

Success. **One of Our Strengths.**

Annual Report 2013



More than just a bank.

Annual Report 2013



For the presentation of the Annual Report for the Financial Year 2013, we have for the first time decided not to produce a resource-intensive printed version. True to our business philosophy that stresses sustainability and the protection of resources, this enabled us to reduce our resource consumption by some nine tonnes of timber and 360,000 litres of water. What is more, we also avoided the full gamut of polluting effects of the printing process. The full version of the Annual Report for 2013 can be accessed on our website www.oberbank.at.

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Oberbank at a Glance

Income statement in €m	2013	Change	2012
Net interest income	335.6	7.3%	312.9
Charges for losses on loans and advances	(70.6)	18.1%	(59.8)
Net commission income	114.6	5.9%	108.2
Administrative expenses	(231.0)	2.3%	(225.9)
Profit for the year before tax	141.7	4.3%	135.8
Profit for the year after tax	122.4	10.1%	111.2
Balance sheet in €m	2013	Change	2012
Assets	17,570.9	(0.6%)	17,675.1
Loans and advances to customers	11,713.3	4.2%	11,245.8
Primary funds	12,250.4	5.5%	11,607.9
of which savings deposits	3,352.1	(0.8%)	3,380.1
of which securitised liabilities including subordinated capital	2,224.4	0.7%	2,208.8
Equity	1,421.0	5.9%	1,342.4
Customer funds under management	22,787.5	5.7%	21,558.0
Own funds within the meaning of BWG €m	2013	Change	2012
Assessment basis	10,734.0	2.4%	10,481.9
Own funds	1,824.8	3.5%	1,762.5
of which core capital (Tier I)	1,320.6	6.0%	1,245.4
Surplus own funds	898.1	4.7%	857.9
Core capital ratio	12.30%	0.42 ppt	11.88%
Total capital ratio	17.00%	0.19 ppt	16.81%
Performance in %	2013	Change	2012
Return on equity before tax	10.31%	(0.28 ppt)	10.59%
Return on equity after tax	8.91%	0.24 ppt	8.67%
Cost/income ratio	52.11%	(1.49 ppt)	53.60%
Risk/earnings ratio (credit risk in % of net interest income)	21.05%	1.94 ppt	19.11%
Resources	2013	Change	2012
Average number of staff (weighted)	2,001	(19)	2,020
Branches	150	3	147

Oberbank shares, key figures	2013	2012	2011
Number of ordinary no-par shares	25,783,125	25,783,125	25,783,125
Number of no-par preference shares	3,000,000	3,000,000	3,000,000
High (ordinary/preference share) in €	48.50/38.70	48.10/39.75	47.30/39.85
Low (ordinary/preference share) in €	47.60/37.50	47.00/38.10	44.80/38.80
Close (ordinary/preference share) in €	48.50/37.75	48.00/38.60	47.30/39.75
Market capitalisation in €m	1,363.7	1,353.4	1,338.8
IFRS earnings per share in €	4.26	3.87	3.87
Dividend per share in €	0.50	0.50	0.50
P/E ratio (ordinary share)	11.4	12.4	12.2
P/E ratio (preference share)	8.9	10.0	10.3



CEO Franz Gasselsberger
Chairman of the Management Board of Oberbank AG

Trust. **One of Our Strengths.**

Predictability, stability and solidity are the central values of all banking business; Oberbank has never departed from these values.



Letter from the Chairman and CEO

Dear Readers,

2013 was a year that brought important developments and crucial strategic changes.

Many of the expectations and forecasts we had formulated in the previous year proved correct.

Europe has overcome the recession; the US economy has achieved impressive growth. As we expected, interest rates have remained at historically low levels and equities were an attractive investment.

The euro remained exceptionally robust as the market paid tribute to the recovery within the euro area, and market players obviously judged the problems encountered in other economic regions to be more severe than those of the euro area.

For banks, however, the business environment remained highly challenging.

The former euphoria surrounding Eastern Europe has vanished; net interest income is suffering from the persistently low level of interest rates and declining lending. The credit risk has failed to relax and the savings rate has dropped to a record low, a fact that negatively affects banks' liquidity situation.

The consequences are serious: Austrian banks are confronted with a sharp decline in earnings of some 60%; many banks have initiated drastic savings measures and are reducing staff and closing down branches.

Additionally, banks are facing an enormous increase in costs.

The Austrian banking levy, Basel III and the European Banking Union will place an additional burden amounting to some six to seven billion euro on Austrian banks, and this against the backdrop of several years of declining bank profits, which have probably bottomed out at 1.3 billion euro in 2013.

In this adverse environment, Oberbank has once again taken a really excellent development.

We once again attained the best result in the Bank's history, gained market shares in terms of lending and deposits and continued to expand our branch network. We owe this success to a number of different factors.

Success factor: lending growth

We boosted our lending volume by 4.0% to € 11.7 billion; in the Austrian market in general, by contrast, lending stagnated and Europe-wide indeed dropped by almost 4%.

Success factor: credit risk

A persistently favourable risk situation clearly sets us apart from our competitors. Over the past few years, our loan loss ratio has been between 0.4% and 0.7%, as compared to 4% to 5% in the market in general.

Success factor: cost management

Cost awareness is a matter of course at Oberbank. Rationalisation measures are implemented consistently and in small steps, i.e. in a socially responsible manner. Oberbank shows an excellent ranking in terms of productivity, with a cost/income ratio of 52% as compared to a market average of 66%.

Success factor: branch network expansion: 150 branches in five countries.

Oberbank set up five new branches in 2013. With its continued expansion policy, Oberbank is moving clearly counter to the current trend in the banking sector. Many competitors are endeavouring to reduce costs by closing down branches and laying off employees, hoping to satisfy customer needs via alternative channels such as online banking and video advisory services. The fact is that this strategy cuts them off from customers and increases their risk.

Letter from the Chairman and CEO

Oberbank leverages the strengths of both these sales channels: We have massively expanded our mobile banking and e-banking systems with the aim of providing customers with a convenient infrastructure for handling routine banking transactions. Nonetheless, the branch is and remains the central point of sale and the all-important link between the Bank and its customers.

In our eyes, the current development of the market opens up huge opportunities. We plan to speed up expansion and establish up to ten new branches in 2014, thus expanding our network to up to 160 branches.

Growth in all important areas

Based on the above success factors, we achieved growth in all important areas in 2013.

The Bank's operating profit increased by almost 9% to EUR 212 million, the lending volume widened by 4.2% to EUR 11.7 billion and customer assets under management rose by 5.7% to EUR 22.8 billion.

Our core capital ratio widened by 0.42 percentage points from 11.88% to 12.3%.

Overall, we are among the "Top 50" European banks in terms of profitability and cost-effectiveness.

Donaulände headquarters will be expanded in 2014

Owing to strong growth throughout the past ten years, Oberbank is facing serious capacity constraints at its headquarters. Besides the Donaulände headquarters, the Bank will therefore set up a new site in Linz.

Apart from creating the required capacities, this generates key synergy effects as it enables us to concentrate the entire staff of the central departments – previously scattered across five locations – at a single site.

The new Donaulände building is the final step in a long development process. Following the project's completion, some 1,000 people will be based at this location, i.e. about half of all Oberbank employees. This is a visible sign of the change and growth Oberbank has undergone over the past few decades.

Thanks for unwavering dedication and commitment

On behalf of the entire Board of Oberbank I would like to extend my thanks to everybody who contributed to our success in the past financial year.

Our employees have rendered exemplary work for Oberbank in the difficult setting of 2013 and have given our customers a feeling of security in a turbulent environment. They have thus once again contributed decisively to the outstanding success of our Bank.

We would also like to thank our customers for the continued trust they have placed in us.

Special thanks are also due to the members of the Supervisory Board, the supreme monitoring body of Oberbank that also fulfils an important advisory function, thus assisting the management in crucial matters.

Last but not least, we would like to express our gratitude to all our shareholders for the trust they have placed in Oberbank by acquiring the Bank's shares.

It is only thanks to the collaboration and interaction of all these individuals and institutions that we were again able to generate this impressive result. Let us continue together on this path of trust and success!

Linz, in February 2014



CEO Franz Gasselsberger

Chairman of the Management Board



Josef Weissl
Member of the Management
Board of Oberbank AG

CEO Franz Gasselsberger
Chairman of the Management
Board of Oberbank AG

Florian Hagenauer
Member of the Management
Board of Oberbank AG

Security. One of Our Strengths.

In the challenging environment of the past few years, Oberbank clearly bucked the negative trend in the general market and guaranteed its customers a maximum level of security.



Corporate Governance Report

Austrian Code of Corporate Governance

Being a listed company, Oberbank undertakes to adhere to the Austrian Code of Corporate Governance (ÖCGK) as amended. Oberbank interprets the Code of Corporate Governance, which can be viewed at www.oberbank.at, as a valuable guideline for developing the respective internal mechanisms and rules. The Supervisory Board of Oberbank had already defined guidelines to ensure its members' independence in conformity with the provisions of the Code in 2006; these guidelines can be viewed at www.oberbank.at. At its meeting on 28 March 2007, the Supervisory Board adjusted the Rules of Procedure of the Management Board and the Supervisory Board to comply with the provisions of the Code as amended. The Supervisory Board of Oberbank issued its first declaration of conformity at its meeting on 26 November 2007.

The most recent amendment of the Code became effective in January 2012 (and, in a revised version, as of July 2012) and was applicable, as amended, for the business year 2013. At its meeting on 27 November 2012, the Supervisory Board of Oberbank issued a declaration of conformity with the Code as amended.

The Austrian Code of Corporate Governance requires companies to state reasons for any non-compliance with the so-called C Rules ("comply or explain"). In the financial year 2013, Oberbank complied with the Code by explaining the following deviations:

- | | |
|-------------|--|
| Rule 2 C: | Besides ordinary shares, Oberbank has also issued preference shares. Preferred interest in profits provides preference shareholders with an attractive investment option. |
| Rule 31 C: | In compliance with legal requirements, the remunerations paid to the members of the Management Board are disclosed as a total amount for each Board member. For reasons of privacy and data protection, no breakdown of the individualised remunerations into fixed and variable components is presented. |
| Rule 45 C: | Owing to the historically grown shareholder structure of Oberbank, the members of the Supervisory Board include representatives from the group of the major single shareholders. Since these representatives also include banks, the respective Supervisory Board members also hold board functions in other banks that are competitors of Oberbank. |
| Rule 52a C: | The Supervisory Board of Oberbank includes more than ten shareholder representatives. Oberbank values the expert knowledge of its supervisory body comprising senior members and leading experts from the Austrian business community. |
| Rule 57 C: | Until 1 July 2013, one member of the Supervisory Board held more than the maximum number of supervisory board mandates permitted pursuant to the Austrian Corporate Governance Code. Oberbank does not want to forgo the expertise of the long years of experience of this Supervisory Board member. |

Composition and mode of operation of the Management Board and the Supervisory Board

The Management Board of Oberbank AG conducts the Company's business in accordance with clear principles and objectives derived from the overall bank strategy and on its own responsibility within the parameters defined by the Austrian Joint Stock Companies Act (AktG) to ensure the protection of the various interests at stake. The Supervisory Board monitors the implementation of the individual projects and their success in compliance with the Articles of Association and the Rules of Procedure. The Management Board regularly reports to the Supervisory Board, thus ensuring a comprehensive flow of information.

Corporate Governance Report

Members of the Management Board

In the 2013 financial year, the Management Board of Oberbank consisted of three members.

	Year of birth	First appointed	Tenure until
Franz Gasselsberger, CEO	1959	28 April 1998	13 May 2017
Josef Weissl	1959	1 May 2005	30 April 2015
Florian Hagenauer	1963	1 December 2009	30 November 2014

Franz Gasselsberger, CEO

Having obtained a doctorate in law from Paris-Lodron University in Salzburg, Franz Gasselsberger started his career at Oberbank in 1983.

Parallel to his management function in the Bank's Salzburg operations, he completed the MBA program at the International Management Academy, earning an International Executive MBA degree.

In April 1998, the Supervisory Board appointed him to the Management Board of Oberbank AG; on 1 May 2002 he assumed the function of Board Spokesman and on 1 May 2005 was designated Chairman of the Management Board with the title of Generaldirektor (CEO).

In November 2007, the German Federal President appointed Franz Gasselsberger Honorary Consul of the Federal Republic of Germany in Upper Austria. In addition, he is a Member of the Management Board of the Federation of Austrian Industries (IV), the Austrian Bankers Association (VOeBB), the Upper Austrian Association of Independent Entrepreneurs, the Federation of Austrian Industries, the Austrian Society for Bank Research (BWG), President of the LIMAK Austrian Business School and Chairman of the Sector Conference of the Economic Chamber of Upper Austria – Finance, Credit and Insurance Section.

Supervisory board mandates and further functions in non-Group Austrian and international companies:

Member of the Supervisory Board of Energie AG Upper Austria (until 19 Dec. 2013)

Member of the Supervisory Board of Wiener Börse AG (until 13 June 2013)

Member of the Supervisory Board of CEESEG Aktiengesellschaft (until 13 June 2013)

Member of the Supervisory Board of AMAG Austria Metall AG

Member of the Supervisory Board of Lenzing Aktiengesellschaft (since 24 April 2013)

Functions in companies included in the consolidated financial statements:

Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft

Deputy Chairman of the Supervisory Board of BKS Bank AG

Member of the Supervisory Board of voestalpine AG

Josef Weissl, Member of the Management Board

Upon his graduation from the University of Linz, where he studied business management and law, Josef Weissl started his career at Oberbank in 1983.

Concurrently with his management function in the Bank's Salzburg operations, he concluded the LIMAK General Management Programme in 2002 and the LIMAK MBA Programme in 2005.

The Supervisory Board appointed him to the Management Board of Oberbank AG in May 2005.

In addition, he is President and member of the Austro-American Society and Vice President of the Verein der Förderer der OÖ. Landesmuseen (Patrons Association of the Museums of the Province of Upper Austria).

Supervisory board mandates and further functions in non-Group Austrian and international companies:

Chairman of the Supervisory Board of Gasteiner Bergbahnen AG

Corporate Governance Report

Member of the Supervisory Board of BAUSPARERHEIM Gemeinnützige Siedlungsgemeinschaft reg. Gen.m.b.H.

Member of the Supervisory Board of VBV-Pensionskasse AG

Member of the Supervisory Board of BRP-Powertrain GmbH & Co.KG

Member of the Supervisory Board of Wiener Börse AG (since 13 June 2013)

Member of the Supervisory Board of CEESEG Aktiengesellschaft (since 13 June 2013)

Functions in companies included in the consolidated financial statements:

Chairman of the Supervisory Board of Drei-Banken Versicherungs-Aktiengesellschaft

Florian Hagenauer, Member of the Management Board

Florian Hagenauer graduated with a master's degree in business administration from the University of Economics and Business Administration in Vienna in 1986.

In 1987 he joined Oberbank, where he worked in what was then the Foreign Department, later renamed the "Bank Relations and Payment Systems" department. In 1994 he was appointed Prokurist (authorised signatory) for the entire bank, and in 1999 became Deputy Head of the Organisation department.

He completed the LIMAK General Management Programme in 1999 and concluded the LIMAK MBA Programme in 2005.

In 2005 Florian Hagenauer was appointed Managing Director of Drei-Banken-EDV Gesellschaft. In 2008 he returned to Oberbank, taking over the function of Head of Organisation.

In 2009 the Supervisory Board appointed him to the Management Board of Oberbank AG.

In addition, he is a member of the Board Committee of Austrian Reporting Services GmbH and President of the LIMAK Club.

Supervisory board mandates and further functions in non-Group Austrian and international companies:

Chairman of the Supervisory Board of Opportunity Beteiligungs AG i.L.

Member of the Supervisory Board of PayLife Bank GmbH (until 19 Sept. 2013)

Member of the Supervisory Board of PSA Payment Services Austria GmbH (until 31 Dec. 2013)

Member of the Supervisory Board of Oberösterreichische Kreditgarantiegesellschaft m.b.H. (until 28 May 2013)

Member of the Supervisory Board of Oberösterreichische Unternehmensbeteiligungsgesellschaft m.b.H. (until 28 May 2013)

Member of the Management Board and member of the Investment Committee of Gain Capital Participations SA

Member of the Management Board and member of the Investment Committee SICAR of Gain Capital Participations II SA, SICAR

Deputy Chairman of the Supervisory Board of Buy-Out Central Europe II Beteiligungs-Invest AG

Member of the Supervisory Board of Generali Holding Vienna AG (since 20 June 2013)

Member of the Supervisory Board of Energie AG Oberösterreich (since 19 Dec. 2013)

Managing Partner of Ottensheimer Drahtseilbrücke Gesellschaft m.b.H.

Functions in companies included in the consolidated financial statements:

Chairman of the Supervisory Board of 3-Banken Wohnbaubank AG

Member of the Supervisory Board of Drei-Banken Versicherungs-Aktiengesellschaft

Corporate Governance Report

Current Management Board Remits

Franz Gasselsberger, CEO

Josef Weissl, Director

Florian Hagenauer, Director

General Business Policy
Internal Revision

Business and Service Departments		
CIF (Corporate & International Finance)	PKU (Personal Banking)	KRM (Credit Management)
GFM (Global Financial Markets)	PAM (Private Banking & Asset Management)	Risk Controlling
PER (Human Resources)		ZSP (Payment Systems and Central Production)
RUC (Accounts & Controlling)		SEK (Corporate Secretary & Communication)
		ORG (Organisational Development, Strategy and Process Management)

Regional Business Divisions	
Southern Bavaria	Linz-Landstrasse
Northern Bavaria	Innviertel
Salzkammergut	Salzburg
Linz-Hauptplatz	Lower Austria
Wels	Slovakia
Vienna	Czech Republic
	Hungary

Corporate Governance Report

Mode of operation of the Management Board

Cooperation within the Management Board is based on regular, usually weekly Management Board meetings. Additionally, the individual members of the Management Board cooperate closely with the second management level of the Bank.

Remuneration of the Management Board

At its meeting on 24 November 2010, the Supervisory Board resolved to delegate all matters regarding the remuneration of the Management Board to the Remuneration Committee. The latter designed the remuneration system of Oberbank so that it complies with the proportionality test pursuant to Section 39b of the Austrian Banking Act and the appertaining Annex in respect of companies of a comparable size, industry and complexity and the risk inclination of the business model, and, moreover, in such a way as to ensure that the remuneration of the members of the Management Board is commensurate with their scope of activities and responsibilities.

The remuneration system provides for a well-balanced relationship between fixed and variable components; the reference value for the variable component is 20% of the respective total remunerations and limited to a maximum of 40% of the latter. The fixed basic salaries depend on the particular remits of the Management Board members. Joint and personal performance elements as well as the overall performance of Oberbank are taken into account in the variable component.

Corporate performance is measured by specific key ratios and the degree to which medium and long-term strategic goals have been met:

- Sustained compliance with strategic risk allocation in accordance with the overall bank management strategy (ICAAP Internal Capital Adequacy Assessment Process);
- Sustained attainment of the strategic financial objectives in line with the defined strategy and the objectives of the Bank's multi-year plan;
- Sustained attainment of the Bank's strategic goals in general.

In compliance with the circular letter issued by the Austrian Financial Market Authority (FMA) in December 2012, the Remuneration Committee determined that Oberbank, on the basis of the parameters defined by the FMA (assets), is to be viewed as a highly complex institution and that the guidelines on remuneration policies and practices are therefore fully applicable.

This implies that the variable remuneration component of Management Board members for the financial year 2013, the size of which is determined by the Remuneration Committee on the basis of the "Parameters for the assessment of variable remuneration components for Management Board members", is to be paid to 50% in equity instruments and 50% in cash; the respective equity instruments are subject to a holding period of three years and the portion of 40% of variable remuneration that in accordance with paragraph 133 of the Guidelines on Remuneration Policies and Practices of the Committee of European Banking Supervisors has to be deferred for a period of five years has to consist to equal parts of equity instruments and cash.

Total remunerations of the Management Board members disbursed in the reporting year amounted to €k 1,380, of which €k 1,058 related to fixed salary components and €k 322 constituted variable remuneration components; €k 22 of the latter were reimbursements of administrative penalties and procedural costs approved by the Supervisory Board.

Corporate Governance Report

Total remuneration 2013:	Franz Gasselsberger	€k 656
	Josef Weissl	€k 405
	Florian Hagenauer	€k 319

Sideline business activities pursued by members of the Management Board in accordance with the Rules of Procedure Orders of the Management Board require approval by the Supervisory Board.

The magnitude of benefits from the contractually agreed company pension scheme for members of the Management Board depends on the respective member's period of service. Benefits are calculated on the basis of a graded vesting schedule of 40 years and the fixed salary at the time of retirement. For members of the Management Board appointed in or after 2005, a company pension is accumulated under a contractual scheme based on monthly contributions to a pension fund. If a Board mandate is not extended or is prematurely terminated, the respective Management Board member is entitled to termination benefits in the maximum amount of two annual salaries, subject to the provision that no material reason for which the respective Board member is responsible in accordance with Rule 27a of the Austrian Code of Corporate Governance as amended applies.

All members of the Management Board and the Supervisory Board are covered by a Directors and Officers Insurance policy, the costs of which are borne by the Company.

Corporate Governance Report

Members of the Supervisory Board

Supervisory board mandates or comparable functions in other Austrian or international listed companies

	Year of birth	First appointed	Scheduled tenure until
Hermann Bell Chairman Chairman of the Supervisory Board of BKS Bank AG	1932	22 April 2002	AGM 2015
Heimo Penker 1 st Deputy Chairman Deputy Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg AG	1947	20 May 1997	AGM 2016
Peter Gaugg 2 nd Deputy Chairman Member of the Supervisory Board of BKS Bank AG	1960	27 April 2000	AGM 2018
Ludwig Andorfer Member of the Supervisory Board of Unternehmens Invest Aktiengesellschaft	1944	24 May 2011	AGM 2016
Luciano Cirinà (until 14 May 2013)	1965	27 May 2009	AGM 2014
Wolfgang Eder	1952	9 May 2006	AGM 2016
Waldemar Jud Member of the Supervisory Board of BKS Bank AG Member of the Supervisory Board of Bank für Tirol und Vorarlberg AG Chairman of the Supervisory Board of DO & CO Aktiengesellschaft Chairman of the Supervisory Board of Ottakringer Getränke AG (Deputy until 28 June 2013) Member of the Supervisory Board of CA Immobilien Anlagen AG	1943	10 May 2010	AGM 2018
Christoph Leitl	1949	23 April 2001	AGM 2017
Peter Mitterbauer Member of the Supervisory Board of Andritz AG Member of the Supervisory Board of Rheinmetall AG Member of the Supervisory Board of MIBA AG (since 3 Aug. 2013)	1942	15 April 1991	AGM 2017
Helga Rabl-Stadler	1948	24 May 2011	AGM 2016
Karl Samstag Member of the Supervisory Board of PORR AG (previously Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft) Member of the Supervisory Board of Bank für Tirol und Vorarlberg AG Member of the Supervisory Board of BKS Bank AG Member of the Supervisory Board of Schoeller-Bleckmann Oilfield Equipment AG	1944	22 April 2002	AGM 2017

Corporate Governance Report

Herbert Walterskirchen	1937	20 May 1997	AGM 2015
Norbert Zimmermann	1947	19 April 2004	AGM 2014
Chairman of the Supervisory Board of Schoeller-Bleckmann Oilfield Equipment AG Member of the Supervisory Board of OMV AG			
Peter Thirring	1957	14 May 2013	AGM 2018

Representatives of the Staff Council:

Wolfgang Pischinger, first delegated: 28 Jan. 1993; Chairman of the Central Staff Council of Oberbank AG

Peter Dominici, first delegated: 28 Jan. 1993; Accounts and Controlling Department of Oberbank AG (until 28 March 2013)

Roland Schmidhuber, first delegated: 25 Jan. 2005; Oberbank Center Salzburg (until 28 March 2013)

Elfriede Höchtel, first delegated: 22 May 2007; Oberbank Wels

Josef Pesendorfer, first delegated: 29 Jan. 2001; Oberbank Gmunden

Mag. Armin Burger, first delegated: 25 Oct. 2005; Credit Management Department of Oberbank AG

Herbert Skoff, first delegated: 28 March 2011; Oberbank Vienna

Markus Rohrbacher, first delegated: 28 March 2013; Oberbank Krems

Stefan Prohaska, first delegated: 28 March 2013; Oberbank Salzburg-Taxham

State Commissioners:

Marian Wakounig, State Commissioner, appointed as of 1 August 2007

Edith Wanger, Deputy State Commissioner, appointed as of 1 July 2002

Mode of operation of the Supervisory Board

The Supervisory Board was constituted in May 2013 and consists of 13 elected shareholder representatives and seven staff representatives delegated by the Staff Council. During the financial year 2013, the Supervisory Board held four meetings in which it performed its control functions (see also Report of the Supervisory Board).

Committees set up by the Supervisory Board

With the objective of improving work efficiency, the Supervisory Board of Oberbank AG has set up a number of committees, each assigned with specific responsibilities, namely the Working Committee, Credit Committee, Audit Committee, Nomination Committee and Remuneration Committee. Their members are elected by the full Supervisory Board from among the circle of shareholder representatives and supplemented by the required number of members from among staff representatives.

The Working Committee and the Audit Committee consist of four and five shareholder representatives respectively, the Credit Committee and the Remuneration Committee of three each and the Nomination Committee consists of two shareholder representatives.

Audit Committee

The Audit Committee convened twice during the reporting year and discharged its obligations under Section 63a(4) of the Austrian Banking Act (BWG).

Corporate Governance Report

The key tasks of the Audit Committee include the auditing of the annual financial statements (including the consolidated financial statements) and the preparations for their approval, examination of the proposal for the appropriation of profits, the management report and the corporate governance report, and the presentation of a report on the audit findings to the plenary meeting of the Supervisory Board. In addition, the Audit Committee is charged with monitoring the auditing of the financial statements, the accounting process, the effectiveness of the Company's internal control system, the internal auditing system and the risk management system.

In a management letter, the auditor presented the findings of the audit in respect of the economic position (financial statements and consolidated financial statements) and the risk situation of the Bank to the Management Board. This management letter was also forwarded to the Chairman of the Supervisory Board, who in turn also submitted it to the Audit Committee, which dealt intensively with its content in direct discussions with the auditors.

The results of the work performed by the Audit Committee were presented to the plenary meeting of the Supervisory Board on the occasion of its next plenary meeting.

Members of the Committee:

Hermann Bell (Chairman), Heimo Penker, Peter Gaugg, Herbert Walterskirchen, Waldemar Jud, Wolfgang Pischinger, Armin Burger, Herbert Skoff

Working Committee

The Working Committee takes decisions on matters of special urgency which under the Rules of Procedure are assigned neither to the plenary meeting of the Supervisory Board nor to the Credit Committee. These include, in particular, the acquisition and divestment of shareholdings of a significant size and the acquisition, sale or encumbrance of real estate and investments exceeding defined threshold amounts, which are exactly specified in the Rules of Procedure of the Management Board and the Supervisory Board. In urgent matters requiring prompt decisions, the Working Committee, in accordance with the Articles of Association, exercises its decision-making power by way of resolutions by written circular and, in addition to the reports written in preparation of such decisions, has the right to request information from the Management Board by telephone. In 2013 the Working Committee approved four time-critical resolutions, including the conclusion of a participation agreement between B&C Holding and Oberbank AG aimed at optimising the existing equity participation in AMAG Austria Metall AG.

Business matters decided by the Working Committee were subsequently reported and discussed in detail at the next meeting of the whole Supervisory Board.

Members of the Committee:

Hermann Bell (Chairman), Heimo Penker, Peter Gaugg, Herbert Walterskirchen, Wolfgang Pischinger, Armin Burger

Credit Committee

The approval of the Credit Committee is required for each investment or large-scale investment within the meaning of Section 27 of the Austrian Banking Act (BWG) exceeding a threshold amount specified in the Rules of Procedure of the Management Board. In urgent matters requiring prompt decisions, the Credit Committee, in accordance with the Articles of Association, exercises its decision-making power by way of resolutions by written circular and, in addition to the reports written in preparation of such decisions, has the right to request information from the Management Board by telephone. In 2013 the Credit Committee approved 22

Corporate Governance Report

time-critical resolutions. It also dealt with direct applications subsequently approved by the plenary meeting of the Supervisory Board.

Business matters decided by the Credit Committee were subsequently reported and discussed in detail at the next meeting of the whole Supervisory Board.

In its meeting of 26 November 2013, the Supervisory Board resolved to assign the mandatory activities to be performed by the Risk Committee in accordance with the Austrian Banking Act to the Credit Committee with effect from 1 January 2014. The Rules of Procedure of the Supervisory Board were adjusted accordingly. The respective committee will be called the Risk and Credit Committee.

Members of the Committee:

Hermann Bell (Chairman), Heimo Penker, Peter Gaugg, Wolfgang Pischinger, Armin Burger

Nomination Committee

The Nomination Committee performs the tasks assigned to it by law. Among other things, the Nomination Committee, except in matters within the competence of the Remuneration Committee, regulates the relations between the Company and the members of the Company's Management Board, submits proposals regarding appointments to (soon to be vacated) Management Board positions and is generally charged with addressing succession planning issues. Subsequently, the whole Supervisory Board takes a joint decision on these proposals.

The Nomination Committee held no meetings in 2013 as no appointments to fill vacancies arising in the Management Board had to be made. However, in line with the Rules of Procedure of the Management Board, the acceptance of external supervisory board positions by members of the Management Board was submitted to the Nomination Committee for decision by way of written circular, and the approval of these positions was reported to the Supervisory Board at its meetings on 26 September 2013 and on 26 November 2013.

In compliance with the EBA Guideline 2012/06 (*GUIDELINES ON THE ASSESSMENT OF THE SUITABILITY OF MEMBERS OF THE MANAGEMENT BODY AND KEY FUNCTION HOLDERS*) and the circular letter from the FMA dated 8 May 2013, declarations on oath were obtained from all members of the Management Board and the Supervisory Board, on the basis of which the Nomination Committee examined the suitability of all members of the Management Board and the Supervisory Board and reported on the individual members' suitability to the meeting of the full Supervisory Board on 26 November 2013.

The suitability of the two members of the Nomination Committee was also examined in the same meeting of the full Supervisory Board and unanimously confirmed.

In November 2013, the Nomination Committee, by means of a resolution by circular, among other things worked out task descriptions and applicant profiles for Management Board and Supervisory Board members to be newly appointed, defined a target quota for the underrepresented sex in the Management Board and the Supervisory Board and developed strategies for attaining this target quota.

Members of the Committee:

Hermann Bell (Chairman), Heimo Penker

Remuneration Committee

The Remuneration Committee performs the tasks assigned to it by law. In this function, the Remuneration Committee of Oberbank, apart from defining the basic parameters of the Bank's remuneration policy and performing a proportionality analysis documented in writing with respect to the Members of the Management Board who, in application of the proportionality principles laid down in Section 39b of the

Corporate Governance Report

Austrian Banking Act (BWG) and the appertaining Annex, are recognised as falling under the remuneration policy provisions laid down in Section 39b of the Austrian Banking Act (BWG), also determined the parameters regarding the amounts of variable remunerations and the mechanism for monitoring such disbursements.

In compliance with the pertinent legal provisions, the Remuneration Committee annually examines the practical implementation of the remuneration policy approved by the Committee and reports on the result to the full Supervisory Board at its next meeting.

At its meeting of 28 March 2013, the Remuneration Committee, in the presence of the State Commissioner, dealt in detail with the implementation of the Bank's previously approved remuneration policy and fixed the variable remuneration components of the Management Board members for the financial year 2012 on the basis of the documented long-term goals. In November 2013 the Remuneration Committee adjusted the proportionality assessment process in compliance with the statutory regulations applicable from 1 Jan. 2014.

Members of the Committee:

Hermann Bell (Chairman), Heimo Penker, Herbert Walterskirchen

Remuneration of the Supervisory Board

The members of the Supervisory Board, besides the compensation of cash expenses incurred in connection with their function, are entitled to a fee of EUR 120 per meeting and annual emoluments. The amount of these emoluments is resolved by the Annual General Meeting and since 2011 amounted to EUR 17,000 for the Chairman, EUR 13,000 for each of his deputies and EUR 11,000 for the other board members.

The Annual General Meeting on 8 May 2012 resolved to disburse annual emoluments to the members of the committees in remuneration of the work rendered effective from the financial year 2012 onwards. The Annual General Meeting set the annual emoluments per committee member at EUR 4,000 for the members of the Audit Committee and the Credit Committee, EUR 2,000 for the members of the Working Committee and EUR 1,000 for the members of the Nomination Committee and the Remuneration Committee.

Remuneration in €	Supervisory Board	Committee	Meeting fee	Total
Hermann Bell	17,000	12,000	480	29,480
Heimo Penker	13,000	12,000	480	25,480
Peter Gaugg	13,000	10,000	480	23,480
Ludwig Andorfer	11,000		480	11,480
Luciano Cirinà	4,038		0	4,038
Wolfgang Eder	11,000		360	11,360
Waldemar Jud	11,000	4,000	360	15,360
Christoph Leitl	11,000		360	11,360
Peter Mitterbauer	11,000		240	11,240
Helga Rabl-Stadler	11,000		480	11,480
Karl Samstag	11,000		360	11,360
Peter Thirring	6,962		360	7,322
Herbert Walterskirchen	11,000	7,000	480	18,480
Norbert Zimmermann	11,000		360	11,360

The staff members delegated to the Supervisory Board by the Staff Council are not entitled to either a fixed annual emolument or fees per meeting.

Corporate Governance Report

Business transactions in accordance with L Rule 48

In the financial year 2011, Univ. Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH, in which Supervisory Board Member Waldemar Jud as an indirect majority shareholder has a substantial business interest, was commissioned with the rendering of services in connection with the drafting the of the Corporate Governance Reports for the financial years 2011 through 2013. The annual lump-sum fee paid for these services amounts to EUR 15,000 plus VAT.

Criteria for the assessment of the independence of a member of the Supervisory Board

In compliance with Rule C 53 of the Austrian Code of Corporate Governance (ÖCGK), the Supervisory Board defined guideline criteria to ensure its members' independence in conformity with the provisions of the Code; these guidelines can be viewed at www.oberbank.at.

A Supervisory Board member shall be considered independent if he or she has not served as a member of the Management Board or as a member of the management-level staff of the Company or one of its subsidiaries in the past three years.

A previous Management Board membership shall not be deemed to qualify a person as not independent in particular if, subject to the provision that all circumstances within the meaning of Article 87(2) of the Stock Exchange Act (AktG) apply, there is no doubt as to the independent exercise of the mandate.

The Supervisory Board member shall not maintain or have maintained, in the past year, any business relations with the Company or one of its subsidiaries to an extent of significance for such member of the Supervisory Board. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest. The approval of individual business transactions by the Supervisory Board in accordance with L Rule 48 shall not automatically qualify a person as not independent. The conclusion or existence of agreements with the Company that are customary in banking shall not be deemed to prejudice the Supervisory Board member's independence.

The Supervisory Board member shall not have acted as auditor of the Company or have owned a share in the auditing company or worked there as an employee in the past three years.

The Supervisory Board member shall not be a member of the management board of another company in which a member of the Management Board of the Company is a supervisory board member unless the two companies are part of the same group or are associated with one another through a shareholding.

The Supervisory Board member shall not be closely related (direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) with a member of the Management Board or with persons who hold one of the positions described in the foregoing items.

In compliance with these regulations, Ludwig Andorfer has declared himself as not independent for a cooling-off period of three years, i.e. until the Annual General Meeting that decides on the financial year 2013, within the meaning of this declaration, and will not participate in consultations and resolutions concerning issues related to his former activity as a Management Board member of Oberbank.

Corporate Governance Report

All other members of the Supervisory Board of Oberbank elected by the Annual General Meeting have issued individual declarations of independence in accordance with these regulations. Furthermore, with the exception of Heimo Penker (BKS Bank AG), Peter Gaugg (Bank für Tirol und Vorarlberg AG), Karl Samstag and Waldemar Jud, all members elected by the Annual General Meeting are members that are neither shareholders with a stake of more than 10% nor representatives of such shareholders.

Outside the scope of its ordinary banking activities, Oberbank has no business relationships with subsidiaries or individuals (including Supervisory Board members) that could jeopardise the Bank's independence.

Measures aimed at promoting women (Section 243b[2] no. 2 of the Austrian Enterprise Code [UGB])

As at 31 December 2013, Oberbank employed a total of 73 women in executive positions; this corresponds to 20.2% of all executive positions (2012: 75 women or 21.2%). In 2010 Oberbank launched the project "Future Women 2020", which serves the objective of doubling the number of women in executive positions in the Company by 2020. The project involves a package of various measures, which include childcare services in the holiday month of August, targeted career planning for women, and flexible working time and work organisation models to ease women's return to work after maternity leave.

Within the framework of this project, Oberbank also applied for certification as a family-friendly employer. Following examination by a certified expert on 14 April 2011, the Federal Ministry of Economy, Family and Youth for three years effective from 5 June 2011 awarded Oberbank the "berufundfamilie" Basic Certificate for its efforts towards reconciling work and family life for men and women.

The implementation of further measures will now be evaluated annually by external experts. This initiative is intended to pave the way for a greater number of women to acquire management qualification at Oberbank and thus qualify for appointment to Management Board functions. In addition, Oberbank's efforts will also be directed at winning a larger number of highly qualified women for appointments to vacant Supervisory Board positions.

Linz, 24 February 2014

The Management Board



CEO and Chairman
Franz Gasselsberger
Remit
Corporate and Business Banking



Director
Josef Weissl
Remit
Personal Banking



Director
Florian Hagenauer
Remit
Overall Banking Risk Management

Stability. One of Our Strengths.

The stable shareholder structure ensures that individual shareholders cannot determine the fate of Oberbank and that Oberbank can serve the interests of its customers, shareholders and employees in a well-balanced way.



Investor Relations and Compliance

Shares and shareholder structure

The business policy of Oberbank and its sustained success story are based on the principles of good governance and transparency. The Bank's corporate goals are designed to secure sustainable success in the long term and are clearly communicated to the public. As a listed regional bank, the Oberbank's top priority is to safeguard its independence. This is achieved by securing high earnings strength, a sound risk policy and partnership-based relations with the other independent regional banks, namely BKS Bank AG and Bank für Tirol und Vorarlberg (BTV) AG, as well as by having shareholders committed to preserving the independence of Oberbank.

No single shareholder of Oberbank AG is in a position to assume direct or indirect control. A syndicate agreement between BKS, BTV and Wüstenrot Genossenschaft aims at ensuring Oberbank's independence. Another stabilising element in the shareholder structure of Oberbank is the fact that some of the shares are held by the staff, the attached voting rights having been assigned to a collective syndicate called Oberbank Mitarbeitergenossenschaft. The commitment of both management and staff to Oberbank is a further stabilising factor, as are its long-standing alliances with dependable partners such as Wüstenrot or Generali.

A choice for investors: ordinary and/or preference shares

Investors have a choice between Oberbank ordinary shares and Oberbank preference shares. In contrast to the ordinary share, the preference share does not give the holder any type of voting right, but instead guarantees a 6% minimum dividend on the pro-rata share of the registered share capital (of EUR 9 million), payable, if necessary, in a later period. While the declared dividend has lately been the same for both classes of shares, the preference share, owing to the lack of voting rights, has been quoting with a discount against the ordinary share, thus attaining a higher dividend yield.

Stable price development in 2013

The Oberbank ordinary share continued to be traded near its historical high also in 2013. The Oberbank ordinary share reached its high at EUR 48.50 on 3 December 2013, the preference share at EUR 38.70 on 24 January 2013. The overall annual share performance (price movement and dividend) came to 2.10% gain for the ordinary share and 0.91% loss for the preference share. The market capitalisation of Oberbank AG amounted to EUR 1,363.7 million at the end of 2013, as compared to EUR 1,353.4 million at the end of 2012.

