

**INCORPORATED DOCUMENTS**  
**to the Base prospectus of 21 July, 2008**  
**of Raiffeisen Centrobank AG**

- (i) the annual financial statements of the issuer for the year ending 31 December 2006 (including financial statements on a consolidated and single entity basis) and the audit opinion;
- (ii) the annual financial statements of the issuer for the year ending 31 December 2007 (including financial statements on a consolidated and single entity basis) and the audit opinion;
- (iii) the statements of sources and for the application of funds for the business years ending 31 December 2006 and 31 December 2007 including the auditors confirmation;
- (iv) the unaudited interim financial statements of the issuer as of 30 June 2007 on a consolidated basis;
- (v) the Annex 4 to the base prospectus for the Issuance Programme 2005/2006, dated 30 September 2005, approved on 4 November 2005;
- (vi) the Annex 4 to the base prospectus for the Issuance Programme 2006/2007, dated 21 July 2006, approved on 27 July 2006;
- (vii) the Annex 4 to the base prospectus for the Issuance Programme 2007/2008, dated 18 July 2007, approved on 20 July, 2007; and
- (viii) the Annex 4 to the base prospectus for the Issuance Programme 2007/2008 for capped warrants, dated 31 August, 2007, approved on 11 September, 2007.

# SUCCESS NEEDS ALL OVERVIEW



ANNUAL REPORT 2006



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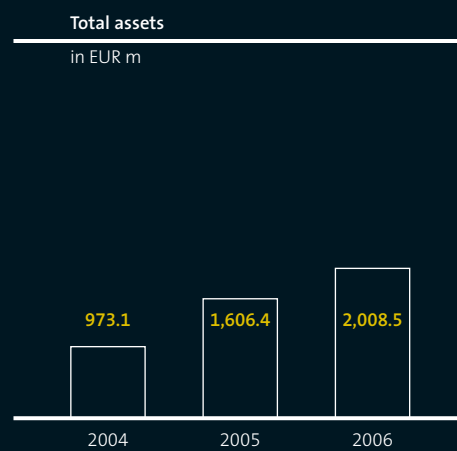
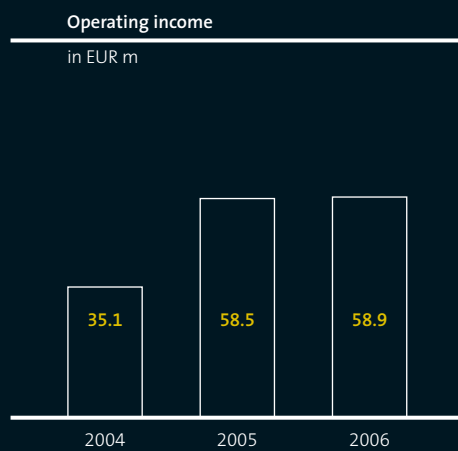
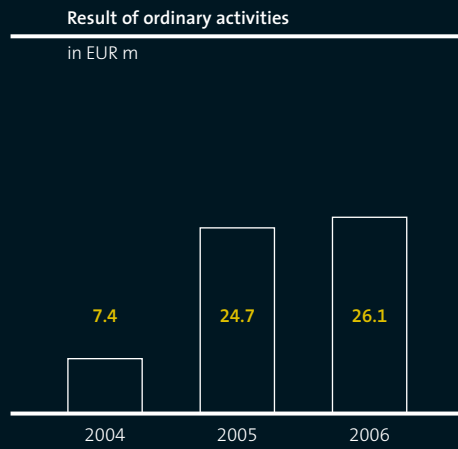
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## KEY FIGURES 2006

<b>Balance sheet</b>	<b>2005</b>	<b>2006</b>	<b>Chg.</b>
<b>Amounts in EUR million</b>			
Total assets	1,606.4	2,008.5	+ 25%
Subscribed capital	47.6	47.6	+ 0%
Equity capital	20.7	27.2	+ 31%
Capital (tier 1) before deductions	68.3	74.8	+ 10%
Total net capital resources (tier 1)	67.9	74.3	+ 9%
Required capital resources under § 22 Sect. 1 Banking Act	49.9	57.0	+ 14%
Equity ratio	10.9%	10.4%	-

<b>Profit and loss account</b>	<b>2005</b>	<b>2006</b>	<b>Chg.</b>
<b>Amounts in EUR million</b>			
Operating income	58.5	58.9	+ 1%
Operating expenses	- 29.7	- 32.9	+ 10%
Operating result	28.8	26.1	- 9%
Expenditures arising from the valuation of current assets and provisions for risks	- 4.0	0.0	-
Result of ordinary activities	24.7	26.1	+ 6%
Taxes	- 2.7	- 4.7	+ 73%
Annual surplus	22.0	21.4	- 3%
Adjustment of reserves	- 1.2	- 0.5	- 59%
Profit for the year	20.8	20.9	+ 1%
Profit brought forward	0.9	0.6	- 31%
Net profit	21.7	21.5	- 1%
Employees (average for the year)	162	178	+ 10%

\* Calculation: total net capital resources / assessment base to determine required capital resources pursuant to Banking Act





**SUCCESS NEEDS AN OVERVIEW.**

OR, IN OTHER WORDS: “IT FIRST PAYS TO GO THE  
WHOLE HOG, IF YOU CAN SEE THE BIG PICTURE”.

ERNST FERSTL (\*1955), AUSTRIAN POET AND APHORIST

If something really applies to Raiffeisen Centrobank, it is the fact that the bank goes all out and does its utmost, as a matter of principle, to ensure the success of its customers. It is not without reason that we posted record results in 2006 for the third consecutive year. A success hat-trick, so to speak. This may sound completely natural, particularly in a branch like investment banking, but in reality it can not automatically be taken for granted. Nevertheless, as the only specialised securities bank in Austria and part of the Raiffeisen Banking Group, Raiffeisen Centrobank can claim to see the big picture – regardless of whether one is talking about IPOs, securities trading, derivatives, international mergers & acquisitions or private banking. The overview that Raiffeisen Centrobank has attained can be classified in six different dimensions:

**Understanding the big picture through** self-reflection, authenticity, innovation, experience, competence and specialisation.





UNDERSTANDING THE BIG PICTURE –  
THROUGH SELF-REFLECTION.

## **GOOD VIEW, GOOD PERSPECTIVES.**

Whoever rests on his laurels does  
not see tomorrow's big picture.

Among the core strengths of Raiffeisen Centrobank is the willingness to adapt and the ability to be self-critical. Only by continually questioning our own methods, strategies and products (above all the successful ones) can we ensure of not chasing after opportunities, but proactively exploiting them.



UNDERSTANDING THE BIG PICTURE –  
THROUGH AUTHENTICITY.

## **THE FIRST IMPRESSION IS (ALMOST) EVERYTHING.**

The first impression is important,  
but not as crucial as performance.  
This means getting an overview.

Raiffeisen Centrobank is Austria's only specialist securities house. Our business focuses on equity products and the capital market – to which all our attention is dedicated. That's what we devote our time and energy to. Our customers see, hear and feel this conviction. We simply let us speak for ourselves.







UNDERSTANDING THE BIG PICTURE –  
THROUGH INNOVATION.

## **A REAL MAN RELIES ONLY ON HIMSELF.**

Whoever has attained an  
overview of the situation,  
can rely on his own ideas.

A key component of every professional company is constantly monitoring and analysing the market and the competition. But for Raiffeisen Centrobank, innovation is the ultimate motor underlying sustainable growth – and not the systematic plundering and adaptation of ideas derived elsewhere. We are convinced that this is the only way to ensure an ongoing differentiation and thus an added value for our customers.





UNDERSTANDING THE BIG PICTURE –  
THROUGH EXPERIENCE.

## **I SEE SOME- THING WHICH YOU DON'T SEE.**

Without an overview of things,  
it's pretty tough to know what  
one should be looking for.

As a specialist bank with more than 33 years of experience, Raiffeisen Centrobank can draw on a wealth of know-how, when it concerns supporting our customers in their securities and capital market transactions. Combined with the global network of the Raiffeisen Banking Group as well as a strong local foothold in many markets, especially in Central and Eastern Europe, we embody competence, which enables us to act instead of reacting.



UNDERSTANDING THE BIG PICTURE –  
THROUGH COMPETENCE.

## **SO CLOSE BY, YET SO FAR AWAY.**

Seeing the big picture means  
using things in the right way.

A self-developed, state-of-the-art IT-system (e.g. for our own research data base), networked know-how in many business segments (such as product and sales competence in private banking), or exploiting our belonging to the Raiffeisen Banking Group to implement capital market transactions represent just a few examples for the efficient resource management of Raiffeisen Centrobank.







UNDERSTANDING THE BIG PICTURE –  
THROUGH SPECIALISATION.

## **SMALL BUT SMART.**

One does not necessarily have to be a giant in order to attain an overview.

Raiffeisen Centrobank is certainly not one of the really big players in the investment banking business. But its many years of experience, focus on serving as a specialist securities house, the large number of stock exchange memberships, the affiliation with the Raiffeisen banking network and ongoing product innovation have made Raiffeisen Centrobank a strong and reliable partner for investors and companies throughout the world – with absolutely no need for us to hide.

## FOREWORD

### BY THE CHAIRMAN OF THE EXECUTIVE BOARD

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How successful was the 2006 business year for you? Did you succeed in further improving upon the strong upward trend displayed last year?

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*Since its integration in the Raiffeisen Banking Group in 2002, Raiffeisen Centrobank has achieved continuous, double-digit growth. In 2006, the result on ordinary activities improved once again, rising by 5.5%.*

*Since our integration into the Raiffeisen Banking Group in the year 2002, we have continually posted high double-digit growth, in terms of both total business volume and earnings. In 2006, we once again surpassed the record results achieved in 2005, increasing the result on ordinary activities by 5.5%.*

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*Turbulent times on the markets led to an unprecedented excess supply of liquidity in 2006. Raiffeisen Centrobank profited from this development in all areas.*

Which trends shaped the banking sector in 2006?

*The substantial price corrections impacting the stock markets in May and June, as well as the subsequent recovery, in which the previous highs were surpassed, led to turbulent times in the banking sector, but also new record trading levels. At the same time, the commodity markets were a crucial issue, as demonstrated by the huge success of our Bull & Bear certificates. All in all, market trends were primarily shaped by an unprecedented surplus of liquidity. We profited from this development in all areas, on the capital markets and in the M&A market.*

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*The biggest challenges in 2007: the CEE and Russian markets.*

Which new challenges will Raiffeisen Centrobank be confronted with in 2007?

*The markets in the CEE region as well as Russia currently offer the most exciting and promising business environment, but operating there is naturally much more demanding, requiring new skills and methods, in order to maintain the right balance between economic success and the corresponding risk.*

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*The goals for the upcoming year are clearly defined: expansion of our business in Central, Eastern and South East Europe and Russia, increased certificate sales and participation in capital market transactions as well as growth in private banking.*

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*Raiffeisen Centrobank is the only investment bank in Austria to offer short response processes, great market proximity, sophisticated know-how and a multiple, award-winning research unit.*

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Which business segments will be further expanded, and serve as growth drivers for your bank, provided that the overall business framework is conducive and market developments are favourable? *Expanding our activities in the CEE region, Russia and South East Europe will encompass not only the securities business and the sale of our own certificates, but also our serving as a financial partner for capital market transactions. Growth in the private banking segment will also contribute to improved earnings in 2007. An important pre requisite for achieving success will once again be our sophisticated research capabilities, where we will successively expand the spectrum of companies being analysed.*

How do you view the overall legal framework for your business?

*Basel II, MIFID, etc., to name just a few of the more well-known regulatory initiatives, are designed to provide a higher level of stability to financial markets and greater transparency for customers. However, at the same time, the new regulations will increase the formalities and costs. Maintaining the proper cost-benefit relationship will pose an increasingly difficult challenge for the company.*

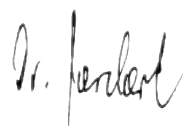
Today, Raiffeisen Centrobank is the only Austrian investment bank which successfully offers all investment bank services from a Vienna-based headquarters. What is the advantage for customers? *Short information requests make it easier for customers to identify a suitable contact at any time. Market proximity linked with our product know-how to seize upon new trends as the basis for issuing our own certificates and along with our numerous stock exchange memberships account for the quality of our services portfolio. Our top ranked research unit supports investors as well as individual companies in enhancing shareholder value, because only researched companies are able to gain new investors.*

Talking about IPOs: how do you expect the market to develop in 2007? Is there still a lot to be done on the Austrian market, or will Raiffeisen Centrobank move into other markets?

*Austria continues to be our core market, where we strive to maintain our leadership position. The widespread expansion of companies to Eastern Europe, Russia and Asia means that they will have to finance growth. The stock market represents an ideal platform at the present time. Accordingly, we will expand our presence in other capital markets in the years to come, especially in CEE.*

Do you want to make a concluding statement to your employees?

*A service- and performance-oriented company always relies upon the know-how and the personal commitment of every individual employee. This applies particularly to our company, where the men and women of our team achieved an extraordinary performance in each segment of the business. That is why I would like to sincerely thank each employee and, at the same time, motivate them to continue their dedicated and efficient work on behalf of Raiffeisen Centrobank.*



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

## HIGHLIGHTS OF 2006

### **January**

- > Sole financial advisor to the government of the Republic of Srpska on the sale of 65% of Telekom Srpske, the largest telecom deal in South and South East Europe in 2006.
- > Launch of a joint venture with Gazprom (Russia).  
*(both Raiffeisen Investment AG)*

### **February**

- > Arranger of the secondary placement of Rosenbauer International.

### **March**

- > Alternative Investment Awards 2006: Gold for marketing, 3rd place in total rankings.

### **May**

- > Joint lead manager and joint bookrunner of IPO of Austrian Post.
- > Co-lead manager of IPO of Zumtobel.

### **August**

- > Co-manager of IPO of Transelectrica SA (Romania).

### **September**

- > Co-manager of IPO of CropEnergies.

### **October**

- > Research manager Birgit Kuras named TOP GEWINN forecasting champion.
- > Advisor to the Turkish Privatisation Agency in the privatisation of Erdemir Steelworks, one of the world's largest privatisations in 2006. *(Raiffeisen Investment AG)*

### **November**

- > Joint lead manager and bookrunner of IPO of bene.
- > Two awards won at the German Certificate Awards.

### **December**

- > 2nd place in the team rating and 3rd place in individual analyst rankings of the Creditreform Analyst Award.
- > Joint lead manager and joint bookrunner in the IPO of INA Industrija nafte d.d. (Croatia).

CORPORATE BODIES

...	<b>Executive Board</b>	
...		
...	<b>Chairman</b>	Eva Marchart
...		
...	<b>Deputy Chairman</b>	Alfred Michael Spiss
...		
...	<b>Member</b>	Gerhard Grund
...		
90	<b>Supervisory Board</b>	
...		
...	<b>Chairman</b>	Walter Rothensteiner, Chairman of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna
...		
...	<b>Deputy Chairmen</b>	Patrick Butler, Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna – First Deputy Chairman
...		
100		Herbert Stepic, Chairman, Raiffeisen International Bankholding AG, Vienna – Second Deputy Chairman
...		
...	<b>Members</b>	Karl Sevelda, Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna
...		
...		Christian Teufl, Director, Raiffeisen Zentralbank Österreich AG, Vienna
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...		Helfried Marek, Vienna
...		
...	<b>State Commissioners</b>	Peter Braumüller, Divisional Director Tamara Els, Deputy Assistant
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From left to right: Alfred Michael Spiss, Eva Marchart, Gerhard Grund



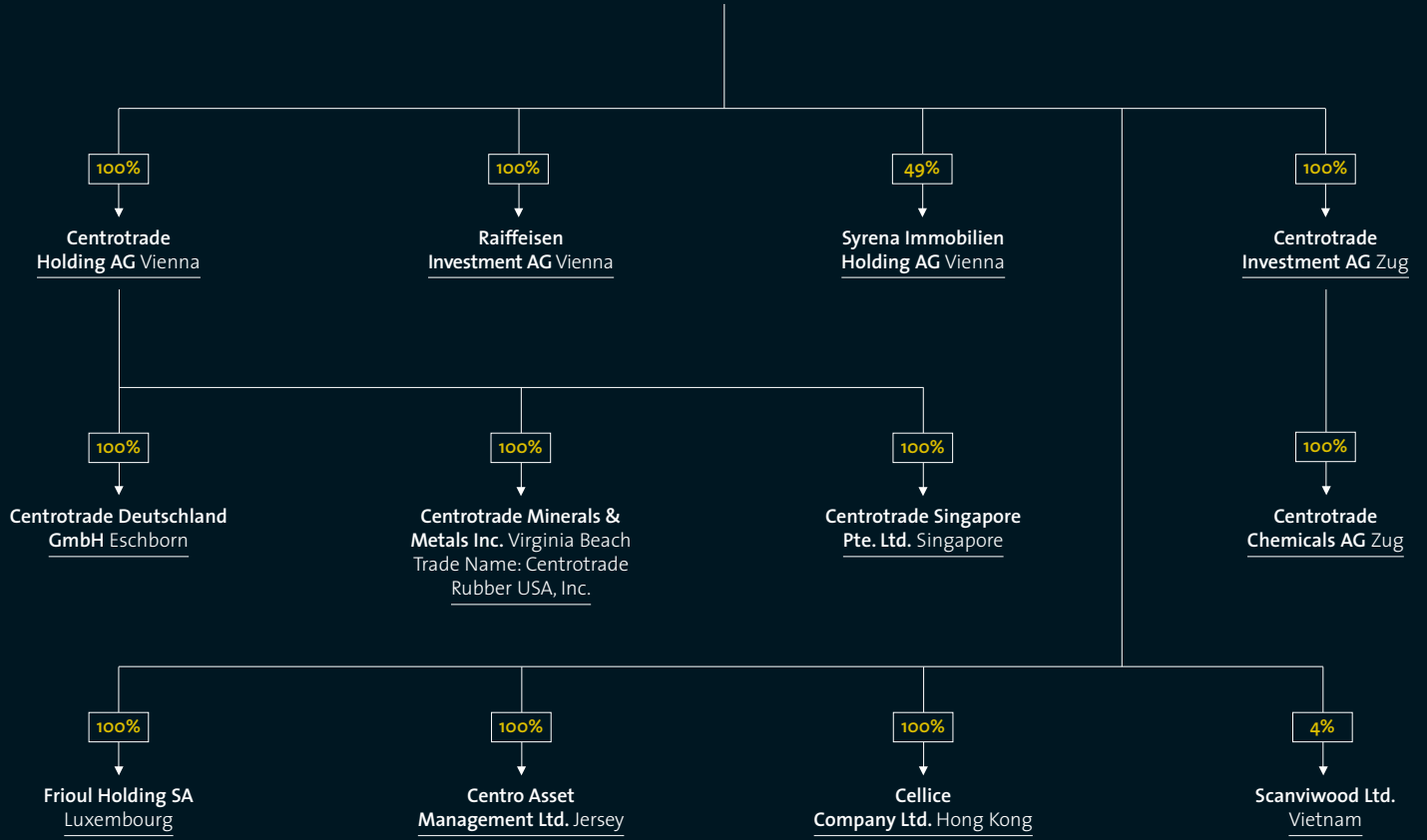




Walter Rothensteiner



**RAIFFEISEN CENTROBANK AG VIENNA**





# RZB GROUP





## RAIFFEISEN CENTROBANK

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*As Austria's largest pure-play investment bank and a member of the Raiffeisen Banking Group, Raiffeisen Centrobank offers its customers the best of both worlds.*

