

150 Years

**Interim Report to Shareholders
as at 31 March 2019**

Oberbank at a Glance

Income statement in €m	Q1 2019	Change	Q1 2018
Net interest income	85.4	8.0%	79.1
Income from entities accounted for using the equity method	2.4	-85.5%	16.5
Charges for losses on loans and advances	1.6	-30.4%	2.3
Net commission income	40.8	0.7%	40.5
Administrative expenses	-69.9	7.0%	-65.3
Profit for the period before tax	59.5	-7.0%	64.0
Profit for the period after tax	48.5	-9.7%	53.7
Balance sheet in € m	31/3/2019	Change	31/12/2018
Total assets	21,806.8	-1.8%	22,212.6
Loans and advances to customers	16,016.4	0.8%	15,883.0
Primary funds	13,769.2	-3.3%	14,244.0
of which savings deposits	2,698.3	0.5%	2,684.1
of which securitised liabilities incl. subordinated debt capital	2,108.5	0.5%	2,098.3
Equity	2,861.9	2.3%	2,797.9
Customer funds under management	29,540.9	3.5%	28,530.9
Own funds purs. to CRR in €m	31/3/2019	Change	31/12/2018
Common equity tier 1 capital (CET 1)	2,527.6	0.4%	2,517.8
Tier 1 capital	2,572.8	0.4%	2,563.1
Own funds	2,936.9	0.9%	2,911.8
CET 1 ratio in %	17.21	-0.25 ppt	17.46
Tier 1 capital ratio in %	17.52	-0.25 ppt	17.77
Total capital ratio in %	20.00	-0.19 ppt	20.19
Performance indicators	Q1 2019	Change	Q1 2018
Cost/Income ratio in %	54.72	3.30 ppt	51.42
Return on equity before tax in %	8.48	-1.57 ppt	10.05
Return on equity after tax in %	6.91	-1.52 ppt	8.43
Risk/earnings ratio (credit risk/net interest) in %	-1.93	0.93 ppt	-2.86
Resources	31/3/2019	Change	31/12/2018
Average number of staff (weighted)	2,138	37	2,101
Number of branches	170		170

Development of Business of the Oberbank Group in Q1 2019

Dear Readers,

As expected, Oberbank's profit for the first quarter of 2019 did not reach the exceptionally high level seen in the first quarter of 2018.

One-off effects of income from investments weighed on earnings

- Net interest income rose to EUR 85.4 million (+8.0%), while net fee and commission income remained stable at a high level (EUR 40.8 million or +0.7%)
- Income from investments decreased to EUR 2.4 million (-85.5%)
- General administrative expenses at EUR 69.9 million (+7.0%)

The solid development of net fee and commission income was not enough to offset the decline in income from equity investments.

Net interest income increased in Q1 by a pleasing 8.0% to EUR 85.4 million year on year driven primarily by the higher lending volumes in the corporate and retail banking segments.

Net commission income was slightly higher than in preceding year at EUR 40.8 million (+0.7%) despite lower fee and commission income from securities caused due to the difficult stock market setting. The very gratifying increase in fee and commission income from lending and payment services was behind the increase.

By contrast, income from equity investments dropped sharply by 85.5% to EUR 2.4 million. The reason was mainly the quarter-on-quarter loss of voestalpine. Contributions to earnings from our partner banks were much higher than in the preceding year.

Lower profit before and after tax year on year

The consequence of this trend was a drop in operating income by 6.3% to EUR 57.8 million, a decrease in profit before tax by 7.0% to EUR 59.5 million, and drop in profit after tax by 9.7% to EUR 48.5 million.

Further growth in lending

- Lending volume EUR 16.0 billion / + 6.2% year on year

In the first quarter of 2019, lending volume increased by 0.8% to EUR 16.0 billion. This is a gain of 6.2% year on year.

The commercial lending volume expanded in the first quarter by 0.7% to EUR 12.7 billion (y/y: + 6.1%). Investment finance declined slightly due to the weaker demand caused by a slowing economy, while the uptrend in working capital loans was positive.

Retail lending expanded in the first quarter by 1.5% to EUR 3.3 billion, which is a gain of +6.5% year on year.

The trend in the second quarter seems to be developing much more satisfactorily for both investment finance and retail loans.

Risk situation still excellent

- EUR 1.6 million positive risk result, NPL ratio 2.46%

We can report a positive risk result of EUR 1.6 million for the first quarter of 2019; this means that risk provisions released were EUR 1.6 million more than risk provisions set aside.

The NPL ratio, which is the share of non-performing loans to total lending volume, dropped again slightly from 2.55% to 2.46%.

Equity at record level

- Increase by EUR 64 million to EUR 2.9 billion

Equity stood at EUR 2,861.9 million on 31 March 2019 which is 2.3% or EUR 64 million higher than on 31 December 2018.

Top performing ratios

- ROE before tax 8.48%, after tax 6.91%
- Cost/income ratio 54.72%
- 17.52% CET1, total capital ratio 20.00%

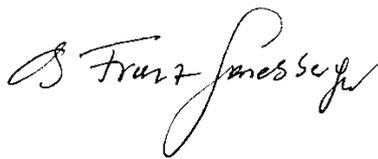
ROE decreased due to the significant increase in equity capital and the lower net profit for the period. ROE before tax decreased from 10.05% to 8.48%, and after tax from 8.43% to 6.91%.

The cost/income ratio went up from 51.42% to 54.72%. The main reason was higher administrative costs due also to our expansion, while earnings remained stable.

Capital adequacy continues at an excellent level (17.52% CET1, total capital ratio 20.00%) and clearly exceeds the statutory requirements.

We will continue to invest in the future of Oberbank

Compared to the first quarter of the preceding year, the number of Oberbank branches was raised by 10 to 170 and staff by 55 to 2,138 persons. The increase took place mostly in the expansion markets of Germany, Vienna and Hungary.

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

The Oberbank share

The ordinary shares of Oberbank posted a new all-time high in Q1 2019 and were quoted at EUR 94.20 on 29 March 2019. The stock trend reflects the excellent development of Oberbank.

Oberbank shares – key figures	Q1 2019	Q1 2018
Number of ordinary no-par shares	32,307,300	32,307,300
Number of preference shares	3,000,000	3,000,000
High (ordinary/preference share) in €	94.20/91.50	86.00/75.00
Low (ordinary/preference share) in €	89.80/83.00	82.00/71.50
Close (ordinary/preference share) in €	94.20/90.50	86.00/75.00
Market capitalization in €m	3,314.85	3,003.42
IFRS earnings per share in € annualised	5.49	6.08
P/E ratio, ordinary shares	17.16	14.14
P/E ratio, preference shares	16.48	12.34

Oberbank ordinary and preference shares vs. the ATX and the European banking index

Chart (period: 30/03/2009 to 29/03/2018) ■ Oberbank Ord ■ Oberbank Pre ■ ATX ■ STOXX Europe 600 Banks



This chart compares the development of the Oberbank ordinary share, the Oberbank preference share, the Austrian stock index ATX, and the European banking index STOXX Europe 600 Banks. In the chart, the prices have been adjusted by indexing the daily closing prices of the relevant stock and the indices to 100. This means the starting prices were all set to 100% at the starting time. Therefore, the chart presents the relative percentage development.

Source: 29 March 2019

The figures given refer to the past. These cannot be used to derive future trends.

Segment Trends in Q1 2019

Corporate and Business Banking

Corporate and Business Banking in €m	Q1 2019	Q1 2018	+ / - in %	+ / - in %
Net interest income	63.6	59.2	4.4	7.4 %
Charges for losses on loans and advances	3.9	4.9	-1.0	-19.7%
Net commission income	21.6	20.2	1.4	6.7%
Net trading income	0.0	0.0	0.0	
Administrative expenses	-38.2	-34.7	-3.5	10.0%
Other operating income	-1.7	0.4	-2.1	
Profit before tax	49.2	50.0	-0.8	-1.5%
Risk equivalent	9,855.1	9,254.1	601.0	6.5%
Average allocated equity	1,603.0	1,408.3	194.7	13.8%
Return on equity before tax (RoE)	12.3%	14.2%	-1.9% ppt	
Cost/income ratio	45.7%	43.5%	2.2% ppt	

Earnings trend in Corporate and Business Banking

At EUR 49.2 million, the profit in the Corporate and Business Banking segment was EUR 0.8 million or 1.5% lower than in the preceding year.

Net interest income rose by EUR 4.4 million or 7.4% to EUR 63.6 million.

Charges for losses on loans and advances increased from a positive EUR 4.9 million by EUR -1.0 million to a positive EUR 3.9 million.

