

The basis for a successful future.

Interim Financial Report 2016



**Raiffeisen Landesbank
Oberösterreich**

Interim Financial Report 2016

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Best service bank for customers

In recent years, Raiffeisenlandesbank Oberösterreich has created a very good base on which to operate on the market with strength. We want to distinguish ourselves as the best service bank for our customers, above all with services that go beyond the everyday.

Speed and efficiency as well as a particular kind of reliability and flexibility are natural components of the customer focus practised by Raiffeisenlandesbank Oberösterreich. This also encompasses a special, individual and fair support and assistance as well as solution competence through business and financial services with which special requirements are met.

Retaining the capacity for renewal

For Raiffeisenlandesbank Oberösterreich, customer focus is also about the obligation to advance innovations that benefit

our customers, to act efficiently and to further develop our strength and stability. Particular attention has already been paid to this in past years. Raiffeisenlandesbank Oberösterreich will retain this capacity for renewal.

Core competence customer focus

Being close to customers is a special core competence of Raiffeisenlandesbank Oberösterreich, one that we are constantly developing in terms of a strong partnership and also want to link with further innovations in the digital area. In this regard, developments such as digital banking, efficient processing and affordable IT are actively managed. It is also our aim to develop further ideas for intensifying the collaboration within the Raiffeisen Banking Group in Upper Austria and in Austria.

More good feedback from the ECB

Raiffeisenlandesbank Oberösterreich was the only bank in Upper Austria to be classified as a “significant” institution of the currency union by the European Central Bank (ECB). In this regard, Raiffeisenlandesbank Oberösterreich recently passed an EU-wide stress test, the last one having been performed in 2014. The results of this second intensive health check in two years were published at the end of July and show that Raiffeisenlandesbank Oberösterreich is also able to demonstrate a robust Tier 1 capital ratio even in an adverse scenario, thereby confirming the path and strategic orientation of Raiffeisenlandesbank Oberösterreich. Compared to the results published by the ECB, which naturally include the major banks, Raiffeisenlandesbank Oberösterreich achieved an outstanding score in the stress test.

Growth in operational customer business

With a financing volume (loans and advances to customers) that has increased by EUR 538 million to EUR 19.3 billion since the beginning of the year, Raiffeisenlandesbank Oberösterreich is posting stable growth in the operational area. Customer deposits increased by EUR 240 million to EUR 10.9 billion.

Level of Tier 1 capital ratio remains high

The broad orientation of Raiffeisenlandesbank Oberösterreich and not least the intensive cooperation within the entire Raiffeisen Banking Group in Upper Austria ensures sustainability and stability in our focus on customers and business development. This is also clear in the Tier 1 capital ratio at Raiffeisenlandesbank Oberösterreich: The CET 1 ratio of Raiffeisenlandesbank Oberösterreich of 13.6 per cent as at 30 June 2016 is on similar level to the end of 2015 and therefore well above the statutory ratio and the requirements imposed on Raiffeisenlandesbank Oberösterreich by the ECB in its Supervisory Review and Evaluation Process - SREP.

Valuation effects in the interim results

Valuation effects have also recently made themselves felt in the interim results. In particular, these concern the “Net income from companies reported under the equity method” and

the “Net income from designated financial instruments”. These two items alone recorded a change of more than EUR 150 million compared to the first half of 2015.

→ Net income of companies reported under the equity method

While the RZB Group achieved a profit of EUR +32.5 million in the first half of 2015, the proportionate profit for Raiffeisenlandesbank Oberösterreich in the first half of 2016 was only EUR +1.7 million. In addition, a depreciation of EUR –39.4 million had to be performed on the RZB investment in the first half of 2016.

→ Loan loss allowances

In recent years, Raiffeisenlandesbank Oberösterreich has also pursued a robust and forward-looking risk policy. The measures taken in this regard also have an effect on the interim result for 2016. Loan loss allowances were reduced to EUR –0.7 million

→ Net income from designated financial instruments

Net income from designated financial instruments in the first half of 2016 was EUR –49.2 million, due in particular to a sharp fall in interest rates over the years. A positive value of EUR 37.6 million was achieved in the previous year. While the changed interest rate environment led to high valuation losses in this item of the income statement, there were clear valuation gains of EUR +58.6 million for fixed-interest bearing securities in the category “Available for Sale” (AfS), which were posted via the so-called “OCI” (Other profit/loss).

→ Other net operating income

The amounts expected this year for the deposit guarantee and European resolution funds of EUR 16.1 million have been fully taken into consideration in this interim result. The special banking levy for the first half of 2016 is around EUR 17 million and is recognised as an expense.

Taking into consideration the valuations to be performed according to IFRS, pre-tax profit for the period of EUR 67.9 million and an operating profit of EUR 101.4 million were achieved in the first half of 2016.

Heinrich Schaller
Chairman of the Managing Board of
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Interim Management Report 2016 of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

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1. Report on business development and the economic situation

1.1. Economic background

Although the world economy grew in the first half of 2016, numerous uncertainty factors put the brakes on strong growth. Industrialised countries are in a fundamentally better economic situation than emerging countries, although considerable differences between individual states are evident.

Many emerging countries remain mired in deep structural crises, making a sustainable return to the extremely dynamic growth of the pre-crisis years appear unlikely. Political and social problems have also had a negative effect on growth in the real economy. Then there's the fact that commodity prices, which remain at relatively low levels, have noticeably reduced the flows of foreign currency into emerging markets, which are dependent on commodity exports. This can cause supply bottlenecks and push up inflation. Russia, Brazil and Venezuela are examples of countries that have had to contend with just this situation – high inflation with negative growth – in the first months of 2016.

From a global perspective, economic activity has developed most strongly in the USA. However, following the traditionally weak first quarter, the economy also grew only moderately in the second quarter at an annualised rate of 1.2 per cent. Thanks to private consumption remaining as dynamic as ever in the second quarter with growth of 4.2 per cent, the underlying strength of the US economy continues to look very good. The labour market remains on a good footing with almost full employment. Another increase in interest rates by the Fed could be further delayed due to global uncertainties, despite the good economic situation.

In the eurozone, first quarter GDP growth of 0.6 per cent provided a positive surprise, with the big economies of Spain, Germany and France putting in strong performances. As expected, the dynamic weakened in the second quarter to 0.3 per cent. France in particular disappointed with zero growth, while Spain remained the best performer with 0.7 per cent. The moderate recovery remains intact, as shown by many leading indicators, most of which are well above the thresholds that point towards expansion. Surveys on the economic mood and consumer confidence are positive at the half-way point. As inflation remains very low and economic activity is far from enjoying its next big boom, the ECB has decided to maintain its monetary policy until further notice. Although the surprising Brexit vote led to a sharp increase in volatility on the financial markets, analysts anticipate that the effects on the real economy will remain limited for average eurozone countries. On a particularly positive note, the labour markets in

many countries are showing big improvements thanks to the reforms of recent years. Unemployment is now finally on the way down after rising sharply in the years after 2008.

Growth in Austria finally caught up with the eurozone average again this year: Following GDP growth of 1.0 per cent in 2015, the forecasts for 2016 and 2017 lie in a range of 1.5 per cent to 1.7 per cent. This can, however, be explained by two temporary special effects – income tax reform and refugee handouts. The underlying dynamism in the economy remains weak and the productivity gap (the distance between actual and potential growth) will still be negative in 2017. What is very positive is that investments now appear to be having an effect after a very long period of weakness; not only are they contributing to short-term growth but are essential, especially for the long-term growth potential. The inflation rate in Austria has remained stubbornly above the eurozone average since the end of 2010, but fell sharply from January to June 2016 from 1.4 per cent to 0.6 per cent. Core inflation (which strips out energy and non-processed food) reduced from 2.1 per cent to 1.4 per cent in the same period. However, this downward trend is not expected to continue. According to an OeNB forecast, basic effects on energy and food as well as tax increases (tobacco duty, VAT) will push the inflation rate up to 1.7 per cent in 2017 and 1.9 per cent in 2018. The unemployment rate is rising due to the increasing number of workers, but the number of vacant positions is rising at the same time.

The manufacturing sector in Upper Austria is slowly showing a bit more optimism, with pleasing foreign trade data and credit growth figures. Industry posted relatively robust growth in a nationwide comparison, especially in the main sectors of the industrial and export powerhouse Upper Austria (engineering, vehicle construction and metal production). The construction sector was still in decline in the second half of 2015, but returned to the black in the first quarter of 2016. The service sector has developed dynamically and posted growth of 2.3 per cent from January to May 2016. The province of Upper Austria forecasts real growth in gross regional product of 1.9 per cent for 2016 and 2017, following 1.3 per cent in 2015.

1.2. Business development

Thanks to its stability and sustainable orientation, Raiffeisenlandesbank Oberösterreich recorded extremely solid growth for the first six months of 2016 and overcame the challenges posed by the historically low interest rate environment and above all the flagging economic situation extremely well. In an environment marked by lower household spending and a subdued business mood, the numerous measures and projects

introduced over the last few years and aimed at active cost and risk management were continued. The goal is to provide customers with the best-possible support and assistance, but above all to meet the stringent legal requirements and regulations that apply to banks. Raiffeisenlandesbank Oberösterreich is also ready to make the appropriate contributions for the deposit guarantee and the European resolution fund.

Important factors that helped move Raiffeisenlandesbank Oberösterreich forwards in the first half of 2016 were stable growth in the capital adequacy ratio, the increase in efficiency and a prudent risk policy. At the heart of this was not only being able to continue guaranteeing the company's independence in the overall Austrian Raiffeisen sector but above all fulfilling the requirements of the European Central Bank. This is because Raiffeisenlandesbank Oberösterreich was the only bank in Upper Austria to be classified as a "significant" institution of the currency union by the European Central Bank (ECB) and subsequently passed an EU-wide stress test in the first few months of 2016, following the last one in 2014. The intensive check, which was conducted according to the highest international standards, involved stressing all types of risk (credit risk, investment risk, market risk, interest rate risk, liquidity risk and operational risk) as well as profit and loss items, and calculating the effects on the capital ratios of Raiffeisenlandesbank Oberösterreich. The result: Raiffeisenlandesbank Oberösterreich has robust capital ratios according to the specified methods and international standards of the European Central Bank, even in the tough adverse scenario.

The operational customer business developed extremely well in the first half of 2016 given the general environment. Both deposits and financing continued to remain at a high level. The treasury result and the development of companies in which Raiffeisenlandesbank Oberösterreich has holdings are also satisfactory.

The broad orientation of Raiffeisenlandesbank Oberösterreich and not least the intensive cooperation within the entire Raiffeisen Banking Group in Upper Austria ensures sustainability and stability in our focus on customers and business development. This is also clear in the Tier 1 capital ratio of the Group of credit institutions: The CET 1 ratio of Raiffeisenlandesbank Oberösterreich of 13.6 per cent as at 30 June 2016 is on similar level to the end of 2015 and therefore well above the statutory ratios and the SREP ratio prescribed by the ECB.

Digitisation remained one of the most important topics for the future in the first half of 2016. Raiffeisenlandesbank Oberösterreich is considered a pioneer in the development and operation of innovative banking technology and has positioned itself as a modern advisory bank that sees a close connection between intensive personal support and digital products.

The project entitled "Raiffeisen Banking Group Upper Austria 2020", which was launched about four years ago, also deals with the future positioning and orientation of the Group. This extremely comprehensive project aims at developing common strategies for being able to optimise processing and legal tasks throughout the Raiffeisen sector in Upper Austria and involves both the Raiffeisen banks in Upper Austria and Raiffeisenlandesbank Oberösterreich. The primary objective is to increase efficiency for the benefit of everyone in the areas of "customers and markets", "staff and management", "processing and production" and "bank management and regulation".

The extensive range of measures and projects that have been consistently implemented, particularly in the last few years, not to mention the solid interim result for 2016, are the best prerequisites for Raiffeisenlandesbank Oberösterreich being able not only to retain its position as the clear market leader in Upper Austria but also to further expand it.

Group structure

For the IFRS interim report as at 30 June 2016, the basis of consolidation of Raiffeisenlandesbank Oberösterreich includes 153 group companies, incl. Raiffeisenlandesbank Oberösterreich as Group parent (31 Dec. 2015: 154), which are fully consolidated in the Group, and seven (31 Dec. 2015: seven) companies reported under the equity method. Please refer to the basis of consolidation section in the Notes for details.

Business development in the segments

In the Raiffeisenlandesbank Oberösterreich Group, segment reporting distinguishes between the following four segments:

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

For details on the results, please refer to the Segment reporting in the disclosures.

Corporates & Retail segment

The Corporates & Retail segment comprises the Corporates Market division (the main units in which are Corporates 1, Corporates 2, Corporates 3, Institutions, Real Estate Projects, Correspondent Banking and Southern Germany) and the Retail division, which in turn comprises the branches of Raiffeisenlandesbank Oberösterreich, PRIVAT BANK and bankdirekt.at. The segment provided a contribution to the pre-tax net profit for the period amounting to EUR 52.1 million in the first half of 2016 (H1 2015: EUR 44.5 million).

Financial Markets segment

The Financial Markets segment – in which the trade and service results from customer transactions in foreign exchanges, securities and derivatives are grouped, and which also contains revenues from the central interest rate and liquidity management from the banking and trading books – reached a positive contribution to pre-tax profit for the first half of 2016 of EUR 4.4 million (H1 2015: EUR 74.4 million).

Equity Investments segment

The Equity Investments segment is sub-divided into four equity investment portfolios from an organisational perspective: Banks & Financial Institutions, Outsourcing & Bank-related Equity Investments, Real Estate and Venture & Partner Capital. Overall, the Investments segment achieved a pre-tax net profit for the period of EUR 24.2 million in the first half of 2016 (H1 2015: EUR 92.5 million). For a quantitative representation, reference is made, on the one hand, to the table on sub-groups contained in the segment reporting table and, on the other, to the relevant facts and figures in the Notes for information on those companies accounted for using the equity method.

The Banks and Financial Institutions portfolio encompasses Raiffeisenlandesbank Oberösterreich's equity investments in banks and other financial institutions (leasing, factoring, asset management entities). These strategic investments in financial institutions significantly strengthens Raiffeisenlandesbank Oberösterreich's market position and makes it possible to provide comprehensive customer assistance in existing and new markets, as well as expanding and rounding off the service and product portfolio of Raiffeisenlandesbank Oberösterreich.

The biggest investment in the portfolio is Raiffeisen Zentralbank (RZB) AG, in which Raiffeisenlandesbank OÖ directly and indirectly holds a stake of 14.64 per cent. As the central institute, RZB is an essential component of the Raiffeisen Banking Group in Austria and operates in Central and Eastern Europe with its 60.7 per cent-owned subsidiary Raiffeisen Bank International (RBI). RZB – and in particular RBI – are faced with constant challenges due to the ongoing developments in Eastern Europe, which it counters by adapting its strategic orientation. Strengthening the capital base of the overall Group is central to the measures taken, which range from restructuring and savings to the sale of individual Group units and investments.

Raiffeisen a.s., a 25 per cent equity participation of Raiffeisen OÖ, is also an important investment of the "Banks and financial institutions" portfolio. Raiffeisenbank a.s. developed in a very stable and positive manner in recent years and makes a

constant contribution to the Group result of Raiffeisenlandesbank Oberösterreich through the proportional at-equity result.

Also accounted for using the equity method is Oberösterreichische Landesbank AG (Hypo OÖ). Hypo OÖ is a strongly rooted regional bank which was also able to achieve very constant, positive results in recent years, despite occasionally difficult underlying factors such as developments surrounding the HETA Asset Resolution.

Investments in IT, services (insurance, etc.) and tourism are associated with the portfolio "Outsourcing & Banking-related Investments". Banking-related services represent an important add-on to conventional banking services for Raiffeisenlandesbank Oberösterreich and its customers. These services are provided by subsidiaries. Among other benefits, the GRZ IT Group – which comprises GRZ IT Center GmbH, and PROGRAMMIERFABRIK GmbH, delivered a positive contribution to the segment result.

The Real Estate portfolio brings together all the equity investments in the real estate sector (real estate service providers, investment-property companies, housing development entities, etc.). The activities associated with this portfolio lie in structuring investment models and in optimisation measures to ensure sustainable earnings and dividend potential.

The performance of the at equity-accounted Beteiligungs- und Wohnungsanlagen Group (Beteiligungs- und Wohnungsanlagen GmbH and WAG Wohnungsanlagen GmbH) was in line with forecasts, the contribution to earnings remaining static.

