

# That much more than a bank.

Interim Report to Shareholders as at 31 March 2013



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

**Oberbank**  
3 Banken Gruppe

## OBERBANK AT A GLANCE

<b>Income statement in €m</b>	<b>Q1 2013</b>	<b>+/-</b>	<b>Q1 2012</b>
Net interest income	80.4	4.4%	77.0
Charges for losses on loans and advances	(14.8)	(23.7%)	(19.4)
Net commission income	28.8	4.0%	27.7
Administrative expenses	(59.1)	2.7%	(57.6)
Profit for the period before tax	40.9	1.0%	40.5
Consolidated net profit for the period	33.3	0.3%	33.2

<b>Balance sheet in €m</b>	<b>31/03/2013</b>	<b>+/-</b>	<b>31/12/2012</b>
Assets	17,436.7	(1.3%)	17,675.1
Loans and advances to customers after provisioning charge	10,980.2	1.0%	10,877.0
Primary funds	11,705.4	0.8%	11,607.9
of which savings deposits	3,372.9	(0.2%)	3,380.1
of which securitised liabilities including subordinated capital	2,175.3	(1.5%)	2,208.8
Equity	1,378.3	2.7%	1,342.4
Customer funds under management	21,845.5	1.3%	21,558.0

<b>Own funds within the meaning of BWG in €m</b>	<b>31/03/2013</b>	<b>+/-</b>	<b>31/12/2012</b>
Assessment basis	10,562.0	0.8%	10,481.9
Own funds	1,758.9	(0.2%)	1,762.5
of which core capital (Tier 1)	1,241.6	(0.3%)	1,245.4
Surplus of own funds	847.8	(1.2%)	857.9
Core capital ratio in %	11.76	(0.12ppt)	11.88
Total capital ratio in %	16.65	(0.16ppt)	16.81

<b>Performance in %</b>	<b>Q1 2013</b>	<b>+/-</b>	<b>Q1 2012</b>
Return on equity before tax	12.10	(0.89ppt)	12.99
Return on equity after tax	9.86	(0.80ppt)	10.66
Cost/income ratio	51.49	(2.49ppt)	49.00
Risk/earnings ratio (credit risk in % of net interest income)	18.43	(6.80ppt)	25.23

<b>Resources</b>	<b>Q1 2013</b>	<b>+/-</b>	<b>FY 2012</b>
Average number of staff (weighted)	1,996	(24)	2,020
Number of branches	149	2	147

## THE OBERBANK GROUP IN THE FIRST QUARTER OF 2013



### Dear Readers,

Oberbank once again generated highly satisfactory results in all important fields of operations in the first quarter of 2013.

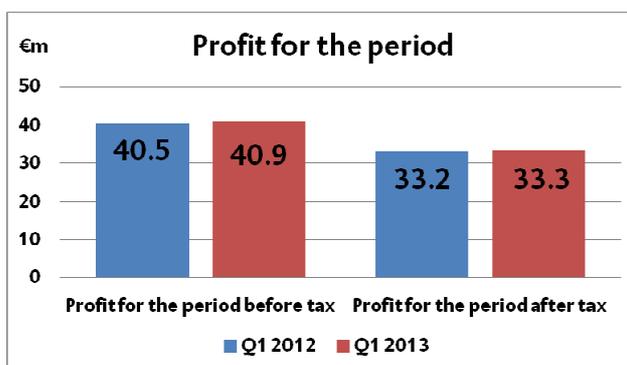
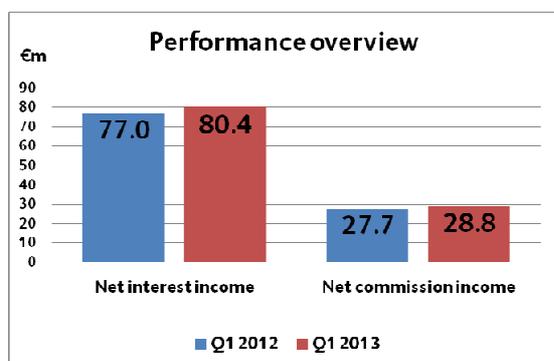
Our net profit for the period increased slightly by comparison to the first quarter of 2012 and we posted further growth in terms both of lending and deposits. Credit risk developed along very satisfactory lines and our capital base is excellent.

### Oberbank continues to outperform the market in general

According to the figures and information now available, our major competitors in Upper Austria and the market in general suffered considerable earnings losses in 2012, forcing them to raise risk provisions and release considerable amounts of hidden reserves. We, in contrast, were able to further increase earnings from an already high level without taking recourse to any special window-dressing measures. With these results, we are not only the top earnings performer among Upper Austrian banks, but also in a pole position in the Austrian banking market as a whole.

### Another very good performance

Even though the record result achieved in the first quarter of 2012 constituted a truly challenging basis for comparison, and despite persistently difficult overall market conditions, our pre-tax profit improved further by 1.0% to €40.9 million, while the consolidated net profit for the period edged up by 0.3% to €33.3 million in the first three months of 2013.



### Robust profit growth in terms of net interest income and earnings from services

Overall, net interest income increased by 4.4% to €80.4 million year on year.

At €70.7 million, interest income from operating activities was 1.1% higher than in the first quarter of 2012, due to the fact that lending growth offset the effects of the further contraction of interest margins. Income from equity investments increased to €9.7 million, topping the previous year's figure by 37% thanks to higher net profit contributions from portfolio companies.

Net commission income rose by 4.0% to €28.8 million, boosted, above all, by higher loan commissions (+17.5%) and commissions from payment transactions (+9.0%). Commissions from securities transactions increased by 5.8%.

### Lending volume continues to rise

- Lending volume widened by 4.0% to €11.4 billion
- Growth propelled by commercial and personal lending

Oberbank's commercial lending volume increased by 4.1% to €9.2 billion as at 31 March 2013. Both operating loans and investment finance lending posted sturdy growth, widening by 5.5% to €2.9 billion and 3.4% to €6.3 billion respectively.

The volume of personal loans increased by 3.5% to €2.1 billion. Brisk growth of new lending was a conspicuous feature in March 2013 (with the highest monthly lending volume since 2008), whereas early repayments, which had been high in the first and second quarters of 2012, continued to decrease noticeably.

### Deposit development shaped by the economic environment

- **Customers exhibit a penchant for liquidity**
- **€11.7 billion in primary deposits (+2.2%), almost €22 billion in customer funds under management (+7.3%)**

Declining interest rates, looming insecurity in financial markets and restrained economic forecasts have prompted many customers, notably businesses, to focus on liquidity.

In a quarterly comparison (March 2012 compared to March 2013), sight deposits by non-banks widened by more than 28% to €2.4 billion, while, by contrast, the volume of time deposits managed by Oberbank decreased by almost 15% to €2.0 billion. Savings deposits developed along similar lines: Fixed-term savings deposits declined by more than 13% to €2.0 billion, while other savings deposits increased by nearly 17% to €1.4 billion.

The overall volume of primary deposits edged up by 2.2% to €11.7 billion as at 31 March 2013; savings, sight and time deposits, posting an above-average rate of growth of 2.8%, increased to €9.5 billion year on year.

The volume of funds in customer's securities accounts jumped by 13.8% to a new all-time high of €10.1 billion as at the end of March. The total volume of assets entrusted to us by our customers thus increased by 7.3% to €21.8 billion.

### Excellent performance indicators, particularly strong capital base

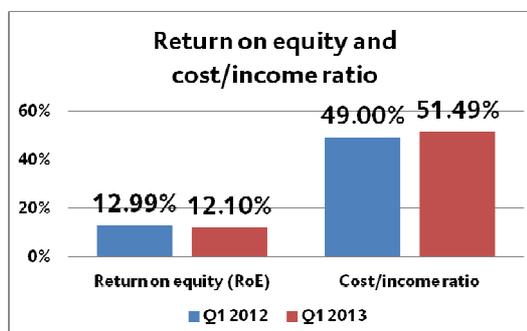
- **Return on equity of 12.10% before tax and 9.86% after tax; cost/income ratio of 51.49%**
- **Core capital ratio up from 11.27% to 11.76%**

Oberbank continues to boast a very good return on equity of 12.10% before tax and 9.86% after tax; at 51.49% the cost/income ratio is excellent as well.

The core capital of Oberbank increased by more than 6% to €1,241.6 million year on year, lifting the core capital ratio from 11.27% to 11.76%.

Own funds also increased by a substantial margin to €1,758.9 million. At 16.65%, the Bank's total capital ratio is almost double the statutorily required rate.

With these ratios, Oberbank is in the top tier in Austria, despite substantial lending growth, and as a consequence, the Bank still has no need whatsoever to impose credit restrictions.