Net commission income was up by EUR 1.4 million or 6.7% to EUR 21.6 million year on year.

Administrative expenses went up by EUR 3.5 million or 10.0% to EUR 38.2 million.

Other operating income decreased from EUR 0.4 million by EUR 2.1 million to EUR - 1.7 million.

RoE in the Corporate and Business Banking segment decreased by -1.9%-points from 14.2% to 12.3%, while the cost/income ratio worsened by 2.2%-points from 43.5% to 45.7%

Commercial lending

The volume of Oberbank's commercial loans expanded further and rose by EUR 731.1 million or 6.1% from EUR 11,986.0 million to EUR 12,717.1 million.

Commercial loans		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 12,717.1 million	€ 11,986.0 million	€ 731.1 million	6.1%

Investment finance

At a total of 397 projects, the number of applications submitted in Austria, Germany and Hungary for subsidised loans and innovation projects in the first quarter of 2019 through our branches was once again at the last year's already very high level. In this respect, Oberbank holds an absolute top position among Austrian banks, just as in the years before. This also corresponds to the development of the business promotion loans filed through Oberbank that amounted to EUR 1.4 billion on 31 March 2019, and were 12.3% higher year on year.

Investment finance		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 9,175.8 million	€ 8,657.9 million	€ 517.9 million	6.0%

Leasing

At a volume of EUR 220.8 million in new business, we started the new year 2019 on a sound footing. Movables and the vehicle business were the drivers behind this trend in Q1.

Leasing receivables from customers		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 2,326.9 million	€ 2,227.5 million	€ 99.4 million	4.5%

Structured finance

As in the previous year, demand for structured finance was again at a very high level in the first quarter of 2019. While real estate loans are still in high demand, project volumes were slightly down for refinancing and for change in ownership loans. By contrast, loans in the tourism sector saw an especially strong rise with respect to both number of projects and project volumes. The strategic decision to focus more strongly on this sector in the lending business and the measures taken to achieve growth are now coming to fruition.

Oberbank Opportunity Fund

In the first quarter of 2019, the Oberbank Opportunity Fund reported 37 queries, which is higher than in the preceding year. The Oberbank Opportunity Fund closed three transactions in the first quarter. Since the inception of the Oberbank Opportunity Fund, 74 transactions for equity and mezzanine capital were supported financially and 10 new supplementary financing projects were carried out. The volume of capital committed – equity capital, mezzanine capital and high-yield capital – was EUR 193 million on 31 March 2019.

Syndicated loans and international lending

Compared to same quarter of the preceding year, there was an increase in the area of syndication and international lending (loans to syndicates, borrower's note) despite several early repayments. The trend in financing transactions for which Oberbank acted as arranger and syndicate leader was positive. The pipeline for the subsequent quarters is well filled with numerous projects. Participation in the issuance of debt notes was rather subdued in the first quarter. The reasons were issuers outside of Oberbank's sales markets and unattractive margins.

Trade finance and international business

It seems as if the export growth rate will settle at a high level in 2019. Exporters and importers are increasingly concentrating on countries with greater opportunities but also higher risks. Therefore, risk hedging is becoming more important. Internationally active companies rely on Oberbank's expertise, especially in the classical documentary business. Earnings in this area increased substantially by over 40% year on year.

Based on its advisory approach, Oberbank was very successful in defending its leading position as the strongest regional bank in Austria for subsidised revolving lines of credit for export finance from Oesterreichische Kontrollbank (OeKB). As at 31 March 2019, the market share in revolving lines of credit for export finance was 11.4% (Export Fund loans for SME) and 12.3% (KRR loans for corporates). Not least due to the new finance options under the Export Fund procedures of OeKB for domestic investments (OeKB Exportinvest) was it possible to increase the total volume of export finance to a record level of over EUR 1.4 billion.

Payment services

Payment service positions (transactions completed and accounts managed) were much higher year on year despite a slowing economy, while net income from payment services increased steeply versus Q1 2018. At the beginning of January, the new portal for internet banking "Kundenportal business" was launched in Germany. The product was very well received and a large number of customers have already opted for the modern banking application.

International network of partner banks and institutions

The main sales countries of exporting and importing companies in 2019 were – apart from the EU countries – especially in Southeast Asia, the Middle East, North Africa and the USA.

The double-digit growth rates in foreign trade in some countries and regions (China, US and North Africa) show how important it is for Oberbank to be present in these regions. Maintaining our network of partner banks is the foundation for guaranteeing that the international business transactions of customers are conducted efficiently and securely. Apart from the specialist topics such as settlement guarantees for trade finance, payment services and hedging, the themes of compliance and regulatory requirements are becoming increasingly important. In addition to these international areas of focus, Brexit and the entailing changes and adjustments enjoy high priority.

Primary deposits

The ECB did not raise any prospects of changes to euro key lending rates in the first quarter of 2019. Interest rates stayed at historically low levels and the ECB's statement that it would take measures again to raise liquidity on the European refinancing market in 2019 caused the interest rate curve to decline. The liquidity preference of investors did not change and only in few cases were term deposits of interest.

Interest rate and currency risk management

Considering the Brexit scenario, the British pound developed surprisingly stably. The US dollar was the currency most frequently traded by customers. Due to rising insecurity regarding the further course of the economy, customers with international business operations entered into a number of exchange rate risk hedging positions.

Personal Banking

Personal Banking segment in €m	Q1 2019	Q1 2018	+ / - absolute	+ / - in %
Net interest income	15.6	14.7	0.8	5.5%
Charges for losses on loans and advances	-1.1	-1.5	0.4	-24.8%
Net commission income	19.2	20.3	-1.0	-5.1%
Net trading income	0.0	0.0	0.0	
Administrative expenses	-22.6	-22.0	-0.6	2.9%
Other operating income	1.3	1.1	0.2	13.9%
Profit before tax	12.4	12.7	-0.3	-2.6%
Risk equivalent	1,814.0	1,695.9	118.1	7.0%
Average allocated equity	295.0	258.1	37.0	14.3%
Return on equity before tax (RoE)	16.8%	19.7%	-2.9% ppt	
Cost/income ratio	62.6%	60.7%	1.9% ppt	

Development of Personal Banking

Profit in the Personal Banking segment decreased year on year by EUR 0.3 million or 2.6% from EUR 12.7 million to EUR 12.4 million.

Net interest income rose by EUR 0.8 million or 5.5% to EUR 15.6 million.

Charges for losses on loans and advances decreased by EUR 0.4 million from EUR 1.5 million to EUR 1.1 million.

Net commission income was lower year on year at a decline of EUR 1.0 million or 5.1% to EUR 19.2 million.

Administrative expenses went up by EUR 0.6 million or 2.9% to EUR 22.6 million.

Other operating income increased from EUR 1.1 million by EUR 0.2 million to a total of EUR 1.3 million.

RoE in the Corporate and Business Banking segment decreased by 2.9%-points from 19.7% to 16.8%, while the cost/income ratio worsened by 1.9%-points from 60.7% to 62.6%

Personal accounts

The portfolio of personal accounts grew year on year by 3,352 to 188,172 accounts. We are constantly expanding our range of offerings for retail customers by innovative products and new payment services. Digital and mobile solutions such as the Oberbank customer portal, the Oberbank banking app and the Oberbank wallet app complement the range of services offered and are also very popular. Cashless payment is developing very well and will continue to grow robustly driven by the NFC function (contactless payment). The spread of mobile payment via smartphones (e.g. Oberbank wallet app) will continue.

Personal accounts		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
188,172	184,820	3,352	1.81%

Personal loans

Personal loans increased versus 31 March 2018 by EUR 200.4 million or 6.5% to EUR 3,299.3 million, with the volume of new personal loans granted in Q1 2019 being 14.0% lower than in the same period of the preceding year. Demand for housing construction loans continues to be high, but is no longer at the level of the preceding year. Consumer loans developed very positively. The share of foreign currency loans in the total portfolio of personal loans of Oberbank is now only 3.1%. In the spirit of sustainability, Oberbank also informs borrowers of the options available for subsidized loans and develops the suitable project financing strategy jointly with customers.

Personal loans		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 3,299.3 million	€ 3,098.9 million	€ 200.4 million	6.5%

Savings deposits

The volume of savings deposits has decreased since 31 March 2018 by EUR 16.7 million or 0.6% to EUR 2,698.3 million. Customers still tend to leave their money on giro accounts or in daily callable investment forms. Online savings products continued to gain ground and posted an increase by EUR 54 million or 10.0% since the start of the year.