The Venture and Partner Capital portfolio comprises equity investments in industrial and foodstuffs sectors, complemented by equity investments and shares issued by private equity entities. The main focus with respect to venture and partner capital lies in strengthening the capital base for rapidly expanding companies in order to ensure sustainable earnings potential and thus the opportunity for participation in rising corporate value. In addition, equity is used to support company successions and company acquisitions. Venture and partner capital is also used to ensure key companies remain in Upper Austria. Examples of this are voestalpine AG and AMAG AG.

The voestalpine Group is a world-leading technology and industrial goods company in its business areas. The global group has around 500 group companies and locations in more than 50 countries on all five continents. In financial year 2015/16, the voestalpine Group once again proved its very specific position. It did so despite a markedly challenging overall economic environment created in particular by a massive collapse in activity in the oil and gas sector as well as

a global fall in the price of steel commodities, mainly due to enormous overcapacities in China. Regardless of these difficult conditions, the voestalpine Group extensively maintained its turnover of around EUR 11.1 billion at the previous year's level of EUR 11.2 billion. Operating earnings for the Group (EBITDA) rose by 3.5 per cent from almost EUR 1.5 billion to around EUR 1.6 billion. The Group employs approx. 48,500 people worldwide.

Following a good development in its results, AMAG Austria Metall AG raised its EBITDA forecast for financial year 2016 to EUR 120 to EUR 130 million, based on the provisional figures for the second quarter of 2016. AMAG particularly profits from the performance of the investments made in the new hot-rolling mill and the addition of larger items to its portfolio. Construction work on the new cold-rolling mill, the rolling ingot foundry as well as the finishing and final plants commenced in March 2016. These facilities, which have an investment volume in the amount of EUR 300 million, are scheduled to be commissioned in 2017 and will add wide, cold-rolled bands and sheets to the portfolio, thereby positioning AMAG as a complete provider. This strategic programme of growth also forms the basis for the further expansion of the business. The new supply contract signed with Airbus in July and due to commence in January 2017 already contains a considerable increase in business volume and an extension of the product range.

Sales revenue and earnings generated by the companies in the foodstuffs division – consisting of the VIVATIS Holding AG Group and the efko Frischfrucht und Delikatessen GmbH Group, which are amongst the biggest Austrian companies in the food and beverage sector and whose main markets are the home market of Austria as well as Germany, Italy, Hungary, the Czech Republic, Slovakia and Romania – continued to be affected by a competitive market environment and margins that remained static or in some cases contracted. Despite the challenging market conditions, a modest increase in sales revenue is expected. These groups aim to generate organic growth, notably by increasing the innovation rate and by attracting new customers. Selective acquisitions in the core segments also form part of the corporate strategy.

Corporate Center segment

The Corporate Center segment includes content for income and expenses which does not fit into any other segment. One-off items that would distort the various segment earnings and are not allocated to individual market segments in the internal management reporting are also reported in this segment, if required. In the first half of 2016, this segment showed a negative pre-tax profit for the period of EUR –12.7 million (H1 2015: EUR –21.1 million).

Income statement

	1 JAN. – 30	1 JAN. – 30	CHANGE	
	JUNE 2016	JUNE 2015	IN EUR M	IN %
Interest and interest-related income/expenses	189.1	193.1	–4.0	–2.1
Net income of companies reported under the equity method	12.0	78.6	–66.6	–84.7
Net interest income	201.1	271.7	–70.6	–26.0
Loan loss allowances	–0.7	–13.1	12.4	–94.7
Net interest income after loan loss allowances	200.4	258.6	–58.2	–22.5
Net fee and commission income	69.5	57.3	12.2	21.3
Net trading income	5.8	1.9	3.9	205.3
Net income from designated financial instruments	–49.2	37.6	–86.8	–
Net income from investments	16.4	1.8	14.6	–
Other net finance costs	–27.0	41.3	–68.3	–
General administrative expenses	–226.2	–218.1	–8.1	3.7
General administrative expenses OÖ Wohnbau	–17.8	–17.6	–0.2	1.1
General administrative expenses VIVATIS/efko	–128.2	–128.9	0.7	–0.5
Other net operating income	42.1	43.3	–1.2	–2.8
Other net operating income OÖ Wohnbau	22.9	23.6	–0.7	–3.0
Other net operating income VIVATIS/efko	132.2	130.8	1.4	1.1
Pre-tax profit for the period	67.9	190.3	–122.4	–64.3
Taxes on income and earnings	–15.8	–21.0	5.2	–
After-tax profit for the period	52.1	169.3	–117.2	–69.2
Operating result	101.4	164.0	–62.6	–38.2

Net interest income without the share of companies accounted for at equity fell only slightly compared to the first half of the previous year by EUR –4.0 million, or –2.1 per cent, to EUR 189.1 million, despite the ongoing low interest rates (H1 2015: EUR 193.1 million). Besides interest income from loans and advances to customers and banks as well as fixed income securities, this reflects income from shares and other variable-yield securities, designated and derivative financial instruments as well as from investments in affiliated companies, investments and other income related to interest. Interest expenses result from Amounts owed to customers or banks, securitised liabilities, subordinated capital and other interest-like expenses.

The share of companies accounted for at equity was EUR 66.6 million or 84.7 per cent down compared to the first half of 2015 at EUR 12.0 million (H1 2015: EUR 78.6 million). This is primarily due to the much lower result at the RZB Group accounted for at equity in the half-year comparison and to an additional write-down of this investment as at 30 June 2016 in the amount of EUR –39.4 million.

Allowances for losses on loans and advances (loan loss allowances) fell by EUR 12.4 million, or 94.7 per cent, to EUR –0.7 million (H1 2015: EUR –13.1 million) compared with the same half year period in the previous year. The fall is primarily due to the much lower need for loan loss provisions for individual provisioning in the half-year comparison. For details, please refer to the “Loan loss allowances” and the loan loss allowances statement in the Notes.

Net fee and commission income increased by EUR 12.2 million or 21.3 per cent to EUR 69.5 million. (H1 2015: EUR 57.3 million). Most of the increase can be explained by contributions to fee and commission income from companies consolidated for the first time in the previous year. Another important increase can be traced to one-off commissions from the credit business. Please refer to “Net fee & commission income” section in the Notes for details.

The other financial results – consisting of net trading income, net income from designated financial instruments and net income from investments – amounted to EUR –27.0 million in the first half of 2016. (H1 2015: EUR 41.3 million). The increase in net trading income results mostly from transactions in interest-related derivatives. The main effect on net income from designated financial instruments can be traced to a sharp fall in interest rates over several years. While the change in interest rates led to high valuation losses in this item of the income statement, there were clear valuation gains for fixed-interest bearing securities in the category “Available for Sale” (AfS) (for details, please refer to the change in valuation of the AfS reserves in the statement of total comprehensive income). The widening of the liquidity spread from own issues of Raiffeisenlandesbank Oberösterreich also had a slightly positive, counter-effect on net income from designated financial instruments. Net income from investments contributed EUR 16.4 million in the first half of 2016 (H1 2015: EUR 1.8 million). The results of disposals relating to the sale of securities had a positive effect.

Personnel expenses, other administrative expenses, depreciation and amortisation are recognised in the income statement under “General administrative expenses”. The general administrative expenses from the “OÖ Wohnbau” companies amounted to EUR 17.8 million in the first half of 2016 (H1 2015: EUR 17.6 million). The administrative expenses of the companies in the foodstuffs sector – consisting of the “VIVATIS

Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group – fell slightly to EUR 128.2 million (H1 2015: EUR 128.9 million). General administrative expenses at the other fully consolidated group companies rose by EUR 8.1 million or 3.7 per cent to EUR 226.2 million (H1 2015: EUR 218.1 million).

Other net operating income largely consists of the gross profit (sales revenue less cost of sales) earned by non-bank Group companies. The OÖ Wohnbau companies generated other net operating income of EUR 22.9 million. (H1 2015: EUR 23.6 million). The companies of the food sector (VIVATIS / efko) saw a slight rise in other net operating income to EUR 132.2 million (H1 2015: EUR 130.8 million). At the other group companies, other net operating income stood at EUR 42.1 million (H1 2015: EUR 43.3 million). Expenses of the IFRS consolidated credit institutions for the stabilisation fee in the amount of EUR 17.0 million are shown in the other operating result (H1 2015: EUR 17.7 million) as well as expenses for the planned annual contributions to the resolution fund pursuant to BaSAG of EUR 14.1 million (H1 2015: EUR 12.8 million) and for the deposit insurance according to ESAEG in the amount of EUR 2.0 million (H1 2015: EUR 0 million).

Taxes on income and earnings stood at EUR –15.8 million in the first half of 2016 (H1 2015: EUR –21.0 million). This includes current taxes on income and deferred taxes.

Pre-tax profit for the period amounted to EUR 67.9 million in the first half of 2016 (H1 2015: EUR 190.3 million). After-tax profit for period came to EUR 52.1 million (H1 2015: EUR 169.3 million).

This produced an operating result of EUR 101.4 million (H1 2015: EUR 164.0 million) in the first half of 2016.

Statement of comprehensive income

IN EUR M	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
After-tax profit for the period	52.1	169.3
Change in value of AfS reserves	58.6	–53.0
Other net income from companies accounted for under the equity method	–5.3	–1.6
Actuarial gains and losses	–9.8	–0.7
Additional other net profit/loss	–0.3	–0.7
Taxes recognised in respect of this amount	–12.0	13.7
Total other net profit/loss	31.2	–42.3
Total net income for the period	83.3	127.0

The other results in the first half of 2016 amounted to EUR 31.2 million (H1 2015: EUR –42.3 million).

The valuation changes to the AfS reserve amounting to EUR 58.6 million result mainly from the steep drop in interest rates over the years and the narrowing of the credit spread for securities in the category “Available for Sale” (AfS).

The change in actuarial gains and losses is largely due to changes to parameters.

The remaining other results – consisting of valuation changes from a hedge on a net investment in foreign operations and foreign exchange differences – amounted to EUR –0.3 million in the first half of 2016 (H1 2015: EUR –0.7 million).

Overall, this produced a total result for the period of EUR 83.3 million (H1 2015: EUR 127.0 million) in the first half of 2016.

Changes in the balance sheet

The consolidated total assets of Raiffeisenlandesbank Oberösterreich rose by EUR 1,310 million or 3.5 per cent to a value of EUR 38,609 million (31 Dec. 2015: 37,299 million) as at the middle of 2016.

	30 JUNE 2016		31 DEC. 2015		Change	
	IN EUR M	IN %	IN EUR M	IN %	IN EUR M	IN %
ASSETS						
Loans and advances to banks	7,142	18.5	6,855	18.4	287	4.2
Loans and advances to customers	19,269	49.9	18,731	50.2	538	2.9
Trading assets	3,047	7.9	2,469	6.6	578	23.4
Financial assets	5,627	14.6	5,671	15.2	–44	–0.8
Companies accounted for using the equity method	1,774	4.6	1,786	4.8	–12	–0.7
Other items	1,750	4.5	1,787	4.8	–37	–2.1
Total	38,609	100.0	37,299	100.0	1,310	3.5

Loans and advances to banks rose by EUR 287 million or 4.2 per cent to EUR 7,142 million (31 Dec. 2015: EUR 6,855 million) during the first half of 2016. Loans and advances to customers also rose by EUR 538 million or 2.9 per cent to EUR 19,259 million (31 Dec. 2015: EUR 18,731 million). With respect to receivables from financial institutions, EUR 946 million (31 Dec. 2015: EUR 1,094 million) relates to refinancing to Upper Austrian Raiffeisen banks.

Trading assets – consisting of bonds and other fixed-income securities and positive fair values of derivative transactions – show a carrying amount of EUR 3,047 million as at 30 June

2016. This corresponds, in comparison to the figures as at 31 Dec. 2015, to an increase in the amount of EUR 578 million, or 23.4 per cent, which is due primarily to market value changes in derivative positions.

Financial assets fell slightly by EUR –44 million or –0.8 per cent to EUR 5,627 million compared to 31 December 2015 (31 Dec. 2015: EUR 5,671 million).

The carrying amount of companies balanced at equity fell in the first half of 2016 by EUR –12 million or –0.7 per cent to EUR 1,774 million (31 Dec. 2015: EUR 1,786 million).

Other items – consisting of cash and cash equivalents, intangible assets, property and equipment, investment property, current and deferred tax assets and other assets – fell slightly by EUR –37 million or –2.1 per cent to EUR 1,750 million (31 Dec. 2015: EUR 1,787 million).

LIABILITIES	30 JUNE 2016		31 DEC. 2015		Change	
	IN EUR M	IN %	IN EUR M	IN %	IN EUR M	IN %
Amounts owed to banks	11,701	30.3	11,214	30.1	487	4.3
Amounts owed to customers	10,868	28.2	10,628	28.5	240	2.3
Trading liabilities	2,316	6.0	1,872	5.0	444	23.7
Liabilities evidenced by certificates	7,402	19.2	7,619	20.4	–217	–2.8
Other items	1,058	2.7	795	2.2	263	33.1
Subordinated capital	1,477	3.8	1,432	3.8	45	3.1
Equity capital	3,787	9.8	3,739	10.0	48	1.3
Total	38,609	100.0	37,299	100.0	1,310	3.5

Amounts owed to banks rose by EUR 487 million or 4.3 per cent to EUR 11,701 million compared to 31 December 2015, of which EUR 4,811 million (31 Dec. 2015: EUR 4,730 million) relate to liabilities to Upper Austrian Raiffeisen banks. Deposits from customers also rose to EUR 10,868 million (31 Dec. 2015: EUR 10,628 million) as at 30 June 2016.

Trading liabilities – consisting of interest rate/foreign exchange/equity/index-related and other business – show a carrying amount of EUR 2,316 million (31 Dec. 2015: EUR 1,872 million) as at 30 June 2016. This corresponds to an increase of EUR 444 million or 23.7 per cent.

In the first half of 2016, securitised liabilities decreased by EUR –217 million or –2.8 per cent to EUR 7,402 million. These comprise issued bonds in the amount of EUR 2,483 million (31 Dec. 2015: EUR 2,731 million), listed and unlisted deposit /

municipal bonds of EUR 383 million (31 Dec. 2015: EUR 355 million) and other securitised liabilities of EUR 4,536 million (31 Dec. 2015: EUR 4,533 million). Of the securitised liabilities, EUR 1,646 million (31 Dec. 2015: EUR 1,466 million) is accounted for by covered bonds.

Other items – consisting of provisions, ongoing and deferred tax liabilities, as well as other liabilities – rose by EUR 263 million or 33.1 per cent to EUR 1,058 million (31 Dec. 2015: EUR 795 million).

Subordinated capital is reported EUR 45 million or 3.1 per cent higher as at 30 June 2016 with a value of EUR 1,477 million (31 Dec. 2015: EUR 1,432 million).

Equity capital is comprised as follows:

IN EUR M	30 JUNE 2016	31 DEC. 2015
Share capital	276.5	276.5
Participation capital	1.0	1.0
Capital reserves	972.1	972.1
Aggregate net income	2,387.9	2,345.4
Non-controlling interests	149.2	144.4
Total	3,786.7	3,739.4

For details, please refer to the statement of changes in equity and the "Equity" section in the Notes.

Regulatory capital

Consolidated capital and reserves at the level of the chief EU parent financial holding (CRR Circle Raiffeisenbankengruppe OÖ Verbund eGen) as per the Capital Requirements Regulations (CRR) are as follows:

Common Equity Tier 1 capital (CET 1) and Tier 1 capital (T 1) amounted to EUR 3,114.5 million as at June 2016 (31 Dec. 2015: EUR 3,164.6 million).

The supplementary capital (T 2) as at 30 June 2016 was reported at EUR 600.0 million (31 Dec. 2015: EUR 680.1 million).

Total own funds (TC) amounted to EUR 3,714.5 million as at 30 June 2016 (31 Dec. 2015: EUR 3,844.7 million).

The overall risk value (risk-weighted assets, RWA) amounted to EUR 22,967.7 million as at 30 June 2016 (31 Dec. 2015: EUR 22,894.1 million).

As at the end of the first half of 2016, in accordance with CRR, the Common Equity Tier 1 capital and Tier 1 capital ratio was 13.6 per cent (2015: 13.8 per cent) and a total capital ratio of

16.2 per cent (31 Dec. 2015: 16.8 per cent). The ratios are calculated on the total risk-weighted assets in accordance with Article 92 CRR.

Please refer to the Equity section in the Notes for details.

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, Raiffeisenlandesbank Oberösterreich has implemented a risk management and internal control system with structures that facilitate the identification and measurement of all risks (credit risks, market risks, equity risks, liquidity risks, macroeconomic risks, and operational risks) and their active managerial counteraction.

