



2014

IFRS INTERIM
FINANCIAL REPORT



**Raiffeisen Landesbank
Oberösterreich**

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Interim Financial Report 2014

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Thinking today about the day after tomorrow



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

Thinking ahead, laying down strategies, putting planning processes in place and implementing the measures required to achieve targets are a matter of course for every company. Acting in an enterprising manner also involves continuous changes and developments. When the business environment goes through decisive changes, as has happened for example during and after the economic and financial crisis, Raiffeisenlandesbank Oberösterreich proves to be an extremely reliable and resourceful partner to its customers.

Reliable partner

Raiffeisenlandesbank Oberösterreich believes that its job is to look to the future together with its customers and to align financial services to meet future requirements. We aim to support our customers with the tools that will enable their successful and dynamic development in the future.

Maximum customer focus

Raiffeisenlandesbank Oberösterreich also wants to increase its intense focus on customers even further, despite the additional regulations which the banks now have to comply with by law. We are relying on the use of synergies to achieve this, accompanied by a significant increase in efficiencies.

A short overview of Raiffeisenlandesbank Oberösterreich AG Group's interim results

Raiffeisenlandesbank Oberösterreich improved its operating profits in the first six months of 2014 compared with the same period in the previous year. Customer deposits and customer financing fell slightly. In terms of the deposits this was due primarily to high-volume short-term investments made by major institutional investors. Savings deposits remained at a high level. Raiffeisenlandesbank Oberösterreich was able to retain its levels of financing despite the fall in demand due to the economy. The decline was predominantly a result of the first-time consolidation of the OÖ Wohnbau companies.

Aside from the increases in the operational area, a rise in taxes in the half-year results for 2014 also led to balance sheet remeasurements and to lower operating profits compared with the same period in the previous year.

- The operating profit of EUR 178.2 million (EUR –29.0 million, –14.0 per cent) includes a tax payment which was EUR 5.4 million higher than the same period in the previous year on account of the special banking levy. The profit for the companies reported under the equity method was also EUR 37.5 million lower, particularly as a result of the remeasurement effects as compared with the previous year.
- After-tax net profit for the period rose by EUR 6.4 million or 9.2 per cent to EUR 76.0 million. A look at the pre-tax situation shows a net profit for the period of EUR 60.4 million, which corresponds with a drop of EUR 4.4 million or 6.8 per cent. The reason for these diverging developments are tax deferrals which are partially due to the difference between tax carrying amounts and IFRS carrying amounts.
- The profit from financial instruments measured at fair value (securities, issues and derivatives) also resulted in remeasurement effects. The fall by EUR 30.9 million as compared with the previous year is attributable in particular to the flattening of the yield curve and declines in the spread with own issues which are issued on a continuous basis in order to procure liquidity.
- There was growth in net income from investments. Creditworthiness-related changes in the value of securities and equity investments also affect this item. There was a EUR 35.9 million rise compared with the previous year, although valuation approaches were reduced for equity investments and securities on account of market developments. The positive developments with this item are attributable in particular to the effects of the first-time consolidation of the Upper Austrian residential building companies (OÖ Wohnbau).
- Allowances for losses on loans and advances amounting to EUR 68.9 million were made in the first half of 2014 (EUR –19.6 million, –22.1 per cent).
- Total net profit for the period was EUR 124.5 million for the first half of the year (EUR 1.8 million in the first half of 2013). Declines in interest rates and in the spread resulted in positive valuation effects for the securities portfolio.
- As of 2019 banks must have an equity ratio of at least 10.5 per cent in accordance with the Basel III criteria. The half-year balance sheet for 2014 shows an equity ratio of 15.7 per cent for Raiffeisenlandesbank Oberösterreich in the bank group (RLB OÖ, Raiffeisen IMPULS Leasing, Hypo Salzburg, Privat Bank AG der Raiffeisenlandesbank OÖ, Kepler Fonds KAG etc.).
- The Tier 1 capital ratio (CET1 = Common Equity Tier 1) of the Raiffeisenlandesbank Oberösterreich Group (bank group) was 11.7 per cent in mid-2014 (+0.3 percentage points on 31 Dec. 2013). This ratio is considerably above the statutory requirement of 8.5 per cent as of 2019.

Outlook

This autumn, the new European Banking Authority will announce the results of the balance sheet checks and the stress tests which were carried out at the major banks within the euro area in spring this year. No problems have been revealed in relation to the half-year balance sheet for Raiffeisenlandesbank Oberösterreich in the course of these fitness checks. We are also certain that we will perform well in the asset quality review and the stress test.

As a result of organisational changes and measures to increase efficiency Raiffeisenlandesbank Oberösterreich is well positioned to act as a strong partner to its customers and their requests and projects. Raiffeisenlandesbank Oberösterreich will continue this process in the interest of its customers.

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

INTERIM MANAGEMENT REPORT 2014

Raiffeisenlandesbank Oberösterreich
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Report on business development and the
economic situation

Economic background

Business development

Significant risks and uncertainties

Outlook

Interim Management Report 2014 of the Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Group

1. Report on business development and the economic situation

1.1 Economic background

The upturn in the global economy became stronger and more stable in the first half of 2014; this trend continued to be driven mainly by the industrialised nations, in particular the USA, UK and Germany. General economic growth in the euro area did pick up, but at a less dynamic pace and significantly below potential. Germany remained the clear engine for growth, with the peripheral countries also delivering improved economic results, especially Spain. In contrast, the French economy was beset with problems and failed to gain momentum.

The continued poor utilisation of capacities and below-average demand kept inflation at a very low level in the euro area in the first six months of 2014, which the ECB attempted to combat with an extremely expansive monetary policy.

Austria was also unable to escape the low levels of economic dynamism in the euro area, although it was one of the countries that did see more growth. This is mainly due to its close economic links with Germany and with the eastern countries in the EU that delivered good economic data, to the surprise of some observers.

Although positive data has been coming from the USA for some time now, the economy suffered a major decline in the 1st quarter with an annualised fall in GDP of 3.9%. However, economic indicators such as industrial activity and sentiment, and good figures in the employment market are signs that the decline was only temporary and the basic upward trend remains intact.

In the emerging countries the speed of growth has slowed. In the short term they have suffered from the gradual normalisation in US monetary policy. However, structural weaknesses are also becoming increasingly apparent which could have an effect on growth potential over the longer term as a result.

1.2 Business development

In answer to the economic environment in the first half of 2014 (which remains challenging), Raiffeisenlandesbank Oberösterreich has either completed or introduced a large number of measures and projects aimed at active cost and risk management, and which represent a basis for providing the best possible customer support and therefore for achieving solid half-year operating results. The strategy remains focused in particular on complying with the new requirements and statutory regulations. Based on the bank's strengths – a sound financial base, special customer focus and market penetration as market leader in Upper Austria, a global network and the breadth of the business areas offered – Raiffeisenlandesbank Oberösterreich maintained its position in the first six months of 2014 as a stable, reliable partner both for customers and for the real economy.

Careful management of equity

Raiffeisenlandesbank Oberösterreich adapted to the higher equity regulations under Basel III quite some time ago, by converting its total equity – which had previously consisted of ordinary and preferred shares as well as participation capital – into ordinary shares. Nevertheless we pay particular attention to careful management of the available equity, with increased focus on securities in the case of financing. As a result of this strategy, Raiffeisenlandesbank Oberösterreich managed to increase its Tier 1 capital ratio even further in the first half of 2014.

Cautious risk policy

The first six months of 2014 remained particularly challenging for some sectors on account of the general economic situation. Raiffeisenlandesbank Oberösterreich successfully continued its cautious risk policy in order to allow it to fulfil its role as an important partner to companies and meet its responsibilities to its customers in this more difficult environment.

An even more efficient organisation

The objective of using synergies and thereby reducing costs was also consistently pursued further in the first half of 2014. Following the consolidation of all the processing divisions, including securities processing, treasury processing and the processing of payment transactions and loans into one central "Operations" unit, the Corporate Customers divisions at Raiffeisenlandesbank Oberösterreich have now been consolidated under one Managing Board area. A new sales and product division was also created for corporate customers which will support corporate customer representatives in their product and sales work.

Balance sheet check and stress test

Raiffeisenlandesbank Oberösterreich is one of six Austrian banks which will be assessed by the European Central Bank (ECB) going forward. The Balance Sheet Assessment with the three phases of Risk Assessment, Asset Quality Review (AQR) and a Stress Test started in early March 2014 at Raiffeisenlandesbank Oberösterreich. The results of the balance sheet checks and the stress tests will be announced in autumn by the new European Banking Authority, and Raiffeisenlandesbank Oberösterreich expects the results to be positive.

Group structure

For the IFRS interim report as at 30 June 2014, the basis of consolidation of Raiffeisenlandesbank Oberösterreich includes 152 group companies (31 December 2013: 154), including Raiffeisenlandesbank Oberösterreich as Group parent, that are fully consolidated in the Group, and eight (31 Dec. 2013: nine) companies reported under the equity method. Of the fully consolidated companies, five are banks, 98 are financial institutions (based on business activities), 19 are financial institutions (based on function as a holding), one is a finance holding, one a provider of ancillary services and 28 are other miscellaneous companies. The changes as compared with 31 Dec. 2013 are the result of the deconsolidation of the previously fully consolidated IMPULS-LEASING Hungaria Kft. and IMPULS-Leasing Hungaria Zrt. and of ZRB Beteiligungs GmbH which was previously reported under the equity method, and of the first-time consolidation of OÖ Wohnbau gemeinnützige Wohnbau Beteiligung GmbH, OÖ Wohnbau Gesellschaft für den Wohnungsbau gemeinnützige GmbH and of Bauen und Wohnen Beteiligungs GmbH as at 1 Jan. 2014. Further changes are based on the merger of Saphir Beteiligungs GmbH, and the absorption of Saphir Beteiligungs GmbH & Co OG into Invest Holding GmbH as well as the merger of Gourmet Menü-Service GmbH & Co KG with GMS Gourmet GmbH.

Business development in the segments

Raiffeisenlandesbank Oberösterreich is organised into the following segments. The segment reporting is based on the market segment calculation in the internal management accounts, in accordance with IFRS 8. When dividing up the segments, consideration was given to ensuring a largely homogeneous structure of opportunities and risks.