Savings deposits		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 2,698.3 million	€ 2,715.0 million	- € 16.7 million	0.6%

Securities business

In Q1 2019, income on commissions in the securities business was 7.0% lower than in the same quarter of the preceding year. This is a decline by EUR 0.9 million to EUR 11.8 million. Stock market trends were surprisingly positive compared to year-end 2018. Nonetheless, the – at times – negative reports of slowing economic development and the Brexit scenario influenced the behaviour of investors in the fourth quarter. For this reason, fees on transactions declined, while the management fees remained more or less at the same level as in the preceding year.

Market value on custody accounts

Compared to 31 December 2018, the market value of custody accounts rose strongly by 10.4% or EUR 1,484.9 million and nearly offset the sharp drop seen in the fourth quarter of 2018. Year on year, there was a slight rise by 0.9% or EUR 135.8 million to EUR 15,771.8 million.

Market value on custody accounts		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 15,771.8 million	€ 15,636.0 million	€ 135.8 million	0.9%

Oberbank issues

In the first three months of 2019, a volume of EUR 115.9 million were issued, of which EUR 34.7 million were subordinated debt. Demand was particularly high in the first two months of the year. In March, demand was more subdued due to the much lower interest rates on the capital market. The issues were all exclusively euro bonds.

Securitised liabilities including subordinated debt		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 2,108.5 million	€ 1,827.0 million	€ 281.5 million	15.4%

3 Banken-Generali Investment GmbH

3 Banken-Generali Investment GmbH posted a very good quarter once again. The market share of the company increased to a new record level of 5.7%.

This is the result of a sustained net inflow of funds which was much robust than for the overall market. The strongest driver behind the increase in volume in the first quarter was the good performance of almost all asset classes. The volume of all assets managed by the company is now EUR 9.9 billion. The share of Oberbank has risen since 31 December 2018 by EUR 362.5 million or 9.7% to EUR 4,081.2 million. Year on year, the positive change was 7.9% or EUR 297.2 million. The new sustainable investment funds introduced at the beginning of the year “Mensch und Umwelt Aktienfonds” and “Mensch und Umwelt Mischfonds” already boast a volume of EUR 27.2 million.

Public investment funds and special funds		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 4,081.2 million	€ 3,784.0 million	€ 297.2 million	7.9%

Private banking

Assets under management in private banking have increased year on year by EUR 587.0 million or 6.8% to a new record level of EUR 9,201.1 million. The increase in assets results from performance effects and net inflows of funds. Two services made major contributions to this highly satisfactory development: brokerage services for stock trading customers, and individual asset management, which at the end of March also attained a new record level of EUR 613.7 million in assets under management.

Assets under management		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 9,201.1 million	€ 8,614.1 million	€ 587.0 million	6.8%

Savings in building and loan associations

In Q1 2019, the number of new Oberbank building and loan association contracts closed was 3,554, which is 2.0% lower year on year. Despite the persistently low interest rates and the low savings ratio, savings in building and loan association contracts is still a popular alternative. Total savings and loan association contracts decreased by 41.4% to EUR 4.2 million.

Insurance services

In Austria, the insurance business continued to expand, in particular, life insurance, endowment life insurance, risk insurance and non-life insurance.

Insurance contracts – premium volume		YoY change	
As at 31/3/2019	As at 31/3/2018	absolute	in %
€ 38.1 million	€ 37.2 million	€ 0.9 million	2.4%

Financial Markets

Financial Markets in €m	Q1 2019	Q1 2018	+ / - in %	+ / - in %
Net interest income	6.2	5.2	1.0	20.1%
Income from entities recognised using the equity method	2.4	16.5	-14.1	-85.2%
Charges for losses on loans and advances	-1.2	-1.2	0.0	2.2%
Net commission income	0.0	0.0	0.0	
Net trading income	0.9	0.9	0.0	0.8%
Administrative expenses	-1.8	-1.9	0.1	-4.8%
Other operating income	11.1	-0.8	11.9	
Profit before tax	17.6	18.6	-1.1	-5.7%
Risk equivalent	5,579.8	5,774.2	-194.4	-3.4%
Average allocated equity	907.6	878.7	28.9	3.3%
Return on equity before tax (RoE)	7.7%	8.5%	-0.8% ppt	
Cost/income ratio	8.8%	8.7%	0.1% ppt	

Earnings in the Financial Markets segment

Profit in the segment Financial Markets decreased by EUR 1.1 million or 5.7% to EUR 17.6 million.

Net interest income rose by EUR 1.0 million or 20.1% to EUR 6.2 million.

Income from equity investments decreased by EUR 14.1 million or 85.2% to EUR 2.4 million due to the lower profits of investees.

Charges for losses on loans and advances was EUR -1.2 million and at the level of the preceding year.

Net trading income was EUR 0.9 million, the same as in the preceding year.

At EUR 1.8 million, administrative expenses were EUR 0.1 million lower year on year.

Other operating income increased by EUR 11.9 million from EUR - 0.8 million to a total of EUR 11.1 million.

Return on equity in the Financial Markets segment declined by 0.8%-points from 8.5% to 7.7%, and the cost/income ratio deteriorated by 0.1%-points from 8.7% to 8.8%.

Proprietary trading

After a turbulent phase at the end of 2018 on financial markets, the year 2019 started on a very positive note. The negative factors had already been anticipated, there were no new adverse events and the outlook of a continuation of low interest rates for a very long period helped to boost stocks. Bond markets saw a slight decline again. The currency market was the only one on which hardly any movements were observed. In this environment, current trade transactions made it possible to meet earnings expectations.

Liquidity

The prevailing excess liquidity in the euro area was the dominant theme. The announcement of the ECB of its intention to hold a tender for a new series of TLTROs signalled to the market that no liquidity would be removed from the market in the foreseeable future and that liquidity would be sufficient. This measure is also a sign that interest rates will not be rising any time soon. The details on the new TLTROs will be published in June. Afterwards, it will be possible to assess the further effects. The challenge is to try to keep surplus liquidity as low as possible in order to avoid the penalty of a negative deposit rate of - 0.4%.

Own funds

On 31 March 2019, own funds amounted to EUR 2,936.9 million which is a ratio of 20%. Common equity tier 1 capital (CET1) was EUR 2,572.8 million and the tier 1 capital ratio was 17.52%. CET1 of EUR 2,527.6 million corresponds to a ratio 17.21%.

Risk

Oberbank's risk policy takes into account the risk situation of all business areas including the new markets. Risk management focuses on keeping the customer funds entrusted to Oberbank safe, conserving own funds and guaranteeing liquidity.

The most important risk category is counterparty risk. This risk is accounted for by recognising the corresponding impairment charges on the balance sheet.

When assessing creditworthiness and collateral policy, Oberbank can rely on decades of know-how. Moreover, its business model as a regional bank, professional credit management and the balanced distribution of overall debt across the customer segments help to ensure that the threat to Oberbank's overall profit from its risk exposure is contained. Therefore, it may be assumed that there will not be any unforeseen counterparty risk events in the full year 2019.

The other risk categories are equity risk (risk of loss in value or foregone profits in the equity portfolio), market risk (risk of losses due to fluctuating interest rates, foreign exchange rates or equity prices), the operational risk and liquidity risk. These risks are also covered by the corresponding funds in line with the principle of conservatism. As regards liquidity risk, the good position of Oberbank is also supported by the fact that Oberbank can refinance the entire credit volume (31/3/2019: EUR 16.0 billion) by the primary deposits of customers and other long-term refinancing lines (OeKB, LfA, KfW) with a volume of EUR 16.2 billion (as at 31/3/2019). Additionally, Oberbank has a permanent risk controlling system in place as well as strict process management and other efficient control and management instruments. Therefore, Oberbank does not expect any unusual risk events in these risk categories for the full year 2019.

Outlook 2019

After negative signs on the horizon for some time, the global economy is slowing noticeably.

The forecast for global growth in 2019 was revised from 3.7% to 2.6% mainly because of the international trade conflicts. GDP in the euro area gained only 0.2% in the first quarter, and the industrial sector developed more sluggishly than before. GDP in Germany - the long-time driver of growth - is expected to rise by only 0.8% over the full year. The US also showed signs of a slowing economy. It was, above all, retail sales that declined unexpectedly by 0.2% (expectations: a gain by 0.3%).

Stock markets did better than expected

DAX, Euro Stoxx, S&P 500 and Dow Jones recovered considerably compared to the end of 2018. Many investors recognised that fears of a recession at the end of 2018 were exaggerated and bought up inexpensive stocks. Stock markets were additionally boosted by the announcement of central banks to continue their easing monetary policy at least until 2020, and also by the hopes of a resolution to the trade dispute between the US and China.

