



## **RZB Finance (Jersey) IV Limited**

*(Incorporated with limited liability under the laws of Jersey)*

**EUR 500,000,000 Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes having the benefit of a support agreement entered into with Raiffeisen Zentralbank Österreich AG**

**Issue Price: 100%**

The EUR 500,000,000 Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes (the "Capital Notes") are proposed to be issued by RZB Finance (Jersey) IV Limited (the "Issuer") on 16 May 2006 (the "Closing Date"). The holders of the Capital Notes ("Noteholders") will have the benefit of a support agreement (the "Support Agreement") entered into between the Issuer and *Raiffeisen Zentralbank Österreich AG* ("RZB" or the "Support Agreement Provider"). Subject to the limitations described in the "Terms and Conditions of the Capital Notes", the Capital Notes will bear non-cumulative interest: (i) from (and including) 16 May 2006 to (but excluding) 16 May 2016 (the "Reset Date") at a fixed rate of 5.169 per cent. per annum payable annually in arrear with the first interest payment being made on 16 May 2007 and 16 May in each year thereafter; and (ii) from (and including) the Reset Date at a rate of 1.95 per cent. per annum above three month EURIBOR (see the definition of Reference Rate in the "Terms and Conditions of the Capital Notes") payable quarterly in arrear on 16 August, 16 November, 16 February and 16 May in each year, commencing on 16 August 2016 (each an "Interest Payment Date").

The Capital Notes are limited recourse obligations of the Issuer (as further detailed in "Terms and Conditions of the Capital Notes").

The Capital Notes do not have a maturity and are not redeemable at any time at the option of the Noteholders. The Capital Notes are redeemable at the option of the Issuer, subject to the prior consent of RZB (which shall grant such consent only after either replacement of the aggregate principal amount of the Capital Notes so redeemed by the issue of other capital of at least equivalent quality (*Kapital gleicher oder besserer Qualität*) or after the Austrian Financial Market Supervisory Authority (the "*Finanzmarktaufsichtsbehörde*" or "FMA") has determined that after repayment RZB and the group of credit institutions ("*Kreditinstitutsgruppe*") to which RZB belongs have sufficient own funds required for adequate risk coverage), in whole but not in part, at EUR 50,000 per Capital Note plus accrued and unpaid interest for the then current Interest Period (as defined in the "Terms and Conditions of the Capital Notes") on 16 May 2016 or any Interest Payment Date falling thereafter and, for taxation reasons or regulatory reasons, in whole but not in part at any time, subject as described in the "Terms and Conditions of the Capital Notes". In the event of the liquidation, dissolution or winding-up of the Issuer or RZB, Noteholders will be entitled to receive for each Capital Note a liquidation preference of EUR 50,000 plus any accrued and unpaid interest for the then current Interest Period to the date of payment, subject as described in the "Terms and Conditions of the Capital Notes".

This Prospectus has been approved by the FMA which is a competent authority for the purpose of Directive 2003/71/EC (the "Prospectus Directive"). Since this Prospectus relates to the admission to trading on a regulated market of the Capital Notes, being non-equity securities having a denomination of EUR 50,000, no summary of this Prospectus is included herein in accordance with section 7(2) Austrian Capital Markets Act ("*Kapitalmarktgesetz*" "or KMG").

Application will be made to list the Capital Notes on the *Geregelter Freiverkehr* ("Second Regulated Market") of the *Wiener Börse AG* (the "Vienna Stock Exchange"). This Prospectus constitutes a prospectus for the purposes of the Prospectus Directive and the applicable Austrian listing and issuing rules.

The Capital Notes will be in bearer form and in the denomination of EUR 50,000 each. The Capital Notes will initially be in the form of a temporary global note (the "Temporary Global Note"), without interest coupons, which will be deposited on or around 16 May 2006 (the "Closing Date") with a common depositary for Euroclear Bank, S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "Permanent Global Note"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest Payments in respect of the Capital Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Capital Notes in definitive form in the denomination of EUR 50,000 each without interest coupons.

**BNP PARIBAS**

**UBS Investment Bank**

The date of this Prospectus is 12 May 2006.

## NOTICE TO INVESTORS

*A copy of this Prospectus has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation.*

*The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue by the Issuer of the Capital Notes. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.*

*It must be understood that in giving these consents, neither the Jersey Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.*

*The Issuer confirms that, to the best of its knowledge after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus with regard to the Issuer and the Capital Notes is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.*

*RZB confirms that, to the best of its knowledge and having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus with regard to the Issuer, RZB and the RZB Group (as defined in the Terms and Conditions of the Capital Notes) and the Capital Notes is in accordance with the facts and contains no omission likely to affect its import. RZB accepts responsibility accordingly.*

*No person has been authorised to give information or to make any representation other than those contained in this document and, if given or made, such information or representation must not be relied on as having been authorised by the Issuer, RZB, BNP Paribas or UBS Limited.*

*Neither the delivery of this Prospectus nor the offering, sale or delivery of any Capital Notes shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or RZB since the date of this Prospectus.*

*Every significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Capital Notes and which arises or is noted between the date hereof and the date when trading on the Second Regulated Market of the Vienna Stock Exchange begins, will be included and published in a supplement to this Prospectus, pursuant to section 6 KMG.*

*Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their residence and domicile for the acquisition, holding or disposition of Capital Notes and any foreign exchange restrictions that might be relevant to them. This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, RZB, BNP Paribas or UBS Limited to subscribe for or purchase any of the Capital Notes.*

*Investors should satisfy themselves that they understand all the risks associated with making investments in the nature of the Capital Notes. It should be remembered that the price of securities and the income from them can go down as well as up. If a prospective investor is in any doubt whatsoever as to the risks involved in investing in the Capital Notes, he or she should consult his or her professional advisers.*

*The distribution of this document and the offering of the Capital Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer, RZB, BNP Paribas and UBS Limited to inform themselves about, and to observe any such restrictions.*

*Capital Notes may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in that jurisdiction. In particular, the Capital Notes have not been and will not be registered under the United States Securities Act*

*of 1933 as amended (the “Securities Act”). Subject to certain exceptions, the Capital Notes may not be offered, sold or delivered within the United States or to U.S. persons.*

*A further description of certain restrictions on the offering and sale of the Capital Notes and on the distribution of this document is given under “Subscription and Sale” above.*

*The Capital Notes are only suitable for financially sophisticated investors who are capable of evaluating the risks involved in investing in the Capital Notes.*

*Unless otherwise specified or the context requires, references to a “Member State” are references to a member state of the European Economic Area, references to “euro”, “Euro” and “EUR” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.*

*In connection with this issue, BNP Paribas (the “Stabilising Manager”) (or any duly appointed person acting for the Stabilising Manager) may over-allot (provided that the aggregate principal amount of the Capital Notes allotted does not exceed 105% of the aggregate principal amount of the Capital Notes) or effect transactions which stabilise or maintain the market price of the Capital Notes at a level higher than that which might otherwise prevail for a limited period. However, there is no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising may begin on or after the date on which adequate disclosure of the terms of the Capital Notes is made, and, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws and will in any event be discontinued no later than the earlier of 30 days after the issue date of the relevant Capital Notes and 60 days after the allotment date of the relevant Capital Notes.*

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## 1. GENERAL DESCRIPTION OF THE ISSUE

The following summary is qualified in its entirety by the more detailed information and financial statements included elsewhere in this Prospectus.

<b>Issuer</b>	RZB Finance (Jersey) IV Limited which is a 100% indirectly owned subsidiary of RZB. It was incorporated in Jersey on 31 March 2006 for the sole purpose of the issue of Capital Notes under this Prospectus.
<b>Support Agreement Provider</b>	RZB
<b>Fiscal Agent</b>	BNP Paribas Securities Services (Luxembourg Branch)
<b>Paying Agents</b>	RZB and BNP Paribas Securities Services (Luxembourg Branch)
<b>Calculation Agent</b>	BNP Paribas Securities Services (Luxembourg Branch)
<b>Issue Size</b>	EUR 500,000,000
<b>Issue Details</b>	EUR 500,000,000 Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes
<b>Closing Date</b>	16 May 2006 or such other date as may be agreed by the Issuer and BNP Paribas and UBS Limited (the “Joint Lead Managers”) to issue the Capital Notes
<b>Form and Denomination</b>	The Capital Notes will be in bearer form and in the denomination of EUR 50,000 each
<b>Limited Recourse Obligation</b>	The Capital Notes are limited recourse obligations of the Issuer. Principal and interest on the Capital Notes will be payable solely from distributions and redemption payments received by the Issuer deriving from the Investments and any amounts received by the Issuer under the Support Agreement.
<b>Investments</b>	The proceeds of the issue will be transferred as Supplementary Capital to RZB ( <i>Ergänzungskapital</i> (section 23(1) No. 5 and (7) BWG, in accordance with section 24(2) No. 5 and 6 and section 45(4) BWG)) and will be used to increase the RZB Group’s own funds. After payment of fees, commissions and expenses, the net proceeds of the issue which will be available to RZB are expected to amount to approximately EUR 496,000,000.
<b>Maturity</b>	The Capital Notes do not have a maturity date and are not redeemable at any time at the option of the Noteholders.
<b>Interest</b>	Subject to the limitations described in the Terms and Conditions of the Capital Notes, the Capital Notes will bear non-cumulative interest: (i) from (and including) 16 May 2006 to (but excluding) 16 May 2016 (the “Reset Date”) at a fixed rate of 5.169 per cent. per annum payable annually in arrears with the first interest payment being made on 16 May 2007 and on 16 May in each year thereafter; and (ii) from (and including) the Reset Date at a rate of 1.95 per cent. per annum above three month EURIBOR (see the definition of



Reference Rate in the Terms and Conditions of the Capital Notes) payable quarterly in arrears on 16 August, 16 November, 16 February and 16 May in each year, commencing on 16 August 2016 (each an “Interest Payment Date”).

### **Non-Cumulative**

Interest Payments on the Capital Notes will be non-cumulative and will be deemed to accrue on a day by day basis.

If no interest falls to be paid by the Issuer in respect of the Capital Notes in any Interest Period then the right of Noteholders to receive interest (or any proportion thereof) in respect of such Interest Period will be extinguished and the Issuer will have no obligation to pay the interest accrued for such Interest Period or to pay any interest thereon, whether or not interest on the Capital Notes is paid for any future Interest Period.

### **Link to Distributable Profits**

Interest on the Capital Notes will, subject to the Optional Non-Payment Right described below, be paid by the Issuer out of funds legally available therefor; provided that Interest Payments will only be made on any Interest Payment Date to the extent that:

- (a) the Issuer has Distributable Funds for the Interest Period ending on the respective Interest Payment Date; and/or
- (b) the Support Agreement Provider has in accordance with section 24(2) No. 6(d) BWG an amount of Distributable Profits at least equal to (a) the aggregate amount of such Interest Payments payable on the relevant Interest Payment Date and (b) payments made during the period commencing on the date that Distributable Profits were determined by the Supervisory Board of the Support Agreement Provider immediately preceding such Interest Payment Date and ending on the relevant Interest Payment Date, in respect of interest on the Capital Notes and dividends or other distributions or payments on Parity Securities, if any.

However the Issuer may, at its sole discretion, elect not to make Interest Payments on the Capital Notes with a view to ensuring the continuity of RZB’s activities without a weakening of its financial structure (the “Optional Non-Payment Right”).

Subject to Condition 4(h) of the Terms and Conditions of the Capital Notes and notwithstanding the restrictions set out in Condition 4(f) interest will be paid on the Capital Notes in the following circumstances:

- (a) if the Support Agreement Provider or any SPV (being a special purpose vehicle subsidiary of RZB formed for the purpose of issuing securities, as defined in the



Conditions) declares or pays any dividends or makes any other payment or other distribution on any Interest Parity Securities (which includes any securities issued (i) by RZB or (ii) by the Issuer or any other SPV with the benefit of a guarantee or support agreement from RZB, in each case where the securities rank *pari passu* as to payment of dividends, interest or distributions with RZB's obligations under the Support Agreement and contain an Optional Non-Payment Right or equivalent). If the dividend or other payment or distribution on such Interest Parity Securities was in the full stated amount payable on such Interest Parity Securities, Interest Payments will be made in full (in the period to but excluding the Reset Date) on the Interest Payment Date falling contemporaneously with or immediately following the date on which such dividend or other payment or distribution was declared or made on such Interest Parity Securities or (in the period from the Reset Date) on the four Interest Payment Dates falling contemporaneously with or immediately following the date on which such dividend or other payment or distribution was declared or made on such Interest Parity Securities . If the dividend or other payment or distribution on such Interest Parity Securities was only a partial payment of the amount so owing, the Interest Payments on the Capital Notes will be reduced proportionally;

- (b) if the Support Agreement Provider or any of the SPVs declares or pays any dividend or makes any other payment or distribution on any Junior Securities, interest will be paid on the Capital Notes (in the period to but excluding the Reset Date) on the Interest Payment Date falling contemporaneously with or immediately following the date on which such dividend was declared or other payment made or (in the period from the Reset Date) on the four Interest Payment Dates falling contemporaneously with or immediately following the date on which such dividend or other payment or distribution was declared or made;
- (c) if the Support Agreement Provider or any of the SPVs redeems, repurchases or otherwise acquires any Parity Securities or Junior Securities for any consideration except by conversion into or exchange for Junior Securities, the Issuer will make Interest Payments on the Capital Notes in full (in the period to but excluding the Reset Date) on the Interest Payment Date falling contemporaneously with or immediately following the date on which such redemption, repurchase or other acquisition occurred or (in the period from the Reset Date) on the four Interest Payment Dates falling contemporaneously with or immediately following the

date on which such redemption, repurchase or other acquisition occurred;

provided that no payment obligation shall arise under paragraphs (a) – (c) above to the extent that the relevant SPV which declares or pays any dividend or makes any other payment or distribution makes such payment or distribution out of its own distributable profits or makes an Excess Distributable Funds Payment (as defined in the Terms and Conditions of the Capital Notes).

When, by reason of any limitation described above interest is not paid in full on the Capital Notes and any Parity Securities, all interest payable upon the Capital Notes and any such Parity Securities will be payable pro rata in the proportion that the amounts available for payment on the Capital Notes and any such Parity Securities on the due date of payment shall bear to the full amount that would have been payable on the Capital Notes and such Parity Securities but for such limitation and any claims in respect of the difference between the full amount and the amount so payable shall be thereupon extinguished. If interest is not paid in full in accordance with the Terms and Conditions of the Capital Notes, the Noteholders will be notified in accordance with Condition 13 of the Terms and Conditions of the Capital Notes.

## **Regulatory Limitations**

Even if Distributable Funds of the Issuer and Distributable Profits of the Support Agreement Provider are sufficient on a particular Interest Payment Date, to the extent that, (i) in accordance with applicable Austrian law, the Support Agreement Provider would be limited in making payments on preference shares or preferred securities or capital notes issued by it ranking *pari passu* as to participation in profits with the Support Agreement Provider's obligations under the Support Agreement or (ii) on such date there is in effect an order of the FMA (or any other relevant regulatory authority) prohibiting the Support Agreement Provider from making any distribution of profits, the Issuer shall not be required to make any Interest Payments on any such Interest Payment Date.

## **Support Agreement**

The Issuer and the Noteholders will have the benefit of the Support Agreement entered into between the Issuer and RZB.

Each Noteholder shall be entitled severally to enforce the obligations against RZB or the Issuer.

The Support Agreement is intended to provide for interest, redemption and liquidation rights equivalent to those which would attach to the Capital Notes if issued directly by RZB and to oblige RZB to make funds available to the Issuer to meet its payment obligations under the Capital Notes.

RZB's obligations under the Support Agreement constitute unsecured obligations of RZB and rank and will at all times

rank (a) junior to all liabilities of RZB (other than any liability expressed to rank *pari passu* with or junior to the Support Agreement), (b) *pari passu* with all payment obligations of RZB in respect of Asset Parity Securities, (c) *pari passu* with RZB's obligations entered into by RZB in connection with the 2003 Preferred Securities and the 2004 Capital Notes and (d) senior to Bank Share Capital.

For the text of the Support Agreement, see section 9 of this Prospectus.

**Withholding Tax and Additional Amounts**

All amounts payable by the Issuer in respect of the Capital Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Jersey or Austria or any other country from or out of which the Issuer makes payments, or any political subdivision or authority thereof or therein having power to tax (the "Withholding Taxes"), unless such withholding or deduction is required by law. In such event, subject to customary exceptions as set out in Condition 7 of the Terms and Conditions of the Capital Notes, the Issuer shall pay such additional amounts (the "Additional Amounts") as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Capital Notes in the absence of such withholding or deduction.

**Optional Redemption**

The Capital Notes are redeemable at the option of the Issuer, subject to the prior consent of RZB (which shall grant such consent only after either replacement of the aggregate principal amount of the Capital Notes so redeemed by the issue of other capital of at least equivalent quality (*Kapital gleicher oder besserer Qualität*) or after the FMA has determined that after repayment RZB and the group of credit institutions (*Kreditinstitutsgruppe*) to which RZB belongs have sufficient own funds required for adequate risk coverage), in whole but not in part, at EUR 50,000 per Capital Note plus accrued and unpaid interest for the then current Interest Period (as defined in the "Terms and Conditions of the Capital Notes") on 16 May 2016 or any Interest Payment Date falling thereafter subject as described in the "Terms and Conditions of the Capital Notes".

**Redemption for Tax Reasons and Regulatory Reasons**

The Capital Notes may be redeemed at the option of the Issuer in whole but not in part, at any time, subject to the prior consent of the Support Agreement Provider (which shall grant such consent only after either replacement of the principal amount of the Capital Notes so redeemed by issuing other capital of at least equivalent quality (*Kapital gleicher oder besserer Qualität*) or after the FMA has determined that after repayment RZB and the group of credit institutions (*Kreditinstitutsgruppe*) to which RZB belongs have sufficient own funds required for adequate risk coverage) at:

- (a) the Redemption Price if the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) of the Terms and Conditions of the Capital Notes and such obligation cannot be avoided by the Issuer taking in its judgment reasonable measures available to it; or
- (b) the higher of the Make Whole Amount (as defined in Condition 5(b) of the Terms and Conditions of the Capital Notes and being the present value of the principal amount and future interest payments) and the Redemption Price (if any of the following events takes place prior to the Reset Date) or at the Redemption Price (if any of the following events takes place on or after the Reset Date) if:
  - (i) the FMA determines and announces that, or as a result of a change in law or regulation or interpretation thereof, the Capital Notes no longer qualify as Core Capital (*Kernkapital*) of the Support Agreement Provider for Austrian banking capital adequacy purposes on a consolidated basis or
  - (ii) as a result of a change in law or regulation or the interpretation thereof payments made by the Support Agreement Provider or any member of the RZB Group on any of the Investments are not fully deductible for tax purposes;

on giving not less than 60 nor more than 90 days' notice.

If any of the events described in (a) or (b) above occurs, then the Optional Non-Payment Right shall cease to be applicable.

### **Status and Subordination**

The Capital Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank (i) senior to the ordinary share capital of the Issuer, (ii) *pari passu* among themselves and at least *pari passu* with all other present and future preference shares, capital notes or other securities issued by the Issuer which rank *pari passu* with the Capital Notes and (iii) junior to all current and future senior and other unsubordinated and subordinated debt obligations of the Issuer.

### **Rights upon Liquidation**

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Issuer, the Noteholders at the time will be entitled to receive the relevant Liquidation Distribution in respect of each Capital Note held out of the assets of the Issuer available for distribution to Noteholders.

Such entitlement will arise before any distribution of assets is made to holders of ordinary shares, preference shares, preferred securities or capital notes or any other class of shares of the Issuer ranking junior as regards participation in

assets to the Capital Notes or holders of any other share or other security issued by the Issuer having the benefit of a guarantee or support agreement from the Support Agreement Provider, where any such share or other security ranks junior as regards participation in assets to the Capital Notes.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the Noteholders 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 the Support Agreement Provider, the Liquidation Distribution paid to Noteholders and the liquidation distribution per security to be paid to the holders of all Asset Parity Securities, shall not exceed the amount per security that would have been paid as the liquidation distribution from the assets of the Support Agreement Provider (after payment in full in accordance with Austrian law of all creditors of the Support Agreement Provider, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to the Support Agreement Provider's obligations under the Support Agreement including, for the avoidance of doubt, the 2003 Preferred Securities and the 2004 Capital Notes) had the Capital Notes and such Asset Parity Securities been issued by the Support Agreement Provider and ranked (a) junior to all liabilities of the Support Agreement Provider (other than any liability expressed to rank *pari passu* with or junior to the Support Agreement Provider's obligations under the Support Agreement), (b) *pari passu* with all Asset Parity Securities of the Support Agreement Provider and (c) senior to the Support Agreement Provider'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 Noteholders will have no right or claim to any of the remaining assets of the Issuer or the Support Agreement Provider.

In the event of the liquidation, dissolution or winding-up of the Support Agreement Provider, the Board of Directors shall convene an Extraordinary General Meeting of the Issuer for the purpose of proposing a Special Resolution to put the Issuer into voluntary winding-up and the amount per Capital Note to which Noteholders shall be entitled as a Liquidation Distribution will be as set out in Condition 8 of the Terms and Conditions of the Capital Notes.

The Support Agreement Provider will undertake in the Support Agreement that, so long as any Capital Notes are outstanding, unless the Support Agreement Provider itself is in liquidation, the Support Agreement Provider will not

permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer.

**Ratings**

On issue, the Capital Notes are expected to be assigned an “A3” rating by Moody’s Investors Service Inc. A rating is not a recommendation to buy, sell or hold securities or shares and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Governing Law**

The Capital Notes and all matters arising from or connected with the Capital Notes are governed by, and shall be construed in accordance with, English law, save that determination in respect of the Distributable Profits and amounts payable in the event of the liquidation of RZB will be construed in accordance with Austrian law.

The Support Agreement will be governed by, and construed in accordance with English law save that Clause 2.1.2 (*Limitations on Liquidation Distributions*) and Clause 2.4 (*Ranking of Obligations*) shall be governed by, and construed in accordance with Austrian law.

**Listing**

Application will be made on or around 12 May 2006 to list the Capital Notes on the Second Regulated Market of the Vienna Stock Exchange

## **2. RISK FACTORS**

Investing in the Capital Notes involves certain risks. Risks relating to the ability of the Issuer and RZB to fulfil their respective obligations under the Capital Notes and the Support Agreement are set out in section 2.3 below. Prospective investors should reach their own views before making an investment decision.

### **2.1 THE ISSUER**

The Issuer is a special purpose vehicle which was formed for the sole purpose of issuing the Capital Notes on the terms of this Prospectus. Its ability to pay interest on or redeem (if ever) the Capital Notes depends solely on any income the Issuer may receive on the Investments and/or funds received from RZB under the Support Agreement. The Issuer does not have any other source of income.

### **2.2 RZB**

RZB is subject to the general business risks that affect an international bank with its business focus on the corporate banking and investment banking segments.

The principal business risks are highlighted below.

#### **2.2.1 Market risk**

The market risk involved in RZB's business activities lies in the risk of possible losses arising from changes in the market due to fluctuating or changing interest rates, foreign exchange rates, share prices and prices in general. This risk encompasses both trading book and banking book positions. Higher risk positions are the result either of business done for customers or of the deliberate assumption of positions and are managed by the treasury and investment banking divisions.

RZB's market position is influenced by both external factors such as customer business and internal policies. They are managed by the Treasury and Investment Banking divisions (Global Treasury Markets and Global Markets). (See also item 42 of the Explanatory Notes to RZB's Consolidated Financial Statements for 2005.)

Notwithstanding such management, no assurance can be given that changes in the market will not adversely affect RZB's profitability. Since the obligation of the Issuer to make payments on the Capital Notes is subject to sufficiency of profits of RZB, any reduction in profits of RZB may affect the obligation and ability of the Issuer to make payments under the Capital Notes or of RZB to make payments under the Support Agreement.

#### **2.2.2 Dependence upon funding sources**

RZB is not a retail bank. As a corporate bank with its focus on Austria's "Top 1,000" companies, it therefore lacks an extensive and broadly spread base of retail customer deposits as funding sources. RZB's greater dependence upon the interbank market could make its profitability more sensitive to fluctuations in interest rates than that of banks that have a more broadly spread deposit base.

#### **2.2.3 Credit risk and country risk**

The credit risk within RZB is mainly the default risk that a customer may not be able to fulfil contractual financial obligations. This risk affects RZB as a result of its business with corporate customers, other banks and sovereign borrowers. There is a distinction between migration risks (caused by deterioration in customers' ratings) and country risk. Country risk includes transfer and convertibility risks as well as political risk in relation to countries in or with which RZB carries on its business. Such credit risk or country risk may have a material adverse effect on RZB's business results. (See also item 42 of the Explanatory Notes to RZB's Consolidated Financial Statements for 2005.)



## **2.2.4 Equity risk**

There are also risk factors arising from listed and unlisted equity participations. These risks consist essentially of the possibility that money invested in an equity participation may not yield a return or may be lost because of lack of business success on the part of the entity in which the equity investment has taken place. Any such failure of investments to yield returns or loss of value in such investments may adversely affect the profitability of RZB. Since the obligation of the Issuer to make payments on the Capital Notes is subject to sufficiency of profits of RZB, any reduction in profits of RZB may affect the obligation and ability of the Issuer to make payments under the Capital Notes or of RZB to make payments under the Support Agreement. (See also item 42 of the Explanatory Notes to RZB's Consolidated Financial Statements for 2005.)

## **2.2.5 Liquidity risk**

Because of differences in the maturities of RZB's receivables and payables, there is a risk that RZB may be unable to fulfil its current and future financial obligations in full or on time. (See also item 42 of the Explanatory Notes to RZB's Consolidated Financial Statements for 2005.) Any such failure may affect the solvency of RZB. The rights of holders of Capital Notes are subordinated to senior creditors of RZB in the event of its insolvency and accordingly in such circumstances would not receive payment of interest or repayment of principal on the Capital Notes.

## **2.2.6 Operational risk**

In line with Basel II, RZB defines operational risk as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events, inclusive of legal risk.

The occurrence of such circumstances, including in particular business interruptions (for example, due to the failure of communication systems) may cause appreciable losses. (See also item 42 of the Explanatory Notes to RZB's Consolidated Financial Statements for 2005.)

## **2.2.7 Dependence upon having adequate risk-bearing capacity and upon risk control and successful risk management**

Although RZB has installed an extensive group-wide risk monitoring and risk management system (see section 4.4 below) to ensure the conscious handling and professional management of credit and country risks, market and liquidity risks, equity risks and operational risks so as to safeguard its ability to achieve sustained success and growth in the markets in question, and although RZB intends to continue to develop that system, such systems may not be effective or suitable under certain unforeseeable business or financial circumstances or with regard to certain risks. (See also item 42 of the Explanatory Notes to RZB's Consolidated Financial Statements for 2005.)

