Financial Year 2015

Success is for Sharing

Oberbank
3 Banken Gruppe

Annual Report for the Financial Year 2015

Contents

Oberbank at a Glance

Income statement in €m	2015	2014	Change
Net interest income	381.2	372.9	2.2%
Charges for losses on loans and advances	-47.1	-78.0	-39.6%
Net commission income	132.7	119.3	11.3%
Administrative expenses	-243.3	-236.9	2.7%
Profit for the year before tax	191.5	157.6	21.5%
Profit for the year after tax	166.4	136.5	21.9%

Balance sheet in €m	2015	2014	Change
Total assets	18,243.3	17,774.9	2.6%
Loans and advances to customers	12,839.9	12,276.2	4.6%
Primary funds	12,620.0	12,288.6	2.7%
of which savings deposits	2,912.6	3,098.5	-6.0%
of which securitised liabilities including subordinated capital	2,098.5	2,295.0	-8.6%
Equity	1,925.7	1,534.1	25.5%
Customer funds under management	25,245.1	23,441.9	7.7%

Regulatory capital in €m	2015	2014	Change
Common equity Tier 1 capital	1,650.8	1,306.9	26.3%
Tier 1 capital	1,733.3	1,385.2	25.1%
Own funds	2,158.0	1,874.4	15.1%
Common equity Tier 1 capital ratio	13.51%	10.95%	2.56% ppt
Tier 1 capital ratio	14.19%	11.61%	2.58% ppt
Total capital ratio	17.66%	15.70%	1.96% ppt

Performance indicators	2015	2014	Change
Return on equity before tax	11.20%	10.68%	0.52% ppt
Return on equity after tax	9.73%	9.25%	0.48% ppt
Cost/income ratio	50.49%	50.14%	0.35% ptt
Risk/earnings ratio (credit risk/net interest	12.35%	20.92%	-8.57% ppt

Resources	2015	2014	Change
Average number of staff (weighted)	2,025	2,004	21
Number of branches	156	156	-

Oberbank stock - key figures	2015	2014	2013
Number of ordinary non-par shares	29,237,100	25,783,125	25,783,125
Number of non-par preference shares	3,000,000	3,000,000	3,000,000
High (ordinary/preference share) in EUR	52.80/38.20	50.35/38.11	48.50/38.70
Low (ordinary/preference share) in EUR	49.96/37.55	48.45/37.00	47.60/37.50
Close (ordinary/preference share) in EUR	52.80/37.70	50.35/37.81	48.50/37.75
Market capitalisation in €m	1,656.8	1,411.6	1,363.7
IFRS earnings per share in EUR	5.47	4.75	4.26
Dividend per share in EUR	0.55	0.55	0.50
P/E ratio, ordinary shares	9.7	10.6	11.4
P/E ratio, preference shares	6.9	8.0	8.9

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

Letter from the Chairman and CEO


Franz Gasselsberger
CEO of Oberbank AG

Dear Readers,

Much of what we had expected and forecast for 2015 materialised

Around 3% global economic growth and just over 1% in the euro area, lacking impulses in the emerging markets, persistently low interest rates, the euro weaker than the US dollar, and ultimately the good performance of stock markets – this was the general setting we had expected and had to operate in.

2015 was additionally influenced by many unforeseen factors

The Swiss franc's depreciation, the refugee drama, the terrorist attack in Europe and doubts regarding European unity gave rise to uncertainty in the markets and cast a gloom over sentiment among businesses and individuals.

For Austrian banks, 2015 was the difficult year expected

Low interest rates and declining revenues in Eastern Europe weighed on earnings and Austrian banks failed to close the gap in cost reductions versus other European banks. Therefore, although net profit for the year improved for all domestic banks, it was still 10% lower than five years ago.

Despite this environment, Oberbank again developed excellently, achieving record results for the sixth time in a row:

- Profit before tax rose by 21.5% to EUR 191.5 million and after tax by 21.9% to EUR 166.4 million.
- Both lending (+4.6% to EUR 12.8 mill) and client assets under management (+7.7% to EUR 25.2 bill) were much higher than in the preceding year.
- Credit risk continues to be gratifyingly low and we were able to substantially reduce charges for losses on loans and advances.
- At a common equity Tier 1 ratio of 14.2% and a total capital ratio of 17.7%, the Bank's capital adequacy is very sound.

Two capital increases, capital base grows by EUR 390 million

Our two highly oversubscribed capital increases were an outstanding success, which, with a market capitalisation of EUR 1.6 billion, puts us in the same league as the 20 most valuable companies on the Vienna Stock Exchange.

In total, we issued 3.5 million new ordinary shares and raised EUR 165 million in equity. With additional measures, we were even able to add some EUR 390 million to our equity in 2015, thus achieving an increase of 25.5% within one year.

This achievement reflects the strong commitment of existing Oberbank shareholders, but it is also a clear statement by Oberbank's 3,000 new investors.

Apart from this, the employees of Oberbank also underlined their commitment and loyalty by buying shares for nearly EUR 10 million.

Success factors: unique position – business model – risk – cost structure – expansion

As suppliers of quality services, we stand out positively on the market

Customers have learned to differentiate between banks and give us top ratings regarding reliability, sympathy, recommendations as well as in customer retention and customer loyalty.

Our business model is customer-based and oriented on sustainability

As a regional bank we are close to our customers with almost 160 branches.

As a universal bank, we are a bank for industry and SMEs. In our second pillar - the segment of wealthy individuals – we also have a strong position.

In matters relating to wealthy individuals, there is no alternative in our view to personal talks at the branch – but, of course, we are also glad to meet the digital challenge and offer attractive electronic solutions apart from providing competent personal advice.

Our credit rating has been excellent for years

We are growing faster than the market in lending; on average from 4% to 5% annually, but not at the cost of a higher credit risk.

Cost awareness is a matter of course at Oberbank on all levels

We have consistently centralised administration, and are constantly reviewing all procedures and processes, putting us in a position to have to spend only around 50 cent to earn one euro – the market needs 60 cent.

Cutting costs too starkly and not investing enough means giving up growth, market opportunities and future income, and for this reason, our cost/income ratio target is 50% to 53% over the long term.

We continue organic growth by opening new branches

Our branches have been refurbished to satisfy customer needs and are crucial for our future plans. For this reason, we are continuing our expansion and are opening six to seven branches every year on average, thus moving clearly against the trend in the banking industry.

Thank you for your support

On behalf of the entire Board, I would like to extend my thanks to everyone who made our success possible in the past financial year: to our customers who we will continue to support; to our shareholders who by investing in Oberbank shares have placed their trust in us, and to our employees who once again have been vital for the success achieved.

Special thanks are also due to the members of the Supervisory Board, which is not only the supreme monitoring body of Oberbank, but also fulfils an important advisory function in crucial matters.

Only with the collaboration of all these persons were we again able to achieve the exceptionally good result for the year 2015 and we hope you will continue to accompany us on this path.

Linz, March 2016

CEO Franz Gasselsberger

Chairman of the Management Board

Corporate Governance Report for the Group

Florian Hagenauer
Director Oberbank AG

Franz Gasselsberger
CEO Oberbank AG

Josef Weißl
Director Oberbank AG

Corporate Governance Report for the Group

Introduction

Owing to amendments to the Austrian Commercial Code (UGB) during the reporting year, an exchange-listed parent company such as Oberbank must prepare a corporate governance report on a consolidated basis (§ 267a Commercial Code). As the Oberbank group does not have any exchange-listed subsidiaries, the information required is restricted to the information stipulated by § 243b (2) Commercial Code – this is the information on the method of working of the management board and of any supervisory board of such companies, on measures to promote women and on remuneration policy.

The information required was integrated into the appropriate sections of the corporate governance report.

Austrian Code of Corporate Governance

As a listed company, Oberbank undertakes to adhere to the Austrian Code of Corporate Governance (ÖCGK) as amended. The Code of Corporate Governance is available for downloading from the website of Oberbank at www.oberbank.at and serves as a valuable guideline for developing the 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 of 28 March 2007, the Supervisory Board amended the Rules of Procedure of the Management Board and of the Supervisory Board to comply with Code's rules.

The Supervisory Board of Oberbank made its first declaration of conformity at its meeting of 26 November 2007.

In January 2015, the version of the Code applicable to the reporting year entered into force. At its meeting of 27 November 2014, the Supervisory Board of Oberbank considered the new version in detail and made a declaration of conformity with the Code.

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

Rule 2 C: Based on a resolution by the Annual General Meeting on 15 April 1991, Oberbank, besides ordinary shares, has also issued preference shares. Preferred interest in profits provides preference shareholders with an attractive investment option. The ordinary shares issued by Oberbank carry one vote each, hence no shareholder has a disproportionately high share of voting rights.

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.

The remuneration rules applicable within Oberbank in compliance with the Austrian Banking Act ensure that any and all variable remuneration payments to board members are commensurate with the personal performance of the respective board member and take appropriate account of the earnings, risk and liquidity position of Oberbank.

Rule 45 C: Owing to the historically evolved 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.

The statutory obligations the members of the Supervisory Board are required to ensure that the rightful interests of Oberbank are protected to the fullest extent.

Rule 52a C: The Supervisory Board of Oberbank includes more than ten shareholder representatives. With currently twelve shareholder representatives elected by the Annual General Meeting, the upper limit of a maximum of ten recommended by the Austrian Working Group of Corporate Governance (ÖCGK) is only marginally exceeded; the efficient and effective performance of the tasks assigned to the Supervisory Board is hence guaranteed. Oberbank values the expert knowledge of its supervisory body comprising senior members and leading experts from the Austrian business community.

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 its Rules of Procedure. The Management Board regularly reports to the Supervisory Board, thus ensuring a comprehensive flow of information.

In the case of the fully consolidated companies (see also pages 108 and 109), apart from the managing directors of the direct leasing subsidiaries in Austria (Oberbank LEASING GESELLSCHAFT MBH, Linz, 3 Banken Kfz-Leasing GmbH, Linz), Germany (Oberbank Leasing GmbH Bayern, Neuötting), Czech Republic (Oberbank Leasing spol. s.r.o., Prague), Hungary (Ober Lizing Kft, Budapest) and Slovakia (Oberbank Leasing s.r.o., Bratislava), the mandates of the management board, managing directors and, if required, supervisory boards are assumed by the current Management Board members and heads of department of Oberbank or one of the partner banks (e.g. 3 Banken Wohnbaubank AG).

Members of the Management Board

In the 2015 financial year, the Management Board of Oberbank consisted of three members.

	Year of birth	**Initial appointment**	**End of period of office**
Franz Gasselsberger	1959	28 Apr. 1998	13 May 2017
Josef Weißl	1959	1 May 2005	30 Apr. 2020
Florian Hagenauer	1963	1 Dec. 2009	30 Nov. 2019

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 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 AMAG Austria Metall AG

Member of the Supervisory Board of Lenzing Aktiengesellschaft

Functions in companies included in the consolidated financial statements:

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

Vice Chairman of the Supervisory Board of BKS Bank AG

Member of the Supervisory Board of voestalpine AG

All upper limits regarding mandates pursuant to the Code of Corporate Governance, Stock Corporation Act and the Banking Act were observed.

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 completed 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.

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

Chairman of the Supervisory Board of Gasteiner Bergbahnen AG

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

Member of the Supervisory Board of CEESEG Aktiengesellschaft

Functions in companies included in the consolidated financial statements:

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

All upper limits regarding mandates pursuant to the Code of Corporate Governance, Stock Corporation Act and the Banking Act were observed.

Florian Hagenauer, Member of the Management Board

Upon his graduation from the University of Linz, where he studied business management and law, Florian Hagenauer started his career at Oberbank in 1987. 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 President of the LIMAK Club and Vice President of the Verein der Förderer der OÖ Landmuseen.

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

Member of the Supervisory Board and investment committee member of Gain Capital Participations SA

Member of the Supervisory Board and investment committee member of Gain Capital Participations II SA, SICAR
Vice Chairman of the Supervisory Board of Buy-Out Central Europe II Beteiligungs-Invest AG (until 17 June 2015)
Member of the Supervisory Board of Generali Holding Vienna AG
Member of the Supervisory Board of Energie AG Oberösterreich

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

All upper limits regarding mandates pursuant to the Code of Corporate Governance, Stock Corporation Act and the Banking Act were observed.

Current Management Board Remits

CEO and Chairman **Franz Gasselsberger**	**Director** **Josef Weissl**	**Director** **Florian Hagenauer**
General Business Policy		
Internal Revision		
Compliance		
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
HRA (Human Resources)		SEK (Corporate Secretary & Communication)
RUC (Accounts & Controlling)		ORG (Organisational Development, Strategy and Process Management)
		ZSP (Payment Systems and Central Production CEE, securities settlement)
		BDSG* (Payment Systems and Central Production)
Regional Business Divisions		
Linz-Hauptplatz	Linz-Landstrasse	
Salzkammergut	Innviertel	
Vienna	Salzburg	
Wels	Lower Austria	
Southern Bavaria	Slovakia	
Northern Bavaria	Czech Republic	
	Hungary	

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

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 § 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 remuneration and limited to a maximum of 40% of the latter or no more than EUR 150,000. 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 2015, 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 EUR 1,527,000, of which EUR 1,202,000 related to fixed salary components and EUR 325,000 constituted variable remuneration components for the year 2014.

Total remuneration 2015:	Franz Gasselsberger	EUR 741,000
	Josef Weissl	EUR 432,000
	Florian Hagenauer	EUR 354,000

Sideline business activities pursued by members of the Management Board require approval by the Supervisory Board pursuant to the Rules of Procedure of the Management Board. Accordingly, the above-listed mandates of the individual Board Members have all been approved by the Supervisory Board and are in compliance with the limits which have been applicable pursuant to the Austrian Banking Act since 1 July 2014.

The amount of the 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.

In the case of fully consolidated companies (see pages 108 and 109), only the direct leasing subsidiaries in Austria (incl. car leasing), Germany, Czech Republic, Hungary and Slovakia have managing directors that receive remunerations worth mentioning.
In the risk identification process, these were identified as risk buyers and were analysed by the Remuneration Committee regarding their variable remuneration.
In accordance with the low volume of the variable remuneration which is below the relevant threshold defined by the FMA and the very restricted scope autonomous competence, the payout methods defined in paragraph 133 of the Guidelines on Remuneration Policies and Practices des Committee of European Banking Supervisors do not apply.

Members of the Supervisory Board

The number and type of all additional mandates have been agreed with the Supervisory Board and for all members of the Supervisory Board comply with the mandate restrictions pursuant to the Banking Act that entered into force on 1 July 2014.

	Year of birth/ initial appointment/scheduled end of period of office
Ludwig Andorfer Chairman	1944 / 24 May 2011 / AGM 2016
Peter Gaugg 1st Vice Chairman Chairman of the Supervisory Board of BKS Bank AG	1960 / 27 April 2000 / AGM 2018
Herta Stockbauer 2nd Vice Chairman Vice Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg AG Member of the Supervisory Board of Österreichische Post Aktiengesellschaft (since 14 April 2015)	1960 / 13 May 2015 / AGM 2019

Wolfgang Eder 1952 / 9 May 2006 / AGM 2016

Waldemar Jud *(until 19 May 2015)* 1943 / 10 May 2010 / AGM 2018
Member of the Supervisory Board of BKS Bank AG (until 20 May 20185)
Member of the Supervisory Board of Bank für Tirol und Vorarlberg AG (until 13 May 2015)
Chairman of the Supervisory Board of DO & CO Aktiengesellschaft
Chairman of the Supervisory Board of Ottakringer Getränke AG (terminated on 12 August 2015)

Peter Mitterbauer 1942 / 15 April 1991 / AGM 2020
Member of the Supervisory Board of Rheinmetall AG
Member of the Supervisory Board of MIBA AG (exchange-listed until 2 Dec. 2015)

Helga Rabl-Stadler 1948 / 24 May 2011 / AGM 2016

Karl Samstag 1944 / 24 April 2002 / AGM 2017
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

Herbert Walterskirchen: 1937 / 20 May 1997 / AGM 2020

Peter Thirring 1957 / 14 May 2013 / AGM 2018

Barbara Leitl-Staudinger 1974 / 13 May 2014 / AGM 2019

Barbara Steger 1980 / 13 May 2014 / AGM 2019

Peter Hofbauer *(as of 19 May 2015)* 1964 / 19 May 2015 / AGM 2020

Representatives of the Works Council:
Wolfgang Pischinger, first delegated: 28 Jan. 1993; Chairman of the Central Works Council of Oberbank AG
Elfriede Höchtel, first delegated: 22 May 2007; Oberbank Wels
Josef Pesendorfer, first delegated: 29 Jan. 2001; Oberbank Gmunden
Herbert Skoff, first delegated: 28 March 2011; Oberbank Vienna
Stefan Prohaska, first delegated: 28 March 2013; Oberbank Salzburg-Taxham
Alexandra Grabner, first delegated: 26 March 2014; Central Works Council of Oberbank AG

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 consists of 12 elected shareholder representatives and six staff representatives delegated by the Works Council. Given that one third each of capital representatives on the Supervisory Board and on the Works Council are women, the Bank exceeds the target ratio of 25% for women decided by circular letter in November 2013 by the Nomination Committee.

In financial year 2015, the Supervisory Board held four regular meetings and one extraordinary Supervisory Board meeting (BaSAG approval and approval of 2nd capital increase) in which it performed its control functions (see also Report of the Supervisory Board).
One member of the Supervisory Board failed to take part personally in more than half of the meetings of the Supervisory Board (Rule 58 C Code of Corporate Governance).

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, the Risk and Credit Committee, the Audit Committee, the Nomination Committee and the 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 Audit Committee consists of five and the Working Committee of four shareholder representatives, and the Risk and 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. It fulfilled its obligations under § 63a (4) of the Austrian Banking Act.
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 (single-entity and consolidated financial statements) and the risk situation of the bank to the Management Board and to the chairman of the Supervisory Board. This management letter was also forwarded 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 meetings.
Composition: Ludwig Andorfer (Chairman), Herta Stockbauer, Peter Gaugg, Herbert Walterskirchen, Waldemar Jud (until 19 May 2015), Peter Hofbauer (from 19 May 2015), Wolfgang Pischinger, Stefan Prohaska, Herbert Skoff

Working Committee
The Working Committee takes decisions on matters of special urgency which under the Rules of Procedure are assigned to neither the plenary meeting of the Supervisory Board nor 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 respective Rules of Procedure of the Management Board and of 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 2015, the Working Committee approved five time-critical resolutions.
Business matters decided by the Working Committee were subsequently reported and discussed in detail at the next meeting of the full Supervisory Board.
Composition: Ludwig Andorfer (Chairman), Herta Stockbauer, Peter Gaugg, Herbert Walterskirchen, Wolfgang Pischinger, Herbert Skoff

Risk and Credit Committee
At its meeting of 26 November 2013, the Supervisory Board resolved to assign to the Credit Committee the tasks and obligations to be performed by the Risk Committee pursuant to the Austrian Banking Act as amended effective 1 January 2014. The Rules of Procedure of the Supervisory Board were revised accordingly. The Credit Committee was renamed Risk and Credit Committee.
The approval of the Risk and Credit Committee is required for each investment or large-scale investment within the meaning of § 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 its risk committee function, the Risk and Credit Committee, in compliance with the Austrian Banking Act, convened in a meeting in the presence of the employee responsible for the independent risk management function within Oberbank and the State Commissioner; at this meeting, the Committee dealt in comprehensive detail with the risk strategy of Oberbank and other issues required by law.
The next meeting of the full Supervisory Board was informed in detail of the results.
In 2015, the Risk and Credit Committee approved 79 time-critical resolutions. It also dealt with direct applications subsequently approved by the plenary meeting of the Supervisory Board.
Business matters decided by the Risk and Credit Committee were subsequently reported and discussed in detail at the next meeting of the full Supervisory Board.
Composition: Ludwig Andorfer (Chairman), Herta Stockbauer, Peter Gaugg, Wolfgang Pischinger, Herbert Skoff

Nomination Committee
The Nomination Committee performs the tasks assigned to it by law. Among other things, the Nomination Committee regulates the relations between the company and the members of the Management Board, submits proposals regarding appointments to (soon to be vacated) Management Board positions and takes care of addressing succession planning issues. Subsequently, the full Supervisory Board takes a joint decision on these proposals.
In November 2013, the Nomination Committee in compliance with the statutory provisions applicable as from 1 January 2014, by means of a resolution by circular, worked out, among other things, job descriptions and applicant profiles for the management board and supervisory board members to be newly appointed, defined a target quota for the underrepresented gender on the Management Board and the Supervisory Board, and developed strategies for attaining this quota.
The new member of the Supervisory Board was assessed by the Nomination Committee at its meeting of 2 March 2015 based on the job profile, and the candidate was deemed excellently qualified for the tasks on the Supervisory Board of Oberbank.
Composition: Ludwig Andorfer (Chairman), Herta Stockbauer

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

In compliance with the relevant 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.

In November 2013, the Remuneration Committee adjusted the proportionality assessment process in compliance with the statutory regulations applicable from 1 January 2014.

At its meeting of 22 March 2015, the Remuneration Committee also adopted a new policy for the identification of risk buyers on the basis of which the group of persons covered by the remuneration guidelines. In accordance with the low volume of the variable remuneration which is below the relevant threshold defined by the FMA and the very restricted scope autonomous competence, the payout methods defined in paragraph 133 of the Guidelines on Remuneration Policies and Practices of the Committee of European Banking Supervisors do not apply.

Composition: Ludwig Andorfer (Chairman), Herta Stockbauer, Herbert Walterskirchen, Wolfgang Pischinger

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 was approved by the Annual General Meeting 2014 for the financial year 2014 and subsequent years until further notice as follows: EUR 21,000 for the Chairman, EUR 17,000 for each of his deputies and EUR 15,000 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 Risk and 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.

The emoluments are payable once the Annual General Meeting has approved the committee members' actions in the respective business year.

Remuneration in € for fin. year 2015	Supervisory	Committees	Meeting fee	Total
Ludwig Andorfer	21,000	12,000	600	33,600
Peter Gaugg	17,000	10,000	600	27,600
Herta Stockbauer	17,000	12,000	600	29,600
Wolfgang Eder	15,000		480	15,480
Waldemar Jud (until 19/5/2015)	5,712	1,523	120	7,356
Peter Hofbauer (from 19/5/2015)*	0	0	0	0
Peter Mitterbauer	15,000		480	15,480
Helga Rabl-Stadler	15,000		480	15,480
Karl Samstag	15,000		600	15,600
Peter Thirring	15,000		480	15,480

Herbert Walterskirchen	15,000	7,000	480	22,480
Barbara Leitl-Staudinger	15,000		480	15,480
Barbara Steger	15,000		480	15,480

* This member of the Supervisory Board does not received any emoluments or meeting fees under an internal arrangement of UniCredit-group

The members of the Works Council delegated to the Supervisory Board are not entitled to a fixed annual emolument or fees per meeting.

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 lacking independence, in particular, if, subject to the provision that all circumstances within the meaning of § 87 (2) of the Stock Corporation Act 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 lacking independence. 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.

All members of the Supervisory Board of Oberbank elected by the Annual General Meeting have made individual declarations of independence in accordance with these criteria. Furthermore, with the exception of Herta Stockbauer (BKS Bank AG), Peter Gaugg (Bank für Tirol und Vorarlberg AG), Karl Samstag, Waldemar Jud (until 19 May 2015) and Peter Hofbauer (from 19 May 2015), all members of the Supervisory Board 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 (§ 243b (2) no. 2 Commercial Code)
As at 31 December 2015, Oberbank (including Leasing) employed a total of 81 women in executive positions; this corresponds to 19.9% of all executive positions (2014: 80 women or 20.2%).
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 targeted childcare in the holiday month of August, specific career planning for women and flexible working time and work organisation models to ease women's return to work after maternity leave.

Despite all of these efforts and an increase by one person in the past financial year, reinforcing the motivation of women to assume management positions will remain an enormous challenge for the coming years.

Within the framework of the project "Future of Women 2020”, Oberbank also applied for certification as a family-friendly employer. Following examination by a certified expert on 14 April 2011, the Federal Ministry of Economic Affairs, Family and Youth, for three years effective from 5 June 2011, awarded Oberbank the "berufundfamilie" Basic Certificate for its efforts to help employees reconcile work and family life. Following an external evaluation by TÜV SÜD Landesgesellschaft Österreich GmbH, Oberbank was awarded this government certificate for three further years in 2014.

The implementation of further measures is evaluated annually by external experts. This initiative is intended to pave the way for a greater number of qualified women to assume management positions at Oberbank and thus qualify for appointment to management board and supervisory board functions within the fully consolidated subsidiaries in order for the Bank to achieve the 25% ratio aimed for over the long run.

The proportion of female members on the Supervisory Board (shareholder representatives) and on the Works Council is 33%. The Bank thus more than fulfils the planned ratio of 25%.

Linz, 11 March 2016
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

Investor Relations and Compliance

Shares and shareholder structure

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 specifically 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 the management and the staff to Oberbank is a further stabilising factor, as are its long-standing alliances with dependable partners such as Wüstenrot or Generali.

Investors have a choice: ordinary shares and/or preference shares

Investors have a choice between Oberbank ordinary shares and Oberbank preference shares. The preference shares do not give shareholders voting rights, but rather guarantee a 6% minimum dividend on the pro-rata percentage in the share capital (EUR 9 million), payable at a later time. The dividend is the same for both types of shares. As the preference shares do not carry voting rights, they are traded at a markdown versus ordinary shares, which results in higher dividend yields.

Ordinary share at all-time high in 2015

Oberbank ordinary shares climbed to an all-time high of EUR 52.80 on 29 December 2015. In the reporting year, the preference shares reached a high of EUR 38.20 on 23 March 2015.
The overall annual share performance in 2015 (price trend and dividend) was +6.80% for ordinary shares and +1.17% for preference shares. Market capitalisation of Oberbank AG was EUR 1,656.8 million at the end of 2015, as compared to EUR 1,411.6 million at the end of the preceding year.

Oberbank shares, key figures	2015	2014	2013
Number of ordinary bearer shares	29,237,100	25,783,125	25,783,125
Number of ordinary preference shares	3,000,000	3,000,000	3,000,000
High (ordinary/preference share) in EUR	52.80/38.20	50.35/38.11	48.50/38.70
Low (ordinary/preference share) in EUR	49.96/37.55	48.45/37.00	47.60/37.50
Close (ordinary/preference share) in EUR	52.80/37.70	50.35/37.81	48.50/37.75
Market capitalisation in EUR mill. €	1,656.8	1,411.6	1,363.7
IFRS earnings per share in EUR	5.47	4.75	4.26
Dividend per share in EUR	0.55	0.55	0.50
Price-to-earnings ratio, ordinary shares	9.7	10.6	11.4
Price-to-earnings ratio, preference shares	6.9	8.0	8.9

Oberbank ordinary shares have been listed on the Vienna Stock Exchange since 1 July 1986. Ever since, the value of the share has been rising quite steadily. Shareholders who acquired Oberbank shares in 1986 and participated in all capital increases have achieved an average annual yield of 8.31% gross of withholding tax and taking into account dividend distributions.

Attractive valuation, constant dividends

Earnings per share increased sharply versus 2014 from EUR 4.75 to EUR 5.47. Based on the shares' closing price in 2015, the price-earnings ratio (PER) for ordinary shares was 9.7, and for preference shares 6.9.
At the 136th Annual General Meeting on 18 May 2016, the Board will recommend an unchanged year-on-year dividend of EUR 0.55 per qualifying share.

Oberbank shareholder structure at 31/12/2015	Ordinary shares	Total
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	17.49%	16.24%
BKS Bank AG, Klagenfurt	16.52%	15.30%
Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	4.94%	4.50%
Generali 3 Banken Holding AG, Vienna	1.94%	1.76%
Employee	3.80%	3.59%
CABO Beteiligungsgesellschaft m. b. H., Vienna	28.69%	26.02%
Free float	26.62%	32.59%

See also page 162.

Oberbank's share capital is divided into 29,237,100 ordinary non-par value bearer shares and 3,000,000 non-voting non-par value 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 (26.6% of Oberbank ordinary shares, 32.6% including preference shares) is held by corporate investors, 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 invitation to the Annual General Meeting encourages shareholders to seek direct contact with the members of the Management Board and the Supervisory Board.
Potentially price-sensitive events are disclosed in ad-hoc communications. In the financial year 2015, Oberbank published seven such disclosures.

Investor relations - contact

Frank Helmkamp
Phone: +43/(0)732/78 02 DW 37247
frank.helmkamp@oberbank.at
www.oberbank.at

2016 financial calendar	
Publication of the Annual Financial Statements in Wiener Zeitung	6 April 2016
Record date in respect of Oberbank shares	8 May 2016
Annual General Meeting	18 May 2016
Ex dividend day	23 May 2016
Dividend distribution date	25 May 2016
Publication of quarterly results	
1st quarter	20 May 2016
1st half-year	26 Aug. 2016
1st to 3rd quarter	30 Nov. 2016

Information on the 135th Annual General Meeting on 19 May 2015/ Resolutions adopted

Agenda item 2: Resolution on the appropriation of the net profit for the financial year 2014

Yes: 23,382,702 votes
NO: 0 Votes
VOTING ABSTENTIONS: 0 Votes.

Agenda item 3: Discharge of the Management Board and the Supervisory Board

Discharge of the Management Board:
YES: 23,369,563 votes
NO: 0 Votes
VOTING ABSTENTIONS: 400 Votes

Discharge of Supervisory Board:
YES: 23,345,175 votes
NO: 0 Votes
VOTING ABSTENTIONS: 0 Votes

Agenda item 4: Supervisory Board elections

Herbert Walterskirchen:
YES: 23,382,542 votes
NO: 0 Votes
VOTING ABSTENTIONS: 0 Votes

Peter Mitterbauer:
YES: 23,382,542 votes
NO: 0 Votes
VOTING ABSTENTIONS: 0 Votes

Peter Hofbauer:
YES: 23,381,197 votes
NO: 545 votes
VOTING ABSTENTIONS: 800 votes

Agenda item 5: Appointment of the bank auditor for the financial year 2016

YES: 23,380,906 votes
NO: 384 votes
VOTING ABSTENTIONS: 553 votes

Agenda item 6: Resolution on

a) Revocation of the resolution passed at the 132nd Annual General Meeting of 8 May 2012 authorising the Management Board to increase the share capital for cash by up to EUR 9,375,000.00 by issuing up to 3,125,000 ordinary non-par value bearer shares – if required, in several tranches – within five years as of having entered the relevant amendment to the Articles of Association in the Companies Register and to define the issue price and the terms of issue in agreement with the Supervisory Board, to an extent not used to date, while at the same time authorising the Management Board to increase the share capital within five years as of having entered the relevant amendment to the Articles of Association in the Companies Register – if required in several tranches – the share capital of the company for cash by up to EUR 10,500,000 by issuing up to 3,500,000 ordinary non-par value bearer shares and to define the offer price and the terms of offer in agreement with the Supervisory Board;

b) The authorisation of the Supervisory Board to pass resolutions on amendments to the Articles of Association that result from the issuance of shares from the approved capital, and

c) the corresponding amendment to the Articles of Association in § 4 para. 3.

YES: 23,381,743 votes
NO: 0 votes
VOTING ABSTENTIONS: 0 votes

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 2015, 19 such notifications were filed with the FMA, in accordance with § 48 d (4) of the Stock Exchange Act, which were disclosed on www.fma.gv.at.

Compliance

In the area of compliance matters, the year 2015 was dominated by organisational issues. Compliance was merged with the departments for the prevention of money laundering and terrorism financing into a separate organisational unit which reports directly to the Management Board. The function of Compliance Officer was merged with the function of Money Laundering Officer.

These measures are driven by the goal to strengthen independence and achieve a clear focus on these important matters, and to at the same time, comply with the recommendations of the supervisory bodies and with regulatory requirements.

One main focus of the compliance activities was monitoring and providing support for capital increases as well as accompanying measures to ensure that it complies with legal requirements.

Compliance was monitored 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 Decree as required also in 2015. The Compliance Office conducted the regular checks of financial transactions with the help of computer-assisted processes. The relevant reports on compliance activities were sent to the

management. Moreover, the Bank organised employee training courses, in particular, for the staff involved in the clearing and settlement of securities transactions.
Additionally, in the first half of the year 2015, the special road shows initiated in 2014 for the staff of the business areas were supplemented by content on the prevention of money laundering and terrorism financing.

Money laundering
In the financial year 2015, as in the past, measures to prevent money laundering and terrorism financing were a special concern of Oberbank.

