2012
ANNUAL REPORT

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Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Group

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Raiffeisen Banking Group Upper Austria

GENERAL INFORMATION

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, Europaplatz 1a, 4020 Linz

Customer focus based on values and innovations

Raiffeisenlandesbank Oberösterreich's new strategic guidelines focus first and foremost on customer service. This is the most important part of our business. All of Raiffeisenlandesbank Oberösterreich's activities in all our markets, business areas, organisational units and subsidiaries are oriented towards our customers. By doing this, we seek to fulfil the existing and especially future needs of our customers in a globally networked economy.

Customer relationships based on partnership

This is founded on the principles espoused by the social reformer Friedrich Wilhelm Raiffeisen, who developed the idea of the cooperative in the nineteenth century. We subscribe to values such as fairness, solidarity, subsidiarity, and regionalism. They are just as much a part of our customer relationship based on partnership as are modern, goal-oriented and innovative banking services that offer solutions for the requirements and conditions of the twenty-first century.

Cost awareness, efficiency, innovation

In order to be able to further expand our customer focus, provide more intensive accompaniment and advice to companies, private customers and institutions, and ensure sustainable economic success, Raiffeisenlandesbank Oberösterreich relies in particular on the use of synergies for cost awareness and efficiency, and on service- and goal-oriented services.

Strategic process for realignment

To do this, Raiffeisenlandesbank Oberösterreich introduced a strategic process for realigning the group in 2012. in the course of a reorganisation and an intensification of the cooperation within the Raiffeisen Banking Group Upper Austria, numerous measures have been initiated or already been implemented. Additionally, the new organisation of the Management Board provides a clear structure for all market, product, management, risk and service areas within the corresponding Managing Board functions.

Strategic guidelines

These measures are implemented in accordance with the strategic guidelines defined by the Managing Board:

- The foremost premise is a clear orientation to our customer groups:
  - Corporate Banking (business and institutional customers)
  - Retail Banking (private and commercial customers)
  - Private Banking (premium private customers)
  - Raiffeisen Banks (Investor Relations)
- A clear commitment to a contemporary interpretation of the principles of Friedrich Wilhelm Raiffeisen – above all the principles of subsidiarity, solidarity and regionalism.
- The Raiffeisenlandesbank Oberösterreich views itself as a network node for the the Raiffeisen Banking Group Upper Austria.
- We are a bank you can trust – we are maintaining and expanding our role as a pioneer!

Roots in the region, antennae around the globe

As a reliable regional bank, it is precisely in times of economic transformation and challenges that we view it as our duty to be rooted strongly in the region, yet also have our antennae tuned into the world. With modern and open associative activities, Raiffeisenlandesbank Oberösterreich and the Upper Austrian Raiffeisen banks take advantage of the opportunities we find on behalf of our customers. Raiffeisenlandesbank Oberösterreich and the Upper Austrian Raiffeisen banks want to initiate and continue modernising with their cooperative, shared business activities, thereby remaining successful together with our customers.

Raiffeisen Oberösterreich enjoys high trust

Customers particularly value this strong connection between Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria. According to a SPECTRA survey conducted among Upper Austrians in October 2012, Raiffeisen Oberösterreich enjoys the highest level of trust among all Upper Austrian banks. This was also the case regarding questions of security, in which Raiffeisen Oberösterreich even attained a new record rating in 2012.

"To secure sustainable economic success, Raiffeisenlandesbank Oberösterreich relies on efficiency, cost awareness, goal-oriented services, and a particular emphasis on customers. Because the customer is at the centre of all of our activities."

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

Well prepared with the 2012 balance sheet

Raiffeisenlandesbank Oberösterreich is well-positioned to create the conditions for continuing to secure customer trust, providing companies, institutions and private customers support for their projects. The 2012 balance sheet created the prerequisites for this:

- Total assets rose by 1.9 per cent to EUR 32.4 billion, and the group's total rose to EUR 39.8 billion, which is an increase of 3.9 per cent.

- Operating profit for 2012 was EUR 335.6 million, which was near 2011 levels (EUR 333.0 million).

  Without considering extraordinary items, the operating profit for 2012 increased by 2.8 per cent to EUR 296.2 million. The group had an operating profit totalling EUR 410.9 million.

- Highly prudent provisions were made in terms of risk for 2012 due to general economic challenges. This guarantees that the focus stays on customers while taking into account extremely high risk-bearing capacity. High risk provisions are therefore a provision for the future on behalf of our customers. Raiffeisenlandesbank Oberösterreich set aside risk provisions in the amount of EUR 275.6 million in 2012 (2011: EUR 70.9 million).

  In the Raiffeisenlandesbank Oberösterreich Group, risk provisions totalled up to EUR 294.7 million (2011: EUR 87.7 million).

- Under these conditions, Raiffeisenlandesbank Oberösterreich was able to reap a profit on ordinary activities of EUR 71.9 million in 2012. In addition to operating profits, this also includes extraordinary items in the amount of EUR 39.4 million. Nevertheless, Raiffeisenlandesbank Oberösterreich has high hidden reserves that were further expanded in 2012.

  Pre-tax profit for the year in the group at Raiffeisenlandesbank Oberösterreich was EUR 103.5 million.

- Core tier 1 capital at Raiffeisenlandesbank Oberösterreich Aktiengesellschaft stood at EUR 2.5 billion at the end of 2012. The core tier 1 capital rate of 10.2 per cent stands far above even the future capital adequacy requirements of Basel III, which call for an equity capital ratio of 8.5 per cent.

  Core tier 1 capital at Raiffeisenlandesbank Oberösterreich (bank group) stood at EUR 2.6 billion at the end of 2012. The group's core tier 1 capital rate of 8.8 per cent is also above the future equity requirements of Basel III.

Heinrich Schaller
Chairman of the Managing Board
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Areas of responsibility of the Managing Board

A strategic process for realigning the group began in 2012. This reorientation also includes changes in the areas of responsibility on the Managing Board. The new distribution of responsibilities on the Managing Board applies as of 1 January 2013.

Heinrich Schaller
Chief Executive and Chairman of the Managing Board

- Major institutional customers
- Corporate customers Raiffeisen banks
- Support for Raiffeisen banks
- Personnel management/ Group development
- Controlling
- Group accounting
- Group audit
- Managing Board office
- Public relations and media services
- Legal office
- Corporate Governance and Compliance
- Public Affairs

Hans Schilcher
Deputy Chief Executive

- Cash management
- Operations
- GRZ IT Group

Michaela Keplinger-Mitterlehner
Member of the Managing Board

- Treasury/Financial markets
- Product management and sales controlling retail and private banking/group marketing
- RLB Oberösterreich branches
- PRIVAT BANK AG
- KEPLER-FONDS KAG

Business areas
Subsidiaries
Staff unit

Reinhard Schwendtbauer
Member of the Managing Board

- Investments
- Procurement, Logistics, Infrastructure
- REAL-TREUHAND Management GmbH
- Tax office/Real estate coordination
- Security

Georg Starzer
Member of the Managing Board

- Corporate customers
- Groups
- Corporate customers, Vienna
- Corporate customers, Southern Germany
- Product Management and Sales Controlling Corporate Banking / International business
- Raiffeisen-IMPULS-Leasing
- activ factoring AG
- RVM Versicherungsmakler

Markus Vockenhuber
Member of the Managing Board

- Overall risk management for the bank
- Financing Management

"We take on the challenges of the future and find sustainable solutions for our customers, creating a successful partnership for the future."

Jakob Auer
President of the Supervisory Board of Raiffeisenlandesbank Oberösterreich

With its expertise, clear strategies, and shared goals, Raiffeisen Oberösterreich was able to continue its successes in 2012

Raiffeisen stands out in the Upper Austrian sector for its especially close solidarity, especially for its close customer relationships and the awareness of its responsibilities to the country and its people. Clear strategies with shared goals and high expertise with consultancy quality form the foundation for the intensive, results-oriented customer support that is guaranteed by 456 branches throughout all of Upper Austria.

Successful continuity in a turbulent environment

Self-help, self-administration and self-reliance, regional responsibility, and subsidiarity are central principles at Raiffeisen Oberösterreich. The importance of this close, seamless cooperation and the outstanding associative activities at Raiffeisen in Upper Austria were demonstrated in the generally turbulent economic environment of recent years. The balance sheet for 2012 reflects the outstanding work of Raiffeisenlandesbank Oberösterreich and the Upper Austrian Raiffeisen banks, and it provides confirmation that even in times of sovereign debt crises and austerity plans, we are on the right path.

Optimism not as an end in itself, but as a strength

We play an important role as a positive pacesetter in Upper Austria. This optimism is not an end in itself; instead, it is a special strength of Raiffeisen Oberösterreich. We take on the challenges of the future and find sustainable solutions for our customers, creating a successful partnership in the future. We don't let ourselves be unnerved by negative headlines or forecasts; instead, on the basis of the outstanding 2012 balance sheet, we can look to the future with a positive attitude and extremely ambitious goals.

My special thanks go to the customers, who invested their confidence in the Raiffeisen Banking Group Upper Austria. A special thanks also goes to the members of the Managing Board of Raiffeisenlandesbank Oberösterreich and above all to Chairman Heinrich Schaller for his team orientation, his understanding and motivating interaction with employees, and his clear communication. Special thanks also to the members of the Supervisory Board of Raiffeisenlandesbank Oberösterreich, the managers and all employees of Raiffeisen Oberösterreich who are working with commitment for the satisfaction of our customers and the future of Upper Austria.

Jakob Auer
Chairman of the Supervisory Board

The Supervisory Board of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Chairman

Jakob Auer
President of the Supervisory Board,
Representative in the National Assembly

Deputy Chairman

Volkmar Angermeier
Vice-President of the Supervisory Board,
Chairman of Raiffeisenbank Region Eferding

Josef Kinzl
Vice-President of the Supervisory Board,
Chairman of Raiffeisenbank Region Schärding

Rudolf Binder
Director, Raiffeisen Association Oberösterreich

Roman Braun
Chairman of Raiffeisenbank Region Schwanenstadt

Annemarie Brunner
Member of the State Parliament and the Farmer's Federation

Alois Buchberger
Chairman of Raiffeisenbank Ennstal

Manfred Denkmayr
Chairman of the Supervisory Board, Raiffeisenbank Mattigtal

Karl Dietachmair
Director of Raiffeisenbank Region Sierning

Karl Frösch
Director of Raiffeisenbank Perg

Hannes Herndl
President of the Chamber of Agriculture, retired,
State Chairman of the Upper Austrian Farmer's Federation,
retired, Chairman of Raiffeisenbank Windischgarsten

Christian Hofer
Director of the Upper Austrian Chamber of Commerce

Alexandra Kaar
Regional Chairman of Raiffeisenbank Region Bad Leonfelden,
Vorderweißenbach branch

Walter Mayr
Director of Raiffeisenbank Region Freistadt,
Chairman of the Association of Managing Partners of
Upper Austrian Raiffeisen banks

Gottfried Pauzenberger
Mayor of Kalham,
Chairman of Raiffeisenbank Region Grieskirchen

Eduard Pesendorfer
Director of the Upper Austria Regional Administrative Office,
Deputy Chairman of Raiffeisenbank Salzkammergut

Kurt Pieslinger
Manager of the Institute for the Promotion of Upper Austria
as an Economic Location

Gertrude Schatzdorfer
Managing Partner of Schatzdorfer Gerätebau GmbH & Co KG

Johann Stockinger
Chairman of the Association of Chairpeople of Upper Austrian
Raiffeisen Banks, Chairman of Raiffeisenbank Region Gallneukirchen

Anita Straßmayr
Councillor of the Chamber of Agriculture, District Representative
in the Farmer's Federation, Chairwoman of the Supervisory Board
of Raiffeisenbank Bad Wimsbach-Neydharting

Non-registered members

Klaus Ahammer
Director of Raiffeisenbank Region Salzkammergut

Walter Lederhilger
Councillor of the Chamber of Agriculture, Chairman of the Supervisory Board of Raiffeisenbank Kremsmünster

Johann Moser
Director, Executive Manager of Raiffeisenbank Region Ried i. I.

Robert Oberfrank
Deputy Chairman of Raiffeisenbank Inneres Salzkammergut and Chairman of the Bad Ischl branch

Franz Penz
Chairman of the Section of Trade in the Chamber of Commerce of Upper Austria, Member of the Supervisory Board, Raiffeisenbank Linz-Traun Verwaltungsgenossenschaft reg. GenmbH

Josef Pfoser
Chairman of the Supervisory Board, Raiffeisenbank Region Rohrbach

Josef Stockinger
Chairman of the Managing Board of Oberösterreich Versicherung AG

Staff council representatives

Helmut Feilmair
Chairman of the Staff Council, Vice President of the Upper Austrian Chamber of Labour

Gerald Stutz
Deputy Chairman of the Staff Council

Dorina Bayer

Dietmar Felber

Josef Gokl

Karin Hetzmannseder

Christoph Huber

Konrad Jäger

Hermann Schwarz

Richard Seiser

State Commissioners

Josef Nickerl
Ministerialrat, State Commissioner to the Financial Markets Supervisory Authority

Regina Reitböck
Deputy State Commissioner to the Financial Markets Supervisory Authority

Honorary Presidents

Gerhard Ritzberger

Helmut Angermeier

2012 in retrospect

Opening of the BlumauTower

The BlumauTower, located between the central train station and the Musiktheater in Linz, provided a new city accent in 2012. The BlumauTower is the second-highest tower in the city at 74 metres. It offers space for 600 people in its 21 floors. The Raiffeisen Education Centre is also located in the new tower.

Two new branch offices in Southern Germany

Raiffeisenlandesbank Oberösterreich has been successful in Southern Germany since 1991 with its customer-focused, sustainable business model. Raiffeisenlandesbank Oberösterreich has now been represented by two new branch offices in Augsburg and Ingolstadt since 2012. This expanded the branch office network in Bavaria and Baden-Wuerttemberg to ten locations.

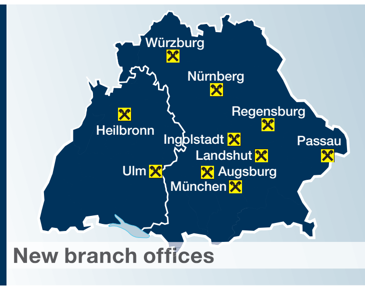
New Managing Board

Heinrich Schaller has been at the helm of Raiffeisenlandesbank Oberösterreich since 31 March 2012 as Chief Executive and Chairman of the Managing Board. Reinhard Schwendtbauer is a new appointee to the Managing Board and is responsible for the investments division. The Managing Board team since the end of March 2012 is comprised of Heinrich Schaller, Hans Schilcher, Michaela Keplinger-Mitterlehner, Reinhard Schwendtbauer, Georg Starzer and Markus Vockenhuber.

1ST QUARTER


Opening of the BlumauTower


New Managing Board team



New branch offices

2ND QUARTER

Successful international focus

Together with the Upper Austrian Raiffeisen banks, Raiffeisenlandesbank Oberösterreich initiated an international focus in 2012 that was very successful. the Raiffeisen Banking Group Upper Austria processed a total of 158 financing agreements for export funds with a volume of EUR 120.1 million. This was a 20.4% increase in volume in 2012.

Global loans for small- and medium-sized Bavarian companies

Raiffeisenlandesbank Oberösterreich is also a strong partner for medium-size companies in Southern Germany. Raiffeisenlandesbank Oberösterreich strengthened this position by receiving another global loan from LfA Förderbank Bayern in the amount of EUR 50 million. This ensures that corporate customers in Southern Germany can continue to count on our support.

Expansion of the Geinberg Spa

Upper Austria has developed an outstanding reputation well beyond its border as a spa location. The Geinberg Spa is certainly a part of this, and an expansion in 2012 set a new tone in wellness tourism. A total of EUR 21.5 million was invested in the fifth expansion phase and was financed by Raiffeisenlandesbank Oberösterreich. Twenty-one premium suites and an Oriental World were built.

First edition of "export" magazine

Raiffeisenlandesbank Oberösterreich presents the new magazine "export", with profiles of export-oriented companies and their success stories from international markets. "export" magazine also provides valuable information about current export opportunities. The magazine has been published since October 2012.

3RD QUARTER

Expansion of the Geinberg Spa

Topping-out ceremony

World Savings Day reception

4TH QUARTER

Traditional World Savings Day

World Savings Day is the series of savings days that are a traditional high point at the end of October for Raiffeisen Oberösterreich. The Raiffeisen Banking Group Upper Austria uses this day to express their thanks for the trust that their customers place in them.

Survey: Customers trust Raiffeisen

According to a survey conducted by SPECTRA, Raiffeisen enjoys a very high level of trust. Ninety-two per cent of Upper Austrians surveyed described Raiffeisen as particularly secure. This is the highest value yet.

LINZ.punkt celebrates topping-out ceremony

A new residential and office complex was built in the area around the Linz central train station in 2012. The topping-out ceremony for the "LINZ. punkt" project in the Weingartshofstrasse was celebrated at the beginning of December; the project offers space for 110 flats and more than 5,000 square metres of office and commercial space. A total of EUR 47.5 million was invested into this project, which combines modern living and working.

Raiffeisenlandesbank Oberösterreich takes on responsibility

As the strongest regional bank in Austria and the most important local financial services provider in Upper Austria, Raiffeisenlandesbank Oberösterreich is well aware of its responsibility to the people of Upper Austria and sees itself as a regional partner.

In all of its activities, Raiffeisenlandesbank Oberösterreich places the greatest emphasis on the values of customer service, security, stability, regionalism, sustainability, and transparency.

These principles are reflected in all of the measures that Raiffeisenlandesbank Oberösterreich implements, as part of our social and community responsibility. Special attention is paid to whether measures are aligned with the strategy and image of Raiffeisenlandesbank Oberösterreich, and whether they correspond to the following principles:

Principles

- **Regionalism:** As Austria's strongest regional bank, Raiffeisenlandesbank Oberösterreich focuses on its home market of Upper Austria and sees itself as a partner to the region's people and businesses.
- **Community:** Based on its cooperative spirit, Raiffeisenlandesbank Oberösterreich supports dedication to the community and its further development. We also view ourselves as a team player in the Austrian Raiffeisen organisation.
- **Future generations:** Investments in young people do not just demonstrate our social responsibility; they are also indispensable for our own further development and for securing our future.
- **Sustainability:** Raiffeisenlandesbank Oberösterreich stands for sustainable success and business in its surroundings. We fulfil a social mission by promoting sustainable value creation in the region.
- **Transparency:** Honesty, openness and clarity are indispensable for transparency. Raiffeisenlandesbank Oberösterreich cultivates a relationship built on trust for all of its stakeholders – this guarantees the best possible shared success.

Public engagement

Raiffeisenlandesbank Oberösterreich's various commitments are oriented towards the guiding principles that were redefined in 2012 and are presented briefly in the following:

- **Education & science:** Raiffeisenlandesbank Oberösterreich works on behalf of education initiatives and educational institutions and supports research and teaching at universities and universities of applied science.
- **Society & culture:** We support organisations that are dedicated to the care and preservation of culture and tradition, that deal with the development of society, or provide services to the social order.

The Linz Musiktheater brings a new facet to the cultural, social and economic life of Upper Austria, and is supported by Raiffeisenlandesbank Oberösterreich.

Raiffeisenlandesbank Oberösterreich places a special emphasis on working with young people. The School Olympics is a family-friendly competition that promotes reading and writing skills.

Raiffeisenlandesbank Oberösterreich works in close co-operation with the Johannes Kepler University, Linz.

Raiffeisenlandesbank Oberösterreich values family friendliness very much.

- **Social issues:** Raiffeisenlandesbank Oberösterreich supports projects that assist people with humanitarian needs and contribute to the improvement of their social living conditions. Programmes for raising awareness about the prevention of social risks and preventive health care are also supported.

- **Sports:**We promote organisations that are engaged with mass sports. Both the health and social policy components are critical here. This is why we focus our funding on team sports as well as on work with young people.

- **Ecology and the environment:** Raiffeisenlandesbank Oberösterreich supports institutions that aim to care for the landscape and to protect and preserve our environment and that want to attain these goals by means of conveying knowledge, raising consciousness, and implementing practical projects.

- **Art:** We support cultural institutions, artists and art projects – we focus especially on subsidies in the fields of the visual arts and music.

Responsibility for employees

Raiffeisenlandesbank Oberösterreich demonstrates multifaceted dedication not just to the public, but also to its employees. In addition to our VITA project, which promotes healthy living with a focus on nutrition, Raiffeisenlandesbank Oberösterreich has assumed a pioneering role in family friendliness. For example, we have established a company kindergarten; we offer summer supervision for our employees' children; and we provide special support for parents when they return from parental leave. You can find further details about this as well as training and education measures in the human resources management section of the group management report.

GROUP MANAGEMENT REPORT 2012

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, Europaplatz 1a, 4020 Linz

1. Business development and the economic situation
2. Report on the company's prospective trends and risks
3. Research and development
4. Report on the most important aspects of the internal control and risk management system with regard to the accounting process

Group management report 2012 Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

1. Business development and the economic situation

1.1. Economic background 2012

As early as late 2011, the euro area was hit by a recession that lasted throughout the whole of 2012. Hopes that the economy would stabilise turned out to be premature.

The economies of the various countries in the euro area developed at different speeds. While countries Like Germany and Austria recorded a slight increase in gross domestic product in 2012, other countries, particularly those in Southern Europe, fell into a deep recession. By the second half of the year, the economies in the North of the euro area were performing less and less well. At the end of 2012, the economic momentum in the whole of the euro area reached its low for the time being. According to OECD figures, the euro area's output in 2012 fell by 0.4%.

The US reported growth of 2.2% in 2012. By US standards this once again represented below-average growth and was once again due to falling state expenditure and only a slight rise in private consumer spending.

In China, too, the era of double-digit growth rates appears to be over. China's economy grew by 7.5% in 2012.

To provide some support to the economy, practically all of the world's developed industrialised countries exercised expansive monetary policies in 2012. So it was very much a year of the central banks. It was not until ECB President Mario Draghi announced that the ECB would do "whatever it takes" to preserve the euro that the situation eased on the periphery of the euro area.

Austria's economy was unable to remain completely unaffected by the developments in the euro area in 2012. The Austrian Institute of Economic Research (WIFO) expects real GDP growth of 0.6%.

1.2. Business development

As in previous years, Raiffeisenlandesbank Oberösterreich proved to be a very stable and reliable partner for its customers in these challenging global economic conditions.

Even sharper focus on customers

Under its new management, Raiffeisenlandesbank Oberösterreich placed an even sharper focus on customer orientation. Especially under difficult economic conditions, Raiffeisenlandesbank Oberösterreich considers it to be in its customers' best interests if it can act swiftly and cost-effectively, while keeping an eye on services and goals.

Strategic process for realignment

To this end, Raiffeisenlandesbank Oberösterreich introduced a strategic process for realignment in 2012: under a new form of organisation and with even greater cooperation within the Raiffeisen Banking Group Upper Austria, this involved a large number of measures being initiated, some of which have already been implemented. The aim is to simplify structures, take advantage of synergies and potential, and further improve efficiency: this will enable us to expand our market position in the future.

Cooperation within the Raiffeisen association providing strength

Close cooperation between the Raiffeisen banks in Upper Austria, whose skills are available locally, and the specialists at Raiffeisenlandesbank Oberösterreich, results in Raiffeisen Oberösterreich combining its strengths in the interests of its customers. Standing shoulder to shoulder has been very successful, as witnessed by a particular focus on foreign business in 2012. We provided an optimised service to exporters processing a total of 158 financing transactions with a total value of EUR 120.1 million in export funds. This represents an increase in volume of 20.4% in 2012. Our intensive customer support can also be seen in the processing of export letters of credit: in 2012, Raiffeisen Oberösterreich reported 21.5% growth in this form of hedging export transactions.

Greater efficiency in the investment division

Initial structural simplifications and improvements in efficiency were completed in Raiffeisenlandesbank Oberösterreich's investment department in 2012: several non-operating intermediate companies were dissolved and a number of operating companies were merged.

In addition, companies in the foodstuffs sector were defined as important areas of business for the future. Management at "VIVATIS Holding AG" and "efko Frischfrucht und Delikatessen GmbH" was reinforced. The aim is for these companies to further improve competitiveness and build up/expand their leading role in terms of performance in their main strategic areas of business.

Group structure

As a superordinated banking institute, starting with financial year 2007, Raiffeisenlandesbank Oberösterreich has been obliged to prepare and publish consolidated financial statements in accordance with the IAS Regulation (EC) 1606/2002, abiding by the regulations of the International Financial Reporting Standards (IFRS). In addition, notes and explanations are required in accordance with the regulations of the Austrian Banking Act and the Austrian Business Code.

The consolidated financial statements as at 31 December 2012, including Raiffeisenlandesbank Oberösterreich as the Group parent, included 63 (previous year: 60) fully consolidated Group companies and 8 (previous year: 8) companies considered under the equity method.

Shares in AMAG increased

In March of 2012, Raiffeisenlandesbank Oberösterreich acquired an additional 4.7% in the share capital of AMAG Austria Metall AG from the existing shareholder, One Equity Partners, and topped up to a total of 16.5% of shares in the aluminium company.

Income statement

Net interest income without results from companies reported under the equity method dropped year-on-year by EUR 21.1 million, or 4.8%, to EUR 418.3 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 variable-yield securities as well as from investments. Interest expenses arise in conjunction with amounts owed to customers and banks, with securitised liabilities and with subordinated capital.

The result from companies reported under the equity method showed a fall of EUR 29.9 million, or 17.2%, to EUR 143.9 million. This is mainly due to the drop in contributions to profits in financial year 2012 made by voestalpine AG, one of the companies reported under the equity method.

	2012 in EUR m	2011 in EUR m	Change in EUR m	Change in %
Interest and interest-related income / expenses	418.3	439.4	–21.1	–4.8
Result of companies that are reported under the equity method	143.9	173.8	–29.9	–17.2
Net interest income	**562.2**	**613.2**	**–51.0**	**–8.3**
Risk provisions	–294.7	–87.7	–207.0	236.0
Net interest income after risk provisions	**267.5**	**525.5**	**–258.0**	**–49.1**
Net fee and commission income	116.7	112.9	3.8	3.4
Trading profit	16.5	16.5	0.0	0.0
Net income from designated financial instruments	7.4	–5.9	13.3	–
Net income from investments	–20.1	–38.3	18.2	–47.5
Other financial results	**3.8**	**–27.7**	**31.5**	–
General administrative expenses	–348.1	–318.3	–29.8	9.4
General administrative expenses VIVATIS/efko	–212.5	–205.1	–7.4	3.6
Other operating income	50.5	43.8	6.7	15.3
Other operating income VIVATIS/efko	225.6	216.1	9.5	4.4
Pre-tax profit for the year	**103.5**	**347.2**	**–243.7**	**–70.2**
Taxes on income and earnings	–8.9	–27.4	18.5	–67.5
After-tax profit for the year	**94.6**	**319.8**	**–225.2**	**–70.4**
Operating profit	**410.9**	**479.1**	**–68.2**	**–14.2**

Very circumspect risk provisions were formed in 2012 in view of the general business conditions and a number of major industry-specific cases in the construction and related sectors. In comparison to the previous year, risk provision expenses increased by EUR 207.0 million to EUR 294.7 million. Net fee and commission income increased by 3.4 % to EUR 116.7 million.

The other financial results – consisting of trading profit, net income from investments, and net income from designated financial instruments – amounted in financial year 2012 to EUR 3.8 million, a year-on-year improvement of EUR 31.5 million.

Personnel expenses, administrative expenses and depreciations are recognised in the income statement under “administrative expenses”. The administrative expenses of the GFA corporate group (Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH) – consisting of the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group – climbed year-on-year by 3.6% or EUR 7.4 million. Administrative expenses at the other fully consolidated group companies rose by 9.4% or EUR 29.8 million.

Other operating income primarily includes income and expenses of non-bank group companies. At the VIVATIS/efko Group, other operating income rose by EUR 9.5 million, or 4.4%, to EUR 225.6 million and, at the other fully consolidated group companies, by EUR 6.7 million or 15.3% to EUR 50.5 million.

Pre-tax profit for the year declined in comparison to 2011 by a total of EUR 243.7 million. After-tax profit for the financial year 2012 fell by EUR 225.2 million, or 70.4%, to EUR 94.6 million. Operating profit, by contrast, fell to a considerably lower extent by EUR 68.2 million, or 14.2%, to EUR 410.9 million.

Consolidated operating result

	2012	2011	Change
	in EUR m	in EUR m	in EUR m
After-tax profit for the year	94.6	319.8	–225.2
Change in value of AfS securities	136.4	–28.7	165.1
Other income from companies accounted for under the equity method	52.5	–44.1	96.6
Additional other income	–2.2	2.5	–4.7
Taxes recorded on this amount	–33.8	6.8	–40.6
Total of other results	**152.9**	**–63.5**	**216.4**
Consolidated result	**247.5**	**256.3**	**–8.8**

The total of other results was solid, not least because of remeasurement of available-for-sale securities and other comprehensive income at companies reported under the equity method. The Group achieved a consolidated result in 2012 of EUR 247.5 million, only just below the figure for the previous year (EUR 256.3 million).

Changes in the balance sheet

Total assets for Raiffeisenlandesbank Oberösterreich of EUR 39,823 million were reported as at 31 December 2012. Compared to 2011, this represented an increase of EUR 1,497 million or 3.9 %.

ASSETS	31 Dec. 2012		31 Dec. 2011		Change	
	in EUR m	in %	in EUR m	in %	in EUR m	in %
Loans and advances to banks	7,359	18.5	7,393	19.3	–34	–0.5
(of which loans and advances to Raiffeisen banks)	(1,175)	(3.0)	(1,145)	(3.0)	(30)	(2.6)
Loans and advances to customers	20,498	51.5	19,712	51.4	786	4.0
Trading assets	2,802	7.0	2,284	6.0	518	22.7
Financial assets	6,169	15.5	6,112	16.0	57	0.9
Companies reported under the equity method	2,072	5.2	1,848	4.8	224	12.1
Other assets	923	2.3	977	2.5	–54	–5.5
Total	**39,823**	**100.0**	**38,326**	**100.0**	**1,497**	**3.9**

Loans and advances to banks fell during the course of 2012 by EUR 34 million to EUR 7,359 million.

As at the 2012 balance sheet date, the volume of loans and advances to customers totalled EUR 20,498 million. This amounts to a year-on-year increase of EUR 786 million or 4.0%.

The balance sheet item “companies accounted for under the equity method” rose in financial year 2012 by a total of EUR 224 million to EUR 2,072 million. Financial assets fell by EUR 57 million to EUR 6,169 million.

LIABILITIES	31 Dec. 2012		31 Dec. 2011		Change	
	in EUR m	in %	in EUR m	in %	in EUR m	in %
Amounts owed to banks	12,654	31.8	12,453	32.5	201	1.6
(of which to Raiffeisen banks)	(4,465)	(11.2)	(4,345)	(11.3)	(120)	(2.8)
Amounts owed to customers	9,885	24.8	10,140	26.5	–255	–2.5
Liabilities evidenced by certificates	9,356	23.5	8,268	21.6	1,088	13.2
Other liabilities	2,775	7.0	2,355	6.1	420	17.8
Subordinated capital	1,675	4.2	1,845	4.8	–170	–9.2
Equity	3,478	8.7	3,265	8.5	213	6.5
Total	**39,823**	**100.0**	**38,326**	**100.0**	**1,497**	**3.9**

Amounts owed to customers fell year-on-year by EUR 255 million, or 2.5 %, to EUR 9,885 million.

Amounts owed to banks rose by 1.6%. This represents a year-on-year increase of EUR 201 million to EUR 12,654 million.

As at the last two balance sheet dates, equity broke down as follows:

	31 Dec. 2012 in EUR m	31 Dec. 2011 in EUR m
Share capital	253.0	253.0
Participation capital	298.8	298.8
Capital reserves	697.8	697.8
Aggregate results	2,087.7	1,888.9
Minority interests	140.3	126.5
Total	3,477.6	3,265.0

All in all, the Raiffeisenlandesbank Oberösterreich Group has a solid equity capital situation. It provides the basis for our ability to continue focusing on customer orientation.

