

Financial Year 2017

# ASSETS BASED ON TRUST.

OBERBANK.  
NOT JUST ANY BANK.

**Financial Year 2017 in Brief.**

## 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%
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>Regulatory capital in €m</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% ppt
Return on equity after tax	8.44%	8.91%	-0.47% ppt
Cost/income ratio	49.90%	50.77%	-0.87% ppt
Risk/earnings ratio	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

<b>Oberbank's share</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Number of ordinary no-par shares	32,307,300	32,307,300	29,237,100
Number of preference shares	3,000,000	3,000,000	3,000,000
High (ordinary/preference share) in €	81.95/71.40	60.30/52.75	52.80/38.20
Low (ordinary/preference share) in €	60.36/52.00	52.57/37.70	49.96/37.55
Close (ordinary/preference share) in €	81.95/71.40	60.30/52.50	52.80/37.70
Market capitalization in €m	2,861.8	2,105.6	1,656.8
IFRS earnings per share in €	5.68	5.59	5.47
Earnings per share in €	0.90	0.65	0.55
P/E ratio, ordinary shares	14.4	10.8	9.7
P/E ratio, preference shares	12.6	9.4	6.9

When adding up rounded figures and calculating percentage rates of change, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded.

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Dear Readers,

**I would like to mention the most important piece of news first: Oberbank has once again performed excellently in 2017, all key indicators attained outstanding levels, and for the eighth time in a row, Oberbank posted a record result.**

Net profit before tax rose by 9.0% to EUR 238.9 million and after tax by 10.6% to EUR 200.5 million. There were significant increases in the volume of loans (+7.1% to EUR 14.8 billion) and customer assets under management (+10.6% to EUR 29.3 billion), while credit risk was pleasingly low and the CET 1 capital ratio of 17.03% and total capital ratio of 19.64% were also very good in international comparison.

*We can also report a number of special achievements in the reporting year outside of our daily business.*

**We have again been conferred several awards by independent bodies.**

As in 2016, the financial magazine “Der Börsianer” ranked us the best universal bank, and for the first time also named us the best bank in Austria. Moreover, our investment management company was named the best investment company in Austria, and one could almost say no surprise here.

**Employees rated us the most attractive employer in the financial sector.**

This assessment was also confirmed by the results of the employee survey conducted in 2017. Although the workload has increased substantially, employees have a deep loyalty to Oberbank, which is much stronger than at other financial service providers, other service companies and in the industrial sector. Our managers were given especially high ratings both for their expertise as well as for their considerate and respectful treatment of employees.

**The enlarged headquarters have opened for business.**

Accompanied by keen interest from the media, we invested almost EUR 70 million in enlarging the complex on the shores of the Danube in Linz to finally unite the headquarters of Oberbank one roof. Today, some 1,000 persons or almost half of the entire staff of Oberbank work there.

**Further expansion, six new branches opened.**

We opened six branches (two in Vienna, three in Hungary, one in the Czech Republic), thereby continuing our steady expansion. At the end of 2017, Oberbank operated 161 branches in Austria, Germany, the Czech Republic, Hungary and Slovakia.

*Given these achievements, the question arises as to what is Oberbank’s “secret recipe for success”.*

**Our vision and our values underpin everything we do.**

The shared vision gives our employees guidance and creates trust. Our values determine how we treat our customers and each other. They include sustainability, predictability, solidity and a respectful behaviour, but also industriousness, hard work and loyalty.

**This is the foundation of our business model, which has proven to be reliable and resistant to crises over the years.**

Autonomy and independence remain our top-priority objectives – they allow us to continue making decisions autonomously, for the region in the region.

As a regional bank, we focus on customer business and not on risky speculative trades and as a universal bank, we have two mainstays with the Corporate and Business Banking and the Personal Banking segments.

We offer high quality advisory services and regularly receive awards for our performance.

We pursue a cautious risk policy and rely on professional risk management.

We grow organically through new branches and do not engage in the acquisition of banks at overrated prices. Cost awareness is a matter of course for us in our daily business – this is why we do not have to close branches for cost reasons or make hundreds of employees redundant overnight.

**The commitment and motivation of our employees are also indispensable for our success.**

Our employees are the most important link between Oberbank and its customers, and set us apart from our competitors.

**These factors together form the basis for what is our most important asset and our guarantee for success: the trust and satisfaction of our customers.**

*What is in store for us in 2018?*

**According to the most recent forecasts for 2018, the global economy is set to develop robustly.**

Growth in the US, the EU and the euro area is estimated at 2.4%, and, at an expected rate of 3.0%, Austria will clearly outperform the euro area average. Inflation is estimated to reach 2.0%, and therefore, close to the ECB's target. Interest rates will remain low, and we expect the euro to remain strong versus other leading currencies. The central banks will not have any other option but to taper the money supply. They will test the response of the markets and when in doubt opt for a cautious approach. Bond prices especially will not be able to retain their current high levels.

*What are the concrete plans of Oberbank for 2018?*

**We will pursue our course of steady expansion.**

For years, we have been growing faster than the market in lending, capital, number of branches and employees, and the development of earnings. We will continue to pursue this course vigorously – we have a concrete plan for growth until 2020 that we are implementing step by step.

**Our expansion through new branches is contrary to the market trend.**

In the past few years, we have massively widened our capital base and have high aspirations for return on equity. In order to achieve the target of an 8% to 10% return on equity over the long term, it is necessary to expand profitably. For this reason we continue to rely on organic growth through new branches. We are and remain a regional bank. However, we remain flexible in defining what exactly our region comprises. As of 2018, we will enter new markets in Germany, in Baden Württemberg and Saxony, and overall we plan to open some ten new branches in 2018: one or two in Vienna, one in Hungary (Budapest) and eight in Germany.

**On behalf of the Board of Oberbank I would like to thank everyone who has made our success possible!**

I thank our customers, who we have the privilege of continuing to support; our shareholders, who by investing in Oberbank shares have placed their trust in us, and our employees, who once again have been crucial for the success achieved.

My special thanks also go to all members of the Supervisory Board. It is not only the top-most monitoring body, but an important advisor for the management on crucial matters.

## Letter from the Chairman of the Management Board

Only the constructive cooperation of all of them has enabled us to achieve outstanding earnings again in 2017.  
Let us continue together on this path of mutual trust and success.

Linz, in March 2018

A handwritten signature in black ink, appearing to read 'Franz Gasselsberger', with a stylized flourish at the end.

CEO and Chairman of the Management Board  
Franz Gasselsberger

### Brief history of Oberbank

**On 13 April 1869, the “Bank für Ober-Oesterreich und Salzburg” was founded in Linz.**

The official date of establishment was 1 July 1869 and the registered office of the company was in Linz. The Federal Province of Upper Austria became a shareholder of Oberbank in 1920, followed by Bayerische Vereinsbank in 1921. In 1929, Creditanstalt für Handel und Gewerbe (CA) became the majority owner of Oberbank.

**After World War II, CA, which held majority stakes in Oberbank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft (BTV) and Bank für Kärnten AG (today BKS Bank AG), divided its shares into three parts.**

A stake of one third was retained by CA and two thirds each were sold to the other two banks. The original cross-holding structure has developed into a close, partnership-based cooperation under the banner of the 3 Banken Group.

