

RZB Finance (Jersey) II Limited
Amended and Re-Stated Half-Yearly Financial Report
2012

RZB Finance (Jersey) II Limited

Half-Yearly Financial Report and Financial Statements 2012

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RZB Finance (Jersey) II Limited

Company Information

For the Period Ended 30 June 2012

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) II Limited

Interim Management Report

For the Period Ended 30 June 2012

The directors submit their report and the financial statements of RZB Finance (Jersey) II Limited ('the Company') and (the 'Issuer') for the period ended 30 June 2012.

Since the Financial Statements for the year ending 31 December 2011, other than the expected activities of the Company, no material events have occurred in the period to 30 June 2012. 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 13 to 16.

Incorporation

The company was incorporated in Jersey, Channel Islands on 22 July 2003.

Activities

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

Results

The results for the period are shown in the statement of comprehensive income on page 6.

Directors

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

For and behalf of the Board of Directors


.....

Director GARETH ESSEX-CARTER

9th

November 2012

RZB Finance (Jersey) II 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 2012 (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 GARETH ESSEX-CATIER

9th
November 2012

RZB Finance (Jersey) II Limited

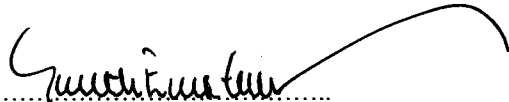
Statement of Financial Position

As at 30 June 2012

		30/06/2012	31/12/2011
	Note	EUR	EUR
Assets			
Long term loan receivable	5	100,000,000	100,000,000
Total non-current assets		100,000,000	100,000,000
Other receivables	6	5,457,670	2,517,475
Cash and cash equivalents	11	118,068	128,912
Total current assets		5,575,738	2,646,387
Total assets		105,575,738	102,646,387
Equity and liabilities			
Issued share capital	7	2	2
Retained earnings		165,257	153,386
Total capital and reserves		165,259	153,388
Perpetual preferred securities	8	100,000,000	100,000,000
Total non-current liabilities		100,000,000	100,000,000
Other payables	9	5,410,479	2,492,999
Total current liabilities		5,410,479	2,492,999
Total equity and liabilities		105,575,738	102,646,387

The notes on pages 8 to 18 are an integral part of these financial statements.

The financial statements on pages 4 to 18 were approved and authorised for issue by the board of directors on 9th November 2012 and signed on its behalf by:


 Director GARETH ESSEX-CATER

RZB Finance (Jersey) II Limited

Statement of Changes in Equity

For the Period 1 January 2012 to 30 June 2012

	Total	Ordinary share capital	Retained earnings
	EUR	EUR	EUR
Balance at 1 January 2011	154,483	2	154,481
	-----	-----	-----
Total comprehensive income for the period			
Profit for the period	14,518	-	14,518
	-----	-----	-----
Total comprehensive income for the period	14,518	-	14,518
	-----	-----	-----
Balance at 30 June 2011	169,001	2	168,999
	=====	=====	=====
Balance at 1 January 2012	153,388	2	153,386
	-----	-----	-----
Total comprehensive income for the period			
Profit for the period	11,871	-	11,871
	-----	-----	-----
Total comprehensive income for the period	11,871	-	11,871
	-----	-----	-----
Balance at 30 June 2012	165,259	2	165,257
	=====	=====	=====

The notes on pages 8 to 18 are an integral part of these financial statements.

RZB Finance (Jersey) II Limited

Statement of Comprehensive Income

For the Period 1 January 2012 to 30 June 2012

		01/01/2012 -30/06/2012	01/01/2011 -30/06/2011
	Note	EUR	EUR
Interest income		2,948,224	2,948,224
Interest expense		(2,923,274)	(2,923,274)
Net interest income	3	<u>24,950</u>	<u>24,950</u>
Expenses	4		
Auditors' remuneration		(829)	(653)
Directors' fees		(2,895)	(3,027)
Administrative fees		(4,895)	(5,027)
Other charges		(4,460)	(1,725)
		<u>(13,079)</u>	<u>(10,432)</u>
Total comprehensive income for the period		<u><u>11,871</u></u>	<u><u>14,518</u></u>

The notes on pages 8 to 18 are an integral part of these financial statements.

