

RZB FINANCE (JERSEY) IV LIMITED
INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2016

RZB FINANCE (JERSEY) IV LIMITED

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RZB FINANCE (JERSEY) IV LIMITED

REPORT OF THE DIRECTORS

The Directors present their interim report and the unaudited financial statements of RZB Finance (Jersey) IV Limited (the "Company") for the period 1st January 2016 to 30th June 2016.

INCORPORATION

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

ACTIVITIES

The principal activity of the Company is raising finance for other group companies. The Company's Perpetual Capital Notes are listed on the Frankfurt stock exchange with secondary listings on the Berlin, Munich and Stuttgart stock exchanges.

RESULTS AND BUSINESS REVIEW

The operating loss for the period amounted to €12,459 (2015: €1,824).

The Company's principal risks and uncertainties arising from the financial instruments it holds are disclosed in detail in note 12. Other than those mentioned in this note, in the Directors' opinion, the Company's exposure to other risks is minimal.

DIVIDENDS

The Company did not declare or pay any dividends during the period (2015: €nil).

DIRECTORS

The Directors who held office throughout the period and subsequently were:-

G.P. Essex-Cater
C.D. Ruark (resigned 30th March 2016)
S.J. Hopkins
J.N. Pendergast (appointed 30th March 2016)

SECRETARY

The Company's Secretary is Sanne Secretaries Limited.

REGISTERED OFFICE

13 Castle Street, St. Helier, Jersey, Channel Islands, JE4 5UT

RZB FINANCE (JERSEY) IV LIMITED

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as issued by the IASB and as adopted by the European Union ("EU").

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing these financial statements the Directors are required to:

- * select suitable accounting policies and apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with all the above requirements throughout the period and subsequently.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company, whose names appear on page 2, confirm to the best of their knowledge that the financial statements for the period ended 30th June 2016 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a fair review of the development of the Company's business, financial position and the important events that have occurred during the financial period and their impact on the financial statements. The principal risks and uncertainties faced by the Company are disclosed in note 12 of these financial statements.

Signed on behalf of the Board of Directors:

Date:


22 AUGUST 2016

RZB FINANCE (JERSEY) IV LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30TH JUNE 2016**

	<u>Notes</u>	<u>30th Jun 16</u>	<u>31st Dec 15</u>
ASSETS			
Non-current assets			
Available-for-sale financial asset	3	225,348,176	252,656,250
Current assets			
Trade and other receivables	4	651,884	9,881,027
Cash and cash equivalents	5	120,825	123,294
		772,709	10,004,321
TOTAL ASSETS		€ 226,120,885	€ 262,660,571
EQUITY AND LIABILITIES			
Equity			
Issued share capital	6	2,000	2,000
Retained earnings		132,045	144,504
Fair value reserves		(80,901,824)	(53,593,750)
TOTAL EQUITY		(80,767,779)	(53,447,246)
Non-current liabilities			
Perpetual Capital Notes	7	306,250,000	306,250,000
Current liabilities			
Trade and other payables	8	638,664	9,857,817
TOTAL LIABILITIES		306,888,664	316,107,817
TOTAL EQUITY AND LIABILITIES		€ 226,120,885	€ 262,660,571

The financial statements on pages 4 to 23 were approved and authorised for issue by the Board of Directors on the 22 day of AUGUST 2016 and were signed on its behalf by:

Director:



(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016**

	<u>Notes</u>	<u>1st Jan 16</u> <u>to</u> <u>30th Jun 16</u>	<u>1st Jan 15</u> <u>to</u> <u>30th Jun 15</u>
INCOME			
Interest income on available-for-sale financial asset		6,633,290	7,934,938
		<u>6,633,290</u>	<u>7,934,938</u>
EXPENDITURE			
Interest expense on Perpetual Capital Notes		6,613,945	7,915,031
Administration and accounting fees		15,464	8,480
Management fees		-	3,027
Audit fees		4,536	668
Reporting fees		512	-
Loss on foreign exchange		948	-
Other charges		10,344	9,556
		<u>6,645,749</u>	<u>7,936,762</u>
OPERATING LOSS		(12,459)	(1,824)
OTHER COMPREHENSIVE LOSS*			
<i>Items that may be reclassified subsequently from other comprehensive income to profit or loss</i>			
Change in fair value of available-for-sale financial asset	3	(27,308,074)	(3,828,125)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>€ (27,320,533)</u>	<u>€ (3,829,949)</u>

*There are no items that may not be reclassified subsequently from other comprehensive income to profit or loss.

