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RZB FINANCE (JERSEY) IV LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2014

RZB FINANCE (JERSEY) IV LIMITED

TABLE OF CONTENTS

	<u>Pages</u>
Report of the Directors	2 to 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 to 23

RZB FINANCE (JERSEY) IV LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the unaudited financial statements of RZB Finance (Jersey) IV Limited (the "Company") for the period 1st January 2014 to 30th June 2014.

INCORPORATION

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

ACTIVITIES

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

RESULTS AND DIVIDENDS

The loss for the period amounted to €627 (2013: profit of €13,300).

The Directors did not recommend ordinary dividends for the period (2013: €Nil).

DIRECTORS

The Directors who held office throughout the period and subsequently were:-

G.P. Essex-Cater
H.C. Grant
C.D. Ruark

SECRETARY

The Company's Secretary is Sanne Secretaries Limited.

REGISTERED OFFICE

13 Castle Street, St. Helier, Jersey, Channel Islands, JE4 5UT

RZB FINANCE (JERSEY) IV LIMITED

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as issued by the IASB and as adopted by the European Union ("EU").

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the Company for that year. In preparing these financial statements the Directors are required to:

- * select suitable accounting policies and apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with all the above requirements throughout the period and subsequently.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company, whose names appear on page 2, confirm to the best of their knowledge that the Financial Statements for the period ended 30th June 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a fair review of the development of the Company's business, financial position and the important events that have occurred during the financial period and their impact on the Financial Statements. The principal risks and uncertainties faced by the Company are disclosed in note 12 of these financial statements.

Signed on behalf of the Board of Directors:



Date: 22ND AUGUST 2014

RZB FINANCE (JERSEY) IV LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2014

	<u>Notes</u>	<u>30th Jun 14</u>	<u>31st Dec 13</u>
ASSETS			
Non-current assets			
Available-for-sale financial assets	3	302,311,626	278,457,813
Current assets			
Trade and other receivables	4	1,954,014	9,877,649
Cash and cash equivalents	5	133,945	132,649
		2,087,959	10,010,298
TOTAL ASSETS		€ 304,399,585	€ 288,468,111
EQUITY AND LIABILITIES			
Equity			
Issued share capital	6	2,000	2,000
Retained earnings		151,173	151,800
Fair value reserves		(3,938,374)	(27,792,187)
TOTAL EQUITY		(3,785,201)	(27,638,387)
Non-current liabilities			
Perpetual capital notes	7	306,250,000	306,250,000
Current liabilities			
Trade and other payables	8	1,934,785	9,856,498
TOTAL LIABILITIES		308,184,785	316,106,498
TOTAL EQUITY AND LIABILITIES		€ 304,399,584	€ 288,468,111

The financial statements were approved and authorised for issue by the Board of Directors on the 22 day of August 2014 and were signed on its behalf by: **GARETH ESSEX-CATER**

Director:



(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014**

	<u>1st Jan 14</u> <u>to</u> <u>30th Jun 14</u>	<u>1st Jan 13</u> <u>to</u> <u>31st Jun 13</u>
INCOME		
Interest income on available-for-sale financial assets	7,934,938	7,934,937
Bank interest income	-	1
	<u>7,934,938</u>	<u>7,934,938</u>
EXPENDITURE		
Interest expense on perpetual capital notes	7,915,061	7,915,031
Administration fees	2,260	2,894
Management fees	4,129	3,028
Bookkeeping and accounting fees	4,618	-
Reporting fees	1,232	-
Audit fees	256	-
CSSF fees	7,500	-
Other charges	509	685
	<u>7,935,565</u>	<u>7,921,638</u>
NET (LOSS)/INCOME FOR THE PERIOD	(627)	13,300
OTHER COMPREHENSIVE INCOME*		
<i>Items that may be reclassified subsequently from other comprehensive income to profit or loss</i>		
Change in fair value of available-for-sale financial assets	23,853,813	17,342,938
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>€ 23,853,186</u>	<u>€ 17,356,238</u>

*There are no items that may not be reclassified subsequently from other comprehensive income to profit or loss.

