

2013

INTERIM
FINANCIAL
REPORT



**Raiffeisen
Landesbank**

Oberösterreich

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Interim financial report 2013

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Raiffeisenlandesbank Oberösterreich makes a promise of performance to its customers



Dr. Heinrich Schaller
Chief Executive and Chairman of the
Managing Board of Raiffeisenlandesbank
Oberösterreich Aktiengesellschaft

In recent years, Raiffeisenlandesbank Oberösterreich Aktiengesellschaft has clearly demonstrated that it offers the highest level of customer focus and reliability. This makes Raiffeisenlandesbank Oberösterreich an extraordinarily strong partner for private customers, small and medium-sized businesses, as well as groups and institutions.

Customer focus is being developed and strengthened

This solid foundation provides our customers with security, particularly when times are challenging. During the 2008 financial crisis and the economic crisis that followed,

Raiffeisenlandesbank Oberösterreich reliably exercised its responsibilities towards its customers. This customer focus is being further developed and strengthened. To this end, Raiffeisenlandesbank Oberösterreich Aktiengesellschaft is working intensively on implementing the strategy process initiated last year for the realignment of the Group. Our customers are our priority within this process. We are making them a promise of performance.

Interim results of Raiffeisenlandesbank Oberösterreich AG: an overview

Raiffeisenlandesbank Oberösterreich was also a reliable partner to the real economy in the first half of 2013, and achieved a solid operational result. In the half-year result, the lower yields from businesses reported under the equity method, the prudent risk policy maintained and the decline in income from financial instruments calculated at fair value also had their effects.

- The balance sheet total for Raiffeisenlandesbank Oberösterreich at mid-2013 was EUR 39.0 billion (EUR –0.8 billion lower than year-end 2012) and is therefore still at a high level.
- Customer deposits were increased to EUR 11.2 billion (+12.8%). This highlights the high level of trust that Raiffeisenlandesbank Oberösterreich customers have in the bank.
- As a strong partner of local companies, Raiffeisenlandesbank Oberösterreich supports its customers on projects both within Austria and abroad with extensive financing. Customer financing at 30 June 2013 was EUR 20.2 billion, despite the generally difficult economic environment; this was only EUR 0.3 billion (–1.4%) below the 2012 level.
- The operating profit in the first six months of 2013 was EUR 207.2 million, despite weaker results for business accounted for at equity (H1 2012: EUR 231.4 million).
- For pre-tax profit for the period, a prudent risk policy and effects from financial instruments assessed from fair value (securities, issues and derivatives) apply, alongside lower results from companies accounted for at equity. In

the first half of 2013, the pre-tax profit for the period was EUR 64.8 million (H1 2012: EUR 138.7 million).

- In the first half year of 2013, risk provisions of EUR 88.5 million were put in place (H1 2012: EUR 84.0 million).
- For financial instruments assessed at fair value, there was a change from H1 2012 of EUR 46.2 million. This assessment is mainly due to spread changes in securities and own issues that are endorsed on an ongoing basis for liquidity procurement.
- The core capital of Raiffeisenlandesbank Oberösterreich AG is still at a high level of EUR 2.5 billion at the half-way point of 2013. This corresponds to a core capital ratio of 10.4% (+0.2 percentage points compared with year-end 2012).
- Core capital at Raiffeisenlandesbank Oberösterreich (bank group) stood at 9.1% at the half-way point of 2013 (+0.3 percentage points compared with year-end 2012).

Outlook

In order not only to maintain our particular customer focus under changed conditions in the future - for example taking into account the new regulatory requirements, sustained low-interest rates and the economic environment in Europe - but also to develop it even further, it is necessary to provide services of the highest quality while ensuring that our behaviour is both cost and risk aware.

Quality, and cost and risk awareness

These requirements will be met with several ongoing projects:

- to this end, Raiffeisenlandesbank Oberösterreich is aligning all of its activities even more intensively to the market and therefore to customers.
- Within the framework of coordinated product development, competitive and innovative products are being developed and supported with efficient handling processes.
- The consolidation of key customer sectors ensures an increased commitment to engaging with our customers' individuality, as well as developing our customer focus. In addition, interfaces are being developed and efficiency significantly increased.
- Projects are being initiated in order to integrate products, processes and EDP systems with the aim of optimising the control of individual business areas.

By undertaking this realignment, Raiffeisenlandesbank Oberösterreich also intends to ensure that the new regulatory requirements are implemented in a manner compatible with customer requirements while maintaining momentum in the market. All structures are also in line with advanced, international standards.

It is Raiffeisenlandesbank Oberösterreich's guiding principle to fulfil our customers' requirements efficiently, quickly and to the highest quality standards. This principle is rooted in our mission statement and is also aligned with our strategic focus. In the partnership with our customers, it is the values of quality, stability, sustainability and reliability to which Raiffeisenlandesbank Oberösterreich feels particularly committed. They are the basis of our customer focus, which we will continue to embrace.

Dr. Heinrich Schaller
Chairman of the Managing Board
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

INTERIM FINANCIAL REPORT 2013

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, 4020 Linz, Europaplatz 1a

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The Group's interim financial report 2013 for Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Economic environment

The global business trend in the first half of 2013 continued to be heavily fragmented. The Japanese economy experienced the most significant growth thanks to the massive implementation of financial and fiscal growth stimuli. The yen depreciated substantially and net exports increased significantly.

Recovery continued in the USA. The Federal Reserve's targeted measures resulted in an expansion of credit. The recovery of the real estate market promoted construction activity.

In the Eurozone, the recession that began in peripheral countries such as Spain, Italy, Portugal, Greece and Cyprus, continued. The economy developed differently in different parts of Eastern Europe: it shrank in some countries (such as the Czech Republic and Slovenia), but grew consistently and robustly in Latvia and Lithuania. In Germany, momentum remained weak at the start of the year.

This difficult environment also shaped the business cycle in Austria. In Q1 2013, the economy stagnated. In Q2 2013, it grew slightly compared with the same quarter of the previous year. Neither demand within Austria nor outside it proved able to provide any appreciable stimulus. The recovery is also expected to remain very limited in the next few months.

Business development

In the fifth year since the beginning of the global financial crisis, Raiffeisenlandesbank Oberösterreich has proved that it remains a reliable partner for customers and the real economy. The strengths of Raiffeisenlandesbank Oberösterreich – a healthy financial basis, the particular customer focus and market penetration, its status as a market leader in customer business, a global network and the breadth of our business fields – have also enabled solid operating results to be achieved in the first half of 2013.

The results of the Raiffeisenlandesbank Oberösterreich Group in the first half of 2013.

- The balance sheet total for Raiffeisenlandesbank Oberösterreich at mid-2013 was EUR 39.0 billion

(EUR – 0.8 billion lower than year-end 2012) and is therefore still at a high level.

- Customer deposits increased to EUR 11.2 billion (+12.8%). This highlights the high level of trust that Raiffeisenlandesbank OÖ customers have in the bank.
- As a strong partner of local companies, Raiffeisenlandesbank OÖ supports its customers on projects both within Austria and abroad with extensive financing. Customer financing at 30 June 2013 was EUR 20.2 billion, despite the generally difficult economic environment; this was only EUR 0.3 billion (– 1.4%) below the 2012 level.
- The operating profit in the first six months of 2013 was EUR 207.2 million, despite weaker results for business accounted for at equity (H1 2012: EUR 231.4 million).
- The pre-tax profit for the period is affected by lower results from companies accounted for at equity, a prudent risk policy and effects from financial instruments assessed at fair value (securities, issues and derivatives). In the first half of 2013, the pre-tax profit for the period was EUR 64.8 million (H1 2012: EUR 138.7 million).
 - In the first half year of 2013, risk provisions of EUR 88.5 million were put in place (H1 2012: EUR 84.0 million).
 - For financial instruments assessed at fair value, there was a change from H1 2012 of EUR 46.2 million. This assessment is mainly due to spread changes in securities and own issues that are endorsed on an ongoing basis for liquidity procurement.
- The overall result, which was EUR 1.8 million (H1 2012: EUR 194.7 million), is also affected by the lower profit for the period as well as the net result from the valuation of assets available for sale (i.e. securities and, in particular, bonds), as well as by the other result for businesses reported under the equity method.
 - The positive AfS reserves from the previous years have fallen due to the reduction in the remaining term of the securities portfolio and due to the slightly increased capital market interest rates.

