

Success. One of Our Strengths.

Interim Report to Shareholders as at 31 March 2014



150 branches in five European countries.
Oberbank – more than just a bank.

Oberbank
3 Banken Gruppe

Oberbank at a Glance

Income statement in €m	Q1 2014	Change	Q1 2013
Net interest income	82.4	2.5%	80.4
Charges for losses on loans and advances	(18.1)	22.5%	(14.8)
Net commission income	30.6	6.3%	28.8
Administrative expenses	(57.9)	2.7%	(56.4)
Profit for the period before tax	42.9	4.9%	40.9
Profit for the period after tax	35.6	6.9%	33.3
Balance sheet in €m	Q1 2014	Change	31/12/2013
Assets	17,457.1	(0.6%)	17,570.9
Loans and advances to customers	11,849.8	1.2%	11,713.3
Primary funds	12,031.1	(1.8%)	12,250.4
of which savings deposits	3,309.7	(1.3%)	3,352.1
of which securitised liabilities including subordinated capital	2,238.5	0.6%	2,224.4
Equity	1,456.2	2.5%	1,421.0
Customer funds under management	22,766.7	(0.1%)	22,787.5
Capital resources CRR (PY BWG) €m	Q1 2014¹⁾	Change	31/12/2013²⁾
Assessment basis	11,594.5	8.0%	10,734.0
Capital	1,849.3	1.4%	1,824.8
of which CET1	1,225.5		n.a
of which total capital (CET1+AT1)	1,284.1	(2.7%)	1,320.6
Common equity Tier 1 ratio	10.57%		n.a.
Tier 1 capital ratio	11.07%	(1.23%)	12.30%
Total capital ratio	15.95%	(1.05%)	17.00%
Performance	Q1 2014	Change	Q1 2013
Return on equity before tax	12.00%	(0.1%)	12.10%
Return on equity after tax	9.97%	0.11%	9.86%
Cost/income ratio	48.68%	(1.62%)	50.30%
Risk/earnings ratio (credit risk in % of net interest income)	22.02%	3.59%	18.43%
Resources	Q1 2014	Change	31/12/2013
Average number of staff (weighted)	2,001	0	2,001
Number of branches	152	2	150

¹⁾ From 1 Jan. 2014, application of CRR/CRD IV (Basel III); hence the figures are not comparable with previous periods.

²⁾ Calculated in accordance with Basel II.

The Oberbank Group in the first quarter of 2014

Dear Readers,

Oberbank once again generated a highly satisfactory result of operations in the first quarter of 2014. Our profit before and after taxes increased by comparison to the first quarter of 2013 and we posted further growth in terms of both lending and deposits; our capital base continues to be excellent.

Another very good performance

- Profit for the period before tax EUR 42.9 million (+ 4.9%); after tax EUR 35.6 million (+ 6.9%)
- Growth in terms of net interest income and earnings from services

Although the bar was set high after last year's excellent first quarter result, we again boosted our pre-tax profit by 4.9% to EUR 42.9 million by comparison with the first three months of 2013. Our net profit for the period even increased by 6.9% to EUR 35.6 million.

Net interest income widened by 2.5% to EUR 82.4 million year on year.

At EUR 71.8 million, interest income from operating activities was 1.6% higher than in the first quarter of 2013. This growth was fuelled by a higher financing volume, while the deposit margin contracted further. Income from equity investments increased to EUR 10.6 million, topping the previous year's figure by 9.0%.

Net commission income rose by 6.3% to EUR 30.6 million, boosted, above all, by commissions from securities transactions (+10.2%) and higher loan commissions (+8.9%); commissions from payment transactions also improved perceptibly (+5.5%).

Lending volume continued to rise

- 4.4% lending growth to EUR 11.8 billion
- Commercial lending characterised by weak investment activity; continued robust demand for personal loans

As at 31 March, commercial lending had increased by 3.9% to EUR 9.6 billion year on year. Against the backdrop of businesses' low propensity to invest, demand for investment finance was subdued towards the end of the period; first quarter lending growth in this line was primarily sustained by operating loans. Propelled by sustained robust demand, the volume of personal loans increased by 6.6% to EUR 2.3 billion. The Vienna regional division – which in terms of personal loans has meanwhile advanced to become Oberbank's strongest demand driver – showed a particularly dynamic development.

Clear deposit growth despite low savings rate

- EUR 12.0 bn in primary deposits (+2.8%), almost EUR 23 bn (+4.2%) in customer funds under management

As at 31 March 2014, overall primary deposits had widened by 2.8% to EUR 12.0 billion; savings, sight and fixed-term deposits increased by 2.8% to EUR 9.8 billion notwithstanding the fact that the savings rate was at a historic low throughout Austria.

The volume of funds in customers' securities deposits rose to EUR 10.7 billion (+5.9%) by the end of March; the total volume of assets entrusted to us by our customers thus increased by 4.2% to EUR 22.8 billion.

Excellent performance indicators, particularly strong capital base

- Return on equity at 12.00% before tax and 9.97% after tax
- Cost/income ratio of 48.68%
- Tier 1 capital ratio according to Basel III at 11.07%

Oberbank continues to boast a very good return on equity of 12.00% before tax and 9.97% after tax; at 48.68% the cost/income ratio is excellent as well. These figures are not comparable with the previous year's ratios, which were still calculated in accordance with the Basel II regime.

Capital resources in the amount of EUR 1,849.3 million as at 31 March 2014 correspond to a total capital ratio of 15.95%, which is almost double the statutorily required level. The Bank's Tier 1 capital amounted to EUR 1,284.1 million, the Tier 1 capital ratio was at 11.07%.

Branch network expansion continues uninterrupted

- 2013: five new branches bringing total to 150
- 2014: focus on speeding up the pace of expansion and widening the Bank's catchment area

In 2013 Oberbank set up five new branches, namely three in Vienna (Donaustadt, Favoriten and Landstrasse) and two in the Czech Republic (Zlín, Prague). At the end of 2013, Oberbank thus operated 150 branches.

The pace of expansion will be further accelerated in 2014.

Oberbank has already opened three new branches in Bavaria and the Czech Republic in the first quarter of 2014 and plans to set up another six to seven this year: two to three in Vienna, two in the Czech Republic, one each in Hungary and in Germany (Darmstadt/Hesse). By the end of 2014, Oberbank will be operating a network of 160 branches. Preparations for two further new outlets are under way; one is to be set up in Erfurt in Thuringia and one in Neu-Ulm, Bavaria.

In Germany, we have an additional new expansion focus on the regions of Hesse and Thuringia.

While the business potential in Bavaria continues to be attractive, Oberbank perceives additional market opportunities in the German states of Hesse and Thuringia. In Hesse, the first branch will be opened in Darmstadt, but Wiesbaden and Mainz are also seen to offer interesting potential. In Thuringia the Bank plans to open its first branch in the regional capital of Erfurt; Jena is another attractive location in this region.