(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014**

	Ordinary Share Capital	Retained Earnings	Fair Value Reserves	Total
Balance as at 1st January 2014	2,000	151,800	(27,792,187)	(27,638,387)
Comprehensive income:				
- Loss for the period	-	(627)	-	(627)
- Other comprehensive income for the period	-	-	23,853,813	23,853,813
Balance as at 30th June 2014	<u>€ 2,000</u>	<u>€ 151,173</u>	<u>€ (3,938,374)</u>	<u>€ (3,785,201)</u>
	Ordinary Share Capital	Retained Earnings	Fair Value Reserves	Total
Balance as at 1st January 2013	2,000	160,157	(85,750,000)	(85,587,843)
Comprehensive income:				
- Profit for the period	-	13,300	-	13,300
- Other comprehensive income for the period	-	-	17,342,938	17,342,938
Balance as at 30th June 2013	<u>€ 2,000</u>	<u>€ 173,457</u>	<u>€ (68,407,063)</u>	<u>€ (68,231,606)</u>

(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED

STATEMENT OF CASH FLOWS**FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014**

	<u>1st Jan 14</u> <u>to</u> <u>30th Jun 14</u>	<u>1st Jan 13</u> <u>to</u> <u>31st Jun 13</u>
Cash flows from operating activities		
Operating (loss)/profit for the period	(627)	13,300
Interest income on available-for-sale financial assets	(7,934,938)	(7,934,937)
Interest expense on perpetual capital notes	7,915,061	7,915,031
Interest received on available-for-sale financial assets	15,869,876	15,869,875
Interest paid on perpetual capital notes	(15,830,093)	(15,830,063)
Increase in trade and other receivables	(11,303)	(5,184)
Decrease in trade and other payables	(6,681)	(6,690)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,296	21,332
	<hr/>	<hr/>
Movement in cash and cash equivalents	1,296	21,332
Cash and cash equivalents at the beginning of the period	132,649	141,268
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	€ 133,945	€ 162,600
	<hr/> <hr/>	<hr/> <hr/>

(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

1. GENERAL INFORMATION

RZB Finance (Jersey) IV Limited (the "Company") was incorporated in Jersey, Channel Islands on 31st March 2006 as a public company under the Companies (Jersey) Law 1991. The principal activity of the Company is raising finance for other group companies.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the periods presented unless otherwise stated.

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets which are stated at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

The Company is currently in a net liability position and it is expected that in the future it will incur further operating losses. However the Directors believe that the Company has sufficient liquidity to be able to meet its obligations as they fall due given the amount of cash it holds and given the existence of the Support Agreement as outlined in note 12. Moreover, the Company's main financial liability consists of the Perpetual Capital Notes ("capital notes") which will mature concurrently with, and are limited in recourse to, the main financial asset.

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current period

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, apart from the amendments to IAS 32, there are no other mandatory New Accounting Requirements applicable in the current period that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

Amendments to IAS 32 on offsetting financial assets and financial liabilities (2012)

Offsetting *Financial Assets and Financial Liabilities* (amendments to IAS 32) clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

The adoption of the amendments to IAS 32 had no significant impact on the Company.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

2. ACCOUNTING POLICIES - (CONTINUED)

Non-mandatory New Accounting Requirements not yet adopted

All non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

New Accounting Requirements not yet endorsed for use in the EU

IFRS 9, "Financial Instruments" (Replacement of IAS 39 — "Financial Instruments: Recognition and Measurement") – effective date 1st January 2018

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities and may be adopted to replace IAS 39.

IFRS 9 requires financial assets to be classified into two measurement categories: (i) those measured at fair value; and (ii) those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1 January 2018, but early adoption is permitted at any time. However, the standard has not yet been endorsed for use in the EU. The Company intends to adopt IFRS 9 no later than the mandatory effective date, provided that the standard has also been endorsed for use in the EU on such date. In the Directors' opinion, early adoption of IFRS 9 would have no material impact on the recognition, measurement or disclosures relating to its financial instruments.

Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a non-derivative financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets consist of available-for-sale, receivables and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

2. ACCOUNTING POLICIES - (CONTINUED)

Non-derivative financial assets - (continued)

Available-for-sale financial assets

Financial instruments designated as available-for-sale financial assets are initially recognised at fair value. Subsequent to initial recognition, they are re-measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in Other Comprehensive Income ("OCI") and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss up to the date of derecognition accumulated in equity is reclassified to profit or loss.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise call deposits held with banks.

Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include, but not limited to, default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

2. ACCOUNTING POLICIES - (CONTINUED)

Impairment - (continued)

Financial assets measured at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company considers evidence of impairment for trade and other receivables.

Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: capital notes and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Perpetual capital notes

The Directors have considered the characteristics of the capital notes, and the requirements of International Accounting Standard 32 'Financial Instruments: Presentation' ("IAS 32") and consider that the most appropriate classification of these securities is as debt.

The capital notes are recognised initially at the issue proceeds received less attributable cost. Subsequent to initial recognition, the capital notes are stated at amortised cost using the effective interest method.

In accordance with IAS 39 AG8, the Directors review as at each reporting date whether or not there has been any change in the projected cash flows payable on the capital notes in order to determine whether or not an adjustment to the carrying amount is required under the effective interest method. If such adjustment is required at any time, the carrying value of the capital notes will be adjusted to the net present value of projected future cash flows payable, discounted at the original projected internal rate of return on the capital notes (the "NPV"). As at the reporting date, no such change in projected cash flows had occurred since issue, with interest expected to continue to be paid under the capital notes in perpetuity.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

2. ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation

IFRS 13 "Fair Value Measurement" ("IFRS 13") defines a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the valuation date;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices), including inputs from markets that are not considered to be active; and

Level 3 – Inputs that are not based upon observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes observable requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional and presentation currency.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

2. ACCOUNTING POLICIES - (CONTINUED)

Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to functional currency at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign exchange differences arising on translation are recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Dividends

Dividends are recognised as a liability in the period in which these are declared.

Interest income on available-for-sale financial assets

Interest income on available-for-sale financial assets is accounted for on an accruals basis using the effective

Interest expense on capital notes

Interest expense on capital notes is accounted for on an accruals basis using the effective interest method.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Company and make decisions using financial information at the entity level only. Accordingly, the Directors believe that the Company has only one reportable operating segment.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day-to-day management of the business to other parties both internal and external to the Company, including the decisions to purchase and sell securities. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. Therefore the Directors retain full responsibility as to the major allocation decisions of the Company.

Employees

During the period, the Company did not have any employees (2013: Nil).

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

3. AVAILABLE-FOR SALE FINANCIAL ASSETS	<u>30th Jun 14</u>	<u>31st Dec 13</u>
Opening balance	278,457,813	220,500,000
Change in fair value	23,853,813	57,957,813
Closing balance	€ 302,311,626	€ 278,457,813

The available-for-sale financial assets consist of €306,250,000 Undated Securitised Commercial Certificate of Obligation issued by a related party, Raiffeisen Bank International AG ("RBI") and subscribed in full by the Company on issuance at par.

The certificate may be redeemed at the option of the borrower at interest payment date on or after 16th May 2016 at par in accordance with the conditions of issuance of the Securitised Commercial Certificate of Obligation. The claim of the Company shall be subordinated in accordance with Section 45 (4) of the Austrian Banking Act.

Interest is receivable from (and including) 16th May 2006 to (but excluding) 16th 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.

Interest is receivable as long as such interest shall be covered by the annual surplus of RBI (prior to change of reserves) as stated in the last annual accounts approved and accrues on a non-cumulative basis.

The Directors do not expect the Undated Securitised Commercial Certificates of Obligation issued to be redeemed in the foreseeable future and are accordingly presented as non-current assets.

4. TRADE AND OTHER RECEIVABLES	<u>30th Jun 14</u>	<u>31st Dec 13</u>
Accrued interest receivable	1,939,651	9,874,589
Prepayments	14,363	3,060
	€ 1,954,014	€ 9,877,649

The accrued interest receivable arose from the Securitised Commercial Certificates of Obligation (note 3).