## **2.2.8 Dependence upon having sufficient own funds and making adequate provisions for risks**

Although the RZB Group has a core capital ratio of 8.3 per cent and a regulatory own funds ratio pursuant to the Austrian Banking Act ("*Bankwesengesetz*") ("*BWG*") of 9.3 per cent (both as at 31 December 2005), this may not be sufficient in the event of certain unforeseeable circumstances. (See also page 88 of RZB's Group Annual Report for 2005.) A deterioration in such ratios may lead to the need for further relevant capital and, in the absence of such additional capital, may constrain the ability of RZB to carry on certain businesses or the volume of such business and, accordingly, its profitability.

## **2.2.9 The future development of the banking sector and regulation thereof / Basel II**

As a result of increasing globalisation and market transparency, the European banking sector has in recent years been experiencing growing competition and increased central regulation.

Both factors may reduce profit margins, increase capital costs and increase administrative costs. (See also pages 68 to 71 of RZB's Group Annual Report for 2005.)

## **2.2.10 Dependence upon the business and economic environment in which RZB and the RZB Group operate, including the development of financial markets and the political situation in Central and Eastern Europe**

RZB is the parent of *Raiffeisen International Bank-Holding AG* (“*Raiffeisen International*”) in which it holds a stake of approximately 70 per cent. Raiffeisen International has been a listed company since April 2005 and currently owns 17 network banks (i.e. banking subsidiaries) and numerous leasing companies in the markets and regions listed below. Accordingly, RZB may be affected by the political, economic and currency risks specific to those markets.

The RZB Group currently has operating companies in the following markets and regions by way of *Raiffeisen International*:

Central Europe (“CE”)	the Czech Republic, Hungary, Poland, Slovakia, Slovenia
South eastern Europe (“SEE”)	Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, Serbia and Montenegro
The Commonwealth of Independent States (“CIS”)	Belarus, Kazakhstan, Russia, Ukraine

Hereinafter, these markets and territories are referred to as the “CEE region”.

## **2.3 THE CAPITAL NOTES**

Investing in the Capital Notes involves certain risks. In particular, an investment in the Capital Notes may entail significant risks not associated with similar investments in a conventional debt security. Risks relating to the ability of the Issuer and RZB to fulfil their respective obligations under the Capital Notes and the Support Agreement are set out below. Prospective investors should reach their own views before making an investment decision.

The principal risks relating to the Capital Notes are highlighted below.

### **2.3.1 Risks Relating to the Market Generally**

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Capital Notes in Euros. This presents certain risks relating to currency conversion if an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than Euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to Euros would decrease (1) the Investor’s Currency-equivalent yield on the Capital Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Capital Notes and (3) the Investor’s Currency equivalent market value of the Capital Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in fixed rate notes involves the risk that subsequent changes in market interest rates may adversely affect the value of such notes.

Investment in floating rate notes involves the risk that the exact yield of such notes cannot be determined in advance.

## **2.3.2 Risks Relating to the Capital Notes Generally**

### *Credit spread risks*

The Capital Notes carry a significant risk premium compared to senior debt because they are deeply subordinated and only rank ahead of the ordinary share capital of the Issuer. The degree of such risk premium and, accordingly, the market price at which a holder may be able to sell any Capital Notes, can fluctuate significantly over time.

### *There is no active trading market for the Capital Notes*

The Capital Notes issued under this Prospectus will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Capital Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application will be made for the Capital Notes to be admitted to trading on the Second Regulated Market of the Vienna Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop. There is no assurance as to the development or liquidity of any trading market for the Capital Notes and accordingly holders of Capital Notes may be unable to sell Capital Notes at their market price, any other price, or at all.

### *Redemption at the option of the Issuer*

The Capital Notes are not redeemable at the option of a Noteholder but may be redeemed at the option of the Issuer in whole but not in part, subject to conditions as set out in section 6 (Terms and Conditions of the Capital Notes) of this Prospectus.

In the event that: (1) the Issuer would be obliged to increase the amounts payable in respect of the Capital Notes due to any withholding or deduction for or on account of, any present or future taxes, or duties of whatever nature imposed or levied by or on behalf of Jersey or Austria or any country from or out of which the Issuer makes payment, or any political subdivision thereof or any authority therein or thereof having power to tax; or (2) the FMA determines and announces that, or as a result of a change in law or regulation or interpretation thereof, the Capital Notes no longer qualify as Core Capital (*Kernkapital*) of RZB for Austrian banking capital adequacy purposes on a consolidated basis; or (3) as a result of a change in law or regulation or the interpretation thereof payments made by RZB or any member of the RZB Group on any of the Investments are not fully deductible for tax purposes, the Issuer may redeem all but not part of the outstanding Capital Notes in accordance with the Terms and Conditions of the Capital Notes.

### *Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Capital Notes constitute legal investments for it, (2) Capital Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to the purchase or pledge of any Capital Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Capital Notes under any applicable risk-based capital or similar rules.

### *Subordination*

The Capital Notes are a subordinated obligation of the Issuer and the Support Agreement is a subordinated obligation of RZB. Should the Issuer be liquidated or declared insolvent and a winding up be initiated, it will be required to pay any holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors and holders of subordinated debt other than subordinated debt which ranks, or is expressed to rank, *pari passu* with the Capital Notes) in full before it can make any payments on the Capital Notes. If this occurs, the Issuer may not have sufficient assets remaining after these payments to pay amounts due under the Capital Notes.

### *Perpetual nature of the Capital Notes*

The Capital Notes are perpetual and may not be redeemed at the option of the holders. Whilst the Issuer has the option to redeem the Capital Notes in the circumstances described in the Terms and Conditions of the Capital Notes, it is under no obligation to do so and accordingly there can be no assurance as to when, if ever, the Capital Notes may be redeemed.

### *Interest is non-cumulative and dependent upon sufficient Distributable Funds*

Potential investors should be aware that they may receive no or a limited amount of interest. The Capital Notes are debt securities that do not entail a fixed right to interest. Instead, interest payments are dependent upon there being sufficient Distributable Funds of the Issuer and Distributable Profits of RZB. In addition, the Issuer may, at its sole discretion, elect not to make Interest Payments on the Capital Notes with a view to ensuring the continuity of RZB's activities without weakening its financial structure.

Subject to certain limitations set out in the Terms and Conditions, the Issuer is required to make interest payments on the Capital Notes if RZB or any of its SPVs pays dividends or makes any payment on Interest Parity Securities or Junior Securities (or if RZB or any of its SPVs redeems or repurchases any Parity Securities or Junior Securities). It should be noted that Interest Parity Securities are defined in the Terms and Conditions of the Capital Notes to include only those securities issued by RZB or any of its SPVs which contain an Optional Non-Payment Right (or equivalent). The securities issued by RZB Finance (Jersey) III Limited in 2004 and by RZB Finance (Jersey) II Limited in 2003 (and each of which benefit from support agreements of RZB) do not contain such an Optional Non-Payment Right (or equivalent) and accordingly payment of interest or dividends on such securities will not of itself require the Issuer to pay interest on the Capital Notes.

Whether or not holders of the Capital Notes receive interest payments will depend upon whether there are sufficient Distributable Funds of the Issuer and Distributable Profits of RZB to enable interest payments to be made on the Capital Notes and Parity Securities in whole or in part and on the Issuer not exercising its Optional Non-Payment Right.

### *No guarantee or security under the Support Agreement/limited recourse*

The Issuer and the Noteholders will have the benefit of the Support Agreement, the terms of which are more particularly set out in section 9 of this Prospectus. The obligations under the Support Agreement take effect for the benefit of the Noteholders and each Noteholder shall be entitled severally to enforce the obligations against RZB or the Issuer.

Principal and interest on the Capital Notes will be payable solely from distributions and redemption payments received by the Issuer deriving from the Investments (as defined in the Terms and Conditions of the Capital Notes) or amounts paid to the Issuer by RZB under the Support Agreement. Prospective investors should be aware however that the Support Agreement is not a guarantee, surety or indemnity within the meaning of section 24(2) No. 5 (f) BWG by RZB and that there is a risk that the Issuer may receive no or insufficient distributions from which to pay the interest on the Capital Notes.

RZB will only make available to the Issuer funds sufficient to enable it to meet its obligations under or in respect of the Capital Notes as and when such obligations fall due. In addition, RZB's obligations under the Support Agreement are unsecured obligations of RZB and at all times will rank (a) junior to all liabilities of RZB (other than any liability expressed to rank *pari passu* with or junior to the Support Agreement), (b) *pari passu* with all payment obligations of RZB in respect of Asset Parity Securities, (c) *pari passu* with RZB's obligations entered into by RZB in connection with the 2003 Preferred Securities and the 2004 Capital Notes and (d) senior to Bank Share Capital.

### *Change of law*

The Terms and Conditions of the Capital Notes are based on English law and Austrian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or Austrian law or administrative practice after the date of this Prospectus.

### *Taxation*

Potential investors in Capital Notes should consult their own tax advisers as to which countries' tax laws could be relevant when acquiring, holding and disposing of the Capital Notes and receiving payments of interest, principal and/or other amounts or delivery of securities under the Capital Notes and the consequences of such actions under the tax laws of those countries.

*Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.*

Capital Notes issued under this Prospectus will be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Capital Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Capital Notes are represented by one or more Global Notes which are deposited with a common depositary for Euroclear and Clearstream, Luxembourg, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Capital Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Capital Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Capital Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Capital Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

### *Ratings of RZB*

If there is an adverse change in any of the rating levels attributed to RZB by external rating agencies then it is likely that any rating of the Capital Notes may be downgraded which may have an adverse effect on the trading price of the Capital Notes.

### *External factors*

The trading price of the Capital Notes may be subject to fluctuations as a result of the effect of external market and other factors not directly related to RZB, the RZB Group or the Issuer.

### **3. RZB FINANCE (JERSEY) IV LIMITED (THE ISSUER)**

#### **3.1 PERSONS RESPONSIBLE**

The Issuer confirms that, to the best of its knowledge after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus with regard to the Issuer and the Capital Notes is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

#### **3.2 STATUTORY AUDITORS**

Following incorporation of the Issuer on 31 March 2006, KPMG Channel Islands Limited, a firm of Chartered Accountants of P.O. Box 453, 5 St. Andrews Place, Charing Cross, St Helier, Jersey JE4 8WQ has been appointed as auditors to the Issuer. The Issuer's first financial year will be for a period commencing on the date of incorporation of the Issuer and ending on 31 December 2006.

#### **3.3 RISK FACTORS**

Prospective investors are requested to refer to the "Risk Factors" for further information as set out in section 2 of this Prospectus.

#### **3.4 INFORMATION ABOUT THE ISSUER**

##### **3.4.1 History and development**

The Issuer was incorporated in Jersey on 31 March 2006 under the laws of Jersey for the sole purpose of issuing the Capital Notes under this Prospectus. The Issuer has unlimited corporate capacity under Jersey law.

The issue of the Capital Notes requires the consent of the Jersey Financial Services Commission under the Control of Borrowing (Jersey) Order 1958. Such consent will be obtained on or before the Closing Date. This consent is subject to conditions which must be complied with on an ongoing basis. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

##### **3.4.2 Legal and Commercial Name**

The Issuer's legal name is RZB Finance (Jersey) IV Limited. The Issuer does not have a commercial or trading name under which it operates.

##### **3.4.3 Place of Registration**

The Issuer is registered in Jersey with registered number 93013.

##### **3.4.4 Date of Incorporation**

The Issuer was incorporated on 31 March 2006 for an indefinite period.

##### **3.4.5 Domicile and Legal Form**

The Issuer is a company with limited liability formed under the laws of Jersey. Its place of domicile is Jersey (Channel Islands).

The registered office and principal place of business of the Issuer is 22 Grenville Street, St Helier, Jersey JE4 8PX (telephone number +44(0) 1534 609000). The Issuer has no place of business in Austria.



### **3.4.6 Share Capital**

The existing issued ordinary shares of the Issuer are not listed on the Vienna Stock Exchange or on any other stock exchange and are not dealt on any other recognised market.

The Issuer was established with an authorised share capital of EUR 2,000 consisting of 2,000 shares of par value EUR 1.00 each. All 2,000 shares were issued fully paid up following the incorporation of the Issuer. There has been no subsequent change in the share capital of the Issuer.

The holders of the ordinary shares in the Issuer have no rights of pre-emption or preferential subscription rights in respect of the Capital Notes. No capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.

### **3.4.7 Material Recent Events**

There are no recent events particular to the Issuer which are relevant to a material extent to the evaluation of the Issuer's solvency.

## **3.5 BUSINESS OVERVIEW**

The sole intended business activity of the Issuer is the issue of the Capital Notes on the terms of this Prospectus. It is not engaged in any other commercial activities and it does not have any employees.

No transactions have occurred since incorporation of the Issuer other than (i) the allotment of the shares described under "Share Capital" and (ii) the execution of the Support Agreement, described in this Prospectus, a Corporate Administration Agreement on or around 12 May 2006 and made between the Issuer, Maurant & Co. Limited and RZB and a subscription agreement dated 12 May 2006 and made between the Issuer, BNP Paribas and UBS Limited in relation to the Capital Notes. A fiscal agency agreement will be entered into between BNP Paribas Securities Services, Luxembourg Branch, RZB and the Issuer in relation to the Capital Notes, on or around 16 May 2006.

The ongoing costs and expenses of the Issuer will be met either on its behalf by RZB or Raiffeisen Malta Bank plc or from any difference between the interest costs on the Capital Notes and the interest it receives from the Investments (as defined in the Terms and Conditions of the Capital Notes) acquired with the proceeds of issue of the Capital Notes. Interest payments due on the Capital Notes will be met from interest payments it receives from such Investments and/or in accordance with the terms of the Support Agreement.

## **3.6 ORGANISATIONAL STRUCTURE**

The Issuer is a 100% indirectly owned subsidiary of RZB. The Issuer's sole shareholder is Raiffeisen Malta Bank plc, 71 II-Piazzetta, Tower Road, Sliema, SLM 16, Malta, which is in turn 100% directly and indirectly owned by RZB.

Prospective investors are requested to refer to section 4.6 (Organisational Structure) of this Prospectus for further information.

## **3.7 TREND INFORMATION**

The Issuer is not aware of any material trends, uncertainties, demands, commitments or events that are likely to have a material effect on the Issuer's prospects for at least the current financial year.

## **3.8 PROFIT FORECASTS OR ESTIMATES**

The Issuer has not included any profit forecast or estimates in this Prospectus.



### 3.9 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The persons comprising the board of directors of the Issuer and their principal activities outside the Issuer are as follows:

<b>Name</b>	<b>Function</b>	<b>Business Address</b>	<b>Principal Activity outside the Issuer</b>
Gareth Essex-Cater	Director	22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands	Corporate Administration Manager
Daniel Le Blancq	Director	22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands	Corporate Administration Manager
Helen Grant	Director	22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands	Corporate Administration Manager
Dean Godwin	Director	22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands	Corporate Administration Manager

The board of directors constitutes the management body of the Issuer. There is no supervisory or administrative body.

The Directors do not, and it is not proposed that they will, have service contracts with the Issuer. No Director has entered into any transaction on behalf of the Issuer which is or was unusual in its nature or conditions or is or was significant to the business of the Issuer since its incorporation.

Save as set out below, no Director or any connected person has any present or potential conflict of interests between his or her duties to the Issuer and his or her personal interest or other duties.

G. Essex-Cater, D. Le Blancq, D. Godwin and H. Grant are employees of a subsidiary of Maurant Limited and G. Essex-Cater is also a shareholder of Maurant Limited. Maurant Limited is the ultimate owner of Maurant & Co. Limited, to which fees are payable at commercial rates for providing ongoing corporate administration services to the Issuer, including the provision of a company secretary through its subsidiary company, Maurant & Co. Secretaries Limited.

At the date of this document there were no loans granted or guarantees provided by the Issuer to any Director of the Issuer.

As at the date of this document, the Directors have not received any remuneration for the provision of their services to the Issuer and it is not intended that they receive any, as the directorships of the Directors are provided as part of the services of Maurant & Co. Limited under the Corporate Administration Agreement. The remuneration of the Directors may from time to time be determined by the Issuer in general meeting.

### 3.10 MAJOR SHAREHOLDERS

The Issuer is a direct wholly-owned subsidiary of *Raiffeisen Malta Bank plc*, 71 II-Piazzetta, Tower Road, Sliema, SLM 16, Malta, which holds all of the 2,000 shares of EUR 1.00 each in the capital of the Issuer. Both the Issuer and its parent company are part of the RZB Group, further information on which is set out in detail in section 4 of this Prospectus.

The Issuer is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Issuer.

### **3.11 FINANCIAL INFORMATION**

#### **3.11.1 Historical financial information**

## **RZB Finance (Jersey) IV Limited Audited Interim Financial Statements for the Period Ended 24 April 2006**

RZB Finance (Jersey) IV Limited

Audited Interim Financial Statements

**As at 24 April 2006**

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## RZB Finance (Jersey) IV Limited

### Company Information

*For the period ended 24 April 2006*

**Directors:**

Dean Godwin  
Gareth Essex-Cater  
Helen Grant  
Daniel Le Blancq

**Secretary:**

Mourant & Co. Secretaries Limited

**Auditors:**

KPMG Channel Islands Limited  
5 St Andrew's Place  
Charing Cross  
St Helier  
Jersey  
JE4 8WQ  
Channel Islands

**Registered office:**

22 Grenville Street  
St Helier  
Jersey  
JE4 8PX  
Channel Islands

## RZB Finance (Jersey) IV Limited

### Directors' Report

*For the period ended 24 April 2006*

The directors submit their report and the audited financial statements of RZB Finance (Jersey) IV Limited ('the company') for the period ended 24 April 2006.

**Incorporation**

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

**Activities**

The principal activity of the company is to raise finance for other group companies. As at 24 April 2006 and at the date of approval of these financial statements no finance has been raised.

**Results**

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

**Directors**

The directors of the company during the period, and up to the date of approval of these financial statements, were those stated on page 1, who were all appointed on 31 March 2006.

**Auditors**

KPMG Channel Islands Limited were appointed as auditors of the company during the period and have expressed their willingness to continue in office.

By order of the Board

**Helen Grant**

Authorised Signatory

**Mourant & Co. Secretaries Limited**

*Secretary*

27 April 2006

## RZB Finance (Jersey) IV Limited

### Statement of Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the financial position of the company and of the profit or loss for that period in accordance with the requirements of International Financial Reporting Standards and the applicable Jersey law.

In preparing these financial statements the directors are required to:

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

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board of Directors:

**Helen Grant**

Authorised Signatory

**Mourant & Co. Secretaries Limited**

*Secretary*

27 April 2006

## Income Statement

For the period ended 24 April 2006

	31 March 2006 to 24 April 2006
	(in EUR)
Interest income .....	1
<b>Net interest income</b> .....	1
<b>Expenses</b> .....	0
<b>Profit from Operations</b> .....	1
<b>Profit for the Period</b> .....	1

## Balance Sheet

As at 24 April 2006

	Note	(in EUR)
<b>Current Assets</b>		
Cash and cash equivalents .....		2,001
<b>Total Current Assets</b> .....		2,001
<b>Total Assets</b> .....		2,001
<b>Equity and Liabilities</b>		
Issued share capital .....	3	2,000
Retained earnings .....		1
<b>Total Capital and Reserves</b> .....		2,001
<b>Total Equity and Liabilities</b> .....		2,001

## Statement of Changes in Equity

For the period ended 24 April 2006

	Total	Ordinary Share Capital	Retained Earnings
	EUR	EUR	EUR
Issue of share capital .....	2,000	2,000	–
Profit for the period .....	1	–	1
As at 24 April 2006 .....	2,001	2,000	1

## Statement of Cash Flows

For the period ended 24 April 2006

	31 March 2006 to 24 April 2006 <hr/> (in EUR)
<b>Operating Activities</b>	
Interest received .....	1
Payment of expenses .....	–
<b>Net Cash Flows from Operating Activities</b> .....	<hr/> 1
<b>Financing Activities</b>	
Proceeds from issued share capital.....	2,000
<b>Cash Flows from Financing Activities</b> .....	<hr/> 2,000
Net Increase in Cash and Cash Equivalents .....	2,001
Cash and Cash Equivalents at the Beginning of the Period .....	–
<b>Cash and Cash Equivalents at the End of the Period</b> .....	<hr/> 2,001 <hr/>

## Notes to the Financial Statements

For the period ended 24 April 2006

### 1. Significant Accounting Policies

RZB Finance (Jersey) IV Limited is a public company domiciled in Jersey.

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations adopted by the International Accounting Standards Board ('IASB'), and the requirements of Jersey law.

#### (b) Basis of preparation.

The financial statements are presented in Euro (i.e. the reporting and functional currency), because this reflects the economic substance of the underlying events and circumstances relevant to the company. They are prepared on the historical cost basis.

Financial assets are recognised when the right to receive benefit from a financial asset exists or where the company has substantially all of the risks and rewards of ownership.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (c) Foreign currency

Transactions in foreign currencies are translated to Euro at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and



liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Euro at the exchange rate ruling at the date of the transaction.

(d) Cash and cash equivalents

Cash and cash equivalents comprise call deposits.

(e) Dividends

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

(f) Interest income

Interest income is accounted for on an accruals basis.

(g) Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Taxation

The company is exempt from Jersey income tax under Article 123A of the Income Tax (Jersey) Law 1961 and is charged an annual exemption fee of GBP600. This expense is paid on behalf of the company by Raiffeisen Zentralbank Österreich AG and is therefore not reflected within these financial statements.

## 2. Employees

During the year, the company did not have any employees.

## 3. Share Capital

**24 April  
2006**

**(in EUR)**

### Authorised, Issued and Fully Paid Up Share Capital

2,000 Ordinary Shares at EUR1 each .....	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.

## 4. Expenses

Incorporation and other expenses incurred by the company since its incorporation on 31 March 2006 to 24 April 2006, have been, or will be, paid on behalf of the company by Raiffeisen Zentralbank Österreich AG. The company will not be liable to repay such amounts. Such expenses are therefore not reflected within these financial statements.

## **5. Related Parties**

### *Identity of related parties*

The company has a controlling related party relationship with its parent company and ultimate parent company (refer note 7). Cash and cash equivalents comprise a call deposit with the parent company, Raiffeisen Malta Bank plc.

The company also has a related party relationship with its directors and company secretary. Gareth Essex-Cater is a shareholder of Maurant Limited. Each of Gareth Essex-Cater, Helen Grant, Dean Godwin and Daniel Le Blancq, is an employee of a subsidiary of Maurant Limited. Affiliates of Maurant Limited provide ongoing administrative services to the Company at commercial rates.

## **6. Financial Instruments**

As at 24 April 2006, the company was not exposed to financial risks. Therefore no specific policies are in place at the period end. No derivative financial instruments were used during the period to hedge fluctuations in foreign exchange rates and/or interest rates.

Financial assets include cash and cash equivalents. Interest earned on cash and cash equivalents can fluctuate on a short term basis depending on market conditions. Cash and cash equivalents are stated at historical cost, which approximates their fair value.

## **7. 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 Zentralbank Österreich AG, a company registered in Austria.

The above financial statements of the company were approved and authorised for issue by the board of directors on 27 April 2006 and were signed on its behalf by Dean Godwin, director.



KPMG Channel Islands Limited  
P.O. Box 453  
St Helier  
Jersey JE4 8WQ  
Channel Islands

5 St. Andrew's Place  
Charing Cross, St Helier  
Jersey JE4 8WQ  
Channel Islands

## **Independent auditors' report to the members of**

### **RZB Finance (Jersey) IV Limited**

We have audited the financial statements of RZB Finance (Jersey) IV Limited for the period ended 24 April 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 24 April 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

**KPMG Channel Islands Limited**

*Chartered Accountants*

27 April 2006

### 3.11.2 Other financial information

The following table sets out the short-term liabilities, long-term liabilities and stockholders' equity of the Issuer as at 24 April 2006. This information has not been audited by the Issuer's auditors.

	As at 24 April 2006 (in EUR)
<b>Short-term liabilities</b> .....	–
Long-term liabilities .....	–
Stockholders' equity	
Share capital .....	2,000
Reserves .....	1
Retained earnings .....	–
Total stockholders' equity .....	2,001
<b>Total capitalisation</b> .....	<u>2,001</u>

Since the date of its incorporation, the Issuer has not paid any dividends, has not had outstanding any loan capital and has not incurred any other borrowings or indebtedness in the nature of borrowings and has had no contingent liabilities or granted any guarantees other than those associated with the proposed issue of the Capital Notes on 16 May 2006.

The following table sets out the estimated short-term liabilities, long-term liabilities and stockholders' equity of the Issuer as at 24 April 2006, adjusted to give effect to the issue of the Capital Notes to be issued on 16 May 2006. This information has not been audited by the Issuer's auditors.

	(in EUR)
<b>Short-term liabilities</b> .....	–
Long-term liabilities .....	500,000,000 <sup>1</sup>
Stockholders' equity	
Share capital .....	2,000
Reserves .....	1
Retained earnings .....	–
Total stockholders' equity .....	2,001
<b>Total capitalisation</b> .....	<u>500,002,001</u>

1. The EUR 500,000,000 of long-term liabilities represents the anticipated proceeds of issue of the Capital Notes.

### 3.11.3 Audit

KPMG Channel Islands Limited of P.O. Box 453, 5 St. Andrews Place, Charing Cross, St Helier, Jersey JE4 8WQ has been appointed as auditors to the Issuer following its incorporation on 31 March 2006.

KPMG Channel Islands Limited has consented to the inclusion of their audit report dated 27 April 2006 in respect of the Issuer as set out in section 3.11.1, in the form and context in which it appears.

The information contained in this Prospectus has not been audited unless otherwise expressly stated.

The source of financial data relating to the Issuer in this section is clearly stated, together with a statement whether or not such data was audited.

### 3.11.4 Legal and arbitration proceedings

The Issuer is not involved in any administrative, legal or arbitration proceedings, which could have, or since the date of its incorporation have had a significant effect on the financial position of the Issuer, nor is it aware that any such proceedings are pending or threatened.

### **3.11.5 Significant changes**

Since 24 April 2006, there has been no significant change in the trading or financial position of the Issuer. Prospective investors are requested to refer to the Financial Information of RZB for further information as set out in section 4.11 of this Prospectus.

### **3.12 MATERIAL CONTRACTS**

Full particulars of a support agreement to be entered into on or around 12 May 2006 and to be made between the Issuer and RZB in respect of the Issuer's obligations under the Capital Notes are set out in section 9 of this Prospectus. Save as aforesaid, neither the Issuer nor RZB is party to any contract which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of Capital Notes.

### **3.13 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS, DECLARATIONS OF ANY INTEREST**

This Prospectus does not include any statement or report attributed to a person as an expert.

Where information has been sourced from a third party, the Issuer confirms that to the best of its knowledge such information has been accurately reproduced and that so far as the Issuer is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of such information are stated where such information appears in this Prospectus.