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*The core business of Raiffeisen Centrobank is equity capital. This know-how is not only made available to institutional but also private investors.*

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### **Raiffeisen Centrobank is special ...**

The entire equity business of the Raiffeisen Banking Group, whose flagship is Raiffeisen Zentralbank, has been bundled in Raiffeisen Centrobank since it was first integrated into the banking group. As a result, Raiffeisen Centrobank has emerged as the largest Austrian pure-play investment bank, with direct access to a total of 11 stock exchanges. In addition, it takes advantage of the network operated by the Raiffeisen Banking Group. In Central and Eastern Europe, this primarily refers to the extensive local branch network established by Raiffeisen International. However, through its own IT and account management systems, Raiffeisen Centrobank operates as a fully independent entity. In other words, it offers the best of both worlds.

### **... but not too special**

The know-how acquired in the international capital markets is also made available to our private customers, as reflected in its active private banking operations. We primarily concentrate on the securities and related businesses. In contrast, our focus is not on credit transactions. The bottom line is that our core expertise is equity capital, and this competence is reflected in the various cornerstones of our business:

#### **Trading and Sales of shares and derivatives**

Raiffeisen Centrobank has secured a leading role in Austrian share trading. The capital market is its main pillar and core business. Our team carries out approximately 10,000 transactions daily – flexibly, quickly, tailored to individual needs.

#### **Equity Capital Markets**

As one of the leading Austrian issuing banks, Raiffeisen Centrobank maintains top-notch contacts to domestic and foreign investors. The comprehensive portfolio ranging from company valuations, corporate structuring and assistance with marketing issues to consulting on public and investor relations activities builds upon these contacts. Furthermore, Raiffeisen Centrobank has set up its own Equity Capital Markets team focusing on Central and Eastern Europe, which is trying to exploit the enormous opportunities arising in these dynamically growing markets.

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#### **Company Research**

Raiffeisen Centrobank places its highly specialised knowledge at the disposal of investors and issuers, in the form of reports and publications. The companies which are evaluated also benefit: they are provided with valuable input in the form of sectoral and peer group research.

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## EQUITY CAPITAL MARKETS

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As one of Austria's leading issuing banks, Raiffeisen Centrobank has served for many years as one of the initial contact points for capital market transactions.

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Every customer is treated with the same seriousness and intensity – regardless of the size and volume of the transaction. Raiffeisen Centrobank defines itself according to the added value for customers, and not the size of the deals.

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### **A few thoughts ...**

As one of the leading issuing banks in Austria, Raiffeisen Centrobank has accumulated more than 20 years of experience in structuring and implementing equity capital markets transactions (ECM). This know-how combined with an extensive network built up over many years makes the ECM team an initial contact point for IPOs and any other form of capital market transactions carried out in Austria. Following the successful placement of Raiffeisen International, the largest domestic IPO in 2005, numerous prominent Austrian companies entrusted their initial public offerings to Raiffeisen Centrobank, such as Post AG and bene AG (office furniture).

The year 2006 was characterised by an intensified and more optimised cooperation between ECM and the Equity Trading & Sales unit within Raiffeisen Centrobank. The secondary market has increasingly emerged as a decisive distinguishing feature in the competition for ECM deals. The IPO of bene AG represents a good example of the successful linkage of the complementary areas.

### **... about real greatness**

Nevertheless, even small mandates enjoy the same preferential treatment as larger ones. Each individual transaction is a matter of particular importance to the ECM team. Each customer is treated with the same level of seriousness and intensity, due to the fact that Raiffeisen Centrobank has not been a major player in international comparison in recent years, despite its ongoing successes in the field. As the only Austrian pure-play investment bank, it has defined itself in contrast to competitive banks in terms of the actual added value for customers and not the size of the deals. This added value is clearly in a better understanding of customer needs.

### **Fundamental research**

The basis for every transaction is an intimate knowledge of the markets and their participants. This specialised expertise is systematically and sustainably developed by carrying out intensive research in advance, for which Raiffeisen Centrobank can rely on its economic, political and cultural integration in the Raiffeisen Banking Group. The quality of the research work is documented by the continual success of Raiffeisen Centrobank Company Research.

**Post-deal support is like pre-deal service ...**

For Raiffeisen Centrobank, a successful transaction does not mean the end of the partnership between the issuer and the bank. Long-term support and consulting following the completion of the transaction are among the fundamental principles guiding the bank's activities. Research coverage, roadshow planning, technical consulting or putting together share programmes all comprise part of the customer support services which are provided.

**Equity Capital Markets CEE**

More than two years ago, Raiffeisen Centrobank set up an Equity Capital Markets (ECM) team focused exclusively on Central and Eastern Europe (CEE). The reason is that these markets currently rank among the fastest growing and thus most attractive capital markets. One of the most sustainable economic upheavals in economic history is taking place, so to speak, right at our doorstep.

**Local know-how, global access**

Today the continually expanding Equity Capital Markets CEE unit is responsible for coordinating operations in 15 markets in Central, Eastern and South East Europe. As measured by its geographical presence and market coverage, Raiffeisen International is one of the most dynamic banking groups in the Central and Eastern European region, in many cases playing the role of door opener while providing professional support on location. For local companies, Raiffeisen Centrobank ECM serves as an interface to Western financial markets, i.e. as a provider of local know-how with global access – backed by the clout of a large number of direct or quasi memberships in stock exchanges, which in turn ensure the required access to secondary markets.

The main highlight of the 2006 financial year and simultaneously a crucial milestone for our equity capital markets business in CEE was certainly the Initial Public Offering of INA, the former state-owned Croatian utility company, with about 16,000 employees and a market capitalisation exceeding EUR 5 billion. However, Raiffeisen Centrobank also succeeded in being a trendsetter in other countries, in particular Romania. Furthermore, the foundation was laid for the bank's market entry in the continuously growing Russian stock market, the market capitalisation of which is twenty times higher than that of the Vienna Stock Exchange.

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*Post deal customer support – from research coverage, roadshow planning and technical support – are among the basic principles guiding our behaviour.*  
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*In addition to Austria, ECM is active in 15 markets in Central, Eastern and South East Europe as an interface for local companies to access Western financial markets.*  
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COMPANY RESEARCH

*The year 2006 was characterised by the development of a comprehensive technological infrastructure to optimise our research work.*

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The comprehensive coverage of Austrian and Eastern European stock exchanges developed by the Company Research department of Raiffeisen Centrobank during the last few years requires a commitment to the entire region and core competencies in the most diverse business sectors. Instead of the earlier focus on specific countries, the research specialists at Raiffeisen Centrobank cooperate within the context of cross-border sectoral teams for telecommunications, oil and gas, banks, energy and industry located in Vienna, Moscow, Warsaw, Prague, Bucharest, Budapest, Zagreb, Sarajevo and Marburg. One of the priorities of the bank's activities in the year 2006 was the development of the DMS research data base, which displays a complete analysis workflow, from data generation to publication, and thus enables an up-to-date, region-wide "central warehouse" storing all research data of the network banks. On the basis of this new platform, 26 Austrian and 64 CEE companies will be evaluated on a regular basis in accordance with standardised criteria. The medium-term goal is to expand research coverage to encompass at least 100 companies.

*Today's high quality analyses demand a local foothold. For this reason, more than two thirds of our senior analysts work directly on location in the CEE region.*

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**Nevertheless: research is not a "drive-in"**

Spot analyses are not our cup of tea. Long-term support requires a long-lasting commitment. This is the only way to develop meaningful reports. Serious analyses involve personal dedication on location. A total of 15 out of 23 senior analysts now work in Eastern Europe, a commitment which will be expanded even further in the course of 2007. In this regard, it is not only the mass market which interests us, but the masses of potential target markets out there. It is often the case that the small specialised companies in niche markets represent the particularly exciting investments. Generally speaking, not only the customer benefits from this expertise, but the company being analysed, which obtains valuable input for its own business development in the form of sectoral and peer group know-how. Research has long expanded to encompass more than pure analytical work, but also consulting and networking.

**Win-win situations**

A high level of methodological competence as well as in-depth experience is necessary in order to achieve research results which can serve as the basis for clear-cut, resolute investment decision-making. The analysts at Raiffeisen Centrobank have both competitive advantages at their disposal. Subsequently, the Analyst Award, Austria's most prestigious research price, was bestowed upon several employees of Raiffeisen Centrobank in 2006.

What goals still remain for the year 2007? Simply speaking, the priority is to further enhance our research work. In 2007 the Company Research department aims to expand research analysis to more than 100 companies. Raiffeisen Centrobank is moving in the direction of a real-life research universe – for the benefit of investors as well as the corporate world.

*One of the primary targets for the year 2007 is to expand our research universe to 100 companies.*

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## PRIVATE BANKING

Private banking as practised by Raiffeisen Centrobank stands for professional and creative asset management consulting and tax optimisation by means of intelligent foundation and insurance models.

### **What do we mean by “private”?**

For us, the term “private” not only refers to our customer base and the type of service we offer. “Private” signifies more than just a catchword to Raiffeisen Centrobank’s Private Banking department, representing the latest expansion of our service portfolio. In reality, it is a corporate philosophy we live, breathe and embody. It goes without saying that personal customer support and discretion are the very essence of a trustworthy relationship. That is why we do not only protect the assets but also the privacy of our customers, two thirds of whom are really private individuals, whereas the remaining one third are companies and foundations. First-class customer support is not only a question of style, but of competence. In this case, we are talking about know-how which Raiffeisen Centrobank has accumulated over a period of many years in its function as a specialist commercial bank for share transactions. Our private banking operates in accordance with the Swiss approach to asset management, bundling customer support services for a particular customer in the hands of one employee. This means that each key account manager is also the portfolio manager.

### **Others make classical investments**

Raiffeisen Centrobank goes against the tide. It is both dynamic and smart in the way it carries out its business. Our employees do not focus on the mass market to benefit customers, but on that special something. The proof of the pudding is our success. Up until now, about 600 customers have demonstrated their confidence in Raiffeisen Centrobank Private Banking, entrusting a total of EUR 1.6 billion in assets to our care. Our investment approach comprises active, individual and creative portfolio management, directly linked to the precise requirements of our customers. Instead of bowing to the dictates of benchmark-oriented investments, Raiffeisen Centrobank pursues an absolute return management strategy. The cornerstone of this approach is to minimize the probability of incurring losses while striving to achieve an annual return on investment of about 10%. The average performance during the last three years, ranging from 8% to 16%, impressively demonstrates the quality of our strategy.

### **2006 exploited with courage**

Our clearly-defined focus in the year 2006 was Austria as well as Central and Eastern Europe, featuring courageous steps in a difficult business environment. The reward was an annual performance, depending on the share ratio, of up to +20%. In the same period, total assets under management rose by more than 30%. Over the last six years, Raiffeisen Centrobank has succeeded in achieving a three-fold increase in the number of customers as well as depots.

### **The plan for 2007**

Raiffeisen Centrobank will also lay the groundwork for expanding to Central and Eastern Europe in the field of private banking, driven by the company’s overriding business objectives and the continuously increasing dynamic level of business in private banking.

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*Raiffeisen Centrobank Private Banking adheres to the Swiss principle of asset management, bundling customer support in one hand i.e. each key account manager is also the portfolio manager.*

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*The private banking investment approach is an active, absolute-return management which is not benchmark-oriented. An average annual performance of 8% to 16% underscores the success of this strategy.*

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## RAIFFEISEN INVESTMENT AG

Raiffeisen Investment is the leading M&A and privatisation consultant in Central and Eastern Europe.

### **In 12 markets for 17 years**

*Raiffeisen Investment has been successfully operating in 12 CEE markets for many years as an advisor to governments and international companies in the fields of acquisitions and privatisations.*

The success and strength of Raiffeisen Investment AG, a 100% subsidiary of Raiffeisen Centrobank, is its extensive experience and local expertise in the individual markets of Central and Eastern Europe. For the last 17 years, Raiffeisen Investment AG has been operating in 12 countries in the region as a privatisation advisor to governments, as well as an advisor for acquisitions to Austrian and international companies. The local expertise of Raiffeisen Investment branch offices on location is complemented by sectoral teams focusing on various industries (e.g. telecommunications, energy, heavy industry, finance and banking, retail and financial sponsors), whose ongoing contact with companies operating in the particular sectors have provided them with an intimate knowledge of developments and trends. These sector specialists work together with local teams on the individual transactions, thus providing a basis for the high quality services.

### **A presentable track record**

*In 2006, Raiffeisen Investment not only participated in all M&A transactions in the field of mobile telephony, but is currently working on projects valued at EUR 120 billion.*

In recent years, Raiffeisen Investment was involved in approximately half of all steel industry transactions in Central and Eastern Europe. In 2006, for example, Raiffeisen Investment managed the world's second largest deal in this field. Furthermore, Raiffeisen Investment participated in all privatisations and M&A transactions in South East Europe's mobile telephony sector, including Bulgaria, Serbia, Montenegro and Bosnia. Several of the largest transactions in the region's energy industry were also managed by Raiffeisen Investment. At present, the company is working on about 120 projects with a total transaction value of EUR 20 billion. Raiffeisen Investment is continuously ranked among the top 3 in the "league tables" for Central and Eastern Europe.

### **Impressive market dynamics**

*As an advisor locally positioned in a large number of CEE markets, Raiffeisen Investment has a strategic advantage when it comes to managing the increasing number of intra-CEE deals.*

Raiffeisen Investment has identified a period of national consolidation in individual countries of the CEE region. In the meantime, a wave of consolidations is taking place on a supraregional basis, e.g. transactions between Polish and Ukrainian companies. This development has resulted in the creation of regional champions, which have subsequently grown to match Western European dimensions and are now thinking of implementing acquisitions in Western Europe. In the last few years, Raiffeisen Investment has positioned itself as a specialist with the capabilities of efficiently managing such transactions. That is the strategic edge arising from having accumulated the relevant know-how as well as maintaining a local presence both in the homeland of the purchasing company as well as the country of origin of the firm being acquired. The much bigger challenge in this region is the development of the M&A business in Russia, which has already commenced and which is likely to continue, but in phenomenal dimensions. Accordingly, Raiffeisen Investment is in the midst of expanding its team in Russia, in order to further improve upon its expertise, for example in the infrastructure sector. We also expect corresponding growth in the Ukraine, Turkey and Poland.

## CERTIFICATES – THE INVESTMENT ALL-ROUNDERS

The certificates market in Austria and Germany has been booming for many years, and not without good reason. Certificates enable investments specially tailored to the individual risk profile and market expectations of investors. The term “all-rounders of financial investing” is absolutely justified. With certificates, investors can profit from the performance of shares, indices, precious metals, bonds and raw materials in every market phase. The types of certificates range from conservative financial products with a capital guarantee to more speculative leveraged products.

### **Raiffeisen Centrobank: one of Austria’s leading issuing banks**

The market for certificates or structured financial products, as they are often called, represents one of the fastest growing financial markets during the last few years. More than 130,000 products are listed on EUWAX in Stuttgart, the largest certificate exchange in the world, with total trading of about EUR 88.5 billion in 2006. Raiffeisen Centrobank itself, one of the leading Austrian issuers of structured products, offers more than 1,700 certificates and warrants.

### **What are certificates?**

From a legal point of view, certificates are a type of bond issued by an investment bank. Their yield profile depends on the development of an underlying base value, such as an index, share, raw material or a basket of several underlying instruments.

Trading with certificates functions similar to share trading. The issuer is committed to publishing ongoing prices for the purchase and sale of certificates, assuming the function of a liquidity provider. This ensures that these certificates can be traded and sold again at any time during normal trading hours. The certificates issued by Raiffeisen Centrobank are listed on the Vienna Stock Exchange and on the EUWAX in Stuttgart, and are also traded over the counter via online brokers, directly with Raiffeisen Centrobank. Raiffeisen Centrobank was the first issuer to list several certificates on the Prague Stock Exchange, and is continually expanding its portfolio of certificates traded there.

