Semi-Annual Financial Report

Semi-Annual Financial Report as at 30 June 2019

Raiffeisen CENTROBANK

Semi-Annual Financial Report 2019: An Overview

This is a translation from German. In case of any discrepancies between the English and German version, the German text shall prevail and be binding.

Interim Management Report of Raiffeisen Centrobank AG as at 30 June 2019

In the summing-up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. Information on percentage changes refers to the actual and not to the rounded-off figures.

All designations that are used to refer to persons in this report apply equally to both genders.

Economic Environment

Market Development

The economic dynamics in the Eurozone that had tapered off in the past year remained subdued in the first half of 2019. In annual comparison, the economic performance rose by roughly one per cent. In the first half of 2019, it was mainly the industrial sector that recorded a decrease. Production clearly undercut the previous year's level. The decrease, however, was offset by other economic sectors. Until mid-year, the inflation rate stayed below the European Central Bank's (ECB) 2 per cent target rate. Moreover, the ECB, as announced, left the key rates unchanged.

Money market rates slightly decreased against the backdrop of the announcement to keep key rates unchanged until mid-2020 and the decision to launch a third round of long-term refinancing operations starting in September 2019. German government bonds with medium to long maturities continued to trend downwards. The yield on the 10-year German benchmark bonds that had been just over 0.2 per cent at the start of the year fell to an all-time low of around minus 0.3 per cent at the end of June.

The EUR/USD exchange rate oscillated between 1.11 and 1.15 in the first half of the year, coming to 1.137 in June.

At the beginning of the year, the US economy continued to advance vigorously. In the first half of 2019, the annualised growth rate came to 3.1 per cent for the first quarter and to 2.1 per cent for the second quarter of 2019. The trade dispute with the USA's major trading partners has not yet been reflected in hard economic data. However, leading indicators point to a slackening economic performance. In China, the fallout from the conflict has already had a perceptible impact since spring in the form of substantially lower export figures.

Raiffeisen Centrobank AG's core area of business Eastern Europe continued its strong economic performance. Growth rates mostly exceeded the Eurozone level.

Financial Markets

The international stock markets recorded a strong first half year. The leading markets in Western Europe and the USA booked gains between roughly 15 to 20 per cent. Buoyed by this favourable performance, the S&P 500 reached a new all-time high in June. Recessionary fears were priced following a weak Q4/2018. Risk indicators, in particular political risks, remained on the headlines but, except for the recently worsening US/China trade dispute, without any sustained adverse impact on the markets. Expectations of further monetary stimuli after the US Fed and the European Central Bank changed their monetary outlook particularly shored up the asset class of shares.

Development of Business and Earnings in the First Half of 2019

Development of Earnings

With an operating income of € 29,196 thousand (first half of 2018: € 33,331 thousand) and operating expenses of € 23.010 thousand (first half of 2018: € 21,204 thousand), an operating result of € 6,186 thousand (first half of 2018: € 12,127 thousand) was generated in the first half of 2019. Taking into consideration net valuations and net proceeds in the amount of € 149 thousand (first half of 2018: € minus € 1,597 thousand), the result on ordinary activities came to € 6,335 thousand. The result of the previous year's period, which had come to € 10,530 thousand, was undercut by € 4,195 thousand or 39.8 per cent.

in € thousand	06/2019	06/2018	Change in %
Net interest result	(16,760)	(7,029)	>100
Income from securities and financial investments	9,032	7,721	17.0
Net fee and commission result	(620)	500	<(100)
Net profit on financial trading activities	37,283	31,748	17.4
Other operating income	261	392	(33.6)
Operating income	**29,196**	**33,331**	**(12.4)**
Staff expenses	(12,741)	(12,131)	5.0
Other administrative expenses	(9,802)	(8,455)	15.9
Depreciation	(449)	(467)	(4.0)
Other operating expenses	(18)	(151)	(87.9)
Operating expenses	**(23,010)**	**(21,204)**	**8.5**
Operating result	**6,186**	**12,127**	**(49.0)**
Net valuations and net proceeds	149	(1,597)	>(100)
Result on ordinary activities	**6,335**	**10,530**	**(39.8)**
Taxes	(1,556)	(2,136)	(27.2)
Net income for the period	**4,779**	**8,394**	**(43.1)**

Operating income for the first half of 2019 dropped by 12.4 per cent or € 4,135 thousand to € 29,196 thousand (first half of 2018: € 33,331 thousand). This decrease was in particular attributable to a lower net interest result as well as to a lower net fee and commission result.

The rise of the negative net interest result from € minus 16,760 thousand (first half of 2018: € minus 7,029 thousand) was due to a rise of coupon payments for securitized liabilities (structured products) and a drop of interest income from structured products.

Depending on the hedge, expenses for coupon payments for securitized liabilities were contrasted with interest income and – as described below in the net profit on financial trading activities – a positive valuation result from tradable money market deposits in the net profit on financial trading activities (trading profit). In the first half of 2019, income from coupons in the net interest result fell compared to the previous year's period. Valuation amounts contained in the result on financial trading activities thus went up accordingly.

Compared to the first half of 2018, interest expenses rose by € 5,753 thousand to € 31,344 thousand. In addition to coupon payments for securitized liabilities, interest expenses for customer deposits posted a slight volume-related rise.

Interest income fell by € 3,979 thousand to € 14,584 thousand in particular due to lower income from coupon payments from structured products. The decrease was attributable to a change in the hedging strategy.

Compared to the first half of 2018, net fee and commission result was negative in the reporting period and decreased by € 1,120 thousand to € minus 620 thousand further to lower fee and commission income from equity capital market transactions and higher expenses for commissions.

Net profit on financial trading activities accounted for the main part of the operating income, and rose from € 31,748 thousand in the first six months of 2018 by 17.4 per cent to € 37,283 thousand. The improvement of net profit on financial trading activities can be put down to higher coupon payments for structured products and the related hedging strategy. These payments were hedged via tradable money market deposits without current coupons held in the trading book. In the previous year, options which yielded current coupons and were included in interest income were used more frequently as hedges. The total result of tradable deposits including interest was included in the net profit on financial trading activities.

The rise of income from securities and financial investments by € 1,312 thousand to € 9,032 thousand was exclusively due to higher dividend income from domestic shares.

Other operating income posted a decrease of € 132 thousand to € 261 thousand following lower income from charging costs to third parties.

Operating expenses came to € 23,010 thousand and were by 8.5 per cent or € 1,806 thousand above the previous period’s figure (€ 21,204 thousand).

The increase in headcount and collective adjustments translated into a rise of staff expenses to € 12,741 thousand. Compared to the previous year’s period, this represents an increase of € 610 thousand. Wages and salaries went up by € 313 thousand to € 9,635 thousand. In addition, provisions for severance payment posted a rise.

Compared to the previous year’s period, other administrative expenses went up by € 1,347 thousand to € 9,802 thousand. The item included mainly expenses for information services coming to € 2,108 thousand (first half of 2018: € 1,798 thousand), IT costs coming to € 1,636 thousand (first half of 2018: € 1,830 thousand) and contributions to associations, domestic and foreign supervisory authorities and payments to the resolution fund, coming to € 1,602 thousand (first half of 2018: € 1,183 thousand).

Depreciations came to € 449 thousand and went down by 4.0 per cent compared to the previous year’s period (€ 468 thousand). Mainly depreciation for low-value assets and for adjustments posted a decrease.

Other operating expenses, which primarily contained expenses charged to third parties, recorded a volume-related decrease by € 132 thousand to € 18 thousand.

The cost/income ratio which had been at 63.6 per cent as at 30 June 2018 rose to 78.8 per cent because of the decrease of operating income and the rise of operating expenses.

Net valuations and net proceeds for the first half of 2019 contained solely the current adjustment of general impairment allowances calculated pursuant to the methodology as laid down in IFRS 9 and added up to € 149 thousand. This positive result was primarily attributable to a lower assessment basis. In the first half of 2018, net valuations and net proceeds were negative (€ minus 1,597 thousand) mainly due to expenses not covered by provisions relating to a liability for a subsidiary.

The result on ordinary activities for the reporting period came to € 6,335 thousand compared to € 10,530 thousand in the previous year's period.

In the first half of 2019, current income taxes amounted to € 1,110 thousand (first half of 2018: € 2,027 thousand). The item contained expenses for group charges for the current business year adding up to € 437 thousand (first half of 2018: € 995 thousand) as well as for previous periods coming to € 44 thousand (first half of 2018: € 210 thousand). Moreover, the item included withholding taxes on foreign dividend income in the amount of € 642 thousand (first half of 2018: € 776 thousand). In contrast to the previous year, no provision was made for current corporate taxes for the Slovak branch against the backdrop of the branch’s negative tax result (first half of 2018: € 43 thousand). In the first half of 2019, income from deferred taxes added up to € 13 thousand compared to expenses in the previous year's period of € 2 thousand.

Other taxes included solely statutory bank levies for Raiffeisen Centrobank AG and for the Slovak branch adding up to € 446 thousand (first half of 2018: € 110 thousand). The rise of tax expenses can be put down to a non-periodic tax income from value-added taxes in the first half of 2018 in the amount of € 223 thousand. For the first half of 2018, statutory bank levies for Raiffeisen Centrobank AG and for the Slovak branch amounted to € 333 thousand.

Net income for the first half of 2019 came to € 4,779 thousand (first half of 2018: € 8,394 thousand).

Balance Sheet Development

Compared to 31 December 2018, the balance sheet total increased significantly by 15.1 per cent from € 3,735,352 thousand to € 4,299,958 thousand.