### **3.14 DOCUMENTS ON DISPLAY**

For so long as the Capital Notes remain outstanding, copies of the following documents (together, if available, with an English translation thereof) will, upon request, be available during normal business hours free of charge at the registered offices of the Issuer and RZB and at the specified offices of the Paying Agents shown on the back page of this Prospectus:

- (a) the memorandum and articles of association of the Issuer;
- (b) the articles of association of RZB;
- (c) the consolidated audited annual accounts of RZB for the financial years ended 31 December 2004 and 31 December 2005;
- (d) the audited interim financial statements of the Issuer for the period ended 24 April 2006 together with the audit report of KPMG Channel Islands Limited;
- (e) the Support Agreement; and
- (f) the Agency Agreement.

The most recently published (as well as historical) consolidated audited annual financial statements and consolidated unaudited semi-annual interim financial statements of RZB are available on RZB's web site ([www.rzb.at](http://www.rzb.at)).

For so long as the Capital Notes are listed on the Vienna Stock Exchange, the most recently published consolidated audited annual financial statements and consolidated unaudited semi-annual interim financial statements of RZB, and the most recently published audited annual accounts of the Issuer, will also be available at the offices of the Paying Agents shown on the back page of this Prospectus. RZB does not publish non-consolidated interim financial statements.

The first annual accounts of the Issuer are expected to be prepared for the period commencing on incorporation and ending on 31 December 2006.

## **4. RAIFFEISEN ZENTRALBANK ÖSTERREICH AKTIENGESELLSCHAFT (RZB)**

### **4.1 PERSONS RESPONSIBLE**

RZB confirms that, to the best of its knowledge and having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus with regard to the Issuer, RZB and the RZB Group (as defined in the Terms and Conditions of the Capital Notes) and the Capital Notes is in accordance with the facts and contains no omission likely to affect its import. RZB accepts responsibility accordingly. The registered office of RZB is Am Stadtpark 9, A-1030 Vienna, Republic of Austria.

### **4.2 STATUTORY AUDITORS**

The non-consolidated annual financial statements of RZB as well as the consolidated annual financial statements and the management's reports of the RZB Group, as at and for the financial years ended 31 December 2004 and 2005 were audited in accordance with national legal requirements by *KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*, Kolingasse 19, 1090 Vienna, represented by Dr. Walter Knirsch and Dr. Johann Mühlehner, Austrian Chartered Accountants. Unqualified auditors' opinions, which do not contain any qualifications or disclaimers, were issued for the non-consolidated annual financial statements of RZB as well as the consolidated annual financial statements of RZB Group for the financial years ended 31 December 2004 and 2005.

The term "unqualified auditors' opinion" is used in this Prospectus as being a fair translation of the actual document name (*Uneingeschränkter Bestätigungsvermerk*).

*KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft* is a member of the *Kammer der Wirtschaftstreuhänder* (chamber of professional accountants and tax advisors) in Austria.

No auditor has resigned, been removed or not been re-appointed during the period covered by the historical financial information.

### **4.3 RISK FACTORS**

Prospective investors are requested to refer to the "Risk Factors" for further information as set out in section 2 (Risk Factors) of this Prospectus.

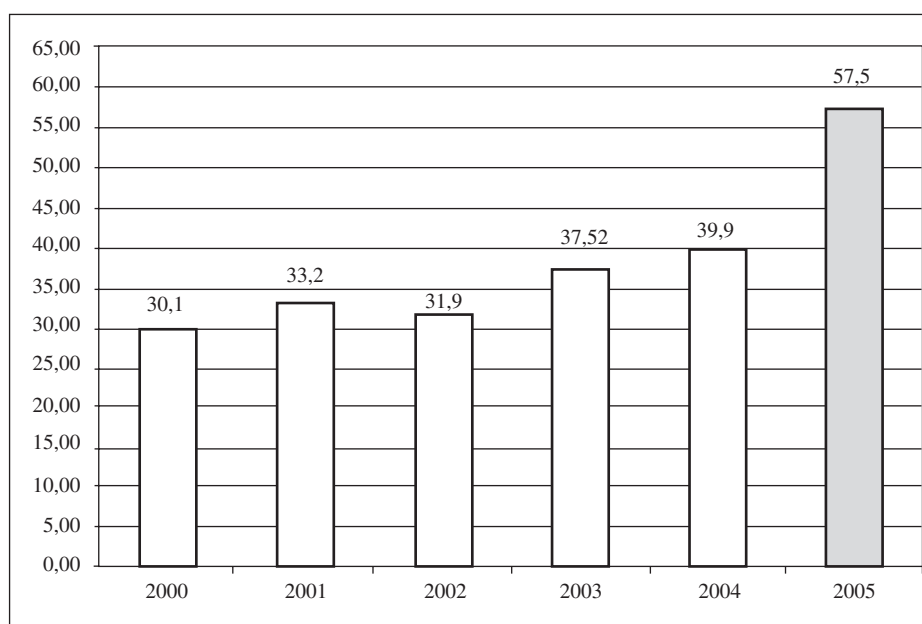
### **4.4 INFORMATION ABOUT RZB**

#### **4.4.1 History and development**

RZB was founded on 16 August 1927 under the name "*Girozentrale der österreichischen Genossenschaften*". Since then it has been renamed several times. On 2 October 1989, RZB's name was changed from "*Genossenschaftliche Zentralbank Aktiengesellschaft*" to its present name of "*Raiffeisen Zentralbank Österreich Aktiengesellschaft*".



The following table sets out the development of RZB's balance sheet total for the financial years shown (in EUR bn, rounded):



*(Data as on 31 December of the respective year)*

(Sources: Internal data as audited by the respective statutory auditors of the annual financial statements of RZB as at and for the financial years shown.)

RZB is one of the leading corporate and investment banks in Austria, where it services the country's prominent corporates and institutions. In addition to its role as central institution of the *Raiffeisen Banking Group* (see below), RZB is the core entity within the RZB Group.

### ***The RZB Group***

The RZB Group is a banking group with Austrian roots that also sees the CEE region (Czech Republic, Hungary, Poland, Slovakia, Slovenia, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, Serbia and Montenegro, Belarus, Kazakhstan, Russia and Ukraine) as part of its home market. In addition, the RZB Group has a presence in a number of international financial centres and in Asia's emerging markets.

### ***The Raiffeisen Banking Group ("RBG")***

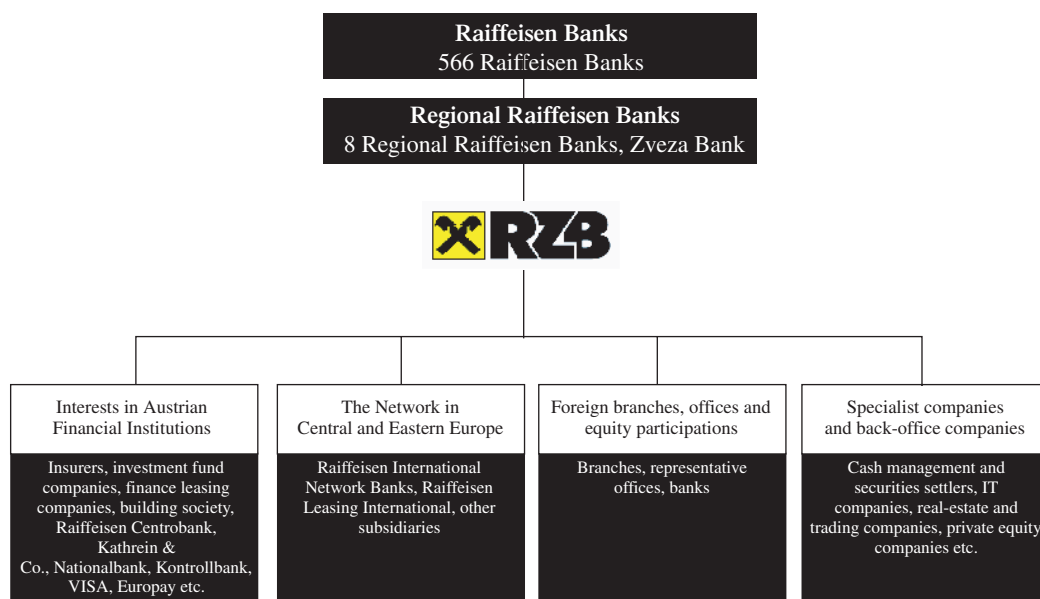
RZB is the central institution of the Austrian *Raiffeisen Bankengruppe* ("*Raiffeisen Banking Group*" "*RBG*"). It acts for RBG in national matters, represents RBG internationally and also performs central services for RBG.

RBG's principal focuses in the financing segment are personal banking customers, small and medium-sized enterprises, the tourist trade and the agricultural sector.

**RBG is split into three tiers and is made up of the autonomous locally active *Raiffeisen Banks* (see the structure diagram of the *Raiffeisen Banking Group* below), the *Raiffeisen-Landeszentralen* (*Raiffeisenlandesbank* or *Raiffeisenverband*, together the "*Regional Raiffeisen Banks*") and RZB.**

The *Raiffeisen Banks* within a province are so-called "universal" banks offering a complete line of banking products and services. At the same time, they own the *Regional Raiffeisen Bank* in their particular province.

## STRUCTURE OF THE RAIFFEISEN BANKING GROUP



Source: 2005 Annual Report of the RZB Group, page 59

A *Regional Raiffeisen Bank* carries out liquidity balancing tasks and performs other centralised services for the *Raiffeisen Banks* in its region. In addition, a *Regional Raiffeisen Bank* is itself an autonomous universal bank and a shareholder of RZB.

**The regionally active Regional Raiffeisen Banks collectively hold nearly 88 per cent. of RZB's share capital.**

	Direct and indirect (in %)*
<b>Structure of RZB's direct and indirect Shareholders</b>	
RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG.....	31.37%
Raiffeisen-Landesbank Steiermark AG.....	14.92%
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft .....	14.92%
Raiffeisen-Landesbank Tirol AG.....	5.84%
Raiffeisenverband Salzburg registrierte Genossenschaft mit beschränkter Haftung .....	5.79%
Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung .....	5.63%
Raiffeisenlandesbank Burgenland und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung .....	4.62%
Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung .....	4.59%
Z AnteileverwaltungsmbH .....	0.04%
<b>Total held by Regional Raiffeisen Banks** .....</b>	<b>87.70%***</b>
UBG-Bankenbeteiligungs Gesellschaft m. b. H. ....	5.11 %
UNIQA Versicherungen AG .....	2.62 %
RWA Raiffeisen Ware Austria Aktiengesellschaft .....	2.56%
Niederösterreichische Landesbank-Hypothekbank Aktiengesellschaft .....	1.20%
AQUILA Vermögensverwaltungs- und Beteiligungs- GmbH .....	0.63%
HYPO TIROL BANK AG.....	0.17%
Other .....	0.01%
<b>Total held by others than Regional Raiffeisen Banks .....</b>	<b>12.30%</b>
<b>Total .....</b>	<b>100%</b>

\* Ordinary and preference shares held directly or indirectly

\*\* R-Landesbanken-Beteiligung GmbH holds 81.19% of RZB's share capital

\*\*\* rounding differences

As at 31 December 2005, RBG had eligible equity of approximately EUR 12 billion and a consolidated balance-sheet total of about EUR 176 billion. RBG is not a group within the meaning of section 15 of Austrian Stock Corporation Act (*AktG*).

### ***Raiffeisen-Kundengarantiegemeinschaft Österreich (“RKÖ”)***

RBG took a pioneering step in guaranteeing deposits of customers at its member banks in Austria when it set up RKÖ. RKÖ was founded in 2000 and guarantees up to 100 per cent. of the deposits of customers at its member banks, supplementing Austria’s statutory deposit guarantee requirements.

RKÖ is a national amalgamation of regional *Raiffeisen* deposit guarantee associations. The business reserves of all the member banks are drawn upon within the scope of legally binding commitments according to a precisely defined pattern of apportionments and burdens. Consequently, even if a member were forced to file for bankruptcy – which has never happened – customer deposits at that bank would retain their value over and above the limitations of statutory deposit guarantees.

In the event that a particular regional deposit guarantee association lacks sufficient means to meet all guaranteed customer claims against an insolvent bank, the members of RKÖ guarantee to commit their business reserves to match up to 100 per cent. of all customer deposits at the affected bank as well as up to 100 per cent. of the obligations arising from that bank’s issues. Instead of claims in bankruptcy, customers would thus be offered claims of appropriate value against other entities within the RBG.

Some 78 per cent. of all *Raiffeisen Banks* in Austria – including RZB – are members of a customer deposit guarantee association. This means over 90 per cent. of deposits at RBG that require protection are protected by a *Raiffeisen* customer deposit guarantee association (as at 31 December 2004 based on all audited balance sheets).

### ***Joint risk monitoring***

Joint risk monitoring within RBG is undertaken by the *Sektor-Risiko-Komitee* (RBG Risk Committee). At its quarterly meetings, the Risk Committee draws up a risk report company by company and on a consolidated basis for the whole of RBG. The risk report employs a value-at-risk approach. Besides assessing overall risk and comparing that risk with RBG’s risk-bearing capacity, the risk report contains detailed reports of credit and country risks, equity risks, market risks and operational risks. In addition to regular monitoring of the development of risks, RBG’s joint risk-monitoring activities are supplemented by an accounting-data based and benchmark based early warning system and proactive observation of markets.

## **4.4.2 Legal and Commercial Name**

RZB’s legal name is “*Raiffeisen Zentralbank Österreich Aktiengesellschaft*”. RZB’s commercial names are “RZB” and the “RZB Group”.

## **4.4.3 Place of Registration**

RZB is registered in the *Firmenbuch* (companies register) at *Handelsgericht Wien* (Vienna commercial court) (Republic of Austria) under the number 58.882 t.

## **4.4.4 Date of Incorporation**

RZB was incorporated on 16 August 1927 for an indefinite period.

## **4.4.5 Domicile and Legal Form**

RZB is an *Aktiengesellschaft* (stock corporation) under Austrian law.

RZB’s place and country of incorporation and domicile is Vienna, Republic of Austria. RZB’s registered office and the principal place of business is:

Am Stadtpark 9, A-1030 Vienna, Republic of Austria (Telephone number: +43 1 71 707 0).

#### **4.4.6 Recent Material Events**

##### *Profit in 2005*

In 2005, the RZB Group achieved a record result for the sixth consecutive year. Net interest income after provisioning for impairment losses, net commission income and trading profit continued to grow by 50.8, 28.0 and 19.5 per cent, respectively. The RZB Group successfully reached its self-imposed target of further reducing the Cost/Income Ratio (58.9 percent) – despite the continued rapid growth. Posting a return on equity of 23.9 per cent – which is a decline of 6.0 percentage points due to a significant increase in equity in the course of the IPO of *Raiffeisen International* – the RZB Group still ranks among the most profitable banks in Austria.

(Source: Oesterreichische Nationalbank)

##### *Sale of RZB's interest in Investkredit*

On 13 July 2005, RZB sold 3,264,570 shares of the Austrian Investkredit Bank AG ("*Investkredit*") at a price of EUR 141.00 per share to *Österreichische Volksbanken AG* ("*ÖVAG*"), which is equivalent to 18.52 per cent. of Investkredit's share capital. Together with *Bank Austria Creditanstalt AG*'s and *RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG*'s stakes, a majority stake of a 51.57 per cent. in Investkredit was sold to ÖVAG.

##### *Initial public offer of Raiffeisen International*

The biggest initial public offer in terms of value of the offering in the history of the Vienna Stock Exchange took place on 27 April 2005, with the initial public offer and subsequent listing of *Raiffeisen International*, which at the time was an 86 per cent. subsidiary of RZB. The initial public offer (inclusive of a "green shoe" option) was worth EUR 1.11 billion. Following the initial public offer, RZB holds a stake of approximately 70 per cent. in *Raiffeisen International*. *Raiffeisen International* was recently added to Morgan Stanley International European Stock Index (MSCI).

(Source: Wiener Börse AG)

##### *Acquisition of Bank Aval*

On 20 October 2005, *Raiffeisen International* completed the acquisition of *Joint Stock Post Pension Bank Aval* ("Bank Aval"), the second-largest bank in the Ukraine. The purchase price for the 93.5 per cent. stake was USD 1.028 billion. The deal was the largest acquisition by *Raiffeisen International* to date. Bank Aval operates a country-wide network of 1,400 business outlets and serves more than 3 million customers. Together, Bank Aval and *JSCB Raiffeisenbank Ukraine* reach a market share in the Ukraine of 11.5 per cent. by total assets, forming the largest banking group in this market of approximately 50 million people.

(Source: internal estimates, unaudited)

##### *Acquisition of Impexbank*

On 31 January 2006, *Raiffeisen International* agreed to acquire 100 per cent of Russian *JSC Impexbank* ("*Impexbank*"). *Impexbank* has a strong focus on retail business (private individuals and SME) and operates 190 branches/offices nationwide. With the completion of the acquisition of *Impexbank*, *Raiffeisen International* has become the largest foreign-owned banking group in Russia.

(Source: internal estimates, unaudited)

##### *Recent events*

*Raiffeisen International* announced on 5 April 2006 that it has decided to engage in negotiations which have arisen as a result of unsolicited approaches from third parties to sell 100% of the shares of *JSCB Raiffeisenbank Ukraine*. A decision upon the potential sale of *JSCB Raiffeisenbank Ukraine* has not yet been made and is expected by the end of May 2006.

In addition, Raiffeisen International and RZB are expected to participate in the privatisation process of a Romanian bank, Casa de Economii si Consemnatiuni (“CEC”), which is currently scheduled for June or July 2006.

It is publicly known that BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft (“BAWAG”) has financial problems in the wake of failed financial transactions, in particular in connection with the US brokerage firm REFCO Inc. In order to help BAWAG, the Austrian government, together with major Austrian banks is determined and willing to implement adequate measures of financial assistance, primarily by way of a government indemnity. RZB does not, under any circumstances, expect any material adverse repercussions on its own financial position.

#### **4.4.7 Ratings**

RZB currently has the following ratings:

Standard & Poor's:	Short Term A-1
Moody's:	Short Term P-1
	Long Term A1
	Financial Strength C+

#### **4.4.8 Risk Management and Structure**

A bank's ability to capture and measure risks, to monitor them in real time and to manage them is increasingly becoming a decisive competitive factor. To ensure the long-term success of the RZB Group and to permit its selective growth, RZB Group's risk management and risk controlling activities are directed at ensuring the careful handling and professional management of credit, country, market, liquidity, equity and operational risks (see section 2 of this Prospectus).

In particular, RZB Group's risk management concept takes into account the legal framework provided by the BWG and the requirements imposed on banks with regard to the mitigation of banking risks, whereby special consideration is given to the type and scale of the particular transaction.

The Managing Board (see section 4.9.1 below) of RZB is responsible for the implementation of risk policy as appropriate to each type of risk. RZB Group's risk policy is an integral part of its overall bank management procedures, which means that earnings and risk management in all divisions are systematically linked. The stipulation of risk policy, changes therein and its integration into overall bank strategy and bank management procedures are recorded and imparted within the RZB Group so that similar risk management procedures can be applied throughout the RZB Group.

Risk policy encompasses plans for the development of RZB's business as a whole, among other things according to industry focus, geographical distribution and segmental subdivision as well as according to exposure size class. In particular, the Managing Board and Supervisory Board lay down limits for all pertinent risks, and they limit agglomerated risks by setting lower and upper limits for major exposures.

The Managing Board of RZB decides which procedures are to be employed in the capturing, measuring and monitoring of risks and defines the associated regulatory framework. RZB measures all risks on a Group-wide basis applying a value-at-risk (“VaR”) approach.

The Managing Board is supported in those tasks by independent risk-controlling and risk management units and especially appointed committees.

The Risk Management Committee (“RMK”) reports directly to the Managing Board on a monthly basis and assesses the current risk situation with reference to the risk-bearing capacity of the RZB Group and the commensurate risk limits. It assists the Managing Board with the allocation of the risk budget and with risk management. As a crossdivisional body, the RMK is responsible for the ongoing further development and implementation of means of risk measurement, the refining of the instruments of management and the maintenance and updating of the regulatory framework. Interest-rate risk and risks arising from the structure

of the balance sheet as well as liquidity risk are evaluated by the Assets/Liabilities Management Committee. The Credit Committee assesses credit risk and the effectiveness of credit risk management.

The Risk Controlling Department is a service unit that performs the central and independent risk controlling functions required by the BWG. This department's responsibilities consist of drawing up and implementing the common group-wide risk management guidelines, capturing all risks (credit, country, equity and market risks, operational risk) (see section 2 of this Prospectus) group-wide on a VaR basis, and making impartial risk profile reports to the Managing Board as a whole and to those responsible for individual business divisions. The aggregation of those risks into an assessment of overall banking risk and the weighing of that risk against RZB Group's risk-bearing capacity also provides the basis for risk-adjusted capital allocations and performance measurement.

RZB Group's proactive management of country risk (see section 2 of this Prospectus) takes place on the basis of the country risk policy laid down by the Managing Board (as prepared by the Country Risk Committee). The Country Risk Committee is made up of representatives of the various divisions and members of the risk management department. The measurement of risks associated with sovereign institutions is based on a ten-class rating model that captures both macroeconomic factors and qualitative indicators. Each country limit takes into account the transfer risk arising from transactions net of any third-country collateral.

Total loans outstanding (loans and advances to banks and customers inclusive of securities and off-balance-sheet transactions) broke down by region as follows:

<b>EUR '000</b>	<b>2005</b>	<b>Per cent</b>	<b>2004</b>	<b>Per cent</b>
Domestic (Austria) .....	27,483,675	24.7	21,493,326	27.7
Central and Eastern Europe without EU .....	25,578,108	23.0	14,442,980	18.6
European Union (EU-10)* .....	22,630,861	20.4	18,861,015	24.3
European Union (EU-15) .....	21,852,623	19.7	13,761,720	17.7
Far East .....	4,577,460	4.1	3,518,296	4.5
North America .....	5,659,184	5.1	2,474,178	3.2
Other .....	3,300,933	3.0	3,039,263	3.9
<b>Total .....</b>	<b>111,082,845</b>	<b>100.0</b>	<b>77,590,777</b>	<b>100.0</b>

\* EU-10 means the new Member States admitted in May 2004, including above all those in Central and Eastern Europe.

Sources: Notes to the financial instruments of the audited annual report of RZB Group 2005 on page 184.

Credit risk is monitored and analysed both on an individual loan and customer-by-customer basis and on a portfolio basis. Credit risk management and lending decisions are based on the credit risk policy approved by the Managing Board of RZB. Besides new lending the areas to which lending decisions pertain also include in particular overdrafts, increases in credit lines, renewals and risk-relevant changes in circumstances compared with the time an original lending decision was made (e.g. with respect to collateral or purpose) as well as the setting of limits for particular borrowers (e.g. issuer limits) and equity participations. Depending on the type, scope, complexity and risk content of the credit exposure, two votes of approval from Front Office and Back Office are always required for a loan to be granted and to ratify the regular re-evaluation of the counterparty risk. In the event that the competent parties disagree, the structure of authorities within the group provides for escalation to the next decision-making level.

The internal system for controlling credit risk encompasses every form of monitoring measure that is directly or indirectly integrated into the processes that require monitoring. Against the background of the new capital adequacy framework for banks that is currently under development (Basel II), the seamless management, monitoring and control of credit risk at RZB Group are thus assured.

A separate work-out unit is responsible for processing troubled loans. It mainly handles medium-sized to large cases. However, troubled loans are also handled by RZB Group's in-house legal department and/or with the help of external specialists (working together with the work-out unit). The work-out unit plays a decisive role in charting and analysing provisions for impairment losses (write-downs, value adjustments,



provisioning), making it possible to reduce the losses caused by troubled loans. All cases in which restructuring or settlements take place are analysed by RZB to ascertain their causes. Lending processes are then adapted as necessary on the basis of the results of such analyses.

The RZB Group employs risk-classification procedures to measure counterparty risk (rating procedures, scoring models) when assessing creditworthiness so as to provide an independent assessment of credit risk (as required, inter alia, by Basel II) and, in future, to permit the calculation of regulatory own funds using an internal ratings based approach (“IRB”). Throughout the RZB Group, the internal rating models for corporate customers and financial institutions rank creditworthiness in ten classes.

The internal rating model for corporate customers also takes into account qualitative factors as well as the following yardsticks, which are tailored to the various industries and financial reporting standards:

- Interest coverage
- Profit in per cent of revenues
- Net cash from profit in per cent of revenues
- Equity ratio
- Overall return on equity
- Redemption period

The following table provides a breakdown of loans outstanding based on economic scores within the rating model for corporate customers in thousands of euros. These figures are based on loans outstanding; collateral must also be taken into account in the overall assessment:

<b>Internal rating</b>		<b>2005</b>	<b>Per cent</b>	<b>2004</b>	<b>Per cent</b>
0,5	Minimal Risk .....	610,955	1.3	261,472	0.7
1.0	Excellent credit standing .....	4,062,591	8.3	3,683,903	10.4
1.5	Very good credit standing .....	4,883,960	10.0	4,199,347	11.9
2.0	Good credit standing .....	5,975,109	12.3	4,085,029	11.5
2.5	Average credit standing .....	6,813,950	14.0	3,854,098	10.9
3.0	Mediocre credit standing .....	7,795,798	16.0	5,787,962	16.3
3.5	Weak credit standing .....	7,404,604	15.2	4,473,425	12.6
4.0	Very weak credit standing .....	6,105,792	12.5	4,570,483	12.9
4.5	Doubtful/high default risk .....	2,328,138	4.8	1,156,502	3.3
5.0	Default .....	467,799	1.0	355,095	1.0
	Unrated .....	2,277,306	4.7	2,993,523	8.5
<b>Total .....</b>		<b>48,726,003</b>	<b>100.0</b>	<b>35,420,839</b>	<b>100.0</b>

Sources: Notes to the financial instruments of the audited annual report of RZB Group 2005 on page 185.

The internal rating model for financial institutions is based on a peer-group approach that takes both qualitative and quantitative information into account. A limit is set on the final rating for financial institutions by the pertinent country rating.

The following table shows loans outstanding per rating class for financial institutions in thousands of euros:

<b>Internal rating</b>	<b>2005</b>	<b>Per cent</b>	<b>2004</b>	<b>Per cent</b>
<b>Without identifiable risk</b>				
A1 Capacity to repay is exceptional .....	1,375,421	3.3	3,317,312	9.4
A2 Ability to repay is very strong .....	7,366,000	17.5	5,238,882	14.8
A3 Ability to repay is strong .....	18,286,717	43.5	13,537,415	38.3
<b>Have to be kept under observation</b>				
B1 Capacity to repay is good .....	5,200,364	12.4	2,173,657	6.1
B2 Capacity to repay is satisfactory .....	3,778,681	9.0	3,389,802	9.6
B3 Ability to repay is adequate over the near term .....	1,517,889	3.6	2,896,708	8.2
B4 Ability to repay is questionable .....	1,601,812	3.8	545,529	1.5
B5 Ability to repay is highly questionable .....	1,267,331	3.0	1,147,147	3.2
<b>Very high risk</b>				
C Ability to repay is unlikely .....	101,675	0.2	91,492	0.3
D In default .....	8,359	0.0	10,451	0.0
<b>Unrated</b> .....	1,564,011	3.7	3,014,057	8.5
<b>Total</b> .....	<b>42,068,259</b>	<b>100.0</b>	<b>35,362,453</b>	<b>100.0</b>

Sources: Notes to the financial instruments of the audited annual report of RZB Group 2005 on page 186.

