

Oberbank. Not like any other bank.

Interim Report to Shareholders as at 30 June 2015



Oberbank at a Glance

Income statement in €m	H1 2015	Change	H1 2014
Net interest income	178.8	3.6%	172.5
Charges for losses on loans and advances	(27.3)	23.7%	(35.8)
Net commission income	68.0	14.2%	59.5
Administrative expenses	(120.5)	3.5%	(116.4)
Profit for the period before tax	96.0	10.1%	87.2
Consolidated net profit for the period	83.7	13.7%	73.6
Balance sheet in €m	H1 2015	Change	31/12/2014
Assets	17,991.0	1.2%	17,774.9
Loans and advances to customers	12,726.9	3.7%	12,276.2
Primary funds	12,296.5	0.1%	12,288.6
of which savings deposits	3,009.8	(2.9%)	3,098.5
of which securitised liabilities including subordinated capital	2,196.8	(4.3%)	2,295.0
Equity	1,758.6	14.6%	1,534.1
Customer funds under management	24,838.9	5.6%	23,441.9
Capital resources CRR in €m	H1 2015	Change	31/12/2014
Core capital (CET1)	1,450.0	11.0%	1,306.9
Total core capital (CET1+AT1)	1,530.8	10.5%	1,385.2
Own funds	1,980.5	5.7%	1,874.4
Common equity Tier 1 capital ratio	12.07%	1.12 ppt	10.95%
Tier 1 capital ratio	12.74%	1.13 ppt	11.61%
Total capital ratio	16.48%	0.78 ppt	15.70%
Performance	H1 2015	Change	H1 2014
Return on equity before tax	11.86	(0.19 ppt)	12.05
Return on equity after tax	10.35	0.17 ppt	10.18
Cost/income ratio	49.42	0.8 ppt	48.62
Risk/earnings ratio (credit risk in % of net interest income)	15.29	(5.48 ppt)	20.77
Resources	H1 2015	Change	31/12/2014
Average number of staff (weighted)	2,026	22	2,004
Number of branches	153	(3)	156

The Oberbank Group in the first half of 2015

Dear Readers,

Oberbank has again achieved a particularly gratifying performance in the first half of 2015.

The trend of the past few years, in which Oberbank performed clearly better than the Austrian market in general, was therefore sustained.

Another period of very good performance

- **Profit for the period before tax EUR 96.0 million (+10.1%); after tax EUR 83.7 million (+13.7%)**

Although the bar was set high after last year's excellent result, we again boosted our operating performance year on year in the first half of 2015. Our pre-tax profit improved by 10.1% to EUR 96.0 million, and our net profit for the period increased by 13.7% to EUR 83.7 million.

Net interest income widened by 3.6% to EUR 178.8 million year on year.

At EUR 149.1 million, interest income from operating activities was 2.6% higher than in the first half of 2014. This growth was fuelled by a higher financing volume. At EUR 29.6 million, income from equity investments topped the previous year's figure by 9.2%.

Net commission income surged to EUR 68.0 million (+14.2%).

Given 26.1% growth, commission income in the securities business developed along excellent lines. The same applies for commission income in the lending business (+8.8%); commissions from payment transactions also posted notable growth (+2.7%).

At present, commission income accounts for 28% of total earnings and thus contributes substantially to compensating the shrinking margins in interest-earning operations.

Notable growth of lending to corporate and personal banking customers

- **5.2% lending growth to a total loan portfolio of EUR 12.7 billion**
- **Investment finance volume appreciably higher, contrary to the market trend**

As at 30 June 2015, Oberbank's lending volume rose by 5.2% to EUR 12.7 billion year on year. A particularly encouraging fact is that growth was fuelled by lending to corporate customers and to private individuals. Lending to business customers rose by 3.6% to EUR 10.1 billion year on year. While demand for investment finance in the general market has been subdued of late, we posted 7.6% growth to EUR 7.1 billion in this segment.

In terms of lending to private individuals, Oberbank posted particularly gratifying growth of 11.8% to EUR 2.6 billion, driven primarily by demand for home construction finance. Widening by +30% and +1% respectively, Vienna and the Czech Republic delivered a particularly robust performance, while the Bank's core market, Upper Austria and Salzburg, also showed healthy growth.

Customer assets under management at an all-time high

- **EUR 24.8 billion (+9.1%) in customer assets under management are a vote of confidence for Oberbank**

As at 30 June 2015, total primary deposits had risen by 4.7% to EUR 12.3 billion year on year; the volume of funds in customers' securities deposits had risen by +13.8% to EUR 12.5 billion by the end of June. The total volume of customer assets entrusted to us for management thus increased by 9.1% to EUR 24.8 billion year on year.

Extremely successful capital increase

- **1.9 million new ordinary shares, share capital increased to EUR 92.1 million.**
- **2,200 new shareholders, free float increased from 26.77% to 29.33%**
- **Public offering more than twofold oversubscribed**
- **Additional Tier 1 bond also successfully floated**

Within the framework of a capital increase in April of this year, we floated 1.9 million new ordinary shares, increasing the nominal share capital from EUR 86.3 million to EUR 92.1 million and gaining 2,200 new shareholders.

The free float thus rose from 26.77% to 29.33%.

Given a total of more than three thousand subscription orders, the issue was massively oversubscribed, which made it necessary to scale down allotments on a pro-rata basis.

Apart from the capital increase, we also successfully floated an Additional Tier 1 bond with an outstanding volume of EUR 30 million.

These two capital measures helped to lift the common equity Tier 1 capital ratio of Oberbank from 10.92% to 12.74% as of 30 June 2015.



CEO Franz Gasselsberger
Chairman of the Management Board

The Oberbank Shares

The price of the Oberbank ordinary share reached a new all-time high of EUR 52.50 in the first half of 2015. The price trend of Oberbank's ordinary shares hence reflects the excellent business performance of Oberbank.

Oberbank stock – key figures	H1 2015	H1 2014
Number of ordinary no-par shares	27,702,000	25,783,125
Number of no-par preference shares	3,000,000	3,000,000
High (ordinary/preference share) in €	52.50/38.20	50.00/38.11
Low (ordinary/preference share) in €	50.13/37.55	48.45/37.00
Close (ordinary/preference share) in €	51.70/38.10	50.00/37.80
Market capitalisation in €m	1.546.49	1.402.6
IFRS earnings per share in €, annualised	5.70	5.12
P/E ratio (ordinary share)	9.07	9.77
P/E ratio (preference share)	6.68	7.38

Oberbank ordinary and preference shares compared with the ATX

Price development in per cent



Source: Bloomberg, data as of 30 June 2015

The figures given are historical data. Predictions of future developments cannot be derived therefrom.

This chart comparison shows the development of the Oberbank ordinary share, the Oberbank preference share and the Austrian stock index ATX. The prices shown are adjusted prices with daily closing prices indexed to 100, i.e. all initial prices are set to 100% at the outset. The chart thus shows the relative percentage performance of the respective Oberbank share to the ATX.

The Business Segments in the First Half of 2015

Corporate and Business Banking Segment

Corporate and Business Banking in €m	H1 2015	H1 2014	+ / - absolute	+ / - in %
Net interest income	121.7	116.7	5.0	4.3%
Charges for losses on loans and advances	(26.9)	(26.4)	(0.5)	2.0%
Net commission income	33.6	30.8	2.8	9.2%
Net trading income	0.0	0.0	0.0	
Administrative expenses	(62.1)	(59.0)	(3.1)	5.3%
Other operating profit	0.6	1.3	(0.7)	(55.9%)
Extraordinary profit/loss	0.0	0.0	0.0	
Profit for the period before tax	66.9	63.5	3.4	5.4%
Risk equivalent	8,104.3	8,289.9	(185.6)	(2.2%)
Average allocated equity	970.6	904.0	66.7	7.4%
Return on equity before tax (RoE)	13.8%	14.0%	(0.2 ppt)	
Cost/income ratio	39.8%	39.6%	0.2 ppt	

Earnings development in Corporate and Business Banking

In the Corporate and Business Banking segment the profit for the period increased by EUR 3.4 million or 5.4% to EUR 66.9 million. Net interest income rose by 4.3% or EUR 5.0 million to EUR 121.7 million. Charges for losses on loans and advances edged up by EUR 0.5 million or 2.0% to EUR 27 million. Net commission income rose by EUR 2.8 million or 9.2% to EUR 33.6 million year on year.