RZB Finance (Jersey) II Limited

Statement of Cash Flows

For the Period 1 January 2012 to 30 June 2012

		01/01/2012 -30/06/2012	01/01/2011 -30/06/2011
	Note	EUR	EUR
Cash flows from operating activities			
Interest receipts		156	156
Payment to suppliers		(11,000)	(8,092)
		<u> </u>	<u> </u>
Net cash flows from operating activities		<u>(10,844)</u>	<u>(7,936)</u>
Net decrease in cash and cash equivalents		(10,844)	(7,936)
Cash and cash equivalents at 1 January		128,912	129,702
		<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	11	<u>118,068</u>	<u>121,766</u>

The notes on pages 8 to 18 are an integral part of these financial statements.

RZB Finance (Jersey) II Limited

Notes to the financial statements

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RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

1 Reporting entity

RZB Finance (Jersey) II Limited (the “Company”) is a public company domiciled in Jersey. The address of the Company’s registered office is noted on page 1. The Company’s activities consist in raising finance for other group companies (note 13).

2 Accounting and valuation principles

The financial statements of RZB Finance (Jersey) II 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 2012 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 2011 consolidated financial statements.

3 Net interest income

3.1

	01/01/2012 - 30/06/2012	01/01/2011 -30/06/2011
	EUR	EUR
Interest on long term loan receivable (refer to note 6)	2,948,068	2,948,068
Bank interest income	156	156
Interest income	2,948,224	2,948,224
Interest expense on perpetual preferred securities (refer to note 9)	(2,923,274)	(2,923,274)
Net interest income	24,950	24,950

3.2 Interest income was earned on asset exposures that the company has with related parties.

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

4 Expenses

During the period, the company did not have any employees (2011: nil).

5 Long-term loan receivable

2012/ 2011

EUR

Non-current investments

Securitised commercial certificates of obligation

100,000,000

The Company's investments consist of a EUR100,000,000, Undated Securitised Commercial Certificates of Obligation issued by Raiffeisen Bank International AG ('RBI') and subscribed in full by the Company on issuance at par.

The certificate may be redeemed at the option of the borrower on an interest payment date on or after 31 July 2013 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 from (and including) 31 July 2003 to (but excluding) 31 July 2013, annually in arrears on 31 July, in each year commencing on 31 July 2004, at a fixed rate per annum of 5.945%, and from (and including) 31 July 2013 at a rate of 2.75% per annum above the euro-zone interbank offered rate for three-month euro deposits (EURIBOR) payable quarterly in arrears on 31 October, 31 January, 30 April and 31 July in each year, commencing on 31 October 2013.

6 Other receivables

	30/06/2012	31/12/2011
	EUR	EUR
Accrued interest receivable	5,456,370	2,508,301
Prepayments	1,300	9,174
	<u>5,457,670</u>	<u>2,517,475</u>

The accrued interest arose on the securitised commercial certificate of obligation (note 5).

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

7 Share capital

	30/06/2012	31/12/2011
	EUR	EUR
Authorised Share Capital		
15,000 Ordinary shares at EUR1 each	<u>15,000</u>	<u>15,000</u>
Issued and Fully Paid Up Share Capital		
2 Ordinary Shares at EUR1 each	<u>2</u>	<u>2</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.

8 Perpetual preferred securities

	30/06/2012	31/12/2011
	EUR	EUR
Issued and Fully Paid Up		
1,000,000 Perpetual Non-Cumulative Non-Voting Fixed/Floating Rate Preferred Securities at EUR100 each	<u>100,000,000</u>	<u>100,000,000</u>

Holders of perpetual non-cumulative preferred securities receive interest which will be payable from (and including) 31 July 2003 to (but excluding) 31 July 2013, annually in arrears on 31 July, in each year commencing on 31 July 2004, at a fixed rate per annum of 5.895%, and from (and including) 31 July 2013 at a rate of 2.70% per annum above the Euro-zone interbank offered rate for three-month Euro deposits (EURIBOR) payable in arrears on 31 October, 31 January, 30 April and 31 July in each year, commencing on 31 October 2013. The preferred securities do not carry the right to vote unless the interest is in arrears.

The dividend is non-discretionary and payment thereof is subject to the conditions included in Clause (a) of the Offering Circular.