1.3. Bank branches

The Raiffeisenlandesbank Oberösterreich Group had a total of 63 branches as at 31 December 2012. The branch network is equipped to state-of-the-art standards for banking operations and offers its customers maximum user-friendliness in dealing with their banking transactions. The goal is to be able to offer customers a high level of quality and discretion in customer support in addition to highly developed self-service components.

Branches in Southern Germany

Raiffeisenlandesbank Oberösterreich has been operating in Southern Germany for more than 20 years and opened two new offices in Ingolstadt and Augsburg in the first quarter of 2012. Raiffeisenlandesbank OÖ AG Southern German Branch has, in addition, offices in Passau, Nuremberg, Munich, Regensburg, Landshut, Würzburg, Ulm and Heilbronn. The main focus at Raiffeisenlandesbank OÖ AG Southern German Branch is on corporate banking.

1.4. Financial and non-financial performance indicators

Equity of the bank group

The total amount of equity to be taken into account at the bank group of Raiffeisenlandesbank Oberösterreich pursuant to the Austrian Banking Code amounted to EUR 3,765 million at the end of 2012. The statutory capital requirement was EUR 2,270 million. Despite strong growth in recent years, there was an equity surplus of EUR 1,495 million on the balance sheet date.

Core capital increased overall by 1.7% to EUR 2,625 million, giving a core capital ratio of 8.8%.

Human resources management

Well-trained and committed employees contribute substantially to securing and expanding the long-term success of the Raiffeisen Banking Group Upper Austria. During financial year 2012, the fully consolidated companies employed an average workforce of 4,566 (previous year: 4,425). Of these, 2,306 (previous year: 2,263) employees worked for the VIVATIS/efko Group.

Manifold educational and training opportunities
From the outset of their training as young employees, Raiffeisenlandesbank Oberösterreich provides its staff with all kinds of opportunities – such as apprenticeships based on job rotation programmes, school-leaver apprenticeships, trainee programmes, e-learning modules and much more. One successful example of our forward-looking internal human resources policies is the Raiffeisen Oberösterreich Academy, which uses individually designed training programmes to prepare tomorrow's managers for interesting tasks.

The modern Raiffeisen Educational Centre in the Blumau-Tower, which was opened in 2012, provides optimum conditions for education and training. In addition, the online teaching platform Raiffeisen@Learning is used extensively for educating and training staff.

Work/life balance
Raiffeisenlandesbank Oberösterreich is particularly interested in promoting a good work/life balance. As a certified family-friendly employer, we introduced a series of measures. "Sumsi's Learning Garden" is Raiffeisen's kindergarten that teaches in both English and German. It also has a crèche which, in response to high demand, took on an additional group of children in 2012. The summer kindergarten was also expanded.

Additional features of the family-friendly nature of working for Raiffeisenlandesbank Oberösterreich include flexible working hours and measures taken to support those returning from parental leave.

1.5. Events of particular significance after the balance sheet date

No events of particular significance with an impact on the consolidated financial statements occurred after the close of financial year 2012.

2. Report on the company's prospective trends and risks

2.1. Prospective trends

We expect the challenging business conditions to continue through 2013. The OECD expects output in the euro area to fall slightly by 0.1% in 2013 (following a fall of 0.4% in 2012). However, starting in particular in the second half of the year, the euro area ought to start working its way out of recession and once again show a moderate upswing. Uncertainties remain, however, especially concerning the economic development of countries in Southern Europe.

The US also faces challenges in 2013. The country only partially avoided the so-called fiscal cliff at the end of 2012 and merely postponed major decisions. A revival in US consumption is not expected until mid-year at the earliest and is likely to be only modest. Research economists expect 2% growth.

China seems to be facing a change in the structure of its economy with the place of exports giving way to private consumption. Massive state infrastructure programmes will also promote growth, so that it is expected to reach 8.5% there in 2013.

Owing to the slower economic developments, inflation rates in the euro area, the US and China will fall in 2013. Following an inflation rate of 2.4% in 2012, the OECD expects it to fall in the euro area to below 2% in 2013. Similarly, a rate below 2% is forecast for the US and China in 2013.

The low-interest environment will carry on: the Fed, the BoJ and the ECB have all announced that they will maintain their expansionary monetary policies.

Austria remains one of the most stable economies in the euro area and will again grow faster in 2013 than the average rate for the countries of the Euro area. WIFO forecasts growth of 1% in 2013, with an inflation rate of 2.1%. The 4.6% unemployment rate predicted for Austria will remain one of the lowest throughout Europe.

Circumspect risk provisions and solid capital base

Raiffeisenlandesbank Oberösterreich continues to be very circumspect in the formation of its risk provisions. Its proactive and forward-looking risk management facilitates the identification and measurement of all risks (market, credit, investment, liquidity and operational risks) and their proactive management.

Raiffeisenlandesbank Oberösterreich has a solid capital base and is therefore well-prepared for the new Basel III capital adequacy requirements that are expected to become effective in 2014. Targeted quality growth will continue to support this in 2013.

The strategic process that has been introduced will continue

Raiffeisenlandesbank Oberösterreich expects positive effects from the strategic process it introduced to start showing up in 2013. These will be the result of increases in efficiency and structural simplifications/improvements.

The cooperation between Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria will also carry on and receive additional boosts. One of the focuses of 2013 will be on targeted support and assistance to efficient small and medium-sized enterprises.

Forward-looking measures form the basis for future success

Forward-looking measures; the implementation of the new strategies that has already started; the orientation of Raiffeisenlandesbank Oberösterreich towards strong areas of business; efficient and targeted liquidity planning and management; and comprehensive risk management combined with precise controlling all contribute to stability at Raiffeisenlandesbank Oberösterreich.

Raiffeisenlandesbank Oberösterreich's 2012 results create the conditions that justify its customers continuing to have confidence in it and for it to be able to provide comprehensive support to companies, institutions as well as private customers in pursuing their projects.

2.2. 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.

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

3. Research and development

Raiffeisenlandesbank Oberösterreich implements innovations in many ways: as part of its customer orientation, its services to companies, private customers and institutions are continuously being improved and adapted to the general current and future conditions.

In addition, these services are constantly boosted by technological innovations. These include for example, the latest electronic banking systems (ELBA), as well as card products and new methods of payment (e.g. by smartphone).

As part of its educational and training programmes, Raiffeisenlandesbank Oberösterreich employs e-learning, blended-learning modules and web-based training sessions.

With its e-learning developed in-house, Raiffeisenlandesbank Oberösterreich acts as competence centre for Raiffeisen Österreich.

The GRZ IT Group is a general IT service provider, primarily for financial service providers, and mainly deals with topics such as software engineering, systems engineering, IT security, standard software and operating systems. For many of its research projects, the GRZ IT Group employs external networks and inter-institutional forms of cooperation – such as with the Johannes Kepler University in Linz and the software park in Hagenberg. The GRZ IT Group comprises “GRZ IT Center Linz GmbH”, “RACON Software GmbH” and “PROGRAMMIERFABRIK GmbH”.

4. Report on the most important aspects of the internal control and risk management system with regard to the accounting Process

Balanced and complete financial reporting is an important goal for Raiffeisenlandesbank Oberösterreich and its members. Compliance with all relevant regulatory provisions is an obvious basic requirement. The Managing Board bears responsibility for the establishment and design of an internal control and risk management system that meets the company's requirements with regard to the entire accounting process.

The goal of this internal control system is to support management in such a way that it guarantees effective and constantly improving internal controls in the context of accounting. The basis for producing the 2012 consolidated financial statements are the relevant Austrian laws, above all the Austrian Business Code (UGB) and Banking Act (BWG), which govern the composition of financial statements. The International Financial Reporting Standards (IFRS), as they are applied in the EU, are the accounting standards for the consolidated financial statements.

Control environment

There is a comprehensive internal control system for Raiffeisenlandesbank Oberösterreich comprised of the following elements:

1. Competency allocation and instructions
2. IT and user authorisations
3. Process descriptions

The consolidated financial statements are created on the basis of a Service Level Agreement.

Risk evaluation

Major risks related to Group accounting procedures are evaluated and monitored by the Managing Board. The reason why this is so important is that complex accounting principles can lead to an increased risk of errors. The same applies to non-standardised measurement principles, especially for the financial instruments that are so essential within the Group.

Control measures

The preparation of separate financial statements is done on a decentralised basis in the respective Group units according to the guidelines of Raiffeisenlandesbank Oberösterreich. The employees responsible for accounting and the executive managers of the Group units are responsible for the complete disclosure and correct measurement of all transactions.

Group consolidation

The transmission of financial statement data, which are audited by an external auditor, is done primarily through direct entry into the IDL Konsis consolidation system by the end of January. The system is protected from an IT perspective by the restricted issuance of authorisations.

The financial statement data received from the Group units are first checked by the key account officer responsible for the Group unit.

The middle management level (head of the organisational unit) also includes the general monitoring environment in addition to the Managing Board. All monitoring measures are applied in an ongoing transaction process to ensure that potential errors or deviations in the financial reporting are prevented, or discovered and corrected. Controlling measures range from examination of period results by management to specific reconciliation of accounts and an analysis of ongoing accounting processes.

The consolidated financial statements are addressed, along with the Management Report, in the Supervisory Board's balance sheet committee. The consolidated financial statements are also submitted to the Supervisory Board. They are published in the annual report, on the company's own website and in the official gazette of the Wiener Zeitung; finally, they are entered into the Company Register.

Information and communication

Standardised forms that are uniform throughout the Group form the basis for the consolidated financial statements. Accounting and measurement standards are defined and explained by Raiffeisenlandesbank Oberösterreich, and are binding for the preparation of statement data.

Monitoring

Responsibility for company-wide ongoing monitoring rests with the Managing Board and Controlling. Furthermore, the respective heads of the organisational units are responsible for monitoring their respective areas, and controls and credibility checks are performed at regular intervals.

Internal auditing is also involved in the monitoring process. Raiffeisenlandesbank Oberösterreich's Internal Auditing division is responsible for auditing. Group-wide, auditing-specific policies apply for all auditing activities, and these policies are minimum standards for internal auditing according to Austrian financial market oversight as well as international best practices.

Group auditing performs independent and regular checks for compliance with internal guidelines within the Group units of Raiffeisenlandesbank Oberösterreich. The head of the Internal Auditing area reports directly to the Managing Board of Raiffeisenlandesbank Oberösterreich.

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

Linz, 2 April 2013

THE MANAGING BOARD

Heinrich Schaller
Chief Executive and Chairman of the Managing Board

Hans Schilcher
Deputy Chief Executive

Michaela Keplinger-Mitterlehner
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

IFRS CONSOLIDATED FINANCIAL STATEMENTS 2012

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, Europaplatz 1a, 4020 Linz

Income statement

	Notes	2012 in EUR '000	2011 in EUR '000
Interest and interest-related income		1,074,931	1,162,988
Interest and interest-related expenses		–656,655	–723,633
Result of companies reported under the equity method		143,882	173,825
Net interest income	**(1)**	**562,158**	**613,180**
Risk provisions	(2)	–294,663	–87,656
Net interest income after risk provisions		**267,495**	**525,524**
Fee and commission income		167,559	161,872
Fee and commission expenses		–50,822	–48,932
Net commission income	**(3)**	**116,737**	**112,940**
Trading profit	(4)	16,488	16,489
Net income from designated financial instruments	(5)	7,432	–5,944
Net income from investments	(6)	–20,107	–38,349
Other financial results		**3,813**	**–27,804**
General administrative expenses	(7)	–560,614	–523,385
Other operating income	(8)	276,067	259,891
Pre-tax profit for the year		**103,498**	**347,166**
Taxes on income and earnings	(9)	–8,874	–27,372
Profit for the year		**94,624**	**319,794**
of which shareholders' equity		88,601	304,926
of which minority interests		6,023	14,868

Consolidated operating result

	Notes	2012 in EUR '000	2011 in EUR '000
Profit for the year		**94,624**	**319,794**
Change in value of AfS securities	(29)	136,427	–28,716
Other profit from companies reported under the equity method		52,487	–44,130
Change in value from the hedging of net investments	(29)	–1,211	1,387
Currency differences		–1,315	1,091
Other changes		256	70
Taxes recorded on this amount	(29)	–33,804	6,832
Total of other results		**152,840**	**–63,466**
Consolidated result		**247,464**	**256,328**
of which shareholders' equity		232,725	243,069
of which minority interests		14,739	13,259

Balance sheet

ASSETS	Notes	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Cash and cash equivalents	(10), (11)	131,813	146,817
Loans and advances to banks	(10), (12), (14)	7,358,542	7,393,365
Loans and advances to customers	(10), (13), (14)	20,498,280	19,711,963
Trading assets	(10), (15)	2,801,803	2,283,732
Financial assets	(10), (16)	6,168,580	6,112,330
Companies reported under the equity method	(17)	2,071,958	1,848,003
Intangible assets	(18), (21)	53,013	47,108
Property, plant and equipment	(19), (21)	269,604	241,999
Investment property	(19), (21)	102,868	66,928
Regular tax assets	(9)	28,022	65,599
Deferred tax assets	(9)	46,600	57,482
Other assets	(20)	291,564	350,347
Total		**39,822,647**	**38,325,673**

LIABILITIES	Notes	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Amounts owed to banks	(10), (22)	12,654,078	12,452,948
Amounts owed to customers	(10), (23)	9,885,150	10,139,857
Liabilities evidenced by certificates	(10), (24)	9,355,752	8,268,045
Provisions	(14), (25)	167,508	152,321
Regular tax liabilities	(9)	14,333	15,306
Deferred tax liabilities	(9)	40,897	17,675
Trading liabilities	(10), (26)	2,124,595	1,670,187
Other liabilities	(27)	428,038	498,993
Subordinated capital	(10), (28)	1,674,674	1,845,351
Equity	(29)	3,477,622	3,264,990
of which shareholders' equity		3,337,275	3,138,535
of which minority interests		140,347	126,455
Total		**39,822,647**	**38,325,673**

Statement of changes in equity

	Share capital in EUR '000	Partici-pation capital in EUR '000	Capital reserves in EUR '000	Aggregate Results in EUR '000	Sub-total in EUR '000	Minority interests in EUR '000	Total in EUR '000
Equity 1 Jan. 2012	**253,000**	**298,765**	**697,838**	**1,888,932**	**3,138,535**	**126,455**	**3,264,990**
Change in the basis of consolidation	0	0	0	0	0	562	562
Consolidated result	0	0	0	232,725	232,725	14,739	247,464
Dividends	0	0	0	–34,001	–34,001	–1,738	–35,739
Change in equity/ Restructuring	0	0	0	16	16	329	345
Equity 31 Dec. 2012	**253,000**	**298,765**	**697,838**	**2,087,672**	**3,337,275**	**140,347**	**3,477,622**

	Share capital in EUR '000	Partici-pation 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. 2011	**253,000**	**298,765**	**697,838**	**1,667,813**	**2,917,416**	**114,855**	**3,032,271**
Change in the basis of consolidation	0	0	0	0	0	0	0
Consolidated result	0	0	0	243,069	243,069	13,259	256,328
Dividends	0	0	0	–21,950	–21,950	–1,659	–23,609
Change in equity/ Restructuring	0	0	0	0	0	0	0
Equity 31 Dec. 2011	**253,000**	**298,765**	**697,838**	**1,888,932**	**3,138,535**	**126,455**	**3,264,990**

Cash flow statement

	2012 in EUR '000	2011 in EUR '000
Profit for the year	**94,624**	**319,794**
Non-cash items contained in the profit for the year and transition to the cash flow from operating activities:		
Write-offs/write-ups of property, equipment and financial assets, dealing securities, intangible assets and financial real estate	–24,337	140,367
Reversal/allocation of reserves and risk provisions	375,226	109,878
Profit/loss from sale of property, equipment and financial assets, dealing securities, intangible assets and investment property	2,520	–32,878
Dividends received	–124,136	–93,362
Interest received	–1,013,486	–1,065,096
Interest paid	652,841	693,283
Result of companies that are reported under the equity method	–70,003	–121,445
Other adjustments due to non-cash items	110,909	–125,417
Subtotal	**4,158**	**–174,876**
Change in assets and liabilities from operative business after correcting for non-cash components:		
Loans and advances to banks and customers	–1,018,485	–2,104,179
Trading assets	–141,870	–114,162
Other assets	46,484	–22,983
Amounts owed to banks and customers	–103,570	1,871,244
Trading liabilities	156,355	150,746
Liabilities evidenced by certificates	974,850	179,157
Other liabilities	–100,278	–44,551
Dividends received	124,136	93,362
Interest received	1,013,486	1,065,096
Interest paid	–652,841	–693,283
Taxes on income paid	–12,074	–12,035
Cash flow from operating activities	**290,351**	**193,536**
Cash proceeds from the sale of:		
Financial assets and shares in companies	1,858,230	1,748,699
Property and equipment, financial real estate and intangible assets	15,139	12,941
Payments to acquire:		
Financial assets and shares in companies	–1,861,221	–1,757,129
Property and equipment, financial real estate and intangible assets	–81,058	–44,404
Acquisition of subsidiaries (minus acquired funds)	–25,399	
Sale of subsidiaries (minus sold funds)	11,725	
Cash flow from investing activities	**–82,584**	**–39,893**
Capital increase	0	0
Income and payments from subordinate capital	–187,004	–117,857
Purchase of minority interests	–28	0
Dividends	–35,739	–23,609
Cash flow from financing activities	**–222,771**	**–141,466**
Cash at the end of the previous period	**146,817**	**134,640**
Cash flow from operating activities	290,351	193,536
Cash flow from investing activities	–82,584	–39,893
Cash flow from financing activities	–222,771	–141,466
Cash and cash equivalents at the end of the previous period	**131,813**	**146,817**

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.

Notes

The company

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (hereinafter: Raiffeisenlandesbank Oberösterreich) acts as a regional central institution of the Raiffeisen Banking Group Upper Austria and is recorded in the Commercial Register at the District Court in Linz under the number FN247579m. The headquarters is in Austria, at Europaplatz 1a, 4020 Linz.

As of the end of 2012 Raiffeisenlandesbank Oberösterreich is owned by the registered co-operative society Raiffeisen Banking Group Upper Austria (Raiffeisenbankengruppe OÖ Verbund eingetragene Genossenschaft, hereinafter RBG OÖ Verbund e. Gen.) with 51.19% preferred voting shares and 47.38% ordinary shares. The RLB Holding registrierte Genossenschaft m.b.H. Oberösterreich (hereinafter: RLB Holding reg. Gen.) owns 1.43% of the ordinary shares in Raiffeisenlandesbank Oberösterreich. As of 31 Dec. 2012, the registered cooperative society Raiffeisen Banking Group Upper Austria held over 50% of the shares of RLB Holding registered liability cooperative Oberösterreich, making it the uppermost parent company. The Upper Austrian Raiffeisen banks make up the most important owner groups of the two co-operatives. These two are supported by Raiffeisenlandesbank Oberösterreich in its function as Upper Austrian headquarters in all banking matters.

As a superordinate banking institute, starting with financial year 2007, Raiffeisenlandesbank Oberösterreich has been obliged to prepare and publish consolidated financial statements in accordance with the IAS Regulation (EC) 1606/2002, abiding by the regulations of the International Financial Reporting Standards (IFRS). In addition, notes and explanations are required in accordance with the regulations of the Austrian Banking Act and the Austrian Business Code.

The basics of the consolidated accounts according to IFRS

Principles

These consolidated financial statements for the 2012 financial year as well as the comparative figures from 2011 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.

Unless noted otherwise, the figures in these financial statements are quoted in EUR thousands.

Not yet mandatory application of IFRS

The following new or modified standards and interpretations were already published as at the balance sheet date, however, they have not yet come into effect with regard to the financial year starting on 1 January 2012 and were not applied in these consolidated financial statements:

Standard/Interpretation	Mandatory for financial year beginning	Already adopted by the EU
Amendment to IAS 1 – Presentation of items of other comprehensive income	1 July 2012	yes
Amendment to IFRS 1 – fixed dates for transition and severe hyperinflation	1 Jan. 2013	yes
Amendment to IFRS 7 (“Financial instruments: Disclosures”) – Offsetting financial assets and financial liabilities	1 Jan. 2013	yes
Amendment to IFRS 10, IFRS 11 and IFRS 12 – Transition requirements	1 Jan. 2013	no
IFRS 13 (“Fair value measurement”)	1 Jan. 2013	yes
Amendment to IFRS 1 – Public sector loans	1 Jan. 2013	no
Amendment to IAS 12 – Deferred tax: recovery of underlying assets	1 Jan. 2013	yes
Revisions of IAS 19 (“Employee benefits”)	1 Jan. 2013	yes
IFRIC 20 (“Stripping Costs in the Production Phase of a Surface Mine”)	1 Jan. 2013	yes
Improvements to IFRSs 2009–2011 (May 2012)	1 Jan. 2013	no
IFRS 10 (“Consolidated financial statements”)	1 Jan. 2014	yes
IFRS 11 (“Joint arrangements”)	1 Jan. 2014	yes
IFRS 12 (“Disclosure of interests in other entities”)	1 Jan. 2014	yes
Amendment to IFRS 10, IFRS 12 and IFRS 27 – Investment companies	1 Jan. 2014	no
Amendment to IAS 27 (“Separate financial statements”) (2011)	1 Jan. 2014	yes
Amendment to IAS 28 (“Investments in associates and joint ventures”) (2011)	1 Jan. 2014	yes
Amendment to IAS 32 – Offsetting financial assets and financial liabilities	1 Jan. 2014	yes
IFRS 9 (“Financial instruments”)	1 Jan. 2015	no

No material effects are expected on future consolidated financial statements as a result of the application of the standards (except IFRS 9 “Financial Instruments”) and interpretations mentioned. IFRS 9 provides new rules for the classification and valuation of financial assets and financial liabilities. At the present time, it is not possible to estimate the impact on future financial statements due to planned additional changes for financial instruments (e.g. hedge accounting, impairment, effective interest method, etc.) and due to the unusually long time horizon (to be applied starting in financial year 2015). The effects on the Raiffeisenlandesbank Oberösterreich Group of the new standards concerning consolidation, IRFS 10, 11 and 12, as well as the revised IAS 27, are currently being examined.

Consolidation methods

The starting point for preparing the consolidated balance sheet and the group income statement is the sum of the separate financial statements of the subsidiaries included in the consolidated financial statements. Subsidiaries are companies on which Raiffeisenlandesbank Oberösterreich exercises a controlling influence on their business and financial policies.

The individual financial statements of the fully consolidated subsidiaries are prepared in accordance with IFRS regulations and are based on the uniform accounting principles applied throughout the group. The balance sheet date of the fully consolidated companies is 31 December with the exception of four leasing companies that are included as of 30 September and one company with a balance sheet date on 31 October. The selection of a date for these companies that differs from that of the parent company guarantees that the financial statements can be prepared and audited without delay. Three subsidiaries prepare their financial statements as at 28 February and 30 June and report as at 31 December with an IFRS interim report.

As of 1 January 2010, in the course of capital consolidation, when initial control commences net assets acquired at fair value will be calculated against the amounts paid, at most with shares already owned and assessed at fair value and the value of shares of non-controlling shareholders at the time at which control is obtained. The valuation method for shares held by non-controlling shareholders is typically calculated as their share of fair value net assets of the acquired company. A positive difference is applied as goodwill. Goodwill is not subject to scheduled depreciation but rather is subject to an annual impairment test according to IAS 36. Company acquisitions before 1 January 2010 are subject to the corresponding valid regulations and continued in this form under the transitional regulations of IFRS 3.

Intercompany profits are eliminated if they are not of minor significance for the items of the income statement. Banking transactions between the individual companies of the group are transacted at market conditions.

Associates are companies on which the group exercises a significant influence on business and financial policy. There is usually a significant influence when the holdings amount to between 20% and 50%. Material investments in associates are reported under the equity method and recorded in a separate balance sheet item. The proportionate profit and losses from companies reported under the equity method are also shown separately in the income statement. When applying the equity method the same basic approach is used in accounting for acquisitions as is used for a fully consolidated company. Equity carrying amounts are, when there are indications that there could be impairment in the sense of IAS 39, subjected to an impairment test according to IAS 36. The analysis is usually done by applying a valuation method based on future financial surplus funds and/or based on share prices, if they are available.

In the course of the debt consolidation, loans and advances within the group are set off against internal liabilities. Expenses and income resulting from transactions between companies in the full basis of consolidation are eliminated in the course of the expense and income consolidation.

Consolidated companies

The basis of consolidation was determined according to the terms of IAS 27, taking the principle of materiality into consideration. Materiality in this sense is determined according to criteria applied uniformly throughout the group, focussing on the effect of the inclusion or non-inclusion of a subsidiary on the representation of the group's assets, financial position and profitability. Because of their minor significance for assets, financial position and profitability, 201 subsidiaries were not included and 78 associates were not accounted for at equity.

For the IFRS financial statements as at 31 December 2012, the basis of consolidation of Raiffeisenlandesbank Oberösterreich includes 63 fully consolidated companies (incl. Raiffeisenlandesbank Oberösterreich). 8 other companies were reported under the equity method. Of the 71 companies, 54 are based in Austria and 17 abroad. Of the fully consolidated companies, 5 are banks, 15 are financial institutions and 43 are other companies.

The following list shows the material subsidiaries and associates. An overview of all holdings of the Raiffeisenlandesbank Oberösterreich Group (information according to §265 (2) of the Austrian Business Code) has been prepared separately. This list is available at the headquarters of the parent company. At the Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Foundation, it is possible to appoint the majority of the members of the foundation's managing board. The companies in the VIVATIS/efko Group usually have a voting interest that is higher than the attributed share of capital so that there is a controlling interest in both efko Frischfrucht und Delikatessen GmbH and in machland obst- und gemüsedelikatessen gmbh.

Name	Calculated capital share in %	Country	Balance sheet date
Fully consolidated companies			
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	Group parent	Austria	31 Dec.
activ factoring AG	100.00%	Germany	31 Dec.
bankdirekt.at AG	100.00%	Austria	31 Dec.
BHG Beteiligungsmanagement und Holding GmbH	100.00%	Austria	28 Feb.
Burgenländische Tierkörperverwertungs-gesellschaft m.b.H. & Co KG	85.50%	Austria	31 Dec.
DAILY SERVICE Tiefkühllogistik Gesellschaft m.b.H. & Co.KG	95.00%	Austria	31 Dec.
efko Beteiligungs GmbH	95.00%	Austria	31 Dec.
efko Frischfrucht und Delikatessen GmbH	48.45%	Austria	31 Dec.
Franz Reiter Ges.m.b.H. & Co. OG.	100.00%	Austria	31 Dec.
Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH	95.00%	Austria	31 Dec.
Gourmet Menü-Service GmbH	95.00%	Austria	31 Dec.
Gourmet Menü-Service GmbH & Co KG	95.00%	Austria	31 Dec.
GRZ IT Center Linz GmbH	92.63%	Austria	31 Dec.
HYPO Holding GmbH	79.37%	Austria	30 June
IB-RT IMMOBILIEN Beteiligungs Real-Treuhand Portfoliomanagement GmbH & Co KG	100.00%	Austria	31 Dec.
IMPULS-ALPHA d.o.o.	100.00%	Croatia	31 Dec.
IMPULS BROKER DE ASIGURARE SRL	90.00%	Romania	31 Dec.
IMPULS-DELTA d.o.o.	100.00%	Croatia	31 Dec.
IMPULS-INSURANCE POLSKA Sp.z.o.o.	100.00%	Poland	31 Dec.
IMPULS-LEASING d.o.o.	100.00%	Croatia	31 Dec.
IMPULS-LEASING Hungaria Kft.	100.00%	Hungary	31 Dec.
IMPULS-LEASING Hungaria Zrt.	100.00%	Hungary	31 Dec.
IMPULS-LEASING International GmbH	100.00%	Austria	31 Dec.
IMPULS-LEASING Polska Sp.z.o.o.	100.00%	Poland	31 Dec.
IMPULS-LEASING Romania IFN S.A.	90.00%	Romania	31 Dec.
IMPULS-LEASING SERVICES S.R.L.	90.00%	Romania	31 Dec.
IMPULS-LEASING Services s.r.o.	100.00%	Slovakia	31 Dec.
IMPULS-LEASING Slovakia s.r.o.	100.00%	Slovakia	31 Dec.
INCOM Private Equity GmbH	100.00%	Germany	31 Dec.
Invest Holding GmbH	100.00%	Austria	31 Dec.
IVH Unternehmensbeteiligungs GmbH & Co OG	100.00%	Austria	31 Oct.
Kapsch Financial Services GmbH	74.00%	Austria	30 Sept.
KARNERTA GmbH	95.00%	Austria	31 Dec.
KEPLER-FONDS Kapitalanlagegesellschaft m.b.H.	64.00%	Austria	31 Dec.
Kulinarik Gastronomie und Frischküche GmbH	95.00%	Austria	31 Dec.
LANDHOF GesmbH & Co KG	95.00%	Austria	31 Dec.
machland obst- und gemüsedelikatessen gmbh	49.48%	Austria	31 Dec.
MARESI Austria GmbH	88.07%	Austria	31 Dec.
MARESI Trademark GmbH & Co KG	95.00%	Austria	31 Dec.
MH53 GmbH & Co OG	100.00%	Austria	31 Dec.
PRIVAT BANK AG der Raiffeisenlandesbank Oberösterreich	100.00%	Austria	31 Dec.
Privatstiftung der Raiffeisenlandesbank Oberösterreich Aktiengesellschaft		Austria	31 Dec.
RACON Software Gesellschaft m.b.H.	76.00%	Austria	30 June
Raiffeisen-IMPULS-Finance & Lease GmbH	100.00%	Germany	31 Dec.
Raiffeisen-IMPULS-Immobilien GmbH	100.00%	Austria	30 Sept.
Raiffeisen-IMPULS-Leasing Gesellschaft m.b.H.	100.00%	Austria	31 Dec.
Raiffeisen-IMPULS-Leasing GmbH & Co KG	100.00%	Germany	31 Dec.

Name	Calculated capital share in %	Country	Balance sheet date
Raiffeisen-IMPULS-Mobilienleasing GmbH	100.00%	Austria	30 Sept.
Raiffeisen-IMPULS-Realitätenleasing GmbH	100.00%	Austria	30 Sept.
RB Prag Beteiligungs GmbH	100.00%	Austria	31 Dec.
RealRendite Immobilien GmbH	100.00%	Austria	31 Dec.
REAL-TREUHAND Management GmbH	100.00%	Austria	31 Dec.
RLB OÖ Alu Invest GmbH	100.00%	Austria	31 Dec.
RLB OÖ Sektorholding GmbH	100.00%	Austria	31 Dec.
RLB OÖ Unternehmensholding GmbH	100.00%	Austria	31 Dec.
RVD Raiffeisen-Versicherungsdienst Gesellschaft m.b.H.	75.00%	Austria	31 Dec.
SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT	54.68%	Austria	31 Dec.
SENNA Nahrungsmittel GmbH & Co KG	95.00%	Austria	31 Dec.
Steirische Tierkörperverwertungsgesellschaft m.b.H. & Co KG	95.00%	Austria	31 Dec.
TKV Oberösterreich GmbH	95.00%	Austria	31 Dec.
VIVATIS Capital Invest GmbH	95.00%	Austria	31 Dec.
VIVATIS Capital Services eGen	95.00%	Austria	31 Dec.
VIVATIS Holding AG	95.00%	Austria	31 Dec.
Companies reported under the equity method			
AMAG Austria Metall AG	16.50%	Austria	31 Dec.
Beteiligungs- und Wohnungsanlagen GmbH	46.00%	Austria	31 Dec.
Oberösterreichische Landesbank Aktiengesellschaft	38.57%	Austria	31 Dec.
Österreichische Salinen Aktiengesellschaft	41.25%	Austria	30 June
Raiffeisen Zentralbank Österreich Aktiengesellschaft	14.64%	Austria	31 Dec.
Raiffeisenbank a.s., Prague	25.00%	Czech Republic	31 Dec.
Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	49.00%	Austria	30 Sept.
ZRB Beteiligungs GmbH	20.00%	Austria	31 Dec.

