SEMI-ANNUAL FINANCIAL REPORT 2013

RZB Group

Overview

RZB Group Monetary values in € million	2013	Change	2012
Income statement	**1/1-30/6**		**1/1-30/6**
Net interest income	1,939	7.9%	1,798
Net provisioning for impairment losses	(455)	11.7%	(407)
Net fee and commission income	788	9.0%	723
Net trading income	144	(7.1)%	155
General administrative expenses	(1,663)	7.0%	(1,555)
Profit before tax	573	(38.5)%	931
Profit after tax	419	(42.9)%	733
Consolidated profit	248	(50.1)%	497
Earnings per share	36.56	(36.73)	73.29
Statement of financial position	**30/6**		**31/12**
Loans and advances to banks	22,060	2.9%	21,430
Loans and advances to customers	84,259	(1.6)%	85,600
Deposits from banks	35,058	(8.7)%	38,410
Deposits from customers	66,802	0.5%	66,439
Equity	11,675	(4.1)%	12,172
Total assets	139,500	(4.4)%	145,955
Key ratios	**1/1-30/6**		**1/1-30/6**
Return on equity before tax	9.5%	(6.7) PP	16.2%
Return on equity after tax	6.9%	(5.8) PP	12.8%
Consolidated return on equity	6.8%	(8.1) PP	14.9%
Cost/income ratio	58.9%	0.5 PP	58.4%
Return on assets before tax	0.82%	(0.4) PP	1.21%
Net interest margin (average interest-bearing assets)	3.02%	0.39 PP	2.63%
Provisioning ratio (average loans and advances to customers)	1.07%	0.17 PP	0.89%
Bank-specific information	**30/6**		**31/12**
Risk-weighted assets (credit risk)	71,945	(0.3)%	72,198
Total own funds	12,326	(2.7)%	12,667
Total own funds requirement	6,963	0.0%	6,965
Excess cover ratio	77.0%	(4.9) PP	81.9%
Core tier 1 ratio, total	10.2%	(0.7) PP	10.9%
Tier 1 ratio, credit risk	13.0%	(0.8) PP	13.8%
Own funds ratio	14.2%	(0.4) PP	14.5%
Resources	**30/6**		**31/12**
Employees as of reporting date	59,502	(2.0)%	60,694
Business outlets	3,066	(1.6)%	3,115

Content

In this report "RZB" denotes the "RZB Group".

If "RZB AG" is used it denotes Raiffeisen Zentralbank Österreich AG.

Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are not based on rounded amounts.

Semi-Annual Group Management Report

Market trends

Economic forecast for Austria: cautiously optimistic

The winter of 2012/2013 was expected to be the low point for economic momentum for Austria and the entire Eurozone. Forecasts call for the economy to undergo a moderate recovery starting in the second quarter of 2013, a trend that is likely to continue into the first half of 2014. A significant upswing is unlikely in view of the generally weak trend in key leading indicators in Austria thus far. Full-year real GDP growth of 0.5 per cent is expected for 2013, following a figure of 0.9 per cent in 2012, while the Austrian economy is projected to grow in real terms by 1.5 per cent in 2014.

General inflation measured in terms of the Harmonized Index of Consumer Prices is expected to fall further over the coming months and reach 1.9 per cent for the year as a whole. This trend is likely to continue in 2014 (2014: 1.8 per cent).

Diminished growth in CEE

Following an increase of 2.1 per cent in 2012, economic growth in Central and Eastern Europe (CEE) is expected to be as low as 1.5 per cent based on current projections. The trend of weaker GDP growth persisted particularly in the first quarter of 2013 – with the exception of Hungary and Romania. This was due, on the one hand, to the weak economy in the Eurozone, which mainly impacted small, open and export-driven economies. The economic slowdown was also a result of poor domestic demand. In the second quarter of 2013, the initial signs that the economy is slowly recovering emerged, which is expected to further stabilize economic momentum and improve growth in CEE in the second half of the year. Economic growth of 2.0 per cent is anticipated for the entire CEE region in 2014.

Central Europe (CE) – Poland, Slovakia, Slovenia, the Czech Republic and Hungary – is the most economically advanced region in CEE. With the exception of Poland, the economies in CE are small, open and largely dependent on exports to the Eurozone. As a result, they were hit hard by the cooldown of the Eurozone economy (with a two-year recession in 2012 and 2013). Consequently, economic growth in the CE region is likely to be just as weak as in 2012 (0.6 per cent) at 0.5 per cent. Despite a slowdown in the first quarter of 2013, Poland and Slovakia saw growth year-on-year. Even though Hungary exhibited negative growth of 0.9 per cent for the year, the trend still improved from the previous quarters. Economic output shrank by 2.2 per cent in the Czech Republic and by as much as 4.8 per cent from the previous year in Slovenia. An economic upturn is projected for CE in 2014 which will likely be reflected in economic growth of 2.1 per cent.

The economy in Southeast Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Croatia, Romania and Serbia – is expected to recover with growth of 1.4 per cent in 2013 following another year of stagnation in this region in 2012. Romania, Serbia and Bosnia and Herzegovina have overcome the 2012 recession and are currently reporting slightly positive growth rates. The recession in Croatia is likely to persist in 2013, and Bulgaria will presumably benefit less from the regional upswing in 2013. Overall improvement in the growth trend to 2.0 per cent is expected for all SEE in 2014. Particularly in view of the structural reforms in many countries in this region, there is potential for improved development.

The countries in the Community of Independent States (CIS) – Belarus, Russia and the Ukraine – were much less impacted by the events in the Eurozone than countries in CE and SEE. Russia also benefited from a relatively high and stable oil price over the last few years. Against this backdrop, the region partially avoided the effects of weak growth in the Eurozone. However, in 2012, the first signs appeared indicating that the upswing was slowing and economic growth fell to 3.1 per cent. Particularly since the second half of 2012, the CIS region has also no longer been able to escape the global environment. The Ukraine's economically important steel industry weakened significantly. Weaker exports and fewer investments resulted in lower economic growth. Moreover, at the end of 2012, domestic demand, which had propped up the economy thus far, came under pressure – a trend that is likely to persist far into 2013. The economy of the CIS region is thus anticipated to grow by 1.9 per cent in 2013; an increase of 2.0 per cent is projected for 2014.

Year-on-year percentage change in real GDP

Region/country	2012	2013e	2014f	2015f
Poland	1.9	1.2	2.5	3.0
Slovakia	2.0	0.9	2.0	3.0
Slovenia	(2.3)	(2.5)	0.0	1.5
Czech Republic	(1.2)	(0.7)	1.9	2.4
Hungary	(1.7)	0.5	1.5	1.5
CE	**0.6**	**0.5**	**2.1**	**2.6**
Albania	1.6	2.0	3.5	4.0
Bosnia and Herzegovina	(1.3)	0.2	1.5	3.5
Bulgaria	0.8	0.5	2.5	3.5
Croatia	(2.0)	(0.5)	1.0	1.5
Kosovo	3.0	3.0	3.0	4.0
Romania	0.7	2.5	2.0	2.5
Serbia	(1.7)	1.0	2.0	3.0
SEE	**0.0**	**1.4**	**2.0**	**2.7**
Belarus	1.5	2.0	3.0	4.0
Russia	3.4	2.0	2.0	2.5
Ukraine	0.2	1.0	1.5	2.5
CIS	**3.1**	**1.9**	**2.0**	**2.5**
CEE	**2.1**	**1.5**	**2.0**	**2.6**
Austria	**0.9**	**0.5**	**1.5**	**1.5**
Germany	**0.9**	**0.5**	**1.8**	**1.3**
Eurozone	**(0.5)**	**(0.7)**	**1.2**	**1.3**

Earnings, financial and assets position

Despite the ongoing difficult market environment and muted macroeconomic expectations, RZB generated a profit before tax of € 573 million in the first half of 2013. The € 359 million decline versus the comparable period was primarily due to the one-off effects in 2012, in which proceeds of a total of € 272 million had been generated from the sale of bonds and the buyback of hybrid tier 1 capital. Whereas net income from derivatives and liabilities declined by € 160 million in the first half of 2013, the increase in net fee and commission income, and net interest income – particularly as a result of the improved net interest margin and greater contribution to earnings by companies valued at equity – spurred operating income and hence profit before tax.

Operating income rose 6 per cent or € 159 million versus the comparable period to € 2,825 million. Net interest income surged sharply, with the net interest margin (calculated on interest-bearing assets) improving by 39 basis points to 3.02 per cent due to deposit repricing, a reduction in surplus liquidity and a greater contribution from companies valued at equity. Despite a substantially smaller volume, this resulted in an 8 per cent increase in net interest income to € 1,939 million. Net fee and commission income climbed € 65 million, underpinned by price adjustments in some markets, on the one hand, and larger transaction volume, on the other. However, net trading income declined € 11 million versus the comparable period to € 144 million. Other net operating income also came to a negative € 36 million due to increased bank levies and the newly introduced transaction tax in Hungary. In this regard, the Hungarian bank levy was booked upfront for the full year 2013 in the second quarter in accordance with IFRS standards (IFRIC 21).

General administrative expenses rose 7 per cent or € 108 million versus the comparable period to € 1,663 million primarily as a result of the consolidation and integration of Polbank in May 2012. In addition, salary adjustments in Russia were responsible for this increase. Positive effects arose from the ongoing cost-cutting programs in some countries. The number of branches dropped by 96 year-on-year to 3,066 mainly as a result of efforts to optimize the branch network following the merger with Polbank.

Net provisioning for impairment losses on loans and advances rose 12 per cent or € 407 million over the comparable period to € 455 million. Portfolio-based loan loss provisions of € 91 million were posted in the comparable period of the previous year, whereas net allocations of € 20 million were necessary in the first half of 2013. At € 443 million, individual loan loss provisions were down 12 per cent on the previous year.

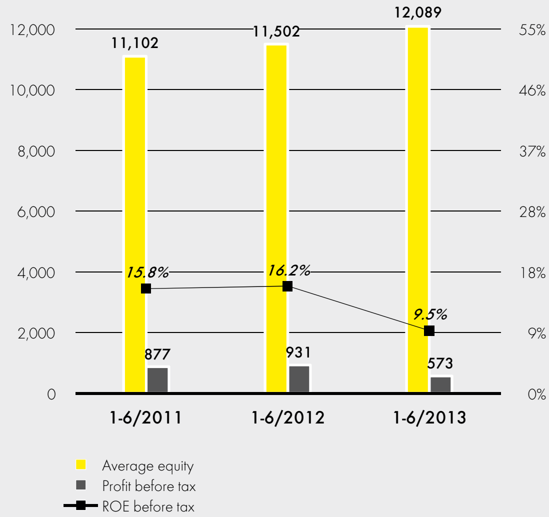
During the period under review, net income from derivatives and liabilities remained negative, dropping from minus € 23 million to minus € 183 million. The valuations for credit spreads on own liabilities included in this item resulted in a valuation loss of € 134 million, compared to € 58 million in the comparable period, due to a substantial reduction in CDS premiums for RBI in the wake of the stabilization of the financial markets. The partial buyback of hybrid bonds had generated net income of € 113 million in the comparable period.

Net income from financial investments contracted from € 253 million in the comparable period to € 64 million. In this regard, the sale of securities from the portfolio held by RBI AG to meet the capital ratio stipulated by the European Banking Authority (EBA) had generated net proceeds of € 159 million in the comparable period. In the first half of 2013, the valuation of the fair-value portfolio of securities resulted in a gain of € 26 million. Sales of equity particpations generated proceeds of around € 40 million in the reporting period.

Profit after tax for the first half of 2013 came to € 419 million. This is a decline of 43 per cent or € 314 million versus the comparable period. The tax rate, at 27 per cent, was 6 percentage points higher than the comparable rate last year. Profit attributable to non-controlling interests dropped € 65 million to € 171 million specifically due to the one-off effects that had occurred in the previous year at RBI AG. After the deduction of profit attributable to non-controlling interests, consolidated profit amounted to € 248 million, equivalent to a year-on-year decline of € 249 million.

Development of profit and return on equity

In € million



Changes in consolidated group

In the consolidated group of RZB, two effects impacted the comparability:

In May 2013, A-Leasing S.P.A., Treviso, and two special finance companies were consolidated for the first time due to the acquisition of a majority interest and control. This had an effect of around € 820 million on the statement of financial position, primarily in the form of loans and advances to customers. The goodwill arising from the transaction was impaired due to the absence of any recoverable value. The provision of € 70 million that had been recognized in 2012 was netted; the effect on the income statement was minus € 6 million.

In May 2012, Polbank E.F.G., Warsaw, was included in the consolidated financial statements for the first time. Further details can be found in the Annual Report 2012.

Comparison of results year-on-year

In € million	1/1-30/6/2013	1/1-30/6/2012	Change absolute	Change in %
Net interest income[1]	1,939	1,798	142	7.9%
Net fee and commission income	788	723	65	9.0%
Net trading income[1]	144	155	(11)	(7.1)%
Other net operating income[2]	(47)	(11)	(36)	336.3%
Operating income	**2,825**	**2,666**	**159**	**6.0%**
Staff expenses[3]	(845)	(792)	(53)	6.7%
Other administrative expenses	(621)	(574)	(46)	8.0%
Depreciation	(198)	(188)	(10)	5.1%
General administrative expenses[3]	**(1,663)**	**(1,555)**	**(108)**	**7.0%**
Operating result	**1,162**	**1,111**	**51**	**4.6%**
Net provisioning for impairment losses	(455)	(407)	(48)	11.7%
Other results[4]	(134)	228	(362)	–
Profit before tax	**573**	**931**	**(359)**	**(38.5)%**
Income taxes	(154)	(198)	44	(22.3)%
Profit after tax	**419**	**733**	**(314)**	**(42.9)%**
Profit attributable to non-controlling interests	(171)	(237)	65	(27.6)%
Consolidated profit	**248**	**497**	**(249)**	**(50.1)%**

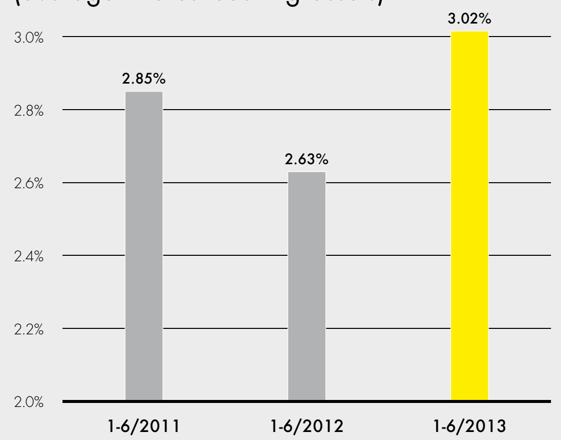
1 Reclassification of a foreign exchange derivative-related interest component.
2 Excl. impairment of goodwill.
3 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).
4 Incl. impairment of goodwill.

