

The challenger hybrid bank for retail customers and SME

Austrian Anadi Bank AG
Half Year Financial Report
30 June 2019



Austrian Anadi Bank

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HALF YEAR MANAGEMENT REPORT 2019

1. GENERAL ECONOMIC ENVIRONMENT

The Austrian economy is currently in a phase of moderate growth. The upward economic momentum of previous years has decelerated, and according to forecasts, economic growth in Austria is likely to slow to 1.5% (source: IHS) and 1.7% (source: WIFO) on average in 2019. The restrained expansion of the global economy since the second half of 2018 and the resulting international conditions are weighing particularly heavy on the industry.

Despite foreign trade slowing domestic exports, the domestic economy continues to deliver. Private consumption in particular, which is expected to grow by 1.6% (source: IHS), is having a positive effect on the Austrian economy. This forecast can be attributed to the implication of strong real income growth in the current year.

On account of the economic slowdown, a change in the labour market situation cannot be expected at present. The unemployment rate (Austrian definition) is likely to remain relatively high at 7.4%. Meanwhile, inflation is expected to be rather weak at 1.6% (source: IHS).

Both internationally and domestically, lending rates remain at record lows. This benefits banks, business and private individuals alike. Borrowers are positively impacted by the low interest rates for long-term real estate financing. The number of non-performing loans is also currently at a low level. A major reason for the still low interest rate is the European Central Bank's current monetary policy - an increase in the key interest rate of the European Central Bank, and thus a reversal of the trend that has been going on for some time, is not foreseeable at the moment. According to the Austrian National Bank, although the first quarter of 2019 saw an increase in corporate lending, little was seen in retail business and it was even forecasted, that a decline in demand for loans in the current year would occur.

Global economic policy uncertainties - such as a possible further escalation of current trade conflicts, an unregulated Brexit, Italy's fiscal policy or oil price developments - continue to represent significant downside risks for the Austrian economy. The international market is also being adversely impacted by weak investment activity worldwide and growing protectionism in trade policy on a global scale.

2. BUSINESS DEVELOPMENT OF ANADI BANK

2.1 Balance sheet development

As at 30.06.2019, Austrian Anadi Bank AG had total assets of EUR 3.18 billion (31.12.2018: EUR 3.07 billion). The main reason for the increase was the positive net growth in loans and advances to customers of EUR 0.10 billion to EUR 2.27 billion (31.12.2018: EUR 2.17 billion), continuing previous years' growth in the first half of 2019. In particular, the core divisions Retail (+6.7%) and Corporate (+5%) were the main contributors to this trend.

The balance sheet item debt securities including fixed-income securities amounted to EUR 0.36 billion (31.12.2018: EUR 0.39 billion). These securities primarily serve the liquidity reserve; the decline of EUR 0.03 billion is attributable to scheduled repayments and did not have to be replenished due to sufficient cover. The increase from EUR 0.02

billion in the item balances with central banks to EUR 0.05 billion (31.12.2018: EUR 0.03 billion) is attributable to the placement of short-term liquidity. Loans and advances to credit institutions amounted to EUR 0.45 billion (31.12.2018: EUR 0.42 billion), representing an increase of EUR 0.03 billion.

Other balance sheet items on the asset side show minor changes as at 30.06.2019.

On the liabilities side, customer deposits increased slightly to EUR 1.68 billion (31.12.2018: EUR 1.67 billion), which shows the Bank still having a very stable primary funds base. Liabilities to credit institutions amounted to EUR 0.60 billion (31.12.2018: EUR 0.52 billion); short-term refinancing led to this increase of EUR 0.08 billion. Own issues remained fairly unchanged at EUR 0.67 billion (31.12.2018: EUR 0.66 billion).

The Bank's loan/deposit ratio (loans in relation to primary funds) was 96.5% as at 30.06.2019 (31.12.2018: 93.1%). The Bank's leverage ratio was 4.9% as at 30.06.2019 (31.12.2018: 5.1%) and the LCR was 189.88% as at 30.06.2019 (31.12.2018: 172.4%). All key figures are thus well above the minimum requirements of Basel III.

Other balance sheet items on the liability side show minor changes as at 30.06.2019.

2.2 Own capital funds

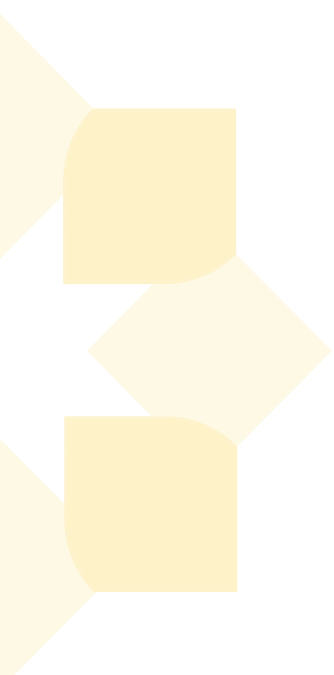
The bank's own funds (Tier 1 capital net of regulatory deductions) in line with CRR/CRD, amounted to EUR 186.9 million as at 30.06.2019 (31.12.2018: EUR 186.8 million). The legally required minimum amount of capital is EUR 99.1 million (31.12.2018: EUR 92.6 million), resulting in a surplus of EUR 87.7 million (31.12.2018: EUR 94.2 million) and a coverage ratio of 188.5% (31.12.2018: 201.7%).

As at 30.06.2019, the common equity tier 1 (CET1) ratio was 13.1% (31.12.2018: 14.0%) in accordance with CRR/CRD requirements. The total capital ratio was 15.1% (31.12.2018: 16.1%). Including the retained earnings for 2018, the pro forma capital ratios were 13.4% (CET 1) and 15.5% (total capital ratio).

The capital ratios are thus well above the regulatory minimum. The decline in the capital ratios results from the growth in new lending business.

2.3 Profit and loss 30.06.2019

Operating income as of 30.06.2019 amounted to EUR 24.62 million (30.06.2018: EUR 25.37 million). Net interest income amounted to EUR 14.56 million (30.06.2018: EUR 16.12 million). The decline in net interest income of EUR - 1.56 million results from positive one-off effects in the previous year's result. Consequently, a comparison to 30.06.2018 is only possible to a limited extent. This likewise corresponds to the development in the net interest margin to 1.0% (30.06.2018: 1.1%). Net commission income increased slightly by 1.57% (plus EUR 0.2 million) to EUR 8.30 million. The increase is mainly due to the positive development in the loan business. The increase of EUR 0.84 million to EUR 1.25 million in other operating income is predominantly due to the release of provisions in connection with litigation risks, which are no longer expected to materialize.



Operating expenses amounted to EUR 22.82 million (30.06.2018: EUR 21.85 million). The increase of EUR 0.97 million is mainly a result of the positive one-off effect from the release of restructuring provisions in the previous year's result. Adjusted for this effect, costs declined by EUR 0.3 million compared to the previous year. Overall, the Bank will continue to focus on reducing costs through process optimization and similar measures.

The operating result thus amounted to EUR 1.80 million (30.06.2018: EUR 3.52 million).

Value adjustments and re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments including value adjustments and re-adjustments in respect of transferable debt securities held as fixed assets, participating interest and shares in affiliated undertakings amounted to EUR + 1.16 million (30.06.2018: EUR -1.03 million). The change mainly results from the sale of the right to „Entitlement to payment of the Conditional Additional Purchase Price“ derived from the KAF offer from 2016 to settle receivables from HETA Asset Resolution AG. This right was sold on the open market at a profit of EUR 1.95 million.

