

# Semi-Annual Financial Report

Semi-Annual Financial Report as at 30 June 2018

# Semi-Annual Financial Report 2018: An Overview

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

# Interim Management Report of Raiffeisen Centrobank AG as at 30 June 2018

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

In the first half of 2018, the economy continued its robust performance – the dynamics only slightly moderated compared to the previous quarters. In annual comparison, the Eurozone GDP growth rate came to 2.3 per cent, compared to 2.8 per cent in the second half of 2017. The leading indicators marginally decreased from their previous record levels. Against the backdrop of the rising oil price, the inflation rate in the Eurozone went up to 1.9 per cent p.a. and almost reached the European Central Bank's (ECB) target, which has kept the key rates unchanged since the beginning of the year (key refinancing rate 0 per cent).

In the first half of 2018, money market interest rates remained in negative territory. Yields for 10-year German government bonds rose by roughly 35 basis points to 0.8 per cent between the beginning of the year and mid-February. As at 30 June 2018, market interest rates for German government bonds fell to roughly 0.3 per cent further to uncertainties on the plans of the new Italian government and the longer than expected expansive monetary policy of the ECB. Risk premiums of the euro-countries rose significantly, in Italy even to the highest level since 2013. The EUR/USD performance was similar. At the beginning of the year, the euro appreciated versus the US dollar to 1.24 EUR/USD and fell to roughly 1.16 EUR/USD at the middle of the year.

In the first half of 2018, the main issue was the trade conflict triggered by the US with Europe and China, their major trading partners. So far, no impact has been seen in the economic data. The annualized quarterly growth rate came to 2.2 per cent and exceeded the average first quarter figures of previous years. In the second quarter of 2018 economic dynamics gained traction.

The CEE region, which is of particular importance for Raiffeisen Centrobank AG, posted a stable economic upswing for the fifth consecutive year shored up by private consumption and robust investment growth.

### Financial Markets

The established stock markets saw a patchy first half of 2018. The year had a strong start fueled by positive effects of the US tax reform and the sound global economic performance, which caused growth estimates to be adjusted upwards. At the beginning of 2018, the major Eurozone indices quoted at or above their all-time highs and the broad US indices achieved record levels. Further to a more hawkish stance of the Fed against the backdrop of rising inflation rates and 10-year US government bonds yielding over 3 per cent for the first time since 2013 the economic environment clouded over.

Moreover, the exchanges were burdened by the global trade conflict. At the end of the first half year, the EURO STOXX 50 index posted a slight minus, whereas the S&P 500 gained roughly 3 per cent. In the first half of 2018, the ATX recorded a decrease of 5 per cent, the CECE EUR index, which represents the CEE region, lost 12 per cent. Since the end of 2017, risk premiums on the euro credit market have developed consistently. Spreads widened equally in the high-yield and the investment grade which signals that the euro credit market has eventually bottomed out.

## Development of Business and Earnings in the First Half of 2018

### Development of Earnings

With an operating income of € 33,331 thousand (first half of 2017: € 32,691 thousand) and operating expenses of € 21,204 thousand (first half of 2017: € 19,785 thousand), an operating result of € 12,127 thousand (first half of 2017: € 12,906 thousand) was generated in the first half of 2018. Taking into consideration net valuations and net proceeds in the amount of € minus 1,597 thousand (first half of 2017: € 0 thousand), the result on ordinary activities came to € 10,530 thousand. The result of the previous year's period which had come to € 12,906 thousand was undercut by € 2,376 thousand or 18.4 per cent.

in € thousand	06/2018	06/2017	Change
Net interest result	(7,029)	(8,850)	(20.6%)
Income from securities and financial investments	7,721	5,785	33.5%
Net fee and commission result	500	1,517	(67.1%)
Net profit on financial trading activities	31,748	32,954	(3.7%)
Other operating income	392	1,285	(69.5%)
<b>Operating income</b>	<b>33,331</b>	<b>32,691</b>	<b>2.0%</b>
Staff expenses	(12,131)	(11,148)	8.8%
Other administrative expenses	(8,455)	(7,800)	8.4%
Depreciation	(467)	(472)	(1.0%)
Other operating expenses	(151)	(365)	(58.7%)
<b>Operating expenses</b>	<b>(21,204)</b>	<b>(19,785)</b>	<b>7.2%</b>
<b>Operating result</b>	<b>12,127</b>	<b>12,906</b>	<b>(6.0%)</b>
Net valuations and net proceeds	(1,597)	0	-
<b>Result on ordinary activities</b>	<b>10,530</b>	<b>12,906</b>	<b>(18.4%)</b>
Taxes	(2,136)	(2,306)	(7.4%)
<b>Net income for the period</b>	<b>8,394</b>	<b>10,599</b>	<b>(20.8%)</b>

Operating income for the first half of 2018 rose by 2 per cent to € 33,331 thousand (first half of 2017: € 32,691 thousand). This increase was in particular attributable to higher income from securities and a rise in net interest result.

The rise in income from securities and financial investments by € 1,936 thousand to € 7,721 thousand is mainly due to higher dividend income from foreign shares.

Net interest result improved by 20.6 per cent to € minus 7,029 thousand. This was related to higher income from coupon payments for structured products that was generated by a change in the hedging strategy, as well as to volume-related higher interest income from loans and advances to credit institutions. Interest income thus posted a rise of € 11,733 thousand to € 18,562 thousand.

Interest expenses rose by € 9,912 thousand to € 25,592 thousand and included mainly coupon payments for securitized liabilities. However, the increase was below the rise in interest income from structured products. Interest expenses were contrasted with interest income from structured products as well as with a positive valuation result from tradable money market deposits and derivative financial instruments in the trading profit. Moreover, interest expenses for customer deposits posted a volume-related increase.

Compared to the first half of 2017, net fee and commission result decreased by € 1,017 thousand to € 500 thousand further to lower fee and commission income from equity capital market transactions.

Net profit on financial trading activities accounted for the main part of the operating income, and fell slightly from € 32,954 thousand in the first six months of 2017 to € 31,748 thousand in the current business year. The decrease can be put down to the above mentioned change in the hedging strategy for coupon payments for structured products (i.a. to reduce expenses for collateral for the option business) which translated into an income shift from net profit on financial trading activities to interest income.

Other operating income posted a decrease of € 893 thousand to € 392 thousand following the lack of income from charging costs to the group parent, which fell from € 354 thousand in the first half of 2017 to € 126 thousand in the reporting period, and lower income from the release of provisions, which decreased from € 546 thousand to € 245 thousand.

Operating expenses came to € 21,204 thousand and were by 7.2 per cent or € 1,419 thousand above the previous period's figure (€ 19,785 thousand).

The increase in headcount following inter alia the establishment of the Equity Capital Market team in Q2/2017 translated into a rise in staff expenses to € 12,131 thousand. Compared to the previous year's period, this represents an increase of € 983 thousand. Wages and salaries went up by € 754 thousand to € 9,322 thousand, and statutory social contributions rose by € 122 thousand to € 1,992 thousand.

Compared to the previous year's period, other administrative expenses went up by € 655 thousand to € 8,455 thousand. The item included mainly IT costs coming to € 1,830 thousand (first half of 2017: € 1,285 thousand), expenses for information services in the amount of € 1,798 thousand (first half of 2017: € 1,696 thousand), and sundry totaling € 1,048 thousand (first half of 2017: € 1,270 thousand). Sundry included primarily remuneration, expenses for severance payments and retirement benefits for the Management Board charged by Raiffeisen Bank International AG to Raiffeisen Centrobank AG. In addition, other administrative expenses included payments to domestic and foreign financial market authorities amounting to € 461 thousand (first half of 2017: € 353 thousand) as well as the annual contribution to the resolution fund coming to € 723 thousand (first half of 2017: € 541 thousand).

Depreciations came to € 467 thousand and were almost unchanged to the previous year's period (€ 472 thousand).

Other operating expenses which primarily contain expenses charged to third parties fell by € 214 thousand to € 151 thousand.

The cost/income ratio which had been at 60.5 per cent as at 30 June 2017 deteriorated to 63.6 per cent because of the rise in operating expenses which was substantial in relation to the operating income.

Net valuations and net proceeds came to € minus 1,597 thousand and contained primarily additional expenses not covered by provisions in relation to a subsidiary amounting to € minus 1,442 thousand. In addition, the item contained general impairment allowances calculated pursuant to the methodology as laid down in IFRS 9 adding up to € minus 155 thousand. In the previous year's period, net valuations and net proceeds reached a break-even (€ 0 thousand).

The result on ordinary activities for the reporting period came to € 10,530 thousand compared to € 12,906 thousand in the previous year.

In the first half of 2018, income taxes amounted to € 2,025 thousand (first half of 2017: € 2,033 thousand). The item included group charges for the current period in the amount of € 995 thousand (first half of 2017: € 1,179 thousand) and for previous periods coming to € 210 thousand (first half of 2017: € 239 thousand). Moreover, the item included corporate income tax relating to the Slovak branch for the current period adding up to € 43 thousand (first half of 2017: € 77 thousand) and higher expenses for foreign withholding tax due to higher foreign dividend income, adding up to € 776 thousand (first half of 2017: € 537 thousand).