Oberbank shares, key figures	2013	2012	2011
Number of ordinary no-par shares	25,783,125	25,783,125	25,783,125
Number of no-par preference shares	3,000,000	3,000,000	3,000,000
High (ordinary/preference share) in €	48.50/38.70	48.10/39.75	47.30/39.85
Low (ordinary/preference share) in €	47.60/37.50	47.00/38.10	44.80/38.80
Close (ordinary/preference share) in €	48.50/37.75	48.00/38.60	47.30/39.75
Market capitalisation in €m	1,363.7	1,353.4	1,338.8
IFRS earnings per share in €	4.26	3.87	3.87
Dividend per share in €	0.50	0.50	0.50
P/E ratio (ordinary share)	11.4	12.4	12.2
P/E ratio (preference share)	8.9	10.0	10.3

The Oberbank ordinary share has been listed on the Vienna Stock Exchange since 1 July 1986 and has maintained a conspicuously steady value appreciation ever since: Shareholders who acquired the Oberbank share in 1986 and participated in all capital increases achieved an average annual yield of 8.5% gross of withholding tax and taking into account dividend distributions.

Investor Relations and Compliance

Attractive valuation, constant dividend

Earnings per Oberbank share increased from EUR 3.87 to EUR 4.26 year on year. Based on the shares' closing price in 2013, the price-earnings ratio (PER) for the ordinary share was 11.4 for the preference share 8.9. At the 134th Annual General Meeting held on 14 May 2013, the Board will recommend that shareholders be paid the same dividend as in the previous year, namely EUR 0.50 per qualifying share.

Oberbank shareholder structure at 31/12/2013	Ordinaries	Total
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	18.51%	17.00%
BKS Bank AG, Klagenfurt	18.51%	16.95%
Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	5.13%	4.62%
Generali 3 Banken Holding AG, Vienna	2.21%	1.98%
Staff shares	3.74%	3.47%
CABO Beteiligungsgesellschaft m. b. H., Vienna	32.54%	29.15%
Free float	19.36%	26.83%

See also page 150.

Oberbank's share capital is divided into 25,783,125 ordinary no-par bearer shares and 3,000,000 non-voting no-par preference shares. The biggest single shareholder of Oberbank is CABO Beteiligungsgesellschaft m.b.H., a wholly owned subsidiary of UniCredit Bank Austria. The free float of about 19% of the Oberbank ordinary share capital (26.8% if preference shares are included) is held by corporates, institutional investors and private shareholders.

Investor relations and communication

Oberbank informs shareholders in detail about its financial position and earnings performance in its quarterly and annual reports. The website www.oberbank.at also provides a continuous flow of information. The invitations to the Annual General Meeting encourage shareholders to seek direct contact with the members of the Management Board and the Supervisory Board.

Potentially price-relevant events are disclosed in ad-hoc communications. In the financial year 2013, Oberbank published no such disclosure.

Investor relations – contact

Frank Helmkamp

Phone: +43(0)732 78 02-37247

frank.helmkamp@oberbank.at

www.oberbank.at

2014 financial calendar

Publication of the Annual Financial Statements in Wiener Zeitung	3 April 2014
Record date in respect of Oberbank shares	3 May 2014
Annual General Meeting	13 May 2014
Ex-dividend date	16 May 2014
Dividend payment date	20 May 2014
Publication of quarterly results	
1 st quarter	23 May 2014
1 st half	22 Aug. 2014
1 st – 3 rd quarter	28 Nov. 2014

Investor Relations and Compliance

Information regarding the 133rd Annual General Meeting

The Annual Shareholders Meeting of Oberbank AG convened on 14 May 2013 was attended by 2,557 holders of ordinary shares and 33 holders of preference shares entitled, on their own behalf or as proxies on behalf of third parties, to represent 22,651,275 no-par-value ordinary shares and 1.106.547 preference shares and to exercise the attached voting rights.

Resolutions of material importance passed by the 133rd Annual General Meeting on 14 May 2013

Agenda item 2	Resolution on the appropriation of the net profit for the financial year 2012	unanimous
Agenda item 3	Discharge of the Management Board	unanimous
	Discharge of the Supervisory Board	unanimous
Agenda item 4	Election of Supervisory Board members	
	Peter Thirring	unanimous
	Peter Gaugg	unanimous
	Waldemar Jud	unanimous

Directors' Dealings

The Management Board and the Supervisory Board of Oberbank are required to notify the Austrian Financial Market Authority (FMA) of all transactions involving equities and equity instruments of Oberbank AG and to publish the pertinent information.

In the financial year 2013, five such notifications were filed and, in accordance with Article 48 d (4) of the Stock Exchange Act, published by the FMA on its website www.fma.gv.at.

Compliance

Compliance monitoring in accordance with the Standard Compliance Code of the Austrian Banking Industry, the Austrian Securities Supervision Act (WAG 2007) and the provisions of the Issuers Compliance Ordinance (ECV) was performed as required also in 2013. Supported by automated processes, the Compliance Office carried out regular checks of financial transactions in 2013. The pertinent reports on compliance activities were forwarded to the management. Moreover, the Bank organised employee training sessions, in particular for staff involved in the settlement of securities transactions.

In the autumn of 2013, special roadshows addressed to all Austrian staff members in sales functions were organised on this topic.

Money laundering

Anti-money-laundering measures were once again a particular concern of Oberbank in the financial year 2013. System-supported monitoring designed to detect potentially suspicious transactions, embargo checks and the thorough examination of new business relationships with politically exposed persons were performed in line with legal requirements. In special training courses on money laundering and terrorist financing, employees were trained to enable them to detect potentially suspicious transactions or business contacts at an early stage. Any doubtful activities were reported to the competent anti-money-laundering authorities. Monthly reports focusing on the Bank's anti-money laundering activities served to keep the management up to date on matters related to this issue. In the autumn of 2013, special roadshows addressed to all Austrian staff members in sales functions were organised on this topic.

Independence. One of Our Strengths.

The independence of Oberbank guarantees its independent strategy and business policy. Safeguarding this independence is the primary goal of Oberbank.



Company Profile

A Brief Historical Summary

The foundation and the first few decades

At a meeting convened in Linz on 13 April 1869, the participants resolved to establish a “joint stock company in partnership with its consorts”. The company to be established was to be designated “Bank für Ober-Oesterreich und Salzburg” and have its head office in Linz. The new bank was to be officially founded on 1 July 1869. The Federal Province of Upper Austria became a shareholder of Oberbank in 1920, followed by Bayerische Vereinsbank in 1921. In 1929, Creditanstalt für Handel und Gewerbe (CA) became the majority owner of Oberbank.

Oberbank in the aftermath of World War II

In 1945 Oberbank, besides its Linz head office and the Salzburg principal branch, consisted of eleven branch offices. As early as 1946, the Austrian National Bank granted Oberbank a foreign currency trading licence; in 1949 the Bank was appointed ERP Bank under the Marshall Plan. Starting in 1955, a pronounced upward turn marked the Bank’s development as it adopted the business model of a universal bank. The Bank gained personal banking customers, expanded its business by taking in deposits from private individuals and extending loans to this customer group, and thus laid the foundation for gaining an equally strong foothold in corporate and personal banking.

The 3 Banken Group

After World War II, Creditanstalt, which held majority stakes in the three regional banks Oberbank, Bank für Kärnten AG (today BKS Bank AG) and Bank für Tirol und Vorarlberg Aktiengesellschaft (BTV), divided its shares into three lots, retained one third of each lot itself and sold off a stake of one third in each of the banks to the respective other two regional banks.

The originally capital-based links between Oberbank, BKS and BTV developed into a close, partnership-based cooperation that continues today, evidenced by a joint marketing approach under the banner of the 3 Banken Group. The three banks cooperate closely wherever there is synergy potential to be utilised, and their jointly held subsidiaries such as DREI-BANKEN-EDV Gesellschaft, Drei-Banken Versicherungs-Aktiengesellschaft und 3 Banken-Generali Investment-Gesellschaft all boast a particularly successful track record. In the jointly owned large-loan guarantee company ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT (ALGAR) the three banks hedge their large exposure risk. This cooperation in no way interferes with the three banks’ market presences as autonomous banking institutions.

Listing on the Vienna Stock Exchange

By going public on 1 July 1986, Oberbank and its sister banks paved the way for the three banks to lastingly distance themselves from the influence of CA and continue with an independent strategy. Today, Oberbank’s shareholder structure includes, besides its two sister banks, UniCredit Bank Austria, Wüstenrot, Generali and the Oberbank employees; the free float accounts for roughly 19% of ordinary shares.

Oberbank today: “A regional bank at the heart of Europe”

The freedom of establishment of banks introduced in the 1970s allowed Oberbank to extend its catchment area beyond its original heartlands of Upper Austria and Salzburg. Oberbank has been represented with separate branches in Lower Austria since 1985, in Vienna since 1988, in Bavaria since 1990, in the Czech Republic since 2004, in Hungary since 2007 and in Slovakia since 2009.

Company Profile

Oberbank's Investment Portfolio

Oberbank only makes long-term investments in other companies if these investments serve to safeguard the survival of headquarters and locations of local enterprises or help enable the Bank to live up to its role of principal local banker, or if the activities of a potential joint venture partner are complimentary to the Bank's core banking business (e.g. real estate or investment fund companies).

A complete list of Oberbank's investments is provided on pages 128 to 131 of this Annual Report.

The most important equity investments of Oberbank are stakes held in the sister banks BKS and BTV. Details regarding the shareholder structure of the three banks and their key figures are provided on pages 150 to 151 of this Annual Report. Oberbank also holds stakes in other companies with which the Bank closely cooperates in day-to-day business, among them Bausparkasse Wüstenrot, Oesterreichische Kontrollbank AG, Wiener Börse AG.

As a strategic partner, Oberbank holds, among others, an equity interest in the steelmaker voestalpine AG (7.75%), the Upper Austrian energy provider Energie AG (4.13%), the pulp, paper and textile manufacturer Lenzing AG (5.22%), the aluminium products producer AMAG (5.01%), the spinning and weaving company LINZ TEXTIL HOLDING AKTIEN-GESELLSCHAFT (6.22%) and the lift operator Gasteiner Bergbahnen AG (32.62%).

On 7 January 2013, Oberbank and the industrial holding company B&C Industrieholding GmbH concluded a contract in which the two shareholders agreed to coordinate their votes in the annual general meeting of AMAG in the future. With this move, Oberbank aims to strengthen its voice in the AMAG annual general meeting, live up to its responsibility as a co-owner, support the investment and development strategy of AMAG and help to ensure that the AMAG headquarters and the pertinent jobs stay at Ranshofen.

The Oberbank Opportunity Fonds creates the basis for Oberbank to act as a private equity finance partner.

In real estate business, Oberbank holds equity interests in companies set up for the construction or management of Oberbank-owned real estate, as well as in selected residential developers that feature as potentially important partners in residential construction finance issues.

Oberbank's leasing sub-group bundles the Bank's Austrian and foreign leasing companies and also includes companies established for the purpose of financing individual customer projects or Oberbank projects.

Other investments include stakes in companies whose activities lie outside the core business of Oberbank and which either provide bank-related services (DREI-BANKEN-EDV Gesellschaft and Einlagensicherung der Banken und Bankiers GmbH, the deposit protection company of the Austrian commercial banks) or have specific regional significance in the catchment area of Oberbank (various technology or business incubation centres).

Company Profile

Value-Based Strategy

Timelessly modern values create a solid foundation

Values like reliability, stability and solidity have always formed the bedrock of all banking business. Guided by these basic values, Oberbank formulated eight strategic goals: these constitute the framework for the Bank's exceptionally successful business policy that has proved its worth over the years.

Priority goal: safeguarding the independence and autonomy of Oberbank

It is, first and foremost, Oberbank's focus on this goal that ensures that all the Bank's activities will always serve the interests of its customers, shareholders and employees in a well-balanced manner, both now and in the future. This priority goal is the guiding principle behind all Oberbank's other strategic goals.

High quality of advisory services

The Bank's business strategy defines business customers – primarily industrial and medium-sized companies – and private customers as equally important pillars.

In corporate and business banking, Oberbank has established itself as a highly competent partner in cross-border business, a key player with special know-how in the field of investment finance and as a supplier of alternative forms of financing such as equity and mezzanine capital finance.

In personal banking, Oberbank excels with high quality and expertise in providing financial services that require a substantial amount of advisory support; the same applies with regard to private banking and asset management as well as residential construction finance.

Organic growth

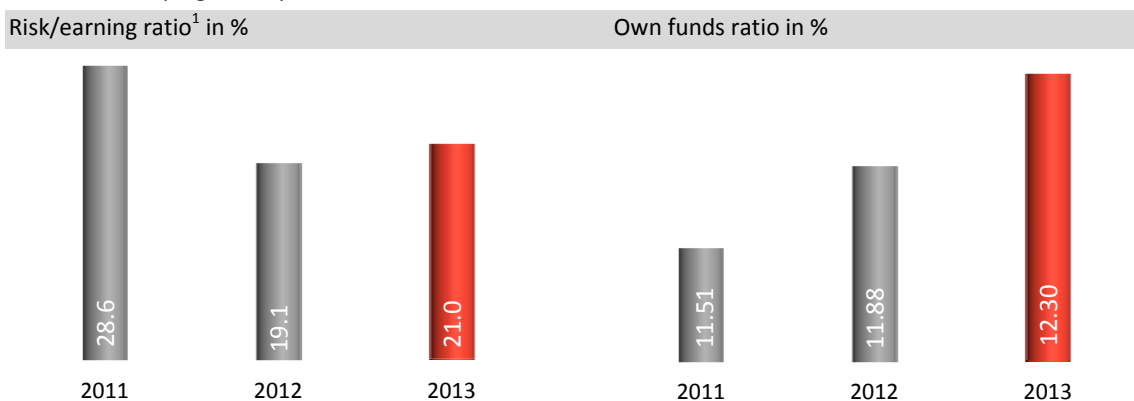
Oberbank's growth course is based on organic growth, that is, through expanding its network of branches. For this reason Oberbank, in contrast to many other banks, has no goodwill in its balance sheet and therefore does not run a risk of having to write off impairment losses on such assets.

The objective of this expansion policy is to enable the Bank to accompany existing customers into new markets and to participate in the high growth potential of such markets by acquiring new customers there.

At the end of 2013, Oberbank operated a total of 150 branch offices. In Upper Austria and Salzburg, the Bank's core catchment area, Oberbank had 53 and 16 locations respectively. In Lower Austria and Vienna it operated 30 branches; in Bavaria, the Czech Republic, Hungary and Slovakia, a total of 51.

Risk Management

Oberbank only takes on risks it can handle on the strength of its own resources. Key objectives are to maintain corporate risk stable at a low level as well as to hold the risk/earnings ratio below 25% in the long term while keeping the impairment allowance ratio below 0.7%.



1) Including ALGAR and portfolio adjustment.

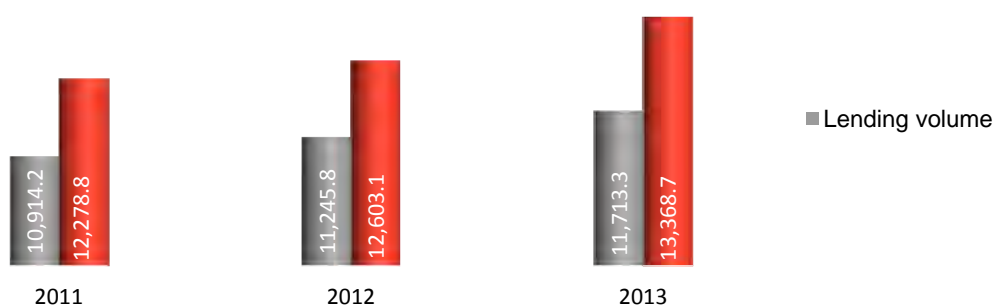
Company Profile

Value-Based Strategy

Safeguarding long-term liquidity

Oberbank has traditionally tried to ensure that the Bank's entire lending volume can be refinanced from primary deposits by customers and other long-term refinancing resources, e.g. the assistance funds made available by Oesterreichische Kontrollbank (OeKB), Kreditanstalt für Wiederaufbau (KfW) and LfA Förderbank Bayern. Furthermore, Oberbank holds extensive liquidity reserves in the form of securities and eligible loan assets. What is more, the Bank has access to open refinancing lines at a large number of other banks and institutional investors.

Lending and primary funds in €m



No proprietary trading detached from customer business

Oberbank does not conduct any noteworthy proprietary trading that is not related to customer business. The work focus of the Global Financial Markets department is on services in the field of interest rate and currency risk management for customers and on activities for the Bank's Asset/Liability and Liquidity Management department.

Staff development

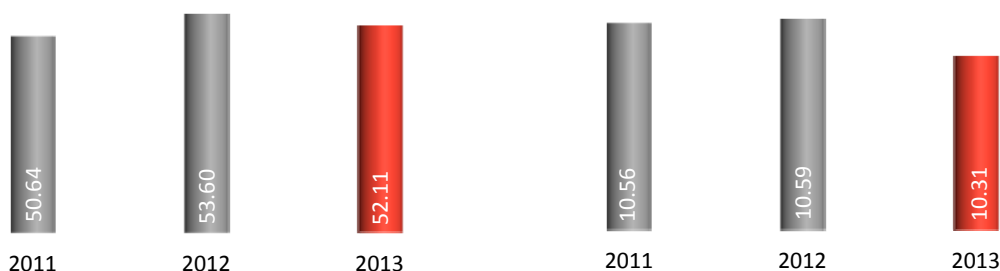
Oberbank consistently endeavours to enhance the professional expertise and social competence of its staff through systematic and needs-oriented further training of its staff members. The management by objectives (MbO) approach and predefined standards of performance provide clear orientation for management and employees and ensure regular targeted feedback.

Lean processes

Business processes are efficiently designed and company structures are kept lean. Rationalisation projects and a shifting of resources from administrative processes to customer activities contribute to creating the basis for a solid earnings trend and constantly good profitability ratios.

Cost/income ratio in %

Return on equity in %



Company Profile

Human Resources

The dedication, commitment and excellent performance of its well-trained and motivated staff are crucial factors for the sustained success of Oberbank. Continued improvement of the professional expertise and social competence of its staff to state-of-the art standards has therefore been defined as a key strategic goal.

Learning and training

Oberbank's training and further education efforts are always focused on maximum practical relevance through e-learning, training in a special mock-up training branch and on-the-job coaching. In 2013, the Bank spent more than EUR 1.5 million on staff training and further education measures.

In implementing its objectives, Oberbank cooperates closely with recognised educational institutions such as the Austrian Institute for SME Research, Management Akademie & Consulting GmbH, the LIMAK Austrian Business School, the Frankfurt School of Finance and Management and, from 2014, with the FH Kufstein University of Applied Sciences.

All training and education measures are pooled under three "academies", and the participants conclude the individual courses with internal and/or external certification.

Management and leadership culture

There is a strong consensus within Oberbank that the example set by the management has a significant influence on the attitude and conduct of the staff. For this reason, efforts have persistently focused on developing and anchoring a common leadership philosophy and uniform management standards throughout the Company.

An important aspect of Oberbank's leadership philosophy is an actively applied MBO system that is consistently implemented from the highest to the lowest echelons. At Oberbank, management by objectives is an important element in enhancing the motivation of employees, guiding their behaviour, promoting staff development and evaluating leadership competences.

Attractive employer

The employees of Oberbank appreciate their scope for action and their opportunities to act on their own responsibility and initiative. What is more, the successful business model, stability and independence of Oberbank and its healthy growth course open up interesting career prospects.

These aspects, combined with an extensive range of social benefits, create a highly attractive working environment, enabling Oberbank to ensure long-term staff loyalty, particularly among key employees.

An impressively low staff fluctuation rate of less than 6% is clear evidence of this.

Three years "Asset Health" project

Workplace health promotion is an issue to which Oberbank attaches very high importance. In 2013, Oberbank was the only financial services institution in Upper Austria to receive the "Seal of Workplace Health Promotion" government award for its "Asset Health" initiative with a focus on physical exercise, healthy nutrition and mental fitness.

By participating in this programme, Oberbank employees also contributed to a fund-raising appeal in aid of the Caritas initiative "velovita", which is dedicated to the promotion and training of health-impaired young people. A special feature of the "Asset Health" package is that it is also open to the family members of Oberbank employees; this met with a very positive response as it constitutes an important element in helping Oberbank employees balance career and family life.

The traditionally very low sick-leave rate within Oberbank was only 2.8% in 2013.



Company Profile

Human Resources

“Future Women 2020” project

Equal opportunity employment is a long-established practice at Oberbank, a fact that is confirmed, among other things, by the income report that is regularly compiled and presented to the workforce representatives. What is more, Oberbank makes a continuous effort to create family-friendly conditions allowing employees to achieve a balance between work and family life. Childcare services during school holidays, flexible working time arrangements, teleworking options, active parental leave planning and financial assistance for childcare are some of the measures that are highly appreciated by the Bank’s employees.

Human resources risk

There is currently no significant human resources risk at Oberbank.

Important personnel risks (primarily time and cost risks) are monitored by collecting relevant key indicators on a monthly basis; potentially undesirable developments are promptly addressed. A personnel benchmarking system and annual structural talks with HR managers help to identify bottleneck risks and recruiting risks early on and thus to minimise them.

Other personnel risks (key employees/low performers, fluctuation, health, vacancies risk) are regularly discussed and reported in human resources reports.

Oberbank, like any other employer, cannot preclude risks arising from deliberate unlawful activities on the part of individual employees. This issue has been addressed by a system of internal controls monitored by the Group Audit department. Cases of possible misconduct are thoroughly investigated; the Head of the HR department is a member of the Compliance Committee of Oberbank.

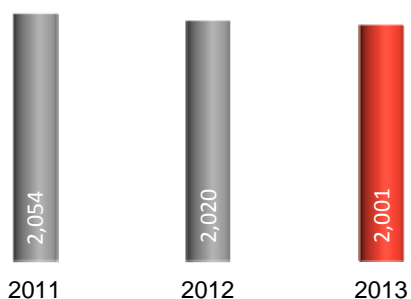
Variable components in the remuneration system of Oberbank are relatively low, even for key managers, thus avoiding incentives for improper conduct and preventing misguided decisions.

Number of employees

The average number of employees decreased by 19 to 2,001, although Oberbank continued to expand and established five new branches in 2013.

This efficiency increase was achieved through ongoing streamlining and optimisation of all internal processes, exploiting synergies and taking advantage of the effects of natural fluctuation. A permanent body has been set up to monitor developments and decide on relevant measures.

Workforce development



Company Profile

Assuming Responsibility

Oberbank explicitly confirms to its commitment that ecological and social aspects of economic activities be always and systematically taken into account in strategic and operational considerations. Reliability, stability and solidity are valuable assets that need to be treated with great care and diligence, because the trust enjoyed with customers, employees and other stakeholders is an asset that is of utmost importance.

Sustainability of all action

Oberbank can only be economically successful if it lives up to its social responsibility, and the Company will only be able to fulfil its responsibilities and operate for the benefit of society as a whole if it is economically successful. Accommodating the three dimensions of sustainability (economic, ecological and social) under one roof is a special entrepreneurial challenge. The Management Board has therefore taken great care to implement appropriate measures to ensure the sustainability of the Company's business model, thus making certain that the Bank will fully live up to its social responsibility and that Oberbank's values are not just lip service, but realised business culture and practical reality.

Economic responsibility

A responsible approach to conducting a business is the only way to ensure that an enterprise will be effectively and enduringly integrated in the economic structure of a region, will contribute to enhancing the common weal and generate lasting value added for society. Oberbank is expressly committed to the goal of sustainable business development. The Bank's strategy, business policy, target planning and remuneration system put their focus on long-term business success and make sustainable, successful development the guiding principle of all corporate action.

Ecological responsibility

Using resources responsibly is part and parcel of corporate social responsibility, which is why Oberbank strives for the highest levels of environmental compatibility in all its operations, processes and products. Emphasising environmental aspects in building and energy management as well as in the planning of business trips and in procurement policy sets the course towards reducing costs in the long term and achieving a lasting change in behaviour throughout the Bank.

Responsibility in product design

Oberbank is making an effort to live up to its ecological responsibility on the product side as well. Customers of Oberbank's investment fund company 3 Banken-Generali Investment-Gesellschaft have the opportunity to invest their money in an eco-friendly and ethical fund: The 3 Banken Nachhaltigkeitsfonds invests in enterprises committed to sustainable management. The fund's sustainability criteria include a focus on clean and renewable energy, energy efficiency, health, water, sustainable consumption, sustainable mobility, environmental and educational services.

Social responsibility

Addressing social issues constitutes a further important aspect of a company's commitment to sustainable development and corporate social responsibility. Financial and organisational assistance for SOS Children's Villages, schools for disadvantaged children or aid and support projects at home and abroad ensure that Oberbank's economic success also benefits people and groups that live in a less privileged economic environment. Oberbank also takes an active role in promoting cultural activities. Core activities in this area, beside the Bank's traditional support of the Brucknerbund musical society, the Bruckner Orchestra and the Anton Bruckner Private University, include its long-standing cooperation with the City of Linz Music School.

Regionality. One of Our Strengths.

As a regional bank with cross-border activities, Oberbank had a stabilising effect in the years of crisis, needed no government aid and supplied lending to business and consumers alike.



Group Management Report

The Economic Environment in General

Widening by 2.8%, the world economy posted moderate growth in 2013.

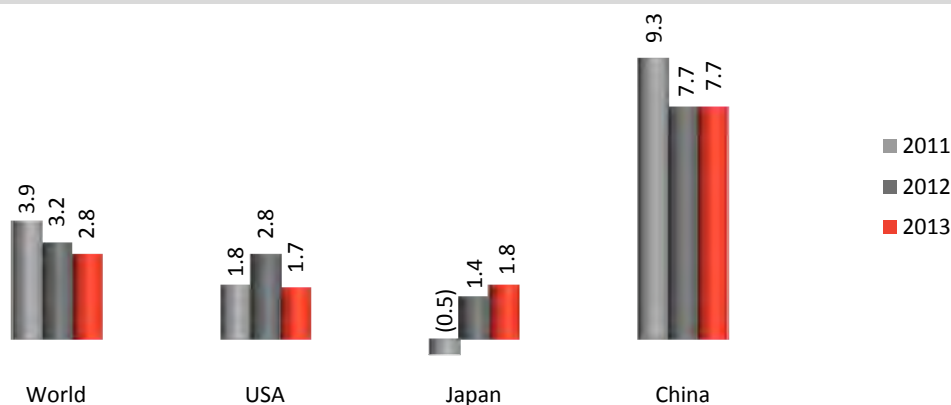
The economic situation in the industrial countries recovered somewhat in 2013; concurrently, growth in the emerging markets weakened perceptibly.

The US economy posted 1.7% growth, down from 2.8% in 2012. The main reasons for the slowdown were lower government spending, tax increases that put a damper on private consumption and insecurity triggered by the debt-ceiling crisis. However, US economic developments appear in a stable light despite these issues.

The Japanese economy expanded by 1.8% (after 1.4%) in 2013; the strongest growth impulses came from monetary and fiscal policy measures.

China's GDP increased by 7.7%; this figure marks a slowdown as compared with previous years.

GDP growth in %

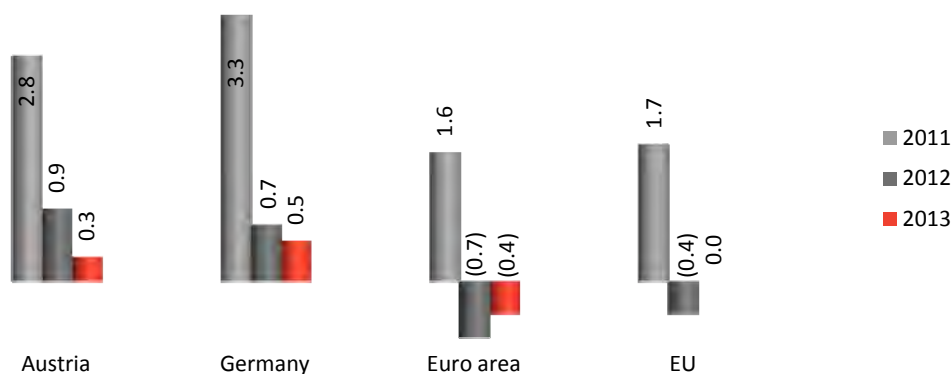


Europe overcame recession – despite stagnation in the year as a whole.

Economic activity in Europe revived slightly in 2013; nevertheless, growth was perceptibly lower than in the other large economic regions. After declining by 0.4% in 2012, EU GDP growth stagnated in 2013. Euro area economic growth even declined by 0.4% (after falling by 0.7% in 2012).

Germany was a positive exception with 0.5% GDP growth in 2013 (2012: +0.7%).

GDP growth in %



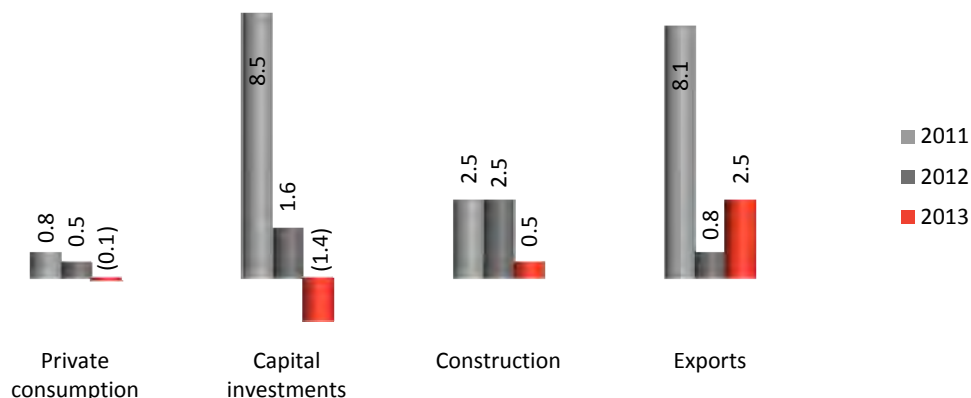
Austria's economy posted 0.3% growth in 2013.

Austrian exports, in particular, widened by the remarkable rate of 2.5% notwithstanding the general weakness in Austria's European export markets.

Group Management Report

The Economic Environment in General

Breakdown of demand in Austria, year-on-year change in %



Interest rates remained at record low.

The US central bank (Fed) kept the target rate for the federal funds rate unchanged within a bandwidth of 0.00% to 0.25%. The ECB changed the main lending rate twice, reducing it from 0.50% to 0.25% with its latest step on 7 November 2013.

Money market and capital market rates also hovered around particularly low levels in 2013.

The 3-month Euribor declined to an annual average of 0.22%, after an annual average of 0.57% in 2012. The 3-month USD Libor declined to an annual average of 0.27% from 0.43% in 2012.

The 10-year euro swap rate averaged 1.91% in 2013, while that for the USD was at 2.45%.

Exchange rate developments in 2013

With an average EUR/USD exchange rate of 1.33, the euro remained surprisingly robust against the dollar in 2013. The main reasons for the strong euro were sustained efforts by European governments to ensure a further stabilisation in the euro area and the ECB's less expansive monetary policy stance relative to the Fed. The EUR/CHF exchange rate moved between 1.20 and 1.24, thus remaining within the target bandwidth announced by the Swiss national bank in September 2011.

Pronounced upward movement on stock markets

All major indices posted substantial gains in 2013. Concerns regarding the financial crisis had already been priced in, and investors, in view of the low level of interest rates, were scrambling for higher-yielding investments.

The ATX, the Austrian benchmark index, performed relatively poorly in 2013. This was mainly due to the ATX's overweight of banks and utilities, two sectors that featured in the group of losers among the European stock markets in the past financial year.

Index	31/12/2012	31/12/2013	Development 2013
Dow Jones (USA)	13,104	16,578	26.5%
S&P 500 (USA)	1,426	1,848	29.6%
Euro Stoxx 50 (Europe)	2,636	3,109	17.9%
Topix (Japan)	860	1,302	51.4%
DAX (Germany)	7,612	9,552	25.5%
ATX (Austria)	2,401	2,547	6.1%

Group Management Report

General Accounting Policies

The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS). Pursuant to Section 59a of the Austrian Banking Act (BWG) and Section 245a of the Austrian Commercial Code (UGB), these Consolidated Financial Statements prepared in accordance with internationally accepted accounting standards replace the consolidated financial statements and group management report prepared in accordance with Austrian law. The Group Management Report was drawn up in accordance with international financial reporting standards.

The Oberbank group of consolidated companies

Besides Oberbank AG, the group of consolidated companies in 2013 included 26 domestic and 21 foreign subsidiaries.

Compared to 31 December 2012, the consolidated group changed owing to the first-time inclusion of the following companies:

Oberbank Leasing Prievidza s.r.o., Bratislava (100%)

Oberbank Sterneckstraße 28 Immobilien-Leasing Gesellschaft m.b.H., Linz (100%).

ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. was taken into account on a pro-rata basis in the Consolidated Financial Statements.

Besides Drei-Banken Versicherungs-Aktiengesellschaft, BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, voestalpine AG was also accounted for under the equity method.

Not included in the scope of consolidation were 24 subsidiaries and 21 associated companies, which, however, have no significant influence on the Group's assets and its financial and earnings position.

Segmentation

The segment reporting format is broken down into the segments Corporate and Business Banking, Personal Banking, Financial Markets and Other. For further details, please refer to the segment reporting section starting on page 52 of this Annual Report.

Group Management Report

Business Development and Economic Situation

Oberbank again generated very good results in the financial year 2013.

Notwithstanding the Bank's persistently cautious risk policy, the profit for the year before tax widened by 4.3% to EUR 141.7 million. Thanks, in part, to a 21.7% decline of tax expenses, the net profit widened by as much as 10.1% to EUR 122.4 million.

IFRS consolidated income statement in €m	2013	Change	2012 ¹⁾	2012 ²⁾
Net interest income	335.6	7.2%	312.9	312.9
Charges for losses on loans and advances	(70.6)	18.1%	(59.8)	(59.8)
Net commission income	114.6	5.9%	108.2	108.2
Net trading income	5.1	(29.6%)	7.3	7.3
Administrative expenses	(231.0)	2.3%	(225.9)	(239.0)
Other operating result	(12.1)	71.9%	(7.0)	(2.7)
Profit for the year before tax	141.7	4.3%	135.8	132.4
Income taxes	(19.3)	(21.7%)	(24.6)	(23.7)
Profit for the year after tax	122.4	10.1%	111.2	108.6
of which attributable to equity holders of the parent	122.4	10.1%	111.2	108.6
of which attributable to minority interests	0.0	>	0.0	0.0

1) Values of the previous year after adjustments for retrospective application of IAS 19 and the change in the disclosure of write-offs on fixed operating lease assets; 2) Figures published as at 31/12/2012.

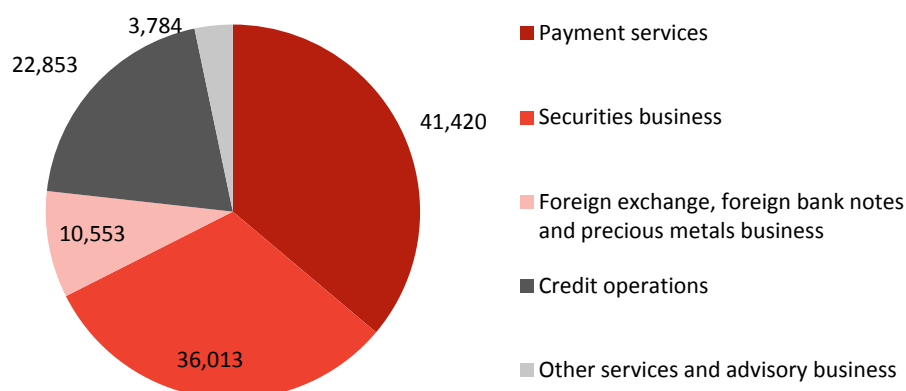
Net interest income increased by 7.2% to EUR 335.6 million.

This development was due to a 3.5% rise in profit from credit operations to EUR 286.8 million and an increase of 36.5% in the contribution attributable to earnings from equity investments to EUR 48.8 million.

Adequate provisions were set up for all discernible risks.

Besides specific valuation allowances, a general allowance for impairment of the portfolio in accordance with IAS 39 was also recognised. In addition, guarantee commissions were paid to ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT (ALGAR), the 3 Banken Group's jointly owned large-loan guarantee company. Taking into account write-offs of receivables, the Group's net charges for losses on loans and advances came to EUR 70.6 million in 2013, after EUR 59.8 million in the previous year; this cautious approach resulted in an increase of the Bank's impairment allowance ratio from 0.53% to 0.60%.

Structure of net commission income in EUR thousands



Group Management Report

Business Development and Economic Situation

Net commission income increased by 5.9% to EUR 114.6 million in 2013.

Commission income from payment services rose by 7.4% to EUR 41.4 million, that from the securities business by 11.7% to EUR 36.0 million. Commission income from lending operations also posted sturdy growth of 5.9%, while income from foreign exchange and foreign notes and coins business declined by 13.8%.

Net trading income

The net trading income comprises earnings from securities and derivatives in the trading book as well as earnings from dealings in foreign exchange, foreign bank notes and precious metals. At EUR 5.1 million, net trading income was 29.6% below the previous year's balance in 2013.

Administrative expenses

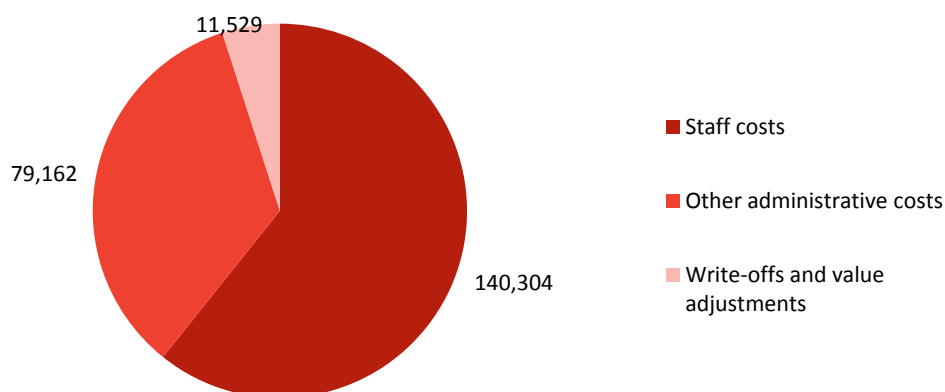
Administrative expenses increased by 2.3% to EUR 231.0 million year on year in 2013.

Staff costs rose by 1.9% to EUR 140.3 million; other administrative costs widened by 6.2% to EUR 79.2 million.

At EUR 11.5 million, depreciation declined by 15.8% year on year.

The Bank's cost/income ratio of 52.1% in 2013 continued to outperform the entire Austrian banking industry.

Structure of administrative expenses in EUR thousands



Excellent development of profit before and after taxes

At EUR 141.7 million, the profit for the year before tax and after charges for losses on loans and advances increased by 4.3% year on year in 2013. Income taxes amounted to EUR 19.3 million, which corresponds to a decline of 21.7% year on year. On balance, the consolidated net profit for the year came to EUR 122.4 million in 2013, which is 10.1% above the previous year's level. After EUR 40,000 in minority interests, the Oberbank Group showed a consolidated net profit for the year of EUR 122.4 million (+10.1%).

The total number of shares issued by Oberbank AG came to 28,783,125 as at the balance sheet date. Earnings per share amounted to EUR 4.26 in 2013, after EUR 3.87 one year earlier.

Proposed appropriation of profit

Distributable profit is determined on the basis of the Annual Financial Statements of the Group parent, Oberbank AG. At the level of Oberbank AG, the net profit for 2013 totalled EUR 88.4 million. After a net allocation of EUR 74.0 million to reserves and adding a profit carried forward of EUR 0.2 million, the distributable net profit amounted to EUR 14.6 million.

Subject to approval by the Annual General Meeting, the Company will distribute a dividend of EUR 0.50 per eligible share on the share capital of EUR 86.3 million.

Group Management Report

Business Development and Economic Situation

Given a total of 28,783,125 shares, the distribution will amount to EUR 14,391,562.50. The Management Board will propose to carry forward to new account the remainder of EUR 234,038.31.

