



# Annual Report

## 2023



**PARTNER BANK**  
Gemeinsam mehr vermögen.

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# Partner Bank at a glance

## **Subject :**

Partner Bank AG is an independent banking house based in Austria and was founded in 1992.

## **Business model:**

Partner Bank AG is a private bank that specialises in advising and supporting people in building up their retirement reserves in partnership with independent financial service providers. Partner Bank AG cooperates with independent financial service providers in Austria, Germany, Slovakia, Slovenia, the Czech Republic, and Hungary.

## **Name:**

The name Partner Bank expresses the claim: to be a true partner at eye level for customers, financial service providers and business partners.

## **Private bank:**

Make financial provisions for one's own future and that of one's children with securities and physical gold.

## **Customer benefit:**

Professional and independent securities management, wealth management with quality stocks, bonds and elite funds.

## **Products:**

Stock baskets, bond baskets, fund baskets and gold

Partner Bank AG is the inventor of the term "stock basket", which is now commonly used. Stock baskets allow higher expected returns with direct investments in quality stocks, fund baskets spread the risk with elite funds. Bond baskets combine the advantages of individual bonds and the convenience of professional wealth management.

Gold of the highest quality 999.9 Fine Gold, 24 carats with "Good Delivery" quality guarantee can be purchased from Partner Bank AG.

Investment in securities: single payments and savings plans.

Customer proximity and personal support through cooperation with financial service providers in Austria, Germany, Slovakia, Slovenia, the Czech Republic, and Hungary.

## **Custodian bank:**

Access to blue chip stocks, ETFs, quality bonds, a wide range of renowned investment funds, certificates, and alternative investments.

## **Customer care:**

Customer proximity and personal support through cooperation with over 300 financial service providers in Austria, Germany, Slovakia, Slovenia, the Czech Republic, and Hungary.

## Private bank in the securities sector

Partner Bank AG positions itself as a private bank. It offers wealth management for the broad investor public.

Partner Bank AG accompanies investors where the public sector with its systems reach their performance limits. Partner Bank AG encourages people to take their retirement security reserves into their own hands and not to expect all services from the state.

### **Provision for education, health and old age**

The pension gap cannot be closed by state pensions. The affordability and especially the financing of medical care seem to have reached its limits. The financing of public education has also often been exhausted. The best strategy in terms of retirement planning has proven to be diversification - i.e. a broad spread - of assets across different asset classes. Within the framework of its core-satellite retirement savings strategy, Partner Bank AG recommends covering the core of retirement reserves with monetary and material assets such as savings, quality bonds, broadly diversified blue-chip stocks, elite funds, real estate, and physical gold. Satellites also enable investors to participate in future-oriented sectors and markets.

Investing reserves transparently is a strong need for many people. Assets from matured life insurance policies and building society contracts, investments from pensions and retirement payments, inheritances and reallocations from stock and bond funds should be diversified to preserve value over longer periods of time. Across different monetary and material assets, issuers, sectors, regions, and maturities.

### **Professional wealth management and custodian bank**

With stock baskets, the customer invests in a portfolio of first-class blue-chip stocks of renowned global companies and thus covers a significant element of retirement reserves. Bond baskets offer investors the opportunity to invest in various portfolios with interest rates in line with the market.

Physical gold, professionally and securely stored, is a suitable addition to protect against inflationary developments.

### **Independence of Partner Bank**

Partner Bank AG is characterised by its independence. It has no shareholdings in investment companies or product providers.

Partner Bank AG can also provide independent advice and product selection because it does not issue its own bonds, funds, or certificates.

Partner Bank AG is an asset manager and custodian bank simultaneously. Securities research, custody account management and securities trading all take place directly at Partner Bank AG.

## Contribution to social and economic development

Partner Bank AG is owned by the Foundation for Social and Economic Development. The foundation sees its purpose in the promotion of social and economic development. For this purpose, the foundation also established Two Wings ([www.twowings.com](http://www.twowings.com)), a non-profit organisation that promotes the education of young people in developing countries.

### **Dividends for development cooperation**

Social responsibility is part of Partner Bank's corporate culture. Since 1996, it has supported carefully selected development projects together with financial service providers and clients in cooperation with the Two Wings Network.

### **Training-oriented projects**

Partner Bank AG is committed to ensuring that funds and resources are used primarily for education-oriented projects by carefully selecting the organisations it supports. The motto here is "Endow the future with education". Partner Bank also supports financial education for women with lectures and workshops. Women are affected by the state pension gap. Partner Bank wants to contribute by creating spaces through its workshops where women have the opportunity to deal with this topic.

### **International recognition**

Partner Bank AG's commitment has already been acknowledged in numerous public contributions. Particularly noteworthy is the statement by Sir Peter Ustinov†, who stated on the annual Two Wings Award ceremony: "Many cynics say development cooperation is like a drop in the ocean. For me, development work is always a drop in the ocean."

## Organs of the company

### **Supervisory Board**

Those appointed by the sole owner, the Foundation for Social and Economic Development in Vaduz/Principality of Liechtenstein

#### **Supervisory Board members are:**

##### **Chairman**

Mag. Alois Manhartsgruber  
(Tax consultant and auditor)

##### **Deputy Chairman**

Dr Faramarz Ettehadieh-Rachti  
(Managing partner of a real estate and finance group)

##### **Members**

Dr Manfred Drennig  
(Retired bank director, managing partner of Privat Consult)

Councillor Freimut Dobretsberger  
(Retired bank director)

Dr Sahba Enayati  
(Cardiologist, certified investment advisor)

Alexander Hüttner, LL.M.  
(Lawyer)

Dr Michael Krammer  
(University lecturer; economic advisor to several major Austrian banks)

Univ.-Prof. Dr<sup>in</sup> Barbara Krumay, Bakk. MSc (WU)  
(Head of the Johannes Kepler University Linz)

## Board of Directors



Dr<sup>in</sup> Sarvenas Enayati-Ettehadieh



Mag.<sup>a</sup> Elham Ettehadieh



Andreas Fellner, MSc

### **Annual General Meeting**

The 33rd Annual General Meeting of Partner Bank Aktiengesellschaft, with its registered office in Linz, took place on 6 June 2024.

The report of the Executive Board on financial year 2023, the report of the Supervisory Board on the Executive Board's management report, the annual resolution for financial year 2023 and its adoption by the Supervisory Board were approved.

In financial year 2023 an operating profit of € 173,648.83 and a profit from ordinary activities of € 409,530.62 were achieved. The profit for the year 2023 amounts to € 372,792.65. The balance sheet profit amounts to € 898,917.44. The Executive Board proposes to carry forward the retained earnings. The Executive Board and the Supervisory Board were discharged from liability for the financial year 2023.

The resolutions on all motions were passed unanimously.

# Management Report 2023

## **General economic development**

2023 marks an extremely satisfactory year on the stock markets with significant price gains on all relevant stock markets.

So it was possible to compensate for the sometimes massive price losses in 2022, which were caused by the drastic interest rate increases to combat inflation.

For clarification: After the central banks had long regarded the inflation dynamic as a temporary phenomenon following the coronavirus pandemic, the US Federal Reserve finally had to initiate the inevitable turnaround in interest rates from March 2022, which the European Central Bank also joined. The result was one of the strictest phases of interest rate increases in recent decades. However, the measures set a disinflation process in motion, which led to falling inflation rates in Europe and the United States from mid-2022 and continuing throughout 2023.

The encouraging stock market performance was also supported by the unexpectedly strong US economy with convincing corporate data and an extremely robust labour market at full employment level, which has ensured sustained consumer confidence through real wage increases, the most important pillar of the US economy.

