

# Semi-Annual Financial Report

Semi-Annual Financial Report as at 30 June 2020



# Semi-Annual Financial Report 2020: 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 2020

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 2020, the economy saw a historic downturn in the wake of the containment measures taken to combat the COVID-19 pandemic. Real GDP in the Eurozone fell to 9.1 per cent yoy. The USA saw a similar slump with minus 4.6 per cent. The lowest point of the recession was in April. Since then, economic activity has been recovering. At the end of the first half of 2020, economic indicators projected a strong improvement, nevertheless high infection rates worldwide hamper economic activity. In the meantime, many countries have announced to introduce fiscal support measures to cushion the negative impact of the lockdown.

In the first half of 2020, the drop of energy prices dampened the inflation rate reaching its low of 0.1 per cent p.a. in May. The European Central Bank (ECB) reacted to the COVID-19 crisis with comprehensive monetary easing measures. The Pandemic Emergency Purchase Programme (PEPP) was expanded by € 600 billion to a total of € 1,350 billion. The US Federal Reserve reduced the key interest rates to just over 0 per cent and initiated an unlimited quantitative easing program and numerous emergency programs to provide liquidity to the financial market and the economy. Distortions in the financial system were largely avoided and the provision of loans and credits was assured. In the first half of 2020, the Euro appreciated versus the US dollar following the general drop of risk premiums. At the end of June, the gold price soared to almost US dollar 1,800 per troy ounce and achieved an all-time high in Euros.

### Financial Markets

In the first half of 2020, the impact of the COVID-19 pandemic dominated the financial markets. At the peak, the European stock market by example of the STOXX Europe 600 slumped by 33 per cent compared to its starting value at the beginning of the year. As from mid-March, the stock markets started an impressive price rally. At the end of the first half year, the STOXX Europe 600 quoted 13 per cent below its year-end level. The sector composition has a significant effect on the price performance. Technology, pharma and defensive consumer sectors noticeably outperformed the market, whereas cyclical sectors fell short of expectations. The price recovery was primarily shored up by the removal of COVID-19 restrictions, monetary stimuli of the central banks and fiscal support packages.

## Development of Business and Earnings in the First Half of 2020

On 13 January 2020 a demerger and absorption agreement was concluded in which Raiffeisen Centrobank AG as assigning company transferred, in the form of a demerger by absorption, its Investment Services department to Kathrein Privatbank Aktiengesellschaft as acquiring company pursuant to Section 1 para. 2 no. 2 Austrian Demerger Act and Article VI Reorganization Tax Act (Umgründungssteuergesetz) by universal succession with the effective date as of 30 June 2019 (demerger date) and on the basis of the audited closing balance sheet of Raiffeisen Centrobank AG as at 30 June 2019. Kathrein Privatbank Aktiengesellschaft did not issue any new shares in the course of the demerger by absorption. In the Extraordinary General Assembly of Raiffeisen Centrobank AG held on 13 January 2020 the demerger by absorption was approved.

The ECB approved the demerger by absorption of the Investment Services department of Raiffeisen Centrobank AG to Kathrein Privatbank Aktiengesellschaft by decision dated 27 February 2020. Upon entry into the commercial register on 01 April 2020 the demerger by absorption became legally effective.

This demerger partially affects the comparability of the previous year's period balance sheet and income statement. Where material amounts are reported, the impact of the demerger has been considered.

### Development of Earnings

With an operating income of € 30,441 thousand (first half of 2019: € 29,196 thousand) and operating expenses of € 20,774 thousand (first half of 2019: € 23,010 thousand), an operating result of € 9,668 thousand (first half of 2019: € 6,186 thousand) was generated in the first half of 2020. Taking into consideration net valuations and net proceeds in the amount of € 24 thousand (first half of 2019: € 149 thousand), the result on ordinary activities came to € 9,692 thousand. The result of the previous year's period, which had come to € 6,335 thousand, was exceeded by € 3,357 thousand or 53.0 per cent.

in € thousand	06/2020	06/2019	Change in %
Net interest result	(21,771)	(16,760)	29.9
Income from securities and financial investments	2,241	9,032	(75.2)
Net fee and commission result	(2,237)	(620)	> 100
Net profit on financial trading activities	51,551	37,283	38.3
Other operating income	658	261	> 100
<b>Operating income</b>	<b>30,441</b>	<b>29,196</b>	<b>4.3</b>
Staff expenses	(11,453)	(12,741)	(10.1)
Other administrative expenses	(8,791)	(9,802)	(10.3)
Depreciation	(527)	(449)	17.6
Other operating expenses	(2)	(18)	(91.7)
<b>Operating expenses</b>	<b>(20,774)</b>	<b>(23,010)</b>	<b>(9.7)</b>
<b>Operating result</b>	<b>9,668</b>	<b>6,186</b>	<b>56.3</b>
Net valuations and net proceeds	24	149	(83.8)
<b>Result on ordinary activities</b>	<b>9,692</b>	<b>6,335</b>	<b>53.0</b>
Taxes	(2,009)	(1,556)	29.1
<b>Net income for the period</b>	<b>7,683</b>	<b>4,779</b>	<b>60.8</b>

Operating income for the first half of 2020 rose by 4.3 per cent or € 1,246 thousand to € 30,441 thousand (first half of 2019: € 29,196 thousand). This increase was attributable particularly to a higher net profit on financial trading activities.

The rise of the negative net interest result coming to € minus 21,771 thousand (first half of 2019: € minus 16,760 thousand) was mainly due to a rise of net coupon payments for securitized liabilities (structured products) of € 3,794 thousand. In addition, the demerger of the Investment Services department caused a decrease of € 1,593 thousand.

Depending on the hedge, expenses for coupon payments for securitized liabilities were contrasted with interest income and – as described below in the net profit on financial trading activities – a positive valuation result from tradable money market deposits in the net profit on financial trading activities (trading profit). In the first half of 2020, net coupon payments contained in the net interest result rose compared to the previous year's period. Valuation amounts included in the net profit on financial trading activities went up accordingly.

Compared to the first half of 2019, interest income decreased by € 9,441 thousand to € 5,143 thousand. A decrease of € 5,044 thousand was mainly attributable to lower coupon income from structured products. Moreover, the demerger of the Investment Services department caused a decrease of interest income adding up to € 4,652 thousand.

Compared to the first half of 2019, interest expenses fell by € 4,430 thousand to € 26,914 thousand. The demerger of the Investment Services department resulted in a decrease of € 3,058 thousand. In addition, coupon payments for securitized liabilities also recorded a drop (€ 1,250 thousand).

The drop of income from securities and financial investments by € 6,791 thousand to € 2,241 thousand was due to lower dividend income from domestic and foreign shares in the wake of the COVID-19 crisis.

Compared to the first half of 2019, net fee and commission result was negative in the reporting period and decreased by € 1,617 thousand to € minus 2,237 thousand due to € 802 thousand lower income from paying agent commissions caused by deferred or cancelled dividend payments due to the COVID-19 crisis. Moreover, the demerger of the Investment Services department resulted in a decrease of € 569 thousand.

Net profit on financial trading activities accounted for the main part of the operating income and rose substantially from € 37,283 thousand in the first six months of 2019 by € 14,267 thousand to € 51,551 thousand. The improvement can be put down to the development of coupon payments for structured products as described in the net interest result. These payments were hedged via tradable money market deposits without current coupons held in the trading book. The total result of tradable deposits including interest was included in the net profit on financial trading activities. In the first half of 2020, the COVID-19 crisis caused a drop of income from securities and financial investments and triggered a higher valuation result in net profit on financial trading activities compared to the first half of 2019.

Other operating income posted a rise of € 397 thousand to € 658 thousand, inter alia because the bank won an arbitration case.

Operating expenses came to € 20,774 thousand and were by 9.7 per cent or € 2,236 thousand below the previous period's figure (€ 23,010 thousand).

Compared to the first half of 2019, the material decrease of headcount of 27 employees (thereof 13 due to the demerger of the Investment Services department) translated into a drop of staff expenses of 10.1 per cent to € 11,453 thousand (first half of 2019: € 12,741 thousand).

Compared to the previous year's period, other administrative expenses also posted a decrease and fell by € 1,011 thousand to € 8,791 thousand. The drop was mainly due to the COVID-19 crisis (lower expenses for advertising, representation and travel expenses) and the demerger of the Investment Services department. The item included primarily expenses for information services coming to € 2,405 thousand (first half of 2019: € 2,108 thousand), contributions to associations, domestic and foreign supervisory authorities and payments to the resolution fund coming to € 1,753 thousand (first half of 2019: € 1,602 thousand) as well as IT costs adding up to € 1,550 thousand (first half of 2019: € 1,636 thousand).

Depreciation came to € 527 thousand and went up by € 79 thousand compared to the previous year's period (€ 449 thousand). Mainly depreciation for hardware posted a rise.

Other operating expenses came to € 2 thousand (first half of 2019: € 18 thousand).

The cost/income ratio which had been at 78.8 per cent as at 30 June 2019 improved to 68.2 per cent.

Net valuations and net proceeds for the first half of 2020 were positive and amounted to € 24 thousand. The item contained solely the current adjustment of general impairment allowances calculated pursuant to the methodology as laid down in IFRS 9. In the first half of 2019, net valuations and net proceeds were positive and came to € 149 thousand.

The result on ordinary activities for the reporting period came to € 9,692 thousand compared to € 6,335 thousand in the previous year's period.

