



Success is for Sharing.

Interim Report to Shareholders as at 31 March 2016

Oberbank at a Glance

Income statement in €m	Q1 2016	Change	Q1 2015
Net interest income	83.7	-3.3%	86.5
Charges for losses on loans and advances	-1.9	-90.6%	-20.4
Net commission income	33.0	-6.3%	35.2
Administrative expenses	-65.4	9.6%	-59.7
Profit for the year before tax	52.5	7.5%	48.9
Profit for the year after tax	42.5	4.6%	40.6
Balance sheet in €m	31/3/2016	Change	31/12/2015
Assets	18,478.9	1.3%	18,243.3
Loans and advances to customers	13,114.3	2.1%	12,839.9
Primary funds	12,754.4	1.1%	12,620.0
of which savings deposits	2,931.4	0.6%	2,912.6
of which securitised liabilities including subordinated capital	2,060.1	-1.8%	2,098.5
Equity	1,969.0	2.2%	1,925.7
Customer funds under management	25,358.1	0.5%	25,245.1
Capital resources CRR in €m	31/3/2016	Change	31/12/2015
Assessment basis	12,580.6	3.0%	12,216.7
Own funds	2,193.6	1.6%	2,158.0
of which core capital (CET1)	1,688.4	2.3%	1,650.8
of which total core capital (CET1+AT1)	1,765.0	1.9%	1,733.3
Common equity Tier 1 capital ratio	13.42%	-0.09% ppt	13.51%
Tier 1 capital ratio	14.03%	-0.16% ppt	14.19%
Total capital ratio	17.44%	-0.22% ppt	17.66%
Performance	Q1 2016	Change	Q1 2015
Cost/income ratio	54.60%	8.32 ppt	46.28%
Return on equity before tax	10.85%	-1.74 ppt	12.59%
Return on equity after tax	8.78%	-1.68 ppt	10.46%
Risk/earnings ratio (credit risk in % of net interest income)	2.29%	-21.33 ppt	23.62%
Resources	31/3/2016	Change	31/12/2015
Average number of staff (weighted)	2,048	23	2,025
Number of branches	159	3	156

Development of business of the Oberbank Group in the first quarter of 2016

Dear Readers,

Oberbank is very pleased to report an excellent development for the first quarter of 2016.

Excellent risk situation supports higher earnings

- **Net profit before tax: EUR 52.5 /+ 7.5%**
- **Net profit after tax: EUR 42.5 /+ 4.6%**

Following the outstanding result achieved in the first quarter of 2015, earnings were again slightly higher. Profit before tax rose by 7.5% to EUR 52.5 million, but after tax the increase was 4.6% to EUR 42.5 million on account of the 20% higher tax burden.

This performance was driven by the Bank's highly favourable credit risk situation. Although charges for losses on loans and advances are subject to strict rules at Oberbank, the charges in Q1 2016 were only EUR 1.9 million and thus 90.6% lower year on year.

Increase in lending and primary deposits

- **Lending volume EUR 13.1 billion / + 5.5%**
- **Primary deposits EUR 12.8 billion / + 3.5%**

Despite the modest demand for loans in the overall Austrian market, we achieved an increase in credit volume by 5.5% to EUR 13.1 billion.

The rise was driven by corporate loans (+ 5.0% to EUR 10.4 billion) as well as by retail loans (+ 7.4% to EUR 2.7 billion).

The low interest rates were decisive for the higher level of primary deposits (+ 3.5% to EUR 12.8 billion).

While available short-term savings, sight and term deposits increased by 5.8% to EUR 10.7 billion, securitised debts with longer maturities (EUR 1.4 billion / - 7.7%) and subordinated capital (EUR 649 million / - 5.6%) decreased substantially.

Performance indicators continue at high levels

- **RoE before tax 10.85%, after tax 8.78%**
- **Cost/income ratio 54.6%**
- **Tier 1 capital ratio > 14%, total capital ratio > 17%**

Return on equity (RoE) decreased slightly, albeit at a high level, because of, among other things, the significant rise in equity capital after the capital increases of 2015, dropping from 12.59% to 10.85% before tax, and from 10.46% to 8.78% after tax.

The cost/income ratio rose from 46.3% to 54.6%. The main reasons were lower equity returns and higher administrative expenses due to our investments in expansion.

The Tier 1 capital ratio rose from 11.57% to 14.03%. Positive effects came from the substantial allocations to reserves and the successful capital increases as well as the AT1 bonds issued in the second quarter of 2015.

The total capital ratio also improved from 15.55% to 17.44%. Therefore, Oberbank clearly exceeds the tightened capital requirements.

Solid operating net interest income, lower total result

Operating net interest income was up due to the considerable improvement in lending volume to EUR 75.1 million (+ 2.2%).

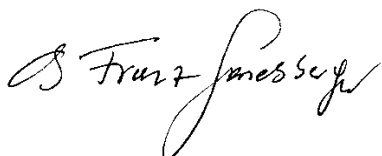
As returns on equity investments decreased due to lower net profits from participating interests by 34.1% to EUR 8.6 million, total net interest income dropped year on year by 3.3% to EUR 83.7 million.

Net commission income was 6.3% lower than in the preceding year at EUR 33.0 million

Nearly the entire decline originated in the securities business, which was especially adversely affected by the sluggish stock markets and the uncertainty prevailing among investors in the first quarter of 2016.

Expansion strategy pursued vigorously

Contrary to the general industry trend, we continued our expansion by opening four new branches. With the new branches in Ulm (Baden-Württemberg), Jena, Erfurt (Thuringia) and Wien-Donauspital, we had a total of 159 branches in operation at 31 March 2016.

A handwritten signature in black ink, appearing to read 'Franz Gasselsberger', written in a cursive style.

CEO Franz Gasselsberger

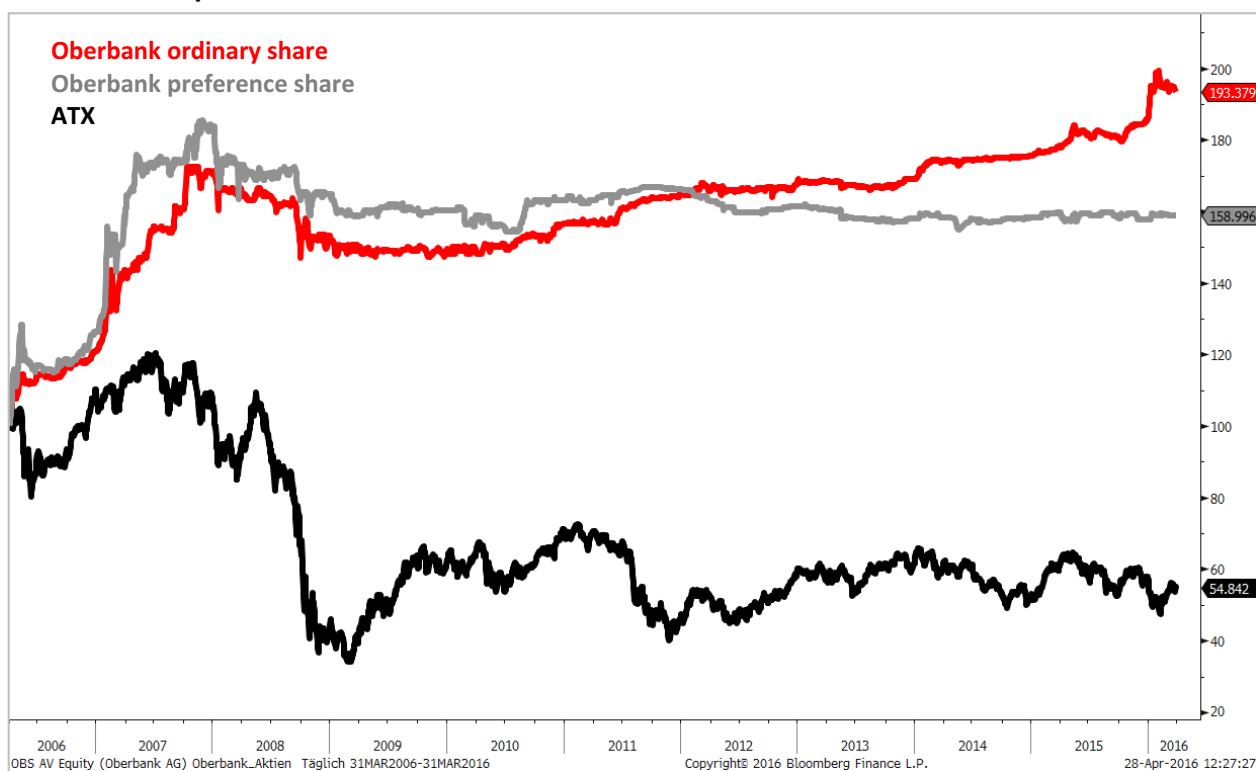
The Oberbank Share

The price of the Oberbank ordinary share reached a new all-time high in the first quarter of 2016 at EUR 56.70 and reflects the excellent performance of Oberbank.