Analysis of key performance indicators

The return on equity (ROE) before tax decreased, owing to a substantial increase of the Group's total capital, to 10.31% from 10.59% one year earlier, whereas the ROE after tax increased from 8.67% to 8.91%.

Widening from EUR 3.87 in 2012 to EUR 4.26 in 2013, IFRS earnings per share increased substantially.

At 52.11%, Oberbank's cost/income ratio continued to be excellent in 2013. The risk/earnings ratio increased slightly, namely from 19.11% to 21.05%, which was due to the Bank's cautious provisioning policy and continued high allocations to impairment provisions.

Oberbank's core capital ratio rose from 11.88% to 12.30%.

Key performance indicators, IFRS figures	2013	2012 ¹⁾	2012 ²⁾
Return on equity before tax	10.31%	10.59%	10.32%
Return on equity after tax	8.91%	8.67%	8.47%
Cost/income ratio	52.11%	53.60%	55.44%
Risk/earnings ratio (credit risk in % of net interest income)	21.05%	19.11%	19.11%
Total capital ratio	17.00%	16.81%	16.81%
Core capital ratio	12.30%	11.88%	11.88%
IFRS earnings per share in €	4.26	3.87	3.78

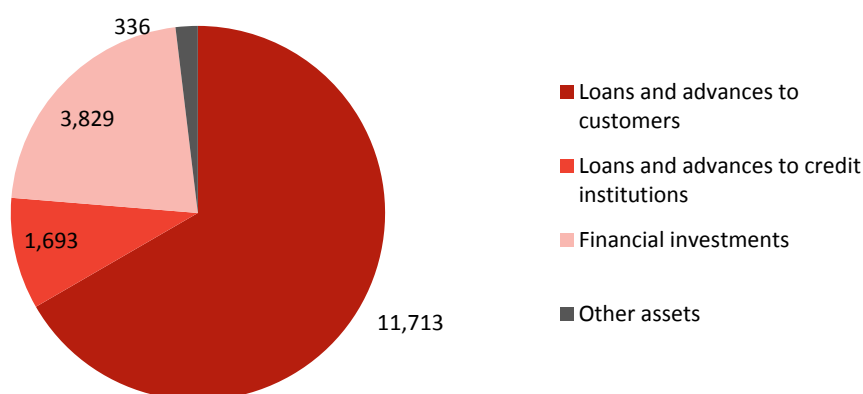
1) Values of the previous year after adjustment for retrospective application of IAS 19; 2) Figures published as at 31/12/2012

Assets and financial position

Total assets of the Oberbank Group amounted to EUR 17,570.9 million as at the end of 2013 and had thus remained almost unchanged (-0.6%) as compared with the previous year's balance sheet date.

Balance sheet assets

Structure of balance sheet assets in €m



Loans and advances to credit institutions declined by 4.3% to EUR 1,692.8 million in 2013.

Loans and advances to customers widened by 4.2% to EUR 11,713.3 million.

Loans and advances to Austrian customers increased by 6.1% to EUR 7,358.0 million and loans and advances to foreign customers edged up by 1.1% to EUR 4,355.3 million.

Group Management Report

Business Development and Economic Situation

Broken down by customer groups, personal loans widened further, namely by EUR 113.9 million or 5.4% and corporate and business loans increased by EUR 353.6 million or 3.9%.

The increase of impairment provisions by 7.4% to EUR 396.2 million on balance is due to differences between allocations and reversals of specific valuation allowances and portfolio adjustments recognised in accordance with IAS 39.

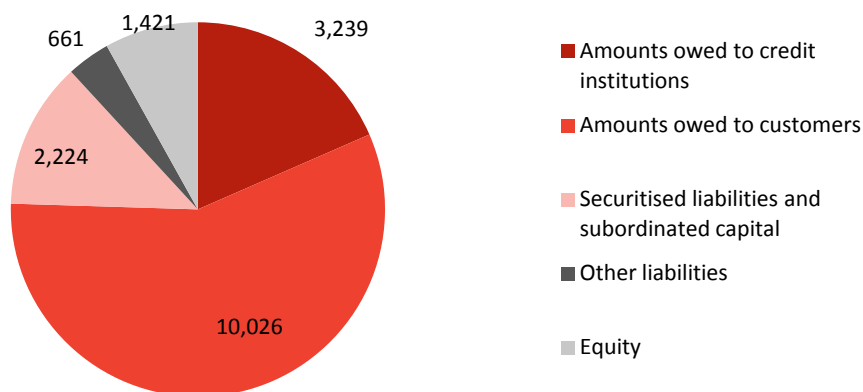
Financial investments declined by 8.4% to EUR 3,829.4 million year on year. This volume is spread across the different sub-items as follows: EUR 249.9 million in financial assets recognised at fair value; EUR 780.5 million in available-for-sale financial assets; EUR 2,227.2 million in held-to-maturity financial assets and EUR 571.7 million in investments valued at equity.

The remaining assets comprised the line items Cash and balances at central banks, Trading assets, Intangible assets, Property, plant and equipment and Other assets.

Trading assets decreased by 35.5% to EUR 39.0 million, intangible assets declined by 48.3% to EUR 2.0 million. Property, plant and equipment increased by 3.0% to EUR 236.0 million year on year. The line item Other assets, which declined by 24.4% to EUR 280.1 million, comprises other asset items such as positive fair values of derivatives in the banking book, down payments on lease contracts as well as lease contracts not yet entered into force and other receivables by leasing companies. In addition, this line item also includes deferred tax assets and other deferred items.

Balance sheet equity and liabilities

Structure of balance sheet equity and liabilities in €m



Amounts owed to credit institutions were reduced by 19.8% to EUR 3,239.0 million in 2013.

Primary funds widened by 5.5% to EUR 12,250.4 million on balance.

Amounts owed to customers included in this item increased by 6.7% to EUR 10,026.0 million, i.e. once again more than in the previous year again. Savings deposits slightly declined by 0.8% to EUR 3,352.1 million, while other liabilities, rising by 10.9% to EUR 6,673.9 million, increased markedly.

Securitized liabilities widened by 3.9% to EUR 1,592.9 million. The balance sheet item Subordinated debt capital decreased by 6.5% to EUR 631.6 million.

Group Management Report

Business Development and Economic Situation

The increase in equity capital by 5.8% to EUR 1,421.0 million is to a large extent due to the Bank's excellent profit situation, which permitted substantial allocations to reserves.

The equity-and-liabilities-side item Other includes provisions for liabilities and charges and other liabilities. Provisions for liabilities and charges decreased by 2.2% to EUR 391.4 million in total. They are mainly made up of provisions for termination and post-employment benefits (EUR 208.9 million) and loan loss provisions (EUR 128.5 million).

Other liabilities, comprising the negative fair values of derivatives in the banking book, other short-term provisions, other liabilities of the Leasing sub-group and deferred items, declined by 5.5% to EUR 269.2 million.

Funding base in €m	2013	Change	2012
Savings deposits	3,352.1	(0.8%)	3,380.1
Other amounts owed to customers	6,673.9	10.9%	6,019.0
Securitised liabilities	1,592.9	3.9%	1,533.7
Subordinated debt capital	631.6	(6.5%)	675.1
Primary deposits including subordinated debt capital	12,250.4	5.5%	11,607.9
Amounts owed to credit institutions	3,239.0	(19.8%)	4,039.7
Total	15,489.4	(1.0%)	15,647.6

Statement of changes in equity

Equity on the balance sheet in €m	2013	Change	2012
Share capital	86.0	(0.1%)	86.1
Capital reserves	194.0	-	194.0
Retained earnings	1,116.1	7.7%	1,036.1
Untaxed reserves	20.0	(6.3%)	21.4
Negative goodwill	1.9	-	1.9
Minority interests	3.0	1.2%	2.9
Equity on the balance sheet	1,421.0	5.8%	1,342.4
Own funds within the meaning of Sections 23 and 24 BWG	1,824.8	3.5%	1,762.5
of which core capital (Tier 1)	1,320.6	6.0%	1,245.4
Own funds requirement	926.6	2.4%	904.6
Own funds ratio in %	17.00%	0.19 ppt	16.81%
of which core capital ratio	12.30%	0.42 ppt	11.88%
Surplus own funds	9.00 ppt	0.19 ppt	8.81 ppt
Assessment basis for own funds	10,734.0	2.4%	10,481.9

Equity on the Consolidated Balance Sheet of the Oberbank Group grew by 5.8% to EUR 1,421.0 million. At EUR 86.0 million, the share capital remained almost unchanged as compared to the end-of-year level of 2012. On 31 December 2013, own funds within the meaning of Section 24 of the Austrian Banking Act (BWG) amounted to EUR 1,824.8 million as compared to EUR 1,762.5 million as at the previous year's balance sheet date. Hence, the surplus of own funds over the applicable own funds requirement of EUR 926.6 million pursuant to Section 22(1) of the BWG amounted to EUR 898.1 million, which is 9.0 percentage points above the regulatory requirement of 8%. Consequently, the own funds ratio increased from 16.81% in 2012 to 17.00% in 2013; concurrently the core capital ratio improved substantially from 11.88% to 12.30%.

Group Management Report

Outlook for 2014

Higher growth in all economic regions

In 2014, economic growth is anticipated to strengthen in most of the world's economic regions, with US GDP growth expected to rise to 2.5%, economic growth in Japan to edge up slightly to 1.9% and the Chinese GDP to expand by 7.9%.

Economic growth in the European Union, which was heavily affected by the sovereign debt crisis, is likely to continue accelerating in 2014. Following the stagnation of 2013, GDP in the EU as a whole is expected to improve to 1.4%, while GDP growth in the euro area countries is anticipated to rise to 1.1% in 2014 after declining by 0.4% in 2013.

The emerging markets, while still posting robust growth, have lost some of their highly dynamic drive of the past few years, but will continue to contribute important impulses to the world economy.

At 1.7% expected growth, the German economy will again outperform the EU average and remain the driving force behind European economic developments.

The Central and Eastern European EU member states may well achieve 2.5% growth and are thus once again positioned for above-average performance. GDP growth in the Czech Republic has been projected at 1.8%; GDP forecasts for Hungary and Slovakia have been set at 1.5% each.

Perceptible acceleration of growth in Austria too

Economic growth in Austria is expected to pick up to 1.7% in 2014, the main pillars of growth being capital investment (+3.0%) and exports (+5.5%). At +0.9%, private consumption will continue to grow at a restrained pace, i.e. a rate too low to generate any important impulse to spur economic growth.

The saving rate is anticipated to remain at the exceptionally low level of 6.5%. In 2014, lending to businesses and private individuals is expected to increase by 2.3% by comparison to 2013, while inflation is set to drop to 1.8% and will thus be within the ECB's target corridor.

Employment growth is likely to widen by a mere 0.8%. According to Austrian statistical forecasts, unemployment is anticipated to rise from 7.6% in 2013 to 7.9% in 2014.

Exchange rate and interest rate developments

As the economy in the United States will be recovering at a somewhat higher rate than the euro area, the euro is set to weaken to below 1.30 against the US dollar in 2014. The Swiss franc is likely to persist at a level slightly above 1.20.

Neither the ECB nor the Fed has signalled intentions to raise their key policy rates substantially in the foreseeable future. For this reason, and in view of the rather subdued nature of the global economic recovery, the Management Board of Oberbank AG expects money market rates to remain stable or rise marginally and long-term rates to increase only slightly.

Focus areas of Oberbank's business activities

For 2014, the Management of Oberbank AG has formulated four key business policy objectives.

The Bank's efforts to boost acquisitions and gain new customers will be continued in Corporate and Personal Banking as well as in Private Banking.

Oberbank already holds a leading position in its core business region, i.e. Upper Austria and Salzburg, in the field of large corporates and small and medium-sized businesses. This position is to be strengthened and further expanded.

Group Management Report

Outlook for 2014

The Bank's equally strong position in Personal Banking is to be further developed by expanding personal lending.

Substantial growth in Asset Management is another budget target.

Overall, Oberbank aims to gain a total of 26,000 new customers in Corporate and Personal banking in 2014.

The policy of generating organic growth by setting up new branches will be continued in 2014. Oberbank plans to establish up to ten new branches in Vienna, Bavaria, the Czech Republic and Hungary in 2014.

As regards risk management, Oberbank will consistently adhere to its time-tested cautious strategy. Considering the market developments of the past few months, credit risk seems likely to increase slightly as compared with 2013.

Earnings development in 2014

There is still considerable insecurity regarding the extent of the economic upturn; therefore, it is not possible to formulate precise earnings projections for 2014.

While anticipating that net commission income will improve further, the Management of Oberbank expects to generate a net interest income that roughly matches the level of 2013.

The higher bank levy will significantly affect earnings developments in 2014. Nevertheless, the Management Board of Oberbank will strive to maintain Oberbank's profits in an order of magnitude that allows 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.

Group Management Report

Internal Risk Management and Control System for Monitoring the Accounting Process

Deliberate and targeted assumption of risks is a key feature of banking business and a prerequisite for maintaining stable business and earnings development within the Oberbank Group over the long term. The responsibility for defining the Group's central risk management strategy, the risk management and the risk controlling across the Oberbank Group lies with Oberbank AG. The basis for the risk strategy of Oberbank is the Bank's position as a regional bank. The Management Board and all of the Bank's employees consistently act in accordance with the principles laid down in the Bank's risk policy, and decisions are invariably made on the basis of these guidelines

Organisation of risk management

At Oberbank, risk management is an integral element of the ongoing business process, internal planning of strategic targets, and operational management and controlling. Central responsibility for risk management lies with the Management Board of Oberbank AG as a whole. Management competences as well as the share of available economic capital allocated to a specific risk (limits) or predefined management and control processes are specified and laid down for every material risk within the Oberbank Group. The Bank's Asset/Liability Management (ALM) Committee is responsible for integrating the individual risk types into the overall bank risk. The ALM Committee is headed by the Management Board member in charge of the Risk Management department.

Risk controlling

The central and independent risk controlling function required by the Austrian Banking Act (Article 39 (2) BWG) is assumed by the Accounts and Controlling Department. This is the unit responsible for measuring, analysing and monitoring all material risks within Oberbank and reporting any such nascent risks to the Management Board and the ALM Committee as well as to the respective department heads and employees.

Internal Control System

Oberbank's Internal Control System (ICS) has been continuously developed and refined over the years. A detailed description of ICS processes and procedures is available; all risk-relevant processes in the Bank and the pertinent control measures are consistently documented. Responsibilities and functions relating to the ICS are clearly defined. Internal control activities are documented and monitored. ICS-relevant risks are regularly evaluated and adjusted. A regular, multi-level reporting process on the efficiency and maturity of the ICS is in place. The Internal Audit department of Oberbank AG serves as an independent supervisory body and in this capacity performs audits of the internal control system. It examines the effectiveness and adequacy of the ICS and reviews compliance with working instructions.

Overall risk management process and calculation of risk-taking capability

At Oberbank AG, the regulatory requirements for qualitative risk management arising from the Internal Capital Adequacy Assessment Process (ICAAP) are fulfilled by the risk-taking capability calculation which has been in use for years. The basis for the assessment of the Bank's risk-taking capability is a quantification of all material banking risks and the economic capital allocated to each of them. Within the framework of the risk-taking capability calculation, ICAAP risk limits for material banking risks resulting from the business model of Oberbank are derived on the basis of the economic coverage capital. These risks include the credit risk, the equity risk, the market risk in the trading book, the market risk in the banking book, the liquidity risks and the operational risks stemming from the macroeconomic environment. In the risk-taking capability calculation, the risk appetite of Oberbank is limited to 90% of economic coverage capital. The remainder of 10% is not allocated. Apart from using economic capital management as a tool for limiting risk, Oberbank controls

Group Management Report

Internal Risk Management and Control System for Monitoring the Accounting Process

material risks by means of processes and individual limits applied within the context of operational risk management.

Credit risk

The credit risk is understood to represent the risk of a borrower's full or partial failure to fulfil the contractually agreed payment obligations. The credit risk associated with loans and advances to other banks, sovereigns as well as personal banking and corporate and business banking customers is the most important risk component within the Oberbank Group. Credit risk management is the responsibility of the Credit Management department, which is separate from sales operations. This ensures that risk assessment and risk decisions are separated from sales operations across all phases of the credit process, up to the Management Board level.

The Bank's credit risk strategy is based on the regionality principle; the headquarters of lending customers are located in the regions covered by the Bank's branch network. In Austria and Bavaria, the principal focus is on lending to industry and medium-sized enterprises. In the Czech Republic, Slovakia and Hungary, Oberbank lends mainly to small and medium-sized businesses. Operational risk targets are regularly revised by the management in cooperation with the head of the Credit Management department within the framework of the budgeting process and, if required, following an analysis of the business situation and current developments.

Every lending decision is based on a credit rating, i.e. an assessment of the respective customer's creditworthiness. In personal and corporate banking business in Austria and Germany, these assessments are performed using credit rating processes developed with statistical methods and in compliance with the requirements defined for the Basel II IRB (Internal Ratings Based) approach. The expert systems in use in the CEE markets will be replaced by newly developed statistical methods in the course of 2014. Assessments are based on quantitative (hard facts) and qualitative criteria (soft facts, warning signals), which together provide an objective and future-oriented picture of a customer's creditworthiness. The rating processes are subject to annual validation and the resultant findings are used as a basis for the ongoing further development and optimisation of the rating system.

Accepting collateral and managing it is an important component of credit risk management within the Oberbank Group. Credit monitoring aimed at averting the danger of a shortage of cover poses high demands in terms of correct and up-to-date valuation of collateral. For this reason, the management and administration of collateral is, as a matter of principle, separated from sales throughout the Oberbank Group and is performed by the respective back-office credit management groups of the Payment Systems and Central Production department.

Equity risk

Equity risk is defined as the risk of value impairments caused by lost dividends, partial write-offs and disposal losses well as a reduction of undisclosed reserves caused by the risk of negative business developments.

The most important equity investments of Oberbank are stakes held in the sister banks BKS and BTV; together with these two institutions, Oberbank AG forms the 3 Banken Group. The fundamental tenet of Oberbank's equity investment policy is to acquire stakes in other companies only for reasons related to banking or sales, i.e. if their activities are a direct extension of banking or constitute services ancillary to banking. Where new

Group Management Report

Internal Risk Management and Control System for Monitoring the Accounting Process

equity investments are to be made, the Company, as a matter of principle, performs analyses as soon as the acquisition process is started, in order to gain as complete a picture as possible of the particular entity's earning power, strategic fit and legal position.

Market risk

Market risk is defined as the risk of possible losses arising due to changes in value as a result of movements in market prices and rates. Market risk is centrally managed by Oberbank AG, including the Bank's foreign business units as well as its fully consolidated subsidiaries.

Within Oberbank, the management of market risks is split between two competence centres, which manage these risks within the framework of the limits assigned to them.

The Global Financial Markets department is responsible for managing the market risks of trading book positions, the interest rate risk in the money market trading book and the foreign currency risk of the entire Oberbank Group. The Accounts and Controlling department is in charge of daily limit control as well as reporting on the risk and earnings situation to the Management Board and the Global Financial Markets department.

The ALM Committee is responsible for managing the interest rate risk of long-term EUR positions (rate commitments >12 months) as well as for strategic stock and investment fund positions in the banking book. The ALM Committee convenes monthly; its members are the members of the Management Board of Oberbank AG as well as representatives of various departments, namely Global Financial Markets, Accounts and Controlling, Private Banking & Asset Management, Credit Management, Corporate & International Finance, Corporate Secretary & Communication, Internal Audit, and Organisational Development, Strategy and Process Management.

Macroeconomic risk

The macroeconomic risk is defined as the risk of possible losses arising due to changes in the macroeconomic environment (decline in real GDP growth, substantial increase in unemployment and business failures, decline in equity prices and real estate prices, etc.).

Macroeconomic risks are assessed by means of stress test calculations.

Operational risk

Operational risks are an inseparable part of banking operations. Oberbank defines operational risks as risk of losses incurred as a result of the inappropriateness or failure of internal procedures and systems, human error or external events.

The management of operational risks is carried out by the respective operating departments and the regional sales offices (risk taking units) responsible for operational risk in connection with products and processes within their respective spheres of responsibility. An electronic logging process supports the recording of information regarding nascent operational risks.

A special committee with responsibility for the management of operational risks has been installed at Oberbank. This committee oversees the management process of operational risks and is responsible for the ongoing improvement of this process and the revision and adjustment of the applied methodology. Concrete measures have been taken to hedge against any major risks threatening the Company's existence identified

Group Management Report

Internal Risk Management and Control System for Monitoring the Accounting Process

within the framework of risk analyses (e.g. insurance contracts, IT emergency concepts, backup computer centre).

Liquidity risk

Liquidity risk (or refinancing risk) is defined as the risk of a bank's being unable to meet its present and future payment obligations fully and on schedule and having to raise additional capital at increased cost. The primary objective of liquidity management therefore is to ensure the availability of sufficient liquidity at all times and to optimise the Bank's refinancing structure in terms of risk and results. Oberbank has traditionally and steadfastly adhered to the principle of ensuring that the Bank's entire lending volume can be refinanced from primary deposits by customers and assistance funds made available by Oesterreichische Kontrollbank, Kreditanstalt für Wiederaufbau and LfA Förderbank Bayern. This principle is invariably valid. Furthermore, Oberbank holds extensive refinancing reserves (liquidity buffer) in the form of securities and loan assets eligible for refinancing with central banks and has access to unutilised refinancing lines at other banks.

The responsibility for managing short-term liquidity lies with the Global Financial Markets department, which is also responsible for the Bank's compliance with regulatory provisions. The Accounts and Controlling department calculates a 30-days-forward liquidity gap analysis including the available risk buffer, thus determining the limit for the purpose of day-to-day liquidity management and for the information of the Management Board member in charge of risk management. The Bank's long-term, strategic liquidity is managed by the Management Board and the Asset/Liability Management (ALM) Committee. The Accounts and Controlling department is responsible for the reporting. A comprehensive liquidity gap analysis is drawn up for the purpose of medium and long-term liquidity risk management. An emergency plan is in place for the eventuality of extreme market conditions.

Concentration risk

Risk concentrations constitute a concentration risk with a potential to cause losses large enough to threaten the stability of a financial institution's health or to produce a material change in its risk profile.

A differentiation is made between two types of risk concentration:

Intra-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures within a single risk category. Responsibility for the intra-risk concentration risk therefore lies with the units responsible for the individual risk categories. Owing to the specific business model of Oberbank, the intra-risk concentration risk is a crucial factor above all within the credit risk and is limited by means of internally fixed limits and management processes.

Inter-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures across different risk categories. Responsibility for the inter-risk concentration risk lies with the ALM Committee.

The sensitivity of Oberbank AG for the inter-risk concentration risk is assessed by means of scenario analyses performed on a quarterly basis within the context of measuring the Bank's risk-bearing capacity.

Group Management Report

Disclosure Pursuant to Section 243a of the Austrian Enterprise Code (UGB)

Share capital, share denomination and authorised capital

As of 31 December 2013, Oberbank AG had a share capital of EUR 86,349,375 divided into 25,783,125 ordinary no-par bearer shares and 3,000,000 non-voting no-par bearer preference shares entitling their holders to a minimum dividend of 6% per share, payable, if necessary, in a later period.

Share buy-back

The Annual General Meeting authorised the Management Board of Oberbank AG to acquire the Company's own shares in an amount of up to 5% each for both securities trading purposes and for the purpose of passing them on to employees of the Oberbank Group. Own shares in an amount of up to 10% of the Company's share capital may be acquired for no specific purpose.

Syndicate agreement and shares vested with special rights of control

A syndicate agreement is in place between Bank für Tirol und Vorarlberg Aktiengesellschaft, BKS Bank AG and Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H. Its purpose is to preserve the independence of Oberbank AG. In this agreement, the members of the syndicate have agreed to jointly exercise their voting rights and have granted mutual pre-emptive rights. The voting rights embodied in shares held by Oberbank employees have been assigned to a syndicate called OBK-Mitarbeiterbildungs- und Erholungsförderung registrierte Genossenschaft mit beschränkter Haftung.

Shareholder structure and employee stock ownership

On the reporting date 31 December 2013, Bank für Tirol und Vorarlberg Aktiengesellschaft held 17.00% of the total share capital of Oberbank AG, BKS Bank AG held 16.95%. With a stake of 29.15%, CABO Beteiligungsgesellschaft m.b.H., a wholly owned subsidiary of UniCredit Bank Austria, was the biggest single shareholder of Oberbank AG. Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H. held 4.62%, Generali 3 Banken Holding AG 1.98%. The share of Oberbank stock held by its own employees amounted to 3.47%.

Appointment of boards and officers and change of control

No rules and regulations with regard to the appointment and dismissal of the Management Board and the Supervisory Board and amendments of the Articles of Association are in place above and beyond those specified by the law. No single shareholder is in a position to control Oberbank AG directly or indirectly. The Company is not aware of any agreements that could take effect in the event of any arranged change of control. In addition, no indemnity agreements are in place between the Company and the members of its Management Board or Supervisory Board or its employees for the contingency of a public takeover bid.

Linz, 24 February 2014

The Management Board



CEO

Franz Gasselsberger

Remit

Corporate and Business Banking



Director

Josef Weissl

Remit

Personal Banking



Director

Florian Hagenauer

Remit

Overall Banking Risk Management

Growth. One of Our Strengths.

Having achieved growth in all important areas of operations, Oberbank once again outperformed the overall market and gained further market shares in 2013.



Segment Report

Segmentation and Overview

The segment reporting format defines the segments Corporate and Business Banking, Personal Banking, Financial Markets and Other (primary segments).

The Corporate and Business Banking segment encompasses business with corporates and self employed customers. Vis-à-vis this customer constituency, Oberbank has positioned itself as a banker with profound foreign market expertise serving industry and high-end medium-sized enterprises. The Leasing sub-group is also included in this segment.

The Personal Banking segment comprises business relations with wage and salary earners and private individuals.

The Financial Markets segment covers earnings from equity investments and trading activities as well as interest income from maturity transformation and structural earnings.

The segment "Other" includes income and expense items – notably overheads recognisable as other administrative expenses, staff costs and depreciation and amortisation – which cannot be meaningfully assigned to any of the other segments.

A breakdown according to secondary segments is not required because neither profit contributions nor allocable assets reached the 10% thresholds specified in IFRS.

Segment overview 2014 in €m	Corporate and Business Banking	Personal Banking	Financial Markets	Other	Consolidated income statement for 2013
Net interest income	227.7	56.4	51.5		335.6
Charges for losses on loans and	(46.3)	(0.4)	(23.9)		(70.6)
Net commission income	59.9	54.8	0.0		114.6
Net trading result	(0.1)		5.2		5.1
Administrative expenses	(116.3)	(84.3)	(6.0)	(24.5)	(231.0)
Other operating income	1.8	2.4	(13.2)	(3.1)	(12.1)
Profit for the year before tax	126.7	28.9	13.7		141.7
Return on equity before tax (ROE)	14.6%	22.9%	3.6%		10.3%
Cost/income ratio	40.2%	74.2%	13.7%		52.1%

Segment Report

Corporate and Business Banking

Corporate and Business Banking segment in €m	2013	+ / - in %	2012 *
Net interest income	227.7	6.8%	213.2
Charges for losses on loans and advances	(46.3)	5.5%	(43.9)
Net commission income	59.9	0.2%	59.8
Net trading result	(0.1)	> (100%)	0.2
Administrative expenses	(116.3)	4.5%	(111.2)
Other operating income	1.8	(51.8%)	3.7
Profit for the year before tax	126.7	4.1%	121.7
Segment's contribution to consolidate profit for the year before tax	89.4%	(2.6 ppt)	92.0%
Average credit and market risk equivalent (BWG)	8,298.2	4.5%	7,941.1
Segment assets	9,219.1	3.8%	8,884.1
Segment liabilities	6,387.0	9.9%	5,811.9
Average allocated equity	867.3	9.8%	790.0
Return on equity before tax (ROE)	14.6%	(0.8 ppt)	15.4%
Cost/income ratio	40.2%	0.0 ppt	40.2%

* For reasons of comparability, the previous year's net interest income and consequently the profit for the year figures have been increased by EUR 14.3 million (restructuring of the Financial Markets Segment), because profit transfers from the Leasing sub-group were consolidated in the Financial Markets Segment starting from the financial year 2013. Moreover, within the context of a restatement, an amount of EUR 9.7 million in expenses shown in administrative expenses has been transferred to the item Other operating income, because write-offs on operating leases are no longer shown in the item Administrative expenses.

Overview of business performance in 2013

In Corporate and Business Banking the profit for the year increased by 4.1% to EUR 126.7 million in 2013.

Net interest income rose by 6.8% to EUR 227.7 million. This improvement is primarily due to a volume expansion in corporate lending.

At EUR 59.9 million (+0.2%), net commission remained almost unchanged year on year.

Charges for losses on loans and advances increased by 5.5% to EUR 46.3 million.

Administrative expenses rose by 4.5% to EUR 116.3 million. Other operating income decreased by 51.8% to EUR 1.8 million.

The return on equity in Corporate and Business Banking declined by 0.8 percentage points to 14.6%; concurrently, the cost/income ratio remained unchanged at 40.2%.

At the end of 2013, Oberbank was servicing a total of approximately 42,000 corporate and business customers; 5,600 of these were newly acquired in the reporting year.

Corporate and business loans

Notwithstanding the declining trend in the market in general, Oberbank increased its total volume of loans to corporate and business customers by 3.9% to EUR 9.5 billion in 2013. Thanks to its excellent capital base and liquidity position, Oberbank was able to supply its customers with sufficient liquidity.

Investment finance

The volume of Oberbank's investment finance facilities increased substantially in 2013: In Austria and Germany, the number of applications for subsidised loans exceeded the 1,000 mark (+24%) for the first time; overall, Oberbank gained more than 400 new customers (+40%) in the area of subsidised investment finance. The volume of investment finance loans extended by Oberbank increased by 4.0% to EUR 6.6 billion.

Oberbank once again defended its position as top market player in terms of ERP business promotion loans and clearly leads the Austrian market in subsidised lending, both to industry and SMEs: some 20% of all approved business promotion loans were based on applications filed by Oberbank.

Segment Report

Corporate and Business Banking

Structured finance

In 2013, Oberbank once again demonstrated its role as key partner in implementing corporate projects such as changes of ownership, investments and special projects. A total of 40 projects with a volume of more than EUR 270 million bear testimony to the trust that customers place in Oberbank's expert know-how in this business line.

Oberbank's private equity network

With a total volume of EUR 150 million, the Oberbank Opportunity Fonds is among the largest private equity and mezzanine capital funds in the whole of Austria, Bavaria and the Czech Republic. Of this total, EUR 50 million are earmarked for equity / private equity participation capital and about EUR 100 million for mezzanine capital finance (primarily subordinated, unsecured loans). Through its stake in the Upper Austrian high-tech incubator fund OÖ HightechFonds GmbH, Oberbank helps to finance early-stage ventures as well. The Oberbank Opportunity Fonds handled a total of 146 enquiries in the reporting year; the quality of the projects and the total financing volume both remained at the very high level achieved in the previous year. Four new projects and three follow-up finance projects for existing portfolio companies were successfully concluded.

Leasing

Following a sluggish start into the year, new business in this business line picked up substantially in the second half of 2013. On balance, the volume of new business in the 2012/2013 financial year (1 Oct. 2012 – 30 Sept. 2013) rose to EUR 485.7 million (+0.8% year on year).

The key growth drivers were vehicle leasing with a new business volume of EUR 235 million (+4.6%) and movables leasing with a new business volume of EUR 205 million (+2.0%).

The main sources of sales growth were the Bank's core and growth markets in Austria and Bavaria; among the Bank's expansion markets, Hungary performed conspicuously well.

As at 30 September 2013, total leasing receivables were at EUR 1,552 million, i.e. 1% above the previous year's level. On balance, Oberbank successfully defended its market shares (vehicle leasing: 2.4%; movables: 7.3%) in a generally stagnating market.

Export finance

Austrian exports remained on a growth path in 2013. Markets outside the euro area accounted for the largest share of growth and growth impulses.

Paying due regard to the fact that deliveries in these markets involve special challenges for exporters, Oberbank supports its export customers with a raft of extra services which have been well received by the customers and gained the Bank additional market shares. Oberbank currently holds a market share of 12.05% in terms of export finance under Export Fund procedures and of 10.48% in terms of KRR export promotion loans addressed to large corporates. In an Austria-wide ranking, Oberbank thus takes third place as a provider of export finance to large corporations and second place in SME-relevant export finance.

Foreign investment business developed along particularly satisfactory lines in 2013. Oberbank provided attractive made-to-measure funding solutions with a volume of up to EUR 50 million for overseas projects by SMEs and large corporates.

Segment Report

Corporate and Business Banking

Syndicated loans and international lending

The Bank's syndication and international lending business, while declining slightly in terms of volume, was highly successful in terms of both earnings development and the number of new deals.

Oberbank obtained the mandate to act as arranger and lead manager in a number of promising projects in Austria and Bavaria, and participated as a syndication partner in a number of international transactions.

The Bank's success in this business line is also owed to selective investments in borrower's note loans placed by Austrian and German issuers. This market, however, has been heavily affected by a stunning decline in margins, which implies that expectations for 2014 are much lower than last year.

Documentary business and guarantees

While the weak order book situation in the corporate sector put a damper on the development of documentary business and guarantees in the first half of 2013, companies' orders position improved in the second half of the year, entailing positive results in this business line: In tandem with a corresponding increase in terms of numbers, transactions in terms of volume widened by 100%. This development resulted in a satisfactory result for 2013 as a whole; on balance, earnings increased by 2% year on year.

Domestic business also reflected the more dynamic economic trend. Year on year, numbers of domestic guarantees widened by 12%.

Payment services

The EU Regulation No. 260/2012 provides for the implementation of the new Single Euro Payments Area (SEPA) standards by February 2014 and sets a deadline for final migration by August 2014 at the latest. By that time, all national types of payment orders (bank transfer, direct debit) must be replaced by the respective SEPA instruments (SEPA credit transfer, SEPA direct debit).

In its function as an advisory bank, Oberbank supports customers in preparing for SEPA by providing pertinent information in SEPA brochures and newsletters and offering comprehensive information on the Oberbank homepage. In addition, the Bank launched a broadly based information campaign including 60 workshops at which more than 2,500 customers in three countries were made familiar with the new rules and standards.

Electronic Banking

The product development focus was primarily on matters related to the new SEPA standards and the preparation and implementation work involved.

With the Oberbank app, the Bank launched its first mobile application for smartphones and tablets. The app's immediate success with customers prompted Oberbank to extend its mobile banking channel to Germany, the Czech Republic and Slovakia.

In parallel, the Bank started preparations for the development of a new internet customer portal. The project objective is to set up a joint banking platform for personal and corporate customers. The services offered will include classical e-banking functions such as secure payments or checking account transfers and balances, as well as electronic communication with a bank advisor via a secure channel.

e-Commerce

With the e-Payment Standard (EPS), Oberbank supports the online payment solution for retailers. EPS stands for simple and secure payment in Internet shops and includes a payment guarantee for merchants. In Austria, this standard is the most frequently used Internet payment solution alongside payment by credit card and cash on delivery.

Segment Report

Personal Banking

Personal Banking segment in €m	2013	+ / - in %	2012
Net interest income	56.4	1.3%	55.6
Charges for losses on loans and advances	(0.4)	(95.8%)	(9.7)
Net commission income	54.8	13.0%	48.5
Net trading result			
Administrative expenses	(84.3)	(1.8%)	(85.8)
Other operating income	2.4	(57.7%)	5.8
Profit for the year before tax	28.9	100.6%	14.4
Segment contribution to consolidated profit before tax	20.4%	9.5 ppt	10.9%
Average credit and market risk equivalent (BWG)	1,209.1	2.4%	1,180.2
Segment assets	2,157.6	5.8%	2,038.5
Segment liabilities	5,126.7	2.2%	5,014.8
Average allocated equity	126.4	7.6%	117.4
Return on equity before tax (ROE)	22.9%	10.6 ppt	12.3%
Cost/income ratio	74.2%	(3.9 ppt)	78.1%

Overview of business performance in 2013

The Personal Banking segment boosted profit by 100.6% to EUR 28.9 million, although net interest income rose by a mere 1.3% to EUR 56.4 million. Net commission income, by contrast, increased by 13.0% to EUR 54.8 million, while charges for losses on loans and advances decreased by 95.8% to EUR 0.4 million year on year. Administrative expenses showed a slight decline of 1.8% to EUR 84.3 million.

The return on equity in the Personal Banking segment increased by 10.6 percentage points to 22.9%; the cost/income ratio improved by 3.9 percentage points to 74.2%.

At the end of 2013, Oberbank was servicing more than 306,000 customers in this segment, more than 22,000 of whom had been newly acquired.

New service and sales concept

At the beginning of 2013, Oberbank embarked on the implementation of a new servicing concept aimed at long-term optimisation of personal customer services.

The project involved an upgrade of the "Finance Check" tool, enabling the Bank to gain an even better understanding of the financial needs of its Personal Banking customers. The advantage for customers is that the financial products offered to them can be more precisely tailored to individual needs.

Deposit banking

Starting out from a low level, the savings rate in Austria declined further in 2013 and remained low throughout the year.

The development of deposits at Oberbank in 2013 reflects the persistently low savings rate, causing deposits to decline marginally, namely by 0.8% to EUR 3,352.1 million. Fixed-term savings passbooks with full-term guaranteed interest rates still enjoyed robust demand.

Personal loans

Personal lending took a very positive development in 2013, with the volume of personal loans rising by 5.4% to EUR 2,217.8 million.

Key drivers of this sturdy growth were Vienna, which in the meantime has become Oberbank's largest Austrian Business Division in terms of branch numbers (19.3% growth) as well as the Bank's core markets of

Segment Report

Personal Banking

Upper Austria and Salzburg. Besides these, Slovakia, Bavaria and the Czech Republic also made a sizable contribution to personal lending growth.

Personal accounts

In 2013, the Bank's portfolio of personal accounts increased by 907 accounts to a total of 174,421.

In mid-2013, Oberbank introduced innovative account models equipping the Bank's personal customers for the future of payments transactions.

What is more, the new Oberbank app links accounts with the mobile world, opening up round-the-clock access to an array of banking functions, innovative services and practical features such as a currency converter and a branch finder.

The new account models are complemented by the new "golden ATM card", which provides personal customers with maximum financial freedom and a series of useful state-of-the-art services.

Portfolio of card products

The card portfolio of Oberbank developed along very satisfactory lines in the reporting period: At the 2013 balance sheet date, the Bank had 140,736 ATM cash cards (+4.1%) and 49,391 credit cards (+4.4%) issued by the various Austrian providers in circulation.

Securities business: best net commission income since 2007

In 2013, the securities business grew substantially in terms of volume, transactions and net commission income. Growth was driven by the robust performance of the major international stock markets and the generally improved state of the economy. Fixed income business made substantial contributions; investment fund business also developed along very positive lines.

Price gains and brisk transaction activity pushed net commission income to EUR 36 million (+11.7%), which marks the best result since 2007. Transaction fees as well as custody and management fees equally contributed to earnings growth.

The market value of securities in customer deposits rose by 5.9% to the record level of EUR 10.5 billion.

In 2013, Oberbank participated in a number of consortia for the placement of corporate bonds, one of the key transactions being the exchange of the voestalpine AG Hybrid bond issued in 2007 for a new hybrid bond. In bond placements for Constantia Flexibles Group GmbH, FACC AG, Strabag SE, Wien Holding GmbH and Novomatic AG, Oberbank was a member of the underwriter syndicate.

The investment fund business did very well once again. The volume of funds managed by 3 Banken-Generali Investmentgesellschaft AG and attributable to Oberbank rose by 10.4%, i.e. much more than the Austrian market in general, which posted merely 0.6% growth.

For German customers, Oberbank offers comprehensive information on the tax treatment of income from securities. Among other things, Oberbank offers a tax reporting tool developed jointly with companies specialising in this type of report.

3-Banken Wohnbaubank AG

At 3-Banken Wohnbaubank AG, developments in the first full business year were highly satisfactory: Boosted by the issue of tax-advantaged home construction bonds in the amount of EUR 43.4 million, total assets

Segment Report

Personal Banking

surged by 180.4% to EUR 68.8 million. The total issuing volume in the Austrian mortgage bond market was just below EUR 1.3 billion; hence, 3-Banken Wohnbaubank AG accounts for a 3.4% market share.