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	
	2012	2011	2012	2011
As at 1 Jan.	60	60	8	7
Included for the first time during the reporting year	9	1	-	1
Merged in the reporting year	3	1	-	-
Deconsolidated during the reporting year	3	-	-	-
As at 31 Dec.	63	60	8	8

In the 2012 financial year the following companies were included in the basis of consolidation for the first time:

- IMPULS-LEASING International GmbH
- Franz Reiter Ges.m.b.H. & Co. OG.
- RLB OÖ Alu Invest GmbH
- Steirische Tierkörperverwertungsgesellschaft m.b.H. & Co KG
- Burgenländische Tierkörperverwertungsgesellschaft m.b.H. & Co KG
- RACON Software Gesellschaft m.b.H.

In addition, the real estate company MH53 GmbH & Co OG was acquired.

At the time of their initial consolidation, the assets and liabilities of these companies amounted to a total of EUR 234,441 thousand and EUR 142,914 thousand.

Furthermore, in the past business year IMPULS BROKER DE ASIGURARE SRL was founded and incorporated into the group's basis of consolidation.

The "Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH" group acquired a total of 100% of the shares in TKV Oberösterreich GmbH (previously: AVE Tierkörperverwertungs GmbH). Following the decision of the antitrust court giving permission for the merger in August 2012, TKV Oberösterreich GmbH was included in the basis of consolidation. The purchase price for the acquisition of the shares came to EUR 25,400 thousand. The purchase of the company brought goodwill amounting to EUR 14,637 thousand. The contribution of TKV Oberösterreich GmbH to the profit for the year since the date of first-time inclusion comes to EUR 588 thousand.

The following table shows the newly assessed assets and liabilities as of the date of first-time inclusion:

	Fair value in EUR '000
Loans and advances to banks	69
Financial assets	48
Goodwill	14,637
Other intangible assets	549
Property, plant and equipment	14,510
Other assets	1,740
Total assets	**31,553**
Amounts owed to banks	1
Amounts owed to customers	396
Provisions	1,268
Tax liabilities	970
Other liabilities	3,518
Total liabilities	**6,153**
Net assets	25,400
Total equity and liabilities	**31,553**

There were also other changes in the scope of consolidation as a result of the internal group restructuring. LOGIS IT Service GmbH was also merged with GRZ IT Center Linz GmbH, which is also belongs to group, and PT Automotive Consulting GmbH was merged with the fully consolidated BHG Beteiligungsmanagement und Holding GmbH. Within the "Gesellschaft zur Förderung agrarischer Interessen" group, in 2012 KULINARIK Beteiligungs-GmbH & Co OG was accrued by Gourmet Menü-Service GmbH. ML Management AG and IMPULS-LEASING International Aktiengesellschaft were liquidated during the 2012 financial year.

In the second half of 2012 EXIMO Agro-Marketing Aktiengesellschaft was sold. The proceeds of the sale came to EUR 14,283 thousand. In the course of the deconsolidation the assets and liabilities were removed from the books with the following carrying amounts:

	Carrying amounts in EUR '000
Cash and cash equivalents	1
Loans and advances to banks	77
Trading assets	17
Other intangible assets	60
Property, plant and equipment	140
Tax assets	199
Other assets	38,520
Total assets	**39,014**
Amounts owed to banks	20,545
Provisions	908
Tax liabilities	23
Trading liabilities	109
Other liabilities	7,334
Total liabilities	**28,919**
Net assets	10,095
Total equity and liabilities	**39,014**

Foreign currency translation

The consolidated financial statements are presented in euros, reflecting the national currency. Financial statements of fully consolidated companies whose functional currency differs from the group currency are translated into euros employing the modified current rate method in accordance with IAS 21. In principle, the national currency corresponds to the functional currency. The euro is used as the functional currency for the Romanian leasing companies.

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

The following exchange rates were used to calculate the currencies:

Prices in currency per euro	**2012**	
	Rate on prevailing date	**Average rate**
Croatian kuna (HRK)	7.5575	7.5269
Polish zloty (PLN)	4.0740	4.1900
Swiss franc (CHF)	1.2072	1.2052
Hungarian forint (HUF)	292.3000	290.2423

Accounting policies

Financial instruments

A financial instrument is a contract that is a financial asset for the first company and, at the same time, results in a financial liability or an equity instrument in the other company. In accordance with IAS 39, all financial assets and liabilities including all derivative financial instruments must be included in the balance sheet. A difference is made between the following categories:

- Financial assets or liabilities that are assessed at fair value with an effect on income; and this category is subdivided into:
  - Financial instruments held for trading
  - Designated financial instruments
- Financial assets available for sale
- Financial investments held-to-maturity
- Loans and receivables
- Financial liabilities that are stated at amortised cost.

The purchase and sale of financial instruments is always balanced on the day of trading.

The prices quoted on the market are used to determine the fair value of financial instruments on an active market (level 1 in the valuation hierarchy). Essentially, stock exchange prices or external data sources (quotes from traders and brokers in liquid markets) are used for these financial instruments. If there is no active market available or market prices of the financial instruments are only partially available, the fair value is determined based on quotes of individual traders or by means of accepted valuation models based on observed market data (level 2 in the valuation hierarchy). Should there be neither listed prices nor sufficient observable market data available for determining the value of the financial instruments, then the valuation parameters that are not observable on the market are estimated using appropriate assumptions (level 3 in the valuation hierarchy).

Financial instruments held for trading

The category "financial instruments held for trading" includes dealing securities and derivative financial instruments. They are assessed at fair value. The financial instruments in this category are used to take advantage of short-term price fluctuations on the market or are purchased for the purpose of economic security.

If there are positive market values including deferred interest ("dirty price"), the financial instruments are included in the trading assets. If there are negative market values then they are recorded under the balance sheet item of "trading liabilities". Interest and dividend income, refinancing costs, provisions and changes in value of dealing securities are recorded as part of the trading profit with effect on the income statement. Changes in the value of derivatives effect the income statement and are shown in the net income from designated financial instruments. Interest payments connected with such financial instruments are included in the interest income or interest expenses from designated and derivative financial instruments in the net interest income.

Designated financial instruments (Designated at fair value)

Designated financial instruments refer to those financial assets and liabilities that, at the point in time that they are first stated in the balance sheet, are categorised or designated as a fair value assessment with effect on the balance sheet (the so-called fair value option). Such a categorisation can only be made if:

- The categorisation eliminates or considerably decreases incongruences in the assessment or the approach,
- The management and the performance measurement of a portfolio of financial assets and /or financial liabilities are done on a fair value basis according to a documented risk management or investment strategy,
- A contract contains an embedded derivative that must be separated.

The following balance sheet items contain designated financial instruments:

- Loans and advances to banks
- Loans and advances to customers
- Financial assets
- Amounts owed to banks
- Amounts owed to customers
- Liabilities evidenced by certificates
- Subordinated capital

These financial instruments are assessed at fair value. Unrealised and realised profits and losses are recorded with effect on the income statement as net income from designated financial instruments. Interest income or expenses from designated financial instruments are recorded under the net interest income.

Financial assets available for sale (AfS)

These include debt securities and other fixed-interest securities, shares and other variable-yield securities as well as shares in companies.

Financial assets in this category are evaluated in accordance with IAS 39 at fair value. The balance sheet item is recorded under the balance sheet item “financial assets”. Changes in fair value are shown without effect on the income statement. Changes in value that are recognised directly in the equity are transferred to the income statement if the financial asset in question is derecognised. The same applies in the case of impairment; the difference between the fair value and the cost of purchase (less any repayments and amortisation) is to be recorded with effect on income. If the reasons for impairment no longer apply, a reversal of the impairment loss is to be carried out with effect on the income statement if it is a debt capital instrument. However, any increases in fair value that go beyond the amount of the reversal of the impairment loss are recorded with no effect on the income statement. If an equity instrument is held, the impairment is not retracted with effect on the income statement. Increases in value in later periods are therefore accounted for with no effect on the income statement. If the fair value of an equity instrument held cannot be reliably determined, the cost of purchase is used less possible impairment losses.

Financial investments held-to-maturity (HtM)

This category contains non-derivative financial assets with fixed or determinable payments and a fixed term, that are quoted on an active market and held to maturity, with the exception of those financial assets that are evaluated and designated at their initial recognition at fair value with effect on the income statement, and those that are determined to be available for sale. Financial assets in this category are stated at amortised cost. Impairment in the sense of IAS 39 is recorded with effect on the income statement. Financial investments that are included in this category are listed under the balance sheet item “financial assets”.

Loans and receivables

Financial assets in the category “loans and receivables” are stated at amortised cost as long as they are not placed in the category of “designated financial instruments”. They are mainly recorded under the balance sheet items “loans and advances to banks” and “loans and advances to customers”. Securities of the category “loans and receivables” are shown in the balance sheet item “financial assets”.

Risk provisions:
Risk provisions have been made for recognisable risks among borrowers. For some loans, standardised, defined risk provisions were created as dynamic risk provisions, on the basis of risk groups in accordance with the “risk management” rating model. The amount of the credit risk provision that applies to the financial loans including the value adjustments and the portfolio-based revaluations is subtracted from the applicable loans. The risk provision for off-balance-sheet transactions is recognised as a provision.

Financial liabilities that are stated at amortised cost

If financial instruments on the liabilities side are neither “financial instruments held for trading” nor from the category of “designated financial instruments” they are stated at amortised cost. They are mainly recorded under the balance sheet items “amounts owed to banks”, “amounts owed to customers”, “liabilities evidenced by certificates” or “subordinated capital”.

Accounting policies for hedge accounting

Since the 2010 financial year, fair value hedge accounting in the sense of IAS 39 has been applied. Hedge accounting essentially means using hedging activity (typically involving a derivative) to offset the risk of changes in the fair value of a balanced underlying transaction. By reporting the fair value hedge on the balance sheet in this manner, one-sided effects in the context of economic risks can be avoided. An essential prerequisite is the prospectively and retrospectively traceable and documented effectiveness of hedge accounting.

The main area of application in the group is the hedging of underlying transactions with fixed interest rate risks in relation to the basic parameters of primarily identical, yet opposed derivative financial instruments (i.e., an issue with fixed coupons and receiver swap). The objective is to reduce the volatility of results that could occur without hedge accounting, as well as one-sided market appraisals of derivatives that affect the results, and a market appraisal of the derivative and underlying transaction (under the exercise of the fair value option) based on spread changes in the underlying transaction.

Hedge accounting in the context of fair value hedge accounting is done – as for other derivative financial instruments – in the balance sheet items “Trading assets” and “Trading liabilities”.

Underlying transactions in the context of fair value hedge accounting are recorded above all in the following balance sheet items:
- Loans and advances to customers
- Financial assets
- Amounts owed to banks
- Amounts owed to customers
- Liabilities evidenced by certificates

The net result from hedge accounting is presented on the income statement under the item “net income from investments”.

Repurchase transactions

In the course of real repurchase transactions (repo) the group sells assets to a contract party, at the same time agreeing to buy them back on a certain date at a certain price. These assets remain on the balance sheet and are evaluated according to the rules of the various balance sheet items. An obligation in the amount of the liquidity received is posted.

In a reverse repo transaction assets are purchased together with the obligation to sell in future. A loan in the amount of the paid liquidity is posted. Interest expenses from repo transactions and interest income from reverse repo transactions are accrued by the straight-line method throughout the term and recorded under net interest income.

For non-real repurchase transactions the debtor bank has the obligation to take the assets back but it does not have the right to demand them back. The creditor bank makes the decision alone as to whether it wants a retrocession.

Leasing transactions

The group differentiates between finance leases and operating leases. According to IFRS, a finance lease is essentially when the risks associated with the property and the opportunities of an asset are transferred to the lessee. An operating lease is a lease that is not a financing lease. For the evaluation, substance over form at the beginning of the lease is decisive. Changes of the lease agreement can lead to a new evaluation.

In accordance with IAS 17, the lessor in finance lease agreements records the future leasing payments and any remaining amounts as loans and advances to lessees. Under a finance lease, the lessor reports the assets under the respective item of property, plant and equipment balanced by a corresponding leasing liability on the liabilities side.

With operating leases, the leasing contracts are recognised with an effect on income by both the lessee and the lessor. The lessor capitalises the asset being leased less the amount of depreciation.

The group companies are both a lessors and, on occasion, a lessees.

Intangible assets

The paid acquisition of intangible assets is accounted for at the cost of purchase less depreciation and impairment. All intangible assets (except goodwill) exhibit a limited useful life and are subject to straight-line amortisation over this period. The usual useful life ranges from 1 to 20 years. There have so far been no self-produced intangible assets that fulfilled the recognition criteria of IAS 38.

Property, plant and equipment and investment property

Property, plant and equipment is measured at purchase or production costs less depreciation. The following terms of useful life are usually taken as the basis for straight-line depreciation:

	Years
Movable assets	1 – 24
Immovable assets	3 – 67
Investment property	10 – 67

In the event of impairment, the greater of the two comparable values (fair value less the cost of disposal and value in use) are amortised pursuant to IAS 36. If the reasons for impairment cease, then appreciation up to the cost of purchase carried forward shall occur. The real estate objects held as financial investments (investment property) are also stated at amortised cost according to the relevant option in IAS 40.

Provisions

All social provisions (provisions for pensions, severance obligations and bonuses) are determined pursuant to IAS 19 – Employee Benefits – following the “projected unit credit method”. The calculations are based on a calculative pensionable age of 60 for women and 65 for men with adherence to the legal transitional regulations pursuant to the Budget Supplementary Law of 2003 as well as individual contractual particularities. Furthermore the pensionable age for women was set in consideration of the „BVG age limits“ (Federal Law Gazette 1992/832).

For the actuarial calculation of the pension obligations in the entitlement phase a valuation interest rate of 4.0% p.a. (previous year 4.0% p.a.) is used with an effective pensionable salary increase of 4.0% (previous year 4.0%). The parameters for the working periods are calculated at an interest rate of 3.75% p.a. (previous year: 3.75% p.a.) and an unchanged pension increase of 3.5% p.a.

A valuation interest rate of 4.0% p.a. (previous year: 4.0% p.a.) as well as an average, sector-specific salary increase of 3.0% - 4.0% p.a. (previous year: 3.0% to 4.0% p.a.) are also assumed for the actuarial calculation of severance obligations and bonuses. In addition to the disability rates, mortality rates and the factors resulting from the termination of employment on attaining retirement age, annual period of service-dependent turnover rates based on internal statistics are applied for early terminations of employment.

The actuarial profits and losses in the case of social provisions are immediately recognised with effect on the income statement and shown under personnel expenses.

Further provisions are made for contingent liabilities towards third parties at the amount of anticipated utilisation if it is likely that the liability will ensue. If interest rates play a significant role, then the rates of such provisions shall be reduced and assessed at their cash value.

Defined contribution plans

Pursuant to IAS 19, the defined contribution plans are to be distinguished from the defined benefit plans - for which provisions for pensions and severance payments must be made. In the context of such plans, specified payments are made to an independent institution (pension fund, employee provision fund). Within this scheme, the company only guarantees the contributions, not the amount of the later benefits. These payments are recognised as personnel expenses with effect on the income statement.

Taxes on income

Taxes on income are accounted for in accordance with IAS 12. Deferred taxes based on the country-specific tax rates are calculated for temporary differences that result from the settlement of consolidated carrying amounts and tax values, which balance out in the following period. Tax losses carried forward are recorded as deferred taxes under assets if it seems probable that there will be taxable profits in the future in a similar amount in the same company. Deferred tax assets are set off against deferred tax liabilities for each subsidiary separately.

Raiffeisenlandesbank Oberösterreich, as head of the group, has formed a corporate group with diverse financially affiliated companies in the sense of §9 of the Corporation Tax Act since 2005.

Trust fund transactions

Business operations based on the administration or placement of assets for third party accounts are not shown on the balance sheet. Commission payments from these operations are shown under net commission income.

Net interest income

Interest and interest-related income includes, on the one hand, interest income from loans and advances to customers and banks, as well as bonds and interest-dependent derivatives. On the other hand, it includes current earnings from shares, profit participation rights, shares in mutual funds as well as from associated companies and other investments that are neither fully consolidated nor reported under the equity method. Proportional profit or loss from companies reported under the equity method is also reported in a separate item within net interest income.

Interest expenses arise mainly from amounts owed to customers and banks, with securitised liabilities and with subordinated capital, as well as interest-dependent derivatives.

Interest income and expenses are subject to accrual accounting, dividends are recognised as soon as legal entitlement arises.

Risk provisions

This item on the income statement shows the creation and the release of risk provisions (revaluations and reserves for the lending business). Direct write-offs and retroactive payments to loans that have already been written off are also included in this item.

Net commission income

Net commission income is the result of the expenses and income recorded as accrued in connection with the service business. This mainly includes payment transactions, foreign exchange, currency and precious metal transactions, the securities business, and loan processing and the financial guarantee business.

Net income from investments

Net income from investments shows the valuation results and net proceeds from disposals recorded with an effect on the income statement which were realised in the case of securities of the categories “financial investments held-to-maturity”, “financial assets available for sale” (AfS) and “loans and receivables“. In addition, this also includes the net income from the valuation and disposal of assets of affiliated companies and other holdings that are neither fully consolidated nor accounted for under the equity method. Profits and losses from the available-for-sale assets that are recorded directly under equity or that were transferred from equity to the income statement can be found under their own heading in the Notes. Furthermore, the net result from hedge accounting is recorded in this item of the income statement.

Creditworthiness-related price declines in securities of the categories „financial assets available for sale (AfS)“, „financial assets held to maturity“ and „loans and receivables“ are recognised with effect on income. Triggering events include substantial financial difficulties of the issuer, significant worsening of ratings and the default of interest payments or repayments. In the case of equity instruments, an impairment loss with effect on income is also recognised in cost of purchase in the event of permanent or significant price declines.

Net income from designated financial instruments

Unrealised and realised profits and losses in conjunction with designated financial instruments that are recorded on the balance sheet under financial assets are not shown as net income from investments but rather in a separate item on the income statement called “profit or loss from designated financial instruments”. The latter item also includes the net income from valuation and disposal of all other designated financial instruments and derivatives.

General administrative expenses

The general administrative expenses include personnel and administrative expenses as well as depreciation and impairment of property, plant and equipment, investment property and intangible assets.

Exercising judgement and making estimates

When applying the accounting policies in the consolidated financial statements, the management exercises judgement, keeping in mind the goal of the financial statements to provide meaningful information about the company’s assets, financial position and profitability as well as about any changes in the assets, financial position or profitability of the company. Assumptions and estimates are performed with special consideration of market-related input factors, statistical data, experience and expert opinions.

The main areas affected by assumptions and estimates are the determination of the fair value of some financial instruments, accounting policies used for risk provisions, creating provisions for pensions, severance payments and long-term service bonuses, other provisions and determining the useful life of long-term assets. The amounts that actually result may be different from the estimates.

Segment reporting

The segment reporting is based on the market segment calculation in the internal management accounts, in accordance with IFRS 8. This is a graduated breakeven analysis that illustrates customer responsibility within the Raiffeisenlandesbank Oberösterreich Group and is regularly presented to the Managing Board for decision-making and management support or resource distribution. When dividing up the segments, consideration was given to a largely homogeneous structure of opportunities and risks.

Income and expenses are assigned to the segment in which they arise. Net interest income is calculated using the market interest rate method. The interest benefit from the equity is assigned to the segments based on the regulatory capital requirements. The general administrative expenses include direct and indirect costs. The direct costs (personnel and material costs) are the responsibility of the market segments, the indirect costs are assigned based on certain keys. The results per segment also include results from transactions with other segments. The assessment of services exchanged between the segments is always done at market price, the segments are positioned to each other like external suppliers.

The segment reporting is divided into the following four segments:

Corporates & Retail

The Corporates & Retail segment comprises the business areas corporate customers and groups, SME support, major institutional customers, international financing and correspondent banking, the branch in Southern Germany and Raiffeisenlandesbank Oberösterreich's retail business.

Financial Markets

The Financial Markets segment includes the results of the trading areas (money, foreign exchange, stocks and bonds), the treasury results from interest-rate management and hedging with customers and from the management of the banking book, as well as the income from services arising from the area of securities sales. In the trading areas, customer business takes priority over in-house trading and this is reflected in the high portion of income from services.

Investments

The Investments segment includes in particular Raiffeisenlandesbank Oberösterreich's bank and financial-institution-oriented holding portfolio. Aside from the most important fully consolidated subsidiaries, this segment also includes subsidiaries and other holdings that are reported under the equity method or at the cost of purchase.

The Investments segment also includes the portfolios:

- Venture and partner capital for companies in growth or succession situations as well as investments in companies of a special location interest,
- Outsourced companies whose points of emphasis are not directly in the area of classical bank services and
- Real estate/PPP investments.

Furthermore, the corporate group of the GFA (Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH), which consists of the "VIVATIS Holding AG" Group and the "efko Frischfrucht und Delikatessen GmbH" Group, is assigned to this investment segment. 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 "Administrative expenses".

Corporate Center

This includes revenue and expenses where the content does not fit into any other segment. One-time special effects that would distort the various segment results and are not distributed to individual market segments in the internal management reporting are also recorded here when applicable.

Reporting by segment 2012

	Corporates & Retail in EUR '000	Financial Markets in EUR '000	Invest-ments in EUR '000	Corporate Center in EUR '000	Total in EUR '000
Interest and interest-related income / expenses	218,214	116,102	72,661	11,299	418,276
Result of companies that are reported under the equity method	0	0	143,882	0	143,882
Risk provisions	–243,689	0	–50,974	0	–294,663
Net interest income after risk provisions	**–25,475**	**116,102**	**165,569**	**11,299**	**267,495**
Net commission income	49,617	20,102	43,270	3,748	116,737
Trading profit	2,395	12,824	1,269	0	16,488
Net income from designated financial instruments	–4,587	3,512	8,507	0	7,432
Net income from investments	1,140	–15,396	–5,851	0	–20,107
General administrative expenses	–75,207	–32,109	–400,823	–52,475	–560,614
Other operating income	–8,956	–3,395	288,066	352	276,067
Pre-tax profit for the year	**–61,073**	**101,640**	**100,007**	**–37,076**	**103,498**

Reporting by segment 2011

	Corporates & Retail in EUR '000	Financial Markets in EUR '000	Invest-ments in EUR '000	Corporate Center in EUR '000	Total in EUR '000
Interest and interest-related income / expenses	225,220	78,909	129,001	6,225	439,355
Result of companies that are reported under the equity method	0	0	173,825	0	173,825
Risk provisions	–66,450	0	–21,206	0	–87,656
Net interest income after risk provisions	**158,770**	**78,909**	**281,620**	**6,225**	**525,524**
Net commission income	47,882	22,092	42,966	0	112,940
Trading profit	1,414	15,959	–884	0	16,489
Net income from designated financial instruments	0	–9,695	3,751	0	–5,944
Net income from investments	–839	–47,810	10,300	0	–38,349
General administrative expenses	–91,221	–23,329	–370,434	–38,401	–523,385
Other operating income	–7,078	–2,950	271,736	–1,817	259,891
Pre-tax profit for the year	**108,928**	**33,176**	**239,055**	**–33,993**	**347,166**

Notes to the income statement

1. Net interest income

	2012 in EUR '000	2011 in EUR '000
Interest income		
From financial instruments in the category "loans and receivables"	608,432	685,157
From financial instruments in the category "available for sale"	75,008	51,070
From financial instruments in the category "held-to-maturity"	25,939	39,108
Subtotal	**709,379**	**775,335**
From designated and derivative financial instruments	218,160	248,999
From lease financing	84,377	60,474
Total interest income	**1,011,916**	**1,084,808**
Current income		
From shares and other variable-yield securities	29,420	11,656
From investments in affiliated companies	11,983	45,516
From other investments	14,133	16,632
Current income	**55,536**	**73,804**
Other interest-related income	**7,479**	**4,376**
Interest and interest-related income	**1,074,931**	**1,162,988**
Interest expenses		
Financial liabilities that are stated at amortised cost	–341,131	–412,422
For designated and derivative financial instruments	–311,930	–310,462
Total interest expenses	**–653,061**	**–722,884**
Other interest-related expenses	**–3,594**	**–749**
Interest and interest-related expenses	**–656,655**	**–723,633**
Result of companies that are reported under the equity method	**143,882**	**173,825**
Net interest income	**562,158**	**613,180**

2. Risk provisions

	2012 in EUR '000	2011 in EUR '000
Allocation to risk provisions	–399,972	–204,526
Release of risk provisions	105,712	120,069
Direct write-offs	–7,262	–5,953
Amounts received against loans and advances written off	6,859	2,754
Total	**–294,663**	**–87,656**

3. Net commission income

	2012 in EUR '000	2011 in EUR '000
From payment transactions	21,876	22,236
From financing costs	29,137	25,606
From securities business	44,584	44,381
From foreign exchange, currency and precious metals transactions	4,207	3,253
From other service business	16,933	17,464
Total	**116,737**	**112,940**

4. Trading profit

	2012 in EUR '000	2011 in EUR '000
Interest-rate related business	9,083	9,944
Currency related business	6,179	4,660
Other business	1,226	1,885
Total	**16,488**	**16,489**

5. Net income from designated financial instruments

	2012 in EUR '000	2011 in EUR '000
Net profit/loss from designated financial instruments and derivatives	7,432	–5,944

6. Net income from investments

	2012 in EUR '000	2011 in EUR '000
Securities in the category “held-to-maturity”		
Net result from valuation	0	–28,674
Net result from disposal	–3,291	–989
Securities in the category “loans and receivables”		
Net result from valuation	–2,829	0
Net result from disposal	1,156	–255
Securities in the category “available for sale”		
Net result from valuation	–24,406	–20,687
Net result from disposal	7,728	25,750
Shares in companies in the category “available for sale”		
Net result from valuation	–14,869	–11,228
Net result from disposal	272	–2,202
Net result from hedge accounting		
Net result from hedging transactions	–41,616	40,014
Valuation from underlying transactions	41,243	–40,205
Result of initial consolidation and deconsolidation	16,505	127
Total	**–20,107**	**–38,349**

The net result from the valuation of assets from securities in the category “available for sale” includes impairments of EUR –24,406 thousand (previous year: EUR –21,725 thousand) and reversals of impairment losses amounting to EUR 0 thousand (previous year: EUR 1,038 thousand). The remaining net result from the valuation of assets reflect the impairment losses recognised in profit or loss. The results from first-time consolidation and deconsolidation amounted to EUR 16,505 thousand in the 2012 financial year and resulted primarily from the absorption or disposal of the following companies:

First-time consolidations:

- RACON Software Gesellschaft m.b.H. in the amount of EUR 2,674 thousand
- Franz Reiter Ges.m.b.H. & Co. OG. in the amount of EUR 2,902 thousand
- Real-Treuhand Immobilienprojektentwicklung GmbH & Co KG in the amount of EUR 2,249 thousand (absorption of REAL-TREUHAND Management GmbH)
- Burgenländische Tierkörperverwertungsgesellschaft m.b.H. & Co KG in the amount of EUR 5,052 thousand

Deconsolidation:

- EXIMO Agro-Marketing Aktiengesellschaft in the amount of EUR 4,188 thousand

7. General administrative expenses

	2012 in EUR '000	2011 in EUR '000
Personnel expenses		
Wages and salaries	–223,574	–207,058
Compulsory social security contributions	–55,562	–51,339
Voluntary social security contributions	–3,761	–3,828
Expenses for severance payments and pensions	–13,631	–13,370
Administrative expenses		
Rent and leasing expenses	–23,726	–20,877
Room expenses (operation, maintenance)	–42,630	–43,528
IT and communications	–27,982	–23,508
Legal and consulting expenses	–17,203	–15,516
Advertising and representation expenses	–29,470	–29,730
Other administrative expenses	–68,468	–63,665
Depreciation and amortisation of property, plant and equipment, investment property and intangible assets		
Property, plant and equipment	–38,759	–37,951
Investment property	–3,305	–2,293
Goodwill	–6,004	–2,707
Other intangible assets	–6,539	–8,015
Total	**–560,614**	**–523,385**

Breakdown of expenses for defined contribution plans for severance and pension payments:

	2012 in EUR '000	2011 in EUR '000
Pension fund	–3,068	–2,888
Employee pension fund	–1,427	–1,223
Total	**–4,495**	**–4,111**

In the financial year 2012, the administrative expenses include approximately EUR 212.5 million (previous year EUR 205.1 million) from the corporate group of GFA (Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH), which consists of the "VIVATIS Holding AG" Group and the "efko Frischfrucht und Delikatessen GmbH" Group. The companies are in the food and beverage sector and, as their business is unrelated to banking, they are mainly reported in the income statement under "Other operating income" and "Administrative expenses".

8. Other operating income

	2012 in EUR '000	2011 in EUR '000
Other operating income		
Income from non-bank activities	918,845	1,065,258
Remaining operating income	71,945	64,219
Other operating expenses		
Expenses from non-bank activities	–22,311	–22,049
Other tax and fees	–23,792	–20,243
Remaining operating expenses	–668,620	–827,294
Total	**276,067**	**259,891**

In the financial year 2012, the other operating income includes approximately EUR 225.6 million (previous year EUR 216.1 million) from the corporate group of GFA (Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH), which consists of the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group. The companies are in the food and beverage sector and, as their business is unrelated to banking, they are mainly reported in the income statement under “Other operating income” and “Administrative expenses”.

9. Taxes on income and earnings

	2012 in EUR '000	2011 in EUR '000
Current taxes on income and earnings	–6,874	–8,751
of which in Austria	–3,778	–4,099
of which foreign	–3,096	–4,652
Deferred taxes	–2,000	–18,621
Total	**–8,874**	**–27,372**

The following calculation of translation reserves shows the relationship between the profit for the year and the actual tax burden:

	2012 in EUR '000	2011 in EUR '000
Pre-tax profit for the year	103,498	347,166
Income tax expense expected for the financial year at the statutory tax rate (25%)	–25,875	–86,792
Tax reductions due to tax-exempt earnings of investments	25,496	23,757
Tax reductions due to at-equity profit from companies reported under the equity method	16,636	30,361
Tax reductions due to tax-exempt other earnings	6,743	3,699
Tax increase due to non-deductible expenses	–10,457	–4,073
Tax credit/burden from previous years	1,016	16
Effect of deviating foreign tax rates	5,629	–726
Change in the usability of losses carried forward	–23,260	14,664
Other	–4,802	–8,278
Actual tax burden	**–8,874**	**–27,372**

For tax losses carried forward in the amount of EUR 184,370 thousand (previous year: EUR 140,243 thousand), no deferred tax assets were recognised, as a tax benefit does not currently appear to be feasible within a reasonable period of time. The temporary differences for which, according to IAS 12.39, no passive tax deferrals were accounted for, come to EUR 1,141,136 thousand (previous year: EUR 1,022,105 thousand).