The overall risk strategy approved by the Managing Board ensures that the risks assumed by the Bank are consistent with the corporate strategy. The Managing Board and the Supervisory Board are kept regularly informed.

For further information on the overall financial risks in the Raiffeisenlandesbank Oberösterreich Group in the first half of 2016, and the goals and methods of risk management, please refer to the risk report in the Disclosures.

We do not anticipate any major changes between the first and the second halves of 2016 in terms of future risks or uncertainties.

There are no known risks that could jeopardise the continued existence of Raiffeisenlandesbank Oberösterreich.

3. Other

Stability fee

The stability fee introduced in 2011 was increased with effect from the second quarter of 2014. For those portions of the bases for assessment over EUR 1 billion up to EUR 20 billion, the tax rate was raised from 0.055 per cent to 0.09 per cent, and for those portions over EUR 20 billion from 0.085 per cent to 0.11 per cent. The other additionally levied special contribution to the stability fee was incrementally raised in 2014 from 25.00 per cent in the first quarter to 55.00 per cent in the second and third quarter, and then 60.00 per cent in

the fourth quarter. Since 2015, the special contribution to the stability fee has been set at a uniform 45.00 per cent of the stability fee to be paid.

In July 2016, the Council of Ministers adopted a significant change in the stability, due to come into effect in 2017. Subject to a resolution in parliament, this tax would be subjected to a permanent reduction for Raiffeisenlandesbank Oberösterreich. In return, the decision by the Council of Ministers provides for a one-off advance payment.

4. Outlook

The stability of Raiffeisenlandesbank Oberösterreich, which was recently reconfirmed by the latest stress test of the European Central Bank in 2016, is the basis for the sustainable growth that the company continues to strive for on behalf of customers. The diverse activities on efficiency-enhancing measures will be further intensified. The aim is to be able to retain market and product leadership and in particular our outstanding focus on the customer for the future. To this end, the developments on the market, the legal requirements in Austria and Europe as well as global framework conditions clearly define the course for the future. Raiffeisenlandesbank Oberösterreich has adapted itself to this accordingly. With the three strong constants – structural simplification and cost-reduction

in combination with the ongoing build-up of strong Tier 1 ratios – we are able to continue safeguarding our independence and acting as an extremely reliable partner to our customers in the future as well.

Apart from these positive operational and strategic developments, Raiffeisenlandesbank Oberösterreich assumes that the result for 2016 as a whole will be subject to similar burdensome valuation effects as were already posted in the first half of 2016, especially under “Net income from companies that are reported under the equity method” and “Net income from designated financial instruments”.

IFRS consolidated interim financial statements 2016 of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (condensed)

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Income statement

IN EUR '000	NOTE	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Interest and interest-related income		385,499	418,056
Interest and interest-related expenses		-196,353	-224,892
Net income of companies reported under the equity method		11,960	78,564
Net interest income	(1)	201,106	271,728
Loan loss allowances	(2)	-730	-13,105
Net interest income after loan loss allowances		200,376	258,623
Fee and commission income		92,477	93,793
Fee and commission expenses		-22,959	-36,553
Net fee and commission income	(3)	69,518	57,240
Net trading income	(4)	5,815	1,904
Net income from designated financial instruments	(5)	-49,177	37,565
Net income from investments	(6)	16,409	1,789
Other net finance costs		-26,953	41,258
General administrative expenses	(7)	-372,236	-364,591
Other net operating income	(8)	197,225	197,746
Pre-tax profit for the period		67,930	190,276
Taxes on income and earnings	(9)	-15,872	-20,985
After-tax profit for the period		52,058	169,291
of which attributable to equity holders of the parent		45,994	163,608
of which attributable to non-controlling interests		6,064	5,683

Statement of comprehensive income

IN EUR '000	NOTE	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
After-tax profit for the period		52,058	169,291
Items that cannot be reclassified to profit or loss			
Actuarial gains and losses on defined benefit plans	(28)	-7,385	-518
Amounts recognised in equity		-9,844	-691
Taxes recognised in respect of this amount		2,459	173
Other net income from companies accounted for under the equity method		-4,916	-21,235
Amounts recognised in equity		-4,982	-21,235
Taxes recognised in respect of this amount		66	0
Items that can be reclassified to profit or loss			
Gain or loss on remeasurement of AfS securities	(28)	44,076	-39,671
Amounts recognised in equity		80,383	-48,041
Amounts reclassified to profit or loss		-21,770	-4,993
Taxes recognised in respect of this amount		-14,537	13,363
Gain or loss from the hedging of net investments	(28)	136	-583
Amounts recognised in equity		182	-779
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		-46	196
Currency differences	(28)	-378	49
Amounts recognised in equity		-378	49
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		0	0
Other net income from companies accounted for under the equity method		-267	19,681
Amounts recognised in equity		-278	19,681
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		11	0
Total other net profit/loss		31,266	-42,277
Total net income for the period		83,324	127,014
of which attributable to equity holders of the parent		78,037	122,991
of which attributable to non-controlling interests		5,287	4,023

Balance sheet

ASSETS			
IN EUR '000	NOTE	30 JUNE 2016	31 DEC. 2015
Cash and cash equivalents	(10), (11)	92,412	90,221
Loans and advances to banks	(10), (12), (14)	7,142,237	6,854,907
Loans and advances to customers	(10), (13), (14)	19,268,870	18,731,309
Trading assets	(10), (15)	3,047,082	2,468,794
Financial assets	(10), (16)	5,627,086	5,670,627
Companies accounted for using the equity method	(17)	1,774,329	1,786,116
Intangible assets	(18)	43,252	44,636
Property and equipment	(19)	413,682	419,042
Investment property	(19)	735,991	746,402
Current tax assets		2,346	8,800
Deferred tax assets		34,854	35,672
Other assets	(20)	426,944	442,046
Total		38,609,085	37,298,572

EQUITY AND LIABILITIES			
IN EUR '000	NOTE	30 June 2016	31 Dec. 2015
Amounts owed to banks	(10), (21)	11,701,452	11,214,173
Amounts owed to customers	(10), (22)	10,867,702	10,628,115
Trading liabilities	(10), (23)	2,316,089	1,871,532
Liabilities evidenced by certificates	(10), (24)	7,401,511	7,618,484
Provisions	(14), (25)	248,136	241,247
Current tax liabilities		5,739	5,682
Deferred tax liabilities		74,975	53,547
Other liabilities	(26)	729,669	495,048
Subordinated capital	(10), (27)	1,477,110	1,431,348
Equity capital	(28)	3,786,702	3,739,396
of which attributable to equity holders of the parent		3,637,572	3,595,010
of which attributable to non-controlling interests		149,130	144,386
Total		38,609,085	37,298,572

Statement of changes in equity

IN EUR '000	SHARE CAPITAL	PARTICI- PATION CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	SUB- TOTAL	NON-CON- TROLLING INTERESTS	TOTAL
Equity 1 Jan. 2016	276,476	1,032	972,095	2,345,407	3,595,010	144,386	3,739,396
Total net income for the period	0	0	0	78,037	78,037	5,287	83,324
After-tax profit for the period	0	0	0	45,994	45,994	6,064	52,058
Total other net profit/loss	0	0	0	32,043	32,043	-777	31,266
Dividends	0	0	0	-37,097	-37,097	-515	-37,612
Capital increases	0	0	0	0	0	0	0
Other changes in capital	0	0	0	1,622	1,622	-28	1,594
Equity 30 June 2016	276,476	1,032	972,095	2,387,969	3,637,572	149,130	3,786,702

IN EUR '000	SHARE CAPITAL	PARTICI- PATION CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	SUB- TOTAL	NON-CON- TROLLING INTERESTS	TOTAL
Equity 1 Jan. 2015	276,476	1,032	972,095	2,164,927	3,414,530	151,741	3,566,271
Total net income for the period	0	0	0	122,991	122,991	4,023	127,014
After-tax profit for the period	0	0	0	163,608	163,608	5,683	169,291
Total other net profit/loss	0	0	0	-40,617	-40,617	-1,660	-42,277
Dividends	0	0	0	-24,265	-24,265	-414	-24,679
Capital increases	0	0	0	0	0	360	360
Other changes in capital	0	0	0	-4,052	-4,052	-29	-4,081
Equity 30 June 2015	276,476	1,032	972,095	2,259,601	3,509,204	155,681	3,664,885

Cash flow statement

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
After-tax profit for the period	52,058	169,291
Non-cash items included in the profit for the period and reconciliation to cash flow from operating activities:		
Change in assets and liabilities from operating activities after adjusting for non-cash items	-63,533	-51,182
Dividends received	-278,402	-424,056
Interest received	49,912	78,769
Interest paid	362,063	405,336
Taxes paid on income	-187,547	-222,631
	-3,320	-3,775
Cash flow from operating activities	-68,769	-48,248
Cash proceeds from the sale of:		
Financial assets and shares in companies	475,228	580,241
Property and equipment	38,936	48,638
Payments to acquire:		
Financial assets and shares in companies	-376,270	-494,662
Property and equipment	-61,259	-71,774
Disposal of subsidiaries (net of sold cash and cash equivalents)	83	0
Cash flow from investing activities	76,718	62,443
Capital increase	0	360
Receipt/repayment of subordinated capital	31,854	50,322
Dividends	-37,612	-24,679
Cash flow from financing activities	-5,758	26,003
Cash at the end of the previous period	90,221	89,086
Cash flow from operating activities	-68,769	-48,248
Cash flow from investing activities	76,718	62,443
Cash flow from financing activities	-5,758	26,003
Cash and cash equivalents at the end of the period	92,412	129,284

Cash and cash equivalents comprise cash in hand and balances at central banks re-payable on demand.

Segment reporting

H1 2016

IN EUR '000	CORPORATES & RETAIL	FINANCIAL MARKETS	EQUITY INVESTMENTS	CORPORATE CENTER	TOTAL
Interest and interest-related income/expenses	90,054	55,145	32,629	11,318	189,146
Net income of companies reported under the equity method	0	0	11,960	0	11,960
Loan loss allowances	-1,770	0	1,040	0	-730
Net interest income after loan loss allowances	88,284	55,145	45,629	11,318	200,376
Net fee and commission income	33,075	9,010	26,616	817	69,518
Net trading income	772	4,336	707	0	5,815
Net income from designated financial instruments	0	-52,388	3,211	0	-49,177
Net income from investments	0	16,462	-53	0	16,409
General administrative expenses	-56,016	-20,458	-265,000	-30,762	-372,236
Other net operating income	-14,022	-7,689	213,046	5,890	197,225
Pre-tax profit for the period	52,093	4,418	24,156	-12,737	67,930

On the basis of the merger agreement of 28 May 2015, the subsidiaries PRIVAT BANK AG and bankdirekt.at AG were merged under company law into Raiffeisenlandesbank OÖ AG in the second half of 2015 with retroactive effect to 1 Jan. 2015. In the first half of 2015, these companies were still allocated to the Equity participations segment in the internal reporting and in the segment reporting with a contribution to the result of approx. EUR 1.6 million. In the segment reporting for the first half of 2016, the customer business of these former subsidiaries is presented as part of the Corporates & Retail segment and the maturity transformation result as part of the Financial Markets segment.

H1 2015

IN EUR '000	CORPORATES & RETAIL	FINANCIAL MARKETS	EQUITY INVESTMENTS	CORPORATE CENTER	TOTAL
Interest and interest-related income/expenses	91,935	57,021	41,616	2,592	193,164
Net income of companies reported under the equity method	0	0	78,564	0	78,564
Loan loss allowances	-12,471	0	-634	0	-13,105
Net interest income after loan loss allowances	79,464	57,021	119,546	2,592	258,623
Net fee and commission income	22,066	10,018	23,293	1,863	57,240
Net trading income	778	746	380	0	1,904
Net income from designated financial instruments	0	37,116	449	0	37,565
Net income from investments	-611	-1,468	3,868	0	1,789
General administrative expenses	-43,945	-21,636	-271,228	-27,782	-364,591
Other net operating income	-13,242	-7,443	216,216	2,215	197,746
Pre-tax profit for the period	44,510	74,354	92,524	-21,112	190,276

Further details on the “Investments” segment in H1 2016

IN EUR '000	SUB-GROUP HYPO SALZBURG	IMPULS-LEASING GROUP	VIVATIS/EFKO	OÖ WOHNBAU
Interest and interest-related income/expenses	23,103	21,051	1,482	-1,984
Net income of companies reported under the equity method	0	0	0	0
Loan loss allowances	4,056	-3,108	0	0
Net interest income after loan loss allowances	27,159	17,943	1,482	-1,984
Net fee and commission income	7,563	-74	-135	-19
Net trading income	216	432	0	0
Net income from designated financial instruments	4,518	0	-98	0
Net income from investments	-74	74	-29	0
General administrative expenses	-22,635	-31,318	-128,218	-17,754
Other net operating income	-8,239	23,309	132,160	22,928
Pre-tax profit for the period	8,508	10,366	5,162	3,171

Further details on the “Investments” segment in H1 2015

IN EUR '000	SUB-GROUP HYPO SALZBURG	IMPULS-LEASING GROUP	VIVATIS/EFKO	OÖ WOHNBAU
Interest and interest-related income/expenses	21,333	21,418	591	-1,981
Net income of companies reported under the equity method	0	0	0	0
Loan loss allowances	3,783	767	0	0
Net interest income after loan loss allowances	25,116	22,185	591	-1,981
Net fee and commission income	7,613	-441	-128	-19
Net trading income	318	165	0	0
Net income from designated financial instruments	301	0	309	0
Net income from investments	991	2,106	0	0
General administrative expenses	-21,382	-31,220	-128,878	-17,625
Other net operating income	-2,767	22,600	130,845	23,577
Pre-tax profit for the period	10,190	15,395	2,739	3,952

Disclosures

Basics of the consolidated accounts according to IFRS

Principles

The consolidated financial statements of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft were prepared in compliance with the applicable International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and international accounting and financial reporting standards based on the IAS Regulation (EC) 1606/2002 as adopted by the EU. This condensed interim financial report as at 30 June 2016 is in accordance with IAS 34.

The same accounting and valuation principles and consolidation methods were applied for the interim reporting as for the compilation of the consolidated financial statements 2015.

The interim financial report as at 30 June 2016 has not been subject to a complete audit, nor has it been inspected by a statutory auditor.

Changes in the basis of consolidation and their effects

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

	FULLY CONSOLIDATED		EQUITY METHOD	
	2016	2015	2016	2015
As at 1 Jan.	154	154	7	7
Included for the first time during the reporting period	2	–	–	–
Merged during the reporting period	1	–	–	–
Deconsolidated during the reporting period	2	–	–	–
As at 30 June	153	154	7	7

For the IFRS interim report as at 30 June 2016, the basis of consolidation of Raiffeisenlandesbank Oberösterreich includes 153 group companies, incl. Raiffeisenlandesbank Oberösterreich as Group parent (31 Dec. 2015: 154), which are fully consolidated in the Group, and seven (31 Dec. 2015: seven) companies reported under the equity method.

In the first half of 2016, Burgenländische Tierkörperverwertungsgesellschaft m.b.H. and IMPULS-Leasing-Theta-Immobilien s.r.o. were included in the consolidated group for the first time. Further changes vis-a-vis 31 Dec. 2015 arise from the liquidation process of INPROX CSP Kft and the sale of Raiffeisen-IMPULS-Eta Immobilien GmbH and resulting deconsolidation. Also in the first half of 2016, Burgenländische Tierkörperverwertungsgesellschaft m.b.H. & Co KG was merged into Burgenländische Tierkörperverwertungsgesellschaft m.b.H., which was consolidated for the first time. There were no material effects on the result in conjunction with the specified restructurings and transactions.

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. Generally, the national currency is the same as the functional currency.

When the modified closing rate method is applied, equity is translated at historical rates while all other assets and liabilities are translated using the relevant closing rates (middle rates 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 a translation using closing rates are recognised in the statement of comprehensive income.