- The other result from companies reported under the equity method is affected primarily by actuarial loss valuations at these companies, as well as foreign currency valuations within the RZB Group.
- The core capital of Raiffeisenlandesbank Oberösterreich AG is still at a high level of EUR 2.5 billion at the half-way point of 2013. This corresponds to a core capital ratio of 10.4% (+0.2 percentage points compared with year-end 2012). Core capital at Raiffeisenlandesbank Oberösterreich (bank group) stood at 9.1% at the half-way point of 2013 (+0.3 percentage points compared with year-end 2012).

Raiffeisenlandesbank Oberösterreich relies to a greater extent on qualitative growth and focuses above all on three points for strategic planning:

▪ Customer focus

Since 2012, Raiffeisenlandesbank Oberösterreich has placed an even sharper focus on customer orientation. Raiffeisenlandesbank Oberösterreich is a strong partner for customers, even in a challenging environment. This is shown in customer financing as well as in customer deposits.

▪ Cost-awareness

Within the context of the ongoing strategy process, structures are being simplified, synergies utilised and potentials exploited - this means that we are increasing efficiency. It also guarantees that Raiffeisenlandesbank Oberösterreich can continue to develop its strong market position.

▪ Cooperation

The Upper Austrian Raiffeisen Banks and Raiffeisenlandesbank Oberösterreich will therefore continue to reinforce their collaboration. Close cooperation between the Raiffeisen banks in Upper Austria, whose expertise is available locally, and the specialist services at Raiffeisenlandesbank Oberösterreich results in optimum support of the company's customers. They benefit from rapid decision-making processes as well as an extensive network of knowledge.

Income statement

Net interest income without the results from companies reported under the equity method increased year-on-year by EUR 4.5 million, or 2.3%, to EUR 196.9 million. In addition to the interest income from loans and advances to customers and banks as well as fixed-income securities, this also reflects yields from shares and variable-yield securities as well as from investments. Interest expenses arise

	01.01.– 30.06. 2013	01.01.– 30.06. 2012	Change	
	in EUR m	in EUR m	in EUR m	in %
Interest and interest-related income / expenses	196.9	192.4	4.5	2.3
Result of companies reported under the equity method	89.2	116.4	-27.2	-23.4
Net interest income	286.1	308.8	-22.7	-7.4
Risk provisions	-88.5	-84.0	-4.5	5.4
Net interest income after risk provisions	197.6	224.8	-27.2	-12.1
Net fee and commission income	61.5	59.4	2.1	3.5
Net trading income	7.3	8.1	-0.8	-9.9
Net income from designated financial instruments	-42.3	3.9	-46.2	-
Net income from investments	-11.6	-12.6	1.0	-7.9
Other financial results	-46.6	-0.6	-46.0	-
General administrative expenses	-189.7	-172.0	-17.7	10.3
General administrative expenses VIVATIS/efko	-117.2	-104.9	-12.3	11.7
Other operating income	41.4	27.8	13.6	48.9
Other operating income VIVATIS/efko	117.8	104.2	13.6	13.1
Pre-tax profit for the period	64.8	138.7	-73.9	-53.3
Taxes on income and earnings	4.8	-3.6	8.4	-
After-tax profit for the period	69.6	135.1	-65.5	-48.5
Operating profit	207.2	231.4	-24.2	-10.5

in conjunction with amounts owed to customers and banks, with securitised liabilities and with subordinated capital.

The result from companies reported under the equity method showed a fall of EUR 27.2 million, or 23.4%, to EUR 89.2 million. This is mainly due to the drop in contributions to profits of the participation in the RZB Group reported under the equity method in the first half-year of 2013.

The prudent risk policy has been maintained. In comparison to the first half of 2012, risk provision expenses increased by EUR 4.5 million to EUR 88.5 million. Net fee and commission income increased by 3.5% to EUR 61.5 million.

The other financial results – consisting of trading profit, net income from investments, and net income from designated financial instruments – fell by EUR 46.0 million compared to the previous half year, in particular due to calculations resulting from lowered spreads.

Personnel expenses, administrative expenses and depreciations are recognised in the income statement under “General administrative expenses”. The administrative expenses of the GFA corporate group (Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH) – consisting of the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group – climbed year-on-year by 11.7% or EUR 12.3 million. The administrative expenses for the other affiliated companies increased by 10.3% or EUR 17.7 million. The increases are due to the incorporation of additional companies in the Group’s basis of consolidation as of year-end 2012. Without taking these newly incorporated companies into account, the changes in the general administrative expenses remain below the inflation rate.

Other operating income primarily includes income and expenses of non-bank group companies. At the VIVATIS/efko Group, other operating income rose by EUR 13.6 million or 13.1% to EUR 117.8 million and, at the other fully consolidated Group companies, by EUR 13.6 million or 48.9% to EUR 41.4 million.

Pre-tax profit for the period declined in comparison to the half-year 2012 by a total of EUR 73.9 million. The after-tax profit for the period reduced in the first half of 2013 by EUR 65.5 million or 48.5% to EUR 69.9 million. The operating result, in contrast, fell to a considerably lower extent by EUR 24.2 million or 10.5% to EUR 207.2 million.

Significant risks and uncertainties

The long-term success of Raiffeisenlandesbank Oberösterreich is largely dependent upon active risk management. In order to achieve this target, risk management was implemented with structures that facilitate the identification and measurement of all risks (market, credit, investment, liquidity and operational risks) and their active managerial counteraction.

The Managing Board’s overall risk strategy ensures that risks remain synchronised and in line with the strategic orientation of the company. The Managing Board and the Supervisory Board are regularly informed.

For information on the total financial risks in the Raiffeisenlandesbank Oberösterreich Group and the goals and methods of risk management, please refer to the comprehensive risk report on page 31.

Outlook

In order to be able to retain our leadership in the market, our products and efficiency, and in particular our exceptional customer focus, Raiffeisenlandesbank Oberösterreich has initiated a strategy process. Increasing efficiency and simplifying structures will be targeted specifically. The intention is that this will further strengthen our impact in the market and ultimately further increase stability throughout the Group. The cooperation between Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria will also be pursued intensively and receive additional boosts. One of the focuses for 2013 will be on targeted support and assistance to efficient small and medium-sized enterprises. These future-focused measures in combination with efficiency and targeted liquidity planning and control, as well as comprehensive risk management and Raiffeisenlandesbank Oberösterreich’s strategically broad focus on different business fields, represent the basis for a good annual result for 2013.

Changes in the Managing Board of Raiffeisenlandesbank Oberösterreich

At its meeting of 24 June 2013, the Supervisory Board of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, under the Chairmanship of President Jakob Auer, arranged the succession of Deputy Chief Executive Dr. Hans Schilcher, who will retire at the end of 2013. The Deputy Chief Executive and Deputy Chairman of the Managing Board, currently Dr. Heinrich Schaller, will, from the beginning of 2014, be Michaela Keplinger-Mitterlehner. Stefan Sandberger will join the Board for the first time. At the beginning of 2014, he will take over the duties of Dr. Schilcher, which include the GRZ IT Group, the areas of Cash Management and Operations with Treasury Services, Credit Services, Securities Services and Fund Management.