The three banks cooperate closely wherever there is synergy potential to be exploited such as in the jointly owned subsidiaries 3 Banken-Generali Investment-Gesellschaft and DREI-BANKEN-EDV Gesellschaft, both of which are very successful. In ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT (ALGAR), the three banks hedge large exposure risks. This cooperation in no way interferes with the three banks' independent market presence.

**From 1955, Oberbank's development improved significantly when it acquired retail customers.**

By taking in deposits from private individuals and extending loans to this customer group, the foundation was laid for Oberbank's equally strong foothold in both corporate and retail banking.

**The stocks of Oberbank have been listed on the Vienna Stock Exchange since 1 July 1986.**

When Oberbank went public, it removed itself from the influence of CA and started pursuing an independent strategy. Today, Oberbank's shareholder structure includes, besides its two sister banks, UniCredit Bank Austria, Wüstenrot, Generali and a large share of Oberbank's employees; some 36 % of shares are held in free float.

**Since the 1980s, Oberbank has been expanding also outside of Upper Austria and Salzburg.**

Oberbank has been represented with branches in Lower Austria since 1985, in Vienna since 1988, in Germany since 1990, in the Czech Republic since 2004, in Hungary since 2007 and in Slovakia since 2009.

### Oberbank's Investment Portfolio

Oberbank only makes long-term investments in other companies if these investments serve to safeguard the survival of headquarters and jobs of domestic companies, to live up to its role of principal local banker, or if the activities of a potential joint venture partner are an “extension” to the Bank's core banking business (e.g. real estate or investment fund companies).

- The most important equity investments of Oberbank are the stakes in BKS and BTV. Oberbank also holds stakes in other companies with whom it cooperates closely, among them Bausparkasse Wüstenrot, Oesterreichische Kontrollbank AG and CEESEG AG (the parent company of Wiener Börse AG).
- As a strategic partner, Oberbank owns stakes, among others, in voestalpine AG (8.14%), Energie AG Oberösterreich (4.12%), Lenzing Aktiengesellschaft (3.73%), LINZ TEXTIL HOLDING AKTIEN-GESELLSCHAFT (6.22%) and Gasteiner Bergbahnen AG (32.62%).
- Oberbank invests directly as a private equity finance partner through holding companies.
- In the real estate business, Oberbank holds equity interests in companies set up for the construction or management of Oberbank-owned real estate, as well as in selected residential developers that feature as potentially



important partners in residential construction finance.

- Oberbank's leasing sub-group bundles the bank's Austrian and foreign leasing companies, and also includes companies established for the purpose of financing individual customer projects or Oberbank projects.
- Other investments include stakes in companies which provide banking-related services (DREI-BANKEN-EDV Gesellschaft and Einlagensicherung der Banken und Bankiers) or have specific regional significance in the catchment area of Oberbank (various technology or business incubation centres).

### Value-based Strategy

- **Safeguarding the independence and autonomy of Oberbank has top priority.**

It is, first and foremost, Oberbank's focus on this goal that ensures that all the Bank's activities always serve to maintain a balance between the interests of its customers, employees and shareholders.

- **Oberbank offers corporate and private clients the highest quality of advisory services.**

In Corporate and Business Banking, Oberbank has established itself as a highly competent partner in cross-border business, a key player with special know-how in the field of investment finance and as a supplier of alternative forms of financing such as equity and mezzanine capital finance.

In Personal Banking, Oberbank excels with high quality and expertise in providing advisory-intensive services: in Private Banking, in asset management and in residential construction finance.

- **Oberbank's growth is organic through the founding of new branches.**

The goal of the expansion is to support existing customers and to win new customers in attractive regions. At the end of 2017, Oberbank operated 161 branches: 46 in Upper Austria, 14 in Salzburg, 37 in Lower Austria and Vienna, 64 in Germany, the Czech Republic, Hungary and Slovakia.

- **Oberbank only takes risks it can handle on the strength of its own resources.**

The aim is to stabilize the company's risk at a low level.

- **Oberbank refinances retail loans with customer deposits and other long-term refinancing funds.**

Additionally, Oberbank holds extensive liquidity reserves in the form of eligible loan assets and securities eligible for refinancing as well as access to open refinancing lines at a large number of other banks and institutional investors.

- **Proprietary trading plays a minor role at Oberbank.**

The Global Financial Markets department provides services for interest rate and currency risk management for customers and asset/liability and liquidity management of the bank.

- **Oberbank consistently works to improve the professional expertise and social competence of its staff.**

Management by objectives (MbO) and predefined standards of performance provide clear guidance for the management and ensure regular feedback.

- **Attractive cost structures contribute enormously to the earnings power of Oberbank.**

Efficient processes, lean company structures, ongoing rationalisation projects and the shift of resources from administrative processes to sales help to create the basis for the constant improvement of earnings and secure good profitability ratios.

## Human Resources

A key factor for Oberbank's lasting success is its committed, competent and sales-oriented staff. The HR Strategy 2020 includes areas of action such as "Recruiting & Retention", "Leadership & Development" as well as "Learning & Training" and the measures defined for these themes are being accomplished step by step.

### **Recruiting & Retention**

Oberbank is an attractive employer and receives excellent ratings on the "kununu" internet platform. The special interest magazine "trend" designated Oberbank the "best employer in the banking and financial services industry 2017".

In the last business year, the third survey on job satisfaction was conducted among all employees of the entire group. The results show that Oberbank has done very well in maintaining a high level of motivation, commitment and loyalty among employees. Unswerving commitment to the corporate values and a business model designed to preserve independence have a sustainably positive effect and boost motivation – also considering the growing pressure to perform and to achieve. Oberbank employees (IFRS) are employed on average for 13 years, and especially the management staff is very loyal to Oberbank. These long-standing relationships with employees are very important, because they make it possible to maintain long-lasting customer relations.

The employee turnover rate in 2017 was 6.9%, thereby continuing at a very attractive level and setting Oberbank positively apart from the rest of the market.

### **Learning & Training**

In an environment that is rapidly and constantly changing, life-long learning is a necessity and at Oberbank, firmly embedded in corporate culture. The training and further education programme is continually being modernised and updated, with the management staff providing guidance on the development of content. The courses are very popular and employees have autonomy in deciding which courses to attend.

Training for the highest level of advisory and sales competence is regularly on offer and the knowledge gained is reinforced and deepened by individual sales coaching sessions.

In Private Banking, Oberbank launched a successful project in mid-2017 to achieve change and strengthen sales culture; the features of the new MiFID II framework were integrated into the training courses as well. An adaptation of the processes and training courses for the segments "Corporates and Business Banking" and "Personal Banking" is planned for 2018.

In addition to measures to improve social and personal skills, training initiatives for specialist and legal themes are part and parcel of our concept: our employees can attend and obtain certification at regular training courses as well as by attending e-learning courses and webinars (e.g. money laundering, compliance, FATCA, CRS, etc.).

In 2017, almost EUR 1.7 million were invested in high quality and diversified further education courses.

### **Management & Development**

At Oberbank, governance is understood to comprise management and leadership and has become a separate brand. Successful governance is sustainable, and therefore, Oberbank believes in its constant further development.

