Oberbank
3 Banken Gruppe

Success.

Interim Report to Shareholders as at 30 September 2014.

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Oberbank. Not like any other bank.

Oberbank at a Glance

Income statement in €m	Q1-3 2014	Change	Q1-3 2013[3]
Net interest income	262.6	2.8%	255.3
Charges for losses on loans and advances	(53.5)	0.8%	(53.1)
Net commission income	87.7	1.2%	86.0
Administrative expenses	(175.0)	1.7%	(172.6)
Profit for the period before tax	126.3	10.5%	114.2
Consolidated net profit for the period	107.4	10.3%	97.2
Balance sheet in €m	**30/09/2014**	**Change**	**30/12/2013[4]**
Assets	18,038.6	2.9%	17,531.8
Loans and advances to customers	11,798.3	4.6%	11,277.9
Primary funds	12,078.7	(1.4%)	12,250.4
of which savings deposits	3,132.9	(6.6%)	3,352.1
of which securitised liabilities including subordinated capital	2,328.1	4.7%	2,224.4
Equity	1,530.9	7.7%	1,421.0
Customer funds under management	23,182.2	1.7%	22,787.5
Capital resources CRR (PrY BWG) in €m	**30/09/2014[1]**	**Change**	**30/12/2013[2]**
Assessment basis	12,026.4	12.0%	10,734.0
Own funds	1,847.4	1.3%	1,824.8
of which core capital (CET1)	1,224.7		n.a.
of which total core capital (CET1+AT1)	1,283.0	(2.8%)	1,320.6
Hard core capital ratio	10.18		n.a.
Core capital ratio	10.67	(1.63 ppt)	12.30%
Total capital ratio	15.36	(1.64 ppt)	17.00%
Performance	**Q1-3 2014**	**Change**	**Q1-3 2013[3]**
Return on equity before tax	11.50	3.6%	11.15
Return on equity after tax	9.77	3.0%	9.49
Cost/income ratio	49.31	(2.8%)	50.78
Risk/earnings ratio (credit risk in% of net interest income)	20.38	(1.9%)	20.78
Resources	**Q1-3 2014**	**Change**	**30/12/2013**
Average number of staff (weighted)	2,011	10	2,001
Number of branches	154	4	150

1) Application of CRR/CRD IV (Basel III) from 1 Jan. 2014. The figures are therefore not comparable with previous periods.

2) Computed in accordance with Basel II.

3) Previous year's values after the change in the disclosure of write-offs of fixed operating leases.

4) Figures as at 31/12/2013 following first application of IFRS 11 after direct recognition of impairment provisions.

The Oberbank Group
in the first three quarters of 2014

Dear Readers,

Oberbank once again presents a highly satisfactory result of operations in the first three quarters of 2014. Our profit before and after taxes increased by comparison to the first three quarters of 2013 and we posted further growth in terms of both lending and deposits; our capital base continues to be excellent.

Another very good performance

- **Operating profit at EUR 179.8 million (+7.5%)**
- **Profit for the period before tax EUR 126.3 million (+10.6%); after tax EUR 107.4 million (+10.6%)**
- **Growth in terms of net interest income and earnings from services**

Although the bar was set high after last year's excellent result in the first three quarters of the year, we again boosted our operating profit by 7.5% to EUR 179.8 million.
Our pre-tax profit improved by 10.6% to EUR 126.3 million, and our net profit for the period rose by the same rate to EUR 107.4 million.

Net interest income widened by 2.9% to EUR 262.6 million year on year.
At EUR 220.1 million, interest income from operating activities was 1.6% higher than in the first three quarters of 2013. Income from equity investments increased to EUR 42.5 million, topping the previous year's figure by 10.2%.
Net commission income widened by 2.0% to EUR 87.7 million, boosted above all by higher commissions in the securities and lending business as well as a perceptible rise in commissions from payment transactions.

Considerable gain in productivity

Operating income widened by 4.4% to EUR 354.8 million in the period January through September 2014; concurrently, costs rose by the moderate rate of 1.4% to EUR 175.0 million.
After 50.8% one year earlier, Oberbank's cost/income ratio was at 49.3% in the first three quarters of 2014. This compares with a ratio of almost 73% in the general market.

Lending growth means further gains in market share

- **5.1% lending growth to EUR 12.3 billion**

Lending growth continued at subdued levels in the recent past. Austria-wide, the lending volume declined slightly, dropping by 0.2% year on year in mid-2014; at 3.5%, the year-on-year decline in the euro area as a whole was much more pronounced.

Quite contrary to this trend, Oberbank again boosted its lending volume by 5.1% to EUR 12,250.3 million, and thus again expanded its market share in this line of business.
Gratifyingly enough, this growth was driven by higher demand both for corporate finance (+4.4% to EUR 9.9 bn) and for personal loans (+ 8.3% to EUR 2.4 bn).

Deposits grew despite historically low savings rate

• 2.4% growth to EUR 12.1 billion

Our deposit business – even against the backdrop of an historically low savings rate throughout Austria – continues to benefit from our excellent credit rating.
At EUR 12.1 billion, primary deposits widened by 2.4% year on year; the volume of funds in customers' securities deposits actually rose by 6.9% to EUR 11.1 billion.
The total volume of assets entrusted to us by our customers thus stood at EUR 23.2 billion, which corresponds to a rise of 4.5% or one billion euro year on year.

Favourable credit risk position as a key success factor

In terms of lending growth, Oberbank has outperformed the market for years; concurrently, our credit risk position has for years been better than in the market in general. In the recent past, our allocations to impairment provisions totalled EUR 53.5 million, which is about the same amount as in the first three quarters of 2013.
A market comparison also mirrors our excellent risk position. According to data published by the OeNB on an unconsolidated basis, Austrian banks had to set up impairment provisions in an average amount of 0.78% of their lending volume over the past five years; the impairment provisions shown in our individual annual financial statements, by contrast, amount to only 0.48% of our loans and advances to customers.
On a consolidated basis our impairment allowance ratios have been substantially better than the ratios observed in the market in general.

Excellent development of all performance indicators

Thanks to the Bank’s excellent earnings development, we improved the return on equity before tax from 11.15% to 11.50% in the first three quarters of 2014; concurrently, the return on equity after tax increased from 9.49% to 9.77%.
The total capital ratio calculated in accordance with the stringent provisions of Basel III was at 15.36% as at 30 Sept. 2014; this is almost double the statutorily required rate of 8.00%.
At 10.67%, the core capital ratio was also far above the minimum requirement rate of 5.5%.

Linz, in November 2014

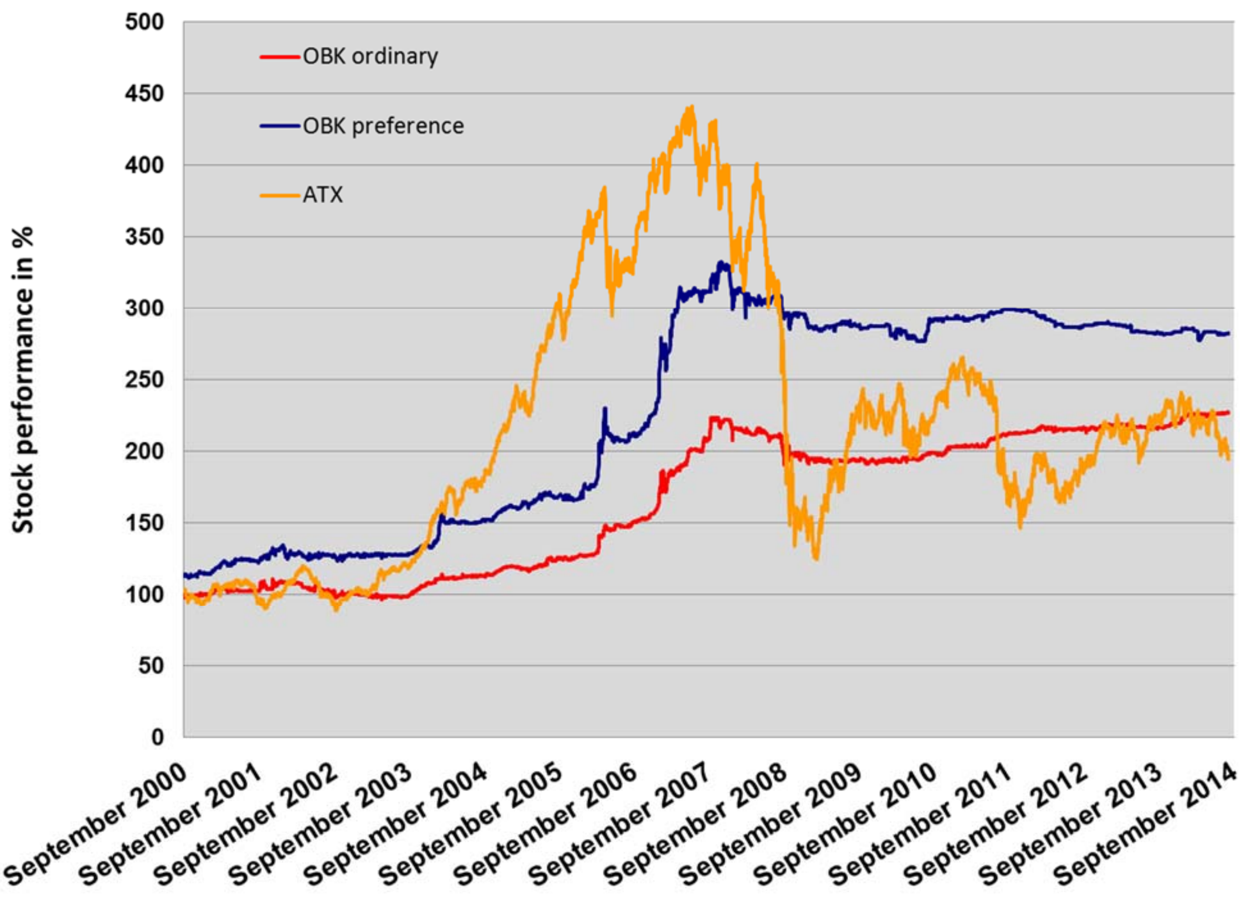
CEO Franz Gasselsberger
Chairman of the Management Board