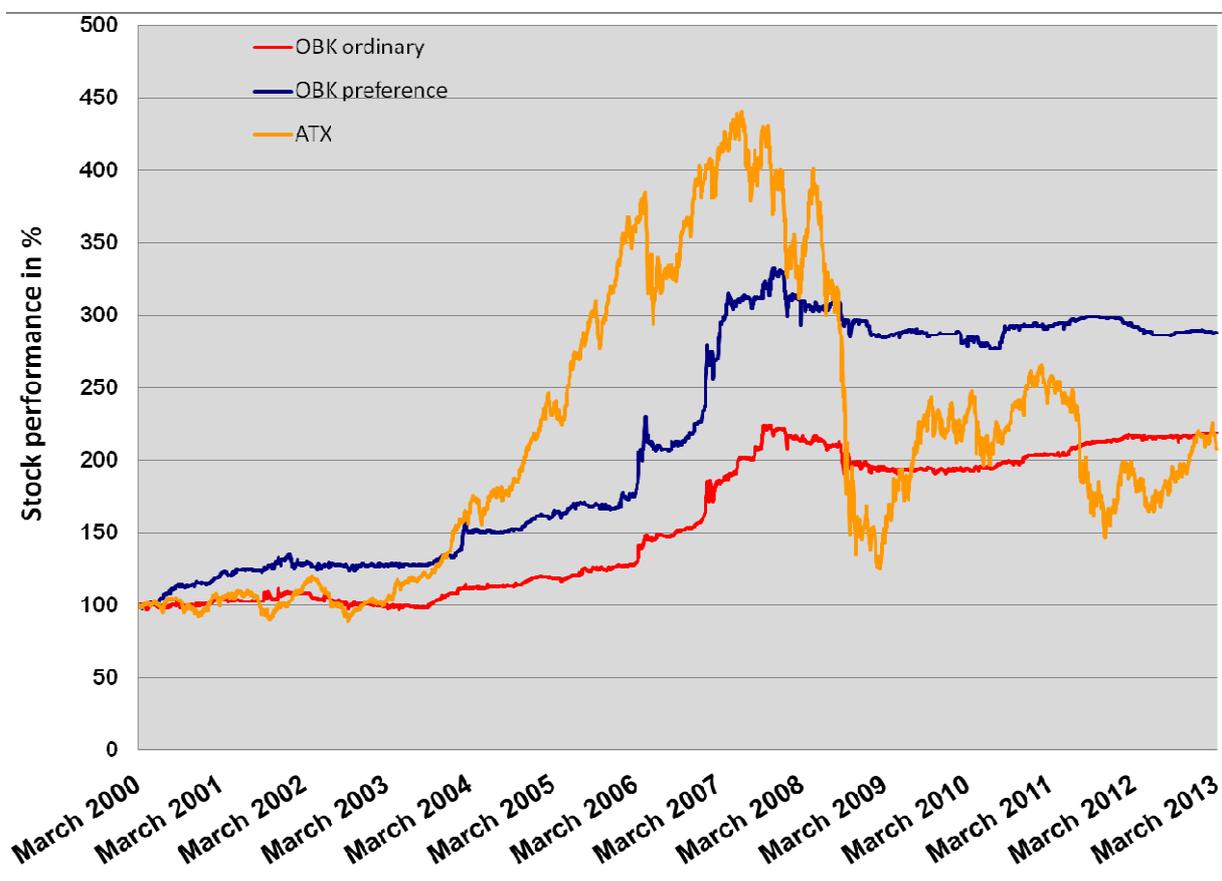
CEO Franz Gasselsberger

## THE OBERBANK SHARES

The stable price development of the Oberbank share continued in the first quarter of 2013.

Oberbank stock – key figures	Q1 2013	Q1 2012
Number of ordinary no-par shares	25,783,125	25,783,125
Number of no-par preference shares	3,000,000	3,000,000
High (ordinary/preference share) in €	48.50/38.70	48.10/39.75
Low (ordinary/preference share) in €	48.10/38.35	47.15/38.90
Close (ordinary/preference share) in €	48.30/38.40	47.75/38.90
Market capitalisation in €m	1,360.3	1,331.4
IFRS earnings per share in €, annualised	4.64	4.62
P/E ratio (ordinary share)	10.41	10.34
P/E ratio (preference share)	8.28	8.42

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



# THE BUSINESS SEGMENTS IN THE FIRST QUARTER OF 2013

## CORPORATE AND BUSINESS BANKING SEGMENT

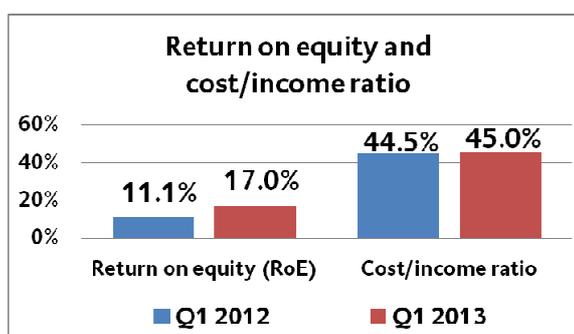
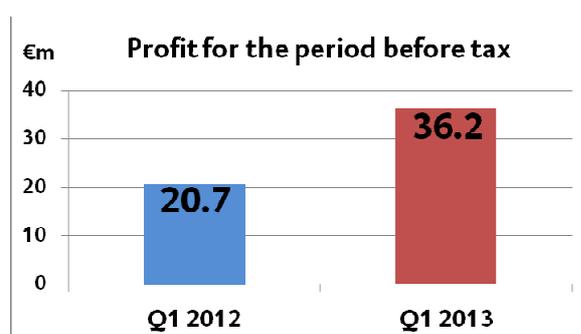
€m	Q1 2013	Q1 2012	+/- in absolute terms	+/- %
Net interest income	52.3	48.4	4.0	8.2
Charges for losses on loans and advances	(2.1)	(15.7)	13.5	(86.3)
Net commission income	14.5	14.5	(0.1)	(0.6)
Net trading income	0.0	(0.3)	0.4	>(100)
Administrative expenses	(31.4)	(29.1)	(2.3)	7.7
Other operating profit	2.9	2.9	0.0	0.2
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>36.2</b>	<b>20.7</b>	<b>15.5</b>	<b>75.1</b>
Average credit and market risk equivalent (BWG)	8,071.4	7,741.7	329.8	4.3
Average allocated equity	851.6	745.2	106.4	14.3
<b>Return on equity (RoE)</b>	<b>17.0%</b>	<b>11.1%</b>	<b>5.9ppt</b>	
<b>Cost/income ratio</b>	<b>45.0%</b>	<b>44.5%</b>	<b>0.5ppt</b>	

### Earnings growth in Corporate and Business Banking

The Corporate and Business Banking segment boosted earnings: The profit for the period before tax increased by 75.1% or €15.5 million to €36.2 million.

Net interest income widened by 8.2% or €4.0 million to €52.3 million year on year. Concurrently, charges for losses on loans and advances decreased by 86.3% or €13.5 million to €2.1 million. Net commission income declined slightly by 0.6% or €0.1 million to €14.5 million.

Administrative expenses rose by 7.7% or 2.3 million to €31.4 million; at €2.9 million, other operating profit was at the level of the previous year.



The return on equity increased by 5.9 percentage points to 17.0% and the cost/income ratio rose by 0.5 percentage points to 45.0%.

## More than 41,000 corporate and business banking customers

The positive trend in new customer acquisition continued in the first quarter of 2013, with Oberbank gaining 1,486 new corporate and business banking customers in this period. Currently, Oberbank services 41,433 corporate and business banking customers.

## Commercial lending

The Bank's total portfolio of loans to corporate and business banking customers increased by the gratifying rate of 4.1% or €361.7 million to €9,240.7 million.

Commercial loans		YoY growth	
as at 31/03/2013	as at 31/03/2012	in absolute terms	in %
€9,240.7 m	€8,879.0 m	€361.7 m	4.1%

## Investment finance

The total volume of investment finance loans mounted by 3.4% or €206.9 million to €6,284.6 million

Investment finance		YoY growth	
as at 31/03/2013	as at 31/03/2012	in absolute terms	in %
€6,284.6 m	€6,077.7 m	€206.9 m	3.4%

In the first three months of 2013, the number of applications for subsidised loans for investment projects and innovation projects came to 169, which is 34% above the previous year's figure. Oberbank, as hitherto, continues to hold a leading position in this field of business among Austrian banks. While companies have been cutting back investments in terms of volumes and their propensity to invest has been declining in view of the current economic conditions, a constantly rising number of customers have been putting their trust in the expert know-how of Oberbank in this business line. This is clearly evidenced by the development of the Bank's subsidised lending business: As at 31 March 2013, the volume of subsidised loans extended by Oberbank had increased by 15% to €580 million year on year.

## Leasing

Leasing receivables from customers increased by 2.1% or €31.7 million to €1,532.0 million year on year.

Leasing receivables from customers		YoY growth	
Q1 2013	Q1 2012	in absolute terms	in %
€1,532.0 m	€1,500.3 m	€31.7 m	2.1%

New business in this line of operations increased substantially again, totalling €116.9 million in the first quarter of 2013. This constitutes rises of 9.5% and 22.0% respectively compared to the third and the fourth quarters of 2012, although it still falls short of the top level witnessed in the first quarter of 2012 (primarily due to a number of customers' having replaced their ageing fleets of trucks). At present, the general mood on the market is characterised by cautious optimism, with new business focusing more on replacement rather than expansion.

## **Export finance**

Exports picked up slightly in the first three months of 2013. Current economic forecasts for 2013 expect export activity to accelerate somewhat as compared to the previous year.

Oberbank's export-oriented customers, in line with the established trend, have increasingly been looking beyond their traditional EU export markets and expanding into new overseas markets. These customers continued to take active recourse to the Bank's portfolio of export promotion packages, which comprise the full range of products and services from hedging solutions to attractive finance and promotion packages designed to support customers in tapping new markets. Also, the Bank continuously expanded revolving export lines of credit for SMEs and, what is more, was involved in sourcing the expansion of large corporates by partnering important international acquisition finance projects.

Taking second place in Austria in terms of export finance under Export Fund procedures for SMEs and thus securing the highest market share (11.89%) in the SME segment, Oberbank further strengthened its position in this line of business in the first quarter of 2013. Also worth mentioning is that the Bank's market share in this line of business in Upper Austria has meanwhile increased to almost 30%.

