



# Raiffeisen **CENTROBANK**

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FINANZMARKTAUFSICHT  
Abt. III/1, Markt- und Börseaufsicht  
1020 Wien, Praterstrasse 23

**CAPPED WARRANTS PROSPECTUS**  
of

**RAIFFEISEN CENTROBANK Aktiengesellschaft**

**of 31<sup>st</sup> August 2007**

**for the**

**Public Offering**  
and

**Admission to Trading on the Semi-official Market of Wiener Börse**  
under the

**Issuance Programme**  
**2007/2008**

**amounting to EUR 100,000,000**

for  
**CAPPED WARRANTS**

**Vienna**

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## ENGLISH LANGUAGE

### I. SUMMARY

**The following translation of the original summary is a separate document attached to the prospectus. It does not form part of the prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.**

The following summary should be read together with the detailed information and financial statements contained in other sections of this prospectus.

#### WARNING NOTICE

The summary is to be understood as an introduction to the prospectus.

Investors (persons subscribing to securities) are requested to reach any investment decision relating to the concerned securities based on an examination of the entire prospectus.

It is hereby pointed out to potential investors that should an investor plan to file a claim before a court of law based on the information contained in this prospectus, the investor filing the claim might be required to pay for the costs of the translation of the prospectus before the commencement of the proceedings under the national laws of EEA member states.

Those persons having presented the summary (including its translation) and requested its notification, are liable only to the extent that the summary is misleading, incorrect or contradictory when read in conjunction with other parts of the prospectus.

This prospectus does not replace the advisory services of the bank or financial advisor needed before any reaching an investment decision.



## **1. Material Information on the Issuer**

The issuer is Raiffeisen Centrobank AG. It is a joint stock company founded pursuant to the Austrian Companies Act and registered with the Commercial Court of Vienna under the Companies Register Number FN 117507 f. The issuer is seated in Vienna and the company address is Tegetthoffstraße 1, 1010 Vienna, Austria. The issuer is a credit institution in the meaning of the Austrian Banking Act and is thus subject to the supervision by the Financial Market Authority (FMA). It is authorized to carry on the business of banking in the meaning of the Banking Act within the scope of the license granted. The issuer has been a member of the Raiffeisen Group since the end of 2001 and does business mainly in Austria, Germany and the CEE countries.

The issuer is exposed to the diverse sector and market-specific as well as company-specific risks. Should such risks materialize, this could have a negative effect on the assets, liabilities, financial position and profit or loss of the issuer. For further issuer-related risk warnings, please refer to Chapter III.A.

## **2. Material Information on the Securities**

The issuer issues capped warrants. These securities are the object of this prospectus. The securities are structured securities in the meaning of Article 15 of Regulation No. 809/2004 of the European Commission. All of the securities are subject to Austrian law and will be available on the market for a longer period of time as an initial offering within the scope of the issuance programme of the issuer featuring the same terms. The most important feature of a structured security is that the investor acquires the right to a claim against the issuer calculated on the basis of a pre-defined underlying instrument. Possible underlying values are, among others, shares and baskets of shares, indices and commodities. As these underlying instruments may develop adversely for the most diverse reasons, the risk of loss in value exists for the securities offered by the issuer within the scope of the issuance programme. For investors, this might even result in a total loss of the capital invested in the structured products issued by the issuer. For further risk warnings relating to securities, please refer to Chapter III.B and C.

## **3. Description of the Issuance Programme**

Pursuant to §1 par. 1 fig. 10 Austrian Capital Market Act, an issuance programme is understood to mean a plan which permits non-dividend paying instruments of similar type and/or a class to be issued on a permanent basis or repeatedly during a certain offer period. Such structured products offered by the issuer over a certain offer period on a permanent basis or repeatedly must be described for investors in a prospectus pursuant to the Austrian Capital Market Act in conjunction with the provisions of Commission Regulation No. 809/2004. This Base Prospectus contains risk warnings in addition to this summary as well as a description of the issuer and information on the structured securities. The Base Prospectus makes a reference to the capped warrants issued by the issuer.

The offer programme of Raiffeisen Centrobank AG for 2007/2008 has a total volume of up to EUR 100,000,000.

## **4. Publication of the Final Terms**

At the time of writing of this prospectus, not all detailed information regarding the individual securities and each of the issues within the scope of the issuance programme of the issuer was known. As regards this information, the Prospectus makes a reference to the terms (Final Terms) that are yet to be published. The specimen for the publication of the Final Terms is presented in Chapter VI.

## GERMAN LANGUAGE

### Zusammenfassung

The following translation of the original summary is a separate document attached to the prospectus. It does not form part of the prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Die folgende Übersetzung der ursprünglichen Zusammenfassung ist ein separates Dokument das diesem Prospekt angeschlossen ist. Sie ist nicht Bestandteil des Prospekts selbst und wurde nicht von der FMA gebilligt. Weiters hat die FMA nicht ihre Übereinstimmung mit der ursprünglichen Zusammenfassung überprüft.

Die folgende Zusammenfassung ist im Zusammenhang mit den an anderer Stelle dieses Prospekts enthaltenen detaillierten Informationen sowie den Finanzausweisen zu lesen.

### WARNHINWEISE

Die Zusammenfassung sollte als Einleitung zum Prospekt verstanden werden.

Die Anleger (Zeichner der Wertpapiere) werden hiermit aufgefordert, jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts zu stützen.

Potentielle Anleger werden darauf hingewiesen, dass für den Fall, dass ein Anleger vor Gericht Ansprüche auf Grund der in diesem Prospekt enthaltenen Informationen geltend zu machen beabsichtigt, der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Vorschriften der EWR-Vertragsstaaten die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben könnte.

Diejenigen Personen, die die Zusammenfassung einschließlich einer Übersetzung davon vorgelegt und deren Meldung beantragt haben, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird.

Dieser Prospekt ersetzt nicht die in jedem individuellen Fall unerlässliche Beratung vor der Kaufentscheidung durch die Bank oder den Finanzberater.

### **1. Wesentliche Angaben zur Emittentin**

Die Emittentin ist die Raiffeisen Centrobank AG. Sie ist eine gemäß österreichischem Aktiengesetz ("AktG") gegründete Kapitalgesellschaft und ist beim Handelsgericht Wien unter der Firmenbuchnummer FN 117507 f eingetragen. Die Emittentin hat ihren Sitz in Wien und ihre Geschäftsanschrift lautet Tegetthoffstraße 1, 1010 Wien. Die Emittentin ist ein Kreditinstitut im Sinne des österreichischen Bankwesengesetzes ("BWG") und unterliegt somit der Aufsicht der Finanzmarktaufsichtsbehörde ("FMA"). Sie ist zur Ausübung des Bankgeschäftes im Sinne des BWG im Rahmen der ihr erteilten Konzession berechtigt. Die Emittentin ist seit Ende 2001 Teil der Raiffeisengruppe und vorwiegend in Österreich, Deutschland und den CEE-Ländern tätig.

Die Emittentin ist unterschiedlichen branchen- und marktspezifischen sowie unternehmensspezifischen Risiken ausgesetzt. Sollten sich derartige Risiken verwirklichen, kann dies wesentliche negative Auswirkungen auf die Vermögens-, Finanz- und Ertragslage der Emittentin haben. Hinsichtlich weiterer Emittenten bezogener Risikohinweise siehe Kapitel III.A.

### **2. Wesentliche Angaben zu den Wertpapieren**

Die Emittentin begibt Capped Warrants. Diese Wertpapiere sind Gegenstand des vorliegenden Basisprospektes. Es handelt sich hierbei um strukturierte Wertpapiere im Sinne des Artikels 15 der Verordnung der Kommission (EG) Nr 809/2004. Die einzelnen Wertpapiere unterliegen österreichischem Recht und werden mit gleicher Ausgestaltung über einen längeren Zeitraum im Rahmen eines Angebotsprogramms der Emittentin am Markt zum Ersterwerb angeboten. Wesentliches Merkmal der strukturierten Wertpapiere ist, dass der Anleger einen Anspruch gegenüber der Emittentin erwirbt, der sich aufgrund eines im Vorhinein festgelegten Basiswertes errechnet. Als Basiswerte kommen unter anderem Aktien/Aktienkörbe, Indices, oder Rohstoffe/Rohstoffkörbe in Frage. Da sich diese Basiswerte aufgrund unterschiedlichster Faktoren ungünstig entwickeln können, besteht das Risiko eines Wertverlustes der im Rahmen des Angebotsprogramms der Emittentin angebotenen Wertpapiere. Dies kann unter Umständen soweit führen, dass der Anleger einen Totalverlust bezüglich seiner Investition in die von der Emittentin ausgegebenen strukturierten Wertpapiere erleidet. Hinsichtlich weiterer Wertpapier bezogener Risikohinweise siehe Kapitel III.B und C.

### **3. Beschreibung des Angebotsprogramms**

Gemäß § 1 Abs 1 Z 10 Kapitalmarktgesetz ("KMG") ist unter einem Angebotsprogramm ein Plan zu verstehen, der es erlaubt, Nichtdividendenwerte ähnlicher Art und/oder Gattung dauernd und wiederholt während eines bestimmten Emissionszeitraumes anzubieten. Derartige von der Emittentin dauernd und wiederholt über einen bestimmten Emissionszeitraum angebotenen strukturierten Wertpapiere sind gemäß KMG in Verbindung mit den Bestimmungen der Verordnung der Kommission (EG) Nr 809/2004 in einem Prospekt für die Anleger zu beschreiben. Dieser Basisprospekt enthält zusätzlich zu dieser Zusammenfassung, Risikohinweise sowie eine Beschreibung der Emittentin und Angaben zu den strukturierten Wertpapieren. Der Basisprospekt bezieht sich auf die von der Emittentin ausgegebenen Capped Warrants.

Das Angebotsprogramm der Raiffeisen Centrobank AG für 2007/2008 hat ein Gesamtvolumen von bis zu EUR 100.000.000.

### **4. Veröffentlichung der Endgültigen Konditionen**

Zum Zeitpunkt der Erstellung dieses Basisprospektes sind noch nicht alle Detailinformationen hinsichtlich der einzelnen Wertpapierarten bzw. der einzelnen Emissionen die im Rahmen des Angebotsprogramms von der Emittentin angeboten werden, bekannt. Der Basisprospekt verweist bezüglich dieser Informationen auf die noch zu veröffentlichenden endgültigen Konditionen ("Endgültige Konditionen"). Das Muster für die Veröffentlichung ist im Kapitel VI. dargestellt.

## II. DISCLAIMER

The Prospectus does not constitute an offer to sell and shall not serve as an offer or solicitation to third parties to make such an offer should such offers or solicitations be prohibited by the relevant legislation or unlawful in connection with the parties being addressed by the offer or solicitation. Special permission to offer the securities or to distribute the Prospectus in a jurisdiction that requires such permission has not been obtained.

With the exception of the publication and depositing for inspection of the prospectus, the issuer has not taken nor shall take any measures to render the public offering of the securities or their ownership or the distribution of offer documents relating to the securities lawful in any jurisdiction in which special measures must be taken to attain this end. The securities shall only be permitted to be offered, sold or delivered in a jurisdiction or from such jurisdiction if permitted under applicable law and other regulations, and this does not entail any obligations on the issuer.

### *United States of America*

The securities are non-commodities-linked papers. They have not been registered in accordance with the United States Securities Act of 1933 ("Securities Act") and shall at no time be permitted to be offered or sold within the United States for the account of or on behalf of a US citizen. Any transaction in breach of this restriction may constitute a violation of the laws of the United States of America. The securities shall be offered on a continuous basis. Therefore, the offering or the sale of securities within the United States or to US citizens by a dealer, irrespective of whether or not he or she participates in the offer, shall constitute at all times a violation of registration obligations pursuant to the Securities Act. Furthermore, when warrants are exercised the submittal of a confirmation shall be required stating that no non-US beneficial ownership of the warrants exists. The designations used in this paragraph shall have the meaning defined in Regulation S of the U.S. Securities Act.

### *United Kingdom*

The securities of this issuance programme with a maturity of one year or longer shall not be permitted to be offered or sold to persons in the United Kingdom before the end of a period of six months running as of the issue date of such securities with the exception of persons whose regular occupation involves the acquisition, holding and administration or the disposal of investment assets for business purposes (in the function of business owner or agent) or excepting circumstances that do not and shall not result in a public offering in the United Kingdom in the meaning of the Public Offers of Securities Regulations 1995.

Securities under the present issuance programme with a maturity of less than one year may only be acquired, held, administered or sold by persons whose regular occupation involves the acquisition, ownership, administration or selling of investment assets for business purposes (in the function of business owner or agent) as well as offered exclusively to persons or sold to persons whose regular occupation involves the acquisition, ownership, administration or selling of investment assets for business purposes (in the function of business owner or agent) or who may reasonably be expected to acquire, hold, administer or sell investment assets for business purposes (in the function of business owner or agent) unless the issuance of the securities under this issuance programme would constitute a violation of Section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the issuer.

Any invitation or inducement to engage in investment activity (in the meaning of Section 21 of FSMA) made by the issuer in connection with the issuance or the sale of securities under this issuance programme, or the forwarding of such invitation or inducement shall only be permitted in circumstances in which the provisions of Section 21 (1) FSMA do not apply to the issuer.

Any actions taken relating to the securities being offered under this issuance programme shall comply with all applicable provisions of FSMA if they take place on the territory of the United Kingdom or are initiated there or relate to the U.K.

### III. RISK FACTORS

#### A. Risk Factors Relating to the Issuer

The following section contains a compilation of the risk factors specific to the market or sector as well as to banking institutions to which the issuer is generally exposed – the same as all other market participants – and which could have an adverse effect on the financial situation of the issuer and thus its capacity to meet all obligations vis-à-vis investors relating to the issuance of the security.

#### 1. Market and Sector-specific Risks to the Issuer

##### a) Economic Environment

Demand for products and services offered by the issuer basically depend on the general development of the economy. A slumping economy has a direct impact on demand for credit among businesses and results in a decrease in the volume of lending as well as a general deterioration of the average level of creditworthiness. Moreover, as the probability of insolvencies of companies is much higher in an economically weak environment in which the number of defaults increases, it is necessary to make higher risk provisions. Decreasing earnings prospects among businesses also lead to lower enterprise valuations and subsequently lowers the willingness to engage in mergers and acquisitions or capital market transactions such as initial public offerings, capital increases or takeovers; the proceeds from investment advisory services and the placement of issues decreases accordingly in a slumping economic environment. Furthermore, proprietary trading activities and earnings on trading depend on the capital market environment and the expectations of market participants.

Lower company valuations cause investors to shift to forms of investment with lower risks on which usually only small commissions can be earned.

The issuer's business activities focus on European markets, especially, the Austrian and German market. Therefore, the issuer is particularly exposed to the economic developments in the territory of the European Monetary Union, and above all, in Austria.

In the countries of Eastern Europe, the issuer's business activities are exposed to higher volatility and the risks arising from uncertain economic and macroeconomic framework conditions, which could result in earnings on business activity in this area that is far below expectations.

Should the economic framework conditions deteriorate or the impulses and reforms needed to liven up the Austrian and European economy fail to materialize, this could have major negative effects on the assets, liabilities, financial position and profit or loss of the issuer.

##### b) Intense Competition

The Austrian banking sector is characterized by intense competition. In business dealings with corporate customers, especially in the area of investment banking, the issuer is in the same market as a number of foreign competitors, which have considerably expanded their presence in the relevant markets of the issuer in the past few years. As a consequence of the intense competition, it is frequently not possible to obtain reasonable margins in some areas of business and some business must compensate other low-margin or no-margin business in other areas.

However, if the issuer fails to offer its products and services at competitive terms and in this way earn margins that at least cover the costs and risks relating to the business activity, this could have substantial negative effects on the assets, liabilities, financial position and profit or loss of the company.

## **2. Company-specific Risks**

### **a) Strategic risks**

A number of factors could threaten the attainment of some or of all of the goals defined by the issuer, among others, market slumps or market fluctuations, a shift in the market position of the entire Raiffeisen Group or a change in conditions in the core markets of Raiffeisen Centrobank AG, i.e., especially in Austria and Central Europe, or adverse overall market conditions in these markets. Should the issuer fail to completely achieve the strategic plans announced or if the costs of achieving the targets are higher than expected by the issuer, this could have a considerable detrimental influence on the future earnings power of the issuer and its competitiveness.

The earnings in the past few years of the business activity do not constitute any guarantee that the issuer will be able to retain its current operating level of profitability in the future or that it will improve profitability or achieve a net profit. The operating results could decrease or stagnate for various reasons such as stagnation of overall economic growth or a slump in the commission business.

A worsening of the economic positioning of the issuer may lead to higher refinancing costs for Raiffeisen Centrobank AG and thus have a lasting negative influence on the issuer's capability to engage in certain areas of business and on the assets, liabilities, financial position and profit or loss of the issuer.

### **b) Counterparty risks**

The issuer is exposed to counterparty risk, i.e., the risk of losses or profits foregone due to the default or deterioration of the credit quality of business partners and the entailing negative changes to the market value of the financial products. The counterparty risk comprises in addition to the classical credit risk of default also country risk and issuer risks as well as counterparty credit risk and settlement risks arising from commercial transactions. Additionally, the possibility exists of illiquidity or insolvency of customers caused, for example, by the contracting business cycle, management errors at the respective customers or by competition reasons.

### **c) Risk of changes to market price**

The risk of changes to the market price entail the possibility of loss in value due to unexpected changes to the underlying market parameters such as interest rates, stock prices and exchange rates as well as their volatility and correlations.

Fluctuations of current interest rates (including changes to the relations between short and long-term interest rates) may influence the results of the banking business of the issuer. Generally, fluctuations in short and long-term interest rates levels have an influence on the profits and losses from securities held as financial assets by the issuer and the point in time at which these profit or losses are realized. Higher interest rates can substantially reduce the value of fixed-interest financial assets and unexpected interest rate fluctuations can have a substantially negative effect on the value of the bonds and interest rate derivatives held by the issuer. Should it be impossible for the issuer to offset the imbalance between interest-bearing assets and liabilities, the consequences of a decline in interest rate margins and in interest income could have a substantial negative influence on the earnings of the issuer.

Generally, fluctuations in the level of both short-term and long-term interest rates (including changes in the relation between short and long-term interest rates) can influence the amount of the earnings or losses (especially from securities held as financial assets) of the issuer. Any hedging transactions entered into or closed out by the issuer could have a negative effect on the earnings situation of the issuer especially in the event of limited liquidity or major fluctuations in the prices of the securities serving as underlyings.

**d) Currency risk**

Part of the earnings and of the expenses of the issuer are incurred outside the euro zone. Thus, the issuer is generally exposed to currency risk. The earnings of Raiffeisen Centrobank AG are subject to the effects of the fluctuations of the euro vs. the other currencies such as the US dollar. If earnings in a currency other than the euro are lower due to currency fluctuations when converted into euro, and expenses incurred in a currency other than the euro are higher due to currency fluctuations when converted into euro, then this could have a negative effect on the assets, liabilities, financial position and profit or loss of the issuer.

**e) Trading results**

The trading results of the issuer may be volatile and depend on many factors that are outside the control of the issuer such as the general market environment, interest rates, currency fluctuations and general market volatility. Therefore, there is no guarantee that the trading result achieved in the business year 2004 will be retained or even improved. A sharp decline in the trading result of the issuer could detract from the issuer's capacity to operate profitably. In the case of certain securities issues, the issuer protects itself fully or completely against losses by entering into hedging transactions. In such hedging transactions, the issuer depends, on the one hand, on the reliability of its hedging partners, and on the other hand, on its own assessment regarding the scope of the required hedging transactions. If a partner to a hedging transaction is not in a position to meet its contractual obligations, this could lead to open positions for the issuer that would have a negative effect on the issuer. Should the issuer falsely assess the scope of the required hedging transactions, this could also have a negative influence on the issuer.

**f) Risks from investments in other companies**

The issuer has diverse investments in unlisted companies. To efficiently control the development of such portfolios, management expenses and refinancing costs are incurred. The successful management of investments in the past does not guarantee that these investments will contribute positively to the results of the issuer in the future.

**g) Operational risks**

Generally, operational risks arise due to the inappropriateness or failure of internal procedures, persons or systems, or as a consequence of external events. Operational risks include also legal risks. Operational risks are a separate type of risk due to the rising complexity of banking activities as well as to the widespread use of sophisticated technology in the banking business of the issuer. As a consequence, this could have a negative influence on the earnings capacity of the issuer.

**h) Liquidity risk**

Liquidity risk means that the bank will not be able to honour its current and future payment obligations on time due to incongruence of the due dates of asset and liability positions in conjunction with insufficient refinancing possibilities. A form of liquidity risk is the market liquidity risk which is a situation



in which the bank cannot sell or hedge trading positions in the short term due to lacking market liquidity or can only sell at a low price.

**i) Regulatory risks**

The business activities of the issuer are regulated and supervised by the central banks and supervisory authorities of the countries in which the issuer is active. A banking license or at least the notification to the national supervisory authorities is required in each of these countries. The banking supervision regime in the diverse countries is subject to change. Changes to the supervisory requirements in a country can impose additional obligations on the companies of the Raiffeisen Centrobank AG group. Furthermore, compliance with changed supervisory regulations can lead to much higher administration costs, which could have a negative impact on the assets, liabilities, financial position and profit or loss of Raiffeisen Centrobank AG.

Furthermore, there is the possibility of a negative impact on the business activity of the issuer as well as of higher costs for Raiffeisen Centrobank AG due to the progressing regulation of the banking sector, especially under the New Framework of the Basel Committee for Banking Supervision on the International Convergence of Capital Measurement and Capital Standards (Basel II) that will take effect as of the year 2007. Basel II regulations will probably result in a change to the capital structure of banks and could therefore have a negative impact on the business activity of the issuer. Furthermore, the issuer expects additional compliance costs to arise from Basel II regulations.

## **B. General risks of structured securities**

### **a) Structured securities with currency risk**

If a securitized claim in the form of a structured security relating to a foreign currency and/or being calculated in a foreign currency unit or if the value of the underlying instrument of the security is denominated in such a foreign currency or currency unit, then the risk of loss shall not depend solely on the development of the value of the underlying security but also on the adverse developments on the foreign exchange markets.

Adverse developments on foreign exchange markets can heighten the risk of loss in such a manner so as

- to cause the value of the structured security to diminish accordingly;
- decrease the potential settlement amount to be received, or
- lower the price of the underlying instrument accordingly.

Even in the case of structured securities hedged against currency risks by fixing the rate of exchange, interest rate risks can still arise due to the divergent interest rate levels that can have a negative influence on the price of the structured security.

### **b) Risks relating to the underlying instruments of the structured securities**

The repayment of the securities issued within the scope of the issuance programme relates to an underlying asset, which can be one of the reference instruments given below as specified in the relevant Final Terms in detail, and may vary depending on the development of the reference instruments:

- Shares
- Baskets of shares
- Index (e.g. ATX, DAX, Dow Jones)
- Basket of indices
- Commodities (e.g. gold, silver, copper)
- Baskets of commodities

The risk of default of the repayments depends on the specific risks relating to the underlying asset. The relevant underlyings can undergo a strongly fluctuating (volatile) development and/or have a low creditworthiness in comparison to the issuer. This means that under certain circumstances, the repayment amount could be much smaller than the issue price. In the worst case, the total loss of the capital invested is possible.

Investors should be aware of the following specific features and risks of each of the underlying instruments given as examples.

#### **1. Structured products on shares and baskets of shares**

A share is a security that documents the right to a percentage ownership in a stock corporation. The holder or owner of a share, the so-called shareholder, participates in the share capital of the company – to a percentage or in the nominal amount stated on the share certificate.

Generally, the value/price of a stock follows the economic development of the company as well as the general economic and political framework conditions; irrational factors (sentiment, opinions) may also influence the course of a share's price and thus the return on the investment. Moreover, shares with tight

markets carry the risk of lacking tradability and not enough liquidity to sell the share. Any further specific risks relating to a securities issue will be stated in the Final Terms Chapter VI 4.1.7.

## **2. Index or basket of indices**

An index is a calculated instrument that replicates the development of prices and quantities, frequently, for example, of certain shares traded on a regulated market. Depending on the index or basket of indices, the risk of a security linked to such index or basket of indices varies depending on which bonds, shares, warrants, derivatives, real estate or other assets are included in the index. In the worst case scenario, this may lead to total loss of the capital invested. Any further specific risks relating to a securities issue will be stated in the Final Terms Chapter VI 4.1.7.

## **3. Commodities or baskets of commodities**

Certain commodities (gold, silver, copper, oil, etc.) are traded worldwide on the so-called commodity exchanges. Trades on commodity exchanges are concluded either as spot trades that must be settled immediately (spot market) or as forward transactions. The price trend of such commodities is usually very volatile and often contingent on political and technical (new production methods) factors. The risk of these issues is therefore in a false assessment of expected developments for world market prices for the commodities defined as underlying instruments. If an underlying commodity loses its entire value, the total loss of the capital invested may be the result. Any further specific risks relating to a securities issue will be stated in the Final Terms Chapter VI 4.1.7.