The Oberbank Shares

The price of the Oberbank ordinary share reached a new all-time high of EUR 50.20 in the third quarter of 2014. The price development of the Oberbank ordinary share hence reflects the excellent business performance of Oberbank.

Oberbank stock – key figures	Q1-3 2014	Q1-3 2013
Number of ordinary no-par shares	25,783,125	25,783,125
Number of no-par preference shares	3,000,000	3,000,000
High (ordinary/preference share) in €	50.20/38.11	48.50/38.70
Low (ordinary/preference share) in €	48.45/37.00	47.60/37.60
Close (ordinary/preference share) in €	50.20/37.70	47.89/37.70
Market capitalisation in €m	1,407.4	1,347.9
IFRS earnings per share in €, annualised	4.98	4.51
P/E ratio (ordinary share)	10.08	10.62
P/E ratio (preference share)	7.57	8.36

Oberbank ordinary and preference shares compared with the ATX



The Business Segments in the First Three Quarters of 2014

Corporate and Business Banking Segment

Corporate and Business Banking in €m	Q1-3 2014	Q1-3 2013	+ / - absolute	+ / - in %
Net interest income	177.6	170.1	7.5	4.4%
Charges for losses on loans and advances	(34.4)	(25.2)	(9.1)	36.3%
Net commission income	46.0	44.6	1.4	3.2%
Net trading income	0.1	(0.8)	0.8	
Administrative expenses	(89.6)	(86.8)	(2.8)	3.2%
Other operating profit	(4.4)	1.0	(5.3)	< (100%)
Extraordinary profit/loss	0	0	0	
Profit for the period before tax	95.3	102.9	(7.6)	(7.4%)
Risk equivalent	8,384.7	8,258.7	126.1	1.5%
Average allocated equity	915.9	861.6	54.2	6.3%
Return on equity before tax (RoE)	13.9%	15.9%	(2.0 ppt)	
Cost/income ratio	40.9%	40.4%	0.5 ppt	

Earnings development in Corporate and Business Banking

The pre-tax profit in the Corporate and Business Banking segment declined by EUR 7.6 million or 7.4% to EUR 95.3 million.

Net interest income increased by 4.4% or EUR 7.5 million to EUR 177.6 million.

Charges for losses on loans and advances increased by EUR 9.1 million to EUR 34.4 million.

Net commission income rose by EUR 1.4 million to EUR 46.0 million year on year.

Administrative expenses widened by EUR 2.8 million to EUR 89.6 million.

Other operating profit declined by EUR 5.3 million to EUR 4.4 million.

The return on equity in Corporate and Business Banking declined by 2.0 percentage points to 13.9%; the cost/income ratio deteriorated by 0.5 percentage points to 40.9%.

43,306 corporate and business banking customers

The positive trend in new customer acquisition continued in the first nine months of 2014, with Oberbank gaining 1,681 new corporate and business banking customers in this period. Currently, Oberbank services 43,306 corporate and business banking customers

Commercial lending

The Bank's commercial lending volume increased by the gratifying rate of 4.4% or EUR 411.9 million to EUR 9,864.3 million.

Commercial loans		YoY change	
as at 30/09/2014	as at 30/09/2013	absolute	in %
€ 9,864.3 m	€ 9,452.4 m	€ 411.9 m	4.4%

Investment finance

In the first nine months of 2014, the number of applications for subsidised loans for investment projects and innovation projects filed by business customers in the Bank's Austrian branch offices was 9% above the level observed one year earlier. Oberbank, as hitherto, continues to hold a top position among Austrian banks in this field of business, featuring, for instance, as the number one bank in terms of applications for ERP business promotion loans.

This trend is also reflected by the development of subsidised loans extended by Oberbank, which, having risen by 4.1% year on year amounted to EUR 607 million as at 30 September 2014.
While the number of subsidised investment and innovation projects increased in the period under report, the investment volume behind these applications for funding declined by 15% year on year owing to businesses' generally low propensity to invest

Investment finance		YoY change	
as at 30/09/2014	as at 30/09/2013	absolute	in %
€ 6,650.5 m	€ 6,628.0 m	€ 22.5 m	0.3%

Leasing
At EUR 577 million, the volume of new business in this business line was almost 19% above the previous year's level. Key growth drivers this year are Austria and Bavaria. In both these markets the Bank concluded a number of large-scale movables contracts, which resulted in a substantial gain in market share. Business developments in the expansion markets differed notably: while Hungary more or less matched last year's high level, the Czech and Slovak markets were sluggish in the first part of the year but began to recover in the third quarter. A principal source of growth was vehicle leasing, which increased by 22.5%.

Leasing receivables from customers		YoY change	
as at 30/09/2014	as at 30/09/2013	absolute	in %
€ 1,694.0 m	€ 1,552.0 m	€ 142.0 m	9.2%

Structured finance
High demand for structured finance remained unabated in the third quarter of 2014. In the first nine months of 2014, Oberbank processed more than 200 special financing projects, thus again matching the very satisfactory level observed in the first three quarters of the previous year. Again, finance provided for change of ownership projects constituted a strong focus of activities. Whereas demand for classical investment finance solutions fell slightly short of the previous year's level in the reporting period, demand for refinancing solutions was brisk through to the end of the third quarter. The low level of interest rates apparently prompted many companies to apply for premature prolongation of existing financing facilities.
Demand for receivables management solutions remained at subdued levels in the third quarter. Driven by year-end accounting adjustments, demand for this type of financing solution is likely to increase notably in the fourth quarter.

Oberbank Opportunity Fonds
The Oberbank Opportunity Fonds received more than 100 new applications for financing solutions in the reporting period, which, given a constantly high level of quality of applications, almost comes up to the very high level of the previous year. Four financing projects were successfully concluded in the first three quarters of 2014, while a number of others are pending finalisation. Based on this well-filled pipeline, the Oberbank Opportunity Fonds is confident of concluding attractive private equity and mezzanine capital deals in the months to come.

Since the launch of the Oberbank Opportunity Fonds, the Bank has facilitated a total of 44 transactions by providing equity and/or mezzanine capital support. The committed fund volume amounted to approximately EUR 96.8 million (of a total of EUR 150 million) as at 30 September 2014. At the same date, equity participation capital accounted for EUR 22.9 million and mezzanine capital finance for EUR 19.6 million of the outstanding exposure of EUR 42.5 million.

Syndicated loans and bonded loans
Backed by its position as principal local bank and house bank to numerous companies in its catchment area, Oberbank further expanded its position as lead manager for numerous bond issues. The number of bonded loans issued for the major part by corporates and large SMEs in Germany and Austria increased by 20% year on year.

Export and trade finance

The global economy and, in turn, Austrian exports of goods lost momentum during the summer months. Prospects continue to be subdued; growth has retreated to far-away markets. Documentary business also reflects this development. Import business accounts for most of the 10% rise in transaction numbers. For exporters, the need to secure receivables has been moving back into the foreground, alongside efforts to open up new markets. Demand for sales financing and factoring solutions has been rising again.

As at 30 September 2014, the Bank's market share in the SME-relevant segment of export finance under Export Fund procedures was 11.7%, and in terms of KRR export promotion loans targeted at large corporates it actually reached an all-time high of 10.86%. These results secure Oberbank second place in the industry ranking in both these segments, a fact that clearly underlines its export business expertise.