*As an investment vehicle, enabling investments tailored to a special risk profile, certificates currently rank among the strongest growing forms of global investment.*

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*With a product portfolio of more than 1,700 issued certificates and warrants, Raiffeisen Centrobank ranks among the leading issuers in Austria.*

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## MANAGEMENT REPORT

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### **Eurozone and CEE remain strong**

Whereas an economic downturn is becoming increasingly apparent in the U.S., Europe continues to enjoy a period of strong economic growth. The prerequisites for a sustainable, upward economic development in Europe remain favourable, particularly in the light of a robust German economy, although expectations are for a considerably lower level of growth than in the USA. Even if the American economy undoubtedly has an impact on European developments, the negative effects on Europe will be limited. Real GDP growth of 2.7% in the eurozone can be primarily attributed to corporate investment activity as well as exports to the neighbouring CEE region, which has assumed the role of growth driver. Accordingly, there are solid underpinnings to growth within Europe. In the course of the economic upturn, the European Central Bank and financial markets increasingly focused on inflationary tendencies. Subsequently, the ECB successively raised interest rates in the year 2006 from an initial level of 2% to 3.25%.

The substantial economic upswing in the Asian markets, particularly China, continued unabatedly, a development which was repeatedly used to explain the ongoing high level of raw material prices. In contrast, the Japanese economy, the most important in the region, had to surprisingly revise its forecasts downwards in the fourth quarter of the year under review.

In the former Eastern Bloc countries, namely CEE, South East Europe and CIS, the initial ambitious forecasts for economic expansion and growth were usually surpassed in 2006. Generally, annual growth rates were far above the 5% mark, whereas the overall average was above 6%, although the political situation in many countries was marred by instability and uncertainty. At the beginning of 2007, Slovenia became the first country in the region to introduce the Euro as its national currency. Moreover, two additional CEE countries, namely Bulgaria and Romania, were accepted as members of the European Union, raising the total number to 27. Forecasts for the year 2007 are basically optimistic, although political tensions in some countries could temporarily tarnish the overall picture.

### **Mixed bond markets, continuing growth in share prices**

In the more developed countries, the bond markets did not yield high returns for investors. In the eurozone, the bond market performed comparatively well, given the accelerated economic growth as well as interest rate hikes amounting to 125 basis points. After all, in the past the bond markets posted quite a negative performance during times of economic growth. However, there was a rough balance between coupon earnings and share losses. In the USA, the situation was slightly more favourable, due to the fact that there were no year-on-year price losses for benchmark bonds with a ten year maturity, due to annual bond yields which did not rise. This difference in the development of bond returns in the USA and Europe led to a further reduction of the disparity of annual bond yields to well below 1%. As already mentioned, this trend was caused by an increase in the prime interest rate set by the U.S. Federal Reserve to 5.25% in the US Dollar and by the European Central Bank to 3.25% in Euro, both of which attained record levels in recent years. The development of expectations concerning further interest rate changes in the USA and Europe also shaped the exchange

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*Gratifying growth in the eurozone as well as in Central and Eastern Europe led to a successive increase in Europe's prime rate to 3.25%.*

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*After a very strong year once again in CEE, SEE and CIS, expectations for 2007 are optimistic, mainly due to the Euro launch in Slovenia and EU enlargement to Bulgaria and Romania.*

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*The yield disparity on the bond markets was further reduced to below 1% in 2006, due to differences in developments in the USA and Europe. This was primarily triggered by record interest rates following interest rate hikes.*

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... rate values for the Euro against the US Dollar. During the course of the year, there was a rise in value  
... from USD 1.20 per Euro to USD 1.30 per Euro. In the light of diverse growth expectations, most fore-  
... casts predict a further increase in the value of the Euro against the US Dollar, anticipating values of  
... up to USD 1.40 per Euro.

*In contrast to bonds, the international  
stock markets developed quite positively.  
The Viennese ATX and the Central  
and Eastern European CECE indices  
registered gains of 21% and 28%  
respectively at the end of 2006.*

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In this business environment, international stock markets generally developed quite favourably. Due to a strong fourth quarter performance, they not only succeeded in recouping the heavy losses posted in the second quarter of the year, but, for the most part, concluded 2006 by registering gains. The two most important regions for Raiffeisen Centrobank generated share price gains by the end of the year. Accordingly, the Austrian ATX index posted a rise of 21%, whereas the CECE index climbed 28%. Share prices also rose on the Japanese Nikkei index and the U.S. technology index NASDAQ, but at a lower level of 9% each. The German DAXX performed much more favourably, climbing 22% in value, and the Dow Jones index on the New York Stock Exchange was up 14%. The Russian equity market developed very impressively, concluding 2006 with a 70% rise in share prices.

## BUSINESS DEVELOPMENT 2006

*Following a tripling of profit after  
taxes in 2005, the results on ordinary  
activities rose by a further 5.6%  
in 2006, to EUR 26.1m.*

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Following the 2005 business year, the most successful in the history of Raiffeisen Centrobank, in which the profit after taxes tripled compared to 2004, the bank succeeded in once again reaching this record level in the 2006 business year. It even managed to further increase the results on ordinary activities, which rose 5.6% to EUR 26.091m, up from EUR 24.720m in the preceding year. The comparison of the bank's business results in 2006 with the previous year shows operating income remaining at virtually the same level, but a 10.5% increase in operating expenses. This is reflected in the rise in staff expenses (+ 13.1%) and depreciation (+ 29.3%), resulting from the intentional strengthening of human resources as well as additional investments in IT systems, office equipment, furniture and fittings to finance the required creation of new workplaces, as well as the full year's depreciation of the commercial property acquired in the second half of 2005.

*Operating income reached  
EUR 58.9m in 2006, maintaining the  
same high level as in the previous year.*

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Operating income in the 2006 business year amounted to EUR 58.9m, slightly above the record results posted in 2005 (EUR 58.5m). The high level of operating income, virtually unchanged since the previous year, can be primarily attributed to increased earnings from the bank's investment activities (net interest income), as well as higher income from shares, investments in related companies and subsidiaries and variable-yield securities. In contrast, income declined from services rendered in connection with capital market transactions.

After taking account of the profit or loss arising from the valuation of receivables and securities and the disposal of shareholdings, the result on ordinary activities amounted to EUR 26.091m (2005: EUR 24.720m). Taking account of the income tax expense passed on from Group companies totalling EUR 2.926m (2005: EUR 1.801m), other taxes (in particular non-deductible VAT) amounting to EUR 1.758m (2005: EUR 0.903m), and the allocation to the liability reserve of EUR 0.509m (2005: EUR 1.235m), the total profit after taxes amounted to EUR 20.898m (2005: EUR 20.775m). After carrying out necessary capacity adjustments, the cost income ratio climbed from 50.80% in 2005 to 55.70% in 2006. The return on equity before taxes remained at a high level, reaching 34.60%, compared to 35.70% in 2005.

### Business Results (Year-on-Year)

Amounts in thousand Euros	2006	Change	2005
Net interest income	6,061	+ 59.8%	3,792
Surplus on fees and commissions <sup>1</sup>	12,788	+ 183.8%	4,506
Results from financial trading activities <sup>1,2</sup>	38,956	- 19.5%	48,373
Remaining other operating income	1,134	- 37.7%	1,819
<b>Operating income</b>	<b>58,939</b>	<b>+ 0.8%</b>	<b>58,490</b>
Staff expenses	- 22,456	+ 13.1%	- 19,859
Other administrative expenses	- 8,235	+ 0.8%	- 8,170
Depreciation	- 2,120	+ 29.3%	- 1,640
Other operating expenses	- 42	- 37.3%	- 67
<b>Operating expenses</b>	<b>- 32,853</b>	<b>+ 10.5%</b>	<b>- 29,736</b>
<b>Operating result</b>	<b>26,086</b>	<b>- 9.3%</b>	<b>28,754</b>
Profit or loss from valuation/disposals	5	> 100%	-4,034
<b>Result of ordinary activities</b>	<b>26,091</b>	<b>+ 5.5%</b>	<b>24,720</b>
<b>Annual surplus</b>	<b>21,407</b>	<b>- 2.7%</b>	<b>22,010</b>
<b>Reserves</b>	<b>- 509</b>	<b>- 58.8%</b>	<b>- 1,235</b>
<b>Profit after taxes</b>	<b>20,898</b>	<b>+ 0.6%</b>	<b>20,775</b>

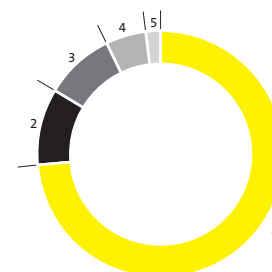
<sup>1</sup> Due to changes in the reporting structure, the comparability of last year's figures is immaterial.

<sup>2</sup> Including dividend income from securities.

The profit after taxes amounting to EUR 20.898m is derived from taking into account a contribution to direct costs totalling EUR 37.104m, a figure which is 6% below the previous year. In ranking the contributions made to the bank's total operating income, the Securities Department placed first, successfully accounting for 73.8% of operating income. Private Banking placed second, with a 9.9% share of total operating income, followed by Foreign Exchange, which was responsible for generating 9.2% of the bank's operating income, and Equity Capital Markets, with a share of 5.4%.

Due to required capacity adjustments, the cost income ratio rose from 50.8% to 55.7%, whereas the high level of return on equity before taxes was more or less maintained at 34.6%, slightly down from 35.7% in 2005.

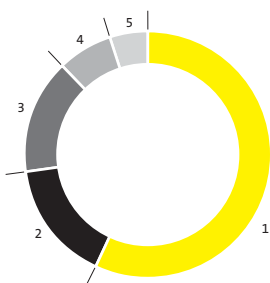
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Operating income



1. Securities: 73.8%  
2. Private Banking: 9.9%  
3. Foreign Exchange: 9.2%  
4. Equity Capital Markets: 5.4%  
5. Other: 1.7%  
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 The balance sheet total increased  
 in 2006 by 25% to EUR 2.0 billion,  
 up from EUR 1.6 billion in 2005.

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 2006 Assets



- 1. Shares and other variable-yield securities: 57.0%
- 2. Other assets: 16.0%
- 3. Claims on financial institutions: 15.0%
- 4. Claims on customers: 7.0%
- 5. Other assets: 5.0%

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 For more information on the  
 Securities Department, refer to page 35.  
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**Development of the balance sheet**

The balance sheet total increased to EUR 2,008.473m, a rise of 25% compared to EUR 1,606.383m in the preceding year. Key balance sheet items increased in accordance with the bank’s business strategy. Item 3, “Claims on credit institutions”, which comprised 15% of total assets, rose to EUR 301.635m from EUR 178.107m in the previous year. Item 6, “Shares and other variable-yield securities“, comprising 57% of the balance sheet total, climbed to EUR 1,152.310m compared to EUR 885.241m in 2005. Item 11, “Other assets”, accounting for a 16% share of assets, increased to EUR 313.836m, up from EUR 207.141m in the previous year. Item 4, “Claims on customers”, which comprised 7% of assets, fell to EUR 147.967m in 206 compared to EUR 180.795m in 2005, as a consequence of the declining credit business.

On the one hand, the increase in the bank’s holdings of shares and other variable-yield securities is partly due to market making activities. On the other hand, together with the increased positions in warrants, which are reported as “Other assets”. They represent hedge positions for the certificates and warrants issued by Raiffeisen Centrobank. The rise in claims on financial institutions can be mainly attributed to the further investments made with customer funds acquired within the context of private banking activities.

Corresponding to the development of the assets column, item 3, the “Liabilities evidenced by certificates”, accounting for 41% of liabilities, rose to EUR 823.609m in 2006 from EUR 654.652m in the preceding year. Item 4, “Other liabilities”, which made up 37% of the bank’s total liabilities during the year under review, climbed to EUR 751.348m, up from EUR 656.899m in 2005. The liabilities evidenced by certificates are mainly composed of our structured products, for example the well-known “winners” or blue-chip certificates. Other liabilities primarily refer to our warrants and other certificates, for example the turbo certificates on indices and individual securities. The increase in the item “Liabilities to customers” is mainly the result of funds deposited by a large foreign investor.

**Report of the departments**

**Securities**

The Securities Department, which contributed more than 70% of the operating income generated by the investment banking activities of Raiffeisen Centrobank, matched the excellent business results posted in the record year of 2005. The structure of the income generated by the Securities Department is quite favourable. 50% of the gross profits registered by the Securities Department are derived from commission and fee income on the sale of securities, the other half of the gross profits from securities trading activities. In turn, half of the profits achieved on securities trading were linked to the sale of the bank’s own structured products.

The strong growth in the placement of the bank’s own structured products is a particularly gratifying development, climbing 50% in 2006 compared to 2005, thus reaching a total volume of about EUR 1.4 billion. In regards to the regional segmentation of the securities business in three geographical areas, the contributions to the total profit made by the Central and Eastern European region climbed to 30%. Austria accounted for 50%, and the OECD region the remaining 20%. It is important to note

the continued upward trend in the bank's performance, which has been generated almost completely independently from actual market developments during the period under review, and by strictly complying with internal specifications defining maximum risk parameters. In terms of its market position on the Austrian securities market, Raiffeisen Centrobank succeeded in posting record trading of approximately EUR 14.6 billion (in absolute terms) on the Vienna Stock Exchange during the 2006 business year. However, due to the strong entry of new foreign and domestic participants, the bank's market share dropped to 11%. In its business with Austrian derivatives, Raiffeisen Centrobank maintained a leading position in trading, securing an approximately 20% market share on OeTOB (The Austrian Futures and Options Exchange). Together with its sale of warrants and structured products featuring more than 1,000 listed financial instruments, Raiffeisen Centrobank expanded its market leadership position with stock derivatives in Austria. Raiffeisen Centrobank also maintained its top position among all participants on the Vienna Stock Exchange, with market share of Eastern European derivatives higher than 30% on OeTOB. Once again, Raiffeisen Centrobank was the leading market maker and specialist investment bank on the Vienna Stock Exchange.

The bank's trading volume on the Stuttgart Stock Exchange, the leading European derivatives exchange which lists all structured and derivative products issued by Raiffeisen Centrobank, rose by 20% in the 2006 business year. The high level of recognition of the bank's activities, also by specialised target groups, can be documented by the repeated success in winning major prizes. In 2006, Raiffeisen Centrobank was the only Austrian issuer to win awards within the framework of the Certificate Awards granted by the newspapers "Die Welt" and "Das Zertifikatejournal" in Frankfurt. Among the two prizes it was given, Raiffeisen Centrobank was rated 3rd overall for its Bull & Bear commodity guarantee certificate.

In 2006, Raiffeisen Centrobank was one of the founding members of the Austrian Certificate Forum, an interest group composed of certificate issuers aiming to improve the information flow to potential consumers about the advantages and risks of this special form of investment, as well as to ensure a fair competitive market.

### Equity Capital Markets

> **Austria.** The outstanding achievement in the first half of 2006 was the Initial Public Offering of Austrian Post, which was eight times oversubscribed. Raiffeisen Centrobank supported the transaction as joint lead manager and bookrunner. In cooperation with the Raiffeisen Landesbanken (provincial banks), Raiffeisen Centrobank very successfully placed the retail share of the transaction totalling 43.3 million shares, at a value of EUR 650 million. Moreover, Raiffeisen Centrobank successfully served as joint lead manager and bookrunner for the IPO of BENE, co-lead manager in the syndicate for the IPO of Zumtobel, and co-manager of the going public of CropEnergies. In the secondary placement of Rosenbauer International from the portfolio of Cross Holding, Raiffeisen Centrobank was selected as sole coordinator and bookrunner within the context of an accelerated bookbuilding.

*Despite increasing competition on the Vienna Stock Exchange and a corresponding decline in the bank's market share to 11%, Raiffeisen Centrobank generated a record trading volume amounting to EUR 14.6 billion.*

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*In 2006, Raiffeisen Centrobank was the only Austrian issuer to be honoured at the German Certificate Awards.*

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*With the successful placement of Austrian Post, BENE, Zumtobel, Rosenbauer etc., Raiffeisen Centrobank underlined its leading market position in Austria.*

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With its involvement in the IPO of Croatia's oil and gas company INA, Raiffeisen Centrobank also positioned itself as a strong ECM partner outside of Austria.

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For more information on Equity Capital Markets, refer to pp. 36f.

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For more information on Company Research, refer to page 38.

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For more information on Private Banking, refer to page 39.

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For more information on Raiffeisen Investment, refer to page 40.

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> CEE. As part of its CEE capital markets transactions, Raiffeisen Centrobank managed the most important Initial Public Offering in the region during the course of 2006, namely the privatisation of the Croatian oil and gas company INA. Together with Raiffeisenbank Croatia, it successfully placed INA shares with Croatian retail investors as well as institutional investors. The IPO of the Romanian electricity provider Transelectrica was just as successful. Raiffeisen Centrobank played a major role in the international placement of the issue, which was 3.5 times oversubscribed by retail investors and 8.4 times oversubscribed by institutional investors. A further deal was the bank's participation in the capital increase of Flamingo International AG of Romania, in which Raiffeisen Capital & Investment S.A. of Romania served as joint lead manager.

### Research

The expansion of the scope of activities undertaken by the Company Research Department was supported and complemented in the course of 2006, featuring a further extension of its securities research work. In particular, Raiffeisen Centrobank took account of the increasing significance of the Central and Eastern European region for customers of Raiffeisen Centrobank, raising the number of companies analysed within the context of a sectoral concept to about 100, of which one-third are Austrian firms and the remaining two thirds from CEE. The high level of acceptance displayed by our customers as well as successes in the team and individual research rankings as part of the research prizes granted within the framework of the "Creditreform Analysts Award 2006" confirm the successful strategy and focus of Raiffeisen Centrobank's research and advisory activities.

