

**150** Years

**Interim Report to Shareholders  
as at 30 June 2019**

## Oberbank at a Glance

<b>Income statement in €m</b>	<b>HY1 2019</b>	<b>Change</b>	<b>HY1 2018</b>
Net interest income	171.1	3.5%	165.3
Income from entities measured using the equity method	23.4	-45.9%	43.3
Charges for losses on loans and advances	0.9	>-100%	-5.3
Net commission income	80.2	1.3%	79.2
Administrative expenses	-142.4	-1.5%	-144.5
Profit for the period before tax	142.8	6.5%	134.1
Profit for the period after tax	118.4	3.9%	114.0
<b>Balance sheet in €m</b>	<b>30/6/2019</b>	<b>Change</b>	<b>31/12/2018</b>
Total assets	22,115.1	-0.4%	22,212.6
Loans and advances to customers	16,399.1	3.2%	15,883.0
Primary funds	14,074.2	-1.2%	14,244.0
of which savings deposits	2,696.5	0.5%	2,684.1
of which securitised liabilities			
incl. subordinated debt capital	2,289.9	9.1%	2,098.3
Shareholders' equity	2,894.1	3.4%	2,797.9
Customer funds under management	29,981.8	5.1%	28,530.9
<b>Own funds purs. to CRR in €m</b>	<b>30/6/2019</b>	<b>Change</b>	<b>31/12/2018</b>
Common equity tier 1 capital (CET 1)	2,547.6	1.2%	2,517.8
Tier 1 capital	2,597.6	1.3%	2,563.1
Own funds	2,956.9	1.6%	2,911.8
CET 1 ratio in %	17.02	-0.44 ppt	17.46
Tier 1 capital ratio in %	17.36	-0.41 ppt	17.77
Total capital ratio in %	19.76	-0.43 ppt	20.19
<b>Performance indicators</b>	<b>HY1 2019</b>	<b>Change</b>	<b>HY1 2018</b>
Cost/Income ratio in %	50.08	-0.82 ppt	50.90
Return on equity before tax in %	10.10	-0.24 ppt	10.34
Return on equity after tax in %	8.37	-0.42 ppt	8.79
Risk/earnings ratio (credit risk/net interest) in %	-0.54	-3.75 ppt	3.21
<b>Resources</b>	<b>30/6/2019</b>	<b>Change</b>	<b>31/12/2018</b>
Average number of staff (weighted)	2,135	34	2,101
Number of branches	170	0	170

## Development of Business of the Oberbank Group in HY1 2019

### 10<sup>th</sup> year in a row of record earnings in HY1

- Higher profit before and after tax
- Significant increase in commercial and retail loans
- Excellent performance ratios:  
50% cost/income ratio, 17.36% tier 1 capital ratio

Dear Readers,

**The first half-year 2019 developed significantly better than expected.**

In the first quarter, profit before and after tax was lower year on year, while in the second quarter, the decline was more than compensated. We thus achieved our best half-year result for the 10<sup>th</sup> time in a row!

### Higher profit despite declining income from investments

- Net interest income rose to EUR 171.1 million (+3.5%), while net fee and commission income remained stable at a high level (EUR 80.2 million, +1.3%)
- Income from investments declined to EUR 23.4 million (-45.9%)
- General administrative expenses: EUR 142.4 million (-1.5%)

### **Robust trend in net fee and commission income, marked decline in income from investments**

Net interest income increased in the first half year by a gratifying 3.5% to EUR 171.1 million year on year, driven mainly by the higher credit volumes in corporate and retail banking.

Net commission income was slightly higher year on year (+1.3%) at EUR 80.2 million. The impetus came from higher fee and commission income on lending and payment services.

Income from equity investments dropped markedly by 45.9% to EUR 23.4 million. The main cause was the development of earnings at voestalpine, as these were unable to compensate the contributions from our partner banks.

### **Higher year-on-year profit before tax and after tax**

These developments pushed operating income up by 1.8% to EUR 141.9 million, net profit before tax by 6.5% to EUR 142.8 million, and net profit after tax by 3.9% to EUR 118.4 million.

### Further growth in lending

- Lending volume: EUR 16.4 billion / + 5.2%

As at 30 June 2019, the lending volume was EUR 16.4 billion, which is an increase by 5.2% versus mid-year 2018.

Commercial loans rose year on year by 4.7% to EUR 13.0 billion. Investment finance increased by 6.1% to EUR 9.4 billion, while working capital loans expanded by 1.2% to EUR 3.6 billion.

Retail lending volumes rose by 7.4% to EUR 3.4 billion.

### Excellent risk situation continues

- Positive risk result EUR 0.9 million; NPL ratio 2.26%

In the first half-year 2019, we achieved a positive risk result of EUR 0.9 million, which translates into a volume of EUR 0.9 million more in risk provisions released than risk provisions set aside.

The NPL ratio – the ratio of non-performing loans to total credit volume – decreased again slightly from 2.41% to 2.26%.

### **Equity at record level**

- Increase by EUR 190 million to EUR 2.9 billion

As at 30 June 2019, equity stood at EUR 2,894.1 million which is 7.0% or EUR 190 million higher than in mid-2018.

### **Excellent performance ratios**

- RoE before tax 10.10%, after tax 8.37%
- Cost/income ratio 50.08%
- 17.36% CET1 and 19.76% total capital ratio

RoE declined slightly due to the strong rise in equity: before tax from 10.34% to 10.10%, after tax from 8.79% to 8.37%.

The cost/income ratio improved from 50.90% to 50.08%.

Capital adequacy (17.36% CET1; 19.76% total capital ratio) continued at an excellent level and clearly exceeds statutory requirements.

### **Continued investments in the future of Oberbank**

Compared to the first half-year of 2018, the number of Oberbank branches increased by 8 to 170, and the number of employees by 47 to 2,135. The expansion was mostly in the markets of Germany and Vienna.

### **No decision yet in the litigation case 'UniCredit Bank Austria'**

After their motions were rejected at the annual general meetings of Oberbank, BKS and BTV, UniCredit Bank Austria filed an action for annulment against the resolutions adopted by the annual general meetings. A first court hearing is scheduled for the autumn. We expect the court proceedings to confirm our position and reinstate the legal certainty being questioned.

The independence of the 3 Banken Group is greatly appreciated by our customers and it is very important to them that finance decisions are reached locally close to home and not in Milan or in Munich. For this reason, we are making our utmost efforts to remain autonomous and independent.



Chairman of the Management Board Franz Gasselsberger

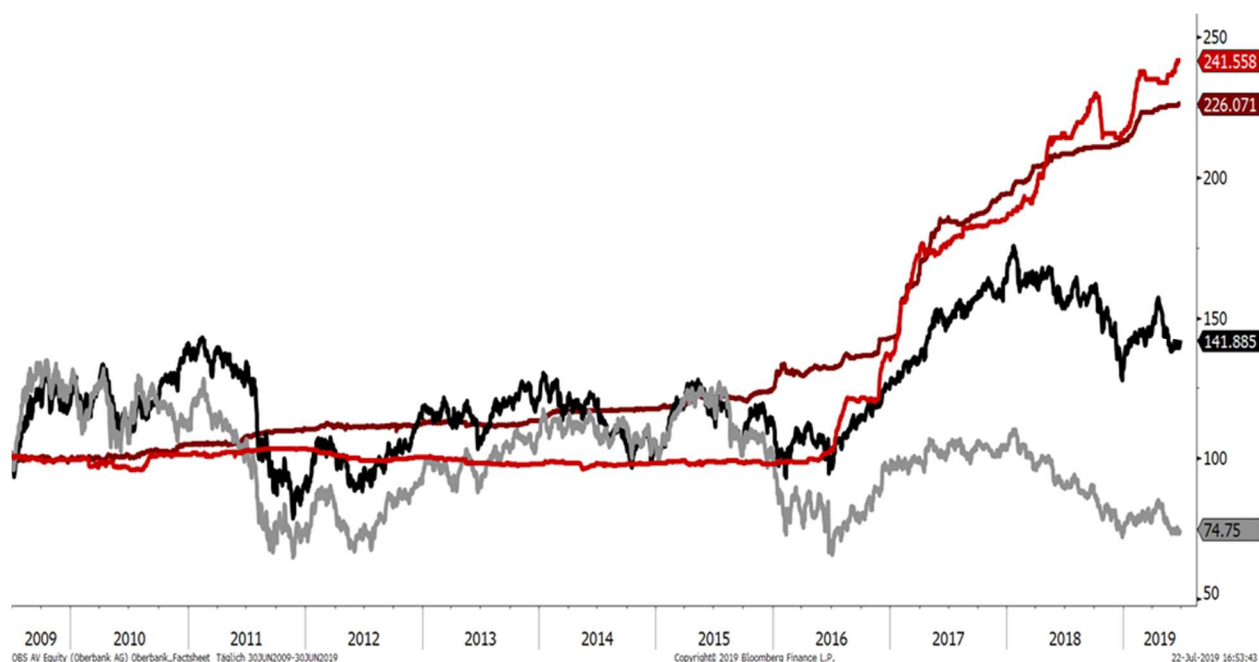
## The Oberbank share

The price of Oberbank's ordinary share as well as the price of Oberbank's preference share reached new all-time highs in the first half of 2019 (ordinary share EUR 95.40, preference share EUR 93.00). The share trend reveals the excellent development of Oberbank.