SEPA

Oberbank stopped accepting payments and direct debits in the old data format as of 21 July 2014. In Austria and in Germany the legally granted extension of the time limit for SEPA implementation ended on 1 August 2014. Oberbank thus successfully concluded its SEPA transition project; furthermore, the Bank's customers, encountered no known problems within the context of the final transition.

Payment services

In the first three quarters of 2014, earnings from payment services in Corporate and Business Banking increased by 2.4% year on year. The number of payment transactions increased by 6% year on year. We expect this gratifying development to continue in the fourth quarter.

International network of banks and institutions

Striving to enhance the Bank's capability in providing risk-adequate crossborder services, Oberbank not only sets great store by strengthening personal contacts with partner banks, but also conducts concrete negotiations on payment transactions and trade finance issues.

Compliance-related topics, the prevention of money laundering and terrorist financing, upholding US and EU sanctions on a verifiable basis, US tax regulations and "know-your customer" principles have become increasingly important issues in bilateral bank relations.

Taking these developments into account, Oberbank downsized its global network of partner banks, now focussing activities on the key partner banks and banking groups that feature the largest number of customer transactions. In order to cut down on expenses while still guaranteeing the best possible customer services, the number of correspondent banks was reduced from some 2500 to 1800 now.

Management of interest rate risk and currency risk

For the first time in several months, the currency curve, especially the EUR/USD one, exhibited notable movements. The clearly more positive economic development in the United States as compared to Europe drove the US dollar perceptibly higher. The rise in the dollar's value benefited domestic exporters, who hedged their positions at a profit and netted considerable gains.

Oberbank reported a brisk rise in currency hedging transactions from the beginning of August through to the end of September. Customer interest focused on classical hedging products such as forward exchange contracts and limit orders. By contrast, demand for forward exchange options, which focused on classical variants, was rather sluggish.

Personal Banking Segment

Personal Banking in €m	Q1-3 2014	Q1-3 2013	+ / - absolute	+ / - in %
Net interest income	41.6	42.8	(1.2)	(2.7%)
Charges for losses on loans and advances	1.9	(1.3)	3.2	
Net commission income	41.7	41.4	0.3	0.7%
Administrative expenses	(61.9)	(62.6)	0.7	(1.2%)
Other operating profit	2.0	2.0	0.0	0.0%
Profit for the period before tax	25.3	22.2	3.1	13.9%
Risk equivalent	1,254.6	1,204.1	50.5	4.2%
Average allocated equity	137.0	125.6	11.4	9.1%
Return on equity before tax (RoE)	24.6%	23.6%	1.0 ppt	
Cost/income ratio	72.5%	72.7%	(0.2 ppt)	

Earnings development in Personal Banking

The pre-tax profit in Personal Banking increased by EUR 3.1 million or 13.9% to EUR 25.3 million.
Net interest income declined by EUR 1.2 million to EUR 41.6 million. Charges for losses on loans and advances changed by EUR 3.2 million, reversing to a positive balance of EUR 1.9 million year on year.
Net commission income increased by EUR 0.3 million to EUR 41.7 million.
Administrative expenses were EUR 0.7 million or 1.2% down to EUR 61.9 million. At EUR 2.0 million, other operating profit remained at the previous year's level.
The Personal Banking segment's return on equity increased by 1.0 percentage points to 24.6%; the cost/income ratio improved by 0.2 percentage points to 72.5%.

Personal banking customers

As at 30 September 2014, Oberbank was servicing a total of 305,612 personal banking customers across all lines of business in Austria and abroad. 16,075 of these were newly acquired in the first three quarters of 2014. Vienna, one of Oberbank's growth markets, as well as the Bank's foreign markets showed a particularly positive development in this respect.

Personal accounts

Oberbank's portfolio of personal accounts grew by 2,976 accounts to a total of 177,046 in the first nine months of the year. This growth was partly propelled by a broadly-based promotion of personal accounts in the period June through September, which, besides using classical advertising instruments, was also based on numerous target-group-specific activities.

Number of personal accounts		YoY change	
as at 30/09/2014	**as at 30/09/2013**	**absolute**	**in %**
177,046	175,296	2,976	1.1%

Personal loans

The volume of personal loans widened by 8.3% or EUR 182.0 million to EUR 2,386.0 million year on year.
A key driver of this positive development was the Vienna regional division, but the other Austrian business regions also posted encouraging results. The Bank's foreign markets also continued to develop well; Slovakia and the Czech Republic posted 26% and 9% growth, respectively.

Personal loans		YoY change	
as at 30/09/2014	**as at 30/09/2013**	**absolute**	**in %**
€ 2,386.0 m	€ 2,204.0 m	€ 182.0 m	8.3%

Primary deposits

The ECBs interest rate cut in September 2014 and the stimulus measures introduced in this context sent interest rates further downhill in the third quarter of 2014. Interest rates at the short end dropped into negative terrain for the first time. Nonetheless, the behaviour of investors seeking short-term solutions hardly changed as compared to the preceding quarters. Indeed, the preference for liquidity actually increased against the backdrop of historically low interest rates; sight deposits increased at the expense of fixed-term deposits. Demand for the current Cash Garant 26 issue developed along gratifying lines. Like its predecessors, the new issue encountered a positive reception as an alternative to money market investments. On balance, primary deposits widened by 2.4% to EUR 2.1 billion.

Savings deposits

Compared with the level on 30 September 2013, the volume of savings deposits declined by 5.1% or EUR 167.5 million to EUR 3,132.9 million. The ratio of variable-rate savings accounts to fixed-rate capital savings accounts was seen to reverse steadily in favour of variable-rate accounts. The Austrian savings rate continues to be at a very low level.

Savings deposits		YoY change	
as at 30/09/2014	**as at 30/09/2013**	**absolute**	**in %**
€ 3,132.9 m	€ 3,300.4 m	(€ 167.5 m)	(5.1%)

Securities business

The third quarter of 2014 was characterised by an uneven development on international equity markets. While the US-market has moved sideways, the euro area was afflicted by the crisis in Ukraine. Of late, market volatility generally increased perceptibly. Sharply falling commodity prices were another conspicuous feature.

As at 30 September 2014, the market value of securities in customer deposits rose to a new record high of EUR 11.1 billion, which corresponds to a rise of 6.8% as compared with the end-of-September level of 2013. Commissions earned from transactions in this business line edged up 2.6% as compared with the previous year's level, totalling EUR 27.6 million as at 30 September 2014. This rise is primarily due to higher income from management fees, both from asset management activities and investment funds. The overall performance in the first three quarters was highly satisfactory.

Oberbank issues

With Oberbank placing a volume of EUR 355.6 million in the market, issuing activity in 2014 has taken a very positive development in the year to date. Standard products offered on a regular basis include Oberbank bonds targeted at medium-term to long-term investors and products from the Cash Garant product line designed for short-term investors. A further tranche of 3-Banken Wohnbaubank AG Treuhand was issued towards the end of the quarter; moreover, Oberbank floated the second Oberbank subordinated bond issue in this year.

Private Banking

The very gratifying and dynamic development of Oberbank's Private Banking activities continued unbroken in the first three quarters of 2014. The volume of assets under management in the Bank's iPM (individual portfolio management) unit increased to a new high of EUR 361 million, topping the level observed one year earlier by EUR 70 million. This rise corresponds to 24% growth year on year. The brokerage unit, which reported a volume increase of 29.7% from EUR 148 million to EUR 192 million, also attained a very satisfactory result.

3 Banken-Generali

In the first three quarters of 2014, 3 Banken-Generali Investment-Gesellschaft continued the very dynamic development of the past few years. The volume of funds managed by the company increased by EUR 935 million or 14.2% to EUR 7.5 billion. The company thus again substantially outperformed the 7.1% value growth observed in the market in general. New money inflows in the special funds business line amounted to EUR 457 million. The mutual funds business improved perceptibly, recording new money inflows in the amount of EUR 108 million. The value appreciation of the individual funds taken together added up to a volume growth of EUR 369 million.

Considering the macro-economic environment and the ECB's statements in recent months, interest rates may be expected to remain low, particularly at the short end of maturities. High-quality investments based on flexible investment strategies therefore remain a growth market.

Building and loan association saving

Totalling 8,820 contracts, the number of building and loan contracts brokered by Oberbank dropped by 4.3% year on year in the first three quarters of 2014. Although government-sponsored building and loan association saving continues to be very popular in Austria, this line of business is also feeling the brunt of the generally low propensity to save. In the market in general, new contracts brokered on behalf of Bausparkasse Wüstenrot by the building and loan association's partner banks actually declined by 4.5% year on year.

Insurance services

In the third quarter of 2014, this line of business boosted production by 24.9% year on year.
In Austria, endowment life insurance business, which reported 41.4% growth year on year, developed along particularly excellent lines. Other lines such as risk insurance policies (+4.7%) and property insurance policies (+39.9%) also reported a positive development.