### Private Banking

Total assets under management increased by 63%, rising significantly above EUR 1 billion. Depending on the risk disposition and the share ratio, the performance in the 2006 business year ranged from 5% to 20%. The bank's strategy to provide individualised and comprehensive advisory services was highly welcomed by customers, and will serve as the basis for above-average growth in this segment in the future.

### Major subsidiaries

#### Raiffeisen Investment AG

The 2006 business year was the most successful in the history of Raiffeisen Investment AG, which coordinates the M&A business of Raiffeisen Centrobank. The strong market position was further expanded as the result of numerous transactions which were implemented in Austria as well as in Central and Eastern Europe. In South East Europe, Raiffeisen Investment AG was ranked number one in the Zephyr Financial League Tables among all international investment banks according to the number of transactions. The transactions managed by Raiffeisen Investment AG include deals which attracted considerable media coverage, such as the privatisation of the Turkish steel company Erdemir, or that of Telekom Srpske on behalf of the Republic of Srpska. The team in Moscow was expanded considerably, in accordance with the future growth strategy of Raiffeisen Centrobank in the Russian market.

### Centrotrade Group

The subsidiaries of the Centrotrade Group, incorporated in the CENTROTRADE Holding AG, Vienna, are active in the trading of natural rubber, as well as ethylene and propylene. An outstanding return on investment was achieved in both segments in the course of the year 2006. The profits reaped in 2006, similar to those in 2005, were retained in the holding company.

### Financial and non-financial performance indicators

#### Financial performance indicators

Amounts in percent	2006	2005
Return on equity before taxes	34.6	35.7
Return on equity after taxes	28.4	31.8
Cost/income ratio	55.7	50.8

The annual surplus in 2006, which approximately matched the level achieved in the preceding year, did not lead to any major change in the return on equity, and thus also on the return on equity before taxes. However, a higher income tax expense passed on from Group companies and other tax payments in the 2006 business year resulted in a decline in the return on equity after taxes. The cost/income ratio deteriorated in comparison to 2005, but was still at a very good level in the year under review.

#### Non-financial performance indicators

Amounts in percent	2006	2005
Employees at year-end	180	164
Average number of employees	178	162
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	1,419	1,048

As part of Raiffeisen Centrobank's expansion in the scope of its business operations, there was an increase in the number of employees as well as the number of newly-issued warrants and certificates in comparison to the 2005 business year.



## RISK MANAGEMENT

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*Risk management at Raiffeisen*

*Centrobank takes into account*

*all legal and bank sector*

*requirements and standards.*

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*A separate department for risk*

*management supports the Executive*

*Board and continually works to further*

*develop and implement methods*

*to measure and manage risks.*

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*The capital requirements for the*  
*securities trading book of Raiffeisen*

*Centrobank amounted to*

*EUR 38,5m at the end of 2006.*

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### Principles of risk management

For Raiffeisen Centrobank, active risk management means the identification, evaluation, monitoring and management of economic risks. This process is designed to achieve profits by taking risks in a targeted, controlled manner. Transactions are evaluated in regards to their potential risk and return on investment according to the type of transaction, scale and complexity, against the backdrop of prevailing legal regulations. A variety of risks are managed as part of a coordinated process, in particular credit, transfer, market, liquidity, equity participation and operational risks.

The concept of risk management particularly takes into consideration the legal framework, based on the Banking Act (BWG), as well as the requirements placed on credit institutions to mitigate risks from the banking business, whereby special consideration is given to the type and scale of a transaction. The basic principles and methods underlying risk management are defined in the by-laws for the Supervisory Board and the Executive Board, as well as in the bank's organisational guidelines and manuals. Within the framework of its decision-making authority, the Executive Board determines the bank's risk management policies, authorising the principles of risk management, the specification of limits for all relevant risks, as well as the precise processes to monitor risks. Risk management is an integral part of managing the bank, i.e. the management of earnings and risks in all business segments are systematically linked with each other.

An independent department for risk management, incorporated within the controlling division, supports the Executive Board in effectively fulfilling its duties. The department reports regularly to the Executive Board, and evaluates the current risk situation by taking account of the risk capacity and risk limits. It supports the Executive Board in allocating a risk management budget and in managing risks. As a cross-divisional and enterprise-wide body, the department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well as to maintain and update the regulatory framework. The evaluation of interest rate changes and balance sheet structure risks as well as liquidity risks takes place within the framework of the Assets/Liabilities Management Committee. In order to enable the bank to adjust to changing regulatory conditions (ICAAP) and tailor risk management to expanded business activities, a project is being implemented to continually improve and intensify risk management processes. The initial phase of the project has already been completed with the implementation of a GAP analysis. The second phase of the project is designed to fully implement the risk management for the entire bank in accordance with corporate guidelines by the end of 2007, and comprehensively document procedures in a risk management handbook.

The main focus of the business activities of Raiffeisen Centrobank is in securities trading and in the issuing of securities and share-index oriented derivatives and structured products (certificates and guarantee bonds). In principle, the approach to financial risks is based on upholding volume-based as well as value-at-risk limits, both of which are determined by taking into account the capacity of the bank to effectively manage particular risks. At the end of the year, the capital requirements for the securities trading book amounted to EUR 38,5m.

## Basel II

The necessary changes to be made with regards to procedural, organisational, information technology and methodological applications, in connection with the equity capital requirements stipulated in Basel II and in accordance with the corresponding goals of the Raiffeisen Banking Group, were a focal point of Raiffeisen Centrobank's risk management activities during the period under review. The existing IT systems were analysed in regards to their compatibility with Basel II, and have been extensively adapted in order to ensure the required data quality.

In the fourth quarter of 2006, Raiffeisen Zentralbank began a group-wide integration test focusing on the smooth interaction of all required banking applications and data suppliers. The approval of the new processes and applications in the Raiffeisen Banking Group by the regulatory authorities is planned for 2007.

## Risk capacity and risk management

The focal point of the bank's risk management policies is dealing with market risks. Accordingly, extensive and up-to-date market risk analyses are available, which are combined with an evaluation of the other, less significant risk components to create an overall picture of the risk situation.

## Market risk

Raiffeisen Centrobank defines market risk as incurring potential losses due to market changes resulting from fluctuating or changing market prices (e.g. share, currency, and securities prices) and parameters which affect prices (e.g. interest rates, volatilities). Raiffeisen Centrobank manages a large Securities Trading Book in accordance with § 220 Sect. 1 Banking Act (formerly § 22b Sect. 2). Market risks primarily consist of share and warrant prices as well as interest rate fluctuation and exchange rate risks. The risks linked to the financial positions assumed by the bank arise either from the customer business or by the deliberate assumption of positions, and are managed by the bank's Securities Trading Unit and Treasury Operations.

Raiffeisen Centrobank approves, measures, monitors and manages all market risks by setting a variety of limits. Depending on the type of transaction, these limits encompass Value at Risk (VaR) indicators, volume and position limits, as well as sensitivity limits (delta, gamma, vega, basis point value) and stop-loss limits.

The Value at Risk approach is of central importance. It is calculated on a daily basis on the basis of a variance-covariance matrix with a confidence interval of 99%. The market data is accumulated from the preceding year applying a retention period of 10 days.

The market risk arising from the Securities Trading Book of Raiffeisen Centrobank mainly refers to price risks resulting from trading book positions held in shares and derivatives.

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*In the future, data quality is ensured thanks to the analysis and adaptation of the IT systems in regards to their compatibility with Basel II.*

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*Market risk is defined as the potential loss incurred as the result of market changes, price fluctuations and parameters which impact prices.*

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... Risk indicators (99% VaR, 10-day) for the market risk of the securities trading books, depending on  
... the type of risk

Amounts in thousand Euros	31.12.2006	30.09.2006	30.06.2006	31.03.2006	31.12.2005
Interest rate risk	480	240	390	430	190
Currency risk	121	48	60	224	50
Price risk	8,949	6,490	5,858	7,383	6,282
<b>Total</b>	<b>9,550</b>	<b>6,778</b>	<b>6,308</b>	<b>8,037</b>	<b>6,522</b>

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... In order to calculate the required capital for the securities trading book in accordance with the EU's  
... Capital Adequacy Directive, Raiffeisen Centrobank applies the standard methodology.  
... In contrast, the less important risk involving interest rate changes is calculated according to the  
... classical means of capital and interest maturity analysis.  
... Since 2002, interest-rate risk has been the subject of quarterly reporting within the scope of the  
... interest-rate risk statistics submitted to the supervisory authorities.

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#### Interest maturity gaps as at December 31, 2006

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	13,549	15,171	15,039	-
USD	- 443	-	-	-

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#### Interest maturity gaps as at December 31, 2005

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	2,057	15,211	15,509	1
USD	- 2,077	-	-	-

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### Credit risk

The credit risk represents the default risk that arises from the inability of a customer to fulfil contractually agreed financial obligations, when services have been rendered (e.g. liquidity, securities) or when unrealised profits from pending business transactions can no longer be recovered. The credit risk of Raiffeisen Centrobank is monitored and analysed for each individual credit transaction and on the customer level on the basis of a comprehensive and sound analysis of the credit-worthiness or the collateral provided by the potential borrower, as well as on a portfolio basis. As at December 31, 2006, Raiffeisen Centrobank had interest-bearing assets subject to credit risk, as well as an off balance sheet volume, amounting to TEUR 503,518 before deductions made for value adjustments.

### Assets

Amounts in thousand Euros	31.12.2006		31.12.2005	
Treasury bills	31,207		15,786	
Claims on financial Institutions	301,635	-	178,106	-
Claims on customers	148,352	-	181,348	-
Bonds and other fixed-income securities	21,104	-	97,808	-
	<b>502,298</b>	-	<b>473,048</b>	-
Product-weighted off-balance sheet transactions	1,220	-	6,452	-
	<b>503,518</b>		<b>479,500</b>	
Risk of default or Irrecoverable	1,285	<b>0.3%</b>	4,574	<b>1.0%</b>
In need of observation	9,898	<b>2.0%</b>	10,271	<b>2.1%</b>

The internal system for controlling credit risk encompasses all forms of monitoring measures that are directly or indirectly integrated into the work processes that require monitoring. Against the backdrop of the new capital adequacy framework for banks which is currently being developed (Basel II), the ongoing management, controlling and monitoring of credit risk at the Raiffeisen Banking Group are assured.

Within the framework of the Basel II project, a group-wide rating and default data base has been developed, which is designed to register and evaluate customers as well as document default processes. This data base also serves as the basis for backtesting by the Raiffeisen Banking Group.

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*Credit risk is defined as the risk of default from payment obligations by a contractual partner, or not being able to realize profits from pending transactions.*

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*In 2006, the share of assets which were categorized as at risk of default or irrecoverable declined to 0.3%, from a level of 1.0% in 2005.*

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## FINANCIAL STATEMENTS

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BALANCE SHEET AS AT DECEMBER 31, 2006

ASSETS	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>	31,206,986.30	15,786
3. Claims on financial institutions	301,634,878.96	178,107
<i>a) repayable on demand</i>	98,587,385.44	90,700
<i>b) other claims</i>	203,047,493.52	87,407
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>	3,033,156.10	2,092
<i>b) issued by other issuers</i>	18,070,933.33	95,717
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>
<b>Items shown below the balance sheet</b>		
1. Foreign assets	1,387,483,953.85	1,030,174

EQUITY AND LIABILITIES	31.12.2006 Amounts in Euros	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>
<b>55,041,772.19</b>	<b>17,462,014.89</b>	<b>37,579,757.30</b>	<b>52,592,074.62</b>	<b>2,130,008.76</b>

## 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 benefit obligations on the balance sheet date.

**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>

Comparative figures as at 31.12.2005 Amounts in thousand Euros	0-3 months	3-12 months	1-5 years	> 5 years	Total
Debt instruments of public bodies	278	0	15,508	0	15,786
Claims on financial 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
	<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

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

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

Comparative figures as at 31.12.2005 Amounts in thousand Euros	0-3 months	3-12 months	1-5 years	> 5 years	Total
Liabilities to credit institutions	57,906	1,689	654	0	60,249
Liabilities to customers	2,571	19	21,627	3,123	27,339
Liabilities evidenced by certificates	13,485	1,093	234,202	405,872	654,652
	<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>
<b>Amounts in thousand Euros</b>		
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>
<b>Amounts in thousand Euros</b>		
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>
Amounts in thousand Euros		
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>	454	414
	<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, Vienna

**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

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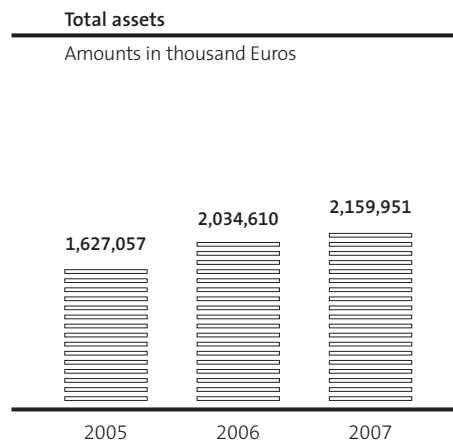
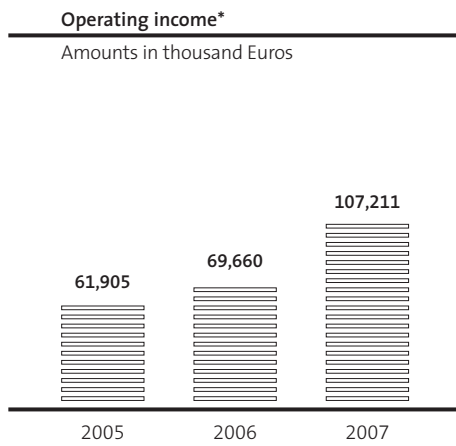
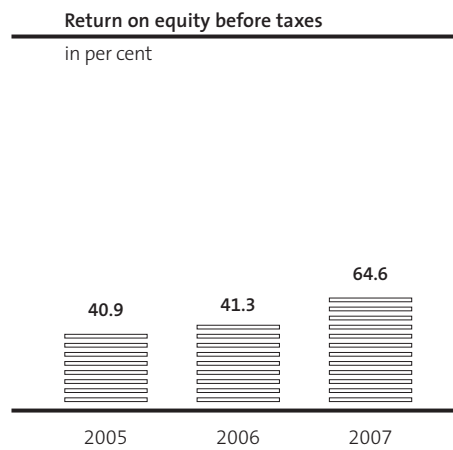




# SUCCESS NEEDS AN OVERVIEW

## Key Figures 2007 of Raiffeisen Centrobank Group

<b>Income Statement</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Amounts in thousand Euros / in per cent			
Net interest income	6,343	3,479	+82.3%
Net commission income	37,958	25,043	+51.6%
Trading profit	63,358	40,037	+58.2%
General administrative expenses	- 58,207	-44,050	+32.1%
Profit before tax	54,926	32,905	+66.9%
Profit after tax	42,453	27,698	+53.3%
<b>Balance Sheet</b>			
Claims on banks	197,859	316,452	-37.5%
Claims on customers	118,647	111,711	+6.2%
Trading assets	1,684,721	1,478,617	+13.9%
Liabilities to banks	122,907	43,948	+179.7%
Liabilities to customers	218,779	266,346	-17.9%
Trading liabilities	1,617,999	1,564,104	+3.4%
Equity (incl. profit after tax)	129,556	107,431	+20.6%
Total assets	2,159,951	2,034,610	+6.2%
<b>Key Ratios</b>			
Return on Equity before tax	64.6%	41.3%	-
Cost/Income ratio	51.2%	57.9%	-
<b>Bank specific ratios acc. to Banking Act</b>			
Total own funds	77,946	74,331	+4.9%
Total own funds requirement	55,470	56,979	-2.6%
Excess own funds	22,476	17,352	+29.5%
Excess cover ratio	140.5%	130.5%	-
<b>Resources</b>			
Employees at end of period	280	245	+14.3%



\*) the operating income is comprised of net interest income before provisioning, net commission income, trading profit and net income from financial investments.

**Annual Report 2007**

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# INNOVATIVE APPROACHES. JUST AN ISSUE OF HAVING AN OVERVIEW.

Profit before tax:  
+67% to EUR 54.9 m







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## Foreword by the Chairman of the Executive Board

*Mrs. Marchart, can you summarize the 2007 financial year in a few sentences?*

A very extraordinary year in a very extraordinary market environment! After a brilliant start of the markets in 2007, a development took place which is known as the US sub-prime crisis. This was not a complete surprise to many experts, nevertheless the scope and consequences have reached previously unimaginable dimensions and have had a strong negative impact on the European capital market. In regard to Raiffeisen Centrobank, the consequence was that we had to react very quickly to extremely unpredictable, short-term market conditions, in order to offer optimal service and performance on behalf of our customers and in our own business operations in highly volatile and high-risk markets. In fact, we succeeded in achieving this goal.

At the same time, 2007 was also a year of growth and a further expansion of our core business, accompanied by the ongoing increase in staff.

*Are you also satisfied with the performance?*

In spite of a market environment which became increasingly difficult in the course of the year, Raiffeisen Centrobank managed to continue its growth trend of previous years.

We have every reason to be proud of the fact that we once again posted the best results in the history of the company, which is primarily due to the above-average dedication and the high level of expertise of our employees. Thanks to the outstanding cooperation of all divisions, the result on ordinary activities of Raiffeisen Centrobank improved by 77%, and that of the entire Raiffeisen Centrobank Group increased by 70%.