- Corporates & Retail
- Financial Markets
- Equity investments
- Corporate Center

The Corporates & Retail segment achieved a pre-tax net profit for the period of EUR 16.7 million in the first half of 2014. (H1 2013: EUR 4.1 million). The decline in allowances for losses on loans and advances of EUR -61.5 million (H1 2013: EUR -75.9 million) are among the positive figures.

The Financial Markets segment also made a positive contribution to the pre-tax net profit for the period amounting to EUR 2.9 million in the first half of 2014. (H1 2013: EUR 18.6 million). The decline compared with the first half of the previous year is essentially attributable to the negative net income from designated financial instruments.

The Investments segment provided a stable contribution to the pre-tax net profit for the period amounting to EUR 62.7 million in the first half of 2014. (H1 2013: EUR 62.4 million). At EUR 51.7 million the results from the companies reported under the equity method were EUR 37.5 million lower in the first half of 2014 compared with the previous year (H1 2013: EUR 89.2 million).

The Corporate Center segment includes content for income and expenses which does not fit into any other segment. In the first half of 2014 this segment achieved a negative contribution of EUR -21.8 million (H1 2013: EUR -20.3 million) pre-tax net income for the period.

For a detailed overview, please refer to the Segment reporting in the disclosures.

Changes in the balance sheet

The total assets of the Raiffeisenlandesbank Oberösterreich Group rose as of the middle of 2014 by EUR 1.2 billion or 3.1% to EUR 38.6 billion and remains at this high level. The rise is partially due to the first-time consolidation of the Upper Austrian residential building companies OÖ Wohnbau.

ASSETS	30 June 2014		31 Dec. 2013		Change	
	in EUR m	in %	in EUR m	in %	in EUR m	in %
Loans and advances to banks	6,641	17.2	6,364	17.0	277	4.4
Loans and advances to customers	19,439	50.4	19,694	52.6	-255	-1.3
Trading assets	2,438	6.3	1,996	5.3	442	22.1
Financial assets	6,323	16.4	6,084	16.3	239	3.9
Companies accounted for using the equity method	1,948	5.0	2,037	5.4	-89	-4.4
Other assets	1,811	4.7	1,256	3.4	555	44.2
Total	38,600	100.0	37,431	100.0	1,169	3.1

The trading assets, consisting of debt securities and other fixed-interest securities as well as positive market values from derivative transactions, rose by EUR 442 million or 22.1% on 31 Dec. 2013 to EUR 2,438 million.

The EUR 555 million or 44.2% increase in other assets to EUR 1,811 million is essentially due to the first-time consolidation of the OÖ Wohnbau companies. Please refer to the Disclosures for information on the effects of the first-time consolidation.

EQUITY AND LIABILITIES	30 June 2014		31 Dec. 2013		Change	
	in EUR m	in %	in EUR m	in %	in EUR m	in %
Amounts owed to banks	11,657	30.2	10,256	27.4	1,401	13.7
Amounts owed to customers	10,320	26.8	11,174	29.8	-854	-7.6
Liabilities evidenced by certificates	8,760	22.7	8,696	23.2	64	0.7
Other liabilities	2,789	7.2	2,232	6.0	557	25.0
Subordinated capital	1,477	3.8	1,532	4.1	-55	-3.6
Equity	3,597	9.3	3,541	9.5	56	1.6
Total	38,600	100.0	37,431	100.0	1,169	3.1

The amounts owed to banks rose by EUR 1,401 million or 13.7% compared with 31 Dec. 2013 to EUR 11,657 million, while amounts owed to customers fell by EUR 854 million or 7.6% to EUR 10,320 million.

Other equity and liabilities – consisting of provisions, ongoing and deferred tax liabilities, trading liabilities as well as other equity and liabilities – rose by EUR 557 million or 25.0% to EUR 2,789 million.

Income statement

	1 Jan. – 30 June 2014		1 Jan. – 30 June 2013		Change	
	in EUR m	in %	in EUR m	in %	in EUR m	in %
Interest and interest-related income / expenses	211.8		196.9		14.9	7.6
Share of profit or loss of equity-accounted investments	51.7		89.2		-37.5	-42.0
Net interest income	263.5		286.1		-22.6	-7.9
Loan loss allowances	-68.9		-88.5		19.6	-22.1
Net interest income after loan loss allowances	194.6		197.6		-3.0	-1.5
Net fee and commission income	60.3		61.5		-1.2	-2.0
Net trading income	5.8		7.3		-1.5	-20.5
Net income from designated financial instruments	-73.2		-42.3		-30.9	-
Net income from investments	24.3		-11.6		35.9	-
Other net finance costs	-43.1		-46.6		3.5	-
General administrative expenses	-204.6		-189.7		-14.9	7.9
General administrative expenses OÖ Wohnbau	-18.2		0.0		-18.2	-
General administrative expenses VIVATIS/efko	-123.5		-117.2		-6.3	5.4
Other operating income	44.9		41.4		3.5	8.5
Other operating income OÖ Wohnbau	23.2		0.0		23.2	-
Other operating income VIVATIS/efko	126.8		117.8		9.0	7.6
Pre-tax profit for the period	60.4		64.8		-4.4	-6.8
Taxes on income and earnings	15.6		4.8		10.8	-
After-tax profit for the period	76.0		69.6		6.4	9.2
Operating profit	178.2		207.2		-29.0	-14.0

Net interest income without the share of profit or loss of equity-accounted investments rose slightly year-on-year by EUR 14.9 million, or 7.6%, to EUR 211.8 million. In addition to interest income from loans and advances to customers and banks as well as fixed-income securities, this also reflects yields from shares and other variable-yield securities as well as from equity investments. Interest expenses arise in conjunction with amounts owed to customers and banks, with securitised liabilities and with subordinated capital.

The share of profit or loss of equity-accounted investments showed a slight fall of EUR -37.5 million, or -42.0%, to EUR

51.7 million. This is mainly due to the impairment of an equity-accounted company in the amount of EUR 25.5 million.

Allowances for losses on loans and advances (loan loss allowances) fell by EUR 19.6 million to EUR 68.9 million compared with the previous same half year period.

Net fee and commission income fell by 2.0% to EUR 60.3 million.

The other financial results – consisting of net trading income, net income from designated financial instruments and net income from investments – amounted to EUR –43.1 million as for the first half of 2014. Declines in the spread resulted in negative valuation effects of own issues recognised at fair value on the one hand in net income from designated financial instruments. A general flattening of the yield curve resulted in further valuation losses on the other. The net income from investments includes in particular a positive effect from the first-time consolidation of the OÖ Wohnbau companies amounting to EUR 45.0 million as well as negative effects from losses in value amounting to EUR –21.3 million.

Personnel expenses, general administrative expenses, depreciation and amortisation are recognised in the income statement under “general administrative expenses”. The general administrative expenses from the OÖ Wohnbau companies were EUR 18.2 million in the first half of 2014, with no corresponding expense in the same period in the previous year as a result of the first-time consolidation date of 1 Jan. 2014. The general administrative expenses from the companies in the foodstuffs sector – consisting of the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group – rose by 5.4% compared with the first half of the previous year to EUR 123.5 million. The administrative expenses of the remaining group companies rose by 7.9% to EUR 204.6 million. This is associated among other things with the incorporation of new group companies as well as supervisory regulations.

Other operating income primarily includes income and expenses of non-bank group companies. The OÖ Wohnbau companies generated other operating profits of EUR 23.2 million, with no corresponding income in the same period in the previous year as a result of the first-time consolidation date of 1 Jan. 2014. At the companies in the foodstuffs sector (VIVATIS/efko), other operating income rose by EUR 9.0 million or 7.6% to EUR 126.8 million and at the other group companies by EUR 3.5 million or 8.5% to EUR 44.9 million.

Pre-tax profit for the period declined compared with the half year results for 2013 by a total of EUR 4.4 million. After-tax profit for the period increased by EUR 6.4 million or 9.2% to EUR 76.0 million compared with the half year results for 2013. Operating profit, by contrast, fell by EUR 29.0

million or 14.0% to EUR 178.2 million. The EUR 5.4 million higher tax payment (all told EUR 15.4 million in H1 2014) on account of the special banking levy as compared with the previous year should be mentioned here. The results for the companies reported under the equity method are also EUR 37.5 million lower compared with the previous year as a result of market developments and market valuations.

Statement of comprehensive income

	1 Jan. – 30 June 2014 in EUR m	1 Jan. – 30 June 2013 in EUR m	Change in EUR m
After-tax profit for the period	76.0	69.6	6.4
Change in value of AfS reserves	102.7	–9.7	112.4
Other share of profit or loss of equity-accounted investments	–28.0	–61.6	33.6
Additional other profit or loss	–0.6	1.4	–2.0
Taxes on this amount	–25.6	2.1	–27.7
Total other net profit/loss	48.5	–67.8	116.3
Total comprehensive income for the period	124.5	1.8	122.7

Total comprehensive income for the period ended very positively at EUR 124.5 million compared with the first half of 2013. This is essentially attributable to the positive gain or loss on remeasurement from the valuation of assets which are available for sale (AfS, i.e. securities, in particular bonds) as well as the less negative figure for other losses of equity-accounted investments:

- the AfS reserves increased significantly as a result of valuation gains in the securities portfolio. Considerable declines in interest rates and in the spread were the reason for this.
- Foreign currency valuations in particular had an effect on the other profit or loss of equity-accounted investments.

Equity

The Tier 1 capital ratio of the Raiffeisenlandesbank Oberösterreich Group (bank group) was 11.7% in mid-2014 (+0.3 percentage points on 31 Dec. 2013 adjusted in accordance with Basel III).

As of 2019 banks must have an equity ratio of at least 10.5% in accordance with Basel III. The equity ratio of the Raiffeisenlandesbank Oberösterreich Group (bank group) was 15.7% as at 30 June 2014 (also 15.7% as at 31 Dec. 2013 adjusted in accordance with Basel III).

2. 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.

The geopolitical tensions in Ukraine, the sanctions against Russia and the uncertainty surrounding the future conduct of the Russian leadership are the dominant topics on the international finance markets. Raiffeisenlandesbank Oberösterreich is indirectly impacted by the developments in Eastern Europe via Raiffeisen Bank International AG (RBI) through its 14.64% stake in Raiffeisen Zentralbank Österreich AG (RZB) which is reported under the equity method.

