

Oberbank. Not like any other bank.

Interim Report to Shareholders as at 30 September 2015



Oberbank at a Glance

Income statement in €m	Q1-3 2015	Change	Q1-3 2014
Net interest income	283.5	7.9%	262.6
Charges for losses on loans and advances	(33.7)	37.0%	(53.5)
Net commission income	99.7	13.7%	87.7
Administrative expenses	(181.8)	(3.4%)	(175.0)
Profit for the period before tax	146.6	16.0%	126.3
Consolidated net profit for the period	125.9	17.2%	107.4
Balance sheet in €m	30/09/2015	Change	30/12/2014
Assets	18,272.7	2.8%	17,774.9
Loans and advances to customers	12,730.3	3.7%	12,276.2
Primary funds	12,296.0	0.1%	12,288.6
of which savings deposits	2,963.0	(4.4%)	3,098.5
of which securitised liabilities including subordinated capital	2,185.8	(4.8%)	2,295.0
Equity	1,799.8	17.3%	1,534.1
Customer funds under management	24,621.9	5.0%	23,441.9
Capital resources CRR in €m	30/09/2015	Change	30/12/2014
Core capital (CET1)	1,463.1	12.0%	1,306.9
Total core capital (CET1+AT1)	1,536.8	10.4%	1,385.2
Own funds	1,972.9	5.2%	1,874.4
Common equity Tier 1 capital ratio	12.17%	1.22 ppt	10.95%
Tier 1 capital ratio	12.79%	1.18 ppt	11.61%
Total capital ratio	16.41%	0.71 ppt	15.70%
Performance	Q1-3 2015	Change	Q1-3 2014
Return on equity before tax	11.77%	0.27 ppt	11.50%
Return on equity after tax	10.11%	0.34 ppt	9.77%
Cost/income ratio	50.21%	0.9 ppt	49.31%
Risk/earnings ratio (credit risk in % of net interest income)	11.89%	8.49 ppt	20.38%
Resources	30/09/2015	Change	30/12/2014
Average number of staff (weighted)	2,025	21	2,004
Number of branches	154	(2)	156

The Oberbank Group in the first three quarters of 2015

Dear Readers,

Oberbank produced another excellent performance in the first three quarters of 2015.

Stand-out events this year were the two extremely successful capital increases.

Within the framework of two capital increases in April and September of this year we floated 3.5 million new ordinary shares, raising EUR 165 million of new capital. The free float of the Bank's shares thus rose considerably, and our Tier 1 capital ratio will prospectively rise to more than 13% by the end of 2015.

This means that our autonomy and independence are more soundly based than ever before.

This is a particularly valuable asset in times like these as it enables us to take all our decisions in the best interest of our customers, employees and shareholders. This aspect of independence is one of the key factors in our success.

Another period of very good performance

- **Double-digit increase in profit before tax (EUR 146.6 million / + 16.0%) and after tax (EUR 125.9 million / + 17.2%)**
- **Interest-earning operations and services business both posted growth**

Although the bar was set high after the excellent result achieved in the comparable period of 2014, we again boosted our operating performance year on year in the first three quarters of 2015. Our pre-tax profit improved by 16.0% to EUR 146.6 million, and our net profit for the period increased by as much as 17.2% to EUR 125.9 million.

Net interest income widened by 7.9% to EUR 283.5 million year on year.

At EUR 224.6 million, interest income from operating activities was 2.1% higher than in the first three quarters of 2014, as the lending volume more than offset the impact of lower interest rates. At EUR 58.9 million, income from equity investments topped the previous year's figure by the remarkable rate of 38.5% thanks to higher surpluses generated by associated companies.

Propelled primarily by all the different lines of the services business, net commission income widened by 13.7% to EUR 99.7 million. The securities business boosted commission income by the outstanding rate of 22%.

Growth in lending and customer assets under management

- **3.9% growth in lending volume to EUR 12.7 billion**
- **EUR 24.6 billion (+ 6.2%) in customer assets under management**

Credit demand continued to be weak throughout the Austrian market; by mid-year, the lending volume had generally declined slightly, dropping by about 1%.

In this environment, Oberbank boosted its lending volume by 3.9% to EUR 12,730.3 million, a development shored up by both lending to corporate customers (+2.4% to EUR 10.1 billion) and to private individuals (+10.4% to EUR 2.6 billion).

As regards customer assets entrusted to us for management, we again benefitted from our excellent creditworthiness. At EUR 12.3 billion (+1.8%), primary deposits at Oberbank are still at an outstandingly high level; including funds in customers' securities deposits, the total volume of customer assets under management increased by 6.2% to EUR 24.6 billion.

Credit risk remains favourable

Credit risk has developed along excellent lines despite substantial lending growth. From the beginning of 2015 we allocated EUR 33.7 million to provisions for losses on loans and advances, which corresponds to a decline of 37% or EUR 20 million as compared to the same period of the previous year.

Excellent development of all performance indicators

Thanks to the Bank's excellent earnings development we improved the return on equity from 11.50% to 11.77% before tax, and from 9.77% to 10.11% after tax.

As of 30 September 2015 the cost/income ratio was at the outstanding level of 50.2%. The Bank's productivity was hence clearly better than the Austrian overall average, which at last count was at about 60%. Quite contrary to the general trend, therefore, we are not challenged by issues such as branch closures and staff reductions for reasons of cost.

The total capital ratio as at 30 September stood at 16.41% and the Tier 1 capital ratio at 12.79%; the September capital increase has not yet been taken into account in these figures. Both these ratios substantially exceeded the statutory minimum ratios of 8.0% and 5.5% respectively.

Oberbank enjoys an excellent reputation

The success of this year's capital increases and the steady inflow of customer funds evidence the excellent reputation our Bank enjoys in the market. This reputation is further corroborated by awards we continue to receive, the most recent being that of best bank in Upper Austria and second best Austria-wide for our credit advisory services (based on a survey by the business magazine FORMAT).

This is especially important in an environment that is extremely challenging for banks, and one in which customers, more than ever, set great store by a stable, profitable and reliable banking partner.

A handwritten signature in black ink, reading "Franz Gasselsberger". The signature is written in a cursive, flowing style with a large initial 'F'.

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 52.325 in the third quarter of 2015. The price trend of Oberbank's ordinary shares hence reflects the excellent business performance of Oberbank.

Oberbank stock – key figures	Q1-3 2015	Q1-3 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 €	52.325/38.20	50.20/38.11
Low (ordinary/preference share) in €	49.962/37.55	48.45/37.00
Close (ordinary/preference share) in €	51.34/37.80	50.20/37.70
Market capitalisation in €m	1,535.62	1,407.4
IFRS earnings per share in €, annualised	5.63	4.98
P/E ratio (ordinary share)	9.12	10.08
P/E ratio (preference share)	6.71	7.57

Oberbank ordinary and preference shares compared with the ATX

Price development in per cent



Source: Bloomberg, data as of 30/09/2015

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 Three Quarters of 2015

Corporate and Business Banking Segment

Corporate and Business Banking in €m	Q1-3 2015	Q1-3 2014	+ / - absolute	+ / - in %
Net interest income	183.5	177.6	5.9	3.3%
Charges for losses on loans and advances	(27.8)	(34.4)	6.5	(19.1%)
Net commission income	50.7	46.0	4.7	10.2%
Net trading income	0.5	0.1	0.4	740.3%
Administrative expenses	(94.1)	(89.6)	(4.5)	5.0%
Other operating profit	1.4	(4.4)	5.8	(132.3%)
Extraordinary profit/loss	0.0	0.0	0.0	
Profit for the period before tax	114.1	95.3	18.8	19.7%
Risk equivalent	8,070.4	8,384.7	(314.3)	(3.7%)
Average allocated equity	986.1	915.9	70.2	7.7%
Return on equity before tax (RoE)	15.4%	13.9%	1.5%	
Cost/income ratio	39.9%	40.9%	(1.0%)	

Earnings development in Corporate and Business Banking

In the Corporate and Business Banking segment the profit for the period increased by EUR 18.8 million or 19.7% to EUR 114.1 million.