The following exchange rates were used to calculate the currencies:

RATES IN CURRENCY PER EURO	30 JUNE 2016	
	CLOSING RATE	AVERAGE RATE
Croatian kuna (HRK)	7.5281	7.5683
Polish zloty (PLN)	4.4362	4.3621
Czech koruna (CZK)	27.1310	27.0497
Romanian leu (RON)	4.5234	4.5026

Income statement disclosures

1. Net interest income

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Interest income		
from financial instruments in the category loans and receivables	186,033	210,269
from financial instruments classified as available for sale	33,021	37,019
from financial instruments in the category held to maturity	4,368	6,012
from financial liabilities measured at amortised cost	2,047	0
Subtotal	225,469	253,300
from designated and derivative financial instruments	105,189	104,288
from lease financing	38,516	41,846
total interest income	369,174	399,434
Current income		
from shares and other variable-yield securities	2,752	2,145
from investments in affiliated companies	4,337	10,081
from other investments	8,886	5,724
current income	15,975	17,950
Other interest-related income	350	672
Interest and interest-related income	385,499	418,056
Interest expenses		
for financial liabilities measured at amortised cost	-96,845	-109,306
for financial assets measured at amortised cost	-2,274	0
for designated and derivative financial instruments	-96,504	-114,224
for designated financial assets	-43	0
total interest expenses	-195,666	-223,530
Other interest-related expenses	-687	-1,362
Interest and interest-related expenses	-196,353	-224,892
Net income of companies reported under the equity method	11,960	78,564
Net interest income	201,106	271,728

The interest income includes interest income from value adjusted loans and advances to customers and credit institutions amounting to EUR 5,882 thousand (H1 2015: EUR 9,340 thousand). Interest income in respect of significant loans and advances to customers and banks for which loan loss allowances have been recognised is recognised using the discount rate applied in discounting the future cash flows in the procedure for determining the impairment loss.

2. Loan loss allowances

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Addition to loan loss allowances	-70,849	-149,494
Reversal of loan loss allowances	65,604	131,724
Direct impairment losses	-438	-1,571
Amounts received against loans and advances written off	4,953	6,236
Total	-730	-13,105

3. Net fee and commission income

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Fee and commission income		
From payment transactions	14,789	15,234
From funding transactions	22,501	14,782
From securities business	37,304	55,191
From foreign exchange, currency and precious metals transactions	1,949	1,940
From other service business	15,934	6,646
Fee and commission expenses		
From payment transactions	-1,584	-1,604
From funding transactions	-4,405	-4,484
From securities business	-15,244	-29,525
From foreign exchange, currency and precious metals transactions	-14	-9
From other service business	-1,712	-931
Fee and commission income	92,477	93,793
Fee and commission expenses	-22,959	-36,553
Net fee and commission income	69,518	57,240

4. Net trading income

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Interest-rate related business	3,520	720
Currency-related business	1,805	614
Other business	490	570
Total	5,815	1,904

5. Net income from designated financial instruments

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Net gain or loss on designated financial instruments and derivatives	-49,177	37,565
of which on designated hedged items	-46,348	110,510
of which on derivatives	-2,829	-72,945

6. Net income from investments

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Securities classified as held to maturity		
Gain or loss on remeasurement	0	0
Gain or loss on disposal	0	0
Securities classified as "loans and receivables"		
Gain or loss on remeasurement	67	-612
Gain or loss on disposal	95	-2
Securities classified as "available for sale"		
Gain or loss on remeasurement	21	-2,720
Gain or loss on disposal	14,087	6,609
Shares in companies classified as available for sale		
Gain or loss on remeasurement	-1,799	-2,876
Gain or loss on disposal	1,849	2,137
Gain or loss arising from hedge accounting		
Gains and losses arising on hedging transactions	121,120	-65,834
Valuation from underlying transactions	-119,076	65,087
Gain or loss from initial consolidation and deconsolidation	45	0
Total	16,409	1,789

In the first half of 2016, the value of securities in the categories "Loans and Receivables" and "Available for Sale" increased by EUR 67,000 (H1 2015: EUR 0 thousand) and EUR 21 thousand (H1 2015: EUR 0 thousand) respectively. The remaining gain or loss on the remeasurement of assets reflect the impairment losses recognised in profit or loss. The carrying amount of equity instruments measured at acquisition cost which were sold during the reporting period amounted to EUR 2,810 thousand (H1 2015: EUR 4,603 thousand). The resulting net gain from disposal amounts to EUR 1,849 thousand (H1 2015: EUR 2,114 thousand).

The profit from first-time consolidation and deconsolidation amounted to EUR 45 thousand in the first half of 2016 (H1 2015: EUR 0 thousand) and resulted primarily from the deconsolidation of Raiffeisen-IMPULS-Eta Immobilien GmbH

7. General administrative expenses

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Personnel expenses	-194,978	-185,965
Administrative expenses	-135,985	-138,347
Depreciation and impairment losses on property and equipment and on investment property, amortisation and impairment losses on intangible assets	-41,273	-40,279
Total	-372,236	-364,591

In the first half of 2016, the administrative expenses include approximately EUR 128.2 million (H1 2015: EUR 128.9 million) from companies in the foodstuff sector ("VIVATIS Holding AG" Group and "efko Frischfrucht und Delikatessen GmbH" Group). The companies are in the food and beverage sector and, as their business is unrelated to banking, they are mainly reported in the income statement under other net operating income and general administrative expenses.

The general administrative expenses from the ÖÖ Wohnbau companies were approx. EUR 17.8 million in the first half of 2016 (H1 2015: EUR 17.6 million).

8. Other net operating income

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Other net operating income		
Income from non-banking activities	499,674	493,116
Miscellaneous operating income	52,160	44,067
Other operating expenses		
Expenses from non-banking activities	-254,872	-258,358
Other tax and fees	-18,476	-19,612
Miscellaneous operating expenses	-81,261	-61,467
Total	197,225	197,746

The expenses in the first half of 2016 for the expected annual fees for 2016 for the resolution fund and the deposit insurance in the amount of EUR 16.1 million (H1 2015: EUR 12.8 million) are included in the “Other administrative expenses”

Of the “Revenue from non-banking activities”, by far the largest portion – i.e. EUR 365.7 million (H1 2015: EUR 356.2 million) - comes from companies in the foodstuffs sector (“VIVATIS Holding AG” Group and “efko Frischfrucht und Delikatessen GmbH” Group). The related cost of sales of these companies amounts to EUR 234.3 million (H1 2015: EUR 227.0 million) and is reported under “Expenses from non-banking activities”.

In total, the “Other net operating income” of the companies in the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group amounted to approx. EUR 132.2 million in the first half of 2016 (H1 2015: EUR 130.8 million). The companies are in the food and beverage sector and, as their business is unrelated to banking, they are mainly reported in the income statement under “other net operating income” and “general administrative expenses”.

The Upper Austrian residential building companies (OÖ Wohnbau) contributed about EUR 22.9 million to the “Other net operating income” in the first half of 2016 (H1 2015: EUR 23.6 million).

9. Taxes on income

IN EUR '000	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Taxes on income and earnings	-15,872	-20,985

Notes to the balance sheet

10. Financial instruments disclosure

Categories of financial assets and financial liabilities as at 30 June 2016:

ASSETS IN EUR '000	FINANCIAL INSTRUMENTS HELD FOR TRADING	DESIGNATED FINANCIAL INSTRUMENTS	FINANCIAL ASSETS AVAILABLE FOR SALE (AFS)	FINANCIAL INVESTMENTS HELD-TO- MATURITY	LOANS AND RECEIVABLES	CARRYING AMOUNT TOTAL 30 JUNE 2016	FAIR VALUE TOTAL 30 JUNE 2016
Cash and cash equivalents	0	0	0	0	92,412	92,412	92,412
Loans and advances to banks	0	13,805	0	0	7,128,432	7,142,237	7,134,147
Loans and advances to customers	0	859,462	0	0	18,409,408	19,268,870	19,709,240
Trading assets	3,047,082	0	0	0	0	3,047,082	3,047,082
Financial assets	0	535,875	4,102,231	342,891	646,088	5,627,086	5,664,981
Carrying amount total as at 30 June 2016	3,047,082	1,409,142	4,102,231	342,891	26,276,340	35,177,687	35,647,862

The fair value carrying amounts in the category "Financial assets available for sale (AFS)" contain equity instruments to the amount of EUR 217,469 thousand that are valued at the cost of purchase because their fair value cannot be reliably determined.

EQUITY AND LIABILITIES IN EUR '000	FINANCIAL INSTRUMENTS HELD FOR TRADING	DESIGNATED FINANCIAL INSTRUMENTS	FINANCIAL LIABILITIES STATED AT AMORTISED COST	CARRYING AMOUNT TOTAL 30 JUNE 2016	FAIR VALUE TOTAL 30 JUNE 2016
Amounts owed to banks	0	1,140,527	10,560,925	11,701,452	11,786,801
Amounts owed to customers	0	940,190	9,927,512	10,867,702	10,931,069
Trading liabilities	2,316,089	0	0	2,316,089	2,316,089
Liabilities evidenced by certificates	0	3,590,454	3,811,057	7,401,511	7,400,834
Subordinated capital	0	794,829	682,281	1,477,110	1,491,893
Carrying amount total as at 30 June 2016	2,316,089	6,466,000	24,981,775	33,763,864	33,926,686

Categories of financial assets and financial liabilities as at 31 December 2015:

ASSETS IN EUR '000	FINANCIAL INSTRUMENTS HELD FOR TRADING	DESIGNATED FINANCIAL INSTRUMENTS	FINANCIAL ASSETS AVAILABLE FOR SALE (AFS)	FINANCIAL INVESTMENTS HELD-TO- MATURITY	LOANS AND RECEIVABLES	CARRYING AMOUNT TOTAL 31 DEC. 2015	FAIR VALUE TOTAL 31 DEC. 2015
Cash and cash equivalents	0	0	0	0	90,221	90,221	90,221
Loans and advances to banks	0	16,052	0	0	6,838,855	6,854,907	6,838,638
Loans and advances to customers	0	851,829	0	0	17,879,480	18,731,309	19,074,014
Trading assets	2,468,794	0	0	0	0	2,468,794	2,468,794
Financial assets	0	558,520	4,058,309	411,015	642,783	5,670,627	5,705,598
Carrying amount total as at 31 Dec. 2015	2,468,794	1,426,401	4,058,309	411,015	25,451,339	33,815,858	34,177,265

The fair value carrying amounts in the category "Financial assets available for sale (AfS)" contain equity instruments to the amount of EUR 220,286 thousand that are valued at the cost of purchase because their fair value cannot be reliably determined.

EQUITY AND LIABILITIES IN EUR '000	FINANCIAL INSTRUMENTS HELD FOR TRADING	DESIGNATED FINANCIAL INSTRUMENTS	FINANCIAL LIABILITIES STATED AT AMORTISED COST	CARRYING AMOUNT TOTAL 31 DEC. 2015	FAIR VALUE TOTAL 31 DEC. 2015
Amounts owed to banks	0	1,225,568	9,988,605	11,214,173	11,270,670
Amounts owed to customers	0	937,236	9,690,879	10,628,115	10,686,015
Trading liabilities	1,871,532	0	0	1,871,532	7,631,447
Liabilities evidenced by certificates	0	3,781,825	3,836,659	7,618,484	1,871,532
Subordinated capital	0	843,018	588,330	1,431,348	1,440,755
Carrying amount total as at 31 Dec. 2015	1,871,532	6,787,647	24,104,473	32,763,652	32,900,419

Breakdown of the fair value of financial instruments as at 30 June 2016:

IN EUR '000	FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE 30 JUNE 2016	THEREOF MARKET PRICES LISTED IN ACTIVE MARKETS (LEVEL I)	THEREOF MEASUREMENT METHODS BASED ON MARKET DATA (LEVEL II)	THEREOF MEASUREMENT METHODS NOT BASED ON MARKET DATA (LEVEL III)
Financial instruments held for trading	3,047,082	20,227	3,026,855	0
Designated financial instruments	1,409,142	328,745	67,817	1,012,580
Financial assets available for sale (AFS)	3,884,763	3,094,376	386,464	403,923
Total financial assets measured at fair value	8,340,987	3,443,348	3,481,136	1,416,503
Financial instruments held for trading	2,316,089	0	2,316,089	0
Designated financial instruments	6,466,000	0	6,466,000	0
Total financial liabilities measured at fair value	8,782,089	0	8,782,089	0

Reclassifications between Level I and Level II as at 30 June 2016:

IN EUR '000	RECLASSIFICATIONS FROM LEVEL I TO LEVEL II	RECLASSIFICATIONS FROM LEVEL II TO LEVEL I
Financial instruments held for trading	0	0
Designated financial instruments	0	0
Financial assets available for sale (AFS)	0	0
Total financial assets measured at fair value	0	0
Financial instruments held for trading	0	0
Designated financial instruments	0	0
Total financial liabilities measured at fair value	0	0

The calculation of translation reserves in the first half of 2016 of financial instruments measured at fair value in Level III:

IN EUR '000	FINANCIAL ASSETS AVAILABLE FOR SALE (AFS)	DESIGNATED FINANCIAL ASSETS
As at 1 Jan.	405,705	1,027,132
Additions/Purchases	0	70,880
Disposals/Divestments	0	-117,078
Effective results	-850	0
Effect-neutral results	-932	31,646
Reclassification to Level III	0	0
Reclassification from Level III	0	0
As at 30 June	403,923	1,012,580

The amount of income-statement related gains and losses recorded from recurring measurements of the fair value in Level III of the assets and liabilities found in the portfolio on the reporting date amounts to EUR 30,493 thousand.

Sensitivity analysis as at 30 June 2016

	CARRYING AMOUNT CORRESPONDS WITH FAIR VALUE (LEVEL III)	FAIR-VALUE GAIN -100 BASIS POINTS
	IN EUR '000	IN %
Loans and advances	873,267	2.66
Securities	356,785	10.15
Equity investments	174,371	48.52

	CARRYING AMOUNT CORRESPONDS WITH FAIR VALUE (LEVEL III)	FAIR VALUE LOSS +100 BASIS POINTS
	IN EUR '000	IN %
Loans and advances	873,267	6.51
Securities	356,785	6.76
Equity investments	174,371	33.34

For the sensitivity analysis, credit spreads spaced by 100 basis points were varied for all securities and loans and advances that are fixed-interest and balanced at fair value. New fair values were established based on this shift in credit spreads, either as an addition or a deduction in the discount curve in the valuation. The difference to the fair value originally established is shown in the table above in percentage values.

The sensitivity analysis for non-fixed interest securities and holdings was likewise conducted based upon a shift in interest rates of +100 basis points or -100 basis points respectively. In the case of real estate values, the capitalisation interest rate was varied in accordance with the Net Asset Value Method, while in the case of the remaining investments, the risk-free base interest rate or, in the case of the investments valued according to the DCF Method, the WACC was changed. The remaining valuation parameters remained constant in this process (e.g. no consideration was taken of the countervailing or dampening financing advantage generated from fixed interest rate agreements). No sensitivity analysis was conducted for non-significant investments and non-fixed interest securities. The carrying amount or fair value respectively of these assets (amounting to EUR 12,080 thousand) is not included in the above table.

Breakdown of the fair value of financial instruments as at 31 Dec. 2015:

IN EUR '000	FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE 31 DEC. 2015	THEREOF MARKET PRICES LISTED IN ACTIVE MARKETS (LEVEL I)	THEREOF MEASUREMENT METHODS BASED ON MARKET DATA (LEVEL II)	THEREOF MEASUREMENT METHODS NOT BASED ON MARKET DATA (LEVEL III)
Financial instruments held for trading	2,468,794	27,243	2,441,551	0
Designated financial instruments	1,426,401	329,053	70,216	1,027,132
Financial assets available for sale (AFS)	3,838,023	3,041,488	390,830	405,705
Total financial assets measured at fair value	7,733,218	3,397,784	2,902,597	1,432,837
Financial instruments held for trading	1,871,532	0	1,871,532	0
Designated financial instruments	6,787,647	0	6,787,647	0
Total financial liabilities measured at fair value	8,659,179	0	8,659,179	0

Reclassification between Level I and Level II in the first half of 2015

IN EUR '000	RECLASSIFICATIONS FROM LEVEL I TO LEVEL II	RECLASSIFICATIONS FROM LEVEL II TO LEVEL I
Financial instruments held for trading	0	0
Designated financial instruments	0	6,182
Financial assets available for sale (AfS)	0	206
Total financial assets measured at fair value	0	6,388
Financial instruments held for trading	0	0
Designated financial instruments	0	0
Total financial liabilities measured at fair value	0	0

The calculation of translation reserves in the first half of 2015 of financial instruments measured at fair value in Level III:

IN EUR '000	FINANCIAL ASSETS AVAILABLE FOR SALE (AFS)	DESIGNATED FINANCIAL ASSETS
As at 1 Jan.	498,820	1,046,747
Additions/Purchases	0	56,117
Disposals/Sales	0	-57,069
Effective results	-3,760	-11,758
Effect-neutral results	-348	0
Reclassification to Level III	0	0
Reclassification from Level III	-43,322	0
As at 30 June	451,390	1,034,037

Sensitivity analysis as at 30 June 2015

	CARRYING AMOUNT CORRESPONDS WITH FAIR VALUE (LEVEL III)	FAIR-VALUE GAIN -100 BASIS POINTS
	IN EUR '000	IN %
Loans and advances	867,882	2.77
Securities	376,679	12.48
Equity investments	176,191	48.14

	CARRYING AMOUNT CORRESPONDS WITH FAIR VALUE (LEVEL III)	FAIR VALUE LOSS +100 BASIS POINTS
	IN EUR '000	IN %
Loans and advances	867,882	5.93
Securities	376,679	9.25
Equity investments	176,191	33.09

For the sensitivity analysis, credit spreads spaced by 100 basis points were varied for all securities and loans and advances that are fixed-interest and balanced at fair value. New fair values were established based on this shift in credit spreads, either as an addition or a deduction in the discount curve in the valuation. The difference to the fair value originally established is shown in the table above in percentage values.