Net interest income

In the first six months of 2013, net interest income rose 8 per cent or € 142 million versus the comparable period of 2012 to € 1,939 million. At 69 per cent, this item again remains the largest component of operating income. The decline in interest income caused by a lower volume of loans was fully offset by reduced interest expense on customer deposits. Interest income from derivative financial instruments rose 30 per cent or € 49 million to € 211 million (chiefly at RBI AG). In addition, the current income from associates was up € 48 million, rising to € 88 million primarily as a result of the substantial improvement in earnings at UNIQA Versicherungen AG.

The net interest margin widened by 39 basis points versus the previous year to 3.02 per cent, which was mainly attributable to the positive effects of deposit repricing, a reduction in the liquidity held at low interest rates and the greater contributions of the companies valued at equity.

Development of the net interest margin (average interest-bearing assets)



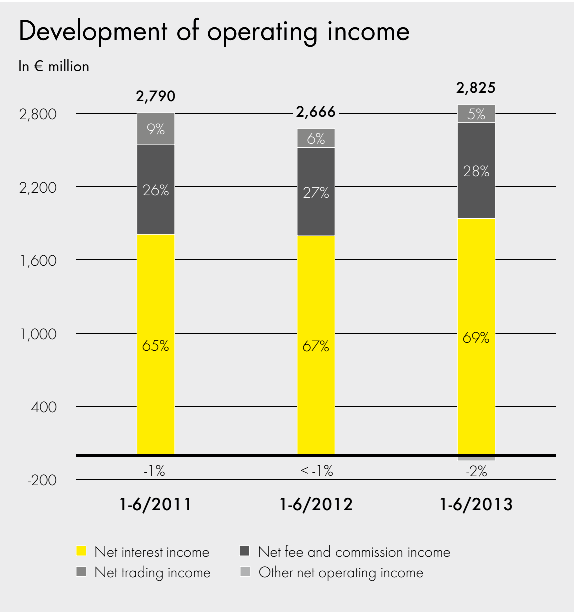
This positive performance was primarily underpinned by RBI AG due to higher interest income from derivative financial instruments, repricing measures in the deposit business of several Group units and strong lending business in Russia and Belarus. Net interest income dropped in the Czech Republic and Bulgaria on account of a decline in the volume of business with retail and corporate customers as well as lower market interest rates. In Hungary, lower interest income from derivative financial instruments as well as a similarly smaller lending volume resulted in a decline in net interest income.

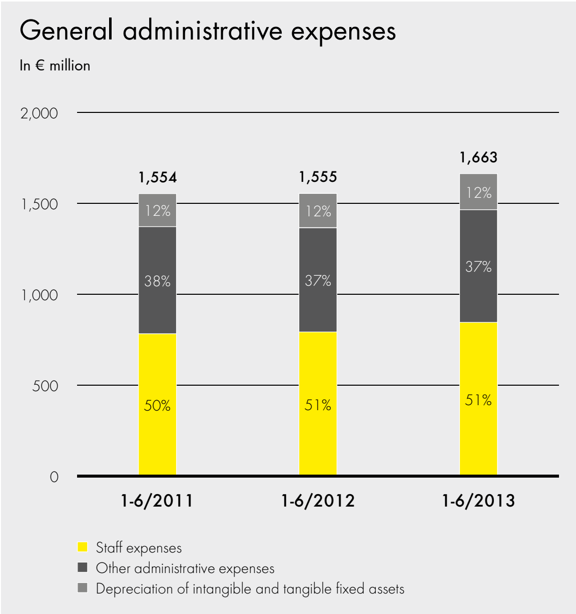
A contrary trend emerged in Poland, where net interest income was up. However, only a limited comparison with the previous year is possible due to differences in the allocation of individual interest-bearing transactions as a result of the integration of Polbank. In Ukraine, net interest income fell because of a lower volume of business with retail and corporate customers and higher expenses for customer deposits. The decline in net interest income in Romania is chiefly due to lower market interest rates and a drop in interest income from securities.

Net fee and commission income

Net fee and commission income rose € 65 million or 9 per cent versus the comparable period to € 788 million. Of this growth, € 34 million or 52 per cent is attributable to a material improvement in earnings on payment transfer business chiefly as a result of fee hikes in Hungary, the integration of Polbank in Poland and the volume-driven increase in income from the credit-card business in Russia.

Net income from the securities business widened by € 18 million or 33 per cent for volume-related reasons primarily at RBI AG and in Hungary. A greater volume of investment and pension funds under management also resulted in an increase of € 6 million or 65 per cent primarily in Slovakia and Croatia. Net income from the sale of own and third party products rose € 5 million or 29 per cent for volume-related reasons, mainly in Poland and Ukraine. Net income from other bank services was higher, with the Czech Republic and Russia posting the greatest gains thanks to higher fee and commission income from structured financing and collections.





Net trading income

Net trading income declined € 11 million or 7 per cent versus the previous year to € 144 million. RBI AG posted a € 40 million decline in interest-based transactions due to valuation losses on derivative financial instruments. However, this drop was largely offset by improved earnings on equity and index-related business, in credit derivative business and in other business. Interest-based business shrank by € 14 million in Russia due to valuation losses on securities positions. A € 5 million decline was recorded in Croatia, where higher income had been generated in the previous year as a result of a greater volume of trading activity in relatively more favorable market conditions. Interest-based transactions contracted the most sharply in Poland due to the extraordinarily high net income recorded in 2012. Net income from capital guarantees issued by RBI AG improved by €11 million versus the previous year.

Other net operating income

Other net operating income fell from minus € 11million in the comparable period of the previous year to minus € 47 million in the reporting period. The decline was attributable particularly to a € 63 million increase in bank levies in Hungary and Slovakia as well as the newly introduced financial transaction tax in Hungary. The latter was partially offset by increased fee and commission income. At the same time, the Hungarian bank levy was booked upfront for the full year 2013 in accordance with an IFRS interpretation published in May (IFRIC 21). The release of provisions for valued-added tax liabilities in Poland and improved net income from operating leases made a positive contribution to net other operating income.

General administrative expenses

General administrative expenses rose € 108 million over the comparable period to €1,663 million largely due to the consolidation and integration of Polbank in May 2012. This caused the cost/income ratio to widen by 0.5 percentage points to 58.9 per cent despite the increased operating income.

Staff expenses – at 51 per cent the largest component in general administrative expenses – rose 7 per cent or € 53 million to € 845 million. This increase stemmed mainly from the consolidation of Polbank as well as salary adjustments in Russia and collective contractual increases in Austria. On the other hand, cost-cutting in Ukraine and reduced employee numbers in Hungary had a positive effect.

The average number of employees (full-time equivalents) dropped by 2,247 versus the previous year to 60,012. The greatest declines occurred in Ukraine (down 1,317), Romania (down 533), Hungary (down 142) and Bulgaria (down 135).

Other administrative expenses climbed 8 per cent or € 46 million to € 621 million. Although some countries posted considerable reductions, the consolidation of Polbank, the outsourcing of IT activities at RBI AG and stepped-up advertising campaigns in Russia resulted in an increase.

Depreciation/amortization of tangible and intangible assets climbed 5 per cent or € 10 million to € 198 million chiefly as a result of the consolidation of Polbank and the impairments recognized on buildings in Russia.

Net provisioning for impairment losses on loans and advances

Net provisioning for impairment losses on loans and advances rose 12 per cent or € 48 million versus the previous year to € 455 million. This was primarily due to portfolio-based loan loss provisions for which there had been releases of € 91 million in the comparable period of the previous year – chiefly at RBI AG and in Russia. On the other hand, new allocations to portfolio-based loan loss provisions came to € 20 million in the reporting period.

Net allocations to individual loan loss provisions dropped € 61 million to € 443 million primarily in Central Europe and CIS other as well as in China. In Russia, the sale of receivables and updated collateral valuations resulted in net releases of individual loan loss provisions in the first half of 2013. On the other hand, net allocations rose € 13 million in Southeastern Europe, where substantially higher individual loan loss provisions were recognized in Croatia for both corporate and retail customers. Net allocations were also up € 6 million for Austrian leasing activities.

The provisioning ratio, based on the average volume of loans and advances to customers, increased 17 basis points to 1.07 per cent.

Other results

Other results, which consist of net income from derivatives and liabilities, net income from financial investments, goodwill amortization and net income from the disposal of Group assets, dropped from plus € 228 million in the comparable period of the previous year to minus € 134 million.

Net income from financial investments declined 75 per cent or € 190 million to € 64 million. In this regard, the sale of securities at Group head office to satisfy EBA requirements had generated net proceeds of € 159 million in the previous year. In addition, the sale of other securities in the comparable period had resulted in net income of € 45 million.

In contrast, net proceeds from sales in these securities categories came to only € 8 million in the reporting period. The valuation of the fair-value portfolio of securities thus declined by € 24 million over the comparable period of the previous year to € 26 million. In the first half of 2013, net proceeds from the sale of equity participations, chiefly in Russia and Ukraine, climbed by € 28 million to € 40 million. The valuation of equity participations – primarily in Slovakia and the Czech Republic – resulted in a loss of € 11 million, after minus € 2 million in the comparable period of the previous year.

Net income from derivatives and liabilities dropped € 160 million to minus € 183 million. The valuations for credit spreads on own liabilities included in this item resulted in a € 76 million increase in the valuation loss to € 134 million in the reporting period. In the previous year, net income of € 113 million was generated from the partial buyback of hybrid bonds. Net income from the valuation of derivatives entered into for hedging purposes totaled minus € 158, compared with plus € 29 million in the same period of the previous year.

Net income from the disposal of Group assets dropped € 5 million over the comparable period to minus € 6 million due to the disposal of companies with revenues or assets below the materiality threshold.

Income taxes

Current taxes rose 26 per cent or € 43 million to minus € 207 million. The tax rate amounted to 27 per cent, up from 21 per cent in the previous year due to partially non-allowable tax losses. Income tax expense fell € 44 million over the previous year to € 154 million. Deferred taxes rose from minus € 34 million to plus € 53 million chiefly as a result of the change in the valuation result from own liabilities and derivatives.

Statement of financial position

Compared to year-end 2012, RZB´s total assets declined by 4 per cent or € 6.5 billion to € 139.5 billion. The decrease of 11 per cent or € 17.7 billion year-on-year was more pronounced. This is mainly due to the continued reduction in excess liquidity.

Assets

Assets in € million	30/6/2013	Share	31/12/2012	Share
Loans and advances to banks (less impairment losses)	21,919	15.7%	21,257	14.6%
Loans and advances to customers (less impairment losses)	78,477	56.3%	80,058	54.9%
Financial investments	20,488	14.7%	18,684	12.8%
Other assets	18,616	13.3%	25,956	17.8%
Total assets	**139,500**	**100.0%**	**145,955**	**100.0%**

Loans and advances to banks after deduction of impairment losses rose by € 0.7 billion to € 21.9 billion. While the interbank business declined by € 0.6 billion, short-term loans from the giro and clearing business increased by € 1.0 billion. An increase of 12 per cent or € 0.3 billion was also reported in long-term loans.

Compared to year-end 2012, loans and advances to customers after deduction of impairment losses fell € 1.6 billion to € 78.5 billion, mainly due to a decrease of € 0.8 billion in receivables from repurchase and securities lending transactions. Credit business with corporate customers declined € 1.6 billion, notably in Austria and Asia. In contrast, business with retail customers increased by € 0.2 billion, particularly in Russia while it fel in Poland also due to currency effects.

The item financial investments rose € 1.8 billion to € 20.5 billion due to the acquisition of highly liquid securities. Other assets were down by € 7.3 billion to € 18.6 billion primarily as a result of the reduction in the cash reserve and derivatives.

Equity and liabilities

Total equity and liabilities in € million	30/6/2013	Share	31/12/2012	Share
Deposits from banks	35,058	25.1%	38,410	26.3%
Deposits from customers	66,802	47.9%	66,439	45.5%
Own funds	15,472	11.1%	16,057	11.0%
Other liabilities	22,169	15.9%	25,049	17.2%
Total equity and liabilities	**139,500**	**100.0%**	**145,955**	**100.0%**

Refinancing volume via banks (mainly commercial banks) fell by € 3.4 billion to a total of € 35.1 billion since year-end 2012 due towithdrawals of liquidity reserves in short-term deposits.

In contrast, deposits from customers rose slightly by € 0.4 billion to € 66.8 billion. While short-term deposits from corporate customers exhibited an increase of € 0.6 billion and deposits from the public sector (mainly in Russia) grew by € 0.7 billion, deposits from retail customers were lower by € 1.0 billion. The largest declines – mainly caused by repricing measures – were reported in Poland (minus € 0.7 billion), in the Czech Republic (minus € 0.2 billion) and in Hungary (minus € 0.2 billion).

Other liabilities decreased by € 2.9 billion to € 22.2 billion. Debt securities issued declined by € 1.3 billion; trading liabilities were mainly reduced in RBI AG by € 2.7 billion.

