

RZB Finance (Jersey) III Limited
Half-Yearly Financial Report
2010

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RZB Finance (Jersey) III Limited

Half-Yearly Financial Report and Financial Statements 2010

Contents

| | Page (s) |
|---|-----------------|
| Company Information | 1 |
| Interim Management Report | 2 |
| Statement of Persons Responsible Within the Issuer | 3 |
| Condensed Set of Financial Statements: | |
| Statement of Financial Position | 4 |
| Statement of Comprehensive Income | 5 |
| Notes to the Condensed Set of Financial Statements: | 6-15 |

RZB Finance (Jersey) III Limited

Company Information

For the Period Ended 30 June 2010

Directors:

Gareth Essex-Cater
Helen Grant
Francois Chesnay

Secretary:

State Street Secretaries (Jersey) Limited (formerly
known as Maurant & Co. Secretaries Limited)

Registered office:

22 Grenville Street
St Helier
Jersey
Channel Islands

RZB Finance (Jersey) III Limited

Interim Management Report

For the Period Ended 30 June 2010

The directors submit their report and the unaudited financial statements of RZB Finance (Jersey) III Limited ('the Company') and (the 'Issuer') for the period ended 30 June 2010.

Since the Financial Statements for the year ending 31 December 2009, other than the expected activities of the Company, no material events have occurred in the period to 30 June 2010. The Company has performed in line with expectations.

Concerning the principal risks and uncertainties for the remaining six months we would like to refer to the notes of the financial statements on pages 7 to 9.

Incorporation

The Company was incorporated in Jersey, Channel Islands on 30 April 2004.

Activities

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

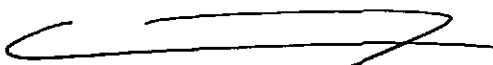
Results

The results for the year are shown in the Statement of Comprehensive Income on page 5.

Directors

The directors of the Company during the period were those stated on page 1.

For and behalf of the Board of Directors



Director FRANCIS CHESNAY

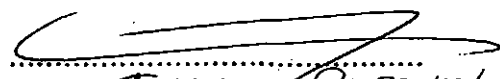
27 August 2010

RZB Finance (Jersey) III Limited

Statement of Persons Responsible within the Issuer

We confirm to the best of our knowledge that the condensed set of financial statements for the period to 30 June 2010 (the 'Condensed Set of Financial Statements') give a true and fair view of assets, liabilities, financial position and comprehensive income of the Company as required by the applicable accounting standards and that 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 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 behalf of the Board of Directors


Director *FRANCOIS CHRSNAY*

27 August 2010

RZB Finance (Jersey) III Limited

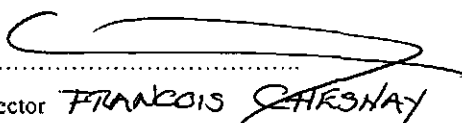
Statement of Financial Position

As at 30 June 2010

| | | 30/06/2010 | 31/12/2009 |
|--------------------------------------|------|--------------------|--------------------|
| | Note | EUR | EUR |
| Assets | | | |
| Long term loan receivable | 6 | 200,000,000 | 200,000,000 |
| Total non-current assets | | <u>200,000,000</u> | <u>200,000,000</u> |
| Other receivables | 7 | 272,646 | 324,901 |
| Cash and cash equivalents | 12 | 123,538 | 104,030 |
| Total current assets | | <u>396,184</u> | <u>428,931</u> |
| Total assets | | <u>200,396,184</u> | <u>200,428,931</u> |
| Equity and liabilities | | | |
| Issued share capital | 8 | 1,000 | 1,000 |
| Retained earnings | | 121,473 | 102,608 |
| Total capital and reserves | | <u>122,473</u> | <u>103,608</u> |
| Perpetual capital notes | 9 | 200,000,000 | 200,000,000 |
| Total non-current liabilities | | <u>200,000,000</u> | <u>200,000,000</u> |
| Other payables | 10 | 273,711 | 325,323 |
| Total current liabilities | | <u>273,711</u> | <u>325,323</u> |
| Total equity and liabilities | | <u>200,396,184</u> | <u>200,428,931</u> |

The notes on pages 7 to 15 are an integral part of these financial statements.