All default definitions have been adapted for the purposes of the IRB approach and the revised definitions have been applied throughout the RZB Group within the scope of our Basel II project. In the eyes of the RZB Group, a default situation exists if a customer is overdue with respect to a material financial obligation to the bank for at least 90 days, if a customer is the subject of insolvency or similar proceedings, if an impairment provision has been allocated or a direct write-down has been carried out to a customer account receivable, or if credit risk management have adjudged a customer account receivable to be not wholly recoverable and the work-out unit is considering stepping in to help a company regain its financial soundness.

A group-wide rating and default database has been created within the scope of the RZB Group's Basel II project to capture and assess customers and to record default situations. This database also serves the RZB Group as the basis for backtesting.

The following table shows the corresponding loans outstanding in the defined asset classes within loans and advances to banks and loans and advances to customers on the balance sheet and the corresponding proportion of non-performing loans (without taking any collateral into account) and impairment provisions:

<b>EUR '000</b>	<b>Corporate Customers</b>	<b>Retail Customers</b>	<b>Financial Institutions</b>	<b>Total 2005</b>
Loans outstanding .....	29,919,575	8,457,096	29,646,533	68,023,205
Non-performing .....	637,699	97,895	27,557	763,151
Impairment losses on loans and advances .....	776,303	286,532	15,005	1,077,840



Within the scope of its risk policy and assessments of creditworthiness, the RZB Group also considers the borrower's industry. The following data cover customer amounts outstanding inclusive of securities and RZB Group's off-balance-sheet business (without banks and central banks):

<b>EUR '000</b>	<b>2005</b>	<b>Per cent</b>	<b>2004</b>	<b>Per cent</b>
Manufacturing .....	13,895,154	21.7	10,548,793	21.6
Retailing and wholesaling .....	12,234,470	19.1	8,571,445	17.5
Private households .....	7,743,340	12.1	4,525,134	9.3
Public administration, social insurance .....	7,301,446	11.4	7,953,591	16.3
Real estate.....	7,451,683	11.6	5,094,384	10.4
Credit and insurance.....	6,215,987	9.7	6,057,736	12.4
Transport and telecommunications .....	3,012,354	4.7	2,035,456	4.2
Construction .....	2,318,865	3.6	1,724,576	3.5
Other .....	3,795,489	5.9	2,399,994	4.9
<b>Total .....</b>	<b>63,968,788</b>	<b>100.0</b>	<b>48,911,108</b>	<b>100.0</b>

Sources: Notes to the financial instruments of the audited annual report of RZB Group 2005 on pages 187 and 188.

The methodology used for the value-at-risk measurement and risk-capital assessment of equity participations is comparable to the methodology used to capture the price risk arising from shareholdings (see "Equity Risk" as described in section 2 of this Prospectus). However, in the light of the longer-term strategic nature of equity participations, annual volatilities based on periods of observation over several years are also brought into the calculation. The RZB Group does not include strategically and operatively controlled subsidiaries under this risk heading because their risks are calculated with precision under the other risk headings during consolidation and are captured by that process.

The RZB Group approves, measures, monitors and manages all market risks by setting a variety of limits. The overall limit is set by the Managing Board as a whole on the basis of RZB's risk-bearing capacity and income budgeting. This limit is apportioned on the basis of a coordinated proposal made by the particular department, central risk controlling and the responsible member of the Managing Board. The individual limits set at book level will vary according to the different risk factors. Besides VaR limits, those limits may include volume and position limits as well as sensitivity limits (basis-point value, delta, gamma, vega) and stop-loss limits, depending on the type of transaction. Options may only be entered into by appropriately trained dealers. Positions and limits undergo daily scrutiny throughout the RZB Group.

Value-at-risk is of central importance in setting limits. It is calculated daily for RZB and weekly for RZB Group using a variance-covariance matrix and applying a confidence interval of 99 percent. Market data is taken from the preceding year applying a retention period of 10 days. The informative value and reliability of the value-at-risk approach based on past market developments are checked daily at RZB using appropriate backtesting.

The ascertained value-at-risk figures forecast maximum losses under normal market conditions but do not provide any specific information about the effects of exceptional extreme market movements. To take such events into account, the RZB Group carries out weekly defined stress tests that capture the biggest daily market movements in the preceding five years. Such procedure allows the simulation of crisis situations and of major fluctuations in market parameters and the application of those simulations to positions. The results are an important substructure for the management of risks. Market risk in RZB Group's trading books depends primarily on currency risk, which results from the equity of foreign RZB Group units held in foreign currencies and the related hedging activities by the Assets/Liabilities Management Committee.

Risk figures (99%, VaR, 10-day) for market risk in the trading books, by risk type:

<b>EUR '000</b>	<b>VaR on 31/12/2005</b>	<b>Average VaR</b>	<b>Minimum VaR</b>	<b>Maximum VaR</b>
Interest-rate risk .....	3,768	3,246	1,697	6,327
Currency risk .....	35,905	28,042	13,714	52,236
Price risk .....	18,715	17,906	8,469	35,849
<b>EUR '000</b>	<b>VaR on 31/12/2004</b>	<b>Average VaR</b>	<b>Minimum VaR</b>	<b>Maximum VaR</b>
Interest-rate risk .....	4,934	4,726	3,080	6,382
Currency risk .....	19,350	18,398	15,911	19,748
Price risk .....	4,426	4,119	2,065	5,426

Sources: Notes to the financial instruments of the audited annual report of RZB Group 2005 on page 189.

The RZB Group uses the standard methodology within the meaning of the Capital Adequacy Directive to calculate its own funds requirement for the trading book.

Alongside value-at-risk measurement, interest-rate risk in the banking book is also estimated using standard means of capital and interest maturity analysis. Furthermore, because of the special importance and complexity of interest-rate risk in the banking book, the RZB Group also employs interest-income scenarios and simulations. Managing the structure of the balance sheet is a core task of central treasury and of the local banks, which receive assistance from Assets/Liabilities Management Committees. Since 2002, interest-rate risk has been the subject of quarterly reporting within the scope of the interest-rate risk statistics submitted to the supervisory authorities. Reports also capture the change in the present value of the banking book as a percentage of own funds in line with the requirements of Basel II.

Interest maturity gaps at RZB Group as of 31 December 2005 in EUR'000:

<b>Maturity gap (2005)</b>	<b>6–12 Mon</b>	<b>1–2 Yrs</b>	<b>2–5 Yrs</b>	<b>&gt;5 Yrs</b>
EUR .....	(4,565,021)	(48,769)	7,790,274	24,033
USD .....	(883,938)	637,336	61,972	30,181
JPY .....	1,597	(87)	(57)	8,459
CHF .....	107,667	1,438	1,292	(4,970)
Other .....	632,986	66,742	533,099	(598)

Interest maturity gaps at RZB Group as of 31 December 2004 in EUR'000:

<b>Maturity gap (2004)</b>	<b>6–12 Mon</b>	<b>1–2 Yrs</b>	<b>2–5 Yrs</b>	<b>&gt;5 Yrs</b>
EUR .....	561,142	942,019	823,775	(134,303)
USD .....	783,559	179,738	194,050	39,341
JPY .....	37,504	(24)	(17)	8,414
CHF .....	68,564	(263)	1,096	(4,177)
Other .....	19,070	219,491	144,977	(61,712)

The change in the present value of RZB Group's banking book in the year ended 31 December 2005 in EUR'000 given a simultaneous one-basis-point increase in interest rates:

<b>Change in present value .....</b>	<b>6–12 Mon</b>	<b>1–2 Yrs</b>	<b>2–5 Yrs</b>	<b>&gt;5 Yrs</b>
EUR .....	224.1	(46.8)	(2,116.4)	(19.7)
USD .....	64.0	(99.2)	(15.9)	(15.5)
JPY .....	(0.2)	0.0	0.0	(4.2)
CHF .....	(8.9)	(0.1)	(0.2)	3.9
Other .....	(52.8)	(9.8)	(146.1)	(1.2)

The change in the present value of RZB Group's banking book in the year ended 31 December 2004 in EUR'000 given a simultaneous one-basis-point increase in interest rates:

<b>Change in present value</b>	<b>6–12 Mon</b>	<b>1–2 Yrs</b>	<b>2–5 Yrs</b>	<b>&gt;5 Yrs</b>
EUR .....	(278.4)	(196.2)	(246.4)	93.7
USD .....	(115.0)	(24.9)	(52.5)	(25.8)
JPY .....	(4.0)	0.0	0.0	(4.9)
CHF .....	(6.7)	0.2	(0.2)	4.0
Other .....	(8.5)	(39.6)	(45.5)	34.7

Sources: Notes to financial instruments of the audited annual report of the RZB Group 2005 on page 190

The tasks of managing liquidity and liquidity risk and, in turn, of ensuring RZB's solvency at all times are performed both centrally – by Global Treasury in Vienna – and on a decentralised basis by the local banks. An internal monitoring system records and analyses cash flows by currency both for each location and globally on a weekly basis. Besides conforming to the statutory requirements and taking liquidity limits into account, analyses are also based on going-concern principles and make allowance for stress scenarios, in particular examining the sensitivity of liabilities and the liquidity of assets.

Limits are put in place for each RZB Group unit to limit liquidity risk. They require a positive short-term liquidity gap subject to conservative assumptions regarding the marketability of liquid assets and outflows on the liabilities side of the balance sheet. RZB maintains extensive liquid holdings of liquid securities to ensure its liquidity in various currencies and carries out continuous liquidity balancing and cash-flow forecasts. These too are subject to assessment by the Assets/Liabilities Management Committees.

As is the case with other types of risk, the principle of firewalling between risk management and risk controlling is also applied to operational risk (see section 2 of this Prospectus). Operational risk is analysed and managed on the basis of the RZB Group's own historical loss data and the results of risk evaluations. The collection of loss data and as well as the assessment of risk take place in a structured and homogeneous group-wide form for each business segment according to business process and type of event. The introduction of standardised early-warning indicators for operational risks is planned.

The standardised approach to operational risk within the meaning of Basel II is employed. This approach is based on gross earnings in each business segment. To further reduce operational risk, the RZB Group is stepping up the staff training programme as well as working on the development of emergency plans and back-up systems. The SixSigma method for business process improvement is also being applied.

## **4.5 BUSINESS OVERVIEW**

### **4.5.1 Principal activities**

#### ***The product lines of RZB – one of Austria's leading corporate and investment banks***

Within Austria, RZB specialises in corporate and investment banking business. It focuses on the country's "Top 1,000" companies and believes that it is *the* prominent corporate finance banker and provider of export finance to that customer segment. Besides servicing a large number of Austrian clients in those segments and in the trade finance, cash management, treasury and fixed-income product fields, RZB also has many foreign key accounts and multinationals in its customer base. In addition, a large number of financial service providers draw upon RZB's services as a financial engineer.

Together with its subsidiary *Raiffeisen Centrobank AG*, RZB has become an established leader in the investment banking market in Austria. It is a prominent participant in *Wiener Börse AG*, in the bonds trading segment and in the new issues business of equities and bonds. Specialist subsidiary undertakings also encompass finance leasing, M&A consultancy, asset management, private banking, real-estate services and trading operations.

## ***The product lines of RZB and the RZB Group outside of Austria***

### ***CEE region***

RZB set up a holding company to act as an umbrella for its interests in the CEE region in 1991. The initial public offer of the shares and listing of this holding company, *Raiffeisen International*, which was an 86 per cent. subsidiary undertaking of RZB, took place in April 2005. RZB holds 100 million ordinary shares after the initial public offer and initial listing, giving it a stake of approximately 70 per cent. in Raiffeisen International.

The principal motive for the initial public offer was to secure funding for further expansion of the RZB Group in the CEE region, which has a population of over 300 million.

The network operated by Raiffeisen International currently consists of 17 banking entities (including Impexbank which was recently acquired) and numerous leasing companies in Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kazakhstan, Kosovo, Poland, Romania, Russia, Serbia and Montenegro, Slovakia, Slovenia and Ukraine.

One of the keys to Raiffeisen International's success in the CEE region has been and remains its in-depth familiarity with the marketplace. It is the result of traditionally close ties with the region and has given Raiffeisen International a strong market position. Besides servicing key accounts in the region, Raiffeisen International also services small and medium-sized enterprises (SMEs) and personal banking customers (both "Retail Customers"). This Retail Customers segment has been growing in importance in recent years. Raiffeisen International (including Bank Aval) now has over 9.7 million retail banking customers. The RZB Group offers its customers in the CEE region a broad range of finance-related services, which are already similar to its Austrian dimensions in many markets.

Most of RZB Group's business in the CEE region is carried out by Raiffeisen International.

### ***Areas outside the CEE region***

In foreign markets outside the CEE region, the RZB Group offers a specially tailored range of products via its branches and representative offices. Those representative outposts were originally set up to provide assistance to Austrian exporters in emerging markets and in international financial centres. However, they also serve local clients, albeit exclusively corporate customers and financial institutions. The representative outposts are becoming increasingly important to Central and Eastern European customers, who use them as a point of contact in the course of expansion.

The RZB Group has a strong Asian presence, with branches in Singapore and Beijing and representative offices in Hong Kong, Zhuhai, Seoul, Mumbai, Ho Chi Minh City and Teheran. The RZB Group is also well positioned in Western financial centres with offices in New York and London, a banking subsidiary in Malta and representative outposts in Paris, Brussels, Frankfurt, Milan, Stockholm, Chicago and Houston.

## ***Brief description of principal RZB Group members and RZB interests (together with RZB's percentage stake holdings in those entities as at 31 December 2005)***

### ***Brief Description of principal RZB Group members***

#### ***Raiffeisen International Bank-Holding AG (70.1%)***

As described above

#### ***Raiffeisen Centrobank AG (100%)***

*Raiffeisen Centrobank AG* is one of Austria's leading investment banks. It is the equity house of the RZB Group, performing a comprehensive range of services and products connected with equities, derivatives and equity transactions on the Vienna and other stock exchanges and over the counter. This specialist bank also provides exclusive individualised private banking services.

*Kathrein & Co Privatgeschäftsbank Aktiengesellschaft (100 %)*

This company's principal activity is the management of assets belonging primarily to enterprise owners and their families. It offers personally tailored advice to high net worth individuals and provides asset management services.

*Raiffeisen-Leasing Gesellschaft m.b.H. (51%)*

This company has been operating in Austria and abroad for approximately 35 years. *Raiffeisen-Leasing International Gesellschaft m.b.H.*, owned 75% by Raiffeisen International and 25% by *Raiffeisen-Leasing Gesellschaft m.b.H.*, is the holding company for Raiffeisen International's finance leasing companies in the CEE region.

**Brief description of RZB's principal interests**

(percentages refer to RZB direct and/or indirect shares)

*UNIQA Versicherungen AG (31.9%)*

UNIQA Group Austria is one of Central Europe's leading insurance groups. It is active in a large number of insurance fields.

*Raiffeisen Bausparkasse Gesellschaft m.b.H. (37%)*

*Raiffeisen Bausparkasse Gesellschaft m.b.H.* is the Raiffeisen Banking Group's building society.

*Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung ("Raiffeisen KAG" or "Raiffeisen Capital Management") (50%)*

Raiffeisen KAG is Austria's biggest investment fund management company. It specialises in the launch and management of investment funds.

*Raiffeisen Investment Aktiengesellschaft ("RIAG") (100%)*

RIAG is active in the Austrian and international mergers and acquisitions market.

*Raiffeisen Private Equity Management AG ("RPEM") (100%)*

RPEM manages the Raiffeisen CEE Private Equity Fund, which primarily holds stakes in companies in Hungary, the Czech Republic and Poland.

*LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft (35.5%)*

The core focuses of this holding company are its strategic interests in the food and beverages sector (flour and milling) and vending (hot beverages and food vending).

*ÖPAG Pensionskassen Aktiengesellschaft (16.3%)*

*ÖPAG Pensionskassen AG* is a company pension fund provider.

*NOTARTREUHANDBANK AG (26%)*

This is the only bank authorised by the *Österreichische Notariatskammer* (Austrian chamber of notaries) to manage the fiduciary deposits of all the country's notaries.

*Raiffeisen Wohnbaubank Aktiengesellschaft (25%)*

This specialist bank issues tax-privileged home construction bonds.

*VISA-SERVICE Kreditkarten Aktiengesellschaft (25%)*

A credit card company.

*Europay Austria Zahlungsverkehrssysteme GmbH (11.2%)*

This company is wholly owned by Austria's banks. It focuses on three areas of business, namely the MasterCard credit card, the Maestro debit card and the Quick electronic purse.

*Raiffeisen evolution project development GmbH (40%)*

This company acts as a property and project developer in the commercial and residential property segments in Austria and Central and Eastern Europe.

*Raiffeisen Informatik GmbH ("RIZ") (46.4%)*

RIZ's core responsibility is the operation of a computing centre for the *Raiffeisen Banking Group* in Austria.

*Raiffeisen Malta Bank plc (100 %)*

The bank provides banking services in terms of the Banking Act 1994 within the Republic of Malta.

*RSC Raiffeisen Daten Service Center GmbH ("RSC") (71.9%)*

RSC settles payment transfers, securities, treasury and cash management transactions and is active in the microfilming, mail delivery and logistics fields. Its regional focuses are the provinces of Vienna, Lower Austria and Burgenland.

*F.J. Elsner & Co. Gesellschaft mbH (100%) and F.J. Elsner Trading Gesellschaft mbH (100%)*

These two companies constitute the *Elsner* trading house, which engages in traditional East-West trade from its base in Vienna.

#### **4.5.2 Significant new products**

RZB adapts its products and activities to current statutory requirements and market conditions as they develop in the banking sector in the region in question. Consequently, adjustments continually take place in this field, whether for legal reasons or in line with the rest of the market. RZB's principal markets and products are as described 4.5.1 above.

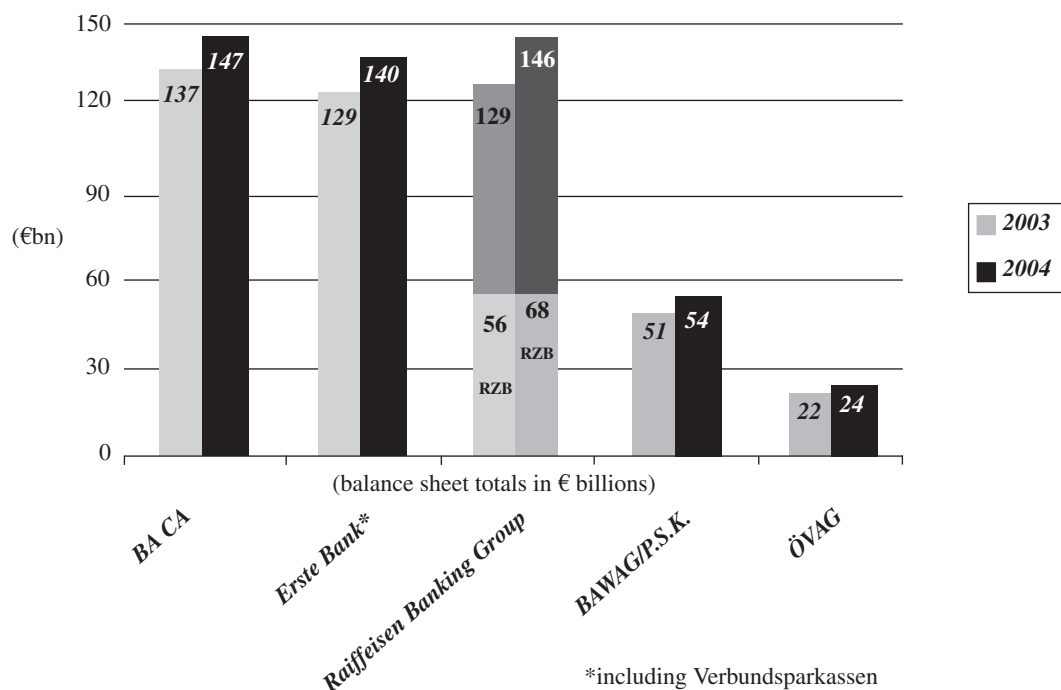
#### **4.5.3 Principal Markets**

Prospective investors are requested to refer to the "Principal Activities" of RZB in section 4.5.1 of this Prospectus.

## 4.5.4 Competitive Position

### *Competitive Position within Austria*

The following table sets out the balance sheet total of the *Raiffeisen Banking Group* (including RZB) and its principal Austrian competitors (in billions of euro) as at the date of the audited financial statements of the entities shown:



Sources: Unaudited company data as published in annual reports of the respective companies

### *International Comparison (ranking in each country by balance sheet total)*

RZB holds approximately 70 per cent. of the shares of Raiffeisen International. Raiffeisen International and its network banks are active in and rank as follows in the following countries (as at 31 December 2004) prior to the acquisition of Bank Aval and Impexbank as described in section 4.4.6:

- 1st Albania, *Raiffeisen Bank Sh.a.*
- 1st Bosnia and Herzegovina, *Raiffeisenbank d.d. Bosna i Hercegovina*
- 1st Serbia and Montenegro, *Raiffeisenbank a.d.*
- 2nd Kosovo, *Raiffeisen Bank Kosovo J.S.C.*
- 3rd Belarus, *Priorbank JSC*
- 3rd Croatia, *Raiffeisenbank Austria d.d.*
- 3rd Romania, *Raiffeisen Bank S.A.*
- 3rd Slovakia, *Tatra banka a.s.*
- 6th Bulgaria, *Raiffeisenbank (Bulgaria) EAD*
- 6th Czech Republic, *Raiffeisenbank a.s.*
- 6th Hungary, *Raiffeisen Bank Rt.*
- 7th Ukraine, *JSCB Raiffeisenbank Ukraine*
- 9th Slovenia, *Raiffeisen Krekova banka d.d.*
- 11th Poland, *Raiffeisen Bank Polska S.A.*
- 11th Russia, *ZAO Raiffeisenbank Austria*

(Sources: Internal estimates (unaudited))



## 4.6 ORGANISATIONAL STRUCTURE

Nearly 88% of RZB's share capital is owned directly and indirectly by the *Regional Raiffeisen Banks*. Overall, approximately 81.2% of RZB's share capital is held by *R-Landesbanken-Beteiligung GmbH*, which is in turn 100% controlled by *Raiffeisen-Landesbanken-Holding GmbH*. Consequently, *Raiffeisen-Landesbanken-Holding GmbH* has a majority indirect stake in RZB and as a result, RZB is indirectly dependent on that company. See section 4.10 for full details of RZB's shareholders. Since *Raiffeisen-Landesbanken-Holding GmbH* is a pure equity holding company owned by the *Regional Raiffeisen Banks* via intermediate holding companies and does not perform any other activity, RZB is, regardless of its formal classification, the central enterprise at the heart of the *Raiffeisen Banking Group* (see the "Raiffeisen Banking Group" above).

RZB is also a member of the *UNICO Banking Group*, which is a loose union of the central institutions of the cooperative banking organisations in a number of European countries.

### 4.6.1 Related party dependencies

As described above, RZB is an (indirect) subsidiary of the *Regional Raiffeisen Banks* (see "History and Development" above and "Major Shareholders" below). The largest (indirect) shareholder in RZB is *RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG* with an effective total stake of 31.37%.

### 4.6.2 Profit before tax of RZB Group

The regional breakdown of sources of earnings provided demonstrates the importance of earnings from the CEE region.

Regional breakdown:

<b>Austria:</b>	RZB and RZB's subsidiaries in Austria
<b>CEE region:</b>	Primarily <i>Raiffeisen International Bank-Holding AG</i>
<b>Other:</b>	Branches in London, Beijing and Singapore and RZB Group entities in other countries, such as Malta, the U.S.A. and Switzerland.

The following table sets out the regional breakdown by domicile of each RZB Group unit, taking funding and management costs into account:

#### For the financial year to 31 December 2005 (EUR '000s)

2005 Financial Year	Austria	CE	SEE	CIS	Other	Total
<i>EUR'000</i>						
Net interest income .....	396,515	506,839	415,479	250,143	37,248	1,606,223
Provisioning for impairment losses .....	(29,601)	(48,468)	(63,479)	(55,281)	(9,791)	(206,620)
Net interest income after provisioning .....	366,913	458,371	352,000	194,862	27,457	1,399,603
Net commission income .....	194,838	158,988	143,678	95,692	25,842	619,037
Trading profit .....	113,240	142,187	96,155	13,640	7,031	372,252
Net income from financial investments and current financial assets .....	8,252	7,542	2,718	(147)	7,672	26,037
General administrative expenses .....	(380,621)	(525,213)	(415,686)	(200,533)	(51,974)	(1,574,027)
Other operating profit (loss) .....	70,083	(8,953)	3,753	(1,432)	23,511	86,962
<b>Profit before tax .....</b>	<b>372,703</b>	<b>232,921</b>	<b>182,617</b>	<b>102,083</b>	<b>39,540</b>	<b>929,864</b>
Total assets .....	45,964,633	16,849,436	13,520,943	9,089,503	8,438,984	93,863,499
Basis of assessment (including market risk) .....	23,681,407	12,049,547	8,730,827	7,016,925	4,304,719	55,783,425
Average number of staff .....	2,469	9,013	11,032	8,270	281	31,065
Cost/income ratio .....	49.2%	65.6%	63.1%	56.4%	63.8%	58.9%
Average equity .....	1,661,093	975,778	617,103	347,232	284,250	3,885,456
<b>Return on equity (before tax) .....</b>	<b>22.4%</b>	<b>23.9%</b>	<b>29.6%</b>	<b>29.4%</b>	<b>13.9%</b>	<b>23.9%</b>

(Source: 2005 Annual report of the RZB Group, page 154, audited)



## 4.7 TREND INFORMATION

RZB is not aware of any material trends, uncertainties, demands, commitments or events that are likely to have a material effect on RZB's prospects for at least the current financial year. Save as disclosed in this Prospectus, there has been no material adverse change in the prospects of RZB since 31 December 2005.

## 4.8 PROFIT FORECASTS OR ESTIMATES

RZB has not included any profit forecast or estimates in this Prospectus.

