

# INTERIM REPORT TO SHAREHOLDERS as at 30 June 2011

## OBERBANK AT A GLANCE

<b>Income statement in €m</b>	<b>H1 2011</b>	<b>+/-</b>	<b>H1 2010</b>
Net interest income	167.8	8.5%	154.7
Charges for losses on loans and advances	(50.7)	(1.8%)	(51.6)
Net commission income	53.0	5.1%	50.4
Administrative expenses	(112.4)	7.7%	(104.3)
Profit from operating activities	120.1	9.7%	109.5
Profit for the period before tax	69.5	20.0%	57.9
Consolidated net profit for the period	60.3	26.3%	47.7

<b>Balance sheet in €m</b>	<b>30/06/2011</b>	<b>+/-</b>	<b>31/12/2010</b>
Assets	16,924.6	0.9%	16,768.4
Loans and advances to customers after provisioning charge	10,571.3	4.4%	10,129.7
Primary funds	10,994.3	(1.3%)	11,135.3
of which savings deposits	3,356.0	(2.6%)	3,447.2
of which securitised liabilities including subordinated capital	2,224.1	(0.4%)	2,232.6
Equity	1,212.7	4.5%	1,160.9
Customer funds under management	20,047.9	0.7%	19,912.7

<b>Own funds within the meaning of BWG in €m</b>	<b>30/06/2011</b>	<b>+/-</b>	<b>31/12/2010</b>
Assessment basis	10,158.4	3.7%	9,795.8
Own funds	1,584.4	(3.1%)	1,635.1
of which core capital (Tier 1)	1,028.6	0.0%	1,028.7
Surplus own funds	709.8	(10.1%)	789.8
Core capital ratio in %	10.13	(0.37ppt)	10.50
Total capital ratio in %	15.60	(1.09ppt)	16.69

<b>Performance in %</b>	<b>H1 2011</b>	<b>+/-</b>	<b>H1 2010</b>
Return on equity before tax	11.76	0.77ppt	10.99
Return on equity after tax	10.21	1.15ppt	9.06
Cost/income ratio	48.34	(0.45ppt)	48.79
Risk/earnings ratio (credit risk/net interest income)	30.21	(3.15ppt)	33.36

<b>Resources</b>	<b>H1 2011</b>	<b>+/-</b>	<b>FY 2010</b>
Average number of staff (weighted)	2,032	36	1,996
Branches at the end of the quarter/year	144	1	143

# THE OBERBANK GROUP IN THE FIRST HALF OF 2011



Dear Readers,

Oberbank proudly presents the results of a particularly successful first half of 2011.

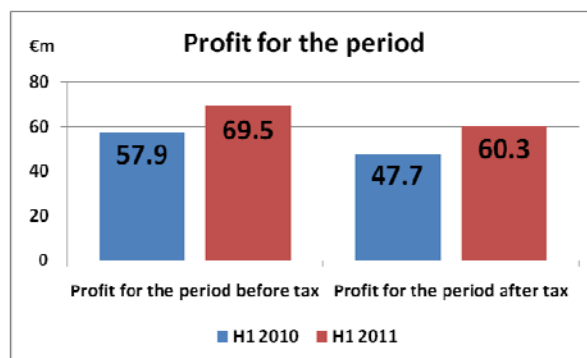
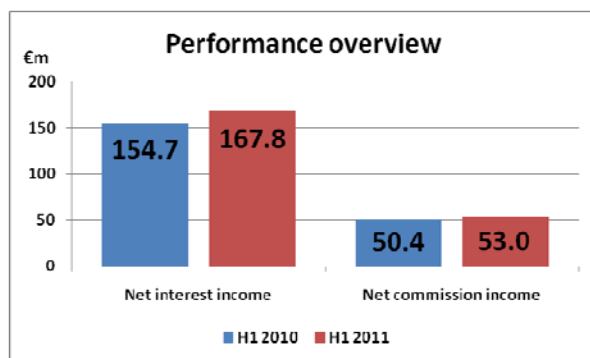
**26% earnings growth marks the best semi-annual result in the Bank's history.**

Profit from operating activities increased by 9.7% or €10.6 million to €120.1 million year on year, while profit before tax widened by 20.0% or €11.6 million to €69.5 million.

The profit for the period after tax surged by 26.3% or €12.6 million to €60.3 million.

## Growth in the spread-related and services business

Net interest income rose by 8.5% or €13.1 million to €167.8 million. Thanks to strong growth in lending, interest income from lending operations remained stable despite massive pressure on interest margins. Earnings from equity investments benefitted from higher income streams from equity participations. Net commission income grew to €53.0 million (+5.1% or €2.6 million). Commissions from payment transactions (+9.1%) and loan commissions (+7.8%) increased notably, whereas commissions from securities transactions decreased slightly by 2.3%, which was due to investor restraint in light of the exacerbation of the sovereign debt crisis.



## A special highlight: lending to corporate and business customers

- 8% growth, which is above the general market average
- Strongest regional bank in terms of investment and export finance

As at 30 June 2011, the volume of loans extended to corporate and business customers had risen by 8% or €637 million to €8.9 billion, which means a gain of further market shares. One of the reasons for this outstanding growth was once again our specific strength in the field of investment and export finance. Our investment finance business developed excellently, widening by almost €6 billion (+9%). The volume of subsidised investment finance loans increased by 10%; in terms of newly extended ERP small business loans we now lead the Austrian market with a market share of 24%.

Export finance loans also increased at an above-average rate (+16.4%, €844 million). Oberbank is the strongest Austrian regional bank with market shares of roughly 10% in foreign payment transactions, export finance and documentary business. In fact, in our core catchment area (Upper Austria and Salzburg) one out of two exporters is a customer of Oberbank.

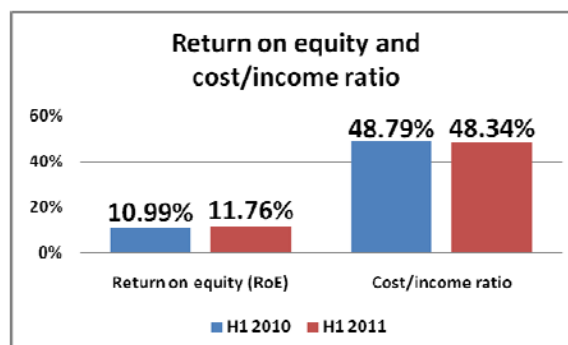
### Investors turn to Oberbank as a safe haven

- € 20 billion in customer assets under management, +6.0% or € 1.1 billion

The € 20 billion volume of customer assets entrusted to us is ample proof of the faith our customers have in our Bank. Primary deposits increased by 1.2% or € 133 million to € 11.0 billion year on year. The volume of customer funds in customers' securities accounts rose to a new high of € 9.1 billion. In the Private Banking segment alone, our customers entrusted € 560 million in new funds to our Bank, bringing the total volume of funds managed in this business area to € 4.3 billion.

### Excellent performance indicators, outstanding capital base

- RoE 11.76% before tax, 10.21% after tax
- Cost/income ratio improved to 48.3%
- Core capital ratio up from 9.31% to 10.13%
- Total capital ratio twice as high as the statutorily required level



Thanks to our excellent earnings position, our return on equity once again increased by a sturdy margin, rising by 0.77 percentage points to 11.76% before tax and by 1.15 percentage points to 10.21% after tax.

At 48.3%, our cost/income ratio is half a percentage point higher than at the end of the first half of 2010 and is clearly above the average of the 30 largest Austrian banks (58.6% according to the most recent figure).

The core capital of Oberbank increased by 7.9% to € 1,028.6 million, the core capital ratio from 9.31% to 10.13%.

Own funds amounted to € 1,584.4 million (+4.7%); at 15.60%, the total capital ratio is at almost double the statutorily prescribed level.

With these ratios, which the Bank achieved against the backdrop of high lending growth, Oberbank features in a top position in an Austrian comparison; therefore no restrictions on lending need to be considered.

### Successful employee stock option plan

In the Bank's 25<sup>th</sup> year as a listed company on the Vienna Stock Exchange, our employee stock option plan was once again a great success: 1,100 Oberbank employees purchased more than 80,000 shares. All in all, nearly 1,900 of our 2,000 employees own roughly 4% of our stock and thus feature as the Bank's fifth largest shareholder. Our employees thus constitute an important element of Oberbank's autonomy and independence.

### Focused participation policy continued

True to our mandate as the principal local bank and house bank to regionally important industrial enterprises, we acquire participations in companies whose business we trust and with which we have particularly close relationships. We therefore increased our participation in Lenzing AG from 3.6% to 5.2% on the occasion of the company's capital increase and when AMAG went public in April we purchased a stake of 5% plus one share. As our interest in voestalpine had declined to just below 7.5% due to dilution effects, we also raised our holdings in voestalpine to now 7.9%.

