

# INTERIM REPORT TO SHAREHOLDERS as at 30 September 2010

## OBERBANK AT A GLANCE

<b>Income statement in €m</b>	<b>Q1–3 2010</b>	<b>+/-</b>	<b>Q1–3 2009</b>
Net interest income	238.9	21.0%	197.4
Charges for losses on loans and advances	(84.4)	14.2%	(73.9)
Net commission income	75.3	13.9%	66.1
Administrative expenses	(160.1)	3.5%	(154.7)
Profit from operating activities	176.2	23.7%	142.5
Profit for the period year before tax	91.9	33.8%	68.7
Consolidated net profit for the period	75.9	32.2%	57.4

<b>Balance sheet in €m</b>	<b>30/09/2010</b>	<b>+/-</b>	<b>31/12/2009</b>
Assets	16,772.4	4.6%	16,031.4
Receivables from customers after charges for losses on loans and advances	10,058.6	4.8%	9,594.0
Primary funds	10,997.1	7.4%	10,916.4
of which savings deposits	3,303.8	(2.8%)	3,399.2
of which securitised liabilities including subordinated debt capital	2,172.5	6.5%	2,040.2
Equity	1,121.0	8.2%	1,035.6
Customer funds under management	19,267.1	3.1%	18,686.8

<b>Own funds within the meaning of the Austrian Banking Act (BWG) in €m</b>	<b>30/09/2010</b>	<b>+/-</b>	<b>31/12/2009</b>
Assessment basis	10,071.9	1.0%	9,970.5
Own funds	1,545.4	7.2%	1,534.3
of which core capital (Tier 1)	952.8	(2.7%)	955.4
Surplus of own funds	681.3	2.6%	679.5
Core capital ratio in %	9.46	(0.12%pt)	9.58
Total capital ratio in %	15.34	(0.05%pt)	15.39

<b>Performance in %</b>	<b>Q1–3 2010</b>	<b>+/-</b>	<b>Q1–3 2009</b>
Return on equity before tax	11.47	1.43%pt	10.04
Return on equity after tax	9.48	1.08%pt	8.40
Cost/income ratio	47.60	(4.45%pt)	52.05
Risk/earnings ratio (credit risk/net interest income)	35.32	(2.10%pt)	37.42

<b>Resources</b>	<b>Q1–3 2010</b>	<b>+/-</b>	<b>Q1–3 2009</b>
Average number of staff (weighted)	1,987	19	1,968
Branches	134	1	133

## **We mourn the loss of Franz Peter Doppler**

who passed away unexpectedly on 28 September 2010.

Acting as member of the Supervisory Board of Oberbank since 1994, Franz Peter Doppler earned great recognition through his expert knowledge and competence. With his experience, his great personal commitment and his diligence and care he substantially contributed to the successful development of our institution.

Franz Peter Doppler was a friend and companion and a pillar of support for Oberbank when important decisions had to be made. Wherever the well-being of Oberbank was concerned, we always knew we could rely on him.

Franz Peter Doppler's death leaves a gap that will be very difficult to fill.

We will always honour his memory.

The Management Board

The Supervisory Board

The Staff Council

## **THE OBERBANK GROUP IN THE FIRST THREE QUARTERS OF 2010**



**Dear readers,**

Following our very good performance in the first half of 2010, we are now able to present the best result Oberbank has ever achieved in the first three quarters of a business year.

### **Excellent earnings development, better than in pre-crisis times**

Boosted by a strong expansion of interest and commission income and reinforced by our stable cost structure, we have achieved an extraordinarily good interim result. Our performance, both in terms of profit from operating activities and profit before tax, not only substantially exceeds the comparable figures of the previous year, we have even outperformed the excellent result achieved in the first three quarters of 2008, before the world was hit by the financial crisis.

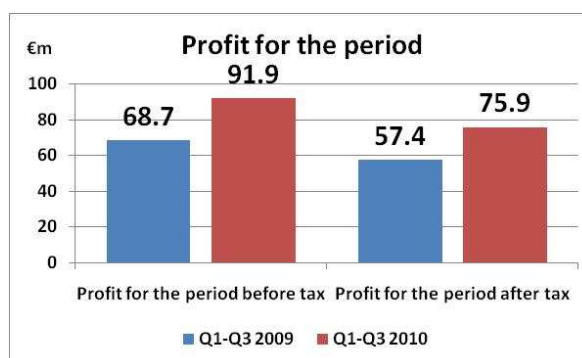
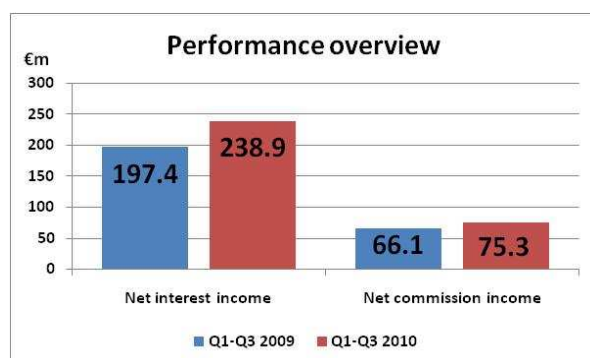
### **Profit from operating activities € 176.2 million (+ 23.7% / € 33.7 million)**

- Interest income and income from services clearly stronger
- Net commission income enhanced by recovery in securities business
- Administrative expenses only moderately increased

Net interest income surged by 21.0% or € 41.5 million to € 238.9 million year on year. This rise was shored up by a rise in net interest income of 10.3% or € 19.4 million to € 207.8 million and the skyrocketing of income from equity investments by more than 250% to € 31.1 million.

Net commission income, which increased by 13.9% or €9.2 million to €75.3 million, reflects the marked recovery in securities business. Administrative expenses widened by a moderate margin of only 3.5% or €5.4 million to €160.1 million, despite investments in the expansion of our branch network.

On balance, the profit from operating activities improved by 23.6% or €33.7 million to €176.3 million in the first three quarters of 2010.



### Cautious risk policy maintained

Although we have been observing a notable relaxation of the credit risk situation in recent months, we are holding on to our cautious risk policy approach. We allocated another €84.4 million to our charges for losses on loans and advances and thus lifted allocations to risk provisions by 14.2% or €10.5 million in comparison to the first three quarters of 2009.

As we have utilised only a small proportion of our risk provisions over recent years, our risk buffer has, in the meantime, steadily increased to a total of €438 million, which corresponds to 4.2% of our total lending volume.

### Marked increase in profit before and after taxes

- Profit for the period before tax €91.9 million (+ 33.8% / €23.2 million)
- Profit for the period after tax €75.9 million (+ 32.2% / €18.5 million)

Notwithstanding our high allocations to provisions, our profit before tax for the first three quarters of 2010 came to €91.9 million (+ 33.8% / €23.2 million), while the net profit for the period widened to €75.9 million (+ 32.2% / €18.5 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 in earnings in 2009. Oberbank thus generated this result against the backdrop of a high basis of comparison.

### Further increase in business volume, no limitations on loans or extensions of credit

- Substantial increase in total assets: + 5.5%
- Lending volume rises further to €10.4 billion (+ 5.6%)
- Primary deposits at €11.0 billion, customer assets under management at €19.3 billion

In the first three quarters of 2010, Oberbank expanded its total assets by 5.5% or €870.8 million to €16,772.4 million year on year.

Volume growth in lending business continued unabated. Loans and advances to customers rose by 5.6% or € 549.6 million to € 10,357.1 million, which is clear evidence that Oberbank customers have never been affected by anything like a credit crunch.

Primary funds also continued to increase. Including subordinated capital, they widened by 4.6% or € 481.0 million to € 10,997.1 million.

The total volume of assets entrusted to us by our customers increased by 6.9% or € 1,249.2 million to € 19.3 billion.

### Excellent liquidity situation

- Loan/deposit ratio of 112%

Thanks to the well-balanced growth of lending and customer deposits, our liquidity situation showed a particularly favourable development.

Our loan/deposit ratio, which shows the relationship of refinancing funds to loans extended to customers, was 112.1% as at 30 September 2010, which means that our refinancing funds exceeded the volume of customer loans by 12.1%.

In absolute terms, Oberbank's excess liquidity amounts to € 1.25 billion.

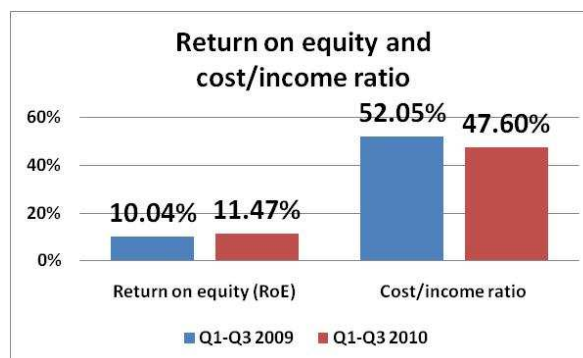
### Excellent performance indicators

- ROE improved further to 11.47%
- Excellent cost/income ratio (47.6%) and operating profit ratio (1.43%)
- Superior total capital and core capital ratios

The gratifying earnings development helped to lift the Bank's ROE from 10.04% to 11.47% (before taxes) and 8.40% to 9.48% (after taxes).