Oberbank shares – key figures	Q1 2016	Q1 2015
Number of ordinary non-par shares	29,237,100	25,783,125
Number of non-par preference shares	3,000,000	3,000,000
High (ordinary/preference share) in €	56.70/38.10	51.05/38.20
Low (ordinary/preference share) in €	52.90/37.70	50.35/37.81
Close (ordinary/preference share) in €	55.00/38.00	51.00/38.20
Market capitalisation in €m	1,722.04	1,429.54
IFRS earnings per share in €, annualised	5.28	5.65
P/E ratio, ordinary share	10.42	9.03
P/E ratio, preference share	7.20	6.76

Oberbank ordinary and preference shares versus ATX

Price trend in per cent



Source: Bloomberg, data as of 31/3/2016

The figures given are historical data. These cannot be used to derive future developments. This chart compares the development of the Oberbank ordinary share, the Oberbank preference share and the Austria stock index ATX. The prices in the chart have been adjusted by indexing the daily closing prices of the stocks and of the index to 100, i.e., all initial prices were 100% at the start. The chart shows the relative percentage development of the Oberbank ordinary share to the preference share and to the ATX.

The Business Segments in the First Quarter 2016

Corporate and Business Banking

Corporate and Business in €m	Q1 2016	Q1 2015	+ / - absolute	+ / - in %
Net interest income	54.9	52.9	2.0	3.8%
	1.5	-15.7	17.2	
Charges for losses on loans and advances				
Net commission income	17.3	16.6	0.7	4.1%
Net trading income	0.0	-0.3	0.3	-97.0%
Administrative expenses	-35.3	-30.8	-4.5	14.8%
Other operating result	0.5	-1.9	2.5	
Extraordinary profit/loss	0.0	0.0	0.0	
Profit for the year before tax	38.9	20.7	18.1	87.4%
Risk equivalent	8,315.1	8,146.5	168.6	2.1%
Average allocated equity	1,098.1	938.2	159.9	17.0%
Return on equity before tax (ROE)	14.2%	8.8%	5.4 ppt	
Cost/income ratio	48.6%	45.8%	2.8 ppt	

Earnings development in Corporate and Business banking

In the Corporate and Business Banking segment, the profit for the period improved by EUR 18.1 million or 87.4% to a total of EUR 38.9 million.

Net interest income was up by EUR 2.0 million or 3.8% to EUR 54.9 million. As regards charges for losses on loans and advances, the total volume of reversals was EUR 1.5 million after an amount of EUR 15.7 million for charges for losses on loans and advances in the first quarter of 2015.

Net commission income increased by EUR 0.7 million or 4.1% to EUR 17.3 million year on year.

Administrative expenses rose by EUR 4.5 million or 14.8% to EUR 35.3 million.

Other operating income rose by EUR 2.5 million to EUR 0.5 million.

The return on equity in Corporate and Business Banking widened from 8.8% by 5.4 percentage points to 14.2%.

The cost/income ratio improved by 2.8 percentage points from 45.8% to 48.6%.

Commercial lending

The Bank's commercial lending volume rose year on year by a very pleasing 5.0% or EUR 492.7 million to EUR 10,398.3.

Commercial loans		YoY change	
As at 31/3/2016	As at 31/3/2015	absolute	in %
€ 10,398.3 m	€ 9,905.6 m	€ 492,7 m	5.0%

Investment finance

The total number of applications submitted for subsidised loans and innovation projects in Austria and Germany in the first three months of 2016 was 288 projects and thus 8.7% higher than the already very good previous year's level. Oberbank, as in past years, continues to hold the absolute top position among Austrian banks in this field. The investment volume of applications for subsidised funding rose substantially again by 47.1% in the first quarter of 2016 despite the rather subdued propensity to invest in the business sector. The trend is also seen in the development of subsidised loans extended by Oberbank: the volume was EUR 698.3 million and 10.1% higher year on year on 31 March 2016.

Investment finance		YoY change	
As at 31/3/2016	As at 31/3/2015	absolute	in %
€ 7,362.0 m	€ 6,973.5 m	€ 388.5 m	5.6%

Leasing

The volume of new business in the first quarter 2016 was 6.1% higher than in the previous year at EUR 181 million. This year the trend was once again driven by a solid volume of new business in vehicle leasing (+ 45%), although the movables and real estate leasing were much weaker compared to the preceding year (- 20%). A breakdown by region reveals that Austria and Germany grew more robustly (+ 15%) than the expansion markets.

Leasing receivables from customers		YoY change	
As at 31/3/2016	As at 31/3/2015	absolute	in %
€ 1,903.0 m	€ 1,748.0 m	€ 155.0 m	8.9%

Structured finance

The robust demand for structured finance of the preceding year continued in the first quarter of 2016 as well. Strong demand was sustained in the real estate and tourism sectors. The market is favourable for taking out loans and this seems to be just as important as the unbroken high level of demand for residential real estate. Therefore, it may be assumed that these areas will continue to enjoy brisk demand for loans also for the rest of the business year. Activities in Q1 2016 were much livelier than in the same period of the previous year regarding financing for changes in company ownership. Apart from classical M&A transactions, the growing number of company successions was a driving force. Demand for special financing for investment projects also surpassed the already high level reached in the previous year.

All in all, the first quarter of 2016 was dominated by lively activity in the business of structured finance.

Oberbank Opportunity Fund

Since the start of the year, the Oberbank Opportunity Fund handled a total of 35 applications (as at 31/3/2016), which, at an unchanged quality of the projects is in line with the very high level of the previous year. In the first quarter of 2016, two transactions were successfully finalized.

Since the founding of the Oberbank Opportunity Fund, 51 transactions for equity and mezzanine capital were supported financially and nine supplementary financing projects were carried out. The total volume committed amounts EUR 108.5 million at a fund volume of EUR 150 million. The outstanding receivables as at 31 March 2016 of EUR 51.3 million break down into EUR 28.3 million for equity capital and EUR 23.0 million for mezzanine capital.

Syndicated loans and international lending

The development in syndicated and international loans was very gratifying in the first quarter of 2016. The outstanding volume increased again despite the slightly fewer transactions versus 1Q 2015.

Oberbank's success in this business line was owed mostly to selective investments in borrower's note of Austrian and German issuers.

Oberbank acquired new mandates as a lead manager for several large-volume projects in Austria and Bavaria.

Trade finance und international business

Austrian exporters are increasingly confronted with growing competition from Asian and East European competitors. Conditions are still generally challenging, among other things, due to the sanctions against Russia and parts of the Ukraine, slowing economic growth in China, the need to grant longer payment dates, and the growing risk of defaults on payment also on European markets. Precisely in this difficult environment, Oberbank, as a consulting bank, is one of the first points of contact for import and export firms. Oberbank has an international network of 1,800 corresponding banks and successfully combines the classic instruments of foreign trade to minimize risks. These include the documentary business, foreign currency hedging and payment transfers as well as buying receivables and fixed-term finance loans.

Thus, Oberbank attained double-digit increases in the volume and number of transactions in the documentary business in the first quarter 2016. This pushed earnings up by 11.9%. The long-term uptrend continued also in revolving export finance programmes. As regards export fund loans, the market share of Oberbank was 11.95% at 31 March 2016 and in the Kontrollbank Credit Line procedure (KRR) relevant for Corporates it was 10.92%. Oberbank again achieved top rankings thereby highlighting its competence in this line of business.

Transfer of payments

The first quarter 2016 was very good for the Corporates payments services with an increase in earnings of over 10%. The training campaign started in 2015 was continued which helps Oberbank maintain its high advisory quality and offer corporate customers additional value.

Demand was high for the new products and services introduced in the first quarter of 2016.

International network of partner banks and institutions

Bilateral relations among banks are increasingly being influenced by the changing banking environment in which banks must focus more and more on compliance issues, the prevention of money laundering and terrorist financing as well as on ensuring compliance with US and EU sanctions, US tax rules and international know-your-customer principles.

