

INTERIM REPORT TO SHAREHOLDERS as at 30 June 2010

OBERBANK AT A GLANCE

Income statement in €m	H1 2010	+/-	H1 2009
Net interest income	154.7	15.4%	134.0
Charges for losses on loans and advances	(51.6)	4.0%	(49.6)
Net commission income	50.4	15.9%	43.5
Administrative expenses	(104.3)	1.7%	(102.6)
Profit from operating activities	109.5	17.3%	93.3
Profit for the period before tax	57.9	32.4%	43.7
Consolidated net profit for the period	47.7	24.7%	38.3

Balance sheet in €m	30/06/2010	+/-	31/12/2009
Assets	16,547.9	3.2%	16,031.4
Loans and advances to customers after provisioning charge	9,935.5	3.6%	9,594.0
Primary funds	10,861.0	(0.5%)	10,916.4
of which savings deposits	3,352.8	(1.4%)	3,399.2
of which liabilities evidenced by paper including subordinated debt capital	2,168.3	6.3%	2,040.2
Equity	1,085.7	4.8%	1,035.6
Customer funds under management	18,907.4	1.2%	18,686.8

Own funds within the meaning of the Austrian Banking Act (BWG) in €m	30/06/2010	+/-	31/12/2009
Assessment basis	10,244.6	2.8%	9,970.5
Equity	1,513.0	(1.4%)	1,534.3
of which core capital (Tier 1))	953.7	(0.2%)	955.4
Surplus of own funds	635.6	(6.5%)	679.5
Core capital ratio in %	9.31	(0.27%pt)	9.58
Total capital ratio in %	14.77	(0.62%pt)	15.39

Performance in %	H1 2010	+/-	H1 2009
Return on equity before tax	10.99	1.27%pt	9.72
Return on equity after tax	9.06	0.56%pt	8.50
Cost/income ratio	48.79	(3.57%pt)	52.36
Risk/earnings ratio	33.36	(3.65%pt)	37.01

Resources	H1 2010	+/-	H1 2009
Average number of staff (weighted)	1,977	0	1,977
Branches	134	1	133

THE OBERBANK GROUP IN THE FIRST HALF OF 2010



Dear Shareholders, Customers and Business Partners of Oberbank,

After having clearly outperformed the Austrian market in general in the financial year 2009, we once again achieved an excellent result in the first half of 2010:

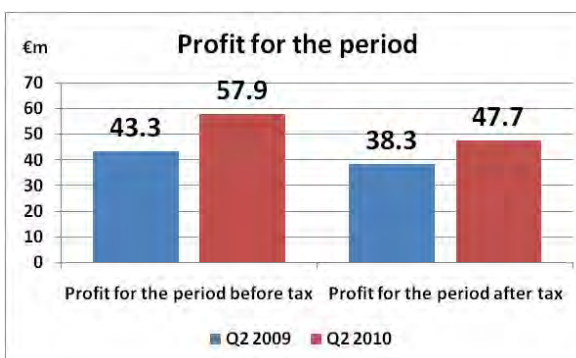
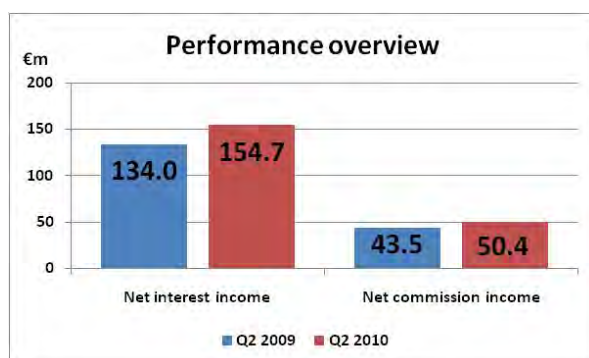
Profit from operating activities € 109.5 million (+ 17.3% / € 16.2 million)

- Interest income notably increased, income from equity investments almost doubled
- Net commission income boosted by recovery in the securities business
- Administrative expenses at previous year's level

Interest income from credit operations showed a very gratifying development, widening by 9.4% or € 11.6 million to € 135.7 million. Income from equity investments, which owing to lower profit contributions from the companies in Oberbank's investment portfolio had previously declined, soared by more than 90% to € 19.0 million year on year. Overall, net interest income thus increased by 15.4% or € 20.7 million to € 154.7 million.

Totalling € 50.4 million (+15.9% / € 6.9 million), net commission income reflected the pronounced recovery of earnings in the securities business. Commission income from payment services, foreign exchange trading and lending also grew.

Despite investments in the expansion of our branch network, administrative expenses rose by only 1.7% or € 1.8 million to € 104.3 million. On balance, profit from operating activities improved by 17.3% or € 16.2 million to € 109.5 million in the first half of 2010.



Marked increase of profit before and after taxes

- Cautious risk policy upheld despite easing of the credit risk situation
- Profit for the period before tax € 57.9 million (+32.4% / € 14.2 million)
- Profit for the period after tax € 47.7 million (+ 24.7% / € 9.5 million)

We are holding on to our cautious risk policy approach even though we have been observing a certain easing of the credit risk situation in recent months. After stocking up our charges for losses on loans and advances by a further € 51.6 million (+4% / € 2.0 million), our risk provisions stood at € 412 million or 4% of the total lending volume on 30 June 2010.

Notwithstanding these high allocations to provisions, our profit before tax for the first half of 2010 came to € 57.9 million (+32.4% / € 14.2 million), while the net profit for the period widened to € 47.7 million (+ 24.7% / € 9.5 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. Oberbank thus generated this result against the backdrop of a high basis of comparison.

Further increase in business volume

- Substantial increase in total assets: +4.3%
- Lending volume exceeds € 10 billion for the first time
- Primary deposits € 10.9 billion, customer assets under management € 18.9 billion

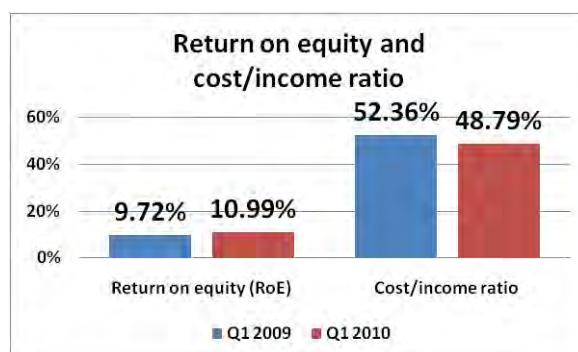
Oberbank expanded its total assets by 4.3% or € 681.7 million to € 16,547.9 million in comparison with the first half of 2009.

Volume growth in lending business continued; loans and advances to customers rose by 4.4% or € 432.6 million to € 10,211.9 million and thus, for the first time, exceeded the € 10 billion mark.

Primary funds, which, including subordinated capital, widened by 5.5% or € 562.8 million to € 10,861.0 million, posted even stronger growth. The total volume of assets entrusted to us by our customers increased by 9.3% to € 18.9 billion year on year.

Excellent performance indicators

- ROE clearly higher, ROA rose to 0.70%
- Excellent cost/income ratio (48.79%) and operating profit ratio (1.32%)
- Total capital ratio and core capital ratio improved perceptibly



The gratifying earnings development helped to lift the Bank's ROE from 9.72% to 10.99% (before taxes) and 8.50% to 9.06% (after taxes).

The annualised ROA, i.e. the net profit for the period divided by total assets, widened from 0.55% to 0.70% despite the simultaneous expansion in business volume. Our cost/income ratio of 48.79% and our operating profit ratio of 1.32% are excellent values in an Austrian industry comparison. Our total capital ratio stood at 14.8% on 30 June, which is 2.4 percentage points above the comparative figure of the previous year; concurrently, the Bank's core capital ratio widened by 1.3 percentage points to 9.3%.

