

# Semi-Annual Financial Report

Semi-Annual Financial Report as of 30 June 2016



# Semi-Annual Financial Report 2016: An Overview

|       |  |    |
|-------|--|----|
| 03-10 | <b>Interim Management Report</b>   | 03 |
|       | Economic Environment   | 04 |
|       | Earnings and Financial Performance for the first half year 2016                        | 04 |
|       | Review of Business Segments  | 06 |
|       | Risk Report  | 07 |
|       | Human Resources  | 10 |
|       | Outlook  | 10 |
| 10    | <b>Statement of Legal Representatives pursuant to § 87 Austrian Stock Exchange Act</b> | 10 |
| 11-28 | <b>Interim Financial Statements as of 30 June 2016</b>                                 | 11 |
|       | Balance Sheet as of 30 June 2016   | 12 |
|       | Income Statement for the first half year 2016  | 14 |
|       | Notes  | 16 |
|       | Review Report  | 28 |
| 29    | <b>Publisher's Details</b>   | 29 |

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 of 30 June 2016

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 outcome of the referendum vote on the UK's exit from the European Union (Brexit) in June 2016 took global financial markets by surprise. Investors initially reacted with a flight to safer asset classes. Thus yields on ten-year German government bonds fell into negative territory for the first time and stock indices initially fell sharply but were able to recoup the bulk of their losses in subsequent weeks. Losses suffered by Central and Eastern European currencies and bonds were likewise moderate and for the most part temporary.

The medium-term fallout from Brexit will depend on the nature of the cooperative legal relationship between the UK and the European Union following the end of the UK membership. Raiffeisen assumes in its financial market and economic scenario that a solution will emerge which will cause only minor disruptions to existing trade conditions. In that case, the ramifications for the economic outlook for the Eurozone and the CEE region will be relatively limited. While economic growth in the UK should halve to 1.0 per cent in 2017, the Eurozone's GDP growth is expected to fall 0.2 percentage points to 1.5 per cent in 2017 due to lower export volumes to the UK and uncertainty in relation to investments. In Central and Eastern Europe, the central countries in particular have stronger economic ties to the UK. Accordingly, as a result of the Brexit fallout, economic growth in Poland, Hungary, the Czech Republic and Slovakia will likely slow by an estimated 0.2 percentage points of GDP in 2017 (in comparison to a scenario without Brexit).

### Financial Markets

In the first half year 2016, the ATX lost 12.5 per cent (11.3 per cent including dividends) and performed almost equally to the EURO STOXX 50. Weak commodity prices and economic worries in particular in the emerging markets roiled the stock markets at the beginning of the year. Driven by continued expansionary monetary policies and a sound reporting season at the end of the first quarter, the markets regained momentum. At the end of the second quarter, however, the Brexit vote sent the European stock markets into a tailspin. Contrary, the US stock market posted a stable performance and gathered 1.7 per cent in the first half year. Markets in Eastern Europe developed inconsistently. The Hungarian stock market stood out by a rise of plus 10 per cent in the first half year, whereas, despite sound economic development, the Czech and Polish markets posted a negative performance. As the oil price recovered in the first half year, the Russian leading index MICEX improved by roughly 8 per cent.

## Earnings and Financial Performance

Further to the transfer agreement dated 31 August 2015, the Mergers and Acquisitions (M&A) business segment including the assets of the Equity Capital Markets (ECM) business were transferred from Raiffeisen Centrobank AG into Raiffeisen Bank International AG retroactively as of 1 January 2015. As the transfer pursuant to civil law was not completed before 31 August, 2015, the comparative figures in the income statement include income and expenses referring to this business segment. Therefore income statement items are comparable only to a limited extent with the previous year results. Moreover, further to the application of the Austrian Act on Changes in Accounting Practices (RÄG 2014) balance sheet and income statement items are as well of only limited comparability.

## Development of Earnings

With an operating income of € 25,031 thousand and operating expenses of € 19,459 thousand, an operating result of € 5,572 thousand was generated in the first half year 2016. Under consideration of net valuations and net proceeds in the amount of minus € 710 thousand, the result on ordinary activities came to € 4,862 thousand in the reporting period. The previous year result in the amount € 9,685 thousand was undercut by € 4,823 thousand or 49.8 per cent.

| in € thousand                                    | 06/2016         | 06/2015         | Change         |
|--|-----------------|-----------------|----------------|
| Net interest result                              | (10,491)        | (4,857)         | >100.0%        |
| Income from securities and financial investments | 7,442           | 7,951           | (6.4%)         |
| Net fee and commission result                    | (1,050)         | 4,346           | >100.0%        |
| Net profit on financial trading activities       | 28,089          | 24,737          | 13.5%          |
| Other operating income                           | 1,041           | 896             | 16.2%          |
| <b>Operating income</b>                          | <b>25,031</b>   | <b>33,073</b>   | <b>(24.3%)</b> |
| Staff expenses                                   | (10,917)        | (13,305)        | (17.9%)        |
| Other administrative expenses                    | (7,685)         | (6,881)         | 11.7%          |
| Depreciation                                     | (638)           | (757)           | (15.7%)        |
| Other operating expenses                         | (218)           | (607)           | (64.0%)        |
| <b>Operating expenses</b>                        | <b>(19,459)</b> | <b>(21,550)</b> | <b>(9.7%)</b>  |
| <b>Operating result</b>                          | <b>5,572</b>    | <b>11,523</b>   | <b>(51.6%)</b> |
| Net valuations and net proceeds                  | (710)           | (1,838)         | (61.4%)        |
| <b>Result on ordinary activities</b>             | <b>4,862</b>    | <b>9,685</b>    | <b>(49.8%)</b> |
| Taxes  | (1,287)         | (3,478)         | 63.0%          |
| <b>Net income for the period</b>                 | <b>3,575</b>    | <b>6,207</b>    | <b>(42.4%)</b> |

Further to the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG, the operating income for the first half year 2016 fell by 24.3 per cent or € 8,042 thousand to € 25,031 thousand compared to the first half year 2015. This decline is in particular reflected in a decrease in net fee and commission result by € 5,396 thousand and lower interest income.

Contrary, net profit on financial trading activities recorded a rise by € 3,352 thousand compared to the first half year 2015. The rise in net profit on financial trading activities is contrasted by an increased negative net interest result.

Interest expenses are mainly responsible for the negative interest result and include primarily coupon payments for structured issues. Compared to the previous year period, interest expenses recorded a rise further to higher coupon payments, contrary to a positive valuation result from tradable money market deposits and derivative financial instruments in net profit on financial trading activities.

Operating expenses came to € 19,459 thousand and were by 9.7 per cent or € 2,091 thousand below the result of the first half year 2015 (€ 21,550 thousand).

Staff expenses declined by € 2,388 thousand to € 10,917 thousand and other administrative expenses summed up to € 7,685 thousand and surpassed the first half year 2015 by € 804 thousand. The decrease in staff expenses is primarily attributable to the transfer of the employees in the M&A and ECM business segments into Raiffeisen Bank International AG.

Other administrative expenses recorded a rise mainly due to contributions to the bank resolution fund in the amount of € 687 thousand that had been charged in 2015 in the second half year. Expenses for information services posted an increase from € 317 thousand to € 1,849 thousand.

The cost/income ratio that had been at 65.2 per cent in the first half year 2015 rose to 77.7 per cent in the first half year 2016, primarily due to a decrease in operating income.

The net valuations and net proceeds were negative both in the first half year 2016 and 2015 and came up to € 710 thousand (first half year 2015: € 1,838 thousand). This is primarily resulting from negative net valuations in securities held as other current assets. Furthermore the result of the first half year 2015 was impacted by a valuation loss in a security that was transferred in the course of the integration of business segments into Raiffeisen Bank International AG.

The result on ordinary activities came to € 4,862 thousand compared to € 9,685 thousand in the previous year period.

In the first half year 2016, income taxes amounted to € 317 thousand (first half year 2015: € 1,334 thousand) relating to tax allocation, withholding taxes and deferred tax assets. Compared to 2015, the decline is attributable mainly to a lower taxable result and to tax income from deferred tax assets (first half year 2016: € 359 thousand) pursuant to RÄG 2014. In the first half year 2016, other taxes came up to € 971 thousand (first half year 2015: € 2,144 thousand). The decrease is primarily due to a change in the reporting of non-deductible input tax.

The income for the first half year amounted to € 3,575 thousand (first half year 2015: € 6,207 thousand).

## Balance Sheet Development

Compared to 31 December 2015, the balance sheet total increased by 7.6 per cent from € 2,524,919 thousand to € 2,717,523 thousand.

On the asset side, the major change compared to the previous year was in "Cash in hand and deposits with central banks" (4.4 per cent of the balance sheet total on 30 June 2016 and 0.1 per cent on 31 December 2015). The item increased by € 116,911 thousand to € 118,341 thousand further to higher investments for liquidity management purposes made with Österreichische Nationalbank.

"Loans and advances to credit institutions" rose by € 85,993 thousand to € 2,028,875 thousand (74.7 per cent of the balance sheet total on 30 June 2016 and 76.9 per cent on 31 December 2015), primarily as a result of an increase in tradable money market deposits by € 134,174 thousand to € 1,586,637 thousand. Contrary, interbank deposits declined by € 48,962 thousand to € 154,904 thousand. Moreover, the item includes unlisted bonds (€ 91,475 thousand) and collaterals for the securities and options business (€ 195,632 thousand). As at 30 June 2016, unlisted bonds rose by € 11,777 thousand, whereas collaterals dropped by € 11,160 thousand.

Item "Bonds, notes and other fixed-interest securities" (2.4 per cent of the balance sheet total on 30 June 2016 and 3.0 per cent on 31 December 2015) posted a decrease by € 10,597 thousand to € 64,278 thousand. The decline is attributable to a drop in listed bonds as they were substituted by tradable money market deposits.

"Shares and variable-yield securities" (6.1 per cent of the balance sheet total on 30 June 2016 and 9.6 per cent on 31 December 2015) recorded a decline by € 77,409 thousand to € 165,392 thousand, particularly as a

result of a decrease in foreign shares by € 38,405 thousand as well as foreign listed bonds in the amount of € 31,194 thousand. The shares, purchased options and zero bonds reported under other items serve as hedges for the issued certificates and warrants, or are part of the Bank's market maker activities.