Net interest income rose by 3.3% or EUR 5.9 million to EUR 183.5 million.

Charges for losses on loans and advances declined by EUR 6.5 million or 19.1% to EUR 27.8 million.

At EUR 50.7 million, net commission income topped the previous year's level by EUR 4.7 million or 10.2%.

Administrative expenses widened by EUR 4.5 million or 5.0% to EUR 94.1 million.

Other operating profit increased by EUR 5.8 million to EUR 1.4 million.

The return on equity in Corporate and Business Banking increased by 1.5 percentage points from 13.9% to 15.4%; the cost/income ratio improved by 0.1 percentage points from 40.9% to 39.9%.

Commercial lending

The Bank's commercial lending volume increased by a gratifying 2.4% or EUR 233.0 million to EUR 10,097.3 million year on year.

Commercial loans		YoY change	
as at 30/09/2015	as at 30/09/2014	absolute	in %
€ 10,097.3 m	€ 9,864.3 m	€ 233.0 m	2.4%

Subsidised investment an innovation finance

With a total of 751 projects, the number of applications for subsidised loans for investment and innovation projects filed by business customers at the Bank's Austrian branch offices in the first nine months of 2015 was back at the very satisfactory level of previous years. Oberbank, as hitherto, continues to hold an absolutely excellent position among Austrian banks in this field of business. Despite entrepreneurs' somewhat restrained propensity to invest, the investment volume behind these applications for subsidised funding increased substantially, namely by another 70% year on year in the first three quarters of 2015. This trend is also reflected in the development of subsidised loans extended by Oberbank, which, having risen by 8% year on year, amounted to EUR 658 million as at 30 September 2015.

Investment finance		YoY change	
as at 30/09/2015	as at 30/09/2014	absolute	in %
€ 7,014.6 m	€ 6,650.5 m	€ 364.1 m	5.5%

Leasing

New business growth continued to flourish in the third quarter of 2015, with year-on-year growth amounting to 26.2% or a balance of EUR 536.5 million. Growth was driven by vehicle leasing, which widened by the robust rate of 39%, notably sustained by a very positive development in the expansion markets and the Bank's entry into the retail vehicle leasing business in mid-2014, a new line of business that accounts for roughly 55% of the growth. However, with new business almost tripling year on year, property leasing also made an important contribution to new business volume growth.

In regional terms, the distribution of new business across regions remained largely unchanged (with Austria and Germany accounting for two thirds and the Czech Republic, Slovakia and Hungary for one third). Widening by 46%, new business in the Czech Republic showed particularly robust momentum.

Leasing receivables from customers		YoY change	
Balance Leasing Q1-3 2015	Balance Leasing Q1-3 2014	absolute	in %
€ 1,862.6 m	€ 1,642.2 m	€ 220.2 m	13.4%

Structured finance

As in the first half of 2015, demand for structured finance continued at a constantly high level in the third quarter. Demand for project finance was particularly brisk in real estate and tourism. Activities of companies in these segments were at a very high level throughout 2015, reflecting continued attractive financing terms.

Demand for classical investment finance posted further perceptible growth, with companies showing rather little restraint in realising capacity expansion projects or expanding into new markets.

A similar pattern can be observed in demand for receivables management, where the positive development of previous years was resumed in the first three quarters of 2015.

Oberbank Opportunity Fonds

The Oberbank Opportunity Fonds received 92 new applications for financing solutions in the reporting period (as at 30 September 2015), which roughly corresponds to the very high level of the same period in 2014. Five financing/participation projects were successfully concluded in the first nine months 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 49 transactions by providing equity and/or mezzanine capital and funded eight co-financing projects. The fund volume committed amounted to EUR 104.2 million. As at 30 September 2015, equity capital accounted for EUR 25.1 million and mezzanine capital for EUR 23.0 million of the outstanding exposure of EUR 48.1 million.

Syndicated loans and bonded loans

Oberbank was mandated to act as lead arranger for a number of large-volume projects in Austria and Bavaria. The Bank's exposure in the syndicated lending business thus exceeded the volume reported in the same period of the previous year, even though projects declined slightly in terms of number.

Selected note loan issues for Austrian and German issuers also contributed to growth in this business line.

Export and trade finance

The development of Austrian foreign trade was somewhat subdued in the recent past. From 2007 onwards Austria successively lost export shares to the world market, one of the key reasons for this being the constantly growing competition from Asian and Eastern European competitors. However, importers and exporters have also been faced with a number of challenging parameters in the form of sanctions against Russia, Ukraine and Iran as well as weakening economic growth in China. Oberbank nonetheless succeeded in stabilising its market share in the SME-relevant segment of export finance under Export Fund procedures at 11.86%, while its market share in terms of KRR export promotion

loans targeted at large corporates stood at 10.9% at last count. These results secured Oberbank's second and third place in the industry ranking in these segments.

The order situation in documentary business also reflects general market developments. After a sluggish start into the year the business trend improved and is now gradually approaching the previous year's level.

Payment services

The corporate market in this business line is characterised by international centralisation trends and companies' efforts to cut down on processing costs. Ever since the introduction of the Single Euro Payments Area (SEPA) in Europe, Oberbank's corporate customers have increasingly been putting these issues on their agendas. Notwithstanding these market conditions, Oberbank generated solid earnings growth in this business line.

International network of banks and institutions

The banking industry is undergoing a sea change. For reasons of cost and strategic considerations, international banking groups are increasingly retreating from overseas markets and redimensioning their branch networks.

Drivers of this development are not only actual losses from credit risk, but also the lack of growth prospects, low profitability and the threat of penalties for non-compliance with international regulations, especially for breach of sanctions as well as money laundering and anti-terrorism provisions.

Oberbank is facing this challenge supported by a network of global and regional partner banks, striving to meet all the pertinent requirements and needs in order to provide efficient and competent cross-border banking services to customers engaged in the international export and import business.

Particularly 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.

Thanks to its solid foothold, its excellent credit rating and its high acceptance in the international banking industry, Oberbank continues to be in a position to secure the necessary credit line agreements with international banks, longstanding personal contacts being a valuable asset in this context.

Management of interest rate risk and currency risk

As in the first half of the year, Oberbank also saw its customers engaged in brisk trading activity in the third quarter of 2015. Customers' inclination to hedge import and exports deals against currency fluctuations has clearly increased in the recent past, a fact that is also reflected by the number of corresponding transactions. Customer interest focussed on classical hedging solutions such as forward exchange transactions. For experienced entrepreneurs, foreign exchange options were a welcome alternative offering enhanced flexibility.

Direct customer services

Oberbank acquired further new customers for its direct customer services in the third quarter. Customers appreciate this service for the direct and fast access to financial markets it provides. Individually-tailored currency hedging solutions were a key topic in talks with customers.

Customers in this line of business also benefitted from our experts' tried-and-tested support in short-term money market investments.