Each of the three partner banks (Oberbank, BTV, BKS) made use of the option to issue new bonds. Three new issues structured as step-up bonds were floated. The issues placed for Oberbank AG and BTV AG in 2012 continued to be offered in the first few months of 2013.

Oberbank issues

With 13 public offerings, issuing activity remained very high throughout 2013. Besides high volumes of uncovered bonds, Oberbank floated an issue of supplementary capital bonds.

Demand from corporate and business customers for uncovered bonds primarily focused on money-market products of the Cash Garant product line, while private investors showed a predilection for step-up bonds with maturities up to six years.

In addition, the Bank floated a capital-guaranteed product with a volume of EUR 3.0 million. In December, the Bank launched its first issue denominated in Czech koruna.

The public offering of the supplementary capital bond issue was floated with a volume of EUR 30 million.

The total volume of securitised liabilities including subordinated capital amounted to EUR 2,224.4 million as at 30 January 2013 and had thus risen marginally (+0.7%) year on year.

3 Banken-Generali Investment-Gesellschaft

Following on from the gratifying development of the past few years, 3 Banken-Generali Investment-Gesellschaft clearly outperformed the market in general for the fifth time running. The volume of funds managed by the company increased by 8.9% to EUR 6.6 billion in 2013. This is all the more remarkable given that the overall market all but stagnated (+0.6%).

New inflows of funds accounted for almost EUR 300 million of this volume growth; solutions for large investors and specialist funds continued to feature as key performance drivers. Value appreciation of the different funds added a performance contribution of EUR 240 million.

Asset Management

Oberbank's Asset Management is looking back on the most successful year in its history. Both the standardised portfolio and the individual strategies posted substantial inflows of funds.

The total volume of assets managed under iPM (individual portfolio management) widened by 23% to EUR 300.8 million. New mandates focused on the balanced variant (from a choice of three: defensive, balanced, dynamic).

In addition to the inflow of funds from new mandates, all three portfolio variants posted a clearly positive performance.

Brokerage services

The stellar performance of the stock markets had positive effects on demand for the services offered by the Oberbank Brokerage group. The experts employed in this business line exclusively work for customers who want a sparring partner to work out decisions on critical matters in equities and options trading.

The volume of assets managed by the Brokerage group increased by 17.3% to EUR 152.5 million.

Service provider to private foundations

The volume of private foundation assets managed by Oberbank grew by more than 24% to EUR 997.7 million.

Segment Report

Personal Banking

Business potential in this line of business is no longer found in high numbers of newly established foundations, but, time and again, in shifts occurring within this market. With its clear and transparent investment processes, Oberbank has repeatedly been successful in tendering for new mandates. New inflows of funds are to a large part managed in special funds and under iPM mandates.

Private Banking: Growth thanks to expertise and know-how

The successful performance in Private Banking continued unbroken in 2013. The volume of assets under management for this group of customers rose by 6.8% or EUR 312 million to a new record high of EUR 4.9 billion. At EUR 5.1 billion inclusive of financing facilities, total assets managed for this group broke the EUR 5 billion barrier for the first time.

With the locations Ried im Innkreis and Braunau, the planned Private Banking network in Austria has now been completed. The Oberbank network thus encompasses nine Private Banking outlets in Austria plus one in Munich, Bavaria.

Building and loan association saving

The number of building and loan contracts brokered by Oberbank for the building and loan association Bausparkasse Wüstenrot widened by 2.4% to a total of 12,669 in 2013.

Insurance services

Oberbank can look back on the best result in its history in this business line. Despite a generally declining market trend, Oberbank managed to generate additional growth by expanding activities to further insurance lines.

Within the scope of its activities as broker of policies of its cooperation partner Generali Versicherung AG, the Personal Banking segment lifted sales by 6.3%. Classical endowment insurance policies were still the most popular products; besides, the portfolio was successfully expanded by introducing accident insurance products.

In the Corporate and Business Banking segment, Oberbank, in cooperation with 3 Banken Versicherungsmakler GmbH, substantially boosted activities in the field of company pension plans. Closing the year with a premium volume of EUR 11.3 million, this line outperformed the previous year's result by 32%. Sales of risk insurance products through Drei-Banken Versicherungs-Aktiengesellschaft reflected the sluggish economic environment in this line.

Overall, premium volumes in Oberbank's insurance operations in its Austrian and German markets widened by 10.9% to EUR 84.7 million.

Payment services

The preparations for SEPA migration constituted an important work focus in payments services. The combined effort of technical measures, comprehensive customer information and employee training helped to lift the share of payments executed in the SEPA format to as much as 60% by the end of 2013.

The role of electronic payment transactions continued to rise further in 2013. Overall, 92% of all payments were transacted via electronic channels.

Segment Report

Financial Markets

Financial Markets segment in €m	2013	+ / - in %	2012 *
Net interest income	51.5	16.8%	44.1
Charges for losses on loans and advances	(23.9)	> 100%	(6.3)
Net commission income	0.0	-	0.0
Net trading result	5.2	(27.1%)	7.1
Administrative expenses	(6.0)	5.0%	(5.7)
Other operating income	(13.2)	3.0%	(12.8)
Profit for the year before tax	13.7	(48.5%)	26.5
Segment's contribution to consolidated profit before tax	9.7%	(10.4 ppt)	20.1%
Average credit and market risk equivalent (BWG)	3,636.4	(3.5%)	3,768.9
Segment assets	5,676.0	(7.7%)	6,148.9
Segment liabilities	5,433.9	(12.6%)	6,215.4
Average allocated equity	380.1	1.4%	374.9
Return on equity before tax (ROE)	3.6%	(3.5 ppt)	7.1%
Cost/income ratio	13.7%	(1.1 ppt)	14.8%

* For reasons of comparability, the previous year's net interest income and consequently the profit for the year figures have been reduced by EUR 14.3 million (restructuring of the Financial Markets Segment), because profit transfers from the Leasing sub-group are consolidated in the Financial Markets Segment starting with the financial year 2013.

Overview of business performance in 2013

In the Financial Markets segment, net interest income rose by 16.8% to EUR 51.5 million; this increase was primarily due to higher income from equity participations. Charges for losses on loans and advances increased by EUR 6.3 million to EUR 23.9 million year on year.

Net trading income dropped by 27.1% to EUR 5.2 million; Other operating income shows a balance of net expenses of EUR 13.2 million, which corresponds to a rise of 3.0%.

Due to the above developments, ROE in the Financial Markets segment declined by 3.5 percentage points to 3.6%, whereas the cost/income ratio improved by 1.1 percentage points to 13.7%.

Interest rate and currency risk management

The federal government shutdown in the United States and the hesitant economic recovery in Europe were two key events that triggered pronounced fluctuations in the main currencies. Debates about the future course of US monetary policy entailed major movements, above all in emerging markets currencies.

Besides companies' classical hedging transactions in the major currencies, alternative currencies such as the Chinese renminbi have increasingly moved into focus in international trade. This trend has become clearly discernible in Oberbank's customer business as well.

Direct customer services

The focus of activities in direct customer services in 2013 was on intensifying the use of currency hedging solutions and acquiring additional customers in the field of short-term investments.

Paying due tribute to the increasing demands placed on employees in this business line, the Bank continued to invest in employee certification in order to ensure that all employees working in this field maintain their know-how at the leading edge of best practice.

Liquidity

The measures taken by the central banks in 2013 ensured that sufficient liquidity was available in all markets and pushed this issue more into the background. Oberbank continued to strengthen its sound refinancing

Segment Report

Financial Markets

structure, issuing mortgage-backed long-term bonds, expanding its access to interbank refinancing resources and investing in securities eligible as collateral for future refinancing operations.

Primary deposits

The ECB's interest rate policy caused interest rates to drop to a historic low. Cutting the key rate twice to 0.25% at last count, the ECB emphasised its offensive stance in monetary policy.

The conspicuously low money market rates entailed a change in the investment behaviour of companies and private individuals. In view of low interest rate levels, companies increasingly exhibited a preference for liquidity. As a result, Oberbank observed strong growth in sight deposits, spurred in part by reallocations of funds, and to a large extent by new investments.

In this environment, Oberbank again improved its position in terms of primary deposits: The volume of primary deposits rose by 5.5% to EUR 12,250.4 million

International network of partner banks and institutions

In 2013, Oberbank continued to support export customers in their worldwide activities. To this end, the Bank further strengthened and expanded relations within an international network of banks and institutions in the Central and Eastern European countries and, in particular, in Russia, China and South-East Asia and the Middle East.

Turning to the objective of securing liquidity, i.e. the Bank's ability to refinance the volume of loans extended to customers above and beyond the level of customer deposits, Oberbank has successfully ensured itself sustained access to very high volumes of reserve liquidity by expanding contacts and boosting activities with partner banks.

Regulatory requirements and changes

Further important fields of activity in the Financial Markets segment in 2013 included the preparation and implementation work related to the introduction of the Foreign Account Tax Compliance Act (FACTA) and the European Market Infrastructure Regulation (EMIR) aimed at mitigating systemic risk in European derivatives markets as well as finalising migration to the Single Euro Payments Area (SEPA).

In bilateral cooperation with domestic and foreign banks, compliance requirements (in particular with regard to combating money laundering, KYC (Know Your Customer) issues/due diligence) can only be assured by means of appropriate documentation. Such evidence has become a crucial prerequisite for ensuring permissible collaboration and settlement of customer transactions.

In international business, Oberbank, to the full satisfaction of its banking partners, has always complied with these requirements as well as with the internationally applicable regulations and guidance in respect of sanctions.

Together, these efforts ensure that Oberbank's customers continue to enjoy the benefits of the entire range of services, from payment transactions and risk hedging to the provision of finance for overseas business transactions, on a legally sound basis.

Segment Report

Other

The segment “Other” encompasses the income and expense items which cannot be meaningfully assigned to any of the other segments, including, above all, overheads classified as staff costs and other administrative expenses as well as depreciation and amortisation.

This segment posted a loss of EUR 27.7 million in 2013.

Consistency. **One of Our Strengths.**

Consolidated Financial Statements of the Oberbank Group for 2013
Prepared in Accordance with International Financial Reporting Standards
(IFRS)



Consolidated Financial Statements

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Prepared in Accordance with IFRS

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Statement of comprehensive income for the financial year 2013

Consolidated income statement in €k		2013	2012 ¹⁾	Change in €k	Change in %	2012 ²⁾
1. Interest and similar income	(3)	481,329	564,164	(82,835)	(14.7%)	564,164
2 Interest and similar expenses	(3)	(194,485)	(286,952)	92,467	(32.2%)	(286,952)
3. Income from entities accounted for using the equity method	(3)	48,758	35,733	13,025	36.5%	35,733
Net interest income	(3)	335,602	312,945	22,657	7.2%	312,945
4. Charges for losses on loans and advances	(4)	(70,634)	(59,797)	(10,837)	18.1%	(59,797)
5. Commission income	(5)	127,002	119,334	7,668	6.4%	119,334
6. Commission expenses	(5)	(12,379)	(11,107)	(1,272)	11.5%	(11,107)
Net commission income	(5)	114,623	108,227	6,396	5.9%	108,227
7. Net trading income	(6)	5,144	7,309	(2,165)	(29.6%)	7,309
8. Administrative expenses	(7)	(230,995)	(225,895)	(5,100)	2.3%	(239,030)
9. Other operating income	(8)	(12,070)	(7,021)	(5,049)	71.9%	2,702
a) Net income from financial assets – FV/PL	(8)	11,913	13,910	(1,997)	(14.4%)	13,910
b) Net income from financial assets – AfS	(8)	(17,351)	(19,101)	1,750	(9.2%)	(19,101)
c) Net income from financial assets – HtM	(8)	0	0	0	0.0%	0
d) Other operating income	(8)	(6,632)	(1,830)	(4,802)	> 100.0%	7,893
Profit for the year before tax		141,670	135,768	5,902	4.3%	132,356
10. Income taxes	(9)	(19,255)	(24,598)	5,343	(21.7%)	(23,745)
Profit for the year after tax		122,415	111,170	11,245	10.1%	108,611
of which attributable to the owners of the parent company		122,375	111,151	11,224	10.1%	108,592
of which attributable to minority interests		40	19	21	> 100.0%	19

1) Previous year's values after adjustment for retrospective application of IAS 10 and the change in the disclosure of write-offs of fixed operating leases.

2) Figures published as at 31 Dec.2012.

Income and expenses recognised directly in equity in €k	2013	2012 ¹⁾	2012 ²⁾
Profit for the year after tax	122,415	111,170	108,611
Items not reclassified to profit or loss for the year	340	(2,559)	0
+/- Actuarial gains/losses IAS 19	453	(3,412)	0
+/- Deferred taxes on actuarial gains/losses IAS 19	(113)	853	0
Items reclassified to profit or loss of the year	(31,932)	24,897	24,897
+ / - Unrealised gains and losses not recognised in the income statement under IAS 39	(20,829)	24,245	24,245
+ / - Deferred taxes on items recognised directly in equity under IAS 39	5,207	(6,061)	(6,061)
+ / - Exchange differences	(764)	(228)	(228)
+ / - Other changes recognised directly in equity of which changes in equity of associates	(15,546)	6,941	6,941
Total income and expenses recognised directly in equity	(31,592)	22,338	24,897
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	90,823	133,508	133,508
of which attributable to the owners of the parent company	90,788	133,489	133,489
of which attributable to minority interests	35	19	19

1) Previous year's values after adjustment for retrospective application of IAS 19; no restatement of other profit or loss of associated companies was made on grounds of immateriality.

2) Figures published as at 31 Dec. 2012.

Performance indicators	2013	2012 ¹⁾	2012 ²⁾
Cost/income ratio in %	52.11	53.60	55.44
Return on equity before tax in %	10.31	10.59	10.32
Return on equity after tax in %	8.91	8.67	8.47
Risk/earnings ratio (credit risk to net interest income) in %	21.05	19.11	19.11
Earnings per share in €	4.26	3.87	3.78

1) Previous year's values after adjustment for retrospective application of IAS 19.

2) Figures published as at 31 Dec. 2012.

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Balance sheet as at 31/12/2013 / Assets

in €k		31.12.2013	31/12/2012	Change in €k	Change in %
1.	Cash and balances at central banks (11)	174,599	182,793	(8,194)	(4.5%)
2.	Loans and advances to credit institutions (12)	1,692,787	1,769,351	(76,564)	(4.3%)
3.	Loans and advances to customers (13)	11,713,262	11,245,778	467,484	4.2%
4.	Impairment provisions (14)	(396,201)	(368,825)	(27,376)	7.4%
5.	Trading assets (15)	38,964	60,371	(21,407)	(35.5%)
6.	Financial investments (16)	3,829,359	4,181,975	(352,616)	(8.4%)
	a) Financial assets – FV/PL (16)	249,924	277,982	(28,058)	(10.1%)
	b) Financial assets – AfS (16)	780,504	1,121,940	(341,436)	(30.4%)
	c) Financial assets – HtM (16)	2,227,199	2,230,950	(3,751)	(0.2%)
	d) Interest in entities accounted for using the equity method (16)	571,732	551,103	20,629	3.7%
7.	Intangible assets (17)	1,994	3,859	(1,865)	(48.3%)
8.	Property, plant and equipment (18)	236,039	229,125	6,914	3.0%
	a) Investment property (18)	92,750	84,478	8,272	9.8%
	b) Other property, plant and equipment (18)	143,289	144,647	(1,358)	(0.9%)
9.	Other assets (19)	280,123	370,646	(90,523)	(24.4%)
	a) Deferred tax assets (19)	49,013	37,993	11,020	29.0%
	b) Other (19)	231,110	332,653	(101,543)	(30.5%)
	Total assets	17,570,926	17,675,073	(104,147)	(0.6%)

Balance sheet as at 31/12/2013 / Equity and liabilities

in €k		31/12/2013	31/12/2012	Change in €k	Change in %
1.	Amounts owed to credit institutions (20)	3,238,957	4,039,704	(800,747)	(19.8%)
2.	Amounts owed to customers (21)	10,026,006	9,399,073	626,933	6.7%
3.	Securitised liabilities (22)	1,592,867	1,533,653	59,214	3.9%
4.	Provisions for liabilities and charges (23)	391,401	400,185	(8,784)	(2.2%)
5.	Other liabilities (24)	269,173	284,882	(15,709)	(5.5%)
	a) Trading liabilities (25)	37,281	52,138	(14,857)	(28.5%)
	b) Tax liabilities (24)	4,496	4,867	(371)	(7.6%)
	c) Other (24)	227,396	227,877	(481)	(0.2%)
6.	Subordinated debt capital (26)	631,551	675,132	(43,581)	(6.5%)
7.	Equity (27)	1,420,971	1,342,444	78,527	5.8%
	a) Equity after minorities (27)	1,418,011	1,339,519	78,492	5.9%
	b) Minority interests in equity (27)	2,960	2,925	35	1.2%
	Total equity and liabilities	17,570,926	17,675,073	(104,147)	(0.6%)

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Consolidated statement of changes in equity as at 31/12/2013

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 01/01/2012	86,241	194,455	609,326	449	15,056	0	315,100	1,220,627	1,407	1,222,034
Retrospective restatement ¹⁾			19,668			(19,668)				
Adjusted balance 01/01/2012	86,241	194,455	628,994	449	15,056	(19,668)	315,100	1,220,627	1,407	1,222,034
Consolidated net profit for the year ¹⁾			88,792	(228)	18,184	(2,559)	29,300	133,489	19	133,508
Dividend distribution			(14,362)					(14,362)		(14,362)
Capital increase										
Reacquired own shares	(145)	(414)						(559)		(559)
Unrealised gains and losses not recognised in the income statement			(79)				403	324	1,499	1,823
As at 31/12/2012	86,096	194,041	703,345	221	33,240	(22,227)	344,803	1,339,519	2,925	1,342,444
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 year			88,329	(764)	(15,622)	340	18,505	90,788	35	90,823
Dividend distribution			(14,354)					(14,354)		(14,354)
Capital increase										
Reacquired own shares	(62)	(3)						(65)		(65)
Unrealised gains and losses not recognised in the income statement			(1)				2,124	2,123		2,123
As at 01/01/2013	86,034	194,038	777,319	(543)	17,618	(21,887)	365,432	1,418,011	2,960	1,420,971

1) Previous year's values after adjustment for retrospective application of IAS 19.

Changes in equity due to available-for-sale assets	2013	2012
Gains	4,703	20,957
Losses	(33,244)	(7,849)
Deducted from equity	12,919	5,076
Total	(15,622)	18,184

Consolidated Financial Statements

Consolidated statement of cash flows

in €k	2013	2012
Profit for the year	122,375	111,151 ¹⁾
Non-cash positions in profit for the year and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	78,285	57,148
Change in provisions for staff benefits and other provisions for liabilities and charges	(8,784)	(5,007) ¹⁾
Change in other non-cash items	(7,203)	(27,125)
Gains and losses on financial investments, property, plant and equipment and intangible assets	(1,910)	(40)
Subtotal	182,763	136,127
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
Loans and advances to credit institutions	107,104	(171,313)
Loans and advances to customers	(499,967)	(347,509)
Trading assets	22,936	(5,429)
Other current assets	325,072	(7,836)
Other assets arising from operating activities	115,826	108,862
Amounts owed to credit institutions	(809,870)	(258,215)
Amounts owed to customers	640,645	296,026
Securitised liabilities	58,124	4,270
Other liabilities arising from operating activities	(125,218)	(42,802)
Net cash from operating activities	17,415	(287,819)
Proceeds from sales of		
Financial investments	534,702	470,611
Property, plant and equipment and intangible assets	7,864	3,115
Outlay on purchases of		
Financial investments	(447,568)	(182,208)
Property, plant and equipment and intangible assets	(36,345)	(34,815)
Net cash from (used in) investing activities	58,653	256,703
Capital increase	0	0
Dividend distributions	(14,354)	(14,362)
Subordinated liabilities and other financing activities	(40,443)	(97,122)
Net cash from (used in) financing activities	(54,797)	(111,484)
Cash and cash equivalents at the end of previous period	182,793	300,172
Net cash from (used in) operating activities	17,415	(287,819)
Net cash from (used in) investing activities	58,653	256,703
Net cash from (used in) financing activities	(54,797)	(111,484)
Effects of changes in the scope of consolidation and revaluation	(28,701)	25,449
Effects of foreign exchange rate changes	(764)	(228)
Cash and cash equivalents at the end of the period	174,599	182,793
Interest received	483,246	597,697
Dividend received	24,262	26,201
Interest paid	(200,515)	(289,541)
Income taxes paid	(23,491)	(31,963)

1) Previous year's values after adjustment for retrospective application of IAS 19

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.

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Breakdown of interest, dividends and income tax payments

in €k		Operating activities	Investing activities	Financing activities	Total
Interest received	2013	414,305	68,941	0	483,246
	2012	524,904	72,793	0	597,697
Dividends received	2013	1,344	22,918	0	24,262
	2012	3,519	22,682	0	26,201
Interest paid	2013	(182,229)	0	(18,286)	(200,515)
	2012	(267,764)	0	(21,777)	(289,541)
Dividends paid	2013	0	0	(14,354)	(14,354)
	2012	0	0	(14,362)	(14,362)
Income tax payments	2013	(10,827)	(17,235)	4,572	(23,491)
	2012	(19,209)	(18,198)	5,444	(31,963)

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Notes to the consolidated financial statements

Introduction

Oberbank AG is Austria's oldest remaining independent Aktienbank (joint stock bank). It is wholly privately owned and is listed on Wiener Börse. Oberbank's registered office is at Untere Donaulände 28, 4020 Linz, Austria. Oberbank AG's positioning in the marketplace is characterised by its regional ties, its independence, its strong focus on customer relationships and its deep regional penetration of its catchment areas. Oberbank offers all the classical banking services of a so-called universal bank. Oberbank does not strive to carry on any proprietary foreign business non-associated with its customers but aims to assist and support customers operating abroad.

The financial statements for the financial year 2013 were approved and released for publication on 26 March 2014.

1) Scope of consolidation of Oberbank

In addition to Oberbank AG, the scope of consolidation in 2013 included 26 Austrian and 21 foreign subsidiaries.

Compared to 31 December 2012, the consolidated group changed owing to the first-time inclusion of the following companies: Oberbank Leasing Prievidza s.r.o., Bratislava (100%); Oberbank Sterneckstrasse 28 Immobilien-Leasing Gesellschaft m.b.H., Linz (100%).

ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. was accounted for in the consolidated financial statements by proportionate consolidation.

In addition to Drei-Banken Versicherungs-Aktiengesellschaft, BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, voestalpine AG was accounted for in the consolidated financial statements using the equity method.

24 subsidiaries and 21 associates whose influence on the Group's assets and financial position and on the results of its operations was, overall, immaterial were not consolidated.

The reporting date for the purposes of the consolidated financial statements is 31 December. Sub-group financial statements for the leasing companies accounted for in the consolidated financial statements were prepared as at and for the period ended 30 September.

2) Summary of accounting policies

Applied IAS and IFRS

The consolidated financial statements of Oberbank AG for the financial year 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as in force and as adopted by the EU and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRIC). They also satisfy the requirements of Section 59a of the Austrian Banking Act (BWG) and Section 245a of the Austrian Enterprises Code (UGB) regarding exempting consolidated financial statements that comply with internationally accepted accounting principles. The going-concern assumption was applied. No events of special significance took place after the end of the financial year.

The following table lists newly published and amended standards and interpretations as at the balance sheet date, which were applied for the first time in the reporting period.

Standard/Interpretation Designation		Applicable for financial years from	Already adopted by the EU
IAS 1 - amended	Presentation of Items of Other Comprehensive Income	01/07/2012	Yes
IAS 12 - amended	Deferred Tax Recovery of Underlying Assets	01/01/2013	Yes
IAS 19 - amended	Employee Benefits	01/01/2013	Yes

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IFRS 7 - amended	Financial Instruments: Disclosures – Offsetting		
	Financial Assets and Financial Liabilities	01/01/2013	Yes
IFRS 13	Fair Value Measurement	01/01/2013	Yes

The amendment of IAS 19 requires adjustment of the corresponding previous year's figures. This had the following impacts:

Income statement item	2012 adjusted	2012 published	Adjustment amount	Effect of IAS 19 amendment
8. Administrative expenses	(225,895)	(239,030)	13,135	3,412
10. Income taxes	(24,598)	(23,745)	(853)	(853)

Further to be taken into account is the fact that adjusted administrative expenses for 2012 additionally include an effect in the amount of €k 9,723 due to changed disclosure of write-offs on operating leases (for further details see the corresponding notes).

The next table shows standards and interpretations published and amended as at the balance sheet date that have fully been put into effect by the IASB or partly by the EU endorsement procedure but are not yet mandatory and were not applied in the present Consolidated Financial Statements.

Standard/Interpretation	Designation	Applicable for financial years from	Already adopted by the EU
IAS 19 - amended	Defined Benefit Plans:		
	Employee Contributions	01/01/2015	No
IAS 27 - amended	Separate Financial Statements	01/01/2014	Yes
	Amendment of IAS 27 – Investment Entities	01/01/2014	Yes
IAS 28 - amended	Investments in Associates and Joint Ventures	01/01/2014	Yes
IAS 32 - amended	Offsetting Financial Assets and Financial Liabilities	01/01/2014	Yes
IAS 36 - amended	Recoverable Amount for Non-Financial Assets	01/01/2014	Yes
IAS 39 - amended	Novation of Derivatives and Continuation of Hedge Accounting	01/01/2014	Yes
IFRS 9	Financial Instruments	01/01/2018	No
IFRS 10	Consolidated Financial Statements	01/01/2014	Yes
	Amendment of IFRS 10 – Investment Entities	01/01/2014	Yes
IFRS 11	Joint Arrangements	01/01/2014	Yes
IFRS 12	Disclosure of Interests in Other Entities	01/01/2014	Yes
	Amendment of IFRS 12 – Investment Entities	01/01/2014	Yes

To the extent that Oberbank has already examined the remaining standards, these are not expected to have any substantial material effects on future consolidated statements.

The effects of IFRS 9 on the Oberbank Group will be conclusively examined following final publication of the standard. A reliable statement regarding the effects of IFRS 9 on future financial statements is not possible on the basis of current knowledge.

Starting with financial year 2013, write-offs on operating leases are no longer shown in the item Administrative expenses, but in item 9.d) Other operating income. In line with the principle of presenting a true and fair view, this approach more

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adequately reflects the substance and economic reality of these assets, in particular as the corresponding earnings from operating leases are shown in item 9.d) Other operating income.

The previous year's values were adjusted accordingly.

Income statement item in €k	2012 adjusted	2012 published	Adjustment amount	Effect changed disclosure
8. Administrative expenses	(225,895)	(239,030)	13,135	9,723
9.d) Other operating income	(1,830)	7,893	(9,723)	(9,723)

Further to be taken into account is the fact that adjusted administrative expenses for 2012 additionally include an effect in the amount of €k 3,412 due to first-time application of IAS 19 (for further details see the corresponding notes).

In conformity with IAS 39, all financial assets and liabilities, including all derivative financial instruments, are carried on the balance sheet. Financial guarantees were likewise recognised in conformity with IAS 39. All financial instruments held for trading and securities not held for trading were recognised as at the day on which they were traded, whereas other financial instruments were recognised as at the day on which they were realised or settled. Financial assets were valued according to the particular asset class to which they belonged. These asset classes were differentiated as follows:

The principal purpose of financial assets and liabilities held for trading is to effect gains from short-term price fluctuations or dealer's margin.

Financial investments held to maturity are assets with fixed payments and fixed maturities that the Bank has the positive intent and ability to hold to maturity.

All assets and liabilities to which the fair value option within the meaning of IAS 39 was applied were measured at fair value. On the one hand, use of the fair value option under IAS 39 serves to avoid or rectify inconsistencies in recognition and measurement of assets and liabilities. On the other hand, the fair value option was applied in respect of a group of financial assets whose changes in value were assessed and managed at fair value on the basis of a documented investment strategy.

Loans and receivables are financial assets which the enterprise has originated itself through the direct provision of money, goods or services and which are not held for trading. Essentially, this class comprises loans and advances to credit institutions and customers. Receivables purchased by the enterprise were not recognised here. Instead, they were assigned to the held-for-trading or available-for-sale portfolio.

The remaining items, i.e. all assets that are not assignable to one of the aforesaid classes, were designated as available-for-sale assets. The Bank recognised these holdings as financial investments. Financial liabilities not held for trading included, in particular, amounts owed to credit institutions and customers, securitised liabilities, and subordinated debt capital.

All financial instruments were initially recognised at cost; these amounts correspond to the fair value of consideration given (when financial assets are acquired) or received (when financial liabilities are acquired). Thereafter, financial assets were generally measured at fair value. Exceptions included originated loans and receivables that were not held for trading and certain financial assets whose fair value could not be reliably measured. Another exception was held-to-maturity securities. These exceptions were recognised at amortised cost. Insofar as they were not trading liabilities, financial liabilities were also recognised at amortised cost. A financial asset is derecognised when control of the contractual rights arising from that asset is lost. A financial liability is derecognised when it has been settled. If impairment existed for the purposes of IAS 39, such impairment was recognised in the income statement.

Consolidation policies

All material subsidiaries under the control of Oberbank AG were accounted for in the consolidated financial statements.

Material equity investments up to a participating interest of 50% were accounted for using the equity method (Drei-Banken Versicherungs-Aktiengesellschaft, BKS Bank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft, voestalpine AG). For an entity to be accounted for using the equity method, Oberbank must be able to exert a significant influence on its business policies. Such an influence also gives a strategic investor a degree of responsibility for the entity concerned. Consequently, it

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seems insufficient for its valuation to be based solely on its share price. In the interest of a sustainable equity investment strategy, it is in any event appropriate also to take account of the entity's equity from time to time. Similarly, profit distributions are no yardstick for the Group's interest in an associate's performance. Income from an equity investment is more accurately captured by taking into account the Group's interest in its profit for the year.

Joint ventures (ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H.) were accounted for by proportionate consolidation.

Subsidiaries whose effect on the assets and financial position of the Group and the results of its operations was, as a whole, immaterial were not consolidated.

Other equity investments were recognised at their fair values.

Capital consolidation took place in accordance with the provisions of IFRS 3 using the revaluation method. Positive differences attributable to separately identifiable intangible assets acquired during the business combination were recognised distinctly from goodwill, differences also being disclosed on a prorated basis with respect to minority interests. Insofar as a useful life could be determined for such assets, they are being amortised over their expected useful lives. Insofar as they were not immaterial, intra-Group receivables and payables, expenses and income were eliminated. An elimination of intercompany profits was not required because there were no material intercompany profits.

Corporate acquisitions

There were no corporate acquisitions in the financial year 2013.

Foreign currency translation and Group currency

Foreign-currency translation took place in conformity with the provisions of IAS 21. Accordingly, monetary assets and liabilities not denominated in euro were translated into euro at the market exchange rates ruling on the balance sheet date. Outstanding forward transactions were translated applying the forward rates ruling on the balance sheet date. The annual financial statements of foreign subsidiaries prepared in foreign currencies were translated applying the middle rates of exchange ruling on the balance sheet date for the purposes of the balance sheet and applying average rates of exchange over the year for the purposes of the income statement. The consolidated financial statements were prepared in euro.

Cash and balances at central banks

The line item Cash and balances at central banks consists of cash on hand and credit balances at central banks of issue.

Trading assets

All trading assets, comprising securities held for trading, the positive fair values of derivative financial instruments, and open or non-hedged derivative financial instruments in the trading book were recognised at their fair values. In addition to stock exchange prices, commercially available prices were also applied when valuing trading assets. If such prices were not available, generally accepted valuation models were employed.

Loans and advances to credit institutions and customers

These were recognised at amortised cost with the exception of hedged items, in respect of which use was made of the fair value option. Instead of being charged against the corresponding receivables, impairment provisions for specific and country risks were disclosed on the balance sheet.

Derivatives

Financial derivatives were recognised in the balance sheet at their fair values, changes in value in the course of the financial year in general being recognised immediately through profit or loss. Insofar as use was made of the fair value option under IAS 39, it served to eliminate or reduce inconsistencies in the recognition and measurement of assets and liabilities. Accordingly, in such cases, assets and liabilities were measured at fair value through profit or loss. The Management Board has elected to pursue an investment strategy within the scope of which the elimination of mismatches through the use of the fair value option is prescribed.

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Leasing

As lessor under a finance lease, Oberbank has a right of claim against the lessee in the amount of the present value of the contractually agreed payments. In the case of operating leases, the Bank recognised the leased items, minus depreciation, in the line item Property, plant and equipment. Real estate held as investment property was recognised at amortised cost.

Impairment provisions

The calculation of impairment provisions depended above all on expectations regarding future loan losses and the structure and quality of the loan portfolio. Specific allowances or provisions in the amount of expected loan losses were recognised for all identifiable credit risks arising from domestic and foreign credit operations. The Bank also recognised a general allowance for impairment of the portfolio in accordance with IAS 39. The assessment of the risk associated with loans to borrowers abroad (country risk) took into account the respective economic, political and regional circumstances. The total balance of impairment provisions is disclosed as a deduction on the assets side of the balance sheet. The impairment provisions associated with off-balance-sheet transactions (including, in particular, guarantees and other loan commitments) are reported in the line item Provisions for liabilities and charges.

Financial investments

Financial investments comprise the categories FV/PL (Fair Value/Profit or Loss), HtM (Held to Maturity), AfS (Available for Sale) and interests in entities accounted for using the equity method. Assets recognised using the fair value option pursuant to IAS 39 are measured at their fair values. Assets in the held-to-maturity portfolio were measured at amortised cost; impairments arising due to reduced creditworthiness that were expected to be permanent were recognised in the income statement. Interests in entities that were neither consolidated nor accounted for using the equity method were classified as available-for-sale. Assets in the available-for-sale portfolio were measured at fair values and unrealised gains and losses were booked without impact on income. Participating interests and shares in affiliated undertakings, with a volume of EUR 250.5 million, which are not intended to be sold and for which there is no active market, are valued at cost. For the purpose of determining the need to recognise impairment, Oberbank distinguishes between debt instruments (loans and receivables, HtM assets, and fixed-interest AfS assets) and equity instruments. Interests in entities accounted for using the equity method are recognised proportionately to the equity held by Oberbank. If there are objective indications that an asset accounted for using the equity method is impaired, the value in use is calculated on the basis of the estimated future payment flows expected to be generated by the respective associated company. The fair value is determined using a discounted cash flow approach. As at 31 December 2013, no impairment loss had to be recognised.

Debt instruments have to be tested for impairment if their fair value has fallen by at least 20% below the cost of the debt instruments and this decline persists over a period of nine months. The instrument is reviewed to determine whether an event has occurred that has an impact on future cash flows of the debt instrument that can be reliably estimated (IAS 39.59). If it is found that the debt instrument cannot be expected to recover its initial value during the planned holding period (exclusion of market fluctuations), impairment has to be recognised.

Equity instruments have to be tested for impairment if their fair value has fallen by at least 20% below the cost of the equity instruments or if the fair value of an equity instrument remains persistently below its cost for a period of not less than nine months. The instrument is reviewed to determine whether an event has occurred that has an impact on the future cash flows of the equity instrument that can be reliably estimated (IAS 39.59) or whether there is a danger that the cost of the investment in the equity instrument may not be recovered (IAS 39.61). If it is found that an equity instrument cannot be expected to recover its cost during the planned holding period (exclusion of market fluctuations), impairment has to be recognised.

No reclassifications of assets from AfS to HtM were made in the financial year 2013.

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Intangible assets and property, plant and equipment

Intangible assets consisted mainly of patents, licences, software, the customer base and rights as well as acquired goodwill. These assets were valued at cost of purchase and/or conversion less ordinary and extraordinary amortisation. Ordinary amortisation is applied on a straight-line basis over assets' expected useful lives. The useful lives of intangible assets held by Oberbank lie between three and 20 years. Property, plant and equipment (including real estate carried as financial investments) was valued at the cost of acquisition and/or conversion less ordinary depreciation. If impairment was expected to be permanent, extraordinary depreciation was recorded. Ordinary depreciation is applied on a straight-line basis over assets' expected useful lives.

The following average useful lives are applied at Oberbank:

- Buildings used for banking operations: 10 to 50 years
- Business equipment and furnishings: 4 to 20 years
- Standard-software: 4 years

As at the balance sheet date, these items are tested for impairment by determining the fair market value of the respective assets. The fair market value is taken to be the higher of utility value or the net sales value. If the fair market value is below the book value of the asset, impairment losses in the amount of the difference are recognised in income.

Deferred tax

The reporting and calculation of income taxes took place in accordance with IAS 12. The calculation for each taxable entity was carried out applying the tax rates that were expected to be applicable in respect of the tax period in which any temporary difference was going to reverse. Deferred tax assets were recognised with respect to tax loss carry-forwards insofar as taxable profits in the equivalent amount were to be expected within the same entity in the future. Income tax assets and income tax liabilities were reported in the line items Other assets or Tax liabilities.

Trading liabilities

This line item consists mainly of negative fair values of derivative financial instruments. Trading liabilities were recognised on the balance sheet in the line item Other liabilities.

Amounts owed to credit institutions and customers

These were recognised at amortised cost with the exception of payables on the hedged items in respect of which use was made of the fair value option.

Securitised liabilities

Securitised liabilities were generally recognised at their repayable amount. Insofar as use was made of the fair value option, securitised liabilities were recognised at fair value. Long maturity bonds issued at a discount (zero coupon bonds) were recognised at their present values. The line item Securitised liabilities was reduced by the cost of securities held in the Bank's own portfolio.

Provisions for liabilities and charges

a) Provisions for staff benefits

Provisions were created if there was a reliably determinable legal or actual obligation to third parties. All social capital provisions (for severance, pensions and anniversary bonuses) were calculated in accordance with IAS 19 on the basis of expert actuarial valuations. In addition to the post-employment benefits and acquired benefit rights known on the balance sheet date, expected future increases in salaries and pensions were also taken into account.

The actuarial calculation of all social capital provisions was based on the following parameters:

- An interest rate (long-term capital market interest rate) of 3.5% (previous year: 3.5%);
- Annual salary increases of 3.5% (previous year: 3.5%); increases in post-employment benefits of 3.0% (previous year: 3.0%);

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- In accordance with the transitional provisions of the Austrian pension reform, the individually determined retirement age for men is between 48 and 64 years and for women between 53 and 62 years.

Actuarial gains or losses were recognised outside profit or loss in other comprehensive income.

b) Other provisions for liabilities and charges

Other provisions were created if there was a reliably determinable legal or actual obligation to a third party and if it appeared probable that this liability would give rise to an outflow of funds in the future. Provisions were set up in the amount of the best possible estimate of the expense required to settle the respective liability.

Other liabilities

Deferred income items, obligations whose amounts and due dates were much more certain than in the case of obligations for which provisions were created as well as other obligations that could not be allocated to other line items on the balance sheet, were recognised in the line item Other liabilities.

Equity

Pursuant to a resolution of the Annual General Meeting held on 28 April 1999, Oberbank's share capital was converted from Austrian schillings to euro and from par-value shares to no-par shares (Stückaktien). On the occasion of the capital increase in 2000, carried out pursuant to a resolution of the Annual General Meeting held on 27 April 2000, Oberbank's share capital was increased from EUR 58,160,000.00 to EUR 60,486,400.00 through the issuance of 320,000 ordinary shares. Pursuant to a resolution of the Annual General Meeting held on 22 April 2002, Oberbank's share capital was increased to EUR 70 million out of Company funds. During the 2006 financial year, Oberbank's share capital was increased to EUR 75,384,615.38 through the issuance of 640,000 ordinary shares pursuant to a resolution of the Annual General Meeting held on 9 May 2006. Pursuant to a resolution of the Annual General Meeting held on 14 May 2007, Oberbank's share capital was increased to EUR 75,721,153.84 through the issuance of 40,000 ordinary shares (conditional capital increase). A further conditional capital increase through the issuance of 30,000 ordinary shares was carried out in the 2008 financial year. The share capital of Oberbank thus increased to EUR 75,973,557.69. Pursuant to the resolution of 27 May 2008, the Company carried out a three-for-one stock split and a capital increase out of Company funds, raising the share capital to EUR 81,270,000.00. Upon resolution of the Management Board of 30 September 2009, a capital increase at the ratio of 1:16 was carried out in October 2009, raising the share capital to EUR 86,349,375.00.