Funding structure

In € million	30/6/2013	Share	31/12/2012	Share
Customer deposits	66,802	56.8%	66,439	54.4%
Medium- and long-term refinancing	22,001	18.7%	23,786	19.5%
Short-term refinancing	25,106	21.3%	27,929	22.9%
Subordinated liabilities	3,796	3.2%	3,885	3.2%
Total	**117,705**	**100.0%**	**122,039**	**100.0%**

The efforts to diversify financing sources continued in wholesale funding in 2013. One focus is working actively with supranational institutions, while another priority is local funding sources. In the second quarter of 2013, RBI AG provided financing for a substantial share of the Group units.

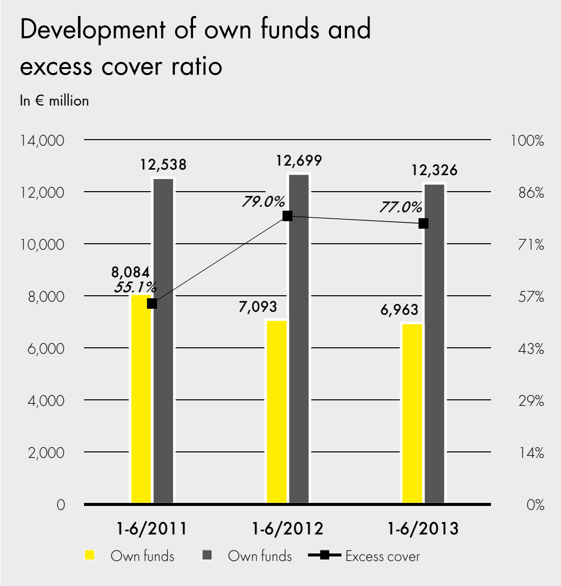
RZB continued to cover its funding needs above target in the second quarter of 2013. The good liquidity position made a buy-back scheme for an outstanding bond possible in July. The bond with a total volume of € 1.5 billion and a maturity of five years was issued with a guarantee by the Republic of Austria in 2009. More than € 562 million in bonds were repurchased under the scheme, thus reducing excess liquidity and current financing costs.

A subordinated benchmark bond was placed on the Swiss market in May. The bond with a volume of CHF 250 million and a maturity of 10 years is callable once after five years. The coupon is 4 per cent p.a.

Equity on the statement of financial position

The bank's equity on the statement of financial position – consisting of the consolidated equity, consolidated profit and the capital of the non-controlling interests –decreased by 4 per cent or € 497 million to € 11,675 million since year-end 2012. This decrease is primarily attributable to the dividend payments of € 534 million.

Total comprehensive income amounted to € 45 million and includes, in addition to the profit after tax of € 419 million, the effect of changes in foreign currency totaling minus € 263 million caused mainly by the devaluation of the Russian rouble and Polish zloty, each by 6 per cent. In addition, the application of hyperinflation accounting had a positive effect of € 15 million on other comprehensive income . Changes in equity of companies valued at equity resulted in a loss of € 77 million. Income from available-for-sale financial assets that was essentially caused by the reclassification of realized gains to the income statement, made a negative contribution of minus € 34 million as well as the result from cash flow hedging of minus € 22 million.



Regulatory own funds

As of 30 June 2013, RZB's consolidated own funds pursuant to BWG amounted to € 12,326 million which represents a drop of € 341 million mainly resulting from the negative currency movements of the Russian rouble and Polish zloty. Additional own funds were lower by € 120 million, amounting to € 3,174 million, due to the early bond buybacks; short-term subordinated capital fell € 23 million to € 279 million.

Own funds stood in contrast to an own-funds requirement of € 6,963 million, a decline of € 2 million. While the own funds requirement for credit risk declined by € 20 million to € 5,756 million, the own funds requirement for the position risk in bonds, equities and commodities rose by € 37 million to € 310 million as a result of the internal model. The own funds requirement for operational risk, on the other hand, reported a decline of € 25 million to € 835 million.

The excess cover ratio fell by 4.9 percentage points to 77.0 per cent, representing excess cover of € 5,363 million. Based on total risk, the core tier 1 ratio was 10.2 per cent and tier 1 ratio was a total of 10.7 per cent. The own funds ratio declined from 14.5 per cent to 14.2 per cent.

Risk management

Active risk management represents a core competence for RZB. In order to effectively identify, measure and manage risks, RZB utilizes a comprehensive risk management controlling process. This forms an integral component of managing the Bank as a whole and is being on-going developed. The risk control of RZB is primarily aimed at ensuring the conscientious handling and professional management of credit and country risks, market and liquidity risks, participation risks and operational risks.

Credit portfolio strategies adjusted to market environment

RZB has internal credit portfolio committees to actively manage credit portfolio, which set the credit portfolio strategy for various customer segments. The basis for determining lending guidelines and limits for alignment of the loan portfolio is provided by the analyses of RZB's internal research departments and portfolio management. The credit portfolio strategies are regularly adapted to the changing market outlooks.

Although reassurances by the ECB have served to calm the European government bond market, the focus of portfolio management in recent annual quarters has been on loans and advances to governments, muncipalities and banks. Existing exposures have been continuously evaluated and – when necessary – limits were reduced. In addition to regulatory requirements in RZB's markets, government bonds also primarily serve to strengthen RZB's conservative liquidity buffer.

In the retail division, the main focus was the expansion of the short-term consumer loan portfolio supported by selective underwriting policies, and the use and wide-ranging coverage of application and behavioral scoring models. The focus of the underwriting process was on the further simplification and automation of decision rules.

The management of non-performing loans continued to be a priority for risk management in the reporting period. Measures and objectives included improving early recognition of potential problems, reporting on the progress in restructuring management at the Group level, as well as rapid and efficient reduction in the new and existing portfolio non-performing loans.

Liquidity position

RZB's liquidity positions continued to be stable in the first half year of 2013. To manage its liquidity risk, RZB employs a well-established and proven limit concept, which requires a high liquidity surplus in the short-term maturity segment on the basis of contractual and historical cash inflows and outflows. There are also corresponding limits for medium- and longer-term periods to cushion the impact of a possible increase in the cost of refinancing. In addition to the limit model, liquidity stress tests routinely evaluate the impact of potential market and name crisis scenarios.

RZB's liquidity position is subject to regular monitoring and is included in RZB Group’s return which it reports weekly to the Austrian banking supervisory authority.

Regulatory environment – Basel II and III

In the current financial year RZB continued to intensively focus on the upcoming regulatory changes. Following an agreement among European institutions, Basel III will be implemented in Europe when regulation CRD IV/CRR (Capital Requirements Directive or Regulation) enters into force on 1 January 2014. The potential impact of the new and amended legal regulations on RZB credit institution group has been thoroughly analyzed. Besides the preparations initiated in connection with the new Basel III regulations, risk management continued to focus on a comprehensive implementation of the advanced Basel II approach. RZB has used the parameters and results determined for these approaches for internal management information purposes and management initiatives. In addition, RZB has continued to invest in improving its risk management systems.

Outlook

We assume that loans and advances to customers will remain roughly at the previous year's level in 2013. The net interest margin should widen slightly in the current financial year. With respect to specific customer groups, we expect the Corporate Customers division to remain the backbone of our business, while in the medium term the Retail Customers division should account for a greater share of the Group's business volume than previously.

Given the macroeconomic outlook, conditions in some of our markets remain challenging. Accordingly, we expect impairment losses on loans and advances to remain at the previous year's level in 2013.

We will be continuing to pay close attention to costs in 2013. Overall, we anticipate that costs will remain stable or climb slightly particularly due to the first-time inclusion of Polbank for the full year.

Events after the reporting date

Assumption of loans from Austrian Volksbank AG (ÖVAG)

In June and July 2013, Austrian Volksbank AG (ÖVAG) and RZB Group concluded contracts to take over loans in two tranches. The credit claims of ÖVAG's domestic and international corporate customers will thus be transferred to RZB Group. As part of the negotiations on ÖVAG's restructuring in February 2012, RZB Group agreed to acquire ÖVAG assets of approximately € 1 billion. This should relieve the strain on ÖVAG's equity capital. After extensive assessment and due diligence, two tranches of together € 748 million were defined. Accordingly, Raiffeisen Bank International AG (RBI) will post the loans to its books in the third quarter consistent with its business activities as a corporate bank in Austria.

Early buyback of government-backed bond

On July 15, 2013, RBI AG invited holders of bonds due in 2014 with a total volume of €1,500,000,000 and a coupon of 3.625 per cent (ISIN: XS0412067489) that are unconditionally and irrevocably guaranteed by the Republic of Austria to offer all the bonds they hold to RBI for sale in exchange for payment in cash.The offer ended on 23 July 2013. The bank has accepted bonds at a total nominal amount of € 562 million for purchase.

Takeover of shares in network banks

In its meeting on 25 June 2013, the RZB Supervisory Board decided that RZB should acquire shares in the following network banks of the regional Raiffeisen banks. The goal of the acquisitions and increases in shareholdings is to improve cooperation through optimized processes, structures and decision-making channels.

- Raiffeisen Kapitalanlage-GmbH: RZB will acquire 50 per cent thus increasing its shareholding to 100 per cent.
- Raiffeisen Factor Bank AG: RZB will take over 60 per cent thus increasing its share to 100 per cent.
- Raiffeisen Wohnbaubank AG: The decision was made to increase RZB's share to 100 per cent by acquiring 75 per cent of the shares.
- Raiffeisen Bausparkasse GmbH: RZB will increase its share from 37 per cent to 51 per cent in a first step in 2013. The aim is to take over the remaining 49 per cent in 2014.
- There will be minor changes in the holding structure for other network banks, i.e. Valida Vorsorge Management (Valida Holding AG), Raiffeisen e-force GmbH and Raiffeisen Versicherung AG.
- Raiffeisen-Leasing GmbH is already 100 per cent owned by RZB.

Interim consolidated financial statements

(Interim report as of 30 June 2013)

Statement of comprehensive income

Income statement

In € million	Notes	1/1-30/6/2013	1/1-30/6/2012	Change
Interest income		3,083	3,332	(7.5)%
Current income from associates		88	40	120.4%
Interest expenses[1]		(1,232)	(1,574)	(21.7)%
Net interest income	**[2]**	**1,939**	**1,798**	**7.9%**
Net provisioning for impairment losses	[3]	(455)	(407)	11.7%
Net interest income after provisioning		**1,484**	**1,391**	**6.7%**
Fee and commission income		971	893	8.7%
Fee and commission expense		(183)	(170)	7.5%
Net fee and commission income	**[4]**	**788**	**723**	**9.0%**
Net trading income[1]	[5]	144	155	(7.1)%
Income from derivatives and liabilities	[6]	(183)	(23)	>500.0%
Net income from financial investments	[7]	64	253	(74.9)%
General administrative expenses[2]	[8]	(1,663)	(1,555)	7.0%
Other net operating income	[9]	(55)	(12)	363.2%
Net income from disposal of group assets		(6)	(1)	316.5%
Profit before tax		**573**	**931**	**(38.5)%**
Income taxes[2]	[10]	(154)	(198)	(22.3)%
Profit after tax		**419**	**733**	**(42.9)%**
Profit attributable to non-controlling interests		(171)	(237)	(27.6)%
Consolidated profit		**248**	**497**	**(50.1)%**

1 Reclassification of a foreign exchange derivative-related interest component.
2 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).

Earnings per share

In €	1/1-30/6/2013	1/1-30/6/2012	Change
Earnings per share	36.6	73.3	(36.7)

Earnings per share are obtained by dividing adjusted consolidated profit by the average number of common shares outstanding. As of June 2013, the average number of share was 6.776.750 (30 June 2012: 6.776.750).

There were no conversion rights or options oustanding, so undiluted earnings per share are equal to diluted earnings per share.

Transition to total comprehensive income

In € million	Total		Group equity		Non-controlling interests	
	1/1-30/6 2013	1/1-30/6 2012	1/1-30/6 2013	1/1-30/6 2012	1/1-30/6 2013	1/1-30/6 2012
Profit after tax	**419**	**733**	**248**	**497**	**171**	**237**
Items which are not reclassified to profit and loss	**0**	**0**	**0**	**0**	**0**	**0**
Remeasurements of defined benefit plans	0	0	0	0	0	0
Deferred taxes on items which are not reclassified to profit and loss	0	0	0	0	0	0
Items that may be reclassified subsequently to profit or loss	**(374)**	**3**	**(294)**	**(24)**	**(81)**	**27**
Exchange differences	(263)	107	(204)	68	(59)	39
hereof unrealized net gains (losses) of the period	(263)	107	(204)	68	(59)	39
Capital hedge	0	(1)	0	(1)	0	0
Hyperinflation	15	18	11	12	5	6
Net gains (losses) on derivatives hedging fluctuating cash flows	(22)	(1)	(17)	(1)	(5)	0
hereof unrealized net gains (losses) of the period	(22)	(1)	(17)	(1)	(5)	0
Changes in equity of companies valued at equity	(77)	(16)	(62)	(22)	(15)	5
Net gains (losses) on financial assets available-for-sale	(34)	(138)	(27)	(108)	(7)	(30)
hereof unrealized net gains (losses) of the period	2	52	1	41	1	11
hereof net gains (losses) reclassified to income statement	(36)	(191)	(28)	(150)	(8)	(41)
Deferred taxes on income and expenses directly recognized in equity	6	34	5	27	1	7
hereof unrealized net gains (losses) of the period	1	(14)	1	(11)	0	(3)
hereof net gains (losses) reclassified to income statement	5	48	4	37	1	10
Other comprehensive income	**(374)**	**3**	**(294)**	**(24)**	**(81)**	**27**
Total comprehensive income	**45**	**736**	**(46)**	**472**	**91**	**264**

Half year results

In € million	H2/2011	H1/2012	H2/2012	H1/2013
Net interest income	1,773	1,798	1,733	1,939
Net provisioning for impairment losses	(688)	(407)	(623)	(455)
Net interest income after provisioning	**1,085**	**1,391**	**1,110**	**1,484**
Net fee and commission income	755	723	798	788
Net trading income	89	155	40	144
Income from derivatives and liabilities	366	(23)	(109)	(183)
Net income from financial investments	(195)	253	(13)	64
General administrative expenses[1]	(1,654)	(1,555)	(1,784)	(1,663)
Other net operating income	(179)	(12)	(67)	(55)
Net income from disposal of group assets	0	(1)	14	(6)
Profit/loss before tax	**267**	**931**	**(12)**	**573**
Income taxes[1]	(215)	(198)	(79)	(154)
Profit/loss after tax	**51**	**733**	**(92)**	**419**
Profit attributable to non-controlling interests	(67)	(237)	(33)	(171)
Consolidated profit/loss	**(16)**	**497**	**(124)**	**248**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