Administrative expenses widened by EUR 3.1 million or 5.3% to EUR 62.1 million. Other operating profit declined by EUR 0.7 million to EUR 0.6 million.

The return on equity in Corporate and Business Banking declined by 0.2 percentage points, i.e. from 14.0% to 13.8%; the cost/income ratio deteriorated by 0.2 percentage points from 39.6% to 39.8%.

Commercial lending

The Bank's commercial lending volume increased by 3.6% from EUR 9.8 billion to EUR 10.1 billion.

Commercial loans		YoY change	
as at 30/06/2015	as at 30/06/2014	absolute	in %
€ 10,141.0 m	€ 9,784.9 m	356.1	3.6%

Investment finance

With a total of 504 projects, the number of applications for subsidised loans for investment and innovation projects filed by business customers at the Bank's Austrian branch offices was back at the previous years' level in the first six months of 2015. Oberbank, as hitherto, continues to hold an absolute top position among Austrian banks in this field of business. The investment volume behind these applications for subsidised funding increased substantially, i.e. by another 80% year on year in the first half of 2015. This trend is also reflected in the development of subsidised loans extended by Oberbank, which, having risen by 10% year on year, amounted to EUR 643.3 million as at 30 June 2015.

Investment finance		YoY change	
as at 30/06/2015	as at 30/06/2014	absolute	in %
€ 7,138 m	€ 6,635.1 m	€ 503 m	7.6%

Leasing

The positive business development in the first quarter continued in the second quarter, lifting Oberbank's inflow of new business by 23.9% year on year in the first half of 2015. The key growth drivers in this business line were movables leasing, which contributed roughly 40%, and vehicle leasing, which widened by the very robust rate of about 50%, a fact that also reflects the Bank's entry into the retail vehicle leasing business. Accounting for a share of 10%, property leasing also made an important contribution to new business volume growth. In regional terms, Austria and Germany continued to be the driving forces; the expanding markets of Czech Republic, Slovakia and Hungary also gained considerable momentum, posting 58% year-on-year growth.

Leasing receivables from customers		YoY change	
as at 30/06/2015	as at 30/06/2014	absolute	in %
€ 1,806.0 m	€ 1,606.0 m	€ 200.0 m	11.1%

Structured finance

Sturdy demand for structured finance continued in the second quarter of 2015. Year-to-date, the number of financing projects rose markedly from 147 to 182, with the potentially involved financing volume for Oberbank almost doubling from EUR 1 billion to EUR 1.9 billion. The main reasons for this positive development were applications for project finance in real estate and tourism. Demand for classical investment finance was very high as well, surpassing the previous year's high level by a substantial margin.

Whereas demand for finance in cases of changes of ownership remained at a modest level also in the second quarter of 2015, demand for refinancing solutions for expiring loans increased markedly as compared to the previous year. A similar pattern can be observed in demand for receivables management, where the positive development of previous years was resumed in the first half of 2015.

Oberbank Opportunity Fonds

The Oberbank Opportunity Fonds received 71 new applications for financing solutions in the reporting period (as at 30 June 2015), which corresponds to a slight increase in number compared with the already high level of the same period in 2014. Three financing/participation projects were successfully concluded in the first half of 2015, while a number of others are pending finalisation or disbursement of funds.

Since the launch of the Oberbank Opportunity Fonds, the Bank has facilitated a total of 48 transactions by providing equity and/or mezzanine capital and has funded seven co-financing projects. The fund volume committed amounted to approximately EUR 103.2 million. As at 30 June 2015, equity capital accounted for EUR 22.9 million and mezzanine capital for EUR 24.2 million of the outstanding exposure of EUR 47.1 million.

Syndicated loans and bonded loans

Business in the field of syndicated loans and bonded loans developed along positive lines in the first half of 2015. While the number of projects remained more or less constant, the outstanding exposure in this product segment increased by almost ten per cent.

In June 2015, Oberbank arranged its first note loan issue for an Austrian issuer and successfully placed the issue in the market. Moreover, a syndicate of banks mandated Oberbank to act as lead arranger for a number of larger financing projects in Germany.

Export and trade finance

While the Federal Economic Chamber expects exports to increase by 2% in 2015, WIFO research shows that the Austrian economy remained on its sideways trend in the first half of 2015. Framework conditions continue to be challenging for Austrian exporters and importers, some of the reasons being the sanctions against Russia, Ukraine and Iran, increased competitive pressure in Germany, which is Austria's key export market, and sluggish economic growth in China. Oberbank nevertheless increased its market share in the SME-relevant segment of export finance under Export Fund

procedures to 11.88% at last count, and in terms of KRR export promotion loans targeted at large corporates, it topped the all-time high achieved in the first quarter, lifting its market share to 11.4%. These results secured Oberbank's second place in the industry ranking in both segments. After a weak start early into the year, the order situation in documentary business improved and is gradually approaching the previous year's level.

Payment services

Payment services being an important and stable source of earnings for Oberbank, the Bank has declared this line of business a focus area of sales efforts. In the first half of 2015, the quality of the Bank's advisory services was further increased by emphasising product-specific training measures notably in Austria and Germany, resulting in an increase of earnings from payments transacted by corporate and business customers by 3.5% year on year.

International network of banks and institutions

In order to provide efficient and competent cross-border services to customers engaged in the international export and import business, Oberbank requires the support of a global network of suitable bank partners. As compliance-related topics, the prevention of money laundering and the issue of sanctions become increasingly important, guaranteeing adequate standards is a growing challenge, notably since international banking groups are increasingly retreating to their home markets for strategic and earnings reasons and therefore discontinued their services.

In particular in its trade finance business, i.e. basically its documentary and guarantee business for corporate and business customers, Oberbank stands in need of mutual credit line agreements with international banks in order to be able to provide funds to customers for hedging and guarantee purposes in a timely manner.

In the first few months of the current year, Oberbank thus was faced not only with the need to approach other bank partners and conclude new account agreements in important foreign currencies, but also to negotiate bank credit lines for its global customer business. This process is now largely completed, guaranteeing that Oberbank is in a position to offer a comprehensive package of services to exporters and importers alike.

Thanks to its sustainably successful development, Oberbank has more than ever become a stable and reliable partner for foreign bank partners.

Primary funds

The ECB's persistently expansive monetary policy caused interest rates in euro money markets to lag at very low levels in the first half of 2015. Interest rates for maturities up to three months remained below zero. Notwithstanding this development, Oberbank managed to increase primary deposits by one per cent year to date. Compared with the level at the end of June of last year, primary deposits widened by more than 5%.

Customers' preference for short maturities of investments continued unabated, resulting in a pronounced increase of sight deposits as compared to fixed-term funds. As in previous periods, the sole exception was investments in Oberbank Cash Garant products, which attracted more than EUR 100 million in customer investments in the first half of 2015.

Management of interest rate risk and currency risk

Uncertainty with regard to the further development of the situation in Greece, the positive economic trend in the United States, nascent hope for economic recovery in the euro area and, more than all, the Swiss national bank's surprising suspension of the minimum exchange rate of the CHF against the EUR were the topics that determined developments on currency markets in the past few months.

The very wide fluctuations on currency markets prompted many customers to hedge their currency holdings and/or their international deals against these movements, resulting in a steep rise of revenues from in this line of business.

Direct customer services

In an environment of highly volatile currency markets, the hedging of customers' import and export transactions was one of the focal points of business in the past few months. Individually-tailored strategies and product solutions coupled with the know-how of experienced experts helped to boost the number of deals and new customers acquired interested in taking advantage of our direct customer services. In a tried and tested manner, customers in this line of business also benefitted from our experts' support in short-term money market investments.

Personal Banking Segment

Personal Banking in €m	H1 2015	H1 2014	+ / - absolute	+ / - in %
Net interest income	28.4	27.7	0.6	2.2%
Charges for losses on loans and advances	(1.8)	1.1	(2.9)	
Net commission income	34.4	28.6	5.8	20.2%
Net trading income	0.0	0.0	0.0	
Administrative expenses	(43.1)	(41.3)	(1.8)	4.4%
Other operating profit/loss	(1.7)	1.6	(3.3)	
Extraordinary result	0.0	0.0	0.0	
Profit for the period before tax	16.2	17.7	(1.5)	(8.6%)
Risk equivalent	1,306.2	1,245.2	61.0	4.9%
Average allocated equity	156.4	135.8	20.7	15.2%
Return on equity before tax (ROE)	20.7%	26.1%	(5.4 ppt)	
Cost/income ratio	70.6%	71.4%	(0.8 ppt)	

Earnings development in Personal Banking

The pre-tax profit in Personal Banking declined by EUR 1.5 million or 8.6% to EUR 16.2 million.