Excellent capital base also in an industry comparison

With our capital ratio of 9.85% in 2009, we feature in the top league of Austrian banks and clearly above the industry average of about 8.5%. This places Oberbank among the top three in the group of system-relevant banks in Austria and clearly ahead of the banks that had to take recourse to the government's rescue package to improve their capital base.

Oberbank's return on equity (ROE) has also increased at outstanding rates and, averaging 10.78% over the past four years (2006-2009), was double the industry average in Austria (about 5%) and in the euro area (about 4%).

CEO Franz Gasselsberger
Chairman of the Management Board

THE OBERBANK SHARES

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

Oberbank stock – key figures	H1 2010	H1 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 €	43.30/38.50	44.40/39.40
Low (ordinary/preference share) in €	42.50/37.20	42.70/37.90
Close (ordinary/preference share) in €	43.25/37.20	43.30/38.50
Market capitalisation in €m	1,226.7	1,158.6
IFRS earnings per share in € annualised	3.32	2.86
P/E ratio (ordinary share)	13.03	15.14
P/E ratio (preference share)	11.20	13.46

Oberbank ordinary and preference shares compared with the ATX



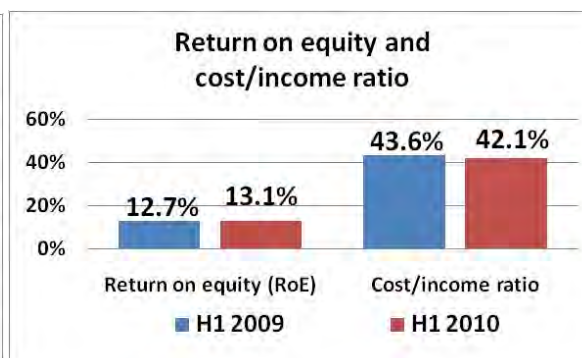
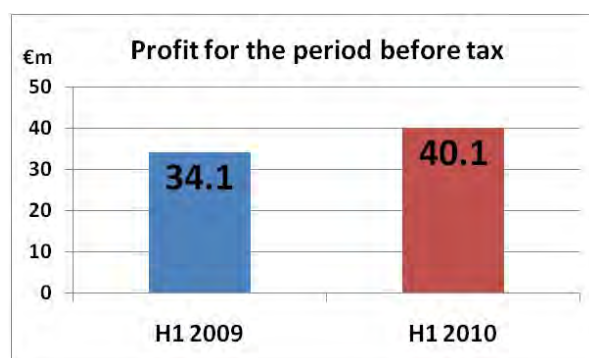
THE BUSINESS SEGMENTS IN THE FIRST HALF OF 2010

CORPORATE AND BUSINESS BANKING SEGMENT

€m	H1 2010	H1 2009	+/- in absolute terms	+/- %
Net interest income	84.3	83.2	1.1	1.3
Charges for losses on loans and advances	(25.7)	(28.5)	2.8	(9.8)
Net commission income	25.8	23.2	2.6	11.4
Net trading income	(0.3)	(0.3)	0.0	(0.3)
Administrative expenses	(47.9)	(48.4)	0.5	(1.1)
Other operating profit (loss)	3.9	4.9	(1.0)	(20.2)
Extraordinary profit	0.0	0.0	0.0	
Profit for the period before tax	40.1	34.1	6.0	17.7
Average credit and market risk equivalent (BWG)	7,667.0	7,624.1	42.9	0.6
Average allocated equity	614.6	539.1	75.5	14.0
Return on equity (ROE)	13.1%	12.7%	0.4%pt	
Cost/income ratio	42.1%	43.6%	(1.5%pt)	

Profit for the period up by 17.7%

Net interest income increased by € 1.1 million or 1.3% to € 84.3 million compared to the same period in the previous year. Charges for losses on loans and advances decreased by € 2.8 million or 9.8% to € 25.7 million. Net commission income widened by 11.4% or € 2.6 million to € 25.8 million.



Administrative expenses edged down by € 0.5 million or 1.1% to € 47.9 million; other operating profit declined by € 1.0 million to € 3.9 million.

On balance, profit for the period before tax rose by € 6.0 million or 17.7% to € 40.1 million.

The return on equity increased by 0.4 percentage points to 13.1%, while the cost/income ratio declined by 1.5 percentage points to 42.1%.

More than 36,000 corporate and business banking customers

The positive trend in new customer acquisition continued in the first half of 2010, with Oberbank gaining 2,444 new corporate and business banking customers in this period. Currently, the Bank services 36,189 corporate and business customers.

Commercial lending

The Bank's total portfolio of loans to corporate and business banking customers increased by 4.2% or € 324.3 million to € 8,072.1 million year on year.

Commercial loans	Commercial loans	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
€8,072.1 m	€7,747.8 m	€324.3 m	4.2%

Investment finance

The total volume of investment finance loans mounted by 5.6% to € 6,382.3 million year on year, the main reasons being that entrepreneurs' willingness to invest has been rising again since the fourth quarter of 2009, previously shelved investments are now being made, and expansion and modernisation projects resumed.

Investment finance	Investment finance	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
€6,382.3 m	€6,043.9 m	€338.4 m	5.6%

Companies have increasingly taken recourse to working capital guarantees and investment loans secured by subsidised federal or provincial government contract bonds to protect their businesses and ensure continued operations even in the case of bad debt losses and weak order books.

Besides the classical promotional instruments provided under AWS and ERP programmes, businesses made extensive use above all of subsidised facilities such as the ERP small business loans programme newly introduced under the Austrian economic stimulus package of 2009.

In the first six months of 2010, the number of applications for subsidised loans for investment projects and innovation projects increased by almost 20% year on year. This translates into an increase of 57% as compared to 2007, a year that was characterised by brisk investment activity.

Project applications	Project applications	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
339	283	56	19.8%

Project applications in terms of investment volume also widened by the impressive rate of 44.5%.

Project volume	Project volume	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
€226.3 m	€156.6 m	€69.7	44.5%

Oberbank – Austrian market leader in ERP-based business promotion lending

Oberbank's efforts to help companies weather the crisis by facilitating access to a range of different promotional facilities (loans at below market rate interest, non-repayable subsidies, guarantees for investment loans and working capital facilities, subsidised equity surrogates) were crowned by success.

In the first half of 2010, applications filed by Oberbank for its customers accounted for 20% of all ERP business promotion loans approved by AWS Austria Wirtschaftsservice GmbH. Oberbank thus features as Austria's most successful trust bank and applicant for ERP funding (fixed interest loans from 0.5% annually, minimum loan amount €100,000 combinable with non-repayable subsidies and promotional guarantees) on behalf of Austrian industrial and commercial enterprises.

Leasing

Leasing receivables from customers decreased by 4.0% to €1,315.2 million year on year.

At the end of the first half of 2009, the volume of new leasing business was down by 38.4% or €110.9 million year on year. In the first half of 2010, more the 67% of new leasing contracts were concluded with Austrian and German customers. Oberbank's Austria-wide market share in terms of new business is 4%, in terms of overall volume about 3%.

Leasing receivables from customers	Leasing receivables from customers	YoY growth	YoY growth
H1 2010	H1 2009	in absolute terms	in %
€1,315.2 m	€1,370.1 m	(€54.9 m)	(4.0%)

Structured finance

Oberbank customers have never been affected by a "credit crunch". Developments in the field of structured finance in the first half of 2010 were another case in point: The number of projects handled increased by 7% year on year. This gratifying result is corroborated by a number of surveys testifying to the fact that many enterprises are already feeling the effects of the economic upturn and that the positive sentiment is spurring investment activity.

Oberbank posted high growth above all in the field of claims management (+88%) and refinancing solutions (+18%), which shows that safeguarding liquidity continued to be a top priority for many companies.