Oberbank has been highly successful in mastering these challenges up to now and makes customer-oriented solutions possible even in problem areas. Customer demands are met partly in collaboration with global partner banks.

The Global Financial Markets department is responsible mainly for maintaining banking relations in regions in which most customer activities take place or in regions in which economic growth and political stability make them target regions.

Therefore, Oberbank's key activities in the first quarter of 2016 focussed on the Asian market.

The potential that results from the elimination of the EU sanctions against Iran is being closely monitored. Despite all of its problems, the Middle East is still an attractive sales market for customers and requires professional banking assistance, which we provide in the form of consulting and risk hedging.

Interest rate and currency risk management

The insecurity over the further development of interest rates in the US and in the euro area triggered some movement in foreign currencies, especially for the US dollar. The fluctuation range from the highest to the lowest value was seven per cent for the EUR/USD exchange rate. This is by far the most important currency pair for international customers and was therefore again at the focus of attention.

Personal Banking Segment

Personal Banking segment in €m	Q1 2016	Q1 2015	+ / - absolute	+ / - in %
Net interest income	13.8	12.7	1.1	8.6%
Charges for losses on loans and advances	1.8	-3.3	5.1	
Net commission income	15.7	18.6	-2.9	-15.5%
Administrative expenses	-21.9	-21.0	-0.9	4.4%
Other operating result	0.9	-2.6	3.5	
Profit for the year before tax	10.3	4.4	5.9	>100%
Risk equivalent	1,415.3	1,292.6	122.7	9.5%
Average allocated equity	186.9	148.9	38.0	25.6%
Return on equity before tax (RoE)	21.9%	11.8%	10.1 ppt	
Cost/income ratio	72.2%	73.2%	-1.0 ppt	

Earnings development in Personal Banking

The pre-tax profit in the Personal Banking segment rose by EUR 5.9 million to EUR 10.3 million.

Net interest income increased by EUR 1.1 million or 8.6% to EUR 13.8 million.

As regards charges for losses on loans and advances, the total volume of reversals was EUR 1.8 million after EUR 3.3 million for charges for losses on loans and advances in the first quarter 2015.

Net commission income decreased by EUR 2.9 million or 15.5% to EUR 15.7 million.

Administrative expenses rose by EUR 0.9 million or 4.4% to EUR 21.9 million.

Other operating income rose by EUR 3.5 million to EUR 0.9 million.

The return on equity in the Personal Banking segment went up by 10.1 percentage points from 11.8% to 21.9%; the cost/income ratio improved by 1.0 percentage points from 73.2% to 72.2%.

Personal accounts

Oberbank's portfolio of personal accounts has grown by 2,847 since the beginning of the year and as of 31 March 2016 the Bank had 180,170 personal accounts.

Number of personal accounts		YoY change	
As at 31/03/2016	As at 31/03/2015	absolute	in %
180,170	177,323	2,847	1.6%

Personal loans

Compared to 31 March 2015, the volume of retail loans rose by 7.4% or EUR 188.0 million to EUR 2,716 million.

Especially pleasing were the rising figures across the board. The growth driver continues to be the Vienna business area (+ 8 million/ + 1.8%), and in the first quarter, a solid development was achieved by the business areas Salzkammergut (+ 6.9 m / + 3.5%), Innviertel (+ 4.1 m / + 3.5%) and Wels (+ 4.1 m / + 2.1%).

The foreign markets continued to perform well with the Czech Republic posting + 2.9% and Southern Bavaria (+ 2.9%).

The business area Hungary also performed positively again (+ 3.7%).

The share of foreign currency loans in total retail loans was pushed down again and is presently only 5.6% at Oberbank.

Personal loans		YoY change	
As at 31/03/2016	As at 31/03/2015	absolute	in %
€ 2,716.0 m	€ 2,528.0 m	€ 188.0 m	7.4%

Primary funds

The trend of customer funds flowing into short-term investment forms is unbroken. Sight deposits increased the most steeply due to customers' preference for liquidity. In contrast to the preceding year, primary funds increased clearly by EUR 429.3 million or 3.5% to EUR 12.8 billion.

Savings deposits

Compared with the level of 31 March 2015, the volume of savings deposits declined by EUR 150.5 million or 4.9%. The percentage of savings passbooks bearing fixed interest rates to total savings deposits is just over 40%.

Savings deposits		YoY change	
As at 31/03/2016	As at 31/03/2015	absolute	in %
€ 2,931.4 m	€ 3,081.9 m	- € 150.5 m	- 4.9%

Securities business

The securities business was adversely affected by the volatile stock markets and the massive downtrend in the first two months. The weak stock markets had a negative effect, especially on the transactions business, and in particular on equities trading. This was true not only for retail customers but also for professional investors. The decline in commission income from securities transactions was – 17.3% or EUR 2.1 million versus the first quarter of 2015, though one should bear in mind that the first quarter of 2015 was exceptionally good.

The market value of securities on customer securities accounts rose by 3.9% or EUR 0.5 million to EUR 12.6 billion versus 31 March 2015. Compared to the year-end value of the preceding year, this is a minimal decrease of 0.2%, which was caused by the manifest weakness on stock markets at the start of the year.

Oberbank issues

The persistently low interest rates are depressing demand for long-term bonds considerably. Nonetheless, a total volume of EUR 83.4 million was floated. This amount includes the issuance of a EUR 20.7 million subordinated bond and a CZK bond issue for EUR 9.4 million.

Private banking

Assets under management by Oberbank private banking services widened by EUR 111.6 million or 2.1% to EUR 5,394.6 million year on year. Thus, the long-year growth trend was continued. The value is also EUR 65 million higher than at the beginning of the year 2016.

There was a rise of EUR 16.9 million or 3.8% in the individual portfolio management segment to EUR 460.9 million. Alone in the first quarter 2016, 41 new mandates were acquired. The trend towards individual portfolio management is thus unbroken. Oberbank currently has a volume of EUR 120.8 million in assets under management which constitutes a rise of EUR 44.5 million versus 31 March 2015.

The performance of managed products also suffered from the wide market fluctuations in the first quarter. The performance of Oberbank's asset management unit is minus 2%.

3 Banken-Generali

The 3 Banken-Generali Investment-Gesellschaft was not able to fully keep up with the high level achieved in the preceding year. The fund's volume of assets under management decreased slightly by EUR 55.9 million or 0.7% to EUR 8.4 billion. By comparison, the overall market in Austria saw much steeper declines and recorded a minus of EUR 8.0 billion or -4.7% to EUR 160.9 billion year on year.

The retail fund business experienced an upswing again, with the inflow of fresh funds reaching EUR 58.8 million. Managed funds with a broadly diversified investment range and equity strategies with the option of temporarily hedging against market risks continue to be in high demand.

Savings in building and loan associations

In the first quarter of 2016, 2,665 building and loan contracts were concluded which is a decline of 14.1% year on year. Despite the sustained low level of interest rates, saving money in building and loan associations is still an attractive and popular option for savers.

Overall, the Wüstenrot partner banks recorded a decline of 9.6% in the first quarter of 2016.

Insurance services

Oberbank made a good start into the year in the segment of life insurance policies. In the category of endowment insurance policies, there were changes in the classical life insurance business due the renewed cut of 1% for guaranteed interest rates. Nonetheless, in Q1 2016 Oberbank surpassed the targets projected for the retail endowment insurance business by 21.9% and in the corporates segment even by 158% over the preceding year.

Premium volumes for risk insurance policies increased year on year by 4.9%.

Despite the changed framework conditions, the insurance business in the Austrian and German markets widened by 8.3% at a volume of EUR 27.4 million.

Insurance contracts – Premium volume		YoY change	
As at 31/03/2016	As at 31/03/2015	absolute	in %
€ 27.4 m	€ 25.3 m	€ 2.1 m	8.3%

Financial Markets Segment

Q1 2016				
Financial Markets in € m	Qu. 2016	Q1 2015	+ / - absolute	+ / - in %
Net interest income	14.9	20.9	-6.0	-28.6%
Charges for losses on loans and advances	-5.2	-1.4	-3.8	>100%
Net commission income	0.0	0.0	0.0	
Net trading income	2.4	5.2	-2.9	-54.5%
Administrative expenses	-1.8	-1.6	-0.3	16.6%
Other operating result	0.8	6.5	-5.7	-87.7%
Profit for the year before tax	11.1	29.7	-18.6	-62.7%
Risk equivalent	4,930.7	4,041.3	889.4	22.0%
Average allocated equity	651.2	465.4	185.8	39.9%
Return on equity before tax (RoE)	6.8%	25.5%	-18.7 ppt	
Cost/income ratio	10.1%	4.8%	5.3 ppt	

Earnings development in the Financial Markets segment

The pre-tax profit in the Financial Markets segment dropped by EUR 18.6 million or 62.7% to EUR 11.1 million.