IFRS CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS 2013 (ABRIDGED)

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, 4020 Linz, Europaplatz 1a

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Income statement

	Notes	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Interest and interest-related income		479,279	533,430
Interest and interest-related expenses		-282,384	-341,042
Result of companies reported under the equity method		89,159	116,373
Net interest income	(1)	286,054	308,761
Risk provisions	(2)	-88,484	-83,978
Net interest income after risk provisions		197,570	224,783
Fee and commission income		87,869	82,101
Fee and commission expenses		-26,411	-22,717
Net fee and commission income	(3)	61,458	59,384
Net trading income	(4)	7,301	8,149
Net income from designated financial instruments	(5)	-42,319	3,886
Net income from investments	(6)	-11,558	-12,636
Other financial results		-46,576	-601
General administrative expenses	(7)	-306,923	-276,847
Other operating income	(8)	159,284	131,994
Pre-tax profit for the period		64,813	138,713
Taxes on income and earnings	(9)	4,809	-3,638
After-tax profit for the period		69,622	135,075
of which shareholders' equity		67,498	130,702
of which minority interests		2,124	4,373

Consolidated operating result

	Notes	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
After-tax profit for the period		69,622	135,075
Items that cannot be reclassified into the income statement			
Items that can be reclassified into the income statement			
Change in the value of AfS securities	(28)	-9,701	63,095
Amounts recorded under equity		-9,325	57,160
Amounts reclassified into the income statement		-376	5,935
Change in value from the hedging of net investments	(28)	1,509	-274
Amounts recorded under equity		1,509	-274
Amounts reclassified into the income statement		0	0
Currency differences		-12	-12
Amounts recorded under equity		-12	-12
Amounts reclassified to the income statement		0	0
Other profit from companies reported under the equity method		-61,633	12,572
Other changes		-28	-66
Taxes recorded on this amount	(28)	2,048	-15,705
Total of other results		-67,817	59,610
Total net income for the period		1,805	194,685
of which shareholders' equity		-3	185,720
of which minority interests		1,808	8,965

Balance sheet

ASSETS	Notes	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Cash and cash equivalents	(10), (11)	67,773	131,813
Loans and advances to banks	(10), (12), (14)	7,395,014	7,358,542
Loans and advances to customers	(10), (13), (14)	20,201,982	20,498,280
Trading assets	(10), (15)	2,184,920	2,801,803
Financial assets	(10), (16)	6,252,128	6,168,580
Companies reported under the equity method	(17)	2,089,912	2,071,958
Intangible assets	(18)	51,604	53,013
Property, plant and equipment	(19)	269,265	269,604
Investment property	(19)	114,074	102,868
Regular tax assets	(9)	25,134	28,022
Deferred tax assets	(9)	47,157	46,600
Other assets	(20)	284,473	291,564
Total		38,983,436	39,822,647

LIABILITIES	Notes	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Amounts owed to banks	(10), (21)	11,492,460	12,654,078
Amounts owed to customers	(10), (22)	11,149,956	9,885,150
Liabilities evidenced by certificates	(10), (23)	8,919,041	9,355,752
Provisions	(14), (24)	198,163	167,508
Regular tax liabilities	(9)	13,862	14,333
Deferred tax liabilities	(9)	34,029	40,897
Trading liabilities	(10), (25)	1,702,679	2,124,595
Other liabilities	(26)	540,123	428,038
Subordinated capital	(10), (27)	1,493,330	1,674,674
Equity	(28)	3,439,793	3,477,622
of which shareholders' equity		3,298,888	3,337,275
of which minority interests		140,905	140,347
Total		38,983,436	39,822,647

Statement of changes in equity

	Share capital in EUR '000	Participation capital in EUR '000	Capital reserves in EUR '000	Aggregate results in EUR '000	Sub-total in EUR '000	Minority interests in EUR '000	Total in EUR '000
Equity 1 Jan. 2013	253,000	298,765	697,838	2,087,672	3,337,275	140,347	3,477,622
Total net income for the period	0	0	0	-3	-3	1,808	1,805
Dividends	0	0	0	-38,384	-38,384	-1,250	-39,634
Equity 30 June 2013	253,000	298,765	697,838	2,049,285	3,298,888	140,905	3,439,793

	Share capital in EUR '000	Participation capital in EUR '000	Capital reserves in EUR '000	Aggregate results in EUR '000	Sub-total in EUR '000	Minority interests in EUR '000	Total in EUR '000
Equity 1 Jan. 2012	253,000	298,765	697,838	1,888,932	3,138,535	126,455	3,264,990
Total net income for the period	0	0	0	185,720	185,720	8,965	194,685
Dividends	0	0	0	-34,001	-34,001	-1,343	-35,344
Equity 30 June 2012	253,000	298,765	697,838	2,040,651	3,290,254	134,077	3,424,331

Cash Flow Statement

	01.01.–30.06.2013	01.01.–30.06.2012
	in EUR '000	in EUR '000
Cash at the end of the previous period	131,813	146,817
Cash flow from operating activities	338,082	581,651
Cash flow from investing activities	-211,054	-522,921
Cash flow from financing activities	-191,068	-147,432
Cash and cash equivalents at the end of the previous period	67,773	58,115

Cash includes the balance sheet item "Cash and cash equivalents" which consists of the cash in hand and balances payable on demand at central banks.

Segment reporting

H1 2013

	Corporates & Retail in EUR '000	Financial Markets in EUR '000	Investments in EUR '000	Corporate Center in EUR '000	Total in EUR '000
Interest and interest-related income /expenses	106,423	60,107	26,687	3,678	196,895
Result of companies reported under the equity method	0	0	89,159	0	89,159
Risk provisions	-75,856	0	-12,628	0	-88,484
Net interest income after risk provisions	30,567	60,107	103,218	3,678	197,570
Net fee and commission income	24,863	11,558	23,481	1,556	61,458
Net trading income	1,142	4,572	1,587	0	7,301
Net income from designated financial instruments	-9,736	-26,990	-5,593	0	-42,319
Net income from investments	3,000	-11,583	-2,975	0	-11,558
General administrative expenses	-41,300	-17,209	-222,868	-25,546	-306,923
Other operating income	-4,425	-1,902	165,587	24	159,284
Pre-tax profit for the period	4,111	18,553	62,437	-20,288	64,813

H1 2012

	Corporates & Retail in EUR '000	Financial Markets in EUR '000	Investments in EUR '000	Corporate Center in EUR '000	Total in EUR '000
Interest and interest-related income /expenses	103,597	58,100	31,996	-1,305	192,388
Result of companies reported under the equity method	0	0	116,373	0	116,373
Risk provisions	-70,100	0	-13,878	0	-83,978
Net interest income after risk provisions	33,497	58,100	134,491	-1,305	224,783
Net fee and commission income	24,439	11,558	23,387	0	59,384
Net trading income	1,152	5,968	1,029	0	8,149
Net income from designated financial instruments	0	3,226	660	0	3,886
Net income from investments	0	-6,149	-6,487	0	-12,636
General administrative expenses	-49,704	-11,833	-193,770	-21,540	-276,847
Other operating income	-4,222	-1,876	138,680	-588	131,994
Pre-tax profit for the period	5,162	58,994	97,990	-23,433	138,713

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Fundamentals of the consolidated accounts according to IFRS

Principles

The consolidated financial statements of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft were prepared in compliance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and international accounting and financial reporting standards based on the IAS Regulation (EC) 1606/2002 as adopted by the EU. These abbreviated interim financial statements as of 30 June 2013 conform to IAS 34.

The same accounting principles and consolidation methods have been used in this interim report as were used in compiling the 2012 consolidated financial statements.

These half-year Group financial statements as of 30 June 2013 are neither subject to an audit nor to an audit review.