### **c) Trades to exclude or reduce risks**

Buyers of structured products cannot rely on the exclusion or reduction of the risk in other securities positions by purchasing such products; these risks depend on the market conditions and on the respective underlying conditions. Under certain circumstances, such trades can only be executed at adverse market prices causing a loss for the buyer of a structured security.

### **d) Influence of ancillary costs on earnings opportunities**

Commissions and other transaction costs that arise when buying or selling structured products can give rise to costs – especially in combination with a low order value – that can extremely reduce the earnings opportunities of the structured securities. Therefore, investors are recommended to inform themselves of the costs of buying or selling a structured product before acquiring it.

### **e) Trading in structured securities**

Under usual market conditions, the issuer plans to regularly quote buy and sell prices for the structured products issued. The issuer, however, does not enter into any legal obligation vis-à-vis the holder of structured products to quote such prices or with respect to the amount or the determination of such prices. Therefore, the buyer of a structured security can not rely on being able to sell a structured product at a certain time or for a certain price. Market disruptions, for example, can delay the determination of prices.

### **f) Taking out loans**

If the holder of structured securities finances the acquisition of structured securities by taking out a loan, he or she must not only repay the loss if the expectations are not realized, but must also repay the loan with interest. This substantially increases the risk of loss. The holder of a structured product should

therefore never rely on being able to repay the loan and interest from the profit made on the trade in structured securities. Rather the acquirer of structured securities has to examine his or her financial situation before the purchase to ascertain whether he or she will be able to pay interest and if necessary to repay the loan on short notice even if the expected profit turns out to be a loss.

**g) Influence of trades, especially of hedging transactions by the issuer, on the structured securities**

The issuer has the right to buy or sell on the open market or in non-public transactions the structured products at any time during the term of the structured securities. Within the scope of its regular business activities, the issuer engages in trading in the underlyings of the structured securities and furthermore hedges fully or in part against the financial risks related to the structured securities through hedging transactions in the respective underlying instruments.

The activities of the issuer can have an influence on the price of the underlying determined in the market as well as on the value of the structured securities or on redemption obligations vis-à-vis the holders of the structured securities.

The issuer is not under any obligation to inform the holders of structured securities of any such purchases or sale or any other event (such as a hedging transaction) that could have an influence on the development of the price of structured products or that of the underlying instrument. The holders of structured securities must therefore inform themselves on their own to gain a picture of the development of the prices of structured securities or their underlying instruments.

## C. Description of the structured securities as well as special risk warnings

In the following sections, clear and comprehensive explanations will be given on each of structured securities issued under this issuance programme to help investors understand how the value of their investment is influenced by the value of the underlying instrument or instruments especially in cases in which the risks are the most apparent as well as special risk warnings relating to the specific structured securities.

### Capped Warrants

#### 1. Description of the security

The buyer of a capped warrant acquires the right to claim payment of a money amount (cash settlement) under certain conditions, whereas the redemption amount will be limited by a cap (Capped Call) or a floor (Capped Put) for the underlying instrument, which will be fixed by the issuer at the beginning of the offering. Capped warrants can be issued as buy (call) or sell (put) warrants. In the case of a capped call warrant, the buyer usually expects the price of the underlying instrument to rise, while in the case of a capped put warrant the investor expects falling prices. Underlying instruments can be, for example, shares, American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs"), indices, commodities.

A capped warrant is composed of a long position in a call/put warrant ("long warrant") and a short position in a separate call/put warrant ("short warrant"). The strike price of the long warrant determines the strike price, whereas the exercise price of the short warrant determines the cap of the capped warrant. Both warrants mature at the same point of time. On the one hand the cap of the capped warrant confines profit opportunities but on the other hand it enables a low issue price of the capped warrant.

Find below three redemption scenarios of a capped call warrant at maturity:

#### Scenario 1:

The closing price of the underlying instrument at maturity ranges at or below the strike price:  
The capped warrant expires worthless.

#### Scenario 2:

The closing price of the underlying instrument at maturity ranges between the strike price and the cap:  
The difference between the closing price of the underlying instrument and the strike price, adjusted by the subscription ratio, is paid out.

#### Scenario 3:

The closing price of the underlying instrument at maturity ranges at or above the cap:  
The difference between cap and strike price (maximum redemption amount), adjusted by the subscription ratio, is paid out.

Capped warrants, just as warrants, have a leverage effect and a current market value. Contrary to discount certificates, the amount of capital invested in a capped warrant is comparatively low with regard to the value of the underlying instrument. This enables investors to generate over-proportionate profit (see respective "Special risk warnings").

## 2. Special risk warnings

Capped warrants are particularly risky investment instruments. Compared to other capital investment, the risk of loss – and even the risk of total loss of the capital invested – is very high.

A capped warrant does not entitle the holder to payment of interest or to dividend payments and therefore does not yield any regular returns. The possible loss of value of a capped warrant can therefore not be compensated by other returns on the warrants.

Changes in prices (or even the lack of an expected change in price) of an underlying instrument as well as changes to any of the other parameters that determine the value (such as volatility of the underlying security dividends, interest) can reduce the value of capped warrant excessively or even render it worthless. Considering the limited term of a capped warrant, one cannot rely on a recovery of the price of a capped warrant after a negative development. Therefore, there is the risk of partial or total loss of the premium paid including the transaction fees incurred. This risk exists irrespective of the financial capacity of the issuer.

During the term of a capped warrant, the time values both of the long-warrant and the short-warrant have a tendency to decline until it reaches zero. As the time value of a capped warrant corresponds to the difference between the time value of the long-warrant and the time value of the short-warrant, the time value of a capped warrant can be positive or negative.

Capped warrants are usually issued in small denominations and for this reason the liquidity risk is higher, i.e., under certain conditions it may not be possible to sell the capped warrant at any time desired.

As regards the capital invested, changes in the value of the capped warrant are disproportionately larger than those of the underlying instrument. This characteristic that is inherent to capped warrants is referred to as the so-called leverage effect. Thus, on the one hand, the capped warrant carries earnings opportunities that can be higher than those of other investments, and on the other hand, capped warrants carry the disproportionately high risk of loss that may even mean total loss.

The leverage effect therefore works in both directions: In the case of adverse price trends of the underlying instrument (e.g. shares, indices, commodities), the leverage effect works to the disadvantage of the investor; in contrast, if prices develop favourably, this benefits the investor. Basically, the larger the leverage effect, the greater the risk of loss; additionally, the leverage effect is greater the shorter the term of a warrant. The subscription ratio (e.g. 10:1) also influences the leverage effect.

The value of a capped warrant is not only determined by the price changes of the underlying instrument but also by a number of other factors. These factors include in general the maturity of the capped warrant as well as the price volatility of the underlying instrument. A loss in the value of the capped warrant can even happen if the price of the underlying instrument remains constant.

## IV. INFORMATION ABOUT THE ISSUER

### 1. Responsible persons

- 1.1. **All persons responsible for the information given in the registration document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.**

Raiffeisen Centrobank AG whose registered office is in the political district of Vienna is responsible as issuer pursuant to § 11 par 1 fig 1 Austrian Capital Market Act for the information in the prospectus.

The responsible members of the corporate bodies of the issuer for the information in this prospectus are management board members Eva Marchart, Alfred Michael Spiss and Gerhard Grund.

- 1.2. **A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.**

The persons named in Item 1.1. hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

The prospectus makes it possible for an investor to reach an informed judgement in the meaning of §7 par. 1 Austrian Capital Market Act on the assets and liabilities of the issuer, the financial position and profit or loss, and the future prospects of the issuer as well as on the rights relating to the securities.

The issuer hereby points out that events occurring at a later point in time could compromise the completeness, coherence and readability of the information contained in this prospectus.

In connection with the issue and sale of securities, no person shall be authorized to disseminate information or to make declarations that are not contained in this prospectus. The issuer does not assume any liability for any information not contained in this prospectus.

### 2. Statutory Auditors

- 2.1. **Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).**

The auditor for the historic financial information of the period covered is

- for the business year 2005: KPMG GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kolingasse 19, 1090 Vienna, Austria. The auditors of the financial statement ending on 31 December 2005 were Mr. Walter Knirsch and Mr. Kurt Eder, auditors and certified public accountants.

□ for the business year 2006: KPMG GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kolingasse 19, 1090 Vienna, Austria. The auditors of the financial statement ending on 31 December 2006 were Mr. Walter Knirsch and Mr. Josef Kirchknopf, auditors and certified public accountants.

KPMG is a member of the Austrian Chamber of Auditors.

**2.2. If auditors have resigned, been removed or not been reappointed during the period covered by the historical financial information, details if material.**

Not applicable.

**3. Risk factors**

**3.1. Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed 'Risk factors'.**

See Chapter III on this item. Risk factors relating to the issuer.

**4. Information about the Issuer**

**4.1. *History and Development of the Issuer***

**4.1.1. the legal and commercial name of the issuer**

The issuer is Raiffeisen Centrobank AG. The original name of the company is Centro Internationale Handelsbank Aktiengesellschaft. This name was changed by resolution of the extraordinary shareholders' meeting of 14 November 2001 and registered with the Companies Register on 21 December 2001 as Raiffeisen Centrobank AG. The commercial name of the company is Raiffeisen Centrobank.

**4.1.2. the place of registration of the issuer and its registration number.**

The seat of the issuer is Vienna and it is registered with the Commercial Court of Vienna under the Companies Register No. 117507 f.

**4.1.3. the date of incorporation and the length of life of the issuer, except where indefinite.**

The issuer was founded on 22 October 1973 in Vienna, Austria through the conversion of Centrofin, Finanzierungsvermittlungs-, Handels- und Treuhandgesellschaft mit beschränkter Haftung into Centro Internationale Handelsbank Aktiengesellschaft. The initial registration in the Companies Register was on 29 March 1974. The company has been established for an indefinite period of time. The share capital of the issuer at the time of the initial registration was Austrian schillings 350,000,000 and was increased with the registration of 13 June 1998 to Austrian schillings 655,000,000. This amount was adjusted at the time of the takeover by the Raiffeisen group at the extraordinary shareholders' meeting of 14 November 2001 with the registration in the Companies Register of 21 December 2001 to EUR 47,598,850. Since the end of 2001, the company has been part of the Raiffeisen group.



**4.1.4. the domicile and legal form of the issuer; the legislation under which the issuer operates; its country of incorporation; and the address and telephone number of its registered office (or principal place of business if different from its registered office).**

The registered office of the issuer is in Vienna, Austria. It is a joint stock corporation established under Austrian stock corporation law (*Aktiengesetz*). The issuer operates mainly in the Austrian financial market as well as in Germany and Central and Eastern Europe. Its business address and principle place of business is Tegetthoffstraße 1, 1010 Vienna, Austria. The phone number is +43 1 515 20 0.

**4.1.5. any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.**

Since 2001, Raiffeisen Zentralbank Österreich AG ("RZB") has directly or indirectly owned 99.99% of the issuer. Within the course of the related restructuring, the entire investment business of RZB was acquired by the issuer.

## **5. Business Overview**

### **5.1. Principal Activities**

**5.1.1. A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.**

The object of the business of the company is banking activities of all kinds. In accordance with the scope of the license granted, it has the following activities in the meaning of § 1 par 1 of the Austrian Banking Act, Federal Law Gazette 532/1993 as amended.

Fig. 1. The acceptance of funds from third parties for the purpose of managing such funds or as a deposit (deposit business with the exception of savings deposits);

Fig. 2. Execution of non-cash payment transactions and clearing of checking accounts for third parties (checking account business).

Fig. 3. Entering into money loan contracts and the granting of money loans (credit business).

Fig. 4. The purchase of checks and bills of exchange, in particular, discounting of bills of exchange (discount business).

Fig. 5. The custody and administration of securities for the account of third parties (custody business).

Fig. 6. The issuance and administration of means of payment such as credit cards and travellers checks.

Fig. 7. Proprietary trading or trading for the account of others in

a) Money market instruments

b) Foreign means of payment (foreign exchange and foreign currency business)

c) Options and financial futures contracts (futures and options business)

d) Currency and interest rate instruments

e) Transferable securities (securities business)

f) Instruments derived from lit. a to e.

Fig. 8. The assumption of sureties, guarantees and other liabilities for third parties if the obligation is to be met by payment of money (guarantee business)

Fig. 10. The issuance of other securities restricted to the issuance of fixed-income securities other than those listed in §1 par. 1 fig. 9 Banking Act for the purpose of investing the proceeds in other banking activities.

Fig. 11. Participation in the underwriting of third party issues and the provision of services related thereto (third party issuing of securities business).

Fig. 15. The financing business through the acquisition and resale of shares (capital financing business).

Fig. 16. The purchase of accounts receivable arising from the delivery of goods or rendering of services, assumption of the risk of collection on such claims – excepting credit insurance – and, in connection therewith, the collection of such claims (factoring business);

Fig. 18. The brokerage of transactions according to

- a) Fig. 1, unless conducted by contractual insurance companies
- b) Fig. 3 except for the brokerage of mortgage loans and personal loans done by real estate agents, brokers of personal and mortgage loans, and investment advisers
- c) Fig. 7 lit. a, if it affects foreign exchange transactions
- d) Fig. 8

Fig. 20. The issuing of electronic money (e-money business).

Furthermore, the company is entitled to conduct the business of providing financial services and to execute transactions of financial institutions even if these are not pure banking transactions.

2. The company is furthermore authorized to execute and settle domestic and international commercial transactions of all kinds for its own account and for the account of third parties – with no open positions being permitted that would mean goods are bought for inventory – including trustee operations with the exception of those activities restricted to auditors.

The following business areas are the core areas of activity of the issuer:

a) Securities trading and sales

Raiffeisen Centrobank AG is specialized in the trading of warrants, certificates and structured products in Austria with a very strong market position in Austria on Austrian and a few foreign underlying instruments. The issuer also holds a significant niche position as a specialist for international products.

The issuer is a member of Wiener Börse AG, Deutsche Börse AG, Xetra (Frankfurt), Borsa Italiana (Milan), Budapest Stock Exchange, Warsaw Stock Exchange, London Stock Exchange, EUREX, SWX (Zurich) and Virt-X (London). Furthermore, to its knowledge the issuer is the only Austrian member in the largest warrants exchange in Europe, the European Warrants Exchange (EUWAX) in Stuttgart.

The issuer issues warrants, capped warrants, reverse convertibles, open-end index certificates, discount certificates, turbo certificates, speed certificates, guarantee certificates, twin win certificates, reverse bonus certificates, express certificates as well as custom-designed structured products. These types of products are offered by the issuer on practically all Austrian listed securities and on selected international securities and indices especially from the region of CEE. The main focus is on servicing institutional customers in Austria and abroad.

The goal of Raiffeisen Centrobank is to consistently pursue the enlargement and the further expansion of trading in shares and structured products within the scope of its strategy of internationalization of investment banking activities.

b) Company Research

The area of company research concentrates on the analysis of issues and primarily on sector analyses with a focus on Austrian companies listed on the exchanges in Vienna, Frankfurt and Zurich. Based on a sector approach, selected shares from the German-speaking region are covered as well as companies from Central and Eastern European markets. These analytical expert opinions are drafted to support sales activities for traditional investment business and for the core business areas of equity capital markets, mergers and acquisitions and private equity.

c) Equity Capital Markets (capital market financing)

The issuer is one of the leading underwriting banks in Austria. It offers consulting services for the phase before capital market transactions such as strategic consulting, company evaluations, legal structure

under companies law and marketing, public relations and investor relations consulting; it supports companies as an underwriting bank, (initial public offerings (IPOs), secondary public offerings (SPOs), capital increases, private placements, structured products (convertible bonds, exchangeable bonds) and provides support to listed Austrian companies after the transaction has been completed.

The issuer reached the strategic decision based on the achievements of Raiffeisen to expand its successful capital market business into Central and Eastern Europe and Russia. Jointly with the local Raiffeisen network, the attractive market for capital increases, public offerings and privatisations is covered. The combination of its international power for placing issues and product know-how with the close relations to customers and the direct access to local information through the local network banks makes the Raiffeisen group excellently positioned to conquer this new and lucrative business area. Raiffeisen Centrobank perceives this engagement as a completion of its range of products and as a supplement to its expansion in the area of stock trading as a direct exchange member in the growth region of Central and Eastern Europe.

d) Mergers & Acquisitions Consulting

Consulting services for mergers and acquisitions as well as helping companies to optimize their structure with respect to companies law and tax aspects in connection with takeovers and investments in companies are provided by the 100% subsidiary of the issuer, Raiffeisen Investment AG (RIAG).

Other services provided by RIAG are raising equity capital from strategic investors and financial investors, consulting for obtaining borrowed capital and for privatizations. In Central and Eastern Europe, RIAG is a privatisation consultant for governments, supranational organizations – especially the European Central Bank for Reconstruction and Development (EBRD), the World Bank, the Europe Union – and also arranges acquisitions of international companies in these countries.

e) Private Equity

The issuer provides consulting for private equity funds for investment decisions, for the creation of private equity portfolios by screening potential investments during the due diligence phase and in the selection of funds, the innovative structuring and for the ongoing, active monitoring of investments and portfolios. Furthermore, the issuer supports companies in their search for suitable financial partners.

f) Private Banking

The range of services offered by issuers in the area of private banking addresses equally private and institutional customers and covers asset management and brokerage, foundations and insurance models, and custom-tailored solutions for private and business assets.

g) Further activities

Furthermore, the issuer offers services such as international financing and foreign exchange and is also the clearing agent for Central and Eastern European banks for the clearing of all freely convertible currencies.

The issuer is also active in the areas of industrial off-setting, counter-purchasing and barter-and-buyback transactions.

**5.1.2. Indication of any significant new products and/or services.**

Not applicable.

### 5.1.3. Principal Markets

A brief description of the principal markets in which the issuer competes.

#### a.) Markets by area of business

- Securities trading and sales

The Trading and Sales Department plays a significant role as a regular offeror on the warrants market for warrants on Austrian shares, indices, baskets, reverse convertibles and investment certificates. Moreover, the issuer offers products on selected shares and indices from Germany and Eastern Europe (see above Chapter 5.1). With a total of 1,100 securities, this department is one of the largest offerors of structured financial products in Austria.

- Equity Capital Markets

With Basel II imminent, capital market financing will grow increasingly important in Austria. In line with trends on international capital markets, demand for equity financing has livened up in Austria as well in connection with the euro capital market.

With the introduction of the euro, a decisive move was made to integrate European financial markets. The elimination of foreign exchange risks and the increasing convergence of trading rules are making equity financing more transparent. On the whole, this is broadening access to capital market instruments.

Just a few years ago bond markets were characterised mainly by government bonds, bank bonds and mortgage bonds, while today, the market is much broader. Corporate bonds are constantly growing in significance and gaining market shares.

The positive development on the market for initial public offerings has continued in comparison to the previous year even though the value of initial listings has decreased slightly versus the previous year.

The East European market is assessed as very promising by the issuer for capital market transactions at an annual potential of EUR 1.2bn in IPOs, EUR 1.9bn in capital increases and EUR 1.5bn in SPOs. The year 2004 saw a strong sign of life from the region with over 50 new issues on local capital markets. A similarly dynamic trend is also becoming apparent in Russia.

- Mergers & acquisitions

After a few years of a declining trend in mergers and acquisitions in Austria, the global tendency points to growing merger and acquisition activity. The market in Austria is characterised not so much by transactions within the country, but by cross-border acquisitions. Purely national deals on the Austrian M&A market play a much less important role in comparison.

A look at the merger and acquisition activities by region reveals that the Asian-Pacific region has growing transactions volumes while the total volume decreased in the US in the first five months of 2005, while Western Europe posted a gain. The increase in Eastern Europe is also remarkable compared to the preceding year's level.

Apart from the issuer, there are many other banks in the market for M&A transactions. Apart from specialized M&A banks, major banks like the issuer are also active in this segment with their specialized departments.

- Private Equity

The overall tendency in the private equity market is pointing upwards compared to the preceding years, with Austria lagging behind in international comparison.

Thus, the volume of investments in Austria in 2004 was again at the level of 2002 after plunging in 2003, and surpassed the EUR 140mn mark again.

**b.) Markets by stock exchange**

- Wiener Börse

One of the most important trading markets of the issuer is Wiener Börse. Wiener Börse is the securities exchange and authority for the admission to listing in Austria and operates an innovative derivatives market (otob market) in addition to the traditional cash market (equity market, bond market) and also has a separate segment for structured products. All trading on Wiener Börse is done through the fully electronic trading system Xetra® (cash market) and OMex® (derivatives market, warrants).

- Stuttgart Stock Exchange

Apart from Wiener Börse, the Stuttgart Stock Exchange is an important market for the issuer. The Stuttgart Stock Exchange is the second-largest market in Germany with an average share in orders of some 40% in floor trading in Germany in 2004. The Stuttgart Stock Exchange plays an outstanding role in the area of structured financial products and initiated the trading segment for warrants, EUWAX, on 1 July 1999. Currently, there are almost 60,000 securitised derivatives trading on the Stuttgart Stock Exchange.

- Further memberships in stock exchanges of the issuer

The issuer is also a member of the stock exchanges of Frankfurt, London, Milan, Budapest and Warsaw.

Raiffeisen Centrobank AG's clients come mainly from Austria. Furthermore, Raiffeisen Centrobank AG services mainly German-speaking, foreign clients.

**5.1.4. The basis for any statements in the registration document made by the issuer regarding its competitive position.**

Not applicable.

**6. Organizational Structure**

**6.1. If the issuer is part of a group, a brief description of the group and the issuer's position within it.**

The issuer is 99.99% subsidiary of RZB IB Beteiligungsgesellschaft m.b.H. RZB IB Beteiligungsgesellschaft m.b.H. is 100% subsidiary of RZB KI Beteiligungsgesellschaft m.b.H., which is a 100% subsidiary of Raiffeisen Zentralbank Österreich AG ("Raiffeisen Zentralbank"). The issuer is included in the scope of consolidation of Raiffeisen Zentralbank.

The issuer in turn holds the following investments, directly and indirectly, (as of July 2006):

CENTROTRADE CHEMICALS AG (100%), Zug, Switzerland  
CENTROTRADE DEUTSCHLAND GMBH (100%), Eschborn  
CENTROTRADE HOLDING AG (100%), Vienna, Austria  
CENTROTRADE INVESTMENT AG (100%), Zug, Switzerland  
CENTROTRADE MINERALS AND METALS, INC. (100%), Virginia Beach, USA  
CENTROTRADE SINGAPORE PTE LTD. (100%), Singapore  
RAIFFEISEN Investment AG (100%), Vienna, Austria  
SCANVIWOOD LTD. (4%), Vietnam  
SYRENA IMMOBILIEN HOLDING AG (46%), Vienna, Austria

Furthermore, some project companies and special purpose vehicles have been established as subsidiaries of the issuer.

Raiffeisen Zentralbank was founded in 1927 and is the leading company of the RZB Group and the major shareholder of the issuer. It is one of the leading commercial and investment banks in Austria. Raiffeisen Zentralbank is organized according to sectors and the issuer belongs to the investment banking sector along with Raiffeisen Investment AG.

The RZB Group is a banking concern with its origins in Austria and plays an important role in the Central and East European market. Apart from the CEE markets, the RZB Group is also represented on a number of international financial marketplaces and in the growth markets of Asia.

The issuer is an affiliated company of Raiffeisen-Landesbanken-Holding GmbH, Vienna, and is included in its consolidated financial statements. Furthermore, the issuer is included in the consolidated financial statements of Raiffeisen Zentralbank, which prepares the consolidated statements for the smallest consolidation scope.

**6.2. If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.**

As a rule, the management board of the issuer is not subject to follow instructions and is independent pursuant to the Austrian Companies Act. However, pursuant to § 87 Companies Act, the members of the supervisory board are elected by simple majority at the annual general meeting of the issuer. The appointment and dismissal of members of the board of management is done by the supervisory board by a simple majority vote pursuant to §75 Austrian Companies Act. This means that the appointment of the supervisory board and thus indirectly of the management board of Raiffeisen Centrobank AG depends exclusively on Raiffeisen Zentralbank due the controlling interest it holds.

## **7. Trend Information**

**7.1. Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements. In the event that the issuer is unable to make such a statement, provide details of this material adverse change.**

Since the date of disclosure of the last audited financial statements on 28. Juni 2007, there have not been any material negative changes to the outlook of the issuer.

**7.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.**

There is no information that is likely to have a material effect on the issuer's prospects for at least the current financial year.

**8. Profit forecasts or estimates**

**If an issuer chooses to include a profit forecast or a profit estimate, the registration document must contain the information items 8.1 and 8.2:**

The issuer chooses not to include a profit forecast or estimate.