Personal Banking Segment

Personal Banking in €m	Q1-3 2015	Q1-3 2014	+ / - absolute	+ / - in %
Net interest income	43.4	41.6	1.8	4.3%
Charges for losses on loans and advances	(1.2)	1.9	(3.1)	(163.4%)
Net commission income	49.1	41.7	7.4	17.7%
Administrative expenses	(65.2)	(61.9)	(3.3)	5.3%
Other operating profit/loss	(1.3)	2.0	(3.3)	(165.3%)
Profit for the period before tax	24.8	25.3	(0.5)	(2.2%)
Risk equivalent	1,319.6	1,254.6	65.0	5.2%
Average allocated equity	161.2	137.0	24.2	17.7%
Return on equity before tax	20.5%	24.6%	(4.1%)	
Cost/income ratio	71.5%	72.5%	(1.0%)	

Earnings development in Personal Banking

The pre-tax profit in Personal Banking declined by EUR 0.5 million or 2.2% to EUR 24.8 million.

Net interest income increased by EUR 1.8 million or 4.3% to EUR 43.4 million.

Charges for losses on loans and advances increased by EUR 3.1 million to EUR 1.2 million year on year.

Net commission income increased by EUR 7.4 million or 17.7% to EUR 49.1 million.

Administrative expenses rose by EUR 3.3 million or 5.3% to EUR 65.2 million.

Declining by EUR 3.3 million, the item other operating profit/loss posted a loss of EUR 1.3 million.

The Personal Banking segment's return on equity decreased by 4.1 percentage points from 24.6% to 20.5%; the cost/income ratio improved by 1.0 percentage points from 72.5% to 71.5%.

Personal accounts

Oberbank's portfolio of personal accounts grew by 2,818 accounts to a total of 179,503 in the first nine months of the year. This increase is primarily due to a successful marketing focus in the months July through September 2015.

Number of personal accounts		YoY change	
as at 30/09/2015	as at 30/09/2014	absolute	in %
179,503	177,048	2,455	1.4%

Personal loans

In the first nine months of 2015, the volume of personal loans widened by 10.3% or EUR 246.6 million to EUR 2,632.5 million year on year.

The key driver of this positive development was the Vienna regional division, while other Austrian and foreign regional divisions also generated clearly positive results. Posting 17.5% and 25.5% growth respectively, the foreign markets of Slovakia and the Czech Republic also continued to develop along very favourable lines.

Personal loans		YoY change	
as at 30/09/2015	as at 30/09/2014	absolute	in %
€ 2,632.6 m	€ 2,386.0 m	€ 246.6 m	10.3%

Primary deposits

After ECB chairman Mario Draghi announced the ECB's willingness to open the cashgates even further if required, money market rates resumed their slight downward trend. The three-month Euribor continued to decline, reaching 0.04% by the end of the quarter. Against this background, many customers simply left their monies in current accounts. To a limited extent, assets were shifted to fixed-term investments (such as time deposits) with longer-term maturities of nine to twelve months.

The movements observed in the different categories of deposits mirrored this trend. Sight deposits were a category that generated some growth.

Primary deposits increased by 0.8% year on year.

Savings deposits

Compared with the level on 30 September 2014, the volume of savings deposits declined by 5.4% or EUR 169.9 million to EUR 2,963.0 million. The low level of interest rates leaves very little scope for a more proactive interest rate policy; nevertheless, competition for savings deposits continues to be fierce.

Savings deposits		YoY change	
as at 30/09/2015	as at 30/09/2014	absolute	in %
€ 2,963.0 m	€ 3,132.9 m	(€ 169.9 m)	(5.4%)

Securities business

The first three quarters of 2015 turned out to be a highly rewarding period in this line of business. Commissions earned from securities transactions increased by 22.2% or EUR 6.1 million to EUR 33.7 million and thus exceeded the best level previously achieved in the first three quarters of 2007. September, however, witnessed a perceptible decline as compared to the previous months. This was due to restraint on the part of investors in response to a phase of weakness on the international securities markets that had set in in August. Owing to a downturn in issuing activity on the part of Austrian corporates, investors with a preference for a conservative approach are confronted with a very restricted product range.

As at 30 September 2015, the market value of securities in customer deposits had increased by EUR 1.2 billion or 11.0% to EUR 12.5 billion year on year. This value corresponds to a slight decrease compared to the level observed as at 30 June 2015, which was due to the pronounced weakness on equity markets towards the end of the third quarter.

Oberbank bond issues

The persistently low level of interest rates clearly dampened demand for long-term bonds. Oberbank nonetheless issued a total volume of EUR 257.8 million. This volume includes EUR 30.0 million for an Additional Tier 1 bond as well as a subordinated bond issue with a value of EUR 13.5 million.

Private Banking

The volume of assets under management in Oberbank's Private Banking unit increased by EUR 236.0 million or 4.7% to EUR 5.2 billion year on year. The previously established growth trend thus continued, but fell short of the high level reported in June owing to the negative trend on the securities markets.

As of 30 September 2015, the volume of assets under management in the Bank's IPM (individual portfolio management) unit increased by 21.6% from EUR 360.9 million to EUR 438.7 million year on year. The inflow of new mandates continued in the third quarter. The Oberbank asset management team reported an invested volume of EUR 97.6 million, which corresponds to an increase of EUR 47.0 million as compared to the end of the third quarter of 2014.

The performance of the products in which the management invested declined perceptibly in the third quarter; equity ratios, however, were relatively low. Price losses were somewhat cushioned by the absence of commodity investments and Emerging Markets equities. Positions in Emerging Markets bonds were denominated in EUR, preventing negative impacts owing to turbulence on the currency markets.

3 Banken Generali

In the first nine months of 2015, 3 Banken-Generali Investment-Gesellschaft continued on the favourable growth trajectory observed in the past few years. The volume of funds managed by the company increased by EUR 663 million or 8.7% to EUR 8.3 billion. The company thus again clearly outperformed the Austrian market in general (+1.1%).

The retail funds business received a healthy stimulus from new money inflows of around EUR 440 million. Investors are showing a clear predilection for asset management funds offering broadly spread investment options or equity strategies with options for temporary hedging of market risks. Funds with defined maturities are also enjoying brisk demand. The 3 Banken Dividenden-Strategie 2021, a newly issued retail fund innovation, reached a volume of EUR 47 million within the four-week subscription period.

Building and loan association savings

Totalling 8,039 contracts, the number of building and loan contracts brokered by Oberbank dropped by 8.9% year on year in the first three quarters 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.

Insurance services

The third quarter of 2015 was a highly challenging period in this line of business. Thanks to a strong first half of the year, Oberbank nevertheless attained its overall production target in insurance policy business.

In Corporate and Business Banking in Austria the Bank increased endowment policy production by 44.3% year on year.

In the retail business, sales of endowment policies with regular premium payments failed to fully offset the decline caused by the discontinuation of the single premium payment option for classical life insurance.

The premium volume in the category of risk insurance policies rose by 17.5% year on year.

The accident insurance and property insurance segments have been showing a particularly rewarding trend.