*The bank posted record results in a turbulent capital market environment. What are the underlying reasons for this success?*

First of all, our strong customer base, the supraregional approach and the focus on the investment banking business. Apparently a highly specialized team is more successful in their efforts to professionally manage risks and take advantage of market opportunities during historically challenging times. On the other hand, our performance is the result of the continuing expansion of our integrated service portfolio for the Central and Eastern European (CEE) region with numerous stock exchange memberships, a stable, regional research approach, sustainable customer acquisition, and also the capability to focus on the right business areas in turbulent times, for example certificate baskets for oil and raw materials in the form of bonus and guarantee certificates, which fulfil investor demands for greater security in their investments. Our improved results are also a reflection of consistently intensive investor consulting services, a long-term strategy we are pursuing which pays off in difficult times,



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when personal support is highly valued by our customers. The integration of Raiffeisen Centrobank in the Raiffeisen Banking Group is also a major competitive advantage, in that we can profit from one of the strongest brands in Europe, an excellent level of customer confidence and dynamic growth, in particular featuring the expansion of Raiffeisen International in the CEE region.

*Let's get back to the period under review. How did the individual business areas do in 2007?*

Despite the deteriorating situation as of the middle of the year, Securities Trading & Sales profited from the overall robust global economy, which resulted in a high trading volume. In addition, Raiffeisen Centrobank further expanded its portfolio of structured products in the individual CEE markets working together with the network banks of Raiffeisen International and integrating the local sales structures, which had a very positive impact. Once again, Securities Trading & Sales made by far the biggest contribution to earnings, increasing its profitability by more than 80% in comparison to the preceding year.

In the year 2007, Equity Capital Markets Austria focused on the implementation of the capital increase of Raiffeisen International Bank-Holding AG and the initial public

offering of STRABAG SE, with a transaction volume of more than EUR 1.3 bn, the largest IPO to date on the Vienna Stock Exchange. In both cases, precise timing in a precarious market environment and professional implementation ultimately led to picture-perfect stock offerings.

The Equity Capital Markets CEE segment not only persistently pursued the expansion of its business activities in its target region, but supported the stock market flotation of TRANSGAZ, operator of the Romanian gas pipeline network, making it a resounding success. The transaction is the largest IPO in the history of the Romanian capital market to date.

The research division complements the range of products offered by a fully integrated CEE investment bank through its comprehensive spectrum of services, creating the basis for the successful sales and marketing of our products. Our CEE research capabilities were further expanded, also in regards to Russia and the Ukraine, and Raiffeisen Centrobank responded to the growing interest on the part of international investors in CEE and CIS companies by conducting numerous national and international presentations. For the first time, Raiffeisen Centrobank's research teams covered more Eastern European than Austrian companies. The research products now range from the analysis of individual companies to sectoral and country reports. The initial public offering of STRABAG was supported by the preparation of a comprehensive research

report and the implementation of an intensive pre-marketing program in London, Edinburgh, Frankfurt, Munich, Zurich, Warsaw and Vienna.

Raiffeisen Investment AG further consolidated its position as the leading M&A and privatization advisor in Austria and the CEE region, posting an outstanding 70% growth in earnings. Moreover, it also laid the strategic groundwork for the future by signing a cooperation agreement with Lazard, one of the world's most renowned investment banks. This partnership represents a milestone in the development of the company and will help to further improve the excellent positioning of Raiffeisen Investment in the CEE and CIS region and to gain access to a new international clientele.

The first-time expansion of the Private Banking segment to the Central and Eastern European region, carried out in cooperation with the network banks of Raiffeisen International, showed promising results. This division also achieved a considerable improvement in earnings compared to the preceding year.

*Were there any particular personal highlights for you in 2007?*

It is quite difficult to choose a personal highlight in the light of a very successful year for the bank. Nevertheless, due to the extensive media coverage and the complex, detailed issues which were involved, I would say the successful IPO of STRABAG. Generally speaking, against the background of the increasing

number of negative announcements made by individual investment banks and the branch in general, it was, on balance, so enduringly impressive for me to observe how poised, competent and calm our employees took advantage of opportunities in the booming markets during the first quarter of the year and then coped with highly volatile markets and minimized risks within the context of a completely different business scenario in the second half of the year. For this reason, I would like to extend my sincere thanks to all the men and women on our staff. Working as a holistic whole, they made it possible to achieve important successes in almost all our business areas in the past financial year.

*To what extent do you see a need for stricter regulations, considering the ongoing liquidity and solvency crisis in the international financial system?*

I do not think we have a lack of controls, rather the contents and the priorities must be reconsidered. On the one hand, there is no doubt that a globally operating financial system is based on functioning, international supervisory and regulatory mechanisms. On the other hand, the focus should not be on carrying out a complicated, time-consuming examination of individual processes and details, but rather on evaluating the respective

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business models and their stability as a whole. At the same time, it would be essential to observe the changing market conditions on the basis of a macroeconomic approach and analyse their impact on the different market participants.

One should remember that the regulations contained in Basel II are based on internal and external ratings, both of which have proven to be of questionable quality in this crisis. In this case, using microeconomic and past-related evaluation criteria has apparently not been sufficient enough to anticipate systemic risks.

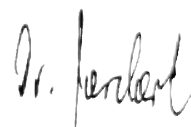
*What specific expectations do you have in regards to Austria's stock market?*

The domestic economy will certainly not be able to completely avoid the consequences arising from the crisis affecting global financial markets. The most recent research reports do not openly refer to a global economic crisis. However, the ongoing slowdown in US growth, the strength of the Euro, and the high raw material prices, which in turn have led to a strong increase in consumer prices, have a dampening effect on economic development throughout Europe and thus also in Austria. Nevertheless, we are cautiously optimistic. Economic growth in Austria will be undoubtedly lower compared to the previous year, due to the difficult international business climate. However, most Austrian companies have good fundamentals and full order books, which supports our view that the

domestic economy will be at least partly capable of defying the overall trend. We agree with the opinion by many experts who predict a turnaround starting in the middle of 2008.

*One last point: what are the prospects for Raiffeisen Centrobank in 2008?*

The business activities of an investment bank are subject to particular risks, particularly when a tense situation prevails on financial markets. This has been clearly demonstrated by well-known cases in the USA, but also in Germany and Switzerland. However, we are convinced that our investment bank effectively demonstrated in the past that it has the comprehensive control and hedging mechanisms and, above all, the experience and prudence to be successful in a difficult market environment. Accordingly, we are looking forward with extreme interest to meeting the challenges of the 2008 financial year. By persistently pursuing our business strategy and taking advantage of the expected economic recovery as of mid-year in a targeted manner, we anticipate that 2008 will be yet another successful chapter in the history of our bank.

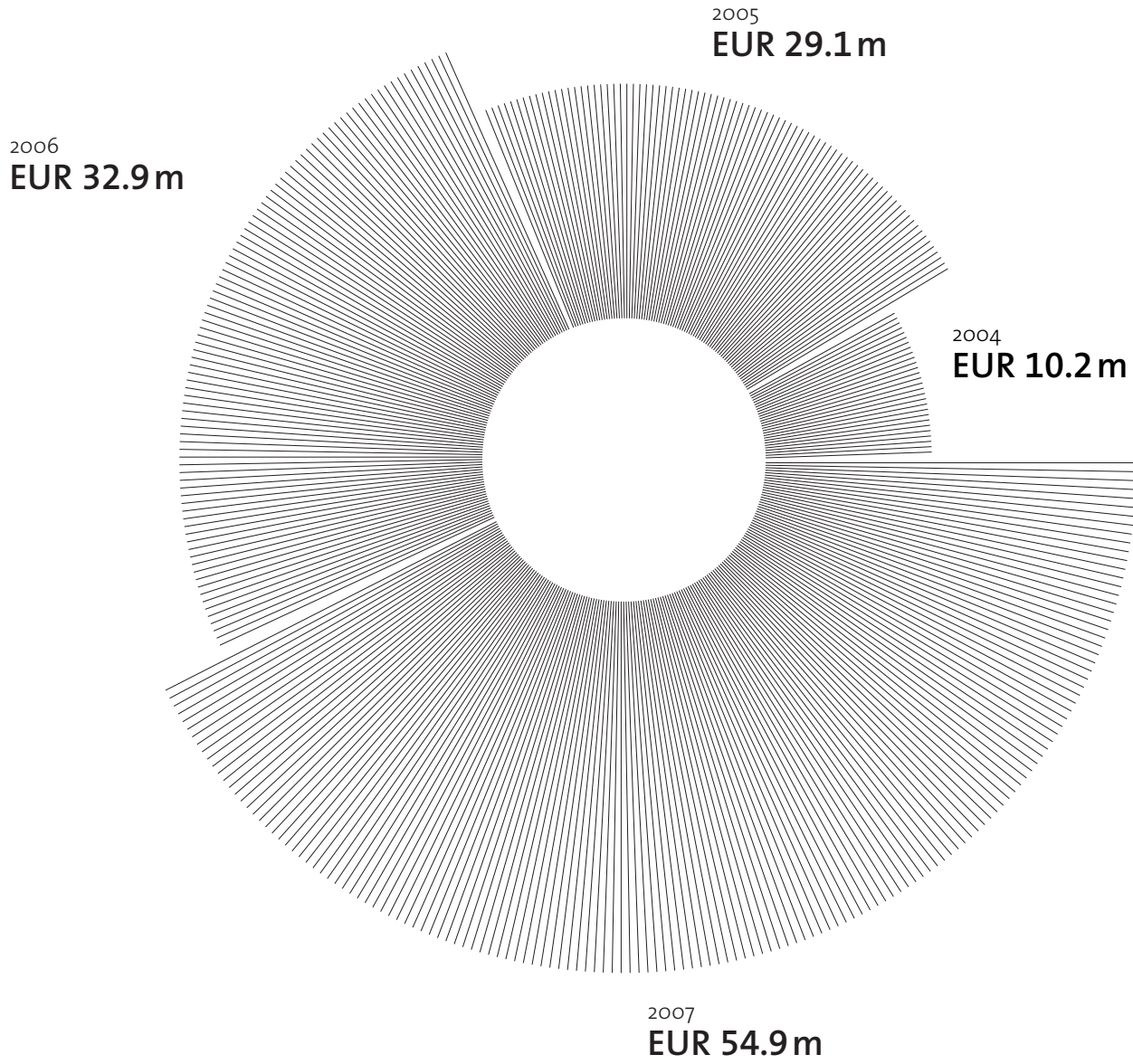


**Eva Marchart**  
Chairman of the Executive Board

# Raiffeisen Centrobank Group

Profit before tax

2004–2007



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	Gerhard Grund	Member
<b>Supervisory Board</b>	Walter Rothensteiner	Chairman
	Chairman of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	
	Patrick Butler	First Deputy Chairman
	Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	
	Herbert Stepic	Second Deputy Chairman
	Chairman, Raiffeisen International Bank-Holding AG, Vienna	
Karl Sevelda	Member	
Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna		
Christian Teufl	Member	
Director, Raiffeisen Zentralbank Österreich AG, Vienna		
Helfried Marek	Member	
Vienna		
<b>State Commissioners</b>	Peter Braumüller	
	Divisional Director	
Tamara Els		
Deputy Assistant		

\* Alfred Michael Spiss, Eva Marchart, Gerhard Grund  
(from left to right)





Foreword by the Chairman of the Executive Board  
Corporate Bodies

- **Corporate Governance Report**

Structure of the Raiffeisen Centrobank Group  
Foreword by the Chairman of the Supervisory Board  
The RZB Group

## Corporate Governance Report

Raiffeisen Centrobank is not a publicly-listed company. As an issuer of a broad range of structured financial products and as one of the leading securities underwriters on the Vienna market and at other stock exchanges, Raiffeisen Centrobank orients its business activities to the rules and principles of good and responsible corporate governance as stipulated in the Austrian Corporate Governance Code, inasmuch as they are applicable to the bank. Raiffeisen Centrobank has not formally committed itself up until now to complying with the Austrian Corporate Governance Code.

For Raiffeisen Centrobank, the core features of modern corporate governance are an efficient cooperation among the various organs of the company based on an atmosphere of mutual trust, the safeguarding of the interests of shareholders as well as ensuring open and transparent communications. The information provided below represents examples of how Raiffeisen Centrobank complied with the Austrian Corporate Governance Code during the period under review (January 1, 2007–December 31, 2007) and refers to the new version published in January 2006.

### **Cooperation of Supervisory and Executive Boards**

One of the principles underlying good corporate governance reflected in the management of Raiffeisen Centrobank is the open discussions taking place between the Executive Board and Supervisory Board and within these bodies.

The Executive Board provides regular, timely and comprehensive information to the Supervisory Board about all issues of relevance to the business development of the bank, including the risk situation and risk management at Raiffeisen Centrobank and its subsidiaries. When there are compelling reasons, the Executive Board informs the Supervisory Board immediately, in particular regarding any circumstances or developments which could have a major impact on the profitability or liquidity of the company.

The Executive Board coordinates the business strategy of the company with the Supervisory Board and discusses the implementation of the strategy with the Supervisory Board in regular intervals.

The Supervisory Board convenes at least four times in each financial year.

**Executive Board**

The Executive Board is to have two or more members, of which one is to serve as its chairman. The Executive Board's rules of procedure apportion responsibilities and determine the nature of the working relationships among the members.

The Executive Board is responsible for communicating with the outside world. This wideranging responsibility largely determines how the company is perceived by its shareholders. In handling this responsibility, the board avails itself of the support forthcoming from the dedicated line departments. An in-house auditing department reports directly to the Executive Board on its plans and processes and on its significant findings.

**Rules on conflicts of interest and on own business**

Raiffeisen Centrobank has enacted organizational measures designed to preclude own business transactions. These comprise the setting-up of areas of confidentiality and the promulgation of internal guidelines comprised in a handbook and governing the dealing with insider information and with information of relevance to insiders. Raiffeisen Centrobank conducts and maintains programs training and monitoring its staff members in the observation of these measures.

The Executive Board avails itself of its expertise in formulating its resolutions, whose enactment is not governed by the pursuit of own interests. Board members disclose to the Supervisory Board any significant personal interests they have in transactions undertaken by Raiffeisen Centrobank and its group companies and any other conflicts of interest. All transactions undertaken between Raiffeisen Centrobank or its group companies on the one hand and its Executive Board members or persons or companies affiliated with them on the other have to accord to the standards of conduct customary to the bank's sector and have to be authorized in advance by the Supervisory Board.

Unless the Supervisory Board authorizes such, neither Executive Board members nor senior executives may manage a company or occupy a position of responsibility in the same, except in those cases in which said companies are affiliated with Raiffeisen Centrobank or in which Raiffeisen Centrobank has taken a participatory stake in them. The authorization of the Supervisory Board is also required for the pursuing of transactions by Executive Board members or by senior executives, with this applying to transactions undertaken on one's behalf or of that of third parties and to the sector of business in which Raiffeisen Centrobank operates or to others in which companies are active in which the party in question serves as personally liable partner.

Foreword by the Chairman of the Executive Board  
Corporate Bodies

• **Corporate Governance Report**

• **Structure of the Raiffeisen Centrobank Group**

Foreword by the Chairman of the Supervisory Board  
The RZB Group

**Transparent information policies**

Raiffeisen Centrobank considers openness and transparency in its communications with shareholders and relevant stakeholders to be a top priority. For this reason, comprehensive information is offered on the Internet:

- » Press releases, overview of key company data
- » Shareholders and subsidiaries
- » Annual reports (can be downloaded as PDF files)
- » Securities prospectuses (can be downloaded as PDF files)
- » Raiffeisen Centrobank stock analyses and product brochures (can be downloaded as PDF files), etc.

**Criteria defining the operating independence of Supervisory Board members, in accordance with the stipulations of the Austrian Corporate Governance Code**

A Supervisory Board member is to be regarded as being independent in those cases in which he or she maintains no business or personal relationships with the company or its Executive Board which could give rise to a material conflict of interest on the member's part and thus influence his or her actions.

In ascertaining the independence of its members, Raiffeisen Centrobank's Supervisory Board employs the following guidelines as criteria:

- » The Supervisory Board member is not to have been during the previous five years a member of the Executive Board or a senior executive of the company or of a subsidiary.
- » The Supervisory Board member is not to currently maintain or have maintained during the previous year business relationships with the company or with its subsidiaries to be regarded as being of a scope significant to a Supervisory Board member.
- » The Supervisory Board member is not to have served during the last three years as the official auditor of the company, or as a partner or employee of the firm auditing the company.
- » The Supervisory Board member is not to be Executive Board member in another company in which an Executive Board member is a member of Raiffeisen Centrobank's Supervisory Board.
- » Supervisory Board members are not to be close relations (defined as being the children or grandchildren, spouses or equivalents, parents, uncles or aunts, siblings, nieces and nephews) of an Executive Board member or of a person holding one of the positions described in the above points.

As adjudged by these criteria for determining independence, all members of Raiffeisen Centrobank's Supervisory Board are to be regarded as being independent.