The computer-assisted checking of suspicious transactions, embargo checks and the thorough examination of new business relationships with politically exposed persons were performed in line with legal requirements. Within the scope of an ongoing improvement process, the findings gained from interaction with the supervisory bodies were implemented after careful analysis in order to constantly further develop and improve the processes and methods applied.

Special training courses were organized for employees on the topics of money laundering and terrorist financing to enable them to detect potentially risky transactions and business cases early on. Any suspicious activities are reported to the competent anti-money-laundering authorities.
The management was informed of the Bank's anti-money laundering activities in regular reports.

Mandatory e-learning training for all employees
All employees of Oberbank must attend an extensive e-learning course on the themes of compliance, money laundering and fraud every year.

Company Profile

Brief History of Oberbank
Oberbank's Investment Portfolio
Value-Based Strategy
Strategy 2020

Brief History of Oberbank

On 13 April 1869, the decision to found "Bank für Ober-Oesterreich und Salzburg" was taken.
The official date of establishment was 1 July 1869 and the registered office of the company was in Linz. 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 became the majority owner of Oberbank.

After World War II, Creditanstalt, divided its majority stakes in Oberbank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft (BTV) and Bank für Kärnten AG (today BKS Bank AG).
A stake of one third was retained by CA and two thirds each were sold to the other two banks.
The originally cross-holding structure has developed into a close, partnership-based cooperation under the banner of the 3 Banken Group. The three banks cooperate closely wherever there is synergy potential to be exploited such as in the jointly held subsidiaries like 3 Banken-Generali Investment-Gesellschaft and DREI-BANKEN-EDV Gesellschaft, which are both highly successful. In the ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT (ALGAR), the three banks hedge large exposure risks. This cooperation in no way interferes with the three banks' market image as independent credit institutions.

Since 1955, the Bank's development improved significantly when it acquired the retail customer segment.
By taking in deposits from private individuals and extending loans to this customer group, the basis was laid for Oberbank's achieving an equally strong foothold in both corporate and retail banking.

The stocks of Oberbank have been listed on the Vienna Stock Exchange since 1 July 1986.
When Oberbank went public, it removed itself from the influence of CA and started pursuing an independent strategy. Today, Oberbank's shareholder structure includes, besides its two sister banks, UniCredit Bank Austria, Wüstenrot, Generali and Oberbank employees, and around 26% of ordinary shares held in free float.

Since 1970s, Oberbank has been expanding also outside of Upper Austria and Salzburg.
Oberbank has been represented in Lower Austria since 1985 with branches, in Vienna since 1988, in Germany since 1990, in the Czech Republic since 2004, in Hungary since 2007 and in Slovakia since 2009.

Oberbank's Investment Portfolio

Oberbank only makes long-term investments in other companies if these investments serve to safeguard the survival of headquarters, to live up to its role of principal local banker, or if the activities of a potential joint venture partner are an "extension" to the Bank's core banking business (e.g. real estate or investment fund companies). A complete list of Oberbank's investments is given on pages 141 to 143 of this Annual Report.

The most important equity investments of Oberbank are the stakes it holds in BKS and BTV (see also pages 162 and 163). Oberbank also holds stakes in other companies with which the Bank cooperates closely, among them Bausparkasse Wüstenrot, Oesterreichische Kontrollbank AG and CEESEG AG (the parent company of Wiener Börse AG).
As a strategic partner, Oberbank owns stakes, among others, in voestalpine AG (7.64%), the Energie AG Oberösterreich (4.12%), Lenzing Aktiengesellschaft (5.23%), LINZ TEXTIL HOLDING AKTIEN-GESELLSCHAFT (6.22%) and Gasteiner Bergbahnen AG (32.62%).
Through holding companies, Oberbank invests directly as a private equity finance partner.

In the 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).

Value-based strategy

Safeguarding the independence and autonomy of Oberbank has top priority
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.

Oberbank offers corporate and private clients the highest quality of advisory services.
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.

Oberbank's organic growth is achieved by expanding its network of branches.
The goal of the expansion is to support existing customers and to win new customers in attractive regions.
At the end of 2015, Oberbank operated a total of 156 branch offices. In Upper Austria and Salzburg, Oberbank had 50 and 16 locations, in Lower Austria and Vienna 33, and in Bavaria, the Czech Republic, Hungary and Slovakia a total of 57.

Oberbank only takes risks it can handle on the strength of its own resources.
The aim is to stabilize the company’s risk at a low level: The risk-to-earnings ratio is to be kept below 25% over the long term, and impairment allowance ratio below 0.7%.

Oberbank refinances retail loans with customer deposits and other long-term refinancing funds.
Additionally, Oberbank holds extensive liquidity reserves in the form of eligible loan assets and securities eligible for refinancing as well as access to open refinancing lines at a large number of other banks and institutional investors.

Oberbank does not conduct any noteworthy proprietary trading not related to customer business.
The Global Financial Markets department provides services for customers and for the asset/liability and liquidity management of the bank especially for interest rate and currency risk management.

Oberbank consistently works to enhance the professional expertise and social competence of its staff.
The management by objectives (MbO) approach and predefined standards of performance provide clear orientation for management and ensure regular targeted feedback.

Attractive cost structures contribute enormously to the earnings power of Oberbank.
Efficient processes, lean company structures, ongoing rationalisation projects and the shifting of resources from administrative processes to sales help to create the basis for ongoing improvement of solid earnings and constantly good profitability ratios.

Strategy 2020

Oberbank developed guidelines within the "Strategy 2020" for the coming years with the objective of preparing the bank for future challenges.
The strategy and the business model of Oberbank have proved to be highly crisis-resistant, and for this reason there is no need for a fundamental reorientation of the company. Rather, the new strategy is a further development of what exists now. It continues to be based on the values, the corporate culture and the eight strategic goals of Oberbank, but accounts for the changed market conditions (low-interest environment) and new market trends (digitalisation).

Corporates business: stronger focus on the self-employed, small businesses and professions
The goal is to defend and expand the strong position of Oberbank as the “bank for industry and small and medium-sized enterprises”. Furthermore, a campaign has been started in the segment self-employed, small businesses and professions. The aim is to acquire new market shares based on existing expertise in the commercial and business segment and to guarantee the swift and efficient granting of loans to micro businesses.

Personal banking: growth, better earnings
The personal banking segment is losing appeal for many banks for cost and earnings reasons. Oberbank aims to continue growth in this segment and to increase earnings by offering high-quality personal advisory services and convenient digital products.

Regionally diversified strategy
Oberbank is still a universal bank, but is regionally diverse. Within Austria, Vienna (in addition to Upper Austria/Salzburg) has become its “second home market”. In Germany, the focus is on the advisory business with the establishment of investment centres and the further development of the bank’s know-how in corporate advisory services. In the Czech Republic, Oberbank continues to be a universal bank, in Hungary expansion is still ongoing despite the difficult market environment and in Slovakia the focus is on the corporates business.

Further branches and multi-channel strategy
Digitalisation and automation are trends that the bank cannot avoid. Therefore, Oberbank has developed an overall digital concept for its business. At the beginning of 2016, the new customer portal was launched and is testing new types of branches to meet changed customer preferences.

Group Management Report

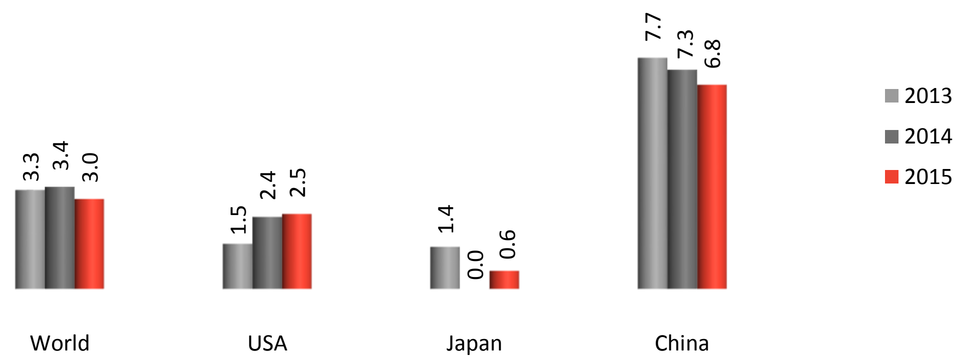
The world economy posted 3.0% growth

In 2015, global economic growth was relatively low year on year at 3.0% (2014: 3.3%).

The US economy grew by 2.5% which was marginally higher than in the preceding year; the US seems to have gotten back on a stable growth trajectory.

Japan's economy grew by only 0.6% (after stagnation in the prev. year); China's economy weakened despite a nominally higher growth rate of 6.8% versus the average of the previous year.

GDP growth in %

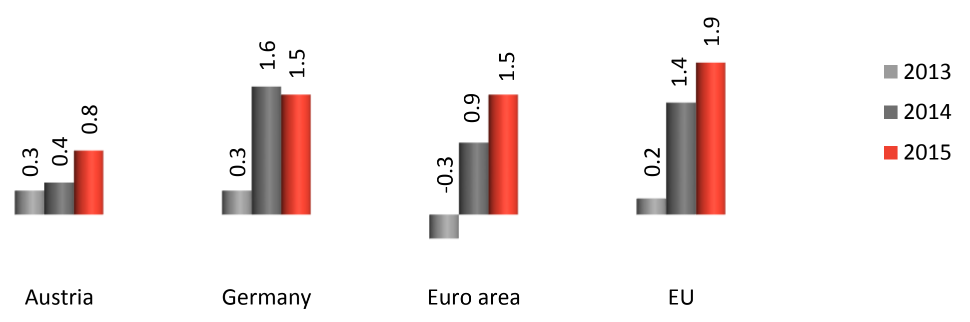


European Union's 1.9% growth rate substantially higher than in the euro area (1.5%).

In the euro area, economic growth in 2015 was 1.5% and thus much more robust than in 2014 (0.9%). The European Union as a whole performed even better at 1.9% due to the comparatively stronger development in the Central and Eastern European member states.

Germany performed exactly within the average of the euro countries, while Austria's economy grew in 2015 by 0.8%, and therefore, once again slower than the average.

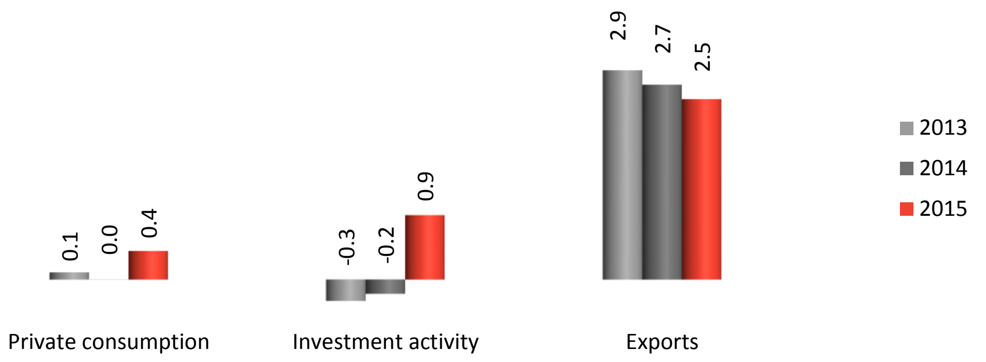
GDP growth in %



Austria's economy expanded in 2015 by 0.8%

Remarkable is the further decline in growth in Austrian exports to 2.5%, which are still stronger than the overall economy. Private consumption remained very subdued at +0.4%; capital spending increased slightly again in 2015 after a drop by 0.9% in 2014.

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



Interest rates still at record low

The US central bank (Fed) kept the target rate for the federal funds rate unchanged within a bandwidth of 0.25% to 0.50% on 16 December 2015. The ECB did not change interest rates in the reporting year and left the key lending rate at 0.05% (since 4 Sept. 2014).

Money market and capital market rates also hovered around particularly low levels in 2015.

The 3-month Euribor declined to an annual average of 0.02% and the 3-month USD Libor at 0.32%. The 10-year euro swap rate averaged 0.88% in 2015, while for the USD it was 2.16%.

Currency trends

The EUR/USD exchange rate moved from 1.16 (January average) to 1.09 (December average) in 2015 and at 1.11 it was clearly below the previous year's level (1.33). The reasons for this development were the more robust economic development in the United States, and, especially around year-end, the prospects of higher US interest rates over the medium term.

After the Swiss national bank ended the pegging of the EUR/CHF exchange rate, the CHF dropped to an average 1.07 which is far below previous year's average of 1.21.

Mixed developments on international stock markets

Dow Jones and S&P 500 posted drops by 2.2% and 0.7% in 2015 despite low interest rates and a robust US economy. The reasons were disappointing revenue and earnings figures released by US companies due to the strong US dollar.

The Topix increased steeply by 9.9% driven by the extremely expansive monetary policy of the Japanese central bank.

The Euro Stoxx 50 trend was very gratifying bolstered by the zero interest rate in the euro area. The DAX also performed exceptionally well, and, after a weak previous year, also the ATX.

Index	31/12/2015	31/12/2014	Development 2015
Dow Jones (USA)	17,425	17,823	- 2.2%
S&P 500 (USA)	2,044	2,059	- 0.7%
Topix (Japan)	1,547	1,408	9.9%
Euro Stoxx 50 (Europe)	3,268	3,146	3.9%
DAX (Germany)	10,743	9,806	9.6%
ATX (Austria)	2,397	2,160	11.0%

General Accounting Policies

The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS). Pursuant to § 59a of the Austrian Banking Act (BWG) and § 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 Oberbank group of consolidated companies

Besides Oberbank AG, the group of consolidated companies in 2015 included 29 domestic and 19 foreign subsidiaries. Compared to 31 December 2014, the consolidated group changed as follows:

- Sale of Oberbank Inzersdorf Immobilienleasing Gesellschaft m.b.H., Linz (this entailed €k -12 in Other operating profit and a decline of €k 12,553 in assets and of €k 2,594 in Other liabilities).
- Sale of Oberbank Leasing Inprox Znojmo s.r.o., Prague (this entailed €k -48 in Other operating profit; decline of €k 4,823 in assets and of €k 1,761 in Other liabilities).
- Sale of Oberbank Leasing KIKA s.r.o., Prague (this entailed €k +254 in Other operating profit; decline of €k 20,115 in assets and of €k 4,003 in Other liabilities).
- Sale of Oberbank Leasing KIKA Slovakia s.r.o., Bratislava (this entailed €k +845 in Other operating profit; decline of €k 11,060 in assets and of €k 41 in Other liabilities).
- Foundation of Oberbank Kfz-Leasing GmbH, Linz (this entailed an increase of €k 6,159 in assets, an increase in Other assets by €k 941 and an increase by €k 1,475 in Other liabilities).
- Purchase of 100% of Oberbank Unterpremstätten Immobilienleasing GmbH (this entailed an increase of €k 3,612 in assets and by €k 8 in Other liabilities).
- Purchase of 100% of Oberbank TREI Immobilienleasing GmbH (this entailed an increase of €k 8,663 in assets and of €k 2,507 in Other liabilities).
- Purchase of 100% of Oberbank Leasing Palamon s.r.o., Prague (this entailed an increase of €k 20,406 in assets, an increase in Other assets by €k 3 and an increase by €k 924 in Other liabilities).

ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. was taken into account on a pro-rata basis in the consolidated financial statements.
Drei-Banken Versicherungs-Aktiengesellschaft, BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft, voestalpine AG was accounted for under the equity method in the consolidated financial statements.
Not included in the group of consolidated companies were 24 subsidiaries and 20 associated companies, which have no significant influence on the Group's assets and its financial and earnings position.

Segmentation

In terms of customer segmentation, the reporting format is broken down into the segments Corporate and Business Banking, Personal Banking, Financial Markets and Other.
In regional terms, the 156 branch offices of Oberbank are spread over the following markets: Austria (99 branches), Germany (25), Czech Republic (21), Hungary (8) and Slovakia (3).
For further details regarding business and earnings developments in the individual customer segments and geographic regions, please refer to the segment reporting section starting on page 51 and the Notes (pages 106 and 140) of this Annual Report.

Oberbank earnings developed excellently in the financial year 2015.

The profit for the year before tax widened by 21.5% to EUR 191.5 million. Notwithstanding a year-on-year increase in tax expenses by 18.7%, the net profit widened by as much as 21.9% to EUR 166.4 million.

IFRS consolidated income statement in €m	2015	2014	Change
Net interest income	381.2	372.9	2.2%
Charges for losses on loans and advances	-47.1	-78.0	-39.6%
Net commission income	132.7	119.3	11.3%
Net trading income	9.7	5.3	84.7%
Administrative expenses	-243.3	-236.9	2.7%
Other operating result	-41.8	-25.0	67.7%
Profit for the year before tax	**191.5**	**157.6**	**21.5%**
Income taxes	-25.1	-21.1	18.7%
Profit for the year after tax	**166.4**	**136.5**	**21.9%**
of which attributable to equity holders of the parent	166.3	136.6	**21.7%**
of which attributable to minority interests	0.1	-0.1	> -100%

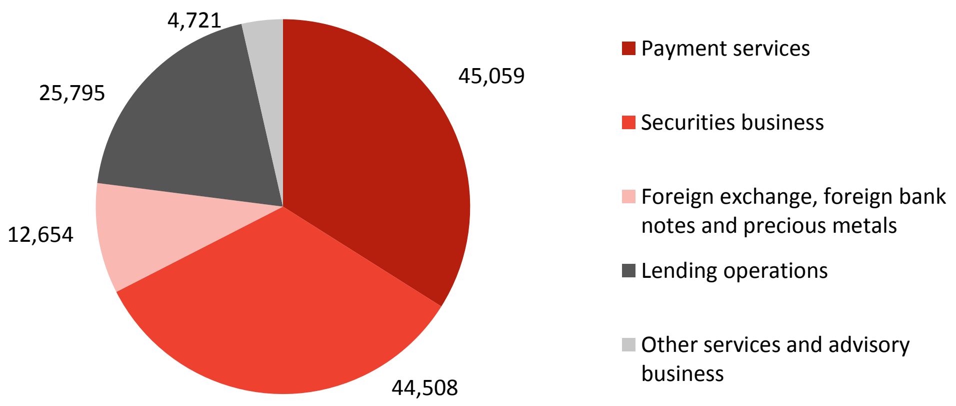
Net interest income up by 2.2% to EUR 381.2 million.

The reasons included the decline by 4.6% in profit from credit operations to EUR 299.6 million and an increase of 38.3% in the contribution attributable to earnings from equity investees to EUR 81.6 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. Taking into account write-offs on receivables, the Group's net charges for losses on loans and advances came to EUR 47.1 million in 2015, after EUR 78.0 million in the previous year. This resulted is a decrease of the impairment allowance ratio from 0.64% to 0.37%.

Structure of net commission income in €k



Net commission income increased by 11.3% to EUR 132.7 million in 2015.

Commission income from payment services rose by 5.8% to EUR 45.1 million, that from the securities business by 17.0% to EUR 44.5 million. Commission income from lending operations also posted robust growth (EUR 25.8 million, 6.9%) while income from foreign exchange and foreign notes and coins business rose sharply (EUR 12.7 million to EUR 21.9%).

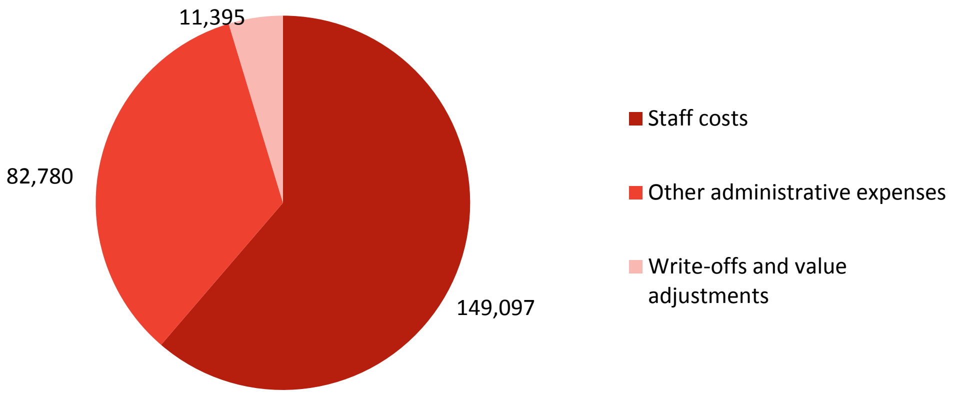
Net trading income

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 9.7 million in 2015, net trading income was 84.7% higher than in the previous year.

Administrative expenses

Administrative expenses increased by 2.7% to EUR 243.3 million year on year in 2015.
Staff costs rose by 2.8% to EUR 149.1 million; other administrative costs widened by 2.5% to EUR 82.8 million.
At EUR 11.4 million, depreciation was higher by 2.7% year on year.
At 50.5%, Oberbank's cost/income ratio continued to be excellent.

Structure of administrative expenses in EUR thousands



Excellent development of profit before and after taxes

At EUR 191.5 million, the profit for the year before tax and after charges for losses on loans and advances increased by 21.5% year on year.
Income taxes amounted to EUR 25.1 million, which corresponds to an increase of 18.7% year on year. On balance, the consolidated net profit for the year came to EUR 166.4 million, which is 21.9% above the previous year's level.
After EUR 107,000 in minority interests, the Oberbank Group showed a consolidated net profit for the year of EUR 166.3 million (+21.7%).
The average number of shares in circulation of Oberbank AG was 30,408,236. Earnings per share amounted to EUR 5.47 after EUR 4.75 in the previous year.

Proposed appropriation of profit

Distributable profit is determined on the basis of the Annual Financial Statements of the Group parent, Oberbank AG.
Profit for the 2015 financial year of Oberbank AG came to a total of EUR 99.9 million. After the allocation of EUR 82.0 million to reserves and including the profit brought forward of EUR 0.1 million, the profit available for distribution amounted to EUR 18.0 million.
Subject to approval by the Annual General Meeting, the Management Board proposes that a dividend of EUR 0.55 per entitled share be paid on the share capital of EUR 96.7 million.

Given a total of 32,237,100 shares, the distribution will amount to EUR 17,730,405.00. The Management Board will propose to carry forward to new account the remainder of EUR 288,528.95.

Analysis of key performance indicators

The return on equity (ROE) before tax increased - owing to the excellent earnings development of Oberbank - to 11.20% from 10.68% whereas the ROE after tax improved from 9.25% to 9.73%.
Widening from EUR 4.75 to EUR 5.47 in 2014, IFRS earnings per share increased substantially.
At 50.49%, Oberbank's cost/income ratio continued to be excellent in 2015. The risk/earnings ratio improved from 20.92% to 12.35% due to the better-than-average risk situation.

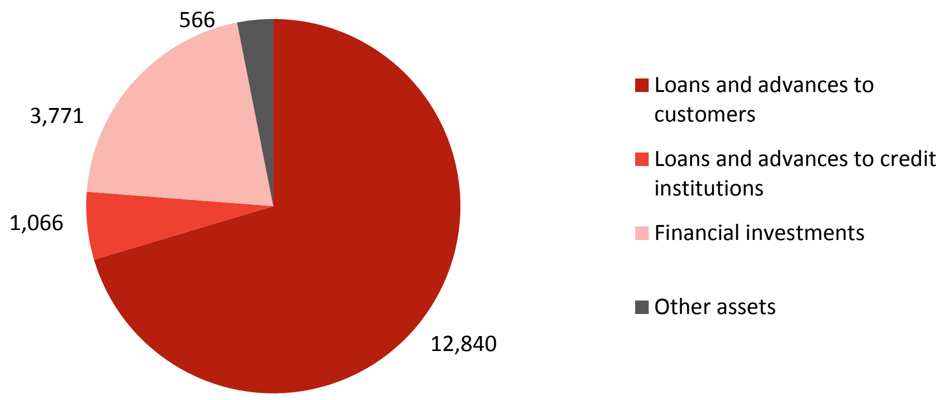
Key performance indicators, IFRS figures	2015	2014
Return on equity before tax	11.20%	10.68%
Return on equity after tax	9.73%	9.25%
IFRS earnings per share in EUR	5.47	4.75
Cost/income ratio (cost/income coefficient)	50.49%	50.14%
Risk/earnings ratio (credit risk/net interest income)	12.35%	20.92%

Assets and financial position

Total assets of the Oberbank Group amounted to EUR 18,243.3 million as at the end of 2015 and had thus increased by 2.6% 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 27.0% to EUR 1,065.9 million in 2015.

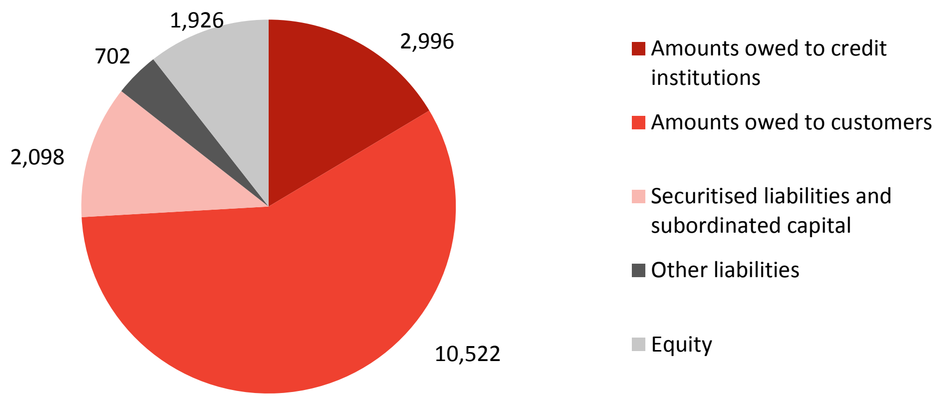
Loans and advances to customers widened considerably by 4.6% to EUR 12,839.9 million.
Loans and advances to domestic customers increased by 2.9% to EUR 7,815.0 million; concurrently, loans and advances to foreign customers posted 7.4% growth to 5,025.0 million.

The increase of impairment provisions by 2.9% to EUR 488.3 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 rose by 3.3% to EUR 3,771.20 in 2015 and are spread across the different sub-items as follows: EUR 237.7 million in financial assets recognised at fair value; EUR 709.5 million in available-for-sale financial assets; EUR 2,134.6 million in held-to-maturity financial assets and EUR 689.4 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 declined by 18.5% to EUR 46.2 million, intangible assets declined by 19.9% to EUR 1.2 million; property, plant and equipment by 3.2% to EUR 246.4 million.
The line item Other assets (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, other receivables of leasing companies as well as deferred tax assets and other deferred items) increased by 1.2% to EUR 406.7 million.

Balance sheet equity and liabilities

Structure of balance sheet equity and liabilities in €m



At EUR 2,995.5 million, amounts owed to credit institutions decreased by 7.9% in 2015.

Primary funds on balance rose by 2.7% to EUR 12,620.0 million.
Amounts owed to customers of EUR 10,521.5 million included in this item were 5.3% higher than in the preceding year. Curbed by the low level of interest rates and the decline of the savings ratio throughout Austria, savings deposits declined by 6.0% to EUR 2,912.6 million. In contrast, other liabilities rose by 10.4% to EUR 7,608.9 million.
Securitised liabilities declined by 8.7% to EUR 1,443.4 million; subordinated debt capital was substantially lower by 8.3% year on year at EUR 655.1 million.

The rise in equity capital by 25.5% to EUR 1,925.7 million is to a large extent due to the enormous success of the two capital increases carried out in 2015 and the substantial allocations to reserves based on the very good profit situation.
The item Other liabilities includes provisions for liabilities and charges and other liabilities.
Provisions for liabilities and charges decreased by 14.1% to EUR 329.2 million. They are mainly made up of provisions for termination and post-employment benefits (EUR 178.7 million) and loan loss provisions (EUR 95.1 million).

Other liabilities increased by 17.7% to EUR 373.0 million. This item comprises the negative fair values of derivatives in the banking book, other short-term provisions, other liabilities of the Leasing sub-group and deferred items.

Funding base in €m	2015	2014	Change
Amounts owed to customers	10,521.5	9,993.6	5.3%
Securitised liabilities	1,443.4	1,580.6	-8.7%
Subordinated debt capital	655.1	714.4	-8.3%
Primary deposits including subordinated debt	**12,620.0**	**12,288.6**	**2.7%**
Amounts owed to credit institutions	2,995.5	3,252.4	-7.9%
Total	**15,615.5**	**15,541.0**	**0.5%**

Statement of changes in equity

Equity on the balance sheet in €m	2015	2014	Change
Subscribed capital	96.4	85.9	12.2%
Capital reserves	348.3	193.6	79.9%
Retained earnings	1,406.8	1,230.7	14.3%
Untaxed reserves	17.7	18.7	-5.5%
Negative goodwill	1.9	1.9	-
Additional equity capital components	50.0	0	>100.0%
Minority interests	4.6	3.2	40.8%
Equity on the balance sheet	**1,925.7**	**1,534.1**	**25.5%**
Regulatory capital pursuant to Part 2 of Reg.(EU) No 575/20131) No. 575/2013[1)]	**2015**	**2014**	**Change**
Common equity Tier 1 capital	1,650.8	1,306.9	26.3%
Tier 1 capital	1,733.3	1,385.2	25.1%
Own funds	2,158.0	1,874.4	15.1%
Common equity Tier 1 capital ratio	13.51%	10.95%	2.56% ppt
Tier 1 capital ratio	14.19%	11.61%	2.58% ppt
Total capital ratio	17.66%	15.70%	1.96% ppt

1) Subject to approval by the Supervisory Board on 29 March 2016.

In 2015, equity on the consolidated balance sheet of the Oberbank Group grew by 25.5% to EUR 1,925.7 million year on year. The share capital at EUR 96.4 million was higher than in the preceding year by 12.2%.
The equity on the consolidated balance sheet of the Oberbank Group amounted to EUR 1,650.8 million as at 31 December 2015 and thus exceeded the statutory requirement of EUR 549.8 million by EUR 1,101.0 million or 200.3%. The consolidated common equity Tier 1 capital was EUR 1,733.3 million and thus exceeded the required level of EUR 733.0 million by EUR 1,000.3 or 136.5%. Own funds stood at EUR 2,158.0 million and were EUR 1.180.7 million or 120.8% higher than required.
Common equity Tier 1 capital ratio was 13.51% in 2015; the core Tier 1 capital ratio was 14.19% and the total capital ratio 17.66%.

Important events since the end of the financial year

No important events have occurred since the end of the 2015 financial year.

Outlook 2016

Solid international economic growth, Europe still more sluggish than the US

The world economy is expected to post 3.3% growth in 2016, which creates a solid environment for internationally active businesses.

The US economy is estimated to grow by around 2.5%, while the growth rate in the European Union was much lower than expected at +1.8% and in the euro area +1.5%.

In Central and Eastern Europe, the economy is forecast to develop robustly in 2016. In the three Oberbank countries Czech Republic (+ 2.8%), Hungary (+ 2.5%) and Slovakia (+ 3.0%), GDP is estimated to grow substantially.

At an estimated 6%, economic growth in China, which had been a key driver of the global economy in the past years, will expand much more than western industrialized nations, but compared with the average of the previous years, its pace of economic growth is showing signs of slowing.

Economic growth in Austria below the EU average

Austria's economy is expected to grow by 1.7%, which will be slightly higher than the average of the euro area. Private consumption is developing much better in 2015 at + 1.7%; capital expenditure is expected to rise by 1.8%.

Inflation is expected at 1.5% and will thus remain clearly below the ECB's target rate.

Unemployment is anticipated to rise further in Austria and at 6.1% mirrors the lack of a sustained economic recovery.

The current account remained very positive in 2016, the budget deficit will widen slightly to 1.9% of GDP.

Interest / Exchange Rates / Stock Markets

At the end of 2015, there was an initial slight interest rate hike in the US, and further cautious steps are to be expected. In contrast, the ECB will stick to its zero-interest policy due to the labour market situation and lack of growth impulses.

Both the differences in economic growth and the divergent development of interest rates will further strengthen the US dollar. This development is very much in the interest of the European economy, which thus gains the urgently needed support in its export markets.

Stock markets will initially move sideways. At present, the drivers are missing for a sustainable upturn and the interest rate environment is protecting it from a severe plunge.

Focus areas of Oberbank's business activities

In the challenging environment anticipated, Oberbank will continue its proactive policy course in 2016.

Substantial increases in lending volumes are projected. After a slight improvement in the propensity to invest in capital goods in the second half of the year 2015, a rise is expected to continue in investment activity in 2016 as well as in subsidised lending projects.

Perceptible growth is expected for customer assets under management although interest rates and the low propensity to save will depress deposit trends on the market.

The policy of generating organic growth by opening new branches will be continued in 2016. Oberbank plans to establish eight branches in Vienna, Germany and Hungary.

As regards risk management, Oberbank will consistently adhere to its time-tested cautious strategy.

