SEMI-ANNUAL FINANCIAL REPORT 2016

RZB Group

Overview

Raiffeisen Zentralbank (RZB) Monetary values in € million	2016	Change	2015
Income statement	**1/1-30/6**		**1/1-30/6**
Net interest income	1,586	(13.1)%	1,826
Net provisioning for impairment losses	(403)	(33.4)%	(606)
Net fee and commission income	773	(1.3)%	783
Net trading income	88	–	(6)
General administrative expenses	(1,541)	2.6%	(1,502)
Profit/loss before tax	300	(45.3)%	549
Profit/loss after tax	123	(67.8)%	381
Consolidated profit/loss	12	(94.6)%	215
Statement of financial position	**30/6**		**31/12**
Loans and advances to banks	15,605	28.8%	12,113
Loans and advances to customers	80,200	0.9%	79,458
Deposits from banks	28,508	1.4%	28,113
Deposits from customers	77,655	(0.5)%	78,079
Equity	9,392	1.0%	9,296
Assets	137,677	(0.5)%	138,426
Key ratios	**1/1-30/6**		**1/1-30/6**
Return on equity before tax	6.3%	(5.1) PP	11.5%
Consolidated return on equity	0.4%	(7.4) PP	7.9%
Cost/income ratio	61.9%	5.0 PP	57.0%
Return on assets before tax	0.43%	–	0.74%
Net interest margin (average interest-bearing assets)	2.47%	(0.24) PP	2.71%
Provisioning ratio (average loans and advances to customers)	0.99%	(0.04) PP	1.03%
Bank-specific information	**30/6**		**31/12**
NPL ratio	9.8%	(1.3) PP	11.1%
Risk-weighted assets (total RWA)	70,120	(2.7)%	72,038
Total capital requirement	5,610	(2.7)%	5,763
Total capital	9,238	(5.9)%	9,820
Common equity tier 1 ratio (transitional)	10.4%	0.0 PP	10.4%
Common equity tier 1 ratio (fully loaded)	10.6%	0.7 PP	9.9%
Total capital ratio (transitional)	13.2%	(0.5) PP	13.6%
Total capital ratio (fully loaded)	12.8%	(0.3) PP	13.2%
Resources	**30/6**		**31/12**
Employees as at reporting date (full-time equivalents)	52,489	(1.1)%	53,096
Business outlets	2,658	(2.4)%	2,722

Content

In this report, "RZB"refers to RZB Group respectively not separatley specified Group units. "RZB AG" is used wherever statements refer solely to Raiffeisen Zentralbank Österreich AG. Adding and subtracting rounded amounts in tables may have led to minor differences. Information about changes (percentages) is based on actual and not rounded values, which are shown in the tables.

Semi-annual group management report

Market development

Austria: moderate economic recovery

The Austrian economy is currently on a moderate expansion path. In the second quarter 2016, the real GDP grew by 0.3 per cent (preliminary) following a real GDP growth of 0.4 per cent in the first three months of the current year. This development is driven by domestic demand (investments, private consumption). Given the stronger increase of imports compared to exports, there were lately no impulses from foreign trade. Leading indicators signal a continuation of the moderate economic recovery. The (direct) economic effects of the Brexit vote are not expected to be visible until 2017. Due to the low degree of trade links between the UK and Austria, the economy should barely be affected at all. Overall, GDP growth rates of 1.4 per cent for 2016 and 1.3 per cent in 2017 (2015: 1.0 per cent) are expected. Thus, for both this and next year, Austria is likely to see growth rates that are below the entire euro area average.

Central and Eastern Europe

In late June, the outcome of the Brexit referendum on the UK's exit from the European Union took global financial markets by surprise. Investors initially reacted with a flight to safer asset classes. Thus, yields on 10-year German government bonds fell into negative territory for the first time and stock indices such as Germany's leading index, the DAX, initially fell sharply, but were able to recoup the bulk of their losses in subsequent weeks. Losses suffered by Central and Eastern European currencies and bonds were likewise moderate and for the most part temporary.

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

The low interest rate environment in the US and in Western Europe will continue to persist, driven by uncertainties surrounding the Brexit, and is spreading to countries in Central Europe (CE) and Southeastern Europe (SEE) where key rates and bond yields are already at historical lows. ECB's expansive monetary policy should continue to indirectly support financial markets in CE and SEE. Most CE and SEE currencies are now stable against the euro, though devaluation risks remain for the Ukrainian hryvnia and Belarusian rouble. In Russia, the stabilization of the rouble and the significantly decreased inflation opened up room for a first interest rate cut in June 2016. The key interest rate in Russia should fall to 9.5 per cent in the second half of 2016 coming from 10.50 per cent at the end of the second quarter.

The economic consequences of the failed military coup in Turkey on the rest of the region should remain limited, even with possible negative economic implications for Turkey itself. Turkey only plays a very minor role as trading partner and investor for the countries of CE and SEE. Albania, Bulgaria and Ukraine, however, could be impacted by a downturn of the Turkish economy. In contrast, the Russian economy could profit from an improved relationship with Turkey.

Economic indicators in the first half of 2016 suggest that the CE region should have robust economic growth for the full year, with growth in several countries weakening somewhat following a very strong 2015. The outlook for the SEE region is likewise positive with the economic upturn continuing across SEE countries. In Eastern Europe (EE), both Russia and Belarus will be further affected by recession in 2016, though the recession in Russia should clearly bottom out. On the other hand, the Ukrainian economy will likely start seeing renewed modest growth. Given the marginal level of direct interdependence, Western sanctions against Russia and restrictions on food imports from the EU to Russia will, however, have no material impact on economic growth in either the euro area or in CE and SEE. The economic sanctions imposed by the EU have been extended to the second half of 2016, and a rapid or complete lifting of sanctions can also not be expected for 2017.

Central Europe (CE) – Poland, Slovakia, Slovenia, the Czech Republic and Hungary – is the most economically developed CEE region. With the exception of Poland, CE economies are small, open and highly dependent on exports, primarily to Germany. Following a 3.6 per cent increase in 2015, economic growth in CE is expected to reach 3.0 per cent in 2016. Poland and Slovakia should post the strongest GDP growth at 3.5 per cent, followed by Slovenia, Hungary and the Czech Republic at just over 2 per cent each. In general, the CE region benefits from solid economic growth in Germany and in the euro area, as well as from expansionary monetary policies in a number of CE countries. Nevertheless, GDP growth rates in 2016 will probably be slightly below 2015 levels. This is attributable, among other things, to a temporary reduction in public investments going forward. On the other hand, expansionary fiscal policies, notably in Poland, should stimulate growth both in 2016 and in 2017. The growth rates for 2017 are expected to reflect a moderate negative effect resulting from the Brexit. Inflation rates are expected to increase slightly in the second half of 2016, but still remain very moderate by historical standards.

In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Croatia, Romania and Serbia – the economic output is expected to grow by 3.2 per cent in 2016, up from 2.9 per cent in 2015. In Romania, which benefits from tax breaks and strong wage growth, GDP growth of about 4.0 per cent is expected for 2016. In Albania, an increase of around 3.5 per cent is anticipated. For the second consecutive year, Croatia and Serbia should record positive growth rates in 2016. The moderate economic growth in parts of the SEE region is attributable to structural adjustments that are still outstanding, as well as to the high level of private sector debt, which is only slowly coming down. For 2017, positive growth rates are expected for all SEE countries, with the debt reduction of recent years likely to support economic growth.

In Eastern Europe (EE) – Belarus, Russia and Ukraine – economic conditions remain difficult, though the picture is improving significantly in comparison to 2015. In 2016, the region's GDP should decline only by 0.4 per cent, after minus 4.1 per cent in 2015. Following the sharp recession, with a GDP decline of 3.7 per cent in 2015, a decline of only 0.5 per cent is forecasted for Russia in 2016. However, domestic demand – both household consumption and investments – is expected to further contract by 3 to 4 per cent in 2016. In contrast, a number of export-oriented industrial sectors are benefitting from the weak rouble, so that modest growth of 1 per cent is forecasted for Russian industrial production. In Ukraine – with a GDP decline of 9.9 per cent in 2015 following an adjustment recession – subdued growth of 1.5 per cent is expected for 2016. On the other hand, Belarus is heavily hit by the recession in Russia and a GDP decline of 2.0 per cent is expected for 2016. Depending on the development in Russia, 2017 could also turn out to be a challenging year for Belarus. In Russia, a gradual improvement of the economic situation is currently anticipated for 2017, but only if the oil price continues to stabilize.

Annual real GDP growth in per cent compared to the previous year

Region/country	2014	2015	2016e	2017f
Czech Republic	1.9	4.6	2.3	2.7
Hungary	3.7	2.9	2.2	2.7
Poland	3.3	3.6	3.5	3.8
Slovakia	2.5	3.6	3.5	3.3
Slovenia	3.0	2.9	2.2	2.1
Central Europe	**3.0**	**3.6**	**3.0**	**3.3**
Albania	2.0	2.6	3.5	4.0
Bosnia and Herzegovina	1.1	2.8	3.0	3.5
Bulgaria	1.5	3.0	2.5	3.0
Croatia	(0.4)	1.6	2.3	2.5
Kosovo	1.2	4.0	3.5	3.5
Romania	3.0	3.8	4.0	3.6
Serbia	(1.8)	0.5	2.5	3.0
Southeastern Europe	**1.6**	**2.9**	**3.2**	**3.2**

Region/country	2014	2015	2016e	2017f
Russia	0.7	(3.7)	(0.5)	1.0
Belarus	1.7	(3.9)	(2.0)	1.0
Ukraine	(6.6)	(9.9)	1.5	2.0
Eastern Europe	**0.3**	**(4.1)**	**(0.4)**	**1.1**
Austria	**0.4**	**0.9**	**1.4**	**1.3**
Germany	**1.6**	**1.4**	**1.8**	**1.7**
Euro area	**0.9**	**1.7**	**1.6**	**1.5**

Significant events

Strengthening of capital ratios

Strenghtening its capital is a substantial goal for RZB. Therefore, already at the beginning of 2015, RBI as RZB's largest participation launched a transformation program, with the aim of reaching a CET1 ratio (fully loaded) of at least 12 per cent by the end of 2017. Moroever, RZB has initiated additional measures with a positive impact on the capital structure, including the announced reduction of its participation in UNIQA, the sale of the Hilton Hotel at Vienna Stadtpark and streamlining of the Group structure. This last point includes the merger of Raiffeisen-Landesbanken-Holding GmbH and R-Landesbanken-Beteiligung GmbH into RZB AG as well as the evaluation of a consolidation of RZB and RBI, which was announced on 10 May 2016. The decision whether a merger will take place is expected to be taken in September 2016. Moreover, further measures concerning the reduction of RWAs and the improvement of the cost situation are carried out and will have a positive impact on capital ratios.

RZB reduces its participation in UNIQA

On 25 July 2016, RZB announced that it is in advanced negotiations with UNIQA Versicherungsverein Privatstiftung (UNIQA Privatstiftung) to conlcude an agreement (Memorandum of Understanding), after which UNIQA Privatstiftung is to acquire part, around 17.64 per cent in total, of RZB's participation in UNIQA. The intended transaction is part of the measures currently under evaluation by RZB to simplify the corporate structure and to adapt the Group to increasing regulatory capital requirements. UNIQA is an important partner in insurance business for the Raiffeisen Banking Group. There will be no changes made to the proven business cooperation within Austria or abroad. Following completion of the transaction, RZB would continue to hold a participation of around 8.64 per cent in UNIQA Insurance Group AG. The implementation should take place in 2016. The planned transaction would have a positive effect on RZB's common equity tier 1 ratio (fully loaded) of around 60 basis points and on RZB's common equity tier 1 ratio (transitional) of around 40 basis points. A negative effect from the sale is already included in RZB's half year results in the amount of € 126 million.

Progress of RBI's transformation program

The sale of the Slovenian subsidiary bank, Raiffeisen Banka d.d., was successfully completed with the closing at the end of June 2016. The deconsolidation effect on RBI's consolidated result amounted to minus € 53 million, the majority of which was recognized in the fourth quarter of 2015. As a result of the sale of the Slovenian subsidiary, RBI's risk-weighted assets (RWA) reduced by approximately € 212 million. The Slovenian Raiffeisen Leasing d.o.o. was not included in the sale. The transaction had a slightly positive effect on the CET1 ratio (fully loaded), as the resulting loss had already been recognized in 2015.

A sale is still planned in Poland. In the course of the acquisition of Polbank in 2012, RBI made a commitment to the Polish regulatory authority to list the shares of Raiffeisen Bank Polska S.A. on the Warsaw Stock Exchange with a free float of at least 15 per cent by 30 June 2016. In May 2016, the Polish regulatory authority agreed that the commitment with respect to an initial public offering would be fulfilled, if the sale of Raiffeisen Bank Polska S.A. to a listed Polish bank takes place before the end of 2016. A spin-off of the banking operations without the Swiss franc portfolio is intended within the scope of the sale. The Swiss franc portfolio would subsequently be transferred to a Polish branch of RBI AG.

Following the inconclusive sales process relating to ZUNO BANK AG, a sale is no longer being pursued at present. Currently, various alternative options are being evaluated, one of which is the integration into existing Group units.

As part of the planned reduction of RWA, significant progress has been made in Asia since the end of 2014, with RWA down by approximately 62 per cent. The winding down of the US operations is also making good headway, with a decrease in RWA of around 46 per cent since the end of 2014.

Within the context of the planned reduction of business volumes and risk in the profitable Russian subsidiary, RWA declined 8 per cent since the end of 2014. In Ukraine, with a RWA decrease of 23 per cent since the end of 2014 and substantially lower risk costs, a positive turning point was arrived at, which was also reflected in net income. Similarly positive developments were reported by Hungary, where the repositioning with a significantly lower cost base was completed.

Publication of EBA stress test results for Raiffeisen-Landesbanken-Holding GmbH

The results of the European Central Bank (ECB) stress test for Raiffeisen-Landesbanken-Holding GmbH, the majority shareholder of RZB, have been published. As part of Raiffeisen-Landesbanken-Holding GmbH, RZB was examined in the stress test. The data published relates to Raiffeisen-Landesbanken-Holding GmbH. This year, the ECB did not set a minimum capital ratio requirement (CET1 ratio) for passing the stress test. The results of the scenarios were calculated based on the balance sheet structure as at 31 December 2015.

As at 31 December 2015, the CET1 ratio (transitional) of Raiffeisen-Landesbanken-Holding GmbH stood at 10.5 per cent and the CET1 ratio (fully loaded) was 10.2 per cent. In the baseline scenario, the CET1 ratio (transitional) increased to 12.4 per cent at the end of 2018, and the CET1 ratio (fully loaded) stood at 12.3 per cent as at the same date. In the adverse scenario, the CET1 ratio (transitional) and CET1 ratio (fully loaded) are both 6.1 per cent as at 31 December 2018.

Strengthening the capital position is a principal objective of RZB. For this reason, RBI launched a transformation program at the beginning of 2015, with the aim of reaching a CET1 ratio (fully loaded) of at least 12 per cent by the end of 2017. As the stress test is based on the balance sheet as at 31 December 2015, key aspects of the transformation program are not reflected in the scenarios. These include the planned sale of the Polish operations, the sale of the Slovenian bank (now concluded), the winding down of the US operations, downscaling in Asia and further reduction of risk-weighted assets in Russia. Furthermore, RZB has initiated additional measures with a positive impact on the capital structure, including the announced reduction of its UNIQA shareholding and streamlining of the Group structure.

Brexit

Despite opinion polls forecasting a tight result, it was clear that financial market participants initially expected the UK to remain in the EU. However, the supporters of an exit from the EU (Brexit) achieved a small majority in the referendum on 23 June 2016. The next day, stock markets responded to the outcome with sharp falls in share prices, the value of bonds rose significantly and pound sterling dropped to its lowest value against the US dollar for around 30 years.

With its main business focus on CEE, the direct effects on RZB have so far been minor. Total UK credit exposure at the end of June was € 5,430 million, including € 3,117 million in corporate financing and € 2,313 million in relation to banks. Even in the past, investments in UK government bonds have only played a minor role and no such investments existed at the end of June. Counterparty limits and limits for UK banks are currently subject to close monitoring and will be maintained at very tight levels for the time being.

Revision of bank levy regulation in Austria

In July 2016, the Austrian government reached an agreement to amend the bank levy regulation from 2017 onwards. The law still has to be passed by the Austrian parliament. Pursuant to this, the annual bank levy is to be reduced, while at the same time Austrian banks are to make a one-off payment which will amount to around € 145 million for RZB. The period over which this is to be paid is still uncertain. In 2015, the Austrian bank levy amounted to € 105 million for RZB. After the law becomes effective, the Group expects annual payments of approximately € 20 million, starting in 2017.

Earnings and financial performance

The ongoing low interest rate environment – both in the euro area and in other RZB markets – again weighed on the Group's interest income in the first half of 2016. The measures taken within the scope of the Group's possibilities are expected to begin to bear fruit over the course of the financial year. At the same time, loan volumes declined as a result of the implementation of RBI's transformation program, as well as due to subdued credit demand. There was however a significant improvement in the Group's credit risk situation, with impairment losses down in nearly all markets and well below the previous year's level at mid-year.