Changes in the basis of consolidation and their effects

The number of fully consolidated companies reported under the equity method developed during the first half-year is as follows:

	Fully consolidated		Equity method	
	2013	2012	2013	2012
As at 1 Jan.	63	60	8	8
Included for the first time in the period under review	–	4	–	–
Amalgamated in the period under review	–	–	–	–
Separated in the period under review	–	–	–	–
As at 30 June	63	64	8	8

Foreign currency translation

The consolidated financial statements are presented in euros, reflecting the national currency. Financial statements of fully consolidated companies whose functional currency differs from the Group currency are translated into euros employing the modified current rate method in accordance

with IAS 21. In principle, the national currency corresponds to the functional currency. The euro is used as the functional currency for the Romanian leasing companies.

In applying the modified current rate method, equity is translated at historical rates while all other assets and liabilities are translated using the corresponding rates prevailing on the reporting date (middle rate of the European Central Bank (ECB) as at the Group balance sheet date). The items on the income statement are translated using the average currency exchange rates of the ECB. Currency differences resulting from the translation of the equity components using historical rates and the translation of the income statement using average rates compared to the translation using rates prevailing on the reporting date are recognised in the consolidated operating result with no effect on the income statement.

The following exchange rates were used to calculate the currencies:

Exchange rates in currency per euro	30 June 2013	
	Rate prevailing on the reporting date	Average rate
Croatian kuna (HRK)	7.4495	7.5601
Polish zloty (PLN)	4.3376	4.1954
Swiss franc (CHF)	1.2338	1.2257
Hungarian forint (HUF)	294.8500	296.5529

Notes to the income statement

1. Net interest income

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Interest income		
From financial instruments in the category: "loans and receivables"	259,236	332,384
From financial instruments in the category: "available for sale"	32,647	42,508
From financial instruments in the category: "held-to-maturity"	10,642	14,059
Subtotal	302,525	388,951
From designated and derivative financial instruments	126,390	94,726
From lease financing	28,960	28,354
Total interest income	457,875	512,031
Current income		
From shares and other variable-yield securities	9,808	11,340
From investments in affiliated companies	7,902	5,373
From other investments	3,466	4,226
Current income	21,176	20,939
Other interest-related income	228	460
Interest and interest-related income	479,279	533,430
Interest expenses		
Financial liabilities that are stated at amortised cost	-136,140	-191,015
For designated and derivative financial instruments	-145,357	-148,861
Total interest expenses	-281,497	-339,876
Other interest-related expenses	-887	-1,166
Interest and interest-related expenses	-282,384	-341,042
Result of companies reported under the equity method	89,159	116,373
Net interest income	286,054	308,761

2. Risk provisions

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Allocation to risk provisions	-272,484	-103,345
Release of risk provisions	185,697	22,335
Direct write-offs	-3,267	-3,253
Amounts received against loans and advances written off	1,570	285
Total	-88,484	-83,978

3. Net fee and commission income

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
From payment transactions	9,759	12,225
From financing costs	17,126	13,818
From securities business	23,340	20,572
From foreign exchange, currency and precious metals transactions	1,939	1,786
From other service business	9,294	10,983
Total	61,458	59,384

4. Net trading income

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Interest rate-related business	2,604	4,558
Currency-related business	4,373	3,220
Other business	324	371
Total	7,301	8,149

5. Net income from designated financial instruments

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Net profit/loss from designated financial instruments and derivatives	-42,319	3,886

6. Net income from investments

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Securities in the "held-to-maturity" category		
Net result from valuation	0	-234
Net result from disposal	0	-2,422
Securities in the "loans and receivables" category		
Net result from valuation	950	0
Net result from disposal	-2	-2
Securities in the "available for sale" category		
Net result from valuation	-12,374	-4,792
Net result from disposal	3,734	-2,501
Shares in companies in the "available for sale" category		
Net result from valuation	-1,452	-6,058
Net result from disposal	366	29
Net result from hedge accounting		
Net result from hedging transactions	-51,997	-39,182
Valuation from underlying transactions	49,217	39,656
Result of initial consolidation and deconsolidation	0	2,870
Total	-11,558	-12,636

7. General administrative expenses

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Personnel expenses	-166,807	-144,818
Operating expenses	-113,514	-107,912
Depreciation and amortisation of property, plant and equipment, investment property and intangible assets	-26,602	-24,117
Total	-306,923	-276,847

In the first half year of 2013, the administrative expenses include approximately EUR 117.2 million (H1 2012: EUR 104.9 million) from the corporate group of GFA (Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH), which consists of the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group. The companies are in the food and beverage sector and, as their business is unrelated to banking, they are mainly reported in the income statement under “Other operating income” and “General administrative expenses”.

The increases in the “General administrative expenses” are due to the incorporation of additional companies in the Group’s basis of consolidation as of year-end 2012. Without taking these newly incorporated companies into account, the changes in the “General administrative expenses” remain below the inflation rate.

8. Other operating income

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Other operating income	466,934	523,197
Other operating expenses	-307,650	-391,203
Total	159,284	131,994

In the 1st half year of 2013, the “Other operating income” contained around EUR 117.8 million (H1 2012: EUR 104.2 million) from the corporate group of GFA (Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH), which consists of the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group. The companies are in the food and beverage sector and, as their business is unrelated to banking, they are mainly reported in the income statement under “Other operating income” and “General administrative expenses”.

9. Taxes on income and earnings

	01.01.–30.06.2013 in EUR '000	01.01.–30.06.2012 in EUR '000
Taxes on income and earnings	4,809	-3,638

Notes to the balance sheet

10. Financial instruments disclosure

Categories of financial assets and financial liabilities as at 30 June 2013:

ASSETS	Financial instruments held for trading purposes in EUR '000	Designated financial instruments in EUR '000	Financial assets available for sale (AfS) in EUR '000	Financial assets held to maturity in EUR '000	Loans and receivables in EUR '000	Total carrying amount as at 30.06.2013 in EUR '000	Total fair value 30 June 2013 in EUR '000
Cash and cash equivalents	0	0	0	0	67,773	67,773	67,773
Loans and advances to banks	0	122,617	0	0	7,272,397	7,395,014	7,354,817
Loans and advances to customers	0	941,222	0	0	19,260,760	20,201,982	20,258,015
Trading assets	2,184,920	0	0	0	0	2,184,920	2,184,920
Financial assets	0	1,069,698	3,650,950	675,131	856,349	6,252,128	6,297,555
Total carrying amount 30 June 2013	2,184,920	2,133,537	3,650,950	675,131	27,457,279	36,101,817	36,163,080

LIABILITIES	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000	Financial liabilities stated at amortised cost in EUR '000	Total carrying amount 30.06.2013 in EUR '000	Total fair value 30.06.2013 in EUR '000
Liabilities owed to banks	0	1,750,910	9,741,550	11,492,460	11,469,538
Liabilities owed to customers	0	1,397,748	9,752,208	11,149,956	11,176,023
Evidenced by certificates: Liabilities	0	4,692,655	4,226,386	8,919,041	8,937,677
Trading liabilities	1,702,679	0	0	1,702,679	1,702,679
Subordinated capital	0	829,899	663,431	1,493,330	1,508,335
Total carrying amount 30 June 2013	1,702,679	8,671,212	24,383,575	34,757,466	34,794,252

Categories of financial assets and financial liabilities as at 31 December 2012:

ASSETS	Financial instruments held for trading purposes in EUR '000	Designated financial instruments in EUR '000	Financial assets available for sale (AfS) in EUR '000	Financial assets held to maturity in EUR '000	Loans and receivables in EUR '000	Total carrying amount as at 31.12.2012 in EUR '000	Total fair value 31.12.2012 in EUR '000
Cash and cash equivalents	0	0	0	0	131,813	131,813	131,813
Loans and advances to banks	0	121,755	0	0	7,236,787	7,358,542	7,300,111
Loans and advances to customers	0	1,051,821	0	0	19,446,459	20,498,280	20,598,997
Trading assets	2,801,803	0	0	0	0	2,801,803	2,801,803
Financial assets	0	1,182,439	3,402,222	786,896	797,023	6,168,580	6,228,535
Total carrying amount 31 Dec. 2012	2,801,803	2,356,015	3,402,222	786,896	27,612,082	36,959,018	37,061,259

