BA-CA Finance (Cayman) (2) Limited

Financial Statements

for the year ended December 31, 2006
and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of
BA-CA Finance (Cayman) (2) Limited

We have audited the accompanying financial statements of BA-CA Finance (Cayman) (2) Limited, which comprise the statement of financial condition as of December 31, 2006, and the related statements of operations and retained earnings and of cash flows for the year then ended (all expressed in Euro) and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provides a basis for our audit opinion.

Deloitte.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of BA-CA Finance (Cayman) (2) Limited, as of December 31, 2006, and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Deloitte & Touche

February 15, 2007

BA-CA FINANCE (CAYMAN) (2) LIMITED
Statement of Financial Condition

December 31, 2006
(expressed in Euro)

	2006	2005
ASSETS		
Subordinated deposit (Notes 3 and 6)	**€ 147,000,000**	€ 147,000,000
Interest receivable	**5,010,023**	10,030,913
Cash (Note 5)	**276,111**	6,484
	€ 152,286,134	€ 157,037,397
LIABILITIES		
Hybrid subordinated securities (net of unamortised transaction costs of €2,565,198 (2005: €2,880,025) (Notes 4 and 6)	**€ 147,434,802**	€ 147,119,975
Interest payable	**4,672,088**	9,659,380
Other liabilities (Note 5)	**5,350**	175,462
	152,112,240	156,954,817
SHAREHOLDER'S EQUITY		
Ordinary shares € 1 par value 15,000 shares authorised and outstanding	**15,000**	15,000
Retained earnings	**158,894**	67,580
	173,894	82,580
	€ 152,286,134	€ 157,037,397

Approved by the Board:

James O'Neill Director

See notes to financial statements

BA-CA FINANCE (CAYMAN) (2) LIMITED
Statement of Operations and Retained Earnings
for the year ended December 31, 2006
(expressed in Euro)

	2006	2005 (Note 7)
INCOME		
Interest income (Notes 3 and 5)	**€ 7,639,485**	€ 10,030,913
EXPENSES		
Interest expense (Note 4)	**7,518,965**	9,928,082
Administrative expenses (Note 5)	**29,206**	35,251
	7,548,171	9,963,333
NET INCOME	**91,314**	67,580
RETAINED EARNINGS, BEGINNING OF YEAR/PERIOD	**67,580**	-
RETAINED EARNINGS, END OF YEAR/PERIOD	**€ 158,894**	€ 67,580

See notes to financial statements

BA-CA FINANCE (CAYMAN) (2) LIMITED
Statement of Cash Flows
for the year ended December 31, 2006
(expressed in Euro)

	2006	2005 (Note 7)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income	**€ 91,314**	€ 67,580
Adjustment for item not affecting cash:		
Amortisation of transaction costs relating to the issuance of hybrid subordinated securities	**314,827**	268,702
Changes in operating assets and liabilities:		
Interest receivable	**5,020,890**	(10,030,913)
Interest payable	**(4,987,292)**	9,659,380
Other liabilities	**(170,112)**	175,462
	269,627	140,211
INVESTING ACTIVITIES		
Subordinated deposit with Parent	**-**	(147,000,000)
FINANCING ACTIVITIES		
Proceeds from issuance of Ordinary Shares	**-**	15,000
Net proceeds from issuance of hybrid subordinated securities	**-**	146,851,273
	-	146,866,273
CHANGE IN CASH	**269,627**	6,484
CASH, BEGINNING OF YEAR/PERIOD	**6,484**	-
CASH, END OF YEAR/PERIOD	**€ 276,111**	€ 6,484

See notes to financial statements

1. THE COMPANY AND ITS PRINCIPAL ACTIVITY

BA-CA Finance (Cayman) (2) Limited (the "Company") is a wholly owned subsidiary of Bank Austria Cayman Islands Ltd. (the "Parent") and an indirect wholly-owned subsidiary of Bank Austria Creditanstalt AG.

The Company was incorporated in the Cayman Islands on January 27, 2005 for an unlimited duration and with limited liability under the Companies Law of the Cayman Islands. By written resolution dated February 1, 2005, the Company changed its name from BA-CA Finance (Cayman) II Limited to BA-CA Finance (Cayman) (2) Limited.

The Company was established to issue hybrid subordinated securities. The proceeds of these securities were advanced to the Parent and are used for general corporate purposes of Bank Austria Creditanstalt AG, its subsidiaries and affiliates.

The Company has received an undertaking from the Cayman Islands Government exempting it from all local income, profits, and capital gains taxes until March 1, 2025. No such taxes are levied in the Cayman Islands at the present time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards and reflect the following policies:

Subordinated deposit

The deposit consists of amounts held with the Parent.