The share capital of Oberbank is divided into 25,783,125 ordinary no-par bearer shares and 3,000,000 non-voting no-par bearer preference shares carrying an entitlement to a minimum dividend of 6% of the pro-rata share capital, payable, if necessary, in a later period. The Management Board will be recommending to the Annual General Meeting that a dividend of EUR 0.50 per share be distributed out of the net profit of Oberbank AG for the financial year 2013 (corresponding to a pay out of EUR 14,391,562.50). EUR 74,000,000.00 will be allocated to reserves. The remainder in the amount of EUR 234,038.31 will be carried forward to new account.

On the reporting date, 10,785,651 Oberbank shares were held directly by the Company itself or by Group members. Additional proceeds (premiums) from the issuance of own shares were recognised in capital reserves. Retained earnings include the Group's ploughed-back profits as well as all consolidation entries recognised in the income statement. Unrealised gains and losses recognised in equity in accordance with IAS 39 comprise gains and losses on available-for-sale financial instruments. These are taken to the income statement upon realisation. The reserves attributable to associated companies are equivalent to the difference between historic acquisition costs and the carrying amount of associated companies accounted for using the equity method.

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Net interest income

Interest income and interest expenses were accounted for on an accrual basis. Net interest income includes income and expenses paid for the furnishing of capital. In addition, this line item also includes income from equities, other rights and other variable-yield securities insofar as it did not constitute income from securities requiring designation as trading assets. Income from equity investments and investments in subsidiaries – i.e. those which were not consolidated because they were immaterial – was also reported in this line item. Income from entities accounted for using the equity method was reported in a separate line item.

Charges for losses on loans and advances

The line item Charges for losses on loans and advances includes transfers to impairment allowances and provisions and income from reversals of allowances and provisions as well as direct write-offs and subsequent write-backs of receivables already written off in connection with credit operations.

Net commission income

Net commission income comprises income from service business net of expenses arising in connection with the rendering of services.

Net trading income

This line item includes realised gains and losses on securities and other financial instruments held for trading, unrealised gains and losses arising from the measurement at fair value of securities and other financial instruments held for trading, accrued interest arising from fixed-interest securities held for trading and dividend income on equities held for trading as well as the funding costs associated with such securities.

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Details of the income statement in €k

3) Net interest income	2013	2012
Interest income from		
Credit and money market business	382,340	446,874
Shares and other variable-yield securities	4,374	7,429
Other equity investments	1,862	1,890
Subsidiaries	2,995	3,314
Fixed-interest securities and bonds	89,758	104,657
Interest and similar income	481,329	564,164
Interest expenses on		
Deposits	(141,054)	(224,661)
Securitised liabilities	(35,271)	(40,637)
Subordinated liabilities	(18,160)	(21,654)
Interest and similar expenses	(194,485)	(286,952)
Income from entities accounted for using the equity method	48,758	35,733
Net interest income	335,602	312,945

Interest income on financial assets not designated at fair value through profit or loss came to €k 475,405 (previous year €k 533,283). The corresponding interest expenses on financial liabilities amounted to €k 145,839 (previous year €k 230,301).

4) Charges for losses on loans and advances	2013	2012
Allocated to loan loss provisions	(104,471)	(98,152)
Direct write-offs	(2,032)	(2,316)
Reversals of loan loss provisions	32,075	37,509
Recoveries of written-off receivables	3,794	3,162
Charges for losses on loans and advances	(70,634)	(59,797)

5) Net commission income	2013	2012
Payment services	41,420	38,569
Securities business	36,013	32,243
Foreign exchange, foreign bank note and precious metals business	10,553	12,241
Credit operations	22,853	21,575
Other service and advisory business	3,784	3,599
Net commission income	114,623	108,227

6) Net trading income	2013	2012
Gains (losses) on interest rate contracts	3,128	1,437
Gains (losses) on foreign exchange, foreign bank note and numismatic business	3,012	4,880
Gains (losses) on derivatives	(996)	992
Net trading income	5,144	7,309

7) Administrative expenses	2013	2012
Staff costs	140,304	137,696
Other administrative expenses	79,162	74,514
Write-offs and valuation allowances	11,529	13,685
Administrative expenses	230,995	225,895

Pension contributions were €k 2,820 (previous year: €k 2,780).

In the item Staff costs the previous year's value was adjusted by €k 3,412 due to first-time application of IAS 19.

In the item Write-offs and valuation allowances the previous year's value was adjusted by €k 9,723, because write-offs on operating leases are shown in the item Other operating income from financial year 2013 onwards (see also the explanations to Note 8 and the item "Disclosure changes made in the reporting year").

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8) Other operating income	2013	2012
a) Net income from financial assets – FV/PL	11,913	13,910
b) Net income from financial assets – AfS	(17,351)	(19,101)
c) Net income from financial assets – HtM	0	0
d) Other operating income	(6,632)	(1,830)
Other operating income net of other operating expenses	(12,070)	(7,021)

This item includes impairments in the amount of € 15.8 million pertaining to financial assets – AfS.

In the financial year 2013, write-offs on operating leases in the amount of €k 11,427 were shown in this item for the first time. The corresponding value for the previous year was adjusted by the amount of €k 9,723 (see also the explanations to Note 7 and the item “Disclosure changes made in the reporting year”).

9) Income taxes	2013	2012
Current income tax expense	25,181	23,450
Deferred income tax expenses (income)	(5,926)	1,148
Income taxes	19,255	24,598
Profit for the year before tax	141,670	135,768
Computed tax expense at a rate of 25%	35,417	33,942
Tax savings arising due to tax-exempt income from equity investments	(2,009)	(2,287)
Tax savings arising due to profits accounted for using the equity method	(12,190)	(8,933)
Tax expenses (income) relating to prior years	(3,347)	481
Tax savings arising from other tax-exempt income	380	(230)
Tax incurred as a result of non-allowable expenses	923	2,966
Tax savings arising due to used carry-forwards of losses	457	(297)
Tax effects of differing tax rates	(376)	(1,043)
Reported tax expenses (income)	19,255	24,598
Effective tax rate	13.59%	18.12%

In the financial year 2012, deferred tax expenses and consequently income taxes were adjusted by €k 853 due to the first-time application of IAS 19.

10) Earnings per share in €	2013	2012
Number of shares as at 31/12	28,783,125	28,783,125
Average number of shares in issue	28,735,947	28,738,475
Profit of the year after tax	122,415	111,170
Earnings per share in €	4.26	3.87

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.

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Details of the balance sheet in €k

11) Cash and balances at central banks	2013	2012
Cash in hand	77,430	71,600
Credit balances with central banks of issue	97,169	111,193
Cash and balances at central banks	174,599	182,793
12) Loans and advances to credit institutions	2013	2012
Loans and advances to Austrian credit institutions	851,249	1,017,470
Loans and advances to foreign credit institutions	841,538	751,881
Loans and advances to credit institutions	1,692,787	1,769,351
Loans and advances to credit institutions, by maturities		
On demand	215,324	266,386
To 3 months	977,969	831,255
3 months to 1 year	408,373	553,071
1 to 5 years	83,674	111,481
Over 5 years	7,447	7,158
Loans and advances to credit institutions	1,692,787	1,769,351
13) Loans and advances to customers	2013	2012
Loans and advances to Austrian customers	7,357,964	6,936,402
Loans and advances to foreign customers	4,355,298	4,309,376
Loans and advances to customers	11,713,262	11,245,778
Loans and advances to customers, by maturities		
On demand	2,112,347	1,981,585
To 3 months	989,841	1,275,375
3 months to 1 year	899,163	1,255,860
1 to 5 years	3,748,173	3,260,388
Over 5 years	3,963,738	3,472,570
Loans and advances to customers	11,713,262	11,245,778
Leasing business (finance leasing), gross investment value		
To 3 months	63,897	59,690
3 months to 1 year	146,570	162,567
1 to 5 years	499,081	482,092
Over 5 years	339,252	331,498
Total	1,048,800	1,035,847
Unrealised financial income		
To 3 months	6,266	5,670
3 months to 1 year	15,742	15,173
1 to 5 years	38,668	40,206
Over 5 years	25,950	23,257
Total	86,626	84,306
Net investment value		
To 3 months	57,631	54,020
3 months to 1 year	130,828	147,394
1 to 5 years	460,413	441,886
Over 5 years	313,302	308,241
Total	962,174	951,541
Accumulated impairment allowances	18,776	14,776

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14) Impairment provisions

see pages 112 to 113

15) Trading assets	2013	2012
Bonds and other fixed-interest securities		
Listed	661	4,247
Stocks and other variable-yield securities		
Listed	1,404	2,775
Positive fair values of derivative financial instruments		
Currency contracts	2,602	2,344
Interest rate contracts	34,280	51,005
Other contracts	17	0
Trading assets	38,964	60,371

16) Financial investments	2013	2012
Bonds and other fixed-interest securities		
Listed	2,668,021	3,005,355
Unlisted	19,362	29,696
Stocks and other variable-yield securities		
Listed	81,930	124,899
Unlisted	200,004	186,460
Equity investments/shares		
In subsidiaries	235,045	234,943
In entities accounted for using the equity method		
Banks	246,370	233,754
Non-banks	325,363	317,349
Other equity investments		
Banks	13,434	10,809
Non-banks	39,830	38,710
Financial investments	3,829,359	4,181,975
a) Financial assets – FV/PL	249,924	277,982
b) Financial assets – Afs	780,504	1,121,940
c) Financial assets – HtM	2,227,199	2,230,950
d) Interest in entities accounted for using the equity method	571,732	551,103
Financial investments	3,829,359	4,181,975

17) Intangible assets	2013	2012
Rights of use and rental rights	905	1,132
Custom software	355	1,922
Other intangible assets	72	96
Customer base	662	709
Intangible assets	1,994	3,859

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18) Property, plant and equipment	2013	2012
Investment property	92,750	84,478
Land and buildings	58,233	61,842
Business equipment and furnishings	68,198	67,830
Other property, plant and equipment	16,858	14,975
Property, plant and equipment	236,039	229,125

The Group owned land and buildings used by others with a book value of €k 92,750 (previous year €k 84,478); these properties had a fair value of €k 102,805 (previous year €k 93,540). The fair value is assignable to level 3 and is calculated using internal models. Rental income during the financial year came to €k 3,552, the associated expenses (including depreciation) amounted to €k 2,230.

Leasing (operate leases): Minimum lease instalments in the future		
To 3 months	4,300	3,866
3 months to 1 year	12,536	10,506
1 to 5 years	40,090	36,167
Over 5 years	35,568	36,007
Total	92,494	86,546

19) Other assets	2013	2012
Deferred tax assets	49,013	37,993
Other items	227,696	329,800
Other deferrals	3,414	2,853
Other assets	280,123	370,646
Deferred tax assets	49,013	37,993
Deferred tax assets	49,013	37,993

Deferred tax assets/liabilities in €k

	Deferred taxes 2013		Deferred taxes 2012	
	Assets	Liabilities	Assets	Liabilities
Loans and advances to customers	13	(9,388)	1	(11,297)
Provisioning charges	40,527	0	35,335	0
Trading assets	0	(8,516)	0	(12,601)
Financial investments	34	(13,751)	119	(21,622)
Financial assets – FV/PL	0	(9,584)	0	(8,803)
Financial assets – AfS	0	(4,157)	0	(12,811)
Financial assets – HtM	34	(10)	119	(8)
Intangible assets	0	(167)	0	(180)
Property, plant and equipment	527	(79)	5	(69)
Other assets	62	(15,810)	11	(25,982)
	41,163	(47,711)	35,470	(71,751)
Amounts owed to credit institutions	1,452	(467)	2,456	(7)
Amounts owed to customers	9,758	0	16,558	0
Securitized liabilities	1,630	0	5,168	0
Provisions for termination benefits and pensions	24,326	0	24,604	0
Other provisions for liabilities and charges	3,966	(60)	6,226	0
Other liabilities	3,605	(1,870)	4,547	(2,201)
Subordinated debt capital	7,913	0	10,819	0
Untaxed reserves/valuation reserves	0	(1,156)	0	(1,491)
	52,649	(3,553)	70,377	(3,698)
Capitalisable tax loss carry-forwards	2,128	0	3,212	0
Deferred tax assets/liabilities	95,940	(51,264)	109,060	(75,450)
Impairment allowance	0	0	0	0
Balance of deferred tax assets/liabilities attributable to the same fiscal authority	(46,927)	46,927	(71,066)	71,066
Balance of deferred tax assets/liabilities	49,013	(4,337)	37,993	(4,384)

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20) Amounts owed to credit institutions	2013	2012
Amounts owed to Austrian banks	1,560,875	1,492,840
Amounts owed to foreign banks	1,678,082	2,546,864
Amounts owed to credit institutions	3,238,957	4,039,704
Amounts owed to credit institutions, by maturities		
On demand	494,131	62,830
To 3 months	1,772,610	3,080,849
3 months to 1 year	101,352	61,689
1 to 5 years	352,635	415,698
Over 5 years	518,229	418,638
Amounts owed to credit institutions	3,238,957	4,039,704

21) Amounts owed to customers	2013	2012
Savings deposits	3,352,082	3,380,085
Other	6,673,924	6,018,988
Amounts owed to customers	10,026,006	9,399,073
Amounts owed to customers, by maturities		
On demand	4,885,703	3,906,557
To 3 months	1,707,421	2,058,562
3 months to 1 year	2,320,123	2,298,093
1 to 5 years	738,324	727,429
Over 5 years	374,435	408,432
Amounts owed to customers	10,026,006	9,399,073

22) Securitised liabilities	2013	2012
Issued bonds	1,541,676	1,465,126
Other securitised liabilities	51,191	68,527
Securitised liabilities	1,592,867	1,533,653
Securitised liabilities, by maturities		
To 3 months	122,230	81,294
3 months to 1 year	190,471	114,419
1 to 5 years	946,668	1,080,489
Over 5 years	333,498	257,451
Securitised liabilities	1,592,867	1,533,653

23) Provisions for liabilities and charges	2013	2012
Provisions for termination benefits and pensions	208,892	210,004
Other provisions for liabilities and charges	182,509	190,181
Provisions for liabilities and charges	391,401	400,185
Provisions for anniversary bonuses	8,988	8,723
Loan loss provisions	128,497	128,873
Other items	45,024	52,585
Other provisions for liabilities and charges	182,509	190,181

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Movement in provisions for termination benefits and pensions	2013	2012
Provisions balance as at 01/01	210,004	207,653
Allocated to/reversed from provisions for termination benefits	160	(380)
Allocated to/reversed from provisions for pensions	(1,272)	2,731
Provisions balance as at 31/12	208,892	210,004

Presentation of obligations under defined benefit plans pursuant to IAS 19	31/12/2013	31/12/2012
Plan assets	0	0
Provisions for termination benefits	36,241	36,081
Provisions for pensions	172,651	173,923
Provisions for anniversary bonuses	8,988	8,723
Total obligations under defined benefit plans	217,880	218,727

The legal basis for the provisions for termination benefits is created by the Austrian Salaried Employees Act (AngG, Article 23) as well as the valid collective bargaining agreement for the banking sector (Article 32).

Pursuant to Article 32 of the collective bargaining agreement, employees with a minimum service period of five years are entitled to termination benefits in the amount of two monthly salaries in addition to their claims in accordance with the Salaried Employees Act (Severance Pay OLD) and BMSVG (Corporate Employee and Self-Employed Pension Act; Severance Pay NEW), respectively.

As at 31 December 2013, 995 employees were included in the "Severance Pay OLD" system (97% of the entire volume of provisions) and 840 employees were carried in the "Severance Pay NEW" system.

The legal basis for the provisions for pensions is created by the collective bargaining agreement on the reform of pension entitlements (pension reform of 1997) as well as pension commitments based on individual contracts.

As at 31 December 2013, provisions for pensions within Oberbank AG encompassed 634 pension beneficiaries (85% of the total volume of provisions) and 456 employees in active service (15% of total provisions).

The majority of active staff members (454 persons) are entitled to a pension based on acquired vested rights as calculated for the cut-off date of 1 January 1997 and value-adjusted for salary increases in accordance with the collective agreement on an annual basis. This group of employees accounts for almost 11% of total provisions.

Risks that need to be stated in connection with provisions for pensions:

Disability: If an employee is granted a disability pension, the Austrian pension law in force before 1 January 1997 becomes applicable, implying that the Bank's contribution is a transitional pension (total pension) calculated on the basis of the last salary and taking into account pension fund contributions financed by the Bank.

Administrative pension: Upon termination of an employment contract by the Bank, active employees entitled to a pension based on acquired vested rights are entitled to an administrative pension calculated on the basis of the last salary, which is paid until such person becomes entitled to a statutory pension pursuant to the provisions laid down in the Austrian General Social Insurance Act (ASVG), from which date a transitional pension is disbursed (calculated on the basis of a fictitious ASVG pension).

The legal basis for the provisions for anniversary bonuses is created by the company agreement.

Entitlements are staggered as follows: three monthly salaries after 25 years' service; four monthly salaries after 40 years' service.

As at 31 December 2013, provisions for anniversary bonuses encompassed the entitlements of 1,840 persons. No provisions have been set up for 167 persons (to 46 the anniversary bonus had already been disbursed; 121 persons will reach retirement age prior to the entitlement date).

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Movements in provisions for termination benefits, pensions and similar obligations	2013	2012
Provisions balance as at 01/01	218,727	216,216
Recognised in the income statement		
+ Service cost	3,369	3,367
+ Interest cost	7,398	8,007
Subtotal	229,494	227,590
Recognised in other comprehensive income		
Revaluation effects		
-/+ Actuarial gain/loss	(453)	3,412
Experience-based adjustments	(453)	3,412
Subtotal	(453)	3,412
Other		
- Payments during the reporting year	(11,579)	(12,275)
- Other changes	418	0
Subtotal	(11,161)	(12,275)
Provisions balance as at 31/12	217,880	218,727

In the financial year under report, the actuarial gain was recognised directly in other comprehensive income (OCI). The amounts will not be reclassified subsequently; a transfer within equity, however, is permitted.

Important actuarial assumptions for calculating the present values of defined benefit obligations	2013	2012
Interest rate applied	3.5%	3.5%
Rate of increase under collective agreements	3.5%	3.5%
Pension increase	3.0%	3.0%
Fluctuation	none	none
Retirement age women	65 years	65 years
Retirement age men	65 years	65 years
Mortality tables	AVÖ 2008	AVÖ 2008

Assuming that the computational parameters remain unchanged, we anticipate an allocation of about € 1.0 million to provisions for termination benefits, pensions and similar obligations in the financial year 2014. The cash value of post-retirement benefit obligations was €k 210,820 for the financial year 2006, €k 222,057 for the financial year 2007 and €k 217,521 for the financial year 2008, €k 216,229 for the financial year 2009, €k 215,703 for the financial year 2010 and €k 216,216 for the financial year 2011.

Sensitivity analysis

The sensitivity analysis shows the effects that significant changes in actuarial assumptions might reasonably be expected to have had on defined benefit obligations by the end of the reporting period.

in €k	Termination benefits	Pensions	Anniversary bonuses
Interest rate applied + 1%	32,095	152,216	-
Interest rate applied - 1%	40,340	198,206	-
Collective agreement increase + 0.5%	37,989	174,160	-
Collective agreement increase – 0.5%	33,887	171,230	-
Pension increase + 0.5%	-	182,659	-
Pension increase – 0.5%	-	163,470	-

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Although the sensitivity analysis does not purport to deliver a final presentation of expected future payment flows, the results allow an assessment of the possible effects of significant changes in actuarial assumptions.

Movements in other provisions for liabilities and charges	Provisions for anniversary bonuses	Loan loss provisions	Other provisions
Balance as at 01/01	8,723	128,873	52,585
Allocated	265	13,674	9,043
Used/exchange differences	0	3,237	6,929
Reversed	0	10,813	9,675
Balance as at 31/12	8,988	128,497	45,024

24) Other liabilities	2013	2012
Trading liabilities	37,281	52,138
Tax liabilities	4,496	4,867
Current tax liabilities	159	484
Deferred tax liabilities *	4,337	4,383
Other obligations	185,545	185,718
Deferred items	41,851	42,159
Other liabilities	269,173	284,882

*) For details regarding deferred tax liabilities see Note 19 on Other assets.

25) Other liabilities (trading liabilities)	2013	2012
Currency contracts	2,869	1,996
Interest rate contracts	34,119	50,087
Other contracts	293	55
Trading liabilities	37,281	52,138

26) Subordinated debt capital	2013	2012
Issued subordinated bonds	9,448	6,620
Supplementary capital	542,784	589,187
Hybrid capital	79,319	79,325
Subordinated debt capital	631,551	675,132
Subordinated debt capital, by maturities		
To 3 months	37,513	40,343
3 months to 1 year	7,707	20,508
1 to 5 years	285,998	212,027
Over 5 years	300,333	402,254
Subordinated debt capital	631,551	675,132

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27) Equity	2013	2012
Subscribed capital	86,034	86,096
Capital reserves	194,038	194,041
Retained earnings (including net profit)	1,116,051	1,036,155
Untaxed reserves	20,016	21,355
Negative goodwill	1,872	1,872
Minorities	2,960	2,925
Equity	1,420,971	1,342,444
Shares in issue (numbers)		
Shares in issue as at 01/01	28,758,663	28,773,373
New shares issued	0	0
Treasury shares purchased	(281,287)	(354,513)
Treasury shares sold	283,915	339,803
Shares in issue as at 31/12	28,761,291	28,758,663
Treasury shares held in the Group's portfolio	21,834	24,462
Shares in issue as at 31/12	28,783,125	28,783,125

The book value of Oberbank AG shares held on the balance sheet date was EUR 1.0 million (previous year: EUR 1.0 million).

28) Non-current assets statement

Movements in intangible assets and property, plant and equipment	Intangible assets	Property, plant and equipment	Of which investment property
Cost of purchase/conversion as at 01/01/2013	21,859	443,890	92,918
Exchange differences	(14)	(791)	0
Transfers	0	0	0
Additions	179	36,165	10,502
Disposals	1,088	27,097	0
Accumulated depreciation	18,942	216,128	10,670
Book value as at 31/12/2013	1,994	236,039	92,750
Book value as at 31/12/2012	3,859	229,125	84,478
Depreciation during the financial year	1,046	21,909	2,230

Of total depreciation of property, plant and equipment in the financial year 2013, €k 11,427 assignable to operating leases are shown in the item Other operating income; see also explanations to Notes 7 and 8.

Change in investments in subsidiaries and equity investments	Investments in subsidiaries	Equity investment
Cost of purchase/conversion as at 01/01/2013	247,135	618,737
Additions	3,520	5,033
Change in investments in associates	0	20,629
Disposals	1,927	360
Accumulated depreciation	13,683	19,042
Book value as at 31/12/2013	235,045	624,997
Book value as at 31/12/2012	234,943	600,622
Depreciation during the financial year	1,491	928

In the 2013 financial year, the Company realised proceeds of €k 1,617 (previous year €k 0) through the disposal of unlisted equity investments/shares in subsidiaries, the fair value of which could not be reliably measured. This resulted in a book value reduction amounting to €k 224 (previous year €k 0) and €k 1,393 in net income (previous year €k 0).

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29) Fair value of financial instruments as at 31/12/2013							
	HtM	FV/PL	Trading Book	AfS	L&R/ liabilities	Other	Total
Cash and balances at central banks						174,599	174,599
						174,599	174,599
Loans and advances to credit institutions					1,692,787		1,692,787
					1,693,037		1,693,037
Loans and advances to customers	40,033	83,127		99,621	11,490,481		11,713,262
	40,033	83,127		99,621	11,521,709		11,744,490
Impairment provisions					(396,201)		(396,201)
					(396,201)		(396,201)
Trading assets			38,964				38,964
			38,964				38,964
Financial investments	2,227,199	249,924		780,504		571,732	3,829,359
	2,355,422	249,924		780,504			
Intangible assets						1,994	1,994
Property, plant and equipment						236,039	236,039
Other assets		113,851				166,272	280,123
		113,851					
Total assets	2,267,232	446,902	38,964	880,125	12,787,067	1,150,636	17,570,926
	2,395,455	446,902	38,964	880,125	12,818,545		
Amounts owed to credit institutions		86,308			3,152,649		3,238,957
		86,308			3,161,242		3,247,550
Amounts owed to customers		380,484			9,645,522		10,026,006
		380,484			9,649,106		10,029,590
Securitised liabilities		582,931			1,009,936		1,592,867
		582,931			1,014,912		1,597,843
Provisions for liabilities and charges						391,401	391,401
Other liabilities		45,847	37,281			186,045	269,173
		45,847	37,281				
Subordinated debt capital		416,942			214,609		631,551
		416,942			215,337		632,279
Capital						1,420,971	1,420,971
Total equity and liabilities	0	1,512,512	37,281	0	14,022,716	1,998,417	17,570,926
	0	1,512,512	37,281	0	14,040,597		

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

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29) Fair value of financial instruments as at 31/12/2012							
	HtM	FV/PL	Trading Book	AfS	L&R/ liabilities	Other	Total
Cash and balances at central banks						182,793	182,793
						182,793	182,793
Loans and advances to credit institutions					1,769,351		1,769,351
					1,771,191		1,771,191
Loans and advances to customers	40,033	164,372		102,885	10,938,488		11,245,778
	40,033	164,372		102,885	11,018,572		11,325,862
Impairment provisions					-368,825		-368,825
					-368,825		-368,825
Trading assets			60,371				60,371
			60,371				60,371
Financial investments	2,230,950	277,982		1,121,940		551,103	4,181,975
	2,387,240	277,982		1,121,940			
Intangible assets						3,859	3,859
Property, plant and equipment						229,125	229,125
Other assets		168,929				201,717	370,646
		168,929					
Total assets	2,270,983	611,283	60,371	1,224,825	12,339,014	1,168,597	17,675,073
	2,427,273	611,283	60,371	1,224,825	12,420,938		
Amounts owed to credit institutions		89,718			3,949,986		4,039,704
		89,718			3,982,894		4,072,612
Amounts owed to customers		422,684			8,976,389		9,399,073
		422,684			8,993,788		9,416,472
Securitised liabilities		668,882			864,771		1,533,653
		668,882			876,775		1,545,657
Provisions for liabilities and charges						400,185	400,185
Other liabilities		35,543	52,138			197,201	284,882
		35,543	52,138				
Subordinated debt capital		413,567			261,565		675,132
		413,567			267,147		680,714
Capital						1,342,444	1,342,444
Total equity and liabilities	0	1,630,394	52,138	0	14,052,711	1,939,830	17,675,073
	0	1,630,394	52,138	0	14,120,604		

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

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Presentation of the fair value hierarchy for financial instruments carried at fair value										
Book value							Fair value			
as at 31/12/2013 in €k	HtM	FVO	Trading book	AfS	L&R / Liabilities	Other	Total	Level 1	Level 2	Level 3
Financial assets carried at fair value										
Loans and advances to customers	0	83,127	0	99,621	0	0	182,748	0	99,621	83,127
Trading assets	0	0	38,964	0	0	0	38,964	1,801	37,163	0
Financial assets – FV/PL	0	249,924	0	0	0	0	249,924	50,367	199,557	0
Financial assets – AfS	0	0	0	780,504	0	0	780,504	472,385	57,619	250,500 ¹⁾
Other assets	0	0	0	0	0	113,851	113,851	0	113,851	0
Financial assets not carried at fair value										
Loans and advances to credit institutions	0	0	0	0	1,692,787	0	1,692,787	0	0	1,693,037
Loans and advances to customers	40,033	0	0	0	11,490,481	0	11,530,514	0	40,033	11,521,709
Financial assets – HtM	2,227,199	0	0	0	0	0	2,227,199	2,355,422	0	0
Financial liabilities carried at fair value										
Amounts owed to credit institutions	0	86,308	0	0	0	0	86,308	0	0	86,308
Amounts owed to customers	0	380,484	0	0	0	0	380,484	0	0	380,484
Securitised liabilities	0	582,931	0	0	0	0	582,931	0	582,931	0
Other liabilities	0	0	37,281	0	0	45,847	83,128	10	83,118	0
Subordinated debt capital	0	416,942	0	0	0	0	416,942	0	416,942	0
Financial liabilities not carried at fair value										
Liabilities to credit institutions	0	0	0	0	3,152,649	0	3,152,649	0	0	3,161,242
Liabilities to customers	0	0	0	0	9,645,522	0	9,645,522	0	0	9,649,106
Securitisised liabilities	0	0	0	0	1,009,936	0	1,009,936	0	1,014,912	0
Subordinated debt capital	0	0	0	0	214,609	0	214,609	0	215,337	0

1) This item is made up of equity investments in the amount of €k 47,087 and non-consolidated shares in associated companies in the amount of €k 203,413, which were measured at cost.

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Presentation of the fair value hierarchy for financial instruments carried at fair value											
							Book value		Fair value		
per 31/12/2012 in €k	HtM	FVO	HB	AfS	L&R / liabilities	Others	Total	Level 1	Level 2	Level 3	
Financial assets carried at fair value											
Loans and advances to customers	0	164,372	0	102,885	0	0	267,257	0	102,885	164,372	
Trading assets	0	0	60,371	0	0	0	60,371	6,509	53,862	0	
Financial assets – FV/PL	0	277,982	0	0	0	0	277,982	76,286	201,696	0	
Financial assets – AfS	0	0	0	1,121,939	0	0	1,121,939	823,018	50,277	248,644	
Other assets	0	0	0	0	0	168,929	168,929	0	168,929	0	
Financial liabilities carried at fair value											
Amounts owed to credit institutions	0	89,718	0	0	0	0	86,718	0	0	89,718	
Amounts owed to customers	0	422,684	0	0	0	0	422,684	0	0	422,684	
Securitised liabilities	0	668,882	0	0	0	0	668,882	0	668,882	0	
Other liabilities	0	0	52,138	0	0	35,543	87,681	0	87,681	0	
Subordinated debt capital	0	413,567	0	0	0	0	413,567	0	413,567	0	

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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 financial year 2013.

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.

The adoption of the newly applicable IFRS 13 entailed changes in terms of level assignment in the valuation process of amounts owed/loans and advances to customers and credit institutions. Using internal assessments of creditworthiness, these financial instruments are disclosed in level 3 (previous year: level 2). The previous year's figures were adjusted accordingly.

The changes entailed a reclassification adjustment from level 1 to level 2 in the amount of €k 582,931 on the equity and liabilities side as well as from level 2 to level 3 in the amount of €k 83,127 on the assets side and in the amount of €k 466,792 on the equity and liabilities side.

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.

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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, as there are no input factors that would allow the use of a different valuation method. Hence, the fair value of these instruments cannot be reliably established.

Movements in 2013 in €k:

Carrying value as at 01/01/2013	248,644	
Additions (purchases)	2,795	
Disposals (sales)	(224)	
Impairment (recognised in income)	<u>(715)</u>	contained in income from financial assets – AfS
Carrying value as at 31/12/2013	250,500	

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

Realised gains	1,393
Impairment in 2013	<u>(715)</u>
	678

The item Other comprehensive income showed no effects from this type of instruments in 2013.

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 2013 in €k:	Loans and advances to customers	Amounts owed to credit institutions	Amounts owed to customers
Carrying value as at 01/01/2013	164,372	89,718	422,684
Additions	0	0	5,000
Disposals	(77,510)	0	(20,000)
Change in market value	<u>(3,735)</u>	<u>(3,410)</u>	<u>(27,200)</u>
Carrying value as at 31/12/2013	83,127	86,308	380,484

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 in 2013.

The result includes impairments of €k 72,673 (previous year: €k 68,116) on loans and advances to customers, €k 70,641 (previous year: €k 65,799) thereof was added to specific valuation allowances, and direct write-offs amounted to €k 2,032 (previous year: €k 2,317). The difference between the book values and the lower repayment values of financial liabilities designated at fair value through profit or loss came to €k 83,012 (previous year: €k 139,286). During the financial year, the Company acquired no pledged properties intended for immediate resale. The non-interest-related change in the fair value of financial liabilities amounted to €k 6,257 (previous year: €k 6,326), that of financial assets to €k 853 (previous year €k 2,260). In this context the change in fair value resulting from creditworthiness is determined as the movement in fair value not accounted for by changes in market risks (interest rates, currencies, etc.).

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Offsetting of financial assets and financial liabilities (in €k) as required by IAS 32 and IFRS 7

Assets as at 31/12/2013	Financial liabilities gross	Gross amounts offset	Net amounts presented	Amounts not offset		Net
				Effects of netting arrangements	Financial instruments pledged	
Loans and advances to customers	12,239,689	(526,427)	11,713,262			11,713,262
Derivative assets	147,915	-	147,915	(44,570)	(46,495)	56,850
Total	12,387,604	(526,427)	11,861,177	(44,570)	(46,495)	11,770,112
Liabilities as at 31/12/2013						
Amounts owed to customers	10,552,433	(526,427)	10,026,006			10,026,006
Central bank funds purchased and securities sold under repurchase agreements	690,507	-	690,507		(690,507)	0
Derivative liabilities	80,159	-	80,159	(44,570)	(14,628)	20,961
Total	11,323,099	(526,427)	10,796,672	(44,570)	(705,135)	10,046,967

Assets as at 31/12/2012	Financial liabilities gross	Gross amounts offset	Net amounts presented	Amounts not offset		Net
				Effects of netting arrangements	Financial instruments pledged	
Loans and advances to customers	11,856,064	(610,286)	11,245,778			11,245,778
Derivative assets	219,415	-	219,415	(70,935)	(56,562)	91,918
Total	12,075,479	(610,286)	11,465,193	(70,935)	(56,562)	11,337,696
Liabilities as at 31/12/2012						
Amounts owed to customers	10,009,359	(610,286)	9,399,073			9,399,073
Central bank funds purchased and securities sold under repurchase agreements	1,501,845	-	1,501,845	-	(1,501,845)	0
Derivative liabilities	84,646	-	84,646	(70,935)	(298)	13,413
Total	11,595,850	(610,286)	10,985,564	(70,935)	(1,502,143)	9,412,486

The column “Gross amounts offset” shows amounts for which offsetting is permitted pursuant to the provisions of IAS 32. The column “Effects of netting arrangement” presents amounts subject to an enforceable master netting arrangement or a similar arrangement pursuant to the provisions of IFRS 7. Master netting arrangements with customers are standardised derivatives framework agreements. Further, standardised ISDA agreements as well as collateral security agreements (CSA) are concluded with banks. The column “Financial instruments pledged” comprises the total amounts of collateral received or furnished in the form of financial instruments in relation to the total amount of assets and liabilities.

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30) Information regarding persons and entities considered to be related parties

Loans had been granted and guarantees were in place on behalf of the Supervisory Board of Oberbank AG in the amount of €k 514.2 (previous year: €k 649.0). Loans in the amount of €k 103.9 (previous year: €k 117.0) had been granted to the Management Board of Oberbank AG. They were subject to the customary terms and conditions.

Remunerations paid to the Management Board as recognised in the consolidated financial statements amounted to €k 1,379.5 (previous year: €k 1,430.3). The variable component thereof was €k 322.2 (previous year €k 408.8). Payments to former members of the Management Board and their surviving dependents amounted to €k 1,394.3 (previous year: €k 1,284.3). Payments for termination benefits and pensions for members of the Management Board (including former members of the Management Board and their surviving dependents) came to €k 1,094.8 (previous year: €k 2,387.0). This amount includes expenses caused by changes in the parameters used for actuarial calculation of provisions for termination benefits and pensions.

Remuneration of the Supervisory Board for the financial year 2013 as recognised in the consolidated financial statements came to €k 203.6 (previous year: €k 203.6).

In the course of ordinary business activities, business with companies and individuals considered to be related parties was transacted on arm's length terms. Business transactions between related companies included in the scope of consolidation were eliminated in the context of consolidation and are not explained in these notes.

As at 31 December 2013, business transactions with related companies and persons were as follows:

in €k	Associates	Subsidiaries	Other related companies and persons*
Business transactions			
Finance	5,488	4,000	5,172
Guarantees/collateral	533	584	0
Balances outstanding			
Receivables	278,593	82,847	25,999
Receivables in previous year	297,382	99,522	4,966
Payables	58,497	65,313	38,915
Payables in previous year	59,100	70,370	29,958
Guarantees	30,564	584	3,041
Guarantees in previous year	32,607	0	1,235
Provisions for doubtful receivables	0	0	0
Provisions for doubtful receivables in previous year	0	0	0
Income items			
Interest	1,875	571	596
Commission	223	12	229
Expenses			
Interest	263	375	127
Commission	4	0	0
Allowances for doubtful receivables	2,450	3,200	0
Administrative expenses	0	0	18

*) The members of the Management Board and the Supervisory Board of Oberbank AG including their immediate families as well as companies that are controlled, jointly controlled or significantly influenced by these parties.

Oberbank AG shares are offered to employees on favoured terms within an allowed period. Purchases are subject to restrictions on the amounts staff are allowed to invest in these shares. In the financial year under review, the number of shares issued within the scope of this offer came to 73,196.

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31) Segment reporting

The basis for segment reporting is the Bank's internal segmental accounting system, which is reflected in the separation between Personal Banking and Corporate and Business Banking operations established in 2003 and the resultant management remits within the Oberbank Group. The segments were presented in the segment reports as if they were autonomous enterprises with their own equity and with responsibility for their results.

Customer servicing competences were the primary criterion for segment delimitation.

The segment information is based on the so-called "management approach", which requires that the segment information be presented on the basis of the internal reporting approach as regularly applied with respect to decisions relating to the allocation of resources to the individual segments and the assessment of their performance.

The segments within the Oberbank Group have been defined as follows: Personal Banking; Corporate and Business Banking (including the results of 40 leasing companies); Financial Markets (trading activities, the Bank's proprietary positions, positions entered into by the Bank as market maker, the structural income, income from associates and the results of ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H.); Other (items not directly related to business segments, balance sheet items that cannot be allocated to the above-mentioned segments, and those units that contribute to profit but cannot be allocated to any business division).

In the financial year 2013, equity allocated was measured throughout the Group applying interest at a rate of 6%. This figure was chosen on the basis of empirical evidence as representing the long-term average return on a risk-free investment in the capital markets. It was recognised in the line item Net interest income as income from the investment of equity capital. This is regulatory capital.

Segment report			Financial		
Core business segments in €k	Personal	Corporate	Markets	Other	Total
Net interest income	56,389	227,672	51,542		335,602
of which income from equity participations			48,758		
Charges for losses on loans and advances	(410)	(46,300)	(23,923)		(70,634)
Net commission income	54,772	59,867	(17)		114,622
Net trading income		(61)	5,205		5,144
Administrative expenses	(84,254)	(116,251)	(5,964)	(24,526)	(230,995)
Other operating income	2,442	1,789	(13,164)	(3,137)	(12,069)
Profit for the year before tax	28,939	126,716	13,678	(27,663)	141,670
Average risk-weighted assets	1,209,109	8,298,178	3,636,353		13,143,640
Average allocated equity	126,376	867,324	380,071		1,373,771
Return on equity before tax	22.9%	14.6%	3.6%		10.3%
Cost/income ratio	74.2%	40.2%	13.7%		52.1%
Cash and balances at central banks			174,599		174,599
Loans and advances to credit institutions			1,692,787		1,692,787
Loans and advances to customers	2,217,760	9,495,502			11,713,262
Impairment provisions	(60,142)	(276,360)	(59,700)		(396,201)
Trading assets			38,964		38,964
Financial assets			3,829,359		3,829,359
Other assets				518,156	518,156
Segment assets	2,157,618	9,219,142	5,676,009	518,156	17,570,926
Amounts owed to credit institutions			3,238,957		3,238,957
Amounts owed to customers	4,937,904	5,088,103			10,026,006
Securitised liabilities			1,592,867		1,592,867
Trading liabilities			37,281		37,281
Equity and subordinated debt capital	188,801	1,298,888	564,833		2,052,522
Other liabilities				623,293	623,293
Segment liabilities	5,126,705	6,386,991	5,433,938	623,293	17,570,926
Write-offs	4,059	5,272	116	2,082	11,529

As a regional bank, Oberbank has a geographically limited catchment area. Consequently, because it would have been immaterial, segmentation by region has not been made.