Our cost/income ratio of 47.6% and an operating profit ratio of 1.43% are excellent values in an Austrian industry comparison.

Our total capital ratio was 15.34% on 30 September, which is 1.97 percentage points above the comparative figure of the previous year. Concurrently, the Bank's core capital ratio widened by 1.40 percentage points to 9.46%. In terms of capital strength, we thus feature in the top league of Austrian banks.



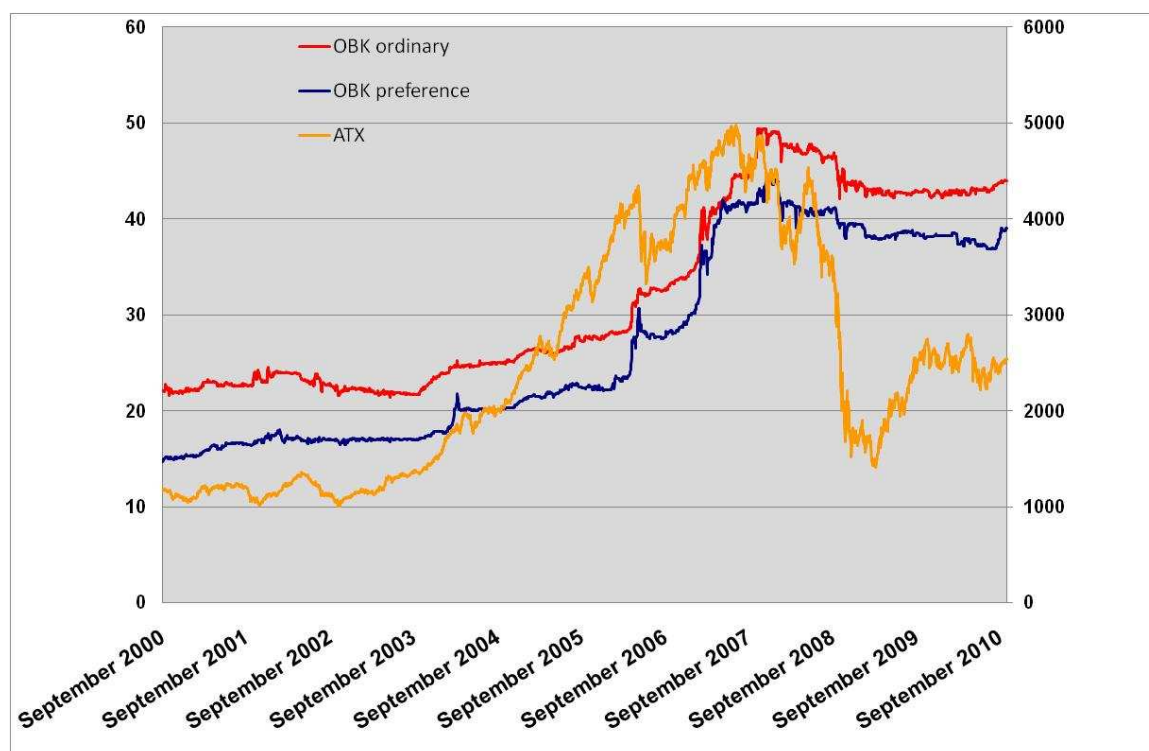
CEO Franz Gasselsberger

## THE OBERBANK SHARES

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

Oberbank stock – key figures	Q1–3 2010	Q1–3 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 €	44.05/39.00	44.40/38.89
Low (ordinary/preference share) in €	42.80/36.90	42.70/37.39
Close (ordinary/preference share) in €	44.00/39.00	43.40/37.79
Market capitalisation in €m	1,251.5	1,158.9
IFRS earnings per share in €, annualised	3.53	2.86
P/E ratio (ordinary share)	12.46	15.17
P/E ratio (preference share)	11.05	13.21

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



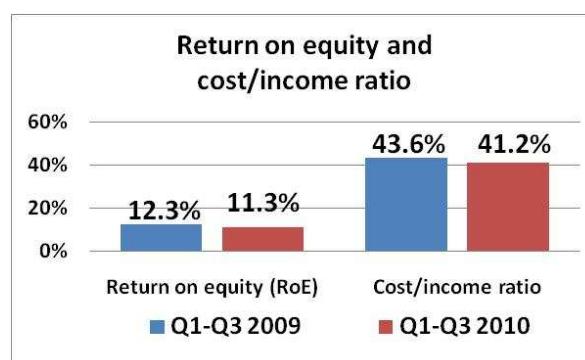
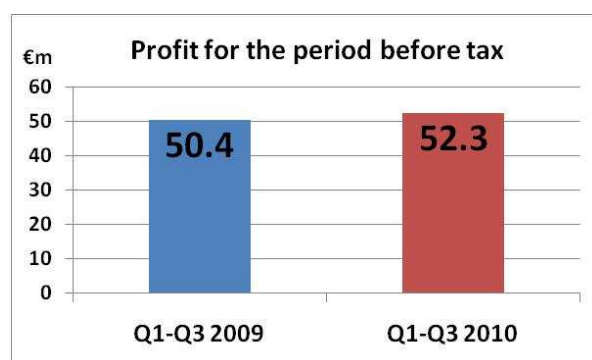
## THE BUSINESS SEGMENTS IN THE FIRST THREE QUARTERS OF 2010

### CORPORATE AND BUSINESS BANKING SEGMENT

€m	Q1–3 2010	Q1–3 2009	+/- in absolute terms	+/- %
Net interest income	130.5	123.9	6.7	5.4
Charges for losses on loans and advances	(51.1)	(43.0)	(8.2)	19.0
Net commission income	39.4	35.4	4.0	11.2
Net trading income	(0.5)	(0.1)	(0.4)	>100%
Administrative expenses	(72.6)	(72.1)	(0.5)	0.7
Other operating profit	6.7	6.3	0.4	6.3
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>52.3</b>	<b>50.4</b>	<b>2.0</b>	<b>3.9</b>
Average credit and market risk equivalent (BWG)	7,656.1	7,676.3	(20.3)	(0.3)
Average allocated equity	619.7	544.4	75.3	13.8
<b>Return on equity (ROE)</b>	<b>11.3%</b>	<b>12.3%</b>	<b>(1.1%pt)</b>	
<b>Cost/income ratio</b>	<b>41.2%</b>	<b>43.6%</b>	<b>(2.3%pt)</b>	

#### Improved result in Corporate and Business Banking

Net interest income increased by 5.4% or €6.7 million to €130.5 million compared to the same period in the previous year. Charges for losses on loans and advances increased by 19.0% or €8.2 million to €51.1 million. Net commission income widened by 11.2% or €4.0 million to €39.4 million.



Administrative expenses edged up slightly by 0.7% or €0.5 million to €72.6 million. Other operating profit increased by 6.3% or €0.4 million to €6.7 million.

On balance, the profit for the period before tax rose 3.9% / €2.0 million to €52.3 million.

The return on equity declined by 1.1 percentage points to 11.3%, whereas the cost/income ratio improved by 2.3 percentage points to 41.2%.

### More than 36,500 corporate and business banking customers

The positive trend in new customer acquisition continued in the first three quarters of 2010, with Oberbank gaining 3,580 new corporate and business banking customers in this period. Currently the Bank services 36,523 corporate and business customers.

### Commercial lending

The Bank's portfolio of loans to corporate and business banking customers increased by a gratifying 6.0% or € 474.6 million to € 8,375.1 million year on year.

Commercial loans	Commercial loans	YoY growth	YoY growth
as at 30 Sept. 2010	as at 30 Sept. 2009	absolute	in %
€ 8,375.1 m	€ 7,900.5 m	€ 474.6 m	6.0%

### Investment finance

The total volume of investment finance loans climbed by 10.0% or € 603.7 million to € 6,636.4 million year on year.

Investment finance	Investment finance	YoY growth	YoY growth
as at 30 Sept. 2010	as at 30 Sept. 2009	absolute	in %
€ 6,636.4 m	€ 6,032.7 m	€ 603.7 m	10.0%

In the first three quarters of 2010, the number of applications for subsidised loans for investment projects and innovation projects increased by almost 14% to a total of 443 year on year. Investment volumes even increased by a notable 31% to € 279.4 million in total. This is evidence of the fact that, in view of an improving economic environment, projects are being planned more openhandedly again.