In € million	H2/2009	H1/2010	H2/2010	H1/2011
Net interest income	1,670	1,790	1,839	1,811
Net provisioning for impairment losses	(980)	(608)	(589)	(411)
Net interest income after provisioning	**690**	**1,182**	**1,249**	**1,400**
Net fee and commission income	733	715	777	737
Net trading income	152	181	142	257
Income from derivatives and liabilities	31	(135)	47	43
Net income from financial investments	148	53	93	12
General administrative expenses[1]	(1,404)	(1,468)	(1,601)	(1,554)
Other net operating income	11	14	39	(16)
Net income from disposal of group assets	0	5	1	(3)
Profit before tax	**361**	**547**	**746**	**877**
Income taxes[1]	(32)	(59)	(65)	(200)
Profit after tax	**329**	**487**	**681**	**677**
Profit attributable to non-controlling interests	(64)	(86)	(369)	(189)
Consolidated profit	**265**	**402**	**312**	**488**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

Statement of financial position

Assets In € million	Notes	30/6/2013	31/12/2012	Change
Cash reserve		8,010	12,157	(34.1)%
Loans and advances to banks	[12, 35]	22,060	21,430	2.9%
Loans and advances to customers	[13, 35]	84,259	85,600	(1.6)%
Impairment losses on loans and advances	[14]	(5,923)	(5,715)	3.6%
Trading assets	[15, 35]	7,638	9,774	(21.9)%
Derivatives	[16, 35]	1,001	1,404	(28.7)%
Financial investments	[17, 35]	15,109	13,968	8.2%
Investments in associates	[35]	1,707	1,720	(0.7)%
Intangible fixed assets	[18]	1,298	1,327	(2.2)%
Tangible fixed assets	[19]	1,978	1,967	0.6%
Other assets	[20, 35]	2,363	2,324	1.7%
Total assets		**139,500**	**145,955**	**(4.4)%**

Equity and liabilities In € million	Notes	30/6/2013	31/12/2012	Change
Deposits from banks	[21, 35]	35,058	38,410	(8.7)%
Deposits from customers	[22, 35]	66,802	66,439	0.5%
Debt securities issued	[23]	12,049	13,304	(9.4)%
Provisions for liabilities and charges	[24, 35]	791	848	(6.7)%
Trading liabilities	[25, 35]	6,081	8,823	(31.1)%
Derivatives	[26, 35]	477	489	(2.6)%
Other liabilities	[27, 35]	2,771	1,584	74.9%
Subordinated capital	[28]	3,796	3,885	(2.3)%
Equity	[29]	11,675	12,172	(4.1)%
Consolidated equity[1]		6,718	6,896	(2.6)%
Consolidated profit[1]		248	373	(33.5)%
Non-controlling interests		4,710	4,903	(3.9)%
Total equity and liabilities		**139,500**	**145,955**	**(4.4)%**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

Statement of changes in equity

In € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as of 1/1/2013	**492**	**0**	**1,835**	**4,580**	**361**	**4,903**	**12,172**
Effects of the retrospective application of IAS 19	0	0	0	(11)	11	0	0
Equity as of 1/1/2013	**492**	**0**	**1,835**	**4,568**	**373**	**4,903**	**12,172**
Capital increases/shifting	0	0	0	0	0	8	8
Transferred to retained earnings	0	0	0	129	(129)	0	0
Dividend payments	0	0	0	0	(244)	(290)	(534)
Total comprehensive income	0	0	0	(294)	248	91	45
Other changes	0	0	0	(13)	0	(2)	(15)
Equity as of 30/6/2013	**492**	**0**	**1,835**	**4,390**	**248**	**4,710**	**11,675**

In € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as of 1/1/2012	**444**	**592**	**1,051**	**4,063**	**472**	**4,867**	**11,489**
Effects of the retrospective application of IAS 19	0	0	0	0	0	0	0
Equity as of 1/1/2012	**444**	**592**	**1,051**	**4,063**	**472**	**4,867**	**11,489**
Capital increases/shifting	49	(592)	784	0	0	19	260
Transferred to retained earnings	0	0	0	288	(288)	0	0
Dividend payments	0	0	0	0	(185)	(279)	(463)
Total comprehensive income	0	0	0	(24)	497	264	736
Other changes	0	0	0	45	0	1	46
Equity as of 30/6/2012	**492**	**0**	**1,835**	**4,371**	**497**	**4,872**	**12,068**

Statement of cash flows

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Cash and cash equivalents at the end of previous period	**12,157**	**12,951**
Cash from the acquisition of subsidiaries	0	340
Net cash from operating activities	(3,519)	3,246
Net cash from investing activities	(229)	235
Net cash from financing activities	(272)	(591)
Effect of exchange rate changes	(127)	(28)
Cash and cash equivalents at the end of period	**8,010**	**16,152**

1 Adaption of previous year figures due to different allocation.

Segment reporting

Internal management reporting at RZB is based on the current organizational structure. The division of segments is carried out by cash generating units. The highest decision making bodies of RZB – Management Board and Supervisory Board – make key decisions on the allocation of resources of a segment based on the respective financial and earnings position. Accordingly, these reporting criteria were judged as material according to IFRS 8 and divided into segments.

RZB AG acts as the central institution of the Raiffeisen Banking Group (RBG) and as a holding company of equity participations after the merger of its main business areas with Raiffeisen International Bank-Holding AG. The segments are defined on the basis of the participation structure. Beside the majority holding of shares in Raiffeisen Bank International AG (RBI AG) and its activity as central institution of the Raiffeisen Banking Group, RZB AG has further shareholdings of companies in its portfolio.

These three main business areas represent the defined segments. The basis of the division of this segmentation is the actually valid group structure. As the segment RBI is by far the largest one, we refer to the consolidated financial statements of RBI with a view to a greater transparency of the segment reporting. The consolidated financial statements of RBI mainly represent the segment RBI in the consolidated financial statements of RZB AG.

Raiffeisen Bank International Group (RBI)

This segment comprises the consolidated results of Raiffeisen Bank International AG (RBI AG). RBI AG is by far the largest participation of RZB AG. As the ultimate credit institution of RZB credit institution group, RZB AG has adequate control and monitoring functions. RZB AG holds eight of the ten mandates to the Supervisory Board of RBI together with representatives of its owners. The member of the Management Board responsible for risk management in RZB AG has the same position in the Management Board of RBI AG. Beside the results deriving directly from RBI activities, the segment includes costs incurred by services rendered by RZB like audit and risk.

Raiffeisen Banking Group (RBG)

This segment summarizes the activities and participations that enable RZB to perform its tasks as the lead bank of Raiffeisen Banking Group. This segment accordingly reports all the net income from the banking business of RZB AG within the Raiffeisen sector. In addition, it shows the leasing business of RZB with numerous project companies in Austria and abroad. Income from companies valued and recognized at equity with strategic participation nature is also reported here, and specifically UNIQA Versicherungen AG as well as the business areas operated jointly with Raiffeisen-Landeszentralen, such as the building society and funds business. Net income from the equity investment portfolio relating to the remaining Raiffeisen sector is also reported in this segment. Allocated costs of Group-wide services are also attributed to this segment. These include Group services such as Sector Marketing or Sector Services.

Other equity participations

The segment for other equity participations shows net income from participations not connected with the function of RZB AG as the lead member of Raiffeisen Banking Group. This equity participation portfolio contains predominantly non-controlling interests from the non-bank area, with income from companies valued and recognized at equity that do not belong to Raiffeisen Banking Group. The segment for other equity participations also reports the costs and income from internal allocation and netting.

The reconciliation includes primarily the amounts resulting from the elimination of intercompany results and from cross-segment consolidation.

1/1-30/6/2013 In € million	RBI	RBG	Other Equity participations	Reconciliation	Total
Net interest income	1,836	91	11	1	1,939
Net fee and commission income	786	3	0	(1)	788
Net trading income	140	(2)	0	6	144
Other net operating income	(74)	29	18	(28)	(55)
Operating income	**2,689**	**121**	**29**	**(22)**	**2,817**
General administrative expenses	(1,633)	(34)	(18)	22	(1,663)
Operating result	**1,056**	**87**	**11**	**(1)**	**1,154**
Net provisioning for impairment losses	(469)	(13)	0	27	(455)
Other results	(130)	14	(9)	(1)	(126)
Profit before tax	**457**	**87**	**2**	**26**	**573**
Income taxes	(155)	(1)	2	0	(154)
Profit after tax	**303**	**87**	**4**	**26**	**419**
Profit attributable to non-controlling interests	(165)	(4)	0	(3)	(171)
Profit after non-controlling interests	**138**	**83**	**4**	**23**	**248**
Share of profit before tax	83.6%	16.0%	0.4%	–	100.0%
Risk-weighted assets (credit risk)	67,643	6,560	1,207	(3,465)	71,945
Total own funds requirement	6,619	534	100	(289)	6,963
Assets	130,382	14,529	5,456	(10,867)	139,500
Risk/revenue ratio	25.5%	14.5%	0.0%	–	23.5%
Cost/income ratio	60.7%	28.2%	62.1%	–	58.9%
Average equity	11,527	922	151	(510)	12,089
Return on equity before tax	**7.9%**	**19.0%**	**3.1%**	**–**	**9.5%**
Business outlets	3,056	9	0	1	3,066

1/1-30/6/2012 In € million	RBI	RBG	Other Equity participations	Reconciliation	Total
Net interest income	1,718	208	5	(133)	1,798
Net fee and commission income	721	1	0	0	723
Net trading income	212	(1)	0	(56)	155
Other net operating income	(34)	30	18	(26)	(12)
Operating income	**2,618**	**238**	**23**	**(215)**	**2,665**
General administrative expenses	(1,530)	(32)	(16)	24	(1,555)
Operating result	**1,087**	**206**	**7**	**(191)**	**1,110**
Net provisioning for impairment losses	(400)	(8)	0	0	(407)
Other results	232	(10)	0	8	229
Profit before tax	**919**	**189**	**7**	**(183)**	**931**
Income taxes	(199)	2	(1)	0	(198)
Profit after tax	**720**	**190**	**6**	**(183)**	**733**
Profit attributable to non-controlling interests	(240)	3	0	0	(237)
Profit after non-controlling interests	**480**	**194**	**6**	**(183)**	**497**

Share of profit before tax	82.5%	16.9%	0.6%	–	100.0%
Risk-weighted assets (credit risk)	69,385	6,686	924	(3,795)	73,200
Total own funds requirement	6,788	549	74	(318)	7,093
Assets	152,996	17,366	4,889	(18,024)	157,227
Risk/revenue ratio	23.3%	3.6%	0.0%	–	23.2%
Cost/income ratio	58.5%	13.4%	70.9%	–	58.4%
Average equity	11,018	863	112	(492)	11,502
Return on equity before tax	**16.7%**	**43.7%**	**12.0%**	**–**	**16.2%**
Business outlets	3,153	8	0	1	3,162

Notes

Principles underlying the consolidated financial statements

Policies

The condensed interim consolidated financial statements of RZB are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). The condensed consolidated interim financial statements as of 30 June 2013 are prepared in accordance with IAS 34.

In addition to the information on risks arising from financial instruments in the individual notes to the financial statements, the risk report section in particular contains detailed information on the issues of credit risk, concentration risk, market risk and liquidity risk.

RZB's interim report for the first half year of 2013 did not undergo a complete audit, nor did it undergo an audit inspection carried out by a certified auditor (framework prime market of the Vienna Stock Exchange).

In the interim reporting, the same recognition and measurement principles and consolidation methods were fundamentally applied as those used in preparing the 2012 consolidated financial statements (see 2012 Annual Report, page 84 ff.). Standards and interpretations to be applied in the EU from 1 January 2013 onward were accounted for in this interim report. The application of these standards had no material influence on the condensed interim consolidated financial statements.

Application of new and revised standards

The amendments to IAS 1 (Presentation of items of other comprehensive income) require presentation, by using subtotals, as to whether the items of other comprehensive income are re-classifiable to profit or loss or not. Moreover, if other comprehensive income items are presented before tax then the tax related to each of the two categories has to be presented separately. Application of these amendments will have an impact on the presentation of the statement of comprehensive income. Starting with the first quarter of 2013, items that cannot be reclassified to profit or loss and items that can be reclassified to profit or loss are presented separately.

In the current financial year, IAS 19 (Employee benefits; revised 2011, IAS 19R) will be applied retroactively for the first time. The most significant change of IAS 19 relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the immediate recognition of all changes in defined benefit obligations and in fair value of plan assets when they occur. Through the elimination of the "corridor approach" all actuarial gains and losses are to be recognized immediately through other comprehensive income. As RZB did not use the "corridor approach" in the past there will be no major changes. The effects due to the retrospective application of IAS 19 can be seen in the statement of changes in equity as of 1 January 2012 and in the transition to total comprehensive income. The comparative figures have been adjusted accordingly.

In May 2011 the IASB published IFRS 13 (Fair Value Measurement) which establishes a single source of guidance for fair value measurements and disclosures about fair value measurements, which up until then had been included in the various IFRS. The scope of IFRS 13 is broad it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements or demand disclosures about fair value measurements, except in specified circumstances. IFRS 13 is to be applied prospectively for annual periods beginning on or after 1 January 2013. The impact from the adoption of the valuation of assets and liabilities of RZB will not be significant. Changes are related in particular to the notes. Disclosures which were only shown in the year-end report, i.e. the information about market values of financial instruments and on the classification of financial instruments, are now shown also in the interim reports. This quantitative data is presented in (34) Fair value of financial instruments reported at fair value.