Oberbank 2019: no new record earnings expected.

The result for 2018 featured excellent operating income, an exceptionally low credit risk and the highest ever level of returns on equity investments.

Expectations for 2019 place operating results at a high level, while income on equity investments is estimated to be below those of the preceding year. Furthermore, Oberbank stands by its growth and investment plans and will open nine new branches. Considering the overall circumstances, it is not likely that Oberbank will break another record in earnings in 2019.

IFRS Interim Financial Statements – Statement of Comprehensive Income 1/1/2019 to 31/3/2019

Consolidated income statement in €k	1/1-31/3 2019	1/1-31/3 2018	Change in €k	Change in %
1. Interest and similar income	110,204	100,609	9,595	9.5
a) Interest income accord. to effective interest rate method	102,609	97,533	5,076	5.2
b) Other interest income	7,595	3,076	4,519	> 100
2. Interest and similar expenses	-24,839	-21,507	-3,332	15.5
Net interest income (1)	85,365	79,102	6,263	7.9
3. Income from entities measured using the equity method (2)	2,447	16,507	-14,060	-85.2
4. Charges for losses on loans and advances (3)	1,644	2,262	-618	-27.3
5. Net commission income	45,024	44,629	395	0.9
6. Net commission expenses	-4,233	-4,179	-54	1.3
Net commission income (4)	40,791	40,450	341	0.8
7. Net trading income (5)	896	846	50	5.9
8. Administrative expenses (6)	-69,872	-65,305	-4,567	7.0
9. Other operating income (7)	-1,814	-9,909	8,095	-81.7
a) Net income from financial assets – FV/PL	9,303	-5,696	14,999	>-100.0
b) Net income from financial assets – FV/OCI	53	-138	191	>-100.0
c) Net income from financial assets – AC	1,617	0	1,617	> 100.0
d) Other operating income	-12,787	-4,075	-8,712	> 100.0
Profit for the period before tax	59,457	63,953	-4,496	-7.0
10. Income taxes (8)	-10,997	-10,292	-705	6.8
Profit for the period after tax	48,460	53,661	-5,201	-9.7
of which attributable to equity holders of the parent and to the owners of additional equity components	48,214	53,473	-5,259	-9.8
of which attributable to non-controlling interests	246	188	58	30.9

Other comprehensive income in €k	1/1-31/3/2019	1/1-31/3/2018
Profit for the period after tax	48,460	53,661
Items not reclassified to profit or loss for the year	10,171	-7,696
+/- 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	-2,778	-841
+/- Value changes in own credit risk recognised in equity IFRS 9	1,590	951
+/- Deferred tax on changes recognised in equity for own credit risk IFRS 9	-397	-238
+/- Value changes in equity instruments recognised in equity IFRS 9	15,675	-8,926
+/- Deferred tax on value changes in equity instruments recognised in equity IFRS 9	-3,919	1,358
Items reclassified to profit or loss for the year	996	-726
+/- Value changes recognised in equity for debt securities IFRS 9	153	-1,649
Amounts recognised in equity	209	-1,568
Reclassification adjustments	-56	-81
+ / - Deferred tax on value changes recognised in equity for debt instruments IFRS 9	-38	412
Amounts recognised in equity	-52	392
Reclassification adjustments	14	20
+ / - Exchange differences	202	886
+ / - Share from entities recognised using the equity method	679	-375

	1/1-31/3/2019	1/1-31/3/2018
Total income and expenses recognised directly in equity	11,167	-8,422
Total comprehensive income for the period and income/expenses not recognised in profit of loss	59,627	45,239
of which attributable to shareholders of the parent and to owners of additional equity instruments	59,381	45,051
of which attributable to non-controlling interests	246	188

Performance indicators	1/1-31/3/2019	1/1-31/3/2018
Cost/income ratio in %	54.72	51.42
Return on equity before tax in %	8.48	10.05
Return on equity after tax in %	6.91	8.43
Risk/earnings ratio in %	-1.93	-2.86
Earnings per share in €	5.49	6.08

Consolidated balance sheet as at 31/3/2019 / Assets

in €k		31/3/2019	31/12/2018	Change in €k	Change in %
1.	Cash and balances at central banks (10)	640,029	828,685	-188,656	-22.8
2.	Loans and advances to banks (11)	787,843	1,494,353	-706,510	-47.3
3.	Loans and advances to customers (12)	16,016,392	15,883,032	133,360	0.8
4.	Loan loss provisions (13)	-250,460	-251,474	1,014	-0.4
5.	Trading assets (14)	39,447	36,159	3,288	9.1
6.	Financial investments (15)	3,834,236	3,628,246	205,990	5.7
	a) Financial assets – FV/PL	438,907	233,510	205,397	88.0
	b) Financial assets FV/OCI	583,369	593,540	-10,171	-1.7
	c) Financial assets - AC	1,893,933	1,881,559	12,374	0.7
	d) Interest in entities accounted for using the equity method	918,027	919,637	-1,610	-0.2
7.	Intangible assets (16)	921	912	9	1.0
8.	Property, plant and equipment (17, 18)	414,594	278,696	135,898	48.8
	a) Investment property	95,051	95,822	-771	-0.8
	b) Other property, plant and	319,543	182,874	136,669	74.7
9.	Other assets (19)	323,771	313,968	9,803	3.1
	a) Deferred tax assets	29,279	36,300	-7,021	-19.3
	b) Positive fair values of closed out derivatives in the banking book	121,015	103,178	17,837	17.3
	c) Other	173,477	174,490	-1,013	-0.6
	Total assets	21,806,773	22,212,577	-405,804	-1.8

Consolidated balance sheet as at 31/3/2019 / Equity and liabilities

in €k		31/3/2019	31/12/2018	Change in €k	Change in %
1.	Amounts owed to credit institutions (20)	4,251,081	4,387,769	-136,688	-3.1
	a) Refinance allocated for customer loans	2,477,762	2,463,969	13,793	0.6
	b) Other amounts owed to credit institutions	1,773,319	1,923,800	-150,481	-7.8
2.	Amounts owed to customers (21)	11,660,699	12,145,724	-485,025	-4.0
3.	Securitised liabilities (22)	1,513,634	1,515,672	-2,038	-0.1
4.	Provisions for liabilities and charges (23)	383,376	383,315	61	0.0
5.	Other liabilities (24)	541,283	399,603	141,680	35.5
	a) Trading liabilities (25)	35,755	29,521	6,234	21.1
	b) Tax liabilities	16,260	9,756	6,504	66.7
	ba) Current tax liabilities	11,572	5,177	6,395	> 100
	bb) Deferred tax liabilities	4,688	4,579	109	2.4
	c) Negative fair values of closed out derivatives in the banking book	16,671	20,118	-3,447	-17.1
	c) Other	472,597	340,208	132,389	38.9
6.	Subordinated debt capital (26)	594,834	582,598	12,236	2.1
7.	Equity (27)	2,861,866	2,797,896	63,970	2.3
	a) Equity after minorities	2,805,439	2,741,459	63,980	2.3
	b) Minority interests	6,427	6,437	-10	-0.2
	c) Additional equity instruments	50,000	50,000	0	0.0
	Total equity and liabilities	21,806,773	22,212,577	-405,804	-1.8

Consolidated statement of changes in equity as at 31/3/2019

	Subscribed capital	Capital reserves	Retained earnings	Exchange differences	Revaluation reserve			Actuarial gains/losses under IAS 19	Associates	Equity after minorities	Shares of non-controlling shareholders	Additional equity instruments	Shareholders' equity
					Reclassified debt securities IFRS 9	Equity instruments IFRS 9 not reclassified	Changes in own credit risk IFRS 9 not reclassified						
in €k													
As at 1/1/2018	105,862	505,523	1,313,916	-528	5,752	114,962	-8,543	-21,993	545,020	2,559,970	6,248	50,000	2,616,218
Consolidated net profit			41,644	886	-1,237	-7,568	713		10,613	45,051	188		45,239
Net annual profit/loss			41,644						11,829	53,473	188		53,661
Other comprehensive income				886	-1,237	-7,568	713		-1,216	-8,422			-8,422
Dividend distribution													
Coupon payments on additional equity instruments													
Capital increase													
Issuance of additional equity components													
Repurchased own shares	-14		-514							-528			-528
Other changes not recogn. in P/L			-304						2,687	2,383	-174		2,209
As at 31/3/2018	105,848	505,523	1,354,742	358	4,515	107,394	-7,830	-21,993	558,320	2,606,876	6,262	50,000	2,663,138
As at 1/1/2019	105,769	505,523	1,441,376	-769	2,337	112,535	-11,189	-32,580	618,457	2,741,459	6,437	50,000	2,797,896
Consolidated net profit			50,395	202	115	11,756	1,193		-4,280	59,381	246		59,627
Net annual profit/loss			50,395						-2,181	48,214	246		48,460
Other comprehensive income				202	115	11,756	1,193		-2,099	11,167			11,167
Dividend distribution													
Coupon payments on additional equity components													
Capital increase													
Issuance of additional equity components													
Repurchased own shares	84		2,282							2,366			2,366
Other changes not recognised in income			-437						2,670	2,233	-256		1,977
As at 31/3/2019	105,853	505,523	1,493,616	-567	2,452	124,291	-9,996	-32,580	616,847	2,805,439	6,427	50,000	2,861,866

