

**RZB Finance (Jersey) IV Limited**  
**Half-Yearly Financial Report**

**2011**

# RZB Finance (Jersey) IV Limited

## Half-Yearly Financial Report and Financial Statements 2011

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# RZB Finance (Jersey) IV Limited

## Company Information

For the Period Ended 30 June 2011

**Directors:**

Dean Godwin  
Gareth Essex-Cater  
Helen Grant  
Francois Chesnay

**Secretary:**

State Street Secretaries (Jersey) Limited (formerly  
known as Mourant & Co. Secretaries Limited)

**Registered office:**

22 Grenville Street  
St Helier  
Jersey  
Channel Islands

# RZB Finance (Jersey) IV Limited

## Interim Management Report

For the Period Ended 30 June 2011

The directors submit their report and the financial statements of RZB Finance (Jersey) IV Limited ('the Company') and (the 'Issuer') for the period ended 30 June 2011.

Since the Financial Statement of the Year ending 31 December 2010, other than the expected activities of the Company, no material events have occurred in the period to 30 June 2011. The Company has performed in line with expectations.

Concerning the principal risks and uncertainties for the remaining six months we would like to refer to the notes of the financial statements on pages 7 to 9.

### Incorporation

The Company was incorporated in Jersey, Channel Islands on 31 March 2006.

### Activities

The principal activity of the Company is raising finance for other group companies.

### Results

The results for the year are shown in the Statement of Comprehensive Income on page 5.

### Directors

The directors of the Company during the period were those stated on page 1.

For and behalf of the Board of Directors

.....  
Director GARETH RISSRY-CATER

26<sup>th</sup> August 2011

## RZB Finance (Jersey) IV Limited

### Statement of Persons Responsible within the Issuer

We confirm to the best of our knowledge that the condensed set of financial statements for the period to 30 June 2011 (the 'Condensed Set of Financial Statements') give a true and fair view of assets, liabilities, financial position and comprehensive income of the Company as required by the applicable accounting standards and that the Interim Management Report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

For and behalf of the Board of Directors

  
.....  
Director GARETH ESSEX-CATER

*20<sup>th</sup>* August 2011

# RZB Finance (Jersey) IV Limited

## Statement of Financial Position

As at 30 June 2011

		30/06/2011	31/12/2010
	Note	EUR	EUR
<b>Assets</b>			
Long-term loan receivable	6	500,000,000	500,000,000
<b>Total non-current assets</b>		<b>500,000,000</b>	<b>500,000,000</b>
Other receivables	7	3,273,126	16,329,487
Cash and cash equivalents	12	132,364	85,940
<b>Total current assets</b>		<b>3,405,490</b>	<b>16,415,427</b>
<b>Total assets</b>		<b>503,405,490</b>	<b>516,415,427</b>
<b>Equity and liabilities</b>			
Issued share capital	8	2,000	2,000
Retained earnings		146,312	121,823
<b>Total capital and reserves</b>		<b>148,312</b>	<b>123,823</b>
Perpetual capital notes	9	500,000,000	500,000,000
<b>Total non-current liabilities</b>		<b>500,000,000</b>	<b>500,000,000</b>
Other payables	10	3,257,178	16,291,604
<b>Total current liabilities</b>		<b>3,257,178</b>	<b>16,291,604</b>
<b>Total equity and liabilities</b>		<b>503,405,490</b>	<b>516,415,427</b>

The notes on pages 7 to 15 are an integral part of these financial statements. The financial statements on pages 4 to 15 were approved and authorised for issue by the Board of Directors on 26<sup>th</sup> August 2011 and signed on its behalf by:

.....  
 Director **GARETH ESSEY-CATER**

# RZB Finance (Jersey) IV Limited

## Statement of Comprehensive Income

For the Year Period 30 June 2011

		01/01/2011 -30/06/2011	01/01/2010 -30/06/2010
	Note	EUR	EUR
Interest income		12,848,521	12,848,521
Interest expense		(12,816,288)	(12,816,288)
<b>Net interest income</b>	4	<u>32,233</u>	<u>32,233</u>
<b>Expenses</b>	5		
Administrators' remuneration		(2,333)	(2,282)
Management fee		(2,894)	(2,853)
Auditors' remuneration		(686)	(660)
Other charges		(1,831)	(1,895)
		<u>(7,744)</u>	<u>(7,690)</u>
<b>Total comprehensive income for the period</b>		<u>24,489</u>	<u>24,543</u>

The notes on pages 7 to 15 are an integral part of these financial statements.