## **Documentary business and guarantees**

After a dynamic earnings growth of 16% in 2012, earnings from documentary business and foreign guarantees were maintained at this robust level in the first quarter of 2013.

## **International lending**

The development of Oberbank's syndicated and international lending business was again highly satisfactory in the first quarter of the current financial year; results in terms of loan volume as well as in terms of the number of transactions increased further compared with the first quarter of the previous year. This growth was due, among other things, to the positive development of Oberbank's participation in the placement of new syndicated loans as well as to the Bank's new mandates as a consortium leader for investment and acquisition projects by Austrian companies.

## **Special finance**

Brisk demand for special finance continued unabated in the first quarter of 2013. The capital requirements of Oberbank customers substantially exceeded the previous year's high level particularly in the field of classical investment finance. High demand for debt capital prevailed in the field of real estate financing. Demand for refinancing and receivables management solutions remained more or less at the satisfactory level witnessed in the first quarter of 2012.

## **Oberbank Opportunity Fonds**

The Oberbank Opportunity Fonds received 37 new applications for financing solutions in the reporting period. Apart from expansion finance, current applications above all relate to various forms of change of ownership, such as management buy-in, management buyout and partner buyout. Buyouts by private equity funds are a special strength of the Oberbank Opportunity Fonds, as the latter benefits from its network of friendly financial investors and its position as a reliable, solid and flexible partner. For many customers of the Oberbank Opportunity Fonds, an important objective is to strengthen their ratios of liable equity and maintain a healthy balance sheet structure in phases of corporate change. The financial crisis undoubtedly contributed to raising awareness in this respect. Being a financing partner backed by a strong regional bank, the Oberbank Opportunity Fonds features as the instrument of choice in such matters.

Since the launch of the Oberbank Opportunity Fonds, the Bank has facilitated a total of 36 transactions by providing equity and/or mezzanine capital support. The committed fund volume amounted to approximately €82.5 million (of a total of €150 million) as at 31 March 2013. At the same date, equity participation capital accounted for €20.6 million and mezzanine capital finance for €23.9 million of the outstanding exposure of €44.5 million.

## Payment services

Having risen by 9.0%, earnings from payment services were clearly headed upward in the first quarter of 2013. A majority of domestic payments were already being transacted via CS.A (Clearing Service.Austria).

<b>1st quarter of 2013</b>			
<b>Payment volumes</b>	<b>Payment volumes</b>	<b>Personal customers</b>	<b>Total</b>
Electronic payment orders	5,283,121	1,117,610	6,400,731
Paper-based payment orders	138,700	214,260	352,960
<b>Total</b>	<b>5,421,821</b>	<b>1,331,870</b>	<b>6,753,691</b>
Percentage of electronic payment orders	97.4%	83.9%	94.8%
Percentage of paper-based payment orders	2.6%	16.1%	5.2%

In the first quarter of 2013, Oberbank continued its SEPA information campaign with a number of customer events. Concurrently, the Bank initiated technical preparations and training for the launch of the second series of euro banknotes.

Starting in the first quarter of 2013, Oberbank became a merchant-contract bank for EPS (Electronic Payment Standard) online payments. The Electronic Payment Standard allows secure and convenient online payments both for the merchant and the ordering party and constitutes a safe and simple mode of payment in Internet shops.

## International network of banks and institutions

Activities in international business in the first three months of 2013 continued to focus on providing competent support for the Bank's export customers. Oberbank continued to strengthen and expand relations with an international network of banks and institutions in Central and Eastern Europe as well as in China, South-East Asia and India. In addition to assuming country and bank risks for exporters, Oberbank also increased its focus on generating additional commission earnings and exploiting cross-selling potentials, notably in strong export regions such as Turkey and Russia.

As regards the goal of securing excess liquidity in terms of customer deposits above the level required for refinancing customer loans, Oberbank continued to maintain its healthy level of spare capacity in the first quarter of 2013.

## Management of interest rate risk and currency risk

A temporary easing of tensions in the euro area combined with slightly brighter economic perspectives in Germany, Austria's most important trade partner, gave rise to fluctuations on currency markets at the beginning of the year. Numerous corporate customers took advantage of this phase to hedge exchange risks.

### **Direct customer services**

The volume of foreign currency trades transacted by the direct customer services department on behalf of customers increased by more than ten per cent year on year. Customers appreciate the Bank's capacity to take quick action and its highly competitive pricing policy in this line of business.

Short-term investment volumes managed for directly serviced customers remained unchanged as compared to the previous year.

### **Primary deposits**

In the first quarter of 2013, Oberbank was again able to increase primary deposits, which, rising by 2.2% year on year, reached a new record level. This gratifying development is clear evidence of the trust and confidence that customers place in Oberbank. Part and parcel of this success story is an attractive range of products for all classes of investors. Among other things, the Bank placed two new Cash Garant products in the market. Following up on the successful development of previous quarters, the Bank generated a sales volume of more than €60 million in primary deposits in the first quarter of 2013.

## PERSONAL BANKING SEGMENT

€m	Q1 2013	Q1 2012	+/- in absolute terms	+/- %
Net interest income	14.1	14.0	0.1	0.7
Charges for losses on loans and advances	(0.8)	(2.7)	1.9	(71.0)
Net commission income	14.4	13.2	1.2	9.0
Net trading income	0.0	0.0	0.0	
Administrative expenses	(20.9)	(21.3)	0.4	(1.9)
Other operating profit	0.7	0.5	0.1	24.7
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>7.5</b>	<b>3.7</b>	<b>3.8</b>	<b>&gt;100</b>
Average credit and market risk equivalent (BWG)	1,182.5	1,197.9	(15.4)	(1.3)
Average allocated equity	124.8	115.3	9.5	8.2
<b>Return on equity (RoE)</b>	<b>24.1%</b>	<b>13.0%</b>	<b>11.1 ppt</b>	
<b>Cost/income ratio</b>	<b>71.6%</b>	<b>76.7%</b>	<b>(5.1 ppt)</b>	

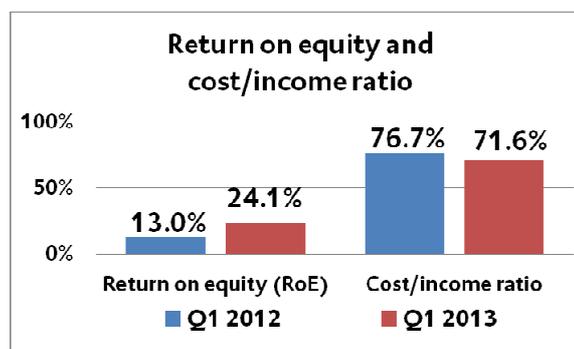
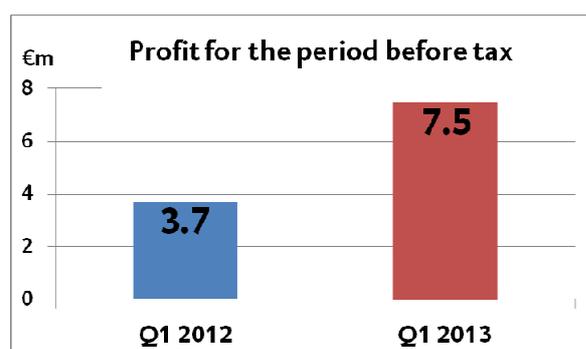
### Gratifying development

In the Personal Banking segment, the profit for the period before tax increased by 100.7% or €3.8 million to €7.5 million year on year.

Net interest income widened by 0.7% or €0.1 million to €14.1 million; net commission income grew by 9.0% or €1.2 million to €14.4 million.

Charges for losses on loans and advances declined by 71.0% or €1.9 million to €0.8 million compared with the same period in the previous year. Administrative expenses decreased by 1.9% or €0.4 million to €20.9 million. Other operating profit edged up by €0.1 million to €0.7 million.

The return on equity rose by 11.1 percentage points to 24.1%; the cost/income ratio improved by 5.1 percentage points to 71.6%.



## Personal banking customers

As at 31 March 2013, Oberbank was servicing a total of 306,680 personal banking customers across all lines of business in Austria and abroad. 5,694 of these were newly acquired in the first quarter of 2013. Vienna, one of Oberbank's growth markets, showed particularly positive development in this respect.

## Personal accounts

Oberbank's portfolio of personal accounts has grown to a total of 174,130. Year on year, the number of personal accounts increased by 1,955 or 1.1%.

Number of personal accounts		YoY growth	
as at 31/03/2013	as at 31/03/2012	in absolute terms	in %
174,130	172,175	1,955	1.1%

## Personal loans

The volume of personal loans widened by 3.5% or €71 million to €2,110 million year on year. New lending totalled €130 million in the first quarter of 2013, thus remaining unchanged at a high level, which mirrors robust credit demand. The Bank's foreign markets continued to show a very positive trend.

A campaign catering to the residential construction industry, conducted in the first quarter of 2013, strengthened Oberbank's foothold as a residential finance provider in its regions.

Personal loans		YoY growth	
as at 31/03/2013	as at 31/03/2012	in absolute terms	in %
€2,110 m	€2,039 m	€71 m	3.5%

## Savings deposits

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

Compared with the level on 31 March 2012, the volume of saving deposits declined by 3.4% or €118.0 million to €3,372.9 million; the ratio of variable-rate savings deposits to fixed-rate deposits shifted slightly in favour of variable-rate deposits.