RBI's interim data published on 21 August 2014 shows a respectable operating profit, while negative effects from the significant devaluation of the currencies of both Ukraine and Russia against the euro and US dollar have been reflected in increased allowances for losses on loans and advances in the interim financial statements. RBI expects no or only minimal direct effects from the sanctions against Russia, although the results could be negatively influenced by the upcoming Asset Quality Review by the ECB and a further deterioration of the situation in Ukraine and Russia. Aside from that, several new government programmes have been drafted in Hungary which benefit foreign currency borrowers and these could have a negative impact on the RZB Group results if they are implemented.

For further information on the overall financial risks in the Raiffeisenlandesbank Oberösterreich Group and the goals and methods of risk management, please refer to the risk report in the Disclosures.

3. Outlook

The "Raiffeisen Banking Group Upper Austria 2020 – Shaping the future together" project was launched in 2012 with the aim of retaining market and product leadership and in particular our outstanding focus on the customer for the future. Work is specifically being done on increasing efficiencies and streamlining structures, with the objective of further increasing effectiveness in the market and ultimately further improving stability throughout the entire Group, not least through the associated reductions in costs. The intensive cooperation between Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria will also continue and receive additional boosts, with securing independence for the Raiffeisen banks being the priority here.

Following a careful analysis, development and test phase with pilot banks that lasted around two years, the large

scale project "Raiffeisen Banking Group Upper Austria 2020 – Shaping the future together" is now reaching the implementation stage as of mid-2014. It will take place in the Upper Austrian Raiffeisen banks based on various project packages.

In addition to performance over recent years as well as the interim results for 2014, these forward-looking measures combined with efficient and targeted liquidity planning and management along with comprehensive risk management and the broad strategic direction of the Raiffeisenlandesbank Oberösterreich in different divisions lay the groundwork for a good set of annual results in 2014.

IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2014 (CONDENSED)

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, 4020 Linz, Europaplatz 1a

Income statement

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Income statement

	Disclosure	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Interest and interest-related income		472,791	479,279
Interest and interest-related expenses		-261,001	-282,384
Share of profit or loss of equity-accounted investments		51,724	89,159
Net interest income	(1)	263,514	286,054
Loan loss allowances	(2)	-68,877	-88,484
Net interest income after loan loss allowances		194,637	197,570
Fee and commission income		85,283	87,869
Fee and commission expenses		-24,961	-26,411
Net fee and commission income	(3)	60,322	61,458
Net trading income	(4)	5,792	7,301
Net income from designated financial instruments	(5)	-73,223	-42,319
Net income from investments	(6)	24,353	-11,558
Other net financial income/other net finance costs		-43,078	-46,576
General administrative expenses	(7)	-346,368	-306,923
Other net operating income	(8)	194,905	159,284
Pre-tax profit for the period		60,418	64,813
Taxes on income and earnings	(9)	15,587	4,809
After-tax profit for the period		76,005	69,622
of which shareholders' equity		75,978	67,498
of which attributable to non-controlling interests		27	2,124

Statement of comprehensive income

	Disclosure	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
After-tax profit for the period		76,005	69,622
Items that can be transferred into the income statement			
Actuarial profits and losses from defined benefit plans		-311	0
Amounts recognised in equity		-413	0
Taxes recognised in respect of this amount		102	0
Other share of profit or loss of equity-accounted investments		-2,462	-13,431
Amounts recognised in equity		-2,462	-13,431
Taxes recognised in respect of this amount		0	0
Items that can be transferred into the Income statement			
Gain or loss on remeasurement of AfS securities	(28)	77,005	-7,276
Amounts recognised in equity		103,429	-9,325
Amounts transferred into the income statement		-756	-376
Taxes recognised in respect of this amount		-25,668	2,425
Gain or loss from the hedging of net investments	(28)	32	1,132
Amounts recognised in equity		43	1,509
Amounts transferred into the income statement		0	0
Taxes recognised in respect of this amount		-11	-377
Currency differences		-248	-12
Amounts recognised in equity		-248	-12
Amounts transferred into the income statement		0	0
Taxes recognised in respect of this amount		0	0
Other share of profit or loss of equity-accounted investments		-25,505	-48,202
Amounts recognised in equity		-25,505	-48,202
Amounts transferred into the income statement		0	0
Taxes recognised in respect of this amount		0	0
Other changes		0	-28
Total other net profit/loss		48,511	-67,817
Total comprehensive income for the period		124,516	1,805
of which shareholders' equity		123,187	-3
of which attributable to non-controlling interests		1,329	1,808

Balance sheet

ASSETS	Disclosure	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Cash and cash equivalents	(10), (11)	80,156	91,019
Loans and advances to banks	(10), (12), (14)	6,640,692	6,363,558
Loans and advances to customers	(10), (13), (14)	19,438,509	19,693,620
Trading assets	(10), (15)	2,437,749	1,995,634
Financial assets	(10), (16)	6,323,322	6,084,082
Companies accounted for using the equity method	(17)	1,947,425	2,037,271
Intangible assets	(18)	53,921	53,621
Property and equipment	(19)	402,418	398,557
Investment property	(19)	747,342	284,756
Current tax assets	(9)	16,665	18,840
Deferred tax assets	(9)	37,467	51,037
Other assets	(20)	474,269	359,498
Total		38,599,935	37,431,493

EQUITY AND LIABILITIES	Disclosure	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Amounts owed to banks	(10), (21)	11,656,416	10,255,878
Amounts owed to customers	(10), (22)	10,320,230	11,174,460
Liabilities evidenced by certificates	(10), (23)	8,760,404	8,695,702
Provisions	(14), (24)	228,973	228,069
Current tax liabilities	(9)	17,892	17,758
Deferred tax liabilities	(9)	25,306	31,792
Trading liabilities	(10), (25)	1,884,636	1,563,625
Other liabilities	(26)	631,562	391,527
Subordinated capital	(10), (27)	1,477,111	1,531,679
Equity	(28)	3,597,405	3,541,003
of which shareholders' equity		3,435,494	3,389,587
of which attributable to non-controlling interests		161,911	151,416
Total		38,599,935	37,431,493

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. 2014	276,476	1,032	972,095	2,139,984	3,389,587	151,416	3,541,003
Change in the basis of consolidation	0	0	0	0	0	10,783	10,783
Total comprehensive income for the period	0	0	0	123,187	123,187	1,329	124,516
Dividends	0	0	0	-28,702	-28,702	-1,626	-30,328
Other changes in capital	0	0	0	-48,578	-48,578	9	-48,569
Equity 30 June 2014	276,476	1,032	972,095	2,185,891	3,435,494	161,911	3,597,405

	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
Change in the basis of consolidation	0	0	0	0	0	0	0
Total comprehensive 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
Other changes in capital	0	0	0	0	0	0	0
Equity 30 June 2013	253,000	298,765	697,838	2,049,285	3,298,888	140,905	3,439,793

Cash flow statement

	1 Jan. – 30 June 2014	1 Jan. – 30 June 2013
	in EUR '000	in EUR '000
Cash at the end of the previous period	91,019	131,813
Cash flow from operating activities	207,516	338,082
Cash flow from investing activities	-120,158	-211,054
Cash flow from financing activities	-98,221	-191,068
Cash and cash equivalents at the end of the period	80,156	67,773

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 2014

	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	107,624	67,300	33,518	3,348	211,790
Share of profit or loss of equity-accounted investments	0	0	51,724	0	51,724
Loan loss allowances	-61,450	0	-7,427	0	-68,877
Net interest income after loan loss allowances	46,174	67,300	77,815	3,348	194,637
Net fee and commission income	25,052	9,847	22,042	3,381	60,322
Net trading income	785	2,264	2,743	0	5,792
Net income from designated financial instruments	-4,775	-55,706	-12,742	0	-73,223
Net income from investments	-792	603	24,542	0	24,353
General administrative expenses	-42,448	-17,609	-257,384	-28,927	-346,368
Other net operating income	-7,315	-3,817	205,635	402	194,905
Pre-tax profit for the period	16,681	2,882	62,651	-21,796	60,418

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
Share of profit or loss of equity-accounted investments	0	0	89,159	0	89,159
Loan loss allowances	-75,856	0	-12,628	0	-88,484
Net interest income after loan loss allowances	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 net 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

Disclosures

The fundamentals of the consolidated accounts according to IFRS

Principles

The consolidated financial statements of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft were prepared in compliance with the applicable International Financial Reporting Standards (IFRS) as 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. This condensed interim financial report as at 30 June 2014 is in accordance with IAS 34.

The same accounting and valuation principles and consolidation methods were applied for the interim reporting as for the compilation of the consolidated financial statements 2013.

The interim financial report as at 30 June 2014 has not been subject to a complete audit, nor has it been inspected by a statutory auditor.

Changes in the basis of consolidation and their effects

The number of fully consolidated companies reported under the equity method developed during the financial year as follows:

	Fully consolidated		Equity method	
	2014	2013	2014	2013
As at 1 Jan.	154	63	9	8
Included for the first time during the reporting period	3	–	–	–
Merged during the reporting period	3	–	–	–
Deconsolidated during the reporting period	2	–	1	–
As at 30 June	152	63	8	8

For the IFRS interim report as at 30 June 2014, the basis of consolidation of Raiffeisenlandesbank Oberösterreich includes 152 group companies, incl. Raiffeisenlandesbank Oberösterreich as Group parent (31 December 2013: 154) and with these companies fully consolidated in the Group, and eight (31 Dec. 2013: nine) companies reported under the equity method. Of the fully consolidated companies, five are banks, 98 are financial institutions, 19 are financial institutions (industrial holdings), one is a financial holding, one is a provider of ancillary services and there are 28 other companies. The changes as compared with 31 December

2013 are the result of the deconsolidation of the previously fully consolidated IMPULS-LEASING Hungaria Kft. and IMPULS-Leasing Hungaria Zrt. and of ZRB Beteiligungs GmbH which was previously reported under the equity method, and of the first-time consolidation of OÖ Wohnbau gemeinnützige Wohnbau Beteiligung GmbH, OÖ Wohnbau Gesellschaft für den Wohnungsbau gemeinnützige GmbH and of Bauen und Wohnen Beteiligungs GmbH. Further changes are based on the merger of Saphir Beteiligungs GmbH, and the absorption of Saphir Beteiligungs GmbH & Co OG into Invest Holding GmbH as well as the merger of Gourmet Menü-Service GmbH & Co KG with GMS Gourmet GmbH.