Current income taxes amounted to € 1,403 thousand (first half of 2019: € 1,123 thousand). The item contained expenses for group charges for the first half of 2020 adding up to € 1,038 thousand (first half of 2019: € 437 thousand) as well as for previous periods coming to € 26 thousand (first half of 2019: € 44 thousand). Moreover, the item included withholding taxes on foreign dividend income in the amount of € 339 thousand (first half of 2019: € 642 thousand).

In the first half of 2020, income from deferred taxes added up to € 16 thousand compared to € 13 thousand in the previous year's period.

Other taxes included statutory bank levies for Raiffeisen Centrobank AG and for the Slovak branch adding up to € 622 thousand (first half of 2019: € 446 thousand). The rise of tax expenses can be put down to the doubling of the statutory bank levy in Slovakia to 0.4 per cent of the assessment basis.

Net income for the first half of 2020 came to € 7,683 thousand (first half of 2019: € 4,779 thousand).

## Balance Sheet Development

Compared to 31 December 2019, the balance sheet total increased by 5.5 per cent from € 4,440,234 thousand to € 4,682,685 thousand.

On the asset side, "Deposits with central banks" (9.4 per cent of the balance sheet total on 30 June 2020 and 1.2 per cent on 31 December 2019) gained € 389,343 thousand and amounted to € 440,436 thousand. The rise was attributable to an increase of liquidity steering measures to fulfil regulatory requirements.

"Loans and advances to credit institutions" also recorded an increase of € 69,496 thousand to € 3,846,352 thousand which can mainly be put down to a rise in collateral for the option business of € 242,596 thousand to € 306,269 thousand against the backdrop of a rise of margin obligations. Moreover, the item included tradable money market deposits (€ 2,951,504 thousand), interbank deposits (€ 414,133 thousand) and unlisted bonds (€ 160,267 thousand). Compared to the year-end 2019, tradable money market deposits posted a rise of € 17,928 thousand, whereas interbank deposits and unlisted bonds dropped by € 78,420 thousand and € 72,911 thousand, respectively.

As at 31 December 2019, "Loans and advances to credit institutions" included interbank deposits attributable to the Investment Services department in the amount of € 334,929 thousand. The item's share of the balance sheet total fell from 85.1 per cent on 31 December 2019 to 82.1 per cent on 30 June 2020.

“Prepayments and other deferrals” went up by € 1,632 thousand to € 2,895 thousand (0.1 per cent of the balance sheet total on 30 June 2020 and 0.0 per cent on 31 December 2019).

“Shares and other variable-yield securities” strongly decreased by € 143,912 thousand to € 191,248 thousand (4.1 per cent of the balance sheet total on 30 June 2020 and 7.5 per cent on 31 December 2019) mainly further to price developments in the course of the COVID-19 crisis.

Compared to the previous year’s period “Other assets” (3.0 per cent of the balance sheet total on 30 June 2020 and 4.4 per cent on 31 December 2019) decreased by € 52,204 thousand to € 141,459 thousand (31 December 2019: € 193,663 thousand). The item contained mainly positive fair values from trading in derivative financial instruments.

“Loans and advances to customers” (0.5 per cent of the balance sheet total on 30 June 2020 and 1.0 per cent on 31 December 2019) dropped by € 21,387 thousand to € 24,879 thousand primarily further to a payment received from a claim outstanding as at 31 December 2019 (€ 34,992 thousand) and the demerger of the Investment Services department (€ 7,205 thousand). In contrast, collateral for the option business to other financial institutions rose by € 20,921 thousand.

Compared to 31 December 2019, “Bonds, notes and other fixed-interest securities” (0.4 per cent of the balance sheet total on 30 June 2020 and on 31 December 2019) went down by € 166 thousand to € 18,163 thousand.

On the equity and liabilities side, “Liabilities to credit institutions” (17.9 per cent of the balance sheet total on 30 June 2020 and 1.2 per cent on 31 December 2019) went up by € 784,481 thousand to € 836,459 thousand further to higher deposit liabilities to domestic credit institutions.

“Other liabilities” (10.5 per cent of the balance sheet total on 30 June 2020 and 6.5 per cent on 31 December 2019) rose by € 202,146 thousand to € 489,901 thousand mainly because of an increase of negative fair values of derivative financial instruments (options, futures and forward exchange contracts) summing up to € 222,402 thousand.

Sundry other liabilities including settlement accounts on the equity and liabilities side posted a decrease in particular because of lower short-term charges from securities transactions not yet settled as at 31 December 2019 as well as the liability regarding an equity capital market transaction adding up to € 23,364 thousand.

The decrease recorded in “Liabilities to customers” (0.0 per cent of the balance sheet total on 30 June 2020 and 10.5 per cent on 31 December 2019) of € 465,869 thousand to € 619 thousand can mainly be put down to the demerger of the Investment Services department amounting to € 376,902. Moreover, deposits of domestic customers not attributable to the Investment Services department (€ 74,751 thousand) and liabilities from collateral to other financial institutions for the option business also posted a decrease (€ 14,217 thousand).

“Securitized liabilities” (68.8 per cent of the balance sheet total on 30 June 2020 and 78.7 per cent on 31 December 2019) dropped by € 274,869 thousand to € 3,219,687 thousand mainly further to price developments. The decrease was attributable to a drop of issued bonds (Capital Protection Certificates and Reverse Convertible Bonds) by € 140,300 thousand as well as of other securitized liabilities (certificates with option character and warrants) by € 134,569 thousand.

Tradable money market deposits, unlisted options and zero bonds purchased from Raiffeisen Bank International AG (RBI) for hedging purpo-

ses 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 € 2,959,125 thousand (31 December 2019: € 2,958,816 thousand).

“Provisions” (0.2 per cent of the balance sheet total on 30 June 2020 and 0.3 per cent on 31 December 2019) went up from € 11,183 thousand on 31 December 2019 to € 11,475 thousand on 30 June 2020. This was mainly attributable to other provisions. The demerger of the Investment Services department translated into a decrease of € 495 thousand.

“Retained earnings” (0.7 per cent of the balance sheet total on 30 June 2020 and 0.8 per cent on 31 December 2019) came to € 34,685 thousand and remained unchanged.

The net profit (0.2 per cent of the balance sheet total on 30 June 2020 and 0.3 per cent on 31 December 2019) amounted to € 7,816 thousand and was made up of the net income for the period in the amount of € 7,683 thousand and profit carried forward adding up to € 133 thousand.

## Key Figures

in € thousand or in per cent	30/06/2020	31/12/2019
Core capital (tier 1) after deductions	112,870	108,094
Eligible own funds	112,870	108,094
Own funds requirement	40,756	41,627
Surplus of own funds	72,114	66,467
Own funds ratio	22.2	20.8
Core capital ratio	22.2	20.8
Liquidity Coverage Ratio (LCR)	137.5	291.1

## Financial Instruments

Please refer to the notes.

## Raiffeisen Centrobank AG Slovak Branch

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

In the first half of 2020, the Slovak Branch did not place any issues (first half of 2019: roughly € 13 million).

## Review of Business Segments

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

### Trading & Treasury

Compared to the first half of 2019 (€ 31.64 billion), the sales volume on the Vienna stock exchange recorded an increase of 23.9 per cent to € 39.18 billion (double counting). International leading exchanges such as Deutsche Börse and NYSE Euronext also posted strong gains of 50.5 per cent and 46.8 per cent.

As regards the CEE exchanges, the Warsaw Stock Exchange went up by roughly 34.1 per cent compared to the first half of 2019, whereas sales volumes on the exchanges in Prague, Budapest and Bucharest recorded increases of 27.6 per cent, 41.5 per cent and 13.0 per cent.

In the first half of 2020, Raiffeisen Centrobank AG's market share on the domestic spot market came on average to 5.4 per cent, which was slightly below the previous year's period (first half of 2019: 6.0 per cent). The absolute sales volume in market making marginally undercut the previous year's level and amounted to € 924.4 million corresponding to a market share in this segment of roughly 9.5 per cent (first half of 2019: € 1.056 billion and 12.3 per cent).

In the annual specialist tender of the Vienna stock exchange Raiffeisen Centrobank AG won 19 mandates. With additional 19 market maker mandates on the Vienna Prime Market and 26 titles in other segments (e.g. global market), Raiffeisen Centrobank AG is once again the largest domestic liquidity provider. Market making was substantially expanded on the German XETRA Frankfurt where Raiffeisen Centrobank AG provided liquidity for 36 Austrian and German titles. On the derivatives exchange EU-REX Frankfurt, market making was provided for options and futures on 34 (Austrian, German and Eastern European) underlyings.

Market making was also expanded on the Warsaw Stock Exchange, where Raiffeisen Centrobank AG provided liquidity for 56 shares, 37 single stock futures and for WIG20 and MWIG40 derivatives. Market making mandates in Prague and Bucharest came to 20 and 10 and remained unchanged to the previous year's level.

In the wake of the COVID-19 pandemic, the first half of 2020 saw high volatility levels on the stock markets which translated into a positive effect both on sales volume and market making activities. Uncertainties on the dividend market also resulted in positive effects on the Austrian index market maker book.

In the first half of 2020, operating income, excluding other operating income, for the Trading & Treasury segment came to € 13.0 million and exceeded the previous year's level by roughly 43 per cent (€ 9.1 million).