Linz, in May 2014



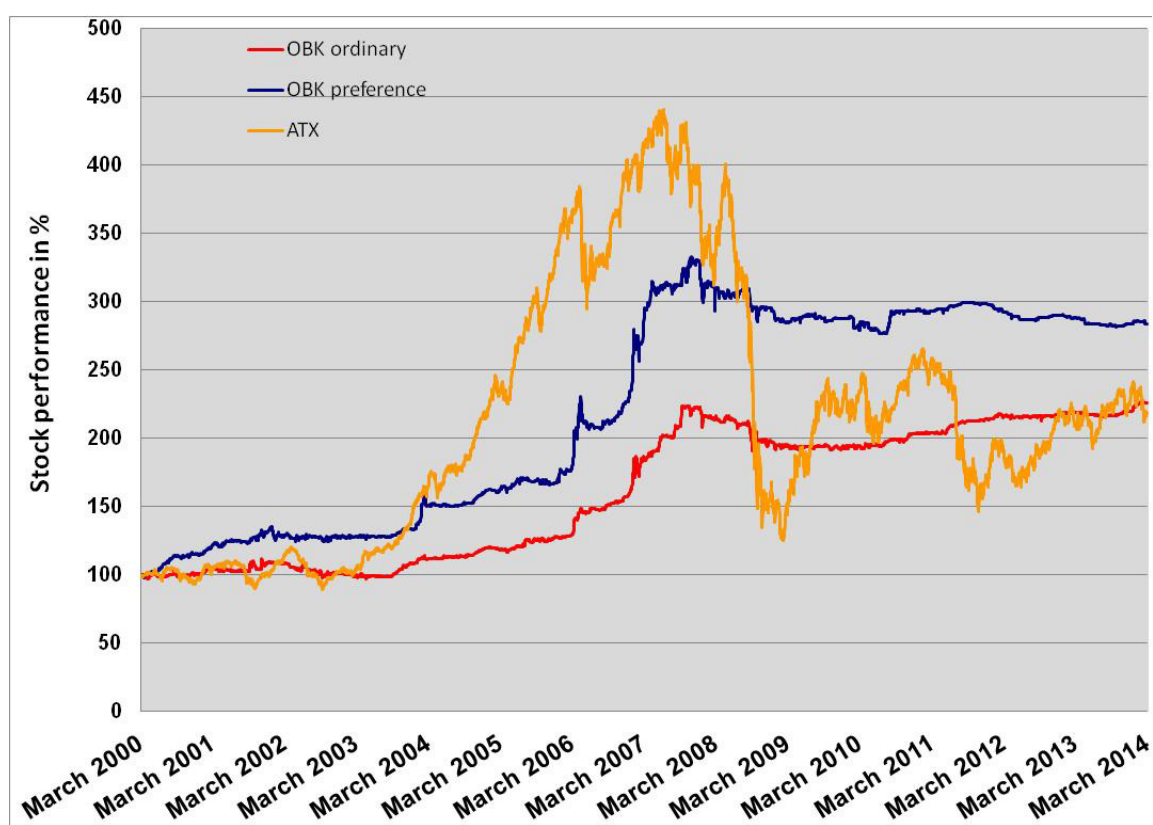
CEO Franz Gasselsberger
Chairman of the Management Board

The Oberbank Shares

The price of the Oberbank ordinary share reached a new all-time high of EUR 50.00 in the first quarter of 2014. The price development of the Oberbank ordinary share hence reflects the excellent business performance of Oberbank.

Oberbank stock – key figures	Q1 2014	Q1 2013
Number of ordinary no-par shares	25,783,125	25,783,125
Number of no-par preference shares	3,000,000	3,000,000
High (ordinary/preference share) in €	50.00/38.11	48.50/38.70
Low (ordinary/preference share) in €	48.45/37.75	48.10/38.35
Close (ordinary/preference share) in €	49.85/37.85	48.30/38.40
Market capitalisation in €m	1,398.8	1,360.5
IFRS earnings per share in €, annualised	4.96	4.64
P/E ratio (ordinary share)	10.05	10.41
P/E ratio (preference share)	7.63	8.28

Oberbank ordinary and preference shares compared with the ATX



The Business Segments in the First Quarter of 2014

Corporate and Business Banking Segment

Corporate and Business Banking in €m	Q1 2014	Q1 2013	+ / - absolute	+ / - in %
Net interest income	57.9	55.9	2.1	3.7%
Charges for losses on loans and advances	(4.3)	(2.1)	(2.1)	100.0%
Net commission income	15.3	14.5	0.9	6.0%
Net trading income	0.3	0.0	0.2	>100%
Administrative expenses	(30.3)	(28.7)	(1.6)	5.5%
Other operating profit	0.8	0.2	0.5	>100%
Extraordinary profit	0	0	0	0
Profit for the period before tax	39.7	39.7	0.0	0.0%
Risk equivalent	8.2	8.1	0.1	2.1%
Average allocated equity	0.9	0.9	0.0	5.3%
Return on equity before tax (RoE)	17.7%	18.7%		(1.0%)
Cost/income ratio	40.7%	40.6%		0.1%

Earnings development in Corporate and Business Banking

The Corporate and Business Banking segment developed along stable lines, maintaining the pre-tax profit at the previous year's level of EUR 39.7 million. Net interest income widened by 3.7% or EUR 2.1 million to EUR 57.9 million.

Concurrently, charges for losses on loans and advances increased by EUR 2.1 million to EUR 4.3 million. Net commission income rose by EUR 0.9 million to EUR 15.3 million year on year. Administrative expenses widened by EUR 1.6 million to EUR 30.3 million. Other operating profit improved by EUR 0.5 million to EUR 0.8 million.

The return on equity in Corporate and Business Banking declined by 1.0 percentage points to 17.7%; the cost/income ratio deteriorated marginally by 0.1 percentage points to 40.7%.

For reasons of comparability, the net interest income and the overall result for the previous year were adjusted upwards by EUR 3.6 million (reclassification from the Financial Markets Segment), because starting from the financial statements for 2013 profit transfers from the Leasing sub-group are consolidated in the Financial Markets Segment.

42,000 corporate and business banking customers

The positive trend in new customer acquisition continued in the first quarter of 2014, with Oberbank gaining 1,700 new corporate and business banking customers in this period. Currently, Oberbank services 42,000 corporate and business banking customers.

Commercial lending

The Bank's commercial lending volume increased by the gratifying rate of 3.9% or EUR 359.1 million to EUR 9,599.8 million.

Commercial loans		YoY change	
as at 31/03/2014	as at 31/03/2013	absolute	in %
€ 9,599.8 m	€ 9,240.7 m	€ 359.1 m	3.9%

Investment finance

In the first three months of 2014, the number of applications for subsidised loans for investment projects and innovation projects filed by business customers in the Bank's Austrian branch offices was 26% above the level observed one year earlier. Oberbank, as hitherto, continues to hold a top position among Austrian banks in this field of business. The investment volumes behind these applications for funding rose by a robust 7% notwithstanding businesses' generally restrained propensity to invest, a trend also reflected by the development of subsidised loans extended by Oberbank Austria, which, having risen by 3.3% year on year, amounted to EUR 599 million as at 31 March 2014.

Investment finance		YoY change	
as at 31/03/2014	as at 31/03/2013	absolute	in %
€ 6,606.6 m	€ 6,284.6 m	€ 322.0 m	5.1%

Leasing

The perceptibly more positive trend observed in this line of operations from mid-2013 onwards continued unbroken, resulting in EUR 135 million of new business in the first quarter. Thanks to some major movables and real estate leasing deals, new Austrian business in particular widened by the substantial margin of 48%; in the expansion markets business developments were highly gratifying, especially in Hungary. Preliminary figures suggest that this positive trend may be expected to continue in the second quarter.

Leasing receivables from customers		YoY change	
as at 31/03/2014	as at 31/03/2013	absolute	in %
€ 1,583.8 m	€ 1,532.0 m	€ 51.8 m	3.4%

Structured finance

The positive development witnessed in 2013 in this business line continued in the first quarter of 2014. Particularly noteworthy was high demand for special loans for investment projects, which posted more than 50% volume growth as compared with the first quarter of 2013. With the volume of new loans almost doubling year on year, finance demand for various forms of change of ownership was also high in the first three months of 2014. Declining demand for refinancing and receivables management solutions suggests that many companies have already implemented the required changes and are well positioned at present. Overall, Oberbank looks back on a successful first quarter in this business line. A full project pipeline is likely to ensure that brisk business activity will continue in the second quarter.

Oberbank Opportunity Fonds

The Oberbank Opportunity Fonds received 41 new applications for financing solutions in the reporting period (as at 31 March 2014). Given that applications boast a constantly high level of quality, this corresponds to a gratifying rise in business dynamics from the high level observed in the previous year. Based on this well-filled pipeline, the Oberbank Opportunity Fonds is confident of concluding attractive private equity and mezzanine capital deals in the months to come.

Since the launch of the Oberbank Opportunity Fonds, the Bank has facilitated a total of 40 transactions by providing equity and/or mezzanine capital support. The committed fund volume amounted to approximately EUR 91.1 million (of a total of EUR 150 million) as at 31 March 2014. At the same date, equity participation capital accounted for EUR 22.9 million and mezzanine capital finance for EUR 19.7 million of the outstanding exposure of EUR 42.6 million.

Syndicated loans and bonded loans

Compared with the first quarter of 2013, business dynamics in the field of syndicated loans and bonded loans were low in the first three months of 2014.

In view of the very narrow spreads, customers invested in bonded loans very selectively and with restraint. High-grade large-volume deals are generally subject to fierce competition, especially as institutional investors are also readily tapping the debenture bond market.

International business

Oberbank expanded its portfolio of services for import and export enterprises and increased its advisory capacity in this field. Comprehensive advisory services with regard to hedging, financing and facilitating import and export transactions as well as solutions to support enterprises' expansion abroad continue to be in high demand.