The first-time consolidation of Bauen und Wohnen Beteiligungs GmbH was the result of gaining the controlling interest as at 1 Jan. 2014. "OÖ Wohnbau gemeinnützige Wohnbau Beteiligung GmbH" is a subsidiary and "OÖ Wohnbau Gesellschaft für den Wohnungsbau gemeinnützige GmbH" a second-tier subsidiary from the point of view of the holding first mentioned. Both companies are public house building companies which are subject to the restrictions of the Austrian Public House Building Act (WGG) both in terms of distributions of profits as well as access to the assets. The following table shows the newly assessed assets and liabilities as of the date of first-time inclusion:

	1 Jan. 2014 in EUR '000
Cash and cash equivalents	1
Loans and advances to banks	38,255
Financial assets	5,882
Intangible assets	269
Property and equipment	2,609
Investment property	475,055
Tax assets	23
Other assets	35,068
Total Assets	557,162

	1 Jan. 2014 in EUR '000
Amounts owed to banks	392,933
Provisions	16,385
Other liabilities	82,087
Total liabilities	491,405
Proportionate net assets	54,974
Minorities	10,783
Equity	65,757
Total equity and liabilities	557,162

With a comparison of the carrying amount held amounting to EUR 10,004 thousand as compared with the proportionate net assets amounting to EUR 54,974 thousand, a negative difference of EUR 44,970 thousand results from the first-time consolidation which is recognised as income in the income statement. The item is stated in the net income from investments under “Profit/loss from initial consolidation and deconsolidation”

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 statement of comprehensive income with no effect on the income statement.

The following exchange rates were used to calculate the currencies:

Prices in currency per euro	30 June 2014	
	Rate on reporting date	Average rate
Croatian kuna (HRK)	7.5760	7.6207
Polish zloty (PLN)	4.1568	4.1776
Czech crowns CZK	27.4530	27.4416
Hungarian forint (HUF)	309.3000	306.8100

Disclosures on the income statement

1. Net interest income

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Interest income		
From financial instruments in the category "loans and receivables"	251,573	259,236
From financial instruments in the category "available for sale"	40,726	32,647
From financial instruments in the category "held-to-maturity"	8,363	10,642
Subtotal	300,662	302,525
From designated and derivative financial instruments	106,323	126,390
From lease financing	44,320	28,960
Total interest income	451,305	457,875
Current income		
From shares and other variable-yield securities	10,430	9,808
From investments in affiliated companies	7,316	7,902
From other investments	3,123	3,466
Current income	20,869	21,176
Other interest-related income	617	228
Interest and interest-related income	472,791	479,279
Interest expenses		
For financial liabilities that are stated at amortised cost	-129,421	-136,140
For designated and derivative financial instruments	-129,420	-145,357
Total interest expenses	-258,841	-281,497
Other interest-related expenses	-2,160	-887
Interest and interest-related expenses	-261,001	-282,384
Share of profit or loss of equity-accounted investments	51,724	89,159
Net interest income	263,514	286,054

The share of profit or loss of equity-accounted investments in the first half of 2014 includes depreciation and amortisation amounting to EUR 25,468 thousand (H1 2013: EUR 0 thousand) of the lower fair value minus sales costs of an investment reported using the equity method.

2. Loan loss allowances

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Allocation to loan loss allowances	-204,212	-272,484
Reversal of allowances for loan losses	94,642	185,697
Direct impairment losses	-2,905	-3,267
Amounts received against loans and advances written off	43,598	1,570
Total	-68,877	-88,484

3. Net fee and commission income

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
From payment transactions	13,455	9,759
From funding transactions	13,926	17,126
From securities business	23,010	23,340
From foreign exchange, currency and precious metals transactions	1,843	1,939
From other service business	8,088	9,294
Total	60,322	61,458

4. Net trading income

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Interest-rate related business	4,873	2,604
Currency related business	542	4,373
Other business	377	324
Total	5,792	7,301

5. Net income from designated financial instruments

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Net gain or loss on designated financial instruments and derivatives	-73,223	-42,319

6. Net income from investments

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Securities in the category "held-to-maturity"		
Gain or loss on remeasurement	0	0
Gain or loss on disposal	0	0
Securities in the category "loans and receivables"		
Gain or loss on remeasurement	-1,496	950
Gain or loss on disposal	1,591	-2
Securities in the category "available for sale"		
Gain or loss on remeasurement	-9,716	-12,374
Gain or loss on disposal	-2,214	3,734
Shares in companies in the category "available for sale"		
Gain or loss on remeasurement	-10,131	-1,452
Gain or loss on disposal	2	366
Gain or loss arising from hedge accounting		
Gain or loss arising on hedging transactions	88,955	-51,997
Valuation from underlying transactions	-86,342	49,217
Gain or loss from initial consolidation and deconsolidation	43,704	0
Total	24,353	-11,558

The gain or loss on remeasurement of assets from securities in the category “loans and receivables” includes impairments of EUR 1,496 thousand (H1 2013: EUR 0 thousand) and reversals of allowances amounting to EUR 0 thousand (H1 2013: EUR 950 thousand). The remaining gain or loss on the remeasurement of assets reflect the impairment losses recognised in profit or loss. The profit from first-time consolidation and deconsolidation amounted to EUR 43,704 thousand in the first half of 2014 (H1 2013: EUR 0 thousand) and resulted primarily from the first-time consolidation of the Upper Austrian residential building companies (OÖ Wohnbau).

7. General administrative expenses

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Personnel expenses	-177,117	-166,807
Administrative expenses	-131,095	-113,514
Depreciation and impairment losses on property and equipment and on investment property, amortisation and impairment losses on intangible assets	-38,156	-26,602
Total	-346,368	-306,923

In the first half of 2014, the “general administrative expenses” included approximately EUR 123.5 million (H1 2013: EUR 117.2 million) – from companies in the foodstuff sector (“VIVATIS Holding AG” Group and „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 “general administrative expenses” from the OÖ Wohnbau companies were EUR 18.2 million in the first half of 2014, with no corresponding expense in the same period in the previous year as a result of the first-time consolidation date of 1 Jan. 2014.

8. Other net operating income

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Other operating income	522,609	466,934
Other operating expenses	-327,704	-307,650
Total	194,905	159,284

In total, the “other operating income” of the companies in the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group amounted to about EUR 126.8 million in the first half of 2014. (H1 2013: EUR 117.8 million). 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 Upper Austrian residential building companies (OÖ Wohnbau) contribute about EUR 23.2 million to the “Other operating income” in the first half of 2014. Because this was a first-time consolidation as of 1 Jan. 2014 there was no corresponding income in the same period in the previous year.

9. Taxes on income and earnings

	1 Jan. – 30 June 2014 in EUR '000	1 Jan. – 30 June 2013 in EUR '000
Taxes on income and earnings	15,587	4,809

Disclosures on the balance sheet

10. Financial instruments disclosure

Categories of financial assets and financial liabilities as at 30 June 2014:

ASSETS	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000	Financial assets available for sale (AFS) in EUR '000	Financial investments held-to-maturity in EUR '000	Loans and receivables in EUR '000	Carrying amount total 30 June 2014 in EUR '000	Fair value total 30 June 2014 in EUR '000
Cash and cash equivalents	0	0	0	0	80,156	80,156	80,156
Loans and advances to banks	0	122,075	0	0	6,518,617	6,640,692	6,628,562
Loans and advances to customers	0	864,692	0	0	18,573,817	19,438,509	19,634,244
Trading assets	2,437,749	0	0	0	0	2,437,749	2,437,749
Financial assets	0	776,185	4,263,903	481,351	801,883	6,323,322	6,376,435
Total carrying amount 30 June 2014	2,437,749	1,762,952	4,263,903	481,351	25,974,473	34,920,428	35,157,146

EQUITY AND 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 June 2014 in EUR '000	Total fair value 30 June 2014 in EUR '000
Amounts owed to banks	0	1,516,092	10,140,324	11,656,416	11,688,109
Amounts owed to customers	0	1,104,513	9,215,717	10,320,230	10,374,733
Liabilities evidenced by certificates	0	4,743,230	4,017,174	8,760,404	8,800,849
Trading liabilities	1,884,636	0	0	1,884,636	1,884,636
Subordinated capital	0	957,845	519,266	1,477,111	1,491,174
Total carrying amount 30 June 2014	1,884,636	8,321,680	23,892,481	34,098,797	34,239,501

Categories of financial assets and financial liabilities as at 31 December 2013:

ASSETS	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000	Financial assets available for sale (AfS) in EUR '000	Financial investments held-to-maturity in EUR '000	Loans and receivables in EUR '000	Carrying amount total 31 Dec. 2013 in EUR '000	Fair value total 31 Dec. 2013 in EUR '000
Cash and cash equivalents	0	0	0	0	91,019	91,019	91,019
Loans and advances to banks	0	118,757	0	0	6,244,801	6,363,558	6,333,489
Loans and advances to customers	0	811,994	0	0	18,881,626	19,693,620	19,711,334
Trading assets	1,995,634	0	0	0	0	1,995,634	1,995,634
Financial assets	0	872,868	3,732,616	614,068	864,530	6,084,082	6,126,210
Total carrying amount 31 Dec. 2013	1,995,634	1,803,619	3,732,616	614,068	26,081,976	34,227,913	34,257,686

EQUITY AND 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 Dec. 2013 in EUR '000	Total fair value 31 Dec. 2013 in EUR '000
Amounts owed to banks	0	1,562,998	8,692,880	10,255,878	10,226,334
Amounts owed to customers	0	1,271,155	9,903,305	11,174,460	11,203,160
Liabilities evidenced by certificates	0	4,580,359	4,115,343	8,695,702	8,718,753
Trading liabilities	1,563,625	0	0	1,563,625	1,563,625
Subordinated capital	0	924,128	607,551	1,531,679	1,546,506
Total carrying amount 31 Dec. 2013	1,563,625	8,338,640	23,319,079	33,221,344	33,258,378

Breakdown of the fair value of financial instruments as at 30 June 2014:

	Financial instruments measured at fair value 30 June 2014 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	2,437,749	61,665	2,376,084	0
Designated financial instruments	1,762,952	457,853	131,761	1,173,338
Financial assets available for sale (AfS)	3,727,268	2,998,916	549,767	178,585
Total financial instruments measured at fair value	7,927,969	3,518,434	3,057,612	1,351,923
Financial instruments held for trading	1,884,636	0	1,884,636	0
Designated financial instruments	8,321,680	0	8,321,680	0
Total financial liabilities measured at fair value	10,206,316	0	10,206,316	0