Consolidated statement of cash flows in €k	1/1-31/3/2019	1/1-31/3/2018
Net profit/loss for the period	48,460	53,661
Non-cash items in the profit for the period and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	478	18,507
Change in provisions for staff benefits and other provisions	61	-5,936
Change in other non-cash items	3,220	15,581
Gains and losses on financial investments, property, plant and equipment and intangible assets	-1,615	-7,121
Subtotal	50,605	74,691
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Loans and advances to credit institutions	727,890	-84,698
- Loans and advances to customers	-122,227	-468,377
- Loan loss provisions	0	107,622
- Trading assets	-691	3,591
Financial assets for operating activities	20,884	47,658
- Other assets from operating activities	20,485	26,475
- Amounts owed to banks	-137,195	-1,595
- Amounts owed to customers	-502,803	20,631
- Securitised liabilities	-16,467	-150,482
- Other liabilities from operating activities	-63,160	-51,602
Cash flow from operating activities	-22,681	-476,084
Proceeds from the sale of		
- financial assets used for investment activities	122,319	120,511
- property, plant and equipment, and intangible assets	2,595	2,912
Outlay on purchases of		
- financial investments	-303,144	-32,839
- property, plant and equipment, and intangible assets	-3,576	-3,420
Cash flow from investing activities	-181,806	87,162
Capital increase	0	0
Dividend distributions	0	0
Coupon payments on additional equity components	0	0
Cash from subordinated liabilities and other financing activities		
- Issues	34,683	17,051
- Other	2,366	15
Fund outflows from subordinated debt capital and other financing activities		
- Redemptions	-20,961	-39,663
- Other	-257	-716
Cash flow from financing activities	15,831	-23,313
Cash and cash equivalents at the end of preceding period	828,685	845,105
Cash flow from operating activities	-22,681	-476,084
Cash flow from investing activities	-181,806	87,162
Cash flow from financing activities	15,831	-23,313
Effects of changes in the consolidation scope and revaluation	0	0
Effects of changes to foreign exchange rates	0	0
Cash and cash equivalents at the end of the period	640,029	432,870

Cash and cash equivalents comprise the line item Cash and balances at central banks, consisting of cash on hand and credit balances with central banks of issue.

Notes to the consolidated financial statements

Consolidated statement of cash flows in €k	1/1-31/3/2019	1/1-31/3/2018
Interest received	98,557	98,150
Dividends received	10,450	7,352
Interest paid	-46,561	-59,717
Coupon payments on additional equity components	0	0
Income tax paid	-8,869	-7,084

Key accounting policies

The consolidated financial statements of Oberbank AG were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as in force and as adopted by the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC). They cover the first quarter of 2019 (1 January 2019 to 31 March 2019) and compare the figures with the corresponding period of the prior year. These interim financial statements for the first quarter of 2019 are in conformity with IAS 34 (interim reports). The summarized consolidated interim report has not been audited. We have not applied any standards or interpretations that take effect after the financial year 2020 or later.

Changes to the accounting policies 2019

The quarterly report of Oberbank AG has been drafted using the same recognition and measurement policies as applied on 31/12/2018. An exception are the standards and interpretations that apply to financial years that start on or after 1 January 2019. Only those new standards and interpretations are presented that are relevant for the operating activities of Oberbank.

The following standards and interpretations, as amended, have been mandatory since January 2019.

- IFRS 16 - Leasing
- IFRIC 23 - Uncertainty over income tax treatment
- Amendment to IFRS 9 - Prepayment features with negative compensation
- Amendments to IAS 28 - Long-term interests in associates and in joint operations
- Amendment to IAS 19 - Pension obligations in the event of a plan amendment, curtailment or settlement
- Annual improvements to International Financial Reporting Standards (cycle 2015-2017)

IFRIC 23 is an interpretation applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The interpretation is based on the rules governing entities where there are uncertainties over income tax treatment, the assumptions for taxation authorities' audits, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and the tax rates as well as the effects of changes to the facts or circumstances. This did not result in any material effects on the consolidated financial statements.

The amendments to IFRS 9 concern limited adaptations to the assessment criteria for the classification of financial assets. Therefore, under certain conditions, financial assets with a prepayment feature with negative compensation may be recognised at amortised cost or directly in equity at fair value in Other comprehensive income. This did not result in any material effects on the consolidated financial statements.

The amendments to IAS 28 (Investments in Associates and Joint Ventures) clarify that an entity applies IFRS 9 including its impairment requirements to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture, but to which the equity method is not applied. This did not result in any material effects on the consolidated financial statements.

The amendments to IAS 19 (Employee Benefits) clarify that when an event results in a change to a plan - amendment, curtailment or settlement - the company must remeasure the current service costs and net interest for the remaining period of the year taking into account current actuarial assumptions. This did not result in any material effects on the consolidated financial statements.

The annual improvements cycle for IFRS (2015-2017) refers to amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23. This did not result in any material effects on the consolidated financial statements.

Effects of IFRS 16 on the Oberbank Group

Leases in which Oberbank is the lessor

The initial application of IFRS 16 did not have any effects on the consolidated financial statements.

Leases in which Oberbank is the lessee

On 1 January 2019, Oberbank started applying IFRS 16 - Leasing. In accordance with the transitional provisions, Oberbank applies IFRS 16 according to IFRS 16.C5 (b) retroactively by recognising, at the time of initial application, the cumulated effects of the initial application as a correction to the opening balance sheet for retained earnings. However, there were no effects on retained earnings as at 1 January 2019. No adjustments were made to the comparative information. No further provisions providing exemptions under IFRS 16.5 were used.

Within the scope of the changeover, on 1 January 2019, rights of use to leased objects were capitalised as assets in an amount of EUR 141,272 thousand and a lease debt was carried as a liability in the same amount. These refer only to property, plant and equipment. The operating lease obligations as at 31 December 2018 resulted in the following reconciliation for the opening balance of lease obligations in EUR thousand:

Reconciliation as at 1 January 2019	
Off-balance sheet operating lease obligations as at 31 December 2018	147,594
Minimum lease payments (nominal value) under finance lease obligations	0
Lease obligations (gross) as at 1 January 2019	147,594
Discounting	-6,322
Lease obligations as at 1 January 2019	141,272
Present value of minimum lease payments under finance lease obligations	0
Additional lease liabilities from the initial application of IFRS 16	141,272

The average, weighted discounting rate for lease liabilities recognised for the first time on 1 January 2019 was 0.63% p.a.

Accounting and measurement methods for lease contracts as a lessee

A lease contract under IFRS 16 is a contract or part of a contract that entitles the lessee to use an asset for a certain period of time for payment of a fee. Right-of-use assets for leased objects are measured at the time of recognition at amortised cost. Amortised cost corresponds as a rule to the present value of the corresponding lease liabilities. No use is made of the elective option under IFRS 16.5 to refrain from capitalising leased objects under short-term lease contracts and under low-value lease contracts. The depreciation of the right of use to the leased objects is done linearly over the estimated useful life or over the shorter lease contract period. If there are indications that the right of use to the leased objects might be impaired, a review pursuant to IAS 36 is conducted. Future lease payments are discounted applying SWAP interest rates differentiated by maturity and currency, and measured by the effective interest rate method at amortised cost.

The Oberbank group of consolidated companies

The Group's consolidated companies as at 31 March 2019 included, apart from Oberbank AG, 36 Austrian and 18 foreign subsidiaries. Compared to 31 December 2018, the group of consolidated companies did not change.