(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016**

	Ordinary Share Capital	Retained Earnings	Fair Value Reserves	Total
Balance as at 1st January 2016	2,000	144,504	(53,593,750)	(53,447,246)
Comprehensive income:				
- Operating loss for the period	-	(12,459)	-	(12,459)
- Other comprehensive loss for the period	-	-	(27,308,074)	(27,308,074)
Balance as at 30th June 2016	€ 2,000	€ 132,045	€ (80,901,824)	€ (80,767,779)
	Ordinary Share Capital	Retained Earnings	Fair Value Reserves	Total
Balance as at 1st January 2015	2,000	150,393	(110,250,000)	(110,097,607)
Comprehensive income:				
- Operating loss for the period	-	(1,824)	-	(1,824)
- Other comprehensive loss for the period	-	-	(3,828,125)	(3,828,125)
Balance as at 30th June 2015	€ 2,000	€ 148,569	€ (114,078,125)	€ (113,927,556)

(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED**STATEMENT OF CASH FLOWS****FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016**

	<u>Notes</u>	<u>1st Jan 16 to 30th Jun 16</u>	<u>1st Jan 15 to 30th Jun 15</u>
Cash flows from operating activities			
Operating loss for the period		(12,459)	(1,824)
Interest income on available-for-sale financial asset		(6,633,290)	(7,934,938)
Interest expense on Perpetual Capital Notes		6,613,945	7,915,031
Interest received on available-for-sale financial asset		15,869,875	15,869,876
Interest paid on Perpetual Capital Notes		(15,830,063)	(15,830,063)
Increase in trade and other receivables		(7,442)	(16,741)
Decrease in trade and other payables		(3,035)	(5,949)
Net cash flow used in operating activities		(2,469)	(4,608)
Movement in cash and cash equivalents		(2,469)	(4,608)
Cash and cash equivalents at the beginning of the period		123,294	132,151
Cash and cash equivalents at the end of the period	5	€ 120,825	€ 127,543

(The notes on pages 8 to 23 form part of these financial statements)

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

1. GENERAL INFORMATION

RZB Finance (Jersey) IV Limited (the "Company") was incorporated in Jersey, Channel Islands on 31st March 2006 as a public company under the Companies (Jersey) Law 1991. The principal activity of the Company is raising finance for other group companies.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the periods presented unless otherwise stated.

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as adopted by the European Union ("EU").

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets which are stated at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

The Company is currently in a net liability position and it is expected that in the future it will incur further operating losses. However the Directors believe that the Company has sufficient liquidity to be able to meet its obligations as they fall due given that: interest cash outflows are contractually lower than and contingent upon interest cash inflows; the amount of cash it holds is sufficient to meet other accruals; and, given the existence of the Support Agreement as outlined in note 12. Moreover, the Company's main financial liability consists of the Perpetual Capital Notes ("Capital Notes") which will mature concurrently with the main financial asset.

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current period

There are no New Accounting Requirements applicable in the current period that had any material effect on the reported performance, financial position or disclosures of the Company.

New Accounting Requirements not yet endorsed for use in the EU

IFRS 9, "Financial Instruments" (Replacement of IAS 39 — "Financial Instruments: Recognition and Measurement") – effective date 1st January 2018

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities and may be adopted to replace IAS 39.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

2. ACCOUNTING POLICIES - (CONTINUED)

New Accounting Requirements not yet endorsed for use in the EU - (continued)

IFRS 9 requires financial assets to be classified into the following measurement categories: (i) those measured at fair value through profit or loss; (ii) those measured at fair value through other comprehensive income; and, (iii) those measured at amortised cost. The determination is made at initial recognition. Unless the option to designate a financial asset as measured at fair value through profit or loss is applicable, the classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model for the measurement of impairment loss. The new model applies to financial assets that are not measured at fair value through profit or loss.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1st January 2018, but early adoption is permitted at any time. However, the standard has not yet been endorsed for use in the EU. Upon adoption of IFRS 9, the classification of its investment will likely change from available-for-sale financial assets to financial assets measured at fair value through profit or loss and it is likely that the classification of the Capital Notes will change from financial liabilities measured at amortised cost to financial liabilities measured at fair value through profit or loss. It is likely that the Capital Notes will be designated as financial liabilities measured at fair value through profit or loss in order to eliminate or significantly reduce the measurement inconsistency that would otherwise arise from measuring the investment at fair value through profit or loss whilst measuring the Capital Notes at amortised cost. The Company intends to adopt IFRS 9 no later than the mandatory effective date, provided that the standard has also been endorsed for use in the EU on such date.

Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a non-derivative financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets consist of available-for-sale financial asset, receivables and cash and cash equivalents.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

2. ACCOUNTING POLICIES - (CONTINUED)

Non-derivative financial assets - (continued)

Available-for-sale financial assets

Financial instruments designated as available-for-sale financial assets are initially recognised at fair value. Subsequent to initial recognition, they are re-measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income ("OCI") and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss up to the date of derecognition accumulated in equity is reclassified to profit or loss.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include, but not limited to, default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

2. ACCOUNTING POLICIES - (CONTINUED)

Impairment - (continued)

Financial assets measured at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company also considers any evidence of impairment for other receivables affecting the estimated future cash flows expected from them.

Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company has the following non-derivative financial liabilities: capital notes and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Perpetual capital notes

The Directors have considered the characteristics of the Capital Notes, and the requirements of International Accounting Standard 32 'Financial Instruments: Presentation' ("IAS 32") and consider that the most appropriate classification of these securities is as debt.

The Capital Notes are recognised initially at the issue proceeds received less attributable cost. Subsequent to initial recognition, the Capital Notes are stated at amortised cost using the effective interest method.

In accordance with IAS 39 AG8, the Directors review as at each reporting date whether or not there has been any change in the projected cash flows payable on the Capital Notes in order to determine whether or not an adjustment to the carrying amount is required under the effective interest method. If such adjustment is required at any time, the carrying value of the Capital Notes will be adjusted to the net present value of projected future cash flows payable, discounted at the original projected internal rate of return on the Capital Notes. As at the reporting date, no such change in projected cash flows had occurred since issue, with interest expected to continue to be paid under the capital notes in perpetuity.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

2. ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation

IFRS 13 "Fair Value Measurement" ("IFRS 13") defines a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the valuation date;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices), including inputs from markets that are not considered to be active; and

Level 3 – Inputs that are not based upon observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes observable requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. In choosing between alternative sources of market data, the Directors give consideration to factors such as the frequency and volume of trades, the consistency of market data between sources, and other matters arising in their determination of the principal and most advantageous market.

The Company recognises transfers between levels of the fair value hierarchy as if the change occurred at the beginning of the period.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key estimates and judgements used in preparing these financial statements primarily include the assessment of impairment and the determination of the fair value of the available-for-sale financial asset based on the traded price of the Perpetual Capital Notes as disclosed in note 12.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

2. ACCOUNTING POLICIES - (CONTINUED)

Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to functional currency at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign exchange differences arising on translation are recognised in profit or loss.

Dividends

Dividends are recognised as a liability in the period in which these are declared.

Interest income on available-for-sale financial assets

Interest income on available-for-sale financial assets is accounted for on an accruals basis using the effective interest method.

Interest expense on capital notes

Interest expense on capital notes is accounted for on an accruals basis using the effective interest method.

Segment reporting

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.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day-to-day management of the business to other parties both internal and external to the Company, including the decisions to purchase and sell securities. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. Therefore the Directors retain full responsibility as to the major allocation decisions of the Company.

The management receives financial information based on IFRS and as such no reconciliation is required between management information and the financial statements as presented.

Employees

The Company did not have any employees during the period or in the prior period.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

3. AVAILABLE-FOR SALE FINANCIAL ASSETS	<u>30th Jun 16</u>	<u>31st Dec 15</u>
Opening balance	252,656,250	196,000,000
Change in fair value	(27,308,074)	56,656,250
Closing balance	<u>€ 225,348,176</u>	<u>€ 252,656,250</u>

The available-for-sale financial asset consists of €306,250,000 Undated Securitised Commercial Certificate of Obligation (the "Certificate") issued by a related party, Raiffeisen Bank International AG ("RBI") and subscribed in full by the Company on issuance at par. The carrying value of the available-for-sale financial asset was determined based on the fair value of the Capital Notes (see note 12).

The Certificate may be redeemed at the option of the borrower on each interest payment date on or after 16th 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) 16th May 2006 to (but excluding) 16th 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 quarterly in arrears at a floating interest rate of 1.9625% per annum plus the 3-month Euribor deposit rate.