As at 31 March 2014, Oberbank held a market share of 11.85% (more than 30% in Upper Austria) in export finance under Export Fund procedures and of 10.66% in KRR export promotion loans targeted at large corporates. The strong market position of Oberbank in documentary business is evidenced by 15% growth in this business line year on year. These results place Oberbank in the top tier of the industry ranking, which is yet another indicator of the Bank's special competence in this line of business.

SEPA

The major part of Oberbank customers has successfully concluded the migration to the new Single European Payments Area (SEPA) standards. Besides adjustments to the Bank's internal customer systems, activities in the past few months focussed on supporting customers in performing the required software updates of the Bank's electronic banking products. Oberbank's customers now use the SEPA format for 89% of their payment transactions. At 97%, the SEPA share is even higher where direct debits are concerned.

POS – Point of Sale

In the 2013 PayLife competition for banks Oberbank came first in the category "Acquiring" (placement of POS terminals). Boosted by the new "plastic rather than cash" trend, POS payments have become the most popular form payment.

Payment services

Payment transactions in Corporate and Business Banking posted gratifying growth, rising by 19.2% to EUR 11.8 million year on year in the first quarter of 2014. Earnings from payment services concurrently increased by 3.6%.

1st quarter of 2014

Payment volumes	Corporate customers	Personal customers	Total
Electronic payment orders	6,976,221	1,169,572	8,145,793
Paper-based payment orders	160,111	462,580	622,691
Total	7,136,332	1,632,152	8,768,484
Percentage of electronic payment orders	97.76%	71.66%	92.90%
Percentage of paper-based payment orders	2.24%	28.34%	7.10%

The European Commission postponed the deadline for the implementation of the new Single Euro Payments Area (SEPA) standards from 1 February 2014 to 1 August 2014. This six-month extension allows more time to effect the transition. The percentage of SEPA payments had risen to more than 90% by the end of the first quarter of 2014.

International network of banks and institutions

Oberbank supports its customers in matters regarding risk assumption for foreign banking partners including, if required, finance solutions for concrete export projects. It also assists customers in issuing guarantees for business transactions abroad or selecting a suitable bank with which to open an account in the target country.

In order to be able to supply these services in a competent and risk-congruent manner, Oberbank focussed greater attention on Central and Eastern Europe and, in the first quarter, on African markets, in particular South Africa. In view of current political developments, special attention is being paid to the export regions of Turkey and Russia.

Regulatory requirements

New regulatory requirements concerning compliance, money laundering, correspondent banks, sanctions management and EMIR (European Market Infrastructure Regulation) are making it necessary to step up internal efforts to achieve compliance with the new provisions, which includes expanding cooperation with international partner banks, establishing appropriate rules and standards, drawing up implementation instructions and documenting the measures taken.

Primary funds

Ever-recurring debates about the policy course the ECB may be likely to take and any possibly associated measures failed to trigger any material movements in short-term and long-term interest rates. Only money market rates showed a reaction, rising slightly towards the end of the quarter.

In the first quarter of 2014, primary deposits increased slightly by EUR 270 million (+2.3%) year on year. Customer interest focussed on sight deposits: the minor difference between interest rates on sight deposits and fixed-term deposits resulted in a general preference for overnight deposits. Overall, interest rates on sight deposits were maintained at a stable level as compared with the first quarter of 2013. The low savings rate in Austria was reflected by a decline in savings deposits of 1.3%.

Management of interest rate risk and currency risk

Fluctuating within a bandwidth of less than 4%, the EUR/USD exchange rate – by far the most important currency pair for our customers – showed very moderate volatility in the first quarter of 2014. Many market participants view the ongoing recovery of the US economy as a sign of the imminent strengthening of the USD against the EUR.

In the wake of the outbreak of tensions between Ukraine and Russia, Russian rouble hedging has again become a topical issue. The preferred hedging instruments were classical tools like forward exchange contracts or so-called NDOs (non-deliverable options).

As regards derivative transactions, the Bank made a number of further steps towards full implementation of the new EMIR provisions in the first three months of 2014. From mid-February, all derivative transactions have been reported to a central transaction register in a timely manner soon after conclusion. Oberbank assumes the task of reporting transactions to the respective register on behalf of almost all its affected derivatives customers.

Personal Banking Segment

Personal Banking in €m	Q1 2014	Q1 2013	+ / - absolute	+ / - in %
Net interest income	13.7	14.1	(0.5)	(3.4%)
Charges for losses on loans and advances	(0.5)	(0.8)	0.3	(35.9%)
Net commission income	15.3	14.4	0.9	6.5%
Administrative expenses	(20.7)	(20.9)	0.1	(0.7%)
Other operating profit	1.0	0.7	0.3	43.4%
Profit for the period before tax	8.7	7.5	1.2	15.6%
Risk equivalent	1.2	1.2	0.0	4.3%
Average allocated equity	0.1	0.1	0.0	7.5%
Return on equity before tax (RoE)	25.9%	24.1%		1.8%
Cost/income ratio	69.3%	71.6%		(2.3%)

Earnings development in Personal Banking

The pre-tax profit in Personal Banking increased by EUR 1.2 million or 15.6% to EUR 8.7 million. Net interest income declined by EUR 0.5 million to EUR 13.7 million. Charges for losses on loans and advances decreased by EUR 0.3 million to EUR 0.5 million year on year. Net commission income grew by EUR 0.9 million to EUR 15.3 million. Administrative expenses were EUR 0.1 million or 0.7% down to EUR 20.7 million. Other operating income edged up by EUR 0.3 million to EUR 1.0 million.

The Personal Banking segment's return on equity increased by 1.8 percentage points to 25.9%; the cost/income ratio improved by 2.3 percentage points to 69.3%.

Personal banking customers

As at 31 March 2014, Oberbank was servicing a total of 305,638 personal banking customers across all lines of business in Austria and abroad. 5,488 of these were newly acquired in the first quarter of 2014. Vienna, one of Oberbank's growth markets, showed a particularly positive development in this respect.

Personal accounts

Oberbank's portfolio of personal accounts grew by 1,213 accounts to a total of 175,343 in the first three months of the year. This growth was partly propelled by the "tip of the month – January" promotion of personal accounts and an intensive campaign presenting newly introduced account models including the new "Bankomatkarte Gold" bank card.

Number of personal accounts		YoY change	
as at 31/03/2014	as at 31/03/2013	absolute	in %
175,343	174,130	1,213	0.7

Personal loans

The volume of personal loans widened by 6.6% or EUR 139.5 million to EUR 2,249.9 million year on year. New lending totalled EUR 151.4 million in the first quarter of 2014; despite high repayments, this is 16.5% above the level observed in the first quarter of 2013. Austria, Slovakia and the Czech Republic, in particular, showed a very positive trend.

A consumer loans campaign launched for the current year is already showing early success: new lending to this target group increased by 27.5%.

Personal loans		YoY change	
as at 31/03/2014	as at 31/03/2013	absolute	in %
€ 2,249.9 m	€ 2,110.4 m	€ 139.5 m	6.6%

Savings deposits

In Austria, the savings rate has dropped to a very low level and banks have been competing fiercely for customer deposits. Unfortunately, the low level of interest rates leaves practically no room for a proactive interest rate policy.

Compared with the level on 31 March 2013, the volume of saving deposits declined by 1.9% or EUR 63.2 million to EUR 3,309.7 million; fixed-rate capital savings accounts account for more than 50% of this total.

Savings deposits		YoY change	
as at 31/03/2014	as at 31/03/2013	absolute	in %
€ 3,309.7 m	€ 3,372.9 m	(€ 63.2 m)	(1.9%)

Securities business

Securities markets are still continuing on a solid upward trend, even after the situation in Ukraine caused quivers in March.

The contraction of spreads continued unbroken across all quality grades. This applies for sovereigns and corporates alike, particularly in Europe. Domestic bond markets thus posted a solid performance. With the single exception of an issue by the catering company Do & Co, developments in the Austrian corporate bond market have been very quiet this year. In the first quarter of 2014, Oberbank earned EUR 9.8 million in securities commissions, which is 10.2% above the first quarter result of 2013. This improvement is primarily due to management fees, but deposit fees and the number of transactions also increased.

The market value of securities in customer deposits rose to EUR 10.7 billion, which corresponds to a rise of EUR 595.5 million or 5.9% as compared with the end-of-March level of 2013.