5. CASH AND CASH EQUIVALENTS	<u>30th Jun 14</u>	<u>31st Dec 13</u>
Raiffeisen Bank International AG Call deposit	€ 133,945	€ 132,649

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

6. SHARE CAPITAL	<u>30th Jun 14</u>	<u>31st Dec 13</u>
Authorised, issued and fully paid up share capital		
2,000 Ordinary shares at EUR1 each	€ 2,000	€ 2,000

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.

7. PERPETUAL CAPITAL NOTES	<u>30th Jun 14</u>	<u>31st Dec 13</u>
Perpetual capital notes	€ 306,250,000	€ 306,250,000

Non-cumulative interest on the capital notes will accrue at the fixed interest rate of 5.169%, payable semi-annually in arrears on 16th May and 16th December each year until 16th May 2016. Subsequent to this date, interest on the capital notes will accrue at a floating interest rate equal to 1.95% per annum plus the Reference Rate, payable quarterly in arrears on 16th August, 16th November, 16th February and 16th May each year. The Reference Rate ("EURIBOR-11:00") is defined as the offered rate for three-month Euro deposits.

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

The capital notes are redeemable at the option of the Company, subject to law and to the prior consent of 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 16th 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 Company, 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 Company 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 Company or any other share or other security issued by the Company 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 shares or securities or capital notes, if any, of the Company ranking pari passu with the capital notes as regards participation in the assets of the Company.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

7. PERPETUAL CAPITAL NOTES - (CONTINUED)

Notwithstanding the availability of sufficient assets of the Company 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 Bank 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 Company for the purpose of proposing a special resolution to place the Company 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.

8. TRADE AND OTHER PAYABLES

	<u>30th Jun 14</u>	<u>31st Dec 13</u>
Accrued interest payable	1,934,785	9,849,817
Accruals	-	6,681
	<u>€ 1,934,785</u>	<u>€ 9,856,498</u>

9. TAXATION

Profits arising in the Company are subject to Jersey Income Tax, currently at the rate of 0% (2013: 0%).

10. ULTIMATE CONTROLLING PARTY

During 2013, 100% of the Company's shares were acquired by Raiffeisen Bank International AG ('RBI') from Raiffeisen Malta Bank plc. The Company's ultimate parent company is Raiffeisen-Landesbanken Holding GmbH, a company registered in Austria.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

11. RELATED PARTIES

Each of H.C. Grant, G.P. Essex-Cater and C.D. Ruark is a Director of Sanne Corporate Services Limited, a company which provides administration services to the Company at commercial rates.

C.D. Ruark is also a Director of Sanne Secretaries Limited, a company which provides secretarial services to the Company at commercial rates.

Fees incurred with Sanne Corporate Services Limited during the period in respect of administration and management fees are detailed on the face of Statement of Comprehensive Income. Amounts owed to Sanne Corporate Services Limited at the period end are disclosed in note 8 to the financial statements.

12. FINANCIAL INSTRUMENTS

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 for identifying and analysing the risks faced by the Company, for setting appropriate risk limits and controls, and for monitoring risks and adherence to limits.

The Company was set up to raise finance for the group (of which Raiffeisen Landesbanken-Holding GmbH is the ultimate parent). This was achieved by the issue of a financial instrument listed on the Amsterdam Stock Exchange, the proceeds of which were used to invest in a financial instrument issued by Raiffeisen Bank International AG ("RBI"). No other similar transactions were carried out by the Company and therefore the operations for the period 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.

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

- * market risk
- * credit risk
- * liquidity risk
- * operational risk

This note presents information about the Company's financial instruments and its exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk involved in their use, and the management of capital.