The preferred securities are redeemable at the option of the company, subject to law and to the prior consent of Raiffeisen Bank International AG ('RBI') [which shall grant such consent only after either replacement of the principal amount of the preferred securities so redeemed by the issue 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, at EUR100 per preferred security plus accrued and unpaid dividends for the then current dividend period on 31 July 2013 or any dividend date falling thereafter and, subject as described in the "Description of the Preferred Securities".

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

8 Perpetual preferred securities (continued)

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the company, the holders of the preferred securities will be entitled to receive for each preferred security a liquidation preference of EUR100 plus accrued and unpaid dividends for the then current dividend period to the date of payment. Such entitlement will arise before any distribution of assets is made to holders of ordinary shares, preference shares or preferred securities or any other class of shares of the company or any other share or other security issued by the company and having the benefit of a guarantee from RBI ranking junior as regards participation in assets to the preferred securities, but such entitlement will rank equally with the entitlement of the holders of any other preference shares or preferred securities, if any, of the company ranking *pari passu* with the preferred securities as regards participation in the assets of the Company.

Notwithstanding the availability of sufficient assets of the company to pay any liquidation distribution to the holders of the preferred securities, 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 RBI, the liquidation distribution paid to holders of the preferred securities and the liquidation distribution per share paid to the holders of all asset parity securities, shall not exceed the amount per share that would have been paid as the liquidation distribution from the assets of RBI (after payment in full in accordance with Austrian law of all creditors of RBI, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to RBI's obligations under the 'Support Agreement') had the preferred securities and all asset parity securities been issued by RBI and ranked (i) junior to all liabilities of RBI (other than any liability expressed to rank *pari passu* with or junior to RBI's obligations under the 'Support Agreement'), (ii) *pari passu* with all asset parity securities of RBI and (iii) senior to RBI'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 holders will have no right or claim to any of the remaining assets of the company or RBI.

In the event of liquidation, dissolution or winding-up of RBI, the board of directors shall convene an extraordinary general meeting of the company for the purpose of proposing a special resolution to place the company into voluntary winding-up and the amount per share to which holders shall be entitled as a liquidation distribution will be as described above.

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

9 Other payables

	30/06/2012	31/12/2011
	EUR	EUR
Accrued interest payable	5,410,479	2,487,205
Accruals	-	5,794
	<u>5,410,479</u>	<u>2,492,999</u>

10 Financial instruments

10.1 Financial risk management

10.1.1 Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational 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 which are included throughout these financial statements should be read in the context of the narrative disclosures in this section to better understand the Company's risk arising from those financial instruments.

10.1.2 Risk management framework

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 for identifying and analysing the risks faced by the Company, for setting appropriate risk limits and controls, and for monitoring 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 Luxembourg Stock Exchange, the proceeds of which were used to invest in a financial instrument issued by Raiffeisen Bank International AG ('RBI'). No other similar transactions were 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) II Limited

Notes to the financial statements

For the period ended 30 June 2012

10 Financial instruments (continued)

10.2 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 loans and receivables.

10.2.1 Loans

The Company's main financial asset consist of an Undated Securitised Commercial Certificate of Obligation (see note 5) issued by Raiffeisen Bank International AG ('RBI'), formerly Raiffeisen Zentralbank Österreich AG, and its corresponding interest receivable at year-end (see note 6). The Company's revenue derives mainly from this financial asset.

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

No triggers of impairment were identified on the loan receivable, with interest continuing to be received in accordance with the terms of the loan. The debtor has a long term credit rating of A negative outlook from Standard & Poor's. Given this rating, the Board does not expect the counterparty to fail to meet its obligations. At year end, the Company did not have any passed due or impaired receivables.

The Company's maximum exposure to credit risk is equal to the amount of assets shown in the statement of financial position.

10.2.2 Guarantees

The Company does not provide any financial guarantees.

10.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The Company's main financial liability consists of the Perpetual Preferred Securities which have maturity dates concurrent to that of the main financial asset. Thus, the most significant cash outflow consists of the payment of interest expense on these securities. The timing of its cash outflows falls due on the same dates of the cash inflows from the loan receivable.

Furthermore, other liabilities, which are payable within one year, are not significant. The Board considers its available cash resources as enough to meet these cash outflows which mainly consist of administrative expenses.

Therefore, due to the nature of the Company's operations, the Board considers liquidity risk faced by the Company as minimal.

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

10 Financial instruments (continued)

10.4 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 (notwithstanding the interest margin) of the principal financial asset and liability, the net exposure to market risk is also considered to be minimal.