As a result, the recession concerns that many analysts and economists still feared for the world's largest economy at the beginning of the year gradually receded into the background.

## **Declining inflation and hopes for interest rate cuts as stock market drivers**

While at the beginning of the year it was mainly the favourable stock market valuations in the wake of the partly exaggerated price corrections from 2022, the general mood brightened noticeably in view of the further decline in inflation rates, which fuelled confidence that the restrictive measures would soon come to an end.

This event then occurred after a total of eleven interest rate increases in the USA and ten increases in the eurozone in the summer of last year.

As a result, hopes in the last two quarters have increasingly shifted towards a transition to an expansive monetary policy with key interest rates falling again, prompting many investors to re-enter the bond and stock markets.

## **Differentiation in the equity segment by style and sector**

In this respect, it can be noted that it was primarily growth and technology stocks on the US market that recorded above-average gains, above all the so-called "Magnificent Seven" (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, Tesla).

The hype surrounding the topic of "artificial intelligence" in particular, which began at the start of the year, provided additional momentum for tech stocks.

The trend was less pronounced for classic value stocks, although these were also under significantly less pressure in 2022.



The performance of stock markets in Europe was also very positive, with all of them posting gains despite the weak economic situation. The Euro Stoxx 50 index of the largest stocks from the eurozone moved in line with the US market (S&P 500) with advances of over 22 per cent.

After the profit-taking that took place in the middle of the year, there was a remarkable year-end rally from October onwards, based on increasingly concrete assumptions about interest rate cuts in 2024.

### **Finance and Securities and PARTNER BANK AG Development**

PARTNER BANK AG's various asset management activities developed in line with general trends on the financial markets.

A broad diversification in quality shares in the form of direct investments or funds/ETFs in combination with physical gold under long-term investment perspectives is recommended as the decisive provision strategy.

In addition to classic basic investments in the equity sector, core-satellite strategies are also offered, which cover additional areas or topics in addition to a defensive equity core. These satellites enable investors to participate in global megatrends or future-oriented sectors and markets, for example.

In addition, mixed portfolios are available to enable investors who prefer lower price fluctuations to invest as well.

For PARTNER BANK AG, 2023 was characterised by strong sales growth and a growing volume of securities accounts. The total securities volume under management, including gold custody accounts, amounted to 385 million euros at the end of 2023 and was thus increased by 21.8% compared to 2022.

The equity base remains above the industry average and the financial position is solid.

### **The strategy**

PARTNER BANK AG is a public limited company with its registered office in Linz/Austria. PARTNER BANK AG has been owned by the "Foundation for Social and Economic Development" in Vaduz since 1993.

The priority goal of PARTNER BANK AG in the next few years is to continue to increase the managed and administered portfolio volume of approx. 400 million euros. To achieve this goal in a focused manner and because the new interest rate environment has made it attractive again, the bank has decided to increasingly offer the "fixed-term deposit investment" segment for our target customer group.

Furthermore, we offer our clients qualitative advice with top securities within the framework of wealth management. Supplemented with physical gold and selected individual securities from our focus book, a client-specific investment portfolio is created. Broad diversification reduces the risk.

Our multilingual online service offers a comprehensive range of services for both our customers and our partners. In addition, a current account including a Mastercard debit card and e-banking is offered to selected customers.

With the optimised Instant Credit product, short-term liquidity bottlenecks can be bridged.

Overall, the bank thus offers all the necessary functions to grow successfully as a private bank in Central Europe.

## **Marketing and Sales**

### **Partnership at eye level**

New collaborations were again recorded in 2023. We recorded growth primarily in the gold sector, but also in the securities sector.

The new sales partners particularly appreciated the efficient connection procedure, the training interface, the service platform and the personalised training sessions.

The option to opt for physical or hybrid contracts depending on the situation was also particularly well received. A big plus for the advisors is that, as exclusive advisors of Partner Bank, they can use the service platform and our ticket system free of charge.

Our product design and our focus book are highly appreciated by advisors, as all the necessary documents are well and clearly integrated on the service platform, allowing our advisors to focus on providing advice.

Our product range was expanded with the introduction of the "fixed-term deposit account".

### **Partner Bank communication strategy - focus on financial education**

Our communication strategy in 2023 was centered around the theme of financial education. Financial education is still a topic that receives too little attention in society. We have set ourselves the task of making a contribution to this. This topic is emphasised in training courses, workshops, internal training seminars, press and other activities. We try to present financial knowledge as simply as possible and to sensitise our employees, financial advisors and customers to this topic, to train them and to make knowledge available to them.

Financial education as a communication focus is crucial, especially in a world where financial decisions and transactions play an increasingly important role in everyday life. Our focus was therefore on communicating relevant knowledge in this regard.

**-Promote understanding:** Financial education helps people to better understand the complex world of finance. Knowledge of the interrelationships enables people to better understand what it takes to build and maintain prosperity.

**-Develop money management skills:** Through hands-on experiences in our workshops, people learn to develop money management skills such as budgeting, saving and investing. This strengthens their financial literacy and enables them to make sound, informed decisions.

**-Risk minimisation** : Clear, open communication about financial risks and challenges contributes to financial security and stability.

**-Empowerment** : Financial education gives people the confidence to take their financial future into their hands. By understanding the basics and acquiring the necessary skills, they can actively shape their financial world.

**-Social benefits:** Good financial education can contribute to a more stable economy and a healthier society in the long term. By improving people's ability to manage their finances, this can

reduce economic inequality and improve overall wellbeing. It also requires structural change that enables prosperity for all.

### **Diversity in Partner Bank**

Partner Bank emphasises "WE". Values, partnership and diversity are not only guiding principles for the bank's actions, but are also practised in everyday banking life. We are therefore delighted that we are not only active in sales in many European countries with different languages, customs and values, but that this diversity is also reflected within the organisation. There are currently ten different languages, nationalities and religions at Partner Bank. We offer our customers a comprehensive service centre for enquiries of all kinds and can provide service in five languages with native speakers. Our customers and business partners appreciate being able to clarify issues in their native language.

### **Partner Bank Academy - a meeting place at all levels**

With the opening of the Partner Bank Academy, space has been created to give more room to personal relationships and further training. The Partner Bank Academy has now become a highly frequented venue and is used in a variety of ways. Professionally certified investment advisors can complete further training on trade law and supervisory law free of charge via the in-house academy or in combination with the cooperation with the intermediary academy (VERMAK). The Partner Bank Academy also stimulates the internal transfer of knowledge and creates space for workshops, training courses and further education lectures. The Partner Bank Academy serves as a modern co-working space for sales partners. Sales partners can use these rooms and the modern technology for advisory meetings with customers.

### **Employees are regularly provided with financial knowledge**

The Partner Bank Academy is also used by employees for continuous learning. Business talks are held regularly, in which experts provide employees with insights into current market events, investment topics, trends and techniques. In addition, there are regular securities training courses to build up and intensify the employees' financial knowledge.

To promote togetherness, regular staff events in the form of joint lunches were introduced to intensify and promote personal exchange and joint encounters again post-Covid.

### **Event Series - Women & Finance Workshops - Focus on Financial Education**

The series of events entitled Women & Finance Workshops has been taking place for several years now. Several workshops were organised exclusively for women to provide access to financial knowledge such as financial provision, investments, and self-employment. Our cooperation partners from the business world are happy to be part of this event. We are particularly pleased to have Two Wings on board as a co-organiser, and at the same time to support the important work of the non-profit organisation over many years. Two Wings dedicates all its energy to projects in which young people and women in developing countries gain access to education. We can therefore identify very well with the vision of "creating the future through education". This much in advance - the dialogue with experts on financial independence was very well received by the participants, so that the event series will be continued and expanded in 2024.