In the first half of 2019, the result from ordinary activities amounted to EUR 2.96 million (30.06.2018: EUR 2.48 million), profit after taxes amounted to EUR 1.16 million (30.06.2018: EUR 0.64 million).

3. PRINCIPAL RISKS AND UNCERTAINTIES

Risk management of Austrian Anadi Bank AG is covered by the departments Strategic Risk Management and Credit Risk Management. The Bank controls and monitors risk of all business areas, so that the bank can optimize its risk and return profile, and proactively manage risks at any time. Therefore, customers and lenders can rely on a solid risk awareness. The bank's main focus is addressed to credit risk, with tight credit risk management procedures ensuring, that credit risks are minimized through solid collateral structures and that potential defaults are identified in time.

The solid risk strategy of the bank is reflected in the low risk provisions as well as in the low non-performing-loan ratio of 1.9% (31.12.2018: 2.1%).

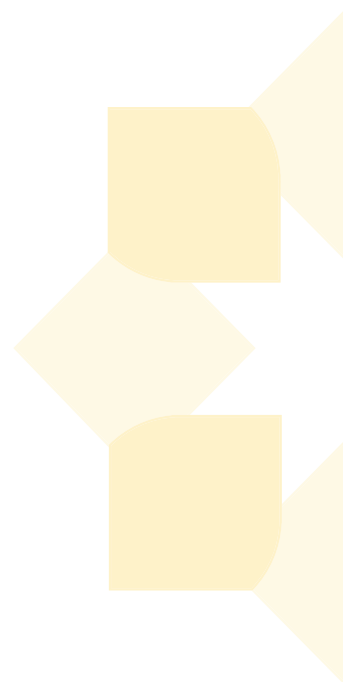
Additionally, Austrian Anadi Bank AG refers to the contents of the risk report of the previous financial year and to the explanations in the current notes.

4. OUTLOOK

Austrian Anadi Bank successfully continued the growth momentum of 2018 in the first half of 2019. With its modern hybrid approach, Anadi Bank is Positioning itself as a "Challenger Bank" of traditional banking models. On the one hand, it offers personal customer support via branches, mobile advisors and a team of customer care agents. On the other hand, as part of its hybrid banking strategy, Anadi Bank is focusing on user-friendly digital services and will continue to pursue this course by consistently expanding its digital value chain, standardising its core product portfolio and modernising its branch network. With its business segments: Retail Banking, Corporate Banking and Public Finance, the innovative bank continues to strive to maintain a stable and above all, sustainable momentum with a healthy balance sheet.

From an originally regional bank in the province of Carinthia, the bank expanded across Austria and is now well positioned for growth. Acting as a competent core bank for SMEs and strong partner for retail customers, Anadi Bank's competitive edge stems from its lean structures and leading time-to-market in terms of decision making. Based on its innovative digital offering, Anadi Bank is well on track to strengthen its position as a challenger bank in the domestic market. The bank recently began offering its customers the free „multibanking“ function in the Anadi Internetbanking and in the Anadi App. From now on, customers can integrate their account details with third-party banks into their personal Anadi Internetbanking with just a few clicks and thus always keep an eye on all accounts at the same time. The paperless consumer loan „iLoan“, successfully launched in 2017, has already achieved a remarkable development and benefits from its simple application process, fast credit approval and quick payout. The online product range will be extended in the current year with the digital „iSME Loan“ and the new online real estate financing „iMortgage Loan“. The digitization of processes and product offerings remains a central strategic focus of the bank. A further important step was taken by Anadi Bank with the opening of its first loan shop. Based on a high level of automation, the focus here is on originating consumer loan business based on quick credit decisions without compromising quality standards. The next project is a new current account process for the branches.

Anadi Bank is not only continuing to strengthen its core business in Austria but is also selectively pursuing expansion into new target markets - among other things, the bank is examining concepts such as „hybrid Rep offices“ in the corporate area. In this context, local representatives with good customer relationships will acquire credit business in new target markets and will use the automated application process with central credit processing. Our key success factors of innovation, efficiency, quality and speed of implementation will continue to be important in the future. The continuous development of our digital value chain is of high priority and based on that, our focus will be on expanding digital SME and retail business, a profitable portfolio development and strengthening Anadi Bank's overall market position.



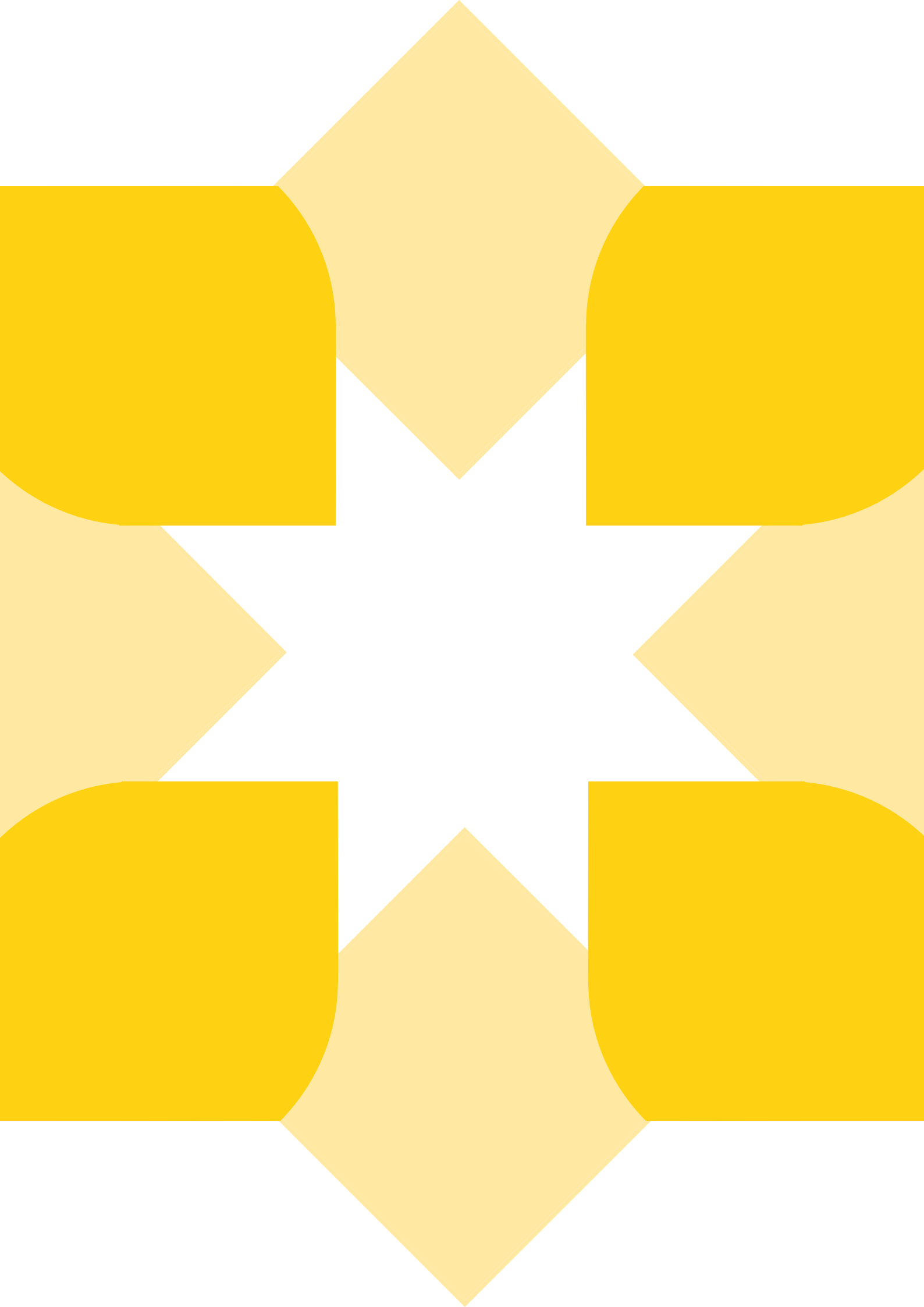
Klagenfurt am Wörthersee, on 30.07.2019

THE MANAGEMENT BOARD:

GD Mag. Christoph Raninger m.p.