On the asset side, “Loans and advances to credit institutions” posted a rise of € 455,323 thousand to € 3,490,713 thousand. The rise is almost entirely attributable to the rise of tradable money market deposits of € 355,313 thousand to € 2,729,257 thousand. Moreover, the item included interbank deposits (€ 461,067 thousand), unlisted bonds (€ 182,424 thousand) and collateral for the option business and securities lending (€ 110,938 thousand). Compared to the year-end 2018, interbank deposits and unlisted bonds increased by € 130,803 thousand and € 15,995 thousand, respectively, whereas collateral for the option business and securities lending fell by € 47,703 thousand. “Loans and advances to credit institutions” accounted for 81.3 per cent of the balance sheet total as at 31 December 2018 and dropped slightly to 81.2 per cent as at 30 June 2019.

“Shares and other variable-yield securities” rose by € 82,276 thousand to € 259,418 thousand (6.0 per cent of the balance sheet total on 30 June 2019 and 4.7 per cent on 31 December 2018). Mainly foreign shares and other variable-yield securities (funds) posted a rise.

Compared to the previous year’s period, “Other assets” (4.7 per cent of the balance sheet total on 30 June 2019 and 3.4 per cent on 31 December 2018) went up by € 71,920 thousand to € 200,119 thousand (31 December 2018: € 128.200 thousand). The item contained mainly positive fair values from trading in derivative financial instruments adding up to € 198,115 thousand (31 December 2018: € 127,094 thousand).

"Cash in hand, deposits with central banks" (6.1 per cent of the balance sheet total on 30 June 2019 and 6.3 per cent on 31 December 2018) rose by € 27.068 thousand to € 261,973 thousand. Deposits at Oesterreichische Nationalbank increased for reasons of liquidity management.

"Loans and advances to customers" dropped primarily further to a decrease of collateral for the option business to other financial institutions by € 70,852 thousand to € 49,361 thousand (1.1 per cent of the balance sheet total on 30 June 2019 and 3.2 per cent on 31 December 2018).

Compared to 31 December 2018, "Bonds, notes and other fixed-interest securities" (0.4 per cent of the balance sheet total on 30 June 2019 and 0.5 per cent on 31 December 2018) went down by € 1,878 thousand to € 18,567 thousand.

The decrease of "Equity participations" was due to the sale of a participation in Österreichische Raiffeisen-Einlagensicherung eGen.

On the equity and liabilities side, "Securitized liabilities" (74.5 per cent of the balance sheet total on 30 June 2019 and 73.6 per cent on 31 December 2018) went up by € 452,725 thousand to € 3,201,999 thousand. The increase was attributable to the volume-related rise of issued bonds (guarantee certificates and reverse convertible bonds) coming to € 211,926 thousand as well as of other securitized liabilities (certificates with option character and warrants) adding up to € 240,799 thousand.

"Liabilities to credit institutions" (2.4 per cent of the balance sheet total on 30 June 2019 and 0.4 per cent on 31 December 2018) rose by € 89,826 thousand to € 104,179 thousand mainly further to higher deposits liabilities to domestic credit institutions and collateral for the option business.

"Liabilities to customers" (10.5 per cent of the balance sheet total on 30 June 2019 and 9.8 per cent on 31 December 2018) went up by € 86,315 thousand to € 451,290 thousand mainly further to short-term deposits of domestic customers.

"Other liabilities" (9.5 per cent of the balance sheet total on 30 June 2019 and 12.5 per cent on 31 December 2018) dropped by € 58,874 thousand to € 408,663 thousand, following in particular a decrease of negative fair values of derivative financial instruments (options, futures and forward exchange contracts) by € 81,273 thousand. The item also included the short-selling of trading assets, which in contrast went up by € 25,211 thousand. Short-selling was effected in connection with the market making activities of the Bank and in relation to pension plans and represented offsetting items to equity and index futures as well as to cash positions on the asset side of the balance sheet. Sundry other liabilities including settlement accounts on the equity and liabilities side posted a decrease against the backdrop of lower short-term charges from securities transactions not yet settled at 30 June 2019 as well as the settlement of an equity capital market transaction adding up to a total of € 2,813 thousand.

Tradable money market deposits, unlisted options and zero bonds purchased from Raiffeisen Bank International AG for hedging purposes were included in "Loans and advances to credit institutions", "Other assets" and "Bonds, notes and other fixed-interest securities" on the asset side and came to € 2,754,087 thousand (31 December 2018: € 2,393,967 thousand).

"Provisions" (0.3 per cent of the balance sheet total on 30 June 2019 and 0.3 per cent on 31 December 2018) went up slightly from € 12,153 thousand on 31 December 2018 to € 12,293 thousand on 30 June 2019. This resulted mainly from provisions for severance payments which increased by € 159 thousand following a decrease of the discounting interest rate.

"Retained earnings" (0.8 per cent of the balance sheet total on 30 June 2019 and 0.9 per cent on 31 December 2018) rose from € 32,160 thousand on 31 December 2018 to € 34,685 thousand on 30 June 2019. The change related solely to other reserves and was attributable to the allocation from the 2018 net profit in the amount of € 2,524 thousand.

The net profit for the current period (0.1 per cent of the balance sheet total on 30 June 2019 and 0.3 per cent on 31 December 2018) came to € 4,779 thousand.

Key Figures

in € thousand or in per cent	30/06/2019	31/12/2018
Core capital (tier 1) after deductions	105,852	112,343
Eligible own funds	105,852	112,343
Own funds requirement	39,327	38,021
Surplus of own funds	66,525	74,322
Own funds ratio	21.5	23.6
Core capital ratio	21.5	23.6
Liquidity Coverage Ratio (LCR)	158.8	219.6

Financial Instruments

Please refer to the notes.

Raiffeisen Centrobank AG Slovak Branch

The establishment of a branch in Bratislava (Raiffeisen Centrobank AG Slovak Branch, pobočka zahraničnej banky) was approved by the European Central Bank and was registered in the Company Register on 26 April 2017. The business purpose of the branch is to issue and distribute in particular structured products on the Slovak market. The business volume as well as income and expenses attributable to the branch office have been included in these financial statements.

In the first half of 2019, the Slovak Branch placed a total issue volume of roughly €13 million (first half of 2018: roughly € 14 million).

Review of Business Segments

Raiffeisen Centrobank AG is one of the largest players in equities and structured products on the Vienna stock exchange and holds a key position on the markets in Central and Eastern Europe (CEE).

Trading & Treasury

Compared to the first half of 2018 (€ 37.29 billion), the sales volume on the Vienna stock exchange recorded a drop of roughly 13.4 per cent to € 32.29 billion. International leading exchanges such as Deutsche Börse and NYSE Euronext posted similar decreases of 15.9 per cent and 12.7 per cent. As regards the CEE exchanges, the Warsaw stock exchange was down by roughly 5.7 per cent compared to the first half of 2018, whereas sales volumes on the exchanges in Prague, Budapest and Bucharest fell by 23 per cent, 10.5 per cent and 7.8 per cent.

In the first half of 2019, Raiffeisen Centrobank AG's market share on the domestic spot market came on average to 5.95 per cent, which was slightly below the previous year's period (first half of 2018: 6.7 per cent). The absolute sales volume in market making remained stable and amounted to € 1.056 billion corresponding to a market share in this segment of roughly 12.3 per cent (first half of 2018: € 1.074 billion and 14 per cent). In the annual specialist tender of the Vienna stock exchange Raiffeisen Centrobank AG won 17 mandates. With additional 21 market maker mandates on the Vienna Prime Market and for 24 titles in other segments (e.g. global market), Raiffeisen Centrobank AG is once again the largest domestic liquidity provider.

With 27 titles, the market making on the German XETRA Frankfurt remained stable. On the derivatives exchange EUREX Frankfurt, market making was provided for options and futures on 20 (Austrian, German and Eastern European) underlyings.

Market making was substantially expanded on the Warsaw stock exchange, where Raiffeisen Centrobank AG provided liquidity for 48 shares, 22 single stock futures und for WIG20 and MWIG40 derivatives. Market making mandates in Prague and Bucharest came to 22 and 11 and remained unchanged to the previous year's level.

In the first half of 2019, operating income, excluding other operating income, came to € 9.1 million and exceeded the previous year's level by roughly 8 per cent (€ 8.4 million). The improvement was mainly attributable to higher interest income generated in the Treasury business.

Equity business

In the first half of 2019, marketing activities in Sales & Sales Trading for Austrian and Eastern European listed companies remained on top-level. At the beginning of April, Raiffeisen Centrobank AG held its 18th flagship conference in Zürs, Arlberg, with a record number of participants. More than 70 leading listed companies presented themselves to 125 institutional investors. Aside from Austrian investors, German, Croatian, Polish, Romanian, Russian, Swiss, UK and US investors took part. Moreover, Raiffeisen Centrobank AG hosted four successful investor conferences in New York, Stockholm and Warsaw and held 50 roadshow days in Europe and the USA.

The team Execution & Electronic Trading successfully finalised the tests to implement the new Direct Market Access (DMA) Order Routing for the Russian market in cooperation with Raiffeisen Bank Russia. Raiffeisen Centrobank AG's DMA Order Routing-System enables customers to directly access various trading venues. In addition, the first customers from the Raiffeisen network were acquired to sign on compliance services in best execution regulatory reports. In cooperation with the Operations department of Raiffeisen Centrobank AG, the team Execution & Electronic Trading works on optimising execution and settlement costs.

In the first half of 2019, operating income, excluding other operating income, for Sales & Sales Trading and Execution & Electronic Trading amounted to € 2.8 million and exceeded the previous year's level of € 2.6 million by roughly 8 per cent.

In the relevant European markets, the Equity Capital Markets team finalized four ECM transactions on the exchanges in Vienna and Zurich: Addiko Bank AG (IPO, closing after the end of the reporting period), Frequentis AG (listing, market making), RHI Magnesita N.V. (listing) on the Vienna stock exchange and Aluflexpack AG (IPO) on the exchange in Zurich. The total transaction volume amounted to roughly € 350 million (first half of 2018: € 1,000 million).