In the first half of 2018, deferred taxes amounted to € 2 thousand (first half of 2017: € 1 thousand).

In the reporting period, other taxes came to € 110 thousand, compared to € 273 thousand in the previous year. Lower tax expenses for 2018 were due to a non-periodic tax income in the course of a tax audit in the amount of € 223 thousand (first half of 2017: tax expenses € 4 thousand).

Net income for the first half of 2018 came to € 8,394 thousand (first half of 2017: € 10,599 thousand).

## Balance Sheet Development

Compared to 31 December 2017, the balance sheet total increased by 12.1 per cent from € 3,200,183 thousand to € 3,588,397 thousand.

On the asset side, "Loans and advances to credit institutions" posted a rise of € 278,477 thousand to € 2,863,911 thousand. The rise is almost entirely attributable to the rise in tradable money market deposits of € 267,005 thousand to € 2,289,022 thousand. Moreover, the item included interbank deposits (€ 385,852 thousand), unlisted bonds (€ 131,357 thousand) and collateral for the option business and securities lending (€ 57,325 thousand). Compared to the year-end 2017, unlisted bonds and collateral for the option business increased by € 27,292 thousand and € 5,265 thousand, respectively, whereas interbank deposits fell by € 21,369 thousand. "Loans and advances to credit institutions" accounted for 80.8 per cent of the balance sheet total as at 31 December 2017 and dropped slightly to 79.8 per cent as at 30 June 2018.

"Cash in hand, deposits with central banks" (8.2 per cent of the balance sheet total on 30 June 2018 and 5.7 per cent on 31 December 2017) rose by € 110,162 thousand to € 293,634 thousand. Deposits at Oesterreichische Nationalbank increased for reasons of liquidity management.

Compared to the previous year's period, "Other assets" (4.2 per cent of the balance sheet total on 30 June 2018 and 4.1 per cent on 31 December 2017) went up mainly in positive fair values of derivative financial instruments (options, futures and forward exchange contracts) by € 20,084 thousand to € 151,895 thousand.

"Loans and advances to customers" increased primarily further to a rise in collateral for the option business to other financial institutions by € 19,032 thousand to € 53,799 thousand (1.5 per cent of the balance sheet total on 30 June 2017 and 1.1 per cent on 31 December 2017).

Compared to 31 December 2017, "Shares and other variable-yield securities" (5.1 per cent of the balance sheet total on 30 June 2018 and 7.3 per cent on 31 December 2017) fell by € 47,646 thousand to € 184,457 thousand. This can be put down to a decrease in foreign shares of € 29,221 thousand and in variable-yield securities of € 19,905 thousand.

Shares and funds held by Raiffeisen Centrobank AG in tandem with purchased options ("Other assets"), tradable money market deposits

("Loans and advances to credit institutions") and zero bonds ("Loans and advances to credit institutions" and "Bonds, notes and other fixed-interest securities") served as hedges for issued certificates and warrants or were part of the Bank's market maker activities.

On the equity and liabilities side, "Securitized liabilities" (73.6 per cent of the balance sheet total on 30 June 2018 and 73.3 per cent on 31 December 2017) went up by € 295,856 thousand to € 2,640,377 thousand. The increase was attributable to the volume-related rise in issued bonds (guarantee certificates and reverse convertible bonds) of € 173,403 thousand as well as in other securitized liabilities (certificates with option character and warrants) of € 122,453 thousand.

"Liabilities to customers" (10.7 per cent of the balance sheet total on 30 June 2018 and 10.4 per cent on 31 December 2017) rose by € 50,961 thousand to € 382,942 mainly further to higher deposits from foreign customers. Contrary, collateral to other financial institutions for the option business fell by € 3,180 thousand.

"Other liabilities" (10.5 per cent of the balance sheet total on 30 June 2018 and 10.7 per cent on 31 December 2017) went up by € 34,097 thousand to € 376,467 thousand, following a rise in negative fair values of derivative financial instruments (options, futures and forward exchange contracts) by € 54,271 thousand. The item also included the short-selling of trading assets which went down by € 29,645 thousand. Short-selling was effected in connection with the market maker activities of the Bank and in relation to pension plans and represented offsetting items to equity and index futures as well as to cash positions on the asset side of the balance sheet. "Other liabilities" and settlement accounts on the equity and liabilities side rose against the backdrop of taking over expenses in relation to a liability in a subsidiary and an equity capital market transaction adding up to € 9,471 thousand.

Compared to 31 December 2017, "Liabilities to credit institutions" (1.5 per cent of the balance sheet total on 30 June 2018 and 1.2 per cent on 31 December 2017) increased by € 15,495 thousand to € 54,430 thousand. The rise can be entirely put down to higher deposit liabilities.

Zero bonds, unlisted options and tradable money market deposits purchased from Raiffeisen Bank International AG for hedging purposes were included in "Loans and advances to credit institutions", "Other assets" and "Bonds, notes and other fixed-interest securities" on the asset side and came to € 2,292,023 thousand (31 December 2017: € 2,021,526 thousand).

"Provisions" (0.3 per cent of the balance sheet total on 30 June 2018 and 0.5 per cent on 31 December 2017) went down from € 15,884 thousand on 31 December 2017 to € 11,640 thousand on 30 June 2018. The decrease resulted mainly from the reduction of other provisions of € 4,166 thousand and tax provisions of € 202 thousand. In contrast, provisions for severance payments posted a rise of € 125 thousand.

"Retained earnings" (0.9 per cent of the balance sheet total both on 30 June 2018 and 31 December 2017) went up from € 28,030 thousand on 31 December 2017 to € 32,160 thousand on 30 June 2018. The change related solely to other reserves and was attributable to the allocation from the 2017 net profit in the amount of € 4,131 thousand.

The net profit for the current period (0.2 per cent of the balance sheet total on 30 June 2018 and 0.5 per cent on 31 December 2017) came to € 8,394 thousand. An amount of € 12,455 thousand was distributed to the shareholders from the net profit as at 31 December 2017 and € 4,131 thousand were allocated to other reserves.

## Key Figures

in € thousand or in per cent	30/06/2018	31/12/2017
Core capital (tier 1) after deductions	111,826	106,191
Eligible own funds	111,826	106,191
Own funds requirement	40,199	39,034
Surplus of own funds	71,627	67,157
Own funds ratio	22.3%	21.8%
Core capital ratio	22.3%	21.8%
Liquidity Coverage Ratio (LCR)	273.2%	205.2%

## Financial Instruments

Please refer to the notes.

## Review of Business Segments

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

### Trading & Treasury

Compared to the first half of 2017, the sales volume on the Vienna stock exchange rose by roughly 4 per cent, while leading international exchanges such as XETRA Frankfurt or NYSE Euronext posted increases of roughly 22 per cent and roughly 11 per cent. As for the CEE exchanges, the Warsaw stock exchange recorded a decrease of roughly 20 per cent, whereas the exchanges in Budapest and Prague increased their sales volume by roughly 4 per cent and 3 per cent compared to the first half of 2017.

Raiffeisen Centrobank AG's market share came on average to 6.7 per cent on the domestic spot market and was slightly slightly above the previous year's period (first half of 2017: 6.3 per cent). With a sales volume of € 1.074 billion (first half of 2017: € 802 million), the share in market making rose to roughly 14 per cent (first half of 2017: roughly 9 per cent). In the annual specialist tender of the Vienna stock exchange in April 2018, Raiffeisen Centrobank AG won 17 mandates. With an additional 21 market maker mandates, Raiffeisen Centrobank AG provides liquidity for all 38 titles listed on the prime market and is once again the largest market maker on the Vienna stock exchange. The market making for 27 Austrian titles listed on XETRA Frankfurt as well as for derivatives of 13 Austrian single shares on EUREX Frankfurt remained stable. Market making for derivatives of ATX and Eastern European indices was expanded by three MSCI indices. On the Warsaw stock exchange, Raiffeisen Centrobank AG provided quotes for 27 shares, as well as for WIG 20 derivatives and single stock futures. The number of market making mandates on the stock exchanges in Prague (22) and Bucharest (11) was further increased.

In the first half of 2018, operating income excluding other operating income came to € 8.4 million and increased by roughly 5 per cent compared to the previous year's period.

### Global Equity Markets & Company Research

For the Global Equity Markets segment, operating income excluding other operating income amounted to € 3.9 million in the first six months and undercut the previous year's result of € 4.9 million by roughly 20 per cent.

Compared to the first half of 2017, the decrease was primarily attributable to lower fee income following the implementation of MiFID II and the lack of relevant primary market transactions. However, customer sales were at the previous year's level. Further to the take-over of non-advisory brokerage services from Raiffeisenbank Romania, the Sales & Sales Trading team was expanded by two native Romanian employees responsible for order execution.