We are not only represented in the print magazines but are also physical participants of the largest financial congress in Austria. In addition, our presentation at the congress was comprehensively certified so that visitors could collect many credits for their commercial and regulatory training - a great added value of our presentation compared to many competitors. Partner Bank has been featured in magazines such as Fonds Professionell, SHEconomy and CHEFINFO. In interviews, Partner Bank tries to contribute to the social discourse on the importance of private pension provision and to emphasise the principles of financial education.

### **Modernisation and expansion of the digitally supported advisory process**

The ongoing expansion and user customisation of the hybrid advisory tool has contributed to the majority of advisors using it. Customers can be served very well thanks to the intuitive usability and the resulting simplified and effective processing of customer applications and requests.

### **Continuing education - training days introduced for prospective investment advisors**

To provide the prospective wealth advisors with knowledge, we have introduced "Welcome Days". In these interactive workshops, the prospective wealth advisors are provided with knowledge about securities and physical gold.

### **Sponsoring youth - Europe's largest junior football tournament is sponsored with GOLD medals**

We are a sponsoring partner of the biggest junior football tournament in Europe and are happy to support this event. Sport is always a way towards community building. Young people can demonstrate their talent and at the same time learn important social values such as respect, self-confidence, dignity, and togetherness.

### **Lombard loans**

The lending business serves existing customers as a bridge for short-term liquidity bottlenecks, if required.

Due to the specialisation in the custody business, loans for customers of the bank are granted exclusively in return for the pledging of their securities assets on existing custody accounts.

Lombard loans are duly processed by means of corresponding specifications when granting the loan (loan-to-value ratio, rating, and creditworthiness) and the ongoing monitoring of compliance with these criteria.

### **Instant Credit - simple, fast, digital**

Instant Credit was developed as a purely digital Lombard loan, initially for existing customers in Austria, and serves to bridge short-term liquidity bottlenecks for customers. The aim is to give customers the option of using Instant Credit to prevent their short-term liquidity bottleneck instead of partial withdrawals (partial sales of securities). With a digital application form, customers can quickly and easily apply for the desired Instant Credit in just a few steps via the online customer service.

The process for application and subsequent processing is constantly being optimised.

The expansion to the Slovakian and Hungarian markets was followed by a market expansion to Germany in 2023. As a result, this expansion also had an impact on volumes, which grew significantly compared to the previous year.

## **IT and organisation**

The completion of the Partnerbank.gold project, in which an online process for selling gold via tipsters was developed and integrated into the existing back-office processes, deserves special mention.

The previous Invaris system for creating dynamic PDF documents was replaced by a new system based on Japser.

On the system side, the focus was also on hardening the systems, continuously improving IT security and expanding Active Directory as a central directory service.

The following innovations were made to our core banking system 2023:

- Releases 11.0 (June) and 11.1 (December) were successfully put into operation.
- Initial technical preparations were made for the new Red Hat 8 database release (implementation 2024).
- Initial preparations were made for a future change in the core banking system.

In addition, far-reaching improvements and optimisations to our service platform (IKUS) were successfully implemented again last year.

In the first quarter, the info fee was integrated into the Partner Service and "Fine Gold and Hybrid" was activated for all sales partners, meaning that individual securities, asset management products or Fine Gold can be combined in a single hybrid contract.

In addition, a completely new LMS eLearning system for mandatory online training courses has been integrated into Partner Service.

In the second quarter, the online process for Instant Credit was put on a new footing (pledged loans with a fixed interest rate). In addition, the automated processing of the daily loss threshold report was introduced so that all necessary steps are carried out automatically after daily checks and approval of the affected securities accounts. The letter texts for the loss threshold report were also adapted towards the end of the year.

In the middle of the year, our previous document management system (Invaris) was completely replaced by the new "doxFactory" system. This major project affected all levels of our service platform and was correspondingly extensive during the introduction phase.

In the third quarter, a new online process for fixed-term deposits was introduced in Austria, Germany and Hungary (similar to Instant Credit), followed shortly afterwards by the Czech Republic and Slovakia.

Numerous other improvements and optimisations were made to the withdrawal plans, dividend donation, savings plans, gold counter, exante cost breakdown per ISIN (plus SEG/service fee), visit log in Hungary, adjustments to the report for payment arrears, archiving of historical LMS certificates for completed online training courses, etc.

Finally, the new "VFN" workflow for online disposal orders went into production at the end of the year (initially the shift/switch and sale/partial sale forms, further VFN variants will follow in 2024)!

With this combined VFN workflow in Customer Service and Partner Service, the previous fillable PDFs can be managed completely online and released with SMS-TAN via mobile phone (currently applies to regrouping and sales/partial sales).

### **Personnel report**

At the end of the year, a total of 63 people were employed, of which about 44 % were part-time employees. Like in the previous year, the average number of employees was 50, of which 48 were salaried employees and 2 were wage labourers. Personnel expenses increased by 20 % compared to the previous year.

In 2023, a total of 2 apprentices were trained.

The proportion of women was 54 %. Two thirds of the bank's Management Board are women. A total of 44 % of the employees take advantage of individual and family-friendly part-time working models.

To better unite the needs of customers, partners and employees, numerous projects continued to be initiated and realised. The employees were continuously informed about the business progress and the general economic development.

The Executive Board would like to thank all employees for their performance in the past business year.

### **Research and development**

The business purpose of PARTNER BANK AG is to provide banking services. Development work is permanently incorporated into the bank's ongoing business, for example in the development of provision solutions for the broad investor public. PARTNER BANK AG applies the principle of meeting the needs of the various customer groups with products that are as simple as possible. The risk management methodology is constantly being developed further, which means great effort in view of the permanent change in the bank's environment as well as in the run-up to the far-reaching regulatory changes. Information and communication technology (ICT) is also being continuously developed.

In particular, this includes the upcoming migration of the existing core banking system to a core banking solution with improved functional and technical features. The planned replacement of IKUS (a web-based system that supports communication within the bank as well as with customers and cooperation partners) with a newly developed, modern solution is also being accelerated. These projects ensure future viability and help to further increase efficiency and effectiveness.

Another area for research and development is to apply the principles of coherence and reciprocity of services to the processes in the bank. This includes issues such as the integration of the different services to best serve the client, the education and training of staff and cooperating financial service providers and investment advisors. First-class banking services are to be developed in such a way that not only high-net-worth customers have access to them, but also the broad middle-class benefits from them.

PARTNER BANK AG constantly monitors and analyses the innovations of fintech companies. On the one hand, the intention is to adopt and integrate good experiences and, on the other hand, to cooperate with such companies if they significantly improve the activities of financial service providers and customer service.

### **Environmental concerns**

The careful use of all resources is part of our social responsibility. PARTNER BANK AG strives for the highest possible environmental compatibility in all activities, processes, and products. Environmentally conscious accents are set in building and energy management, in business trips and in purchasing policy.

### **Branches**

PARTNER BANK AG's services are provided through independent financial service providers and investment advisors. The corresponding services are provided directly from the head office or through financial service providers. In order to take advantage of the large expansion potential in the Czech Republic and due to stricter interpretations in this country, where cross-border activity is not possible solely via the freedom to provide services, PARTNER BANK AG established a branch office in the Czech Republic in 2018: 60200 Brno, Nové sady 996/25, Staré Brno.