Net interest income decreased from EUR 6.0 million to EUR 14.9 million.

Charges for losses on loans and advances increased year on year by EUR 3.8 million to EUR 5.2 million.

Net trading income dropped from EUR 5.2 million to EUR 2.4 million.

Other operating income declined by EUR 5.7 million to EUR 0.8 million.

The return on equity (RoE) in the Financial Markets segment shrunk by 18.7 percentage points from 25.5% to 6.8%; the cost/income ratio rose by 5.3 percentage points from 4.8% to 10.1%.

Proprietary trading

In the first quarter of 2016, financial markets were overshadowed by low oil prices, worry over the global economic development and the possibility of a Brexit. This combination was the cause of an extremely negative performance, especially for the European stock markets. Interest rates in the euro area dropped to new record lows – also due to the activities of the European Central Bank.

In this setting, caution was the order of the day; nonetheless, solid trading results were achieved. Still, was not possible to attain the excellent trading result of the preceding year, largely due to the development of the Swiss franc, but the targets defined for the first quarter of 2016 were clearly surpassed.

Important factors of influence for the further course of the year include the Brexit vote in June, the interest rate decisions of the US Fed, the development of the oil price and global economic trends. We will continue to pursue our objective to benefit from movements on financial markets related to these factors.

Liquidity

The measures taken by the ECB such as securities buying programmes, long-term tenders and interest rate cuts are supplying the financial sector with high volumes of euro liquidity.

As these activities are not lifting demand for loans as desired, there is surplus liquidity on the markets. At the end of March, the volume of liquidity in the euro system was around EUR 750 billion.

The last measures adopted by the ECB on 10 March 2016 are creating additional pressure on banks. The deposit facility rate of the ECB is now -0.4% and the Euribor interest rates are negative up to 12 months.

This development is rather unsettling and is being monitored carefully. The cheap money and the lacking investment options at an adequate risk-free interest rate is significantly pushing the risk tolerance of some investors.

The long-year strategy of Oberbank to financing customer loans with customer deposits has proven to be the right decision in the light of these facts. In the near future, it will be a challenge to maintain this balance.

Capital resources

Own funds were EUR 2,193.6 million as at 31 March 2016 which is a ratio of 17.44% or nearly twice as much as the regulatory capital requirement. Tier 1 capital amounted to EUR 1,765.0 million and the common equity Tier 1 capital ratio was 14.03%. The common equity Tier 1 capital of EUR 1,688.4 million corresponds to a ratio of 13.42%.

Risk

The risk policy of Oberbank accommodates all types of risk situations of all business areas including the new markets. The risk management of the Bank is focused on safeguarding the customer funds entrusted to it, compliance with capital requirements and securing liquidity.

The most important risk category is credit risk. This risk is mitigated by recognising adequate allowances and provisions in the balance sheet.

Oberbank can rely on its long years of experience in assessing creditworthiness and collateral. Additionally, its business model as regional bank, professional loan management, and the well-balanced distribution of the total exposure across the individual customer segments ensures that the potential impact of this risk component on Oberbank's overall performance is kept within manageable bounds. Therefore, we do not expect any extraordinary credit risks to arise in the year 2016.

The other risk categories include equity risk (risk of potential loss of value and/or earnings in the Bank's equity portfolio), market risk (possible losses due to fluctuations of interest rates, foreign currencies or share prices), operational risk and liquidity risk. These risks are also covered by adequate levels of capital in line with the principle of conservatism. Oberbank's excellent position regarding liquidity risk also enables it to refinance its entire loan exposure (31 March 2016: EUR 13.1 billion) with the primary deposits of customers and other long-term refinancing facilities (OeKB, LfA, KfW) with a volume of EUR 14.0 billion (as at 31/03/2016). Furthermore, Oberbank has a permanent risk controlling system, stringent process management and other efficient control and monitoring instruments in place. Therefore, Oberbank does not expect any unusual risk events in these risk categories in the year 2016.

Outlook for 2016

- **Adverse overall economic conditions persist**
- **Oberbank: Lending growth, favourable risk situation, further expansion**

Economic framework still difficult in the recent past

Due to the low interest rates, the average interest on loans, deposits and fixed-income securities continues to decline, which is having a perceptible effect on the net interest income.

Many stock markets started out worse than ever into the new year. In 2016, the Dow Jones und DAX indices posted their lowest year-start performance ever: As of mid-February, the DAX lost almost 19%, while the Dow Jones dropped by around 14%. The markets were very nervous and this was seen in the wide price fluctuations.

Banks are once again under enormous pressure to adjust. In international comparison, Austrian banks still need to urgently carry out personnel reductions.

The SREP (Supervisory Review and Evaluation Process) is a new process launched by the European Banking Authority whose ultimate outcome will mean higher capital requirements once again for banks.

In this challenging environment, Oberbank will continue its proactive course

Lending volumes will continue to develop excellently at above average levels from today's perspective. In the Corporates business, investment finance will continue to be the growth driver, while retail lending will be supported by residential housing loans.

Overall, the lending volume is expected to rise again year on year.

Despite the significant rise in lending, credit risk will remain at especially favourable.

Contrary to the long-term trend, equity returns on investments and commission income will be lower than in the previous year, the latter due to the insecurity prevailing among investment customers. Likewise, there will not be any one-time effects to boost returns in 2016.

The expansion of Oberbank has been continued with the opening of four new branches. Furthermore, there are preparations under way to open new branches in Penzing and Perchtoldsdorf (Vienna business area) and in Budapest and Nagykanisza in Hungary.

For 2016, Oberbank still aims to achieve results close to the outstanding level of the preceding year despite the expenditure.

3 Banken Group in the first quarter of 2016

The 3 Banken Group once again achieved a very satisfactory performance in the first quarter of 2016. The joint total assets of the banks increased year on year by 1.2% to EUR 35.1 billion, while the lending volume (after charges for losses) went up by 3.5% to EUR 24.0 billion and primary deposits rose by 2.9% to EUR 25.0 billion. The joint net profit after tax grew by 2.5% to EUR 77.1 million.

As at 31 March 2016, the 3 Banken Group operated 255 branches and employed 4,390 persons on average in the first quarter of the year.

Consolidated Interim Financial Statements prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 01/01/2016 to 31/03/2016

Consolidated income statement in €k		01/01/- 31/03/2016	01/01/- 31/03/2015	Change in €k	Change in %
1. Interest and similar income	(1)	101,031	103,668	-2,637	-2.5
2. Interest and similar expenses	(1)	-25,929	-30,153	4,224	-14.0
3. Income from entities accounted for using the equity meth.	(1)	8,577	13,021	-4,444	-34.1
Net interest income	(1)	83,679	86,536	-2,857	-3.3
4. Charges for losses on loans and advances	(2)	-1,914	-20,438	18,524	-90.6
5. Commission income	(3)	36,883	39,292	-2,409	-6.1
6. Commission expenses	(3)	-3,931	-4,142	211	-5.1
Net commission income	(3)	32,952	35,150	-2,198	-6.3
7. Net trading income	(4)	2,372	4,930	-2,558	-51.9
8. Administrative expenses	(5)	-65,437	-59,687	-5,750	9.6
9. Other operating income	(6)	852	2,363	-1,511	-63.9
a) Net income from financial assets - FV/PL	(6)	5,632	6,564	-932	-14.2
b) Net income from financial assets - AfS	(6)	-5,173	535	-5,708	
c) Net income from financial assets - HtM	(6)	0	198	-198	-100.0
d) Other operating profit	(6)	393	-4,934	5,327	
Profit for the year before tax		52,504	48,854	3,650	7.5
10. Income taxes	(7)	-10,007	-8,240	-1,767	21.4
Profit for the year after tax		42,497	40,614	1,883	4.6
of which attributable to equity holders of the parent		42,438	40,576	1,862	4.6
of which attributable to minority interests		59	38	21	55.3