Raiffeisen Zentralbank Österreich AG Vienna

100%

**Raiffeisen Centrobank AG Vienna**

100%

**Centrotech Holding AG Vienna**

100%

**Raiffeisen Investment AG Vienna**

49%

**Syrena Immobilien Holding AG Vienna**

100%

**Centrotech Investment AG Zug**

100%

**Centrotech Deutschland GmbH Eschborn**

100%

**Centrotech Minerals & Metals Inc. Chesapeake**  
Trade Name: Centrotech Rubber USA, Inc.

100%

**Centrotech Singapore Pte. Ltd. Singapore**

100%

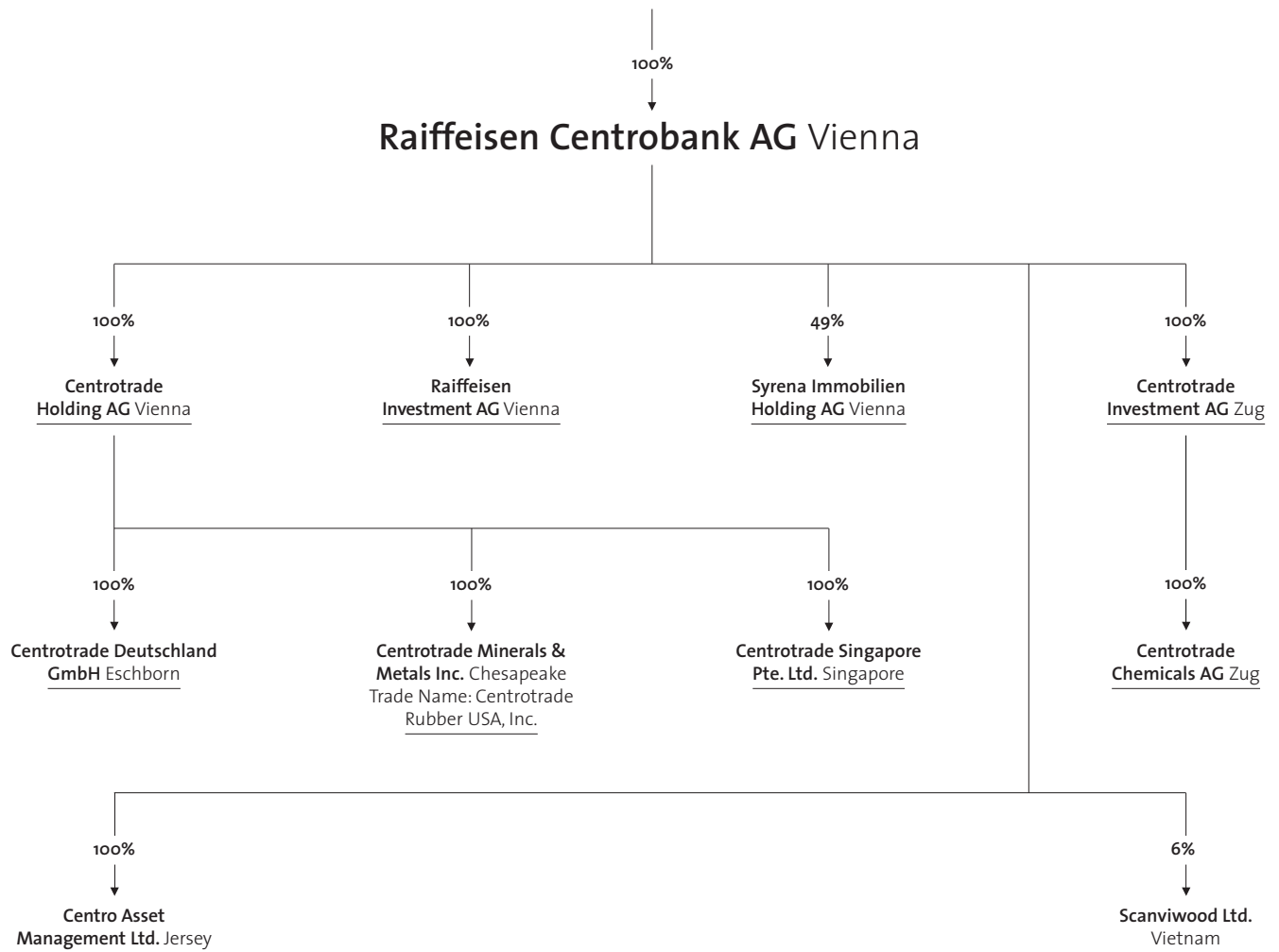
**Centrotech Chemicals AG Zug**

100%

**Centro Asset Management Ltd. Jersey**

6%

**Scanviwood Ltd. Vietnam**



## Foreword by the Chairman of the Supervisory Board

The 2007 financial year posed an immense challenge to the financial community, particularly in the second half of the year. This was reflected in the development of the Vienna Stock Exchange, a core market for Raiffeisen Centrobank. Against the backdrop of increasing market uncertainties, the business results of the bank are quite impressive. Raiffeisen Centrobank can look back at the most successful financial year in its history, raising earnings by about 80%. Accordingly, it demonstrated that its product portfolio and wide-ranging expertise can continually meet the high demands of customers, even in the context of a difficult business environment.

Raiffeisen Centrobank is Austria's undisputed leader among the investment banks. As the equity house of RZB, it supported every second IPO on the Vienna Stock Exchange and coordinated the largest number of stock market flotations and managed the largest volume of shares traded on the exchange. In this regard, it is especially important to mention the IPO of STRABAG and the capital increase of Raiffeisen International. Raiffeisen Centrobank also gained considerable international recognition, for example as the result of its managing the IPO of Romania's gas network operator TRANSGAZ, the largest going public in the history of the country.

The expansion of the bank's business activities to the Central and Eastern European region increasingly bore fruit, also as an issuer of structured investment products. In addition to the established markets of Austria, Germany, Italy and Switzerland, Raiffeisen Centrobank launched many of its financial products in Poland, Slovakia, Slovenia, Czech Republic and Hungary in the course of 2007.

At the same time, the number of listed investment instruments also grew by about 20%, to reach a level close to 1,700 products. Serving as the certificate specialist of the Raiffeisen Banking Group, Raiffeisen Centrobank once again underlined its position as the unsurpassed Austrian market leader. Moreover, the M&A subsidiary Raiffeisen Investment AG demonstrated its strength and competence by completing 40 transactions with a total volume of about EUR 10 bn. Furthermore, the cooperation agreement concluded with Lazard in June 2007 opens up new perspectives the bank will strive to exploit in the future.

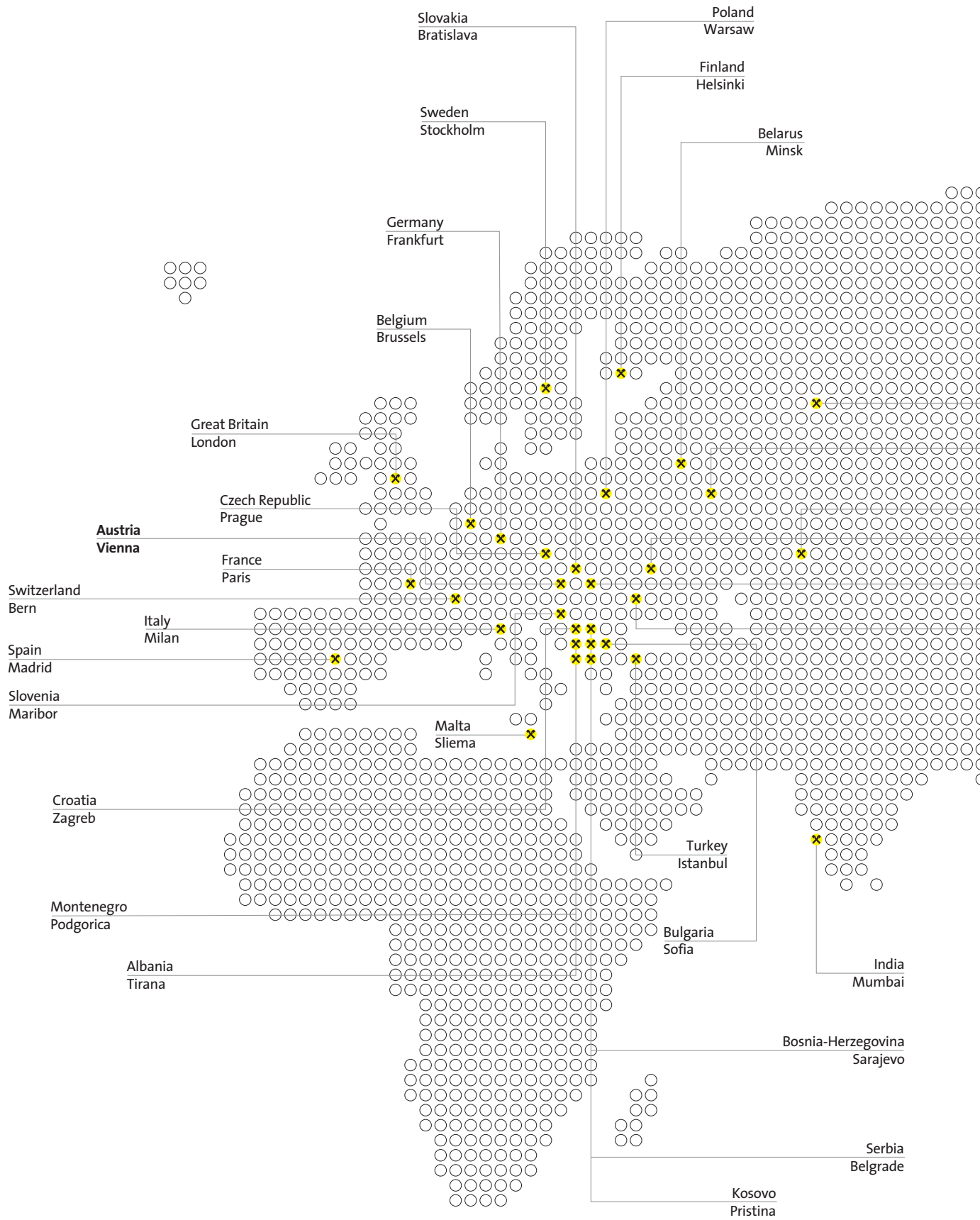
The employees of Raiffeisen Centrobank are the cornerstone of the success of the Raiffeisen Banking Group, both in Austria and abroad. Of course, this also applies to Raiffeisen Centrobank, which, as a part of the RZB Group, is closely connected to the Raiffeisen Banking Group. On behalf of the Supervisory Board, I would like to extend my sincere thanks to all employees who worked together with management to successively rise up to the challenges posed by the year 2007 and overcome them in an outstanding manner. In the light of what is still a very difficult market environment, Raiffeisen Centrobank has the best prerequisites to once again achieve a top-notch performance in 2008.