The sensitivity analysis for non-fixed interest securities and holdings was likewise conducted based upon a shift in interest rates of +100 basis points or -100 basis points respectively. In the case of real estate values, the capitalisation interest rate was varied in accordance with the Net Asset Value Method, while in the case of the remaining investments, the risk-free base interest rate or, in the case of the investments valued according to the DCF Method, the WACC was changed. The remaining valuation parameters remained constant in this process (e.g. no consideration was taken of the countervailing or dampening financing advantage generated from fixed interest rate agreements). No sensitivity analysis was conducted for non-significant investments and non-fixed interest securities. The carrying amount or fair value respectively of these assets (amounting to EUR 12,085 thousand) is not included in the above table.

Valuation techniques and input factors for determining fair values

LEVEL	INSTRUMENT	TYPES	VALUATION TECHNIQUE	INPUT FACTORS
III	Loans and advances to banks		NPV-orientated	Cash flows already fixed or determined via forward rates; yield curve; risk premiums on the basis of internal calculations for credit risk of counterparties. * Non-observable input factors are the credit spread of a designated loan with 6 basis points.
III	Loans and advances to customers		NPV-orientated	Cash flows already fixed or determined via forward rates; yield curve; risk premiums on the basis of internal calculations for credit risk of counterparties. * Non-observable input factors are credit spreads of designated loans which fluctuate within a range (mean lowest and highest quantile) from 12 to 346 basis points – capital-weighted mean, taking into account collateral, is 33 basis points.
I	Derivatives	Exchange-traded	Market-value-orientated	Stock market price
II	Derivatives	Over the counter	NPV-orientated	Cash flows already fixed or determined using forward rates; observable yield curve; observable credit spreads of counterparties and own credit spread
I	Financial assets	Listed securities	Market-value-orientated	Stock market prices; prices quoted by market participants
II	Financial assets	Non-listed securities	Market-value-orientated	Prices quoted by market participants for equivalent financial instruments; cash flows already fixed or determined using forward rates; observable yield curve; credit spreads of comparable observable instruments
III	Financial assets	Non-listed securities	NPV-orientated	Expected inflows derived from internal calculations; yield curve; credit risk of counterparties * The non-observable input factors are credit spreads for corporates. These range within a band of 28 to 358.5 basis points for financial assets measured at fair value – the capital-weighted mean is 81 basis points.
I	Financial assets	Shares	Market-value-orientated	Stock market price
III	Financial assets	Shares in non-consolidated subsidiaries, other equity investments and profit participation rights	Income-capitalisation-orientated	Risk-free base rate: Interest rate structure of German federal bonds using the Svensson method Market price premium: Reliance on the recommendation of the Company Evaluation Working Group of the Professional Committee for Economics and Organisation Beta factor: The basis is the evaluation of beta factors in peer group companies Small stock premium: additional risk premium of a maximum of 3 per cent Growth factor: A maximum growth rate of 2 per cent
III	Financial assets	Shares in non-consolidated subsidiaries, other equity investments and profit participation rights	Net Asset Value	This valuation technique is used for holding companies and their equity investments. The hidden reserves in the equity investments are added to the net asset value of the parent company. The company value for real estate (project) companies is typically determined by means of market value assessments.
II	Amounts owed to banks		NPV-orientated	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk
II	Amounts owed to customers		NPV-orientated	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk
II	Liabilities evidenced by certificates		NPV-orientated	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk
II	Subordinated capital		NPV-orientated	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk

* The risk premiums are determined depending on the average probability of default (PD, through-the-cycle) for each rating and original maturity and on the loss given default (LGD). The probabilities of default and migration for corporate and retail customers are determined every quarter and are based on the Group's own default data since 2004. The term components of the actuarial risk cost factors are represented by matrix multiplication of the transition matrices produced.

Possible effects of netting agreements

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

Assets

IN EUR '000	FINANCIAL ASSETS (GROSS) = RECOGNISED FINANCIAL ASSETS (NET)	UNRECOGNISED AMOUNTS		NET AMOUNT
		OFFSETTING EFFECT OF FRAMEWORK AGREEMENTS	CASH COLLATERAL	
Loans and advances to banks	7,142,237	-623,622	0	6,518,615
Positive fair values generated from derivative financial instruments	3,021,054	-1,628,055	-742,669	650,330
Total 30 June 2016	10,163,291	-2,251,677	-742,669	7,168,945

IN EUR '000	FINANCIAL ASSETS (GROSS) = RECOGNISED FINANCIAL ASSETS (NET)	UNRECOGNISED AMOUNTS		NET AMOUNT
		OFFSETTING EFFECT OF FRAMEWORK AGREEMENTS	CASH COLLATERAL	
Loans and advances to banks	6,854,907	-650,068	0	6,204,839
Positive fair values generated from derivative financial instruments	2,434,160	-1,340,098	-564,273	529,789
Total 31 Dec. 2015	9,289,067	-1,990,166	-564,273	6,734,628

Liabilities

IN EUR '000	FINANCIAL LIABILITIES (GROSS) = RECOGNISED FINANCIAL LIABILITIES (NET)	UNRECOGNISED AMOUNTS		NET AMOUNT
		OFFSETTING EFFECT OF FRAMEWORK AGREEMENTS	CASH COLLATERAL	
Amounts owed to banks	11,701,452	-623,622	0	11,077,830
Negative market values from derivative financial instruments	2,316,089	-1,628,055	-640,482	47,552
Total 30 June 2016	14,017,541	-2,251,677	-640,482	11,125,382

IN EUR '000	FINANCIAL LIABILITIES (GROSS) = RECOGNISED FINANCIAL LIABILITIES (NET)	UNRECOGNISED AMOUNTS		NET AMOUNT
		OFFSETTING EFFECT OF FRAMEWORK AGREEMENTS	CASH COLLATERAL	
Amounts owed to banks	11,214,173	-650,068	0	10,564,105
Negative market values from derivative financial instruments	1,871,532	-1,340,098	-478,195	53,239
Total 31 Dec. 2015	13,085,705	-1,990,166	-478,195	10,617,344

The column "Effect of offsetting framework agreements" shows the amounts which are subject to a valid framework netting agreement, but that are not set off due to non-fulfilment of the conditions. Offsetting framework agreements are of particular relevance for counter-parties with several returns from derivatives. In the event of a counter-party defaulting, these agreements lead to a net settlement being made for all contracts.

The "Cash collateral" column contains the amounts of cash collateral received or given – with reference to the total for assets and liabilities. These collateral instruments are allotted according to how the market values of derivatives develop (positively or negatively).

11. Cash and cash equivalents

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Cash in hand	32,766	37,664
Balances at central banks	59,646	52,557
Total	92,412	90,221

12. Loans and advances to banks

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Loans and advances payable on demand	3,651,296	3,409,395
Money market transactions	2,284,095	2,069,055
Loans to banks	867,163	1,055,478
Purchased loans and advances	339,683	320,979
Total	7,142,237	6,854,907
In Austria	5,957,402	5,794,326
Abroad	1,184,835	1,060,581
Total	7,142,237	6,854,907

13. Loans and advances to customers

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Money market transactions	1,468,854	1,048,269
Loan transactions	14,610,039	14,503,288
Mortgage loans	189,697	201,951
Covering loans	545,935	518,636
Purchased loans and advances	400,842	405,997
Lease financing	2,015,647	2,022,237
Other	37,856	30,931
Total	19,268,870	18,731,309
In Austria	12,963,757	12,395,581
Abroad	6,305,113	6,335,728
Total	19,268,870	18,731,309

14. Loan loss allowances

Loan loss allowances 1 Jan. 2016 – 30 June 2016

IN EUR '000	AS AT 1 JAN. 2016	CHANGE IN BASIS OF CONSOLIDA- TION	CURRENCY DIFFERENCES	ALLOCA- TIONS	REVERSALS	UTILISED	AS AT 30 JUNE 2016
Loans and advances to banks	294	0	0	0	-3	0	291
of which in Austria	0	0	0	0	0	0	0
of which foreign	294	0	0	0	-3	0	291
Loans and advances to customers	789,790	0	-225	48,144	-30,311	-65,298	742,100
of which in Austria	528,620	0	0	29,868	-20,301	-14,481	523,706
of which foreign	261,170	0	-225	18,276	-10,010	-50,817	218,394
Revaluations in the portfolio	36,776	0	-13	14,274	-19,811	0	31,226
Subtotal	826,860	0	-238	62,418	-50,125	-65,298	773,617
Provisions for credit risks	38,546	0	0	7,158	-12,208	-1	33,495
Risks for off-balance-sheet transactions	5,956	0	0	1,273	-3,271	0	3,958
Total	871,362	0	-238	70,849	-65,604	-65,299	811,070

Loan loss allowances 1 Jan. 2015 – 30 June 2015

IN EUR '000	AS AT 1 JAN. 2015	CHANGE IN BASIS OF CONSOLIDA- TION	CURRENCY DIFFERENCES	ALLOCA- TIONS	REVERSALS	UTILISED	AS AT 30 JUNE 2015
Loans and advances to banks	913	0	0	99	0	0	1,012
of which in Austria	0	0	0	0	0	0	0
of which foreign	913	0	0	99	0	0	1,012
Loans and advances to customers	929,927	0	429	112,618	-32,074	-54,479	956,421
of which in Austria	641,166	0	0	99,508	-23,685	-43,235	673,754
of which foreign	288,761	0	429	13,110	-8,389	-11,244	282,667
Revaluations in the portfolio	93,491	0	30	14,042	-58,651	0	48,912
Subtotal	1,024,331	0	459	126,759	-90,725	-54,479	1,006,345
Provisions for credit risks	34,764	0	0	19,219	-22,735	-223	31,025
Risks for off-balance-sheet transactions	27,285	0	0	3,516	-18,264	0	12,537
Total	1,086,380	0	459	149,494	-131,724	-54,702	1,049,907

The following loan loss allowance developments took place in the first half of 2016 in connection with the debt moratorium of the HETA ASSET RESOLUTION AG ("HETA") for the SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, which is fully consolidated in the IFRS Group of the Raiffeisenlandesbank Oberösterreich: In a decision dated 1 March 2015, the Financial Market Authority ("FMA") in its role as a settlement authority in accordance with Section 3 (1) Restructuring and Settlement Act (BaSAG) ordered that the due dates of all debt instruments issued by HETA ASSET RESOLUTION AG ("HETA") and the liabilities arising from these must be deferred until 31 May 2016 with immediate effect in accordance with the settlement conditions under Section 49 BaSAG ("HETA Moratorium"). Debt instruments issued by the Pfandbriefbank (Österreich) AG amounting to EUR 1.2 billion are affected by this moratorium.

On 2/7 April 2015, the "Agreement covering the fulfilment and settlement of joint and several liability in accordance with section 2, Mortgage Lending Institutions Law, together with the settlement of claims for reconciliation within their internal relationship" was concluded between the mortgage lending agency of the Austrian Landes-Hypothekenbanken, the Pfandbrief (Österreich) AG, together with the individual member institutions, and the state of Carinthia. On the basis of this agreement, the SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT is obliged, taking into consideration the per head share of its associated guarantors, to make available financial means amounting to up to EUR 155.0 million to the Pfandbrief (Österreich) AG

so as to enable it to meet the liabilities which are due stemming from the HETA issues. In return, the Pfandbriefbank (Österreich) AG relinquishes all current and future receivables, securities and other rights arising from or in connection with concrete HETA financing to the joint and several debtors making payments. As at 30 June 2016, financial means amounting to EUR 99.6 million were called upon by Pfandbrief (Österreich) AG, of which EUR 49.8 million are covered from its own share.

On 21 January 2016, the Reconciliation Payments Fund of Carinthia (KAF) submitted an offer in accordance with section 2a of the Financial Markets Stability Law ("FinStaG") for the purchase of the debt instruments of the HETA. The debt instruments are being bought at a rate of 75.00 per cent. The tender closed on 11 March 2016. The result of the tendering process was published on 16 March 2016. The majority of creditors required could not be established.

In the FMA notice of 10 April 2016, the nominal amount of the eligible (senior) liabilities of HETA were reduced to 46.02 per cent of the current state as at 1 March 2015. The interest rate of all liabilities was set at 0.00 per cent with effect from 1 March 2015. The due date was changed and will now coincide with the winding-up date according to the BaSAG, however not later than on 31 Dec. 2023. A better fortunes clause provides a claim to pro rata participation in a distribution of any liquidation proceeds.

On 18 May 2016, the Federal Ministry of Finance disclosed that the Republic of Austria and a significant number of HETA creditors had signed a Memorandum of Understanding (MoU) by which the parties confirm their shared intention to reach an amicable agreement over the restructuring of the state liabilities of the HETA ("HETA debt instruments"). Accordingly, the Reconciliation Payments Fund of Carinthia is to make another offer pursuant to Section 2a FinStaG: if the required creditor majorities are not achieved, the HETA creditors have the possibility either to dispose of their (non-subordinate) loans to the KAF in return for 75.00 per cent of the nominal as a cash payment or to purchase a zero coupon bond of the KAF guaranteed by the Federation in exchange for their HETA loan.

Due to the receivables in existence as at 30 June 2016 due to HETA and non-utilised lines of credit respectively due to the Pfandbriefbank (Österreich) AG (in utilising loan and advance due to the HETA), provisions have been created from its own share amounting to EUR 27.9 million (31 Dec. 2015: EUR 27.9 million) (value adjustments amounting to EUR 18.0 million and provisions for credit risks amounting to EUR 9.9 million).

In calculating the loan loss allowances, mainly the listings of assets were taken into account derived from the published 2015 balance sheet of HETA and from information relating to creditors and investors of the HETA as well as any possible payments from the deficit guarantee funds of the state of Carinthia.

The amount of an outward flow of funds and the collectability of potential claims against HETA and the state of Carinthia are fraught with uncertainties.

15. Trading assets

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Bonds and other fixed-income securities	26,027	34,634
Municipal bonds that can be refinanced	4,508	3,310
Other public-sector debt instruments	1,147	1,116
Bonds and debt securities from other issuers	20,372	30,208
Positive market value from derivative transactions	3,021,055	2,434,160
Interest rate transactions	2,975,023	2,392,802
Currency exchange transactions	42,500	37,643
Stock and index related business	3,532	3,715
Total	3,047,082	2,468,794

The (positive) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 346,906 thousand as at 30 June 2016 (31 Dec. 2015: EUR 218,757 thousand).

16. Financial assets**Designated financial assets**

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Bonds and other fixed-income securities	512,940	528,133
Municipal bonds that can be refinanced	171,219	165,885
Bonds and debt securities from other issuers	341,721	362,248
Shares and other variable-yield securities	22,935	30,387
Other variable yield securities	22,935	30,387
Total	535,875	558,520

Financial assets classified as available for sale (AfS)

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Bonds and other fixed-income securities	3,348,332	3,301,602
Municipal bonds that can be refinanced	1,591,218	1,502,085
Bonds and debt securities from other issuers	1,757,114	1,799,517
Shares and other variable-yield securities	414,183	409,475
Shares	22,720	22,626
Investment fund units/shares	3,330	3,313
Other variable yield securities	388,133	383,536
Shares in companies	339,716	347,232
Investments in affiliated companies	150,123	155,817
Other investments	189,593	191,415
Total	4,102,231	4,058,309

Financial assets classified as held-to-maturity (HtM)

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Bonds and other fixed-income securities	342,891	411,015
Municipal bonds that can be refinanced	142,165	195,644
Bonds and debt securities from other issuers	200,726	215,371
Total	342,891	411,015

Financial assets classified as loans and receivables

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Bonds and other fixed-income securities	646,089	642,783
Total	646,089	642,783

17. Companies accounted for using the equity method

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Banks	1,034,713	1,067,602
Non-banks	739,616	718,514
Total	1,774,329	1,786,116

Banks reported under the equity method as at 30 June 2016 include the share in the RZB Group of about 14.64 per cent. The CEO of Raiffeisenlandesbank Oberösterreich – Heinrich Schaller – is a member of the supervisory boards of both RZB and RBI. RZB has for its part around 60.7 per cent of the shares in the stock exchange-listed Raiffeisen Bank International AG (RBI) as at 30 June 2016. Due to the change in circumstances in Central and Eastern Europe, RBI has adapted its strategy in individual markets for reasons including the ongoing political crisis in Russia and Ukraine. Raiffeisen Banka in Slovenia was disposed of in the first half of 2016. A disposal of the subsidiary in Poland is also planned. In addition, further steps relating to the ZUNO BANK AG direct bank operating in the Czech Republic and Slovakia are being examined, such as a total or partial sale, or full incorporation into other RBI Group units. No direct risks stemming from these countries exist for Raiffeisenlandesbank Oberösterreich. In the evaluation and further development of Raiffeisen Zentral Bank AG, events in these countries did, however, continue to give rise to risks and uncertainties.