Oberbank shares – key figures	HY1 2019	HY1 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 €	95.40/93.00	88.00/83.00
Low (ordinary/preference share) in €	89.80/83.00	82.00/71.50
Close (ordinary/preference share) in €	95.40/93.00	88.00/83.00
Market capitalization in €m	3,361.12	3,092.04
IFRS earnings per share in € annualised	6.71	6.46
P/E ratio, ordinary shares	14.22	13.62
P/E ratio, preference shares	13.86	12.85

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

Chart (period: 30 June 2009 to 30 June 2019) ■ Oberbank Ord ■ Oberbank Pre ■ ATX ■ STOXX Europe 600 Banks



This chart comparison shows 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. The prices in the chart 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: Bloomberg, 30 June 2019

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

## Segments in HY1 2019

### Corporate and Business Banking

Corporate and Business in €m	HY1 2019	HY1 2018	+ / - absolute	+ / - in %
Net interest income	127.9	120.3	7.6	6.3%
Charges for losses on loans and advances	4.4	-0.8	5.2	
Net commission income	42.8	41.1	1.8	4.3%
Net trading income	-0.1	-0.1	0.1	-56.7%
Administrative expenses	-77.1	-70.4	-6.8	9.6%
Other operating income	-3.4	0.9	-4.3	>-100%
Profit before tax	94.5	90.9	3.5	3.9%
Risk equivalent	10,012.6	9,440.8	571.8	6.1%
Average allocated equity	1,623.1	1,450.5	172.6	11.9%
Return on equity before tax (RoE)	11.6%	12.5%	-0.9 ppt	
Cost/income ratio	46.1%	43.4%	2.7 ppt	

#### Earnings trend in Corporate and Business Banking

Net profit in the Corporate and Business Banking segment improved over the prior year by EUR 3.5 million or 3.9% to EUR 94.5 million.

Net interest income rose by EUR 7.6 million or 6.3% to EUR 127.9 million.

Charges for losses on loans and advances decreased from EUR -0.8 million by EUR 5.2 million to a positive EUR 4.4 million.

Net commission income was higher year on year by EUR 1.8 million or 4.3% to EUR 42.8 million.

Administrative expenses increased by EUR 6.8 million or 9.6% to EUR 77.1 million.

Other operating income decreased from EUR 0.9 million by EUR 4.3 million to EUR -3.4 million.

RoE in the Corporate and Business Banking segment dropped by 0.9 ppt from 12.5% to 11.6%, while the cost/income ratio worsened by 2.7% ppt from 43.4% to 46.1%.

#### Commercial lending

Oberbank's commercial lending volume expanded further by EUR 579.8 million or 4.7% from EUR 12,441.1 million to EUR 13,020.9 million.

Commercial loans		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 13,020.9 million	€ 12,441.1 million	€ 579.8 million	4.7%

#### Investment finance

At a total of 774 projects, the number of applications submitted in Austria and Germany for subsidised loans and innovation projects in the first half of the year 2019 through our branches was 12% above the already high level of the prior year. In this respect, Oberbank ranks among the top among Austrian banks, just as in the years before. This is line with the development of business promotion loans filed through Oberbank which, as at 30 June 2019, amounted to EUR 1.3 billion and were therefore almost 10% higher year on year.

Investment finance		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 9,410.2 million	€ 8,871.9 million	€ 538.3 million	6.1%

### **Leasing**

At EUR 426 million in new business in the first half-year, Oberbank again exceeded the prior year's level. This sound development was driven by the movables business.

Leasing receivables from customers		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 2,355.6 million	€ 2,263.3 million	€ 92.3 million	4.1%

### **Structured finance**

Measured by the total number of transactions processed, demand for structured finance was at around the same level as in the same period of the prior year. The lending volume for changes in ownership and for real estate loans remained at the same high volume of the prior year as regards both number projects and project volumes. While demand for classical corporate loans decreased considerably in the first half-year 2019, the volume of tourism loans increased sharply.

### **Oberbank Opportunity Fund**

In the first half-year 2019, the Oberbank Opportunity Fund recorded 71 queries, which is higher than in the same period of the prior year. The Oberbank Opportunity Fund finalized seven transactions in the first half-year. Since the inception of the Oberbank Opportunity Fund, 78 equity and mezzanine transactions have been financially supported (plus debt financing) and ten supplementary financing projects were finalized. The volume of capital committed was EUR 213 million as at 30 June 2019 distributed across equity, mezzanine capital and high-yield capital.

### **Syndicated loans and international lending**

Syndicated loans and debt notes developed very well in the first half-year 2019 with respect to both the number of transactions and volumes. The number of finance transactions for which Oberbank was awarded the mandate to act as arranger and syndicate leader developed very positively. The debt note business is still booming and Oberbank succeeded in participating in several attractive issues.

### **Trade finance and international business**

In 2018, Austria's export of goods exceeded the threshold of EUR 150 billion. Moderate growth rates are forecast for the years 2019 and 2020. The uncertainties lie mainly in Great Britain's exit from the European Union and the smouldering trade conflicts. Exporters and importers are increasingly confronted with higher risks. Therefore, we are seeing a shift towards more risk hedging. Internationally active companies rely on Oberbank's expertise, especially in the classical documentary business. Compared to the first half-year 2018, income in this business area rose steeply by over 16%.

Based on the personalized advisory support for customers, Oberbank defended 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 30 June 2019, the market share in revolving lines of credit for export finance was 11.1% (Export Fund loans for SME) and 12.2% (KRR loans for corporates). Oberbank was able to improve its finance support for exporters through additional finance options for domestic investments (OeKB Exportinvest) and thus increase the total volume of export finance to a record level of over EUR 1.4 billion.

### **Factoring**

In 2016, Oberbank enlarged its product portfolio for Austria and Germany by adding factoring services and offers customers a complete range of finance options for working capital loans. In the first half of the year 2019, we achieved an increase in profits of 50% year on year.

### **Payment services**

The positive trend in net income from payment services and transactions continued in the first half of the year 2019. Net income from payment services was in line with projections and rose versus the same period of the prior year by 7.0%. The

authorization procedure “Security App” was added to e-banking and it now meets the requirements of strong customer authentication (SCA) pursuant to the EU Payment Services Directive 2 (PSD2).

***International network of partner banks and institutions***

Slowing economic development in Austria and also the cooling global economy have started to show some first slight impacts on foreign trade. Fortunately, these developments have not yet affected Oberbank. Special finance transactions with trade partners from Asian countries, Northern Africa and the Gulf region are still popular. However, in times of heightened insecurity, trade disputes and political disagreement, customers are well advised to focus again on risk management. For this reason, instruments such as letters of credit and guarantees are becoming more popular. With our international network of around 1,300 partner banks, Oberbank is well prepared to meet the requirements of exporters and also of importers, and to respond as needed to changing destination markets.

***Primary deposits***

Interest rates are stuck at extremely low levels and the interest of investors in putting their money in term deposits was scant. A bond issue with a maturity of seven years contributed an additional EUR 250 million to primary funds.

***Currency risk management***

Movements on the currency markets were driven by the incipient economic slowdown in Germany, the trade dispute between the US and China, Brexit, and the changing stance of the major central banks. These factors of insecurity motivated many companies to take measures to hedge against future currency fluctuations to protect profits.

The number of directly supported customers increased, above all, in the expansion market of Germany.



## Personal Banking

Personal Banking segment in €m	HY1 2019	HY1 2018	+ / - absolute	+ / - in %
Net interest income	31.5	29.8	1.7	5.6%
Charges for losses on loans and advances	-1.4	-1.6	0.2	-13.1%
Net commission income	37.4	38.2	-0.8	-2.0%
Net trading income	0.0	0.0	0.0	0.0
Administrative expenses	-46.2	-44.9	-1.3	2.9%
Other operating income	2.5	2.4	0.1	2.8%
Profit before tax	23.8	23.9	-0.1	-0.4%
Risk equivalent	1,840.0	1,730.2	109.8	6.3%
Average allocated equity	298.3	265.8	32.4	12.2%
Return on equity before tax (RoE)	16.0%	18.0%	-2.0 ppt	
Cost/income ratio	64.7%	63.8%	0.9 ppt	

### Development of Personal Banking

Profit in the Personal Banking segment decreased year on year by EUR 0.1 million or 0.4% to EUR 23.8 million.