"Loans and advances to customers" increased by € 38,357 thousand to € 97,531 thousand (3.6 per cent of the balance sheet total on 30 June 2016 and 2.3 per cent on 31 December 2015), particularly due to collaterals for the securities and options business with non-banks (financial institutions and investment companies).

Growth in "Other assets" (5 per cent of the balance sheet total on 30 June 2016 and 2.9 per cent on 31 December 2015) by € 61,496 thousand compared to 31 December 2015 primarily resulted from a rise in listed derivatives by € 66,002 thousand. Contrary, unlisted options fell by € 5,002 thousand.

The item "Bonds and notes issued by public bodies" (3 per cent of the balance sheet total on 30 June 2016 and roughly 4.1 per cent on 31 December 2015) contains Austrian and German government bonds and fell by € 22,915 thousand compared to 31 December 2015.

On the equity and liabilities side "Other liabilities" (56.8 per cent of the balance sheet total on 30 June 2016 and 55.1 per cent on 31 December 2015) recorded an increase by € 151,177 thousand to € 1,543,160 thousand compared to 31 December 2015. This results primarily from a rise in certificates and warrants by € 157,047 thousand and unlisted options by € 20,977 thousand, whereas short-sellings of trading assets declined by € 27,449 thousand. Short-sellings are effected in connection with the market making activities of the Bank in relation to pension plans and represent offsetting items to equity and equity index futures as well as to cash positions on the asset side of the balance sheet.

"Securitized liabilities" (30.6 per cent of the balance sheet total on 30 June 2016 and 31.3 per cent on 31 December 2015) recorded a mild increase by € 39,084 thousand to € 830,317 thousand mainly as a result of the issuance of new bonds.

Zero bonds, structured notes and tradable deposits purchased from Raiffeisen Bank International AG in relation to the issuing activities in the certificates business are included in "Loans and advances to credit institutions", "Shares and other variable-yield securities" and "Bonds, notes and other fixed-interest securities" and come up to a total of € 1,705,024 thousand (31 December 2015: € 1,583,384 thousand). In addition, "Other assets" include OTC options purchased from Raiffeisen Bank International AG in the amount of € 201 thousand (31 December 2015: € 609 thousand).

"Liabilities to credit institutions" (2.6 per cent of the balance sheet total on 30 June 2016 and 0.6 per cent on 31 December 2015) increased by € 54,970 thousand, which is mainly attributable to a rise in money market deposits of domestic banks.

The decrease in "Liabilities to customers" (5.5 per cent of the balance sheet total on 30 June 2016 and 8 per cent on 31 December 2015) by € 52,158 thousand to € 149,555 thousand is mainly the result of a decline in on-demand deposits of foreign customers.

"Provisions" (0.5 per cent of the balance sheet total on 30 June 2016 and 0.5 per cent on 31 December 2015) marginally rose from € 13,548 thousand as at 31 December 2015 to € 13,999 thousand as at 30 June 2016.

Compared to 31 December 2015, the operating equity declined by € 1,010 thousand from € 111,226 thousand to € 110,216 thousand, primarily due to the dividend payment.

## Key Figures

| in € thousand or in per cent           | 30/06/2016 | 31/12/2015 |
|--|------------|------------|
| Core capital (tier 1) after deductions | 105,154    | 101,729    |
| Eligible own funds                     | 105,154    | 101,729    |
| Own funds requirement                  | 34,836     | 42,613     |
| Surplus of own funds                   | 70,319     | 59,116     |
| Own funds ratio                        | 24.1%      | 19.1%      |
| Core capital ratio                     | 24.1%      | 19.1%      |
| Liquidity Coverage Ratio (LCR)         | 274.7%     | 192.7%     |

## Financial Instruments

Please refer to the notes.

## Review of Business Segments

In the 2014 financial year it was decided to re-align the business model of Raiffeisen Centrobank AG. Following the re-alignment in 2015 the core areas of business now focus on equity trading, sales and certificates, company research and investment services. Based on these decisions, the M&A and ECM business segments and the associated subsidiaries were transferred into Raiffeisen Bank International AG or the respective network banks or sold. Parts of the Private Banking business segment were transferred into Kathrein Privatbank AG. The commodity trading subsidiaries were sold or are in liquidation.

### Securities Trading & Sales and Treasury

Raiffeisen Centrobank AG is one of the largest players in equities and structured products on the Vienna Stock Exchange and holds a key position in the markets in Central and Eastern Europe.

#### Treasury & Trading

The sales volume on the Vienna Stock Exchange was down on the half year result 2015 by roughly 5 per cent. Whereas leading international exchanges as XETRA Frankfurt or NYSE Euronext recorded a decline of 14 per cent and 11 per cent, respectively, the exchanges in Eastern Europe displayed an inconsistent development. Volumes on the exchange in Budapest fell by roughly 3 per cent, the exchanges in Warsaw and Prague posted a decrease of 21 and 13 per cent, respectively.

With a market share of roughly 6 per cent on the spot market, Raiffeisen Centrobank AG is the largest domestic market participant on the Vienna Stock Exchange. Though, in market making the sales volume was down on the result of the comparative period and came to roughly € 728 million, Raiffeisen Centrobank AG came off fifth largest and again top domestic market maker in terms of sales.

In the specialist tender in April 2016, Raiffeisen Centrobank AG won 34 out of 39 mandates in the prime market and holds a total of 38 market maker mandates in the prime market and one in the Standard Market Continuous. In June Raiffeisen Centrobank AG took over market making for four Austrian titles listed on the XETRA exchange in Frankfurt. Raiffeisen Centrobank AG acts as market maker for 13 Austrian single shares as well as for the ATX and Eastern European indexes on the EUREX in Frankfurt. On the

Warsaw Stock Exchange market making was assumed for a total of 25 shares. In addition, Raiffeisen Centrobank AG acts as market maker in single stock futures and WIG 20 futures and options. Raiffeisen Centrobank AG acts as well as market maker on several other Eastern European exchanges and holds a total of 11 mandates in Prague, Budapest and Bucharest.

#### Global Equity Sales

At the beginning of the year, economic data indicating a slowdown in the USA and in China put the stock markets under heavy pressure. As the oil price remained depressed, the economies in Brazil, Russia and Saudi Arabia slid into a crisis and the financial sector faced substantial losses. These circumstances resulted in a decline in customer sales volume on the Vienna Stock Exchange of 33 per cent compared to the first half year 2015. With a drop of 27 per cent, the decline in sales volume for Global Equity Sales was likewise moderate. In June, 17.4 million shares of Erste Bank were successfully placed in cooperation with Deutsche Bank for Uniqa Stiftung. However, no other primary market transactions were carried out and sales revenue in the Global Equity Sales business remained unchanged to the previous year level.

Raiffeisen Centrobank AG maintained a high level of roadshow activities, in order to service the customer base and to acquire new customers. Aside from the successful investor conference in Zürs (66 companies, more than 100 investors, 1,000 one-on-ones), 44 company roadshows, 16 lunch presentations and 35 analyst roadshows were held. Analyst roadshows almost doubled and lunch presentations were particularly successful among Management Board members, recording a rise of 60 per cent compared to the previous year. The research product was expanded by setting up a cooperation agreement with Global Securities to market Turkish stocks. In Warsaw, 8 companies were presented to 36 investors on the occasion of the Turkey Day Warsaw. 110 one-on-one meetings took place. Moreover, 7 company roadshows and 4 analyst roadshows were held.

#### Structured Products

Raiffeisen Centrobank AG's certificates issuance remained high: as at 30 June 2016 a total of 4,181 products (31 December 2015: 4,163) were listed on different certificate exchanges. In the first half year 2016 1,332 certificates were newly issued.

Raiffeisen Centrobank AG defended its market leadership on the Austrian certificates market. As at 30 June 2016, open interest reached a new high of € 3.22 billion and rose by roughly 3 per cent compared to 31 December 2015. Despite a decline in sales volume of roughly 17 per cent, profit further increased in the first half year.

In the Raiffeisen network banks, 25 products were placed in the Private Banking and 12 products in the Premium Banking segment on the primary market, which underpins the demand for flexible and customized solutions in retail banking in Eastern Europe. Compared to the comparative previous year period, sales volumes were substantially increased.

At the Certificates Award Austria in April 2016, Raiffeisen Centrobank AG was elected best certificates issuer in Austria by an independent jury for the tenth time in a row and stood out against numerous national and international competitors.

#### Investment Services

The department services customers of Raiffeisen network banks in Central and Eastern Europe. Against the backdrop of a persistently challenging market environment and continuing uncertainties among private investors, the first half year 2016 recorded a mild decline.

Further to the re-alignment of the business segment and the transfer of parts of the Private Banking business into Kathrein Privatbank AG, the number of customer deposits was reduced by 11 per cent compared to 31 December 2015.

Compared to 31 December 2015, the total volume of assets under management declined by 6.8 per cent to € 458 million. In addition to existing business initiatives, the business model is to be rolled out within the Raiffeisen Bank International Group in cooperation with the network banks in Romania, Croatia and Hungary between the third quarter 2016 and the fourth quarter 2017.

### Company Research

Unchanged to the previous year, the coverage universe of Raiffeisen Centrobank AG comprises roughly 130 Austrian, Central and Eastern European as well as Russian companies. Raiffeisen Centrobank AG still offers the largest coverage universe in Austria. The Austrian Cross Industries, Conpet, a Romanian utilities company and Transneft from Russia, were added to the coverage list. To expand the regional approach, research cooperation with the Turkish broker Global Securities was established at the beginning of the year, providing institutional clients of Raiffeisen Centrobank AG with equity research of the Turkish partner. In the first half year 2016, analysts again focused on strengthening client relationships and met with numerous international investors on site. Roadshows were held in London, Paris, Zurich, Frankfurt, Dublin, Stockholm, Copenhagen, Helsinki, Prague, Tallinn, Warsaw and Vienna on a regular basis. Company Research was also closely involved in the organization of the investor conference in Zürs. Analysts were asked to participate in multiple one-on-one meetings.

