbH

Managing Directors

PETER FELSINGER m.p. **GEORG ZINNER** m.p.

3. Auditor's Report

3.1 Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

OeKB CSD GmbH,
Vienna,

which comprise the Balance Sheet as of 31 December 2021, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as of 31 December 2021, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

Basis for our Opinion

We conducted our audit in accordance with EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company and banking law as well as professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Recognition of fee and commission income

Risk for the Financial Statements

OeKB CSD's fee and commission income in 2021 mainly comprises fee and commission income from custodian fees and from transaction fees and amount to 22,557 kEUR, primarily based on OeKB CSD's activity

as Austria's Central Securities Depository. The management describes the recognition of fee and commission income under section "Notes to the income statement - Fee and commission income and expenses".

There is an inherent risk on the financial statements regarding completeness, accuracy and allocation in proper period of fee and commission income recorded, given the complexity of related IT systems and the large volume of data processed. Therefore, to monitor this, management has established processes and internal controls. Control failures in these processes may have a material impact on the operating profit of the financial statements of OeKB CSD.

Our Audit Approach

We have performed the following audit procedures in respect of the recognition of fee and commission income:

- We identified the processes regarding the recognition of fee and commission income and assessed their design and implementation, their ability to recognize fee and commission income completely, accurately and appropriate to the period in the financial statements of OeKB CSD.
- In this connection we examined the relevant processes and assessed the design & implementation as well as – based on a random sample - the "operating effectiveness" of the key controls within these processes in the respective operating departments.
- With the involvement of our IT specialists we evaluated internal controls over automatic reconciliation of custodian data with sub-systems.
- We have also reconciled fee and commission income at single item level with related bank entries. The receivables from fee and commission income not paid as of balance sheet date were assessed regarding their recoverability in the following year.
- Furthermore, we analyzed the development of fee and commission income during the course of the year in order to identify unexpected deviations or developments compared to the previous year and to clarify their causes.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result 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 financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control 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 entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast considerable doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will 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 conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

3.2 Report on Other Legal Requirements

Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Additional information under Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 18 March 2020 and were appointed by the supervisory board on 25 March 2020 to audit the financial statements of the Company for the financial year ending 31 December 2021.

We have been auditors of the Company, without interruption, since the financial statements at 31 December 2015.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr. Wilhelm Kovsca.

Vienna, 18 February 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by
Wilhelm Kovsca
Wirtschaftsprüfer
(Austrian Chartered Accountant)

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Tel. +43 1 531 27-2100

Fax +43 1 531 27-4100

E-mail: csd@oekb-csd.at

OeKB CSD GmbH on the Internet: www.oekb-csd.at

These individual financial statements are published on the Internet together with an English translation.

Gender-neutral formulations were not used in the interests of readability. All functions, offices, and references are intended in a gender-neutral manner unless a specific person is being referred to.