**9. Administrative, executive, and supervisory bodies**

**9.1. Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:**

- a) **members of the administrative, management or supervisory bodies;**
- b) **partners with unlimited liability in the case of a limited partnership with a share capital;**

The bodies of the issuer are the management board, which consists of at least two members and the supervisory board. The issuer is represented by two members of the management board jointly or by one of the management board members jointly with a senior officer conferred with a general power of attorney.

**Members of the Management board:**

Eva Marchart: born 12 July 1956, chairman of the management board, represents the company since 01.01.2000 jointly with another member of the management board or with a senior officer conferred the general power of attorney

Gerhard Grund: born 26 March 1956, represents the company since 1 January 2002 jointly with another member of the management board or with a senior officer conferred the general power of attorney

Alfred Michael Spiss born 07 September 1961, deputy chairman of the management board, represents the company since 1 January 2000 jointly with another member of the management board or with a senior officer conferred the general power of attorney

The members of the management board mentioned above are also active in the bodies of the previously mentioned subsidiaries (Chapter IV.6). Apart from this, they do not carry on any activities outside of the issuer that are of significance for the issuer.

All members of the management board can be reached at the address: Raiffeisen Centrobank AG, Tegethoffstraße 1, 1010 Vienna, Austria.

### **Supervisory Board:**

Chairman Walter Rothensteiner

The most important areas of activities outside of the issuer: Chief Executive Officer of RZB; management board member of Österreichische Raiffeisen-Einlagensicherung registrierte Genossenschaft mit beschränkter Haftung; supervisory board member of Raiffeisen Bausparkasse Gesellschaft m.b.H., ÖPAG Pensionskassen Aktiengesellschaft, Kathrein & Co. Privatgeschäftsbank Aktiengesellschaft, Casinos Austria Aktiengesellschaft, Österreichische Lotterien Ges.m.b.H., Raiffeisen International Bank-Holding AG and ÖVK Vorsorgekasse AG; Vice Chairman of the supervisory board of UNIQA Versicherungen AG, Oesterreichische Kontrollbank Aktiengesellschaft, Casinos Austria International Holding GmbH and LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft; member of the supervisory board 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; Member of the General Council of Oesterreichische Nationalbank AG.

Vice Chairpersons:

Herbert Stepic

The most important areas of activities outside of the issuer: Vice Chief Executive Officer of RZB, chairman of the management board of Raiffeisen International Bank-Holding AG, member of the supervisory board of Oesterreichische Kontrollbank Aktiengesellschaft and OMV AG;

Patrick Butler

The most important areas of activities outside of the issuer: Member of the management board of RZB; member of the supervisory board of Raiffeisen International Bank-Holding AG, of RZB Private Equity Holding AG, of Kathrein & Co Privatgeschäftsbank Aktiengesellschaft and Raiffeisen Wohnbaubank Aktiengesellschaft.

Members:

Helfried Marek

The most important areas of activities outside of the issuer: Senior partner of a consulting company. Supervisory board member of Griffner Haus AG

Christian Teufl

The most important areas of activities outside of the issuer: head of division of investment management and authorized signatory of RZB. Member of the supervisory board of Kathrein & Co Privatgeschäftsbank Aktiengesellschaft, of AGRANA Beteiligungs-Aktiengesellschaft and VK Mühlen AG; Member of the management board of LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft.

Karl Sevelda

The most important areas of activities outside of the issuer: Member of the management board of RZB; member of the management board of Bene Privatstiftung AG, of FEPIA Privatstiftung and Herbert Depisch Privatstiftung; Vice Chairman of the supervisory board of top.equity Unternehmensbeteiligungs AG; member of the supervisory board of A.S.A. Abfall Service AG, of Österreichische Hotel- und Tourismusbank Gesellschaft m. b. H., of Unternehmens Invest Aktiengesellschaft, of Raiffeisen International Bank-Holding AG, of RZB Private Equity Holding AG, of NOAG Autobahnerrichtungs AG, of Österreichische Bundesbahnen-Holding Aktiengesellschaft, of ÖBB-Infrastruktur Bau AG and BENE AG.



All members of the supervisory board can be reached at the address Raiffeisen Zentralbank Österreich Aktiengesellschaft, Am Stadtpark 9, 1010 Vienna, Austria.

## 9.2. Administrative, management, and supervisory bodies conflicts of interest

Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.

There are no conflicts of interest on the part of the members of the bodies of the issuer and there are no potential conflicts of interest with respect to their duties to the issuer and their private interests or other duties.

## 10. Major shareholders

10.1. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.

At present, the shareholder structure is as follows:

99.99% of Raiffeisen Centrobank AG are held by RZB IB Beteiligungs GmbH and 0.01% by Raiffeisen-Invest-Gesellschaft m.b.H. RZB IB Beteiligungs GmbH is a 100% subsidiary of RZB KI Beteiligungs GmbH, which is a 100% subsidiary of Raiffeisen Zentralbank.

10.2. A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

Not applicable.

## 11. Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

### 11.1. *Historical financial information*

Audited historical financial information covering the latest two financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards for issuers from the Community. For third country issuers, such financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. If such financial information is not equivalent to these standards, it must be presented in the form of restated financial statements. The most recent year's audited historical financial information must be presented and prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. If the issuer has been operating in its current sphere of economic activity for less than one year, the audited historical financial information covering that period must be prepared in accordance with the standards applicable to annual financial statements under Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards where the issuer is an issuer from the Community. For third country issuers, the historical financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation

(EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. This historical financial information must be audited.

If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:

- a) the balance sheet;
- b) the income statement;
- c) in the case of an admission of securities to trading on a regulated market only, a cash flow statement;
- d) the accounting policies and explanatory notes.

The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard.

The annual financial statements for the year ending 31 Dec. 2005 and 31 Dec. 2006 are enclosed with this prospectus as Annex 1 and Annex 2 in Chapter VIII.

The annual financial statements give a true and fair view of the situation of the issuer.

The statements of sources and for the application of funds for the business years ending 31 Dec. 2005 and 31. Dec. 2006 as well as a auditors confirmation on these statements are enclosed with this prospectus as Annex 3 in Chapter VIII.

#### **11.2. *Financial Statements***

If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.

Not applicable.

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

**11.3.1.** A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.

The annual financial statements for the year ended 31 Dec. 2005 (Annex 1) and ended on 31 Dec. 2006 (Annex 2) were audited and assigned an unqualified auditor's opinion pursuant to § 274 par 1 Commercial Code. The balance sheets of changes in inventories for the business years ending 31 Dec. 2005 and 31. Dec. 2006 as well as an audit report on these balance sheets are enclosed with this prospectus as Annex 3.

**11.3.2.** An indication of other information in the registration document which has been audited by the auditors.

Not applicable.

**11.3.3.** Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.

Not applicable.

**11.4. *Age of latest financial information***

**11.4.1. The last year of audited financial information may not be older than 18 months from the date of the registration document.**

The last year of audited financial information is not older than 18 months from the date of the registration document.

**11.5. *Interim and other financial information***

**11.5.1. If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.**

The issuer does not publish any quarterly or half-yearly financial information.

**11.5.2. If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, covering at least the first six months of the financial year. If the interim financial information is un-audited state that fact. The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.**

Not applicable.

**11.6. *Legal and arbitration proceedings***

**Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.**

To the knowledge of the issuer, since 1 January 2006, no governmental interventions, legal or arbitration proceedings or proceedings due to violations of administrative law have been initiated or are pending that have had a significant impact on the issuer's financial position or profitability in the recent past.

**11.7. *Significant change in the issuer's financial position***

**A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.**

Since the end of the end of the last financial year ended 31 December 2006 there have been no negative changes in the financial situation or trading position of the issuer.

## 12. Material contracts

A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.

Not applicable.

## 13. Third party information and statement by experts and declarations of any interest.

13.1. Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the registration document.

Not applicable.

13.2. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the issuer shall identify the source(s) of the information.

Not applicable.

## 14. Documents on display

A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:

- a) the memorandum and articles of association of the issuer;
- b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

An indication of where the documents on display may be inspected, by physical or electronic means.

Copies of the following documents in paper form can be inspected during the period of validity of this Prospectus at the registered office of the issuer:

- a) the memorandum and articles of association of the issuer;
- b) not applicable;
- c) the financial statements for the years ended 31 December 2005 and 31 December 2006 including the audit opinion (these are available at the website of the issuer <http://www.rcb.at>) as well as statements of sources and for the application of funds for the financial years ended 31 December 2005 and 31 December 2006.

**V. INFORMATION ON THE STRUCTURED SECURITIES PURSUANT TO  
ANNEX XII OF REGULATION OF THE COMMISSION (EU) NO.  
809/2004**

References without chapter numbers refer to the respective sections containing descriptions of the individual securities.

## 1. RESPONSIBLE PERSONS

**1.1. All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.**

Raiffeisen Centrobank AG whose registered office is in the political district of Vienna is responsible as issuer pursuant to § 11 par 1 fig 1 Austrian Capital Market Act for the information in the prospectus.

The responsible members of the corporate bodies of the issuer for the information in this prospectus are management board members Eva Marchart, Alfred Michael Spiss and Gerhard Grund.

**1.2. A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.**

The persons named in Item 1.1. hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

The prospectus makes it possible for an investor to reach an informed judgement in the meaning of §7 par. 1 Austrian Capital Market Act on the assets and liabilities of the issuer, the financial position and profit or loss, and the future prospects of the issuer as well as on the rights relating to the securities.

The issuer hereby points out that events occurring at a later point in time could compromise the completeness, coherence and readability of the information contained in this prospectus.

In connection with the issue and sale of securities, no person shall be authorized to disseminate information or to make declarations that are not contained in this prospectus. The issuer does not assume any liability for any information not contained in this prospectus.

## 2. RISK FACTORS

See Chapter III. B. General Risks of Structured Securities and Chapter III C. discuss the individual structured securities issued within the scope of this issuance programme by the issuer in detail as well as the special risks that are typical for such securities.

### 3. KEY INFORMATION

#### 3.1. *Interest of natural and legal persons involved in the issue/offer*

**A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.**

The interests of the issuers consist of offering investors as many products as possible. The issuer earns income on the possible commissions as well as subsequently on the difference between buy and sell prices in trading on the secondary market.

#### 3.2. *Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.*

**If reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the issue/offer.**

The issuance of such securities is part of the usual business activity of the issuer and is carried out with the intention of earning a profit.

### 4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING

#### 4.1. *Information concerning the securities*

##### 4.1.1. **A description of the type and the class of the securities being offered and/or admitted to trading, including the ISIN (International Security Identification Number) or other such security identification code.**

The securities are structured securities in the meaning of Article 15 of Regulation No. 809/2004 of the European Commission.

Raiffeisen Centrobank issues capped warrants within the scope of the issuance programme described in this prospectus (see Final Terms, Chapter VI. "4.1.1 Name of Security").

Capped warrants may be capped call (buy) or capped put (sell) warrants. The specific type of security is defined in the Final Terms, Chapter VI. "4.1.1 Type of Security".

The ISIN (International Security Identification Number) is given in the Final Terms Chapter VI. "4.1.1 ISIN" for each specific security.

##### 4.1.2. **A clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument (s), especially under the circumstances when the risks are most evident unless the securities have a denomination per unit of at least EUR 50 000 or can only be acquired for at least EUR 50 000 per security.**

For details on the conversion of foreign currency securities and a description of the consideration and explanation of the exchange ratio, please refer to the explanations in Chapter 4.1.7.

A buyer of capped warrants as described in this prospectus (on shares, commodities or an index) acquires the right to claim payment of a money amount (cash settlement) from the issuer under certain conditions. The redemption amount will be limited by a cap (capped call) or a floor (capped put) for the underlying instrument. The value of capped call and put warrants develops conversely during the term of a warrant: A capped call warrant usually loses value (i.e. if other decisive factors for the prices of warrants are not taken into account) when the price of the underlying instrument declines. Vice versa, the value of a capped put warrant decreases when the price of the underlying instrument rises. Changes in prices (or even the lack of an expected change in price) of an underlying instrument as well as changes to any of the other parameters that determine the value (such as fluctuation ranges of the underlying security (volatility), dividends, interest) can reduce the value of capped warrant excessively or even render it worthless.

#### **4.1.3. Legislation under which the securities have been created**

These securities are subject to Austrian law.

#### **4.1.4. An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.**

The securities are bearer securities – unless otherwise specified in the Final Terms (see Final Terms Chapter VI. "4.1.4 Classification of Securities") – and are all represented in global certificates pursuant to § 24 lit b Securities Custody Act, Federal Law Gazette No. 424/1969 as amended by Federal Law Gazette No 650/1987, requiring the signature of two authorized signatories (member of the management board, director or holder of unlimited procuracy). The global certificates are deposited for inspection with Oesterreichische Kontrollbank Aktiengesellschaft ("OeKB"), Am Hof 4, Strauchgasse 1-3, 1011 Vienna, Austria, in its function as a central securities depository.

There is no entitlement to the handing over of the securities in the form of physical certificates.

#### **4.1.5. Currency of the securities issue**

The currency of the securities issue results from the Final Terms Chapter VI. "4.1.5 Currency of the Structured Securities".

#### **4.1.6. Ranking of the securities being offered and/or admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the security to any present or future liabilities of the issuer.**

These securities do not have any different rankings.



**4.1.7. A description of the rights, including any limitations of these, attached to the securities and procedure for the exercise of said rights.**

The following conversion rules shall apply to all securities denominated in foreign currencies:

**Conversion of foreign currency securities**

Unless otherwise specified or supplemented in the Final Terms Chapter VI "4.1.7 Conversion", the following conversion rules shall apply for foreign currency securities:

- The conversion of the issue price of the structured product at the start of the issue and the conversion of the price of the structured security during its term is done on the basis of the respective foreign currency ("FC")/Product currency ("PC") median value.
- The conversion of the respective redemption amount or settlement amount upon maturity from the respective foreign currency into the corresponding product currency is done on the basis of the respective FC/PC fixings displayed on the effective day on the Reuters page <ECBREF=> or another page replacing such page or, if the exchange rate is not displayed on another Reuters page, on the exchange rate displayed on the page of another data vendor. Should the exchange rate no longer be calculated in the manner defined or displayed as mentioned above, the issuer shall have the right to define the applicable exchange rate on the basis the market rules effective at the time for calculating exchange rates.
- In the case of "quanto" – currency hedged – securities, the respective foreign currency is always expressed 1 : 1 in the product currency. This means that the respective foreign currency unit automatically corresponds to a unit of the respective product currency.
- "Foreign Currency" in the meaning of this Prospectus is a currency other than the product currency

**Subscription ratio:**

All redemptions and exercise of the structured products described in this prospectus are carried out taking into consideration the subscription ratio.

The subscription ratio states – represented in mathematical ratios (e.g. 10:1) – how many securities are needed for the (theoretical) subscription to the underlying instrument (see Final Terms Chapter VI. 4.1.7 Subscription Ratio).

**Exchange trading day** in the meaning of this prospectus is any day on which the exchange and related exchange are open for trading during their respective regular trading sessions other than a day on which trading on any such exchange or related exchange is scheduled to close prior to its regular weekday closing time.

**Redemption**

On the redemption date the holder of a capped warrant will automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency) ("redemption amount") amounting to the difference by which the closing price of the underlying instrument (see Final Terms Chapter VI. "4.1.7 Underlying Instrument") exceeds the strike price on the respective maturity date (capped call warrant) or falls below it (capped put warrant), taking into account the subscription ratio.

The maximum redemption amount is limited to the absolute difference between the cap and the strike price, multiplied by the subscription ratio.

The respective strike price, the cap and the subscription ratio are defined at the start of the issue of the capped warrants by the issuer (see Final Terms Chapter VI. "4.1.7 Strike Price", "4.1.7 CAP" and "4.1.7 Subscription Ratio").

The closing price corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant stock exchange or price-fixing entity (see Final Terms Chapter VI. "4.1.12 Relevant Exchange/Price-fixing entity") (see Final Terms Chapter VI. "4.1.7 Closing Price").

#### **No regular returns**

Capped warrants do not entitle the holder to claim payment of interest or of dividends and therefore do not yield any regular returns.

#### **Termination**

Unless otherwise defined or supplemented in the Final Terms, (see Final Terms Chapter VI "4.1.7 Termination"), the following applies:

As a rule, it shall be irrevocably excluded that a holder of a structured security has the right to terminate the securities.

The issuer shall have the right to terminate the securities not yet settled prematurely by making an announcement as defined in Chapter 7.5 a.) stating the termination amount:

- should the listing of the respective underlying instrument be irrevocably ceased on the relevant exchange or price-fixing entity or on its primary exchange for any reason whatsoever;
- if, as a result of any change in the legal situation or any proposed change in the legal situation or any change in the official application, enforcement or interpretation of this legal situation, the issuer, as the case may be, has or will be obligated to pay additional amounts on any structured securities and such obligation cannot be avoided by the issuer, as the case may be, by any reasonable measures available to it which in the good faith opinion of the issuer will not have a material adverse impact on the conduct of its business.

#### **In the case of issues on individual securities (e.g. on shares/ADRs/GDRs):**

If the underlying instrument is an individual share, the issuer shall also be entitled to terminate the security stating the termination amount if in its opinion liquidity in the shares/ADRs/GDRs is very low on the relevant exchange/price-fixing entity or on the primary exchange.

#### **In the case of issues on indices or index baskets:**

If the underlying instrument is an index, the issuer is also entitled to terminate the security stating the termination amount if in its opinion liquidity is very low in the shares included in the index on the relevant exchange/price-fixing entity or on the primary exchange or on a derivatives exchange on which futures or options contract on such index are traded.

#### **In the case of issues on commodities:**

The issuer is also entitled to prematurely terminate securities not yet settled in the event of a market disruption (see below) stating the termination amount (see below).

#### **In the case of issues on share basket(s):**

The issuer shall also be entitled to terminate the security stating the termination amount if in its opinion liquidity in one or more shares of the basket is very low on the relevant exchange/price-fixing entity or

on the primary exchange so that the economic situation of the holder of the securities in the issuer's opinion has changed substantially.

Generally, in the event the issue is terminated prematurely, the issuer shall automatically pay to every security holder for every security held an amount in the product currency ("termination amount") five banking business days after the termination date that in the opinion of the issuer is an equitable amount and it has defined as the appropriate market price of the security.

Any other reasons that the issuer may state for prematurely termination a security and the legal consequences are contained in the Final Terms Chapter VI "4.1.7 Termination".

#### **Limitation**

The right to claim payment of capital due shall expire after thirty years as of the due time; claims to payments of interest shall expire after three years as of the due time.

#### **4.1.8. In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.**

New issues are approved by the management board after presentation of the issuance plan. This resolution to approve the issue is the basis for the issuance of the securities.

#### **4.1.9. The issue date of the securities**

The term of the issue is given in the Final Terms Chapter VI. "4.1.9 Issue Date" and "4.1.9 Maturity Date".

#### **4.1.10.A description of any restrictions on the free transferability of the securities.**

As co-ownership shares, the securities are transferable. They can be individually transferred within the scope of securities giro transactions. Unless otherwise specified in the Final Terms Chapter VI. "4.1.10 Transferability of the Securities", there are no restrictions on the free transferability of the securities.

#### **4.1.11.The expiration or maturity date of the derivative securities;**

The following generally applies to structured securities:

The due date of the payment ("redemption date") for the redemption of structured securities is three banking business days after the maturity date (see Final Terms Chapter VI. "4.1.9 Maturity Date"), unless otherwise specified in the Final Terms in Chapter VI. "4.1.12 Redemption Date".

A "**banking business day**" in the meaning of this Prospectus is – unless otherwise specified or supplemented in the Final Terms – a day on which commercial banks are open for business in Austria and Germany.

If the redemption date is not a banking business day, the payment shall be made on the next following banking business day. The holder of structured securities shall not have the right to demand interest or any other compensation for such a delay in payment.

Any taxes, charges or other duties falling due upon the payment of money shall be borne and paid by the holder of the structured securities. The issuer or the payment agent shall be entitled to retain money amounts for taxes, charges or other duties that are to be paid by the holder of the structured securities.

**4.1.12.A description of the settlement procedure of the derivative securities.**

Please refer to the description of the settlement procedures in Chapter 4.1.7 for the redemption of structured securities.

**4.1.13.A description of how any return on derivative securities takes place, the payment or delivery date, and the way it is calculated.**

The investor does not receive any return on structured securities, but rather the redemption amount. The redemption amount will be commercially rounded to two decimal places. All payments are done in the respective product currency. The payment date or delivery date is contained in the Final Terms Chapter VI "4.1.13 Payment Date".

**4.1.14.In respect of the country of registered office of the issuer and the country(ies) where the offer is being made or admission to trading is being sought:**

- a. information on taxes on the income from the securities withheld at source,
- b. indication as to whether the issuer assumes responsibility for the withholding of taxes at the source.

The description refers exclusively to the relevant provisions of the taxation of income on capital assets and of other income on securities held by individual non-business investors resident in the respective country (thus treatment of income not from business operations). The explanations do not comprise all aspects of these types of taxation. The description does not deal with the individual tax situation of individual investors.

The information presented in 4.1.14 does not replace the necessary advice that must be obtained from a tax advisor in every individual case, considering the respective product, the investor's tax position and the recent legal position in the respective country, before reaching a decision to buy. Before buying a security, interested investors should in any case seek advice from their local tax advisors on the tax consequences of the acquisition, holding, sale and redemption of these securities. This is particularly true considering the current amendments to taxation law. The explanations provide general information based on the legal framework as per August 2007. The information has not been confirmed by court rulings or any explicit statements of the tax authorities and therefore should not be understood to mean that the tax consequences described are guaranteed to occur. Changes in the law, jurisdiction and administrative practice as well as deviating judgements of tax authorities due to the scope of potential divergent interpretations cannot be excluded and are not within the liability of the issuer. The individual tax status and assumptions thereon made by the investor are not subject of the contract between the issuer and the investor.

ad a)

**I Regarding holders of securities who are subject to taxation in Austria**

Returns on securities are income from speculation dealings pursuant to § 30 par.1 fig. 2 Income Tax Act (margin no. 7757a ff income tax law 2000-decree 2005 of 2 Jan. 2006) if at the time of the start of the

issue (see Final Terms Chapter VI. "4.1.9 Issue Date") the capital expenditure for the respective security is smaller than or equal to 20% in relation to the price of the underlying instrument.

If at the time of the start of the issue the capital expenditure for the respective security is more than 20% in relation to the price of the underlying instrument, then the returns on the securities are income on capital assets pursuant to § 27 par. 1 fig. 4 Income Tax Act 1988 and are therefore subject to capital yields tax.

## **II Holders of securities who do not have their habitual place of residence or domicile in Austria**

If an investor does not have his or her habitual place of residence or domicile in Austria, then capital yields from the redemption or sale of structured securities are not subject to income tax in Austria.

If such capital yields are paid out by an Austrian interest paying agent, the capital yields tax is not deducted, if the investor has furnished proof or credibly documented the status of non-resident to the paying agent.

Capital yields from the redemption or sale of certificates shall generally be subject to EU withholding tax as of 1<sup>st</sup> July 2007, if they are paid out by a domestic paying agent to a natural person who has his or her domicile in another member state of the EU. The paying agent is the credit institution which pays out the capital yields to the investor.

EU withholding tax is 15 % for payments as of 1<sup>st</sup> July 2005, 20 % for payments as of 1<sup>st</sup> July 2008 and 35 % for payments as of 1<sup>st</sup> July 2011. EU withholding tax is not levied if the investor presents to the paying agent a confirmation of his or her home tax office on the disclosure of the capital yields.

Income on capital from the capped warrants described in this prospectus does not constitute interest income that would be subject to EU withholding tax in the opinion of the Federal Ministry of Finance.

## **III The following applies to holders of securities subject to taxation in the Federal Republic of Germany:**

The following presentation is limited to the presentation of taxation of privately-held assets (*Privatvermögen*) pursuant to the German Income Tax Act (excluding Church Tax (*Kirchensteuer*)) without German paying agent (*Zahlstelle*) and is based on the current state of the law. In addition it includes an outlook to the investment flat rate tax (*Abgeltungssteuer*) which passed German upper house of parliament on July 6th, 2007 as part of the *Unternehmensteuerreform 2008*.

### **A. Current Taxation**

A profit from the sale of a warrant is only then subject to taxation as a private sale if the period between acquisition and disposition is no more than one year (Disposition of securities within the meaning of § 23 (1) No. 2 EStG, BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Notes 17 and 22). This also applies to the exercise of an option with cash settlement, provided that the period between acquisition and exercise is no more than one year (forward transaction within the meaning of § 23 (1) No. 4 EStG, BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Notes 16 and 21). The purchase price and ancillary purchase costs of the warrants are then deemed to be income-related expenses (*Werbungskosten*) pursuant to § 23 (3) Sentence 5 EStG. Losses from the warrants may only be offset against profits received by the tax payer from private sales (*private Veräußerungsgeschäfte*) in the same calendar year (§ 23 (3) Sentence 8 EStG). Losses which may not be offset reduce, to a limited extent, the earnings from private sales of the immediately preceding or the following assessment periods (§ 23 (3) Sentence 9 EStG).

