

**BAWAG Capital Finance
(Jersey) II Limited**

**Unaudited Interim
Financial Statements**

30 June 2011

BAWAG Capital Finance (Jersey) II Limited

Contents

	<i>Page</i>
Directors, officers and other information	<i>1</i>
Interim Management Report	<i>2</i>
Statement of Persons Responsible Within the Issuer	<i>3</i>
Profit and loss account	<i>4</i>
Balance sheet	<i>5</i>
Notes to the financial statements	<i>6 - 9</i>

BAWAG Capital Finance (Jersey) II Limited

Directors, officers and other information

<i>Directors</i>	Chris Ruark Edward Grech Gareth Essex-Cater Helen Grant
<i>Secretary:</i>	State Street Secretaries (Jersey) Limited
<i>Registered office:</i>	22 Grenville Street St Helier Jersey
<i>Country of incorporation:</i>	Jersey
<i>Company registration number:</i>	83188
<i>Auditor:</i>	Deloitte LLP P.O. Box 403 Lord Coutanche House 66-68 Esplanade, St. Helier Jersey Channel Islands
<i>Bankers:</i>	BAWAG P.S.K. Bank Fuer Arbeit Und Wirtschaft und Osterreichische Postsparkasse AG Georg-Coch-Platz 2 A-1018 Vienna Austria The Royal Bank of Scotland International Royal Bank House 71 Bath Street St. Helier Jersey
<i>Legal advisers:</i>	Mourant Ozannes P.O. Box 87 22 Grenville Street St. Helier Jersey Channel Islands

BAWAG Capital Finance (Jersey) II Limited

Interim Management Report

For the Period ended 30 June 2011

The directors present their report and the unaudited financial statements of BAWAG Capital Finance (Jersey) II Limited ('the Company') for the period ended 30 June 2011.

Principal activity

The principal activity of the Company is the provision of financing to group companies.

Performance review


The unaudited profit for the period amounted to €6,833. As at 30 June 2011, the unaudited net assets of the Company stood at €61,504 (31.12.2010: €54,671). The Company has performed in line with expectations and no material events occurred during the period to 30 June 2011 other than the expected activities of the Company.

With regards to the principal risks and uncertainties for the remaining six months we would like to refer to the notes of the financial statements on pages 6 to 9.

Directors

The directors who served during the period were those stated on page 1.

For and on behalf of the Board of Directors



Director

Date: 25 July 2011


BAWAG Capital Finance (Jersey) II Limited

Statement of Persons Responsible with the Issuer

Period ended 30 June 2011

We confirm to the best of our knowledge that the condensed set of financial statements for the period to 30 June 2011 give a true and fair view of assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards and 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 of 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 on behalf of the Board of Directors



Director
Date: 25 July 2011

BAWAG Capital Finance (Jersey) II Limited

Income statement

Period ended 30 June 2011

		30.06.2011	31.12.2010
	<i>Notes</i>	EUR	EUR
Interest income	2	5,429,091	10,855,393
Interest expense	3	(5,400,000)	(10,800,000)
		-----	-----
Net interest income		29,091	55,393
Administrative expenses		(22,258)	(38,135)
		-----	-----
Profit for the period		6,833	17,258
		=====	=====

The notes on pages 6 to 9 form an integral part of these financial statements.

BAWAG Capital Finance (Jersey) II Limited

Balance sheet

30 June 2011

	<i>Notes</i>	30.06.2011 EUR	31.12.2010 EUR
ASSETS AND LIABILITIES			
Non-current assets			
Loans and receivables	4	150,000,000	150,000,000
Current assets			
Trade and other receivables	5	101,484	98,102
Cash and cash equivalents	6	1,041,162	982,357
		1,142,646	1,080,459
Total assets		151,142,646	151,080,459
Current liabilities			
Trade and other payables	7	1,077,542	1,022,188
Amounts owed to related parties	8	3,600	3,600
		1,081,142	1,025,788
Non-current liabilities			
Other financial liabilities	8	150,000,000	150,000,000
Total liabilities		151,081,142	151,025,788
Net assets		61,504	54,671
EQUITY			
Share capital	9	100	100
Retained earnings		61,404	54,571
Total equity		61,504	54,671

The unaudited interim financial statements were approved by the Board of Directors on 25 July 2011 and signed on its behalf by:

Director

Date: 25 July 2011

The notes on pages 6 to 9 form an integral part of these financial statements.

BAWAG Capital Finance (Jersey) II Limited

Notes to the financial statements

30 June 2011

1. Basis of preparation and accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The significant accounting policies adopted in these financial statements are similar to the accounting policies adopted in the preparation of the Yr 2010 financial statements.