## 4.9 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

As at 28 February 2006:

### 4.9.1 Managing Board

#### Principal functions and activities outside RZB

*Generaldirektor (CEO)*  
Dr. Walter Rothensteiner,  
Chairman of the Managing  
Board

Member of the Managing Board of *Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung*  
Chairman of the Supervisory Boards of *Raiffeisen Bausparkasse Gesellschaft m.b.H.*, *ÖPAG Pensionskassen Aktiengesellschaft*, *Kathrein & Co. Privatgeschäftsbank Aktiengesellschaft*, *Casinos Austria Aktiengesellschaft*, *Österreichische Lotterien Gesellschaft m.b.H.*, *Raiffeisen Centrobank AG*, *Raiffeisen International Bank-Holding AG* and *ÖVK Vorsorgekasse AG*

Deputy to the Chairman in the Supervisory Boards of *UNIQA Versicherungen AG*, *Oesterreichische Kontrollbank Aktiengesellschaft*, *Casinos Austria International Holding GmbH* and *LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft*

Member of the Supervisory Boards of *Österreichische Volksbanken-Aktiengesellschaft*, *Österreichische Galerie Belvedere*, *KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H.*, *KURIER Redaktionsgesellschaft m.b.H.*, *Wiener Staatsoper GmbH* and *Austrian Airlines Österreichische Luftverkehrs-Aktiengesellschaft*

Generalrat (councillor general) of *Oesterreichische Nationalbank AG*

Dkfm. Dr. Herbert Stepic,  
Deputy to the Chairman of  
the Managing Board

Generaldirektor (CEO) of *Raiffeisen International Bank-Holding AG*  
Deputy to the Chairman in the Supervisory Board of *Raiffeisen Centrobank AG*

Member of the Supervisory Boards of *OMV Aktiengesellschaft* and *Oesterreichische Kontrollbank Aktiengesellschaft*

Kommanditist (limited partner) of "*NONUSDECIMUS*" *FRANKE IMMOBILIEN HANDEL KEG* and "*SEPTIMUS*" *FRANKE IMMOBILIEN HANDEL KEG*

Patrick Butler, M.A.,  
Member

Chairman of the Supervisory Board of *RZB Private Equity Holding AG*  
Deputy to the Chairman in the Supervisory Boards of *Raiffeisen Centrobank AG* and *Raiffeisen Wohnbaubank Aktiengesellschaft*  
Member of the Supervisory Boards of *Kathrein & Co. Privatgeschäftsbank Aktiengesellschaft*, *Raiffeisen International Bank-Holding AG* and *Wiener Börse AG*

Dr. Karl Sevelde,  
Member

Member of the Managing Boards of *Bene Privatstiftung*, *FEPIA Privatstiftung* (private foundation) and the *Herbert Depisch Privatstiftung*

Deputy to the Chairman in the Supervisory Board of *top, equity Unternehmensbeteiligungs AG, RZB Private Equity Holding AG and Unternehmens Invest Aktiengesellschaft*

Member of the Supervisory Boards of *A.S.A. Abfall Service AG, Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Raiffeisen International Bank-Holding AG, Raiffeisen Centrobank AG, NOAG Autobahnerrichtungs AG, Österreichische Bundesbahnen-Holding Aktiengesellschaft, ÖBB-Infrastruktur Bau Aktiengesellschaft, Raiffeisen Investment Aktiengesellschaft and BENE AG*

Kommanditist (limited partner) of *“MILLETERTIUS” Kreihlsler Immobilienhandel KEG and “SECUNDUS” FRANKE IMMOBILIEN HANDEL KEG*

Mag. Manfred Url,  
Member

Chairman of the Supervisory Boards of *Raiffeisen Datennetz Gesellschaft m.b.H. and Raiffeisen Vermögensverwaltungsbank AG*

Deputy to the Chairman in the Supervisory Boards of *Raiffeisen Informatik GmbH, VISA-SERVICE Kreditkarten Aktiengesellschaft, Raiffeisen International Bank-Holding AG and Europay Austria Zahlungsverkehrssysteme GmbH*

Member of the Supervisory Board of *Österreichische Lotterien Gesellschaft m.b.H.*

#### 4.9.2 Supervisory Board

*President:*

*Ök.-Rat*

Dr. Dr. h.c. Christian Konrad

*Generalanwalt* (advocate general) of *Österreichischer Raiffeisenverband*

Chairman of the Managing Board of *RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung*

Member of the Managing Board of *Hans Dujsik Privatstiftung*

Chairman of the Supervisory Boards of *RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, AGRANA Beteiligungs-Aktiengesellschaft, AGRANA Zucker, Stärke und Frucht Holding AG, Bauholding Strabag SE, FIMAG Finanz Industrie Management AG, KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H., KURIER Redaktionsgesellschaft m.b.H., LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, UNIQA Versicherungen AG, Mediaprint Zeitungs- und Zeitschriftenverlag Gesellschaft m.b.H., Z&S Zucker und Stärke Holding AG, A-WAY Holding und Finanz AG and Albertina*

Member of the Supervisory Boards of *RWA Raiffeisen Ware Austria Aktiengesellschaft, Siemens Aktiengesellschaft Österreich, DO & CO Restaurants & Catering Aktiengesellschaft and Südzucker AG in Mannheim*

Geschäftsführer (managing director) of *Medicur – Holding Gesellschaft m.b.H., Printmedien Beteiligungsgesellschaft m.b.H., Austria Shopping Center GmbH and RAIFFEISEN-HOLDING NÖ-Wien Beteiligungs GmbH*

*Deputy-Presidents:*

*Komm.-Rat*

Dr. Georg Doppelhofer

Chairman of the Managing Board of *Steirische RB-Verwaltungsgenossenschaft registrierte Genossenschaft mit beschränkter Haftung*

Member of the Managing Board of *Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung*

Chairman of the Supervisory Board of *Landes-Hypothekenbank Steiermark Aktiengesellschaft*

4th Deputy to the Chairman of the Supervisory Board of *UNIQA Versicherungen AG*

Member of the Supervisory Boards of *Styria Medien AG*, *Raiffeisen Bausparkasse Gesellschaft m.b.H.*, *ÖPAG Pensionskassen Aktiengesellschaft*, *Grazer Wechselseitige Versicherung Aktiengesellschaft* and *GRAWE-Vermögensverwaltung*

Geschäftsführer (managing director) of *Bonita Beteiligungsverwaltungs GmbH*, *KONKRETA Beteiligungsverwaltungs GmbH*, *KONSTRUKTA Unternehmensberatungs GmbH*, *LHB Beteiligungs GmbH*, *NWB Beteiligungs GmbH*, *R-Landesbanken-Beteiligung GmbH* and *Raiffeisen-Landesbanken-Holding GmbH*

*Komm.-Rat*  
Ing. Mag. Dr. Julius Marhold

Geschäftsleiter (CEO) of *Raiffeisenlandesbank Burgenland und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung* and *Burgenländische Raiffeisenbank in Eisenstadt registrierte Genossenschaft mit beschränkter Haftung*

Member of the Managing Boards of *Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung*, *Raiffeisen-Einlagensicherung Burgenland registrierte Genossenschaft mit beschränkter Haftung*, *Raiffeisenbezirksbank Güssing registrierte Genossenschaft mit beschränkter Haftung* and *Raiffeisenbezirksbank Oberwart registrierte Genossenschaft mit beschränkter Haftung*

Member of the Supervisory Boards of *ECOS Venture Capital Beteiligungs AG*, *Neue Eisenstädter gemeinnützige Bau-, Wohn- und Siedlungsgesellschaft m.b.H.* and *Raiffeisen Bausparkasse Gesellschaft m.b.H.*

Personally liable partner of *Marhold-Hajek OEG*

*Komm.-Rat*  
Dr. Ludwig Scharinger

Chairman of the Managing Board of *Raiffeisenlandesbank Oberösterreich Aktiengesellschaft*, *Privatstiftung zur Förderung des Gedankens des Wohnungseigentums und dessen Realisierung, insbesondere in Oberösterreich*, the *Rabmer Privatstiftung* (private foundation), *Raiffeisen-Einlagensicherung Oberösterreich registrierte Genossenschaft mit beschränkter Haftung* and *Wolfgang Kaufmann Privatstiftung*

Deputy to the Chairman of the Managing Board of *Hödlmayr-Privatstiftung*

Member of the Managing Board of *Raiffeisenverband Oberösterreich registrierte Genossenschaft mit beschränkter Haftung*, *Privatstiftung der Raiffeisenlandesbank Oberösterreich Aktiengesellschaft*, *Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung* and *OÖ. Obst- und Gemüseverwertungsgenossenschaft (Efko) registrierte Genossenschaft mit beschränkter Haftung*

1st Deputy to the Chairman of the Supervisory Board of *voestalpine AG*

Member of the Supervisory Boards of *Asamer & Hufnagl Holding AG*, *Fischer Advanced Composite Components AG*, *Gesellschaft für den Wohnungsbau*, *Gemeinnützige Gesellschaft mit beschränkter Haftung*, *LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste*, *Oberösterreichische Landesbank Aktiengesellschaft*, *OBERÖSTERREICHISCHE RUNDSCHAU Gesellschaft m.b.H.*, *Oberösterreichische Versicherung Aktiengesellschaft*, *Österreichische*

	<p><i>Salinen Aktiengesellschaft, PRIVAT BANK AG der Raiffeisenlandesbank Oberösterreich, Raiffeisen Bausparkasse Gesellschaft m.b.H., Salinen Austria Aktiengesellschaft, SALZBURGER LANDESHYPOTHEKENBANK AKTIENGESELLSCHAFT, VA Technologie Aktiengesellschaft, VOEST-ALPINE Intertrading Aktiengesellschaft, ISOROC Holding AG and Raiffeisen-Kredit-Garantiegesellschaft m.b.H.</i></p> <p><i>Prokurist of RVD Raiffeisen-Versicherungsdienst Gesellschaft m.b.H.</i></p> <p><i>Geschäftsführer (managing director) of R-Landesbanken-Beteiligung GmbH, Raiffeisen-Landesbanken-Holding GmbH and BHG Beteiligungsmanagement und Holding GmbH</i></p>
<p><i>Members:</i></p> <p>Mag. Klaus Buchleitner</p>	<p><i>Chairman of the Managing Boards of RWA Raiffeisen Ware Austria Aktiengesellschaft and RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung registrierte Genossenschaft mit beschränkter Haftung</i></p> <p><i>Deputy to the Chairman of the Managing Board of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung</i></p> <p><i>Member of the Managing Board of RAIFFEISEN-REVISIONSVERBAND NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung</i></p> <p><i>Member of the Supervisory Boards of Kelly Gesellschaft mit beschränkter Haftung and Raiffeisen-Lagerhaus GmbH</i></p> <p><i>Geschäftsführer (managing director) of RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH</i></p>
Dr. Klaus Pekarek	<p><i>Chairman of the Managing Board of Raiffeisen-Einlagensicherung Kärnten, registrierte Genossenschaft mit beschränkter Haftung</i></p> <p><i>Member of the Managing Board and Geschäftsleiter (CEO) of Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung</i></p> <p><i>Member of the Managing Board of Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung</i></p> <p><i>Geschäftsführer (managing director) of RAIFFEISEN-VERMÖGENSVERWERTUNGS GMBH, RLB Beteiligungsmanagement GmbH, RLB Innopart Beteiligungs GmbH, RLB Unternehmensbeteiligungs GmbH, RLB Verwaltungs GmbH and RS Beteiligungs GmbH</i></p>
Franz Pinkl	<p><i>Chairman of the Managing Board of Österreichische Volksbanken-Aktiengesellschaft</i></p> <p><i>Deputy to the Chairman of the Supervisory Boards of Volksbank-Quadrat Bank AG</i></p> <p><i>Member of the Supervisory Boards of ARZ Allgemeines Rechenzentrum GmbH, Dexia Kommunalkredit Bank AG, Kommunalkredit Austria AG, Investkredit Bank AG, Niederösterreichische Landesbank-Hypothekenbank Aktiengesellschaft, Volksbanken-Beteiligungsgesellschaft m.b.H., Österreichische Lotterien Gesellschaft m.b.H. and VICTORIA-VOLKSBANKEN Versicherungsaktiengesellschaft</i></p> <p><i>Member of the Supervisory Boards of “UNSER LAGERHAUS” WARENHANDELS-GESELLSCHAFT m.b.H. and Raiffeisen Bausparkasse Gesellschaft m.b.H.</i></p>

Dkfm. Peter Püspök

Chairman of the Managing Boards of *RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG* and *Raiffeisen-Einlagensicherung Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung*

Member of the Supervisory Boards of *“UNSER LAGERHAUS” WARENHANDELS-GESELLSCHAFT m.b.H.* and *Raiffeisen Bausparkasse Gesellschaft m.b.H.*

Deputy to the Chairman of *Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung*

Member of the Managing Boards of *RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung* and *RAIFFEISEN-REVISIONSVERBAND NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung*

Member of the Supervisory Boards of *Österreichische Elektrizitätswirtschafts-Aktiengesellschaft, Kunsthistorisches Museum mit Museum für Völkerkunde und österreichischem Theaternuseum, Raiffeisen Bausparkasse Gesellschaft m.b.H. and UNIQA Versicherungen AG*

Geschäftsführer (managing director) of *R-Landesbanken-Beteiligung GmbH, “CARPETA” Holding GmbH, Raiffeisen-Landesbanken-Holding GmbH and Windpark Römerstraße GmbH*

Dr. Günther Reibersdorfer

Geschäftsleiter (CEO) of *Raiffeisenverband Salzburg registrierte Genossenschaft mit beschränkter Haftung*

Member of the Managing Boards of *FLEIWA Salzburger Fleischwarenzentrale registrierte Genossenschaft mit beschränkter Haftung, Lagerhaus Oberes Ennstal registrierte Genossenschaft mit beschränkter Haftung, Privatstiftung zur Förderung der Mittelstandspolitik in Wirtschaft und Gesellschaft, RAIFFEISEN REALITÄTEN registrierte Genossenschaft mit beschränkter Haftung, Raiffeisen-Einlagensicherung Salzburg registrierte Genossenschaft mit beschränkter Haftung, Salzburger Biotechnik registrierte Genossenschaft mit beschränkter Haftung, Salzburger Viehvermarktung registrierte Genossenschaft mit beschränkter Haftung, Lagerhaus Pinzgau registrierte Genossenschaft mit beschränkter Haftung, Lagerhaus Salzachtal registrierte Genossenschaft mit beschränkter Haftung, Landwirtschaftliche Besitzfestigungsgenossenschaft Salzburg registrierte Genossenschaft mit beschränkter Haftung and Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung*

Member of the Supervisory Boards of *BVG Liegenschaftsverwaltung GmbH, Fremdenverkehrs Aktiengesellschaft, Raiffeisen Bausparkasse Gesellschaft m.b.H., Salzburger Kreditgarantiegesellschaft m.b.H., Salzburger Unternehmensbeteiligungsgesellschaft mbH, Zukunft Land Salzburg Aktiengesellschaft für Mittelstandsfinanzierung, Salzburger Landes-Versicherung Aktiengesellschaft and UNIQA Versicherungen AG*

Geschäftsführer (CEO) of *RAIFFEISEN BETEILIGUNG GmbH, Raiffeisen Warenbetriebe Salzburg GmbH, Raiffeisenverband Salzburg Anteils- und Beteiligungsverwaltungs GmbH and Salzburg-München Versicherungsmakler GmbH*

Dr. Hannes Schmid

Chairman of the Managing Board of *Raiffeisen-Einlagensicherung Tirol registrierte Genossenschaft mit beschränkter Haftung*



	Deputy to the Chairman of the Managing Board of <i>Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung</i>
	Member of the Managing Board of <i>Raiffeisen-Landesbank Tirol AG</i>
	Member of the Supervisory Boards of <i>ÖVK Vorsorgekasse AG, Raiffeisen Bausparkasse Gesellschaft m.b.H. and St. Josef Liegenschaftsverwaltungs- und Beteiligungs AG</i>
	Geschäftsführer (CEO) of <i>Livera Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H. and RLB Beteiligung Ges.m.b.H.</i>
Dr. Karl Waltle	Chairman of the Managing Board and Geschäftsleiter (CEO) of <i>Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung</i>
	Chairman of the Managing Board of <i>Raiffeisen-Einlagensicherung Vorarlberg, registrierte Genossenschaft mit beschränkter Haftung</i>
	Member of the Managing Board of <i>Brigitte Privatstiftung and Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung</i>
	Member of the Supervisory Boards of <i>Montafoner Hochjochbahnen Gesellschaft m.b.H., Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisenbank Kleinwalsertal Aktiengesellschaft and UNIQA Versicherungen AG</i>
	Geschäftsführer (managing director) of <i>“RMB” Holding GmbH, „RML“ Projekt-Entwicklungs GmbH, „RSH“ Beteiligungs GmbH, RLB-Vorarlberg Sektorbeteiligungs GmbH, RVB Verwaltungs- und Beteiligungsgesellschaft m.b.H and Tourismus- Treuhand Vorarlberg GmbH</i>
	Kommanditist (limited Partner) of <i>Sonnenkopfbahn Gesellschaft m.b.H. &amp; Co. KG.</i>
Dr. Gottfried Wanitschek	Member of the Managing Board of <i>UNIQA Versicherungen AG</i>
	Member of the Supervisory Boards of <i>A-WAY Holding und Finanz AG, AUSTRIA Hotels Liegenschaftsbesitz AG, Bauholding Strabag SE, CALL DIRECT Versicherung AG, EPA Europäische Plakat- und Außenwerbholding GmbH, FIMAG Finanz Industrie Management AG, FINANCE LIFE Lebensversicherung AG, KURIER Beteiligungs-Aktiengesellschaft, KURIER Redaktionsgesellschaft m.b.H., KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H., LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Mediaprint Zeitungs- und Zeitschriftenverlag Gesellschaft m.b.H., Privatklinik Villach Gesellschaft m.b.H., Raiffeisen Versicherung AG, UNIQA Personenversicherung AG, UNIQA Beteiligungs-Holding GmbH, UNIQA International Versicherungs-Holding GmbH, UNIQA Real Estate AG and UNIQA Sachversicherung AG</i>
	Geschäftsführer (managing director) of <i>UNIQA Praterstraße Projektterrichtungs GmbH</i>

## Members of the Supervisory Board delegated by the Staff Council

### *Chairman of the Staff Council*

Mag. Franz Hummel	Member of the Supervisory Board of <i>ÖPAG Pensionskassen Aktiengesellschaft</i> Personally liable partner of <i>Hummel, Mayr &amp; Co OEG</i>
<i>Deputy to the Chairman of the Staff Council</i>	–
Martin Prater	–
<i>Deputy to the Chairman of the Staff Council</i>	–
Hildegard Svejda	–
Mag. Peter Anzeletti-Reikl	–
Mag. Heidrun Mössner	–
Mag. Helge Rechberger	Geschäftsführer (managing director) of <i>Raiffeisen Research GmbH</i>

### 4.9.3 Members of the *Länderkuratorium* (federal advisory board)

<i>Chairman</i> Sebastian Schönbuchner	Chairman of the Managing Board of <i>Raiffeisenverband Salzburg registrierte Genossenschaft mit beschränkter Haftung</i> and <i>Raiffeisenkasse Großmain registrierte Genossenschaft mit beschränkter Haftung</i> Member of the Managing Board of <i>Raiffeisen-Einlagensicherung Salzburg registrierte Genossenschaft mit beschränkter Haftung</i>
<i>1st Deputy to the Chairman</i> Kurt Amann	Member of the Managing Board of <i>Raiffeisen-Einlagensicherung Vorarlberg, registrierte Genossenschaft mit beschränkter Haftung</i> and <i>WEHA-Privatstiftung</i>
<i>2nd Deputy to the Chairman</i> Dr. Walter Zandanell	Chairman of the Managing Board and Geschäftsleiter (CEO) of <i>Volksbank Salzburg registrierte Genossenschaft mit beschränkter Haftung</i> Chairman of the Managing Board of <i>Volksbanken Holding registrierte Genossenschaft mit beschränkter Haftung</i> and <i>Schulze-Delitzsch Privatstiftung</i> Member of the Supervisory Boards of <i>ARZ Allgemeines Rechenzentrum GmbH</i> , <i>Österreichische Volksbanken-Aktiengesellschaft</i> ., <i>Gefinag-Holding AG</i> , <i>Volksbanken-Beteiligungsgesellschaft m.b.H.</i> and <i>Volksbank-Quadrat Bank AG</i> Gesellschafter (shareholder) of <i>BBG Beratungs- und Beteiligungsgesellschaft m.b.H.</i>
<i>Members:</i> Jakob Auer	Chairman of the Managing Board of <i>Raiffeisenbank Wels Süd registrierte Genossenschaft mit beschränkter Haftung</i> , <i>RLB Holding registrierte Genossenschaft mit beschränkter Haftung</i> <i>OÖ</i> and <i>RLB Verbund registrierte Genossenschaft mit beschränkter Haftung</i> <i>OÖ</i> Deputy to the Chairman of the Managing Board of <i>Raiffeisen-Einlagensicherung Oberösterreich registrierte Genossenschaft mit beschränkter Haftung</i> Member of the Managing Board of <i>Raiffeisenverband Oberösterreich registrierte Genossenschaft mit beschränkter Haftung</i> Chairman of the Supervisory Board of <i>Raiffeisenlandesbank Oberösterreich Aktiengesellschaft</i> and <i>Raiffeisen-Kredit-Garantiesgesellschaft m.b.H.</i>

	Member of the Supervisory Boards of <i>Invest Unternehmensbeteiligungs Aktiengesellschaft</i> and <i>PRIVAT BANK AG der Raiffeisenlandesbank Oberösterreich</i> Gesellschafter (shareholder) of „AGRO“ Werbung GmbH
Peter Greiderer	Geschäftsleiter (CEO) and Member of the Managing Board of <i>Raiffeisenbank Wörgl Kufstein registrierte Genossenschaft mit beschränkter Haftung</i> Member of the Managing Board of <i>Louise Lüthi Gedächtnis-Privatstiftung and Raiffeisen-Einlagensicherung Tirol registrierte Genossenschaft mit beschränkter Haftung</i> Chairman of the Supervisory Board of <i>Raiffeisen-Landesbank Tirol AG</i>
Dkfm. Dr. Hans Malliga	Deputy to the Chairman of the Managing Board of <i>Raiffeisenbank Drautal registrierte Genossenschaft mit beschränkter Haftung</i> Gesellschafter (shareholder) of <i>BBG Bergbahnen Beteiligungs GmbH, Biowärme Weißenstein GesmbH, GKT-Bergbahnen Gesellschaft m.b.H. and Immo-Pro Liegenschaftsverwertungsgesellschaft m.b.H.</i> Kommanditist (limited partner) of <i>Biowärme Weißenstein GesmbH &amp; Co KEG and Gerlitzten – Kanzelbahn – Touristik Gesellschaft m.b.H. &amp; Co KG</i>
Mag. Franz Romeder	Chairman of the Managing Board of <i>Raiffeisenbank Region Waldviertel Mitte registrierte Genossenschaft mit beschränkter Haftung</i> Deputy to the Chairman of the Managing Board of <i>RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung</i> Geschäftsführer (managing director) of “CARPETA” Holding GmbH
Ing. Wilfried Thoma	Chairman of the Managing Board of <i>Raiffeisenbank Trofaiach-Leoben registrierte Genossenschaft mit beschränkter Haftung, RLB-Stmk Holding registrierte Genossenschaft mit beschränkter Haftung, RLB-Stmk Verbund registrierte Genossenschaft mit beschränkter Haftung and Steirische RB-Verwaltungsgenossenschaft registrierte Genossenschaft mit beschränkter Haftung</i> Deputy to the Chairman of the Managing Board of <i>Raiffeisen-Einlagensicherung Steiermark registrierte Genossenschaft mit beschränkter Haftung</i> Chairman of the Supervisory Board of <i>Raiffeisen-Landesbank Steiermark AG</i> Geschäftsführer (managing director) of <i>Thoma Beteiligungsgesellschaft m.b.H.</i>
Ök.-Rat Helmut Thrackl	Chairman of the Managing Board of <i>Raiffeisenlandesbank Burgenland und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung and Raiffeisenbank Draßmarkt-Kobersdorf-St. Martin registrierte Genossenschaft mit beschränkter Haftung</i> Member of the Managing Board of <i>Raiffeisen – Lagerhaus Horitschon registrierte Genossenschaft mit beschränkter Haftung</i>

All the members of the bodies named above can be reached at the address of RZB c/o *Vorstandsssekretariat* (Managing Board Office), Am Stadtpark 9, 1030 Vienna, Republic of Austria.



#### 4.9.4 Other

*State Commissioners*

*Ministerialrat*

Mag. Alfred Lejsek

*Ministerialrat*

Mag. Christian Riemer

*Staatskommissär (state commissioner)*

*Staatskommissär-Stellvertreter (deputy state commissioner)*

#### 4.9.5 Conflicts of interest

RZB declares that to the best of its knowledge and belief and based on enquiries carried out for the purpose of ascertaining potential conflicts of interest of members of the Managing Board, the Supervisory Board, the *Länderkuratorium* and senior management (which is the managerial level immediately below the Managing Board), there are no potential conflicts of interest between any duties to RZB of the members of the Managing Board, the Supervisory Board, the *Länderkuratorium* or of members of senior management and their private interests and/or other duties apart from those stated below.

It is true that, generally, all members of the Managing Board and senior management of RZB have potential conflicts of interest in individual cases with regard to the companies and foundations in which they hold managing board or supervisory board seats or perform similar functions (as listed under “Administrative, Management and Supervisory Bodies” above) if as a result of the RZB Group’s banking operations RZB has an active business relationship with those entities.

RZB benefits from the expertise of its Supervisory Board members, many of whom also manage regional banks. They may also have duties to entities outside the *Raiffeisen Banking Group*. Those entities may also compete with RZB.

#### 4.10 MAJOR SHAREHOLDERS

The following table sets out the share capital of RZB, and the effective shareholdings in RZB of its shareholders as at 31 March 2006:

##### Share capital of RZB

Total shares .....	5,313,258
Of which ordinary shares .....	4,797,538
Of which preference shares.....	515,720
<b>Total share capital (in EUR) .....</b>	<b>386,114,458.86</b>

<b>Direct Shareholders</b>	<b>Ordinary Shares</b>	<b>Preference Shares</b>	<b>Total</b>
	(%)	(%)	(%)
<i>RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG ....</i>	0.08	0.53	0.61
<i>Raiffeisen-Landesbank Steiermark AG .....</i>	0.0002	0.19	0.19
<i>Raiffeisenlandesbank Oberösterreich Aktiengesellschaft .....</i>	0.0002	0.19	0.19
<i>Raiffeisen-Landesbank Tirol AG .....</i>	0.01	0.01	0.02
<i>Raiffeisenverband Salzburg registrierte Genossenschaft mit beschränkter Haftung .....</i>	3.58	0.42	4.00
<i>Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung .....</i>	1.05	0.15	1.21
<i>Raiffeisenlandesbank Burgenland und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung .....</i>	0.14	0.00	0.14
<i>Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung .....</i>	0.11	0.00	0.11
<i>R-Landesbanken-Beteiligung GmbH* .....</i>	72.99	8.20	81.19
<i>Z Anteileverwaltungs gmbH.....</i>	0.04	0.00	0.04
<b>Total held directly and indirectly by Regional Raiffeisen Banks</b>	<b>78.00</b>	<b>9.69</b>	<b>87.70</b>
<i>UBG-Bankenbeteiligungs Gesellschaft m. b. H.</i>	5.11	0.00	5.11
<i>UNIQA Versicherungen AG .....</i>	2.62	0.00	2.62
<i>RWA Raiffeisen Ware Austria Aktiengesellschaft .....</i>	2.56	0.00	2.56
<i>Niederösterreichische Landesbank-Hypothekenbank Aktiengesellschaft .....</i>	1.20	0.00	1.20
<i>AQUILA Vermögensverwaltungs– und Beteiligungs- GmbH .....</i>	0.63	0.00	0.63
<i>HYPO TIROL BANK AG.....</i>	0.17	0.00	0.17
<i>Other .....</i>	0.00	0.01	0.01
<b>Total held by others than Regional Raiffeisen Banks .....</b>	<b>12.29</b>	<b>0.01</b>	<b>12.30</b>
<b>TOTAL .....</b>	<b>90.29</b>	<b>9.71</b>	<b>100.00</b>

\* R-Landesbanken-Beteiligung GmbH is in turn wholly owned by Raiffeisen-Landesbanken-Holding GmbH, which is itself owned by the following companies:

Agroconsult Austria Gesellschaft m.b.H. (2.20%)  
KONKRETA Beteiligungsverwaltungs GmbH (18.14%)  
RLB Burgenland Sektorbeteiligungs GmbH (5.51%)  
RLB NÖ-Wien Sektorbeteiligungs GmbH (37.89%)  
RLB OÖ Sektorbeteiligungs GmbH (18.14%)  
RLB Tirol Holding Verwaltungs GmbH (7.16%)  
RLB Unternehmensbeteiligungs GmbH (5.44%)  
RLB-Vorarlberg Sektorbeteiligungs GmbH (5.51%)

RZB is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of RZB.