Savings deposits		YoY growth	
as at 31/03/2013	as at 31/03/2012	in absolute terms	in %
€3,372.9 m	€3,490.9 m	(€118.0 m)	(3.4%)

## Securities business – best first quarter since 2008

In the securities business, the Bank has just seen its best quarter since 2008. Driven by asset-based fees (management and custody fees and charges), commission income increased by 5.8% or €0.5 million to €8.9 million year on year.

The pronounced media focus on stock market developments from the beginning of the year failed to have a corresponding effect on customer business in this line: earnings from securities transactions remained at the

previous year's level. The exchange offer relating to voestalpine hybrid bonds, which numerous customers held in their portfolios, was predominantly accepted by shareholders.

### **Issuing activity is still dynamic**

Sales of own issues of securities held up very well, notwithstanding the persistently low level of interest rates, and even offset the high volume of repayments in the first quarter of 2013. Overall, Oberbank's new issuing volume amounted to €140.2 million in the first quarter, bringing the balance sheet position "Securitised liabilities including subordinated capital" to €2,175.3 million. Private investor demand focused strongly on step-up bonds with medium-term maturities. In terms of supplementary capital issues, Oberbank was able to reach its target of €30 million, which had been set for 2013 as a whole, already in the first quarter. The Cash Garant series issues also saw strong investor demand.

### **3-Banken Wohnbaubank AG**

The housing bond issued by 3-Banken Wohnbaubank in 2012 continued to attract investors in the first quarter of 2013.

### **Private Banking & Asset Management on a sustained growth path**

Individual portfolio management experienced a strong inflow of funds. The volume of assets under management rose to a new record high of €259.2 million, which corresponds to an increase of 22.3% or €47.3 million as compared to the level on 31 March 2012.

Most of the new mandates focused on well-balanced strategies; investors' willingness to take risks did not increase noticeably, despite the low level of interest rates. In terms of composition, portfolio weights of equities were at the upper end of our defined bandwidths; the high weighting of US equities proved its worth, as it offset the effects of another disappointing home market performance.

In Private Banking, assets under management totalled €4.5 billion on 31 March 2013. This corresponds to an increase of €410 million year on year – and reflects both the acquisition power of Oberbank's Private Banking business and price developments on stock markets.

The central elements of the Bank's customer communication activities in the first quarter of 2013 included a large customer event in Linz and a series of investment luncheons in various regions.

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

Continuing on the fast lane as before, 3 Banken-Generali Investment-Gesellschaft again outperformed the Austrian market in the first quarter of 2013. The volume of funds managed by the fund management company widened by €200 million to €6.3 billion. This corresponds to 3.3% growth year on year. In comparison, growth in the market as a whole in Austria came to 2.2%. This volume growth was almost equally split between inflows of new funds and the value appreciation of the respective investment funds.

Special investment vehicles accounted for the largest part of volume growth. After weak years, a change of trend became perceptible in the retail funds business, where the newly launched 3 Banken Dividenden-Aktienstrategie, a transparent investment vehicle combining 25 different high dividend equities, met with brisk demand by retail investors.

Generally, the outlook for investment fund products is likely to remain rosy in an environment characterised by persistently low interest rates.

## Building and loan association saving

In the first quarter of 2013, the number of building and loan association contracts brokered by Oberbank for the Bausparkasse Wüstenrot building and loan association increased by 21.9% to 3,830 contracts year on year. This rise makes the reporting period the best first quarter since the beginning of the Bank's cooperation with Bausparkasse Wüstenrot.

Building and loan association saving thus seems to be back in favour with customers, who seem to have overcome the bout of nervousness caused by the reduction of the government premium in the previous year.

## Insurance services

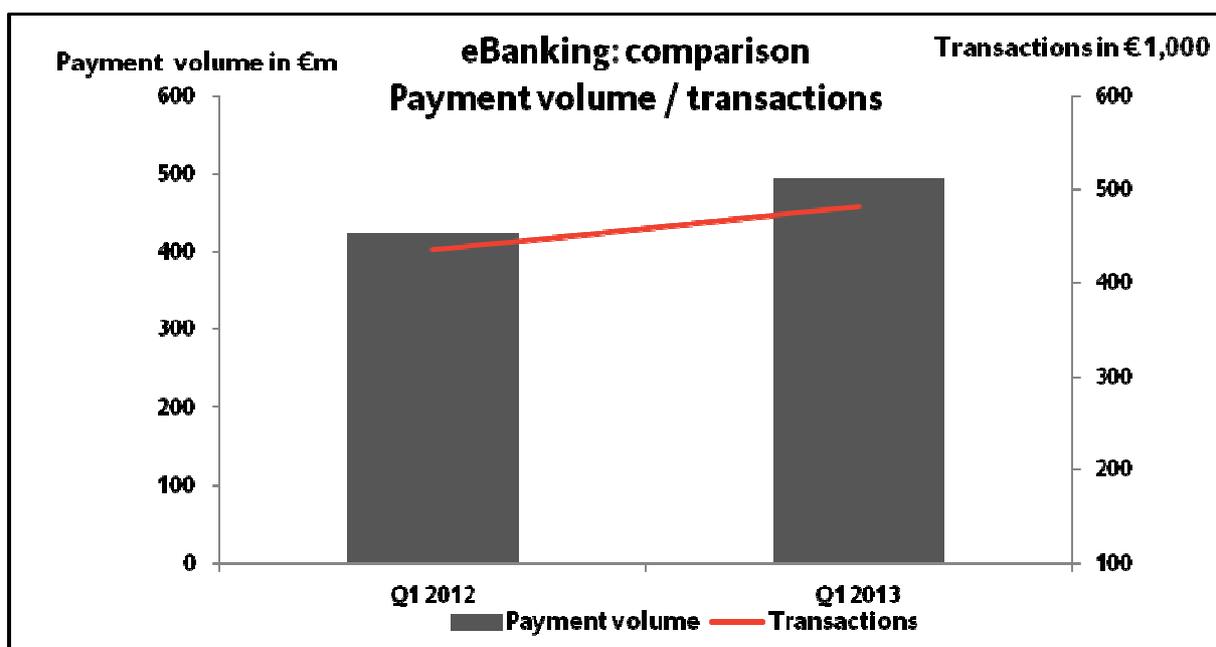
In the first quarter of 2013, the premium volume in this line of business increased by €6.5 million or 39.8% from €16.5 million to €23.0 million year on year.

With the optimisation of sales management and the extension of the product range by risk insurance and non-life insurance products as well as property insurance products for businesses, the first quarter of 2013 witnessed a number of important steps aimed at ensuring the continued growth of this line of business in the future.

## E-Banking

Customers' use of electronic banking services is rising steadily as online banking becomes increasingly popular. There was a strong increase in the number of e-banking transactions (+11%) and in the transaction volume (+17%) in the first quarter of 2013 as compared with the same period in 2012.

In Internet shopping, secure and convenient EPS online payment has already become the standard of choice for many customers. The completed payment transfer form is provided on the customary online banking interface and only needs to be signed by querying and entering the respective xTAN secure code.



## FINANCIAL MARKETS SEGMENT

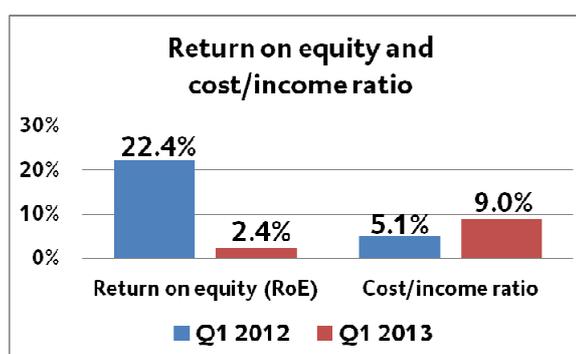
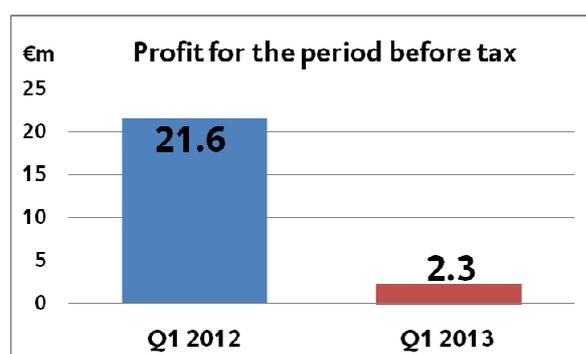
The Financial Markets segment covers earnings from equity investments and trading activities as well as interest earnings on the surplus of non-interest-bearing liabilities and income from maturity transformation.

€m	Q1 2013	Q1 2012	+/- in absolute terms	+/- %
Net interest income	13.9	14.6	(0.7)	(4.7)
Charges for losses on loans and advances	(11.9)	(1.0)	(10.8)	>100
Net commission income	0.0	0.0	0.0	
Net trading income	1.7	2.0	(0.4)	(17.6)
Administrative expenses	(1.4)	(1.2)	(0.2)	15.1
Other operating profit	(0.1)	7.2	(7.3)	>(100)
Extraordinary profit	0.0	0.0	0.0	
<b>Profit for the period before tax</b>	<b>2.3</b>	<b>21.6</b>	<b>(19.4)</b>	<b>(89.6)</b>
Average credit and market risk equivalent (BWG)	3,554.6	4,009.8	(455.2)	(11.4)
Average allocated equity	375.0	386.0	(11.0)	(2.8)
<b>Return on equity (RoE)</b>	<b>2.4%</b>	<b>22.4%</b>	<b>(20.0ppt)</b>	
<b>Cost/income ratio</b>	<b>9.0%</b>	<b>5.1%</b>	<b>3.9ppt</b>	

The Financial Markets segment posted a profit of €2.3 million for the reporting period; this corresponds to a decline of 89.6% or €19.4 million year on year.