VDir. Mag. Franz Reif m.p.

VDir. GaneshKumar Krishnamoorthi, B.E. m.p.



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BALANCE SHEET

	30.06.2019 EUR '000	31.12.2018 EUR '000	Change in EUR '000	Change in %
ASSETS				
1. Cash in hand, balances with central banks and post office banks	48,842	28,284	20,558	72.7%
2. Treasury bills and other bills eligible for refinancing with central bank	188,397	205,726	-17,329	-8.4%
3. Loans and advances to credit institutions	445,747	422,853	22,895	5.4%
4. Loans and advances to customers	2,266,281	2,166,458	99,823	4.6%
5. Debt securities including fixed-income securities	173,740	188,523	-14,782	-7.8%
6. Shares and other variable-yield securities	14,470	14,470	0	0.0%
7. Participating interests	3,220	3,220	0	0.0%
8. Intangible fixed assets	322	369	-47	-12.8%
9. Tangible assets	10,583	10,813	-230	-2.1%
10. Other assets	24,251	27,023	-2,772	-10.3%
11. Prepayments and accrued income	1,003	980	23	2.4%
12. Deferred tax assets	3,406	3,562	-156	-4.4%
Total Assets	3,180,263	3,072,280	107,983	3.5%

	30.06.2019 EUR '000	31.12.2018 EUR '000	Change in EUR '000	Change in %
LIABILITIES				
1. Liabilities to credit institutions	596,151	518,406	77,746	15.0%
2. Liabilities to customers	1,680,452	1,670,343	10,109	0.6%
3. Securitised liabilities	667,193	657,854	9,339	1.4%
4. Other liabilities	19,969	12,708	7,261	57.1%
5. Accruals and deferred income	434	560	-126	-22.6%
6. Provisions	22,537	20,823	1,714	8.2%
7. Tier 2 capital pursuant to Part Two, Titel I, Chapter 4 of Regulation (EU) No 575/2013	25,820	25,039	781	3.1%
8. Subscribed capital	30,000	30,000	0	0.0%
9. Capital reserves	82,332	82,332	0	0.0%
10. Retained earnings	13,204	13,204	0	0.0%
11. Liability reserve pursuant to Article 57 para. 5 BWG	36,996	36,996	0	0.0%
12. Net profit or loss for the year	5,176	4,016	1,160	28.9%
Total Liabilities	3,180,263	3,072,280	107,983	3.5%

PROFIT AND LOSS ACCOUNT

	01.01.– 30.06.2019 EUR '000	01.01.– 30.06.2018 EUR '000	Change in EUR '000	Change in %
1. Interest receivable and similar income ¹⁾	24,958	25,202	-244	-1.0%
2. Interest payable and similar expenses ¹⁾	-10,401	-9,079	-1,322	14.6%
I. Net interest income	14,558	16,122	-1,566	-9.7%
3. Income from securities and participating interests	272	313	-41	-13.2%
4. Commissions receivable	9,873	9,942	-69	-0.7%
5. Commissions payable	-1,566	-1,763	196	-11.1%
6. Net profit or net loss on financial operations	239	355	-116	-32.8%
7. Other operating income	1,247	398	849	213.3%
II. Operating income	24,622	25,368	-746	-2.9%
8. General administrative expenses	-22,248	-21,253	-995	4.7%
9. Value adjustments in respect of asset items 8 and 9	-438	-538	100	-18.6%
10. Other operating expenses	-132	-59	-73	125.0%
III. Operating expenses	-22,819	-21,850	-969	4.4%
IV. Operating result	1,804	3,518	-1,714	-48.7%
11./12. Value adjustments and re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	-800	-1,033	233	-22.5%
13./14. Value adjustments and re-adjustments in respect of transferable securities financial fixed assets, participating interests and shares in affiliated undertakings	1,958	0	1,958	100.0%
V. Profit or loss on ordinary activities	2,962	2,485	477	19.2%
15. Tax on profit or loss	-465	-521	56	-10.8%
16. Other taxes not reported under item 15	-1,338	-1,327	-11	0.8%
VI. Profit for the year after tax	1,160	636	523	82.2%
17. Profit brought forward	4,016	0	4,016	0.0%
VII. Net profit for the year	5,176	636	4,539	713.2%

¹⁾In the reporting year 01.01.2019 to 30.06.2019, the income and expenses from hedging derivatives are reported in the income statement item in which the income or expenses from the underlying transaction are also reported. Previously, they were reported gross in P&L item 1 "Interest receivables and similar income" and P&L item 2 "Interest payable and similar expenses". The previous year's figures were adjusted in the same way in the P&L items mentioned above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL HALF YEAR 2019

BASIC ACCOUNTING PRINCIPLES

The interim financial statements of Austrian Anadi Bank AG ("Anadi Bank") have been prepared in accordance with the provisions of the Austrian Banking Act (BWG), as amended, and where applicable, in accordance with the provisions of the Austrian Business Enterprise Code (UGB) as amended.

The condensed balance sheet and income statement are essentially presented in the form prescribed in Annex 2 to Section 43 BWG, although only the main items have been included.

In the schedule, the previous year's figures have been rounded up to the nearest thousand EURO (TEUR). Consequently, in the totalling, rounding differences cannot be excluded.

ACCOUNTING AND MEASUREMENT POLICIES

The interim financial statements were prepared in accordance with generally accepted accounting principles and the general requirement to present a true and fair view of the bank's net assets, financial position and results of operations.

The principle of individual measurement was applied, and a going concern assumption made for the measurement of assets and liabilities. In these interim financial statements, except for the specific areas noted below, the same accounting and measurement policies and the same methods of calculation have been used as in the most recently published annual financial statements as at 31.12.2018.

The principle of prudence was applied, paying particular attention to the special features of the banking business: only profits and gains realised at the balance sheet date were reported, and all recognisable risks and impending losses were taken into account.

