

RZB Finance (Jersey) IV Limited
Half-Yearly Financial Report
2012

RZB Finance (Jersey) IV Limited

Half-Yearly Financial Report and Financial Statements 2012

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RZB Finance (Jersey) IV Limited

Company Information

For the Period Ended 30 June 2012

Directors:

Gareth Essex-Cater
Helen Grant
Francois Chesnay
Dean Godwin (resigned 6th August 2012)

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) IV Limited

Interim Management Report

For the Period Ended 30 June 2012

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

Since the Financial Statement of 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.

The Company's principal risks and uncertainties for the remaining six months are disclosed in detail in note 10. Other than those mentioned in this note, the Company's exposure to other risks is minimal.

Incorporation

The Company was incorporated in Jersey, Channel Islands on 31 March 2006.

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 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

29 August 2012

RZB Finance (Jersey) IV 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

 August 2012

RZB Finance (Jersey) IV 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	500,000,000	500,000,000
Total non-current assets		<u>500,000,000</u>	<u>500,000,000</u>
Other receivables	6	3,273,790	16,329,435
Cash and cash equivalents	11	152,480	106,730
Total current assets		<u>3,426,270</u>	<u>16,436,165</u>
Total assets		<u><u>503,426,270</u></u>	<u><u>516,436,165</u></u>
Equity and liabilities			
Issued share capital	7	2,000	2,000
Retained earnings		167,092	142,481
Total capital and reserves		<u>169,092</u>	<u>144,481</u>
Perpetual capital notes	8	500,000,000	500,000,000
Total non-current liabilities		<u>500,000,000</u>	<u>500,000,000</u>
Other payables	9	3,257,178	16,291,684
Total current liabilities		<u>3,257,178</u>	<u>16,291,684</u>
Total equity and liabilities		<u><u>503,426,270</u></u>	<u><u>516,436,165</u></u>

The notes on pages 7 to 16 are an integral part of these financial statements.

The financial statements on pages 4 to 16 were approved and authorised for issue by the Board of Directors on 29 August 2012 and signed on its behalf by:

.....
Director

RZB Finance (Jersey) IV Limited

Statement of Comprehensive Income

For the Period Ended 30 June 2012

		01/01/2012 -30/06/2012	01/01/2011 -30/06/2011
	Note	EUR	EUR
Interest income		12,848,521	12,848,521
Interest expense		(12,816,288)	(12,816,288)
Net interest income	3	<u>32,233</u>	<u>32,233</u>
Expenses	4		
Administrators' remuneration		(2,397)	(2,333)
Management fee		(2,996)	(2,894)
Auditors' remuneration		(778)	(686)
Other charges		(1,451)	(1,831)
		<u>(7,622)</u>	<u>(7,744)</u>
Total comprehensive income for the period		<u><u>24,611</u></u>	<u><u>24,489</u></u>

The notes on pages 7 to 16 are an integral part of these financial statements.

RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

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RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

1 Reporting entity

RZB Finance (Jersey) IV 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.

2 Accounting and valuation principles

The financial statements of RZB Finance (Jersey) IV 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 from long-term loan receivable (refer to note 5)	12,848,521	12,848,521
Bank interest income	-	-
Interest income	12,848,521	12,848,521
Interest expense on perpetual capital notes (refer to note 8)	(12,816,288)	(12,816,288)
Net interest income	32,233	32,233

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

4 Expenses

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

RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

5 Long-term loan receivable

	30/06/2012	31/12/2011
	EUR	EUR
Undated securitised commercial certificate of obligation issued by a related party, Raiffeisen Bank International AG ('RBI') and subscribed in full by the Company on issuance at par	<u>500,000,000</u>	<u>500,000,000</u>

The certificate may be redeemed at the option of the borrower at interest payment date on or after 16 May 2016 at par 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) 16 May 2006 to (but excluding) 16 May 2016 ('the Reset date'), at a fixed interest rate of 5.182% per annum, payable annually in arrears and from (and including) the Reset date at a floating interest rate of 1.9625% per annum plus the 3-month Euribor deposit.

6 Other receivables

	30/06/2012	31/12/2011
	EUR	EUR
Accrued interest receivable	3,265,369	16,326,850
Prepayments	8,421	2,585
	<u>3,273,790</u>	<u>16,329,435</u>

Accrued interest receivable arose on the Securitised commercial certificate of obligations (note 5).