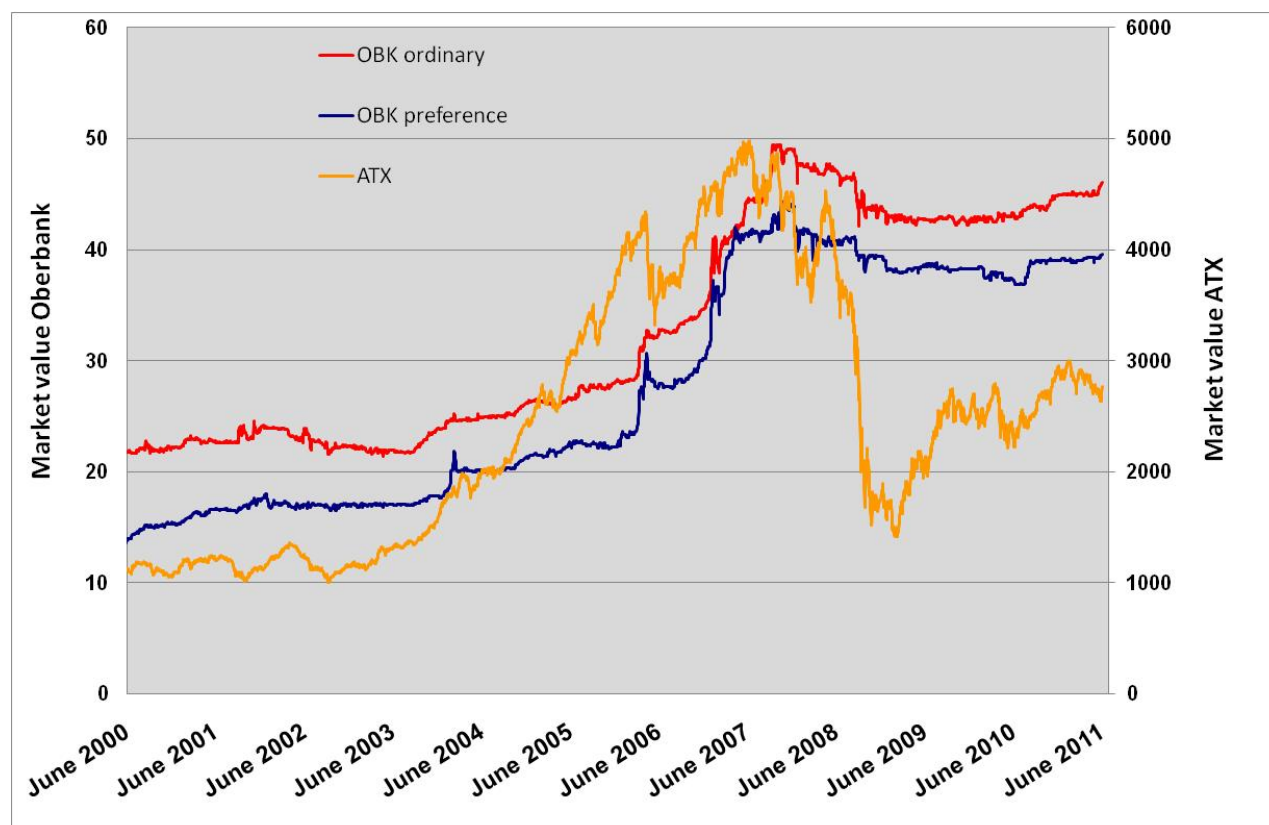
CEO Franz Gasselsberger

## THE OBERBANK SHARES

The exceptionally stable price development of the Oberbank share continued in the first half of 2011.

Oberbank stock – key figures	H1 2011	H1 2010
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 €	46.10/39.60	43.30/38.50
Low (ordinary/preference share) in €	44.80/38.80	42.50/37.20
Close (ordinary/preference share) in €	46.10/39.60	43.25/37.20
Market capitalisation in €m	1,307.4	1,226.7
IFRS earnings per share in €, annualised	4.20	3.32
P/E ratio (ordinary share)	10.98	13.03
P/E ratio (preference share)	9.43	11.20

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



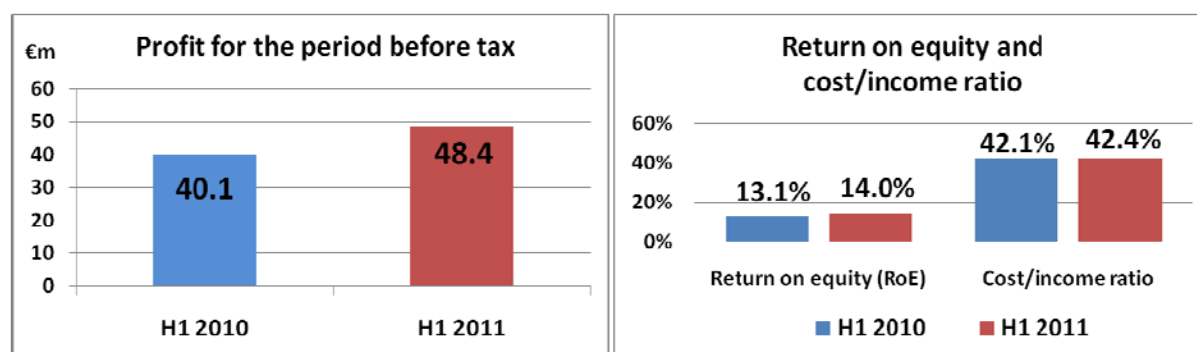
## THE BUSINESS SEGMENTS IN THE FIRST HALF OF 2011

### CORPORATE AND BUSINESS BANKING SEGMENT

€m	H1 2011	H1 2010	+/- in absolute terms	+/- %
Net interest income	92.4	84.3	8.1	9.6
Charges for losses on loans and advances	(24.0)	(25.7)	1.7	(6.7)
Net commission income	29.0	25.8	3.2	12.4
Net trading income	(0.6)	(0.3)	(0.3)	97.8
Administrative expenses	(53.3)	(47.9)	(5.3)	11.1
Other operating profit	4.8	3.9	0.9	21.8
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>48.4</b>	<b>40.1</b>	<b>8.2</b>	<b>20.5</b>
<b>Average credit and market risk equivalent (BWG)</b>	<b>7,720.6</b>	<b>7,667.0</b>	<b>53.7</b>	<b>0.7</b>
Average allocated equity	690.5	614.6	75.9	12.4
<b>Return on equity (RoE)</b>	<b>14.0%</b>	<b>13.1%</b>	<b>0.9ppt</b>	
<b>Cost/income ratio</b>	<b>42.4%</b>	<b>42.1%</b>	<b>0.3ppt</b>	

#### Improved result in Corporate and Business Banking

Net interest income increased by 9.6% or €8.1 million to €92.4 million compared to the same period in the previous year. Charges for losses on loans and advances declined by 6.7% or €1.7 million to €24.0 million. Net commission income widened by 12.4% or €3.2 million to €29.0 million.



Administrative expenses rose by 11.1% or €5.3 million to €53.3 million; other operating profit increased by 21.8% or €0.9 million to €4.8 million.

On balance, profit for the period before tax thus increased by 20.5% or €8.2 million to €48.4 million.

The return on equity edged up by 0.9 percentage points to 14.0% and the cost/income ratio improved by 0.3 percentage points to 42.4%.

### More than 37,900 corporate and business banking customers

The positive trend in new customer acquisition continued in the first half of 2011, with Oberbank gaining 2,823 new corporate and business banking customers in this period. Currently, Oberbank services 37,989 corporate and business banking customers.

### Commercial lending

The Bank's total portfolio of loans to corporate and business banking customers increased by the gratifying rate of 7.7% or € 637 million to € 8,880.0 million.

Commercial loans		YoY growth	YoY growth
as at 30 June 2011	as at 30 June 2010	in absolute terms	in %
€ 8,880.0 m	€ 8,242.9 m	€ 637.1 m	7.7%

### Investment finance

The total volume of investment finance loans mounted by 8.8% or € 480 million to € 5,952.8 million.

Investment finance		YoY growth	YoY growth
as at 30 June 2011	as at 30 June 2010	in absolute terms	in %
€ 5,952.8 m	€ 5,472.0 m	€ 480.8 m	8.8%

Business developments in the field of investment project and innovation project financing were highly satisfactory in the first half of 2011, with 200 new customers taking advantage of promotional and subsidised facilities. The corresponding loan volume was expanded by 10% to € 471 million. This development was partly due to higher demand for the German KfW and LfA low-interest credit facilities.

In line with the average growth rate attained in the three previous years (2008-2010), the number of applications for subsidised loans for investment projects and innovation projects once again increased by 10% in the first half of 2011. This high rate is due to the support the Bank offers its customers in selecting suitable facilities and handling applications for subsidised loans, the general economic environment and demand for finance as well as Oberbank's long-standing contacts and ongoing cooperation with the authorities and funding agencies.

With a market share of 24% in terms of approved ERP business promotion loans (19% in 2010), Oberbank continues to lead the domestic market in this important segment for the Austrian economy and still features as Austria's most successful trust bank and applicant for ERP funding on behalf of domestic industrial and commercial enterprises.