The amendments to IFRS 7 (Offsetting financial assets and liabilities) require entities to disclose information about rights to offset financial instruments and related arrangements under an enforceable master netting agreement or similar arrangement. These changes are to be applied prospectively for annual periods beginning on or after 1 January 2013. The quantitative data was not published in the second quarter of 2013, since it is irrelevant for understanding the changes that have occurred in the assets, financial and earnings position of the company since the end of the last fiscal year.

The other amendments to IFRS 1 (Government loans), IFRIC 20 (Stripping costs in the production phase of a surface mine) and the annual improvements (IFRS cycle 2009-2011) are to be applied for the first time in the current financial year. These changes have no impact on the interim consolidated financial statements of RZB.

Critical accounting judgements and key sources of estimation uncertainty

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors, such as planning and expectations or forecasts of future events that appear likely from today's standard. This primarily affects impairment losses in the credit business, the fair value and the impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, and calculations used to determine the recoverability of goodwill and the intangible asset values capitalized in the course of the initial consolidation. The actual values may deviate from the estimated figures.

Currencies

	2013		2012	
Rates in units per €	As of 30/6	Average 1/1-30/6	As of 31/12	Average 1/1-30/6
Albanian lek (ALL)	140.960	140.124	139.590	139.416
Belarusian rouble (BYR)	11,450.000	11,345.714	11,340.000	10,705.714
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.450	7.560	7.558	7.541
Czech koruna (CZK)	25.949	25.658	25.151	25.250
Hungarian forint (HUF)	294.850	296.553	292.300	295.470
Kazakh tenge (KZT)	197.900	197.999	199.220	192.929
Malaysian Ringgit (MYR)	4.134	4.058	4.035	4.024
Polish zloty (PLN)	4.338	4.195	4.074	4.252
Romanian leu (RON)	4.460	4.397	4.445	4.390
Russian rouble (RUB)	42.845	40.847	40.330	40.200
Serbian dinar (RSD)	114.172	112.160	113.718	110.941
Singapore Dollar (SGD)	1.655	1.630	1.611	1.644
Swedish Krona (SEK)	8.777	8.560	8.582	8.876
Turkish Lira (TRY)	2.521	2.392	2.355	2.343
Ukrainian hryvna (UAH)	10.410	10.472	10.537	10.371
US-Dollar (USD)	1.308	1.312	1.319	1.302

Changes in consolidated group

	Fully consolidated		Equity method	
Number of units	30/6/2013	31/12/2012	30/6/2013	31/12/2012
As of beginning of period	**341**	**337**	**14**	**14**
Included for the first time in the financial period	14	20	0	0
Merged in the financial period	0	(3)	0	0
Excluded in the financial period	(7)	(13)	(2)	0
As of end of period	**348**	**341**	**12**	**14**

Acquisition of A-Leasing Group

On 30 April 2013, the formal closing of the acquisition of the remaining shares in A-Leasing Group consisting of 51 per cent in A-Leasing S.p.A., Treviso, and 51 per cent in A-Real Estate S.p.A., Bozen took place. The special purpose vehicle Finance S.p.A., Treviso was firstly included into the consolidated group based on economic control. The acquisition was made in the course of a strategic reorientation of the Raiffeisen Banking Group. Subsequently, compound companies, mainly special purpose entities in the financing division, are intensely linked to RZB as the central institution of the Banking Group. Up to the date of obtaining control according to IAS 27.13., the shares held in A-Leasing S.p.A. and A-Real Estate S.p.A. were valued at equity due to significant influence

A-Leasing Group was included in the consolidated financial statements for the first time as of 1 May 2013. The cash consideration for the stakes amounted to € 11. At the date of finalisiation of these consolidated financial statements, the necessary market valuations and other calculations had not been partially finalized. Therefore, the initial consolidation was based on a preliminary opening balance.

A-Leasing Group is largely operating in the finance leasing business (real estate and special leasing), with one business outlet and 49 employees. Total assets of A-Leasing Group at the time of initial consolidation amounted to € 805 million, thereof € 895 million are accounted for loans and advances to customers and € 222 million for impairment losses. The customer deposits totaled € 168 million, equity amounted to minus € 11 million.

The following table summarizes the consideration paid for the acquisition of A-Leasing Group and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

In € million	A-Leasing S.p.A	A-Real Estate S.p.A	Finance S.p.A.	A-Leasing Group
Cash reserve	0	0	6	6
Loans and advances to banks	52	5	0	57
Loans and advances to customers (less impairment losses)	461	56	155	672
Financial investments	0	0	0	0
Intangible fixed assets	0	0	0	0
Tangible fixed assets	0	0	0	0
Other assets	43	27	0	69
Assets	**556**	**88**	**161**	**805**
Deposits from banks	385	88	0	473
Deposits from customers	136	5	26	168
Debt securities issued	0	0	134	134
Provisions for liabilities and charges	13	23	0	36
Trading liabilities	0	0	0	0
Other liabilities	5	0	0	5
Subordinated capital	0	0	0	0
Total identifiable net assets	**17**	**(28)**	**0**	**(11)**
Non-controlling interests	0	0	0	0
Net assets after non-controlling interests	**17**	**(28)**	**0**	**(11)**
Acquisition costs	0	0	0	0
Fair value of previously held equity interest	8	(14)	0	(6)
Goodwill/Badwill	**(9)**	**14**	**0**	**6**

In € million	A-Leasing S.p.A	A-Real Estate S.p.A	Finance S.p.A.	A-Leasing Group
Cost of aquisition	0	0	0	0
Liquid funds	0	0	6	6
Cash flow for the acquisition of shares	**0**	**0**	**(6)**	**(6)**

In the course of the purchase price allocation in accordance with IFRS 3, there were no assets separately identified as intangible fixed assets. Goodwill arose from the acquisition of A-Leasing Group as the financial situation was not reflected in the current valuation because of temporary differences. Goodwill was fully impaired due to the missing intrinsic value and based on expected future earnings.

The loss after tax included in the income statement from 1 May until 30 June 2013 of A-Leasing Group amounted to € 2 million.

Notes to the income statement

(1) Income statement according to measurement categories

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Net income from financial assets and liabilities held-for-trading	5	205
Net income from financial assets and liabilities at fair value through profit or loss	177	152
Net income from financial assets available-for-sale	48	171
Net income from loans and advances	2,134	2,405
Net income from financial assets held-to-maturity	96	121
Net income from financial liabilities measured at acquisition cost	(1,230)	(1,461)
Net income from derivatives (hedging)	6	(4)
Net revaluations from exchange differences	185	147
Other operating income/expenses	(849)	(805)
Total profit before tax from continuing operations	**573**	**931**

1 Reclassification of a foreign exchange derivative-related interest component.

(2) Net interest income

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Interest and interest-like income, total	**3,083**	**3,332**
Interest income	3,053	3,296
from balances at central banks	28	35
from loans and advances to banks	101	165
from loans and advances to customers	2,336	2,462
from financial investments	262	336
from leasing claims	114	136
from derivative financial instruments (non-trading), net	211	162
Current income	20	21
from shares and other variable-yield securities	1	5
from shares in affiliated companies	14	8
from other interests	5	8
Interest-like income	11	15
Current income from associates	**88**	**40**
Interest expenses and interest-like expenses, total	**(1,232)**	**(1,574)**
Interest expenses	(1,211)	(1,552)
on deposits from central banks	(1)	(1)
on deposits from banks	(227)	(397)
on deposits from customers	(697)	(807)
on debt securities issued	(191)	(232)
on subordinated capital	(94)	(115)
Interest-like expenses	(21)	(22)
Total	**1,939**	**1,798**

1 Reclassification of a foreign exchange derivative-related interest component.

(3) Net provisioning for impairment losses

In € million	1/1-30/6/2013	1/1-30/6/2012
Individual loan loss provisions	**(443)**	**(504)**
Allocation to provisions for impairment losses	(901)	(805)
Release of provisions for impairment losses	448	362
Direct write-downs	(26)	(91)
Income received on written-down claims	36	31
Portfolio-based loan loss provisions	**(20)**	**91**
Allocation to provisions for impairment losses	(217)	(200)
Release of provisions for impairment losses	197	291
Gains from the sales of loans	**7**	**5**
Total	**(455)**	**(407)**

(4) Net fee and commission income

In € million	1/1-30/6/2013	1/1-30/6/2012
Payment transfer business	348	314
Loan and guarantee business	124	127
Securities business	74	55
Foreign currency, notes/coins, and precious metals business	171	170
Management of investment and pension funds	15	9
Sale of own and third party products	23	18
Credit derivatives business	0	0
Other banking services	32	30
Total	**788**	**723**

(5) Net trading income

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Interest-based transactions	18	59
Currency-based transactions	107	111
Equity-/index-based transactions	15	5
Credit derivatives business	1	(10)
Other transactions	3	(10)
Total	**144**	**155**

1 Reclassification of a foreign exchange derivative-related interest component.

The refinancing expenses for trading assets that are included in net trading income amounted to € 27 million (comparable period: € 36 million).

(6) Income from derivatives and liabilities

In € million	1/1-30/6/2013	1/1-30/6/2012
Net income from hedge accounting	(2)	0
Net income from credit derivatives	0	3
Net income from other derivatives	(158)	29
Net income from liabilities designated at fair value	(24)	(167)
Income from repurchase of liabilities	0	112
Total	**(183)**	**(23)**

(7) Net income from financial investments

In € million	1/1-30/6/2013	1/1-30/6/2012
Net income from securities held-to-maturity	**1**	**2**
Net valuations of securities	0	2
Net proceeds from sales of securities	1	1
Net income from equity participations	**29**	**9**
Net valuations of equity participations	(11)	(2)
Net proceeds from sales of equity participations	40	11
Net income from securities at fair value through profit and loss	**34**	**96**
Net valuations of securities	26	51
Net proceeds from sales of securities	8	45
Net income from available-for-sale securities	**0**	**146**
Total	**64**	**253**

(8) General administrative expenses

In € million	1/1-30/6/2013	1/1-30/6/2012
Staff expenses[1]	(845)	(792)
Other administrative expenses	(621)	(574)
Depreciation of intangible and tangible fixed assets	(198)	(188)
Total	**(1,663)**	**(1,555)**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

(9) Other net operating income

In € million	1/1-30/6/2013	1/1-30/6/2012
Net income arising from non-banking activities	44	45
Sales revenues from non-banking activities	359	459
Expenses arising from non-banking activities	(315)	(414)
Net income from additional leasing services	11	(2)
Revenues from additional leasing services	40	42
Expenses from additional leasing services	(30)	(43)
Rental income from operating lease (vehicles and equipment)	20	20
Rental income from investment property incl. operating lease (real estate)	17	10
Net proceeds from disposal of tangible and intangible fixed assets	1	0
Other taxes	(161)	(101)
hereof bank levies and financial transaction tax	(147)	(84)
Impairment of goodwill	(8)	(1)
Net expense from allocation and release of other provisions	(4)	9
Negative interest	0	0
Sundry operating income	47	36
Sundry operating expenses	(19)	(28)
Total	**(55)**	**(12)**

(10) Income taxes

In € million	1/1-30/6/2013	1/1-30/6/2012
Current income taxes	(207)	(163)
Austria	(17)	(18)
Foreign	(190)	(146)
Deferred taxes[1]	53	(34)
Total	**(154)**	**(198)**

1 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).

Notes to the statement of financial position

(11) Statement of financial position according to measurement categories

Assets according to measurement categories In € million	30/6/2013	31/12/2012
Cash reserve	8,010	12,157
Trading assets	8,026	10,476
Financial assets at fair value through profit or loss	9,458	8,384
Investments in associates	1,707	1,720
Financial assets available-for-sale	961	946
Loans and advances	102,726	103,594
Financial assets held-to-maturity	4,723	4,683
Derivatives (hedging)	613	702
Other assets	3,276	3,293
Total assets	**139,500**	**145,955**

Positive fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category trading assets. The measurement category "financial assets available-for-sale" comprises other affiliated companies and other equity participations. Loans and advances are reported on a net basis after provisions for impairment losses. Other assets comprise intangible and tangible fixed assets.

Equity and liabilities according to measurement categories In € million	30/6/2013	31/12/2012
Trading liabilities	6,322	9,193
Financial liabilities	117,658	120,265
Liabilities at fair value through profit and loss	2,818	3,358
Derivatives (hedging)	236	120
Provisions for liabilities and charges	791	848
Equity	11,675	12,172
Total equity and liabilities	**139,500**	**145,955**

Negative fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category trading liabilities.

(12) Loans and advances to banks

Loans and advances to banks classified regionally (counterparty's seat) are as follows:

In € million	30/6/2013	31/12/2012
Austria	8,349	9,151
Foreign	13,711	12,280
Total	**22,060**	**21,430**

Loans and advances to banks include € 3,950 million (31/12/2012: € 1,457 million) from repo transactions.

(13) Loans and advances to customers

Loans and advances to customers break down into asset classes according to Basel II definition as follows:

In € million	30/6/2013	31/12/2012
Sovereigns	1,746	1,482
Corporate customers – large corporates	51,932	53,730
Corporate customers – mid market	3,714	3,529
Retail customers – private individuals	23,764	23,507
Retail customers – small and medium-sized entities	2,977	3,051
Other	126	301
Total	**84,259**	**85,600**

Loans and advances to customers include € 1,190 million (31/12/2012: € 1,469 million) from repo transactions.