NOTES TO THE BALANCE SHEET

1. MATURITIES OF BALANCE SHEET ITEMS

Maturities in accordance with Section 64 (1) (4) BWG were as follows:

	30.06.2019	31.12.2018
A3. Loans and advances to credit institutions	445,747,351.51	422,853
– payable on demand	445,747,351.51	422,853
– up to three months	0.00	0
– three months to one year	0.00	0
– one year to five years	0.00	0
– over five years	0.00	0
A4. Loans and advances to customers	2,266,281,375.89	2,166,458
– payable on demand	122,678,204.86	89,981
– up to three months	118,424,832.24	110,305
– three months to one year	225,293,428.96	208,634
– one year to five years	750,557,744.84	721,262
– over five years	1,049,327,164.99	1,036,276
L1. Liabilities to credit institutions	596,151,119.82	518,406
– payable on demand	86,151,119.82	8,406
– up to three months	265,000,000.00	267,000
– three months to one year	67,000,000.00	0
– one year to five years	178,000,000.00	243,000
– over five years	0.00	0
L2. Liabilities to customers	1,680,451,882.73	1,670,343
– payable on demand	1,046,969,524.77	1,087,300
– up to three months	142,252,000.00	161,296
– three months to one year	288,693,000.00	287,239
– one year to five years	123,722,000.00	111,021
– over five years	78,815,357.96	23,487

2. SECURITIES INCLUDING ACCRUED INTEREST

	30.06.2019	31.12.2018
A2. Treasury bills and other bills eligible for refinancing with central banks	188,396,748.79	205,726
thereof listed	188,396,748.79	205,726
thereof fixed assets	168,632,932.60	194,057
thereof accrued interest in fixed assets	678,650.08	1,582
thereof current assets	19,083,610.00	10,086
thereof accrued interest in current assets	1,556.11	1
A4. Loans and advances to customers	81,301,537.19	80,768
thereof not listed	81,301,537.19	80,768
thereof fixed assets	79,439,756.32	80,268
thereof accrued interest in fixed assets	1,861,780.87	500
A5. Bonds and other fixed-income securities	173,740,262.26	188,523
thereof listed	134,156,315.96	140,715
thereof not listed	39,583,946.40	47,808
thereof fixed assets	113,951,960.00	134,007
thereof accrued interest in fixed assets	435,797.39	1,175
thereof current assets	59,261,868.73	53,276
thereof accrued interest in current assets	90,636.14	65
A6. Shares and other variable-yield securities	14,470,135.30	14,470
thereof listed	0.00	0
thereof not listed	14,470,135.30	14,470
thereof fixed assets	14,470,135.30	14,470
thereof current assets	0.00	0
A7. Participating interests	3,219,939.25	3,220
thereof not listed	3,219,939.25	3,220

2.1 The Government bonds included in the balance position A2 (excl. accrued interest) are analysed by country as follows:

Country	Nominal value	Carrying amount 30.06.2019	Write-downs until 30.06.2019	Reversal of impairment 30.06.2019
Germany	10,000,000	10,059,850.00	26,100.00	0.00
Belgium	6,000,000	6,000,000.00	0.00	0.00
Austria	69,000,000	68,738,100.00	0.00	0.00
France	39,690,000	38,553,882.60	0.00	0.00
Netherlands	7,000,000	6,982,500.00	0.00	0.00
European Union	57,537,000	57,382,210.00	12,362.10	0.00

2.2 Breakdown of bonds and other fixed-income securities from the balance position A5 (incl. accrued interest)

	30.06.2019	31.12.2018
Issued by others (without public authorities)	173,740,262.26	188,523
thereof:		
Own issues	39,583,946.39	47,807
Foreign bonds (credit institutions)	59,897,851.94	60,566
Mortgage bonds and municipal bonds	74,258,463.93	75,903
Other bonds	0.00	4,247

2.3 Other Disclosures Relating to Securities

The difference between the acquisition costs and the higher market value (Section 56 para. 5 BWG) for securities authorized for official dealing on a stock exchange and not held as financial fixed assets, which are stated at their higher market value, is EUR 44,420.00 (31.12.2018: TEUR 0).

In 2020 fixed-income securities from the bank's own holdings in the amount of EUR 42,040,735.39 (2019: TEUR 158,503) (euro-denominated securities) and EUR 0.00 (2019: TEUR 0) (foreign currency-denominated securities) will be due.

Fixed-income securities of private issuers, which were eligible to be refinanced at the Austrian National Bank on the balance date, amount to EUR 147,070,648.48 (31.12.2018: TEUR 141,311), of which EUR 136,994,590.00 (31.12.2018: TEUR 137,806) were pledged as of the balance date.

As in the previous year, there were no subordinated securities as at 30.06.2019, as per Section 45(2) of the BWG.

The trading book comprises the following volume as at 30 June 2019:

	30.06.2019	31.12.2018
Forward exchange transactions (nominal value)	0.00	302
Interest swaps (nominal value) and interest rate contracts	19,316,544.98	23,420

Financial instruments held as fixed asset and recognised above at fair value (Section 238 (1) (2) UGB) are analysed as follows:

	Carrying amount 30.06.2019	Losses not yet recognised 30.06.2019	Carrying amount 31.12.2018	Losses not yet recognised 31.12.2018
Treasury bills	10,000,000.00	-10,796.19	0	0
Investments in associated companies	14,470,135.30	-115,390.80	14,470	-284
Total	24,470,135.30	-126,186.99	14,470	-284

No write-ups of securities classified as fixed assets were undertaken in the financial year.

The bank checks as appropriate, and at least once a year, whether a permanent impairment has arisen in the financial assets. A permanent deterioration in the creditworthiness of the issuers was not identified.

In 2020, issued bonds as defined in Section 64 (1) (7) BWG with a value of EUR 25,274,182.64 (2019: TEUR 15,609) will be become due in Anadi Bank.

3. OTHER ASSETS

The breakdown of other assets is as follows:

	30.06.2019	31.12.2018
Other assets	24,250,737.39	27,023
– thereof payable after the balance sheet	2,548,629.60	4,476
– thereof with a residual term > 1 year	21,702,107.79	22,547
Interest receivable	1,079,685.23	725
Accrued income (upfront payment)	12,953,433.37	13,847
Offset claims	164,643.91	169
Receivables arising from FX measurement of banking book derivatives	15,236.84	0
Receivables from trading book derivatives	336,211.63	347
Deposits	8,412,462.79	8,353
Other receivables	1,289,063.62	3,582

4. OTHER LIABILITIES

The breakdown of other liabilities is as follows:

	30.06.2019	31.12.2018
Other liabilities	19,968,960.79	12,708
– thereof payable after the balance sheet	19,154,167.79	10,250
– thereof with a residual term > 1 year	814,793.00	2,458
Interest payable	287,784.95	281
Clearing account balances	15,810,306.88	6,661
Fees and levies	2,065,354.35	2,234
Liabilities arising from FX measurement of banking book derivatives	699,936.76	1,865
Liabilities from trading book derivatives	287,668.31	332
Trade payables	383,440.71	780
Other liabilities	434,468.83	555

5. PROVISIONS

The items included under “provisions” are as follows:

	30.06.2019	31.12.2018
Severance payments	6,660,372.00	6,713
Pensions	5,912,554.00	5,934
Taxation	663,000.00	357
Other provisions:		
Guarantees	521,938.63	254
Holidays not taken	439,474.71	454
Long-service bonuses	1,326,051.00	1,266
Association of mortgage banks § 1406 ABGB	358,560.14	359
Legal and consultancy fees	102,000.00	93
Costs for legal risks	1,461,648.10	2,034
Restructuring provisions	65,050.71	65
Negative market values of banking book derivatives incl trading book CVA	1,480,447.00	848
Miscellaneous provisions	3,545,864.34	2,446
Total Other provisions	9,301,034.63	7,820
Total	22,536,960.63	20,823

Severance payments, Long-service bonuses and Pensions

Provisions for severance payments and the provision for long term service bonuses, included in other provisions, were calculated according to the actuarial principles in accordance with Section 211 (2) UGB. The calculation is done with a discount factor of 1.639% (31.12.2018: 1.764%) and salary growth rate of 2,75% per annum (31.12.2018: 2,75%), considering a fluctuation discount of 0% (31.12.2018: 0%). For the Long-service bonuses provision fluctuation probabilities presented in the report were used in year 2019. Retirement age was applied using the earliest statutory retirement age regulated in the General Social Insurance Act (ASVG, 2004 Pension Reform).

