

# INTERIM REPORT TO SHAREHOLDERS as at 31 March 2010

## OBERBANK AT A GLANCE

<b>Income statement in €m</b>	<b>Q1 2010</b>	<b>+/-</b>	<b>Q1 2009</b>
Net interest income	73.9	6.4%	69.5
Charges for losses on loans and advances	(25.2)	12.1%	(22.5)
Net commission income	24.6	11.3%	22.1
Administrative expenses	(51.7)	1.6%	(50.9)
Profit from operating activities *	52.3	20.2%	43.5
Profit for the period before tax	27.1	28.9%	21.0
Consolidated net profit for the period	21.5	12.6%	19.1
<b>Balance sheet in €m</b>	<b>31/03/2010</b>	<b>+/-</b>	<b>31/12/2009</b>
Assets	16,379.3	2.2%	16,031.4
Loans and advances to customers after provisioning charge	9,610.9	0.2%	9,594.0
Primary funds	10,782.8	(1.2%)	10,916.4
of which savings deposits	3,390.0	(0.3%)	3,399.2
of which securitised liabilities including subordinated capital	2,132.0	4.5%	2,040.2
Equity	1,065.9	2.9%	1,035.6
Customer funds under management	18,945.8	1.4%	18,686.8
<b>Own funds within the meaning of BWG in €m</b>	<b>31/03/2010</b>	<b>+/-</b>	<b>31/12/2009</b>
Assessment basis	10,229.0	2.6%	9,970.5
Own funds	1,541.2	0.5%	1,534.3
of which core capital (Tier 1)	954.7	(0.1%)	955.4
Surplus own funds	664.4	(2.2%)	679.5
Core capital ratio in %	9.33	(0.25%pt)	9.58
Total capital ratio in %	15.07	(0.32%pt)	15.39
<b>Performance in %</b>	<b>Q1 2010</b>	<b>+/-</b>	<b>Q1 2009</b>
Return on equity before tax	10.39	0.98%pt	9.41
Return on equity after tax	8.26	(0.30%pt)	8.56
Cost/income ratio	49.74	(4.20%pt)	53.94
Risk/earnings ratio (credit risk in % of net interest income)	34.12	1.73%pt	32.39
<b>Resources</b>	<b>Q1 2010</b>	<b>+/-</b>	<b>Q1 2009</b>
Average number of staff (weighted)	1,966	(34)	2,000
Branches	133	(1)	134

\* From 30 June 2009 onward, the item Other operating profit has also been taken into account in calculating the profit from operating activities. The comparative figures for the previous year have been adjusted accordingly.

# THE OBERBANK GROUP IN THE FIRST QUARTER OF 2010



Dear Shareholders, Customers and Business Partners of Oberbank,

## Growth in core business segments, cautious risk policy, outstanding result

After having clearly outperformed the Austrian market in general in the highly challenging environment of the financial year 2009, we once again achieved an excellent result in the first quarter of 2010.

We posted further growth in our core lines of business, namely financing and deposit banking. Improved results in the spread-related and services business coupled with rigorous cost management enabled us to continue our cautious risk policy and make substantial allocations to credit risk provisions. Despite these high provisioning charges, our result for the first quarter increased sizeably even against the backdrop of the high basis of comparison presented by last year's first quarter result.

## Further increase in business volume

- Substantial increase in total assets
- Expansion of deposits and lending
- Customer assets under management: + 12%

The Bank's total assets widened by 5.3% or €823.8 million to €16,379.3 million in comparison with the first quarter of 2009.

Volume growth in lending business continued, with loans and advances to customers rising by 1.1% or €104.1 million to €9,870.8 million. Our liquidity cushion, primary funds including subordinated capital, widened by a remarkable 5.6% or €568.6 million to €10,782.8 million.

The total volume of assets entrusted to us by our customers increased by 12.0% or more than €2 billion to €19 billion!

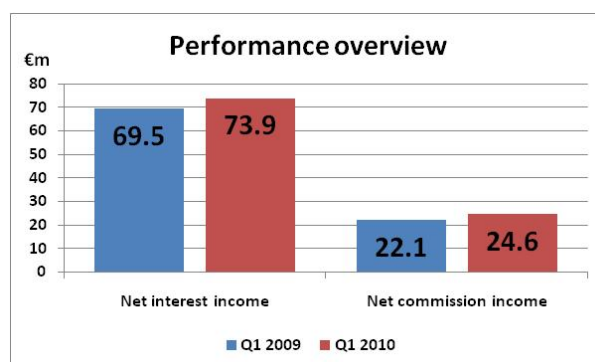
## Outstanding earnings development

- Interest and commission income notably higher
- Expenses edged up only slightly
- Profit from operating activities: + 20% to €52 million

Widening by 8.4% or €5.2 million to €66.9 million, interest income from credit operations showed a particularly gratifying development. Income from equity investments, by contrast, declined by €0.8 million or 10.3% to €7.0 million owing to lower profit contributions from the companies in Oberbank's investment portfolio.

Overall, net interest income grew by 6.3% or €4.4 million to €73.9 million.

Totalling €24.6 million (+ 11.3% / €2.5 million), net commission income reflected the pronounced recovery of earnings in the securities business. Commission income from payment services and lending business also edged up in comparison to the first quarter of 2009.



At the same time, administrative expenses rose by only 1.6% or €0.8 million to €51.7 million, notwithstanding the Bank's market entry in Slovakia in April 2009.

On balance, profit from operating activities soared by 20.2% or €8.8 million to €52.3 million.

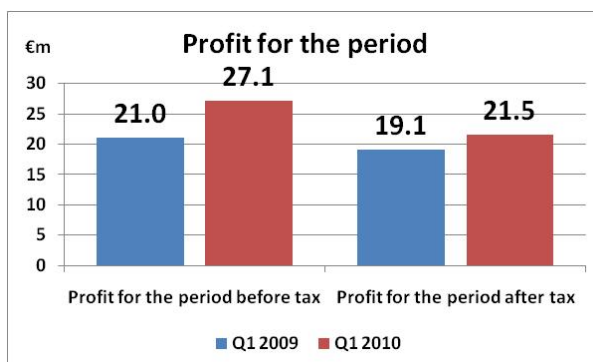
### High profit growth despite substantial risk provisioning

- Allocations to risk provisions: €25 million
- Net profit before taxes: +29%,
- Profit after tax: +13%

We continued our particularly cautious provisioning policy, allocating another €25.2 million to charges for losses on loans and advances, which thus stood at €390.0 million or almost 4% of the total lending volume on 31 March 2010.

Notwithstanding these high allocations to provisions, our profit before tax for the first quarter came to €27.1 million (+28.9% / €6.1 million), while the net profit for this period amounted to €21.5 million (+12.6% / €2.4 million).

This is a remarkable achievement in particular considering the fact that Oberbank – by contrast to almost all other banks – never suffered a sharp decline of earnings in 2009; hence, the Bank generated this result against the backdrop of a high basis of comparison.



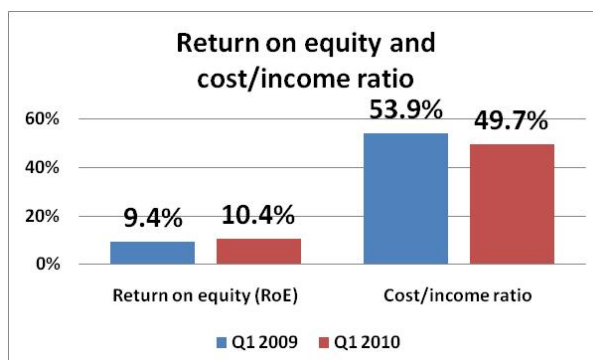
### Excellent performance indicators

- Cost/income ratio for the first time below 50%, increase in ROE to 10.4%
- Total capital ratio 15.1%, core capital ratio 9.3%

Sustained by the pronounced growth of operating income paired with an only slight increase of expenses, our cost/income ratio dropped below 50% for the first time and stood at the excellent level of 49.7% at the end of the first quarter of 2010.

Thanks to the Bank's outstanding earnings development, the ROE before tax rose markedly from 9.4% to 10.4%, an improvement achieved against the backdrop of a substantial equity capital increase.

Our total capital ratio stood at 15.1% on 31 March, which is 2.8 percentage points above the comparative figure of the previous year; synchronously, the core capital ratio widened by 1.2 percentage points to 9.3%.