In the first six months, the consolidated profit fell € 203 million to € 12 million compared to the previous year. The decline was attributable to a € 240 million lower net interest income as well as € 263 million lower other results. The latter declined during the reporting period due to impairment of shares in UNIQA Insurance Group AG in the amount of € 193 million, thereof € 37 million relating to non-controlling interests. Since RZB plans to sell part of its participation in UNIQA Insurance Group AG of around 17.64 per cent, this stake had to be impaired by the purchase price. The remaining stake in UNIQA Insurance Group of around 8.64 per cent also had to be depreciated. However, net provisioning for impairment losses was lowered by 33 per cent, or € 203 million, to € 403 million and contributed positively to the consolidated profit. Moreover, the sale of Visa Europe Ltd. shares to Visa Inc. resulted in proceeds of € 132 million before tax. New legislation in Romania concerning private mortgage loans ("Walkaway Law") gave rise to a charge of € 43 million as a result of the expected take-up rate. There was also a negative impact from valuation losses on banking book derivatives and from own liabilities.

Operating income was down 6 per cent year-on-year, or €150 million, to € 2,488 million. Net interest income further declined, down 13 per cent to €1,586 million, due to the aforementioned low interest rate level. Besides a volume reduction by 5 per cent, this was mainly attributable to the net interest margin, which decreased year-on-year by 24 basis points to 2.47 per cent. This was primarily due to the ongoing low market interest rates in many of the Group's countries, existing excess liquidity, as well as a reduction of € 104 million, particularly in Russia, in interest income from derivatives entered into for hedging purposes, which were impacted by market fluctuations in the first half of 2015. Contributions from associates (at-equity) fell €18 million year-on-year. In contrast, net trading income improved € 94 million to € 88 million. In the previous year, net trading income had been heavily impacted by currency devaluations in Ukraine.

General administrative expenses rose 3 per cent year-on-year to € 1,541 million. The average number of employees dropped 2,751 year-on-year to 53,234. Despite the reduction in employees, staff expenses were up 7 per cent to € 767 million due to the release of bonus provisions in the amount of € 76 million in the previous year. Other administrative expenses remained fairly constant. Lower office space expenses and lower contributions to deposit insurance fees were offset by higher contributions to the bank resolution fund. The number of business outlets decreased by 139 year-on-year to 2,658. Regulatory expenses for deposit insurance fees and the bank resolution fund amounted to € 105 million, up from € 99 million in the previous year.

Total assets fell marginally to € 137.7 billion since the beginning of the year. Lending to customers increased 1 per cent in the current financial year, mainly due to currency effects and repo transactions with large corporate customers. The retail business grew € 0.6 billion, predominantly in Central Europe. On the liabilities side, customer deposits only decreased slightly at € 77.7 billion, with decreasing deposits from corporate customers (down € 1.9 billion) and sovereigns (down € 0.5 billion) offset by growth in retail deposits. Equity, including capital attributable to non-controlling interests, grew € 0.1 billion to € 9.4 billion, which was primarily due to growth in total comprehensive income.

In terms of regulatory capital, the key figures changed as follows: The common equity tier 1 (after deductions) fell by € 0.1 billion to €7.3 billion – mainly because of higher deductions from the application of transitional provisions for 2016. Total capital pursuant to the CRR amounted to € 9.2 billion. The decline of € 0.7 billion was also due to the application of transitional provisions in the area of minority recognition. Since the beginning of the year, total risk weighted assets (RWA) declined by € 1.9 billion to € 70.1 billion. Based on total risk, the common equity tier 1 ratio (transitional) was 10.4 per cent and the total capital ratio was 13.2 per cent. Excluding the transitional provisions as defined in the CRR, the common equity tier 1 ratio (fully loaded) stood at 10.6 per cent.

Comparison of results year-on-year

in € million	1/1-30/6/2016	1/1-30/6/2015[1]	Change absolute	Change in %
Net interest income[2]	1,586	1,826	(240)	(13.1)%
Net fee and commission income	773	783	(10)	(1.3)%
Net trading income	88	(6)	94	–
Recurring other net operating income[2]	41	34	7	19.7%
Operating income	**2,488**	**2,637**	**(150)**	**(5.7)%**
Staff expenses	(767)	(714)	(53)	7.4%
Other administrative expenses	(620)	(621)	1	(0.2)%
Depreciation	(153)	(167)	14	(8.2)%
General administrative expenses	**(1,541)**	**(1,502)**	**(38)**	**2.6%**
Operating result	**947**	**1,135**	**(188)**	**(16.6)%**
Net provisioning for impairment losses	(403)	(606)	203	(33.4)%
Other results	(244)	19	(263)	–
Profit/loss before tax	**300**	**549**	**(249)**	**(45.3)%**
Income taxes	(177)	(167)	(10)	6.0%
Profit/loss after tax	**123**	**381**	**(259)**	**(67.8)%**
Profit attributable to non-controlling interests	(111)	(166)	55	(33.2)%
Consolidated profit/loss	**12**	**215**	**(203)**	**(94.6)%**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.
2 Adaptation of previous year figures due to different allocation.

Operating income

Net interest income

In the first six months of 2016, net interest income fell 13 per cent, or € 240 million, to € 1,586 million. This was primarily attributable to the continuing low market interest rates in many of the Group's countries, existing excess liquidity, as well as a reduction of € 113 million, particularly in Russia, in interest income from derivatives entered into for hedging purposes, which were impacted by market fluctuations in the first half of 2015. A decline in the loan portfolios at RBI AG and in Asia also contributed to the reduction in net interest income. Contributions from associates (at-equity) fell € 18 million to € 52 million, in particular driven by lower contributions of UNIQA Insurance Group AG (minus € 20 million) and Raiffeisen Informatik GmbH (minus € 11 million) which were partly offset by a € 17 million contribution of card complete Service Bank AG.

The Group's net interest margin declined 24 basis points year-on-year to 2.47 per cent. This development was attributable to the aforementioned low market interest rates, especially in the Central Europe and Southeastern Europe segments.

Net fee and commission income

Net fee and commission income fell 1 per cent year-on-year, or € 10 million, to € 773 million due to currency devaluations in Eastern Europe as well as lower sales in Central Europe. Net income from the loan and guarantee business fell € 20 million to € 80 million; aside from currency effects, this was also due to lower guarantee income at RBI AG, the withdrawal from the automobile financing business in Russia, the legal restriction on fees for early loan repayments in Slovakia, lower fee and commission income in Hungary, as well as volume reductions in Asia.

Net income from the securities business also fell € 6 million to € 62 million, most notably in Romania, Russia, Hungary, and at RBI AG. In contrast, net income from the management of investment and pension funds grew € 17 million to € 79 million, predominantly due to higher income in Poland and Romania and the first time inclusion of Valida Group (€ 21 million), while there was a decline at Raiffeisen Capital Management (minus € 4 million) due to lower volumes in Slovakia.

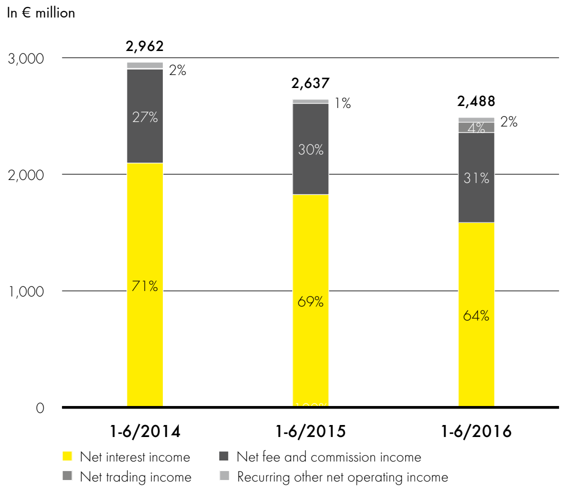
Net trading income

Net trading income increased € 94 million year-on-year to € 88 million. Currency-based transactions rose € 121 million to € 49 million, primarily as a result of a more limited Ukrainian hryvnia devaluation than in the prior year and an improved open currency position in Ukraine (€ 74 million increase). Another positive effect was attributable to the discontinuation of a hedging transaction for Russian rouble denominated dividend income, which had resulted in a € 70 million reduction in the previous year. Net trading income also increased due to valuation gains on foreign currency positions in Hungary and Croatia, while RBI AG and Belarus (resulting from closure of a strategic currency position) reported declines. Interest-based business rose € 27 million to € 70 million, primarily due to valuation gains and higher interest income from financial derivatives and securities positions at RBI AG. In contrast, net income from equity and index-based transactions fell € 43 million to minus € 25 million, as a result of an adjustment of the yield curve due to changed market conditions.

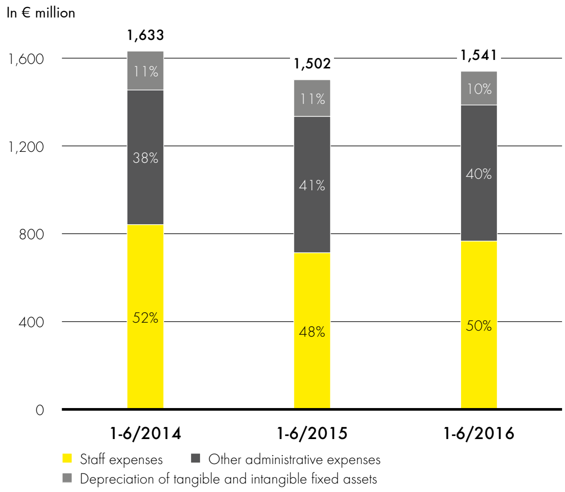
Recurring other net operating income

Recurring other net operating income rose € 7 million year-on-year to € 41 million. Other operating income increased € 2 million, due to the sale of the card acquiring business (POS terminals) in the Czech Republic (proceeds of € 8 million). Sundry operating expenses fell by € 6 million, the reduction was mainly recorded in Slovakia. Net income from non-banking activities also improved € 2 million, primarily from a Group unit in Serbia. This contrasted with higher other tax expenses, resulting from the allocation to a provision for other taxes relating to previous periods at RBI AG.

Development of operating income



General administrative expenses



General administrative expenses

Compared to the same period in the previous year, general administrative expenses climbed € 38 million to € 1,541 million. The cost/income ratio increased 5.0 percentage points to 61.9 per cent, which was also due to the lower net interest income.

Staff expenses

At 50 per cent, the largest component in general administrative expenses was staff expenses, which increased 7 per cent, or € 53 million, to € 767 million. In the same period in 2015, bonus provisions were released; this leads to distortions in the year-on-year comparison. Alongside the effect of the bonus provisions, the rise of € 18 million at RBI AG was also due to a change in the salary scheme. The Czech Republic also reported a total increase of € 12 million owing to increased staffing levels following the purchase of Citibank's retail business and salary adjustments. In Slovakia, staff expenses rose € 12 million due to the expansion of the branch network and the one-off effect in the comparable period in the previous year. In Poland, staff expenses rose € 9 million as a result of the effect of the bonus provisions and an increase in provisions for unused vacations. In Romania, an increase of € 2 million was attributable to salary increases and the inclusion of former contract workers. Decreases in staff expenses were reported in Asia (down € 4 million) due to staff reductions and in Russia (down € 4 million) mainly due to currency effects. The first time inclusion of Valida Group resulted in a rise in expenses by € 7 million, moreover, also at Raiffeisen-Leasing Group there was a rise by € 2 million.

The average number of staff (full-time equivalents) fell 2,751 year-on-year to 53,234. The largest declines occurred in Ukraine (down 1,706), Russia (down 662), Poland (down 414), Hungary (down 235), and Bulgaria (down 147). The largest increases occurred in the Czech Republic (up 264) and in Slovakia (up 141).

Other administrative expenses

Other administrative expenses remained almost unchanged at € 620 million. Office space expenses following branch closures were down € 12 million. The number of business outlets fell 139 year-on-year to 2,658, most notably in Ukraine (down 48), Poland (down 31), Hungary (down 29), and Russia (down 26). Deposit insurance fees decreased € 5 million. This contrasted with contributions to the bank resolution fund of € 52 million (up € 11 million) and higher IT expenses (up € 8 million).

Depreciation of tangible and intangible fixed assets

Depreciation of tangible and intangible fixed assets fell 8 per cent year-on-year, or € 14 million, to € 153 million. This was primarily the result of reduced depreciation of tangible fixed assets. In the previous year, Hungary reported impairment charges as a result of branch closures, while Ukraine reported impairment charges in relation to buildings. An impairment of the Polbank brand increased expenses by € 3 million. A decline in depreciation by € 2 million at Raiffeisen-Leasing Group resulted from the sale of energy systems.

Net provisioning for impairment losses

Compared to the same period of the previous year, net provisioning for impairment losses fell by a total of 33 per cent, or € 203 million, to € 403 million. This was due to a € 167 million reduction in individual loan loss provisioning to € 432 million. There was a net release of € 27 million of portfolio-based loan loss provisions in the reporting period, an improvement of € 36 million. The releases were primarily attributable to RBI AG (€ 12 million) and Russia (€ 11 million), and resulted from reallocations into individual loan loss provisioning due to defaults of individual customers and from rating improvements.

The majority of net provisioning for impairment losses in the reporting period was attributable to corporate customers, for which provisions of € 290 million were required, and were € 55 million lower year-on-year. For retail customers this amounted to € 104 million, compared to € 241 million in the same period of the previous year.

The largest decline in net provisioning for impairment losses was recorded in Ukraine, where the provisioning requirement fell € 107 million year-on-year to € 6 million. This was as higher allocations for retail and corporate customers were necessary in the same period of the previous year, due to the economic situation in the Donbass region. In addition, currency effects had a reduced influence in the reporting period. Russia also reported a € 50 million decline to € 63 million due to an improved situation in the corporate and retail customer businesses. Most countries in Central and Southeastern Europe also had a reduced net provisioning requirement for loans. Net provisioning for impairment losses in Central Europe declined € 32 million year-on-year to € 33 million, primarily due to a reduced provisioning requirement in Hungary for corporate customers. In Southeastern Europe, net provisioning for impairment losses fell € 11 million to € 72 million. Significant declines occurred in almost all markets in the segment in the corporate customer business, especially in Bulgaria (down € 19 million) and Romania (down € 11 million), as well as in Croatia (down € 8 million). Moreover, declines occurred at RBI AG (minus € 14 million), in Poland (minus € 13 million) and in Slovakia (minus € 9 million). In contrast, the default of several large corporate customers in Albania resulted in a € 25 million increase. In the USA the net provisioning requirement for corporate customers rose € 23 million.

The portfolio of non-performing loans fell € 981 million since the start of the year to € 7,836 million. Currency effects accounted for € 77 million of the decrease. The actual reduction in non-performing loans on a currency-adjusted basis was therefore € 904 million. In addition to the improved risk situation, the write-off of bad debts also resulted in a decline. The largest falls were reported at RBI AG (down € 630 million), Ukraine (down € 148 million) and Slovenia (down € 110 million). As a result, the NPL ratio improved 1.3 percentage points compared to year-end 2015 to 9.8 per cent. Non-performing loans compared to loan loss provisions of € 5,644 million, resulting in a NPL coverage ratio of 72.0 per cent, up from 71.2 per cent at the year-end.

The provisioning ratio, based on the average volume of loans and advances to customers, fell 0.04 percentage points year-on-year to 0.99 per cent.

Other results

Other results – consisting of net income from derivatives and liabilities, net income from financial investments, bank levies reported in other operating income/expenses, non-recurring effects, goodwill impairments and income from the release of negative goodwill, as well as net income from the disposal of Group assets – fell € 263 million year-on-year to minus € 244 million.

Net income from derivatives and liabilities

Net income from derivatives and liabilities fell from plus € 31 million in the previous year's period to minus € 201 million in the reporting period. The decline was attributable to a reduction of € 206 million from the valuation of banking book derivatives used for hedging purposes at Group head office, at RBI AG and at Raiffeisen Bausparkassen Group as well as a change in credit spreads on own liabilities of € 26 million.

Net income from financial investments

Net income from financial investments rose € 138 million year-on-year to € 178 million. This was primarily attributable to net proceeds from the sale of equity participations, which rose € 127 million year-on-year. The sale of Visa Europe Ltd. shares to Visa Inc. in June 2016 resulted in proceeds of € 132 million. The valuation of securities in the fair value portfolio increased € 87 million year-on-year, mainly due to higher valuation results at Group head office which contrasted with lower valuation results on fixed-income government bonds linked to the US dollar in Ukraine. The sale of securities held-to-maturity at RBI AG contributed € 13 million (up € 11 million). The proceeds from financial investments available for sale increased € 22 million, in particular at Raiffeisen Bausparkassen Group. Net valuations of associates (minus € 112 milllion) resulted mainly from the impairment of goodwill of UNIQA Insurance Group AG (minus € 109 million).

Bank levies and non-recurring effects

The expense for bank levies rose € 14 million year-on-year to € 92 million. This increase was primarily due to expenses of € 16 million for the newly-introduced bank levy in Poland. In accordance with IFRS provisions (IFRIC 21), the total annual amount of the bank levy in Hungary was booked at the start of the year. At RBI AG expenses declined € 4 million.