Interest is receivable as long as such interest shall be covered by the annual surplus of RBI (prior to change of reserves) as stated in the last annual financial statements approved and accrues on a non-cumulative basis.

The Directors do not expect the Certificate to be redeemed in the foreseeable future, which is accordingly presented within non-current assets.

4. TRADE AND OTHER RECEIVABLES	<u>30th Jun 16</u>	<u>31st Dec 15</u>
Accrued interest receivable	638,004	9,874,589
Prepayments	13,880	6,438
	<u>€ 651,884</u>	<u>€ 9,881,027</u>

The accrued interest receivable arose from the Certificate (note 3).

5. CASH AND CASH EQUIVALENTS	<u>30th Jun 16</u>	<u>31st Dec 15</u>
Raiffeisen Bank International AG Call deposit	<u>€ 120,825</u>	<u>€ 123,294</u>

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

6. SHARE CAPITAL	<u>30th Jun 16</u>	<u>31st Dec 15</u>
Authorised, issued and fully paid up share capital		
2,000 Ordinary shares at EUR1 each	€ 2,000	€ 2,000

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.

7. PERPETUAL CAPITAL NOTES	<u>30th Jun 16</u>	<u>31st Dec 15</u>
Perpetual capital notes	€ 306,250,000	€ 306,250,000

Non-cumulative interest on the Capital Notes will accrue at the fixed interest rate of 5.169%, payable annually in arrears on 16th May each year until 16th May 2016. Subsequent to this date, interest on the Capital Notes will accrue at an interest rate equal to 1.95% per annum plus the Reference Rate, payable quarterly in arrears on 16th August, 16th November, 16th February and 16th May each year. The Reference Rate ("EURIBOR-11:00") is defined as 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 do not have a maturity date and are redeemable at the option of the Company, subject to law and to the prior consent of Raiffeisen Zentralbank Österreich AG ("RZB") (as Support Agreement Provider) 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 16th 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 Capital 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 Company 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 shares or 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.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

7. PERPETUAL CAPITAL NOTES - (CONTINUED)

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 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) had the capital notes and all asset parity securities been issued by RZB and ranked (i) junior to all liabilities of RZB, (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 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.

8. TRADE AND OTHER PAYABLES	<u>30th Jun 16</u>	<u>31st Dec 15</u>
Accrued interest payable	633,699	9,849,817
Audit fee payable	4,965	8,000
	<hr/>	<hr/>
	€ 638,664	€ 9,857,817
	<hr/> <hr/>	<hr/> <hr/>

9. TAXATION

Profits arising in the Company are subject to Jersey Income Tax, currently at the rate of 0% (2015: 0%).

10. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent company is Raiffeisen-Landesbanken Holding GmbH, a company registered in Austria.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

11. RELATED PARTIES

During the period, Sanne Fiduciary Services Limited ("SFSL") and Sanne Secretaries Limited ("SSL") provided administration and secretarial services respectively to the Company at commercial rates. SSL is a subsidiary of SFSL. Each of SSL and SFSL is a member of the "Sanne Group" (where the "Sanne Group" means Sanne Group PLC and all of its subsidiaries and affiliates of the same). Each of G.P. Essex-Cater, S.J. Hopkins, C.D. Ruark and J.N. Pendergast is a Director and/or employee of SFSL and should be regarded as interested in any transaction with any member of the Sanne Group.

Fees incurred with Sanne Group during the period in respect of administration and management fees are detailed on the face of statement of comprehensive income. As at 30th June 2016, the Company had prepaid €13,880 to Sanne Group for administration and secretarial services (31st December 2015: €6,438).

Also see notes 3, 4 and 5 for assets held with a related party and the statement of comprehensive income for income earned on these assets.

12. FINANCIAL INSTRUMENTS

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.

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

- * market risk
- * credit risk
- * liquidity risk
- * operational risk

This note presents information about the Company's financial instruments and its exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk involved in their use, and the management of capital.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Fair values

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

	<u>30th Jun 16</u>		<u>31st Dec 15</u>	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Available-for-sale financial assets	€ <u>225,348,176</u>	€ <u>225,348,176</u>	€ <u>252,656,250</u>	€ <u>252,656,250</u>
Financial liabilities:				
Perpetual Capital Notes	€ <u>306,250,000</u>	€ <u>225,348,176</u>	€ <u>306,250,000</u>	€ <u>252,656,250</u>

There is no active market for the available-for-sale financial assets and accordingly there is no market price available to determine their fair value.