CEO

Franz Gasselsberger

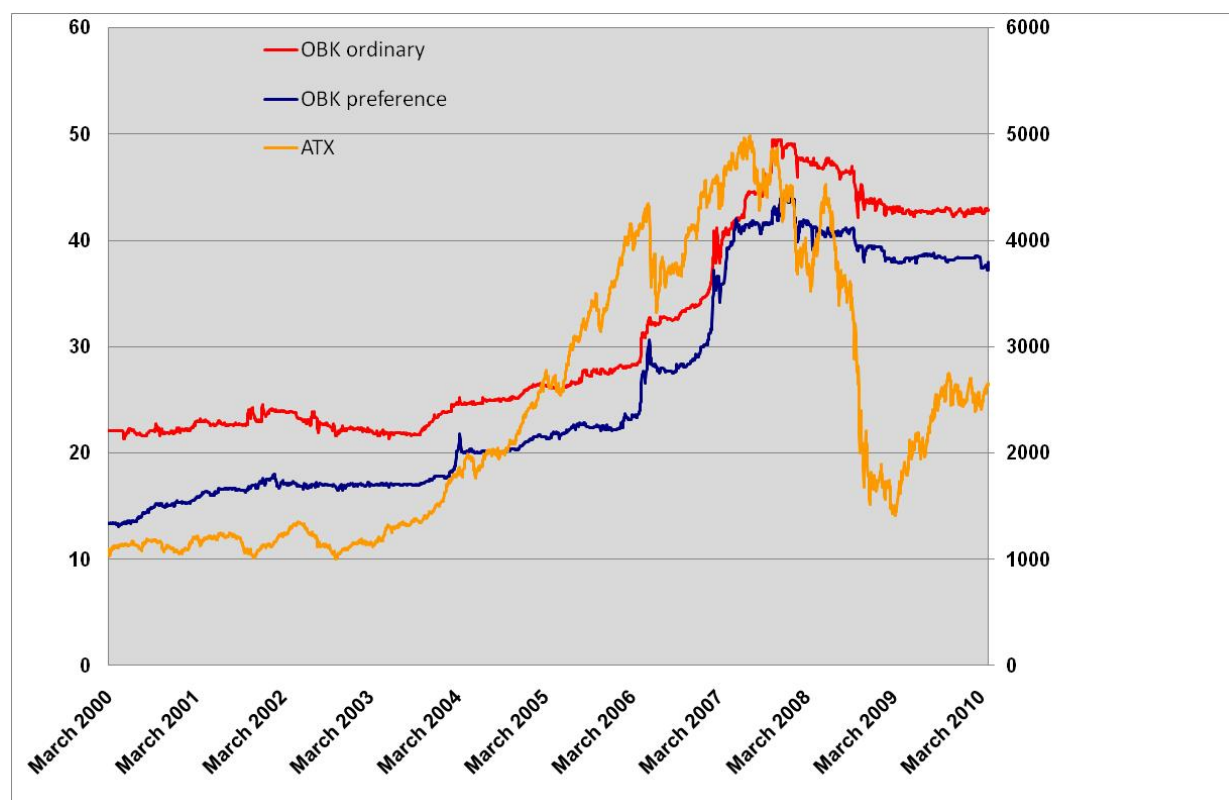
Chairman of the Management Board

## THE OBERBANK SHARES

The exceptionally stable price development of the Oberbank share continued in the first quarter of 2010.

Oberbank stock – key figures	Q1 201	Q1 2009
Number of ordinary no-par shares	25,783,125	24,090,000
Number of no-par preference shares	3,000,000	3,000,000
High (ordinary/preference share) in €	43.10/38.50	44.40/39.40
Low (ordinary/preference share) in €	42.50/37.20	42.80/37.90
Close (ordinary/preference share) in €	42.90/38.00	43.50/38.00
Market capitalisation in €m	1,220.1	1,162.0
IFRS earnings per share in €, annualised	2.99	2.86
P/E ratio (ordinary share)	14.35	15.21
P/E ratio (preference share)	12.71	13.29

### Oberbank ordinary and preference shares compared with the ATX



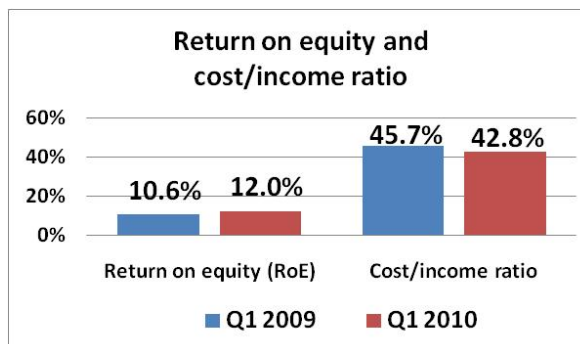
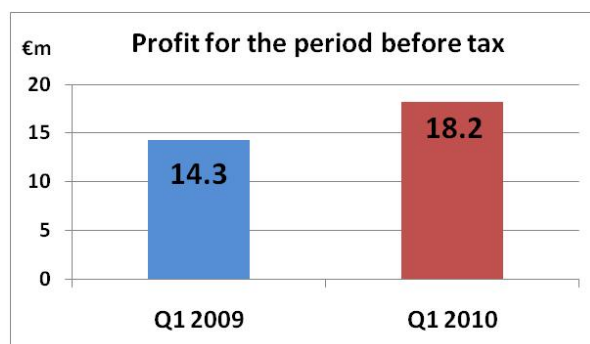
## THE BUSINESS SEGMENTS IN THE FIRST QUARTER OF 2010

### CORPORATE AND BUSINESS BANKING SEGMENT

€m	Q1 2010	Q1 2009	+/- in absolute terms	+/- %
Net interest income	42.1	39.7	2.4	6.1
Charges for losses on loans and advances	(13.8)	(14.4)	0.7	(4.7)
Net commission income	12.5	11.6	0.9	7.3
Net trading income	(0.5)	(0.7)	0.2	(31.4)
Administrative expenses	(23.9)	(24.2)	0.3	(1.0)
Other operating profit (loss)	1.7	2.3	(0.6)	(24.1)
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>18.2</b>	<b>14.3</b>	<b>3.9</b>	<b>27.4</b>
Average credit and market risk equivalent (BWG)	7,615.9	7,560.1	55.8	0.7
Average allocated equity	603.7	539.5	64.1	11.9
<b>Return on equity (ROE)</b>	<b>12.0%</b>	<b>10.6%</b>	<b>1.4%pt</b>	
<b>Cost/income ratio</b>	<b>42.8%</b>	<b>45.7%</b>	<b>(2.9%pt)</b>	

#### Profit for the period up by 27.4%

The improved result in the Corporate and Business Banking segment is mainly due to the increase in net interest income, which rose by a gratifying €2.4 million or 6.1% to €42.1 million year on year.



Charges for losses on loans and advances declined by €0.7 million or 4.7% to €13.8 million. Net commission income rose by 7.3% or €0.9 million to €12.5 million. Net trading income improved by €0.2 million to minus €0.5 million. Administrative expenses declined by €0.3 million or 1.0% to €23.9 million. Other operating profit dropped by €0.6 million or 24.1% to €1.7 million.

On balance, the profit for the period before tax improved by €3.9 million or 27.4% to €18.2 million. The return on equity increased by 1.4 percentage points to 12.0%, while the cost/income ratio improved by 2.9 percentage points to 42.8%.

### More than 35,500 corporate and business banking customers

The positive trend in new customer acquisition continued in the first quarter of 2010, with Oberbank gaining 1,156 new corporate and business banking customers in this period. Oberbank currently services 35,748 corporate and business banking customers.

### Commercial lending

The Bank's total portfolio of loans to corporate and business banking customers increased by 1% or €76.7 million to €7,791.6 million year on year.

Commercial loans as at 31 March 2010	Commercial loans as at 31 March 2009	YoY growth in absolute terms	YoY growth in %
€7,791.6 m	€7,714.9 m	€76.7 m	1.0%

### Investment finance

One of Oberbank's core competences, subsidised investment finance, once again – and notwithstanding the sluggish pace of economic recovery – posted substantial growth in the first quarter of 2010. In this period, the number of investment and innovation project applications increased by 62% compared to the first quarter of 2009. In fact, project applications increased by 36% as compared to 2007, a year with booming investment activity. These figures reflect the fact that entrepreneurs were already busily implementing projects that had been shelved in the previous two years.

Project applications as at 31 March 2010	Project applications as at 31 March 2009	YoY growth in absolute terms	YoY growth in %
196	121	75	62%

By contrast to the huge increase in terms of project numbers, the volume of investment finance loans widened at the more moderate rate of 22.6%.

Project volume as at 31 March 2010	Project volume as at 31 March 2009	YoY growth in absolute terms	YoY growth in %
€105.6 m	€86.1 m	€19.5 m	22.6%

Owing to the intensive utilisation of all types of subsidised investment finance facilities (notably the guarantee facilities under the economic stimulus packages) the overall volume of subsidised investment finance loans extended by Oberbank once again increased, widening by 7.1% or €27.9 million to €422.7 million year on year.