Net interest income rose by EUR 1.7 million or 5.6% to EUR 31.5 million.

Charges for losses on loans and advances decreased by EUR 0.2 million from EUR 1.6 million to EUR 1.4 million.

Net fee and commission income decreased year on year by EUR 0.8 million or 2.0% to EUR 37.4 million.

Administrative expenses increased by EUR 1.3 million or 2.9% to EUR 46.2 million.

Other operating income increased by EUR 0.1 million from EUR 2.4 million to EUR 2.5 million.

Return on equity dropped in Personal Banking by 2.0 ppt from 18.0% to 16.0%, while the cost/income ratio deteriorated by 0.9 ppt from 63.8% to 64.7%.

### Personal accounts

The portfolio of personal accounts expanded year on year by 2,835 to 188,806 accounts. Innovative payment services and products were added to enlarge the range of offerings for private accounts. Digital and mobile solutions such as the Oberbank Customer Portal, the Oberbank Banking App and the Oberbank Wallet App complete the services for retail customers and are very popular.

Personal accounts		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
188,806	185,971	2,835	1.52%

### Personal loans

The volume of personal loans increased compared to 30 June 2018 by EUR 233.2 million or 7.4% to EUR 3,378.2 million, with the volume of new personal loans granted in HY 2019 dropping 0.9% and thus just below the prior year's level. Supported by the prevailing interest rates, demand is still high for home loans. The share of foreign currency loans in the portfolio of personal loans of Oberbank was only 3.1%. To promote sustainability, Oberbank also informs its borrowers of potential subsidies, and together with customers, it develops project finance strategies designed to meet their needs.

Personal loans		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 3,378.2 million	€ 3,145.0 million	€ 233.2 million	7.4%

### **Savings deposits**

The volume of savings deposits has decreased since 30 June 2018 by EUR 9.1 million or 0.3% to EUR 2,696.5 million. Money is still frequently being left on deposit accounts or in daily callable investment forms. Online savings products are gaining importance and have expanded since the start of the year by 15.9% or EUR 58.8 million.

Savings deposits		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 2,696.5 million	€ 2,705.6 million	- € 9.1 million	0.3%

### **Securities business**

In the first half of 2019, the volume of commissions from the securities business was 4.5% lower than in the same period of 2018. This is a decline by EUR 1.2 million to EUR 24.0 million.

After stock markets crashed in the fourth quarter of 2018, international capital markets recovered strongly in the first half-year 2019. The rebound on US stock markets was especially robust. At the same time, interest rates dropped again more or less worldwide and reached new all-time lows in Europe. This made it more difficult again for conservative investors to find attractive securities in the bond segment.

Commissions on income from securities		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 24.0 million	€ 25.2 million	- € 1.2	- 4.5%

### **Market value on custody accounts**

Compared to 31 December 2018, the market value increased steeply by 11.3% or EUR 1,620.7 million. Year on year, this is a slight increase by 0.6% or EUR 88.1 million to EUR 15,907.6 million.

Market value on custody accounts		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 15,907.6 million	€ 15,819.5 million	€ 88.1 million	0.6%

### **Oberbank issues**

In the first six months of 2019, a volume of EUR 434.8 million were issued, of which EUR 45.8 million were subordinated debt. The extremely low interest rates had an effect on demand in the first half-year. In contrast to private investors, institutional investors are still willing to buy at low interest rates. For this reason, an international bond issue with a volume of EUR 250.0 million was placed with institutionals.

### **3 Banken-Generali Investment GmbH**

3 Banken-Generali Investment GmbH posted a very good result again. The market share of the company was 5.7% as at 30 June 2019. The net inflow of funds continued to be stronger than the overall market. Together with the good performance on stock markets, the volume in the first half of the year 2019 rose by 9.7% to EUR 10.0 billion. The overall Austrian market gained 6.7%. Oberbank's share has risen since 31 December 2018 by EUR 477.7 million or 12.8% to EUR 4,196.4 million. Year on year, the positive change was 8.0% or EUR 312.4 million. Oberbank accounted for 41.9% of total volume of the company. The drivers of the positive development in net inflow of funds through Oberbank continued to be the multi-asset strategies and the new sustainability product line Mensch & Umwelt.

Public investment funds and special funds		YoY change	
As at 30/6/2019	As at 30/6/2018	absolute	in %
€ 4,196.4 million	€ 3,884.2 million	€ 312.2 million	8.0%

### **Private banking**

Assets under management in Private Banking rose by EUR 411.7 million or 4.7% year on year to a new record of EUR 9,245.7 million. The increase in the volume of funds was due to performance effects and net fund inflows. Rising demand from customers for broadly diversified asset management products contributed enormously to this successful development. A new record was also reached in individual portfolio management with a volume of EUR 641.9 million in managed assets.

<b>Asset Management</b>		<b>YoY change</b>	
<b>As at 30/6/2019</b>	<b>As at 30/6/2018</b>	<b>absolute</b>	<b>in %</b>
€ 9,245.7 million	€ 8,834.0 million	€ 411.7 million	4.7%

### **Savings in building and loan associations**

In the first half of 2019, the number of building and loan association contracts closed was 5,965, which is 1.5% higher year on year. Saving money in building and loan association schemes is still popular for many people even though interest rates continue to be low and the savings ratio is low.

### **Insurance services**

Total production in the insurance business decreased at a very high level by 6.9% year on year. It was mainly life insurance that was unable to sustain the increases in premium volumes of the past few years. However, output in the non-life insurance segment improved by 8.0%.

<b>Insurance contracts - premium volume</b>		<b>YoY change</b>	
<b>As at 30/6/2019</b>	<b>As at 30/6/2018</b>	<b>absolute</b>	<b>in %</b>
€ 61.0 million	€ 65.5 million	- € 4.5 million	- 6.9%

## Financial Markets

Financial Markets in € m	HY1 2019	HY1 2018	+ / - absolute	+ / - in %
Net interest income	11.7	15.3	-3.5	-23.1%
Income from entities recognised using the equity method	23.4	43.3	-19.9	-45.9%
Charges for losses on loans and advances	-2.1	-2.9	0.8	-27.8%
Net commission income	-0.1	-0.1	0.0	-22.6%
Net trading income	4.5	3.1	1.4	43.4%
Administrative expenses	-4.8	-4.9	0.1	-2.0%
Other operating income	17.8	0.4	17.4	> 100
Profit before tax	50.5	54.2	-3.7	-6.9%
Risk equivalent	5,596.8	5,705.4	-108.7	-1.9%
Average allocated equity	907.3	876.6	30.7	3.5%
Return on equity before tax (RoE)	11.1%	12.4%	-1.3 ppt	
Cost/income ratio	8.4%	7.9%	0.5 ppt	

### **Earnings in the Financial Markets segment**

Profit in Financial Markets dropped by EUR 3.7 million or 6.9% to EUR 50.5 million.

Net interest income declined by EUR 3.5 million or 23.1% to EUR 11.7 million.

Equity returns declined due to lower profits at investees by EUR 19.9 million or 45.9% to EUR 23.4 million.

Charges for losses on loans and advances decreased from EUR 2.9 million by EUR 0.8 million to EUR 2.1 million.

Net trading income was EUR 4.5 million or 1.4% higher year on year.

Administrative expenses declined by EUR 0.1 million or 2.0% to EUR 4.8 million.

Other operating income increased from EUR 0.4 million by EUR 17.4 million to EUR 17.8 million.

Return on equity in the Financial Markets segment decreased by 1.3 ppt from 12.4% to 11.1%, and the cost/income ratio deteriorated by 0.5 ppt from 7.9% to 8.4%.

### **Proprietary trading**

In the first half of the year, financial markets were marked by dropping interest rates and prospects of further rate cuts by major central banks. The high degree of liquidity in the markets is seeking investment opportunities and is driving not only real estate markets but also stock markets.

Political topics have moved out of the limelight, clearing the way for continued bullish stock markets and a stronger performance of bond markets. On the foreign exchange front there were larger movements only on some emerging markets, while the major currencies remained relatively stable.

In this positive setting, Oberbank achieved earnings slightly higher than expected in proprietary trading.

### **Liquidity**

Apart from the long-term tenders announced by the ECB (TLTROs), the central bank indicated that it might make more liquidity available to the market. In this manner the ECB attempts to support the economy and boost inflation. However, surplus liquidity in the market is increasing because of these measures, and even the announcement was enough to push up liquidity. The ECB on the other hand is punishing banks for holding excessive liquidity by charging negative interest of -0.4%, and this is having a negative effect on the net interest income of banks.

## Own funds

Own funds amounted to EUR 2,956.9 million as at 30 June 2019 which is a ratio of 19.76%. Tier 1 capital stood at EUR 2,597.6 million and the common equity tier 1 capital ratio was 17.36%. Common equity tier 1 capital was EUR 2,547.6 million which corresponds to a ratio of 17.02%.