Hybrid subordinated securities

Hybrid subordinated securities have been classified by the Company as a liability in accordance with International Accounting Standard #32, *Financial Instruments: Disclosure and Presentation* ("IAS 32"). In the event of the winding-up of the Company, holders at the time will be entitled to receive the nominal value of each security plus accrued and unpaid dividends, but will have no right or claim to any of the remaining assets of the Company. Dividend payments made to holders of the securities are classified as interest expense on the statement of operations and retained earnings.

The securities are initially recognised at nominal value less transaction costs, and the transaction costs are amortised over ten years (the estimated life of the securities). The amortisation of the transaction costs is included in interest expense.

Interest income and expense

Interest income and expense are recorded on an accrual basis.

3. SUBORDINATED DEPOSIT

The Company deposited an amount of €147,000,000 with the Parent. The deposit, together with any accrued interest and costs and expenses in connection therewith, are subordinated to the claims of all the creditors of the Parent, but are senior to the claims of the holders of the ordinary shares of the Parent.

The deposit bore interest at 7.95% until March 22, 2006; thereafter such deposit bears interest at a variable rate as stipulated in the subordinated deposit agreement (the "Deposit Agreement") dated February 18, 2005.

The deposit is repayable solely at the option of the Parent, subject to the terms of the Deposit Agreement.

4. HYBRID SUBORDINATED SECURITIES

On February 22, 2005 the Company issued 150,000 Perpetual Non-Cumulative Non-Voting Fixed/Floating Rate Preferred Securities at € 1,000 each.

These securities are redeemable at the option of the Company, subject to the prior consent of Bank Austria Creditanstalt AG.

The hybrid subordinated securities entitle holders to receive non-cumulative preferential cash dividends subject to certain limitations identified in the offering circular dated February 18, 2005.

For the period from (and including) February 22, 2005 to (but excluding) March 22, 2006, the preferential cash dividends were calculated at a rate of 7.5% per annum; after March 21, 2006, the preferential cash dividends were calculated at a variable rate as stipulated in the offering circular dated February 18, 2005. Dividends are payable annually in arrear with the first payment having been made as scheduled on March 22, 2006.

These securities were issued with the benefit of a support agreement entered into with Bank Austria Creditanstalt AG. Should the Company have insufficient funds to enable it to meet in full all of its obligations under or in respect of these securities, Bank Austria Creditanstalt AG will make available to the Company sufficient funds to enable it to meet its payment obligations.

5. RELATED PARTY TRANSACTIONS

Interest income is comprised of interest earned on the subordinated deposit held with the Parent. The Company had cash on deposit with the Parent in the amount of €276,111 and €6,484 at December 31, 2006 and 2005, respectively.

The Company paid administrative fees of €15,000 and €12,747 in 2006 and 2005, respectively, to the Parent. These amounts are included in administrative expenses.

Included in other liabilities is a balance of €nil and €162,747 that was due to the Parent at December 31, 2006 and 2005, respectively, for costs incurred by the Parent on the Company's behalf in connection with the issuance of the hybrid subordinated securities and for certain administrative functions.

(expressed in Euro) (continued)

6. ADDITIONAL DISCLOSURES

The following disclosures represent the Company's best estimate of the fair value of financial instruments determined on a basis consistent with the requirements of IAS 32 *Financial Instruments: Disclosure and Presentation.* The fair value of exchange-traded securities is based on current market quotations. The carrying and fair values of certain financial instruments as of December 31, 2006 are summarised as follows:

	Carrying value	Fair value
Assets:		
Subordinated deposit	€ 147,000,000	€ 121,889,471
Liabilities:		
Hybrid subordinated securities	147,434,802	122,250,000

The fair values for the subordinated deposit and the hybrid subordinated securities as at December 31, 2005 were not obtainable as there was no readily available market data. Any change in the fair value of the hybrid subordinated securities would be expected to be offset by a similar change in the fair value of the subordinated deposit.

The fair value of financial instruments that are short-term in nature or re-priced frequently and have a history of negligible credit losses is considered to approximate their carrying value. Those instruments include balances recorded in the following captions:

Assets	Liabilities
Interest receivable	Interest payable
Cash	Other liabilities

Credit risk arises from the chance of counterparties defaulting on their contractual obligations. The risk of credit losses is mitigated as the amounts due from counterparties are primarily intercompany transactions.

Market risk is the potential loss the Company may incur as a result of changes in the market prices of a particular instrument, whether these changes are caused by factors specific to the instrument or its issuer or factors affecting all securities traded in the market.

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

7. COMPARATIVE FIGURES

The comparative figures are for the period from January 27, 2005 (date of incorporation) to December 31, 2005.