Subsidised investment finance	Subsidised investment finance	YoY growth	YoY growth
as at 31 March 2010	as at 31 March 2009	in absolute terms	in %
€ 422.7 m	€ 394.8 m	€ 27.9 m	7.1%

Taking advantage of the historically low level of interest rates (fixed-rate loans from 0.5% p.a.) in place since January 2010, Oberbank's customers made conspicuously intensive use of ERP loans. At the ERP Credit Commission Meeting on 24 March 2010, almost one third of all approved applications were loan applications submitted by Oberbank customers. Besides the classical ERP loans (for investments of about €150,000 and higher), customer applications for loans extended under the ERP small loans facility (for investments between €10,000 and €100,000 available for small enterprises with up to 50 employees) newly introduced in 2009 rose at a particularly high rate.

### Leasing

Leasing receivables from customers decreased by 3.4% to €1,324.2 million year on year, but slightly increased again by 0.5% or €6.1 million compared to the level on 31 Dec. 2009.

Leasing receivables from customers	Leasing receivables from customers	YoY growth	YoY growth
Q1 2010	Q1 2009	in absolute terms	in %
€ 1,324.2 m	€ 1,370.1 m	- € 45.9 m	-3.4%

At the end of the first quarter of 2010, the volume of new leasing business was down by 17.2% or €18.9 million year on year. In comparison with the end of the fourth quarter of 2009, however, the new business volume grew by 5.8% or €5.0 million.

### Structured finance

Customers' project inquiries in the field of structured finance in the first quarter fail to confirm the investment restraint allegedly exercised by many companies. Both the number of projects handled and processed (+50%) and the Oberbank-relevant project volume (+42%) increased substantially compared to the first quarter of 2009.

Whereas inquiries for financing solutions related to change of ownership projects (M&A, business succession) decreased substantially as expected (namely by about 50% in terms of numbers and volume), measures for safeguarding liquidity were high on companies' priority lists alongside investment projects. This was reflected by high demand for structured refinancing facilities. Equally high demand was observed for claims management solutions, where the number of applications doubled as compared to the first quarter of 2010. Looking at current developments, the project structure appears likely to remain more or less unchanged in the second quarter of 2010.

### Oberbank Opportunity Fund

Demand for private equity finance picked up, rising above and beyond the level observed in the first quarter of 2009 and almost back to the numbers seen in 2008. Obviously, entrepreneurs were taking a more optimistic view of economic developments going forward and hence decided to resume previously shelved investment and expansion projects.

The majority of inquiries related to change of ownership measures (management buy-outs, management buy-ins, business succession solutions, etc.), followed by financing applications for expansion and R&D activities and acquisition projects. Entrepreneurs are currently taking advantage of favourable valuations to acquire companies.

Since the launch of the Oberbank Opportunity Fund, the Bank has provided equity and/or mezzanine capital in support of 24 transactions. The committed fund volume amounts to about €61.4 million, of which €48.8 million have already been allocated.

## **International business**

### **Export finance and export promotion**

Hand in hand with the recovery of export activity, demand for the Bank's advisory services increased substantially in the first quarter of 2010. In a number of target destinations of Austrian exporters, liquidity is still expensive and scarce, and hence local importers' demand for trade finance solutions has picked up again.

Corporates and SMEs continued to trust the services of Oberbank even in a turbulent export market; hence, the Bank's market share in export finance under Export Fund procedures rose to 10.62%. Oberbank thus secured an excellent second place in an Austria-wide comparison in this business line. With a market share of 9.58% in terms of large corporate loans extended under the KRR Kontrollbank Credit Line, Oberbank successfully defended its market position in this field in the current financial year.

Equity financing has been moving back into focus in the corporate sector. The export specialists of Oberbank offer competent and comprehensive advisory services to customers requiring acquisition finance and solutions for financing the establishment or expansion of subsidiaries to secure improved market coverage.

### **Foreign investment**

Activities in the field of syndicated loans and promissory note bonds remained subdued in the first quarter of 2010, one of the key reasons being that large corporates already secured their required credit lines in 2009 and, for the time being, need no further resources.

### **Documentary business and guarantees**

The year-on-year expansion of documentary business and guarantees by 5% in terms of volume and 7% in terms of numbers mirrors the recovery of export activities. Income from domestic guarantee business widened at the sturdy rate of 16%.

### **Payment services**

With a view to securing a sustained flow of earnings, fees for payment services in corporate and business banking were revised and adjusted, paying due regard to market conditions and costs. In Personal Banking, fees and charges were index-adjusted as of 1 January 2010. In addition, the first quarter of 2010 witnessed the necessary changes and fine-tuning to the Austrian Payment Services Act (Zahlungsdienstegesetz, ZaDiG), which entered into force in 2009.

### **Developments on capital markets**

In the face of developments in Greece and the PIGS countries (Portugal, Ireland, Greece and Spain) in general, creditworthiness was the dominant issue on capital markets in the first quarter of 2010. Concern about possible further rating downgrades or even a default of Greece gave rise to high uncertainty on the markets.

The euro came under pressure, as Oberbank had anticipated. In this situation, German Bunds reasserted their safe haven status, which entailed increased demand and price gains (and in turn caused long-term yields to fall).

## **Risk management, investments**

### **Interest rate and currency risk management**

In the first quarter of 2010, a large number of Oberbank customers again took advantage of the currently attractive environment for interest rate hedging measures to protect themselves against the risk of a future increase of interest rates.

The number and volume of foreign currency hedging transactions reflected the high level of currency fluctuations in the first quarter of 2010. The business volume in this field increased by 8%, transaction numbers by 6% as compared to the same period in the previous year.

### **Investments**

Oberbank's "Cash Garant V" bond product evolved to a true success story. A volume of more than € 70 million was placed with investors. The "Oberbank Premium Garant" and the "Cash Garant VI" series once again provided proof that flexibility and attractive interest rates are not necessarily a contradiction in terms. The Cash Garant products are still an interesting medium-term investment option for the Bank's corporate customers.

### **Liquidity**

As regards short-term maturities (up to six months), the liquidity situation on the market further improved and brought down Euribor rates. This liquidity also acted as a driving force for the stock market. Notwithstanding the turbulences on the market, stock prices steadily increased, one reason being the high levels of cash flow in many companies.

### **Proprietary trading**

Despite decreasing market volatility and rising insecurity in the wake of concerns over a wide-spread sovereign debt crisis, Oberbank's net trading income remained stable at the level witnessed in the first quarter of 2009.

### **Basel III**

Discussion on Basel III was a topic of central interest in the first quarter. Besides higher capital requirements for banks, the proposals submitted by the Committee of European Banking Supervisors (CEBS) also include much more stringent liquidity requirements. For the time being, the consultation paper only serves as a basis for discussion, but Oberbank is already studying its possible implications for the banking industry, as they are likely to be substantial in nature and render bank refinancing much more difficult and expensive.

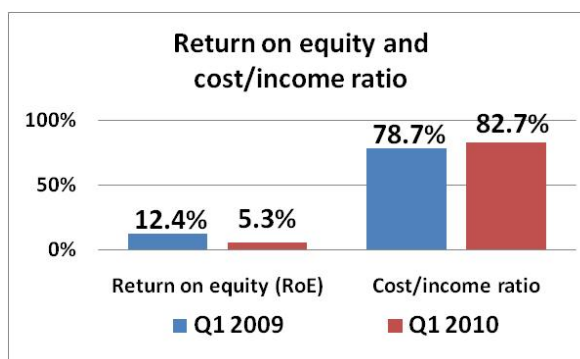
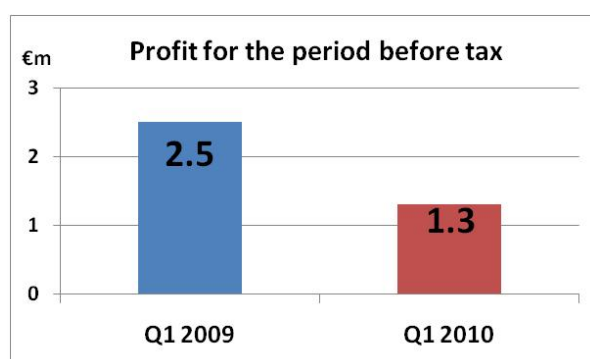
## PERSONAL BANKING SEGMENT

€m	Q1 2010	Q1 2009	+/- in absolute terms	+/- %
Net interest income	12.5	15.8	(3.3)	(20.6)
Charges for losses on loans and advances	(3.1)	(3.1)	0.1	(2.4)
Net commission income	12.1	10.5	1.6	15.7
Net trading income	0.0	0.0	0.0	
Administrative expenses	(20.7)	(20.8)	0.1	(0.8)
Other operating profit	0.3	0.2	0.1	50.7
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>1.3</b>	<b>2.5</b>	<b>(1.2)</b>	<b>(49.8)</b>
Average credit and market risk equivalent (BWG)	1,195.3	1,132.4	62.8	5.5
Average allocated equity	94.7	80.8	13.9	17.2
<b>Return on equity (ROE)</b>	<b>5.3%</b>	<b>12.4%</b>	<b>(7.1%pt)</b>	
<b>Cost/income ratio</b>	<b>82.7%</b>	<b>78.7%</b>	<b>4.0%pt</b>	

### Weaker net interest income, but improved commission income

The profit for the period before tax in the Personal Banking segment decreased by €1.2 million to €1.3 million, due, among other things, to a decline in net interest income of €3.3 million or 20.6% to €12.5 million. Net commission income, by contrast, widened by €1.6 million or 15.7% to €12.1 million.