Loans and advances to customers classified regionally (counterparty's seat) are as follows:

In € million	30/6/2013	31/12/2012
Austria	8,034	9,396
Foreign	76,225	76,204
Total	**84,259**	**85,600**

(14) Impairment losses on loans and advances

Provisions for impairment losses are allocated to the following asset classes according to the Basel II definition:

In € million	30/6/2013	31/12/2012
Banks	142	158
Sovereigns	5	11
Corporate customers – large corporates	3,082	2,890
Corporate customers – mid market	464	406
Retail customers – private individuals	1,866	1,882
Retail customers – small and medium-sized entities	363	369
Total	**5,923**	**5,715**

(15) Trading assets

In € million	30/6/2013	31/12/2012
Bonds, notes and other fixed-interest securities	3,368	2,720
Shares and other variable-yield securities	292	277
Positive fair values of derivative financial instruments	3,965	6,777
Call/time deposits from trading purposes	12	0
Total	**7,638**	**9,774**

(16) Derivatives

In € million	30/6/2013	31/12/2012
Positive fair values of derivatives in fair value hedges (IAS 39)	606	698
Positive fair values of derivatives in cash flow hedges (IAS 39)	6	4
Positive fair values of credit derivatives	0	1
Positive fair values of other derivatives	388	701
Total	**1,001**	**1,404**

(17) Financial investments

In € million	30/6/2013	31/12/2012
Bonds, notes and other fixed-interest securities	13,978	12,855
Shares and other variable-yield securities	419	416
Equity participations	711	696
Total	**15,109**	**13,968**

(18) Intangible fixed assets

In € million	30/6/2013	31/12/2012
Goodwill	553	559
Software	581	566
Other intangible fixed assets	164	202
Total	**1,298**	**1,327**

(19) Tangible fixed assets

In € million	30/6/2013	31/12/2012
Land and buildings used by the Group for own purpose	839	850
Other land and buildings (investment property)	245	186
Office furniture, equipment and other tangible fixed assets	453	491
Leased assets (operating lease)	441	440
Total	**1,978**	**1,967**

(20) Other assets

In € million	30/6/2013	31/12/2012
Tax assets	719	613
Current tax assets	177	125
Deferred tax assets	543	488
Receivables arising from non-banking activities	136	136
Accruals and deferred items	258	219
Clearing claims from securities and payment transfer business	430	553
Lease in progress	145	62
Assets held for sale (IFRS 5)	68	65
Inventories	170	139
Valuation fair value hedge portfolio	6	11
Other assets	432	524
Total	**2,363**	**2,324**

(21) Deposits from banks

Deposits from banks classified regionally (counterparty's seat) break down as follows:

In € million	30/6/2013	31/12/2012
Austria	21,567	21,811
Foreign	13,490	16,598
Total	**35,058**	**38,410**

Deposits from banks include € 1,133 million (31/12/2012: € 1,258 million) from repo transactions.

(22) Deposits from customers

Deposits from customers break down analog to Basel II definition as follows:

In € million	30/6/2013	31/12/2012
Sovereigns	1,776	1,079
Corporate customers – large corporates	30,123	29,214
Corporate customers – mid market	2,216	2,495
Retail customers – private individuals	28,154	29,140
Retail customers – small and medium-sized entities	3,849	3,894
Other	683	618
Total	**66,802**	**66,439**

Deposits from customers include € 73 million (31/12/2012: € 69 million) from repo transactions.

Deposits from customers classified regionally (counterparty's seat) are as follows:

In € million	30/6/2013	31/12/2012
Austria	6,455	5,718
Foreign	60,347	60,722
Total	**66,802**	**66,439**

(23) Debt securities issued

In € million	30/6/2013	31/12/2012
Bonds and notes issued	11,421	12,767
Money market instruments issued	516	368
Other debt securities issued	113	169
Total	**12,049**	**13,304**

(24) Provisions for liabilities and charges

In € million	30/6/2013	31/12/2012
Severance payments	75	73
Retirement benefits	84	83
Taxes	114	134
Current	74	94
Deferred	40	41
Contingent liabilities and commitments	127	153
Pending legal issues	56	54
Overdue vacation	62	58
Bonus payments	181	197
Restructuring	10	16
Other	82	78
Total	**791**	**848**

(25) Trading liabilities

In € million	30/6/2013	31/12/2012
Negative fair values of derivative financial instruments	**4,860**	**7,446**
Interest-based transactions	3,219	5,863
Currency-based transactions	657	731
Equity-/index-based transactions	853	835
Credit derivatives business	11	13
Other transactions	120	5
Short-selling of trading assets	**561**	**622**
Certificates issued	**660**	**745**
Call/time deposits from trading purposes	**0**	**10**
Total	**6,081**	**8,823**

(26) Derivatives

In € million	30/6/2013	31/12/2012
Negative fair values of derivatives in fair value hedges (IAS 39)	188	117
Negative fair values of derivatives in cash flow hedges (IAS 39)	47	3
Negative fair values of credit derivatives	0	1
Negative fair values of derivative financial instruments	240	368
Total	**477**	**489**

(27) Other liabilities

In € million	30/6/2013	31/12/2012
Liabilities from non-banking activities	124	142
Prepayments and other deferrals	275	286
Liabilities from dividends	294	1
Clearing claims from securities and payment transfer business	1,379	515
Valuation fair value hedge portfolio	31	48
Other liabilities	668	592
Total	**2,771**	**1,584**

(28) Subordinated capital

In € million	30/6/2013	31/12/2012
Hybrid tier 1 capital	446	450
Subordinated liabilities	3,047	3,131
Supplementary capital	304	304
Total	**3,796**	**3,885**

(29) Equity

In € million	30/6/2013	31/12/2012[1]
Consolidated equity	6,718	6,699
Subscribed capital	492	492
Participation capital	0	0
Capital reserves	1,835	1,835
Retained earnings	4,390	4,371
Consolidated profit	248	497
Non-controlling interests	4,710	4,872
Total	**11,675**	**12,068**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

Risik report

(30) Risks arising from financial instruments

Active risk management is a core competency of RZB. In order to effectively identify, measure and manage risks, the Group has implemented comprehensive risk management and controlling system. The risk management system is an integral part of overall bank management and it is continuously being developed. RZB's risk management is geared toward ensuring that credit and country risks, market and liquidity risks, risks arising from holdings and operational risks are dealt with conscientiously and managed professionally.

The principles and organization of risk management are disclosed in the relevant chapters of the 2012 Annual Report.

Economic capital

Economic capital constitutes an important instrument in overall bank risk management. It sets the internal capital requirement for all risk categories being measured based on comparable internal models and allows for an aggregated view of the Group's risk profile. Economic capital has thus become an important instrument in overall bank risk management and is used in risk-adjusted business decision making and in performance measurement. For this purpose, a business unit's profit is set in relation to the economic capital attributed to the unit (return on risk-adjusted capital, RoRAC).

Risk contribution of individual risk types to economic capital:

In € million	30/6/2013	Share	31/12/2012	Share
Credit risk corporate customers	2,648	25.9%	2,605	26.5%
Credit risk private individuals	2,418	23.6%	2,457	24.9%
Credit risk sovereigns	959	9.4%	969	9.8%
Credit risk financial institutions	335	3.3%	331	3.4%
Market risk	1,131	11.0%	794	8.1%
Operational risk	809	7.9%	845	8.6%
Liquidity risk	345	3.4%	214	2.2%
Participation risk	364	3.6%	368	3.7%
Other tangible fixed assets	447	4.4%	457	4.6%
Macroeconomic risk	298	2.9%	340	3.5%
Risk buffer	488	4.8%	469	4.8%
Total	**10,242**	**100.0%**	**9,849**	**100.0%**

RZB uses a confidence level of 99.95 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. The objective of calculating economic capital is to determine the amount of capital that would be required for servicing all of the claims of customers and creditors even in the case of such an extremely rare loss event.

Credit risk

Reconciliation of figures from IFRS consolidated financial statements to total credit exposure (according to Basel II)

The following table translates items of the statement of financial position (banking and trading book positions) into the maximum credit exposure, which is used in portfolio management. It includes exposures on and off the statement of financial position before the application of credit-conversion factors and thus represents the maximum credit exposure. It is not reduced by the effects of credit risk mitigation, for example guarantees and physical collateral, effects that are, however, considered in the total assessment of credit risks. The total credit exposure is used – if not explicitly stated otherwise – for showing exposures in all subsequent charts in the risk report. Deviations between the figures of internal portfolio management and external accounting are caused by the different scopes of consolidation (regulatory versus IFRS, i.e. corporate legal basis) and different presentations of exposure volumes.

In € million	30/6/2013	31/12/2012
Cash reserve	5,976	9,873
Loans and advances to banks	22,060	21,430
Loans and advances to customers	84,259	85,600
Trading assets	7,638	9,774
Derivatives	1,001	1,404
Financial investments	13,978	12,855
Other assets	375	265
Contingent liabilities	11,655	12,468
Commitments	11,161	10,957
Revocable credit lines	16,492	16,054
Description differences	(2,843)	(3,570)
Total	**171,752**	**177,110**

Items on the statement of financial position contain only credit risk parts.

A more detailed credit portfolio analysis is based on individual customer ratings. Ratings are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organization unit. Default probabilities assigned to individual rating grades are estimated for each asset class separately. As a consequence the default probability of the same ordinal rating grade (e.g. corporates 1.5, financial institutions A3, and sovereigns A3) is different between these asset classes.

Rating models in the main non-retail asset classes – corporates, financial institutions, and sovereigns – are uniform in all Group units and rank creditworthiness in 10 classes. For retail asset classes, country specific scorecards are based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g. for business valuation, rating and default database).

Credit portfolio – Corporates

The following table shows the total credit exposure by internal rating for corporate customers (large corporates and mid-market). When making an overall assessment of credit risk, collateral and recovery rates in the event of default must also be taken into account.

In € million		30/6/2013	Share	31/12/2012	Share
0.5	Minimal Risk	**1,293**	1.6%	1,194	1.4%
1.0	Excellent credit standing	8,416	10.2%	8,468	10.2%
1.5	Very good credit standing	9,730	11.7%	9,315	11.2%
2.0	Good credit standing	12,709	15.3%	12,473	15.0%
2.5	Sound credit standing	11,784	14.2%	12,186	14.7%
3.0	Acceptable credit standing	12,253	14.8%	12,893	15.5%
3.5	Marginal credit standing	10,832	13.1%	11,667	14.0%
4.0	Weak credit standing/sub-standard	5,528	6.7%	5,384	6.5%
4.5	Very weak credit standing/doubtful	3,571	4.3%	3,568	4.3%
5.0	Default	5,278	6.4%	4,986	6.0%
NR	Not rated	1,479	1.8%	1,029	1.2%
Total		**82,876**	**100.0%**	**83,164**	**100.0%**

Compared to year-end 2012, total credit exposure for corporate customers decreased by € 288 million to € 82,876 million. With 97.2 per cent or € 80,548 million Raiffeisen Bank International represents the largest segment.

The share of loans to total credit exposure in the medium rating classes (Rating 2.0 to 3.0) sank by 0.8 percentage points to 44.3 per cent. Compared to year-end 2012, this is a reduction of € 806 million. The largest decline was in the rating class 3.5

(marginal credit standing) with € 835 million and was mainly related to the regions CIS Other (€ 314 million) and Southeastern Europe (€ 318 million).

The share of default loans under Basel II (Rating 5.0) amounted to 6.4 er cent of total credit exposure (€ 5,278 million). With € 1,611 million, the region Central Europe was most concerned. Compared to year-end 2012, the volume of loans to corporate customers not rated increased by € 450 million.

The following table provides a breakdown by country of risk of the maximum credit exposure for corporate customers structured by regions:

In € million	30/6/2013	Share	31/12/2012	Share
Central Europe	17,779	21.5%	17,986	21.6%
Austria	16,766	20.2%	16,576	19.9%
Western Europe	10,814	13.0%	11,223	13.5%
Southeastern Europe	10,329	12.5%	10,370	12.5%
Russia	10,501	12.7%	10,237	12.3%
Asia	6,439	7.8%	6,888	8.3%
CIS Other	4,149	5.0%	3,682	4.4%
Other	6,097	7.4%	6,202	7.5%
Total	**82,876**	**100.0%**	**83,164**	**100.0%**

The table below provides a breakdown of the maximum credit exposure for corporates and project finance selected by industries:

In € million	30/6/2013	Share	31/12/2012	Share
Wholesale and retail trade	21,501	23.4%	21,249	23.0%
Manufacturing	19,444	21.2%	18,737	20.3%
Real estate	9,730	10.6%	10,391	11.3%
Financial intermediation	9,899	10.8%	10,094	10.9%
Construction	6,456	7.0%	6,984	7.6%
Transport, storage and communication	4,500	4.9%	3,913	4.2%
Other industries	20,318	22.1%	20,852	22.6%
Total	**91,848**	**100.0%**	**92,219**	**100.0%**

The rating model for project finance has five different grades and takes into account both the individual probability of default and the available collateral. The exposure from project finance is shown in the table below:

In € million		30/6/2013	Share	31/12/2012	Share
6.1	Excellent project risk profile – very low risk	3,567	39.8%	3,899	43.1%
6.2	Good project risk profile – low risk	3,032	33.8%	2,669	29.5%
6.3	Acceptable project risk profile – average risk	1,371	15.3%	1,412	15.6%
6.4	Poor project risk profile – high risk	454	5.1%	459	5.1%
6.5	Default	531	5.9%	587	6.5%
NR	Not rated	16	0.2%	29	0.3%
Total		**8,972**	**100.0%**	**9,055**	**100.0%**

The credit exposure in project finance amounted to € 8,972 million at the end of the first half year of 2013, with the two best rating grades – Excellent project risk profile, with a very low risk and Good project risk profile, with a low risk – accounting for the highest share, at 73.6 per cent. This reflects mainly the high level of collateralization in such specialized lending transactions. Compared to year-end 2012, the share of loans not rated decreased to 0.2 per cent (€ 16 million).

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SMEs). For retail customers, a two-fold scoring system is used – consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data. The table below provides a breakdown of RZB's retail credit exposure:

In € million	30/6/2013	Share	31/12/2012	Share
Retail customers – private individuals	26,145	89.1%	25,856	88.7%
Retail customers – small and medium-sized entities	3,208	10.9%	3,278	11.3%
Total	**29,353**	**100.0%**	**29,134**	**100.0%**
hereof non-performing loans	3,053	10.4%	3,054	10.5%
hereof individual loan loss provision	1,753	6.0%	1,681	5.8%
hereof portfolio-based loan loss provision	477	1.6%	570	2.0%

Compared to year-end 2012, total credit exposure to retail customers increased by € 219 million to € 29,353 million in the second quarter of 2013. The region Central Europe had the largest volume at €15,711 million. Compared to year-end 2012, this represents a decrease of € 503 million, which is mainly attributable to the decline of loans to private individuals in Poland and was partly compensated by an increase of loans to private individuals in Slovakia. Southeastern Europe ranks second with a credit exposure of € 7,462 million. Compared to year-end 2012, this represents a slight increase.