### Leasing

Leasing receivables from customers increased by 7.6% or € 100.5 million to € 1,415.7 million year on year.

Leasing receivables from customers		YoY growth	YoY growth
H1 2011	H1 2010	in absolute terms	in %
€ 1,415.7 m	€ 1,315.2 m	€ 100.5 m	7.6%

The volume of new business rose by 25% to €222.8 million. The Bank gained further market shares, above all in the segment of trucks and buses, where Oberbank, with a market share of 15%, attained an unparalleled top ranking Austria-wide. Overall, Oberbank holds a market share of 4.5% in Austria, and, depending on the segment, 3-4% in the Czech Republic, 4-6% in Slovakia and 5-7% in Hungary.

## **Structured finance**

Having successfully weathered the crisis and returned to pre-crisis sales and earnings levels, many enterprises are now seizing opportunities for targeted acquisitions – a development that was most conspicuous in the field of structured finance in the first half of 2011. In terms of volume, demand for financing solutions for acquisitions and changes in ownership increased almost threefold as compared to the first half of 2010. After the successful start into the year, business dynamics in this field hence continued unbroken in the second quarter of 2011.

As 6% year-on-year growth in terms of volume handled demonstrates, demand for the structured finance solutions offered by Oberbank remained high in all segments – investment/expansion, acquisition/change of ownership, refinancing and claims management – in the first half of 2011.

## **Oberbank Opportunity Fonds**

The Oberbank Opportunity Fonds received 70 applications for financing solutions in the reporting period; five projects have already been successfully concluded, while a number of others are near completion.

Entrepreneurs' propensity to invest remained healthy in the second quarter of 2011. Incoming funding applications to the Oberbank Opportunity Fonds included numerous acquisition projects (even though company valuations had generally returned to pre-crisis levels).

The Oberbank Opportunity Fonds expects to see continued brisk demand for its products in the second half of 2011 as well, given that entrepreneurs' awareness of the importance of solid and crisis-resistant financing structures has definitely risen in the aftermath of the crisis.

Since the launch of the Oberbank Opportunity Fonds, the Bank has facilitated a total of 30 transactions by providing equity and/or mezzanine capital support. As at 30 June 2011, the committed fund volume amounted to approximately €70.5 million (of a total of €150 million), of which €33 million comprise equity capital and €37.5 million mezzanine capital.

## **International business**

Export-oriented companies have for a long time relied on the profound know-how of Oberbank. For this reason, successful export activities of Austrian companies become immediately perceptible in the development of the Bank's international business, which in the first half of 2011 showed a positive trend both in terms of numbers and volume and an abundantly filled project pipeline. Entrepreneurs' willingness to invest has become particularly conspicuous in the business line of international equity investment financing.

## **Export finance and export promotion**

In the export financing business, Oberbank is Austria's strongest regional bank. In an Austria-wide comparison, Oberbank, with a market share of about 10%, ranks second in SME-relevant export finance under Export Fund procedures, and third in terms of large corporate loans extended under the KRR Kontrollbank Credit Line. The volume of export and equity finance extended by Oberbank increased by 16.4% or €119 million to €844 million year on year.



<b>Core competence – export finance</b>	<b>Subsidised Export Fund</b>		<b>KRR</b>	
<b>Market share of Oberbank</b>	<b>30/06/2011</b>	<b>31/12/2010</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Austria	11.18%	10.48%	9.16%	8.71%
Upper Austria	22.10%	21.50%	20.40%	19.20%
Lower Austria	12.80%	12.90%	8.70%	7.90%
Salzburg	12.60%	12.90%	4.70%	4.50%

## **Documentary business and guarantees**

Oberbank further expanded its strong position as the leading Austrian regional bank in documentary business, i.e. letters of credit, collection, foreign guarantees (by +12% in terms of volume, +8% in terms of numbers and +6% in terms of earnings). The Bank's expansion markets outside of Austria posted more than 50% volume growth, which is clear evidence that Oberbank is doing extremely well in these markets not only in the financing business, but also in the services business.

## **Payment services**

Posting 9% earnings growth, this line of business showed a highly gratifying development in the first half of 2011. The number of customer orders increased substantially, above all in the Bank's foreign markets.

Substantial progress was made in the implementation of adaptations for cashless payments within the Single Euro Payments Area (SEPA). The number of SEPA payments rose fourfold year on year, surpassing the one million mark in the first half of 2011.

Another work focus was Oberbank's cooperation in implementing the planned CSA (Clearing Service Austria) payment clearing system, a project launched and managed by the Austrian central bank OeNB. The system roll-out is scheduled for 18 November 2011.

## **Risk management, investments**

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

Volatile currency markets, the European debt crisis and economic problems in the United States prompted many companies to seek efficient hedging against risks in their export business. For Oberbank, this resulted in higher hedging volumes and higher earnings from currency transactions. Paying due regard to the fact that business activities of Austrian companies in the emerging markets (China, India, Brazil, etc.) have been on the rise, Oberbank expanded its range of hedging products to cover these markets. The Bank is now able to offer customers hedging vehicles against currency risks in all these countries.

### **Direct customer services**

Against the backdrop of the continuing positive economic situation coupled with positive export dynamics, demand for currency hedging showed a rising trend. Concluded transactions increased in both number and volume as compared to the previous year.

In times characterised by frequent and pronounced fluctuations on currency markets, quick access to markets via direct customer services has proved a major asset for customers, as it allows them to take advantage of short-term movements.

### **Focus on foreign markets**

Oberbank persistently continued its international business policy without any substantial changes, the focus being on the most important export markets of the Bank's customers. Besides the EU, these markets primarily include South-East Asia, Latin America and, increasingly again, the United States and Eastern European countries.

### **Primary deposits**

With its first interest rate increase since April 2009, the ECB signalled a change in policy at the end of the second quarter. Interest rates for short-term investment products increased correspondingly in the first half of 2011, giving rise to market expectations of further rate increases. In reaction, numerous customers took advantage of short-term investment opportunities. Oberbank nevertheless succeeded in improving its primary deposit position by 1.2% to €10,994.3 million year on year, which once again confirms customers' high level of trust in the products and investment vehicles offered by Oberbank.

## PERSONAL BANKING SEGMENT

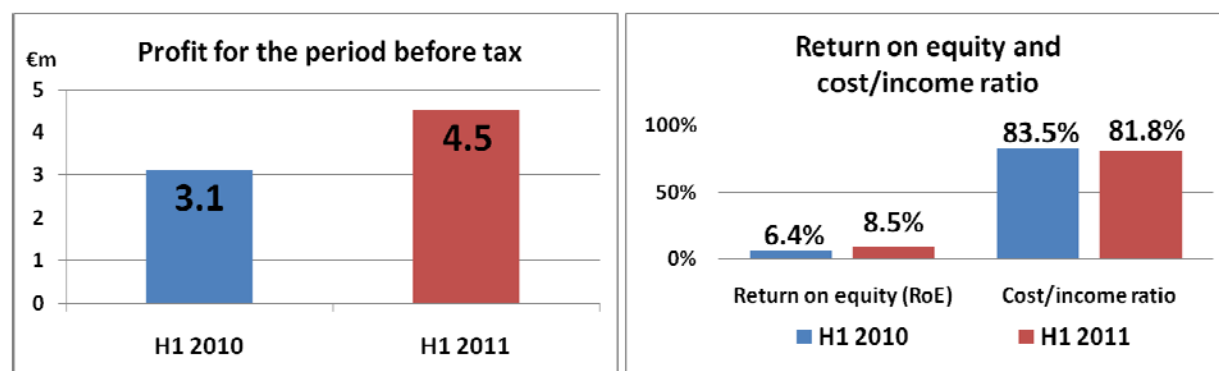
€m	H1 2011	H1 2010	+/- in absolute terms	+/- %
Net interest income	27.9	25.5	2.5	9.6
Charges for losses on loans and advances	(5.2)	(5.2)	(0.0)	0.3
Net commission income	24.0	24.6	(0.7)	(2.7)
Net trading income	0.0	0.0	0.0	
Administrative expenses	(43.4)	(42.0)	(1.4)	3.3
Other operating profit	1.2	0.2	1.0	>100
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>4.5</b>	<b>3.1</b>	<b>1.4</b>	<b>43.6</b>
<b>Average credit and market risk equivalent (BWG)</b>	<b>1,173.5</b>	<b>1,208.0</b>	<b>(34.5)</b>	<b>(2.9)</b>
Average allocated equity	105.0	96.8	8.1	8.4
<b>Return on equity (RoE)</b>	<b>8.5%</b>	<b>6.4%</b>	<b>2.1ppt</b>	
<b>Cost/income ratio</b>	<b>81.8%</b>	<b>83.5%</b>	<b>(1,7ppt)</b>	

### Gratifying increase in net interest income

Improved earnings in the Personal Banking segment are due to a rise of net interest income by 9.6% or €2.5 million to €27.9 million. Net commission income decreased by 2.7% or €0.7 million to €24.0 million.