More than 80 applications filed with the Oberbank Opportunity Funds

Demand for private equity finance has been rising notably above and beyond the previous years' level, which mirrors entrepreneurs' more optimistic view of further economic developments and their willingness to implement previously shelved investments and expansion projects.

Three projects were successfully concluded in the first half of 2010. Since the launch of the Oberbank Opportunity Funds, the Bank has facilitated a total of 24 transactions by providing equity and/or mezzanine capital support. The committed fund volume amounts to about €61.4 million.

International business

Export finance and export promotion

The recovery of export activity was not the sole reason for skyrocketing demand (+67%) for the Bank's advisory services in this field. A high share of this growth was achieved outside Oberbank's core markets of Upper Austria and Salzburg, namely in the growth markets of Lower Austria and Vienna. The expansion of the Bank's market share in export finance under Export Fund procedures also reflects this development.

Export Fund	Market share 30 June 2010	Market share 31 Dec.2009
Austria	10.75%	10.26%
Lower Austria	12.10%	8.00%
Vienna	8.30%	4.50%

In the context of Austria's "Go international" programme launched by Austria's Ministry of Economy and the Austrian Federal Economic Chamber, Oberbank provided proof of the above-average quality of its advisory services, securing funds for its customers early on, before the available resources were partially exhausted.

Documentary business and guarantees

Exporters continue to set great store by the hedging of accounts receivable. This, in tandem with the incipient recovery, helped to boost transactions in documentary business, resulting in 13% growth in terms of numbers in the first half of 2010; export letters of credit surged by 18%.

The Bank's offer to provide employee training at customers' premises has been very well received. In this context, a company's specific risk situation in foreign markets is analysed together with the customer, and solutions encompassing insurance contracts and documentary products are jointly elaborated.

Against the backdrop of consistent internationalisation efforts within the Austrian business sector and, above all, a number of attractive projects envisaged by leading Austrian companies, further expansion of the overall transaction volume in this business line is expected.

Payment services

A perceptible decline witnessed due to the weak economic situation in 2009 was partly compensated in the first half of 2010.

The adjustments to the legal framework conditions created through the implementation of the Austrian Payment Services Act put pressure on earnings from payment services. Especially in the corporate and business banking segment, the Bank made considerable efforts to ensure sustainable development in terms of earnings and volumes in this field.

Oberbank Payment Area

Thanks to user-friendly programs and applications specifically tailored to customers' needs, another 5,500 of Oberbank's customers (+7.5%) opted to take advantage of the Bank's electronic banking services as compared to the first half of 2009. Marked growth was seen above all in Oberbank's growth and expansion markets (Germany 8%, Czech Republic 16%, Hungary 89%, Slovakia 180%).

A new and innovative solution specifically for ELBA customers was launched. ELBA updates and full versions are now made available for transmission via a special data server and can be installed with a few mouse clicks; the download via Internet or time-consuming handling of CDs have thus become things of the past.

General availability of intra-day account information implemented in the Czech Republic marks a major improvement in the information quality of electronic banking. With this innovation, account statements are updated on an hourly basis, free of charge and automatically, throughout Germany, the Czech Republic, Hungary and Slovakia and made available electronically via the Bank's eBanking and MultiCash services.

Risk management, investments

Interest rate and currency risk management

While companies in general are still taking a wait-and-see attitude when it comes to interest rate hedging measures, quite a few have already started to focus attention on the topic of rising interest rates. This is reflected by a volume of well above €80 million in new interest rate hedging contracts; the interest rate cap was seen to be a product particularly favoured by customers.

Pronounced fluctuations on currency markets entailed a massive increase in foreign currency hedging transactions. Moreover, following substantial movements of the EUR/CHF exchange rate, numerous foreign currency financing facilities denominated in CHF were refinanced in EUR, which caused the Bank's foreign currency transactions to expand at double digit rates in terms both of numbers and volume.

The use of options for hedging purposes again developed along moderate lines as derivative financial products continue to reflect broad risk aversion.

Oberbank does not expect the strong fluctuations of currency exchange rates to subside in the near future and therefore decided to continue its highly successful series of information events under the title "Dollars for Breakfast" in the second half of 2010.

Investments

Investment issues are an important topic for corporate and business customers; securities with straightforward maturities and exit scenarios for customers enjoy great popularity. The Cash Garant VI – the most recent product of the Cash Garant series – has been very well received because it unites attractive interest earnings with a maximum degree of flexibility.

Primary deposits

"Sideways at a high level" is what best describes the development of primary deposits in the first half of 2010. Sight deposits declined, but this was more than offset by the development of time deposits and brisk growth in promissory note bonds. Savings deposits edged down slightly; average interest rates on sight deposits were adjusted to prevailing market conditions.

Focus on foreign markets

Oberbank's foreign strategy in the first half of 2010 focussed particularly on the following regions: South-East Asia, India, Turkey and Austria's neighbouring states. Besides its role as a competent partner for customers in business activities abroad, Oberbank also sets great store by identifying opportunities for acquiring new business at an early stage and preparing the ground for pertinent activities.

In the second half of 2010, the focus will also be directed at the emerging Latin American region. In view of the rising trend becoming visible in Austria's foreign trade statistics, Oberbank has already started talks with many of its corporate customers, offering its services in support of planned activities in this region.

In the first half of 2010, Oberbank paid special attention to securing its liquidity resources and trading lines as well as ensuring efficient risk monitoring with regard to the individual regions and banks.

A special highlight in the reporting period was the "Oberbank Day 2010" in Linz. More than 300 top bankers from our international network accepted the Bank's invitation to gather information on the position of Oberbank and the Austrian banking industry in general (speech by Mr Ewald Nowotny, Governor of the Austrian National Bank) as well as on recent developments within the EU (report by Wolfgang Wiegand, Chairman of the German Council of Economic Experts).

Proprietary trading

The challenging financial market environment and associated uncertainties were the main reasons for a more cautious approach to managing the Bank's risk capital. Proprietary trading activities were kept at a very moderate level, with the effect that in the first half of 2010 net trading income in this line of business was markedly below the excellent level achieved in the comparable period of the previous year. Notwithstanding this decline, Oberbank considers this approach appropriate as long as a marked change or stabilisation trend does not become perceptible.

PERSONAL BANKING SEGMENT

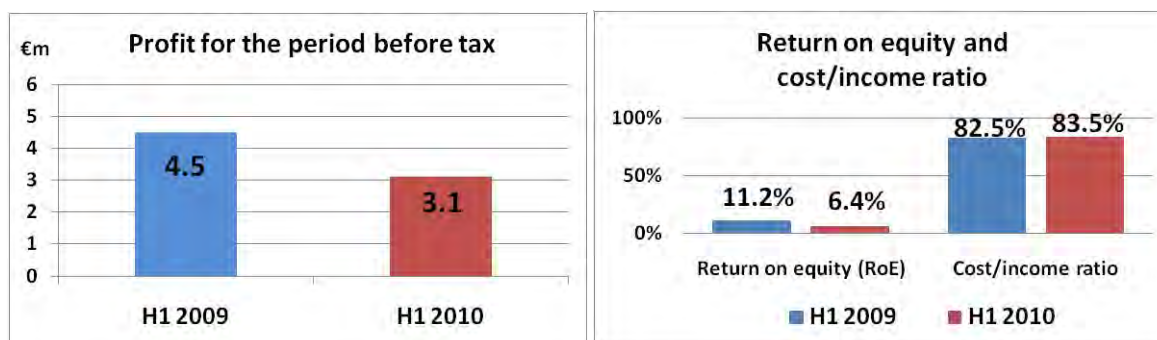
€m	H1 2010	H1 2009	+/- in absolute terms	+/- %
Net interest income	25.5	29.4	(4.0)	(13.5)
Charges for losses on loans and advances	(5.2)	(4.3)	(0.8)	19.0
Net commission income	24.6	20.4	4.3	20.9
Net trading income	0.0	0.0	0.0	
Administrative expenses	(42.0)	(41.5)	(0.5)	1.1
Other operating profit (loss)	0.2	0.6	(0.3)	(61.7)
Extraordinary profit	0.0	0.0	0.0	
Profit for the period before tax	3.1	4.5	(1.4)	(30.3)
Average credit and market risk equivalent (BWG)	1,208.0	1,128.2	79.8	7.1
Average allocated equity	96.8	79.8	17.1	21.4
Return on equity (ROE)	6.4%	11.2%	(4.8% pt)	
Cost/income ratio	83.5%	82.5%	1.0% pt	

Slight decrease in net interest income, but higher commission income

In the Personal Banking segment, the profit for the period before tax decreased by € 1.4 million to € 3.1 million. This was primarily due to a decline in net interest income of € 4.0 million or 13.5% to € 25.5 million. Net commission income, by contrast, widened by € 4.3 million or 20.9% to € 24.6 million.