## 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 in the balance sheet.

When assessing creditworthiness and in collateral policy, Oberbank can rely on decades of know-how. Moreover, the business model as a regional bank, professional credit management and the balanced distribution of overall debt across customer segments help to ensure that the threat to Oberbank's overall result from its risk exposure is contained. Therefore, it may be assumed that there will not be any extraordinary 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), 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 (30/6/2019: EUR 16.4 billion) by the primary deposits of customers and other long-term refinancing lines (OeKB, LfA, KfW) with a volume of EUR 16.6 billion (as at 30/6/2019). 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

**At the beginning of the year, many expected the second half of the year to be better than the first half of 2019.**

However, the economic indicators have deteriorated again meanwhile, and there are no signs of any real stabilisation.

### **Central banks are still active**

At the beginning of August, the Fed lowered interest rates by 0.25% and another interest rate cut is expected for September. The ECB will specify concretely what it plans to do in September; further bond purchases are very likely.

**We are not very optimistic about an agreement being reached in the trade dispute between the US and China.**

Meanwhile, the trade dispute is no longer a political issue, but has arrived in the real economy with all of the negative consequences.

### **Stable consumption and sentiment indicators**

While industry indicators clearly exhibit a recessionary tendency, consumption and sentiment indicators are very stable. Therefore, the probability is high that economic forecasts will have to be revised only slightly downwards, even if some industries such as automotive companies and chip manufacturers will face difficult times in the second half of the year.

### **What does this mean for Oberbank?**

**Solid credit growth in HY1 expected to continue.**

Credit volume and net interest income will not rise as high as in the record year 2018.

**Income from service operations expected to develop stably.**

**Substantial drop in net income from investees expected.**

The contributions to profits from the partner banks will not be able to compensate the decline at voestalpine.

**Credit risk will be exceptionally low from today's perspective.**

Even though normalisation, i.e., an increase has been expected for several months, there are no concrete signs of this happening at present. Still, a trend reversal can occur very rapidly.

**Naturally, it is not possible to project the good result of the half-year to the full year.**

From today's perspective, the extraordinarily low credit risk and the lower net income from investees will impact the result of the full year. Overall, we are aiming to achieve a net profit for the year close to the level of the preceding year.

**Consolidated IFRS Interim Financial Statements - Statement of Comprehensive Income from 1/1/2019 to 30/6/2019**

<b>Consolidated income statement in €k</b>		<b>1/1 to 30/6/201</b>	<b>1/1 to 30/6</b>	<b>Change in €k</b>	<b>Change in %</b>
1. Interest and similar income		222,542	204,566	17,976	8.8
a) Interest income purs. to the effective interest method		206,465	195,705	10,760	5.5
b) Other interest income		16,077	8,861	7,216	81.4
2. Interest and similar expenses		-51,476	-39,244	-12,232	31.2
<b>Net interest income</b>	<b>(1)</b>	<b>171,066</b>	<b>165,322</b>	<b>5,744</b>	<b>3.5</b>
3. Income from entities measured using the equity method	(2)	23,422	43,300	-19,878	-45.9
4. Charges for losses on loans and advances	(3)	925	-5,312	6,237	>-100.0
5. Net commission income		88,751	87,550	1,201	1.4
6. Net commission expenses		-8,561	-8,367	-194	2.3
<b>Net commission income</b>	<b>(4)</b>	<b>80,190</b>	<b>79,183</b>	<b>1,007</b>	<b>1.3</b>
7. Net trading income	(5)	4,409	2,970	1,439	48.5
8. Administrative expenses	(6)	-142,396	-144,524	2,128	-1.5
9. Other operating income	(7)	5,223	-6,839	12,062	>-100.0
a) Net income from financial assets - FV/PL		15,989	-4,481	20,470	>-100.0
b) Net income from financial assets - FV/OCI		208	-309	517	>-100.0
c) Net income from financial assets - AC		1,617	0	1,617	>100.0
d) Other operating income		-12,591	-2,049	-10,542	>100.0
<b>Profit for the period before tax</b>		<b>142,839</b>	<b>134,100</b>	<b>8,739</b>	<b>6.5</b>
10. Income taxes	(8)	-24,390	-20,116	-4,274	21.2
<b>Profit for the period after tax</b>		<b>118,449</b>	<b>113,984</b>	<b>4,465</b>	<b>3.9</b>
of which attributable to equity holders of the parent and to the owners of additional equity instruments		117,995	113,655	4,340	3.8
of which attributable to non-controlling interests		454	329	125	38.0

<b>Other comprehensive income in €k</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Profit for the period after tax	118,449	113,984
<b>Items not reclassified to profit or loss for the year</b>	<b>5,667</b>	<b>-7,517</b>
+/- Actuarial gains/losses IAS 19	-3,795	-3,070
+/- Deferred taxes on actuarial gains/losses IAS 19	949	768
+ / - Share from entities recognised using the equity method	-6,866	-861
+/- Value changes in own credit risk recognised in equity IFRS 9	2,350	1,193
+ / - Deferred tax on changes recognised in equity for own credit risk IFRS 9	-587	-298
+/- Value changes in equity instruments recognised in equity IFRS 9	18,155	-5,834
+ / - Deferred tax on value changes in equity instruments recognised in equity IFRS 9 equity instruments IFRS 9	-4,539	585
<b>Items reclassified to profit or loss for the year</b>	<b>2,908</b>	<b>-2,482</b>
+/- Value changes recognised in equity for debt securities IFRS 9	-733	-2,700
Amounts recognised in equity	-633	-2,611
Reclassification adjustments	-100	-89
+ / - Deferred tax on value changes recognised in equity for debt instruments IFRS 9	183	675
Amounts recognised in equity	158	653
Reclassification adjustments	25	22
+ / - Exchange differences	130	1,026
+ / - Share from entities recognised using the equity method	3,328	-1,483

	<b>1/1 - 30/6/2019</b>	<b>1/1 - 30/6/2018</b>
<b>Total income and expenses recognised directly in equity</b>	<b>8,575</b>	<b>-9,999</b>
<b>Total comprehensive income for the period and income/expenses not recognised in profit or loss</b>	<b>127,024</b>	<b>103,985</b>
of which attributable to shareholders of the parent and to owners of additional equity instruments	126,570	103,656
of which attributable to non-controlling interests	454	329

<b>Performance indicators</b>	<b>1/1 - 30/6/2019</b>	<b>1/1 - 30/6/2018</b>
Cost/income ratio in %	50.08	50.90
Return on equity before tax in %	10.10	10.34
Return on equity after tax in %	8.37	8.79
Risk/earnings ratio in %	-0.54	3.21
Earnings per share in €	6.71	6.46



**Consolidated IFRS Interim Financial Statements - Statement of Comprehensive Income from 1/4/2019 to 30/6/2019**

<b>Consolidated income statement in €k</b>	<b>1/4 - 30/6/</b>	<b>1/4 to 30/6/</b>	<b>Change in €k</b>	<b>Change in %</b>
1. Interest and similar income	112,338	103,957	8,381	8.1
a) Interest income purs. to effective interest method	103,856	98,172	5,684	5.8
b) Other interest income	8,482	5,785	2,697	46.6
2. Interest and similar expenses	-26,637	-17,736	-8,901	50.2
<b>Net interest income (1)</b>	<b>85,701</b>	<b>86,221</b>	<b>-520</b>	<b>-0.6</b>
3. Income from entities measured using the equity method (2)	20,975	26,792	-5,817	-21.7
4. Charges for losses on loans and advances (3)	-719	-7,574	6,855	-90.5
5. Net commission income	43,727	42,921	806	1.9
6. Net commission expenses	-4,328	-4,188	-140	3.3
<b>Net commission income (4)</b>	<b>39,399</b>	<b>38,733</b>	<b>666</b>	<b>1.7</b>
7. Net trading income (5)	3,513	2,125	1,388	65.3
8. Administrative expenses (6)	-72,524	-79,219	6,695	-8.5
9. Other operating income (7)	7,037	3,069	3,968	>100.0
a) Net income from financial assets - FV/PL	6,686	1,215	5,471	>100.0
b) Net income from financial assets - FV/OCI	155	-171	326	>-100.0
c) Net income from financial assets - AC	0	0	0	
d) Other operating income	196	2,025	-1,829	-90.3
<b>Profit for the period before tax</b>	<b>83,382</b>	<b>70,147</b>	<b>13,235</b>	<b>18.9</b>
10. Income taxes (8)	-13,393	-9,824	-3,569	36.3
<b>Profit for the period after tax</b>	<b>69,989</b>	<b>60,323</b>	<b>9,666</b>	<b>16.0</b>
of which attributable to shareholders of the parent and to owners of additional equity instruments	69,781	60,182	9,599	16.0
of which attributable to non-controlling interests	208	141	67	47.5