Charges for losses on loans and advances remained stable at €5.2 million year on year. Administrative expenses increased on account of the Bank's expansion efforts, rising by 3.3% or €1.4 million to €43.4 million. Other operating profit went up by €1 million to €1.2 million.

The return on equity rose by 2.1 percentage points to 8.5%; the cost/income ratio declined by 1.7 percentage points to 81.8%.



## More personal banking customers year on year

Developments in the Personal Banking segment reflected Oberbank's growth strategy. Overall and across all lines of business in Austria and abroad, Oberbank serviced a total of 299,322 personal banking customers as at 30 June 2011.

Personal banking customers		YoY growth	YoY growth
as at 30 June 2011*	as at 30 June 2010	in absolute terms	in %
299,322	292,537	6,785	2.3%

\* From 1 January 2011 this number includes personal banking customers and joint proprietors.

## 5,232 new personal accounts

Oberbank's portfolio of personal accounts has grown by a gratifying 2,889 since the beginning of the year. In absolute terms, the number of personal accounts increased by 5,232 or 3.2% year on year and stood at 168,583 on 30 June 2011.

Number of personal accounts		YoY growth	YoY growth
as at 30 June 2011	as at 30 June 2010	in absolute terms	in %
168,583	163,351	5,232	3.2%

## Personal loans

The personal loans portfolio expanded by 3.0% or € 59.0 million to € 2,028.0 million year on year. The proportion of euro loans as compared to foreign currency loans has further shifted in favour of euro loans.

Personal loans		YoY growth	YoY growth
as at 30 June 2011	as at 30 June 2010	in absolute terms	in %
€ 2,028.0 m	€ 1,969.0 m	€ 59.0 m	3.0%

## Savings deposits

The volume of customers' deposits at the Bank edged up by 0.1% to € 3,356.0 million year on year.

Savings deposits		YoY growth	YoY growth
as at 30 June 2011	as at 30 June 2010	in absolute terms	in %
€ 3,356.0 m	€ 3,352.8 m	€ 3.2 m	0.1%

## Securities business

The natural disaster in Japan in March of the current year precluded a somewhat weaker phase on stock markets worldwide. The lack of vigour persisted through to the end of the first half of 2011. The sovereign debt issue put an additional damper on stocks. The market value of customer securities deposited at Oberbank reached a new high of € 9,053.6 million despite the slackening trend on stock markets.

## Own issues of securities

The steady uptrend of interest rates across all maturities and the expected rate increase on the part of the ECB had the effect that investor demand primarily focused on short-term products. Oberbank's total issuing volume amounted to € 249.9 million in the first half of the year. The largest volumes were placed in the money-market-based Cash Garant X.

## **Private Banking**

The Bank's acquisition efforts in Private Banking were highly successful. The inflow of new funds amounted to €558 million in the first half of 2011, with investor interest focusing on special fund products and fixed-term investments. The so-called "tangible assets strategy" of Oberbank's fund management company continued to develop along satisfactory lines. In classical asset management, Oberbank gained 35 new mandates with a total volume of €31 million in the reporting period. Concurrently, five new special funds with a volume of €76 million were floated. The total volume managed in the Private Banking business line increased by 3.2% from the start of the year.

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

3 Banken-Generali Investmentgesellschaft reported excellent performance figures for the first half of 2011. In a slightly contracting overall market (-1.9%) the fund management company posted substantial volume growth of 5.1% or €260 million to €5.4 billion. This excellent development – in terms of both inflows of funds and new mandates – was mainly due to the pronounced growth of specialised investment vehicles and funds addressed to institutional investors. As regards retail funds, broadly diversified, value-based concepts such as the 3 Banken Sachwertfonds continue to enjoy high demand.

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

The number of building and loan association contracts brokered by Oberbank for the Bausparkasse Wüstenrot building and loan association increased by 15.6% to 6,348 in the first half of 2011. This represents the best semi-annual result since the beginning of the Bank's cooperation with Bausparkasse Wüstenrot. Overall, Wüstenrot partner banks achieved 8.7% average growth in the first half of 2011.

## **Insurance services**

Sales of endowment insurance policies surged by the dynamic rate of 26.4%. In Austria and Germany the Bank concluded 2,393 contracts with a premium volume of €35.6 million. Demand for single-premium endowment insurance policies showed a particularly vigorous development, with the premium volume in Austria increasing from €4.8 million to €8.8 million.

## **eBanking: simple, safe and fast**

The trend towards increased use of electronic banking products continued unbroken in the first half of 2011. The number of customers taking advantage of these products increased by 8.2% or 7,417 customers to a total of 90,980. Above all the number of eBanking users increased substantially in the Bank's growth and expansion markets, growing by 100% in Hungary and Slovakia and 17% in the Czech Republic. In Austria and Germany, Oberbank again posted a healthy growth rate of 6%.

Online account information in PDF format is gaining increasing importance in electronic banking as a substitute for classical paper-based account information. A new online platform (eBox) was therefore developed within the electronic banking system of Oberbank, by means of which, besides security performance reports, PDF account information is provided to customers.

Simple, safe and fast – these were the priorities guiding the ordering system optimisation in electronic banking. A new PIN/TAN authorisation procedure allows the Bank's new ELBA/eBanking customers to put their newly ordered electronic banking products into operation immediately. As time-consuming activation processes are no longer required, customers can begin using the new product right away (without any further interaction with Oberbank). Of course, maximum safety remains nevertheless guaranteed.

## FINANCIAL MARKETS SEGMENT

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

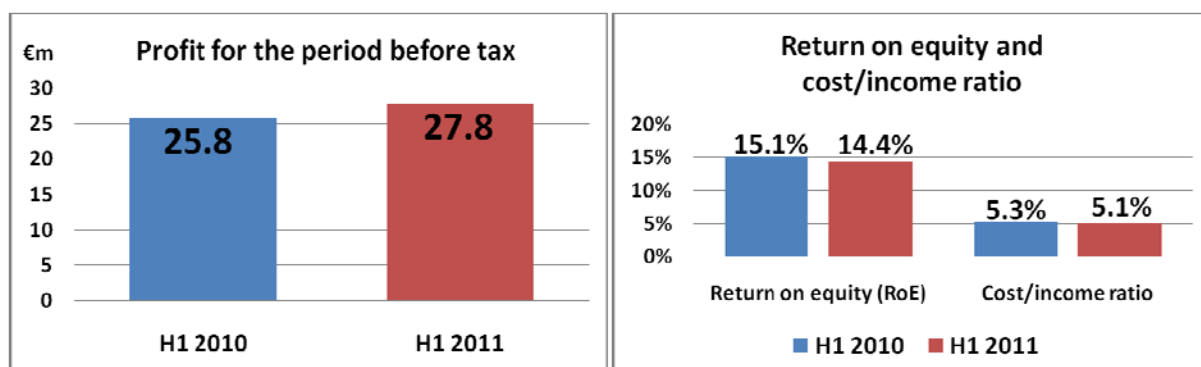
€m	H1 2011	H1 2010	+/- in absolute terms	+/- %
Net interest income	47.5	44.9	2.6	5.8
Charges for losses on loans and advances	(21.5)	(20.7)	(0.8)	3.8
Net commission income	0.0	0.0	0.0	
Net trading income	5.4	3.7	1.8	48.6
Administrative expenses	(2.7)	(2.6)	(0.1)	2.0
Other operating profit	(1.0)	0.6	(1.6)	>(100)
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>27.8</b>	<b>25.8</b>	<b>1.9</b>	<b>7.4</b>
<b>Average credit and market risk equivalent (BWG)</b>	<b>4,310.7</b>	<b>4,267.8</b>	<b>42.9</b>	<b>1.0</b>
Average allocated equity	385.5	342.1	43.4	12.7
<b>Return on equity (RoE)</b>	<b>14.4%</b>	<b>15.1%</b>	<b>(0.7ppt)</b>	
<b>Cost/income ratio</b>	<b>5.1%</b>	<b>5.3%</b>	<b>(0.2ppt)</b>	

In the Financial Markets segment, net interest income increased by 5.8% or €2.6 million to €47.5 million and thus contributed substantially to boosting the segment's result.

Charges for losses on loans and advances increased 3.8% or €0.8 million to €21.5 million year on year; concurrently, the net trading income widened by 48.6% or €1.8 million to €5.4 million.

The item Other operating profit posted a loss of €1.0 million owing, among other things, to the increase of other taxes (bank levy).

The return on equity declined by 0.7 percentage points to 14.4%; the cost/income ratio decreased by 0.2 percentage points to 5.1%.



## OWN FUNDS

The core capital increased by 7.9% or € 74.9 million to € 1,028.6 million. The core capital ratio thus improved by 0.82 percentage points from 9.31% to 10.13%.

Consolidated own funds within the meaning of Section 24 of the Austrian Banking Act (Bankwesengesetz, BWG) amounted to € 1,584.4 million as at 30 June 2011, which is 4.7% above the level on the same date in the previous year.