## 4.11 FINANCIAL INFORMATION

### 4.11.1 Historical Financial Information incorporated by reference

The following information shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (1) the audited consolidated financial statements (including the auditor's opinion thereon and notes thereto) of RZB in respect of the financial years ended 31 December 2004 and 31 December 2005 (set out on pages 124 to 193 and 128 to 205, respectively, of the 2004 and 2005 annual reports of the RZB Group); and

- (2) the Management's Report (set out on pages 66 to 96 of the 2005 annual report of the RZB Group). See "Risks Relating to RZB – Dependence upon having sufficient own funds and making adequate provisions for risks" and "Risks Relating to RZB – The future development of the banking sector and regulation thereof".

The following information appears on the pages of these documents as set out below:

- (1) audited annual report of the RZB Group in respect of year ended 31 December 2004:
- |     |                               |                             |
|-----|-------------------------------|-----------------------------|
| (a) | balance sheet                 | set out on page 125         |
| (b) | income statement              | set out on page 124         |
| (c) | cash flow statement           | set out on pages 128 to 129 |
| (d) | unqualified auditors' opinion | set out on page 189         |
| (e) | notes                         | set out on pages 130 to 188 |
- (2) audited annual report of the RZB Group in respect of year ended 31 December 2005:
- |     |                               |                             |
|-----|-------------------------------|-----------------------------|
| (a) | balance sheet                 | set out on page 129         |
| (b) | income statement              | set out on page 128         |
| (c) | cash flow statement           | set out on pages 132 to 133 |
| (d) | unqualified auditors' opinion | set out on page 200         |
| (e) | notes                         | set out on pages 134 to 199 |

The 2004 annual report of the RZB Group is available on RZB's web site ([www.rzb.at](http://www.rzb.at)) at:  
[http://ar2004.rzb.at/rzb/downloads/AnnualReport\\_RZB\\_2004\\_en.pdf](http://ar2004.rzb.at/rzb/downloads/AnnualReport_RZB_2004_en.pdf)

The 2005 annual report of the RZB Group is available on RZB's web site ([www.rzb.at](http://www.rzb.at)) at:  
[http://gb2005.rzb.at/rzb/report2005/downloads/AnnualReportImages\\_RZB\\_en.pdf](http://gb2005.rzb.at/rzb/report2005/downloads/AnnualReportImages_RZB_en.pdf)

The Issuer and RZB will, at the specified offices of the Fiscal Agent, the Paying Agent and Listing Agent in Vienna, provide, free of charge, upon the oral or written request therefor, a copy of this Prospectus (or any document incorporated by reference in this Prospectus). Written or oral requests for such documents should be directed to the specified office of the Fiscal Agent or the specified office of RZB as Paying Agent and Listing Agent in Vienna.

#### **4.11.2 Financial Statements and other information concerning RZB's assets and liabilities, financial position and profits and losses**

##### ***Accounting Standards***

The non-consolidated annual financial statements for the financial years 2004 and 2005 were prepared in accordance with Austrian national accounting standards (HGB/BWG).

The consolidated annual financial statements for the financial years 2004 and 2005 were prepared in accordance with International Financial Reporting Standards (IFRS). As a result, under section 245 HGB (Austrian Commercial Code), consolidated financial statements prepared in accordance with national accounting standards were not prepared.

##### ***Auditing of historical annual financial information***

The non-consolidated annual financial statements of RZB as well as the consolidated annual financial statements and the management's reports of the RZB Group, as at and for the financial years ended 31 December 2004 and 2005 were audited in accordance with national legal requirements by *KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*, Kolingasse 19, 1090 Vienna, represented by Dr. Walter Knirsch and Dr. Johann Mühlehner, Austrian Chartered Accountants. Unqualified auditors' opinions, which do not contain any qualifications or disclaimers, were issued for the non-consolidated annual financial statements of RZB as well as for the consolidated annual financial statements of RZB Group for the financial years ended 31 December 2004 and 2005.

*KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft* is a member of the *Kammer der Wirtschaftstreuhänder* (chamber of professional accountants and tax advisors) in Austria.

The information contained in this Prospectus has not been audited by the auditors unless otherwise expressly stated.

Where financial data is used in this Prospectus that has not been extracted from RZB's audited financial statements, the source of such data is clearly stated together with the fact that such data was not audited by the auditors.

#### ***Age of latest Audited Financial Information***

The date of the latest audited financial information for both RZB and the RZB Group is 31 December 2005.

#### ***Interim and other financial information***

RZB does not publish non-consolidated semi-annual interim financial information. The RZB Group publishes unaudited half-yearly interim reports.

#### ***Legal and arbitration proceedings***

RZB is involved in legal disputes arising in the course of its ordinary business activities.

Although it is not ultimately possible to predict the outcome of pending proceedings, the management of RZB is confident that the outcome of all these proceedings, whether individually or as a whole, will not have a material adverse effect on RZB's financial position.

As far as RZB is currently aware, save as disclosed in this Prospectus, neither legal proceedings nor arbitration proceedings nor so-called *Verwaltungsverfahren* (administrative proceedings) are currently pending or threatened that could have, or have had in the recent past, a material effect on RZB's assets, financial position or profitability.

#### ***Ongoing proceedings of significance:***

On 11 June 2002, the European Commission imposed a fine of EUR 124.26 million on eight large Austrian banks because of an alleged breach of Article 81 (EC Treaty), which deals with agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States (cartel proceedings). The fine imposed on RZB was EUR 30.38 million. The Austrian banks, including RZB, have challenged the European Commission's ruling in the European Court of First Instance. International lawyers acting for the Austrian banks are of the opinion that there are strong arguments for the Austrian banks' case. Although a ruling by the European Court of First Instance is still pending, the management of RZB is confident that the penalty is very unlikely to have a material adverse effect on the financial positions of RZB or the RZB Group. The first hearing in the European Court of First Instance took place at the beginning of October 2005. A judgment is expected to be issued in the following months.

#### ***Significant Changes***

Save as disclosed in this Prospectus, there has been no significant change in the financial position of RZB or the RZB Group since 31 December 2005.

#### **4.12 MATERIAL CONTRACTS**

There are no material contracts that have been entered into by RZB outside the ordinary course of business, which could result in any group member of the RZB Group being under an obligation or entitlement that is material to the ability of the Issuer or RZB to meet their respective obligations under the Capital Notes or the Support Agreement.

#### **4.13 THIRD PARTY INFORMATION/ STATEMENTS BY EXPERTS/ DECLARATIONS OF ANY INTEREST**

This Prospectus does not include any statement or report attributed to a person as an expert.

Where information has been sourced from a third party, RZB confirms that to the best of its knowledge such information has been accurately reproduced and that so far as RZB is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of such information are stated where such information appears in this Prospectus.

#### **4.14 DOCUMENTS ON DISPLAY**

For so long as the Capital Notes remain outstanding, copies of the following documents (together, if available, with an English translation thereof) will, upon request, be available during normal business hours free of charge at the registered offices of the Issuer and RZB and at the specified offices of the Paying Agents shown on the back page of this Prospectus:

- (a) the memorandum and articles of association of the Issuer;
- (b) the articles of association of RZB;
- (c) the consolidated audited annual accounts of RZB for the financial years ended 31 December 2004 and 31 December 2005;
- (d) the audited interim financial statements of the Issuer for the period ended 24 April 2006 together with the audit report of KPMG Channel Islands Limited;
- (e) the Support Agreement; and
- (f) the Agency Agreement.

The most recently published (as well as historical) consolidated audited annual financial statements and consolidated unaudited semi-annual interim financial statements of RZB are available on RZB's web site ([www.rzb.at](http://www.rzb.at)).

For so long as the Capital Notes are listed on the Vienna Stock Exchange, the most recently published consolidated audited annual financial statements and consolidated unaudited semi-annual interim financial statements of RZB, and the most recently published audited annual accounts of the Issuer, will also be available at the offices of the Paying Agents, shown on the back page of this Prospectus. RZB does not publish non-consolidated interim financial statements.

The first annual accounts of the Issuer are expected to be prepared in respect of the period commencing on incorporation and ending on 31 December 2006.

## **5. DESCRIPTION OF THE CAPITAL NOTES**

### **5.1 PERSONS RESPONSIBLE**

Prospective investors should refer to the “Persons Responsible” of the Issuer and RZB set out in sections 3.1 and 4.1 of this Prospectus respectively.

### **5.2 RISK FACTORS**

Prospective investors should refer to the “Risk Factors” set out in section 2 of this Prospectus.

### **5.3 KEY INFORMATION**

No person other than the Issuer or RZB Group has a material interest in the issue of the Capital Notes under this Prospectus whether conflicting or otherwise.

### **5.4 INFORMATION CONCERNING THE CAPITAL NOTES**

#### **5.4.1 Total amount of the Capital Notes to be admitted to trading**

The total amount of the Capital Notes to be admitted to trading will be EUR 500 million.

#### **5.4.2 Description of the Capital Notes**

The ISIN number and common code of the Capital Notes is XS0253262025 and 025326202 respectively. Further particulars of the Capital Notes are set out in section 6 (Terms and Conditions) of this Prospectus.

#### **5.4.3 Legislation under which the Capital Notes were created**

The Capital Notes are expressed to be governed by English law, except where such notes are governed by Austrian law (in respect of the provisions regarding distributable profits and amounts payable in the case of a liquidation of RZB).

#### **5.4.4 Form of the Capital Notes**

The Capital Notes will be in bearer form and deposited with a common depositary for Euroclear Bank, S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, Luxembourg. The Capital Notes will be issued in definitive form only in certain limited circumstances as more particularly described in section 7 (Summary of Provisions relating to the Capital Notes in Global Form) of this Prospectus.

#### **5.4.5 Currency and denomination**

The Capital Notes have a Liquidation Preference (as defined in the “Terms and Conditions of the Capital Notes”) and denomination of EUR 50,000 per Capital Note.

#### **5.4.6 Rankings of the Capital Notes**

The Capital Notes are a subordinated obligation of the Issuer and the Support Agreement is a subordinated obligation of RZB, in each case as further described in section 6 (Terms and Conditions of the Capital Notes) and section 9 (Support Agreement) of this Prospectus respectively.

#### **5.4.7 Rights and restrictions attached to the Capital Notes**

Full particulars of the Capital Notes are set out in section 6 (Terms and Conditions of the Capital Notes) of this Prospectus.

#### **5.4.8 Nominal interest rate and interest payment**

Interest shall be payable on the Capital Notes as follows:

- (a) from (and including) 16 May 2006 to (but excluding) 16 May 2016 (the “Reset Date”) at a fixed rate of 5.169 per cent. per annum payable annually in arrear with the first interest payment being made on 16 May 2007 and 16 May in each year thereafter; and
- (b) from (and including) the Reset Date at a rate of 1.95 per cent. per annum above three month EURIBOR (see the definition of Reference Rate in the Terms and Conditions of the Capital Notes) payable quarterly in arrear on 16 May, 16 August, 16 November and 16 February in each year, commencing on 16 May 2016.

Details concerning the following matters are set out in section 6 (Terms and Conditions of the Capital Notes) of this Prospectus: the time limits on the validity of claims to interest and repayment of principal, any market disruption or settlement disruption events that affect the underlying (where interest rate is not fixed) and adjustment rules in relation to events concerning the underlying.

BNP Paribas Securities Services, Luxembourg Branch has been appointed as the calculation agent.

#### **5.4.9 Maturity**

The Capital Notes do not have a maturity and are not redeemable at any time at the option of the Noteholders. The Capital Notes are redeemable at the option of the Issuer, subject to certain terms and conditions as more particularly set out in section 6 (Terms and Conditions of the Capital Notes) of this Prospectus.

#### **5.4.10 Yield**

Due to the perpetual nature of the Capital Notes, the yield cannot be determined and therefore cannot be specified.

#### **5.4.11 Representation of security holders**

Not applicable.

#### **5.4.12 Approvals**

The creation and issue of the Capital Notes by the Issuer has been duly authorised by a resolution of the Board of Directors of the Issuer passed on 10 May 2006.

The execution of the Support Agreement by RZB has been duly authorised by resolutions of its Board of Managing Directors passed on 19 December 2005 and of its Supervisory Board on 18 January 2006.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer and/or RZB under the laws of Jersey and Austria (as applicable) have been given for the issue of the Capital Notes and for the Issuer and RZB, as the case may be, to undertake and perform their respective obligations under each of the Subscription Agreement, the Agency Agreement, the Capital Notes and the Support Agreement.

#### **5.4.13 Issue date of the Capital Notes**

It is expected that the Capital Notes will be issued on 16 May 2006.

#### **5.4.14 Transfer of the Capital Notes**

There are no restrictions on the transfer of the Capital Notes. As the Capital Notes are in bearer form, title thereto shall pass by delivery.



## **5.5 ADMISSION TO TRADING/ DEALING ARRANGEMENTS**

The Issuer will make an application to the Vienna Stock Exchange to seek admission to trading of the Capital Notes as and when such Capital Notes are issued under the terms of this Prospectus. At the date hereof it is not intended that similar applications will be made to other regulated markets (or equivalent markets).

The earliest date(s) on which the Capital Notes will be admitted to trading are currently expected to be 19 May 2006, however prospective investors should be aware that this is subject to regulatory approval.

The paying agents are RZB (Am Stadtpark 9, A-1030 Vienna, Austria) and BNP Paribas Securities Services, Luxembourg Branch (33 rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg). So long as the Capital Notes are listed on the Vienna Stock Exchange, the Issuer will maintain a paying agent in Austria.

## **5.6 EXPENSES OF THE ADMISSION TO TRADING**

The Issuer currently estimates the total expenses related to the admission to trading to be approximately EUR 2,900.

## **5.7 ADDITIONAL INFORMATION**

### **5.7.1 Advisors**

There are no advisors appointed in relation to the Capital Notes.

### **5.7.2 Auditors' report**

Other than the audit report of the Issuer's auditors referred to in section 3.11.1, no report has been produced by auditors in connection with this Prospectus.

### **5.7.3 Experts**

Save as stated in section 5.7.2, this Prospectus does not include any statement or report attributed to a person as an expert.

### **5.7.4 Third party sources**

Where information has been sourced from a third party, RZB confirms that to the best of its knowledge such information has been accurately reproduced and that so far as RZB is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of such information are stated where such information appears in this Prospectus.

### **5.7.5 Ratings**

RZB currently has the following credit ratings:

Standard & Poor's	Short Term A-1
Moody's	Short Term P-1, Long Term A1, Financial Strength C+

The Capital Notes are expected to be rated A3 by Moody's Investor Services.

### **5.7.6 Use of proceeds**

The proceeds of the issue will be transferred as Supplementary Capital to RZB (*Ergänzungskapital* (section 23(1) No. 5 and (7) BWG, in accordance with section 24(2) No. 5 and 6 and section 45(4) BWG)) and will be used to increase the RZB Group's own funds by making it available to Raiffeisen International in a comparable form and quality whilst keeping the character of own funds.



After payment of fees, commissions and expenses, the net proceeds of the issue which will be available to RZB are expected to amount to approximately EUR 496,000,000.

## 6. TERMS AND CONDITIONS OF THE CAPITAL NOTES

*The following is the text of the Terms and Conditions of the Capital Notes which (subject to completion and amendment) will be endorsed on each Capital Note in definitive form.*

The EUR 500,000,000 Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes (the “Capital Notes”, which expression includes any further Capital Notes issued pursuant to Condition 12 (*Further issues*) and forming a single series therewith) of RZB Finance Jersey IV Limited (the “Issuer”) are the subject of (a) a support agreement dated 12 May 2006 (as amended or supplemented from time to time, the “Support Agreement”) entered into by *Raiffeisen Zentralbank Österreich AG* (the “Support Agreement Provider” or “RZB”) and (b) a fiscal agency agreement dated on or around 16 May 2006 (as amended or supplemented from time to time, the “Agency Agreement”) between the Issuer, the Support Agreement Provider, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the “Fiscal Agent”, which expression includes any successor fiscal agent appointed from time to time in connection with the Capital Notes), the paying agents named therein (together with the Fiscal Agent, the “Paying Agents”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Capital Notes) and BNP Paribas Securities Services, Luxembourg Branch as calculation agent (the “Calculation Agent”, which expression includes any successor calculation agent appointed from time to time in connection with the Capital Notes). Certain provisions of these Conditions are summaries of the Support Agreement and the Agency Agreement and subject to their detailed provisions. The holders of the Capital Notes (the “Noteholders”) are bound by, and are deemed to have notice of, all the provisions of the Support Agreement and the Agency Agreement applicable to them. Copies of the Support Agreement and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

In these Conditions the following expressions have the following meanings:

### 1. Definitions

“**2003 Preferred Securities**” means the 1,000,000 perpetual non-cumulative non-voting fixed/floating rate preferred securities issued by RZB Finance (Jersey) II Limited having the benefit of a support agreement dated 31 July 2003 executed and delivered by RZB and RZB Finance (Jersey) II Limited;

“**2004 Capital Notes**” means the Euro 200,000,000 perpetual non-cumulative subordinated floating rate capital notes issued by RZB Finance (Jersey) III Limited having the benefit of a support agreement dated 15 June 2004 executed and delivered by RZB and RZB Finance (Jersey) III Limited;

“**Adjusted Comparable Yield**” will be the yield at the Redemption Calculation Date (as defined below) on the euro benchmark security selected by the Calculation Agent, after consultation with RZB, as having a maturity comparable to the remaining term of the Capital Notes to 16 May 2016, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues or corporate debt securities of comparable maturity to 16 May 2016;

“**Agents**” means the Fiscal Agent, the Calculation Agent and any of the Paying Agents, or such other entity as is appointed by the Issuer and the Support Agreement Provider and notified to the Noteholders in accordance with Condition 13 (Notices) and “Agent” means any one of the Agents;

“**Asset Parity Security**” means any capital note, preference share, preferred security or other security issued by RZB, the Issuer or any other Subsidiary of RZB (a) ranking *pari passu* as to participation in the assets of RZB with RZB’s obligations under the Support Agreement (including, for the avoidance of doubt and without limitation the 2003 Preferred Securities and the 2004 Capital Notes), or (b) entitled to the benefit of a guarantee or support agreement from RZB ranking *pari passu* as to participation in the assets of RZB with RZB’s obligations under the Support Agreement (including, for the avoidance of doubt and without limitation, the 2003 Preferred Securities and the 2004 Capital Notes);

**“Bank Share Capital”** means the common shares of RZB, together with all other securities of RZB (including *Vorzugsaktien*), ranking *pari passu* with the common shares of RZB as to participation in a liquidation surplus;

**“Business Day”** means a day on which TARGET is operating;

**“Core Capital”** means capital which qualifies as core regulatory capital (*“Kernkapital”*) of RZB for Austrian Banking Capital Adequacy purposes as defined in the Austrian Banking Act (*“Bankwesengesetz”*) (*“BWG”*) as amended from time to time and/or as determined by the FMA or any successor thereto performing for the time being the same or similar functions in relation to banks in Austria;

**“Directors”** means the directors of the Issuer for the time being;

**“Distributable Funds”** of the Issuer for any Interest Period means the distributions and redemption payments deriving from the Investments and any amounts received by the Issuer under the Support Agreement;

**“Distributable Profits”** means, in respect of each fiscal year of RZB, the aggregate amount, as calculated as of the end of the immediately preceding fiscal year in the individual financial statements of RZB, of accumulated retained earnings and any other reserves and surpluses capable under Austrian law of being available for distribution as cash dividends to holders of Bank Share Capital, but before deduction of the amount of any dividend or other distribution declared on Bank Share Capital in respect of such prior fiscal year;

**“euro”** and **“EUR”** mean the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty and whose smallest subdivision shall be one hundredth of a euro or one “cent”;

**“Euro-zone”** means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty;

**“Excess Distributable Funds Payment”** has the meaning set out in Condition 4(f);

**“Interest Parity Securities”** means any preference share, capital note or other security (a) issued by RZB and ranking *pari passu* as to payment of dividends, interest or distributions with RZB’s obligations under the Support Agreement, or (b) issued by the Issuer or any other SPV and entitled to the benefit of a guarantee or support agreement from RZB ranking *pari passu* as to payment of dividends, interest or distributions with RZB’s obligations under the Support Agreement which in both cases include an Optional Non-Payment Right or equivalent wording.

**“Interest Payments”** means the interest payments on the Capital Notes;

**“Investments”** means the proceeds of the issue, which will be transferred as Supplementary Capital to RZB (*Ergänzungskapital* (section 23(1) No. 5 and (7) BWG, in accordance with section 24(2) No. 5 and 6 and section 45(4) BWG)) and will be used to increase the RZB Group’s own funds. After payment of fees, commissions and expenses, the net proceeds of the issue which will be available to RZB are expected to amount to approximately EUR 496 million;

**“Junior Securities”** means (i) common shares of RZB, (ii) each class of preference shares of RZB ranking junior to Parity Securities of RZB, if any, and any other instrument of RZB ranking *pari passu* with or junior to such class of preference shares of RZB and (iii) preference shares or any other instrument of any Subsidiary of RZB subject to any guarantee or support agreement of RZB ranking junior to the obligations of RZB under the Support Agreement;

**“Liquidation Distribution”** in respect of each Capital Note, means the Liquidation Preference plus accrued and unpaid interest for the then current Interest Period to the date of payment;

**“Liquidation Preference”** means EUR 50,000 per Capital Note or, in relation to any other preference shares, preferred securities or capital notes of the Issuer ranking *pari passu* with the Capital Notes as regards participation in the assets of the Issuer, such amount as the holders are entitled to receive by way of

liquidation preference per preference share, preferred security or capital note held by them in the event of any voluntary or involuntary winding-up of the Issuer;

“**Make Whole Amount**” means an amount payable in respect of each Capital Note upon redemption pursuant to Condition 5(b) and which shall be calculated in accordance with Condition 5(b);

“**Parity Security**” means any preference share, capital note or other security (a) issued by RZB and ranking *pari passu* as to payment of dividends, interest or distributions with RZB’s obligations under the Support Agreement (including, for the avoidance of doubt and without limitation, the 2003 Preferred Securities and the 2004 Capital Notes) or (b) issued by the Issuer or any other Subsidiary of RZB and entitled to the benefit of a guarantee or support agreement from RZB ranking *pari passu* as to payment of dividends, interest or distributions with RZB’s obligations under the Support Agreement (including, for the avoidance of doubt and without limitation, the 2003 Preferred Securities and the 2004 Capital Notes);

“**Redemption Calculation Date**” means the third Business Day prior to the Specified Redemption Date;

“**Redemption Price**” in respect of each Capital Note means the Liquidation Preference of such Capital Note plus accrued and unpaid interest for the then current Interest Period ending on the date determined for redemption;

“**RZB**” means *Raiffeisen Zentralbank Österreich AG*;

“**RZB Group**” means RZB together with its Subsidiaries;

“**Specified Redemption Date**” means any date on which the Capital Notes are redeemed for tax reasons or for regulatory reasons pursuant to Condition 5(b);

“**SPV**” means a special purpose vehicle which is a fully consolidated subsidiary of RZB (within the meaning of §228 sub-paragraph 3 of the Austrian Commercial Code) incorporated for the purpose of raising funds for the RZB Group by issuing preference shares, capital notes and other securities;

“**Subsidiary**” means a fully consolidated subsidiary of RZB (within the meaning of §228 sub-paragraph 3 of the Austrian Commercial Code);

“**Support Agreement**” means the Support Agreement to be dated 12 May 2006 and made between RZB and the Issuer;

“**TARGET**” means the Trans European Real-Time Gross Settlement Express Transfer (TARGET) system; and

“**Treaty**” means the Treaty establishing the European Community, as amended.

## **2. Form, Denomination and Title**

The Capital Notes are in bearer form in the denomination of EUR 50,000 without coupons attached. Title to the Capital Notes will pass by delivery. Any Noteholder shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

## **3. Status and Support Agreement**

- (a) *Status of the Capital Notes:* The Capital Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank (i) senior to the ordinary share capital of the Issuer, (ii) *pari passu* among themselves and at least *pari passu* with all other present and future preference shares, capital notes or other securities issued by the Issuer which rank *pari passu* with the Capital Notes and (iii) junior to all current and future senior and other unsubordinated and subordinated debt obligations of the Issuer.

Notwithstanding the availability of sufficient Distributable Funds, the payment obligations of the Issuer in respect of the Capital Notes, in particular for the payment of interest and, if applicable, for the redemption of the Capital Notes, constitute obligations of the Issuer which are subordinated to all current and future senior and other unsubordinated and subordinated debt obligations of the Issuer.

- (b) *Limited Recourse:* The Capital Notes are limited recourse obligations of the Issuer. Principal and interest on the Capital Notes will be solely payable by the Issuer from Distributable Funds.
- (c) *Support Agreement:* The Support Agreement Provider has in the Support Agreement unconditionally and irrevocably undertaken that if at any time the Issuer has insufficient funds to enable it to meet in full its obligations in respect of the Capital Notes as and when such obligations fall due, to make available to the Issuer sufficient funds to meet such payment obligations. The Support Agreement Provider's obligations under the Support Agreement constitute unsecured obligations of the Support Agreement Provider and rank and will at all times rank (a) junior to all liabilities of the Support Agreement Provider (other than any liability expressed to rank *pari passu* with or junior to the Support Agreement), (b) *pari passu* with all payment obligations of the Support Agreement Provider in respect of Asset Parity Securities, (c) *pari passu* with the Support Agreement Provider's obligations in connection with the 2003 Preferred Securities and the 2004 Capital Notes and (d) senior to Bank Share Capital.