In the relevant European markets, the Equity Capital Markets team finalized six ECM transactions on the exchanges in Vienna, New York and Bucharest: Hudson (IPO), Purcari (IPO), Starwood (public offer for CA-Immo), Starwood (public offer for Immofinanz), Ottakringer (tender offer), Strabag (OFAC compliant dividend). The total transaction volume came to roughly € 1 billion.

At the annual investor conference in Zürs that took place from 9 April to 11 April 2018, the board members of 52 listed companies met with over 90 international institutional investors. Roughly 1,000 one-on-one meetings were held. The conference received excellent feedback from the participants again this year.

Raiffeisen Centrobank AG's Company Research team consists of roughly 20 analysts, both in Vienna and the CEE countries. The analysts provide long-standing sector expertise in tandem with profound local market know-how and a sectoral approach across the entire region. A particular focus is set on basic materials, oil and gas, banks and insurance companies, utilities, real estate, telecom, consumer goods and industrials.

The Company Research team covers roughly 125 companies from Austria, the CEE region and Russia. Against the backdrop of a more focused coverage in Romania and Croatia, the number of companies slightly decreased compared to the previous year's period (roughly 130). To expand the regional approach in Emerging Europe, coverage of the Turkish stock market is offered in cooperation with the Turkish broker Global Securities. In the first half of 2018, the stocks of the Romanian companies Purcari Wineries and Sphera Franchise Group, of the Hungarian logistics company Waberer's and the Czech financial institution Moneta Money Bank were added to the coverage list. In the renowned Extel ranking Raiffeisen Centrobank AG was elected among the top three brokers in the category Company Research Austria.

In the first half of 2018, the number of analyst reports equaled that of the previous year's period. 566 research publications were published and marketed in the first six months (first half of 2017: 584). Marketing roadshows were held for investors in London, Paris, Frankfurt, Zurich, Stockholm, Warsaw, Budapest, Bucharest, Tallinn, Prague, Zagreb and Vienna. Raiffeisen Centrobank AG's research team supported the successful IPO of the Romanian company Purcari Wineries in February 2018 by comprehensive transaction research and investor education.

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

### Structured Products

In the first half of 2018, the Structured Products business segment reported again a record result. The sales volume (purchases and sales) of new certificates as well as on the secondary market was yet on a high level and was still slightly increased.

Compared to the previous year's period, the sales volume rose by roughly 1 per cent to € 974 million (first half of 2017: € 965 million). As at the end of June 2018, the open interest came to € 4.128 billion and outperformed the result achieved in June 2017 of € 3.643 billion by roughly 13 per cent.

The Structured Products team has further intensified its training for advisors in the Austrian Raiffeisen sector. A new record level was reached with more than 60 specialist seminars on certificates (plus 20 per cent compared to the previous year's period) and a total of 1,000 trained advisors.

In April 2018, the Certificates Awards Austria took place on the premises of Raiffeisen Bank International AG. This award represents the most significant award in the Austrian certificates business and honors the best issuer in eight different categories as well as an overall winner. As market leader, Raiffeisen Centrobank AG again convinced the jury and was elected best Austrian issuer for the 12th consecutive year and won first ranks in seven categories.

The long-standing cooperation with eight RBI network banks and the demand for flexible and risk-optimized retail banking solutions in CEE translated into a strong issuing activity. A total of 66 customized certificates in five currencies were successfully placed. Consequently, compared to the previous year's period, the sales volume was again substantially increased.

The Raiffeisen Centrobank AG Slovak Branch, which has been operating for one year now, achieved a very satisfactory result and contributed to establishing certificates in the premium banking segment of Tatra banka as an integral part of the product portfolio.

Operating income excluding other operating income for the Structured Products segment (including the Slovak branch) came to € 19.4 million and exceeded the operating income generated in the first half of 2017 (€ 17.5 million) by roughly 11 per cent.

### Investment Services

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

Against the backdrop of increased customer activity at Raiffeisenbank Russia and the higher rising risk appetite of Russian private investors, the first half of 2018 developed very favorably with a rise in the deposit volume of roughly 55 per cent to € 677 million (first half of 2017: € 435 million). In addition to the current business priorities, new business initiatives are also being set up. On the one hand, the lombard lending business for Raiffeisenbank Russia is further adapted, on the other hand, the roll-out of the Booking Platform model, which has been realized successfully with Raiffeisenbank Russia, is currently being implemented on the Romanian market in cooperation with the local Raiffeisenbank and is expected to be finalized in the fourth quarter of 2018.

Operating income excluding other operating income for the Investment services segment came to € 1.3 million and exceeded the previous year's period result of € 1.0 million by roughly 33 per cent.

## Performance Indicators

### Financial Performance Indicators

in per cent	30/06/2018	30/06/2017
Return-on-equity before tax	9.2	11.8
Return-on-equity after tax	7.4	9.7
Cost/income ratio	63.6	60.5

Compared to the previous year's period, the result on ordinary activities recorded a decrease. In tandem with higher equity this translated into a drop of the return-on-equity before tax from 11.8 per cent to 9.2 per cent and of the return-on-equity after tax from 9.7 per cent to 7.4 per cent.

The cost/income ratio which had been at 60.5 per cent as at 30 June 2017 deteriorated to 63.6 per cent because of the rise in operating expenses which was substantial in relation to the operating income.

## Non-Financial Performance Indicators

	30/06/2018	30/06/2017
Employees as at 30/06	186	178
Average number of employees	184	176
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	2,218	5,739

As at 30 June 2018, the number of employees at Raiffeisen Centrobank AG amounted to 186, which, compared to 30 June 2017, represented an increase of 8 employees. On average, the staff rose by 8 employees to 184 employees compared to the previous year's period.

Stock and derivatives exchange memberships came to 10 and remained unchanged to 30 June 2017 (for details kindly see the website of Raiffeisen Centrobank AG: [www.rcb.at](http://www.rcb.at)).

Compared to the previous year's period, the number of newly issued warrants and certificates fell from 3,521 or roughly 61 per cent to 2,218, following the re-alignment of the flow-product range. In the first half of 2018, relevant subscription and tailor-made products in terms of volume came to 129 compared to 87 in the previous year's period.

## Risk Report

### Principles

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

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

### Risk Governance

The Management Board of Raiffeisen Centrobank AG is responsible for all risks on the part of the Bank as well as for developing and implementing a risk strategy. The Management Board is supported in implementing these tasks by an independent risk management unit separated clearly from the front offices. Operational Risk, the Internal

Control System and Compliance are bundled in one department (Compliance, Operational Risk & ICS).

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

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

The central risk management bodies 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 related to the risk management of the Bank 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 RMK is a decision-taking body, authorized to approve risk-related principles, measures, processes and parameters.

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

The 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 cases of default and the resulting measures to be taken are analyzed.

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

## Risk Management System at Raiffeisen Centrobank AG

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

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

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

For details on regulatory capital requirements please refer to the notes (page 28).

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

As a subordinate company of RBI, Raiffeisen Centrobank AG is integrated into the ICAAP of RBI on a consolidated basis. The risk-bearing capacity analysis is prepared by RBI on a monthly basis both for the going concern

(Value-at-Risk (VaR) with a confidence interval of 95 per cent) and target rating perspective (VaR with a confidence interval of 99.92 per cent) and is provided to Raiffeisen Centrobank AG to support the Management Board in managing the overall banking risk.

### 3. Internal Control System

Raiffeisen Centrobank AG has implemented a company-wide modern Internal Control System that meets RBI Group standards. All banking processes and immanent risks are documented and controls are set up and reviewed, accordingly. Process descriptions, risks and monitoring are reviewed semi-annually and are optimized on an ongoing basis

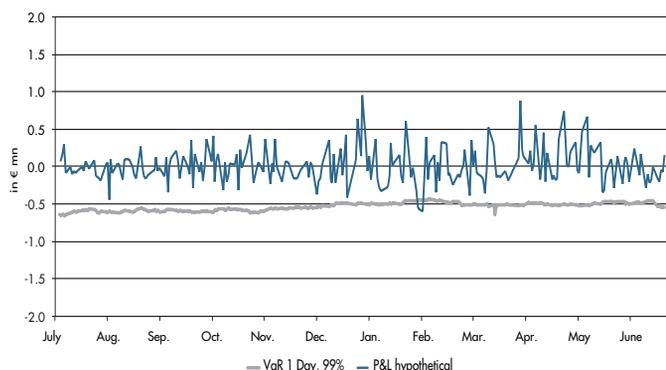
## Major Risks

### Market risk

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

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

In market risk management, the VaR is employed, which provides forecasts on potential losses in adverse scenarios under normal market conditions and contrasts them with a particular limit. On the basis of the variance-covariance model, the VaR for equity and product-specific positions is calculated daily with a confidence interval of 99 per cent and a retention period of one day. As at 30 June 2018, the VaR for equity and product-specific positions came to € 546 thousand (31 December 2017: € 470 thousand).