Earnings development in 2016

There is still considerable insecurity regarding the extent of the economic recovery; therefore, it is not possible to formulate precise earnings projections for 2016.
The operating net income interest will stay at around the level of the preceding year due to the sustained low interest rate levels, moreover, there will not be any extraordinary income from investees which had contributed substantially to net equity 2015.
Net commission income is expected to rise slightly in 2016.

Under these conditions, it will be extraordinarily difficult to attain the record earnings of the past few financial years in 2016. On the contrary, it would be a special achievement to come close to the profits of the last few years.
However, the management of Oberbank expects the reserves for 2016 to be allocated in the same volume as in 2015 and a payout of an adequate dividend.

30-year anniversary of exchange listing of Oberbank

In 2016, Oberbank celebrates the 30th anniversary of its initial public offering in July 1986.

For Oberbank, the initial public offering was an important and far-reaching decision that helped secure its newly gained independence. Furthermore, it gained access to the capital market whose importance has become clear in the light of the current discussions on capital requirements.

For investors, the initial public offering of Oberbank was an opportunity for a profitable investment.
In 2015, the Oberbank share achieved a total return (price gain + dividend) of 6.8%, and since the initial public offering even an average annual gain of 8.3%. Moreover, Oberbank has a consistent record of paying out dividends. Since going public, Oberbank shareholders have never had to forgo dividends.

Risk Management and Internal Control System

Consciously taking on risks is a key feature of the banking business and a prerequisite for maintaining stable business and earnings within the Oberbank Group over the long term. Responsibility for defining the Group's central risk management strategy, risk management and risk controlling across the Oberbank Group lies with Oberbank AG. The basis for the risk strategy of Oberbank is the Bank's positioning 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 Bank's business policy, 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 banking risk. The ALM Committee is headed by the Management Board member in charge of risk management.

Risk Controlling

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

Internal Control System

Oberbank's Internal Control System (ICS) is in compliance with the internationally recognised COSO Framework standards. 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 reported regularly, in a multi-layered process regarding efficacy and maturity. Control activities are documented and reviewed, ICS-relevant risks are regularly evaluated and adjusted. This ongoing optimisation process contributes to quality assurance. 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 work instructions.

The control mechanisms of ICS with respect to the accounting process are described in the following section (Disclosure pursuant to § 243a (2) Commercial Code):

Accounting (bookkeeping and accounting) with the related processes is part of the Accounting and Controlling department. The Internal Audit department conducts the statutory audits as an independent unit.
Within the ICS, all processes are reviewed within the framework of the preparing the financial statements and the risks identified, analysed and monitored that are related to this. If necessary, measures are taken to mitigate these risks.

Audit environment

Apart from compliance with the statutory requirements, the code of conduct and corporate governance rules are important. The staff responsible for accounting has the required knowledge and experience for their tasks. Ongoing continuing education measures serve to ensure that know-how is constantly being improved and qualifies staff for the timely implementation of any innovations to accounting. To meet the extensive legal provisions, daily work is supported by numerous guidelines, manuals and work manuals, which are regularly reviewed and updated as necessary.

Audit measures

Audits comprise the systemic audits of the IT, which are defined by Oberbank, and also manual audits and plausibility checks as well as the principle of dual control. The IT authorization concept used at Oberbank is an additional hedging mechanism. Additionally, coordination work and plausibility checks are conducted between the groups of accounting and risk control. This guarantees the correctness and integrity of the data published and reported.

Surveillance measures

The monitoring of accounting processes is secured – as already described – by ICS and Internal Audit. Furthermore, heads of department and competent heads of groups exercise surveillance and supervisory functions. An additional surveillance function is exercised by the auditors of the consolidated financial statements and the Audit Committee.

Overall risk management process and calculation of risk-bearing capacity

At Oberbank AG, the regulatory requirements for qualitative risk management arising from the Internal Capital Adequacy Assessment Process (ICAAP) are fulfilled by the risk-bearing capacity calculation. The basis for the assessment of the Bank's risk-bearing capacity is a quantification of all material banking risks and the economic capital allocated to each of them. Within the framework of the risk-bearing capacity 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. Within the framework of this process, ICAAP risk limits are derived for all material banking risks, specifically the credit risk (quantified in the loss exposure are default risk, counterparty risk, foreign currency loan risk, the risk of credit valuation adjustments (CVA risk) and credit risk concentration), the market risk in the trading book, the market risk in the banking book, the liquidity risk, the operational risks as well as risks arising from the macroeconomic environment. In the risk-bearing capacity 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 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 revised and fixed no less than annually 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 the corporate banking business, these assessments are performed using credit rating processes developed with statistical methods. The same is true for the retail business in Austria and Germany. The expert systems for retail business used in CEE markets for the retail banking are to be replaced by statistical methods. Assessments are based on quantitative (hard facts) and qualitative criteria (soft facts, warning signals), which together provide an objective and forward-looking picture of a customer's creditworthiness. The rating procedure is validated annually. 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 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; 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 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.

The default risk associated with equity investments is quantified in the context of the credit risk within the framework of the ICAAP. The market risk associated with exchange-listed equity investments is additionally quantified within the context of the market risk.

Market risk

Market risk is defined as the risk of possible losses arising due to changes in value as a result of movements in financial 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 Group Risk 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), for strategic stock and investment fund positions in the banking book as well as the credit spread risk. The ALM Committee meets once every month. Members are the Committee are the Management Board member responsible for risk management of Oberbank AG as well as representatives of organizational units Global Financial Markets, Accounts and Controlling, Private Banking & Asset Management, Credit Management, Risk Controlling, 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.).

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.

Systematic risk analyses form the basis for the steering and further operational risk management. These are conducted, on the one hand, in the form of a risk assessment as regular survey and quantification of potential operational risks and by the evaluation of incidences of damage contained in a database of such events.

Concrete measures have been taken to hedge against any major risks identified within the framework of risk analyses (e.g. insurance contracts, IT contingency plans, backup computing 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 or 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 adhered to the financing principle of ensuring that the Bank's entire customer loans volume can be refinanced from primary deposits by customers and assistance funds. 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 Group Risk Controlling department calculates a 30-days-forward liquidity gap analysis including the available risk buffer minus liquidity at risk as a limit for day-to-day liquidity 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.

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:
Inter-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures across different risk categories. 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.

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 primarily a crucial factor within the credit risk. The intra-concentration risk is taken into account within the credit risk within the framework of the risk-bearing capacity calculation. Concentration risk is managed by means of country limits, large-loan limits and portfolio limits.

Human Resources

Employees are critical for the success of Oberbank. Their ongoing development and promotion is an important strategic goal and a key investment in the future.

Attractive employer

Living our corporate values, a business model designed for stability and sustainability, and the autonomy and independence of Oberbank are the guarantee for its position as an attractive employer and access to talented employees. Top ratings on the Internet platform "Kununu" very impressively confirm this.

Professional concepts and processes in personnel marketing as well as recruiting and personnel development are the methods applied to ensure that we find the right staff and are able to win their loyalty. Thanks to targeted staff development and career support, Oberbank is in most cases able to fill vacant key positions from within the Company's own ranks.

With a very favourable staff turnover rate of 6.37%, Oberbank stands out on the labour market.

Success factor management

At Oberbank, we are convinced that the management culture has a lasting significance for competence, commitment and motivation of employees and crucial for sustainable success. The permanent and consistent development based on Oberbank's management principles therefore is of the highest importance for human resources strategy.

In 2015, with the support of the Management School St. Gallen, we intensely dealt with the theme of "*Die Führungskraft als Personalentwickler – Potenziale finden, fördern und binden*" (Management staff as a human resources developer – finding, promoting and retaining potentials).

Besides the Oberbank management academy courses "Basic", "Advanced" and "Experts", a further area of focus was on individual development plans for newly appointed managerial staff.

At the annual MbO talks and "HR Checks" with the department and business area head, an evaluation is conducted of the required management competence to promote the further development.

Generation management

The age of the Oberbank employees is on average 40.1 years. Age structure analysis and deriving measures, the enlargement of the recruiting target groups and a structured successor planning is the basis for being prepared for the effects of demographic change. In 2015, Oberbank took part in the EU-wide project "Well-Being" which promotes health, quality of life and work, and especially, "employees 50 plus". On the basis of the results, measures are taken to meet the specific needs of the generation "50 plus".

Knowledge transfer and a corporate culture from "old" to "young" is an important concern of Oberbank. A defined and professionally supported process between predecessors and successors has been drafted to ensure that experience gained is not lost.

Life-long learning

Oberbank offers consulting of the highest quality, therefore, targeted investments in enhancing the expertise and social competence of employees is of key significance.

In 2015, almost EUR 1.5 million were invested in high quality and diversified further education courses. In implementing its objectives, Oberbank cooperates with recognised educational institutions such as KMU Forschung Austria, the LIMAK Austrian Business School, the Frankfurt School of Finance and Management, and the Management School at St. Gallen. This enables the Bank to train its staff to the highest standards.

The teaching and learning methods are tailored to the content and learners; apart from the training requiring attendance, methods such as eLearning and WebEvents are also used.

Apart from instilling knowledge, intensifying the sharing of knowledge and experience is also important. The highly successful project “Cross Learning” with the goal of cross-border knowledge transfer (by stays of the heads of sales in the core markets) were continued and will now be offered to retail customer advisors.
In addition to the year-long successful certification of the three academies “Retail Customers”, “Corporate and Business Customers” and “Management”, in 2015 an internal certification series for risk managers was started.

“Health Share”

The health of our employees is especially important at Oberbank. In 2015, for the second time it was awarded the quality seal for employee health promotion. Many employees attended seminars, workshops and other offers relating to the themes of movement, nutrition, and mental fitness in 2015. The traditionally very high health ratio was 97.1% in 2015.

“Future Woman 2020“

In 2011, Oberbank was awarded state certificate based on an audit “berufundfamilie” for the favourable framework conditions for helping employees reconcile work and family life and for the promotion of career opportunities for women.
In 2015, Oberbank was awarded the distinction as the most family-friendly bank by the online platform “kununu”. Flexible working time arrangements, teleworking options, active parental leave planning and financial assistance for childcare as well as seminars and regular participation in cross-mentoring programs of the Land Upper Austria and the Frauenfachakademie Mondsee are some of the Bank’s highly appreciated measures. With a workshop in collaboration with Frauenfachakademie Mondsee (“Was Frauen vorwärts bringt“) all women at Oberbank 2015 were invited to participate and contribute. The result is a new package of measures on the topic of networking, transparency and promotion of younger employees.

Managing human resources risks

Material operational risks are systematically recorded and regularly evaluated. The key risk indicators make it possible to conduct appropriate monitoring in order to take measures in time to eliminate or mitigate threats and risks.

Number of employees

The average number of staff (full time equivalent) rose by 21 to 2,025 in 2015.
The increased number of branches with the corresponding staffing was completed successfully. Moreover, additional employees were hired also for headquarters due to regulatory requirements.
This contrasts with the cuts in personnel carried out exclusively through natural fluctuation, process optimization and changes in distribution due to new technologies.

Assuming Responsibility

Oberbank is explicitly committed to ensuring that ecological and social aspects of economic activities are always and systematically taken into account in all considerations. In the banking sector more than anywhere else, reliability, stability and solidity are valuable assets that need to be treated with great care and diligence, because the trust of customers, employees and other stakeholders is an asset of utmost importance.

Sustainability of all activities

Oberbank can only be economically successful if it lives up to its ecological and social responsibility. The Management Board has therefore taken great care to implement appropriate measures to ensure that the Bank fully discharges its social responsibility, thus safeguarding the sustainability of the Company's business model.

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.

Environmental 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 as well as environmental and educational services.

Social responsibility

Addressing social issues constitutes a further important aspect of Oberbank`s commitment.
Financial and organisational assistance for different projects ensures that Oberbank's economic success also benefits people and groups that live in a less privileged economic environment.
Oberbank furthermore takes an active role in promoting cultural activities, which the Bank perceives as an important aspect of its corporate social responsibility.

Research and development

Oberbank develops individual financial services in the areas of finance and investment in response to the needs and requirements of its customers, but does not engage in research and development in the classic sense.

Share capital, share denomination and authorised capital

As of 31 December 2015, Oberbank AG had a share capital of EUR 96,711,300 divided into 29,237,100 ordinary non-par bearer shares and 3,000,000 non-voting non-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 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. We also have the corresponding approval of the supervisory authority in accordance with the provisions of the new Capital Requirements Regulation.

Syndicate agreement and shares vested with special rights of control

There is a syndicate agreement between Bank für Tirol und Vorarlberg Aktiengesellschaft, BKS Bank AG and Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H. to safeguard 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. A large share of the voting shares held by Oberbank employees are held by the syndicate OBK-Mitarbeiterbildungs- und Erholungsförderung registrierte Genossenschaft mit beschränkter Haftung.

Shareholder structure and employee stock ownership

The largest single shareholder of Oberbank on 31 December 2015 was CABO Beteiligungsgesellschaft m.b.H. with a stake of 26.02%. Bank für Tirol und Vorarlberg Aktiengesellschaft held 16.24% and BKS Bank AG 15.30%. Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H. held 4.50%, Generali 3 Banken Holding AG 1.76%, and the employees of Oberbank 3.59%.

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, 11 March 2016
The Management Board

CEO	Director	Director
Franz Gasselsberger	Josef Weissl	Florian Hagenauer
Remit	Remit	Remit
Corporate and Business Banking	Personal Banking	Overall Banking Risk Management

Segment Reports

Segmentation and Overview
Corporate and Business Banking
Personal Banking
Financial Markets
Other

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 the self-employed. Vis-à-vis this customer constituency, Oberbank has positioned itself as a bank serving industry and medium-sized enterprises. The Leasing sub-group is also included in this segment.

The segment Personal Banking includes the result of business with salaried and wage-earning employees, and private individuals.

The Financial Markets segment covers earnings from equity investments and trading activities as well as net interest income from spread transactions and structural earnings.

The segment "Other" includes income and expense items - notably overheads recognised 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 the IFRS.

Segment overview 2015 in €m	Corporate and Business Banking	Personal Banking	Financial Markets	Other	Consolidated income statement for 2015
operative interest income	248.4	59.0	-7.8		299.6
at equity			81.6		81.6
Net interest income	248.4	59.0	73.8		381.2
Charges for losses on loans and advances	-35.1	-3.6	-8.5		-47.1
Net commission income	68.7	64.1	0		132.7
Net trading income	-0.5		10.3		9.7
Administrative expenses	-123.5	-86.4	-6.5	-26.9	-243.3
Other operating income/loss	4.8	-1.2	-25.2	-20.3	-41.8
Extraordinary result					
Profit for the year before tax	162.8	32.0	43.9	-47.2	191.5
Return on equity before tax (ROE)	16.1%	18.9%	8.3%		11.2%
Cost/income ratio	38.4%	70.8%	11.0%		50.5%

Corporate and Business Banking

Corporate and Business Banking segment in €m	2015	2014	Change
Net interest income	248.4	238.1	4.3%
Charges for losses on loans and advances	-35.1	-72.8	-51.8%
Net commission income	68.7	63.3	8.5%
Net trading income	-0.5	-0.1	> 100.0%
Administrative expenses	-123.5	-120.6	2.4%
Other operating income/loss	4.8	1.8	> 100.0%
Extraordinary result			
Profit for the year before tax	162.8	109.8	48.3%
Segment's contribution to consolidated profit for	85.1%	69.7%	15.4% ppt
Average credit and market risk equivalent (BWG)	8,100.5	8,299.5	-2.4%
Segment assets	9,758.8	9,468.9	3.1%
Segment liabilities	7,311.1	6,572.6	11.2%
Average allocated equity	1,014.5	910.8	11.4%
Return on equity before tax (ROE)	16.1%	12.1%	4.0% ppt
Cost/income ratio	38.4%	39.8%	-1.4% ppt

Overview of business performance in 2015

In Corporate and Business Banking, the profit for the year increased by 48.3% to EUR 162.8 million in 2015. Net interest income rose by 4.3% to EUR 248.4 million, net commission income widened by 8.5% to EUR 68.7 million. Charges for losses on loans and advances decreased sharply from EUR 51.8% to EUR 35.1 million. Administrative expenses rose by 2.4% to EUR 123.5 million. At EUR 4.8 million, other operating income rose steeply.

The return on equity in Corporate and Business Banking rose by 4.0 percentage points to 16.1%; the cost/income ratio improved by 1.4 percentage points to 38.4%. At the end of 2015, Oberbank was servicing a total of approximately 45,500 corporate and business customers; 6,000 of these were newly acquired in the reporting year.

Corporate and business loans

Oberbank increased its total volume of loans to corporate and business customers by 3.2% to EUR 10,145.4 million in 2015. Thanks to its excellent capital base and liquidity position, Oberbank was able to supply its corporate customers with sufficient funding.

Investment finance

The volume of investment finance loans extended by Oberbank increased by 4.2% to EUR 7.2 billion in 2015. In Austria and Germany, the number of applications for subsidised loans exceeded the 1,000 mark notwithstanding the adverse economic environment.

In ERP business promotion loans, Oberbank is clearly top ranking in Austria in subsidised lending, both to industry and SMEs: some 20% of all approved business promotion loans were based on applications filed by Oberbank for its customers.

Structured finance

The volume of new special loans rose in 2015 by 75% to EUR 523 million. Especially in the real estate and tourism sectors, but also in classical investment financing, Oberbank enjoyed lively demand for loans. One of the principal purposes of structured financing was to provide support for projects in connection with changes to a company’s partners in 2015. Many companies profited from the Oberbank’s far-reaching know-how in executing complex transactions.

Private equity and mezzanine capital from Oberbank

With a total volume of EUR 150 million, the Oberbank Opportunity Fund is one the largest private equity and mezzanine capital funds in the whole of Austria and Bavaria. Of this total, EUR 50 million is earmarked for private equity / 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 Fund handled a total of 137 enquiries in 2015; the quality of the projects and the total financing volume both remained at the very high level achieved in the previous year. Five new projects and two follow-up finance projects for an existing portfolio company were successfully concluded in 2015.
Since its inception, the fund has allocated a volume of roughly EUR 105 million in equity and mezzanine capital.

Leasing

The leasing financial year 2014/15 broke a new record in new business and with a volume of EUR 723 million, the excellent preceding year's level was surpassed by 25.3%. The leasing receivables of EUR 1,908 million were higher than in the preceding year by 12.7%.
A key driver of this development was the now fully operational car retail business in cooperation with Generali Leasing, and also the development in the truck business was very pleasing.
Thanks to the finalization of several large projects, real estate leasing again contributed importantly to the development of business. In the movables leasing business, the excellent result of the preceding year was nearly reached again.
Austria and Germany, once again were the driving force and accounted for two--thirds of new business, but Czech Republic, Hungary and Slovakia were very dynamic with a 25% increase.

Foreign business

Despite a sideways trend in 2015, Oberbank successfully maintained second place in an Austria-wide ranking with a market share of 11.8% in terms of export finance under Export Fund procedures and defended second place with a market share of 10.95% in terms of KRR export promotion loans to large corporates.

Syndicated loans and international lending

In the bank's syndication and international lending business, the number of transactions remained nearly unchanged but at a significant increase in volume. The number of financing deals for which Oberbank has been mandated as arranger and syndicate leader is constant. As a financing partner, Oberbank was involved in several attractive projects in Austria, Bavaria and the Czech Republic. Oberbank's success in this business line is also owed to selective investments in borrower's note loans by Austrian and German issuers. In spite of a record year in the borrower's note segment, due to margins heavily under pressure in this product segment versus 2014, Oberbank acquired fewer but much larger individual transactions.

Documentary business and guarantees

In the documentary and guarantee business, Oberbank achieved stable transaction figures in 2015 despite the difficult market conditions for Austria's foreign trade. The year was dominated by growing demand from customers for risk protection and the number of confirmed letters of credit rose by 40%.

Transfer of payments

The ongoing work of developing and adjusting payment transfer products to meet the needs of customers was a crucial factor of success for Oberbank. Therefore, in the business year 2015, work on the further development of our portfolio of products continued. Apart from successful introduction of a new, modern electronic banking application, new products were created for business customers.

A further important success factor is our continuous work to constantly improve the know-how of our sales staff. Therefore, we developed training and educational courses with a focus on the employees at the newly opened branches.

In 2015, the success of these activities was seen in earnings up by 4.3% in payment transfers in the corporates segment year on year.

Segment Report

Personal Banking

Personal Banking segment in €m	2015	2014	Change
Net interest income	59.0	55.4	6.5%
Charges for losses on loans and advances	-3.5	0.7	> -100.0%
Net commission income	64.1	56.1	14.4%
Net trading income			
Administrative expenses	-86.4	-84.2	2.6%
Other operating income/loss	-1.2	-0.9	33.3%
Extraordinary result			
Profit for the year before tax	32.0	27.1	18.1%
Segment's contribution to consolidated profit for	16.7%	17.2%	-0.5% ppt
Average credit and market risk equivalent (BWG)	1,350.9	1,261.7	7.1%
Segment assets	2,644.5	2,387.6	10.8%
Segment liabilities	5,009.8	4,951.7	1.2%
Average allocated equity	169.2	138.5	22.2%
Return on equity before tax (ROE)	18.9	19.6%	-0.7% ppt
Cost/income ratio	70.8	76.1%	-5.3% ppt

Overview of business performance in 2015

In the retail segment, profits increased by 18.1% to EUR 32.0 million.

Net interest income rose by 6.5% to EUR 59.0 million, and net commission income widened by 14.4% to EUR 64.1 million.

Charges for losses on loans and advances, after a figure of EUR 0.7 million in the preceding year, amounted to EUR 3.5 million (owing to reversals of prior impairments).

Administrative expenses rose by 2.6% to EUR 86.4 million.

The return on equity in the Personal Banking segment declined by 0.7 percentage points to 18.9%; the cost/income ratio improved by 5.3 percentage points to 70.8%.

At the end of 2015, Oberbank was servicing approximately 290,000 customers in this segment, of which some 18,500 had been newly acquired.

Deposit banking

The savings ratio in 2015 in Austria decreased slightly and fluctuated over the full year at very low level. This was a continuation of the developments of the past few years.

In spite of the low savings ratio, savings deposits, sight deposits and term deposit accounts of Oberbank's retail customers remained stable at the high level of the preceding year at EUR 4,735.9 million.

Personal loans

Private financing at Oberbank AG developed excellently in 2015. The volume of personal loans outstanding rose versus the preceding year by 10.4% to EUR 2,694.6 million. This highly pleasing trend was driven mainly by Vienna, which has now become Oberbank's largest Austrian Business Division in terms of branch numbers (24.3% growth) but the bank's core market also developed dynamically.

Besides these, Czech Republic (+13.5%) and Slovakia (+17.7%) also made a sizable contribution to personal lending growth.

All markets have one thing in common: the proximity of Oberbank to its customers which together with the bank's high degree of advisory competence is greatly appreciated. The quality of the advisory services and support has been repeatedly confirmed by independent opinion survey.

Personal accounts

In 2015, the Bank's portfolio of personal accounts increased by 2,985 to a total of 179,670 accounts.
With the slogan "What do I look out for in an account? The bank." the positive image of Oberbank as a stable and reliable partner for financial matters was successful and together with extensive marketing measures, the Bank posted a very pleasing increase in personal accounts.

Portfolio of card products

The portfolio of card products developed excellently in the reporting period: At the balance sheet date, there were 153,080 ATM cash cards (of which 33,793 gold cards) and 59,473 credit cards issued by various Austrian card providers in circulation.
The contractual partners of Oberbank are the card companies SIX Payment Services (Austria) GmbH and card complete Service Bank AG, and additionally, Oberbank issues its own MasterCard under the name "Oberbank MasterCard". Credit cards issued by Diners Club and American Express round off the portfolio of cards.

Securities business

At an increase of 17.0% to EUR 44.5 million in securities commissions, the financial year 2015 broke a new record for the fourth time in a row. The increase was distributed across all individual components, i.e., transaction fees, management fees and custody fees.
The market value of the securities held in custody reached EUR 12.6 billion which was also a new record. Substantial fund inflows were recorded mainly in investment funds. In difficult times, investment funds are precisely the right investment instrument for practically all investor groups due to the high degree of diversification.
The new funds flowed mainly into mixed funds with share components or into equity funds with hedging options.

3-Banken Wohnbaubank AG

The total assets of 3-Banken Wohnbaubank AG rose by 18.8% to EUR 123.1 million year on year; tax-privileged home construction bonds were issued with a volume of EUR 20.0 million.
As the overall issuing volume on the market 2015 was clearly lower at EUR 362.8 million than in 2014 (EUR 707.3 million), the market share of 3-Banken Wohnbaubank AG grew from 4.9% to 5.5%.
There were four issues in 2015. Due to the investment of tax-free profit allowances, sales were robust in the months of November and December.
Over the year, yield levels moved within a corridor of 1% to 1.5% due to the extremely low interest rate environment.

Oberbank issues

The issuing activities of the bank were satisfactory despite the very low interest rate environment. In total EUR 328.2 million in Oberbank bonds were issued.
The larger part of the volume was issued in euro. Sales in the Czech Republic developed very well where the bonds are issued in Czech koruna for the local market.
Apart from classical fixed-interest bonds and bonds with a minimum and maximum interest coupon, subordinated bonds were also issued to enlarge the equity base. Special mention is made here of the issuance of additional Tier 1 bonds in Austria to the public (in line with ESMA recommendations); the volume of this issue was EUR 30.0 million.

The total volume of securitised liabilities including subordinated capital amounted to EUR 2,098.5 million at year-end, which corresponds to a decline by 8.6% versus 2014.

3 Banken-Generali Investment-Gesellschaft

Following on from the gratifying development of the past few years of 3 Banken-Generali Investment-Gesellschaft, the managed fund volume rose in 2015 by 11.0% to EUR 8.5 billion. Thus, the bank clearly outperformed the overall Austrian market (+3.1%) again and the market share widened from 4.86% to 5.23%. The net inflow of funds was again very pleasing and accounted for most of the growth at EUR 711.6 million.
Apart from the special funds that developed well as in previous years, funds sold to the public also did very well in 2015. Demand for asset managed mixed funds were in high demand. The innovations “3 Banken Dividende+Nachhaltigkeit 2021” and “3 Banken Dividenden-Strategie 2021”, which are maturity stock funds, enjoyed lively demand and helped us to acquire a new volume of almost EUR 100 million.

External sources once again confirmed the quality of the investment fund company.
Already in the 1st quarter of 2015, the “3 Banken Value Strategie” fund was ranked in first place by Morningstar from among almost five hundred international stock funds in Austria. Especially pleasing is the ranking achieved of 1st place as the best fund company in Austria by the special interest newspaper “Der Börsianer”. This assessment was based on performance, reporting and the reputation grades assigned by peers.

Asset management

The Oberbank fund “iPM” (individual portfolio management) performed the best in 2015, and currently has EUR 454.6 million under management. The average volume of the mandates is EUR 800,000; the majority of the number of mandates is managed at a medium risk level.
The performance of all three basic strategies in 2015 was much more positive and even after deducting costs it was above the respective benchmarks.
Likewise, asset management in the form of public funds developed very well, thereby surpassing the threshold of EUR 100 million in fund inflows for the first time.

Private banking

Assets under management (market value of securities custody accounts, savings accounts and sight deposits) of Private Banking clients of Oberbank grew in 2015 by 7.8% to the new all-time high of EUR 5.3 billion. Apart from the performance effects, the performance was achieved by the high inflow of funds from existing and new customers. The value of custody accounts increased hugely (EUR 4.0 billion / + 10.2%).
Within the scope of the two capital increases and the issuance of Additional Tier 1 bonds, many new private banking clients were acquired. To meet the high demands for information of this group of customers, numerous “investment lunches” and “financial market fora” are organised.
Brokerage also developed very well and achieved high new record levels. Oberbank supports trading-oriented investors who want to reach their own decisions unlike in asset management.

Building and loan association saving

Oberbank building society accounts decreased year on year by 14.3% in 2015 with 11,043 new accounts in contrast to the preceding year. Although subsidised building and loan association accounts are one of the most popular savings forms in Austria, the persistently low interest rate levels and the declining savings ratios had an impact on the building and loan association business.

Insurance services

Life insurance

In the life insurance business, the sale of single premium insurance policies and the prolongation of endowment insurance in Austria and Germany was discontinued from which EUR 20 million in premiums were earned in 2014. Despite the restricted production portfolio, the target for endowment insurance was surpassed by almost 14% in 2015.

In the personal banking segment, the sale of investment fund-linked life insurance contributed substantially, and in the corporate business segment the company pension plans achieved the best result in history.

Sales of risk insurance products through Drei-Banken Versicherungs-Aktiengesellschaft posted 14.9% growth.

Accident and property industry

The accident insurance business performed especially well as in 2014, and the net annual premium income increased by 21.7%.

Company property insurance performed extremely well; net annual premium income was 6% higher than in the preceding year.

Segment Financial Markets

Financial Markets segment in €m	2015	2014	Change
operative interest income	-7.8	20.4	> -100.0%
at equity	81.6	59.0	38.3%
Net interest income	73.8	79.4	-7.1%
Charges for losses on loans and advances	-8.5	-6.0	41.2%
Net commission income	0	0	
Net trading income	10.3	5.3	92.5%
Administrative expenses	-6.5	-5.9	9.2%
Other operating income/loss	-25.2	-28.3	-10.7%
Extraordinary result			
Profit for the year before tax	43.9	44.6	-1.6%
Segment's contribution to consolidated profit for the year before tax	22.9%	28.3%	-5.4% ppt
Average credit and market risk equivalent (BWG)	4,201.9	3,888.0	8.1%
Segment assets	5,185.7	5,260.4	-1.4%
Segment debts	5,265.6	5,606.1	-6.1%
Average allocated equity	526.2	426.7	23.3%
Return on equity before tax (ROE)	8.3%	10.4%	-2.1% ppt
Cost/income ratio	11.0%	10.5%	0.5% ppt

Overview of business performance in 2015

In the segment Financial Markets, net interest income decreased by 7.1% to EUR 73.8 million. The steep increase in the equity result was unable to compensate the decline in operating net interest income.

Charges for losses on loans and advances were up by 41.2% to EUR 8.5 million year on year.

Net trading income doubled to almost EUR 10.3 million; Other operating income showed a balance of net expenses of EUR 25.2 million.

In the segment Financial Markets, net interest income decreased slightly by 1.6% to EUR 43.9 million.

ROE decreased by 2.1 percentage points to 8.3% and the cost/income ratio improved by 0.5 percentage points to 11.0%.

Interest rate and currency risk management

2015 was an eventful year on financial markets. The removal of the floor for the Swiss franc, the slightly improved economic data in some European countries, the geopolitical disputes, the strong US dollar, the ECB's prolongation of the buying programme and the further decrease of interest rates on deposits, the depreciation of the yuan and the first US interest rate hike since 2006 have had an influence on stock markets, interest rates and currencies.

Especially the fluctuation of 13% between the all-time highs and all-time lows in the EUR/USD exchange rate, which is the by far most frequently traded pair of currencies of internationally active clients, motivated many companies to hedge their currency positions. The weakness of the rouble, the rising volatility of the Chinese currency, the removal of the floor for the EUR/CHF exchange rate and the effects of the sinking price of crude oil on the aforementioned currencies were additional drivers if currency transactions.

Oberbank performed well again in this environment and successfully exploited market opportunities. The trading result was increased substantially.

Direct customer services

The focus of activities was on currency hedging for customers and short-term money market transactions.

The number of direct customers supported was increased. This customer group especially appreciates the possibility of sharing their own market opinions with a competent, swiftly-acting account manager at the bank.

Primary deposits

The offensive monetary policy of ECB resulted in historically low interest rates in 2015. By lowering the key lending rate to 0.05% and reducing the deposit facility for banks to recently -0.3%, the central bank did not leave any doubts that it would continue its expansive policy. In this challenging environment, Oberbank succeeded in raising primary deposits by 2.7% to EUR 12,620.0 million.

Sight deposits increased substantially. The low interest rates on money markets were the reason many companies and private individuals kept large amounts on sight deposit accounts. The high volume of sight deposits also reflects the good economic situation and the high liquidity of the domestic economy.

The Oberbank Cash Garant product was again proven an attractive alternative in the low interest environment. The new issues of the traditional product series were placed with corporate and private customers.

International network of partner banks and institutions

The world of banking is currently undergoing massive changes. The credit risks, lacking growth prospects and low levels of profitability are causing globally active banking groups to retreat from markets and resize their branch networks.

In the trade finance business of Oberbank, essentially the documentary and guarantee business, mutual agreements on credit lines are needed with international banking partners. To guarantee that such a network works, Oberbank focuses on some 1900 long-term correspondence banks in the main sales regions of its customers.