In the first half of 2019, operating income, excluding other operating income for the Equity Capital Markets came to € 1.1 million and undercut the previous year's result of € 1.3 million by 14 per cent.

Raiffeisen Centrobank AG's Company Research team consists of roughly 20 analysts, both in Vienna and the CEE countries. The analysts provide long-standing sector expertise in tandem with profound local market know how and a sectoral approach across the entire region.

The Company Research team covers roughly 120 listed companies from Austria, the CEE region and Russia. In annual comparison, the number of companies slightly decreased. To expand the research product into Emerging Europe, coverage of the Turkish market is offered in cooperation with the Turkish broker Global Securities.

In the first half of 2019, 442 research reports were published and marketed (first half of 2018: 566). Analyst roadshows were held for investors in Western Europe, Eastern Europe and the USA. Analysts accompanied the successful IPOs of Aluflexpack in Zurich and Addiko Bank AG on the Vienna stock exchange with comprehensive transaction research and investor education.

Expenses of Company Research are included in the Trading & Treasury, Sales & Sales Trading, Equity Capital Markets and Structured Products segments.

Structured Products

In the first half of 2019, the Structured Products business segment reported again a record open interest. New issues and sales volume (purchases and sales) were slightly below the previous year's result. In the first half of 2019, the sales volume dropped by roughly 6 per cent to € 917 million (first half of 2018: € 974 million), the open interest came to € 4.357 million and exceeded the previous year's level of € 4.128 billion by 5.5 per cent.

Against the backdrop of increasing regulatory requirements, the Structured Products team has further intensified its training for advisors in the Austrian Raiffeisen sector to maintain the high quality of advisory services. With roughly 100 expert certificates seminars (compared to 60 seminars in the previous year's period) and more than 1,300 trained advisors, the previous year's record number of training initiatives was again exceeded.

In May 2019, the Certificates Awards Austria took place on the premises of Raiffeisen Bank International AG. The accolade represents the most significant award in the Austrian certificates business and honors the best issuers as well as an overall winner. As Austrian market leader, Raiffeisen Centrobank AG again convinced the jury and was elected overall winner for the 13th consecutive year. Moreover, top ranks in seven out of ten categories, including the first rank in the category "Innovation of the Year" underpin Raiffeisen Centrobank AG's outstanding service, information and innovation competence.

Raiffeisen Centrobank AG is active in nine CEE countries. In the first half of the year, 39 customized products in five currencies were issued for the Raiffeisen network banks. This emphasises the focus on top service quality and flexibility for different customer groups in the CEE region. The Raiffeisen Centrobank AG Slovak Branch in Bratislava supported the Slovak market with needs-based issues and training sessions.

In February, Raiffeisen Centrobank AG was awarded "Capital Market Leader 2018" in the category "Certificates" by the Warsaw stock exchange in the annual award ceremony and was honored for its commitment to certificates in the region.

Operating income, excluding other operating income for the Structured Products segment (including the Slovak branch) amounted to € 15.0 million and undercut the previous year's record level of € 19.4 million by 23 per cent. This decrease was mainly attributable to a drop in income from primary and secondary market trading which was inter alia due to the lower interest level.

Investment Services

The department services customers of Raiffeisen network banks in Central and Eastern Europe.

Against the backdrop of portfolio adjustments on the part of Raiffeisenbank Russia in the second half of 2018, the deposit volume rose from € 596 million as at 31 December 2018 to € 630 million in first half of 2019.

The roll-out of the Booking Platform business model within Raiffeisenbank International Group in cooperation with Raiffeisen Bank Romania was successfully finalized in 2018. The deposit volume rose by 17 per cent from € 84 million as at 31 December 2018 to € 98 million as at 30 June 2019.

Operating income, excluding other operating income for the Investment Services segment came to € 1.0 million in the first half of the year and was below the previous year's result of € 1.3 million by 25 per cent.

Performance Indicators

Financial Performance Indicators

in per cent	30/06/2019	30/06/2018
Return-on-equity before tax	5.4	9.2
Return-on-equity after tax	4.1	7.4
Cost/income ratio	78.8	63.6

Compared to the previous year's period, the result on ordinary activities recorded a decrease. In tandem with higher equity this translated into a drop of the return-on-equity before tax from 9.2 per cent to 5.4 per cent and of the return-on-equity after tax from 7.4 per cent to 4.1 per cent.

The cost/income ratio which had been at 63.6 per cent as at 30 June 2018 deteriorated to 78.8 per cent because of the decrease of operating income and the rise of operating expenses.

Non-Financial Performance Indicators

	30/06/2019	30/06/2018
Employees as at 30/06	197	186
Average number of employees	194	184
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	1,623	2,218

As at 30 June 2019, the number of employees at Raiffeisen Centrobank AG amounted to 197, which, compared to 30 June 2018, represented an increase of 11 employees. On average, the staff rose by 10 employees to 194 employees compared to the previous year's period.

Stock and derivatives exchange memberships came to 10 and remained unchanged to 30 June 2018 (for details kindly see the website of Raiffeisen Centrobank AG: www.rcb.at).

Compared to the previous year's period, the number of newly issued warrants and certificates decreased by 595 or 27 per cent to 1,623, against the backdrop of reducing the flow product range. The number of products, which are more relevant in terms of volumes as well as customized products remained stable and came to 109 (first half of 2018: 129).

Risk Report

Principles

Business opportunities and earnings potential are realized in Raiffeisen Centrobank AG based on active risk management by taking on risk in a targeted and controlled manner. In all relevant areas of risk, efficient monitoring and controlling instruments are available, enabling the relevant bodies to react to market opportunities and specific banking business risk. Active risk management resulted in a stable and little volatile trading result.

As a subsidiary of Raiffeisen Bank International AG (RBI), Raiffeisen Centrobank AG is integrated into the risk management process of the RBI Credit Institution Group, safeguarding that all major risks are identified, measured and controlled on Group-level and ensuring that transactions are concluded solely if particular risk/reward ratios are complied with.

Risk Governance

The Management Board of Raiffeisen Centrobank AG is responsible for all risks on the part of the Bank as well as for developing and implementing a risk strategy. The Management Board is supported in implementing these tasks by an independent risk management unit separated clearly from the front offices. Operational Risk, the Internal Control System and Compliance are bundled in one department (Compliance, Operational Risk & ICS).

Risk management at Raiffeisen Centrobank AG is divided into two categories:

- Risk Management (market, credit, liquidity risks, overall bank risk management)
- Operational Risk & ICS (operational risks)

The central risk management bodies are the Risk Management Committee (RMK), the Internal Limit Committee (ILC), the Operational Risk Management and Control Committee (ORMCC) and the Asset and Liability Committee (ALCO).

The RMK, which meets weekly, addresses all issues and regulations related to the risk management of the Bank focusing in particular on credit risk, market risk and operational risk. Overdrafts and necessary value adjustments are reported in due course and recommendations for the Management Board are developed. The RMK is a decision-taking body, authorized to approve risk-related principles, measures, processes and parameters.

The ILC, which meets every two weeks, decides within its competency (depending on the type and amount of the limit) on counterparty, country and market risk limits. Large exposures require the approval of the Supervisory Board. In addition, the aggregate of large exposures is reported to the Supervisory Board once a year.

The ORMCC, which meets once a quarter, establishes an appropriate framework for operational risk management, defines and approves an adequate risk strategy and monitors and assesses the adequacy of internal controls. Moreover, risk assessments, scenario analyses and risk indicators are discussed and approved and material cases of default and the resulting measures to be taken are analyzed.

The ALCO, which meets once a month, continuously evaluates the macro-economic environment and controls and assesses interest rate risk, liquidity risk and balance sheet structural risk.

Risk Management System at Raiffeisen Centrobank AG

Raiffeisen Centrobank AG employs a comprehensive risk management system taking into account all legal, business and regulatory requirements. The applied processes and models are subject to ongoing review and further development. The key components of the risk management systems are compliance with regulatory capital requirements, limiting specific banking risks and providing adequate risk coverage sums as well as permanent supervision and control of process risk within a comprehensive Internal Control System.

1. Capital requirements to limit market risk, credit risk and operational risk

To secure adequate capital for credit risk, market risk and operational risk, Raiffeisen Centrobank AG applies the standard approach. To calculate option-related non-linear risks the scenario matrix method is employed.

For details on regulatory capital requirements please refer to the notes (page 27).

2. Identifying and limiting specific banking business risks (ICAAP)

As a subordinate company of RBI, Raiffeisen Centrobank AG is integrated into the ICAAP of RBI on a consolidated basis. The risk-bearing capacity analysis is prepared by RBI on a monthly basis both for the going concern (Value-at Risk (VaR) with a confidence interval of 95 per cent) and the target rating perspective (VaR with a confidence interval of 99.92 per cent) and is provided to Raiffeisen Centrobank AG to support the Management Board in managing the overall banking risk.

3. Internal Control System

Raiffeisen Centrobank AG has implemented a company-wide modern Internal Control System that meets RBI Group standards. All key processes and immanent risks as well as other key risks of the Bank are documented and controls are set up and reviewed, accordingly. Once a year, the controls are reviewed in terms of implementation, efficiency and efficacy. The results are centrally monitored and are reported to the Management Board and the Supervisory Board.

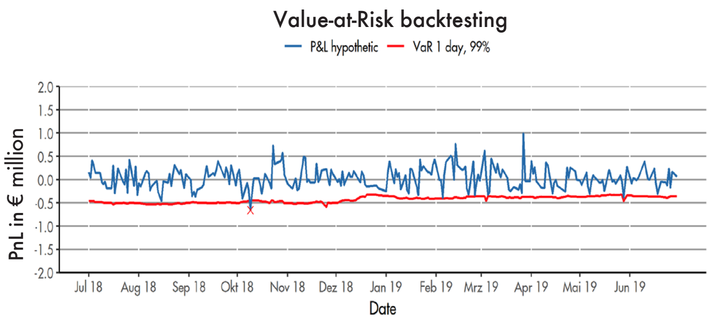
Major Risks

Market risk

Market risk is defined as the risk of possible losses in on and off-balance sheet positions arising from changes in market prices (equity and commodity prices, interest rates or exchange rates).