The above chart depicts the performance of the VaR and hypothetical P&L (profit and loss that would have occurred in a constant portfolio as well as actually recorded market movements) in the period between 1 July 2017 and 30 June 2018. In the period under review, backtesting revealed two VaR exceedances, each in relation to the “flash crash” which caused losses particularly on the American markets within a short time and volatility indices featuring high increases. Two VaR exceedances in one year are fewer than would be expected by the quantile; this underlines the quality and conservative parametrization of the VaR.

In addition to the 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 fulfil contractually agreed financial obligations, when services have been rendered (e.g. liquidity, securities, advisory services) or when unrealized profits from pending business transactions can no longer be recovered (counterparty default risk).

Raiffeisen Centrobank AG’s major credit risks result from positions of purchased debt instruments, tradable money market deposits and OTC options serving primarily to hedge issued certificates and structured products as well as from margin positions relating to OTC and stock exchange transactions. This primarily affects members of the RBI Credit Institution Group and to a limited extent other financial institutions. The traditional credit and loan business is not of material significance for Raiffeisen Centrobank AG due to the limited business volume and the company’s strategic orientation (lombard loans, other loans to private and corporate customers).

Credit risk management is based on counterparty-related nominal limits which are comprehensively monitored by the internal limit system for credit risk. The limits are approved - depending on the type and size - by the relevant authority in the hierarchy. Credit decisions are taken depending on the assessment of the counterparty risk, taking into account the rating and applicable credit risk mitigating measures like financial collateral (e.g. cash or securities collateral). In the Group-wide default and rating data base customers are registered and evaluated and cases of default are documented. The whole lending decision adheres to regulatory requirements and RBI Group Directives.

### Operational risk

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

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

### Liquidity risk

Liquidity risk is calculated based on a liquidity model developed in cooperation with RBI. Daily balance sheet items of Raiffeisen Centrobank AG are split by maturity bands and currencies, their inflows and outflows are modeled based on pre-defined factors. The liquidity requirement in different maturity bands is limited by means of regulatory limits as well as by limits determined by RBI. Moreover, regular liquidity stress tests are carried out and the time-to-wall in the stress scenario is monitored in different currencies. Inflows need to exceed outflows for a period of at least 30 days in a crisis scenario (market crisis, name crisis and scenario involving both).

The liquidity coverage ratio (LCR) serves to measure the Bank’s liquidity supply in a defined stress scenario (combination of market and name crisis). As at 30 June 2018, the LCR was at 273.2 per cent (31 December 2017: 205.2 per cent). Since January 2018, a minimum rate of 100 per cent has been mandatory on the single-institution level. All key indicators confirmed the adequate liquidity supply of Raiffeisen Centrobank AG in the current 2018 financial year.

## Risk Situation

The Risk Appetite Framework is an internal tool to define and communicate the risk appetite of Raiffeisen Centrobank AG. The management of risk is done according to a limit and monitoring system pursuant to particular

warning levels and limits. The following table depicts the bank-wide key figures as at 30 June 2018 compared to 31 December 2017 as well as the respective minimum, maximum and average values for the current 2018 financial year.

	Key figure	Status	Limits	06/2018	12/2017	Change	Max <sup>1</sup>	Min <sup>1</sup>	Avg <sup>1</sup>
Pillar I	Total Capital Ratio	●	16% 18%	22.3%	21.8%	0.5 PP	23.3%	21.4%	22.1%
	CET 1 Ratio	●	16% 18%	22.3%	21.8%	0.5 PP	23.3%	21.4%	22.1%
	LCR	●	110% 130%	273.2%	205.2%	68.0 PP	273.2%	156.6%	207.9%
Pillar II (internal capital)	Total Capital Ratio in Stress	●	13.0% 15.0%	22.3%	21.8%	0.5 PP	23.3%	21.4%	22.1%
	Economic Capital Utilization	●	50.0% 40.0%	24.7%	22.6%	2.1 PP	29.6%	24.7%	26.6%
	Net Leverage Ratio	●	7.5% 9.0%	12.6%	13.7%	(1.1) PP	13.1%	11.9%	12.6%
	LCR Cash Buffer	●	20mn 30mn	254 mn	156 mn	+99 mn	254 mn	61 mn	143 mn
Risk reward profile	RORAC	●	20.0% 25.0%	41.1%	53.0%	(11.9) PP	41.1%	30.0%	35.0%
	RORWA	●	1.4% 1.7%	2.8%	3.5%	(0.8) PP	2.8%	2.2%	2.4%

<sup>1</sup>for the current financial year

The above key figures are defined as follows:

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

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

$$\text{Total Capital Ratio} = \frac{\text{Own funds}}{\text{Total Risk-Weighted Assets}}$$

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

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

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

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

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

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

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

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

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

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

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

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

On overall bank level, all key figures were stable and were above the regulatory limits.

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

RWAs acc. to type of risk (in € million)	30/06/2018	31/12/2017	Change
Credit risk non-retail	102.2	98.4	3.9%
Market risk	227.1	218.7	3.9%
Operational risk	113.5	113.5	0.0%
Equity participation risk	9.0	9.0	0.0%
CVA risk	33.4	34.9	(4.3%)
Other risks <sup>1</sup>	17.2	13.4	28.3%
<b>RWAs Total</b>	<b>502.5</b>	<b>487.9</b>	<b>3.0%</b>

<sup>1</sup> incl. settlement risk and owned property risk

EC acc. to type of risk (in € million)	30/06/2018	31/12/2017	Change
Credit risk non-retail	5.1	6.3	(19.2%)
Market risk	6.5	5.5	18.8%
Operational risk	9.9	8.1	21.5%
Equity participation risk	3.3	3.0	10.1%
CVA risk	2.7	2.5	7.8%
Other risks <sup>1</sup>	2.7	2.3	16.2%
<b>EC Total</b>	<b>30.1</b>	<b>27.7</b>	<b>8.8%</b>

<sup>1</sup> incl. settlement risk and owned property risk

In the current 2018 financial year, the major changes in the risk situation were as follows:

As in the 2017 financial year, the credit risk EC fell once again substantially, which is mainly attributable to the further reduction of the loan portfolio. This drop is reflected in a higher RWAs' consumption stemming from the regulatory calculation of the counterparty credit risk.

The increase, both of RWAs and Economic Capital for market risk, is within the normal variation range and the defined risk appetite.

The rise in "Other risks" is based on a higher settlement risk as at 30 June 2018.

## Human Resources

As at 30 June 2018, Raiffeisen Centrobank AG had 186 employees, which, compared to 31 December 2017 and 30 June 2017 represents an increase of 5 and 8 employees, respectively.

The rise is mainly attributable to the newly established Equity Capital Markets team, the opening of the Raiffeisen Centrobank AG Slovak Branch and the takeover of the non-advisory brokerage and execution business of Raiffeisenbank Romania.

## Outlook

The economic upswing is anticipated to continue in the forthcoming half year, buoyed by the tailwind of economic policy measures. We expect the monetary policy to remain expansive; the fiscal policy should provide additional growth stimuli in 2018 and 2019. Despite many political uncertainties (e.g. the new Italian government, the sanctions against Russia, the

trade dispute with the USA and the Iran issue) the economic upturn should continue at a moderate pace, both this year and in the year ahead. The growing likelihood of interest hikes next year should raise yields of German government bonds in the course of the year.

In the second half of 2018, the US real GDP should gain more than the potential growth rate of roughly 1.5 per cent p.a. This rise is strengthened by positive effects of the tax reform which was adopted at the end of 2017 and expansionary public spending. The Fed has finally abandoned its post-recession stance. June projections point to two further interest hikes still this year. The key rate should be up also in 2019, and should settle at roughly 3 per cent in the middle of the year – a neutral level from the Fed's perspective.

The long-term upward trend on the stock markets should persist. The global economy and in particular the economy in the US and in Europe are in strong shape and we anticipate a sound performance and rising corporate profits. The reduction of the asset purchase program and the first interest rate hike which is not expected before the summer of 2019 should slightly ease off the tailwind on the stock markets but remain expansive. The late economic cycle might experience an uptick in volatility.

Against the backdrop of the favorable outlook for the global stock markets and its core markets in Austria and CEE, Raiffeisen Centrobank AG expects the business segments Trading & Treasury, Structured Products, Investment Services and Global Equity Markets and Company Research to post a stable business result. In the second half of 2018, the focus will be on the sustained development of both existing and new business activities in tandem with strict cost discipline and further efficiency enhancement. In 2018, the corporate/investor access in the ECM business will be further expanded and intensified. Various digitalization measures focus in particular on fostering growth in the certificates business.

The impact of MiFID II, which took effect in January 2018, on the Bank's core business segment was less than expected. However, compared to the record year 2017, a reduction of volumes and margins cannot be ruled out. The net profit for 2018 is expected to be below the level achieved in 2017.