Tax assets

	2012 in EUR '000	2011 in EUR '000
Regular tax assets	28,022	65,599
Deferred tax assets	46,600	57,482
of which deferred tax assets from tax losses carried forward that have not yet been utilised	21,659	87,226
Total	**74,622**	**123,081**

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Changes in tax liabilities

	2012 in EUR '000	2011 in EUR '000
Current tax liabilities	14,333	15,306
Deferred tax liabilities	40,897	17,675
Total	**55,230**	**32,981**

Temporary differences between the valuation rates in the IFRS consolidated financial statements and the tax valuation rates have the following effect on the deferred taxes recorded on the balance sheet:

	Deferred tax assets 2012 in EUR '000	Deferred tax liabilities 2012 in EUR '000	With an effect on income 2012 in EUR '000
Financial assets in the category “available for sale”	–1,446	58,098	–20,832
Financial assets in the category “held-to-maturity”	0	12,980	8,742
Securities in the category “loans and receivables”	0	11,100	1,385
Designated financial instruments and derivatives	–6,507	20,877	17,986
Shares in companies	6,162	3	3,940
Leasing transactions	4,883	2,568	4,649
Social provisions	7,467	–5,581	364
Risk provisions	7,732	–21,025	655
Other provisions	2,689	–2,035	1,993
Tax losses carried forward, not yet utilised	21,659	–45,672	–11,145
Other temporary differences	3,961	9,584	–9,737
Total	**46,600**	**40,897**	**–2,000**

	Deferred tax assets 2011 in EUR '000	Deferred tax liabilities 2011 in EUR '000	With an effect on income in 2011 in EUR '000
Financial assets in the category “available for sale”	–3,276	775	–14,282
Financial assets in the category “held-to-maturity”	–31,966	0	3,490
Securities in the category “loans and receivables”	–1,172	89	533
Designated financial instruments and derivatives	–45,122	161	8,990
Shares in companies	1,276	547	1,749
Leasing transactions	486	1,333	1,975
Social provisions	11,702	–618	–90
Risk provisions	27,348	–755	–3,370
Other provisions	246	–2,083	241
Tax losses carried forward, not yet utilised	87,226	–184	–10,723
Other temporary differences	10,734	18,410	–7,134
Total	**57,482**	**17,675**	**–18,621**

Notes to the balance sheet

10. Financial instruments disclosure

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

ASSETS	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000
Cash and cash equivalents	0	0
Loans and advances to banks	0	121,755
Loans and advances to customers	0	1,051,821
Trading assets	2,801,803	0
Financial assets	0	1,182,439
Carrying amount total 31 Dec. 2012	**2,801,803**	**2,356,015**

The fair value carrying amounts in the category "Financial assets available for sale (AfS)" contain equity instruments in the amount of EUR 715,745 thousand that are valued at the cost of purchase because their fair value cannot be reliably determined.

LIABILITIES	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000
Amounts owed to banks	0	1,903,341
Amounts owed to customers	0	1,496,706
Liabilities evidenced by certificates	0	5,168,025
Trading liabilities	2,124,595	0
Subordinated capital	0	929,386
Carrying amount total 31 Dec. 2012	**2,124,595**	**9,497,458**

There are no material changes in the fair value of designated financial liabilities as a result of changes in ratings for Raiff-eisenlandesbank Oberösterreich. The credit exposure for these designated loans and receivables as at 31 December 2012 was EUR 9,497,458 thousand.

Financial assets available for sale (AfS) in EUR '000	Financial assets held-to-maturity in EUR '000	Loans and receivables in EUR '000	Carrying amount total 31 Dec. 2012 in EUR '000	Fair value total 31 Dec. 2012 in EUR '000
0	0	131,813	131,813	131,813
0	0	7,236,787	7,358,542	7,300,111
0	0	19,446,459	20,498,280	20,598,997
0	0	0	2,801,803	2,801,803
3,402,222	786,896	797,023	6,168,580	6,228,535
3,402,222	**786,896**	**27,612,082**	**36,959,018**	**37,061,259**

The amount of the change in fair value of designated loans and receivables that was due to changes in ratings in 2012 was EUR –761 thousand (aggregate EUR 5,878 thousand). This figure was obtained by applying the changes in credit spread due to rating changes. The credit exposure for these designated loans and receivables as at 31 December 2012 was EUR 1,173,576 thousand.

Financial liabilities stated at amortised cost in EUR '000	Carrying amount total 31 Dec. 2012 in EUR '000	Fair value total 31 Dec. 2012 in EUR '000
10,750,737	12,654,078	12,640,412
8,388,444	9,885,150	9,924,833
4,187,727	9,355,752	9,369,316
0	2,124,595	2,124,595
745,288	1,674,674	1,697,933
24,072,196	**35,694,249**	**35,757,089**

The carrying amount of designated financial liabilities as at 31 December 2012 was EUR 672,111 thousand higher than the repayment sum contractually agreed on.

Categories of financial assets and financial liabilities as at 31 December 2011:

ASSETS	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000
Cash and cash equivalents	0	0
Loans and advances to banks	0	226,786
Loans and advances to customers	0	1,049,475
Trading assets	2,283,732	0
Financial assets	0	1,325,163
Carrying amount total 31 Dec. 2011	**2,283,732**	**2,601,424**

The fair value carrying amounts in the category "Financial assets available for sale (AfS)" contain equity instruments in the amount of EUR 820,760 thousand that are valued at the cost of purchase because their fair value cannot be reliably determined.

LIABILITIES	Financial instruments held for trading in EUR '000	Designated financial instruments in EUR '000
Amounts owed to banks	0	1,865,016
Amounts owed to customers	0	1,541,833
Liabilities evidenced by certificates	0	4,898,374
Trading liabilities	1,670,187	0
Subordinated capital	0	1,018,695
Carrying amount total 31 Dec. 2011	**1,670,187**	**9,323,918**

There are no material changes in the fair value of designated financial liabilities as a result of changes in ratings for Raiffeisenlandesbank Oberösterreich. The credit exposure for these designated loans and receivables as at 31 December 2011 was EUR 9,323,918 thousand.

Financial assets available for sale (AfS) in EUR '000	Financial assets held-to-maturity in EUR '000	Loans and receivables in EUR '000	Carrying amount total 31 Dec. 2011 in EUR '000	Fair value total 31 Dec. 2011 in EUR '000
0	0	146,817	146,817	146,817
0	0	7,166,579	7,393,365	7,387,853
0	0	18,662,488	19,711,963	19,865,112
0	0	0	2,283,732	2,283,732
2,767,822	1,198,776	820,569	6,112,330	6,089,465
2,767,822	**1,198,776**	**26,796,453**	**35,648,207**	**35,772,979**

The amount of the change in fair value of designated loans and receivables that was due to changes in ratings in 2011 was EUR –1.835 thousand (aggregate EUR –5,292 thousand). This figure was obtained by applying the changes in credit spread due to rating changes. The credit exposure for these designated loans and receivables as at 31 December 2011 was EUR 1,276,261 thousand.

Financial liabilities stated at amortised cost in EUR '000	Carrying amount total 31 Dec. 2011 in EUR '000	Fair value total 31 Dec. 2011 in EUR '000
10,587,932	12,452,948	12,493,339
8,598,024	10,139,857	10,165,459
3,369,671	8,268,045	8,278,162
0	1,670,187	1,670,187
826,656	1,845,351	1,845,439
23,382,283	**34,376,388**	**34,452,586**

The carrying amount of designated financial liabilities as at 31 December 2011 was EUR 241,608 thousand higher than the repayment sum contractually agreed on.

Breakdown of the fair value of financial instruments in 2012:

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

The calculation of translation reserves in 2012 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.	**555**	**9,037**
Additions	1	35
Disposals	0	0
Effective results	–898	–5,456
Effect-neutral results	–261	0
Breakdown in Level III	13,065	18,845
Breakdown from Level III	0	0
As at 31 Dec.	**12,462**	**22,461**

Breakdown of the fair value of financial instruments in 2011:

	Financial instruments measured at fair value 31 Dec. 2011i n 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	2,283,732	35,770	2,247,962	0
Designated financial instruments	2,601,424	717,309	1,875,078	9,037
Financial assets available for sale (AfS)	1,947,062	1,238,048	708,459	555
Total financial instruments measured at fair value	**6,832,218**	**1,991,127**	**4,831,499**	**9,592**
Financial instruments held for trading	1,670,187	0	1,670,187	0
Designated financial instruments	9,323,918	0	9,323,918	0
Total financial liabilities measured at fair value	**10,994,105**	**0**	**10,994,105**	**0**

The calculation of translation reserves in 2011 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.	**51**	**435**
Additions	499	0
Disposals	0	–126
Effective results	0	0
Effect-neutral results	0	0
Breakdown in Level III	5	8,728
Breakdown from Level III	0	0
As at 31 Dec.	**555**	**9,037**

Redesignations of financial assets

In financial year 2008, securities from the category “financial assets available for sale (AfS)” in the amount of EUR 125,421 thousand were redesignated to the category “loans and advances”. The carrying amount of the redesignated securities as at 31 December 2012 was EUR 22,142 thousand (previous year: EUR 56,029 thousand; their fair value as at 31 December 2012 was EUR 22,868 thousand (previous year: EUR 57,718 thousand).

In financial year 2012, interest income on the redesignated securities in the amount of EUR 2,383 thousand (previous year: EUR 3,570 thousand) and impairments of EUR 0 thousand (previous year: EUR 0 thousand) were reported in the income statement. If no redesignation had been carried out, fair value changes in the amount of EUR 0 thousand (previous year: EUR 48 thousand) would have been recognised in the AfS reserve with no effect on the income statement in financial year 2012.

The following derivative financial instruments existed on the 2012 balance sheet date:

Term to maturity	Nominal amount				Market value	
	up to 1 year in EUR '000	over 1 year 5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000	Positive in EUR '000	Negative in EUR '000
Interest rate-dependent futures						
OTC products						
Forward rate agreements	2,038,436	727,376	0	2,765,812	197	3,283
Interest rate swaps	4,165,633	13,290,276	19,343,220	36,799,129	2,602,125	2,024,303
Interest rate options – purchases	271,835	935,036	913,506	2,120,377	36,008	1,710
Interest rate options – sales	104,243	781,237	1,250,813	2,136,293	3,460	38,130
Products traded on the stock exchange						
Interest rate futures	78,198	0	0	78,198	0	0
Total	**6,658,345**	**15,733,925**	**21,507,539**	**43,899,809**	**2,641,790**	**2,067,426**
Foreign-currency dependent futures						
OTC products						
Spot exchange and forward transactions	1,198,097	72,515	0	1,270,612	10,804	12,190
Currency and interest rate swaps with several currencies	2,906,138	183,950	0	3,090,088	64,177	41,946
Foreign exchange options – purchases	91,824	41,779	3,541	137,144	2,753	0
Foreign exchange options – sales	91,824	41,779	3,541	137,144	0	2,753
Total	**4,287,883**	**340,023**	**7,082**	**4,634,988**	**77,734**	**56,889**
Other futures						
OTC products						
Shares options – purchases	14,500	47,444	5,000	66,944	22,538	0
Shares options – sales	0	0	0	0	0	0
Credit derivatives	37,579	10,000	10,000	57,579	273	280
Commodity options – purchases	0	5,000	0	5,000	774	0
Commodity options – sales	0	0	0	0	0	0
Other business	0	0	0	0	0	0
Total	**52,079**	**62,444**	**15,000**	**129,523**	**23,585**	**280**
Total OTC products	**10,920,109**	**16,136,392**	**21,529,621**	**48,586,122**	**2,743,109**	**2,124,595**
Total products traded on the stock exchange	**78,198**	**0**	**0**	**78,198**	**0**	**0**
Total	**10,998,307**	**16,136,392**	**21,529,621**	**48,664,320**	**2,743,109**	**2,124,595**

The following derivative financial instruments existed on the 2011 balance sheet date:

Term to maturity	Nominal amount				Market value	
	up to 1 year in EUR '000	over 1 year 5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000	Positive in EUR '000	Negative in EUR '000
Interest rate-dependent futures						
OTC products						
Forward rate agreements	6,198,507	0	0	6,198,507	3,815	5,760
Interest rate swaps	5,074,364	13,304,835	19,586,631	37,965,830	2,032,142	1,502,586
Interest rate options – purchases	123,720	1,167,976	1,043,517	2,335,213	35,925	1,585
Interest rate options – sales	142,505	1,315,865	1,325,902	2,784,272	2,736	44,173
Products traded on the stock exchange						
Interest rate futures	4,801	16,311	16,353	37,465	0	0
Total	**11,543,897**	**15,804,987**	**21,972,403**	**49,321,287**	**2,074,618**	**1,554,104**
Foreign-currency dependent futures						
OTC products						
Spot exchange and forward transactions	485,691	20,572	196	506,459	16,855	6,849
Currency and interest rate swaps with several currencies	4,603,500	149,379	65,708	4,818,587	99,745	82,838
Foreign exchange options – purchases	108,099	60,221	3,517	171,837	12,566	0
Foreign exchange options – sales	108,091	60,221	3,517	171,829	0	12,575
Total	**5,305,381**	**290,393**	**72,938**	**5,668,712**	**129,166**	**102,262**
Other futures						
OTC products						
Shares options – purchases	5,000	73,110	10,734	88,844	20,690	1,080
Shares options – sales	0	0	0	0	0	0
Credit derivatives	29,637	47,729	10,000	87,366	313	1,341
Commodity options – purchases	0	0	5,000	5,000	393	0
Commodity options – sales	0	0	0	0	0	0
Other business	0	11,400	0	11,400	0	11,400
Total	**34,637**	**132,239**	**25,734**	**192,610**	**21,396**	**13,821**
Total OTC products	**16,879,114**	**16,211,308**	**22,054,722**	**55,145,144**	**2,225,180**	**1,670,187**
Total products traded on the stock exchange	**4,801**	**16,311**	**16,353**	**37,465**	**0**	**0**
Total	**16,883,915**	**16,227,619**	**22,071,075**	**55,182,609**	**2,225,180**	**1,670,187**

11. Cash and cash equivalents

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Cash in hand	37,447	39,557
Balances at central banks	94,366	107,260
Total	**131,813**	**146,817**

12. Loans and advances to banks

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Loans and advances payable on demand	3,238,518	2,759,491
Money market transactions	2,254,958	2,711,806
Loans to banks	1,492,564	1,845,819
Purchased loans and advances	372,502	76,249
Total	**7,358,542**	**7,393,365**
In Austria	5,976,937	6,048,922
Abroad	1,381,605	1,344,443
Total	**7,358,542**	**7,393,365**

13. Loans and advances to customers

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Money-market transactions	2,050,073	2,462,828
Loan transactions	16,532,367	15,455,296
Mortgage loans	337,492	358,793
Covering loans	238,371	189,984
Purchased loans and advances	319,817	308,900
Lease financing	979,911	921,305
Other	40,249	14,857
Total	**20,498,280**	**19,711,963**
In Austria	13,115,578	12,884,765
Abroad	7,382,702	6,827,198
Total	**20,498,280**	**19,711,963**

14. Risk provisions

Risk provisions 2012

	As at 1 Jan. 2012 in EUR '000	Currency differences in EUR '000	Allocations in EUR '000	Reversals in EUR '000	Utilised in EUR '000	As at 31 Dec. 2012 in EUR '000
Loans and advances to banks	22,892	0	0	2,074	18,684	2,134
of which in Austria	1,278	0	0	167	0	1,111
of which foreign	21,614	0	0	1,907	18,684	1,023
Loans and advances to customers	698,337	1,980	387,697	91,907	56,776	939,331
of which in Austria	503,326	0	253,946	84,629	48,064	624,579
of which foreign	195,011	1,980	133,751	7,278	8,712	314,752
Revaluations in the portfolio	99,412	80	4,093	1,474	0	102,111
Subtotal	**820,641**	**2,060**	**391,790**	**95,455**	**75,460**	**1,043,576**
Risks for off-balance-sheet transactions	19,788	0	8,181	10,257	866	16,846
Total	**840,429**	**2,060**	**399,971**	**105,712**	**76,326**	**1,060,422**

Risk provisions 2011

	As at 1 Jan. 2011 in EUR '000	Currency differences in EUR '000	Allocations in EUR '000	Reversals in EUR '000	Utilised in EUR '000	As at 31 Dec. 2011 in EUR '000
Loans and advances to banks	18,133	0	4,759	0	0	22,892
of which in Austria	1,278	0	0	0	0	1,278
of which foreign	16,855	0	4,759	0	0	21,614
Loans and advances to customers	678,052	–3,365	181,701	105,783	52,268	698,337
of which in Austria	460,223	0	123,856	59,639	21,114	503,326
of which foreign	217,829	–3,365	57,845	46,144	31,154	195,011
Revaluations in the portfolio	96,312	–130	4,174	944	0	99,412
Subtotal	**792,497**	**–3,495**	**190,634**	**106,727**	**52,268**	**820,641**
Risks for off-balance-sheet transactions	20,357	0	13,892	13,342	1,119	19,788
Total	**812,854**	**–3,495**	**204,526**	**120,069**	**53,387**	**840,429**

The interest income from impaired financial assets that were made interest-free amounted to EUR 1,925 thousand (previous year: EUR 1,594 thousand) in 2012.

15. Trading assets

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Debt securities and other fixed-interest securities		
Municipal bonds that can be refinanced	12,248	10,842
Other public sector debt issues	1,137	1,064
Bonds and debt securities from other issuers	45,309	46,597
Shares and other variable-yield securities		
Other variable yield securities	0	49
Positive market value from derivative transactions		
Interest rate transactions	2,641,790	2,074,618
Currency exchange transactions	77,734	129,166
Stock and index related business	22,538	20,690
Other business	1,047	706
Total	**2,801,803**	**2,283,732**

The (positive) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 73,104 thousand as at 31 December 2012 (previous year: EUR 28,732).

16. Financial assets

Designated financial assets

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Debt securities and other fixed-interest securities		
Municipal bonds that can be refinanced	255,435	203,044
Bonds and debt securities from other issuers	496,091	608,753
Shares and other variable-yield securities		
Shares	5,070	4,188
Shares in investment funds	177,039	245,101
Other variable yield securities	248,804	264,077
Total	**1,182,439**	**1,325,163**

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

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Debt securities and other fixed-interest securities		
Municipal bonds that can be refinanced	1,010,282	666,114
Bonds and debt securities from other issuers	1,508,009	1,084,195
Shares and other variable-yield securities		
Shares	71,349	91,436
Shares in investment funds	13,111	12,343
Other variable yield securities	334,291	392,229
Shares in companies		
Investments in affiliated companies	248,169	305,466
Other holdings	217,011	216,039
Total	**3,402,222**	**2,767,822**

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

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Debt securities and other fixed-interest securities		
Municipal bonds that can be refinanced	218,270	231,727
Other public sector debt issues	400	667
Bonds and debt securities from other issuers	568,226	966,382
Total	**786,896**	**1,198,776**

Financial assets in the category "loans and receivables"

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Debt securities and other fixed-interest securities		
Bonds and debt securities from other issuers	797,023	820,569
Total	**797,023**	**820,569**

17. Companies reported under the equity method

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Banks	1,467,828	1,310,546
Non-banks	604,130	537,457
Total	**2,071,958**	**1,848,003**

Banks reported under the equity method as at 31 December 2012 include the RZB Group's 14.64% stake (previous year approx. 15.18%). The decrease in the holding amounts resulted from dilution in the course of RZB's capital increase in the first half of 2012. RZB has for its part around 78.5% of the shares in the stock exchange-listed Raiffeisen Bank International AG (RBI). The CEO of Raiffeisenlandesbank Oberösterreich – Heinrich Schaller – is a member of the supervisory boards of both RZB and RBI. Among other banks that are accounted for under the equity method is the 39% stake in the Oberösterreichische Landesbank AG Group (Hypo Oberösterreich), which is held by the fully consolidated Hypo Holding GmbH. Raiffeisenlandesbank Oberösterreich sees itself as a long-term strategic partner to the regional bank that is headquartered in Linz and in which the province of Upper Austria has a majority holding. In the 2012 financial year, an impairment of approx. EUR 4.9 million was done to the lower fair value for investments in the ZRB Beteiligungs GmbH, which holds 25% of shares in the Raiffeisenbank Austria d.d. Zagreb. The impairment is presented in the income statement under "Result of companies that are reported under the equity method". The holdings had to be assessed for impairment losses due to objective evidence. A discounting rate of 13.0% is being used for determination of fair value in 2013. Due to expected improvements, this decreases to a level of perpetual annuity of 12.55%.

As regards non-bank holdings, the participation in Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG is worth particular mention. According to the financial statements as of 30 September 2012, they also own 13.73% of the shares in the voestalpine AG group and have, as the largest individual shareholder, the opportunity to exercise a considerable influence on the financial and business policies of the most important steel company in Austria. The price per share as at 31 December 2012 amounted to EUR 27.66. In his function as Deputy Chairman of the Supervisory Board, the CEO of Raiffeisenlandesbank Oberösterreich – Heinrich Schaller – is an active participant in the strategic decisions made at voestalpine AG. In March of 2012, Raiffeisenlandesbank Oberösterreich acquired an additional 4.7% in the share capital of AMAG Austria Metall AG from the existing shareholder, One Equity Partners, and topped up to a total of 16.5% of shares in the aluminium company. Raiffeisenlandesbank Oberösterreich is the second-largest single shareholder and occupies a seat on the Supervisory Board. Investments in AMAG will be balanced according to the equity method under IAS 28 and presented under "Companies reported under the equity method", because there is now a significant influence since the restructuring mentioned above took place. The price per share as at 31 December 2012 amounted to EUR 23.16. In the financial year 2012, the previous year's impairment of approx. EUR 8.7 million to value in use was completely reversed. The reversal of the impairment loss is presented in the income statement under "Result of companies that are reported under the equity method".

A list of the companies that reported under the equity method can be found under the heading "Basis of consolidation". The following table is a summary of the financial data on the companies reported under the equity method. The figures are a sum of the information contained in the various financial statements. Operating revenues were included as earnings for banks.

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Assets	165,326,849	169,361,705
Liabilities	150,591,560	155,461,085
Earnings	6,598,295	6,626,353
Result	857,562	1,033,066

Two of the companies have a balance sheet date that is different from that of Raiffeisenlandesbank Oberösterreich. Both in the application of the equity method and for the list above, Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG was taken into consideration with values in accordance with its reporting date of 30 September. The data for Österreichische Salinen AG (reporting date 30 June) is based on an interim report as at 31 December.

18. Intangible assets

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Customer base	2,180	4,093
Brand	24,541	26,586
Goodwill	16,122	7,490
Other intangible assets	10,170	8,939
Total	**53,013**	**47,108**

IAS 36.90 requires that cash-generating units to which a figure for good will is allocated must be subjected to an impairment test every year and whenever there is cause to suspect any impairment. Under the terms of this regulation, Raiffeisenlandesbank Oberösterreich carries out an annual impairment test in the fourth quarter for the goodwill of the "IMPULS-Leasing International" Group, which is distributed across individual countries, as well as for goodwill capitalised in 2012 on the first-time consolidation of the "TKV Oberösterreich GmbH". To carry out the impairment test, the value of the company (value in use) determined at amortised cost is compared with the equity plus goodwill allocated to the cash-generating unit. Under the impairment test, with due regard to the item being valued, the most suitable method to establish the value in use is employed. The earning power method is applied as the impairment test for goodwill-bearing, cash-generating units of the "IMPULS-Leasing International" Group as well as "TKV Oberösterreich GmbH".

In determining the value in use of the cash-generating unit "TKV Oberösterreich GmbH", a distinction is made between the detailed forecast for the reporting period and a period thereafter when the figure is carried forward. The reporting period for the detailed forecast covers a period of three years and is based on the current medium-term budgeting, which is then discounted back in the wake of the impairment test to the reporting date as at 31 December 2012. In contrast, the continuing value (perpetual annuity) is based on the figures for the last planning year of the medium-range planning with the application of the EBIT margin of a comparable company, taking into consideration synergies in the context of integration into the animal rendering group, and is determined using the present value of the perpetual annuity assuming a growth rate of one per cent. The sum of the present values arising from the detailed forecast and the continuing value give the value in use, which is then compared with the equity plus the goodwill of the goodwill-bearing, cash-generating unit to test for any impairment. The medium-term planning used as the basis for this calculation is based on data from the past taking future market developments into account. Internal expectations from within the group are supplemented by external market expectations. To measure the cash-generating unit "TKV Oberösterreich GmbH", an equity cost rate of 8.53% is applied in accordance with the Capital Asset Pricing Model (CAPM).

In determining the value in use of the goodwill-bearing units of "IMPULS-Leasing International", a distinction is made between the detailed forecast for the reporting period and a period thereafter when the figure is carried forward. The reporting period for the detailed forecast covers a period of five years and is based on the current medium-term budgeting, which is then discounted back in the wake of the impairment test to the reporting date as at 31 December 2012. In contrast, the continuing value is based on the figures for the fifth planning year of the medium-range planning and is determined using the present value of the perpetual annuity without taking possible growth rates into account. The sum of the present values arising from the detailed forecast and the continuing value give the value in use, which is then compared with the equity plus the goodwill of the goodwill-bearing, cash-generating unit to test for any impairment. The medium-term planning used as the basis for this calculation is based on data from the past taking future market developments into account. Internal expectations from within the group are supplemented by external market expectations. To measure the goodwill-bearing, cash-generating units of the "IMPULS-Leasing International" Group, the following equity cost rates – which diverge depending on the region – are applied in accordance with the Capital Asset Pricing Model (CAPM) at 12.14% for Poland, 11.25% for Slovakia, and 15.35% for Romania.

The goodwill arising from the first-time consolidation in 2009 of the "IMPULS-Leasing International" Group has been written down as a result of economic conditions and affiliated effects on the leasing industry in the Polish and Slovakian markets, as well as adjusted sociopolitical orientation, by EUR 6.0 million in financial year 2012.

19. Property, plant and equipment and investment property

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Land and buildings used for bank operations	160,995	140,009
Other property, plant and equipment	108,609	101,990
Investment property	102,868	66,928
Total	**372,472**	**308,927**

The fair value of investment property amounts to EUR 109,609 thousand (previous year: EUR 68,932 thousand). There are no contractual duties for real estate held as financial investments (previous year: EUR 0 thousand).

20. Other assets

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Receivables from non-bank activities	116,727	126,668
Accrued and deferred items	17,930	19,310
Other assets	156,907	204,369
Total	**291,564**	**350,347**

21. Schedule of changes in non-current assets

Schedule of changes in non-current assets 2012

	Purchase and production costs			
	As of 1 Jan. 2012 in EUR '000	Change in scope of consolidation in EUR '000	Currency differences in EUR '000	Additions in EUR '000
Intangible assets	**96,539**	**17,095**	**98**	**3,159**
Goodwill	17,837	14,637	0	0
Other intangible assets	78,702	2,458	98	3,159
Property, plant and equipment	**566,207**	**122,409**	**166**	**44,122**
Land and buildings used for operations	269,383	32,626	3	12,626
Other property, plant and equipment	296,824	89,783	163	31,496
Investment property	**84,090**	**65,479**	**0**	**250**
Total	**746,836**	**204,983**	**264**	**47,531**

Schedule of changes in non-current assets 2011

	Purchase and production costs			
	As of 1 Jan. 2011 in EUR '000	Change in scope of consolidation in EUR '000	Currency differences in EUR '000	Additions in EUR '000
Intangible assets	**95,096**	**0**	**–130**	**2,033**
Goodwill	17,837	0	0	0
Other intangible assets	77,259	0	–130	2,033
Property, plant and equipment	**555,110**	**0**	**–1,255**	**42,253**
Land and buildings used for operations	263,223	0	–6	6,059
Other property, plant and equipment	291,887	0	–1,249	36,194
Investment property	**92,807**	**0**	**0**	**117**
Total	**743,013**	**0**	**–1,385**	**44,403**

Purchase and production costs			Appreciation and depreciation			Carrying amount
Disposals in EUR '000	Reclassifications in EUR '000	As of 31 Dec. 2012 in EUR '000	Aggregate depreciation in EUR '000	Change in basis of consolidation in EUR '000	Depreciation in EUR '000	As of 31 Dec. 2012 in EUR '000
266	**0**	**116,625**	**61,754**	**1,858**	**12,543**	**53,013**
0	0	32,474	16,352	0	6,004	16,122
266	0	84,151	45,402	1,858	6,539	36,891
28,123	**0**	**704,781**	**342,791**	**92,386**	**38,759**	**269,604**
957	4,278	317,959	139,120	17,844	8,191	160,995
27,166	–4,278	386,822	203,671	74,542	30,568	108,609
16,084	**0**	**133,735**	**9,630**	**21,237**	**3,305**	**102,868**
44,473	**0**	**955,141**	**414,175**	**115,481**	**54,607**	**425,485**

Purchase and production costs			Appreciation and depreciation			Carrying amount
Disposals in EUR '000	Reclassifications in EUR '000	As of 31 Dec. 2011 in EUR '000	Aggregate depreciation in EUR '000	Change in basis of consolidation in EUR '000	Depreciation in EUR '000	As of 31 Dec. 2011 in EUR '000
460	**0**	**96,539**	**49,431**	**0**	**10,722**	**47,108**
0	0	17,837	10,347	0	2,707	7,490
460	0	78,702	39,084	0	8,015	39,618
30,266	**365**	**566,207**	**324,208**	**0**	**37,951**	**241,999**
731	838	269,383	129,374	0	7,718	140,009
29,535	–473	296,824	194,834	0	30,233	101,990
8,469	**–365**	**84,090**	**17,162**	**0**	**2,293**	**66,928**
39,195	**0**	**746,836**	**390,801**	**0**	**50,966**	**356,035**

22. Amounts owed to banks

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Liabilities payable on demand	4,975,828	4,509,166
Money market transactions	4,061,422	4,551,475
Long-term financing	3,616,828	3,392,307
Total	**12,654,078**	**12,452,948**
In Austria	9,935,209	9,623,550
Abroad	2,718,869	2,829,398
Total	**12,654,078**	**12,452,948**

23. Amounts owed to customers

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Demand deposits	3,603,581	3,352,267
Term deposits	4,490,929	4,986,960
Savings deposits	1,695,473	1,748,671
Other	95,167	51,959
Total	**9,885,150**	**10,139,857**
In Austria	6,978,711	7,390,247
Abroad	2,906,439	2,749,610
Total	**9,885,150**	**10,139,857**

24. Liabilities evidenced by certificates

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Bonds issued	4,211,407	3,734,219
Mortgage bonds/ public sector certificates	32,954	58,703
Other securitised liabilities	5,111,391	4,475,123
Total	**9,355,752**	**8,268,045**

25. Provisions

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Provisions for personal expenses	136,252	126,532
of which severance provisions	70,447	60,000
of which pension provisions	52,727	55,862
of which bonus fund provisions	13,078	10,670
Other provisions	31,256	25,789
Total	**167,508**	**152,321**

Changes in severance provisions

	2012 in EUR '000	2011 in EUR '000	2010 in EUR '000	2009 in EUR '000	2008 in EUR '000
Present value (DBO) 1 Jan.	60,000	58,180	48,259	33,861	33,838
Change in basis of consolidation	8,402	0	107	10,222	0
Service cost	3,046	2,725	2,260	1,797	2,028
Interest cost	2,233	1,904	2,069	2,082	1,748
Payments	–3,822	–4,142	–2,447	–1,433	–1,860
Actuarial profit/loss	588	1,333	7,932	1,730	–1,893
Present value (DBO) 31 Dec. (= provisions)	**70,447**	**60,000**	**58,180**	**48,259**	**33,861**

Change in pension provisions

	2012 in EUR '000	2011 in EUR '000	2010 in EUR '000	2009 in EUR '000	2008 in EUR '000
Present value 1 Jan.	55,862	58,451	52,229	51,472	56,718
Change in the basis of consolidation	–814	0	0	4,518	0
Service cost	499	275	223	349	438
Interest cost	1,980	1,151	1,410	2,896	2,710
Payments	–4,413	–2,678	–1,794	–3,367	–3,303
Actuarial profit/loss	–387	–1,337	6,383	–3,639	–5,091
Present value 31 Dec. (= provisions)	**52,727**	**55,862**	**58,451**	**52,229**	**51,472**

When determining the amount of the pension provisions as of 31 Dec. 2012 plan assets were taken into consideration to the limited extent of EUR 1,338 thousand. The corresponding amount in the previous year was EUR 1,603 thousand.