Insurance contracts – premium volume		**YoY change**	
as at 30/09/2014	**as at 30/09/2013**	**absolute**	**in %**
€ 76.7 m	€ 61.4 m	€ 15.3 m	24.9%

eBanking/App

Almost 100,000 customers in the markets covered by Oberbank are already transacting their payments via electronic banking. The third quarter of 2014 witnessed the launch of the Oberbank app in the Bank's German and Czech markets, where it met with a positive response from customers.

Financial Markets Segment

Financial Markets in € m	Q1-3 2014	Q1-3 2013	+ / - absolute	+ / - in %
Net interest income	43.4	42.4	1.0	2.4%
Charges for losses on loans and advances	(21.0)	(26.5)	5.5	(20.6%)
Net commission income	0.0	0.0	0.0	
Net trading income	3.0	3.7	(0.6)	(17.2%)
Administrative expenses	(4.4)	(4.6)	0.1	(2.4%)
Other operating profit	(3.4)	(8.9)	5.5	(61.8%)
Profit for the period before tax	17.6	6.1	11.4	>100%
Risk equivalent	3,775.9	3,626.1	149.8	4.1%
Average allocated equity	412.4	378.3	34.1	9.0%
Return on equity before tax (RoE)	5.7%	2.2%	3.5 ppt	
Cost/income ratio	10.3%	12.3%	(2.0 ppt)	

Earnings development in the Financial Markets segment

The Financial Markets segment closed the period with a pre-tax profit of EUR 17.6 million, which corresponds to a year-on-year improvement of EUR 11.4 million. Net interest income posted EUR 1.0 million growth to EUR 43.4 million. Charges for losses on loans and advances decreased by EUR 5.5 million to EUR 21.0 million in comparison with the same period in the previous year. Net trading income declined by EUR 0.6 million.Other operating profit improved by EUR 5.5 million to a negative balance of EUR 3.4 million. The return on equity in the Financial Markets segment rose by 3.5 percentage points to 5.7%; the cost/income ratio improved by 2.0 percentage points to 10.3%

As profit transfers from the Leasing sub-group were consolidated in the Financial Markets Segment starting from the financial year 2013, the previous year's net interest income and consequently the period result were reduced by EUR 10.7 million (restructuring and transfer to the Corporate and Business Customers segment) for reasons of comparability.

Oberbank issues

The equity markets responded to the weakening of the economy; in Europe they corrected downwards, partly falling to the levels at which they started into the year. This development led to a sharp increase in volatility in almost all asset classes, a fact we were able to take advantage of with positive results in proprietary trading activities.

Capital resources

Effective from 1 January 1014, capital and Tier 1 capital ratios must be calculated in accordance with the significantly stricter Basel III provisions. Hence, the figures presented now are not comparable with the previous year's ratios computed in line with the Basel II regime. In accordance with the new standard, total capital in the amount of EUR 1,847.4 million as at 30 September 2014 translates to a total capital ratio of 15.36%, which is almost double the statutorily required rate. Based on Tier 1 capital of EUR 1,283.0 million, the core capital ratio came to 10.67%. Common equity Tier 1 capital in the amount of EUR 1,283.0 million corresponds to a common equity Tier 1 capital ratio of 10.18%.

Risk

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

Credit risk constitutes the most important risk category. Oberbank mitigates this risk by recognising adequate allowances and provisions in the balance sheet. As regards customer ratings and collateralisation policy, Oberbank boasts long years of experience and know-how. Additionally, the Bank's regional business model, professional credit management, and a well-balanced distribution of the overall exposure across the individual customer segments all ensure that the possible impact of this risk component on Oberbank's overall performance is always kept within manageable bounds. We therefore do not expect any extraordinary credit risks to occur in 2014 as a whole.

Further risk components are the equity risk (risk of potential losses of value and/or earnings in the Bank's equity portfolio), the market risk (possible losses due to changes in interest rates, exchange rates or stock prices), operational risk and liquidity risk. In line with the principle of prudence, these risks are also backed by appropriate levels of capital. In terms of liquidity risk, Oberbank is in an excellent position insofar as the entire lending volume (€ 12.3 billion as at 30 September 2014) can be refinanced from customers' primary deposits and other long-term refinancing facilities available from OeKB, LfA and KfW(€ 13.3 billion as at 30 September 2014). In addition, Oberbank has a permanent risk controlling system, stringent process management and other efficient control and monitoring instruments in place. For 2014 as a whole, Oberbank therefore does not expect any extraordinary risk to arise from these risk components.

Outlook for 2014

- **Economic forecasts again revised downwards**
- **Solid credit growth, deposit policy hinges on loan developments**
- **Net interest income and income from services above the previous year's level**
- **Very good risk position**

Economic forecasts have again been revised downwards recently.
Economic researchers have become significantly less confident in their forecasts. Negative factors giving rise to uncertainty are a number of crises, above all the situation in Ukraine. Entrepreneurs obviously share the expectations of the economists, a fact that is reflected by subdued credit demand and companies' reluctance to make investments, which is particularly pronounced among SMEs.

In this setting, Oberbank expects further solid lending growth in 2014 as a whole.
Oberbank's policy in deposit-taking business will depend on the development of the Bank's lending volume.
Both net interest income and income from the services business is anticipated to post further year-on-year growth.
Oberbank's risk situation continues to be excellent. Taking advantage of its favourable earnings position, the Bank nevertheless plans to continue its cautious credit risk policy.

Earnings position allows for strengthening of capital base, further expansion and payment of an attractive dividend.
Notwithstanding the additional burden of the higher bank levy, the Management Board of Oberbank, for 2014 as a whole, expects profit of an order of magnitude that will allow the Bank to strengthen its capital base by making allocations to reserves, finance growth from own resources and pay an attractive dividend to its shareholders.

3 Banken Group in the first three quarters of 2014

The 3 Banken Group continued to show a satisfactory development in the first three quarters of 2014. Joint total assets of the three banks within the 3 Banken Group increased by 2.3% to EUR 34.3 billion year on year, while lending in terms of volume (after charges for losses on loans and advances) increased by 2.3% to EUR 22.7 billion and primary deposits posted a 3.5% rise to EUR 23.7 billion. Joint net profit for the period grew by 11.2% to EUR 200.0 million.
As at 30 September 2014, the three banks were operating a total of 248 branches; they had an average of 4,158 employees on their payrolls in the first three quarters of 2014.

Consolidated Interim Financial Statements Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 1 Jan. 2014 to 30 Sept. 2014

Consolidated income statement in €k	**01/01-30/09/2014**	**1.1-30/09/2013 1)**	**Change in €k**	**Change in %**	**01/01-30/09/2013 2)**
1. Interest and similar income	325,023	338,021	(12,998)	(3.8)	338,021
2. Interest and similar expenses	(104,892)	(121,279)	16,387	(13.5)	(121,279)
3. Income from entities accounted for using the equity method	42,506	38,590	3,916	10.1	38,590
Net interest income	262,637	255,332	7,305	2.9	255,332
4. Charges for losses on loans and advances	(53,525)	(53,062)	(463)	0.9	(53,062)
5. Commission income	98,095	95,288	2,807	2.9	95,288
6. Commission expenses	(10,409)	(9,308)	(1,101)	11.8	(9,308)
Net commission income	87,686	85,980	1,706	2.0	85,980
7. Net trading income	3,094	2,898	196	6.8	2,898
8. Administrative expenses	(174,970)	(172,553)	(2,417)	1.4	(181,045)
9. Other operating profit	1,424	(4,381)	5,805	>(100.0)	4,111
a) Net income from financial assets – FV/PL	3,214	2,544	670	26.3	2,544
b) Net income from financial assets – AfS	(708)	(6,566)	5,858	(89.2)	(6,566)
c) Net income from financial assets – HtM	(498)	0	(498)		0
d) Other operating profit	(584)	(359	(225)	62.7	8,133
Profit for the period before tax	126,346	114,214	12,132	10.6	114,214
10. Income taxes	(18,921)	(17,050)	(1,871)	11.0	(17,050)
Profit for the period after tax	107,425	97,164	10,261	10.6	97,164
of which attributable to the owners of the parent company	107,411	97,134	10,277	10.6	97,134
of which attributable to minority interests	14	30	(16)	(53.3)	30

1) Previous year's values after the change in the disclosure of write-offs of fixed operating leases.
2) Figures published as at 30 September 2013.