Oberbank management staff is also the first personnel developers on site, with uniform management standards offering them guidance for their daily work. Oberbank Management Academy, in cooperation with LIMAK Austrian Business School, provides training not only for acquiring the skills required by these standards, but also for applying them in practice. Annual MbO talks provide a forum for evaluating the required management qualities. Based on the MbO system, revised in 2017, which is the key management instrument, Oberbank is increasingly concentrating on employee development and identification of potentials:

Developing personnel from the Bank's own ranks is very important, and around 80% of vacant management positions are filled internally.

Personnel development is the central theme of the MbO and HR check talks. Every year since 2017, ten to fifteen

young employees with outstanding potential participate in the newly developed potentials development programme (POP) to prepare for possible future management positions.

### **“Aktie Gesundheit” (“Health Share”)**

Oberbank’s “Aktie Gesundheit” project has been in place since 2010 with a programme to encourage all employees to take responsibility for their own health. Focusing on exercise, nutrition and mental fitness, it presents ways and initiatives on how to achieve positive effects in these three areas.

The traditionally very high health ratio was 97.1 % in 2017.



### **“Zukunft Frau 2020” (“Future Woman 2020”)**

With the successful recertification “audit berufundfamilie” in 2017, Oberbank has once again proven the high priority it gives to ensuring compatibility of career and family life and equal opportunities for all employees. The goal is to achieve a 40 % ratio of women among newly appointed management staff by 2020. The framework conditions for combining career and family life are good at Oberbank.

Flexible working time arrangements, teleworking options, active parental leave planning and financial assistance for childcare are important contributions Oberbank makes to attain this goal. Participation in the cross mentoring programme run by the province of Upper Austria and the Frauenfachakademie Mondsee, networking events and special seminars for women are further measures to support and promote women.

A workshop was organized in 2017 with the firm TheRedHouse to analyse the situation and develop further activities. Based on the findings of this workshop, measures and ways to implement them were developed.



### **Managing human resource risks**

The key human resource risks are clearly defined and are systematically monitored, recorded and evaluated. Based on key risk indicators, it is possible to take measures in time to eliminate or mitigate threats and risks.

### **Number of employees**

The average headcount of the Oberbank Group (employees, full time equivalents) rose by one person to 2,050 in 2017. The expansion of our branch network in Vienna, Hungary and Germany is the main reason for the increase. Additionally, investments were made to increase staff capacities due to regulatory requirements and in a bid to support expansion at the main office. Parallel to this, costs were cut by taking advantage of natural fluctuations and by optimising processes in central areas as well as in the service areas at the branches.

## *Assuming Responsibility*

Oberbank is explicitly committed to ensuring that ecological and social aspects are taken into account. In the banking sector more than anywhere else, economy, reliability, stability and solidity are valuable assets that need to be treated with great care, because the trust of customers, employees and other stakeholders is an asset of utmost importance.

### ***Sustainability of all activities***

Oberbank can only be economically successful if it lives up to its ecological and social responsibility. The Management Board has therefore taken great care to implement appropriate measures to ensure that the Bank fully discharges its social responsibility, thus safeguarding the sustainability of the company's business model.

### ***Economic responsibility***

A responsible approach to conducting business is the only way to ensure that an enterprise will be effectively and enduringly integrated in the economic structure of a region, will contribute to enhancing the common good and generate lasting value added for society. Oberbank is expressly committed to the goal of sustainable business development. The Bank's strategy, business policy, target planning and remuneration system all focus on long-term business success and make sustainable, successful development the guiding principle of all corporate activities.

### ***Ecological Responsibility***

Using resources responsibly is part and parcel of corporate social responsibility, which is why Oberbank strives for the highest levels of environmental compatibility in all its operations, processes and products. Emphasizing environmental aspects in building and energy management as well as in the planning of business trips and in procurement policy sets the course towards reducing costs in the long term.

### ***Responsibility in product design***

Oberbank makes an effort to live up to its ecological responsibility with respect to products as well. Customers of Oberbank's investment fund company 3 Banken-Generali Investment-Gesellschaft have the opportunity to invest their money in an eco-friendly and ethical funds. The 3 Banken Nachhaltigkeitsfonds invests in enterprises committed to sustainable management. The fund's sustainability criteria include a focus on clean and renewable energy, energy efficiency, health, water, sustainable consumption, sustainable mobility as well as environmental and educational services.

### ***Social responsibility***

Addressing social issues constitutes a further important aspect of Oberbank's commitment. Financial and organisational assistance for different projects ensures that Oberbank's economic success also benefits people and groups that live in a less privileged environment. Oberbank furthermore takes an active role in promoting cultural activities, which the Bank perceives as an important aspect of its corporate social responsibility.

### ***Measures aimed at promoting women (§ 243c (2) no. 2 Business Code) and diversity concept (§ 243c (2) no. 2a Business Code)***

The Management Board and Supervisory Board of Oberbank have developed a diversity concept which also includes measures to promote women.

The Management Board of Oberbank currently consists of three male Austrian citizens. Two Management Board members are in charge of sales and share responsibility for the regional sales units in the bank's five country markets. Sales units report to these Management Board members in line with those members' main remits, i.e. Corporate and Business Banking and Personal Banking respectively.

The third Management Board member is in charge of back office matters and the relevant departments dealing with these.

The Supervisory Board consists of three female shareholder representatives and nine male shareholder representatives. All are specialists in their fields, with the board exhibiting a broad diversification (banks, insurance, industry, academia). In accordance with the strategic goal of preserving the independence of Oberbank, there is no political influence on the Supervisory Board.

In accordance with the one-third parity rule, six employee representatives are on the Supervisory Board of the Bank, these being three women and three men from various areas of the bank, ranging from a Central Works Council member exempted from work to representatives from sales and internal audit.

As regards compliance with the statutory ratio requiring at least 30% women and at least 30% men on the Supervisory Board, the shareholder representatives and employee representatives agreed at the AGM meeting of 25 Sept. 2017 to meet the ratio together and also waived any objections in this respect for five years.

With five female Supervisory Board members in total, Oberbank met the statutory ratio mandated as of 31 Dec. 2017 (30% of 18 = 5.4; rounding to 5 permitted), and now in 2018 it is six women or 33% due to the delegation of a female employee representative instead of a male employee.

### **Target ratios and implementation strategy**

#### **Management Board members**

At present, the three members of the Management Board (governing body) are all male. In the past few years, recruiting from the ranks of higher management has been very successful. Therefore, it must be the aim of the bank to ensure, already at the second management level, that the share of women in management positions increases continuously.

To this end, the “Zukunft Frau 2020” (Future Women 2020) project was initiated in 2011, to raise the share of women in management positions at the bank from 20% at the time to double that level. In a bid to gradually approach this target, a rule was imposed that a minimum quota of 40% of women must be promoted every year when new management positions or vacancies below Board level are filled.

The project involves financial support for childcare (also during the holiday months), the opportunity for women on childcare leave to participate in further education events, targeted careers development for women, flexible working time and work organisation models to ease women's return to work, home office offers and special seminars for women as (potential) executives.