The provision for pension obligations for current pensions in half year report was calculated according to the actuarial principles pursuant to Section 211 (2) UGB. The calculation is done with a discount factor of 1.639% (31.12.2018: 1.764%) and a pension growth rate of 2% (31.12.2018: 2%).

Other provisions

In accordance with Section 211 of the UGB, other provisions have to be discounted applying a market rate in case duration is more than one year. Initial application has resulted in a difference in the amount of EUR 974,393.87, as at 01.01.2016. In accordance with transitional rule in Section 906 (33f) of UGB the bank allocates the difference over a period of no more than 5 years. The positive effect in the profit and loss account amounts to EUR 85,243.17 as at 30.06.2019 (30.06.2018: TEUR 85).

Guarantees

The provisions for risks arising from the lending business (guarantees) include provisions for specific cases amounting to EUR 0.00 (31.12.2018: TEUR 0) as well as provisions at portfolio level amounting to EUR 521,938.63 (31.12.2018: TEUR 254).

Restructuring provisions

Based on the company agreement concluded with the works council in 2015 on the social plan (cushioning social hardship in the event of employees leaving the company) and the expiry of the company agreement in 2018 on the social plan, the provision amounted to EUR 65,050.71 as at 30.06.2019 (31.12.2018: TEUR 65). This remaining amount will be used in the future for restructuring measures already completed in the past.

Costs for legal risks

There are provisions in the amount of EUR 1,461,648.10 as at 30.06.2019 (31.12.2018: TEUR 2,034) in respect of legal risks, which will cover possible customer compensations and legal costs. In the current financial year payments related to these provisions totalling EUR 38,497.72 (31.12.2018: TEUR 626) were settled and an amount of EUR 600,000.00 (31.12.2018: TEUR 359) was released.

Negative market values of derivatives in the banking book incl. trading book CVA

Expected losses from pending transactions for non-balance sheet related pending transactions according to Section 198 (8) UGB is recognised by accounting provisions in the period, in which loss is possible and recognizable due to the developments of prevailing market conditions. The amount of the provision is dependent on the size of the expected loss. Austrian Anadi Bank AG includes market values of all derivatives of the regulatory banking book in its analysis.

The provision for expected losses from banking book derivatives was calculated in compliance with the position of the Austrian Financial Reporting and Auditing Committee (AFRAC) as outlined in its official publication "Accounting for derivatives and hedging instruments under commercial law". There provisions for expected losses are only recognised for derivative transactions, which are not designated in a hedging relationship with an underlying transaction.

According to the AFRAC position paper, a provision for expected losses should be formed for the ineffective parts of a derivative with a negative market value. In the case of a micro hedge, if all the parameters of the underlying transaction and the hedging transaction, which determine the extent of the hedged impairment, are identical but offset each other, this is an indicator of a fully effective hedging relationship. In Austrian Anadi Bank AG all micro hedges are checked and documented regarding hedge effectiveness. On the assets

side, own securities and loans form the underlying transactions for hedging. On the liabilities side, underlying transactions from own issues and promissory notes form the underlying transaction of a hedging relationship. The hedging period is substantially the same as the term of the underlying transaction. The hedge efficiency for fair value hedges is calculated on the basis of the accumulated theoretical change in price of the underlying transaction as well as the hedge transaction from the start of the hedge using a regression model (advanced dollar offset method) for the hedged risk factors on a monthly basis.

As at 30.06.2019 a provision of EUR 1,467,026.00 (31.12.2018: TEUR 833) was required.

For derivatives in the trading book, a provision for the Credit Valuation Adjustment (CVA) in the amount of EUR 13,421.00 (31.12.2018: TEUR 15) was required.

6. DISCLOSURES ON RISK PROVISIONS

Development of risk provisions (loans and advances to customers):

Loans and advances to customers	30.06.2019	31.12.2018
Opening balance	29,962,968.58	32,321
Additions	756,386.64	4,861
Releases	-495,760.05	-1,260
Utilised	-1,299,898.84	-5,963
Foreign currency valuation	2,108.32	4
Closing balance	28,925,804.65	29,963

For credit default risks incurred but not reported, the portfolio risk provisions were adjusted from the 2018 level (TEUR 4,117) to EUR 4,768,367.02 as at 30.06.2019.

7. TIER 2 CAPITAL PURSUANT TO PART 2, TITLE I, CHAPTER 4 OF REGULATION (EU) NO 575/2013

The nominal value of the Tier 2 capital pursuant to Part 2 Title I Chapter 4 of the Regulation (EU) No. 575/2013 was EUR 25,000,000.00 (31.12.2018: TEUR 25.000) as of 30.06.2019; which was issued in the year 2018.

The interest expenses for the Tier 2 capital amount to EUR 781,250.00 (31.12.2018: TEUR 0).

8. SHARE CAPITAL

The issued share capital of Austrian Anadi Bank AG at the balance sheet date amounts to EUR 30,000,000.00 (31.12.2018: TEUR 30,000) and is divided into 30,000 (31.12.2018: 30,000) non-par value bearer shares. The shares are held 100% by Anadi Financial Holdings Pte. Ltd., whose headquarters is in Singapore.

9. RESERVES

The development of capital and retained earnings, and of the liability reserves, was as follows:

Designation	Opening balance 01.01.2019	Additions	Releases	Closing balance 30.06.2019
Capital reserves	82,332,115.37	0.00	0.00	82,332,115.37
Retained earnings	13,203,908.56	0.00	0.00	13,203,908.56
Liability reserve pursuant to Article 57 para. 5 BWG	36,995,640.00	0.00	0.00	36,995,640.00

The allocation to the retained earnings in the amount of EUR 4,015,802.71 was made from the previous year's balance sheet profit by resolution of the Shareholders' Meeting on 11 July 2019.

OFF-BALANCE SHEET TRANSACTIONS

10. DERIVATIVE FINANCIAL INSTRUMENTS

The following transactions were unsettled as at the balance sheet date:

	Nominal value			
	Purchase contracts		Sales contracts	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Futures transactions				
a) Interest rate-related business				
<i>OTC-products</i>				
Interest swaps/Interest rate contracts	425,142,859.80	410,041	425,142,859.80	410,041
b) Currency-related business				
<i>OTC-products</i>				
Currency swaps	98,983,172.86	97,613	98,983,172.86	97,613
Cross-currency swaps	105,800,000.00	81,000	106,499,936.76	82,778
Forward exchange contracts	0.00	302	0.00	301

	Fair value			
	Positive		Negative	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Futures transactions				
a) Interest rate-related business				
<i>OTC-products</i>				
Interest swaps/Interest rate contracts	41,462,701.10	38,233	43,275,828.90	35,005
b) Currency-related business				
<i>OTC-products</i>				
Currency swaps	0.00	0	80,678.37	88
Cross-currency swaps	325,801.51	29	1,042,280.50	1,800
Forward exchange contracts	0.00	4	0.00	4

The trading and banking book derivatives are used to hedge interest rates, exchange rates and market prices. Derivative contracts are mainly formed to hedge individual asset and liability positions in the banking book. As at 30.06.2019 the net fair value of derivatives designated as hedging instruments, was EUR 1,813,127.80 (31.12.2018: TEUR 3,214).

In the year under review, no hedging relationships were early terminated – therefore the net positive result, including the underlying transactions, amounts to EUR 0.00 (30.06.2018: TEUR 1,876). See notes 13 and 14.

11. CONTINGENT LIABILITIES

	30.06.2019	31.12.2018
Contingent liabilities	90,270,552.97	86,441
Guarantees and other collateral securities	90,270,552.97	86,441

12. OTHER OFF-BALANCE SHEET STATEMENTS

Loan exposures comprise unused credit lines totalling EUR 203,248,000.00 (31.12.2018: TEUR 189,508).