Insurance contracts – premium volume		YoY change	
as at 30/09/2015	as at 30/09/2014	absolute	in %
€ 58.3 m	€ 76.7 m	(€ 18.4 m)	(23.7%)

Financial Markets Segment

Financial Markets in € m	Q1-3 2015	Q1-3 2014	+ / - absolute	+ / - in %
Net interest income	56.6	43.4	13.2	30.4%
Charges for losses on loans and advances	(4.7)	(21.0)	16.3	(77.6%)
Net commission income	0.0	0.0	0.0	
Net trading income	8.9	3.0	5.9	192.9%
Administrative expenses	(4.9)	(4.4)	(0.5)	11.2%
Other operating profit/loss	(17.3)	(3.4)	(13.9)	409.1%
Profit for the period before tax	38.6	17.6	21.0	119.4%
Risk equivalent	4,199.6	3,775.8	423.7	11.2%
Average allocated equity	513.1	412.4	100.7	24.4%
Return on equity before tax (ROE)	10.0%	5.7%	4.3%	
Cost/income ratio	10.3%	10.3%	0.0%	

Earnings development in the Financial Markets segment

The Financial Markets segment closed the period with a pre-tax profit of EUR 38.6 million, i.e. a year-on-year improvement of 119.4% or EUR 21.0 million.

Net interest income posted EUR 13.2 million or 30.4% growth to EUR 56.6 million.

Charges for losses on loans and advances declined by EUR 16.3 million to EUR 4.7 million year on year. Net trading income rose by EUR 5.9 million to EUR 8.9 million.

Other operating profit declined by EUR 13.9 million to a loss of EUR 17.3 million.

The ROE in the Financial Markets segment increased by 4.3 percentage points from 5.7% to 10.0%; the cost/income ratio remained at the previous year's level of 10.3%.

Oberbank issues

Financial markets experienced high volatility in the first nine months of 2015.

These movements were first triggered by the Swiss central bank's elimination of the minimum EUR vs. CHF rate.

Thereafter, the elections in Greece and geopolitical crises caused turbulence on the international markets.

This development went hand in hand with strongly declining commodity prices, which put a damper on inflation.

Economic indicators in the United States and Europe were rather mixed and failed to present a consistent picture.

After the summer, China moved to the centre of attention on account of the depreciation of the renminbi, which kindled fears of a sharp weakening in the Chinese economy and resulted in fierce negative reactions on the markets.

In this environment the EUR/USD exchange rate fluctuated within a very wide bandwidth of 1.05 to 1.21, while equity prices showed massive ups and downs. Interest rates moved but little, as central banks still see their main duty as being that of supporting the economies as best they can.

The factors cited gave rise to turbulent and unpredictable markets, creating a rather challenging situation for trading. For the most part Oberbank weathered the ups and downs successfully, allowing it to report a sharp year-on-year increase in net trading income.

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 1,972.9 million as at 30 September 2015 translates into a total capital ratio of 16.41%, which is almost double the statutorily required rate. Based on Tier 1 capital of EUR 1,536.8 million, the core Tier 1 capital

ratio came to 12.79%. Common equity Tier 1 capital in the amount of EUR 1,463.1 million corresponds to a common equity Tier 1 capital ratio of 12.17%.

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 September 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 September 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

- **Difficult economic environment will persist**
- **Oberbank: growth in lending and customer assets; annual result likely to exceed the previous year.**

Economic conditions will remain difficult in the fourth quarter of 2015.

Companies are reluctant to invest even though liquidity is high; this is curbing demand for credit despite low interest rates. Exports are feeling the brunt of the Europe-wide economic weakness, while domestic demand is affected by widespread uncertainty among consumers and continued high unemployment.

The current low interest rate environment is set to remain unchanged for the time being. Unlike in the United States, an increase of interest rates is unlikely in the euro area.

Oberbank will continue to outperform the market in general.

The general environment being what it is, Oberbank has optimistic feedback from the market as regards corporate lending in the months to come; growth is expected above all in the field of investment finance. Housing finance is likely to be the growth driver for lending to retail customers.

On balance, we again expect to increase the lending volume as compared to the previous year.

As regards customer deposits, we also expect to increase the volume despite low interest rates.

The excellent result generated last year may even be topped this year.

In 2015 as a whole, net interest income will be seen to have developed along satisfactory lines in spite of difficult framework conditions; net commission income will be highly satisfactory. Administrative expenses are expected to rise only slightly thanks to tight cost management.

Overall, the annual result for 2015 will allow the Bank to make significant allocations to reserves, strengthen our capital base even further, finance growth from own resources and pay an adequate dividend to shareholders.

3 Banken Group in the first three quarters of 2015

The 3 Banken Group continued to show a satisfactory development in the first three quarters of 2015. Joint total assets of the three banks within the 3 Banken Group increased by 0.7% to EUR 34.5 billion year on year, while lending in terms of volume (after charges for losses on loans and advances) increased by 3.1% to EUR 23.4 billion and primary deposits posted a 0.7% rise to EUR 23.9 billion. Joint net profit for the period grew by 55.0% to EUR 310.9 million. As at 30 September 2015, the three banks were operating a total of 249 branches; they had an average of 4,148 employees on their payrolls in the first three quarters of 2015.

Consolidated Interim Financial Statements Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 01/01/2015 to 30/09/2015

<i>Consolidated income statement in €k</i>		01/01- 30/09/2015	01/01- 30/09/2014	Change in €k	Change in %
1. Interest and similar income	(1)	310,839	325,023	(14,184)	(4.4)
2. Interest and similar expenses	(1)	(86,192)	(104,892)	18,700	(17.8)
3. Income from entities accounted for using the equity method	(1)	58,853	42,506	16,347	38.5
Net interest income	(1)	283,500	262,637	20,863	7.9
4. Charges for losses on loans and advances	(2)	(33,703)	(53,525)	19,822	(37.0)
5. Commission income	(3)	112,118	98,095	14,023	14.3
6. Commission expenses	(3)	(12,401)	(10,409)	(1,992)	19.1
Net commission income	(3)	99,717	87,686	12,031	13.7
7. Net trading income	(4)	9,359	3,094	6,265	>100
8. Administrative expenses	(5)	(181,804)	(174,970)	(6,834)	3.9
9. Other operating profit	(6)	(30,478)	1,424	(31,902)	
a) Net income from financial assets – FV/PL	(6)	(5,831)	3,214	(9,045)	
b) Net income from financial assets – AfS	(6)	(3,608)	(708)	(2,900)	>100
c) Net income from financial assets – HtM	(6)	243	(498)	741	
d) Other operating profit	(6)	(21,282)	(584)	(20,698)	>100
Profit for the period before tax		146,591	126,346	20,245	16.0
10. Income taxes	(7)	(20,664)	(18,921)	(1,743)	9.2
Profit for the period after tax		125,927	107,425	18,502	17.2
of which attributable to the owners of parent company		125,850	107,411	18,439	17.2
of which attributable to minority interests		77	14	63	>100

<i>Income and expenses recognised directly in equity in €k</i>	01/01- 30/09/2015	01/01- 30/09/2014
Profit for the period after tax	125,927	107,425
Items not reclassified to profit or loss for the year	(18,459)	(2,903)
+/- 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	(18,459)	(2,903)
Items reclassified to profit or loss of the year	18,900	10,082
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	20,497	8,935
Amounts recognised in equity	21,398	14,689
Reclassification adjustments	(901)	(5,754)
+ / - Deferred taxes on items recognised directly in equity under IAS 39	(5,124)	(2,234)
Amounts recognised in equity	(5,350)	(3,672)
Reclassification adjustments	225	1,439
+ / - Exchange differences	239	(1,976)
+ / - Share from entities accounted for using the equity method	3,288	5,356
Total income and expenses recognised directly in equity	441	7,178
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	126,368	114,603
of which attributable to the owners of the parent company	126,291	114,652
of which attributable to minority interests	77	(49)

<i>Performance indicators</i>	Q1-3 2015	Q1-3 2014
Cost/income ratio in %	50.21%	49.31%
Return on equity before tax in %	11.77%	11.50%
Return on equity after tax in %	10.11%	9.77%
Risk/earnings ratio (credit risk to net interest income) in %	11.89%	20.38%
Earnings per share in €	5.63	4.98

