

***BA-CA Finance (Cayman)
Limited***

Financial Statements

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of BA-CA Finance (Cayman) 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 provide a basis for our audit opinion.



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

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of BA-CA Finance (Cayman) Limited, as of December 31, 2006, 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) LIMITED

Statement of Financial Condition

December 31, 2006

(expressed in Euro)

	<u>2006</u>	<u>2005</u>
ASSETS		
Subordinated deposit (Notes 3 and 6)	€ 245,000,000	€ 245,000,000
Interest receivable	1,975,767	1,691,813
Cash (Note 5)	<u>1,271,543</u>	<u>559,562</u>
	<u>€ 248,247,310</u>	<u>€ 247,251,375</u>
LIABILITIES		
Hybrid subordinated securities (net of unamortised transaction costs of €4,023,430 (2005: €4,540,884) (Notes 4 and 6)	€ 245,976,570	€ 245,459,116
Interest payable	1,842,375	1,558,375
Other liabilities (Note 5)	<u>5,348</u>	<u>12,991</u>
	<u>247,824,293</u>	<u>247,030,482</u>
SHAREHOLDER'S EQUITY		
Ordinary shares, € 1 par value 15,000 shares authorised and outstanding	15,000	15,000
Retained earnings	<u>408,017</u>	<u>205,893</u>
	<u>423,017</u>	<u>220,893</u>
	<u>€ 248,247,310</u>	<u>€ 247,251,375</u>

Approved by the Board:

James O'Neill Director

See notes to financial statements

BA-CA FINANCE (CAYMAN) LIMITED

Statement of Operations and Retained Earnings

for the year ended December 31, 2006
(expressed in Euro)

	<u>2006</u>	<u>2005</u>
INCOME		
Interest income (Notes 3 and 5)	<u>€ 10,882,556</u>	<u>€ 14,688,451</u>
EXPENSES		
Interest expense (Note 4)	<u>10,637,704</u>	14,454,559
Administrative expenses (Note 5)	<u>42,728</u>	<u>63,553</u>
	<u>10,680,432</u>	<u>14,518,112</u>
NET INCOME	<u>202,124</u>	170,339
RETAINED EARNINGS, BEGINNING OF YEAR	<u>205,893</u>	<u>35,554</u>
RETAINED EARNINGS, END OF YEAR	<u>€ 408,017</u>	<u>€ 205,893</u>

BA-CA FINANCE (CAYMAN) LIMITED

Statement of Cash Flows

for the year ended December 31, 2006

(expressed in Euro)

	<u>2006</u>	<u>2005</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income	€ 202,124	€ 170,339
Adjustment for item not affecting cash:		
Amortisation of transaction costs relating to the issuance of hybrid subordinated securities	517,454	517,454
Changes in operating assets and liabilities:		
Interest receivable	(283,954)	1,065,050
Interest payable	284,000	(1,066,625)
Other liabilities	<u>(7,643)</u>	<u>(141,656)</u>
CHANGE IN CASH	711,981	544,562
CASH, BEGINNING OF YEAR	<u>559,562</u>	<u>15,000</u>
CASH, END OF YEAR	<u>€ 1,271,543</u>	<u>€ 559,562</u>

BA-CA FINANCE (CAYMAN) LIMITED

Notes to Financial Statements

for the year ended December 31, 2006

(expressed in Euro)

1. THE COMPANY AND ITS PRINCIPAL ACTIVITY

BA-CA Finance (Cayman) 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 September 23, 2004 for an unlimited duration and with limited liability under the Companies Law of the Cayman Islands. By written resolution dated September 30, 2004, the Company changed its name from BA Tier I Capital Ltd. to BA-CA Finance (Cayman) 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 October 12, 2024. 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 cash 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.

BA-CA FINANCE (CAYMAN) LIMITED

Notes to Financial Statements

for the year ended December 31, 2006

(expressed in Euro)

(continued)

3. SUBORDINATED DEPOSIT

The Company deposited an amount of €245,000,000 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 bears interest at a variable rate as stipulated in the subordinated deposit agreement (the "Deposit Agreement") dated October 25, 2004.

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

4. HYBRID SUBORDINATED SECURITIES

On October 28, 2004 the Company issued 250,000 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 October 25, 2004.

For the period from (and including) October 28, 2004 to October 28, 2005, the preferential cash dividends were calculated at a rate of 6% per annum; after October 28, 2005, the preferential cash dividends were calculated at a variable rate as stipulated in the offering circular dated October 25, 2004. The dividends are payable semi-annually in arrear with the first payment having been made as scheduled on April 28, 2005.

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 €1,271,543 and € 559,562 at December 31, 2006 and 2005, respectively.

The Company paid administrative fees of €25,000 in each of 2006 and 2005 to the Parent. These amounts are included in administrative expenses.

Included in other liabilities are balances of €nil and €278 due to the Parent at December 31, 2006 and 2005, respectively, for costs incurred by the Parent on the Company's behalf for certain administrative functions.

BA-CA FINANCE (CAYMAN) LIMITED

Notes to Financial Statements

for the year ended December 31, 2006

(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 summarized as follows:

	<u>Carrying value</u>	<u>Fair value</u>
<u>Assets:</u>		
Subordinated deposit	€ 245,000,000	€ 203,439,092
<u>Liabilities:</u>		
Hybrid subordinated securities	245,976,570	204,250,000

The carrying and fair values of certain financial instruments as of December 31, 2005 are summarised as follows:

<u>Assets:</u>		
Subordinated deposit	€ 245,000,000	€ 207,111,730
<u>Liabilities:</u>		
Hybrid subordinated securities	245,459,116	207,500,000

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:

<u>Assets</u>	<u>Liabilities</u>
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 risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.