LIABILITIES	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000	Financial liabilities stated at amortised cost in EUR '000	Total carrying amount 31.12.2012 in EUR '000	Total fair value 31.12.2012 in '000
Liabilities owed to banks	0	1,903,341	10,750,737	12,654,078	12,640,412
Liabilities owed to customers	0	1,496,706	8,388,444	9,885,150	9,924,833
Evidenced by certificates: Liabilities	0	5,168,025	4,187,727	9,355,752	9,369,316
Trading liabilities	2,124,595	0	0	2,124,595	2,124,595
Subordinated capital	0	929,386	745,288	1,674,674	1,697,933
Total carrying amount 31 Dec. 2012	2,124,595	9,497,458	24,072,196	35,694,249	35,757,089

Breakdown of the fair value of financial instruments as of 30.06.2013:

	Financial instruments measured at fair value 30 June 2013 in EUR '000	Thereof market prices listed in active markets (Level I) in EUR '000	Thereof measurement methods based on market data (Level II) in EUR '000	Thereof measurement methods not based on market data (Level III) in EUR '000
Financial instruments held for trading	2,184,920	46,441	2,138,479	0
Designated financial instruments	2,133,537	630,393	1,497,544	5,600
Financial assets available for sale (AfS)	2,976,304	2,463,331	510,410	2,563
Total financial instruments measured at fair value	7,294,761	3,140,165	4,146,433	8,163
Financial instruments held for trading	1,702,679	0	1,702,679	0
Designated financial instruments	8,671,212	5,680	8,665,532	0
Total financial liabilities measured at fair value	10,373,891	5,680	10,368,211	0

The calculation of translation reserves in the first half of 2013 of financial instruments measured at fair value in Level III:

	Financial assets available for sale (AfS) in EUR '000	Designated financial assets in EUR '000
As at 1 Jan.	12,462	22,461
Additions	0	0
Disposals	0	0
Effective results	-9,905	-16,861
Effect-neutral results	6	0
Reclassification to Level III	0	0
Reclassification from Level III	0	0
As at 30 June	2,563	5,600

Breakdown of the fair value of financial instruments as of 31.12.2012:

	Financial instruments measured at fair value 31 Dec. 2012 in EUR '000	Thereof market prices listed in active markets (Level I) in EUR '000	Thereof measurement methods based on market data (Level II) in EUR '000	Thereof measurement methods not based on market data (Level III) in EUR '000
Financial instruments held for trading	2,801,803	37,653	2,764,150	0
Designated financial instruments	2,356,015	648,722	1,684,832	22,461
Financial assets available for sale (AfS)	2,686,477	2,069,185	604,830	12,462
Total financial instruments measured at fair value	7,844,295	2,755,560	5,053,812	34,923
Financial instruments held for trading	2,124,595	0	2,124,595	0
Designated financial instruments	9,497,458	5,872	9,491,586	0
Total financial liabilities measured at fair value	11,622,053	5,872	11,616,181	0

11. Cash and cash equivalents

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Cash in hand	30,286	37,447
Balances at central banks	37,487	94,366
Total	67,773	131,813

12. Loans and advances to banks

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Loans and advances payable on demand	4,097,275	3,238,518
Money market transactions	1,502,547	2,254,958
Loans to banks	1,456,168	1,492,564
Purchased loans and advances	339,024	372,502
Total	7,395,014	7,358,542
In Austria	6,137,362	5,976,937
Outside Austria	1,257,652	1,381,605
Total	7,395,014	7,358,542

13. Loans and advances to customers

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Money-market transactions	1,693,839	2,050,073
Loan transactions	16,642,553	16,532,367
Mortgage loans	325,800	337,492
Covering loans	270,425	238,371
Purchased loans and advances	297,718	319,817
Lease financing	925,881	979,911
Other	45,766	40,249
Total	20,201,982	20,498,280
In Austria	13,044,795	13,115,578
Outside Austria	7,157,187	7,382,702
Total	20,201,982	20,498,280

14. Risk provisions

Risk provisions 01.01.2013–30.06.2013

	As at 1 Jan. 2013 in EUR '000	Currency dif- ferences in EUR '000	Allo- cations in EUR '000	Re- versals in EUR '000	Utilised in EUR '000	As at 30 June 2013 in EUR '000
Loans and advances to banks	2,134	0	12	0	1,111	1,035
of which in Austria	1,111	0	0	0	1,111	0
of which outside Austria	1,023	0	12	0	0	1,035
Loans and advances to customers	939,331	- 539	236,907	161,934	43,863	969,902
of which in Austria	624,579	0	193,263	139,060	23,348	655,434
of which outside Austria	314,752	- 539	43,644	22,874	20,515	314,468
Revaluations in the portfolio	102,111	- 34	611	18,456	0	84,232
Subtotal	1,043,576	-573	237,530	180,390	44,974	1,055,169
Risks for off-balance-sheet transactions	16,846	0	34,954	5,307	0	46,493
Total	1,060,422	-573	272,484	185,697	44,974	1,101,662

Risk provisions 01.01.2012–30.06.2012

	As at 1 Jan. 2012 in EUR '000	Currency dif- ferences in EUR '000	Allo- cations in EUR '000	Re- versals in EUR '000	Utilised in EUR '000	As at 30 June 2012 in EUR '000
Loans and advances to banks	22,892	0	0	2,557	18,684	1,651
of which in Austria	1,278	0	0	900	0	378
of which outside Austria	21,614	0	0	1,657	18,684	1,273
Loans and advances to customers	698,337	2,058	98,813	14,926	2,441	781,841
of which in Austria	503,326	0	60,296	13,616	367	549,639
of which outside Austria	195,011	2,058	38,517	1,310	2,074	232,202
Revaluations in the portfolio	99,412	60	1,596	2,384	0	98,684
Subtotal	820,641	2,118	100,409	19,867	21,125	882,176
Risks for off-balance-sheet transactions	19,788	0	2,936	2,468	0	20,256
Total	840,429	2,118	103,345	22,335	21,125	902,432

15. Trading assets

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Debt securities and other fixed-interest securities	71,599	58,694
Positive market value from derivative transactions	2,113,321	2,743,109
Total	2,184,920	2,801,803

The (positive) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 41,649,000 as at 30 June 2013 (previous year: EUR 73,104,000).