At €3.1 million, charges for losses on loans and advances remained constant at the previous year's level. Administrative expenses edged down slightly by €0.1 million or 0.8% to €20.7 million. Other operating profit rose by €0.1 million or 50.7% to €0.3 million. The return on equity declined by 7.1 percentage points to 5.3%, whereas the cost/income ratio rose by 4.0 percentage points to 82.7%.



## 1,500 more personal banking customers year on year

Developments in the Personal Banking segment reflected Oberbank's growth strategy. Overall and across all the Bank's lines of business in Austria and abroad, Oberbank serviced a total of 292,509 personal banking customers as at 31 March 2010.

Personal banking customers	Personal banking customers	YoY growth	YoY growth
as at 31 March 2010	as at 31 March 2009	in absolute terms	in %
292,509	291,032	1,477	0.5

## More than 2,500 new personal accounts

Oberbank's portfolio of personal accounts grew by 2,521 year on year and totalled 163,106 on 31 March 2010. The Bank's growth and expansion markets – Bavaria, Czech Republic and Hungary – contributed a disproportionately high share to this growth.

Personal accounts	Personal accounts	YoY growth	YoY growth
as at 31 March 2010	as at 31 March 2009	in absolute terms	in %
163,106	160,585	2,521	1.6%

## Personal loans

Despite restrained demand on the part of private lenders, the personal loans portfolio declined only slightly by € 3.2 million or 0.16% and thus remained practically stable compared to the same period of the previous year. Rising by 31.7% to € 83.9 million, newly extended personal loans increased significantly as compared to the first quarter of 2009.

Personal loans	Personal loans	YoY growth	YoY growth
as at 31 March 2010	as at 31 March 2009	in absolute terms	in %
€ 1,940.1 m	€ 1,943.3 m	-€ 3.2 m	-0.16%

## Savings deposits

At 3,366.4 million, the volume of customers' savings deposits at the Bank remained almost stable year on year. Investments in Oberbank savings accounts, by contrast, increased by 24.4% to € 63.2 million by comparison with the first quarter of 2009.

Savings deposits	Savings deposits	YoY growth	YoY growth
as at 31 March 2010	as at 31 March 2010	in absolute terms	in %
€ 3,366.4 m	€ 3,368.1 m	-€ 1.7 m	-0.1%

## Primary deposits

The development of primary deposits once again reflected customers' preference for shorter maturities. Investment decisions continued to focus on liquidity and safety, making Oberbank a favoured partner in the field of short-term investments: primary deposits increased by 5.6% to € 10.8 billion.

Primary deposits as at 31 March 2010	Primary deposits as at 31 March 2009	YoY growth in absolute terms	YoY growth in %
€ 10,782.8 m	€ 10,214.2 m	€ 568.6 m	5.6%

## Securities business

Capital markets were back on an encouraging track. In contrast to the first quarter of 2009, demand for investment funds picked up again. Demand focused on the innovative 3 Banken Sachwerte-Fonds (which invests in particularly inflation-proof assets such as commodities and real estate) and corporate bonds.

Products with guaranteed capital preservation continued to be in high demand. These products are offered in asset classes that are subject to elevated levels of fluctuation (equities, commodities, currencies), but the capital guarantee combined with a superior performance potential attract an extended circle of investors.

## Own issues

Premiums for bank bonds have markedly decreased in comparison to 2009, which can be read as an indicator that trust in the banking industry has improved again. Oberbank grasped this opportunity to step up issuing activities. In the first quarter of 2010, the Bank expanded its issuing volume by 30% year on year to € 219 million. The volume of own issues increased from € 1,925 million to € 2,132 million, which corresponds to an increase of 10.8% or € 207 million.

Paying due regard to increased demand for promissory notes issued by Oberbank AG, the Bank raised longer-term refinancing funds in a volume of more than € 65 million.

## Private Banking

The Private Banking segment continued on its successful track. With a customer base of 6,000 and an above-industry-average volume of customer assets under management amounting to € 500,000, Oberbank took third place in the "Geldmagazin" industry magazine ranking, which rated the Austrian private banking industry by the number of customers serviced.

## Investment funds: 3 Banken Investment GmbH posted above-market growth

In the investment fund business, the volume managed by 3 Banken Generali Investment GmbH widened by almost € 1 billion to € 4.84 billion year on year. About half of this volume increase is attributable to the inflow of new funds, the other half to the excellent portfolio performance.

The volume of assets under management increased by a gratifying € 248 million or 5.4% to € 4.84 billion. This achievement is all the more remarkable compared with 3.95% growth in the market in general.

The 3 Banken Sachwerte-Fonds, which invests in value stocks, gold, commodities and residential real estate, showed equally positive development. This mutual fund is designed for investors seeking protection against inflation in the medium term.

In a rating of top products in the Austrian investment fund market compiled by the Austrian magazine Trend and the rating agency Morningstar, 3 Banken Generali gained two out of 18 awards. This highlights the excellent position 3 Banken Generali Investment GmbH holds among national and international competitors.

### **Growth in building loan association saving**

The number of building and loan contracts brokered by Oberbank for the building loan association Bausparkasse Wüstenrot increased by 4.3% year on year. This marks the best first-quarter result ever achieved since the Bank started its cooperation with Wüstenrot.

### **Insurance services**

In the first quarter of 2010, the premium volume in the endowment policy business increased by 94.5% year on year. This positive start into the year was primarily due to the successful marketing of single-premium endowment insurance policies and the remarkable expansion of sales of company pension insurance products. Looking at the development of endowment insurance policies in the Personal Banking segment, we see an increase of about 58% (in terms of premium volume) compared to the first quarter of 2009.

### **Electronic Banking**

When it comes to eBanking, safety is a central concern for Oberbank. The best proof of this is the successful launch of Oberbank's SMS-based authorisation solution, the new mobile xTAN, which has already been adopted by more than 15,000 customers.

This decision taken with a view to improving safety for customers set the stage for the successive replacement of the hitherto used paper TAN. A further safety measure was to limit amounts transferred using paper-TAN authorisation to €1,000. The objective of these measures was to provide customers with a much safer authorisation solution and to reduce the fraud risk involved in the use of the conventional paper TAN to a minimum.

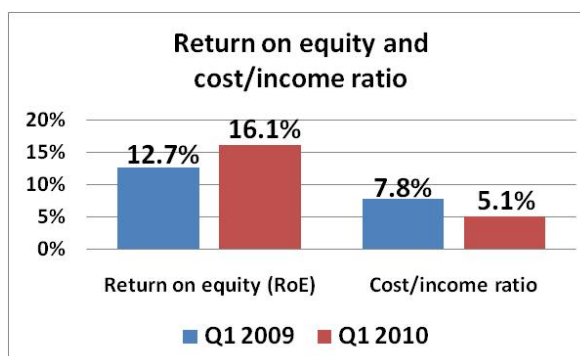
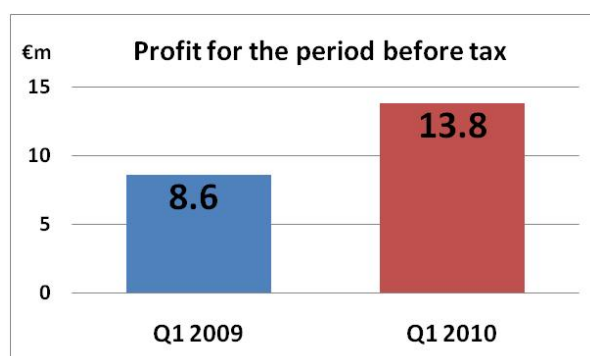
Product use in the field of eBanking also showed very positive development. Year on year, the number of customers increased by 7%, the number of transactions by 10% and the transaction volume by 19%. The trend to eBanking services hence continued unbroken at Oberbank.

## FINANCIAL MARKETS SEGMENT

The Financial Markets segment covers earnings from equity investments and trading activities as well as interest earnings on the surplus of non-interest-bearing liabilities and income from maturity transformation.