2. Interest income

	30.06.2011 EUR	31.12.2010 EUR
Interest income on subordinated loan notes	5,426,250	10,852,500
Interest income on bank deposits	2,841	2,893
	<u>5,429,091</u>	<u>10,855,393</u>

3. Interest expense

	30.06.2011 EUR	31.12.2010 EUR
Finance costs on preference shares	5,400,000	10,800,000
Amortisation of discount	0	0
	<u>5,400,000</u>	<u>10,800,000</u>

4. Financial assets

Loans and receivables

	30.06.2011 EUR	31.12.2010 EUR
Amortised cost	<u>150,000,000</u>	<u>150,000,000</u>

The loan represents an advance to a group company and falls due after one year. The loan advanced represents subordinated extendible cumulative fixed/floating rate notes due in 2030, of a principal amount of €150 million. The notes are in registered form and in denominations of €1,000. The notes bear interest from and including 27 June 2002 to but excluding 27 June 2030 at the rate of 7.235% per annum payable quarterly in arrears 27 March, 27 June, 27 September and 27 December.

BAWAG Capital Finance (Jersey) II Limited

Notes to the financial statements

30 June 2011

5. Trade and other receivables

	30.06.2011 EUR	31.12.2010 EUR
Interest receivable on subordinated loan notes	90,438	90,438
Interest receivable on bank deposits	142	0
Prepayments	10,904	7,664
	<u>101,484</u>	<u>98,102</u>

6. Cash and cash equivalents

	30.06.2011 EUR	31.12.2010 EUR
Cash at bank	<u>1,041,162</u>	<u>982,357</u>

7. Trade and other payables

	30.06.2011 EUR	31.12.2010 EUR
Interest payable on preference shares	1,073,438	1,017,188
Accrued expenses	4,104	5,000
	<u>1,077,542</u>	<u>1,022,188</u>

8. Other financial liabilities

	30.06.2011 EUR	31.12.2010 EUR
Amounts owed to related parties	3,600	3,600
Redeemable preference shares	150,000,000	150,000,000
	<u>150,003,600</u>	<u>150,003,600</u>

The Preference Shares are preferred, perpetual non-cumulative, non-voting fixed rate shares (the 'Preference Shares'). The Preference Shares are subject to non-cumulative preferential cash dividends at a rate of 7.125% per annum from 27 June 2002. The dividends are payable quarterly in arrears on 27 September, 27 December, 27 March and 27 June in each year. The Preference Shares are redeemable at the option of the Company, subject to the prior consent of BAWAG P.S.K. Bank Fuer Arbeit Und Wirtschaft Und Osterreichische Postsparkasse Aktiengesellschaft, in whole but not in part, at €25 per preference share plus accrued and unpaid dividends for the then current dividend period on the optional redemption date or any dividend date falling thereafter. The holders of the Preference Shares have the benefit of a support agreement entered into between the Company and the ultimate parent company.

The Preference Shares are listed on the Frankfurt Stock Exchange and the Euronext Amsterdam Exchange.

BAWAG Capital Finance (Jersey) II Limited

Notes to the financial statements

30 June 2011

9 Share capital

	2011 and 2010	
	Authorised	Issued and
	EUR	called up
		EUR
35,000,000 ordinary shares of <i>Eur1</i> each (of which 100 have been issued and called up)	35,000,000	100

10. Related party disclosures

The parent and ultimate parent companies of the Company are BAWAG Finance Malta Limited and BAWAG P.S.K. Bank Fuer Arbeit Und Wirtschaft und Osterreichische Postsparkasse AG respectively, which are resident in Malta and Austria respectively.

During the course of the year, the Company entered into transactions with its parent and ultimate parent companies as set out below.

	30.06.2011	31.12.2010
	EUR	EUR
Interest income	5,428,994	10,855,308
Administrative expenses	(7,301)	(14,633)

G.P. Essex-Cater was a shareholder of Mourant Limited. Until 1st April 2010, each of G.P. Essex-Cater, C.D. Ruark and H.C. Grant was an employee 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, C.D. Ruark and H.C. Grant is now an employee of a subsidiary of SSC, affiliates of which provide ongoing administrative services to the Company at commercial rates.

Affiliates of State Street (Jersey) Limited provide ongoing administrative services to the Company at commercial rates. During the period ended 30 June 2011 the company was charged EUR12,171 (2010: EUR15,826) by State Street (Jersey) Limited.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

BAWAG Capital Finance (Jersey) II Limited

Notes to the financial statements

30 June 2011

11 Financial risk management

The exposures to risk and the way risks arise, together with the Company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Credit risk

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of receivables, investments and cash at bank.

The Company assesses the credit quality of its related parties by taking into account their financial standing, past experience and other factors.

Cash at bank is placed with reliable financial institutions.

Currency risk

Foreign currency transactions arise when the Company avails or provides services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. The Company is not exposed to foreign currency exchange rate risk, as both the financial asset and financial liability are denominated in Euros.

Interest rate risk

The terms of the notes and the Preference Shares are such that the income from the notes matches, or exceeds the dividends payable on the Preference Shares. The Company is not therefore exposed to interest rate risk.

Liquidity risk

The Company monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments associated with financial instruments and by maintaining adequate banking facilities.

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of Preference Shares disclosed in note 8 and loans to the parent undertaking as disclosed in note 4.

The Company's directors manage the Company's capital structure and review it on an ongoing basis through the payments of dividends, redemptions and new share issues.