Oberbank issues

Issuing activity made a very good start into 2014, with the Bank placing a volume of EUR 169.2 million in the market. This more than offset scheduled repayments in the amount of EUR 144.8 million.

Two product innovations were successfully launched in the market, namely the first MinMax floater and the first Oberbank subordinated bond issued in line with the provisions of the new Capital Requirements Regulation (CRR).

Private Banking

Oberbank's Private Banking & Asset Management continues to develop along the dynamic lines of the past few years. Assets under management in Private Banking increased by EUR 300 million year on year, i.e. from EUR 4.5 billion on 31 March 2013 to EUR 4.8 billion by 31 March 2014.

The Bank's iPM (individual portfolio management) unit recorded a high inflow of funds. The volume of assets under management increased to a new high of EUR 318.4 million, topping the level observed one year earlier by 23% or EUR 59 million.

Investor preference is clearly focussed on the balanced variant, followed by the dynamic approach. In terms of portfolio composition, the equity exposure was maintained at the upper range of our defined bandwidth throughout the reporting period; the high weighting of US equities contributed positively to the result and again offset the effects of the disappointing Austrian market. We will maintain our overweight of equities for the time being.

3-Banken Wohnbaubank AG

3-Banken Wohnbaubank AG was aligned to comply with the new framework created by the amendment to the Austrian Banking Act (BWG). The company's activities are restricted to the issuance of residential loans, exercising a trustee function on behalf of Oberbank AG, BKS Bank AG and BTV AG.

In the first quarter of 2014, 3-Banken Wohnbaubank AG already reached a market share of 3.2%. The 3-Banken Wohnbaubank AG step up bond Treuhand Oberbank AG has a maturity of twelve years.

Securities business in the Czech Republic

In the Czech Republic, the securities business was launched in all the Bank's branches in the first quarter of 2014. Two fixed-rate bonds and a money-market product, both in local currency, were issued in the first three months. In preparation for this step, Oberbank organised intensive staff training courses on the topics of MIFID and compliance.

3 Banken-Generali in the first quarter of 2014

3 Banken-Generali Investment-Gesellschaft looks back on a successful start into the new business year. The volume of funds managed by the company increased by EUR 256 million or 3.9% to EUR 6.9 billion and hence substantially exceeded the rate of growth of 1.1% observed in the market in general. Net inflows of funds in the first three months of 2014 amounted to a highly satisfactory EUR 141 million. The volume of funds managed by 3 Banken-Generali Investmentgesellschaft AG and attributable to Oberbank rose by 4.1%.

Most in demand in the area of mutual funds were all-inclusive asset management strategies. Special funds and funds for large-scale investors again posted substantial growth. In this line of business, investment concepts are individually tailored to the needs and the risk inclination of the respective customer group. Considering the fact that interest rates at the short end are set to remain low for quite some time to come and in view of the solid valuations of stock markets, the fund management company expects business activity to remain satisfactory in the upcoming quarters. However, in the interim, external factors (Russia/Ukraine) may trigger increased volatility.

Building and loan association saving

At 3,714 contracts, the number of building and loan contracts brokered by Oberbank dropped by 3.0% year on year in the first quarter of 2014. This compares with a 9.2% decline in new contracts brokered on behalf of Bausparkasse Wüstenrot by the building and loan association's partner banks in the market in general. Against the backdrop of the persistently low level of interest rates, building and loan association saving remains an attractive and popular option for many savers.

Insurance services

In the first quarter of 2014, this line of business maintained the successful course established in the previous year. The premium volumes reported by Oberbank's insurance operations in its Austrian and German markets widened by 32.0% to EUR 31.6 million year on year.

In Austria, endowment life insurance business developed along particularly excellent lines. At EUR 24.2 million, the premium volume generated in Personal Banking business more than doubled year on year. In Corporate and Business Banking, the Bank posted an excellent growth rate of 64% in the category of company pension plans. In the risk insurance business, the premium volume widened by a respectable 35%.

The Bank also boosted production in the property & casualty insurance business, lifting sales by more than 35% as compared with the previous year.

Insurance contracts – premium volume		YoY change	
as at 31/03/2014	as at 31/03/2013	absolute	in %
€ 31.6 m	€ 23.0 m	€ 8.6 m	32.0%

eBanking

Customers are increasingly using their smartphones, tablets or laptops for money transactions. New features like apps and online banking have created convenient, simple, safe and, most importantly, universally available 24/7 access to banks. These new customer habits resulted in a steep year-on-year rise both in the number of transactions (+10%) and the transaction volume (+20%).

Financial Markets Segment

Financial Markets in € m	Q1 2014	Q1 2013	+ / - absolute	+ / - in %
Net interest income	10.8	10.4	0.4	4.0%
Charges for losses on loans and advances	(13.3)	(11.9)	(1.5)	12.4%
Net trading income	1.1	1.7	(0.5)	(31.3%)
Administrative expenses	(1.5)	(1.4)	(0.1)	5.9%
Other operating profit	2.1	(0.1)	2.1	
Profit (loss) for the period before tax	(0.8)	(1.3)	0.5	(38.3%)
Risk equivalent	3.7	3.6	0.1	3.2%
Average allocated equity	0.4	0.4	0.0	6.3%
Return on equity before tax (RoE)	(0.8%)	(1.4%)		0.6%
Cost/income ratio	10.5%	11.6%		(1.1%)

The Financial Markets segment closed the period with a pre-tax loss of EUR 0.8 million, which corresponds to a year-on-year improvement by EUR 0.5 million or 38.3%. Net interest income posted EUR 0.4 million growth to EUR 10.8 million. Charges for losses on loans and advances increased by EUR 1.5 million to EUR 13.3 million in comparison with the same period in the previous year. Net trading income declined by EUR 0.5 million to EUR 1.1 million.

Other operating profit widened by EUR 2.2 million to EUR 2.1 million.

The return on equity in the Financial Markets segment rose by 0.6 percentage points to a negative 0.8%; the cost/income ratio improved by 1.1 percentage points to 10.5%.

As profit transfers from the Leasing sub-group were consolidated in the Financial Markets Segment starting from the financial year 2013, the previous year's net interest income and consequently the period result were reduced by EUR 3.6 million (restructuring and transfer to the Corporate and Business Customers segment) for reasons of comparability.

Liquidity

Capital markets continued to be characterised by adequate availability of liquidity in the first quarter of 2014.

Notwithstanding the fact that euro area banks again reduced their long-term refinancing operations with the ECB and the US central bank, the Fed continued to taper its bond purchases and thus reduced its liquidity injections, huge amounts of capital were still sitting on the sidelines, waiting for profitable investment opportunities.

This development benefitted all major asset classes. Equities continued on the positive trajectory of the past few years, while hard-currency bonds carrying slightly higher rates also experienced robust demand.

This in turn made long-term financing rates of sovereigns like Italy and Spain drop to a historic low, causing yields to decline across the board. Non-prime borrowers, in particular, benefitted substantially.

By contrast, the currencies of a number of emerging market states and a number of commodities failed to benefit from the generally positive market sentiment, as developments were affected by concerns regarding the further growth in these markets and reduced availability of liquidity.

Exchange-rate developments of the world's major currencies continued along very stable lines and, like bond rates and equity prices, showed very little volatility.

Oberbank issues

In an environment characterised by low interest rates and little volatility, activity on financial markets was generally rather quiet. Oberbank did not escape this trend and consequently reported lower earnings from trading activities.

Capital resources

Effective from 1 January 2014, total capital and Tier 1 capital ratios must be calculated in accordance with the significantly stricter Basel III provisions. Hence, the figures presented now are not comparable with the previous year's ratios computed in line with the Basel II regime.

In accordance with the new standard, a total capital in the amount of EUR 1,849.3 million as at 31 March 2014 translates into a total capital ratio of 15.95%, which is almost double the statutorily required rate. Based on a Tier 1 capital of EUR 1,284.1 million, the Tier 1 capital ratio came to 11.07%.

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 capital 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 2014 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 (€ 11.8 billion as at 31 March 2014) can be refinanced from customers' primary deposits (€ 12.0 billion as at 31 March 2014). In addition, Oberbank has a permanent risk controlling system, stringent process management and other efficient control and monitoring instruments in place.

For 2014 as a whole, Oberbank therefore does not expect any extraordinary risk to arise from these risk components.

Outlook for 2014

- Solid lending growth; deposit policy hinges on loan developments
- Healthy trend in services; very good risk position
- Net interest income at previous year's level; increase in earnings from services

Economic forecasts are cautiously optimistic, but clear signs of an economic revival are still failing to materialise. Demand for loans, in particular, continues to be sluggish throughout the market.