€m	Q1 2010	Q1 2009	+/- in absolute terms	+/- %
Net interest income	19.3	14.0	5.3	37.5
Charges for losses on loans and advances	(8.4)	(4.9)	(3.5)	70.5
Net commission income	0.0	0.0	0.0	
Net trading income	2.1	0.8	1.3	>100.0
Administrative expenses	(1.2)	(1.1)	0.0	3.7
Other operating profit (loss)	2.0	(0.1)	2.2	>100.0
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>13.8</b>	<b>8.6</b>	<b>5.2</b>	<b>59.6</b>
Average credit and market risk equivalent (BWG)	4,323.3	3,811.6	511.7	13.4
Average allocated equity	342.7	272.0	70.7	26.0
<b>Return on equity (ROE)</b>	<b>16.1%</b>	<b>12.7%</b>	<b>3.4%pt</b>	
<b>Cost/income ratio</b>	<b>5.1%</b>	<b>7.8%</b>	<b>(2.7%pt)</b>	

In the Financial Markets segment, net interest income increased by €5.3 million or 37.5% to €19.3 million. Charges for losses on loans and advances increased by €3.5 million to €8.4 million year on year. Net trading income soared by €1.3 million to €2.1 million. The pre-tax profit for the period jumped by 59.6% or €5.2 million to €13.8 million. The return on equity improved by 3.4 percentage points to 16.1%, while the cost/income ratio dropped by 2.7 percentage points to 5.1%.



## OWN FUNDS

The core capital increased by 15.9% or €130.9 million to €954.7 million year on year. The core capital ratio thus improved by 1.25 percentage points from 8.08% to 9.33%.

Consolidated own funds within the meaning of Section 24 of the Austrian Banking Act (Bankwesengesetz, BWG) amounted to €1,541.2 million on 31 March 2010, which is 22.7% above the comparable level in the previous year.

The own funds requirement rose to €876.8 million as at 31 March 2010, bringing the Group's surplus own funds to €664.4 million, which is 70% above the previous year's level. At 15.1%, the own funds ratio is almost double the legally stipulated level.

## RISK

The risk policy of Oberbank accommodates all kinds of risks existing in the different lines of business including the Bank's new markets. The Bank's risk management primarily focuses on guaranteeing the safety of the customer assets entrusted to Oberbank, on compliance with own funds requirements, and on securing liquidity.

Credit risk constitutes the most important risk category. Oberbank mitigates this risk by recognising adequate allowances and provisions in the balance sheet. As regards customer ratings and collateralisation policy, Oberbank boasts long years of experience and know-how. Additionally, the Bank's regional business model, professional credit management, and a well-balanced distribution of the overall exposure across the individual customer segments all ensure that the possible impact of this risk component on Oberbank's overall performance is always kept within manageable bounds. We therefore do not expect any extraordinary credit risks to occur in 2010 as a whole.

Further risk components relate to potential losses of value and earnings in the Bank's equity portfolio (equity risk), possible losses due to changes in interest rates, exchange rates and stock prices (market risk), operational risk and liquidity risk. In line with the principle of prudence, these risks are backed by appropriate levels of capital. In terms of liquidity risk, Oberbank is in an excellent position insofar as the entire lending volume (€9.9 billion as at 31 March 2010) can be refinanced from customers' primary deposits (€10.8 billion as at 31 March 2010). In addition, Oberbank has a permanent risk controlling system, stringent process management and other efficient control and monitoring instruments in place. For 2010 as a whole, therefore, Oberbank does not expect any extraordinary risk to arise from these risk components.

## OUTLOOK FOR 2010

- Easing of the credit risk situation
- Increase in credit demand, safety-conscious investors
- Expansion with ten new branches

Framework conditions continue to be challenging, but the credit risk situation has been easing over the past few months. As regards financing business, we are taking a cautiously optimistic view. Corporate demand for credit continues to be subdued and the Austrian central bank OeNB expects only slight growth for 2010. Looking at Oberbank's existing project pipeline, we expect demand to pick up in the second half of the year. In personal lending, the situation has been stabilising since the beginning of 2010. The previous year's declining trend has been halted, but how the market will develop in the coming year remains to be seen. As regards investments, customers are still in search of "safe havens": savings deposits are set to increase further in 2010; investors show a penchant for capital-guaranteed and inflation-protected products. Against this backdrop, and taking advantage of favourable framework conditions and endeavouring to support customers in all their key markets, Oberbank has set the stage for continued organic growth by planning the launch of ten new branches (three each in Vienna and Bavaria, two each in Hungary and Slovakia).

### Profit growth hinges on market developments

- High insecurity in all markets
- Improvement in income from equity investments and net commission income
- Profit for the year stable at last year's high level

Though earnings developments were highly satisfactory in the first quarter, the results for the year as a whole are difficult to foretell with any degree of certainty. We expect high volatility on all markets, which will have an impact on spread-related and services business.

Generally, we are focussing efforts on returning to a better level of earnings from equity investments and commission income in 2010. This should enable the Bank to keep net profit at the level of the previous year and permit the Board to propose an attractive dividend at the Annual General Meeting and to enhance the enterprise value for the Bank's shareholders through allocations to reserves.

## THE 3 BANKEN GROUP IN THE FIRST QUARTER OF 2010

The 3 Banken Group developed along satisfying lines in the first quarter of 2010.

Joint total assets of the three banks within the 3 Banken Group increased by 5.5% to € 31.6 billion as compared to 31 March 2009. Lending in terms of total volume (after charges for losses on loans and advances) remained stable at € 19.5 billion. Primary deposits increased by 1.7% to € 20.6 billion.

The joint net profit for the period widened by 9.3% to € 41.1 million.

As at 31 March 2010, the three banks were operating a total of 229 branches; they had an average of 3,634 employees on their payrolls in the first three months of 2010.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Prepared in accordance with IFRS

Consolidated statement of comprehensive income  
for the period 1 January to 31 March 2010

Consolidated income statement for the first quarter of 2010		Q1 2010 in €m	Q1 2009 in €m	Change in €m	Change in %
1. Interest and similar income	(1)	113.9	150.4	(36.5)	(24.3)
2. Interest and similar expenses	(1)	(47.0)	(88.7)	41.7	(47.1)
3. Interest from entities accounted for using the equity method	(1)	7.0	7.8	(0.8)	(9.8)
<b>NET INTEREST INCOME</b>	<b>(1)</b>	<b>73.9</b>	<b>69.5</b>	<b>4.5</b>	<b>6.4</b>
4. Charges for losses on loans and advances	(2)	(25.2)	(22.5)	(2.7)	12.1
5. Commission income	(3)	27.3	24.2	3.1	12.8
6. Commission expenses	(3)	(2.6)	(2.0)	(0.6)	28.7
<b>NET COMMISSION INCOME</b>	<b>(3)</b>	<b>24.6</b>	<b>22.1</b>	<b>2.5</b>	<b>11.3</b>
7. Net trading income	(4)	1.6	0.1	1.5	>100.0
8. Administrative expenses	(5)	(51.7)	(50.9)	(0.8)	1.6
9. Other operating profit	(6)	3.9	2.8	1.2	41.8
a) Net income from financial assets – FV through P or L	(6)	0.9	1.2	(0.3)	(28.0)
b) Net income from financial assets – AFS	(6)	1.0	(1.3)	2.3	>(100.0)
c) Net income from financial assets – HtM	(6)	0	0	0	0
d) Other operating profit (loss)	(6)	2.1	2.8	(0.8)	(27.7)
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>27.1</b>	<b>21.0</b>	<b>6.1</b>	<b>28.9</b>
10. Income tax	(7)	(5.5)	(1.9)	(3.7)	>100.0
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>21.5</b>	<b>19.1</b>	<b>2.4</b>	<b>12.6</b>
of which attributable to the owners of the parent company		21.5	19.1	2.4	12.6
of which attributable to minority interests		0.0	0.0	0.0	33.3

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€m)	Q1 2010	Q1 2009
<b>Profit for the period after tax</b>	<b>21.5</b>	<b>19.1</b>
+/- Unrealised gains and losses not recognised in the income statement under IAS 39	11.9	(7.6)
+/- Deferred taxes on items recognised directly in equity under IAS 39	(6.5)	1.9
+/- Exchange differences	(2.2)	(3.8)
+/- Other changes recognised directly in equity of which changes in equity of associates	3.2	(6.9)
<b>Total income and expenses recognised directly in equity</b>	<b>6.3</b>	<b>(16.4)</b>
<b>Total comprehensive income for the period of the net profit for the period and income and expenses recognised directly in equity</b>	<b>27.8</b>	<b>2.7</b>
of which attributable to the owners of the parent company	27.8	2.7
of which attributable to minority interests	0	0

PERFORMANCE INDICATORS	Q1 2010	Q1 2009
Cost/income ratio in %	49.74%	53.94%
Return on equity before tax in %	10.39%	9.41%
Return on equity after tax in %	8.26%	8.56%
Risk/earnings ratio (credit risk to net interest income) in %	34.12%	32.39%
Earnings per share in €	0.75	0.71