The broad base, the high creditworthiness and acceptance of Oberbank within the international banking community makes it possible for Oberbank to efficiently secure the bank accounts needed. Long-term personal contacts are proven to be lasting success factors.

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 pre-tax loss of EUR 47.2 million in 2015.

Consolidated Financial Statements

Consolidated Financial Statements of the Oberbank Group for 2015

Prepared in Accordance with International

Financial Reporting Standards (IFRS)

Consolidated Financial Statements

Contents of the Consolidated Financial Statements Prepared in Accordance with IFRS

Contents of the Consolidated Financial Statements Prepared in Accordance with IFRS

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

Statement of comprehensive income for the financial year 2015

Consolidated income statement in €k		2015	2014	Change in €k	Change in %
1. Interest and similar income	(3)	437,422	483,085	-45,663	-9.5
2 Interest and similar expenses	(3)	-137,821	-169,162	31,341	-18.5
3. Income from entities accounted for using the equity method	(3)	81,602	58,994	22,608	38.3
Net interest income	(3)	381,203	372,917	8,286	2.2
4. Charges for losses on loans and advances	(4)	-47,090	-78,027	30,937	-39.6
5. Commission income	(5)	149,090	132,486	16,604	12.5
6. Commission expenses	(5)	-16,353	-13,176	-3,177	24.1
Net commission income	(5)	132,737	119,310	13,427	11.3
7. Interest and similar income	(6)	9,741	5,274	4,467	84.7
8. Interest and similar expenses	(7)	-243,272	-236,931	-6,341	2.7
9. Other operating income	(8)	-41,833	-24,952	-16,881	67.7
a) Net income from financial assets – FV/PL	(8)	-10,265	-12,800	2,535	-19.8
b) Net income from financial assets – AfS	(8)	-3,524	-3,893	369	-9.5
c) Net income from financial assets – HtM	(8)	243	-498	741	
d) Other operating income	(8)	-28,287	-7,761	-20,526	>100.0
Profit for the year before tax		191,486	157,591	33,895	21.5
10. Income taxes	(9)	-25,067	-21,120	-3,947	18.7
Profit for the year after tax		166,419	136,471	29,948	21.9
of which attributable to the owners of the parent company and owners of additional equity components		166,312	136,605	29,707	21.7
of which attributable to non-controlling interests		107	-134	241	

Income and expenses recognised directly in equity in €k	**2015**	**2014**
Profit for the year after tax	166,419	136,471
Items not reclassified to profit or loss for the year	**8,735**	**-26,221**
+/- Actuarial gains/losses IAS 19	30,507	-30,402
+/- Deferred taxes on actuarial gains/losses IAS 19	-7,627	7,601
+/- Share from investments accounted for by applying the equity method	-14,145	-3,420
Items reclassified to profit or loss of the year	**14,998**	**16,924**
+ / - Value changes recognised directly in equity IAS 39	27,322	12,950
Amounts recognised in equity	28,036	18,666
Reclassification adjustments	-714	-5,716
+ / - Deferred tax on value changes recognised directly in equity IAS 39	-6,830	-3,238
Amounts recognised in equity	-7,009	-4,667
Reclassification adjustments	179	1,429
+ / - Exchange differences	584	-2,036
+ / - Share from investments accounted for by applying the equity method	-6,078	9,248
Total income and expenses recognised directly in equity	23,733	-9,297
Total comprehensive income for the period of net profit for the period and income and expenses recognised directly in equity	190,152	127,174
of which attributable to the owners of the parent company	190,045	127,308
of which attributable to non-controlling interests	107	-134

Performance indicators	**2015**	**2014**
Cost/income ratio in %	50.49	50.14
Return on equity before tax in %	11.20	10.68
Return on equity after tax in %	9.73	9.25
Risk/earnings ratio (credit risk to net interest income) in %	12.35	20.92
Earnings per share in €	5.47	4.75

Balance sheet as at 31/12/2015 / Assets

	in €k		31/12/2015	31/12/2014	Change in €k	Change in %
1.	Cash and balances at central banks	(11)	354,023	147,009	207,014	>100.0
2.	Loans and advances to credit	(12)	1,065,913	1,460,988	-395,075	-27.0
3.	Loans and advances to customers	(13)	12,839,944	12,276,238	563,706	4.6
4.	Impairment provisions	(14)	-488,292	-474,410	-13,882	2.9
5.	Trading assets	(15)	46,173	56,649	-10,476	-18.5
6.	Financial investments	(16)	3,771,209	3,650,387	120,822	3.3
	a) Financial assets – FV/PL	(16)	237,662	241,238	-3,576	-1.5
	b) Financial assets – AfS	(16)	709,536	726,363	-16,827	-2.3
	c) Financial assets – HtM	(16)	2,134,565	2,051,487	83,078	4.0
	d) Interest in entities accounted for	(16)	689,446	631,299	58,147	9.2
7.	Intangible assets	(17)	1,248	1,558	-310	-19.9
8.	Property, plant and equipment	(18)	246,449	254,643	-8,194	-3.2
	a) Investment property	(18)	99,501	101,568	-2,067	-2.0
	b) Other property, plant and	(18)	146,948	153,075	-6,127	-4.0
9.	Other assets	(19)	406,682	401,824	4,858	1.2
	a) Deferred tax assets	(19)	55,984	64,138	-8,154	-12.7
	b) Positive fair values of derivatives in the banking book	(19)	170,644	202,066	-31,422	-15.6
	c) Other	(19)	180,054	135,620	44,434	32.8
	Total assets		18,243,349	17,774,886	468,463	2.6

Balance sheet as at 31/12/2015/Equity and liabilities

	in €k		31/12/2015	31/12/2014	Change in €k	Change in %
1.	Amounts owed to credit institutions	(20)	2,995,503	3,252,390	-256,887	-7.9
2.	Amounts owed to customers	(21)	10,521,547	9,993,608	527,939	5.3
3.	Securitised liabilities	(22)	1,443,376	1,580,642	-137,266	-8.7
4.	Provisions for liabilities and charges	(23)	329,176	383,012	-53,836	-14.1
5.	Other liabilities	(24)	372,962	316,781	56,181	17.7
	a) Trading liabilities	(25)	45,350	55,372	-10,022	-18.1
	b) Tax liabilities	(24)	7,846	8,752	-906	-10.4
	ba) current tax liabilities	(24)	2,569	4,918	-2,349	-47.8
	bb) deferred tax liabilities	(24)	5,277	3,834	1,443	37.6
	c) Negative fair values of derivatives closed out in the banking book	(24)	26,960	43,459	-16,499	-38.0
	d) Other	(24)	292,806	209,198	83,608	40.0
6.	Subordinated debt capital	(26)	655,121	714,376	-59,255	-8.3
7.	Equity	(27)	1,925,664	1,534,077	391,587	25.5
	a) Equity after minorities	(27)	1,871,105	1,530,839	340,266	22.2
	b) Minority interests in equity	(27)	4,559	3,238	1,321	40.8
	c)Additional equity components	(27)	50,000	0	50,000	
	Total equity and liabilities		18,243,349	17,774,886	468,463	2.6

Consolidated statement of changes in equity as at 31/12/2015

in €k	Subscribed capital	Capital reserves	Retained earnings	Transla-tion reserve	Gains (losses) rec. in equity acc. to IAS 39	Actuarial gains (losses) acc.to IAS 19	Associated companies	Equity after minorities	Minorities	Additional equity components	Equity
As at 1/1/2014	**86,034**	**194,038**	**777,319**	**-543**	**17,618**	**-21,887**	**365,432**	**1,418,011**	**2.960**		**1,420,971**
Consolidated net profit			92,991	-2,036	9,712	-22,801	49,442	127,308	-134		127,174
Net annual profit /loss			92,991				43,614	136,605	-134		136,471
Other comprehensive income				-2,036	9,712	-22,801	5,828	-9,297			-9,297
Dividend distribution			-14,372					-14,372			-14,372
Coupon payments on additional equity components											
Capital increase											
Issue of additional equity components											
Reacquired own shares	-110	-446						-556			-556
Other changes not recognised in income			104				344	448	412		860
As at 31/12/2014	**85,924**	**193,592**	**856,042**	**-2,579**	**27,330**	**-44,688**	**415,218**	**1,530,839**	**3,238**		**1,534,077**
As at 1/1/2015	**85,924**	**193,592**	**856,042**	**-2,579**	**27,330**	**-44,688**	**415,218**	**1,530,839**	**3,238**	**0**	**1,534,077**
Consolidated net profit			100,775	584	20,492	22,880	45,314	190,045	107		190,152
Net annual profit /loss			100,775				65,537	166,312	107		166,419
Other comprehensive income				584	20,492	22,880	-20,223	23,733			23,733
Dividend distribution			-15,822					-15,822			-15,822
Coupon payments on additional equity components			-1,200					-1,200			-1,200
Capital increase	10,362	154,381						164,743			164,743
Issue of additional equity components										50,000	50,000
Reacquired own shares	145	318						463			463
Other changes not recognised in income			-4,008				6,045	2,037	1,214		3,251
As at 31/12/2015	**96,431**	**348,291**	**935,787**	**-1,995**	**47,822**	**-21,808**	**466,577**	**1,871,105**	**4,559**	**50,000**	**1,925,664**

Changes in equity due to available-for-sale assets	2015	2014
Gains	23,628	18,341
Losses	-2,601	-4,342
Deducted from equity	-535	-4,287
Total	20,492	9,712

Consolidated statement of cash flows

in €k	2015	2014
Profit for the year	166,419	136,605
Non-cash positions in profit for the year and reconciliation of net cash from operating activities		
Write-offs, impairment losses, write-ups	11,911	75,907
Change in provisions for staff benefits and other provisions for liabilities and	-30,955	7,936
Change in other non-cash items	-182	-17,352
Gains and losses on financial investments, property, plant and equipment and intangible assets	-292	-5,485
Subtotal	146,901	197,611
Change in assets and liabilities arising from operating activities after corrections for non-cash positions		
Loans and advances to credit institutions	421,411	259,320
Loans and advances to customers	-581,970	-588,101
Trading assets	15,501	-14,534
Other current assets	5,725	38,762
Other assets arising from operating activities	30,538	-12,906
Amounts owed to credit institutions	-266,023	-1,949
Amounts owed to customers	528,886	-84,915
Securitised liabilities	-156,339	-42,805
Other liabilities arising from operating activities	-29,725	-3,801
Net cash from operating activities	114,905	-253,318
Proceeds from sales of		
Financial investments	205,706	564,677
Property, plant and equipment and intangible assets	13,677	12,467
Outlay on purchases of		
Financial investments	-228,980	-342,965
Property, plant and equipment and intangible assets	-29,594	-48,491
Net cash from investing activities	-39,191	185,688
Capital increase	214,743	0
Dividend distributions	-15,822	-14,372
Coupon payments on additional equity components	-1,200	0
Subordinated liabilities and other financing activities	-66,421	54,412
Net cash from financing activities	131,300	40,040
Cash and cash equivalents at the end of previous period	147,009	174,599
Net cash from operating activities	114,905	-253,318
Net cash from investing activities	-39,191	185,688
Net cash from financing activities	131,300	40,040
Effects of changes in the scope of consolidation and revaluation	0	0
Effects of foreign exchange rate changes	0	0
Cash and cash equivalents at the end of the period	354,023	147,009
Interest received	423,504	459,816
Dividend received	27,142	44,701
Interest paid	-117,180	-184,977
Coupon payments on additional equity components	-1,200	0
Income taxes paid	-26,947	-28,349

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.

Breakdown of interest, dividends and income tax payments

in €k		Operating activities	Investing activities	Financing activities	Total
Interest received	2015	362,851	60,653	0	423,504
	2014	398,187	61,629	0	459,816
Dividends received	2015	3,113	24,029	0	27,142
	2014	21,460	23,241	0	44,701
Interest paid	2015	-97,423	0	-19,757	-117,180
	2014	-165,207	0	-19,770	-184,977
Dividends paid	2015	0	0	-15,822	-15,822
	2014	0	0	-14,372	-14,372
Coupon payments on	2015	0	0	-1,200	-1,200
additional equity components	2014	0	0	0	0
Income tax payments	2015	-16,723	-15,163	4,939	-26,947
	2014	-17,884	-15,407	4,943	-28,349

Notes to the consolidated financial statements

Introduction

Oberbank AG is Austria's oldest still independent exchange-listed *Aktienbank* (joint stock bank). It is fully privately owned (no state shareholders) and is listed on the Vienna Stock Exchange. 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 universal bank. Oberbank does not engage in any proprietary foreign business, which is not associated with its customers, but aims to assist and support customers with international operations.
The financial statements for the financial year 2015 were approved and released for publication on 29 March 2016.

1) Group of consolidated companies of Oberbank

Besides Oberbank AG, the group of consolidated companies in 2015 included 29 domestic and 19 foreign subsidiaries.
Compared to 31 December 2014, the consolidated group changed as follows:

- Sale of Oberbank Inzersdorf Immobilienleasing Gesellschaft m.b.H., Linz (this entailed €k -12 in Other operating profit and a decline of €k 12,553 in assets and of €k 2,594 in Other liabilities).
- Sale of Oberbank Leasing Inprox Znojmo s.r.o., Prague (this entailed €k -48 in Other operating profit, and a decline of €k 4,823 in assets and of €k 1,761 in Other liabilities).
- Sale of Oberbank Leasing Leasing KIKA s.r.o., Prague (this entailed €k +254 in Other operating profit and a decline by €k 20,115 in assets and by €k 4,003 in Other liabilities).
- Sale of Oberbank Leasing KIKA Slovakia s.r.o., Bratislava (this entailed €k +845 in Other operating profit and a decline by €k 11,060 in assets and by €k 41 in Other liabilities).
- Foundation of Oberbank Kfz-Leasing GmbH, Linz (this entailed an increase of €k 6,159 in assets, an increase in Other assets by €k 941 and an increase by €k 1,475 in Other liabilities).
- Purchase of 100% of Oberbank Unterpremstätten Immobilienleasing GmbH (this entailed an increase of €k 3,612 in assets and in Other liabilities by €k 8).
- Purchase of 100% of Oberbank TREI Immobilienleasing GmbH (this entailed an increase of €k 8,663 in assets and of €k 2,507 in Other liabilities).
- Purchase of 100% of Oberbank Leasing Palamon s.r.o., Prague (this entailed an increase of €k 20,406 in assets, an increase in Other assets by €k 3 and an increase by €k 924 in Other liabilities).

ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H. was recognised in the consolidated financial statements by proportionate consolidation in accordance with IFRS 11.
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 group of consolidated companies were 24 subsidiaries and 20 associated companies, which have no significant influence on the Group's assets and its financial and earnings position.
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 for the period ended 30 September. Material transactions and changes to the composition of the Leasing sub-group in the 4th quarter were taken into account.

2) Summary of accounting policies

Application of IAS and IFRS

The consolidated financial statements of Oberbank AG for the financial year 2015 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 § 59a of the Austrian Banking Act and § 245a of the Austrian Commercial Code 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
IFRIC 21	Levies	1/7/2014	Yes
Annual improvements (2011 – 2013 cycle)	Diverse	1/1/2015	Yes
Annual improvements (2010 – 2012 cycle)	Diverse	1/2/2015	Yes

The next table shows standards and interpretations published and amended as at the balance sheet date that have fully entered into effect under the IASB or partly under the EU endorsement procedure, but are not yet mandatory. These were not applied in the present consolidated financial statements. A premature application is not planned.

Standard / Interpretation	Designation	Applicable for financial years from	Already adopted by EU
Amend. to IAS 19	Defined benefit plans: employee contributions	1/2/2015	Yes
Amend. to IFRS 11	Acquisition of an interest in a joint operation	1/1/2016	No
Amend. to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1/1/2016	No
Amend. to IAS 16 and IAS 41	Agriculture: Bearer plants	1/1/2016	No
Amend. to IFRS 10 und IAS 28	Sale or contribution of assets between an investor and its associate/ joint venture	Time of initial application-time postponed indefinitely by IASB	No
Amend. to IAS 27	Single-entity (equity method)	1/1/2016	No
Annual improvements (Cycle 2012 – 2014)	Diverse	1/1/2016	No
Amend. to IAS 1	Presentation of Financial Statements	1/1/2016	No
Amend. to IFRS 10, 12 and IAS 28	Consolidation of Investment Entities	1/1/2016	No
IFRS 14	Regulatory Deferral Accounts	1/1/2016	No
IFRS 15	Revenue from Contracts with Customers	1/1/2018	No
IFRS 9	Financial Instruments	1/1/2018	No

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

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The standard provides a single, principles-based five-step model to be applied to all contracts with customers.
According to IFRS 15, revenues must be recognised when the customer acquires power over the agreed goods and services and is able to exploit these.
The analyses currently being conducted do not lead one to expect any material effects on future consolidated statements.

The effects of IFRS 9 on the Oberbank Group are being reviewed. The final version of IFRS 9 was published in July 2014 and contains the following changes of material importance for the Oberbank Group:
Financial assets will be classified and assessed only in two groups in the future: those measured at amortised costs and those measured at fair value. If financial instruments are held in a business model with the goal of retaining the assets, and if these financial instruments represent claims to interest and principal payments on agreed dates, these are to be measured at amortised costs. Under certain conditions, a designation at fair value valuation is possible. All other financial instruments are to be measured at fair value. Changes in the value of these assets must be recognised in the income statement. For certain equity instruments, it is optional to recognise changes in valuation under Other income. Only dividend claims on these assets must be recognised in the income statement.
Changes in value of financial liabilities measured at fair value must be separated in the future. The share attributable to own credit risk must be presented under Other income, and the remaining share must be recognised in the income statement.
There are changes also in the recognition of impairment losses of financial assets. In the future, not only is it necessary to recognise losses incurred, but also expected losses . The magnitude of the impairment loss depends on whether the default risk of the financial risk has deteriorated substantially or not since initial measurement. If a substantial deterioration has taken place and the default risk is not assessed as low, all expected losses must be recognised over the entire life in the entire period. Otherwise, only those losses are to be taken into account that result from potential future loss events in the next twelve months.
The changes to hedge accounting are not of relevance for the Oberbank Group, as currently we do not have any hedge accounting.
An impact from these new provisions on future financial statements are expected in both the classification and in accounting for impairment losses. A reliable statement regarding the magnitude of the effects on equity and income caused by the changes is not possible on the basis of current knowledge.

In conformity with IAS 39, all financial assets and liabilities, including all derivative financial instruments, are recognised 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 on the day they were realised or settled. Financial assets were measured according to the particular asset class to which they belonged. These asset classes are 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.

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 (certain investment fund shares).
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.

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 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. 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 share 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 where these can be reliably measured.

Capital consolidation was carried out in accordance with the provisions of IFRS 3 using the purchase 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 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

In the financial year, 100% of the shares of Oberbank Unterpremstätten Immobilienleasing GmbH were acquired. The acquisition involved purchase costs in the amount of €k 231; equity held at the time of acquisition amounted to €k 146. At the time, the company had fixed assets in the amount of €k 3,769, accounts receivable in the amount of €k 0 and liabilities and provisions amounting to €k 3,623. The company contributed to the Group’s net profit with €k 73. Company assets taken into account in the consolidated financial statement of Oberbank amounted to €k 3,612.
On 25 February 2015, 100% of the shares of Oberbank Leasing Palamon s.r.o. were acquired. The acquisition involved purchase costs in the amount of €k 5,653; equity held at the time of acquisition amounted to €k 5,757. At the time, the company had fixed assets in the amount of €k 20,292, accounts receivable in the amount of €k 361 and liabilities and provisions amounting to €k 14,898. The company contributed to the Group’s net profit with €k 89. Company assets taken into account in the consolidated financial statement of Oberbank amounted to €k 20,407.
As at 11 May 2015, 100% of the shares of Oberbank TREI Immobilienleasing GmbH were acquired. The acquisition involved purchase costs in the amount of €k 18; equity held at the time of acquisition amounted to €k 487. At the time, the company had fixed assets in the amount of €k 8,655, accounts receivable in the amount of €k 0 and liabilities and provisions amounting

to €k 8,168. The company contributed to the Group’s net profit with €k 177. Company assets taken into account in the consolidated financial statement of Oberbank amounted to €k 8,663.

Discretionary decisions, assumptions and estimates

These consolidated financial statements contain values whose amounts were arrived at based on discretionary decisions, assumptions and estimates. These assumptions and estimates are based on past experience, budgets and forecasts regarding future events that appear likely from our current perspective.

Discretionary decisions, assumptions and estimates contained in the present consolidated financial statements basically relate to the following items.

Impairment provisions

The calculation of impairment provisions depends, above all, on expectations regarding future loan losses and the structure and quality of the loan portfolio. In addition, the calculation of any future impairment loss requires estimates of the amounts and dates of future cash flows. Incurred but not reported losses are recognised by way of portfolio impairment allowances in accordance with IAS 39, which are based on the probabilities of default of the individual rating categories.

For further details see Note 41 in the risk report (Credit risk).

Fair value of financial Instruments

Where the fair value of financial assets and financial liabilities cannot be measured using current quoted prices because no publicly quoted market prices are available, model values are used. The valuation models, input parameters, the fair value hierarchy and the fair values of financial instruments are described in detail in Note 29 (Fair value of financial instruments).

Impairment losses on investments accounted for using the equity method

If there are objective indications that an asset accounted for using the equity method is impaired, the value is calculated on the basis of the estimated future payment flows expected to be generated by the respective associated company.

For details regarding the book values of interests held in companies recognised at equity, see Note 16 (Financial investments).

Impairment losses on debt securities and equity securities

Debt instruments have to be tested for impairment if their fair value has dropped by at least 20% below their cost of purchase and this decline persists over a period of more than nine months.

Equity instruments must be tested for impairment if their fair value has dropped by at least 20% below their cost of purchase or if the fair value of an equity instrument remains persistently below its cost for a period of not less than nine months.

An assessment is made at each reporting date as to whether any event has occurred that may have an effect on future payment flows and that can be reliably determined. If it is found that an instrument cannot be expected to recover its cost during the planned holding period, impairment has to be recognised.

Useful lives of fixed assets

Ordinary depreciation and amortisation of property, plant and equipment as well as intangible assets is applied on a straight line basis over the assets' expected useful lives. For details regarding book values, please refer to Note 17 (Intangible fixed assets) and Note 18 (Property, plant and equipment).

Deferred taxes

Calculations for each taxable entity are carried out applying the tax rates expected to be applicable in respect of the tax period in which any temporary difference reverses. 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. For details on deferred taxes please refer to Note 19 (Other assets).

Provisions for staff benefits

Provisions for staff benefits are calculated on the basis of expert actuarial valuations. In addition to post-employment benefits and acquired benefit rights known on the balance sheet date, expected future increases in salaries and pensions are also taken into account.

Note 23 (Provisions for liabilities and charges) provides an overview of material actuarial assumptions as well as a sensitivity analysis of the effects of changes in important actuarial assumptions.

Other provisions for liabilities and charges

Measuring the need to set up provisions for liabilities and charges requires estimates regarding the size and due dates of future payment flows. Further details are shown in Note 23 (Other provisions for liabilities and charges).

Leasing

In this field, the lessor needs to make discretionary decisions, particularly with regard to differentiating between a finance lease and an operating lease contract. The decisive criterion is that a finance lease essentially transfers all the risks and rewards from the lessor to the lessee. For further details see Note 13 (Receivables from customers) and Note 18 (Property, plant and equipment).

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 valid on the balance sheet date. Outstanding forward transactions were translated applying the forward rates valid on the balance sheet date. The annual financial statements of foreign subsidiaries prepared in foreign currencies were translated applying the median foreign exchange rates valid 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.

Trading assets

All trading assets, comprising securities held for trading, the positive fair values of derivative financial instruments in the trading book, and open derivative financial instruments in the banking 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 are not available, generally accepted valuation models are 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 are 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 which defines this procedure, specifically one to avoid inconsistencies through the use of the fair value option.

Leasing

Oberbank offers customers both finance leases and operating leases.

According to IAS 17, a finance lease is a lease that essentially transfers all the risks and rewards incidental to ownership of an asset. Even title may eventually be transferred. In the case of a finance lease, Oberbank as lessor recognises an amount receivable from the lessee equal to the cash value of the contractually agreed payments. Income from leases is shown in the item Interest and similar income.

An operating lease is a lease other than a finance lease. In the case of operating leases, leased assets reduced by depreciation and amortization are shown in the item Property, plant and equipment. Real estate held as a financial investment is carried at amortised cost.

Leasing income is shown in the item Other operating income.

Impairment provisions

The calculation of impairment provisions depends mainly 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 94.0 million (previous year: EUR 136.0 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 2015, 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 from the debt instrument that can be reliably estimated (IAS 39.59). If it is ascertained that the debt instrument cannot be expected to recover its initial value during the planned holding period (exclusion of market fluctuations), impairment must 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 future cash flows from the equity instrument that can be reliably estimated (IAS 39.59) or if there is a risk that the issue cannot be recovered for the equity instrument (IAS 39.61). If it is found that the equity instrument cannot be expected to recover its initial value during the planned holding period (exclusion of market fluctuations), impairment must be recognised.

No reclassifications of assets from AfS to HtM were made in the financial year 2015.

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. The assets are amortised on a straight-line basis over their 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. The assets are amortised on a straight-line basis over their 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. Oberbank uses this impairment test to determine the recovery value of the asset. This value corresponds to the higher of the 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 was done 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 in the trading book and open derivative financial instruments in the banking book. 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 amortised cost. 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.

Other 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 2.25% (previous year: 2.25%)
- Annual salary increases of 3.25% (prev. year: 3.5%); increases in post-employment benefits of 1.86% (prev. year: 2.75%);

- In accordance with the transitional provisions of the Austrian pension reform, the individually determined retirement age for men is between 65 years and for women between 59 and 65 years.

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

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, negative fair values of closed derivatives in the banking book 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 non-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 132nd Annual General Meeting of Oberbank AG held on 8 May 2012 passed a resolution authorising the Management Board to increase the share capital by up to EUR 750,000.00 by issuing up to 250,000 new ordinary non-par bearer shares - if required in several tranches - within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register. This capital increase through the issuance of shares excluding existing shareholders' subscription rights serves to issue shares to be offered to the staff, top executives, Belegschaftsbeteiligungsprivatstiftung der Oberbank AG (the private foundation managing the non-cash stock compensation programme of Oberbank AG) and members of the management boards of Oberbank or associated companies.

To date, no use has been made of this authorisation.

Furthermore, the said Annual General Meeting authorised the Management Board to increase the share capital of the Company through offerings of up to 3,125,000 ordinary non-par bearer shares for contributions in cash of up to EUR 9,375,000.00 - if required in several tranches - within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register.

The Management Board made use of this authorisation by resolution of 23 May 2015 to issue 1,918,875 Oberbank ordinary non-par-value shares (capital increase 2015, No. 1). The offer price was EUR 47.43 per share. The capital increase carried out through cash contributions and without excluding subscription rights raised the share capital to EUR 92,106,000.00 and the appropriated capital reserves to EUR 280,001,715.06.

At the 135th Annual General Meeting of Oberbank AG held on 19 May 2015, the resolution passed at the 132nd Annual General Meeting of 8 May 2012 was retracted to the extent not yet used and authorised the Management Board to increase the share capital by up to EUR 10,500,000.00 by issuing up to 3,500,000 ordinary non-par value bearer shares - if required in several tranches - within five years of the corresponding amendment to the Articles of Association being registered in the Companies Register.
The Management Board made use of this authorisation by resolution of 8 September 2015 to issue 1,535,100 Oberbank ordinary non-par-value shares (capital increase 2015, No. 2). The offer price was EUR 48.03 per share. The capital increase raised the share capital to EUR 96,711,300.00 and the appropriated capital reserves to EUR 349,127,268.06.

The share capital is divided into 29,237,100 ordinary non-par bearer shares and 3,000,000 non-voting non-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 recommend to the Annual General Meeting that a dividend of EUR 0.55 per share be distributed out of the net profit of Oberbank AG for the financial year 2015 (corresponding to a payout of EUR 17,730,405.00). EUR 82,000,000.00 will be allocated to reserves. The remainder in the amount of EUR 288,528.95 will be carried forward to new account.
On the reporting date, 11,169,265 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 reinvested 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.

Additional equity capital components

Oberbank AG carried out two issues of Additional Tier 1 bonds with a total volume of EUR 50 million to date.
These issues are subordinate to Tier 2 instruments (supplementary capital, subordinate capital) and senior bonds. These are all equivalent to each other and to Additional Tier 1 instruments as well as to liabilities from existing hybrid capital instruments. The have preference status over shares and other common equity Tier 1 capital instruments.
Interest payments are based on the nominal amount and are fixed until the first permissible premature repayment date. Subsequently, the payments are switched to variable interest rates. Interest is only permitted to be paid on eligible items.
The issuer has the right to waive interest payments at its discretion. Previously waived interest is not permitted to be paid out.
The bonds have unlimited maturities, but can be called by Oberbank AG at the fixed first premature repayment dates, and afterwards, every five years on the coupon dates. The issuer has special call rights if the regulatory classification or the tax treatment of the concerned bonds changes.
Every premature call requires the prior consent of the competent supervisory authority. The bond holder does not have the right to call the bond.
If the common equity Tier 1 capital of the issuer or of Oberbank Group drops below 5.125%, the nominal value of the bond is impaired to the amount necessary. Under certain legislative conditions, the nominal value can be written up again.

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. Both interest income and interest expenses contain negative interest.

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.

Details of the income statement in €k

3) Net interest income	**2015**	**2014**
Interest income from		
Credit and money market business	351,168	374,410
Shares and other variable-yield securities	5,284	24,075
Other equity investments	3,802	1,465
Subsidiaries	1,381	4,682
Fixed-interest securities and bonds	75,787	78,453
Interest and similar income	437,422	483,085
Interest expenses on		
Deposits	-89,207	-117,913
Securitised liabilities	-29,028	-31,556
Subordinated liabilities	-19,586	-19,693
Interest and similar expenses	-137,821	-169,162
Income from entities accounted for using the equity method	81,602	58,994
Net interest income	381,203	372,917

Interest income on financial assets not designated at fair value through profit or loss came to €k 432,329 (previous year €k 459,217). The corresponding interest expenses on financial liabilities amounted to €k 93,950 (previous year €k 123,447).
Net interest income contains negative interest of €k 273 and the interest expenses contain negative interest of €k 489.

4) Charges for losses on loans and advances	**2015**	**2014**
Allocated to loan loss provisions	-126,040	-134,770
Direct write-offs	-2,742	-3,020
Reversals of loan loss provisions	78,734	57,533
Recoveries of written-off receivables	2,958	2,230
Charges for losses on loans and advances	-47,090	-78,027

5) Net commission income	**2015**	**2014**
Payment services	45,059	42,605
Securities business	44,508	38,029
Foreign exchange, foreign bank note and precious metals business	12,654	10,383
Credit operations	25,795	24,125
Other service and advisory business	4,721	4,168
Net commission income	132,737	119,310

This item includes income in the amount of €k 2,645 from asset management for the account of third parties.

6) Net trading income	**2015**	**2014**
Gains (losses) on interest rate contracts	2,058	1,565
Gains (losses) on foreign exchange, foreign bank note and numismatic business	7,175	4,055
Gains (losses) on derivatives	508	-346
Net trading income	9,741	5,274

7) Administrative expenses	**2015**	**2014**
Staff costs	149,097	145,043
Other administrative expenses	82,780	80,791
Write-offs and valuation allowances	11,395	11,097
Administrative expenses	243,272	236,931

Pension fund contributions were €k 3,116 (previous year: €k 2,940).

8) Other operating income	2015	2014
a) Net income from financial assets – FV/PL	-10,265	-12,800
b) Net income from financial assets – AfS	-3,524	-3,893
c) Net income from financial assets – HtM	243	-498
d) Other operating income	-28,287	-7,761
thereof stability fee	-14,469	-13,940
thereof operational risks	-17,440	-4,744
thereof gains from the sale of land and buildings	59	5,994
thereof from operating leases	2,650	2,577
Other operating income net of other operating expenses	-41,833	-24,952

This item includes impairments in the amount of € 3.8 million pertaining to financial assets. The corresponding carrying values amount to € 7.3 million.

9)Income taxes

The income taxes include current income taxes of the individual consolidated companies, adjustments for current income taxes relating to other periods as well as the changes in deferred taxes.