<i>Other comprehensive income in €k</i>	<b>1/4 - 30/6/2019</b>	<b>1/4 to 30/6/2018</b>
Profit for the period after tax	69,989	60,323
<b>Items not reclassified to profit or loss for the year</b>	-4,504	179
+/- Actuarial gains/losses IAS 19	-3,795	-3,070
+/- Deferred taxes on actuarial gains/losses IAS 19	949	768
+ / - Share from entities accounted for using the equity method	-4,088	-20
+/- Value changes in own credit risk recognised in equity IFRS 9	760	242
+ / - Deferred tax on changes recognised in equity for own credit risk IFRS 9	-190	-60
+/- Value changes in equity instruments recognised in equity IFRS 9	2,480	3,092
+ / - Deferred tax on value changes in equity instruments recognised in equity IFRS 9	-620	-773
<b>Items reclassified to profit or loss for the year</b>	1,912	-1,756
+/- Value changes recognised in equity for debt securities IFRS 9	-886	-1,051
Amounts recognised in equity	-842	-1,043
Reclassification adjustments	-44	-8
+ / - Deferred tax on value changes recognised in equity for debt instruments IFRS 9	221	263
Amounts recognised in equity	210	261
Reclassification adjustments	11	2
+ / - Exchange differences	-72	140
+ / - Share from entities recognised using the equity method	2,649	-1,108
	<b>1/4 to 30/6/2019</b>	<b>1/4 to 30/6/2018</b>
<b>Total income and expenses recognised directly in equity</b>	-2,592	-1,577
<b>Total comprehensive income for the period and income/expenses not recognised in profit or loss</b>	67,397	58,746
of which attributable to shareholders of the parent and to owners of additional equity instruments	67,189	58,605
of which attributable to non-controlling interests	208	141

### Consolidated balance sheet as at 30/6/2019 / Assets

in €k		30/6/2019	31/12/2018	Change in €k	Change in %
1.	Cash and balances at central banks (10)	266,026	828,685	-562,659	-67.9
2.	Loans and advances to credit (11)	1,093,181	1,494,353	-401,172	-26.8
3.	Loans and advances to customers (12)	16,399,102	15,883,032	516,070	3.2
4.	Loan loss provisions (13)	-230,517	-251,474	20,957	-8.3
5.	Trading assets (14)	49,907	36,159	13,748	38.0
6.	Financial investments (15)	3,795,410	3,628,246	167,164	4.6
	a) Financial assets - FV/PL	448,018	233,510	214,508	91.9
	b) Financial assets FV/OCI	567,686	593,540	-25,854	-4.4
	c) Financial assets - AC	1,841,021	1,881,559	-40,538	-2.2
	d) Interest in entities accounted for using the equity method	938,685	919,637	19,048	2.1
7.	Intangible assets (16)	957	912	45	4.9
8.	Property, plant and equipment (17, 18)	408,239	278,696	129,543	46.5
	a) Investment property	94,281	95,822	-1,541	-1.6
	b) Other property, plant and equipment	313,958	182,874	131,084	71.7
9.	Other assets (19)	332,785	313,968	18,817	6.0
	a) Deferred tax assets	24,457	36,300	-11,843	-32.6
	b) Positive fair values of closed out derivatives in the banking book	132,759	103,178	29,581	28.7
	c) Other	175,569	174,490	1,079	0.6
	<b>Total assets</b>	<b>22,115,090</b>	<b>22,212,577</b>	<b>-97,487</b>	<b>-0.4</b>

### Consolidated balance sheet as at 30/6/2019 / Equity and liabilities

in €k		30/6/2019	31/12/2018	Change in €k	Change in %
1.	Amounts owed to credit institutions (20)	4,225,685	4,387,769	-162,084	-3.7
	a) Refinance allocated for customer loans	2,512,840	2,463,969	48,871	2.0
	b) Other amounts owed to credit institutions	1,712,845	1,923,800	-210,955	-11.0
2.	Amounts owed to customers (21)	11,784,329	12,145,724	-361,395	-3.0
3.	Securitised liabilities (22)	1,732,240	1,515,672	216,568	14.3
4.	Provisions for liabilities and charges (23)	391,786	383,315	8,471	2.2
5.	Other liabilities (24)	529,291	399,603	129,688	32.5
	a) Trading liabilities (25)	41,940	29,521	12,419	42.1
	b) Tax liabilities	17,114	9,756	7,358	75.4
	ba) Current tax liabilities	12,467	5,177	7,290	> 100
	bb) Deferred tax liabilities	4,647	4,579	68	1.5
	c) Negative fair values of closed out derivatives in the banking book	25,950	20,118	5,832	29.0
	c) Other	444,287	340,208	104,079	30.6
6.	Subordinated debt capital (26)	557,637	582,598	-24,961	-4.3
7.	Equity (27)	2,894,122	2,797,896	96,226	3.4
	a) Equity after minorities	2,837,491	2,741,459	96,032	3.5
	b) Minority interests	6,631	6,437	194	3.0
	c) Additional equity capital components	50,000	50,000	0	0.0
	<b>Total equity and liabilities</b>	<b>22,115,090</b>	<b>22,212,577</b>	<b>-97,487</b>	<b>-0.4</b>

## Consolidated statement of changes in equity as at 30/6/2019

	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	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	Change in own credit risk IFRS 9 not reclassified						
in €k													
<b>As at 1/1/2018</b>	<b>105,862</b>	<b>505,523</b>	<b>1,313,916</b>	<b>-528</b>	<b>5,752</b>	<b>114,962</b>	<b>-8,543</b>	<b>-21,993</b>	<b>545,020</b>	<b>2,559,970</b>	<b>6,248</b>	<b>50,000</b>	<b>2,616,218</b>
Consolidated net profit			79,769	1,026	-2,025	-5,249	895	-2,302	31,542	103,656	329		103,985
Net annual profit/loss			79,769						33,886	113,655	329		113,984
Other comprehensive income				1,026	-2,025	-5,249	895	-2,302	-2,344	-9,999			-9,999
Dividend distribution			-31,764							-31,764			-31,764
Coupon payments on additional equity components			-1,725							-1,725			-1,725
Capital increase													
Issuance of additional equity instruments													
Repurchased own shares	25		483							508			508
Other changes not recognised in income			5						17,627	17,632	-480		17,152
<b>As at 30/6/2018</b>	<b>105,887</b>	<b>505,523</b>	<b>1,360,684</b>	<b>498</b>	<b>3,727</b>	<b>109,713</b>	<b>-7,648</b>	<b>-24,295</b>	<b>594,189</b>	<b>2,648,277</b>	<b>6,097</b>	<b>50,000</b>	<b>2,704,374</b>
<b>As at 1/1/2019</b>	<b>105,769</b>	<b>505,523</b>	<b>1,441,376</b>	<b>-769</b>	<b>2,337</b>	<b>112,535</b>	<b>-11,189</b>	<b>-32,580</b>	<b>618,457</b>	<b>2,741,459</b>	<b>6,437</b>	<b>50,000</b>	<b>2,797,896</b>
Consolidated net profit			103,996	130	-550	13,616	1,763	-2,846	10,461	126,570	454		127,024
Net annual profit/loss			103,996						13,999	117,995	454		118,449
Other comprehensive income				130	-550	13,616	1,763	-2,846	-3,538	8,575			8,575
Dividend distribution			-38,811							-38,811			-38,811
Coupon payments on additional equity components			-1,725							-1,725			-1,725
Capital increase													
Issuance of additional equity instruments													
Repurchased own shares	69		1,776							1,845			1,845
Other changes not recognised in income			-434						8,588	8,154	-260		7,894
<b>As at 30/6/2019</b>	<b>105,838</b>	<b>505,523</b>	<b>1,506,178</b>	<b>-639</b>	<b>1,787</b>	<b>126,151</b>	<b>-9,426</b>	<b>-35,426</b>	<b>637,506</b>	<b>2,837,491</b>	<b>6,631</b>	<b>50,000</b>	<b>2,894,122</b>