Reclassifications between Level I and Level II as at 30 June 2014:

	Reclassifications from Level I to Level II in EUR '000	Reclassifications from Level II to Level I in EUR '000
Financial instruments held for trading	0	0
Designated financial instruments	0	0
Financial assets available for sale (AfS)	0	3,303
Total financial instruments measured at fair value	0	3,303
Financial instruments held for trading	0	0
Designated financial instruments	6,850	0
Total financial liabilities measured at fair value	6,850	0

The calculation of translation reserves in the first half of 2014 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.	178,256	1,134,699
Additions	0	147,421
Disposals	-435	-125,181
Effective results	764	16,399
Effect-neutral results	0	0
Breakdown in Level III	0	0
Breakdown from Level III	0	0
As at 30 June	178,585	1,173,338

Breakdown of the fair value of financial instruments as at 31 Dec. 2013:

	Financial instruments measured at fair value 31 Dec. 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	1,995,634	49,051	1,946,583	0
Designated financial instruments	1,803,619	448,491	220,429	1,134,699
Financial assets available for sale (AfS)	3,168,697	2,430,416	560,025	178,256
Total financial instruments measured at fair value	6,967,950	2,927,958	2,727,037	1,312,955
Financial instruments held for trading	1,563,625	0	1,563,625	0
Designated financial instruments	8,338,640	7,070	8,331,570	0
Total financial liabilities measured at fair value	9,902,265	7,070	9,895,195	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
Breakdown in Level III	0	0
Breakdown from Level III	0	0
As at 30 June	2,563	5,600

Possible effects of netting agreements

The following tables contain information on the offsetting effects on the consolidated balance sheet and the financial implications of a set-off in the case of derivative instruments which are subject to a framework netting agreement or similar agreement.

Assets

	Financial assets (gross) = recognised financial assets (net) in EUR '000	Unrecognised amounts		Net amount in EUR '000
		Offsetting effect of framework agreements in EUR '000	Cash collateral in EUR '000	
Loans and advances to banks	6,640,692	-712,366	0	5,928,326
Positive market value from derivative transactions	2,359,199	-1,350,142	-553,861	455,196
Total 30 June 2014	8,999,891	-2,062,508	-553,861	6,383,522

	Financial assets (gross) = recognised financial assets (net) in EUR '000	Unrecognised amounts		Net amount in EUR '000
		Offsetting effect of framework agreements in EUR '000	Cash collateral in EUR '000	
Loans and advances to banks	6,363,558	-761,515	0	5,602,043
Positive market value from derivative transactions	1,925,250	-1,162,301	-419,563	343,386
Total 31 Dec. 2013	8,288,808	-1,923,816	-419,563	5,945,429

Liabilities

	Financial liabilities (gross) = recognised financial liabilities (net) in EUR '000	Unrecognised amounts		Net amount in EUR '000
		Offsetting effect of framework agreements in EUR '000	Cash collateral in EUR '000	
Amounts owed to banks	11,656,416	-712,366	0	10,944,050
Negative market values from derivative financial instruments	1,884,636	-1,350,142	-375,850	158,644
Total 30 June 2014	13,541,052	-2,062,508	-375,850	11,102,694

	Financial liabilities (gross) = recognised financial liabilities (net) in EUR '000	Unrecognised amounts		Net amount in EUR '000
		Offsetting effect of framework agreements in EUR '000	Cash collateral in EUR '000	
Amounts owed to banks	10,255,878	-761,515	0	9,494,363
Negative market values from derivative financial instruments	1,563,625	-1,162,301	-244,753	156,571
Total 31 Dec. 2013	11,819,503	-1,923,816	-244,753	9,650,934

The column "Offsetting effect of framework agreements" shows the amounts which are subject to a framework netting agreement, but that are not set off due to fulfilment of the conditions.

The "Cash collateral" column contains the amounts of cash collateral received or given.

11. Cash and cash equivalents

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Cash in hand	32,692	38,167
Balances at central banks	47,464	52,852
Total	80,156	91,019

12. Loans and advances to banks

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Loans and advances payable on demand	3,379,915	3,188,403
Money market transactions	1,717,311	1,532,020
Loans to banks	1,109,342	1,259,786
Purchased loans and advances	434,124	383,349
Total	6,640,692	6,363,558
In Austria	5,374,662	5,265,499
Abroad	1,266,030	1,098,059
Total	6,640,692	6,363,558

13. Loans and advances to customers

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Money-market transactions	1,274,764	1,199,747
Loan transactions	14,974,201	15,500,099
Mortgage loans	287,868	305,988
Covering loans	366,468	321,554
Purchased loans and advances	392,213	219,373
Lease financing	2,092,617	2,101,584
Other	50,378	45,275
Total	19,438,509	19,693,620
In Austria	12,583,174	12,701,272
Abroad	6,855,335	6,992,348
Total	19,438,509	19,693,620

14. Loan loss allowances

Loan loss allowances 1 Jan. 2014 – 30 June 2014

	As at 1 Jan. 2014 in EUR '000	Change in basis of con- solidation in EUR '000	Currency differences in EUR '000	Allocations in EUR '000	Reversals in EUR '000	Utilised in EUR '000	As at 30 June 2014 in EUR '000
Loans and advances to banks	896	0	0	0	83	0	813
of which in Austria	0	0	0	0	0	0	0
of which foreign	896	0	0	0	83	0	813
Loans and advances to customers	978,194	-22,362	72	176,591	50,719	64,425	1,017,351
of which in Austria	639,661	0	0	122,903	36,944	59,132	666,488
of which foreign	338,533	-22,362	72	53,688	13,775	5,293	350,863
Revaluations in the portfolio	80,664	-183	3	5,483	4,907	0	81,060
Subtotal	1,059,754	-22,545	75	182,074	55,709	64,425	1,099,224
Risks for off-balance-sheet transactions	46,845	0	0	22,138	31,731	760	36,492
Revaluations in the portfolio for off-balance-sheet transactions	21,581	0	0	0	7,202	0	14,379
Total	1,128,180	-22,545	75	204,212	94,642	65,185	1,150,095

Loan loss allowances 1 Jan. 2013 – 30 June 2013

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

15. Trading assets

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Bonds and other fixed-income securities	78,550	70,384
Positive market value from derivative transactions	2,359,199	1,925,250
Total	2,437,749	1,995,634

The (positive) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 123,743 thousand as at 30 June 2014 (31 Dec. 2013: EUR 43,148 thousand).

16. Financial assets**Designated financial assets**

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Bonds and other fixed-income securities	690,168	668,228
Shares and other variable-yield securities	86,017	204,640
Total	776,185	872,868

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

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Bonds and other fixed-income securities	3,422,353	2,816,467
Shares and other variable-yield securities	403,869	474,344
Shares in companies	437,681	441,805
Total	4,263,903	3,732,616

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

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Bonds and other fixed-income securities	481,351	614,068
Total	481,351	614,068

Financial assets in the category “loans and receivables”

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Bonds and other fixed-income securities	801,883	864,530
Total	801,883	864,530

17. Companies accounted for using the equity method

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Banks	1,296,216	1,384,058
Non-banks	651,209	653,213
Total	1,947,425	2,037,271

Raiffeisen Bank International AG (RBI) placed new shares with new institutional investors to the amount of EUR 2.78 billion in the first quarter of the 2014 financial year. The disproportionately low participation of Raiffeisen Zentralbank Österreich AG (RZB) in the capital increase means that the size of its stake in RBI has fallen. This dilutive effect led to a reduction in the proportional equity in RZB and therefore to a reduction in the equity carrying amount within the Raiffeisenlandesbank Oberösterreich Group in the first six months of 2014.

18. Intangible assets

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Customer base	552	1,069
Brand	21,824	22,896
Goodwill	16,122	16,122
Other intangible assets	15,423	13,534
Total	53,921	53,621

19. Property and equipment and investment property

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Land and buildings used for bank operations	242,470	244,584
Other property and equipment	159,948	153,973
Investment property	747,342	284,756
Total	1,149,760	683,313

20. Other assets

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Receivables from non-bank activities	134,333	114,865
Prepaid expenses	26,282	19,994
Other assets	313,654	224,639
Total	474,269	359,498

21. Amounts owed to banks

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Liabilities payable on demand	3,819,940	3,309,091
Money market transactions	3,997,619	3,286,017
Long-term financing	3,560,755	3,652,129
Other	278,102	8,641
Total	11,656,416	10,255,878
In Austria	8,039,796	7,316,790
Abroad	3,616,620	2,939,088
Total	11,656,416	10,255,878

22. Amounts owed to customers

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Demand deposits	3,989,015	4,415,612
Term deposits	4,519,981	4,921,164
Savings deposits	1,577,445	1,599,812
Other	233,789	237,872
Total	10,320,230	11,174,460
In Austria	7,429,792	8,185,255
Abroad	2,890,438	2,989,205
Total	10,320,230	11,174,460

23. Liabilities evidenced by certificates

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Bonds issued	3,915,263	3,856,508
Listed mortgage bonds/ public sector certificates	69,847	46,220
Non-listed mortgage bonds/municipal bonds	214,528	185,947
Other securitised liabilities	4,560,766	4,607,027
Total	8,760,404	8,695,702

24. Provisions

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Provisions for personal expenses	149,823	145,993
of which severance provisions	80,834	78,052
of which pension provisions	53,155	53,341
of which bonus fund provisions	15,834	14,600
Other provisions	79,150	82,076
Total	228,973	228,069

25. Trading liabilities

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Interest rate transactions	1,868,183	1,530,161
Currency exchange transactions	16,226	33,227
Stock and index related business	165	136
Other transactions	62	101
Total	1,884,636	1,563,625

The (negative) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 113,741 thousand as at 30 June 2014 (31 Dec. 2013: EUR 125,406 thousand).