	2015	2014
Current income tax expense	30,266	32,243
Deferred income tax expenses (income)	-5,199	-11,123
Income taxes	**25,067**	**21,120**

Reconciliation: Relation between computational and effective reported income taxes:

	2015	2014
Current income tax expense	30,266	32,243
Deferred income tax expenses (income)	-5,199	-11,123
Income taxes	25,067	21,120
Profit for the year before tax	191,486	157,591
Computed tax expense at a rate of 25%	47,872	39,398
Tax savings arising due to tax-exempt income from equity investments	-1,825	-1,986
Tax savings arising due to profits accounted for using the equity method	-20,401	-14,748
Tax expenses (income) relating to prior years	-3,146	-93
Tax savings arising from other tax-exempt income	-304	13
Tax incurred as a result of non-allowable expenses	3,019	-794
Tax savings arising due to used carry-forward losses	353	-17
Tax effects of differing tax rates	-500	-652
Reported tax expenses (income)	25,067	21,120
Effective tax rate	13.26%	13.40%

Taxes on income relating to individual components of other comprehensive income and/or equity:

	2015			2014		
	Income before tax	Income taxes	Net income	Income before tax	Income taxes	Net income
Actuarial gains/ losses pursuant to IAS 19	30,507	-7,627	22,880	-30,402	7,601	-22,801
Items reclassified to profit or loss of the year under IAS 39	27,322	-6,831	20,492	12,950	-3,238	9,713
Exchange differences	584	0	584	-2,036	0	-2,036
Share of income/loss from entities accounted for using the equity method	-20,223	0	-20,223	5,828	0	5,828
Total	**38,190**	**-14,457**	**23,733**	**-13,660**	**4,363**	**-9,296**

10) Earnings per share in €	2015	2014
Number of shares as at 31/12	32,237,100	28,783,125
Average number of shares in issue	30,408,236	28,739,065
Profit of the year after tax	166,419	136,471
Earnings per share in €	5.47	4.75

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.

Details of the balance sheet in €k

11) Cash and balances at central banks	2015	2014
Cash in hand	76,263	76,198
Credit balances with central banks of issue	277,760	70,811
Cash and balances at central banks	354,023	147,009

12) Loans and advances to credit institutions	2015	2014
Loans and advances to Austrian credit institutions	592,742	713,069
Loans and advances to foreign credit institutions	473,171	747,919
Loans and advances to credit institutions	1,065,913	1,460,988
Loans and advances to credit institutions, by maturity		
On demand	150,917	269,591
To 3 months	580,595	805,410
3 months to 1 year	168,625	284,947
1 to 5 years	135,193	90,771
Over 5 years	30,583	10,269
Loans and advances to credit institutions	1,065,913	1,460,988

13) Loans and advances to customers	2015	2014
Loans and advances to Austrian customers	7,814,965	7,596,160
Loans and advances to foreign customers	5,024,979	4,680,078
Loans and advances to customers	12,839,944	12,276,238
Loans and advances to customers, by maturity		
On demand	1,897,252	1,926,932
To 3 months	1,094,185	1,321,818
3 months to 1 year	1,023,445	1,087,533
1 to 5 years	4,262,460	3,817,222
Over 5 years	4,562,602	4,122,733
Loans and advances to customers	12,839,944	12,276,238
Leasing business (finance leasing), gross investment value		
To 3 months	43,711	66,528
3 months to 1 year	201,960	149,139
1 to 5 years	675,787	573,565
Over 5 years	298,552	273,777
Total	1,220,010	1,063,009
Unrealised financial income		
To 3 months	5,843	5,612
3 months to 1 year	15,343	14,988
1 to 5 years	37,971	38,735
Over 5 years	15,521	21,326
Total	74,678	80,661
Net investment value		
To 3 months	37,868	60,916
3 months to 1 year	186,617	134,151
1 to 5 years	637,816	534,830
Over 5 years	283,031	252,451
Total	1,145,332	982,348
Accumulated impairment allowances	18,692	19,149

14) Impairment provisions	see pages 123 and 124

15) Trading assets	2015	2014
Bonds and other fixed-interest securities		
Listed	857	628
Stocks and other variable-yield securities		
Listed	351	770
Positive fair values of derivative financial instruments		
Currency contracts	2,158	4,662
Interest rate contracts	42,807	50,582
Other contracts	0	7
Trading assets	46,173	56,649

16) Financial investments	2015	2014
Bonds and other fixed-interest securities		
Listed	2,493,080	2,449,589
Unlisted	83,459	36,125
Stocks and other variable-yield securities		
Listed	111,454	88,113
Unlisted	179,988	189,014
Equity investments/shares		
In subsidiaries	88,207	134,995
In entities accounted for using the equity method		
Banks	306,425	276,100
Non-banks	383,021	355,199
Other equity investments		
Banks	13,246	13,434
Non-banks	112,329	107,818
Financial investments	3,771,209	3,650,387
a) Financial assets – FV/PL	237,662	241,238
b) Financial assets – AfS	709,536	726,363
c) Financial assets – HtM	2,134,565	2,051,487
d) Interest in entities accounted for using the equity method	689,446	631,299
Financial investments	3,771,209	3,650,387

17) Intangible assets	2015	2014
Customer base	566	608
Other intangible assets	682	950
Intangible assets	1,248	1,558

18) Property, plant and equipment	2015	2014
Investment property	99,501	101,568
Land and buildings	51,220	53,500
Business equipment and furnishings	77,598	74,852
Other property, plant and equipment	18,130	24,723
Property, plant and equipment	246,449	254,643

The Group owned land and buildings used by others with a carrying value of €k 99,501 (previous year €k 101,568); these properties had a fair value of €k 110,940 (previous year €k 112,140). The fair value is assignable to level 3 and is calculated using internal models. Rental income during the financial year came to €k 4,566; the associated expenses (including depreciation) amounted to €k 2,951. The disposability of these properties is restricted by purchase option rights contractually granted to the lessees.

The non-guaranteed residual values attributable to the leasing business amount to €k 56,104.

Leasing (operating leases): Minimum lease instalments in the future	2015	2014
To 3 months	4,635	4,844
3 months to 1 year	13,073	12,794
1 to 5 years	40,348	40,294
Over 5 years	36,100	41,883
Total	94,156	99,815

19) Other assets	2015	2014
Deferred tax assets	55,984	64,138
Positive fair values of closed out derivative positions in the banking book	175,427	131,786
Other items	170,644	202,066
Other deferrals	4,627	3,834
Other assets	406,682	401,824
Deferred tax assets	55,984	64,138
Deferred tax assets	55,984	64,138

Deferred tax assets/liabilities in €k

	Deferred taxes 2015		Deferred taxes 2014	
	Assets	Liabilities	Assets	Liabilities
Loans and advances to credit institutions	0	-8	0	0
Loans and advances to customers	1,775	-9,296	4	-10,080
Provisioning charges	48,041	0	47,019	0
Trading assets	0	-10,839	0	-13,259
Financial investments	0	-23,384	7	-15,015
Financial assets – FV/PL	0	-9,522	0	-8,583
Financial assets – AfS	0	-13,704	0	-6,402
Financial assets – HtM	0	-158	7	-30
Intangible assets	0	-142	0	-154
Property, plant and equipment	2	-94	9	-93
Other assets	0	-27,697	64	-32,404
	49,818	-71,460	47,103	-71,005
Amounts owed to credit institutions	1,818	205	2,278	-51
Amounts owed to customers	17,090	0	19,778	0
Securitised liabilities	5,955	0	5,139	0
Provisions for termination benefits and pensions	22,234	0	31,642	0
Other provisions for liabilities and charges	8,794	-198	5,558	0
Other liabilities	5,917	-1,761	8,190	-1,881
Subordinated debt capital	11,423	0	12,205	0
Untaxed reserves/valuation reserves	0	-571	0	-828
	73,231	-2,325	84,790	-2,760
Capitalisable tax loss carry-forwards	1,443	0	2,176	0
Deferred tax assets/liabilities	124,492	-73,785	134,069	-73,765

Valuation allowance	0	0	0	0
Balance of deferred tax assets/liabilities attributable to the same fiscal authority	-68,508	68,508	-69,931	69,931
Balance of deferred tax assets/liabilities	55,984	-5,277	64,138	-3,834

No deferred tax assets were recognised for loss carry-forwards from the Leasing subgroup in the amount of EUR 6,717 as at 31 Dec. 2015, because their consumption within the foreseeable future does not appear feasible from today's perspective.

20) Amounts owed to credit institutions	**2015**	**2014**
Amounts owed to Austrian banks	1,692,571	1,963,611
Amounts owed to foreign banks	1,302,932	1,288,779
Amounts owed to credit institutions	2,995,503	3,252,390
Amounts owed to credit institutions, by maturities		
On demand	767,964	732,665
To 3 months	681,071	1,038,057
3 months to 1 year	159,924	121,732
1 to 5 years	966,041	915,782
Over 5 years	420,503	444,154
Amounts owed to credit institutions	2,995,503	3,252,390

21) Amounts owed to customers	**2015**	**2014**
Savings deposits	2,912,646	3,098,547
Other	7,608,901	6,895,061
Amounts owed to customers	10,521,547	9,993,608
Amounts owed to customers, by maturities		
On demand	6,761,406	5,308,644
To 3 months	984,221	1,687,868
3 months to 1 year	1,711,565	1,776,798
1 to 5 years	576,102	785,339
Over 5 years	488,253	434,959
Amounts owed to customers	10,521,547	9,993,608

22) Securitised liabilities	**2015**	**2014**
Bonds issued	1,424,158	1,559,330
Other securitised liabilities	19,218	21,312
Securitised liabilities	1,443,376	1,580,642
Securitised liabilities, by maturities		
To 3 months	67,358	149,707
3 months to 1 year	143,183	115,691
1 to 5 years	957,412	978,329
Over 5 years	275,423	336,915
Securitised liabilities	1,443,376	1,580,642

23) Provisions for liabilities and charges	2015	2014
Provisions for termination benefits and pensions	178,698	235,942
Other provisions for liabilities and charges	150,478	147,070
Provisions for liabilities and charges	329,176	383,012
Provisions for anniversary bonuses	11,619	10,533
Loan loss provisions	95,114	81,264
Other items	43,745	55,273
Other provisions for liabilities and charges	150,478	147,070

Movement in provisions for termination benefits and pensions	2015	2014
Provisions balance as at 01/01	235,942	208,892
Allocated to/reversed from provisions for termination benefits	454	6,514
Allocated to/reversed from provisions for pensions	-57,698	20,536
Provisions balance as at 31/12	178,698	235,942

Presentation of obligations under defined benefit plans pursuant to IAS 19	2015	2014
Plan assets	0	0
Provisions for termination benefits	43,209	42,754
Provisions for pensions	135,489	193,188
Provisions for anniversary bonuses	11,619	10,533
Total obligations under defined benefit plans	190,317	246,475

The defined benefit plans of the Oberbank Group comprise obligations in terms of termination benefits, pensions and anniversary bonuses.
The legal basis for the provisions for termination benefits is created by the Austrian Salaried Employees Act (AngG, § 23) as well as the valid collective bargaining agreement for the banking sector (§ 32). Pursuant to § 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 2015, 956 employees were included in the "Severance Pay OLD" system (97% of the entire volume of provisions) and 875 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 2015, provisions for pensions within Oberbank AG encompassed 472 pension beneficiaries (79% of the total volume of provisions) and 427 employees in active service (21% of total provisions).
426 active staff members 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 16% 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, meaning 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. No disability pension was granted in 2015.
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. There were no such cases in 2015.

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

Entitlements are staggered as follows: three monthly salaries after 25 years of service; four monthly salaries after 40 years of service. As at 31 December 2015, provisions for anniversary bonuses covered entitlements of 1,842 persons. No provisions have been set up for 299 persons (201 have already received their anniversary bonuses; 98 persons will reach retirement age prior to the entitlement date).

Movements in provisions for termination benefits, pensions and similar obligations	2015	2014
Present value of defined benefit provisions as at 01/01	**246,475**	**217,880**
Recognised in the income statement		
+ Service cost	3,945	3,230
+ Interest cost	5,429	7,350
Subtotal	**255,849**	**228,460**
Revaluation effects		
Recognised directly in Other comprehensive income		
-/+ Actuarial gain/loss	-30,507	30,402
- financial assumptions	-16,170	31,777
- demographic assumptions	0	0
- experience based assumptions	-14,337	-1,375
-/+ Gains / losses on plan assets	0	0
-/+ Gains / losses from exchange rate movements	0	0
Recognised in the income statement	740	896
Subtotal	**-29,767**	**31,298**
Other		
Payments for plan settlements	-25,098	0
- Payments during the reporting year	-10,667	-11,283
- Other changes	0	-2,000
Subtotal	**-35,765**	**-13,283**
Provisions balance as at 31/12	**190,317**	**246,475**

In 4th quarter of the financial year 2105, all pensioners were offered a compensation payment for their retirement entitlements. In this context, compensation payment variants of 25%, 50%, 75% or 100% of pension entitlements were offered.
In total, 40% of pensioners accepted one of the variants for compensation of pension entitlements offered. The amount paid out for pension entitlements was around EUR 25.1 million. Of the actuarial gains of EUR 30.5 million reported above, EUR 1.8 million were disbursed for the aforementioned compensation payments for pension entitlements.

Actuarial gains / losses attributable to pension and severance obligations were recognised in the reporting year directly in Other comprehensive income (OCI). The amounts will not be reclassified subsequently; a transfer within equity, however, is permitted. Actuarial gains / losses attributable to provisions for anniversary bonuses are shown in the item Staff expenses in the income statement.

Important actuarial assumptions for calculating the present values of defined benefit obligations	2015	2014
Interest rate applied	2.25%	2.25%
Rate of increase under collective agreements	3.25%	3.50%
Pension increase	1.86%	2.75%
Turnover	none	none
Retirement age women	59 - 65 years	59 - 65 years
Retirement age men	65 years	65 years
Mortality tables	AVÖ 2008	AVÖ 2008

Assuming that the computational parameters remain unchanged, we anticipate a reversal of provisions for termination benefits, pensions and similar obligations of about EUR 1.9 million in the financial year 2016. The cash value of post-retirement benefit obligations was €k 217,521 for the financial year 2008, €k 216,229 for the financial year 2009, €k 215,703 for the financial year 2010, €k 216,216 for the financial year 2011, €k 218,727 for the financial year 2012, and €k 217,880 for the financial year 2013.

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%	38,299	118,920	-
Interest rate applied - 1%	47,987	156,346	-
Collective agreement increase + 0.5%	45,199	136,995	-
Collective agreement increase – 0.5%	40,427	134,062	-
Pension increase + 0.5%	-	143,228	-
Pension increase – 0.5%	-	128,380	-

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 to actuarial assumptions.

Maturity profile

The following table shows anticipated payments of benefits in each of the upcoming periods:

in €k	Termination benefits	Pensions	Anniversary bonuses
2016	1,829	7,148	-
2017	1,505	7,296	-
2018	1,873	7,484	-
2019	3,475	7,702	-
2020	3,543	7,906	-
Total of anticipated disbursements of benefits in the next five years	12,225	37,218	-

Maturity

The following table shows the weighted average term to maturity of defined benefit obligations as at 31 December 2015:

in €k	Termination benefits	Pensions	Anniversary bonuses
Maturity	10.49	14.32	-

Movements in other provisions for liabilities and charges	Provisions for anniversary bonuses	Loan loss provisions	Other provisions
Balance as at 01/01	10,533	81,264	55,273
Allocated	1,090	38,763	17,877
Used/exchange differences / effect proportionate consolidation / reclassification	-4	9,209	-26,191
Reversed	0	-34,122	-3,214
Balance as at 31/12	11,619	95,114	43,745

24) Other liabilities	2015	2014
Trading liabilities	45,350	55,372
Tax liabilities	7,846	8,752
Current tax liabilities	2,569	4,918
Deferred tax liabilities *	5,277	3,834
Other obligations	234,761	162,684
Negative market values of closed out derivative positions in the banking book	26,960	43,459
Deferred items	58,045	46,514
Other liabilities	372,962	316,781

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

25) Other liabilities (trading liabilities)	2015	2014
Currency contracts	2,158	4,643
Interest rate contracts	42,777	50,725
Other contracts	415	4
Trading liabilities	45,350	55,372

26) Subordinated debt capital	2015	2014
Issued subordinated bonds incl. supplementary capital	595,993	614,662
Hybrid capital	59,128	79,303
Additional Tier 1 capital	0	20,411
Subordinated debt capital	655,121	714,376
Subordinated debt capital, by maturities		
To 3 months	46,186	31,111
3 months to 1 year	15,771	19,032
1 to 5 years	445,759	411,354
Over 5 years	147,405	252,879
Subordinated debt capital	655,121	714,376

27) Equity	2015	2014
Subscribed capital	96,431	85,924
Capital reserves	348,291	193,592
Retained earnings (including net profit)	1,406,835	1,230,747
Untaxed reserves	17,676	18,704
Negative goodwill	1,872	1,872
Minorities	50,000	0
Subscribed capital	4,559	3,238
Equity	1,925,664	1,534,077
Development of shares in issue (units)		
Shares in issue as at 01/01	28,743,044	28,761,291
New shares issued	3,453,975	0
Treasury shares purchased	-340,277	-167,262
Treasury shares sold	352,268	149,015
Shares in issue as at 31/12	32,209,010	28,743,044
Treasury shares held in the Group’s portfolio	28,090	40,081
Shares in issue as at 31/12	32,237,100	28,783,125

The book value of Oberbank AG shares held on the balance sheet date was EUR 1.1 million (previous year: EUR 1.6 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 01/01/2015	19,610	474,932	114,983
Currency exchange differences	1	173	0
Transfers	0	0	0
Additions	239	29,555	882
Disposals	201	28,770	0
Accumulated depreciation	18,401	229,441	16,364
Book value as at 31/12/2015	1,248	246,449	99,501
Book value as at 31/12/2014	1,558	254,643	101,568
Depreciation during the financial year	350	23,845	2,949

Of total depreciation of property, plant and equipment in the financial year 2015, €k 12,800 assignable to operating leases are shown in the item Other operating income.

Of the additions to real estate held as financial investments, €k 0 are attributable to purchased property and € 882 to subsequent expenditures.

Change in investments in subsidiaries and equity investments	Investments in subsidiaries	Equity investment
Cost of purchase/conversion as at 01/01/2015	153,510	774,445
Additions	1,587	3,712
Change in investments in associates	0	58,147
Write-ups	0	5,168
Disposals	48,192	861
Accumulated depreciation	18,698	25,590
Book value as at 31/12/2015	88,207	815,021
Book value as at 31/12/2014	134,995	752,551
Depreciation during the financial year	183	3,695

In the reporting year, the Company realised proceeds of €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 0 and €k 0 in net income.

29) Fair value of financial instruments at 31/12/2015

	HtM	FV/PL	HFT	AfS	L&R/ Liabilities	Other	Total
Cash and balances at central banks						354,023	354,023
						354,023	354,023
Loans and advances to credit institutions					1,065,913		1,065,913
					1,066,206		1,066,206
Loans and advances to customers	43,914	67,811		69,412	12,658,807		12,839,944
	44,060	67,811		69,412	12,743,424		12,924,707
Impairment provisions					-488,292		-488,292
					-488,292		-488,292
Trading assets			46,173				46,173
			46,173				46,173
Financial investments	2,134,565	237,662		615,577		783,405[1)]	3,771,209
	2,316,642	237,662		615,577			
Intangible assets						1,248	1,248
Property, plant and equipment						246,449	246,449
Other assets			170,644			236,038	406,682
			170,644				
of which closed out derivatives in the banking book			170,644				170,644
			170,644				170,644
Total assets	**2,178,479**	**305,473**	**216,817**	**684,989**	**13,236,428**	**1,621,163**	**18,243,349**
	2,360,702	**305,473**	**216,817**	**684,989**	**13,321,338**		
Amounts owed to credit institutions		87,734			2,907,769		2,995,503
		87,734			2,944,592		3,032,326
Amounts owed to customers		404,609			10,116,938		10,521,547
		404,609			10,133,285		10,537,894
Securitised liabilities		461,872			981,504		1,443,376
		461,872			994,581		1,456,453
Provisions for liabilities and charges						329,176	329,176
Other liabilities			72,310			300,652	372,962
			72,310				
of which closed out derivatives in the banking book			26,960				26,960
			26,960				26,960
Subordinated debt capital		441,884			213,237		655,121
		441,884			214,558		656,442
Capital						1,925,664	1,925,664
Total equity and liabilities	**0**	**1,396,099**	**72,310**	**0**	**14,219,448**	**2,555,492**	**18,243,349**
	0	**1,396,099**	**72,310**	**0**	**14,287,016**		

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

1) €94 million in this item relate to equity interests and non-consolidated interests in associated companies shown at cost in the balance sheet.

29) Fair value of financial instruments as at 31/12/2014

	HtM	FV/PL	HFT	AfS	L&R/ Liabilities	Other	Total
Cash and balances at central banks						147,009 147,009	147,009 147,009
Loans and advances to credit institutions					1,460,988 1,461,191		1,460,988 1,461,191
Loans and advances to customers	40,368 40,419	84,297 84,297		110,074 110,074	12,041,499 12,148,486		12,276,238 12,383,276
Impairment provisions					-474,410 -474,410		-474,410 -474,410
Trading assets			56,649 56,649				56,649 56,649
Financial investments	2,051,487 2,268,246	241,238 241,238		590,382 590,382		767,280 1)	3,650,387
Intangible assets						1,558	1,558
Property, plant and equipment						254,643	254,643
Other assets			202,066 202,066			199,758	401,824
of which closed out derivatives in the banking book			202,066 202,066				202,066 202,066
Total assets	**2,091,855** **2,308,665**	**325,535** **325,535**	**258,715** **258,715**	**700,456** **700,456**	**13,028,077** **13,135,267**	**1,370,248**	**17,774,886**
Amounts owed to credit institutions		89,575 89,575			3,162,815 3,211,465		3,252,390 3,301,040
Amounts owed to customers		412,563 412,563			9,581,045 9,595,580		9,993,608 10,008,143
Securitised liabilities		496,792 496,792			1,083,850 1,098,439		1,580,642 1,595,231
Provisions for liabilities and charges						383,012	383,012
Other liabilities			98,831 98,831			217,950	316,781
of which closed out derivatives in the banking book			43,459 43,459				43,459 43,459
Subordinated debt capital		496,842 496,842			217,534 223,154		714,376 719,996
Capital						1,534,077	1,534,077
Total equity and liabilities	**0** **0**	**1,495,772** **1,495,772**	**98,831** **98,831**	**0** **0**	**14,045,244** **14,128,638**	**2,135,039**	**17,774,886**

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

1) €136 million in this item relate to equity interests and non-consolidated interests in associated companies shown at cost in the balance sheet.

Presentation of the fair value hierarchy for financial instruments carried at fair value			Book value						Fair Value	
as at 31/12/2015 in €k	HtM	FV/PL	HFT	AfS	L&R / Liabilities	Other	**Total**	Level 1	Level 2	Level 3
Financial assets carried at fair value										
Loans and advances to customers	0	67,811	0	69,412	0	0	**137,223**	0	69,412	67,811
Trading assets	0	0	46,173	0	0	0	**46,173**	1,059	45,114	0
Financial assets – FV/PL	0	237,662	0	0	0	0	**237,662**	53,185	184,477	0
Financial assets – AfS	0	0	0	615,577	0	0	**615,577**	489,651	45,502	80,424[1)]
Other assets	0	0	170,644	0	0	0	**170,644**	0	170,644	0
of which closed out derivatives in the banking book	0	0	170,644	0	0	0	**170,644**	0	170,644	0
Financial assets not carried at fair value										
Loans and advances to credit	0	0	0	0	1,065,913	0	**1,065,913**	0	0	1,066,206
Loans and advances to customers	43,14	0	0	0	12,658,807	0	**12,702,721**	0	44,060	12,743,424
Financial assets – HtM	2,134,565	0	0	0	0	0	**2,134,565**	2,252,876	63,766	0
Financial liabilities carried at fair value										
Amounts owed to credit institutions	0	87,734	0	0	0	0	**87,734**	0	32,622	55,112
Amounts owed to customers	0	404,609	0	0	0	0	**404,609**	0	404,609	0
Securitised liabilities	0	461,872	0	0	0	0	**461,872**	0	461,872	0
Other liabilities	0	0	72,310	0	0	0	**72,310**	0	72,310	0
of which closed out derivatives in the banking book	0	0	26,960	0	0	0	**26,960**	0	26,960	0
Subordinated debt capital	0	441,884	0	0	0	0	**441,884**	0	441,884	0
Financial liabilities not carried at fair value										
Liabilities to credit institutions	0	0	0	0	2,907,769	0	**2,907,769**	0	57,126	2,887,466
Liabilities to customers	0	0	0	0	10,116,938	0	**10,116,938**	0	57,187	10,076,098
Securitised liabilities	0	0	0	0	981,504	0	**981,504**	0	994,581	0
Other liabilities	0	0	0	0	0	0	**0**	0	0	0
Subordinated debt capital	0	0	0	0	213,237	0	**213,237**	0	214,558	0

1) This item is made up of equity investments the market value of which was measured using the Discounted Cash-Flow Entity Method and/or mixed methods (Multiples Method in combination with the Discounted Cash-Flow Method).

Presentation of the fair value hierarchy for financial instruments carried at fair value			Book value						Fair value	
as at 31/12/2014 in €k	HtM	FV/PL	HFT	AfS	L&R / Liabilities	Other	**Total**	Level 1	Level 2	Level 3
Financial assets carried at fair value										
Loans and advances to customers	0	84,297	0	110,074	0	0	**194,371**	0	110,074	84,297
Trading assets	0	0	56,649	0	0	0	**56,649**	1,290	55,359	0
Financial assets – FV/PL	0	241,238	0	0	0	0	**241,238**	53,141	188,097	0
Financial assets – AfS	0	0	0	590,382	0	0	**590,382**	449,598	56,881	83,903[1)]
Other assets	0	0	202,066	0	0	0	**202,066**	0	202,066	0
of which closed out derivatives in the banking book	0	0	202,066	0	0	0	**202,066**	0	202,066	0
Financial assets not carried at fair value										
Loans and advances to credit	0	0	0	0	1,460,988	0	**1,460,988**	0	0	1,461,191
Loans and advances to customers	40,368	0	0	0	12,041,499	0	**12,081,867**	0	40,419	12,148,486
Financial assets HtM	2,051,487	0	0	0	0	0	**2,051,487**	2,251,701	16,545	0
Financial liabilities carried at fair value										
Amounts owed to credit institutions	0	89,575	0	0	0	0	**89,575**	0	0	89,575
Amounts owed to customers	0	412,563	0	0	0	0	**412,563**	0	0	412,563
Securitised liabilities	0	496,792	0	0	0	0	**496,792**	0	496,792	0
Other liabilities	0	0	98,831	0	0	0	**98,831**	4	98,827	0
of which closed out derivatives in the banking book	0	0	43,459	0	0	0	**43,459**	0	43,459	0
Subordinated debt capital	0	496,842	0	0	0	0	**496,842**	0	496,842	0
Financial liabilities not carried at fair value										
Amounts owed to credit institutions	0	0	0	0	3,162,815	0	**3,162,815**	0	0	3,211,465
Amounts owed to customers	0	0	0	0	9,581,045	0	**9,581,045**	0	0	9,595,580
Securitised liabilities	0	0	0	0	1,083,850	0	**1,083,850**	0	1,098,439	0
Other liabilities	0	0	0	0	0	0	**0**	0	0	0
Subordinated debt capital	0	0	0	0	217,534	0	**217,534**	0	223,154	0

1) This item is made up of equity investments the market value of which was measured using the Discounted Cash-Flow Entity Method and/or mixed methods (Multiples Method in combination with the Discounted Cash-Flow Method).

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 2015.

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

Valuation methods for measuring fair values
The valuation methods used are in compliance with recognised mathematical methods for measuring financial instruments taking into account any and all factors that market participants would consider appropriate for determining a price.
The income-based methodology is the valuation approach applied to derivatives, securitised liabilities and subordinated capital bonds.
The market-based approach is applied in the fair value measurement of structured products.

Input factors for the fair value measurement
The measurement of the fair value of financial instruments in **level 1** is based on the prices quoted on active markets. These instruments comprise listed securities and derivative instruments.

If direct measurement based on prices quoted on securities exchanges is not possible, the present value in **level 2** is estimated using model values derived from current market data (yield curves, volatilities, etc.). Underlying interest-rate curves and volatilities are procured from the Reuters Market Data System.
Measurements are based on generally accepted valuation models, with measurements being made under market conditions. In the case of derivatives, symmetrical products (e.g. IRS) are measured using the discounted cash flow method. The fair values of asymmetrical products (options) are calculated using standard methods (e.g. the Black-Scholes option price model). Structured products are measured on the basis of price information obtained from third parties. The exchange rates used are the reference rates published by the ECB.

All derivative instruments are measured on a counterparty-risk-free basis in a first step. In a second step, a credit-adjusted risk-free rate is determined for discounting purposes (credit valuation adjustments, CVA). The CVA is determined using expected-loss-based internal probabilities of default.
The fair values of non-listed securities are also obtained from the GEOS system. The fair value of investment fund units is obtained from the fund management companies.
The present value method (discounted cash flow method) is used to calculate the fair value of securitised liabilities and subordinated capital and borrower's note loans; the cash flows of own issues are calculated using the contractual interest rate.
The interest rates used for discounting are derived from the discount curve applicable to the respective currency, adding a premium in the form of a credit spread corresponding to the seniority of the issue.

The fair value of **level 3** assets is measured using generally accepted valuation models. In level 3, the discounted cash flow method is used to calculate the fair values of receivables and liabilities.
Discounted cash flows are calculated on the basis of future payment flows and the reference interest rate applicable on the respective closing date. The interest rates used for discounting are derived from the discount curve applicable to the respective currency. The exchange rates used are the reference rates published by the ECB.
For these financial instruments, no risk premiums in line with credit ratings are observable on the market. If measurements based on risk premiums were to increase by 50 bp, loans and advances to customers valued at fair value would decline by EUR 1.5 million (prev. year: EUR 2.04 million), while amounts owed to credit institutions valued at fair value would increase by EUR 1.4 million (prev. year: EUR 2.15 million).

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

Financial assets in the AfS portfolio (participating interests and shares in affiliated companies) in the amount of EUR 93,959,000 are recognised at cost. There is no active market for these instruments, Oberbank does not intend to sell these.
The following table shows the development of participating interests AfS measured at fair value and assigned to level 3. The fair value of these assets is measured using the discounted cash-flow entity method and/or mixed methods (multiples method in combination with the discounted cash-flow method).

Movements in 2014 in €k:	**2015**	**2014**
Carrying value as at 01/01/	83,903	20,037
Additions (purchases)	0	67,381
Disposals (sales)	0	0
Value changes recognised directly in equity	200	0
Impairment (recognised in income)	-3,679	-3,515
Carrying value as at 31/12	**80,424**	**83,903**

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

	2015	**2014**
Realised gains	0	0
Impairment in 2015	-3,679	-3,515
	-3,679	**-3,515**

The item Other comprehensive income from these instruments increased in the financial year by €k 150 (prev. year: €k 0).

The determination of the fair values of participating interests AfS in level 3 is based on the following significant, non-observable input factors:

	Significant, non-observable input factors	Relationship between significant, non-observable input factors and measurement at fair value
Participating interests available for sale	Discounting rate 5.75% - 8.29% (previous year 5.75% - 8.47%), weighted average: 5.94%	The estimated fair value would increase (drop) if: the discounting rate were lower (higher)

As regards the fair values of participating interests in the AfS portfolio, a reasonably possible change in one of the key non-observable input factors, while leaving the other input factors remain unchanged, would have the following effects on other comprehensive income after taxes:

	31/12/2015		31/12/2014	
in €k	**Increase**	**Reduction**	**Increase**	**Reduction**
Discounting rate (0.25% change)	-2,368	2,379	-2,404	2,417

The remaining level 3 financial instruments valued at fair value comprise loans and advances to customers and/or amounts owed to credit institutions and customers for which the fair value option was used.

Movements in 2015 in €k:	Loans and advances to customers	Amounts owed to credit institutions	Amounts owed to customers
Carrying value as at 01/1	84,297	89,575	412,563
Additions	0	0	15,000
Disposals (repayments)	-14,915	0	-11,000
Change in market value	-1,571	-1,841	-11,954
of which disposals	-664	0	-557
of which of portfolio instruments	-907	-1,841	-11,397
Reclassified to level 2	0	-32,622	-404,609
Carrying value as at 31/12	**67,811**	**55,112**	**0**

Movement 2014 in €k:	Loans and advances to customers	Amounts owed to credit institutions	Amounts owed to customers
Carrying value as at 01/1	83,127	86,308	380,484
Additions	10,000	0	26,000
Disposals (repayments)	-12,939	0	-34,000
Change in market value	4,109	3,267	40,079
of which disposals	370	0	1,555
of which of portfolio instruments	3,739	3,267	38,524
Carrying value as at 31/12	**84,297**	**89,575**	**412,563**

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 these positions.