### Equity Business

In the first half of 2020, marketing activities for Austrian and Eastern European listed companies remained on top-level despite the COVID-19 pandemic. In mid-March, the Equity Sales team shifted all activities to the Internet including its annual flagship conference, which is traditionally held in Zürs, Aarlberg. It was the first time that the conference was held as a virtual meeting. More than 50 leading listed companies from Austria, Eastern Europe and Russia shared insights with 130 international and local institutional investors, such as asset managers, pension funds, funds and insurance companies. The participating companies provided a comprehensive overview of the potential consequences, challenges, and first responses to the COVID-19 crisis.

In addition, Raiffeisen Centrobank AG organized two successful virtual investor conferences in New York and Stockholm with leading listed Turkish companies as well as more than 70 personal and virtual roadshows and investor calls.

Electronic Sales Trading had a very successful first half year. Compared to the previous year's period, the customer trading volume rose by 90 per cent to € 5.9 billion driven mainly by higher volatility levels in the COVID-19 crisis. The Gross Revenue for Electronic Sales Trading achieved a 65 per cent increase compared to the previous year's period. This was shored up by enhancing efficiency in the transaction costs segment. The "Best Execution Monitoring" tool was successfully marketed and deve-

loped further. In this respect, Raiffeisen Centrobank AG has turned into a major MiFID II competence center within the Raiffeisen Group.

In the first half of 2020, operating income, excluding other operating income, for **Global Equity Sales**, which encompasses Equity Sales and Electronic Sales Trading, came to € 3.9 million and surpassed the previous year's result of € 2.8 million by roughly 39 per cent.

The COVID-19 pandemic translated into abrupt company closures, caused turbulence on stock markets and raised major liquidity and balance sheet uncertainties. The depressed and volatile public equity markets, despite rising prices amid abundant liquidity by major global central banks, changed the direction of financing from traditional to alternative options. During the last four months of the first half of 2020, public companies were very much occupied with seeking to find alternative ways to finance existing operations, restructuring debt or preserving cash as a buffer amid future uncertainty. This development had an adverse impact on the Equity Capital Markets business during the first half of 2020.

In the first half of 2020, the **Equity Capital Markets** team participated in the following transactions: Listing Agent for Romanian bonds on the exchange in Bucharest and Accelerated Bookbuilding for the Turkish software company Index Bilgisayar A.S.

In the first half of 2020, operating income, excluding other operating income, for Equity Capital Markets came to € 0.3 million and undercut the previous year's result of € 1.1 million by 68 per cent. This decrease can be put down to great uncertainty on the markets in the wake of the COVID-19 pandemic and lower income from the paying agent function.

The outlook for the second half of 2020 remains subdued, in particular amidst fear of a possible second wave of the pandemic, negative growth prospects, weakened investors' confidence, market volatility and the sustainability of currently rising markets. However, the Equity Capital Markets Team has built up several pipeline projects for the second half of 2020 and remains focused to find alternative financing options for companies.

The **Company Research** team covers roughly 130 companies from Austria, the CEE region and Russia. Raiffeisen Centrobank AG's Company Research team consists of 20 analysts in the Vienna headquarters as well as in Moscow, Bucharest and Zagreb. The analysts provide long-standing sector expertise in tandem with profound local market know how and a sectoral approach across the entire region. To expand the regional approach, a long-standing cooperation has been established with the Turkish broker Global Securities.

In the first half of 2020, the Company Research team published roughly 500 research reports and marketed them to institutional investors in Western and Eastern Europe as well as in the USA. The clear focus was on the expected impact of the COVID-19 pandemic in the wake of imposed restrictions and economic ramifications for covered companies. The Company Research team published several special reports which met with lively interest from investors. Analysts moderated the conference calls of this year's virtual flagship investor conference bringing together 50 companies and 130 local and international institutional investors. Moreover, "Spotlight Research", a research product focusing on small & micro caps which was launched last year was widely applauded by companies. In the first half of 2020, the first research reports were published.

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



### Structured Products

In the first half of 2020, the Structured Products business segment reported an all-time high sales volume. In the first quarter of 2020, a rise in the certificates' sales volume to € 1,119 million (first half of 2019: € 917 million) was achieved due to the particularly good result in the advisory business of the major distribution partners and a strong rise of stock exchange sales volume triggered by the COVID-19 pandemic (purchases and sales). The open interest came to € 3,917 million and undercut the previous year's level of € 4,357 million by 10 per cent. This can mainly be put down to negative price effects in the wake of price falls on the international capital markets.

In 2020, the Structured Products sales team again focused on maintaining the top standard of advisory services within the Raiffeisen sector. With nearly 60 seminars and workshops that were held until the first week of March the previous year's record number of training initiatives was again exceeded. In the course of the COVID-19 restrictions training measures were shifted to the Internet: eight webinars were provided to Raiffeisen advisors via online platforms from March to June with over 6,000 views. In addition, training was provided via phone or video conference to keep close contact to advisors during these challenging times.

Until the first quarter of 2020, the subscription volume came to the previous year's top level. In the second quarter, due to the COVID-19 crisis, a substantial decrease was recorded. However, weekly reports at the end of the quarter again indicated strong gains. Capital Protection Certificates on sustainable underlyings were strongly demanded. This trend underpins the importance of including the topic – buoyed by regulatory framework – even more strongly into the future product range.

On 29 January 2020, Raiffeisen Centробank AG was awarded "Best Performance Austria" on the occasion of the Structured Retail Products (SRP) EMEA Awards in London. The award acknowledges Raiffeisen Centробank AG's long-standing accomplishments in offering the best possible product and service quality for private and institutional investors. In addition, Raiffeisen Centробank AG for the first time won the award "Best Distributor Slovakia". The award honored the very successful distribution partnership with the Slovak Raiffeisen subsidiary Tatra banka. Due to the COVID-19 pandemic, the Certificates Awards Austria, the most important industry awards of the Austrian certificates industry, were postponed from 07 May to 22 September 2020.

In the CEE region the sales volume in the first half of 2020 went up slightly by 7 per cent yoy to € 325 million despite the COVID-19 crisis. Following a particularly strong first quarter, the second quarter saw a temporary decrease of certificates' sales volumes in the wake of branch closures and emergency operation in almost all countries in the region. Intensified digital distribution initiatives mainly in the Private Banking units of the Raiffeisen network banks translated into the issue of 40 customized products for the CEE region enabling customers to benefit from attractive investment opportunities of Partial Protection and Capital Protection Certificates.

For the Structured Products segment (including the branch in Slovakia) operating income, excluding other operating income, came to € 12.5 million and undercut the previous year's level of € 15.0 million by 16 per cent. The decrease was mainly attributable to lower income in the primary market business which can be put down to the crisis-related temporary decrease of the subscription volume at the major distribution partners in Austria and the CEE region.

## Performance Indicators

### Financial Performance Indicators

in per cent	30/06/2020	30/06/2019
Return-on-Equity before tax (Result on ordinary activities / Core capital before deductions)	8.3	5.4
Return-on-Equity after tax (Net income for the period / Core capital before deductions)	6.6	4.1
Cost/income ratio (Operating expenses / Operating income)	68.2	78.8

Compared to the previous year's period, the result on ordinary activities recorded a substantial increase which translated into a rise of the Return-on-Equity before tax from 5.4 per cent to 8.3 per cent and of the Return-on-Equity after tax from 4.1 per cent to 6.6 per cent.

The cost/income ratio which had been at 78.8 per cent as at 30 June 2019 improved to 68.2 per cent because of the rise of operating income and the drop of operating expenses.

### Non-Financial Performance Indicators

	30/06/2020	30/06/2019
Employees as at 30/06	170	197
Average number of employees	181	194
Stock exchange memberships	10	10
Newly issued warrants and certificates	2,765	1,623

As at 30 June 2020, the number of employees at Raiffeisen Centробank AG amounted to 170, which, compared to 30 June 2019, represented a decrease of 27 employees (13 thereof were attributable to the demerger of the Investment Services department). On average, the staff decreased by 13 employees to 181 employees compared to the previous year's period.

Stock and derivatives exchange memberships came to 10 and remained unchanged to 30 June 2019 (for details kindly see the website of Raiffeisen Centробank AG: [www.rcb.at](http://www.rcb.at)).

In the first half of 2020, the number of newly issued warrants and certificates went up by 1,142 to 2,765, due to the material expansion of the flow product range. The number of products which are more relevant in terms of volumes as well as customized products rose from 109 in the first half of 2019 to 117 in the first half of 2020.

## Risk Report

### Principles

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



As a subsidiary of 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 (inter alia market, credit, liquidity risks, overall bank risk management)
- Operational Risk & ICS (non-financial risks)

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

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

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

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

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

## Risk Management System at Raiffeisen Centrobank AG

Raiffeisen Centrobank AG employs a comprehensive risk management system taking into account all legal, business and regulatory requirements. The applied processes and models are subject to ongoing review and further development. The key components of the risk management systems are 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 27).

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

As a subordinate company of RBI, Raiffeisen Centrobank AG is integrated into the ICAAP of RBI on a consolidated basis. The risk-bearing capacity analysis is prepared by RBI on a monthly basis both for the going concern (Value-at-Risk (VaR) with a confidence interval of 95 per cent) and target rating perspective (VaR with a confidence interval of 99.9 per cent) and is provided to Raiffeisen Centrobank AG to support the Management Board in managing the overall banking risk.