As the main focus of the business activities of Raiffeisen Centrobank AG is on securities trading and the issue of equity-index based derivatives and structured products, the top priority of Raiffeisen Centrobank AG is to counteract market risk. Raiffeisen Centrobank AG measures, monitors and manages market risk by setting a variety of limits that are reviewed and approved on an annual basis. All market risk positions are compared with the respective limits in a mostly automated process. Limit overdrafts are handled in an escalation process. Currently, over 15,000 limits in roughly 25 categories are monitored. Limits for single shares account for the majority.

In market risk management, the VaR is employed, which provides forecasts on potential losses in adverse scenarios under normal market conditions and contrasts them with a particular limit. On the basis of the variance-covariance model, the VaR for equity and product-specific positions is calculated daily with a confidence interval of 99 per cent and a retention period of one day. As at 30 June 2019, the VaR for equity and product-specific positions came to € 346 thousand (31 December 2018: € 546 thousand).



The above chart depicts the performance of the VaR and hypothetical P&L (profit and loss that would have occurred in a constant portfolio as well as actually recorded market movements) in the period between 1 July 2018 and 30 June 2019. In the period under review, backtesting revealed only one VaR exceedance. The VaR exceedance did not coincide with a particular market event but was attributable to daily movements in tandem with the daily portfolio. The exceedance was in line with expectations at a confidence level of 99 per cent.

In addition to the VaR, Raiffeisen Centrobank AG uses regulatory and management-defined stress tests to evaluate market risk. The results are evaluated daily on operational level and are reported in the weekly Risk Management Committee. Stress tests simulate the performance of the portfolio under abnormal market situations and atypical price movements.

Credit risk

Credit risk represents the default risk that arises from the inability of a customer to fulfil contractually agreed financial obligations, when services have been rendered (e.g. liquidity, securities, advisory services) or when unrealized profits from pending business transactions can no longer be recovered (counterparty default risk).

Raiffeisen Centrobank AG's major credit risks result from positions of purchased debt instruments, tradable money market deposits and OTC options serving primarily to hedge issued certificates and structured products as well as from margin positions relating to OTC and stock exchange transactions. This primarily affects members of the RBI Credit Institution Group and to a limited extent other financial institutions. The traditional credit and loan business is not of material significance for Raiffeisen Centrobank AG due to the limited business volume and the company's strategic orientation (lombard loans, other loans to private and corporate customers). Credit risk management is based on counterparty-related limits which are comprehensively monitored by the internal limit system for credit risk. The limits are approved – depending on the type and size – by the relevant authority in the hierarchy. Credit decisions are taken depending on the assessment of the counterparty risk, taking into account the rating and applicable credit risk mitigating measures like financial collateral (e.g. cash or securities collateral). In the Group-wide default and rating data base customers are registered and evaluated and cases of default are documented. The whole lending decision adheres to regulatory requirements and RBI Group Directives.

Operational risk

Operational risk is defined as the risk of unexpected losses resulting from internal processes and systems which are inadequate or have failed, from human error or from external events. This definition includes legal risk but excludes strategic and reputational risk. Operational risk is managed on the basis of the results of regular Bank-wide risk assessments, standardized key risk indicators, scenario analyses and Group-internal historical data.

Cases of default in operational risk are registered in the Group-wide data basis ORCA (Operational Risk Controlling Application) and are grouped by business segment and type of event. Measures taken are also documented and linked with the case of default.

Liquidity risk

Liquidity risk is calculated based on a liquidity model developed in cooperation with RBI. Daily balance sheet items of Raiffeisen Centrobank AG are split by maturity bands and currencies, their inflows and outflows are modeled based on pre-defined factors. The liquidity requirement in different maturity bands is limited by means of regulatory limits as well as by limits determined by RBI. Moreover, regular liquidity stress tests are carried out and the time-to-wall in the stress scenario is monitored in different currencies. Inflows need to exceed outflows for a particular period in a crisis scenario (market crisis, name crisis and scenario involving both).

The liquidity coverage ratio (LCR) serves to measure the Bank's liquidity supply in a defined stress scenario (combination of market and name crisis). As at 30 June 2019, the LCR came to 158.8 per cent (31 December 2018: 219.6 per cent). The decrease was attributable to the technical adaptation of High-Quality Liquid Assets (HQLAs) following a rise in the LCR Cash Buffer compared to December 2018 (30/06/2019: roughly € 157 million; 31/12/2018: roughly € 137 million). All key indicators confirmed the adequate liquidity supply of Raiffeisen Centrobank AG in the current 2019 financial year.

Risk Situation

The Risk Appetite Framework is an internal tool to define and communicate the risk appetite of Raiffeisen Centrobank AG. The management of risk is done according to a limit and monitoring system pursuant to particular warning levels and limits. The following table depicts the bank-wide key figures as at 30 June 2019 compared to 31 December 2018 as well as the respective minimum, maximum and average values for the current 2019 financial year.

	Key figure	Status	Limits	06/2019	12/2018	Change	Max[1]	Min[1]	Avg[1]
Pillar I	Total Capital Ratio		16% / 18%	21.5%	23.6%	(2.1) PP	23.0%	21.5%	22.1%
	CET 1 Ratio		16% / 18%	21.5%	23.6%	(2.1) PP	23.0%	21.5%	22.1%
	LCR		110% / 130%	158.8%	219.6%	(60.8) PP	281.8%	158.8%	230.5%
Pillar II (internal capital)	Total Capital Ratio in Stress		13.0% / 15.0%	21.5%	23.6%	(2.1) PP	23.0%	21.5%	22.1%
	Economic Capital Utilization		45.0% / 35.0%	21.8%	16.9%	4.9 PP	22.0%	18.8%	20.6%
	Net Leverage Ratio		7.5% / 9.0%	10.9%	13.8%	(2.9) PP	13.5%	10.8%	11.3%
	LCR Cash Buffer		60mn / 120mn	157 mn	137mn	20 mn	261 mn	157 mr	187 mn
Risk reward profile	RORAC		25.0% / 30.0%	48.5%	46.4%	2.1 PP	55.9%	47.2%	51.7%
	RORWA		1.55 % / 2.0%	2.6%	2.8%	(0.2) PP	2.9%	2.6%	2.8%

[1] for the current financial year

The above key figures are defined as follows:

Total Capital Ratio and CET1 Ratio serve as quantitative measure to determine the credit institution's own funds in relation to the Risk-Weighted Assets (RWAs).

$$\text{CET1 Ratio} = \frac{\text{Common Equity Tier 1}}{\text{Total Risk-Weighted Assets}} \qquad \text{Total Capital Ratio} = \frac{\text{Own funds}}{\text{Total Risk-Weighted Assets}}$$

The LCR (Liquidity Coverage Ratio) measures the liquidity outflow in a 30-day stress scenario.

$$\text{LCR} = \frac{\text{Liquid assets}}{\text{Net outflows}}$$

The LCR Cash Buffer measures the liquidity surplus exceeding the regulatory requirements and serves to safeguard the compliance with the LCR.

The Total Capital Ratio in stress measures the Total Capital Ratio in the going concern scenario (1 year retention period, 95 per cent confidence interval). Eligible own funds and expected profit are stressed at the VaR and contrasted with the Risk-Weighted Assets. The Total Capital Ratio acts as a floor.

$$\text{Total Capital Ratio in Stress} = \frac{\text{Eligible own funds} + \text{NPAT} - \text{VaR}}{\text{Total Risk-Weighted Assets}}$$

The Economic Capital (EC) utilization depicts the utilization of the risk coverage sum in the target rating scenario (1 year retention period, 99.92 per cent confidence interval).

$$\text{Economic Capital Utilization} = \frac{\text{Economic Capital}}{\text{Risk-taking capacity}}$$

The Net Leverage Ratio limits the maximum business volume by the available core capital. The calculation of the Net Leverage Ratio excludes certain intragroup risk positions (e.g. funding passed on).

$$\text{Net Leverage Ratio} = \frac{\text{Core capital}}{\text{Balance sheet volume (excl. RBI)}}$$

RORAC (Return on Risk-Adjusted Capital) und RORWA (Return on Risk-Weighted Assets) are key figures of risk-adjusted return management. The net income is related to the allocated risk capital. Projects with higher risk profiles tie up more capital and should be more profitable.

$$\text{RORAC} = \frac{\text{NPAT}}{\text{Economic Capital (ytd avg)} + \text{prudent valuation (ytd avg)}}$$

$$\text{RORWA} = \frac{\text{NPAT}}{\text{Risk-Weighted Assets (ytd avg)}}$$

On overall bank level, all key figures were stable and were above the respective internal limits and warning levels.

Risk-Weighted Assets by risk types are depicted in the below table:

RWAs acc. to type of risk (in € million)	30/06/2019	31/12/2018	Change in %
Credit risk non-retail	100	85.9	16.5
Market risk	197.2	204.9	(3.8)
Operational risk	121.8	121.8	0.0
Equity participation risk	6.2	6.2	0.0
CVA risk	50.6	42.3	19.4
Other risks[1]	15.8	14.0	12.2
RWAs Total	**491.6**	**475.3**	**3.4**

[1] incl. settlement risk and owned property risk

In the current 2019 financial year, the major changes in the risk situation were as follows:

The change in credit risk was mainly driven by a rise of counterparty default risk against the backdrop of the increasing certificates business. The rise was also reflected in the CVA risk.