The "Walkaway Law" came into force in Romania in the second quarter of 2016. The expected take-up rate resulted in a charge of € 43 million in the same period. The new mortgage loan law stipulates that borrowers can sign their properties over to banks and thereby settle their debts, even if the loan exceeds the value of the property. The law relates to certain mortgage loans taken out by private individuals in any currency and applies retroactively. Since the Group is of the opinion that this contravenes the Romanian constitution, relevant proceedings have been initiated.

Net income from the disposal of Group assets

In the reporting period, net income from the disposal of group assets fell € 82 million to minus € 77 million. This included effects from the disposal of Group assets derived from various Group units and mainly related to deconsolidation on the grounds of immateriality (12 Group units) and from the sale or closure of Group units (2 Group units each). In the reporting period, impairments on financial assets available-for-sale in the amount of € 87 million were made. Thereof, € 84 million accounted for the intended sale of shares of UNIQA Insurance Group AG. A provision of € 3 million was formed for the expected loss from the sale of a Hungarian leasing company. The sale of the Slovenian bank was completed at the end of June 2016. The negative deconsolidation effect was € 53 million, of which € 52 million was booked in 2015 and an additional expense of € 1 million was booked in the reporting period. A further € 3 million was reclassified to reserves in the income statement.

Income taxes

Income tax expense increased 6 per cent year-on-year, or € 10 million, to € 177 million. Current tax expense increased € 19 million to € 121 million, due to tax expenses for prior periods at RBI AG. Deferred taxes rose € 9 million year-on-year to € 56 million, most notably in Poland due to the use of tax loss carryforwards. The tax rate amounted to 59 per cent. In addition, this increase was the result of losses in Asia, an impairment of the participation in UNIQA Insurance Group AG and a structural tax loss at Group head office. The latter occurred due to tax-free foreign dividend income from Group units. As these tax losses cannot be used in the medium term, they may not be capitalized.

Statement of financial position

Total assets fell € 749 million since the start of the year to € 137,677 million. On balance, effects from currency movements and from changes in the scope of consolidation were negligible.

Assets

in € million	30/6/2016	Share	31/12/2015	Share
Loans and advances to banks (less impairment losses)	15,533	11.3%	11,993	8.7%
Loans and advances to customers (less impairment losses)	74,555	54.2%	73,178	52.9%
Financial investments	25,476	18.5%	27,010	19.5%
Other assets	22,112	16.1%	26,244	19.0%
Total assets	**137,677**	**100.0%**	**138,426**	**100.0%**

Loans and advances to banks before deduction of loan loss provisions increased 29 per cent since the start of the year, or € 3,492 million year-to-date to € 15,605 million. This was mainly attributable to an increase in short-term receivables from money market business – predominantly at RBI AG – while the cash reserve decreased. At the same time, receivables from repurchase agreements were up € 3,907 million to € 5,086 million; whereas receivables from securities lending transactions were up € 785 million to € 787 million.

Loans and advances to customers before deduction of loan loss provisions increased € 742 million, or 1 per cent, to € 80,200 million, with loans to large corporate customers – predominantly repo transactions at RBI AG – recording an increase of 1 per cent, or € 294 million, to € 44,457 million. Loans and advances to retail customers (private individuals, as well as small and medium-sized entities) rose € 601million to € 31,766 million, mainly resulting from the acquisition of Citibank's Czech retail customer and credit card business and from an increase in credit volumes in Slovakia and Russia (the latter exclusively currency-related).

The item financial investments registered a total decrease of € 1,534 million to € 25,476 million, primarily due to the reduction in the securities portfolios (predominantly fixed-interest securities) at RBI AG, in Poland and in Romania. In contrast, there was an increase at government bonds at Group head office. In the reporting period, the shares in UNIQA intended for sale of the position Investments in associates were regrouped to the position Other assets, Assets held for sale (IFRS 5).

The € 4,132 million decline in other assets to € 22,112 million resulted from a reduction in the cash reserve.

Equity and liabilities

in € million	30/6/2016	Share	31/12/2015	Share
Deposits from banks	28,508	20.7%	28,113	20.3%
Deposits from customers	77,655	56.4%	78,079	56.4%
Own funds	13,574	9.9%	13,500	9.8%
Other liabilities	17,940	13.0%	18,734	13.5%
Total equity and liabilities	**137,677**	**100.0%**	**138,426**	**100.0%**

Deposits from customers were virtually stable at € 77,655 million. Deposits from large corporate customers decreased € 1,780 million to € 28,894 million, with the largest declines occurring at RBI AG, in Poland (deposit reductions to optimize the balance sheet structure) and in Slovakia. Similarly, public sector deposits – predominantly at RBI AG – were down € 455 million to € 1,267 million. In contrast, deposits from retail customers grew € 1,969 million to € 44,660 million, driven by an increase in the Czech Republic following the acquisition of a business unit, as well as by higher deposits in Russia (currency-related) and in Slovakia.

Other liabilities fell € 794 million to € 17,940 million. This was mainly due to the suspension of the application of the IFRS 5 presentation as a result of the inconclusive sale negotiations relating to ZUNO BANK AG, and to the closing of the sale of the Slovenian Group unit. In contrast, there was an addition in negative fair values of derivative financial instruments.

The funding structure was as follows:

in € million	30/6/2016	Share	31/12/2015	Share
Customer deposits	77,655	64.9%	78,079	65.2%
Medium- and long-term refinancing	16,759	14.0%	17,432	14.6%
Short-term refinancing	21,004	17.6%	20,034	16.7%
Subordinated liabilities	4,182	3.5%	4,204	3.5%
Total	**119,601**	**100.0%**	**119,749**	**100.0%**

Equity on the statement of financial position

Equity on the statement of financial position, consisting of consolidated equity, consolidated profit and non-controlling interests, increased 1 per cent versus the end of 2015, or € 96 million, to € 9,392 million. The increase was mainly due to total comprehensive income whereas dividend payments to non-controlling interests resulted in a € 51 million reduction in capital.

Total comprehensive income of € 113 million comprised profit after tax of € 123 million and other comprehensive income of minus € 10 million. Exchange rate differences of € 58 million constituted the largest item in other comprehensive income. The key drivers here were the 13 per cent appreciation of the Russian rouble (€ 166 million) and the 1 per cent appreciation of the Croatian kuna (€ 10 million); whereas the Polish zloty depreciated 4 per cent (minus € 63 million), the Belarusian rouble depreciated 10 per cent (minus € 31 million) and the Ukrainian hryvnia depreciated 5 per cent (minus € 9 million). The completion of the sale of Visa Europe Ltd. shares to Visa Inc. resulted in a transfer of the valuation result of approximately € 80 million to the income statement. The capital hedge had a negative result of € 16 million, particularly due to the appreciation of the Russian rouble. A positive effect of € 27 million was due to the gains on assets available-for-sale from associates (at-equity). The cash flow hedge increased other comprehensive income by € 9 million.

Total capital pursuant to the CRR/BWG

The consolidated figures shown below have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and Austrian Banking Act (BWG). A mid-year examination of the interim profits was carried out, based on a review by the auditor, so that the interim profits are eligible for inclusion in the calculation of total capital.

Total capital amounted to € 9,238 million as at 30 June 2016. This represents a decline of € 582 million compared to 2015. The inclusion of the half-year results with a profit of € 132 million as well as the positive exchange rate development of the Russian rouble (€ 58 million), however, was set against changed transitional provisions, particularly due to higher minority deduction, as well as maturity of additional tier 1 capital and the inclusion of planned contributions to the Bundes-IPS (Federal Institutional Protection Scheme) in 2016. Tier 2 capital was down € 414 million to € 1,926 million, primarily due to higher minority deduction.

Total capital compared to a total capital requirement of € 5,610 million. The total capital requirement for credit risk came to € 4,640 million, corresponding to a decline of € 120 million compared to year-end 2015. The decline is mainly attributable to the reduction of exposures, as well as to an improved Belarus rating and currency devaluations, which were partially offset by the appreciation of the Russian rouble. The total capital requirement for position risk in bonds, equities, commodities and currencies showed a decline of € 43 million to € 198 million, largely attributable to reduction of the open foreign-exchange position and the internal model. After all, the total capital requirement for operational risk increased by € 9 million to € 771 million.

Based on total risk, the common equity tier 1 ratio (transitional) was 10.4 per cent while the total capital ratio (transitional) was 13.2 per cent.

Excluding the transitional provisions as defined in the CRR, the common equity tier 1 ratio (fully loaded) stood at 10.6 per cent and the total capital ratio (fully loaded) was 12.8 per cent.

Risk management

For information on risk management, please refer to note (39) Risks arising from financial instruments, in the risk report section of the consolidated financial statements.

Events after the reporting date

Dissolution of Raiffeisen-Landesbanken-Holding GmbH and R-Landesbanken-Beteiligung GmbH

On 19 July 2016, the merger of Raiffeisen-Landesbanken-Holding GmbH and R-Landesbanken-Beteiligung GmbH into RZB AG was announced. The Raiffeisen Regional Banks will now partly hold their shares directly in RZB, partly via holdings at unchanged levels. The merger of both holdings into RZB is solely aiming at simplifying the structures. The effective dissolution of both entities is planned for the end of September 2016.

RZB's business outlook

Under the current and medium-term outlook for the economic and regulatory environment, RZB expects the following developments for its principal equity participations.

RBI targets a CET1 ratio (fully loaded) of at least 12 per cent and a total capital ratio (fully loaded) of at least 16 per cent by the end of 2017. After the implementation of the strategic measures defined at the beginning of 2015, the cost base should be approximately 20 per cent below the level of 2014 (general administrative expenses 2014: € 3,024 million). RBI aims for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term. RBI aims to achieve a cost/income ratio of between 50 and 55 per cent in the medium term. RBI expects net provisioning for impairment losses for 2016 to be below the level of 2015 (€ 1,264 million). General administrative expenses for 2016 should be slightly below the level of the previous year (2015: € 2,914 million).

In order to be prepared for future challenges and against the background of an ever changing economic and regulatory environment, RZB will continue to evaluate the structures of the Group. The reduction of complexity and the establishment of efficient structures shall optimize the cost base and sustainably strengthen Group capital and profitability. Against this background, an examination of a potential consolidation of RZB and RBI was announced on 10 May 2016. A potential consolidation of RZB and RBI would not affect RBI's stock exchange listing. The decision if there will be a consolidation is expected in September 2016. An Extraordinary General Meeting that would decide about a consolidation would then take place at the beginning of 2017. By the end of the first quarter, the merger could be completed.

On 25 July 2016, RZB announced that it is in advanced negotiations to conclude an agreement (Memorandum of Understanding) with UNIQA Versicherungsverein Privatstiftung (UNIQA Privatstiftung), after which UNIQA Privatstiftung is to acquire part, around 17.64 per cent in total, of RZB's participation in UNIQA Insurance Group AG. Following completion of the transaction, RZB would continue to hold a participation of around 8.64 per cent in UNIQA Insurance Group AG. The implementation should take place in 2016 and leads to a significant strengthening of RZB's capital.

For its specialized subsidiaries, RZB expects higher operating results for the business year 2016 as well as a stable contribution for the Group. The contribution of other participations (at-equity) to the consolidated result 2016 shall increase.

Additional expenses for the Group result from necessary future investments, in particular in the area of digitalization, as well as from regulatory burdens such as bank levies and allocations of national and European protection and resolution funds and the Austrian bank levy.

Interim consolidated financial statements

(Interim report as at 30 June 2016)

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/6/2016	1/1-30/6/2015[1]	Change
Interest income		2,240	2,733	(18.1)%
Current income from associates		52	71	(25.7)%
Interest expenses		(706)	(978)	(27.8)%
Net interest income[2]	**[2]**	**1,586**	**1,826**	**(13.1)%**
Net provisioning for impairment losses	[3]	(403)	(606)	(33.4)%
Net interest income after provisioning		**1,183**	**1,220**	**(3.0)%**
Fee and commission income		1,064	1,073	(0.9)%
Fee and commission expense		(291)	(290)	0.3%
Net fee and commission income	**[4]**	**773**	**783**	**(1.3)%**
Net trading income	[5]	88	(6)	–
Net income from derivatives and liabilities	[6]	(201)	31	–
Net income from financial investments	[7]	178	40	342.9%
General administrative expenses	[8]	(1,541)	(1,502)	2.6%
Other net operating income[2]	[9]	(103)	(22)	368.0%
Net income from disposal of group assets	[10]	(77)	4	–
Profit/loss before tax		**300**	**549**	**(45.3)%**
Income taxes	[11]	(177)	(167)	6.0%
Profit/loss after tax		**123**	**381**	**(67.8)%**
Profit attributable to non-controlling interests		(111)	(166)	(33.2)%
Consolidated profit/loss		**12**	**215**	**(94.6)%**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.
2 Adaptation of previous year figures due to different allocation of negative interest.

Earnings per share

in €	1/1-30/6/2016	1/1-30/6/2015[1]	Change
Earnings per share	1.72	31.75	(30.02)

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

Earnings per share are obtained by dividing consolidated profit by the average number of common shares outstanding. As at 30 June 2016, the average number of shares remained unchanged at 6,776,750. There were no conversion rights or options outstanding, a dilution of earnings per share did not occur.

Other comprehensive income and total comprehensive income

	Total		Group equity		Non-controlling interests	
in € million	1/1-30/6 2016	1/1-30/6 2015[1]	1/1-30/6 2016	1/1-30/6 2015[1]	1/1-30/6 2016	1/1-30/6 2015[1]
Profit/loss after tax	**123**	**381**	**12**	**215**	**111**	**166**
Items which are not reclassified to profit and loss	**(11)**	**(2)**	**(10)**	**(1)**	**(1)**	**(1)**
Remeasurements of defined benefit plans	(14)	(2)	(13)	(1)	(1)	(1)
Deferred taxes on items which are not reclassified to profit and loss	4	0	3	0	0	0
Items that may be reclassified subsequently to profit or loss	**1**	**99**	**8**	**29**	**(7)**	**70**
Exchange differences	58	234	40	145	18	89
Capital hedge	(16)	15	(10)	9	(6)	6
Net gains (losses) on derivatives hedging fluctuating cash flows	9	3	5	2	4	1
Changes in equity of companies valued at equity	27	(136)	22	(115)	5	(21)
Net gains (losses) on financial assets available-for-sale	(76)	(15)	(44)	(11)	(32)	(4)
Deferred taxes on income and expenses directly recognized in equity	(1)	(3)	(6)	(2)	5	(1)
Other comprehensive income	**(10)**	**97**	**(2)**	**28**	**(8)**	**69**
Total comprehensive income	**113**	**478**	**10**	**243**	**103**	**235**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

The development of exchange differences is driven particularly by the appreciation of the Russian rouble by 13 per cent with a positive effect of € 166 million and the appreciation of the Croatian kuna by 1 per cent with a positive effect of € 10 million whereas the devaluation of the Polish zloty by 4 per cent caused a reduction of € 63 million, the devaluation of the Belarusian rouble by 10 per cent caused a reduction of € 31 million and the devaluation of the Ukrainian hryvnia by 5 per cent caused a reduction of € 9 million. In the comparable period of the previous year a total positive effect of € 234 million was primarily caused by the appreciation of the Russian rouble and the Polish zloty.

There was a negative result from a capital hedge of € 16 million, in particular caused by the appreciation of the Russian rouble.

Changes in equity of companies valued at equity mainly refer to changes in UNIQA Insurance Group AG and relate in particular to changes in the valuation of the available-for-sale portfolio of securities.

Net gains and losses on financial assets available-for-sale were influenced by the sale of Visa Europe Ltd. shares to Visa Inc. and led to a transfer of the valuation result in the amount of approximately € 80 million to the income statement with a corresponding effect on deferred taxes directly booked in equity.

Interim results

in € million	H2/2014[1]	H1/2015[1]	H2/2015	H1/2016
Net interest income	1,927	1,826	1,797	1,586
Net provisioning for impairment losses	(1,199)	(606)	(653)	(403)
Net interest income after provisioning	**728**	**1,220**	**1,144**	**1,183**
Net fee and commission income	841	783	811	773
Net trading income	(28)	(6)	21	88
Net income from derivatives and liabilities	86	31	(46)	(201)
Net income from financial investments	30	40	(73)	178
General administrative expenses	(1,661)	(1,502)	(1,668)	(1,541)
Other net operating income	(643)	(22)	(50)	(103)
Net income from disposal of group assets	1	4	48	(77)
Profit/loss before tax	**(646)**	**549**	**188**	**300**
Income taxes	(345)	(167)	(104)	(177)
Profit/loss after tax	**(991)**	**381**	**84**	**123**
Profit attributable to non-controlling interests	344	(166)	(62)	(111)
Consolidated profit/loss	**(647)**	**215**	**22**	**12**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

in € million	H2/2012	H1/2013	H2/2013	H1/2014[1]
Net interest income	1,733	1,939	1,992	2,097
Net provisioning for impairment losses	(623)	(455)	(745)	(587)
Net interest income after provisioning	**1,110**	**1,484**	**1,247**	**1,511**
Net fee and commission income	798	788	842	805
Net trading income	40	144	178	7
Net income from derivatives and liabilities	(109)	(183)	(67)	(65)
Net income from financial investments	(13)	64	87	100
General administrative expenses	(1,785)	(1,663)	(1,796)	(1,633)
Other net operating income	(67)	(55)	(16)	(125)
Net income from disposal of group assets	14	(6)	2	(11)
Profit/loss before tax	**(14)**	**573**	**476**	**590**
Income taxes	(79)	(154)	(140)	(156)
Profit/loss after tax	**(93)**	**419**	**336**	**434**
Profit attributable to non-controlling interests	(34)	(171)	(162)	(186)
Consolidated profit/loss	**(126)**	**248**	**174**	**249**

1 Adaptation because profit published in the first half of 2014 took into account the accrued dividend on participation capital of RBI.