Consolidated Interim Financial Statements Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 01/07/2015 bis 30/09/2015

<i>Consolidated income statement in €k</i>	01/07- 30/09/2015	01/07- 30/09/2014	Change in €k	Change in %
1. Interest and similar income	103,457	108,090	(4,633)	(4.3)
2. Interest and similar expenses	(27,945)	(33,287)	5,342	(16.0)
3. Income from entities accounted for using the equity method	29,225	15,360	13,865	90.3
Net interest income	104,737	90,163	14,574	16.2
4. Charges for losses on loans and advances	(6,373)	(17,708)	11,335	(64.0)
5. Commission income	36,054	31,585	4,469	14.1
6. Commission expenses	(4,304)	(3,401)	(903)	26.6
Net commission income	31,750	28,184	3,566	12.7
7. Net trading income	3,229	1,176	2,053	> 100.0
8. Administrative expenses	(61,345)	(58,566)	(2,779)	4.7
9. Other operating profit	(21,362)	(4,082)	(17,280)	> 100.0
a) Net income from financial assets – FV/PL	(6,091)	(4,686)	(1,405)	30.0
b) Net income from financial assets – AfS	(1,170)	(41)	(1,129)	> 100.0
c) Net income from financial assets – HtM	0	0	0	0.0
d) Other operating profit	(14,101)	645	(14,746)	
Profit for the period before tax	50,636	39,167	11,469	29.3
10. Income taxes	(8,424)	(5,372)	(3,052)	56.8
Profit for the period after tax	42,212	33,795	8,417	24.9
of which attributable to the owners of the parent company	42,173	33,794	8,379	24.8
of which attributable to minority interests	39	1	38	> 100.0

<i>Income and expenses recognised directly in equity in €k</i>	01/07- 30/09/2015	01/07- 30/09/2014
Profit for the period after tax	42,212	33,795
Items not reclassified to profit or loss for the year	33	(11)
+/- 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	33	(11)
Items reclassified to profit or loss of the year	(4,220)	3,433
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	2,144	1,907
Amounts recognised in equity	2,348	1,907
Reclassification adjustments	(204)	0
+ / - Deferred taxes on items recognised directly in equity under IAS 39	(536)	(477)
Amounts recognised in equity	(588)	(477)
Reclassification adjustments	51	0
+ / - Exchange differences	107	(31)
+ / - Share from entities accounted for using the equity method	(5,935)	2,034
Total income and expenses recognised directly in equity	(4,187)	3,422
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	38,026	37,218
of which attributable to the owners of the parent company	37,987	37,211
of which attributable to minority interests	39	7

Balance sheet as at 30/09/2015 / Assets

in €k		30/09/2015	30/12/2014	Change in €k	Change in %
1.	Cash and balances at central banks (9)	225,104	147,009	78,095	53.1%
2.	Loans and advances to credit institutions (10)	1,268,224	1,460,988	(192,764)	(13.2%)
3.	Loans and advances to customers (11)	12,730,342	12,276,238	454,104	3.7%
4.	Impairment provisions (12)	(479,748)	(474,410)	(5,338)	1.1%
5.	Trading assets (13)	50,890	56,649	(5,759)	(10.2%)
6.	Financial investments (14)	3,795,989	3,650,387	145,602	4.0%
	a) Financial assets – FV/PL (14)	237,432	241,238	(3,806)	(1.6%)
	b) Financial assets – Afs (14)	733,562	726,363	7,199	1.0%
	c) Financial assets – HtM (14)	2,148,966	2,051,487	97,479	4.8%
	d) Interest in entities accounted for using the equity method (14)	676,029	631,299	44,730	7.1%
7.	Intangible assets (15)	1,414	1,558	(144)	(9.2%)
8.	Property, plant and equipment (16)	252,096	254,643	(2,547)	(1.0%)
	a) Investment property (16)	100,240	101,568	(1,328)	(1.3%)
	b) Other property, plant and equipment (16)	151,856	153,075	(1,219)	(0.8%)
9.	Other assets (17)	428,409	401,824	26,585	6.6%
	a) Deferred tax assets (17)	66,935	64,138	2,797	4.4%
	b) Positive fair values of closed out derivatives in the banking book (17)	176,055	202,066	(26,011)	(12.9%)
	c) Other (17)	185,419	135,620	49,799	36.7%
Total assets		18,272,720	17,774,886	497,834	2.8%

Balance sheet as at 30/09/2015 / Equity and liabilities

in €k		30/09/2015	30/12/2014	Change in €k	Change in %
1.	Amounts owed to credit institutions (18)	3,397,260	3,252,390	144,870	4.5%
2.	Amounts owed to customers (19)	10,110,190	9,993,608	116,582	1.2%
3.	Securitised liabilities (20)	1,518,218	1,580,642	(62,424)	(3.9%)
4.	Provisions for liabilities and charges (21)	406,050	383,012	23,038	6.0%
5.	Other liabilities (22)	373,630	316,781	56,849	17.9%
	a) Trading liabilities (22)	49,355	55,372	(6,017)	(10.9%)
	b) Tax liabilities (22)	31,478	8,752	22,726	> 100.0%
	ba) Current tax liabilities (22)	27,061	4,918	22,143	> 100.0%
	bb) Deferred tax liabilities (22)	4,417	3,834	583	15.2%
	c) Negative fair values of closed out derivatives in the banking book (22)	30,704	43,459	(12,755)	(29.3%)
	d) Other (22)	262,093	209,198	52,895	25.3%
6.	Subordinated debt capital (23)	667,552	714,376	(46,824)	(6.6%)
7.	Equity (24)	1,799,820	1,534,077	265,743	17.3%
	a) Equity after minorities (24)	1,745,274	1,530,839	214,435	14.0%
	b) Minority interests in equity (24)	4,546	3,238	1,308	40.4%
	c) Additional capital components (24)	50,000	0	50,000	
Total equity and liabilities		18,272,720	17,774,886	497,834	2.8%

Consolidated statement of changes in equity as at 30/09/2015

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			76,347	(1,976)	6,701		33,580	114,652	(49)		114,603
Net annual profit/(loss)			76,347				31,127	107,474	(49)		107,425
Other comprehensive				(1,976)	6,701		2,453	7,178			7,178
Dividend distribution			(14,372)					(14,372)			(14,372)
Capital increase											
Issuance of additional capital components											
Reacquired own shares	(399)	(1,026)						(1,425)			(1,425)
Unrealised gains and losses not recognised in the income statement							11,163	11,163			11,163
as at 30/09/2014	85,635	193,012	839,294	(2,519)	24,319	(21,887)	410,175	1,528,029	2,911	0	1,530,940
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			78,545	239	15,373		32,134	126,291	77		126,368
Net annual profit/(loss)			78,545				47,305	125,850	77		125,927
Other comprehensive				239	15,373		(15,171)	441			441
Dividend distribution			(15,822)					(15,822)			(15,822)
Capital increase	5,757	85,255						91,012			91,012
Issuance of additional capital components										50,000	50,000
Reacquired own shares	14	(60)						(46)			(46)
Unrealised gains and losses not recognised in the income statement			404				12,596	13,000	1,231		14,231
as at 30/09/2015	91,695	278,787	919,169	(2,340)	42,703	(44,688)	459,948	1,745,274	4,546	50,000	1,799,820