The change of RWAs in market risk was well within the limit. Changes of RWAs were also within the defined Risk Appetite Framework.

Human Resources

As at 30 June 2019, Raiffeisen Centrobank AG had 197 employees which, compared to 31 December 2018 and 30 June 2018, represents an increase of 6 and 11 employees, respectively (employees as at 31/12/2018: 191, as at 30/06/2019: 186).

The rise is mainly attributable to additional staff hired for the business units and for IT development.

Outlook

The economic outlook in the Eurozone is fraught with uncertainty. Raiffeisen RESEARCH anticipates a below-average GDP growth rate in the current and next year of plus 1.1 and plus 1.0 per cent, respectively. If economic data fail to improve, further quantitative easing measures appear likely. At the beginning of July, the yield of the 10-year German government bond reached a new all-time low of roughly minus 0.40 per cent. The potential for noticeably higher yields until year-end appears to be low in view of economic risks, persistently low inflation rates and expansionary central bank measures. Geopolitical factors are expected to substantially impact financial markets. Influencing topics have remained the same for the past quarters: Brexit, US-China trade dispute, US-Europe trade relations, Iran sanctions, budgetary situation and excessive national debt in Italy.

The US economy is more solid. However, the dynamics of leading indicators turned out to be more subdued. This slowdown is attributable to the long-lasting expansionary cycle, trade disputes and recurring tariff threats of the US government. A rise in economic performance between 2 and 2.5 per cent is anticipated for 2019. In June, the Fed initiated a turnaround in monetary policy. With reference to the downside risks in economic development and inflation, which remains below target, the Fed signaled interest rate cuts. Based on Raiffeisen RESEARCH's forecast, we currently expect the US economy to gradually lose momentum in the second half of 2019, as the positive impulses from previous year's fiscal political measures will no longer take effect.

We view the equity markets in Europe and Raiffeisen Centrobank AG's core markets in Eastern Europe appropriately weighted. Whereas, the economic slowdown and geopolitical developments are risk factors, the asset class of shares enjoys tailwind from persistently low interest rates and the demand for alternative investment opportunities.

Despite the demanding macroeconomic environment Raiffeisen Centrobank AG, the competence centre for equities and certificates, is well-prepared to meet these challenges and maintains a positive outlook as regards business opportunities in the second half of 2019. Even though the key data achieved in the first six months of 2019 were below the previous year's figures, Raiffeisen Centrobank AG expects to achieve a result similar to the level achieved in the 2018 financial year.

Statement of Legal Representatives pursuant to Article 125 Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial assets, and profit or loss of the Company as required by the applicable accounting standards and that the interim management report gives a true and fair view of important events that have occurred in the first six months of the financial year and their impact on the condensed interim financial statements and on the principal risks and uncertainties for the remaining six months of the financial year

Vienna, 22 August 2019
The Management Board

Harald Kröger
Chief Executive Officer

Heike Arbter
Member of the Management Board

Interim Financial Statements of Raiffeisen Centrobank AG as at 30 June 2019 according to the Austrian Banking Act (BWG)

In the summing-up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. Information on percentage changes refers to the actual and not to the rounded-off figures.

All designations that are used to refer to persons in this report apply equally to both genders.

Balance Sheet as at 30 June 2019

Assets	30/06/2019 €	30/06/2019 €	31/12/2018 in € thousand	31/12/2018 in € thousand
1. Cash in hand, deposits with central banks		261,972,982.04		234,905
2. Loans and advances to credit institutions a) repayable on demand	117,964,868.24		164,754	
b) other loans and advances	3,372,748,039.89	3,490,712,908.13	2,870,636	3,035,390
3. Loans and advances to customers		49,360,594.17		120,213
4. Bonds, notes and other fixed-interest securities a) issued by public bodies	3,093,393.19		4,281	
b) issued by other borrowers	15,473,382.56	18,566,775.75	16,164	20,445
5. Shares and other variable-yield securities		259,418,342.01		177,142
6. Equity participations		5,139,398.88		5,140
7. Shares in affiliated companies		1,100,000.00		1,100
8. Intangible fixed assets		86,707.47		105
9. Tangible fixed assets thereof land and buildings used by the credit institution for own purposes: € 9,150,755.91 previous year: € 9,276 thousand		10,835,491.24		10,970
10. Other assets		200,119,323.82		128,200
11. Prepayments and other deferrals		2,466,035.91		1,575
12. Deferred tax assets		179,839.00		167
Total assets		**4,299,958,398.42**		**3,735,352**
Off-balance sheet items 1. Foreign assets		487,379,015.87		488,584

Equity and liabilities	30/06/2019 €	30/06/2019 €	31/12/2018 in € thousand	31/12/2018 in € thousand
1. Liabilities to credit institutions a) repayable on demand	11,738,544.35		3,181	
b) with agreed maturity dates or periods of notice	92,440,334.73	104,178,879.08	11,172	14,353
2. Liabilities to customers a) repayable on demand	208,276,388.04		134,486	
b) with agreed maturity dates or periods of notice	243,013,703.35	451,290,091.39	230,489	364,975
3. Securitised liabilities a) issued securitised liabilities	1,672,481,105.01		1,460,556	
b) other securitised liabilities	1,529,518,325.75	3,201,999,430.76	1,288,719	2,749,275
4. Other liabilities		408,663,179.98		467,538
5. Accruals and deferred items		280,697.87		105
6. Provisions a) for severance payments	4,594,710.00		4,436	
b) for taxes	112,923.33		190	
c) other provisions	7,585,455.66	12,293,088.99	7,527	12,153
7. Subscribed capital		47.598.850,00		47,599
8. Capital reserves a) committed	6,651,420.71		6,651	
b) uncommitted	14,000,000.00	20,651,420.71	14,000	20,651
9. Retained earnings a) legal reserve	1,030,936.83		1,031	
b) other reserves	33,653,910.14	34,684,846.97	31,129	32,160
10. Liability reserve pursuant to Article 57 para 5 Austrian Banking Act		13,538,860.00		13,539
11. Net profit for the period		4,779,052.67		13,004
Total equity and liabilities		**4,299,958,398.42**		**3,735,352**
Off-balance sheet items 1. Contingent liabilities		0.07		0
2. Commitments arising from fiduciary business transactions		7,091,121.47		7,091
3. Eligible own funds pursuant to Part 2 of Regulation (EU) No 575/2013		105,852,431.06		112,343
4. Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (Total risk-weighted assets)		491,591,601.72		475,262
hereof: capital requirements pursuant to Article 92 (1)				
hereof: capital requirements pursuant to Article 92 para 1 lit (a)		21.53%		23.64%
hereof: capital requirements pursuant to Article 92 para 1 lit (b)		21.53%		23.64%
hereof: capital requirements pursuant to Article 92 para 1 lit (c)		21.53%		23.64%
5. Foreign equity and liabilities		668,630,464.34		696,107

Income Statement for the First Half of 2019

	1-6/2019 €	1-6/2019 €	1-6/2018 in € thousand	1-6/2018 in € thousand
1. Interest and interest-like income		14,583,715.36		18,562
thereof fixed-interest securities	153,443.06		48	
2. Interest and interest-like expenses		(31,344,036.88)		(25,592)
I. Net interest result		**(16,760,321.52)**		**(7,029)**
3. Income from securities and financial investments		9,032,246.97		7,721
4. Fee and commission income		4,625,425.17		5,677
5. Fee and commission expenses		(5,245,356.20)		(5,178)
6. Net profit on financial trading activities		37,283,159.54		31,748
7. Other operating income		260,645.13		392
II. Operating income		**29,195,799.09**		**33,331**
8. General administrative expenses		(22,542,956.58)		(20,586)
a) staff expenses				
aa) wages and salaries	(9,635,429.75)		(9,322)	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	(2,121,623.70)		(1,992)	
cc) other social expenses	(218,266.14)		(205)	
dd) expenses for pensions and assistance	(200,050.76)		(167)	
ee) expenses for severance payments and contributions to severance funds	(565,509.41)		(444)	
	(12,740,879.76)		(12,131)	
b) other administrative expenses	(9,802,076.82)		(8,455)	
9. Value adjustments on asset items 8 and 9		(448,575.69)		(468)
10. Other operating expenses		(18,173.16)		(151)
III. Operating expenses		**(23,009,705.43)**		**(21,204)**
IV. Operating result		**6,186,093.66**		**12,127**
11. Loan loss provisions and expenditures arising from the valuation and disposal of securities held as other current assets		149,314.82		(155)
12. Expenditures arising from the valuation of interests and shares in affiliated companies held as financial investments		0.00		(1,442)
V. Result on ordinary activities		**6,335,408.48**		**10,530**
13. Income taxes				
a) current income taxes thereof passed on from parent company for half year: € (995,178.00); (previous year: € (1,179) thousand)	(1,122,852.82)		(2,025)	
b) deferred taxes	12,773.00	(1,110,079.82)	(2)	(2,027)
14. Other taxes unless included in item 13		(446,275.99)		(110)
VI. Net income (= Net profit) for the period		**4,779,052.67**		**8,394**

Condensed Notes

A. Accounting Policies

General

The interim financial statements of Raiffeisen Centrobank AG as at 30 June 2019 have been prepared in accordance with the general accounting principles stipulated in the Austrian Commercial Code and the specific sectoral regulations as specified by the Austrian Banking Act. In accordance with the principles of proper accounting, and taking into account standard practice as described in Article 222 (2) of the Austrian Commercial Code, the interim financial statements give a true and fair view of the company's net assets, financial position and earnings.

The valuation of assets and equity and liabilities is based on the principle of individual valuation assuming a going concern perspective. The principle of prudence is applied, taking account of the specific characteristics of the banking business.

The balance sheet and the income statement have been structured according to Appendix 2 of the forms contained in Article 43 Austrian Banking Act.