The amounts owed to credit institutions and loans and advances to customers were reclassified from level 3 to level 2, because now data observed on the market is used.

The result includes impairments of €k 53,739 (prev. year: €k 80,055) on loans and advances to customers; €k 50,996 (prev. year: €k 77,035) thereof was added to specific valuation allowances, and direct write-offs amounted to €k 2,743 (prev. year: €k 3,020). The difference between the book value and the lower repayment values of financial liabilities recognised at fair value through profit or loss came to €k 145,150 (prev. year: €k 157,584). The Company acquired no pledged properties intended for immediate resale in the reporting year. The non-interest-related cumulated change in the fair value of financial liabilities amounted to €k -8,103 (prev. year: €k 3,933), that of financial receivables to €k 687 (previous year €k 926). The periodic change of non-interest-related change in the fair value of financial liabilities amounts to €k -12,036, that of financial assets to €k -239. In this context, the change in fair value resulting from creditworthiness is determined as the change in fair value not accounted for by changes in market risks (interest rates, currencies, etc.).

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

				Amounts not recognised		
	Financial liabilities gross	**Gross amounts offset**	**Net amounts presented**	**Effects of netting arrangements**	**Financial instruments pledged**	**Net**
Assets as at 31/12/2015						
Loans and advances to customers	13,369,641	-529,697	12,839,944			12,839,944
Derivative assets	214,002		214,002	-58,252	-81,031	74,719
Total	**13,583,643**	**-529,697**	**13,053,946**	**-58,252**	**-81,031**	**12,914,663**
Liabilities as at 31/12/2015						
Amounts owed to customers	11,051,244	-529,697	10,521,547			10,521,547
Central bank funds purchased and securities sold under repurchase agreements	734,649		734,649		-734,649	0
Derivative liabilities	70,770		70,770	-58,252	-1,641	10,877
Total	**11,856,663**	**-529,697**	**11,326,966**	**-58,252**	**-736,290**	**10,532,424**
Assets as at 31/12/2014						
Loans and advances to customers	12,832,577	-556,339	12,276,238			12,276,238
Derivative assets	255,100		255,100	-76,566	-92,379	86,155
Total	**13,087,677**	**-556,339**	**12,531,338**	**-76,566**	**-92,379**	**12,362,393**
Liabilities as at 31/12/2014						
Amounts owed to customers	10,549,947	-556,339	9,993,608			9,993,608
Central bank funds purchased and securities sold under repurchase agreements	700,054		700,054		-700,054	0
Derivative liabilities	96,730		96,730	-76,566	-3,840	16,324
Total	**11,346,731**	**-556,339**	**10,790,392**	**-76,566**	**-703,894**	**10,009,932**

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 a master netting arrangement. These master netting arrangements with customers are standardised derivatives framework agreements. Furthermore, standardised agreements such as ISDA contracts are entered into with banks. ISDA contracts are master netting arrangements (framework contracts) with the International Swaps and Derivatives Association (ISDA). Oberbank AG employs these netting arrangements to reduce risks from derivatives in the event of a counterparty default. On the basis of these agreements all transactions involving derivatives are settled net, offsetting assets against liabilities. If the net position is additionally hedged by means of cash collateral given or received (e.g. margin accounts), the hedges are reported in the column "Financial instruments pledged". These hedges are based on CSA (Credit Support Annex) agreements with banks, which define the basic provisions governing the acceptance of collateral. 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.

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

Total remunerations to the Management Board recognised in the consolidated financial statements amounted €k 1,526.7 (prev. year: € 1,451). The variable component thereof was € 325 (prev. year € 313).

Payments to former members of the Management Board and their surviving dependents amounted to € 1,402.9 (prev. year: € 1,394.4). Additionally, compensation payments for pension entitlements were made to former members of the Management Board (including surviving dependents) in the financial year of € 2,552.5.
Expenses (+) / income (-) for termination benefits and pensions for members of the Management Board (including former members of the Management Board and their surviving dependents) came to € -2,078.8 (prev. year: € 5,042.2). This amount includes expenses recognised directly in equity (caused by changes in the parameters used for actuarial calculation of provisions for termination benefits and pensions).

The guidelines on remuneration policies and practices of Oberbank provide 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 or a maximum of EUR 150,000. The fixed basic salaries depend on the particular remits of the Management Board members. Joint and personal performance elements of the Management Board 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.

The assessment of Oberbank as a highly complex institutions within the meaning of the circular letter issued by the Austrian Financial Market Authority (FMA) in December 2012 implies that the variable remuneration component of Management Board members, 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" in its annual meeting in March, is to be paid in a share of 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 of equal parts of equity instruments and cash.

Since variable remuneration components are always retrospectively determined and awarded, provisions must be set up in the balance sheet. However, given the very moderate policy course pursued by the Remuneration Committee, these can easily be planned.
Net of reimbursements for financial penalties, such provisions for the remunerations set up for disbursement in 2013 and 2014 amounted to €k 313 and €k 330 in 2014 and 2015 respectively.
Remunerations for 2016 recognised in the balance sheet as of 31 Dec. 2015 as earmarked for disbursement in 2015 amount to €k 350.
Variable components, like payments made to staff members, are paid out in May together with the monthly salaries; the amount assignable to the portion to be paid in equity instruments is booked to a blocked securities account in the name of the respective Management Board member and used for paying for the shares to be acquired, which are then subject to a holding period of three years.

The provisions created for the portions which are not disbursed in accordance with legal requirements (20% in cash and 20% in equity instruments) remain untouched. These provisions amounted to €k 125 in 2014 and to €k 130 in 2015. These amounts are distributed across the subsequent five years to be paid out following approval by the Remuneration Committee.
In terms of accounting treatment, the provisions to be created for the variable components of Management Board remunerations are recognised as additional staff costs.

Remuneration of the Supervisory Board for the reporting year as recognised in the consolidated financial statements came to €k 229 (previous year: €k 245).

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 was approved by the Annual General Meeting 2014 for the financial year 2014 and subsequent years until further notice as follows: EUR 21,000 for the Chairman, EUR 17,000 for each of his deputies and EUR 15,000 for the other board members.
The Annual General Meeting of 2012 set the annual emoluments for the members of the committees in remuneration of the work rendered by each committee member at EUR 4,000 for the members of the Audit Committee and the Risk and 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.

Loans had been granted and guarantees were in place on behalf of the Supervisory Board of Oberbank AG in the amount of €k 714.3 (previous year: €k 714.3). Loans in the amount of €k 239.1 (previous year: €k 104.9) had been granted to the Management Board of Oberbank AG. They were subject to the customary terms and conditions.

Framework conditions of the 2015 employee stock option plan
Offering period: 26 May to 12 June 2015
Placing of orders until 12 June 2015
Number of shares limited to up to 70,000 ordinary non-par value shares available for purchase and up to 14,000 ordinary non-par value shares allocated free of charge ("bonus shares").
Subscription price: quoted price as at 15 June 2015
Maximum number of shares available for purchase: 140 shares
Bonus shares: one bonus share is allocated free of charge per five purchased shares.

Within the predefined timeframe, the employees of Oberbank AG were offered shares in the Company at preferential conditions (bonus shares). The purchase of shares is subject to restrictions on the amount employees are permitted to invest in purchasing shares.
The number of shares issued to employees within the framework of this offering amounted to 74,028 in the reporting year.
The 12,338 shares acquired via the 2015 buyback programme for the purpose of free-of-charge assignment to the eligible group of people entailed expenses in the amount of €k 643.

2015 buyback programme
The share buyback programme was concluded on 19 June 2015. Within the context of the buyback programme, Oberbank, through the stock exchange and over the counter, repurchased a total of 75,688 ordinary non-par value shares equivalent to 0.2465% of the share capital from 11 June 2015 and 19 June 2015. The weighted average price per ordinary non-par value share amounted to EUR 52.0986; the lowest price paid per ordinary non-par value share was EUR 52.00. The value of repurchased shares amounted to EUR 3,943,235.45.
On 22 June 2015, the Management Board of the Company decided to sell or assign 75,688 of the 75,688 shares, specifically 74,028 shares to employees within the context of the employee stock option plan of 2015 and 1,660 shares to the Management Board by way of share-based remuneration of the Management Board pursuant to § 39b Austrian Banking Act

in compliance with the proposal submitted by the meeting of the Remuneration Committee of the Supervisory Board of Oberbank AG on 22 March 2015; this decision as well as the sale of own shares are herewith published pursuant to § 65 (1a) Joint Stock Companies Act (AktG) in conjunction with § 82 (8 and 9) Stock Exchange Act (BörseG) and pursuant to §§ 4 and 5 Austrian Disclosure Regulation of 2002 and can also be viewed on the homepage of Oberbank:

http://www.oberbank.at/OBK_webp/OBK/oberbank_at/Investor_Relations/Oberbank_Aktien/Aktienrueckkaufprogramm/index.jsp

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 2015, business transactions with related companies and persons were as follows:

in €k	Associates	Subsidiaries	Other related companies and persons[1)]
Business transactions			
Finance	4,133	2,700	899
Guarantees/collateral	3,263	885	1
Balances outstanding			
Receivables	242,818	43,246	1,709
Receivables in previous year	236,759	50,774	1,471
Securities	78,684	0	0
Securities in previous year	94,568	0	0
Payables	162,309	41,982	28,334
Payables in previous year	111,545	54,150	10,759
Guarantees	31,101	7,138	3
Guarantees in previous year	33,714	6,254	44
Provisions for doubtful receivables	315	0	0
Provisions for doubtful receivables in previous year	0	0	0
Income items			
Interest	2,663	252	30
Commission	385	6	361
Expenses			
Interest	104	135	35
Commission	4	0	0
Allowances for doubtful receivables	2,028	5,580	0
Administrative expenses	0	0	0

1) 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 materially influenced by these parties.

31) Segment reporting

The basis for segment reporting is the Bank's internal segment 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 competence was 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.

Segments within the Oberbank Group are: Personal Banking; Corporate and Business Banking (incl. the results of 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; 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; units that contribute to profit but cannot be allocated to any individual segment).

The equity allocated was measured throughout the Group applying interest at a rate of 6% and recognised in net interest income as income from the investment of equity capital. The distribution of the equity capital allocated is done in line with regulatory capital requirements for the segments.

Core business segments in €k	Personal	Corporate	Financial Markets	Other	Total
operative interest income	58,984	248,435	-7,818		299,601
at equity			81,602		81,602
Net interest income	58,984	248,435	73,784		381,203
Charges for losses on loans and advances	-3,539	-35,091	-8,460		-47,090
Net commission income	64,097	68,670	-31		132,736
Net trading income		-528	10,268		9,741
Administrative expenses	-86,379	-123,496	-6,465	-26,931	-243,272
Other operating income	-1,163	4,847	-25,230	-20,286	-41,832
Extraordinary result					
Profit for the year before tax	32,001	162,837	43,866	-47,217	191,486
Average risk-weighted assets	1,350,897	8,100,492	4,201,869		13,653,258
Average allocated equity	169,186	1,014,506	526,242		1,709,934
Return on equity before tax	18.9%	16.1%	8.3%		11.2%
Cost/income ratio	70.8%	38.4%	11.0%		50.5%
Cash and balances at central banks			354,023		354,023
Loans and advances to credit institutions			1,065,913		1,065,913
Loans and advances to customers	2,694,565	10,145,379			12,839,944
Impairment provisions	-50,079	-386,627	-51,586		-488,292
Trading assets			46,173		46,173
Financial investments			3,771,209		3,771,209
of which interests in at-equity companies			689,446		689,446
Other assets				654,379	654,379
Segment assets	2,644,486	9,758,752	5,185,731	654,379	18,243,349
Amounts owed to credit institutions			2,995,503		2,995,503
Amounts owed to customers	4,735,904	5,785,644			10,521,547
Securitised liabilities			1,443,376		1,443,376
Trading liabilities			45,350		45,350
Equity and subordinated debt capital	273,931	1,525,451	781,402		2,580,785
Other liabilities				656,788	656,788
Segment liabilities	5,009,835	7,311,095	5,265,631	656,788	18,243,349
Depreciation and amortisation	4,217	5,490	138	1,550	11,395

As a regional bank, Oberbank has a geographically limited catchment area. Consequently, because it would have been immaterial, there is no segmentation by region.

32) Non performing loans (see also on pages 124 ff)	2015	2014
Loans and advances to credit institutions	0	0
Loans and advances to customers	274,930	299,969
Fixed-interest securities	0	0

33) Assets pledged as collateral	2015	2014
Cover pool for trust money in savings deposits	24,823	24,086
Cover pool for covered bank bonds	129,167	148,877
Cover pool for mortgage-backed covered bank bonds	578,465	417,798
Margin cover and arrangement deposits to back securities transactions	40,247	23,380
Security for Euroclear credit line	7,547	65,691
Security for EIB refinancing loan	0	46,557
Security for EIB global loan facility	113,357	75,000
Securities and receivables for refinancing operations with OeNB	734,649	600,054
Securities held as collateral for the refinancing programme with the Hungarian National Bank	42,628	26,322
Securities held as collateral for payment transactions abroad	0	39,966
Accounts receivable assigned to Oesterreichische Kontrollbank (OeKB)	256,908	259,045
Accounts receivable assigned to LfA Förderbank Bayern and KfW (Kreditanstalt für Wiederaufbau)	521,938	552,762
Other assets furnished as collateral to CCP Austria GmbH as the clearing agent for stock market transactions	410	232
Assets pledged as collateral	2,450,140	2,279,769

Collateral was furnished in accordance with standard commercial practice or legal provisions.

34) Subordinated assets	2015	2014
Loans and advances to credit institutions	12,000	12,000
Loans and advances to customers	49,029	63,400
Bonds and other fixed-interest securities	35,596	56,265
Other variable yield securities	7,259	17,783
Subordinated assets	103,884	149,448

35) Foreign currency balances	2015	2014
Assets	2,150,118	2,156,956
Liabilities	1,931,487	1,591,001

36) Fiduciary assets	2015	2014
Fiduciary loans	364,664	327,080
Fiduciary investments	96	96
Fiduciary assets	364,760	327,176

37) Genuine repurchase agreements	2015	2014
Securities underlying genuine repo agreements had a book value of	0	131,174

38) Contingent liabilities and commitments	2015	2014
Other contingent liabilities (guarantees and letters of credit)	1,345,954	1,302,042
Contingent liabilities	1,345,954	1,302,042
Liabilities arising from non-genuine repos	0	0
Other commitments (irrevocable loan commitments)	3,265,901	2,727,707
Commitments	3,265,901	2,727,707

39) Group of consolidated companies

The following list presents the group of consolidated companies within the Oberbank Group as at 31 December 2015.

Group parent
OBERBANK AG, Linz

Consolidated entities	Percentage held
3-Banken Wohnbaubank AG, Linz	80.00
3-Banken Kfz-Leasing GmbH, Linz	80.00
Ober Pénzügyi Lízing zrt. (Ober Finanz Leasing gAG), Budapest	100.00
Ober Lízing Kft. (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	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 KB Leasing Gesellschaft m.b.H., Linz	100.00
Oberbank Kfz-Leasing GmbH, Linz	100.00
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 Bauhaus Pilsen, s.r.o., Prag	100.00
Oberbank Leasing GmbH Bayern, Neuötting	100.00
Ober Lízing INPROX Misk Kft. (Oberbank Leasing Inprox Misk GmbH), Budapest	100.00
Oberbank Leasing JAF Holz, s.r.o., Prag	95.00
Oberbank Leasing Palamon s.r.o., Prag	100.00
Oberbank Leasing Prievidza s.r.o., Bratislava	100.00
Oberbank Leasing s.r.o., Bratislava	100.00
Oberbank Leasing spol. s. r.o., Prag	100.00
Oberbank LIV Immobilienleasing GmbH, Linz	100.00
Oberbank Mattigtal Immobilienleasing GmbH, Linz	90.00
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 TREI Immobilienleasing GmbH, Linz	100.00
Oberbank Unterpremstätten Immobilienleasing GmbH, Linz	100.00
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H., Linz	100.00

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, Wien	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	7.64

Non-consolidated entities	Percentage held
A. SUBSIDIARIES	
„AM“ Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz	100.00
Banken DL Servicegesellschaft m.b.H., Linz	100.00
Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz	100.00
DPI S.A., Luxemburg (formerly: Duktus S.A., Luxemburg)	57.50
GAIN CAPITAL PARTICIPATIONS SA, SICAR, Luxemburg	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
Samson České Budějovice spol. s r.o., Budweis	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
AMV Networks GmbH, Braunau	20.00

Beteiligungsverwaltung Gesellschaft m.b.H., Linz	40.00
Biowärme Attnang-Puchheim GmbH, Attnang-Puchheim	49.00
Buy-Out Central Europe II Beteiligungs-Invest AG, Wien	24.85
COBB Beteiligungen und Leasing GmbH, Wien	20.25
Cycleenergy Beteiligungs GmbH, Wien	26.28
DREI-BANKEN-EDV Gesellschaft m.b.H., Linz	40.00
GAIN CAPITAL PARTICIPATIONS II S.A. SICAR, Luxemburg	33.11
Gasteiner Bergbahnen Aktiengesellschaft, Bad Hofgastein	32.62
GSA Genossenschaft für Stadterneuerung und Assanierung, gemeinnützige registrierte Genossenschaft mit beschränkter Haftung, Linz	33.02
Herold NZ Verwaltung GmbH, Mödling	24.90
Kontext Druckerei GmbH, Linz	25.20
LHL Immobilien Beteiligungs-GmbH, Linz	50.00
MY Fünf Handels GmbH, Wien	50.00
OÖ HightechFonds GmbH, Linz	24.70
Techno-Z Braunau Technologiezentrum GmbH, Braunau	21.50
Nutzfahrzeuge Beteiligung GmbH, Wien	38.53

Information regarding subsidiaries

As regards accounting methods see item 2) in the Notes to the consolidated financial statements, item Summary accounting policies.

The table below presents a list of the key subsidiaries of the Oberbank Group in 2015 and 2014.

Name	**Country of main activity**	**Equity interest in %**	
		2015	**2014**
Oberbank Leasing GmbH	Austria	100.00	100.00
Oberbank Immobilien-Leasing GmbH	Austria	100.00	100.00
Oberbank Operating Mobilienleasing GmbH	Austria	100.00	100.00
Oberbank Operating OPR Immobilienleasing GmbH	Austria	100.00	100.00
Power Tower GmbH	Austria	99.00	99.00
Oberbank KB Leasing GmbH	Austria	100.00	100.00
3 Banken Kfz-Leasing GmbH	Austria	80.00	80.00
TUELLA Finanzierung GmbH	Switzerland	100.00	100.00
Oberbank Leasing GmbH Bayern	Germany	100.00	100.00
Oberbank Leasing spol.s.r.o.	Czech Rep.	100.00	100.00
Ober Pénzügyi Lízing zrt. (Ober Finanz Leasing gAG)	Hungary	100.00	100.00
Oberbank Leasing s.r.o.	Slovakia	100.00	100.00
Oberbank Hybrid 1 GmbH	Austria	100.00	100.00
Oberbank Mattigtal Immobilienleasing GmbH	Austria	90.00	90.00

As at 31 Dec. 2014 there were no substantial non-controlling interests in any of the subsidiary companies.

Information regarding associates

As regards accounting methods see item 2) in the Notes to the consolidated financial statements, item Summary accounting policies.

The Oberbank Group has four associated companies accounted for under the equity method; three of these are of material importance for the following disclosures.

	BKS Bank AG	Bank für Tirol und Vorarlberg Aktiengesellschaft	voestalpine Group
Nature of relationship	Strategic banking partner	Strategic banking partner	Strategic partner
Type of activity	Credit institution	Credit institution	Steel-based technology and capital goods company
Headquarters of business activity	Austria	Austria	Austria
Interest held	18.52% (2014: 18.52%)	13.22% (2014: 13.22%)	7.64% (2014: 7.75%)
Fair value of ownership share (if listed)	€k 112,752 (2014: €k 115,418)	€k 77,795 (2014: €k 68,443)	€k 378,666 (2014: €k 438,114)

The following table presents summarised financial information on the associated companies BKS Bank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft (credit institutions) and the voestalpine Group (Others). The data are based on the respective group financial statements compiled in accordance with IFRS.

	Credit institutions		Other	
in €k	**2015**	**2014**	**2015**	**2014**
Revenues	542,218	458,348	11,415,087	11,145,655
Profit/loss from continuing operations	215,629	114,863	699,238	608,492
Profit/loss after taxes from discontinued operations	0	0	0	0
Other profit/loss	-63,399	42,109	-146,440	-310
Total result	152,230	156,972	552,798	608,182
short-term assets	1,187,559	757,596	5,313,300	5,782,600
long-term assets	15,079,465	15,490,342	8,235,600	7,242,800
short-term debts	2,230,522	2,470,891	3,354,200	3,934,700
long-term debts	12,104,851	12,058,923	4,685,300	4,159,200
Group's share in the net assets of associated companies at the beginning of the year	276,100	246,371	346,446	316,792
Profit/loss attributable to the parent company	26,063	22,459	40,992	42,345
Dividend received in the financial year	2,526	2,509	13,359	12,691
Additions in the financial year	6,788	9,779	0	0
Group's share in the net assets of associated companies at the end of the year	306,425	276,100	374,079	346,446

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 included mainly 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.
Bank für Tirol und Vorarlberg Aktiengesellschaft carried out a capital increase in the fourth quarter of 2015, which, however, had no impact on the percentage of the holding in the company. The impact on the book value was taken into account in the present consolidated financial statements.

Furthermore, one associated company which is not of material importance in terms of the above disclosures was valued at equity. The profit/loss from continuing operations attributable to this company amounted to €k 621 (previous year: €k 339).

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

in €k	2015	2014
Assets	255,659	264,889
Liabilities	131,540	128,703
Revenues	97,903	93,137
Profit/loss for the period	2,232	3,322

Since these figures were compiled in accordance with Commercial Code, it was not possible to provide a breakdown by result from continuing and discontinued operations, and by other comprehensive income / total income as required pursuant to IFRS 12.

Disclosures regarding jointly controlled operations

As regards accounting methods see item 2) in the Notes to the consolidated financial statements, item Summary accounting policies.

The Oberbank Group holds a 50 per cent interest in ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H, a joint arrangement entered into together with its sister banks BKS Bank AG and Bank für Tirol und Vorarlberg Aktiengesellschaft. The purpose of this company lies in providing a guarantee for large loan exposures of the company banks. The company has its headquarters in Austria.

ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H is classified as a joint arrangement by the Oberbank Group and its sister bank, although it is legally independent of these parties. The reason for this lies in the fact that the guarantee fund created for covering large loan exposures is exclusively available to the partner banks and was endowed from payments made by the latter.

Disclosures regarding non-consolidated structured entities

Nature, purpose and extent of the Group's interest in non-consolidated structured entities

The Oberbank Group engages in various business activities with so-called structured entities which are designed to achieve a defined business purpose. A structured entity is one that has been set up in such a way that any voting rights or similar rights are not the dominant factor in deciding who controls the entity.

A structured company has some or all of the following features or attributes:

- restricted activities
- a narrow and well-defined objective
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support

Structured entities generally finance the purchase of assets by issuing debt or equity securities that are collateralised by and/or indexed to the assets held by the structured entity.

The Oberbank Group's interest in unconsolidated structured entities consist of contractual relationships with attached entitlement to variable proceeds from the performance of the unconsolidated structured entities, which, specifically, relate to business activities with investment fund units in which the Oberbank Group has invested with the purpose of earning investment income.

The entities covered by this disclosure note are not consolidated because the Oberbank Group does not control them through voting rights, contract, funding agreements or other means. Material consolidated structured entities identified within the

Oberbank Group are generally carried at fair value in the IFRS financial statements as their performance is assessed and monitored in terms of their fair value development on the basis of a documented investment strategy.

Income

The Oberbank Group earns income from such transactions, firstly in the form of dividends and secondly from changes in the value of the securities held. Dividends are reported in the item Other operating income.
Changes in value are shown under net income from financial assets - FV/PL in the item Other operating income.

Maximum exposure to loss

The maximum exposure to loss resulting from these interests corresponds to the book value at which the assets are carried in the balance sheet. The effects of collateral are not taken into account.

Size

The Oberbank Group has defined the fair value of managed assets as the appropriate indicator for evaluating the size of non-consolidated structured entities. The decision to use the fair value was taken because the performance of these investments is assessed and monitored by their fair value development on the basis of a documented investment strategy.

Financial support

During the financial year, the Oberbank Group provided no support to non-consolidated structured entities other than that those required under contractual obligation. No such support is planned for the future either.

The following table shows the carrying value of the interests held by the Group and the respective maximum exposure to loss resulting from these interests. It also provides an indication of the size of structured entities.

in €k €	**2015**	**2014**
Assets		
Financial assets - FV/PL	31,060	36,363
Statement of comprehensive income		
Other operating result	6,224	1,634
Net income from financial assets - FV/PL	126	-4,169
Other operating result	6,098	5,803
Maximum exposure to loss	31,060	36,363

Risk Report

40) Risk management

Risk strategy

Knowingly assuming risks is a key element of the 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 basis for the risk strategy of Oberbank is the Bank's positioning 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, 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.

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 integrating the individual risk types into the overall banking risk. The ALM Committee is headed by the Management Board member in charge of Risk Management. 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 (§ 39 (2) BWG) is assumed by the Accounts and Controlling department. This is the unit responsible for measuring, analysing, monitoring and reporting all material risks within Oberbank. The reporting line is to the Management Board, 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) is in compliance with the internationally recognised COSO Framework standards. 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 reported regularly, in a multi-layered process regarding efficacy and maturity. Control activities are documented and reviewed, ICS-relevant risks are regularly evaluated and adjusted. This ongoing optimisation process contributes to quality assurance. 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 work instructions.

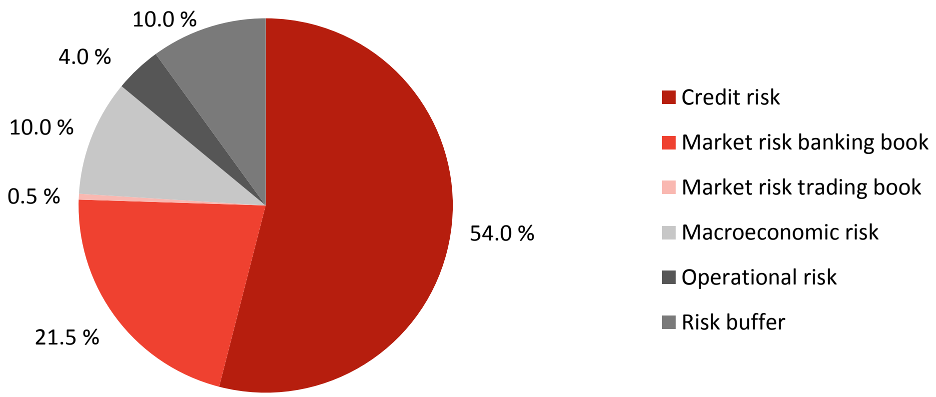
Disclosure pursuant to Part 8 of Regulation (EU) No 575/2013 (CRR)

Oberbank has chosen the Internet as the publicly accessible medium for disclosures required pursuant to Part 8 CRR. Disclosures are available for at the Oberbank website www.oberbank.at [HYPERLINK: 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-bearing capacity calculation. The basis for the assessment of the Bank's risk-bearing capacity is a quantification of all material banking risks and the economic capital allocated to each of them. Within the framework of the calculation of Oberbank's risk-bearing capacity, the ICAAP risk limits for material banking risks specific to the business model of Oberbank are derived from the Bank's economic coverage capital. Within the framework of this process, ICAAP risk limits are derived for all material banking risks, specifically the credit risk (within which loss exposure, the counterparty default risk, the foreign currency loan risk, the risk of credit valuation adjustments (CVA risk) and credit risk concentrations are quantified), the market risk in the trading book, the market risk in the banking book, the liquidity risk, the operational risks as well as risks arising from the macroeconomic environment. In the risk-bearing capacity calculation, the risk appetite of Oberbank is limited to 90% of the economic coverage 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



On 31 Dec. 2015, limit utilisation stood at 55.5% (31/12/2014: 58.9%). The credit risk limit was utilised to 58.3% (31/12/2013: 63.9%), the limit for market risk in the banking book to 58.2% (31/12/2014: 54.0%), the market risk limit in the trading book to 33.2% (31/12/2014: 32.0%), the limit for the macroeconomic risk to 31.0% (31/12/2014: 40.1% and the operational risk limit to 66.7% (31/12/2014: 68.3%).

Effects of stress scenarios

Oberbank complements the risk-bearing capacity 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, decline on stock and real estate markets, etc.) by means of underlying scenarios assuming increased probability of loss exposure, 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 2015. The overall limit utilisation in the worst case scenario was 63.6% (31/12/2014: 68.9%).

Responsibility for the Group's risk management by risk category

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: 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. 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.

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:

- 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-bearing capacity 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-bearing capacity 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 constantly monitored.

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-interest bearing securities amounted to 12.90% (prev. year: 14.81%). This share, in particular, includes receivables from the federal government (8.47%); European banks and insurance companies (2.70%), industrial companies and utilities (1.13%) and service companies (0.60%).

Risk maturities were not matched. The volume of each large-loan exposures was far below the regulatory cap.

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 credit management encompasses credit risks, country risks and counterparty risks, foreign currency risk as well as transfer and concentration risk. Oberbank has no transactions from securitisations 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 the 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, Slovakia and Hungary, 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 to 10% of the total volume of loans to customers or 15% of the volume of personal loans. Effective January 2013, new foreign currency loans to consumers became subject to 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 defined, 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 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 fact, Oberbank considers its credit rating process as one of the Bank's core competences. In the corporate banking business, these assessments are performed using credit rating processes developed with statistical methods. The same is true for the retail business in Austria and Germany. The expert systems used in CEE markets for the retail banking will be replaced by statistical methods.

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 for credit institutions, central governments and other 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 when granting a loan and thereafter at least once annually. The authority to approve 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 based primarily 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.

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.

Exposure in €k €	**as at 31/12/2015**	**as at 31/12/2014**
Loans and receivables	13,851,645	13,558,572
Fixed-income securities	2,645,939	2,596,871
Credit risks from derivatives and contingent liabilities	4,869,243	4,335,613
Total exposure	**21,366,827**	**20,491,056**

Distribution 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 III 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 stable-value collateral, non-performing loan exposures included EUR 45.9 million (previous year: EUR 53.2 million) in non-impaired receivables in the reporting year.

Rating category in €k as at 31/12/2015	Loans and receivables	Fixed-interest securities	Credit risk from derivatives and contingent liabilities	Total exposure
Very strong	6,205,058	2,395,236	2,565,256	11,165,551
Strong	6,714,116	250,700	2,195,032	9,159,848
Weak	365,248	2	52,518	417,769
Non-performing	567,223		56,436	623,659
Total exposure	**13,851,645**	**2,645,939**	**4,869,243**	**21,366,827**

Rating category in €k as at 31/12/2014	Loans and receivables	Fixed-interest securities	Credit risk from derivatives and contingent liabilities	Total exposure
Very strong	5,818,724	2,321,020	2,115,649	10,255,393
Strong	6,690,484	275,799	2,094,353	9,060,637
Weak	469,221	1	87,931	557,153
Non-performing	580,142	50	37,680	617,873
Total exposure	**13,558,572**	**2,596,871**	**4,335,613**	**20,491,056**

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. 2015 and as at 31 Dec. 2014, broken down by Oberbank markets and other regions.