The own funds requirement as at 30 June 2011 amounted to € 874.6 million, bringing the Group's surplus own funds to € 709.8 million, which is 11.7% above the previous year's level. The Bank's total capital ratio came out at 15.6% or almost double the relevant regulatory rate.

## RISK

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

Credit risk constitutes the most important risk category. Oberbank mitigates this risk by recognising adequate allowances and provisions in the balance sheet. As regards customer ratings and collateralisation policy, Oberbank boasts long years of experience and know-how. Additionally, the Bank's regional business model, professional credit management, and a well-balanced distribution of the overall exposure across the individual customer segments all ensure that the possible impact of this risk component on Oberbank's overall performance is always kept within manageable bounds.

We therefore do not expect any extraordinary credit risks to occur in 2011 as a whole.

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

In line with the principle of prudence, these risks are also backed by appropriate levels of capital. In terms of liquidity risk, Oberbank is in an excellent position insofar as the entire lending volume (€ 10.9 billion as at 30 June 2011) can be refinanced from customers' primary deposits (€ 11.0 billion as at 30 June 2011). In addition, Oberbank has a permanent risk controlling system, stringent process management and other efficient control and monitoring instruments in place.

For 2011 as a whole, Oberbank therefore does not expect any extraordinary risk to arise from these risk components.

## OUTLOOK FOR 2011

- **Upswing in a hard spot between real economy and debt crisis**
- **Further expansion, with eight new branches opening**
- **Record result of 2010 likely to be topped**

### **Confidence in the future course of the economy**

According to the most recent forecast by the Austrian Institute of Economic Research (WIFO), we may be cautiously optimistic for 2011 as a whole. After 2.1% in 2010, GDP growth is expected to edge up slightly again. Entrepreneurs' willingness to invest has risen perceptibly. Exports are set to continue growing at above-average rates and thus remain the most important source of support for the economy.

### **The debt crisis has not yet been resolved!**

With the rescue package for Greece, Europe has gained time, but in the long run the heavily indebted EU governments have no other option than to get their finances in order. In the next few years Europe will therefore be unlikely to witness a take-off into self-sustained economic growth; dependence on emerging markets like China will remain high.

### **This environment warrants optimism for 2011 as a whole**

- Eight new branches to be opened; 150 branches by the end of the year
- Record result of 2010 likely to be topped

In 2011 Oberbank will set up a total of eight new branches – four in Vienna and two each in Bavaria and Slovakia – which means that the goal of expanding the Bank's network to 150 branches will be reached one year earlier than originally planned.

In 2011 as a whole, we expect further growth in the lending business, while margin pressure will continue to dampen the volume development of customer deposits.

We plan to expand our high market shares in both these business lines!

Credit risk has taken a turn for the better. Therefore, charges for losses on loans and advances will probably be lower in 2011, despite the higher lending volume and our cautious risk policy.

Earnings developments for the year as a whole are still difficult to assess, as we expect high volatility in all markets.

Overall, we are optimistic that we will even top the excellent result generated in 2010.

## 3 BANKEN GROUP IN THE FIRST HALF OF 2011

The 3 Banken Group took a very satisfying development in the first half of 2011.

Joint total assets of the three banks within the 3 Banken Group increased by 2.0% to € 32.6 billion as compared to 30 June 2010. Lending in terms of total volume (after charges for losses on loans and advances) widened by 4.3% to € 21.0 billion. Primary deposits increased by 4.7% to € 21.5 billion.

Joint net profit for the period widened by 20.0% to € 113.8 million.

As at 30 June 2011 the three banks were operating a total of 239 branches; they had an average of 3,710 employees on their payrolls in the first quarter of 2011.



# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Prepared in accordance with IFRS

Consolidated statement of comprehensive income  
for the period 1 January to 30 June 2011

Consolidated income statement for the first half of 2011		01/01-30/06/2011 in €m	01/01-30/06/2010 in €m	Change in €m	Change in %
1. Interest and similar income	(1)	242.9	228.9	14.0	6.1
2. Interest and similar expenses	(1)	(107.0)	(93.2)	(13.9)	14.9
3. Interest from entities accounted for using the equity method	(1)	31.9	19.0	13.0	68.5
<b>NET INTEREST INCOME</b>	<b>(1)</b>	<b>167.8</b>	<b>154.7</b>	<b>13.1</b>	<b>8.5</b>
4. Charges for losses on loans and advances	(2)	(50.7)	(51.6)	0.9	(1.8)
5. Commission income	(3)	59.2	56.0	3.1	5.6
6. Commission expenses	(3)	(6.2)	(5.6)	(0.6)	10.1
<b>NET COMMISSION INCOME</b>	<b>(3)</b>	<b>53.0</b>	<b>50.4</b>	<b>2.6</b>	<b>5.1</b>
7. Net trading income	(4)	4.9	3.4	1.5	44.5
8. Administrative expenses	(5)	(112.4)	(104.3)	(8.1)	7.7
9. Other operating profit (loss)	(6)	6.9	5.4	1.6	28.9
a) Net income from financial assets – FV through P or L	(6)	(1.3)	2.2	(3.5)	>(100.0)
b) Net income from financial assets – AFS	(6)	0.1	1.0	(0.9)	(93.3)
c) Net income from financial assets – HtM	(6)	1.7	0.6	1.1	>100.0
d) Other operating profit (loss)	(6)	6.4	1.6	4.9	>100.0
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>69.5</b>	<b>57.9</b>	<b>11.6</b>	<b>20.0</b>
10. Income tax	(7)	(9.2)	(10.2)	1.0	(9.8)
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>60.3</b>	<b>47.7</b>	<b>12.6</b>	<b>26.3</b>
of which attributable to the owners of the parent company		60.3	47.7	12.6	26.3
of which attributable to minority interests		0.0	0.0	0.0	0.0

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€M)	01/01-30/06/2011	01/01-30/06/2010
<b>Profit for the period after tax</b>	<b>60.3</b>	<b>47.7</b>
+/- Unrealised gains and losses not recognised in the income statement under IAS 39	0.6	9.7
+/- Deferred taxes on items recognised directly in equity under IAS 39	(0.1)	(2.4)
+/- Exchange differences	0.5	(0.4)
+/- Other changes recognised directly in equity of which changes in equity of associates	(2.1)	6.4
<b>Total income and expenses recognised directly in equity</b>	<b>(1.1)</b>	<b>13.2</b>
<b>Total comprehensive income for the period of the net profit for the period and income and expenses recognised directly in equity</b>	<b>59.2</b>	<b>61.0</b>
of which attributable to the owners of the parent company	59.2	60.9
of which attributable to minority interests	0.0	0.0

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Prepared in accordance with IFRS  
Consolidated statement of comprehensive income  
for the period 1 April to 30 June 2011

Consolidated income statement for the second quarter of 2011		01/04-30/06/2011 in €m	01/04-30/06/2010 in €m	Change in €m	Change in %
1. Interest and similar income	(1)	124.5	115.0	9.5	8.3
2. Interest and similar expenses	(1)	(56.0)	(46.2)	(9.8)	21.1
3. Interest from entities accounted for using the equity method	(1)	17.6	11.9	5.7	47.8
<b>NET INTEREST INCOME</b>	<b>(1)</b>	<b>86.2</b>	<b>80.7</b>	<b>5.4</b>	<b>6.7</b>
4. Charges for losses on loans and advances	(2)	(26.1)	(26.4)	0.3	(1.2)
5. Commission income	(3)	28.8	28.8	0.0	(0.1)
6. Commission expenses	(3)	(3.0)	(3.0)	0.0	(0.8)
<b>NET COMMISSION INCOME</b>	<b>(3)</b>	<b>25.8</b>	<b>25.8</b>	<b>0.0</b>	<b>0.0</b>
7. Net trading income	(4)	3.6	1.8	1.8	97.1
8. Administrative expenses	(5)	(57.0)	(52.6)	(4.4)	8.4
9. Other operating profit (loss)	(6)	4.1	1.5	2.6	>100.0
e) Net income from financial assets – FV through P or L	(6)	(2.7)	1.3	(4.0)	>(100.0)
f) Net income from financial assets – Afs	(6)	0.6	0.0	0.6	>100.0
g) Net income from financial assets – HtM	(6)	1.7	0.6	1.1	>100.0
h) Other operating profit (loss)	(6)	4.5	(0.5)	5.0	>(100.0)
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>36.5</b>	<b>30.8</b>	<b>5.7</b>	<b>18.5</b>
10. Income tax	(7)	(4.3)	(4.6)	0.3	(6.9)
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>32.2</b>	<b>26.2</b>	<b>6.0</b>	<b>22.9</b>
of which attributable to the owners of the parent company		32.2	26.2	6.0	23.0
of which attributable to minority interests		0.0	0.0	0.0	0.0