Dispositions and redemptions with cash settlement which occur after a holding period of more than one year are not subject to taxation.

In the event that a call option is exercised and the underlying value is delivered, this will not have any direct tax consequences regardless of the holding period. The option premium paid is included in the purchase price of the acquired shares (BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Note 15) and, as the case may be, may have profit-reducing effect upon a later taxable sale of these shares. The exercise of a put option and delivery of the underlying value results in taxable profits from a private sale if the underlying value subject to the disposition was acquired within one year prior to the disposition (BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Note 20).

The tax treatment of the expiration of an option within the one year holding period is not conclusively clarified at this time. Currently a case (IX R 11/06) is pending before the German Fiscal High Court (Bundesfinanzhof) regarding the question whether the acquisition costs of warrants which are expired within the holding period qualify as expenses related to income from private sales (*private Veräußerungsgeschäfte*). However, for the time being the German fiscal authorities adhere to the view that such expiration has no tax consequences.

### **Investment flat tax (Abgeltungssteuer)**

#### **B. German Tax Reform 2008 (Unternehmensteuerreform 2008)**

On July 6th 2007 German Parliament has passed the so called Unternehmensteuerreform 2008. One part of the Unternehmenssteuerreform 2008 is the introduction of an investment flat tax which includes fundamental changes to the principles of taxation of capital income (Einkünfte aus Kapitalvermögen) and capital gains (Einkünfte aus Veräußerungsgeschäften) for privately held assets.

This new investment income flat tax will be fully applicable for warrants which have been acquired on January 1st 2009 or later.

The **warrants** (see par. A.) will remain taxable under the current rules if acquired before January 1st 2009. Thereafter the income flat tax will apply.

When the investment flat tax is to be applied, all capital income in the form of capital gains or other payments out of the sale or redemption of the warrants are treated as capital income within the meaning of section 20 part 2 no. 7 German Income Tax Act. In principle they are subject to a flat tax of 25 % plus 5.5 % solidarity surcharge thereon. This is applied to all warrants whether they are to be considered as being speculative or not.

Losses out of the sale or redemption of the warrants can only be netted with other positive capital income. In so far as this is not possible within the tax year assessment in which the losses occurred, these losses can be carried forward without restriction in future years to be then netted with positive capital income.

ad b):

**The issuer does not assume any responsibility for the withholding of the above mentioned withholding taxes.**

#### **4.2. Information concerning the underlying**

##### **4.2.1. The exercise price or the final reference price of the underlying**

The final reference price is the price of the underlying instrument determined and published on maturity date (see Final Terms Chapter VI. "4.1.9 Maturity Date") by the relevant exchange/price-fixing entity (see Final Terms Chapter VI. "4.1.12 Relevant Exchange/Price-fixing Entity").

##### **4.2.2. A statement setting out the type of the underlying and details of where information on the underlying can be obtained:**

For the type of underlying instrument and details on where information on the underlying instrument can be obtained, refer to Final Terms Chapter VI. "4.1.7 Underlying Instrument". For the specific features and risks related to the different underlying instrument, refer to Chapter III.B.b). The underlying instrument of the respective security is selected from the group of underlying instruments listed in Chapter III.B.b).

- (i) An indication where information about the past and the future performance of the underlying and its volatility can be obtained;**

Information on the past and future performance of the underlying instrument and its volatility is available at the website of the relevant exchange/price-fixing entity (see Chapter "4.1.12 Relevant Exchange/price-fixing entity" in the Final Terms), at the website of the issuer (<http://www.rcb.at>), on the free stock market information pages (e.g. <http://www.onvista.de>) and in the pay information systems (such as Reuters, Bloomberg), if these sites provide such information.

- (ii) Where the underlying is a security:**
  - the name of the issuer of the security;
  - the ISIN (International Security Identification Number) or other such security identification code;

See Final Terms Chapter VI. "4.1.7 Underlying Instrument".

- (iii) Where the underlying is an index:**
  - the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained;

See Final Terms Chapter VI. "4.1.7 Underlying Instrument".

- (iv) Where the underlying is an interest rate:**
  - a description of the interest rate;

See Final Terms Chapter VI. "4.1.7 Underlying Instrument".

**(v) Others:**

**Where the underlying does not fall within the categories specified above the securities note shall contain equivalent information;**

See Final Terms Chapter VI. "4.1.7 Underlying Instrument".

**(vi) Where the underlying is a basket of underlyings:**

**- disclosure of the relevant weightings of each underlying in the basket.**

See Final Terms Chapter VI. "4.1.7 Underlying Instrument".

**4.2.3. A description of any market disruption or settlement disruption events that affect the underlying.**

Unless otherwise specified or supplemented in the Final Terms Chapter VI "4.2.3 Market Disruption", the following rules shall apply:

**a. In the case of securities on shares/ADRs/GDRs:**

A market disruption means the temporary suspension or essential limitation (either)

- of trading in the underlying instruments on the relevant exchanges,
- in the shares on the primary exchange, or
- in futures or options contracts relating to the underlying instrument on any derivatives exchange on which futures or options contracts on the underlying instrument are traded ("derivatives exchange"),

if this suspension or limitation occurs or exists during the one hour period prior the calculation of the closing price of the underlying instrument.

**b. In the case of securities on commodities:**

A market disruption means (either)

- the suspension or essential limitation of the calculation and/or publication of the value of the commodities by the relevant price-fixing entity, or
- the suspension or essential limitation of trading in futures or options contracts relating to the commodities on any derivatives exchange, on which futures or options contracts relating to the commodities are traded ("derivatives exchange").

**c. In the case of securities on indices:**

A market disruption means the temporary suspension or essential limitation of trading in the shares contained in an index on a stock market or in a trading system, whose quotes are used for the calculation of the respective index, if in the opinion of the issuer, this suspension or limitation means that the index cannot be determined, because the index is not published in general or for the relevant time period, or there is a material change in the formula for or the method of calculating the index last in effect at the time the security was issued, to such an extent that the expected index will not be comparable with the index at the time of issue of the security (except for the fact that other continuously traded securities will be included in the index).



d. In the case of securities on baskets of instruments (e.g. share basket, commodities basket):

A market disruption means (either)

- the suspension or essential limitation of the calculation and publication of the closing prices for one or more of the instruments (such as shares, commodities) contained in the underlying (basket of instruments) by the relevant exchange/price-fixing entity, or
- the suspension or essential limitation of trading in futures or options contracts on one or more of instruments (such as shares, commodities) contained in the underlying (basket of instruments) on a derivatives exchange on which futures and options contracts on the respective instruments (e.g. shares, commodities) are traded ("derivatives exchange").

A limitation of trading hours or number of trading days will not constitute a market disruption, if it was announced by the relevant exchange prior to the occurrence of the limitation.. A limitation imposed on trading during a trading day by reason of movements in price exceeding limits permitted by the relevant exchange will only constitute a market disruption if the trading limitation remains until the end of the trading session on the relevant trading day.

In any case, the issuer shall make every effort to notify the parties involved immediately of the occurrence of a market disruption. However, he has no obligation to do so.

**4.2.4. Adjustment rules with relation to events concerning the underlying.**

Unless otherwise specified or supplemented in the Final Terms Chapter VI "4.2.4 Adjustment Rules", the following shall apply:

1. If, during the term of the securities, a corporate action in the underlying instrument occurs, these terms will be adjusted in accordance with the ÖTOB Rules pr the EUREX (German futures exchange) Rules or with the rules applicable at the respective exchange/price-fixing entity in order to ensure that the holder of the securities will remain in the original economic situation.

The relevant effective day ("effective day") shall be the maturity date.

2. If no closing price is determined and published for the respective underlying instrument on this relevant effective day or if in the opinion of the issuer there is a market disruption, the following procedures apply, unless otherwise stipulated in the Final Terms in Chapter VI "4.2.3 Adjustment Rules":

**a. Securities on individual shares (e.g. shares/ADRs/GDRs):**

The relevant effective day is postponed to the next following banking business day in Austria and the country of the primary exchange of the underlying instrument on which no longer a market disruption exists. If the market disruption lasts for a longer period of time and the relevant effective day has been postponed for five banking business days in Austria and in the country of the primary exchange of the underlying instrument, this day shall be deemed the relevant effective day and a substitute price is determined.

A substitute price is, if available, the price determined by the relevant exchange/price-fixing entity for the share/ADR/GDR or if such price is not available, a price determined by the issuer for the share/ADR/GDR which according to the issuer corresponds to the market situation on this day.

**b. Securities on indices:**

The relevant effective day is postponed to the next banking business day in Austria and in the country of the home exchange of the underlying instrument, on which

- a closing price is determined and published again for the relevant index, or
- the issuer calculates and publishes pursuant to Chapter 7.5. b.) a substitute index itself, and
- no market disruption exists.

The issuer may determine the index for the relevant effective day itself ("Substitute Index"). The basis for the calculation of this substitute index is the formula for and method of calculation and the composition and weighting of the prices and shares in the index last in effect prior to the index last published or that applied immediately prior to a change in the index, that was the reason why the issuer decided to calculate a substitute index. The substitute index shall then replace the original index.

**c. Securities on commodities:**

The relevant effective day is postponed to the next calendar day on which the closing price of the concerned underlying instrument is determined and published again.

**d. Securities on baskets of shares:**

- i. If during the term of the warrants – from the point of view of the issuer – (i) a corporate action occurs, or (ii) a suspension from the official market without substitution of one of the shares contained in the basket occurs on the relevant exchange, or (iii) a tender offer for the relevant business exists, or (iv) the liquidity of the relevant share reduces essentially, the issuer shall take measures to put the holder of the warrants back into the original economic situation. In the issuer's sole discretion:
  - the value of such share shall be distributed among the shares remaining in the basket on the basis of the latest available price in equal shares according to the currently applicable weighting; or
  - the affected share will be substituted by another share according to the prevailing market conditions; or
  - a "substitute price" is calculated for the affected share. The substitute price will be the price calculated by the relevant exchange, or, if such a price is not available, the price which corresponds, in the opinion of the issuer, to the fair market value of this share according to the prevailing market conditions.

There shall be no disadvantage for the holders of the warrants caused by such rounding. The decision of the issuer on such adjustments of the basket by the issuer or a third party commissioned by the issuer shall be binding on all parties involved and shall be published unless an obvious mistake has been made.

- ii. If the maturity date in respect of a share contained in the basket is not an exchange trading day or a market disruption exists, then the maturity date (A) for each share not affected by the occurrence of this disruption shall be the scheduled maturity date and (B) for each share affected by the occurrence of such a disruption shall be the first succeeding exchange trading day, where no market disruption exists, unless the issuer determines that on each of the three exchange trading days immediately following the maturity date a market disruption exists. In that case:
  - that third exchange trading day shall be deemed to be the maturity date for the relevant share notwithstanding the fact that a market disruption exists; and

- the issuer shall determine its good faith estimate of the value for that share on that maturity date; and
  - the redemption date will be postponed accordingly (three banking business days after the maturity date).
- iii. **"Exchange trading day"** in the meaning of this terms is any day on which the exchange is open for trading during their respective regular trading sessions other than a day on which trading on any such exchange is scheduled to close prior to its regular weekday closing time.

**e. Securities on baskets of indices:**

- i. If, in respect of any index, an initial fixing date or an observation date is a disrupted day, then
- the relevant initial fixing date or observation date, for each index not affected by the occurrence of a disrupted day shall be the scheduled initial fixing date or observation date (as the case may be) and
  - the initial fixing date or observation date, for each index affected by the occurrence of a disrupted day shall be the first succeeding scheduled trading day that is not a disrupted day relating to the relevant index, unless there is a disrupted day relating to that index on each of the eight scheduled trading days immediately following the date that, but for the occurrence of the disrupted day, would have been the relevant observation date.

In that case:

- that eighth following scheduled trading day shall be deemed to be the relevant initial fixing date or observation date, as the case may be (the "Deemed Date") for the relevant Index notwithstanding it is a disrupted day; and
  - the issuer shall determine the index for the relevant day itself ("Substitute Index"). The basis for the calculation of this substitute index is the formula for and method of calculation and the composition and weighting of the prices and shares in the index last in effect prior to the index last published or that applied immediately prior to a change in the index that was the reason why the issuer decided to calculate a substitute index. The substitute index shall then replace the original index.
- ii. **"Disrupted Day"** means in respect of an Index any scheduled trading day on which a relevant exchange or any related exchange fails to open for trading during its regular trading session or on which a market disruption event has occurred; and
- iii. **"Scheduled Trading Day"** means any day on which the exchange is scheduled to be open for trading for their respective regular trading sessions other than a day on which trading on any such exchange is scheduled to close prior to its regular weekday closing time.

**f. Securities on baskets of other underlyings (e.g. basket of commodities):**

The postponement of the relevant effective day is determined in the Final Terms Chapter VI "4.2.4 Adjustment Rules".

## **5. TERMS AND CONDITIONS OF THE OFFER**

### **5.1. *Conditions, offer statistics, expected timetable and action required to apply for the offer***

#### **5.1.1. Conditions to which the offer is subject.**

The offer is not subject to any conditions.

The features of the individual securities issues result from the General Securities Terms (Chapter VI.) and the Final Terms (Chapter VI) supplementing the General Securities Terms.

At the time of preparation of this prospectus, the Final Terms of the individual securities that the issuer will offer under the issuance programme describe were not yet final. However, as soon as these are final, the so-called Final Terms of the issuer in accordance with §7 par. 4. Capital Market Act will be deposited for inspection with the Financial Market Authority (FMA). A specimen for such final terms is included in this Prospectus (see Annex 4).

The Final Terms are to be read together with this Capped Warrants Prospectus of Raiffeisen Centrobank AG of 31<sup>st</sup> August, 2007. This Prospectus contains the complete and comprehensive information on the issuance programme and the individual securities issues.

#### **5.1.2. Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer.**

The total amount of the securities issue is EUR 100,000,000. The sum of the individual security issues results from the Final Terms Chapter VI. "5.1.2 Total Volume". The issuer has the right to issue further structured securities with the same features as the structured securities described in this Prospectus so that these form a uniform issue together with the respective structured securities and increase the number.

#### **5.1.3. The time period, including any possible amendments, during which the offer will be open and description of the application process.**

The issue is continuous and repeated (continuous issue). Generally, in the case of continuous issues of structured securities, the offer period corresponds to the term of the securities. The issuer has the right to define a subscription period. This shall be stated in the Final Terms Chapter VI "5.1.3 Subscription Period".

The invitation to make an offer to the initial buyers shall be done by the distribution partners, if any, of the issuer. The interested investors subsequently submit an offer to the issuer or other distribution partner for the purchase of the structured securities. The acceptance of the offer is done by the issuer by way of securities settlement or allotment. The issuer shall retain the right without having to state reasons for not accepting offers or to execute only parts of offers.

#### **5.1.4. Details of the minimum and/or maximum amount of application, (whether in number of securities or aggregate amount to invest).**

The denomination of the securities results from the Final Terms Chapter VI. "5.1.4 Denomination". No maximum amount is fixed. The maximum amount of the offering therefore is generally derived from the total volume of the concrete securities issue (see Final Terms Chapter VI. "5.1.2 Volume").

**5.1.5. Method and time limits for paying up the securities and for delivery of the securities.**

Unless otherwise stipulated in the Final Terms or supplemented therein, the payment of the purchase price is based on a purchase contract between the investor and the issuer (General Securities Terms in conjunction with the Final Terms) on the purchase of the structured securities. The structured securities are delivered upon payment within the period usual on the market.

**5.1.6. A full description of the manner and date in which results of the offer are to be made public.**

The issue is a continuous issue and therefore no disclosure of the proceeds of the offer can be done.

**5.2. Plan of distribution and allotment**

**5.2.1. The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.**

There are no plans for categories of investors. Information on the tranche in the case of admission to trading on two or more markets is contained in the Final Terms Chapter VI "5.2 Exchange Listing".

**5.2.2. Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.**

Not applicable.

**5.3. Pricing**

**Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser.**

The issue price of the structured securities is fixed taking into account several different factors (e.g. price of the underlying instrument of the security on a certain date and the fluctuation range, current interest rates, exchange rates, future dividend expectations and product-specific parameters).

The issue price is disclosed in the Final Terms Chapter VI "5.3. Issue Price". Generally, no issue surcharge is planned. Should the issuer, however, intend to fix such an issue surcharge, it will be disclosed in the Final Term Chapter VI "5.3 Issue Surcharge".

The costs that may arise include transaction costs and the usual banking purchase fees. The costs and expenses of indirect buying are not subject to the control of the issuer.

**5.4. Placing and underwriting**

**5.4.1. Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.**

Not applicable.

**5.4.2. Name and address of any paying agents and depository agents in each country.**

Paying agent is Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1010 Vienna, Austria. The crediting of redemption payments to the holder shall be done by the respective custodian bank of the securities holder. The issuer shall have the right to name additional paying agents and to revoke their appointment. Appointments and revocations shall be disclosed pursuant to 7.5 a.). Any further paying agents shall act in this function solely as parties commissioned by the issuer and their relationship with the holders of warrants shall not be one of contractor or trustee.

The paying agents shall only be liable for any representations made or omitted, or declarations accepted or actions taken or not taken to the extent they do not violate the due diligence and prudence principles of a proper merchant.

The depository shall be OeKB in its function as central securities depository.

**5.4.3. Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Where not all of the issue is underwritten, a statement of the portion not covered.**

Not applicable.

**5.4.4. When the underwriting agreement has been or will be reached.**

Not applicable.

**5.4.5. Name and address of a calculation agent.**

The issuer is the calculation agent.

## **6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

**6.1. An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance shall be mentioned, without creating the impression that the admission to trading necessarily will be approved. If known, the earliest dates on which the securities will be admitted to trading shall be given.**

Should an application to trading on a regulated market/markets or an equivalent market be made for the securities to be newly issued under this issuance programme, this shall be stated in the Final Terms Chapter VI "6.1 Admission to Trading/Markets". In such case, it will be possible to trade the securities on every exchange trading day on the exchange and over the counter in continuous trading.

At present, the issuer plans to apply to trading for the securities on the Semi-official Market of Wiener Börse, on the Regulated Unofficial Market (EUWAX) of the Stuttgart Stock Exchange.

**6.2. All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.**

To the knowledge of the issuer, such securities are traded on the Semi-official Market and the Third Market of Wiener Börse as well as on the Unregulated Market and Regulated Unofficial Market of the Stuttgart Stock Exchange (EUWAX).

**6.3. Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.**

Not applicable.

## **7. ADDITIONAL INFORMATION**

**7.1. If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.**

Not applicable.

**7.2. An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.**

Not applicable.

**7.3. Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such person's name, business address, qualifications and material interest, if any, in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the Securities Note.**

Not applicable.

**7.4. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the issuer shall identify the source(s) of the information.**

Not applicable.

**7.5. An indication in the prospectus whether or not the issuer intends to provide post-issuance information. Where the issuer has indicated that it intends to report such information, the issuer shall specify in the prospectus what information will be reported and where such information can be obtained.**

Generally, the publication of information is not planned for after the issue. In those cases in which

a.) a reference is made to Chapter 7.5 a.), announcements concerning structured securities described in this prospectus will be made in accordance with the law in the Official Gazette of "Wiener Zeitung". Should this newspaper discontinue publication, it shall be replaced by the daily newspaper serving as medium for official announcements. A special notification of each individual holder of a warrant shall not be required.

b.) a reference is made to Chapter 7.5 b.), announcements concerning structured securities described in this prospectus will be made by deposit with the Austrian Financial Market Authority and simultaneously publication on the website of the issuer (<http://www.rcb.at/>).

Unless otherwise stipulated in these securities terms, these announcements shall only serve for information purposes and do not constitute any requirement for the effectiveness of the issue.



## **VI. FINAL TERMS**

At the time of preparation of this capped warrants prospectus, the final terms of the individual securities that the issuer will offer under the issuance programme described were not yet final. However, as soon as these terms become final, the so-called Final Terms of the issuer in accordance with §7 par. 4. Austrian Capital Market Act will be deposited for inspection with the Financial Market Authority (FMA). A specimen of such final terms is included in this Prospectus (see below).

The final terms are to be read together with this Capped Warrants Prospectus of Raiffeisen Centrobank AG of 31<sup>st</sup> August 2007. This Capped Warrants Prospectus contains the complete and comprehensive information on the issuance programme and the individual securities issues.

**Specimen  
Final Terms**

**Issuance Programme 2007/2008  
of  
Raiffeisen Centrobank AG**

for

**Capped Warrants**

The complete and comprehensive information on Raiffeisen Centrobank AG and on the issuance programme and the individual securities issues are contained in the Capped Warrants Prospectus of Raiffeisen Centrobank AG of 31<sup>st</sup> August 2007 which is to be read in conjunction with these Final Terms. The Capped Warrants Prospectus will be made available at Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1010 Vienna, Austria during the usual business hours. These Final Terms also serve to complete the General Securities Terms of Raiffeisen Centrobank (Annex 4 of the Capped Warrants Prospectus of 31<sup>st</sup> August 2007).

Information pursuant to General Securities Terms	Information pursuant to (EC) 809/2004 Chapter V of the Prospectus	Final Terms
1	„4.1.1 Name of Security“ <sup>1</sup>	
2	"4.1.1 ISIN"	
3	"4.1.1 Type of Security“ <sup>2</sup>	
4	"4.1.4 Classification of Security“ <sup>3</sup>	
5	"4.1.5 Currency of Structured Security"	
6	"4.1.7 Strike Price"	
7	"4.1.7 Underlying Instrument"	
8	Type	
9	Description of underlying instrument <sup>4</sup>	
10	"4.1.7 Subscription Ratio"	
11	"4.1.7 CAP"	
12	"4.1.7 Closing Price“ <sup>5</sup>	
13	"4.1.7 Settlement"	
14	"4.1.7 Conversion"	
15	"4.1.7 Termination"	
16	"4.1.9 Issue Date"	
17	"4.1.9 Maturity Date"	
18	"4.1.10 Transferability of Securities"	

<sup>1</sup> Indication of structured security which is the object of the securities issue.

<sup>2</sup> Call or put

<sup>3</sup> Bearer securities/registered securities

<sup>4</sup> For shares/ADR/GDR: issuer and ISIN number.

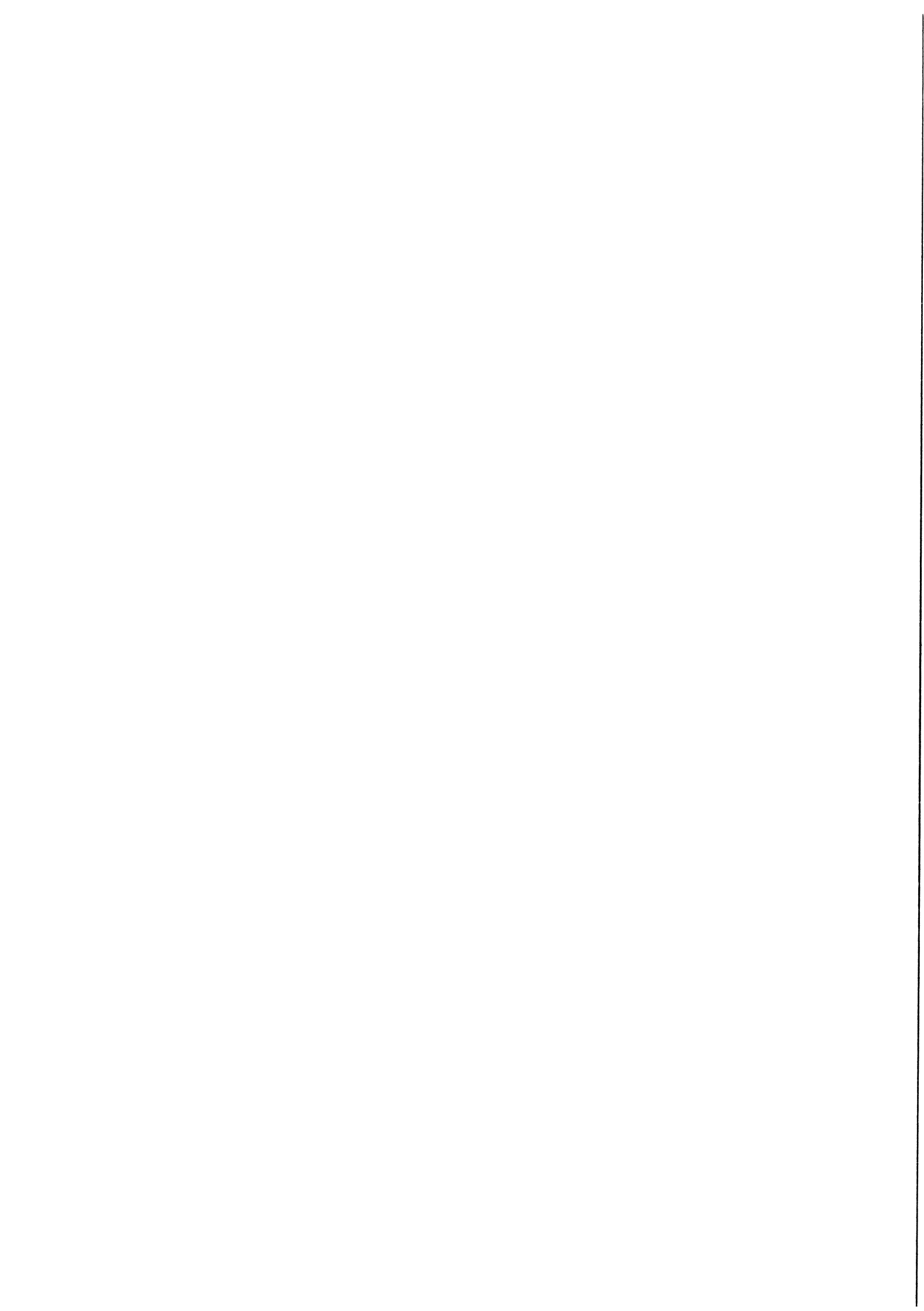
For indices: name of index and description if the index has been composed by the issuer. Otherwise indication of the system where information on the index is available.