### **Balance sheet, income statement**

The item cash on hand, balances with central banks increased from € 10.3 million to € 12.9 million in 2023. Loans and advances to credit institutions decreased by 33% to € 1.8 million. Loans and advances to customers increased by 23% to € 2.9 million. Bonds and other fixed-interest securities increased by 6% to € 0.8 million. Shares and other variable-yield securities increased by 53% to € 1.9 million. Intangible fixed assets decreased by 20% to € 0.8 million. Property, plant and equipment decreased by 3% to € 9.4 million. With € 2.6 million, other assets were 6% higher than in the previous year. Liabilities to customers totalling € 20.7 million are 10% higher than in the previous year. Other liabilities fell by 6% to € 2.7 million. Provisions increased by 16% to € 1.0 million.

Net interest income of € 648K is € 509K higher than in the previous year. The interest-relevant (credit) business plays a subordinate role in our bank compared to the commission income from the securities business.

Commission income of € 11.2 million increased by 2% compared to the previous year. Commission expenses of € 5.8 million were 6% below the previous year's level. Income/expenses from financial transactions of € 1.2 million were 1% higher than in the previous year. Other operating income of € 0.6 million was 7% lower than in the previous year. The operating income of € 7.9 million was thus 15% higher than in the previous year. Operating expenses of € 7.7 million were 17% higher than in the previous year.

The operating result of € 174K thus decreased by € 60K compared to the previous year. Value adjustments on receivables and securities that are not valued like financial assets decreased to € 51K (previous year: € 167K) and are entirely attributable to securities. Income from the reversal of value adjustments on receivables and securities that are not valued as financial assets increased from € 74K in the previous year to € 287K. Of this increase, € 100K is attributable to gold and €

186K to securities. The operating profit from ordinary activities (POA) was reported at € 410K (previous year € 141K). The annual profit amounts to € 373K (previous year € 113K).



<b>Development and key figures</b>	<b>31.12.2023</b> <b>thsnd. EUR</b>	<b>31.12.2022</b> <b>thsnd. EUR</b>
<b>Balance sheet total</b>	<b>33.545</b>	<b>30.888</b>
Eligible own funds	8.631	7.755
Required own funds	4.872	4.547
Cover ratio in %	177 %	171 %
Eligible own funds	8.631	7.755
Own funds requirement	35.305	33.189
Own funds ratio / solvency ratio in %	24 %	23 %
Annual result before reserves	393	129
Average own funds	8.193	7.570
Return on equity (ROE)	4,80 %	1,70 %

## **Risk report**

The guideline for risk management is the risk manual. The respective guidelines apply to the individual work processes. In addition, the provisions of the IT security guidelines and the compliance organisation as well as internal control regulations apply bindingly to all employees to minimise existing risks and avoid potential damage. Incidents of damage have been recorded in a database by the responsible employees for continuous improvement.

An extended risk committee meeting is held on a regular basis, in which the risk report prepared by the risk management department, including risk-bearing capacity calculations, is presented. All major risk types are presented and analysed there. The Risk Committee consists of the members of the Executive Board, the Head of Controlling/Accounting/Treasury, the Head of the WP Settlement, the internal auditor (passive listener) and the risk manager. Certain threshold overruns or underruns (in some cases) would have to be reported to the Chairman of the Supervisory Board.

The compliance department serves to contain the legal risk; for questionable cases, the prompt, interdepartmental meeting of the "Compliance Committee" - before the contract is accepted - is provided for. The internal audit department independently monitors the operational and business processes, the risk management, and the internal control system.

**Credit/default risk:** Loans were only granted against collateral. As a rule, financial instruments serve as collateral. Those retail receivables that arose from charges (not classic loans) are also offset by collateral (as are financial instruments, physical gold, contractual rights of set-off). For a realistic presentation of the credit risk, this collateral is subtracted from the open receivables; the same applies to value adjustments already made to the non-performing loans.

When selecting securitised receivables/securities for our assets, we are guided, among other things, by the creditworthiness of the issuers, considering official ratings from recognised rating agencies. We also follow the principle of diversification.

**Residual risk from credit risk minimising techniques:** The collateral deduction presented under credit risk in turn entails its own risks. To measure these, clusters located in the "collateral pool" are transferred analogously to unsecured volumes already measured (flat-rate method) and their increase is determined in the theoretical case of a price decline.

Furthermore, a validation of the percentage deductions is conducted regularly to arrive at loan values from deposit values, whereby adaptations are made if necessary.

**Concentration risk:** In 2023, PARTNER BANK AG had large exposures in the form of deposits with credit institutions with good credit ratings, whose ratings are continuously monitored, but also one large exposure to a client. Both were also considered in concentration risk in the risk-bearing capacity calculation. Other concentrations than assets are also regularly identified, quantified, and limited in terms of amount. In 2023, these occurred in the custody account volume held for clients (assets under management), for example in the home countries of the clients or the contractually bound intermediaries.

**Market price risk:** Price risks of shares and share funds as well as other, non-interest-sensitive elements were considered by multiplying the price values with representative volatility indices and scaling accordingly. Correlation effects between the securities, but also between shares and gold, were considered.

PARTNER BANK AG's trading book is primarily used for commission trading for clients. Therefore, the bank also benefits directly from risk-reducing selection criteria, which are primarily intended for our customers (especially in portfolio management) (Portfolio Governance Code: elite funds, quality stocks and bonds and other assets, such as gold). The shares held in the banking book (current assets) are for medium to longer-term investment.

**Foreign currency risk:** Open foreign currency positions were only entered into to a small extent, a risk is therefore only present to a very limited extent. The figure is also monitored daily due to the capital adequacy requirement.

**Interest rate risk:** The interest rate risk was also actively managed in 2023 - in accordance with the EBA guideline on interest rate risk (IRRBB) dated 19 July 2018 using a total of twelve predefined interest rate shock scenarios. The bonds acquired for the banking book nostro were increased, whereby the timing for the yields - yield to maturity - was favourable here.

**Credit spread risk:** In addition to the present value risks that arise for fixed-interest assets due to the general interest rate environment, we measure the credit spread risk. For this purpose, we analyse our bond portfolio regarding credit ratings. The risk that the market demands higher yields from poorer debtors over time (which in turn is reflected in falling prices) can be quantified in this way.

**Liquidity risk:** In 2023, our liquidity situation was reviewed daily by comparing liquid receivables and liabilities. Liquidity planning and liquidity stress tests were conducted monthly, broken down into three criteria (time horizon, composition of the liquidity cover pool and severity of the stress)

and four triggers were run through in each case (institution-specific, market-wide, combined and in combination with liquidity planning). Sufficient liquid assets were always available.

**Risk of money laundering and terrorist financing:** This risk associated with our business line is minimised to the greatest possible extent by protective measures (guidelines, own software, money laundering officers).

**Business risk:** Business risk is the risk of not being able to cover operating expenses. Measures to reduce risk include diversification and adapting the business strategy to the respective market environment, as well as adequate product management, ongoing process optimisation & digitalisation, continuous development of contract documents and cost awareness of employees. The BaSAG restructuring plan, including its indicators and measures, also serves to reduce business risk.

**Macroeconomic risk:** The unsecured volumes of retail receivables from our receivable's assets and the customer custody account volumes, which are separate from our balance sheet, were grouped by country to filter out relevant economies. Subsequently, we used the unemployment rate forecast for the next twelve months as well as the economic growth forecasts (GDP) of the countries identified as "relevant". During the period of increased inflation, a special buffer was also quantified.

**Real estate risk:** As with the rest of the assets in our portfolio, our real estate was included in "Receivables/default risk". In addition, tenant defaults were also measured. In addition, the fungibility risk was also considered.