Within the framework of the “Zukunft Frau 2020” project, Oberbank also applied for certification as a family-friendly employer. Following an examination by a certified expert on 14 April 2011, the Federal Ministry of Economic Affairs, Family and Youth awarded Oberbank the “berufundfamilie” Basic Certificate for its efforts for a period of three years from 5 June 2011. Following an external evaluation by TÜV SÜD Landesgesellschaft Österreich GmbH, Oberbank was awarded this government quality certificate for a further three years in 2014. The implementation of further measures is now being evaluated annually by external experts.

As at 31 December 2017, Oberbank (IFRS group including Leasing) employed 88 women in executive positions (up to the team leader level); this corresponds to a share of 21.7% (2016: 85 women or 21.4%).

#### **Supervisory Board (shareholder representatives)**

When filling expiring mandates, the Chair of the Supervisory Board and the Nominations Committee of Oberbank always endeavour to find qualified women to take on Supervisory Board mandates.

Since the target quota of 25% was defined in 2013 - at the time there was one woman on the board as a shareholder representative - this figure has tripled, and a woman now chairs the Supervisory Board.

Given the statutory rules stipulating a share of at least 30% of female members on the Supervisory Board, it is, of course, our goal to meet the quota for the long term also among the shareholder representatives, notwithstanding the consensus currently in place under which Works Council representatives are included in the count.

### **Supervisory Board (employee representatives)**

As of 2018, the members of the Supervisory Board delegated by the Works Council are 50% women and 50% men.

### **Compliance**

In the area of securities compliance, a new automation-assisted compliance system was implemented in 2017, which serves, in particular, to mitigate risk by quickly and specifically enabling the discovery of malversation relating to securities trading, in particular, market manipulations or insider dealing. It provides for proactive monitoring through ad hoc and regular evaluations and helps to avoid reputational damage and monetary loss.

A further focus of compliance activities were surveillance and support for the implementation of the statutory requirements of the MiFID II rules, which enter into force as of 2018.

Compliance monitoring in accordance with the Standard Compliance Code of the Banking Industry, the Securities Supervision Act (SSA 2007), and the provisions of the Issuers' Compliance Regulation was performed as required also in 2017. The Compliance Office conducted regular checks of financial transactions with the help of computer-assisted processes. The relevant reports on compliance activities were sent to the management.

Additionally, the Bank organised employee training courses, in particular, for the staff involved in the settlement and clearing of securities transactions.

### **Money laundering**

In the financial year 2017, as in the past, the measures to prevent money laundering and terrorism financing were a special focus of Oberbank.

The main challenge in this context was the implementation of the legal provisions of the Fourth Anti-Money Laundering Directive (EU) 2015/849 and also of national law. The introduction of the Financial Market Anti-Money Laundering Act (FM-GwG) marked the first time that all of the main provisions for the prevention of money laundering and terrorism financing for credit institutions and financial institutions were compiled in one act of legislation. What is new is the wider scope of the risk-based approach: the concrete cases for the application of simplified or enhanced due diligence are stipulated by law only in exceptional cases. The assessment of such risks / the determining of cases for application shall in future be based only on company-internal risk analyses. The Austrian Financial Market Authority (FMA) may specify concrete cases for application additionally by way of decrees.

Based on the Beneficial Owners Register Act (WiEReG), a register was established for the beneficial owners of companies, other legal entities and trusts. The register is maintained by Statistik Austria, and the competent registration authority is the Federal Ministry of Finance. The persons and legal entities listed below are entitled to inspect the register: tax advisors, auditors, lawyers, notaries, certified accounting specialists, bookkeepers and payroll accountants for the purpose of determining, checking and reporting beneficial owners of their clients as well as all persons or legal entities under the obligation to report suspected money laundering or terrorism financing activities (e.g. credit institutions) as well as anyone having a legitimate interest.

The computer-assisted review of potential AML transactions and potential embargo hits (commodity and person checks) as well as a review of business relationships with politically exposed persons were carried out in accordance with statutory requirements. Within the scope of an ongoing improvement process, the findings gained from the inter-

action with supervisory authorities were implemented after careful scrutiny so as to be able to develop and improve the processes applied.

Employees received training on the themes of money-laundering and terrorism financing during the reporting period so that any risky transactions or business cases can be recognised at an early stage. In the event of suspicious transactions, a report is made to the Financial Intelligence Unit.

Regular reports are made to the Management Board on the activities taken to prevent money laundering.

### ***Mandatory training for anti-money laundering and terrorism prevention for all employees***

All employees of Oberbank must attend an extensive e-learning course on compliance, money laundering and fraud every year. Additionally, local road shows for all employees will be organised by Compliance in 2017, 2018 and 2019. The main focus is on the due diligence obligations under the Financial Market Anti-Money Laundering Act and the Beneficial Owners Register Act.

### Shares and shareholder structure

Oberbank's top priority is to safeguard its independence. This is achieved by securing robust earnings, pursuing a sound risk policy and having shareholders committed to preserving the independence of Oberbank.

No single shareholder of Oberbank AG is in a position to acquire a direct or indirect controlling interest. A syndicate agreement between BKS, BTV and Wüstenrot Genossenschaft specifically aims at ensuring Oberbank's independence. A further stabilising element of the shareholder structure is the fact that the employees also own shares and the long-standing relations with business partners like Wüstenrot and Generali.

### Investors have a choice: ordinary shares and/or preference shares

Investors have a choice between Oberbank ordinary shares and Oberbank preference shares. The preference shares do not give shareholders voting rights, but guarantee a 6% minimum dividend on the pro-rata percentage of the share capital (EUR 9 million), payable at a later time. The dividend was the same for both types of shares at the last payout. As the preference shares do not carry voting rights, they are traded at markdown versus ordinary shares, which results in higher dividend yields.

### Oberbank shares soar to all-time highs in 2017

The shares of Oberbank rose to all-time highs in 2017. Ordinary shares reached a record level of EUR 81.95 on 29 Dec. 2017, while preference shares were quoted at EUR 71.40 on the same day.

Annual performance (price trend and dividend) was + 37.1 % for ordinary shares and + 37.3 % for preference shares in 2017. Market capitalisation of Oberbank AG was EUR 2,861.8 million at the end of 2017, as compared to EUR 2,105.6 million at the end of the preceding year, which is an increase of the company's value by 35.9 %.

### Oberbank shares – key figures

	2017	2016	2015
Number of ordinary no-par shares	32,307,300	32,307,300	29,237,100
Number of preference shares	3,000,000	3,000,000	3,000,000
High (ordinary/preference share) in €	81.95/71.40	60.30/52.75	52.80/38.20
Low (ordinary/preference share) in €	60.36/52.00	52.57/37.70	49.96/37.55
Close (ordinary/preference share) in €	81.95/71.40	60.30/52.50	52.80/37.70
Market capitalization in €m	2,861.8	2,105.6	1,656.8
IFRS earnings per share in €	5.68	5.59	5.47
Earnings per share in €	0.90	0.65	0.55
P/E ratio, ordinary shares	14.4	10.8	9.7
P/E ratio, preference shares	12.6	9.4	6.9

Oberbank ordinary shares have been listed on the Vienna Stock Exchange since 1 July 1986. Ever since, the value of the share has been rising steadily: shareholders who acquired Oberbank shares in 1986 and participated in all capital increases have achieved an average yield of 9.5% per year (before withholding tax) taking into account dividend distributions.