## Statement of Legal Representatives pursuant to Article 125 Stock Exchange Act

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

Vienna, 16 August 2018  
The Management Board



**Wilhelm Celeda**  
Chief Executive Officer



**Valerie Brunner**  
Member of the Management Board

# Interim Financial Statements of Raiffeisen Centrobank AG as at 30 June 2018 according to the Austrian Banking Act (BWVG)

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

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

## Balance Sheet as at 30 June 2018

Assets	30/06/2018 €	30/06/2018 €	31/12/2017 in € thousand	31/12/2017 in € thousand
1. Cash in hand, deposits with central banks		293,634,323.54		183,472
2. Loans and advances to credit institutions				
a) repayable on demand	67,023,223.14		64,298	
b) other loans and advances	2,796,887,507.25	2,863,910,730.39	2,521,136	2,585,434
3. Loans and advances to customers		53,798,573.88		34,766
4. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	2,263,331.22		2,348	
b) issued by other borrowers	15,960,971.52	18,224,302.74	8,422	10,770
5. Shares and other variable-yield securities		184,456,635.73		232,102
6. Equity participations		5,138,498.88		5,138
7. Shares in affiliated companies		3,900,000.00		3,900
8. Intangible fixed assets		69,844.08		54
9. Tangible fixed assets thereof land and buildings used by the credit institution for own purposes: € 9,402,171.94 previous year: € 9,528 thousand		11,044,093.56		11,309
10. Other assets		151,895,509.16		131,812
11. Prepayments and other deferrals		2,163,247.55		1,263
12. Deferred tax assets		160,880.73		163
<b>Total assets</b>		<b>3,588,396,640.24</b>		<b>3,200,183</b>
<b>Off-balance sheet items</b>				
1. Foreign assets		335,361,777.50		325,048

Equity and liabilities	30/06/2018 €	30/06/2018 €	31/12/2017 in € thousand	31/12/2017 in € thousand
1. Liabilities to credit institutions				
a) repayable on demand	20,279,552.36		36,833	
b) with agreed maturity dates or periods of notice	34,150,731.06	54,430,283.42	2,103	38,935
2. Liabilities to customers				
a) repayable on demand	96,919,802.27		94,015	
b) with agreed maturity dates or periods of notice	286,022,090.71	382,941,892.98	237,966	331,980
3. Securitised liabilities				
a) issued securitised liabilities	1,332,186,809.60		1,158,784	
b) other securitised liabilities	1,308,190,732.32	2,640,377,541.92	1,185,738	2,344,522
4. Other liabilities		376,467,524.70		342,370
5. Accruals and deferred items		195,660.88		98
6. Provisions				
a) for severance payments	4,086,768.00		3,961	
b) for taxes	173,012.33		375	
c) other provisions	7,380,552.84	11,640,333.17	11,547	15,884
7. Subscribed capital		47,598,850.00		47,599
8. Capital reserves				
a) committed	6,651,420.71		6,651	
b) uncommitted	14,000,000.00	20,651,420.71	14,000	20,651
9. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	31,129,480.61	32,160,417.44	26,999	28,030
10. Liability reserve pursuant to Article 57 para 5 Austrian Banking Act		13,538,860.00		13,539
11. Net profit for the period		8,393,855.02		16,576
<b>Total equity and liabilities</b>		<b>3,588,396,640.24</b>		<b>3,200,183</b>
<b>Off-balance sheet items</b>				
1. Contingent liabilities		0.07		0
2. Commitments arising from fiduciary business transactions		7,091,121.47		7,091
3. Eligible own funds pursuant to Part 2 of Regulation (EU) No 575/2013		111,826,001.32		106,191
4. Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (Total risk-weighted assets)		502,483,271.89		487,930
hereof: capital requirements pursuant to Article 92 (1)				
hereof: capital requirements pursuant to Article 92 para 1 lit (a)		22.25%		21.76%
hereof: capital requirements pursuant to Article 92 para 1 lit (b)		22.25%		21.76%
hereof: capital requirements pursuant to Article 92 para 1 lit (c)		22.25%		21.76%
5. Foreign equity and liabilities		596,974,962.95		477,670

## Income Statement for the First Half of 2018

	1-6/2018 €	1-6/2018 €	1-6/2017 in € thousand	1-6/2017 in € thousand
1. Interest and interest-like income		18,562,275.75		6,829
thereof fixed-interest securities	48,028.51		132	
2. Interest and interest-like expenses		(25,591,653.12)		(15,679)
<b>I. Net interest result</b>		<b>(7,029,377.37)</b>		<b>(8,850)</b>
3. Income from securities and financial investments		7,720,562.83		5,785
4. Fee and commission income		5,677,395.48		6,328
5. Fee and commission expenses		(5,177,787.21)		(4,811)
6. Net profit on financial trading activities		31,747,938.04		32,954
7. Other operating income		392,396.46		1,285
<b>II. Operating income</b>		<b>33,331,128.23</b>		<b>32,961</b>
8. General administrative expenses		(20,585,822.78)		(18,948)
a) staff expenses				
aa) wages and salaries	(9,322,292.46)		(8,568)	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	(1,991,792.72)		(1,870)	
cc) other social expenses	(204,829.16)		(174)	
dd) expenses for pensions and assistance	(167,441.99)		(181)	
ee) expenses for severance payments and contributions to severance funds	(444,197.10)		(356)	
	(12,130,553.43)		(11,148)	
b) other administrative expenses	(8,455,269.35)		(7,800)	
9. Value adjustments on asset items 8 and 9		(467,458.17)		(472)
10. Other operating expenses		(150,634.58)		(365)
<b>III. Operating expenses</b>		<b>(21,203,915.53)</b>		<b>(19,785)</b>
<b>IV. Operating result</b>		<b>12,127,212.70</b>		<b>12,906</b>
11. Loan loss provisions and expenditures arising from the valuation of loans and advances and disposal of securities held as other current assets		(1,54,905.06)		(8)
12. Income arising from the valuation of loans and advances and disposal of securities held as other current assets		0.00		74
13. Expenditures arising from the valuation of interests and shares in affiliated companies held as financial investments		(1,442,036.74)		(66)
<b>V. Result on ordinary activities</b>		<b>10,530,270.90</b>		<b>12,906</b>
14. Income taxes				
a) current income taxes		(2,024,809.60)	(2,033)	
thereof passed on from parent company for half year: € (995,178.00); (previous year: € (1,179) thousand)				
b) deferred taxes	(1,806.84)	(2,026,616.44)	(1)	(2,033)
15. Other taxes unless included in item 14		(109,799.44)		(273)
<b>VI. Net income (= Net profit) for the period</b>		<b>8,393,855.02</b>		<b>10,599</b>

# Notes

## A. Accounting Policies

### General

The interim financial statements of Raiffeisen Centrobank AG as at 30 June 2018 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. In accordance with the principles of proper accounting, and taking into account standard practice as described in Article 222 para 2 of the Austrian Commercial Code, the interim financial statements give a true and fair view of the company's net assets, financial position and earnings.

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

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

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

The interim financial statements as at 30 June 2018 have been reviewed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft Wien.

## II. Loans and advances

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

as at 30/06/2018 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Loans and advances to credit institutions	67,023	118,659	558,421	1,800,141	319,666	2,863,911
Loans and advances to customers	44,170	659	355	176	8,438	53,799
Bonds, notes and other fixed-interest securities	0	0	3,228	8,036	6,961	18,224
Shares and other variable-yield securities	184,457	0	0	0	0	184,457
Other assets	36,561	4,131	8,699	89,049	13,455	151,895
	<b>332,211</b>	<b>123,450</b>	<b>570,703</b>	<b>1,897,401</b>	<b>348,521</b>	<b>3,272,286</b>

### Comparative figures as at 31/12/2017

as at 31/12/2017 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Loans and advances to credit institutions	64,298	378,623	336,119	1,633,995	172,399	2,585,434
Loans and advances to customers	22,443	2,604	0	2,768	6,950	34,766
Bonds, notes and other fixed-interest securities	0	0	1	10,769	0	10,770
Shares and other variable-yield securities	232,102	0	0	0	0	232,102
Other assets	22,573	2,209	10,525	89,606	6,898	131,812
	<b>341,417</b>	<b>383,437</b>	<b>346,644</b>	<b>1,737,140</b>	<b>186,247</b>	<b>2,994,885</b>

### Accounting principles

Compared to the financial statements as at 31 December 2017, no changes have been made in the accounting policies (see individual financial statements of Raiffeisen Centrobank AG as at 31 December 2017 according to the Austrian Banking Act, see the website of Raiffeisen Centrobank AG: [www.rcb.at/en/the-bank/publications/annual-reports/](http://www.rcb.at/en/the-bank/publications/annual-reports/)).

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

Provisions for severance payments have been calculated assuming a calculatory interest rate of 1.8 per cent (31/12/2017: 1.5 per cent).

Since 2018, Raiffeisen Centrobank AG has made general impairment allowances calculated pursuant to the methodology as laid down in IFRS 9.