Net interest income increased by EUR 0.6 million or 2.2% to EUR 28.4 million.

Charges for losses on loans and advances increased by EUR 2.9 million to EUR 1.8 million year on year.

Net commission income increased by EUR 5.8 million or 20.2% to EUR 34.4 million.

Administrative expenses rose by EUR 1.8 million or 4.4% to EUR 43.1 million.

Declining by EUR 3.3 million, the item other operating profit/loss posted a loss of EUR 1.7 million.

The Personal Banking segment's return on equity decreased by 5.4 percentage points from 26.1% to 20.7%; the cost/income ratio improved by 0.8 percentage points from 71.4% to 70.6%.

Personal accounts

Oberbank's portfolio of personal accounts grew by 1,617 accounts to a total of 178,302 in the first six months of the year.

Number of personal accounts		YoY change	
as at 30/06/2015	as at 30/06/2014	absolute	in %
178.302	175.904	2.398	1,35%

Personal loans

The volume of personal loans widened by 11.8% or EUR 273.1 million year on year.

The volume of new loans extended to retail customers in the first half of 2015 increased by 23.9% year on year. Key drivers of this positive development were the Vienna regional division, while other Austrian and foreign regional divisions also generated clearly positive results. The proportion of foreign currency loans in Oberbank's total personal loans has decreased to a mere 6.3%.

Personal loans		YoY change	
as at 30/06/2015	as at 30/06/2014	absolute	in %
€ 2,586.0 m	€ 2,313.0 m	€ 273.0 m	11.8%

Savings deposits

Compared with the level on 30 June 2014, the volume of savings deposits declined by 6.1% or EUR 193.7 million to EUR 3,009.8 million. The low level of interest rates leaves very little room for a more proactive interest rate policy, nevertheless, competition for savings deposits continues to be fierce.

Persisting at 7.6% in the first few months of the year, the Austrian savings rate continues to be at a very low level.

Savings deposits		YoY change	
as at 30/06/2015	as at 30/06/2014	absolute	in %
€ 3,009.8 m	€ 3,203.5 m	(€ 193.7 m)	(6.1%)

Securities business

Thanks above all to strong price gains in the first quarter, the first half of 2015 saw a generally very positive development on the international equity markets.

Economic recovery in the euro area and the anticipated rise of interest rates in the United States made investors reconsider their stance with regard to bond markets. While yields continued to drop worldwide at the beginning of 2015, the second quarter witnessed a partly pronounced countertrend.

As at 30 June 2015, the market value of securities in customer deposits had increased to a new record high of EUR 12.5 billion, which corresponds to a rise of EUR 1.5 billion or 13.7% as compared with the end-of-June level of 2014.

Commissions earned from transactions in this business line in the first half of 2015 came to a new record level of EUR 23.7 million; the year-on-year balance as at 30 June 2015 was EUR 4.9 million or 26.1% above the previous year's level.

Capital increase in April 2015

Oberbank's capital increase in April marked one of the highlights of the first half of 2015. Within the framework of this capital increase, Oberbank AG issued a total of 1,918,875 new ordinary no-par value shares, with gross receipts coming to EUR 91 million on the basis of the issue/subscription price of EUR 47.43 per new share. The capital increase met with very strong interest from retail investors and the order book for the available new shares was several times oversubscribed.

With this measure, Oberbank widened its shareholder base substantially to more than 2,200 shareholders. The free float and hence the Bank's independence from individual major shareholders thus increased significantly. The performance of the new shares is already very attractive; they feature full dividend entitlement for the current 2015 financial year.

Oberbank bond issues

In the first half of 2015, Oberbank issued a volume of EUR 176.3 million as well as CZK 145.8 million in bonds on the market. As regards euro-denominated issues, the standard products offered on a regular basis include Oberbank bonds targeted at medium-term to long-term investors and products from the Cash Garant product line designed for short-term investors. In addition, Oberbank was the first Austrian bank to successfully place a so-called Additional Tier 1 bond issue with a volume of EUR 30 million on the market. For the Czech market, Oberbank issued a short-term and a medium-term bond, both in local currency.

Private Banking

The very gratifying and dynamic development of Oberbank's Private Banking activities continued unbroken in the first half of 2015. The volume of assets under management increased by 12.4% from EUR 4.8 billion to EUR 5.5 billion year on year.

The volume of assets under management in the Bank's iPM (individual portfolio management) unit increased robustly to EUR 451 million in the first half of 2015, which corresponds to a year-on-year increase of EUR 106.1 million or 30.8%. The balanced portfolio strategy was the approach of choice, followed by the defensive and, in third place, the dynamic strategy.

Oberbank's brokerage services also developed along very positive lines, posting a year-on-year volume increase from EUR 181.5 million to EUR 199 million by the end of the first half of 2015.

3 Banken-Generali in the first half of 2015

3 Banken-Generali Investment-Gesellschaft looks back on a highly successful first half of 2015. The volume of funds managed by the company increased by EUR 860 million or 11.21% to EUR 8.52 billion. The company thus outperformed the overall Austrian market's performance by more than twice.

New money inflows of around EUR 600 million were quite evenly distributed between special fund solutions and retail funds. In the latter business line, which fortunately exhibited a very dynamic upturn, investments flowed mainly into mixed funds with asset management features.

By asset category and across the entire range of products, the volume of funds managed by the company is invested to 58% in bonds, to 40% in equities and to 2% in commodities/gold. The market environment was characterised by a sharp correction on bond markets in the second quarter. Regardless of the much-discussed developments in Greece, equity markets closed the first half with solid gains.

Building and loan association savings

Totalling 5,522 contracts, the number of building and loan contracts brokered by Oberbank dropped by 12.4% year on year in the first half of 2015. However, against the backdrop of the very low level of interest rates, government-sponsored building and loan association saving schemes still constitute an interesting and popular option for many savers. Overall, the Wüstenrot partner banks boosted sales by 14.5% in the first half of 2015.

Insurance services

Life insurance policy business showed the impact of changed framework conditions in the first half of 2015. Oberbank nevertheless attained its overall production targets in the insurance policy business.

In Corporate and Business Banking, the Bank posted an excellent year-on-year growth rate of 47.41% in the category of company pension plans in Austria. In retail business, the discontinuation of the single premium payment option for classical life insurance caused a decline in sales. Oberbank nevertheless topped its sales target. The premium volume in the category of risk insurance policies was boosted by 24% year on year.

The trend was also positive in the segment of accident insurance and property insurance, posting healthy growth of 27% year on year. Oberbank's insurance business in Germany was up by 19% in spite of the difficult framework conditions.

Insurance contracts – premium volume		YoY change	
as at 30/06/2015	as at 30/06/2014	absolute	in %
€ 45.2 m	€ 54.2 m	(€ 9.0 m)	(16.61%)

Electronic Banking

The number of eBanking users continued to grow in the first half of 2015. As at 30 June 2015, a total of 115,900 customers used at least one of Oberbank's electronic banking products. This corresponds to 8.2% growth year on year. The transaction volume and the number of transfers made via Oberbank's electronic banking app almost doubled by comparison with the first half of 2014.

In the first half of 2015, our software product ELBA MBS was updated to the most recent version for all users of in Austria.

Financial Markets Segment

Financial Markets in € m	H1 2015	H1 2014	+/- abs.	+/- in %
Net interest income	28.7	28.0	0.7	2.5%
Charges for losses on loans and advances	1.4	(10.5)	11.9	
Net commission income	0.0	0.1	(0.1)	(100%)
Net trading income	6.1	1.9	4.2	>100%
Administrative expenses	(3.4)	(3.0)	(0.3)	11.0%
Other operating profit/loss	(8.8)	1.8	(10.5)	
Extraordinary result	0.0	0.0	0.0	
Profit for the period before tax	24.0	18.2	5.8	32.1%
Risk equivalent	4,102.5	3,735.5	367.0	9.8%
Average allocated equity	491.3	407.3	84.0	20.6%
Return on equity before tax (ROE)	9.8%	8.9%	0.9 ppt	
Cost/income ratio	13.0%	9.6%	3.4 ppt	

Earnings development in the Financial Markets segment

The Financial Markets segment closed the period with a pre-tax profit of EUR 24.0 million, i.e. a year-on-year improvement of 32.1% or EUR 5.8 million.