**Operational risk:** PARTNER BANK AG defines this as the risk of loss resulting from errors in systems, processes, by employees or external events. All loss events exceeding a minor limit are recorded in a loss event database. PARTNER BANK AG works with organisational and IT measures in this segment. An internal control system has been implemented.

**Part of the operational risk is the legal risk:** PARTNER BANK AG's role as liability umbrella for financial service providers entails a liability risk, for example in cases of poor or insufficiently documented advice. This is countered by ongoing professional training of the cooperation partners, by maintenance of customer documents (e.g., minutes of meetings), by careful selection of titles and by strict control of the submitted customer documents by the trained employees in customer service. Inconsistent contract submissions are also analysed by the Compliance Committee, which is convened daily, and a decision is made before the contract is accepted. The reputational risk is also considered here.

PARTNER BANK AG did not conduct any hedging transactions, such as hedging for its own portfolio using derivative instruments.

## Outlook

### Securities

The recovery on the global stock markets that began at the start of last year continued in January in striking form. Over the course of the month, both the Dow Jones Industrial Average and the broader S&P 500 index reached new highs.

With the tailwind of falling interest rates, stocks will therefore remain the asset class of choice in 2024.

With a P/E ratio based on future earnings, the S&P 500 stood at 21.35 as at 14 May 2024, which is why a somewhat more balanced mix of US stocks should be emphasised, which is also done in Partner Bank's portfolios. This means that, in contrast to the index, a comparatively higher weighting of cheaper stocks, primarily in the value segment, appears to make sense. If we look at the S&P 500 in terms of the equal weighting of all stocks, the valuation of 16 is significantly lower and therefore in line with the historical average.

### **Interest business**

The interest business, in particular Instant Credit, call money and fixed-term deposits, is to be further stepped up.

We primarily target our existing customers in order to offer them a user-friendly solution for short-term cash parking or to cover liquidity requirements. The liquidity gained is invested conservatively, predominantly at the National Bank and in bonds and shares of renowned companies and in our highly collateralised instant credits. This is how deposit volumes are increased.

### **Education**

The area of financial planning and training is also being pushed. It is planned to continue to hold numerous seminars in hybrid mode for employees and sales partners on a regular basis in 2024.

### **Processes and systems**

In 2024, we will also be focusing on revising our existing processes and pushing for their analysis and documentation.

This serves as a basis for improving our systems through new developments and thus increasing the quality of our services. The further digitalisation of processes also finds its way into our systems.

To ensure this and guarantee the best possible protection against external attacks, numerous measures are taken to further increase the availability of systems and protect against potential failures and to comply with DORA, which comes into force on 17 January 2025.

## **Products and markets**

The focus in 2024 will therefore continue to be on sales and securities, with a focus on building up custody account volumes.

We offer our services to our customers not only in Austria but also in Hungary, Germany, the Czech Republic, Slovakia, and Slovenia.

Linz, 28 May 2024

### **The Board of Directors**

Dr<sup>in</sup> Sarvenas Enayati-Ettehadieh

Mag.<sup>a</sup> Elham Ettehadieh

Andreas Fellner, MSc

# Report of the Supervisory Board

## to the 33rd Annual General Meeting

In the 2023 financial year, the Supervisory Board of PARTNER BANK AG was regularly informed by the Managing Board about the course of business and the situation of the company. In its five meetings on 23 March 2023, 22 June 2023 (two meetings), 28 September 2023 and 7 December 2023, the Supervisory Board performed the duties incumbent upon it under the law and the Articles of Association and dealt in detail with the development of the bank.

The audit of the present annual financial statements including the notes, the management report and the appendix to the audit report was conducted by ERNST & YOUNG Wirtschaftsprüfungsgesellschaft m.b.H. The result of this audit did not give rise to any objections, so that the auditor issued the audit certificate.

In the 2023 financial year, an operating profit of € 173,648.83 and a profit on ordinary activities of € 409,530.62 were achieved.

The profit for the year 2023 amounts to € 372,792.65.

Following the result of the Supervisory Board's review of the Executive Board's management report prepared in accordance with section 96 (1) of the Austrian Stock Corporation Act, the 2022 annual financial statements including the notes and the appendix to the audit report, the Supervisory Board approved the annual financial statements, which are thus adopted in accordance with section 96 (4) of the Austrian Stock Corporation Act.

Linz, 6 June 2024

The Supervisory Board

# Annual accounts

## Balance sheet as of 31<sup>st</sup> December 2023

ASSETS			LIABILITIES		
	31.12.2023	31.12.2022		31.12.2023	31.12.2022
	EUR	thsnd. EUR		EUR	thsnd. EUR
<b>1. Cash in hand and balances at central banks</b>	12.943.282,67	10.279	<b>1. Liabilities to banks</b>	0,00	0
<b>2. Debt instruments issued by public authorities</b>	97.136,85	96	a) Due daily	0,00	0
a) debt instruments issued by public authorities and related securities	97.136,85	96	<b>2. Liabilities to customers</b>	20.703.326,75	18.900
b) for refinancing with central banks approved bills	0,00	0	a) Savings deposits	0,00	0
<b>3. Loans and advances to credit institutions</b>	1.802.428,47	2.690	b) Other liabilities		
a) due daily	1.802.428,47	2.690	ba due daily	19.982.121,45	18.871
b) other receivables	0,00	0	bb with an agreed term or period of notice	721.205,30	29
<b>4. Loans and advances to customers</b>	2.941.253,39	2.400	<b>3. Other liabilities</b>	2.703.281,90	2.881
<b>5. Bonds and other fixed-interest securities</b>	816.881,15	772	<b>4. Provisions</b>	1.023.000,00	885
a) from public issuers	201.630,95	3	a) Provisions for severance payments	323.300,00	297
b) from other issuers	615.250,20	769	b) Other provisions	699.700,00	588
Thereof: own bonds	0,00	0	<b>5. Subscribed capital</b>	7.267.283,42	7.267
<b>6. Shares and other variable-yield securities</b>	1.870.896,62	1.220	<b>6. Capital reserves</b>	500.000,00	0
<b>7. Capital participations</b>	1.300,00	1	a) Bound	0,00	0
thereof: to credit institutions EUR 100.00			b) Unbound	500.000,00	0
<b>8. Intangible assets</b>	839.242,82	1.043	<b>7. Revenue reserves</b>	49.000,00	29
<b>9. Property, plant and equipment</b>	9.423.340,99	9.720	a) Legal reserves	49.000,00	29
thereof: land and buildings used by the credit institution as part of its own activities	1.964.867,61	2.012	<b>8. Liability reserve pursuant to § 57 para. 5 BWG</b>	400.000,00	400
<b>10. Other assets</b>	2.574.792,78	2.437	<b>9. Balance sheet profit</b>	898.917,44	526
<b>11. Accruals and deferrals</b>	234.253,77	230			
<b>12. Deferred tax assets</b>	0,00	0			
	<b>33.544.809,51</b>	<b>30.888</b>		<b>33.544.809,51</b>	<b>30.888</b>
Foreign assets	5.326.144,86	4.753	<b>1. Contingent liabilities</b>	225.378,00	211
			thereof liabilities from guarantees and liability arising from the provision of collateral	225.378,00	211
			<b>2. Credit risks</b>	112.567,84	296
			thereof liabilities from repurchase agreements	0,00	0
			<b>3. Eligible equity according to Part 2 Regulation (EU) No 575/2013</b>	8.630.504,50	7.755
			thereof supplementary capital pursuant to Part 2, Title I, Chapter 4 of Regulation (EU) No 575/2013	0,00	0
			<b>4. Own funds requirements pursuant to Art. 92 of Regulation (EU) No. 575/2013</b>	35.305.087,13	33.189
			a) Own funds requirements pursuant to Art. 92 (1) lit. a of Regulation (EU) No. 575/2013	24,45 %	23,37 %
			b) Own funds requirements pursuant to Art. 92 Para. 1 lit. b of Regulation (EU) No. 575/2013	24,45 %	23,37 %
			c) Own funds requirements pursuant to Art. 92 Para. 1 lit. c of Regulation (EU) No. 575/2013	24,45 %	23,37 %
			<b>5. Foreign liabilities</b>	21.544.885,92	17.918