Charges for losses on loans and advances increased by € 0.8 million to € 5.2 million year on year. Administrative expenses edged up slightly by € 0.5 million or 1.1% to € 42 million. Other operating profit declined by € 0.3 million to € 0.2 million.

The return on equity declined by 4.8 percentage points to 6.4%, whereas the cost/income ratio rose by 1.0 percentage point to 83.5%.



1,500 more personal banking customers year on year

Developments in the Personal Banking segment reflected Oberbank's growth strategy. Overall and across all lines of business in Austria and abroad, Oberbank serviced a total of 292,537 personal banking customers as at 30 June 2010.

Personal banking customers	Personal banking customers	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
292,537	291,025	1,512	0.5

More than 2,500 new personal accounts

Oberbank's portfolio of personal accounts grew by 676 in the first six months of 2010 and totalled 163,351 on 30 June 2010. This corresponds to an increase of 1.3% or 2,112 accounts year on year. The Bank's growth and expansion markets – Bavaria, Vienna and Hungary – contributed a disproportionately high share to this growth.

Personal accounts	Personal accounts	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
163,351	161,239	2,112	1.3%

Personal loans

The personal loans portfolio expanded by €74.7 million or 3.9% in the first six months of 2010, which translates to an increase of €62.1 million or 3.2% to €1,992.2 million by comparison to the first half of 2009.

Spurred by an advisory campaign launched in the first half of 2010, mortgage-backed residential construction finance showed a particularly favourable development.

Personal loans	Personal loans	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
€1,992.2 m	€1,930.1 m	€62.1 m	3.2%

Savings deposits

The volume of customers' savings deposits at the Bank decreased slightly by 1.2% to €3,321 million year on year. Investments in the "Oberbank Vorteilskonto spar" savings account, by contrast, posted growth of €6.3 million or 10.7% to €65.3 million.

Savings deposits	Savings deposits	YoY growth	YoY growth
as at 30 June 2010	as at 30 June 2009	in absolute terms	in %
€3,321 m	€3,361 m	-€40 m	-1.2%

Securities business

The Bank's securities business showed very positive development. In the first half of 2010, commission income in this business line grew by 24.2% year on year, i.e. from € 13.7 million to € 17.0 million. After € 8.3 million in the first quarter of 2010, commission income in the securities business widened to € 8.6 million in the second quarter, which is 26.6% above the level achieved in the second quarter of 2009.

This earnings increase is in part attributable to the inflow of new funds, in part to reinvestments of matured bonds and demand for corporate bonds. High sales of the new Limited Duration Dividend Strategy Bond Fund also contributed to this success. A notable feature is that the transaction business as well as the depositing business and income from managed products posted higher growth.

Own issues

Demand for securities issued by Oberbank AG continued to rally. The second quarter witnessed scheduled repayments of Oberbank bonds in an amount of € 37.2 million, which was reflected by brisk demand for new issues as follow-up investments. At € 304.3 million, the volume of new issues in 2010 remained at a very high level. After deduction of repayments, the volume of own issues as shown in the balance sheet increased by € 128.1 million to € 2,168.3 million; the Bank's issuing business thus once again contributed significantly to securing long-term refinancing.

Demand for corporate bonds declined somewhat in the second quarter. This market seemed to have reached a certain level of saturation by the end of the first half, and private investors found yield premiums to have deteriorated somewhat as compared to the beginning of the year.

Investment funds: Above-market growth for 3 Banken-Generali Investment GmbH

Attractive dividend distributions by large corporates with solid balance sheets prompted Oberbank to float its first limited duration fund bundling stocks with high dividend yield. The concept was very well received by investors: the initial volume of the fund amounted to € 39.3 million. The average dividend yield of the stocks comprised in the fund was at about 5% at the time the investments were made.

A further innovation that encountered a very positive reception was the so-called Sachwerte inflation protection concept. The 3 Banken-Generali Sachwerte-Fonds launched in 2009 already stood at a volume of € 52.42 million. The average yield of all 3 Banken-Generali retail funds was generally positive, notwithstanding challenging market conditions. The volume of mutual funds managed by 3 Banken-Generali Investment GmbH increased by 5.7% in the first half of 2010, which is significantly above the market average of 3.5% growth. The company thus maintained its seventh place within the Austrian investment fund industry.

Numerous external awards received in the first half of 2010 again testified to the high quality of the products of 3 Banken-Generali Investment GmbH.

Foundations and assets under management

The Bank's efforts to acquire private foundation customers have been crowned by further success. Although the market is growing only slightly due to the lack of new establishments, Oberbank was entrusted with further mandates relating to the management of foundation assets.

The Bank's efforts to expand asset management and brokerage services also bore rich fruit. At the end of the first half of the year, the growth rates targeted for these business lines in 2010 had come well within reach.

Growth in building loan association saving

The number of building and loan contracts brokered by Oberbank for the Wüstenrot building loans association increased by 5.3% year on year. 5,492 new building and loan contracts correspond to the best semi-annual result ever achieved since the Bank started its cooperation with Wüstenrot.

Insurance services

Life insurance policy business showed very gratifying development in the first half of 2010. A total of 2,063 new endowment policy contracts with a premium volume of €28.3 million were concluded in Austria and Germany in the first six months of 2010; this corresponds to a 54.6% increase year on year.

Remarkable success was achieved in expanding the sales of company pension insurance products. As at 30 June 2010, Oberbank had brokered contracts with a premium volume of €3.8 million for its partner, Generali Versicherung AG.

Electronic Banking

Developments in the field of eBanking continued along highly positive lines, with the number of customers rising by 7%, the number of transactions by 10% and total income by 16% year on year.

Safety is Oberbank's top priority in the field of product development. An important aspect of the new safety package is the introduction of a limit for amounts transferred using the paper-TAN authorisation to € 1,000 from September 2010, connected with a free-of-cost offer to switch to the new SMS-based Oberbank xTAN authorisation, which is already used by more than 20,000 customers.

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	H1 2010	H1 2009	+/- in absolute terms	+/- %
Net interest income	44.9	21.4	23.6	>100.0
Charges for losses on loans and advances	(20.7)	(16.8)	(4.0)	23.5
Net commission income	0.0	0.0	0.0	
Net trading income	3.7	5.3	(1.6)	(30.8)
Administrative expenses	(2.6)	(2.5)	(0.2)	6.1
Other operating profit (loss)	0.6	7.1	(6.5)	(91.3)
Extraordinary profit	0.0	0.0	0.0	
Profit for the period before tax	25.8	14.5	11.3	77.7
Average credit and market risk equivalent (BWC)	4,267.8	3,974.3	293.5	7.4
Average allocated equity	342.1	281.0	61.1	21.7
Return on equity (ROE)	15.1%	10.4%	4.8% pt	
Cost/income ratio	5.3%	7.3%	(2.0% pt)	

In the Financial Markets segment, net interest income increased by € 23.6 million to € 44.9 million and thus contributed substantially to boosting the segment's result. Charges for losses on loans and advances increased by € 4.0 million to € 20.7 million year on year, while net trading income decreased by € 1.6 million to € 3.7 million. Other operating profit dropped by € 6.5 million to € 0.6 million owing to the decline of assets measured at fair value. The return on equity improved by 4.8 percentage points to 15.1%, while the cost/income ratio dropped by 2.0 percentage points to 5.3%.