The financial statements on pages 4 to 15 were approved by the Board of Directors on 27 August 2010 and signed on its behalf by:

Director  FRANCOIS SARKIS

RZB Finance (Jersey) III Limited

Statement of Comprehensive Income

For the Period Ended 30 June 2010

| | | 01/01/2010 -30/06/2010 | 01/01/2009 -30/06/2009 |
|--|------|---------------------------|---------------------------|
| | Note | EUR | EUR |
| Interest income | | 3,555,479 | 4,003,670 |
| Interest expense | | (3,526,444) | (3,974,400) |
| Net interest income | 4 | <u>29,035</u> | <u>29,270</u> |
| Expenses | 5 | | |
| Administrators' remuneration | | (3,380) | (4,728) |
| Management fee | | (2,391) | (3,160) |
| Auditors' remuneration | | (781) | (823) |
| Other charges | | (3,618) | (1,819) |
| | | <u>(10,170)</u> | <u>(10,530)</u> |
| Total comprehensive income for the period | | <u>18,865</u> | <u>18,740</u> |

The notes on pages 7 to 15 are an integral part of these financial statements.

RZB Finance (Jersey) III Limited

Notes to the financial statements

| | Page |
|------------------------------------|------|
| 1. Reporting entity | 7 |
| 2. Significant accounting policies | 7 |
| 3. Financial risk management | 7 |
| 4. Net interest income | 9 |
| 5. Expenses | 10 |
| 6. Long-Term Loan receivables | 10 |
| 7. Other receivables | 10 |
| 8. Share Capital | 11 |
| 9. Perpetual Preferred Securities | 11 |
| 10. Other Payables | 13 |
| 11. Financial instruments | 13 |
| 12. Cash and Cash equivalent | 14 |
| 13. Related parties | 14 |
| 14. Group entities | 15 |

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

1 Reporting entity

RZB Finance (Jersey) III Limited (the "Company") is a public company domiciled in Jersey. The address of the Company's registered office is stated on page 1. The Company's activities consist in raising finance for other group companies.

2 Accounting and valuation principles

The consolidated financial statements of RZB Finance (Jersey) III Limited (the "Company") are prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the International Accounting Standards adopted by the EU on the basis of IAS regulation 8EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations committee (IFRIC/SIC). The unaudited interim report as of 30 June 2010 is prepared in conformity with IAS34. In the interim reporting, exactly the same accounting and valuation principles and consolidation methods are applied as in the preparation of the 2009 consolidated financial statements.

3 Financial risk management

3.1 Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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 to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor 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 advanced to a group entity. No other similar transaction was carried out by the Company and therefore the operations for the year 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.

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

3.2 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 from customers and investment securities.

3.2.1 Loans

The Company's main financial asset consist of the long-term loan receivable from a group entity, Raiffeisen Zentralbank Osterreich AG (RZB) and its corresponding interest receivable at year-end. The company's revenue derives mainly from this financial asset.

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

No triggers of impairment were identified on the loan receivable, with interest always received as per conditions of the loan. The debtor has a long term credit rating of A/ negative outlook from Standard & Poor's. Given this rating, management does not expect the counterparty to fail to meet its obligations.

3.2.2 Guarantees

The Company does not provide financial guarantees.

3.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

Due to the nature of the Company's operations, the Board considers liquidity risk faced by the Company as minimal. The most significant cash outflow consists in the payment of interest expense on financial liability. The timing of its cash outflows falls due on the same dates of the cash inflows from the financial asset. The Board considers its available cash resources as enough to meet other cash outflows which mainly consist in administrative expenditures.

3.4 Market risk

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

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

3 Financial risk management (continued)

3.4 Market risk (Continued)

3.4.1 Currency risk

With the exception of certain administrative expenses which are denominated in GBP, all other transactions are undertaken in Euro.

3.4.2 Interest rate risk

Interest incurred on the financial liability is on floating rate basis whilst the amount receivable from the loan to group entity yields a fixed margin over this rate.