Income and expenses recognised directly in equity in €k	01/01/- 31/03/2016	01/01/- 31/03/2015
Profit for the year after tax	42,497	40,614
Items not reclassified to profit or loss for the year	965	-2,389
+/- Actuarial gains/losses IAS 19	0	0
+/- Deferred taxes on actuarial gains/losses IAS 19	0	0
+ / - Share from entities accounted for using the equity method	965	-2,389
Items reclassified to profit or loss of the year	-922	14,060
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	-1,225	18,211
Amounts recognised in equity	-1,108	18,844
Reclassification adjustments	-117	-632
+ / - Deferred tax on items recognised directly in equity under IAS 39	306	-4,553
Amounts recognised in equity	277	-4,711
Reclassification adjustments	29	158
+ / - Exchange differences	148	-338
+ / - Share from entities accounted for using the equity method	-151	740
Total income and expenses recognised directly in equity	43	11,671
Total comprehensive income for the period from net profit and income/expenses recognised	42,540	52,285
of which attributable to equity holders of the parent	42,481	52,247
of which attributable to minority interests	59	38

Performance	Q1 2016	Q1 2015
Cost/income ratio in %	54.60%	46.28%
Return on equity before tax in %	10.85%	12.59%
Return on equity after tax in %	8.78%	10.46%
Risk/earnings ratio (credit risk to net interest income) in %	2.29%	23.62%
Earnings per share in €	1.32	1.41

Balance sheet as at 31/03/2016 / Assets

in €k		31/03/2016	31/12/2015	Change in €k	Change in %
1. Cash and balances at central banks	(9)	383,870	354,023	29,847	8.4
2. Loans and advances to credit institutions	(10)	1,048,778	1,065,913	-17,135	-1.6
3. Primary funds	(11)	13,114,255	12,839,944	274,311	2.1
4. Impairment provisions	(12)	-479,241	-488,292	9,051	-1.9
5. Trading assets	(13)	64,688	46,173	18,515	40.1
6. Financial investments	(14)	3,671,307	3,771,209	-99,902	-2.6
a) Financial assets - FV/PL	(14)	241,929	237,662	4,267	1.8
b) Financial assets - AfS	(14)	717,419	709,536	7,883	1.1
c) Financial assets - HtM	(14)	2,018,308	2,134,565	-116,257	-5.4
d) Interest in entities accounted for using the equity method	(14)	693,651	689,446	4,205	0.6
7. Intangible assets	(15)	1,182	1,248	-66	-5.3
8. Property, plant and equipment	(16)	243,029	246,449	-3,420	-1.4
a) Investment property	(16)	98,762	99,501	-739	-0.7
b) Other property, plant and equipment	(16)	144,267	146,948	-2,681	-1.8
9. Other assets	(17)	431,021	406,682	24,339	6.0
Deferred tax assets	(17)	54,804	55,984	-1,180	-2.1
b) Positive fair values of closed out derivatives in the banking book	(17)	186,352	170,644	15,708	9.2
c) Other	(17)	189,865	180,054	9,811	5.4
Total assets		18,478,889	18,243,349	235,540	1.3

Balance sheet as at 31/03/2016 / Equity and liabilities

in €k		31/03/2016	31/12/2015	Change. in €k	Change in %
1. Amounts owed to credit institutions	(18)	3,039,260	2,995,503	43,757	1.5
2. Amounts owed to customers	(19)	10,694,343	10,521,547	172,796	1.6
3. Securitised liabilities	(20)	1,411,117	1,443,376	-32,259	-2.2
4. Provisions for liabilities and charges	(21)	330,113	329,176	937	0.3
5. Other liabilities	(22)	386,146	372,962	13,184	3.5
a) Trading liabilities	(22)	52,615	45,350	7,265	16.0
b) Tax liabilities	(22)	14,994	7,846	7,148	91.1
ba) Current tax liabilities	(22)	11,264	2,569	8,695	> 100.0
bb) Deferred tax liabilities	(22)	3,730	5,277	-1,547	-29.3
c) Negative fair values of derivatives in the banking book	(22)	25,552	26,960	-1,408	-5.2
d) Other	(22)	292,985	292,806	179	0.1
6. Subordinated debt capital	(23)	648,941	655,121	-6,180	-0.9
7. Equity	(24)	1,968,969	1,925,664	43,305	2.2
a) Equity after minorities	(24)	1,914,460	1,871,105	43,355	2.3
b) Minority interests in equity	(24)	4,509	4,559	-50	-1.1
c) Additional equity capital components	(24)	50,000	50,000	0	
Total equity and liabilities		18,478,889	18,243,349	235,540	1.3

Consolidated statement of changes in equity as at 31/03/2016

in €k	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Gains (losses) rec. in equity under IAS 39	Actuarial gains (losses) under IAS 19	Associated companies	Equity after minorities	Minority interests	Additional equity components	Equity
As at 01/01/2015	85,924	193,592	856,042	-2,579	27,330	-44,688	415,218	1,530,839	3,238	0	1,534,077
Consolidated net profit			31,438	-338	13,658		7,489	52,247	38		52,285
Net annual profit (loss)			31,438				9,138	40,576	38		40,614
Other comprehensive income				-338	13,658		-1,649	11,671			11,671
Dividend distribution											
Coupon payments on additional equity capital components											
Capital increase											
Issuance of additional equity capital components											
Reacquired own shares	-53	-132						-185			-185
Unrealised gains and losses not recognised in the income statement			41				4,795	4,836	-1		4,835
As at 01/03/2015	85,871	193,460	887,521	-2,917	40,988	-44,688	427,502	1,587,737	3,275	0	1,591,012
As at 01/01/2016	96,431	348,291	935,787	-1,995	47,822	-21,808	466,577	1,871,105	4,559	50,000	1,925,664
Consolidated net profit			37,903	148	-919		5,349	42,481	59		42,540
Net annual profit (loss)			37,903				4,535	42,438	59		42,497
Other comprehensive income				148	-919		814	43			43
Dividend distribution											
Coupon payments on additional equity capital components											
Capital increase											
Issuance of additional equity capital components											
Reacquired own shares	-585	-1,904						-2,489			-2,489
Unrealised gains and losses not recognised in the income statement			4,507				-1,144	3,363	-109		3,254
As at 01/03/2016	95,846	346,387	978,197	-1,847	46,903	-21,808	470,782	1,914,460	4,509	50,000	1,968,969

Consolidated statement of cash flows in €k	01/01/ 31/03/2016	01/01/ 31/03/2015
Profit for the year	42,497	40,576
Non-cash positions in profit for the year and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	-5,825	-95
Change in provisions for staff benefits and other provisions for liabilities and charges	938	12,633
Change in other non-cash items	-6,956	-33,782
Gains and losses on financial investments, property, plant and equipment and intangible assets	-44	-238
Subtotal	30,610	19,094
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Loans and advances to credit institutions	37,639	268,218
- Loans and advances to customers	-260,583	-142,203
- Trading assets	-15,184	-17,969
- Other current assets	-5,384	-6,089
- Other assets arising from operating activities	14,128	-10,122
- Amounts owed to credit institutions	30,836	-80,894
- Amounts owed to customers	147,289	90,937
- Securitised liabilities	-48,455	-69,922
- Other liabilities arising from operating activities	-21,178	7,571
Net cash from operating activities	-90,282	58,621
Proceeds from the sale of		
- financial investments	217,425	61,475
- property, plant and equipment and intangible assets	969	-2,581
Outlay on purchases of		
- financial investments	-72,802	-62,184
- property, plant and equipment and intangible assets	-3,825	-2,586
Net cash from investing activities	141,767	-5,876
Capital increase	0	0
Dividend distributions	0	0
Coupon payments on additional equity capital components	0	0
Subordinated liabilities and other financing activities	-21,638	-37,595
Net cash from financing activities	-21,638	-37,595
Cash and cash equivalents at the end of previous period	354,023	147,009
Net cash from operating activities	-90,282	58,621
Net cash from investing activities	141,767	-5,876
Net cash from financing activities	-21,638	-37,595
Effects of changes in the consolidation scope and revaluation	0	0
Effects of foreign exchange rate changes	0	0
Cash and cash equivalents at the end of the period	383,870	162,159
Interest received	92,147	99,173
Dividends received	6,882	6,375
Interest paid	-42,434	-44,637
Coupon payments on additional equity capital components	0	0
Income taxes paid	5,514	5,401

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

Changes to accounting policies 2016

This quarterly report of Oberbank AG has been drafted using the same recognition and measurement policies as applied on 31/12/2015.