Net interest income declined slightly by 4.7% or €0.7 million to €13.9 million. Charges for losses on loans and advances increased from €10.8 million to €11.9 million year on year. Net trading income declined by 17.6% or €0.4 million to €1.7 million. Administrative expenses rose by 15.1% or €0.2 million to €1.4 million.

The return on equity decreased by 20.0 percentage points to 2.4%; the cost/income ratio increased by 3.9 percentage points to 9.0%.



## Own issues / liquidity

In the first quarter of 2013, Oberbank floated two issues of covered bonds and placed two smaller tranches with international investors.

As regards the Bank's liquidity position, Oberbank continues to hold a very high capital buffer: Oberbank has access to a reserve in the amount of €1.5 billion at the Austrian National Bank; backed by pledged collateral, these funds can be withdrawn at any time if required. Additionally, the Bank can take recourse to non-utilised refinancing lines provided by a number of international partners.

## Current market environment / consequences of the financial crisis

The early months of 2013 were dominated by the twin financial and sovereign debt crises. January began in a mood of real confidence with clear signs of a gradual return to calmness, but in February the markets were once again beset by nervousness and uncertainty caused by concerns regarding the elections in Italy and the debt crisis in Cyprus.

In the financial markets, interest rates and the EUR/USD exchange rate most conspicuously mirrored this development pattern. While the interest rate curve generally steepened at the very beginning of 2013, the trend soon reversed and rates dropped close to new lows by the end of March.

The temperature curve of the EUR/USD currency pair perfectly illustrates this development. Relative to the dollar, the euro edged up to over 1.36 in the positive environment of January, but then reversed its course as uncertainties increased and dropped as low as 1.275.



## Earnings from proprietary trading

In the challenging environment of the first quarter of 2013, Oberbank set the focus in this line of business on risk management and cautious trading activity. Although earnings from proprietary trading declined by about 20% year on year, the result was satisfactory because it was still positive.

## OWN FUNDS

The core capital increased by 6.4% or €74.5 million to €1,241.6 million as compared to the end of the first quarter of 2012. The core capital ratio thus improved by 0.49 percentage points from 11.27% to 11.76%.

Consolidated own funds within the meaning of Section 24 of the Austrian Banking Act (Bankwesengesetz, BWG) amounted to €1,758.9 million as at 31 March 2013, which is 6.2% above the level of the same date in the previous year.

The own funds requirement as at 31 March 2013 amounted to €911.0 million, bringing the Group's surplus of own funds to €847.8 million, which corresponds to a 10.8% increase over the previous year's level.

At 16.65%, the Bank's total capital ratio was almost double the relevant regulatory rate.

## RISK

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

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

We therefore do not expect any extraordinary credit risks to occur in 2013 as a whole.

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

In line with the principle of prudence, these risks are also backed by appropriate levels of capital. In terms of liquidity risk, Oberbank is in an excellent position insofar as the entire lending volume (€11.4 billion as at 31 March 2013) can be refinanced from customers' primary deposits (€11.7 billion as at 31 March 2013). In addition, Oberbank has a permanent risk controlling system, stringent process management and other efficient control and monitoring instruments in place.

For 2013 as a whole, Oberbank therefore does not expect any extraordinary risk to arise from these risk components.

## OUTLOOK FOR 2013

- **Solid lending and deposit growth; excellent risk position**
- **Persistent low level of interest rates and tight margins; healthy trend in services**
- **Confident outlook in terms of earnings growth in 2013 as a whole**

The Austrian economy appears to have returned to a path of slow but steady growth in the first quarter of 2013. Apart from restrained but solid growth of private consumption, investment activity above all is expected to pick up again, while exports will also make a consistently positive contribution to growth.

Against this backdrop, Oberbank's management expects solid lending and deposit growth in 2013 as a whole. Risk development is still very good and is expected to stabilise at the excellent level of the previous year.

The low level of interest rates and tight margins continue to pose key challenges in the current market. In the services business, by contrast, Oberbank has set the course for very robust development.

Overall, we are optimistic that we will be able to match the excellent result generated in 2012.

## 3 BANKEN GROUP IN THE FIRST QUARTER OF 2013

The 3 Banken Group continued to show satisfactory development in the first quarter of 2013.

Joint total assets of the three banks within the 3 Banken Group increased by 0.4% to €33.75 billion year on year.

Lending in terms of volume (after charges for losses on loans and advances) widened by 3.0% to €21.9 billion.

Primary deposits rose by 2.7% to €22.6 billion.

Joint net profit for the period grew by 2.9% to €60.0 million.

As at 31 March 2013, the three banks were operating a total of 242 branches; they had an average of 3,686 employees on their payrolls in the first quarter of 2013.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 1 January to 31 March 2013

Consolidated income statement for the first quarter of 2013		01/01- 31/03/2013 in €m	01/01- 31/03/2012 in €m	Change in €m	Change in %
1. Interest and similar income	(1)	113.5	129.4	(15.9)	(12.3)
2. Interest and similar expenses	(1)	(42.9)	(59.5)	16.6	(28.0)
3. Interest from entities accounted for using the equity method	(1)	9.8	7.1	2.6	37.2
<b>NET INTEREST INCOME</b>	<b>(1)</b>	<b>80.4</b>	<b>77.0</b>	<b>3.4</b>	<b>4.4</b>
4. Charges for losses on loans and advances	(2)	(14.8)	(19.4)	4.6	(23.7)
5. Commission income	(3)	31.9	30.7	1.3	4.2
6. Commission expenses	(3)	(3.1)	(2.9)	(0.2)	5.9
<b>NET COMMISSION INCOME</b>	<b>(3)</b>	<b>28.8</b>	<b>27.7</b>	<b>1.1</b>	<b>4.0</b>
7. Net trading income	(4)	1.7	1.7	0.0	1.3
8. Administrative expenses	(5)	(59.1)	(57.6)	(1.5)	2.7
9. Other operating profit (loss)	(6)	3.9	11.1	(7.2)	(64.6)
a) Net income from financial assets – FV through P or L	(6)	3.2	8.1	(4.9)	(60.7)
b) Net income from financial assets – AFS	(6)	(1.2)	0.9	(2.1)	>(100.0)
c) Net income from financial assets – HtM	(6)	0.0	0.0	0.0	
d) Other operating profit (loss)	(6)	2.0	2.1	(0.1)	(5.9)
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>40.9</b>	<b>40.5</b>	<b>0.4</b>	<b>1.0</b>
10. Income tax	(7)	(7.6)	(7.2)	(0.3)	4.5
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>33.3</b>	<b>33.2</b>	<b>0.1</b>	<b>0.3</b>
of which attributable to the owners of the parent company		33.3	33.2	0.1	0.2
of which attributable to minority interests		0.0	0.0	0.0	>100.0

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (€m)	01/01-31/03/2013	01/01-31/03/2012
<b>Profit for the period after tax</b>	<b>33.3</b>	<b>33.2</b>
+/- Unrealised gains and losses not recognised in the income statement under IAS 39		
+/- Deferred taxes on items recognised directly in equity under IAS 39	(3.0)	31.3
+/- Exchange differences	0.8	(7.8)
+/- Other changes recognised directly in equity of which changes in equity of associates	(0.1)	(1.2)
<b>Total income and expenses recognised directly in equity</b>	<b>(0.7)</b>	<b>7.0</b>
<b>Total comprehensive income for the period of the net profit for the period and income and expenses recognised directly in equity</b>	<b>(3.0)</b>	<b>29.3</b>
of which attributable to the owners of the parent company	30.3	62.5
of which attributable to minority interests	30.3	62.5
<b>Profit for the period after tax</b>	<b>0.0</b>	<b>0.0</b>

PERFORMANCE INDICATORS	Q1 2013	Q1 2012
Cost/income ratio in%	51.49%	49.00%
Return on equity before tax in%	12.10%	12.99%
Return on equity after tax in%	9.86%	10.66%
Risk/earnings ratio (credit risk/net interest income in%)	18.43%	25.23%
Earnings per share in € (annualised)	4.64%	4.62%

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

		31/03/2013	31/12/2012	Change in €m	Change
ASSETS		in €m	in €m		in %
1. Cash and balances at central banks	(9)	128.6	182.8	(54.2)	(29.6)
2. Loans and advances to credit institutions	(10)	1,770.2	1,769.4	0.8	0.0
3. Loans and advances to customers	(11)	11,350.7	11,245.8	104.9	0.9
4. Impairment provisions	(12)	(370.5)	(368.8)	(1.7)	0.5
5. Trading assets	(13)	54.3	60.4	(6.1)	(10.1)
6. Financial investments	(14)	3,898.2	4,182.0	(283.7)	(6.8)
a) Financial assets – FV through P or L	(14)	266.8	278.0	(11.2)	(4.0)
b) Financial assets – AfS	(14)	879.6	1,121.9	(242.3)	(21.6)
c) Financial assets – HtM	(14)	2,188.9	2,231.0	(42.1)	(1.9)
d) Interest in entities accounted for using the equity method	(14)	562.9	551.1	11.8	2.1
7. Intangible assets	(15)	3.4	3.9	(0.4)	(11.2)
8. Property, plant and equipment	(16)	233.4	229.1	4.2	1.9
a) Investment property	(16)	86.9	84.5	2.5	2.9
b) Other property, plant and equipment	(16)	146.4	144.6	1.8	1.2
9. Other assets	(17)	368.5	370.6	(2.2)	(0.6)
a) Deferred tax assets	(17)	39.5	38.0	1.5	3.9
b) Other	(17)	329.0	332.7	(3.7)	(1.1)
<b>TOTAL ASSETS</b>		<b>17,436.7</b>	<b>17,675.1</b>	<b>(238.3)</b>	<b>(1.3)</b>