Project applications	Project applications	YoY growth	YoY growth
as at 30 Sept. 2010	as at 30 Sept. 2009	absolute	in %
443	389	54	13.9%

The total volume of subsidised investment finance loans extended by Oberbank increased by 7.7% to € 441 million. The reason for this high increase was that Oberbank, notwithstanding the financial crisis, continued to offer a variety of promotional facilities such as loans at below market rate interest, non-repayable subsidies, federal and provincial government guarantees for investment loans and working capital facilities as well as subsidised equity surrogates.

### Leasing

Thanks to the development of new business in the third quarter, the previous year-on-year decrease in leasing receivables from customers has perceptibly slowed down in recent months. The key driver of new business was the Austrian market, where new leasing contracts increased by 42%, followed by 23% and 15% growth in the Bavarian and Slovak markets respectively.

Leasing receivables from customers	Leasing receivables from customers	YoY growth	YoY growth
Q1 – 3 2010	Q1 – 3 2009	absolute	in %
€ 1,319 m	€ 1,350 m	(€ 31 m)	(2.3%)

The growth driver in the Austrian core market was equipment leasing (+20%), which helped Oberbank to expand its market share and defend its top-three position.

## Structured finance

As the economic upturn began to gain a foothold, demand for structured finance increased by 5% year on year. Oberbank posted particularly high growth in the fields of claims management (+73%) and refinancing solutions (+40%). A conspicuous development in the field of refinancing solutions is that companies that were compelled to take up expensive loans during the crisis are now looking for refinancing at better terms. Generally, the topic of safeguarding liquidity continues to be a top priority for many companies; however, as the end of the year and hence balance sheet date approaches, managements are also increasingly focusing on window-dressing measures. Financing solutions for investments and acquisitions increased in terms both of number and volume in the first three quarters of 2010.

## 120 applications filed with the Oberbank Opportunity Fonds

Demand for private equity finance mirrors entrepreneurs' more optimistic view of further economic developments and their willingness to implement previously shelved investment and expansion projects. Since the beginning of 2010, Oberbank has received about 120 applications for financing solutions; four projects have been successfully concluded. Since the launch of the Oberbank Opportunity Fonds, the Bank has, all in all, facilitated a total of 25 transactions by providing equity and/or mezzanine capital support. The committed fund volume amounts to € 66.4 million.

## International business

### Export finance and export promotion

The current conversion of export finance under Export Fund procedures and loans extended under the KRR Kontrollbank Credit Line to a maximum liability of 80% taken over by the promotion agency required by EU law has up to now prompted only a single customer to rescind an export credit contract. All other exporters held on to the certified basic agreements including the relevant Oberbank consulting services. As at 30 September 2010, the Bank's market share in export finance under Export Fund procedures was a gratifying 10.90%, which mirrors Oberbank's top level position in this segment in Austria.

Most recently, the balance sheets for the crisis year 2009 have been posing special challenges. However, in cooperation with the different subsidising agencies Oberbank managed to maintain the majority of existing funding lines.

Demand for equity investment finance continues to be high. Target countries for foreign investments range from Austria's neighbour states to overseas countries; the exposure volume in this line of business still continues to rise.

### Documentary business and guarantees

Oberbank's documentary and export guarantees business mirrors the positive development of its customers' cross-border business: Since the beginning of 2010, activities in this field have been expanded both in terms of transaction numbers (+6%) and transaction volume (+12%).

Posting 10% earnings increase, the guarantees business in the Bank's Austrian home market proved particularly crisis-resistant. The implementation of new software also helped to further improve the service quality for Bank customers.

## **Payment services**

In order to ensure sustainable development of earnings from payment services in the corporate and business banking segment, Oberbank launched a series of pertinent activities in Bavaria in the third quarter of 2010. Looking at order volumes, the crisis in the Corporate and Business Banking segment seems to have been overcome, as the levels observed in 2009 have been regained.

## **OeNB Clearing**

In the future, Oberbank will take part in the planned payments clearing services offered by the Austrian central bank OeNB – the so-called Clearing Service Austria.

## **SEPA DD**

Besides national standing order and direct debit procedures, Oberbank has, since September, been offering two new Single Euro Payments Area (SEPA) debit procedures, namely the SEPA Core Direct Debit Scheme (for personal/business banking customers) and the SEPA Direct Debit B2B Scheme (especially for business customers). Both these procedures have the advantage of allowing cross-border debit procedures within SEPA (including the 27 EU Member States as well as Liechtenstein, Norway, Iceland, Monaco and Switzerland). Within the framework of these two schemes, Oberbank may take the role of both bank of the payment beneficiary and bank of the debtor.

## **Cash Management**

By implementing a two-tier automatic cash pooling solution, the Bank offers its customers a further innovative solution for optimising finance flows and liquidity planning. The two-tier model makes it possible to conflate the liquidity of several sub-accounts in a main account, which is counterbalanced with a superordinate account. This model enables Oberbank to adjust national and cross-border solutions available in Austria, Germany and Slovakia to precisely meet customer requirements.

## **Risk management, investments**

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

First signals indicating a possible slight increase of interest rates in summer prompted many corporate and business customers to hedge interest rate risk. This is reflected in a further rise in the volume of hedging contracts concluded by Oberbank.

High volatility on currency markets entailed a further increase in foreign currency hedging transactions, propelled, on the one hand, by higher conversion activity in Swiss francs, and, on the other hand, by stepped-up hedging on the part of corporate and business customers. The USD was clearly the dominant currency in these transactions. Currency hedging was very much the dominant risk management issue in the third quarter and is likely to remain a key focus over the next few months.

### **Direct customer services**

Direct customer services in the third quarter focused on maintaining intensive contacts with big investors as well as interest-rate and currency hedging. Pronounced fluctuations on currency markets necessitated more intensive

customer counselling and servicing. Oberbank supported customers in their decision-making processes by organising customer events and by paying visits to customers.

### **Liquidity management**

In 2010 Oberbank has successfully maintained and even further strengthened its already excellent liquidity position. The weekly liquidity reports evidence an attractive level of excess liquidity in a volume between €1.2 billion and €1.9 billion. This buffer is made up of the surplus of primary funds over credit exposures as well as the Bank's highly liquid fixed-interest securities, which can be readily turned into cash.

In international financial centres, Oberbank already boasts an extensive network of banking partners ready to provide liquidity for short-term money market refinancing. An important asset in this context is the solid credit rating of Oberbank, which thanks to the Bank's excellent earnings figures and key ratios as well as its recognised solid business model enjoys a high reputation in the market.

### **Primary deposits**

Overall, primary deposit growth still remained rather modest in the reporting period. However, with 3.5% growth year on year, Oberbank stands out conspicuously against the overall market (+1.8%).

Short-term deposits developed along very stable lines. Among the Bank's mid-term securities issues, the Cash Garant VII issued in September was very well received by customers. The successful Garant series was thus expanded by a further product.

In the long-term segment, brisk demand for promissory note bonds contributed substantially to the growth of primary deposits. As at 30 September 2010, Oberbank had raised more than €150 million with the issuance of promissory note bonds with an average maturity of more than 11 years. The high profile Oberbank has gained in Germany, notably in Bavaria, contributed substantially to this success.

### **Focus on foreign markets**

In regional terms, the foreign strategy of the Oberbank banking network focused on South-East Asia, India, Turkey, Latin America as well as Austria's neighbouring states and the major European financial centres in the first three quarters of 2010.

Central objectives were to accompany existing customers into new markets, acquire new customers and ensure the Bank's liquidity in the various markets. In the context of the bank's activities abroad, Oberbank is paying particular attention to constant credit monitoring of the individual regions in general and the respective partner banks in particular.

In its customer and partner bank orientation, Oberbank has in the recent past increasingly shifted its regional focus towards the so-called BRIC countries (i.e. Brazil, Russia, India and China) and has already firmly established its banking network in these markets. In 2010, the Bank has set new accents in Brazil in particular.

Bank-level activities in this field have been accompanied by customer-level measures aimed at providing access to new currency hedging solutions in these countries.

While always setting great store by reciprocity, the requirements of existing customers and the expected business potential, Oberbank, for strategic reasons, also provides mid-term finance to important banking partners in these markets in order to be able to offer efficient customer services in terms of payment transactions as well as hedging and financing solutions.

## Proprietary trading

2010 is a year characterised by continued insecurity and, in logical consequence, low capital market activity. This creates a difficult environment for proprietary trading. Against this background, net trading income in this line of business decreased by 30% as compared to 2009. Nevertheless, the anticipated result for 2010 has almost been attained. A comparison with other international banks, which post declines of up to 80% in this line, confirms the generally challenging market situation. For the time being, Oberbank plans to maintain its conservative risk policy approach in proprietary trading.