16. Financial assets**Designated financial assets**

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Debt securities and other fixed-interest securities	708,596	751,526
Shares and other variable-yield securities	361,102	430,913
Total	1,069,698	1,182,439

Financial assets in the “available for sale” category (AfS)

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Debt securities and other fixed-interest securities	2,737,712	2,518,291
Shares and other variable-yield securities	433,188	418,751
Shares in companies	480,050	465,180
Total	3,650,950	3,402,222

Financial assets in the “held-to-maturity” category (HtM)

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Debt securities and other fixed-interest securities	675,131	786,896
Total	675,131	786,896

Financial assets in the “loans and receivables” category

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Debt securities and other fixed-interest securities	856,349	797,023
Total	856,349	797,023

17. Companies reported under the equity method

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Banks	1,466,905	1,467,828
Non-banks	623,007	604,130
Total	2,089,912	2,071,958

18. Intangible assets

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Customer base	1,535	2,180
Brand	23,969	24,541
Goodwill	16,122	16,122
Other intangible assets	9,978	10,170
Total	51,604	53,013

19. Property, plant and equipment and investment property

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Land and buildings used for bank operations	160,572	160,995
Other property, plant and equipment	108,693	108,609
Investment property	114,074	102,868
Total	383,339	372,472

20. Other assets

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Receivables from non-bank activities	111,333	116,727
Accruals and deferred items	14,197	17,930
Other assets	158,943	156,907
Total	284,473	291,564

21. Amounts owed to banks

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Liabilities payable on demand	3,887,848	4,975,828
Money market transactions	3,770,821	4,061,422
Long-term financing	3,833,791	3,616,828
Total	11,492,460	12,654,078
In Austria	8,480,858	9,935,209
Outside Austria	3,011,602	2,718,869
Total	11,492,460	12,654,078

22. Amounts owed to customers

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Demand deposits	4,276,718	3,603,581
Term deposits	5,136,286	4,490,929
Savings deposits	1,654,468	1,695,473
Other	82,484	95,167
Total	11,149,956	9,885,150
In Austria	8,192,401	6,978,711
Outside Austria	2,957,555	2,906,439
Total	11,149,956	9,885,150

23. Liabilities evidenced by certificates

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Bonds issued	3,912,767	4,211,407
Mortgage bonds/public sector certificates	32,734	32,954
Other securitised liabilities	4,973,540	5,111,391
Total	8,919,041	9,355,752

24. Provisions

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Provisions for personal expenses	137,575	136,252
of which severance provisions	71,978	70,447
of which pension provisions	52,154	52,727
of which bonus fund provisions	13,443	13,078
Other provisions	60,588	31,256
Total	198,163	167,508

25. Trading liabilities

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Interest rate transactions	1,695,029	2,067,426
Currency exchange transactions	7,650	56,889
Other transactions	0	280
Total	1,702,679	2,124,595

The (negative) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 115,163,000 as at 30 June 2013 (previous year: EUR 93,927,000).

26. Other liabilities

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Liabilities from non-bank activities	101,255	103,814
Accruals and deferred items	7,705	9,923
Other liabilities	431,163	314,301
Total	540,123	428,038

27. Subordinated capital

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Subordinated liabilities	275,974	295,994
Supplementary capital	1,199,956	1,361,268
Profit-sharing rights	17,300	17,312
Silent investments	100	100
Total	1,493,330	1,674,674

28. Equity

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Share capital	253,000	253,000
Participation capital	298,765	298,765
Capital reserves	697,838	697,838
Aggregate results	2,049,285	2,087,672
Minority interests	140,905	140,347
Total	3,439,793	3,477,622

In preparation for Basel III, the preferred shares were converted into ordinary shares pursuant to the decision made at the annual general meeting of 10.12.2012. In accordance with its articles, Raiffeisenlandesbank Oberösterreich's share capital as at 30 June 2013 was EUR 253,000,000 (previous year: EUR 253,000,000). It consists of 1,769,751 (previous year: 714,578) ordinary shares and 0 (previous year: 749,294) preference shares. 98.82% of the ordinary shares are retained by a cooperative registered as Raiffeisenbankengruppe OÖ Verbund. RLB Holding registrierte Genossenschaft m.b.H. OÖ owns 1.18 % of the ordinary shares in Raiffeisenlandesbank Oberösterreich.

In accordance with the decision made at the annual general meeting on 13 May 2013 about the use of profit from 2012, in the first half of 2013 dividends of EUR 29,783,000 were paid out on preference shares and EUR 8,601,000 on the participation capital of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft. This means that the dividend for each preference share was EUR 39.75.

Changes in AfS reserves

	2013 in EUR '000	2012 in EUR '000
As at 1 Jan.	71,188	-31,132
Changes in the valuation of AfS securities	-9,325	57,160
Amounts transferred to the income statement	-376	5,935
of which through impairment loss of AfS assets	-1,136	0
of which through sale of AfS assets	-410	3,287
of which from redesignated AfS assets	1,170	2,648
Taxes recorded on this amount	2,425	-15,773
As at 30 June	63,912	16,190

The AfS provisions reflect changes in valuation recorded under equity with no effect on the consolidated profit and loss account of financial instruments in the "Financial assets available for sale (AfS)" category in accordance with IAS 39.

Hedging of net investments in a foreign business

	2013 in EUR '000	2012 in EUR '000
As at 1 Jan.	-2,041	-1,133
Change in value from the hedging of net investments	1,509	-274
Taxes recorded on this amount	-377	68
As at 30 June	-909	-1,339

Exchange rate hedging transactions for investments in economically independent entities are recorded as hedging of net investments, in accordance with IAS 39.102. Hedge positions represent refinancing in foreign currency.

Risk report

Summary

Raiffeisenlandesbank Oberösterreich Group's long-term success has largely been due to active risk management. In order to achieve this target, Raiffeisenlandesbank Oberösterreich, as the dominant group company, has implemented risk management with structures that facilitate the identification and measurement of all risks in the Group (market risks, credit risks, investment portfolio risks, liquidity risks, macroeconomic risks, and operational risks) and their active managerial counteraction.

Raiffeisenlandesbank Oberösterreich in general only aligns itself with areas of the business in which it has the requisite expertise in the assessment of the specific risks. Before it moves into new areas of business or products, the Group always carries out an adequate analysis of the risks posed by that specific business.

Risk Controlling analyses all risks and examines adherence to the defined risk limits by means of ongoing projection and actual comparisons. Internal/Group Auditing assesses the effectiveness of working procedures, processes and internal controls.

Market risks

Market risks take the form of changes in interest rates, currency and exchange rates relating to securities, interest rate and foreign exchange items.

The basis for all business is a balanced risk/reward ratio.

The strict division of labour between front, middle and back office and risk controlling ensures that risks can be described comprehensively, transparently and objectively to the Managing Board and supervisory authorities.

New products and markets are evaluated in an approval process and then authorised by the Managing Board.

The trades and the market price risk are limited by an extensive limit system. All trading positions are valued every day at market prices.

The market risks are measured every day with the value-at-risk index for the trading and bank books. This indicates a possible loss which, with 99% probability, will not be exceeded during a specified holding period.

The market risks are managed using a limit system based on the value at risk. All market risk activities are assigned a risk limit which is included in full in the risk capacity analysis.

In addition to the value-at-risk index, the following limits are used for risks: Stop loss, scenario analyses and volume limits.

The other fully consolidated group companies minimise their market risks through punctual re-financing via Raiffeisenlandesbank Oberösterreich.

The following table shows the value-at-risk figures for the Raiffeisenlandesbank Oberösterreich Group (confidence level 99%, holding period one month) as at 30 June 2012.

Raiffeisenlandesbank Oberösterreich Group	at 30 June 2013 in EUR '000	at 31 Dec. 2012 in EUR '000
Total	95,842	69,552
Interest	92,583	54,892
Spread	45,713	45,890
Currency	335	331
Shares	3,825	7,442
Volatility	6,625	3,963

As at 30 June 2013, the total value at risk was EUR 95.8 million which was EUR 26.3 million higher than on 31 Dec. 2012.

In addition, stress tests are conducted to take account of risks in the event of extreme market movements. The crisis scenarios include the simulation of large fluctuations in the risk factors and are designed to highlight potential losses which are not covered by the value-at-risk model. The stress scenarios comprise both the extreme market fluctuations which have actually occurred in the past and also a series of standardised shock scenarios involving interest rates, credit spreads, share prices, currency exchange rates and volatility. On the basis of the value losses simulated by these stress tests, we analyse whether the market risks we review are reasonable in relation to our equity capital on a quarterly basis.

A stress test with a 200 basis point interest rate shift was performed for the bank book.