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32) Non performing loans (see also on page 113 ff)	2013	2012
Loans and advances to credit institutions	0	0
Loans and advances to customers	228,164	155,766
Fixed-interest securities	2,947	2,943

33) Assets pledged as collateral	2013	2012
Cover pool for trust money in savings deposits	24,038	19,912
Cover pool for covered partial debentures	174,226	242,995
Cover pool for mortgage-backed covered bank bonds	261,568	162,449
Margin cover and arrangement deposits to back securities transactions	28,459	28,236
Security for Euroclear credit line	74,355	66,380
Security for EIB refinancing loan	46,531	46,505
Security for EIB global loan facility	150,000	78,000
Securities and receivables for refinancing operations with OeNB	360,507	258,677
Securities held as collateral for the refinancing programme with the Hungarian National Bank	26,426	0
Securities held as collateral for payment transactions abroad	49,938	0
Accounts receivable assigned to Oesterreichische Kontrollbank (OeKB)	304,082	214,002
Accounts receivable assigned to LfA Förderbank Bayern and KfW (Kreditanstalt für Wiederaufbau)	273,882	221,067
Assets pledged as collateral	1,774,011	1,338,223

Collateral was furnished in accordance with standard commercial practice or legal provisions. The previous year's figures of accounts receivable assigned to OeKB and LfA Förderbank Bayern and KfW were restated.

34) Subordinated assets	2013	2012
Loans and advances to credit institutions	22,000	22,000
Loans and advances to customers	61,328	51,928
Bonds and other fixed-interest securities	82,678	77,262
Other variable yield securities	56,951	50,553
Subordinated assets	222,958	201,743

35) Foreign currency balances	2013	2012
Assets	1,721,413	1,948,895
Liabilities	1,597,064	1,969,913

36) Fiduciary assets	2013	2012
Fiduciary loans	331,013	331,686
Fiduciary investments	96	96
Fiduciary assets	331,109	331,782

37) Genuine repurchase agreements	2013	2012
Securities underlying genuine repo agreements had a book value of	315,083	1,025,357

38) Contingent liabilities and commitments	2013	2012
Other contingent liabilities (guarantees and letters of credit)	1,285,148	1,310,246
Contingent liabilities	1,285,148	1,310,246
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	2,351,793	2,129,181
Commitments	2,351,793	2,129,181

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39) Scope of consolidation

Group parent

OBERBANK AG, Linz

Consolidated entities	Percentage held
3-Banken Wohnbaubank AG, Linz	80.00
Ober Finanz Leasing gAG, Budapest	100.00
Ober Immo Truck gAG, Budapest	100.00
Ober Leasing Gesellschaft mit beschränkter Haftung, Budapest	100.00
Oberbank airplane Leasing GmbH, Linz	100.00
Oberbank airplane 2 Leasing GmbH, Linz	100.00
Oberbank Eugendorf Immobilienleasing GmbH, Linz	100.00
Oberbank Goldkronach Beteiligungs GmbH, Neuötting	100.00
Oberbank Leobendorf Immobilienleasing GmbH, Linz	
(previously: Oberbank Gumpoldskirchen Immobilienleasing GmbH, Linz)	100.00
Oberbank Hybrid 1 GmbH, Linz	100.00
Oberbank Hybrid 2 GmbH, Linz	100.00
Oberbank Hybrid 3 GmbH, Linz	100.00
Oberbank Hybrid 4 GmbH, Linz	100.00
Oberbank Hybrid 5 GmbH, Linz	100.00
Oberbank Idstein Immobilien-Leasing GmbH, Neuötting	100.00
Oberbank Immobilie-Bergheim Leasing GmbH, Linz	95.00
Oberbank Immobilien-Leasing Gesellschaft m.b.H., Linz	100.00
Oberbank Immobilien Leasing GmbH Bayern, Neuötting	100.00
Oberbank Inzersdorf Immobilienleasing GmbH, Linz	100.00
Oberbank KB Leasing Gesellschaft m.b.H., Linz	79.86
OBERBANK LEASING GESELLSCHAFT MBH., Linz	100.00
Oberbank Immobilien-Leasing GmbH Bayern & Co. KG Goldkronach, Neuötting	general partner
Oberbank Leasing GmbH Bayern & Co KG Neuenrade, Neuötting	general partner
Oberbank Leasing GmbH Bayern, Neuötting	100.00
Oberbank Leasing Inprox Misk GmbH, Budapest	100.00
Oberbank Leasing Inprox Znojmo s.r.o., Prague	100.00
Oberbank Leasing JAF Holz, s.r.o., Prague	95.00
Oberbank Leasing KIKA, s.r.o., Bratislava	100.00
Oberbank Leasing KIKA, s.r.o., Prague	100.00
Oberbank Leasing Prievidza s.r.o., Bratislava	
(formerly: OBK Slovakia Project s.r.o., Bratislava)	100.00
Oberbank Leasing s.r.o., Bratislava	100.00
Oberbank Leasing spol. s r.o., Prague	100.00
Oberbank LIV Immobilienleasing GmbH, Linz	100.00
Oberbank MLC - Pernau Immobilienleasing GmbH, Linz	99.80
Oberbank Operating Mobilienleasing GmbH, Linz	100.00
Oberbank Operating OPR Immobilienleasing GmbH, Linz	100.00
Oberbank Pernau Immobilienleasing GmbH, Linz	100.00
Oberbank Riesenhof Immobilienleasing GmbH, Linz	100.00
Oberbank Seiersberg Immobilienleasing Gesellschaft m.b.H., Linz	100.00
Oberbank Sterneckstrasse 28 Immobilien-Leasing Gesellschaft m.b.H., Linz	100.00
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H., Linz	100.00

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OBK Ahlten Immobilien Leasing GmbH, Neuötting	94.00
OBK München 1 Immobilien Leasing GmbH, Neuötting	100.00
OBK München 2 Immobilien Leasing GmbH, Neuötting	100.00
OBK München 3 Immobilien Leasing GmbH, Neuötting	100.00
POWER TOWER GmbH, Linz	99.00
Tuella Finanzierung GmbH, Vienna	100.00

Entities accounted for by proportionate consolidation	Percentage held
ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., Linz	50.00

Associated companies accounted for using the equity method	Percentage held
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	13.22
BKS Bank AG, Klagenfurt	18.52
Drei-Banken Versicherungs-Aktiengesellschaft, Linz	40.00
voestalpine AG, Linz	7.75

Non-consolidated entities	Percentage held
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A. SUBSIDIARIES

„AM“ Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz	100.00
Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz	100.00
Duktus S.A., Luxembourg	57.55
GAIN CAPITAL PARTICIPATIONS SA, SICAR, Luxembourg	58.69
„LA“ Gebäudevermietung und Bau - Gesellschaft m.b.H., Linz	100.00
Oberbank Beteiligungsholding Gesellschaft m.b.H., Linz	100.00
Oberbank Immobilien Holding GmbH, Linz	100.00
Oberbank Immobilien-Service Gesellschaft m.b.H., Linz	100.00
Oberbank Industrie und Handelsbeteiligungsholding GmbH, Linz	100.00
OBERBANK NUTZOBJEKTE VERMIETUNGS-GESELLSCHAFT m.b.H., Linz	100.00
Oberbank Opportunity Invest Management Gesellschaft m.b.H., Linz	100.00
Oberbank PE Beteiligungen GmbH, Linz	100.00
Oberbank PE Holding GmbH, Linz	100.00
Oberbank Unternehmensbeteiligung GmbH, Linz	100.00
Oberbank Vertriebsservice GmbH, Linz	100.00
Oberbank V-Investholding GmbH, Linz	100.00
Opportunity Beteiligungs AG, Linz	100.00
Samson České Budějovice spol. s r.o., České Budějovice	100.00
„SG“ Gebäudevermietungsgesellschaft m.b.H., Linz	100.00
„SP“ Bau- und Gebäudevermietungsgesellschaft m.b.H., Linz	100.00
„ST“ BAU Errichtungs- und Vermietungsgesellschaft m.b.H., Linz	100.00
TZ-Vermögensverwaltungs GmbH, Linz	100.00
„VB“ Gebäudeerrichtungs- und -vermietungsgesellschaft m.b.H., Linz	100.00
Wohnwert GmbH, Salzburg	100.00

B. ASSOCIATES

3 Banken-Generali Investment-Gesellschaft m.b.H., Linz	20.57
3-Banken Beteiligung Gesellschaft m.b.H., Linz	40.00
3 Banken Versicherungsmakler Gesellschaft m.b.H., Innsbruck	40.00
ABG Anlagenverwertungs- und Beteiligungs - Gesellschaft m.b.H. & Co. OHG, Vienna	20.25

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AMV Networks GmbH, Braunau	20.00
B.A.O. Immobilienvermietungs GmbH, Vienna	33.33
Beteiligungsverwaltung Gesellschaft m.b.H., Linz	40.00
Biowärme Attnang-Puchheim GmbH, Attnang-Puchheim	49.00
Buy-Out Central Europe II Beteiligungs-Invest AG, Vienna	24.85
COBB Beteiligungen und Leasing GmbH, Vienna	20.25
Cycleenergy Beteiligungs GmbH, Vienna	26.28
DREI-BANKEN-EDV Gesellschaft m.b.H., Linz	40.00
GAIN CAPITAL PARTICIPATIONS II S.A. SICAR, Luxembourg	33.10
Gasteiner Bergbahnen Aktiengesellschaft, Bad Hofgastein	32.62
GSA Genossenschaft für Stadterneuerung und Assanierung, gemeinnützige registrierte Genossenschaft mit beschränkter Haftung, Linz	33.85
Kontext Druckerei GmbH, Linz	25.20
LHL Immobilien Beteiligungs-GmbH, Linz	50.00
MY Fünf Handels GmbH, Vienna	50.00
OÖ HightechFonds GmbH, Linz	24.08
Techno-Z Braunau Technologiezentrum GmbH, Braunau	21.50
Nutzfahrzeuge Beteiligung GmbH, Vienna	38.54

Information regarding associates

On the balance sheet date, the fair value of the listed companies accounted for using the equity method came to €k 645,780. The associates accounted for in the consolidated financial statements showed the following figures as at the balance sheet date:

in €k	2013	2012
Assets	28,817,586	28,929,305
Liabilities	22,153,200	22,525,282
Revenues	11,738,974	12,406,291
Profit (loss) for the period	598,702	434,751

There is a syndicate agreement in place between Oberbank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft and Generali 3 Banken Holding AG regarding the investment held in BKS Bank AG and there is a syndicate agreement in place between Oberbank AG, BKS Bank AG, Generali 3 Banken Holding AG and Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H. regarding the investment held in Bank für Tirol und Vorarlberg Aktiengesellschaft. The purpose of these syndicates is to preserve the independence of BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, respectively. BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft were accounted for in the consolidated financial statements by reason of the aforesaid syndicate agreements.

The voestalpine group was mainly included because of the sustained strategic substance of its shareholder structure and the associated possibility of exerting a significant influence on it. Moreover, as a strategic investor, Oberbank AG also has a representative on the Supervisory Board of voestalpine AG. To permit the timely preparation of annual financial statements, a cut-off date of 30 September was applied when recognising associates.

The associates not included in the consolidated financial statements showed the following figures as at the balance sheet date (applying the Austrian Enterprise Code, UGB):

in €k	2013	2012
Assets	357,209	518,354
Liabilities	218,575	328,722
Revenues	239,680	461,120
Profit (loss) for the period	(25,841)	(17,840)

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Risk report

40) Risk management

Risk strategy

The targeted assumption of risks is a basic feature of banking business and a prerequisite for maintaining stable business and earnings development within the Oberbank Group over the long term.

The responsibility for defining the Group's central risk management strategy and implementing the pertinent risk policy standards as well as for risk management and risk controlling across the Oberbank Group lies with Oberbank AG.

The point of departure and basic principle of Oberbank's risk strategy is the Bank's strategic orientation as a regional bank.

The Management Board and all of the Bank's employees consistently act in accordance with the principles laid down in the Bank's risk policy, and decisions are invariably made on the basis of these guidelines. Before new business lines are taken up or new products introduced, business-specific risks are always adequately analysed.

Organisation of risk management

Risk management encompasses all activities involved in systematically addressing potential risks within the Group.

At Oberbank, risk management is an integral element of the Bank's business policy, strategic planning, and operational management and controlling.

Central responsibility for risk management lies with the Management Board of Oberbank AG as a whole.

The risk targets for the respective financial year are derived from the Bank's risk strategy, and the available risk coverage capital is distributed across the individual risks by assigning commensurate limits within the framework of the annual planning and budget cycle. These limits create the basis for ongoing strict compliance control throughout the respective year. The responsibility for managing the planning cycle lies with the Controlling department in cooperation with the full Management Board.

Efficient risk management within Oberbank is based on a differentiated management system that actively addresses the individual risk components. The Bank's Asset/Liability Management (ALM) Committee is responsible for coordinating the risk management process and integrating the individual risk types into the overall bank risk. The ALM Committee is headed by the Management Board member in charge of the Risk Management department. The ALM Committee is responsible for allocating the available capital, taking into account the individual opportunity/risk profiles of the Bank's lines of business.

The central and independent risk controlling function required by the Austrian Banking Act (Section 39 (2) BWG) is assumed by the Accounts and Controlling department. This is the unit responsible for measuring, analysing and monitoring all material risks within Oberbank and reporting any such nascent risks to the Management Board and the ALM Committee as well as to the respective department heads and employees.

The responsibility for the risk management of all subsidiaries as well as the Bank's operating units in Austria and abroad rests centrally with Oberbank AG in the departments in charge of the individual risk components.

Risk report to the Supervisory Board

A report describing the Bank's risk strategy and its current risk situation, existing control and surveillance systems and the risk measurement methods used is presented to the Supervisory Board once annually.

Internal Control System

Oberbank's Internal Control System (ICS) has been continuously developed and refined over the years. Provisions for a detailed description of all ICS procedures, a uniform documentation of all risk-relevant processes within the Bank and the

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pertinent control measures have been made. Responsibilities and functions within the context of the ICS are clearly specified. Control activities are properly documented, tested and assessed. ICS-relevant risks are regularly evaluated and adjusted. A regular, multi-level reporting system with regard to the efficiency and maturity of the ICS is in place. The Internal Audit department of Oberbank AG serves as an independent monitoring body and in this capacity performs audits of the ICS. It examines the effectiveness and adequacy of all ICS procedures and monitors compliance with the relevant work instructions.

Disclosure pursuant to Section 26 of the Austrian Banking Act (BWG) and the FMA Disclosure Regulation (OffV)

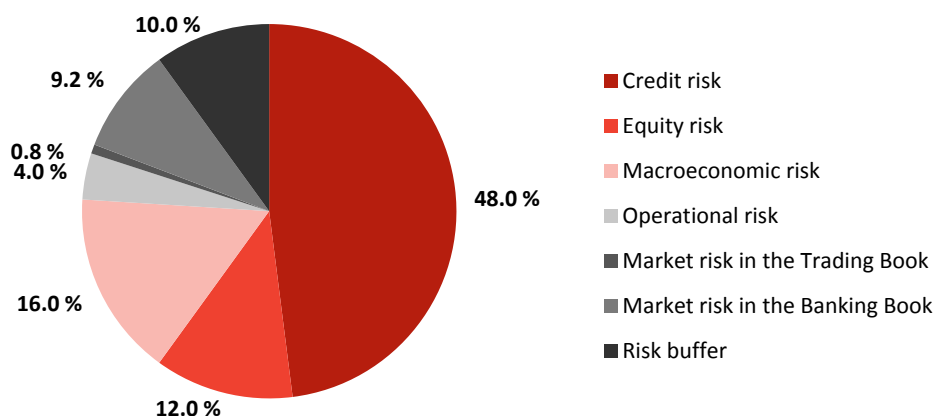
Oberbank has chosen the Internet as the publicly accessible medium for disclosures required pursuant to Section 26 of the Austrian Banking Act (BWG) and the FMA Disclosure Regulation. Disclosures are available for download on the Oberbank website at www.oberbank.at (section: Investor Relations).

Overall risk management process

At Oberbank AG, compliance with the regulatory requirements for qualitative risk management arising from the Internal Capital Adequacy Assessment Process (ICAAP) is ensured by means of the risk-taking capability calculation which has been in use for years. The basis for assessing the Bank's risk-taking capability is the quantification of material risks and the corresponding economic capital. The calculation of Oberbank's risk-taking capability is based on the Bank's model capital requirement that results from the specific business model of Oberbank. Within the framework of this process, ICAAP risk limits are derived for all material banking risks, specifically the credit risk, the equity risk, the market risk in the trading book, the market risk in the banking book, the liquidity risk (under the going concern approach), the operational risks as well as risks arising from the macroeconomic environment.

In the risk-taking capability calculation, the risk appetite of Oberbank is limited to 90% of economic capital. The remainder of 10% is not allocated. Apart from using economic capital management as a tool for limiting risk, Oberbank controls material risks by means of processes and individual limits applied within the context of operational risk management.

Share of assigned risk limits in total available capital



In the 2013 financial year, Oberbank revised the ICAAP concept.

Under the new concept, risk assessment in the risk category "credit risk" was expanded to encompass the assessment of risks resulting from foreign currency loans, the intra-concentration risk arising from credit exposures and the risk of a credit value adjustment in respect of derivatives (CVA risk). The market risk was supplemented by the credit spread risk.

At the expense of the existing risk categories, a specified portion of economic capital was allocated to macroeconomic risks. These changes resulted in increased overall limit utilisation by comparison with the previous year.

On 31 Dec. 2013, limit utilisation stood at 54.5% (31/12/2012: 46.2%). The credit risk limit was utilised to 67.9% (31/12/2012: 47.4%), the equity risk limit to 61.1% (31/12/2012: 41.7%), the limit for market risk in the Banking Book to 66.9% (31/12/2012: 42.0%), the market risk limit in the Trading Book to 13.4% (31/12/2012: 16.2%) and the operational risk

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limit to 72.9% (31/12/2012: 57.4%). Stress scenario tests are used to assess risks arising from the macroeconomic environment.

Effects of stress scenarios

Oberbank complements the risk-taking capability calculation by performing crisis stress tests on a quarterly basis. In these tests, Oberbank takes into account the effects of a deterioration of the macroeconomic environment (decline in GDP growth, increase in unemployment and business failures, price decline on stock markets and real estate markets, etc.) by means of underlying scenarios assuming increased probabilities of default, lower stock market prices and a decline in property values.

The overall bank limit was not exceeded in any of the scenarios as at 31 December 2013. The overall limit utilisation in the worst case scenario was 71.3% (31 December 2012: 81.8%).

Responsibility for the Group's risk management by risk categories

Credit risk

Credit risk management is the responsibility of the Credit Management department, which is separate from sales operations. This ensures that risk assessment and risk decisions are separated from sales operations across all phases of the credit process, up to the Management Board level.

Equity risk

The Management Board of Oberbank AG is, as a whole, accountable for investment decisions as well for as the proper organisation and monitoring of the Bank's equity investment management. Operational equity investment management is the responsibility of the Corporate Secretary and Communications department. Equity investments representing direct credit substitutes are subject to the rules and regulations of the credit process.

Market risk

Responsibility for managing market risks at Oberbank is split between two competence centres, which manage these risks independently within the framework of the risk limits allocated to them. The Global Financial Markets department is responsible for the foreign currency risk of the entire Oberbank Group, the market risk in the trading book and the interest rate risk arising within the scope of money market trading. The market risk in the banking book is the responsibility of the ALM Committee.

Operational risk

At Oberbank AG, a separate operational risk management body oversees and controls the process for managing operational risks and is responsible for the ongoing revision and improvement of the processes and methods applied. The operative risk management of operational risks is carried out by the respective operating departments and regional sales units (risk-taking units) responsible for the operational risk of products and processes within their area of responsibility.

Liquidity risk

The Bank's long-term, strategic liquidity is managed by the Management Board and the ALM Committee. Short-term liquidity control is the responsibility of the Global Financial Markets department.

Risk concentration

Risk concentrations constitute a concentration risk with a potential to cause losses large enough to threaten the stability of a financial institution's health or to produce a material change in its risk profile. A differentiation is made between two types of risk concentration:

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- Inter-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures across different risk categories. The sensitivity of Oberbank to inter-risk concentrations is tested on a quarterly basis within the framework of the risk-taking capability calculation.
- Intra-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures within a single risk category. Concentrations may occur in all types of risks. Responsibility for the intra-risk concentration risk therefore lies with the units responsible for the individual risk categories. Owing to the specific business model of Oberbank, the intra-risk concentration risk is primarily a crucial factor within the credit risk. It arises due to the fact that individual exposures may account for a high percentage of total exposure, or exposures exhibit an above-average degree of correlation (concentrations within exposure groups, business segments, sectors, countries, customer groups, etc.). The intra-concentration risk is taken into account within the credit risk within the framework of the risk-taking capability calculation. Concentration risk is managed by means of country limits, large-loan limits and portfolio limits.

The individual country limits are determined on the basis of the country rating and the economic strength of the respective country as well as Oberbank's expert opinion based on information accumulated in the context of customer transactions with the respective country. Operative business limits are broken down into individual product categories. Compliance with the individual limits is automatically monitored by means of a limit system.

Portfolio limits are also in place in the area of foreign currency financing.

The share of the Bank's ten largest borrowers (groups of related customers) in terms of loans and receivables and fixed-rate securities amounted to 16.66% (prev. year: 13.39%). This share, in particular, includes receivables from the federal government (9.79%; prev. year: 7.1%) and European banks and insurance companies (6.88%; prev. year: 5.2%).

Risk maturities were not matched. Total large-loan exposures were far below the regulatory cap.

Large loan exposures are secured by ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. by way of a cover pool, which on 31 December 2013 comprised funds in the amount of EUR 224.1 million available to the institutions of the 3 Banken Group (as compared to EUR 204.9 million in the previous year).

For additional quantitative information on the concentration risk, please refer to the tables in chapter 41) Credit risk.

41) Credit risk

The credit risk is understood to be the risk of a borrower's partly or fully failing to meet the contractually agreed payment obligations. The credit risk associated with loans and advances to other banks, sovereigns as well as personal banking and corporate and business banking customers is the most important risk component within the Oberbank Group. Risk management in the credit management field encompasses credit risks, country risks and counterparty risks, foreign currency risk as well as concentration risk. Oberbank has no business in the field of securitisation in its portfolio.

Credit risk strategy

The Bank's credit risk strategy is founded on the application of the regionality principle, i.e. the locations of headquarters of lending customers are in the regions covered by the Bank's network of branches.

In Austria and Bavaria, the principal focus is on lending to industry and medium-sized enterprises. In the Czech Republic, Hungary and Slovakia, Oberbank lends mainly to small and medium-sized businesses. At least once a year, management, in cooperation with the head of the Credit Management department, defines the operational risk targets within the framework of the budgeting process and, if required, following an analysis of the business situation and current developments. The volume of foreign currency loans is limited with 10% of the total volume of loans to customers or 15% of the volume of personal loans. Effective January 2013, the extension of new foreign currency loans to consumers has become subject to

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compliance with the strict FMA minimum standards. The organisational structure is in conformity with the minimum standards for credit operations.

Lending decision process

Duties and responsibilities in the lending decision process are clearly delineated, and competences are unambiguously and transparently defined. This provides the basis for establishing standardised work processes, avoids needless parallel procedures and thus offers a sound foundation for loan applications to be processed swiftly and smoothly. The lending decision process encompasses all workflows up to the granting of a loan or the establishment of a credit line. These processes are based on standardised procedures in compliance with the Bank's risk strategy.

Internal rating and assessment of creditworthiness

An efficient system for the assessment of a customer's creditworthiness (customer rating system) is a central prerequisite for effective credit risk management in the sense of fair and risk-adequate pricing in the lending business of a bank. In both personal and business banking operations, Oberbank performs these assessments using advanced credit rating processes further refined through statistical methods. This system complies with the requirements defined for the Basel II IRB approach. The expert systems in use in the CEE markets will most probably be replaced by newly developed statistical methods in the course of 2014. In fact, Oberbank considers its credit rating process as one of the Bank's core competences.

The credit assessment procedures applied in corporate and business banking (rating procedures) and in personal banking (scoring process) differ in terms of their approach.

The rating-based approach determines a hard-facts rating (based on balance sheet data) and a soft-facts rating (qualitative information such as on products, markets, etc.), which, additionally taking into account warning signals and account data, are compounded to the final rating.

The scoring procedures include the credit scoring (negative information and structural data) and behaviour scoring (account behaviour and structural data).

All rating and scoring procedures serve to establish the estimated probability of default per customer. The estimated probability of default is mapped into a default risk grid, which ensures that a rating grade established by means of different rating procedures reflects a uniform probability of default.

The rating processes are subject to annual validation and the resultant findings are used as a basis for the ongoing further development and optimisation of the rating procedures.

Credit ratings on credit institutions and central governments and other sovereign counterparties, as well as the respective limits, are assigned on the basis of external ratings and/or balance sheet analyses combined with qualitative criteria.

The rating process is carried out in the run up to the granting of a loan and at least once annually thereafter. The competence for approving the ratings lies with the Credit Management department.

There are logical correlations between the rating assigned to a customer in an IT-supported process and the terms and conditions granted to the respective customer (risk-based pricing).

Risk management and controlling

The operational management of the credit portfolio is primarily based on the calculation of capital deficiencies per rating grade. For rating grades of 4a and lower, capital deficiencies are planned at the level of the individual customers within the framework of the annual budget cycle and the deviation from target values is calculated monthly for each branch. Risk provisioning needs are calculated on a monthly basis and the earnings preview is updated accordingly.

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Maintaining close relations with customers is a key priority at Oberbank. The results of regular personal talks with customers are reflected in soft facts taken into account in the rating process. The frequency of these talks is increased in years of crisis, enabling the Bank to adjust customers' credit ratings to their actual business situations very quickly in critical years.

Presentation of the portfolio

The credit risk exposure is made up of the balance sheet items Loans and advances to credit institutions, Loans and advances to customers, Fixed-interest securities of financial investments as well as credit risk exposure from derivatives and contingent liabilities, including non-utilised credit lines of the entire Oberbank Group, and is shown in gross terms, i.e. before charges for losses on loans and advances.

in €m	Exposures as at 31/12/2013	Exposures as at 31/12/2012
Loans and receivables ¹⁾	13,228	12,873
Fixed-interest securities	2,777	3,123
Credit risk from derivatives and contingent liabilities	3,791	3,626
Total exposure	19,796	19,621

1) Deviations from the presentation in the consolidated financial statements result from factors such as the inclusion of the Leasing sub-group, which deviates in terms of the balance sheet cut-off date (as of 31 Dec. 2013 here and as of 30 Sept. 2013 in the consolidated financial statements).

Presentation of the portfolio by rating grade

The rating category "very strong" embraces the rating grades AA, A1, A2, 1a and 1b, the rating category "strong" the rating grades 2a, 2b, 3a and 3b and the category "weak" the rating grades 4a and 4b.

The category "non-performing" comprises exposures to which a default definition within the meaning of Basel II applies: Rating grade 5a refers to exposures not yet transferred to the workout process. Exposures in the rating grades 5b and 5c are already in the process of liquidation. Owing to excess cover by valuable collateral, non-performing loan exposures included EUR 149.8 million (previous year: EUR 117.4 million) in non-impaired receivables in the reporting year.

Rating category	Loans and receivables	Fixed-interest securities	Credit risk from derivatives and contingent liabilities	Total exposure
in €m as at 31/12/2013				
Very strong	5,823	2,544	1,931	10,298
Strong	6,280	207	1,736	8,222
Weak	564	23	103	690
Non-performing	562	3	21	586
Total exposure	13,228	2,777	3,791	19,796
in Mio. € per 31/12/2012				
Very strong	5,631	2,864	1,835	10,330
Strong	6,069	253	1,691	8,013
Weak	690	3	81	774
Non-performing	483	3	18	504
Total exposure	12,873	3,123	3,626	19,621

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Presentation of the portfolio by region

The credit risk volume in geographical terms is presented on a country-of-debtor basis. The following table shows the overall credit risk volume of the Oberbank Group as at 31 Dec. 2013 and as at 31 Dec. 2012, broken down by Oberbank markets and other regions.

Geographic distribution				
in €m as at 31/12/2013	Loans and receivables	Fixed-interest securities	Credit risk from derivatives and contingent liabilities	Total exposure
Austria	8,307	1,232	2,785	12,325
Germany	2,558	400	566	3,523
Eastern Europe (CZ, HU, SK)	1,624	131	270	2,025
Western Europe (except DE)	472	563	108	1,143
PIGS countries	18	224	41	283
Other countries	248	228	21	497
Total	13,228	2,777	3,791	19,796
In €m as at 31/12/2012				
Austria	8,100	1,243	2,628	11,971
Germany	2,315	405	542	3,262
Eastern Europe (CZ, HU, SK)	1,642	95	242	1,979
Western Europe (except DE)	504	981	88	1,573
PIGS countries	28	190	42	260
Other countries	285	210	82	577
Total	12,873	3,123	3,626	19,621

The table below shows the PIGS countries in detail:

in €m as at 31/12/2013	Loans and receivables to credit institutions and customers	Loans and receivables to sovereigns	Fixed-rate securities (credit institutions and customers)	Credit risk from derivatives and contingent liabilities	Total
Portugal	0	-	0	40	40
Italy	18	-	109	1	128
Greece	0	-	0	0	0
Spain	1	-	114	0	115
Total	18	-	224	41	283
in €m as at 31/12/2012					
Portugal	0	-	0	40	40
Italy	27	-	76	1	105
Greece	0	-	0	0	0
Spain	1	-	113	1	115
Total	28	-	190	42	260

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Presentation of the portfolio by sectors

The following tables show the overall credit risk volume of the Oberbank Group as at 31 Dec. 2013 and as at 31 Dec. 2012 broken down by sectors.

in €m as at 31/12/2013	Loans and receivables	Fixed-rate securities	Credit risk from derivatives and contingent liabilities	Total
Credit and insurance industry	1,978	1,274	140	3,392
Public sector	783	1,296	69	2,148
Raw materials processing	650	24	221	894
Metals processing	804	45	574	1,423
Manufacturing of goods	967	2	443	1,412
Trade	1,377	12	609	1,998
Services	1,096	21	271	1,388
Construction	434	6	417	856
Real estate	716		64	781
Transportation	396		65	462
Utilities	241	3	101	345
Agriculture and forestry incl. mining	115		12	127
Holding and investment companies	624	91	195	910
Private and self-employed persons	2,459		428	2,887
Other	587	4	183	773
Total	13,228	2,777	3,791	19,796

in Mio. € per 31/12/2012	Loans and receivables	Fixed-rate securities	Credit risk from derivatives and contingent liabilities	Total
Credit and insurance industry	2,037	1,859	209	4,104
Public sector	717	1,055	64	1,835
Raw materials processing	557	26	246	829
Metals processing	746	44	584	1,374
Manufacturing of goods	1,015	18	401	1,435
Trade	1,322	9	530	1,861
Services	1,053	15	266	1,334
Construction	421	10	410	841
Real estate	611		55	666
Transportation	377		55	432
Utilities	283	3	74	361
Agriculture and forestry incl. mining	90		11	102
Holding and investment companies	509	81	170	759
Private and self-employed persons	2,282		392	2,674
Other	852	4	158	1,014
Total	12,873	3,123	3,626	19,621

The presentation by sectors was broken down in greater detail in 2013. The values shown as at 31/12/2012 were adjusted accordingly.

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Credit collateral

Strategies and processes applied in valuating and managing collateral securities

Accepting credit collateral and managing it is an important component of credit risk management within the Oberbank Group. Credit monitoring aimed at averting the danger of a shortage of cover poses high demands in terms of correct and up-to-date valuation of collateral. For this reason, the management and administration of credit collateral is, as a matter of principle, separated from sales throughout the Oberbank Group and is performed by the respective back-office credit management groups of the Payment Systems and Central Production department.

Responsibility for drawing up standardised collateral agreements and documentation generally used throughout the Group lies with the central specialist department for legal matters (Credit Management/Financing Law).

The management and administration of credit collateral encompasses a material and a formal aspect. All related activities are precisely defined, taking into account the specific requirements of the individual collateral categories. The applicable rules and regulations have been defined in such a way as to guarantee legally sound assignment of credit collateral and to ensure that, in case the need arises, all requirements for the rapid enforcement of claims are met.

As regards the acceptance of mortgage collateral for mortgage-backed loans, Oberbank, in accordance with the regionality principle, primarily accepts collateral located in the Bank's catchment area.

Physical collateral is accepted subject to the rule that the financing term must correspond to the useful life of the collateral. Important valuation criteria are the intrinsic value of collateral assets and their rapid enforceability.

Concerning personal securities, there must be no material correlations between the guarantor and the lender.

Lease finance arrangements are subject to the rule that any agreed residual value must be lower than or at most equal to the market value expected upon expiry of the lease agreement.

The method of assessing the objective current nominal value of collateral is bindingly prescribed for each type of collateral. The resulting value is recognised as a basis for calculating the coverage value of the collateral for internal risk management purposes and for credit risk mitigation within the framework of Basel II. The internal coverage values are always maximum values used for determining the shortfall of cover. In duly substantiated cases, the valuation of a collateral asset may be adjusted downward by the respectively competent bank official. An upward adjustment of a valuation is only possible in well-founded exceptional cases and is effected by the back office.

The currently applicable valuation principles are derived from estimates based on debt collection and enforcement data collected in the context of the Bank's experience in the realisation of collateral. The valuation discount applied in the valuation process accounts for both the valuation risk and the liquidation risk involved in the respective collateral asset.

The market value of financial assets is constantly monitored to ensure up-to-datedness; collateral in the form of mortgage securities is valued and assessed by experts in compliance with the minimum standards defined by the comprehensive collateral valuation principles laid down in the Solvency Ratio Directive.

As a rule, internally used collateral assets are subject to the same strict quality requirements in terms of up-to-datedness and legal enforceability as collateral accepted and credited under Basel II.

Property pledged as collateral plays a subordinated role.

Reported financial assets include the amount of €k 835 (previous year: €k 835) arising from the acquisition of real property pledged as collateral. Oberbank only acquires property pledged as collateral in the event that the immediate realisation of such assets at a reasonable price (e.g. in an auction or on the open market) is prevented by certain sales obstacles. In such a case, the declared goal is to remove any such sales obstacle and then duly sell the respective property as quickly as possible. Property pledged as collateral is not used in the context of ongoing business operations.

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Types of collateral securities

The most important types of collateral securities are mortgages on residential real estate and commercial property, financial collateral (cash deposits, bonds and shares) as well as personal securities (sureties, guarantees).

The exposure type “Loans and receivables” accounts for the major part (85.31%; previous year: 81.94%) of collateral assets; the remainder relates to the exposure types “Credit risk from derivatives and contingent liabilities” (8.45%; previous year: 10.03%) and “Fixed-rate securities” (6.24%; previous year: 8.03%).

The table below shows the reported value of eligible IRB collateral to secure corporate exposures established within the framework of ICAAP quantification of credit risks.

Collateralised exposure value in €k	31/12/2013	31/12/2012
Financial collateral	414,572	473,685
Cash deposits	257,468	276,415
Bonds	73,682	74,379
Stocks and other variable interest securities	83,422	122,890
Real estate collateral	2,993,920	2,999,174
Residential real estate	1,452,545	1,576,185
Commercial property	1,541,375	1,422,989
IRB collateral	606,685	475,569
Physical collateral	606,685	475,569

Personal securities accepted by the Bank are restricted to sureties and guarantees. The six most important guarantors, which account for 82.7% (previous year: 66.2%) of the entire volume of personal securities, are listed below.

in €k as at 31/12/2013	Rating acc. to Standard & Poor's	Amount	in %
Total amount of recognised guarantees		925,792	100.0%
of which Austria	AA+	492,488	53.2%
of which Province of Lower Austria	AA+	66,666	7.2%
of which Slovakia	A	64,116	6.9%
of which municipality of Graz		50,000	5.4%
of which Province of Upper Austria	AA+	48,785	5.3%
of which Netherlands	AA+	43,992	4.8%
in €k as at 31/12/2012			
Total amount of recognised guarantees		1,208,653	100.0%
of which Austria	AA+	531,137	47.9%
of which Province of Lower Austria	AA+	70,000	5.3%
of which Germany	AAA	55,199	5.1%
of which Česká spořitelna a.s.	A	50,679	3.9%
of which Province of Upper Austria	AA+	49,112	3.3%
of which Netherlands	AAA	43,966	2.5%

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Impairment provisions and non-performing loans

Development of impairment provisions

Risks discernible at the balance sheet date are accounted for by creating specific impairment allowances or impairment provisions. Specific impairment allowances are created throughout the Group whenever there are grounds for believing that customers are unlikely to repay their credit obligations in full.

The Credit Management department determines the specific impairment allowance in line with the internal competence rules and subject to approval by the Board.

Losses incurred but not reported are accounted for by setting up portfolio impairment provisions according to IAS 39. The latter are calculated by multiplying the non-collateralised customer exposures by the probabilities of default per rating class.

The total balance of impairment provisions is disclosed as a deduction on the assets side of the balance sheet. The impairment provisions associated with off-balance-sheet transactions (including, in particular, guarantees and other loan commitments) are reported in the line item Provisions for liabilities and charges.

In cases in which an event occurs that prevents recovery of an exposure in full or in part from the respective customer and a specific impairment provision does not exist or is not available in a sufficient amount, the non-recoverable balance is booked directly through profit or loss (direct write-off). Such events, among others, may include:

- Derecognition of the remaining balance following the dismissal or conclusion of insolvency proceedings and/or realisation of all available collateral;
- Closing of a decedent's estate with a lack of assets and collateral;
- Debt rescheduling including discount granted (composition agreement).

Development of impairment provisions

The balance of impairment provisions for loans and advances increased by EUR 10.8 million to EUR 70.6 million year on year, which reflects the fact that the Bank continued its traditionally cautious risk policy.

Movements in impairment provisions (income statement view)

in €k	31/12/2013	31/12/2012
Allocated to loan loss provisions	102,893	96,565
Reversals of loan loss provisions	(32,075)	(37,509)
Direct write-offs of receivables	2,032	2,316
Recoveries of written-off receivables	(3,794)	(3,162)
Attributable to entities accounted for by proportionate consolidation	1,578	1,587
Total	70,634	59,797

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Movements in impairment provisions (balance sheet view)

in €k	As at 01/01/2013	Added	Reversed	Used	Exchange rate changes	As at 31/12/2013
Specific impairment allowances	230,241	71,332	(21,223)	(39,041)	(1,540)	239,769
Country risks	39	0	(39)	0	0	0
Portfolio impairment provisions under IAS 39	138,545	17,887	0	0	0	156,432
Loan loss provisions ¹⁾	368,825	89,219	(21,262)	(39,041)	(1,540)	396,201
Provisions for liabilities and charges in lending business	128,873	13,674	(10,813)	(3,198)	(39)	128,497
Total impairment provisions	497,698	102,893	(32,075)	(42,239)	(1,579)	524,698

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

The Oberbank Group's maximum default risk arises from the sum of financial assets recognised on the balance sheet in the items Loans and advances to credit institutions, Loans and advances to customers, Fixed-interest securities held as financial investments as well as credit risks from derivatives and contingent liabilities including non-utilised credit lines and amounted to EUR 19,796 million (previous year: EUR 19,621 million).

Loan collateral, in comparison, totalled EUR 6.051.9 million (previous year: EUR 5,675.3 million) including EUR 302.6 million (previous year: EUR 243.6 million) for impaired and non-performing receivables. The line item Interest and similar income includes €k 13.9 million (previous year: €k 11.1 million) in impaired receivables from loans and advances to customers.

The maximum default risk from receivables measured at fair value corresponds to their fair value.

The impairment criteria for debt securities carried under financial investments are disclosed on pages 75 and 76.