For commodities: price of the respective commodity and ISIN number.

Furthermore, currency of the underlying instrument is to be indicated.

<sup>5</sup> Indication of closing price and its method of calculation.

Information pursuant to General Securities Terms	Information pursuant to (EC) 809/2004 Chapter V of the Prospectus	Final Terms
19	"4.1.11 Redemption Date"	
20	"4.1.12 Relevant Exchange/Price-fixing Entity"	
21	"4.2.3 Market Disruption"	
22	"4.2.4 Adjustment Rules"	
23	"5.1.2 Volume"	
24	"5.1.3 Subscription Period"	
25	"5.1.4 Denomination"	
26	"5.2. Exchange Listing"	
27	"5.3 Issue Surcharge"	
28	"5.3 Issue Price"	
29	"6.1 Admission to Trading/Markets"	

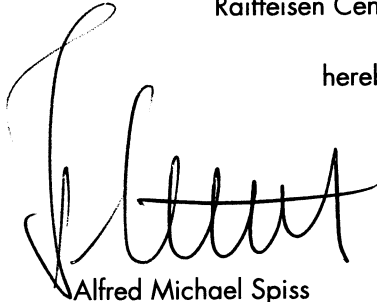


## VII. SIGNATURES PURSUANT TO THE AUSTRIAN CAPITAL MARKET ACT

Pursuant to § 8 par. 1 Capital Market Act

Raiffeisen Centrobank Aktiengesellschaft

hereby signs as issuer



Alfred Michael Spiss  
Member of the Executive Board



Gerald Deimel  
Head of Legal, Tax & Compliance

Vienna, on 31<sup>st</sup> August 2007

## VIII. ANNEXES

- Annex 1: Financial Statements for the year ending on 31 December 2005 including audit opinion
- Annex 2: Financial statements for the year ending 31 December 2006 including audit opinion
- Annex 3: Statements of sources and for the application of funds for the business years ending 31 Dec. 2005 and 31 Dec. 2006 including the auditor's confirmation
- Annex 4: General Securities Terms

# **ANNEX 1**

**Financial Statements for the year ending  
on 31 December 2005 including audit opinion**

# Balance Sheet

## as of December 31, 2005

### Assets

		Dec. 31, 2005		Dec. 31, 2004
	EUR	EUR	TEUR	TEUR
1. Cash in hand and balances with central banks		3,478,373.44		3,000
2. Treasury bills and similar securities eligible for refinancing with central banks		15,786,308.22		18,138
3. Claims on credit institutions				
a) repayable on demand	90,699,439.74		39,894	
b) other claims	87,406,719.52	178,106,159.26	38,901	78,795
4. Claims on costumers		180,794,688.79		195,227
5. Bonds and other fixed-income securities				
a) issued by public issuers	2,091,531.47		438	
b) issued by other borrowers	95,716,914.08	97,808,445.55	118,148	118,586
6. Shares and other variable-yield securities		885,241,260.26		486,793
7. Investments in related companies		5,167,850.12		5,168
8. Investments in subsidiaries		11,952,364.54		18,457
9. Intangible fixed assets		420,188.00		582
10. Tangible fixed assets		19,543,171.96		5,226
hereof: land and buildings used by the credit institution for its own activities EUR 14,563,495.92; previous year: TEUR 1,263				
11. Other assets		207,141,363.32		41,076
12. Deferred expenses		942,807.60		2,038
<b>Total assets</b>		<b>1,606,382,981.06</b>		<b>973,086</b>

### Items shown below the balance sheet

1. Foreign assets		1,030,174,115.26		608,088
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## Liabilities and Shareholders' Equity

	EUR	Dec. 31, 2005 EUR	TEUR	Dec. 31, 2004 TEUR
1. Liabilities to credit institutions				
a) repayable on demand	7,930,860.50		31,038	
b) with agreed maturity dates or periods of notice	60,248,390.72	68,179,251.22	132,683	163,721
2. Other liabilities to customers				
a) repayable on demand	88,514,828.88		76,314	
b) with agreed maturity dates or periods of notice	27,339,159.17	115,853,988.05	36,505	112,819
3. Liabilities evidenced by certificates				
a) issued bonds		654,652,314.66		392,125
4. Other liabilities		656,899,117.60		218,337
5. Deferred income		551,615.76		840
6. Provisions				
a) provisions for severance compensation	2,736,196.51		2,510	
b) provisions for pensions	262,804.81			
c) provisions for taxes	1,807,065.00		516	
d) other provisions	15,421,460.88	20,227,527.20	9,460	12,486
7. Subscribed capital		47,598,850.00		47,599
8. Share premium account (appropriated reserves)		6,651,420.71		6,651
9. Revenue reserves (statutory reserve)		1,030,936.83		1,031
10. Reserve under Sec. 23 subsec. 6 Austrian Banking Act		13,029,860.00		11,795
11. Net profit		21,708,099.03		5,682
<b>Total liabilities and shareholders' equity</b>		<b><u>1,606,382,981.06</u></b>		<b><u>973,086</u></b>

### Items shown below the balance sheet

1. Contingent liabilities guarantees and assets pledged as security		6,414,715.94		9,301
2. Commitments		2,106,055.69		16,287
3. Liabilities arising from trust transactions		7,211,141.16		7,211
4. Total net capital resources under Sec. 23 subsec. 14, Banking Act hereof capital resources under Sec. 23 subsec. 14, ref 7 Banking Act EUR 0.00; previous year: TEUR 0		67,890,879.54		66,494
5. Required capital resources under Sec. 22 subsec. 1 Austrian Banking Act hereof required capital resources under Sec. 22 subsec. 1, ref 1 and 4 Austrian Banking Act EUR 19,043,000.00; previous year: TEUR 17,892		49,891,000.00		38,795
6. Foreign shareholders' equity and liabilities		154,230,445.74		199,970

# Profit and Loss Account

## for the Year ended December 31, 2005

	2005		2004	
	EUR	EUR	TEUR	TEUR
1. Interest and similar income		12,015,336.48		7,764
<i>hereof: from fixed-income securities</i>	1,200,388.05		1,211	
2. Interest and similar expenses		-8,223,303.98		-6,127
<b>I. NET INTEREST INCOME</b>		<b>3,792,032.50</b>		<b>1,637</b>
3. Income from securities and from investments <i>in related companies and subsidiaries</i>		7,649,038.23		4,772
a) <i>income from shares and other variable-         yield securities</i>	7,649,038.23		4,772	
4. Fee and commission income		12,628,523.81		7,726
5. Fee and commission expenses		-8,122,827.89		-5,423
6. Net profit on financial trading activities		40,724,285.08		25,115
7. Other operating income		1,818,818.30		1,261
a) <i>net profit on commercial trading activities</i>	456,157.95		397	
b) <i>remaining other operating income</i>	1,362,660.35		864	
<b>II. OPERATING INCOME</b>		<b>58,489,870.03</b>		<b>35,088</b>
8. General administrative expenses		-28,028,663.49		-22,067
a) <i>staff expenses</i>				
aa) <i>wages and salaries</i>	15,497,464.62		12,208	
bb) <i>statutory social security contributions             as well as levies and compulsory             contributions dependent on wages             and salaries</i>	2,588,267.91		2,403	
cc) <i>other employee benefits</i>	288,703.73		257	
dd) <i>expenses for old age pension scheme</i>	511,142.18		239	
ee) <i>allocation to the provision             for severance compensation</i>	973,502.85		818	
	19,859,081.29		15,925	
b) <i>other administrative expenses</i>	8,169,582.20		6,142	
9. Depreciation in respect of asset items 9 and 10		-1,639,822.14		-1,442
10. Other operating expenses		-67,354.24		-65
<b>III. OPERATING EXPENSES</b>		<b>-29,735,839.87</b>		<b>-23,574</b>

	2005	2004
	EUR	TEUR
<b>IV. OPERATING RESULT</b>	<b>28,754,030.16</b>	<b>11,514</b>
11. Expenditures arising from the valuation of receivables and from securities held as other current assets	-1,310,471.16	-2,778
12. Income arising from the valuation of receivables	137,835.40	1,872
13. Expenditures arising from the valuation of securities valued as financial fixed assets and of subsidiaries	-3,141,841.34	-3,163
14. Income arising from the disposal of securities valued as financial fixed assets	279,983.95	0
<b>V. RESULT OF ORDINARY ACTIVITIES</b>	<b>24,719,537.01</b>	<b>7,445</b>
15. Taxes on income	-1,801,417.02	-385
16. Other taxes unless included in item 15	-908,599.41	-565
<b>VI. ANNUAL SURPLUS</b>	<b>22,009,520.58</b>	<b>6,495</b>
17. Adjustment of reserves	-1,235,000.00	-1,474
thereof donation of liability reserve	1,235,000.00	1,474
<b>VII. PROFIT FOR THE YEAR</b>	<b>20,774,520.58</b>	<b>5,021</b>
18. Profit brought forward from the previous year	933,578.45	661
<b>VIII. NET PROFIT</b>	<b>21,708,099.03</b>	<b>5,682</b>

# Fixed Assets

## as of December 31, 2005

	As at Jan. 1, 2005 EUR	Additions EUR	Cost Disposals EUR
<b>I. Intangible fixed assets</b>			
EDP-software-licenses	2,153,069.22	71,321.13	0.00
<b>II. Tangible fixed assets</b>			
1. Land and buildings occupied by the credit institution for its own activities hereof value of land: EUR 3,066,200.92; previous year: TEUR 266	1,329,004.61	13,460,780.50	0.00
2. Office furniture and fixtures	13,203,645.39	2,387,120.55	493,223.74
	<b>14,532,650.00</b>	<b>15,847,901.05</b>	<b>493,223.74</b>
<b>III. Financial fixed assets</b>			
1. Investments in subsidiaries hereof credit institutions: EUR 0.0	50,161,365.65	1,244,789.46	31,888,384.43
2. Investments in related companies hereof credit institutions: EUR 0.0	5,168,286.12	0.00	0.00
3. Other financial fixed assets	19,432,853.32	15,669,750.00	19,432,853.32
	<b>74,762,505.09</b>	<b>16,914,539.46</b>	<b>51,321,237.75</b>
<b>Total</b>	<b>91,448,224.31</b>	<b>32,833,761.64</b>	<b>51,814,461.49</b>

1

<i>As at</i> Dec. 31. 2005 EUR	<i>Depreciation</i> <i>accumulated</i> EUR	<i>Net book value</i>		<i>Depreciation</i> 2005 EUR
		<i>As at</i> Dec. 31, 2005 EUR	<i>As at</i> Dec 31, 2004 EUR	
2,224,390.35	1,804,202.35	420,188.00	581,880.00	233,013.13
14,789,785.11	226,289.19	14,563,495.92	1,262,551.92	159,836.50
15,097,542.20	10,117,866.16	4,979,676.04	3,963,430.00	1,246,972.51
29,887,327.31	10,344,155.35	19,543,171.96	5,225,981.92	1,406,809.01
19,517,770.68	7,565,406.14	11,952,364.54	18,456,766.17	490,000.00
5,168,286.12	436.00	5,167,850.12	5,167,850.12	0.00
15,669,750.00	161,250.00	15,508,500.00	19,090,092.51	161,250.00
40,355,806.80	7,727,092.14	32,628,714.66	42,714,708.80	651,250.00
72,467,524.46	19,875,449.84	52,592,074.62	48,522,570.72	2,291,072.14

# Notes to the Accounts

## **A. Accounting and Valuation Principles**

### **General principles**

The financial statements 2005 have been prepared in accordance with the general accounting principles of the Commercial Code and the regulations of the Austrian Banking Act. The balance sheet as well as the profit and loss account have been set up according to the classification rules as specified in § 43 of the Austrian Banking Act, whereas the structure of the profit and loss account has been supplemented by sub-item 7. a) in order to indicate specific countertrade transactions.

Changes in the accounting and valuation methodology have not been made compared with the 2004 financial statements.

### **Currency conversion**

Assets and liabilities denominated in foreign currencies have been valued at the middle rates of exchange fixed by the European Central Bank on the balance sheet date. Amounts denominated in currencies for which the European Central Bank published no rates have been converted at the middle rates of exchange published by Raiffeisen Zentralbank Österreich AG.

Forward exchange contracts have been valued at forward rates.

All differences in rates resulting from currency conversion have been stated with effect to the profit and loss account.

### **Valuation of securities**

Fixed interest-bearing securities considered to be a long-term investment have been treated as fixed assets and have been stated at redemption or carried forward acquisition costs.

Shares held for trading purposes or as other current assets as well as fixed income securities have either been stated at market prices as of December 30, 2005 or at prices quoted by Reuters or other credit institutions.

### **Valuation of options and futures**

Options on securities, on securities' indices and futures held for trading purposes which are quoted at stock exchanges have been valued at market rates as at December 30, 2005. OTC options have been shown at a synthetic market price. Conventional options have been valued according to the Black Scholes model or binomial pricing model and Asian options have been valued according to Monte Carlo simulations.

### **Claims on credit institutions and customers**

Claims on credit institutions and customers have been shown at nominal value. Provisions for depreciation have been made in case of risk of default of customers.

### **Subsidiaries and investments in related companies**

Subsidiaries and investments in related companies have been shown at cost, unless permanent diminution in value has led to extraordinary depreciation.

**Intangible fixed assets and tangible fixed assets**

Intangible fixed assets and tangible fixed assets (land and buildings, office furniture and fixtures) have been valued at cost less normal, linear depreciation.

Depreciation rates applied are 33.3% and 14.3% p.a. for intangible fixed assets, 2.5% and 10% p.a. for immovable fixed assets (e.g. buildings) and for 10% to 20% p.a. for movable fixed assets (e.g. office equipment).

**Liabilities to credit institutions and customers**

Liabilities to credit institutions and customers have been shown at their redemption price.

**Liabilities evidenced by certificates**

The value shown under balance sheet item "liabilities evidenced by certificates" (certificates related to stocks and indices) has been stated at the quotes determined by Raiffeisen Centrobank AG as market maker by means of the Monte Carlo simulation.

**Countertrade obligations**

Commissions received for taking over countertrade obligations are only booked as profit at the time of fulfilling countertrade obligations.

**Provisions for severance compensation**

Reserves have been established in order to fulfil the legal and contractual demands for severance compensation. In this regard, the bank abided by the guidelines specified by IAS 19 (Employee Benefits). The Projected Unit Credit Method was applied.

The tables and charts following the method of Pagler&Pagler were used as the biometric basis for actuarial calculations. A decreasing fluctuation rate in connection to the years of employment, as well as an annual salary increase amounting to 3%, were incorporated in the calculation. The presumption underlying the calculation was using the earliest possible retirement date, taking into account the changes in the General Social Security Law in accordance with the Budgetary Side Law 2003, Article 73 (BGBl I No. 71/2003). The calculatory interest rate amounted to 4.25% compared to 5.25% in 2004.

**Provisions for pensions**

Provisions for pensions have been established in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method. A calculatory interest rate of 4.25% has been applied, assuming a profit sharing rate of 2% and a retiring age of 60 years.

**Other provisions**

Other provisions have been made according to expected demands. They comprise identifiable risks and liabilities, the extent of which has not yet been determined.

## B. Notes to the Accounts

### I. Assets

#### Classification of claims other than those repayable on demand according to their time to maturity

Figures in TEUR as per 31. 12. 2005	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
Debt instruments of public bodies	278	0	15,508	0	15,786
Claims on credit institutions	87,407	0	0	0	87,407
Claims on customers	4,271	26,990	60,359	19,762	111,382
Bonds	2,181	0	32,874	62,753	97,808
Other assets with maturity	3,651	0	0	0	3,651
	<b>97,788</b>	<b>26,990</b>	<b>108,741</b>	<b>82,515</b>	<b>316,034</b>

#### Comparative figures as at 31.12.2004

Figures in TEUR as per 31. 12. 2004	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
Debt instruments of public bodies	138	18,000	0	0	18,138
Claims on credit institutions	38,888	0	0	0	38,888
Claims on customers	13,179	29,627	53,793	23,840	120,439
Bonds	1,026	0	42,024	75,536	118,586
Other assets with maturity	10,385	179	0	0	10,564
	<b>63,616</b>	<b>47,806</b>	<b>95,817</b>	<b>99,376</b>	<b>306,615</b>

### II. Securities

#### II.1. Figures according to § 64 sec. 1, items 10 and 11 Banking Act:

Figures in TEUR as at 31.12.2005	unlisted	listed	valued as financial assets	valued at market price	Total
Debt instruments of public bodies, A2	0	15,786	15,786	0	15,786
Bonds and other fixed income securities, A5	2,090	95,718	0	97,808	97,808
Shares and other variable- yield securities, A6	117	885,124	0	885,241	885,241
Investments in related companies, A7	5,168	0	5168	0	5,168
Subsidiaries, A8	11,952	0	11,952	0	11,952



Investment securities are mainly employed as cover for securities transactions.

The balance sheet items A 2 and A 5 include in the amount of TEUR 15,786 securities treated as fixed assets, the balance sheet value of which exceeds by TEUR 13 the market value as at December 31, 2005 (2004: TEUR 187).

The market value of portfolio securities and of securities held as other current assets at the market price as at December 31, 2005 exceeded the purchase price by TEUR 18,346.

The balance sheet items A 2 and A 5 include fixed-income securities amounting to TEUR 113,594 (2004: TEUR 136,724), from which an amount of TEUR 2,090 will fall due in the course of 2006.

#### II.2. Subordinated assets

Item A 5 "Bonds and other fixed income securities" shows a subordinated convertible bond of Radex Heraklit International AG to the amount of TEUR 5,704 (2004: TEUR 11,730).

#### III. Other Assets

Item A "11 Other assets" amounting to TEUR 207,141 (2004: TEUR 41,076) primarily includes assets valued at market price stemming from trading in derivative financial instruments, amounting to TEUR 201,332 (2004: TEUR 24,974).

#### IV. Liabilities

##### IV.1. Classification of liabilities other than those repayable on demand according to their tenor to maturity

<i>Figures in TEUR as at 31.12.2005</i>	<i>up to 3 months</i>	<i>more than 3 months up to 1 year</i>	<i>more than 1 year up to 5 years</i>	<i>more than 5 years</i>	<i>Total</i>
<i>Liabilities to credit institutions</i>	<i>57,906</i>	<i>1,689</i>	<i>654</i>	<i>0</i>	<i>60,249</i>
<i>Liabilities to other customers</i>	<i>2,571</i>	<i>19</i>	<i>21,627</i>	<i>3,123</i>	<i>27,339</i>
<i>Liabilities evidenced by certificates</i>	<i>13,485</i>	<i>1,093</i>	<i>234,202</i>	<i>405,872</i>	<i>654,652</i>
<i>Other liabilities with maturity</i>	<i>333</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>333</i>
	<b><i>74,295</i></b>	<b><i>2,801</i></b>	<b><i>256,483</i></b>	<b><i>408,995</i></b>	<b><i>742,573</i></b>

**Comparative figures as at 31.12.2004**

<i>Figures in TEUR as at 31.12.2004</i>	<i>up to 3 months</i>	<i>more than 3 months up to 1 year</i>	<i>more than 1 year up to 5 years</i>	<i>more than 5 years</i>	<i>Total</i>
<i>Liabilities to credit institutions</i>	124,551	7,000	818	0	132,369
<i>Liabilities to other customers</i>	13,531	16,425	0	5,046	35,002
<i>Liabilities evidenced by certificates</i>	60,657	0	147,438	184,030	392,125
<i>Other liabilities with maturity</i>	577	652	0	0	1,229
	<b>199,316</b>	<b>24,077</b>	<b>148,256</b>	<b>189,076</b>	<b>560,725</b>

**IV.2. Liabilities evidenced by certificates**

Item L 3 contains issued bonds amounting to TEUR 14,578 (2004: TEUR 60,657), which will fall due in the course of 2006.

**IV.3. Other liabilities**

Item L 4 "Other liabilities" amounting to TEUR 656,899 (2004: TEUR 218.337) contains in particular liabilities valued at market prices and premiums received from trading in securities and derivative financial instruments amounting to TEUR 652,803 (2004: TEUR 214.654 ).

**V. Commitments for Use of Tangible Fixed Assets Not Shown on the Balance Sheet**

In the period under report the rental expenses amounted to TEUR 480 (2004: TEUR 528). For the financial year 2006, we expect rental expenses of TEUR 326 and for the years 2006-2010 rental expenses of TEUR 1,794.

**VI. Supplemental Data**

**Assets and liabilities in foreign currencies**

The balance sheet total includes the following foreign currency amounts:

<i>Counter value in TEUR</i>	<i>31.12.2005</i>	<i>31.12.2004</i>
<i>Assets</i>	371,348	143,604
<i>Liabilities</i>	90,147	83,754

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**Forward business transactions not yet matured**

At the balance sheet date the following forward business transactions had not yet matured:

	<i>Amounts in TEUR</i>	
	<b>31.12.2005</b>	<b>31.12.2004</b>
<b>Purchase contracts</b>		
<i>Interest rate options</i>	85,541	0
<i>Currency and interest rate swaps (only one currency)</i>	44,443	53,339
<i>Foreign exchange forward transactions</i>	33,746	56,043
<i>Index forward transactions</i>	241,730	33,998
<i>Options on substantial values and securities options</i>	780,300	380,736
<i>Share contracts</i>	15,725	7,445
<b>Sales contracts</b>		
<i>Interest rate options</i>	1,128	43,479
<i>Currency and interest rate swaps (only one currency)</i>	44,443	53,339
<i>Foreign exchange forward transactions</i>	33,947	55,664
<i>Index forward transactions</i>	60,869	50,863
<i>Options on substantial values and securities options</i>	1,453,628	585,803
<i>Options on commodities</i>	5,779	317
<i>Precious metal options</i>	14,867	7,788

**Securities trading book**

In accordance with § 22 b of the Austrian Banking Act, a securities trading book is held. At the balance sheet date the securities trading book, valued at market price (derivatives with delta values), amounted to (please see table on next page):

<i>Amounts in TEUR</i>	<i>as at 31.12.2005</i>	<i>as at 31.12.2004</i>
Shares	400,343	308,078
Listed options	8,377	3,565
Certificates	-64,491	-241,706
Bonds	11,531	23,022
OTC options	122,525	5,144
Warrants	-602,288	-53,899
Futures	203,456	-14,332
Bond futures	79,864	31,239
<b>Total</b>	<b>159,488</b>	<b>61,490</b>

### **C. Explanatory Notes to the Profit and Loss Account**

#### **Other operating income**

Net profit on commercial trading activities amounting to TEUR 456 (2004: TEUR 397) contained in item "Other operating income" stems primarily from the realisation of countertrade obligations for third parties to Indonesia and from the performance of offset transactions.

### **D. Other Information**

#### **Contingent liabilities**

Breakdown of contingent liabilities disclosed off-balance amounted to TEUR 6,415 (2004: TEUR 9,301):

<i>Amounts in TEUR</i>	<i>31.12.2005</i>	<i>31.12.2004</i>
Letters of Credit	2,319	3,236
Guarantees	4,096	6,065
hereof for subsidiaries and other related companies	414	1,842
<b>Total</b>	<b>6,415</b>	<b>9,301</b>

In accordance with § 93 of the Austrian Banking Act, the bank is legally obliged to provide for a proportionate deposit insurance within the framework of its professional association. Since May 1, 2003, Raiffeisen Centrobank AG has been a member of the Raiffeisen Group. This also entails an

affiliation with Austrian Raiffeisen Deposit Insurance, registered as a limited liability company in Vienna. In the 2004 financial year, the theoretical claim on this insurance is limited to a rate of 0.83 percent of the assessment basis in accordance with § 22 of the Austrian Banking Act at the balance sheet date, plus the weighted items of the Securities Trading Book in accordance with § 22 of the Austrian Banking Act. These contingent liabilities have been declared at a market value of EUR 0.07.