Since 26 April 2017, Raiffeisen Centrobank AG has been operating a branch office in Bratislava (Raiffeisen Centrobank AG Slovak Branch pobočka zahraničnej banky). The business volume as well as income and expenses attributable to the branch office have been included in the interim financial statements.

The condensed interim financial statements as at 30 June 2019 have been reviewed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft Wien.

Accounting principles

Compared to the financial statements as at 31 December 2018, no changes have been made in the accounting policies. For details on accounting principles kindly see the individual financial statements of Raiffeisen Centrobank AG as at 31 December 2018 according to the Austrian Banking Act, available on the website of Raiffeisen Centrobank AG: www.rcb.at/en/the-bank/publications/annual-reports/).

The valuation of intangible and tangible fixed assets (i.e. land and buildings, office furniture and equipment as well as other tangible fixed assets) has been carried out at the cost of acquisition less a scheduled monthly depreciation.

Provisions for severance payments have been calculated assuming a calculatory interest rate of 1.2 per cent (31/12/2018: 1.8 per cent).

B. Notes to the Balance Sheet

I. Cash in hand, deposits with central banks

Balance sheet item A 1, which encompasses cash in hand and deposits with the Austrian National Bank, amounted to € 261,973 thousand (31/12/2018: € 234,905 thousand).

II. Loans and advances

II.1. Classification of loans and advances and of securities positions according to their remaining term

as at 30/06/2019 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Loans and advances to credit institutions	117,965	206,728	465,220	2,114,828	585,972	3,490,713
Loans and advances to customers	40,226	514	1,498	7,032	90	49,361
Bonds, notes and other fixed-interest securities	0	0	301	10,903	7,363	18,567
Shares and other variable-yield securities	259,418	0	0	0	0	259,418
Other assets	62,894	5,739	6,015	103,791	21,680	200,119
	480,503	**212,981**	**473,034**	**2,236,554**	**615,105**	**4,018,178**

as at 31/12/2018 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Loans and advances to credit institutions	164,754	150,084	366,354	1,881,283	472,916	3,035,390
Loans and advances to customers	110,867	564	1,676	7,017	90	120,213
Bonds, notes and other fixed-interest securities	0	0	1,287	12,028	7,130	20,445
Shares and other variable-yield securities	177,142	0	0	0	0	177,142
Other assets	44,307	2,068	10,147	60,870	10,807	128,200
	497,070	**152,716**	**379,464**	**1,961,197**	**490,943**	**3,481,390**

II.2. Loans and advances to affiliated companies and equity participations

as at 30/06/2019 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Loans and advances to credit institutions	3,169,733	0
Loans and advances to customers	0	514
Bonds, notes and other fixed-interest securities	7,512	0
Shares and other variable-yield securities	98	0
Other assets	305	8
	3,177,649	**522**

as at 31/12/2018 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Loans and advances to credit institutions	2,692,527	0
Loans and advances to customers	0	514
Bonds, notes and other fixed-interest securities	8,441	0
Shares and other variable-yield securities	105	0
Other assets	450	8
	2,701,522	**522**

"Loans and advances to credit institutions" contained tradable money market deposits totaling € 2,729,257 thousand (31/12/2018: € 2,373,943 thousand) serving as hedges for certificates and warrants issued by Raiffeisen Centrobank AG. Thereof € 2,728,649 thousand (31/12/2018: € 2,369,340 thousand) were attributable to Raiffeisen Bank International AG.

III. Securities

Figures supplied pursuant to Article 64 para 1 no 10 and 11 Austrian Banking Act

as at 30/06/2019 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	0	18,567	18,567	18,567
Shares and other variable-yield securities, A 5	45,270	214,148	259,418	259,418
Equity participations, A 6	5,139	0	5,139	x
Shares in affiliated companies, A 7	1,100	0	1,100	x

as at 31/12/2018 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	0	20,445	20,445	20,445
Shares and other variable-yield securities, A 5	42,119	135,023	177,142	177,142
Equity participations, A 6	5,139	0	5,139	x
Shares in affiliated companies, A 7	1,100	0	1,100	x

As at 30/06/2019, balance sheet item A 4 included fixed-interest securities held for trading amounting to € 18,567 thousand (31/12/2018: € 20,445 thousand) of which € 301 thousand (31/12/2018: € 1,287 thousand) will fall due in the forthcoming year.

IV. Equity participations and shares in affiliated companies

Unchanged to 31/12/2018, the Bank directly held a minimum of 20 per cent of the shares in the subsequent companies:

Name, Domicile	Shareholding in %
Centrotrade Holding GmbH, Vienna	100
Syrena Immobilien Holding AG, Spittal/Drau	21

The economic relations of the companies are depicted in the notes to the financial statements of Raiffeisen Centrobank AG as at 31/12/2018 pursuant to the Austrian Banking Act.

V. Other assets

Balance sheet item A 10 "Other assets" amounting to € 200,119 thousand (31/12/2018: € 128,200 thousand) referred primarily to purchase contracts from trading in derivative financial instruments reported at fair value.

in € thousand	30/06/2019	31/12/2018
Positive fair values of derivative financial instruments		
from OTC options and forward exchange transactions	137,153	83,634
from trading in EUREX options and futures	9,052	39,034
from trading in other options and futures	51,910	4,425
	198,115	**127,094**

In addition, the item included loans and advances to foreign tax authorities in the amount of € 1,002 thousand (31/12/2018: € 747 thousand).

VI. Deferred tax assets

As at 30/06/2019, "Deferred tax assets" amounted to € 180 thousand (31/12/2018: € 167 thousand).

"Deferred tax assets" were recognized at a tax rate of 12.5 per cent as, based on the prevailing group assessment agreement, this percentage provides for a tax relief in the future. Any tax relief beyond this rate cannot be assessed by a Group member as no influence can be exerted on the amount of the untaxable portion of the taxable profit on Group level.

VII. Liabilities

VII.1. Classification of liabilities according to their remaining term

as at 30/06/2019 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Liabilities to credit institutions	11,739	92,398	0	0	42	104,179
Liabilities to customers	208,276	1,012	16,174	225,827	0	451,290
Securitized liabilities	0	109,953	433,043	1,849,761	809,242	3,201,999
Other liabilities	169,604	10,773	92,982	133,769	1,535	408,663
	389,619	**214,136**	**542,200**	**2,209,358**	**810,819**	**4,166,132**

as at 31/12/2018 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Liabilities to credit institutions	3,181	11,070	0	0	101	14,353
Liabilities to customers	134,486	575	11,557	218,357	0	364,975
Securitized liabilities	0	75,383	411,014	1,604,430	658,448	2,749,275
Other liabilities	132,557	8,130	89,830	226,074	10,946	467,538
	270,225	**95,158**	**512,401**	**2,048,861**	**669,496**	**3,596,140**

VII.2. Liabilities to affiliated companies and equity participations

as at 30/06/2019 in € thousand	Liabilities to affiliated companies (direct/indirect > 50%)	Liabilities to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Liabilities to credit institutions	90,866	0
Liabilities to customers	1,132	42
Other liabilities	8,800	2
	100,798	**44**

as at 31/12/2018 in € thousand	Liabilities to affiliated companies (direct/indirect > 50%)	Liabilities to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Liabilities to credit institutions	10,2910	0
Liabilities to customers	1,139	0
Other liabilities	7,164	2
	18,594	**2**

VII.3. Securitized liabilities

The balance sheet item P 3 "Securitized liabilities" contained issued securitized bonds and other securitized liabilities totaling € 3,201,999 thousand (31/12/2018: € 2,749,275 thousand) held for trading and allocated to the following product categories

in € thousand	30/06/2019	31/12/2018
Issued securitized liabilities	**1,672,481**	**1,460,556**
Guarantee Certificates	1,326,956	1,094,088
Reverse Convertible Bonds	345,525	366,467
Other securitized liabilities	**1,529,518**	**1,288,719**
Certificates with option character	1,518,067	1,280,236
Warrants	11,451	8,483
	3,201,999	**2,749,275**

"Securitized liabilities" in the amount of € 542,996 thousand (31/12/2018: € 486,397 thousand) would fall due in the next year.

VII.4. Other liabilities

Balance sheet item P 4 "Other liabilities" amounting to € 408,663 thousand (31/12/2018: € 467,538 thousand) primarily referred to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments.

in € thousand	30/06/2019	31/12/2018
Negative fair values of derivative financial instruments	**286,984**	**368,257**
from OTC options and forward exchange transactions	236,805	332,173
from trading in EUREX options and futures	5,851	3,792
from trading in other options and futures	44,327	32,291
Short-selling of trading assets	**114,587**	**89,376**
	401,571	**457,633**

"Other liabilities" as at 30/06/2019 included in particular short-term charges from securities transactions not yet settled adding up to € 3,025 thousand (31/12/2018: € 5,003 thousand) as well as group charges in the amount of € 1,376 thousand (31/12/2018: € 938 thousand). In addition, the item contained various liabilities in relation to costs charged coming to € 951 thousand (31/12/2018: € 447 thousand) and regarding payroll accounting in the amount of € 676 thousand (31/12/2018: € 573 thousand) as well as liabilities to domestic tax authorities amounting to € 243 thousand (31/12/2018: € 996 thousand).

VIII. Provisions

Provisions were as follows:

in € thousand	30/06/2019	31/12/2018
Provisions for severance payments	**4,595**	**4,436**
Provisions for taxes	**113**	**190**
Other provisions	**7,585**	**7,527**
Provisions for bonus payments	1,999	3,016
Provisions for overdue vacation	1,590	1,308
Provisions for legal, auditing and consulting expenses	476	347
Provisions for outstanding invoices in the securities segment	576	310
Provisions for outstanding invoices in the Investment Services segment	44	326
Provisions for outstanding invoices (others)	486	450
Provisions for securities supervisions	350	350
Provisions for marketing costs	94	290
Provisions for charged Management Board expenses	1,638	1,043
Provisions for outstanding license fees	251	0
Sundry	82	87
	12,293	**12,153**

Provisions for litigation risks were used.