Consolidated statement of cash flows in €k	01/01- 30/09/2015	01/01- 30/09/2014
Profit for the period	125,850	107,411
Non-cash positions in profit for the period and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	(983)	33,361
Change in provisions for staff benefits and other provisions for liabilities	23,038	515
Change in other non-cash items	(29,229)	(29,304)
Gains and losses on financial investments, property, plant and equipment and intangible assets	(290)	(5,891)
Subtotal	118,386	106,092
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Loans and advances to credit institutions	217,658	1,212
- Loans and advances to customers	(449,830)	(538,861)
- Trading assets	9,122	(12,653)
- Other current assets	18,967	(6,740)
- Other assets arising from operating activities	1,995	6,875
- Amounts owed to credit institutions	136,414	506,426
- Amounts owed to customers	106,120	(330,741)
- Securitised liabilities	(76,013)	16,106
- Other liabilities arising from operating activities	17,456	364
Net cash from operating activities	100,275	(251,920)
Proceeds from sales of		
- Financial investments	95,452	442,111
- Property, plant and equipment and intangible assets	5,063	11,830
Outlay on purchases of		
- Financial investments	(170,630)	(231,303)
- Property, plant and equipment and intangible assets	(21,032)	(39,716)
Net cash from (used in) investing activities	(91,147)	182,922
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	(56,223)	29,416
Net cash from (used in) financing activities	68,967	15,044
Cash and cash equivalents at the end of previous period	147,009	174,599
Net cash from (used in) operating activities	100,275	(251,920)
Net cash from (used in) investing activities	(91,147)	182,922
Net cash from (used in) financing activities	68,967	15,044
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	225,104	120,645
Interest received	298,679	324,554
Dividend received	19,652	19,401
Interest paid	(93,923)	(118,270)
Income taxes paid	(25,200)	(26,381)

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 September 2015 included 30 Austrian and 23 foreign subsidiaries. Compared to 31 December 2014, the consolidated group changed owing to the first-time inclusion of the following companies:

	Share in %
Oberbank Kfz-Leasing GmbH, Linz	100%
Oberbank Unterpemstätten Immobilienleasing GmbH, Linz	100%
Oberbank Leasing Palamon s.r.o.	100%
Oberbank TREI Immobilienleasing GmbH	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. From the proceeds from the issue in the amount of EUR 91,012,241.25 the share capital was increased by EUR 5,756,625.00. 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- 30/09/2015	01/01- 30/09/2014
1) Net interest income		
Interest income from		
Credit and money market business	243,488	257,635
Shares and other variable-yield securities	3,962	4,383
Other equity investments	1,567	1,111
Subsidiaries	2,575	2,539
Fixed-interest securities and bonds	59,247	59,355
Interest and similar income	310,839	325,023
Interest expenses on		
Deposits	(51,153)	(66,100)
Securitised liabilities	(20,555)	(24,191)
Subordinated liabilities	(14,484)	(14,601)
Interest and similar expenses	(86,192)	(104,892)
Income from entities accounted for using the equity method	58,853	42,506
Net interest income	283,500	262,637

	01/01- 30/09/2015	01/01- 30/09/2014
2) Charges for losses on loans and advances		
Allocated to loan loss provisions	(66,398)	(85,682)
Direct write-offs	(1,826)	(2,471)
Reversals of loan loss provisions	33,095	33,449
Recoveries of written-off receivables	1,426	1,179
Charges for losses on loans and advances	(33,703)	(53,525)

	01/01- 30/09/2015	01/01- 30/09/2014
3) Net commission income		
Payment services	33,467	32,386
Securities business	33,708	27,589
Foreign exchange, foreign bank note and precious metals business	9,427	7,620
Credit operations	19,214	17,888
Other service and advisory business	3,901	2,203
Net commission income	99,717	87,686

	01/01- 30/09/2015	01/01- 30/09/2014
4) Net trading income		
Gains (losses) on interest rate contracts	1,438	909
Gains (losses) on foreign exchange, foreign bank note and numismatic business	7,063	2,664
Gains (losses) on derivatives	858	(479)
Net trading income	9,359	3,094

	01/01- 30/09/2015	01/01- 30/09/2014
5) Administrative expenses		
Staff costs	110,270	106,723
Other administrative expenses	62,402	59,685
Write-offs and valuation allowances	9,132	8,562
Administrative expenses	181,804	174,970

	01/01- 30/09/2015	01/01- 30/09/2014
6) Other operating profit		
a) Net income from financial assets – FV/PL	(5,831)	3,214
b) Net income from financial assets – AfS	(3,608)	(708)
c) Net income from financial assets – HtM	243	(498)
d) Other operating income	(21,282)	(584)
thereof stability fee	(10,818)	(9,985)

Thereof from operating leases	2,368	1,849
Thereof financial transaction tax	(1,147)	(1,032)
Other operating income net of other operating expenses	(30,478)	1,424

	01/01- 30/09/2015	01/01- 30/09/2014
7) Income taxes		
Current income tax expense	28,027	24,146
Deferred income tax expenses (income)	(7,363)	(5,225)
Income taxes	20,664	18,921

	01/01- 30/09/2015	01/01- 30/09/2014
8) Earnings per share in €		
Number of shares as at 30/08/	30,702,000	28,783,125
Average number of shares in issue	29,809,674	28,741,429
Consolidated profit of the year after tax	125,927	107,425
Earnings per share in €	4.22	3.74
Annualised values	5.63	4.98

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.

	30/09/2015	30/12/2014
9) Cash and balances at central banks		
Cash in hand	66,351	76,198
Credit balances with central banks of issue	158,753	70,811
Cash and balances at central banks	225,104	147,009

	30/09/2015	30/12/2014
10) Loans and advances to credit institutions		
Loans and advances to Austrian credit institutions	755,670	713,069
Loans and advances to foreign credit institutions	512,554	747,919
Loans and advances to credit institutions	1,268,224	1,460,988

	30/09/2015	30/12/2014
11) Loans and advances to customers		
Loans and advances to Austrian customers	7,723,486	7,596,160
Loans and advances to foreign customers	5,006,856	4,680,078
Loans and advances to customers	12,730,342	12,276,238

	30/09/2015	30/12/2014
12) Impairment provisions		
Impairment provisions for banks	0	0
Impairment provisions for customers	479,748	474,407
Impairment provisions for other assets	0	3
Impairment provisions	479,748	474,410

	30.09.2015	30/12/2014
13) Trading assets		
Bonds and other fixed-interest securities		
Listed	433	628
Stocks and other variable-yield securities		
Listed	1,316	770
Positive fair values of derivative financial instruments		
Currency contracts	2,751	4,662
Interest rate contracts	46,366	50,582
Other contracts	24	7
Trading assets	50,890	56,649