# RZB Finance (Jersey) IV Limited

## Notes to the financial statements

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# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

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### 1 Reporting entity

RZB Finance (Jersey) IV Limited (the “Company”) is a public company domiciled in Jersey. The address of the Company’s registered office is noted on page 1. The Company’s activities consist in raising finance for other group companies.

### 2 Accounting and valuation principles

The consolidated financial statements of RZB Finance (Jersey) IV Limited (the “Company”) are prepared in conformity 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 8EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations committee (IFRIC/SIC). The unaudited interim report as of 30 June 2011 is prepared in conformity with IAS34. In the interim reporting, exactly the same accounting and valuation principles and consolidation methods are applied as in the preparation of the 2010 consolidated financial statements.

### 3 Financial risk management

#### 3.1 Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors (‘Board’) has overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company’s Board is responsible to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company was set up to raise finance for the group (of which Raiffeisen Landesbanken-Holding GmbH is the parent). This was achieved by the issue of a financial instrument listed on the Vienna stock exchange, the proceeds of which were advanced to a group entity. No other similar transaction was carried out by the Company and therefore the operations for the year consisted in servicing the financial liability from the income generated by the financial asset. In addition, the Company incurred minimal administrative expenses. As a result, the Board deems its sole involvement as sufficient to monitor the risks faced by the Company and need not delegate any specific duties to Board committees

# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

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### 3 Financial risk management (continued)

#### 3.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

##### 3.2.1 Loans

The Company's main financial asset consist of the long-term loan receivable from a group entity, Raiffeisen Bank International (RBI) and its corresponding interest receivable at year-end. The Company's revenue derives mainly from this financial asset.

The Board monitors the credit risk continuously based on external ratings of RBI.

No triggers of impairment were identified on the loan receivable, with interest always received as per conditions of the loan. The debtor has a long term credit rating of A/A-1 negative outlook from Standard & Poor's. Given this rating, management does not expect the counterparty to fail to meet its obligations.

##### 3.2.2 Guarantees

The Company does not provide financial guarantees.

#### 3.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Due to the nature of the Company's operations, the Board considers liquidity risk faced by the Company as minimal. The most significant cash outflow consists in the payment of interest payable on financial liability. The timing of its cash outflows falls due on the same dates of the cash inflows from the financial asset. The Board considers its available cash resources as enough to meet other cash outflows which mainly consist of administrative expenditures.

#### 3.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the structure of the Company's assets and liabilities, particularly the back to back terms and conditions of the principal financial asset and liability, market risk is also considered to be minimal.

# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

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### **3 Financial risk management (continued)**

#### **3.4 Market risk (continued)**

##### *3.4.1 Currency risk*

With the exception of certain administrative expenses which are denominated in GBP, all other transactions are undertaken in Euro.

##### *3.4.2 Interest rate risk*

Interest incurred on the financial liability is on floating rate basis whilst the amount receivable from the loan to group entity yields a fixed margin over this rate.

#### **3.5 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with a company's processes and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness. Due to the nature of operations and Company's structure, the Board considers this risk to be low.

#### **3.6 Capital management**

The Company's assets and liabilities and the relative underlying terms and conditions allow for a highly probable annual margin that increases equity. The Board's policy is to have a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. As the net interest income was established on incorporation of the Company, there is little scope for the monitoring of the return on capital. The Board of Directors monitors the level of dividends to ordinary shareholders.

All ordinary shares are held by Raiffeisen Malta Bank plc and the Company does not have any share option schemes or hold its own shares.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

### 4 Net interest income

	01/01/2011 -30/06/2011	01/01/2010 -30/06/2010
	EUR	EUR
Interest from supplementary capital loan (refer to note 6)	12,848,521	12,848,521
Bank interest income	-	-
	-----	-----
Interest income	12,848,521	12,848,521
	-----	-----
Interest expense on perpetual capital notes (refer to note 9)	(12,816,288)	(12,816,288)
	-----	-----
Net interest income	<u>32,233</u>	<u>32,233</u>

### 5 Expenses

During the mid- year 2011, the Company did not have any employees (2010: nil).

### 6 Long-term loan receivable

	30/06/2011	31/12/2010
	EUR	EUR
Undated securitized commercial certificates of obligation issued by Raiffeisen Bank International AG ('RBI') and subscribed in full by the Company on issuance.	<u>500,000,000</u>	<u>500,000,000</u>

The securities may be redeemed at the option of the borrower at interest payment date on or after 16 May 2016 at par adjusted for any impairment losses.