Details of the income statement in €k

1) Net interest income	1/1-31/3/2019	1/1-31/3/2018
Interest income from		
Credit and money market operations	90,285	83,030
Shares and other variable-yield securities	1,422	1,400
Other equity investments	2,740	1,088
Subsidiaries	1,660	186
Fixed-interest and debt securities	14,097	14,905
Interest and similar income	110,204	100,609
Interest expenses for		
Deposits	-13,949	-11,436
Securitised liabilities	-5,471	-4,780
Subordinated liabilities	-5,419	-5,291
Interest and similar expenses	-24,839	-21,507
Net interest income	85,365	79,102
2) Income from entities recognised using the equity method	1/1-31/3/2019	1/1-31/3/2018
Net amounts from proportionately recognised income	2,447	16,507
Expenses from impairments and income from additions	0	0
Profit from entities accounted for using the equity method	2,447	16,507
3) Charges for losses on loans and advances	1/1-31/3/2019	1/1-31/3/2018
Addition to charges for losses on loans and advances	-42,583	-63,367
Direct write-offs	-290	-180
Reversals of loan loss provisions	42,858	65,238
Recoveries of written-off receivables	931	571
Result of nonsignificant modifications	-10	0
Result of POCI financial instruments	738	0
Charges for losses on loans and advances	1,644	2,262
4) Net commission income	1/1-31/3/2019	1/1-31/3/2018
Payment services	14,455	13,471
Securities business	11,850	12,724
Foreign exchange, foreign bank notes and precious metals business	3,801	3,461
Credit operations	9,384	9,321
Other service and advisory business	1,301	1,473
Net commission income	40,791	40,450
5) Net trading income	1/1-31/3/2019	1/1-31/3/2018
Gains/losses on interest rate contracts	797	201
Gains/losses on foreign exchange, foreign bank note and numismatic	-324	945
Gains/losses on derivatives	423	-300
Net trading income	896	846
6) Administrative expenses	1/1-31/3/2019	1/1-31/3/2018
Staff costs	42,562	39,563
Other administrative expenses	20,368	22,338
Write-offs and impairment losses	6,942	3,404
Administrative expenses	69,872	65,305

7) Other operating income	1/1-31/3/2019	1/1-31/3/2018
a) Net income from financial assets FV/PL	9,303	-5,696
thereof designated financial instruments	-150	-1,541
thereof financial instruments with mandatory measurement FV/PL	9,453	-4,155
b) Net income from financial assets FV/OCI	53	-138
thereof from the measurement of debt instruments	-42	-263
thereof from the sale and derecognition of debt instruments	95	125
c) Net income from financial assets - AC	1,617	0
d) Other operating income	-12,787	-4,075
Stability tax	-1,180	-1,112
Expenses from operational risks	-2,078	-337
Income from operational risks	696	4,262
Gains from the sale of land and buildings	0	0
Expenses from operating leases	-3,789	-4,000
Income from operating leases	4,331	4,582
Other	-10,767	-7,470
Other operating income/expenses	-1,814	-9,909

8) Income taxes	1/1-31/3/2019	1/1-31/3/2018
Current income tax expense	8,218	15,204
Deferred income tax expenses/income	2,779	-4,912
Income taxes	10,997	10,292

9) Earnings per share in €	1/1-31/3/2019	1/1-31/3/2018
Number of shares as at 31/03	35,307,300	35,307,300
Average number of shares in issue	35,284,936	35,281,255
Consolidated profit for the year after tax	48,460	53,661
Earnings per share in €	1.37	1.52
Annualised values	5.49	6.08

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 €k

10) Cash and balances with central banks	31/3/2019	31/12/2018
Cash in hand	83,700	83,997
Credit balances with central banks of issue	556,329	744,688
Cash and balances at central banks	640,029	828,685

11) Loans and advances to credit institutions	31/3/2019	31/12/2018
Loans and advances to Austrian credit institutions	96,403	148,206
Loans and advances to foreign credit institutions	691,440	1,346,147
Loans and advances to credit institutions	787,843	1,494,353

12) Loans and advances to customers	31/3/2019	31/12/2018
Loans and advances to domestic customers	9,510,339	9,547,454
Loans and advances to foreign customers	6,506,053	6,335,578
Loans and advances to customers	16,016,392	15,883,032

13) Impairment charges	31/3/2019	31/12/2018
Impairment charges for banks	276	408
Impairment charges for customers	249,120	250,033
Impairment charges for debt securities	1,064	1,033
Impairment charges	250,460	251,474

14) Trading assets	31/3/2019	31/12/2018
Bonds and other fixed-interest securities		
Listed	0	2,975
Shares and other variable-yield securities		
Listed	734	1,255
Positive fair values of derivative financial instruments		
Currency contracts	2,722	2,535
Interest rate contracts	35,985	29,394
Other contracts	6	0
Trading assets	39,447	36,159
15) Financial investments	31/3/2019	31/12/2018
Bonds and other fixed-interest securities		
Listed	2,256,525	2,075,312
Unlisted	84,527	82,838
Shares and other variable-yield securities		
Listed	108,329	91,844
Unlisted	202,826	196,103
Equity investments/shares		
In subsidiaries	106,084	107,345
Entities accounted for using the equity method		
Banks	427,749	422,356
Non-banks	490,278	497,281
Other equity investments		
Banks	32,468	32,468
Non-banks	125,450	122,699
Financial investments	3,834,236	3,628,246
a) Financial assets FV/PL	438,907	233,510
b) Financial assets FV/OCI	583,369	593,540
thereof equity instruments	349,106	333,449
thereof debt capital instruments	234,263	260,091
c) Financial assets AC	1,893,933	1,881,559
d) Interests in entities accounted for using the equity method	918,027	919,637
Financial investments	3,834,236	3,628,246
16) Intangible assets	31/3/2019	31/12/2018
Other intangible assets	497	478
Customer base	424	434
Intangible assets	921	912
17) Property, plant and equipment	31/3/2019	31/12/2018
Investment property	95,051	95,822
Land and buildings	98,930	97,135
Business equipment and furnishings	65,383	65,918
Other property, plant and equipment	16,437	19,821
Right of use to leased objects	138,793	N/A
Property, plant and equipment	414,594	278,696
18) Lease contracts in which Oberbank is lessee		

The lease contracts entered into by Oberbank relate mainly to rentals for branch premises and office space as well as to building rights and tenancy rights for plots of land, garages, business equipment and furnishings, and vehicles. The leasing contracts do not involve any significant restrictions or commitments. There were no sale-and-leaseback transactions.

Below are the presentations for the first quarter of 2019 as at 31 March 2019 of the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows for Oberbank as a lessee:

Leasing in the consolidated balance sheet	31/3/2019
Property, plant and equipment	138,793
Right of use for land and buildings	136,585
Right of use for business equipment and furnishings	666
Right of use for other property, plant and equipment	1,542
Other liabilities	
Other lease liabilities	138,891

Additions to right of use in the first quarter amounted to EUR 1,113 thousand.

Cash outflows for leasing liabilities amounted to EUR 3,688 thousand.

Leasing in the consolidated income statement	1/1-31/3/2019
Interest expenses for leasing liabilities	223
Administrative expenses	4,251
Depreciation for right of use for land and buildings	3,290
Depreciation for right of use for business equipment and furnishings	59
Depreciation for right of use for other property, plant and equipment	214
Other expenses from lease contracts	688
Other operating income	
Income from subleasing of rights of use	209

Leasing in the consolidated statement of cash flows	1/1-
Repayment of leasing liabilities	-3,688
Interest expenses for leasing liabilities	223

19) Other assets	31/3/2019	31/12/2018
Deferred tax assets	29,279	36,300
Other items	155,022	170,349
Positive fair values of closed out derivatives in the banking book	121,015	103,178
Deferred items	18,455	4,141
Other assets	323,771	313,968

20) Amounts owed to credit institutions	31/3/2019	31/12/2018
Amounts owed to domestic credit institutions	2,579,871	2,632,935
Amounts owed to foreign credit institutions	1,671,210	1,754,834
Amounts owed to credit institutions	4,251,081	4,387,769

21) Amounts owed to customers	31/3/2019	31/12/2018
Savings deposits	2,698,275	2,684,132
Other	8,962,424	9,461,592
Amounts owed to customers	11,660,699	12,145,724

22) Securitised liabilities	31/3/2019	31/12/2018
Debt securities issued	1,500,615	1,503,782
Other securitised liabilities	13,019	11,890
Securitised liabilities	1,513,634	1,515,672

23) Provisions for liabilities and charges	31/3/2019	31/12/2018
Provisions for benefits and pensions	182,202	183,053
Provisions for anniversary bonuses	13,801	13,697
Provisions for credit risks	129,814	129,360
Other provisions	57,559	57,205
Provisions for liabilities and charges	383,376	383,315