Liabilities from fiduciary activities amounted to EUR 10,606,163.41 (31.12.2018: TEUR 9,098) in the year under review. These activities mainly comprise assets held in trust refinanced by Austrian Control Bank.

Obligations arising in connection with the use of fixed assets (leasing obligations) not included in the balance sheet of Anadi Bank amount to EUR 275,117.29 (31.12.2018: TEUR 553) for the year under review, EUR 550,234.58 are due in 2020 and totalling EUR 1,480,123.98 are due for the years 2020 to 2023.

Pfandbriefstelle

As a member of the Mortgage Bond Division of the Austrian State Mortgage Banks (Pfandbriefstelle), Austrian Anadi Bank AG is, in accordance with Section 2(1) of the Austrian Pfandbriefstelle Act (PfBrStG), jointly and severally liable with the other member institutions for all liabilities of Pfandbriefbank. This liability applies equally for all other member institutions and their legal universal successors as listed in Section 1(2) of the articles of association of the Pfandbriefstelle. As of the balance sheet date 30.06.2019, there were no liabilities left to be covered.

It is to be noted that with effect from 15 January 2015, the business operations of the Pfandbriefstelle were transferred to Pfandbriefbank (Österreich) AG with retroactive effect to the reporting date of 31 December 2013 and that Pfandbriefbank (Österreich) AG has been in liquidation since 1 June 2018 in accordance with the decision of the FMA on the rescission of the bank licence.

NOTES TO THE INCOME STATEMENT

13. INTEREST AND SIMILAR INCOME

	30.06.2019	30.06.2018
From loans and advances to credit institutions and customers	23,266,557.05	20,138
thereof Austria	18,392,385.33	16,587
thereof International	4,874,171.72	3,551
From fixed-income securities	1,691,845.48	3,188
thereof Austria	562,637.92	1,003
<i>thereof premium of securities held as fixed assets</i>	0.00	0
thereof International	1,129,207.56	2,185
<i>thereof premium of securities held as fixed assets</i>	-32,872.10	-80
From other assets	441.35	1,876
thereof Austria	441.35	1,876
<i>thereof close outs</i>	0.00	1,876
thereof International	0.00	0
Total	24,958,843.88	25,202

Interests and similar income from other assets include EUR 0.00 (30.06.2018: TEUR 1,876) from early termination of derivatives which were designated in hedging relationships.

Interest earnings include negative interests from receivables in the amount of EUR 359,802.02 (30.06.2018: TEUR 369).

The change in classification (netting derivatives) is described on page 12 of the Notes.

14. INTEREST AND SIMILAR EXPENSES

	30.06.2019	30.06.2018
From liabilities to credit institutions and customers	1,716,642.27	1,522
thereof Austria	1,189,673.70	782
thereof International	526,968.57	740
From debt securities in issue	8,684,545.53	7,558
thereof Austria	8,684,545.53	7,558
thereof International	0.00	0
From other liabilities	0.00	0
thereof Austria	0.00	0
<i>thereof close outs</i>	0.00	0
thereof International	0.00	0
Total	10,401,187.80	9,080

Interest and similar expenses from other liabilities includes EUR 0.00 (30.06.2018: TEUR 0) on the early termination of derivatives in 2019, which were designated in hedging relationships.

Interest expenses include negative interest from liabilities to credit institutions, in this case refinancing from the TLTRO II programme (Targeted Longer-Term Refinancing Operations), amounting to EUR 488,244.90 (30.06.2018: TEUR 1,509).

The change in classification (netting derivatives) is described on page 12 of the Notes.

15. COMMISSIONS INCOME AND EXPENSES

	30.06.2019	30.06.2018
From the lending business		
Fee and commission income	5,059,076.21	5,252
Fee and commission expenses	-1,048,426.04	-1,231
From the securities business		
Fee and commission income	772,008.25	761
Fee and commission expenses	-73,132.46	-67
From other transactions		
Fee and commission income	4,042,198.28	3,928
Fee and commission expenses	-444,867.58	-466
Total income	9,873,282.74	9,942
Total expenses	-1,566,426.08	-1,763

16. OTHER ADMINISTRATIVE EXPENSES (OPERATING EXPENDITURE)

	30.06.2019	30.06.2018
Legal and consultancy expenses	484,306.47	756
Advertising and hospitality expenses	501,586.25	684
Rental, leasing and other building expenses	1,263,532.98	1,064
IT expenses	675,425.17	648
Data centre expenses	1,761,361.14	1,582
Training expenses	81,484.81	92
Issue expenses	157,784.40	193
Travel expenses	75,046.63	106
Fleet expenses	116,931.54	116
Insurance	183,595.51	207
Telephone/postage expenses	253,190.06	247
Expenses in connection with company legal structure	175,100.00	180
Office/stationery expenses	62,535.32	60
Single Resolution Fund (BaSAG)	733,899.23	902
Guarantee deposit (EiSi Hypo-Haftungs-GmbH)	856,000.00	906
Other operating expenditure	307,936.50	358
Total	7,689,716.01	8,103

17. OTHER OPERATING INCOME

	30.06.2019	30.06.2018
Rental and leasing agreements	43,352.90	77
Other operating income	1,203,828.36	321
Total	1,247,181.26	398

18. OTHER OPERATING EXPENSES

	30.06.2019	30.06.2018
Other operating expenses	132,217.27	59
Total	132,217.27	59

19. VALUE ADJUSTMENTS AND RE-ADJUSTMENTS IN RESPECT OF TRANSFERABLE SECURITIES HELD AS FINANCIAL FIXED ASSETS, PARTICIPATING INTERESTS AND SHARES IN AFFILIATED UNDERTAKINGS

The profit and loss item 14 Value adjustments and re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings includes the income of EUR 1,945,000.00 (30.06.2018: TEUR 0) from the partial sale of the warrant for "Entitlement to Payment of the Conditional Additional Purchase Price" derived from the KAF offer from 2016 for the settlement of receivables against HETA Asset Resolution AG. This transaction was processed over-the-counter (OTC).

SUPPLEMENTARY INFORMATION

20. DEFERRED TAXES

Balance Sheet positions	30.06.2019	31.12.2018	Description
Positive fair values of trading book derivatives	-300,119.00	-347	Deferred tax liabilities
Securities held as Fixed Assets	972,291.00	1,910	Deferred tax assets
Loans and advances to customers	4,214,000.00	3,702	Deferred tax assets
Participating interest	0.00	5	Deferred tax assets
Provisions	8,737,927.00	8,976	Deferred tax assets
Total	13,624,099.00	14,247	Net deferred tax assets
Excess deferred tax 25%	3,406,025.00	3,562	

21. IMPORTANT LONG TERM CONTRACTS

On 01.07.2015 (effective date) a service agreement was agreed between the Austrian Reporting Services GesmbH (AuRep) and Austrian Anadi Bank AG, in respect of reporting requirements to the Oesterreichische Nationalbank (OeNB). AuRep will replace the existing paper-based OeNB reporting in the medium term, through a common reporting system (GMP). The intention is to supply a single data pool at the individual transaction level.

On 01.11.2015 a service agreement was signed between the VB Services Banken GesmbH and Austrian Anadi Bank AG. The services cover payment orders, including express payments to domestic and EU countries, plus non-EU countries, integrated in the payment system of the Austrian Anadi Bank AG, and with Nostro account reconciliation.