RZB FINANCE (JERSEY) III LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Fair values

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

	<u>30th Jun 14</u>		<u>31st Dec 13</u>	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Available-for-sale financial assets	302,311,626	302,311,626	278,457,813	278,457,813
Trade and other receivables	1,954,014	1,954,014	9,877,649	9,877,649
Cash and cash equivalents	133,945	133,945	132,649	132,649
	<u>€ 304,399,585</u>	<u>€ 304,399,585</u>	<u>€ 288,468,111</u>	<u>€ 288,468,111</u>
Financial liabilities:				
Perpetual capital notes	306,250,000	302,311,626	306,250,000	278,457,813
Trade and other payables	1,934,785	1,934,785	9,856,498	9,856,498
	<u>€ 308,184,785</u>	<u>€ 304,246,411</u>	<u>€ 316,106,498</u>	<u>€ 288,314,311</u>

There is no active market for the available-for-sale financial assets and accordingly there is no market price available to determine their fair value.

The Company has issued perpetual capital notes to highly sophisticated investors. The only material asset of the Company is the available-for-sale financial assets and there is no credit enhancement within the Company. The terms and conditions of the available-for-sale financial assets are exactly matched to that of the perpetual capital notes. In the opinion of the Directors, the Company is entirely transparent to the holders of the perpetual capital notes and therefore in the opinion of the Directors, upon redemption, the fair value of the available-for-sale financial assets would be approximately equal and opposite to the fair value of the perpetual capital notes.

The fair value of the perpetual capital notes was based on the quoted price on the Vienna Stock Exchange on 30th June 2014 at 98.714% (2013: 91.834%).

The fair values of the perpetual capital notes have been estimated for disclosure purposes only. The last traded price may be different to the theoretical valuation that would be generated for such securities through a model using the underlying characteristics of the security. Such differences may be significant. In addition, the value of the perpetual capital notes is limited to the net proceeds available from the Company.

In the opinion of the Directors there is no material difference between the carrying values of the Company's other financial assets and liabilities and their fair values.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Fair value hierarchy

30th June 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial asset	€ <u> -</u>	€ <u>302,311,626</u>	€ <u> -</u>	€ <u>302,311,626</u>
Financial liabilities:				
Perpetual capital notes	€ <u> -</u>	€ <u>302,311,626</u>	€ <u> -</u>	€ <u>302,311,626</u>

Fair value hierarchy - (continued)

31st December 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial asset	€ <u> -</u>	€ <u>278,457,813</u>	€ <u> -</u>	€ <u>278,457,813</u>
Financial liabilities:				
Perpetual capital notes	€ <u> -</u>	€ <u>278,457,813</u>	€ <u> -</u>	€ <u>278,457,813</u>

The capital notes are traded on the Vienna Stock Exchange and their quoted price thereon represents a reasonable estimate of their fair value. In the Director's opinion, the level of trading observed in the Vienna Stock Exchange constitutes an inactive market as defined by IFRS 13. Consequently, the fair value of the capital notes is classified within Level 2 of the fair value hierarchy.

As the fair value of the available-for-sale is derived from the fair value of the capital notes, the fair value of such is classified within Level 2 of the fair value hierarchy.

There were no transfers into or out of Level 3 fair value measurements during the period or in the prior year.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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 (notwithstanding the interest margin) of the principal financial asset and liability, the net exposure of the Company to market risk is also considered to be minimal.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Market risk - (continued)

Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates.

Interest incurred on the financial liability is on a fixed rate basis whilst the amount receivable from the available-for-sale financial asset to Raiffeisen Bank International AG ("RBI") yields a fixed margin over this rate by 1.3 basis points, in order to cover administration expenses of the Company. For this reason, and the fact any change in interest rates is not likely to have material impact on the fair value of the available-for-sale financial assets, a change in interest rates would therefore have no net impact on the Company's results and equity. The holders of the Capital Notes ultimately bear the interest rate risk.

The interest rate on the financial asset is fixed until 15th May 2016, following which the interest rate will become floating at a fixed percentage over EURIBOR. The 1.3 basis points margin remains unchanged.

Currency risk

Currency risk is risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on certain administrative expenses, which are mainly denominated in Pound Sterling (GBP). All other transactions are undertaken in Euro.

The Company accepts this risk and, accordingly, does not hedge against it. A 10 percent weakening or strengthening of the Euro against the Pound Sterling would have an insignificant effect on the results and equity of the Company.