Income and expenses recognised directly in equity in €k	**01/01-30/09/2014**	**01/01-30/09/2013**
Profit for the period after tax	107,425	97,164
Items not reclassified to profit or loss for the year	(2,903)	(11,796)
+/- Actuarial gains/losses IAS 19	0	(893)
+/- Deferred taxes on actuarial gains/losses IAS 19	0	223
+/- Share from entities accounted for using the equity method	(2,903)	(11,126)
Items reclassified to profit or loss of the year	10,081	(19,837)
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	8,935	(23,566)
+ / - Deferred taxes on items recognised directly in equity under IAS 39	(2,234)	5,892
+ / - Exchange differences	(1,976)	(966)
+ / - Share from entities accounted for using the equity method	5,356	(1,197)
Total income and expenses recognised directly in equity	7,178	(31,633)
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	114,603	65,531
of which attributable to the owners of the parent company	114,652	65,508
of which attributable to minority interests	(49)	23

Performance indicators	**Q1-3 2014**	**Q1-3 2013 1)**
Cost/income ratio in %	49.31%	50.78%
Return on equity before tax in %	11.50%	11.15%
Return on equity after tax in %	9.77%	9.49%
Risk/earnings ratio (credit risk to net interest income) in %	20.38%	20.78%
Earnings per share in €	4.98	4.51

1) Previous year's values after the change in the disclosure of write-offs of fixed operating leases.

Consolidated Interim Financial Statements Prepared in accordance with IFRS

Consolidated statement of comprehensive income for the period 1 July 2014 to 30 Sept. 2014

Consolidated income statement in €k	01/07-30/09/2014	01/07-30/09/2013[1)]	Change in €k	Change in %	01/07-30/09/2013 [2)]
1. Interest and similar income	108,090	111,784	(3,694)	(3.3)	111,784
2. Interest and similar expenses	(33,287)	(38,262)	4,975	(13.0)	(38,262)
3. Income from entities accounted for using the equity method	15,360	14,039	1,321	9.4	14,039
Net interest income	90,163	87,561	2,602	3.0	87,561
4. Charges for losses on loans and advances	(17,708)	(20,807)	3,099	(14.9)	(20,807)
5. Commission income	31,585	31,165	420	1.3	31,165
6. Commission expenses	(3,401)	(3,251)	(150)	4.6	(3,251)
Net commission income	28,184	27,914	270	1.0	27,914
7. Net trading income	1,176	534	642	120.2	534
8. Administrative expenses	(58,566)	(58,389)	(177)	0.3	(61,278)
9. Other operating profit	(4,082)	(1,147)	(2,935)	> 100.0	1,742
a) Net income from financial assets – FV/PL	(4,686)	2,658	(7,344)	>(100.0)	2,658
b) Net income from financial assets – AfS	(41)	(4,144)	4,103	(99.0)	(4,144)
c) Net income from financial assets – HtM	0	0	0		0
d) Other operating profit	645	339	306	90.3	3,228
Profit for the period before tax	39,167	35,666	3,501	9.8	35,666
10. Income taxes	(5,372)	(4,931)	(441)	8.9	(4,931)
Profit for the year after tax	33,795	30,735	3,060	10.0	30,735
of which attributable to the owners of the parent company	33,794	30,726	3,068	10.0	30,726
of which attributable to minority interests	1	9	(8)	(88.9)	9

1) Previous year's values after the change in the disclosure of write-offs of fixed operating leases.
2) Figures published as at 30 Sept. 2013.

Income and expenses recognised directly in equity in €k	01/07-30/09/2014	01/07-30/09/2013
Profit for the period after tax	33,795	30,735
Items not reclassified to profit or loss for the year	(11)	(368)
+/- Actuarial gains/losses IAS 19	0	(446)
+/- Deferred taxes on actuarial gains/losses IAS 19	0	111
+/- Share from entities accounted for using the equity method	(11)	(33)
Items reclassified to profit or loss of the year	3,433	(5,534)
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	1,907	104
+ / - Deferred taxes on items recognised directly in equity under IAS 39	(477)	(25)
+ / - Exchange differences	(31)	(137)
+ / - Share from entities accounted for using the equity method	2,034	(5,476)
Total income and expenses recognised directly in equity	3,422	(5,902)
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	37,217	24,833
of which attributable to the owners of the parent company	37,210	24,826
of which attributable to minority interests	7	7

Balance sheet as at 30/09/2014 / Assets

	in €k	30/09/2014	30/12/2013[1)]	Change in €k	Change in %	30/12/2013[2)]
1.	Cash and balances at central banks	120,645	174,599	(53,954)	(30.9%)	174,599
2.	Loans and advances to credit	1,719,534	1,692,787	26,747	1.6%	1,692,787
3.	Loans and advances to customers	12,250,304	11,713,262	537,042	4.6%	11,713,262
4.	Impairment provisions	(461,986)	(435,327)	(26,659)	6.1%	(396,201)
5.	Trading assets	55,658	38,964	16,694	42.8%	38,964
6.	Financial investments	3,717,647	3,829,359	(111,712)	(2.9%)	3,829,359
	a) Financial assets – FV/PL	259,617	249,924	9,693	3.9%	249,924
	b) Financial assets – AfS	790,144	780,504	9,640	1.2%	780,504
	c) Financial assets – HtM	2,051,410	2,227,199	(175,789)	(7.9%)	2,227,199
	d) Interest in entities accounted for	616,476	571,732	44,744	7.8%	571,732
7.	Intangible assets	1,130	1,994	(864)	(43.3%)	1,994
8.	Property, plant and equipment	253,099	236,039	17,060	7.2%	236,039
	a) Investment property	101,107	92,750	8,357	9.0%	92,750
	b) Other property, plant and	151,992	143,289	8,703	6.1%	143,289
9.	Other assets	382,609	280,123	102,486	36.6%	280,123
	a) Deferred tax assets	51,567	49,013	2,554	5.2%	49,013
	b) Other	331,042	231,110	99,932	43.2%	231,110
	Total assets	18,038,640	17,531,800	506,840	2.9%	17,570,926

1) Figures as at 31/12/2013 following first application of IFRS 11 after direct recognition of impairment provisions.
2) Figures published as at 30/12/2013

Balance sheet as at 30/09/2014 / Equity and liabilities

	in €k	30/09/2014	30/12/2013[1)]	Change in €k	Change in %	30/12/2013[2)]
1.	Amounts owed to credit institutions	3,760,576	3,238,957	521,619	16.1%	3,238,957
2.	Amounts owed to customers	9,750,568	10,026,006	(275,438)	(2.7%)	10,026,006
3.	Securitised liabilities	1,638,527	1,592,867	45,660	2.9%	1,592,867
4.	Provisions for liabilities and charges	352,791	352,275	516	0.1%	391,401
5.	Other liabilities	315,664	269,173	46,491	17.3%	269,173
	a) Trading liabilities	52,991	37,281	15,710	42.1%	37,281
	b) Tax liabilities	22,794	4,496	18,298	>100.0%	4,496
	c) Other	239,879	227,396	12,483	5.5%	227,396
6.	Subordinated debt capital	689,574	631,551	58,023	9.2%	631,551
7.	Equity	1,530,940	1,420,971	109,969	7.7%	1,420,971
	a) Equity after minorities	1,528,029	1,418,011	110,018	7.8%	1,418,011
	b) Minority interests in equity	2,911	2,960	(49)	(1.7%)	2,960
	Total equity and liabilities	18,038,640	17,531,800	506,840	2.9%	17,570,926

1) Figures as at 31/12/2013 following first application of IFRS 11 after direct recognition of impairment provisions.
2) Figures published as at 30/12/2013.

Consolidated statement of changes in equity as at 30/09/2014

in €k	Subscribed capital	Capital reserves	Retained earnings	Translation reserve	Gains (losses) rec. in equity acc. to IAS 39	Actuarial gains (losses) acc.to IAS 19	Associated companies	Equity after minorities	Minorities	Equity
As at 01/01/2013	86,096	194,041	703,345	221	33,240	(22,227)	344,803	1,339,519	2,925	1,342,444
Consolidated net profit for the period			69,244	(966)	(17,674)	(670)	15,574	65,508	23	65,531
Dividend distribution			(14,354)					(14,354)		(14,354)
Capital increase										
Reacquired own shares	(592)	(1,301)						(1,893)		(1,893)
Unrealised gains and losses not recognised in the income statement			0				10,271	10,271		10,271
As at 30/09/2013	85,504	192,740	758,235	(745)	15,566	(22,897)	370,648	1,399,051	2,948	1,401,999
As at 01/01/2014	86,034	194,038	777,319	(543)	17,618	(21,887)	365,432	1,418,011	2,960	1,420,971
Consolidated net profit			76,347	(1,976)	6,701		33,580	114,652	(49)	114,603
Dividend distribution			(14,372)					(14,372)		(14,372)
Capital increase										
Reacquired own shares	(399)	(1,026)						(1,425)		(1,425)
Unrealised gains and losses not recognised in the income statement			0				11,163	11,163		11,163
As at 30/09/2014	85,635	193,012	839,294	(2,519)	24,319	(21,887)	410,175	1,528,029	2,911	1,530,940

Consolidated statement of cash flows

in €k	**01/01-30/09/2014**	**01/01-**	**01/01-30/09/2013[2]**
Cash and cash equivalents at the end of previous period	174,599	182,793	182,793
Net cash from (used in) operating activities	(251,920)	(57,986)	(52,955)
Net cash from (used in) investing activities	182,922	59,786	76,111
Net cash from (used in) financing activities	15,044	(57,832)	(57,832)
Effects of changes in the scope of consolidation and revaluation	0	0	(20,390)
Effects of foreign exchange rate changes	0	0	(966)
Cash and cash equivalents at the end of the period	120,645	126,761	126,761

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

[1)] Previous year’s values after changes in the presentation of effects from changes in the consolidated group, valuations and exchange rates not recognised in the income statement.
[2)] Figures published as at 30/09/2013.