## PERSONAL BANKING SEGMENT

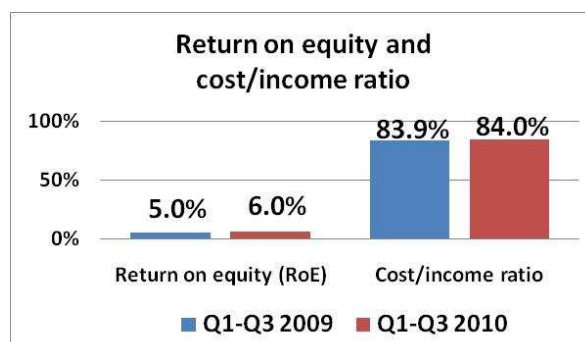
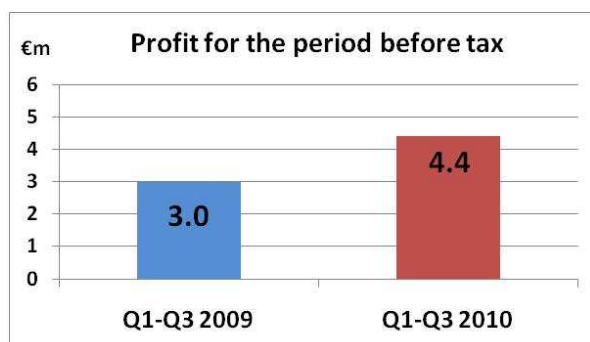
€ m	Q1–3 2010	Q1–3 2009	+/- in absolute terms	+/- %
Net interest income	39.0	42.4	(3.5)	(8.2)
Charges for losses on loans and advances	(7.6)	(8.9)	1.3	(14.5)
Net commission income	35.9	30.7	5.2	17.1
Net trading income	0.0	0.0	0.0	
Administrative expenses	(63.4)	(62.3)	(1.1)	1.8
Other operating profit (loss)	0.7	1.1	(0.5)	(41.5)
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period year before tax</b>	<b>4.4</b>	<b>3.0</b>	<b>1.5</b>	<b>49.0</b>
Average credit and market risk equivalent (BWG)	1,212.7	1,129.3	83.4	7.4
Average allocated equity	98.2	80.1	18.1	22.6
<b>Return on equity (ROE)</b>	<b>6.0%</b>	<b>5.0%</b>	<b>1.1%pt</b>	
<b>Cost/income ratio</b>	<b>84.0%</b>	<b>83.9%</b>	<b>0.1%pt</b>	

### Decline in net interest income, but gratifying increase in net commission income

Net interest income declined by 8.2% or € 3.5 million to € 39.0 million, whereas net commission income widened by the gratifying rate of 17.1% or € 5.2 million to € 35.9 million.

Charges for losses on loans and advances decreased by 14.5% or € 1.3 million to € 7.6 million. Administrative expenses edged up slightly by 1.8% or € 1.1 million to € 63.4 million. Other operating profit declined by € 0.5 million to € 0.7 million.

The return on equity rose by 1.1 percentage points to 6.0%, the cost/income ratio increased by 0.1 percentage point to 84.0%.



## 1,600 more personal banking customers year on year

Personal banking customers	Personal banking customers	YoY growth	YoY growth
as at 30 Sept.2010	as at 30 Sept.2009	absolute	in %
293,848	292,162	1,686	0.6

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 293,848 Personal banking customers as at 30 September 2010.

## More than 2,000 new personal accounts

Oberbank's portfolio of personal accounts grew by 2,937 year on year and totalled 165,134 on 30 September 2010. This corresponds to an increase of 1.8%. The Bank's growth and expansion markets - Bavaria, Vienna and Hungary - made disproportionately high contributions to this growth.

Personal accounts	Personal accounts	YoY growth	YoY growth
as at 30 Sept.2010	as at 30 Sept.2009	absolute	in %
165,134	162,197	2,937	1.8%

## Personal loans

In the first three quarters of 2010, the personal loans portfolio expanded by 3.9% or €75 million to €1,982.0 million year on year. The volume of foreign currency loans was successfully cut from €450 million to €281 million.

Personal loans	Personal loans	YoY growth	YoY growth
as at 30 Sept.2010	as at 30 Sept.2009	absolute	in %
€1,982.0 m	€1,907.0 m	€75.0 m	3.9%

## Savings deposits

The volume of customers' savings deposits at the Bank decreased slightly by 2.7% to €3,266.2 million. Investments in the "Oberbank Vorteilskonto spar" savings account, by contrast, posted 9.9% growth to €68.3 million.

Savings deposits	Savings deposits	YoY growth	YoY growth
as at 30 Sept.2010	as at 30 Sept.2009	absolute	in %
€ 3,266.2 m	€ 3,356.7 m	(€ 90.5 m)	(2.7%)

### Securities business

The market value of customer securities deposited at Oberbank rose to a new all-time high by the end of the third quarter. This is all the more gratifying as stock markets are still markedly below their previous highs. Over the past few years, Oberbank attracted substantial amounts of new money inflows and the value of customer securities in custody at the Bank amounted to € 8.24 billion as at the cut-off date.

Net commission income in this line of business expanded substantially year on year, rising by 16.5% or € 3.4 million to € 24.7 million in the first three quarters of 2010. This increase is mainly due to the price gains of managed products, which resulted in perceptibly higher management fees. The transaction business kept pace with overall developments.

### Own securities issues

Interest rates dropped to new lows in the third quarter. Nevertheless, demand for Oberbank issues remained intact. Securitised liabilities including supplementary and subordinated capital had thus again increased by a respectable margin as at 30 September 2010. The corresponding balance sheet items widened by 6.5% or € 132.3 million to € 2,172.5 million. The bond products most in demand with investors were money-market-based securities and a step-up supplementary capital bond. Investor demand for fixed-interest bonds with medium-term maturities, by contrast, was still somewhat restrained. The Bank's product portfolio also included an inflation-linked bond product.

### Private Banking

The third series of "Culture of Excellence" training events developed and implemented in cooperation with the Johannes Kepler University Linz has been concluded. Thus the percentage of Private Banking employees having completed a training course focused on enhancing service quality has now risen to 75%.

The inflow of new funds continued along positive lines in the third quarter. Even though the private foundations market stopped growing, Oberbank still posted inflows of funds in this line of business. With a view to further expanding its market share in Private Banking, Oberbank once again stepped up acquisition efforts.

Individual portfolio management (IPM) and brokerage services have also developed along highly positive lines. In the third quarter of 2010, both these lines of business posted further volume and income growth despite mixed market trends. The brokerage services unit established only four years ago already generated a third of total commission income in customer business.

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

By the end of the third quarter of 2010, the volume of funds managed by the company had increased by € 400 million to € 4.95 billion. This corresponds to 7.88% growth attributable in roughly equal parts to new money inflows and the value appreciation of the individual investment funds. The company thus once again outperformed the market in general by a significant margin (+5.33%).

Looking at year-on-year volume developments, the funds' performance is even more impressive with 10.2% or € 460 million in terms of volume growth. The overall Austrian market gained 6.2%.

The investment fund company maintained its innovative product policy and achieved marked inflows of funds, above all thanks to new investment concepts based on high-dividend and high-value stocks. The so-called Sachwerte inflation protection strategy also continues to attract high inflows of funds.

### **Insurance services**

Life insurance policy business showed highly positive development in the first three quarters of 2010. The premium volume of newly concluded endowment policy contracts came to €35.3 million, which corresponds to a year-on-year increase of 20% in Austria. In Germany, the sales volume of single-premium endowment insurance policies soared by 130% year on year. Sales of company pension insurance products also posted notable growth.

### **High level of safety in electronic banking**

The secure xTAN authorisation procedure (mobile, text messaging) is well established and has proved its worth as compared to paper-TAN authorisation. More than 25,000 customers have already adopted the simpler, safer and more comfortable mobile-based solution. With this measure, Oberbank successfully enhanced the safety features of its e-banking services while still maintaining and even improving mobility for the Bank's customers.