3.5 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 net interest income was established on incorporation of the Company, there is little scope 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 Malta Bank plc 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 year. The Company is not subject to externally imposed capital requirements.

4 Net interest income

| | 01/01/2010 - 30/06/2010 | 01/01/2009 - 30/06/2009 |
|--|----------------------------|----------------------------|
| | EUR | EUR |
| Interest on long-term loan receivable (refer to note 6) | 3,555,356 | 4,003,400 |
| Bank interest income | 123 | 270 |
| Interest income | 3,555,479 | 4,003,670 |
| Interest expense on perpetual capital notes (refer to note 9) | (3,526,444) | (3,974,400) |
| Net interest income | 29,035 | 29,270 |

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

5 Expenses

During the period, the company did not have any employees (2009: nil).

6 Long term loan receivable

2010/2009

EUR

Non-current investments

Securitised commercial certificates of obligation

200,000,000

The loan receivable consists of EUR200,000,000 Undated securitised commercial certificates of obligation issued by Raiffeisen Zentralbank Österreich AG ('RZB') and subscribed in full by the company on issuance.

The securities may be redeemed at the option of the borrower at interest payment date on or after 15 June 2009 at par, adjusted for any impairment losses, 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 in arrears from (and including) 15 June 2005 at a floating interest rate of 0.13% per annum plus the Reference rate. The Reference rate ("EUR-ISDA-EURIBOR Swap rate -11:00") is the annual swap rate for swap transactions with a 10 year maturity. The floating interest rate is capped at 9.03% per annum. At balance sheet date, the rate stood at 3.603% per annum.

7 Other receivables

| | 30/06/2010 | 31/12/2009 |
|------------------------------|----------------|----------------|
| | EUR | EUR |
| Accrued interests receivable | 272,623 | 320,267 |
| Prepayments | 23 | 4,634 |
| | <u>272,646</u> | <u>324,901</u> |

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

8 Share capital

| | 2010/2009 |
|---|--------------|
| | EUR |
| Authorised, issued and fully paid up share capital | |
| 1,000 Ordinary Shares at EUR1 each | <u>1,000</u> |

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.

9 Perpetual capital notes

| | 2010/2009 |
|---|--------------------|
| | EUR |
| Issued and fully paid up | |
| 200,000 perpetual non-cumulative subordinated floating rate capital notes @ EUR1,000 each | <u>200,000,000</u> |

Non-cumulative interest on the capital notes will accrue at the floating interest rate, payable semi-annually in arrears on 15 June and 15 December in each year. The floating interest rate is equal to 0.1% per annum plus the Reference rate ("EUR-ISDA-EURIBOR Swap rate -11:00") being the annual swap rate for swap transactions with a 10 year maturity. The floating interest rate was capped at 9% per annum. At the end of the reporting period, the rate stood at 3.038% per annum.

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 Raiffeisen Zentralbank Österreich AG ('RZB') (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 15 June 2009 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.

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

9 Perpetual capital notes (continued)

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the issuer, 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 issuer 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 issuer or any other share or other security issued by the issuer and having the benefit of a guarantee from RZB 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 preference shares or preferred securities or capital notes, if any, of the issuer ranking pari passu with the capital notes as regards participation in the assets of the issuer.

Notwithstanding the availability of sufficient assets of the issuer 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 RZB, 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 RZB (after payment in full in accordance with Austrian law of all creditors of RZB, including holders of its subordinated debt but excluding holders of any liability expressed to rank pari passu with or junior to RZB's obligations under the 'Support Agreement') had the capital notes and all asset parity securities been issued by RZB and ranked (i) junior to all liabilities of RZB (other than any liability expressed to rank pari passu with or junior to RZB's obligations under the 'Support Agreement'), (ii) pari passu with all asset parity securities of RZB and (iii) senior to RZB'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 RZB. In the event of liquidation, dissolution or winding-up of RZB, the board of directors shall convene an extraordinary general meeting of the issuer for the purpose of proposing a special resolution to place the issuer 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.