## Performance Indicators

### Financial Performance Indicators

|   | 30/06/2016 | 30/06/2015 |
|---|------------|------------|
| Return-on-Equity before tax (in per cent) | 4.6        | 10.1       |
| Return-on-Equity after tax (in per cent)  | 3.4        | 6.5        |
| Cost/income ratio (in per cent)           | 77.7       | 65.2       |

The Return-on-Equity before tax fell from 10.1 per cent to 4.6 per cent. This is due to lower net income further to the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG as well as to the rise in equity following a shareholder contribution of Raiffeisen Bank International AG in the amount of € 14,000 thousand that was paid as compensation for the business segments transferred into Raiffeisen Bank International AG.

The cost/income ratio that had been at 65.2 per cent in the first half year 2015 rose to 77.7 per cent in the first half year 2016, primarily due to a decrease in operating income.

### Non-Financial Performance Indicators

|  | 30/06/2016 | 30/06/2015 |
|--|------------|------------|
| Employees as at 30/06                            | 173        | 213        |
| Average number of employees                      | 176        | 217        |
| Stock exchange memberships                       | 11         | 9          |
| Number of newly issued warrants and certificates | 1,332      | 2,170      |

Compared to 30 June 2015, the number of employees was reduced to 173 as at 30 June 2016. In the comparative period, the number of employees fell on average by 41 employees to 176 employees.

The decline compared to the first half year 2015 is primarily attributable to the strategic focus of the company on its core areas of business equity trading and sales and certificates and to the restructuring of the M&A and ECM business that was fully transferred into Raiffeisen Bank International AG as of 31 August 2015.

## Risk Report

### Principles

In the first half year 2016, Raiffeisen Centrobank AG pursued a prudent risk strategy. Business opportunities and earnings potential are realized based on active risk management by taking risk in a targeted and controlled manner. The Bank has a system of risk instruments in place for measuring and monitoring risks. In all relevant areas of risk efficient monitoring and controlling instruments are available enabling the competent bodies to react to market opportunities and specific banking business risks.

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

### Risk Governance

The Management Board of Raiffeisen Centrobank AG is responsible for all risks 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, which is clearly separated from the front offices. Operational Risk, Internal Control System and Compliance are bundled in one department (Compliance, Operational Risk & ICS).

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

- Risk Management (market, credit, liquidity risks, overall bank management)
- Operational Risk & ICS (operational risks and Internal Control System)

The central risk management units for steering, surveying and limiting risks are the Risk Management Committee (RMK), the Internal Limit Committee (ILC), the Operational Risk Management Committee (ORMK) and the Asset and Liability Committee (ALCO).

The RMK, which meets weekly, addresses all issues and regulations in the area of risk management of the Bank and the subsidiaries focusing in particular on credit risk, market risk and operational risk. Overdrafts, overdue loans and advances and necessary value adjustments are reported in due course and recommendations for the Management Board are developed.

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

The ORMK, which meets once a quarter, establishes an appropriate framework for operational risk management and defines and approves an adequate risk strategy. Moreover, risk assessments, scenario analyses and risk indicators are discussed and approved and material events of default and resulting measures to be taken are analyzed.

The ALCO, which meets once a month, continuously evaluates the macroeconomic 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 pursuant to Basel III, limiting specific banking risks by providing an adequate risk coverage sum as well as permanent supervision and control of litigation risks within a comprehensive Internal Control System.

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

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

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

As a subordinate company of Raiffeisen Zentralbank Österreich AG, Raiffeisen Centrobank AG is integrated into the ICAAP of Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG on a consolidated basis. The risk-bearing capacity analysis created by Raiffeisen Zentralbank Österreich AG on a monthly basis for both the "going concern" (VaR with a confidence level of 95 per cent) and "target rating perspective" scenario (VaR with a confidence level of 99.92 per cent) is provided to Raiffeisen Centrobank AG and supports the Management Board in managing the overall banking risk.

### 3. Internal Control System

Raiffeisen Centrobank AG has implemented a company-wide Internal Control System that meets Raiffeisen Zentralbank Österreich AG Group standards. All banking processes and immanent risks are documented and respective controls are set up and reviewed. Process descriptions, risks and monitoring are reviewed semi-annually and are continuously optimized.

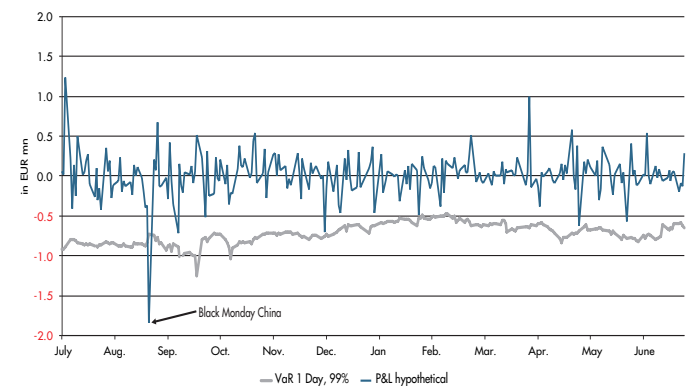
## Major Risks

### Market risk

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

As the main focus of the business activities of Raiffeisen Centrobank AG is in 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 all market risks by setting a variety of limits that are reviewed on an annual basis and are submitted to the Raiffeisen Centrobank AG ILC, Raiffeisen Bank International AG MACO (Market Risk Committee) and the Supervisory Board of Raiffeisen Centrobank AG for approval. 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, the majority accounts for limits for single shares.

In market risk management, the Value-at-Risk (VaR) is employed, which furnishes 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. The VaR as at 30 June 2016 came to € 654 thousand (31 December 2015: € 620 thousand).



The above chart depicts the performance of VaR and hypothetical P&L (profit and loss that would have occurred in a constant portfolio and actually recorded market movements) in the period 1 July 2015 to 30 June 2016, backtesting revealed a VaR exceedance. Such exceedance is in accordance with statistical expectations and underlines the significance of the VaR. The exceedance appeared on 21 August 2015, the "Black Monday" in China and was due to extreme market fluctuations on that day. In addition to VaR, Raiffeisen Centrobank AG uses regulatory and management-defined stress tests to evaluate market risk. 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 fulfill 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).



The major credit risks of Raiffeisen Centrobank AG 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 affects primarily members of the Raiffeisen Zentralbank Österreich AG Credit Institution Group and to a limited extent other financial institutions. The traditional credit and loan business is of immaterial 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 nominal limits which are comprehensively monitored by the Internal Control System for credit risks. The limits are approved - depending on type and size - by the respective hierarchical competence authority scheme. 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 collaterals (e.g. cash or securities collateral). In the Group-wide default and rating data base customers are registered and evaluated and events of default are documented. The whole lending decision corresponds to regulatory requirements and Raiffeisen Zentralbank Österreich AG Group Directives.

#### Operational risk

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

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

#### Liquidity risk

Liquidity risk is calculated based on a liquidity model developed in cooperation with Raiffeisen Bank International AG. Daily balance sheet items of Raiffeisen Centrobank AG are separated 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 Raiffeisen Bank International AG. 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 surpass outflows for a period of at least 30 days in a crisis scenario (market crisis, name crisis and scenario of 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 2016 the LCR came to 274.7 per cent (31 December 2015: 192.7 per cent). Since January 2016 a minimum rate of 70 per cent on single-institution level is to be observed.

All key indicators confirm an adequate liquidity supply of Raiffeisen Centrobank AG in the first half year 2016.

## Human Resources

As at 30 June 2016, Raiffeisen Centrobank AG had 173 employees, which, compared to 30 June 2015, represents a decrease by 40 employees.

This decline in comparison to the first half year 2015 is mainly attributable to the strategic focus of the Company on its core areas of business, equity trading, sales and certificates as well as to the restructuring process in the ECM and M&A business which was fully transferred into Raiffeisen Bank International AG as of 31 August 2015. In the course of the transfer, 28 employees were taken over by Raiffeisen Bank International AG. The Private Banking business segment was transferred into Kathrein Privatbank AG, a subsidiary of Raiffeisen Bank International AG.

In the first half year 2016, Raiffeisen Centrobank AG employed an average of 176 employees.

## Outlook

The low interest rate environment in the USA and in Western Europe will continue to persist, driven by uncertainties surrounding Brexit, and is spreading to countries in Central Europe (CE) and Southeastern Europe (SEE) where key rates and bond yields are already at historical lows. This expansionary ECB monetary policy should continue to indirectly support financial markets in CE and SEE. Most CE and SEE currencies are now stable against the euro, though devaluation risks remain for the Ukrainian hryvnia and Belarusian rouble. In Russia, the stabilization of the rouble, as well as sharply lower inflation, opened up room for a first interest rate cut in June 2016. The key interest rate in Russia should fall from 10.5 per cent at the end of June to 9.5 per cent in the second half of 2016.

The Austrian economy grew 0.9 per cent in 2015. Real GDP is expected to increase 1.4 per cent in 2016, reflecting a moderate pickup in economic growth momentum. At the same time, economic growth should continue to be driven by domestic demand. Economic indicators in the first half of 2016 suggest that the CE region should have robust economic growth for the full year. Still, we expect weakening growth in several countries. The outlook for the SEE region is likewise positive with the economic upturn continuing across SEE countries. In the Eastern Europe (EE) region, both Russia and Belarus will be further affected by recession in 2016, though the recession in Russia should clearly bottom out.

Though the market environment will remain challenging owing to increased regulatory requirements, Raiffeisen Centrobank AG expects a positive performance of its core business areas equity trading and sales and certificates and targets a profit for the 2016 financial year equal to the previous year level.

## Statement of Legal Representatives pursuant to §87 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 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, 24 August 2016  
The Management Board



**Wilhelm Celeda**  
Chief Executive Officer



**Valerie Brunner**  
Member of the Management Board

# Interim Financial Statements of Raiffeisen Centrobank AG as of 30 June 2016 according to the Austrian Banking Act

The addition of rounded numbers using automated systems, as was done for this report, may result in minor differences in amounts.

The changes indicated in per cent refer to the actual amounts and not the rounded amounts shown in this report.