### 3. Internal Control System

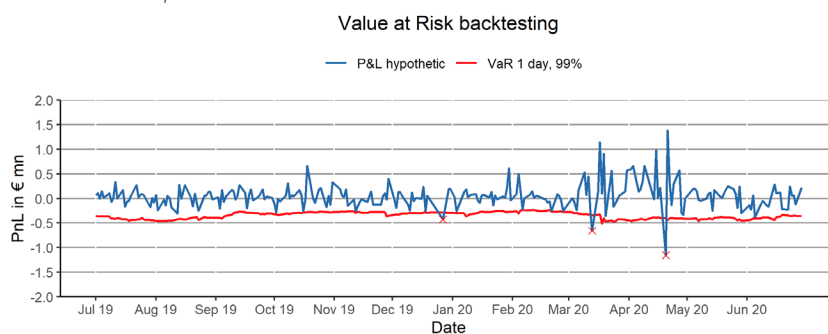
Raiffeisen Centrobank AG has implemented a company-wide modern Internal Control System that meets RBI Group standards. All key processes and imminent risks as well as other key risks of the Bank are documented, and controls are set up and reviewed accordingly. Once a year, the controls are reviewed in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

## Major Risks

### Market risk

Market risk is defined as the risk of possible losses in on and off-balance sheet positions arising from changes in market prices (equity and commodity prices, interest rates or exchange rates). As the main focus of Raiffeisen Centrobank AG's business activities is on securities trading and the issue of equity-and 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 2020, the VaR for equity and product-specific positions came to € 335 thousand (31 December 2019: € 288 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 01 July 2019 and 30 June 2020. In the period under review, backtesting revealed three VaR exceedances. This rise mirrors the increased volatility on the stock markets against the backdrop of the COVID-19 pandemic. The exceedances were in line with expectations at a confidence level of 99 per cent.

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

### Credit risk

Credit risk represents the default risk that arises from the inability of a counterparty to fulfil contractually agreed financial obligations, when services have been rendered (e.g. liquidity, securities) 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 (lombard lending) for private or corporate customers was transferred to Kathrein Privatbank Aktiengesellschaft on 31 March 2020 in the course of the demerger of the Investment Services department, being effective retroactively at the demerger date 30 June 2019.

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

### Operational risk

Operational risk is defined as the risk of unexpected losses resulting from internal processes and systems which are inadequate or have failed, from human error or from external events. This definition includes legal risk but excludes strategic and reputational risk. Operational risk is managed on the basis of the results of regular Bank-wide risk assessments, standardized key risk indicators, scenario analyses and Group-internal historical data. Cases of default in operational risk are registered in the Group-wide data basis ORCA (Operational Risk Controlling Application) and are grouped by business segment and type of event. Measures taken are also documented and linked with the case of default.

### Liquidity risk

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

The liquidity coverage ratio (LCR) serves to measure the Bank's liquidity supply in a defined stress scenario (combination of market and name crisis).

As at 30 June 2020, the LCR came to 137.5 per cent (31 December 2019: 291.1 per cent). Since January 2018, a minimum rate of 100 per cent has been mandatory on single-institution level. All key indicators confirmed the adequate liquidity supply of Raiffeisen Centrobank AG in the current 2020 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 2020 compared to 31 December 2019 as well as the respective minimum, maximum and average values for the current 2020 financial year.

	Key figure	Status	Limits	06/2020	12/2019	Change	Max <sup>1</sup>	Min <sup>1</sup>	Avg <sup>1</sup>
Pillar I	Total Capital Ratio	●	16% 18%	22.2%	20.8%	1.4 PP	22.7%	19.3%	21.2%
	CET 1 Ratio	●	16% 18%	22.2%	20.8%	1.4 PP	22.7%	19.3%	21.2%
	LCR	●	110% 130%	137.5%	29.1%	(153.6) PP	326.6%	137.5%	195.5%
Pillar II (internal capital)	Total Capital Ratio in Stress	●	13.0% 15.0%	22.2%	20.8%	1,4 PP	23.6%	19.3%	21.5%
	Economic Capital Utilization	●	45.0% 35.0%	18.5%	21.3%	(2.8) PP	22.0%	17.8%	19.5%
	Net Leverage Ratio	●	7.5% 9.0%	10.6%	12.9%	(2.3) PP	13.1%	7.8%	10.5%
	HQLA Buffer	●	60mn 120mn	256 mn	125 mn	131 mn	430 mn	164 mn	306 mn
Risk reward profile	RORAC	●	25.0% 30.0%	41.0%	44.2%	(3.2) PP	67.9%	41.0%	49.6%
	RORWA	●	1.55% 2.0%	2.1%	2.4%	(0.3) PP	3.3%	2.1%	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 the credit institution's own funds in relation to the Risk-Weighted Assets (RWAs).

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

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 HQLA (High-Quality Liquid Assets) Buffer measures the liquidity surplus which exceeds regulatory requirements and serves to safeguard that the required LCR is met.

The Total Capital Ratio in stress measures the Total Capital Ratio in the going concern scenario (1 year horizon, 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 horizon, 99.9 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).

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

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

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

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

On overall bank level, all key figures were stable and were above the respective internal limits and warning levels. The warning level for the Net Leverage Ratio was undercut at the due dates in March and April. This was attributable to the rise of total assets in the wake of liquidity investments. The internal warning levels and limits are defined conservatively, i.e. even if they are undercut, the regulatory levels are still complied with.

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

RWAs acc. to type of risk (in € million)	30/06/2020	31/12/2019	Change in %
Credit risk	81.0	79.8	1.6
Market risk	220.9	240.3	(8.1)
Operation risk	132.2	132.2	0.0
Equity participation risk	6.2	6.2	0.0
CVA risk	54.8	48.2	13.5
Other risks <sup>1</sup>	14.3	13.6	5.3
<b>Total RWAs</b>	<b>509.5</b>	<b>520.3</b>	<b>(2.1)</b>

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

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

Credit risk increased slightly mainly due to a strong rise of ETD (Exchange Traded Derivatives) margin deposits against the backdrop of rising volatilities in the COVID-19 crisis. In addition, the rise can be put down to the counterparty default risk which rose due to the hedging for the increased certificates' volume. The rise associated with hedging requirements for certificates issued by Raiffeisen Centrobank AG was also reflected in the RWAs of the Credit Value Adjustments (CVA). Market risk utilization was on a medium level, changes compared to the previous year's year-end were within the normal fluctuation range.

## Human Resources

As at 30 June 2020, Raiffeisen Centrobank AG had 170 employees which, compared to 31 December 2019 and 30 June 2019, represents a decrease of 25 and 27 employees.

The decrease was, on the one hand, attributable to the demerger of the Investment Services department to Kathrein Privatbank Aktiengesellschaft as at 31 March 2020 and, on the other hand, to the common fluctuation rate and the decision not to fill particular vacancies.

## Outlook

The economic outlook strongly depends on the further development of the COVID-19 pandemic. Several economic indicators improved noticeably in the past weeks; however, the forecast is still beset with considerable uncertainties. This is particularly due to rising case numbers in several regions at the middle of the year. Following the severe slump in economic activity in the first half of 2020, the removal of restrictions is expected to translate into a rebound in the third quarter and a sustained recovery in the fourth quarter of 2020. At the year-end the GDP, however, is likely to remain markedly below its starting value. The ECB should implement the adopted supporting measures by the end of the year. Despite the expected stock push, yields of German government bonds should continue to stick at low or negative levels. We expect the US Federal Reserve to keep the key rates unchanged for the foreseeable future.

Following the severe stock price slump in March, an impressive recovery began which turned out much stronger on the technology-focused US markets than in Europe. Despite economic uncertainties, we consider the monetary stimuli of the central banks in tandem with comprehensive support programs of the individual countries and the persistently low interest rate environment to display their positive effects on the stock markets.

In this challenging market environment Raiffeisen Centrobank AG is well prepared to make the most of the opportunities in this extraordinary situation. In the second half of 2020, the focus will be on the sustained development of existing business activities in tandem with strict cost discipline, further digitalization and efficiency enhancement. If the number of cases does not soar up to translate into major restrictions of public life, Raiffeisen Centrobank AG maintains a positive outlook for the second half of the year and expects to achieve a business result similar to the level achieved in the 2019 financial year.

The forthcoming two years will be a period of transformation for Raiffeisen Centrobank AG. On 17 June 2020, the Supervisory Board of RBI approved the two-phase integration of Raiffeisen Centrobank AG into RBI. In the first phase the demerger of the equity business of Raiffeisen Centrobank AG, i.e. the segments Global Equity Sales, Equity Capital Markets and Company Research, is being prepared. The remaining business segments Structured Products and Trading & Treasury are merged into RBI by the end of 2022. This transformation process is still subject to the approval of the responsible committees and supervisory bodies of Raiffeisen Centrobank AG and RBI, the approval of the Austrian Financial Market Supervision and the entry into the Commercial Register.