<b>Consolidated statement of cash flows in €k</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Profit for the period	118,449	113,984
Non-cash items in the profit for the period and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	-14,179	-6,845
Change in provisions for staff benefits and other provisions	5,625	11,277
Change in other non-cash items	11,649	-5,598
Gains and losses on financial investments, property, plant and equipment and intangible assets	-1,728	-7,120
<b>Subtotal</b>	<b>119,816</b>	<b>105,698</b>
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
- Loans and advances to credit institutions	420,148	-159,859
- Loans and advances to customers	-525,033	-980,157
- Loan loss provisions	0	107,622
- Trading assets	-7,763	5,977
- Financial assets for operating activities	27,414	69,331
- Other assets from operating activities	24,314	36,817
- Amounts owed to credit institutions	-161,773	-11,434
- Amounts owed to customers	-386,747	254,673
- Securitised liabilities	202,086	130,358
- Other liabilities from operating activities	-85,988	-78,049
<b>Cash flow from operating activities</b>	<b>-373,526</b>	<b>-519,023</b>
Proceeds from the sale of		
- financial assets for investment activities	210,198	175,090
- property, plant and equipment, and intangible assets	5,619	3,808
Outlay on purchases of		
- financial investments	-328,500	-40,551
- property, plant and equipment, and intangible assets	-14,019	-10,298
<b>Cash flow from investing activities</b>	<b>-126,702</b>	<b>128,049</b>
Capital increase	0	0
Dividend distributions	-38,811	-31,764
Coupon payments on additional equity instruments	-1,725	-1,725
Cash from subordinated liabilities and other financing activities		
- Issues	46,296	34,686
- Other	3,763	2,233
Fund outflows from subordinated debt capital and other financing activities		
- Redemptions	-71,500	-82,152
- Other	-454	-480
<b>Cash flow from financing activities</b>	<b>-62,431</b>	<b>-79,202</b>
<b>Cash and cash equivalents at the end of prior period</b>	<b>828,685</b>	<b>845,105</b>
Cash flow from operating activities	-373,526	-519,023
Cash flow from investing activities	-126,702	128,049
Cash flow from financing activities	-62,431	-79,202
Effects of changes in the consolidation scope and revaluation	0	0
Effects of foreign exchange rate changes	0	0
<b>Cash and cash equivalents at the end of the period</b>	<b>266,026</b>	<b>374,929</b>

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.

<b>Consolidated statement of cash flows in €k</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Interest received	208,424	181,800
Dividends received	21,469	15,173
Interest paid	-69,691	-82,113
Coupon payments on additional equity instruments	-1,725	-1,725
Income tax paid	-25,758	-18,063

## Notes to the consolidated financial statements

### 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). The financial statements cover the first half of 2019 (1 Jan. 2019 to 30 June 2019) and compare the figures with the corresponding period of the prior year. This interim report for the first half of the year 2019 are in conformity with IAS 34 (Interim Reports). The abbreviated interim financial statements have not been audited. We have not applied standards or interpretations that take effect as of the financial year 2020 or later.

### Changes to the accounting policies 2019

The interim 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
- Amendments 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' examinations, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates as well as the effects of changes to the facts or circumstances. No material effects result for 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 does 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 does 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 does 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 does not result in any material effects on the consolidated financial statements.

## The 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 for the first time. In accordance with the transitional provisions, Oberbank applies IFRS 16 according to IFRS 16.C5 (b) modified 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 thousands:

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

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.

### Actuarial assumptions

Important actuarial assumptions for calculating the present values of defined benefit obligations were updated as set out below:

	30/6/2019	31/12/201
Interest rate applied	1.50%	1.75%
Increase under collective agreements	2.91%	2.99%
Pension increase	1.65%	1.54%

### The Oberbank group of consolidated companies

The group of consolidated companies as at 30 June 2019 included, apart from Oberbank AG, 34 Austrian and 18 foreign subsidiaries. Compared to 31 December 2018, the group of consolidated companies changed as follows:

Sale of Oberbank LIV Immobilienleasing GmbH: 100% share

Sale of Oberbank TREI Immobilienleasing GmbH: 100%

## Details of the income statement in €k

<b>1) Net interest income</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Interest income from		
Credit and money market operations	183,027	169,382
Shares and other variable-yield securities	3,260	3,163
Other equity investments	5,814	2,227
Subsidiaries	2,971	369
Fixed-interest securities and debt securities	27,470	29,425
Interest and similar income	222,542	204,566
Interest expenses for		
Deposits	-30,522	-18,960
Securitised liabilities	-10,535	-9,470
Subordinated liabilities	-10,419	-10,814
Interest and similar expenses	-51,476	-39,244
Net interest income	171,066	165,322
<b>2) Income from entities recognised using the equity method</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Net amounts from proportionately recognised income	23,422	43,300
Expenses from impairments and income from additions	0	0
Profit from entities accounted for using the equity method	23,422	43,300
<b>3) Charges for losses on loans and advances</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Addition to charges for losses on loans and advances	-56,000	-82,156
Direct write-offs	-592	-465
Reversals of loan loss provisions	55,262	76,069
Recoveries of written-off receivables	1,352	1,230
Result of non-significant modifications	-17	10
Results from POCI financial instruments	920	0
Charges for losses on loans and advances	925	-5,312
<b>4) Net commission income</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Payment services	28,139	26,502
Securities business	24,060	25,184
Foreign exchange, foreign bank notes and precious metals business	7,960	7,715
Credit operations	18,091	17,703
Other service and advisory business	1,940	2,079
Net commission income	80,190	79,183
<b>5) Net trading income</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Gains/losses on interest rate contracts	941	465
Gains/losses on foreign exchange, foreign bank notes and numismatic	3,923	-2,227
Gains/losses on derivatives	-455	4,732
Net trading income	4,409	2,970
<b>6) Administrative expenses</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Staff costs	86,368	90,751
Other administrative expenses	42,116	46,959
Write-offs and impairment losses	13,912	6,814
Administrative expenses	142,396	144,524



<b>7) Other operating income</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
a) Net income from financial assets - FV/PL	15,989	-4,481
thereof from designated financial instruments	3,674	-61
thereof from financial instruments with mandatory measurement - FV/PL	12,315	-4,420
b) Net income from financial assets - FV/OCI	208	-309
thereof from the measurement of debt instruments	32	-463
thereof from the sale and derecognition of debt instruments	176	154
c) Net income from financial assets - AC	1,617	0
d) Other operating income	-12,591	-2,049
Stability tax	-2,354	-2,281
Expenses from operational risks	-4,242	-442
Income from operational risks	1,351	4,911
Gains from the sale of land and buildings	0	0
Expenses from operating leases	-7,591	-8,009
Income from operating leases	8,662	9,157
Other	-8,417	-5,385
Other operating income/expenses	5,223	-6,839

<b>8) Income taxes</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Current income tax expense	16,463	27,006
Deferred income tax expenses/ income	7,927	-6,890
Income taxes	24,390	20,116

<b>9) Earnings per share in €</b>	<b>1/1-30/6/2019</b>	<b>1/1-30/6/2018</b>
Number of shares as at 30/06	35,307,300	35,307,300
Average number of shares in issue	35,284,286	35,287,444
Consolidated profit for the year after tax	118,449	113,984
Earnings per share in €	3.36	3.23
Annualised values	6.71	6.46

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

<b>10) Cash and balances with central banks</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Cash in hand	84,997	83,997
Credit balances with central banks of issue	181,029	744,688
Cash and balances at central banks	266,026	828,685

<b>11) Loans and advances to credit institutions</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Loans and advances to Austrian credit institutions	144,567	148,206
Loans and advances to foreign credit institutions	948,614	1,346,147
Loans and advances to credit institutions	1,093,181	1,494,353

<b>12) Loans and advances to customers</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Loans and advances to domestic customers	9,773,772	9,547,454
Loans and advances to foreign customers	6,625,330	6,335,578
Loans and advances to customers	16,399,102	15,883,032

<b>13) Impairment charges</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Impairment charges for banks	223	408
Impairment charges for customers	229,288	250,033
Impairment charges for debt securities	1,006	1,033
Impairment charges	230,517	251,474

<b>14) Trading assets</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
<b>Bonds and other fixed-interest securities</b>		
Listed	5,071	2,975
<b>Shares and other variable-yield securities</b>		
Listed	925	1,255
<b>Positive fair values of derivative financial instruments</b>		
Currency contracts	3,173	2,535
Interest rate contracts	40,714	29,394
Other contracts	24	0
<b>Trading assets</b>	<b>49,907</b>	<b>36,159</b>

<b>15) Financial investments</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
<b>Bonds and other fixed-interest securities</b>		
Listed	2,190,306	2,075,312
Unlisted	94,508	82,838
<b>Shares and other variable-yield securities</b>		
Listed	110,616	91,844
Unlisted	205,737	196,103
<b>Equity investments/shares</b>		
In subsidiaries	98,169	107,345
Entities accounted for using the equity method		
Banks	435,268	422,356
Non-banks	503,417	497,281
Other equity investments		
Banks	32,468	32,468
Non-banks	124,921	122,699
<b>Financial investments</b>	<b>3,795,410</b>	<b>3,628,246</b>
a) Financial assets - FV/PL	448,018	233,510
b) Financial assets FV/OCI	567,686	593,540
thereof equity instruments	343,700	333,449
thereof debt instruments	223,986	260,091
c) Financial assets - AC	1,841,021	1,881,559
d) Interests in entities accounted for using the equity method	938,685	919,637
<b>Financial investments</b>	<b>3,795,410</b>	<b>3,628,246</b>

<b>16) Intangible assets</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Other intangible assets	544	478
Customer base	413	434
<b>Intangible assets</b>	<b>957</b>	<b>912</b>

<b>17) Property, plant and equipment</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Investment property	94,281	95,822
Land and buildings	100,139	97,135
Business equipment and furnishings	64,541	65,918
Other property, plant and equipment	13,856	19,821
Right of use to leased objects	135,422	N/A
<b>Property, plant and equipment</b>	<b>408,239</b>	<b>278,696</b>

#### **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 half-year 2019 or as at 30 June 2019 of the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows for Oberbank as a lessee:

<b>Leasing in the consolidated balance sheet</b>	<b>30/6/2019</b>
<b>Property, plant and equipment</b>	135,422
Right of use for land and buildings	133,373
Right of use for business equipment and furnishings	618
Right of use for other property, plant and equipment	1,431
<b>Other liabilities</b>	
Other lease liabilities	135,631

Additions to right of use in the first half-year amounted to EUR 1,332 thousand.