10.4.1 Currency risk

The Company is exposed to foreign currency risk on certain administrative expenses, which are denominated in Pound Sterling (GBP). All other transactions are undertaken in Euro. The Company accepts this risk and, accordingly, does not hedge against it. A 10 percent weakening of the Euro against the GBP would have an insignificant effect on the results and equity of the Company.

10.4.2 Interest rate risk

Interest incurred on the perpetual preferred securities is on a fixed rate basis whilst the amount receivable on the loan to a group entity yields a fixed margin over this rate by 5 basis points, set in order to cover administration expenses. For this reason, and as these financial instruments are carried at amortised cost, a change in interest rates would therefore have no net impact on the Company's results and equity.

The interest rate on the financial asset is fixed till 31 July 2013, following which the interest rate will become floating at a fixed percentage over EURIBOR. The 5 basis points margin will remain unchanged.

10.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with a company's processes and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness. The Board manages the operational risk of the Company through regular Board meetings and monitoring of compliance with the Offering Circular.

10.6 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

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

10 Financial instruments (continued)

10.6 Capital management (continued)

development of the business. As the level of net interest income was established on incorporation of the Company, there is little need 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.

10.7 Fair values

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

	Carrying Amount	Fair Value
	EUR	EUR
Financial assets		
Long term loan receivable	100,000,000	55,051,000
	<u>100,000,000</u>	<u>55,051,000</u>
Financial liabilities		
Perpetual preferred securities	100,000,000	55,051,000
	<u>100,000,000</u>	<u>55,051,000</u>

The financial liability represents preferred securities that were issued at par and listed on the Luxembourg Stock Exchange. At the financial reporting date the preferred securities are being quoted at 55.051 on the basis of a dealer quote.

In view of the fact that the company's financial assets mirror the same terms and conditions of the financial liabilities (with the exception of a 5 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.

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

11 Cash and cash equivalents

Balances of cash and cash equivalents as shown in the Statement of Financial Position are analysed below:

	30/06/2012 EUR	31/12/2011 EUR
Analysis of balances of cash and cash equivalents:		
Call deposits	118,068	128,912
	<u> </u>	<u> </u>
Analysed in the Statement of Financial Position as follows:		
Cash and cash equivalents	118,068	128,912
	<u> </u>	<u> </u>

12 Related parties

12.1 Identity of related parties

The company has a controlling related party relationship with its immediate parent company and ultimate parent company (refer note 13).

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

G.P. Essex-Cater is a shareholder of Maurant Limited. Until 1st April 2010, G.P. Essex-Cater, H. Grant and F.X.A. Chesnay were employees of a subsidiary of Maurant Limited. Affiliates of Maurant Limited provided administrative services to the Company at commercial rates. On 1st April 2010 Maurant Limited sold its interest in certain affiliates to State Street Corporation ("SSC"). Each of G.P. Essex-Cater, H. Grant and F.X.A. Chesnay is now an employee of a subsidiary of SSC, affiliates of which provide on-going administrative services to the Company at commercial rates.

On 1st June 2010 Maurant & Co. Limited changed its name to State Street (Jersey) Limited.

On 1st June 2010 Maurant & Co. Secretaries Limited changed its name to State Street Secretaries (Jersey) Limited.

12.2 Transactions with Directors and Company Secretary

Directors of the company are employees of an affiliate of the company secretary. During the year, the company secretary charged the Company management fees, administrative fees and other charges amounting to EUR5,790 (June 2011: EUR6,054).

RZB Finance (Jersey) II Limited

Notes to the financial statements

For the period ended 30 June 2012

12 Related parties (continued)

12.3 Other transactions with related parties

Details of other transactions with the immediate parent company and ultimate parent company are disclosed in notes 3, 5, 6, 7 and 11.

13 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.

14 Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Company and make decisions using financial information at the entity level only. Accordingly, the Directors believe that the Company has only one reportable operating segment.

Geographical information

The Company is domiciled in Jersey, Channel Islands. All of the Company's revenues are generated from its long term loan receivable with an entity based in Austria.

Non-current assets

Except for the long term loan receivable, the Company does not have any other non-current assets.

Major investment counterparty

All of the Company's long term loan receivable is held with one counterparty, Raiffeisen Bank International AG.