An exception has been made for standards and interpretations that become effective from the financial year beginning on or after 1 January 2016. Only those new standards and interpretations are listed which are of relevance for the business activities of Oberbank. The application of the following standards and interpretations, as amended, has been mandatory since January 2016.

- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 1 - Disclosure Initiative
- Annual improvement to the International Financial Reporting Standards (Cycle 2012-2014)

The Oberbank group of consolidated companies

The group of consolidated companies as at 31 March 2016 included, apart from Oberbank AG, 29 Austrian and 19 foreign subsidiaries. Compared to 31 December 2015, the group of consolidated companies did not change.

Details of the income statement in €k

	01/01/- 31/03/2016	01/01/- 31/03/2015
1) Net interest income		
Interest income from		
Credit and money market business	79,814	81,617
Shares and other variable-yield securities	1,207	1,260
Other equity investments	923	374
Subsidiaries	711	859
Fixed-interest securities and bonds	18,376	19,558
Interest and similar income	101,031	103,668
Interest expenses for		
Deposits	-15,310	-18,067
Securitised liabilities	-6,033	-6,915
Subordinated liabilities	-4,586	-5,171
Interest and similar expenses	-25,929	-30,153
Income from entities accounted for using the equity method	8,577	13,021
Net interest income	83,679	86,536
2) Charges for losses on loans and advances		
Allocated to loan loss provisions	-31,530	-37,027
Direct write-offs	-447	-445
Reversals of loan loss provisions	29,640	16,654
Recoveries of written-off receivables	423	380
Charges for losses on loans and advances	-1,914	-20,438
3) Net commission income		
Payment services	11,892	11,585
Securities business	10,006	12,094
Foreign exchange, foreign bank note and precious metals business	2,900	3,394
Credit operations	6,544	6,865
Other service and advisory business	1,610	1,212
Net commission income	32,952	35,150
4) Net trading income		
Gains (losses) on interest rate contracts	515	679
Gains (losses) on foreign exchange, foreign bank note and numismatic business	1,056	4,144
Gains (losses) on derivatives	801	107
Net trading income	2,372	4,930
5) Administrative expenses		
Staff costs	38,387	36,053
Other administrative expenses	23,924	20,594
Write-offs and valuation allowances	3,126	3,040
Administrative expenses	65,437	59,687
6) Other operating income		
a) Net income from financial assets - FV/PL	5,632	6,564
b) Net income from financial assets - AFS	-5,173	535
c) Net income from financial assets - HtM	0	198
d) Other operating profit	393	-4,934
thereof stability fee	-3,468	-3,511
thereof from operating leases	714	980
thereof from other	3,147	-2,403
Other operating income net of other operating expenses	852	2,363

7) Income taxes	01/01/- 31/03/2016	01/01/- 31/03/2015
Current income tax expense	9,308	10,998
Deferred income tax expenses (income)	699	-2,758
Income taxes	10,007	8,240

8) Earnings per share in €	01/01/- 31/03/2016	01/01/- 31/03/2015
Number of shares as at 31/03	32,237,100	28,783,125
Average number of shares in issue	32,166,773	28,732,759
Consolidated profit for the year after tax	42,497	40,614
Earnings per share in €	1.32	1.41
Annualised values	5.28	5.65

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.

9) Cash and balances at central banks	31/03/2016	31/12/2015
Cash in hand	78,191	76,263
Credit balances with central banks of issue	305,679	277,760
Cash and balances at central banks	383,870	354,023

10) Loans and advances to credit institutions	31/03/2016	31/12/2015
Loans and advances to Austrian credit institutions	609,006	592,742
Loans and advances to foreign credit institutions	439,772	473,171
Loans and advances to credit institutions	1,048,778	1,065,913

11) Loans and advances to customers	31/03/2016	31/12/2015
Loans and advances to Austrian customers	7,995,105	7,814,965
Loans and advances to foreign customers	5,119,150	5,024,979
Loans and advances to customers	13,114,255	12,839,944

12) Impairment provisions	31/03/2016	31/12/2015
Impairment provisions for banks	0	0
Impairment provisions for customers	479,241	488,292
Impairment provisions for other assets	0	0
Impairment provisions	479,241	488,292

13) Trading assets	31/03/2016	31/12/2015
Bonds and other fixed-interest securities		
Listed	10,461	857
Stocks and other variable-yield securities		
Listed	966	351
Positive fair values of derivative financial instruments		
Currency contracts	1,874	2,158
Interest rate contracts	51,381	42,807
Other contracts	6	0
Trading assets	64,688	46,173

14) Financial investments	31/03/2016	31/12/2015
Bonds and other fixed-interest securities	2,470,981	2,576,539
Stocks and other variable-yield securities	291,815	291,442
Equity investments/shares		
In subsidiaries	90,069	88,207
in entities accounted for using the equity method		
Banks	302,466	306,425
Non-banks	391,185	383,021
Other equity investments		
Banks	13,246	13,246
Non-banks	111,545	112,329
Financial investments	3,671,307	3,771,209
a) Financial assets - FV/PL	241,929	237,662
b) Financial assets - AFS	717,419	709,536
c) Financial assets - HtM	2,018,308	2,134,565
d) Interest in entities accounted for using the equity method	693,651	689,446
Financial investments	3,671,307	3,771,209
15) Intangible assets	31/03/2016	31/12/2015
Other intangible assets	639	682
Customer base	543	566
Intangible assets	1,182	1,248
16) Property, plant and equipment	31/03/2016	31/12/2015
Investment property	98,762	99,501
Land and buildings	56,631	51,220
Business equipment and furnishings	76,896	77,598
Other property, plant and equipment	10,740	18,130
Property, plant and equipment	243,029	246,449
17) Other assets	31/03/2016	31/12/2015
Deferred tax assets	54,804	55,984
Other items	185,915	175,427
Positive fair values of closed out derivatives in the banking book	186,352	170,644
Deferred items	3,950	4,627
Other assets	431,021	406,682
18) Amounts owed to credit institutions	31/03/2016	31/12/2015
Amounts owed to Austrian banks	1,595,262	1,692,571
Amounts owed to foreign banks	1,443,998	1,302,932
Amounts owed to credit institutions	3,039,260	2,995,503
19) Amounts owed to customers	31/03/2016	31/12/2015
Savings deposits	2,931,358	2,912,646
Other	7,762,985	7,608,901
Amounts owed to customers	10,694,343	10,521,547
20) Securitised liabilities	31/03/2016	31/12/2015
Bonds issued	1,393,343	1,424,158
Other securitised liabilities	17,774	19,218
Securitised liabilities	1,411,117	1,443,376

21) Provisions for liabilities and charges	31/03/2016	31/12/2015
Provisions for termination benefits and pensions	178,161	178,698
Provisions for anniversary bonuses	11,695	11,619
Loan loss provisions	91,086	95,114
Other provisions	49,171	43,745
Provisions for liabilities and charges	330,113	329,176

22) Other assets	31/03/2016	31/12/2015
Trading liabilities	52,615	45,350
Tax liabilities	14,994	7,846
Current tax liabilities	11,264	2,569
Deferred tax liabilities	3,730	5,277
Other liabilities	229,137	234,761
Negative fair values of closed out derivatives in the banking book	25,552	26,960
Deferred items	63,848	58,045
Other liabilities	386,146	372,962

Other liabilities (trading liabilities)	31/03/2016	31/12/2015
Currency contracts	1,883	2,158
Interest rate contracts	50,680	42,777
Other contracts	52	415
Trading liabilities	52,615	45,350

23) Subordinated debt capital	31/03/2016	31/12/2015
Subordinated bonds issued including supplementary capital	589,295	595,993
Hybrid capital	59,646	59,128
Additional Tier 1 capital	0	0
Subordinated debt capital	648,941	655,121

24) Equity	31/03/2016	31/12/2015
Subscribed capital	95,846	96,431
Capital reserves	346,387	348,291
Retained earnings (incl. net profit)	1,470,355	1,424,511
Negative goodwill	1,872	1,872
Additional equity capital components	50,000	50,000
Minorities	4,509	4,559
Equity	1,968,969	1,925,664

25) Contingent liabilities and commitments	31/03/2016	31/12/2015
Other contingent liabilities (guarantees and letters of credit)	1,377,593	1,345,954
Contingent liabilities	1,377,593	1,345,954
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	4,183,027	3,265,901
Credit risks	4,183,027	3,265,901

26) Segment report as at 31/03/2016 Core business segments in €k	Personal Banking	Corporates	Financial Markets	Others	Total
Net interest income	13.8	54.9	14.9	0.0	83.7
Charges for losses on loans and advances	1.8	1.5	-5.2	0.0	-1.9
Net commission income	15.7	17.3	0.0	0.0	33.0
Net trading income	0.0	0.0	2.4	0.0	2.4
Administrative expenses	-21.9	-35.3	-1.8	-6.4	-65.4
Other operating profit	0.9	0.5	0.8	-1.3	0.9
Extraordinary profit/loss	0.0	0.0	0.0	0.0	0.0
Profit for the year before tax	10.3	38.9	11.1	-7.7	52.5
Average risk-weighted assets	1,415.3	8,315.1	4,930.7		14,661.1
Average allocated equity	186.9	1,098.1	651.2		1,936.2
Return on equity before tax	21.9%	14.2%	6.8%		10.8%
Cost/income ratio	72.2%	48.6%	10.1%		54.6%

As of the financial year 2016, equity bears interest derived from the average ten-year SWAP rate of the last 120 months.