In the table below, the retail exposure selected by products is shown:

In € million	30/6/2013	Share	31/12/2012[1]	Share
Mortgage loans	15,767	53.7%	14,447	49.6%
Personal loans	5,686	19.4%	6,580	22.6%
Car loans	2,184	7.4%	2,326	8.0%
Overdraft	1,876	6.4%	2,457	8.4%
Credit cards	2,287	7.8%	1,990	6.8%
SME financing	1,553	5.3%	1,334	4.6%
Total	**29,353**	**100.0%**	**29,134**	**100.0%**

1 Previous year's results adjusted in line with model changes and on a pro-forma basis (unaudited).

The share of foreign currency loans in the retail portfolio provides an indication of potential change in default rates if the exchange rate of the domestic currency changes. The internal risk assessment thus takes into account not only the share of foreign currency loans, but also the usually stricter lending criteria of loan distribution and – in several countries – the customer's ability to match payments with foreign currency income.

In € million	30/6/2013	Share	31/12/2012	Share
Swiss franc	4,761	47.3%	5,110	48.6%
Euro	4,083	40.6%	4,054	38.6%
US-Dollar	1,093	10.9%	1,199	11.4%
Other foreign currencies	120	1.2%	141	1.3%
Loans in foreign currencies	**10,057**	**100.0%**	**10,504**	**100.0%**
Share of total loans	**34.3%**		**36.1%**	

Compared to year-end 2012, foreign currency loans in Swiss francs and US-Dollars declined by € 349 million mainly in the Czech Republic and Hungary.

Credit portfolio – Financial institutions

The financial institutions asset class mainly contains banks and securities firms. The internal rating model for financial institutions is based on a peer-group approach that takes both qualitative and quantitative information into account. The final rating for financial institutions is capped by the country rating of the respective home country.

The following table shows the maximum credit exposure by internal rating for financial institutions (excluding central banks). Due to the limited number of customers (or observable defaults), the default probabilities of individual rating categories in this asset class are estimated based on a combination of internal and external data.

In € million		30/6/2013	Share	31/12/2012	Share
A1	Excellent credit standing	265	0.9%	96	0.3%
A2	Very good credit standing	986	3.4%	988	3.2%
A3	Good credit standing	13,769	47.8%	18,243	58.7%
B1	Sound credit standing	8,532	29.6%	7,368	23.7%
B2	Average credit standing	2,417	8.4%	1,782	5.7%
B3	Mediocre credit standing	1,291	4.5%	1,111	3.6%
B4	Weak credit standing	658	2.3%	697	2.2%
B5	Very weak credit standing	341	1.2%	330	1.1%
C	Doubtful/high default risk	177	0.6%	157	0.5%
D	Default	235	0.8%	269	0.9%
NR	Not rated	113	0.4%	49	0.2%
Total		**28,786**	**100.0%**	**31,089**	**100.0%**

Total credit exposure to financial institutions amounted to € 28,786 million in the first half year of 2013. Compared to year-end 2012, this represents a decrease of € 2,303 million which derived from the reduction of excess liquidity. At € 13,769 million or 47.8 per cent, the bulk of this customer group was in the A3 rating class, which decreased by € 4,473 million. This decline resulted from a contraction in the swap, money-market and repo transactions. The medium rating classes B1 (sound credit standing) to B3 (mediocre credit standing) accounted for 42.5 per cent of total credit exposure.

Part of this credit exposure is held against financial institutions that have a shareholer relationship with RZB. Due to the multilayered structure of the Austrian Raiffeisen Banking Group, exposure resulting from liquidity management within the Raiffeisen Banking Group is shown in this asset class as well. Bilateral netting arrangements and joint risk monitoring systems are used as risk mitigation techniques.

The share of loans to financial institutions not rated was below 1 per cent as of 30 June 2013. This exposure was mainly caused by short-term loans to small banks, where the rating process had not yet been completed.

The table below shows the total credit exposure to financial institutions (excluding central banks) selected by products:

In € million	30/6/2013	Share	31/12/2012	Share
Derivatives	7,362	25.6%	11,120	35.8%
Money market	8,296	28.8%	8,789	28.3%
Repo	5,486	19.1%	4,737	15.2%
Loans	3,724	12.9%	3,462	11.1%
Bonds	3,086	10.7%	2,196	7.1%
Other	832	2.9%	784	2.5%
Total	**28,786**	**100.0%**	**31,089**	**100.0%**

Credit portfolio – Sovereigns

Another asset class is formed by central governments, central banks and regional municipalities, as well as other public sector entities. The table below provides a breakdown of the total credit exposure to sovereigns (including central banks) by internal rating:

In € million		30/6/2013	Share	31/12/2012	Share
A1	Excellent credit standing	4,982	22.9%	7,201	29.2%
A2	Excellent credit standing	1,189	5.5%	816	3.3%
A3	Good credit standing	3,272	15.0%	3,864	15.7%
B1	Sound credit standing	2,690	12.4%	2,787	11.3%
B2	Average credit standing	873	4.0%	1,278	5.2%
B3	Mediocre credit standing	3,615	16.6%	3,425	13.9%
B4	Weak credit standing	3,523	16.2%	3,799	15.4%
B5	Very weak credit standing	1,575	7.2%	1,172	4.7%
C	Doubtful/high default risk	0	0.0%	232	0.9%
D	Default	37	0.2%	83	0.3%
NR	Not rated	10	0.0%	10	0.0%
Total		**21,764**	**100.0%**	**24,668**	**100.0%**

Compared to year-end 2012, the credit exposure to sovereigns sank by € 2,904 million to € 21,764 million which represents 12.7 per cent of the banks`s total credit exposure. The decline was caused by the continuing reduction of very short-term liquidity investments. The rating class Excellent credit standing (Rating A1) reported a decline of € 2,219 million. This was attributable to a decrease of deposits with the Austrian National Bank (minus € 2,711 million) which was only partly compensated by a portfolio increase of Austrian state bonds.

The medium rating classes Good credit standing (Rating A3) to Mediocre credit standing (Rating B3) accounted for 48 per cent. The high level of exposure in the intermediate rating classes was mainly due to deposits of Group units in Central and Southeastern Europe at their local central banks. These are mandatory for meeting the respective minimum reserve requirements or used to manage excess liquidity on a short-term basis, and are therefore inextricably linked to the business activities in these countries.

The exposure in rating classes B4 and B5 amounted to € 5,098 million or 23.4 per cent of total loans outstanding. Loans in the lower rating classes (Rating C and D) declined due to a rating improvement in Belarus and the debt conversion to regional governments in Hungary.

The breakdown below shows the total credit exposure to sovereigns (including central banks) selected by products:

In € million	30/6/2013	Share	31/12/2012	Share
Bonds	12,630	58.0%	12,308	49.9%
Loans	5,858	26.9%	8,698	35.3%
Derivatives	617	2.8%	1,319	5.3%
Other	2,659	12.2%	2,343	9.5%
Total	**21,764**	**100.0%**	**24,668**	**100.0%**

The table below shows the credit exposure to the public sector in non-investment grade (Rating B3 and below):

In € million	30/6/2013	Share	31/12/2012	Share
Romania	1,961	22.4%	1,808	20.6%
Hungary	1,906	21.8%	2,237	25.5%
Croatia	1,041	11.9%	1,023	11.7%
Albania	928	10.6%	976	11.1%
Ukraine	880	10.0%	766	8.7%
Other	2,043	23.3%	1,912	21.8%
Total	**8,759**	**100.0%**	**8,721**	**99.6%**

Compared to year-end 2012, the credit exposure to non-investment grade sovereigns remained nearly unchanged at € 8,759 million. It resulted mainly from deposits of Group units with the local central banks in Central and Southeastern Europe. They are used for meeting the respective minimum reserve requirements and for managing the short-term investment of excess liquidity, and are therefore inextricably linked to the business activities in these countries.

Non-performing loans and provisioning

The table below shows the share of non-performing loans (NPL) in the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) in the statement of financial position and the corresponding share of provisioning:

	NPL		NPL ratio		NPL coverage ratio	
In € million	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012
Corporate customers	5,539	5,193	9.9%	9.0%	64.0%	63.5%
Retail customers	3,052	3,054	11.4%	11.5%	73.1%	73.7%
Sovereigns	28	57	1.6%	3.9%	18.5%	19.8%
Total nonbanks	**8,619**	**8,304**	**10.2%**	**9.7%**	**67.1%**	**66.9%**
Banks	179	202	0.8%	0.9%	78.9%	78.2%
Total	**8,798**	**8,506**	**8.3%**	**7.9%**	**67.3%**	**67.2%**

The table below shows the development of non-performing loans in the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) as reported in the statement of financial position:

In € million	As of 1/1/2013	Change in consolidated group	Exchange differences	Additions	Disposals	As of 30/6/2013
Corporate customers	5,193	303	(35)	770	(692)	5,539
Retail customers	3,054	13	(56)	540	(500)	3,052
Sovereigns	57	0	(1)	14	(42)	28
Total nonbanks	**8,304**	**316**	**(91)**	**1,324**	**(1,234)**	**8,619**
Banks	202	0	0	1	(23)	179
Total	**8,506**	**316**	**(91)**	**1,325**	**(1,257)**	**8,798**

In Corporate Customers, total non-performing loans increased by 6.7 per cent or € 346 million to € 5,539 million in the first two quarters of 2013. The ratio of non-performing loans to total credit exposure rose by 0.9 percentage points to 9.9 per cent, the NPL coverage ratio went up 0.5 percentage points to 64.0 per cent.

In the retail porfolio, non-performing loans declined by 0.1 per cent or € 2 million to € 3,052 million. The ratio of non-performing loans to total credit exposure decreased by 0.1 percentage points to 11.4 per cent, while the NPL coverage ratio sank by 0.6 percentage points to 73.1 per cent.

Non-performing loans for financial institutions amounted to € 179 million at the end of the second quarter of 2013 and the NPL coverage ratio rose by 0.7 percentage points to 78.9 per cent.

The following table shows the development of impairment losses on loans and provisions for liabilities off the statement of financial position:

In € million	As of 1/1/2013	Change in consolidated group	Allocation[1]	Release	Usage [2]	Transfers, exchange differences	As of 30/6/2013
Individual loan loss provision	4,919	163	890	(448)	(396)	34	5,162
Portfolio-based loan loss provisions	950	28	217	(197)	0	(109)	888
Total	**5,869**	**190**	**1,107**	**(645)**	**(396)**	**(75)**	**6,051**

1 Allocation including direct write-downs and income on written down claims.
2 Usage including direct write-downs and income on written down claims.

Concentration risk

RZB's credit portfolio is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence, portfolio granularity is high. The regional breakdown of the loans reflects the broad diversification of credit business in the European markets. The following table shows the regional distribution of the credit exposure of all asset classes by the borrower's home country and grouped by region:

In € million	30/6/2013	Share	31/12/2012	Share
Central Europe	**45,815**	**26.7%**	**48,187**	**27.2%**
Poland	13,796	8.0%	14,687	8.3%
Slovakia	11,642	6.8%	11,506	6.5%
Czech Republic	10,347	6.0%	11,176	6.3%
Hungary	8,177	4.8%	8,788	5.0%
Other	1,854	1.1%	2,031	1.1%
Austria	**32,678**	**19.0%**	**35,974**	**20.3%**
European Union	**23,654**	**13.8%**	**24,035**	**13.6%**
Great Britain	4,540	2.6%	6,932	3.9%
Germany	6,205	3.6%	6,682	3.8%
France	5,358	3.1%	5,278	3.0%
Netherlands	1,840	1.1%	1,446	0.8%
Other	5,710	3.3%	3,697	2.1%
Southeastern Europe	**25,196**	**14.7%**	**24,752**	**14.0%**
Romania	8,647	5.0%	8,097	4.6%
Croatia	5,627	3.3%	5,730	3.2%
Bulgaria	4,268	2.5%	4,271	2.4%
Serbia	2,229	1.3%	2,073	1.2%
Other	4,425	2.6%	4,581	2.6%
Russia	**20,139**	**11.7%**	**19,884**	**11.2%**

In € million	30/6/2013	Share	31/12/2012	Share
Russia	**20,139**	**11.7%**	**19,884**	**11.2%**
Far East	**9,554**	**5.6%**	**9,670**	**5.5%**
China	3,927	2.3%	4,167	2.4%
Other	5,627	3.3%	5,503	3.1%
CIS Other	**8,018**	**4.7%**	**7,425**	**4.2%**
Ukraine	6,085	3.5%	5,649	3.2%
Other	1,933	1.1%	1,776	1.0%
USA	**3,520**	**2.0%**	**3,496**	**2.0%**
Rest of the world	**3,177**	**1.8%**	**3,686**	**2.1%**
Total	**171,752**	**100.0%**	**177,110**	**100.0%**

RZB does not have a presence in any of the so-called peripheral European countries through subsidiary banks, but there are receivables from customers in these countries arising from credit financing and capital market business. However, the Group holds virtually no government bonds issued by these countries (except from the Republic of Italy).

Market risk

Market risk management is based on figures from an internal model that calculates value-at-risk (VaR) for changes in the following risk factors: foreign exchange, interest rate changes, credit spreads and equity indices. The Austrian financial market authority and the Austrian national bank have approved this model, and it is used to calculate own fund requirements for market risk.

The following table lists risk measures for overall market risk in the trading and banking book for each risk type. The VaR is dominated by risk arising from equity positions held in foreign currencies, structural interest risks and spread risks on the bond books (frequently held as a liquidity reserve).