OWN FUNDS

The core capital increased by 16.0% or € 131.2 million to € 953.7 million year on year. The core capital ratio thus improved by 1.30 percentage points from 8.01% to 9.31%.

Consolidated own funds within the meaning of Section 24 of the Austrian Banking Act (Bankwesengesetz, BWG) amounted to € 1,513.0 million as at 30 June 2010, which is 18.7% above the level on the same date in the previous year.

The own funds requirement rose to € 877.4 million as at 30 June 2010, bringing the Group's surplus own funds to € 635.6 million, which is 59% above the previous year's level.

The Bank's equity ratio was thus 14.77% or almost double the relevant regulatory rate.

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 (€ 10.2 billion as at 30 June 2010) can be refinanced from customers' primary deposits (€ 10.9 billion as at 30 June 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, Oberbank therefore does not expect any extraordinary risk to arise from these risk components.

OUTLOOK FOR 2010

- Further easing of the credit risk situation
- Investment and export finance on the rise
- Expansion accelerating

The credit risk situation has been noticeably relaxing for some time; we expect this trend to continue in the further course of the year.

As regards financing business, we are taking a cautiously optimistic stance as the economy has been recovering slightly. Hand in hand with companies' beginning to step up investment activity, demand for investment finance and promotional facilities has been on the rise again. The number of export finance inquiries has also been climbing, which is why we expect some growth in this area as well.

Turning to Personal Banking, we expect credit demand to stabilise, but how the market will develop in the year as a whole remains to be seen. As regards investments, customers' confidence in the capital markets has been improving somewhat, entailing a rising trend to switching from saving deposits to securities investments. This trend is likely to hold throughout 2010.

We may well exceed our declared plan of establishing ten new branches in 2010, which means that our goal of expanding our network of branches to 150 by 2012 may be reached as early as next year.

Earnings development in the year as a whole

- Improvement of interest income and income from services
- Merely slight increase in expenses despite accelerated expansion
- Net profit for the year expected to top the previous year's level

Although earnings developments were highly satisfactory in the first half of the year, the results for the year as a whole are still difficult to foretell with any degree of certainty. An insecurity factor that could have a substantial impact on the result is the proposed levy on financial institutions, as its scope, size and timing is still uncertain.

We are endeavouring to improve both interest income and income from services as compared to the previous year. We expect administrative expenses to rise only slightly, even though at least ten new branches will be opened in the current business year.

Overall, we expect to top last year's high net profit for the year in the current year, permitting 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 FRIST HALF 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 4.7% to €31.9 billion as compared to 30 June 2009. Lending in terms of total volume (after charges for losses on loans and advances) widened by 3.9% to €20.1 billion. Primary deposits increased by 1.9% to €20.5 billion.

The joint net profit for the period widened by 14.6% to €94.8 million.

As at 30 June 2010, the three banks were operating a total of 231 branches; they had an average of 3,648 employees on their payrolls in the first half of 2010.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 1 January to 30 June 2010

Consolidated income statement for the first quarter of 2010		H1 2010 in €m	H1 2009 in €m	Change in €m	Change in %
1. Interest and similar income	(1)	228.9	279.7	(50.8)	(18.2)
2. Interest and similar expenses	(1)	(93.2)	(155.6)	62.4	(40.1)
3. Interest from entities accounted for using the equity method	(1)	19.0	9.9	9.1	91.8
NET INTEREST INCOME	(1)	154.7	134.0	20.7	15.4
4. Charges for losses on loans and advances	(2)	(51.6)	(49.6)	(2.0)	4.0
5. Commission income	(3)	56.0	47.8	8.2	17.2
6. Commission expenses	(3)	(5.6)	(4.3)	(1.3)	31.4
NET COMMISSION INCOME	(3)	50.4	43.5	6.9	15.9
7. Net trading income	(4)	3.4	5.0	(1.6)	(32.6)
8. Administrative expenses	(5)	(104.3)	(102.6)	(1.8)	1.7
9. Other operating profit	(6)	5.4	13.4	(8.0)	(59.9)
a) Net income from financial assets – FV through P or L	(6)	2.2	12.0	(9.8)	(81.6)
b) Net income from financial assets – AFS	(6)	1.0	(3.4)	4.4	>(100.0)
c) Net income from financial assets – HtM	(6)	0.6	0.0	0.6	
d) Other operating profit (loss)	(6)	1.6	4.9	(3.3)	(67.8)
PROFIT FOR THE PERIOD BEFORE TAX		57.9	43.7	14.2	32.4
10. Income tax	(7)	(10.2)	(5.5)	(4.7)	85.8
PROFIT FOR THE PERIOD AFTER TAX		47.7	38.3	9.5	24.7
of which attributable to the owners of the parent company		47.7	38.2	9.5	24.7
of which attributable to minority interests		0.0	0.0	0.0	26.7

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€m)	H1 2010	H1 2009
Profit for the period after tax	47.7	38.3
+/- Unrealised gains and losses not recognised in the income statement under IAS 39	9.7	6.1
+/- Deferred taxes on items recognised directly in equity under IAS 39	(2.4)	(1.5)
+/- Exchange differences	(0.4)	(4.8)
+/- Other changes recognised directly in equity of which changes in equity of associates	6.4	(7.7)
Total income and expenses recognised directly in equity	13.2	(8.0)
Total comprehensive income for the period of the net profit for the period and income and expenses recognised directly in equity	61.0	30.3
of which attributable to the owners of the parent company	60.9	30.3
of which attributable to minority interests	0.0	0.0

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 1 April to 30 June 2010

Consolidated income statement for the second quarter of 2010		Q2 2010 in €m	Q2 2009 in €m	Change in €m	Change in %
1. Interest and similar income	(1)	115.0	129.3	(14.3)	(11.0)
2. Interest and similar expenses	(1)	(46.2)	(66.9)	20.7	(30.9)
3. Interest from entities accounted for using the equity method	(1)	11.9	2.1	9.8	>100.0
NET INTEREST INCOME	(1)	80.7	64.5	16.2	25.2
4. Charges for losses on loans and advances	(2)	(26.4)	(27.1)	0.7	(2.7)
5. Commission income	(3)	28.8	23.6	5.2	21.8
6. Commission expenses	(3)	(3.0)	(2.3)	(0.8)	33.8
NET COMMISSION INCOME	(3)	25.8	21.4	4.4	20.6
7. Net trading income	(4)	1.8	4.9	(3.1)	(63.2)
8. Administrative expenses	(5)	(52.6)	(51.6)	(1.0)	1.9
9. Other operating profit	(6)	1.5	10.7	(9.2)	(86.2)
a) Net income from financial assets – FV through P or L	(6)	1.3	10.7	(9.4)	(87.8)
b) Net income from financial assets – AFS	(6)	0.0	(2.1)	2.1	>(100.0)
c) Net income from financial assets – HtM	(6)	0.6	0.0	0.6	
d) Other operating profit (loss)	(6)	(0.5)	2.0	(2.5)	>(100.0)
PROFIT FOR THE PERIOD BEFORE TAX		30.8	22.7	8.1	35.6
10. Income tax	(7)	(4.6)	(3.6)	(1.0)	29.1
PROFIT FOR THE PERIOD AFTER TAX		26.2	19.2	7.1	36.8
of which attributable to the owners of the parent company		26.2	19.1	7.1	36.8
of which attributable to minority interests		0.0	0.0	0.0	22.2