		31/03/2013	31/12/2012	Change in €m	Change
EQUITY AND LIABILITIES		in €m	in €m		in %
1. Amounts owed to credit institutions	(18)	3,666.4	4,039.7	(373.3)	(9.2)
2. Amounts owed to customers	(19)	9,530.0	9,399.1	131.0	1.4
3. Securitised liabilities	(20)	1,510.2	1,533.7	(23.5)	(1.5)
4. Provisions for liabilities and charges	(21)	401.7	400.2	1.5	0.4
5. Other liabilities	(22)	285.0	284.9	0.1	0.0
a) Trading liabilities	(22)	48.8	52.1	(3.3)	(6.4)
b) Tax liabilities	(22)	12.7	4.9	7.8	>100
c) Other	(22)	223.5	227.9	(4.3)	(1.9)
6. Subordinated debt capital	(23)	665.1	675.1	(10.0)	(1.5)
7. Equity	(24)	1,378.3	1,342.4	35.9	2.7
a) Equity after minorities	(24)	1,375.4	1,339.5	35.9	2.7
b) Minority interests in equity	(24)	2.9	2.9	0.0	0.6
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,436.7</b>	<b>17,675.1</b>	<b>(238.3)</b>	<b>(1.3)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### as at 31 March 2013

	Subscribed capital	Capital reserves	Retained earnings	Translation reserve	Gains(losses) recognised in equity acc. to IAS 39	Associated companies	Equity after minorities	Minorities	Equity
<b>In €m</b>									
<b>As at 01/01/2012</b>	<b>86.2</b>	<b>194.5</b>	<b>609.3</b>	<b>0.4</b>	<b>15.1</b>	<b>315.1</b>	<b>1,220.6</b>	<b>1.4</b>	<b>1,222.0</b>
Consolidated net profit for the year	-	-	29.5	(1.2)	23.5	10.7	62.5	0.0	62.5
Dividend distribution	-	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-
Reacquired Oberbank shares	(0.1)	(0.4)	-	-	-	-	(0.5)	-	(0.5)
Unrealised gains and losses not recognised in the income statement	-	-	(0.1)	-	-	5.1	5.0	-	5.0
<b>As at 31/03/2011</b>	<b>86.1</b>	<b>194.1</b>	<b>638.7</b>	<b>(0.7)</b>	<b>38.5</b>	<b>330.9</b>	<b>1,287.7</b>	<b>1.4</b>	<b>1,289.1</b>
<b>As at 01/01/2012</b>									
<b>As at 01/01/2012</b>	<b>86.1</b>	<b>194.0</b>	<b>681.1</b>	<b>0.2</b>	<b>33.2</b>	<b>344.8</b>	<b>1,339.5</b>	<b>2.9</b>	<b>1,342.4</b>
Consolidated net profit for the period	-	-	26.9	-0.1	(2.3)	5.7	30.3	0.0	30.3
Dividend distribution	-	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-
Reacquired Oberbank shares	(0.1)	(0.3)	-	-	-	-	(0.5)	-	(0.5)
Unrealised gains and losses not recognised in the income statement	-	-	0.0	-	-	6.0	6.0	-	6.0
<b>As at 31/03/2012</b>	<b>86.0</b>	<b>193.7</b>	<b>708.0</b>	<b>0.1</b>	<b>31.0</b>	<b>356.6</b>	<b>1,375.4</b>	<b>2.9</b>	<b>1,378.3</b>

<b>CASH FLOW STATEMENT (€m)</b>	<b>01/01-31/03/2013</b>	<b>01/01-31/03/2012</b>
<b>Cash and cash equivalents at the end of the previous period</b>	<b>182.8</b>	<b>300.2</b>
Cash flows from operating activities	(103.8)	(224.1)
Cash flows from investing activities	62.1	182.1
Cash flows from financing activities	(15.6)	(92.6)
Effects of changes in the scope of consolidation and valuations	3.1	35.5
Effects of exchange rate changes	(0.1)	(1.2)
<b>Cash and cash equivalents at the end of the period</b>	<b>128.6</b>	<b>199.9</b>

# **NOTES**

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

### **as at 31 March 2013**

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

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

This Interim Report covers the first quarter of 2013 (1 January 2013 to 31 March 2013) and compares this period with the same period of the previous year.

These consolidated interim financial statements for the first quarter of 2013 have been drawn up in compliance with IAS 34 ("Interim Financial Reporting").

#### **CHANGES IN ACCOUNTING POLICIES IN 2013**

This Interim Report of Oberbank AG has been drawn up using the same recognition and measurement policies applied as at 31 December 2012.

This applies with the exception of standards and interpretations applicable for periods beginning on or after 1 January 2013. 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 2013:

- Amendment IAS 1, Presentation of Financial Statements,
- Amendment IAS 19, Employee Benefits,
- IFRS 13, Fair Value Measurement,
- Amendment IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation.

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

Besides Oberbank AG, the group of consolidated companies as at 31 March 2013 included 26 domestic and 21 foreign subsidiaries. In the period under review, the consolidated group as compared to 31 December 2012 changed owing to the first time inclusion of the following subsidiary:

	Share in %
Oberbank Leasing Prievidza s.r.o., Bratislava	100%

## DETAILS OF THE INCOME STATEMENT (in €m)

<b>1. NET INTEREST INCOME</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
Interest income from credit and money-market business	87.2	99.8
Shares and other variable-yield securities	1.5	1.3
Other equity investments	0.3	0.3
Subsidiaries	0.8	0.9
Fixed-interest securities and bonds	23.6	27.1
<b>INTEREST AND SIMILAR INCOME</b>	<b>113.5</b>	<b>129.4</b>
Interest expenses on deposits	(29.9)	(42.3)
Interest expenses on securitised liabilities	(8.5)	(11.1)
Interest expenses on subordinated liabilities	(4.5)	(6.1)
<b>INTEREST AND SIMILAR EXPENSES</b>	<b>(42.9)</b>	<b>(59.5)</b>
<b>INTEREST FROM ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b>	<b>9.8</b>	<b>7.1</b>
<b>NET INTEREST INCOME</b>	<b>80.4</b>	<b>77.0</b>
<b>2. CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
Allocated to loan loss provisions	19.9	26.4
Direct write-offs	0.6	1.2
Reversals of loan loss provisions	(3.7)	(7.1)
Recoveries of written-off receivables	(2.0)	(1.0)
<b>CHARGES FOR LOSSES ON LOANS AND ADVANCES</b>	<b>14.8</b>	<b>19.4</b>
<b>3. NET COMMISSION INCOME</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
Payment services	10.6	9.8
Securities business	8.9	8.4
Foreign exchange, foreign bank note and precious metals business	2.4	3.5
Credit operations	5.7	4.8
Other services and advisory business	1.2	1.2
<b>NET COMMISSION INCOME</b>	<b>28.8</b>	<b>27.7</b>
<b>4. NET TRADING INCOME</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
Gains (losses) on interest rate contracts	0.8	0.7
Gains (losses) on foreign exchange, foreign bank note and numismatic business	1.1	1.1
Gains (losses) on derivatives	(0.2)	(0.1)
<b>NET TRADING INCOME</b>	<b>1.7</b>	<b>1.7</b>

<b>5. ADMINISTRATIVE EXPENSES</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
Staff costs	34.2	33.4
Other administrative expenses	19.2	18.6
Write-offs and valuation allowances	5.8	5.6
<b>ADMINISTRATIVE EXPENSES</b>	<b>59.1</b>	<b>57.6</b>
<b>6. OTHER OPERATING PROFIT (LOSS)</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
a) Net income from financial assets – FV through P or L	3.2	8.1
b) Net income from financial assets – AfS	(1.2)	0.9
c) Net income from financial assets – HtM	0.0	0.0
d) Other operating profit (loss)	2.0	2.1
<b>OTHER OPERATING PROFIT (LOSS)</b>	<b>3.9</b>	<b>11.1</b>
<b>7. INCOME TAXES</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
Current income tax expense	8.1	7.6
Deferred income tax expense (income)	(0.6)	(0.3)
<b>INCOME TAXES</b>	<b>7.6</b>	<b>7.2</b>
<b>8. EARNINGS PER SHARE</b>	<b>01/01- 31/03/2013</b>	<b>01/01- 31/03/2012</b>
Number of shares in issue at 31 March	28,783,125	28,783,125
Average number of shares in issue	28,752,125	28,764,991
Consolidated net profit for the period	33.3	33.2
<b>EARNINGS PER SHARE IN €</b>	<b>1.16</b>	<b>1.16</b>
<b>ANNUALISED FIGURES IN €</b>	<b>4.64</b>	<b>4.62</b>

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

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

<b>9. CASH AND BALANCES AT CENTRAL BANKS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Cash in hand	56.8	71.6
Credit balances with central banks of issue	71.8	111.2
<b>CASH AND BALANCES AT CENTRAL BANKS</b>	<b>128.6</b>	<b>182.8</b>

<b>10. LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Loans and advances to Austrian banks	997.0	1,017.5
Loans and advances to foreign banks	773.2	751.9
<b>LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>1,770.2</b>	<b>1,769.4</b>

<b>11. LOANS AND ADVANCES TO CUSTOMERS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Loans and advances to Austrian customers	7,010.2	6,936.4
Loans and advances to foreign customers	4,340.5	4,309.4
<b>LOANS AND ADVANCES TO CUSTOMERS</b>	<b>11,350.7</b>	<b>11,245.8</b>