## Balance Sheet as at 30 June 2016

| Assets  | 30/06/2016<br>€                    | 30/06/2016<br>€         | 31/12/2015<br>in € thousand | 31/12/2015<br>in € thousand |
|---|------------------------------------|-------------------------|-----------------------------|-----------------------------|
| 1. Cash in hand, deposits with central banks  |                                    | 118,340,940.17          |                             | 1,430                       |
| 2. Bonds and notes issued by public bodies eligible for refinancing with central banks<br>bonds and notes issued by public bodies and similar securities<br>thereof with a maturity of more than 1 year: € 69,186,590.01<br>previous year: €102,800 thousand  |                                    | 80,261,596.58           |                             | 103,177                     |
| 3. Loans and advances to credit institutions<br>a) payable on demand<br>b) other loans and advances<br>thereof with a maturity of more than 1 year: € 1,407,094,296.46<br>previous year: € 1,248,481 thousand   | 216,895,658.25<br>1,811,979,168.87 | 2,028,874,827.12        | 219,642<br>1,723,240        | 1,942,882                   |
| 4. Loans and advances to customers<br>thereof with a maturity of more than 1 year: € 22,990,921.29<br>previous year: € 23,382 thousand  |                                    | 97,530,923.11           |                             | 59,174                      |
| 5. Bonds, notes and other fixed-interest securities<br>a) issued by public bodies<br>thereof with a maturity of more than 1 year: € 2,216,874.80<br>previous year: € 0 thousand<br>b) issued by other borrowers<br>thereof with a maturity of more than 1 year: € 8,283,328.85<br>previous year: € 8,070 thousand | 9,393,587.40<br>54,884,596.71      | 64,278,184.11           | 9,788<br>65,088             | 74,876                      |
| 6. Shares and other variable-yield securities<br>thereof with a maturity of more than 1 year: € 0.00<br>previous year: € 22,357 thousand  |                                    | 165,392,494.64          |                             | 242,802                     |
| 7. Equity participations  |                                    | 5,137,370.67            |                             | 5,137                       |
| 8. Shares in affiliated companies   |                                    | 8,474,754.91            |                             | 8,475                       |
| 9. Intangible fixed assets  |                                    | 109,617.65              |                             | 134                         |
| 10. Tangible fixed assets<br>thereof land and buildings used by<br>the credit institution for own purposes: 9,905,003.94<br>previous year: € 10,031 thousand  |                                    | 12,013,980.42           |                             | 12,535                      |
| 11. Other assets<br>thereof with a maturity of more than 1 year: € 34,985,542.51<br>previous year: € 41,493 thousand  |                                    | 134,680,227.98          |                             | 73,184                      |
| 12. Prepayments and other deferrals   |                                    | 2,068,932.43            |                             | 1,113                       |
| 13. Deferred tax assets   |                                    | 358,989.45              |                             | 0                           |
| <b>Total assets</b>   |                                    | <b>2,717,522,839.24</b> |                             | <b>2,524,919</b>            |
| <b>Off-balance sheet items</b>  |                                    |                         |                             |                             |
| 1. Foreign assets   |                                    | 514,015,780.19          |                             | 540,019                     |

| Equity and liabilities  | 30/06/2016<br>€                 | 30/06/2016<br>€                           | 31/12/2015<br>in € thousand | 31/12/2015<br>in € thousand           |
|---|---------------------------------|---|-----------------------------|---------------------------------------|
| 1. Liabilities to credit institutions<br>a) repayable on demand<br>b) with agreed maturity dates or periods of notice<br>thereof with a maturity of up to 1 year: € 61,164,208.21<br>previous year: € 1,876 thousand<br>thereof with a maturity of more than 1 year: € 0.00<br>previous year: € 0   | 8,894,505.31<br>61,164,208.25   | 70,058,713.56                             | 13,213<br>1,876             | 15,089                                |
| 2. Liabilities to customers<br>a) repayable on demand<br>b) with agreed maturity dates or periods of notice<br>thereof with a maturity of up to 1 year: € 25,383,997.00<br>previous year: € 21,778 thousand<br>thereof with a maturity of more than 1 year: € 0.00<br>previous year: € 0  | 124,171,241.52<br>25,383,997.00 | 149,555,238.52                            | 179,936<br>21,778           | 201,714                               |
| 3. Securitised liabilities (other securitised liabilities)<br>thereof with a maturity of up to 1 year: € 164,015,512.43<br>previous year: € 150,246 thousand<br>thereof with a maturity of more than 1 year: € 666,301,770.38<br>previous year: € 640,988 thousand  |                                 | 830,317,282.81                            |                             | 791,233                               |
| 4. Other liabilities<br>thereof with a maturity of up to 1 year: € 242,153,032.89<br>previous year: € 234,948 thousand<br>thereof with a maturity of more than 1 year: € 1,008,077,576.13<br>previous year: € 836,460 thousand  |                                 | 1,543,159,924.60                          |                             | 1,391,983                             |
| 5. Accruals and deferred items  |                                 | 216,510.72                                |                             | 126                                   |
| 6. Provisions<br>a) for severance payments<br>b) other provisions   | 4,069,992.00<br>9,929,483.37    | 13,999,475.37                             | 3,884<br>9,664              | 13,548                                |
| 7. Subscribed capital   |                                 | 47,598,850.00                             |                             | 47,599                                |
| 8. Capital reserves<br>a) committed<br>b) uncommitted   | 6,651,420.71<br>14,000,000.00   | 20,651,420.71                             | 6,651<br>14,000             | 20,651                                |
| 9. Retained earnings<br>a) legal reserve<br>b) other reserves   | 1,030,936.83<br>23,820,697.77   | 24,851,634.60                             | 1,031<br>21,432             | 22,463                                |
| 10. Liability reserve pursuant to Article 57 para 5 Austrian Banking Act  |                                 | 13,538,860.00                             |                             | 13,539                                |
| 11. Net profit for the year   |                                 | 3,574,928.35                              |                             | 6,974                                 |
| <b>Total equity and liabilities</b>   |                                 | <b>2,717,522,839.24</b>                   |                             | <b>2,524,919</b>                      |
| <b>Off-balance sheet items</b>  |                                 |   |                             |                                       |
| 1. Commitments arising from fiduciary business transactions   |                                 | 7,091,121.47                              |                             | 7,091                                 |
| 2. Eligible own funds pursuant to Part2 of regulation (EU) No 575/2013  |                                 | 105,154,475                               |                             | 101,729                               |
| 3. Capital requirements pursuant to Article 92<br>of Regulation (EU) No 575/2013 (Total risk-weighted assets))<br>hereof: capital requirements pursuant to Article 92 (1)<br>(a) to (c) of Regulation (EU) No 575/2013<br>hereof: capital requirements pursuant to Article 92 (a)<br>hereof: capital requirements pursuant to Article 92 (b)<br>hereof: capital requirements pursuant to Article 92 (c) |                                 | 435,444,329<br>24.15%<br>24.15%<br>24.15% |                             | 532,665<br>19.10%<br>19.10%<br>19.10% |
| 4. Foreign equity and liabilities   |                                 | 380,480,223.24                            |                             | 445,215                               |

## Income Statement for the First Half Year 2016

|  | 1-6/2016<br>€   | 1-6/2016<br>€          | 1-6/2015<br>in € thousand | 1-6/2015<br>in € thousand |
|--|-----------------|------------------------|---------------------------|---------------------------|
| 1. Interest and interest-like income   |                 | 2,159,013.47           |                           | 6,721                     |
| thereof fixed-interest securities  | 980,277.51      |                        | 1,193                     |                           |
| 2. Interest and interest-like expenses   |                 | (12,649,988.48)        |                           | (11,578)                  |
| <b>I. Net interest income/expenses</b>   |                 | <b>(10,490,975.01)</b> |                           | <b>(4,857)</b>            |
| 3. Income from securities and financial investments  |                 |                        |                           |                           |
| a) Income from shares, share rights and other<br>variable-yield securities                                       | 5,841,816.08    |                        | 7,631                     |                           |
| b) Income from shares in affiliated companies  | 1,600,000.00    | 7,441,816.08           | 320                       | 7,951                     |
| 4. Fee and commission income   |                 | 3,995,344.91           |                           | 10,282                    |
| 5. Fee and commission expenses   |                 | (5,045,048.20)         |                           | (5,936)                   |
| 6. Net profit on financial trading activities  |                 | 28,088,848.10          |                           | 24,737                    |
| 7. Other operating income  |                 | 1,041,411.28           |                           | 896                       |
| <b>II. Operating income</b>  |                 | <b>25,031,397.16</b>   |                           | <b>33,073</b>             |
| 8. General administrative expenses   |                 | (18,602,553.34)        |                           | (20,186)                  |
| a) staff expenses  |                 |                        |                           |                           |
| aa) wages and salaries   | (7,870,545.65)  |                        | (10,132)                  |                           |
| bb) expenses for statutory social contributions<br>and compulsory contributions related<br>to wages and salaries | (1,847,103.53)  |                        | (2,322)                   |                           |
| cc) other social expenses  | (172,155.56)    |                        | (204)                     |                           |
| dd) expenses for pensions and assistance   | (271,650.50)    |                        | (334)                     |                           |
| ee) expenses for severance payments and contributions to severance funds   | (755,877.51)    |                        | (313)                     |                           |
|  | (10,917,332.75) |                        | (13,305)                  |                           |
| b) other administrative expenses   | (7,685,220.59)  |                        | (6,881)                   |                           |
| 9. Value adjustments on asset items 9 and 10   |                 | (638,380.32)           |                           | (757)                     |
| 10. Other operating expenses   |                 | (218,478.99)           |                           | (607)                     |
| <b>III. Operating expenses</b>   |                 | <b>(19,459,412.65)</b> |                           | <b>(21,550)</b>           |
| <b>IV. Operating result</b>  |                 | <b>5,571,984.51</b>    |                           | <b>11,523</b>             |

|   | 1-6/2016<br>€ | 1-6/2016<br>€       | 1-6/2015<br>in € thousand | 1-6/2015<br>in € thousand |
|---|---------------|---------------------|---------------------------|---------------------------|
| <b>IV. Operating result (=amount carried forward)</b>   |               | <b>5,571,984.51</b> |                           | <b>11,523</b>             |
| 11. Loans loss provisions and expenditures arising from the valuation of loans and advances and disposal of securities held as other current assets |               | (638,601.22)        |                           | (1,752)                   |
| 12. Income arising from the valuation of loans and advances and disposal of securities held as other current assets                                 |               | 34,544.17           |                           | 12                        |
| 13. Expenditures arising from the valuation of interests and shares in affiliated companies held as financial investments                           |               | (105,813.26)        |                           | (98)                      |
| <b>V. Result on ordinary activities</b>   |               | <b>4,862,114.20</b> |                           | <b>9,685</b>              |
| 14. Income taxes  |               |                     |                           |                           |
| a) current income taxes<br>thereof passed on from parent company for half year:<br>€ (52,706.00) (previous year: € (469) thousand)                  | (675,625.63)  |                     | (1,334)                   |                           |
| b) deferred taxes   | 358,989.45    | (316,636.18)        | 0                         | (1,334)                   |
| 15. Other taxes unless included in item 14  |               | (970,549.67)        |                           | (2,144)                   |
| <b>VI. Net income for the period</b>  |               | <b>3,574,928.35</b> |                           | <b>6,207</b>              |
| 16. Profit carried forward  |               | 0.00                |                           | 63                        |
| <b>VII. Net profit for the period</b>   |               | <b>3,574,928.35</b> |                           | <b>6,270</b>              |