# Profit and Loss Account for the Period from 1 January 2023 to 31 December 2023

Profit and loss account			1-12/2023	1-12/2022
	€	€	€	K €
1) Interest and similar income			679.709,10	173
thereof: from fixed-interest securities	35.188,33			27
2) Interest and similar expenses			-31.900,90	-34
<b>I. NET INTEREST INCOME</b>			<b>647.808,20</b>	<b>139</b>
3) Income from securities and capital participations, income from shares, other equity securities and non-fixed income securities			43.645,14	40
4) Commission income			11.201.253,12	10.979
5) Commission expenses			-5.758.060,06	-6.101
6) Income/expenses from financial transactions			1.166.023,16	1.160
7) Other operating income			586.813,60	633
<b>II. OPERATING INCOME</b>			<b>7.887.483,16</b>	<b>6.850</b>
8) General administrative expenses				
a Personnel expenses		-4.027.762,84		-3.714
aa Salaries	-3.007.846,90			-2.829
ba Expenses for legally prescribed social security contributions and remuneration dependent tasks and compulsory contributions	-843.447,65			-748
ca Other social expenses	-109.861,84			-89
da Expenses for severance payments and payments to occupational provision funds	-66.606,45			-48
b Other administrative expenses (operating expenses)		-2.745.626,23	-6.773.389,07	-2.134
9) Value adjustments on assets included in asset items 8. and 9.			-880.997,33	-718
10) Other operating expenses			-59.447,93	-50
<b>III. OPERATING EXPENSES</b>			<b>-7.713.834,33</b>	<b>-6.616</b>
<b>IV. OPERATING RESULT</b>			<b>173.648,83</b>	<b>234</b>
11) Value adjustments on receivables and securities not valued like financial assets			-50.629,09	-167
12) Income from the reversal of value adjustments on receivables and securities not valued like financial assets			286.510,88	74
<b>V. RESULT FROM ORDINARY ACTIVITIES</b>			<b>409.530,62</b>	<b>141</b>
13) Taxes on income and earnings			-16.737,97	-12
thereof: from deferred taxes	0,00			0
<b>VI. NET INCOME FOR THE YEAR</b>			<b>392.792,65</b>	<b>129</b>
14) Movement in reserves			-20.000,00	-16
thereof: Allocation to the liability reserve	0,00			-9
<b>VII. ANNUAL PROFIT</b>			<b>372.792,65</b>	<b>113</b>
15) Profit carried forward			526.124,79	413
<b>VIII. BALANCE SHEET PROFIT</b>			<b>898.917,44</b>	<b>526</b>



## Fixed assets schedule pursuant to § 226 (1) UGB as of 31 December 2023

Fixed assets	Acquisition or production costs					Accumulated depreciation				Book value	Book value
	01.01.2023	Additions	Rebookings	Disposals	31.12.2023	01.01.2023	Additions	Disposals	31.12.2023	31.12.2023	31.12.2022
I. Intangible assets											
1. Concessions, rights	3.978.967,29	235.695,58	0,00	15.078,58	4.199.584,29	2.935.542,28	439.877,77	15.078,58	3.360.341,47	839.242,82	1.043.425,00
II. Property, plant and equipment											
1. Land, land rights and buildings, including buildings on third-party land											
Developed land											
with commercial or factory buildings or other structures											
Basic value	1.602.097,88	0,00	0,00	0,00	1.602.097,88	0,00	0,00	0,00	0,00	1.602.097,88	1.602.097,88
Building value	8.579.288,49	22.238,88	82.460,50	0,00	8.683.987,87	1.270.100,19	205.373,97	0,00	1.475.474,16	7.208.513,71	7.309.188,30
	10.181.386,37	22.238,88	82.460,50	0,00	10.286.085,75	1.270.100,19	205.373,97	0,00	1.475.474,16	8.810.611,59	8.911.286,18
2. Other equipment, operating and office equipment	2.173.853,81	122.673,91	-82.460,50	257.588,18	1.956.479,04	1.365.414,48	235.745,59	257.410,43	1.343.749,64	612.729,40	808.439,33
3. Payments on account and assets under construction	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	12.355.240,18	144.912,79	0,00	257.588,18	12.242.564,79	2.635.514,67	441.119,56	257.410,43	2.819.223,80	9.423.340,99	9.719.725,51
III. Financial assets			0,00								
Shares in affiliated companies	1.300,00	0,00	0,00	0,00	1.300,00	0,00	0,00	0,00	0,00	1.300,00	1.300,00
	16.335.507,47	380.608,37	0,00	272.666,76	16.443.449,08	5.571.056,95	880.997,33	272.489,01	6.179.565,27	10.263.883,81	10.764.450,51

## Appendix

### Notes to the financial statements of PARTNER BANK AKTIENGESELLSCHAFT, Linz for the financial year 2023

#### I. Application of the provisions of company law

These annual financial statements 2023 have been prepared in accordance with the provisions of the Austrian Commercial Code (UGB), as far as they are applicable to banks, and in accordance with the provisions of the Austrian Banking Act. Furthermore, the provisions of Regulation (EU) No. 575/2013 have been taken into account.

The balance sheet and the profit and loss account have been prepared in accordance with the structure of Annex 1 and 2 to § 43 BWG.

The previous form of presentation was also retained in the preparation of these annual financial statements.

The military conflict between Russia and Ukraine, which broke out in February 2022, still poses a challenge for economic participants. PARTNER BANK AG is neither active in Russia nor in Ukraine, therefore our risks are limited to debt losses in our account relationship with Sberbank CZ a.s. Therefore, receivables of € 339K (previous year: € 347K) were impaired in the amount of € 87K (previous year: € 87K) in the 2023 balance sheet.

#### II. Accounting and valuation methods

The annual financial statements were prepared in accordance with accepted accounting principles and the general standard of presenting a true and fair view of the company's net assets, financial position, and results of operations.

The principle of completeness was observed in the preparation of the annual financial statements.

The going concern assumption was used for the valuation.

The principle of individual valuation was applied to assets and liabilities.

The principle of prudence was considered, by only reporting profits realised on the balance sheet date.

All identifiable risks and impending losses that arose in the 2022 financial year were considered.

The previously applied valuation methods were retained.

Foreign currency amounts are translated at the mean exchange rates published by the OeNB on the balance sheet date in accordance with section 58 (1) BWG.

Intangible fixed assets and tangible fixed assets are valued at historical cost less scheduled depreciation. The depreciation period for intangible fixed assets is between 3 and 10 years, for tangible fixed assets between 2 and 50 years.

Low-value assets are fully depreciated in the year of acquisition.

Securities held as current assets are valued according to the strict lowest value principle, while securities held as fixed assets are valued according to the mitigated lowest value principle. If the historical costs are higher than the redemption amount, the difference is written off pro rata temporis in accordance with § 56 para. 2 BWG. If the acquisition costs are below the repayment amount, the difference is written up pro rata temporis in accordance with § 56 para. 3 BWG.

Capital participations are stated at the historical costs and are valued according to the lowest value principle.