Net interest income posted EUR 0.7 million or 2.5% growth to EUR 28.7 million.

Net trading income rose by EUR 1.9 million to EUR 6.1 million. Other operating profit declined by EUR 10.5 million to a loss of EUR 8.8 million. The ROE in the Financial Markets segment increased by 0.9 percentage points to 9.8%.

Oberbank issues

Financial markets experienced high volatility in the first half of 2015. The elimination of the minimum rate EUR vs. CHF was followed by an abrupt rise of the Swiss franc. The appreciation of the USD versus the EUR at the beginning of the year was offset in the course of the second quarter. Interest rate markets surprisingly witnessed a steep rise in long-term rates. Problems associated with the crisis in Greece also had an impact.

These developments also reverberated throughout equity markets, resulting in stronger price fluctuations.

Although these movements were difficult to anticipate and often came as a surprise, Oberbank weathered the ups and downs successfully and achieved an excellent trading result.

Capital resources

Effective from 1 January 2014, total capital and Tier 1 capital ratios must be calculated in accordance with the much more stringent Basel III provisions. Total capital in the amount of EUR 1,980.5 million as at 30 June 2015 translates into a total capital ratio of 16.48%, which is more than double the statutorily required rate. Based on Tier 1 capital of EUR 1,530.8 million, the core Tier 1 capital ratio came to 12.74%. Common equity Tier 1 capital in the amount of EUR 1,450.0 million corresponds to a common equity Tier 1 capital ratio of 12.07%.

Risk

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

Credit risk constitutes the most important risk category. Oberbank mitigates this risk by recognising adequate allowances and provisions in the balance sheet. As regards customer ratings and collateralisation policy, Oberbank boasts long years of experience and know-how.

Additionally, the Bank's regional business model, professional credit management, and a well-balanced distribution of the overall exposure across the individual customer segments all help to 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 2015 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 (€ 12.7 billion as at 30 June 2015) can be refinanced from customers' primary deposits and other long-term refinancing facilities available from OeKB, LfA and KfW (€ 13.5 billion as at 30 June 2015). In addition, Oberbank has a permanent risk control system, stringent process management and other efficient control and monitoring instruments in place.

For 2015 as a whole, Oberbank therefore does not expect any extraordinary risk to arise from these risk components.

Outlook for 2015

- **Slight economic growth, rising inflation**
- **Net interest income bears the brunt of low interest rates; robust income from services**
- **Oberbank aims to match the previous year's result**
- **Oberbank is planning another capital increase**

Slight economic growth, rising inflation

For Austria, forecasts anticipate 0.7% economic growth in 2015.

The external environment, above all the ECB's monetary policy course and the low price of oil, supports economic recovery. The tax reform is also likely to provide some positive impulses, primarily by stimulating consumer spending. In Austria, inflation is set to accelerate to 0.9% in 2015, i.e. to a higher rate than in the euro area in general. Employment growth is expected to remain robust, but an easing of the unemployment situation is not within sight in the current year.

Oberbank expects to continue along its very successful track in the second half of 2015.

Building on its outperformance in the first half of the year, Oberbank expects to reap additional benefit from the economic uptrend in the second half of 2015.

As regards corporate loans, the feedback from the market indicates optimism for the months to come. Demand for investment finance is expected to grow at particularly robust rates. Housing finance is likely to be the growth driver for lending to retail customers.

The management expects to match the excellent result generated last year.

In 2015, net interest income will, despite substantial lending growth, bear the mark of the persistently low level of interest rates, but the development of net commission income is likely to continue along the dynamic lines observed in the previous year.

Oberbank is planning another capital increase

As oversubscription of the capital increase in April required scaling down of the allocation of new shares, Oberbank has been considering a further capital increase in September 2015, hoping to raise the share capital from EUR 92.1 million at present to EUR 95.8 million.

This potential capital measure also aims at strengthening the solid capital base of Oberbank even further and corroborating the growth potential of Bank's business and earnings volume.

3 Banken Group in the first half of 2015

The 3 Banken Group continued to show a satisfactory development in the first half of 2015. Joint total assets of the three banks within the 3 Banken Group increased by 3.0% to EUR 34.7 billion year on year, while lending in terms of volume (after charges for losses on loans and advances) increased by 4.6% to EUR 23.7 billion and primary deposits posted a 4.4% rise to EUR 24.3 billion. Joint net profit for the period grew by 26.0% to EUR 170.7 million. As at 30 June 2015, the three banks were operating a total of 248 branches; they had an average of 4,278 employees on their payrolls in the first half of 2015.

Consolidated Interim Financial Statements Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 01/01/2015 to 30/06/2015

Consolidated income statement in €k		01/01/- 30/06/2015	01/01/- 30/06/2014	Change in €k	Change in %
1. Interest and similar income	(1)	207,381	216,933	(9,552)	(4.4)
2. Interest and similar expenses	(1)	(58,247)	(71,604)	13,357	(18.7)
3. Income from entities accounted for using the equity method	(1)	29,629	27,145	2,484	9.2
Net interest income	(1)	178,763	172,474	6,289	3.6
4. Charges for losses on loans and advances	(2)	(27,330)	(35,817)	8,487	(23.7)
5. Commission income	(3)	76,064	66,509	9,555	14.4
6. Commission expenses	(3)	(8,097)	(7,008)	(1,089)	15.5
Net commission income	(3)	67,967	59,501	8,466	14.2
7. Net trading income	(4)	6,129	1,918	4,211	>100
8. Administrative expenses	(5)	(120,459)	(116,404)	(4,055)	3.5
9. Other operating profit	(6)	(9,116)	5,507	(14,623)	
a) Net income from financial assets – FV/PL	(6)	260	7,900	(7,640)	(96.7)
b) Net income from financial assets – Afs	(6)	(2,437)	(666)	(1,771)	> 100
c) Net income from financial assets – HtM	(6)	243	(498)	741	
d) Other operating profit	(6)	(7,182)	(1,229)	(5,953)	> 100
Profit for the period before tax		95,954	87,179	8,775	10.1
10. Income taxes	(7)	(12,240)	(13,550)	1,310	(9.7)
Profit for the period after tax		83,714	73,629	10,085	13.7
of which attributable to the owners of the parent company		83,676	73,616	10,060	13.7
of which attributable to minority interests		38	13	25	>100

Income and expenses recognised directly in equity in €k		01/01/- 30/06/2015	01/01/- 30/06/2014
Profit for the period after tax		83,714	73,629
Items not reclassified to profit or loss for the year		(18,492)	(2,892)
+/- 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		(18,492)	(2,892)
Items reclassified to profit or loss of the year		23,120	6,649
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39		18,353	7,028
Amounts recognised in equity		19,050	12,782
Reclassification adjustments		(697)	(5,754)
+ / - Deferred taxes on items recognised directly in equity under IAS 39		(4,588)	(1,757)
Amounts recognised in equity		(4,762)	(3,196)
Reclassification adjustments		174	1,439
+ / - Exchange differences		132	(1,945)
+ / - Share from entities accounted for using the equity method		9,223	3,322
Total income and expenses recognised directly in equity		4,628	3,756
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity		88,342	77,385
of which attributable to the owners of the parent company		88,304	77,441
of which attributable to minority interests		38	(56)

Performance indicators	H1 2015	H1 2014
Cost/income ratio in %	49.42%	48.62%
Return on equity before tax in %	11.86%	12.05%
Return on equity after tax in %	10.35%	10.18%
Risk/earnings ratio (credit risk to net interest income) in %	15.29%	20.77%
Earnings per share in €	5.70	5.12

Consolidated Interim Financial Statements Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 01/04/2015 to 30/06/2015