## B. Notes to the Balance Sheet

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

Balance sheet item A 1, which encompasses cash in hand and deposits with the Austrian National Bank, amounted to € 293,634 thousand (31/12/2017: € 183,472 thousand). Regulations regarding liquidity and minimum reserves were observed.

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

as at 30/06/2018 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Loans and advances to credit institutions	2,641,507	0
Loans and advances to customers	0	514
Bonds, notes and other fixed-interest securities	8,412	0
Shares and other variable-yield securities	121	0
Other assets	2,221	8
	<b>2,652,260</b>	<b>522</b>

### Comparative figures as at 31/12/2017

as at 31/12/2017 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Loans and advances to credit institutions	2,383,236	0
Loans and advances to customers	2,041	514
Bonds, notes and other fixed-interest securities	8,422	0
Shares and other variable-yield securities	83	0
Other assets	977	8
	<b>2,394,759</b>	<b>522</b>

“Loans and advances to credit institutions” contained tradable money market deposits totaling € 2,289,022 thousand (31/12/2017: € 2,022,017 thousand) serving as hedges for certificates and warrants issued by Raiffeisen Centrobank AG. Thereof € 2,284,490 thousand (31/12/2017: € 2,013,932 thousand) were attributable to Raiffeisen Bank International AG.

## III. Securities

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

as at 30/06/2018 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	0	18,224	18,224	18,224
Shares and other variable-yield securities, A 5	41,367	143,090	184,457	184,457
Equity participations, A 6	5,138	0	5,138	x
Shares in affiliated companies, A 7	3,900	0	3,900	x

### Comparative figures as at 31/12/2017

as at 31/12/2017 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	0	10,770	10,770	10,770
Shares and other variable-yield securities, A 5	55,767	176,335	232,102	232,102
Equity participations, A 6	5,138	0	5,138	x
Shares in affiliated companies, A 7	3,900	0	3,900	x

As at 30 June 2018, balance sheet item A 4 included fixed-interest securities held for trading amounting to € 18,224 thousand (31/12/2017: € 10,770 thousand) of which € 3,228 thousand (31/12/2017: € 1 thousand) will fall due in the forthcoming year.

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

As at 30 June 2018, the Bank directly held a minimum of 20 per cent of the shares in the subsequent companies:

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

#### Comparative figures as at 31/12/2017

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

The economic relations of the companies are depicted in the notes to the financial statements of Raiffeisen Centrobank AG as at 31 December 2017 pursuant to the Austrian Banking Act.

#### V. Other assets

Balance sheet item A 10 "Other assets" amounting to € 151,895 thousand (31/12/2017: € 131,812 thousand) referred primarily to purchase contracts from trading in derivative financial instruments reported at fair value.

in € thousand	30/06/2018	31/12/2017
<b>Positive fair values of derivative financial instruments</b>		
from OTC options and forward exchange transactions	113,686	108,620
from trading in EUREX options and futures	16,136	6,013
from trading in other options and futures	18,768	14,704
	<b>148,590</b>	<b>129,337</b>

In addition, the item included loans and advances to domestic and foreign tax authorities in the amount of € 668 thousand and € 959 thousand (31/12/2017: € 0 thousand and € 1,269 thousand) as well as the settlement of Group charges (including capital yields tax charged to the Group) coming to € 851 thousand (31/12/2017: € 808 thousand).

#### VI. Deferred tax assets

As at 30/06/2018, "Deferred tax assets" amounted to € 161 thousand (31/12/2017: € 163 thousand).

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

#### VII. Liabilities

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

as at 30/06/2018 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Liabilities to credit institutions	20,280	34,109	0	7	34	54,430
Liabilities to customers	96,920	0	163,994	122,028	0	382,942
Securitized liabilities	0	63,072	366,494	1,677,033	533,778	2,640,378
Other liabilities	224,238	12,182	8,920	128,377	2,749	376,467
	<b>341,437</b>	<b>109,364</b>	<b>539,409</b>	<b>1,927,446</b>	<b>536,561</b>	<b>3,454,217</b>

## Comparative figures as at 31/12/2017

as at 31/12/2017 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Liabilities to credit institutions	36,833	2,054	0	0	48	38,935
Liabilities to customers	94,015	0	159,678	78,288	0	331,980
Securitized liabilities	0	74,044	218,422	1,691,417	360,640	2,344,522
Other liabilities	244,666	1,354	5,263	85,863	5,223	342,370
	<b>375,513</b>	<b>77,452</b>	<b>383,363</b>	<b>1,855,568</b>	<b>365,911</b>	<b>3,057,807</b>

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

as at 30/06/2018 in € thousand	Liabilities to affiliated companies (direct/indirect > 50%)	Liabilities to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Liabilities to credit institutions	33,069	0
Liabilities to customers	3,946	58
Other liabilities	16,704	2
	<b>53,718</b>	<b>60</b>

## Comparative figures as at 31/12/2017

as at 31/12/2017 in € thousand	Liabilities to affiliated companies (direct/indirect > 50%)	Liabilities to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Liabilities to credit institutions	1,866	0
Liabilities to customers	3,950	0
Other liabilities	21,485	1
	<b>27,301</b>	<b>1</b>

## VII.3. Securitized liabilities

The balance sheet item P 3 "Securitized liabilities" contained issued securitized bonds and other securitized liabilities totaling € 2,640,378 thousand (31/12/2017: € 2,344,522 thousand) held for trading and allocated to the following product categories:

in € thousand	30/06/2018	31/12/2017
<b>Issued securitized liabilities</b>	<b>1,332,187</b>	<b>1,158,784</b>
Guarantee Certificates	908,085	804,143 <sup>1</sup>
Reverse Convertible Bonds	424,102	354,642 <sup>1</sup>
<b>Other securitized liabilities</b>	<b>1,308,191</b>	<b>1,185,738</b>
Certificates with option character	1,295,955	1,173,098
Warrants	12,235	12,639
	<b>2,640,378</b>	<b>2,344,522</b>

<sup>1</sup> Adjustment of previous year's data

"Securitized liabilities" in the amount of € 429,567 thousand (31/12/2017: € 292,465 thousand) fall due in the next year.

#### VII.4. Other liabilities

Balance sheet item P 4 "Other liabilities" amounting to € 376,467 thousand (31/12/2017: € 342,370 thousand) primarily referred to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments.

in € thousand	30/06/2018	31/12/2017
<b>Negative fair values of derivative financial instruments</b>	<b>179,182</b>	<b>124,911</b>
from OTC options and forward exchange transactions	141,895	96,624
from trading in EUREX options and futures	3,063	16,195
from trading in other options and futures	34,223	12,092
<b>Short-selling of trading assets</b>	<b>186,085</b>	<b>215,730</b>
	<b>365,267</b>	<b>340,642</b>

"Other liabilities" as at 30 June 2018 included a liability resulting from taking over expenses in relation to a liability for a subsidiary in the amount of € 5,658 thousand (31/12/2017 provision for litigation risks: € 4,216 thousand). In addition, the item included a liability relating to an equity capital market transactions totaling € 2,736 thousand (31 December 2017: € 0 thousand) as well as various liabilities in relation to costs charged coming to € 1,741 thousand (31 December 2017: € 989 thousand) and regarding payroll accounting in the amount of € 613 thousand (31 December 2017: € 555 thousand).

#### VIII. Provisions

Provisions were as follows:

in € thousand	30/06/2018	31/12/2017
<b>Provisions for severance payments</b>	<b>4,087</b>	<b>3,962</b>
<b>Provisions for taxes</b>	<b>173</b>	<b>375</b>
<b>Other provisions</b>	<b>7,381</b>	<b>11,547</b>
Provisions for bonus payments	1,962	2,787
Provisions for litigation risks	0	4,216
Provisions for overdue vacation	1,534	1,171
Provisions for legal, auditing and consulting expenses	309	231
Provisions for the securities segment	1,150	610
Provisions for outstanding invoices	282	520
Provisions for charged Management Board expenses	1,228	1,307
Provisions for outstanding license fees	548	325
Sundry	368	235
	<b>11,640</b>	<b>15,884</b>

Provisions for litigation risks were used.