### Attractive valuation, constant dividends

Earnings per share rose significantly in 2017 from EUR 5.59 to EUR 5.68. Based on the shares' closing prices, the price/earnings ratio (PER) for ordinary shares was 14.4, and for preference shares 12.6.

At the 138th Annual General Meeting on 15 May 2018, the Board will recommend a dividend payout of EUR 0.90 per qualifying share; this is EUR 0.25 higher than in the preceding year.



### Oberbank shareholder structure at 31/12/2017

	Ordinary shares	Total
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	16.98%	16.15%
BKS Bank AG, Klagenfurt	15.21%	14.21%
Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	4.90%	4.50%
Generali 3 Banken Holding AG, Vienna	1.93%	1.76%
Employees	3.76%	3.61%
CABO Beteiligungsgesellschaft m. b. H., Vienna	25.97%	23.76%
Free float	31.25%	36.01%

### Investor relations and communication

Oberbank informs shareholders in detail about its financial position and earnings performance in its quarterly and annual reports. The website [www.oberbank.at](http://www.oberbank.at) also provides a continuous flow of information. The invitation to the Annual General Meeting encourages shareholders to seek direct contact with the members of the Management Board and the Supervisory Board.

Potentially price-sensitive events are disclosed through the euro adhoc system under “Insider Information”. In the financial year 2017, Oberbank published two such disclosures.

### Investor Relations – Contact

Frank Helmkamp  
 Phone: +43/(0)732/78 02 ext. 37247  
[frank.helmkamp@oberbank.at](mailto:frank.helmkamp@oberbank.at)  
[www.oberbank.at](http://www.oberbank.at)

### Financial calendar 2018

Publication of the annual financial statements in the official gazette “Wiener Zeitung”	28 March 2018
Record date in respect of Oberbank shares	5 May 2018
Annual General Meeting	15 May 2018
Ex-dividend day	22 May 2018
Record date - dividend	23 May 2018
Dividend payouts	24 May 2018
Publication of quarterly reports	
1 <sup>st</sup> quarter	18 May 2018
1 <sup>st</sup> half-year	24 Aug. 2018
1 <sup>st</sup> to 3 <sup>rd</sup> quarter	30 Nov. 2018

Consolidated income statement in €k

in €k	2017	2016	Change	
			in €k	in %
1. Interest and similar income	415,695	420,940	-5,245	-1.2
2. Interest and similar expenses	-100,428	-112,619	12,191	-10.8
3. Income from entities recognised using the equity method	72,209	51,323	20,886	40.7
Net interest income and income from entities recognised using the equity method	387,476	359,644	27,832	7.7
4. Charges for losses on loans and advances	-28,408	-25,026	-3,382	13.5
5. Net commission income	156,283	146,729	9,554	6.5
6. Net commission expenses	-15,655	-15,804	149	-0.9
Net commission income	140,628	130,925	9,703	7.4
7. Net trading income	9,947	11,395	-1,448	-12.7
8. Administrative expenses	-266,245	-251,753	-14,492	5.8
9. Other operating income	-4,520	-6,082	1,562	-25.7
a) Net income from financial assets - FV/PL	2,429	10,851	-8,422	-77.6
b) Net income from financial assets - AFS	14,370	11,925	2,445	20.5
c) Net income from financial assets - HtM	0	0	0	-
d) Other operating income	-21,319	-28,858	7,539	-26.1
Profit for the period before tax	238,878	219,103	19,775	9.0
10. Income taxes	-38,355	-37,825	-530	1.4
Consolidated profit for the year after tax	200,523	181,278	19,245	10.6
of which attributable to the owners of the parent company and the owners of additional equity components	200,055	181,064	18,991	10.5
of which attributable to non-controlling interests	468	214	254	> 100.0

Performance indicators

	2017	2016
Cost/Income ratio in %	49.90	50.77
Return on equity before tax in %	10.06	10.76
Return on equity after tax in %	8.44	8.91
Risk/earnings ratio in %	7.33	6.96
Earnings per share in €	5.68	5.59

## Consolidated Financial Statements

### Assets

#### Balance sheet at 31/12/2017 – Assets

	31/12/2017	31/12/2016	± in €k	± in %
in €k				
1. Cash and balances at central banks	845,105	657,558	187,547	28.5
2. Loans and advances to credit institutions	1,253,366	726,110	527,256	72.6
3. Loans and advances to customers	14,760,335	13,777,893	982,442	7.1
4. Loan loss provisions	-392,706	-452,515	59,809	-13.2
5. Trading assets	37,570	62,729	-25,159	-40.1
6. Financial investments	3,726,371	3,779,595	-53,224	-1.4
a) Financial assets - FV/PL	228,565	236,934	-8,369	-3.5
b) Financial assets - AfS	664,796	712,238	-47,442	-6.7
c) Financial assets - HtM	2,007,056	2,113,691	-106,635	-5.0
d) Interest in entities accounted for using the equity method	825,954	716,732	109,222	15.2
7. Intangible assets	929	1,080	-151	-14.0
8. Property, plant and equipment	292,955	240,790	52,165	21.7
a) Investment property	98,905	96,545	2,360	2.4
b) Other property, plant and equipment	194,050	144,245	49,805	34.5
9. Other assets	306,681	365,299	-58,618	-16.0
a) Deferred tax assets	48,947	37,850	11,097	29.3
b) Positive fair values of closed out derivatives in the banking book	124,609	170,047	-45,438	-26.7
c) Other	133,125	157,402	-24,277	-15.4
<b>Total assets</b>	<b>20,830,606</b>	<b>19,158,539</b>	<b>1,672,067</b>	<b>8.7</b>

## Consolidated Financial Statements

### Liabilities

#### Balance sheet at 31/12/2017 – Liabilities

	31/12/2017	31/12/2016	± in €k	± in %
in €k				
1. Amounts owed to credit institutions	4,155,297	3,158,643	996,654	31.6
a) Refinance allocated for customer loans	1,793,162	1,425,438	367,724	25.8
b) Other amounts owed to credit institutions	2,362,135	1,733,205	628,930	36.3
2. Amounts owed to customers	11,397,394	10,944,486	452,908	4.1
3. Securitised liabilities	1,368,250	1,403,957	-35,707	-2.5
4. Provisions for liabilities and charges	381,030	322,049	58,981	18.3
5. Other liabilities	432,743	386,142	46,601	12.1
a) Trading liabilities	31,848	44,896	-13,048	-29.1
b) Tax liabilities	18,399	6,268	12,131	> 100.0
ba) Current tax liabilities	13,948	2,103	11,845	> 100.0
bb) Deferred tax liabilities	4,451	4,165	286	6.9
c) Negative fair values of derivatives closed out in the banking book	40,475	35,151	5,324	15.1
d) Other	342,021	299,827	42,194	14.1
6. Subordinated debt capital	629,103	660,499	-31,396	-4.8
7. Equity	2,466,789	2,282,763	184,026	8.1
a) Equity after minorities	2,410,541	2,227,772	182,769	8.2
b) Share of non-controlling shareholders	6,248	4,991	1,257	25.2
c) Additional equity capital components	50,000	50,000	0	-
<b>Total equity and liabilities</b>	<b>20,830,606</b>	<b>19,158,539</b>	<b>1,672,067</b>	<b>8.7</b>