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

		31/03/2010	31/12/2009	Change	Change
ASSETS		in €m	in €m	in €m	in %
1. Cash and balances at central banks	(9)	150.6	164.7	(14.1)	(8.6)
2. Loans and advances to credit institutions	(10)	2,396.3	2,093.3	303.0	14.5
3. Loans and advances to customers	(11)	9,870.8	9,836.5	34.3	0.3
4. Impairment provisions	(12)	(265.2)	(249.0)	(16.2)	6.5
5. Trading assets	(13)	60.6	50.4	10.3	20.4
6. Financial investments	(14)	3,596.5	3,581.1	15.5	0.4
a) Financial assets – FV through P or L	(14)	294.8	291.5	3.3	1.1
b) Financial assets – AfS	(14)	788.1	807.0	(18.9)	(2.3)
c) Financial assets – HtM	(14)	2,091.6	2,071.8	19.8	1.0
d) Interest in entities accounted for using the equity method	(14)	422.1	410.8	11.3	2.7
7. Intangible assets	(15)	8.9	9.3	(0.4)	(4.5)
8. Property, plant and equipment	(16)	219.6	221.9	(2.4)	(1.1)
a) Investment property	(16)	80.4	81.4	(1.0)	(1.2)
b) Other property, plant and equipment	(16)	139.2	140.6	(1.4)	(1.0)
9. Other assets	(17)	341.2	323.2	17.9	5.5
a) Deferred tax assets	(17)	23.6	25.7	(2.1)	(8.1)
b) Other	(17)	317.5	297.5	20.0	6.7
<b>TOTAL ASSETS</b>		<b>16,379.3</b>	<b>16,031.4</b>	<b>347.8</b>	<b>2.2</b>

		31/03/2010	31/12/2009	Change	Change
EQUITY AND LIABILITIES		in €m	in €m	in €m	in %
1. Amounts owed to credit institutions	(18)	3,917.2	3,466.5	450.7	13.0
2. Amounts owed to customers	(19)	8,650.8	8,876.2	(225.4)	(2.5)
3. Securitised liabilities	(20)	1,429.2	1,308.1	121.1	9.3
4. Provisions for liabilities and charges	(21)	375.1	363.0	12.2	3.3
5. Other liabilities	(22)	238.1	249.9	(11.8)	(4.7)
a) Trading liabilities	(23)	9.9	28.7	(18.7)	(65.3)
b) Tax liabilities	(22)	11.2	5.1	6.2	>100.0
c) Other	(22)	216.9	216.2	0.8	0.3
6. Subordinated debt capital	(24)	702.8	732.1	(29.3)	(4.0)
7. Equity	(25)	1,065.9	1,035.6	30.3	2.9
a) Equity after minorities	(25)	1,064.6	1,034.2	30.3	2.9
b) Minority interests in equity	(25)	1.3	1.3	0.0	(0.1)
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,379.3</b>	<b>16,031.4</b>	<b>347.8</b>	<b>2.2</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserves	Retained earnings	Translation reserve	Gains (losses) recognised in equity, IAS39	Associated companies	Equity after minorities	Minorities	Equity
<b>In €m</b>									
<b>As at 01/01/2009</b>	<b>81.1</b>	<b>140.8</b>	<b>445.9</b>	<b>0.2</b>	<b>(7.0)</b>	<b>231.8</b>	<b>892.8</b>	<b>1.3</b>	<b>894.1</b>
Consolidated net profit for the year	-	-	16.0	(3.8)	(5.7)	(3.8)	2.7	0.0	2.7
Dividend distribution	-	-	0.0	-	-	-	0.0	-	0.0
Capital increase	0.0	0.0	-	-	-	-	0.0	-	0.0
Required Oberbank shares	(0.3)	(0.6)	-	-	-	-	(0.9)	-	(0.9)
Unrealised gains and losses not recognised in the income statement	-	-	5.1	-	-	6.5	11.6	0.0	11.6
<b>AS AT 31/03/2009</b>	<b>80.8</b>	<b>140.2</b>	<b>467.0</b>	<b>(3.5)</b>	<b>(12.7)</b>	<b>234.5</b>	<b>906.3</b>	<b>1.3</b>	<b>907.6</b>
<b>As at 01/01/2010</b>									
<b>As at 01/01/2010</b>	<b>86.2</b>	<b>194.5</b>	<b>512.4</b>	<b>(0.6)</b>	<b>14.2</b>	<b>227.6</b>	<b>1,034.2</b>	<b>1.3</b>	<b>1,035.6</b>
Consolidated net profit for the year	-	-	16.1	(2.2)	5.4	8.6	27.8	0.0	27.8
Dividend distribution	-	-	0.0	-	-	-	0.0	-	0.0
Capital increase	0.0	0.0	-	-	-	-	0.0	-	0.0
Required Oberbank shares	0.0	(0.1)	-	-	-	-	(0.2)	-	(0.2)
Unrealised gains and losses not recognised in the income statement	-	-	-	-	-	2.7	2.7	0.0	2.7
<b>As at 31/03/2010</b>	<b>86.2</b>	<b>194.3</b>	<b>528.5</b>	<b>(2.9)</b>	<b>19.6</b>	<b>238.9</b>	<b>1,064.6</b>	<b>1.3</b>	<b>1,065.9</b>

<b>CASH FLOW STATEMENT (€m)</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
<b>Cash and cash equivalents at the end of the previous period</b>	<b>164.7</b>	<b>130.4</b>
Cash flows from operating activities	24.2	486.0
Cash flows from investing activities	(5.6)	(439.2)
Cash flows from financing activities	(41.8)	(15.1)
Effects of changes in the scope of consolidation and valuations	11.3	(1.0)
Effects of exchange rate changes	(2.2)	(3.8)
<b>Cash and cash equivalents at the end of the period</b>	<b>150.6</b>	<b>157.3</b>

## **NOTES**

### **to the consolidated interim financial statements as at 31 March 2010**

#### **SUMMARY OF ACCOUNTING POLICIES**

This Interim Report of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC). This Interim Report covers the first quarter of 2010 (1 January 2010 to 31 March 2010) and compares this period with the same period of the previous year. These consolidated interim financial statements for the first quarter of 2010 have been drawn up in compliance with IAS 34 (“Interim Financial Reporting”).

#### **CHANGES IN ACCOUNTING POLICIES IN 2010**

The Interim Report of Oberbank AG has been drawn up using the same recognition and measurement policies applied as at 31 December 2009.

#### **THE OBERBANK GROUP OF CONSOLIDATED COMPANIES**

Besides Oberbank AG, the group of consolidated companies as at 31 March 2010 included 22 domestic and 19 foreign subsidiaries. In the period under review, the consolidated group did not change as compared to 31 December 2009.

## DETAILS OF THE INCOME STATEMENT (€m)

<b>1. NET INTEREST INCOME</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Interest income from credit and money-market business	87.3	123.1
Shares and other variable-yield securities	0.4	1.2
Other equity investments	0.2	0.3
Subsidiaries	3.2	0.8
Fixed-interest securities and bonds	22.8	25.0
<b>INTEREST AND SIMILAR INCOME</b>	<b>113.9</b>	<b>150.4</b>
Interest expenses on deposits	(30.2)	(69.0)
Interest expenses on securitised liabilities	(10.2)	(12.9)
Interest expenses on subordinated liabilities	(6.6)	(6.9)
<b>INTEREST AND SIMILAR EXPENSES</b>	<b>(47.0)</b>	<b>(88.7)</b>
INTEREST FROM ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	7.0	7.8
<b>NET INTEREST INCOME</b>	<b>73.9</b>	<b>69.5</b>
<b>2. CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Allocated to loan loss provisions	(27.4)	(24.9)
Direct write-offs	(0.2)	(0.3)
Reversals of loan loss provisions	2.2	2.3
Recoveries of written-off receivables	0.2	0.4
<b>CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>(25.2)</b>	<b>(22.5)</b>
<b>3. NET COMMISSION INCOME</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Payment services	8.2	8.1
Securities business	8.3	6.9
Foreign exchange, foreign bank note and precious metals business	2.2	2.4
Credit operations	4.9	3.9
Other services and advisory business	0.9	0.9
<b>NET COMMISSION INCOME</b>	<b>24.6</b>	<b>22.1</b>
<b>4. NET TRADING INCOME</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Gains (losses) on interest rate contracts	0.6	3.4
Gains (losses) on foreign exchange, foreign bank note and numismatic business	0.7	0.3
Gains (losses) on derivatives	0.2	(3.7)
<b>NET TRADING INCOME</b>	<b>1.6</b>	<b>0.1</b>

<b>5. ADMINISTRATIVE EXPENSES</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Staff costs	30.1	29.6
- of which contribution to staff benefit fund	0.1	0.1
Other administrative expenses	16.4	16.0
Write-offs and valuation allowances	5.3	5.4
<b>ADMINISTRATIVE EXPENSES</b>	<b>51.7</b>	<b>50.9</b>

<b>6. OTHER OPERATING PROFIT (LOSS)</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
a) Net income from financial assets – FV through P or L	0.9	1.2
b) Net income from financial assets – AfS	1.0	(1.3)
c) Net income from financial assets – HtM	0.0	0.0
d) Other operating profit	2.1	2.8
<b>OTHER OPERATING PROFIT (LOSS)</b>	<b>3.9</b>	<b>2.8</b>