In this setting, Oberbank expects further solid lending growth in 2014 as a whole. Oberbank's policy in deposit-taking business will depend on the development of the Bank's lending volume.

Net interest income is expected to remain more or less at the previous year's level, while further growth is anticipated in the services business.

Oberbank's risk situation continues to be excellent. In view of the favourable earnings position, however, the Bank plans to make substantial allocations to loan loss provision.

The higher bank levy will significantly affect earnings developments in 2014.

Nevertheless, the Management Board of Oberbank will strive to maintain Oberbank's profits in an order of magnitude that allows the Bank to strengthen its capital base by making allocations to reserves, finance growth from own resources and pay an attractive dividend to its shareholders.

3 Banken Group in the first quarter of 2014

The 3 Banken Group continued to show a satisfactory development in the first quarter of 2014. At EUR 33.7 billion, joint total assets of the three banks within the 3 Banken Group almost matched the previous year's result (EUR 33.9 bn), while lending in terms of volume (after charges for losses on loans and advances) increased by 2.0% to EUR 22.3 billion and primary deposits posted a 3.1% rise to EUR 23.3 billion. Joint net profit for the period grew by 6.3% to EUR 63.8 million. As at 31 March 2014, the three banks were operating a total of 244 branches; they had an average of 4,085 employees on their payrolls in the first quarter of 2014.

Consolidated Interim Financial Statements

Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 1 Jan.2014 to 31 March 2014

Consolidated income statement in €k	01/01- 31/03/ 2014	01/01- 31/03/ 2013 ¹⁾	Change in €k	Change in %	01/01- 31/03/ 2013 ²⁾
1. Interest and similar income	108,690	113,483	(4,793)	(4.2)	113,483
2. Interest and similar expenses	(36,907)	(42,866)	5,959	(13.9)	(42,866)
3. Income from entities accounted for using the equity method	10,624	9,751	873	9.0	9,751
Net interest income	82,407	80,368	2,039	2.5	80,368
4. Charges for losses on loans and advances	(18,144)	(14,813)	(3,331)	22.5	(14,813)
5. Commission income	34,086	31,948	2,138	6.7	31,948
6. Commission expenses	(3,451)	(3,124)	(327)	10.5	(3,124)
Net commission income	30,635	28,824	1,811	6.3	28,824
7. Net trading income	1,416	1,700	(284)	(16.7)	1,700
8. Administrative expenses	(57,897)	(56,385)	(1,512)	2.7	(59,113)
9. Other operating income	4,475	1,195	3,280	>100.0	3,923
a) Net income from financial assets – FV/PL	5,347	3,186	2,161	67.8	3,186
b) Net income from financial assets – Afs	(1,002)	(1,222)	220	(18.0)	(1,222)
c) Net income from financial assets – HtM	0	0	0		0
d) Other operating income	130	(769)	899	>(100.0)	1,959
Profit for the year before tax	42,892	40,889	2,003	4.9	40,889
10. Income taxes	(7,268)	(7,569)	301	(4.0)	(7,569)
Profit for the year after tax	35,624	33,320	2,304	6.9	33,320
of which attributable to the owners of the parent company	35,619	33,302	2,317	7.0	33,302
of which attributable to minority interests	5	18	(13)	(72.2)	18

¹⁾ Previous year's values after the change in the disclosure of write-offs of fixed operating leases

²⁾ Figures published as at 31 March 2013

Income and expenses recognised directly in equity in €k	01/01- 31/03/2014	01/01- 31/03/2013
Profit for the period after tax	35,624	33,320
Items not reclassified to profit or loss for the year	(712)	(1,064)
+/- Actuarial gains/losses IAS 19		
+/- Deferred taxes on actuarial gains/losses IAS 19		
+/- Share from entities accounted for using the equity method	(712)	(1,064)
Items reclassified to profit or loss of the year	(2,310)	(1,931)
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	(2,728)	(3,005)
+ / - Deferred taxes on items recognised directly in equity under IAS 39	682	751
+ / - Exchange differences	(1,829)	(81)
+ / - Share from entities accounted for using the equity method	1,564	404
Total income and expenses recognised directly in equity	(3,022)	(2,996)
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	32,602	30,324
of which attributable to the owners of the parent company	32,614	30,306
of which attributable to minority interests	(12)	18

Performance indicators	Q1 2014	Q1 2013
Cost/income ratio in %	48.68%	50.30%
Return on equity before tax in %	12.00%	12.10%
Return on equity after tax in %	9.97%	9.86%
Risk/earnings ratio (credit risk to net interest income) in %	22.02%	18.43%
Earnings per share in €	1.24	1.16

Balance sheet as at 31/03/2014 / Assets

in €k	31/03/2014	31/12/2013 ¹⁾	Change in €k	Change in %	31/12/2013 ²⁾
1. Cash and balances at central banks	191,273	174,599	16,674	9.5%	174,599
2. Loans and advances to credit	1,724,414	1,692,787	31,627	1.9%	1,692,787
3. Loans and advances to customers	11,849,757	11,713,262	136,495	1.2%	11,713,262
4. Impairment provisions	(444,265)	(435,327)	(8,938)	2.1%	(396,201)
5. Trading assets	44,503	38,964	5,539	14.2%	38,964
6. Financial investments	3,525,529	3,829,359	(303,830)	(7.9%)	3,829,359
a) Financial assets – FV/PL	255,621	249,924	5,697	2.3%	249,924
b) Financial assets – AfS	720,946	780,504	(59,558)	(7.6%)	780,504
c) Financial assets – HtM	1,966,303	2,227,199	(260,896)	(11.7%)	2,227,199
d) Interest in entities accounted for using the equity method	582,659	571,732	10,927	1.9%	571,732
7. Intangible assets	1,727	1,994	(267)	(13.4%)	1,994
8. Property, plant and equipment	252,741	236,039	16,702	7.1%	236,039
a) Investment property	99,457	92,750	6,707	7.2%	92,750
b) Other property, plant and	153,284	143,289	9,995	7.0%	143,289
9. Other assets	311,382	280,123	31,259	11.2%	280,123
a) Deferred tax assets	51,153	49,013	2,140	4.4%	49,013
b) Other	260,229	231,110	29,119	12.6%	231,110
Total assets	17,457,061	17,531,800	(74,739)	(0.4%)	17,570,926

¹⁾Previous year's values after changes in the presentation of provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H.

²⁾Figures published as at 31/12/2013

Balance sheet as at 31/03/2014 / Equity and liabilities

in €k	31/03/2014	31/12/2013 ¹⁾	Change in €k	Change in %	31/12/2013 ²⁾
1. Amounts owed to credit institutions	3,332,458	3,238,957	93,501	2.9%	3,238,957
2. Amounts owed to customers	9,792,537	10,026,006	(233,469)	(2.3%)	10,026,006
3. Securitised liabilities	1,589,952	1,592,867	(2,915)	(0.2%)	1,592,867
4. Provisions for liabilities and charges	355,848	352,275	3,573	1.0%	391,401
5. Other liabilities	281,509	269,173	12,336	4.6%	269,173
a) Trading liabilities	41,408	37,281	4,127	11.1%	37,281
b) Tax liabilities	13,436	4,496	8,940	198.8%	4,496
c) Other	226,665	227,396	(731)	(0.3%)	227,396
6. Subordinated debt capital	648,578	631,551	17,027	2.7%	631,551
7. Equity	1,456,179	1,420,971	35,208	2.5%	1,420,971
a) Equity after minorities	1,453,231	1,418,011	35,220	2.5%	1,418,011
b) Minority interests in equity	2,948	2,960	(12)	(0.4%)	2,960
Total equity and liabilities	17,457,061	17,531,800	(74,739)	(0.4%)	17,570,926

¹⁾Previous year's values after changes in the presentation of provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H.