<b>12. IMPAIRMENT PROVISIONS</b>						
<b>€m</b>	<b>As at 01/01/ 2013</b>	<b>Exchange rate changes</b>	<b>Added</b>	<b>Used</b>	<b>Reversed</b>	<b>As at 31/03/ 2013</b>
Specific impairment provisions	230.2	(0.5)	6.2)	(11.4)	(3.1)	221.4
Country risks	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio impairment provisions under IAS 39	138.5	0.0	10.5	0.0	0.0	149.0
<b>Charges for losses on loans and advances <sup>1)</sup></b>	<b>368.8</b>	<b>(0.5)</b>	<b>16.7</b>	<b>(11.4)</b>	<b>(3.1)</b>	<b>370.5</b>
Loan loss provisions	128.9	0.0	2.8	(0.8)	(0.7)	130.3
<b>TOTAL IMPAIRMENT PROVISIONS</b>	<b>497.7</b>	<b>(0.5)</b>	<b>19.5</b>	<b>(12.1)</b>	<b>(3.7)</b>	<b>500.8</b>

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

<b>13. TRADING ASSETS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
<b>Bonds and other fixed-interest securities</b>		
Listed	2.2	4.2
<b>Stocks and other variable-yield securities</b>		
Listed	2.7	2.8
<b>Positive fair values of derivative financial instruments</b>		
Currency contracts	2.2	2.3
Interest rate contracts	47.2	51.0
Other contracts	0.0	0.0
<b>TRADING ASSETS</b>	<b>54.3</b>	<b>60.4</b>

<b>14. FINANCIAL INVESTMENTS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
<b>Bonds and other fixed-interest securities</b>	2,736.3	3,035.1
<b>Stocks and other variable-yield securities</b>	311.0	311.4
<b>Equity investments/shares</b>		
Subsidiaries	236.9	234.9
Entities accounted for using the equity method		
- Banks	239.2	233.8
- Non-banks	323.7	317.3
Other equity investments		
- Banks	10.8	10.8
- Non-banks	40.3	38.7
<b>FINANCIAL INVESTMENTS</b>	<b>3,898.2</b>	<b>4,182.0</b>
a) Financial assets – FV through P or L	266.8	278.0
b) Financial assets – AfS	879.6	1,121.9
c) Financial assets – HtM	2,188.9	2,231.0
d) Interest in entities accounted for using the equity method	562.9	551.1
<b>FINANCIAL INVESTMENTS</b>	<b>3,898.2</b>	<b>4,182.0</b>
<b>15. INTANGIBLE ASSETS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Other intangible assets	2.7	3.2
Customer base	0.7	0.7
<b>INTANGIBLE ASSETS</b>	<b>3.4</b>	<b>3.9</b>
<b>16. PROPERTY, PLANT AND EQUIPMENT</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Investment property	86.9	84.5
Land and buildings	62.6	61.8
Business equipment and furnishings	71.5	67.8
Other property, plant and equipment	12.3	15.0
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>233.4</b>	<b>229.1</b>
<b>17. OTHER ASSETS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Deferred tax assets	39.5	38.0
Other items	326.3	329.8
Other deferrals	2.7	2.9
<b>OTHER ASSETS</b>	<b>368.5</b>	<b>370.6</b>

<b>18. AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Amounts owed to		
- Austrian banks	1,029.7	1,492.8
- Foreign banks	2,636.7	2,546.9
<b>AMOUNTS OWED TO CREDIT INSTITUTIONS</b>	<b>3,666.4</b>	<b>4,039.7</b>
<b>19. AMOUNTS OWED TO CUSTOMERS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Savings deposits	3,372.9	3,380.1
Other	6,157.1	6,019.0
<b>AMOUNTS OWED TO CUSTOMERS</b>	<b>9,530.0</b>	<b>9,399.1</b>
<b>20. SECURITISED LIABILITIES</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Issued bonds	1,468.7	1,465.1
Other securitised liabilities	41.4	68.5
<b>SECURITISED LIABILITIES</b>	<b>1,510.2</b>	<b>1,533.7</b>
<b>21. PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Provisions for severance and pensions	209.8	210.0
Provisions for anniversary bonuses	8.8	8.7
Loan loss provisions	130.3	128.9
Other provisions	52.8	52.6
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>401.7</b>	<b>400.2</b>
<b>22. OTHER LIABILITIES</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Trading liabilities	48.8	52.1
Tax liabilities	12.7	4.9
- Current tax liabilities	8.1	0.5
- Deferred tax liabilities	4.5	4.4
Other liabilities	184.5	185.7
Deferred items	39.0	42.2
<b>OTHER LIABILITIES</b>	<b>285.0</b>	<b>284.9</b>
<b>OTHER LIABILITIES (TRADING LIABILITIES)</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Currency contracts	2.5	2.0
Interest rate contracts	46.3	50.1
Other contracts	0.0	0.1
<b>TRADING LIABILITIES</b>	<b>48.8</b>	<b>52.1</b>
<b>23. SUBORDINATED DEBT CAPITAL</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Issued subordinated bonds	6.4	6.6
Supplementary capital	578.7	589.2
Hybrid capital	80.1	79.3
<b>SUBORDINATED DEBT CAPITAL</b>	<b>665.1</b>	<b>675.1</b>

<b>24. EQUITY</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Subscribed capital	86.0	86.1
Capital reserves	193.7	194.0
Retained earnings (including net profit)	1,072.5	1,036.2
Untaxed reserves	21.4	21.4
Negative goodwill	1.9	1.9
Minorities	2.9	2.9
<b>EQUITY</b>	<b>1,378.3</b>	<b>1,342.4</b>

<b>25. CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
Other contingent liabilities (guarantees and letters of credit)	1,289.2	1,310.2
<b>CONTINGENT LIABILITIES</b>	<b>1,289.2</b>	<b>1,310.2</b>
Liabilities arising from non-genuine repos	0.0	0.0
Other commitments (irrevocable loan commitments)	2,219.1	2,129.2
<b>COMMITMENTS</b>	<b>2,219.1</b>	<b>2,129.2</b>

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

	<b>Personal Banking</b>	<b>Corporate</b>	<b>Financial Markets</b>	<b>Other</b>	<b>Consolidated income statement Q1 2013</b>
Net interest income	14.1	52.3	13.9	0.0	80.4
Charges for losses on loans and advances	(0.8)	(2.1)	(11.9)	0.0	(14.8)
Net commission income	14.4	14.5	0.0	0.0	28.8
Net trading income	0.0	0.0	1.7	0.0	1.7
Administrative expenses	(20.9)	(31.4)	(1.4)	(5.5)	(59.1)
Other operating profit	0.7	2.9	(0.1)	0.4	3.9
Extraordinary profit	0.0	0.0	0.0	0.0	0.0
<b>Profit for the period before tax</b>	<b>7.5</b>	<b>36.2</b>	<b>2.3</b>	<b>(5.1)</b>	<b>40.9</b>
Average credit and market risk equivalent	1,182.5	8,071.4	3,554.6	0.0	12,808.6
Average allocated equity	124.8	851.6	375.0	0.0	1,351.4
<b>Return on Equity (RoE)</b>	<b>24.1%</b>	<b>17.0%</b>	<b>2.4%</b>		<b>12.1%</b>
<b>Cost/income ratio</b>	<b>71.6%</b>	<b>45.0%</b>	<b>9.0%</b>		<b>51.5%</b>

## DISCLOSURES REQUIRED BY AUSTRIAN LAW

<b>27. HUMAN RESOURCES</b>	<b>Q1 2013</b>	<b>FY 2012</b>
Salaried	1,996	2,020
Blue-collar	20	21
<b>TOTAL RESOURCES</b>	<b>2,016</b>	<b>2,041</b>

<b>28. CONSOLIDATED OWN FUNDS AND REGULATORY OWN FUNDS REQUIREMENT</b>			
Eligible own funds pursuant to Section 24 Austrian Banking Act (BWG) in €m			
<b>Composition</b>	<b>31/03/2013</b>	<b>31/12/2012</b>	<b>31/03/2012</b>
<b>1. Core capital</b>			
Share capital	86.3	86.3	86.3
Holdings of Oberbank AG shares	(1.4)	(1.0)	(0.9)
Disclosed reserves	952.7	952.7	886.5
Minorities	3.0	3.0	1.5
Goodwill arising due to capital consolidation	6.5	9.8	4.3
Goodwill arising due to the use of the equity method	118.7	118.7	114.1
Hybrid capital	79.0	79.0	79.0
Deductions of intangible assets	(3.2)	(3.2)	(3.8)
<b>TOTAL CORE CAPITAL (TIER I)</b>	<b>1,241.6</b>	<b>1,245.4</b>	<b>1,167.1</b>
<b>CORE CAPITAL RATIO</b>	<b>11.76%</b>	<b>11.88%</b>	<b>11.27%</b>
<b>2. Supplementary own funds (TIER II)</b>			
Eligible supplementary capital bonds	406.3	408.2	391.5
Revaluation reserves (already 45% of undisclosed reserves)	158.4	157.2	150.4
Subordinated bonds (suppl. capital below 3Y maturity)	30.7	30.2	28.4
<b>TOTAL SUPPLEMENTARY OWN FUNDS (TIER II)</b>	<b>595.4</b>	<b>595.7</b>	<b>570.3</b>
<b>3. TIER III</b>			
Addition of an amount not exceeding subordinated bonds eligible for Tier II	1.9	1.5	1.2
<b>TOTAL TIER III CAPITAL</b>	<b>1.9</b>	<b>1.5</b>	<b>1.2</b>
<b>4. Deductions</b>			
Deductions of interests in banks/other FI of over 10%	(80.1)	(80.1)	(82.4)
Deductions of interests in banks/other FI of up to 10%	0.0	0.0	0.0
<b>TOTAL OWN FUNDS</b>	<b>1,758.9</b>	<b>1,762.5</b>	<b>1,656.1</b>
Of which: own funds pursuant to Section 23 (14) no. 7 Austrian Banking Act (BWG)	1.9	1.5	1.2
<b>OWN FUNDS RATIO</b>	<b>16.65%</b>	<b>16.81%</b>	<b>16.00%</b>