## Notes

### A. Accounting Policies

#### General

The interim financial statements of Raiffeisen Centrobank as at 30 June 2016 have been prepared in accordance with the general accounting principles stipulated in the Austrian Commercial Code as amended in the Austrian Act on Changes in Accounting Practices (RÄG 2014) and the specific sectoral regulations as specified by the Austrian Banking Act. Further details on changes in accounting practices pursuant to RÄG 2014 are referred to below.

The balance sheet and the income statement have been structured according to Appendix 2 of the forms contained in Article 43 Austrian Banking Act. Special regulations as stipulated by the RÄG 2014 have been taken into account.

Further to the transfer agreement dated 31 August 2015, the M&A business segment including the assets of the ECM business were transferred from Raiffeisen Centrobank AG to Raiffeisen Bank International AG retroactively as of 1 January 2015. As the transfer pursuant to civil law was not completed before August 31, 2015, the comparative figures in the income statement include income and expenses referring to this business segment. Therefore income statement items are comparable only to a limited extent with the previous year results. Moreover, further to the application of RÄG balance sheet and income statement items are as well of only limited comparability.

The interim financial statements as at 30 June 2016 were reviewed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft Wien.

### II. Loans and advances

#### II.1. Classification of loans and advances other than those payable on demand according to their term to maturity

| as at 30/06/2016<br>in € thousand                | 0-3<br>months  | 3-12<br>months | 1-5<br>years     | >5<br>years    | Total            |
|--|----------------|----------------|------------------|----------------|------------------|
| Bonds and notes issued by public bodies          | 1,019          | 10,056         | 69,187           | 0              | 80,262           |
| Loans and advances to credit institutions        | 147,091        | 257,794        | 1,192,296        | 214,798        | 1,811,979        |
| Loans and advances to customers                  | 514            | 53             | 15,925           | 7,066          | 23,558           |
| Bonds, notes and other fixed-interest securities | 46,584         | 7,176          | 10,500           | 0              | 64,260           |
| Shares and other variable-yield securities       | 0              | 32,220         | 0                | 0              | 32,220           |
|  | <b>195,208</b> | <b>307,299</b> | <b>1,287,908</b> | <b>221,864</b> | <b>2,012,278</b> |

#### Comparative figures as at 31/12/2015

| as at 31/12/2015<br>in € thousand                | 0-3<br>months  | 3-12<br>months | 1-5<br>years     | >5<br>years    | Total            |
|--|----------------|----------------|------------------|----------------|------------------|
| Bonds and notes issued by public bodies          | 0              | 377            | 102,800          | 0              | 103,177          |
| Loans and advances to credit institutions        | 241,476        | 233,283        | 1,041,595        | 206,886        | 1,723,240        |
| Loans and advances to customers                  | 2,010          | 0              | 15,826           | 7,556          | 25,392           |
| Bonds, notes and other fixed-interest securities | 7,327          | 59,406         | 8,070            | 0              | 74,803           |
| Shares and other variable-yield securities       | 31,314         | 9,743          | 22,357           | 0              | 63,414           |
|  | <b>282,127</b> | <b>302,809</b> | <b>1,190,648</b> | <b>214,441</b> | <b>1,990,026</b> |

#### Accounting principles

Compared to the financial statements as at 31 December 2015, accounting policies were not amended (see individual financial statements of Raiffeisen Centrobank AG as at 31 December 2015 according to the Austrian Banking Act, [www.rcb.at/en/news-info/annual-reports/](http://www.rcb.at/en/news-info/annual-reports/)).

Further to the application of RÄG 2014 deferred tax assets have been reported for the first time. Deferred tax assets are calculated pursuant to Article 198 para 9 and 10 of the Austrian Commercial Code following a balance sheet oriented approach without discounting on the basis of 25 per cent corporate tax. Existing long-term provisions were discounted at market interest rates.

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

Provisions for severance payments were calculated assuming a calculatory interest rate of 1.40 per cent (31/12/2015: 2.00 per cent).

### B. Notes to the Balance Sheet

#### I. Cash in hand, deposits with central banks

The balance sheet item A1, which encompasses cash in hand and deposits with the Austrian National Bank, is reported as € 118,341 thousand (31/12/2015: € 1,430 thousand). Prevailing regulations pertaining to liquidity and minimum reserves were observed.



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

| as at 30/06/2016<br>in € thousand                | Loans and advances to<br>affiliated companies<br>(direct/indirect > 50%) | Loans and advances to equity<br>participations in which Raiffeisen<br>Centrobank AG has a direct<br>shareholding (< 50%) |
|--|--|--|
| Loans and advances to credit institutions        | 1,740,342  | 0  |
| Loans and advances to customers                  | 4,444  | 514  |
| Bonds, notes and other fixed-interest securities | 54,867   | 0  |
| Shares and other variable-yield securities       | 32,251   | 0  |
| Other assets                                     | 454  | 8  |
|  | <b>1,832,358</b>   | <b>522</b>   |

### Comparative figures as at 31/12/2015

| as at 31/12/2015<br>in € thousand                | Loans and advances to<br>affiliated companies<br>(direct/indirect > 50%) | Loans and advances to equity<br>participations in which Raiffeisen<br>Centrobank AG has a direct<br>shareholding (< 50%) |
|--|--|--|
| Loans and advances to credit institutions        | 1,679,793  | 0  |
| Loans and advances to customers                  | 4,525  | 514  |
| Bonds, notes and other fixed-interest securities | 54,600   | 0  |
| Shares and other variable-yield securities       | 48,449   | 0  |
| Other assets                                     | 914  | 8  |
|  | <b>1,788,281</b>   | <b>522</b>   |

## III. Securities

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

| as at 30/06/2016<br>in € thousand                    | Unlisted | Listed  | Total   | Valued at<br>market price |
|--|----------|---------|---------|---------------------------|
| Bonds and notes issued by public bodies, A2          | 0        | 80,262  | 80,262  | 80,262                    |
| Bonds, notes and other fixed-interest securities, A5 | 0        | 64,278  | 64,278  | 64,278                    |
| Shares and other variable-yield securities, A6       | 31,909   | 133,484 | 165,392 | 165,392                   |
| Equity participations, A7                            | 5,137    | 0       | 5,137   | x                         |
| Shares in affiliated companies, A8                   | 8,475    | 0       | 8,475   | x                         |

### Comparative figures as at 31/12/2015

| as at 31/12/2015<br>in € thousand                    | Unlisted | Listed  | Total   | Valued at<br>market price |
|--|----------|---------|---------|---------------------------|
| Bonds and notes issued by public bodies, A2          | 0        | 103,177 | 103,177 | 103,177                   |
| Bonds, notes and other fixed-interest securities, A5 | 0        | 74,876  | 74,876  | 74,876                    |
| Shares and other variable-yield securities, A6       | 61,524   | 181,278 | 242,802 | 242,802                   |
| Equity participations, A7                            | 5,137    | 0       | 5,137   | x                         |
| Shares in affiliated companies, A8                   | 8,475    | 0       | 8,475   | x                         |

As at 30 June 2016 balance sheet items A2 and A5 include fixed-interest securities amounting to € 144,540 thousand (31/12/2015: € 178,052 thousand) of which € 64,834 thousand (31/12/2015: € 67,110 thousand) will fall due in the forthcoming year.

As at 30 June 2016 balance sheet items A2 and A5 include securities classified as current assets amounting to € 52,208 thousand (31/12/2015: € 52,558 thousand) and securities of the trading book in the amount of € 92,332 thousand (31/12/2015: € 125,495 thousand).

#### IV. Equity participations and shares in affiliated companies

Unchanged to the year-end 2015, the Bank directly held a minimum of 20 per cent of the shares in the subsequent companies:

| Name, Domicile                                 | Shareholding in % |
|--|-------------------|
| Centrottrade Holding AG, Vienna                | 100               |
| Centrottrade Chemicals AG, Zug, in liquidation | 100               |
| Syrena Immobilien Holding AG, Spittal/Drau     | 21                |

Economic relations of the companies are depicted in the notes to the individual financial statements of Raiffeisen Centrobank AG pursuant to the Austrian Banking Act as at 31 December 2015.

#### V. Other assets

Balance sheet item A11 "Other assets" amounting to € 134,680 thousand (31/12/2015: € 73,184 thousand) primarily refers to purchase contracts from trading in derivative financial instruments reported at fair value.

| as at 30/06/2016<br>in € thousand                        | unlisted      | listed        | Total          |
|--|---------------|---------------|----------------|
| <b>Positive fair values from derivative transactions</b> |               |               |                |
| Foreign currency transaction                             | 197           | 1,113         | 1,310          |
| Equity/index-related transaction                         | 35,152        | 92,699        | 127,851        |
| Commodity/precious metal transactions                    | 1,028         | 1,584         | 2,612          |
|  | <b>36,377</b> | <b>95,396</b> | <b>131,773</b> |

#### Comparative figures as at 31.12.2015<sup>1</sup>

| as at 31/12/2015<br>in € thousand                        | unlisted      | listed        | Total         |
|--|---------------|---------------|---------------|
| <b>Positive fair values from derivative transactions</b> |               |               |               |
| Foreign currency transaction                             | 106           | 0             | 106           |
| Equity/index-related transaction                         | 41,092        | 29,098        | 70,190        |
| Commodity/precious metal transactions                    | 182           | 260           | 442           |
|  | <b>41,379</b> | <b>29,358</b> | <b>70,737</b> |

<sup>1</sup> Adjustment of previous year data analogue to the table as at 30/06/2016

In addition, loans and advances to Austrian and foreign tax authorities in the amount of € 2,141 thousand (31/12/2015: € 1,585 thousand) are included.