<i>Consolidated income statement in €k</i>	01/04/- 30/06/2015	01/04/- 30/06/2014	Change in €k	Change in %
1. Interest and similar income	103,713	108,243	(4,530)	(4.2)
2. Interest and similar expenses	(28,093)	(34,697)	6,604	(19.0)
3. Income from entities accounted for using the equity method	16,608	16,521	87	0.5
Net interest income	92,228	90,067	2,161	2.4
4. Charges for losses on loans and advances	(6,891)	(17,673)	10,782	(61.0)
5. Commission income	36,772	32,423	4,349	13.4
6. Commission expenses	(3,955)	(3,558)	(397)	11.2
Net commission income	32,817	28,865	3,952	13.7
7. Net trading income	1,200	501	699	> 100.0
8. Administrative expenses	(60,772)	(58,506)	(2,266)	3.9
9. Other operating profit	(11,480)	1,032	(12,512)	
a) Net income from financial assets – FV/PL	(6,304)	2,553	(8,857)	
b) Net income from financial assets – AfS	(2,972)	336	(3,308)	
c) Net income from financial assets – HtM	44	(498)	542	
d) Other operating profit	(2,248)	(1,359)	(889)	65.4
Profit for the period before tax	47,102	44,286	2,816	6.4
10. Income taxes	(4,001)	(6,281)	2,280	(36.3)
Profit for the period after tax	43,101	38,005	5,096	13.4
of which attributable to the owners of the parent company	43,100	37,997	5,103	13.4
of which attributable to minority interests	1	8	(7)	(87.5)

<i>Income and expenses recognised directly in equity in €k</i>	01/04/- 30/06/2015	01/04/- 30/06/2014
Profit for the period after tax	43,100	38,005
Items not reclassified to profit or loss for the year	(16,103)	(2,180)
+/- 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	(16,103)	(2,180)
Items reclassified to profit or loss of the year	9,060	8,960
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	142	9,756
Amounts recognised in equity	206	12,756
Reclassification adjustments	(65)	(3,000)
+ / - Deferred taxes on items recognised directly in equity under IAS 39	(35)	(2,439)
Amounts recognised in equity	(51)	(3,189)
Reclassification adjustments	16	750
+ / - Exchange differences	470	(116)
+ / - Share from entities accounted for using the equity method	8,483	1,758
Total income and expenses recognised directly in equity	(7,043)	6,779
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	36,057	44,784
of which attributable to the owners of the parent company	36,057	44,828
of which attributable to minority interests	0	(44)

Balance sheet as at 30/06/2015 / Assets

in €k		30/06/2015	31/12/2014	Change in €k	Change in %
1.	Cash and balances at central banks (9)	133,753	147,009	(13,256)	(9.0%)
2.	Loans and advances to credit institutions (10)	1,132,660	1,460,988	(328,328)	(22.5%)
3.	Loans and advances to customers (11)	12,726,985	12,276,238	450,747	3.7%
4.	Impairment provisions (12)	(489,740)	(474,410)	(15,330)	3.2%
5.	Trading assets (13)	51,081	56,649	(5,568)	(9.8%)
6.	Financial investments (14)	3,753,382	3,650,387	102,995	2.8%
	a) Financial assets – FV/PL (14)	244,543	241,238	3,305	1.4%
	b) Financial assets – AfS (14)	752,409	726,363	26,046	3.6%
	c) Financial assets – HtM (14)	2,103,416	2,051,487	51,929	2.5%
	d) Interest in entities accounted for using the equity method (14)	653,014	631,299	21,715	3.4%
7.	Intangible assets (15)	1,411	1,558	(147)	(9.4%)
8.	Property, plant and equipment (16)	250,551	254,643	(4,092)	(1.6%)
	a) Investment property (16)	100,979	101,568	(589)	(0.6%)
	b) Other property, plant and equipment (16)	149,572	153,075	(3,503)	(2.3%)
9.	Other assets (17)	430,867	401,824	29,043	7.2%
	a) Deferred tax assets (17)	64,032	64,138	(106)	(0.2%)
	b) Positive fair values of closed out derivatives in the banking book (17)	181,558	202,066	(20,508)	(10.1%)
	c) Other (17)	185,277	135,620	49,657	36.6%
Total assets		17,990,950	17,774,886	216,064	1.2%

Balance sheet as at 30/06/2015 / Equity and liabilities

in €k		30/06/2015	31/12/2014	Change in €k	Change in %
1.	Amounts owed to credit institutions (18)	3,192,985	3,252,390	(59,405)	(1.8%)
2.	Amounts owed to customers (19)	10,099,677	9,993,608	106,069	1.1%
3.	Securitised liabilities (20)	1,529,715	1,580,642	(50,927)	(3.2%)
4.	Provisions for liabilities and charges (21)	384,598	383,012	1,586	0.4%
5.	Other liabilities (22)	358,289	316,781	41,508	13.1%
	a) Trading liabilities (22)	50,968	55,372	(4,404)	(8.0%)
	b) Tax liabilities (22)	23,632	8,752	14,880	> 100.0%
	ba) Current tax liabilities (22)	19,280	4,918	14,362	> 100.0%
	bb) Deferred tax liabilities (22)	4,352	3,834	518	13.5%
	c) Negative fair values of closed out derivatives in the banking book (22)	38,649	43,459	(4,810)	(11.1%)
	d) Other (22)	245,040	209,198	35,842	17.1%
6.	Subordinated debt capital (23)	667,066	714,376	(47,310)	(6.6%)
7.	Equity (24)	1,758,620	1,534,077	224,543	14.6%
	a) Equity after minorities (24)	1,704,134	1,530,839	173,295	11.3%
	b) Minority interests in equity (24)	4,486	3,238	1,248	38.5%
	c) Additional capital components (24)	50,000	0	50,000	
Total equity and liabilities		17,990,950	17,774,886	216,064	1.2%

Consolidated statement of changes in equity as at 30/06/2015

in €k	Subscribed capital	Capital reserves	Retained earnings	Translation reserve	Gains (losses) rec. in equity acc. to IAS 39	Actuarial gains (losses) acc. to IAS 19	Associated companies	Equity after minorities	Minorities	Additional capital components	Equity
as at 01/01/2014	86,034	194,038	777,319	(543)	17,618	(21,887)	365,432	1,418,011	2,960	0	1,420,971
Consolidated net profit			53,902	(1,945)	5,271		20,213	77,441	(56)		77,385
Net annual profit/(loss)			53,902				19,784	73,686	(56)		73,630
Other comprehensive income				(1,945)	5,271		429	3,755			3,755
Dividend distribution			(14,372)					(14,372)			(14,372)
Capital increase											
Issuance of additional capital components											
Reacquired own shares	(307)	(767)						(1,074)			(1,074)
Unrealised gains and losses not recognised in the income statement							6,350	6,350			6,350
as at 30/06/2014	85,727	193,271	816,849	(2,488)	22,889	(21,887)	391,995	1,486,356	2,904	0	1,489,260
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			61,813	132	13,765		12,594	88,304	38		88,342
Net annual profit/(loss)			61,813				21,863	83,676	38		83,714
Other comprehensive				132	13,765		(9,269)	4,628			4,628
Dividend distribution			(15,822)					(15,822)			(15,822)
Capital increase	5,757	85,256						91,013			91,013
Issuance of additional capital components										50,000	50,000
Reacquired own shares	163	385						548			548
Unrealised gains and losses not recognised in the income statement			131				9,121	9,252	1,210		10,462
as at 30/06/2015	91,844	279,233	902,164	(2,447)	41,095	(44,688)	436,933	1,704,134	4,486	50,000	1,758,620

Consolidated statement of cash flows	01/01/- 30/06/2015	01/01/- 30/06/2014
Profit for the year	83,676	73,616
Non-cash positions in profit for the year and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	16,217	15,169
Change in provisions for staff benefits and other provisions for liabilities	1,586	(1,042)
Change in other non-cash items	(34,297)	(21,407)
Gains and losses on financial investments, property, plant and equipment and intangible assets	(287)	489
Subtotal	66,895	66,825
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Loans and advances to credit institutions	347,822	242,165
- Loans and advances to customers	(443,736)	(380,719)
- Trading assets	6,793	(7,980)
- Other current assets	(927)	(4,234)
- Other assets arising from operating activities	1,114	27,443
- Amounts owed to credit institutions	(68,269)	379,546
- Amounts owed to customers	103,745	(626,910)
- Securitised liabilities	(62,326)	7,040
- Other liabilities arising from operating activities	(1,594)	20,908
Net cash from operating activities	(50,483)	(275,916)
Proceeds from sales of		
- Financial investments	111,245	430,351
- Property, plant and equipment and intangible assets	2,248	1,767
Outlay on purchases of		
- Financial investments	(139,054)	(99,498)
- Property, plant and equipment and intangible assets	(10,511)	(33,045)
Net cash from (used in) investing activities	(36,072)	299,575
Capital increase/issuance of additional capital components	141,012	0
Dividend payments/distribution of additional capital components	(15,822)	(14,372)
Subordinated liabilities and other financing activities	(51,891)	24,025
Net cash from (used in) financing activities	73,299	9,653
Cash and cash equivalents at the end of previous period	147,009	174,599
Net cash from (used in) operating activities	(50,483)	(275,916)
Net cash from (used in) investing activities	(36,072)	299,575
Net cash from (used in) financing activities	73,299	9,653
Effects of changes in the scope of consolidation and revaluation	0	0
Effects of foreign exchange rate changes	0	0
Cash and cash equivalents at the end of the period	133,753	207,911
Interest received	201,911	224,325
Dividend received	12,817	12,673
Interest paid	(58,470)	(97,794)
Income taxes paid	(13,092)	(12,711)

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 in accounting policies in 2015

This Interim Report of Oberbank AG has been drawn up using the same recognition and measurement policies applied as at 31 December 2014.