24) Other liabilities	31/3/2019	31/12/2018
Trading liabilities	35,755	29,521
Tax liabilities	16,260	9,756
Current tax liabilities	11,572	5,177
Deferred tax liabilities	4,688	4,579
Leasing liabilities	138,891	N/A
Other liabilities	250,751	269,931
Negative fair values of closed out derivatives in the banking book	16,671	20,118
Deferred items	82,955	70,277
Other liabilities	541,283	399,603

25) Other liabilities (trading liabilities)	31/3/2019	31/12/2018
Currency contracts	671	874
Interest rate contracts	35,084	28,647
Other contracts	0	0
Trading liabilities	35,755	29,521

26) Subordinated debt capital	31/3/2019	31/12/2018
Subordinated bonds issued including tier 2 capital	594,834	582,598
Hybrid capital	0	0
Subordinated debt capital	594,834	582,598

27) Equity	31/3/2019	31/12/2018
Subscribed capital	105,853	105,769
Capital reserves	505,523	505,523
Retained earnings (incl. net profit)	2,192,191	2,128,295
Negative goodwill	1,872	1,872
Additional equity capital components	50,000	50,000
Minorities	6,427	6,437
Equity	2,861,866	2,797,896

28) Contingent liabilities and commitments	31/3/2019	31/12/2018
Other contingent liabilities (guarantees and letters of credit)	1,338,791	1,371,306
Contingent liabilities	1,338,791	1,371,306
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	3,946,786	4,102,696
Credit risks	3,946,786	4,102,696

29) Segment report as at 31/3/2019 Core business segments in € m	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	15.6	63.6	6.2	0.0	85.4
Income from entities recognised using the equity			2.4		2.4
Charges for losses on loans and advances	-1.1	3.9	-1.2	0.0	1.6
Net commission income	19.2	21.6	0.0	0.0	40.8
Net trading income	0.0	0.0	0.9	0.0	0.9
Administrative expenses	-22.6	-38.2	-1.8	-7.3	-69.9
Other operating income	1.3	-1.7	11.1	-12.5	-1.8
Extraordinary profit/loss	0.0	0.0	0.0	0.0	0.0
Profit before tax	12.4	49.2	17.6	-19.8	59.5
Average risk-weighted assets	1,814.0	9,855.1	5,579.8	0.0	17,248.9
Average allocated equity	295.0	1,603.0	907.6	0.0	2,805.6
Return on equity before tax	16.8%	12.3%	7.7%		8.5%
Cost/income ratio	62.6%	45.7%	8.8%		54.7%

Segment report as at 31/3/2018	Personal Banking	Corporates	Financial Markets	Other	Total
Core business segments in € m					
Net interest income	14.7	59.2	5.2	0.0	79.1
Income from entities recognised using the equity	0	0	16.5	0	16.5
Charges for losses on loans and advances	-1.5	4.9	-1.2	0.0	2.3
Net commission income	20.3	20.2	0.0	0.0	40.5
Net trading income	0.0	0.0	0.8	0.0	0.8
Administrative expenses	-22.0	-34.7	-1.9	-6.7	-65.3
Other operating income	1.1	0.4	-0.8	-10.6	-9.9
Extraordinary profit/loss	0.0	0.0	0.0	0.0	0.0
Profit before tax	12.7	50.0	18.6	-17.3	64.0
Average risk-weighted assets	1,695.9	9,254.1	5,774.2	0.0	16,724.2
Average allocated equity	258.1	1,408.3	878.7	0.0	2,545.1
Return on equity before tax	19.7%	14.2%	8.5%		10.1%
Cost/income ratio	60.7%	43.5%	8.7%		51.4%

30) Human resources	31/3/2019	31/12/2018
Salaried employees	2,138	2,101
Blue-collar	10	11
Total resources	2,148	2,112

31) Regulatory capital pursuant to Part 2 of Regulation (EU) No 575/2013 - pillar I in €k	31/3/2019	31/12/2018	31/3/2018
Subscribed capital	99,622	100,522	100,522
Capital reserves	505,523	505,523	505,523
Retained earnings	2,026,322	2,023,438	1,734,356
Minority interests	0	0	0
Accumulated other comprehensive income	84,167	71,103	59,289
Regulatory adjustment items	7,166	7,695	5,315
Deductions from CET 1 items	-195,248	-190,467	-171,039
COMMON EQUITY TIER 1 CAPITAL	2,527,552	2,517,814	2,233,966
AT1 capital instruments	50,000	50,000	50,000
AT1 capital instruments purs. to national impl. rules	0	0	23,600
Deductions from AT1 capital items	-4,707	-4,707	-8,768
Additional Tier 1 capital	45,293	45,293	64,832
TIER 1 CAPITAL	2,572,845	2,563,107	2,298,798
Qualifying supplementary capital instruments	366,213	347,583	309,300
Nominal capital preference shares purs. to transition rules	6,300	5,400	5,400
AT1 capital instruments purs. to transition rules	0	0	35,400
Supplementary capital (tier 2) items purs. to national impl. rules	11,791	15,892	20,233
General credit risk adjustments	0	0	0
Deductions from tier 2 capital items	-20,253	-20,230	-22,271
Supplementary capital (tier 2)	364,051	348,645	348,062
OWN FUNDS	2,936,896	2,911,752	2,646,860
Total risk exposure purs. Art. 92 CRR			
Credit risk	13,583,647	13,338,275	12,789,465
Market risk, settlement risk and CVA risk	47,515	27,551	46,400
Operational risk	1,055,408	1,055,408	1,009,236
Total exposure	14,686,570	14,421,234	13,845,101
Own funds ratio purs. Art. 92 CRR			
Common equity tier 1 capital ratio	17.21%	17.46%	16.14%
Tier 1 capital ratio	17.52%	17.77%	16.60%
Total capital ratio	20.00%	20.19%	19.12%
Regulatory requirement own capital ratios under transition rules in %			
Common equity tier 1 capital ratio	7.114%	6.474%	6.420%
Tier 1 capital ratio	8.614%	7.974%	7.920%
Total capital ratio	10.614%	9.974%	9.920%
Regulatory capital requirements under transition rules in €k			
Common equity tier 1 capital	1,044,744	933,559	888,836
Tier 1 capital	1,265,042	1,149,877	1,096,513
Total capital	1,558,774	1,438,302	1,373,415
Free capital components			
Common equity tier 1 capital	1,482,808	1,584,255	1,345,130
Tier 1 capital	1,307,803	1,413,230	1,202,285
Total capital	1,378,122	1,473,450	1,273,445

32) Fair value of financial instruments as at 31/3/2019	AC	FV/PL	thereof other	HFT	FV/OCI	thereof equity instruments FV/OCI	thereof debt instruments FV/OCI	AC/ liabilities	Other	Total
Cash and balances at central banks								640,029		640,029
Loans and advances to credit institutions								640,029		640,029
								787,843		787,843
Loans and advances to customers	41,027	67,888	44,590		45,312	0	45,312	788,318		788,318
	41,543	67,888	44,590		45,312	0	45,312	15,862,165		16,016,392
Impairment charges								16,067,872		16,222,614
								-250,460		-250,460
								-250,460		-250,460
Trading assets				39,447						39,447
				39,447						39,447
Financial investments	1,893,933	438,907	195,896		583,369	349,105	234,263		918,027	3,834,236
	1,982,574	438,907	195,896		583,369	349,105	234,263			3,834,236
Intangible assets									921	921
Property, plant and equipment									414,594	414,594
Other assets				121,015					202,757	323,771
				121,015						323,771
of which closed out derivatives positions in the banking book				121,015						121,015
				121,015						121,015
Total assets	1,934,960	506,795	240,486	160,462	628,680	349,105	279,575	17,039,577	1,536,300	21,806,773
	2,024,116	506,795	240,486	160,462	628,680	349,105	279,575	17,245,759		21,806,773
Amounts owed to banks		56,060	56,060					4,195,021		4,251,081
		56,060	56,060					4,199,321		4,255,381
Amounts owed to customers		479,343	479,343					11,181,356		11,660,699
		479,343	479,343					11,178,568		11,657,912
Securitised liabilities		457,234	457,234					1,056,400		1,513,634
		457,234	457,234					1,039,595		1,496,829
Provisions for liabilities and charges									383,376	383,376
Other liabilities				52,426					488,857	541,283
				52,426						541,283
of which closed out derivatives positions in the banking book				16,671						16,671
				16,671						16,671
Subordinated debt capital		484,896	484,896					109,938		594,834
		484,896	484,896					127,742		612,638
Capital									2,861,866	2,861,866
Total equity and liabilities	-	1,477,533	1,477,533	52,426	-	-	-	16,542,715	3,734,099	21,806,773
	-	1,477,533	1,477,533	52,426	-	-	-	16,545,226		21,806,773