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€m)	H1 2010	H1 2009
Profit for the period after tax	26.2	19.2
+/- Unrealised gains and losses not recognised in the income statement under IAS 39	(2.2)	13.7
+/- Deferred taxes on items recognised directly in equity under IAS 39	4.1	(3.4)
+/- Exchange differences	1.8	(1.0)
+/- Other changes recognised directly in equity of which changes in equity of associates	3.2	(0.8)
Total income and expenses recognised directly in equity	6.9	8.4
Total comprehensive income for the period of the net profit for the period and income and expenses recognised directly in equity	33.1	27.6
of which attributable to the owners of the parent company	33.1	27.6
of which attributable to minority interests	0.0	0.0

PERFORMANCE INDICATORS	H1 2010	H1 2009
Cost/income ratio in %	48.79%	52.36%
Return on equity before tax in %	10.99%	9.72%
Return on equity after tax in %	9.06%	8.50%
Risk/earnings ratio (credit risk to net interest income) in %	33.36%	37.01%
Earnings per share in €	3.32	2.86

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2010

		30/06/2010	31/12/2009	Change	Change
ASSETS		in €m	in €m	in €m	in %
1. Cash and balances at central banks	(9)	108.6	164.7	(56.2)	(34.1)
2. Loans and advances to credit institutions	(10)	2,171.6	2,093.3	78.3	3.7
3. Loans and advances to customers	(11)	10,211.9	9,836.5	375.4	3.8
4. Impairment provisions	(12)	(281.9)	(249.0)	(32.9)	13.2
5. Trading assets	(13)	74.3	50.4	23.9	47.5
6. Financial investments	(14)	3,656.1	3,581.1	75.1	2.1
a) Financial assets – FV through P or L	(14)	337.4	291.5	45.9	15.7
b) Financial assets – AfS	(14)	736.3	807.0	(70.7)	(8.8)
c) Financial assets – HtM	(14)	2,145.5	2,071.8	73.8	3.6
d) Interest in entities accounted for using the equity method	(14)	437.0	410.8	26.2	6.4
7. Intangible assets	(15)	8.6	9.3	(0.7)	(7.1)
8. Property, plant and equipment	(16)	226.8	221.9	4.8	2.2
a) Investment property	(16)	80.1	81.4	(1.2)	(1.5)
b) Other property, plant and equipment	(16)	146.6	140.6	6.1	4.3
9. Other assets	(17)	371.9	323.2	48.7	15.1
a) Deferred tax assets	(17)	25.0	25.7	(0.7)	(2.7)
b) Other	(17)	346.9	297.5	49.4	16.6
TOTAL ASSETS		16,547.9	16,031.4	516.4	3.2

		31/06/2010	31/12/2009	Change	Change
EQUITY AND LIABILITIES		in €m	in €m	in €m	in %
1. Amounts owed to credit institutions	(18)	3,958.6	3,466.5	492.0	14.2
2. Amounts owed to customers	(19)	8,692.7	8,876.2	(183.5)	(2.1)
3. Securitised liabilities	(20)	1,449.0	1,308.1	140.9	10.8
4. Provisions for liabilities and charges	(21)	381.4	363.0	18.4	5.1
5. Other liabilities	(22)	261.2	249.9	11.3	4.5
a) Trading liabilities	(23)	14.4	28.7	(14.3)	(49.8)
b) Tax liabilities	(22)	14.9	5.1	9.8	>100.0
c) Other	(22)	231.9	216.2	15.7	7.3
6. Subordinated debt capital	(24)	719.3	732.1	(12.8)	(1.7)
7. Equity	(25)	1,085.7	1,035.6	50.1	4.8
a) Equity after minorities	(25)	1,084.3	1,034.2	50.1	4.8
b) Minority interests in equity	(25)	1.4	1.3	0.0	1.3
TOTAL EQUITY AND LIABILITIES		16,547.9	16,031.4	516.4	3.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserves	Retained earnings	Translation reserve	Gains (losses) recognised in equity (IAS 39)	Associated companies	Equity after minorities	Minorities	Equity
In €m									
As at 01/01/2009	81.1	140.8	445.9	0.2	-7.0	231.8	892.8	1.3	894.1
Consolidated net profit for the year	-	-	37.8	(4.8)	4.6	(7.3)	30.3	0.0	30.3
Dividend distribution	-	-	(13.3)	-	-	-	(13.3)	-	(13.3)
Capital increase	0.0	0.0	-	-	-	-	0.0	-	0.0
Reacquired Oberbank shares	(0.3)	(0.6)	-	-	-	-	(0.9)	-	(0.9)
Unrealised gains and losses not recognised in the income statement	-	-	0.0	-	-	11.3	11.3	0.0	11.3
AS AT 30/06/2009	80.8	140.2	470.4	(4.6)	(2.4)	235.9	920.3	1.3	921.6
AS AT 01/01/2010									
AS AT 01/01/2010	86.2	194.5	512.4	(0.6)	14.2	227.6	1.034.2	1.3	1.035.6
Consolidated net profit for the year	-	-	32.0	(0.4)	7.3	22.1	60.9	0.0	61.0
Dividend distribution	-	-	(14.3)	-	-	-	(14.3)	-	(14.3)
Capital increase	0.0	0.0	-	-	-	-	0.0	-	0.0
Reacquired Oberbank shares	(0.2)	(0.5)	-	-	-	-	(0.6)	-	(0.6)
Unrealised gains and losses not recognised in the income statement	-	-	-	-	-	4.1	4.1	0.0	4.1
AS AT 30/06/2010	86.1	194.0	530.0	(1.0)	21.4	253.8	1.084.3	1.4	1.085.7

CASH FLOW STATEMENT (€m)	H1 2010	H1 2009
Cash and cash equivalents at the end of the previous period	164.7	130.4
Cash flows from operating activities	56.1	844.0
Cash flows from investing activities	(82.3)	(692.1)
Cash flows from financing activities	(47.3)	(45.0)
Effects of changes in the scope of consolidation and valuations	17.7	8.2
Effects of exchange rate changes	(0.4)	(4.8)
Cash and cash equivalents at the end of the period	108,6	240,7

NOTES

to the consolidated interim financial statements as at 30 June 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 half of 2010 (1 January 2010 to 30 June 2010) and compares this period with the same period of the previous year.

These consolidated interim financial statements for the first half of 2010 have been drawn up in compliance with IAS 34 ("Interim Financial Reporting").

This interim report has neither been audited nor revised.

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 30 June 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)

1. NET INTEREST INCOME	H1 2010	H1 2009
Interest income from credit and money-market business	175.1	225.2
Shares and other variable-yield securities	1.0	2.4
Other equity investments	0.6	0.7
Subsidiaries	6.4	1.6
Fixed-interest securities and bonds	45.8	49.9
INTEREST AND SIMILAR INCOME	228.9	279.7
Interest expenses on deposits	(60.2)	(118.9)
Interest expenses on securitised liabilities	(21.2)	(22.5)
Interest expenses on subordinated liabilities	(11.8)	(14.2)
INTEREST AND SIMILAR EXPENSES	(93.2)	(155.6)
INTEREST FROM ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	19.0	9.9
NET INTEREST INCOME	154.7	134.0
2. CHARGES FOR LOSSES ON LOANS AND ADVANCES	H1 2010	H1 2009
Allocated to loan loss provisions	(57.5)	(52.4)
Direct write-offs	(0.6)	(3.7)
Reversals of loan loss provisions	5.9	5.8
Recoveries of written-off receivables	0.6	0.7
CHARGES FOR LOSSES ON LOANS AND ADVANCES	(51.6)	(49.6)
3. NET COMMISSION INCOME	H1 2010	H1 2009
Payment services	16.5	15.7
Securities business	17.0	13.7
Foreign exchange, foreign bank note and precious metals business	5.7	4.6
Credit operations	9.9	8.2
Other services and advisory business	1.3	1.3
NET COMMISSION INCOME	50.4	43.5
4. NET TRADING INCOME	H1 2010	H1 2009
Gains (losses) on interest rate contracts	2.2	5.5
Gains (losses) on foreign exchange, foreign bank note and numismatic business	3.1	1.9
Gains (losses) on derivatives	(1.8)	(2.3)
NET TRADING INCOME	3.4	5.0