Notes

Changes in accounting policies in 2014

This Interim Report of Oberbank AG has been drawn up using the same recognition and measurement policies applied as at 31 December 2013. This applies with the exception of standards and interpretations applicable for periods beginning on or after 1 January 2014. The list given below shows only those standards and interpretations that are of relevance with regard to the business activity of Oberbank. Application of the following standards and interpretations as amended has become mandatory from January 2014:

- Amendment IAS 27, Consolidated Financial Statements
- Amendment IAS 28, Investments in Associates and Joint Ventures
- Amendment IAS 36, Impairment of Assets
- Amendment IAS 39, Financial Instruments: Recognition and Measurement
- IFRS 10, 11 and 12, Consolidated Financial Statements, Joint arrangements and Disclosure of Interests in Other Entities

Scope of consolidation of Oberbank

In addition to Oberbank AG, the scope of consolidation as at 30 September 2014 included 26 Austrian and 21 foreign subsidiaries. Compared to 31 December 2013, the consolidated group changed owing to the first-time inclusion of the following company:

	Share in %
Oberbank Kfz-Leasing GmbH, Linz	80 %

Oberbank Sterneckstraße 28 Immobilien-Leasing Gesellschaft m.b.H., Linz was no longer included in the consolidated financial statements due to the sale of the company.

Starting with the 2014 financial year, provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. are no longer shown in the item Provisions for liabilities and charges, but rather on the assets side in the item Impairment provisions. The previous year’s figure has been adjusted accordingly.

Details of the income statement in €k

1) Net interest income	01/01-30/09/2014	01/01-30/09/2013
Interest income from		
Credit and money market business	257,635	260,953
Shares and other variable-yield securities	4,383	4,596
Other equity investments	1,111	1,954
Subsidiaries	2,539	2,493
Fixed-interest securities and bonds	59,355	68,025
Interest and similar income	325,023	338,021
Interest expenses on		
Deposits	(66,100)	(81,171)
Securitised liabilities	(24,191)	(26,460)
Subordinated liabilities	(14,601)	(13,648)
Interest and similar expenses	(104,892)	(121,279)
Income from entities accounted for using the equity method	42,506	38,590
Net interest income	262,637	255,332

2) Charges for losses on loans and advances	01/01-30/09/2014	01/01-30/09/2013
Allocated to loan loss provisions	(85,682)	(73,422)
Direct write-offs	(2,471)	(1,396)
Reversals of loan loss provisions	33,449	18,639
Recoveries of written-off receivables	1,179	3,117
Charges for losses on loans and advances	(53,525)	(53,062)

3) Net commission income	01/01-30/09/2014	01/01-30/09/2013
Payment services	32,386	31,445
Securities business	27,589	26,913
Foreign exchange, foreign bank note and precious metals business	7,620	7,981
Credit operations	17,888	17,347
Other service and advisory business	2,203	2,294
Net commission income	87,686	85,980

4) Net trading income	01/01-30/09/2014	01/01-30/09/2013
Gains (losses) on interest rate contracts	909	2,415
Gains (losses) on foreign exchange, foreign bank note and numismatic	2,664	1,514
Gains (losses) on derivatives	(479)	(1,031)
Net trading income	3,094	2,898

5) Administrative expenses	01/01-30/09/2014	01/01-30/09/2013
Staff costs	106,723	104,879
Other administrative expenses	59,685	58,589
Write-offs and valuation allowances	8,562	9,085
Administrative expenses	174,970	172,553

In the item Write-offs and valuation allowances the previous year's value was adjusted by €k 8,492 because write-offs on operating leases are shown in the item Other operating income from the financial year 2013 onwards.

6) Other operating profit	01/01-30/09/2014	01/01-30/09/2013
a) Net income from financial assets – FV/PL	3,214	2,544
b) Net income from financial assets – AfS	(708)	(6,566)
c) Net income from financial assets – HtM	(498)	0
d) Other operating income	(584)	(359)
Other operating income net of other operating expenses	1,424	(4,381)

The previous year's value of the item Other operating income was adjusted by €k 8,492 as write-offs on operating leases are shown in this item from the financial year 2013 onwards (also see note to the item Administrative expenses).

7) Income taxes	01/01-30/09/2014	01/01-30/09/2013
Current income tax expense	24,146	21,298
Deferred income tax expenses (income)	(5,225)	(4,248)
Income taxes	18,921	17,050

8) Earnings per share in €	01/01-30/09/2014	01/01-30/09/2013
Number of shares as at 30/06	28,783,125	28,783,125
Average number of shares in issue	28,741,429	28,737,658
Consolidated profit of the year after tax	107,425	97,164
Earnings per share in €	3.74	3.38
Annualised values	4.98	4.51

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

9) Cash and balances at central banks	30/09/2014	30/12/2013
Cash in hand	64,020	77,430
Credit balances with central banks of issue	56,625	97,169
Cash and balances at central banks	120,645	174,599

10) Loans and advances to credit institutions	30/09/2014	30/12/2013
Loans and advances to Austrian credit institutions	855,586	851,249
Loans and advances to foreign credit institutions	863,948	841,538
Loans and advances to credit institutions	1,719,534	1,692,787

11) Loans and advances to customers	30/09/2014	30/12/2013
Loans and advances to Austrian customers	7,670,798	7,357,964
Loans and advances to foreign customers	4,579,506	4,355,298
Loans and advances to customers	12,250,304	11,713,262

12) Impairment provisions	30/09/2014	30/12/2013
Impairment provisions for banks	10,000	0
Impairment provisions for customers	451,967	435,302
Impairment provisions for other assets	19	25
Impairment provisions	461,986	435,327

The previous year's value in the item Impairment provisions was adjusted by an amount of €k 39,126, because from the financial year 2014 provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. are no longer shown in this item (see also note on Provisions for liabilities and charges).

13) Trading assets	30/09/2014	30/12/2013
Bonds and other fixed-interest securities		
Listed	2,358	661
Stocks and other variable-yield securities		
Listed	534	1,404
Positive fair values of derivative financial instruments		
Currency contracts	4,324	2,602
Interest rate contracts	48,442	34,280
Other contracts	0	17
Trading assets	55,658	38,964

14) Financial investments	30/09/2014	30/12/2013
Bonds and other fixed-interest securities	2,530,819	2,687,383
Stocks and other variable-yield securities	293,161	281,934
Equity investments/shares		
In subsidiaries	223,316	235,045
In entities accounted for using the equity method		
Banks	262,088	246,370
Non-banks	354,388	325,363
Other equity investments		
Banks	13,434	13,434
Non-banks	40,441	39,830
Financial investments	3,717,647	3,829,359
a) Financial assets – FV/PL	259,617	249,924
b) Financial assets – AfS	790,144	780,504
c) Financial assets – HtM	2,051,410	2,227,199
d) Interest in entities accounted for using the equity method	616,476	571,732
Financial investments	3,717,647	3,829,359

15) Intangible assets	30/09/2014	30/12/2013
Other intangible assets	510	1,332
Customer base	620	662
Intangible assets	1,130	1,994

16) Property, plant and equipment	30/09/2014	30/12/2013
Investment property	101,107	92,750
Land and buildings	67,411	58,233
Business equipment and furnishings	75,856	68,198
Other property, plant and equipment	8,725	16,858
Property, plant and equipment	253,099	236,039

17) Other assets	30/09/2014	30/12/2013
Deferred tax assets	51,567	49,013
Other items	140,720	113,845
Positive fair values of derivatives in the banking book	186,513	113,851
Other deferrals	3,809	3,414
Other assets	382,609	280,123

18) Amounts owed to credit institutions	30/09/2014	30/12/2013
Amounts owed to Austrian banks	1,894,204	1,560,875
Amounts owed to foreign banks	1,866,372	1,678,082
Amounts owed to credit institutions	3,760,576	3,238,957

19) Amounts owed to customers	30/09/2014	30/12/2013
Savings deposits	3,132,910	3,352,082
Other	6,617,658	6,673,924
Amounts owed to customers	9,750,568	10,026,006

20) Securitised liabilities	30/09/2014	30/12/2013
Issued bonds	1,620,296	1,541,676
Other securitised liabilities	18,231	51,191
Securitised liabilities	1,638,527	1,592,867

21) Provisions for liabilities and charges	30/09/2014	30/12/2013
Provisions for termination benefits and pensions	207,951	208,892
Provisions for anniversary bonuses	9,181	8,988
Loan loss provisions	83,784	89,371
Other items	51,875	45,024
Provisions for liabilities and charges	352,791	352,275

The previous year's value in the item Provisions for liabilities and charges was adjusted by an amount of €k 39,126, because from the financial year 2014 provisions of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. are shown in the asset-side item Impairment provisions (see also note on Impairment provisions).