The following table shows the results of the stress test as at 30 June 2013:

(in EUR '000)	30 June 2013		31 Dec. 2012	
	+ 200 BP	-200 BP	+ 200 BP	-200 BP
EUR	-275,242	113,774	-205,611	2,775
USD	891	-1,268	-2,794	268
GBP	2,826	-1,917	3,311	-1,453
CHF	-3,328	2,237	-2,860	1,373
JPY	-1,155	134	-1,651	125
CZK	-6,474	6,182	-5,874	3,875
Other currencies	-2,366	2,811	-2,069	2,585

The stress test shows the change in present value when the yield curve is shifted in parallel by plus and minus two percentage points respectively.

Credit risk

The credit risk constitutes the risk to the bank that a loss will occur as a result of the non-fulfilment of the contractual obligations of customers or contractual partners. Credit risk is mainly generated by the loans and advances to customers and banks and from securities from the bank book.

A report on the credit risk is given to the Managing Board once each quarter, or as needed.

The principles of the customers' credit ratings are incorporated in the "Rating Standards" manual. This set of regulations is a compact representation of the standards valid for Raiffeisenlandesbank Oberösterreich, which are in accordance with the international "Basel II" standards.

Moreover, in order to measure the credit risk, following an international bank rating, financing is divided into credit-worthiness and risk classes. The risk class of a borrower accordingly comprises two dimensions – recording and assessing their financial situation and evaluating the securities they provided.

Overall financial structure listed by balance sheet items

Total maximum credit exposure pursuant to IFRS 7.36 a

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Cash and cash equivalents (credit balance at central banks)	37,486	94,366
Loans and advances to banks	7,395,014	7,358,542
Loans and advances to customers	20,201,982	20,498,280
Trading assets	2,184,920	2,801,803
Financial assets	5,139,907	5,043,884
Total	34,959,309	35,796,875
Contingent liabilities	3,835,548	3,973,387
Credit risks	5,141,986	5,653,235
Total	8,977,534	9,626,622
Total maximum credit risk exposure	43,936,843	45,423,497

Concentration risks

Eight large volume investments (not including large-volume investments in fully consolidated subsidiaries) existed in the bank group of Raiffeisenlandesbank Oberösterreich Group at mid-2013 as at year-end 2012. The credit risk exposure was EUR 9,024 million (previous year: EUR 9,643 million). There were also no changes in the number of large-volume investments in comparison to year-end 2012: In H1 2013, two large-volume investments were apportioned to the commercial sector, three to the banking sector and three to government budgets. Unchanged from the previous year, seven commitments exhibited very low / low risk ratings, one large-volume investment is categorised with the normal risk rating.

Disclosures on government bonds from selected European countries

	Designated financial trading instruments in EUR m		Financial assets available for sale (AfS) in EUR m		Financial assets held to maturity in EUR m		Total in EUR m	
	30 June 2013	31 Dec. 2012	30 June 2013	31 Dec. 2012	30 June 2013	31 Dec. 2012	30 June 2013	31 Dec. 2012
Spain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Greece	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ireland	0.0	0.0	10.7	10.4	49.9	49.9	60.6	60.3
Italy	68.8	68.4	0.0	0.0	0.0	0.0	68.8	68.4
Portugal	0.0	0.0	0.0	0.0	15.1	15.1	15.1	15.1
Total	68.8	68.4	10.7	10.4	65.0	65.0	144.5	143.8

The government bonds listed in the category “Financial assets available for sale” as of 30 June 2013 contained a total positive AfS reserve of about EUR 0.7 million (previous year: EUR 0.4 million). The market values of the government bonds listed in the category “Financial assets held to maturity” were about EUR 3.2 million (previous year: EUR 3.0 million) above their carrying amount on 30 June 2013.

Credit-value at risk

Credit-value at risk is assessed monthly for all assets exhibiting address default risk. Risk may arise due to credit default or worsening of creditworthiness – and it is communicated through the key figures expected loss, unexpected loss and credit-value at risk.

The expected loss represents the most probable value decrease of a given portfolio. This specified decrease in value should be expected each year. This loss is covered by the calculated risk costs. The unexpected loss represents a portfolio's possible loss beyond the expected loss, and thus communicates possible negative deviation from the expected loss. The unexpected loss is covered by the equity capital.

The aggregate of expected loss and unexpected loss results in the credit-value at risk. The credit-value at-risk is the maximum loss that can possibly arise within a single year, and which – with a certain amount of probability – will not be exceeded. Raiffeisenlandesbank Oberösterreich calculates unexpected loss at probabilities of 95%, 99% and 99.9%.

Liquidity risk

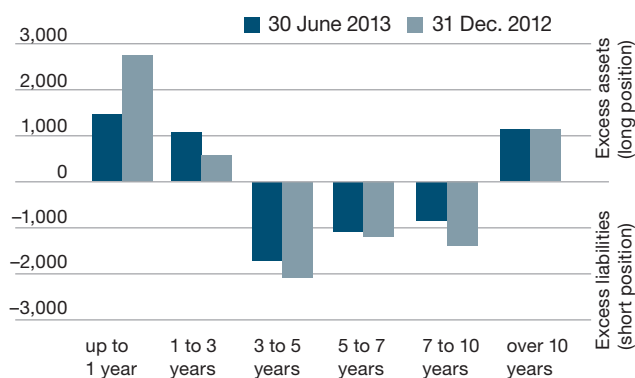
The liquidity risk encompasses the risk of not being able to fulfil one's payment obligations by the due date or, in the case of a liquidity shortage, of not being able to acquire enough liquidity at the terms expected (structural liquidity risk).

Ensuring that there is sufficient liquidity takes top priority at Raiffeisenlandesbank Oberösterreich as the central institution for the Raiffeisen Banking Group Upper Austria. Liquidity has to be safeguarded at all times.

Liquidity and liquidity risk is managed under a standardised model which, besides normal circumstances, also encompasses stress scenarios arising from reputational risk, systemic risk, a non-performing loan or a crisis involving several risks.

From the gap analysis below it can be seen that there is no substantial liquidity risk in the individual maturity periods. There is a large amount of potential collateral available for tender transactions with the ECB and the Swiss National Bank for ongoing liquidity equalisation as well as for other repurchase transactions.

Gap in million EUR¹⁾



¹⁾ The positions without a fixed capital commitment have been analysed in line with historical trends in order to make the presentation as close to reality as possible, and are shown as models as of 30.06.2013; the values as of 31.12.2012 are also shown in accordance with the new method.

Investment portfolio risk

Investment portfolio risk covers potential losses caused by dividends not paid, adjustments, disposal losses, regulatory funding obligations, strategic financial restructuring responsibilities, and the reduction of hidden reserves.

The Raiffeisenlandesbank Oberösterreich Group has a broadly diversified investment portfolio. The investment rating is a central component when measuring investment risk in the risk-bearing capacity analysis. The investment risk is determined on the basis of expert assessments that take into account the current rating classification of the respective investment company. The external rating is used for the bank investments of Raiffeisenlandesbank Oberösterreich.

Despite difficult economic conditions, Raiffeisenlandesbank Oberösterreich's investments also performed well in the first half of 2013.

Macroeconomic risk

In order to determine the macro-economic risk, the impact of a mild and a severe recession on the Raiffeisenlandesbank Oberösterreich Group's risk situation has been measured. To this end, a macroeconomic model analyses the correlation between macroeconomic factors (e.g. GDP, real wages index) and the probability of failure, which is used to calculate the additional risk from a simulated economic downturn.

Operational risks

The Group defines operational risk as being the risk of losses derived from the inadequacies or failure of internal procedures, people and systems, or external events.

The goal of the self assessments done in the Group is to make an appraisal of the operational risks and to increase the awareness of operational risks (early warning system).

Risk-bearing capacity analysis

The risk-bearing capacity analysis compares the aggregated overall bank risk of the Group, organised by credit risks, market risks, investment risks, refinancing risks, macroeconomic risks, operational risks and other risks (= strategic risks, reputation risks, equity capital risks, and profit risks) to risk coverage (= operating profit, hidden reserves, reserves, and equity capital). This comparison of the risks with the available coverage depicts the risk-bearing capacity.