Changes in staff anniversary provisions

	2012 in EUR '000	2011 in EUR '000	2010 in EUR '000	2009 in EUR '000	2008 in EUR '000
Present value (DBO) 1 Jan.	10,670	10,114	8,738	5,062	5,379
Change in basis of consolidation	1,999	0	181	2,931	0
Service cost	974	803	692	302	366
Interest cost	390	345	390	310	280
Payments	–833	–595	–542	–362	–349
Actuarial profit/loss	–122	3	655	495	–614
Present value (DBO) 31 Dec. (= provisions)	**13,078**	**10,670**	**10,114**	**8,738**	**5,062**

Changes in other provisions

	Risk provisions		Other provisions	
	2012 in EUR '000	2011 in EUR '000	2012 in EUR '000	2011 in EUR '000
As at 1 Jan.	19,788	20,357	6,001	7,508
Allocations	8,181	13,892	10,630	2,226
Reversals	–10,257	–13,342	–1,930	–2,052
Utilised	–866	–1,119	–1,497	–1,681
Change in basis of consolidation	0	0	1,206	0
As at 31 Dec.	**16,846**	**19,788**	**14,410**	**6,001**

26. Trading liabilities

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Interest rate transactions	2,067,426	1,554,104
Currency exchange transactions	56,889	102,262
Stock and index related business	0	1,080
Other transactions	280	12,741
Total	**2,124,595**	**1,670,187**

The (negative) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 93,927 thousand as at 31 December 2012 (previous year: EUR 6,912).

27. Other liabilities

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Liabilities from non-bank activities	103,814	116,634
Accrued and deferred items	9,923	14,300
Other liabilities	314,301	368,059
Total	**428,038**	**498,993**

28. Subordinated capital

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Subordinated liabilities	295,994	310,572
Supplementary capital	1,361,268	1,517,317
Profit-sharing rights	17,312	17,312
Silent investments	100	150
Total	**1,674,674**	**1,845,351**

29. Equity

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Share capital	253,000	253,000
Participation capital	298,765	298,765
Capital reserves	697,838	697,838
Aggregate results	2,087,672	1,888,932
Minority interests	140,347	126,455
Total	**3,477,622**	**3,264,990**

In accordance with its articles, Raiffeisenlandesbank Oberösterreich‘s share capital as at 31 December 2012 was EUR 253,000 thousand (previous year: EUR 253,000 thousand). It consists of 714,578 (previous year: 714,578) ordinary shares and 749,294 (previous year: 749,294) preferred shares. As at 31 December 2012, the participation capital came to EUR 298,765 thousand (previous year: EUR 298,765 thousand).

Capital reserves amounting to EUR 410,859 thousand were set aside in conjunction with the transfer of bank business from the former Raiffeisenlandesbank Oberösterreich reg. Gen.m.b.H. to Raiffeisenlandesbank Oberösterreich Aktiengesellschaft in financial year 2004, and EUR 136,987 thousand resulting from a premium for a new issue of preferred shares in 2007. In connection with an additional payment in accordance with Section 229 (2) line 5 of the Austrian Business Code, capital reserves increased by EUR 149,992 thousand in financial year 2008.

In the 2012 financial year dividends of EUR 22,910 thousand were paid on the preferred shares and EUR 11,091 thousand on participation capital in accordance with the decision made at the annual general meeting concerning the use of the profit from 2011. The dividend per preferred share was EUR 30.58. The recommendation of the Managing Board as to the use of the profit from 2012 will be to pay a dividend of EUR 29,783 thousand on the preferred shares and EUR 8,601 thousand on the participation capital. This means that the planned dividend for each preferred share will be EUR 39.75.

In addition to the reinvested profit from the previous financial years, the item headed “Accumulated profits” contains the share of changes in equity recognised with no effect on the income statement and the share of the current net profit for the year that is attributable to the owners of the parent company.

Changes in AfS reserves

	2012 in EUR '000	2011 in EUR '000
As at 1 Jan.	–31,132	–9,595
Changes in the valuation of AfS securities	129,077	–37,549
Amounts transferred into the income statement	7,350	8,833
of which through impairment loss of AfS assets	1,322	9,448
of which through sale of AfS assets	1,756	–8,967
of which from redesignated AfS assets	4,272	8,352
Taxes recorded on this amount	–34,107	7,179
As at 31 Dec.	**71,188**	**–31,132**

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

Hedging of net investments in a foreign business

	2012 in EUR '000	2011 in EUR '000
As at 1 Jan.	–1,133	–2,173
Change in value from the hedging of net investments	–1,211	1,387
Taxes recorded on this amount	303	–347
As at 31 Dec.	**–2,041**	**–1,133**

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

The risk policy that has been sanctioned by the Raiffeisenlandesbank Oberösterreich Managing Board serves as a guideline for the other group companies.

The Managing Board and all employees act in accordance with these risk policy principles and make decisions on the basis of these guidelines. Risk management is organised in such a way that conflicts of interest both on a personal level and at the organisation units level are avoided.

For the main types of risks, the Raiffeisenlandesbank Oberösterreich strives to operate a risk management system on a level which at least corresponds to that of institutions of a similar structure and size (best practice principle) and is primarily aimed at the continuation of the company as a going concern (going concern principle).

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.

The Managing Board and the Supervisory Board of Raiffeisenlandesbank Oberösterreich are informed promptly of the bank's risk situation by means of comprehensive, objective reports. All the quantifiable risks (credit risks, market risks, investment portfolio risks, liquidity risks, macroeconomic risks, and operational risks) to which Raiffeisenlandesbank Oberösterreich is exposed are monitored and coordinated with the group's overall strategy.

All the quantifiable risks are monitored on the basis of the group-wide risk-bearing capacity. The aim of the risk early identification and risk monitoring systems is to ensure the qualified and timely identification of all major risks.

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

Modifications and enhancements of risk management are continuously documented in the Risk Management Manual.

Risk management of the risks in the subgroup Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH is decentralised in the individual group companies. In addition to credit risk, the subgroup is confronted with purchasing and sales related price risks. These result from the global supply and demand situation in the commodities markets and the industry-related intensity of competition.

Risk management organisation

The Managing Board of Raiffeisenlandesbank Oberösterreich bears responsibility for all risk management activities. It approves the risk policy in accordance with the business strategies, the risk principles, procedures and methods of risk measurement and the risk limits. The Chief Risk Officer (Managing Board member) is responsible for controlling all the quantifiable risks, including in particular credit risk, market risk, investment portfolio risk, liquidity risk, macroeconomic risk and operational risks, Raiffeisenlandesbank Oberösterreich is exposed to and for developing and implementing the overall risk strategy.

The Risk Management organisational unit is responsible for the identification and measurement of risks in cooperation with the organisational units charged with them.

Risk Management is also responsible for the development and provision of risk measurement methods and IT systems and provides the result and risk information required for active risk management.

The Committee for Product Approval ensures that the risks have been adequately portrayed for new products as well, and that they have been handled in accordance with the regulations. During the approval process, the committee not only reviews the risk measurement but also market topics, legal admissibility, supervisory stipulations and general questions about carrying out business. The result of the approval process must be recorded in writing by the responsible organisational units. New products /product variants must be submitted to the Managing Board of Raiffeisenlandesbank Oberösterreich for approval before the first transaction is completed – together with all necessary statements and opinions.

The Country Risk Committee is responsible for managing the country risk. Business transactions that result in a country risk/country exposure may only be carried out when the resulting country risk/country exposure is within the approved limit.

The further development of the existing risk management system (identification, measurement, control) is the responsibility of the Risk Management business area in coordination with the Chief Risk Officer, the Managing Board, and the employees responsible for assessing operating risk.

Legally independent group units and their boards are responsible for the risk policy of their business unit and only enter into risks if they are in harmony with the established risk policy of Raiffeisenlandesbank Oberösterreich.

To assess the group risks, the Risk Management organisational unit identifies and measures the risks in cooperation with the group members. Business-related manifestations in the risk measurement procedure are coordinated with the Risk Management organisational unit. A high degree of standardisation has the purpose of ensuring a comparable consolidation of the group risks.

Market risks

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

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

The Raiffeisenlandesbank Oberösterreich Group also uses the principle of diversification on the basis of business partners, products, regions and sales channels to reduce its risks. In addition, derivative transactions are conducted almost exclusively with banks with which security agreements are in place.

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 primary objective of trading activities in the Finance Trade Center is customer transactions. 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 strategic alignment and positioning in the bank book are presented to the Managing Board on a weekly basis and further procedure is then agreed. No open liquidity positions are entered into for deadline transformation purposes. Raiffeisenlandesbank Oberösterreich only enters into foreign currency risks on a very limited basis. All market price risks from customer transactions are recorded and valued in the bank book.

The market risks are measured every day with the value-at-risk index for the trading and bank books.

The market risks are measured every day with the value-at-risk index for the trading and bank books. This indicates a possible loss which, with 99% probability, will not be exceeded during a specified holding period. The assumed holding period is one day for the trading book and one month for the bank book. The calculations are made using the variance-covariance method in the trading book and a historic simulation in the bank book.

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

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

The value-at-risk figures for Raiffeisenlandesbank Oberösterreich and Salzburger Landes-Hypothekenbank AG are calculated on a daily basis. Reports to the full Managing Board are made every day for the trading book and on a monthly basis for the bank book. The Board member responsible for the treasury is also informed of the bank book every day.

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

Shifts in the interest, credit spread, currency and share price landscape can have a major influence on results and the risk situation. Therefore, Raiffeisenlandesbank Oberösterreich simulates possible changes in risk parameters and reports the consequences the Managing Board.

The following table shows the value-at-risk figures for the Raiffeisenlandesbank Oberösterreich Group (confidence level 99%, holding period one month) as at 31 December 2012. The value at risk of the trading book with a holding period of one day was rescaled to a holding period of one month due to its insignificance and has not been shown separately.

Raiffeisenlandesbank Oberösterreich Group	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Total	69,552	59,312
Interest	54,892	53,129
Spread	45,890	34,675
Currency	331	288
Shares	7,442	29,486
Volatility	3,963	7,900

As at 31 December 2012, total value at risk was EUR 69.6 million which was EUR 10.2 million higher than on 31 December 2011.

To check the forecast quality of the value-at-risk figures, back-testing is carried out on a daily basis. This means that the actual results are compared to the values forecast by the value-at-risk model. This back-testing confirms the validity of the statistical methods used.

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

A stress test with a 200 basis point interest rate shift was performed for the bank book. The valuation functions of the financial instruments based on full valuation were used to measure the individual financial instruments. This procedure precisely takes into account the gamma risk of interest rate options. Termination rights of the customers or Raiffeisenlandesbank Oberösterreich are depicted as options in the calculation. For example, the probability of early repayment by the customer rises in direct proportion to a reduction of the market interest level compared to the customer-specific conditions. If financing is cancelled early – without a corresponding right of termination – the resulting costs are charged to the customers. Deposits of indefinite duration are treated like daily maturing deposits.

The following table shows the results of the stress test as at 31 December 2012:

	31 Dec. 2012		31 Dec. 2011	
(in EUR '000)	+ 200 BP	–200 BP	+ 200 BP	–200 BP
EUR	–205,611	2,775	–158,493	66,216
USD	–2,794	268	–5,685	5,543
GBP	3,311	–1,453	4,099	–3,255
CHF	–2,860	1,373	–3,939	1,688
JPY	–1,651	125	–2,075	378
CZK	–5,874	3,875	–11,344	11,588
Other currencies	–2,069	2,585	3,615	–3,577

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. Credit risk is mainly generated by the loans and advances to customers and banks and from securities from the bank book.

A report on the credit risk is given to the Managing Board once each quarter, or as needed. For the purposes of the group's risk reporting, it takes into account all elements of credit risk claims, such as the risk of insolvency of individual debtors, country and sector risks.

The industry distribution of the credit portfolio is checked for correlation risks four times a year. The maximum exposure of individual borrowers or groups of associated customers is only permitted up to the upper limit for large-volume investments. The prerequisites are business policy and strategic interests of the Raiffeisenlandesbank Oberösterreich Group along with the flawless creditworthiness of the borrower. The credit volume in foreign currency is also limited.

For risk management purposes, the securities in the trading book are handled separately; they are included in the report on market risk.

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

The organisational separation between the market and market consequences was already implemented some time ago.

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

Both hard and soft facts are employed as creditworthiness criteria. In corporate customer business, soft facts are also defined systematically during discussions with the company and then adjudged.

The rating systems are distinguished on the basis of the claim classes of corporates, retail customers, banks and securities issuers and states.

A scoring system is used to automatically classify small volume business with employed retail customers.

This credit rating system is also utilised by subsidiaries in this customer segment.

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

S&P	Moody's	10 point scale	Subclasses	Text
AAA	Aaa	0.5	0.5	risk-free
AA+	Aa1			
AA	Aa2	1	1	outstanding creditworthiness
AA-	Aa3			
A+	A1			
A	A2	1.5	1.5	good creditworthiness
A-	A3			
BBB+	Baa1	2	2 +	good creditworthiness (+)
BBB	Baa2		2	good creditworthiness
BBB-	Baa3	2.5	2 –	good to average creditworthiness
BB+	Ba1		2.5	average creditworthiness
BB	Ba2		3 +	satisfactory creditworthiness (+)
BB-	Ba3	3	3	satisfactory creditworthiness
B+	B1	3.5	3 –	mediocre creditworthiness (-)
B	B2		3.5	poor creditworthiness
B-	B3	4	4 +	very poor creditworthiness (+)
CCC+	Caa1			
CCC	Caa2		4	in danger of default
CCC-	Caa3			
CC	Ca			
C				
D	C	4.5	4.5	default criteria reached
		5	5	

Individual rating classes are defined and delineated by means of calculations which assess statistical default probabilities. The verbal specification is only for elucidatory purposes. The above transition to external ratings reflects the bank's internal experience to date, on the basis of default probabilities.

Overall financial structure listed by balance sheet items

Maximum credit risk exposure pursuant to IFRS 7.36 a

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Cash and cash equivalents (credit balance at central banks)	94,366	107,260
Loans and advances to banks	7,358,542	7,393,365
Loans and advances to customers	20,498,280	19,711,963
Trading assets	2,801,803	2,283,732
Financial assets	5,043,884	4,838,895
Total	**35,796,875**	**34,335,215**
Contingent liabilities	3,973,387	4,115,275
Credit risks	5,653,235	5,808,283
Total	**9,626,622**	**9,923,558**
Total maximum credit exposure	**45,423,497**	**44,258,773**

Collateral for overall financial structure

The stated collateral values correspond to the values determined within internal risk management. They communicate the conservative expectation of receipts in the event of any necessity for settlement of existing credit commitments.

Collateral values pursuant to IFRS 7.36 b

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Loans and advances to banks	2,714,368	2,583,431
Loans and advances to customers	9,120,860	8,469,227
Trading assets	1,833,182	1,877,877
Financial assets	712,274	732,163
Total	**14,380,684**	**13,662,698**
Contingent liabilities*	1,573,828	1,545,987
Credit risks	1,255,646	1,052,368
Total	**2,829,474**	**2,598,355**
Total collateral values	**17,210,158**	**16,261,053**

In 2012, 42.9%* (previous year: 40.1%*) of the total collateral values consisted of collateral on immovable goods (i.e. mortgages, rankings).

Designated loans and receivables of a nominal value of EUR 10,000 thousand are hedged using credit derivatives. As of 31 December 2012, the total present value of these derivatives came to EUR –22 thousand (previous year: EUR 223 thousand). The change in present value since the categorisation of the loans and receivables into the designated segment amounted to EUR –22 thousand as of 31 December 2012.

* Taking into consideration shares held as collateral in housing bonds of Oberösterreichische Landesbank Aktiengesellschaft (the figures for the previous year have been adjusted accordingly)

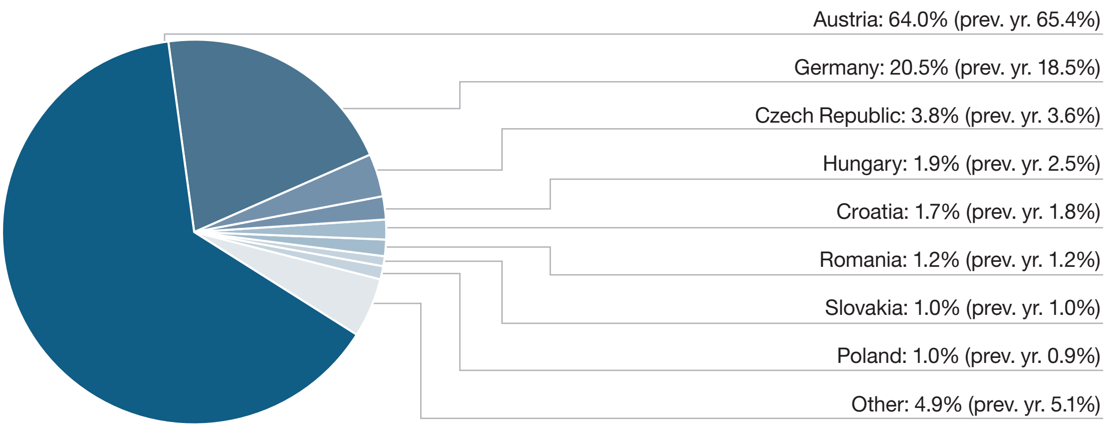
Industry structure/Correlation risk

Maximum credit risk exposure by industry

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Banks	12,459,710	12,163,645
Real estate projects, property management and residential building management	6,205,821	5,680,756
Public households and non-profit organisations	3,310,600	3,183,118
Retail (natural persons)	2,935,745	2,766,891
Supplementary construction trade	1,649,503	1,554,899
Engine and plant construction	1,529,213	1,574,585
Finance leasing institutions	1,337,306	1,334,436
Construction	1,164,163	1,187,531
Metal production and processing	1,112,518	1,042,175
Consumer goods	1,072,730	1,093,311
Energy and utilities	1,008,473	897,984
Finance holdings	978,279	782,395
Automotive	934,301	855,194
Electronic/electrical	910,403	860,958
Transport (goods, people, on land, on water)	825,666	783,256
Foodstuffs	809,428	1,104,862
Tourism	567,445	486,349
Health, veterinary and social work	459,351	446,710
Leisure	374,985	268,001
Subtotal	**39,645,640**	**38,067,056**
Other	5,777,857	6,191,717
Total	**45,423,497**	**44,258,773**

Eight large volume investments (previous year: ten large volume investments) (not including large-volume investments in fully consolidated subsidiaries) existed in the bank group of Raiffeisenlandesbank Oberösterreich Group at year-end 2012. The credit risk exposure was EUR 9,643 million (previous year: 9,843 million). Of these, two large-volume investments (previous year: two large-volume investments) are in the commercial sector, three large-volume investments (previous year: three large-volume investments) are in the banking sector, and three large-volume investments (previous year: three large-volume investments) are in the public sector. Seven commitments (previous year: eight commitments) exhibited very low / low risk ratings, one large-volume investment (previous year: no large-volume investments) is categorised with the normal risk rating.

Geographic distribution of the loans and advances to customers



Disclosures on government bonds from selected European countries

Carrying amounts as at 31 Dec. 2012	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	10.4	49.9	60.3
Italy	68.4	0	0	68.4
Portugal	0	0	15.1	15.1
Total	**68.4**	**10.4**	**65.0**	**143.8**

The government bonds listed in the category “financial assets available for sale” as of 31 December 2012 contained a total positive AfS reserve of about EUR 0.4 million (previous year: EUR –2.5 million). The market values of the government bonds listed in the category “financial assets held to maturity” were about EUR 3.0 million (previous year EUR –13.5 million) above their carrying amount on 31 December 2012. 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	
	2012 in EUR '000	2011 in EUR '000	2012 in EUR '000	2011 in EUR '000	2012 in EUR '000	2011 in EUR '000
Cash and cash equivalents (credit balance at central banks)	94,366	107,260	0	0	0	0
Loans and advances to banks	6,435,550	6,552,045	863,579	673,588	34,771	157,002
Loans and advances to customers	6,020,050	6,964,656	9,901,017	8,899,098	2,602,833	2,616,511
Trading assets	2,536,510	2,069,267	247,027	199,639	18,266	14,826
Financial assets	3,675,314	3,676,862	1,240,556	967,796	119,264	153,268
Contingent liabilities	977,795	1,227,942	2,649,834	2,522,885	345,758	364,448
Credit risks	1,847,054	2,015,169	3,025,777	3,139,418	780,404	653,696
Total	**21,586,639**	**22,613,201**	**17,927,790**	**16,402,424**	**3,901,296**	**3,959,751**

Structure of overdue or impaired credit risk exposure

Carrying amounts of overdue or impaired financial assets:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Loans and advances to banks	24,642	10,730
Loans and advances to customers	1,974,380	1,231,698
Financial assets	8,750	40,969
Total	**2,007,772**	**1,283,397**

Collateral relating to overdue or impaired credit risk exposure

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

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Loans and advances to customers	877,952	624,426
Total collateral values	**877,952**	**624,426**

The securities valuations of impaired credit risk exposure are assessed without delay – and correspond to the conservative, prospective long-term earnings through realisation.

In 2012, 59.1% (previous year: 43.8%) of the total collateral values relating to overdue or impaired credit exposure consisted of collateral on immovable goods (e.g. mortgages, rankings).

Age structure of overdue credit risk exposure

The financial assets which were overdue but not impaired upon balance sheet date exhibit the following age structure:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
up to 30 days	684,334	275,885
31 to 60 days	58,767	43,021
61 to 90 days	21,129	31,347
over 90 days	115,731	37,365
Total	**879,961**	**387,618**

Impaired credit risk exposure

The financial assets which were individually determined to be impaired upon the balance sheet date, exhibit the following structure:[1]

	Loans and advances to banks		Loans and advances to customers	
	2012 in EUR '000	2011 in EUR '000	2012 in EUR '000	2011 in EUR '000
Gross value	2,144	28,212	2,058,382	1,547,827
Risk provisions	–2,134	–22,892	–939,331	–698,337
Carrying amount	**10**	**5,320**	**1,119,051**	**849,490**
Collateral	0	0	593,019	413,042

[1]Amounts without portfolio value adjustment

Circumstances that trigger the building of risk provisions are above all when the debtor is experiencing economic or financial difficulties, shows a high danger of default or does not make the interest or principal payments. This is based on internal risk management's ongoing controlling of the counterparty and credit case.

Pursuant to IAS 39.59 (c), objective evidence for the need for an impairment loss also includes "admissions that the creditor makes to the debtor for economic or legal reasons connected with the debtor's financial difficulties, that the creditor otherwise would not allow".

Deferments occur if it is assumed that the debtor is no longer in the position, due to financial difficulties, to fulfil the conditions of the loan agreement, and the creditor decides upon the basis of these financial difficulties to modify the conditions of the agreement in order to provide the debtor with enough time to service or refinance the loan. This is why deferment measures represent objective evidence of an impairment loss under IFRS.

Deferment measures were applied during the reporting period analogue to the capital deferments of the previous year. Short-term interest deferments were also granted in some individual cases. The deferment measures are typically supervised within the group by back office organisational units (intensified management). Normally the deferred amounts are collateralised or subject to value reporting. For deferment measures where default can be suspected, the appropriate value adjustment measures under IAS 39 are applied.

The definition of default was expanded on 31 December 2012 and now includes, in addition to insolvency, pending insolvency, legal cases, deferments, restructuring, significant loan risk modifications, debt waivers, direct write-offs, creditworthiness-related interest exemptions, repayments with an expected financial loss, moratoria / payment stoppage / withdrawal of licence for banks, and 90-day overdue payments. Customers with a default on their record are assigned a credit rating of 4.5 or 5.0 (corresponds to Moody's C rating or Standard & Poor's D rating). 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 5.93%[2] in 2012 (previous year 1.66%).

Solvency-related impairment of securities in the category "financial assets available for sale (AfS)", "financial assets held to maturity" and "loans and receivables" are recorded as value adjustments. In 2012, these value adjustments on debt capital securities came to EUR 3,729 thousand (previous year: EUR 40,360 thousand). The carrying amount of these adjusted securities was EUR 8,750 thousand as at 31 December 2012 (previous year: EUR 40,969 thousand). Triggering events include substantial financial difficulties of the issuer, significant worsening of ratings and the default of interest payments or repayments.

Credit risk also results from the debtor default risk of the subgroup Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH. From the perspective of the group as a whole, however, its debtor portfolios are of minor significance and are also partially covered by credit insurance.

[2]Increase compared to the previous year due to the change in the definition of default in Basel II

Credit value at risk

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

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

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

The calculation is carried out by RiskMetrics' credit manager program. Credit value at risk is assessed with adherence to diversification effects within the portfolio. The asset value model is applied to this end.

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. To this end the following key figures are determined:

- The operational liquidity maturity transformation ratio (abbreviated in German to "O-LFT") for operational liquidity for up to 18 months is formed from the ratios of assets to liabilities accumulated from the beginning over the maturity band.
- For the structural liquidity maturity transformation ("S-LFT"), the key figure is formed by taking the ratios of assets to liabilities calculated by going backwards from the end of the maturity band.
- The GBS (German abbreviation for the gap between the ratio total and total assets) ratio is formed by taking the ratios of the net positions per maturity band to total assets and shows any excessive funding risks.

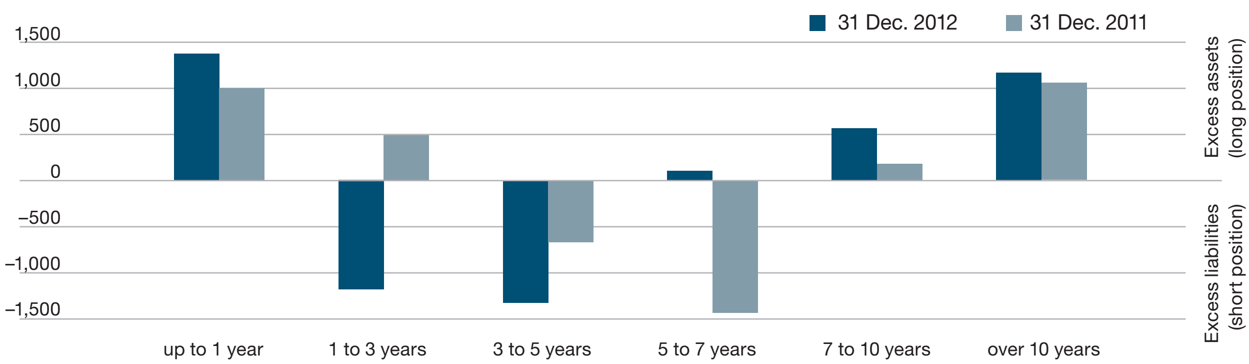
The following are the key pillars for managing liquidity and liquidity risk at Raiffeisenlandesbank Oberösterreich:
- Operational liquidity is also measured, in addition to the aforementioned O-LFT, against liquidity-at-risk.
- To quantify the funding risk, a simulated downgrading of the rating for Raiffeisenlandesbank Oberösterreich is calculated. The risk capital requirements are formed by the present-value difference between funding at the present conditions and at the simulated altered rating.
- Funding Raiffeisenlandesbank Oberösterreich has a broad base. It proceeds in accordance with the principles of diversification and balance.
- A quantitative liquidity emergency plan is prepared on a monthly basis.

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:

31 Dec. 2012	Payable on demand/ no 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	5,349,943	854,301	797,920	4,078,564	2,118,088	13,198,816
Amounts owed to customers	3,974,882	1,694,637	1,414,552	1,718,148	1,576,768	10,378,987
Liabilities evidenced by certificates	1,939	707,556	1,048,338	5,885,576	2,647,149	10,290,558
Trading liabilities	0	181,352	368,119	1,741,568	3,304,222	5,595,261
Subordinated capital	0	98,945	83,547	952,823	693,692	1,829,007
Total	**9,326,764**	**3,536,791**	**3,712,476**	**14,376,679**	**10,339,919**	**41,292,629**
Contingent liabilities	3,973,387	0	0	0	0	3,973,387
Credit risks	5,653,235	0	0	0	0	5,653,235

31 Dec. 2011	Payable on demand/ no 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	4,832,326	1,808,567	697,510	3,291,101	2,551,247	13,180,751
Amounts owed to customers	3,777,875	2,231,019	1,763,238	1,399,893	1,498,020	10,670,045
Liabilities evidenced by certificates	605	581,989	562,252	5,408,233	2,867,123	9,420,202
Trading liabilities	0	242,773	496,713	2,152,212	3,473,072	6,364,770
Subordinated capital	0	40,822	134,930	663,356	1,313,744	2,152,852
Total	**8,610,806**	**4,905,170**	**3,654,643**	**12,914,795**	**11,703,206**	**41,788,620**
Contingent liabilities	4,115,275	0	0	0	0	4,115,275
Credit risks	5,808,283	0	0	0	0	5,808,283

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.



Investment portfolio risk

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

In the course of acquiring a new investment, the assessment made by investment risk management is supported as much as possible by due diligence performed by external experts. In addition, the financing structured by the analysis organisational unit provides a risk evaluation statement for the acquisition object.

The operative business activities of the holdings is closely monitored by sending members of the board at Raiffeisenlandesbank Oberösterreich to Managing Boards, Supervisory Boards, and other committees.

Periodic controlling of investments includes the analysis and testing of financial statement and planning figures, as well as the evaluation of strategic positioning in the form of SWOT analyses (Strengths/Weaknesses/Opportunities/Threats).

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

Despite difficult economic conditions, Raiffeisenlandesbank Oberösterreich's investments performed well in 2012.

The following table presents the carrying amounts of the investments of the Raiffeisenlandesbank Oberösterreich Group as at 31 December 2012 and 31 December 2011, organised by risk classes:

	Very low / low risk		Normal risk		Increased risk	
	2012 in EUR '000	2011 in EUR '000	2012 in EUR '000	2011 in EUR '000	2012 in EUR '000	2011 in EUR '000
Banks	1,525,486	1,343,053	18,958	9,458	5,446	5,446
Non-banks	1,229,686	1,363,418	306,084	319,776	41,843	21,017
Total	**2,755,172**	**2,706,471**	**325,042**	**329,234**	**47,289**	**26,463**

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 investment 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 risks

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

The group has used organisational and technical computing measures in order to restrict this type of risk. A high degree of security is attained by limit systems, competence 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, investment risks, refinancing risks, macroeconomic risks, operational risks and other risks (= strategic risks, reputation risks, equity capital risks, and profit risks) to risk coverage (= operating profit, hidden reserves, reserves, and equity capital). This comparison of the 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 security system

Raiffeisen Banking Group Upper Austria

The Austrian Raiffeisen Banking Group (RBG Ö) is the largest banking group in Austria with about 520 locally operating Raiffeisen branches, eight regional Raiffeisen headquarters, and Raiffeisen Zentralbank Österreich AG as head institute in Vienna. Some 1.7 million Austrian 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 448 bank branches. About 300,000 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.

All Upper Austrian Raiffeisen banks and Raiffeisenlandesbank Oberösterreich AG have established an institutional guarantee scheme in accordance with section 22a paragraph 9 of the Austrian Banking Act and are subject to a liability agreement, which insures the partaking institutions, especially by ensuring liquidity and solvency as and when required. This institutional guarantee scheme has a warning system installed that monitors and evaluates the risks and provides a complete overview of the risk situation of the various institutions and the institutional guarantee scheme as a whole. Said scheme is headed by Raiffeisenbankengruppe OÖ Verbund, a registered co-operative society. Other institutions such as especially the Solidaritätsverein (solidarity association), Hilfsgemeinschaft der RBG Oberösterreich (aid association of RBG Oberösterreich), and Raiffeisen-Kredit-Garantiegesellschaft m.b.H. are also part of the network.

Aid association of the Raiffeisen Banking Group Upper Austria Raiffeisen-Kredit-Garantiegesellschaft 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-Garantiegesellschaft 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 of participating Raiffeisen banks and Raiffeisenlandesbanks, Raiffeisen Zentralbank Österreich AG (RZB), and Raiffeisen Bank International AG (RBI) guarantees all customer deposits up to an amount that is economically viable in a joint fashion by all participating banks as well as the security issues of participating banks, regardless of the amount. The structure of the Customer Guarantee Association is based on two tiers; on the one hand on the Raiffeisen Guarantee Fund Upper Austria on a state level, on the other hand the Raiffeisen Customer Guarantee Association Austria on a 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 §§ 93, 93a and 93b 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.