Total VaR 99% 1d In € million	VaR as of 30/6/2013	Average VaR	Minimum VaR	Maximum VaR	VaR as of 31/12/2012
Currency risk	72	57	41	85	52
Interest rate risk	18	16	10	28	16
Credit spread risk	43	28	19	54	21
Share price risk	2	2	2	2	2
Vega risk	1	1	1	1	1
Total	104	81	67	116	71

Liquidity risk

The following table shows the liquidity gap and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis, taking into account all items on the statement of financial position and transactions off the statement of financial position. Based on expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates on the prolongation of defined assets, the so-called sediment of customer deposits, and the liquidity counterbalancing capacity (in particular, assets that are eligible for refinancing at central banks and that can be used as collateral in repo transactions).

In € million	30/6/2013			31/12/2012		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	16,883	14,720	11,488	14,129	11,462	13,514
Liquidity ratio	141%	125%	110%	124%	114%	109%

Compared to year-end 2012, the liquidity ratios increased mainly in the short-term maturity buckets. Internal limts are used in each Group unit in order to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The Group holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the case of a liquidity shortage in the Group, contingency plans would come into force. Such prioritized action lists for handling short-term liquidity needs exist for all major Group units.

Additional notes

(31) Contingent liabilities and commitments

In € million	30/6/2013	31/12/2012
Contingent liabilities	**13,753**	**12,468**
Acceptances and endorsements	44	38
Credit guarantees	7,378	6,510
Other guarantees	2,908	2,563
Letters of credit (documentary business)	3,072	2,733
Other contingent liabilities	352	624
Commitments	**12,780**	**10,957**
Irrevocable credit lines and stand-by facilities	12,780	10,957
Up to 1 year	4,872	4,279
More than 1 year	7,908	6,679

(32) Derivatives

30/6/2013	Nominal amount by maturity				Fair values	
In € million	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	41,289	61,963	42,019	145,271	4,120	(3,571)
Foreign exchange rate and gold contracts	47,860	10,376	2,357	60,593	712	(792)
Equity/index contracts	1,761	1,371	311	3,443	122	(853)
Commodities	292	150	13	455	7	(104)
Credit derivatives	176	1,705	5	1,886	19	(12)
Precious metals contracts	15	42	12	69	0	(17)
Total	**91,392**	**75,608**	**44,717**	**211,716**	**4,982**	**(5,349)**

31/12/2012	Nominal amount by maturity				Fair values	
In € million	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	51,048	84,990	52,974	189,012	7,209	(6,309)
Foreign exchange rate and gold contracts	49,700	11,599	2,212	63,511	845	(773)
Equity/index contracts	1,503	1,308	345	3,156	107	(835)
Commodities	232	78	14	324	4	(2)
Credit derivatives	312	1,573	5	1,889	16	(14)
Precious metals contracts	43	36	17	96	0	(3)
Total	**102,837**	**99,584**	**55,567**	**257,988**	**8,181**	**(7,935)**

(33) Fair Value of financial instruments not reported at fair value

In € million	30/6/2013 Fair value	30/6/2013 Carrying amount	30/6/2013 Difference	31/12/2012 Fair value	31/12/2012 Carrying amount	31/12/2012 Difference
Assets						
Cash reserve	8,010	8,010	0	12,157	12,157	0
Loans and advances to banks	21,912	21,919	(6)	21,287	21,273	14
Loans and advances to customers	79,205	78,477	727	80,432	80,042	390
Financial investments	7,153	7,046	107	7,135	6,987	149
Liabilities						
Deposits from banks	34,949	35,058	(109)	38,399	38,410	(11)
Deposits from customers	67,246	66,802	444	66,681	66,439	242
Debt securities issued	10,029	9,903	127	10,780	10,827	(47)
Subordinated capital	3,114	3,126	(12)	2,754	3,005	(252)

(34) Fair Value of financial instruments reported at fair value

In € million	30/6/2013 Level I	30/6/2013 Level II	30/6/2013 Level III	31/12/2012 Level I	31/12/2012 Level II	31/12/2012 Level III
Trading assets	**2,851**	**5,081**	**94**	**2,118**	**8,264**	**93**
Positive fair values of derivatives[1]	119	4,141	93	100	7,287	93
Shares and other variable-yield securities	287	5	1	265	12	1
Bonds, notes and other fixed-interest securities	2,445	923	0	1,754	965	0
Call/time deposits from trading purposes	0	12	0	0	0	0
Financial assets at fair value through profit or loss	**6,660**	**2,744**	**53**	**5,106**	**3,233**	**44**
Shares and other variable-yield securities	50	112	7	55	105	6
Bonds, notes and other fixed-interest securities	6,611	2,632	46	5,051	3,128	39
Financial assets available-for-sale	**62**	**47**	**356**	**108**	**0**	**250**
Other interests[2]	62	47	106	108	0	0
Bonds, notes and other fixed-interest securities	0	0	250	0	0	0
Shares and other variable-yield securities	0	0	0	0	0	250
Derivatives (hedging)	**0**	**613**	**0**	**0**	**702**	**0**
Positive fair values of derivatives from hedge accounting	0	613	0	0	702	0

1 Including other derivatives. 2 Includes only securities traded on the stock exchange.
Level I Quoted market prices. Level II Valuation techniques based on market data. Level III Valuation techniques not based on market data.

In € million	30/6/2013 Level I	Level II	Level III	31/12/2012 Level I	Level II	Level III
Trading liabilities	**778**	**5,519**	**24**	**788**	**8,377**	**28**
Negative fair values of derivatives financial instruments[1]	217	4,867	17	165	7,630	20
Call/time deposits from trading purposes	0	0	0	0	10	0
Short-selling of trading assets	561	0	0	622	0	0
Certificates issued	0	653	7	0	738	7
Liabilities at fair value through profit and loss	**0**	**2,818**	**0**	**0**	**3,358**	**0**
Debt securities issued	0	2,147	0	0	2,478	0
Subordinated capital	0	671	0	0	880	0
Derivatives (hedging)	**0**	**236**	**0**	**0**	**120**	**0**
Negative fair values of derivatives from hedge accounting	0	236	0	0	120	0

1 Including other derivatives. 2 Includes only securities traded on the stock exchange.
Level I Quoted market prices. Level II Valuation techniques based on market data. Level III Valuation techniques not based on market data.

Movements between Level I and Level II

Compared to year-end 2012, the share of financial assets according to Level II changed only slightly. The decrease resulted primarily from the reduction of the fair values of derivative financial instruments. Regarding bonds, notes and other fixed-interest securities, there was a slight shift from Level II to Level I, which is due to an increase in market liquidity for individual securities.

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose valuation models are based on unobservable parameters.

In € million	As of 1/1/2013	Changes in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	93	0	(1)	0	0
Financial assets at fair value through profit or loss	44	0	0	14	(10)
Financial assets available-for-sale	250	0	0	0	0
Derivatives (hedging)	0	0	0	0	0

In € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As of 30/6/2013
Trading assets	1	0	0	0	94
Financial assets at fair value through profit or loss	(1)	0	5	0	53
Financial assets available-for-sale	0	0	0	0	250
Derivatives (hedging)	0	0	0	0	0

In € million	As of 1/1/2013	Changes in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	28	0	0	0	0

In € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As of 30/6/2013
Trading liabilities	(3)	0	0	0	24

Qualitative information for the valuation of financial instruments in Level III

Financial assets	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	1	Net asset value	Haircuts	20% - 50%
Shares and other variable-yield securities	Shares	257	Approximation method	-	-
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	45	Discounted cash flow	Credit spread	10% - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	1	Broker estimate	Probability of default Loss severity Expected prepayment rate	-
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contracts	93	Discounted cash flow	Interest rate	10% - 30%
Total		**397**			

Financial liabilities	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives without hedge accounting	OTC options	17	Option model	Closing Period Currency risk LT volatility Index category	2% - 16% 0% - 5% 0% - 3% 0% - 5%
Issued certificates for trading purposes	Certificates	7	Option model	Closing period Bid-Ask Spread LT Volatility Index category	0% - 3% 0% - 3% 0% - 3% 0% - 2.5%
Total		**24**			

(35) Related parties

Transactions with related parties that are natural persons are limited to banking business transactions carried out at fair market conditions. In the current reporting period, further business transactions, especially large banking business transactions with related parties that are natural persons, were not concluded in the reporting period.

The following tables show transactions with related companies. Parent companies are Raiffeisen-Landesbanken-Holding GmbH, Vienna, and its subsidiary R-Landesbanken-Beteiligung GmbH, Vienna, which is the majority shareholder of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna.

30/6/2013 In € million	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	0	2,879	0	488	100
Loans and advances to customers	0	0	798	51	419
Trading assets	0	34	1	16	2
Financial investments	0	0	497	2	219
Investments in associates	0	0	0	1,707	0
Other assets including derivatives	0	1	13	0	2
Deposits from banks	0	4,758	0	5,445	116
Deposits from customers	1	0	339	266	348
Debt securities issued	0	0	0	0	0
Provisions for liabilities and charges	0	0	1	0	14
Trading liabilities	0	0	13	0	0
Other liabilities including derivatives	0	14	0	0	0
Subordinated capital	0	0	0	0	0
Guarantees given	0	2	93	3	16
Guarantees received	0	74	6	178	59

31/12/2012 € million	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	0	2,587	0	450	142
Loans and advances to customers	0	0	857	460	428
Trading assets	0	33	2	12	2
Financial investments	0	0	486	2	212
Investments in associates	0	0	0	1,720	0
Other assets including derivatives	0	1	9	62	0
Deposits from banks	0	4,736	0	5,939	225
Deposits from customers	1	1	222	429	502
Debt securities issued	0	0	0	0	0
Provisions for liabilities and charges	0	0	4	0	13
Trading liabilities	0	0	25	0	0
Other liabilities including derivatives	0	17	1	0	0
Subordinated capital	0	0	0	0	0
Guarantees given	0	1	52	26	21
Guarantees received	0	104	6	153	54

(36) Regulatory own funds

The own funds of RZB credit institution group according to Austrian Banking Act (BWG) 1993/Amendment 2006 (Basel II) break down as follows:

In € million	30/6/2013	31/12/2012
Paid-in capital	2,327	2,327
Earned capital	3,282	3,351
Non-controlling interests	4,461	4,642
Hybrid tier 1 capital	441	441
Intangible fixed assets	(746)	(755)
Core capital (tier 1 capital)	**9,765**	**10,006**
Deductions from core capital	(446)	(67)
Eligible core capital (after deductions)	**9,319**	**9,939**
Supplementary capital according to Section 23 (1) 5 BWG	0	0
Provision excess of internal rating approach positions	228	228
Hidden reserve	10	36
Long-term subordinated capital	2,936	3,030
Additional own funds (tier 2 capital)	**3,174**	**3,294**
Deduction items: participations, securitizations	(446)	(67)
Eligible additional own funds (after deductions)	**2,728**	**3,227**
Deduction items: insurance companies	0	(801)
Tier 2 capital available to be redesignated as tier 3 capital	279	302
Short term subordinated capital (tier(3))	**279**	**302**
Total own funds	**12,326**	**12,667**
Total own funds requirement	**6,963**	**6,965**
Excess own funds	5,363	5,702
Excess cover ratio	77.0%	81.9%
Tier 1 ratio, credit risk	13.0%	13.8%
Tier 1 ratio, including market and operational risk	10.7%	11.4%
Own funds ratio	14.2%	14.5%

The total own funds requirement breaks down as follows:

In € million	30/6/2013	31/12/2012
Risk-weighted assets according to section 22 BWG	**71,945**	**72,198**
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	5,756	5,776
Standardized approach	2,713	2,733
Internal rating approach	3,043	3,042
Settlement risk	0	0
Own funds requirement for position risk in bonds, equities and commodities	310	273
Own funds requirement for open currency positions	62	56
Own funds requirement for operational risk	835	860
Total own funds requirement	**6,963**	**6,965**

(37) Average number of staff

Full-time equivalents	1/1-30/6/2013	1/1-30/6/2012
Salaried employees	59,150	61,260
Wage earners	862	999
Total	**60,012**	**62,259**

(38) Subsequent events

Details are provided in the Group Management Report under chapter Events after the reporting date on page 13.

Statement of legal representatives

We confirm to the best of our knowledge that the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the semi-annual group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions.

Vienna, 21 August 2013

The Management Board

Walter Rothensteiner
Chairman of the Management Board responsible for
Participation Management, Internal and Group Audit, Group Management,
HR, Public Relations, Legal/Tax and Management Services

Johannes Schuster
Member of the Management Board responsible for
Sector Marketing, Sector Customers, Sector Treasury
and Sector Saleservices

Johann Strobl
Member of the Management Board responsible for
Risk Controlling and Risk Management

Publication details

Published by	Raiffeisen Zentralbank Österreich AG
Published and produced in	Vienna
Production:	Internally produced withFIRE.sys

Notes: In this extract of RZB's Semi-Annual Financial Report, "RZB" refers to the RZB Group and "RZB AG" is used wherever statements refer solely to Raiffeisen Zentralbank Osterreich AG.

The forecasts, plans and forward-looking statements contained in this report are based on RZB's state of knowledge and assessments at the time of its preparation. Like all statements of this kind, they are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

No guarantee can be provided for the accuracy of forecasts, plan values or forwardlooking statements.

We prepared this Semi-Annual Financial Report and checked the data with the greatest possible care. Nonetheless, transmission, typesetting and printing errors cannot be ruled out.

Adding and subtracting rounded amounts in tables may have led to minor discrepancies.

Statements of rates of change (percentages) are based on actual figures and not on the rounded figures presented in tables.

The Semi-Annual Financial Report was prepared in German. The Semi-Annual Financial Report in English is a translation of the original German report. The only authentic version is the German version.

If you have any questions about the Semi-Annual Financial Report, please contact

Andreas Ecker-Nakamura, andreas.ecker@rzb.at, Phone: +43-1-71 707-1602.

Raiffeisen Zentralbank Österreich AG
Am Stadtpark 9, A-1030 Vienna, Austria
Phone: +43-1/26 216-0
Fax: +43-1/26 216-1715
http://www.rzb.at