

## After 8 years of record-breaking performance, Oberbank set to achieve growth again

- ▶ **Excellent development backed by robust increase in lending**
- ▶ **Net profit up by 10.6%, cost/income ratio drops below 50%, tier 1 capital at 17.03%**
- ▶ **40% higher dividend payout proposed / up from 65 to 90 cent per share**
- ▶ **Expansion in Baden-Württemberg and Saxony in 2018**

Linz/Salzburg/Vienna, 28 March 2018

in €m	2017	2016	+ / - in %
Profit before tax	238.9	219.1	9.0
Net profit after tax	200.5	181.3	10.6
Total assets	20,830.6	19,158.5	8.7
Customer loans	14,760.3	13,777.9	7.1
Primary deposits	13,394.7	13,008.9	3.0
Cost/income ratio	49.9%	50.8%	-0.87% ppt
Common equity tier 1 capital ratio	17.03%	16.27%	0.76% ppt
Branches	161	159	2

Oberbank AG, Linz, stayed on its path of steady growth also in 2017 and achieved a record-breaking year for the 8th time in a row: Total assets rose by 8.7% to EUR 20.8 billion, net interest income rose by 7.7% to EUR 387.5 million and net fee and commission income was up by 7.4% to EUR 140.6 million. Administrative expenses by contrast increased only by 5.8% to EUR 266.2 million thus pushing the cost/income ratio – which is the most important indicator for the efficiency of a bank – below the critical threshold of 50% to 49.9%. The Austrian banking market has an average cost/income ratio of 66%.

Operating income was therefore up by 9.5% to EUR 267.3 million, while net profit after tax rose from 10.6% to EUR 200.5 million. Before this backdrop of continuously

improving earnings and capital base, the management board and the supervisory board proposed to general shareholders' meeting to increase dividend payouts from EUR 65 cent to EUR 90 cent per share; this increase means dividend distributions to shareholders that are almost 40% higher.

“The excellent result is not just a short-lived outburst,” said CEO Franz Gasselsberger quite pleased “but rather the current peak of a steady upwards trend. Since 2009, net profit has risen every year on average by 11.2%, because we pursue our growth strategy with discipline and consistency. Oberbank is well prepared for competition and will continue on its path of steady growth.”

### **Success Factors in 2017**

The main drivers behind the excellent development in the financial year 2017 were the steep rise in lending, the increase in customer assets under management, historically low risk costs, and optimization of the branch network.

The lending volume widened in 2017 by an extraordinary 7.1% to EUR 14.8 billion. Since 2009, the average increase has been around 5% per year, which is much higher than the average of the overall Austrian market. One third of new loans granted have a volume of EUR 1 to 3 million, which is a sign of sustainable demand for loans. Commercial lending increased by 7.4%, retail loans – especially residential housing loans – by 6.1%. We have developed special expertise in the field of tourism financing. The market area of Oberbank has 250 million overnight stays per year and the booming tourism industry is a sector highly dependent on borrowed capital due to the high ratio of fixed assets to total assets and the need for regular innovation and investments.

Customers of Oberbank trusted 10.6% more funds to the bank than in the preceding year. Overall, Oberbank manages assets of EUR 29.3 billion. On the reporting date, primary deposits stood at EUR 13.4 billion (+3.0%) and customer custody accounts recorded a volume of EUR 15.9 billion (+17.9%).

Despite the robust growth in lending over the past years, credit risk costs have remained low: the share of non-performing loans decreased to 2.59% and charges for losses on loans and advances amounted to only EUR 28.4 million.

The optimisation of the branch network of Oberbank continued in the reporting year: two new branches were opened in Vienna thus raising the number to 27; in Hungary three branches were added to the network and in Prague the 21<sup>st</sup> Oberbank branch in the Czech Republic opened for business. In Upper Austria, consolidation of the branch network was completed with the combination of three neighbouring branches into one. In total, Oberbank operated over 161 branches in its market areas as at 31 December 2017 as compared to 159 branches in 2016. The branches are the strongest drivers of long-term growth and a pillar of Oberbank's business model.

### **Continued expansion: organic growth – regional expansion**

Backed by excellent performance indicators and a common equity tier 1 capital ratio of 17.03%, Oberbank will continue its organic growth with the expansion of its branch network and plans to enter two new market regions in Germany in 2018: Baden-Württemberg and Saxony. In Germany, Oberbank plans to open eight new branches in the year 2018 thus operating the densest network there of all Austrian banks with its 35 branches. The Bank also plans to open new branches in Vienna and in Hungary.

The management board of Oberbank expects business continue to develop well in financial year 2018, however, as CEO Franz Gasselsberger stated “We also expect a return to normalcy as regards interest rates, risk costs and market volatility. In the light of this bright outlook, it would be very pleasing if Oberbank were to repeat the excellent performance of 2017 in the year 2018.”

## Oberbank at a Glance

<b>Income statement in €m</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Net interest income	387.5	359.6	7.7%
Charges for losses on loans and advances	-28.4	-25.0	13.5%
Net commission income	140.6	130.9	7.4%
Administrative expenses	-266.2	-251.8	5.8%
Profit for the period before tax	238.9	219.1	9.0%
Consolidated profit for the year after tax	200.5	181.3	10.6%

<b>Balance sheet in € m</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Total assets	20,830.6	19,158.5	8.7%
Loans and advances to customers	14,760.3	13,777.9	7.1%
Primary funds	13,394.7	13,008.9	3.0%
of which savings deposits	2,719.0	2,794.2	-2.7%
of which securitised liabilities incl. subordinated debt capital	1,997.4	2,064.5	-3.3%
Equity	2,466.8	2,282.8	8.1%
Customer funds under management	29,332.6	26,524.2	10.6%

<b>Eligible capital in millions €</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Common Equity Tier 1 capital	2,203.1	2,009.4	9.6%
Tier 1 capital	2,273.8	2,086.0	9.0%
Own funds	2,622.9	2,482.2	5.7%
Common Equity Tier 1 capital ratio	16.50%	15.67%	0.83% ppt
Tier 1 capital ratio	17.03%	16.27%	0.76% ppt
Total capital ratio	19.64%	19.36%	0.28% ppt

<b>Performance indicators</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Return on equity before tax (RoE)	10.06%	10.76%	-0.70%
Return on equity after tax	8.44%	8.91%	-0.47%
Cost/income ratio	49.90%	50.77%	-0.87%
Risk/earnings ratio (credit risk/net interest)	7.33%	6.96%	0.37% ppt

<b>Resources</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Average number of staff (weighted)	2,050	2,049	1
Number of branches	161	159	2