14) Financial investments	30/09/2015	30/12/2014
Bonds and other fixed-interest securities	2,575,138	2,485,714
Stocks and other variable-yield securities	286,681	277,127
Equity investments/shares		
In subsidiaries	130,027	134,995
In entities accounted for using the equity method		
Banks	289,073	276,100
Non-banks	386,956	355,199
Other equity investments		
Banks	13,434	13,434
Non-banks	114,680	107,818
Financial investments	3,795,989	3,650,387
a) Financial assets – FV/PL	237,432	241,238
b) Financial assets – AfS	733,562	726,363
c) Financial assets – HtM	2,148,966	2,051,487
d) Interest in entities accounted for using the equity method	676,029	631,299
Financial investments	3,795,989	3,650,387
15) Intangible assets	30/09/2015	30/12/2014
Other intangible assets	837	950
Customer base	577	608
Intangible assets	1,414	1,558
16) Property, plant and equipment	30/09/2015	30/12/2014
Investment property	100,240	101,568
Land and buildings	67,107	53,500
Business equipment and furnishings	78,440	74,852
Other property, plant and equipment	6,309	24,723
Property, plant and equipment	252,096	254,643
17) Other assets	30/09/2015	30/12/2014
Deferred tax assets	66,935	64,138
Other items	181,300	131,786
Positive fair values of derivatives in the banking book	176,055	202,066
Other deferrals	4,119	3,834
Other assets	428,409	401,824
18) Amounts owed to credit institutions	30/09/2015	30/12/2014
Amounts owed to Austrian banks	2,078,249	1,963,611
Amounts owed to foreign banks	1,319,011	1,288,779
Amounts owed to credit institutions	3,397,260	3,252,390
19) Amounts owed to customers	30/09/2015	30/12/2014
Savings deposits	2,963,020	3,098,547
Other	7,147,170	6,895,061
Amounts owed to customers	10,110,190	9,993,608
20) Securitised liabilities	30/09/2015	30/12/2014
Issued bonds	1,498,324	1,559,330
Other securitised liabilities	19,894	21,312
Securitised liabilities	1,518,218	1,580,642

21) Provisions for liabilities and charges	30/09/2015	30/12/2014
Provisions for termination benefits and pensions	234,371	235,942
Provisions for anniversary bonuses	10,811	10,533
Loan loss provisions	92,626	81,264
Other items	68,242	55,273
Provisions for liabilities and charges	406,050	383,012

22) Other liabilities	30/09/2015	30/12/2014
Trading liabilities	49,355	55,372
Tax liabilities	31,478	8,752
Current tax liabilities	27,061	4,918
Deferred tax liabilities *	4,417	3,834
Other obligations	200,811	162,684
Negative market values from closed derivatives positions in the banking book	30,704	43,459
Deferred items	61,282	46,514
Other liabilities	373,630	316,781

Other liabilities (trading liabilities)	30/09/2015	30/12/2014
Currency contracts	2,672	4,643
Interest rate contracts	46,458	50,725
Other contracts	225	4
Trading liabilities	49,355	55,372

23) Subordinated debt capital	30/09/2015	30/12/2014
Issued subordinated bonds incl. supplementary capital	596,332	614,662
Hybrid capital	71,220	79,303
Additional Tier 1 capital	0	20,411
Subordinated debt capital	667,552	714,376

24) Equity	30/09/2015	30/12/2014
Subscribed capital	91,695	85,924
Capital reserves	278,787	193,592
Retained earnings (including net profit)	1,354,216	1,230,747
Untaxed reserves	18,704	18,704
Negative goodwill	1,872	1,872
Other components of equity	50,000	0
Minorities	4,546	3,238
Subscribed capital	1,799,820	1,534,077

25) Contingent liabilities and commitments	30/09/2015	30/12/2014
Other contingent liabilities (guarantees and letters of credit)	1,275,848	1,302,042
Contingent liabilities	1,275,848	1,302,042
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	3,113,374	2,727,707
Commitments	3,113,374	2,727,707

26) Segment report	Personal	Corporate	Financial Markets	Other	Total
Net interest income	43.4	183.5	56.6	0.0	283.5
Charges for losses on loans and advances	(1.2)	(27.8)	(4.7)	0.0	(33.7)
Net commission income	49.1	50.7	0.0	0.0	99.7
Net trading income	0.0	0.5	8.9	0.0	9.4
Administrative expenses	(65.2)	(94.1)	(4.9)	(17.6)	(181.8)
Other operating profit	(1.3)	1.4	(17.3)	(13.3)	(30.5)
Extraordinary profit	0.0	0.0	0.0	0.0	0.0
Profit for the period before tax	24.8	114.1	38.6	(30.9)	146.6
Average risk-weighted assets	1,319.6	8,070.4	4,199.6	0.0	13,589.6
Average allocated equity	161.2	986.1	513.1	0.0	1,660.4
Return on equity	20.5%	15.4%	10.0%		11.8%
Cost/income ratio	71.5%	39.9%	10.3%		50.2%

27) Human resources	30/09/2015	30/12/2014
Salaried	2,025	2,004
Blue-collar	14	17
Total resources	2,039	2,021

28) Regulatory capital pursuant to Part 2 of Reg. (EU) No. 575/2013	30.09.2015	30/12/2014	30.09.2014
Amounts in €k			
Subscribed capital	89,406	84,549	84,549
Capital reserves	280,002	194,746	194,746
Retained earnings	1,312,567	1,248,435	959,750
Minority interests		0	0
Accumulated other comprehensive income		(13,078)	0
Regulatory adjustment items		(40,778)	(167)
Deductions from common equity Tier 1 capital items		(166,989)	(14,152)
Hard core capital	1,463,083	1,306,885	1,224,726
AT1 capital instruments	50,000	20,000	0
AT1 capital instruments purs. to national implementation rules	48,300	63,200	63,200
Deductions from AT 1 capital items	(24,542)	(4,892)	(4,892)
Additional Tier 1 capital	73,758	78,308	58,308
TIER 1 CAPITAL	1,536,841	1,385,193	1,283,034
Qualifying supplementary capital instruments	357,316	409,195	423,781
Nominal capital preference shares pursuant to transition rules	2,700	1,800	1,800
AT1 capital instruments pursuant to transition rules	20,700	15,800	15,800
Supplementary capital items purs. to national implementation rules	59,959	76,306	128,808
General credit risk adjustments	0	0	8,000
Deductions from supplementary capital items	(4,620)	(13,893)	(13,869)
Supplementary capital	436,055	489,208	564,320
TOTAL CAPITAL	1,972,896	1,874,401	1,847,354
Total risk exposure amounts pursuant to Art. 92 CRR			
Credit risk	11,071,291	10,982,467	11,159,033
Market risk, settlement risk and CVA risk	57,496	62,476	20,969
Operational risk	890,231	890,231	846,414
Total exposure	12,019,018	11,935,174	12,026,416
Capital ratios pursuant to Art. 92 CRR			
Common equity Tier 1 capital ratio	12.17%	10.95%	10.18%
Core Tier 1 capital ratio	12.79%	11.61%	10.67%
Total capital ratio	16.41%	15.70%	15.36%
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	540,856	477,407	481,057
Core Tier 1 capital	721,141	656,435	661,453
Total capital	961,521	954,814	962,113
Free capital components			
Common equity Tier 1 capital	922,227	829,478	743,669
Core Tier 1 capital	815,700	728,758	621,581
Total capital	1,011,375	919,587	885,241