IX. Share capital and reserves

The share capital is comprised of 655,000 no-par-value shares.

The shares in Raiffeisen Centrobank AG are owned by the following companies:

	%	Shares
RBI IB Beteiligungs GmbH, Vienna	100.00	654,999
Raiffeisen International Invest Holding GmbH, Vienna (previously Lexxus Service Holding GmbH, Vienna)	0.00	1
	100.00	**655,000**

As of the merger contract dated 27/05/2019, Lexxus Services Holding GmbH, Vienna, as transferred company was merged with Raiffeisen International Invest Holding GmbH, Vienna as transferring company.

As at 30/06/2019, capital reserves and liability reserve added up to € 20,651 thousand and € 13,539 thousand and remained unchanged to the previous year's period. Retained earnings in the amount of € 34,685 thousand (31/12/2018: € 32,160 thousand) recorded a rise against the backdrop of the allocation of the profit carried forward as at 31/12/2018 coming to € 2,524 thousand.

X. Supplementary data

Assets and liabilities in foreign currencies
The following amounts were contained in the balance sheet total in foreign currencies:

in € thousand	30/06/2019	31/12/2018
Assets	1,332,960	1,179,190
Liabilities	1,180,926	1,127,785

Trading book
A trading book is maintained. At the balance sheet date, the trading volume at fair values (positive and negative fair values offset) estimated pursuant to internal risk calculation amounted to:

in € thousand	30/06/2019	31/12/2018
Shares/mutual funds	143,651	41,151
Listed options	7,784	7,445
Futures	13,138	286
Warrants/certificates	(1,532,862)	(1,287,876)
OTC options	(100,659)	(249,464)
Purchased bonds/tradable money market deposits	2,957,097)	2,583,238)
Issued guarantee bonds	(1,673,268)	(1,461,113)
	(185,119)	**(366,333)**

Volume of the securities trading book
As at the balance sheet date and pursuant to para 103 CRR, the securities trading book (notional amount) was made up as follows:

in € thousand	30/06/2019	31/12/2018
Securities	3,738,028	3,554,790
Other financial instruments	7,647,842	6,909,103
	11,385,870	**10,463,893**

Data on transactions with derivative financial instruments and unsettled forward transactions
Raiffeisen Centrobank AG's trading in derivative financial instruments focuses on options and forward transactions (mainly futures).

The financial instruments issued by Raiffeisen Centrobank AG can be classified as warrants, certificates mainly on equities and equity indices (bonus, turbo, express and open-end certificates), and guarantee certificates and reverse convertible bonds with a payment structure related to equity or equity indices.

Equities held by Raiffeisen Centrobank AG represent, together with purchased options, tradable money market deposits and zero bonds depicted in other balance sheet items, the hedge positions to issued certificates and warrants and are part of the Bank's market maker activities.

The volumes of derivative financial instruments and unsettled forward transactions as at 30/06/2019 were as follows:

in € thousand as at 30/06/2019	Notional amount Purchase	 Sale	thereof trading book	Fair value Positive	 Negative
1. Interest rate contracts	**51,081**	**151,698**	**52,091**	**4,210**	**(37)**
1.1. OTC products	**24,531**	**151,698**	**25,541**	**1,879**	**(37)**
Forward foreign exchange contracts	0	150,688	0	0	(37)
Currency options/gold contracts	24,531	1,010	25,541	1,879	0
1.2. Products traded on stock exchange	**26,550**	**0**	**26,550**	**2,331**	**0**
Future foreign exchange contracts	26,550	0	26,550	2,331	0
2. Equity contracts	**2,446,924**	**2,225,849**	**4,672,772**	**188,863**	**(286,798)**
2.1. OTC products	**1,797,149**	**1,687,499**	**3,484,647**	**131,946**	**(236,726)**
Equity/index-based options	1,797,149	1,687,499	3,484,647	131,946	(236,726)
2.2. Products traded on stock exchange	**649,775**	**538,350**	**1,188,125**	**56,917**	**(50,072)**
Shares and other equity/index-based options and future contracts	278,014	100,413	378,427	30,355	(31,025)
Equity/index-based options	371,761	437,938	809,698	26,562	(19,047)
3. Commodities/precious metals	**96,975**	**5,544**	**102,519**	**3,759**	**(148)**
3.1. OTC products	**36,009**	**5,544**	**41,553**	**2,045**	**(41)**
Commodity and precious metal options	36,009	5,544	41,553	2,045	(41)
3.2. Products traded on stock exchange	**60,966**	**0**	**60,966**	**1,714**	**(106)**
Other commodity and precious metal future contracts	60,966	0	60,966	1,714	(106)
4. Other transactions	**41,450**	**0**	**41,450**	**1,283**	**0**
4.1 OTC products	**41,450**	**0**	**41,450**	**1,283**	**0**
Other options	41,450	0	41,450	1,283	0
Total OTC products	**1,899,138**	**1,844,741**	**3,593,191**	**137,153**	**(236,805)**
Total stock exchange traded products	**737,292**	**538,350**	**1,275,642**	**60,962**	**(50,178)**
	2,636,430	**2,383,091**	**4,868,833**	**198,115**	**(286,984)**

The volumes of derivative financial instruments and unsettled forward transactions as at 31/12/2018 were as follows:

in € thousand as at 31/12/2018	Notional amount Purchase	Sale	thereof trading book	Fair value Positive	Negative
1. Interest rate contracts	**160,366**	**875**	**71,020**	**2,987**	**0**
1.1. OTC products	**136,059**	**875**	**46,713**	**1,844**	**0**
Forward foreign exchange contracts	90,221	0	0	293	0
Currency options/gold contracts	45,839	875	46,713	1,551	0
1.2. Products traded on stock exchange	**24,307**	**0**	**24,307**	**1,143**	**0**
Future foreign exchange contracts	24,307	0	24,307	1,143	0
2. Equity contracts	**2,100,476**	**2,165,382**	**4,265,858**	**121,157**	**(365,702)**
2.1. OTC products	**1,598,738**	**1,883,938**	**3,482,676**	**78,482**	**(331,712)**
Equity/index-based options[1]	1,598,738	1,883,938	3,482,676	78,482	(331,712)
2.2. Products traded on stock exchange	**460,288**	**281,444**	**741,732**	**40,750**	**(33,990)**
Shares and other equity/index-based options and future contracts	251,185	63,890	315,075	23,831	(24,163)
Equity/index-based options	209,103	217,554	426,657	16,919	(9,827)
3. Commodities/precious metals	**94,511**	**4,444**	**98,955**	**2,949**	**(2,555)**
3.1. OTC products	**43,163**	**4,444**	**47,607**	**1,382**	**(462)**
Commodity and precious metal options	43,163	4,444	47,607	1,382	(462)
3.2. Products traded on stock exchange	**51,348**	**0**	**51,348**	**1,568**	**(2,093)**
Other commodity and precious metal future contracts	51,348	0	51,348	1,568	(2,093)
4. Other transactions	**41,450**	**0**	**41,450**	**1,925**	**0**
4.1 OTC products	**41,450**	**0**	**41,450**	**1,925**	**0**
Other options[1]	41,450	0	41,450	1,925	0
Total OTC products	**1,819,410**	**1,889,256**	**3,618,446**	**83,633**	**(332,173)**
Total stock exchange traded products	**535,943**	**281,444**	**817,386**	**43,460**	**(36,083)**
	2,355,353	**2,170,700**	**4,435,833**	**127,094**	**(368,257)**

[1] Adjustment of previous year's data further to adding "Other transactions".

C. Notes to the Income Statement

I. Interest and similar income

in € thousand	first half of 2019	first half of 2018
from loans and advances to credit institutions	5,539	4,767
from loans and advances to customers	240	278
from fixed-interest securities	154	48
from structured products	8,651	13,470
	14,584	**18,562**

II. Interest and similar expenses

in € thousand	first half of 2019	first half of 2018
for liabilities to credit institutions	(2,991)	(3,020)
for liabilities to customers	(3,053)	(2,850)
for securitized liabilities	(25,300)	(19,721)
	(31,344)	**(25,592)**

“Net interest result” in the first half of 2019 came to € 16,760 thousand and was negative, equal to the net interest result in the first half of 2018 which came to € 7,029 thousand. The rise in “Net interest result” was due to higher coupon payments for securitized liabilities (structured products) as well as to a drop of interest income from structured products.

Compared to the previous year’s period, interest expenses went up by € 5,753 thousand to € 31,344 thousand and contained mainly coupon payments for securitized liabilities. In addition, primarily interest expenses for customer deposits posted a volume-related rise.

Due to lower coupon income from structured products, interest income dropped by € 3,979 thousand to € 14,584 thousand. The decrease was due to a change in the hedging strategy.

Depending on the hedge, interest expenses were contrasted with interest income from structured products as well as with a positive valuation result from tradable money market deposit in net profit on financial trading activities (trading profit).

The liquidity derived from issues was primarily invested into tradable money market deposits without current coupons held in the trading book. The result from tradable money market deposits is shown in “Net profit on financial trading activities” (trading profit).

Further to the low interest rate environment in the first half of 2019, “Net interest result” included expenses resulting from negative interest for loans and advances in the amount of € 761 thousand (first half of 2018: € 473 thousand). In contrast, income derived from negative interest for liabilities totaled € 91 thousand (first half of 2018: € 112 thousand).

III. Income from securities and financial investments

“Income from securities and financial investments” refer exclusively to income from securities and went up from € 7,721 thousand in the first half of 2018 to € 9,032 thousand in the first half of 2019. The rise was primarily attributable to higher dividend income from domestic shares.