#### VI. Deferred tax assets

As at 30/06/2016 deferred tax assets resulting from the application of RÄG 2014 came up to € 359 thousand.

#### VII. Liabilities

##### VII.1. Classification of liabilities other than those repayable on demand according to their term to maturity

| as at 30/06/2016<br>in € thousand  | 0-3<br>months | 3-12<br>months | 1-5<br>years   | >5<br>years    | Total          |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|
| Liabilities to credit institutions | 61,164        | 0              | 0              | 0              | 61,164         |
| Liabilities to customers           | 7,509         | 17,875         | 0              | 0              | 25,384         |
| Securitized liabilities            | 15,111        | 148,905        | 490,471        | 175,831        | 830,317        |
|                                    | <b>83,784</b> | <b>166,779</b> | <b>490,471</b> | <b>175,831</b> | <b>916,865</b> |

## Comparative figures as at 31/12/2015

| 31/12/2015<br>in € thousand        | 0-3<br>months | 3-12<br>months | 1-5<br>years   | >5<br>years    | Total          |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|
| Liabilities to credit institutions | 1,875         | 0              | 0              | 0              | 1,875          |
| Liabilities to customers           | 0             | 21,778         | 0              | 0              | 21,778         |
| Securitized liabilities            | 40,189        | 110,057        | 488,171        | 152,817        | 791,234        |
|                                    | <b>42,064</b> | <b>131,835</b> | <b>488,171</b> | <b>152,817</b> | <b>814,887</b> |

## VII.2. Liabilities to affiliated companies and equity participations

| as at 30/06/2016<br>in € thousand  | Liabilities to affiliated<br>companies (direct/indirect > 50%) | Liabilities to equity<br>participations in which<br>Raiffeisen Centrobank AG has a<br>direct shareholding (< 50%) |
|------------------------------------|--|---|
| Liabilities to credit institutions | 4,353  | 0   |
| Liabilities to customers           | 10,717   | 22  |
| Other liabilities                  | 13,428   | 0   |
|                                    | <b>28,497</b>  | <b>22</b>   |

## Comparative figures as at 31/12/2015

| as at 31/12/2015<br>in € thousand  | Liabilities to affiliated<br>companies (direct/indirect > 50%) | Liabilities to equity<br>participations in which<br>Raiffeisen Centrobank AG has a<br>direct shareholding (< 50%) |
|------------------------------------|--|---|
| Liabilities to credit institutions | 1,489  | 0   |
| Liabilities to customers           | 7,482  | 500   |
| Other liabilities                  | 18,278   | 0   |
|                                    | <b>27,248</b>  | <b>500</b>  |

## VII.3. Securitized liabilities

The balance sheet item P3 "Securitized liabilities" contains solely own issues (certificates) totaling € 830,317 thousand (31/12/2015: € 791,233 thousand) held for trading.

## VII.4. Other liabilities

The balance sheet item P4 "Other liabilities" amounting to € 1,543,160 thousand (31/12/2015: € 1,391,983 thousand) primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments:

| in € thousand   | 30/06/2016       | 31/12/2015       |
|---|------------------|------------------|
| <b>Negative fair values of derivative financial instruments</b> | <b>1,247,925</b> | <b>1,069,902</b> |
| from trading in certificates with option character              | 941,919          | 832,130          |
| from OTC options  | 215,860          | 194,883          |
| from trading in warrants  | 1,653            | 3,214            |
| from trading in DAX and EUREX options                           | 6,213            | 25,323           |
| from trading in other options                                   | 82,281           | 14,352           |
| <b>Short-selling of trading assets</b>                          | <b>292,722</b>   | <b>320,171</b>   |
|   | <b>1,540,647</b> | <b>1,390,073</b> |

"Other liabilities" as at 30 June 2016 include various liabilities in relation to costs passed on in the amount of € 1,816 thousand (31/12/2015: € 790 thousand) and liabilities related to payroll accounting in the amount of € 684 thousand (31/12/2015: € 574 thousand).

### VIII. Share capital

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        |
| Lexus Services Holding GmbH, Vienna | 0.00          | 1              |
|                                     | <b>100.00</b> | <b>655,000</b> |

### IX. Provisions

Provisions break down as follows:

| in € thousand  | 30/06/2016    | 31/12/2015    |
|--|---------------|---------------|
| Provisions for severance payments                        | 4,070         | 3,884         |
| Other provisions   | 9,929         | 9,664         |
| Provisions for bonus payments                            | 1,076         | 1,697         |
| Provisions for litigation risks                          | 4,000         | 4,213         |
| Provisions for overdue vacation                          | 1,261         | 1,111         |
| Legal, auditing and consulting expenses                  | 946           | 420           |
| Provisions for the Securities Trading & Sales Department | 741           | 404           |
| Provisions for outstanding invoices                      | 373           | 478           |
| Provisions for charged Management Board expenses         | 1,462         | 1,213         |
| Provisions for management fees                           | 1             | 45            |
| Sundry   | 70            | 83            |
|  | <b>13,999</b> | <b>13,548</b> |

### X. Supplementary data

#### Assets and liabilities in foreign currencies

The following amounts are contained in the balance sheet in foreign currencies:

| in € thousand | 30/06/2016 | 31/12/2015 |
|---------------|------------|------------|
| Assets        | 797,018    | 753,647    |
| Liabilities   | 699,854    | 638,425    |

#### Volume of the securities trading book

As at the balance sheet date the securities trading book was made up as follows:

| in € thousand               | 30/06/2016       | 31/12/2015       |
|-----------------------------|------------------|------------------|
| Securities                  | 3,065,525        | 3,055,796        |
| Other financial instruments | 4,388,113        | 4,227,249        |
|                             | <b>7,453,638</b> | <b>7,283,045</b> |

### Unsettled forwards and options contracts according to the VERA scheme<sup>1</sup>

At the balance sheet date, the following forward and options transactions (banking and trading book) had not yet been settled:

| in € thousand  | 30/06/2016 | 31/12/2015 |
|--|------------|------------|
| <b>Purchase contracts</b>  |            |            |
| Options on interest-rate instruments   | 200        | 200        |
| Forward exchange contracts/Gold contracts                                      | 103,985    | 63,749     |
| Futures in asset values  | 381        | 1,990      |
| Index future contracts   | 395,512    | 407,119    |
| Options on asset values and equity/index-based options                         | 895,428    | 817,047    |
| Precious metal and commodity future contracts                                  | 83,018     | 55,524     |
| Precious metal and commodity options   | 33,830     | 26,492     |
| Other forward transactions, future contracts, options and similar transactions | 19,000     | 19,000     |

| in € thousand  | 30/06/2016 | 31/12/2015 |
|--|------------|------------|
| <b>Sales contracts</b>                                 |            |            |
| Interest rate futures                                  | 33,100     | 59,100     |
| Forward exchange contracts/Gold contracts              | 98,891     | 59,608     |
| Futures in asset values                                | 870        | 573        |
| Index future contracts                                 | 38,487     | 26,679     |
| Options on asset values and equity/index-based options | 2,681,888  | 2,583,272  |
| Precious metal and commodity options                   | 165,244    | 199,330    |

<sup>1</sup> The chart is in line with the reporting guidelines VERA of the Austrian National Bank (Part A 1a unconsolidated statement of assets)

### Securities trading book

A securities trading book is maintained. On the balance sheet date the trading volume at fair values (derivatives on shares, commodities, precious metals and gold with delta values) valued pursuant to internal risk calculation amounts to:

| in € thousand          | 30/06/2016    | 31/12/2015     |
|------------------------|---------------|----------------|
| Shares/Mutual funds    | (167,544)     | (143,442)      |
| Listed options         | (1,794)       | 10,172         |
| Futures                | 367,514       | 366,154        |
| Warrants/Certificates  | (946,165)     | (821,096)      |
| OTC options            | (179,913)     | (161,775)      |
| Purchased bonds        | 1,831,985     | 1,742,125      |
| Issued guarantee bonds | (832,770)     | (793,597)      |
|                        | <b>71,313</b> | <b>198,541</b> |

### Data on transactions with derivative financial instruments

Exchange trading in derivative financial instruments focuses on equities and equity/index-based futures and options. The financial instruments issued by Raiffeisen Centrobank AG can be classified as warrants, certificates mainly on equities and equity indices (Turbo, Discount, Bonus and Open-End Certificates), and guarantee 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.