Statement of financial position

Assets in € million	Notes	30/6/2016	31/12/2015	Change
Cash reserve	[13]	12,435	17,402	(28.5)%
Loans and advances to banks	[14, 42]	15,605	12,113	28.8%
Loans and advances to customers	[15, 42]	80,200	79,458	0.9%
Impairment losses on loans and advances	[16]	(5,716)	(6,400)	(10.7)%
Trading assets	[17, 42]	5,371	5,775	(7.0)%
Derivatives	[18, 42]	1,368	1,480	(7.6)%
Financial investments	[19, 42]	22,576	22,448	0.6%
Investments in associates	[20, 42]	716	1,590	(55.0)%
Intangible fixed assets	[21]	683	704	(3.0)%
Tangible fixed assets	[22]	1,966	1,790	9.8%
Other assets	[23, 42]	2,474	2,066	19.8%
Total assets		**137,677**	**138,426**	**(0.5)%**

Equity and liabilities in € million	Notes	30/6/2016	31/12/2015	Change
Deposits from banks	[24, 42]	28,508	28,113	1.4%
Deposits from customers	[25, 42]	77,655	78,079	(0.5)%
Debt securities issued	[26, 42]	9,256	9,353	(1.0)%
Provisions for liabilities and charges	[27, 42]	1,035	1,085	(4.6)%
Trading liabilities	[28, 42]	5,400	5,032	7.3%
Derivatives	[29, 42]	841	978	(14.0)%
Other liabilities	[30, 42]	1,408	2,285	(38.4)%
Subordinated capital	[31, 42]	4,182	4,204	(0.5)%
Equity	[32]	9,392	9,296	1.0%
Consolidated equity		5,389	5,151	4.6%
Consolidated profit/loss		12	237	(95.1)%
Non-controlling interests		3,991	3,908	2.1%
Total equity and liabilities		**137,677**	**138,426**	**(0.5)%**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2016	**492**	**1,835**	**2,824**	**237**	**3,908**	**9,296**
Capital increases/decreases	0	0	0	0	0	0
Transferred to retained earnings	0	0	237	(237)	0	0
Dividend payments	0	0	0	0	(51)	(51)
Total comprehensive income	0	0	(2)	12	103	113
Other changes	0	0	3	0	31	34
Equity as at 30/6/2016	**492**	**1,835**	**3,062**	**12**	**3,991**	**9,392**

in € million	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity 1/1/2015[1]	**492**	**1,835**	**3,324**	**(399)**	**3,955**	**9,207**
Capital increases/decreases	0	0	0	0	0	0
Transferred to retained earnings	0	0	(399)	399	0	0
Dividend payments	0	0	0	0	(53)	(53)
Total comprehensive income	0	0	28	215	235	478
Other changes	0	0	(31)	0	(2)	(33)
Equity as at 30/6/2015	**492**	**1,835**	**2,921**	**215**	**4,136**	**9,600**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

In the first half of 2016, other changes in non-controlling interests contain effects from the first time consolidation of Raiffeisen Immobilienfonds, Vienna, of € 16 million.

Statement of cash flows

in € million	1/1-30/6/2016	1/1-30/6/2015[1]
Cash and cash equivalents at the end of previous period[2]	**17,672**	**9,221**
Cash from disposal of subsidiaries	(152)	0
Net cash from operating activities	(4,544)	280
Net cash from investing activities	(561)	1,817
Net cash from financing activities	(90)	(73)
Effect of exchange rate changes	111	255
Cash and cash equivalents at the end of period	**12,435**	**11,501**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.
2 Cash and cash equivalents at the end of the previous period differ from the item cash reserve on statement of financial position due to IFRS 5 presentation of Raiffeisen Banka d.d., Maribor and ZUNO BANK AG, Vienna.

Segment reporting

As a rule, internal management reporting at RZB is based on the current organizational structure. Segmentation is based on cash generating units. Accordingly, the RZB management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability. These reporting criteria were accordingly deemed to be material under IFRS 8 for the purpose of segmentation.

Since RZB AG, following the transfer of principal business areas to Raiffeisen International Bank-Holding AG, acts primarily as the central institution of Raiffeisen Banking Group (RBG) and as the holding company for equity participations, the segments are defined on the basis of the participation structure. Besides the majority holding in Raiffeisen Bank International AG (RBI AG) and its activity as the central institution of the RBG, RZB AG holds shares in other companies in its equity participation portfolio.

These three main business areas correspond to the segments defined. Segmentation is based on the current Group structure. Since the RBI segment is the largest by far, please find more information on segment reporting in the RBI consolidated financial statements for maximum transparency. The consolidated financial statements of RBI largely reflect the RBI segment in the consolidated financial statements of RZB.

Raiffeisen Bank International Group (RBI)

This segment comprises the results of the Raiffeisen Bank International AG group. RBI AG is by far the largest participation of RZB. As the ultimate parent bank of the RZB credit institution group, RZB AG has corresponding management and control responsibilities. Together with representatives of its owners, RZB AG appoints eight of the ten RBI Supervisory Board members. In addition to the profit arising directly from RBI activities, the segment also covers the expenses incurred for services provided to RZB AG in various areas, such as audit or risk.

Central institution and specialized subsidiaries

This segment comprises those activities that enable RZB AG to perform its tasks as the central institution of the RBG. This segment accordingly reports the results from the banking business of RZB AG within the RBG. In addition, it shows the results of the specialized subsidiaries which operate in building society, factoring, fund and pension fund management business as well as in the leasing business with numerous companies in Austria and abroad. Allocated expenses from Group-wide services are also attributed to this segment. These include Group services undertaken by RZB AG such as Sector Marketing and Sector Services.

Other equity participations

The segment for other equity participations shows the results from participations not directly connected with the function of RZB AG as the central institution of the RBG. This equity participation portfolio contains predominantly non-controlling interests from non-banking industries and income from companies valued at equity. These include inter alia investments in UNIQA Insurance Group AG, Leipnik-Lundenburger Invest Beteiligungs AG (holding company with investments in flour and milling industries and vending) and Raiffeisen evolution project development GmbH (development of high-quality residential and commercial property). Additionally, the investment in Notartreuhandbank AG is reported in this segment. The segment for other equity participations also reports the expenses and income from internal allocation and charges.

The reconciliation includes primarily the amounts resulting from the elimination of intra-group results and from cross-segment consolidation. The income statement is supplemented by the standard industry financial ratios used to evaluate results.

1/1-30/6/2016 in € million	RBI	Central institution and specialized subsidiaries	Other equity participations	Recon- ciliation	Total
Net interest income	1,448	88	67	(16)	1,586
Net fee and commission income	723	51	0	(1)	773
Net trading income	84	0	0	3	88
Recurring other net operating income	32	22	23	(36)	41
Operating income	**2,286**	**161**	**90**	**(50)**	**2,488**
General administrative expenses	(1,436)	(118)	(22)	36	(1,541)
Operating result	**851**	**43**	**68**	**(14)**	**947**
Net provisioning for impairment losses	(403)	1	0	(2)	(403)
Other results	(21)	(33)	(193)	3	(244)
Profit/loss before tax	**427**	**11**	**(125)**	**(13)**	**300**
Income taxes	(179)	2	(1)	0	(177)
Profit/loss after tax	**248**	**13**	**(126)**	**(13)**	**123**
Profit attributable to non-controlling interests	(140)	(3)	32	0	(111)
Consolidated profit/loss	**108**	**10**	**(94)**	**(13)**	**12**
Risk-weighted assets (credit risk)	50,396	5,791	1,822	(9)	58,000
Total capital requirement	4,946	515	149	0	5,610
Assets	114,240	24,385	1,552	(2,501)	137,677
Risk/revenue ratio	27.8%	(1.2)%	–	–	25.4%
Cost/income ratio	62.8%	73.5%	24.9%	–	61.9%
Average equity	8,315	910	277	(50)	9,451
Return on equity before tax	**10.3%**	**2.4%**	**–**	**–**	**6.3%**
Business outlets	2,641	16	0	1	2,658

1/1-30/6/2015[1] in € million	RBI	Central institution and specialized subsidiaries	Other equity participations	Reconciliation	Total
Net interest income	1,674	100	69	(16)	1,826
Net fee and commission income	749	36	0	(2)	783
Net trading income	2	1	0	(8)	(6)
Recurring other net operating income	21	20	18	(25)	34
Operating income	**2,445**	**156**	**87**	**(51)**	**2,637**
General administrative expenses	(1,407)	(100)	(23)	27	(1,502)
Operating result	**1,038**	**56**	**65**	**(23)**	**1,135**
Net provisioning for impairment losses	(605)	(2)	0	1	(606)
Other results	19	(9)	13	(3)	19
Profit/loss before tax	**452**	**45**	**77**	**(26)**	**549**
Income taxes	(153)	(15)	1	0	(167)
Profit/loss after tax	**299**	**30**	**78**	**(26)**	**381**
Profit attributable to non-controlling interests	(147)	(16)	(8)	5	(166)
Consolidated profit/loss	**152**	**14**	**70**	**(21)**	**215**
Risk-weighted assets (credit risk)	57,942	6,860	1,945	(303)	66,444
Total capital requirement	5,596	670	160	(63)	6,363
Assets	119,714	23,600	1,996	(2,361)	142,950
Risk/revenue ratio	36.1%	2.1%	–	–	33.2%
Cost/income ratio	57.5%	64.2%	25.8%	–	57.0%
Average equity	8,493	1,000	248	(176)	9,565
Return on equity before tax	**10.7%**	**8.9%**	**62.3%**	**–**	**11.5%**
Business outlets	2,781	15	0	1	2,797

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The condensed interim consolidated financial statements 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 at 30 June 2016 are prepared in accordance with IAS 34.

Some IFRS explanatory notes which are included outside the interim consolidated financial statements are an integral part of the interim consolidated financial statements. These are mainly explanations on net income from segments, which are included in the notes on segment reporting. In addition to the disclosures pursuant to IFRS 7 which are included in the notes, the risk report section in particular contains detailed information on credit risk, concentration risk, market risk and liquidity risk. This information is presented in accordance with IAS 34, IFRS 8 "Operating Segments" and IFRS 7 "Financial Instruments Disclosures".

The same recognition and measurement principles and consolidation methods were fundamentally applied in the interim reporting, as those used in preparing the consolidated financial statements 2015 (see 2015 annual report, page 190 ff). Standards and interpretations to be applied in the EU from 1 January 2016 onward were accounted for in this interim report.

The interim report as at 30 June 2016 did not undergo a review carried out by a certified auditor.

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 the current perspective. 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.

Application of new and revised standards

A number of new or amended standards became applicable for the first time for the period under review. The first-time application of the new and revised IFRS standards had no material impact on the interim consolidated financial statements as the amendments were only applicable to a limited extent.

Standards and interpretations not yet applicable

IFRS 9 (Financial Instruments; entry into force 1 January 2018)

The published IFRS 9 (financial instruments) contains requirements for the classification, measurement, derecognition of and accounting for hedging relationships. The IASB published the final version of the standard within the context of completion of the various phases on 24 July 2014. Key requirements of IFRS 9 are:

According to IFRS 9, all financial assets must be measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortized cost at the end of subsequent accounting periods. All other instruments must be measured at fair value.

IFRS 9 also includes an irrevocable option to recognize subsequent changes in the fair value of an equity instrument (not held for trading purposes) in other comprehensive income and to recognize only dividend income in the income statement.

With regard to the measurement of financial liabilities (designated as measured at fair value through profit or loss), IFRS 9 requires that changes in fair value arising out of changes in the default risk of the reporting entity are to be recognized in other comprehensive income. Changes in fair value attributable to a reporting entity's own credit risk may not be subsequently reclassified to the income statement.

For subsequent measurement of financial assets measured at amortized cost, IFRS 9 provides for three stages which determine the future amount of losses to be recognized and the recognition of interest. The first stage requires that at the time of initial recognition, expected losses must be shown in the amount of the present value of an expected twelve-month loss. If there is a significant increase in the default risk, the risk provision must be increased up to the amount of the expected full lifetime loss (stage 2). When there is an objective indication of an impairment, the interest in stage 3 must be recognized on the basis of the net carrying amount.

In addition to transitional provisions, IFRS 9 also includes extensive provisions on disclosure both during transition and during ongoing application. New provisions relate in particular to impairment.

The Group anticipates that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. It is expected that overall, IFRS 9 will increase the level of risk provisions. This estimate is based on the requirement to recognize a risk provision in the amount of the expected loan defaults for the first twelve months even for those instruments where the credit risk has not increased significantly since initial recognition. Moreover, it is based on the estimate that the volume of assets for which the "lifetime expected loss" is applied is probably larger than the volume of assets where loss events pursuant to IAS 39 have already occurred. The mandatory date of the initial application of IFRS 9 will be 1 January 2018.

IFRS 15 (Revenue from contracts with customers; entry into force 1 January 2018)

The standard regulates when revenue is recognized and how much revenue is recognized. IFRS 15 replaces IAS 18 (Revenue), IAS 11 (Construction contracts) and a series of revenue-related interpretations. The application of IFRS 15 is obligatory for all IFRS users and is applicable to almost all contracts with customers – the material exemptions are leasing contracts, financial instruments and insurance contracts. The consequences for the Group are still being analyzed.

IFRS 16 (Leases; entry into force 1 January 2019)

For lessees, the new standard establishes an accounting model which does not distinguish between financial leasing and operating leasing. In future, most lease agreements will have to be recognized in the statement of financial position. For lessors, the rules under IAS 17 (Leases) remain largely valid, meaning that in future it will still also be necessary to distinguish between financial and operating leasing with corresponding different accounting consequences. The consequences for the Group are still being analyzed.

Currencies

	2016		2015	
Rates in units per €	**As at 30/6**	**Average 1/1-30/6**	**As at 31/12**	**Average 1/1-30/6**
Albanian lek (ALL)	137.200	138.097	137.280	140.337
Belarusian rouble (BYR)	22,505.000	22,326.000	20,300.000	16,216.286
Bosnian marka (BAM)	1.955	1.955	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.528	7.568	7.638	7.632
Czech koruna (CZK)	27.131	27.050	27.023	27.512
Hungarian forint (HUF)	317.060	313.827	315.980	308.096
Kazakh tenge (KZT)	376.406	381.334	371.310	207.959
Malaysian ringgit (MYR)	4.430	4.528	4.696	4.090
Polish zloty (PLN)	4.436	4.362	4.264	4.152
Romanian leu (RON)	4.523	4.503	4.524	4.444
Russian rouble (RUB)	71.520	77.250	80.674	65.910
Serbian dinar (RSD)	123.130	122.839	121.626	120.889
Singapore dollar (SGD)	1.496	1.532	1.542	1.516
Swiss franc (CHF)	1.087	1.096	1.084	1.069
Swedish krona (SEK)	9.424	9.281	9.190	9.326
Turkish lira (TRY)	3.206	3.221	3.177	2.876
Ukrainian hryvna (UAH)	27.639	28.204	26.223	23.431
US-Dollar (USD)	1.110	1.111	1.089	1.126

Consolidated group

	Fully consolidated		Equity method	
Number of units	**30/6/2016**	**31/12/2015**	**30/6/2016**	**31/12/2015**
As at beginning of period	**305**	**337**	**11**	**10**
Included for the first time in the financial period	4	19	0	1
Merged in the financial period	0	(4)	0	0
Excluded in the financial period	(16)	(47)	0	0
As at end of period	**293**	**305**	**11**	**11**

Three of the entities consolidated for the first time are active in the leasing business; one is active in the investment business. Twelve entities were excluded due to immateriality, two were sold, and a further two ceased their business activities.

In the reporting period, Raiffeisenbank a.s., Prague, acquired Citibank's retail and credit card business in the Czech Republic. This business unit includes loans and advances to customers of € 201 million and customer deposits of € 669 million. With this acquisition, intangible assets of € 12 million were recognized, of which € 10 million related to the customer base and € 2 million to acquired goodwill.