In May 2016, RZB and RBI announced that a merger of both institutions with the goal of simplifying the Group structure and adapting the Group to regulatory requirements would be examined.

It was also announced in July that RZB is planning to reduce its shares in UNIQA Versicherungs AG and to dispose of significant shares to UNIQA Versicherungsverein Privatstiftung. The effects of this planned transaction on the results had already been incorporated in the interim financial statement of RZB as at 30 June 2016.

Due to the announced, planned UNIQA transaction and other negative factors (especially the information about the internationally low capital ratios, which are near the level at which the supervisory authorities would be forced to intervene), the equity investment in RZB was subjected to an impairment test on 30 June 2016. A value in use based on the present value of the cash flow to be expected (discounted cash flow procedure) of the companies in the Group was set as the value to be attained. The discounting of the cash flow that can be achieved with the valuation object is undertaken with the aid of a risk-adequate capitalisation interest rate. For the RBI AG, the most significant asset of the RZB, a capital costs rate of 9.31 per cent was used. This resulted in a need to adjust the value from EUR –39,447 thousand (H1 2015: EUR 0 thousand) to an IFRS carrying amount as at 30 June 2016 of EUR 691,454 thousand (31 Dec. 2015: EUR 729,047 thousand). Any change in the discount interest rate of the RBI by plus or minus 100 basis points would result in a fall or rise of the established company value of the RZB Group by –13.3 per cent or +17.8 per cent respectively.

18. Intangible assets

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Customer base	158	194
Brand	17,533	18,606
Goodwill	13,622	13,622
Other intangible assets	11,939	12,214
Total	43,252	44,636

19. Property and equipment, and investment property

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Property and equipment		
Land and buildings used for bank operations	230,259	237,260
Other property and equipment	177,646	179,157
Property under construction	5,777	2,625
Investment property		
Investment property	660,633	666,623
Property under construction	75,358	79,779
Total	1,149,673	1,165,444

Rental income from investment property in the first half of 2016 amounted to EUR 23.0 million (H1 2015: EUR 22.4 million), while expenses directly associated with this amounted to EUR 8.6 million (H1 2015: EUR 8.5 million).

Of the "Investment property", by far the largest portion – i.e. EUR 492.7 million (31 Dec. 2015: EUR 498.4 million) – came from the "OÖ Wohnbau" companies. Access to this investment property is subject to legal restrictions as a result of the Austrian Public House Building Act (WGG).

20. Other assets

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Receivables from non-bank activities	139,782	141,022
Prepaid expenses	25,252	20,223
Inventories	152,528	141,188
Other assets	109,382	139,613
Total	426,944	442,046

Inventories essentially consist of real estate projects which have not yet been concluded as well as inventories from the companies in the foodstuff sector ("VIVATIS Holding AG" Group and "efko Frischfrucht und Delikatessen GmbH" Group).

The proportion of "Other assets" attributable to the "OÖ Wohnbau" companies amounted to EUR 64.4 million (31 Dec. 2015: EUR 52.5 million).

21. Amounts owed to banks

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Liabilities payable on demand	4,215,313	3,811,819
Money market transactions	4,280,651	3,892,850
Long-term financing	2,950,873	3,247,810
Other	254,615	261,694
Total	11,701,452	11,214,173
In Austria	9,128,085	8,508,882
Abroad	2,573,367	2,705,291
Total	11,701,452	11,214,173

22. Amounts owed to customers

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Demand deposits	4,766,887	4,827,284
Term deposits	4,506,197	4,188,535
Savings deposits	1,438,725	1,442,900
Other	155,893	169,396
Total	10,867,702	10,628,115
In Austria	7,949,346	7,802,245
Abroad	2,918,356	2,825,870
Total	10,867,702	10,628,115

23. Trading liabilities

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Interest rate transactions	2,292,670	1,847,523
Currency exchange transactions	23,204	23,771
Stock and index related business	209	237
Other transactions	6	1
Total	2,316,089	1,871,532

The (negative) fair value of derivative financial instruments that were employed under fair value hedge accounting as hedging transactions amounted to EUR 125,621 thousand as at 30 June 2016 (31 Dec. 2015: EUR 120,965 thousand).

24. Liabilities evidenced by certificates

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Bonds issued	2,482,882	2,730,944
Listed mortgage bonds/municipal bonds	90,826	86,829
Non-listed mortgage bonds/municipal bonds	292,554	268,323
Other securitised liabilities	4,535,249	4,532,388
Total	7,401,511	7,618,484

25. Provisions

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Provisions for personal expenses	170,725	159,502
of which severance provisions	95,355	88,937
of which pension provisions	55,382	52,657
of which bonus fund provisions	19,988	17,908
Other provisions	77,411	81,745
Total	248,136	241,247

Due to the generally low level of interest rates, the valuation interest rate for calculating the provisions for personal expenses as at 30 June 2016 was reduced to 1.25 per cent (31 Dec. 2015: 1.75 per cent).

The following developments took place in the first half of 2016 in connection with the financial transactions of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, which is fully consolidated in the IFRS Group of the Raiffeisenlandesbank Oberösterreich: The state of Salzburg is of the opinion that it may be entitled to claims against the banks arising from and in connection with financial transactions concluded between 2002 and 2012. SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT assumes that there are no such claims. Several discussions on this topic took place in the course of 2015 and in the first half of 2016. In the first half of 2016, these discussions led to the provision recognised as an expense and formed for a risk derived from a series of meetings with the state of Salzburg being increased from EUR 4.4 million to a total of EUR 9.9 million. Additionally, a provision for stamp duty on legal transactions in the amount of EUR 0.1 million was formed.

26. Other liabilities

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Liabilities from non-bank activities	146,980	143,333
Prepaid expenses	12,819	13,238
Other liabilities	569,870	338,477
Total	729,669	495,048

27. Subordinated capital

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Supplementary capital and subordinated liabilities	1,459,810	1,414,048
Profit-sharing rights	17,300	17,300
Total	1,477,110	1,431,348

28. Equity

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Share capital	276,476	276,476
Participation capital	1,032	1,032
Capital reserves	972,095	972,095
Aggregate net income	2,387,969	2,345,407
Non-controlling interests	149,130	144,386
Total	3,786,702	3,739,396

In the first half of 2016, dividends of EUR 36,206 thousand were paid on the ordinary shares and EUR 892 thousand on the participation capital of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, in accordance with the decision made at the annual general meeting on 9 May 2016 concerning the use of the profit from 2015. This means that the planned dividend for each ordinary share will be EUR 18.72.

Changes in AfS reserves

IN EUR '000	2016	2015
As at 1 Jan.	218,665	295,180
Change in basis of consolidation	0	0
Changes in the valuation of AfS securities	80,383	-48,041
Amounts transferred into the income statement	-21,770	-4,993
of which through impairment loss of AfS assets	0	-379
of which through sale of AfS assets	-22,181	-5,064
of which from reclassified AfS assets	411	450
Taxes recognised in respect of this amount	-14,537	13,363
As at 30 June	262,741	255,509

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

Hedging of net investments in a foreign business

IN EUR '000	2016	2015
As at 1 Jan.	507	1,380
Gain or loss from the hedging of net investments	182	-779
Taxes recognised in respect of this amount	-46	196
As at 30 June	643	797

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.

Changes in foreign currency translation reserves

IN EUR '000	2016	2015
As at 1 Jan.	-1,791	-1,919
Gain or loss from foreign currency translation	-378	49
As at 30 June	-2,169	-1,870

Changes in the reserves of actuarial gains/losses on defined benefit plans

IN EUR '000	2016	2015
As at 1 Jan.	-14,496	-23,948
Changes in the valuation of reserves of actuarial gains/losses on defined benefit plans	-9,844	-691
Taxes recognised in respect of this amount	2,459	173
As at 30 June	-21,881	-24,466

Risk report

Summary

Raiffeisenlandesbank Oberösterreich Group's long-term success has largely been due to active risk management. In order to achieve this target, Raiffeisenlandesbank Oberösterreich, as the dominant group company, has implemented risk management with structures that facilitate the identification and measurement of all risks in the group in accordance with sections 39, 39a, Austrian Banking Act (BWG) and the Bank Risk Management Regulation (KI-RMV) (credit risks, market risks, equity risks, liquidity risks, macroeconomic risks, and operational risks) and their active managerial counteraction.

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

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

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 banking book.

A credit value adjustment (CVA) and debt value adjustment (DVA) were determined as part of the inclusion of credit risk in the mark-to-model measurement of derivatives. The main factors used in determining the CVA and DVA were the term to maturity, counter-party default risk and collateralisation.

In terms of the risk associated with the debt moratorium for HETA ASSET RESOLUTION AG ("HETA") and the related provisions established in the Group for this purpose, we refer to the descriptions regarding loan loss allowances.

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

The principles of the customers' credit ratings are incorporated in the "Rating Standards" and "Collateral Standards" manuals. These regulations provide a compact representation of the standards valid for Raiffeisenlandesbank Oberösterreich. They

are orientated on international standards (Basel) and on supervisory recommendations.

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

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

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

10 POINT SCALE	SUBCLASSES	TEXT
0.5	0.5	risk-free
1.0	1.0	outstanding creditworthiness
1.5	1.5	very good creditworthiness
2.0	2 +	good creditworthiness
	2.0	
2.5	2 –	average creditworthiness
	2.5	
3.0	3 +	satisfactory creditworthiness
	3.0	
3.5	3 –	mediocre creditworthiness
	3.5	poor creditworthiness
4.0	4 +	very poor creditworthiness
	4.0	
4.5	4.5	in danger of default
5.0	5.0	default criteria reached
	5.1	
	5.2	

Individual rating classes are defined and delineated by means of calculations which assess statistical default probabilities. The descriptions in words are simply for illustrative purposes.

Credit value at risk

The overall risk of all assets exhibiting counter-party default risk is assessed on a monthly basis. Risk may arise due to credit default, deterioration in creditworthiness or a reduction in the intrinsic value of collateral and it is communicated through the key figures expected loss and unexpected loss.

The expected loss represents the most probable value decrease of a given portfolio. This specified decrease in value

should be expected each year. This loss is covered by the calculated risk costs.

The unexpected loss represents a portfolio's possible loss beyond the expected loss. Thus, it communicates possible negative deviation from the expected loss. The unexpected loss is covered by the equity capital and is the maximum loss that can possibly arise within a single year, and which – with a certain amount of probability – will not be exceeded. Raiffeisenlandesbank Oberösterreich calculates unexpected loss at probabilities of 95 per cent and 99.9 per cent.

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

Market risks

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

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

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

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

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

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

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

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

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

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

The following table shows the value-at-risk figures for the Raiffeisenlandesbank Oberösterreich Group (confidence level 99.0 per cent, holding period one month) as at 30 June 2016.

RAIFFEISENLANDESBANK OBERÖSTERREICH GROUP	30 JUNE 2016 IN EUR '000	31 DEC. 2015 IN EUR '000
Total	82,256	95,699
Interest	52,118	80,411
Spread	23,686	59,592
Currency	779	714
Shares	5,946	2,830
Volatility	2,035	2,939

The total value-at-risk as at 30 June 2016 has fallen compared to 31 December 2015 by EUR 13.4 million to EUR 82.3 million.

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

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

The following table shows the results of the stress test as at 30 June 2016:

IN EUR '000	30 JUNE 2016		31 DEC. 2015	
	+ 200 BP	-200 BP	+ 200 BP	-200 BP
EUR	-306,084	259,574	-297,020	259,835
USD	-3,027	3,315	-1,689	1,952
GBP	62	-65	896	-940
CHF	-464	495	-1,051	1,110
JPY	-886	1,185	-898	1,180
CZK	-11,773	14,017	-13,115	15,539
Other currencies	23	9	556	-559

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

Overall structure by balance sheet item

Maximum credit risk exposure pursuant to IFRS 7.36 a

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Cash and cash equivalents (credit balance at central banks)	59,645	52,557
Loans and advances to banks	7,142,237	6,854,907
Loans and advances to customers	19,268,870	18,731,309
Trading assets	3,047,082	2,468,794
Financial assets	4,853,582	4,886,846
Total	34,371,416	32,994,413
Contingent liabilities	3,226,048	3,217,796
Credit risks	4,012,746	3,916,035
Total	7,238,794	7,133,831
Total maximum credit exposure	41,610,210	40,128,244

Collateral for overall structure

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

Collateral values pursuant to IFRS 7.36 b

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Loans and advances to banks	1,032,366**	1,573,149
Loans and advances to customers	10,496,446	10,312,565
Trading assets	494,442**	2,019,928
Financial assets	841,948	823,131
Total	12,865,202	14,728,773
Contingent liabilities*	1,324,492	1,414,964
Credit risks	964,286	942,536
Total	2,288,778	2,357,500
Total collateral values	15,153,980	17,086,273

As at 30 June 2016, the total collateral consisted of 51.9 per cent* (31 Dec. 2015: 44.9 per cent*) of securities in the form of immovable goods (i.e. mortgages, rankings).

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

** Collaterals related to the derivative netting (negative fair values, cash collaterals) are no longer recorded. The indication of possible effects of netting agreements is referred to in this regard.

Industry structure/Concentration risk

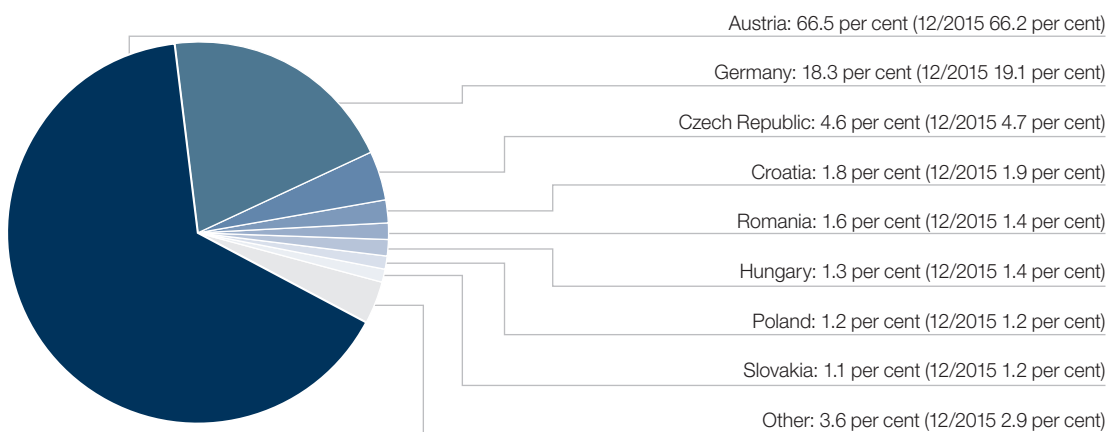
Maximum credit risk exposure by industry

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Banks in Austria	7,932,200	7,581,436
Public households and non-profit organisations	4,490,728	3,822,677
Banks in the EU, excluding Austria	2,953,116	2,558,516
Private households	2,943,170	2,979,631
Construction and supplementary construction trade	2,324,224	2,320,278
Real estate project operators	2,277,732	2,271,201
Commercial and other real estate projects	2,181,701	2,298,602
Engine and plant construction	1,575,435	1,584,299
Banks other	1,338,049	1,229,261
Transport and warehousing	1,148,089	1,146,297
Motor vehicles	1,096,568	1,043,085
Metal production and processing	1,087,092	1,072,988
Residential building management	1,010,872	874,187
Consumer goods	860,848	848,480
Foodstuffs	669,051	674,107
Plastics, chemical products	660,674	702,703
Electronic/electrical	655,479	644,252
Tourism, accommodation, gastronomy	630,275	610,625
Other economic services	581,454	643,374
Energy supply	578,739	600,334
Agriculture and Forestry	518,211	487,915
Subtotal	37,513,707	35,994,248
Other sectors	4,096,503	4,133,996
TOTAL	41,610,210	40,128,244

As at 30 June 2016, the CRR scope of the financial holding (Raiffeisenbankengruppe OÖ Verbund eGen) consisted of 35 (31 Dec. 2015: 24) major loans* (without loans to Group members). Of these, there were 23 (31 Dec. 2015: 13) major loans to the commercial sector, 3 (31 Dec. 2015: 3) major loans to the banking area and 9 (31 Dec. 2015: 8) major loans to public households.