²⁾Figures published as at 31/12/2013

Consolidated statement of changes in equity as at 31/03/2014

in €k	Subscribed capital	Capital reserves	Retained earnings	Translation reserve	Gains (losses) rec. in equity acc. to IAS 39	Actuarial gains (losses) acc. to IAS 19	Associated companies	Equity after minorities	Minorities	Equity
As at 01/01/2013	86,096	194,041	703,345	221	33,240	(22,227)	344,803	1,339,519	2,925	1,342,444
Consolidated net profit			26,895	(81)	(2,254)		5,746	30,306	18	30,324
Dividend distribution										
Capital increase										
Reacquired own shares	(141)	(330)						(471)		(471)
Unrealised gains and losses not recognised in the income statement			0				6,047	6,047		6,047
As at 31/03/2013	85,955	193,711	730,240	140	30,986	(22,227)	356,596	1,375,401	2,943	1,378,344
As at 01/01/2014	86,034	194,038	777,319	(543)	17,618	(21,887)	365,432	1,418,011	2,960	1,420,971
Consolidated net profit			28,692	(1,829)	(2,046)		7,797	32,614	(12)	32,602
Dividend distribution										
Capital increase										
Reacquired own shares	(141)	(385)						(526)		(526)
Unrealised gains and losses not recognised in the income statement			3				3,129	3,132		3,132
As at 31/03/2014	85,893	193,653	806,014	(2,372)	15,572	(21,887)	376,358	1,453,231	2,948	1,456,179

Consolidated statement of cash flows

In €k	01/01-31/03/2014	01/01-31/01/2013
Cash and cash equivalents at the end of previous period	174,599	182,793
Net cash from (used in) operating activities	(264,094)	(103,774)
Net cash from (used in) investing activities	277,042	62,149
Net cash from (used in) financing activities	3,600	(15,593)
Effects of changes in the scope of consolidation and revaluation	1,955	3,132
Effects of foreign exchange rate changes	(1,829)	(81)
Cash and cash equivalents at the end of the period	191,273	128,626

Cash and cash equivalents comprises the line item Cash and balances at central banks, consisting of cash on hand and credit balances with central banks of issue.

Notes

Summary of accounting policies

This Interim Report of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC).

This Interim Report covers the first quarter of 2014 (1 January 2013 to 31 March 2014) and compares this period with the same period of the previous year. These consolidated interim financial statements for the first quarter of 2014 have been drawn up in compliance with IAS 34 ("Interim Financial Reporting").

Changes in accounting policies in 2014

This Interim Report of Oberbank AG has been drawn up using the same recognition and measurement policies applied as at 31 December 2013. This applies with the exception of standards and interpretations applicable for periods beginning on or after 1 January 2014. The list given below shows only those standards and interpretations that are of relevance with regard to the business activity of Oberbank. Application of the following standards and interpretations as amended has become mandatory from January 2014.

- Amendment IAS 27, Consolidated Financial Statements
- Amendment IAS 36, Impairment of Assets
- Amendment IAS 39, Financial Instruments: Recognition and Measurement
- IFRS 10, 11 and 12, Consolidated Financial Statements, Joint arrangements and Disclosure of Interests in Other Entities

Scope of consolidation of Oberbank

In addition to Oberbank AG, the scope of consolidation as at 31 March 2014 included 26 Austrian and 21 foreign subsidiaries. Compared to 31 December 2013, the consolidated group changed owing to the first-time inclusion of the following company:

	Share in %
Oberbank Kfz-Leasing GmbH, Linz	100%

Oberbank Sterneckstraße 28 Immobilien-Leasing Gesellschaft m.b.H., Linz was no longer included in the consolidated financial statements due to the sale of the company.

Starting with the 2014 financial year, provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. are no longer shown in the item Provisions for liabilities and charges, but rather on the assets side in the item Impairment provisions. The previous year's figure has been adjusted accordingly.

Details of the income statement in €k

1) Net interest income	01/01- 31/03/2014	01/01- 31/03/2013
Interest income from		
Credit and money market business	85,971	87,223
Shares and other variable-yield securities	1,429	1,463
Other equity investments	384	331
Subsidiaries	846	831
Fixed-interest securities and bonds	20,060	23,635
Interest and similar income	108,690	113,483
Interest expenses on		
Deposits	(24,096)	(29,858)
Securitised liabilities	(8,215)	(8,510)
Subordinated liabilities	(4,596)	(4,498)
Interest and similar expenses	(36,907)	(42,866)
Income from entities accounted for using the equity method	10,624	9,751
Net interest income	82,407	80,368

2) Charges for losses on loans and advances	01/01- 31/03/2014	01/01- 31/03/2013
Allocated to loan loss provisions	23,642	19,929
Direct write-offs	862	581
Reversals of loan loss provisions	(5,979)	(3,725)
Recoveries of written-off receivables	(381)	(1,972)
Charges for losses on loans and advances	18,144	14,813

3) Net commission income	01/01- 31/03/2014	01/01- 31/03/2013
Payment services	11,210	10,631
Securities business	9,797	8,893
Foreign exchange, foreign bank note and precious metals business	2,387	2,408
Credit operations	6,199	5,694
Other service and advisory business	1,042	1,198
Net commission income	30,635	28,824

4) Net trading income	01/01- 31/03/2014	01/01- 31/03/2013
Gains (losses) on interest rate contracts	443	848
Gains (losses) on foreign exchange, foreign bank note and numismatic business	1,101	1,056
Gains (losses) on derivatives	(128)	(204)
Net trading income	1,416	1,700

5) Administrative expenses	01/01- 31/03/2014	01/01- 31/03/2013
Staff costs	35,028	34,191
Other administrative expenses	19,826	19,164
Write-offs and valuation allowances	3,043	3,030
Administrative expenses	57,897	56,385

In the item Write-offs and valuation allowances the previous year's value was adjusted by €k 2,728, because write-offs on operating leases are shown in the item Other operating income from the financial year 2013 onwards.

6) Other operating income	01/01- 31/03/2014	01/01- 31/03/2013
a) Net income from financial assets – FV/PL	5,347	3,186
b) Net income from financial assets – AfS	(1,002)	(1,222)

c) Net income from financial assets – HtM	0	0
d) Other operating income	130	(769)
Other operating income net of other operating expenses	4,475	1,195

The previous year's value of the item Other operating income was adjusted by €k 2,728, as write-offs on operating leases are shown in this item from the financial year 2013 onwards (also see note to the item Administrative expenses).

	01/01- 31/03/2014	01/01- 31/03/2013
7) Income taxes		
Current income tax expense	8,731	8,145
Deferred income tax expenses (income)	(1,463)	(576)
Income taxes	7,268	7,569

	01/01- 31/03/2014	01/01- 31/03/2013
8) Earnings per share in €		
Number of shares as at 31/12	28,783,125	28,783,125
Average number of shares in issue	28,753,825	28,752,125
Profit of the year after tax	35,624	33,320
Earnings per share in €	1.24	1.16
Annualised figures	4.96	4.64

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

	31/03/2014	31/12/2013
9) Cash and balances at central banks		
Cash in hand	59,402	77,430
Credit balances with central banks of issue	131,871	97,169
Cash and balances at central banks	191,273	174,599

	31/03/2014	31/12/2013
10) Loans and advances to credit institutions		
Loans and advances to Austrian credit institutions	924,007	851,249
Loans and advances to foreign credit institutions	800,407	841,538
Loans and advances to credit institutions	1,724,414	1,692,787

	31/03/2014	31/12/2013
11) Loans and advances to customers		
Loans and advances to Austrian customers	7,458,791	7,357,964
Loans and advances to foreign customers	4,390,966	4,355,298
Loans and advances to customers	11,849,757	11,713,262

	31/03/2014	31/12/2013
12) Impairment provisions		
Impairment provisions for banks	0	0
Impairment provisions for customers	444,246	435,302
Impairment provisions for other assets	19	25
Impairment provisions	444,265	435,327

The previous year's value in the item Impairment provisions was adjusted by an amount of €k 39,126, because from the financial year 2014 provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. are no longer shown in this item (see also note on Provisions for liabilities and charges).