<b>7. INCOME TAXES</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Current income tax expense	5.3	2.3
Deferred income tax expense (income)	0.3	(0.4)
<b>INCOME TAXES</b>	<b>5.5</b>	<b>1.9</b>

<b>8. EARNINGS PER SHARE</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
Number of shares in issue at 31 March	28,783,125	27,090,000
Average number of shares in issue	28,732,158	26,749,862
Consolidated net profit for the period	21.5	19.1
<b>EARNINGS PER SHARE IN €</b>	<b>0.75</b>	<b>0.71</b>
<b>ANNUALISED FIGURES IN €</b>	<b>2.99</b>	<b>2.86</b>

Since no financial instruments with diluting effect were issued, diluted earnings per share were identical with undiluted earnings per share. Earnings per share were the same for both ordinary and preference shares

## DETAILS OF THE BALANCE SHEET (€m)

<b>9. CASH AND BALANCES AT CENTRAL BANKS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Cash in hand	50.9	64.5
Credit balances with central banks of issue	99.8	100.2
<b>CASH AND BALANCES AT CENTRAL BANKS</b>	<b>150.6</b>	<b>164.7</b>

<b>10. LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Loans and advances to Austrian banks	1,195.6	1,118.9
Loans and advances to foreign banks	1,200.7	974.4
<b>LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>2,396.3</b>	<b>2,093.3</b>

<b>11. LOANS AND ADVANCES TO CUSTOMERS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Loans and advances to Austrian customers	6,233.5	6,246.7
Loans and advances to foreign customers	3,637.3	3,589.8
<b>LOANS AND ADVANCES TO CUSTOMERS</b>	<b>9,870.8</b>	<b>9,836.5</b>

<b>12. IMPAIRMENT PROVISIONS</b>							
<b>In €m</b>	<b>At 01/01/2010</b>	<b>Exchange rate changes</b>	<b>Added</b>	<b>Used</b>	<b>Reversed</b>	<b>At 31/03/2010</b>	
Credit risks	173.8	0.5	14.9	(2.3)	(2.2)	184.7	
Country risks	6.6	0.0	-	(1.2)	0.0	5.4	
General provisions	7.0	-	0.7	-	-	7.7	
Portfolio impairment provisions under IAS 39	61.7	-	5.7	-	-	67.4	
Interest value impairments	0.0	0.0	-	-	-	0.0	
<b>Charges for losses on loans and advances <sup>1)</sup></b>	<b>249.0</b>	<b>0.5</b>	<b>21.4</b>	<b>(3.5)</b>	<b>(2.2)</b>	<b>265.2</b>	
Loan loss provisions	119.9	(0.3)	5.2	0.0	0.0	124.8	
<b>TOTAL IMPAIRMENT PROVISIONS</b>	<b>368.9</b>	<b>0.2</b>	<b>26.6</b>	<b>(3.5)</b>	<b>(2.2)</b>	<b>390.0</b>	

1) Loan loss provisions are recognised in line item 4 on the asset side of the balance sheet

<b>13. TRADING ASSETS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
<b>Bonds and other fixed-interest securities</b>		
Listed	27.0	18.4
<b>Stocks and other variable-yield securities</b>		
Listed	2.6	2.5
<b>Positive fair values of derivative financial instruments</b>		
Currency contracts	0.1	0.0

Interest rate contracts	30.9	29.4
Other contracts	0.0	0.0
<b>TRADING ASSETS</b>	<b>60.6</b>	<b>50.4</b>

<b>14. FINANCIAL INVESTMENTS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
<b>Bonds and other fixed-interest securities</b>	2,685.5	2,694.8

<b>Stocks and other variable-yield securities</b>	209.8	199.7
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<b>Equity investments/shares</b>		
Subsidiaries	218.8	218.4
Entities accounted for using the equity method		
- Banks	187.9	183.0
- Non-banks	234.2	227.7
Other equity investments		
- Banks	10.8	10.8
- Non-banks	49.5	46.5
<b>FINANCIAL INVESTMENTS</b>	<b>3,596.5</b>	<b>3,581.1</b>

a) Financial assets – FV through P or L	294.8	291.5
b) Financial assets – AfS	788.1	807.0
c) Financial assets – HtM	2,091.6	2,071.8
d) Interest in entities accounted for using the equity method	422.1	410.8
<b>FINANCIAL INVESTMENTS</b>	<b>3,596.5</b>	<b>3,581.1</b>

<b>15. INTANGIBLE ASSETS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Other intangible assets	8.1	8.5
Customer base	0.8	0.8
<b>INTANGIBLE ASSETS</b>	<b>8.9</b>	<b>9.3</b>

<b>16. PROPERTY, PLANT AND EQUIPMENT</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Investment property	80.4	81.4
Land and buildings	73.2	71.7
Business equipment and furnishings	54.1	53.5
Other property, plant and equipment	11.9	15.4
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>219.6</b>	<b>221.9</b>

<b>17. OTHER ASSETS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Deferred tax assets	23.6	25.7
Other items	315.8	295.9
Other deferrals	1.7	1.7
<b>OTHER ASSETS</b>	<b>341.2</b>	<b>323.2</b>

<b>18. AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Amounts owed		
- Austrian banks	1,507.7	1,261.9
- Foreign banks	2,409.5	2,204.6
<b>AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>3,917.2</b>	<b>3,466.5</b>
<b>19. AMOUNTS OWED TO CUSTOMERS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Savings deposits	3,390.0	3,399.2
Other	5,260.8	5,477.0
<b>AMOUNTS OWED TO CUSTOMERS</b>	<b>8,650.8</b>	<b>8,876.2</b>
<b>20. SECURITISED LIABILITIES</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Issued bonds	1,149.7	1,066.4
Other securitised liabilities	279.5	241.7
<b>SECURITISED LIABILITIES</b>	<b>1,429.2</b>	<b>1,308.1</b>
<b>21. PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Provisions for severance and pensions	207.7	208.1
Provisions for anniversary bonuses	8.2	8.1
Loan loss provisions	124.8	119.9
Other provisions	34.5	26.9
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>375.1</b>	<b>363.0</b>
<b>22. OTHER LIABILITIES</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Trading liabilities	9.9	28.7
Tax liabilities	11.2	5.1
Other liabilities	166.6	167.0
Deferred items	50.3	49.2
<b>OTHER LIABILITIES</b>	<b>238.1</b>	<b>249.9</b>
<b>23. OTHER LIABILITIES (TRADING LIABILITIES)</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Currency contracts	0.2	0.0
Interest rate contracts	9.7	28.7
Other contracts	0.1	0.0
<b>TRADING LIABILITIES</b>	<b>9.9</b>	<b>28.7</b>
<b>24. SUBORDINATED DEBT CAPITAL</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Issued subordinated bonds	6.5	6.6
Supplementary capital	616.1	646.1
Hybrid capital	80.2	79.4
<b>SUBORDINATED DEBT CAPITAL</b>	<b>702.8</b>	<b>732.1</b>

<b>25. EQUITY</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Subscribed capital	86.2	86.2
Capital reserves	194.3	194.5
Retained earnings (including net profit)	757.0	726.5
Untaxed reserves	25.1	25.1
Negative goodwill	1.9	1.9
Minorities	1.3	1.3
<b>EQUITY</b>	<b>1,065.9</b>	<b>1,035.6</b>

<b>26. CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>31 March 2010</b>	<b>31 Dec.2009</b>
Other contingent liabilities (guarantees and letters of credit)	1,389.3	1,347.9
<b>CONTINGENT LIABILITIES</b>	<b>1,389.3</b>	<b>1,347.9</b>
Liabilities arising from non-genuine repos	0.0	40.5
Other commitments (irrevocable loan commitments)	1,446.9	1,463.0
<b>KREDITRISIKEN</b>	<b>1,446.9</b>	<b>1,503.5</b>

## **27. SEGMENT REPORT – CORE BUSINESS SEGMENTS**

	<b>Personal Banking</b>	<b>Corporates</b>	<b>Financial Markets</b>	<b>Other</b>	<b>Consolidated income statement Q1 2010</b>
Net interest income	12.5	42.1	19.3	0.0	73.9
Charges for losses on loans and advances	(3.1)	(13.8)	(8.4)	0.0	(25.2)
Net commission income	12.1	12.5	0.0	0.0	24.6
Net trading result	0.0	(0.5)	2.1	0.0	1.6
Administrative expenses	(20.7)	(23.9)	(1.2)	(6.0)	(51.7)
Other operating profit (loss)	0.3	1.7	2.0	(0.2)	3.9
Extraordinary profit	0.0	0.0	0.0	0.0	0.0
<b>Profit for the period before tax</b>	<b>1.3</b>	<b>18.2</b>	<b>13.8</b>	<b>(6.2)</b>	<b>27.1</b>
Average credit and market risk equivalent	1,195.3	7,615.9	4,323.3	0.0	13,134.5
Average allocated equity	94.7	603.7	342.7	0.0	1,041.1
<b>Return on equity (ROE)</b>	<b>5.3%</b>	<b>12.0%</b>	<b>16.1%</b>		<b>10.4%</b>
<b>Cost/income ratio</b>	<b>82.7%</b>	<b>42.8%</b>	<b>5.1%</b>		<b>49.7%</b>