## FINANCIAL MARKETS SEGMENT

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

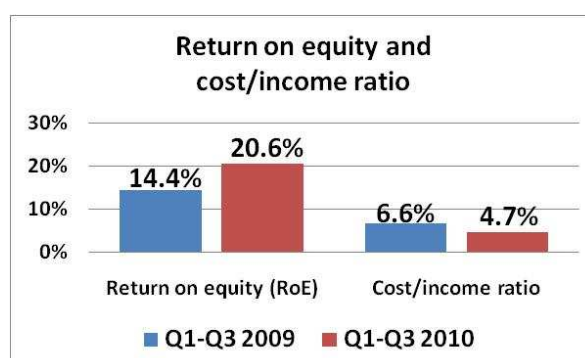
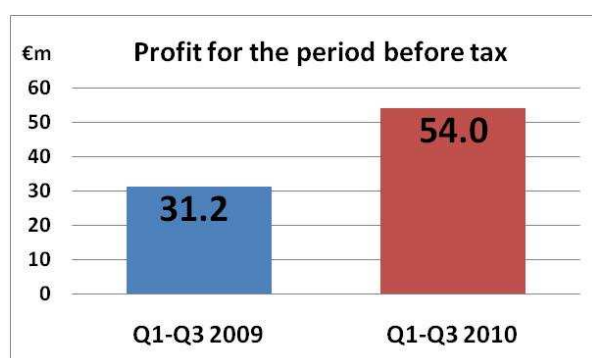
€m	Q1–3 2010	Q1–3 2009	+/- in absolute terms	+/- %
Net interest income	69.4	31.1	38.3	>100.0
Charges for losses on loans and advances	(25.6)	(21.9)	(3.6)	16.6
Net commission income	0.0	0.0	0.0	
Net trading income	4.9	9.2	(4.3)	(46.7)
Administrative expenses	(3.9)	(3.7)	(0.2)	4.8
Other operating profit (loss)	9.3	16.6	(7.4)	(44.4)
Extraordinary result	0.0	0.0	0.0	
<b>Profit for the period year before tax</b>	<b>54.0</b>	<b>31.2</b>	<b>22.8</b>	<b>73.1</b>
Average credit and market risk equivalent (BWG)	4,322.1	4,056.5	265.7	6.5
Average allocated equity	349.8	287.7	62.2	21.6
<b>Return on equity (ROE)</b>	<b>20.6</b>	<b>14.4%</b>	<b>6.2%pt</b>	
<b>Cost/income ratio</b>	<b>4.7%</b>	<b>6.6%</b>	<b>(1.9%pt)</b>	

In the Financial Markets segment, net interest income increased by €38.3 million to €69.4 million and thus contributed substantially to boosting the segment's result.

Charges for losses on loans and advances increased by €3.6 million to €25.6 million year on year, while net trading income decreased by €4.3 million to €4.9 million.

Other operating profit dropped by €7.4 million to €9.3 million owing to the decline of assets measured at fair value.

The return on equity improved by 6.2 percentage points to 20.6%, while the cost/income ratio dropped by 1.9 percentage points to 4.7%.



## OWN FUNDS

The core capital increased by 14.3% or €119.3 million to €952.8 million year on year. The core capital ratio thus improved by 1.40 percentage points from 8.06% to 9.46%.

Consolidated own funds within the meaning of Section 24 of the Austrian Banking Act (Bankwesengesetz, BWG) amounted to €1,545.4 million as at 30 September 2010, which is 11,8% above the level on the same date in the previous year.

The own funds requirement rose €864.1 million as at 30 September 2010, bringing the Group's surplus own funds to €681.3 million, which is 35.6% above the previous year's level.

The Bank's equity ratio was thus 15.34% 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 are the equity risk (risk of potential losses of value and/or earnings in the Bank's equity portfolio), the market risk (possible losses due to changes in interest rates, exchange rates or stock prices), operational risk and liquidity risk.

In line with the principle of prudence, these risks are also backed by appropriate levels of capital. In terms of liquidity risk, Oberbank is in an excellent position insofar as the entire lending volume (€10.4 billion as at 30 September 2010) can be refinanced from customers' primary deposits (€11.0 billion as at 30 September 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

- Continued adherence to the Bank's cautious risk policy
- Investment and export activities to drive financing demand
- Improved environment for securities business

We will continue to adhere to our cautious risk policy in the further course of 2010.

As regards financing business, increased investment activities in the corporate sector and the favourable trend of exports are likely to contribute to further business growth. Working capital finance is likely to slow down somewhat in the fourth quarter.

Investment business will witness a continued shift to securities investments. The recovery on stock exchanges and the current low interest rate environment are increasingly prompting customers to reshuffle funds parked in traditional savings, sight and fixed-term deposits to securities and investment funds.

### Earnings development in the year as a whole

- Improvement of net interest income and income from services
- Net profit for the year expected to top the previous year's level

Looking at the excellent earnings development in the first three quarters of 2010, we are highly optimistic for the year as a whole.

We expect to improve both net interest income and income from services as compared to the previous year. Overall, we expect to top last year's high net profit even though the outstanding business development of the first three quarters will probably not continue unabated through to the end of the year.

The Bank's excellent performance will permit the Board to enhance the enterprise value for the Bank's shareholders through allocations to reserves and to propose an attractive dividend at the Annual General Meeting of 2010.

## 3 BANKEN GROUP IN THE FIRST THREE QUARTERS OF 2010

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

Joint total assets of the three banks within the 3 Banken Group increased by 5.2% to € 31.9 billion as compared to 30 September 2009. Lending in terms of total volume (after charges for losses on loans and advances) widened by 4.5% to € 20.2 billion. Primary deposits increased by 3.7% to € 21.0 billion.

The joint net profit for the period widened by 18.8% to € 147.3 million.

As at 30 September 2010, the three banks were operating a total of 230 branches; they had an average of 3,652 employees on their payrolls in the first three quarters of 2010.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Prepared in accordance with IFRS

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

Consolidated income statement for the first three quarters of 2010		01/01-30/09/2010 in Mio. €	01/01-30/09/2009 in Mio. €	Change in €m	Change in %
1. Interest and similar income	(1)	348.5	398.2	(49.7)	(12.5)
2. Interest and similar expenses	(1)	(140.8)	(209.8)	69.0	(32.9)
3. Interest from entities accounted for using the equity method	(1)	31.1	9.0	22.2	>100.0
<b>NET INTEREST INCOME</b>	<b>(1)</b>	<b>238.9</b>	<b>197.4</b>	<b>41.5</b>	<b>21.0</b>
4. Charges for losses on loans and advances	(2)	(84.4)	(73.9)	(10.5)	14.2
5. Commission income	(3)	83.6	72.6	11.0	15.2
6. Commission expenses	(3)	(8.3)	(6.5)	(1.8)	27.4
<b>NET COMMISSION INCOME</b>	<b>(3)</b>	<b>75.3</b>	<b>66.1</b>	<b>9.2</b>	<b>13.9</b>
7. Net trading income	(4)	4.4	9.0	(4.7)	(51.6)
8. Administrative expenses	(5)	(160.1)	(154.7)	(5.5)	3.5
9. Other operating profit (loss)	(6)	17.9	24.7	(6.8)	(27.6)
a) Net income from financial assets – FV through P or L	(6)	9.9	20.5	(10.6)	(51.7)
b) Net income from financial assets – Afs	(6)	2.2	(1.9)	4.1	>(100.0)
c) Net income from financial assets – HtM	(6)	0.6	0.0	0.6	
d) Other operating profit (loss)	(6)	5.2	6.1	(0.9)	(14.8)
<b>PROFIT FOR THE PERIOD YEAR BEFORE TAX</b>		<b>91.9</b>	<b>68.7</b>	<b>23.2</b>	<b>33.8</b>
10. Income tax	(7)	(16.0)	(11.2)	(4.7)	42.2
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>75.9</b>	<b>57.4</b>	<b>18.5</b>	<b>32.2</b>
of which attributable to the owners of the parent company		75.9	57.4	18.5	32.2
of which attributable to minority interests		0.0	0.0	0.0	11.1

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€M)	01/01-30/09 2010	01/01-30/09 2009
<b>PROFIT FOR THE PERIOD AFTER TAX</b>	<b>75.9</b>	<b>57.4</b>
+/- Unrealised gains and losses not recognised in the income statement under IAS 39	13.0	17.9
+/- Deferred taxes on items recognised directly in equity under IAS 39	(3.2)	(4.5)
+/- Exchange differences	(1.1)	(2.1)
+/- Other changes recognised directly in equity of which changes in equity of associates	11.8	(4.4)
<b>Total income and expenses recognised directly in equity</b>	<b>20.4</b>	<b>7.0</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>96.3</b>	<b>64.4</b>
of which attributable to the owners of the parent company	96.3	64.4
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 July to 30 September 2010

Consolidated income statement for the third quarter of 2010		Q3 2010 €m	Q3 2009 €m	Change in €m	Change in %
1. Interest and similar income	(1)	119.6	118.5	1.1	0.9
2. Interest and similar expenses	(1)	(47.7)	(54.2)	6.6	(12.1)
3. Interest from entities accounted for using the equity method	(1)	12.2	(0.9)	13.1	>(100.0)
<b>NET INTEREST INCOME</b>	<b>(1)</b>	<b>84.2</b>	<b>63.4</b>	<b>20.8</b>	<b>32.8</b>
4. Charges for losses on loans and advances	(2)	(32.8)	(24.3)	(8.5)	35.1
5. Commission income	(3)	27.5	24.8	2.8	11.1
6. Commission expenses	(3)	(2.7)	(2.2)	(0.4)	19.7
<b>NET COMMISSION INCOME</b>	<b>(3)</b>	<b>24.9</b>	<b>22.6</b>	<b>2.3</b>	<b>10.3</b>
7. Net trading income	(4)	1.0	4.0	(3.0)	(75.3)
8. Administrative expenses	(5)	(55.8)	(52.1)	(3.7)	7.1
9. Other operating profit (loss)	(6)	12.5	11.3	1.2	10.6
a) Net income from financial assets – FV through P or L	(6)	7.7	8.6	(0.9)	(10.1)
b) Net income from financial assets – AFS	(6)	1.2	1.5	(0.3)	(22.2)
c) Net income from financial assets – HtM	(6)	0.0	0.0	0.0	
d) Other operating profit (loss)	(6)	3.6	1.2	2.4	>100.0
<b>PROFIT FOR THE PERIOD YEAR BEFORE TAX</b>		<b>34.0</b>	<b>24.9</b>	<b>9.1</b>	<b>36.4</b>
10. Income tax	(7)	(5.8)	(5.7)	0.0	0.6
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>28.2</b>	<b>19.2</b>	<b>9.0</b>	<b>47.1</b>
of which attributable to the owners of the parent company		28.2	19.2	9.0	47.1
of which attributable to minority interests		0.0	0.0	0.0	(8.3)