With this comparison, the Raiffeisenlandesbank Oberösterreich Group is able to guarantee that it can cover extremely unexpected losses from its own funds without major negative effects. Economic capital is the measurement of risk used to calculate extremely unexpected losses. It is defined as the minimum amount of capital necessary to cover unexpected losses with a probability of 99.9% within one year.

Other information

Loans and advances as well as amounts owed to related companies

Loans and advances and other liabilities to related companies as at 30 June 2013

Loans and advances as well as liabilities of Raiffeisenlandesbank Oberösterreich to parent companies and companies in which Raiffeisenlandesbank Oberösterreich holds shares are as follows:

	Companies accounted for at equity in EUR '000	Subsidiaries not fully consolidated in EUR '000	Other related companies in EUR '000
Loans and advances to banks	3,992,461	0	0
Loans and advances to customers	299,656	1,421,763	618,251
Trading assets	297,120	0	38,293
Financial assets	2,621,600	334,468	112,144
Other assets	63	26,418	69
Amounts owed to banks	1,911,698	0	0
Amounts owed to customers	28,637	201,830	51,887
Provisions	0	886	0
Trading liabilities	103,104	52	1,512
Other liabilities	129	5,680	376

Loans and advances and other liabilities to related companies as at 31 December 2012

	Companies accounted for at equity in EUR '000	Subsidiaries not fully consolidated in EUR '000	Other related companies in EUR '000
Loans and advances to banks	4,006,615	0	0
Loans and advances to customers	453,813	1,476,759	645,239
Trading assets	382,235	0	43,094
Financial assets	2,614,525	334,306	110,854
Other assets	12,047	25,486	3,789
Amounts owed to banks	2,614,032	0	0
Amounts owed to customers	24,687	168,172	41,266
Provisions	0	886	0
Trading liabilities	124,050	27	1,674
Other liabilities	677	6,392	332

The uppermost parent company is a cooperative registered as Raiffeisenbankengruppe OÖ Verbund, which is not, aside from its function as a holding, operationally active. As of the balance sheet date there were no material loans and advances or amounts owed to the parent company.

As of 30 June 2013, EUR 47,196,000 are pledged to companies accounted for at equity (previous year: EUR 56,642,000) and the bank is liable for up to EUR 0 thousand (previous year: EUR 0 thousand) in valuation losses.

In the course of business relations with related companies, standard market conditions are applied.

Information based on Austrian accounting standards

Regulatory equity requirements

The equity of the Raiffeisenlandesbank Oberösterreich bank group in accordance with the Austrian Banking Act is divided as follows:

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Tier 1 capital (core capital)	2,626,752	2,624,727
Tier 2 capital (supplementary capital)	1,282,045	1,370,719
Deduction of holdings in banks/financial institutions	-242,134	-234,001
Equity eligible for inclusion	3,666,663	3,761,445
Tier 3 capital (short-term supplementary capital)	6,257	3,325
Total equity	3,672,920	3,764,770

The total equity requirement is divided up as follows:

	30 June 2013 in EUR '000	31 Dec. 2012 in EUR '000
Total back-calculated assessment basis	27,469,400	28,372,987
Equity requirements for the credit risk pursuant to § 22 (1) 1 of the Austrian Banking Act	2,078,209	2,160,661
Equity requirements for the types of risk in the trading book pursuant to § 22 (1) 2 of the Austrian Banking Act	6,257	3,325
Equity requirements for the operational risk pursuant to § 22 (1) 4 of the Austrian Banking Act	113,086	105,853
Total equity requirement	2,197,552	2,269,839
Requisite equity, bank book	2,078,209	2,160,661
Requisite equity, trading book	6,257	3,325
Requisite equity, operational risk	113,086	105,853
Equity surplus	1,475,368	1,494,931
Coverage ratio in %	67.1	65.9
Core capital in %	9.1	8.8
Equity ratio in %	13.4	13.3

The core capital ratio refers to the "total back-calculated assessment basis".

Average number of employees pursuant to §266 of the Austrian Business Code

	30 June 2013	31 Dec. 2012
Employees	3,220	2,982
of which VIVATIS/efko	753	743
Workers	1,728	1,584
of which VIVATIS/efko	1,706	1,563
Total	4,948	4,566
 of which VIVATIS/efko	2,459	2,306

The increase in the average employee number is due to the incorporation of additional companies in the Group's basis of consolidation as of year-end 2012.

Events after the balance sheet date

The Supervisory Board of Raiffeisen Zentralbank Österreich AG (RZB) made a decision in a meeting on 25 June 2013 that the shares in affiliated companies would be taken over by Raiffeisen regional headquarters in the second half of 2013. In this context, Raiffeisenlandesbank Oberösterreich will sell share rights in the following companies:

- A share of 6.25% in Raiffeisen Kapitalanlage-GmbH
- A share of 10.21% in Raiffeisen Factor Bank AG
- A share of 6.25% in Raiffeisen Wohnbaubank AG
- A share of 2.44% in Raiffeisen Bausparkasse GmbH

An important goal of the project is to achieve better collaboration through optimised processes, structure and

decision-making channels. There were also no events of particular significance 30 June 2013. The abbreviated semi-annual Group financial statements were compiled on 20 August 2013.

Statement of the Managing Board

We confirm to the best of our knowledge that these abridged half-year consolidated financial statements, prepared according to proper accounting standards, present a true and fair view of the Group's assets, financial position and earnings and that the Group's half-year management report presents a true and fair view of the Group's assets,

financial position and earnings in respect of the most important events in the first six months of the business year and their effects on the abridged half-year consolidated financial statements and in respect of the most significant risks and uncertainties in the remaining six months of the business year.

Linz, 20 August 2013

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

THE MANAGING BOARD



Dr. Heinrich Schaller
Chief Executive and Chairman of the Managing Board



Dr. Hans Schilcher
Deputy Chief Executive



Mag. Michaela Keplinger-Mitterlehner
Member of the Managing Board



Mag. Reinhard Schwendtbauer
Member of the Managing Board



Dr. Georg Starzer
Member of the Managing Board



Mag. Markus Vockenhuber
Member of the Managing Board

The responsibilities of the individual Board members are shown in the following organisational chart.

Areas of responsibility of the Managing Board

Dr. Heinrich Schaller Chief Executive and Chairman of the Managing Board	Dr. Hans Schilcher Deputy Chief Executive	Mag. Michaela Keplinger-Mitterlehner Member of the Managing Board	Mag. Reinhard Schwendtbauer Member of the Managing Board	Dr. Georg Starzer Member of the Managing Board	Mag. Markus Vockenhuber Member of the Managing Board
Major institutional customers	Cash Management	Treasury/ Financial Markets	Participations	Corporate customers	Overall risk management for the bank
Corporate customers, Raiffeisen banks	Operations	Product management and sales controlling retail and private banking/Group marketing	Procurement, Logistics, Infrastructure	Groups	Financing Management
Support for Raiffeisen Banks	GRZ IT Group		REAL-TREUHAND Management GmbH	Corporate customers, Vienna	
Personnel management/Group development		Branches RLB OÖ	Tax office/Real estate coordination	Corporate customers, Southern Germany	
Controlling		PRIVAT BANK AG	Security	Product Management and Sales Controlling Corporate Banking / International business	
Group accounting		KEPLER-FONDS KAG			
Group audit				Raiffeisen-IMPULS-Leasing	
Managing Board office				activ factoring AG	
Public relations and media services				RVM Versicherungsmakler	
Legal office					
Corporate Governance and Compliance					
Public Affairs					

■ Business areas
■ Subsidiaries
■ Staff position



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