**Walter Rothensteiner**  
 Chairman of the Supervisory Board

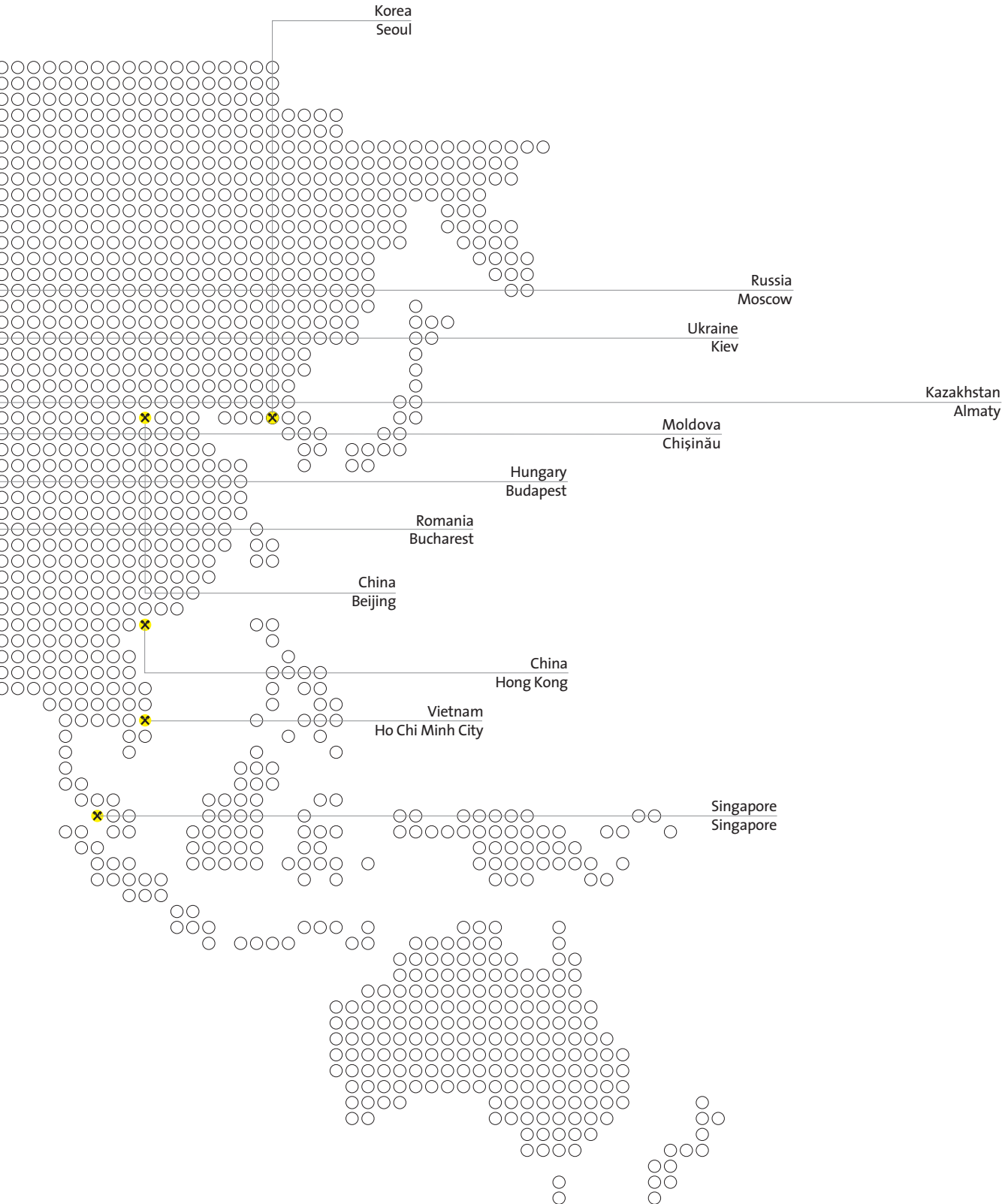






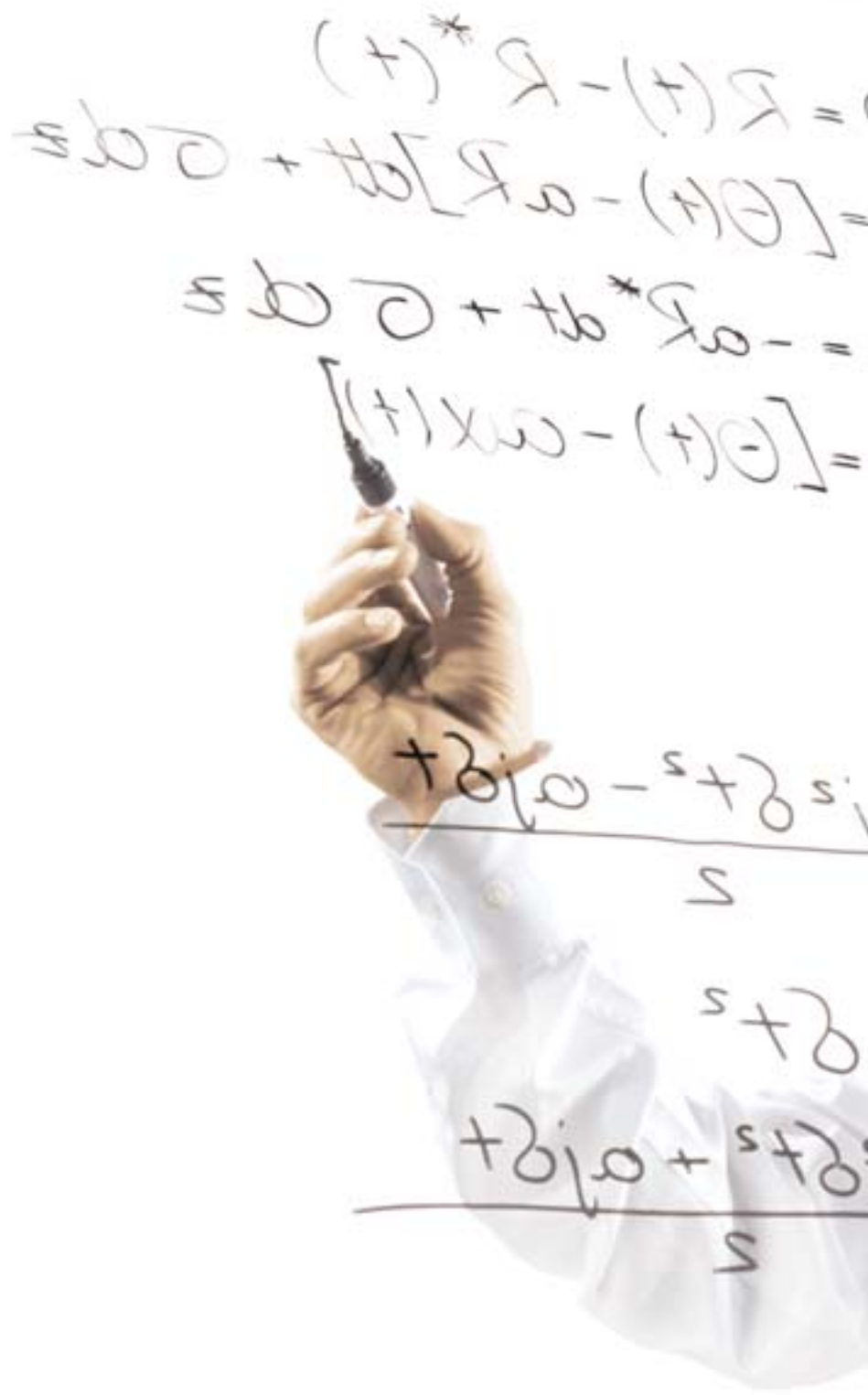


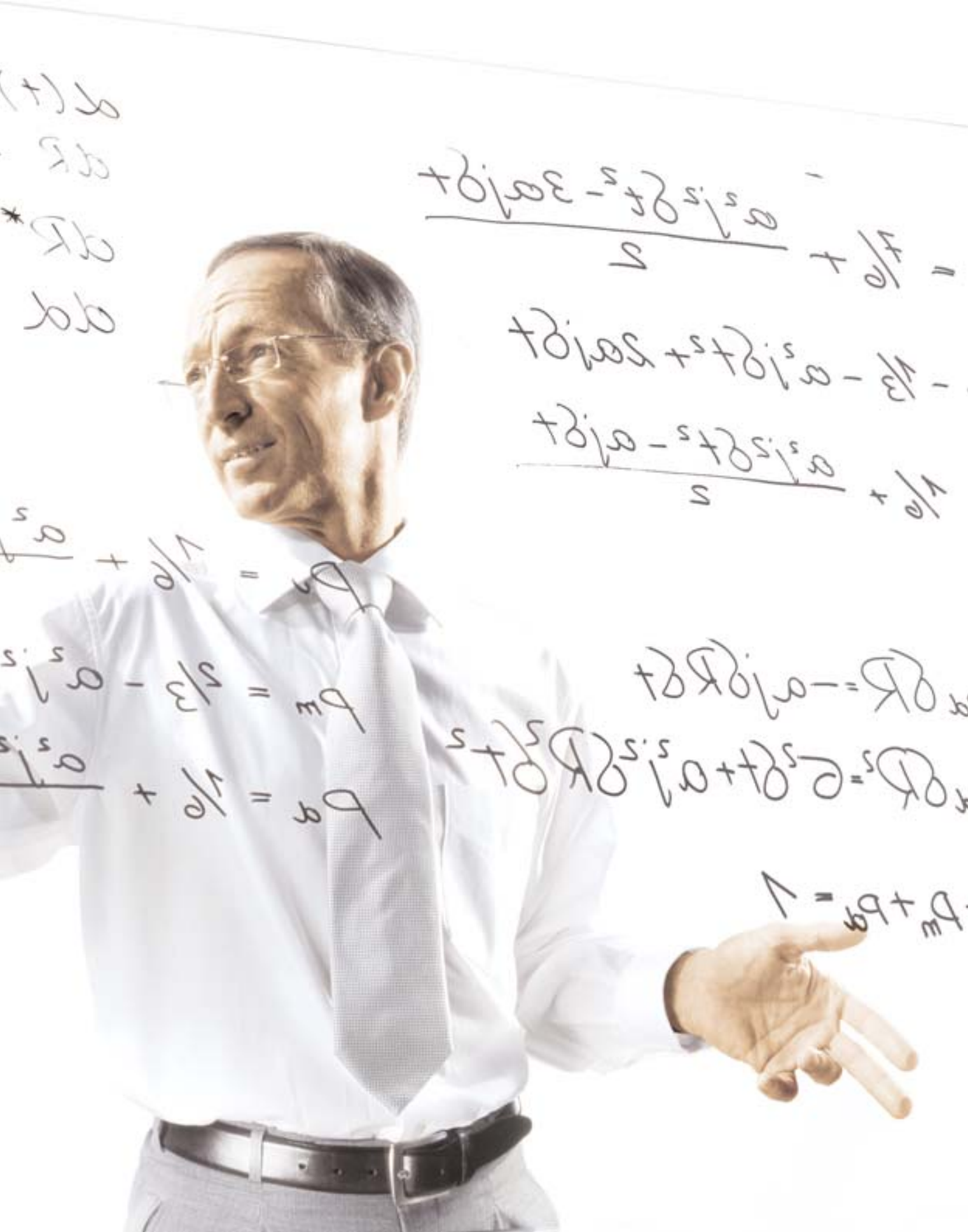
# The RZB Group



Trading profit:  
+58% to EUR 63.4m

**BROAD THEORETICAL KNOWLEDGE.**  
JUST AN ISSUE OF HAVING AN OVERVIEW.





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- The Raiffeisen Centrobank Group
- Highlights of the 2007 Financial Year
  - Securities Trading & Sales
  - Certificates
  - Company Research
  - Equity Capital Markets
  - Private Banking
  - Raiffeisen Investment AG

*The Raiffeisen Centrobank is a highly specialized investment bank of the RZB Group and the leading specialized securities bank for Austria as well as Central and Eastern Europe. It plays a major role as an interface for the equity business in the CEE region.*

## An Overview of the Raiffeisen Centrobank Group

Raiffeisen Centrobank is the specialized financial institution of the RZB Group for the Austrian as well as the Central and Eastern European investment banking business for securities and M&A. It can take advantage of the network of the RZB Group in its day-to-day business operations, particularly in the CEE region. As the specialized investment bank of the RZB Group, it is a major player on the international capital market.

### The best of Europe

We are a bank located in the heart of Europe. Based in Austria, we have been successfully operating in the countries of Central and Eastern Europe for many years. As the leading Austrian investment and specialized securities bank, we have emerged as the main interface for the securities business in the CEE region. The increase in earnings achieved by Raiffeisen Centrobank in the past financial year reflects the consistent implementation of our internationalization strategy, with a clearly-defined focus on Central and Eastern Europe. Direct memberships in twelve international stock exchanges as well as optimal access to local markets through the network banks of the Raiffeisen Group enable our customers to trade in shares issued by CEE companies in a real-time and cost-effective manner.

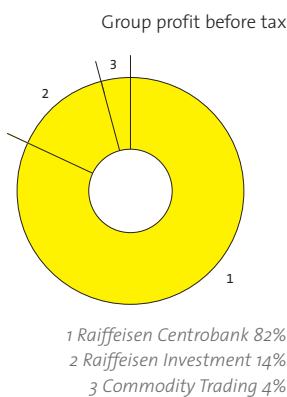
Raiffeisen Centrobank also covers all other recognized stock exchanges of the international capital market. It is the largest specialist and market maker on the Vienna Stock Exchange.

### Securities Trading & Sales

As a specialized securities bank, Raiffeisen Centrobank is the only Austrian investment bank which concentrates on providing products and services in connection with stock exchanges, in particular the Austrian and Central and Eastern European equity markets. Moreover, it is one of the largest Austrian issuers of warrants and certificates. It has assumed a leading position in Austrian securities trading, with a market share of 10% of total trading on the Vienna Stock Exchange, 27% in Austrian derivatives and 40% in Eastern European derivatives on ÖTOB, the Austrian Futures and Options Exchange.

### Equity Capital Markets

Raiffeisen Centrobank is one of the leading Austrian investment banks and specialists for securities underwriting, boasting more than 25 years of experience in structuring and carrying out securities transactions. Its professional competence and positioning within the Raiffeisen Banking Group gives it the best possible contacts to investors in Austria and abroad. A separate Equity Capital Markets team specializing in Central and Eastern Europe enables the bank to focus its advisory and customer support activities on these markets.



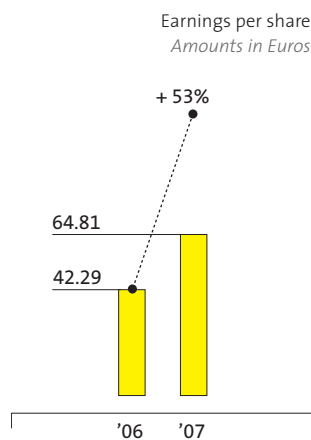
# The Raiffeisen Centrobank Group

## Highlights of the 2007 Financial Year



- **The Raiffeisen Centrobank Group**  
Highlights of the 2007 Financial Year  
Securities Trading & Sales  
Certificates  
Company Research  
Equity Capital Markets  
Private Banking  
Raiffeisen Investment AG

*The past financial year was once again characterized by record business results, not least because of the consistent implementation of the internationalization strategy. Accordingly, the profit before tax of the Raiffeisen Centrobank Group rose by about 67%, to an impressive EUR 54.9 m.*



### Company Research

A comprehensive and highly-specialized know-how in regards to Austrian as well as Central and Eastern European equity markets, companies, and business sectors enables the analysts at Raiffeisen Centrobank to develop studies and reports which precisely and profitably inform investors and share issuers.

### Private Banking

Raiffeisen Centrobank also stands for active investment and asset management. Based on our absolute return management approach, we develop tailor-made and creative investment solutions for private and institutional investors. The field of private banking is the youngest within the Raiffeisen Centrobank Group, yet it continually posts growth rates of about 40 percent annually.

### Mergers&Acquisitions

Raiffeisen Investment AG is a fully-owned subsidiary of Raiffeisen Centrobank, and the leading M&A and privatization consultant in Austria and in the CEE countries. Based on its outstanding know-how and local presence in 13 markets, it advises and supports companies, investor groups, governments and supranational organizations when it comes to privatizations, corporate acquisitions, mergers and takeovers.

### Commodity Trading

The Raiffeisen Centrobank Group is also active in trading rubber and olefins via its subsidiaries Centrottrade Holding AG and Centrottrade Investment AG.

### The basis for success: key figures

As an investment house, Raiffeisen Centrobank provides comprehensive and competent consulting services to its customers in securities, capital market and complex financing transactions. Among the bank's most impressive successes in the past calendar year were the first-time listing of certificates on the Prague, Warsaw and Budapest stock markets; IPOs such as that of STRABAG (the largest stock market flotation in the history of the Vienna Stock Exchange) and the Croatian refinery INA; the cooperation agreement signed with the international investment bank Lazard for Central and Eastern Europe, and last but not least, numerous awards bestowed upon Raiffeisen Centrobank for its equity capital markets (structured products), private banking and company research activities. The growth of our total revenue and earnings continued in the 2007 financial year. The profit before tax of the Raiffeisen Centrobank Group increased by close to 67%, to EUR 54.9 m. The return on equity (before tax) considerably improved, from 41% in 2006 to 65% in 2007. Earnings per share rose a remarkable 53%, to EUR 64.81. That's our success at a glance.

# The Raiffeisen Centrobank Group

An overview of its business segments





- **Securities Trading & Sales**
- Certificates
- Company Research
- Equity Capital Markets
- Private Banking
- Raiffeisen Investment AG

## Securities Trading & Sales

*The most important cornerstones of Raiffeisen Centrobank Securities Trading & Sales: largest market maker on the Vienna Stock Exchange, number two on the ÖTOB derivatives exchange, twelve direct stock exchange memberships and up to 10,000 securities transactions per day.*

As the only Austrian investment bank specialized in securities transactions and as an internationally recognized specialist for Austrian and Central and Eastern European shares, Raiffeisen Centrobank has been positioned for many years as the largest market maker on the Vienna Stock Exchange and is second on the derivatives exchange ÖTOB, with a market share of about 25%.

The bank's leading role in domestic securities trading on behalf of institutional investors is underlined by the fact that it handles up to 10,000 transactions daily. Direct market access to a total of twelve stock markets and a series of quasi-memberships in various exchanges via local subsidiaries of the Raiffeisen Banking Group ensure quick and efficient access to capital markets. In the 2007 financial year, Securities Trading & Sales generated 82% of the operating income of Raiffeisen Centrobank.

### Certified as the best

The market for certificates has been one of the fastest growing financial markets in recent years. More than 300,000 products are listed on EUWAX in Stuttgart, the largest certificate exchange in the world, with total trading of about EUR 128.5 bn in 2007. Our team for structured products is considered to rank among the leading experts in this field. The portfolio of Raiffeisen Centrobank, one of the leading issuers of certificates and warrants, has expanded since last year to encompass more than 2,000 different financial products, which continue to win numerous prizes. One of the most recent successes is the first-time listing of certificates on the Prague, Warsaw and Budapest stock exchanges.

*Trading record on the Vienna Stock Exchange: the annual trading turnover of EUR 18.1 bn surpassed the previous year's level by close to 25%.*

The securities business of Raiffeisen Centrobank was named the overall winner of the Austrian Certificate Award in 2007 and 2008, Vienna, and the number-one provider of "Structured Products" by the Alternative Investment Award, Vienna. Raiffeisen Centrobank was also voted to be the "Best in Central and Eastern Europe" at the Structured Products Europe Awards for Excellence 2007 in London, won the first prize for its capital market achievements at the Bucharest Capital Market Awards Gala and was given numerous other awards.

### A year of breaking records

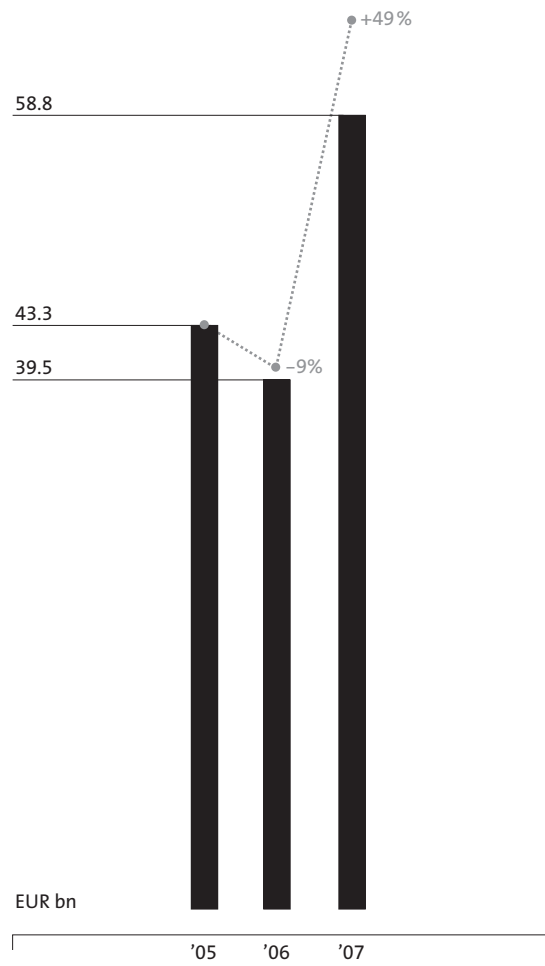
Raiffeisen Centrobank succeeded in generating record trading on the Vienna Stock Exchange, with a total turnover of Securities Trading & Sales of EUR 18.1 bn, close to 25% above last year's level. However, due to the massive entry of foreign market participants, Raiffeisen Centrobank's share of total trading declined slightly. In the 2007 financial year, the bank was number one among all stock exchange participants, with a market share of more than 40% in trading of Eastern European derivatives on ÖTOB.

In 2008, we will continue to focus on the growth markets of Central and Eastern Europe, where further economic growth and increased demand are expected despite the economic slowdown in the USA and the EU.



# Raiffeisen Centrobank

## Total trading turnover of Securities Trading & Sales



- **Certificates**  
Company Research  
Equity Capital Markets  
Private Banking  
Raiffeisen Investment AG

## Certificates – The Investment All-Rounders

*Raiffeisen Centrobank's team for structured products is at the cutting edge in the development of the Central and Eastern European certificate market, as was demonstrated by the first-time listing of certificates on the Prague, Warsaw and Budapest stock exchanges.*

*As a market maker, Raiffeisen Centrobank ensures that trading in the certificate market can take place at any time during trading hours and the certificate can be sold again.*

The certificate market in Austria and Germany has been booming for many years, and not without good reason. Certificates enable investments specially tailored to the individual risk profile and market expectations of investors. The term “all-rounders of financial investing” is absolutely justified. With certificates, investors can profit from the performance of shares, indices, precious metals, bonds, and raw materials in every market phase. The types of certificates range from conservative financial products with a capital guarantee to more speculative leveraged products.

### **Raiffeisen Centrobank: one of Austria's leading issuing banks**

The market for certificates or structured financial products, as they are often called, has been one of the fastest growing financial markets in recent years. More than 300,000 products are listed on EUWAX in Stuttgart, the largest certificate exchange in the world, with total trading of about EUR 128.5 bn in the year 2007. Raiffeisen Centrobank itself offers a portfolio containing about 2,000 certificates and warrants.

### **What are certificates?**

From a legal point of view, certificates are a type of bond issued by an investment bank. Their yield profile depends on the development of an underlying base value. In contrast to other securities such as shares or bonds, the price calculation for a certificate does not depend on supply and demand for the certificate itself, but is primarily determined by the price movements of the underlying base value.

### **Ongoing liquidity**

Trading with certificates functions similar to share trading, with the one big exception that the liquidity does not depend on supply and demand, but is made available by the issuer. If an investment bank issues a certificate, it is required to publish ongoing prices for the purchase and sale of the certificates and thus assumes the function of a liquidity provider, or to use the specialized term, “market maker.”