**Commitments shown off-balance**

Commitments shown off-balance amounting to TEUR 2,106 (2004: TEUR 16.287) refer exclusively to irrevocable credit commitments and credit limits.

**Other contractual obligations**

The following assets have been pledged as collateral for obligations:

**Item A 3 "Claims on credit institutions"**

TEUR 82,889 (2004: TEUR 33,579)  
deposited with credit institutions and stock exchanges for the securities and options business

**Items A 2 and A 5 "Fixed income securities"**

TEUR 17,598 (2004: TEUR 19,402)  
deposited with credit institutions as collaterals for the securities and options business

**Item A 4 "Claims on customers"**

TEUR 1,459 (2004: TEUR 8,622)  
as collaterals for liabilities arising from refinancing of export loans with Oesterreichische Kontrollbank AG (item L 1 b "Liabilities to credit institutions")

**Number of staff during the period under report**

	2005		2004	
	as per 31.12.	average of the year	as per 31.12.	average of the year
<i>Employees (including members of the Executive Board)</i>	157	157	147	143
<i>hereof part time</i>	15	14	13	12
<i>Workers</i>	7	5	6	5
<i>hereof part time</i>	1	1	2	2
<b>Total</b>	<b>164</b>	<b>162</b>	<b>153</b>	<b>148</b>

**Advances and loans to members of the Executive Board and Supervisory Board**

At the balance sheet date, loans and advances amounting to EUR 179,937 had been granted to members of the Executive Board (2004: EUR 7,651). Repayments during the period under review amounted to EUR 2,715 (2004: EUR 2,914).

No advances, loans or guarantees were granted to members of the Supervisory Board.

**Expenses for severance compensation and retirement benefits**

Expenses for severance compensations and pensions (including allocation to pension funds, funds allocated to employee retirement benefit plans and provisions to the reserves for severance compensation) amounted to EUR 1,128,583 (2004: EUR 564,993) for members of the Executive Board and to EUR 356,062 for other employees (2004: EUR 492,207).

Provisions for pensions (including provisions to the reserves for severance compensation) as under item 8.ee) of the Profit and Loss Account amounted to TEUR 993 in 2005 (2004: TEUR 787).

**Remuneration for members of the Executive Board and the Supervisory Board**

In the year under report, remuneration for the four actual members of the Executive Board amounted to EUR 2,075,434 (2004: EUR 1,834,513). In 2005 severance compensation in the amount of EUR 567,156 to relatives of a member of the Executive Board, who had passed away, was paid. No attendance fees for meetings were paid to members of the Supervisory Board in 2005.

**Group relations**

The company is a related company of Raiffeisen-Landesbanken Holding GmbH, Vienna. The financial statements are integrated both into the consolidated financial statements of Raiffeisen-Landesbanken Holding GmbH, Vienna and Raiffeisen Zentralbank Österreich AG, which provides consolidated financial statements for the least number of companies required.

The consolidated financial statements are available at the relevant parent company and are also available at the Commercial Court of Vienna.

Since 2005 the company has been a member of RZB KI Beteiligungs GmbH as of § 9 Corporation Tax Law.

## ***E. Members of the Executive Board, the Supervisory Board and State Commissioners***

### **Executive Board**

Chairman:

Gerhard VOGT ( until May 18, 2005)

Speaker of the Executive Board:

Eva MARCHART (since September 14, 2005)

Members:

Alfred Michael SPISS

Gerhard GRUND

### **Supervisory Board**

Chairmen:

Walter ROTHENSTEINER, Chairman of the Management Board Raiffeisen Zentralbank Österreich AG, Vienna

### **Deputy Chairmen**

Patrick Butler, MA, Member of the Management Board Raiffeisen Zentralbank Österreich AG, Vienna –  
First Deputy Chairman

Herbert STEPIC, Chairman Raiffeisen International Bankholding AG, Vienna –  
Second Deputy Chairman

### **Members**

Karl SEVELDA, Member of the Management Board Raiffeisen Zentralbank Österreich AG, Vienna

Christian TEUFL, Director Raiffeisen Zentralbank Österreich AG, Vienna

Helfried MAREK

### **State Commissioners**

Peter BRAUMÜLLER, Divisional Director

Otto PLÜCKHAHN, Deputy Assistant (until November 30, 2005)

Tamara ELS, Deputy Assistant (since December 1, 2005)

Vienna, April 12, 2006

The Executive Board

Eva Marchart

Speaker of the Executive Board

Alfred Michael Spiss  
Member of the Executive Board

Gerhard Grund  
Member of the Executive Board

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# Auditor's Report

The preceding notes to the accounts accompanying the financial statements of Raiffeisen Centrobank AG, Vienna, as at December 31, 2005, represent the abridged version for the purpose of fulfilling the legal requirements of public disclosure, as specified in § 65 Sec. 2 of the Austrian Banking Act. We give the following unqualified opinion on all unabridged versions of the financial statements of Raiffeisen Centrobank AG, Vienna, and to the Report of the Executive Board, in accordance with § 274 Sec. 1 of the Austrian Commercial Code.

We conducted the audit of the financial statements of Raiffeisen Centrobank for the business year starting on January 1, 2005 and ending on December 31, 2005, taking account of the company's accounts. The accounting, presentation and the contents of these financial statements as well as the management report in accordance with the binding legal regulations of the Austrian Commercial Code are the responsibility of the legally appointed representatives of the company. Our responsibility is to express an opinion on these financial statements based on our audit, and to state whether the management report for the company is in accordance with the financial statements.

We conducted our audit in accordance with the regulations and principles applicable in Austria in accordance with generally accepted standards on auditing. These principles require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, and whether we can state that the management report for the company is in accordance with the financial statements. In determining the audit procedures, we considered our knowledge of the businesses, the economic and legal environment of the company as well as the expected occurrence of errors. An audit involves procedures to obtain evidence about amounts and other disclosures in the financial statements on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. As a result of our duly-implemented audit, we can certify that the accounting records and the financial statements comply with binding legal regulations. The financial statements provide, in all material respects, a true and fair picture of the company's assets, financial position and profit or loss, in conformity with generally accepted accounting principles. The Report of the Executive Board is fully consistent with the financial statements of the company.

Vienna, April 12, 2006

**KPMG**

**Wirtschaftsprüfungs- und Steuerberatungs GmbH**

Walter Knirsch            ppa. Kurt Eder  
Certified public accountants and tax consultants

The financial statements were approved by the Supervisory Board of Raiffeisen Centrobank AG on May 17, 2006. The company is officially listed in the Commercial Register of the Commercial Court of Vienna, under the number FN 117507 f.

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# **ANNEX 2**

Financial Statements for the year ending  
on 31 December 2006 including audit opinion

## BALANCE SHEET AS AT DECEMBER 31, 2006

<b>ASSETS</b>	31.12.2006 Amounts in Euros	31.12.2005 Amounts in thousand Euros
1. Cash on hand and assets deposited with central banks	2,012,486.98	3,478
2. Treasury bills eligible for refinancing with central banks	31,206,986.30	15,786
<i>a) Treasury bills and similar securities</i>	<i>31,206,986.30</i>	<i>15,786</i>
3. Claims on financial institutions	301,634,878.96	178,107
<i>a) repayable on demand</i>	<i>98,587,385.44</i>	<i>90,700</i>
<i>b) other claims</i>	<i>203,047,493.52</i>	<i>87,407</i>
4. Claims on customers	147,966,527.11	180,795
5. Bonds and other fixed income securities	21,104,089.43	97,809
<i>a) issued by public issuers</i>	<i>3,033,156.10</i>	<i>2,092</i>
<i>b) issued by other issuers</i>	<i>18,070,933.33</i>	<i>95,717</i>
6. Shares and other variable-yield securities	1,152,309,682.08	885,241
7. Investments in related companies	5,167,850.12	5,168
8. Investments in subsidiaries	11,952,362.54	11,952
9. Intangible fixed assets	488,564.00	420
10. Tangible fixed assets thereof: properties and buildings used by the credit institution for its own activities EUR 14,270,404.92; previous year: TEUR 14,563	19,970,980.64	19,543
11. Other assets	313,835,801.37	207,141
12. Deferred expenses	822,602.93	943
<b>Total Assets</b>	<b>2,008,472,812.46</b>	<b>1,606,383</b>

### Items shown below the balance sheet

1. Foreign assets	1,387,483,953.85	1,030,174
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<b>EQUITY AND LIABILITIES</b>	31.12.2006 Amounts in Euro.	31.12.2005 Amounts in thousand Euros
1. Liabilities to credit institutions	42,397,400.71	68,179
<i>a) repayable on demand</i>	211,010.00	7,931
<i>b) with agreed maturity dates or periods of notice</i>	42,186,390.71	60,248
2. Other liabilities to customers	271,561,658.77	115,854
<i>a) repayable on demand</i>	87,035,630.97	88,515
<i>b) with agreed maturity dates or periods of notice</i>	184,526,027.80	27,339
3. Liabilities evidenced by certificates	823,609,435.83	654,652
<i>a) issued bonds</i>	823,609,435.83	654,652
4. Other liabilities	751,347,854.04	656,899
5. Deferred income	463,657.42	552
6. Provisions	22,732,004.18	20,228
<i>a) termination benefits</i>	3,381,889.61	2,736
<i>b) pension</i>	516,707.76	263
<i>c) taxes</i>	4,733,357.00	1,807
<i>d) other</i>	14,100,049.81	15,422
7. Subscribed capital	47,598,850.00	47,599
8. Share premium reserves	6,651,420.71	6,651
9. Revenue reserves	7,030,936.83	1,031
<i>a) statutory reserves</i>	1,030,936.83	1,031
<i>b) other reserves</i>	6,000,000.00	0
10. Reserve pursuant to § 23 Sect. 6 Austrian Banking Act	13,538,860.00	13,030
11. Net profit for the period	21,540,733.97	21,708
<b>Total equity and liabilities</b>	<b>2,008,472,812.46</b>	<b>1,606,383</b>

**Items shown under the balance sheet**

1. Contingent liabilities arising from guarantees and assets pledged as security	1,106,540.84	6,415
2. Credit risks	521,776.87	2,106
3. Liabilities arising from trust transactions	7,091,124.48	7,211
4. Total net capital resources pursuant to § 23 Sect. Austrian Banking Act; thereof capital resources pursuant to § 23 Sect. 14 (7) Austrian Banking Act, EUR 0.00; previous year: TEUR: 0	74,331,503.54	67,891
5. Required capital resources pursuant to § 22 Sect. 1 Austrian Banking Act; thereof required capital resources pursuant to § 22 Sect. 1 (1) and 4 Austrian Banking Act, EUR 17,948,000.00; previous year: TEUR 19,043	56,979,000.00	49,891
6. Foreign equity and liabilities	300,463,116.70	154,230

## PROFIT AND LOSS ACCOUNT FOR THE 2006 FINANCIAL YEAR

	2006 Amounts in Euros	2005 Amounts in thousand Euros
1. Interest and related income	30,609,696.12	12,015
<i>Thereof fixed-interest securities</i>	8,105,846.05	1,200
2. Interest and related expenses	- 24,548,789.89	- 8,223
<b>I. Net Interest Income</b>	<b>6,060,906.23</b>	<b>3,792</b>
3. Income from securities and investments	9,274,725.50	7,649
<i>a) Income from shares, related companies and subsidiaries and variable-yield securities</i>	9,274,725.50	7,649
4. Fee and commission income	15,289,531.64	12,629
5. Fee and commission expenses	- 2,501,130.26	- 8,123
6. Net profit on financial trading activities	29,680,533.21	40,724
7. Other operating income	1,134,304.29	1,819
<i>a) net profit on commercial trading activities</i>	159,677.03	456
<i>b) other operating income</i>	974,627.26	1,363
<b>II. Operating Income</b>	<b>58,938,870.61</b>	<b>58,490</b>
8. General administrative expenses	- 30,690,499.74	- 28,029
<i>a) staff costs</i>	22,455,266.90	19,859
<i>aa) wages and salaries</i>	17,703,173.88	15,497
<i>bb) statutory social security contributions as well as levies and compulsory contributions based on wages and salaries</i>	3,090,629.14	2,588
<i>cc) other employee benefits</i>	315,064.48	289
<i>dd) expenses for retirement benefits</i>	575,338.76	511
<i>ee) expenses for termination benefits and contributions to company pension funds</i>	771,060.64	974
<i>b) other administrative expenses (materials)</i>	8,235,232.84	8,170
9. Value adjustments (depreciation) on asset items 9 and 10	- 2,120,008.76	- 1,640
10. Other operating expenses	- 42,423.11	- 67
<b>III. Operating Expenses</b>	<b>- 32,852,931.61</b>	<b>- 29,736</b>

	2006 Amounts in Euros	2005 Amounts in thousand Euros
<b>IV. Operating Result</b>	<b>26,085,939.00</b>	<b>28,754</b>
11. Expenditures arising from the valuation and disposal of receivables and securities held as other current assets	- 376,520.26	- 1,310
12. Income arising from the valuation and disposal of receivables and securities held as other current assets	441,582.26	138
13. Expenditures arising from the valuation of securities capitalised as financial fixed assets, as well as investments in related companies and subsidiaries	- 60,037.34	- 3,142
14. Income arising from the disposal of shareholdings in related companies and subsidiaries	0.00	280
<b>V. Result on Ordinary Activities (amount carried forward)</b>	<b>26,090,963.66</b>	<b>24,720</b>
15. Income tax expense (thereof passed on from parent company: EUR 2,926,292.00; previous year: TEUR 1,801)	- 2,926,292.00	- 1,801
16. Other taxes, unless included in item 15	- 1,758,036.72	- 909
<b>VI. Annual Surplus</b>	<b>21,406,634.94</b>	<b>22,010</b>
17. Adjustment of reserves	- 509,000.00	- 1,235
<i>Thereof: allocation to the liability reserve</i>	<i>509,000.00</i>	<i>1,235</i>
<b>VII. Profit for the Year</b>	<b>20,897,634.94</b>	<b>20,775</b>
18. Profit carried forward from the previous year	643,099.03	933
<b>VIII. Net Profit</b>	<b>21,540,733.97</b>	<b>21,708</b>

## DEVELOPMENT OF FIXED ASSETS IN THE 2006 FINANCIAL YEAR

Amounts in Euros	Acquisition costs Balance on 1. 1. 2006	Acquisition costs Additions	Acquisition costs Disposals
<b>I. Intangible fixed assets</b>			
Software licenses	2,224,390.35	329,979.57	0.00
<b>II. Tangible fixed assets</b>			
1. Property and buildings used by the credit institution for its own activities; thereof value of the property: EUR 3,066,200.92; previous year: TEUR 3,066	14,789,785.11	0.00	0.00
2. Office equipment, furniture and fittings	15,097,542.20	2,304,713.87	375,191.52
	<b>29,887,327.31</b>	<b>2,304,713.87</b>	<b>375,191.52</b>
<b>III. Financial assets</b>			
1. Investments in subsidiaries; thereof shareholdings in credit institutions: EUR 0.00	19,517,770.68	10,000.00	4,025,504.19
2. Investments in related companies; thereof shareholding in credit institutions: EUR 0.00	5,168,286.12	0.00	0.00
3. Other fixed financial assets (securities)	15,669,750.00	0.00	15,669,750.00
	<b>40,355,806.80</b>	<b>10,000.00</b>	<b>19,695,254.19</b>
<b>Total</b>	<b>72,467,524.46</b>	<b>2,644,693.44</b>	<b>20,070,445.71</b>

Acquisition costs Balance on 31. 12. 2006	Accumulated Depreciation	Net book value 31. 12. 2006	Net book value 31. 12. 2005	Depreciation in the 2006 financial year
2,554,369.92	2,065,805.92	488,564.00	420,188.00	261,603.57
14,789,785.11	519,380.19	14,270,404.92	14,563,495.92	293,091.00
17,027,064.55	11,326,488.83	5,700,575.72	4,979,676.04	1,565,314.19
<b>31,816,849.66</b>	<b>11,845,869.02</b>	<b>19,970,980.64</b>	<b>19,543,171.96</b>	<b>1,858,405.19</b>
15,502,266.49	3,549,903.95	11,952,362.54	11,952,364.54	10,000.00
5,168,286.12	436.00	5,167,850.12	5,167,850.12	0.00
0.00	0.00	0.00	15,508,500.00	0.00
<b>20,670,552.61</b>	<b>3,550,339.95</b>	<b>17,120,212.66</b>	<b>32,628,714.66</b>	<b>10,000.00</b>
55,041,772.19	17,462,014.89	37,579,757.30	52,592,074.62	2,130,008.76

## NOTES

### **A. Accounting policies**

#### **General principles**

The financial statements of Raiffeisen Centrobank for the 2006 financial year have been prepared in accordance with the general accounting principles stipulated in the Austrian Commercial Code and the specific sectoral regulations as specified by the Austrian Banking Act. The balance sheet as well as the profit and loss account have been structured according to Appendix 2 of the forms contained in § 43 Austrian Banking Act. The structure of the profit and loss account in regards to ensuring an adequate representation of the commodity trading (countertrade) activities of Raiffeisen Centrobank have been expanded to include a sub-item entitled "Net profit on commercial trading activities". Changes in the accounting and valuation methods have not been made compared to the 2005 financial statements.

#### **Currency conversion**

Assets and liabilities denominated in foreign currencies are reported at the middle rates of exchanges fixed by the European Central Bank on the balance sheet date. Amounts denominated in currencies for which the European Central Bank published no rates are converted at the middle rates of exchange published by Raiffeisen Zentralbank Österreich AG on the balance sheet date. Currency futures and options transactions in foreign currencies are capitalised at the forward exchange rates. Any differences in rates resulting from currency conversion are reported as a profit or loss in the financial statements.

#### **Securities portfolio – valuation of securities, futures and options**

A daily market price system is applied for the valuation of securities held for trading purposes or as other current assets.

In terms of securities held for trading purposes or as other current assets, the company's portfolio of shares in publicly-listed companies as well as fixed-interest securities are reported at the share price prevailing on the balance sheet date.

Certificates acquired based on a share price related or index related performance are valued with the assistance of valuation models to illustrate stochastic development processes.

Bonds issued by borrowers from Eastern European markets as well as shares issued by Eastern European companies held by the company for trading purposes are valued at the market rates announced by other credit institutions and brokers, or as quoted by Reuters, provided that share prices for these securities are not available or do not provide sufficient information.

Options on securities of publicly-listed companies and options on security indices (i.e. sold and bought calls and puts, primarily OeTOB and EUREX options) as well as futures held for trading purposes are valued according to the market prices prevailing on the balance sheet date.

The valuation of conventional OTC options is shown at a synthetic market price, based on the Black Scholes model (for European options) or binomial pricing models (for American options). Asian options are valued according to Monte Carlo simulation methods.



#### **Claims on financial institutions and customers**

Claims on financial institutions and customers are shown at their nominal value. Individual value adjustments or provisions for depreciation are made in the case of an identifiable recognisable risk of default on the part of borrowers.

#### **Subsidiaries and investments in related companies**

Subsidiaries and investments in related companies are principally capitalised according to the principle of "going concern" (the ability to continue functioning as a business entity) at their cost of acquisition. Depreciation is carried out when, in all probability, a permanent diminution in value has taken place.

#### **Intangible and tangible fixed assets**

The valuation of intangible fixed assets as well as tangible fixed assets (i.e. property and buildings, office equipment, furniture and fittings) is carried out at the cost of acquisition less their scheduled, linear depreciation.

Depreciation rates applied are 33.3% and 14.3% p.a. for intangible fixed assets, 2.5% and 10.0% p.a. for immovable fixed assets, and 10%–20% p.a. for movable fixed assets. A full year's depreciation is taken in the case of additions made during the first half of the financial year, whereas half-year depreciation applies to additions in the second half of the financial year. Assets with an extremely low value (cost of acquisition per item less than TEUR 0.4) are fully depreciated in the year of acquisition.

#### **Liabilities from bank transactions**

Liabilities from bank transactions are reported at the amount of repayment, taking into consideration the principle of financial prudence.

#### **Liabilities to credit institutions**

Liabilities evidenced by certificates (e.g. certificates partially with a capital guarantee, the interest on which is dependent on the share price performance or the performance of the share index) are reported using valuation methods to depict the stochastic development of share prices (Monte Carlo simulation models).

#### **Provisions for termination benefits**

The provisions for termination benefits are designed to fulfil legal demands, as well as those arising from individual or collective contractual agreements. Provisions are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 4.5% (2005: 4.25%), as well as an unchanged annual salary increase amounting to 3.0%. The underlying presumption is a decreasing fluctuation rate in connection with an increase in the number of years working for the company, and the earliest possible retirement date, taking into account the changes to Austria's General Social Security Law in accordance to the Budgetary Amendment 2003. The premium reserve amounts to 58.9% of the statistical termination

### Provisions for pensions

Provisions for pensions are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 4.5% (2005: 4.25%), an unchanged 2% increase in the probable profit sharing rate, and a retirement age of 60 years. In 2005, pension commitments were allocated to a specified group of eligible employees. The cash value of the pension plan reinsurance concluded for future beneficiaries is reported as "Other assets".

### Other provisions

Other provisions have been made according to expected demands. They comprise identifiable risks and liabilities, the extent of which has not yet been determined.

## B. Notes to the Accounts

### I. Cash on hand and assets deposited with central banks

The balance sheet item A1, which encompasses cash on hand and assets deposited with the Austrian National Bank, is reported as TEUR 2,012 (2005: TEUR 3,478). The bank abided by prevailing regulations pertaining to liquidity and minimum reserves.

### II. Claims on financial institutions and customers

#### II.1. Classification of claims other than those repayable on demand according to their term to maturity

as at 31.12.2006 Amounts in thousand Euros	0-3 months	3-12 months	1-5 years	> 5 years	Total
Debt instruments of public bodies	997	0	30,210	0	31,207
Claims on financial institutions	203,047	0	0	0	203,047
Claims on customers	98,184	40,403	491	8,889	147,967
Bonds	18,102	0	3,000	2	21,104
	<b>320,330</b>	<b>40,403</b>	<b>33,701</b>	<b>8,891</b>	<b>403,325</b>

<b>Comparative figures as at 31.12.2005</b> Amounts in thousand Euros	<b>0-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Debt instruments of public bodies	278	0	15,508	0	<b>15,786</b>
Claims on financial institutions	<b>87,407</b>	0	0	0	<b>87,407</b>
Claims on customers	4,271	26,990	60,359	19,762	<b>111,382</b>
Bonds	2,181	0	32,874	62,753	<b>97,808</b>
	<b>94,137</b>	<b>26,990</b>	<b>108,741</b>	<b>82,515</b>	<b>312,383</b>

### III. Securities

#### III.1. Figures supplied pursuant to §64 Sect. 1 (10/11) Austrian Banking Act

<b>as at 31.12.2006</b> Amounts in thousand Euros	<b>Unlisted</b>	<b>Publicly listed</b>	<b>Total</b>	<b>Valued at market price</b>
Debt instruments of public bodies, A2	0	31,207	<b>31,207</b>	31,207
Bonds and other fixed-interest securities, A5	3,031	18,073	<b>21,104</b>	21,104
Shares and other variable-yield securities, A6	680,076	472,234	<b>1,152,310</b>	1,152,310
Investments in related companies, A7	5,168	0	<b>5,168</b>	0
Investments in subsidiaries, A8	11,952	0	<b>11,952</b>	0

The market value of securities held in a portfolio for trading purposes or which are held as current assets at the market price exceeded the purchase price by TEUR 1,160.

The balance sheet items A2 and A5 include fixed-interest securities amounting to TEUR 52,311 (2005: TEUR 113,594), of which a total of TEUR 3,031 will fall due in the course of 2007.

The balance sheet items A7 and A8 are reported according to the lower of cost or market rule.

#### III.2. Subordinated assets

The balance sheet item A5, "Bonds and other fixed-interest securities" shows subordinated bonds valued at TEUR 4,984 (2005: TEUR 5,704).