	31/03/2014	31/12/2013
13) Trading assets		
Bonds and other fixed-interest securities		
Listed	759	661
Stocks and other variable-yield securities		
Listed	2,695	1,404
Positive fair values of derivative financial instruments		
Currency contracts	2,323	2,602
Interest rate contracts	38,726	34,280
Other contracts	0	17
Trading assets	44,503	38,964

14) Financial investments	31/03/2014	31/12/2013
Bonds and other fixed-interest securities	2,379,089	2,687,383
Stocks and other variable-yield securities	284,146	281,934
Equity investments/shares		
In subsidiaries	225,870	235,045
In entities accounted for using the equity method		
Banks	252,952	246,370
Non-banks	329,707	325,363
Other equity investments		
Banks	13,434	13,434
Non-banks	40,331	39,830
Financial investments	3,525,529	3,829,359
a) Financial assets – FV/PL	255,621	249,924
b) Financial assets – AfS	720,946	780,504
c) Financial assets – HtM	1,966,303	2,227,199
d) Interest in entities accounted for using the equity method	582,659	571,732
Financial investments	3,525,529	3,829,359
15) Intangible assets	31/03/2014	31/12/2013
Other intangible assets	1,085	1,332
Customer base	642	662
Intangible assets	1,727	1,994
16) Property, plant and equipment	31/03/2014	31/12/2013
Investment property	99,457	92,750
Land and buildings	69,001	58,233
Business equipment and furnishings	71,821	68,198
Other property, plant and equipment	12,462	16,858
Property, plant and equipment	252,741	236,039
17) Other assets	31/03/2014	31/12/2013
Deferred tax assets	51,153	49,013
Other items	256,907	227,696
Other deferrals	3,322	3,414
Other assets	311,382	280,123
18) Amounts owed to credit institutions	31/03/2014	31/12/2013
Amounts owed to Austrian banks	1,948,891	1,560,875
Amounts owed to foreign banks	1,383,567	1,678,082
Amounts owed to credit institutions	3,332,458	3,238,957
19) Amounts owed to customers	31/03/2014	31/12/2013
Savings deposits	3,309,720	3,352,082
Other	6,482,817	6,673,924
Amounts owed to customers	9,792,537	10,026,006
20) Securitised liabilities	31/03/2014	31/12/2013
Issued bonds	1,571,080	1,541,676
Other securitised liabilities	18,872	51,191
Securitised liabilities	1,589,952	1,592,867

21) Provisions for liabilities and charges	31/03/2014	31/12/2013
Provisions for termination benefits and pensions	208,578	208,892
Provisions for anniversary bonuses	9,053	8,988
Loan loss provisions	92,284	89,371
Other items	45,933	45,024
Provisions for liabilities and charges	355,848	352,275

The previous year's value in the item Provisions for liabilities and charges was adjusted by an amount of €k 39,126, because from the financial year 2014 provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. are shown in the asset-side item Impairment provisions (see also note on Impairment provisions).

22) Other liabilities	31/03/2014	31/12/2013
Trading liabilities	41,408	37,281
Tax liabilities	13,436	4,496
Current tax liabilities	9,255	159
Deferred tax liabilities *	4,181	4,337
Other obligations	182,277	185,545
Deferred items	44,388	41,851
Other liabilities	281,509	269,173

Other liabilities (trading liabilities)	31/03/2014	31/12/2013
Currency contracts	2,647	2,869
Interest rate contracts	38,761	34,119
Other contracts	0	293
Trading liabilities	41,408	37,281

23) Subordinated debt capital	31/03/2014	31/12/2013
Issued subordinated bonds incl. Supplementary capital	568,455	552,232
Hybrid capital	80,123	79,319
Subordinated debt capital	648,578	631,551

24) Equity	31/03/2014	31/12/2013
Subscribed capital	85,892	86,034
Capital reserves	193,653	194,038
Retained earnings (including net profit)	1,151,798	1,116,051
Untaxed reserves	20,016	20,016
Negative goodwill	1,872	1,872
Minorities	2,948	2,960
Equity	1,456,179	1,420,971

25) Contingent liabilities and commitments	31/03/2014	31/12/2013
Other contingent liabilities (guarantees and letters of credit)	791,514	1,285,148
Contingent liabilities	791,514	1,285,148
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	2,466,803	2,351,793
Commitments	2,466,803	2,351,793

26) Segment report as at 31/03/2014					
Core business segments in €k	Personal	Corporate	Financial Markets	Other	Total
Net interest income	13,661	57,929	10,817	0	82,407
Charges for losses on loans and advances	(506)	(4,295)	(13,343)	0	(18,144)
Net commission income	15,298	15,326	12	0	30,635
Net trading income	0	276	1,140	0	1,416
Administrative expenses	(20,744)	(30,267)	(1,473)	(5,414)	(57,897)
Other operating profit	978	760	2,081	657	4,475
Extraordinary profit	0	0	0	0	0
Profit for the period before tax	8,686	39,729	(766)	(4,757)	42,892
Average risk-weighted assets	1,233,236	8,244,608	3,666,823	0	13,144,668
Average allocated equity	134,124	896,662	398,794	0	1,429,580
Return on equity before tax	25.9%	17.7%	(0.8%)		12.0%
Cost/income ratio	69.3%	40.7%	10.5%		48.7%

27) Human resources	31/03/2014	31/12/2013
Salaried	2,001	2,001
Blue-collar	18	19
Total resources	2,019	2,020

28) Consolidated capital resources in €m	31/03/2014¹⁾	31/12/2013²⁾	31/03/2013²⁾
Subscribed capital	84,549	86,349	86,349
Capital reserves	194,746	194,746	194,746
Retained earnings	959,966	962,861	886,087
Regulatory adjustment items	(13,497)	(2,360)	(4,576)
Common equity Tier 1	1,225,764		
Additional Tier 1 capital instruments	63,200	79,000	79,000
Deductions from Additional Tier 1 items	(4,892)		
Additional Tier 1 capital	58,308		
TIER 1 CAPITAL	1,284,072	1,320,596	1,241,606
Qualifying Tier 2 capital instruments	443,944	414,534	436,987
Nominal capital preference shares purs. to transition rules	1,800		
Additional Tier 1 capital instruments purs. to transition rules	15,800		
Supplementary capital items purs. to national impl. measures	136,807	169,009	158,430
Deductions from Tier 2 capital items	(33,081)		
Tier 2 capital	565,270	583,543	595,417
Qualifying Tier 3 capital		778	1,924
Deductions of interest in banks/other FIs		(80,146)	(80,092)
TOTAL CAPITAL (CAPITAL RESOURCES)	1,849,342	1,824,771	1,758,855
Total risk exposure purs. to Art. 92 CRR			
Credit risk	10,723,351	10,726,897	10,551,697
Market risk, settlement risk and CVA risk	24,784	7,063	10,288
Operational risk	846,412		
Total risk exposure	11,594,547	10,733,960	10,561,985
Capital ratios pursuant to Art. 92 CRR			
Common equity Tier 1 capital ratio	10.57%		
Tier 1 capital ratio	11.07%	12.30%	11.76%
Total capital ratio	15.95%	17.00%	16.65%
Regulatory capital ratio requirement purs. to transition rules			
Common equity Tier 1 capital ratio	4.00%		
Tier 1 capital ratio	5.50%	4.00%	4.00%
Total capital ratio	8.00%	8.00%	8.00%
Non-appropriated capital components			
Common equity Tier 1 capital ratio	761,982		
Tier 1 capital ratio	646,372		
Total capital	921,778	898,128	847,843

¹⁾ From 1 Jan. 2014 application of CRR/CRD IV (Basel III); hence, no comparability with previous periods. ²⁾ Calculated purs. to Basel II.

29) Presentation of the fair value hierarchy for financial instruments as at 31/03/2014

	HtM BV	FVO BV	Trading book BV	AfS BV	L&R/ Liabilities BV	Other BV	Total Book value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial assets carried at fair value in €k										
Loans and advances to customers		81,834		100,101			181,935		100,101	81,834
Trading assets			44,503				44,503	3,214	41,289	
Financial assets – FV/PL		255,621					255,621	52,815	202,806	
Financial assets – AfS				720,946			720,946	420,387	58,410	242,149 ¹⁾
Other assets						126,704	126,704		126,704	
Financial assets not carried at fair value										
Loans and advances to credit institutions					1,724,414		1,724,414			1,724,601
Loans and advances to customers	40,403				11,627,419		11,667,822		40,403	11,681,838
Financial assets – HtM	1,966,303						1,966,303	2,121,837		
Financial liabilities carried at fair value										
Amounts owed to credit institutions		87,569					87,569			87,569
Amounts owed to customers		407,638					407,638			407,638
Securitised liabilities		571,952					571,952		571,952	
Other liabilities			41,408			20,439	61,847		61,847	
Subordinated debt capital		450,112					450,112		450,112	
Financial liabilities not carried at fair value										
Liabilities to credit institutions					3,244,889		3,244,889			3,263,490
Liabilities to customers					9,384,899		9,384,899			9,390,001
Securitised liabilities					1,018,000		1,018,000		1,026,908	
Other liabilities										
Subordinated debt capital					198,466		198,466		199,933	

¹⁾ This item is made up of equity investments in the amount of €k 47,086 and non-consolidated shares in associated companies in the amount of €k 195,063, which were measured at cost.