Geographic distribution in €k as at 31/12/2015	Loans and receivables	Fixed-interest securities	Credit risk from derivatives and contingent liabilities	Total exposure
Austria	8,680,345	1,128,826	3,648,328	13,457,499
Germany	2,529,353	371,979	796,841	3,698,172
Eastern Europe (CZ, SK, HU)	1,941,888	117,535	250,965	2,310,387
Western Europe (except DE)	448,086	318,757	111,472	878,315
PIGS countries	17,797	196,878	36,300	250,976
Other countries	234,177	511,964	25,336	771,477
Total	**13,851,645**	**2,645,939**	**4,869,243**	**21,366,827**

Geographic distribution in €k as at 31/12/2014	Loans and receivables	Fixed-interest securities	Credit risk from derivatives and contingent liabilities	Total exposure
Austria	8,434,730	1,127,534	3,236,593	12,798,857
Germany	2,490,805	411,120	751,955	3,653,881
Eastern Europe (CZ, SK, HU)	1,897,595	131,254	199,392	2,228,241
Western Europe (except DE)	432,771	254,596	90,147	777,514
PIGS countries	18,734	196,699	37,511	252,944
Other countries	283,937	475,667	20,015	779,619
Total	**13,558,572**	**2,596,871**	**4,335,613**	**20,491,056**

The table below shows the PIGS countries in detail.

in €k as at 31/12/2015	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	33,610	33,610
Italy	12,388	-	87,087	2,421	101,896
Greece	31	-	0	21	52
Spain	5,379	-	109,791	248	115,418
Total	**17,797**	**-**	**196,878**	**36,300**	**250,976**

in €k as at 31/12/2014	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	62	-	0	33,322	33,385
Italy	14,523	-	87,232	827	102,582
Greece	70	-	0	13	83
Spain	4,078	-	109,468	3,349	116,895
Total	**18,734**	**-**	**196,699**	**37,511**	**252,944**

Presentation of the portfolio by sector

The following tables show the overall credit risk volume as at 31 Dec. 2015 and as at 31 Dec. 2015 broken down by sector.

Sector as at 31/12/2015 in €k	Loans and receivables	Fixed-rate securities	Credit risk from derivatives and contingent liabilities	Total
Credit and insurance industry	1,317,044	986,321	291,327	2,594,692
Public sector	705,453	1,449,571	198,165	2,353,188
Raw materials processing	620,870	27,526	269,007	917,403
Metals processing	728,560	41,239	603,513	1,373,313
Manufacture of goods	891,348	11,655	401,676	1,304,680
Trade	1,432,753	11,129	770,990	2,214,873
Services	1,485,783	9,750	451,742	1,947,275
Construction	459,637	8,578	500,598	968,813
Real estate	804,448		155,314	959,763
Transportation	536,017		73,515	609,532
Utilities	200,251		101,809	302,060
Agriculture and forestry incl. mining	107,331		13,475	120,807
Holding and investment companies	783,765	100,170	334,621	1,218,556
Individuals and self-employed persons	2,968,794		553,895	3,522,689
Other	809,591		149,594	959,184
Total	**13,851,645**	**2,645,939**	**4,869,243**	**21,366,827**

Sectors as at 31/12/2014 in €k	Loans and receivables	Fixed-rate securities	Credit risk from derivatives and contingent liabilities	Total
Credit and insurance industry	1,810,682	917,910	278,187	3,006,779
Public sector	615,833	1,461,981	56,630	2,134,444
Raw materials processing	606,506	28,737	254,186	889,429
Metals processing	799,092	40,086	544,588	1,383,766
Manufacture of goods	932,416	11,517	494,929	1,438,863
Trade	1,453,902	14,542	694,494	2,162,938
Services	1,302,029	24,301	357,966	1,684,296
Construction	373,258	8,496	439,567	821,321
Real estate	731,889		131,435	863,324
Transportation	457,374		75,747	533,121
Utilities	234,349		82,973	317,322
Agriculture and forestry incl. mining	103,054		17,584	120,638
Holding and investment companies	700,026	89,250	252,101	1,041,377
Individuals and self-employed persons	2,706,221		486,442	3,192,663
Other	731,941	50	168,785	900,776
Total	**13,558,572**	**2,596,871**	**4,335,613**	**20,491,056**

Collateral assets

Strategies and processes applied in valuating and managing collateral securities
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 cover shortfall 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.

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, also 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 III. The internal coverage values are 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 done 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 the valuation risk and the liquidation risk involved in the respective collateral asset as well as the interest effect resulting from the realisation period required for the respective collateral security.

The market value of financial assets is constantly monitored to ensure it is up to date; 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 CRR.

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

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. No collateral assets in compliance with the IFRS recognition criteria were liquidated in the reporting period.

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 (86.07%; previous year: 85.32%) of collateral assets; the remainder relates to the exposure types "Credit risk from derivatives and contingent liabilities" 10.16% (previous year: 10.48%) and "Fixed-rate securities" 3.77% (previous year: 4.20%).

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

Collateralised exposure value in €k	31/12/2015	31/12/2014
Financial collateral	**1,152,013**	**1,144,324**
Cash deposits	938,676	941,583
Bonds	113,062	122,114
Stocks and other variable interest securities	100,275	80,628
Real estate collateral	**4,106,349**	**3,711,543**
Residential real estate	1,911,929	1,716,432
Commercial property	2,194,420	1,995,111
Physical collateral	**646,816**	**667,696**

Personal securities accepted by the Bank are restricted to sureties and guarantees. The six most important guarantors, which account for 78.3% (previous year: 83.4%) of the entire volume of personal securities, are listed below.

as at 31/12/2015 in €k	Rating acc. to Standard & Poor´s	Amount	in %
Total amount of recognised guarantees		**778,982**	**100.0%**
of which Austria	AA+	417,843	53.6%
of which Slovakia	A	64,290	8.3%
of which municipality of Graz		50,000	6.4%
of which Province of Upper Austria	AA+	38,032	4.9%
of which LfA Förderbank Bayern	Aaa (Moody’s)	24,444	3.1%
of which Province of Styria	AA	15,088	1.9%

as at 31/12/2014 in €k	Rating acc. to Standard & Poor´s	Amount	in %
Total amount of recognised guarantees		**741,531**	**100.0%**
of which Austria	AA+	415,843	56.1%
of which Slovakia	A	64,186	8.7%
of which municipality of Graz		50,000	6.7%
of which Province of Upper Austria	AA+	48,403	6.5%
of which LfA Förderbank Bayern	Aaa (Moody’s)	26,731	3.6%
of which KfW Kreditanstalt für Wiederaufbau	AAA	13,607	1.8%

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.

Specific impairment allowances are set aside pursuant to IAS 39 para 63 using the discounted cash-flow method. For all non-performing loans of minor significance, a lump sum specific impairment allowance is created for the shortfall. The impairment allowance covers 100% of the shortfall for loans already terminated. For the remaining amount, 50% of the shortfall is applied for the specific impairment allowance.

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 decreased by EUR 30.9 million to EUR 47.1 million versus the year 2014.

Movements in impairment provisions (income statement view)

in €k	**31/12/2015**	**31/12/2014**
Allocated to loan loss provisions	126,040	128,955
Reversals of loan loss provisions	-78,734	-57,533
Direct write-offs of receivables	2,742	3,020
Recoveries of written-off receivables	-2,958	-2,230
Attributable to entities accounted for by proportionate consolidation	0	5,815
Total	**47,090**	**78,027**

Movements in impairment provisions (balance sheet view)

in €k	As at 1/1/2015	Added	Reversed	Used	Exchange rate changes 2)	As at 31/12/2015
Specific impairment allowances for receivables from credit institutions	0	0	0	0	0	0
Specific impairment allowances for receivables from customers	293,003	80,467	-44,612	-29,418	635	300,075
Portfolio impairment provisions under IAS 39	181,407	6,810	0	0	0	188,217
Loan loss provisions 1)	**474,410**	**87,277**	**-44,612**	**-29,418**	**635**	**488,292**
Provisions for credit risks	81,264	38,763	-34,122	0	9,209	95,114
Total impairment provisions	**555,674**	**126,040**	**-78,734**	**-29,418**	**9,844**	**583,406**

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

2) Effect of currency fluctuations €k 601 and effects of proportionate consolidation €k 9,243

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 21,367 million (previous year: EUR 20,491 million). This value contrasts with a total of EUR 6,979.0 million (prev. year EUR 6,543.8 million) of which EUR 217.3 million (prev. year EUR 311.3 million) for impaired and non-performing loans and advances. Interest and similar income includes an amount of EUR 13.4 (prev. year: EUR 14.7) from impaired 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 assets are disclosed on page 78 and 79.

Non-performing loans
Assets are classified as non-performing if a default definition within the meaning of Basel III applies. A material financial obligation is more than 90 days overdue or full repayment is improbable. The following criteria are an indication that a claim is unlikely to be settled:
1. Giving up ongoing interests;
2. A specific impairment provision (specific valuation allowance) has to be set up due to a marked deterioration of the debtor’s credit quality;
3. The credit exposures requires restructuring;
4. Loan collection initiated due to inability/unwillingness to pay, fraud or other reasons;
5. Factoring results in a material loss due to deteriorated credit rating;
6. Insolvency.

Assets answering to these criteria are recognised (non-performing) and form part of the balance sheet items below. Furthermore, the development of the key indicator "non-performing loans ratio" is derived from the table below.

in €k 1)	31/12/2015	31/12/2014
Loans and advances to credit institutions	0	0
Loans and advances to customers	274,930	299,969
Fixed interest securities	0	0
Total	**274,930**	**299,969**
Non-performing loans ratio 2)	1.72%	1.90%

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

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

The exposure volume from non-performing receivables and impairment provisions as well as collateral assets by sector is shown in the table below.

Sectors in €k as at 31/12/2015	**Non-performing**	**Specific impair-ment provisions**	**Loan loss provisions**	**Collateral assets**
Credit and insurance industry	42	33		
Public sector	134	134		
Raw materials processing	13,810	9,497	214	2,899
Metals processing	63,923	25,911	4,894	17,124
Manufacture of goods	113,660	47,008	4,029	35,848
Trade	128,301	56,065	6,137	53,369
Services	76,795	38,406	10,453	34,134
Construction	21,198	12,320	2,419	7,168
Real estate	12,292	9,155	685	2,607
Transportation	9,427	6,612	54	1,156
Utilities	11,849	7,797	1,003	3,145
Agriculture and forestry incl. mining	2,274	1,539	30	659
Holding and investment companies	53,266	20,908	2,004	14,937
Private and self-employed persons	90,732	45,601	964	32,557
Other	25,957	19,090	3,034	7,697
Impairment provisions not assignable to a specific sector			59,196	
Total	**623,659**	**300,075**	**95,114**	**213,300**

Sectors in €k as at 31/12/2014[1)]	**Non performing**	**Specific impair-ment provisions**	**Loan loss provisions**	**Collateral assets**
Credit and insurance industry	42	38		
Public sector	132	91		55
Raw materials processing	16,688	11,902	240	4,455
Metals processing	48,277	26,165	2,426	32,592
Manufacturing of goods	119,940	53,105	183	65,200
Trade	124,083	43,368	2,296	72,107
Services	84,305	38,164	2,940	56,273
Construction	27,989	16,969	1,335	10,801
Real estate	18,865	10,024	602	6,782
Transportation	9,266	4,806	2,204	3,897
Utilities	7,437	6,950		302
Agriculture and forestry incl. mining	2,694	1,960	30	1,598
Holding and investment companies	42,026	16,862	106	8,530
Private and self-employed persons	91,305	45,586	335	38,583
Other	24,823	17,012	977	8,108
Impairment provisions not assignable to a specific sector			67,590	
Total	**617,873**	**293,003**	**81,264**	**309,282**

The table below shows non-performing receivables, impairment provisions and collateral assets by region.

Geographic distribution in €k as at 31/12/2015	**Non-performing**	**Specific impairment provisions**	**Loan loss provisions**	**Collateral assets**
Austria	373,081	153,518	27,103	144,985
Germany	111,632	59,854	8,749	35,452
Eastern Europe (CZ, SK, HU)	98,437	55,805	31	29,645
Western Europe (except DE)	21,669	20,919	36	692
PIGS countries	9	8		
Other countries	18,831	9,971		2,526
Impairment provisions that cannot be allocated to a specific region			59,196	
Total	**623,659**	**300,075**	**95,114**	**213,300**

Geographic distribution in €k as at 31/12/2014[1)]	**Non-performing**	**Specific impairment provisions**	**Loan loss provisions**	**Collateral assets**
Austria	338,204	146,273	11,145	170,427
Germany	129,128	65,594	2,354	68,997
Eastern Europe (CZ, SK, HU)	106,861	49,418	21	54,611
Western Europe (except DE)	22,618	19,965	154	9,556
PIGS countries	8	6		
Other countries	21,055	11,747		5,691
Impairment provisions that cannot be allocated to a specific region			67,590	
Total	**617,873**	**293,003**	**81,264**	**309,282**

In addition, in accordance with IAS 39 there is a general impairment allowance for performing categories in a volume of €k 188,217 (previous year: €k 181,407).
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.

as at 31/12/2015 in €k [1)]			
Overdue for	**Loans and receivables**	**Credit risks from derivatives and contingent liabilities**	**Total**
Less than 30 days	156,830	23,232	180,062
Between 30 and 60 days	13,369	601	13,970
Between 60 and 90 days	2,142	12	2,154
Total	**172,341**	**23,844**	**196,186**

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.

as at 31/12/2014 in €k [1)]			
Overdue for	**Loans and receivables**	**Credit risks from derivatives and contingent liabilities**	**Total**
Less than 30 days	167,967	42,556	210,523
Between 30 and 60 days	36,601	16,035	52,636
Between 60 and 90 days	5,529	589	6,118
Total	**210,098**	**59,179**	**269,277**

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).

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.

In the event that agreements on terms usually not granted for new loans are made with customers in payment difficulties, the respective exposure is marked as a deferment.
Additionally, the exposure is examined as to whether it is to be considered a default case. In this event, the customer is downgraded to non-performing status and a specific impairment provision is set up for the unsecured part of the exposure.

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

Deferment/respite measures in €k	As at 31/12/2014 1)	No longer categorised as deferment / respite	Decline in volume1)	Newly categorised as deferment / respite	As at 31/12/2015	Interest received in the reporting period
Term extension	91,507	448	27,375	13,833	77,517	2,425
Deferment	34,905		4,850	9,466	39,521	1,179
Waiver of other contractual rights	34,084		135	530	34,479	1,119
Restructuring	28,980		314	10,349	39,015	1,245
Other	3,209		1,168	4,402	6,443	149
Total	**192,684**	**448**	**33,841**	**38,580**	**196,975**	**6,118**

1) Due to repayments, principal repayment

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

as at 31/12/2015 in €k			
Rating category	**Exposure**	**Impairment provisions1)**	**Collateralised exposure**
Very strong	3,074	157	2,488
Strong	14,162	206	10,209
Weak	18,228	809	15,133
Non-performing	161,511	73,873	53,442
Total	**196,975**	**75,045**	**81,271**

1) The impairment provisions shown within the performing categories are attributable to portfolio impairment allowances set up pursuant to IAS 39

as at 31/12/2014 in €k			
Rating category	**Exposure**	**Impairment provisions[1)]**	**Collateralised exposure**
Very strong	1,359	36	1,203
Strong	26,027	106	15,857
Weak	8,228	282	6,957
Non-performing	157,070	60,747	46,544
Total	**192,684**	**61,171**	**70,561**

1) The impairment provisions shown within the performing categories are attributable to portfolio impairment allowances set up pursuant to IAS 39.

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; 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. This segment, among others, includes the following equity investments of the 3 Banken Group:

- 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 the strategic investment in voestalpine 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 fund, 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 book values and fair values of equity investments are shown below:

as at 31/12/2015 in €k	**Carrying amounts**	
Groups of equity instruments by valuation type	Book value	Fair value
Available for sale		
Exchange-traded	8,339	8,339
Non-exchange-traded	174,383	174,383
Fair value through profit and loss		
Non-exchange traded	31,060	31,060
Interests in entities accounted for using the equity method		
Exchange-traded	680,504	569,213
Non-exchange-traded	8,942	8,942
Total	**903,228**	**791,937**

as at 31/12/2014 in €k	**Carrying amounts**	
Groups of equity instruments by valuation type	Book value	Fair Value
Available for sale		
Exchange-traded		
Non-exchange-traded	219,884	219,884
Fair value through profit and loss		
Non-exchange-traded	36,363	36,363
Interest in entities accounted for using the equity method		
Exchange-traded	622,547	621,975
Non-exchange-traded	8,752	8,752
Total	**887,546**	**886,974**

43) Market Risk

Market risk is defined as the risk of possible losses arising due to changes in value as a result of movements in financial market prices and rates. 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

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.

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.

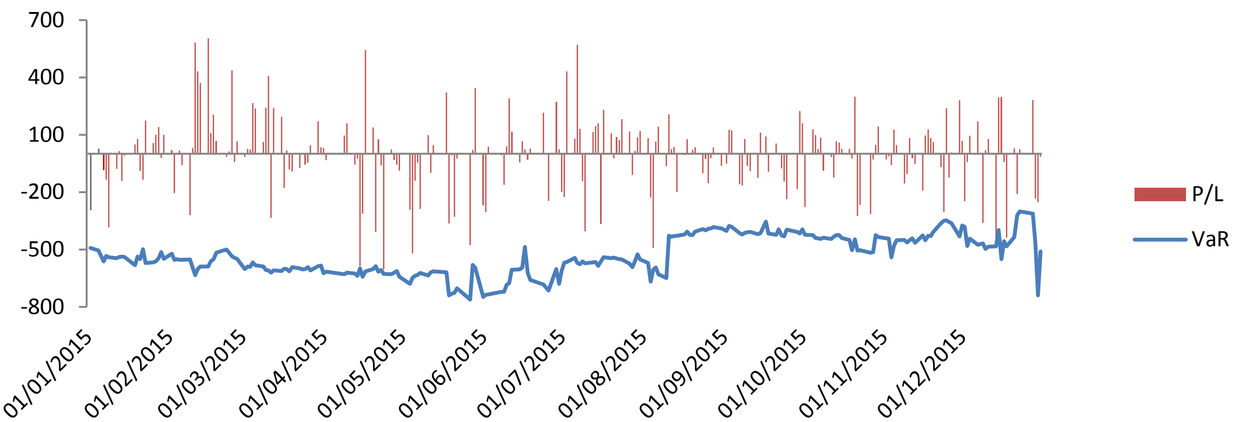
The table below shows the development of value at risk in the reporting period:

Value-at-risk 2015 in €k				
31/12/2014	MAX	MIN	Average	31/12/2015
1,557	2,412	951	1,676	1,617

Value-at-risk 2014 in €k				
31/12/2013	MAX	MIN	Average	31/12/2014
869	1,906	854	1,270	1,557

The quality of the statistical model is checked by 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 2014, no outlier occurred the reporting year.

Back-testing VaR-Model 2015 in €k



Besides value-at-risk limits, measures to limit exposure also include risk reduction limits such as stop-loss limits and volume limits.

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.

in €k	Volume as at 31/12/2015	Volume as at 31/12/2014
CHF	-151	-4,829
USD	1,966	-396
AED	171	44
GBP	183	98
HUF	-2,928	-3,641
SAR	72	80
SEK	37	76
CAD	40	86
CNY	-129	6
RON	28	53
HKD	44	-62
ILS	17	108
INR	-84	22
SGD	19	67
JPY	-400	-828
TRY	-19	-51
CZK	-11,063	-7,750
Other currencies long	181	209
Other currencies short	-55	-77
Gold	1,654	1,211

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 as well as the credit spread risk.

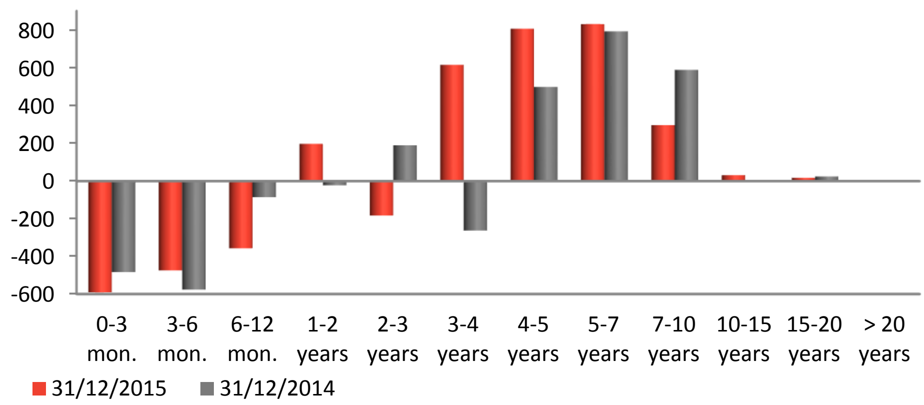
The ALM Committee meets once every month. Members of the Committee are the Management Board member responsible for risk management of Oberbank AG as well as representatives of various departments, namely Global Financial Markets, Accounts and Controlling, Private Banking & Asset Management, Credit Management, Credit Management, Corporate & International Finance, Corporate Secretary & Communication, Internal Audit, and Organisational 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 and interest-rate sensitivity analysis. Quantification is now based on the regulatory 200 bp interest rate shift (confidence level of 99% and holding period of one year). Non-interest-bearing positions are not taken into account. As at 31 December 2015, the interest rate risk in the banking book came to EUR 215.75 million (prev. year: EUR 184.73 million).

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 31/12/2015 with 31/12/2014) 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 2014, the risk involved in these positions was EUR 112.0 million (previous year: EUR 76.0 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 an unchanged credit rating of the debtor. The credit spread risk is measured with a confidence level of 99% and a holding period of one year. As at 31 December 2015, the risk thus established amounted to EUR 29.4 million (prev. year: EUR 41.0 million).

44) Macroeconomic risks

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.).

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.

As at 31 December 2015, the macroeconomic risk thus estimated was EUR 88.6 million (prev. year: EUR 104.6 million).

45) Operational risk

Operational risks are an inseparable part of banking operations. This term refers to the risks that primarily affect the operations of the bank. 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. 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.

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.

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.

Systematic risk analyses form the basis for the steering and further operational risk management. These are conducted, on the one hand, in the form of a risk assessment as regular survey and quantification of potential operational risks and by the evaluation of incidences of damage contained in a database of such events.
To this end, an OpRisk Report is prepared by Risk Controlling on a quarterly basis and reported to the Management Board within the scope of reporting duties. The report groups the damage incidents by business area and damage categories. The damage cases are analysed and measures are taken to avoid or mitigate future incidences of such damage.

Concrete measures have been taken to hedge against any major risks identified within the framework of risk analyses (e.g. insurance contracts, IT contingency plans, backup computing centre).

The quantification of operational risk is calculated within the framework of the risk-bearing capacity calculation in accordance with the standardised approach pursuant to Part 3, Title III, Chapter 3 CRR. As at 31 December 2015, the risk EUR 76.1 million (prev. year: EUR 71.2 million). The ratio of actual expenses due to operational risk incidents compared with total ICAAP risk capital was 29.11% in 2015 (previous year: 9.91%). In the past five years, on average, this ratio was 10.43%.

In a total of 763 loss incidents incurred in 2015 (previous year: 326), the average amount of loss per incident recorded in the central loss database amounted to approximately €k 29.1 (prev. year: €k 21.6).

46) 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 or having to raise additional capital 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 lines) 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).

Primary objectives of liquidity risk management

- Ensuring that the Bank is solvent at all times
- and optimising the Bank's refinancing structure in terms of risk and results

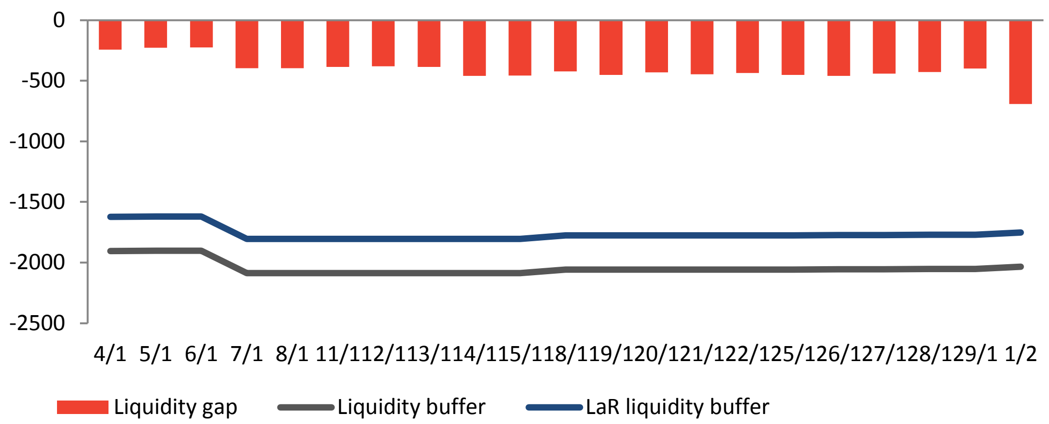
Oberbank has traditionally adhered to the financing principle of ensuring that the Bank's entire customer loans volume can be refinanced from primary deposits by customers and assistance funds made available by banks specialised in subsidised lending. This principle continues to be valid. On 31 December 2015, the loan/deposit ratio stood at 92.3% (prev. year: 91.7%).

A further strategic principle is the goal of having as highly diversified sources for refinancing as possible to avoid dependence on the interbank money market and capital market. This includes proactively dealing with eligible collateral when granting loans.

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.

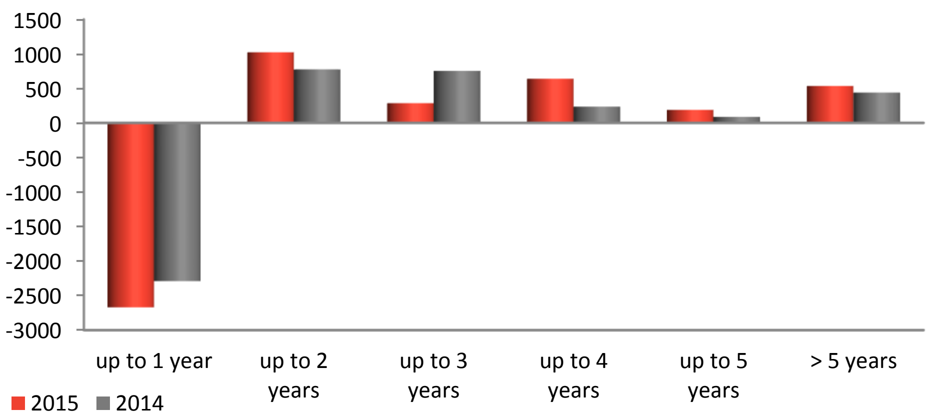
The responsibility for managing short-term liquidity lies with the Global Financial Markets department, which is also responsible for the Bank's compliance with regulatory provisions. The Accounts and Controlling department calculates a 30-days or 90-days-forward liquidity gap analysis including the available risk buffer minus liquidity at risk, 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 31/12/2015 in €m



Oberbank's long-term, strategic liquidity is managed by the Management Board and the ALM Committee. The Accounts and Controlling department is responsible for the reporting. A liquidity gap analysis that presents payment flows resulting from transactions per maturity band is drawn up to present the medium-term and long-term liquidity risk management of the Bank.

Medium-term to long-term liquidity gap analysis as at 31/12/2015 and 31/12/2014 in €m



The capital commitment report (without newly acquired business) shows a gross funding requirement of EUR 2.7 billion (previous year: EUR 2.3 billion) as at the end of the first year. This corresponds to a funding ratio of 72.6% (previous year: 75.1%) and is hence clearly better than the internally fixed limit of 70%.

The following table shows the maturity structure of securities and loans eligible for repo transactions:

in €k as at 31/12/2015	up to 1 month	1-12 months	1-5 years	> 5 years
Securities and loans eligible for repo transactions	53,499	301,949	1,290,628	991,626

in €k as at 31/12/2014	up to 1 month	1-12 months	1-5 years	> 5 years
Securities and loans eligible for repo transactions	83,743	131,441	805,436	1,413,045

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 twelve-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 the eventuality of extreme market conditions.

The following table presents contractual cash flows of financial liabilities in accordance with IFRS 7.39 a and b:

as at 31/12/2015 in €k	**Book values**	**Contractual cash flows**	**Up to 1 month**	**1-12 months**	**1-5 years**	**> 5 years**
Amounts owed to credit institutions	2,995,503	3,082,730	1,391,391	155,553	1,054,321	481,464
Amounts owed to customers	10,521,547	10,648,421	7,969,193	1,514,534	647,889	516,805
Securitised liabilities	1,443,376	1,568,108	67,408	160,856	1,040,207	299,637
Subordinated liabilities	705,121	771,747	12,940	65,066	387,009	306,732
Derivative liabilities IRS	49,996	56,048	4,531	10,167	28,296	13,055

as at 31/12/2014 in €k	**Book values**	**Contractual cash flows**	**Up to 1 month**	**1-12 months**	**1-6 years**	**> 5 years**
Amounts owed to credit institutions	3,252,390	3,343,269	1,690,831	137,663	1,015,804	498,971
Amounts owed to customers	9,993,607	10,127,880	7,256,371	1,545,944	864,659	460,906
Securitised liabilities	1,580,642	1,744,424	88,814	209,766	1,099,957	345,888
Subordinated liabilities	714,376	785,210	11,038	52,006	360,400	361,765
Derivative liabilities IRS	59,989	68,849	6,974	11,982	34,912	14,980

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.
- Oberbank measures the *risk of incurring excessive debts* by calculating the debt ratio pursuant to Article 429 CRR. An internal limit of 4% was defined for the debt ratio for the purpose of effectively controlling this risk.

48) Risk report - summary

At Oberbank, risk management is an integral element of the Bank's business policy, 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 for every material risk within the Oberbank Group.

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 pursuant to Part 8 CRR available for download 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.

in €k	Nominal amounts Residual maturity up to 1 yr	1 - 5 yrs	> 5 yrs	2015 Nominal Total	Market value Positive	Negative	2014 Nominal Total	Market value Positive	Negative
Interest rate contracts									
Interest rate options									
Call	26,739	88,297	5,290	120,326	689		167,128	911	
Put	24,879	80,262	6,570	111,711		-678	158,194		-910
Swaptions									
Call									
Put									
Interest rate swaps									
Call	36,450	208,780	326,983	572,213	1,415	-46,545	597,016	2	-57,364
Put	173,710	675,681	910,619	1,760,010	177,790	-1,979	1,818,736	210,849	-239
Bond options									
Call									
Put	90,000			90,000		-415			
Currency contracts									
Currency options									
Call	29,191	6,576		35,767	3,815		137,869	5,654	
Put	29,159	6,576		35,735		-3,815	134,443		-5,636
Currency forwards									
Call	1,384,198	126,356	7,777	1,518,331	30,293		2,168,586	37,676	
Put	1,371,690	125,507	7,714	1,504,911		-17,339	2,162,448		-32,577
Securities contracts									
Equity options									
Call							653	7	
Put							615		-4

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 implied volatilities.

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
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). Oberbank AG's equity is EUR 1,456.3 million (previous year: EUR 1,207.5 million), of which EUR 96.7 million (previous year: EUR 86.3 million) is share capital. As Oberbank AG distributes dividends on the basis of Austrian law, only part of the equity measured in accordance with the Austrian Commercial Code (UGB)/Banking Act (BWG) is distributable, namely net profit, non-appropriated retained earnings and the non-appropriated capital reserve. For 2015, a maximum of EUR 785.9 million would be distributable. Net distributable profit amounts to EUR 18.0 million.

52) Human resources

Averaged over the year, the Oberbank Group had the following human resources in 2015:

Full-time equivalents, without Management Board members / managing directors	**2015**	**2014**
Salaried employees	2,025	2,004
Blue-collar employees	14	17
Total capacity	2,039	2,021

53) Breakdown of securities holdings pursuant to the Austrian Banking Act in €k

	Unlisted	Listed	Valued as AV	Other valuation method	Total
Bonds and other fixed-interest securities	195,751	2,553,697	2,178,270	571,178	2,749,448
Stocks and other variable-yield securities	143,999	70,564	59,848	154,715	214,563
Equity investment	121,884	223,078	344,962	0	344,962
Investments in subsidiaries	129,452	0	129,452	0	129,452
	591,168	**2,847,257**	**2,712,532**	**725,893**	**3,438,425**

54) Consolidated own funds and regulatory own funds requirement

As from 1 January 2014, Oberbank AG became subject to the provisions of Regulation (EU) No. 575/2013 (CRR) as well as CRD IV. The defined minimum capital requirements were met at all times. The own fund components disclosed are also used for purposes of internal capital management.