#### IV. Liabilities

##### IV.1. Classification of liabilities other than those payable on demand according to their term to maturity

<b>as at 31.12.2006</b> Amounts in thousand Euros	<b>0-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Liabilities to credit institutions	40,150	1,538	498	0	<b>42,186</b>
Liabilities to customers	181,339	0	0	3,187	<b>184,526</b>
Liabilities evidenced by certificates	3,985	22,190	394,441	402,994	<b>823,610</b>
	<b>225,474</b>	<b>23,728</b>	<b>394,939</b>	<b>406,181</b>	<b>1,050,322</b>

<b>Comparative figures as at 31.12.2005</b> Amounts in thousand Euros	<b>0-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Liabilities to credit institutions	57,906	1,689	654	0	<b>60,249</b>
Liabilities to customers	2,571	19	21,627	3,123	<b>27,339</b>
Liabilities evidenced by certificates	13,485	1,093	234,202	405,872	<b>654,652</b>
	<b>73,962</b>	<b>2,801</b>	<b>256,483</b>	<b>408,995</b>	<b>742,240</b>

#### IV.2. Liabilities evidenced by certificates

Balance sheet item E/L3 contains issued bonds amounting to TEUR 26,175 (2005: TEUR 14,578), which will fall due in the course of 2007.

#### IV.3. Other liabilities

Balance sheet item E/L4, "Other liabilities" amounting to TEUR 751,348 (2005: TEUR 656,899) primarily refer to liabilities reported at market prices as well as premiums received from trading in securities and derivative financial instruments totalling TEUR 740,494 (2005: TEUR 652,803).

#### V. Obligations derived from the use of tangible fixed assets not shown on the balance sheet

In the period under review, the rental expenses incurred by the company amounted to TEUR 330 (2005: TEUR 480). Total rental expenses of TEUR 367 are expected for the 2007 financial year, whereas rental expenses of TEUR 1,834 are anticipated for the years 2007–2011.

#### VI. Supplementary data

The balance sheet total includes the following items reported in foreign currencies:

Assets and liabilities in foreign currencies:

Amounts in thousand Euros	31.12.2006	31.12.2005
Assets	646,502	371,348
Liabilities	286,873	90,147

At the balance sheet date, the following futures and options transactions had not yet been settled:

<b>Purchase contracts</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
Amounts in thousand Euros		
Interest rate options	123,511	85,541
Currency and interest rate swaps in a single currency	22,846	44,443
Forward exchange transactions	87,773	33,746
Currency options	92,990	0
Index futures contracts	165,164	241,730
Options on asset values and security index options	1,113,992	780,300
Share contracts	47,801	15,725

<b>Sales contracts</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
Amounts in thousand Euros		
Interest rate options	0	1,128
Currency and interest rate swaps in a single currency	22,846	44,443
Forward exchange transactions	87,652	33,947
Currency options	92,990	0
Index futures contracts	62,000	60,869
Options on asset values and security index options	1,799,437	1,453,628
Share contracts	47,810	20,646

A securities trading book is maintained in accordance with § 22b of the Austrian Banking Act. At the balance sheet date, the securities trading book, valued at the market price (derivatives with delta values), amounted to:

<b>Securities trading book</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
<b>Amounts in thousand Euros</b>		
Shares	398,324	400,343
Listed options	56,658	24,355
Certificates	- 560,008	- 522,705
Bonds	142,846	96,341
Structured products	- 195,806	- 108,218
OTC options	294,897	122,525
Warrants	- 129,783	- 120,695
Share futures	103,596	187,508
Bond futures	123,511	79,864
	<b>234,235</b>	<b>159,317</b>

### C. Notes to the profit and loss account

As the result of changes made in the reporting structure, the previous year's amounts pertaining to the items "Fee and commission income", "Fee and commission expenses", "Net profit on financial trading activities" and "Other operating income" are not comparable to the figures of the 2006 financial year.

In adjusting the values of the 2005 financial year, income from capital market transactions amounting to TEUR 8,300, and from making research services available totalling TEUR 400, which were included in the financial result or in "Other operating income" in the 2005 financial year, were then incorporated as "Fee and commission income". In contrast, there was a reclassification of fee and commission expenses from securities transactions totalling approximately TEUR 6,800 to the financial result.

#### I. Other operating income

Net profit on commercial trading activities amounting to TEUR 160 (2005: TEUR 456) contained in the item "Other operating income" can be primarily attributed to the realisation of countertrade obligations for third parties to Indonesia and the performance of offset transactions.

### D. Other Information

#### I. Contingent liabilities

The breakdown of contingent liabilities arising from guarantees and assets pledged as security totalling TEUR 1,107 (2005: TEUR 6,415) disclosed within the framework of off balance sheet arrangements consists of the following:

Amounts in thousand Euros	31.12.2006	31.12.2005
Letters of credit	454	2,319
Guarantees	653	4,096
<i>thereof for subsidiaries</i>	<i>454</i>	<i>414</i>
	<b>1,107</b>	<b>6,415</b>

In accordance with § 93 Austrian Banking Act, the bank is legally obliged to provide for a proportionate deposit insurance as part of its membership in a professional association. Raiffeisen Centrobank AG is a member of the Raiffeisen Group. This also entails an affiliation with Oesterreichischen Raiffeisen Einlagensicherung reg. GenmbH, Vienna (the deposit insurance arm of the Raiffeisen Group, registered as a limited liability company). In the 2006 financial year, the theoretical claim on this insurance is limited to a rate of 0.83 per cent of the assessment basis in accordance with § 22 Sect. 2 Austrian Banking Act at the balance sheet date, plus the weighted items of the Securities Trading Book, also in accordance with § 22 Austrian Banking Act. These contingent liabilities are reported at a market value of EUR 0.07.



## II. Credit risks shown under the balance sheet

Credit risks shown under the balance sheet amounting to TEUR 522 (2005: TEUR 2,106) refer exclusively to irrevocable credit commitments and lines of credit.

## III. Other contractual bank guarantee obligations

The following assets have been pledged as security for obligations:

Amounts in thousand Euros	2006	2005	Explanation
Claims on financial institutions (A3)	84,354	82,889	Collateral deposited with credit institutions and stock exchanges for the securities and options business
Fixed income securities (A2 and A5)	18,070	17,598	Collateral deposited with credit institutions and stock exchanges for the securities and options business
Claims on customers (A4)	491	1,459	Deposited as collateral for liabilities arising from the refinancing of export loans granted by Oesterreichische Kontrollbank AG (item L/E1 b "Liabilities to credit institutions")
Shares and other variable-yield securities (A6)	164,154	0	Collateral deposited with Clearstream for the securities and options business

## IV. Number of employees

	31.12. 2006	Average in 2006	31.12. 2005	Average in 2005
Employees (including Executive Board)	174	172	157	157
<i>thereof part-time</i>	11	12	15	14
Workers	6	6	7	5
<i>thereof part-time</i>	1	1	1	1
	<b>180</b>	<b>178</b>	<b>164</b>	<b>162</b>

#### **V. Advances and loans to members of the Executive Board and Supervisory Board**

At the balance sheet date, loans and advances made to members of the Executive Board amounted to EUR 2,023 (2005: EUR 179,937). During the period under review, repayments totalled EUR 177,914 (2005: EUR 2,715). No advances, loans or guarantees were granted to members of the Supervisory Board.

#### **VI. Expenses for termination benefits and retirement benefits**

Expenses for termination benefits and pensions (including contributions to pension funds and employee retirement benefit plans, as well as provisions allocated to the reserves for termination benefits) amounted to EUR 591,259 for members of the Executive Board (2005: EUR 1,128,583), and to EUR 755,141 for other employees (2005: EUR 356,062).

Expenses for termination benefits (including provisions to the reserves for termination benefits), reported under item 8. ee) of the profit and loss account amounted to TEUR 708 in the 2006 financial year (2005: TEUR 993).

#### **VII. Remuneration for members of the Executive Board and Supervisory Board**

In the year under review, remuneration for the members of the Executive Board totalled EUR 2,282,421 (2005: EUR 2,075,434). No fees for attending meetings were paid to members of the Supervisory Board in 2006.

#### **VIII. Group relations**

The company is a related company of the Raiffeisen-Landesbanken Holding GmbH, Vienna. The annual financial statements are integrated both into the consolidated financial statements of Raiffeisen-Landesbanken Holding GmbH, Vienna, and Raiffeisen Zentralbank Oesterreich AG, Wien, which provides consolidated financial statements for the least number of companies required. The company itself is considered to be a parent company, which draws up its own consolidated financial statements. These consolidated financial statements are available at the relevant parent company as well as at the Commercial Court of Vienna.

Since 2005, the company has been a member of the corporate group RZB KI Beteiligungs GmbH, pursuant to § 9 Austrian Corporation Tax Act. Based on the official notification 1/23 from Vienna's financial authorities dated February 6, 2006, the application submitted by the company to set up a corporate group has been approved. In this case, the taxable business results of the members of the Group are attributed to the parent company. Any tax adjustments between the parent company and the individual members of the corporate group are regulated in the form of a tax allocation agreement.

**Members of the Executive Board, the Supervisory Board and State Commissioners**

**Executive Board**

**Speaker**

**Eva Marchart**

**Members**

**Alfred Michael Spiss**

**Gerhard Grund**

**Supervisory Board**

**Chairman**

**Walter Rothensteiner, Chairman of the Management Board**

**Raiffeisen Zentralbank Österreich AG, Vienna**

**Deputy Chairmen**

**Patrick Butler, Member of the Management Board, Raiffeisen Zentralbank Österreich AG,  
Vienna – First Deputy Chairman**

**Herbert Stepic, Chairman Raiffeisen International Bankholding AG, Vienna –  
Second Deputy Chairman**

**Members**

**Karl Sevelda, Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vie**

**Christian Teufl, Director, Raiffeisen Zentralbank Österreich AG, Vienna**

**Helfried Marek, Vienna**

**State Commissioners**

**Peter Braumüller, Divisional Director**

**Tamara Els, Deputy Assistant**

**Vienna, April 19, 2007**

**The Executive Board**

***Eva Marchart***  
***Chairman of the Executive Board***

***Alfred Michael Spiss***  
***Deputy Chairman of the Executive Board***

***Gerhard Grund***  
***Member of the Executive Board***

## AUDITOR'S REPORT

We conducted the audit of the financial statements of Raiffeisen Centrobank for the business year starting on January 1, 2006 and ending on December 31, 2006, taking account of the company's accounts. The accounting, presentation and the contents of these financial statements as well as the management report, in accordance with the binding legal regulations of the Austrian Commercial Code, are the responsibility of the legally appointed representatives of the company. Our responsibility is to express an opinion on these financial statements based on our audit, and to state whether the management report for the company is in accordance with the financial statements. We conducted our audit in accordance with the regulations and principles applicable in Austria and with generally accepted standards on auditing. These principles require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, and whether we can state that the management report for the company is in accordance with the financial statements. In determining the audit procedures, we considered our knowledge of the businesses, the economic and legal environment of the company as well as the expected occurrence of errors. An audit involves procedures to obtain evidence about amounts and other disclosures in the accounts and the financial statements on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. As a result of our duly implemented audit, we can certify that the accounting records and the financial statements comply with binding legal regulations. The financial statements provide, in all material respects, a true and fair picture of the company's assets, financial position and profit or loss, in conformity with generally accepted accounting principles. The Management Report is fully consistent with the financial statements of the company

Vienna, April 20, 2007

KPMG

Wirtschaftsprüfungs- und Steuerberatungs GmbH

**Walter Knirsch**  
*Certified public accountant*

**ppa. Josef Kirchknopf**  
*Tax consultant*

## AUDITOR'S REPORT

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Vienna, April 20, 2007

KPMG

Wirtschaftsprüfungs- und Steuerberatungs GmbH

**Walter Knirsch**  
Certified public accountant

**ppa. Josef Kirchknopf**  
Tax consultant

# ANNEX 3

Statements of sources and for the application of funds  
for the business years  
ending 31 Dec. 2005 and 31 Dec. 2006  
including the auditors confirmation



**KPMG**  
**Wirtschaftsprüfungs- und**  
**Steuerberatungs GmbH**  
Porzellangasse 51  
1090 Wien  
Austria

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Telefax +43 (1) 31332-500  
Internet www.kpmg.at

The Directors of  
Raiffeisen Centrobank AG  
Tegetthoffstraße 1  
1010 Vienna

WT-Code 804138

Your Ref

Our Ref 1479

Contact Wilhelm Kovsca

28 August 2007

**Confirmation of the Statements of sources and application of funds of Raiffeisen Centrobank Aktiengesellschaft for the years 2006 and 2005**

We were required by the Executive Board of Raiffeisen Centrobank Aktiengesellschaft (the "Bank") to confirm that the Statements of sources and applications of funds ("Mittelherkunfts- und Mittelverwendungsrechnung") of Raiffeisen Centrobank Aktiengesellschaft for the years ended December 31, 2006 and 2005 have been correctly prepared on the basis of the unconsolidated financial statements in accordance with Austrian GAAP of Raiffeisen Centrobank Aktiengesellschaft for the years ended December 31, 2006, 2005 and 2004.

The preparation and content of these Statements of sources and application of funds are the responsibility of the legal representatives of the Bank. Our responsibility is to confirm based on our procedures agreed-upon with the Bank that the Statements of sources and application of funds have been properly drawn up from the audited unconsolidated balance sheets in accordance with Austrian GAAP of the Bank as at December 31, 2006, 2005 and 2004.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 applicable to agreed-upon procedures engagements.

For the purpose of this report we have performed the following procedures agreed with the Bank and enumerated below:

- i. We obtained the Statements of sources and application of funds for the years ended December 31, 2006 and 2005 which have been prepared by the Bank on the basis of the audited unconsolidated financial statements in accordance with Austrian GAAP of the Bank for the years ended December 31, 2006, 2005 and 2004 and examined whether the Statements of sources and application of funds were correctly drawn up by calculating the differences between the amounts of



each item stated in the Bank's balance sheets as at December 31, 2006, 2005 and 2004.

- ii. We examined whether increases in liabilities and shareholders' equity and decreases in assets have been correctly stated as sources of funds and whether increases in assets and decreases in liabilities, respectively, have been correctly stated as application of funds in the Statements.

Based on the results of our procedures we confirm


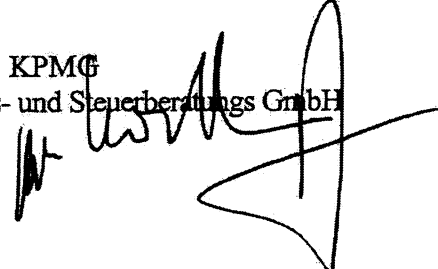
- a) with respect to item i. that the Statements of sources and application of funds for the years ended December 31, 2006 and 2005 have been correctly calculated and drawn up from the audited unconsolidated balance sheets in accordance with Austrian GAAP of Raiffeisen Centrobank Aktiengesellschaft for the years ended December 31, 2006, 2005 and 2004 and
- b) with respect to item ii. that increases in liabilities and shareholders' equity and decreases in assets have been correctly stated as sources of funds and that increases in assets and decreases in liabilities have been correctly stated as application of funds.

To this report and to the procedures conducted in connection with this report the liability provisions pursuant to Section 275 of the Austrian Commercial Code (Handelsgesetzbuch – HGB) are applicable.

This report and all acts or omissions in connection with the services performed in providing this report shall solely be governed by Austrian law not taking into account its conflict of laws rules.

Courts located in Austria shall have exclusive jurisdiction to determine any dispute or claim arising out of or in connection with this letter.

Yours faithfully

   
KPMG  
Wirtschaftsprüfungs- und Steuerberatungs GmbH

Enclosures



## Raiffeisen Centrobank AG

## Statement of Sources and Application of Funds for the Year 2005

## Sources of Funds

	2005	
	in TEUR	%
<b>Increase in Liabilities and Shareholders' Equity</b>		
Liabilities to customers (other liabilities)	3.035	0,4%
Liabilities evidenced by certificates	262.527	33,9%
Other liabilities	438.562	56,6%
Provisions	7.741	1,0%
Reserve under Sec. 23 subsec. 6 Austrian Banking Act	1.235	0,2%
Net profit	16.026	2,1%
<b>Decrease in Assets</b>		
Treasury bills and similar securities eligible for refinancing with central banks	2.352	0,3%
Claims on customers	14.432	1,9%
Bonds and other fixed-income securities	20.777	2,7%
Investments in subsidiaries	6.505	0,8%
Intangible fixed assets	162	0,0%
Deferred expenses	1.095	0,1%
	<u>774.449</u>	<u>100,0%</u>

## Application of Funds

<b>Increase in Assets</b>		
Cash in hand and balances with central banks	478	0,1%
Claims on credit institutions	99.311	12,8%
Shares and other variable-yield securities	398.448	51,5%
Tangible fixed assets	14.317	1,9%
Other assets	166.065	21,4%
<b>Decrease in Liabilities</b>		
Liabilities to credit institutions	95.542	12,3%
Deferred income	288	0,0%
	<u>774.449</u>	<u>100,0%</u>

## Raiffeisen Centrobank AG

## Statement of Sources and Application of Funds for the Year 2006

## Sources of Funds

	2006	
	in TEUR	%
<b>Increase in Liabilities and Shareholders' Equity</b>		
Liabilities to customers (other liabilities)	155.708	28,9%
Liabilities evidenced by certificates	168.957	31,3%
Other liabilities	94.361	17,5%
Provisions	2.505	0,5%
Reserve under Sec. 23 subsec. 6 Austrian Banking Act	509	0,1%
Taxed reserves (other (unrestricted) reserves)	6.000	1,1%
	<u>428.040</u>	<u>94,2%</u>
<b>Decrease in Assets</b>		
Cash in hand and balances with central banks	1.466	0,3%
Claims on customers	32.828	6,1%
Bonds and other fixed-income securities	76.704	14,2%
	<u>110.998</u>	<u>5,8%</u>
	<u>539.038</u>	<u>100,0%</u>

## Application of Funds

## Increase in Assets

Treasury bills and similar securities eligible for refinancing with central banks	15.421	2,9%
Claims on credit institutions	123.529	22,9%
Shares and other variable-yield securities	267.069	51,5%
Intangible fixed assets	67	
Tangible fixed assets	428	1,9%
Other assets	106.575	19,8%
	<u>513.089</u>	<u>87,7%</u>

## Decrease in Liabilities and Shareholders' Equity

Liabilities to credit institutions	25.782	4,8%
Net profit	167	0,0%
	<u>25.949</u>	<u>12,3%</u>
	<u>539.038</u>	<u>100,0%</u>

# ANNEX 4

General Securities Terms

The securities issues of Raiffeisen Centrobank AG are subject to these General Securities Terms. The Final Terms (see Chapter VI of the Capped Warrants Prospectus) will contain any supplementary information specific to the individual securities. Raiffeisen Centrobank AG retains the right to change these General Securities Terms.

## GENERAL SECURITIES TERMS

of  
Raiffeisen Centrobank AG

for Capped Warrants (see Final Terms, line 1)

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## § 1. Investor Rights

1. Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1010 Vienna ("Issuer") will issue as of [*Issue Date*] (see FT, line 16) a total volume of up to [*indication of total volume*] (see FT, line 23) [*Name of structured security*] (see FT, line 1) pursuant to these Securities Terms, ISIN [*ISIN Product*] (see FT, line 2) on the [*underlying instrument*] (see FT, line 7-9).
2. The structured security entitles the holder the right to claim redemption pursuant to § 9.
3. If the structured securities are listed on an exchange, they can be traded continuously in denominations of one [*indication of the denomination*] (see FT, line 25) or a multiple thereof on every exchange trading day on the exchange and over the counter. Securities not listed on an exchange can be traded continuously over the counter.
4. The issuance of structured securities is done in the form of a continuous issue.
5. The issue price of the securities is fixed taking into account several different factors (e.g. price of the underlying instrument of the security on a certain date and the fluctuation range, current interest rates, exchange rates, future dividend expectations and product-specific parameters).
6. Unless otherwise stipulated or supplemented in the Final Terms (see FT, line 14), the conversion of the issue price at the start of the term of the issue and during its term is based on the respective foreign currency (FC) FC/product currency (PC) median rate.

In the case of "quanto" – currency hedged – securities, the respective foreign currency is always expressed 1:1 in the product currency. This means that the respective foreign currency unit automatically corresponds to a unit of the respective product currency.

"Foreign Currency" in the meaning of these Securities Terms is a currency other than the product currency.

## § 2. General Risks

1. The issuer has the intention – under usual market conditions – to quote current buy and sell prices. The issuer, however, does not enter into any legal obligation vis-à-vis the holder of structured products to quote such prices or with respect to the amount or the determination of such prices. Therefore, the buyer of a structured security cannot rely on being able to sell a structured product at a certain time or for a certain price. Market disruptions (see § 14), for example, can delay the determination of prices.
2. The structured securities are risky instruments used to invest assets. If the underlying instrument of the respective warrant develops adversely, there is a risk of loss of a greater part or of the total amount of the invested capital. The holder of structured securities therefore also carries the risk that the financial situation of the issuer of the structured securities could change for the worse.
3. The value of structured securities is influenced not only by the changes to the price of the underlying instrument, but additionally by a number of other factors such as the maturity of the structured securities (and other product-specific parameters) as well as by the frequency and intensity of price

fluctuations (volatility) of the underlying instrument. A reduction in the value of a structured security may occur even if the price of the underlying instrument remains constant.

### § 3. Currency Risks

In the case of a securitized claim in the form of a structured security relating to a foreign currency and/or being calculated in a foreign currency unit, or if the value of the underlying instrument of the security is denominated in such a foreign currency or currency unit, then the risk of loss shall not depend solely on the development of the value of the underlying security, but also on the adverse developments on the foreign exchange markets. Adverse developments on foreign exchange markets can heighten the risk of loss in the following ways:

- the value of the structured securities acquired is accordingly reduced;
- there is a decrease in the potential settlement amount to be received, or
- the price of the underlying instrument decreases accordingly.

Even in the case of structured securities hedged against currency risks by fixing the rate of exchange, interest rate risks can still arise due to the divergent interest rate levels that can have a negative influence on the price of a structured security.

### § 4. Influence of Ancillary Costs on Earnings Opportunities

Commissions and other transaction costs that arise when buying or selling structured products can give rise to costs – especially in combination with a low order value – that may extremely reduce the earnings opportunities of the structured securities. Therefore, investors are recommended to inform themselves of the costs of buying or selling a structured product before investing.

### § 5. Using Credit

If a holder of structured securities finances the acquisition of such securities by taking out a loan, he or she must not only repay the loss if expectations are not realized, but must also repay the loan with interest. This substantially increases the risk of loss. The holder of a structured product should therefore never rely on being able to repay the loan and interest from the profit made on the trade in structured securities. Rather, the buyer of structured securities has to examine his or her financial situation before the purchase to ascertain whether he or she will be able to pay interest, and if necessary, to repay the loan on short notice even if the expected profit turns out to be a loss.

### § 6. Influence of Trades, especially of Hedging Transactions by the Issuer, on the Structured Securities

The issuer has the right to buy or sell on the open market or in non-public transactions the structured products at any time during the term of the structured securities. Within the scope of its regular business activities, the issuer engages in trading in the underlyings of the structured securities and furthermore

hedges fully or in part against the financial risks related to the structured securities by entering into hedging transactions in the respective underlying instruments.

These activities of the issuer can have an influence on the price of the underlying determined in the market as well as on the value of the structured securities or on redemption obligations vis-à-vis the holders of the structured securities.

The issuer is not under any obligation to inform the holders of structured securities of any such buy or sell trades or any other event (such as a hedging transaction) that could have an influence on the development of the price of structured products or the price of the underlying instrument. The holders of structured securities must therefore inform themselves on their own to gain a picture of the development of the prices of structured securities and their underlying instruments.

### § 7. Form of the Structured Securities; Transferability

1. The structured securities are all represented in global certificates pursuant to § 24 lit b Securities Custody Act, Federal Law Gazette No. 424/1969 as amended by Federal Law Gazette No 650/1987, requiring the signature of two authorized signatories (member of the executive board, director or holder of unlimited procuration).
2. The global certificates are deposited for inspection with Oesterreichische Kontrollbank Aktiengesellschaft in its function as a central securities depository. As co-ownership shares, the structured securities are transferable.
3. The structured securities can be individually transferred within the scope of securities giro transaction.
4. There is no entitlement to receive the structured securities physically.

### § 8. Maturity

The maturity of structured securities starts on [*Issue Date*] (see Final Terms, line 16) and ends on [*Maturity Date*] (see FT, line 17). If a subscription period has been defined for the structured securities, the securities are available for subscription during the period [*Subscription Period*] (see FT, line 24).

### § 9. Redemption

The following supplements and/or amendments to the following provisions governing the structured securities under this issuance programme may become necessary. Please refer to the Final Terms for these provisions. [*With respect to further provisions in connection with § 9 see FT*]

1. On the redemption date (see § 13) the holder of a capped warrant will automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency) ("redemption amount") amounting to the difference by which the closing price of the underlying instrument (see FT, line 7-9) exceeds the strike price on the respective maturity date (capped call warrant) or falls below it (capped put warrant), taking into account the subscription ratio.

2. The maximum redemption amount is limited to the absolute difference between the cap and the strike price, multiplied by the subscription ratio.
3. The respective strike price, the cap and the subscription ratio are defined at the start of the issue of the capped warrants by the issuer (see FT, line 6, 10, 11).
4. The closing price (see FT, line 12) corresponds to the price of the underlying instrument determined and published on the respective maturity date by the relevant exchange or price-fixing entity. Any other provisions regarding the determination of the closing price shall be contained in the FT, line 12).
5. Capped warrants do not entitle the holder to claim payment of interest or of dividends and therefore do not yield any regular returns.