#### IX. 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>

## X. Supplementary data

### Assets and liabilities in foreign currencies

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

in € thousand	30/06/2018	31/12/2017
Assets	1,188,535	1,182,145
Liabilities	1,119,959	1,002,294

### Trading book

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

in € thousand	30/06/2018	31/12/2017
Shares/mutual funds	(24,688)	(16,940)
listed options	(4,821)	(6,720)
Futures	380,336	427,259
Warrants/certificates	(1,302,500)	(1,184,806)
OTC options	(29,429)	9,638
Purchased bonds/tradable money market deposits	2,486,540	2,189,367
Issued guarantee bonds	(1,333,180)	(1,160,000)
<b>Total</b>	<b>172,258</b>	<b>257,799</b>

### Volume of the securities trading book

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

in € thousand	30/06/2018	31/12/2017
Securities	3,229,840	3,272,283 <sup>1</sup>
Other financial instruments	6,767,343	6,369,023
	<b>9,997,183</b>	<b>9,641,306</b>

<sup>1</sup> Adjustment of previous year's data

### Data on transactions with derivative financial instruments and unsettled forward transactions

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

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

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

The volumes of derivative financial instruments and unsettled forward transactions as at 30/06/2018 were as follows:

in € thousand as at 30/06/2018	Notional amount		thereof banking book	Fair value	
	Purchase	Sale		Positive	Negative
<b>1. Interest rate contracts</b>	<b>0</b>	<b>1,500</b>	<b>1,500</b>	<b>0</b>	<b>(14)</b>
<b>1.1. OTC products</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest rate options	0	0	0	0	0
<b>1.2. Products traded on stock exchange</b>	<b>0</b>	<b>1,500</b>	<b>1,500</b>	<b>0</b>	<b>(14)</b>
Interest rate futures	0	1,500	1,500	0	(14)
<b>2. Foreign exchange contracts</b>	<b>137,637</b>	<b>856</b>	<b>49,251</b>	<b>2,728</b>	<b>(697)</b>
<b>2.1. OTC products</b>	<b>115,716</b>	<b>856</b>	<b>27,331</b>	<b>2,728</b>	<b>0</b>
Forward foreign exchange contracts	89,242	0	0	1,283	0
Currency options/gold contracts	26,474	856	27,331	1,445	0
<b>2.2. Products traded on stock exchange</b>	<b>21,921</b>	<b>0</b>	<b>21,921</b>	<b>0</b>	<b>(697)</b>
Currency futures	21,921	0	21,921	0	(697)
<b>3. Equity contracts</b>	<b>2,039,482</b>	<b>2,197,763</b>	<b>4,237,246</b>	<b>141,238</b>	<b>(176,917)</b>
<b>3.1. OTC products</b>	<b>1,374,914</b>	<b>1,841,688</b>	<b>3,216,602</b>	<b>108,886</b>	<b>(141,885)</b>
Equity/index-based options	1,374,914	1,841,688	3,216,602	108,886	(141,885)
<b>3.2. Products traded on stock exchange</b>	<b>664,569</b>	<b>356,075</b>	<b>1,020,644</b>	<b>32,351</b>	<b>(35,032)</b>
Shares and other equity/ index-based options and future contracts	333,679	43,796	377,476	22,971	(20,756)
Equity/index-based options	330,889	312,279	643,168	9,380	(14,276)
<b>4. Commodities/ precious metals</b>	<b>111,340</b>	<b>3,428</b>	<b>114,768</b>	<b>4,624</b>	<b>(1,554)</b>
<b>4.1 OTC products</b>	<b>40,120</b>	<b>3,428</b>	<b>43,548</b>	<b>2,071</b>	<b>(10)</b>
Commodity and precious metal options	40,120	3,428	43,548	2,071	(10)
<b>4.2. Products traded on stock exchange</b>	<b>71,220</b>	<b>0</b>	<b>71,220</b>	<b>2,552</b>	<b>(1,544)</b>
Other commodity and precious metal future contracts	71,220	0	71,220	2,552	(1,544)
<b>Total OTC products</b>	<b>1,530,750</b>	<b>1,845,972</b>	<b>3,287,480</b>	<b>113,686</b>	<b>(141,895)</b>
<b>Total stock exchange traded products</b>	<b>757,709</b>	<b>357,575</b>	<b>1,115,285</b>	<b>34,904</b>	<b>(37,286)</b>
	<b>2,288,459</b>	<b>2,203,548</b>	<b>4,402,765</b>	<b>148,590</b>	<b>(179,182)</b>

## Comparative figures as at 31/12/2017

in € thousand as at 31/12/2017	Notional amount		thereof banking book	Fair value	
	Purchase	Sale		Positive	Negative
<b>1. Interest rate contracts</b>	200	9,000	9,000	69	0
<b>1.1. OTC products</b>	200	0	0	0	0
Interest rate options	200	0	0	0	0
<b>1.2. Products traded on stock exchange</b>	0	9,000	9,000	69	0
Interest rate futures	0	9,000	9,000	69	0
<b>2. Foreign exchange contracts</b>	145,425	93,753	53,443	1,942	(355)
<b>2.1. OTC products</b>	120,467	93,753	28,485	1,545	(355)
Forward foreign exchange contracts	92,690	93,045	0	0	(355)
Currency options/gold contracts	27,777	708	28,485	1,545	0
<b>2.2. Products traded on stock exchange</b>	24,958	0	24,958	397	0
Currency futures	24,958	0	24,958	397	0
<b>3. Equity contracts<sup>1</sup></b>	1,775,304	2,118,596	3,893,901	124,148	(123,487)
<b>3.1. OTC products</b>	1,172,206	1,719,281	2,891,487	105,966	(96,070)
Equity/index-based options	1,172,206	1,719,281	2,891,487	105,966	(96,070)
<b>3.2. Products traded on stock exchange</b>	603,098	399,315	1,002,413	18,182	(27,417)
Shares and other equity/ index-based options and future contracts	379,772	62,275	442,047	9,650	(12,069)
Equity/index-based options	223,326	337,040	560,366	8,532	(15,348)
<b>4. Commodities/ precious metals</b>	116,023	2,166	118,190	3,178	(1,069)
<b>4.1 OTC products</b>	40,227	2,166	42,393	1,109	(199)
Commodity and precious metal options	40,227	2,166	42,393	1,109	(199)
<b>4.2. Products traded on stock exchange</b>	75,796	0	75,796	2,069	(870)
Other commodity and precious metal future contracts	75,796	0	75,796	2,069	(870)
<b>Total OTC products<sup>1</sup></b>	<b>1,333,100</b>	<b>1,815,200</b>	<b>2,962,365</b>	<b>108,620</b>	<b>(96,624)</b>
<b>Total stock exchange traded products<sup>1</sup></b>	<b>703,851</b>	<b>408,315</b>	<b>1,112,166</b>	<b>20,717</b>	<b>(28,287)</b>
	<b>2,036,951</b>	<b>2,223,515</b>	<b>4,074,533</b>	<b>129,337</b>	<b>(124,911)</b>

<sup>1</sup> Adjustment of previous year's data due to a shift between OTC and stock exchange traded products

## C. Notes to the Income Statement

## I. Interest and similar income

in € thousand	first half of 2018	first half of 2017
from loans and advances to credit institutions	4,767	1,597
from loans and advances to customers	278	448
from fixed-interest securities	48	132
from structured products	13,470	4,652
	<b>18,562</b>	<b>6,829</b>

## II. Interest and similar expenses

in € thousand	first half of 2018	first half of 2017
for liabilities to credit institutions	(3,020)	(1,414)
for liabilities to customers	(2,850)	(517)
for securitized liabilities	(19,721)	(13,749)
	<b>(25,592)</b>	<b>(15,679)</b>

"Net interest result" in the first half of 2018 came to € 7,029 thousand and was negative, equal to the net interest result in the first half of 2017 which came to € 8,850 thousand. "Net interest result" was made up of interest income in the amount of € 18,562 thousand (first half of 2017: € 6,829 thousand) and interest expenses in the amount of € 25,592 thousand (first half of 2017: € 15,679 thousand). The rise in "Net interest result" of € 1,820 thousand to € minus 7,029 thousand was due to higher coupon payments for structured products due to a change in the hedging strategy (to reduce expenses for collateral for the option business) which translated into a shift of income from financial trading activities to interest income as well as to increased interest income from loans and advances to credit institutions.

The rise in interest expenses for securitized liabilities was related to higher coupon payments. The increase was below the rise in interest income from structured products. Interest expenses were contrasted with an interest income from structured products and a positive valuation result from tradable money market deposits as well as from 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 is shown in "Net profit on financial trading activities" (trading profit).

Further to the low interest rate environment in the first half of 2018, "Net interest result" included expenses resulting from negative interest for loans and advances in the amount of € 473 thousand (first half of 2017: € 458 thousand). In contrast, income derived from negative interest for liabilities totaled € 112 thousand (first half of 2017: € 79 thousand).

### III. Income from securities and financial investments

"Income from securities and financial investments" refer exclusively to income from securities and went up from € 5,785 thousand in the first half of 2017 to € 7,721 thousand in the first half of 2018. The rise was primarily attributable to higher dividend income from foreign shares.

### IV. Net fee and commission result

The positive "Net fee and commission result" in the amount of € 500 thousand (first half of 2017: € 1,517 thousand) was comprised of fee and commission income coming to € 5,677 thousand (first half of 2017: € 6,328 thousand) and fee and commission expenses in the amount of € 5,178 thousand (first half of 2017: € 4,811 thousand). The decrease in "Net fee and commission result" in the first half of 2018 was mainly due to lower income from the securities business (equity capital market transactions).

### V. Net profit on financial trading activities

"Net profit on financial trading activities" accounted for the major part of the operating income and dropped from € 32,954 thousand in the first half of 2017 to € 31,748 thousand in the first half of 2018. This development resulted from positive net valuations and net proceeds of derivatives and money market deposits held for hedging purposes in the amount of € 8,863 thousand as well as from the valuation and disposal of certificates and shares totaling € 19,914 thousand. The valuation of spot, futures and forward contracts added up to € 2,971 thousand.