A shareholder agreement was signed on 13.09.2005 between ARZ (Allgemeines Rechenzentrum GmbH) and Austrian Anadi Bank AG. ARZ is a strategic IT provider with 2 sites in Innsbruck and Vienna. Essentially the services include: the core banking system in the areas of business customers, current accounts, savings, credit, securities, electronic banking; the General Ledger including Accounting; various sub-systems such as SAP, the securities settlement system GEOS (incl. Nostro); workflow and document management; regulatory reporting solutions (national/prudential); as well as various other reporting options. Furthermore, ARZ provides the infrastructure in respect of: mainframe computer; application and database servers; client server; the entire IT network; security (firewall, intrusion detection); end user support; as well as basic services monitoring; and fault management, incl. contingency planning.

22. OWN CAPITAL FUNDS

Own Funds in accordance with CRR/CRD	30.06.2019	31.12.2018
Common Equity Tier 1 Capital	162,131,248.72	162,099
Paid up capital instruments	30,000,000.00	30,000
Retained earnings	82,008,562.42	82,332
Other reserves	50,523,101.51	50,200
Value adjustments due to the requirements for prudent valuation (Fair value exposures) 0.1%	78,358,638.22	63,378
thereof 0.1% deduction	-78,358.64	-63
Deducting intangible assets	-322,056.57	-369
Tier 2 Capital	24,740,250.00	24,740
Supplementary Capital total	25,000,000.00	25,000
Supplementary Capital allowable	24,740,250.00	24,740
Own funds	186,871,498.72	186,839

	30.06.2019	31.12.2018
Own funds requirement	99,116,344.09	92,646
Surplus of total capital	87,755,154.63	94,193
Coverage ratio	188.54%	201.67%

Own Funds Requirement	30.06.2019	31.12.2018
Risk-Weighted Assets (banking book)	1,131,688,358.93	1,050,805
thereof 8% minimum capital requirement	90,535,068.71	84,064
Credit Value Adjustment	866,071.80	920
Own funds requirement for trading book	1,445.42	4
Own funds requirement for open currency position	92.469.44	37
Capital requirement for operational risk	7,621,288.72	7,621
Total own funds requirement	99,116,344.09	92,646
Total risk exposure amount	1,238,954,301.21	1,158,076
Common Equity Tier 1 Capital ratio	13.09%	14.00%
Tier 1 capital ratio	13.09%	14.00%
Total capital ratio	15.08%	16.13%

23. COLLATERALS

In the context of business relationships with customers, different types of collateral are held. The collateral values refer to an internal calculation without regulatory deductions.

	30.06.2019	31.12.2018
Financial collateral	61,618,778.06	55,499
Cash deposits	49,289,785.71	43,803
Securities	12,328,992.35	11,697
Real estate collateral	957,517,050.37	920,547
Guarantees	252,430,482.04	260,682
Other collateral	101,034,731.28	104,327
Insurance	46,302,087.09	47,888
Movable property	9,529,723.10	8,052
Others	45,202,921.09	48,387
Total	1,372,601,041.75	1,341,055

Collateral received and collateral provided (collateral deals) under derivative transactions:

	30.06.2019	31.12.2018
Collateral received	5,560,000.00	8,740
Collateral provided	12,790,000.00	9,790

24. TRUSTEE SAVING ACCOUNTS

Liabilities to customers includes trustee savings accounts with amounting to EUR 3,109,854.15 (31.12.2018: TEUR 3,108).

25. FOREIGN CURRENCY

The balance sheet contains the following foreign currency amounts:

	30.06.2019	31.12.2018
Assets	219,918,740.41	193,395
Liabilities	12,869,094.30	13,124

The main part of the difference amounting to EUR 207,049,646.11 (31.12.2018: TEUR 180,271) is hedged with swap agreements.

26. MORTGAGE BOND ACTIVITIES PURSUANT TO THE AUSTRIAN MORTGAGE BOND ACT (PFANDBG)

	Debt securities in issue		Covering loans		Surplus/shortfall in cover	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Mortgage bonds A	120,000,000.00	100,000	397,354,158.94	392,819	277,354,158.94	292,819
Mortgage bonds B	55,176,812.90	54,922	65,221,674.93	68,801	10,044,862.03	13,879
Public sector mortgage bonds	437,546,079.15	437,530	493,971,205.59	494,102	56,425,126.44	56,572

Anadi Bank has deposited own not issued covered bonds (mortgage bonds) with the Austrian National Bank amounting to EUR 200,000,000.00. This compares to mortgage collateral stock (covering loans) amounting to EUR 397,354,158.94. As at 30.06.2019 refinancing in the full amount was used for this purpose.

27. OTHER INFORMATION RELATED TO THE BALANCE SHEET

In accordance with Section 64 (1) (8) BWVG, securities with amounting to EUR 533,309,099.00 (31.12.2018: TEUR 348,197) and loans in the amount of EUR 179,748,116.45 (31.12.2018: TEUR 211,462) were pledged as collateral for liabilities to credit institutions amounting to EUR 503,000,000.00 (31.12.2018: TEUR 503,000) as well as for liabilities to customers amounting to EUR 2,884,339.33 (31.12.2018: TEUR 2,884).

As at 30.06.2019 the return on assets in accordance with Section 64 (19) BWVG is 0.09% (30.06.2018: 0.09%).

In order to improve the comparability of the RoA key figure year-on-year, the tax component was removed from the calculation basis. The profit on ordinary activities is used as the new calculation base.

28. LIABILITY STATE OF CARINTHIA

The statutory guarantee of the federal state of Carinthia for all commitments of Anadi Bank (and others) is a default guarantee pursuant to Section 1356 of the Austrian Civil Code (ABGB) and covers all commitments entered into prior to 3 April 2003, as well as all commitments created between 3 April 2003 and 1 April 2007 whose term does not extend beyond 30 September 2017. The federal state of Carinthia will not guarantee any commitments entered into after 1 April 2007. The terms of the guarantee are regulated by the

Carinthian State Holding Law (KLHG). As at 30.06.2019, the federal state of Carinthia still had guarantees for perpetual liabilities of Anadi Bank amounting to EUR 17,675,850.24 (31.12.2018: TEUR 18,297).

29. DEPOSIT GUARANTEE

Pursuant to Section 8 para. 1 of the Austrian Deposit Guarantee Schemes and Investor Compensation Act („Einlagensicherungs- und Anlegerentschädigungsgesetz“; ESAEG), Austrian Anadi Bank AG, as an institution domiciled in Austria which accepts deposits (CRR Institute), is a member of the Uniform Deposit Guarantee Scheme („einheitliche Sicherungseinrichtung“) pursuant to Section 1 para. 1 no. 1 ESAEG. As of 1 January 2019 the task of the sectoral Deposit Guarantee Scheme („Sicherungseinrichtung“) will be transferred to the Uniform Deposit Guarantee Scheme, Einlagensicherung Austria GmbH, established by the WKÖ. As of this date, the Uniform Deposit Guarantee Scheme will also take over the responsibilities of the Deposit Guarantee Schemes of the professional associations of banks and bankers („Banken und Bankiers, Fachverband“) and of credit unions („Volksbanken, Fachverband“). Each Deposit Guarantee Scheme must set up a Deposit Guarantee Fund („Einlagensicherungsfonds“) consisting of available financial resources in the amount of at least 0.8% of the total of covered deposits of the member institutions as target level. The amount of the contribution obligation is based on the amount of covered deposits on the basis of previously determined risk factors (so-called risk-based contribution calculation). For the financial year 2019 accruals in the amount of EUR 856,000.00 (31.12.2018: TEUR 980) have already been established. In addition, as of 1 January 2019, Einlagensicherung Austria GmbH is obliged to collect extraordinary contributions from their member institutions in case of a pay-out-event („Sicherungsfall“), if the fund deposits are not sufficient to cover depositors' claims. Pursuant to Section 22 para. 1 ESAEG, such extraordinary contributions may not exceed 0.5% of the amount of covered deposits per year.