#### § 10. Conversion of Foreign Currency Securities

1. The conversion of the respective redemption amount or settlement amount upon maturity from the respective foreign currency into the corresponding product currency is done on the basis of the respective FC/PC fixings displayed on the effective day on the Reuters page <ECBREF=> or another page replacing such page or, if the exchange rate is not displayed on another Reuters page, it is based on the exchange rate displayed on the page of another data vendor. Should the exchange rate no longer be calculated in the manner defined or displayed as mentioned above, the issuer shall have the right to define the applicable exchange rate on the basis of the market rules effective at the time for calculating exchange rates.
2. In the case of "quanto" – currency hedged – securities, the respective foreign currency is always expressed 1:1 in the product currency. This means that the respective foreign currency unit automatically corresponds to a unit of the respective product currency.

#### § 11. Underlying Instrument

The underlying instrument of the structured security is [*Description of underlying instrument*] (see FT, line 7 - 9).

#### § 12. Interest

There are no interest payments on structured securities.



### § 13. Redemption date/Due Date of Payment

1. The due date of payment ("redemption date") for the redemption of structured securities is three banking business days after the maturity date (see FT, line 17) unless otherwise specified in the FT line 17.
2. If the due date is not a banking business day, the payment shall be made on the next following banking business day. The holder of structured securities shall not have the right to demand interest or any other compensation for such a delay in payment.
3. Any taxes, charges or other duties falling due upon the payment of the money shall be borne and paid by the holder of the structured securities. The issuer or the warrants agent shall have the right to retain money amounts for taxes, charges or other duties that are to be paid by the holder of the structured securities in accordance with the preceding sentence.
4. A "banking business day" in the meaning of these General Securities Terms is – unless otherwise specified or supplemented in the Final Terms – a day on which commercial banks are open for business in Austria and Germany.

### § 14. Market Disruption; Substitute Price

The following provisions shall apply unless otherwise specified or supplemented in the FT, line 21:

1. In the case of securities on shares/ADRs/GDRs:

A market disruption means the temporary suspension or essential limitation (either)

- of trading in the underlying instruments on the relevant exchanges,
- in the shares on the primary exchange or
- in futures or options contracts relating to the underlying instrument on any derivatives exchange on which futures or options contracts on the underlying instrument are traded ("derivatives exchange"),

if this suspension or limitation occurs or exists during the one hour period prior the calculation of the closing price of the underlying instrument.

2. In the case of securities on commodities:

A market disruption means (either)

- the suspension or essential limitation of the calculation and/or publication of the value of the commodities by the relevant price-fixing entity, or
- the suspension or essential limitation of trading in futures or options contracts relating to the commodities on any derivatives exchange on which the futures or options relating to the commodities are traded ("derivatives exchange").

3. In the case of securities on indices:

A market disruption means the temporary suspension or essential limitation of trading in the shares contained in an index on a stock market or in a trading system whose quotes are used for the calculation of the respective index, if in the opinion of the issuer, this suspension or limitation means that

- the index cannot be determined because the index is not published in general or for the relevant time point in time, or
- there is a material change in the formula for or the method of calculating the index last in effect at the time the security was issued, to such an extent that the expected index will not be comparable with the index at the time of issue of the security (except for the fact that other continuously traded securities will be included in the index)..

4. In the case of securities on baskets of instruments (e.g. share basket, commodities basket):

A market disruption means that (either)

- the suspension or essential limitation of the calculation and publication of the closing prices for one or more of the instruments (such as shares, commodities) contained in the underlying (basket of instruments) by the relevant exchange/price-fixing entity, or
- the suspension or essential limitation of trading in futures or options contracts on one or more of instruments (such as shares, commodities) contained in the underlying (basket of instruments) on a derivatives exchange on which futures and options contracts on the respective instruments (e.g. shares, commodities) are traded ("derivatives exchange").

5. A limitation of trading hours or number of trading days will not constitute a market disruption, if it was announced by the relevant exchange prior to the occurrence of the limitation. A limitation imposed on trading during a trading day by reason of movements in price exceeding limits permitted by the relevant exchange will only constitute a market disruption if the trading limitation remains until the end of the trading session on the relevant trading day..
6. The issuer shall make every effort to notify the parties involved immediately of the occurrence of a market disruption. However, he has no obligation to do so.
7. "Exchange trading day" in the meaning of this terms is any day on which the exchange and the related exchange are open for trading during their respective regular trading sessions other than a day on which trading on any such exchange or related exchange is scheduled to close prior to its regular weekday closing time.

## § 15. Adjustment Rules

1. If, during the term of the securities, a corporate action in the underlying instrument occurs, these Terms will be adjusted in accordance with the ÖTOB Rules and the EUREX (German futures exchange) Rules or with the rules applicable at the respective exchange/price-fixing entity in order to ensure that the holder of the securities will remain in the original economic situation.

2. The relevant effective day ("effective day") shall be the maturity date.
3. If no closing price is determined and published for the respective underlying instrument on this relevant effective day or, if in the opinion of the issuer, there is a market disruption on this day, the following procedures shall apply unless otherwise stipulated in the Final Terms, line 22:
  - a. Securities on individual shares (e.g. shares/ADRs/GDRs):

The relevant effective day is postponed to the next following banking business day in Austria and the country of the primary exchange of the underlying instrument on which no longer a market disruption exists. If the market disruption lasts for a longer period of time and the relevant effective day has been postponed for five banking business days in Austria and in the country of the primary exchange of the underlying instrument, this day shall be deemed the relevant effective day and a substitute price is determined.

A substitute price is, if available, the price determined by the relevant exchange/price-fixing entity for the share/ADR/GDR or if such price is not available, a price determined by the issuer for the share/ADR/GDR which according to the issuer corresponds to the market situation on that day.

- b. Securities on indices:

The relevant effective day is postponed to the next banking business day in Austria and in the country of the home exchange of the underlying instrument, on which

- i. a closing price is determined and published again for the relevant index, or
      - ii. the issuer calculates and publishes pursuant to § 23 par. 1.b a substitute index itself and
      - iii. no market disruption exists.

The issuer may determine the index for the relevant effective day itself ("Substitute Index"). The basis for the calculation of this substitute index is the formula for and method of calculation and the composition and weighting of the prices and shares in the index last in effect prior to the index last published or that applied immediately prior to a change in the index that was the reason why the issuer decided to calculate a substitute index. The substitute index shall then replace the original index.

- c. Securities on commodities:

The relevant effective day is postponed to the next calendar day on which the closing price of the concerned underlying instrument is determined and published again.

- d. Securities on baskets of shares:

- i. If during the term of the capped warrants – from the point of view of the issuer – (i) a corporate action occurs, or (ii) a suspension from the official market without substitution of one of the shares contained in the basket occurs on the relevant exchange, or (iii) a tender offer for the relevant business exists, or (iv) the liquidity of the relevant share reduces essentially, the issuer shall take measures to put the holder of the warrants back into the original economic situation. In the issuer's sole discretion:

- the value of such share shall be distributed among the shares remaining in the basket on the basis of the latest available price in equal shares according to the currently applicable weighting; or
- the affected share will be substituted by another share according to the prevailing market conditions; or
- a "substitute price" is calculated for the affected share. The substitute price will be the price calculated by the relevant exchange, or, if such a price is not available, the price which corresponds, in the opinion of the issuer, to the fair market value of this share according to the prevailing market conditions.

There shall be no disadvantage for the holders of the capped warrants caused by such rounding. The decision of the issuer on such adjustments of the basket by the issuer or a third party commissioned by the issuer shall be binding on all parties involved and shall be published unless an obvious mistake has been made.

- ii. If the maturity date in respect of a share contained in the basket is not an exchange trading day or a market disruption exists, then the maturity date (A) for each share not affected by the occurrence of this disruption shall be the scheduled maturity date and (B) for each share affected by the occurrence of such a disruption shall be the first succeeding exchange trading day, where no market disruption exists, unless the issuer determines that on each of the three exchange trading days immediately following the maturity date a market disruption exists. In that case:
  - that third exchange trading day shall be deemed to be the maturity date for the relevant share notwithstanding the fact that a market disruption exists; and
  - the issuer shall determine its good faith estimate of the value for that share on that maturity date; and
  - the redemption date will be postponed accordingly (three banking business days after the maturity date).

e. Securities on baskets of indices:

- i. If, in respect of any index, an initial fixing date or an observation date is a disrupted day, then
  - the relevant initial fixing date or observation date, for each index not affected by the occurrence of a disrupted day shall be the scheduled initial fixing date or observation date (as the case may be) and
  - the initial fixing date or observation date, for each index affected by the occurrence of a disrupted day shall be the first succeeding scheduled trading day that is not a disrupted day relating to the relevant index, unless there is a disrupted day relating to that index on each of the eight scheduled trading days immediately following the date that, but for the occurrence of the disrupted day, would have been the relevant observation date.

In that case:

- that eighth following scheduled trading day shall be deemed to be the relevant initial fixing date or observation date, as the case may be (the "Deemed Date") for the relevant Index notwithstanding it is a disrupted day; and

- the issuer shall determine the index for the relevant day itself ("Substitute Index"). The basis for the calculation of this substitute index is the formula for and method of calculation and the composition and weighting of the prices and shares in the index last in effect prior to the index last published or that applied immediately prior to a change in the index that was the reason why the issuer decided to calculate a substitute index. The substitute index shall then replace the original index.
  - ii. "Disrupted Day" means in respect of an Index any scheduled trading day on which a relevant exchange or any related exchange fails to open for trading during its regular trading session or on which a market disruption event has occurred; and
  - iii. "Scheduled Trading Day" means any day on which the exchange is scheduled to be open for trading for their respective regular trading sessions other than a day on which trading on any such exchange is scheduled to close prior to its regular weekday closing time.
- f. Securities on baskets of other underlyings (e.g. basket of commodities):

The postponement of the relevant effective day is regulated in the FT, line 22.

#### § 16. Payout of Amounts

The pay out of the respective amounts is done exclusively in the respective product currency. The redemption amount will be commercially rounded to two decimal places.

#### § 17. Termination

1. As a rule, it shall be irrevocably excluded out that a holder of a security has the right to terminate the securities.
2. The issuer shall have the right to terminate the securities not yet settled prematurely by making an announcement as defined in § 23 par. 1.a stating the termination amount:
  - a. should the listing of the respective underlying instrument be irrevocably ceased on the relevant exchange or price-fixing entity or on its primary exchange for any reason whatsoever;
  - b. if, as a result of any change in the legal situation or any proposed change in the legal situation or any change in the official application, enforcement or interpretation of this legal situation, the issuer, as the case may be, has or will be obligated to pay additional amounts on any structured securities and such obligation cannot be avoided by the issuer, as the case may be, by any reasonable measures available to it which in the good faith opinion of the issuer will not have a material adverse impact on the conduct of its business
  - c. In the case of issues on individual securities (e.g. on shares/ADRs/GDRs):

If the underlying instrument is an individual share, the issuer shall also be entitled to terminate the security stating the termination amount if in its opinion liquidity in the shares/ADRs/GDRs is very low on the relevant exchange/price-fixing entity or on the primary exchange.

d. In the case of issues on indices or index baskets:

If the underlying instrument is an index, the issuer is also entitled to terminate the security stating the termination amount if in its opinion liquidity is very low in the shares included in the index on the relevant exchange/price-fixing entity or on the primary exchange or on a derivatives exchange on which futures or options contracts on such index are traded.

e. In the case of issues on commodities:

The issuer is also entitled to prematurely terminate securities not yet settled in the event of a market disruption (see § 14) stating the termination amount (see below).

f. In the case of issues on share basket(s):

The issuer shall also be entitled to terminate the security stating the termination amount if in its opinion liquidity in one or more shares of the basket is very low on the relevant exchange/price-fixing entity or on the primary exchange so that the economic situation of the holder of the securities in the issuer's opinion has changed substantially.

3. Unless otherwise stipulated in the Final Terms, line 15, in the event the issue is terminated prematurely, the issuer shall automatically pay to every security holder for every security held an amount in the product currency ("termination amount") five banking business days after the termination date that in the opinion of the issuer is an equitable amount and it has defined as the appropriate market price of the security.

*[Any other grounds for the issuer to terminate the securities and their legal consequences are stated in Final Terms, line 15.]*

## § 18. Taxation

The description refers exclusively to the relevant provisions of the taxation of income on capital assets and of other income on securities held by individual non-business investors resident in the respective country (thus treatment of income not from business operations). The explanations do not comprise all aspects of these types of taxation. The description does not deal with the individual tax situation of individual investors.

The information presented herein does not replace the necessary advice that must be obtained from a tax advisor in every individual case, considering the respective product, the investor's tax position and the recent legal position in the respective country, before reaching a decision to buy. Before buying a security, interested investors should in any case seek advice from their local tax advisors on the tax consequences of the acquisition, holding, sale and redemption of these securities. This is particularly true considering the current amendments to taxation law. The explanations provide general information based on the legal framework as per August 2007. The information has not been confirmed by court rulings or any explicit statements of the tax authorities and therefore should not be understood to mean that the tax consequences described are guaranteed to occur. Changes in the law, jurisdiction and administrative practice as well as deviating judgements of tax authorities due to the scope of potential divergent interpretations cannot be excluded and are not within the liability of the issuer. The individual

tax status and assumptions thereon made by the investor are not subject of the contract between the issuer and the investor.

The issuer does not assume any responsibility for the withholding of the mentioned withholding taxes

**A. Regarding holders of securities who are subject to taxation in Austria**

Returns on securities are income from speculation dealings pursuant to § 30 par. 1 fig. 2 Income Tax Act (margin no. 7757a ff income tax law 2000-decree 2005 of 2 Jan. 2006) if at the time of the start of the issue (see Final Terms Chapter VI. "4.1.9 Issue Date") the capital expenditure for the respective security is smaller than or equal to 20% in relation to the price of the underlying instrument.

If at the time of the start of the issue the capital expenditure for the respective security is more than 20% in relation to the price of the underlying instrument, then the returns on the securities are income on capital assets pursuant to § 27 par. 1 fig. 4 Income Tax Act 1988 and are therefore subject to capital yields tax.

**B. Holders of securities who do not have their habitual place of residence or domicile in Austria**

If an investor does not have his or her habitual place of residence or domicile in Austria, then capital yields from the redemption or sale of structured securities are not subject to income tax in Austria.

If such capital yields are paid out by an Austrian interest paying agent, the capital yields tax is not deducted, if the investor has furnished proof or credibly documented the status of non-resident to the paying agent.

Capital yields from the redemption or sale of certificates shall generally be subject to EU withholding tax as of 1<sup>st</sup> July 2007, if they are paid out by a domestic paying agent to a natural person who has his or her domicile in another member state of the EU. The paying agent is the credit institution which pays out the capital yields to the investor.

EU withholding tax is 15 % for payments as of 1<sup>st</sup> July 2005, 20 % for payments as of 1<sup>st</sup> July 2008 and 35 % for payments as of 1<sup>st</sup> July 2011. EU withholding tax is not levied if the investor presents to the paying agent a confirmation of his or her home tax office on the disclosure of the capital yields.

Income on capital from the capped warrants described in this prospectus does not constitute interest income that would be subject to EU withholding tax in the opinion of the Federal Ministry of Finance.

**C. The following applies to holders of securities subject to taxation in the Federal Republic of Germany:**

The following presentation is limited to the presentation of taxation of privately-held assets (*Privatvermögen*) pursuant to the German Income Tax Act (excluding Church Tax (*Kirchensteuer*)) without German paying agent (*Zahlstelle*) and is based on the current state of the law. In addition it includes an outlook to the investment flat rate tax (*Abgeltungssteuer*) which passed German upper house of parliament on July 6th, 2007 as part of the *Unternehmensteuerreform 2008*.

## A. Current Taxation

A profit from the sale of a warrant is only then subject to taxation as a private sale if the period between acquisition and disposition is no more than one year (Disposition of securities within the meaning of § 23 (1) No. 2 EStG, BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Notes 17 and 22). This also applies to the exercise of an option with cash settlement, provided that the period between acquisition and exercise is no more than one year (forward transaction within the meaning of § 23 (1) No. 4 EStG, BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Notes 16 and 21). The purchase price and ancillary purchase costs of the warrants are then deemed to be income-related expenses (*Werbungskosten*) pursuant to § 23 (3) Sentence 5 EStG. Losses from the warrants may only be offset against profits received by the tax payer from private sales (*private Veräußerungsgeschäfte*) in the same calendar year (§ 23 (3) Sentence 8 EStG). Losses which may not be offset reduce, to a limited extent, the earnings from private sales of the immediately preceding or the following assessment periods (§ 23 (3) Sentence 9 EStG).

Dispositions and redemptions with cash settlement which occur after a holding period of more than one year are not subject to taxation.

In the event that a call option is exercised and the underlying value is delivered, this will not have any direct tax consequences regardless of the holding period. The option premium paid is included in the purchase price of the acquired shares (BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Note 15) and, as the case may be, may have profit-reducing effect upon a later taxable sale of these shares. The exercise of a put option and delivery of the underlying value results in taxable profits from a private sale if the underlying value subject to the disposition was acquired within one year prior to the disposition (BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Note 20).

The tax treatment of the expiration of an option within the one year holding period is not conclusively clarified at this time. Currently a case (IX R 11/06) is pending before the German Fiscal High Court (Bundesfinanzhof) regarding the question whether the acquisition costs of warrants which are expired within the holding period qualify as expenses related to income from private sales (*private Veräußerungsgeschäfte*). However, for the time being the German fiscal authorities adhere to the view that such expiration has no tax consequences.

### Investment flat tax (Abgeltungssteuer)

## B. German Tax Reform 2008 (Unternehmenssteuerreform 2008)

On July 6th 2007 German Parliament has passed the so called Unternehmenssteuerreform 2008. One part of the Unternehmenssteuerreform 2008 is the introduction of an investment flat tax which includes fundamental changes to the principles of taxation of capital income (Einkünfte aus Kapitalvermögen) and capital gains (Einkünfte aus Veräußerungsgeschäften) for privately held assets.

This new investment income flat tax will be fully applicable for warrants which have been acquired on January 1st 2009 or later.

The warrants (see above) will remain taxable under the current rules if acquired before January 1st 2009. Thereafter the income flat tax will apply.

When the investment flat tax is to be applied, all capital income in the form of capital gains or other payments out of the sale or redemption of the warrants are treated as capital income within the



meaning of section 20 part 2 no. 7 German Income Tax Act. In principle they are subject to a flat tax of 25 % plus 5.5 % solidarity surcharge thereon. This is applied to all warrants whether they are to be considered as being speculative or not.

Losses out of the sale or redemption of the warrants can only be netted with other positive capital income. In so far as this is not possible within the tax year assessment in which the losses occurred, these losses can be carried forward without restriction in future years to be then netted with positive capital income.

#### § 19. Increases; Repurchase

1. The issuer has the right to issue additional structured securities with the same features so that these form a uniform issue together with the respective structured securities and increase the number. In such case, the term "structured securities" comprises any additional structured securities issued.
2. The issuer has the right to repurchase the structured securities at any time through the exchange or in over the counter. The issuer is not under the obligation to inform the holder of structured securities of any such action. The issuer has the right to render the structured securities bought back worthless, to hold or resell them or use them in any other manner.

#### § 20. Paying Agent, Application Agent and/or Warrants Agent

1. The paying agent, application agent and/or warrants agent (for warrants) is Raiffeisen Centrobank AG. The crediting of payments to the holder shall be done by the respective custodian bank of the securities holder.
2. The issuer shall have the right to name additional paying agents and warrants agents and to revoke their appointment. Appointments and revocations shall be disclosed pursuant to § 23 par. 1.a.
3. The paying agents and warrants agents shall act in this function solely as parties commissioned by the issuer and their relationship with the holders of warrants shall not be one of contractor or trustee.
4. The paying agents, application agents and warrants agent shall only be liable for any representations made or omitted, declarations accepted or actions taken or not taken to the extent they do not violate the due diligence and prudence principles of a proper merchant.

#### § 21. Substitution of the Issuer

1. Any other company may enter into all of the obligations of the issuer imposed by these securities contingent on par. 2 at any time during the life of the structured securities after this has been announced by the issuer pursuant to § 23 par. 1.a. In the event of such takeover, the company taking over (hereinafter "new issuer") will legally succeed the issuer and replace it, and shall have the right to exercise all rights and obligations of the issuer arising from the structured securities with the same effect as if the new issuer had been named the issuer in these Securities Terms; the issuer (and in the event of a repeated application of § 21, any further new issuers) is thus released from the obligations under these Securities Terms and from liability as debtor under the structured securities. In

the event of such a takeover, the term "issuer" shall designate in all provisions of these Securities Terms (except in these § 21) the new issuer.

2. Such a takeover shall be permissible if
  - a. the new issuer has undertaken to hold all holders of structured securities harmless with respect to any taxes, charges, prolongations or official duties that may be imposed in connection with such a takeover;
  - b. the issuer (called guarantor in this function) unconditionally and irrevocably guarantees the fulfilment of all payment obligations to be assumed by the new issuer vis-à-vis the holders of structured securities and discloses the text of this guarantee pursuant to § 23 par. 1.a;
  - c. the new issuer has all government authorizations, permits, approvals and concessions required in those countries in which the new issuer has its registered office or according to whose laws the company has been established.
3. After the issuer has been replaced by the new issuer, the provisions of § 21 shall apply again.

#### § 22. Exchange Listing

Listing is on the Unregulated Market of Börse Stuttgart AG (European Warrant Exchange - EUWAX) and on the Semi-official Market of Wiener Börse. [*Further information and changes to exchange listing*]; [*Admission to Trading/Markets*] (see FT, line 29).

#### § 23. Publications

1. All announcements relating to the structured securities shall be made as follows: In those cases in which
  - a. a reference is made to § 23 par. 1.a., announcements concerning structured securities described herein will be made in accordance with the law in the Official Gazette "Amtsblatt der Wiener Zeitung". Should this newspaper discontinue publication, it shall be replaced by the daily newspaper serving as medium for official announcements. A special notification of each individual holder of a structured security shall not be required.
  - b. a reference is made to § 23 par. 1.b., announcements concerning structured securities described herein will be made by deposit with the Austrian Financial Market Authority and simultaneously publication on the website of the issuer (<http://www.rcb.at/>).
2. Unless otherwise stipulated in these Securities Terms, such announcements shall only serve for information purposes and do not constitute any pre-condition for effectiveness.

#### § 24. Statute of Limitation

The right to claim payment of capital due shall expire after thirty years as of the due date; claims to payments of interest shall expire after three years as of the due date.

## § 25. Obligation to Prepare a Listing Prospectus for Public Offerings

The structured securities are offered to the public in Austria and Germany [*Admission to Trading /Markets*] (see FT, line 29). They are issued in the form of a continuous issue. A base prospectus has been prepared in Austria pursuant to Art 7 par 4, fig. 1 of EU Regulation 809/2004. This base prospectus has been notified to the Federal Financial Supervisory Authority in Germany, Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") for Germany,

## § 26. Liability

The issuer will be fully liable with its entire assets for all obligations from the issuance of structured securities.

## § 27. Exclusion of Liability

The issuer does not assume any liability for the correctness, completeness, continuity and continuous calculation of the prices of the underlying instruments by the relevant exchanges or price-fixing entities (see FT, line 20).

## § 28. Applicable Law, Jurisdiction and Place of Performance

1. The form and content of structured securities as well as all rights and obligations arising under the matters covered by these terms are governed in all respects by Austrian law.
2. Place of performance and jurisdiction is Vienna; nonetheless, the issuer retains the right to file a lawsuit with any other competent court.

## § 29. Severability Clause

Should any of the individual provisions of this Agreement become invalid or unenforceable, this shall not affect the validity or executability of the remaining provisions. The invalid or unenforceable provisions shall be replaced by such provisions that come as close as possible to the intent of the provisions of these Terms.

## § 30. Final Provisions

1. The issuer has the right to change or supplement the following without having to obtain the consent of the holders of the structured securities:
  - a. obvious typing or calculation errors or other obvious errors as well as
  - b. any contradictory provisions or provisions containing omissions.

The cases mentioned under b) only permit such changes or supplements that are acceptable to the holders of the structured securities while taking into account the interests of the issuer, i.e., do not

substantially worsen the financial situation of the holders of structured securities. Changes and supplements to these Securities Terms are announced immediately in accordance with § 23 par. 1.b.

2. Definitions, calculations and other decisions by the issuer are binding for all parties involved unless there is an obvious mistake.
3. All taxes, fees and other duties falling due in connection with the redemption of the structured securities shall be borne and paid by the holders of the structured securities.

Vienna, [Date of creation of Securities Terms]

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