As the capital notes are denominated in the same currency as the available-for-sale financial assets, the Directors believe that the holders of the capital notes are not exposed to currency risk.

Other price risk

In the opinion of the Directors, there are no other price risks that could reasonably be foreseen to affect the fair values of the Company's financial instruments.

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.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Credit risk - (continued)

Available-for-sale financial assets

The Company's main financial assets consist of an Undated Securitised Commercial Certificate of Obligation (the "Certificates") (see note 3) issued by RBI, formerly Raiffeisen Zentralbank Osterreich AG, and its corresponding interest receivable at period-end (see note 4). The Company's revenue derives mainly from this financial asset.

On 16th May 2006, the Company entered into an agreement with RBI (the "Support Agreement") whereby RBI agrees to make available to the Company funds sufficient to enable it to meet its obligations should it have insufficient funds. In evaluating the Company's risk exposure, the Directors have considered the current economic conditions which raise concerns over the liquidity and solvency of certain Eurozone countries and their banking systems. Although there are no indications that RBI, as a European bank, will be unable to meet its obligations to the Company on maturity of the Undated Securitised Commercial Certificate of Obligations, the broader uncertainty in the market characterised by significant declines in the values of equity and debt securities, the collapse of major financial institutions and continued intervention programs by national and European bodies could adversely affect the Company's risk exposure. However, given the limited recourse nature of the Company, the Directors believe that there is no net material credit and counterparty risk to the Company and all credit and counterparty risks in relation to both interest and principal repayments of the Certificates are ultimately borne by the holders of the capital notes.

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

No triggers of impairment were identified on the available-for-sale financial asset, with interest continuing to be received in accordance with the terms of the financial asset. RBI has a long term credit rating of A negative outlook from Standard & Poor's. Given this rating, the Board does not expect the counterparty to fail to meet its obligations. At the period end, the Company did not have any passed due or impaired receivables.

The Company's maximum exposure to credit risk is equal to the amount of assets shown in the statement of financial position.

Guarantees

The Company does not provide any financial guarantees.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The Company's main financial liability consists of the capital notes that have a maturity date concurrent to that of the main financial asset due to their matching terms.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Liquidity risk - (continued)

The Company's capital notes are classified as a financial liability because they bear non-discretionary interest and are redeemable in cash by the holders. Non-discretionary interest is recognised as interest expense in the statement of comprehensive income as accrued.

The most significant cash outflow consists of the payment of interest expense on the perpetual capital notes. The timing of its cash outflows falls due on the same dates of the cash inflows from the available-for-sale financial asset.

Furthermore, other liabilities, which are payable within one year, are not significant. The Board considers its available cash resources as enough to meet other cash outflows which mainly consist of administrative expenses. Therefore, due to the nature of the Company's operations, the Board considers the net liquidity risk faced by the Company as minimal.

The Directors therefore do not consider that the Company is exposed to significant net liquidity risk. Liquidity risk is ultimately borne by the holders of the capital notes.

Contractual maturity analysis of capital notes

The expected maturity profile of the Company's financial liabilities is presented in the table below. The amounts disclosed are the contractual undiscounted cash flows:

Capital Notes	<u>30th Jun 14</u>	<u>31st Dec 13</u>
In more than 5 years	€ 306,250,000	€ 306,250,000

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 market, credit 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. The Board manages the operational risk of the Company through regular Board meetings and monitoring of compliance with the Offering Circular.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2014 TO 30TH JUNE 2014

13. OPERATING SEGMENTS

Geographical information

The Company is domiciled in Jersey, Channel Islands. All of the Company's revenues are generated from its available-for-sale financial asset with an entity based in Austria.

Non-current assets

Except for the available-for-sale financial assets, the Company does not have any other non-current assets.

Major investment counterparty

All of the Company's revenues are derived from one entity, RBI.

14. 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 level of net interest income was established on incorporation of the Company, there is little need 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 Bank International AG 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 period.

The Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENTS

In the opinion of the Directors, there are no significant events subsequent to the period end that are deemed necessary to be adjusted or disclosed in the financial statements.