Notes to the income statement

(1) Income statement according to measurement categories

in € million	1/1-30/6/2016	1/1-30/6/2015[1]
Net income from financial assets and liabilities held-for-trading	43	147
Net income from financial assets and liabilities at fair value through profit or loss	182	266
Net income from financial assets available-for-sale	195	33
Net income from loans and advances	1,489	1,669
Net income from financial assets held-to-maturity	87	86
Net income from financial liabilities measured at acquisition cost	(706)	(981)
Net income from derivatives (hedging)	77	104
Net revaluations from exchange differences	(59)	(109)
Current income from associates	52	71
Sundry operating income and expenses	(1,060)	(738)
Profit/loss before tax	**300**	**549**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

(2) Net interest income

in € million	1/1-30/6/2016	1/1-30/6/2015[1]
Interest and interest-like income, total	**2,240**	**2,733**
Interest income	2,207	2,696
from balances at central banks	13	20
from loans and advances to banks	98	115
from loans and advances to customers	1,690	2,022
from financial investments	187	193
from leasing claims	94	106
from derivative financial instruments - economic hedge	49	127
from derivative financial instruments - hedge accounting	78	112
Current income	33	26
from shares and other variable-yield securities	0	1
from shares in affiliated companies	20	9
from other interests	13	16
Interest-like income	9	13
Negative interest (expenses)	(10)	(1)
Current income from associates	**52**	**71**
Interest expenses and interest-like expenses, total	**(706)**	**(978)**
Interest expenses	(692)	(945)
on deposits from central banks	(10)	(35)
on deposits from banks	(117)	(135)
on deposits from customers	(365)	(544)
on debt securities issued	(118)	(138)
on subordinated capital	(83)	(93)
Interest-like expenses	(20)	(32)
Negative interest (income)	6	0
Total	**1,586**	**1,826**

1 Adaptation of previous year figures due to different allocation.

(3) Net provisioning for impairment losses

in € million	1/1-30/6/2016	1/1-30/6/2015[1]
Individual loan loss provisions	**(432)**	**(599)**
Allocation to provisions for impairment losses	(887)	(1,025)
Release of provisions for impairment losses	442	447
Direct write-downs	(37)	(71)
Income received on written-down claims	49	50
Portfolio-based loan loss provisions	**27**	**(10)**
Allocation to provisions for impairment losses	(116)	(199)
Release of provisions for impairment losses	143	190
Gains from the sales of loans	**2**	**3**
Total	**(403)**	**(606)**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

(4) Net fee and commission income

in € million	1/1-30/6/2016	1/1-30/6/2015
Payment transfer business	309	309
Loan and guarantee business	80	99
Securities business	62	67
Foreign currency, notes/coins, and precious metals business	187	187
Management of investment and pension funds	79	62
Sale of own and third party products	31	23
Other banking services	26	35
Total	**773**	**783**

(5) Net trading income

in € million	1/1-30/6/2016	1/1-30/6/2015[1]
Interest-based transactions	70	43
Currency-based transactions	49	(72)
Equity-/index-based transactions	(25)	18
Credit derivatives business	(2)	0
Other transactions	(4)	6
Total	**88**	**(6)**

1 Adaptation of previous year figures due to different allocation.

In the previous year's period the item currency-based transactions included a valuation loss from a hedging transaction related to Russian rouble-denominated dividend income amounting to € 70 million. The refinancing expenses for trading assets that are included in net trading income amounted to € 14 million (comparable period: € 13 million).

(6) Income from derivatives and liabilities

in € million	1/1-30/6/2016	1/1-30/6/2015
Net income from hedge accounting	(2)	(8)
Net income from other derivatives	(153)	(83)
Net income from liabilities designated at fair value	(46)	126
Income from repurchase of liabilities	0	(3)
Total	**(201)**	**31**

Net income from other derivatives includes valuation results from derivatives, which are held to hedge against market risks (except trading assets/liabilities). They are based on a non-homogeneous portfolio and do not satisfy the requirements for hedge accounting according to IAS 39.

Net income from liabilities designated at fair value comprises a loss from changes in own credit risk amounting to € 14 million (comparable period: profit of € 12 million) and a loss from changes in market interest rates totaling € 32 million (comparable period: profit of € 115 million).

(7) Net income from financial investments

in € million	1/1-30/6/2016	1/1-30/6/2015
Net income from securities held-to-maturity	**13**	**1**
Net valuations of securities	0	0
Net proceeds from sales of securities	13	1
Net income from equity participations	**141**	**9**
Net valuations of equity participations	(5)	(10)
Net proceeds from sales of equity participations	146	19
Net income from associates	**(112)**	**0**
Net valuations of associates	(112)	0
Net income from securities at fair value through profit and loss	**116**	**31**
Net valuations of securities	113	28
Net proceeds from sales of securities	3	3
Net income from available-for-sale securities	**21**	**(1)**
Total	**178**	**40**

Net proceeds from sales of equity participations increased by € 127 million compared to the same period of the previous year. This was due to the sale of Visa Europe Ltd. shares to Visa Inc. in June 2016, which resulted in income of € 132 million. The approximately € 80 million valuation result that had been recognized in other comprehensive income at year-end 2015 was transferred to the income statement in the reporting period.

The net income from net valuations of associates was mainly due to the impairment of the shareholding in UNIQA Insurance Group AG, Vienna (minus € 109 million).

(8) General administrative expenses

in € million	1/1-30/6/2016	1/1-30/6/2015
Staff expenses	(767)	(714)
Other administrative expenses	(620)	(621)
hereof operating other administrative expenses	(515)	(522)
hereof regulatory other administrative expenses	(105)	(99)
Depreciation of tangible and intangible fixed assets	(153)	(167)
Total	**(1,541)**	**(1,502)**

Staff expenses

in € million	1/1-30/6/2016	1/1-30/6/2015
Wages and salaries	(593)	(543)
Social security costs and staff-related taxes	(138)	(137)
Other voluntary social expenses	(20)	(20)
Sundry staff expenses	(16)	(13)
Total	**(767)**	**(714)**

Other administrative expenses

in € million	1/1-30/6/2016	1/1-30/6/2015
Office space expenses	(131)	(143)
IT expenses	(146)	(138)
Communication expenses	(35)	(37)
Legal, advisory and consulting expenses	(50)	(50)
Advertising, PR and promotional expenses	(51)	(52)
Office supplies	(12)	(13)
Car expenses	(8)	(9)
Security expenses	(17)	(15)
Traveling expenses	(8)	(8)
Training expenses for staff	(7)	(6)
Sundry administrative expenses	(51)	(52)
Operating other administrative expenses	**(515)**	**(522)**
Deposit insurance fees	(53)	(58)
Resolution fund	(52)	(41)
Regulatory other administrative expenses	**(105)**	**(99)**
Total	**(620)**	**(621)**

Depreciation of tangible and intangible fixed assets

in € million	1/1-30/6/2016	1/1-30/6/2015
Tangible fixed assets	(61)	(81)
Intangible fixed assets	(74)	(69)
Leased assets (operating lease)	(18)	(17)
Total	**(153)**	**(167)**

(9) Other net operating income

in € million	1/1-30/6/2016	1/1-30/6/2015[1]
Net income arising from non-banking activities	25	23
Rental income from operating lease (vehicles and equipment)	20	20
Rental income from investment property incl. operating lease (real estate)	23	24
Net proceeds from disposal of tangible and intangible fixed assets	3	1
Other taxes	(43)	(37)
Net expense from allocation and release of other provisions	(11)	(12)
Sundry operating income and expenses	23	16
Recurring other net operating income	**41**	**34**
Impairment of goodwill	(7)	(3)
Bank levies	(92)	(78)
Profit/loss from banking business due to governmental measures	(44)	25
Total	**(103)**	**(22)**

1 Adaptation of previous year figures due to different allocation.

The "Walkaway Law" came into force in Romania in the second quarter of 2016. The expected take-up rate resulted in a charge to profit/loss from banking business due to governmental measures of € 43 million. In the previous year's period a provision in connection with the implementation of the Settlement Act in Hungary of € 33 million was released.

(10) Net income from disposal of group assets

In the reporting period, twelve subsidiaries were excluded from the consolidated group due to immateriality. Moreover, two subsidiaries were excluded due to sale and two due to cessation of activities. Net income from disposal of group assets amounted to € 9 million. In addition, a provision of € 84 million for the expected loss from the sale of shares in UNIQA Insurance Group AG, Vienna, and € 3 million for the expected loss from the sale of Raiffeisen Lízing Zrt., Budapest, was recognized.

in € million	1/1-30/6/2016	1/1-30/6/2015
Net income from disposal of group assets	9	4
Impairment of assets held for sale	(87)	0
Total	**(77)**	**4**

Income from disposal of group assets breaks down as follows:

in € million	RBSI	Other	Total
Assets	545	155	700
Liabilities	492	105	597
Total identifiable net assets	**53**	**50**	**104**
Non-controlling interests	0	0	0
Net assets after non-controlling interests	**53**	**50**	**103**
Selling price	1	63	63
Effect from deconsolidation	**(53)**	**13**	**(40)**
Usage of provision for assets held for sale	(52)	0	(52)
Fair value reserve reclassified to income statement	1	0	1
FX reserve reclassified to income statement	(4)	0	(4)
Net income from disposal of group assets	**(3)**	**13**	**9**

RBSI: Raiffeisen Banka d.d., Maribor

(11) Income taxes

in € million	1/1-30/6/2016	1/1-30/6/2015[1]
Current income taxes	(121)	(102)
Austria	(21)	(14)
Foreign	(100)	(88)
Deferred taxes	(56)	(65)
Total	**(177)**	**(167)**

1 Restated in accordance with IAS 8.41. Please see the 2015 annual report for details.

Notes to the statement of financial position

(12) Statement of financial position according to measurement categories

Assets according to measurement categories in € million	30/6/2016	31/12/2015
Cash reserve	12,435	17,402
Trading assets	5,959	6,546
Financial assets at fair value through profit or loss	9,492	9,984
Investments in associates	716	1,590
Financial assets available-for-sale	4,495	4,483
Loans and advances	91,750	86,371
Financial assets held-to-maturity	8,590	7,982
Derivatives (hedging)	780	709
Other assets	3,461	3,359
Total assets	**137,677**	**138,426**

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, other equity participations, and fixed-interest securities. Loans and advances are reported on a net basis after provisions for impairment losses.

Equity and liabilities according to measurement categories in € million	**30/6/2016**	**31/12/2015**
Trading liabilities	5,782	5,576
Financial liabilities	119,624	120,807
Liabilities at fair value through profit and loss	1,385	1,227
Derivatives (hedging)	459	435
Provisions for liabilities and charges	1,035	1,085
Equity	9,392	9,296
Total equity and liabilities	**137,677**	**138,426**

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

(13) Cash reserve

in € million	**30/6/2016**	**31/12/2015**
Cash in hand	2,381	2,495
Balances at central banks	10,053	14,906
Total	**12,435**	**17,402**

(14) Loans and advances to banks

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

in € million	**30/6/2016**	**31/12/2015**
Austria	4,797	4,644
Foreign	10,807	7,469
Total	**15,605**	**12,113**

(15) Loans and advances to customers

in € million	30/6/2016	31/12/2015
Credit business	45,600	45,917
Money market business	5,514	3,620
Mortgage loans	22,413	22,989
Purchased loans	1,749	1,784
Leasing claims	4,381	4,491
Claims evidenced by paper	543	657
Total	**80,200**	**79,458**

in € million	30/6/2016	31/12/2015
Sovereigns	773	939
Corporate customers – large corporates	44,457	44,163
Corporate customers – mid market	3,203	3,190
Retail customers – private individuals	28,790	28,311
Retail customers – small and medium-sized entities	2,976	2,854
Total	**80,200**	**79,458**

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

in € million	30/6/2016	31/12/2015
Austria	12,409	12,331
Foreign	67,791	67,127
Total	**80,200**	**79,458**

(16) Impairment losses on loans and advances

in € million	30/6/2016	31/12/2015
Banks	72	120
Sovereigns	4	5
Corporate customers – large corporates	3,472	4,009
Corporate customers – mid market	326	348
Retail customers – private individuals	1,567	1,637
Retail customers – small and medium-sized entities	275	280
Total	**5,716**	**6,400**

The decline of impairment losses on loans and advances is mainly due to the derecognition of uncollectible loans from corporate business.

(17) Trading assets

in € million	30/6/2016	31/12/2015
Bonds, notes and other fixed-interest securities	2,028	2,768
Shares and other variable-yield securities	156	203
Positive fair values of derivative financial instruments	3,187	2,803
Total	**5,371**	**5,775**

Pledged securities ready to be sold or repledged by transferee shown under trading assets amounted to € 169 million (31/12/2015: € 1,080 million).

(18) Derivatives

in € million	30/6/2016	31/12/2015
Positive fair values of derivatives in fair value hedges (IAS 39)	774	692
Positive fair values of derivatives in cash flow hedges (IAS 39)	5	1
Positive fair values of derivatives in net investment hedge (IAS 39)	0	17
Positive fair values of other derivatives	588	771
Total	**1,368**	**1,480**

(19) Financial investments

in € million	30/6/2016	31/12/2015
Bonds, notes and other fixed-interest securities	21,900	21,667
Shares and other variable-yield securities	176	309
Equity participations	501	472
Total	**22,576**	**22,448**

Pledged securities ready to be sold or repledged by the transferee shown under financial investments amounted to € 565 million (31/12/2015: € 260 million).

(20) Investments in associates

in € million	30/6/2016	31/12/2015
Investments in associates	716	1,590
hereof goodwill	75	228

The decline in investments in associates results from the relcassification of shares in UNIQA Insurance Group AG, Vienna, to the item assets held for sale due to the expected sale. Furthermore, an impairment charge was recognized in relation to the shares that will be retained in UNIQA Insurance Group AG, Vienna.

(21) Intangible fixed assets

in € million	30/6/2016	31/12/2015
Software	527	549
Goodwill	96	98
Other intangible fixed assets	59	57
Total	**683**	**704**

(22) Tangible fixed assets

in € million	30/6/2016	31/12/2015
Land and buildings used by the Group for own purpose	628	630
Other land and buildings (investment property)	691	498
Office furniture, equipment and other tangible fixed assets	246	244
Leased assets (operating lease)	400	418
Total	**1,966**	**1,790**

(23) Other assets

in € million	30/6/2016	31/12/2015
Tax assets	350	407
Current tax assets	115	112
Deferred tax assets	235	296
Receivables arising from non-banking activities	83	94
Accruals and deferred items	141	147
Clearing claims from securities and payment transfer business	685	136
Lease in progress	66	48
Assets held for sale (IFRS 5)	716	774
Inventories	97	91
Valuation fair value hedge portfolio	48	24
Other assets	288	345
Total	**2,474**	**2,066**

Raiffeisen Bank Polska S.A., Warsaw, and Raiffeisen-Leasing Polska S.A., Warsaw, are involved in a legal dispute with the Polish tax authorities regarding a tax claim in the amount of € 20 million arising from a payment of tax for prior periods, which was paid in the course of a tax inspection in order to avoid late payment interest. The Management Board is however of the opinion that the payment of tax for prior periods was unfounded and expects a positive outcome for the bank from the dispute. The claim is therefore recognized in its full amount in the financial statements.

Application of IFRS 5

As at 30 June 2016, the item assets held for sale contains those shares of UNIQA Insurance Group AG, Vienna that are to be sold.

At year-end 2015, the item contained Raiffeisen Banka d.d., Maribor, and ZUNO BANK AG. Raiffeisen Banka d.d., Maribor, was sold as at 30 June 2016, and ZUNO BANK AG was reclassified due to the fact that the existing sales process was unsuccessful. Therefore a sale within a one-year period is not likely.

(24) Deposits from banks

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

in € million	30/6/2016	31/12/2015
Austria	19,062	17,738
Foreign	9,446	10,375
Total	**28,508**	**28,113**

(25) Deposits from customers

in € million	30/6/2016	31/12/2015
Sight deposits	40,364	37,431
Time deposits	27,181	30,878
Savings deposits	10,109	9,769
Total	**77,655**	**78,079**

in € million	30/6/2016	31/12/2015
Sovereigns	1,267	1,722
Corporate customers – large corporates	28,894	30,674
Corporate customers – mid market	2,834	2,992
Retail customers – private individuals	39,304	37,594
Retail customers – small and medium-sized entities	5,356	5,096
Total	**77,655**	**78,079**

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

in € million	30/6/2016	31/12/2015
Austria	12,765	13,957
Foreign	64,889	64,122
Total	**77,655**	**78,079**

(26) Debt securities issued

in € million	30/6/2016	31/12/2015
Bonds and notes issued	9,155	9,239
Money market instruments issued	83	94
Other debt securities issued	19	20
Total	**9,256**	**9,353**

(27) Provisions for liabilities and charges

in € million	30/6/2016	31/12/2015
Severance payments and other	124	119
Retirement benefits	111	100
Taxes	185	170
Current	95	87
Deferred	90	83
Contingent liabilities and commitments	132	114
Pending legal issues	90	82
Overdue vacation	62	53
Bonus payments	120	137
Restructuring	14	15
Provisions for banking business due to governmental measures	48	115
Other	150	181
Total	**1,035**	**1,085**

As at 30 June 2016, the item other provisions includes provisions related to the resolution fund.

The change in provisions for banking business due to governmental measures is due to the € 43 million charge for the "Walkaway Law" in Romania and the usage of the provision for the law in Croatia to enforce the conversion of loans denominated in Swiss francs at the historical rates at the time of lending.

