

**1HY 2018 earnings best in history of Oberbank**

- Total assets up by 6.9% to EUR 21.4 billion
- Operating income up by 15.1% to EUR 139.4 million
- Net profit after tax up by 12.2% at EUR 114.0 million
- Lending volume widens by 8.7% to EUR 15.6 billion
- Branch openings in Germany in autumn

Linz, 28 August 2018

Oberbank AG achieved record-breaking half-year results for the ninth time in a row and is well on the way to further growth backed by a solid economy. Boosted by a substantial increase in loans and deposits, total assets rose in the first six months of the financial year 2018 by 6.9% from EUR 20.1 billion to EUR 21.4 billion, thus increasing much more robustly than the overall market in Austria.

Operating income rose by 15.1% during the same period from EUR 121.1 million to EUR 139.4 million. Net profit before tax improved in 1HY 2018 by 9.0% compared to 1HY 2017, rising from EUR 123.1 million to EUR 134.1 million. Net profit for the year after tax increased even more robustly: up by 12.2% from EUR 101.6 million to EUR 114.0 million.

Oberbank's net profit was boosted above all by the solid interest income as well as by the continued good situation of credit risk. Moreover, risk-free income from service operations increased markedly by 14.7% in the reporting period from EUR 69.0 million to EUR 79.2 million. At 28%, income from the bank's service operations such as commissions on payment services, investment services, and lending as well as from other commissions contributed enormously to total earnings. CEO Franz Gasselsberger emphasized: "The steady expansion of the services business is a key strategic goal, because risk-free commission income is an essential supplement to the risky lending business."

At the same time, Gasselsberger stressed that Oberbank's lending operations are developing very well and it achieved the highest level of growth in the history of the bank in the first half-year of 2018. The lending volume was up by 8.7% from EUR 14.3 billion to EUR 15.6 billion. The volume of new loans in the first two quarters of the reporting year reached almost EUR 2.5 billion, with almost half of the loans granted having volumes of up to EUR 3 million. "This extraordinary growth was possible, because we are not restricted by bottlenecks in liquidity or capital", explained Gasselsberger.

Thus, in the first half-year, commercial loans expanded by 9.3% from EUR 11.4 billion to EUR 12.4 billion, with investment finance rising by 8.6% from EUR 8.2 billion to EUR 8.9 billion and working capital loans by 11.0% from 3.2 billion to EUR 3.6 billion. Loans to individuals also rose by 6.6% year on year from EUR 3.0 billion to EUR 3.2 billion, with housing finance being the driving force behind the rise. The non-performing loan ratio (NPL ratio), i.e. the share of non-performing loans to total lending volume, declined slightly again year on year from 2.44% to 2.41%.

The bank once again proved its firm stance in cost management. The cost/income ratio decreased further from 51.2% in 1HY 2017 to 50.9% in 1HY 2018. This is an excellent level in Austrian and European comparison and was achieved despite a rise of 13.7% in administrative costs from EUR 127.1 million to EUR 144.5 million. The reason for this increase was an allocation of provisions for a 'Mitarbeiterbeteiligungsstiftung' (employee participation fund) in an amount of EUR 10 million. In addition to its classical share participation programme for employees, Oberbank plans to set up an employee participation fund in the second half of 2018. If one were to exclude this allocation, the cost/income ratio of Oberbank would be only 47.4%.

As announced previously, Oberbank plans to open seven new branches in the German provinces of Baden-Württemberg and Saxony in the second half of 2018. Further new branches are also planned in Vienna and Budapest. In the first half of 2018, one branch was opened in the German province of Hesse as well as one new branch in the Czech Republic. Including the 10 to 12 new branches that will be opened 2018, Oberbank will be represented by some 170 branches in its markets.

With a view to the second half of the year 2018, Oberbank is confident the benign economic environment will continue, but also points out the risks of trade barriers, large volumes of non-performing loans of banks (in Southern Europe) and the persistently high government debt, especially in the emerging markets. “These factors may result in a crisis of confidence and in deteriorating sentiment, limited investment activity, but ultimately in the normalisation of the credit risk situation of banks,” said Gasselsberger. Under such conditions, it would be a great achievement if the outstanding performance of the full year 2017 were to be attained again in this reporting period.