26. Other liabilities

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Liabilities from non-bank activities	139,264	119,202
Deferred income	12,284	10,063
Other liabilities	480,014	262,262
Total	631,562	391,527

27. Subordinated capital

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Supplementary capital	1,459,811	1,514,329
Profit-sharing rights	17,300	17,300
Silent investments	0	50
Total	1,477,111	1,531,679

28. Equity

	30 June 2014	31 Dec. 2013
	in EUR '000	in EUR '000
Share capital	276,476	276,476
Participation capital	1,032	1,032
Capital reserves	972,095	972,095
Aggregate net income	2,185,891	2,139,984
Minority interests	161,911	151,416
Total	3,597,405	3,541,003

In the first half of 2014, dividends of EUR 27,810 thousand were paid on the preferred shares and EUR 892 thousand on participation capital of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, in accordance with the decision made at the annual general meeting on 12 May 2014 concerning the use of the profit from 2013. This means that the planned dividend for each ordinary no-par share will be EUR 14.38.

Changes in AfS reserves

	2014	2013
	in EUR '000	in EUR '000
As at 1 Jan.	112,670	71,188
Changes in the valuation of AfS securities	103,429	-9,325
Amounts transferred into the income statement	-756	-376
of which through impairment loss of AfS assets	0	-1,136
of which through sale of AfS assets	-1,336	-410
of which from redesignated AfS assets	580	1,170
Taxes on this amount	-25,668	2,425
As at 30 June	189,675	63,912

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

Hedging of net investments in a foreign business

	2014	2013
	in EUR '000	in EUR '000
As at 1 Jan.	1,014	-2,041
Gain or loss from the hedging of net investments	43	1,509
Taxes on this amount	-11	-377
As at 30 June	1,046	-909

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 dominant group company, has implemented risk management with structures that facilitate the identification and measurement of all risks in the group (credit risks, market risks, equity risks, liquidity risks, macroeconomic risks, and operational risks) and their active managerial counteraction.

The Raiffeisenlandesbank Oberösterreich in general only aims its work at 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 variance analyses. 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 rates 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 banking books. This indicates a possible loss which, with 99% probability, will not be exceeded during a one-month 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-bearing capacity analysis.

In addition to value-at-risk, stop-loss limits and scenario analyses are used to limit risk.

The other fully consolidated group companies minimise their market risks through maturity-matched funding 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 2014.

Raiffeisenlandesbank Oberösterreich Group	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Total	91,007	96,720
Interest	70,224	84,628
Spread	51,439	45,959
Currency	740	418
Shares	2,579	2,314
Volatility	634	11,067

As at 30 June 2014, total value at risk was EUR 91.0 million which was EUR 5.7 million lower than on 31 December 2013.

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.

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

The following table shows the results of the stress test as at 30 June 2014:

(in EUR '000)	30 June 2014		31 Dec. 2013	
	+ 200 BP	-200 BP	+ 200 BP	-200 BP
EUR	-331,303	35,459	-315,221	122,812
USD	-670	1,141	-888	1,101
GBP	2,374	-1,976	2,713	-2,098
CHF	-1,907	874	-5,516	1,952
JPY	-709	14	-933	62
CZK	-11,410	6,171	-10,945	10,453
Other currencies	-1,585	2,017	-1,581	1,965

The stress test shows the change in present value when the yield curve is shifted in parallel by one and 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. The credit risk is mainly generated by the loans and advances to customers and banks and from securities from the banking 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 III" standards.

In order to measure the credit risk, the bank carries out its own internal ratings and classifies financing transactions into credit rating and risk classes. The risk class of a borrower accordingly comprises two dimensions – recording and assessing their financial situation and measuring the collateral provided.

The following rating classes are used for internal rating in the Raiffeisenlandesbank Oberösterreich Group:

S&P / Fitch Rating	Moody's	10 point scale	Subclasses	Text
AAA	Aaa	0.5	0.5	risk-free
AA+	Aa1	1.0	1.0	outstanding creditworthiness
AA	Aa2			
AA-	Aa3			
A+	A1	1.5	1.5	very good creditworthiness
A	A2			
A-				
BBB+	A3	2.0	2 +	good creditworthiness
BBB	Baa1		2.0	
BBB-	Baa2	2.5	2 –	average creditworthiness
	Baa3		2.5	
BB+	Ba1	3.0	3 +	satisfactory creditworthiness
BB	Ba2		3.0	
BB-	Ba3		3 –	
B+	B1	3.5	3.5	poor creditworthiness
B	B2			
B-	B3	4.0	4 +	very poor creditworthiness (+)
CCC+	Caa1		4.0	
CCC	Caa2			
CCC-	Caa3	4.5	4.5	in danger of default
CC	Ca			
C		5.0	5.0	default criteria reached
D			C	
			5.2	

Individual rating classes are defined and delineated by means of calculations which assess statistical default probabilities. The descriptions in words are simply for illustrative purposes. The above reconciliation to external ratings reflects the bank's internal experience to date, on the basis of default probabilities.

Overall structure by balance sheet item

Maximum credit risk exposure pursuant to IFRS 7.36 a

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Cash and cash equivalents (credit balance at central banks)	47,465	52,852
Loans and advances to banks	6,640,692	6,363,558
Loans and advances to customers	19,438,509	19,693,620
Trading assets	2,437,749	1,995,634
Financial assets	5,403,856	4,971,486
Total	33,968,271	33,077,150
Contingent liabilities	3,305,068	3,657,051
Credit risks	4,910,464	5,044,214
Total	8,215,532	8,701,265
Total maximum credit exposure	42,183,803	41,778,415

Collateral for overall structure

The stated collateral values correspond to the values determined within internal risk management. They reflect a conservative estimate of receipts in the event of any necessary non-performing loan workout.

Collateral values pursuant to IFRS 7.36 b

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Loans and advances to banks	1,488,621	1,437,542
Loans and advances to customers	9,353,598	10,069,555
Trading assets	2,111,618	1,689,975
Financial assets	994,033	945,859
Total	13,947,870	14,142,931
Contingent liabilities*	1,577,787	1,653,098
Credit risks	1,211,844	1,303,823
Total	2,789,631	2,956,921
Total collateral values	16,737,501	17,099,852

As at 30 June 2014, the total collateral values consisted of 43.3%* (31 Dec. 2013: 48.4%*) collateral on immovable goods (i.e. mortgages, rankings).

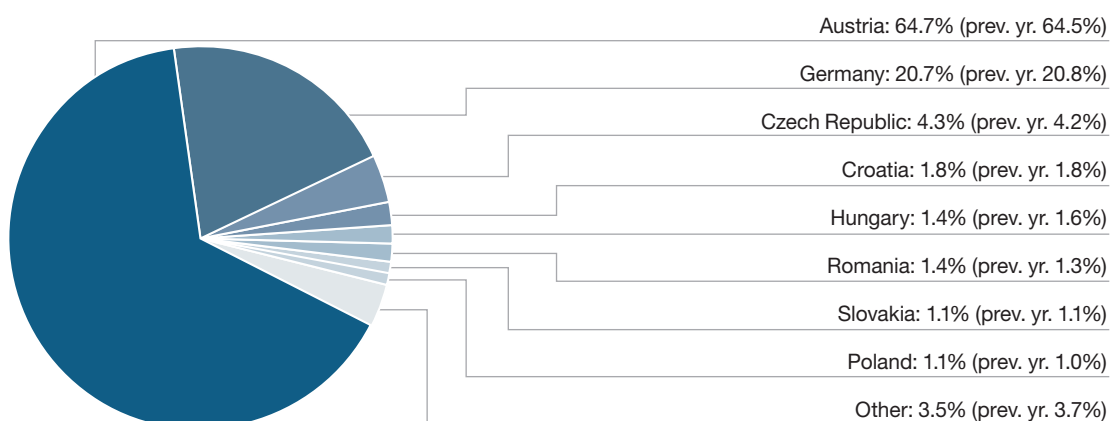
* Taking into consideration shares held as collateral in housing loans from Oberösterreichische Landesbank Aktiengesellschaft

Industry structure/Concentration risk

Maximum credit risk exposure by industry

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Banks	11,451,341	10,702,469
Real estate projects, property management and residential building management	5,943,179	6,098,370
Public households and non-profit organisations	3,581,459	3,339,641
Retail (natural persons)	2,965,381	3,003,013
Engine and plant construction	1,607,423	1,577,415
Supplementary construction trade	1,558,465	1,632,201
Transport (goods, people, on land, on water)	1,100,455	980,618
Finance holdings	1,027,528	995,193
Construction	1,006,996	1,085,029
Metal production and processing	917,949	890,106
Consumer goods	909,100	939,053
Motor vehicles	824,560	868,595
Electronic/electrical	807,517	854,772
Energy and utilities	765,315	772,299
Foodstuffs	731,208	747,069
Tourism	591,397	600,009
Chemicals and rubber	513,460	564,026
Health, veterinary and social work	416,198	445,365
Leisure	377,805	375,253
Subtotal	37,096,736	36,470,496
Subtotal other	5,087,067	5,307,919
Total	42,183,803	41,778,415

Geographic distribution of the loans and advances to customers



Disclosures on government bonds from selected European countries

Carrying amounts as at 30 June 2014	Designated financial 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
Spain	0	0	0	0
Greece	0	0	0	0
Ireland	0	12.2	49.9	62.1
Italy	80.4	0	0	80.4
Ukraine	0	1.1	0	1.1
Portugal	0	0	15.1	15.1
Total	80.4	13.3	65.0	158.7

The government bonds listed in the category “financial assets available for sale” as of 30 June 2014 contained a total positive AfS reserve of about EUR 2.3 million (31 Dec. 2013: EUR 1.3 million). The fair value of the government bonds listed in the category “financial assets held to maturity” was about EUR 5.2 million (31 Dec. 2013: EUR 4.2 million) above their carrying amount on 30 June 2014. Beyond that, we held no credit default swaps (CDS) in connection with the aforementioned countries.