This applies with the exception of standards and interpretations applicable for periods beginning on or after 1 January 2015. The list given below shows only those standards and interpretations that are of relevance with regard to the business activity of Oberbank.

Application of the following standards and interpretations as amended has become mandatory from January 2015.

- Amendments to IAS 19, Employee Benefits - Defined Benefit Plans – Employee Contributions
- Annual improvements to the International Financial Reporting Standards (Cycle 2010-2012)
- Annual improvements to the International Financial Reporting Standards (Cycle 2011-2013)

Scope of consolidation of Oberbank

In addition to Oberbank AG, the scope of consolidation as at 30 June 2015 included 29 Austrian and 23 foreign subsidiaries. Compared to 31 December 2014, the consolidated group changed owing to the first-time inclusion of the following companies:

Oberbank Kfz-Leasing GmbH, Linz	Share in %	100%
Oberbank Unterpremstätten Immobilienleasing GmbH, Linz	Share in %	100%
Oberbank Leasing Palamon s.r.o.	Share in %	100%

A capital increase was carried out in the second quarter of 2015. Oberbank AG issued a total of 1,918,875 new ordinary no-par value shares at the issue price of EUR 47.43 per new share. The agio amounting to EUR 85,255,616.25 was allocated to the tied-up capital reserve. Additionally, Oberbank issued an Additional Tier 1 capital bond in a volume of EUR 30 million.

Details of the income statement in €k

	01/01/- 30/06/2015	01/01/- 30/06/2014
1) Net interest income		
Interest income from		
Credit and money market business	162,925	172,036
Shares and other variable-yield securities	2,586	2,858
Other equity investments	749	768
Subsidiaries	1,716	1,692
Fixed-interest securities and bonds	39,405	39,579
Interest and similar income	207,381	216,933
Interest expenses on		
Deposits	(34,845)	(45,991)
Securitised liabilities	(13,803)	(16,083)
Subordinated liabilities	(9,599)	(9,530)
Interest and similar expenses	(58,247)	(71,604)
Income from entities accounted for using the equity method	29,629	27,145
Net interest income	178,763	172,474

	01/01/- 30/06/2015	01/01/- 30/06/2014
2) Charges for losses on loans and advances		
Allocated to loan loss provisions	52,753	57,350
Direct write-offs	628	1,307
Reversals of loan loss provisions	(25,126)	(22,099)
Recoveries of written-off receivables	(925)	(741)
Charges for losses on loans and advances	27,330	35,817

	01/01/- 30/06/2015	01/01/- 30/06/2014
3) Net commission income		
Payment services	22,319	21,734
Securities business	23,728	18,815
Foreign exchange, foreign bank note and precious metals business	6,458	4,923
Credit operations	13,507	12,418
Other service and advisory business	1,955	1,611
Net commission income	67,967	59,501

	01/01/- 30/06/2015	01/01/- 30/06/2014
4) Net trading income		
Gains (losses) on interest rate contracts	1,152	695
Gains (losses) on foreign exchange, foreign bank note and numismatic business	5,496	1,666
Gains (losses) on derivatives	(519)	(443)
Net trading income	6,129	1,918

	01/01/- 30/06/2015	01/01/- 30/06/2014
5) Administrative expenses		
Staff costs	73,068	70,446
Other administrative expenses	41,293	39,870
Write-offs and valuation allowances	6,098	6,088
Administrative expenses	120,459	116,404

	01/01/- 30/06/2015	01/01/- 30/06/2014
6) Other operating profit		
a) Net income from financial assets – FV/PL	260	7,900
b) Net income from financial assets – AfS	(2,437)	(666)
c) Net income from financial assets – HtM	243	(498)
d) Other operating income	(7,182)	(1,229)
thereof stability fee	(7,167)	(6,034)
Thereof from operating leases	824	1,158
Thereof financial transaction tax	(734)	(673)
Other operating income net of other operating expenses	(9,116)	5,507

	01/01/- 30/06/2015	01/01/- 30/06/2014
7) Income taxes		
Current income tax expense	16,193	16,733
Deferred income tax expenses (income)	(3,953)	(3,183)
Income taxes	12,240	13,550

	01/01/- 30/06/2015	01/01/- 30/06/2014
8) Earnings per share in €		
Number of shares as at 30/06/	30,702,000	28,783,125
Average number of shares in issue	29,382,244	28,746,900
Consolidated profit of the year after tax	83,714	73,629
Earnings per share in €	2.85	2.56
Annualised values	5.70	5.12

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.

	30/06/2015	31/12/2014
9) Cash and balances at central banks		
Cash in hand	65,281	76,198
Credit balances with central banks of issue	68,472	70,811
Cash and balances at central banks	133,753	147,009

	30/06/2015	31/12/2014
10) Loans and advances to credit institutions		
Loans and advances to Austrian credit institutions	631,595	713,069
Loans and advances to foreign credit institutions	501,065	747,919
Loans and advances to credit institutions	1,132,660	1,460,988

	30/06/2015	31/12/2014
11) Loans and advances to customers		
Loans and advances to Austrian customers	7,707,982	7,596,160
Loans and advances to foreign customers	5,019,003	4,680,078
Loans and advances to customers	12,726,985	12,276,238

	30/06/2015	31/12/2014
12) Impairment provisions		
Impairment provisions for banks	0	0
Impairment provisions for customers	489,740	474,407
Impairment provisions for other assets	0	3
Impairment provisions	489,740	474,410

13) Trading assets	30/06/2015	31/12/2014
Bonds and other fixed-interest securities		
Listed	565	628
Stocks and other variable-yield securities		
Listed	1,029	770
Positive fair values of derivative financial instruments		
Currency contracts	4,873	4,662
Interest rate contracts	44,614	50,582
Other contracts	0	7
Trading assets	51,081	56,649
14) Financial investments	30/06/2015	31/12/2014
Bonds and other fixed-interest securities	2,541,376	2,485,714
Stocks and other variable-yield securities	298,731	277,127
Equity investments/shares		
In subsidiaries	133,585	134,995
In entities accounted for using the equity method		
Banks	285,302	276,100
Non-banks	367,712	355,199
Other equity investments		
Banks	13,434	13,434
Non-banks	113,242	107,818
Financial investments	3,753,382	3,650,387
a) Financial assets – FV/PL	244,543	241,238
b) Financial assets – AfS	752,409	726,363
c) Financial assets – HtM	2,103,416	2,051,487
d) Interest in entities accounted for using the equity method	653,014	631,299
Financial investments	3,753,382	3,650,387
15) Intangible assets	30/06/2015	31/12/2014
Other intangible assets	825	950
Customer base	586	608
Intangible assets	1,411	1,558
16) Property, plant and equipment	30/06/2015	31/12/2014
Investment property	100,979	101,568
Land and buildings	65,662	53,500
Business equipment and furnishings	75,138	74,852
Other property, plant and equipment	8,772	24,723
Property, plant and equipment	250,551	254,643
17) Other assets	30/06/2015	31/12/2014
Deferred tax assets	64,032	64,138
Other items	181,195	131,786
Positive fair values of derivatives in the banking book	181,558	202,066
Other deferrals	4,082	3,834
Other assets	430,867	401,824