* Value (before application of exemptions and deduction of collateral) greater than 10 per cent of equity eligible for inclusion for major loans according to CRR

Geographic distribution of the loans and advances to customers



Disclosures on government bonds from selected European countries

CARRYING AMOUNTS IN EUR MILLIONS	DESIGNATED FINANCIAL INSTRUMENTS		FINANCIAL ASSETS AVAILABLE FOR SALE (AFS)		FINANCIAL ASSETS "HELD-TO-MATURITY"		TOTAL	
	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015
Spain	0	0	30.6	11.7	0	0	30.6	11.7
Greece	0	0	0	0	0	0	0	0
Ireland	0	0	68.2	12.3	0	50.0	68.2	62.3
Italy	92.4	89.9	0	0	0	0	92.4	89.9
Ukraine	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	15.0	15.0	15.0	15.0
Total	92.4	89.9	98.8	24.0	15.0	65.0	206.2	178.9

The government bonds listed in the category "financial assets available for sale" as at 30 June 2016 contained a total positive AfS reserve of about EUR 5.3 million (31 Dec. 2015: EUR 2.4 million). The market values of the government bonds listed in the category "Financial assets held to maturity" as at 30 June 2016 were about EUR 0.8 million (31 Dec. 2015: EUR 1.8 million) above their carrying amount on 30 June 2015. 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

IN EUR '000	VERY LOW OR LOW RISK		NORMAL RISK		INCREASED RISK	
	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015
Cash and cash equivalents	59,645	52,557	0	0	0	0
Loans and advances to banks	6,937,663	5,678,373	136,533	1,169,882	3,547	5,499
Loans and advances to customers	5,107,855	4,697,615	10,228,153	10,010,078	2,784,717	2,626,133
Trading assets	2,446,331	2,370,232	594,630	91,703	6,121	6,859
Financial assets	4,621,747	4,623,976	211,819	236,258	19,012	25,696
Contingent liabilities	1,084,721	1,010,541	1,917,861	1,933,288	177,395	204,416
Credit risks	1,595,669	1,417,184	2,085,392	2,026,724	287,069	394,730
Total	21,853,631	19,850,478	15,174,388	15,467,933	3,277,861	3,263,333

Structure of overdue or impaired credit risk exposure

Carrying amounts of overdue or impaired financial assets:

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Loans and advances to banks	64,494	1,153
Loans and advances to customers	1,148,145	1,397,483
Financial assets	1,004	916
Contingent liabilities	46,071	69,551
Credit risks	44,616	77,397
Total	1,304,330	1,546,500

Collateral relating to overdue or impaired credit risk exposure

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

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Loans and advances to customers	793,214	885,380
Contingent liabilities	13,840	24,473
Credit risks	23,045	10,051
Total collateral values	830,099	919,904

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

As at 30 June 2016, 40.5 per cent (31 Dec. 2015: 45.5 per cent) of the total collateral values relating to overdue or impaired credit exposure consisted of collateral on immovable goods (e.g. mortgages, rankings).

Appropriated collateral

Collateral taken into possession by Raiffeisenlandesbank Oberösterreich or related companies is sold in an orderly and proper manner and the proceeds from the sale applied to the repayment of the loan or advance concerned. Appropriated collateral is not generally used in the bank's own operations. These acquired securities generally take the form of commercial property. Other types of property collateral may also be prepossessed. The principal objective is to dispose of these properties within an appropriate time-frame. In cases where the disposal of a property proves difficult, alternative uses will be considered, especially letting the property. The carrying amount of these assets as at 30 June 2016 amounted to EUR 1,939 thousand (31 Dec. 2015: EUR 2,478 thousand) and was broken down as follows:

	30 JUNE 2016		31 DEC. 2015	
	CARRYING AMOUNT IN EUR '000	NUMBER	CARRYING AMOUNT IN EUR '000	NUMBER
Undeveloped land	207	1	204	1
Residential buildings	0	0	618	1
Commercial properties	0	0	0	0
Mixed use buildings	1,732	1	1,656	1
Total of collateral taken into possession	1,939	2	2,478	3

In the first half of 2016 no securities were taken into possession by the Raiffeisenlandesbank Oberösterreich Group or its related companies.

Age structure of overdue credit risk exposure

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

IN EUR '000	30 JUNE 2016	31 DEC. 2015
up to 30 days	565,294	536,868
31 to 60 days	77,895	80,619
61 to 90 days	12,365	10,833
over 90 days	51,371	39,012
Total	706,925	667,332

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

Impaired credit risk exposure

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

IN EUR '000	LOANS AND ADVANCES TO BANKS		LOANS AND ADVANCES TO CUSTOMERS		CONTINGENT LIABILITIES		CREDIT RISKS	
	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015
Gross value	291	294	1,247,814	1,521,094	55,956	77,129	68,226	108,364
Loan loss allowances	-291	-294	-742,100	-789,790	-9,885	-7,578	-23,610	-30,967
Carrying amount	0	0	505,714	731,304	46,071	69,551	44,616	77,397
Securities	0	0	325,243	471,619	13,840	19,886	23,045	34,206

* Amounts without portfolio value adjustment

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

Raiffeisenlandesbank Oberösterreich's definition of default includes payments overdue by more than 90 days in addition to insolvency, pending insolvency, legal cases, deferments, restructuring, significant loan risk modifications, debt waivers, direct impairment losses, creditworthiness-related interest exemptions, repayments with an expected financial loss, and moratoria/payment stoppage/withdrawal of licence for banks. Customers with a default on their record are assigned a credit rating of 5.0, 5.1 or 5.2 (corresponds to Moody's C rating and 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 customers amounted to 7.46 per cent as at 30 June 2016 (31 Dec. 2015: 8.40 per cent). As at 30 June 2016, Coverage Ratio I was 48.98 per cent (31 Dec. 2015: 47.60 per cent), Coverage Ratio II was 82.89 per cent (31 Dec. 2015: 81.48 per cent).

Credit-rating-related impairment of securities in the category "financial assets available for sale (AfS)," "financial assets held to maturity" and "loans and receivables" are recognised as valuation allowances. In the first half of 2016, these valuation allowances on debt capital securities came to EUR 0 thousand (H1 2015: EUR 1,010 thousand). The carrying amount of these securities which have already been amortised was EUR 1,004 thousand as at 30 June 2016 (31 Dec. 2015: EUR 916 thousand). Triggering events include substantial financial difficulties of the issuer, significant worsening of ratings and the default of interest payments or repayments. The reversal of allowances on the previous year's impaired debt portfolio amounted to EUR 88 thousand in the first half of 2016 (H1 2015: EUR 0 thousand) respectively.

Forbearance

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

PERFORMING	1 JAN. 2016	ABSORPTION H1 2016	DISPOSAL H1 2016	30 JUNE 2016
IN EUR '000				
Loans and advances to customers	243,838	92,204	-70,485	265,557
Credit risks	48,333	10,166	-42,841	15,658
Total	292,171	102,370	-113,326	281,215
Loan loss allowances	0	0	0	0
NON-PERFORMING	1 JAN. 2016	ABSORPTION H1 2016	DISPOSAL H1 2016	30 JUNE 2016
IN EUR '000				
Loans and advances to customers	613,799	208,683	-270,506	551,976
Credit risks	54,780	1,673	-29,572	26,881
Total	668,579	210,356	-300,078	578,857
Loan loss allowances	599,230	67,415	-125,504	541,141

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

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

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 management and liquidity risk are 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.

LCR (Liquidity Coverage Ratio) at 30 June 2016 was at Group level at 113 per cent and therefore significantly exceeded the 70 per cent level required as at 30 June 2016. This demonstrates the good liquidity situation of the Raiffeisenlandesbank Oberösterreich Group.

The long-term rating of Raiffeisenlandesbank Oberösterreich was confirmed by Moody’s on 27 June 2016 as Baa2.

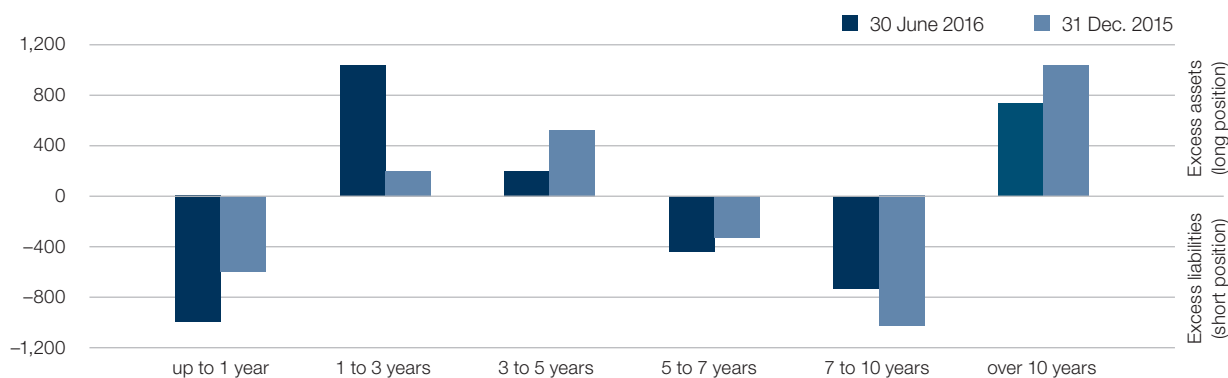
The following table summarises the maturities of the non-discounted liabilities including the respective interest payments and depicts the earliest possible utilisation of guarantees and credit approvals:

30 JUNE 2016	PAYMENT ON DEMAND/ WITHOUT A TERM	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
IN EUR '000						
Amounts owed to banks	4,554,838	1,546,411	894,866	3,076,667	1,726,507	11,799,289
Amounts owed to customers	4,957,973	967,054	1,452,676	1,576,978	2,163,337	11,118,018
Liabilities evidenced by certificates	1,343	193,807	1,186,786	3,497,065	2,989,294	7,868,295
Trading liabilities	0	79,379	237,489	933,271	2,147,492	3,397,631
Subordinated capital	0	10,964	258,330	867,034	922,779	2,059,107
Total	9,514,154	2,797,615	4,030,147	9,951,015	9,949,409	36,242,340
Contingent liabilities	3,226,048	0	0	0	0	3,226,048
Credit risks	4,012,746	0	0	0	0	4,012,746

31 DEC. 2015	PAYMENT ON DEMAND/ WITHOUT A TERM	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
IN EUR '000						
Amounts owed to banks	4,148,135	1,051,175	839,154	3,630,619	1,820,019	11,489,102
Amounts owed to customers	5,006,780	1,382,667	1,029,959	1,331,369	2,096,783	10,847,558
Liabilities evidenced by certificates	365	749,701	962,812	3,515,788	3,066,861	8,295,527
Trading liabilities	0	136,580	224,442	1,190,167	2,530,920	4,082,109
Subordinated capital	0	5,445	78,555	1,054,159	490,618	1,628,777
Total	9,155,280	3,325,568	3,134,922	10,722,102	10,005,201	36,343,073
Contingent liabilities	3,217,796	0	0	0	0	3,217,796
Credit risks	3,916,035	0	0	0	0	3,916,035

From the gap analysis below it can be seen that there is only a low 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. The process structure for the liquidity buffer does not feature any essential concentration of expiring securities within the next three years. The vast majority of securities held as a liquidity buffer have a residual term of more than five years.

GAP IN MILLIONS EUR*



* Items without fixed capital commitment are analysed in light of more realistically described historical developments and are modelled as at 30 June 2016; values as at 31 December 2015 are also described using this new method.

Investment portfolio risk

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

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

The bases for the determination of equity risk are the risk factors (= haircuts) that are derived from the rating classification of the respective investment company, and the exposure value of the investment. The investment portfolio risk results from the respective exposure and the haircuts applied to it.

The following table presents the carrying amount of equity investments held by the Raiffeisenlandesbank Oberösterreich Group as at 30 June 2016 and 31 December 2015, organised by risk classes:

IN EUR '000	VERY LOW OR LOW RISK		NORMAL RISK		INCREASED RISK	
	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015
Banks	1,045,342	1,079,066	12,840	12,848	1,357	1,557
Non-banks	1,115,822	553,257	361,825	871,293	10,646	51,854
Total	2,161,164	1,632,323	374,665	884,141	12,003	53,411

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

Macroeconomic risk

Macroeconomic risk measures the effects of a slight or severe recession on the risk situation at Raiffeisenlandesbank Oberösterreich. To this end, a statistics-based macroeconomic model analyses the correlation between macroeconomic factors (GDP, real wages index) and the probability of default. The simulated economic downturn in the model is used to determine the additional risk based on the CVaR figures.

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 the basis indicator approach to quantify operational risk. Raiffeisenlandesbank Oberösterreich uses both organisational measures and IT systems to 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).

Other risk

Raiffeisenlandesbank Oberösterreich takes into account other, non-quantifiable risks in terms of risk-bearing capacity by means of a risk buffer. These include: Strategic risk, reputation risk, equity risk, systemic risk, income and business risk, risk of excessive indebtedness, remaining risk from techniques used to reduce credit risks, risks from money laundering and the financing of terrorism

Risk-bearing capacity analysis

The risk-bearing capacity analysis compares the aggregated overall bank risk of the group, organised by credit risks, market risks, equity risks, refinancing risks, macroeconomic risks, operational risks and other risks (= strategic risks, reputation risks, equity capital risks, and profit risks) to risk coverage. 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 per cent within one year.

Details regarding risk capital

TYPE OF RISK IN EUR M	SEGMENT	CORPORATES & RETAIL		FINANCIAL MARKETS		EQUITY INVESTMENTS		CORPORATE CENTER		TOTAL	
		06/2016	12/2015	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015	06/2016	12/2015
Market risk ¹		17.8		469.5	469.4	45.9	44.7			533.2	514.1
Credit risk ²		1,135.5	1,144.3	95.4	128.2	163.0	171.6	41.1	43.2	1,435.0	1,487.3
Investment portfolio risk		5.5				853.5	914.7			859.0	914.7
Refinancing risk				6.2	5.4					6.2	5.4
Operational risk		34.7	33.8	16.1	23.5	43.3	38.9	4.6	2.5	98.7	98.7
Macroeconomic risks		214.3	221.3	8.7	7.2	27.6	31.8	3.8	2.3	254.4	262.6
Others risks/buffers ³		5.0	3.4	2.3	2.4	6.1	3.9	0.6	0.3	14.0	10.0
Total		1,412.8	1,402.8	598.2	636.1	1,139.4	1,205.6	50.1	48.3	3,200.5	3,292.8

The assignment of risk capital and equity requirements follow asset allocation as it is done in the IFRS consolidated financial statements of Raiffeisenlandesbank Oberösterreich.

¹ Market risks are incurred in the Financial Markets, Investments and Corporates & Retail segments. Reason: Hypo Salzburg is included in its entirety in the Investments section of the IFRS statements. The spread risk from M-bonds is allocated entirely to market risks as at 30 June 2016. Market risks therefore also partly fall in the Corporates & Retail segment.

² Credit risks are also incurred in the Corporate Centre, because financing is also allocated to this segment in the IFRS statements.

³ Operational risks and the risk buffer were distributed aliquot to income.

Institutional protection scheme

Raiffeisen Banking Group Upper Austria

The Austrian Raiffeisen Banking Group (RBG Ö) is the largest banking group in Austria with about 477 locally operating Raiffeisen branches, eight regional Raiffeisen headquarters, and Raiffeisen Zentralbank Österreich AG as central institution in Vienna. Some 1.7 million Austrians are members and thus owners of Raiffeisen banks.

The Raiffeisen Banking Group Upper Austria (RBG OÖ) is made up of a central institution, Raiffeisenlandesbank Oberösterreich AG, and 94 Raiffeisen banks with a total of 442 bank branches.

About 310,000 Upper Austrians are co-owners of the Upper Austrian Raiffeisen banks.