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€M)	Q3 2010	Q3 2009
<b>PROFIT FOR THE PERIOD AFTER TAX</b>	<b>28.2</b>	<b>19.2</b>
+/- Unrealised gains and losses not recognised in the income statement under IAS 39	3.3	11.8
+/- Deferred taxes on items recognised directly in equity under IAS 39	(0.8)	(2.9)
+/- Exchange differences	(0.7)	2.8
+/- Other changes recognised directly in equity of which changes in equity of associates	5.5	3.4
<b>Total income and expenses recognised directly in equity</b>	<b>7.2</b>	<b>15.0</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>35.4</b>	<b>34.1</b>
of which attributable to the owners of the parent company	35.3	34.1
of which attributable to minority interests	0.0	0.0

PERFORMANCE INDICATORS	Q1–3 2010	Q1–3 2009
Cost/income ratio in %	47.60%	52.05%
Return on equity before tax in %	11.47%	10.04%
Return on equity after tax in %	9.48%	8.40%
Risk/earnings ratio (credit risk/net interest income) in %	35.32%	37.42%
Earnings per share in €	3.53	2.86

## CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2010

		30/09/2010	31/12/2009	Change	Change
ASSETS		€m	€m	in €m	in %
1. Cash and balances at central banks	(9)	218.2	164.7	53.5	32.4
2. Loans and advances to credit institutions	(10)	2,097.2	2,093.3	3.9	0.2
3. Loans and advances to customers	(11)	10,357.1	9,836.5	520.6	5.3
4. Impairment provisions	(12)	(301.0)	(249.0)	(52.1)	20.9
5. Trading assets	(13)	73.4	50.4	23.0	45.7
6. Financial investments	(14)	3,734.9	3,581.1	153.8	4.3
a) Financial assets – FV through P or L	(14)	313.8	291.5	22.2	7.6
b) Financial assets – AfS	(14)	721.0	807.0	(86.1)	(10.7)
c) Financial assets – HtM	(14)	2,240.6	2,071.8	168.8	8.1
d) Interest in entities accounted for using the equity method	(14)	459.6	410.8	48.8	11.9
7. Intangible assets	(15)	5.1	9.3	(4.2)	(45.4)
8. Property, plant and equipment	(16)	226.3	221.9	4.4	2.0
a) Investment property	(16)	79.7	81.4	(1.7)	(2.1)
b) Other property, plant and equipment	(16)	146.6	140.6	6.1	4.3
9. Other assets	(17)	361.3	323.2	38.1	11.8
a) Deferred tax assets	(17)	25.3	25.7	(0.4)	(1.6)
b) Other	(17)	336.0	297.5	38.5	12.9
<b>TOTAL ASSETS</b>		<b>16,772.4</b>	<b>16,031.4</b>	<b>741.0</b>	<b>4.6</b>

		30/09/2010	31/12/2009	Change	Change
EQUITY AND LIABILITIES		€m	€m	in €m	in %
1. Amounts owed to credit institutions	(18)	3,997.3	3,466.5	530.8	15.3
2. Amounts owed to customers	(19)	8,824.6	8,876.2	(51.6)	(0.6)
3. Securitised liabilities	(20)	1,434.8	1,308.1	126.7	9.7
4. Provisions for liabilities and charges	(21)	389.3	363.0	26.3	7.2
5. Other liabilities	(22)	267.7	249.9	17.8	7.1
a) Trading liabilities	(23)	17.0	28.7	(11.7)	(40.7)
b) Tax liabilities	(22)	20.0	5.1	14.9	>100.0
c) Other	(22)	230.7	216.2	14.5	6.7
6. Subordinated debt capital	(24)	737.7	732.1	5.6	0.8
7. Equity	(25)	1,121.0	1,035.6	85.4	8.2
a) Equity after minorities	(25)	1,119.6	1,034.2	85.4	8.3
b) Minority interests in equity	(25)	1.4	1.3	0.0	1.9
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,772.4</b>	<b>16,031.4</b>	<b>741.0</b>	<b>4.6</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserves	Retained earnings	Transition reserve	Gains (losses) recognised in equity, IAS 39	Associated companies	Equity after minorities	Minorities	Equity
<b>€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	-	-	60.2	(2.1)	13.4	(7.1)	64.4	0.0	64.4
Dividend distribution	-	-	(13.3)	-	-	-	(13.3)	-	-13.3
Capital increase	0.0	0.0	-	-	-	-	0.0	-	0.0
Reacquired Oberbank shares	0.2	0.3	-	-	-	-	0.5	-	0.5
Unrealised gains and losses not recognised in the income statement	-	-	0.0	-	-	13.9	13.9	0.0	14.0
<b>AS AT 30/09/2009</b>	<b>81.3</b>	<b>141.0</b>	<b>492.8</b>	<b>(1.8)</b>	<b>6.4</b>	<b>238.6</b>	<b>958.4</b>	<b>1.3</b>	<b>959.7</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	-	-	51.5	(1.1)	9.7	36.2	96.3	0.0	96.3
Dividend distribution	-	-	(14.3)	-	-	-	(14.3)	-	-14.3
Capital increase	0.0	0.0	-	-	-	-	0.0	-	0.0
Reacquired Oberbank shares	(1.2)	(2.9)	-	-	-	-	(4.2)	-	-4.2
Unrealised gains and losses not recognised in the income statement	-	-	-	-	-	7.6	7.6	0.0	7.6
<b>AS AT 30/09/2010</b>	<b>85.0</b>	<b>191.6</b>	<b>549.5</b>	<b>(1.8)</b>	<b>23.9</b>	<b>271.4</b>	<b>1.119.6</b>	<b>1.4</b>	<b>1.121.0</b>

<b>CASH FLOW STATEMENT (€m)</b>	<b>01/01-30/09/2010</b>	<b>01/01-30/09/2009</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	257.4	585.2
Cash flows from investing activities	(197.1)	(630.7)
Cash flows from financing activities	(34.8)	25.5
Effects of changes in the scope of consolidation and valuations	29.1	23.0
Effects of exchange rate changes	(1.1)	(2.1)
<b>Cash and cash equivalents at the end of the period</b>	<b>218.2</b>	<b>131.3</b>

# **NOTES**

## **to the consolidated interim financial statements**

### **as at 30 September 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 three quarters of 2010 (1 January 2010 to 30 September 2010) and compares this period with the same period of the previous year.

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

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

This 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 September 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>01/01- 30/09/2010</b>	<b>01/01- 30/09/2009</b>
Interest income from credit and money-market business	267.2	316.0
Shares and other variable-yield securities	1.8	3.6
Other equity investments	0.5	1.1
Subsidiaries	10.1	2.3
Fixed-interest securities and bonds	68.8	75.1
<b>INTEREST AND SIMILAR INCOME</b>	<b>348.5</b>	<b>398.2</b>
Interest expenses on deposits	(91.3)	(156.1)
Interest expenses on securitised liabilities	(30.0)	(31.1)
Interest expenses on subordinated liabilities	(19.5)	(22.7)
<b>INTEREST AND SIMILAR EXPENSES</b>	<b>(140.8)</b>	<b>(209.8)</b>
INTEREST FROM ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	31.1	9.0
<b>NET INTEREST INCOME</b>	<b>238.9</b>	<b>197.4</b>
<b>2. CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>01/01- 30/09/2010</b>	<b>01/01- 30/09/2009</b>
Allocated to loan loss provisions	(93.2)	(84.2)
Direct write-offs	(2.4)	(4.6)
Reversals of loan loss provisions	10.1	13.9
Recoveries of written-off receivables	1.1	1.1
<b>CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>(84.4)</b>	<b>(73.9)</b>
<b>3. NET COMMISSION INCOME</b>	<b>01/01- 30/09/2010</b>	<b>01/01- 30/09/2009</b>
Payment services	25.0	23.5
Securities business	24.7	21.2
Foreign exchange, foreign bank note and precious metals business	8.9	6.7
Credit operations	15.1	12.9
Other services and advisory business	1.7	1.8
<b>NET COMMISSION INCOME</b>	<b>75.3</b>	<b>66.1</b>
<b>4. NET TRADING INCOME</b>	<b>01/01- 30/09/2010</b>	<b>01/01- 30/09/2009</b>
Gains (losses) on interest rate contracts	2.9	7.3
Gains (losses) on foreign exchange, foreign bank note and numismatic business	3.7	2.9
Gains (losses) on derivatives	(2.3)	(1.1)
<b>NET TRADING INCOME</b>	<b>4.4</b>	<b>9.0</b>