5. ADMINISTRATIVE EXPENSES	H1 2010	H1 2009
Staff costs	60.5	59.7
- of which contribution to staff benefit fund	0.2	0.2
Other administrative expenses	33.1	32.1
Write-offs and valuation allowances	10.8	10.8
ADMINISTRATIVE EXPENSES	104.3	102.6
6. OTHER OPERATING PROFIT (LOSS)	H1 2010	H1 2009
a) Net income from financial assets – FV through P or L	2.2	12.0
b) Net income from financial assets – AFS	1.0	(3.4)
c) Net income from financial assets – HtM	0.6	0.0
d) Other operating profit	1.6	4.9
OTHER OPERATING PROFIT	5.4	13.4
7. INCOME TAXES	H1 2010	H1 2009
Current income tax expense	11.9	4.7
Deferred income tax expense (income)	(1.7)	0.8
INCOME TAXES	10.2	5.5
8. EARNINGS PER SHARE	H1 2010	H1 2009
Number of shares in issue at 30 June	28,783,125	27,090,000
Average number of shares in issue	28,706,093	26,713,541
Consolidated net profit for the period	47.7	38.2
EARNINGS PER SHARE IN €	1.66	1.43
ANNUALISED FIGURES IN €	3.32	2.86

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)

9. CASH AND BALANCES AT CENTRAL BANKS	30 June 2010	31 Dec.2009
Cash in hand	52.8	64.5
Credit balances with central banks of issue	55.8	100.2
CASH AND BALANCES AT CENTRAL BANKS	108.6	164.7

10. LOANS AND ADVANCES TO CREDIT INSTITUTIONS	30 June 2010	31 Dec.2009
Loans and advances to Austrian banks	1,362.9	1,118.9
Loans and advances to foreign banks	808.7	974.4
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	2,171.6	2,093.3

11. LOANS AND ADVANCES TO CUSTOMERS	30 June 2010	31 Dec.2009
Loans and advances to Austrian customers	6,438.0	6,246.7
Loans and advances to foreign customers	3,773.9	3,589.8
LOANS AND ADVANCES TO CUSTOMERS	10,211.9	9,836.5

12. IMPAIRMENT PROVISIONS							
In €m	At 01/01/2010	Exchange rate changes	Added	Used	Reversed	At 30/06/2010	
Credit risks	173.8	0.3	31.1	(6.0)	(5.4)	193.7	
Country risks	6.6	0.0	0.3	(1.2)	0.0	5.7	
General provisions	7.0	-	0.9	-	-	7.9	
Portfolio impairment provisions under IAS 39	61.7	-	12.9	-	-	74.6	
Interest value impairments	0.0	0.0	-	-	-	0.0	
Charges for losses on loans and advances ¹⁾	249.0	0.3	45.3	(7.1)	(5.4)	281.9	
Loan loss provisions	119.9	0.0	10.8	0.0	(0.5)	130.1	
TOTAL IMPAIRMENT PROVISIONS	368.9	0.3	56.0	(7.2)	(5.9)	412.1	

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

13. TRADING ASSETS	30 June 2010	31 Dec.2009
Bonds and other fixed-interest securities		
Listed	35.5	18.4
Stocks and other variable-yield securities		
Listed	3.5	2.5
Positive fair values of derivative financial instruments		

Currency contracts	1.8	0.0
Interest rate contracts	33.5	29.4
Other contracts	0.0	0.0
TRADING ASSETS	74.3	50.4

14. FINANCIAL INVESTMENTS	30 June 2010	31 Dec.2009
Bonds and other fixed-interest securities	2,725.1	2,694.8
Stocks and other variable-yield securities	213.5	199.7
Equity investments/shares		
Subsidiaries	219.4	218.4
Entities accounted for using the equity method		
- Banks	191.2	183.0
- Non-banks	245.7	227.7
Other equity investments		
- Banks	10.8	10.8
- Non-banks	50.4	46.5
FINANCIAL INVESTMENTS	3,656.1	3,581.1
a) Financial assets – FV through P or L	337.4	291.5
b) Financial assets – AfS	736.3	807.0
c) Financial assets – HtM	2,145.5	2,071.8
d) Interest in entities accounted for using the equity method	437.0	410.8
FINANCIAL INVESTMENTS	3,656.1	3,581.1

15. INTANGIBLE ASSETS	30 June 2010	31 Dec.2009
Other intangible assets	7.8	8.5
Customer base	0.8	0.8
INTANGIBLE ASSETS	8.6	9.3

16. PROPERTY, PLANT AND EQUIPMENT	30 June 2010	31 Dec.2009
Investment property	80.1	81.4
Land and buildings	73.8	71.7
Business equipment and furnishings	63.2	53.5
Other property, plant and equipment	9.6	15.4
PROPERTY, PLANT AND EQUIPMENT	226.8	221.9

17. OTHER ASSETS	30 June 2010	31 Dec.2009
Deferred tax assets	25.0	25.7
Other items	345.3	295.9
Other deferrals	1.6	1.7
OTHER ASSETS	371.9	323.2

18. AMOUNTS OWED TO CREDIT INSTITUTIONS	30 June 2010	31 Dec.2009
Amounts owed		
- Austrian banks	1,523.2	1,261.9
- Foreign banks	2,435.4	2,204.6
AMOUNTS OWED TO CREDIT INSTITUTIONS	3,958.6	3,466.5
19. AMOUNTS OWED TO CUSTOMERS	30 June 2010	31 Dec.2009
Savings deposits	3,352.8	3,399.2
Other	5,339.9	5,477.0
AMOUNTS OWED TO CUSTOMERS	8,692.7	8,876.2
20. SECURITISED LIABILITIES	30 June 2010	31 Dec.2009
Issued bonds	1,179.4	1,066.4
Other securitised liabilities	269.6	241.7
SECURITISED LIABILITIES	1,449.0	1,308.1
21. PROVISIONS FOR LIABILITIES AND CHARGES	30 June 2010	31 Dec.2009
Provisions for severance and pensions	207.2	208.1
Provisions for anniversary bonuses	8.3	8.1
Loan loss provisions	130.1	119.9
Other provisions	35.8	26.9
PROVISIONS FOR LIABILITIES AND CHARGES	381.4	363.0
22. OTHER LIABILITIES	30 June 2010	31 Dec.2009
Trading liabilities	14.4	28.7
Tax liabilities	14.9	5.1
Other liabilities	173.7	167.0
Deferred items	58.2	49.2
OTHER LIABILITIES	261.2	249.9
23. OTHER LIABILITIES (TRADING LIABILITIES)	30 June 2010	31 Dec.2009
Currency contracts	1.7	0.0
Interest rate contracts	12.7	28.7
Other contracts	0.0	0.0
TRADING LIABILITIES	14.4	28.7
24. SUBORDINATED DEBT CAPITAL	30 June 2010	31 Dec.2009
Issued subordinated bonds	6.7	6.6
Supplementary capital	631.7	646.1
Hybrid capital	81.0	79.4
SUBORDINATED DEBT CAPITAL	719.3	732.1