Volumes of derivative financial transactions are as follows:

| in € thousand<br>as at 30/06/2016                               | Nominal amount |                  | Positive fair value |                | Negative fair value |                  |
|---|----------------|------------------|---------------------|----------------|---------------------|------------------|
|   | Banking book   | Trading book     | Banking book        | Trading book   | Banking book        | Trading book     |
| <b>1. Interest rate contracts</b>                               | <b>200</b>     | <b>33,100</b>    | <b>0</b>            | <b>0</b>       | <b>0</b>            | <b>38</b>        |
| <b>1.1. OTC products</b>  | <b>200</b>     | <b>0</b>         | <b>0</b>            | <b>0</b>       | <b>0</b>            | <b>0</b>         |
| Options on interest-rate instruments                            | 200            | 0                | 0                   | 0              | 0                   | 0                |
| <b>1.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>33,100</b>    | <b>0</b>            | <b>0</b>       | <b>0</b>            | <b>38</b>        |
| Interest rate futures   | 0              | 33,100           | 0                   | 0              | 0                   | 38               |
| <b>2. Foreign exchange contracts</b>                            | <b>161,521</b> | <b>41,355</b>    | <b>0</b>            | <b>1,310</b>   | <b>90</b>           | <b>16,444</b>    |
| <b>2.1. OTC products</b>  | <b>161,521</b> | <b>1,554</b>     | <b>0</b>            | <b>197</b>     | <b>90</b>           | <b>0</b>         |
| Forward foreign exchange contracts                              | 161,521        | 0                | 0                   | 67             | 90                  | 0                |
| Currency futures  | 0              | 122              | 0                   | 58             | 0                   | 0                |
| Gold contracts  | 0              | 1,432            | 0                   | 72             | 0                   | 0                |
| <b>2.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>39,801</b>    | <b>0</b>            | <b>1,113</b>   | <b>0</b>            | <b>16,444</b>    |
| Forward exchange contracts                                      | 0              | 21,584           | 0                   | 1,028          | 0                   | 0                |
| Other currency contracts/Gold contracts                         | 0              | 18,217           | 0                   | 84             | 0                   | 16,444           |
| <b>3. Equity contracts</b>                                      | <b>0</b>       | <b>4,031,566</b> | <b>0</b>            | <b>127,851</b> | <b>0</b>            | <b>1,118,176</b> |
| <b>3.1. OTC products</b>  | <b>0</b>       | <b>2,255,952</b> | <b>0</b>            | <b>35,152</b>  | <b>0</b>            | <b>202,921</b>   |
| Equity/index-based options - purchased                          | 0              | 762,722          | 0                   | 35,070         | 0                   | 0                |
| Equity/index-based options - sold                               | 0              | 1,474,230        | 0                   | 0              | 0                   | 202,921          |
| Other equity-based contracts                                    | 0              | 19,000           | 0                   | 82             | 0                   | 0                |
| <b>3.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>1,775,614</b> | <b>0</b>            | <b>92,699</b>  | <b>0</b>            | <b>915,255</b>   |
| Share and other equity/index-based options and future contracts | 0              | 1,775,614        | 0                   | 92,699         | 0                   | 915,255          |
| <b>4. Commodities/ Precious Metals</b>                          | <b>0</b>       | <b>282,092</b>   | <b>0</b>            | <b>2,612</b>   | <b>0</b>            | <b>113,177</b>   |
| <b>4.1. OTC products</b>  | <b>0</b>       | <b>72,985</b>    | <b>0</b>            | <b>1,028</b>   | <b>0</b>            | <b>12,848</b>    |
| Commodity and precious metal options                            | 0              | 72,985           | 0                   | 1,028          | 0                   | 12,848           |
| <b>4.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>209,106</b>   | <b>0</b>            | <b>1,584</b>   | <b>0</b>            | <b>100,329</b>   |
| Other commodity and precious metal future contracts             | 0              | 209,106          | 0                   | 1,584          | 0                   | 100,329          |
| <b>Total OTC products</b>                                       | <b>161,721</b> | <b>2,330,491</b> | <b>0</b>            | <b>36,377</b>  | <b>90</b>           | <b>215,769</b>   |
| <b>Total exchange traded products</b>                           | <b>0</b>       | <b>2,057,621</b> | <b>0</b>            | <b>95,396</b>  | <b>0</b>            | <b>1,032,066</b> |
|   | <b>161,721</b> | <b>4,388,113</b> | <b>0</b>            | <b>131,773</b> | <b>90</b>           | <b>1,247,835</b> |

## Comparative figures as at 31/12/2015:

| in € thousand<br>as at 31/12/2015                               | Nominal amount |                  | Positive fair value |               | Negative fair value |                  |
|---|----------------|------------------|---------------------|---------------|---------------------|------------------|
|   | Banking book   | Trading book     | Banking book        | Trading book  | Banking book        | Trading book     |
| <b>1. Interest rate contracts</b>                               | <b>200</b>     | <b>59,100</b>    | <b>0</b>            | <b>0</b>      | <b>0</b>            | <b>57</b>        |
| <b>1.1. OTC products</b>  | <b>200</b>     | <b>0</b>         | <b>0</b>            | <b>0</b>      | <b>0</b>            | <b>0</b>         |
| Options on interest-rate instruments                            | 200            | 0                | 0                   | 0             | 0                   | 0                |
| <b>1.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>28,013</b>    | <b>0</b>            | <b>0</b>      | <b>0</b>            | <b>12,386</b>    |
| Interest rate futures   | 0              | 59,100           | 0                   | 0             | 0                   | 57               |
| <b>2. Foreign exchange contracts</b>                            | <b>92,237</b>  | <b>31,120</b>    | <b>0</b>            | <b>106</b>    | <b>30</b>           | <b>12,386</b>    |
| <b>2.1. OTC products</b>  | <b>92,237</b>  | <b>3,107</b>     | <b>0</b>            | <b>106</b>    | <b>30</b>           | <b>0</b>         |
| Forward foreign exchange contracts                              | 92,237         | 0                | 0                   | 0             | 30                  | 0                |
| Currency futures  | 0              | 123              | 0                   | 59            | 0                   | 0                |
| Gold contracts  | 0              | 2,984            | 0                   | 47            | 0                   | 0                |
| <b>2.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>28,013</b>    | <b>0</b>            | <b>0</b>      | <b>0</b>            | <b>12,386</b>    |
| Forward exchange contracts                                      | 0              | 14,485           | 0                   | 0             | 0                   | 146              |
| Other currency contracts/Gold contracts                         | 0              | 13,529           | 0                   | 0             | 0                   | 12,240           |
| <b>3. Equity contracts</b>                                      | <b>0</b>       | <b>3,855,680</b> | <b>0</b>            | <b>70,190</b> | <b>0</b>            | <b>932,162</b>   |
| <b>3.1. OTC products</b>  | <b>0</b>       | <b>2,084,858</b> | <b>0</b>            | <b>41,092</b> | <b>0</b>            | <b>160,380</b>   |
| Equity/index-based options - purchased                          | 0              | 708,076          | 0                   | 41,019        | 0                   | 0                |
| Equity/index-based options - sold                               | 0              | 1,357,782        | 0                   | 0             | 0                   | 160,380          |
| Other equity-based contracts                                    | 0              | 19,000           | 0                   | 73            | 0                   | 0                |
| <b>3.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>1,770,822</b> | <b>0</b>            | <b>29,098</b> | <b>0</b>            | <b>771,782</b>   |
| Share and other equity/index-based options and future contracts | 0              | 1,770,822        | 0                   | 29,098        | 0                   | 771,782          |
| <b>4. Commodities/ Precious metal</b>                           | <b>0</b>       | <b>281,346</b>   | <b>0</b>            | <b>442</b>    | <b>0</b>            | <b>125,267</b>   |
| <b>4.1. OTC products</b>  | <b>0</b>       | <b>108,901</b>   | <b>0</b>            | <b>182</b>    | <b>0</b>            | <b>34,473</b>    |
| Commodity and precious metal options                            | 0              | 108,901          | 0                   | 182           | 0                   | 34,473           |
| <b>4.2. Products traded on stock exchange</b>                   | <b>0</b>       | <b>172,444</b>   | <b>0</b>            | <b>260</b>    | <b>0</b>            | <b>90,794</b>    |
| Other commodity and precious metal future contracts             | 0              | 172,444          | 0                   | 260           | 0                   | 90,794           |
| <b>Total OTC products</b>                                       | <b>92,437</b>  | <b>2,196,866</b> | <b>0</b>            | <b>41,379</b> | <b>30</b>           | <b>194,853</b>   |
| <b>Total exchange traded products</b>                           | <b>0</b>       | <b>2,030,379</b> | <b>0</b>            | <b>29,358</b> | <b>0</b>            | <b>875,019</b>   |
|   | <b>92,437</b>  | <b>4,227,245</b> | <b>0</b>            | <b>70,737</b> | <b>30</b>           | <b>1,069,871</b> |

## C. Notes to the Income Statement

## I. Net interest result

The net interest result for the first half year 2016 in the amount of € 10,491 thousand is negative, equal to the net interest result for the first half year 2015 which came up to € 4,857 thousand. Net interest result is made up of interest income in the amount of € 2,159 thousand (first half year 2015: € 6,721 thousand) and interest expenses in the amount of € 12,650 thousand (first half year 2015: € 11,578 thousand).

Interest expenses are mainly responsible for the negative net interest result and include primarily coupon payments for structured issues. Compared to the previous year period, interest expenses recorded a rise further to higher coupon payments, contrary to a positive valuation result from tradable money market deposits and derivative financial instruments in the trading profit.

The liquidity derived from issues is primarily invested into tradable money market deposits without current coupons which are included in the trading book. The result from tradable money market deposits included in the trading book is shown in net profit on financial trading activities which explains the decline in interest income.

Further to the low interest rate environment in the first half year 2016, net interest result includes expenses resulting from negative interest for loans and advances in the amount of € 256 thousand. Contrary, income derived from negative interest for liabilities sums up to to € 44 thousand.

## II. Net fee and commission result

Negative net fee and commission result in the amount of € 1,050 thousand (first half year 2015: plus € 4,346 thousand) is comprised of fee and commission income coming up to € 3,995 thousand (first half year 2015: € 10,282 thousand) and fee and commission expenses in the amount of € 5,045 thousand (first half year 2015: € 5,936 thousand).

Net fee and commission result is comprised of fee and commission income summing up to € 5,870 thousand and fee and commission expenses in the amount of € 338 thousand, resulting mainly from the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG. Net fee and commission result in the first half year 2016 declined further to lower portfolio commissions.

## III. Net profit on financial trading activities

Compared to the previous year period, the net profit on financial trading activities improved from € 24,737 thousand to € 28,089 thousand. The rise is mainly attributable to a stable profit contribution from the certificates business. This increase comes along with a higher negative net interest result.

## IV. Other operating income

The item primarily includes the release of provisions in the amount of € 438 thousand (first half year 2015: € 339 thousand). Thereof an amount of € 319 thousand is allocated to the first-time booking of a discount of long-term provisions pursuant to RÄG 2014. In addition, the item includes income from the charge of internal expenses to Raiffeisen Bank International AG in the amount of € 566 thousand (first half year 2015: € 420 thousand).