## Statement of Legal Representatives pursuant to Section 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, 24 August 2020  
The Management Board



Harald Kröger  
Chief Executive Officer



Heike Arbter  
Member of the Management Board

# Interim Financial Statements of Raiffeisen Centrobank AG as at 30 June 2020 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 2020

Assets	30/06/2020 in €	30/06/2020 in €	31/12/2019 in € thousand	31/12/2019 in € thousand
1. Deposits with central banks		440,436,034.89		51,093
2. Loans and advances to credit institutions				
a) repayable on demand	320,448,810.44		117,550	
b) other loans and advances	3,525,903,431.57	3,846,352,242.01	3,659,306	3,776,856
3. Loans and advances to customers		24,878,769.42		46,266
4. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	2,977,442.80		3,120	
b) issued by other borrowers	15,185,695.85	18,163,138.65	15,210	18,330
5. Shares and other variable-yield securities		191,247,626.76		335,160
6. Equity participations		5,140,014.88		5,140
7. Shares in affiliated companies		1,100,000.00		1,100
8. Intangible fixed assets		190,522.03		137
9. Tangible fixed assets thereof land and buildings used by the credit institution for own purposes: € 8,899,339.91 previous year: € 9,025 thousand		10,587,165.47		11,008
10. Other assets		141,458,893.06		193,663
11. Prepayments and other deferrals		2,894,680.10		1,263
12. Deferred tax assets		235,923.45		219
<b>Total assets</b>		<b>4,682,685,010.72</b>		<b>4,440,234</b>
<b>Off-balance sheet items</b>				
1. Foreign assets		552,482,722.06		548,201

Equity and liabilities	30/06/2020 in €	30/06/2020 in €	31/12/2019 in € thousand	31/12/2019 in € thousand
1. Liabilities to credit institutions				
a) repayable on demand	246,428.47		45,977	
b) with agreed maturity dates or periods of notice	836,212,549.15	836,458,977.62	6,001	51,978
2. Liabilities to customers				
a) repayable on demand	619,282.89		210,861	
b) with agreed maturity dates or periods of notice	0.00	619,282.89	255,627	466,489
3. Securitized liabilities				
a) issued securitized liabilities	1,686,306,021.24		1,826,606	
b) other securitized liabilities	1,533,381,290.54	3,219,687,311.78	1,667,950	3,494,556
4. Other liabilities		489,901,246.15		287,755
5. Accruals and deferred items		253,138.90		226
6. Provisions				
a) for severance payments	4,233,537.00		4,763	
b) for taxes	112,923.33		118	
c) other provisions	7,128,778.90	11,475,239.23	6,302	11,183
7. Subscribed capital		47,598,850.00		47,599
8. Capital reserves				
a) committed	6,651,420.71		6,651	
b) uncommitted	14,000,000.00	20,651,420.71	14,000	20,651
9. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	33,653,910.14	34,684,846.97	33,654	34,685
10. Liability reserve pursuant to Section 57 para. 5 Austrian Banking Act		13,538,860.00		13,539
11. Net profit for the period		7,815,836.47		11,573
<b>Total equity and liabilities</b>		<b>4,682,685,010.72</b>		<b>4,440,234</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		112,870,227.72		108,094
4. Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (Total Risk-Weighted Assets)		509,451,193.21		520,337
hereof: capital requirements pursuant to Article 92 para. 1				
hereof: capital requirements pursuant to Article 92 para. 1 lit (a)		22.16%		20.77%
hereof: capital requirements pursuant to Article 92 para. 1 lit (b)		22.16%		20.77%
hereof: capital requirements pursuant to Article 92 para. 1 lit (c)		22.16%		20.77%
5. Foreign equity and liabilities		448,384,573.03		689,550



## Income Statement for the First Half of 2020

	1-6/2020 in €	1-6/2020 in €	1-6/2019 in € thousand	1-6/2019 in € thousand
1. Interest and interest-like income		5,143,366.05		14,584
thereof fixed-interest securities	95,005.54		153	
2. Interest and interest-like expenses		(26,913,868.79)		(31,344)
<b>I. Net interest result</b>		<b>(21,770,502.74)</b>		<b>(16,760)</b>
3. Income from securities and financial investments		2,241,008.74		9,032
4. Fee and commission income		2,331,394.82		4,625
5. Fee and commission expenses		(4,568,482.02)		(5,245)
6. Net profit on financial trading activities		51,550,534.83		37,283
7. Other operating income		657,545.59		261
<b>II. Operating income</b>		<b>30,441,499.22</b>		<b>29,196</b>
8. General administrative expenses		(20,244,607.86)		(22,543)
a) staff expenses				
aa) wages and salaries	(9,050,262.71)		(9,635)	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	(1,947,261.28)		(2,122)	
cc) other social expenses	(116,905.22)		(218)	
dd) expenses for pensions and assistance	(214,051.90)		(200)	
ee) expenses for severance payments and contributions to severance funds	(124,917.39)		(566)	
	(11,453,398.50)		(12,741)	
b) other administrative expenses	(8,791,209.36)		(9,802)	
9. Value adjustments on asset items 8 and 9		(527,448.30)		(449)
10. Other operating expenses		(1,501.69)		(18)
<b>III. Operating expenses</b>		<b>(20,773,557.85)</b>		<b>(23,010)</b>
<b>IV. Operating result</b>		<b>9,667,941.37</b>		<b>6,186</b>
11. Loan loss provisions		24,203.47		149
<b>V. Result on ordinary activities</b>		<b>9,692,144.84</b>		<b>6,335</b>
12. Income taxes				
a) current income taxes	(1,403,466.41)		(1,123)	
thereof passed on from parent company for half year: € (1,038,346.00); (previous period: € (437) thousand)				
b) deferred taxes	16,436.45	(1,387,029.96)	13	(1,110)
13. Other taxes unless included in item 12		(622,372.27)		(446)
<b>VI. Net income for the period</b>		<b>7,682,742.61</b>		<b>4,779</b>
14. Changes in net assets through transfer		(397,541.03)		0
15. Changes in reserves		397,541.03		0
<b>VII. Profit for the period</b>		<b>7,682,742.61</b>		<b>4,779</b>
16. Profit carried forward		133,093.86		0
<b>VIII. Net profit for the period</b>		<b>7,815,836.47</b>		<b>4,779</b>

# Condensed Notes

## A. Accounting Policies

### General

The interim financial statements of Raiffeisen Centrobank AG as at 30 June 2020 have been prepared in accordance with the general accounting principles stipulated in the Austrian Commercial Code and the specific sectoral regulations as specified by the Austrian Banking Act. In accordance with the principles of proper accounting and taking into account standard practice as described in Section 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 Section 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.

On 13 January 2020 a demerger and absorption agreement was concluded in which Raiffeisen Centrobank AG as assigning company transferred, in the form of a demerger by absorption, its Investment Services department to Kathrein Privatbank Aktiengesellschaft as acquiring company pursuant to Section 1 para. 2 no. 2 Austrian Demerger Act (Spaltungsgesetz) and Article VI Reorganization Tax Act (Umgründungssteuergesetz) by universal succession with the effective date as of 30 June 2019 (demerger date) and on the basis of the audited closing balance sheet of Raiffeisen Centrobank AG as at 30 June 2019. Kathrein Privatbank Aktiengesellschaft did not issue any new shares in the course of the demerger by ab-

sorption. In the Extraordinary General Assembly of Raiffeisen Centrobank AG held on 13 January 2020 the demerger by absorption was approved.

The ECB approved the demerger by absorption of the Investment Services department of Raiffeisen Centrobank AG to Kathrein Privatbank Aktiengesellschaft by decision dated 27 February 2020. Upon entry into the commercial register on 01 April 2020 the demerger by absorption became legally effective. This demerger partially affects the comparability of the previous year's period balance sheet and income statement. Where material amounts are reported the impact of the demerger has been considered.

The condensed interim financial statements as at 30 June 2020 have been reviewed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft Wien.

### Accounting principles

Compared to the financial statements as at 31 December 2019, no changes have been made in the accounting policies. For details on accounting principles kindly see the individual financial statements of Raiffeisen Centrobank AG as at 31 December 2019 according to the Austrian Banking Act, available on 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 1.25 per cent (31/12/2019: 0.9 per cent).

## B. Notes to the Balance Sheet

### I. Deposits with central banks

The balance sheet item A 1, which encompasses deposits with the Austrian National Bank, amounted to € 440,436 thousand (31/12/2019: € 51,093 thousand). Prevailing regulations pertaining to liquidity and minimum reserves were observed.

## II. Loans and advances

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

as at 30/06/2020 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	320,331	406,244	269,414	1,985,539	864,825	3,846,352
Loans and advances to customers	24,372	507	0	0	0	24,879
Bonds, notes and other fixed-interest securities	0	0	10,489	7,674	0	18,163
Shares and other variable-yield securities	191,248	0	0	0	0	191,248
Other assets	56,977	4,543	6,435	58,778	14,726	141,459
	<b>592,927</b>	<b>411,294</b>	<b>286,338</b>	<b>2,051,991</b>	<b>879,551</b>	<b>4,222,101</b>

as at 31/12/2019 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Loans and advances to credit institutions	117,550	347,883	406,571	2,215,654	689,199	3,776,856
Loans and advances to customers	3,680	35,506	0	6,991	90	46,266
Bonds, notes and other fixed-interest securities	0	0	7,518	10,811	0	18,330
Shares and other variable-yield securities	335,160	0	0	0	0	335,160
Other assets	30,234	2,573	5,194	119,927	35,734	193,663
	<b>486,623</b>	<b>385,962</b>	<b>419,284</b>	<b>2,353,383</b>	<b>725,023</b>	<b>4,370,274</b>

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

as at 30/06/2020 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Loans and advances to credit institutions	3,372,895	0
Loans and advances to customers	0	507
Bonds, notes and other fixed-interest securities	7,511	0
Shares and other variable-yield securities	109	0
Other assets	110	8
	<b>3,380,625</b>	<b>515</b>

as at 31/12/2019 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Loans and advances to credit institutions	3,490,332	0
Loans and advances to customers	0	506
Bonds, notes and other fixed-interest securities	7,518	0
Shares and other variable-yield securities	110	0
Other assets	688	8
	<b>3,498,649</b>	<b>514</b>

“Loans and advances to credit institutions” included tradable money market deposits (solely RBI) in the amount of € 2,951,504 thousand (31/12/2019: € 2,933,576 thousand) serving as hedges for certificates issued by Raiffeisen Centrobank AG.