The Company has issued perpetual Capital Notes to highly sophisticated investors. The only material asset of the Company is the available-for-sale financial asset and there is no credit enhancement within the Company. The terms and conditions of the available-for-sale financial asset are exactly matched to that of the perpetual Capital Notes, except for the 1.3 basis point difference between the respective coupon rates. In the opinion of the Directors, the Company is entirely transparent to the holders of the perpetual Capital Notes and therefore in the opinion of the Directors, upon redemption, the fair value of the available-for-sale financial asset would be approximately equal and opposite to the fair value of the perpetual Capital Notes.

The fair value of the perpetual Capital Notes was based on the closing price (adjusted for accrued interest) on the Frankfurt Stock Exchange on 30th June 2016 at 73.79% (31st December 2015: 82.50%). Alternative prices may be available on other stock exchanges. The Directors have considered the frequency and volume of trades observed and noted that these appeared to be higher on the Frankfurt Stock Exchange than alternative markets where information is available to the Company and therefore consider the Frankfurt Stock Exchange to be the principal market.

The fair values of the perpetual Capital Notes have been estimated for disclosure purposes only. The last traded price may be different to the theoretical valuation that would be generated for such securities through a model using the underlying characteristics of the security and may be different from the price that could be achieved upon sale. Such differences may be significant. In addition, the value of the perpetual Capital Notes is limited to the net proceeds available from the Company.

In the opinion of the Directors there is no material difference between the carrying values of the Company's other financial assets and liabilities and their fair values.

RZB FINANCE (JERSEY) IV LIMITED**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016****12. FINANCIAL INSTRUMENTS - (CONTINUED)****Fair value hierarchy**

30th June 2016	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial asset	€ <u>-</u>	€ <u>225,348,176</u>	€ <u>-</u>	€ <u>225,348,176</u>
Financial liabilities:				
Perpetual Capital Notes	€ <u>-</u>	€ <u>225,348,176</u>	€ <u>-</u>	€ <u>225,348,176</u>
31st December 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial asset	€ <u>-</u>	€ <u>252,656,250</u>	€ <u>-</u>	€ <u>252,656,250</u>
Financial liabilities:				
Perpetual Capital Notes	€ <u>-</u>	€ <u>252,656,250</u>	€ <u>-</u>	€ <u>252,656,250</u>

The Capital Notes are traded on the Frankfurt Stock Exchange and, in the Directors' opinion, their traded price thereon represents a reasonable estimate of their fair value. In the Directors' opinion, the level of trading observed on the Frankfurt Stock Exchange constitutes an inactive market as defined by IFRS 13. Consequently, the fair value of the Capital Notes is classified within Level 2 of the fair value hierarchy.

As the fair value of the available-for-sale financial asset is derived from the fair value of the Capital Notes, the fair value of such is classified within Level 2 of the fair value hierarchy.

There were no transfers between Levels during the period or in the prior period.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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.

The Company currently has a negative equity balance on the statement of financial position solely due to the mismatch in the accounting policies for the available-for-sale financial asset which is carried at fair value and the Capital Notes which are carried at amortised cost. Accordingly, changes in the fair value of the available-for-sale financial asset will increase or decrease the equity balance. However, due to the structure of the Company's assets and liabilities, particularly their back to back terms and conditions (notwithstanding the interest margin), any net exposure of the Company to market risk is deemed temporary as any change in the fair value of the Capital Notes are ultimately passed on to the holders.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Market risk - (continued)

Interest rate risk

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

Interest incurred on the financial liability is on a fixed rate basis whilst the amount receivable from the available-for-sale financial asset yields a fixed margin over this rate by 1.3 basis points, in order to cover operating expenses of the Company. For this reason, a change in interest rates would therefore have no net impact on the Company's financial performance and equity. The holders of the Capital Notes ultimately bear the interest rate risk.

The interest rate on the financial asset is fixed until 15th May 2016, following which the interest rate will become floating at a fixed percentage over EURIBOR. The 1.3 basis points margin remains unchanged.

Currency risk

Currency risk is risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on certain administrative expenses, which are mainly 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 reasonably possible change in EUR/GBP exchange rate would have an insignificant effect on the results and equity of the Company.

As the Capital Notes are denominated in the same currency as the available-for-sale financial asset, the Directors believe that the holders of the Capital Notes are not exposed to any material net currency risk.