Due to the size structure of the Raiffeisen banks and their described integration in the Raiffeisen banking group (protection scheme, shared models, systems and procedures), the institutions of RBG Oberösterreich call upon the principle of adequacy as laid down by the Austrian Banking Act.

Other information

Breakdown of remaining maturities

Breakdown of remaining maturities as at 31 Dec. 2012

	Payable on demand/ no 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
Cash and cash equivalents	131,813	0	0	0	0	131,813
Loans and advances to banks	3,220,295	2,303,215	665,801	493,302	675,929	7,358,542
Loans and advances to customers	2,237,441	2,841,200	3,421,828	6,541,752	5,456,059	20,498,280
Trading assets	338,806	106,136	45,640	684,862	1,626,359	2,801,803
Financial assets	953,400	236,553	462,557	2,124,622	2,391,448	6,168,580
Companies reported under the equity method	2,071,958	0	0	0	0	2,071,958
Amounts owed to banks	5,406,156	808,326	717,144	3,754,669	1,967,783	12,654,078
Amounts owed to customers	3,744,839	1,694,684	1,319,390	1,579,027	1,547,210	9,885,150
Liabilities evidenced by certificates	123,898	692,107	850,920	5,395,433	2,293,394	9,355,752
Trading liabilities	185,367	95,806	42,196	407,548	1,393,678	2,124,595
Subordinated capital	61,980	41,841	44,762	828,943	697,148	1,674,674

Breakdown of remaining maturities as at 31 Dec. 2011

	Payable on demand/ no 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
Cash and cash equivalents	146,817	0	0	0	0	146,817
Loans and advances to banks	2,750,529	2,282,561	918,035	685,415	756,825	7,393,365
Loans and advances to customers	2,150,910	3,172,062	3,155,605	5,949,309	5,284,077	19,711,963
Trading assets	394,834	73,113	54,881	523,998	1,236,906	2,283,732
Financial assets	2,322,980	105,869	664,636	1,742,310	1,276,535	6,112,330
Companies reported under the equity method	1,848,003	0	0	0	0	1,848,003
Amounts owed to banks	4,896,470	1,752,662	590,407	2,868,811	2,344,598	12,452,948
Amounts owed to customers	3,476,722	2,201,890	1,728,639	1,257,536	1,475,070	10,139,857
Liabilities evidenced by certificates	124,109	500,413	406,212	4,777,574	2,459,737	8,268,045
Trading liabilities	209,367	116,078	50,175	357,360	937,207	1,670,187
Subordinated capital	16,475	25,718	90,815	460,524	1,251,819	1,845,351

Loans and advances as well as amounts owed to related companies

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

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

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

Loans and advances and other liabilities to related companies as at 31 December 2011

	Companies reported under the equity method in EUR '000	Subsidiaries not fully consolidated in EUR '000	Other related companies in EUR '000
Loans and advances to banks	4,653,178	0	0
Loans and advances to customers	506,860	1,390,576	697,099
Trading assets	280,636	0	34,628
Financial assets	2,300,439	364,718	82,785
Other assets	10,459	58,005	1,488
Amounts owed to banks	2,463,113	0	0
Amounts owed to customers	4,557	224,924	43,988
Provisions	0	499	0
Trading liabilities	106,040	100	1,186
Other liabilities	554	8,382	332

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

As at 31 December 2012 EUR 56,642 thousand (previous year: EUR 15,000 thousand) are pledged to companies reported under the equity method and the bank is liable for up to EUR 0 thousand (previous year: EUR 11,400 thousand) in valuation losses. From business transactions with companies reported under the equity method and other associated companies the net interest income without the result of companies reported under the equity method contains EUR 113,457 thousand (previous year: EUR 104,586 thousand) and EUR 64,499 thousand (previous year: EUR 104,314 thousand), respectively.

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

Remuneration of the Managing Board and the Supervisory Board

Expenses for the remuneration of members of the Managing Board of Raiffeisenlandesbank Oberösterreich were incurred during the financial year as follows:

	2012 in EUR '000	2011 in EUR '000
Ongoing payments	3,307	2,534
Post-employment benefits	2,286	1,352
Other long-term benefits due	44	8
Total	**5,637**	**3,894**

In 2012, reimbursements (including reimbursements for travel expenses) of EUR 557 thousand (previous year: EUR 544 thousand) were paid to members of the Supervisory Board.

Advances and loans to members of the Managing Board and the Supervisory Board

Advances and loans to members of the Raiffeisenlandesbank Oberösterreich Managing Board and the Supervisory Board consisted of EUR 186 thousand (previous year: EUR 185 thousand) to members of the Managing Board, and EUR 1,150 thousand (previous year: EUR 1,023 thousand) to members of the Supervisory Board.

Loans to members of the Managing Board and the Supervisory Board are granted at standard bank conditions. Repayments are made as agreed.

Contingent liabilities and credit risks

As at the balance sheet date the following off-balance-sheet obligations existed:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Contingent liabilities	3,973,387	4,115,275
of which other indemnity agreements	3,973,308	4,115,196
of which other contingent liabilities	79	79
Credit risks	5,653,235	5,808,283
of which loan approvals/stand-by facilities	5,653,212	5,764,445
of which other credit risks	23	43,838

Assets assigned as collateral

As at 31 December 2012, securities to the amount of EUR 9,492 thousand (previous year: EUR 9,264 thousand) were held as cover for trust fund deposits of EUR 15,249 thousand (previous year EUR 14,101 thousand). Securities to the amount of EUR 74,815 thousand (previous year: EUR 0 thousand) and loans and advances to customers to the amount of EUR 1,587,514 thousand (previous year: EUR 1,264,543 thousand) were held as cover for mortgage bonds and municipal bonds. Housing loans to the amount of EUR 436,391 thousand (previous year EUR 391,097 thousand) were held as cover for housing bonds.

Securities with a carrying amount of EUR 1,612,258 thousand (previous year: EUR 1,781,929 thousand) have been deposited as collateral at banks and stock exchanges. Of this, securities with a carrying amount of EUR 0 thousand (previous year: EUR 195,671 thousand) were purchased under repurchase agreements. The take-back obligation from the securities purchased under repurchase agreements is entered as a liability and amounts to EUR 0 thousand (previous year: EUR 408,046 thousand).

EUR 486,929 thousand (previous year: EUR 406,287 thousand) were deposited at banks in collateral arrangements and EUR 70,646 thousand (previous year: EUR 15,000 thousand) are pledged. Money claims to the amount of EUR 839,264 thousand (previous year: EUR 1,027,625 thousand) were ceded to the Oesterreichische Kontrollbank. Outstanding debts of EUR 48,491 thousand (previous year: EUR 51,722 thousand) were ceded to the European Investment Bank.

Lease financing (lessor)

Loans from lease financing are as follows:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Investment (gross)	**1,148,066**	**1,096,027**
Minimum lease payments	1,120,703	1,067,773
up to 1 year	434,109	413,325
from 1 to 5 years	590,812	545,258
over 5 years	95,782	109,190
Non-guaranteed residual values	27,363	28,254
Unrealised financial earnings	**102,138**	**117,442**
up to 1 year	40,348	42,282
from 1 to 5 years	51,659	57,749
over 5 years	10,131	17,411
Investment (net)	**1,045,928**	**978,585**

Adjustments to irrecoverable, outstanding minimum lease payments amount to EUR 60,443 thousand (previous year: EUR 51,852 thousand).

The leased property holdings are structured as follows:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Vehicle leasing	555,087	510,267
Real estate leasing	133,075	140,510
Lease of movables	357,766	327,808
Total	**1,045,928**	**978,585**

Lease financing (lessees)

The assets and future minimum lease payments below refer to finance lease agreements in which group companies are the lessees:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Minimum lease payments	40,334	48,430
up to 1 year	5,897	6,373
from 1 to 5 years	17,357	20,220
over 5 years	17,080	21,837
Interest share	2,657	5,355
Investment (net)	**37,677**	**43,075**

Operating leasing (lessors)

The depicted future minimum lease payments below refer to irredeemable operating lease business operations in which the group companies are the lessors:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
up to 1 year	20,510	20,680
from 1 to 5 years	37,967	48,056
over 5 years	25,692	31,377
Total	**84,169**	**100,113**

The further operative earnings from operating leasing amount to EUR 18,373 thousand for the financial year 2012 (previous year: EUR 18,372 thousand).

Information based on Austrian accounting practises

Foreign currency trading volumes

The assets and liabilities below are recognised in foreign currencies in the consolidated financial statements:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Assets	3,261,430	3,859,865
Liabilities	2,417,915	3,151,515

Securities admitted for trading pursuant to § 64 of the Austrian Banking Act

	Listed		Non-listed	
	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Debt securities and other interest securities	2,112,183	2,372,555	0	0
Shares and other variable interest securities	82,788	28,926	0	0

EUR 1,938,399 thousand (previous year: EUR 1,984,801 thousand) deriving from listed bonds and other fixed-interest securities can be allocated towards the fixed assets. Of the shares admitted to trading and other variable-yield securities, EUR 55,400 thousand (previous year: EUR 6,574 thousand) can be allocated to the fixed assets.

Volume of securities trading in accordance with §22 of the Austrian Banking Act

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Securities	62,860	64,382
Other financial instruments	78,198	37,465
Total	**141,058**	**101,847**

Regulatory equity requirements

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

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Tier 1 capital (core capital)	2,624,727	2,580,433
Tier 2 capital (supplementary capital)	1,370,719	1,523,258
Deduction of holdings in banks/financial institutions	–234,001	–254,869
Equity eligible for inclusion	**3,761,445**	**3,848,822**
Tier 3 capital (short-term supplementary capital)	3,325	1,604
Total equity	**3,764,770**	**3,850,426**

The total equity requirement is divided up as follows:

	31 Dec. 2012 in EUR '000	31 Dec. 2011 in EUR '000
Total back-calculated assessment basis	28,372,987	27,899,988
Equity requirements for the credit risk pursuant to § 22 (1) 1 of the Austrian Banking Act	2,160,661	2,137,827
Equity requirements for the types of risk in the trading book pursuant to § 22 (1) 2 of the Austrian Banking Act	3,325	1,604
Equity requirements for the operational risk pursuant to § 22 (1) 4 of the Austrian Banking Act	105,853	92,568
Total equity requirement	**2,269,839**	**2,231,999**
Equity requirement, bank book	**2,160,661**	**2,137,827**
Equity requirement, trading book	**3,325**	**1,604**
Equity requirement, operational risk	**105,853**	**92,568**
Equity surplus	**1,494,931**	**1,618,427**
Coverage ratio in%	65.9	72.5
Core capital in %	8.8	8.8
Equity ratio in %	**13.3**	**13.8**

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

Within the framework of equity management, the main focus lies on securing adequate financial resources for the group and maintaining regulatory equity requirements for the Raiffeisenlandesbank Oberösterreich banking group.

Equity capital is a crucial factor in managing a bank. The Austrian Banking Act – based on the applicable EU directives – stipulates regulatory minimums. Accordingly, banks and banking groups must currently back up at least 8% of their weighted risk assets with capital. As a backup of risk assets with core capital they are currently required to set aside at least 4%.

For its internal management, Raiffeisenlandesbank Oberösterreich applies target values that cover all risk types (including from the trading book, currency risk and operational risk). The ongoing discussions are dominated by the events unfolding in Basel and Brussels with regard to the development of the capital requirements. At the same time, Raiffeisenlandesbank Oberösterreich has also set target ratios that are sufficiently above the core tier 1 capital as required by Basel III so as to avoid any regulatory limitations in its managerial decision-making process.

The main focus of attention in this process is on core tier 1 capital. At the same time, the risk bearing ability is determined on the basis of regulatory and economic criteria. It is equal to the maximum damage that the credit institution or the group could incur without falling below the minimum capital requirements. Because there are constraints in how they can be included, the internal management also focusses on the composition of the equity instruments. In accordance with §26 and §26a of the Austrian Banking Act and the disclosure regulations, the information is published on Raiffeisenlandesbank Oberösterreich’s website (www.rlbooe.at).

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

	31 Dec. 2012	31 Dec. 2011
Employees	2,982	2,888
of which VIVATIS/efko	743	745
Labourers	1,584	1,537
of which VIVATIS/efko	1,563	1,518
Total	**4,566**	**4,425**
of which VIVATIS/efko	**2,306**	**2,263**

Auditors' fees pursuant to §266 of the Austrian Business Code

	2012		2011	
	KPMG Austria AG Wirtschaftsprüfungs- und Steuerbera-tungsgesellschaft in EUR '000	Österreichischer Raiffeisenverband in EUR '000	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerbera-tungsgesellschaft in EUR '000	Österreichischer Raiffeisenverband in EUR '000
Audit of the financial statements	1,238	518	1,218	504
Other confirmatory services	50	29	144	25
Tax consultancy services	78	0	68	0
Other services	58	0	21	0

In accordance with § 237 I 14 of the Austrian Business Code, the fee for auditing the financial statements of subsidiary companies is published in the notes to the consolidated financial statements. This is the cumulative fee for auditing the group's financial statement (gross amounts) and those of the subsidiaries.

Additional information on terms according to §64 of the Austrian Banking Act

In 2013, debt securities and other fixed-interest securities held by the bank to the amount of EUR 497,087 thousand (2012: EUR 768,260 thousand) will mature, along with bond issues of EUR 942,117 thousand (2012: EUR 468,099 thousand).

Subordinated liabilities

In the case of subordinated liabilities, the subordination is always agreed separately in writing pursuant to § 51 Section 9 of the Austrian Banking Act. The term and repayment are established in a manner that permits allocation to equity in accordance with § 23 (8) (1) of the Austrian Banking Act.

Expenses for subordinated liabilities

Expenses for subordinated liabilities in the 2012 financial year totalled EUR 62,521 thousand (previous year: EUR 68,029 thousand).

Events after the balance sheet date

The consolidated financial statements were compiled on 2 April 2013 and presented to the Supervisory Board for approval. There were no events of particular significance after the close of the 2012 business year.

The members of the boards of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Chairman of the Managing Board
Heinrich Schaller, Chief Executive and Chairman of the Managing Board (as of 31 March 2012)
Ludwig Scharinger, Chief Executive and Chairman of the Managing Board (up to 30 March 2012)

Deputy Chairman of the Managing Board
Hans Schilcher, Deputy Chief Executive

Members of the Managing Board
Heinrich Schaller, Member of the Managing Board (from 1 March 2012 to 30 March 2012)
Michaela Keplinger-Mitterlehner, Member of the Managing Board
Reinhard Schwendtbauer, Member of the Managing Board (from 31 March 2012)
Georg Starzer, Member of the Managing Board
Markus Vockenhuber, Member of the Managing Board

Information on the members of the Raiffeisenlandesbank Oberösterreich Supervisory Board can be found on pages 12 and 13.

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

Linz, 2 April 2013

THE MANAGING BOARD

Heinrich Schaller
Chief Executive and Chairman of the Managing Board

Hans Schilcher
Deputy Chief Executive

Michaela Keplinger-Mitterlehner
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

Audit certificate

Report on the consolidated financial statements

I have audited the attached consolidated financial statements of

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft,
Linz,

for the financial year from 1 January 2012 to 31 December 2012, taking into consideration the accounting. These consolidated financial statements include the consolidated balance sheet as at 31 December 2012, the consolidated operating result, the group cash flow statement and the group statement of changes in equity for the financial year ending 31 December 2012, plus the notes to the consolidated financial statements.

Responsibility of the legal representatives of the consolidated financial statements

The legal representatives of the company are responsible for the Group accounting and for compiling consolidated financial statements that present a true and fair view of the assets, financial position and earnings of the company in accordance with the International Financial Reporting Standards (IFRS), as they are applied in the EU. This responsibility includes: the design, implementation and maintenance of an internal control system, to the extent that this is necessary for the preparation of the consolidated statements and to present as true a picture as possible of the group's net assets, financial position and profit situation so that these consolidated statements are free from material misrepresentations, whether due to intentional or unintentional mistakes. It also includes choosing and applying suitable accounting and valuation methods and making estimates that appear appropriate under the existing circumstances.

Responsibility of the group auditor and a description of the type and scope of the statutory audit

My responsibility lies in the submission of an audit opinion on these consolidated financial statements on the basis of my inspection. My audit was conducted in accordance with the applicable Austrian legal regulations. These standards require that I plan and perform the audit in such a manner that I can form a reasonable opinion as to whether the consolidated financial statements are free of material misstatement.

An audit includes the implementation of auditing actions to obtain auditing proof in respect of the amounts and other details given in the consolidated financial statements. The choice of auditing actions is left to the obligatory discretion of the auditor of the consolidated financial statements, taking into account his assessment of the risk of material misstatements occurring, whether due to intended or unintended errors. In assessing this risk, the auditor of the consolidated financial statements takes into account the internal control system, insofar as it is important for compiling the consolidated financial statements and presenting a true and fair view of the assets, financial position and earnings of the company, in order to determine suitable auditing actions taking account of the framework conditions, not however to submit an auditing opinion about the effectiveness of the company's internal control system.

The audit also included my evaluation of the adequacy of the applied accounting and valuation methods and the essential estimates made by the legal representatives of the company as well as an assessment of the overall tenor of the consolidated financial statements.

I believe that I have obtained sufficient and suitable auditing proof, so that my audit provides a reasonable basis for my opinion.

Auditor's opinion

The results of my audit gave no reason for objection. On the basis of the knowledge gained during the audit, in my judgement the consolidated financial statements comply with the legal regulations and present a true and fair view of the group's assets and financial position as at 31 December 2012 and the group's earnings and cash flow in the financial year from 1 January 2012 to 31 December 2012, in accordance with the International Financial Reporting Standards (IFRS), as they are applied in the EU.

Statement concerning the group management report

According to the Austrian legal regulations, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and whether or not other details given in the group management report give a misleading impression of the group's financial position. The audit certificate must also include a statement as to whether the group management report is consistent with the consolidated financial statements and whether or not the details according to § 243a (2) of the Austrian Business Code apply.

In my opinion, the group management report is consistent with the consolidated financial statements. The details according to § 243a (2) of the Austrian Business Code apply.

Vienna, 2 April 2013

As auditor for Österreichischer Raiffeisenverband:

Christian Loicht
Chartered Accountant and Auditor

Audit certificate

Report on the consolidated financial statements

We have examined the attached consolidated financial statements of

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft,
Linz,

for the financial year from 1 January to 31 December 2012, taking the accounting into consideration. These consolidated financial statements include the consolidated balance sheet as at 31 December 2012, the group income statement, the group cash flow statement and the group statement of changes in equity for the financial year ending 31 December 2012, plus the notes to the consolidated financial statements. In terms of our responsibility and liability as auditors to the company and to third parties, Section 275 of the Austrian Business Code shall apply.

Responsibility of the legal representatives of the consolidated financial statements

The legal representatives of the company are responsible for the Group accounting and for compiling consolidated financial statements that present a true and fair view of the assets, financial position and earnings of the company in accordance with the International Financial Reporting Standards (IFRS), as they are applied in the EU. This responsibility includes: the design, implementation and maintenance of an internal control system, to the extent that this is necessary for the preparation of the consolidated statements and to present as true a picture as possible of the group's net assets, financial position and profit situation so that these consolidated statements are free from material misrepresentations, whether due to intentional or unintentional mistakes. It also includes choosing and applying suitable accounting and valuation methods and making estimates that appear appropriate under the existing circumstances.

Responsibility of the auditor of the consolidated financial statements and a description of the type and scope of the statutory audit

Our responsibility lies in the submission of an audit opinion on these consolidated financial statements on the basis of our inspection. Our audit was conducted in accordance with the prevailing statutory provisions and the international standards on auditing (ISA) as published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These standards require that we plan and perform the audit in such a manner that we can form a reasonable opinion as to whether the consolidated financial statements are free of material misstatement.

An audit includes the implementation of auditing actions to obtain auditing proof in respect of the amounts and other details given in the consolidated financial statements. The choice of auditing actions is left to the obligatory discretion of the auditor of the consolidated financial statements, taking into account his assessment of the risk of material misstatements occurring, whether due to intended or unintended errors. In assessing this risk, the auditor of the consolidated financial statements takes into account the internal control system, insofar as it is important for compiling the consolidated financial statements and presenting a true and fair view of the assets, financial position and earnings of the company, in order to determine suitable auditing actions taking account of the framework conditions, not however to submit an auditing opinion about the effectiveness of the company's internal control system. The audit also included my evaluation of the adequacy of the applied accounting and valuation methods and the essential estimates made by the legal representatives of the company as well as an assessment of the overall tenor of the consolidated financial statements.

We believe that we have obtained sufficient and suitable auditing proof, so that our audit provides a reasonable basis for my opinion.

Auditor's opinion

The results of our audit gave no reason for objection. On the basis of the knowledge gained during the audit, in our judgement the consolidated financial statements comply with the legal regulations and present a true and fair view of the group's assets and financial position as at 31 December 2012 and the group's earnings and cash flow in the financial year from 1 January 2012 to 31 December 2012, in accordance with the International Financial Reporting Standards (IFRS), as they are applied in the EU.

Statement concerning the group management report

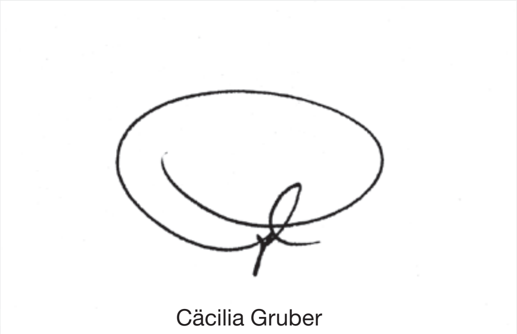
According to the Austrian legal regulations, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and whether or not other details given in the group management report give a misleading impression of the group's financial position. The audit certificate must also include a statement as to whether the group management report is consistent with the consolidated financial statements and whether or not the details according to § 243a (2) of the Austrian Business Code apply.

In our opinion, the group management report is consistent with the consolidated financial statements. The details according to § 243a (2) of the Austrian Business Code apply.

Linz, 2 April 2013

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Ulrich Pawlowski
Chartered accountant and auditor



Cäcilia Gruber
Chartered accountant and auditor

MANAGEMENT REPORT

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, Europaplatz 1a, 4020 Linz

Management Report 2012 of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

1. Business development and the economic situation

1.1. Economic background 2012

As early as late 2011, the euro area was hit by a recession that lasted throughout the whole of 2012. Hopes that the economy would stabilise turned out to be premature.

The economies of the various countries in the euro area developed at different speeds. While countries Like Germany and Austria recorded a slight increase in gross domestic product in 2012, other countries, particularly those in Southern Europe, fell into a deep recession. By the second half of the year, the economies in the north of the euro area were performing less and less well. At the end of 2012, the economic momentum in the whole of the euro area reached its low for the time being. According to OECD figures, the euro area's output in 2012 fell by 0.4%.

The US reported growth of 2.2% in 2012. By US standards this again represented below-average growth and was once again due to falling state expenditure and only a slight rise in private consumer spending.

In China, too, the era of double-digit growth rates appears to be over. China's economy grew by 7.5% in 2012.

To provide some support to the economy, practically all of the world's developed industrialised countries exercised expansive monetary policies in 2012. So it was very much a year of the central banks. It was not until ECB President Mario Draghi announced that the ECB would do "whatever it takes" to preserve the euro that the situation eased on the periphery of the euro area.

Austria's economy was unable to remain completely unaffected by the developments in the euro area in 2012. The Austrian Institute of Economic Research (WIFO) expects real GDP growth of 0.6%.

1.2. Business development

As in previous years, Raiffeisenlandesbank Oberösterreich proved to be a very stable and reliable partner for its customers in these challenging global economic conditions.

Even sharper focus on customers

Under its new management, Raiffeisenlandesbank Oberösterreich placed an even sharper focus on customer orientation. Especially under difficult economic conditions, Raiffeisenlandesbank Oberösterreich considers it to be in its customers' best interests if it can act swiftly and cost-effectively, while keeping an eye on services and goals.

Strategic process for realignment

To this end, Raiffeisenlandesbank Oberösterreich introduced a strategic process for realignment in 2012: under a new form of organisation and with even greater cooperation within the Raiffeisen Banking Group Upper Austria, this involved a large number of measures being initiated, some of which have already been implemented. The aim is to simplify structures, take advantage of synergies and potential, and further improve efficiency, enabling us to expand our market position in the future.

Cooperation within the Raiffeisen association providing strength

Close cooperation between the Raiffeisen banks in Upper Austria, whose expertise is available locally, and the specialists at Raiffeisenlandesbank Oberösterreich, results in Raiffeisen Oberösterreich combining its strengths in the interests of its customers. Standing shoulder to shoulder has been very successful, as witnessed by a particular focus on foreign business in 2012. We provided an optimised service to exporters processing a total of 158 financing transactions with a total value of EUR 120.1 million in export funds. This represented an increase in volume of 20.4% in 2012. Our intensive customer support can also be seen in the processing of export letters of credit: in 2012, Raiffeisen Oberösterreich reported 21.5% growth in this form of hedging export transactions.

Greater efficiency in the investment division

Initial structural simplifications and improvements in efficiency were completed in Raiffeisenlandesbank Oberösterreich's investment department in 2012: several non-operating intermediate companies were dissolved and a number of operating companies were merged.

In addition, the companies in the foodstuffs sector were defined as important areas of business for the future. Management at "VIVATIS Holding AG" and "efko Frischfrucht und Delikatessen GmbH" was reinforced. The aim is for these companies to further improve competitiveness and build up and expand their leading role in terms of performance in their main strategic areas of business.

Source of funds/capital structure

	31 Dec. 2012		31 Dec. 2011		Change	
	in EUR m	in %	in EUR m	in %	in EUR m	in %
Amounts owed to banks	14,077	43.5	14,175	44.6	–98	–0.7
Own issues	8,448	26.1	7,624	24.0	824	10.8
Savings and giro deposits	6,956	21.5	7,028	22.1	–72	–1.0
Equity	2,514	7.8	2,500	7.9	14	0.6
Other liabilities	371	1.1	435	1.4	–64	–14.7
Total equity and liabilities	**32,366**	**100.0**	**31,762**	**100.0**	**604**	**1.9**

Amounts owed to banks fell year-on-year by EUR 98 million, or 0.7%, to EUR 14,077 million.

The liabilities with a fixed term or withdrawal date amounted to EUR 8,308 million as at 31 December 2012. Of these, EUR 2,578 are long-term refinancing funds from the Upper Austrian Raiffeisen banks.

In addition, there are long-term refinancing instruments totalling EUR 5,730 million from borrower's notes and subsidy providers such as

- Oesterreichische Kontrollbank,
- European Investment Bank,
- EBRD – European Bank for Reconstruction and Development
- KfW Bank Group,
- LfA Förderbank Bayern and
- LBank – Federal Bank for Baden-Württemberg.

Of the liabilities due daily, deposits in the amount of EUR 2,553 million were made to the Upper Austrian Raiffeisen banks, and EUR 1,560 million to the Raiffeisen Zentralbank.

Customer deposits and own issues experienced high levels in 2012.

The volume of issues, which consisted of securitised loans of EUR 6,934 million, supplementary capital of EUR 1,265 million and subordinated liabilities of EUR 249 million, totalled EUR 8,448 million as of 31 December 2012.

Customer deposits resulting from savings deposits of EUR 870 million as well as payables on demand and fixed-term deposits of EUR 6,086 million, amounted to EUR 6,956 million on the 2012 balance sheet date. Customer deposits and own issues therefore increased by 5.1%.

Application of funds/assets structure

	31 Dec. 2012		31 Dec. 2011		Change	
	in EUR m	in %	in EUR m	in %	in EUR m	in %
Loans and advances to customers	17,504	54.1	16,736	52.7	768	4.6
Loans and advances to banks	7,995	24.7	8,098	25.5	–103	–1.3
Securities	4,802	14.8	4,828	15.2	–26	–0.5
Investments and shares in affiliated companies	1,799	5.6	1,727	5.4	72	4.2
Other assets	266	0.8	373	1.2	–107	–28.7
Total assets	**32,366**	**100.0**	**31,762**	**100.0**	**604**	**1.9**

Focus on qualitative growth

As at the 2012 balance sheet date there was a volume of EUR 17,504 million in loans and advances to customers. Compared to the year before, this amounts to an increase of EUR 768 million or 4.6%. For Raiffeisenlandesbank Oberösterreich, as in previous years, the emphasis remains on qualitative growth.

Increasing investment financing

Raiffeisenlandesbank Oberösterreich has enough liquidity to be able to continue actively and aggressively supporting its customers with their successful projects.

- Investment financing provided by Raiffeisenlandesbank Oberösterreich increased by 10.4% in 2012.
- Loans and advances to banks decreased during the course of 2012 by EUR 103 million to EUR 7,995 million. Of the loans and advances at the end of the year, EUR 1,452 million was refinanced to Raiffeisen banks in Upper Austria. In addition, payments to Raffeisen Zentralbank were received in the amount of EUR 2,980 million.

High liquidity and creditworthiness in the portfolio

Securities held by the bank diminished by 0.5% to EUR 4,802 million in 2012. As at the end of the year, these consisted of EUR 733 million in public sector debt issues and similar securities, EUR 1,860 million in debt securities and other fixed-interest securities and EUR 2,209 million in shares and other variable-yield interest securities (e.g. pension funds). As an additional liquidity reserve, Raiffeisenlandesbank Oberösterreich holds a large portfolio of unrestricted loan collateral instruments which are recognised by the Österreichische Nationalbank and can therefore be used at any time for central bank refinancing.

As in previous years, all securities, including those held as fixed assets, were valued according to the strict lower of cost or market principle.

Investments and shares in affiliated companies were expanded compared to the previous year by EUR 72 million.

Income situation

- Excluding one-off payments, Raiffeisenlandesbank Oberösterreich's operating profit grew by 2.8% to EUR 296.2 million. Including one-off payments, operating profit grew by 0.8% in comparison to 2011 to EUR 335.6 million.
- Highly prudent provisions were made in terms of risk for 2012 due to the general challenging economic situation as well as a few major industry-specific cases in construction and construction-related industries. Profit on ordinary activities at Raiffeisenlandesbank Oberösterreich AG of EUR 71.9 million is due to expenditure balances from reversals/additions or value adjustments to loans and certain securities and provisions for contingent liabilities and loan risks of EUR –275.6 million. Furthermore, the profit on ordinary activities includes the balance from value adjustments or profits from value adjustments to securities valued as financial assets, as well as for investments and shares in associated companies in the amount of EUR +11.9 million.

Net interest income in 2012 was EUR 226.2 million, 10.3% higher than the comparable figure for the preceding year.

Income from securities and investments amounted to EUR 195.7 million, which was a change of –3.2%.

The income balance from commission business in 2012 was 2.5% higher than in 2011, amounting to EUR 74.0 million.

	2012		2011		Change
	in EUR m	in % Ø TA	in EUR m	in % Ø TA	in %
Net interest income	226.2	0.71	205.0	0.66	10.3
Income from securities and investments	195.7[1]	0.61	202.1[2]	0.65	–3.2
Other income	118.8	0.37	116.9	0.38	1.6
Operating income	540.7[1]	1.69	524.0[2]	1.70	3.2
Personnel expenses	–97.7	–0.3	–89.2	–0.29	9.5
Administrative expenses	–79.8	–0.25	–75.3	–0.24	6.0
Other expenses	–27.6	–0.09	–26.5	–0.09	4.2
Operating expenses	–205.1	–0.64	–191.0	–0.62	7.4
Operating profit	335.6[1]	1.05	333.0[2]	1.08	0.8
Profit on ordinary activities	71.9[1]	0.22	192.5[2]	0.62	62.6
Taxes on income and earnings	23.8	0.07	19.5	0.06	22.1
Profit for the year	**48.1[1]**	**0.15**	**173.0[2]**	**0.56**	**–72.2**
Ø Total assets	32,064		30,902		

[1] One-off payments amounting to EUR 39.4 million included
[2] One-off payments amounting to EUR 45.0 million included

Operating income increased by 3.2% to EUR 540.7 million. If the one-off payments in both years are not included, then operating income showed an increase of 4.7% in comparison to 2011.