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

10 Other payables

| | 30/06/2010 | 31/12/2009 |
|--------------------------|----------------|----------------|
| | EUR | EUR |
| Accrued interest payable | 270,044 | 317,600 |
| Accruals | 3,667 | 7,723 |
| | <u>273,711</u> | <u>325,323</u> |

11 Financial instruments

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business.

11.1 Credit risk

The Company's main financial asset consists of Undated securitised commercial certificates of obligation issued by Raiffeisen Zentralbank Österreich AG which issuer has a Standard & Poor's long term credit rating of A/negative outlook.

11.2 Interest rate risk

As from 15 June 2005, the interest rate on financial asset fluctuates at a fixed percentage over EUR-ISDA-EURIBOR Swap rate. The premium has been set at approximately 3 basis points higher than that on perpetual preferred securities. A change of 100 basis points in interest rates would therefore have no impact on the Company's results and equity.

11.3 Liquidity risk

The Company's main financial liability consisting of the perpetual capital notes have the maturity date concurrent to that of the main non-derivative financial asset. Furthermore, other liabilities are not significant and are sufficiently covered by the cash and cash equivalents and accrued interest. Therefore, the Company does not face any significant liquidity risk.

11.4 Foreign currency risk

The Company incurs foreign currency risk on certain expenses, which are mainly paid in Pound Sterling. The Company accepts the risk and, accordingly, does not hedge against it. A 10 percent weakening of the Euro against the Pound Sterling would have an insignificant effect on the results and equity of the Company.

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

11 Financial instruments (continued)

11.5 Fair values

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

| | Carrying Amount | Fair Value |
|------------------------------|--------------------|---------------|
| | EUR | EUR |
| Financial assets | | |
| Originated securities | 200,000,000 | 85,000,000 |
| Financial liabilities | | |
| Perpetual capital notes | 200,000,000 | 85,000,000 |

The fair value of the financial liabilities reflects the market price of the securities as quoted by the Amsterdam stock exchange. In view of the fact that the Company's financial asset mirrors the same terms and conditions of the financial liability (with the exception of a 3 basis point difference in the coupon rate) and having regard to the difference between the bid/offer price, the directors are of the opinion that the fair value of the financial asset is not materially different from that of the financial liability.

12 Cash and cash equivalents

Balances of cash and cash equivalents as shown in the balance sheet are analysed below:

| | 30/06/2010 | 31/12/2009 |
|---|------------|------------|
| | EUR | EUR |
| Analysis of balances of cash and cash equivalents: | | |
| Call deposits | 123,538 | 104,030 |
| Analysed in the balance sheet as follows: | | |
| Cash and cash equivalents | 123,538 | 104,030 |

13 Related parties

13.1 Identity of related parties

The Company has a controlling related party relationship with its parent company and ultimate parent company (refer note 14).

The Company also has a related party relationship with its directors and company secretary.

RZB Finance (Jersey) III Limited

Notes to the financial statements

For the Period Ended 30 June 2010

13 Related parties (continued)

13.1 Identity of related parties (continued)

Up to and including 31st March 2010, Gareth Essex-Cater was a shareholder of Mourant Limited. Each of Gareth Essex-Cater, Helen Grant and Francois Chesnay 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 Mourant International Finance Administration to State Street Corporation ("SSC"). Each of Gareth Essex-Cater, Helen Grant and Francois Chesnay is an employee of a subsidiary of SSC. Affiliates of SSC now provide administrative services to the Company at commercial rates.

13.2 Transactions with directors and company secretary

Directors of the company are also employees of the corporate company secretary. During the period the corporate company secretary charged the company management fees and administrative fees and other charges amounting to EUR4,303 (June 2009: EUR7,909).

13.3 Transactions with the parent and ultimate parent company

On 15 June 2004, the company entered into an agreement with its ultimate parent company ('the Support Agreement') whereby the ultimate parent company agrees to make available to the company funds sufficient to enable it to meet its obligations should it have insufficient funds.

The amounts due by parent and ultimate parent company are unsecured and bear no interest.

14 Group enterprises

Control of the company

The company is a wholly-owned subsidiary of Raiffeisen Malta Bank plc, a company registered in Malta. The company's ultimate parent company is Raiffeisen-Landesbanken-Holding GmbH, a company registered in Austria.