Significant outstanding litigation is detailed in the 2015 annual report.

(28) Trading liabilities

in € million	30/6/2016	31/12/2015
Negative fair values of derivative financial instruments	**4,226**	**3,884**
Interest-based transactions	2,280	1,946
Currency-based transactions	604	784
Equity-/index-based transactions	1,227	1,024
Credit derivatives business	1	2
Other transactions	115	128
Short-selling of trading assets	**454**	**453**
Certificates issued	**720**	**695**
Total	**5,400**	**5,032**

(29) Derivatives

in € million	30/6/2016	31/12/2015
Negative fair values of derivatives in fair value hedges (IAS 39)	187	195
Negative fair values of derivatives in cash flow hedges (IAS 39)	262	240
Negative fair values of derivatives in net investment hedge (IAS 39)	9	0
Negative fair values of other derivative financial instruments	382	543
Total	**841**	**978**

(30) Other liabilities

in € million	30/6/2016	31/12/2015
Liabilities from non-banking activities	109	132
Prepayments and other deferrals	281	318
Liabilities from dividends	4	1
Clearing claims from securities and payment transfer business	601	172
Valuation fair value hedge portfolio	105	64
Liabilities held for sale (IFRS 5)	0	1,294
Other liabilities	308	304
Total	**1,408**	**2,285**

The decrease of the item liabilities held for sale is driven by the sale of Raiffeisen Banka d.d., Maribor, as at 30 June 2016, and the reclassification of ZUNO BANK AG due to the fact that the existing sales process was unsuccessful. Therefore a sale within a one-year period is not likely.

(31) Subordinated capital

in € million	30/6/2016	31/12/2015
Hybrid tier 1 capital	397	397
Subordinated liabilities and supplementary capital	3,786	3,807
Total	**4,182**	**4,204**

(32) Equity

in € million	30/6/2016	31/12/2015
Consolidated equity	5,389	5,151
Subscribed capital	492	492
Capital reserves	1,835	1,835
Retained earnings	3,062	2,824
Consolidated profit/loss	12	237
Non-controlling interests	3,991	3,908
Total	**9,392**	**9,296**

(33) Transferred assets

The table below shows the carrying amounts of transferred assets:

30/6/2016	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	608	311	297	664	254	410
Trading assets	33	0	33	32	0	32
Financial investments	51	0	51	49	0	49
Total	**692**	**311**	**381**	**745**	**254**	**491**

31/12/2015	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	390	328	63	324	268	55
Trading assets	288	0	288	252	0	252
Financial investments	38	0	38	36	0	36
Total	**716**	**328**	**389**	**611**	**268**	**343**

(34) Assets pledged as collateral and received financial assets

Significant limitations regarding the access to or use of assets:

	30/6/2016		31/12/2015	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Loans and advances[1]	7,798	1,790	6,832	1,983
Trading assets[2]	169	48	1,078	56
Financial investments	817	196	574	7
Total	**8,784**	**2,034**	**8,483**	**2,047**

1 Without loans and advances from reverse repo and securities lending business.
2 Without derivatives.

The group received collateral, for which selling or repledging is permitted as long as no default occurs in the course of reverse repo transactions, securities lending, derivative or other transactions.

The following table shows securities and other financial assets accepted as collateral:

in € million	30/6/2016	31/12/2015
Securities and other financial assets accepted as collateral which can be sold or repledged	7,557	1,781
hereof which have been sold or repledged	1,368	308

(35) Offsetting of financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's statement of financial position or are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position or not.

30/6/2016	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives	5,530	1,199	4,331	2,865	26	1,440
Reverse repurchase, securities lending & similar agreements	6,551	0	6,551	6,527	0	24
Other financial instruments	229	13	216	0	0	216
Total	**12,310**	**1,212**	**11,097**	**9,392**	**26**	**1,679**

30/6/2016	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives	5,015	1,199	3,816	2,462	206	1,148
Repurchase, securities lending & similar agreements	904	0	904	882	0	22
Other financial instruments	106	13	93	0	0	93
Total	**6,026**	**1,212**	**4,814**	**3,344**	**206**	**1,263**

31/12/2015	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives	4,398	564	3,834	2,694	33	1,108
Reverse repurchase, securities lending & similar agreements	1,327	0	1,327	1,311	0	16
Other financial instruments	1,967	14	1,952	1,754	0	198
Total	**7,692**	**578**	**7,113**	**5,758**	**33**	**1,322**

31/12/2015	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives	4,329	564	3,765	2,657	171	938
Repurchase, securities lending & similar agreements	225	0	225	217	0	8
Other financial instruments	1,855	14	1,840	1,754	0	87
Total	**6,409**	**578**	**5,831**	**4,628**	**171**	**1,033**

(36) Derivatives

30/6/2016	Nominal amount by maturity				Fair values	
in € million	Up to 1 year	More than 1 year up to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	30,215	60,273	45,759	136,247	3,416	(2,625)
Foreign exchange rate and gold contracts	41,723	9,308	2,213	53,243	1,007	(1,100)
Equity/index contracts	1,177	2,111	373	3,661	128	(1,227)
Commodities	126	117	70	313	2	(101)
Credit derivatives	640	435	0	1,075	2	(1)
Precious metals contracts	16	2	16	34	1	(14)
Total	**73,897**	**72,246**	**48,431**	**194,573**	**4,555**	**(5,068)**

31/12/2015	Nominal amount by maturity				Fair values	
in € million	Up to 1 year	More than 1 year up to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	31,071	61,600	44,925	137,597	3,061	(2,325)
Foreign exchange rate and gold contracts	47,601	10,220	2,227	60,048	1,150	(1,382)
Equity/index contracts	1,251	1,820	402	3,473	70	(1,024)
Commodities	141	129	44	314	0	(111)
Credit derivatives	494	992	0	1,486	2	(2)
Precious metals contracts	22	11	0	33	0	(17)
Total	**80,580**	**74,773**	**47,598**	**202,951**	**4,283**	**(4,862)**

(37) Fair Value of financial instruments

Fair value of financial instruments reported at fair value

	30/6/2016			31/12/2015		
in € million	**Level I**	**Level II**	**Level III**	**Level I**	**Level II**	**Level III**
Trading assets	**2,048**	**3,891**	**21**	**2,758**	**3,763**	**24**
Positive fair values of derivatives[1]	129	3,643	4	64	3,507	2
Shares and other variable-yield securities	155	0	0	203	0	0
Bonds, notes and other fixed-interest securities	1,763	248	17	2,491	256	22
Financial assets at fair value through profit or loss	**7,394**	**2,046**	**51**	**6,845**	**3,072**	**66**
Shares and other variable-yield securities	120	0	1	256	0	1
Bonds, notes and other fixed-interest securities	7,274	2,046	50	6,589	3,072	65
Financial assets available-for-sale	**3,722**	**210**	**90**	**3,442**	**536**	**171**
Other interests[2]	1	26	0	48	0	89
Bonds, notes and other fixed-interest securities	3,670	183	87	3,344	536	79
Shares and other variable-yield securities	52	0	3	49	0	2
Derivatives (hedging)	**0**	**780**	**0**	**0**	**709**	**0**
Positive fair values of derivatives from hedge accounting	0	780	0	0	709	0

1 Including other derivatives.
2 Includes securities traded on the stock exchange as well as shares measured according to income approach.

	30/6/2016			31/12/2015		
in € million	**Level I**	**Level II**	**Level III**	**Level I**	**Level II**	**Level III**
Trading liabilities	**620**	**5,125**	**36**	**525**	**5,022**	**29**
Negative fair values of derivative financial instruments[1]	244	4,339	26	162	4,244	22
Short-selling of trading assets	377	77	0	363	90	0
Certificates issued	0	709	10	0	688	7
Liabilities at fair value through profit and loss	**0**	**1,385**	**0**	**0**	**1,227**	**0**
Debt securities issued	0	1,385	0	0	1,227	0
Derivatives (hedging)	**0**	**459**	**0**	**0**	**435**	**0**
Negative fair values of derivatives from hedge accounting	0	459	0	0	435	0

1 Including other derivatives.

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 2015, the share of financial assets classified as Level II decreased. The decrease resulted mainly from divestitures from the category "financial assets at fair value through profit and loss". Compared to year-end 2015, Level I assets also slightly decreased. Moreover, there was a slight shift from Level II to Level I. This was due to the fact that quoted market prices for these financial instruments were available at the reporting date.

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose fair value can not be calculated on the basis of observable market data and are therefore subject to other measurement models. Financial instruments of this category have a value component which is unobservable on the market and which has a material impact on the fair value.

in € million	As at 1/1/2016	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	24	0	(1)	14	(13)
Financial assets at fair value through profit or loss	66	0	3	31	(60)
Financial assets available-for-sale	171	0	1	24	(153)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 30/6/2016
Trading assets	(3)	0	0	0	21
Financial assets at fair value through profit or loss	12	0	0	0	51
Financial assets available-for-sale	4	43	0	0	90

in € million	As at 1/1/2016	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	29	0	0	2	(2)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 30/6/2016
Trading liabilities	(2)	0	11	(2)	36

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	0	Net asset value	Haircuts	20 - 50%
Shares and other variable-yield securities	Shares	4	Approximation method	-	n.a.
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	148	Discounted cash flow method	Credit spread	2 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	6	Broker estimate	Probability of default Loss severity Expected prepayment rate	n.a.
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contracts	4	Discounted cash flow method	Interest rate	10 - 30%
Total		**162**			

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	26	Option model	Closing period Currency risk LT volatility Index category	2 - 16% 0 - 5% 0 - 3% 0 - 5%
Issued certificates for trading purposes	Certificates	10	Option model	Closing period Bid-Ask spread LT volatility Index category	0 - 3% 0 - 3% 0 - 3% 0 - 2.5%
Total		**36**			

Fair value of financial instruments not reported at fair value

30/6/2016 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	12,435	0	12,435	12,435	0
Loans and advances to banks	0	10,069	5,618	15,686	15,533	153
Loans and advances to customers	0	16,786	57,542	74,328	74,555	(227)
Financial investments	6,950	1,926	1,201	10,076	9,780	296
Liabilities						
Deposits from banks	0	13,229	15,517	28,746	28,508	238
Deposits from customers	0	26,165	51,778	77,944	77,655	289
Debt securities issued	2,076	4,115	1,842	8,033	7,871	162
Subordinated capital	0	4,163	442	4,604	4,182	422

31/12/2015 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	17,402	0	17,402	17,402	0
Loans and advances to banks	0	6,275	5,762	12,037	11,993	44
Loans and advances to customers	0	15,617	57,100	72,718	73,178	(460)
Financial investments	5,877	2,390	2,013	10,280	9,955	325
Liabilities						
Deposits from banks	0	12,999	15,352	28,352	28,113	238
Deposits from customers	0	26,977	51,559	78,536	78,079	457
Debt securities issued	2,174	4,314	1,806	8,295	8,126	168
Subordinated capital	0	4,147	442	4,589	4,204	385

(38) Contingent liabilities and commitments

in € million	30/6/2016	31/12/2015
Contingent liabilities	**9,582**	**10,030**
Acceptances and endorsements	0	26
Credit guarantees	5,117	4,939
Other guarantees	2,774	3,080
Letters of credit (documentary business)	976	1,238
Other contingent liabilities	716	747
Commitments	**10,662**	**10,482**
Irrevocable credit lines and stand-by facilities	10,662	10,482
Up to 1 year	3,217	2,994
More than 1 year	7,445	7,488

Risk report

(39) Risks arising from financial instruments

Active risk management is a core competency of the Group. In order to effectively identify, measure and manage risks the Group continuously develops its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale, and complexity of the business activities and the resulting risks. The principles and organization of risk management are disclosed in the relevant sections of the 2015 annual report, pages 121 ff.

Economic capital

Economic capital constitutes a fundamental aspect of overall bank risk management. It defines the internal capital requirement for all risk categories based on comparable internal models and thereby facilitates an aggregated view of the Group's risk profile. Economic capital is therefore an important instrument in Group risk management and is used for making risk-adjusted business decisions 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	30/6/2016	Share	31/12/2015[1]	Share
Credit risk corporate customers	1,643	25.3%	1,758	26.7%
Credit risk retail customers	1,312	20.2%	1,279	19.4%
Macroeconomic risk	738	11.4%	738	11.2%
Operational risk	631	9.7%	671	10.2%
Participation risk	455	7.0%	385	5.8%
Credit risk sovereigns	369	5.7%	446	6.8%
FX risk capital position	305	4.7%	247	3.7%
Other tangible fixed assets	248	3.8%	237	3.6%
Market risk	224	3.5%	242	3.7%
Credit risk banks	212	3.3%	201	3.0%
CVA risk	31	0.5%	32	0.5%
Liquidity risk	17	0.3%	38	0.6%
Risk buffer	309	4.8%	314	4.8%
Total	**6,494**	**100.0%**	**6,587**	**100.0%**

1 Adaptation of previous year figures.

As at 30 June 2016, the risk category FX risk capital position was separately shown for the first time and represents the FX risk arising from the capital positions denominated in foreign currency. A longer holding period (one year) is assumed for currencies which can not be hedged. Diversification effects between the two risk categories of market risk cease to apply due to the separation. The comparable 31 December 2015 figures for market risk and FX risk capital position were adjusted in accordance with the methodology implemented as of 30 June 2016.

The Group uses a confidence level of 99.92 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of single A. 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 CRR)

The following table translates items on the statement of financial position (banking and trading book positions) into the total 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 total credit exposure. It is not reduced by the effects of credit risk mitigation such as 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 the subsequent tables in the risk report. The reasons for the different values used for internal portfolio management and external financial accounting are the different scopes of consolidation (regulatory versus accounting rules according to IFRS, i.e. corporate legal basis), different classifications and presentation of exposure volumes.

In the reporting period, the presentation of the total credit exposure was extended to include loans and advances contained in synthetic securitizations. The values for the comparable periods were adjusted accordingly.

in € million	30/6/2016	31/12/2015[2]
Cash reserve	10,053	14,906
Loans and advances to banks	15,605	12,113
Loans and advances to customers	80,200	79,458
Trading assets	5,371	5,775
Derivatives	1,368	1,480
Financial investments	21,900	21,667
Other assets	2,060	1,762
Contingent liabilities	9,582	10,030
Commitments	10,662	10,482
Revocable credit lines	15,513	16,187
Disclosure differences	(2,224)	(961)
Total[1]	**170,091**	**172,898**

1 Items on the statement of financial position contain only credit risk portions.
2 Adaptation of previous year figures.

A more detailed credit portfolio analysis is based on individual customer ratings. Customer rating assessments 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 calculated for each asset class separately. As a consequence the default probabilities related to the same ordinal rating grade (e.g. good credit standing corporates 4, banks A3, and sovereigns A3) are not directly comparable between these asset classes.

Rating models in the main non-retail asset classes – corporates, banks, and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades for corporate customers and 10 grades for banks and sovereigns. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g. business valuation tools, rating and default database).

Credit portfolio – Corporates

The following table shows the total credit exposure according to internal corporate ratings (large corporates, mid-market and small corporates). For presentation purposes, the individual grades of the rating scale are summarized into nine main rating grades.

in € million		30/6/2016	Share	31/12/2015[1]	Share
1	Minimal risk	4,242	5.9%	3,855	5.3%
2	Excellent credit standing	8,952	12.5%	8,968	12.4%
3	Very good credit standing	9,964	14.0%	8,736	12.1%
4	Good credit standing	10,523	14.7%	11,567	16.0%
5	Sound credit standing	12,991	18.2%	12,304	17.0%
6	Acceptable credit standing	11,494	16.1%	11,371	15.7%
7	Marginal credit standing	5,032	7.1%	5,927	8.2%
8	Weak credit standing / sub-standard	2,020	2.8%	2,321	3.2%
9	Very weak credit standing / doubtful	749	1.0%	1,011	1.4%
10	Default	4,981	7.0%	6,037	8.3%
NR	Not rated	426	0.6%	359	0.5%
Total		**71,375**	**100.0%**	**72,455**	**100.0%**

1 Adaptation of previous year figures.

Compared to year-end 2015, the total credit exposure to corporate customers decreased € 1,080 million to € 71,375 million. At 94.9 per cent of the total or € 67,734 million (31/12/2015: € 68,750 million), credit exposure from the business of Raiffeisen Bank International accounts for the largest proportion.

The credit exposure in rating grade 3 – very good credit standing – increased € 1,228 million to € 9,964 million due to a rise in repo and swap business. The credit exposure in rating grade 4 – good credit standing – decreased € 1,044 million to € 10,523 million mainly resulting from a decline in facility financing and guarantees given. The decline of credit exposure in rating grade 7 – marginal credit standing – of € 895 million to € 5,032 million was due to a decrease in credit and facility financing.