30. BASAG - RESOLUTION FUND

In accordance with EU Directive 2014/59/EU, BaSAG established a framework for the recovery and resolution of credit institutions and investment firms in Austria.

To finance the statutory resolution funding mechanism, an ex-ante fund i.S.d. Section 123 BaSAG was established through regular contributions in accordance with Section 125 BaSAG. The level of contributions, in accordance with Section 126 BaSAG, is in proportion to the amount of liabilities minus guaranteed deposits of the institution, compared to the aggregate liabilities less guaranteed deposits of all authorized institutions in Austria. These contributions are adapted according to the risk profile of the institution. For the year 2019, Anadi Bank has paid EUR 733,899.23 (31.12.2018: TEUR 902). Irrevocable payment obligations were not used. In addition, the resolution authority, can if necessary, in accordance with Section 127 BaSAG, introduce extraordinary subsequent contribution requirements. The calculation of the amount of these extraordinary contributions follow the rules of the ordinary contributions (Section 126 BaSAG) and may not exceed three times the annual amount of the ordinary contributions.

31. CONSOLIDATION

As at the reporting date, Anadi Bank does not show any shares in affiliated companies in its balance sheet and therefore does not prepare consolidated financial statements. Pursuant to Section 30 (9a) BWG, a regulatory consolidation takes place, comprising Anadi Bank and its Singapore based parent company, Anadi Financial Holdings Pte. Ltd. Pursuant to Sections 59 and 59a of the BWG, Austrian Anadi Bank AG, as the superior credit institution of Anadi Financial Holdings Pte. Ltd., the financial holding group, prepares consolidated financial statements which include the financial holding.

32. EMPLOYEES

Average number of employees according to Section 239 UGB:

	30.06.2019	31.12.2018
Salaried employees	281.85	292.11

33. EVENTS AFTER THE BALANCE SHEET DATE

No further events of particular significance for the bank, which could have led to a change in the presentation of the financial position and results of operations, were recorded after the reporting date of 30 June 2019.

Klagenfurt am Wörthersee, on 30.07.2019

THE MANAGEMENT BOARD:

GD Mag. Christoph Raninger m.p.

VDir. Mag. Franz Reif m.p.

VDir. GaneshKumar Krishnamoorthi, B.E. m.p.

STATEMENT OF LEGAL REPRESENTATIVES

"We confirm to the best of our knowledge that the condensed interim financial statements, which have been prepared according to the applicable accounting standards, present a true and fair view of the net assets, financial position and results of operations of the company and that the interim management report provides a true and fair view of the important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements together with a description of the principal risks and uncertainties the company faces for the remaining six months of the financial year. The interim financial statements were neither subjected to a full audit, nor to an auditing review by a certified auditor."

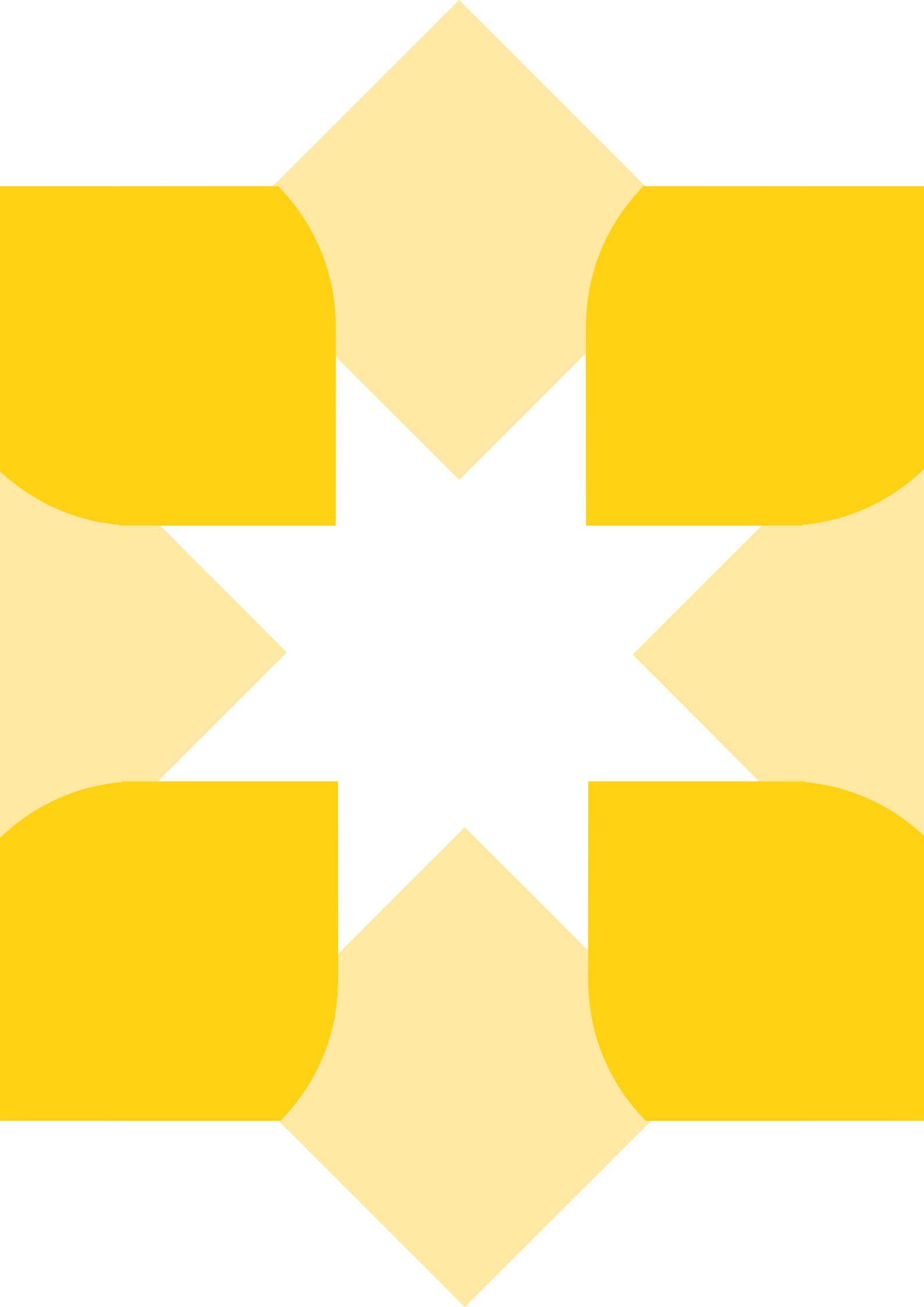
Klagenfurt am Wörthersee, on 30.07.2019

THE MANAGEMENT BOARD:

GD Mag. Christoph Raninger m.p.

VDir. Mag. Franz Reif m.p.

VDir. GaneshKumar Krishnamoorthi, B.E. m.p.



PUBLISHING INFORMATION

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Forward looking statements and forecasts are based on information and data available at the time of finalising the half year financial statements (30.07.2019). Changes after this date may influence the facts and forecasts given in the Annual Report. The information presented in this report and the data contained therein has been compiled and checked with the greatest possible degree of care and circumspection. However, errors arising from rounding, transmission, typesetting or printing cannot be ruled out.