18) Amounts owed to credit institutions	30/06/2015	31/12/2014
Amounts owed to Austrian banks	1,966,741	1,963,611
Amounts owed to foreign banks	1,226,244	1,288,779
Amounts owed to credit institutions	3,192,985	3,252,390
19) Amounts owed to customers	30/06/2015	31/12/2014
Savings deposits	3,009,793	3,098,547
Other	7,089,884	6,895,061
Amounts owed to customers	10,099,677	9,993,608
20) Securitised liabilities	30/06/2015	31/12/2014
Issued bonds	1,508,573	1,559,330
Other securitised liabilities	21,142	21,312
Securitised liabilities	1,529,715	1,580,642
21) Provisions for liabilities and charges	30/06/2015	31/12/2014
Provisions for termination benefits and pensions	234,895	235,942
Provisions for anniversary bonuses	10,718	10,533
Loan loss provisions	84,310	81,264
Other items	54,675	55,273
Provisions for liabilities and charges	384,598	383,012
22) Other liabilities	30/06/2015	31/12/2014
Trading liabilities	50,968	55,372
Tax liabilities	23,632	8,752
Current tax liabilities	19,280	4,918
Deferred tax liabilities *	4,352	3,834
Other obligations	197,812	162,684
Negative market values from closed derivatives positions in the banking book	38,649	43,459
Deferred items	47,228	46,514
Other liabilities	358,289	316,781
Other liabilities (trading liabilities)	30/06/2015	31/12/2014
Currency contracts	4,687	4,643
Interest rate contracts	44,954	50,725
Other contracts	1,327	4
Trading liabilities	50,968	55,372
23) Subordinated debt capital	30/06/2015	31/12/2014
Issued subordinated bonds incl. supplementary capital	586,156	614,662
Hybrid capital	80,910	79,303
Additional Tier 1 capital	0	20,411
Subordinated debt capital	667,066	714,376
24 Equity	30/06/2015	31/12/2014
Subscribed capital	91,844	85,924
Capital reserves	279,233	193,592
Retained earnings (including net profit)	1,312,481	1,230,747
Untaxed reserves	18,704	18,704
Negative goodwill	1,872	1,872
Minorities	50,000	0
Equity	4,486	3,238
Subscribed capital	1,758,620	1,534,077

25) Contingent liabilities and commitments	30/06/2015	31/12/2014
Other contingent liabilities (guarantees and letters of credit)	1,292,948	1,302,042
Contingent liabilities	1,292,948	1,302,042
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	2,794,184	2,727,707
Commitments	2,794,184	2,727,707

26) Segment report	Personal	Corporate	Financial Markets	Other	Total
Net interest income	28,352	121,715	28,696	0	178,763
Charges for losses on loans and advances	(1,762)	(26,945)	1,377	0	(27,330)
Net commission income	34,366	33,609	(8)	0	67,967
Net trading income	0	25	6,104	0	6,129
Administrative expenses	(43,113)	(62,046)	(3,384)	(11,916)	(120,459)
Other operating profit	(1,678)	560	(8,767)	769	(9,116)
Extraordinary profit	0	0	0	0	0
Profit for the period before tax	16,166	66,918	24,018	(11,147)	95,954
Average risk-weighted assets	1,306,244	8,104,310	4,102,540	0	13,513,094
Average allocated equity	156,443	970,618	491,343	0	1,618,404
Return on equity	20.7%	13.8%	9.8%		11.9%
Cost/income ratio	70.6%	39.8%	13.0%		49.4%

27) Human resources	30/06/2015	31/12/2014
Salaried	2,026	2,004
Blue-collar	14	17
Total resources	2,040	2,021

28) Regulatory capital pursuant to Part 2 of Reg. (EU) No. 575/2013	30/06/2015	31/12/2014	30/06/2014
Amounts in €k			
Subscribed capital	89,406	84,549	84,549
Capital reserves	280,002	194,746	194,746
Retained earnings	1,292,567	1,248,435	960,004
Minority interests	0	0	0
Accumulated other comprehensive income	(15,565)	(13,078)	0
Regulatory adjustment items	(35,706)	(40,778)	(167)
Deductions from common equity Tier 1 capital items	(160,671)	(166,989)	(13,931)
Hard core capital	1,450,033	1,306,885	1,225,201
AT1 capital instruments	50,000	20,000	0
AT1 capital instruments purs. to national implementation rules	55,300	63,200	63,200
Deductions from AT 1 capital items	(24,532)	(4,892)	(4,892)
Additional Tier 1 capital	80,768	78,308	58,308
TIER 1 CAPITAL	1,530,801	1,385,193	1,283,509
Qualifying supplementary capital instruments	370,656	409,195	437,037
Nominal capital preference shares pursuant to transition rules	2,700	1,800	1,800
AT1 capital instruments pursuant to transition rules	23,700	15,800	15,800
Supplementary capital items purs. to national implementation rules	57,349	76,306	128,808
General credit risk adjustments	0	0	8,000
Deductions from supplementary capital items	(4,672)	(13,893)	(22,035)
Supplementary capital	449,733	489,208	569,410
TOTAL CAPITAL	1,980,534	1,874,401	1,852,919
Total risk exposure amounts pursuant to Art. 92 CRR			
Credit risk	11,063,835	10,982,467	10,886,275
Market risk, settlement risk and CVA risk	62,817	62,476	16,105
Operational risk	890,231	890,231	846,414
Total exposure	12,016,883	11,935,174	11,748,794
Capital ratios pursuant to Art. 92 CRR			
Common equity Tier 1 capital ratio	12.07%	10.95%	10.43%
Core Tier 1 capital ratio	12.74%	11.61%	10.92%
Total capital ratio	16.48%	15.70%	15.77%
Regulatory capital ratio requirement purs. transition rules in %			
Common equity Tier 1 capital ratio	4.50%	4.00%	4.00%
Core Tier 1 capital ratio	6.00%	5.50%	5.50%
Total capital ratio	8.00%	8.00%	8.00%
Regulatory capital requirement purs. transition rules €k			
Common equity Tier 1 capital	540,760	477,407	469,952
Core Tier 1 capital	721,013	656,435	646,184
Total capital	961,351	954,814	939,904
Free capital components			
Common equity Tier 1 capital	909,273	829,478	755,249
Core Tier 1 capital	809,788	728,758	637,325
Total capital	1,019,183	919,587	913,015

29) Fair value of financial instruments as at 30/06/2015 in €k

	HtM	FV/PL	HFT	AfS	L&R/ liabilities	Others	Total
Cash and balances at central banks						133,753	133,753
						133,753	133,753
Loans and advances to credit institutions					1,132,660		1,132,660
					1,132,784		1,132,784
Loans and advances to customers	43,755	80,941		99,464	12,502,825		12,726,985
	44,169	80,941		99,464	12,580,558		12,805,132
Impairment provisions					(489,740)		(489,740)
					(489,740)		(489,740)
Trading assets			51,081				51,081
			51,081				51,081
Financial investments	2,103,416	244,543		616,644		788,779	3,753,382
	2,288,262	244,543		616,644			
Intangible assets						1,411	1,411
Property, plant and equipment						250,551	250,551
Other assets			181,558			249,309	430,867
			181,558				
Of which closed derivatives positions in the banking book			181,558				181,558
			181,558				181,558
Total assets	2,147,171	325,484	232,639	716,108	13,145,745	1,423,803	17,990,950
	2,332,431	325,484	232,639	716,108	13,223,602		
Amounts owed to credit institutions		88,023			3,104,962		3,192,985
		88,023			3,141,484		3,229,507
Amounts owed to customers		396,117			9,703,560		10,099,677
		396,117			9,711,316		10,107,433
Securitised liabilities		451,265			1,078,450		1,529,715
		451,265			1,082,612		1,533,877
Provisions for liabilities and charges						384,598	384,598
Other liabilities			89,617			268,672	358,289
			89,617				
Of which closed out derivatives positions in the banking book			38,649				38,649
			38,649				38,649
Subordinated debt capital		460,365			206,701		667,066
		460,365			210,945		671,310
Capital						1,758,620	1,758,620
Total equity and liabilities	-	1,395,770	89,617	-	14,093,673	2,411,890	17,990,950
	-	1,395,770	89,617	-	14,146,357		