Other price risk

In the opinion of the Directors, there are no other price risks that could reasonably be foreseen to affect the fair values of the Company's financial instruments.

Sensitivity analysis

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

Whilst the financial instruments held by the Company may be separately exposed, the Company itself is not exposed to any significant net interest rate or net currency risk. Therefore, in the Directors' opinion, no sensitivity analysis is required to be disclosed.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

12. FINANCIAL INSTRUMENTS - (CONTINUED)

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 available-for-sale financial assets.

Available-for-sale financial assets

The Company's main financial assets consist of the Certificate (see note 3) issued by RBI and its corresponding interest receivable at period-end (see note 4). The Company's revenue derives mainly from this financial asset.

In evaluating the Company's risk exposure, the Directors have considered the current economic conditions and other events that may impact on the future cash flows from the financial asset. The Directors are not aware of any event or conditions specific to RBI that would indicate that RBI's ability to meet its obligations on the Certificate as they fall due has declined. The broader uncertainty in the Austrian banking sector's, including RBI's, ability to absorb losses in stressed market conditions remain and could adversely affect the Company's risk exposure. However, given that the Company is structured such that the rights of the holders of the Capital Notes to receive cash flows is matched by the Company's right to receive cash flows from the Certificate held by the Company (except for the interest margin differential), the Directors believe that there is no net material credit or counterparty risk to the Company and all credit and counterparty risks in relation to both interest and principal repayments of the Certificate are ultimately borne by the holders of the Capital Notes.

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

At the period end, the Company did not have any past 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.

Guarantees

The Company does not provide any financial guarantees.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

12. FINANCIAL INSTRUMENTS - (CONTINUED)

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 Capital Notes that will be repaid concurrent to that of the main financial asset due to their matching terms. The Company's Capital Notes are classified as a financial liability because they bear non-discretionary interest and are redeemable in cash by the holders. Non-discretionary interest is recognised as interest expense in the statement of comprehensive income as accrued.

The most significant cash outflow due within one year consists of the payment of interest expense on the Capital Notes. The timing of its cash outflows falls due on the same dates as the cash inflows from the available-for-sale financial asset.

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. Furthermore, the Company has entered into an agreement with RZB (the "Support Agreement") whereby RZB agrees to make available to the Company funds sufficient to enable it to meet its obligations should it have insufficient funds. RZB has long term credit rating of BBB+ from Standard & Poor's as at the year end (31st December 2015: BBB+).

The Directors are not aware of any material impact of the credit rating downgrade of RZB on its ability to meet its obligations under the Support Agreement.

The Directors therefore do not consider that the Company is exposed to significant net liquidity risk. Liquidity risk is ultimately borne by the holders of the Capital Notes.

Contractual maturity analysis of Capital Notes

The expected maturity profile of the Company's financial liabilities is presented in the table below. The amounts disclosed are the contractual undiscounted cash flows:

Capital Notes	<u>30th Jun 16</u>	<u>31st Dec 15</u>
In more than 5 years	€ 306,250,000	€ 306,250,000

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 market, credit 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.

RZB FINANCE (JERSEY) IV LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2016

12. FINANCIAL INSTRUMENTS - (CONTINUED)

Operational risk - (continued)

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.

13. OPERATING SEGMENTS

Geographical information

The Company is domiciled in Jersey, Channel Islands. All of the Company's revenues are generated from its available-for-sale financial asset with an entity based in Austria.

Non-current assets

Except for the available-for-sale financial asset, the Company does not have any other non-current assets.

Major investment counterparty

All of the Company's revenues are derived from one entity, RBI.

14. CAPITAL MANAGEMENT

The Company's transactions are designed to enable the Company to pay its liabilities as they fall due. 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. Interest incurred on the financial liability is on a fixed rate basis whilst the amount receivable from the available-for-sale financial asset yields a fixed margin over this rate by 1.3 basis points, in order to cover operating expenses of the Company. 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 Bank International AG and the Company does not have any share option schemes or hold its own shares. Raiffeisen Bank International is a wholly-owned subsidiary of RZB which is ultimately owned by the ultimate controlling party as disclosed in note 10.

There were no changes in the Company's approach to capital management during the period or in the prior period.

The Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENTS

In the opinion of the Directors, there are no significant events subsequent to the period end that are deemed necessary to be adjusted or disclosed in the financial statements.