

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

**Unaudited Interim
Financial Statements**

30 June 2012

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 Directors' Responsibilities	<i>3</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 Interim Financial statements	<i>6 - 10</i>

BAWAG Capital Finance (Jersey) II Limited

Directors, Officers and Other Information

<i>Directors</i>	Gareth Essex-Cater Helen Grant Edward Grech Francois Chesnay (appointed 23 August 2012) Chris Ruark (resigned on 23 August 2012)
<i>Secretary:</i>	State Street (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. BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft 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 2012

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 2012.

Principal activity

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

Performance review

The unaudited loss for the period amounted to EUR 30,617. The loss has resulted from reduced net interest-bearing assets and increased professional and other administrative costs following the buy-back transaction concluded in March 2012. Further details on the buy-back transaction are given below.

As at 30 June 2012, the unaudited net assets of the Company stood at EUR 43,534 (31.12.2011: EUR 74,151). The reduction in net assets is mainly due to the buy-back transaction. The Company has performed in line with expectations and other than the buy-back transaction as disclosed below, there were no material events occurring during the period to 30 June 2012 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.

Buy-back transaction

The ultimate parent company BAWAG P.S.K. announced on 20 February 2012 a public offer to tender for the purchase of the outstanding preference shares in the amount of EUR 150 million issued by the Company. On 6 March 2012, BAWAG P.S.K. purchased preference shares at a face value of EUR 66.6 million from the holders of the preference shares.

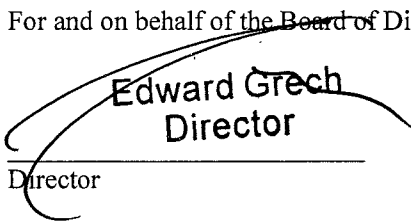
On 27 March 2012, the ultimate parent company sold the preference shares to the Company in exchange for subordinated notes held by the Company as disclosed in Note 4 of the interim financial statements. On this date, the nominal amount of the subordinated notes was reduced by EUR 66.6 million in settlement of the re-purchase of the equivalent amount of preference shares from BAWAG P.S.K. Immediately after this transaction had taken place, the aggregate nominal value of the remaining preference shares in issue was EUR 83.4 million.

The above buy-back transaction was approved by the Austrian Financial Market Authority.

Directors

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

For and on behalf of the Board of Directors


Edward Grech
Director

Date: 29 August 2012

BAWAG Capital Finance (Jersey) II Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of Persons Responsible with the Issuer

With regard to SI 277/207 Transparency (Directive 2004/109/EC) Regulation 2007 of the European Union (the "EU Transparency Directive"), the Directors of the Company whose names appear on page 1 confirm to the best of their knowledge that the condensed set of Financial Statements for the period ended 30 June 2012 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 under review and their impact on the Financial Statements. The principal risks and uncertainties faced by the Company are disclosed in Note 11 of these financial statements.

For and on behalf of the Board of Directors



Edward Grech
Director

Director

Date: 29 August 2012

BAWAG Capital Finance (Jersey) II Limited

Profit and Loss Account

Period ended 30 June 2012

		30.06.2012	31.12.2011
	<i>Notes</i>	EUR	EUR
Interest income	2	4,185,636	10,862,131
Interest expense	3	(4,173,748)	(10,800,000)
		-----	-----
Net interest income		11,888	62,131
Administrative expenses		(42,505)	(42,651)
		-----	-----
(Loss)/profit for the year		(30,617)	19,480
		=====	=====

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

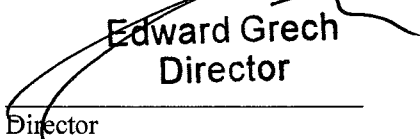
BAWAG Capital Finance (Jersey) II Limited

Balance Sheet

30 June 2012

	<i>Notes</i>	30.06.2012 EUR	31.12.2011 EUR
ASSETS AND LIABILITIES			
Non-current assets			
Loans and receivables	4	83,379,000	150,000,000
Current assets			
Trade and other receivables	5	51,386	98,218
Cash and cash equivalents	6	1,154,358	1,118,705
		1,205,744	1,216,923
Total assets		84,584,744	151,216,923
Current liabilities			
Trade and other payables	7	1,158,610	1,139,172
Amounts owed to related parties	8	4,100	3,600
		1,162,710	1,142,772
Non-current liabilities			
Other financial liabilities	8	83,378,500	150,000,000
Total liabilities		84,541,210	151,142,772
Net assets		43,534	74,151
EQUITY			
Share capital	9	100	100
Retained earnings		43,434	74,051
Total equity		43,534	74,151

The unaudited interim financial statements were approved by the Board of Directors on 29 August 2012 and signed on its behalf by:


Edward Grech
 Director

Date: 29 August 2012

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

BAWAG Capital Finance (Jersey) II Limited

Notes to the Interim Financial Statements

30 June 2012

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 2011 audited financial statements.