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

Presentation of the fair value hierarchy for financial instruments as at 30/06/2015										
	HtM BV	FV/PL BV	HFT BV	AfS BV	L&R/ liabilities Book value	Other BV	Total Book value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial assets carried at fair value in €k										
Loans and advances to customers	0	80,941	0	99,464	0	0	180,405	0	99,464	80,941
Trading assets	0	0	51,081	0	0	0	51,081	1,430	49,651	0
Financial assets – FV/PL	0	244,543	0	0	0	0	244,543	53,695	190,848	0
Financial assets – AfS	0	0	0	616,644	0	0	616,644	476,232	56,509	83,903 ¹⁾
Other assets	0	0	181,558	0	0	0	181,558	0	181,558	0
Of which closed derivatives positions in the banking book	0	0	181,558	0	0	0	181,558	0	181,558	0
Financial assets not carried at fair value										
Loans and advances to credit institutions	0	0	0	0	1,132,660	0	1,132,660	0	0	1,132,784
Loans and advances to customers	43,755	0	0	0	12,502,825	0	12,546,580	0	44,169	12,580,558
Financial assets – HtM	2,103,416	0	0	0	0	0	2,103,416	2,205,679	82,583	0
Financial liabilities carried at fair value										
Amounts owed to credit institutions	0	88,023	0	0	0	0	88,023	0	0	88,023
Amounts owed to customers	0	396,117	0	0	0	0	396,117	0	0	396,117
Securitised liabilities	0	451,265	0	0	0	0	451,265	0	451,265	0
Other liabilities	0	0	89,617	0	0	0	89,617	0	89,617	0
Of which closed derivatives positions in the banking book	0	0	38,649	0	0	0	38,649	0	38,649	0
Subordinated debt capital	0	460,365	0	0	0	0	460,365	0	460,365	0

Presentation of the fair value hierarchy for financial instruments as at 30/06/2015

	HtM BV	FV/PL BV	HFT BV	AfS BV	L&R/ liabilities Book value	Other BV	Total Book value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial liabilities not carried at fair value										
Liabilities to credit institutions	0	0	0	0	3,104,962	0	3,104,962	0	0	3,141,484
Liabilities to customers	0	0	0	0	9,703,560	0	9,703,560	0	0	9,711,316
Securitised liabilities	0	0	0	0	1,078,450	0	1,078,450	0	1,082,612	0
Other liabilities	0	0	0	0	0	0	0	0	0	0
Subordinated debt capital	0	0	0	0	206,701	0	206,701	0	210,945	0

¹⁾ This item is made up of equity investments the market value of which was measured using the Discounted Cash Flow Entity Method and/or mixed methods (Multiples Method in combination with the Discounted Cash Flow Method).

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

All fair value measurements are regularly performed measurements. There was no one-off fair value measurement in the reporting period.

Valuation method

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

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 in 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 quoted prices obtained in active markets. These instruments comprise listed securities and derivative instruments.

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

Measurements are made using 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 option price 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-adjusted risk-free rate is determined for discounting purposes (CVA). The CVA is determined using expected-loss-based internal probabilities of default. The fair values of non-listed securities are also taken over from the GEOS system.

The fair value of investment fund units is taken over from the fund management companies. The present value method (discounted cash flow method) is used to calculate the fair value of securitised liabilities and subordinated capital; the cash flow of Oberbank issues is 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 foreign exchange rates used are the reference rates published by the ECB.

For these financial instruments, no risk premiums in line with credit ratings are observable on the market.

Changes in the fair value hierarchy or classification take place whenever there is any change in the quality of the parameters used in the valuation method. 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 135,765 are recognised at cost. There is no active market for these instruments, which are not intended to be sold by Oberbank.

The following table shows the movements 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 period in €k:

Movements in the reporting period in €k:

Carrying value as at 01/01/2015	83,903
Additions (purchases)	0
Disposals (sales)	0
Impairment (recognised in income)	0
Carrying value as at 30/06/2015	83,903

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

Realised gains	0
Impairment in the reporting period	0

0

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

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

<u>Movements in the reporting period:</u>			
	Loans and advances to customers	Amounts owed to credit institutions	Amounts owed to customers
Carrying value as at 01/01/2015	84,297	89,575	412,563
Additions	0	0	0
Disposals	(2,251)	0	(3,000)
Change in fair value	(1,105)	(1,552)	(13,446)
Of which disposals	(170)	0	(559)
Of which portfolio instruments	(935)	(1,552)	(12,887)
Carrying value as at 30/06/2015	80,941	88,023	396,117

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

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

The Management Board confirms that

- the present condensed Interim Report to the Shareholders of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC) and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the Oberbank Group.
- these consolidated interim financial statements cover the first half of 2015 (1 January 2014 to 30 June 2015) 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 2015, major transactions with individuals and companies considered to be related parties amounted to:

- associated companies €k 0
- subsidiaries €k 0
- other related parties €k 0

Linz, 22 May 2015

The Management Board

Franz Gasselsberger, Chairman

Josef Weiszl

Florian Hagenauer

Notes

This report contains forward-looking statements relating to the future performance of Oberbank AG. These statements reflect estimates which have been made on the basis of all information available to us on the reporting date. Should the assumptions underlying such forward-looking statements prove incorrect, or should risks materialise to an extent not anticipated, actual results may vary from those expected at present. Market share data are based on the most recent information available at the editorial close of this report. In adding up rounded figures and calculating percentage rates of changes, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded off.

Financial calendar 2015

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

22 May 2015 Quarterly results for Q1 2015

21 August 2015 Quarterly results for Q1-Q2 2015

27 November 2015 Quarterly results for Q1-Q3 2015

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

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3 Banken Group at a Glance

	Oberbank		BKS Bank		BTV	
Income statement in €m	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
Net interest income	178.8	172.5	79.5	78.3	87.7	91.5
Charges for losses on loans and	(27.3)	(35.8)	(12.3)	(27.9)	(4.4)	(17.3)
Net commission income	68.0	59.5	26.9	23.0	25.9	21.7
Administrative expenses	(120.5)	(116.4)	(53.0)	(52.0)	(77.6)	(76.0)
Other operating profit (expenses)	(9.1)	5.5	(3.6)	(0.9)	30.3	31.3
Profit for the period before tax	96.0	87.2	41.2	24.0	67.2	51.4
Consolidated net profit for the period	83.7	73.6	31.7	20.7	55.3	42.3

Balance sheet in €m	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Assets	17,991,0	17,774,9	6,930,8	6,854,6	9,811,4	9,597,7
Loans and advances to customers after charges for losses on loans+advances	12,237,2	11,801,8	4,921,2	4,815,8	6,506,0	6,187,2
Primary funds	12,296,5	12,288,6	5,090,6	5,013,0	6,942,4	6,918,6
of which savings deposits	3,009,8	3,098,5	1,690,8	1,705,5	1,195,1	1,176,3
of which securitised liabilities incl. subordinated capital	2,196,8	2,295,0	784,9	789,1	1,425,7	1,391,5
Equity	1,758,6	1,534,1	820,1	795,8	1,038,2	1,004,4
Customer funds under management	24,838,9	23,441,9	13,357,7	12,972,0	12,618,5	12,155,5
of which in cust. security accounts	12,542,4	11,153,3	8,267,1	7,959,0	5,676,1	5,236,8

Capital resources CRR in €m	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Assessment basis	12,016,9	11,935,2	4,919,3	4,846,6	6,343,5	6,212,8
Capital	1,980,5	1,874,4	528,4	580,9	895,1	930,1
of which CET1	1,450,0	1,306,9	509,4	543,7	822,6	796,1
of which total capital CET1 + AT1	1,530,8	1,385,2	509,4	543,7	822,6	796,1
Common equity Tier 1 ratio in %	12,07	10,95	10,36	11,22	12,97	12,81
Tier 1 capital ratio in %	12,74	11,61	10,36	11,22	12,97	12,81
Total capital ratio in %	16,48	15,70	10,74	11,99	14,11	14,97

Performance in %	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Return on equity before tax	11.86	10.68	7.53	7.22	13.27	9.27
Return on equity after tax	10.35	9.25	6.15	6.51	10.92	7.86
Cost/income ratio	49.42	50.14	51.11	51.92	52.57	54.38
Risk/earnings ratio (credit risk in % of net interest income)	15.29	20.92	15.45	31.47	4.97	15.93

Resources	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Average number of staff (weighted)	.	2,004	924	915	1,328	1,195
Branches	153	156	59	57	36	38