29) Fair value of financial instruments as at 30/09/2015 in €k

	HtM	FV/PL	HFT	AfS	L&R/ liabilities	Others	Total
						225,104	225,104
Cash and balances at central banks						225,104	225,104
					1,268,224		1,268,224
Loans and advances to credit institutions					1,268,313		1,268,313
Loans and advances to customers	43,851	67,987		94,843	12,523,661		12,730,342
	44,080	67,987		94,843	12,613,699		12,820,609
Impairment provisions					(479,748)		(479,748)
					(479,748)		(479,748)
Trading assets			50,890				50,890
			50,890				50,890
	2,148,966	237,432		597,799		811,792	3,795,989
Financial investments	2,341,583	237,432		597,799			
Intangible assets						1,414	1,414
Property, plant and equipment						252,096	252,096
Other assets			176,055			252,354	428,409
			176,055				
Of which closed derivatives positions in the banking book			176,055				176,055
			176,055				176,055
Total assets							
	2,192,817	305,419	226,945	692,642	13,312,137	1,542,760	18,272,720
	2,385,663	305,419	226,945	692,642	13,402,264		
Amounts owed to credit institutions		88,134			3,309,126		3,397,260
		88,134			3,348,396		3,436,530
Amounts owed to customers		404,252			9,705,938		10,110,190
		404,252			9,721,343		10,125,595
Securitised liabilities		456,303			1,061,915		1,518,218
		456,303			1,072,229		1,528,532
Provisions for liabilities and charges						406,050	406,050
Other liabilities			80,059			293,571	373,630
			80,059				
Of which closed out derivatives positions in the banking book			30,704				30,704
			30,704				30,704
Subordinated debt capital		461,214			206,338		667,552
		461,214			207,477		668,691
Capital						1,799,820	1,799,820
Total equity and liabilities	-	1,409,903	80,059	-	14,283,317	2,499,441	18,272,720
	-	1,409,903	80,059	-	14,349,445		

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 30/09/2015										
	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	67,987	0	94,843	0	0	162,830	0	94,843	67,987
Trading assets	0	0	50,890	0	0	0	50,890	1,584	49,306	0
Financial assets – FV/PL	0	237,432	0	0	0	0	237,432	52,862	184,570	0
Financial assets – AfS	0	0	0	597,799	0	0	597,799	468,068	45,828	83,903 ¹⁾
Other assets	0	0	176,055	0	0	0	176,055	0	176,055	0
Of which closed derivatives positions in the banking book	0	0	176,055	0	0	0	176,055	0	176,055	0
Financial assets not carried at fair value										
Loans and advances to credit institutions	0	0	0	0	1,268,224	0	1,268,224	0	0	1,268,313
Loans and advances to customers	43,851	0	0	0	12,523,661	0	12,567,512	0	44,080	12,613,699
Financial assets – HtM	2,148,966	0	0	0	0	0	2,148,966	2,258,455	83,128	0
Financial liabilities carried at fair value										
Amounts owed to credit institutions	0	88,134	0	0	0	0	88,134	0	0	88,134
Amounts owed to customers	0	404,252	0	0	0	0	404,252	0	0	404,252
Securitised liabilities	0	456,303	0	0	0	0	456,303	0	456,303	0
Other liabilities	0	0	80,059	0	0	0	80,059	0	80,059	0
Of which closed derivatives positions in the banking book	0	0	30,704	0	0	0	30,704	0	30,704	0
Subordinated debt capital	0	461,214	0	0	0	0	461,214	0	461,214	0

Presentation of the fair value hierarchy for financial instruments as at 30/09/2015										
	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	3,309,126	0	3,309,126	0	0	3,348,396
Liabilities to customers	0	0	0	0	9,705,938	0	9,705,938	0	0	9,721,343
Securitised liabilities	0	0	0	0	1,061,915	0	1,061,915	0	1,072,229	0
Other liabilities	0	0	0	0	0	0	0	0	0	0
Subordinated debt capital	0	0	0	0	206,338	0	206,338	0	207,477	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 30/09/2015	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	9.000
Disposals	(14,930)	0	(8.000)
Change in fair value		(1,441)	(9,311)
Of which disposals		0	(623)
Of which portfolio instruments		(1,441)	(8,688)
Carrying value as at 30/09/2015	67,987	88,134	404,252

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 three quarters of 2015 (1 January 2014 to 30 September 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 September 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, 27 November 2015

The Management Board

Franz Gasselsberger, Chairman

Josef Weissl

Florian Hagenauer

Notes

This report contains forward-looking statements relating to the future performance of Oberbank AG. These statements reflect estimates which have been made on the basis of all information available to us on the reporting date. Should the assumptions underlying such forward-looking statements prove incorrect, or should risks materialise to an extent not anticipated, actual results may vary from those expected at present. Market share data are based on the most recent information available at the editorial close of this report.

In adding up rounded figures and calculating percentage rates of changes, slight differences may result compared with totals and rates arrived at by adding up component figures which have not been rounded off.

Financial calendar 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

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3 Banken Group at a Glance

	Oberbank		BKS Bank		BTV	
	Q1-3 2015	Q1-3 2014	Q1-3 2015	Q1-3 2014 restated	Q1-3 2015	Q1-3 2014
Income statement in €m						
Net interest income	283.5	262.6	119.5	119.2	129.3	139.5
Charges for losses on loans and	(33.7)	(53.5)	(25.2)	(40.2)	(9.5)	(18.5)
Net commission income	99.7	87.7	39.2	35.0	37.9	31.9
Administrative expenses	(181.8)	(175.0)	(79.2)	(76.9)	(108.0)	(106.3)
Other operating profit (expenses)	(30.5)	1.4	(9.2)	(4.1)	29.5	31.3
Profit for the period before tax	146.6	126.3	50.2	37.8	160.0	78.3
Consolidated net profit for the period	125.9	107.4	44.0	32.7	141.0	62.4
Balance sheet in €m						
	30/09/2015	30/12/2014	30/09/2015	30/12/2014	30/09/2015	30/12/2014
Assets	18,272.7	17,774.9	6,995.7	6,854.6	9,271.3	9,597.7
Loans and advances to customers after charges for losses on loans+advances	12,250.6	11,801.8	4,913.8	4,815.8	6,269.2	6,187.2
Primary funds	12,296.0	12,288.6	4,991.5	5,013.0	6,604.5	6,918.6
of which savings deposits	2,963.0	3,098.5	1,654.1	1,705.5	1,199.5	1,176.3
of which securitised liabilities incl. subordinated capital	2,185.8	2,295.0	779.4	789.1	1,418.6	1,391.5
Equity	1,799.8	1,534.1	836.6	795.8	1,095.0	1,004.4
Customer funds under management	24,621.9	23,441.9	12,924.3	12,972.0	12,175.0	12,155.4
of which in cust. security accounts	12,325.9	11,153.3	7,932.8	7,959.0	5,570.5	5,236.8
Capital resources CRR in €m						
	30/09/2015	30/12/2014	30/09/2015	30/12/2014	30/09/2015	30/12/2014
Assessment basis	12,019.0	11,935.2	4,945.9	4,846.6	6,297.9	6,212.8
Capital	1,972.9	1,874.4	534.3	580.9	885.5	930.1
of which CET1	1,463.1	1,306.9	510.6	543.7	817.8	796.1
of which total capital CET1 + AT1	1,536.8	1,385.2	510.6	543.7	817.8	796.1
Common equity Tier 1 ratio in %	12.17	10.95	10.32	11.22	12.98	12.81
Tier 1 capital ratio in %	12.79	11.61	10.32	11.22	12.98	12.81
Total capital ratio in %	16.41	15.70	10.80	11.99	14.06	14.97
Performance in %						
	30/09/2015	30/12/2014	30/09/2015	30/12/2014	30/09/2015	30/12/2014
Return on equity before tax	11.77	10.68	8.98	7.22	20.37	10.95
Return on equity after tax	10.11	9.25	7.90	6.51	17.95	8.73
Cost/income ratio	50.21	50.14	52.30	51.92	54.10	52.40
Risk/earnings ratio (credit risk in % of net interest income)	11.89	20.92	21.09	31.47	7.30	13.30
Resources						
	30/09/2015	30/12/2014	30/09/2015	30/12/2014	30/09/2015	30/12/2014
Average number of staff (weighted)	2,025	2,004	922	915	1,237	1,232
Branches	154	156	59	57	36	38