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

Based on Articles 49 (3) and 113 (7) CRR all Raiffeisen banks in the Raiffeisen Banking Group Upper Austria have signed

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

The risk council that has been established monitors and manages the development of the entire L-IPS and of the individual members within the institutional guarantee system at state level. The institutional guarantee system is represented at state level by the Chief Executive of Raiffeisenlandesbank Oberösterreich AG, Heinrich Schaller. Approval for the institutional guarantee system was obtained from the FMA by a decision dated 3 November 2014.

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

Together, the Upper Austrian Raiffeisen banks have established a joint aid association with Raiffeisenlandesbank

Oberösterreich AG (Hilfsgemeinschaft der RBG Oberösterreich und Raiffeisen-Kredit-Garantiegesellschaft m.b.H.), which ensures that in case of economic problems the distressed institutions receive help through adequate measures.

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

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

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

Deposit guarantee NEW

The new Austrian Deposit Guarantee and Investor Compensation Act (ESAEG), which implements a European Directive, came into force in mid-August 2015. All member institutions of RBG Upper Austria are joint members of the "Austrian Raiffeisen-Einlagensicherung eGen" via the Upper Austrian state deposit guarantee.

The Act anticipates the establishment of a deposit guarantee fund that is stocked by annual contributions from banks. The target volume to be reached by 2024 is 0.8 per cent of covered deposits. If these funds are not sufficient, the banks may be required to provide an additional 0.5 per cent of the covered deposits annually.

The amount of the protection for the customer does not change as a result of the new Act: deposits of up to EUR 100,000 per customer and bank continue to be guaranteed. The dispelling of some of the assumptions held to date has, however, led to the scope of customer protection being expanded, with major corporations, deposits in a foreign currency as well as deposits from managing directors, members of the supervisory authority and auditors of the bank now also being protected.

The guaranteed deposits should be reimbursed within 7 working days as of 1 January 2024 (gradual reduction in the periods by then).

The Austrian deposit guarantee system is currently broken down into sectors and should be retained in this form until 2018. A new uniform system (run by the Economic Chambers) is then due to be set up as of 2019.

Deposit guarantee outlook

The European Commission is planning an EU-wide deposit guarantee that should be implemented in full by 2024. By this time all of the existing national deposit guarantee systems should have been transferred to this EU deposit guarantee in stages. This is still a proposal from the European Commission which requires agreement from the European Council and the European Parliament prior to implementation.

Bank Recovery and Resolution Act (BaSAG)

The Banking Recovery and Resolution Directive (BRRD) came into force with effect from 1 January 2015 with the establishment of a Europe-wide banking union by the European Union. Following on from this EU Directive (BRRD) the Banking Intervention and Bank Restructuring Act (BIRG) in Austria was repealed and replaced by the Bank Recovery and Resolution Act (BaSAG) which implemented the BRRD into Austrian law effective 1 January 2015. This Act requires every bank domiciled in Austria that is not part of a group which is subject to consolidated supervision to create a recovery plan in accordance with the requirements defined in the Ba-SAG and to update this on an annual basis. As the EU parent company, the RBG OÖ Verbund eGen created the 2015 group recovery plan based on the new legal position, and this includes the specifics related to Raiffeisenlandesbank Oberösterreich.

A resolution plan must be created by the resolution authority and reviewed at least once per year and updated as necessary.

For the purposes of the stress test associated with the recovery plan under the BaSAG, the bank's recovery potential was ascertained in six different scenarios, with systemic, reputational and also combined crises considered in the characteristics rapid and slow.

So that crises can be identified at an early stage, early warning indicators are set out in a comprehensive framework concept aimed at ensuring that there is adequate time for implementing suitable countermeasures. The set of indicators selected meets the minimum requirements for qualitative and quantitative indicators in accordance with the EBA Guidelines.

Additional indicators were also selected by the organisation itself, meaning monitoring of a total set of 22 indicators is undertaken and regular reports are submitted to the Managing Board.

Raiffeisenlandesbank Oberösterreich AG is obliged by statute to make an annual contribution to the Single Resolution Fund ("SRF") at the European level. The contribution to the resolution fund is stipulated by the supervisory authority responsible in accordance with the deposits not guaranteed in association with the bank's risk profile. If the funds available are not sufficient for the purposes of covering losses, costs and other expenses associated with utilising the fund as a resolution mechanism, extraordinary contributions are collected in order to cover the additional expenses.

The scope of application extends to all banks operating within the eurozone. Non-euro states are able to participate in the SRF on a voluntary basis.

Hypo-Haftungsgesellschaft m.b.H.

Raiffeisenlandesbank Oberösterreich holds a minority interest in Oberösterreichische Landesbank AG (Hypo OÖ) and a majority interest in SALZBURGER LANDES-HYPOTHEKENBANK AG (Hypo Salzburg), which belongs to the protection scheme "Hypo Haftungsgesellschaft m.b.H." under the framework of the association of mortgage banks, as required by law. Furthermore, Hypo Oberösterreich and Hypo Salzburg are also affected because of their membership in the Pfandbriefstelle by the FMA mandate of 1 March 2015, which imposed a debt moratorium on HETA ASSET RESOLUTION AG ("HETA") that will be in force until 31 May 2016. The moratorium imposed by the financial supervisory authority also affects the liabilities of HETA owed to the Pfandbriefstelle (the bond division of the association of Austrian state mortgage banks). An agreement was entered into between the mortgage lending agency of the Austrian Landes-Hypothekenbanken, Pfandbriefbank (Österreich) AG, the individual member banks and the federal state of Carinthia with the aim of securing the provision of liquidity. Corresponding payments were made by the HYPO Salzburg Group amounting to EUR 99.6 million (half on own account and half for the account of the guarantors) for the purposes of implementing this agreement.

Other information

Information regarding associated companies and persons

The ultimate parent company is a cooperative registered as Raiffeisenbankengruppe OÖ Verbund which is not, aside from its function as a holding company, operationally active.

The “Subsidiaries (non-consolidated)” category contains all subsidiaries which are not fully consolidated for reasons of significance. The “Associated Companies” category shows details regarding companies with significant influence, incl. the

companies reported under the equity method. “Members of the Management in Key Positions” includes Managing Board and Supervisory Board members of Raiffeisenlandesbank Oberösterreich. “Other associated companies and persons” includes details of close family members of the Management in key positions (incl. their companies). No joint enterprises in which the Raiffeisenlandesbank Oberösterreich is a partner company are in existence at the reported reference dates.

Information regarding associated companies and persons as at 30 June 2016

30 JUNE 2016 IN EUR '000	PARENT COMPANY	SUBSIDIARIES (NON-CONSOLIDATED)	ASSOCIATED COMPANIES
Loans and advances to banks	0	0	4,511,292
of which loan loss allowances	0	0	2,014
Loans and advances to customers	0	386,591	730,947
of which loan loss allowances	0	8,260	1,255
Trading assets	0	43,010	427,839
Financial assets	0	221,809	685,601
Companies accounted for using the equity method	0	0	1,774,329
Other assets	0	21,640	15,051
Amounts owed to banks	0	0	1,540,622
Amounts owed to customers	357	99,183	410,238
Trading liabilities	0	2,061	79,040
Provisions	0	16	2,472
Other liabilities	0	2,155	1,956
Guarantees given	0	14,921	424,892
Guarantees received	0	0	449,519
H1 2016 IN EUR '000			
Net interest income	0	10,302	36,846
Additions to loan loss allowances	0	116	632
Direct impairment losses	0	0	0

Information regarding associated companies and persons as at 31 December 2015

31 DEC. 2015 IN EUR '000	PARENT COMPANY	SUBSIDIARIES (NON-CONSOLIDATED)	ASSOCIATED COMPANIES
Loans and advances to banks	0	0	4,438,100
of which loan loss allowances	0	0	1,721
Loans and advances to customers	0	406,712	752,496
of which loan loss allowances	0	8,614	2,946
Trading assets	0	37,140	363,741
Financial assets	0	224,743	677,106
Companies accounted for using the equity method	0	0	1,786,116
Other assets	0	18,729	15,708
Amounts owed to banks	0	0	1,359,461
Amounts owed to customers	74	103,037	153,999
Trading liabilities	0	1,701	74,487
Provisions	0	496	2,484
Other liabilities	0	2,496	2,591
Guarantees given	0	17,941	445,386
Guarantees received	0	0	527,967
H1 2015 IN EUR '000			
Net interest income	0	17,861	39,720
Additions to loan loss allowances	0	198	709
Direct impairment losses	0	0	0

As at 30 June 2016, EUR 23,488 are pledged to companies accounted for at equity (31 Dec. 2015: EUR 23,488 thousand).

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

As at 30 June 2016, advances, credits and liabilities towards members of the Managing Board exist in the amount of EUR 104 thousand (31 Dec. 2015: EUR 378,000), towards members of the Supervisory Board EUR 903,000 (31 Dec. 2015: EUR 834 thousand). Loans to members of the Managing Board and the Supervisory Board are granted on standard banking industry terms. Repayments are made as agreed.

Liabilities towards members of the Managing Board and the Supervisory Board exist in the amount of EUR 2,659 thousand (31 Dec. 2015: EUR 2,570 thousand).

As at 30 June 2016, advances, credits and liabilities towards affiliated companies and persons exist in the amount of EUR 7,766 thousand (31 Dec. 2015: EUR 6,707 thousand) and liabilities in the amount of EUR 1,584 thousand (31 Dec. 2015: EUR 1,240 thousand).

Regulatory consolidated equity requirements pursuant to section 64 (1) (16 et seq.) of the Austrian Banking Act

As of 1 January 2014, Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR) and Directive (EU) No. 36/2013 (Capital Requirement Directive, CRD IV) came into force in implementing Basel III. In addition, the supplementary CRR regulation defines the implementation of transitional provisions of CRR for Austria. The statutory regulations mean that banks will have to comply with significantly higher equity ratios and tighter liquidity requirements.

Consolidated capital and reserves at the level of the chief EU parent financial holding (CRR Circle Raiffeisenbankengruppe OÖ Verbund eGen) as per the CRR are as follows:

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Capital instruments and the premium linked to them	1,018,857	1,018,857
Retained earnings	2,432,093	2,427,688
Accumulated other net gains/losses	-75,371	-75,371
Other reserves	-	4,406
Eligible minority Common Equity Tier (CET) 1 minority holdings (incl. transitional regulations)	66,731	96,469
Common Equity Tier (CET) 1 capital prior to regulatory adjustments (corrections and deductions)	3,442,310	3,472,049
Prudential filters correction	-98,473	-98,770
Intangible assets deduction (incl. goodwill)	-57,076	-58,179
Deductions for deferred taxes	-2,270	-4,921
Deduction of core Tier 1 capital instruments from companies in the financial sector	-47,145	-36,376
Items to be deducted from the items of additional Tier 1 capital, exceeding the additional Tier 1 capital	-25,302	-38,024
Other transition adjustments to common Tier 1 capital	-42,217	-71,172
Other deductions regarding common Tier 1 capital	-55,303	-
Common Tier 1 capital (CET 1)	3,114,524	3,164,607
Additional Tier 1 capital (AT 1)	0	0
Tier 1 capital (Tier 1 = CET 1 + AT 1)	3,114,524	3,164,607
Grandfathering of capital instruments of Tier 2 capital and subordinated loans	22,485	26,233
Eligible minority Common Equity Tier 2 minority holdings (incl. transitional regulations)	587,021	662,995
Tier 2 capital (T 2) before regulatory adjustments	609,506	689,228
Deductions as well as other transitional adjustments of Tier 2 capital	-9,504	-9,169
Tier 2 capital (T 2)	600,002	680,059
Total capital (TC = T 1 + T 2)	3,714,526	3,844,666

The overall risk value (risk-weighted assets, RWA) is divided up as follows:

IN EUR '000	30 JUNE 2016	31 DEC. 2015
Capital requirements for credit, counter-party, or dilution risk	21,444,110	21,412,643
Capital requirements for item, foreign currency, and commodity risks	129,426	116,445
Capital requirements for operational risks	1,234,220	1,234,220
Capital requirements for adjustments to credit evaluation (CVA)	159,965	130,796
Risk-weighted assets	22,967,721	22,894,104

The capital ratios (phrase in) according to CRR are as follows and are calculated against the total risk value in accordance with Article 92 CRR.

IN %	30 JUNE 2016	31 DEC. 2015
Common Tier 1 capital ratio (CET-1 ratio)	13.56	13.82
Tier 1 capital ratio	13.56	13.82
Total capital ratio (TC ratio)	16.17	16.79

Raiffeisenlandesbank Oberösterreich will be in a stable equity and equity capital situation for the next few years – during which the regulatory ratios under Basel III will be exceeded significantly while the SREP ratio prescribed by the ECB will be complied with – enabling the bank to continue providing close support to its customers over the long term.

In accordance with section 23 BWG, a capital conservation buffer was introduced on 1 Jan. 2016, which is to be held in the form of common equity. In accordance with the transitional provision in section 103q no. 11 BWG, the capital conservation buffer for 2016 is 0.625 per cent. This will be increased to 2.50 per cent by 2019 using the straight-line method.

In the same way, Raiffeisenlandesbank Oberösterreich, on the consolidated level of Raiffeisenlandesbank Oberösterreich Verbund eGen as the highest EU parent financial holding as defined by Art. 7 of the Regulation on Capital Buffering (KP-V) of the FMA, had a capital buffer imposed on it for systemic vulnerability (system risk buffer), amounting, in accordance with Art. 10, KP-V, to 0.25 per cent from 1 Jan. 2016, which will rise to 1 per cent by 2018.

Section 7b of KP-V of the FMA also provides a capital buffer for system-relevant institutions. For Raiffeisenlandesbank Oberösterreich, a capital buffer for system relevant institutions is imposed at the consolidated level of Raiffeisenlandesbank Oberösterreich Verbund eGen as the highest EU parent financial holding, which amounts to 0.125 per cent as defined by Section 7 of the Regulation on Capital Buffering (KP-V) from 1 Jan. 2016 and which will rise to 1 per cent by 2019. If both a system risk buffer and a buffer for system-relevant institutions is imposed, only the higher ratio for the respective institution will apply.

In accordance with CRR, this information is published on Raiffeisenlandesbank Oberösterreich's website (www.rlbooe.at).

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

	1 JAN. – 30 JUNE 2016	1 JAN. – 30 JUNE 2015
Salaried employees	4,025	4,019
of which VIVATIS/efko	819	794
Employees	1,743	1,755
of which VIVATIS/efko	1,720	1,735
Total	5,768	5,774
of which VIVATIS/efko	2,539	2,529

Events after the balance sheet date

On 5 July 2016, SALZBURGERLANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, which is fully consolidated in the IFRS group of Raiffeisenlandesbank Oberösterreich, announced its accession to the Memorandum of Understanding by which the parties confirm their shared intention to reach an amicable agreement over the restructuring of the state liabilities of the HETA ("HETA debt instruments"). Furthermore, there were no events of particular significance after 30 June 2016. The condensed consolidated interim financial statements were prepared on 23 August 2016.

Statement of the Managing Board

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

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

Linz, 23 August 2016

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

THE MANAGING BOARD



Heinrich Schaller
Chief Executive and Chairman of the Managing Board



Michaela Keplinger-Mitterlehner
Deputy Chief Executive



Stefan Sandberger
Member of the Managing Board



Reinhard Schwendtbauer
Member of the Managing Board



Georg Starzer
Member of the Managing Board



Markus Vockenhuber
Member of the Managing Board

Responsibilities of the Managing Board



Reinhard Schwendtbauer

Stefan Sandberger

Heinrich Schaller

Michaela Keplinger-Mitterlehner

Georg Starzer Markus Vockenhuber

Heinrich Schaller

Office of the Managing Board
Public Relations and Media
Legal Office
Corporate Governance & Compliance
Public Affairs
Strategy Raiffeisen Banking Group Upper Austria
Corporate customers Raiffeisen banks
Management of Raiffeisen banks
Human resources management
Group accounting and controlling
Group audit

Michaela Keplinger-Mitterlehner

Treasury Financial Markets
Product management/Sales management Retail and Private Banking/Group marketing
Raiffeisenlandesbank Oberösterreich branches
PRIVAT BANK
bankdirekt.at
KEPLER-FONDS KAG

Stefan Sandberger

Product responsibility Treasury
Cash Management products
Organisation
Operations
GRZ IT Center GmbH
Raiffeisen Software GmbH

Reinhard Schwendtbauer

Tax Office
Collateral
Investment management
REAL-TREUHAND Management GmbH

Georg Starzer

Corporates Market
Product management and Corporates Sales
Factoring
Raiffeisen-IMPULS-Leasing
RVM Raiffeisen-Versicherungsmakler

Markus Vockenhuber

Overall bank risk management
Financing Management

Imprint

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Notes:


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

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