#### **4. Interest**

- (a) *Accrual of interest:* The Capital Notes bear interest:
  - (i) from (and including) 16 May 2006 to (but excluding) 16 May 2016 (the "Reset Date") at a fixed rate of 5.169 per cent. per annum payable annually in arrears with the first interest payment being made on 16 May 2007 and 16 May in each year thereafter; and
  - (ii) from (and including) the Reset Date at the Rate of Interest (as defined in Condition 4(b)), payable quarterly in arrear on 16 August, 16 November, 16 February and 16 May in each year, commencing on 16 August 2016 (each an "Interest Payment Date"),

subject as provided in Condition 6 (Payments); provided, however, that, if any Interest Payment Date to and including the Reset Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day (without adjustment or interest in respect of a delay where such Interest Payment Date is not a Business Day) and if any Interest Payment Date after the Reset Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day. Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date, is herein called an "Interest Period".

Each Capital Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Capital Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Capital Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (b) *Rate of interest:* The rate of interest applicable to the Capital Notes for each Interest Period falling after the Reset Date (the "Rate of Interest") will be determined by the Calculation Agent and will be the aggregate of 1.95 per cent. per annum and the rate calculated as follows (the "Reference Rate"):
  - (i) the offered rate (rounded, if necessary, up to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) for three month euro deposits as at 11.00 a.m. (Brussels time) on the second Business Day before the Reset Date (in the

case of the Interest Period commencing on the Reset Date) or on the second Business Day before the first day of each subsequent Interest Period in question (the “Interest Determination Date”) as appears on the display designated as page “EURIBOR 01” on Reuters monitor (or such other page or service as may replace it for the purpose of displaying such information) as determined by the Calculation Agent; or

- (ii) if such offered rate does not appear on that page, the arithmetic mean (rounded, if necessary, up to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of offered quotations to prime banks in the Euro zone interbank market for three month euro deposits at 11.00 a.m. (Brussels time) on the relevant Interest Determination Date obtained by the Calculation Agent from the principal Euro zone office of each of four major banks (the “Reference Banks”) in the Euro zone interbank market, provided at least two of such banks provide the Calculation Agent with such offered quotations; or
- (iii) if, on the Interest Determination Date to which the provisions of sub paragraph (ii) above apply, one only or none of the Reference Banks provides the Calculation Agent with such a quotation, the arithmetic mean (rounded, if necessary, up to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the euro lending rates which major banks in the Euro zone selected by the Calculation Agent are quoting at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period to leading European banks for a period of three months and in an amount that is representative for a single transaction in that market at that time,

except that, if the banks so selected by the Calculation Agent under sub paragraph (iii) above are not quoting as mentioned above, the Rate of Interest shall be either (A) the aggregate of 1.95 per cent. per annum and the rate or (as the case may be) the arithmetic mean so determined for the last preceding Interest Period or (B) if none, 6.169 per cent. per annum.

- (c) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable on the Interest Determination Date in relation to each Interest Period falling after the Reset Date, calculate the amount of interest (the “Interest Amount”) payable in respect of each Capital Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Capital Note, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If in respect of any Interest Period ending on or before the Reset Date interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated on the basis of the number of days in the period from and including the most recent Interest Payment Date (or if none, the Issue Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months divided by 360).
- (d) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Capital Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the Business Day before the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- (e) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Support Agreement Provider, the Paying Agents, the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.



- (f) *Non-cumulative Interest Payments:* Interest Payments on the Capital Notes will be non-cumulative and will be deemed to accrue on a day by day basis. Interest on the Capital Notes will be paid by the Issuer out of funds legally available therefor; provided that Interest Payments will only be made on any Interest Payment Date to the extent that:
- (i) the Issuer has Distributable Funds for the Interest Period ending on the respective Interest Payment Date; and/or
  - (ii) the Support Agreement Provider has in accordance with section 24(2) No. 6(d) BWG an amount of Distributable Profits at least equal to (a) the aggregate amount of such Interest Payments payable on the relevant Interest Payment Date and (b) payments made during the period commencing on the date that Distributable Profits were determined by the Supervisory Board of the Support Agreement Provider immediately preceding such Interest Payment Date and ending on the relevant Interest Payment Date, in respect of interest on the Capital Notes and dividends or other distributions or payments on Parity Securities, if any.

However the Issuer may, at its sole discretion, elect by giving not less than 10 and not more than 60 days' notice in accordance with Condition 13 not to make Interest Payments on the Capital Notes with a view to ensuring the continuity of RZB's activities without weakening its financial structure (the "Optional Non-Payment Right").

If no interest falls to be paid by the Issuer in respect of the Capital Notes in any Interest Period then the right of Noteholders to receive interest (or any proportion thereof) in respect of such Interest Period will be extinguished and the Issuer will have no obligation to pay the interest accrued for such Interest Period or to pay any interest thereon, whether or not interest on the Capital Notes is paid for any future Interest Period.

If at any time the Distributable Funds of the Issuer exceed the amount of interest (if any) payable by the Issuer on the next succeeding Interest Payment Date, the Issuer shall (without prejudice to any obligation it may have to make a payment of interest on such Interest Payment Date) be entitled to pay all or part of such excess (an "Excess Distributable Funds Payment", which expression shall include any comparable payment by any other SPV), whether by way of dividend or otherwise, to or to the order of its shareholder.

- (g) *Obligation to pay Interest:* Subject to Condition 4(h) below and notwithstanding the restrictions set out in Condition 4(f) above, interest will be paid on the Capital Notes in the following circumstances:
- (i) if the Support Agreement Provider or any of the SPVs declares or pays any dividends or makes any other payment or other distribution on any Interest Parity Securities. If the dividend or other payment or distribution on such Interest Parity Securities was in the full stated amount payable on such Interest Parity Securities, Interest Payments will be made in full (in the period to but excluding the Reset Date) on the Interest Payment Date falling contemporaneously with or immediately following the date on which such dividend or other payment or distribution was declared or made on such Interest Parity Securities or (in the period from and including the Reset Date) on the four next succeeding Interest Payment Dates falling contemporaneously with or immediately following the date on which such dividend or other payment or distribution was declared or made on such Interest Parity Securities. If the dividend or other payment or distribution on such Interest Parity Securities was only a partial payment of the amount so owing, the Interest Payments on the Capital Notes will be reduced proportionally;
  - (ii) if the Support Agreement Provider or any of the SPVs declares or pays any dividend or makes any other payment or distribution on any Junior Securities, interest will be paid on the Capital Notes (in the period to but excluding the Reset Date) on the Interest Payment Date falling contemporaneously with or immediately following the date on which such dividend or other payment or distribution was declared or made on such Junior Securities or



(in the period from and including the Reset Date) on the four next succeeding Interest Payment Dates falling contemporaneously with or immediately following the date on which such dividend or other payment or distribution was declared or made on such Junior Securities;

- (iii) if the Support Agreement Provider or any of the SPVs redeems, repurchases or otherwise acquires any Parity Securities or Junior Securities for any consideration except by conversion into or exchange for Junior Securities, the Issuer will make Interest Payments on the Capital Notes in full (in the period to but excluding the Reset Date) on the Interest Payment Date falling contemporaneously with or immediately following the date on which such redemption, repurchase or other acquisition occurred or (in the period from and including the Reset Date) on the four next succeeding Interest Payment Dates falling contemporaneously with or immediately following the date on which such redemption, repurchase or other acquisition occurred;

provided that no payment obligation shall arise under sub-paragraphs (i) – (iii) above if the relevant SPV which declares or pays any dividend or makes any other payment or distribution makes such payment or distribution out of its own distributable profits or makes an Excess Distributable Funds Payment.

- (h) *Restrictions on Interest Payments:* Notwithstanding any obligation to pay interest set out in Conditions 4(f) and 4(g) above, even if Distributable Funds of the Issuer and Distributable Profits of the Support Agreement Provider are sufficient on a particular Interest Payment Date, to the extent that, (i) in accordance with applicable Austrian law, the Support Agreement Provider would be limited in making payments on preference shares or preferred securities or capital notes issued by it ranking *pari passu* as to participation in profits with the Support Agreement Provider's obligations under the Support Agreement or (ii) on such date there is in effect an order of the FMA (or any other relevant regulatory authority) prohibiting the Support Agreement Provider from making any distribution of profits, the Issuer shall not be required to make any Interest Payments on any such Interest Payment Date.
- (i) *Pro rata Interest Payments:* When, by reason of any limitation described in Condition 4(f) (Non-cumulative Interest Payments) or Condition 4(g) (Obligation to pay Interest) above, interest is not paid in full on the Capital Notes and any Parity Securities, all interest payable upon the Capital Notes and any such Parity Securities will be payable pro rata in the proportion that the amounts available for payment on the Capital Notes and any such Parity Securities on the due date of payment shall bear to the full amount that would have been payable on the Capital Notes and such Parity Securities but for such limitation and any claims in respect of the difference between the full amount and the amount so payable shall be thereupon extinguished. If interest is not paid in full in accordance with the Terms and Conditions of the Capital Notes, the Noteholders will be notified in accordance with Condition 13 (Notices).

## **5. Redemption and Purchase**

- (a) *Redemption at option of the Issuer:* The Capital Notes may be redeemed at the option of the Issuer in whole but not in part, subject to the prior consent of RZB (which shall grant such consent only after either replacement of the principal amount of the Capital Notes so redeemed by issuing other capital of at least equivalent quality (*Kapital gleicher oder besserer Qualität*) or after the FMA has determined that after repayment RZB and the group of credit institutions (*Kreditinstitutsgruppe*) to which RZB belongs have sufficient own funds required for adequate risk coverage), on 16 May 2016 or on any Interest Payment Date thereafter at the Redemption Price upon the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable).
- (b) *Redemption for tax reasons and regulatory reasons:* The Capital Notes may be redeemed at the option of the Issuer in whole but not in part, at any time, subject to the prior consent of RZB (which shall grant such consent only after either replacement of the principal amount of the Capital Notes so redeemed by issuing other capital of at least equivalent quality (*Kapital gleicher oder besserer*

*Qualität*) or after the FMA has determined that after repayment RZB and the group of credit institutions (*Kreditinstitutsgruppe*) to which RZB belongs have sufficient own funds required for adequate risk coverage) at:

- (i) the Redemption Price if the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) and such obligation cannot be avoided by the Issuer taking in its judgment reasonable measures available to it provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Capital Notes were then due; or
- (ii) the higher of the Redemption Price and the Make Whole Amount (if any of the following events takes place prior to the Reset Date) or at the Redemption Price (if any of the following events takes place on or after the Reset Date) if:
  - (A) the FMA determines and announces that, or as a result of a change in law or regulation or interpretation thereof, the Capital Notes no longer qualify as Core Capital (*Kernkapital*) of the Support Agreement Provider for Austrian Banking capital adequacy purposes on a consolidated basis or
  - (B) as a result of a change in law or regulation or the interpretation thereof payments made by the Support Agreement Provider or any member of the RZB Group on any of the Investments are not fully deductible for tax purposes;

in either case giving not less than 60 nor more than 90 days' notice to the Noteholders (which notice shall be irrevocable).

If any of the events described in Condition 5(b)(i) or (ii) above occurs, then the Optional Non-Payment Right shall cease to be applicable.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Capital Notes in accordance with this Condition 5(b).

The Make Whole Amount shall be calculated by the Calculation Agent and will be equal to the sum of the Present Values (as defined below) on the Specified Redemption Date of (i) the principal amount of the Capital Notes outstanding and (ii) the remaining scheduled interest payments on the Capital Notes to (but excluding) 16 May 2016.

The "Present Values" will be calculated by the Calculation Agent by discounting the principal amount of the Capital Notes and the remaining scheduled interest payments to (but excluding) the 16 May 2016 on an annual basis, assuming a 365 day year or a 366 day year, as the case may be, and the actual number of days elapsed and using the Adjusted Comparable Yield plus 0.75 per cent.

- (c) *No other redemption:* The Issuer shall not be entitled to redeem the Capital Notes otherwise than as provided in Condition 5(a) (Redemption at the option of the Issuer) and Condition 5(b) (*Redemption for tax reasons and regulatory reasons*) above.
- (d) *Purchase:* The Issuer, the Support Agreement Provider or any of their respective Subsidiaries may at any time purchase Capital Notes in the open market or otherwise and at any price.

## **6. Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Capital Notes at the Specified Office of any Paying Agent by transfer

to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET system.

- (b) *Interest:* Payments of interest shall be made only against presentation of the appropriate Capital Note at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 6(a) (Principal) above.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Capital Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (Taxation).
- (d) *Payments on business days:* If the due date for payment of any amount in respect of any Capital Note is not a Business Day in the place of presentation, the Noteholder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, “Business Day” means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET system is operating.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Capital Note presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

## **7. Taxation**

The Issuer’s obligations to make certain payments under the Capital Notes are subject to the limitations provided in Conditions 4(f), 4(h) and 8. All amounts payable by the Issuer in respect of the Capital Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Jersey or Austria or any other country from or out of which the Issuer makes payments, or any political subdivision or authority thereof or therein having power to tax (the “Withholding Taxes”), unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts (the “Additional Amounts”) as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Capital Notes in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of the Capital Notes:

- (a) to a Noteholder (i) who is liable to any Withholding Taxes by reason of having some connection with Jersey or Austria or any other country from or out of which the Issuer makes payments other than the mere holding of the Capital Notes or (ii) who is able to avoid such withholding or deduction by making a declaration of non-residence or other claim for exemption to the relevant tax authority but fails to do so; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Capital Note to another Paying Agent in a member state of the European Union; or
- (d) more than 30 days after the Relevant Date except to the extent that the Noteholder of such Capital Note would have been entitled to such additional amounts on presenting such Capital Note for payment on the last day of such period of 30 days,

where “Relevant Date” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Terms and Conditions of the Capital Notes to principal or interest shall be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (Taxation).

If the Issuer or the Support Agreement Provider becomes subject at any time to any taxing jurisdiction other than Jersey or Austria respectively, references in these Terms and Conditions of the Capital Notes to Jersey or Austria shall be construed as references to Jersey or (as the case may be) Austria and/or such other jurisdiction.

## **8. Rights upon Liquidation**

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Issuer, the Noteholders at the time will be entitled to receive the relevant Liquidation Distribution in respect of each Capital Note held out of the assets of the Issuer available for distribution to Noteholders.

Such entitlement will arise before any distribution of assets is made to holders of ordinary shares, preference shares, preferred securities or capital notes or any other class of shares of the Issuer ranking junior as regards participation in assets to the Capital Notes; or holders of any other share or other security issued by the Issuer having the benefit of a guarantee or support agreement from the Support Agreement Provider, where any such share or other security ranks junior as regards participation in assets to the Capital Notes, but such entitlement will rank equally with the entitlement of the holders of any other preference shares or preferred securities or capital notes, if any, of the Issuer ranking *pari passu* with the Capital Notes as regards participation in assets of the Issuer.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the Noteholders 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 the Support Agreement Provider, the Liquidation Distribution paid to Noteholders and the liquidation distribution per security to be paid to the holders of all Asset Parity Securities, shall not exceed the amount per security that would have been paid as the liquidation distribution from the assets of the Support Agreement Provider (after payment in full in accordance with Austrian law of all creditors of the Support Agreement Provider, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to the Support Agreement Provider’s obligations under the Support Agreement including, for the avoidance of doubt, the 2003 Preferred Securities and the 2004 Capital Notes) had the Capital Notes and all such Asset Parity Securities been issued by the Support Agreement Provider and ranked (i) junior to all liabilities of the Support Agreement Provider (other than any liability expressed to rank *pari passu* with or junior to the Support Agreement Provider’s obligations under the Support Agreement), (ii) *pari passu* with all Asset Parity Securities of the Support Agreement Provider and (iii) senior to the Support Agreement Provider’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 in this Condition 8, 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 Noteholders will have no right or claim to any of the remaining assets of the Issuer or the Support Agreement Provider.

In the event of the liquidation, dissolution or winding-up of the Support Agreement Provider, the Board of Directors shall convene an Extraordinary General Meeting of the Issuer for the purpose of proposing a Special Resolution to put the Issuer into voluntary winding-up and the amount per Capital Note to which Noteholders shall be entitled as a Liquidation Distribution will be as set out in this Condition 8.

The Support Agreement Provider will undertake in the Support Agreement that, so long as any Capital Notes are outstanding, unless the Support Agreement Provider itself is in liquidation, the Support Agreement Provider will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer.

## **9. Replacement of Capital Notes**

If any Capital Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent and the Paying Agent having its Specified Office in Vienna, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Capital Notes must be surrendered before replacements will be issued.

## **10. Agents**

In acting under the Agency Agreement and in connection with the Capital Notes, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and the Support Agreement Provider and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Issuer and the Support Agreement Provider reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or calculation agent and additional or successor paying agents, provided, however, that the Issuer and the Support Agreement Provider shall at all times maintain (a) a fiscal agent and a calculation agent, (b) a paying agent in Vienna and (c) a paying agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to, such Directive. Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 13 (Notices).

## **11. Meetings of Noteholders; Modification**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Capital Notes, including the modification of any provision of these Terms and Conditions of the Capital Notes proposed by the Issuer and the Support Agreement Provider. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Agency Agreement). Such a meeting may be convened by the Issuer and the Support Agreement Provider (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Capital Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Capital Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Capital Notes held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Capital Notes, to reduce the amount of principal or interest payable on any date in respect of the Capital Notes, to alter the method of calculating the amount of any payment in respect of the Capital Notes or the date for any such payment, to effect the exchange or substitution of the Capital Notes for, or the conversion of the Capital Notes into, shares, bonds or other obligations or securities of the Issuer or Support Agreement Provider or any other person or body corporate formed or to be formed, to change the currency of payments under the Capital Notes, to amend the terms of the Support Agreement relating to the Capital Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “Reserved Matter”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Capital Notes form a quorum. Any Extraordinary



Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Capital Notes, these Conditions and the Support Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

## **12. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Capital Notes having the same terms and conditions as the Capital Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Capital Notes.

## **13. Notices**

If and for so long as the Capital Notes are listed on the Vienna Stock Exchange, notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in Austria (which is expected to be the *Amtsblatt zur Wiener Zeitung*). Any such notice shall be deemed to have been given on the date of first publication.

In accordance with their published rules and regulations, each of Euroclear and Clearstream, Luxembourg will notify the holders of securities accounts with it to which any Capital Notes are credited of any such notices received by it.

## **14. Prescription**

Claims for principal shall become void unless the relevant Capital Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Capital Notes are presented for payment within five years of the appropriate Relevant Date.

## **15. Governing Law and Jurisdiction**

- (a) *Governing law:* The Capital Notes and all matters arising from or connected with the Capital Notes are governed by, and shall be construed in accordance with, English law, save that determination in respect of the Distributable Profits and the third paragraph of Condition 8 will be construed in accordance with Austrian law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a “Dispute”) arising from or connected with the Capital Notes.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 15(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 15 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“Proceedings”) in any other courts with jurisdiction (save for federal courts of the United States). To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

- (e) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to RZB's London Branch at 10 King William Street, London EC4N 7TW or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this Condition 15(e) shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.



## 7. SUMMARY OF PROVISIONS RELATING TO THE CAPITAL NOTES IN GLOBAL FORM

The Capital Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Capital Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Capital Notes in definitive form (“Definitive Notes”) in the denomination of EUR 50,000 each at the request of the bearer of the Permanent Global Note if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business, unless within 14 days of such event occurring the Capital Notes have been accepted for clearing and settlement within an equivalent international clearing and settlement system.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated without coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Capital Notes or the date for final redemption of the Capital Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated or around 16 May 2006 (the “Deed of Covenant”) executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Capital Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Capital Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Capital Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

*Notices:* Notwithstanding Condition 13 (*Notices*), while all the Capital Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg; *provided, however, that*, so long as the Capital Notes are listed on the Vienna Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Austria (which is expected to be the *Amtsblatt zur Wiener Zeitung*).

## **8. DESCRIPTION OF THE SUPPORT AGREEMENT**

### **8.1 Nature of the Support Agreement**

Under the Support Agreement to be entered into between the Issuer and RZB (as Support Agreement Provider), RZB agrees to make available to the Issuer sufficient funds to enable it to meet in full all of its obligations under or in respect of the Capital Notes as and when such obligations fall due, if at any time the Issuer has insufficient funds to do so, subject to certain limitations as set out in section 9 (Support Agreement) of this Prospectus.

Given the limited nature of the support provided to the Issuer by RZB, RZB's obligations under the Support Agreement do not constitute a surety or indemnity or guarantee within the meaning of section 24(2) No. 5 f) BWG.

### **8.2 Scope of the Support Agreement**

Prospective Investors should refer to section 9 (Support Agreement) of this Prospectus.

### **8.3 Information to be disclosed about RZB**

Prospective Investors should refer to section 4 (Information about RZB) of this Prospectus.

### **8.4 Documents on display**

Prospective Investors should refer to section 4.14 (Documents on Display) of this Prospectus.

## 9. SUPPORT AGREEMENT

Set forth below is the text of the Support Agreement to be dated 12 May 2006:

### THIS SUPPORT AGREEMENT

is executed and delivered by each of:

*RAIFFEISEN ZENTRALBANK ÖSTERREICH AG*, Vienna, Republic of Austria (“RZB”); and

RZB FINANCE (JERSEY) IV LIMITED, a company incorporated with limited liability under the laws of Jersey (the “Company”).

**WHEREAS**, RZB desires to cause the Company to issue, and the Company desires to issue, the Capital Notes (as defined below) and RZB and the Company desire to enter into this Support Agreement.

**NOW, THEREFORE** each of RZB and the Company executes and delivers this Support Agreement for the benefit of the Noteholders (as defined below) and, in the case of RZB only, of the Company.

### 1. Definitions

As used in this Support Agreement, the following terms shall, unless the context otherwise requires, have the following meanings:

“**2003 Preferred Securities**” means the 1,000,000 perpetual non-cumulative non-voting fixed/ floating rate preferred securities issued by RZB Finance (Jersey) II Limited having the benefit of a support agreement dated 31 July 2003 executed and delivered by RZB and RZB Finance (Jersey) II Limited;

“**2004 Capital Notes**” means the Euro 200,000,000 perpetual non-cumulative subordinated floating rate capital notes issued by RZB Finance (Jersey) III Limited having the benefit of a support agreement dated 15 June 2004 executed and delivered by RZB and RZB Finance (Jersey) III Limited;

“**Asset Parity Security**” means any preference share, capital note, preferred security or other security issued by RZB, the Company or any other Subsidiary of RZB (a) ranking *pari passu* as to participation in the assets of RZB with RZB’s obligations under this Support Agreement (including, for the avoidance of doubt and without limitation, the 2003 Preferred Securities and the 2004 Capital Notes), or (b) entitled to the benefit of a guarantee or support agreement from RZB ranking *pari passu* as to participation in the assets of RZB with RZB’s obligations under this Support Agreement (including, for the avoidance of doubt and without limitation, the 2003 Preferred Securities and the 2004 Capital Notes);

“**Bank Share Capital**” means the common shares of RZB, together with all other securities of RZB (including *Vorzugsaktien*) ranking *pari passu* with the common shares of RZB as to participation in a liquidation surplus;

“**Capital Notes**” means all of the Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes of the Company in issue from time to time, whether or not in issue on the date of this Support Agreement, the Noteholders of which are entitled to the benefits of this Support Agreement as evidenced by the execution of this Support Agreement;

“**Interest Period**” has the meaning, in relation to the Capital Notes, given to such term in Condition 4(a) of the Terms and Conditions of the Capital Notes;

“**Interest**” means the amount of interest payable on the Capital Notes in accordance with the Terms and Conditions of the Capital Notes;

“**Liquidation Date**” means the date of final distribution of the assets of the Company in the case of a winding-up of the Company (whether voluntary or involuntary);

“**Liquidation Distribution**” means, with respect to the Capital Notes, the Liquidation Preference plus accrued and unpaid interest for the then current Interest Period to the date of payment;

“**Liquidation Preference**” has the meaning, in relation to the Capital Notes, given to such term in the Terms and Conditions of the Capital Notes;

“**Noteholder**” means any holder from time to time of any Capital Note of the Company;

“**Redemption Price**” means with respect to each Capital Note the Liquidation Preference of such Capital Note plus accrued and unpaid Interest for the then current Interest Period ending on the date determined for redemption; and

“**Subsidiary**” means a fully consolidated subsidiary of RZB (within the meaning of §228 paragraph 3 of the Austrian Commercial Code).

Any other terms used in this Agreement and defined in the Articles of Association of the Company shall have the same meaning when used in this Agreement.

## **2. Support**

2.1 2.1.1 Subject to the limitations contained in the following paragraphs of this Clause 2.1, RZB irrevocably and unconditionally agrees that if at any time the Company has insufficient funds to enable it to meet in full all of its obligations under or in respect of the Capital Notes as and when such obligations fall due, to make available to the Company funds sufficient to enable it to meet such payment obligations. Subject to Condition 4(f), the Company shall use any amount made available to it by RZB pursuant to this Support Agreement solely to fulfil its payment obligations under or in respect of the Capital Notes.

2.1.2 Notwithstanding Clause 2.1.1, if, at the time that any amounts are to be paid in respect of Liquidation Distributions on the Capital Notes, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of RZB, payment under this Support Agreement of amounts in respect of such Liquidation Distributions and payment by RZB in respect of any liquidation distributions payable with respect to any Asset Parity Securities shall not exceed the amount per security that would have been paid as the liquidation distribution from the assets of RZB (after payment in full in accordance with Austrian law of all creditors of RZB, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to RZB’s obligations under this Support Agreement (including for the avoidance of doubt the 2003 Preferred Securities and the 2004 Capital Notes)) had the Capital Notes and all such Asset Parity Securities been issued by RZB and ranked (a) junior to all liabilities of RZB (other than any liability expressed to rank *pari passu* with or junior to RZB’s obligations under this Support Agreement), (b) *pari passu* with all Asset Parity Securities of RZB and (c) senior to RZB’s Bank Share Capital.

2.1.3 In the event that the amounts described in Clause 2.1.1 cannot be paid in full by reason of any limitation referred to in Clause 2.1.2, such amounts will be payable by RZB to the Company 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.

The determination of any such limitation of RZB’s obligations under this Support Agreement as set forth above will be made on the relevant Interest Payment Date, the date specified for redemption or the Liquidation Date, as the case may be.

2.2 This Support Agreement shall be deposited with and held by BNP Paribas Securities Services, Luxembourg Branch, as fiscal agent until all the obligations of RZB hereunder have been discharged in full. RZB hereby acknowledges the right of every Noteholder to the production of, and the right of every Noteholder to obtain a copy of, this Support Agreement.

2.3 Subject to applicable law, RZB, may from time to time purchase the Capital Notes from any Noteholder and hold or resell any Capital Note so purchased.

- 2.4 Subject to applicable law, RZB's obligations hereunder constitute unsecured obligations of RZB and rank and will at all times rank (a) junior to all liabilities of RZB (other than any liability expressed to rank *pari passu* with or junior to this Support Agreement), (b) *pari passu* with all payment obligations of RZB in respect of Asset Parity Securities, (c) *pari passu* with RZB's obligations entered into by RZB in connection with the 2003 Preferred Securities and the 2004 Capital Notes and (d) senior to the Bank Share Capital.