Cash outflows for leasing liabilities amounted to EUR 7,370 thousand.

<b>Leasing in the consolidated income statement</b>	<b>1/1-30/6/2019</b>
Interest expenses for leasing liabilities	430
Administrative expenses	8,485
Depreciation for right of use for land and buildings	6,620
Depreciation for right of use for business equipment and furnishings	119
Depreciation for right of use for other property, plant and equipment	411
Other expenses from lease contracts	1,336
Other operating income	
Income from subleasing of rights of use	418

<b>Leasing in the consolidated statement of cash flows</b>	<b>1/1-30/6/2019</b>
Repayment of leasing liabilities	-7,370
Interest expenses for leasing liabilities	430

<b>19) Other assets</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Deferred tax assets	24,457	36,300
Other items	171,731	170,349
Positive fair values of closed out derivatives in the banking book	132,759	103,178
Deferred items	3,838	4,141
Other assets	332,785	313,968

<b>20) Amounts owed to credit institutions</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Amounts owed to domestic credit institutions	2,566,245	2,632,935
Amounts owed to foreign credit institutions	1,659,440	1,754,834
Amounts owed to credit institutions	4,225,685	4,387,769

<b>21) Amounts owed to customers</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Savings deposits	2,696,490	2,684,132
Other	9,087,839	9,461,592
Amounts owed to customers	11,784,329	12,145,724

<b>22) Securitised liabilities</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Debt securities issued	1,718,763	1,503,782
Other securitised liabilities	13,477	11,890
Securitised liabilities	1,732,240	1,515,672

<b>23) Provisions for liabilities and charges</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Provisions for benefits and pensions	185,100	183,053
Provisions for anniversary bonuses	14,026	13,697
Provisions for credit risks	132,466	129,360
Other provisions	60,194	57,205
Provisions for liabilities and charges	391,786	383,315

<b>24) Other liabilities</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Trading liabilities	41,940	29,521
Tax liabilities	17,114	9,756
Current tax liabilities	12,467	5,177
Deferred tax liabilities	4,647	4,579
Leasing liabilities	135,631	N/A
Other liabilities	252,996	269,931
Negative fair values of closed out derivatives in the banking book	25,950	20,118
Deferred items	55,660	70,277
<b>Other liabilities</b>	<b>529,291</b>	<b>399,603</b>

<b>25) Other liabilities (trading liabilities)</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Currency contracts	2,138	874
Interest rate contracts	39,793	28,647
Other contracts	9	0
<b>Trading liabilities</b>	<b>41,940</b>	<b>29,521</b>

<b>26) Subordinated debt capital</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Subordinated bonds issued incl. tier 2 capital	557,637	582,598
Hybrid capital	0	0
<b>Subordinated debt capital</b>	<b>557,637</b>	<b>582,598</b>

<b>27) Equity</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Subscribed capital	105,838	105,769
Capital reserves	505,523	505,523
Retained earnings (incl. net profit)	2,224,258	2,128,295
Negative goodwill	1,872	1,872
Additional equity capital instruments	50,000	50,000
Minorities	6,631	6,437
<b>Equity</b>	<b>2,894,122</b>	<b>2,797,896</b>

<b>28) Contingent liabilities and commitments</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Other contingent liabilities (guarantees and letters of credit)	1,342,388	1,371,306
Contingent liabilities	1,342,388	1,371,306
Liabilities from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	3,957,566	4,102,696
<b>Credit risks</b>	<b>3,957,566</b>	<b>4,102,696</b>

<b>29) Segment report as at 30/6/2019</b>	<b>Personal Banking</b>	<b>Corporates</b>	<b>Financial Markets</b>	<b>Other</b>	<b>Total</b>
<b>Core business segments in €m</b>					
Net interest income	31.5	127.9	11.7	0	171.1
Income from entities recognised using the equity			23.4		23.4
Charges for losses on loans and advances	-1.4	4.4	-2.1	0	0.9
Net commission income	37.4	42.8	-0.1	0	80.2
Net trading income		-0.1	4.5		4.4
Administrative expenses	-46.2	-77.1	-4.8	-14.2	-142.4
Other operating income	2.5	-3.4	17.8	-11.7	5.2
Extraordinary profit/loss	0	0	0	0	0
Profit before tax	23.8	94.5	50.5	-25.9	142.8
Average risk-weighted assets	1,840.0	10,012.6	5,596.8	0	17,449.4
Average allocated equity	298.3	1,623.1	907.3	0	2,828.6
Return on equity before tax	16.0%	11.6%	11.1%		10.1%
Cost/income ratio	64.7%	46.1%	8.4%		50.1%

Segment report as at 30/6/2018 Core business segments in €k	Personal Banking	Corporates	Financial Markets	Other	Total
Net interest income	29.8	120.3	15.3	0.0	165.3
Income from entities recognised using the equity	0.0	0.0	43.3	0.0	43.3
Charges for losses on loans and advances	-1.6	-0.8	-2.9	0.0	-5.3
Net commission income	38.2	41.1	-0.1	0.0	79.2
Net trading income	0.0	-0.1	3.1	0.0	3.0
Administrative expenses	-44.9	-70.4	-4.9	-24.3	-144.5
Other operating income	2.4	0.9	0.4	-10.6	-6.8
Extraordinary profit/loss	0.0	0.0	0.0	0.0	0.0
Profit before tax	23.9	90.9	54.2	-34.9	134.1
Average risk-weighted assets	1,730.2	9,440.8	5,705.4		16,876.5
Average allocated equity	265.8	1,450.5	876.6		2,592.9
Return on equity before tax	18.0%	12.5%	12.4%		10.3%
Cost/income ratio	63.8%	43.4%	7.9%		50.9%

30) Human resources	30/6/2019	31/12/2018
Salaried employees	2,135	2,101
Blue-collar	10	11
Total resources	2,145	2,112

31) Regulatory capital purs. to Part 2 of Regulation (EU) No 575/2013 - Pillar I in €k	30/6/2019	31/12/2018	30/6/2018
Subscribed capital	99,622	100,522	100,522
Capital reserves	505,523	505,523	505,523
Retained earnings	2,053,508	2,023,438	1,759,796
Minority interests	0	0	0
Cumulated other comprehensive income	83,086	71,103	57,877
Regulatory adjustment items	6,344	7,695	5,099
Deductions from CET 1 items	-200,527	-190,467	-184,377
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>2,547,556</b>	<b>2,517,814</b>	<b>2,244,440</b>
AT1 capital instruments	50,000	50,000	50,000
AT1 capital instruments purs. national implementation rules	0	0	23,600
Deductions from AT1 capital items	0	-4,707	-8,707
<b>Additional tier 1 capital</b>	<b>50,000</b>	<b>45,293</b>	<b>64,893</b>
<b>TIER 1 CAPITAL</b>	<b>2,597,556</b>	<b>2,563,107</b>	<b>2,309,333</b>
Qualifying supplementary capital instruments	361,369	347,583	312,675
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	11,928	15,892	18,314
General credit risk adjustments	0	0	0
Deductions from tier 2 capital items	-20,253	-20,230	-20,707
<b>Supplementary capital (tier 2)</b>	<b>359,344</b>	<b>348,645</b>	<b>351,082</b>
<b>OWN FUNDS</b>	<b>2,956,900</b>	<b>2,911,752</b>	<b>2,660,415</b>
<b>Total risk exposure purs. Art. 92 CRR</b>			
Credit risk	13,850,545	13,338,275	13,159,917
Market risk, settlement risk and CVA risk	59,103	27,551	32,003
Operational risk	1,055,408	1,055,408	1,009,236
<b>Total exposure</b>	<b>14,965,056</b>	<b>14,421,234</b>	<b>14,201,156</b>
<b>Own funds ratio purs. Art. 92 CRR</b>			
Common equity tier 1 capital ratio	17.02%	17.46%	15.80%
Tier 1 capital ratio	17.36%	17.77%	16.26%
Total capital ratio	19.76%	20.19%	18.73%
<b>Regulatory requirement own capital ratios purs. to transition rules in %</b>			