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€M)	01/04-30/06/2011	01/04-30/06/2010
<b>Profit for the period after tax</b>	<b>32.2</b>	<b>26.2</b>
+/- Unrealised gains and losses not recognised in the income statement under IAS 39	0.0	(2.2)
+/- Deferred taxes on items recognised directly in equity under IAS 39	(0.0)	4.1
+/- Exchange differences	1.4	1.8
+/- Other changes recognised directly in equity of which changes in equity of associates	(4.6)	3.2
<b>Total income and expenses recognised directly in equity</b>	<b>(3.2)</b>	<b>6.9</b>
<b>Total comprehensive income for the period of the net profit for the period and income and expenses recognised directly in equity</b>	<b>29.0</b>	<b>33.1</b>
of which attributable to the owners of the parent company	29.0	33.1
of which attributable to minority interests	0.0	0.0

PERFORMANCE INDICATORS	H1 2011	H1 2010
Cost/income ratio in %	48.34%	48.79%
Return on equity before tax in %	11.76%	10.99%
Return on equity after tax in %	10.21%	9.06%
Risk/earnings ratio (credit risk/net interest income) in %	30.21%	33.36%
Earnings per share in € (annualised)	4.20	3.32

## CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2011

		30/06/2011	31/12/2010	Change	Change
ASSETS		in €m	in €m	in €m	in %
1. Cash and balances at central banks	(9)	372.6	226.9	145.6	64.2
2. Loans and advances to credit institutions	(10)	1,580.8	1,856.0	(275.2)	(14.8)
3. Loans and advances to customers	(11)	10,908.0	10,442.3	465.7	4.5
4. Impairment provisions	(12)	(336.8)	(312.6)	(24.2)	7.7
5. Trading assets	(13)	40.0	45.5	(5.5)	(12.0)
6. Financial investments	(14)	3,873.5	3,959.5	(86.0)	(2.2)
a) Financial assets – FV through P or L	(14)	328.1	336.2	(8.1)	(2.4)
b) Financial assets – AfS	(14)	632.2	752.4	(120.1)	(16.0)
c) Financial assets – HtM	(14)	2,404.9	2,406.5	(1.6)	(0.1)
d) Interest in entities accounted for using the equity method	(14)	508.3	464.5	43.8	9.4
7. Intangible assets	(15)	5.3	6.2	(0.9)	(14.3)
8. Property, plant and equipment	(16)	221.7	221.1	0.6	0.3
a) Investment property	(16)	76.0	77.0	(0.9)	(1.2)
b) Other property, plant and equipment	(16)	145.7	144.1	1.5	1.1
9. Other assets	(17)	259.5	323.4	(64.0)	(19.8)
a) Deferred tax assets	(17)	23.6	20.8	2.7	13.1
b) Other	(17)	235.9	302.6	(66.7)	(22.1)
<b>TOTAL ASSETS</b>		<b>16,924.6</b>	<b>16,768.4</b>	<b>156.3</b>	<b>0.9</b>

		30/06/2011	31/12/2010	Change	Change
EQUITY AND LIABILITIES		in €m	in €m	in €m	in %
1. Amounts owed to credit institutions	(18)	4,073.7	3,833.2	240.5	6.3
2. Amounts owed to customers	(19)	8,770.2	8,902.8	(132.6)	(1.5)
3. Securitised liabilities	(20)	1,518.5	1,486.4	32.1	2.2
4. Provisions for liabilities and charges	(21)	383.1	378.4	4.7	1.2
5. Other liabilities	(22)	260.8	260.5	0.3	0.1
a) Trading liabilities	(23)	5.7	32.4	(26.7)	(82.5)
b) Tax liabilities	(22)	15.4	2.4	13.0	>100.0
c) Other	(22)	239.8	225.8	14.0	6.2
6. Subordinated debt capital	(24)	705.6	746.2	(40.6)	(5.4)
7. Equity	(25)	1,212.7	1,160.9	51.8	4.5
a) Equity after minorities	(25)	1,211.3	1,159.5	51.7	4.5
b) Minority interests in equity	(25)	1.4	1.4	0.0	1.2
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,924.6</b>	<b>16,768.4</b>	<b>156.3</b>	<b>0.9</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserves	Retained earnings	Translation reserve	Gains (losses) recognised in equity acc.to. IAS 39	Associated companies	Equity after minorities	Minorities	Equity
<b>In €m</b>									
<b>As at 01/01/2010</b>	<b>86.2</b>	<b>194.5</b>	<b>512.4</b>	<b>(0.6)</b>	<b>14.2</b>	<b>227.6</b>	<b>1.034.2</b>	<b>1.3</b>	<b>1.035.6</b>
Consolidated net profit for the year	-	-	32.0	(0.4)	7.3	22.1	60.9	0.0	61.0
Dividend distribution	-	-	(14.3)	-	-	-	(14.3)	-	(14.3)
Capital increase	-	-	-	-	-	-	-	-	-
Reacquired Oberbank shares	(0.2)	(0.5)	-	-	-	-	(0.6)	-	(0.6)
Unrealised gains and losses not recognised in the income statement	-	-	-	-	-	4.1	4.1	-	4.1
<b>AS AT 30 JUNE 2010</b>	<b>86.1</b>	<b>194.0</b>	<b>530.0</b>	<b>(1.0)</b>	<b>21.4</b>	<b>253.8</b>	<b>1.084.3</b>	<b>1.4</b>	<b>1.085.7</b>
<b>As at 01/01/2011</b>									
<b>As at 01/01/2011</b>	<b>86.3</b>	<b>194.6</b>	<b>561.8</b>	<b>0.4</b>	<b>45.0</b>	<b>271.5</b>	<b>1.159.5</b>	<b>1.4</b>	<b>1.160.9</b>
Consolidated net profit for the period	-	-	34.5	0.5	0.5	23.7	59.2	0.0	59.2
Dividend distribution	-	-	(14.3)	-	-	-	(14.3)	-	(14.3)
Capital increase	-	-	-	-	-	-	-	-	-
Reacquired Oberbank shares	0.0	0.0	-	-	-	-	(0.0)	-	0.0
Unrealised gains and losses not recognised in the income statement	-	-	-	-	-	6.9	6.9	-	6.9
<b>As at 30 June 2011</b>	<b>86.3</b>	<b>194.6</b>	<b>582.0</b>	<b>0.9</b>	<b>45.4</b>	<b>302.0</b>	<b>1.211.3</b>	<b>1.4</b>	<b>1.212.7</b>

<b>CASH FLOW STATEMENT (€m)</b>	<b>01/01-30/06/2011</b>	<b>01/01-30/06/2010</b>
<b>Cash and cash equivalents at the end of the previous period</b>	<b>226.9</b>	<b>164.7</b>
Cash flows from operating activities	253.6	56.1
Cash flows from investing activities	(48.7)	(82.3)
Cash flows from financing activities	(65.0)	(47.3)
Effects of changes in the scope of consolidation and valuations	5.2	17.7
Effects of exchange rate changes	0.5	(0.4)
<b>Cash and cash equivalents at the end of the period</b>	<b>372.6</b>	<b>108.6</b>

# **NOTES**

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

### **as at 30 June 2011**

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

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

This Interim Report covers the first half of 2011 (1 January 2011 to 30 June 2011) and compares this period with the same period of the previous year.

These consolidated interim financial statements for the first half of 2011 have been drawn up in compliance with IAS 34 ("Interim Financial Reporting").

These interim financial statements were neither fully audited nor subjected to an audit-like examination.

#### **CHANGES IN ACCOUNTING POLICIES IN 2011**

This Interim Report of Oberbank AG has been drawn up using the same recognition and measurement policies applied as at 31 December 2010.

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

Besides Oberbank AG, the group of consolidated companies as at 30 June 2011 included 23 domestic and 19 foreign subsidiaries. In the period under review, the consolidated group as compared to 31 December 2010 expanded to include the following subsidiary:

Oberbank airplane Leasing GmbH, Linz	share in %	100%
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## DETAILS OF THE INCOME STATEMENT (€m)

<b>1. NET INTEREST INCOME</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
Interest income from credit and money-market business	191.4	175.1
Shares and other variable-yield securities	1.0	1.0
Other equity investments	0.8	0.6
Subsidiaries	1.8	6.4
Fixed-interest securities and bonds	47.9	45.8
<b>INTEREST AND SIMILAR INCOME</b>	<b>242.9</b>	<b>228.9</b>
Interest expenses on deposits	(72.7)	(60.2)
Interest expenses on securitised liabilities	(21.2)	(21.2)
Interest expenses on subordinated liabilities	(13.1)	(11.8)
<b>INTEREST AND SIMILAR EXPENSES</b>	<b>(107.0)</b>	<b>(93.2)</b>
INTEREST FROM ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	31.9	19.0
<b>NET INTEREST INCOME</b>	<b>167.8</b>	<b>154.7</b>
<b>2. CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
Allocated to loan loss provisions	(62.2)	(57.5)
Direct write-offs	(0.7)	(0.6)
Reversals of loan loss provisions	11.3	5.9
Recoveries of written-off receivables	0.9	0.6
<b>CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>(50.7)</b>	<b>(51.6)</b>
<b>3. NET COMMISSION INCOME</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
Payment services	18.0	16.5
Securities business	16.6	17.0
Foreign exchange, foreign bank note and precious metals business	5.8	5.7
Credit operations	10.7	9.9
Other services and advisory business	1.9	1.3
<b>NET COMMISSION INCOME</b>	<b>53.0</b>	<b>50.4</b>
<b>4. NET TRADING INCOME</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
Gains (losses) on interest rate contracts	1.6	2.2
Gains (losses) on foreign exchange, foreign bank note and numismatic business	1.6	3.1
Gains (losses) on derivatives	1.7	(1.8)
<b>NET TRADING INCOME</b>	<b>4.9</b>	<b>3.4</b>