The equity allocated was measured as at 31 March 2016 based on an interest rate of 2.81% (31/03/2015: 3.05%) and recognised in net interest income as income from equity investments.

In the financial year 2015, the interest rate applied was still 6%. This adjustment accounts for the lower interest rates. The previous year's values were adjusted accordingly.

27) Human resources	31/03/2016	31/12/2015
Salaried employees	2,048	2,025
Blue-collar	13	14
Total resources	2,061	2,039

28) Regulatory capital pursuant to Part 2 of Reg. (EU) No 575/2013	31/03/2016	31/12/2015	31/03/2015
Subscribed capital	93,111	94,011	83,649
Capital reserves	349,127	349,127	194,746
Retained earnings	1,427,924	1,405,094	1,272,007
Minority interests	0	0	0
Accumulated other comprehensive income	2,757	3,269	-6,589
Regulatory adjustment items	-26,396	-38,685	-36,640
Deductions from common equity Tier 1 capital items	-158,136	-162,062	-168,266
COMMON EQUITY TIER 1 CAPITAL	1,688,387	1,650,754	1,338,907
AT1 capital instruments	50,000	50,000	20,000
AT1 capital instruments purs.to national implementation rules	35,400	41,300	55,300
Deductions from AT1 capital items	-8,751	-8,747	-24,462
Additional Tier 1 capital	76,649	82,553	50,838
TIER 1 CAPITAL	1,765,036	1,733,307	1,389,745
Qualifying supplementary capital instruments	352,326	352,505	384,496
Nominal capital preference shares purs. to transition rules	3,600	2,700	2,700
AT1 capital instruments purs. To transition rules	23,600	17,700	23,700
Supplementary capital items purs. to national impl. rules	53,607	56,224	72,126
General credit risk adjustments	0	0	0
Deductions from supplementary capital items	-4,556	-4,432	-4,316
Supplementary capital	428,577	424,697	478,706
CAPITAL RESOURCES	2,193,613	2,158,004	1,868,451
Total risk exposure purs. Art. 92 CRR			
Credit risk	11,571,360	11,213,348	11,041,950
Market risk, settlement risk and CVA risk	57,386	51,477	83,024
Operational risk	951,842	951,842	890,231
Total exposure	12,580,588	12,216,667	12,015,205
Capital ratios purs. Art. 92 CRR			
Common equity Tier 1 capital ratio	13.42%	13.51%	11.14%
Core Tier 1 capital ratio	14.03%	14.19%	11.57%
Total capital ratio	17.44%	17.66%	15.55%
Regulatory capital ratios purs. to transition rules in %			
Common equity Tier 1 capital ratio	5.125%	4.500%	4.500%
Core Tier 1 capital ratio	6.625%	6.000%	6.000%
Total capital ratio	8.625%	8.000%	8.000%
Regulatory capital requirements purs. to transition rules in €k			
Common equity Tier 1 capital	644,755	549,750	540,684
Tier 1 capital	833,464	733,000	720,912
Total capital	1,085,076	977,333	961,216
Free capital components			
Common equity Tier 1 capital	1,043,632	1,101,004	798,223
Tier 1 capital	931,572	1,000,307	668,833
Total capital	1,108,537	1,180,671	907,235

29) Fair value of financial instruments as at 31/03/2016 €k

	HtM	FV/PL	HFT	AfS	L&R/ Liabilities	Other	Total
Cash and balances at central banks						383,870	383,870
						383,870	383,870
Loans and advances to credit institutions					1,048,778		1,048,778
					1,049,738		1,049,738
Loans and advances to customers	42,138	65,765		69,920	12,936,432		13,114,255
	43,150	65,765		69,920	13,055,353		13,234,188
Impairment provisions					-479,241		-479,241
					-479,241		-479,241
Trading assets			64,688				64,688
			64,688				64,688
Financial investments	2,018,308	241,929		623,395		787,675	3,671,307
	2,218,624	241,929		623,395			
Intangible assets						1,182	1,182
Property, plant and equipment						243,029	243,029
Other assets			186,352			244,669	431,021
			186,352				
of which closed derivatives positions in the banking book			186,352				186,352
			186,352				186,352
Total assets	2,060,446	307,694	251,040	693,315	13,505,969	1,660,425	18,478,889
	2,261,774	307,694	251,040	693,315	13,625,850		
Amounts owed to credit institutions		88,118			2,951,142		3,039,260
		88,118			2,998,352		3,086,470
Amounts owed to customers		422,081			10,272,262		10,694,343
		422,081			10,291,923		10,714,004
Securitised liabilities		431,963			979,154		1,411,117
		431,963			993,877		1,425,840
Provisions for liabilities and charges						330,113	330,113
Other liabilities			78,167			307,979	386,146
			78,167				
of which closed derivatives positions in the banking book			25,552				25,552
			25,552				25,552
Subordinated debt capital		416,881			232,060		648,941
		416,881			235,262		652,143
Capital						1,968,969	1,968,969
Total equity and liabilities	-	1,359,043	78,167	-	14,434,618	2,607,061	18,478,889
	-	1,359,043	78,167	-	14,519,414		

The first line item shows the book value; the line below shows the fair value of the same item.

Presentation of the fair value hierarchy of financial instruments as at 31/03/2016										
	HtM Book value	FV/PL Book value	HFT Book value	AfS Book value	L&R/ Liabilities Book value	Other Book value	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	0	65,765	0	69,920	0	0	135,685	0	69,920	65,765
Trading assets	0	0	64,688	0	0	0	64,688	11,289	53,399	0
Financial assets - FV/PL	0	241,929	0	0	0	0	241,929	54,390	187,539	0
Financial assets - AfS	0	0	0	623,395	0	0	623,395	497,209	45,762	80,424 ¹⁾
Other assets	0	0	186,352	0	0	0	186,352	0	186,352	0
of which closed derivatives positions in the banking book	0	0	186,352	0	0	0	186,352	0	186,352	0
Financial assets not carried at fair value										
Loans and advances to credit institutions	0	0	0	0	1,048,778	0	1,048,778	0	0	1,049,738
Loans and advances to customers	42,138	0	0	0	12,936,432	0	12,978,570	0	43,150	13,055,353
Financial assets - HtM	2,018,308	0	0	0	0	0	2,018,308	2,147,331	71,293	0
Financial liabilities carried at fair value										
Amounts owed to credit institutions	0	88,118	0	0	0	0	88,118	0	32,418	55,700
Amounts owed to customers	0	422,081	0	0	0	0	422,081	0	422,081	0
Securitised liabilities	0	431,963	0	0	0	0	431,963	0	431,963	0
Other liabilities	0	0	78,167	0	0	0	78,167	0	78,167	0
of which closed derivatives positions in the banking book	0	0	25,552	0	0	0	25,552	0	25,552	0
Subordinated debt capital	0	416,881	0	0	0	0	416,881	0	416,881	0

1) This item consists up of equity investments whose market value was measured using the discounted cash-flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method).