The fair value corresponds to the amount at which an asset can be sold or a liability settled by market participants in a transaction under market conditions on the balance sheet date. The assessment of the fair value is based on the assumption that the transaction takes place either on the principal market for the respective asset or debt instrument or, if no such principal market exists, the most advantageous active market for the respective transaction, provided the entities involved have access to such markets. Where market prices are available for identical assets or debt instruments in an active market to which access is available on the balance sheet date, the assets/debt instruments are measured using the prices quoted on these markets (level 1). Where no such market prices are available, the fair value is determined using valuation models based on market-based parameters that are either directly or indirectly observable (level 2). Where the fair value cannot be assessed on the basis of market prices or using valuation models fully based on directly or indirectly observable market data, individual valuation parameters that are not observable on the market are estimated on the basis of reasonable assumptions (level 3). All fair value measurements are regularly performed measurements. There was no one-off fair value measurement in the reporting period.

Valuation method

Responsibility for independent monitoring and communication of risks as well as the valuation of financial instruments lies with the risk controlling unit in the Accounts and Controlling department of Oberbank. This unit is functionally and organisationally separate from trading, which is responsible for the initiation and settlement of transactions. Trading book positions are marked to market daily at the close of business. Valuation is based on current market prices as represented by prices quoted on securities exchanges where such officially quoted prices are available. If direct measurement based on prices quoted on securities exchanges is not possible, model values derived on the basis of current market data (yield curves, volatilities, etc.) are used. These market data are validated daily; at regular intervals, the model prices are compared with the prices actually obtainable on the market. The management is forwarded a daily update on risk positions and the valuation results established with respect to total trading book positions. The fair value of financial instruments not carried in the trading book is measured on a quarterly basis.

Changes in the fair value hierarchy or classification take place whenever there is any change in the quality of the parameters used in the valuation method. The fair value of instruments in level 2 is measured using generally accepted valuation models, with measurements being made under market conditions. Fair values are calculated applying present values (discounted cash flow method). Own debt securities are measured using the contractual interest rate. The interest rates used for discounting are derived from the discount curve applicable for the respective currency, adding a premium in the form of a credit spread corresponding to the seniority of the issue. The foreign exchange rates used are the reference rates published by the ECB. Symmetrical products (e.g. IRS) are also measured using the discounted cash flow method. The fair values of asymmetrical products (options) are calculated using standard methods (e.g. the Black-Scholes option price model). Underlying market data including volatilities are procured from the Reuters Market Data System. Listed derivative instruments are measured at quoted prices. The fair value of level 3 assets is measured using generally accepted valuation models. Fair values are calculated applying present values (discounted cash flow method). Receivables and liabilities are measured using the reference interest rate applicable on the respective closing date.

The interest rates used for discounting are derived from the discount curve applicable for the respective currency. The foreign exchange rates used are the reference rates published by the ECB. Underlying market data including volatilities are procured from the Reuters Market Data System. Financial assets in the AfS portfolio assigned to hierarchy level 3 consist solely of unlisted participating interests and shares in affiliated companies, which are not intended to be sold and for which there is no active market. For the reasons stated, these assets must be recognised at cost, as there are no input factors that would allow the use of a different valuation method. Hence, the fair value of these instruments cannot be reliably established.

Movements in the reporting period in €k:

Carrying value as at 01/01/2014	250,500
Additions (purchases)	35
Disposals (sales)	(8,386)
Impairment (recognised in income)	0 (contained in income from financial assets – AfS)
Carrying value as at 31/03/2014	242.149

Positions made up of this type of instrument included in net income from financial assets – AfS:

Realised gains	0
<u>Impairment in the reporting period</u>	<u>0</u>
	0

The item Other comprehensive income showed no effects from this type of instruments in the reporting period. The remaining level 3 financial instruments valued at fair value comprise loans and advances to customers / amounts owed to credit institutions for which the fair value option was used.

Movements in the reporting period:

	Loans and advances to customers	Amounts owed to credit institutions	Amounts owed to customers
Carrying value as at 01/01/2014	83,127	86,308	380,484
Additions	0	0	26,000
Disposals	(2,616)	0	(10,000)
Change in market value	1,323	1,261	11,154
Carrying value as at 31/03/2014	<u>81,834</u>	<u>87,569</u>	<u>407,638</u>

The resulting change in market value is included in the item Net income from financial assets – FV/PL (netted against the corresponding offsetting items to prevent the accounting mismatch that would otherwise occur). The item Other comprehensive income showed no effects from this type of instruments.

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

The Management Board confirms that

- the present condensed Interim Report to the Shareholders of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC) and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the Oberbank Group.
- these consolidated interim financial statements cover the first quarter of 2014 (1 January 2014 to 31 March 2014) and that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the IFRS standards governing interim financial reporting.

As at 31 March 2014, major transactions with individuals and companies considered to be related parties amounted to:

- associated companies €k 0
- subsidiaries €k 4,600
- other related parties €k 0

Linz, 23 May 2014

The Management Board

Franz Gasselsberger, Chairman

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.

Financial calendar 2014

The Interim Report to Shareholders of Oberbank is published three times annually.

23 May 2014	Quarterly results for Q1 2014
22 August 2014	Quarterly results for Q1-Q2 2014
28 November 2014	Quarterly results for Q1-Q3 2014

All Information is electronically available under Investor Relations www.oberbank.at

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

3 Banken Group at a Glance

	Oberbank		BKS Bank		BTV	
Income statement in €m	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Net interest income	82.4	80.4	39.1	32.5	45.3	40.1
Charges for losses on loans+advances	(18.1)	(14.8)	(13.9)	(9.7)	(9.4)	(9.5)
Net commission income	30.6	28.8	11.7	11.5	10.8	11.4
Administrative expenses	(57.9)	(56.4)	(25.9)	(24.8)	(31.9)	(23.5)
Profit for the period before tax	42.9	40.9	12.3	11.8	21.9	20.7
Consolidated net profit for the period	35.6	33.3	10.5	10.4	17.7	16.3
Balance sheet in €m	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Total assets	17,457.1	17,531.8	6,738.2	6,743.8	9,478.7	9,588.5
Loans and advances to customers after charges for losses on loans+advances	11,405.5	11,277.9	4,871.5	4,874.2	6,034.7	6,197.4
Primary funds	12,031.1	12,250.4	4,759.3	4,597.5	6,557.9	6,715.9
of which savings deposits	3,309.7	3,352.1	1,708.9	1,741.2	1,165.2	1,175.8
of which securitised liabilities incl. subordinated capital	2,238.5	2,224.4	819.7	813.9	1,283.9	1,288.3
Equity	1,456.2	1,421.0	719.2	714.2	936.5	913.1
Customer funds under management	22,766.7	22,787.5	12,238.2	11,383.4	11,509.6	11,545.8
of which in cust. security accounts	10,735.6	10,537.1	7,478.9	6,785.9	4,951.7	4,829.9
Capital resources CRR (PrY BWG) in €m	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013 ²
Assessment basis	11,594.5	10,734.0	4,996.5	4,423.3	6,279.9	6,055.4
Capital	1,849.3	1,824.8	735.7	707.6	1,097.4	964.4
of which CET1	1,225.5	n.a.	606.6	n.a.	782.5	n.a.
of which total capital CET1 + AT1	1,284.1	1,320.6	616.5	662.5	847.3	807.0
Common equity Tier 1 ratio in %	10.57	n.a.	12.14	n.a.	12.46	n.a.
Tier 1 capital ratio in %	11.07	12.30	12.34	13.92	13.49	13.33
Total capital ratio in %	15.95	17.00	14.72	16.00	17.47	15.93
Performance in %	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Return on equity before tax	12.00	10.31	6.92	6.49	9.63	9.34
Return on equity after tax	9.97	8.91	6.08	5.79	7.76	7.32
Cost/income ratio	48.68	52.11	50.77	54.25	51.38	43.30
Risk/earnings ratio (credit risk in % of net interest income)	22.02	21.05	35.63	29.21	20.83	26.70
Resources	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Average number of staff (weighted)	2,001	2,001	912	910	1,172	793
Branches	152	150	55	56	37	37

¹⁾ From 1 Jan. 2014 application of CRR/CRD IV (Basel III); hence, no comparability with previous periods

²⁾ Calculated pursuant to Basel II.