<b>5. ADMINISTRATIVE EXPENSES</b>	<b>01/01 - 30/09/2010</b>	<b>01/01 - 30/09/2009</b>
Staff costs	93.6	90.4
- of which contribution to staff benefit fund	0.2	0.2
Other administrative expenses	49.9	47.9
Write-offs and valuation allowances	16.6	16.4
<b>ADMINISTRATIVE EXPENSES</b>	<b>160.1</b>	<b>154.7</b>
<b>6. OTHER OPERATING PROFIT (LOSS)</b>	<b>01/01 - 30/09/2010</b>	<b>01/01 - 30/09/2009</b>
a) Net income from financial assets – FV through P or L	9.9	20.5
b) Net income from financial assets – Afs	2.2	(1.9)
c) Net income from financial assets – HtM	0.6	0.0
d) Other operating profit (loss)	5.2	6.1
<b>OTHER OPERATING PROFIT (LOSS)</b>	<b>17.9</b>	<b>24.7</b>
<b>7. INCOME TAXES</b>	<b>01/01 - 30/09/2010</b>	<b>01/01 - 30/09/2009</b>
Current income tax expense	18.8	8.0
Deferred income tax expense (income)	(2.8)	3.2
<b>INCOME TAXES</b>	<b>16.0</b>	<b>11.2</b>
<b>8. EARNINGS PER SHARE</b>	<b>01/01 - 30/09/2010</b>	<b>01/01 - 30/09/2009</b>
Number of shares in issue at 30 September	28,783,125	27,090,000
Average number of shares in issue	28,696,861	26,800,022
Consolidated net profit for the period	75.9	57.4
<b>EARNINGS PER SHARE IN €</b>	<b>2.65</b>	<b>2.14</b>
<b>ANNUALISED FIGURES IN €</b>	<b>3.53</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>30/09/2010</b>	<b>31/12/2009</b>			
Cash in hand		59.2	64.5			
Credit balances with central banks of issue		159.0	100.2			
<b>CASH AND BALANCES AT CENTRAL BANKS</b>		<b>218.2</b>	<b>164.7</b>			
<b>10. LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>		<b>30/09/2010</b>	<b>31/12/2009</b>			
Loans and advances to Austrian banks		1,194.6	1,118.9			
Loans and advances to foreign banks		902.7	974.4			
<b>LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>		<b>2,097.2</b>	<b>2,093.3</b>			
<b>11. LOANS AND ADVANCES TO CUSTOMERS</b>		<b>30/09/2010</b>	<b>31/12/2009</b>			
Loans and advances to Austrian customers		6,393.8	6,246.7			
Loans and advances to foreign customers		3,963.3	3,589.8			
<b>LOANS AND ADVANCES TO CUSTOMERS</b>		<b>10,357.1</b>	<b>9,836.5</b>			
<b>12. IMPAIRMENT PROVISIONS</b>						
€m	At 31/01/2010	Exchange rate changes	Added	Used	Reversed	At 30/09/2010
Credit risks	173.8	0.3	46.8	(9.7)	(9.4)	201.8
Country risks	6.6	-	-	(4.0)	0.0	2.6
General provisions	7.0	-	1.3	-	-	8.3
Portfolio impairment provisions under IAS 39	61.7	-	26.7	-	-	88.4
Interest value impairments	0.0	-	-	-	-	0.0
<b>Charges for losses on loans and advances <sup>1)</sup></b>	<b>249.0</b>	<b>0.3</b>	<b>74.8</b>	<b>(13.7)</b>	<b>(9.4)</b>	<b>301.0</b>
Loan loss provisions	119.9	0.1	18.5	(0.8)	(0.8)	137.0
<b>TOTAL IMPAIRMENT PROVISIONS</b>	<b>368.9</b>	<b>0.5</b>	<b>93.3</b>	<b>(14.5)</b>	<b>(10.1)</b>	<b>438.0</b>
Loan loss provisions are recognised in line item 4 on the asset side of the balance sheet						
<b>13. TRADING ASSETS</b>		<b>30/09/2010</b>	<b>31/12/2009</b>			
<b>Bonds and other fixed-interest securities</b>						
Listed		28.9	18.4			
<b>Stocks and other variable-yield securities</b>						
Listed		7.1	2.5			
<b>Positive fair values of derivative financial instruments</b>						
Currency contracts		2.4	0.0			

Interest rate contracts	34.7	29.4
Other contracts	0.3	0.0
<b>TRADING ASSETS</b>	<b>73.4</b>	<b>50.4</b>

<b>14. FINANCIAL INVESTMENTS</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
<b>Bonds and other fixed-interest securities</b>	<b>2,770.8</b>	<b>2,694.8</b>

<b>Stocks and other variable-yield securities</b>	<b>220.4</b>	<b>199.7</b>
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<b>Equity investments/shares</b>		
Subsidiaries	222.9	218.4
Entities accounted for using the equity method		
- Banks	195.9	183.0
- Non-banks	263.7	227.7
Other equity investments		
- Banks	10.8	10.8
- Non-banks	50.4	46.5
<b>FINANCIAL INVESTMENTS</b>	<b>3,734.9</b>	<b>3,581.1</b>

a) Financial assets – FV through P or L	313.8	291.5
b) Financial assets – AfS	721.0	807.0
c) Financial assets – HtM	2,240.6	2,071.8
d) Interest in entities accounted for using the equity method	459.6	410.8
<b>FINANCIAL INVESTMENTS</b>	<b>3,734.9</b>	<b>3,581.1</b>

<b>15. INTANGIBLE ASSETS</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Other intangible assets	4.3	8.5
Customer base	0.8	0.8
<b>INTANGIBLE ASSETS</b>	<b>5.1</b>	<b>9.3</b>

<b>16. PROPERTY, PLANT AND EQUIPMENT</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Investment property	79.7	81.4
Land and buildings	74.6	71.7
Business equipment and furnishings	64.6	53.5
Other property, plant and equipment	7.4	15.4
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>226.3</b>	<b>221.9</b>

<b>17. OTHER ASSETS</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Deferred tax assets	25.3	25.7
Other items	333.2	295.9
Other deferrals	2.8	1.7
<b>OTHER ASSETS</b>	<b>361.3</b>	<b>323.2</b>

<b>18. AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Amounts owed		
- Austrian banks	1,620.2	1,261.9
- Foreign banks	2,377.1	2,204.6
<b>AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>3,997.3</b>	<b>3,466.5</b>
<b>19. AMOUNTS OWED TO CUSTOMERS</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Savings deposits	3,303.8	3,399.2
Other	5,520.8	5,477.0
<b>AMOUNTS OWED TO CUSTOMERS</b>	<b>8,824.6</b>	<b>8,876.2</b>
<b>20. SECURITISED LIABILITIES</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Issued bonds	1,189.2	1,066.4
Other securitised liabilities	245.6	241.7
<b>SECURITISED LIABILITIES</b>	<b>1,434.8</b>	<b>1,308.1</b>
<b>21. PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Provisions for severance and pensions	207.4	208.1
Provisions for anniversary bonuses	8.3	8.1
Loan loss provisions	137.0	119.9
Other provisions	36.5	26.9
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>389.3</b>	<b>363.0</b>
<b>22. OTHER LIABILITIES</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Trading liabilities	17.0	28.7
Tax liabilities	20.0	5.1
Other liabilities	184.3	167.0
Deferred items	46.4	49.2
<b>OTHER LIABILITIES</b>	<b>267.7</b>	<b>249.9</b>
<b>23. OTHER LIABILITIES(TRADING LIABILITIES)</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Currency contracts	2.4	0.0
Interest rate contracts	14.2	28.7
Other contracts	0.4	0.0
<b>TRADING LIABILITIES</b>	<b>17.0</b>	<b>28.7</b>
<b>24. SUBORDINATED DEBT CAPITAL</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Issued subordinated bonds	6.7	6.6
Supplementary capital	649.7	646.1
Hybrid capital	81.3	79.4
<b>SUBORDINATED DEBT CAPITAL</b>	<b>737.7</b>	<b>732.1</b>

<b>25. EQUITY</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Subscribed capital	85.0	86.2
Capital reserves	191.6	194.5
Retained earnings (including net profit)	816.1	726.5
Untaxed reserves	25.1	25.1
Negative goodwill	1.9	1.9
Minorities	1.4	1.3
<b>EQUITY</b>	<b>1,121.0</b>	<b>1,035.6</b>