## DISCLOSURES REQUIRED BY AUSTRIAN LAW

28. HUMAN RESOURCES	Q1 2010	FY 2009
Salaried	1,966	1,990
Blue-collar	21	21
<b>TOTAL RESOURCES</b>	<b>1,987</b>	<b>2,011</b>

29. CONSOLIDATED OWN FUNDS AND REGULATORY OWN FUNDS REQUIREMENT			
Eligible own funds pursuant to Section 24 Austrian Banking Act (BWG) in €m			
Composition	31/03/2010	31/12/2009	31/03/2009
<b>1. Core capital</b>			
Share capital	86.3	86.3	81.3
Holdings of Oberbank AG shares	(0.6)	(0.4)	(1.3)
Disclosed reserves	754.0	754.0	649.5
Minorities	1.4	1.4	1.4
Goodwill arising due to capital consolidation	(0.7)	(0.7)	1.3
Goodwill arising due to the use of the equity method	44.1	44.1	40.1
Hybrid capital	79.0	79.0	59.0
Deductions of intangible assets	(8.9)	(8.5)	(7.4)
<b>TOTAL CORE CAPITAL (TIER I)</b>	<b>954.7</b>	<b>955.4</b>	<b>823.8</b>
CORE CAPITAL RATIO	9.33%	9.58%	8.08%
<b>2. Supplementary own funds (TIER II)</b>			
Eligible supplementary capital bonds	461.9	485.2	443.3
Revaluation reserves (already 45% of undisclosed reserves)	153.4	130.3	0.0
Subordinated bonds (suppl. capital below 3Y maturity)	47.3	41.0	33.9
<b>TOTAL SUPPLEMENTARY OWN FUNDS (TIER II)</b>	<b>662.6</b>	<b>656.4</b>	<b>477.1</b>
<b>3. TIER III</b>			
Addition of an amount not exceeding subordinated bonds eligible for Tier II	3.9	2.6	5.0
<b>TOTAL TIER III CAPITAL</b>	<b>3.9</b>	<b>2.6</b>	<b>5.0</b>
<b>4. Deductions</b>			
Deductions of interests in banks/other FI of over 10%	(80.09)	(80.09)	(49.79)
Deductions of interests in banks/other FI of up to 10%	0.0	0.0	0.0
<b>TOTAL OWN FUNDS</b>	<b>1,541.2</b>	<b>1,534.3</b>	<b>1,256.2</b>
Of which: own funds pursuant to Section 23 (14) no. 7 Austrian Banking Act (BWG)	3.9	2.6	5.0
<b>OWN FUNDS RATIO</b>	<b>15.07%</b>	<b>15.39%</b>	<b>12.32%</b>

<b>Own funds requirement</b>	<b>31/03/2010</b>	<b>31/12/2009</b>	<b>31/03/2009</b>
Credit risk pursuant to Section 22 (2) BWG	817.9	797.3	815.1
Trading book purs. to Section 22 o (2) BWG	3.9	2.6	5.0
Operational risk purs. to Section 22 k BWG	55.0	55.0	50.6
Qualified investments purs. to Section 29 (4) BWG	0.0	0.0	0.0
<b>TOTAL OWN FUNDS REQUIREMENT</b>	<b>876.8</b>	<b>854.8</b>	<b>870.7</b>
<b>UNAPPROPRIATED OWN FUNDS</b>	<b>664.4</b>	<b>679.5</b>	<b>385.4</b>
<b>Basis for the calculation of the reserve ratios</b>			
Assessment basis for the credit risk - Section 22 (2) BWG	10,224.2	9,965.7	10,189.0
Specific position risk of the trading book pursuant to Section 22 o nos. 1,3,6 BWG	4.8	4.8	5.5
<b>TOTAL BASIS OF ASSESSMENT</b>	<b>10,229.0</b>	<b>9,970.5</b>	<b>10,194.5</b>

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#### **Financial calendar**

21 May 2010 quarterly results for Q1 2010

20 Aug. 2010 quarterly results for Q1 - Q2 2010

19 Nov. 2010 quarterly results for Q1 – Q3 2010

All information is electronically available under Investor Relations at [www.oberbank.at](http://www.oberbank.at).

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# STATEMENT BY THE MANAGEMENT BOARD PURSUANT TO SECTION 87 OF THE AUSTRIAN STOCK EXCHANGE ACT

## The Management Board confirms that

- the present condensed Interim Report to the Shareholders of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC) and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the Oberbank Group.
- these consolidated interim financial statements cover the first quarter of 2010 (1 January 2010 to 31 March 2010) and that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the IFRS standards governing interim financial reporting.

As at 31 March 2010, major transactions with individuals and companies considered to be related parties amounted to:

- associated companies €k 9,821

Linz, 21 May 2010

## The Management Board

Franz Gasselsberger, Chairman  
Ludwig Andorfer  
Josef Weissl  
Florian Hagenauer

## Notes

This report contains forward-looking statements relating to the future performance of Oberbank AG. These statements reflect estimates which have been made on the basis of all information available to us on the reporting date. Should the assumptions underlying such forward-looking statements prove incorrect, or should risks materialise to an extent not anticipated, actual results may vary from those expected at present. Market share data are based on the most recent information available at the editorial close of this report. In adding up rounded figures and calculating percentage rates of changes, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded off.

## Disclaimer

This Interim Report to Shareholders is prepared for the convenience of English-speaking readers. It is based on the German original; only the German text is binding.

## Imprint

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### 3 BANKEN GROUP AT A GLANCE

Income statement in €m	Oberbank Group		BKS Bank Group		BTV Group	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Net interest income	73.9	69.5	33.2	31.7	32.3	30.8
Charges for losses on loans and advances	(25.2)	(22.5)	(16.0)	(9.3)	(10.6)	(6.2)
Net commission income	24.6	22.1	11.2	9.6	10.9	10.8
Administrative expenses	(51.7)	(50.9)	(22.1)	(21.2)	(22.1)	(23.5)
Profit for the period before tax	27.1	21.0	10.7	8.1	12.2	11.2
Consolidated net profit for the period	21.5	19.1	8.8	8.4	10.8	10.1

Balance sheet in €m	31/03/2010	31/12/2009	31/03/2010	31/12/2009	31/03/2010	31/12/2009
Total assets	16,379.3	16,031.4	6,417.7	6,315.9	8,797.3	8,465.4
Loans and advances to customers after charges for losses on loans and advances	9,610.9	9,594.0	4,432.4	4,350.2	5,462.8	5,384.9
Primary funds	10,782.8	10,916.4	4,038.3	3,907.9	5,774.8	6,259.6
- of which savings deposits	3,390.0	3,399.2	1,887.9	1,804.6	1,365.6	1,412.1
- of which securitised liabilities including subordinated debt capital	2,132.0	2,040.2	624.0	564.7	1,299.1	1,275.4
Equity	1,065.9	1,035.6	580.8	577.5	633.1	612.4
Customer funds under management	18,945.8	18,686.8	9,670.8	9,343.5	9,817.3	10,309.0

Own funds within the meaning of the Austrian Banking Act (BWG) in €m	31/03/2010	31/12/2009	31/03/2010	31/12/2009	31/03/2010	31/12/2009
Assessment basis	10,229.0	9,970.5	4,356.5	4,258.4	5,594.1	5,476.1
Own funds	1,541.2	1,534.3	525.4	514.7	805.1	800.2
- of which core capital (Tier 1)	954.7	955.4	369.7	369.5	513.9	514.6
Surplus of own funds	664.4	679.5	152.1	150.8	333.7	339.5
Core capital ratio in %	9.33	9.58	8.49	8.68	9.19	9.40
Total capital ratio in %	15.07	15.39	12.06	12.09	14.39	14.61

Performance in %	31/03/2010	31/12/2009	31/03/2010	31/12/2009	31/03/2010	31/12/2009
Return on equity before tax	10.39	9.86	7.46	8.93	7.94	8.80
Return on equity after tax	8.26	8.28	6.28	7.76	7.05	8.20
Cost/income ratio	49.74	53.26	48.49	49.92	50.23	53.65
Risk/earnings ratio (credit risk in percent of net interest income)	34.12	34.58	48.11	28.29	32.71	33.83

Resources	Q1 2010	FY 2009	Q1 2010	FY 2009	Q1 2010	FY 2009
Average number of staff (weighted)	1,966	1,990	865	872	803	862
Branches	133	133	55	55	41	41