Rating structure for credit risk exposure which is neither overdue nor impaired

The quality of the financial assets which are neither overdue nor impaired are depicted as follows on the basis of the internal rating classification:

Very low / low risk:	Rating classes 0.5 to 1.5
Normal risk:	Rating classes 2 + to 3 +
Increased risk:	Rating classes 3 and poorer

	Very low / low risk		Normal risk		Increased risk	
	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Cash and cash equivalents (credit balance at central banks)	47,465	52,852	0	0	0	0
Loans and advances to banks	2,808,844	2,992,492	3,726,537	3,298,634	73,870	72,423
Loans and advances to customers	4,784,107	4,532,535	9,920,729	9,753,453	3,484,582	3,631,573
Trading assets	1,590,124	1,173,322	838,672	813,185	8,953	9,127
Financial assets	4,310,563	3,727,006	987,108	1,074,425	101,130	164,798
Contingent liabilities	787,732	938,622	2,142,535	2,319,292	374,801	399,137
Credit risks	1,478,789	1,538,428	2,832,551	2,704,419	599,124	801,367
Total	15,807,624	14,955,257	20,448,132	19,963,408	4,642,460	5,078,425

Structure of overdue or impaired credit risk exposure

Carrying amounts of overdue or impaired financial assets:

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Loans and advances to banks	31,441	9
Loans and advances to customers	1,249,091	1,776,059
Financial assets	5,055	5,257
Total	1,285,587	1,781,325

Collateral relating to overdue or impaired credit risk exposure

The following value-based collateral applies to the overdue or impaired financial assets:

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
Loans and advances to customers	756,709	1,023,038
Total collateral values	756,709	1,023,038

Collateral values for impaired credit risk exposures are reviewed without delay - and correspond to a conservative estimate of the proceeds that could be expected over the long term from recovery of the collateral.

As at 30 June 2014, 58.9% (31 Dec. 2013: 63.0%) of the total collateral values relating to overdue or impaired credit exposure consisted of collateral on immovable goods (e.g. mortgages, rankings).

Appropriated collateral

The carrying amount of the collateral taken into possession by the Raiffeisenlandesbank Oberösterreich Group or related companies amounted to EUR 8,530 thousand (31 Dec. 2013: EUR 8,456 thousand) as of 30 June 2014 and can be broken down as follows:*

	30 June 2014		31 Dec. 2013	
	Carrying amount (in EUR '000)	Number	Carrying amount (in EUR '000)	Number
Undeveloped land	146	1	144	1
Residential buildings	586	1	539	1
Commercial properties	6,711	2	6,351	1
Mixed use buildings	1,087	1	1,422	2
Total of collateral taken into possession	8,530	5	8,456	5

* Due to a change in utilisation one acquired security was reclassified in the first half of 2014 (carrying amount 30 June 2014: EUR 338 thousand; 31 Dec. 2013: EUR 335 thousand) from mixed use property to commercial property

In the first half of 2014 no securities were taken into possession by the Raiffeisenlandesbank Oberösterreich Group or its related companies.

Age structure of overdue credit risk exposure

The financial assets which were overdue but not impaired as at the balance sheet date had the following age structure:

	30 June 2014 in EUR '000	31 Dec. 2013 in EUR '000
up to 30 days	337,590	675,565
31 to 60 days	82,337	156,113
61 to 90 days	10,027	10,582
over 90 days	73,130	86,586
Total	503,084	928,846

The ageing structure is accounted for on the basis of individual accounts without consideration of the materiality thresholds, as in accordance with Article 178 CRR.

Impaired credit risk exposure

The financial assets that were determined to be impaired on the reporting date exhibit the following structure:

	Loans and advances to banks		Loans and advances to customers	
	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Gross value	821	905	1,794,791	1,825,407
Loan loss allowances	-813	-896	-1,017,351	-978,194
Carrying amount	8	9	777,440	847,213
Collateral	0	0	489,166	544,433

*Amounts without portfolio value adjustment

Allowances for losses on loans and advances are recognised primarily if a debtor is experiencing economic or financial difficulties, fails to make interest payments or repayments of principal, or other circumstances arise that indicate a probability of default based on regulatory standards. A portfolio loan loss allowance is recognised for potential losses on loans and advances that cannot be individually assigned. This portfolio loan loss allowance takes into account probabilities of default.

Raiffeisenlandesbank Oberösterreich's definition of default includes payments overdue by more than 90 days in addition to insolvency, pending insolvency, legal cases, deferments, restructuring, significant loan risk modifications, debt waivers, direct impairment losses, creditworthiness-related interest exemptions, repayments with an expected financial loss, and moratoria/payment stoppage/withdrawal of licence for banks. Customers with a default on their record are assigned a credit rating of 5.0 / 5.1 or 5.2 (corresponds to Moody's Ca and C ratings or Standard & Poor's/ Fitch's CC, C and D ratings). The new definition of default is also the basis for calculating the non-performing loans ratio (NPL ratio).

The NPL ratio among the loans and advances to banks and customers amounted to 7.84% as at 30 June 2014 (31 Dec. 2013: 8.01%).

Credit-rating-related impairment of securities in the category "financial assets available for sale (AfS)", "financial assets held to maturity" and "loans and receivables" are recognised as valuation allowances. In the first half of 2014, these valuation allowances on debt capital securities came to EUR 1,968 thousand (H1 2013: EUR 0 thousand). The carrying amount of these securities which have already been amortised was EUR 2,610 thousand as at 30 June 2014 (31 Dec. 2013: EUR 5,250 thousand). Triggering events include substantial financial difficulties of the issuer, significant worsening of ratings and the default of interest payments or repayments. The reversal of allowances on the previous year's impaired debt portfolio amounted to EUR 0 thousand in the first half of 2014 (H1 2013: EUR 950).

Forbearance

Financial assets that were subjected to forbearance-relevant measures as at the balance sheet date were structured as follows:

	30 June 2014		31 Dec. 2013	
	Performing in EUR '000	Non-performing in EUR '000	Performing in EUR '000	Non-performing in EUR '000
Loans and advances to customers	292,389	701,754	299,700	792,964
Credit risks	9,385	56,065	12,004	97,766
Total maximum credit exposure Forbearance	301,774	757,819	311,704	890,730
Loan loss allowances	0	713,795	0	686,915

“Forbearance” refers to measures that are characterised by an alteration of conditions included in the credit agreement to the borrower’s advantage (e.g. deferments) or the refinancing of the loan because the borrower can no longer fulfil the existing conditions due to financial hardship. A borrower’s financial hardship and alterations to the credit agreement do not necessarily result in losses for the lending institution in every case. Should the lending institution experience losses as a result of forbearance measures, appropriate value adjustment measures in accordance with IAS 39 will be undertaken.

Other changes to credit agreements that are not related to the borrower’s experience of financial hardship will not be considered forbearance measures.

Credit value at risk

The overall risk of all assets exhibiting counterparty default risk is assessed on a monthly basis. 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. Thus, it communicates possible negative deviation from the expected loss. The unexpected

loss is covered by the equity capital and 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%.

The calculation is carried out by the credit manager software from the RiskMetrics company. The risks/opportunities from loan defaults or changes in creditworthiness are determined using a market valuation model. The market data required for the portfolio value distribution (interest rates, credit spreads and sector indices) are updated every month.

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.

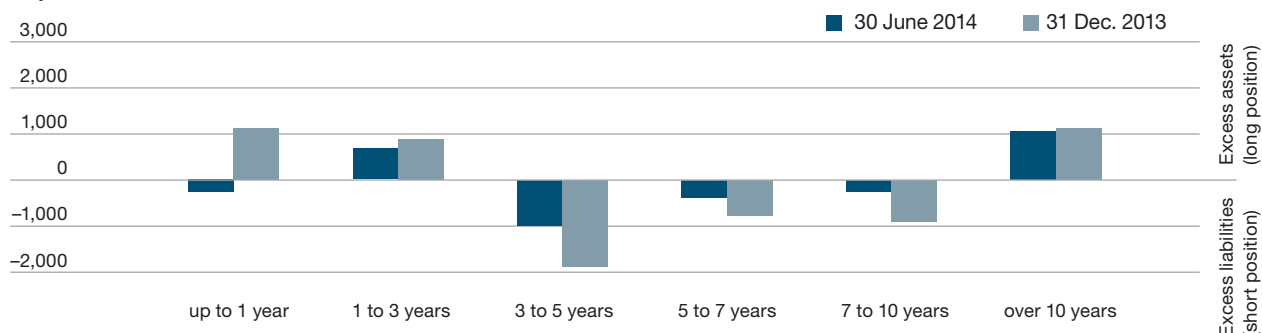
The following table summarises the maturities of the non-discounted liabilities including the respective interest payments and depicts the earliest possible utilisation of guarantees and credit approvals:

30 June 2014	Payable on demand/ without a term in EUR '000	Up to 3 months in EUR '000	3 months to 1 year in EUR '000	1 to 5 years in EUR '000	More than 5 years in EUR '000	Total in EUR '000
Amounts owed to banks	4,189,401	1,095,022	1,171,285	3,749,961	1,851,866	12,057,535
Amounts owed to customers	4,125,345	1,374,552	1,617,669	1,599,001	2,378,738	11,095,305
Liabilities evidenced by certificates	14,816	487,609	1,498,004	4,789,094	3,620,941	10,410,464
Trading liabilities	0	130,708	351,950	1,548,269	3,061,034	5,091,961
Subordinated capital	0	0	71,394	1,168,359	421,464	1,661,217
Total	8,329,562	3,087,891	4,710,302	12,854,684	11,334,043	40,316,482
Contingent liabilities	3,305,068	0	0	0	0	3,305,068
Credit risks	4,910,464	0	0	0	0	4,910,464

31 Dec. 2013	Payable on demand/ without a term in EUR '000	Up to 3 months in EUR '000	3 months to 1 year in EUR '000	1 to 5 years in EUR '000	More than 5 years in EUR '000	Total in EUR '000
Amounts owed to banks	3,593,640	672,128	970,117	3,625,426	1,904,845	10,766,156
Amounts owed to customers	4,610,290	1,829,176	1,478,147	1,859,648	2,021,776	11,799,037
Liabilities evidenced by certificates	0	278,001	1,264,505	5,153,794	2,910,044	9,606,344
Trading liabilities	0	177,442	331,147	1,865,886	3,478,659	5,853,134
Subordinated capital	0	37,671	71,344	1,180,834	430,415	1,720,264
Total	8,203,930	2,994,418	4,115,260	13,685,588	10,745,739	39,744,935
Contingent liabilities	3,657,051	0	0	0	0	3,657,051
Credit risks	5,044,214	0	0	0	0	5,044,214

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 EUR m¹⁾



¹⁾ Items without fixed capital commitment are analysed in light of more realistically described historical developments and are modelled as at 30 June 2014; values as at 31 December 2013 are also described using this new method.

Equity risk

Equity 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 equity risk

in the risk-bearing capacity analysis. The equity 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.