Book claims to credit institutions and customers were recognised at nominal value. As a rule, financial instruments serve as collateral for loans and advances to customers. These are regularly valued and compared to the receivables. Loans and advances to customers are regularly monitored by Risk Management for their potential risk of default and reviewed for the need for specific valuation allowances in accordance with the internal guidelines on credit risk.

The amount of an individual value adjustment is based on the value that is not covered by recoverable collateral. The calculation of a value adjustment is conducted by the accounting department in coordination with risk management and is decided by the Executive Board. Within the framework of the regular meetings of the Risk Committee, there is an internal reporting on the individual value adjustments made and a review of whether the individual value adjustments made continue to be appropriate.

No use was made of the valuation option pursuant to section 57 (1) of the Austrian Banking Act.

The bank has not made use of the option pursuant to § 198 (9) UGB in connection with the recognition of tax loss carry forwards.

All identifiable risks and impending losses were considered when measuring the provisions in accordance with legal requirements.

The provisions for severance payments are calculated in accordance with recognised actuarial principles on an interest rate of 3.21% (previous year: 3.49%) and annual salary increases of 7.5% for 2024, 4.0% for 2025 and 2.5% from 2026 (previous year: 8.6% for 2023, 6.5% for 2024, 3.6% for 2025 and 2.9% from 2026), without a fluctuation discount. The calculations were made based on an imputed retirement age of 65 for women and men, considering the transitional provisions of the "BVG age limits" (Federal Law Gazette 832/1992 of 29 December 1992, taking into account Federal Law Gazette 11/2023 of 24 February 2023) for women. The calculation was made in accordance with § 198 and § 211 of the Austrian Commercial Code (UGB), considering AFRAC Statement 27 "Personnel Provisions (UGB)" of June 2022. The entry age normal method was used to accumulate the total provision obligations over the accumulation period. The current interest rate is used as the actuarial interest rate, which is derived from the month-end balance on the reporting date in accordance with the German Ordinance on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). The relevant average remaining term of the portfolio was assumed to be 15 years. In accordance with paragraph (27a) of AFRAC Statement 20 ("Abfertigung Alt" nach IAS 19) of December 2021, the imputed retirement age was applied as the end of funding. Interest expenses as well as the effects from a change in the interest rate are recognised in the personnel expenses item together with the allocation and reversal. The "AVÖ 2018-P - Rechnungsgrundlagen für Provisionsversicherung" (calculation basis for provision insurance) was used as the calculation basis for salaried employees.

Liabilities are recognised at their settlement amount in accordance with § 211 UGB.

Disclosure in accordance with Part 8 of EU Regulation No. 575/2013 and Section 65a of the Austrian Banking Act is made at the internet address [www.partnerbank.at](http://www.partnerbank.at).

### **III. Supplementary notes to the balance sheet and the profit and loss account**

Of the public-sector debt instruments, € 0.00 (previous year: € 0K) was allocated to fixed assets and € 96,895.13 (previous year: € 96K) to current assets.

Breakdown of loans and advances to credit institutions and customers not due on demand by residual maturity:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Up to 3 months	854.472,59	59
More than 3 months up to 1 year	696.840,17	605
More than 1 year up to 5 years	426,15	94
More than 5 years	223.173,35	147

Bonds and other fixed-interest securities with a nominal value of € 1,359,819.30 (previous year € 49K) will mature in the 2024 financial year.

Securities admitted to stock exchange trading included in the asset item bonds and other fixed-income securities:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Listed	464.713,15	313

Securities admitted to stock exchange trading included in the asset item shares and other variable-yield securities:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Listed	1.832.849,15	1.110

Of the bonds and other fixed-interest securities, € 0.00 (previous year: € 0K) were allocated to fixed assets and € 807,021.87 (previous year: € 765K) to current assets. Of the shares and other non-fixed-interest securities, € 0.00 (previous year: € 0K) are allocated to fixed assets and € 1,870,896.62 (previous year: € 1,220K) to current assets. Securities that serve the longer-term investment of funds and are to be held until redemption are reported as fixed assets.

The difference between the acquisition costs and the higher market value of securities held as current assets that are admitted to stock exchange trading amounts to € 226,525.50 on the balance sheet date (previous year: € 215K).

The pro rata temporis difference between the acquisition costs and the lower repayment amount of bonds and other fixed-interest securities held as fixed assets amounts to € 0.00 on the balance sheet data (previous year: € 0K).

The pro rata temporis difference between the acquisition costs and the higher repayment amount of bonds and other fixed-interest securities held as fixed assets amounts to € 0.00 on the balance sheet data (previous year: € 0K).

The credit institution maintains a trading book and, since the volume limit was not exceeded, applies the provisions of Art. 94 CRR. The volume as at 31 December 2023 amounts to € 651,176.00 (previous year: € 821K).

The land value amounted to € 1,602,097.88 (previous year: € 1,602K).

The item "other assets" includes income in the amount of € 754,176.27 (previous year: € 686K), which will only influence payments after the balance sheet date.

Breakdown of other assets:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Offsetting tax office	0,00	0
Receivables from payroll accounting	124.268,92	118
Receivables with an offsetting character	1.546.983,25	1.545
Receivables from commission settlements	72.560,13	56
Other receivables and assets	830.980,48	718

Breakdown of liabilities to customers not due on demand according to residual terms:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Until 3 months	166.011,17	0
More than 3 months up to 1 year	555.194,13	29
More than 1 year up to 5 years	0,00	0
More than 5 years	0,00	0

The item "other liabilities" includes expenses of € 1,455,433.40 (previous year: K€ 1,821), which will only affect payments after the balance sheet date.

Breakdown of other liabilities:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Liabilities to tax offices	385.190,66	203
Liabilities from deliveries and services	462.141,61	710

Liabilities with an offsetting character	623.775,28	646
Liabilities from commission offsetting	1.044.825,20	1.162
Liabilities from payroll accounting	187.349,15	160

Breakdown of other provisions:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Personnel expenses	283.000,00	226
Damage cases	336.900,00	302
Outstanding supplier invoices	1.500,00	2
Audit fees	55.500,00	41
Annual General Meeting and publication	2.800,00	17
Legal and consulting costs	20.000,00	0

The share capital consists of 100,000 registered shares. The share capital has been called in and paid up in full.

Breakdown of core capital and additional own funds:

The eligible own funds pursuant to Part 2 of Regulation (EU) No 575/2013 consist exclusively of Common Equity Tier 1 capital pursuant to Article 28 of Regulation (EU) No 575/2013.

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Subscribed capital	7.267.283,42	7.267
Retained earnings	49.000,00	29
Liability reserve	400.000,00	400
Capital reserve	500.000,00	0
Balance sheet profit	526.124,79	413
Deduction intangible assets	-111.903,71	-354
Deduction item accumulated deficit	0,00	0
Core capital	8.630.504,50	7.755
Supplementary capital	0,00	0
Subordinated capital	0,00	0
Eligible own funds	8.630.504,50	7.755

In March 2023, an uncommitted capital reserve of € 500,000.00 was recognised from shareholder contributions.

The return on assets as of 31 December 2023 is 1.17% (previous year: 0.42%).

The Foundation for Social and Economic Development, Vaduz/Liechtenstein has issued a letter of comfort to PARTNER BANK AKTIENGESELLSCHAFT stating that if PARTNERBANK AKTIENGESELLSCHAFT's own funds fall short of € 7,000,000.00 at the individual institution level, € 500,000.00 will be made available in the form of a shareholder grant.