Non-performing loans

Assets are classified as non-performing if a default definition within the meaning of Basel II applies, namely if a material financial obligation is more than 90 days overdue and full repayment is improbable. At Oberbank this is determined on the basis of the following criteria:

- A specific impairment provision has to be set up due to a marked deterioration of the debtor's credit quality;
- The loan commitment requires restructuring;
- Loan collection measures were initiated due to inability/unwillingness to pay, fraud or other reasons;
- Loan recovery procedures result in a loss for Oberbank;
- Factoring results in a material loss due to deteriorated credit rating;
- Insolvency.

Assets answering to these criteria are recognised and shown as non-performing and form part of the balance sheet items shown below. The development of the key indicators "non-performing loans ratio" and "coverage ratio" is shown in the table below.

in €k ¹	31/12/2013	31/12/2012
Loans and advances to credit institutions	0	0
Loans and advances to customers	228,164	155,766
Fixed-interest securities	2,947	2,943
Total	231,111	158,709
Non-performing loans ratio ²	1.47%	1.02%
Non-performing loans coverage ratio ³	132.63%	138.17%

1) Note: Loan loss provisions set up for these items are already taken into account in these values (non-performing loans net).

2) Non-performing loans net in relation to loans and accounts receivable and fixed-interest securities net.

3) Total balance of impairment provisions for the above balance sheet items and collateral for non-performing receivables in relation to gross non-performing loans.

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The table below shows non-performing receivables and impairment provisions as well as collateral assets by sector.

in €k as at 31/12/2013	Non-performing	Specific impairment provisions	Loan loss provisions	Collateral assets
Credit and insurance industry	2,385	28		
Public sector	141	1		57
Raw materials processing	17,833	9,412		5,084
Metals processing	44,716	21,339		19,489
Manufacturing of goods	118,222	34,496		64,661
Trade	109,409	32,160		43,260
Services	57,546	30,854		38,291
Construction	32,062	16,369		11,730
Real estate	9,658	637		5,636
Transportation	11,453	4,967		4,726
Utilities	4,299	2,770		37
Agriculture and forestry incl. mining	2,766	232		1,859
Holding and investment companies	51,817	25,215		4,778
Private and self-employed persons	95,244	53,631		35,385
Other	28,420	7,659		18,463
Impairment provisions not assignable to a specific sector			128,497	
Total	585,972	239,769	128,497	253,454

in €k as at 31/12/2012	Non performing	Specific impairment provisions	Loan loss provisions	Collateral assets
Credit and insurance industry	2,519	64		
Public sector	109	39		26
Raw materials processing	10,206	7,794		3,715
Metals processing	32,981	27,568		14,003
Manufacturing of goods	26,418	15,176		15,378
Trade	71,128	25,721		29,184
Services	101,302	36,811		52,321
Construction	31,054	12,316		10,050
Real estate	6,435	1,353		2,096
Transportation	9,650	6,367		4,557
Utilities	10,786	2,695		3,980
Agriculture and forestry incl. mining	2,873	318		2,088
Holding and investment companies	40,999	14,657		3,155
Private and self-employed persons	108,139	65,236		36,819
Other	49,032	14,165		20,542
Impairment provisions not assignable to a specific sector			128,873	
Total	503,631	230,280	128,873	197,914

The presentation by sectors was broken down in greater detail in 2013. The values shown as at 31/12/2012 were adjusted accordingly.

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The table below shows non-performing receivables and impairment provisions as well as collateral assets by regions.

Geographic distribution in €k as at 31/12/2013	Non- performing	Specific impairment provisions	Loan loss provisions	Collateral assets
Austria	294,524	123,458		107,103
Germany	135,456	77,094		66,958
Eastern Europe (CZ, HU, SK)	115,406	25,695		63,683
Western Europe (except DE)	29,204	10,102		11,954
PIGS countries	16	7		
Other countries	11,365	3,412		3,756
Impairment provisions that cannot be allocated to a specific region			128,497	
Total	585,972	239,769	128,497	253,454
in €k as at 31/12/2012				
Austria	254,845	133,428		86,661
Germany	123,907	62,554		55,510
Eastern Europe (CZ, HU, SK)	101,867	23,477		52,083
Western Europe (except DE)	9,171	6,041		2,801
PIGS countries	122	8		101
Other countries	13,719	4,772		758
Impairment provisions that cannot be allocated to a specific region			128,873	
Total	503,631	230,280	128,873	197,914

In addition, in accordance with IAS 39 there is a general impairment allowance for performing categories in a volume of €k 156,432 (previous year: €k 138,545).

All financial assets not shown in the non-performing category are no more than 90 days overdue.

If other financial assets become overdue, the respective customer is deemed to be in default with his/her entire financial assets as shown in the table below.

Overdue for ¹⁾ in €k as at 31/12/2013	Loans and receivables	Credit risks from derivatives and contingent liabilities	Total
Less than 30 days	213,394	49,797	263,191
Between 30 and 60 days	42,885	8,101	50,986
Between 60 and 90 days	8,838	234	9,072
Total	265,117	58,132	323,249
in €k as at 31/12/2012			
Less than 30 days	161,380	36,366	197,746
Between 30 and 60 days	47,960	2,271	50,231
Between 60 and 90 days	12,235	984	13,219
Total	221,574	39,621	261,195

1) All financial assets that are overdue by more than 90 days and non-impaired due to excess cover are shown in the non-performing segment in the above tables.

Deferment of payment/ respite

Oberbank grants deferment of payment or makes other concessions to borrowers in situations in which such borrowers are deemed to be unable to meet the credit terms and conditions owing to their current economic situation. Taking into account the causes of the difficulties, Oberbank may decide to either change the terms and conditions of a specific loan so as to create sufficient scope for the respective borrower to repay the debt, or opt to restructure the loan (wholly or partially).

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These approaches may be chosen in the case of temporary unemployment of a customer who already has an employment guarantee from a new employer, or if a key customer falls into arrears. The economic situation of the respective customer is thoroughly analysed before granting a deferment; a positive decision is conditional upon a positive result of such analysis that proves with sufficient certainty that the chosen solution ensures that the customer will be able to meet his/her financial obligations in the future.

Deferments are monitored within the framework of the 90-day escalation process. If the deferment fails to produce the required result (resumption of the contractually agreed debt service following deferment), the 90-day escalation process automatically results in a downgrade of such debt to non-performing status and the creation of a specific impairment allowance for the unsecured part of the exposure. This procedure eliminates the risk of non-performing loans being concealed by means of a deferment of payment. The risk incurred by Oberbank by granting deferments of payments is therefore not considered material.

The measures taken in this respect in the reporting year are shown in the table below.

Deferment/respite measures in €m	As at 31/12/2012	No longer categorised as deferment/ respite	Newly categorised as deferment/ respite	As at 31/12/2013	Interest received in the reporting period
Extension	93	-	95	186	7
Suspension of interest payments	-	-	-	-	-
Waiver of covenants	-	-	7	7	0
Restructuring	1	-	-	1	0
Other	17	-	10	25	1
Total	111	-	112	219	8

Data collection as a basis for the required disclosures was taken up on 31 December 2012. Owing to the scheduled recovery period (no longer categorised as deferment/ respite) of at least two years, a substantial volume increase by comparison to the previous year was observed as at 31 December 2013.

The table below shows the volume of exposures affected by deferment/ respite measures by rating categories as compared to allocated impairment provisions as well as collateral provided.

in €m as at 31/12/2013		Specific impairment provision	
Rating category	Exposure		Collateralised exposure
Very strong	3	0	2
Strong	28	0	13
Weak	40	0	15
Non-performing	148	40	43
Total	219	40	73

in €m as at 31/12/2012		Specific impairment provision	
Rating category	Exposure		Collateralised exposure
Very strong	2	0	1
Strong	11	0	5
Weak	58	0	35
Non-performing	41	13	11
Total	111	13	51

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42) Equity risk

Equity risk is defined as the risk of value impairments caused by lost dividends, partial write-offs and realised losses as well as a reduction of undisclosed reserves caused by the risk of negative business developments.

- The most important equity investments of Oberbank are stakes held in the sister banks BKS and BTV.
- Oberbank acquires stakes in other companies only for reasons related to banking or sales, i.e. if their activities are a direct extension of banking or constitute services ancillary to banking. This segment includes, among others, the following stakes held by the 3 Banken Group: ALPENLÄNDISCHE GARANTIEGESELLSCHAFT m.b.H., 3 Banken-Generali Investment-Gesellschaft m.b.H., Drei Banken Versicherungs-Aktiengesellschaft, DREI-BANKEN-EDV Gesellschaft m.b.H.
- The equity investment portfolio of Oberbank AG further comprises strategic investments in voestalpine AG, Energie AG Oberösterreich and AMAG Austria Metall AG. An active industry investment policy above and beyond these equity investments is not consistent with the corporate philosophy of Oberbank.
- Furthermore, Oberbank holds equity investments of a purely economic nature made on grounds of either concrete yield expectations or indirect profitability expectations.
- The Oberbank Opportunity Fonds set up in 2006 forms the basis for Oberbank to act as a provider of private equity finance, primarily with the goal of supporting customers in need of a financing solution that goes beyond the scope of traditional finance arrangements. Investments in other mezzanine and equity capital providers are made with the objective of gaining access to their expertise and to new markets.
- Specifically in the real estate business, Oberbank holds equity interests in companies set up for the construction and management of Oberbank-owned real estate as well as in selected residential developers that feature as potentially important partners in residential construction finance issues.

Where new equity investments are made, the Company performs analyses as soon as the acquisition process is started, in order to gain as complete a picture as possible of the particular entity's earning power, strategic fit and legal position.

The carrying amounts and fair values of equity investments are shown below:

in €k as at 31/12/2013	Carrying amount	Fair value
Groups of equity instruments by valuation type		
Available for sale		
Non-exchange-traded items	250,499	250,499
Fair value through profit and loss		
Non-exchange-traded items	37,810	37,810
Interests in entities accounted for using the equity method		
Exchange-traded items	563,162	637,210
Non-exchange-traded items	8,571	8,571
Total	860,042	934,090

in €k as at 31/12/2012	Carrying amount	Fair value
Groups of equity instruments by valuation type		
Available for sale		
Non-exchange-traded items	248,645	248,645
Fair Value through Profit and Loss		
Non-exchange-traded items	35,818	35,818
Interests in entities accounted for using the equity method		
Exchange-traded items	542,726	530,614
Non-exchange-traded items	8,377	8,377
Total	835,566	823,454

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43) Market risk

Market risk is defined as the risk of possible losses arising due to fluctuations in value as a result of price and rate changes on financial markets. This risk category encompasses both trading book and banking book positions. The market risk is made up of the following risk types: interest rate risk, foreign currency risk, equity-price risk and credit-spread risk.

Risk management

At Oberbank AG, market risks are centrally managed also for the Bank's foreign business units and fully consolidated group companies. The management of market risks is split between two competence centres, which manage these risks within the framework of the limits assigned to them.

Responsibilities of the Global Financial Markets department with regard to managing market risks

The Global Financial Markets department is responsible for managing the market risks of trading book positions, the interest rate risk in the money market trading book and the foreign currency risk of the entire Oberbank Group. The money market trading book comprises the short-term banking book positions.

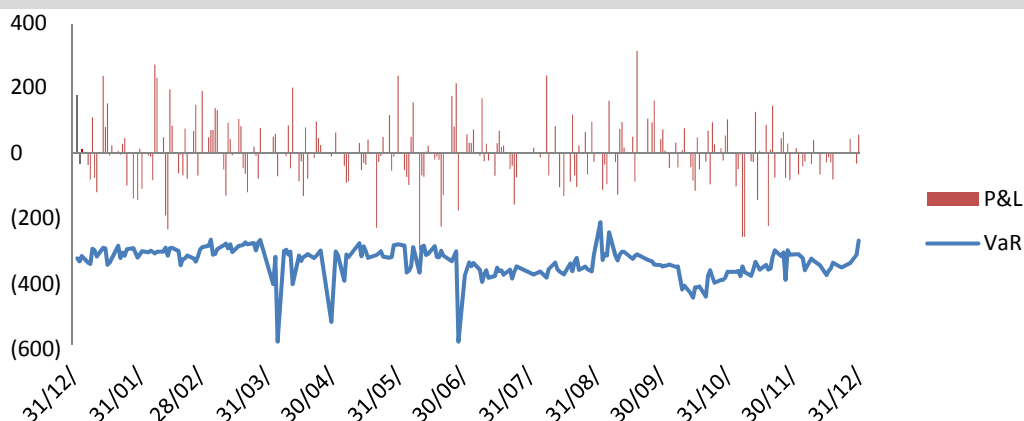
Risk is calculated using a value-at-risk model. The value at risk is an estimate of the largest loss likely to be suffered on a portfolio position over a holding period within a given probability (confidence level) in normal market conditions. Value at risk is calculated using the method of historic simulation with a confidence level of 99%, a holding period of ten days and a simulation period of two years. The Accounts and Controlling department is in charge of daily value-at-risk calculation, limit control, and reporting on the Bank's risk and earnings position to the Management Board and the Global Financial Markets department.

The table below shows the development of value at risk in the reporting period:

Value at risk 2013 in €k	01/01/2013	Maximum	Minimum	Average	31/12/2013
	1,072	1,864	688	1,074	867
Value at risk 2012 in €k	01/01/2012	Maximum	Minimum	Average	31/12/2012
	2,013	2,698	779	1,477	1,043

The quality of the statistical model is tested by means of back-testing, i.e. comparing the estimated 1-day values at risk with the actual results. As can be seen from the chart below showing the back-testing time series for 2013, no outlier occurred the reporting year.

Backtesting by VaR model 2013 in €k



Besides value-at-risk limits, measures to limit exposure also include risk reduction limits such as stop-loss limits and volume limits.

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The Global Financial Markets department is also responsible for managing the foreign currency risk, which forms part of the market risk. The table below shows open currency positions of Oberbank.

Open currency positions

in €k	31/12/2013	31/12/2012	in €k	31/12/2013	31/12/2012
CHF	419	(91)	RON	10	(43)
USD	306	2.221	HRK	104	105
DKK	(6)	237	HKD	30	3
NOK	113	63	RUB	(9)	64
AED	(46)	6	SGD	41	128
INR	(40)	(56)	NZD	67	69
GBP	2	141	JPY	42	(1,489)
PLN	23	19	TRY	58	78
HUF	(1,645)	567	CZK	(5,529)	(2,890)
SAR	74	55	Other currencies, long	61	55
SEK	(10)	(72)	Other currencies, short	(7)	(65)
CAD	14	79	Gold	1,892	2,299

Responsibilities of the Asset/Liability Management (ALM) Committee with regard to market risk management

The ALM Committee is responsible for managing the interest rate risk of long-term EUR positions (rate commitments >12 months) as well as for strategic equity and investment fund positions in the banking book.

The ALM Committee convenes monthly; its members are the members of the full Management Board of Oberbank AG as well as representatives of various departments, namely Global Financial Markets, Accounts and Controlling, Private Banking & Asset Management, Credit Management, Corporate & International Finance, Corporate Secretary & Communication, Internal Audit and Organisation Development, Strategy and Process Management.

Interest rate risk in the banking book

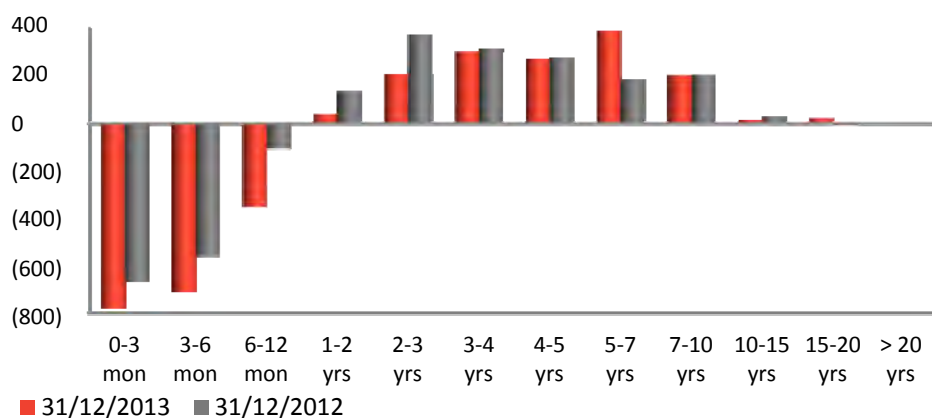
The acceptance of the interest rate risk, which accounts for the main share of the market risk in the banking book, is an integral part of banking business that constitutes an important source of earnings and requires adequate hedging measures within the scope of risk management. The Bank's strategy aims above all at generating interest earnings from maturity transformation by deliberately accepting calculable and actively managed risks. This purpose is achieved by quarterly investments in top-quality fixed-interest securities with long maturities.

The interest rate risk in the banking book is measured using classical methods of interest rate fixation analysis, namely the interest-rate gap analysis, interest-rate sensitivity analysis and the capital-at-risk methodology. In the ICAAP process, the capital-at-risk methodology is used to quantify the risk of changes in interest rates on the basis of capital at risk, i.e. a statutorily standardised value-at-risk methodology (a variant of the maturity band method for the trading book pursuant to Article 208 of the Solvency Ratio Directive). The interest rate risk of structured bonds in the banking book is presented on the basis of a scenario analysis (taking into account as value at risk the worst case value at risk of the change in the interest rate structure that involves the most negative changes in present value). The most negative change as at 31 December 2013 concerned the +100 basis points shock. As at 31 December 2013, the interest rate risk in the banking book came to EUR 91.0 million (2012 end-of-year value: EUR 87.4 million).

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The chart below shows the interest rate sensitivity gap analysis as compared with the end-of-year values of the previous year:

Interest rate gap – banking book positions (comparison of 31 Dec. 2013 with 31 Dec. 2012) in €m



Equity price risk in the banking book

The equity price risk in the banking book (equity and investment fund positions), i.e. other market risks in the banking book, is measured using a value-at-risk approach with a confidence level of 99% and a holding period of 90 days. As at 31 December 2013, the risk involved in these banking book positions amounted to EUR 30.7 million (previous year: EUR 28.1 million).

Credit-spread risk

The credit spread represents a credit risk premium for the credit risk incurred with a specific investment. The credit spread is the yield differential between a bond and a risk-free reference bond. The risk is measured on the basis of present value fluctuations of the bond portfolio attributable to market changes in credit spreads given unchanged credit rating of the debtor.

44) Macroeconomic risk

Macroeconomic risks are defined as potential losses resulting from changes in the macroeconomic environment (deterioration of real GDP growth rates, substantial rise in unemployment and the number of insolvencies, decline in equity prices and the real estate market, etc.).

Macroeconomic risk is determined by means of stress tests.

The effects of a macroeconomic crisis are taken into account by mapping scenarios with increased probability of default, a decline in the market value of real estate and a downturn on financial markets. Such an unfavourable scenario involves negative impacts on both the assets of Oberbank and the assets accepted as collateral by the Bank.

45) Operational risk

Operational risks are an inseparable part of banking operations. Oberbank defines operational risks as risk of losses occurring due to the inadequacy or failure of internal processes, human error, technical failure or the consequences of external events. This definition includes legal risks (including the risk of money laundering and terrorist financing), but does not comprise strategic risks and reputational risks. The individual risks are grouped in the following categories: internal fraud, external fraud, employment practice and job safety, customers, products and customary business practices, business interruptions and system failure, execution, delivery and process management, and damage to property.

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The management of operational risks is the responsibility of the respective operating department within the Bank and the regional sales units (risk-taking units), which are responsible for the operational risks of products and processes within their spheres of competence. An electronic reporting process is in place to support the monitoring and registration of nascent operational risks.

A special committee with responsibility for the management of operational risks has been installed at Oberbank. This committee oversees the management process of operational risks and is responsible for the ongoing improvement of this process and the revision of the applied methodology.

Risk analyses are performed with the objective of systematically identifying potential problems in processes and systems. They are based on quantitative and qualitative criteria and carried out at regular intervals. Quantitative analyses primarily consist in the interpretation of the operational risk reports. Whenever a significant increase of damages is observed in individual risk-taking units, the Risk Controlling department requests a qualitative risk analysis in the form of a self-assessment. Countermeasures are initiated wherever specific weaknesses are identified (high probability and high impact).

In the context of changes of processes, the introduction of new systems or the launch of internal IT projects, the central risk taking units additionally conduct risk analyses resulting, if required, in corresponding countermeasures aimed at mitigating possible operational risks.

Concrete measures have been taken to hedge against any major risks identified within the framework of risk analyses (e.g. insurance contracts, IT emergency concepts, backup computer centre).

The economic capital for the operational risk is calculated within the framework of the risk-taking capability calculation in accordance with the standardised approach pursuant to Section 22 k of the Austrian Banking Act (BWG). The ratio of actual expenses due to operational risk incidents compared with total ICAAP risk capital was 0.90% in 2013 (previous year: 9.59%). In the past five years, on average, this ratio was 4.92%.

In a total of 286 loss incidents incurred in 2013 (previous year: 245), the average amount of loss per incident recorded in the central loss database amounted to approximately €k 2,100 (previous year: €k 25,400). Not included in the central loss database are provisions set up for losses for which the concrete amount has not yet been determined.

46) Liquidity risk

The liquidity risk (or refinancing risk) is the risk that the Bank will not be able to meet its payment obligations at all times or will have to raise additional funding at increased cost.

The liquidity risk comprises the insolvency risk and the liquidity spread risk.

The insolvency risk or liquidity risk in the narrower sense is defined as the risk that the Bank will be unable to satisfy its current and future payment obligations in full and in a timely manner. The insolvency risk includes the *maturity risk* (that the receipt of agreed payments, e.g. loan repayments, will be delayed, leading to a liquidity shortage), the *call risk* (the risk of customers prematurely or unexpectedly making calls on deposits or credit commitments) and the *rollover risk* (the risk of an inability to fund follow-up financing arrangements for long-term asset-side positions). In addition to risks potentially liable to trigger insolvency, there is the risk that the funding required for follow-up refinancing arrangements will have to be raised at elevated market rates (spreads) and thus cause a reduction of profits (liquidity spread risk).

The primary objective of Oberbank's liquidity management is to ensure that the Bank is solvent at all times, and to optimise the Bank's refinancing structure in terms of risk and results.

Oberbank has traditionally and steadfastly adhered to the principle of ensuring that the Bank's entire lending volume can be refinanced from primary deposits by customers and assistance funds made available by Oesterreichische Kontrollbank,

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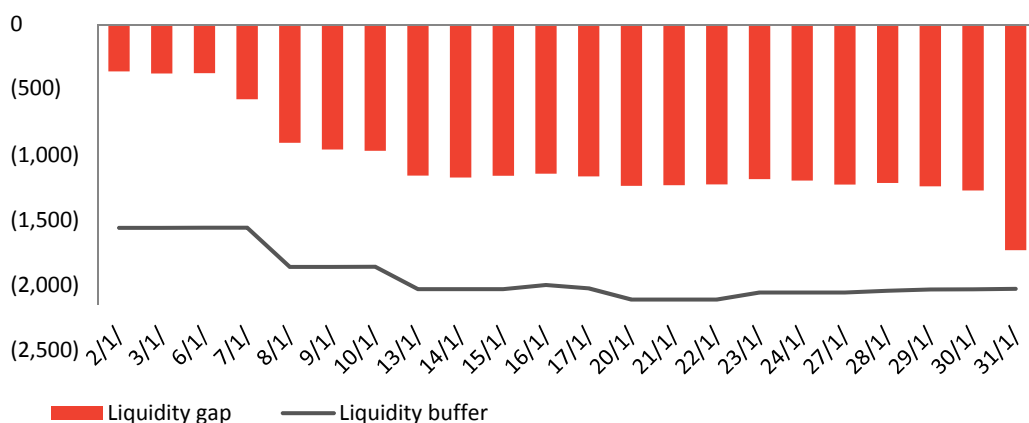
Kreditanstalt für Wiederaufbau and LfA Förderbank Bayern. This principle is invariably valid. On 31 December 2013 the loan/deposit ratio stood at 87.6% (previous year: 89.2%).

Furthermore, Oberbank holds extensive liquidity reserves (liquidity buffer) in the form of securities and loan assets eligible for refinancing with central banks and has access to unutilised refinancing lines at other banks.

The responsibility for managing short-term liquidity lies with the Global Financial Markets department, which is also responsible for the Bank's compliance with regulatory provisions.

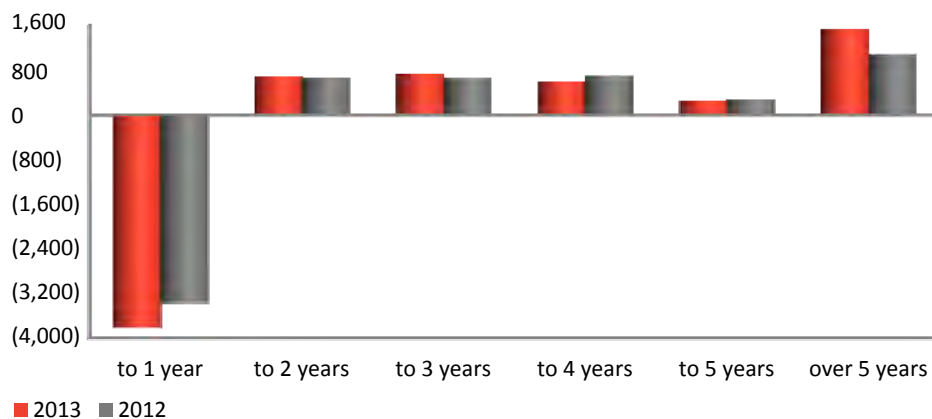
The Accounts and Controlling department calculates a 30-days-forward liquidity gap analysis including the available risk buffer, thus determining the limit for the purpose of day-to-day liquidity management. The liquidity gap analysis shows Oberbank's net cash outflows on a daily basis. The liquidity buffer includes all available and non-utilised bonds and securities eligible for repo transactions at the respective point in time. The accumulated net outflows must not exceed the limit in this 30-day period.

Accumulated 30-days forward liquidity gap analysis as at 31/12/2013 in €m



The Bank's long-term, strategic liquidity is managed by the Management Board and the Asset/Liability Management Committee. The Accounts and Controlling department is responsible for reporting. A liquidity gap analysis that presents payment flows resulting from banking products per maturity band is drawn up for the purpose of medium-term and long-term liquidity risk management.

Medium-term to long-term liquidity gap analysis as at 31/12/2013 and 31/12/2012 in €m



The capital commitment report (without newly acquired business) shows a gross funding requirement of EUR 3.8 billion (previous year: EUR 3.4 billion) as at the end of the first year. Liquid assets, in comparison, amounted to EUR 2.1 billion

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(previous year: EUR 2.2 billion). These can be deposited with the ECB and the OeNB at any time for repo transactions serving the procurement of liquidity. Hence, taking into account available refinancing options, the refinancing requirement at the end of a period of one year stood at EUR 1.7 billion as at 31 December 2013 (previous year: EUR 1.2 billion). This corresponds to a funding ratio of 77.5% (previous year: 83.2%) and is hence clearly better than the internally fixed limit of 70% (corresponding to a refinancing requirement of EUR 2 billion).

The following table shows the maturity structure of securities and liabilities eligible for use as collateral:

Securities and liabilities eligible for use as collateral				
in €k as at 31/12/2013	Up to 1 month	1 to 12 months	1 to 5 years	Over 5 years
	135,018	499,247	656,069	1,450,324
in €k as at 31/12/2012	Up to 1 month	1 to 12 months	1 to 5 years	Over 5 years
	198,266	739,975	1,108,405	1,214,112

The calculation of liquidity gaps is based on contractual cash flows excluding interest. Assumptions are made for positions without a defined maturity for the repayment of the principal (e.g. sight deposits are shown as rolling three-month positions, other assets/liabilities as rolling long-term positions and equity as long-term positions).

Furthermore, stress scenarios are calculated to illustrate the effects of liquidity crises. Specifically, the scenarios “deterioration in reputation”, “market crisis” and a worst case combining both these factors are simulated. An emergency plan is in place for extreme market conditions.

47) Other risks

The category Other risks covers risks which are classified as non-material within the framework of the business model of Oberbank and which are not separately provided for by allocating a share in total available capital.

The category Other risks specifically includes the following banking risks:

- *Reputational risks* result from negative publicity impairing the reputation of a bank in the eyes of the general public. A loss of reputation (e.g. with customers, business partners, shareholders, public authorities, etc.) and the associated loss of confidence may entail a decline of earnings or losses.
- *Business risks* are risks that result from unexpected changes in earnings due to a change in the general business environment (e.g. lower earnings that cannot be offset by a proportionate reduction of expenses, a change in the competitive environment, a change in customer behaviour, the impact of technological progress, etc.).
- *Strategic risks* result from failure to meet long-term corporate goals based on underlying business assumptions or due to a change in the general business environment. Such risks may be avoided or reduced by continuous observation of the market and competitive conditions as well as by rolling strategic planning with continual adjustments to the market environment.

48) Risk report – summary

At Oberbank, risk management is an integral part of the Bank’s business policy, internal planning of strategic targets, and operational management and controlling. Central responsibility for the Bank’s risk management lies with the Management Board of Oberbank AG.

Management competences as well as the share of available economic capital allocated to a specific risk (limits) or predefined management and control processes are specified for every material risk within the Oberbank Group.

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49) Total outstanding derivative financial instruments

Derivative financial transactions not yet settled at the balance sheet date are shown in the following table. A presentation of derivatives in accordance with the Guidelines on Financial Reporting published by the European Banking Authority (EBA) is included in the disclosures available for download pursuant to Section 26 of the Austrian Banking Act (BWG) on the website of Oberbank (www.oberbank.at). At Oberbank, financial derivatives are mainly used for hedging market risk in business with customers and for banking book management purposes.

Oberbank's hedging strategy is based on the following principles.

- Positions in derivative products sold to business customers are closed out as a matter of principle.
- Derivative products are also used for hedging interest rate risk and foreign exchange risk resulting from cash transactions.
- Long-term own debt securities issued to secure liquidity are hedged using interest rate swaps.
- Therefore, open positions in derivative products exist on a small scale only in the trading book.
- Oberbank has no credit derivatives in its portfolio.

Nominal amounts Residual maturity				2013 Fair values			2012 Market values		
in €k	To 1 yr	1 - 5 yrs	> 5 yrs	Nominal Total	Positive	Negative	Nominal Total	Positive	Negative
Interest rate contracts									
Interest rate options									
Call	19,192	110,436	59,418	189,046	1,647		274,155	2,208	
Put	18,715	108,500	52,282	179,497		(1,587)	258,613		(2,109)
Swaptions									
Call							4,000	0	
Put							4,000		0
Interest rate swaps									
Call	347,580	563,414	967,767	1,878,761	126,200	(4,369)	1,957,165	195,823	(1,082)
Put	41,664	225,165	325,408	592,237	197	(36,898)	734,014	54	(56,408)
Bond options									
Call									
Put	40,000			40,000		(283)	20,000		(55)
Currency contracts									
Currency options									
Call	172,609	6,611		179,220	4,211		83,098	3,819	
Put	172,607	6,611		179,218		(4,213)	83,235		(3,818)
Currency forwards									
Call	1,447,477	85,971		1,533,448	15,643		2,283,065	17,164	
Put	1,464,032	85,890		1,549,922		(32,535)	2,286,656		(21,292)
Securities contracts									
Equity options									
Call	1,593			1,593	17		9,330	0	
Put	2,150			2,150		(10)	9,330		0

Fair values were calculated using generally accepted price models, with measurements being made under market conditions. The fair values of symmetrical products (interest rate swaps, forward exchange deals) were measured applying present values on a clean price basis. Calculations were based on Reuters yield curves. The rates of exchange employed were the reference rates published by the ECB. The fair values of asymmetrical products were calculated using the Black-Scholes option price model. Options were valued using implicit volatilities.

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50) Letters of comfort on behalf of subsidiaries

Oberbank AG will strive that the following companies are able to fulfil their contractual obligations:

Other finance companies:	Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz
Property companies:	„AM“ Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz
	„SG“ Gebäudevermietungsgesellschaft m.b.H., Linz
	„VB“ Gebäudeerrichtungs- und -vermietungsgesellschaft m.b.H., Linz
	Oberbank Immobilien-Service Gesellschaft m.b.H., Linz
	OBERBANK NUTZOBJEKTE VERMIETUNGS-GESELLSCHAFT m.b.H., Linz

Disclosures required by Austrian law

51) Consolidated equity

Consolidated equity was made up of the paid-in capital of Group parent Oberbank AG (share capital plus capital reserves) and earned capital (the Group's retained earnings plus consolidated net profit for the year). The parent's equity came EUR 1,127.6 million (previous year: EUR 1,053.6 million), EUR 86.3 million (previous year: EUR 86.3 million) of which were share capital. As Oberbank AG distributes dividends on the basis of Austrian law, only part of the equity measured in accordance with the Austrian Enterprise Code (UGB)/Banking Act (BWG) was distributable, namely net profit, non-appropriated retained earnings and the non-appropriated capital reserve. For 2013, a maximum of EUR 621.4 million would be distributable. Net distributable profit amounts to EUR 14.6 million.

52) Human resources

Averaged over the year, the Oberbank Group had the following human resources in 2013:

	2013	2012
Salaried	2,001	2,020
Blue-collar	19	21
Total resources	2,020	2,041

53) Breakdown of securities holdings pursuant to the Austrian Banking Act (BWG) in €k

	Unlisted	Listed	Measured like non-current assets	Other valuation method	Total
Bonds and other fixed-interest securities	160,675	2,693,788	2,267,365	587,098	2,854,463
Stocks and other variable-yield securities	155,091	116,111	59,776	211,426	271,202
Equity investments	59,584	202,814	262,398	0	262,398
Interest in subsidiaries	495,411	0	495,411	0	495,411
	870,761	3,012,713	3,084,950	798,524	3,883,474

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54) Consolidated own funds and regulatory own funds requirement

Eligible own funds pursuant to Section 24 of the Austrian Banking Act (BWG) in €k	2013	2012	Change	
			in absolute terms	in %
1. Core capital				
Share capital	86,349	86,349	0	0.0%
Holdings of Oberbank AG shares	(1,028)	(959)	(69)	7.2%
Disclosed reserves	1,026,654	952,654	74,000	7.8%
Minorities	3,015	3,023	(8)	(0.3%)
Goodwill arising due to capital consolidation	606	9,782	(9,176)	(93.8%)
Goodwill arising due to use of the equity method	127,332	118,694	8,638	7.3%
Hybrid capital	79,000	79,000	0	0.0%
Deductions of intangible assets	(1,332)	(3,150)	1,818	(57.7%)
Total core capital (Tier 1)	1,320,596	1,245,393	75,203	6.0%
Core capital ratio	12.30%	11.88%	0.42%-P.	3.5%
2. Supplementary own funds (Tier 2)				
Undisclosed reserves acc. to Section 57 (1) BWG	8,000	0	8,000	100.0%
Eligible supplementary capital bonds	376,923	408,234	(31,311)	(7.7%)
Revaluation reserves (already 45% of undisclosed reserves)	161,009	157,229	3,780	2.4%
Subordinated bonds (suppl. capital below 3Y maturity)	37,611	30,239	7,372	24.4%
Total supplementary own funds (Tier 2)	583,543	595,702	(12,159)	(2.0%)
3. Tier 3 capital				
Addition of an amount not exceeding subordinated bonds eligible for Tier 2	778	1,483	(705)	(47.5%)
Total Tier 3 capital	778	1,483	(705)	(47.5%)
4. Deductions				
Deduction of interest in banks/other FIs of over 10%	(80,146)	(80,092)	(54)	0.1%
Deduction of interest in banks/other FIs of up to 10%	0	0	0	0.0%
Total own funds	1,824,771	1,762,486	62,285	3.5%
of which: own funds pursuant to Section 23 (14) no. 7	778	1,483	(705)	(47.5%)
Own funds ratio	17.00%	16.81%	0.19 ppt	1.1%
Own funds requirement				
Credit risk purs. to Section 22 (2) BWG	858,152	838,154	19,998	2.4%
Trading book purs. to Section 22o (2) BWG	778	1,483	(705)	(47.5%)
Operational risk purs. to Section 22k BWG	67,713	64,952	2,761	4.3%
Qualified investments purs. to Section 29 (4) BWG	0	0	0	0.0%
Total own funds requirement	926,643	904,589	22,054	2.4%
Non-appropriated own funds	898,128	857,897	40,231	4.7%
Basis for the calculation of the reserve and the ratios				
Assessment basis for the credit risk purs. to Sec.22 (2) BWG	10,726,897	10,476,930	249,967	2.4%
Specific position risk of the trading book pursuant to Section 22o nos. 1, 3, 6 BWG	7,063	4,975	2,088	42.0%
Total basis of assessment	10,733,960	10,481,905	252,055	2.4%

Consolidated Financial Statements

55) Other disclosures required pursuant to BWG and UGB

A nominal total of EUR 272.8 million of bonds issued by Oberbank will mature during the financial year 2014. As at 31 December 2013, no subordinated borrowings individually exceeded 10% of aggregate subordinated liabilities. Other subordinated borrowings individually coming to 10% or less of aggregate subordinated liabilities totalled €k 637,753.0 (nominal). They included supplementary capital subject to interest rates of 0.4975% to 7.4% and maturities in the years 2014 to 2022 as well as four issues with indefinite maturity. The Company incurred €k 18,286.9 in expenses on subordinated liabilities in the year under review. Applying market prices, the trading book was valued at a total of EUR 68.6 million as at 31 December 2013. That total comprised securities totalling EUR 3.1 million and other financial instruments totalling EUR 65.5 million. The lease portfolio was worth EUR 962.2 million on 31 December 2013.

Expenses for the auditor amounted to €k 655.0 (incl. VAT and incl. leasing companies and subsidiaries). Of this total, the audit of the annual financial statements accounted for the sum of €k 590.5 and €k 64.5 were expended for other audit services.