25. EQUITY	30 June 2010	31 Dec.2009
Subscribed capital	86.1	86.2
Capital reserves	194.0	194.5
Retained earnings (including net profit)	777.2	726.5
Untaxed reserves	25.1	25.1
Negative goodwill	1.9	1.9
Minorities	1.4	1.3
EQUITY	1,085.7	1,035.6

26. CONTINGENT LIABILITIES AND COMMITMENTS	30 June 2010	31 Dec.2009
Other contingent liabilities (guarantees and letters of credit)	1,387.7	1,347.9
CONTINGENT LIABILITIES	1,387.7	1,347.9
Liabilities arising from non-genuine repos	0.0	40.5
Other commitments (irrevocable loan commitments)	1,605.4	1,463.0
COMMITMENTS	1,605.4	1,503.5

27. SEGMENT REPORT – CORE BUSINESS SEGMENTS

	Personal Banking	Corporates	Financial Markets	Other	Consolidated income statement H1 2010
Net interest income	25.5	84.3	44.9	0.0	154.7
Charges for losses on loans and advances	(5.2)	(25.7)	(20.7)	0.0	(51.6)
Net commission income	24.6	25.8	0.0	0.0	50.4
Net trading result	0.0	(0.3)	3.7	0.0	3.4
Administrative expenses	(42.0)	(47.9)	(2.6)	(11.8)	(104.3)
Other operating profit (loss)	0.2	3.9	0.6	0.6	5.4
Extraordinary profit	0.0	0.0	0.0	0.0	0.0
Profit for the period before tax	3.1	40.1	25.8	(11.2)	57.9
Average credit and market risk equivalent	1,208.0	7,667.0	4,267.8	0.0	13,142.7
Average allocated equity	96.8	614.6	342.1	0.0	1,053.5
Return on equity (ROE)	6.4%	13.1%	15.1%		11.0%
Cost/income ratio	83.5%	42.1%	5.3%		48.8%

DISCLOSURES REQUIRED BY AUSTRIAN LAW

28. HUMAN RESOURCES	H1 2010	FY 2009
Salaried	1,977	1,990
Blue-collar	22	21
TOTAL RESOURCES	1,999	2,011

29. CONSOLIDATED OWN FUNDS AND REGULATORY OWN FUNDS REQUIREMENT			
Eligible own funds pursuant to Section 24 Austrian Banking Act (BWG) in €m			
Composition	30/06/2010	31/12/2009	30/06/2009
1. Core capital			
Share capital	86.3	86.3	81.3
Holdings of Oberbank AG shares	(1.0)	(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	(9.5)	(8.5)	(8.6)
TOTAL CORE CAPITAL (TIER I)	953.7	955.4	822.5
CORE CAPITAL RATIO	9.31%	9.58%	8.01%
2. Supplementary own funds (TIER II)			
Eligible supplementary capital bonds	451.3	485.2	436.9
Revaluation reserves (already 45% of undisclosed reserves)	129.4	130.3	35.8
Subordinated bonds (suppl. capital below 3Y maturity)	55.3	41.0	31.0
TOTAL SUPPLEMENTARY OWN FUNDS (TIER II)	636.0	656.4	503.7
3. TIER III			
Addition of an amount not exceeding subordinated bonds eligible for Tier II	3.5	2.6	3.1
TOTAL TIER III CAPITAL	3.5	2.6	3.1
4. Deductions			
Deductions of interests in banks/other FI of over 10%	(80.1)	(80.0)	(54.8)
Deductions of interests in banks/other FI of up to 10%	0.0	0.0	0.0
TOTAL OWN FUNDS	1.513.0	1.534.3	1.274.5
Of which: own funds pursuant to Section 23 (14) no. 7 Austrian Banking Act (BWG)	3.5	2.6	3.1
OWN FUNDS RATIO	14.77%	15.39%	12.40%

Own funds requirement	30/06/2010	31/12/2009	30/06/2009
Credit risk pursuant to Section 22 (2) BWG	819.0	797.3	821.1
Trading book purs. to Section 22 o (2) BWG	3.5	2.6	3.1
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
TOTAL OWN FUNDS REQUIREMENT	877.4	854.8	874.8
UNAPPROPRIATED OWN FUNDS	635.6	679.5	399.7
Basis for the calculation of the reserve ratios			
Assessment basis for the credit risk - Section 22 (2) BWG	10,237.7	9,965.7	10,263.9
Specific position risk of the trading book pursuant to Section 22 o nos. 1,3,6 BWG	6.9	4.8	10.6
TOTAL BASIS OF ASSESSMENT	10,244.6	9,970.5	10,274.4

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.

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 half of 2010 (1 January 2010 to 30 June 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 30 June 2010, major transactions with individuals and companies considered to be related parties amounted to:

- associated companies €k 35,021
- subsidiaries €k 8,357

Linz, 20 August 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

Proprietor and publisher: Oberbank AG, 4020 Linz, Untere Donaulände 28
Internet: www.oberbank.at; e-mail: sek@oberbank.at
Editing: Corporate Secretary and Communications, phone ++43-732-7802-0
Translation: Maria Bennett-Hengl
The Interim Report to Shareholders of Oberbank is published three times annually.

3 BANKEN GROUP AT A GLANCE

Income statement in €m	Oberbank Group		BKS Bank Group		BTV Group	
	H1 2010	H1 2009	H1 2010	H1 2009	H1 2010	H1 2009
Net interest income	154.7	134.0	67.9	63.8	74.9	66.6
Charges for losses on loans and advances	(51.6)	(49.6)	(25.8)	(18.8)	(16.2)	(15.0)
Net commission income	50.4	43.5	22.1	19.2	22.0	20.4
Administrative expenses	(104.3)	(102.6)	(44.5)	(43.3)	(44.2)	(47.6)
Profit for the period before tax	57.9	43.7	22.0	19.7	31.8	30.3
Consolidated net profit for the period	47.7	38.3	19.6	18.4	27.5	26.1

Balance sheet in €m	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Total assets	16,547.9	16,031.4	6,378.8	6,315.9	8,992.1	8,465.4
Loans and advances to customers after charges for losses on loans and advances	9,935.5	9,594.0	4,544.4	4,350.2	5,659.6	5,384.9
Primary funds	10,861.0	10,916.4	3,929.3	3,907.9	5,742.3	6,259.6
- of which savings deposits	3,352.8	3,399.2	1,890.3	1,804.6	1,326.8	1,412.1
- of which securitised liabilities including Subordinated debt capital	2,168.3	2,040.2	628.5	564.7	1,266.7	1,275.4
Equity	1,085.7	1,035.6	596.8	577.5	646.1	612.4
Customer funds under management	18,907.4	18,686.8	9,478.3	9,343.5	9,954.9	10,309.0

Own funds within the meaning of the Austrian Banking Act (BWG) in €m	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Assessment basis	10,244.6	9,970.5	4,457.2	4,258.4	5,672.5	5,476.1
Own funds	1,513.0	1,534.3	530.6	514.7	788.3	800.2
- of which core capital (Tier 1)	953.7	955.4	369.5	369.5	513.9	514.6
Surplus of own funds	635.6	679.5	149.3	150.8	312.3	339.5
Core capital ratio in %	9.31	9.58	8.29	8.68	9.06	9.40
Total capital ratio in %	14.77	15.39	11.90	12.09	13.90	14.61

Performance in %	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Return on equity before tax	10.99	9.86	7.46	8.93	10.20	8.80
Return on equity after tax	9.06	8.28	6.54	7.76	8.81	8.20
Cost/income ratio	48.79	53.26	48.51	49.92	44.88	53.65
Risk/earnings ratio (credit risk in percent of net interest income)	33.36	34.58	38.01	28.29	21.61	33.83

Resources	H1 2010	FY 2009	H1 2010	FY 2009	H1 2010	FY 2009
Average number of staff (weighted)	1,977	1,990	869	872	802	862
Branches	134	133	56	55	41	41