General administrative expenses in 2012 comprised EUR 97.7 million in personnel expenses and EUR 79.8 million in administrative expenses.

Total operating expenditure increased by 7.4% in comparison to 2011.

Other taxes increased to 22.1%, primarily due to the special stability fee payment.

1.3. Branches

On 31 December 2012 Raiffeisenlandesbank Oberösterreich had, in addition to its headquarters, 19 bank branches in the greater Linz and Traun urban area. The bank's number of customers continued to grow and now stands at approximately 80,000 customers, which corresponds to a 28% increase in customer shares. Roughly 200 qualified employees are available for comprehensive support of private and business customers.

Raiffeisenlandesbank Oberösterreich has been active in Southern Germany for 20 years with an EU branch office. Two new locations were opened in the first quarter of 2012 in Ingolstadt and Augsburg. Raiffeisenlandesbank OÖ AG Southern German Branch has, in addition, locations in Passau, Nuremberg, Munich, Regensburg, Landshut, Würzburg, Ulm and Heilbronn. The main focus at Raiffeisenlandesbank OÖ AG Southern German Branch is on corporate banking.

1.4. Financial and non-financial performance indicators

Equity

The total amount of equity to be taken into account at Raiffeisenlandesbank Oberösterreich pursuant to the Austrian Banking Code amounted to EUR 3,518.5 million at the end of 2012. The statutory capital requirement was EUR 1,867.4 million. Despite strong growth in recent years, there was an equity surplus of EUR 1,651 million on the balance sheet date.

Overall, core tier 1 capital climbed by 0.3% to EUR 2,474.3 million, which corresponds to a core capital rate of 10.2%.

Raiffeisenlandesbank Oberösterreich is in a very pleasing equity situation for financing its further growth over the coming years, putting the bank in a position to continue providing close support to its customers over the long term.

Human resources management

On the 2012 balance sheet date Raiffeisenlandesbank Oberösterreich had a banking staff of 912 and thus offered a large number of top quality full and part-time jobs (part-time quota: 11.6%).

Many different educational and training opportunities

Qualified and committed employees are the most important capital at Raiffeisenlandesbank Oberösterreich. From the outset of their training as young employees, Raiffeisenlandesbank Oberösterreich provides its staff with all kinds of opportunities – such as apprenticeships based on job rotation programmes, school-leaver apprenticeships, trainee programmes, e-learning modules and much more. One successful example of our forward-looking internal human resources policies is the Raiffeisen Oberösterreich Academy, which uses individually designed training programmes to prepare tomorrow's managers for interesting tasks.

The modern Raiffeisen Educational Centre in the Blumau-Tower, which was opened in 2012, provides optimum conditions for education and training. In addition, the online teaching platform Raiffeisen@Learning is used extensively for educating and training staff.

Work/life balance

Raiffeisenlandesbank Oberösterreich attaches great value to enabling a sound work/life balance for its employees, and it implements a series of measures as a certified family-friendly company. "Sumsi's Learning Garden" is Raiffeisen's kindergarten that teaches in both English and German. It also has a crèche which, in response to high demand, took on an additional group of children in 2012. The summer kindergarten was also expanded.

Additional features of the family-friendly nature of working for Raiffeisenlandesbank Oberösterreich include flexible working hours and measures taken to support those returning from parental leave.

1.5. Events of particular importance after the balance sheet date

There were no events of particular significance with an impact on the financial statements after the close of the 2012 financial year.

2. Report on the company's prospective trends and risks

2.1. Prospective trends

We expect the challenging business conditions to continue throughout 2013. The OECD forecasts a slight fall in economic performance in the euro area in 2013 by 0.1% (following –0.4% in 2012). However, starting in particular in the second half of the year, the euro area ought to start working its way out of recession and once again show a moderate upswing. Uncertainties remain, however, especially concerning the economic development of countries in Southern Europe.

The US also faces challenges in 2013. The country only partially avoided the so-called fiscal cliff at the end of 2012 and merely postponed major decisions. A revival in US consumption is not expected until mid-year at the earliest and is likely to be only modest. Research economists expect 2% growth.

China seems to be facing a change in the structure of its economy with the place of exports giving way to private consumption. Massive state infrastructure programmes will also promote growth, so that economic growth can be expected to reach 8.5% there in 2013.

Owing to the slower economic developments, inflation rates in the euro area, the US and China will fall in 2013. Following an inflation rate of 2.4% in 2012, the OECD expects it to fall in the euro area to below 2% in 2013. Forecasts also anticipate an inflation rate under 2% in the USA and China in 2013.

The low level of interest rates will persist – the Fed, the Bank of Japan, and the ECB have all announced further expansionary monetary policy measures.

Austria remains one of the most stable economies in the euro area and will again grow faster in 2013 than the average rate for the countries of the euro area. The Austrian Insitute of Economic Research (WIFO) forecasts growth of 1% in 2013, with an inflation rate of 2.1%. The 4.6% unemployment rate predicted for Austria will remain one of the lowest throughout Europe.

Prudent risk provisions, solid equity capital base

Raiffeisenlandesbank Oberösterreich continues to be very cautious in the formation of its risk provisions. Its proactive and forward-looking risk management facilitates the identification and measurement of all risks (market, credit, investment, liquidity and operational risks) and their proactive management.

Raiffeisenlandesbank Oberösterreich, with its solid equity capital base, is well prepared for the expected introduction of new equity capital regulations under Basel III in 2014. Targeted quality growth will continue to support this in 2013.

The strategic process that has been introduced will continue

Raiffeisenlandesbank Oberösterreich expects the initiated strategic process to have positive effects already in 2013 thanks to improvements and streamlining with regard to efficiency and structure.

The cooperation between Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria will also carry on and receive additional boosts. One of the focuses of 2013 will be on targeted support and assistance to efficient small and medium-sized enterprises.

Forward-looking measures are the foundation for future success

Forward-looking measures; the implementation of the new strategies that has already started; the orientation of Raiffeisenlandesbank Oberösterreich towards strong areas of business; efficient and targeted liquidity planning and management; and comprehensive risk management combined with precise controlling all contribute to stability at Raiffeisenlandesbank Oberösterreich.

Raiffeisenlandesbank Oberösterreich's 2012 results create the conditions that justify its customers continuing to have confidence in it and for it to be able to provide comprehensive support to companies, institutions as well as private customers in pursuing their projects.

2.2. Significant risks and uncertainties

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.

Market risk

Market risks are defined as changes in interest rates, currency and exchange rates relating to securities, interest-rate and foreign exchange items. These risks are measured in terms of the value at risk parameter. This measures a possible loss which, with 99% probability, will not be exceeded during a certain holding period.

Value at risk is established daily for the trading books using the Bloomberg trading system, while the KVAR+ risk management program is employed for the bank books.

Apart from this parameter, stop-loss, present value of a basis point and volume limits are also applied as additional risk limitations.

These risk management methods are also used for hedge positions.

The total limit for these risks is decided on by the Managing Board after taking the risk-bearing capabilities of the bank into consideration. Controlling continuously checks that these limits are complied with.

Shifts in the interest, spread, currency and share price landscape can have a major influence on results and the risk situation. Therefore, possible shifts in risk parameters are simulated and the consequences reported to the Managing Board.

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, share prices, currency exchange rates and volatility.

Credit risk

The principles of the customers' credit ratings are incorporated in the "Rating Standards" and "Collateral Standards" manuals. These regulations provide a compact representation of the standards valid for Raiffeisenlandesbank Oberösterreich. They are oriented on international standards (Basel) and on supervisory recommendations.

An organisational separation between front and back offices has been implemented.

Moreover, in order to measure the credit risk, following an internal bank rating, financing is divided into creditworthiness and security classes. The risk class of a borrower therefore assumes two dimensions, recording and assessing their financial situation and their provision of collateral. Both hard and soft facts are employed as creditworthiness criteria. In corporate customer business, soft facts are systematically ascertained during discussions with the company and then acted on accordingly.

A scoring system is used to automatically classify small volume business with employed private customers.

This credit rating system is also utilised by subsidiaries in this customer segment.

Investment portfolio risk

Investment risk describes the danger of potential future value reductions for investments. The following types of risk are considered under investment risk:

- Risk of dividend default
- Risk of current value depreciation
- Rusk of impairment losses
- Risk of additional regulatory contributions
- Risk of strategic (ethical) responsibility for restructuring
- Risks resulting from the reduction of hidden reserves

The investment risk is determined on the basis of expert assessments that take into account the current rating classification of the respective investment company. This method determines the risk factors (= haircuts) that must be applied to the exposure.

Liquidity risk

Liquidity risk means 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 terms in line with the market.

Maturity-matching refinancing has a high priority in Raiffeisenlandesbank Oberösterreich. This is reflected in the liquidity gap analysis, which is used to calculate monthly scenarios defining the closure expense required for open liquidity items. The sufficient supply of short- and medium-term liquidity for the event of bottleneck situations is presented in the liquidity protection plan.

Operational risk

Raiffeisenlandesbank Oberösterreich defines operational risk as being the risk derived from losses caused by the inappropriateness or failure of internal processes, people and systems, or external occurrences.

Raiffeisenlandesbank Oberösterreich uses both organisational and computer technology methods in order to best limit this type of risk. A high degree of security is attained by means of limit systems, competence regulations, a risk-adequate internal control system, a comprehensive security manual as a behaviour code and directive, as well as scheduled and unscheduled audits by Internal Auditing.

The operative management of this type of risk involves risk discussions and analyses with managers (early warning system). And the systematic recording of errors in a database for analysis (ex-post analysis).

Macroeconomic risk

Macroeconomic risk measures the effects of a slight or severe recession on the risk situation at Raiffeisenlandesbank Oberösterreich. To this end, a macroeconomic model analyses the correlation between macroeconomic factors (e.g., GDP, real wages index) and the probability of failure, which is used to calculate the additional risk from a simulated economic downturn.

Risk-bearing capacity analysis

A risk-bearing capacity analysis compares the group risk with the available risk coverage (operating profit, hidden reserves, equity), in order to be certain that even in the very unlikely case of an extreme situation, sufficient capital for risk coverage would be available. The risk-bearing capacity is calculated by comparing the group risk with the available coverage.

3. Research and development

Raiffeisenlandesbank Oberösterreich implements innovations in many ways: as part of its customer orientation, its services to companies, private customers and institutions are continuously being improved and adapted to the general current and future conditions.

Furthermore, these services are being supplemented and improved by technological innovations. These include, for example, modern electronic banking systems (ELBA), as well as card-based products and new payment options (e.g., smartphone).

As part of its educational and training programmes, Raiffeisenlandesbank Oberösterreich employs e-learning, blended-learning modules and web-based training sessions. Raiffeisenlandesbank Oberösterreich has developed its own e-learning platform, which will serve in future as a competence centre for Raiffeisen Austria.

4. Report on the most important aspects of the internal control and risk management system with regard to the accounting process

Balanced and complete financial reporting is an important goal for Raiffeisenlandesbank Oberösterreich and its members. Compliance with all relevant regulatory provisions is an obvious basic requirement. The Managing Board bears responsibility for the establishment and design of an internal control and risk management system that meets the company's requirements with regard to the entire accounting process.

The goal of this internal control system is to support management in such a way that it guarantees effective and constantly improving internal controls in the context of accounting. The basis for producing the 2012 financial statements are the relevant Austrian laws, above all the Austrian Business Code (UGB) and the Austrian Banking Act (BWG), which governs the composition of financial statements.

Control environment

There is a comprehensive internal control system for Raiffeisenlandesbank Oberösterreich comprised of the following elements:

1. Competency allocation and instructions
2. IT and user authorisations
3. Process descriptions

Risk evaluation

Major risks related to accounting procedures are evaluated and monitored by the Managing Board.

Control measures

The preparation of the annual financial statements is done by group accounting with the support of the respective organisational units. The employees responsible for accounting and the manager of the organisational unit for group accounting are responsible for the complete disclosure and correct evaluation of all transactions.

The second management level (director of the organisational units) also includes the general monitoring environment in addition to the Managing Board. All monitoring measures are applied in an ongoing transaction process to ensure that potential errors or deviations in the financial reporting are prevented, or discovered and corrected. Controlling measures range from examination of period results by management to specific transition of accounts and an analysis of ongoing accounting processes.

Information and communication

The basis for single financial statements are processes that are standardised and uniform throughout the company. Balancing and evaluation standards are defined by Raiffeisenlandesbank Oberösterreich and are binding for the preparation of statement data.

Monitoring

The responsibility for company-wide monitoring rests with the Managing Board and Controlling. Furthermore, the respective heads of the organisational units are responsible for monitoring their respective areas, and controls and credibility checks are performed at regular intervals.

Internal auditing is also involved in the monitoring process. Raiffeisenlandesbank Oberösterreich's Internal Auditing division is responsible for auditing. Auditing-specific policies apply for all auditing activities, and these policies are minimum standards for internal auditing according to Austrian financial market oversight as well as international best practices.

All this ensures that our principles – only taking risks that can be calculated – continue to have the highest priority.

Linz, 5 March 2013
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

THE MANAGING BOARD

Heinrich Schaller
Chief Executive and Chairman of the Managing Board

Hans Schilcher
Deputy Chief Executive

Michaela Keplinger-Mitterlehner
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

FINANCIAL STATEMENTS 2012

Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft, Europaplatz 1a, 4020 Linz

Balance sheet as at 31 December 2012

ASSETS	31 Dec. 2012		31 Dec. 2011	
	in EUR	in EUR	in EUR '000	in EUR '000
1. Cash in hand and balances at central banks		37,928,426.90		41,042
2. Public sector debt issues and bills of exchange eligible for refinancing at the Austrian Central Bank:				
a) Public sector debt issues and similar securities	732,661,286.91		533,622	
b) Bills of exchange eligible for refinancing at central banks	0.00	732,661,286.91	0	533,622
3. Loans and advances to banks:				
a) payable on demand	3,523,708,128.50		3,097,169	
b) other loans	4,471,385,618.57	7,995,093,747.07	5,000,799	8,097,968
4. Loans and advances to customers		17,504,108,029.52		16,735,933
5. Debt securities and other fixed-interest securities:				
a) from public sector issuers	1,137,069.62		1,064	
b) from other issuers	1,859,507,382.98	1,860,644,452.60	1,988,935	1,989,999
including: own bonds	137,504,348.91		157,076	
6. Shares and other variable-yield securities		2,208,673,731.19		2,304,744
7. Investments		160,296,423.86		237,663
including: in banks	8,327,409.93		8,719	
8. Investments in affiliated companies		1,639,057,220.08		1,489,181
including: in banks	64,764,255.26		49,764	
9. Intangible fixed assets		0.00		0
10. Property, plant and equipment		20,611,999.42		20,818
including: Land and buildings used by the bank in the course of its own operations	13,955,795.40		14,470	
11. Own shares or interests and shares in companies with a controlling or majority holding		0.00		0
including: nominal values	0.00		0	
12. Other assets		171,240,887.27		262,979
13. Subscribed capital (for which payment has been requested but not yet paid)		0.00		0
14. Accrued and deferred items		35,866,860.82		47,840
Total assets		**32,366,183,065.64**		**31,761,789**
1. Foreign assets		9,268,642,763.11		8,590,869

LIABILITIES	31 Dec. 2012		31 Dec. 2011	
	in EUR	in EUR	in EUR '000	in EUR '000
1. Amounts owed to banks:				
a) Payable on demand	5,769,130,370.05		5,212,337	
b) With fixed term or withdrawal date	8,307,734,168.22	14,076,864,538.27	8,962,917	14,175,254
2. Amounts owed to customers:				
a) Savings deposits	869,506,761.33		901,762	
including:				
aa) payable on demand	87,076,458.64		64,233 837,529	
ab) with fixed term or withdrawal date	782,430,302.69			
b) Other liabilities	6,085,928,987.04	6,955,435,748.37	6,126,341	7,028,103
including:				
ba) payable on demand	2,516,517,401.40		2,469,643	
bb) with fixed term or withdrawal date	3,569,411,585.64		3,656,698	
3. Liabilities evidenced by certificates:				
a) Bonds issued	3,207,282,213.92		2,510,006	
b) Other debts evidenced	3,727,080,192.47	6,934,362,406.39	3,410,737	5,920,743
4. Other liabilities		258,032,100.76		302,409
5. Accrued and deferred items		21,007,490.20		21,840
6. Provisions:				
a) Provisions for severance payments	21,423,055.43		19,589	
b) Provisions for pensions	18,394,715.22		17,316	
c) Provisions for taxes	10,049,082.71		12,291	
d) Other	42,035,198.30	91,902,051.66	60,664	109,860
6.A Fund for general bank risks		0.00		0
7. Subordinated liabilities		249,118,459.26		263,992
8. Supplementary capital		1,265,197,006.96		1,439,430
9. Subscribed capital		554,015,154.25		554,015
10. Capital reserves:				
a) Committed	547,845,996.45		547,846	
b) Uncommitted	149,991,600.00	697,837,596.45	149,992	697,838
11. Retained earnings:				
a) Statutory reserves	0.00		0	
b) Reserves in accordance with the articles of association	0.00		0	
c) Other reserves	86,310,272,26	886,310,272.26	865,494	865,494
including:				
Reserves pursuant to § 225 (5) of the Austrian Business Code	0.00		0	
12. Liabilities pursuant to § 23 (6) of the Austrian Banking Act		326,255,842.72		318,102
13. Net income for the year		39,970,803.72		54,817

LIABILITIES	31 Dec. 2012		31 Dec. 2011	
	in EUR	in EUR	in EUR '000	in EUR '000
14. Untaxed reserves:				
a) Valuation reserve due to special depreciation	9,873,594.37		9,892	
b) Other untaxed reserves	0.00	9,873,594.37	0	9,892
including:				
ba) investment allowance pursuant to § 10 of the 1988 Austrian Income Tax Act	0.00		0	
bb) Transfer reserves pursuant to § 12 of the 1988 Austrian Income Tax Act	0.00		0	
Total equity and liabilities		**32,366,183,065.64**		**31,761,789**
1. Contingent liabilities		3,786,886,950.12		3,895,694
including:				
a) Acceptances and endorsed bills sold	0.00		0	
b) Liabilities from indemnity agreements and guarantees from the ordering of collateral	3,786,807.609.42		3,895,614	
2. Credit risks		5,011,338,193.74		5,207,870
including: Liabilities from repurchase operations	0.00		0	
3. Liabilities from trust fund transactions		13,948,295.18		13,173
4. Equity pursuant to § 23 (14) (7) of the Austrian Banking Act		3,518,480,671.10		3,614,301
including: Equity pursuant to § 23 (14) (7) of the Austrian Banking Act	9,658,188.16		1,604	
5. Requisite equity pursuant to § 22 (1) of the Austrian Banking Act		1,867,442,430.12		1,794,636
including: Requisite equity pursuant to § 22 (1) (1 and 4) of the Austrian Banking Act	1,857,784,241.96		1,793,032	
6. Foreign liabilities		6,886,867,361.46		5,944,587
7. Hybrid capital pursuant to § 24 (2) (5 and 6) of the Austrian Banking Act		0.00		0

Profit and loss account 2012

	2012		2011	
	in EUR	in EUR	in EUR '000	in EUR '000
1. Interest and interest-related income including: Fixed-interest securities	115,840,303.28	797,764,776.01	95,848	824,565
2. Interest and interest-related expenses		–571,585,750.21		–619,594
I. NET INTEREST INCOME		226,179,025.80		204,971
3. Income from securities and investments:				
a) Income from shares, other equity interest and variable-yield securities	122,463,502.38		79,550	
b) Income from investments	6,268,780,13		6,181	
c) Income from investments in affiliated companies	66,988,740.34	195,721,022.85	116,423	202,154
4. Fee and commission income		105,250,709.61		100,890
5. Fee and commission expenses		–31,254,115.71		–28,687
6. Income from/expenses in financial operations		13,550,743.84		15,461
7. Other operating income		31,235,317.29		29,196
II. OPERATING INCOME		540,682,703.68		523,985
8. General administrative expenses:				
a) Personnel expenses	–97,689,976.55		–89,174	
including:				
aa) wages and salaries	–71,333,899.22		–66,357	
ab) expenses for statutory social contributions and mandatory contributions linked to remuneration	–15,526,770.61		–14,240	
ac) other social expenses	–1,062,086.36		–943	
ad) expenses for pension schemes and support payments	–5,534,825.22		–4,652	
ae) allocations to the provisions for pensions	–1,078,378,42		–161	
af) expenses for severance payments and contributions to company employee pension funds	–3,154,016.72		–2,821	
b) Other administrative expenses (administrative expenses)	–79,775,373.29	–177,465,349.84	–75,314	–164,488
9. Value adjustments for property items in asset items 9 and 10		–2,061,557.55		–1,890
10. Other operating expenses		–25,556,269.25		–24,639
III. OPERATING EXPENSES		–205,083,176.64		–191,017
IV. OPERATING PROFIT		335,599,527.04		332,968

	2012		2011	
	in EUR	in EUR	in EUR '000	in EUR '000
IV. OPERATING PROFIT (carry-over)		335,599,527.04		332,968
11./12. Balance from reversals/additions, or value adjustments to loans and certain securities and provisions for contingent liabilities and loan risks		–275,542,567.77		–70,865
13./14. Balance from value adjustments or income from value adjustments to securities valued as financial assets, as well as to investments and shares in associated companies		11,870,255.20		–69,585
V. PROFIT ON ORDINARY ACTIVITIES		71,927,214.47		192,518
15. Extraordinary income		0.00		0
including: Withdrawals from the fund for general bank risks	0.00		0	
16. Extraordinary expenses		0.00		0
including: Allocations to the fund for general bank risks	0.00		0	
17. Extraordinary result (subtotal for items 15 and 16)		0.00		0
18. Taxes on income and earnings		–4,040,483.24		–4,258
19. Other taxes, unless reported under item 18		–19,780,361.60		–15,304
VI. PROFIT FOR THE YEAR		48,106,369.63		172,956
20. Movements in reserves		–8,135,565.91		–118,139
including: Allocation to the statutory reserve	–8,154,220.63		–6,558	
Reversal from the statutory reserve	0.00		0	
VII. NET PROFIT FOR THE YEAR		39,970,803.72		54,817
21. Profit/loss carried forward		0.00		0
VIII. NET INCOME FOR THE YEAR		**39,970,803.72**		**54,817**

Notes to the 2012 financial statements

1. Information concerning the reporting and valuation methods used in the balance sheet and the profit and loss account

The 2012 Financial Statements were prepared in accordance with the provisions of the Austrian Banking Act (BWG) and the Austrian Business Code (UGB).

The annual financial statements were drawn up in line with the principles of orderly accounting, as well as the generally accepted standard practice of providing a true and fair view of the assets, financial position and profitability of the company.

The principle of completeness was observed in preparing the annual financial statements.

The principle of individual valuation was observed during the valuation of the various assets and debts and the continued existence of the company was assumed.

The principle of prudence was observed, as only those profits realised as at the balance sheet date were reported. All recognisable risks and impending losses were taken into account.

1.1. Foreign currency translation

Sums in foreign currency are translated at the European Central Bank's foreign currency mean exchange rate pursuant to § 58 Section 1 of the Austrian Banking Act. If there are no ECB reference rates, mean exchange rates from reference banks are used.

1.2. Securities

Both securities held as fixed and current assets were valued in accordance with the strict lower of cost or market method. In accordance with § 56 Para 2 of the Austrian Banking Act, bonds purchased above par and other fixed-interest securities held as fixed assets, were written down pro rata temporis to the amount repayable. There were no pro rata write-ups in the case of securities purchased below par.

Securities used as cover funds for trust money were regarded as fixed assets and valued according to the strict lower of cost or market method pursuant to § 2 Para 3 of the Austrian Trustees Securities Directive.

In the valuation of securities, stock market prices or trader quotes observed on the market are included. If adequate market quotes are not available, prices are determined with internal evaluation models on the basis of surcharges/discounts for creditworthiness, marketability and features of the issue.

Dealing securities were valued on a "mark to market" basis.

1.3. Risk provisions

Itemised value adjustments and provisions were made for recognisable risks in the case of borrowers. As in previous years, a dynamic, forward-looking approach was adopted for the valuation of loan business. For some loans, standardised, defined value adjustments were employed, or provisions were formed in the shape of dynamic risk provisions, on the basis of risk groups in accordance with the "risk management" rating model.

On the whole, this is a continuation of the cautious valuation policy.

1.4. Special valuation pursuant to § 57 Paras 1 and 2 of the Austrian Banking Act

The scope for valuation as per § 57 Sections 1 and 2 of the Austrian Banking Act was not employed.

1.5. Investments

Investments and shares in associated companies were valued at historical cost. Extraordinary depreciation was made in the case of value impairments which were likely to be of a permanent nature, due to sustained losses, a reduction in equity and/or a reduced earnings capacity level.

1.6. Property, plant and equipment

Pursuant to § 55 Para 1 of the Austrian Banking Act in combination with § 204 of the Austrian Business Code, the valuation of property, plant and equipment took place at the historical price or the cost of production less scheduled depreciation.

Low-value items were written off completely in the year of purchase.

The useful economic life employed as a basis for scheduled depreciation amounted to 20-50 years for immovable fixed assets and 3-20 years for movables. Extraordinary depreciation was applied in cases of assumed lasting value impairment.

1.7. Liabilities

Liabilities are recorded at the nominal value or the repayment amount, which ever is higher.

1.8. Own issues

Accruals and deferrals relating to issue costs, additional cash payment commission, premiums and discounts were divided over the term of debt pro rata temporis.

1.9. Provisions for pensions

Pension commitments were calculated according to the partial value method for future retirement benefit entitlements, using the AVÖ 2008 R Pagler & Pagler mortality tables and an interest rate of 3.0% (previous year: 3.5%).

1.10. Provisions for severance payments and similar obligations

The provisions for severance payments on the balance sheet date were calculated according to actuarial mathematical principles using an interest rate of 3.0% (previous year: 3.5%) and subject to the assumption that an average working life can be expected.

The provisions for long-service bonuses were calculated according to actuarial mathematical principles using an interest rate of 3.0% (previous year: 3.5%) and subject to the assumption that an average working life can be expected.

A deduction for fluctuations is made for both severance payment provisions and long-service bonus provisions.

The calculations are based on a calculative pensionable age of 60 for women and 65 for men with adherence to the legal transitional regulations in accordance with the Budget Supplement Law of 2003.

1.11. Other provisions

Other provisions include, in line with the principle of prudence and based on reasonable commercial judgement, all risks that are recognisable at the time the balance sheet was prepared, as well as those liabilities which were basically certain, but where uncertainty existed as to their amount.

1.12. Derivative financial instruments

Derivative financial instruments are assessed at their fair value. The fair value to be provided is the amount at which an asset was exchanged or a debt was paid between competent, contractually willing and mutually independent business partners. Where stock exchange prices were available, these were employed for evaluation. Internal evaluation models with current market parameters and in particular the cash value method and option price models were used for financial instruments lacking a stock exchange price.

In the 2012 business year, due to current discussions regarding supervisory law and specific accounting issues as well as changed market and valuation standards, measures were initiated to implement internally the subject of taking credit risks into account in the model valuation of derivatives in an objective manner and one relating to system organisation. In this regard, a Credit Value Adjustment (CVA) was assessed for the first time in the case of especially significant customer derivatives based on factors such as, in particular, remaining maturity period, the risk of the counter-party defaulting, and collateral arrangements.

Derivative financial instruments in the trading book are recorded at their fair value, with effect on the income statement. Derivative financial instruments in the banking book that are not assigned a hedging relationship are booked with effect at the negative fair value. In the case of derivatives for managing interest rates, the surplus of the negative fair value is recorded with effect on the income statement.

In addition, derivative financial instruments in the banking book are assigned to micro-hedge accounts. The main area of application is the hedging of underlying transactions with fixed interest rate risks in relation to the basic parameters of primarily identical, yet opposed derivative financial instruments (i.e. an issue with fixed coupons and receiver swap). The goal of this accounting is to reduce the volatilities in profit that would result if micro-hedge accounts were not formed, due to the imbalanced valuation of derivative financial instruments – without having the simultaneous possibility to allow for opposite effects in the underlying transactions. The measurement of effectiveness of the respective hedge accounting is primarily conducted by establishing accordance of the key parameters of underlying and hedging transactions. The fair value measurement of of all derivatives used in micro-hedge accounting amounts to EUR 165,814 thousand (previous year: EUR 159,588 thousand).

In addition, banking book derivative financial instruments are used in order to safeguard the fixed interest risk of certain global underlying transaction portfolios . The main area of application is in closing fixed interest gaps in underlying transactions that, due to their low volume and their unstable future cash flow (e.g. retail permanent issues), do not appear to be suited for micro-hedge accounting. The starting points of the risk management are the portfolio adjustments of new transactions and cash flow adjustments of existing items. To perform this analysis, the open position is represented by portfolio and currency on the basis of weekly evaluations. When open risk gaps are exceeded in a portfolio within a maturity band, derivative financial instruments are used to counteract this development. The measurement of effectiveness is also done by means of interest rate hedging simulations per maturity band. The goal of this accounting is, in turn, to reduce the volatilities in profit that would result from the imbalanced valuation of derivative financial instruments. The fair value of the derivatives used for this purpose amounts to EUR 214,796 thousand (previous year: EUR 140,008 thousand).

2. Notes to the balance sheet

2.1. Periods to maturity

Loans and advances and amounts owed to banks and non-banks that are not payable on demand have the following periods to maturity:

Term to maturity	Loans and advances to banks		Loans and advances to non-banks	
	Carrying amount at 31 Dec. 2012 in EUR '000	Carrying amount at 31 Dec. 2011 in EUR '000	Carrying amount at 31 Dec. 2012 in EUR '000	Carrying amount at 31 Dec. 2011 in EUR '000
up to 3 months	2,436,740	2,522,094	2,522,667	2,654,810
3 months to 1 year	643,367	897,065	2,828,450	2,658,643
1 year to 5 years	585,748	727,684	5,670,131	5,138,355
more than 5 years	805,531	853,956	4,226,910	4,161,061
Total	**4,471,386**	**5,000,799**	**15,248,158**	**14,612,869**

Term to maturity	Amounts owed to banks		Amounts owed to non-banks	
	Carrying amount at 31 Dec. 2012 in EUR '000	Carrying amount at 31 Dec. 2011 in EUR '000	Carrying amount at 31 Dec. 2012 in EUR '000	Carrying amount at 31 Dec. 2011 in EUR '000
up to 3 months	998,638	1,964,223	1,954,875	1,885,916
3 months to 1 year	1,036,996	980,201	1,691,464	1,534,400
1 year to 5 years	4,316,658	3,555,487	4,997,201	4,512,652
more than 5 years	1,955,442	2,463,006	2,538,314	2,382,015
Total	**8,307,734**	**8,962,917**	**11,181,854**	**10,314,983**

In 2013, debt securities and other fixed-interest securities held by Raiffeisenlandesbank Oberösterreich to the amount of EUR 254,063 thousand (2012: 608,421 thousand) will mature, along with debt securities issued in the amount of EUR 715,393 thousand (2012: EUR 124,241 thousand).

2.2. Securities and investments

The securities admitted to trading shown in asset items 5 and 6 consist of listed debt securities and other fixed-interest securities amounting to EUR 1,825,454 thousand (previous year: EUR 1,954,829 thousand) and listed shares and other variable-yield securities totalling EUR 68,060 thousand (previous year: EUR 61,746 thousand).

Non-listed debt securities and other fixed-interest securities and non-listed shares and other variable-yield securities as well as investments admitted to trading (previous year: EUR 77,130 thousand) and shares in affiliated companies are not held.

The securities admitted to trading shown in asset items 5 and 6 consist of debt securities and other fixed-interest securities recognised as fixed assets amounting to EUR 1,657,845 thousand (previous year: EUR 1,761,612 thousand) and debt securities and other fixed-interest securities recognised as current assets totalling EUR 167,609 thousand (previous year: EUR 193,217 thousand).