### **3. Covenants**

- 3.1 RZB undertakes that it will not issue any capital notes, preference shares or preferred securities which are materially equivalent to preference shares ranking senior to its obligations under this Support Agreement and RZB undertakes that it will not enter into any support agreement or give any guarantee in respect of any capital notes, preference shares or preferred securities which are materially equivalent to preference shares issued by any Subsidiary of RZB if such support agreement or guarantee (including, without limitation, any support agreement or guarantee that would provide a priority of payment with respect to distributable funds) would rank senior to this Support Agreement unless, in each case, (a) this Support Agreement is changed to give the Company and/or the Noteholders (as applicable) such rights and entitlements as are contained in or attached to such capital notes, preference shares or preferred securities or such other support agreement or guarantee so that this Support Agreement ranks *pari passu* with, and contains substantially equivalent rights of priority as to payment out of distributable funds as, any such capital notes, preference shares or preferred securities, or other support agreement or guarantee, provided that in no case shall this Support Agreement be changed so that RZB's obligations under this Support Agreement rank *pari passu* with, or junior to, Bank Share Capital and (b) the most recent Interest Payment on the Capital Notes has been paid in full by the Company.
- 3.2 RZB undertakes that any amount required to be paid to the Company pursuant to this Support Agreement to enable the Company to pay any Interest Payment payable in respect of the most recent Interest Period will be paid prior to any payment or other distribution in respect of any interest upon common shares, *Vorzugsaktien* or any other shares or securities of RZB ranking junior to RZB's obligations under this Support Agreement (whether issued directly by RZB or by a Subsidiary of RZB and entitled to the benefit of a support agreement or guarantee ranking junior to RZB's obligations under this Support Agreement).
- 3.3 RZB undertakes to maintain the Company as an indirect subsidiary for so long as any Capital Note shall remain in issue. RZB undertakes that, so long as any Capital Note is outstanding, unless RZB is itself in liquidation, RZB will not permit, or take any action to cause, the winding-up of the Company.

### **4. Termination**

This Support Agreement shall terminate and be of no further force and effect upon full payment of the Redemption Price or purchase and cancellation of, all outstanding Capital Notes or full payment of the Liquidation Distributions and liquidation of the Company, provided, however, that this Support Agreement will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid under the Capital Notes or this Support Agreement must be restored by a Noteholder for any reason whatsoever.

### **5. Undertaking**

Each of RZB and the Company undertakes, for the benefit of the Noteholders:

- (a) that it will perform its obligations and exercise its rights under this Support Agreement and, in the case of the Company (without limitation to the foregoing), will exercise its right to enforce performance of the terms of this Support Agreement by RZB; and

- (b) that it will consent to an order for specific performance or similar relief by any court of competent jurisdiction in the event that any such order or relief is sought in an action brought by a Noteholder in respect of this Support Agreement.

## **6. Deed Poll**

This Support Agreement shall take effect as a Deed Poll for the benefit of the Noteholders. Each of RZB and the Company hereby acknowledges and covenants that the obligations binding upon it contained in this Support Agreement are owed to, and shall be for the benefit of, each and every Noteholder, and that each Noteholder shall be entitled severally to enforce the said obligations against RZB and the Company.

## **7. Successors and Communications**

- 7.1 Subject to operation of law, all undertakings and agreements contained in this Support Agreement shall bind the successors, assigns, receivers, trustees and representatives of RZB and the Company (as the case may be) and shall inure to the benefit of the Noteholders and/or the Company (as applicable). The Company shall not transfer its obligations hereunder in any circumstances and RZB shall not transfer its obligations hereunder without the prior approval of not less than two thirds of the Noteholders which consent shall be obtained in accordance with procedures contained in the Terms and Conditions of the Capital Notes; provided, however, that the foregoing shall not preclude RZB from merging or consolidating with, or transferring or otherwise assigning all or substantially all of its assets and obligations (including its obligations under this Agreement) to, a banking organisation organised under the laws of a member state of the European Union, without obtaining any approval of such Holders.
- 7.2 Except for those changes (a) required by Clause 3.1 hereof; (b) which do not materially adversely affect the rights of Noteholders; or (c) necessary or desirable to give effect to any one or more transactions referred to in the proviso to Clause 7.1 (in any of which cases no agreement will be required), this Support Agreement shall be changed only by agreement in writing signed by RZB and the Company with the prior approval of not less than two thirds of the Noteholders (excluding in each case any Capital Notes held by RZB or any entity of which RZB, either directly or indirectly, owns 20 per cent. or more of the voting shares or other similar ownership interests), in accordance with the procedures contained in the Company's Memorandum and Articles of Association and the applicable laws of Jersey.
- 7.3 Any notice, request or other communication required or permitted to be given hereunder to RZB shall be given in writing by delivering the same against receipt therefor or by facsimile transmission (confirmed by mail) addressed to RZB, as follows (and if so given, shall be deemed given upon mailing of confirmation, if given by facsimile transmission), to:

*Raiffeisen Zentralbank Österreich AG*  
Am Stadtpark 9  
A-1030 Vienna  
Republic of Austria  
Facsimile: + 43 1 717 07 2733  
Attention: Global Treasury, Treasurer



Any notice, request or other communication required or permitted to be given hereunder to the Company shall be given in writing by delivering the same against receipt therefor or by facsimile transmission (confirmed by mail) addressed to the Company, as follows (and if so given, shall be deemed given upon mailing of confirmation, if given by facsimile transmission), to:

RZB Finance (Jersey) IV Limited  
22 Grenville Street  
St. Helier  
Jersey JE4 8PX

Facsimile: +44 1534 609 333

Attention: *Mourant International Finance Administration* - Jersey Corporate 3

Any notice, request or other communication required or permitted to be given hereunder to the Noteholders shall be given by RZB or the Company in the same manner as notices given by the Company to the Noteholders.

- 7.4 The obligations of RZB and the Company to the Noteholders under this Support Agreement are solely for the benefit of the Noteholders and are not separately transferable from the Capital Notes.
- 7.5 RZB will furnish any Noteholder, upon request of such Noteholder, with a copy of its annual report, and any interim reports made publicly available by RZB.

## **8. Governing Law**

- 8.1 This Support Agreement shall be governed by, and construed in accordance with English law save that Clause 2.1.2 and Clause 2.4 shall be governed by, and construed in accordance with Austrian law.
- 8.2 Each of RZB and the Company hereby irrevocably agrees for the benefit of the Noteholders (and, in the case of RZB only, the Company) that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Support Agreement and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "Proceedings") may be brought in such courts.

Each of RZB and the Company irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England or any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a final judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon RZB and the Company and may be enforced in the courts of any other jurisdiction.

Each of RZB and the Company hereby undertake to maintain an agent for service of process in England for as long as any Capital Notes remain outstanding. RZB and the Company hereby appoint RZB Austria London Branch at 10 King William Street, London, EC4N 7TW, as their agent for service of process in England in respect of any Proceedings and has undertaken that in the event of its ceasing so to act it will appoint another person in England as its agent for that purpose.

## **10. TAXATION**

### **General**

**The comments below are of a general nature based on current law and practice in the relevant jurisdiction referred to. They relate only to the position of persons who are the holders of the Capital Notes (“Noteholders”) and may not apply to certain classes of persons such as dealers. Any Noteholders of Capital Notes who are in doubt as to their personal tax position should consult their professional advisers.**

### **10.1 Taxation in Jersey**

The following summary of the anticipated tax treatment in Jersey of the Issuer is based on Jersey taxation law and practice in force at the date of this document and does not constitute legal or tax advice. Prospective investors should consult their professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of any Capital Notes under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that tax rules and practice and their interpretation may change.

The Issuer has been granted exempt company status within the meaning of Article 123A of the Income Tax (Jersey) Law 1961, as amended for the current calendar year, and it intends to maintain such status for so long as it is available. The effect of such special status is that the Issuer is treated as a non-resident company for the purposes of Jersey tax laws and is therefore exempt from Jersey income tax on its income arising outside Jersey (and, by concession, on bank deposit interest arising in Jersey) and from any obligation to withhold Jersey income tax from any interest or dividend payments made by it. Such status is applied for on an annual basis (together with payment of the required charge, currently GBP 600). The retention of exempt company status, for as long as it is available under Jersey law, is conditional upon the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax.

While the Issuer is an exempt company, payments in respect of the Capital Notes will not be subject to taxation in Jersey, no withholding will be required for or on account of Jersey income tax on such payments to any holder of Capital Notes in each case in the hands of persons not resident for income tax purposes in Jersey. As at the date of this Prospectus, Jersey has no capital gains tax and no inheritance tax or gift tax.

No stamp duty or similar taxes are payable in Jersey in connection with the issue, redemption or sale of the Capital Notes.

### **European Union Code of Conduct on Business Taxation**

On 3 June 2003, the European Union Council of Economic and Finance Ministers reached political agreement on the adoption of a Code of Conduct on Business Taxation (the “Code”). Jersey is not a member of the European Union, however, the Policy & Resources Committee of the States of Jersey has announced that, in keeping with Jersey’s policy of constructive international engagement, it intends to propose legislation to replace the Jersey exempt company regime by the end of 2008 with a general zero rate of corporate tax.

It is intended that the new corporate tax will preserve tax neutrality (and so retain the existing benefits of the exempt company regime through a revised fiscal structure). Unlike the exempt company regime, it is anticipated that the new regime will not require an annual application/election or the payment of any sum by the relevant company.

### **European Union Directive on the Taxation of Savings Income**

As part of an agreement reached in connection with the European Union directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other

similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

## **10.2 Taxation in Austria**

The following discussion is a summary of certain tax matters arising under Austrian tax law. The discussion does not purport to be a comprehensive description of all tax considerations, which may be relevant to a decision to purchase the Capital Notes. With the exception of certain illustrative data, the discussion is limited to income taxation of dividends, interest and capital gains under Austrian law, and does not address all aspects of such Austrian taxation. The information contained in this summary is not to be construed as tax advice. It is based on an interpretation of the Austrian tax laws as of the date hereof and is subject to change. Any such change maybe applied retroactively and may adversely affect the tax consequences described herein. The discussion does not consider any specific facts or circumstances that will be relevant to a particular Noteholder. In particular, this discussion does not consider the tax considerations that will be relevant to prospective investors who reside outside Austria, including but not limited to foreign investors with a permanent establishment in Austria. The following summary only applies to individual or corporate Noteholders, who are subject to unlimited tax liability in Austria (“Austrian individual holders” respectively “Austrian corporate holders”). If not stated otherwise, the discussion applies to both business and private assets of the Austrian individual holder.

The following assumes that the Capital Notes will be treated as debt instruments for Austrian tax purposes. However, it cannot be entirely excluded that the Austrian tax authorities will qualify the Capital Notes not as debt securities but as shares and the income derived therefrom as dividend income. Holders of Capital Notes are therefore strongly advised to consult their tax adviser.

### ***Taxation as Debt Instruments***

Austrian individual holders as well as Austrian corporate holders are subject to Austrian personal or corporate income tax on interest income derived from the Capital Notes. In case the debt instrument is held by an Austrian individual holder and Austrian withholding tax (“*Kapitalertragsteuer*”) of 25 per cent. is deducted by an Austrian coupon paying agent on the interest payment, the withholding tax is a final tax. However, the individual might opt for an assessment at regular rates if this leads to lower taxation. Costs laid out to earn the interest are not taken into account either in the case of the fixed rate, or in the case of an income tax assessment. Austrian corporate holders can avoid Austrian withholding tax by submitting a written declaration of exemption from withholding tax (“*Befreiungserklärung*” due to Sec 94 lit 5 EStG) to the paying agent. Austrian corporate holders are subject to corporate income tax on the interest income at the normal rate of 25 per cent. via the corporate income tax return. If the payment is made outside of Austria, there is no deduction of Austrian withholding tax. In this case taxation is - with respect to Austrian individual holders - shifted to the procedure of tax declaration and tax assessment by the tax authorities. Interest payments are subject to personal income tax at a fixed rate of 25 per cent. unless assessment at the regular rates leads to lower taxation (option for assessment at regular rates). Costs laid out to earn the interest do not reduce the basis of assessment. Any capital gain from the sale of the Capital Notes by Austrian individual holders will be subject to Austrian personal income tax at the progressive income tax rates, unless the shares are sold by the Austrian individual holder out of his private assets after an ownership period of more than

one year. Capital Gains realised by Austrian corporate holders are liable to corporate income tax at the standard rate of 25 per cent.

### ***Taxation as Shares***

In case the Austrian tax authorities qualify the Capital Notes as shares the interest payments would be qualified as dividends and the dividend payments would be subject to income tax in the hands of the Austrian individual holder. Foreign dividends received via Austrian coupon paying agents are subject to a 25 per cent. Austrian withholding tax. In general, the withholding tax is a final tax. The individual can opt for an assessment, if this leads to lower income taxation (half income tax rate procedure). Costs laid out to earn the dividends cannot be taken into account either in the case of the final tax, or in the case of an income tax assessment. However, the Austrian Finance Minister can decree that income taxation has to be effectuated at the regular rates with respect to distributions paid by foreign companies, which are not subject to tax comparable to Austrian corporate income tax. No such decree exists at present, but it cannot be excluded that one will be issued some time in the near future. If dividend payments are received outside of Austria, no Austrian withholding tax is deducted and the taxation of the dividend income has to be effectuated via the personal income tax return. Foreign dividends are subject to personal income tax at a final rate amounting to 25 per cent, unless the application of the half income tax rate procedure leads to lower income taxation. Costs laid out to earn the dividends are not taken into account either in the case of the fixed rate, or in the case of the half rate procedure. However, the Austrian Finance Minister can decree that income taxation has to be effectuated at the regular rates with respect to dividends paid by foreign companies, which are not subject to tax comparable to Austrian corporate income tax. No such decree exists at the time being, but it cannot be excluded that one will be issued some time in the near future. The alienation of the Capital Notes by an Austrian individual holder gives rise to a taxable profit or, as the case may be, gain if the sales proceeds exceed the book value or the acquisition cost respectively, and the expenses incurred on the sale. The same applies when a shareholding is relinquished in the case of liquidation of the company. Capital gains, however, are not taxable, if privately held shares amounted to less than 1 per cent. of the shares of the foreign company within the last five years before alienation and if the time span between acquisition and alienation of the Capital Notes exceeds one year. Foreign dividends received by an Austrian corporate holder are in general subject to corporate tax at the standard rate of 25 per cent. From the year 2004 on, however, dividends are exempt from corporate tax, if the Austrian corporation holds at least 10 per cent. of the capital of the foreign dividend paying corporation for an uninterrupted period of 1 year. In this case gains (also capital gains), losses and other changes in value of the participation have no tax effect, unless the foreign company is wound up. Subject to certain conditions the Austrian corporate holder also has the option to treat the gains (capital gains), losses and other changes in value of the participation as taxable income. Temporary arrangements exist with respect to the transition from the previous version of the international participation exemption to the current one. The participation exemption does not apply, if the dividend paying corporation earns mainly passive income in the form of interest, rental income from movable and non-tangible goods or from the sale of participations, if the income of the dividend paying corporation is not subject to tax comparable to Austrian corporate tax.

### ***Inheritance and gift tax***

Under Austrian law, the transfer of Capital Notes will be subject to Austrian inheritance or gift tax on a transfer by reason of death or a gift, if at the time of the transfer of the securities: (a) the donor, deceased or the donee, heir or other beneficiary is resident in Austria at the time of the transfer, or, if having Austrian citizenship, was not continuously outside of Austria and without a place of residence in Austria for more than two years; or (b) the shares were held as assets of a permanent establishment maintained in Austria by the deceased or donor. Inheritance tax will not accrue if the Capital Notes are qualified as debt instruments and if the securities were held as part of the private assets ("Privatvermögen") by the deceased Austrian individual holder. In case the Capital Notes are qualified as shares, no inheritance tax will accrue, if the deceased holds less than 1 per cent. of the share capital at the time of death.

## ***Other Taxes***

There are no transfer, stamp or similar taxes, which would apply to the sale or transfer of the Capital Notes in Austria. Net wealth tax is not levied in Austria.

### **10.3 Taxation in Germany**

The following section is a short summary of certain German taxation principles that may be or may become relevant with respect to the Capital Notes. This section does not purport to be a comprehensive description of all of the German tax consequences that may be relevant to Noteholders. The summary is based on German domestic tax laws currently in force and as applied in practice as of the date of this Prospectus. Provisions may change at short-term notice, possibly with retroactive effect.

There is some uncertainty as to how the German tax authorities and/or tax courts will treat the Capital Notes. The Capital Notes may qualify as debt or equity instruments for German tax purposes. The Issuer believes that it is more likely that the Capital Notes will be treated as debt securities for German tax purposes. However, it cannot be excluded that the German tax authorities/tax courts may qualify the Capital Notes not as debt securities, but as equity instruments. Prospective Noteholders are advised to consult their tax advisers as regards the tax consequences of the acquisition, holding and disposition or transfer without consideration, respectively, of the Capital Notes. Only these advisers will be able to take into account appropriately the details relevant to the taxation of the respective Noteholders.

#### ***Taxation as debt instruments***

If the German tax authorities and/or the tax courts qualify the Capital Notes as debt instruments and the income derived therefrom as interest income, German Investors and Noteholders presenting the Capital Notes in the course of an Over-The-Counter-Transaction will be subject to German income tax or corporate income tax respectively (each plus solidarity surcharge thereon) with any payment received on the Capital Notes. In case the Capital Notes are held as business assets in a German permanent establishment any payments will also be subject to trade tax.

Capital gains from the sale or redemption of the Capital Notes by German Investors and Noteholders presenting the Capital Notes in the course of an Over-The-Counter-Transaction will also be subject to German income tax or corporate income tax, as the case may be, (each plus solidarity surcharge thereon) to the extent they correspond to the yield upon issue, and if the Capital Notes are held as business assets in a German permanent establishment capital gains will also be subject to trade tax.

#### ***Withholding tax***

German withholding tax on interest (*Zinsabschlag*) will be deducted from payments on the Capital Notes to (i) a Noteholder who is tax resident in Germany or who is not tax resident in Germany but holds the Capital Notes as assets of a German permanent establishment (“German Investor”) if the Capital Notes are kept or administered in a domestic securities deposit account by a German credit institution or financial services institution, which term includes a German branch of a foreign credit institution or financial services institution but excludes a foreign branch of a German credit institution or financial services institution (“German Disbursing Agent”) and the German Disbursing Agent acts as a paying agent, or to (ii) a German tax resident or a non-German tax resident Noteholder if the Capital Notes are presented for payment at the office of a German Disbursing Agent (“Over-The-Counter-Transaction”). Withholding tax will be levied at a rate of 30 per cent. (in the case of an Over-The-Counter-Transaction the tax rate is 35 per cent.) plus 5.5 per cent. solidarity surcharge thereon.

If the Capital Notes have been acquired through a German Disbursing Agent and have since then been held in a securities deposit account with such German Disbursing Agent or have been administered by such German Disbursing Agent the assessment base for withholding tax upon redemption or disposal will be an amount equal to the difference between the issue price or the purchase price and the sale proceeds or redemption proceeds. If this is not the case the assessment base will be an amount equal to 30 per cent. of



the sale proceeds or redemption proceeds. The withholding tax and solidarity surcharge thereon are credited against the German income tax and solidarity surcharge liability.

### ***Taxation in case the Capital Notes are qualified as equity***

Due to its legal nature and its terms and conditions it cannot be excluded that the Capital Notes may be qualified as equity instruments.

#### ***Risk of applicability of the German Investment Tax Act (Investmentsteuergesetz)***

The Issuer believes that even if the Capital Notes are qualified as equity instruments, Noteholders will not be subject to the German Investment Tax Act. The Investment Tax Act requires an investment according to the principle of risk diversification. As the Issuer only invests in the RZB Group this requirement will not be satisfied.

#### ***Risk of applicability of the German Foreign Tax Act (Außensteuergesetz)***

Even if the Capital Notes are qualified as equity the Issuer believes that it is unlikely that the German Foreign Tax Act will be applied to the Capital Notes as the Capital Notes do neither grant a participation in the share capital of the Issuer or any other entity nor grant general voting rights.

If, however, the Foreign Tax Act is applied, Noteholders who are tax resident in Germany will be taxed upon certain holding requirements on their pro rata share in the income (determined according to German tax accounting rules) earned by the Issuer qualifying as passive income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) irrespective of whether such income is distributed by the Issuer. The full amount of the share in such income of the Issuer will be subject to German income tax or corporation tax (each plus solidarity surcharge thereon) and, in case the Capital Notes are held as business assets of a German permanent establishment, to trade tax. No additional tax liability will arise in case the profits of the Issuer are distributed thereafter within seven years.

#### ***Taxation if the German Foreign Tax Act is not applied***

If the German Foreign Tax Act is not applied although the Capital Notes are qualified as equity, instruments, the tax analysis as set out in the following paragraphs will apply.

#### ***Taxation of Interest***

50 per cent. of the Interest Payments received by a German Investor who is an individual (“German Individual Investor”) will be subject to German income tax (plus solidarity surcharge thereon). Accordingly, only 50 per cent. of the expenses economically related to the Interest Payments are deductible for income tax purposes. In addition, the entire income is subject to trade tax if a German Individual Investor holds the Capital Notes as business assets of a German permanent establishment.

95 per cent. of the Interest Payments received by a corporate German Investor (“German Corporate Investors”) are in principle exempt from German corporate income tax, but 100 per cent. of the Interest Payments will be subject to trade tax if a German Corporate Investor holds the Capital Notes as business assets of a German permanent establishment. If the German Corporate Investor is a credit institution or financial services institution within the meaning of the German Banking Act (*Kreditwesengesetz*) and if the Capital Notes have been recorded in the trading book, or a German insurance undertaking or pension fund (*Pensionsfonds*) Interest Payments are fully subject to corporate income tax and trade tax. The same applies if the Capital Notes were acquired by a financial enterprise as defined in the German Banking Act to achieve short-term capital gains from trading activities.

#### ***Taxation of Capital gains***

German Individual Investors are subject to tax with 50 per cent. of the capital gains from the sale or redemption of the Capital Notes if the Capital Notes are either sold within one year after the acquisition of

the Capital Notes or if the German Private Investor at any time during the five years preceding the sale, directly or indirectly held an interest of 1 per cent. or more in the Issuer. In addition, the capital gains will be subject to trade tax if German Individual Investors who hold the Capital Notes as business assets receive capital gains from the disposition of the Capital Notes.

95 per cent. of capital gains received by a German Corporate Investor from the sale or redemption of the Capital Notes are in principle tax exempt. If the Capital Notes are held by a credit institution or financial services institution within the meaning of the German Banking Act (*Kreditwesengesetz*) and if the Capital Notes have been recorded in the trading book or if the Capital Notes are held by a German insurance company or pension fund (*Pensionfonds*), capital gains from the disposal of Capital Notes are fully subject to corporate income tax and trade tax. The same applies if the Capital Notes were acquired by a financial enterprise as defined in the German Banking Act to achieve short-term capital gains from trading activities.

Losses from the sale of the Capital Notes are in principle deductible only if and to the extent that the corresponding capital gains would be taxable. However, the deduction of such losses is subject to additional restrictions.

#### ***Taxation in case the Issuer is disregarded for German tax purposes***

Income derived from the Capital Notes may also be treated as interest and may therefore be taxed in accordance with the paragraph “Taxation as debt instruments” in case the German tax authorities disregard the Issuer for German tax purposes and therefore treat the Noteholders in the same way as if they had directly invested in RZB. However, in this case it cannot be excluded that the Noteholders are considered to have an equity interest in RZB in which case the investors would be taxed as described in the paragraph “Tax consequences in case the Capital Notes are qualified as equity”.

#### ***Gift or inheritance tax***

A transfer of the Capital Notes as a gift or by reason of death will be subject to German inheritance or gift tax if the Noteholder, or the heir, donee or other beneficiary is a German resident for German gift or inheritance tax purposes according to the specific rules of the German Gift and Inheritance Tax Act. This may in particular be the case if the Noteholders, heir, donee or other beneficiary is:

- (a) an individual having at the time of the donation or death its residence or habitual abode in Germany or if the individual is a German citizen who has not been living abroad for more than five years without having a residence in Germany, or
- (b) a corporation having its seat or central place of management in Germany,

or the Capital Notes belong to business assets attributable to a permanent establishment or a permanent representative in Germany.

#### ***Other taxes***

There are no stamp taxes, registration taxes or equivalent taxes which would apply to the sale or transfer of the Capital Notes in Germany. Net worth tax is currently not levied in Germany.

### **10.4 EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate following agreement by certain non-EU countries to the exchange of information relating to such payments.



Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The directive has been implemented into Austrian law by Federal Law Gazette 2004 I/33.

## **11. SUBSCRIPTION AND SALE**

Under a subscription agreement dated 12 May 2006 (the “Subscription Agreement”) BNP Paribas and UBS Limited (the “Joint Lead Managers”) have jointly and severally agreed with the Issuer and RZB, subject to the satisfaction of certain conditions, to subscribe for the Capital Notes at the issue price of EUR 50,000 per Capital Note. RZB has agreed to pay to the Joint Lead Managers a total commission of EUR 3,750,000. The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain circumstances prior to payment to the Issuer. The Issuer and RZB have agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Capital Notes.

### **United States of America**

The Capital Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Notes (i) as part of their distribution at any time or (ii) otherwise until the expiration of the period ending 40 days after the later of the commencement of the offering and the Closing Date (the “Distribution Compliance Period”) within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Capital Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

The Capital Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Capital Notes within the United States by a dealer (that is not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each of the Joint Lead Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any Capital Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Notes in, from or otherwise involving the United Kingdom.

### **Jersey**

Each of the Joint Lead Managers has represented and agreed that it will not direct its selling efforts in respect of the Capital Notes towards natural persons or persons (other than financial institutions) who are resident for income tax purposes in Jersey.

### **European Economic Area**

In relation to each Member State (each, a “Relevant Member State”) of the European Economic Area which has implemented the Prospectus Directive (as defined below), each Joint Lead Manager has represented,

warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of the Capital Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Capital Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Capital Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “offer of the Capital Notes to the public” in relation to any Capital Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Capital Notes to be offered so as to enable an investor to decide to purchase or subscribe the Capital Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **General**

Each of the Joint Lead Managers has undertaken that it will comply, to the best of its knowledge and belief, with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Capital Notes or possesses or distributes this Prospectus or any other offering material and will obtain any consent, approval or permission which is required by it for the purchase, offer or sale by it of Capital Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales in all cases at its own expense.

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**CALCULATION AGENT**

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**AUSTRIAN LISTING AGENT**

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**AUSTRIAN PAYING AGENT**

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*To the Issuer*

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*To RZB*

**KPMG Austria GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft**  
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Austria

This Prospectus is signed by:

.....  
on behalf of RZB Finance (Jersey)  
IV Limited as Issuer

.....  
on behalf of Raiffeisen Zentralbank  
Österreich AG as Support  
Agreement Provider