22) Other liabilities	30/09/2014	30/12/2013
Trading liabilities	52,991	37,281
Tax liabilities	22,794	4,496
Current tax liabilities	19,033	159
Deferred tax liabilities *	3,761	4,337
Other obligations	156,407	139,698
Negative market values from closed derivatives positions in the banking book	33,696	45,847
Deferred items	49,776	41,851
Other liabilities	315,664	269,173

Other liabilities (trading liabilities)	30/09/2014	30/12/2013
Currency contracts	4,344	2,869
Interest rate contracts	48,647	34,119
Other contracts	0	293
Trading liabilities	52,991	37,281

23) Subordinated debt capital	30/09/2014	30/12/2013
Issued subordinated bonds incl. supplementary capital	608,324	552,232
Hybrid capital	81,250	79,319
Subordinated debt capital	689,574	631,551

24) Equity	30/09/2014	30/12/2013
Subscribed capital	85,635	86,034
Capital reserves	193,012	194,038
Retained earnings (including net profit)	1,227,749	1,116,051
Untaxed reserves	19,761	20,016
Negative goodwill	1,872	1,872
Minorities	2,911	2,960
Equity	1,530,940	1,420,971

25) Contingent liabilities and commitments n	30/09/2014	30/12/2013
Other contingent liabilities (guarantees and letters of credit)	1,305,160	1,285,148
Contingent liabilities	1,305,160	1,285,148
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	2,417,426	2,351,793
Commitments	2,417,426	2,351,793

26) Segment report as at 30/09/2014 Core business segments in €k	Personal	Corporate	Financial Markets	Other	Total
Net interest income	41,612	177,606	43,419	0	262,637
Charges for losses on loans and advances	1,866	(34,359)	(21,032)	0	(53,525)
Net commission income	41,690	46,009	(13)	0	87,686
Net trading income	0	54	3,040	0	3,094
Administrative expenses	(61,887)	(89,605)	(4,448)	(19,030)	(174,970)
Other operating profit	2,026	(4,367)	(3,393)	7,158	1,424
Extraordinary profit	0	0	0	0	0
Profit for the period before tax	25,307	95,338	17,573	(11,872)	126,346
Average risk-weighted assets	1,254,580	8,384,720	3,775,847	0	13,415,147
Average allocated equity	137,038	915,867	412,437	0	1,465,342
Return on equity before tax	24.6%	13.9%	5.7%		11.5%
Cost/income ratio	72.5%	40.9%	10.3%		49.3%

27) Human resources	30/09/2014	30/12/2013
Salaried	2,011	2,001
Blue-collar	18	19
Total resources	2,029	2,020

28) Consolidated capital resources in €m	30/09/2014[1)]	30/12/2013[2)]	30/09/2013[2)]
Subscribed capital	84,549	86,349	86,349
Capital reserves	194,746	194,746	194,746
Retained earnings	959,750	962,861	886,087
Regulatory adjustment items	(14,319)	(2,360)	(6,149)
Common equity Tier 1	1,224,726		
Additional Tier 1 capital instruments	63,200	79,000	79,000
Deductions from Additional Tier 1 items	(4,892)		
Additional Tier 1 capital	58,308		
TIER 1 CAPITAL	1,283,034	1,320,596	1,240,033
Qualifying Tier 2 capital instruments	423,781	414,534	418,691
Nominal capital preference shares purs. to transition rules	1,800		
Additional Tier 1 capital instruments purs. to transition rules	15,800		
Supplementary capital items purs. to national impl. measures	136,808	169,009	161,516
Deductions from Tier 2 capital items	(13,869)		
Tier 2 capital	564,320	583,543	580,207
Qualifying Tier 3 capital		778	1,182
Deductions of interest in banks/other FIs		(80,146)	(80,092)
TOTAL CAPITAL (CAPITAL RESOURCES)	1,847,354	1,824,771	1,741,330
Total risk exposure purs. to Art. 92 CRR			
Credit risk	11,159,033	10,726,897	10,758,948
Market risk, settlement risk and CVA risk	20,969	7,063	8,812
Operational risk	846,414		
Total risk exposure	12,026,416	10,733,960	10,767,760
Capital ratios pursuant to Art. 92 CRR			
Common equity Tier 1 capital ratio	10.18%		
Core Tier 1 capital ratio	10.67%	12.30%	11.52%
Total capital ratio	15.36%	17.00%	16.17%
Regulatory capital ratio requirement purs. to transition rules			
Common equity Tier 1 capital ratio	4.00%		
Core Tier 1 capital ratio	5.50%	4.00%	4.00%
Total capital ratio	8.00%	8.00%	8.00%
Non-appropriated capital components			
Common equity Tier 1 capital	743,669		
Core Tier 1 capital	621,581		
Total capital	885,241	898,128	814,480

[1)] Application of CRR/CRD IV (Basel III) from 1 Jan. 2014. Hence, the figures are not comparable with prev. periods. [2)] In accordance with Basel II.

29) Fair value of financial instruments as at 30/09/2014 in €k

	HtM	FV/PL	Trading Book	AfS	L&R/ liabilities	Other	Total
Cash and balances at central banks						120,645	120,645
						120,645	120,645
Loans and advances to credit institutions					1,719,534		1,719,534
					1,719,971		1,719,971
Loans and advances to customers	63,514	83,810		97,597	12,005,383		12,250,304
	63,743	83,810		97,597	12,100,655		12,345,805
Impairment provisions					-461,986		-461,986
					-461,986		-461,986
Trading assets			55,658				55,658
			55,658				55,658
Financial investments	2,051,410	259,617		790,144		616,476	3,717,647
	2,255,895	259,617		790,144			
Intangible assets						1,130	1,130
Property, plant and equipment						253,099	253,099
Other assets			186,513			196,096	382,609
			186,513				
Of which closed derivatives positions in the banking book			186,513				186,513
			186,513				186,513
Total assets	2,114,924	343,427	242,171	887,741	13,262,931	1,187,446	18,038,640
	2,319,638	343,427	242,171	887,741	13,358,640		
Amounts owed to credit institutions		89,374			3,671,202		3,760,576
		89,374			3,714,605		3,803,979
Amounts owed to customers		402,283			9,348,285		9,750,568
		402,283			9,363,487		9,765,770
Securitised liabilities		578,316			1,060,211		1,638,527
		578,316			1,074,444		1,652,760
Provisions for liabilities and charges						352,791	352,791
Other liabilities			86,687			228,977	315,664
			86,687				
Of which closed derivatives positions in the banking book			33,696				33,696
			33,696				33,696
Subordinated debt capital		471,420			218,154		689,574
		471,420			221,675		693,095
Capital						1,530,940	1,530,940
Total equity and liabilities	**-**	**1,541,393**	**86,687**	**-**	**14,297,852**	**2,112,708**	**18,038,640**
	-	**1,541,393**	**86,687**	**-**	**14,374,211**		

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

Presentation of the fair value hierarchy for financial instruments as at 30/09/2014										
	HtM BV	**FV/PL BV**	**HFT BV**	**AfS BV**	**L&R/ liabilities Book value**	**Other BV**	**Total Book value**	**Level 1 Fair value**	**Level 2 Fair value**	**Level 3 Fair value**
Financial assets carried at fair value in €k										
Loans and advances to customers	0	83,810	0	97,597	0	0	181,407	0	97,597	83,810
Trading assets	0	0	55,658	0	0	0	55,658	896	54,762	0
Financial assets – FV/PL	0	259,617	0	0	0	0	259,617	53,369	206,248	0
Financial assets – AfS	0	0	0	790,144	0	0	790,144	476,348	71,647	242,149[1]
Other assets	0	0	186,513	0	0	0	186,513	0	186,513	0
Of which closed derivatives positions in the banking book	0	0	186,513	0	0	0	186,513	0	186,513	0
Financial assets not carried at fair value										
Loans and advances to credit institutions	0	0	0	0	1,719,534	0	1,719,534	0	0	1,719,971
Loans and advances to customers	63,514	0	0	0	12,005,383	0	12,068,897	0	63,743	12,100,655
Financial assets – HtM	2,051,410	0	0	0	0	0	2,051,410	2,255,895	0	0
Financial liabilities carried at fair value										
Amounts owed to credit institutions	0	89,374	0	0	0	0	89,374	0	0	89,374
Amounts owed to customers	0	402,283	0	0	0	0	402,283	0	0	402,283
Securitised liabilities	0	578,316	0	0	0	0	578,316	0	578,316	0
Other liabilities	0	0	86,687	0	0	0	86,687	0	86,687	0
Of which closed derivatives positions in the banking book	0	0	33,696	0	0	0	33,696	0	33,696	0
Subordinated debt capital	0	471,420	0	0	0	0	471,420	0	471,420	0