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

in € million		30/6/2016	Share	31/12/2015[1]	Share
6.1	Excellent project risk profile – very low risk	4,451	53.3%	4,025	48.0%
6.2	Good project risk profile – low risk	1,593	19.1%	2,226	26.6%
6.3	Acceptable project risk profile – average risk	924	11.1%	734	8.8%
6.4	Poor project risk profile – high risk	339	4.1%	476	5.7%
6.5	Default	972	11.6%	911	10.9%
NR	Not rated	68	0.8%	12	0.1%
Total		**8,347**	**100.0%**	**8,383**	**100.0%**

1 Adaptation of previous year figures.

At the end of the first half of 2016, the credit exposure to project finance amounted to € 8,347 million. At 72.4 per cent, projects rated in the two best rating grades, excellent project risk profile – very low risk and good project risk profile – low risk, accounted for the highest share of the portfolio. This reflects mainly the high level of collateralization in such specialized lending transactions. Compared to year-end 2015, the share of 'not rated' credit exposure increased to 0.8 per cent or € 68 million.

The following table provides a breakdown by country of risk of the total credit exposure for corporate customers and project finance structured by regions:

in € million	30/6/2016	Share	31/12/2015[1]	Share
Central Europe	22,603	28.4%	23,198	28.7%
Austria	16,896	21.2%	17,125	21.2%
Eastern Europe	11,841	14.9%	11,875	14.7%
Southeastern Europe	10,396	13.0%	10,358	12.8%
Western Europe	11,689	14.7%	10,143	12.5%
Asia	2,439	3.1%	3,551	4.4%
Other	3,859	4.8%	4,589	5.7%
Total	**79,722**	**100.0%**	**80,839**	**100.0%**

1 Adaptation of previous year figures.

The table below provides a breakdown of the total credit exposure to corporates and project finance by industry:

in € million	30/6/2016	Share	31/12/2015[1]	Anteil
Manufacturing	17,337	21.7%	17,294	21.4%
Wholesale and retail trade	16,051	20.1%	17,221	21.3%
Real estate	10,307	12.9%	10,329	12.8%
Financial intermediation	9,969	12.5%	7,853	9.7%
Construction	5,544	7.0%	5,955	7.4%
Freelance/technical services	4,395	5.5%	4,345	5.4%
Transport, storage and communication	3,478	4.4%	3,738	4.6%
Electricity, gas, steam and hot water supply	3,316	4.2%	3,800	4.7%
Other industries	9,324	11.7%	10,304	12.7%
Total	**79,722**	**100.0%**	**80,839**	**100.0%**

1 Adaptation of previous year figures.

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SME). 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 the retail credit exposure:

in € million	30/6/2016	Share	31/12/2015	Share
Retail customers – private individuals	31,853	90.4%	31,085	90.3%
Retail customers – small and medium-sized entities	3,391	9.6%	3,325	9.7%
Total	**35,244**	**100.0%**	**34,411**	**100.0%**
hereof non-performing loans	2,371	6.7%	2,375	6.9%
hereof individual loan loss provision	1,647	4.7%	1,720	5.0%
hereof portfolio-based loan loss provision	211	0.6%	210	0.6%

Compared to year-end 2015, the total credit exposure to retail customers increased € 833 million to € 35,244 million in the first half of 2016. The increase is mainly due to a rise in loans to private individuals and to the purchase of a loan portfolio in the Czech Republic.

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

in € million	30/6/2016	Share	31/12/2015	Share
Mortgage loans	20,445	58.0%	20,543	59.7%
Personal loans	6,822	19.4%	6,901	20.1%
Credit cards	3,128	8.9%	2,441	7.1%
SME financing	2,148	6.1%	1,574	4.6%
Overdraft	1,655	4.7%	1,699	4.9%
Car loans	1,046	3.0%	1,252	3.6%
Total	**35,244**	**100.0%**	**34,411**	**100.0%**

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 when granting the loan and – in several countries – the customer's matching foreign currency income.

in € million	30/6/2016	Share	31/12/2015	Share
Swiss franc	3,156	42.6%	3,585	44.7%
Euro	3,595	48.5%	3,617	45.1%
US-Dollar	650	8.8%	816	10.2%
Other foreign currencies	4	0.1%	3	0.0%
Loans in foreign currencies	**7,405**	**100.0%**	**8,021**	**100.0%**
Share of total loans	**21.0%**		**23.3%**	

The decrease in foreign currency loans denominated in Swiss francs mainly resulted from the legal regulations related to the mandatory conversion of loans at historical rates at the time of lending in Croatia.

Credit portfolio – Banks

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

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

in € million		30/6/2016	Share	31/12/2015	Share
A1	Excellent credit standing	0	0.0%	0	0.0%
A2	Very good credit standing	2,891	12.6%	2,441	13.0%
A3	Good credit standing	2,424	10.6%	2,546	13.5%
B1	Sound credit standing	11,240	49.1%	9,603	51.0%
B2	Average credit standing	2,994	13.1%	1,306	6.9%
B3	Mediocre credit standing	1,304	5.7%	1,034	5.5%
B4	Weak credit standing	1,354	5.9%	1,321	7.0%
B5	Very weak credit standing	458	2.0%	289	1.5%
C	Doubtful/high default risk	138	0.6%	158	0.8%
D	Default	95	0.4%	137	0.7%
NR	Not rated	4	0.0%	6	0.0%
Total		**22,903**	**100.0%**	**18,843**	**100.0%**

The total credit exposure to banks amounted to € 22,903 million in the first half year of 2016. Compared to year-end 2015, this was an increase of € 4,060 million.

At € 11,240 million, or 49.1 per cent, the bulk of this customer group was in the rating grade B1, which increased € 1,637 million compared to year-end 2015. This resulted mainly from a rise in repo business but was partly offset by a reduction in the portfolio of bank bonds. The increase in the rating grades B2 and B3 was due to a rise in repo business transactions.

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

in € million	30/6/2016	Share	31/12/2015	Share
Repo	5,850	25.5%	1,157	6.1%
Money market	4,002	17.5%	3,602	19.1%
Derivatives	3,938	17.2%	3,732	19.8%
Bonds	3,753	16.4%	4,003	21.2%
Loans	3,137	13.7%	3,719	19.7%
Other	2,223	9.7%	2,630	14.0%
Total	**22,903**	**100.0%**	**18,843**	**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		30/6/2016	Share	31/12/2015	Share
A1	Excellent credit standing	8,253	25.6%	13,834	35.6%
A2	Excellent credit standing	841	2.6%	984	2.5%
A3	Good credit standing	6,001	18.6%	5,829	15.0%
B1	Sound credit standing	4,564	14.2%	4,923	12.7%
B2	Average credit standing	4,315	13.4%	4,816	12.4%
B3	Mediocre credit standing	5,239	16.3%	2,850	7.3%
B4	Weak credit standing	1,518	4.7%	4,178	10.8%
B5	Very weak credit standing	784	2.4%	736	1.9%
C	Doubtful/high default risk	705	2.2%	618	1.6%
D	Default	2	0.0%	3	0.0%
NR	Not rated	0	0.0%	35	0.1%
Total		**32,223**	**100.0%**	**38,806**	**100.0%**

Compared to year-end 2015, the credit exposure to sovereigns decreased € 6,583 million to € 32,223 million in the first half of 2016, which represents 18.9 per cent of total credit exposure (31/12/2015: 22.4 per cent).

The rating grade excellent credit standing (Rating A1) reported a decrease of € 5,581 million. This mainly resulted from a decline in the minimum reserve at the Austrian National Bank (down € 7,705 million) which was partly offset by an increase in deposits at the Austrian National Bank (up € 2,159 million).

The intermediate rating grades, good credit standing (A3 rating) to mediocre credit standing (B3 rating) accounted for 62.5 per cent. The high level of exposure in the intermediate rating grades was amongst other factors due to deposits of Group units in Central and Southeastern Europe at their local central banks. These serve to meet the respective minimum reserve requirements or are used to manage excess liquidity on a short-term basis, and are therefore inextricably linked to the business activities in these countries. Furthermore, this high exposure resulted from bonds issued by central banks and governments in Central and Southeastern Europe. The increase in the rating grade B3 was mainly due to an improvement in the internal rating for Hungary from B4 to B3.

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

in € million	30/6/2016	Share	31/12/2015	Share
Bonds	19,229	59.7%	19,775	51.0%
Loans	12,384	38.4%	18,273	47.1%
Derivatives	528	1.6%	719	1.9%
Other	82	0.3%	38	0.1%
Total	**32,223**	**100.0%**	**38,806**	**100.0%**

The table below shows the credit exposure to sovereigns in non-investment grade (B3 rating and below):

in € million	30/6/2016	Share	31/12/2015	Share
Hungary	2,394	29.0%	2,625	31.2%
Croatia	828	10.0%	995	11.8%
Bulgaria	970	11.8%	953	11.3%
Albania	733	8.9%	857	10.2%
Russia	844	10.2%	604	7.2%
Serbia	508	6.2%	504	6.0%
Bosnia and Herzegovina	539	6.5%	478	5.7%
Ukraine	486	5.9%	397	4.7%
Belarus	195	2.4%	211	2.5%
Portugal	160	1.9%	200	2.4%
Vietnam	154	1.9%	160	1.9%
Other	438	5.3%	437	5.2%
Total	**8,248**	**100.0%**	**8,421**	**100.0%**

The credit exposure resulted mainly from deposits of Group units with the local central banks in Central, Southeastern and Eastern 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.

Compared to year-end 2015, the credit exposure to sovereigns in non-investment grade decreased € 173 million to € 8,248 million. Hungary reported a decline in money market transactions, which was partially offset by a rise in Republic of Hungary bonds. The decline in Croatia resulted from a reduction in the minimum reserves at the Croatian National Bank and from a decline in Republic of Croatia bonds as well as from a decrease in credit financing. The reduction in Albania was mainly due to a decline in Republic of Albania bonds. The decline in credit exposure to sovereigns in non-investment grade was offset by an increase in Russia. This resulted from an increase of the minimum reserve at the Russian Central Bank and in the bond portfolio, along with a rise in money market transactions.

Non-performing exposure (NPE)

This section refers exclusively to exposures without grounds for default pursuant to Article 178 CRR. In the corporate division, when loan terms or conditions are altered in favor of the customer, the Group distinguishes between modified loans and forborne loans according to the applicable definition of the EBA document "Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures)".

The crucial aspect in deciding whether a loan is forborne is the financial situation of a customer at the time the terms or loan conditions are altered. If based on the customer's creditworthiness (taking the internal early warning system into account) it can be assumed, at the point when the loan terms or conditions are altered, that the customer is in financial difficulties and if the modification is assessed as a concession, such loans are designated as forborne. If such a modification for a loan previously considered as non-performing is carried out, then the loan is assessed as non-performing exposure (NPE) irrespective of whether a reason for default pursuant to Article 178 CRR exists. The decision on whether a loan is classified as forborne/NPE does not trigger an individual loan loss provision in respect of the customer; this is based on the default definition of CRD IV/CRR.

In the retail sector, restructured loans are subject to an observation period of at least three months in order to ensure that the customer meets the re-negotiated terms. In those cases where the customer concerned meets the re-negotiated terms and the credit exposure was not overdue for 180 days before the re-negotiation, the credit exposure is transferred from the portfolio in observation to the living portfolio. Those credit exposures already overdue for more than 180 days prior to the re-negotiation or those customers who did not meet the re-negotiated terms remain in the portfolio which is fully impaired.

The following table shows the non-performing exposure by asset class:

	Refinancing		Instruments with modified time and modified conditions		NPE total	
in € million	30/6/2016	31/12/2015	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Corporate customers	0	15	59	159	60	175
Retail customers	23	30	189	188	212	218
Banks	0	0	0	0	0	0
Sovereigns	0	0	0	0	0	0
Total	**24**	**45**	**249**	**348**	**273**	**393**

The decrease in non-performing exposure of € 125 million to € 258 million was primarily due to the reclassification of corporate customers to performing exposure.

Non-performing loans and provisioning

The table below shows the volume of non-performing loans (NPL), the proportion they make up of 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 loan loss provisions:

	NPL		NPL ratio		NPL coverage ratio	
in € million	30/6/2016	31/12/2015	30/6/2016	31/12/2015[1]	30/6/2016	31/12/2015[1]
Corporate customers	5,481	6,460	10.5%	12.2%	68.1%	69.1%
Retail customers	2,354	2,354	7.4%	7.6%	78.0%	79.8%
Sovereigns	2	3	0.4%	0.6%	250.1%	130.3%
Total non-banks	**7,836**	**8,817**	**9.8%**	**11.1%**	**72.0%**	**71.2%**
Banks	88	127	0.5%	0.7%	81.3%	94.1%
Total	**7,925**	**8,945**	**8.3%**	**8.8%**	**73.0%**	**75.1%**

1 Adaptation of previous year figures.

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 at 1/1/2016	Change in consolidated group/ Exchange differences	Additions	Disposals	As at 30/6/2016
Corporate customers	6,460	(45)	569	(1,503)	5,481
Retail customers	2,354	(31)	437	(407)	2,354
Sovereigns	3	(1)	0	(1)	2
Total non-banks	**8,817**	**(77)**	**1,006**	**(1,910)**	**7,836**
Banks	127	(1)	0	(38)	88
Total	**8,945**	**(78)**	**1,006**	**(1,948)**	**7,925**

In the first half of 2016, corporate customers posted a year-to-date decline in non-performing loans of 15.2 per cent, or € 979 million, to € 5,481 million due to the improved economic environment in many markets and the derecognition of economically uncollectible loans in the statement of financial position. The ratio of non-performing loans to total loans decreased 1.7 percentage points to 10.5 per cent, the NPL coverage ratio went down 1.0 percentage point to 68.1 per cent.

In the retail portfolio, non-performing loans remained nearly stable at € 2,354 million compared to year-end. The ratio of non-performing loans to total loans decreased 0.2 percentage points to 7.4 per cent, the NPL coverage ratio sank 1.8 percentage points to 78.0 per cent.

For banks, non-performing loans at the end of the first half of 2016 amounted to € 88 million, € 39 million down on the year-end 2015; the NPL coverage ratio stood at 81.3 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 at 1/1/2016	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 30/6/2016
Individual loan loss provisions	**6,107**	**4**	**875**	**(442)**	**(1,060)**	**(19)**	**5,465**
Loans and advances to banks	118	0	2	(6)	(42)	0	70
Loans and advances to customers	5,902	4	828	(413)	(1,017)	(19)	5,285
Business off the statement of financial position	87	1	45	(23)	0	0	109
Portfolio-based loan loss provisions	**406**	**0**	**116**	**(143)**	**0**	**3**	**383**
Loans and advances to banks	2	0	0	(1)	0	0	2
Loans and advances to customers	377	0	109	(131)	0	3	359
Business off the statement of financial position	27	0	7	(11)	0	0	23
Total	**6,514**	**4**	**991**	**(585)**	**(1,060)**	**(16)**	**5,848**

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

The sale of Raiffeisen Banka d.d., Maribor, is not reflected in the provisions, as at year-end 2015 both assets and provisions were already reported under the item other assets, assets held for sale, in accordance with IFRS 5.

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 geographic breakdown of the loans reflects the broad diversification of credit business in the European markets. The following table shows the distribution of the credit exposure of all asset classes by the borrower's home country and grouped by region:

in € million	30/6/2016	Share	31/12/2015[1]	Share
Austria	**35,010**	**20.6%**	**41,077**	**23.8%**
Central Europe	**53,449**	**31.4%**	**54,452**	**31.5%**
Poland	16,031	9.4%	16,775	9.7%
Czech Republic	16,569	9.7%	15,127	8.7%
Slovakia	13,326	7.8%	13,924	8.1%
Hungary	7,129	4.2%	7,585	4.4%
Other	394	0.2%	1,041	0.6%
Other European Union	**28,694**	**16.9%**	**22,936**	**13.3%**
Germany	7,734	4.5%	6,868	4.0%
Great Britain	5,430	3.2%	4,554	2.6%
France	4,802	2.8%	2,321	1.3%
Spain	3,079	1.8%	2,312	1.3%
Italy	1,846	1.1%	1,994	1.2%
Netherlands	1,677	1.0%	1,790	1.0%
Other	4,127	2.4%	3,097	1.8%
Southeastern Europe	**24,399**	**14.3%**	**24,738**	**14.3%**
Romania	8,973	5.3%	9,110	5.3%
Croatia	4,818	2.8%	5,032	2.9%
Bulgaria	3,967	2.3%	3,917	2.3%
Bosnia and Herzegovina	2,146	1.3%	2,124	1.2%
Serbia	2,003	1.2%	1,954	1.1%
Albania	1,774	1.0%	1,912	1.1%
Other	719	0.4%	689	0.4%
Asia	**3,906**	**2.3%**	**5,294**	**3.1%**
China	1,153	0.7%	1,780	1.0%
Singapore	441	0.3%	686	0.4%
Other	2,312	1.4%	2,828	1.6%
Eastern Europe	**18,769**	**11.0%**	**18,017**	**10.4%**
Russia	13,376	7.9%	12,522	7.2%
Ukraine	3,419	2.0%	3,547	2.1%
Belarus	1,433	0.8%	1,471	0.9%
Other	541	0.3%	478	0.3%
North America	**2,552**	**1.5%**	**3,066**	**1.8%**
Rest of World	**1,364**	**0.8%**	**1,251**	**0.7%**
Total	**170,091**	**100.0%**	**172,898**	**100.0%**

1 Adaptation of previous year figures.

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. The Group holds no material volumes of government bonds issued by these countries.