<b>5. ADMINISTRATIVE EXPENSES</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
Staff costs	65.7	60.5
- of which contribution to staff benefit fund	0.2	0.2
Other administrative expenses	35.8	33.1
Write-offs and valuation allowances	11.0	10.8
<b>ADMINISTRATIVE EXPENSES</b>	<b>112.4</b>	<b>104.3</b>

<b>6. OTHER OPERATING PROFIT (LOSS)</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
a) Net income from financial assets – FV through P or L	(1.3)	2.2
b) Net income from financial assets – AfS	0.1	1.0
c) Net income from financial assets – HtM	1.7	0.6
d) Other operating profit (loss)	6.4	1.6
<b>OTHER OPERATING PROFIT (LOSS)</b>	<b>6.9</b>	<b>5.4</b>

<b>7. INCOME TAXES</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
Current income tax expense	12.1	11.9
Deferred income tax expense (income)	(2.9)	(1.7)
<b>INCOME TAXES</b>	<b>9.2</b>	<b>10.2</b>

<b>8. EARNINGS PER SHARE</b>	<b>01/01- 30/06/2011</b>	<b>01/01- 30/06/2010</b>
Number of shares in issue at 30 June	28,783,125	28,783,125
Average number of shares in issue	28,717,168	28,706,093
Consolidated net profit for the period	60,279	47,722
<b>EARNINGS PER SHARE IN €</b>	<b>2.10</b>	<b>1.66</b>
<b>ANNUALISED FIGURES IN €</b>	<b>4.20</b>	<b>3.32</b>

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

## DETAILS OF THE BALANCE SHEET (in €m)

<b>9. CASH AND BALANCES AT CENTRAL BANKS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Cash in hand	57.6	64.4
Credit balances with central banks of issue	314.9	162.5
<b>CASH AND BALANCES AT CENTRAL BANKS</b>	<b>372.6</b>	<b>226.9</b>

<b>10. LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Loans and advances to Austrian banks	796.7	1,098.7
Loans and advances to foreign banks	784.2	757.3
<b>LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>1,580.8</b>	<b>1,856.0</b>

<b>11. LOANS AND ADVANCES TO CUSTOMERS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Loans and advances to Austrian customers	6,780.7	6,490.4
Loans and advances to foreign customers	4,127.3	3,952.0
<b>LOANS AND ADVANCES TO CUSTOMERS</b>	<b>10,908.0</b>	<b>10,442.3</b>

<b>12. IMPAIRMENT PROVISIONS</b>						
<b>€m</b>	<b>At 01/01/2011</b>	<b>Exchange rate changes</b>	<b>Added</b>	<b>Used</b>	<b>Reversed</b>	<b>At 30/06/2011</b>
Credit risks	209.1	0.6	31.9	(19.8)	(6.9)	214.9
Country risks	0.0	-	-	-	-	0.0
General provisions	8.7	-	0.7	-	-	9.3
Portfolio impairment provisions under IAS 39	94.8	-	17.7	-	-	112.5
Interest value impairments	0.0	-	-	-	-	0.0
<b>Charges for losses on loans and advances<sup>1)</sup></b>	<b>312.6</b>	<b>0.6</b>	<b>50.3</b>	<b>(19.8)</b>	<b>(6.9)</b>	<b>336.8</b>
Loan loss provisions	119.2	0.0	10.9	0.0	(4.4)	125.7
<b>TOTAL IMPAIRMENT PROVISIONS</b>	<b>431.8</b>	<b>0.6</b>	<b>61.2</b>	<b>(19.8)</b>	<b>(11.3)</b>	<b>462.4</b>

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

<b>13. TRADING ASSETS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
<b>Bonds and other fixed-interest securities</b>		
Listed	10.5	12.0
<b>Stocks and other variable-yield securities</b>		
Listed	4.0	3.0
<b>Positive fair values of derivative financial instruments</b>		
Currency contracts	4.2	2.7
Interest rate contracts	21.4	27.9



Other contracts	0.0	0.0
<b>TRADING ASSETS</b>	<b>40.0</b>	<b>45.5</b>
<b>14. FINANCIAL INVESTMENTS</b>		
	<b>30/06/2011</b>	<b>31/12/2010</b>
<b>Bonds and other fixed-interest securities</b>	2,750.5	2,923.3
<b>Stocks and other variable-yield securities</b>	323.8	282.7
<b>Equity investments/shares</b>		
Subsidiaries	228.9	227.0
Entities accounted for using the equity method		
- Banks	206.5	201.2
- Non-banks	301.8	263.3
Other equity investments		
- Banks	10.8	10.8
- Non-banks	51.2	51.3
<b>FINANCIAL INVESTMENTS</b>	<b>3,873.5</b>	<b>3,959.5</b>
a) Financial assets – FV through P or L	328.1	336.2
b) Financial assets – AfS	632.2	752.4
c) Financial assets – HtM	2,404.9	2,406.5
d) Interest in entities accounted for using the equity method	508.3	464.5
<b>FINANCIAL INVESTMENTS</b>	<b>3,873.5</b>	<b>3,959.5</b>
<b>15. INTANGIBLE ASSETS</b>		
	<b>30/06/2011</b>	<b>31/12/2010</b>
Other intangible assets	4.5	5.4
Customer base	0.8	0.8
<b>INTANGIBLE ASSETS</b>	<b>5.3</b>	<b>6.2</b>
<b>16. PROPERTY, PLANT AND EQUIPMENT</b>		
	<b>30/06/2011</b>	<b>31/12/2010</b>
Investment property	76.0	77.0
Land and buildings	70.7	69.5
Business equipment and furnishings	66.3	60.8
Other property, plant and equipment	8.7	13.9
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>221.7</b>	<b>221.1</b>
<b>17. OTHER ASSETS</b>		
	<b>30/06/2011</b>	<b>31/12/2010</b>
Deferred tax assets	23.6	20.8
Other items	234.4	301.0
Other deferrals	1.5	1.7
<b>OTHER ASSETS</b>	<b>259.5</b>	<b>323.4</b>

<b>18. AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Amounts owed to		
- Austrian banks	1,812.2	1,439.2
- Foreign banks	2,261.4	2,394.0
<b>AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>4,073.7</b>	<b>3,833.2</b>
<b>19. AMOUNTS OWED TO CUSTOMERS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Savings deposits	3,356.0	3,447.2
Other	5,414.2	5,455.6
<b>AMOUNTS OWED TO CUSTOMERS</b>	<b>8,770.2</b>	<b>8,902.8</b>
<b>20. SECURITISED LIABILITIES</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Issued bonds	1,387.3	1,285.5
Other securitised liabilities	131.2	200.9
<b>SECURITISED LIABILITIES</b>	<b>1,518.5</b>	<b>1,486.4</b>
<b>21. PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Provisions for severance and pensions	207.1	207.4
Provisions for anniversary bonuses	8.5	8.3
Loan loss provisions	125.7	119.2
Other provisions	41.8	43.5
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>383.1</b>	<b>378.4</b>
<b>22. OTHER LIABILITIES</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Trading liabilities	5.7	32.4
Tax liabilities	15.4	2.4
Other liabilities	196.3	179.3
Deferred items	43.5	46.5
<b>OTHER LIABILITIES</b>	<b>260.8</b>	<b>260.5</b>
<b>23. OTHER LIABILITIES (TRADING LIABILITIES)</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Currency contracts	4.2	2.9
Interest rate contracts	1.1	27.7
Other contracts	0.3	1.8
<b>TRADING LIABILITIES</b>	<b>5.7</b>	<b>32.4</b>
<b>24. SUBORDINATED DEBT CAPITAL</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Issued subordinated bonds	6.4	6.7
Supplementary capital	618.1	660.1
Hybrid capital	81.0	79.4
<b>SUBORDINATED DEBT CAPITAL</b>	<b>705.6</b>	<b>746.2</b>

<b>25. EQUITY</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Subscribed capital	86.3	86.3
Capital reserves	194.6	194.6
Retained earnings (including net profit)	904.5	852.8
Untaxed reserves	24.0	24.0
Negative goodwill	1.9	1.9
Minorities	1.4	1.4
<b>EQUITY</b>	<b>1,212.7</b>	<b>1,160.9</b>