## III. Securities

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

as at 30/06/2020 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	2,527	18,161	18,163	18,163
Shares and other variable-yield securities, A 5	41,270	149,978	191,248	191,248
Equity participations, A 6	5,140	0	5,140	x
Shares in affiliated companies, A 7	1,100	0	1,100	x

as at 31/12/2019 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	0	18,330	18,330	18,330
Shares and other variable-yield securities, A 5	60,795	274,367	335,160	335,160
Equity participations, A 6	5,140	0	5,140	x
Shares in affiliated companies, A 7	1,100	0	1,100	x

As at 30/06/2020, balance sheet item A 4 included fixed-interest securities held for trading amounting to € 18,163 thousand (31/12/2019: € 18,330 thousand) of which € 10,489 thousand (31/12/2019: € 7,518 thousand) would fall due in the forthcoming year.

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

Unchanged to the previous year's period, the Bank directly held a minimum of 20 per cent of the shares in the subsequent companies as at 30/06/2020:

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

The economic relations of the companies are depicted in the notes to the financial statements of Raiffeisen Centrobank AG as at 31/12/2019 pursuant to the Austrian Banking Act.

#### V. Other assets

Balance sheet item A 10 "Other assets" totaling € 141,459 thousand (31/12/2019: € 193,663 thousand) referred primarily to purchase contracts from trading in derivative financial instruments reported at fair value as at 30/06/2020:

in € thousand	30/06/2020	31/12/2019
<b>Positive fair values of derivative financial instruments</b>		
from OTC options	84,363	162,650
from trading in EUREX options and futures	8,355	14,809
from trading in other options and futures	46,915	13,733
	<b>139,632</b>	<b>191,192</b>

In addition, loans and advances to foreign tax authorities in the amount of € 1,265 thousand (31/12/2019: € 1,040 thousand) were included. In the previous year, the item contained the settlement of Group charges (including capital yields tax charged to the Group) in the amount of € 556 thousand.

#### VI. Deferred tax assets

"Deferred tax assets" amounted to € 236 thousand (31/12/2019: € 219 thousand) as at 30/06/2020.

as at 30/06/2020 in € thousand	Deferred tax assets	Deferred tax liabilities
Loans and advances to credit institutions	5	0
Loans and advances to customers	16	0
Shares and other variable-yield securities	0	(267)
Prepayments and other deferrals	14	0
Provisions for severance payments	1,819	0
Other provisions	301	0
<b>Total</b>	<b>2,155</b>	<b>(267)</b>
<b>Balance</b>	<b>1,888</b>	<b>0</b>
Deferred tax assets as at 30/06/2020 (12.5%)	236	0

as at 31/12/2019 in € thousand	Deferred tax assets	Deferred tax liabilities
Loans and advances to credit institutions	8	0
Loans and advances to customers	25	0
Shares and other variable-yield securities	0	(267)
Prepayments and other deferrals	14	0
Provisions for severance payments	1,926	0
Other provisions	50	0
<b>Total</b>	<b>2,023</b>	<b>(267)</b>
<b>Balance</b>	<b>1,756</b>	<b>0</b>
Deferred tax assets as at 31/12/2019 (12.5%)	219	0

"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 tax relief in the future. Any tax relief beyond this rate cannot be assessed by the 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 30/06/2020 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Liabilities to credit institutions	246	762,199	73,977	9	29	836,459
Liabilities to customers	619	0	0	0	0	619
Securitized liabilities	0	105,431	221,145	1,826,650	1,066,462	3,219,687
Other liabilities	126,050	23,344	35,738	271,893	32,876	489,901
	<b>126,916</b>	<b>890,974</b>	<b>330,859</b>	<b>2,098,552</b>	<b>1,099,366</b>	<b>4,546,667</b>

as at 31/12/2019 in € thousand	repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
Liabilities to credit institutions	45,978	5,370	0	0	630	51,978
Liabilities to customers	210,861	4,129	6,631	244,867	0	466,489
Securitized liabilities	0	129,343	417,125	1,984,660	963,427	3,494,556
Other liabilities	106,756	39,651	33,552	105,790	2,006	287,755
	<b>363,595</b>	<b>178,493</b>	<b>457,309</b>	<b>2,335,318</b>	<b>966,063</b>	<b>4,300,778</b>

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

as at 30/06/2020 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	761,034	0
Other liabilities	8,524	2
	<b>769,558</b>	<b>2</b>

as at 31/12/2019 in € thousand	Liabilities to affiliated companies (direct/indirect > 50%)	Liabilities to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (< 50%)
Liabilities to credit institutions	4,931	0
Liabilities to customers	1,131	0
Other liabilities	2,976	2
	<b>9,038</b>	<b>2</b>

### VII.3. Securitized liabilities

The balance sheet item P 3 "Securitized liabilities" included issued and other securitized liabilities totaling € 3,219,687 thousand (31/12/2019: € 3,494,556 thousand), held for trading and allocated to the following product categories:

in € thousand	30/06/2020	31/12/2019
<b>Issued securitized liabilities</b>	<b>1,686,306</b>	<b>1,826,606</b>
Capital Protection Certificates	1,543,834	1,541,572
Reverse Convertible Bonds	142,472	285,034
<b>Other securitized liabilities</b>	<b>1,533,381</b>	<b>1,667,950</b>
Certificates with option character	1,524,657	1,654,733
Warrants	8,725	13,217
	<b>3,219,687</b>	<b>3,494,556</b>

"Securitized liabilities" in the amount of € 326,576 thousand (31/12/2019: € 546,468 thousand) would fall due in the next year.

#### VII.4. Other liabilities

The balance sheet item P 4 "Other liabilities" amounting to € 489,901 thousand (31/12/2019: € 287,755 thousand) referred primarily to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments.

in € thousand	30/06/2020	31/12/2019
<b>Negative fair values of derivative financial instruments</b>	<b>408,028</b>	<b>185,626</b>
from OTC options and forward exchange transactions	361,478	168,459
from trading in EUREX options and futures <sup>27,598</sup>	27,598	5,364
from trading in other options and futures	18,952	11,803
<b>Short-selling of trading assets</b>	<b>77,560</b>	<b>74,453</b>
	<b>485,588</b>	<b>260,079</b>

"Other liabilities" as at 30/06/2020 included liabilities with settlement character in the amount of € 731 thousand (31/12/2019: € 529 thousand), group charges in the amount of € 526 thousand (31/12/2019: € 44 thousand), liabilities to domestic tax authorities adding up to € 427 thousand (31/12/2019: € 787 thousand) and liabilities related to payroll accounting in the amount of € 635 thousand (31/12/2019: € 610 thousand). In addition, the item included a liability to the Austrian Financial Market Supervision coming to € 665 thousand, liabilities to foreign counterparties relating to index fees adding up to € 988 thousand (31/12/2019: € 465 thousand) and short-term charges derived from security trades not yet settled coming to € 203 thousand (31/12/2019: € 13,437 thousand). Compared to the previous year's period, the item also included a liability relating to an equity capital market transaction in the amount of € 11,512 thousand.

#### VIII. Provisions

Provisions were as follows:

in € thousand	30/06/2020	31/12/2019
<b>Provisions for severance payments</b>	<b>4,234</b>	<b>4,763</b>
<b>Provisions for taxes</b>	<b>113</b>	<b>119</b>
<b>Other provisions</b>	<b>7,129</b>	<b>6,302</b>
Provisions for bonus payments	1,989	2,449
Provisions for overdue vacation	1,599	1,293
Provisions for legal, auditing and consulting expenses	278	212
Provisions for litigation risks	0	233
Provisions for dividend charges/outstanding invoices in the securities segment	794	247
Provisions for outstanding invoices (others)	334	173
Provisions for outstanding license fees	350	0
Provisions for charged Management Board expenses	1,223	983
Provisions for market data risks	510	365
Sundry	52	347
	<b>11,475</b>	<b>11,183</b>

#### IX. Share capital and reserves

The **share capital** remained unchanged and was comprised of 655,000 no-par-value shares.

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

	%	Shares
RBI IB Beteiligungs GmbH, Vienna	100.00	654,999
Raiffeisen International Invest Holding GmbH, Vienna (previously Lexxus Services Holding GmbH, Vienna)	0.00	1
	<b>100.00</b>	<b>655,000</b>

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

**Capital reserves** amounted to € 20,651 thousand as at 30/06/2020, remained unchanged to the previous year (31/12/2019: € 20,651 thousand) and contained committed and uncommitted capital reserves adding up to € 6,651 thousand and € 14,000 thousand, respectively.

**Retained earnings** included legal reserves in the amount of € 1,031 thousand (31/12/2019: € 1,031 thousand) and other reserves totaling € 33,654 thousand (31/12/2019: € 33,654 thousand).

**Liability reserve** pursuant to Section 57 para. 5 Austrian Banking Act remained unchanged to the previous year, totaling € 13,539 thousand.