## V. Other administrative expenses

| in € thousand   | first half year 2016 | first half year 2015 |
|---|----------------------|----------------------|
| Office space expenses (maintenance, operation, administration, insurance) | (453)                | (547)                |
| Office supplies, printed matter, literature                               | (117)                | (128)                |
| IT costs  | (1,075)              | (1,055)              |
| Communication costs   | (502)                | (537)                |
| Information services  | (1,849)              | (1,532)              |
| Car and travelling expenses   | (268)                | (433)                |
| Advertising and promotional expenses                                      | (567)                | (517)                |
| Legal, advisory and consultancy services                                  | (876)                | (762)                |
| Contributions to associations   | (361)                | (307)                |
| Resolution fund   | (687)                | 0                    |
| Sundry  | (929)                | (1,062)              |
|   | <b>(7,685)</b>       | <b>(6,881)</b>       |

Item "Resolution fund" summing up to € 687 thousand relates to the introduction of a contribution paid to the banking resolution fund that had been charged in 2015 in the second half year.

Item "Sundry" amounts to € 929 thousand (first half year 2015: € 1,062 thousand) mainly includes charges for Management Board members passed on.

## VI. Other operating expenses

"Other operating expenses" amounting to € 218 thousand (first half year 2015: € 607 thousand) includes mainly expenses from charges passed on. In the comparative period, the item included expenses attributable to the integration of a business segment into Raiffeisen Bank International AG.

## VII. Net valuations and net proceeds

Equal to the first half year 2015, net valuations and net proceeds were negative and amounted to € 710 thousand (first half year 2015: € 1,838 thousand). This is primarily resulting from negative net valuations in securities held as other current assets. Furthermore the first half year 2015 was burdened by a valuation loss in a security transferred in the wake of integrating a business segment into Raiffeisen Bank International AG.



## VIII. Income taxes

Income taxes are comprised of the following:

| in € thousand   | first half year 2016 | first half year 2015 |
|---|----------------------|----------------------|
| Group taxation  | (53)                 | (469)                |
| Taxes for former periods (settlement of Group charge) | (56)                 | 3                    |
| Not recognized as foreign withholding tax             | (567)                | (869)                |
| Current taxes   | (676)                | (1,334)              |
| Deferred taxes  | 359                  | 0                    |
|   | <b>(317)</b>         | <b>(1,334)</b>       |

## D. Other Disclosures

### Contingent liabilities

In accordance with Article 93 Austrian Banking Act, the Bank is legally obliged to provide for proportionate deposit insurance as part of its membership in a professional association. Raiffeisen Centrobank AG is a member of the Fachverband der Raiffeisenbanken (professional association of the Raiffeisen Banking Group). This also entails an affiliation with Österreichische Raiffeisen Einlagensicherung reg. GenmbH., Vienna (the deposit insurance arm of the Raiffeisen Banking Group, registered as a limited liability company). In the reporting period the theoretical claim on this insurance is limited to a rate of 1.5 per cent of the assessment basis in accordance with Article 22 para 2 Austrian Banking Act at the balance sheet date, plus the weighted items of the securities trading book, also in accordance with part 3 Capital Requirements Regulation (CRR). These contingent liabilities are reported at a market value of € 0.07.

### Other contractual bank guarantee obligations

The following assets were pledged as security for obligations as at 30/06/2016:

Item A2 "Loans and advances to credit institutions"

€ 245,928 thousand (31/12/2015: € 211,800 thousand)  
Collateral deposited with banks and stock exchanges for the securities and options business

Item A5 "Bonds, notes and other fixed-interest securities"

€ 45,990 thousand (31/12/2015: € 62,101 thousand)  
Collateral deposited with banks and stock exchanges for the securities and options business

### Letters of comfort

As at the balance sheet date there were no letters of comfort.

### Commitments arising from fiduciary business transactions

Commitments arising from fiduciary business transactions not included in the balance sheet refer to one equity participation held in trust and, unchanged to 31 December 2015, came to € 7,091 thousand.

### Own funds

As at 30/06/2016 the own funds pursuant to part 2 CRR are comprised of the following:

| in € thousand                                | 30/06/2016     | 31/12/2015     |
|--|----------------|----------------|
| Capital paid-in                              | 47,599         | 47,599         |
| Earned capital                               | 59,042         | 56,653         |
| <b>Common equity before deductions</b>       | <b>106,641</b> | <b>104,252</b> |
| Intangible fixed assets                      | (110)          | (134)          |
| Prudent valuation                            | (1,377)        | (2,388)        |
| <b>Common equity after deductions</b>        | <b>105,154</b> | <b>101,729</b> |
| Additional common equity                     | 0              | 0              |
| <b>Common equity</b>                         | <b>105,154</b> | <b>101,729</b> |
| Supplementary equity                         | 0              | 0              |
| <b>Supplementary equity after deductions</b> | <b>0</b>       | <b>0</b>       |
| <b>Total own funds</b>                       | <b>105,154</b> | <b>101,729</b> |
| <b>Total risk-weighted assets</b>            | <b>435,444</b> | <b>532,665</b> |
| Core capital ratio, total                    | 24.2%          | 19.1%          |
| Own funds ratio                              | 24.2%          | 19.1%          |

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

| in € thousand   | 30/06/2016     | 31/12/2015     |
|---|----------------|----------------|
| Risk-weighted assets (credit risk)  | 171,755        | 170,734        |
| Standard approach   | 157,020        | 156,968        |
| CVA risk  | 14,735         | 13,766         |
| Risk-weighted assets (position risk in bonds, equities, commodities and foreign currencies) | 133,300        | 230,247        |
| Risk-weighted assets (settlement risk)  | 1              | 0              |
| Risk-weighted assets (operational risk)   | 130,388        | 131,683        |
|   | <b>435,444</b> | <b>532,665</b> |

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

| in € thousand  | 30/06/2016     | 31/12/2015     |
|--|----------------|----------------|
| <b>Risk-weighted assets according to standard approach</b> | <b>157,020</b> | <b>156,968</b> |
| Central governments and central banks                      | 447            | 495            |
| Public bodies  | 0              | 0              |
| Institutions   | 73,353         | 68,391         |
| Corporates   | 54,713         | 60,157         |
| Equity participations                                      | 13,612         | 13,612         |
| Positions with particularly high risk                      | 0              | 0              |
| Other positions  | 14,896         | 14,312         |
| <b>CVA risk</b>  | <b>14,735</b>  | <b>13,766</b>  |
|  | <b>171,755</b> | <b>170,734</b> |

### Number of staff

|                    | 30/06/2016 | Period average | 30/06/2015 | Period average |
|--------------------|------------|----------------|------------|----------------|
| Salaried employees | 173        | 176            | 213        | 217            |
| thereof part-time  | 25         | 26             | 31         | 28             |
| Wage employees     | 0          | 0              | 0          | 0              |
| thereof part-time  | 0          | 0              | 0          | 0              |
|                    | <b>173</b> | <b>176</b>     | <b>213</b> | <b>217</b>     |

The decline stems mainly from the strategic focus of the Bank on its core areas of business equity trading and sales, certificates and from the re-alignment of the M&A and ECM business segments that were transferred into Raiffeisen Bank International AG as at August 31, 2015. As a result, 28 employees were transferred into Raiffeisen Bank International AG.

### Group relations

The company is an affiliated company of Raiffeisen-Landesbanken-Holding GmbH, Vienna, and is integrated in its consolidated financial statements, as well as in the consolidated financial statements of Raiffeisen Bank International AG, Vienna which provides the consolidated financial statements for the least number of companies required.

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

|                            |  |   |
|----------------------------|--|---|
| <b>Management Board</b>    | Wilhelm Celeda<br>Valerie Brunner  | Chief Executive Officer<br>Member of the Management Board |
| <b>Supervisory Board</b>   | Klemens Breuer<br>Member of the Management Board,<br>Raiffeisen Bank International AG, Vienna      | Chairman  |
|                            | Michael Höllner<br>Member of the Management Board,<br>Raiffeisen Zentralbank Österreich AG, Vienna | 1 <sup>st</sup> Deputy Chairman                           |
|                            | Hannes Mösenbacher<br>Division Head<br>Raiffeisen Bank International AG, Vienna                    | Member  |
|                            | Werner Kaltenbrunner<br>Division Head<br>Raiffeisen Bank International AG, Vienna                  | Member  |
| <b>State Commissioners</b> | Alfred Hacker, Karl-Heinz Tscheppe   |   |

Vienna, 24 August 2016  
The Management Board



**Wilhelm Celeda**  
Chief Executive Officer



**Valerie Brunner**  
Member of the Management Board

# Report on the Review of the Interim Financial Statements

## Introduction

We have reviewed the accompanying interim financial statements of Raiffeisen Centrobank AG, Vienna, for the period from 1 January 2016 to 30 June 2016. These interim financial statements comprise the balance sheet as of 30 June 2016, the income statement for the period from 1 January 2016 to 30 June 2016 and the condensed notes.

The legal representatives of the Company are responsible for the preparation of the interim financial statements. They are responsible that the 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 and legal standards.

Our responsibility is to express a conclusion on these interim financial statements based on our review. Our liability towards the Company and towards third parties is limited in accordance with Article 62a Austrian Banking Act (BWG).

## Scope of review

We conducted our review in accordance with Austrian legal requirements and 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 consists of making inquiries, primarily of persons 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.

Vienna, 24 August 2016  
KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

**Wilhelm Kovsca**  
Austrian Chartered Accountant

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not, in all material respects, give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2016 as well as of the profit or loss of the Company for the period from 1 January 2016 to 30 June 2016 as required by the applicable Austrian accounting standards.

## Report on the interim management report and on the statement of legal representatives in accordance with § 87 Austrian Stock Exchange Act

We have read the interim management report for the 6 month period ended 30 June 2016 to verify whether the report does not contain any apparent inconsistencies with the interim financial statements. In our opinion, the interim management report for the 6 month period ended 30 June 2016 does not contain any apparent inconsistencies with the interim financial statements.

The semi-annual financial report contains the statement of legal representatives pursuant to § 87 para 1 subsection 3 Austrian Stock Exchange Act.

# Publisher's Details

## **Publisher's details**

### **Owner and Publisher**

Concept, Layout, Production and Editorial

Raiffeisen Centrobank AG

A-1015 Vienna, Tegetthoffstrasse 1

Phone +43-1-51520-0

Fax: +43-1-513 43 96

[www.rcb.at](http://www.rcb.at)