In the comparative previous year's period, net valuations and net proceeds of derivatives and money market deposits held for hedging purposes were comprised of a positive result in the amount of € 70,620 thousand and a negative result from the valuation and disposal of certificates and shares coming to € 30,193 thousand. The valuation of spot, futures and forward contracts came to € minus 7,472 thousand.

### VI. Other operating income

The item primarily included the release of provisions in the amount of € 245 thousand (first half of 2017: € 546 thousand) and income from charging internal expenses to third parties in the amount of € 126 thousand (first half of 2017: € 354 thousand). The previous year's result was positively influenced by income from charging expenses to Raiffeisen Bank International AG.

### VII. Other administrative expenses

in € thousand	first half of 2018	first half of 2017
Office space expenses (maintenance, operation, administration, insurance)	(496)	(488)
Office supplies, printed matter, literature	(141)	(160)
IT costs	(1,830)	(1,285)
Communication costs	(558)	(483)
Information services	(1,798)	(1,696)
Car and traveling expenses	(310)	(327)
Advertising and promotional expenses	(549)	(599)
Legal, advisory and consultancy services	(542)	(597)
Contributions to associations	(461)	(353)
Resolution fund	(723)	(541)
Sundry	(1,048)	(1,270)
	<b>(8,455)</b>	<b>(7,800)</b>

"Sundry" in the amount of € 1,048 thousand (first half of 2017: € 1,270 thousand) mainly included expenses for Management Board members charged by the parent company. In the first half of 2017, the item contained a provision relating to location evaluations totaling € 200 thousand.

### VIII. Other operating expenses

"Other operating expenses" amounting to € 151 thousand (first half of 2017: € 365 thousand) included mainly expenses charged by the parent company totaling € 129 thousand (first half of 2017: € 361 thousand).

### IX. Net valuations and net proceeds

In the first half of 2017, "Net valuations and net proceeds" had almost reached a break-even, whereas in the first half of 2018 the item came to € minus 1,597 thousand. The item included mainly additional expenses not covered by provisions relating to a liability for a subsidiary amounting to € minus 1,442 thousand. In addition, the item contained a general impairment allowance pursuant to IFRS 9 adding up to € minus 155 thousand.

### X. Income taxes and other taxes

Income taxes were made up as follows:

in € thousand	first half of 2018	first half of 2017
Group taxation	(995)	(1,179)
Corporate income tax/branch Slovakia	(43)	(77)
Taxes for former periods (Group charges)	(210)	(239)
Not recognized as foreign withholding tax	(776)	(537)
<b>Current income taxes</b>	<b>(2,025)</b>	<b>(2,033)</b>
Deferred taxes	(2)	(1)
<b>Income taxes</b>	<b>(2,027)</b>	<b>(2,033)</b>

### XI. Deferred taxes

In the first half of 2018, expenses for deferred tax assets came to € 2 thousand (first half of 2017: € 1 thousand).

## D. Other Disclosures

### Contingent liabilities

In accordance with Article 93 of the 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. In the reporting period, the theoretical claim on this insurance was limited to a rate of 1.5 per cent of the assessment basis in accordance with Article 22 para 2 of the Austrian Banking Act at the balance sheet date, plus the weighted items of the securities trading book, also in accordance with part 3 Capital Requirement Regulation (CRR). These contingent liabilities were reported at a market value of € 0.07.

### Other contractual contingencies

The following assets were pledged as security for obligations as at 30 June 2018:

Item A 2 Loans and advances to credit institutions

€ 455,057 thousand (31/12/2017: € 358,265 thousand)  
Collateral deposited with credit institutions for the securities and options business and securities lending

Item A 3 Loans and advances to customers

€ 30,919 thousand (31/12/2017: € 8,502 thousand)  
Collateral deposited with stock exchanges and other financial institutions for the securities and options business

Item A 4 Fixed-interest securities

€ 2,263 thousand (31/12/2017: € 2,348 thousand)  
Collateral deposited with credit institutions for the securities and options business

### Letters of comfort

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

### Commitments arising from fiduciary business transactions

Commitments arising from fiduciary business transactions not included in the balance sheet referred to one equity participation held in trust and, unchanged to 31 December 2017, came to € 7,091 thousand.

## Own funds

As at 30 June 2018, "Own funds" pursuant to part 2 CRR comprised the following:

in € thousand	30/06/2018	31/12/2017
Capital paid-in	47,599	47,599
Earned capital	66,351	62,220
<b>Core capital (tier 1) before deductions</b>	<b>113,950</b>	<b>109,819</b>
Intangible fixed assets	(70)	(54)
Prudent valuation	(2,054)	(2,119)
Holdings in non-significant investments in financial sector entities	0	(1,455)
<b>Core capital (tier 1) after deductions</b>	<b>111,826</b>	<b>106,191</b>
Supplementary own funds	0	0
<b>Core capital</b>	<b>111,826</b>	<b>106,191</b>
<b>Supplementary capital</b>	<b>0</b>	<b>0</b>
<b>Supplementary own funds after deductions</b>	<b>0</b>	<b>0</b>
<b>Total own funds</b>	<b>111,826</b>	<b>106,191</b>
<b>Total risk-weighted assets</b>	<b>502,483</b>	<b>487,930</b>
Core capital ratio, credit risk	70.0%	68.2%
Core capital ratio, total	22.3%	21.8%
Own funds ratio	22.3%	21.8%

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

in € thousand	30/06/2018	31/12/2017
Risk-weighted assets (credit risk)	159,687	155,738
Standard approach	126,256	120,793
CVA (credit value adjustment) risk	33,431	34,945
Risk-weighted assets (position risk in bonds, equities, commodities and foreign currencies)	227,144	218,664
Risk-weighted assets (settlement risk)	2,195	68
Risk-weighted assets (operational risk)	113,458	113,460
<b>Total risk-weighted assets</b>	<b>502,483</b>	<b>487,930</b>

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

in € thousand	30/06/2018	31/12/2017
<b>Risk-weighted assets according to standard approach</b>	<b>126,256</b>	<b>120,793</b>
Central governments and central banks	1	0
Institutions	68,188	65,743
Corporates	34,513	33,031
Equity participations	9,038	9,038
Other positions	14,516	12,980
<b>CVA risk</b>	<b>33,431</b>	<b>34,945</b>
	<b>159,687</b>	<b>155,738</b>

## Number of staff

	30/06/2018	Period average	30/06/2017	Period average
Salaried employees (incl. Management Board)	186	184	178	176
thereof part-time	41	41	33	33
	<b>186</b>	<b>184</b>	<b>178</b>	<b>176</b>

## Group relations

The company is an affiliated company of Raiffeisen Bank International AG (ultimate holding company) and is integrated into its consolidated financial statements. The consolidated financial statements as at 31 December 2017 are deposited with the Commercial Court in Vienna and are available at the respective parent company.

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

<b>Management Board</b>	Wilhelm Celeda Valerie Brunner	Chief Executive Officer Member of the Management Board
<b>Supervisory Board</b>	Łukasz Januszewski Member of the Management Board, Raiffeisen Bank International AG, Vienna, as from 01 March 2018	Chairman as from 25 April 2018
	Hannes Mösenbacher Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman until 25 April 2018 Deputy Chairman as from 25 April 2018
	Michael Höllner Member of the Management Board, Raiffeisen Bank Polska	Deputy Chairman until 25 April 2018 Member as from 25 April 2018
	Andrii Stepanenko Member of the Management Board, Raiffeisen Bank International AG, Vienna, as from 01 March 2018	Member as from 25 April 2018
	Werner Kaltenbrunner Head of International Equity Investments, Raiffeisen Bank International AG, Vienna	Member until 25 April 2018
<b>State Commissioners</b>	Alfred Hacker Karl-Heinz Tscheppe	

### Significant Events after the Balance Sheet Date

There were no significant events after the balance sheet date.

Vienna, 16 August 2018  
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 2018 to 30 June 2018. These interim financial statements comprise the balance sheet as at 30 June 2018, the income statement for the period from 1 January 2018 to 30 June 2018 and the condensed notes.

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

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

## Scope of review

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

## Conclusion

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

## Statement on the interim management report for the 6-month period ended 30 June 2018 and on management's statement in accordance with Article 125 Austrian Stock Exchange Act (BörseG)

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

The interim financial information contains the statement by management in accordance with § 125 par. 1 subpar. 3 Austrian Stock Exchange Act.

Vienna, 16 August 2018

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

**Wilhelm Kovsca**  
Austrian Chartered Accountant

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

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Raiffeisen Centrobank AG  
Communication & Marketing  
Concept, Layout  
Martin Hamak  
A-1015 Vienna, Tegetthoffstrasse 1  
Phone +43-1-515200  
Fax: +43-1-513 43 96

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



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