## X. Supplementary data

### Assets and liabilities in foreign currencies

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

in € thousand	30/06/2020	31/12/2019
Assets	949,653	1,415,100
Liabilities	789,360	1,217,538

### 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	30/06/2020	31/12/2019
Shares/mutual funds	103,629	266,706
Listed options	7,845	11,508
Futures	33,017	10,667
Warrants/certificates with option character	(1,518,672)	(1,575,382)
OTC options	(277,947)	(2,622)
Purchased bonds/tradable money market deposits	3,175,901	3,260,011
Issued Capital Protection Certificates and Reverse Convertible Bonds	(1,702,188)	(1,759,507)

### Volume of the securities trading book

As at the balance sheet date the securities trading book (notional amount) was made up as follows:

in € thousand	30/06/2020	31/12/2019
Securities	4,061,324	3,757,989
Other financial instruments	7,698,364	8,711,147
	<b>11,759,688</b>	<b>12,469,136</b>

### 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, factor, express and index/participation certificates), as well as Capital Protection 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 30/06/2020 were as follows:

as at 30/06/2020 in € thousand	Notional amount		thereof trading book	Fair value	
	Purchase	Sale		Positive	Negative
<b>1. Foreign exchange contracts</b>	<b>78,928</b>	<b>98,736</b>	<b>79,952</b>	<b>7,160</b>	<b>(42)</b>
<b>1.1. OTC products</b>	<b>46,387</b>	<b>98,736</b>	<b>47,411</b>	<b>6,067</b>	<b>(42)</b>
Forward foreign exchange contracts	0	97,712	0	0	(42)
Currency options/gold contracts	46,387	1,024	47,411	6,067	0
<b>1.2. Products traded on stock exchange</b>	<b>32,541</b>	<b>0</b>	<b>32,541</b>	<b>1,092</b>	<b>0</b>
Future foreign exchange contracts	32,541	0	32,541	1,092	0
<b>2. Equity contracts</b>	<b>7,865,313</b>	<b>2,091,182</b>	<b>9,956,495</b>	<b>130,030</b>	<b>(406,298)</b>
<b>2.1. OTC products</b>	<b>7,372,954</b>	<b>1,682,322</b>	<b>9,055,276</b>	<b>77,379</b>	<b>(361,094)</b>
Equity/index-based options	7,372,954	1,682,322	9,055,276	77,379	(361,094)
<b>2.2. Products traded on stock exchange</b>	<b>492,359</b>	<b>408,860</b>	<b>901,219</b>	<b>52,651</b>	<b>(45,204)</b>
Equity/index-based future contracts	205,074	67,569	272,643	36,231	(4,479)
Equity/index-based options	287,285	341,291	628,575	16,420	(40,725)
<b>3. Commodities/precious metals</b>	<b>102,806</b>	<b>936</b>	<b>103,742</b>	<b>2,086</b>	<b>(1,688)</b>
<b>3.1. OTC products</b>	<b>29,728</b>	<b>901</b>	<b>30,628</b>	<b>559</b>	<b>(343)</b>
Commodity and precious metal options	29,728	901	30,628	559	(343)
<b>3.2. Products traded on stock exchange</b>	<b>73,078</b>	<b>36</b>	<b>73,114</b>	<b>1,526</b>	<b>(1,346)</b>
Commodity and precious metal future contracts	73,078	36	73,114	1,526	(1,346)
<b>4. Other transactions</b>	<b>41,450</b>	<b>0</b>	<b>41,450</b>	<b>357</b>	<b>0</b>
<b>4.1 OTC products</b>	<b>41,450</b>	<b>0</b>	<b>41,450</b>	<b>357</b>	<b>0</b>
Other options	41,450	0	41,450	357	0
<b>Total OTC products</b>	<b>7,490,519</b>	<b>1,781,959</b>	<b>9,174,766</b>	<b>84,363</b>	<b>(361,479)</b>
<b>Total stock exchange traded products</b>	<b>597,978</b>	<b>408,896</b>	<b>1,006,874</b>	<b>55,270</b>	<b>(46,550)</b>
	<b>8,088,497</b>	<b>2,190,855</b>	<b>10,181,640</b>	<b>139,633</b>	<b>(408,028)</b>

The volumes of derivative financial instruments and unsettled forward transactions as at 31/12/2019 were as follows:

as at 31/12/2019 in € thousand	Notional amount		thereof trading book	Fair value	
	Purchase	Sale		Positive	Negative
<b>1. Foreign exchange contracts</b>	<b>71,982</b>	<b>117,361</b>	<b>73,008</b>	<b>5,018</b>	<b>(156)</b>
<b>1.1. OTC products</b>	<b>44,658</b>	<b>117,361</b>	<b>45,684</b>	<b>4,272</b>	<b>(156)</b>
Forward foreign exchange contracts	0	116,335	0	0	(156)
Currency options/gold contracts	44,658	1,026	45,684	4,272	0
<b>1.2. Products traded on stock exchange</b>	<b>27,324</b>	<b>0</b>	<b>27,324</b>	<b>747</b>	<b>0</b>
Future foreign exchange contracts	27,324	0	27,324	747	0
<b>2. Equity contracts</b>	<b>2,954,755</b>	<b>2,442,255</b>	<b>5,397,010</b>	<b>179,865</b>	<b>(185,401)</b>
<b>2.1. OTC products</b>	<b>2,029,634</b>	<b>1,817,926</b>	<b>3,847,559</b>	<b>154,968</b>	<b>(168,303)</b>
Equity/index-based options	2,029,634	1,817,926	3,847,559	154,968	(168,303)
<b>2.2. Products traded on stock exchange</b>	<b>925,121</b>	<b>624,330</b>	<b>1,549,451</b>	<b>24,897</b>	<b>(17,098)</b>
Equity/index-based future contracts	189,056	76,879	265,935	9,321	(2,258)
Equity/index-based options	736,065	547,451	1,283,516	15,576	(14,840)
<b>3. Commodities/precious metals</b>	<b>98,744</b>	<b>6,000</b>	<b>104,744</b>	<b>5,142</b>	<b>(69)</b>
<b>3.1. OTC products</b>	<b>30,507</b>	<b>6,000</b>	<b>36,507</b>	<b>2,244</b>	<b>0</b>
Commodity and precious metal options	30,507	6,000	36,507	2,244	0
<b>3.2. Products traded on stock exchange</b>	<b>68,237</b>	<b>0</b>	<b>68,237</b>	<b>2,898</b>	<b>(69)</b>
Commodity and precious metal future contracts	68,237	0	68,237	2,898	(69)
<b>4. Other transactions</b>	<b>41,450</b>	<b>0</b>	<b>41,450</b>	<b>1,167</b>	<b>0</b>
<b>4.1 OTC products</b>	<b>41,450</b>	<b>0</b>	<b>41,450</b>	<b>1,167</b>	<b>0</b>
Other options	41,450	0	41,450	1,167	0
<b>Total OTC products</b>	<b>2,146,249</b>	<b>1,941,287</b>	<b>3,971,201</b>	<b>162,650</b>	<b>(168,459)</b>
<b>Total stock exchange traded products</b>	<b>1,020,682</b>	<b>624,330</b>	<b>1,645,012</b>	<b>28,542</b>	<b>(17,167)</b>
	<b>3,166,931</b>	<b>2,565,617</b>	<b>5,616,213</b>	<b>191,193</b>	<b>(185,627)</b>

## C. Notes to the Income Statement

### I. Interest and similar income

in € thousand	first half of 2020	first half of 2019
from loans and advances to credit institutions	1,419	5,539
from loans and advances to customers	23	240
from fixed-interest securities	95	154
from structured products	3,607	8,651
	<b>5,143</b>	<b>14,584</b>

### II. Interest and similar expenses

in € thousand	first half of 2020	first half of 2019
for liabilities to credit institutions	(2,815)	(2,991)
for liabilities to customers	(48)	(3,053)
for securitized liabilities	(24,051)	(25,300)
	<b>(26,914)</b>	<b>(31,344)</b>

"Net interest result" in the amount of € 21,771 thousand was negative both in the first half of 2020 and the first half of 2019 (€ 16,760 thousand).

The rise in "Net interest result" to € minus 21,771 thousand (first half of 2019: € minus 16,760 thousand) was mainly due to higher coupon payments for securitized liabilities (structured products) adding up to € 3,794 thousand. Moreover, the demerger of the Investment Services department translated into a decrease of € 1,593 thousand.

Depending on the hedge, expenses for coupon payments for securitized liabilities were contrasted with interest income and with a positive valuation result from tradable money market deposits in the net profit on financial trading activities (trading profit). In the first half of 2020, coupon payments contained in the net interest result posted a rise compared to the previous year's period. In the first half of 2020, net valuations included in the net profit on financial trading activities increased accordingly.

Compared to the first half of 2019, interest income decreased by € 9,440 thousand to € 5,143 thousand. A decrease of € 5,044 thousand was mainly attributable to lower coupon income from structured products. Moreover, the demerger of the Investment Services department caused a decrease of interest income adding up to € 4,652 thousand.

Compared to the first half of 2019, interest expenses fell by € 4,430 thousand to € 26,914 thousand. The demerger of the Investment Services department resulted in a decrease of € 3,058 thousand. In addition, coupon payments for securitized liabilities also recorded a drop (€ 1,250 thousand).

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".

Further to the low interest rate environment in the first half of 2020 item "Net interest result" included expenses resulting from negative interest for loans and advances in the amount of € 1,521 thousand (first half of 2019: € 761 thousand). In contrast, the item included income derived from negative interest for liabilities in the amount of € 692 thousand (first half of 2019: € 91 thousand).

### III. Income from securities and financial investments

In the first half of 2020, "Income from securities and financial investments" posted a decrease to € 2,241 thousand (first half of 2019: € 9,032 thousand) due to lower dividend income from domestic and foreign shares in the wake of the COVID-19 crisis.