Interest is receivable from (and including) 16 May 2006 to (but excluding) 16 May 2016 ('the Reset date'), at a fixed interest rate of 5.182% per annum, payable annually in arrears and from (and including) the Reset date at a floating interest rate of 1.9625% per annum plus the 3-month Euribor deposit.

# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

### 7 Other receivables

	30/06/2011	31/12/2010
	EUR	EUR
Accrued interest receivable	3,265,370	16,326,847
Prepayments	7,756	2,640
	<u>3,273,126</u>	<u>16,329,487</u>

### 8 Share capital

	30/06/2011	31/12/2010
	EUR	EUR
<b>Authorised, issued and fully paid up share capital</b>		
2,000 ordinary shares at EUR1 each	<u>2,000</u>	<u>2,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 9 Perpetual capital notes

	30/06/2011	31/12/2010
	EUR	EUR
<b>Issued and Fully Paid up</b>		
10,000 perpetual non-cumulative subordinated perpetual callable step-up fixed to floating rate capital notes @ EUR50,000 each	<u>500,000,000</u>	<u>500,000,000</u>

Non-cumulative interest on the capital notes will accrue:

- (a) from (and including) 16 May 2006 to (but excluding) 16 May 2016 ('the Reset date'), at a fixed interest rate of 5.169% per annum, payable annually in arrears; and
- (b) from (and including) the Reset date at a floating interest rate of 1.95% per annum plus the Reference rate, payable quarterly in arrears on 16 August, 16 November, 16 February and 16 May in each year. The Reference rate ("EURIBOR - 11:00") is the offered rate for three-month Euro deposits.

Interest payments are discretionary and are subject to the conditions included in Clause (4) of the Offering Circular.

# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

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### 9 Perpetual capital notes (continued)

The capital notes are redeemable at the option of the Company, subject to law and to the prior consent of the immediate parent company, Raiffeisen Bank International AG ('RBI') (which shall grant such consent only after either replacement of the principal amount of the capital notes so redeemed by the issuing of other capital of at least equivalent quality or having applied for and been granted consent by the Austrian Financial Market Supervisory Authority (the 'Finanzmarktaufsichtsbehörde' or 'FMA'), in whole but not in part, on 16 May 2016 or any interest payment date falling thereafter, at the redemption price being the liquidation preference plus accrued and unpaid interest from the then current interest period ending on the date determined for the redemption.

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the issuer, the note holders at the time will be entitled to receive the relevant liquidation distribution in respect of each capital note held out of the assets of the issuer available for distribution to note holders. Such entitlement will arise before any distribution of assets is made to holders of ordinary shares, preference shares, preferred securities or capital notes or any other class of shares of the issuer or any other share or other security issued by the issuer and having the benefit of a guarantee from RBI ranking junior as regards participation in assets to the capital notes, but such entitlement will rank equally with the entitlement of the holders of any other preference shares or preferred securities or capital notes, if any, of the issuer ranking *pari passu* with the capital notes as regards participation in the assets of the issuer.

Notwithstanding the availability of sufficient assets of the issuer to pay any liquidation distribution to the note holders, if at the time such liquidation distribution is to be paid, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of RBI, the liquidation distribution paid to note holders and the liquidation distribution per security to be paid to the holders of all asset parity securities, shall not exceed the amount per capital note that would have been paid as the liquidation distribution from the assets of RBI (after payment in full in accordance with Austrian law of all creditors of RBI, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to RBI's obligations under the 'Support Agreement') had the capital notes and all asset parity securities been issued by RBI and ranked (i) junior to all liabilities of RBI (other than any liability expressed to rank *pari passu* with or junior to RBI's obligations under the 'Support Agreement'), (ii) *pari passu* with all asset parity securities of RBI and (iii) senior to RBI's Share Capital.

If the liquidation distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described above, such amounts will be payable pro rata in the proportion that the amount available for payment bears to the full amount that would have been payable but for such limitation. After payment of the liquidation distribution, as adjusted if applicable, the note holders will have no right or claim to any of the remaining assets of the Company or RBI.

In the event of liquidation, dissolution or winding-up of RBI, the board of directors shall convene an extraordinary general meeting of the issuer for the purpose of proposing a special resolution to place the issuer into voluntary winding-up and the amount per capital note to which holders shall be entitled as a liquidation distribution will be as described above.

# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

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### 10 Other payables

	30/06/2010	31/12/2009
	EUR	EUR
Accrued interest payable	3,257,178	16,285,890
Accruals	-	5,714
	<u>3,257,178</u>	<u>16,291,604</u>

### 11 Financial instruments

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business.

#### 11.1 Credit risk

The Company's main financial asset consists of Supplementary Loan Capital on-lent to Raiffeisen International Bank-Holding AG which has a Standard & Poor's long term credit rating of A/A-1 negative outlook.

#### 11.2 Liquidity risk

The Company's main financial liability consisting of the Perpetual Preferred Securities have the maturity date concurrent to that of the main non-derivative financial asset. Furthermore other liabilities are not significant and are amply covered by the cash and cash equivalent and accrued interest. Therefore the Company does not face any significant liquidity risk.

#### 11.3 Interest rate risk

The interest rate on the financial asset is fixed till 31 July 2013, following which the interest rate will become floating at a fixed percentage over EURIBOR. The premium has been set at 1.3 basis points higher than that on the perpetual preferred securities. A change of 100 basis points in interest rates would therefore have no impact on the Company's results and equity.

#### 11.4 Foreign currency risk

The Company incurs foreign currency risk on certain expenses, which are mainly paid in sterling. The Company accepts the risk and, accordingly, does not hedge against it. A 10 percent weakening of the Euro against the Pound Sterling would have an insignificant effect on the results and equity of the Company.

# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

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### 11 Financial instruments (continued)

#### 11.5 Fair values

The fair values of the Company's financial assets and liabilities are as follows:

	Carrying Amount	Fair Value
	EUR	EUR
<b>Financial assets</b>		
Long term loan receivable	<u>500,000,000</u>	<u>343,945,000</u>
<b>Financial liabilities</b>		
Perpetual preferred securities	<u>500,000,000</u>	<u>343,945,000</u>

In view of the fact that the Company's financial assets mirror the same terms and conditions of the financial liabilities (with the exception of a 1.3 basis point difference in the coupon rate) and having regard to the difference between the bid/offer price, the directors are of the opinion that the fair value of the financial assets is not materially different from that of the financial liability.

### 12 Cash and cash equivalents

Balances of cash and cash equivalents as shown in the balance sheet are analysed below:

	30/06/2011	31/12/2010
	EUR	EUR
<b>Analysis of balances of cash and cash equivalents:</b>		
Call deposits	<u>132,364</u>	<u>85,940</u>
<b>Analysed in the balance sheet as follows:</b>		
Cash and cash equivalents	<u>132,364</u>	<u>85,940</u>



# RZB Finance (Jersey) IV Limited

## Notes to the Financial Statements

For the Period Ended 30 June 2011

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### 13 Related parties

The Company has a controlling related party relationship with its immediate parent and ultimate parent company (refer note 14).

The Company also has a related party relationship with its directors and company secretary.

G.P. Essex-Cater is a shareholder of Mourant Limited. Until 1st April 2010, G.P. Essex-Cater, H. Grant, F.X.A. Chesnay and D.M. Godwin were employees of a subsidiary of Mourant Limited. Affiliates of Mourant Limited provided administrative services to the Company at commercial rates. On 1st April 2010 Mourant Limited sold its interest in certain affiliates to State Street Corporation ("SSC"). Each of G.P. Essex-Cater, H. Grant, F.X.A. Chesnay and D.M. Godwin is now an employee of a subsidiary of SSC, affiliates of which provide ongoing administrative services to the Company at commercial rates.

On 1st June 2010 Mourant & Co. Limited changed its name to State Street (Jersey) Limited.

On 1st June 2010 Mourant & Co. Secretaries Limited changed its name to State Street Secretaries (Jersey) Limited.

Directors of the Company are also employees of State Street (Jersey) Limited. During the period State Street (Jersey) Limited charged the company management fees and administrative fees and other charges amounting to EUR5,227 ( June 2010: EUR5,135).

No emoluments were paid or advances made by the Company to any of the Directors during the period.

On 16 May 2006, the Company entered into an agreement with RBI ('the Support Agreement') whereby RBI agreed to make available to the company funds sufficient to enable it to meet its obligations should it have insufficient funds.

### 14 Group enterprises

#### *Control of the Company*

The Company is a wholly-owned subsidiary of Raiffeisen Malta Bank plc, a company registered in Malta. The Company's ultimate parent company is Raiffeisen Landesbanken – Holding GmbH, a company registered in Austria.