7 Share capital

	30/06/2012	31/12/2011
	EUR	EUR
Authorised, issued and fully paid up share capital		
2,000 Ordinary shares at EUR1 each	<u>2,000</u>	<u>2,000</u>

RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

7 Share capital (continued)

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 capital notes

	30/06/2012 EUR	31/12/2011 EUR
Issued and Fully Paid up		
10,000 Perpetual non-cumulative subordinated perpetual callable step-up fixed to floating rate capital notes @ EUR50,000 each	<u>500,000,000</u>	<u>500,000,000</u>

Non-cumulative interest on the capital notes will accrue:

- (a) from (and including) 16 May 2006 to (but excluding) 16 May 2016 ('the Reset date'), at a fixed interest rate of 5.169% per annum, payable annually in arrears; and
- (b) from (and including) the Reset date at a floating interest rate of 1.95% per annum plus the Reference rate, payable quarterly in arrears on 16 August, 16 November, 16 February and 16 May in each year. The Reference rate ("EURIBOR – 11:00") is the offered rate for three-month Euro deposits.

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 the immediate parent company, Raiffeisen Bank International AG ('RBI') (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 16 May 2016 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.

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, 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 Company 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 Company or any other share or other security issued by the issuer and having the benefit of a guarantee from RBI 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

RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

8 Perpetual capital notes (continued)

other preference shares or preferred securities or capital notes, if any, of the Company ranking *pari passu* with the capital notes 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 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 RBI, 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 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 capital notes 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 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 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 capital note to which holders shall be entitled as a liquidation distribution will be as described above.

9 Other payables

	EUR	EUR
Accrued interest payable	3,257,178	16,285,890
Accruals	-	5,794
	<u>3,257,178</u>	<u>16,291,684</u>

RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

10 Financial instruments

10.1 Financial risk management

10.1.1 Overview

The Company has exposure to the following risks from its use of 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.

The quantitative disclosures in notes 5 and 8 on the financial instruments 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 Vienna 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 period 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.

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.

RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

10 Financial instruments (continued)

10.2 Credit risk (continued)

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 Bank International AG, and its corresponding interest receivable at year-end. The Company's revenue is derived mainly from this financial asset.

On 16 May 2006, the company entered into an agreement with RBI ('the Support Agreement') whereby RBI agreed to make available to the company funds sufficient to enable it to meet its obligations should it have insufficient funds.

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 the end of the period the Company did not have 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 capital notes that have a maturity date concurrent to that of the main financial asset. Thus, the most significant cash outflow consists of the payment of interest expense on the perpetual capital notes. 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 other 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) IV 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 Pound Sterling would have an insignificant effect on the results and equity of the Company.

10.4.2 Interest rate risk

Interest incurred on the financial liability is on a floating rate basis whilst the amount receivable from the loan to a group entity yields a fixed margin over this rate by 1.3 basis points, in order to cover administration expenses of the Company. 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 until 15 May 2016, following which the interest rate will become floating at a fixed percentage over EURIBOR. The 1.3 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.

RZB Finance (Jersey) IV Limited

Notes to the Financial Statements

For the Period Ended 30 June 2012

10 Financial instruments (continued)

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 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 period.

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	<u>500,000,000</u>	<u>214,500,000</u>
Financial liabilities		
Perpetual capital notes	<u>500,000,000</u>	<u>214,500,000</u>

The financial liability represents capital notes that were issued at par and listed on the Vienna Stock Exchange. At the financial reporting date the capital notes are being quoted at 42.90 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 1.3 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 assets is not materially different from that of the financial liability.

RZB Finance (Jersey) IV 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	31/12/2011
	EUR	EUR
Analysis of balances of cash and cash equivalents:		
Call deposits	<u>152,480</u>	<u>106,730</u>
Analysed in the Statement of Financial Position as follows:		
Cash and cash equivalents	<u>152,480</u>	<u>106,730</u>

12 Related parties

12.1 Identity of related parties

The Company has a controlling related party relationship with its immediate parent 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 period the company secretary charged the company management and administrative fees and other charges amounting to EUR5,393 (June 2011: EUR5,227).

RZB Finance (Jersey) IV 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.