

**Oberbank 2011: Clear contrast to the general market trend;
outstanding performance again in 2011**

Double-digit profit growth

In 2011, Oberbank once again posted excellent results. Profit before tax increased by 10.1% to EUR 126.0 million and profit after tax by 13.1% to 111.2 million.

Spread-related business and the services business were again the mainstays of Oberbank's excellent performance: net interest income climbed by 7.1% to EUR 341.7 million, net commission income by 3.3% to EUR 104.5 million. Administrative expenses rose by 4.0% to 229.5 million.

Leading position in corporate and business banking further expanded

Despite generally weak credit demand in the second half of 2011, Oberbank posted 5.3% growth in commercial lending, reaching a total volume of EUR 8,900.5 million. Subsidised investment finance showed a particularly positive performance. CEO Franz Gasselsberger remarks: "As one of the leading banks in this line of business, Oberbank is Austria's most successful applicant for ERP funding: in 2011, one out of four approved ERP business promotion loans was initiated by Oberbank."

Widening by an impressive 19%, export finance also posted above-average growth; the Bank's market share with SMEs and large corporates grew from 10.9% to 11.5% and 8.7% to 9.5% respectively.

Leasing market share enlarged

New leasing business increased by 26.3% to EUR 496.3 million, overall lease receivables by 6.5% to EUR 1,473.5 million. Oberbank thus gained further market shares and in Austria defended its top position in the lorry leasing business for the second time by securing a market share of about 15%.

The leasing result improved by 62% to the record value of EUR 15.0 million.

Regional bank model and "house bank" status as key factors for success

When asked to give reasons for the excellent developments in business and corporate banking, CEO Gasselsberger stresses the importance of the Bank's

business model as a regional bank, its “house bank” status with many customers and its well-balanced customer structure: “Our customers appreciate our proximity and our knowledge of their business models; they want to be well acquainted with their bank and they are looking for predictability and reliability in their banking partner. Our broadly-based customer constituency, from micro enterprises and SMEs to large corporations, helps to balance fluctuations in the individual customer groups.”

Clear commitment to domestic flagship companies

The primary objective of Oberbank’s equity investment policy is to safeguard the locations of and jobs at leading Austrian enterprises and to secure Oberbank’s house bank function.

In 2011, Oberbank spent almost EUR 100 million to acquire 5% plus 1 share in AMAG, increase its interest in Lenzing from 3.24% to 5.22% and stock up its share in voestalpine to 7.90% again.

Risk policy as a crucial criterion for success

Oberbank continued its cautious provisioning policy even though the credit risk situation has been easing noticeably of late. In 2011, the Bank allocated EUR 97.6 million to loan loss provisions. CEO Gasselsberger points out: “As we have consistently set up more provisions than we used in the past few years, our impairment provisions now amount to EUR 476.3 million or 4.4% of the lending volume.”

Above-market growth of primary deposits

Primary deposits increased by 1.6% to EUR 11,315.2 million, despite the fact that the savings rate has dropped perceptibly throughout Austria. In total, Oberbank manages some EUR 20 billion in primary deposits and securities on custody accounts.

Above-average liquidity position

Customer deposits and other refinancing funds (OeKB, LfA, KfW) rose by 3.2% to EUR 12.3 billion in 2011, thus exceeding the lending volume of EUR 10.9 billion by EUR 1.4 billion.

Core capital ratio perceptibly higher

In 2011, Oberbank's core capital increased by 9.6% to EUR 1,167.6 million and its core capital ratio rose from 10.50% to 11.51%.

Own funds increased by 2.3% to EUR 1,673.1 million; at 16.49%, the own funds ratio is double the statutory rate.

Uninterrupted expansion course

In 2011, Oberbank established eight new branches, four in Vienna (making a total of 16), two in Bavaria (22 in total) and two in Slovakia (five in total). Oberbank operates six branches in Hungary and a total of 17 in the Czech Republic.

Outside of Upper Austria and Salzburg, Oberbank's core region, Vienna is the Bank's key growth market. Currently the Bank is examining another four potential locations in Vienna, where it plans to establish a network of 30 branches in the medium term.

Current developments / Outlook for 2012

In corporate and business banking, credit demand has returned to consistently high levels since the beginning of 2012, mainly thanks to high investment finance demand. Additionally, the Bank has witnessed robust demand for export consultancy services and increased customer interest in investments and acquisitions abroad.

In personal banking, Oberbank benefits from its positive image and its solid business model, which has led to a clear increase in customer deposits. Demand for housing finance has also increased.

CEO Gasselsberger sees clear signs that the economy has begun to recover: "The debt crisis has eased somewhat, the real economy has been more robust than expected, and in the first quarter of 2012 credit risk dropped to a record low. For all these reasons, I expect economic growth in 2012 to be closer to 1.0% than 0.5%."

Even though the outlook has been improving, economic growth has nevertheless continued to be sluggish in 2012. The weak global economy is still putting a damper on exports, Austria's principle motor of growth, and pressure on interest margins is still extremely high. In this environment, it will be quite a challenge for the management of Oberbank to attain its goal of matching the excellent performance of 2011 in the current financial year.