Presentation of the fair value hierarchy of financial instruments as at 31/03/2016

	HtM Book value	FV/PL Book value	HFT Book value	AfS Book value	L&R/ Liabilities Book value	Other Book value	Total Book value	Level 1 Fair value	Level 2 Fair Value	Level 3 Fair value
Financial liabilities not carried at fair value										
Amounts owed to credit institutions	0	0	0	0	2,951,142	0	2,951,142	0	57,404	2,940,948
Amounts owed to customers	0	0	0	0	10,272,262	0	10,272,262	0	59,151	10,232,772
Securitised liabilities	0	0	0	0	979,154	0	979,154	0	993,877	0
Other liabilities	0	0	0	0	0	0	0	0	0	0
Subordinated debt capital	0	0	0	0	232,060	0	232,060	0	235,262	0

The fair value corresponds to the price at which an asset can be sold or a liability settled by market participants in an orderly 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 refer to regularly performed measurements. There was no one-off fair value measurement in the reporting year.

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 conclusion of transactions. Trading book positions are marked-to-market daily at the close of business. The valuation is based on current stock exchange quoted prices where such quoted prices publicly available. If direct measurement based on prices quoted on securities exchanges is not possible, model values derived from current market data (yield curves, volatilities, etc.) are used. The market data is validated daily; at regular intervals, the model prices are compared with the prices actually obtainable on the market. Moreover, model prices of derivatives are compared with the model values of the partner banks. The management is sent a daily update on risk positions and the valuation results based on entire trading book positions. The fair value of financial instruments not carried in the trading book is measured on a quarterly basis.

Valuation methods for measuring fair values

The valuation methods used are in compliance with recognised mathematical methods for measuring financial instruments taking into account any and all factors that market participants would consider appropriate for determining a price.

The income-based methodology is the valuation approach applied to derivatives, securitised liabilities and subordinated capital bonds. The market-based approach is applied in the fair value measurement of structured products.

Input factors for the fair value measurement

The measurement of the fair value of financial instruments in level 1 is based on prices quoted on active markets. These instruments include listed securities and derivative instruments.

If direct measurement based on prices quoted on securities exchanges is not possible, the present value in level 2 is estimated using model values derived from current market data (yield curves, volatilities, etc.). Underlying interest-rate curves and volatilities are obtained from the Reuters Market Data System.

Measurements are based on generally-accepted valuation models, with measurements being made under market conditions. In the case of derivatives, symmetrical products (e.g. IRS) are measured using the discounted cash flow method. The fair values of asymmetrical products (options) are calculated using standard methods (e.g. the Black-Scholes options pricing model). Structured products are measured on the basis of price information obtained from third parties. The exchange rates used are the reference rates published by the ECB.

All derivative instruments are measured on a counterparty-risk-free basis in a first step. In a second step, a credit risk markdown is determined (credit valuation adjustment, CVA) based on the internal default probabilities of an expected loss.

The fair values of non-listed securities are obtained from the GEOS system. The fair value of investment fund units is obtained from the fund management companies. The present value method (discounted cash flow method) is used to

calculate the fair value of securitised liabilities, subordinated capital and borrower's note loans; the cash flows of own issues are calculated 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 fair value of level 3 assets is measured using generally-accepted valuation models. In level 3, the discounted cash flow method is used to calculate the fair values of receivables and liabilities.

Discounted cash flows are calculated on the basis of future payment flows and 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 exchange rates used are the reference rates published by the ECB.

For these financial instruments, no risk premiums in conformity with the credit ratings are available.

Changes in the fair value hierarchy or classification take place whenever there is any change in the quality of the input parameters used in the valuation method. Classification adjustments are made at the end of the reporting period.

Financial assets in the AfS portfolio (participating interests and shares in affiliated companies) in the amount of €k 90,024 are recognised at cost. There is no active market for these instruments and Oberbank does not intend to sell these.

The following table shows the development of participating interests AfS measured at fair value and assigned to level 3. The fair value of these assets is measured using the discounted cash-flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method).

Movements in the reporting year in €k:

Movements in the reporting year in €k:

Carrying value as at 01/01/2016	80,424
Additions (purchases)	0
Disposals (sales)	0
Impairment (recognized in income)	0
Carrying value as at 01/03/2016	80,424

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

Realised gains	0
Impairment in the reporting year	0
	0

The item Other comprehensive income showed no effects from this type of instruments in the financial year.

The remaining level 3 financial instruments valued at fair value comprise loans and advances to customers and/or amounts owed to credit institutions and customers for which the fair value option was used.

<u>Movements in the reporting year:</u>	Loans and advances to customers	Amounts owed to customers
Carrying value as at 01/01/2016	67,811	55,112
Additions	0	0
Disposals	-2,772	0
Changes in fair value	726	588
of which disposals	19	0
of which portfolio instruments	707	588
Carrying value as at 31/03/2016	65,765	55,700

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 was not affected by these positions.

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

The Management Board confirms that

- These condensed interim financial statements for the financial year 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) currently in force and published by the International Accounting Standards Board (IASB) as applicable in the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC); they furthermore present a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group.
- These consolidated interim financial statements cover the first quarter of 2016 (1 January 2016 to 31 March 2016) and present a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the principles of IFRS for interim financial reports.

Major transactions with individuals and companies as at 31 March 2016 were:

- Associated companies €k 0
- Subsidiaries €k 4,500
- Other related parties €k 0

Linz, 20 May 2016

The Management Board

Franz Gasselsberger, Chairman

Josef Weissl

Florian Hagenauer

Notes

The forecasts that refer to the future development of Oberbank are estimates made on the basis of all the information available to us on the reporting date. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialise to an extent not anticipated, the actual results may vary from those currently expected. The information provided on market shares are based on the most recent data 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 of change arrived at by adding up component figures which have not been rounded off.

Financial calendar 2016

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

20 May 2016	Quarterly results for Q1 2016
26 August 2016	Quarterly results for Q1-2 2016
30 November 2016	Quarterly results for Q1-3 2016

All of the information is available electronically at www.oberbank.at under Investor Relations.

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3 Banken Group at a Glance

Income statement in €m	Oberbank		BKS Bank		BTV	
	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015
Net interest income	83.7	86.5	37.4	36.1	38.9	44.0
Charges for losses on loans and	-1.9	-20.4	-8.8	-6.2	-0.4	-4.3
Net commission income	33.0	35.2	12.9	13.7	11.7	13.2
Administrative expenses	-65.4	-59.7	-26.9	-26.2	-42.1	-39.1
Other operating profit (expenses)	0.9	2.4	-3.8	-0.3	21.9	23.5
Profit for the period before tax	52.5	48.9	10.9	18.8	30.5	41.1
Profit for the period year after tax	42.5	40.6	8.5	12.3	26.1	32.5
Balance sheet in €m	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Total assets	18,478.9	18,243.3	7,100.9	7,063.4	9,535.9	9,426.3
Loans and advances to customers after charges for losses on loans and	12,635.0	12,351.7	4,913.4	4,920.1	6,470.1	6,359.6
Primary funds	12,754.4	12,620.0	5,164.4	5,109.8	7,055.6	7,020.7
of which savings deposits	2,931.4	2,912.6	1,624.9	1,629.8	1,236.0	1,200.8
of which securitised liabilities incl. subordinated debt capital	2,060.1	2,098.5	772.2	758.1	1,409.6	1,377.9
Equity	1,969.0	1,925.7	864.7	860.2	1,190.0	1,148.7
Customer funds under management	25,358.1	25,245.1	13,059.2	13,212.1	12,733.9	12,732.4
of which in cust. security accounts	12,603.7	12,625.1	7,894.8	8,102.3	5,678.3	5,711.6
Capital resources CRR in €m	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Assessment basis	12,580.6	12,216.7	4,834.0	4,883.4	6,283.2	6,262.7
Own funds	2,193.6	2,158.0	593.9	599.9	966.0	977.8
of which CET1	1,688.4	1,650.8	546.0	575.6	930.3	950.9
of which total capital CET1+AT1	1,765.0	1,733.3	546.0	575.6	930.3	950.9
Common equity Tier 1 ratio in %	13.42	13.51	11.30	11.79	14.81	15.18
Tier 1 capital ratio in %	14.03	14.19	11.30	11.79	14.81	15.18
Total capital ratio in %	17.44	17.66	12.29	12.28	15.37	15.61
Performance	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Return on equity before tax	10.85	11.20	6.12	7.33	10.47	15.88
Return on equity after tax	8.78	9.73	5.34	6.48	8.97	12.77
Cost/income ratio	54.60	50.49	57.61	48.65	57.16	58.55
Risk/earnings ratio	2.29	12.35	23.51	29.17	0.97	9.73
Resources	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Average number of staff (weighted)	2,048	2,025	927	923	1,415	1,354
Branches	159	156	60	59	36	36