IV. Net fee and commission result

The negative “Net fee and commission result” in the amount of € minus 620 thousand (first half of 2018: € 500 thousand) was comprised of fee and commission income coming to € 4,625 thousand (first half of 2018: € 5,677 thousand) and fee and commission expenses in the amount of € 5,245 thousand (first half of 2018: € 5,178 thousand). The decrease in “Net fee and commission result” in the first half of 2019 was mainly due to lower income from equity capital market transactions as well as higher expenses for trailer fees.

V. Net profit on financial trading activities

“Net profit on financial trading activities” accounted for the major part of the operating income and rose from € 31,748 thousand in the first half of 2018 to € 37,283 thousand in the first half of 2019. This development resulted from positive net valuations and net proceeds of derivatives and money market deposits held for hedging purposes in the amount of € 64,743 thousand (first half of 2018: € 8,863 thousand). This was contrasted with a negative result from the valuation and disposal of certificates and shares totaling € minus 28,833 thousand (first half of 2018: € 19,914 thousand).

In addition the valuation of spot, futures and forward contracts added up to € 1,373 thousand (first half of 2018: € 2,971 thousand).

VI. Other operating income

Other operating income in the amount of € 261 thousand primarily included the release of provisions in the amount of € 212 thousand (first half of 2018: € 245 thousand) as well as income from charging costs to third parties adding up to € 10 thousand (first half of 2018: € 126 thousand).

VII. Other administrative expenses

in € thousand	first half of 2019	first half of 2018
Office space expenses (maintenance, operation, administration, insurance)	(645)	(496)
Office supplies, printed matter, literature	(199)	(141)
IT costs	(1,636)	(1,830)
Communication costs	(498)	(558)
Information services	(2,108)	(1,798)
Car and traveling expenses	(326)	(310)
Advertising and promotional expenses	(879)	(549)
Legal, advisory and consultancy services	(785)	(542)
Contributions to associations	(629)	(461)
Resolution fund	(973)	(723)
Sundry	(1,123)	(1,048)
	(9,802)	**(8,455)**

"Sundry" in the amount of € 1,123 thousand (first half of 2018: € 1,048 thousand) mainly included expenses for Management Board members charged by the parent company as well as expenses for employees of network banks.

VIII. Other operating expenses

"Other operating expenses" amounting to € 18 thousand (first half of 2018: € 151 thousand) contained mainly expenses charged by third parties adding up to € 17 thousand (first half of 2018: € 129 thousand). The decrease compared to the previous year's period was volume-related.

IX. Net valuations and net proceeds

In the first half of 2019, the item "Net valuations and net proceeds" coming to € 149 thousand was positive and included the current adjustment of general impairment allowances calculated pursuant to the methodology as laid down in IFRS 9. In the first half of 2018, net valuations and net proceeds were negative (€1,597 thousand) mainly due to expenses not covered by provisions relating to a liability for a subsidiary adding up to € 1,442 thousand as well as due to the first-time provision of general impairment allowances in the amount of € 155 thousand.

X. Income taxes and other taxes

Income taxes were made up as follows:

in € thousand	first half of 2019	first half of 2018
Group taxation	(437)	(995)
Corporate income tax/branch Slovakia	0	(43)
Taxes for former periods (Group charges)	(44)	(210)
Not recognized as foreign withholding tax	(642)	(776)
Current income taxes	**(1,123)**	**(2,025)**
Deferred taxes	13	2
Income taxes	**(1,110)**	**(2,027)**

XI. Deferred taxes

In the first half of 2019, income from deferred tax assets came to € 13 thousand (first half of 2018: expenses € 2 thousand).

D. Other Disclosures

Contingent liabilities

In accordance with Article 93 of the Austrian Banking Act, the Bank is legally obliged to provide for a proporionate deposit insurance. Raiffeisen Centrobank AG is a member of Einlagensicherung AUSTRIA GesmbH. The contingent liabilities derived from theoretical claims were reported at a market value of € 0.07.

Other contractual contingencies

The following assets were pledged as security for obligations as at 30/06/2019:

Item A 2 Loans and advances to credit institutions
€ 499,087 thousand (31/12/2018: € 397,971 thousand)
Collateral deposited with credit institutions for the securities and options business and securities lending

Item A 3 Loans and advances to customers
€ 28,243 thousand (31/12/2018: € 98,432 thousand)
Collateral deposited with stock exchanges and other financial institutions for the securities and options business

Item A 4 Fixed-interest securities
€ 3,082 thousand (31/12/2018: € 4,223 thousand)
Collateral deposited with credit institutions for the securities and options business

Letters of comfort

As at the balance sheet date, Raiffeisen Centrobank AG had not issued any letters of comfort.

Commitments arising from fiduciary business transactions

Commitments arising from fiduciary business transactions not included in the balance sheet referred to one equity participation held in trust and, unchanged to 31/12/2018, came to € 7,091 thousand.

Own funds

As at 30/06/2019, "Own funds" pursuant to part 2 CRR comprised the following:

in € thousand	30/06/2019	31/12/2018
Capital paid-in	47,599	47,599
Earned capital	68,875	66,351
Core capital (tier 1) before deductions	**116,474**	**113,950**
Intangible fixed assets	(87)	(105)
Prudent valuation	(1,104)	(917)
Holdings in non-significant investments in financial sector entities	(9,431)	(585)
Core capital (tier 1) after deductions	**105,852**	**112,343**
Supplementary own funds	0	0
Core capital	**105,852**	**112,343**
Supplementary capital	**0**	**0**
Supplementary own funds after deductions	**0**	**0**
Total own funds	**105,852**	**112,343**
Total risk-weighted assets	**491,592**	**475,262**
Core capital ratio, credit risk	61.7%	76.0%
Core capital ratio, total	21.5%	23.6%
Own funds ratio	21.5%	23.6%

Own funds requirement pursuant to para 92 Regulation (EU) No 575/2013 (total risk-weighted assets) were as follows:

in € thousand	30/06/2019	31/12/2018
Risk-weighted assets (credit risk)	171,572	147,799
Standard approach	121,011	105,450
CVA (credit value adjustment) risk	50,561	42,349
Risk-weighted assets (position risk in bonds, equities, commodities and foreign currencies)	197,184	204,926
Risk-weighted assets (settlement risk)	994	696
Risk-weighted assets (operational risk)	121,842	121,842
Total risk-weighted assets	**491,592**	**475,262**

Risk-weighted assets for the credit risk according to asset classes were as follows:

in € thousand	30/06/2019	31/12/2018
Risk-weighted assets according to standard approach	**121,011**	**105,450**
Central governments and central banks	1	0
Institutions	63,973	53,106
Corporates	36,110	32,898
Equity participations	6,239	6,240
Other positions	14,688	13,206
CVA risk	**50,561**	**42,349**
	171,572	**147,799**

Number of staff

	30/06/2019	Period average	30/06/2018	Period average
Salaried employees (incl. Management Board)	197	194	186	184
thereof part-time	42	41	41	41
	197	**194**	**186**	**184**

Group relations

The company is an affiliated company of Raiffeisen Bank International AG (ultimate holding company) and is integrated into its consolidated financial statements. The consolidated financial statements as at 31/12/2018 are deposited with the Commercial Court in Vienna and are available at the respective parent company.

Members of the Management Board, the Supervisory Board and State Commissioners

Management Board	Wilhelm Celeda Valerie Brunner Harald Kröger Heike Arbter	(Chief Executive Officer until 30 April 2019) (Member of the Management Board until 30 April 2019) (Chief Executive Officer as from 01 May 2019) (Member of the Management Board as from 01 May 2019)
Supervisory Board	Łukasz Januszewski Member of the Management Board, Raiffeisen Bank International AG, Vienna	Łukasz Januszewski (Chairman)
	Hannes Mösenbacher Member of the Management Board, Raiffeisen Bank International AG, Vienna	(Deputy Chairman)
	Michael Höllerer Plenipotentiary Raiffeisen Bank International AG	(Member)
	Andrii Stepanenko Member of the Management Board, Raiffeisen Bank International AG, Vienna	(Member)
	Christian Moucka General Management, Raiffeisenbank Region Baden	(Member as from 29 April 2019)
	Matthias Zitzenbacher General Management, Raiffeisenbank Leoben-Bruck eGen (mbH)	(Member as from 29 April 2019)
State Commissioners	Alfred Hacker Karl-Heinz Tscheppe	

Significant Events after the Balance Sheet Date

There were no significant events after the balance sheet date.

Vienna, 22 August 2019
The Management Board

Harald Kröger Chief Executive Officer	Heike Arbter Member of the Management Board

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim financial statements of Raiffeisen Centrobank AG, Vienna, for the period from 1 January 2019 to 30 June 2019. These condensed interim financial statements comprise the balance sheet as at 30 June 2019, the income statement for the period from 1 January 2019 to 30 June 2019 and the condensed notes.

Management is responsible for the preparation of the condensed interim financial statements in accordance with Austrian Generally Accepted Accounting Principles, and other legal requirements (Austrian Banking Act).

Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. Our liability towards the Company and towards third parties with respect to this review is subject to Article 125 (3) Austrian Stock Exchange Act in connection with Article 62a Austrian Banking Act (BWG).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements in Review Financial Statements". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with Austrian Generally Accepted Accounting Principles.

Statement on the interim management report for the 6-month period ended 30 June 2019 and on management´s statement in accordance with Article 125 Austrian Stock Exchange Act (BörseG)

We have read the interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim financial statements. Based on our evaluation, the interim management report does not contain any apparent inconsistencies with the condensed interim financial statements.

The interim financial information contains the statement by management in accordance with Article125 par. 1 subpar. 3 Austrian Stock Exchange Act.

Vienna, 22 August 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Austrian Chartered Accountant

Note: The condensed interim financial statements together with our review report may be published or transmitted only as agreed by us.

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