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, implied volatilities and equity indices. The Austrian Financial Market Authority has approved this model so that it can be used for calculating the total capital requirement for market risks.

The following table shows these values 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 rate risks and credit spread risks arising from the bond books (frequently held as a liquidity reserve).

Total VaR 99% 1d in € million	VaR as at 30/6/2016	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2015
Currency risk	30	27	19	39	29
Interest rate risk	13	12	9	19	34
Credit spread risk	16	16	11	23	21
Share price risk	1	1	1	1	1
Vega risk	4	8	2	20	6
Total	47	46	35	63	42

Exchange rate risk on total bank level includes equity of subsidiaries denominated in foreign currency. The structural exchange rate risk resulting from equity capital is managed independently from the frequently short-term trading positions.

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 securities lending transactions).

in € million	30/6/2016			31/12/2015		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	22,485	22,818	24,266	23,275	21,763	25,839
Liquidity ratio	158%	146%	126%	169%	143%	127%

Limits 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.

Liquidity coverage ratio

The Group meets all regulatory requirements related to liquidity risk management. They are monitored on Group and on individual unit level and limited by a comprehensive limit system. The calculation of expected inflows and outflows of funds is based on a centrally steered and consistent model approach.

The liquidity coverage ratio (LCR) requires short-term resilience of the liquidity risk profiles of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLA) which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario.

As of October 2015, a regulatory minimum ratio for the LCR is applicable, which currently stands at 70 per cent and which will be raised to 100 per cent by 2018.

in € million	30/6/2016	31/12/2015
Average liquid assets	**19,507**	**24,674**
Net outflows	**12,712**	**17,344**
Inflows	14,321	11,447
Outflows	27,033	28,791
LCR	**153%**	**142%**

Compared to year-end 2015, the LCR was slightly higher at the end of the first half of 2016. The decline in the LCR originally expected in the first half of 2016 did not occur, as the planned sale of Zuno and the related outflow of stable deposits did not take place.

Additional notes

(40) Capital management and total capital according to CRR/CRD IV and Austrian Banking Act (BWG)

Based on an annually undertaken Supervisory Review and Evaluation Process (SREP), the ECB instructs RZB by way of an official notification to hold additional common equity tier 1 capital to cover risks which are not or not adequately taken into account under pillar I.

The so-called SREP minimum capital ratio currently contains a capital conservation buffer in addition to the minimum requirements of the CRR and the SREP add-on as well as a possible countercyclical buffer in other member states. A breach of the combined buffer requirement would induce constraints, for example in relation to dividend distributions and coupon payments on certain capital instruments.

Additionally, supervisors can determine national systemic risk buffers (up to 5 per cent) as well as additional capital add-ons for systemic banks (up to 3.5 per cent). In the event that systemic risk buffers as well as add-ons for systemic banks are determined for an institution, only the higher of the two values is applicable. In September 2015, the responsible Financial Market Stability Board (FMSB) of the Financial Market Austria (FMA) recommended the requirement of systemic risk buffers for twelve large banks located in Austria, including RZB. This came into force as of the beginning of 2016 through the FMA. The systemic risk buffer was set at 0.25 per cent for RZB as of 1 January 2016 and progressively increases to 2 per cent by 2019.

Moreover, a countercyclical buffer can be implemented by member states in order to curb excessive lending growth. This buffer was currently set at 0 per cent in Austria due to restrained lending growth and the stable macroeconomic environment.

A mid-year examination of the interim profit was carried out, based on a review by the auditor and therefore this interim profit was included in the calculation of total capital.

Total capital of RZB

Total capital

in € million	30/6/2016	31.12.2015[1]
Paid-in capital	2,327	2,327
Earned capital	2,709	2,761
Non-controlling interests	3,306	3,389
Common equity tier 1 (before deductions)	**8,342**	**8,477**
Deduction intangible fixed assets/goodwill	(645)	(629)
Deduction provision shortage for IRB positions	(51)	(55)
Deduction securitizations	(14)	(14)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(3)	(3)
Deduction insurance and other investments	(317)	(296)
Common equity tier 1 (after deductions)	**7,312**	**7,480**
Additional tier 1	90	309
Non-controlling interests	(7)	(14)
Deduction intangible fixed assets/goodwill	(67)	(253)
Deduction provision shortage for IRB positions	(17)	(41)
Deduction securitizations	0	0
Deduction insurance and other investments	0	0
Tier 1	**7,312**	**7,480**
Long-term subordinated capital	3,130	3,168
Non-controlling interests	(1,280)	(865)
Provision excess of internal rating approach positions	156	136
Provision excess of standardized approach positions	0	0
Deduction securitizations	0	0
Deduction insurance and other investments	(79)	(99)
Tier 2 (after deductions)	**1,926**	**2,340**
Total capital	**9,238**	**9,820**
Total capital requirement	**5,610**	**5,763**
Common equity tier 1 ratio (transitional)	10.4%	10.4%
Common equity tier 1 ratio (fully loaded)	10.6%	9.9%
Tier 1 ratio (transitional)	10.4%	10.4%
Tier 1 ratio (fully loaded)	10.6%	10.0%
Total capital ratio (transitional)	13.2%	13.6%
Total capital ratio (fully loaded)	12.8%	13.2%

1 The regulatory treatment of the shareholding in UNIQA Insurance Group AG, Vienna, and the provision shortage for internal ratings-based approach positions were adjusted in the course of the regular consultation process with the Supervisory Authority resulting in a change in the regulatory ratios as at 31 December 2015.

The transitional ratios are the currently applicable ratios according to CRR requirements under consideration of the applicable transitional provisions for the current calendar year set out in Part 10 of the CRR. The fully loaded ratios are for information purposes only and are calculated assuming full implementation without taking the transitional provisions into account. Additionally, for the calculation of the fully loaded ratios, the systemic risk buffer is fully applied in the amount of 2 per cent which results in a significant decline in the non-controlling interests deduction and therefore to an improvement in the ratios.

Total capital requirement and risk-weighted assets

in € million	30/6/2016	31.12.2015[1]
Risk-weighted assets (total RWA)	**70,120**	**72,038**
Total capital requirement for credit risk	4,640	4,760
Internal rating approach	2,301	2,363
Standardized approach	2,309	2,364
CVA risk	31	32
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	198	241
Total capital requirement for operational risk	771	762
Total capital requirement	**5,610**	**5,763**

1 The regulatory treatment of the shareholding in UNIQA Insurance Group AG, Vienna, and the provision shortfall with respect to internal ratings-based approach positions were adjusted in the course of the regular consultation process with the Supervisory Authority resulting in a change in the regulatory ratios as at 31 December 2015.

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

in € million	30/6/2016	31.12.2015[1]
Risk-weighted assets according to standardized approach	**28,861**	**29,550**
Central governments and central banks	2,224	2,209
Regional governments	58	51
Public administration and non-profit organizations	61	24
Multilateral development banks	0	0
Banks	382	438
Corporate customers	10,616	11,237
Retail customers	9,853	10,014
Equity exposures	2,626	2,621
Covered bonds	24	25
Mutual funds	45	123
Securitization position	0	0
Other positions	2,972	2,808
Risk-weighted assets according to internal rating approach	**28,758**	**29,539**
Central governments and central banks	416	311
Banks	2,353	2,142
Corporate customers	21,395	22,532
Retail customers	4,218	4,141
Equity exposures	129	155
Securitization position	246	259
CVA risk	**382**	**406**
Total	**58,000**	**59,495**

1 The regulatory treatment of the shareholding in UNIQA Insurance Group AG, Vienna, and the provision shortfall with respect to internal ratings-based approach positions were adjusted in the course of the regular consultation process with the Supervisory Authority resulting in a change in the regulatory ratios as at 31 December 2015.

Total capital of Raiffeisen-Landesbanken-Holding Group

According to Article 11 paragraph 2 CRR, institutions controlled by a parent financial holding company are to include this in the calculation of regulatory capital. The following tables refer to the total capital of the Raiffeisen-Landesbanken-Holding Group.

Total capital

in € million	30/6/2016	31.12.2015[1]
Paid-in capital	2,346	2,346
Earned capital	1,733	1,810
Non-controlling interests	4,212	4,285
Common equity tier 1 (before deductions)	**8,292**	**8,442**
Deduction intangible fixed assets/goodwill	(648)	(636)
Deduction provision shortage for IRB positions	(51)	(55)
Deduction securitizations	(14)	(14)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(3)	(3)
Deduction insurance and other investments	(321)	(299)
Common equity tier 1 (after deductions)	**7,255**	**7,434**
Additional tier 1	90	309
Non-controlling interests	(9)	(21)
Deduction intangible fixed assets/goodwill	(64)	(246)
Deduction provision shortage for IRB positions	(17)	(41)
Deduction securitizations	0	0
Deduction insurance and other investments	0	0
Tier 1	**7,255**	**7,434**
Long-term subordinated capital	3,130	0
Non-controlling interests	(1,813)	(1,309)
Provision excess of internal rating approach positions	156	136
Provision excess of standardized approach positions	0	0
Deduction securitizations	0	0
Deduction insurance and other investments	(80)	(100)
Tier 2 (after deductions)	**1,392**	**1,896**
Total capital	**8,648**	**9,330**
Total capital requirement	**5,608**	**5,762**
Common equity tier 1 ratio (transitional)	10.3%	10.3%
Common equity tier 1 ratio (fully loaded)	10.6%	9.8%
Tier 1 ratio	10.3%	10.3%
Tier 1 ratio (fully loaded)	10.6%	9.9%
Total capital ratio (transitional)	12.3%	13.0%
Total capital ratio (fully loaded)	12.7%	13.1%

1 The regulatory treatment of the shareholding in UNIQA Insurance Group AG, Vienna, and the provision shortfall with respect to internal ratings-based approach positions were adjusted in the course of the regular consultation process with the Supervisory Authority resulting in a change in the regulatory ratios as at 31 December 2015.

The transitional ratios are the currently applicable ratios according to CRR requirements under consideration of the applicable transitional provisions for the current calendar year set out in Part 10 of the CRR. The fully loaded ratios are for information purposes only and are calculated assuming full implementation without taking the transitional provisions into account. Additionally, for the calculation of the fully loaded ratios the systemic risk buffer is fully applied in the amount of 2 per cent which results in a significant decline in the non-controlling interests deduction and therefore to an improvement in the ratios.

Total capital requirement and risk-weighted assets

in € million	30/6/2016	31.12.2015[1]
Risk-weighted assets (total RWA)	**70,106**	**72,028**
Total capital requirement for credit risk	4,639	4,759
Internal rating approach	2,300	2,363
Standardized approach	2,308	2,363
CVA risk	31	32
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	198	241
Total capital requirement for operational risk	771	762
Total capital requirement	**5,608**	**5,762**

1 The regulatory treatment of the shareholding in UNIQA Insurance Group AG, Vienna, and the provision shortfall with respect to internal ratings-based approach positions were adjusted in the course of the regular consultation process with the Supervisory Authority resulting in a change in the regulatory ratios as at 31 December 2015.

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

in € million	30/6/2016	31.12.2015[1]
Risk-weighted assets according to standardized approach	**28,855**	**29,540**
Central governments and central banks	2,224	2,209
Regional governments	58	51
Public administration and non-profit organizations	61	24
Multilateral development banks	0	0
Banks	382	438
Corporate customers	10,616	11,237
Retail customers	9,853	10,014
Equity exposures	2,620	2,611
Covered bonds	24	25
Mutual funds	45	123
Securitization position	0	0
Other positions	2,972	2,808
Risk-weighted assets according to internal rating approach	**28,750**	**29,539**
Central governments and central banks	416	311
Banks	2,353	2,142
Corporate customers	21,387	22,532
Retail customers	4,218	4,141
Equity exposures	129	155
Securitization position	246	259
CVA risk	**382**	**406**
Total	**57,986**	**59,485**

1 The regulatory treatment of the shareholding in UNIQA Insurance Group AG, Vienna, and the provision shortfall with respect to internal ratings-based approach positions were adjusted in the course of the regular consultation process with the Supervisory Authority resulting in a change in the regulatory ratios as at 31 December 2015.

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR and is not a mandatory quantitative requirement until 1 January 2018. Therefore, until then it serves only for information purposes.

in € million	30/6/2016	31.12.2015[1]
Leverage exposure	160,040	163,150
Tier 1	7,312	7,480
Leverage ratio (transitional)	**4.6%**	**4.6%**
Leverage ratio (fully loaded)	4.6%	4.5%

1 The regulatory treatment of the shareholding in UNIQA Insurance Group AG, Vienna, and the provision shortfall with respect to internal ratings-based approach positions were adjusted in the course of the regular consultation process with the Supervisory Authority resulting in a change in the regulatory ratios as at 31 December 2015.

(41) Average number of staff

Full-time equivalents	1/1-30/6/2016	1/1-30/6/2015
Salaried employees	52,465	55,065
Wage earners	769	920
Total	**53,234**	**55,985**

(42) Related parties

Companies may enter into business transactions with related companies and natural persons that may affect the assets, liabilities, financial position and profit or loss of a company. The related companies disclosures refer to the highest level of consolidation, the Raiffeisen-Landesbanken-Holding GmbH Group.

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.

Companies with significant influence are primarily Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, as the largest indirect shareholder, and its parent company Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna. Under affiliated companies, business with subsidiary companies that are not consolidated in the Group financial statements due to immateriality is shown.

30/6/2016 in € million	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	0	1,956	0	376	95
Loans and advances to customers	0	1	173	173	181
Trading assets	0	14	0	2	1
Financial investments	0	0	309	0	215
Investments in associates	0	0	0	716	0
Other assets (incl. derivatives)	0	1	21	2	37
Deposits from banks	0	3,455	0	3,168	396
Deposits from customers	0	0	303	302	74
Debt securities issued	0	0	2	0	0
Provisions for liabilities and charges	0	0	1	3	0
Trading liabilities	0	0	9	6	0
Other liabilities including derivatives	0	10	1	1	0
Subordinated capital	0	0	0	4	0
Guarantees given	0	40	94	362	15
Guarantees received	0	2	0	154	45

31/12/2015 in € million	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	0	2,106	0	160	57
Loans and advances to customers	0	1	378	164	178
Trading assets	0	13	0	0	1
Financial investments	0	5	222	0	252
Investments in associates	0	0	0	1,590	0
Other assets (incl. derivatives)	0	1	15	2	67
Deposits from banks	0	3,633	0	3,095	422
Deposits from customers	0	0	157	719	52
Debt securities issued	0	0	2	0	0
Provisions for liabilities and charges	0	0	1	10	0
Trading liabilities	0	0	12	8	0
Other liabilities including derivatives	0	10	1	0	1
Subordinated capital	0	0	0	4	0
Guarantees given	0	49	149	362	0
Guarantees received	0	22	0	164	36

1/1-30/6/2016 in € million	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Interest income	0	7	3	4	5
Interest expenses	0	(15)	0	(21)	0
Dividends income	0	0	20	52	13
Fee and commission income	0	1	11	5	2
Fee and commission expense	0	(1)	0	(5)	(2)

1/1-30/6/2015 in € million	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Interest income	0	0	4	4	4
Interest expenses	0	(9)	(2)	(13)	(1)
Dividends income	0	0	16	71	9
Fee and commission income	0	0	15	1	0
Fee and commission expense	0	0	0	(5)	0

Events after the reporting date

Dissolution of Raiffeisen-Landesbanken-Holding GmbH and R-Landesbanken-Beteiligung GmbH

On 19 July 2016, the merger of Raiffeisen-Landesbanken-Holding GmbH and R-Landesbanken-Beteiligung GmbH into RZB AG was announced. The Raiffeisen Regional Banks will now partly hold their shares directly in RZB, partly via holdings at unchanged levels. The merger of both holdings into RZB is solely aiming at simplifying the structures. The effective dissolution of both entities is planned for the end of September 2016.

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, 16 August 2016

The Management Board

Walter Rothensteiner
Chairman of the Management Board responsible for
Participations Management & Controlling, Compliance, Audit of RZB Group
and General Secretariat

Michael Höllerer
Member of the Management Board responsible for
Raiffeisen Banking Group Services,
Group Regulatory & Transformation Office and Digital Banking

Johannes Schuster
Member of the Management Board
responsible for Risk Management, Risk Controlling
and Organisation & Processes

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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 addressing the future, they are subject to known and unknown risks and uncertainties that could cause actual results to differ materially. No guarantees can therefore be given that the forecasts and targeted values or the forward-looking statements will actually materialize.

This report is for information purposes only and contains neither a recommendation to buy or sell nor an offer of sale or subscription to shares nor does it constitute an invitation to make an offer to sell shares.

This report has been prepared and the data checked with the greatest possible care. Nonetheless, rounding, transmission, typesetting and printing errors cannot be ruled out. In the summing up of rounded amounts and percentages, rounding-off differences may occur. This report was prepared in German. The report in English is a translation of the original German report. The only authentic version is the German version. Raiffeisen Zentralbank is not liable for any losses or similar damages that may occur as a result of or in connection with the use of this report.

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