## Consolidated Financial Statements

### Regulatory Capital

#### Regulatory capital pursuant to Part 2 of Reg. (EU) No 575/2013

in €k	Change			
	2017	2016	absolute	in %
Subscribed capital	101,422	102,322	-900	0.9
Capital reserves	505,523	505,523	-	-
Retained earnings <sup>1)</sup>	1,728,837	1,557,113	171,724	11.0
Minority interests	0	0	-	-
Accumulated other comprehensive income	38,961	35,670	3,291	9.2
Regulatory adjustment items	-8,925	-39,124	30,199	-77.2
Deductions from common equity Tier 1 capital items	-162,694	-152,121	-10,573	7.0
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>2,203,124</b>	<b>2,009,383</b>	<b>193,741</b>	<b>9.6</b>
AT1 capital instruments	50,000	50,000	-	-
AT1 capital instruments purs. to national implementation rules	29,500	35,400	-5,900	-16.7
Deductions from AT1 capital items	-8,807	-8,827	20	-0.2
Additional Tier 1 capital	70,693	76,573	-5,880	-7.7
<b>TIER 1 CAPITAL</b>	<b>2,273,817</b>	<b>2,085,956</b>	<b>187,861</b>	<b>9.0</b>
Qualifying supplementary capital instruments	308,656	337,264	-28,608	-8.5
Nominal capital preference shares purs. to transition rules	4,500	3,600	900	25.0
AT1 capital instruments purs. to transition rules	29,500	23,600	5,900	25.0
Supplementary capital (Tier 2) items purs. to national impl. rules	28,782	45,688	-16,906	-37.0
General credit risk adjustments	0	0	-	-
Deductions from Tier 2 capital items	-22,359	-13,892	-8,467	61.0
Supplementary capital (Tier 2)	349,079	396,260	-47,181	-11.9
<b>OWN FUNDS</b>	<b>2,622,896</b>	<b>2,482,216</b>	<b>140,680</b>	<b>5.7</b>
<b>Total risk exposure purs. Art. 92 CRR in €k</b>				
Credit risk	12,308,891	11,799,980	508,911	4.3
Market risk, settlement risk and CVA risk	37,497	50,558	-13,061	-25.8
Operational risk	1,009,236	970,730	38,506	4.0
<b>Total exposure</b>	<b>13,355,624</b>	<b>12,821,268</b>	<b>534,356</b>	<b>4.2</b>
<b>Total risk exposure purs. Art. 92 CRR in %</b>				
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>Regulatory requirement own capital ratios purs. to transition rules in %</b>				
Common equity Tier 1 capital ratio	6.577%	5.125%	1.45% ppt	
Tier 1 capital ratio	8.343%	6.625%	1.72% ppt	
Total capital ratio	10.693%	8.625%	2.07% ppt	
<b>Regulatory capital requirements purs. to transition rules in €k</b>				
Common equity Tier 1 capital	878,426	657,090	221,336	33.7
Tier 1 capital	1,114,286	849,409	264,877	31.2
Total capital	1,428,144	1,105,834	322,310	29.2
<b>Free capital components in €k</b>				
Common equity Tier 1 capital	1,324,698	1,352,293	-27,595	-2.0
Tier 1 capital	1,159,531	1,236,547	-77,016	-6.2
Total capital	1,194,752	1,376,382	-181,630	-13.2

<sup>1)</sup> Incl. allocation to retained earnings 2017 subject to approval by the Supervisory Board on 20 March 2018.

## Corporate and Business Banking

	2017	2016	±in %
in €m			
Net interest income	237.6	225.2	5.5 %
Charges for losses on loans and advances	-20.7	-17.2	20.4 %
Net commission income	75.0	71.2	5.3 %
Net trading income	-0.3	0	
Administrative expenses	-133.2	-134.6	-1.0 %
Other operating income	-23.5	-6.5	> 100.0 %
Extraordinary profit/loss			
Profit for the period before tax	134.9	138.1	-2.3 %
Profit for the period before tax	56.5 %	63.0 %	-6.5 % ppt
Average credit and market risk equivalent (Banking Act)	8,974.1	8,570.6	4.7 %
Segment assets	11,412.8	10,549.8	8.2 %
Segment liabilities	7,966.0	7,564.0	5.3 %
Average allocated equity	1,324.5	1,126.4	17.6 %
Return on equity before tax (RoE)	10.2 %	12.3 %	-2.1 % ppt
Cost/income ratio	46.1 %	46.4 %	-0.3 % ppt

### Overview of business performance in 2017

- Net profit decreased by 2.3 % to EUR 134.9 million in Corporate and Business Banking in 2017.
- Net interest income rose by 5.5 % to EUR 237.6 million and net commission income was up by 5.3 % to EUR 75.0 million.
- Charges for losses on loans and advances increased by 20.4 % to EUR 20.7 million.
- Administrative expenses declined by 1.0 % to EUR 133.2 million and other operating income showed a negative balance of EUR 23.5 million.
- RoE decreased to 10.2 % and the cost/income ratio remained almost unchanged at 46.1 %.
- At the end of 2017, Oberbank served a total of approximately 50,000 corporate customers; 6,300 of these were newly acquired.

<b>Personal Banking</b>			
	2017	2016	±in %
in €m			
Net interest income	57.1	55.6	2.7%
Charges for losses on loans and advances	-8.0	0.2	> -100.0%
Net commission income	65.7	59.7	10.1%
Net trading income			
Administrative expenses	-86.2	-86.2	-
Other operating income	3.9	-3.1	> -100.0%
Extraordinary profit/loss			
Profit for the period before tax	32.4	26.3	23.2%
Share in profit for the period before tax	13.6%	12.0%	1.6% ppt
Average credit and market risk equivalent (Banking Act)	1,630.2	1,508.9	8.0%
Segment assets	2,998.5	2,828.9	6.0%
Segment liabilities	5,471.9	5,305.2	3.1%
Average allocated equity	240.6	198.3	21.3%
Return on equity before tax (RoE)	13.5%	13.3 %	0.2% ppt
Cost/income ratio	68.1%	76.8%	-8.7% ppt

### Overview of business performance in 2017

- In the Personal Banking segment, profit before tax in 2017 was EUR 32.4 million, which is 23.2% higher year on year.
- Net profit before tax rose by 2.7% to EUR 57.1 million and after tax by 10.1% to EUR 65.7 million.
- Impairment charges amounted to EUR 8.0 million.
- At EUR 86.2 million, administrative expenses did not change year on year.
- Return on equity rose in the Personal Banking segment by 0.2%-points to 13.5%, and the cost/income ratio improved by 8.7%-points to 68.1%.
- At the end of 2017, Oberbank served approximately 285,000 retail customers, of which some 15,000 had been newly acquired in 2017.