Regulatory capital pursuant to Part 2 of Reg.(EU) No 575/2013	2015	2014	Change absolut	Change in %
Subscribed capital	94,011	84,549	9,462	11.2
Capital reserves	349,127	194,746	154,381	79.3
Retained earnings[1)]	1,405,094	1,248,435	156,659	12.6
Minority interests	0	0	-	-
Accumulated other comprehensive income	3,269	-13,078	16,347	
Regulatory adjustment items	-38,685	-40,778	2,093	-5.1
Deductions from CET 1 capital items	-162,062	-166,989	4,927	-3.0
Common equity Tier 1 capital	**1,650,754**	**1,306,885**	**343,869**	**26.3**
AT1 capital instruments	50,000	20,000	30,000	> 100.0
AT1 capital instruments purs. to national implementation rules	41,300	63,200	-21,900	-34.7
Deductions from AT1 capital items	-8,747	-4,892	-3,855	78.8
Additional Tier 1 capital	**82,553**	**78,308**	**4,245**	**5.4**
Tier 1 capital	**1,733,307**	**1,385,193**	**348,114**	**25.1**
Qualifying supplementary capital instruments	352,505	409,195	-56,690	-13.9
Nominal capital preference shares purs. to transition rules	2,700	1,800	900	50.0
AT1 capital instruments purs. to transition rules	17,700	15,800	1,900	12.0
Supplementary capital items purs. to national impl. rules	56,224	76,306	-20,082	-26.3
General credit risk adjustments	0	0	-	-
Deductions from supplementary capital items	-4,432	-13,893	9,461	-68.1
Supplementary capital	**424,697**	**489,208**	**-64,511**	**-13.2**
OWN FUNDS	**2,158,004**	**1,874,401**	**283,603**	**15.1**
Total risk exposure amounts pursuant to Art. 92 CRR				
Credit risk	11,213,348	10,982,467	230,881	2.1
Market risk, settlement risk and CVA risk	51,477	62,476	-10,999	-17.6
Operational risk	951,842	890,231	61,611	6.9
Total exposure	**12,216,667**	**11,935,174**	**281,493**	**2.4**
Capital ratios pursuant to Art. 92 CRR				
Common equity Tier 1 capital ratio	13.51%	10.95%	2.56%	
Tier 1 capital ratio	14.19%	11.61%	2.58%	
Total capital ratio	17.66%	15.70%	1.96%	
Regulatory capital ratio requirement purs. to transition rules in %				
Common equity Tier 1 capital ratio	4.50%	4.00%	0.50%	
Tier 1 capital ratio	6.00%	5.50%	0.50%	
Total capital ratio	8.00%	8.00%	-	-
Regulatory capital requirements purs. to transition rules in €k				
Common equity Tier 1 capital	549,750	477,407	72,343	15.2
Tier 1 capital	733,000	656,435	76,565	11.7
Total capital	977,333	954,814	22,519	2.4
Free capital components				
Common equity Tier 1 capital	1,101,004	829,478	271,526	32.7
Tier 1 capital	1,000,307	728,758	271,549	37.3
Total capital	1,180,671	919,587	261,084	28.4

1) Allocation to retained earnings 2015 subject to approval of the financial statements by the Supervisory Board on 29 March 2016.

55) Other disclosures required by the Banking Act and the Commercial Code

A nominal total of EUR 195.5 million of bonds issued by Oberbank will mature during the financial year 2016. As at 31 December 2015, 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 603,960.0 (nominal). They included supplementary capital subject to interest rates of 0.22% to 7.4% and maturities in the years 2016 to 2024 as well as two issues with indefinite maturity. The Company incurred €k 19,756.8 in expenses on subordinated liabilities in the year under review. Applying market prices, the trading book was valued at a total of EUR 95.9 million as at 31 December 2015. That total comprised securities totalling EUR 9.2 million (fair values) and other financial instruments totalling EUR 86.7 million (fair values). The lease portfolio was worth EUR 1,143.5 million on 31 December 2015.

Expenses for the auditor amounted to €k 835 (incl. VAT and incl. leasing companies and subsidiaries). Of this total, the audit of the annual financial statements accounted for the sum of €k 659 and €k 176 were expended for other audit services.

Disclosure regarding branch establishments pursuant to § 64 (1) no. 18 Austrian Banking Act (BWG)

Name of establishment (including leasing companies)	Regional Division Germany	Regional Division Czech Republic	Regional Division Hungary	Regional Division Slovakia
Business areas	Southern Bavaria Northern Bavaria			
State of registered office	Federal Republic of Germany	Czech Republic	Hungary	Slovakia
Net interest income	€k 27,690	€k 24,895	€k 14,094	€k 6,751
Operating profit	€k 41,249	€k 30,715	€k 19,185	€k 7,105
Number of employees (full-time basis)	210.9	202.7	90.6	51.9
Profit for the year before tax	€k 9,738	€k 16,208	€k 8,573	€k 2,082
Income tax	€k -1,138	€k -3,111	€k -402	€k -127
Government subsidies received	0	0	0	0

The return on investment pursuant to § 64 (1) no. 19 Austrian Banking Act (BWG) is 0.91%.

56) List of equity investments required by the Austrian Commercial Code (UGB)

As at 31 December 2015 the Company held stakes of 20% or more in:	Method of inclusion	Share in capital in % [5)] Direct	Total	Equity[3)]	Profit (loss) in most recent financial Year [4)]	Financial statements	Comment
a) Direct investments							
„AM" Bau- und Gebäudevermietung Gesellschaft m.b.H., Linz	N	100.00	100.00				
„LA" Gebäudevermietung und Bau – Gesellschaft m.b.H., Linz	N	100.00	100.00				1,6
„SG" Gebäudevermietungsgesellschaft m.b.H., Linz	N	100.00	100.00				1,6
„SP" Bau- und Gebäudevermietungsgesellschaft m.b.H., Linz	N	100.00	100.00				1,6
„VB" Gebäudeerrichtungs- und –vermietungs-gesellschaft m.b.H., Linz	N	100.00	100.00				1,6
3 Banken-Generali Investment-Gesellschaft m.b.H., Linz	N	20.57	20.57				6
3-Banken Wohnbaubank AG, Linz	V	80.00	80.00	7,876	134	2015	1
ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT m.b.H., Linz	Q	50.00	50.00	3,894	0	2015	
Beteiligungsverwaltung Gesellschaft m.b.H., Linz	N	40.00	40.00				6
Betriebsobjekte Verwertung Gesellschaft m.b.H., Linz	N	100.00	100.00				1,2,6
Biowärme Attnang-Puchheim GmbH, Attnang-Puchheim	N	49.00	49.00				6
Buy-Out Central Europe II Beteiligungs-Invest AG, Wien	N	24.85	24.85				6
COBB Beteiligungen und Leasing GmbH, Wien	N	20.25	20.25				6
Drei-Banken Versicherungs-Aktiengesellschaft, Linz	E	40.00	40.00	22,355	1,272	09/2015	
DREI-BANKEN-EDV Gesellschaft m.b.H., Linz	N	40.00	40.00				6
DPI S.A., Luxemburg	N	25.10	57.50				1,6
GAIN CAPITAL PARTICIPATIONS II S.A. SICAR, Luxemburg	N	33.11	33.11				6
GAIN CAPITAL PARTICIPATIONS SA, SICAR, Luxemburg	N	58.69	58.69				1,6
Gasteiner Bergbahnen Aktiengesellschaft, Bad Hofgastein	N	32.62	32.62				6
Ober Pénzügyi Lízing zrt. (Ober Finanz Leasing gAG), Budapest	V	1.00	100.00	5,633	2,443	09/2015	1
Ober Lízing Kft. (Ober Leasing Gesellschaft mit beschränkter Haftung), Budapest	V	1.00	100.00	1,028	417	09/2015	1
Oberbank Beteiligungsholding Gesellschaft m.b.H., Linz	N	100.00	100.00				1,6
Oberbank Hybrid 1 GmbH, Linz	V	100.00	100.00	296	37	2015	1
Oberbank Hybrid 2 GmbH, Linz	V	100.00	100.00	276	29	2015	1
Oberbank Hybrid 3 GmbH, Linz	V	100.00	100.00	87	5	2015	1
Oberbank Hybrid 4 GmbH, Linz	V	100.00	100.00	87	7	2015	1
Oberbank Hybrid 5 GmbH, Linz	V	100.00	100.00	23	-1	2015	1
Oberbank Immobilien Leasing GmbH Bayern, Neuötting	V	6.00	100.00	2,081	271	09/2015	1
Oberbank Immobilien-Service Gesellschaft m.b.H., Linz	N	100.00	100.00				1,6
Oberbank Leasing Bauhaus Pilsen, s.r.o., Prag	V	10.00	100.00	6	-1	09/2015	1
OBERBANK LEASING GESELLSCHAFT MBH., Linz	V	100.00	100.00	38,543	20,387	09/2015	1,2

Oberbank Leasing s.r.o., Bratislava		V	0.10	100.00	3,654	1,014	09/2015	1
Oberbank Leasing spol. s.r.o., Prag		V	1.00	100.00	23,528	1,992	09/2015	1
OBERBANK NUTZOBJEKTE VERMIETUNGSGESELLSCHAFT,m.b.H., Linz		N	100.00	100.00				1,2,6
Oberbank Opportunity Invest Management Gesellschaft m.b.H., Linz		N	100.00	100.00				1,6
Oberbank PE Holding GmbH, Linz		N	100.00	100.00				1,6
Oberbank Unternehmensbeteiligung GmbH, Linz		N	100.00	100.00				1,6
Oberbank V-Investholding GmbH, Linz		N	100.00	100.00				1,6
Oberbank Leasing Prievidza s.r.o., Bratislava		V	15.00	100.00	4	1	09/2015	1
OÖ HightechFonds GmbH, Linz		N	24.70	24.70				6
Samson České Budějovice spol. s.r.o., Budweis		N	100.00	100.00				1,6
TZ-Vermögensverwaltungs GmbH, Linz		N	100.00	100.00				1,6
Banken DL Servicegesellschaft m. b. H., Linz		N	100.00	100.00				1,6
b) Indirect investments								
AMV Networks GmbH, Braunau		N		20.00				6
„ST“ BAU Errichtungs- und Vermietungsgesellschaft m.b.H., Linz		N		100.00				1,6
3-Banken Beteiligung Gesellschaft m.b.H., Linz		N		40.00				6
3-Banken Kfz-Leasing GmbH, Linz		V		80.00	6,778	743	09/2015	1
3 Banken Versicherungsmakler Gesellschaft m.b.H., Innsbruck		N		40.00				6
Cycleenergy Beteiligungs GmbH, Wien		N		26.28				6
GSA Genossenschaft für Stadterneuerung und Assanierung, gemeinnützige registrierte Genossenschaft mit beschränkter Haftung, Linz		N		33.02				6
Herold NZ Verwaltung GmbH, Mödling		N		24.90				6
Kontext Druckerei GmbH, Linz		N		25.20				6
LHL Immobilien Beteiligungs-GmbH, Linz		N		50.00				6
MY Fünf Handels GmbH, Wien		N		50.00				6
Nutzfahrzeuge Beteiligung GmbH, Wien		N		38.53				6
Oberbank airplane Leasing GmbH, Linz		V		100.00	35	203	09/2015	1
Oberbank airplane 2 Leasing GmbH, Linz		V		100.00	35	197	09/2015	1
Oberbank Eugendorf Immobilienleasing GmbH, Linz		V		100.00	35	137	09/2015	1
Oberbank Goldkronach Beteiligungs GmbH, Neuötting		V		100.00	19	-1	09/2015	1
Oberbank Leobendorf Immobilienleasing GmbH, Linz		V		100.00	35	47	09/2015	1
Oberbank Idstein Immobilien-Leasing GmbH, Neuötting		V		100.00	25	143	09/2015	1
Oberbank Immobilie-Bergheim Leasing GmbH, Linz		V		95.00	1,275	48	09/2015	1
Oberbank Immobilien Holding GmbH, Linz		N		100.00				1,6
Oberbank Immobilien-Leasing Gesellschaft m.b.H., Linz		V		100.00	741	2,099	09/2015	1

Oberbank Immobilien-Leasing GmbH Bayern &Co. KG Goldkronach, Neuötting	V		6.00	0	-18	09/2015	1
Oberbank Industrie und Handelsbeteiligungsholding GmbH, Linz	N		100.00				1,6
Oberbank KB Leasing Gesellschaft m.b.H., Linz	V		100.00	495	427	09/2015	1
Oberbank Kfz-Leasing GmbH, Linz	V		100.00	35	111	09/2015	1,2
Oberbank Leasing GmbH Bayern & Co KG Neuenrade, Neuötting	V		6.00	597	-96	09/2015	1
Oberbank Leasing GmbH Bayern, Neuötting	V		100.00	6,491	3,393	09/2015	1
Ober Lízing INPROX Misk Kft. (Oberbank Leasing Inprox Misk GmbH), Budapest	V		100.00	1,898	1,487	09/2015	1
Oberbank Leasing JAF HOLZ, s.r.o., Prag	V		95.00	3,850	147	09/2015	1
Oberbank Leasing Palamon s.r.o., Prag	V		100.00	6,132	111	09/2015	1
Oberbank LIV Immobilienleasing GmbH, Linz	V		100.00	5,181	42	09/2015	1
Oberbank Mattigtal Immobilienleasing GmbH, Linz	V		90.00	4,742	123	09/2015	1
Oberbank MLC - Pernau Immobilienleasing GmbH, Linz	V		99.80	35	88	09/2015	1
Oberbank Operating Mobilienleasing GmbH, Linz	V		100.00	35	1,149	09/2015	1
Oberbank Operating OPR Immobilienleasing GmbH, Linz	V		100.00	35	511	09/2015	1
Oberbank PE Beteiligungen GmbH, Linz	N		100.00				1,6
Oberbank Pernau Immobilienleasing GmbH, Linz	V		100.00	35	197	09/2015	1
Oberbank Riesenhof Immobilienleasing GmbH, Linz	V		100.00	35	213	09/2015	1
Oberbank Seiersberg Immobilienleasing Gesellschaft m.b.H., Linz	V		100.00	35	151	09/2015	1
Oberbank TREI Immobilienleasing GmbH, Linz	V		100.00	-584	46	09/2015	1,2
Oberbank Unterpremstätten Immobilienleasing GmbH, Linz	V		100.00	18	56	09/2015	1,2
Oberbank Vertriebsservice GmbH, Linz	N		100.00				1,6
Oberbank-Kremsmünster Immobilienleasing Gesellschaft m.b.H., Linz	V		100.00	168	285	09/2015	1
OBK Ahlten Immobilien Leasing GmbH, Neuötting	V		94.00	1,000	130	09/2015	1
OBK München 1 Immobilien Leasing GmbH, Neuötting	V		100.00	27	-1	09/2015	1
OBK München 2 Immobilien Leasing GmbH, Neuötting	V		100.00	30	14	09/2015	1
OBK München 3 Immobilien Leasing GmbH, Neuötting	V		100.00	30	133	09/2015	1
POWER TOWER GmbH, Linz	V		99.00	70	69	09/2015	1
Techno-Z Braunau Technologiezentrum GmbH, Braunau	N		21.50				6
Tuella Finanzierung GmbH, Wien	V		100.00	2,463	2,631	09/2015	1
Wohnwert GmbH, Salzburg	N		100.00				1,6

*) Method of inclusion in the consolidated financial statements: V = consolidated, E = accounted for by 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; 3) Includes untaxed reserves; 4) Profit (loss) for the year pursuant to § 231 (2) no. 22 Austrian Commercial Code (UGB); 5) Indirect investments in credit institutions and other financial institutions were measured in accordance with § 30 of the Austrian Banking Act (BWG); indirect investments in other companies pursuant to the Commercial Code (UGB); 6) Use was made of § 241 (2) of the Austrian Commercial Code (UGB).

Closing Remarks by the Management Board of Oberbank AG

The Management Board of Oberbank AG has prepared the consolidated financial statements for the period ended 31 December 2015 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These consolidated financial statements comply with the statutory 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 § 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, 11 March 2016
The Management Board

CEO	Director	Director
Franz Gasselsberger	Josef Weißl	Florian Hagenauer
Remit	Remit	Remit
Corporate and Business Banking	Personal Banking	Overall Banking Risk Management

Report on the consolidated financial statements

These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ended 31 December 2015 as well as the notes to the consolidated financial statements.

The legal representatives' responsibility in respect of the consolidated financial statements
The Company's legal representatives are responsible 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 which are free from any intentional or unintentional material misrepresentations and are in accordance with the International Financial Reporting Standards (IFRS) as applicable within the European Union, and with the additional requirements of § 245a of the Austrian Commercial Code (UGB) as well as § 59a of the Austrian Banking Act (BWG).

Responsibility of the bank auditor
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the accounting standards applicable in Austria. These standards require the application of International Standards on Auditing (ISAs). 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 of the financial statements also include 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.

Auditor’s 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 2015 and the results of its operations and cash flows during the financial year from 1 January to 31 December 2015 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the applicable special legal provisions.

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 consistent with the consolidated financial statements and whether or not the information given pursuant to § 243a Austrian Commercial Code (UGB) is appropriate.

In our opinion, the Group management report is consistent with the consolidated financial statements. The information provided pursuant to § 243a of the Austrian Commercial Code (UGB) is appropriate.

Linz, 11 March 2016

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Martha Kloibmüller

Certified Public Accountant

Proposed Appropriation of Profit

The distributable profit is determined on the basis of single-entity financial statements of the Group parent, Oberbank AG.

Profit for the 2015 financial year of Oberbank AG came to a total of EUR 99.9 million. After the allocation of EUR 82.0 million to reserves and including the profit brought forward of EUR 0.1 million, the profit available for distribution amounted to EUR 18.0 million.

Subject to approval by the Annual General Meeting, the Management Board proposes a dividend of EUR 0.55 per entitled share to be paid out on the share capital of EUR 96.7 million.

Given a total of 32,237,100 shares, the distribution will amount to EUR 17,730,405.00. The Management Board proposes to carry the remainder of EUR 288,528.95 forward to the new account.

Linz, 11 March 2016
The Management Board

CEO	Director	Director
Franz Gasselsberger	Josef Weißl	Florian Hagenauer
Remit	Remit	Remit
Corporate and Business Banking	Personal Banking	Overall Banking Risk Management

Ludwig Andorfer
Chairman of the Supervisory Board of Oberbank AG

During the 2015 financial year, the Supervisory Board reached the decisions it is responsible for by law and the Articles of Association at five meetings, and conducted the scrutiny required of it by the provisions of the Austrian Joint Stock Companies Act (AktG), and 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 Risk and Credit Committee continually scrutinised and ruled on 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 development of the economic and risk situation of Oberbank as well as the general economic environment were issues taken up and discussed as central topics by the Supervisory Board.
The Management Board informed the Supervisory Board both orally and in writing about material events and effects on Oberbank.

At 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.

In compliance with the new "fit & proper" criteria of Oberbank, training courses on specific supervisory and banking issues were organised for the members of the Supervisory Board within the framework of the Supervisory Board meetings. On account of the higher frequency of the training courses with external specialists as speakers, the budget of EUR 15,000 earmarked for this purpose in 2015 was not sufficient. The actual expenses amounted to more than EUR 30,000.

Supervisory Board Committees

The **Working Committee** approved five time-critical resolutions by way of written circular in 2015. Business matters decided by the Working Committee were subsequently reported and discussed in detail at the next plenary meeting of the Supervisory Board.

The **Risk and Credit Committee** approved a total of 79 time-critical loan applications by way of written circular in 2015. 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 plenary meeting of the Supervisory Board.
In its risk committee function, the Risk and Credit Committee, in compliance with the Austrian Banking Act, convened in a meeting in the presence of the employee responsible for the independent risk management function within Oberbank and the State Commissioner; at this meeting, the Committee dealt in comprehensive detail with the risk strategy of Oberbank and other issues required by law.
The next meeting of the full Supervisory Board was informed in detail of the results.

The **Nomination Committee** held one meeting in 2015 and fulfilled all tasks stipulated by law. This meeting approved a target ratio of 25% for the underrepresented sex on the Management Board and Supervisory Board. The target was surpassed with a ratio of 33% of female members on the Supervisory Board.

At its meeting of 22 March 2015, 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 2014 based on documented long-term goals and, in compliance 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. Applying the Policy governing the internal process for the identification of so-called risk buyers formulated on the basis of the "EBA FINAL draft regulatory technical standards on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94 (2) Directive 2013/36/EU", which is used to evaluate the applicability of the aforesaid remuneration principles to employees below management board level and the variable remunerations to be granted to these employees for the financial year 2014.
On account of the low volume of the variable remuneration to persons below management level with an influence on the risk profile of the Bank, the payout methods defined in paragraph 133 of the Guidelines on Remuneration Policies and Practices des Committee of European Banking Supervisors apply only to the Management Board.

The **Audit Committee** held two meetings in 2015 and fulfilled all tasks stipulated by law. 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 29 March 2016, 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, including the proposed appropriation of profit and the corporate governance report and approves the annual financial statements for 2015, which are thus approved in the meaning of § 96(4) of the Joint Stock Companies Act (AktG).
At its meeting on 29 March 2016, the Audit Committee examined the consolidated financial statements and reported thereon to the Supervisory Board. The Supervisory Board concurred 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 0.55 per share be distributed out of the net profit for 2015 of EUR 18.0 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 2015 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 awarded an unqualified opinion.
KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the consolidated financial statements for 2015 prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the Group management report, prepared in accordance with the provisions of the Austrian Commercial Code.
The audit did not give rise to any objections and the statutory 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 2015 and the results of its operations and cash flows during the financial year from 1 January to 31 December 2015 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

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 Annual General Meeting on 19 May 2015, the Supervisory Board member Waldemar Jud resigned from the Supervisory Board (withdrew from his function). Herbert Walterskirchen (mandate expired) and Peter Mitterbauer (drawing by lots) ran for election again.
Herbert Walterskirchen and Peter Mitterbauer were re-elected and Peter Hofbauer newly elected to the Supervisory Board by the corresponding majority for the statutory maximum period of five years running until the Annual General Meeting 2020.
The number of capital representatives on the Supervisory Board of Oberbank AG is thus unchanged at 12 members.

The Supervisory Board thanks the Management Board and employees for the work performed and the commitment shown in the reporting year. The Supervisory Board recognizes the excellent development of earnings as a special achievement as these were much better than the overall market, even when compared over several years.

Linz, 29 March 2016
Supervisory Board

Ludwig Andorfer
Chairman of the Supervisory Board

Management and Supervisory Bodies

Supervisory Board

Honorary President	Hermann Bell
Chairman	Ludwig Andorfer
Vice Chairman	Peter Gaugg Herta Stockbauer
Members	Wolfgang Eder Peter Hofbauer (as of 19 May 2015) Waldemar Jud (until 19 May 2015) Barbara Leitl-Staudinger Peter Mitterbauer Helga Rabl-Stadler Karl Samstag Barbara Steger Peter Thirring Herbert Walterskirchen
Staff representatives	Wolfgang Pischinger, Chairman of the Central Staff Council of Oberbank AG Alexandra Grabner Elfriede Höchtel Josef Pesendorfer Stefan Prohaska 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 Information

Organisational Structure of Oberbank AG

Management Board

CEO and Chairman
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Director
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Compliance Officer, Money Laundering Officer

Peter Richtsfeld (from 1 July 2015)
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Structure of the Oberbank Group

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Real Estate Services

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Banking Departments and Branch Offices

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Austria

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A-4040 Linz – Dornach, Altenberger Straße 9
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

Main Branch Landstraße, Linz
A-4020 Linz, Landstraße 37
Johann Fuchs, Phone +43/(0)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 – Münichholz, Punzerstraße 14
A-4400 Steyr – Stadtplatz, Stadtplatz 25
A-4400 Steyr – Tabor, Ennser Straße 2
A-4050 Traun, Linzerstraße 12
A-4050 Traun – St. Martin, Leondinger Straße 2

Banking Departments and Branch Offices

Main Branch Salzburg

A-5020 Salzburg, Alpenstraße 98

Manfred Seidl, Phone +43/(0)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 – Liefering, 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

Main Branch Innviertel

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A-4950 Altheim, Stadtplatz 14

A-5230 Mattighofen, Stadtplatz 16

A-4780 Schärding, Silberzeile 12

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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

Main Branch Salzkammergut, Gmunden

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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

Main Branch Lower Austria, St. Pölten

A-3100 St. Pölten, Domplatz 2

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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

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A-1190 Wien – Döbling, Gatterburggasse 23
A-1220 Wien – Donaustadt, Wagramer Straße 124
A-1100 Wien – Favoriten, Sonnwendgasse 13
A-1210 Wien – Floridsdorf, Brünner Straße 42
A-1170 Wien – Hernals, Hernalser Hauptstraße 114
A-1130 Wien – Hietzing, Lainzer Straße 151
A-1080 Wien – Josefstadt, Josefstädterstraße 28
A-1030 Wien – Landstraße, Landstraßer Hauptstraße 114
A-1020 Wien – Leopoldstadt, Taborstraße 11 a
A-1230 Wien – Liesing, Lehmanngasse 9
A-1050 Wien – Margareten, Reinprechtsdorfer Straße 30
A-1070 Wien – Neubau, Neubaugasse 28 – 30
A-1230 Wien – Süd, Laxenburger Straße 244
A-1180 Wien – Währing, Gersthoferstraße 10
A-1040 Wien – Wieden, Rilkeplatz 8
A-1100 Wien – Wienerberg, Wienerbergstraße 9

A-2500 Baden bei Wien, Beethovengasse 4 – 6
A-3400 Klosterneuburg, Kierlinger Straße 1
A-2100 Korneuburg, Hauptplatz 21
A-2340 Mödling, Hauptstraße 33
A-2320 Schwechat, Wiener Straße 3

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D-84307 Eggenfelden, Fischbrunnenplatz 11
D-85354 Freising, Johannisstraße 2
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

Main Branch North Bavaria-Hesse-Thuringia
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D-96047 Bamberg, Franz-Ludwig-Straße 7 a
D-95444 Bayreuth, Wölfelstraße 3 – 5
D-64283 Darmstadt, Neckarstraße 12 – 16
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

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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-58601 Jihlava, Masarykovo nám. 10
CZ-46001 Liberec, Sourkenné nám. 156
CZ-29301 Mladá Boleslav, Jaselská 1391
CZ-39701 Písek, Budovcova 2530
CZ-30100 Plzeň, Prešovská 20
CZ-77100 Olomouc, Dolni nám. 1
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

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H-9024 Gyõr, Hunyadi u. 16
H-6000 Kecskemét, Kisfaludy utca 8
H-6720 Szeged, Klauzál tér 2
H-8000 Szekesfehervar, Rakoczi ut 1
H-9700 Szombathely, Berzsenyi Dániel tér 2

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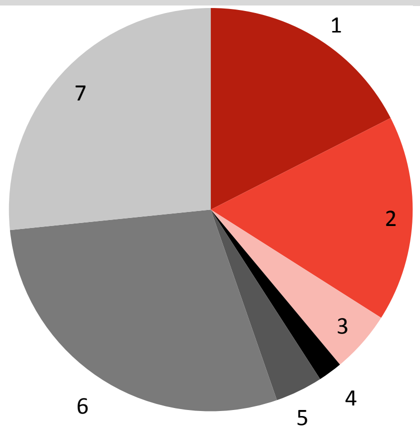
3 Banken Group at a Glance

3 Banken Group at a Glance

Shareholder Structure of the 3 Banken Group as at 31/12/2015 by voting rights

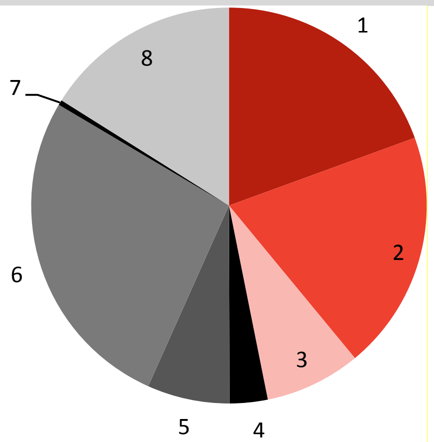
Oberbank

1	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	17.49%
2	BKS Bank AG, Klagenfurt	16.52%
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	4.94%
4	Generali 3 Banken Holding AG, Wien	1.94%
5	Staff shares	3.80%
6	CABO Beteiligungs-gesellschaft m. b. H., Wien	28.69%
7	Free float	26.62%



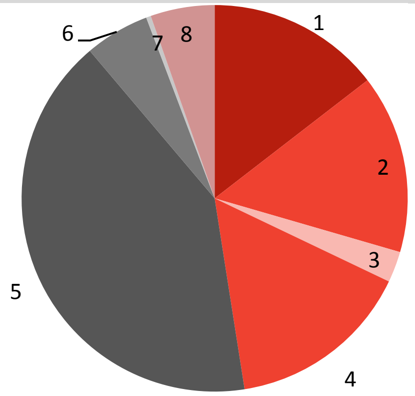
BKS

1	Oberbank AG, Linz	19.44%
2	Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	19.57%
3	Generali 3 Banken Holding AG, Wien	7.84%
4	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	3.10%
5	UniCredit Bank Austria AG, Wien	6.74%
6	CABO Beteiligungsgesellschaft m. b. H., Wien	26.81%
7	BKS – Belegschaftsbeteiligungsprivatstiftung, Klagenfurt	0.42%
8	Free float	16.08%



BTV

1	Oberbank AG, Linz	14.54%
2	BKS Bank AG, Klagenfurt	14.95%
3	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., Salzburg	2.59%
4	Generali 3 Banken Holding AG, Wien	15.44%
5	CABO Beteiligungs-gesellschaft m. b. H., Wien	41.29%
6	UniCredit Bank Austria AG, Wien	5.42%
7	BTV Privatstiftung, Innsbruck	0.40%
8	Free float	5.37%



There is a syndicate agreement with each of the shareholders shown in shades of red.

3 Banken Group at a Glance

Key Figures of the 3 Banken Group

	Oberbank		BKS Bank		BTV	
Income statement in €m	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Net interest income	381.2	372.9	166.4	157.3	161.7	180.1
Charges for losses on loans and	-47.1	-78.0	-48.5	-49.5	-15.7	-29.0
Net commission income	132.7	119.3	53.0	47.6	49.2	43.7
Administrative expenses	-243.3	-236.9	-105.1	-105.8	-163.3	-163.1
Profit for the year before tax	191.5	157.6	60.7	54.1	172.5	92.1
Profit for the year	166.4	136.5	53.6	48.7	138.7	77.2
Balance sheet in €m						
Assets	18,243.3	17,774.9	7,063.4	6,864.6	9,426.3	9,620.5
Loans and advances to customers after provisioning charges	12,351.7	11,801.8	4,920.1	4,815.8	6,359.6	6,180.9
Primary funds	12,620.0	12,288.6	5,109.8	5,013.0	7,020.7	6,913.8
of which savings deposits	2,912.6	3,098.5	1,629.8	1,705.5	1,200.8	1,176.3
of which securitised liabilities incl. subordinated debt capital	2,098.5	2,295.0	758.1	789.1	1,377.9	1,390.7
Equity	1,925.7	1,534.1	860.2	795.8	1,148.7	1,024.0
Customer funds under management	25,245.1	23,441.9	13,212.1	12,972.0	12,732.3	12,150.7
of which on custody accounts	12,625.1	11,153.3	8,102.3	7,959.0	5,711.6	5,236.8
Own funds pursuant to CRR (previous year BWG) in €m						
Assessment basis	12,216.7	11,935.2	4,883.4	4,846.6	6,262.7	6,212.8
Own funds	2,158.0	1,874.4	599.9	580.9	977.8	930.1
of which common equity Tier 1 (CET1)	1,650.8	1,306.9	575.7	543.7	950.9	796.1
of which total core Tier 1 capital (CET1+AT1)	1,733.3	1,385.2	575.7	543.7	950.9	796.1
CET1 capital ratio	13.51%	10.95%	11.79%	11.22%	15.18%	12.81%
Tier 1 capital ratio	14.19%	11.61%	11.79%	11.22%	15.18%	12.81%
Total capital ratio	17.66%	15.70%	12.28%	11.99%	15.61%	14.97%
Performance						
Return on equity before tax	11.20%	10.68%	7.33%	7.22%	15.88%	9.31%
Return on equity after tax	9.73%	9.25%	6.48%	6.51%	12.77%	7.80%
Cost/income ratio	50.49%	50.14%	48.65%	51.92%	58.55%	52.72%
Risk/earnings ratio (credit risk in % of net interest income)	12.35%	20.92%	29.17%	31.47%	9.73%	16.12%
Resources						
Average number of staff (weighted)	2,025	2,004	923	915	1,354	1,347
Number of branches	156	156	59	57	36	38

Publication Information

Media Owner and Publisher

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DVR (data processing code): 0019020
Companies Register: FN 79063w, Landesgericht Linz
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ISIN Oberbank ordinary share: AT0000625108
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Oberbank abstains from producing a resource-intensive printed version for the presentation of its Annual Report. True to our business philosophy that stresses sustainability and the protection of resources, this enables the Bank to reduce resource consumption by some nine tonnes of timber and 360,000 litres of water yearly and to avoid the environmentally detrimental effects of the printing process.
The full version of the Bank's Annual Reports can be accessed on our website www.oberbank.at.

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

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 2015. Should the assumptions upon which such forecasts have been based prove unjustified or should risks such as those referred to in the Risk Report materialise, 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.