A branch office was operated in the Czech Republic during the financial year. The name of the branch is: PARTNER BANK AKTIENGESELLSCHAFT odštěpný závod, 60200 Brno, Nově sady 996/25, Starě Brno. The business areas of the branch are brokerage of securities and gold in the Czech Republic. Net interest income amounted to € 0.00 (previous year: € 0K), while operating income was reported at € 151,723.00 (previous year: € 74K). In the business year, 2 (previous year: 1) employees were employed. The annual result before taxes amounted to € 7,225.02 (previous year: € 4K). Taxes on income amounted to € 1,434.85 (previous year: € 1K). The branch also did not receive any public subsidies.

## Breakdown of operating income 2023 by geographical market

	Austria	Germany	Hungary	Slovakia	Czech Republic	Slovenia	Total
Interest and similar income	679.709,10	0,00	0,00	0,00	0,00	0,00	<b>679.709,10</b>
Income from securities and investments	43.645,14	0,00	0,00	0,00	0,00	0,00	<b>43.645,14</b>
Commission income	3.664.840,12	378.860,00	4.958.356,00	595.071,00	1.090.473,00	513.653,00	<b>11.201.253,12</b>
Income/expenses from financial transactions	1.166.023,16	0,00	0,00	0,00	0,00	0,00	<b>1.166.023,16</b>
Other operating income	586.813,60	0,00	0,00	0,00	0,00	0,00	<b>586.813,60</b>

Commission income of € 11,201,253.12 (previous year: € 10,979K) results from management and custody fees, transaction fees, service fees and acquisition fees. Commission expenses amounted to € 5,758,060.06 in the 2023 financial year (previous year: € 6,101K) and include expenses for acquisition commissions, transaction commissions and portfolio commissions.

An internal accounting process ensures that these contractually agreed commissions have been determined in full, on an accrual basis and in the correct amount, and that they have been recognised and reported in commission income or commission expenses. The commission rates are stored in the system. Furthermore, there is a control process in which the individual commission income is compared to the commission expenses at the custody account level.

The income/expenses from financial transactions include the issue premiums from the sale of investment funds to customers.

Of the other operating income, € 520,211.10 (previous year: € 484K) is attributable to rental income and operating costs, € 0.00 (previous year: € 0K) to income from the sale of assets, € 36,000.00 (previous year: € 36K) to service charges and other income and € 30,060.00 (previous year: € 113K) to the release of provisions.

Income for administrative and agency services to third parties amounted to € 36,000.00 in the financial year (previous year: K€ 36).

Of the auditor's expenses of € 95,966.69 (previous year: € 76K) incurred in the financial year, € 79,172.52 (previous year: € 62K) relate to the audit of the annual financial statements of Partner Bank AG, € 16,794.17 (previous year: € 14K) to the audit of the consolidated financial statements of the Foundation for Social and Economic Development, Vaduz, Liechtenstein, and € 4,764.00 (previous year: € 12K) to other services.

From the use of property, plant and equipment not shown in the balance sheet, there is an obligation of € 153,667.50 (previous year: € 165K) for the 2024 financial year due to long-term rental, lease, and leasing agreements. The total amount of obligations for the next five years is € 768,337.50 (previous year: € 824K).



An annual profit of € 372,792.65 was achieved in the 2023 financial year. This increases the balance sheet profit to € 898,917.44. The Executive Board proposes to carry forward the retained earnings. The bank was not active in the leasing business.

Total amount of assets and liabilities denominated in foreign currency:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>€</b>	<b>thsnd. €</b>
Assets	2.877.295,36	2.891
Liabilities	2.952.780,97	1.938

The increase in liabilities denominated in foreign currencies is due to the increase in liabilities to customers in foreign currencies.

Asset items 2 - 5 of Annex 2 to § 43 BWG do not include securitised and non-securitised receivables from affiliated companies or from companies in which a participating interest is held.

The asset items do not include any assets of a subordinated nature.

As at the balance sheet date, there were no forward transactions that had not yet been settled.

The company does not use derivative financial instruments. Due to the business operations, the use of derivative financial instruments is also not planned in the future.

The following assets were provided as collateral for the settlement of payment transactions:

Deposits in the amount of € 200,000.00 (previous year: € 200K)

The following assets were provided as collateral for credit facilities:

Liens on land and buildings for a maximum total amount of € 1,000,000.00 (previous year: € 1,000K).

Pledge deed for land and buildings that can be recorded in the land register for a maximum amount of € 300,000.00 (previous year: € 300K).

Liabilities items 1, 2, 3 and 7 of Annex 2 to Section 43 of the Austrian Banking Act do not include securitised and non-securitised liabilities to affiliated companies or to companies in which a participating interest is held.

Pursuant to § 30 para. 2 BWG, Partner Bank AG, as an Austrian credit institution wholly owned by the Foundation for Social and Economic Development, Vaduz/Liechtenstein, together with its EEA parent financial holding company, constitutes a credit institution group. Partner Bank AG prepare the consolidated financial statements.

Breakdown of consolidated core capital and supplementary consolidated own funds:

The eligible consolidated own funds pursuant to Part 2 of Regulation (EU) No 575/2013 consist exclusively of Common Equity Tier 1 capital pursuant to Article 28 of Regulation (EU) No 575/2013.

	<b>31.12.2023</b>	<b>31.12.2022</b>
	€	thsnd. €
Subscribed capital	6.261.971,31	6.262
Liability reserve	400.000,00	400
Deduction intangible assets	-111.903,71	-354
Accumulated loss	0,00	-147
Core capital	6.550.067,60	6.161
Supplementary capital	0,00	0
Subordinated capital	0,00	0
Eligible own funds	6.550.067,60	6.161

The credit risks of € 112,567.84 (previous year: € 296K) reported below the balance sheet line relate exclusively to loan commitments that have not yet been used.

During the business year, an average of 48 (previous year: 48) male and 2 (previous year: 2) female workers were employed.

Expenses for severance payments and provisions in the financial year 2023 were as follows:

	<b>Severance payments</b>	<b>Provisions</b>
	€	€
Board members	0,00	9.710,60
	(previous year: K€ 0)	(previous year: € 9K)
Other employees	33.903,52	56.917,64
	(previous year: € 10K)	(previous year: € 51K)

Expenses for contributions to the employee provision fund amounted to € 40,406.45 in the financial year (previous year: € 37K).

The members of the Executive Board and the Supervisory Board are listed separately.

The total remuneration of the members of the Executive Board amounted to € 444,480.38 in the reporting period (previous year: € 381K).

The loans granted to members of the Executive Board and Supervisory Board as at 31 December 2023 amounted to € 0.00 (previous year: € 93K), including liabilities of € 0.00 (previous year: € 0K). The loans were granted at standard market conditions.

As in the previous year, the members of the Supervisory Board received no remuneration in the 2023 financial year.

#### **IV Events after the balance sheet date**

No significant events occurred after the end of the 2023 financial year that are not recognised in either the income statement or the balance sheet.

Linz, 28 May 2024

The Board of Directors:

Dr<sup>in</sup> Sarvenas Enayati-EttehadiehMag .<sup>a</sup> Elham EttehadiehAndreas Fellner, MSc

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### **Disclaimer**

The forecasts, plans and forward-looking statements contained in this report are based on the knowledge and assessment of Partner Bank AG at the time of preparation. Like all statements about the future, they are subject to risks and uncertainty factors that may also lead to significant deviations in the result. No guarantee can be given for the actual occurrence of forecasts and planning values as well as forward-looking statements.

We have prepared this annual report with the greatest possible care and checked the data. Nevertheless, we cannot exclude the possibility of rounding, transmission, typesetting or printing errors.

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