### IV. Net fee and commission result

"Net fee and commission result" in the amount of € minus 2,237 thousand (first half of 2019: € minus 620 thousand) was comprised of fee and commission income totaling € 2,331 thousand (first half of 2019: € 4,625 thousand) and fee and commission expenses in the amount of € 4,568 thousand (first half of 2019: € 5,245 thousand).

The decrease in the first half of 2020 was mainly due to lower income from paying agent commissions caused by deferred or cancelled dividend payments due to the COVID-19 crisis. Moreover, the demerger of the Investment Services department resulted in a decrease of € 569 thousand.

### V. Net profit on financial trading activities

"Net profit on financial trading activities" accounted for the major part of the operating income and went up substantially from € 37,283 thousand in the first six months of 2019 to € 51,551 thousand in the first half of 2020. This development can be put down to positive net valuations and net proceeds of derivatives and money market deposits held for hedging purposes in the amount of € 47,069 thousand (first half of 2019: € 64,743 thousand) as well as to the valuation and disposal of certificates and shares totaling € 4,740 thousand (first half of 2019: € minus 28,833 thousand).

In addition the valuation of spot, futures and forward contracts added up to € minus 258 thousand (first half of 2019: € 1,373 thousand).

### VI. Other operating income

The item included mainly income from the release of provisions in the amount of € 279 thousand (first half of 2019: € 212 thousand) and other income in the amount of € 377 thousand (first half of 2019: € 38 thousand). The rise was primarily attributable to higher other income because the Bank won an arbitration case and to charges to third parties related to the demerger of the Investment Services department.

### VII. Other administrative expenses

in € thousand	first half of 2020	first half of 2019
Office space expenses (maintenance, operation, administration, insurance)	(490)	(645)
Office supplies, printed matter, literature	(157)	(199)
IT costs	(1,550)	(1,636)
Communication costs	(571)	(498)
Information services	(2,405)	(2,108)
Car expenses and travelling expenses	(139)	(326)
Advertising and promotional expenses	(337)	(879)
Legal, advisory and consultancy services	(540)	(785)
Contributions to associations	(666)	(629)
Resolution fund	(1,087)	(973)
Sundry	(850)	(1,123)
	<b>(8,791)</b>	<b>(9,802)</b>

The decrease of "Other administrative expenses" was mainly due to the COVID-19 crisis (lower expenses for advertising and representation as well as travel expenses) and the demerger of the Investment Services department. "Sundry" in the amount of € 850 thousand (first half of 2019: € 1,123 thousand) mainly included expenses charged for the Management Board.

#### VIII. Other operating expenses

"Other operating expenses" in the amount of € 2 thousand (first half of 2019: € 18 thousand) primarily related to expenses charged by third parties.

#### IX. Net valuations and net proceeds

In the reporting period, "Net valuations and net proceeds" amounted to € 24 thousand (first half of 2019: € 149 thousand). The item contained mainly the current adjustment of general impairment allowances calculated pursuant to the methodology laid down in IFRS 9.

#### X. Income taxes and other taxes

Income taxes were made up as follows:

in € thousand	first half of 2020	first half of 2019
Group taxation for the period	(1,038)	(437)
Taxes for former periods (settlement of Group charge)	(26)	(44)
Not recognized as foreign withholding tax	(339)	(642)
<b>Current income taxes</b>	<b>(1,403)</b>	<b>(1,123)</b>
Deferred income taxes	16	13
<b>Income taxes</b>	<b>(1,387)</b>	<b>(1,110)</b>

#### XI. Deferred taxes

In the first half of 2020, income from deferred tax assets came to € 16 thousand (first half of 2019: € 13 thousand).

## D. Other Disclosures

#### Contingent liabilities

In accordance with Section 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 Einlagensicherung AUSTRIA Ges.m.b.H. The contingent liabilities derived from theoretical claims were reported at a market value of € 0.07.

#### Other contractual contingencies

The following assets were pledged as security for obligations as at 30/06/2020:

Item A 2 Loans and advances to credit institutions

€ 961,702 thousand (31/12/2019: € 425,516 thousand)  
Collateral deposited with banks for the securities and options business and securities lending

Item A 3 Loans and advances to customers

€ 24,372 thousand (31/12/2019: € 3,451 thousand)  
Collateral deposited with stock exchanges and other financial institutions for the securities and option business

Item A 4 Fixed-interest securities

€ 2,967 thousand (31/12/2019: € 3,078 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 in the amount of € 7,091 thousand on 30/06/2020 and 31/12/2019.

## Own funds

The own funds pursuant to part 2 CRR were as follows:

in € thousand or in per cent	30/06/2020	31/12/2019
Capital paid-in	47,599	47,599
Earned capital	68,875	68,875
<b>Core capital (tier 1 capital) before deductions</b>	<b>116,474</b>	<b>116,474</b>
Intangible fixed assets	(191)	(137)
Prudent valuation	(2,468)	(1,252)
Holdings in non-significant investments in financial sector entities	(946)	(6,992)
<b>Core capital (tier 1 capital) after deductions</b>	<b>112,870</b>	<b>108,094</b>
Supplementary own funds	0	0
<b>Core capital</b>	<b>112,870</b>	<b>108,094</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>112,870</b>	<b>108,094</b>
<b>Total Risk-Weighted Assets</b>	<b>509,451</b>	<b>520,337</b>
Core capital ratio, credit risk (core capital/Risk-Weighted Assets credit risk)	72.3%	73.1%
Core capital ratio, total (core capital/total Risk-Weighted Assets)	22.2%	20.8%
Own funds ratio (own funds/total Risk-Weighted Assets)	22.2%	20.8%

Own funds requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (total Risk-Weighted Assets) were as follows:

in € thousand	30/06/2020	31/12/2019
Risk-Weighted Assets (credit risk)	156,191	147,818
Standard approach	101,434	99,577
CVA (credit value adjustment) risk	54,757	48,241
Risk-Weighted Assets (position risk in bonds, equities, commodities and foreign currencies)	220,931	240,312
Risk-Weighted Assets (settlement and delivery risks)	137	16
Risk-Weighted Assets (operational risk)	132,191	132,191
<b>Total Risk-Weighted Assets</b>	<b>509,451</b>	<b>520,337</b>

Risk-Weighted Assets for the credit risk according to asset classes were as follows:

in € thousand	30/06/2020	31/12/2019
<b>Risk-Weighted Assets according to standard approach</b>	<b>101,434</b>	<b>99,577</b>
Governments and central banks	23	16
Institutions	75,780	50,978
Corporates	4,997	28,864
Equity participations	6,240	6,240
Other positions	14,395	13,479
<b>CVA risk</b>	<b>54,757</b>	<b>48,241</b>
	<b>156,191</b>	<b>147,818</b>

## Number of staff

	30/06/2020	Average for the period	30/06/2019	Average for the period
Salaried employees (incl. Management Board)	170	181	197	194
thereof part-time	36	39	42	41

## Overall return on assets

in € thousand or in per cent	30/06/2020	31/12/2019
Net income for the period	7,683	11,573
Balance sheet total	4,682,685	4,440,234
<b>Overall return on assets</b>	<b>0.2 %</b>	<b>0.3 %</b>

## Group relations

The company is an affiliated company of Raiffeisen Bank International AG (ultimate holding company), Vienna, and is integrated in its consolidated financial statements. The consolidated financial statements 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>	Harald Kröger Heike Arbter	Chief Executive Officer Member of the Management Board
<b>Supervisory Board</b>	Łukasz Januszewski Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman
	Hannes Mösenbacher Member of the Management Board, Raiffeisen Bank International AG, Vienna	Deputy Chairman
	Michael Höllner Plenipotentiary Raiffeisen Bank International AG	Member
	Andrii Stepanenko Member of the Management Board, Raiffeisen Bank International AG, Vienna	Member
	Christian Moucka General Management, Raiffeisenbank Region Baden	Member
	Matthias Zitzenbacher General Management, Raiffeisenbank Leoben-Bruck eGen (mbH)	Member
<b>State Commissioners</b>	Alfred Hacker Karl-Heinz Tscheppe	

### Significant Events after the Balance Sheet Date

The forthcoming two years will be a period of transformation for Raiffeisen Centrobank AG. On 17 June 2020, the Supervisory Board of RBI approved the two-phase integration of Raiffeisen Centrobank AG into RBI. In the first phase the demerger of the equity business of Raiffeisen Centrobank AG, i.e. the segments Global Equity Sales, Equity Capital Markets and Company Research, is being prepared. The remaining business segments Structured Products and Trading & Treasury are merged into RBI by the end of 2022. This transformation process is still subject to the approval of the responsible committees and supervisory bodies of Raiffeisen Centrobank AG and RBI, the approval of the Austrian Financial Market Supervision and the entry into the Commercial Register.

Vienna, 24 August 2020  
The Management Board



Harald Kröger  
Chief Executive Officer



Heike Arbter  
Member of the Management Board

# Report on the Review of the Condensed Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim financial statements of Raiffeisen Centrobank AG, Vienna, for the period from 1 January 2020 to 30 June 2020. These condensed interim financial statements comprise the balance sheet as at 30 June 2020, the income statement for the period from 1 January 2020 to 30 June 2020 and the condensed notes.

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

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

## Scope of review

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

## Conclusion

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

### Statement on the interim management report for the 6-month period ended 30 June 2020 and on management's statement in accordance with Section 125 Austrian Stock Exchange Act (BörseG)

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

The interim financial information contains the statement by management in accordance with Section 125 para. 1 no. 3 Austrian Stock Exchange Act.

Vienna, 24 August 2020

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

**Bernhard Mechtler**  
Austrian Chartered Accountant

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



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