## Financial Markets

	2017	2016	±in %
in €m			
Operating interest income	20.5	27.6	-25.7%
Equity method	72.2	51.3	40.7%
Net interest income	92.7	78.9	17.5%
Charges for losses on loans and advances	0.3	-8.0	> -100.0%
Net fee and commission income	0	0	
Net trading income	10.3	11.4	-9.7%
Administrative expenses	-7.5	-7.7	-2.6%
Other operating income	21.6	16.6	30.1%
Extraordinary profit/loss			
Profit for the period before tax	117.4	91.2	28.7%
Profit for the period before tax	49.2%	41.6%	7.6 ppt
Average credit and market risk equivalent (Banking Act)	5,485.1	5,407.5	1.4%
Segment assets	5,818.8	5,172.7	12.5%
Segment liabilities	6,610.8	5,626.0	17.5%
Average allocated equity	809.6	710.7	13.9%
Return on equity before tax (RoE)	14.5%	12.8%	1.7 ppt
Cost/income ratio	6.0%	7.2%	-1.2 ppt

## Overview of business performance in 2017

- Net interest income in the Financial Markets segment rose by 17.5% to EUR 92.7 million. Operating net interest income was much lower year on year at EUR 20.5 million, while income from equity investments was 40.7% higher year on year at EUR 72.2 million.
- Charges for losses on loans and advances showed a positive balance of EUR 0.3 million due to reversals of prior impairments.
- Net trading income decreased by 9.7% to EUR 10.3 million; other operating income improved by 30.1% to EUR 21.6 million.
- Profit in Financial Markets thus rose by 28.7% to EUR 117.4 million.
- Return on equity rose by 1.7%-points to 14.5%, while the cost/income ratio dropped by 1.2%-points to 6.0%.

## Segment Other

- The segment Other encompasses the income and expense items which cannot be meaningfully assigned to any of the other segments, including, above all, overheads classified as staff costs and other administrative expenses as well as depreciation and amortisation.
- The loss for the year before tax in 2017 in the Other segment was EUR -45.9 million, after EUR -36.5 million in the preceding year.



**Supervisory Board**

*Honorary President*

Hermann Bell

*Chairwoman*

Herta Stockbauer

*Vice Chairmen*

Ludwig Andorfer

Gerhard Burtscher

*Members*

Wolfgang Eder

Gregor Hofstätter-Pobst (from 16 May 2017)

Barbara Leitl-Staudinger

Alfred Leu

Peter Mitterbauer

Karl Samstag

Barbara Steger

Herbert Walterskirchen

Martin Zahlbruckner

*Staff representatives*

Wolfgang Pischinger, Chairman of the Central Works Council of Oberbank AG

Alexandra Grabner

Elfriede Höchtel

Stefan Miltenyi

Markus Rohrbacher

Herbert Skoff

**State Commissioner**

Angelika Schlögel, State Commissioner, appointed as of 1 August 2017

Jutta Raunig, Deputy State Commissioner, appointed as of 1 July 2017

**Management Board**

Franz Gasselsberger, CEO

Josef Weißl

Florian Hagenauer

## Organisational Chart

### Management Board Members

#### Chairman of the Management Board, CEO

Franz Gasselsberger  
Phone: +43/(0)732/7802 ext. 37204  
franz.gasselsberger@oberbank.at

#### Management Board Member

Josef Weißl  
Phone +43/(0)732/7802 ext. 37220  
josef.weissl@oberbank.at

#### Management Board Member

Florian Hagenauer  
Phone +43(0)732/78 02 ext. 37206  
florian.hagenauer@oberbank.at

### Banking Departments

#### Corporate & International Finance

Peter Kottbauer  
Phone: +43/(0)732/7802 ext. 37301  
peter.kottbauer@oberbank.at

#### Global Financial Markets

Helmut Edlbauer  
ext. 32630, helmut.edlbauer@oberbank.at

#### Credit Management

Volkmar Riegler  
ext. 37340, volkmar.riegler@oberbank.at

#### Private Banking & Asset Management

Erich Stadlberger  
ext. 37550, erich.stadlberger@oberbank.at

#### Personal Banking

Brigitte Haider  
ext. 37271, brigitte.haider@oberbank.at

### Compliance Officer, Anti-Money Laundering Officer

Peter Richtsfeld  
Phone: +43/(0)732/7802 ext. 37427,  
peter.richtsfeld@oberbank.at

### Service Departments

#### Human Resources

Bernhard Wolfschütz  
Phone: +43/(0)732/7802 ext. 37231  
bernhard.wolfschuetz@oberbank.at

#### Accounts & Controlling

Harald Hummer  
ext. 32401, harald.hummer@oberbank.at

#### Internal Audit

Cornelis Gerardts  
ext. 32169  
cornelis.gerardts@oberbank.at

### Organisational Development, Strategy and Process Management

Wolfgang Kern  
ext. 37648  
wolfgang.kern@oberbank.at

### Strategic Risk Management

Andreas Lechner  
ext. 32420  
andreas.lechner@oberbank.at

### Corporate Secretary & Communication

Andreas Pachinger  
ext. 37460  
andreas.pachinger@oberbank.at

### Central Services and Production

Konrad Rinnerberger  
ext. 32307  
konrad.rinnerberger@bdsg.at

## Structure

### Oberbank Leasing Group

#### Austria

Hans Fein  
Phone +43/(0)732/7802 ext. 37138  
hans.fein@oberbank.at

#### Germany

Michael Gerner  
Phone: +49/(0)8671/9986 ext. 11  
michael.gerner@oberbank.de

#### Czech Republic

Luděk Knypl  
Phone: +420/2/241901 ext. 62  
ludek.knypl@oberbankleasing.cz

Ing. Robert Černický

Phone: +420/387/7171 ext. 68  
robert.cernicky@oberbank.at

#### Slovakia

Friedrich Rehr (retired from 1 Jan. 2018)  
Phone: +421/(0)2/581068 ext. 87  
friedrich.rehr@oberbank.at

#### Hungary

Mihály Nadas  
Phone: +36/(0)1/29828 ext. 51  
mihaly.nadas@oberlizing.hu

### Oberbank Vertriebsservice GmbH, Linz

Brigitte Haider  
Phone +43/(0)732/7802 ext. 37271  
brigitte.haider@oberbank.at

### Real Estate Services

#### Oberbank Immobilien-Service Gesellschaft m.b.H., Linz

Matthias-Munir Midani  
Phone +43/(0)732/7802 ext. 32261  
matthias.midani@oberbank.at

### Private Equity und Mezzanin Finance

#### Oberbank Opportunity Invest Management Gesellschaft m.b.H., Linz

Roland Leitinger  
Phone +43/(0)732/7802 ext. 37564  
roland.leitinger@oberbank.at

### Banken DL Servicegesellschaft m.b.H.

Konrad Rinnerberger  
Phone +43/(0)732/7802 ext. 32307  
konrad.rinnerberger@bdsg.at

### 3 Banken Joint Ventures

#### Drei Banken

#### Versicherungs-Agentur GmbH, Linz

Alexander Rammerstorfer  
Phone +43/(0)732/7802 ext. 37171  
alexander.rammerstorfer@dbvag.at

#### Drei Banken

#### Versicherungsmakler GmbH, Niederlassung Linz

Walter Schwinghammer  
Phone: +43/(0)5 05 333 ext. 82000  
walter.schwinghammer@3bvm.at

#### DREI-BANKEN-EDV Gesellschaft m.b.H., Linz

Karl Stöbich  
Phone +43/(0)732/7802 ext. 32609  
karl.stoebich@3beg.at

#### 3 Banken-Generali Investment- Gesellschaft m.b.H., Linz

Alois Wögerbauer  
Phone +43/(0)732/7802 ext. 37424  
alois.woegerbauer@3bg.at

#### 3-Banken Wohnbaubank AG, Linz

Siegfried Kahr  
Phone +43/(0)732/7802 ext. 37270  
siegfried.kahr@3banken-wohnbaubank.at