Presentation of the fair value hierarchy for financial instruments as at 30/09/2014	HtM BV	FV/PL BV	HFT BV	AfS BV	L&R/ liabilities Book value	Other BV	Total Book value	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value
Financial liabilities not carried at fair value										
Liabilities to credit institutions	0	0	0	0	3,671,202	0	3,671,202	0	0	3,714,605
Liabilities to customers	0	0	0	0	9,348,285	0	9,348,285	0	0	9,363,487
Securitised liabilities	0	0	0	0	1,060,211	0	1,060,211	0	1,074,444	0
Other liabilities	0	0	0	0	0	0	0	0	0	0
Subordinated debt capital	0	0	0	0	218,154	0	218,154	0	221,675	0

[1)] This item is made up of equity investments in the amount of €k 47,086 and non-consolidated shares in associated companies in the amount of €k 195,063, which were measured at cost.

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

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

Valuation method

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

Changes in the fair value hierarchy or classification take place whenever there is any change in the quality of the parameters used in the valuation method. The fair value of instruments in level 2 is measured using generally accepted valuation models, with measurements being made under market conditions. Fair values are calculated applying present values (discounted cash flow method). Own debt securities are measured using the contractual interest rate. The interest rates used for discounting are derived from the discount curve applicable for the respective currency, adding a premium in the form of a credit spread corresponding to the seniority of the issue. The foreign exchange rates used are the reference rates published by the ECB. Symmetrical products (e.g. IRS) are also measured using the discounted cash flow method. The fair values of asymmetrical products (options) are calculated using standard methods (e.g. the Black-Scholes option price model).
Underlying market data including volatilities are procured from the Reuters Market Data System. Listed derivative instruments are measured at quoted prices. The fair value of level 3 assets is measured using generally accepted valuation models. Fair values are calculated applying present values (discounted cash flow method). Receivables and liabilities are measured using the reference interest rate applicable on the respective closing date.

The interest rates used for discounting are derived from the discount curve applicable for the respective currency. The foreign exchange rates used are the reference rates published by the ECB. Underlying market data including volatilities are procured from the Reuters Market Data System.
Financial assets in the AfS portfolio assigned to hierarchy level 3 consist solely of unlisted participating interests and shares in affiliated companies, which are not intended to be sold and for which there is no active market. For the reasons stated, these assets must be recognised at cost.

A different valuation method cannot be used as there are no suitable input factors. Hence, the fair value of these instruments cannot be reliably established.

Movements in the reporting period in €k:

Carrying value as at 01/01/2014	250,500	
Additions (purchases)	35	
Disposals (sales)	(8,386)	
Impairment (recognised in income)	0	(contained in income from financial assets – AfS)
Carrying value as at 30/09/2014	242,149	

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

Realised gains	0
Impairment in the reporting period	0
	0

The item Other comprehensive income showed no effects from this type of instruments in the reporting period. The remaining level 3 financial instruments valued at fair value comprise loans and advances to customers / amounts owed to credit institutions for which the fair value option was used.

Movements in the reporting period in €k:

	Loans and advances to customers	Amounts owed to credit institutions	Amounts owed to customers
Carrying value as at 01/01/2014	83,127	86,308	380,484
Additions	2,558	0	28,868
Disposals	(3,443)	0	(11,379)
Change in market value	1,568	3,066	4,310
Carrying value as at 30/09/2014	83,810	89,374	402,283

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

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

The Management Board confirms that

- the present condensed Interim Report to the Shareholders of Oberbank AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) as adopted by and in force within the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC) and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the Oberbank Group.

- these consolidated interim financial statements cover the first three quarters of 2014 (1 January 2014 to 30 September 2014) and that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Oberbank Group in compliance with the IFRS standards governing interim financial reporting.

As at 30 Sept. 2014, major transactions with individuals and companies considered to be related parties amounted to:

- associated companies €k 7,243
- subsidiaries €k 5,000
- other related parties €k 5,000

Linz, 28 November 2014

The Management Board
Franz Gasselsberger, Chairman
Josef Weissl
Florian Hagenauer

Notes

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

Financial calendar 2014

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

23 May 2014	Quarterly results for Q1 2014
22 August 2014	Quarterly results for Q1-Q2 2014
28 November 2014	Quarterly results for Q1-Q3 2014

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

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3 Banken Group at a Glance

	Oberbank		BKS Bank		BTV	
Income statement in €m	**Q1-3 2014**	**Q1-3 2013**	**Q1-3 2014**	**Q1-3 2013**	**Q1-3 2014**	**Q1-3 2013**
Net interest income	262.6	255.3	119.1	107.8	136.3	133.2
Charges for losses on loans and	(53.5)	(53.1)	(40.2)	(30.7)	(18.5)	(32.9)
Net commission income	87.7	86.0	35.8	33.6	31.9	33.7
Administrative expenses	(175.0)	(172.6)	(76.9)	(74.5)	(106.3)	(72.1)
Other operating profit (expenses)	1.4	(4.4)	(4.0)	(6.3)	31.3	(1.8)
Profit for the period before tax	126.3	114.2	38.6	34.6	75.1	66.6
Consolidated net profit for the period	107.4	97.2	33.3	30.9	59.3	51.8
Balance sheet in €m	**30/09/2014**	**30/12/2013**	**30/09/2014**	**30/12/2013**	**30/09/2014**	**30/12/2013**
Assets	18,038.6	17,531.8	6,859.2	6,743.8	9,388.7	9,588.5
Loans and advances to customers after charges for losses on loans+advances	11,798.3	11,277.9	4,930.4	4,874.2	6,008.7	6,197.4
Primary funds	12,078.7	12,250.4	4,939.0	4,597.5	6,701.9	6,715.9
of which savings deposits	3,132.9	3,352.1	1,716.5	1,741.2	1,155.2	1,175.8
of which securitised liabilities incl. subordinated capital	2,328.1	2,224.4	799.5	813.9	1,372.6	1,288.3
Equity	1,530.9	1,421.0	741.5	714.2	976.7	913.1
Customer funds under management	23,182.2	22,787.5	12,829.9	11,383.4	11,887.8	11,545.8
of which in cust. security accounts	11,103.5	10,537.1	7,890.9	6,785.9	5,185.9	4,829.9
Capital resources CRR (PrY BWG) in €m	**30/09/2014[1)]**	**30/12/2013[2)]**	**30/09/2014[1)]**	**30/12/2013[2)]**	**30/09/2014[1)]**	**30/12/2013[2)]**
Assessment basis	12,026.4	10,734.0	4,864.3	4,423.3	6,263.0	6,055.4
Capital	1,847.4	1,824.8	733.8	707.6	1,109.0	964.4
of which CET1	1,224.7	n.a.	606.0	n.a.	784.0	n.a.
of which total capital CET1 + AT1	1,283.0	1,320.6	615.6	662.5	848.0	807.0
Common equity Tier 1 ratio in %	10.18	n.a.	12.46	n.a.	12.51	n.a.
Tier 1 capital ratio in %	10.67	12.30	12.66	13.92	13.55	13.33
Total capital ratio in %	15.36	17.00	15.09	16.00	17.71	15.93
Performance in %	**30/09/2014**	**30/12/2013**	**30/09/2014**	**30/12/2013**	**30/09/2014**	**30/12/2013**
Return on equity before tax	11.50	10.31	6.91	6.49	10.62	9.34
Return on equity after tax	9.77	8.91	5.92	5.79	8.39	7.32
Cost/income ratio	49.31	52.11	50.50	54.25	53.30	43.70
Risk/earnings ratio (credit risk in % of net interest income)	20.38	21.05	33.73	29.21	13.60	26.70
Resources	**30/09/2014**	**30/12/2013**	**30/09/2014**	**30/12/2013**	**30/09/2014**	**30/12/2013**
Average number of staff (weighted)	2,011	2,001	915	910	1,232	793
Branches	154	150	56	56	38	37

[1)] From 1 Jan. 2014 application of CRR/CRD IV (Basel III); hence, no comparability with previous periods.

[2)] Calculated pursuant to Basel II.