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

Fair value hierarchy of financial instruments as at 31/3/2019

	AC Carrying value	FV/PL Book value	HFT Carrying value	FVOCI Carrying value	AC/liabilities carrying value	Other carrying value	Total book value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial instruments carried at fair value in €k										
Loans and advances to customers		67,888		45,312			113,199		54,698	58,502
Trading assets			39,447				39,447	731	38,716	
Financial assets – FV/PL		438,907					438,907	220,208	218,699	
Financial assets – FV/OCI				583,369			583,369	331,521	3,933	247,914)
Other assets			121,015				121,015		121,015	
of which closed out derivatives positions in the banking book			121,015				121,015		121,015	
Financial assets not carried at fair value										
Loans and advances to credit institutions					787,843		787,843		788,318	
Loans and advances to customers	41,027				15,862,165		15,903,192		41,543	16,067,872
Financial assets - AC	1,893,933						1,893,933	1,902,082	80,491	
Financial assets carried at fair value										
Amounts owed to credit institutions		56,060					56,060		56,060	
Amounts owed to customers		479,343					479,343		479,343	
Securitised liabilities		457,234					457,234		457,234	
Other liabilities			52,425				52,425		52,425	
of which closed out derivatives positions in the banking book			16,671				16,671		16,671	
Subordinated debt capital		484,896					484,896		484,896	

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

Fair value hierarchy of financial instruments as at 31/3/2019

	AC Carrying value	FV/PL Carrying value	HFT Carrying value	FV/OCI Carrying value	AC/liabilities carrying value	Other carrying value	Total carrying value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial assets not carried at fair value										
Amounts owed to credit institutions					4,195,021		4,195,021		4,199,321	
Amounts owed to customers					11,181,356		11,181,356		11,178,568	
Securitised liabilities					1,056,400		1,056,400		1,039,595	
Other liabilities										
Subordinated debt capital					109,938		109,938		127,742	

The fair value corresponds to the amount at which an asset can be sold or a liability settled in an orderly transaction 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, these prices are used for the measurement (level 1). Where no such market prices are available, the fair value is determined using valuation models based on parameters that are either directly or indirectly observable (level 2). Where the fair value cannot be assessed on the basis of market prices or using valuation models fully based on directly or indirectly observable market data, individual valuation parameters that are not observable on the market are estimated on the basis of reasonable assumptions (level 3).

All fair value measurements refer to regularly performed measurements. There were no one-off fair value measurements in the reporting year.

Measurement process

Responsibility for independent monitoring and communication of risks as well as the measurement of financial instruments lies with the Strategic Risk Management Department of Oberbank. The unit is functionally and organisationally separate from trading, which is responsible for the initiation and conclusion of transactions. Trading book positions are marked-to-market daily at the close of business.

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

Measurement methods for determining fair values

The measurement methods used are in compliance with recognised mathematical methods for measuring financial instruments taking into account all factors that market participants would consider appropriate for determining a price. The income-based methodology is the fair value measurement approach applied. The market-based approach is applied in the fair value measurement of structured products.

Input factors for the fair value measurement

The measurement of the fair value of financial instruments in **level 1** is based on prices quoted on active markets. These instruments include listed securities and derivative instruments. If direct measurement based on prices quoted on securities exchanges is not possible, the present value in level 2 is estimated using model values derived from current market data (yield curves, volatilities, etc.). Underlying interest-rate curves and volatilities are obtained from the Reuters Market Data System.

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

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

The fair values of non-listed securities are obtained from the Geos system. The fair value of investment fund units is obtained from the fund management companies. The present value method (discounted cash flow method) is used to calculate the fair value of securitised liabilities, subordinated capital and amounts owed to banks and customers, with the cash flows of own issues being calculated using the contractual interest rate. The interest rates used for discounting are derived from the discount curve applicable to the respective currency, adding a premium in the form of a credit spread corresponding to the seniority of the issue. The credit rating premiums are adjusted regularly to the respective market conditions.

The fair value of **level 3** assets is measured using generally-accepted valuation models. The fair value measurement of receivables from banks and customers is based on the discounted contract cash flow (based on contractually-agreed repayment structures) and the discounted expected credit loss cash flows (considers the credit rating of the customer and collateral).

The fair value of equity investments and shares in affiliated companies is measured primarily using the discounted cash flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method) or other methods of company valuation.

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

The following table shows the development of equity investments FV/OCI measured at fair value and assigned to level 3. The fair value of equity investments and shares in affiliated companies is measured primarily using the discounted cash flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method) or other methods of company valuation.

Movements in €k	2019
Carrying value as at 01/01	247,933
Additions (purchases)	0
Disposals (sales)	-19
Value changes recognised in equity	0
Value changes recognised in income	0
Carrying value as at 31/03	247,914

The item Other comprehensive income from this type of instrument decreased by €k 0. The remaining level 3 financial instruments valued at fair value comprise loans and advances to customers.

Movement in 2019 in €k	Loans and advances to customers
Carrying value as at 1/1/2019	58,661
Carry forward in level 2	0
Additions	0
Disposals	-1,849
Changes in fair value	1,690
of which disposals	-119
of which portfolio instruments	1,809
Carrying value as at 31/03	58,502

There were no transfers between Level 1 and Level 2.

Major transactions with individuals and companies as at 31/03/2019 were:

Associated companies	€k 10,198
Subsidiaries	€k 0
Other related parties	€k 0

STATEMENT BY THE MANAGEMENT BOARD PURSUANT TO § 125 STOCK EXCHANGE ACT

The Management Board confirms that

- these condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) currently in force and published by the International Accounting Standards Board (IASB) as applicable in the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC); they furthermore present a true and fair view of the assets, liabilities, financial position and result of operations of the Oberbank Group.
- These consolidated interim financial statements cover the first quarter of 2019 (1 January 2019 to 31 March 2019) and present a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the principles of IFRS for interim financial reports.

Linz, 15 May 2019

The Management Board



CEO
Franz Gasselsberger
Remit
Corporate and Business Customers



Director
Josef Weißl
Remit
Personal Banking



Director
Florian Hagenauer
Remit
Overall risk management

Current Management Board Remits

CEO Franz Gasselsberger	Director Josef Weißl	Director Florian Hagenauer
General Business Policy		
Internal Audit		
Compliance		
Business and Service Departments		
CIF (Corporate & International Finance)	PKU (Personal Banking)	KRM (Credit Management)
RUC (Accounts & Controlling)	PAM (Private Banking & Asset Management)	RIS (Strategic Risk Management)
TRE (Treasury & Trade)		BDSG ²⁾ (Payment Systems and Central Production)
HRA (Human Resources)		SEK (Corporate Secretary & Communication)
		ORG (Organisational Development, Strategy and Process Management)
		ZSP (Payment Systems and Central Production CEE ¹⁾ , securities settlement)
		GFI (Global Financial Institutions)
Regional Business Divisions		
Linz North	Linz South	
Salzkammergut	Innviertel	
Vienna	Salzburg	
Wels	Lower Austria	
Germany South	Slovakia	
Germany Central	Czech Republic	
	Hungary	

1) CEE as defined by Oberbank comprises the regions of Czech Republic, Slovakia and Hungary.

2) Banken DL Servicegesellschaft m.b.H., 100% subsidiary of Oberbank

Notes

The forecasts that refer to the future development of Oberbank are estimates made on the basis of all the information available to us on the reporting date. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialize to an extent not anticipated, the actual results may vary from those currently expected. Information provided on market shares are based on the most recent data available at the copy deadline of this report.

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

The entry 'n/a' in the presentations and tables means that the respective rule was not applicable in the relevant financial year.

Financial Calendar 2019

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

15 May 2019	Quarterly results for Q1 2019
30 August 2019	Quarterly results for Q1-2 2019
29 November 2019	Quarterly results for Q1-3 2019

All of the information is available online at [www.oberbank.at/Investor Relations](http://www.oberbank.at/Investor%20Relations).

Publication Details

Media owner and publisher: Oberbank AG, 4020 Linz, Untere Donaulände 28

Internet: www.oberbank.at, E-Mail: sek@oberbank.at

Editing: Corporate Secretary and Communication, phone +43 (0) 732 78 02-0

Translation: Edith Vanghelof