Common equity tier 1 capital ratio	7.113%	6.474%	6.420%
Tier 1 capital ratio	8.613%	7.974%	7.920%
Total capital ratio	10.613%	9.974%	9.920%
<b>Regulatory capital requirements purs. to transition rules in €k</b>			
Common equity tier 1 capital	1,064,449	933,559	911,743
Tier 1 capital	1,288,925	1,149,877	1,124,760
Total capital	1,588,226	1,438,302	1,408,783
<b>Free capital components</b>			
Common equity tier 1 capital	1,483,107	1,584,255	1,332,697
Tier 1 capital	1,308,631	1,413,230	1,184,573
Total capital	1,368,674	1,473,450	1,251,632

<b>32) Fair value of financial instruments as at 30/6/2019</b>	<b>AC</b>	<b>FV/PL</b>	thereof designated	<b>HFT</b>	<b>FV/OCI</b>	thereof equity instruments FV/OCI	thereof debt instruments FV/OCI	<b>AC/Liabilities</b>	<b>Other</b>	<b>Total</b>
Cash and balances at central banks								266,026		<b>266,026</b>
								266,029		<b>266,026</b>
Loans and advances to credit institutions								1,093,181		<b>1,093,181</b>
								1,093,981		<b>1,093,981</b>
Loans and advances to customers	40,763	60,435	44,887		44,201	0	44,201	16,253,702		<b>16,399,102</b>
	41,453	60,435	44,887		44,201	0	44,201	16,518,986		<b>16,665,075</b>
Impairment charges								-230,517		<b>-230,517</b>
								-230,517		<b>-230,517</b>
Trading assets				49,907						<b>49,907</b>
				49,907						<b>49,907</b>
Financial investments	1,841,021	448,018	202,606		567,686	343,700	223,986		938,685	<b>3,795,410</b>
	1,930,037	448,018	202,606		567,686	343,700	223,986			
Intangible assets									957	<b>957</b>
Property, plant and equipment									408,239	<b>408,239</b>
Other assets				132,759					200,026	<b>332,785</b>
				132,759						
of which closed out derivatives positions in the banking book				132,759						<b>132,759</b>
				132,759						
<b>Total assets</b>	<b>1,881,784</b>	<b>508,453</b>	247,493	<b>182,666</b>	<b>611,887</b>	343,700	268,187	<b>17,382,393</b>	<b>1,547,907</b>	<b>22,115,090</b>
	<b>1,971,490</b>	<b>508,453</b>	247,493	<b>182,666</b>	<b>611,887</b>	343,700	268,187	<b>17,648,476</b>		
Amounts owed to banks		56,272	56,272					4,169,413		<b>4,225,685</b>
		56,272	56,272					4,176,589		<b>4,232,860</b>
Amounts owed to customers		496,818	496,818					11,287,511		<b>11,784,329</b>
		496,818	496,818					11,284,627		<b>11,781,445</b>
Securitised liabilities		707,862	707,862					1,024,378		<b>1,732,240</b>
		707,862	707,862					1,023,590		<b>1,731,452</b>
Provisions for liabilities and charges									391,786	<b>391,786</b>
Other liabilities				67,891					461,400	<b>529,291</b>
				67,891						
of which closed out derivatives positions in the banking book				25,950						<b>25,950</b>
				25,950						<b>25,950</b>
Subordinated debt capital		446,795	446,795					110,842		<b>557,637</b>
		446,795	446,795					129,368		<b>576,163</b>
Capital									2,894,122	<b>2,894,122</b>
<b>otal equity and liabilities</b>	-	<b>1,707,747</b>	1,707,747	<b>67,891</b>	-	-	-	<b>16,592,144</b>	<b>3,747,308</b>	<b>22,115,090</b>
	-	<b>1,707,747</b>	1,707,747	<b>67,891</b>	-	-	-	<b>16,614,173</b>		

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 30/6/2019**

	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
<b>Financial instruments carried at fair value in €k</b>										
Loans and advances to customers		60,435		44,201			104,636		48,611	56,025
Trading assets			49,907				49,907	1,938	47,969	
Financial assets FV/PL		448,018					448,018	226,979	221,040	
Financial assets FV/OCI				567,686			567,686	323,704	3,941	240,041 <sup>1)</sup>
Other assets			132,759				132,759		132,759	
of which closed out derivatives positions in the banking book			132,759				132,759		132,759	
<b>Financial instruments not carried at fair value</b>										
Loans and advances to credit institutions					1,093,181		1,093,181		1,093,981	
Loans and advances to customers	40,763				16,253,702		16,294,465		41,453	16,518,986
Financial assets AC	1,841,021						1,841,021	1,838,993	91,045	
<b>Financial liabilities carried at fair value</b>										
Amounts owed to credit institutions		56,272					56,272		56,272	
Amounts owed to customers		496,818					496,818		496,818	
Securitised liabilities		707,862					707,862		707,862	
Other liabilities			67,890				67,890		67,890	
of which closed out derivatives positions in the banking book			25,950				25,950		25,950	
Subordinated debt capital		446,795					446,795		446,795	

<sup>1)</sup> This item consists 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 30/6/2019**

	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
<b>Financial instruments not carried at fair value</b>										
Amounts owed to credit institutions					4,169,413		4,169,413		4,176,589	
Amounts owed to customers					11,287,511		11,287,511		11,284,627	
Securitised liabilities					1,024,378		1,024,378		1,023,590	
Other liabilities										
Subordinated debt capital					110,842		110,842		129,368	

The fair value corresponds to the price at which an asset can be sold or a liability settled by market participants in a transaction under market conditions on the balance sheet date.

The assessment of the fair value is based on the assumption that the transaction takes place either on the principal market for the respective asset or debt instrument or, if no such principal market exists, the most advantageous active market for the respective transaction, provided the entities involved have access to such markets. Where market prices are available for identical assets or debt instruments in an active market to which access is available on the balance sheet date, 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 unit 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.

Measurement 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 payables to banks and customers; the cash flows of own issues are 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 contractual cash flows (according to the contractual repayment schedule) and the discounted expected credit loss cash flows (taking the customer's credit rating and collateral into account). The reference prices published by the ECB are used as foreign exchange rates.

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 measurement 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)	-7,892
Value changes recognised in equity	0
Value changes recognised in income	0
<b>Carrying value as at 30/06</b>	<b>240,041</b>

The item Other comprehensive income from these instruments increased by €k 0. The remaining level 3 financial instruments at fair value refer to loans and advances to customers.

Movement in 2019 in €k	Loans and advances to customers
Carrying value as at 01/1/2019	58,661
Carry forward in level 2	0
Additions	0
Disposals	-4,306
Changes in fair value	1,670
of which disposals	-119
of which portfolio instruments	1,789
<b>Carrying value as at 30/06</b>	<b>56,025</b>

There were no transfers between Level 1 and Level 2.

**Major transactions with related parties as at 30 June 2019 were:**

Associated companies	€k 39,328
Subsidiaries	€k 18,000
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 half-year 2019 (1 January 2019 to 30 June 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.

**The undersigned Management Board members as the statutory representatives of Oberbank,**

a) confirm that the condensed financial statements prepared in conformity with applicable accounting standards present to their best of their knowledge a true and fair view of the assets, liabilities, financial position and result of operations of the issuer and of all entities included in the consolidation;

b) the management report for the half-year presents a true and fair view of the assets, financial position and result of operations with respect to the key events having taken place during the first six months of the financial year and their effects on the condensed interim consolidated financial statements in terms of material risks and uncertainties over the course of the remaining six months of the financial year and with respect to the material transactions of related parties that must be disclosed.

Linz, 29 August 2019

The Management Board



CEO  
Franz Gasselsberger  
Remit  
Corporate and Business Banking



Director  
Josef Weißl  
Remit  
Personal Banking



Director  
Florian Hagenauer, MBA  
Remit  
Overall Banking Risk Management

## Current Management Board Remits

<b>CEO</b> <b>Franz Gasselsberger</b>	<b>Director</b> <b>Josef Weißl</b>	<b>Director</b> <b>Florian Hagenauer</b>
General Business Policy		
Internal Audit		
Compliance		
<b>Business and Service Departments</b>		
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 <sup>2)</sup> (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 <sup>1)</sup> , securities settlement)
		GFI (Global Financial Institutions)
<b>Regional Business Divisions</b>		
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 current reporting data. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialise 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 lists and tables means that the provision is not applicable to the relevant financial year.

**Financial Calendar 2019**

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

15 May 2019	Results for Q1 2019
28 August 2019	Results for Q1-2 2019
30 November 2019	Results for Q1-3 2019

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

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