The shares and other variable-yield securities recognised as fixed assets amounted to EUR 46,798 thousand (previous year: EUR 40,436 thousand) and those recognised as current assets to EUR 21,263 thousand (previous year: EUR 21,311 thousand).

Asset items are allocated to the fixed assets because the securities listed above serve the long-term investment of liquid funds, in order to obtain higher returns.

Securities held as current assets were acquired for the purpose of securities trading, in order to attain price gains and for the retention of a cash reserve.

Raiffeisenlandesbank Oberösterreich maintains a securities trading account book, pursuant to §22n of the Austrian Banking Act. The volume of the listed securities amounted to EUR 62,860 thousand (previous year: EUR 64,382 thousand) and that of the other financial instruments to EUR 78,198 thousand (previous year: EUR 37,465 thousand).

2.3 Fixed assets

Raiffeisenlandesbank Oberösterreich's fixed and financial assets developed as follows:

Balance sheet items	Purchase and production costs			Depreciation	Carrying amounts		Depreciation
	As at 1 Jan. of the financial year in EUR '000	Additions in the financial year in EUR '000	Disposals in the financial year in EUR '000	Total in EUR '000	As at 31 Dec. of the financial year in EUR '000	As at 31 Dec. of the previous year in EUR '000	in the financial year in EUR '000
Public sector debt issues and similar securities	606,246	255,822	132,758	29,520	699,790	504,490	2,167
Other loans and advances to banks	10,001	0	10,001	0	0	9,690	0
Loans and advances to customers	421,785	56,461	44,156	26,001	408,089	404,616	10,066
Debt securities and other fixed-interest securities from other issuers	1,852,969	606,470	738,393	63,201	1,657,845	1,761,612	2,533
Shares and other variable-yield securities	2,404,765	39,699	166,512	165,954	2,111,998	2,223,627	21,895
Investments	239,874	36,353	113,595	2,336 1)	160,296	237,663	124
including:							
in banks	(8,719)	(0)	(392)	(0)	(8,327)	(8,719)	(0)
Shares in affiliated companies	1,489,681	160,219	4,143	6,700	1,639,057	1,489,181	6,200
including:							
in banks	(49,764)	(15,000)	(0)	(0)	(64,764)	(49,764)	(0)
Property, plant and equipment	76,627	1,872	788	57,099	20,612	20,818	2,062
including:							
Land and buildings, used by the bankin the course of its operations	(56,451)	(206)	(195)	(42,506)	(13,956)	(14,470)	(708)
Total	**7,101,948**	**1,156,896**	**1,210,346**	**350,811**	**6,697,687**	**6,651,697**	**45,047**

[1] of which loss allocation of atypical silent partners from start-up losses of EUR 2,164 thousand

2.4. Equity and equity-related liabilities

In the case of subordinated liabilities, the subordination is always agreed separately in writing pursuant to § 51 Section 9 of the Austrian Banking Act. The term and repayment are established in a manner that permits allocation to equity in accordance with § 23 Para 8 subpara 1 of the Austrian Banking Act.

In accordance with its articles, Raiffeisenlandesbank Oberösterreich's share capital as at 31 December 2012 was EUR 253,000 thousand (previous year: EUR 253,000 thousand). It consists of 714,578 (previous year: 714,578) ordinary shares and 749,294 (previous year: 749,294) preferred shares.

Participation capital amounting to EUR 301,015 thousand (previous year: EUR 301,015 thousand) has been issued.

2.5. Supplementary information

The balance sheet contains foreign currency items recognised as assets amounting to EUR 2,707,691 thousand (previous year: EUR 3,074,508 thousand) and EUR 2,137,347 thousand (previous year: EUR 2,125,619 thousand) recognised as liabilities.

The following derivative financial instruments existed on the 2012 balance sheet date:

Term to maturity	Nominal amount				Market value [1]	
	up to 1 year in EUR '000	over 1 year to 5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000	positive in EUR '000	negative in EUR '000
Interest rate-dependent futures						
OTC products						
Forward Rate Agreements	2,038,436	727,376	410,906	3,176,718	197	7,089
Interest rate swaps	4,220,541	14,004,621	21,101,320	39,326,482	2,692,262	2,281,998
Interest rate options – purchases	271,835	932,036	913,506	2,117,377	36,008	1,710
Interest rate options – sales	104,248	787,237	1,250,822	2,142,307	3,460	38,126
Products traded on the stock exchange						
Interest rate futures	78,198	0	0	78,198	0	0
Total	**6,713,258**	**16,451,270**	**23,676,554**	**46,841,082**	**2,731,927**	**2,328,923**
Foreign-currency dependent futures						
OTC products						
Spot exchange and forward transactions	1,198,209	72,515	0	1,270,724	10,802	12,191
Currency and interest rate swaps with multiple currencies	2,977,494	243,961	0	3,221,455	63,240	52,779
Foreign exchange options – purchases	91,824	41,779	3,541	137,144	2,753	0
Foreign exchange options – sales	91,824	41,779	3,541	137,144	0	2,753
Total	**4,359,351**	**400,034**	**7,082**	**4,766,467**	**76,795**	**67,723**
Other futures						
OTC products						
Credit derivatives	39,579	12,313	10,000	61,892	273	728
Shares options – purchases	14,500	47,444	5,000	66,944	22,538	0
Shares options – sales	14,490	47,116	5,000	66,606	0	21,348
Commodity options – purchases	0	5,000	0	5,000	774	0
Commodity options – sales	0	5,000	0	5,000	0	774
Total	**68,569**	**116,873**	**20,000**	**205,442**	**23,585**	**22,850**
Total OTC products	**11,062,980**	**16,968,177**	**23,703,636**	**51,734,793**	**2,832,307**	**2,419,496**
Total products traded on the stock exchange	**78,198**	**0**	**0**	**78,198**	**0**	**0**
Total	**11,141,178**	**16,968,177**	**23,703,636**	**51,812,991**	**2,832,307**	**2,419,496**

[1] including deferred interest

The following derivative financial instruments existed on the 2011 balance sheet date:

Term to maturity	Nominal amount				Market value [1]	
	up to 1 year in EUR '000	over 1 year to 5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000	positive in EUR '000	negative in EUR '000
Interest rate-dependent futures						
OTC products						
Forward Rate Agreements	6,198,507	0	444,043	6,642,550	3,978	7,804
Interest rate swaps	5,045,784	13,739,789	20,603,866	39,389,439	2,029,633	1,657,493
Interest rate options – purchases	123,720	1,164,976	1,043,517	2,332,213	35,913	1,585
Interest rate options – sales	142,505	1,318,877	1,328,906	2,790,288	2,734	44,200
Products traded on the stock exchange						
Interest rate futures	4,801	16,311	16,353	37,465	0	0
Total	**11,515,317**	**16,239,953**	**23,436,685**	**51,191,955**	**2,072,258**	**1,711,082**
Foreign-currency dependent futures						
OTC products						
Spot exchange and forward transactions	485,685	20,572	196	506,453	16,850	6,851
Currency and interest rate swaps with multiple currencies	4,833,126	208,968	68,014	5,110,108	106,455	105,642
Foreign exchange options – purchases	108,099	60,221	3,517	171,837	12,566	0
Foreign exchange options – sales	108,091	60,221	3,517	171,829	0	12,575
Total	**5,535,001**	**349,982**	**75,244**	**5,960,227**	**135,871**	**125,068**
Other futures						
OTC products						
Credit derivatives	40,256	52,065	10,000	102,321	313	2,349
Shares options – purchases	5,000	73,110	10,734	88,844	20,690	1,080
Shares options – sales	4,938	73,100	10,406	88,444	1,021	19,652
Commodity options – purchases	0	0	5,000	5,000	393	0
Commodity options – sales	0	0	5,000	5,000	0	403
Total	**50,194**	**198,275**	**41,140**	**289,609**	**22,417**	**23,484**
Total OTC products	**17,095,711**	**16,771,899**	**23,536,716**	**57,404,326**	**2,230,546**	**1,859,634**
Total products traded on the stock exchange	**4,801**	**16,311**	**16,353**	**37,465**	**0**	**0**
Total	**17,100,512**	**16,788,210**	**23,553,069**	**57,441,791**	**2,230,546**	**1,859,634**

[1] including deferred interest

The derivative financial instruments are recorded in the balance sheet with the following carrying amounts:

2012	Loans and advances to banks in EUR '000	Liabilities owed to banks in EUR '000	Other assets in EUR '000	Other liabilities in EUR '000	Prepaid expenses and deferred charges in EUR '000	Deferred credits to income in EUR '000	Provisions for derivatives in EUR '000
Book values of banking book derivatives							
a) Interest-rate related agreements	314,662	216,339	34,296	80,874	19,333	14,983	7,393
b) Exchange-rate related agreements	0	0	15,267	6,599	0	0	0
c) Securities-related transactions	0	0	0	1,903	0	0	0

2011	Loans and advances to banks in EUR '000	Liabilities owed to banks in EUR '000	Other assets in EUR '000	Other liabilities in EUR '000	Prepaid expenses and deferred charges in EUR '000	Deferred credits to income in EUR '000	Provisions for derivatives in EUR '000
Book values of banking book derivatives							
a) Interest-rate related agreements	342,261	234,702	5,710	46,922	26,036	17,741	0
b) Exchange-rate related agreements	0	0	22,662	12,034	0	0	0
c) Securities-related transactions	0	0	0	7,579	0	0	0

As at 31 December 2012, securities to the amount of EUR 8,627 thousand (previous year: EUR 8,663 thousand) were held as cover for trust fund deposits of EUR 4,972 thousand (previous year EUR 5,110 thousand).

Securities amounting to EUR 74,771 thousand (previous year: EUR 0 thousand) and loans and advances to customers in the amount of EUR 1,047,977 (previous year: EUR 739,469 thousand) were pledged as collateral for certain issues of securities. Additionally, securities amounting to EUR 1,479,569 thousand (previous year: EUR 1,687,280 thousand) were deposited as collateral at banks and stock exchanges. EUR 486,929 thousand (previous year: EUR 406,287 thousand) were deposited at banks in collateral arrangements and EUR 70,646 thousand (previous year: EUR 15,000 thousand) are pledged. Money claims to the amount of EUR 829,724 thousand (previous year: EUR 982,865 thousand) were ceded to the Oesterreichische Kontrollbank. Outstanding debts of EUR 48,491k (previous year: 51,772 thousand) were assigned to the European Investment Bank. Netting arrangements were agreed on with correspondent banks.

3. Notes to the income statement

3.1. Expenses for subordinated liabilities

Expenses for subordinated liabilities in the 2012 financial year totalled EUR 58,840 thousand (previous year: EUR 61,790 thousand).

3.2. Income from shares, other equity interest and variable-yield securities

A one-off payment in the amount of EUR 39,438 thousand was included in this item in the 2012 financial year.

3.3. Other operating income

The other operating income shown in Item 7 of the profit and loss account amounting to EUR 21,238 thousand (previous year: EUR 20,416 thousand) relates to non-bank subsidiary offsetting.

3.4. Other operating expenses

The other operating income shown in Item 10 of the profit and loss account amounting to EUR 21,182 thousand (previous year: EUR 20,322 thousand) relates to non-bank personnel expenses.

3.5. Tax savings

As in the previous year, the change in untaxed reserves does not result in any significant changes in taxes on income and earnings.

4. Other information

4.1. Workforce information

An average of 871 employees worked in banking operations during the 2012 financial year (previous year: 865).

4.2. Advances and loans to members of the Managing Board and the Supervisory Board

Advances and loans to members of the Raiffeisenlandesbank Oberösterreich Managing Board and the Supervisory Board consisted of EUR 186 thousand (previous year: EUR 185 thousand) to members of the Managing Board, and EUR 1,150 thousand (previous year: EUR 1,023 thousand) to members of the Supervisory Board.

Loans to members of the Managing Board and the Supervisory Board are granted at standard bank conditions. Repayments are made as agreed.

4.3. Expenses for severance payments and pensions

The personnel expenses contain expenses for severance payments amounting to EUR 2,758 thousand (previous year: EUR 2,497 thousand) and contributions to employee pension funds of EUR 396 thousand (previous year: EUR 324 thousand).

Expenses for severance payments (including provisions) and pensions (including provisions) in 2012 amounted to EUR 503 thousand (previous year: EUR 316 thousand) for members of the Managing Board and to EUR 5,214 thousand for other employees (previous year: EUR 4,120 thousand). Further expenditure of EUR 2,069 thousand (previous year: EUR 1,264 thousand) was used for Managing Board pensions and EUR 1,981 thousand (previous year: EUR 1,934 thousand) for other employees.

4.4. Expenses for remunerations and reimbursements to the members of the Managing Board and the Supervisory Board

In 2012, the remunerations and reimbursements paid to members of the Managing Board (including payments in kind and expenses in connection with pensions) totalled EUR 5,436 thousand (previous year: EUR 3,798 thousand).

The expenses for former executive managers (severance and pension payments) amounted in 2012 to EUR 389 thousand (in 2011, use was made of § 241 Para 4 of the Austrian Business Code).

In 2012, reimbursements (including reimbursements for travel expenses) of EUR 557 thousand (previous year: EUR 544 thousand) were paid to members of the Supervisory Board.

4.5. Members of the Managing Board and Supervisory Board

Chairmen of the Managing Board
Heinrich Schaller, Chief Executive and Chairman
(from 31 March 2012)
Ludwig Scharinger, Chief Executive and Chairman
(until 30 March 2012)
Deputy Chairman of the Managing Board
Hans Schilcher, Deputy Chief Executive and Chairman

Members of the Managing Board
Heinrich Schaller, Member of the Managing Board
(from 1 March 2012 to 30 March 2012)
Michaela Keplinger-Mitterlehner, Member of the Managing Board
Reinhard Schwendtbauer, Member of the Managing Board
(from 31 March 2012)
Georg Starzer, Member of the Managing Board
Markus Vockenhuber, Member of the Managing Board

Information on the members of the Raiffeisenlandesbank Oberösterreich Supervisory Board can be found on pages 12 and 13.

Linz, 5 March 2013
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

THE MANAGING BOARD

Heinrich Schaller
Chief Executive and Chairman of the Managing Board

Hans Schilcher
Deputy Chief Executive

Michaela Keplinger-Mitterlehner
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

Audit certificate

Report on the annual financial statements

I examined the attached annual financial statements of

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft,
Linz,

for the financial year from 1 January to 31 December 2012, taking the accounting into consideration. These financial statements include the balance sheet as at 31 December 2012, the income statement for the financial year ending on 31 December 2012, and the Notes.

Responsibility of the legal representatives of the consolidated financial statements and the accounts

The legal representatives of the company are responsible for the accounts and also the content and compilation of the annual financial statements, presenting a true and fair view of the assets, financial position and earnings of the company in accordance with Austrian business and banking laws. This responsibility includes the design, implementation and maintenance of an internal control system, to the extent that this is necessary for the preparation of the annual statements, and to present as true a picture as possible of the group's net assets, financial position and profit situation so that these financial statements are free from material misrepresentations, whether due to intentional or unintentional mistakes. This also includes choosing and applying suitable accounting and valuation methods and making estimates that appear appropriate under the existing circumstances.

Responsibility of the auditor of the consolidated financial statements and a description of the type and scope of the statutory audit

My responsibility lies in the submission of an audit opinion on these financial statements on the basis of my inspection.

My audit was conducted in accordance with the applicable Austrian legal regulations and fundamental auditing principles. These standards require that I plan and perform the audit in such a manner that I can form a reasonable opinion as to whether the financial statements are free of material misstatement.

An audit includes the implementation of auditing actions to obtain auditing proof in respect of the amounts and other details given in the annual financial statements. The choice of auditing actions is left to the obligatory discretion of the auditor of the annual financial statements, taking into account his assessment of the risk of material misstatements occurring, whether due to intended or unintended errors. In assessing this risk, the auditor of the annual financial statements takes into account the internal control system, insofar as it is important for compiling the annual financial statements and presenting a true and fair view of the assets, financial position and earnings of the company, in order to determine suitable auditing actions taking account of the framework conditions, not however to submit an auditing opinion about the effectiveness of the company's internal control system. The audit also included an evaluation of the adequacy of the applied accounting and valuation methods and the essential estimates made by the legal representatives of the company as well as an assessment of the overall tenor of the financial statements.

I believe that I have obtained sufficient and suitable auditing proof, so that my audit provides a reasonable basis for my opinion.

Auditor's opinion

The results of my audit gave no reason for objection. On the basis of the knowledge gained during the audit, in our judgement the financial statements comply with the legal regulations and present a true and fair view of the company's assets and financial position as of 31 December 2012 and the company's earnings and cash flow in the financial year from 1 January 2012 to 31 December 2012, in accordance with the Austrian principles of orderly accounting.

Statement concerning the Management Report

According to the Austrian legal regulations, the management report is to be audited as to whether it is consistent with the financial statements and whether or not other details given in the management report give a misleading impression of the company's financial position. The auditor's opinion must also include a statement as to whether the management report is consistent with the financial statements and whether or not the details according to § 243a para 2 of the Austrian Business Code apply.

In my opinion, the management report is consistent with the financial statements. The details according to § 243a para 2 of the Austrian Business Code apply.

Vienna, 5 March 2013

As auditor for Österreichischen Raiffeisenverband:

Christian Loicht
Chartered accountant and auditor

The audit certificate refers to the complete financial statements.
This annual report includes the section of the notes that is subject to statutory disclosure.

Audit certificate

Report on the annual financial statements

We examined the annual financial statements of

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft,
Linz,

for the financial year from 1 January to 31 December 2012, taking the accounting into consideration. These financial statements include the balance sheet as at 31 December 2012, the income statement for the financial year ending on 31 December 2012, and the Notes. In terms of our responsibility and liability as auditors to the company and to third parties, § 275 of the Austrian Business Code shall apply.

Responsibility of the legal representatives of the consolidated financial statements and the accounts

The legal representatives of the company are responsible for the accounts and also the compilation of the financial statements, presenting a true and fair view of the assets, financial position and earnings of the company in compliance with Austrian business and banking laws. This responsibility includes the design, implementation and maintenance of an internal control system, to the extent that this is necessary for the preparation of the annual statements, and to present as true a picture as possible of the group's net assets, financial position and profit situation so that these financial statements are free from material misrepresentations, whether due to intentional or unintentional mistakes. This also includes choosing and applying suitable accounting and valuation methods and making estimates that appear appropriate under the existing circumstances.

Responsibility of the auditor of the consolidated financial statements and a description of the type and scope of the statutory audit

Our responsibility lies in the submission of an audit opinion on these financial statements on the basis of our inspection. Our audit was conducted in accordance with the applicable Austrian legal regulations and fundamental auditing principles. These standards require that we plan and perform the audit in such a manner that we can form a reasonable opinion as to whether the financial statements are free of material misstatement.

An audit includes the implementation of auditing actions to obtain auditing proof in respect of the amounts and other details given in the annual financial statements. The choice of auditing actions is left to the obligatory discretion of the auditor of the annual financial statements, taking into account his assessment of the risk of material misstatements occurring, whether due to intended or unintended errors. In assessing this risk, the auditor of the annual financial statements takes into account the internal control system, insofar as it is important for compiling the annual financial statements and presenting a true and fair view of the assets, financial position and earnings of the company, in order to determine suitable auditing actions taking account of the framework conditions, not however to submit an auditing opinion about the effectiveness of the company’s internal control system. The audit also included an evaluation of the adequacy of the applied accounting and valuation methods and the essential estimates made by the legal representatives of the company as well as an assessment of the overall tenor of the financial statements.

We believe that we have obtained sufficient and suitable auditing proof, so that our audit provides a reasonable basis for our opinion.

Auditor's opinion

The results of our audit gave no reason for objection. On the basis of the knowledge gained during the audit, in our judgement the financial statements comply with the legal regulations and present a true and fair view of the company's assets and financial position as of 31 December 2012 and the company's earnings and cash flow in the financial year from 1 January 2012 to 31 December 2012, in accordance with the Austrian principles of orderly accounting.

Statement concerning the Management Report

According to the Austrian legal regulations, the management report is to be audited as to whether it is consistent with the financial statements and whether or not other details given in the management report give a misleading impression of the company's financial position. The auditor's opinion must also include a statement as to whether the management report is consistent with the financial statements and whether or not the details according to § 243a para 2 of the Austrian Business Code apply.

In our opinion, the management report is consistent with the financial statements. The details according to § 243a para 2 of the Austrian Business Code apply.

Linz, 5 March 2013

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Ulrich Pawlowski
Chartered accountant and auditor

Cäcilia Gruber
Chartered accountant and auditor

The audit certificate refers to the complete financial statements.
This management report includes the section of the notes that is subject to statutory disclosure.

Statement of the Managing Board

We confirm to the best of our knowledge that these consolidated financial statements, prepared according to proper accounting standards, present a true and fair view of the group's assets, financial position and earnings and that the Group management report presents the business development, performance and position of the Group so as to give a true and fair view of its net assets, financial position and earnings, and the Group management report provides a description of the principal risks and uncertainties to which the Group is exposed.

We confirm to the best of our knowledge that these financial statements of the parent company, prepared according to proper accounting standards, present a true and fair view of the company's assets, financial position and earnings and that the management report presents the business development, performance and position of the company so as to give a true and fair view of its net assets, financial position and earnings, and the management report provides a description of the principal risks and uncertainties to which the company is exposed.

Linz, 2 April 2013
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

THE MANAGING BOARD

Heinrich Schaller
Chief Executive and Chairman of the Managing Board

Hans Schilcher
Deputy Chief Executive

Michaela Keplinger-Mitterlehner
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 on pages 8 and 9.

Report of the Supervisory Board pursuant to § 96 of the Stock Corporation Act

The Supervisory Board of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft has fulfilled the tasks incumbent upon them according to the law and the company articles for the financial year 2012. The Managing Board has reported regularly, promptly and comprehensively about important business transactions and the situation and development of the bank and the group.

Five committees (approval, information, auditing, balance sheet, and personnel and remuneration committees) have effectively supported the entire Supervisory Board in the completion of its work.

The Österreichischer Raiffeisenverband and KPMG Austria AG have audited the accounts, the annual financial statements according to the Austrian Business Code/Austrian Banking Act regulations and the consolidated financial statements according to the International Financial Reporting Standards (IFRS) as at 31 December 2012 and the management report and the group management report for the financial year 2012. The audits did not give cause for any reservations and all legal regulations were complied with in full. Consequently, the unqualified audit opinion was given.

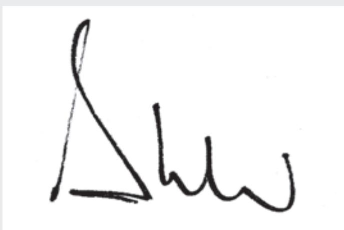
The balance sheet committee has audited the financial statements and the consolidated financial statements as at 31 December 2012, the management report and the group management report for the financial year 2012, and has determined that the audit did not give cause for any reservations in any way whatsoever. The audit by the balance sheet committee therefore results in the recommendation to the Supervisory Board to concur with the results of the auditors and approve the financial statements as at 31 December 2012 pursuant to §96 (4) of the Stock Corporation Act, to agree to the proposal of the Managing Board concerning the appropriation of earnings and to note with approval the consolidated financial statements as at 31 December 2012, including the group management report.

The Supervisory Board, in its meeting held on 29 April 2013, has also inspected the financial statements and consolidated financial statements as at 31 December 2012, the management report and the group management report for the financial year 2012.

The Supervisory Board agrees with the balance sheet committee's auditing results and the Managing Board's recommendations regarding the appropriation of earnings and approves the 2012 financial statements for Raiffeisenlandesbank Oberösterreich, which thereby adheres to §96 (4) of the Stock Corporation Act, and notes with approval the consolidated financial statements as at 31 December 2012 including the group management report.

The Supervisory Board would like to thank the Managing Board and all employees of the Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and the whole group for their performance and success in financial year 2012.

Linz, 29 April 2013
The Supervisory Board



Jakob Auer
Chairman of the Supervisory Board

RAIFFEISEN BANKING GROUP UPPER AUSTRIA RESULTS 2012 (CONSOLIDATED)

Report on business development 2012

Consolidated balance sheet as at 31 December 2012

Consolidated income statement 2012

Report on business development 2012

In 2012, as in previous years, the Raiffeisen Banking Group Upper Austria, consisting of Raiffeisenlandesbank Oberösterreich AG, PRIVAT BANK AG, bankdirekt.at AG and 95 Upper Austrian Raiffeisen banks with a total of 456 bank branches, was able to achieve the targets it had set for the year.

Closeness, transparency, sustainability and customer focus are firmly rooted in the business model of Raiffeisen Banking Group Upper Austria. This provides our customers with security, particularly when times are challenging.

Raiffeisen Oberösterreich is the most important provider of financial services in the state of Upper Austria and a key driver for modern banking services. The Upper Austria Raiffeisen banks, together with Raiffeisenlandesbank Oberösterreich, provide a strong axis for their customers. This means that customers benefit from the special know-how network of the Raiffeisen Banking Group Upper Austria, which ensures skilled consultancy together with optimum solutions.

Customer focus as a trademark

Its customer-focused business model assisted the Raiffeisen Banking Group Upper Austria in its ability to enhance its position in the state in 2012: according to a SPECTRA survey conducted in 2012, 84 per cent of Upper Austrians who were asked consider the Raiffeisen Banking Group Upper Austria to be the most important banking group in the state. In terms of the ranking of security, Raiffeisen Oberösterreich was equally able to improve its position. 92 per cent of those surveyed describe the Raiffeisenbank as “totally secure” or “secure”. This rating is the highest that Raiffeisen Oberösterreich has achieved to date.

This level of trust is the result of especially intensive customer focus. Raiffeisen Oberösterreich is not only close to its customers in terms of location, but it also has special expertise in providing solutions.

Rapid response for customers

Responding to an operating environment which is becoming ever more challenging, the Raiffeisen Banking Group Upper Austria has, by harnessing synergies and efficiency, created the prerequisites for being able to act even in future in ways which are rapid, cost-conscious and also service- and target-focused for customers.

The cooperative association is a model for success

Raiffeisen Oberösterreich regards the activities of its strong cooperative association as providing benefits for its customers as well as being the model for ensuring future success. Precisely in these times, which are characterised not only by national economies but especially by an increasingly networked global economy, it is all the more necessary to be strongly rooted at the regional level and simultaneously aware of what is occurring at the global level. The modern and open character of Raiffeisen Oberösterreich’s activities in the cooperative association allows it to put to good use the related advantages to directly benefit its customers. Consciously acting in a cooperative manner, in which responsibility is assumed not only for the particular domains and tasks in hand, but also for the bigger picture, is crucial when it comes to initiating or pursuing modernisation and business development, thereby continuing to ensure joint success.

Assuming responsibility

Raiffeisen Oberösterreich is and remains a formative component of contemporary Upper Austria. As the strongest regional banking group in Austria, we are aware of our responsibility to the economy, institutions and particularly the people of this state, and we assume this responsibility without hesitation.

On average throughout the year, 3,593 members of staff were employed by the Raiffeisen Banking Group Upper Austria.

Balance sheet

The consolidated total assets on the balance sheet of the Raiffeisen Banking Group Upper Austria were EUR 42.9 billion as at 31 December 2012. An increase of EUR 1.1 billion or 2.8 per cent was achieved in comparison to the reporting date of the previous year. Of the total assets, EUR 28.0 billion or 65.3 per cent are accounted for by loans and advances to customers. The growth in loans and advances to customers in 2012 amounted to EUR 1.4 billion or 5.1 per cent.

The proprietary possession of securities amounting in total to EUR 5.9 billion is held primarily in order to ensure liquidity and as security for central bank refinancing initiatives.

Overall, at the end of the year, 13.7 per cent of the total assets was invested in securities.

The largest item on the liabilities side involves amounts owed to customers at EUR 22.4 billion or 52.2 per cent of the total assets. The increase in this item was EUR 0.3 billion or 1.2 per cent. Liabilities evidenced by certificates and subordinated liabilities achieved a value of EUR 8.1 billion or 19.0 per cent of the total assets. These items contribute significantly towards long-term liquidity protection.

The consolidated equity eligible for inclusion of the Raiffeisen Banking Group Upper Austria pursuant to the Austrian Banking Act amounted to EUR 3,669 million at the end of 2012. The statutory capital requirement is EUR 2,623 million. Despite strong growth in past years, an equity surplus of EUR 1,046 million could be achieved at the reporting date.

Income statement

The 2012 income statement of the Raiffeisen Banking Group Upper Austria was very satisfactory in view of the economic environment. Consolidated operating income amounted to EUR 1,018.7 million and total operating expenditure to EUR 548.7 million. The operating profit was recorded for the year 2012 was EUR 470.0 million.

In 2012, Raiffeisen Banking Group Upper Austria achieved an operating profit of 1.1 per cent of the average total assets and thereby a very good result which was above the average for Austrian banks.

A consistent risk policy and strict risk management has meant that the Raiffeisen Banking Group Upper Austria has kept risk under control and that it was able to achieve a profit on ordinary activities (POA) of EUR 168.2 million or 0.4 per cent of the average total assets.

Consolidated balance sheet as at 31 December 2012

ASSETS	31 Dec. 2012 in EUR m	31 Dec. 2011 in EUR m
Cash in hand and balances at central banks	193.9	201.6
Public sector debt issues and bills of exchange eligible for refinancing at the central bank.	735.0	537.6
Loans and advances to banks	6,590.8	6,727.1
Loans and advances to customers	27,985.1	26,624.7
Debt securities and other fixed-interest securities	1,973.6	2,099.8
Shares and other variable-yield securities	3,176.2	3,272.4
Investments	184.3	254.0
Investments in affiliated companies	1,458.2	1,330.4
Intangible fixed assets	0.2	0.2
Property, plant and equipment	265.5	264.8
Own shares or interests and shares in companies with a controlling or majority holding	1.6	1.6
Other assets	264.2	353.9
Accruals and deferred items	36.6	48.6
Total assets	**42,865.2**	**41,716.7**

LIABILITIES	31 Dec. 2012 in EUR m	31 Dec. 2011 in EUR m
Amounts owed to banks	9,018.5	8,988.8
Amounts owed to customers a) of which savings deposits b) of which term deposits	22,368.9 10,326.8 5,384.9	22,106.6 10,348.5 5,680.4
Liabilities evidenced by certificates	6,836.9	5,812.9
Other liabilities	321.8	373.8
Accruals and deferred items	22.2	23.5
Provisions	228.2	242.7
Subordinated liabilities	260.2	273.6
Supplementary capital	1,025.7	1,198.8
Subscribed capital	11.5	11.3
Retained earnings	2,153.3	2,051.3
Liabilities pursuant to § 23 (6) of the Austrian Banking Act	528.4	514.5
Net income for the year	48.2	76.8
Untaxed reserves	41.4	42.1
Total equity and liabilities	**42,865.2**	**41,716.7**

Consolidated income statement 2012

	2012 in EUR m	2011 in EUR m
NET INTEREST INCOME	496.0	479.4
Income from variable-yielded securities and investments	249.8[1]	264.7[2]
Fee and commission income	247.1	229.0
Fee and commission expenses	–37.3	–26.1
Income from/expenses in financial operations	16.1	17.5
Other operating income	47.0	43.6
OPERATING INCOME	1,018.7[1]	1,008.1[2]
Personnel expenses	–317.5	–302.4
Other administrative expenses (administrative expenses)	–183.3	–176.2
Value adjustments for property items in asset items 9 and 10	–17.3	–17.1
Other operating expenses	–30.6	–29.6
OPERATING EXPENSES	–548.7	–525.3
OPERATING PROFIT	470.0[1]	482.8[2]
Reversals/additions of value adjustments to liabilities	–307.1	–104.0
Reversals/additions of value adjustments to securities and investments	5.3	–83.0
PROFIT ON ORDINARY ACTIVITIES	168.2[1]	295.8[2]
PROFIT FOR THE YEAR (prior to movements in reserves)	**129.4[1]**	**260.2[2]**

[1] One-off payment amounting to EUR 39.4 million included

[2] One-off payment amounting to EUR 45.0 million included

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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.