The following table presents the carrying amount of equity investments held by the Raiffeisenlandesbank Oberösterreich Group as at 30 June 2014 and 31 December 2013, organised by risk classes:

	Very low / low risk		Normal risk		Increased risk	
	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013
	in EUR '000	in EUR '000	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Banks	356,335	449,144	949,452	1,039,340	5,531	5,527
Non-banks	513,208	719,539	624,834	791,821	33,007	83,320
Total	869,543	1,168,683	1,574,286	1,831,161	38,538	88,847

On a quarterly basis, the risk potentials determined by expert evaluations (in problematic and extreme cases) and risk coverage from investment companies are used in the risk-bearing capacity analyses conducted periodically at the overall bank level. The Risk Controlling organisational unit produces a quarterly report on equity risk.

Macroeconomic risk

Macroeconomic risk measures the effect of a slight or severe recession on credit risk. To derive stress scenarios, the time series of real change in GDP (seasonally adjusted) and the real wage index for Austria are considered on a quarterly basis.

Operational risk

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 group has used organisational and technical computing measures in order to restrict this type of risk. A high degree of protection is attained by limit systems, authority regulations, a risk-adequate internal control system, as well as scheduled and unscheduled audits by Internal / Group Auditing in the individual group companies.

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).

To limit operational risks, the subgroup Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH maintains production and quality assurance programs and is insured against natural perils or product liability.

Risk-bearing capacity analysis

The risk-bearing capacity analysis compares the aggregated overall bank risk of the group, organised by credit risks, market risks, equity 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 group 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.

Institutional protection scheme

Raiffeisen Banking Group Upper Austria

The Austrian Raiffeisen Banking Group (RBG Ö) is the largest banking group in Austria with about 509 locally operating Raiffeisen branches, eight regional Raiffeisen headquarters, and Raiffeisen Zentralbank Österreich AG as central institution in Vienna. Some 1.7 million Austrians are members and thus owners of Raiffeisen banks.

The Raiffeisen Banking Group Upper Austria (RBG OÖ) is made up of a central institution, Raiffeisenlandesbank Oberösterreich AG, and 95 Raiffeisen banks with a total of 444 bank branches. About 302,000 Upper Austrians are co-owners of the Upper Austrian Raiffeisen banks.

As credit institutions within the network of a co-operative society the Raiffeisen banks are bound to the principles of subsidiarity, solidarity, and regionalism.

Based on Articles 49 (3) and 113 (7) CRR all Raiffeisen banks in the Raiffeisen Banking Group Upper Austria have signed an agreement to set up an institutional guarantee scheme together with Raiffeisenlandesbank Oberösterreich AG, the Aid Association of the Raiffeisen Banking Group Upper Austria as well as Raiffeisen-Kredit-Garantiesgesellschaft mbH. This institutional guarantee scheme is aimed at guaranteeing members' holdings and securing their liquidity and solvency in order to avoid bankruptcy. There is an early detection system in place to fulfil these tasks which requires the basic principle of uniform and common risk assessment in accordance with Raiffeisen deposit guarantee (ÖRE) regulations.

The risk council that has been established monitors and guides the development of the individual members within the institutional guarantee system at state level. The institutional guarantee system is represented at state level by the Chief Executive of Raiffeisenlandesbank Oberösterreich AG, Dr Heinrich Schaller. Provisional approval for the institutional guarantee system has been obtained from the FMA by way of procedural order in accordance with Section 103q (3) of the Austrian Banking Act (BWG). A final decision on the application is expected for 2014.

Aid association of the Raiffeisen Banking Group Upper Austria Raiffeisen-Kredit-Garantiesgesellschaft m.b.H.

Together, the Upper Austrian Raiffeisen banks have established a joint aid association with Raiffeisenlandesbank Oberösterreich AG (Hilfsgemeinschaft der RBG

Oberösterreich und Raiffeisen-Kredit-Garantiesgesellschaft m.b.H.). It ensures that in case of economic problems the distressed institutions receive help through adequate measures.

To ensure the security of the money our customers have entrusted in us, we have also created additional institutions:

Raiffeisen Customer Guarantee Association Austria (Raiffeisen-Kundengarantiegemeinschaft Österreich, RKÖ)

This association, whose members comprise participating Raiffeisen banks and Raiffeisenlandesbanks, Raiffeisen Zentralbank Österreich AG (RZB) and Raiffeisen Bank International AG (RBI), guarantees all customer deposits and securities issues of participating banks, regardless of the individual amounts involved, up to the joint financial risk-bearing capacity of the participating banks. The structure of the Customer Guarantee Association has two tiers: first, the Raiffeisen Customer Guarantee Fund Upper Austria at state level, and then the Raiffeisen Customer Guarantee Association Austria at federal level. Thus, the Customer Guarantee Association guarantees protection for customers that goes beyond the legal deposit guarantee.

Deposit guarantee institutions

All member institutions of RBG Upper Austria are, together with the Raiffeisen-Einlagensicherung Oberösterreich reg. Gen. mbH, members of the Austrian Raiffeisen-Einlagensicherung reg. Gen. mbH. This deposit guarantee institution is the liability institution for the entire Raiffeisen banking group in accordance with sections 93 through 93c of the Austrian Banking Act. An early warning system has been implemented in the Raiffeisen Banking Group Austria for the purpose of guaranteeing the deposits. This early warning system calls for ongoing analyses and monitoring on the basis of an extensive reporting system about revenue and risk development in all member institutions.

Given the size structure of the Raiffeisen banks and their integration in the Raiffeisen banking group as described above (protection schemes, shared models, systems and procedures), the banks in the Raiffeisen Banking Group Upper Austria apply the principle of appropriateness as provided for in the Austrian Banking Act.

Other information

Loans and advances as well as amounts owed to related companies

Loans and advances and amounts owed to related companies as at 30 June 2014

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

	Companies accounted for using the equity method in EUR '000	Subsidiaries not fully consolidated in EUR '000	Other related companies in EUR '000
Loans and advances to banks	4,140,331	0	317
Loans and advances to customers	352,591	556,024	383,213
of which loan loss allowances	0	9,706	2,949
Trading assets	346,569	40,441	2,988
Financial assets	2,512,650	238,545	90,405
Other assets	1,419	29,247	361
Amounts owed to banks	1,520,842	0	47,388
Amounts owed to customers	92,258	180,377	34,993
Provisions	0	1,014	0
Trading liabilities	94,700	1,757	6
Other liabilities	230	3,737	0
Guarantees given	88,058	20,369	39,990
Guarantees received	6,104	0	0

Loans and advances and amounts owed to related companies as at 31 December 2013

	Companies accounted for using the equity method in EUR '000	Subsidiaries not fully consolidated in EUR '000	Other related companies in EUR '000
Loans and advances to banks	3,858,952	0	191
Loans and advances to customers	354,095	543,754	369,755
of which loan loss allowances	128	9,995	2,718
Trading assets	269,572	31,842	1,572
Financial assets	2,587,834	273,271	87,369
Other assets	59,183	36,275	245
Amounts owed to banks	1,031,701	0	48,750
Amounts owed to customers	4,154	152,355	135,852
Provisions	162	1,733	0
Trading liabilities	98,135	1,260	130
Other liabilities	481	2,405	2,117
Guarantees given	92,459	56,595	39,233
Guarantees received	358,624	0	0

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

As at 30 June 2014 EUR 46,547 thousand (31 Dec. 2013: EUR 46,534 thousand) were pledged to companies reported under the equity method.

Standard market conditions are applied in business relationships with related companies.

Average number of employees pursuant to section 266 of the Austrian Commercial Code

	1 Jan. – 30 June 2014	1 Jan. – 30 June 2013
Salaried employees	3,465	3,220
of which VIVATIS/efko	808	753
Other employees	1,787	1,728
of which VIVATIS/efko	1,767	1,706
Total	5,252	4,948
of which VIVATIS/efko	2,575	2,459

The increase in the average number of employees is mainly due to the inclusion of additional entities in the consolidated companies.

Events after the balance sheet date

There were no events of particular significance after 30 June 2014. The condensed consolidated interim financial statements were prepared on 20 August 2014.

Statement of the Managing Board

We confirm to the best of our knowledge that these condensed consolidated interim 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 interim 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 condensed consolidated interim financial statements and in respect of the most significant risks and uncertainties in the remaining six months of the business year.

Linz, 20 August 2014

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

THE MANAGING BOARD



Heinrich Schaller
Chief Executive and Chairman of the Managing Board



Michaela Keplinger-Mitterlehner
Deputy Chief Executive



Stefan Sandberger
Member of the Managing Board



Reinhard Schwendtbauer
Member of the Managing Board



Georg Starzer
Member of the Managing Board



Markus Vockenhuber
Member of the Managing Board

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

Scope of responsibilities of the Managing Board

					
Heinrich Schaller	Michaela Keplinger-Mitterlehner	Stefan Sandberger	Reinhard Schwendtbauer	Georg Starzer	Markus Vockenhuber
Chief Executive and Chairman of the Managing Board	Deputy Chief Executive	Member of the Managing Board	Member of the Managing Board	Member of the Managing Board	Member of the Managing Board
Corporate customers Raiffeisen banks	Treasury Financial Markets	Organisational development	Investment management	Corporates Market	Overall bank risk management
Management of Raiffeisen banks	Product management and sales management	Operations	Tax office/real estate coordination	Product management and Corporates Sales	Financing Management
Human resources management	Retail and Private Banking/ Group marketing	Cash management solutions / Infrastructure	Collateral	Raiffeisen-IMPULS-Leasing Gesellschaft m.b.H.	
Group accounting and controlling	RLB Oberösterreich branches	GRZ IT Group	REAL-TREUHAND Management GmbH	activ factoring AG	
Group audit	PRIVAT BANK AG			RVM Raiffeisenversicherungsmakler GmbH	
Office of the Managing Board	KEPLER-FONDS KAG				
Public Relations and Media					
Legal Office					
Corporate Governance & Compliance					
Public Affairs					

■ Business areas
■ Subsidiaries
■ Executive unit

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Notes:

Gender-neutral language: In order to facilitate legibility, we have dispensed with gender-specific differentiation. The content refers to both genders equally, in accordance with equal treatment.

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This Interim Financial Report of the Raiffeisenlandesbank Oberösterreich 2014 is an English translation.

If there are discrepancies, the German original shall apply. No liability is assumed for typo graphical or printing errors.

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