2. Interest income

	30.06.2012 EUR	31.12.2011 EUR
Interest income on subordinated loan notes	4,181,075	10,852,500
Interest income on bank deposits	4,561	9,631
	<u>4,185,636</u>	<u>10,862,131</u>

3. Interest expense

	30.06.2012 EUR	31.12.2011 EUR
Finance costs on preference shares	<u>4,173,748</u>	<u>10,800,000</u>

4. Financial assets

Loans and receivables

	30.06.2012 EUR	31.12.2011 EUR
Amortised cost	<u>83,379,000</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 EUR 150 million. The notes are in registered form and in denominations of EUR 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.

On 27 March 2012, the loan was reduced by a principal amount of EUR 66,621,000 in settlement of the re-purchase of the equivalent nominal amount of preference shares from BAWAG P.S.K. as disclosed in Note 8. Further information of the buy-back transaction is disclosed in the Interim Management Report.

BAWAG Capital Finance (Jersey) II Limited

Notes to the Interim Financial Statements

30 June 2012

5. Trade and other receivables

	30.06.2012 EUR	31.12.2011 EUR
Interest receivable on subordinated loan notes	50,271	90,438
Interest receivable on bank deposits	49	137
Prepayments	1,066	7,643
	<u>51,386</u>	<u>98,218</u>

6. Cash and cash equivalents

	30.06.2012 EUR	31.12.2011 EUR
Cash at bank	<u>1,154,358</u>	<u>1,118,705</u>

7. Trade and other payables

	30.06.2012 EUR	31.12.2011 EUR
Interest payable on preference shares	1,146,381	1,129,688
Accrued expenses	12,229	9,484
	<u>1,158,610</u>	<u>1,139,172</u>

8. Other financial liabilities

	30.06.2012 EUR	31.12.2011 EUR
Amounts owed to related parties	4,100	3,600
Redeemable preference shares	83,378,500	150,000,000
	<u>83,382,600</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.

BAWAG Capital Finance (Jersey) II Limited

Notes to the Interim Financial Statements

30 June 2012

8. Other Financial Liabilities (continued)

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 EUR 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.

On 27 March 2012, the nominal amount of EUR 66,621,500 of the preference shares was cancelled following the conclusion of the buy-back transaction as disclosed in the Interim Management Report.

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

9. Share capital

	2012 and 2011 Authorised EUR	Issued and called up EUR
35,000,000 ordinary shares of <i>Eur1</i> each (of which 100 have been issued and called up)	<u>35,000,000</u>	<u>100</u>

10. Related party disclosures

The parent and ultimate parent companies of BAWAG Capital Finance (Jersey) II Limited are BAWAG Finance Malta Limited and BAWAG PSK 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.

	30.06.2012 EUR	31.12.2011 EUR
Interest income	<u>4,185,613</u>	<u>10,861,961</u>
Administrative expenses	<u>(7,298)</u>	<u>(14,602)</u>

Each of C.Ruark, H.C. Grant, G.P. Essex-Cater and F.X.A. Chesnay is/was an employee of a subsidiary of State Street Corporation ("SSC"). As at reporting date, C.Ruark and G.P. Essex-Cater were also shareholders of an affiliate of SSC. Affiliates of SSC provide ongoing administrative services to the Company at commercial rates.

BAWAG Capital Finance (Jersey) II Limited

Notes to the Interim Financial Statements

30 June 2012

10. Related party disclosures (continued)

Affiliates of State Street (Jersey) Limited provide ongoing administrative services to the Company at commercial rates. During the period ended 30 June 2012 the company was charged EUR20,904 (2011: EUR12,171) by State Street (Jersey) Limited.

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

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.

BAWAG Capital Finance (Jersey) II Limited

Notes to the Interim Financial Statements

30 June 2012

11. Financial risk management (continued)

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.