

Oberbank reports best earnings in history – higher than in pre-pandemic times

- **Growth driven by robust business operations and income from equity investments**
- **Equity higher by 9.2% – Tier 1 capital ratio at 18.7%**
- **Higher dividend**

in EUR million (IFRS)	2021	+/- in %	2020	2019
Net interest income	346.1	+2.7	336.9	345.8
Net fee and commission income	192.0	+12.5	170.7	163.0
Investments in entities accounted for by the equity method	100.1	-	-8.0	29.7
Loan loss provisions	-35.7	-14.6	-41.8	-12.2
Profit before tax	281.9	+68.3	167.5	276.2
Profit after tax	234.6	+90.0	123.5	216.1
Equity	3,317.9	+9.2	3,038.9	2,960.5
Tier 1 capital ratio	18.66	+0.5% ppt	18.17	17.92
Cost/income ratio	49.68	-8.8% ppt	58.49	50.04
Employees (FTE)	2,152	-	2,168	2,150

Linz/Vienna, 5 April 2022

The listed company Oberbank AG with headquarters in Linz, closed the year 2021 with the best earnings in its history, even exceeding the pre-pandemic level of 2019. The drivers of the highly satisfactory growth in all business areas were strong business banking operations, excellent private banking results, and income from equity investments at the customary solid levels.

Net interest income was up by 2.7% to EUR 346.1 million, net fee and commission income rose by 12.5% to EUR 192.0 million, and income from equity investments was EUR 100.1 million. Risk provisions were reduced year on year. Profit for the year before tax rose by 68.3% to EUR 281.9 million, and profit for the year after tax was 90.0% higher than in 2020 at EUR 234.6 million.

“In the year 2021, operating business was very robust,” said Franz Gasselsberger, CEO of Oberbank. “We strengthened our equity base and raised the tier 1 capital ratio to 18.7%. We are therefore well-prepared for the future and can continue to grow on our own strength.”

Operating business highlights

Oberbank's operating business expanded throughout 2021. The volume of loans increased by 6.7% (EUR 1.2 billion) to EUR 18.4 billion. This trend reflects the lively upswing seen in the segment of medium-sized companies in 2021.

The steepest rise in commercial lending took place in our expansion markets of Germany (+18.2%) as well as in the Czech Republic, Slovakia and Hungary (+11.9%). The success

achieved in these markets broadens the base for earnings and quality growth. This not only has an impact on lending volumes, but on income from services.

As a result of the high liquidity of corporate customers and the higher propensity of private individuals to save money, primary funds widened by 13.0% to EUR 17.4 billion. This increased total assets by 12.7% to EUR 27.5 billion.

The remarkable economic growth and dynamic development on stock markets created robust demand for Oberbank's services. Net fee and commission income rose by 12.5% to EUR 192.0 million in the financial year 2021. This amounts to 55% of the volume of net interest income and has become the second most significant source of income in the past few years.

This is proof that competent advisory services are also reflected in returns. Oberbank's universal banking concept (full service from our source) that focuses on earnings and growth is now bearing fruit sustainably.

The livelier investment activity of our customers and rising stocks resulted in all-time highs in the value of funds on customer portfolios.

High returns on equity investments, low levels of risk provisions, costs under control

Oberbank's income from investments in companies recognised using the equity method was EUR 100.1 million in 2021. The positive development was supported by voestalpine AG as well as our partner banks, and their contributions to earnings in 2021 were back to the solid levels of previous years.

Not least due to the positive economic development and also the government financial support measures, it was possible to reduce the volume of risk provisions. In 2021, risk provisions allocated were EUR 35.7 million, which is 14.6% less than in 2020. The ratio of non-performing loans is 1.96%, a very good level by international standards.

Administrative expenses rose by 6.3% to EUR 313.6 million in 2021. The number of employees decreased slightly by 16 or 0.7% to 2,152 persons. The rise in administrative expenses was due mainly to allocations to the employee participation foundation. The cost/income ratio for 2021 was 49.68%.

Net profit for the year at all-time high

At EUR 281.9 million, net profit before tax was 68.3% higher year on year and thus also higher than pre-pandemic levels. Net profit after tax even increased by 90.0% to EUR 234.6 million. This means that the year 2021 was the best year in the history of Oberbank AG.

Earnings per share almost doubled, higher dividend proposed

Earnings per share were almost twice as high: in 2020 it had been EUR 3.52 and increased to EUR 6.66 per share in 2021. Therefore, a proposal will be made to the Annual General Meeting to increase the dividend from EUR 0.75 per share to EUR 1.00 per share for 2021.

Tier 1 capital ratio at 18.7% – equity raised by 9.2%

As in the years before, the bank's own funds were further consolidated in 2021. Equity pursuant to IFRS increased by 9.2% to EUR 3,317.9 million. This corresponds to a tier 1 capital ratio of 18.66% (following 18.17% in 2020) and a total capital ratio of 20.71%.

This makes Oberbank one of the best capitalised banks in Austria and puts it in a top position when compared to banks directly supervised by the ECB.

Sustainability

Oberbank has defined ambitious goals for its strategic sustainability management. The biggest challenge in this context is the de-carbonisation of the loan portfolio.

In 2021, Oberbank's sustainability management was awarded a prime rating, placing Oberbank among the ranks of the top 10% of European banks. The Sustainability Report 2021 was submitted for a voluntary external audit.

The milestones for 2022:

- Training for our account managers for corporate and business customers on the topic
- Obtain relevant information from our customers at annual talks on sustainability
- Review of commercial loans with respect to environmental sustainability in the meaning of the EU taxonomy

Outlook

A preview or forecast for the full year is currently not possible. There are different scenarios, such as the Ukraine crisis, price increases, inflation, monetary policy and interest rate trends as well as changing supply chains that are impacting economic activity worldwide.

In Q1 2022, demand for loans increased and deposits have been growing since the end of February. The risk situation is still unchanged, but is being closely monitored. **Oberbank has not extended any loans to banks or companies in Russia or Ukraine.**

Regardless of the crisis, our expansion plans in Germany will be continued. In 2022, new branches were opened in Cologne, Düsseldorf and Cottbus. Further branches are planned for Kassel and Magdeburg and are expected to open for business this year.

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