<b>26. CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>30/09/2010</b>	<b>31/12/2009</b>
Other contingent liabilities (guarantees and letters of credit)	1,296.7	1,347.9
<b>CONTINGENT LIABILITIES</b>	<b>1,296.7</b>	<b>1,347.9</b>
Liabilities arising from non-genuine repos	0.0	40.5
Other commitments (irrevocable loan commitments)	1,567.6	1,463.0
<b>COMMITMENTS</b>	<b>1,567.6</b>	<b>1,503.5</b>

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

	<b>Personal Banking</b>	<b>Corporate</b>	<b>Financial Markets</b>	<b>Other</b>	<b>Consolidated income statement Q1-3 2010</b>
Net interest income	39.0	130.5	69.4	0.0	238.9
Charges for losses on loans and advances	(7.6)	(51.1)	(25.6)	0.0	(84.4)
Net commission income	35.9	39.4	0.0	0.0	75.3
Net trading income	0.0	(0.5)	4.9	0.0	4.4
Administrative expenses	(63.4)	(72.6)	(3.9)	(20.2)	(160.1)
Other operating profit (loss)	0.7	6.7	9.3	1.3	17.9
Extraordinary profit	0.0	0.0	0.0	0.0	0.0
<b>Profit for the period year before tax</b>	<b>4.4</b>	<b>52.3</b>	<b>54.0</b>	<b>(18.9)</b>	<b>91.9</b>
Average credit and market risk equivalent	1,212.7	7,656.1	4,322.1	0.0	13,190.9
Average allocated equity	98.2	619.7	349.8	0.0	1,067.7
<b>Return on equity (ROE)</b>	<b>6.0%</b>	<b>11.3%</b>	<b>20.6%</b>		<b>11.5%</b>
<b>Cost/income ratio</b>	<b>84.0%</b>	<b>41.2%</b>	<b>4.7%</b>		<b>47.6%</b>

## DISCLOSURES REQUIRED BY AUSTRIAN LAW

<b>28. HUMAN RESOURCES</b>	<b>Q1–3 2010</b>	<b>FY 2009</b>
Salaried	1,987	1,990
Blue-collar	22	21
<b>TOTAL RESOURCES</b>	<b>2,009</b>	<b>2,011</b>

<b>29. CONSOLIDATED OWN FUNDS AND REGULATORY OWN FUNDS REQUIREMENT</b>			
Eligible own funds pursuant to Section 24 Austrian Banking Act (BWG) in €m			
<b>Composition</b>	<b>30/09/2010</b>	<b>31/12/2009</b>	<b>30/09/2009</b>
<b>1. Core capital</b>			
Share capital	86.3	86.3	81.3
Holdings of Oberbank AG shares	(4.7)	(0.4)	0.0
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	69.0
Deductions of intangible assets	(6.8)	(8.5)	(9.0)
<b>TOTAL CORE CAPITAL (TIER I)</b>	<b>952.8</b>	<b>955.4</b>	<b>833.4</b>
CORE CAPITAL RATIO	9.46%	9.58%	8.06%
<b>2. Supplementary own funds (TIER II)</b>			
Eligible supplementary capital bonds	470.7	485.2	452.7
Revaluation reserves (already 45% of undisclosed reserves)	151.1	130.3	110.6
Subordinated bonds (suppl. capital below 3Y maturity)	46.9	41.0	37.1
<b>TOTAL SUPPLEMENTARY OWN FUNDS (TIER II)</b>	<b>668.7</b>	<b>656.4</b>	<b>600.4</b>
<b>3. TIER III</b>			
Addition of an amount not exceeding subordinated bonds eligible for Tier II	4.0	2.6	2.1
<b>TOTAL TIER III CAPITAL</b>	<b>4.0</b>	<b>2.6</b>	<b>2.1</b>
<b>4. Deductions</b>			
Deductions of interests in banks/other FI of over 10%	(80.0)	(80.0)	(54.0)
Deductions of interests in banks/other FI of up to 10%	0.0	0.0	0.0
<b>TOTAL OWN FUNDS</b>	<b>1,545.4</b>	<b>1,534.3</b>	<b>1,381.9</b>
Of which: own funds pursuant to Section 23 (14) no. 7 Austrian Banking Act (BWG)	4.0	2.6	2.1
<b>OWN FUNDS RATIO</b>	<b>15.34%</b>	<b>15.39%</b>	<b>13.37%</b>

<b>Own funds requirement</b>	<b>30/09/2010</b>	<b>31/12/2009</b>	<b>30/09/2009</b>
Credit risk pursuant to Section 22 (2) BWG	805.1	797.3	826.7
Trading book purs. to Section 22 o (2) BWG	4.0	2.6	2.1
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
<b>TOTAL OWN FUNDS REQUIREMENT</b>	<b>864.1</b>	<b>854.8</b>	<b>879.4</b>
<b>UNAPPROPRIATED OWN FUNDS</b>	<b>681.3</b>	<b>679.5</b>	<b>502.5</b>
<b>Basis for the calculation of the reserve ratios</b>			
Assessment basis for the credit risk - Section 22 (2) BWG	10,064.1	9,965.7	10,333.5
Specific position risk of the trading book pursuant to Section 22 o nos. 1,3,6 BWG	7.7	4.8	3.5
<b>TOTAL BASIS OF ASSESSMENT</b>	<b>10,071.9</b>	<b>9,970.5</b>	<b>10,337.0</b>

#### **Financial calendar 2011**

21 May 2011	quarterly results for Q1 2011
19 August 2011	quarterly results for Q1-Q2 2011
18 November 2011	quarterly results for Q1-Q3 2011

All information is electronically available under Investor Relations at [www.oberbank.at](http://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 three quarters of 2010 (1 January 2010 to 30 September 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 September 2010, major transactions with individuals and companies considered to be related parties amounted to:

- associated companies €k 20,000
- subsidiaries €k 9,807

Linz, 19 November 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.

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### 3 BANKEN GROUP AT A GLANCE

Income statement €m	Oberbank Group		BKS Bank Group		BTV Group	
	Q1-3 2010	Q1-3 2009	Q1-3 2010	Q1-3 2009	Q1-3 2010	Q1-3 2009
Net interest income	238.9	197.4	104.1	97.6	110.6	98.3
Charges for losses on loans and advances	(84.4)	(73.9)	(36.3)	(29.1)	(27.8)	(29.8)
Net commission income	75.3	66.1	31.5	28.9	32.1	30.0
Administrative expenses	(160.1)	(154.7)	(67.2)	(65.6)	(66.9)	(70.9)
Profit for the period year before tax	91.9	68.7	35.8	32.0	47.4	42.2
Consolidated net profit for the period	75.9	57.4	31.1	29.2	40.3	37.4

Balance sheet in €m	30/09/2010	31/12/2009	30/09/2010	31/12/2009	30/09/2010	31/12/2009
Total assets	16,772.4	16,031.4	6,312.8	6,315.9	8,829.0	8,465.4
Loans and advances to customers after charges for losses on loans and advances	10,058.6	9,594.0	4,534.8	4,350.2	5,605.0	5,384.9
Primary funds	10,997.1	10,916.4	4,136.8	3,907.9	5,913.7	6,259.6
of which savings deposits	3,303.8	3,399.2	1,867.2	1,804.6	1,305.4	1,412.1
of which securitised liabilities including subordinated debt capital	2,172.5	2,040.2	655.2	564.7	1,248.0	1,275.4
Equity	1,121.0	1,035.6	609.2	577.5	668.3	612.4
Customer funds under management	19,267.1	18,686.8	9,875.4	9,343.5	10,245.8	10,309.0

Own funds within the meaning of the Austrian Banking Act (BWG) in €m	30/09/2010	31/12/2009	30/09/2010	31/12/2009	30/09/2010	31/12/2009
Assessment basis	10,071.9	9,970.5	4,433.3	4,258.4	5,729.6	5,476.1
Own funds	1,545.4	1,534.3	526.4	514.7	821.5	800.2
of which core capital (Tier 1)	952.8	955.4	369.5	369.5	544.7	514.6
Surplus of own funds	681.3	679.5	146.7	150.8	339.9	339.5
Core capital ratio in %	9.46	9.58	8.33	8.68	9.51	9.40
Total capital ratio in %	15.34	15.39	11.87	12.09	14.34	14.61

Performance in %	30/09/2010	31/12/2009	30/09/2010	31/12/2009	30/09/2010	31/12/2009
Return on equity before tax	11.47	9.86	7.99	8.93	9.91	8.80
Return on equity after tax	9.48	8.28	6.87	7.76	8.41	8.20
Cost/income ratio	47.60	53.26	48.75	49.92	46.33	53.65
Risk/earnings ratio (credit risk in percent of net interest income)	35.32	34.58	34.90	28.29	25.14	33.83

Resources	Q1-3 2010	FY 2009	Q1-3 2010	FY 2009	Q1-3 2010	FY 2009
Average number of staff (weighted)	1,987	1,990	868	872	797	862
Branches	134	133	55	55	41	41