Consolidated Financial Statements

56) List of equity investments required by the Austrian Enterprise Code (UGB)

As at 31 December 2013 the Company held stakes of 20% or more in:

	Method of inclusion *	Share in capital		in €k		Financial statements
		Direct in %	Total in %	Equity	Profit (loss) in most recent financial year	
a) Direct investments						
„AM“ Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz ^{1) 6)}	N	100.00	100.00			
„LA“ Gebäudevermietung und Bau – Gesellschaft m.b.H., Linz ^{1) 6)}	N	100.00	100.00			
„SG“ Gebäudevermietungsgesellschaft m.b.H., Linz ^{1) 6)}	N	100.00	100.00			
„SP“ Bau- und Gebäudevermietungsgesellschaft m.b.H., Linz ^{1) 6)}	N	100.00	100.00			
„VB“ Gebäudeerrichtungs- und –vermietungs-gesellschaft m.b.H., Linz ^{1) 6)}	N	100.00	100.00			
3 Banken-Generali Investment-Gesellschaft m.b.H., Linz ⁶⁾	N	20.57	20.57			
3-Banken Wohnbaubank AG, Linz ¹⁾	V	80.00	80.00	7,637	118	2013
ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., Linz	Q	50.00	50.00	3,856	0	2013
Beteiligungsverwaltung Gesellschaft m.b.H., Linz ⁶⁾	N	40.00	40.00			
Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz ^{1) 2) 6)}	N	100.00	100.00			
Biowärme Attnang-Puchheim GmbH, Attnang-Puchheim ⁶⁾	N	49.00	49.00			
BKS Bank AG, Klagenfurt	E	18.52	20.05	421,337	20,289	2012
Buy-Out Central Europe II Beteiligungs-Invest AG, Vienna ⁶⁾	N	24.85	24.85			
COBB Beteiligungen und Leasing GmbH, Vienna ⁶⁾	N	20.25	20.25			
Drei-Banken Versicherungs-Aktiengesellschaft, Linz	E	40.00	40.00	21,036	820	2013
DREI-BANKEN-EDV Gesellschaft m.b.H., Linz ⁶⁾	N	40.00	40.00			
Duktus S.A., Luxemburg ⁶⁾	N	25.10	57.55			
GAIN CAPITAL PARTICIPATIONS II S.A. SICAR, Luxemburg ⁶⁾	N	33.10	33.10			
GAIN CAPITAL PARTICIPATIONS SA, SICAR, Luxemburg ^{1) 6)}	N	58.69	58.69			
Gasteiner Bergbahnen Aktiengesellschaft, Bad Hofgastein ⁶⁾	N	32.62	32.62			
Ober Finanz Leasing gAG, Budapest ¹⁾	V	1.00	100.00	1,313	283	9/2013
Ober Immo Truck gAG, Budapest ¹⁾	V	1.00	100.00	643	8	9/2013
Ober Leasing Gesellschaft mit beschränkter Haftung, Budapest ¹⁾	V	1.00	100.00	474	131	9/2013
Oberbank Beteiligungsholding Gesellschaft m.b.H., Linz ^{1) 6)}	N	100.00	100.00			
Oberbank Hybrid 1 GmbH, Linz ¹⁾	V	100.00	100.00	222	37	2013

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Oberbank Hybrid 2 GmbH, Linz ¹⁾	V	100.00	100.00	217	30	2013
Oberbank Hybrid 3 GmbH, Linz ¹⁾	V	100.00	100.00	74	8	2013
Oberbank Hybrid 4 GmbH, Linz ¹⁾	V	100.00	100.00	72	8	2013
Oberbank Hybrid 5 GmbH, Linz ¹⁾	V	100.00	100.00	26	(2)	2013
Oberbank Immobilien Leasing GmbH Bayern, Neuötting ¹⁾	V	6.00	100.00	2,081	16	9/2013
Oberbank Immobilien-Service Gesellschaft m.b.H., Linz ^{1) 6)}	N	100.00	100.00			
OBERBANK LEASING GESELLSCHAFT MBH., Linz ^{1) 2)}	V	100.00	100.00	253,744	13,718	9/2013
Oberbank Leasing Inprox Znojmo s.r.o., Prague ¹⁾	V	10.00	100.00	1,732	30	9/2013
Oberbank Leasing KIKA, s.r.o., Prague ¹⁾	V	10.00	100.00	- 477	48	9/2013
Oberbank Leasing KIKA, s.r.o., Bratislava ¹⁾	V	5.00	100.00	187	97	9/2013
Oberbank Leasing s.r.o., Bratislava ¹⁾	V	0.10	100.00	2,104	(749)	9/2013
Oberbank Leasing spol. s.r.o., Prague ¹⁾	V	1.00	100.00	19,796	2,653	9/2013
OBERBANK NUTZOBJEKTE VERMIETUNGSGESELLSCHAFT,m.b.H., Linz ^{1) 2) 6)}	N	100.00	100.00			
Oberbank PE Holding GmbH, Linz ^{1) 6)}	N	100.00	100.00			
Oberbank Unternehmensbeteiligung GmbH, Linz ^{1) 6)}	N	100.00	100.00			
Oberbank V-Investholding GmbH, Linz ^{1) 6)}	N	100.00	100.00			
Oberbank Leasing Prievidza s.r.o., Bratislava ¹⁾						
(previously: OBK Slovakia Project s.r.o., Bratislava)	V	15.00	100.00	5	0	9/2013
OÖ HightechFonds GmbH, Linz ⁶⁾	N	24.08	24.08			
Samson České Budějovice spol. s.r.o., České Budějovice ^{1) 6)}	N	100.00	100.00			
TZ-Vermögensverwaltungs GmbH, Linz ^{1) 6)}	N	100.00	100.00			

b) Indirect investments

ABG Anlagenverwertungs- und Beteiligungs - Gesellschaft m.b.H. & Co. OHG, Vienna ⁶⁾	N		20.25			
AMV Networks GmbH, Braunau ⁶⁾	N		20.00			
„ST“ BAU Errichtungs- und Vermietungsgesellschaft m.b.H., Linz ^{1) 6)}	N		100.00			
3-Banken Beteiligung Gesellschaft m.b.H., Linz ⁶⁾	N		40.00			
3 Banken Versicherungsmakler Gesellschaft m.b.H., Innsbruck ⁶⁾	N		40.00			
B.A.O. Immobilienvermietungs GmbH, Vienna ⁶⁾	N		33.33			
Cycleenergy Beteiligungs GmbH, Vienna ⁶⁾	N		26.28			
GSA Genossenschaft für Stadterneuerung und Assanierung, gemeinnützige registrierte Genossenschaft mit beschränkter Haftung, Linz ⁶⁾	N		33.85			

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Kontext Druckerei GmbH, Linz ⁶⁾	N	25.20			
LHL Immobilien Beteiligungs-GmbH, Linz ⁶⁾	N	50.00			
MY Fünf Handels GmbH, Vienna ⁶⁾	N	50.00			
Nutzfahrzeuge Beteiligung GmbH, Vienna ⁶⁾	N	38.54			
Oberbank airplane Leasing GmbH, Linz ¹⁾	V	100.00	35	149	9/2013
Oberbank airplane 2 Leasing GmbH, Linz ¹⁾	V	100.00	35	206	9/2013
Oberbank Eugendorf Immobilienleasing GmbH, Linz ¹⁾	V	100.00	35	42	9/2013
Oberbank Goldkronach Beteiligungs GmbH, Neuötting ¹⁾	V	100.00	21	(1)	9/2013
Oberbank Leobendorf Immobilienleasing GmbH, Linz (früher Oberbank Gumpoldskirchen Immobilienleasing GmbH, Linz) ¹⁾	V	100.00	35	(3)	9/2013
Oberbank Idstein Immobilien-Leasing GmbH, Neuötting ¹⁾	V	100.00	25	153	9/2013
Oberbank Immobilie-Bergheim Leasing GmbH, Linz ¹⁾	V	95.00	1,275	42	9/2013
Oberbank Immobilien Holding GmbH, Linz ^{1) 6)}	N	100.00			
Oberbank Immobilien-Leasing Gesellschaft m.b.H., Linz ¹⁾	V	100.00	741	2,811	9/2013
Oberbank Immobilien-Leasing GmbH Bayern & Co. KG Goldkronach, Neuötting ¹⁾	V	6.00	24	5	9/2013
Oberbank Industrie und Handelsbeteiligungsholding GmbH, Linz ^{1) 6)}	N	100.00			
Oberbank Inzersdorf Immobilienleasing GmbH, Linz ¹⁾	V	100.00	35	197	9/2013
Oberbank KB Leasing Gesellschaft m.b.H., Linz ¹⁾	V	79.86	262	194	9/2013
Oberbank Leasing GmbH Bayern & Co KG Neuenrade, Neuötting ¹⁾	V	6.00	598	(2)	9/2013
Oberbank Leasing GmbH Bayern, Neuötting ¹⁾	V	100.00	5,834	2,735	9/2013
Oberbank Leasing Inprox Misk GmbH, Budapest ¹⁾	V	100.00	2	1	9/2013
Oberbank Leasing JAF HOLZ, s.r.o., Prague ¹⁾	V	95.00	3,467	205	9/2013
Oberbank LIV Immobilienleasing GmbH, Linz ¹⁾	V	100.00	5,181	106	9/2013
Oberbank MLC - Pernau Immobilienleasing GmbH, Linz ¹⁾	V	99.80	35	155	9/2013
Oberbank Operating Mobilienleasing GmbH, Linz ¹⁾	V	100.00	35	1,021	9/2013
Oberbank Operating OPR Immobilienleasing GmbH, Linz ¹⁾	V	100.00	35	373	9/2013
Oberbank Opportunity Invest Management Gesellschaft m.b.H., Linz ^{1) 2) 6)}	N	100.00			
Oberbank PE Beteiligungen GmbH, Linz ^{1) 6)}	N	100.00			
Oberbank Pernau Immobilienleasing GmbH, Linz ¹⁾	V	100.00	35	148	9/2013
Oberbank Riesenhof Immobilienleasing GmbH, Linz ¹⁾	V	100.00	35	170	9/2013
Oberbank Seiersberg Immobilienleasing Gesellschaft m.b.H., Linz ¹⁾	V	100.00	35	98	9/2013
Oberbank Sterneckstrasse 28 Immobilien-Leasing Gesellschaft m.b.H., Linz ^{1)*)}	V	100.00	35	(119)	09/2013

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Oberbank Vertriebservice GmbH, Linz ^{1) 6)}	N	100.00			
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H., Linz ¹⁾	V	100.00	168	238	9/2013
OBK Ahlten Immobilien Leasing GmbH, Neuötting ¹⁾	V	94.00	1,000	103	9/2013
OBK München 1 Immobilien Leasing GmbH, Neuötting ¹⁾	V	100.00	27	631	9/2013
OBK München 2 Immobilien Leasing GmbH, Neuötting ¹⁾	V	100.00	30	21	9/2013
OBK München 3 Immobilien Leasing GmbH, Neuötting ¹⁾	V	100.00	30	140	9/2013
Opportunity Beteiligungs AG, Linz ^{1) 6)}	N	100.00			
POWER TOWER GmbH, Linz ¹⁾	V	99.00	70	133	9/2013
Techno-Z Braunau Technologiezentrum GmbH, Braunau ⁶⁾	N	21.50			
Tuella Finanzierung GmbH, Vienna ¹⁾	V	100.00	222,463	738	9/2013
Wohnwert GmbH, Salzburg ^{1) 6)}	N	100.00			

*) Method of inclusion in the consolidated financial statements:

V = consolidated, E = accounted for using the equity method, Q = accounted for by proportionate consolidation, N = Not included in the consolidated financial statements purs. to IAS 27 in conjunction with Framework 29

1) Subsidiary

2) Profit transfer agreement in place

3) Includes untaxed reserves

4) Profit (loss) for the year within the meaning of Section 231 (2) no. 22 of the Austrian Enterprise Code (UGB)

5) Indirect investments in banks and other financial institutions were measured in accordance with Section 30 of the Austrian Banking Act (BWG);

6) Use was made of Section 241 (2) of the Austrian Enterprise Code (UGB)

*) Short business year 03/07 – 30/09/2013

Consolidated Financial Statements

Closing Remarks, Declaration

Closing remarks by the Management Board of Oberbank AG

The Management Board of Oberbank AG has prepared the consolidated financial statements as at and for the period ended 31 December 2013 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These consolidated financial statements comply with the legislative requirements for exemption from the preparation of consolidated financial statements in accordance with Austrian law and are in conformity with the applicable EU regulations.

The consolidated financial statements and the Group management report contain all the required disclosures. No events of material importance occurred after the end of the financial year.

Declaration in accordance with Section 82(4) of the Austrian Stock Exchange Act (BörseG)

Statement by all the Company's legal representatives:

We state to the best of our knowledge that the consolidated financial statements prepared in accordance with the relevant financial reporting standards provide a true and fair view of the financial position and performance of the Group, and that the management report of the Group presents the business trends, including business results and the position of the Group, in such a way as to provide a true and fair view of the financial position and performance of the Group and that it describes the material risks and uncertainties to which the Group is exposed.

Linz, 24 February 2014

The Management Board



CEO

Franz Gasselsberger

Remit

Corporate and Business Customers



Director

Josef Weissl

Remit

Personal Banking



Director

Florian Hagenauer

Remit

Overall Banking Risk Management

Consolidated Financial Statements

Auditor's Opinion

Report on the consolidated financial statements

We audited the attached consolidated financial statements of Oberbank AG, Linz, for the financial year from 1 January to 31 December 2013 together with the accounting records. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ended 31 December 2013 as well as the notes to the consolidated financial statements.

The legal representatives' responsibility in respect of the consolidated financial statements and the accounting records

The responsibility for the Group's accounting records as well as for the preparation of consolidated financial statements that present fairly in all material respects the assets and financial position of the Group and the results of its operations in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union lies with the Company's legal representatives. This responsibility encompasses: designing, implementing and maintaining an internal control system insofar as this is material to the preparation of consolidated financial statements and to presenting fairly in all material respects the assets and financial position of the Group and the results of its operations so that such consolidated financial statements are free from material misstatement, whether because of intended or unintended errors; the selection and application of suitable recognition and measurement policies; and the making of estimates that, given the prevailing circumstances, seem appropriate.

The auditors' responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legislative provisions in force in Austria and the International Standards on Auditing (ISAs) published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These principles require that we adhere to the rules of our profession and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves audit procedures undertaken in order to obtain evidence of the amounts and other statements in the consolidated financial statements. The choice of audit actions is made at the Group auditor's due discretion taking account of such auditor's assessment of the risk of occurrence of material misstatement, whether because of intended or unintended errors. When carrying out this risk assessment, the auditor considers the internal control system to the extent that it is material to the preparation of consolidated financial statements and to presenting fairly in all material respects the assets and financial position of the Group and the results of its operations so as to choose suitable audit actions given the prevailing circumstances, but not in order to express an audit opinion on the effectiveness of the Group's internal control system. The audit also included assessing the suitability of the recognition and measurement policies employed and material estimates made by the legal representatives as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we have obtained sufficient and suitable audit evidence so that our audit provides an adequately reliable basis for our audit opinion.

Consolidated Financial Statements

Auditor's Opinion

Audit opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of the audit, the consolidated financial statements comply with the legislative provisions and present fairly in all material respects the assets and financial position of the Group as at 31 December 2013 and the results of its operations and cash flows during the financial year from 1 January to 31 December 2013 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Statements on the Group management report

According to the legislative provisions in force in Austria, the Group management report must be audited to ascertain whether it is consistent with the consolidated financial statements and to ensure that the other statements in the Group management report do not give a false view of the Group's position. The auditor's opinion must also contain a statement as to whether the Group management report is in agreement with the consolidated financial statements and whether or not the provisions pursuant to Section 243a of the Austrian Commercial Code (UGB) are applicable.

In our opinion, the Group management report is consistent with the consolidated financial statements. The provisions of Section 243a of the Austrian Commercial Code (UGB) are applicable.

Linz, 24 February 2014

KPMG Austria AG

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Ulrich Pawlowski
Certified Public Accountant

Peter Humer
Certified Public Accountant

Consolidated Financial Statements

Proposed Appropriation of Profit

The amount of the profit available for distribution is determined on the basis of the separate annual financial statements of Oberbank AG, the parent company.

Profit for the 2013 financial year at the level of Oberbank AG came to a total of EUR 88.4 million. After the allocation of EUR 74.0 million to reserves and including the profit brought forward of EUR 0.2 million, the profit available for distribution amounted to EUR 14.6 million.

Subject to approval by the Annual General Meeting, the Management Board proposes that a dividend of EUR 0.50 per entitled share be paid on the share capital of EUR 86.3 million.

As the number of shares is 28,783,125, the total amount of the proposed dividend is EUR 14,391,562.50. Moreover, the Management Board proposes that the balance of EUR 234,038.31 be carried forward to new account.

Linz, 24 February 2014

The Management Board



CEO

Franz Gasselsberger

Remit

Corporate and Business Customers



Director

Josef Weissl

Remit

Personal Banking



Director

Florian Hagenauer

Remit

Overall Banking Risk Management



Hermann Bell
Chairman of the Supervisory Board of Oberbank AG

Success. One of Our Strengths.

The Supervisory Board thanks the Management Board and the entire staff of Oberbank for their excellent performance in the reporting year.



Consolidated Financial Statements

Report of the Supervisory Board

During the 2013 financial year, the Supervisory Board performed, in four meetings (once each quarter), the scrutiny required of it by the provisions of the Austrian Joint Stock Companies Act (AktG), and it called upon the Management Board to report regularly on the business situation and on important business transactions both in writing and verbally.

In addition, the Supervisory Board's Working Committee and Credit Committee continually scrutinised and ruled upon transactions for which their approval was required.

The Chairman of the Supervisory Board was in regular contact with the Chairman of the Management Board to discuss the Company's strategy, business development and risk management activities.

The general economic environment, in particular the international sovereign debt crisis and its impacts were taken up and discussed as a central topic by the Supervisory Board.

The Management Board informed the Supervisory Board both orally and in writing about material events and effects on Oberbank.

In all its meetings, the Supervisory Board performed the tasks that are incumbent upon it by virtue of the law and the Articles of Association in compliance with the Austrian Code of Corporate Governance.

During the year under review, all members of the Supervisory Board were able to personally attend more than half of the Supervisory Board's meetings.

In compliance with the new „fit & proper“ criteria of Oberbank, trainings on specific supervisory and banking issues were organised for the members of the Supervisory Board within the framework of the Supervisory Board meetings.

Supervisory Board Committees

The **Working Committee** approved four time-critical resolutions by way of written circular in 2013. Business matters decided by the Working Committee were subsequently reported and discussed in detail at the next meeting of the whole Supervisory Board.

The **Credit Committee** approved a total of 22 time-critical resolutions by way of written circular in 2013. It also dealt with direct applications subsequently approved by the plenary meeting of the Supervisory Board. Business matters decided by the Credit Committee were subsequently reported and discussed in detail at the next meeting of the whole Supervisory Board.

The **Nomination Committee** held no meetings in 2013 as no appointments to fill vacancies arising in the Management Board had to be made.

However, in line with the Rules of Procedure of the Management Board, the acceptance of supervisory board positions by members of the Management Board was submitted to the Nomination Committee for decision by way of written circular, and the approval of these positions was reported to the Supervisory Board at its meetings on 26 September and 26 November 2013.

In its meeting on 28 March 2013, the **Remuneration Committee** in the presence of the State Commissioner dealt in detail with issues relating to the implementation of the remuneration policy approved by the Committee. The Remuneration Committee fixed the variable remuneration components of the Management Board members for the financial year 2012 on the basis of documented long-term goals and, in compliance

Consolidated Financial Statements

Report of the Supervisory Board

with paragraph 133 of the Guidelines on Remuneration Policies and Practices of the Committee of European Banking Supervisors, decided to pay this component to 50% in equity instruments and 50% in cash, the respective equity instruments being subject to a holding period of three years and the portion of 40% of variable remuneration that has to be deferred for a period of five years having to consist to equal parts of equity instruments and cash.

In November 2013 the Remuneration Committee by way of written circular adjusted the proportionality assessment process in compliance with the statutory regulations applicable from 1 January 2014.

The **Audit Committee** convened twice during the financial year 2013. The results of the work performed by the Audit Committee were presented to the plenary meeting of the Supervisory Board on the occasion of its next meetings.

At its meeting on 26 March 2014, the Audit Committee examined the annual financial statements, the Group management report and the corporate governance report of Oberbank AG and reported thereon to the Supervisory Board. The Supervisory Board has endorsed the findings of the audit, expresses its approval of the annual financial statements together with the Group management report as submitted by the Management Board, inclusive of the proposed appropriation of profit and the corporate governance report and approves the annual financial statements for 2013, which are thus final for the purposes of Section 96(4) of the Joint Stock Companies Act (AktG).

During its meeting on 26 March 2014, the Audit Committee examined the consolidated financial statements and reported thereon to the Supervisory Board. The Supervisory Board concurs with the findings of the audit.

At this meeting, the Audit Committee also examined and approved the Management Board's proposal that a dividend of EUR 0.50 per share be distributed out of the net profit for 2013 of EUR 14.6 million and that the balance be carried forward to new account, and reported thereon to the Supervisory Board.

Bank auditor

KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the accounting records, the annual financial statements of Oberbank AG for 2013 and the Group management report. The audit did not give rise to any objections and the legal requirements were fully complied with; therefore the auditors expressed their unqualified opinion.

KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the consolidated financial statements for 2013, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Group management report, prepared in accordance with the provisions of the Austrian Enterprise Code (UGB).

The audit did not give rise to any objections and the legislative requirements were satisfied. It is the opinion of the Bank's auditors that the consolidated financial statements present fairly the assets and financial position of the Group as at 31 December 2013 and the results of its operations and cash flows during the financial year from 1 January to 31 December 2013 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

Consolidated Financial Statements

Report of the Supervisory Board

The auditors confirm that the Group management report is consistent with the consolidated financial statements and that the legislative prerequisites for exemption from the obligation to prepare consolidated financial statements in accordance with Austrian law have been satisfied.

Annual General Meeting

At the agenda of the Annual General Meeting on 14 May 2013 the Supervisory Board mandates of Peter Gaugg and Waldemar Jud were extended to include the period up the Annual General Meeting of 2018, i.e. the maximum period permitted under the Articles of Association.

For the same period, Peter Thirring was newly elected to the Supervisory Board to replace Luciano Cirinà.

The Supervisory Board thanks the Management Board, the management and the entire staff for their excellent performance in the reporting year. The Supervisory Board recognises as outstanding achievements both Oberbank's very good results, which are clearly above the Austrian banking industry average even in a multi-year comparison, and the further improvement of the Bank's core capital ratio, which is a key factor in determining the credit rating of Oberbank.

Linz, 26 March 2014

The Supervisory Board



Hermann Bell

Chairman of the Supervisory Board

Consolidated Financial Statements

Management and Supervisory Bodies

Supervisory Board

Honorary President

Heinrich Treichl

Chairman

Hermann Bell

Vice Chairman

Heimo Penker

Peter Gaugg

Members

Ludwig Andorfer

Luciano Cirinà (until 14 May 2013)

Wolfgang Eder

Waldemar Jud

Christoph Leidl

Peter Mitterbauer

Helga Rabl-Stadler

Karl Samstag

Peter Thirring (since 14 May 2013)

Herbert Walterskirchen

Norbert Zimmermann

Staff representatives

Wolfgang Pischinger, Chairman of the Central Staff Council of Oberbank AG

Peter Dominici (until 28 March 2013)

Armin Burger

Roland Schmidhuber (until 28 March 2013)

Elfriede Höchtel

Josef Pesendorfer

Stefan Prohaska (from 28 March 2013)

Markus Rohrbacher (from 28 March 2013)

Herbert Skoff

State Commissioners

Marian Wakounig, State Commissioner, appointed as of 1 August 2007

Edith Wanger, Deputy State Commissioner, appointed as of 1 July 2002

Management Board

Franz Gasselsberger, CEO and Chairman of the Management Board

Josef Weissl, Director

Florian Hagenauer, Director

Service. **One of Our Strengths.**

Focussing all our efforts and actions on the interests of our customers is one of the key success factors of Oberbank.



Service Information

Organisational Structure of Oberbank AG

Management Board

CEO and Chairman
Franz Gasselsberger
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Director
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Director
Florian Hagenauer
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Corporate &

International Finance

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Accounts and Controlling

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Organisational Development, Strategy and Process Management

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konrad.rinnerberger@oberbank.at

Credit Management

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Service Information

Structure of the Oberbank Group

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Oberbank Immobilien-Service

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Private Equity and

Mezzanine finance

Oberbank Opportunity Invest Management

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Banking Departments and Branch Offices

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Telefax: +43-732-78 02 ext. 32140
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Austria

Hauptplatz principal branch, Linz

A-4010 Linz, Hauptplatz 10 – 11
Günther Ott
Phone +43-732-78 02 ext. 37366, guenther.ott@oberbank.at,

Affiliated branches: A-4020 Linz – Donaulände, Untere Donaulände 28

A-4040 Linz – Dornach, Altenberger Strasse 9
A-4020 Linz – Froschberg, J.-Seb.-Bach-Strasse 26
A-4040 Linz – Harbach, Leonfeldner Strasse 75 a
A-4020 Linz – Stadthafen, Industriezeile 56
A-4040 Linz – Urfahr, Hinsenkampplatz 1
A-4070 Eferding, Stadtplatz 32
A-4240 Freistadt, Linzer Strasse 4
A-4210 Gallneukirchen, Hauptstrasse 12
A-4060 Leonding, Mayrhansenstrasse 13
A-4100 Ottensheim, Hostauerstrasse 87
A-4320 Perg, Herrenstrasse 14
A-4150 Rohrbach, Stadtplatz 16

Landstrasse principal branch, Linz

A-4020 Linz, Landstrasse 37
Johann Fuchs
Phone +43-732-774211 ext. 31300, johann.fuchs@oberbank.at

Affiliated branches: A-4020 Linz – Spallerhof-Bindermichl, Einsteinstrasse 5
A-4020 Linz – Franckstrasse, Franckstrasse 42
A-4030 Linz – Kleinmünchen, Wiener Strasse 382
A-4020 Linz – Neue Heimat, Wegscheider Strasse 1 – 3
A-4020 Linz – Weissenwolffstrasse, Weissenwolffstrasse 1
A-4020 Linz – Wiener Strasse, Wiener Strasse 32
A-4470 Enns, Hauptplatz 9
A-4053 Haid, Hauptplatz 27
A-4400 Steyr – Ennsleite, Arbeiterstrasse 19
A-4400 Steyr – Münchenholz, Punzerstrasse 14
A-4400 Steyr – Stadtplatz, Stadtplatz 25
A-4400 Steyr – Tabor, Ennsner Strasse 2
A-4050 Traun, Linzerstrasse 12
A-4050 Traun – St. Martin, Leondinger Strasse 2

Service Information

Banking Departments and Branch Offices

Salzburg principal branch

A-5020 Salzburg, Alpenstrasse 98

Manfred Seidl

Phone +43-662-6384 ext. 140, manfred.seidl@oberbank.at

Affiliated branches: A-5020 Salzburg – Alter Markt, Alter Markt 4
A-5020 Salzburg – Lehen, Ignaz-Harrer-Strasse 40 a
A-5020 Salzburg – Lieferung, Münchner Bundesstrasse 106
A-5020 Salzburg – Maxglan, Neutorstrasse 52
A-5020 Salzburg – Schallmoos, Sterneckstrasse 55
A-5020 Salzburg – Südtirolerplatz, Südtirolerplatz 6
A-5020 Salzburg – Taxham, Etrichstrasse 3
A-5640 Bad Gastein, Böcksteiner Bundesstrasse 1
A-5630 Bad Hofgastein, Kurgartenstrasse 27
A-5500 Bischofshofen, Bodenlehenstrasse 2 – 4
A-4890 Frankenmarkt, Hauptstrasse 102
A-5400 Hallein, Robertplatz 4
A-5310 Mondsee, Rainerstrasse 14
A-5760 Saalfelden, Leoganger Strasse 16
A-5201 Seekirchen, Bahnhofstrasse 1

Innviertel principal branch

A-4910 Ried im Innkreis, Friedrich-Thurner-Strasse 9

Erich Brandstätter

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Affiliated branches: A-5280 Braunau, Stadtplatz 40
A-4950 Altheim, Stadtplatz 14
A-5230 Mattighofen, Stadtplatz 16
A-4780 Schärding, Silberzeile 12

Wels principal branch

A-4600 Wels, Ringstrasse 37

Wolfgang Pillichshammer

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Affiliated branches: A-4600 Wels – Neustadt, Eferdinger Strasse 13
A-4600 Wels – Pernau, Linzer Strasse 157 a
A-4600 Wels – West, Bauernstrasse 1, WDZ 9
A-4710 Grieskirchen, Pühringerplatz 3
A-4560 Kirchdorf, Bahnhofstrasse 9
A-4550 Kremsmünster, Marktplatz 26
A-4614 Marchtrenk, Linzer Strasse 30
A-4600 Thalheim, Traunufer-Arkade 1

Service Information

Banking Departments and Branch Offices

Salzkammergut principal branch, Gmunden

A-4810 Gmunden, Esplanade 24

Thomas Harrer

Phone +43-7612-62871 ext. 12, thomas.harrer@oberbank.at

Affiliated branches: A-4810 Gmunden – Rathausplatz, Rathausplatz 7
A-4800 Attnang – Puchheim, Dr. Karl-Renner-Platz 2
A-8990 Bad Aussee, Parkgasse 155
A-4820 Bad Ischl, Kaiser-Fr.-Josef-Strasse 4
A-4802 Ebensee, Hauptstrasse 9
A-4663 Laakirchen, Gmundner Strasse 10
A-4860 Lenzing, Atterseestrasse 20
A-4690 Schwanenstadt, Stadtplatz 40
A-4840 Vöcklabruck, Stadtplatz 31 – 33

Lower Austria principal branch, St. Pölten

A-3100 St. Pölten, Domplatz 2

Ferdinand Ebner

Phone +43-2742-385 ext. 11, ferdinand.ebner@oberbank.at

Affiliated branches: A-3100 St. Pölten – Europaplatz, Europaplatz 6
A-3300 Amstetten, Hauptplatz 1
A-7000 Eisenstadt, Esterhazyplatz 6 a
A-3500 Krems, Sparkassengasse 6
A-2000 Stockerau, Schiessstattgasse 3 a
A-3430 Tulln, Hauptplatz 9
A-3340 Waidhofen a. d. Ybbs, Unterer Stadtplatz 17
A-2700 Wiener Neustadt, Wiener Strasse 25
A-3910 Zwettl, Kuenringer Strasse 3

Vienna principal branch

A-1030 Vienna, Schwarzenbergplatz 5

Andreas Klingan

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Affiliated branches: A-1090 Vienna – Alsergrund, Porzellangasse 25
A-1190 Vienna – Döbling, Gatterburggasse 23
A-1220 Vienna – Donaustadt, Wagramer Strasse 124
A-1100 Vienna – Favoriten, Sonnwendgasse 13
A-1210 Vienna – Floridsdorf, Brünner Strasse 42
A-1170 Vienna – Hernals, Hernalser Hauptstrasse 114
A-1130 Vienna – Hietzing, Lainzer Strasse 151
A-1080 Vienna – Josefstadt, Josefstädterstrasse 28
A-1030 Vienna – Landstrasse, Landstrasser Hauptstrasse 114
A-1020 Vienna – Leopoldstadt, Taborstrasse 11 a

Service Information

Banking Departments and Branch Offices

A-1230 Vienna – Liesing, Lehmannngasse 9
A-1050 Vienna – Margareten, Reinprechtsdorfer Strasse 30
A-1070 Vienna – Neubau, Neubaugasse 28 – 30
A-1230 Vienna – Süd, Laxenburger Strasse 244
A-1040 Vienna – Wieden, Rilkeplatz 8
A-2500 Baden bei Wien, Beethovengasse 4 – 6
A-3400 Klosterneuburg, Kierlinger Strasse 1
A-2340 Mödling, Hauptstrasse 33
A-2320 Schwechat, Wiener Strasse 3

Germany

South Bavaria principal branch

D-80333 Munich, Oskar-von-Miller-Ring 38
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Affiliated branches: D-86150 Augsburg, Maximilianstrasse 55
D-82110 Germering, Therese-Giehse-Platz 2
D-85049 Ingolstadt, Donaustrasse 3
D-84028 Landshut, Altstadt 391
D-84453 Mühldorf am Inn, Brückenstrasse 2
D-85521 Ottobrunn, Rosenheimer Landstrasse 39
D-94032 Passau, Brunngasse 10
D-93047 Regensburg, Zur Schönen Gelegenheit 7
D-83022 Rosenheim, Heilig-Geist-Strasse 5
D-94315 Straubing, Stadtgraben 93
D-85716 Unterschleißheim, Alleestrasse 13
D-82515 Wolfratshausen, Bahnhofstrasse 28

North Bavaria principal branch

D-90443 Nuremberg, Zeltnerstrasse 1
Helmut Frick
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Affiliated branches: D-63739 Aschaffenburg, Weissenburger Strasse 16
D-96047 Bamberg, Franz-Ludwig-Strasse 7 a
D-95444 Bayreuth, Wölfelstrasse 3 – 5
D-91054 Erlangen, Hauptstrasse 83
D-92318 Neumarkt i.d. Oberpfalz, Ringstrasse 5
D-97421 Schweinfurt, Schultesstrasse 5 – 7
D-92637 Weiden, Sedanstrasse 6
D-97070 Würzburg, Paradeplatz 4

Service Information

Banking Departments and Branch Offices

Czech Republic principal branch

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Affiliated branches: CZ-14000 Praha 4 – Nusle, nám. Bratri Synku 11
CZ-15000 Praha 5 – Smíchov, Portheimka Center náměstí 14 října 642/17
CZ-17000 Praha 7 – Holešovice, Dukelských hrdinů c. 407/26
CZ-27201 Kladno, Osvobozených politických vězňů 339
CZ-60200 Brno, Lidická 20
CZ-60200 Brno, Trnitá 491/3
CZ-37001 České Budějovice, nám. Přemysla Otakara II. 6/3
CZ-50002 Hradec Králové, Gočárova tř. 1096
CZ-38101 Český Krumlov, Panská 22
CZ-29301 Mladá Boleslav, Jaselská 1391
CZ-39701 Písek, Budovcova 2530
CZ-30100 Plzeň, Prešovská 20
CZ-70200 Ostrava, Stodolní 1
CZ-74601 Opava, Masarykova třída 274/27
CZ-39001 Tábor, Pražská 211
CZ-40001 Ústí nad Labem, Hrnčířská 4
CZ-76001 Zlín, Osvoboditelů 91

Hungary principal branch

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Affiliated branches: H-1027 Budapest, Henger utca 2
H-4026 Debrecen, Bem tér 14
H-9024 Győr, Hunyadi u. 16
H-6000 Kecskemét, Kisfaludy utca 8
H-9700 Szombathely, Berzsényi Dániel tér 2

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SK-821 09 Bratislava, Prievozská 4/A

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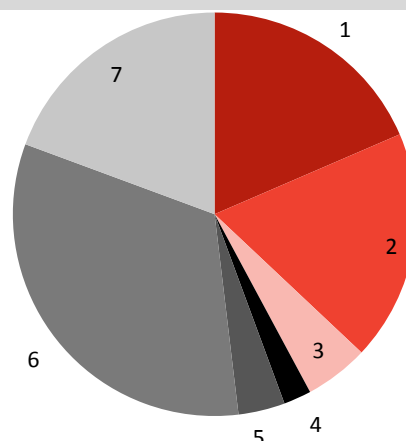
Affiliated branches: SK-974 01 Banská Bystrica, Dolná ulica 64
SK-949 01 Nitra, Mostná ulica 70
SK-911 01 Trenčín, Legionárska 4
SK-010 01 Žilina, Jána Kalinčiaka 22

3 Banken Group at a Glance

Shareholder Structure of the 3 Banks as at 31/12/2013 by Voting Rights

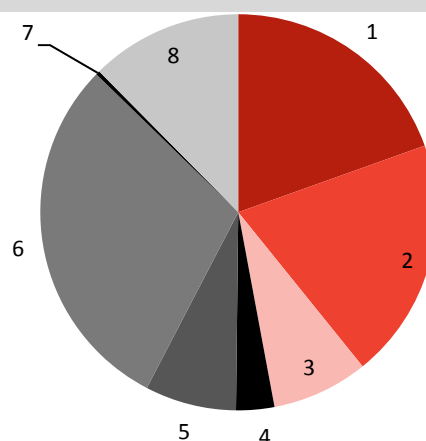
Oberbank

1	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	18.51%
2	BKS Bank AG, Klagenfurt	18.51%
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	5.13%
4	Generali 3 Banken Holding AG, Vienna	2.21%
5	Staff shares	3.74%
6	CABO Beteiligungs- gesellschaft m. b. H., Vienna	32.54%
7	Free float	19.36%



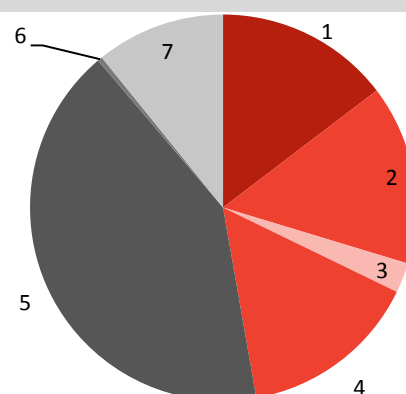
BKS

1	Oberbank AG, Linz	19.54%
2	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	19.65%
3	Generali 3 Banken Holding AG, Vienna	7.88%
4	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	3.11%
5	UniCredit Bank Austria AG, Vienna	7.46%
6	CABO Beteiligungsgesellschaft m. b. H., Vienna	29.64%
7	BKS-Belegschaftsvertretungsprivatstiftung	0.33%
8	Free float	12.39%



BTV

1	Oberbank AG, Linz	14.69%
2	BKS Bank AG, Klagenfurt	15.10%
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	2.53%
4	Generali 3 Banken Holding AG, Vienna	15.12%
5	CABO Beteiligungs- gesellschaft m. b. H., Vienna	41.70%
6	BTV Privatstiftung	0.40%
7	Free float	10.46%



A syndicate agreement is in place with each of the shareholders depicted in red.

3 Banken Group at a Glance

Key Figures of the 3 Banks

	Oberbank		BKS Bank		BTV	
Income statement in €m	2013	2012	2013	2012	2013	2012
Net interest income	335.6	312.9	146.2	143.1	175.7	164.4
Charges for losses on loans and advances	(70.6)	(59.8)	(42.7)	(38.6)	(46.9)	(39.9)
Net commission income	114.6	108.2	45.4	44.4	45.3	42.3
Administrative expenses	(231.0)	(225.9)	(100.8)	(100.8)	(96.0)	(92.8)
Profit for the year before tax	141.7	135.8	45.5	49.9	82.1	70.1
Consolidated net profit	122.4	111.2	40.6	43.1	64.4	60.7
Balance sheet in €m						
Assets	17,570.9	17,675.1	6,743.8	6,654.4	9,588.5	9,496.4
Loans and advances to customers after provisioning charges	11,317.1	10,877.0	4,874.2	4,794.2	6,147.9	6,193.0
Primary funds	12,250.4	11,607.9	4,597.5	4,362.4	6,715.9	6,582.9
Of which savings deposits	3,352.1	3,380.1	1,741.2	1,797.9	1,175.8	1,272.9
Of which securitised liabilities incl. subordinated debt capital	2,224.4	2,208.8	813.9	816.6	1,288.3	1,187.8
Equity	1,421.0	1,342.4	714.2	688.3	913.1	845.5
Customer funds under management	22,787.5	21,558.0	11,383.4	10,674.9	11,545.8	11,368.8
Of which in customer's security accounts	10,537.1	9,950.1	6,785.9	6,312.5	4,829.9	4,785.9
Own funds within the meaning of BWG in €m						
Assessment basis	10,734.0	10,481.9	4,423.3	4,457.9	6,055.4	5,992.1
Own funds	1,824.8	1,762.5	707.6	709.5	964.4	995.4
Of which core capital (Tier 1)	1,320.6	1,245.4	662.5	630.7	866.7	806.0
Surplus own funds	898.1	857.9	326.8	325.8	479.9	516.0
Core capital ratio	12.30%	11.88%	13.92%	13.10%	13.33%	12.45%
Total capital ratio	17.00%	16.81%	16.00%	15.92%	15.93%	16.61%
Performance in %						
Return on equity before tax	10.31%	10.59%	6.49%	7.48%	9.34%	8.69%
Return on equity after tax	8.91%	8.67%	5.79%	6.47%	7.32%	7.52%
Cost/income ratio	52.11%	53.60%	54.25%	54.13%	43.30%	44.30%
Risk/earnings ratio (credit risk in % of net interest income)	21.05%	19.11%	29.21%	26.98%	26.70%	24.30%
Resources						
Average number of staff (weighted)	2,001	2,020	910	930	766	779
Branches	150	147	56	55	37	37

Imprint

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DVR (data processing code): 0019020

FN (company number): 79063w

UID (EU VAT number): ATU22852606

ISIN Oberbank ordinary share: AT0000625108

ISIN Oberbank preference share: AT0000625132

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Investor Relations: Frank Helmkamp, Oberbank AG, Linz

Editing: Corporate Secretary and Communications

Sources (the economic environment: WIFO, IHS and OeNB, Vienna; DIW, Berlin; Ifo, Munich)

Copy deadline: 26 March 2014

Design: Createam, Agentur für Markenwachstum, Linz

Photos: Dieter Eikelpoth

Printing: Oberbank

English translation: Maria Bennett-Hengl

Disclaimer: Forward-looking statements

This Annual Report contains statements and forward-looking statements regarding Oberbank AG's future development. These forward-looking statements are usually accompanied by words such as "estimates", "expects", "plans", "predicts", "targets" and similar expressions. The forecasts are estimates made on the basis of all the information available on the reporting date of 31 December 2013. Should the assumptions upon which such forecasts have been based prove unjustified or should risks such as those referred to in the Risk Report transpire, actual results may differ from the results that are currently expected

This Annual Report does not constitute any recommendation to buy or sell shares of Oberbank AG.

A separate glossary has not been included in this Annual Report, as the terms used are either common terminology or, where required, explained directly in the text.

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

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