<b>26. CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>
Other contingent liabilities (guarantees and letters of credit)	1,325.1	1,360.4
<b>CONTINGENT LIABILITIES</b>	<b>1,325.1</b>	<b>1,360.4</b>
Liabilities arising from non-genuine repos	0.0	30.1
Other commitments (irrevocable loan commitments)	1,771.3	1,605.4
<b>COMMITMENTS</b>	<b>1,771.3</b>	<b>1,635.5</b>

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

	<b>Personal Banking</b>	<b>Corporate</b>	<b>Financial Markets</b>	<b>Other</b>	<b>Consolidated income statement H1 2011</b>
Net interest income	27.9	92.4	47.5	0.0	167.8
Charges for losses on loans and advances	(5.2)	(24.0)	(21.5)	0.0	(50.7)
Net commission income	24.0	29.0	0.0	0.0	53.0
Net trading income	0.0	(0.6)	5.4	0.0	4.9
Administrative expenses	(43.4)	(53.3)	(2.7)	(13.1)	(112.4)
Other operating profit	1.2	4.8	(1.0)	2.0	6.9
Extraordinary profit	0.0	0.0	0.0	0.0	0.0
<b>Profit for the period before tax</b>	<b>4.5</b>	<b>48.4</b>	<b>27.8</b>	<b>(11.1)</b>	<b>69.5</b>
Average credit and market risk equivalent	1,173.5	7,720.6	4,310.7	0.0	13,204.8
Average allocated equity	105.0	690.5	385.5	0.0	1,181.0
<b>Return on Equity (RoE)</b>	<b>8.5%</b>	<b>14.0%</b>	<b>14.4%</b>		<b>11.8%</b>
<b>Cost/income ratio</b>	<b>81.8%</b>	<b>42.4%</b>	<b>5.1%</b>		<b>48.3%</b>

## DISCLOSURES REQUIRED BY AUSTRIAN LAW

<b>28. HUMAN RESOURCES</b>	<b>H1 2011</b>	<b>FY 2010</b>
Salaried	2,032	1,996
Blue-collar	21	22
<b>TOTAL RESOURCES</b>	<b>2,053</b>	<b>2,018</b>

<b>29. CONSOLIDATED OWN FUNDS AND REGULATORY OWN FUNDS REQUIREMENT</b>			
Eligible own funds pursuant to Section 24 Austrian Banking Act (BWG) in €m			
<b>Composition</b>	<b>30/06/2011</b>	<b>31/12/2010</b>	<b>30/06/2010</b>
<b>1. Core capital</b>			
Share capital	86.3	86.3	86.3
Holdings of Oberbank AG shares	(0.2)	(0.2)	(1.0)
Disclosed reserves	821.2	821.2	754.0
Minorities	1.4	1.4	1.4
Goodwill arising due to capital consolidation	(2.6)	(2.6)	(0.7)
Goodwill arising due to the use of the equity method	48.8	48.8	44.1
Hybrid capital	79.0	79.0	79.0
Deductions of intangible assets	(5.5)	(5.4)	(9.5)
<b>TOTAL CORE CAPITAL (TIER I)</b>	<b>1.028.6</b>	<b>1.028.7</b>	<b>953.7</b>
CORE CAPITAL RATIO	10.13%	10.50%	9.31%
<b>2. Supplementary own funds (TIER II)</b>			
Eligible supplementary capital bonds	444.4	494.4	451.3
Revaluation reserves (already 45% of undisclosed reserves)	152.4	146.9	129.4
Subordinated bonds (suppl. capital below 3Y maturity)	38.3	42.4	55.3
<b>TOTAL SUPPLEMENTARY OWN FUNDS (TIER II)</b>	<b>635.1</b>	<b>683.7</b>	<b>636.0</b>
<b>3. TIER III</b>			
Addition of an amount not exceeding subordinated bonds eligible for Tier II	3.1	2.8	3.5
<b>TOTAL TIER III CAPITAL</b>	<b>3.1</b>	<b>2.8</b>	<b>3.5</b>
<b>4. Deductions</b>			
Deductions of interests in banks/other FI of over 10%	(82.3)	(80.0)	(80.1)
Deductions of interests in banks/other FI of up to 10%	0.0	0.0	0.0
<b>TOTAL OWN FUNDS</b>	<b>1,584.4</b>	<b>1,635.1</b>	<b>1,513.0</b>
Of which: own funds pursuant to Section 23 (14) no. 7 Austrian Banking Act (BWG)	3.1	2.8	3.5
<b>OWN FUNDS RATIO</b>	<b>15.60%</b>	<b>16.69%</b>	<b>14.77%</b>

<b>Own funds requirement</b>	<b>30/06/2011</b>	<b>31/12/2010</b>	<b>30/06/2010</b>
Credit risk pursuant to Section 22 (2) BWG	812.3	783.4	819.0
Trading book purs. to Section 22 o (2) BWG	3.1	2.8	3.5
Operational risk purs. to Section 22 k BWG	59.2	59.2	55.0
Qualified investments purs. to Section 29 (4) BWG	0.0	0.0	0.0
<b>TOTAL OWN FUNDS REQUIREMENT</b>	<b>874.6</b>	<b>845.3</b>	<b>877.4</b>
<b>UNAPPROPRIATED OWN FUNDS</b>	<b>709.8</b>	<b>789.8</b>	<b>635.6</b>
<b>Basis for the calculation of the reserve ratios</b>			
Assessment basis for the credit risk - Section 22 (2) BWG	10,154.3	9,791.9	10,237.7
Specific position risk of the trading book pursuant to Section 22 o nos. 1,3,6 BWG	4.1	3.9	6.9
<b>TOTAL BASIS OF ASSESSMENT</b>	<b>10,158.4</b>	<b>9,795.8</b>	<b>10,244.6</b>

#### **Financial calendar 2011**

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

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

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

## The Management Board confirms that

- the present condensed Interim Report to the Shareholders of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC) and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the Oberbank Group.
- these consolidated interim financial statements cover the first half of 2011 (1 January 2011 to 30 June 2011) and that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the IFRS standards governing interim financial reporting.

As at 30 June 2011, major transactions with individuals and companies considered to be related parties amounted to:

- associated companies €k 20,000
- subsidiaries €k 34,000

Linz, 19 August 2011

## 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.

## Disclaimer

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

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### 3 BANKEN GROUP AT A GLANCE

Income statement €m	Oberbank Group		BKS Bank Group		BTV Group	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
Net interest income	167.8	154.7	70.8	67.9	80.8	74.9
Charges for losses on loans and advances	(50.7)	(51.6)	(22.5)	(25.8)	(19.1)	(16.2)
Net commission income	53.0	50.4	21.0	22.1	22.0	22.0
Administrative expenses	(112.4)	(104.3)	(46.6)	(44.5)	(46.0)	(44.2)
Profit for the period before tax	69.5	57.9	24.4	22.0	38.1	31.8
Consolidated net profit for the period	60.3	47.7	21.9	19.6	31.6	27.5

Balance sheet in €m	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Total assets	16,924.6	16,768.4	6,602.2	6,238.2	9,043.8	8,886.6
Loans and advances to customers after charges for losses on loans and advances	10,571.3	10,129.7	4,554.9	4,498.2	5,881.2	5,774.8
Primary funds	10,994.3	11,135.3	4,377.1	4,158.5	6,121.0	6,167.6
of which savings deposits	3,356.0	3,447.2	1,795.1	1,847.2	1,253.1	1,284.2
of which securitised liabilities including subordinated debt capital	2,224.1	2,232.6	701.9	667.6	1,179.3	1,287.2
Equity	1,212.7	1,160.9	642.4	627.8	698.1	676.1
Customer funds under management	20,047.9	19,912.7	10,471.3	10,023.5	10,553.5	10,688.9

Own funds within the meaning of the Austrian Banking Act (BWG) in €m	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Assessment basis	10,158.4	9,795.8	4,428.0	4,345.1	5,945.7	5,736.5
Own funds	1,584.4	1,635.1	562.2	567.4	846.3	853.2
of which core capital (Tier 1)	1,028.6	1,028.7	414.7	416.6	593.0	596.7
Surplus own funds	709.8	789.8	181.2	194.8	347.0	370.2
Core capital ratio in %	10.13	10.50	9.36	9.59	9.97	10.40
Total capital ratio in %	15.60	16.69	12.70	13.06	14.23	14.87

Performance in %	H1 2011	FY 2010	H1 2011	FY 2010	H1 2011	FY 2010
Return on equity before tax	11.8	10.6	8.0	8.9	11.2	9.6
Return on equity after tax	10.2	9.1	6.9	7.7	9.3	7.6
Cost/income ratio	48.3	50.3	49.7	48.8	44.7	47.2
Risk/earnings ratio (credit risk in percent of net interest income)	30.2	32.6	24.7	33.1	23.7	28.7

Resources	H1 2011	FY 2010	H1 2011	FY 2010	H1 2011	FY 2010
Average number of staff (weighted)	2,032	1,996	891	872	787	794
Branches as at the end of the quarter/year	144	143	54	55	41	41