Erich Stadlberger  
Phone +43/(0)732/7802 ext. 37550  
erich.stadlberger@3banken-wohnbaubank.at

### HEAD OFFICE

A-4020 Linz, Untere Donaulände 28  
Phone +43/(0)732/78 02 ext. 0  
Telefax: +43/(0)732/78 02 ext. 32140  
www.oberbank.at

### AUSTRIA

#### Main Branch Linz-Donaulände, GB Linz Nord

A-4020 Linz, Untere Donaulände 36  
Günther Ott  
Phone: +43/(0)732/78 02 ext. 37366,  
guenther.ott@oberbank.at

#### Main Branch Landstraße, GB Linz Süd

A-4020 Linz, Landstraße 37  
Klaus Hofbauer  
Phone +43/(0)732/774211 ext. 31322  
klaus.hofbauer@oberbank.at

#### Main Branch Salzburg

A-5020 Salzburg, Alpenstraße 98  
Petra Fuchs  
Phone: +43/(0)662/6384 ext. 201  
petra.fuchs@oberbank.at

#### Main Branch Innviertel

A-4910 Ried im Innkreis,  
Friedrich-Thurner-Straße 9  
Erich Brandstätter  
Phone: +43/(0)7752/680 ext. 52214  
erich.brandstaetter@oberbank.at

#### Main Branch Wels

A-4600 Wels, Ringstraße 37  
Wolfgang Pillichshammer  
Phone: +43/(0)7242/481 ext. 200  
wolfgang.pillichshammer@oberbank.at

#### Main Branch Salzkammergut, Gmunden

A-4810 Gmunden, Esplanade 24  
Thomas Harrer  
Phone: +43/(0)7612/62871 ext. 12  
thomas.harrer@oberbank.at

#### Main Branch Lower Austria, St. Pölten

A-3100 St. Pölten, Domplatz 2  
Franz Frosch  
Phone +43/(0)2742/385 ext. 44,  
franz.frosch@oberbank.at

#### Main Branch Vienna

A-1030 Wien, Schwarzenbergplatz 5  
Andreas Klingan  
Phone: +43/(0)1/53421 ext. 55010  
andreas.klingan@oberbank.at

### REGIONAL DIVISION GERMANY

#### Main Branch

**South Bavaria**  
D-80333 München  
Oskar-von-Miller-Ring 38  
Robert Dempf  
Phone: +49/(0)89/55989 ext. 201  
robert.dempf@oberbank.de

#### Main Branch

**North Bavaria-Hesse-Thuringia**  
D-90443 Nürnberg  
Zeltnerstraße 1  
Thomas Decker  
Phone: +49/(0)911/72367 ext. 11  
thomas.decker@oberbank.de

### REGIONAL DIVISION

#### CZECH REPUBLIC

CZ-12000 Praha 2, nám. I. P. Pavlova 5  
Robert Pokorný  
Phone: +420/224/1901 ext. 12  
robert.pokorny@oberbank.cz

### REGIONAL DIVISION

#### HUNGARY

H-1062 Budapest, Váci út 1–3  
Peter Szenkurök  
Phone: +36/(06)1/29829 ext. 37  
peter.szenkuroek@oberbank.hu

### REGIONAL DIVISION

#### SLOVAKIA

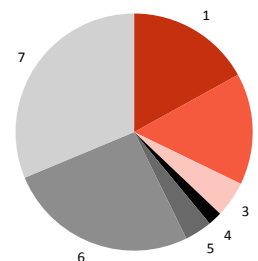
SK-821 09 Bratislava, Prievozská 4/A  
Yvonne Janko  
Phone: +421/(02)/581068 ext. 10  
yvonne.janko@oberbank.sk

## Shareholders

### Oberbank AG, BKS Bank AG and Bank für Tirol und Vorarlberg AG as at 31 Dec. 2017 by voting shares

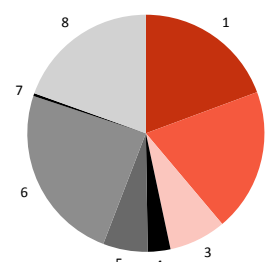
#### Oberbank

1	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	16.98%
2	BKS Bank AG, Klagenfurt	15.21%
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	4.90%
4	Generali 3 Banken Holding AG, Wien	1.93%
5	Employees	3.76%
6	CABO Beteiligungsgesellschaft m. b. H., Wien	25.97%
7	Free float	31.25%



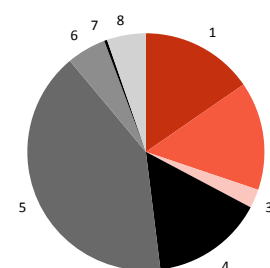
#### BKS

1	Oberbank AG, Linz	19.36%
2	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	19.50%
3	Generali 3 Banken Holding AG, Wien	7.80%
4	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	3.09%
5	UniCredit Bank Austria AG, Wien	6.10%
6	CABO Beteiligungsgesellschaft m. b. H., Wien	24.25%
7	BKS – Belegschaftsbeteiligungsprivatstiftung, Klagenfurt	0.45%
8	Free float	19.45%



#### BTV

1	Oberbank AG, Linz	14.38%
2	BKS Bank AG, Klagenfurt	14.78%
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	2.66%
4	Generali 3 Banken Holding AG, Wien	15.77%
5	CABO Beteiligungsgesellschaft m. b. H., Wien	40.83%
6	UniCredit Bank Austria AG, Wien	5.96%
7	BTV Privatstiftung, Innsbruck	0.40%
8	Free float	5.22%



There is a syndicate agreement with each of the shareholders shown in shades of red.

### *Publication Information*

Oberbank AG  
Untere Donaulände 28, 4020 Linz  
Phone: +43/(0)732/7802  
Telefax: +43/(0)732/78 58 10  
BIC: OBKLAT2L  
Routing code: 15000  
OeNB-ID No.: 54801  
DVR (data processing code): 0019020  
Companies Register: FN 79063 w, District Court Linz.  
VAT ID: ATU22852606  
ISIN Oberbank ordinary shares: AT0000625108;  
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Internet: [www.oberbank.at](http://www.oberbank.at); E-Mail: [sek@oberbank.at](mailto:sek@oberbank.at)

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When adding up rounded figures and calculating percentage rates of change, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded.

#### **Disclaimer Forward-looking statements**

This Report contains statements and forward-looking statements regarding Oberbank AG's future development. These forward-looking statements are usually accompanied by words such as "estimates", "expects", "plans", "predicts", "targets" and similar expressions. The forecasts are our estimates based on the information at our disposal on the copy deadline date 31 December 2017. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialize, the actual results may vary from those currently expected.

This Report does not constitute any recommendation to buy or sell shares of Oberbank AG.

A separate glossary has not been included in this Report, as the terms used are either common terminology or, where required, explained directly in the text.

This English version of the Report is prepared for the convenience of English-speaking readers.

[www.oberbank.at](http://www.oberbank.at)

Oberbank. Not just any bank.