<b>Own funds requirement</b>	<b>31/03/2013</b>	<b>31/12/2012</b>	<b>31/03/2012</b>
Credit risk pursuant to Section 22 (2) BWG	844.1	838.2	827.6
Trading book purs. to Section 22 o (2) BWG	1.9	1.5	1.2
Operational risk purs. to Section 22 k BWG	65.0	65.0	62.2
Qualified investments purs. to Section 29 (4) BWG	0.0	0.0	0.0
<b>TOTAL OWN FUNDS REQUIREMENT</b>	<b>911.0</b>	<b>904.6</b>	<b>891.0</b>

<b>UNAPPROPRIATED OWN FUNDS</b>	<b>847.8</b>	<b>857.9</b>	<b>765.1</b>
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<b>Basis for the calculation of the reserve ratios</b>			
Assessment basis for the credit risk - Section 22 (2) BWG	10,551.7	10,476.9	10,345.4
Specific position risk of the trading book pursuant to Section 22 o nos. 1,3,6 BWG	10.3	5.0	6.3

<b>TOTAL BASIS OF ASSESSMENT</b>	<b>10,562.0</b>	<b>10,481.9</b>	<b>10,351.7</b>
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## 29. FAIR VALUE OF FINANCIAL INSTRUMENTS AS AT 31/03/2013

In €m	HtM	FV/PL	TB	Afs	L&R/liabilities	Other	Total
	Book value/ fair value*						
<b>Cash and balances at central banks</b>						128.6	128.6
						128.6	128.6
<b>Loans and advances to credit institutions</b>					1,770.2		1,770.2
					1,771.0		1,771.0
<b>Loans and advances to customers</b>	40.4	161.4		105.3	11,043.6		11,350.7
	40.4	161.4		105.3	11,118.4		11,425.5
<b>Impairment provisions</b>					(370.5)		(370.5)
					(370.5)		(370.5)
<b>Trading assets</b>			54.3				54.3
			54.3				54.3
<b>Financial investments</b>	2,188.9	266.8		879.6		562.9	3,898.2
	2,341.9	266.8		879.6		491.7	3,980.0
<b>Intangible assets</b>						3.4	3.4
						3.4	3.4
<b>Property, plant and equipment</b>						233.4	233.4
						266.0	266.0
<b>Other assets</b>						368.5	368.5
						368.5	368.5
<b>TOTAL ASSETS</b>	<b>2,229.3</b>	<b>428.2</b>	<b>54.3</b>	<b>985.0</b>	<b>12,443.2</b>	<b>1,296.8</b>	<b>17,436.7</b>
	<b>2,382.3</b>	<b>428.2</b>	<b>54.3</b>	<b>985.0</b>	<b>12,518.8</b>	<b>1,258.2</b>	<b>17,626.7</b>
<b>Amounts owed to credit institutions</b>		88.9				3,577.5	3,666.4
		88.9				3,605.7	3,694.5
<b>Amounts owed to customers</b>		418.0				9,112.0	9,530.0
		418.0				9,124.1	9,542.1
<b>Securitised liabilities</b>		594.0				916.2	1,510.2
		594.0				917.8	1,511.8
<b>Provisions for liabilities and charges</b>						401.7	401.7
						401.7	401.7
<b>Other liabilities</b>			48.8			236.2	285.0
			48.8			236.2	285.0
<b>Subordinated debt capital</b>		442.8				222.3	665.1
		442.8				233.6	676.4
<b>Capital</b>						1,378.3	1,378.3
						1,378.3	1,378.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-</b>	<b>1,543.7</b>	<b>48.8</b>	<b>-</b>	<b>13,828.0</b>	<b>2,016.2</b>	<b>17,436.7</b>
	<b>-</b>	<b>1,543.7</b>	<b>48.8</b>	<b>-</b>	<b>13,881.1</b>	<b>2,016.2</b>	<b>17,489.8</b>

\* 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 carried at fair value\***  
**as at 31/03/2013**

In €m	HtM Fair value	FV/PL Fair value	TB Fair value	AfS Fair value	L&R/Liabilities Fair value	Other Fair value	Total Fair value
<b>Assets</b>							
Level 1	-	57.9	4.6	580.4	-	-	642.9
Level 2	-	370.3	49.7	155.9	-	170.2	746.0
Level 3	-	-	-	-	-	-	-
<b>Financial instruments</b>	-	<b>428.2</b>	<b>54.3</b>	<b>736.3</b>	-	<b>170.2</b>	<b>1,389.0</b>
<b>ASSETS</b>							
<b>Liabilities</b>							
Level 1	-	594.0	-	-	-	-	594.0
Level 2	-	949.7	48.8	-	-	34.6	1,033.2
Level 3	-	-	-	-	-	-	-
<b>Financial instruments</b>	-	<b>1,543.7</b>	<b>48.8</b>	-	-	<b>34.6</b>	<b>1,627.2</b>
<b>LIABILITIES</b>							

\* The fair value corresponds to the amount at which an asset can be sold or a liability settled in a transaction under market conditions between competent, willing and independent parties. The best indicator for the fair value is the market price in an active market. Where market prices are available in an active market, the assets are measured using these prices (level 1). Where no market prices are available, the fair value is determined using valuation models, with assets marked to market on the basis of official prices (level 2). Where the fair value cannot be assessed on the basis of market prices or using valuation models fully based on observable market data, individual valuation parameters that are not observable on the market are estimated on the basis of reasonable assumptions (level 3).

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

### **The Management Board confirms that**

- the present condensed Interim Report to the Shareholders of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC) and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the Oberbank Group.
- these consolidated interim financial statements cover the first quarter of 2013 (1 January 2013 to 31 March 2013) and that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the IFRS standards governing interim financial reporting.

As at 31 March 2013, 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, 24 May 2013

### **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 2013

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

24 May 2013	Quarterly results for Q1 2013
23 August 2013	Quarterly results for Q1-Q2 2013
29 November 2013	Quarterly results for Q1-Q3 2013

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

## Disclaimer

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

## Imprint

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### 3 BANKEN GROUP AT A GLANCE

Income statement €m	Oberbank Group		BKS Bank Group		BTV Group	
	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012
Net interest income	80.4	77.0	32.5	34.5	40.1	38.3
Charges for losses on loans and advances	(14.8)	(19.4)	(9.7)	(8.9)	(9.5)	(9.8)
Net commission income	28.8	27.7	11.5	11.2	11.4	11.2
Administrative expenses	(59.1)	(57.6)	(24.8)	(24.4)	(23.5)	(23.4)
Profit for the period before tax	40.9	40.5	11.8	11.8	20.7	19.0
Consolidated net profit for the period	33.3	33.2	10.4	10.1	16.3	15.0

Balance sheet in €m	31/03/2013	31/12/2012	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Total assets	17,436.7	17,675.1	6,718.5	6,654.4	9,495.7	9,496.4
Loans and advances to customers after charges for losses on loans and advances	10,980.2	10,877.0	4,817.4	4,794.2	6,084.3	6,193.0
Primary funds	11,705.4	11,607.9	4,395.6	4,362.4	6,546.1	6,582.9
of which savings deposits	3,372.9	3,380.1	1,778.6	1,797.9	1,261.4	1,272.9
of which securitised liabilities including subordinated debt capital	2,175.3	2,208.8	824.5	816.6	1,223.8	1,187.8
Equity	1,378.3	1,342.4	692.3	688.3	860.6	845.5
Customer funds under management	21,845.5	21,558.0	10,817.4	10,674.9	11,466.3	11,368.8

Own funds within the meaning of the Austrian Banking Act (BWG) in €m	31/03/2013	31/12/2012	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Assessment basis	10,562.0	10,481.9	4,444.5	4,457.9	5,533.2	5,665.0
Own funds	1,758.9	1,762.5	703.0	709.5	975.4	995.4
of which core capital (Tier 1)	1,241.6	1,245.4	630.5	630.7	805.9	806.0
Surplus own funds	847.8	857.9	320.5	325.8	506.6	516.0
Core capital ratio in %	11.76	11.88	13.13	13.10	13.49	13.17
Total capital ratio in %	16.65	16.81	15.82	15.92	17.63	17.57

Performance in %	Q1 2013	FY 2012	Q1 2013	FY 2012	Q1 2013	FY 2012
Return on equity before tax	12.10	10.32	6.52	6.88	9.82	8.65
Return on equity after tax	9.86	8.47	5.78	6.02	7.75	7.58
Cost/income ratio	51.49	55.44	55.95	56.27	45.28	44.44
Risk/earnings ratio (credit risk in percent of net interest income)	18.43	19.11	29.76	26.98	23.64	24.30

Resources	Q1 2013	FY 2012	Q1 2013	FY 2012	Q1 2013	FY 2012
Average number of staff (weighted)	1,996	2,020	922	930	768	779
Branches as at the end of the quarter/year	149	147	56	55	37	37