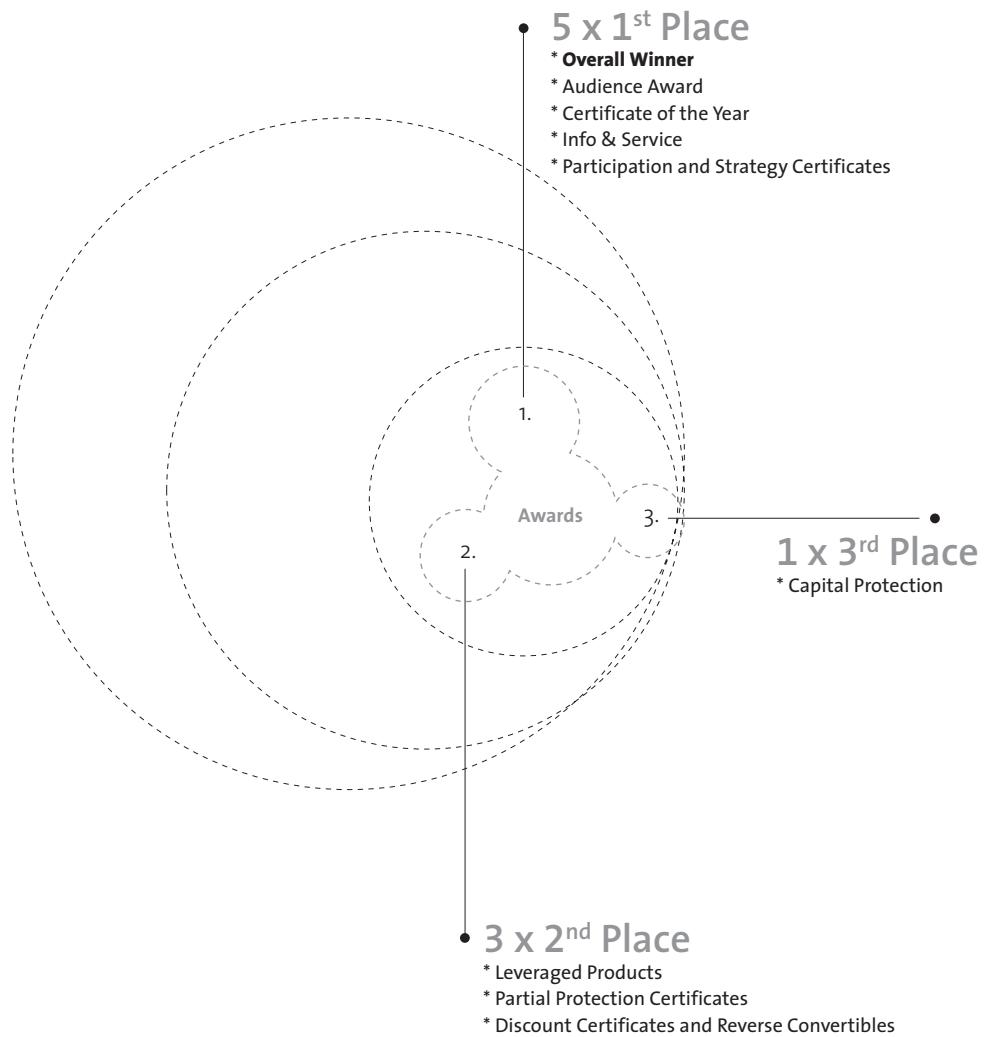
Certificates	Risk	Market scenario	
Guarantee Certificates	100% capital guarantee	Positive/Sideways	↑/→
Bonus Certificates	Risk buffer, partial capital guarantee	Positive/Sideways	↑/→
Discount Certificates	Risk buffer	Positive/Sideways	↑/→
Reverse Convertibles	Risk buffer	Positive/Sideways	↑/→
<b>Index/Basket Certificates</b>	<b>Market risk</b>	<b>Positive</b>	<b>↑</b>
Turbo Long Certificates	Leverage effect, knock-out	Positive	↑↑
Turbo Short Certificates	Leverage effect, knock-out	Negative	↓↓
Call Warrants	Leverage effect	Positive	↑↑
Put Warrants	Leverage effect	Negative	↓↓

# Austrian Certificate Award 2008

An overview of Raiffeisen

Centrobank's success:

9 out of 10 times in the top three



The Raiffeisen Centrobank Group  
Highlights of the 2007 Financial Year  
Securities Trading & Sales  
Certificates

- **Company Research**  
Equity Capital Markets  
Private Banking  
Raiffeisen Investment AG

## Company Research

*Company Research is the central information supplier for all other core business areas of Raiffeisen Centrobank: Securities Trading & Sales, Equity Capital Markets, and Private Banking, but just as much for Raiffeisen Investment AG.*

*The focus of Company Research is Austria as well as Central and Eastern Europe. More than half of the analyst team operates locally in the CEE region, and more than 60% of ongoing research reports cover Central and Eastern European companies.*

Investors require information, and that is precisely what the experts at Company Research have been reliably supplying them with for many years. The highly specialized team of analysts at Raiffeisen Centrobank is the research leader on the Austrian market, thanks to its comprehensive coverage of domestic and Eastern European stock exchanges. Solid market and sector expertise in Austria and Central and Eastern Europe, combined with the designated analysis know-how, serves as the basis for the comprehensive support and consulting of investors and issuers.

Our company and sectoral analyses require a commitment to the entire region and core competencies in the most diverse business sectors. For this reason, cross-border sectoral teams cooperate in the fields of oil and gas, banks, raw materials, construction industry, real estate, utilities, telecommunications, engineering, transport, and consumer goods. The expanded Company Research team now consists of 30 analysts. 17 of these experts are based in Central and Eastern Europe, working for the network banks of the Raiffeisen Banking Group in Belgrade, Bucharest, Budapest, Maribor, Moscow, Prague and Zagreb. The Polish market, and since 2007 the Ukrainian market as well, are being covered by experienced Polish and Ukrainian specialists in Vienna.

### The research universe

Company Research covers more than 30 Austrian and 50 Eastern European companies, which are listed on 11 European stock exchanges. Our medium-term goal is to expand our coverage to more than 100 companies. The strength of Raiffeisen Centrobank Company Research lies in this matrix of local expertise and experienced sectoral specialists, who have an intimate knowledge of their own particular markets. The research products developed by Company Research include regular sectoral and company analyses, quarterly strategy publications, weekly market outlooks, and a daily newsletter focusing on shares. The experts comprising the research teams of Raiffeisen Centrobank advise the internal sales team, institutional investors as well as investment consultants of the Raiffeisen Banking Group. Numerous investor conferences are supported with research information, including conferences organized by Raiffeisen Centrobank in Vienna, Moscow and Zürs and roadshows sponsored by the Vienna Stock Exchange.

### Transaction and issues-oriented research

Generally speaking, the volume of transaction-oriented research has expanded extensively in Austria and Eastern Europe. In particular, we supported the IPO of the construction group STRABAG, the largest stock market flotation in the history of the Vienna Stock Exchange with a total volume of more than EUR 1.3 bn, with a substantial amount of research and extremely extensive pre-marketing activities. In a similar manner, Company Research also supported the implementation of smaller-sized transactions in fields such as real estate, consumer goods, steel, technology, and utilities.

*The close cooperation between Raiffeisen Centrobank and the RZB Group offers investors a comprehensive analysis of the CEE region.*

Raiffeisen Centrobank took account of the growing interest in real estate issues by adding five real estate companies listed on the Vienna Stock Exchange to its portfolio of firms being evaluated on a regular basis. It also hosted a roadshow focusing exclusively on this field.

**Eastern European competence**

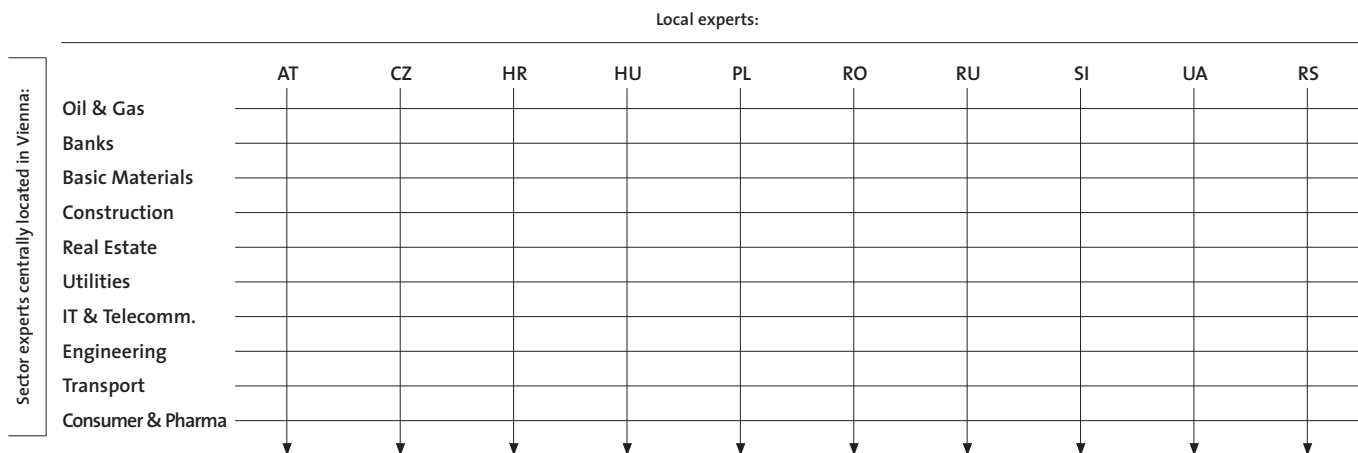
The cross-border sectoral approach was reflected in many sectoral reports and roadshows. Our teams published studies on Russian utilities and oil companies, but also prepared comprehensive analyses on banks, oil and gas and telecommunications companies, with a focus on the entire CEE region. These reports were presented to institutional investors within the context of roadshow

presentations in London, Paris, Frankfurt, Milan, Warsaw, and Moscow, as well as in Stockholm, Brussels, Hamburg, and Geneva.

The Eastern European competence of Company Research is further strengthened by Raiffeisen Centrobank’s integration into the Raiffeisen Banking Group, one of the most successful and experienced financial institutions in Central and Eastern Europe. The securities specialists of our analyst teams work directly with the economists, market analysts, and securities analysts of the local Raiffeisen banks and Raiffeisen Zentralbank on an ongoing basis. The result is a know-how transfer which has proven to be of benefit to many institutional investors.

*Investors can directly download the share analyses of Company Research from our website, [www.rcb.at](http://www.rcb.at).*

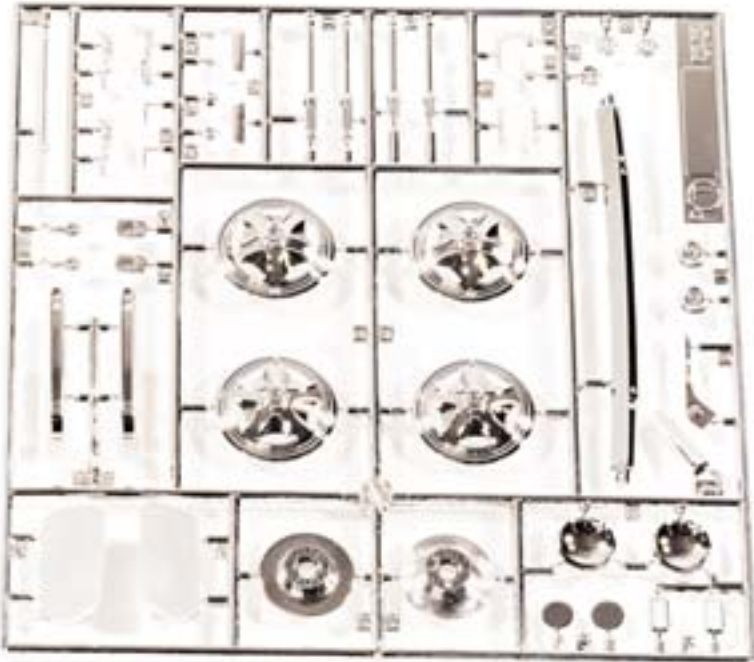
**The matrix structure of Company Research**





Return on Equity before tax:  
from 41.3% to 64.6%

**COMPLEX IDEAS.**  
JUST AN ISSUE OF HAVING AN OVERVIEW.





## Equity Capital Markets

*With more than 20 years of experience, Equity Capital Markets of Raiffeisen Centrobank is responsible for the biggest number of IPOs and the largest IPO transactions on the Vienna Stock Exchange.*

In the past financial year, the international stock exchange environment was characterized by a high level of volatility and market corrections. Nevertheless, Equity Capital Markets (ECM) of Raiffeisen Centrobank succeeded in carrying out a series of prominent transactions in Austria as well as in Central and Eastern Europe.

### **Strong track record and comprehensive consulting**

Raiffeisen Centrobank ranks among the leading Austrian investment banks and can look back at more than 20 years of experience in structuring and implementing equity capital markets transactions. Equity Capital Markets primarily focuses on supporting, advising and coordinating initial public offerings, capital increases, secondary public offerings, block trades and private placements, and also provides consulting services for a listing on a stock exchange. Thanks to its long history as the specialized securities bank of the Raiffeisen Banking Group, Equity Capital Markets can offer customers access to many institutional investors in Austria as well as in other markets, due to the strength of its sales team. In Austria, Raiffeisen Centrobank has been responsible for managing the biggest number of initial public offerings and the largest single IPO transactions in the history of the Vienna Stock Exchange.

### **Capital interface**

On the basis of its strong placement capabilities with institutional investors and access to the largest domestic retail bank network, with about 2,300 branches, the ECM team is one of the first contact points for every type of capital market transaction. Among our

strengths are consulting services provided before a transaction is carried out, namely the valuation of a company, strategic consulting, structuring according to corporate law, marketing, PR and investor relations consulting. Moreover, within the context of our advisory services, we assist listed companies to access the external financing instruments offered by the RZB Group or funding provided by prominent financial investors. After transactions have been completed, we also offer companies the most extensive possible follow-up support, working closely together with Company Research and Sales.

### **Austrian highlights**

Following years featuring a high level of new share issues, the environment for initial public offerings, capital increases, and block trades deteriorated due to weaker stock markets, a situation triggered by the American sub-prime mortgage crisis. As a result, many planned stock market flotations were postponed indefinitely at the end of 2007 or the beginning of 2008.

Nevertheless, Equity Capital Markets achieved a new milestone in the 2007 financial year, serving as joint lead manager for the IPO of STRABAG SE. With a total volume of more than EUR 1.3 bn, the IPO was the largest going public in the history of the Vienna Stock Exchange, which considerably gained in complexity due to the surprising strategic stake acquired by the Russian investor Oleg Deripaska prior to the transaction.

Further Equity Capital Market highlights of the year 2007 included the capital increases of Raiffeisen International and CA Immo

*Equity Capital Markets served as joint lead manager of the largest stock market flotation in the history of the Vienna Stock Exchange. The IPO of the construction group STRABAG in October 2007, with a volume of more than EUR 1.3 bn, was the stock market highlight of 2007.*



*The deal list for Central and Eastern Europe features two special transactions: the IPO of the Croatian refinery INA ("Deal of the Year 2006" within the Raiffeisen Group) and the IPO of the Romanian company TRANSGAZ, the largest IPO ever on the Bucharest Stock Exchange.*

Anlagen, the listing and takeover of Pankl Racing Systems, and the going public of Warimpex. As soon as the overall stock exchange environment improves, we expect to be involved in several transactions in 2008 which have either been postponed or which are in the pipeline.

#### **Upturn in Central and Eastern Europe**

Considerable progress was once again made in the course of 2007 towards further expanding the ECM business of Raiffeisen Centrobank in the 15 markets of Central, Eastern, and Southeast Europe. The market entry in Russia, the most important market in our target region, was pursued with particular intensity. The business highlights of Equity Capital Markets in 2007 included the conclusion of the extremely successful IPO of the Croatian company INA in January 2007. The transaction was selected as "Deal of the Year

2006" within the Raiffeisen Group for being a text-book example of successful cooperation. In addition, we can also look back at the successful IPO of the Romanian gas pipeline network company TRANSGAZ (the largest going public in the history of the country) in December 2007. By the end of the year, the TRANSGAZ share had gained 75 percent in value. The stock markets in the CEE countries were impacted by the consequences of the subprime crisis in the same way as Western markets. For this reason, many planned transactions were either delayed or cancelled. Nevertheless, the economic fundamentals in Eastern Europe continue to be sound. It is expected that the business environment will improve starting in the middle of 2008. Assuming the market environment is sufficiently favourable, ECM CEE plans to conclude at least five projects for which it won mandates in Bulgaria, Romania, Czech Republic, and Russia.

#### **Equity Capital Markets deal list for 2007**

No.	Date	Company	Type	Volume	Country
1	Dec. 2007	TRANSGAZ	IPO	EUR 64m	RO
2	Oct. 2007	STRABAG	IPO	EUR 1.325bn	AT
3	Oct. 2007	Raiffeisen International	Capital increase	EUR 1.237bn	AT
4	Aug. 2007	Pankl Racing Systems	Takeover	n.a.	AT
5	Jul. 2007	Maculan Holding	Squeeze-out	n.a.	AT
6	May 2007	Unternehmens Invest AG	Takeover	n.a.	AT
7	Apr. 2007	CA Immo Anlagen	Capital increase	EUR 676m	AT
8	Mar. 2007	Pankl Racing Systems	Listing	n.a.	AT
9	Jan. 2007	KTM Sportmotorcycle	Squeeze-out	n.a.	AT
10	Jan. 2007	Warimpex	IPO	EUR 110m	AT
11	Jan. 2007	INA	IPO	EUR 391m	HR

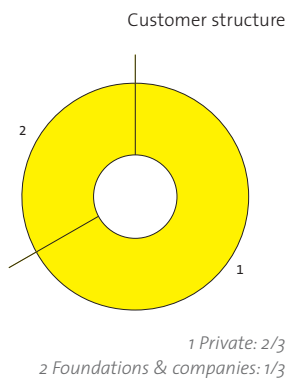


**UNCONVENTIONAL THINKING.**  
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Net interest income:  
+82% to EUR 6.3 m

## Private Banking



*The principle of Private Banking at Raiffeisen Centrobank is individual customer liaison and support on the basis of absolute-return management, which enables investments tailored to the individual risk profile, independent of any benchmark constraints. During the last three years, this approach has generated an annual performance ranging from 8% to 16%.*

Raiffeisen Centrobank is an Austrian financial institution. However, its Private Banking division manages customer assets according to the “Swiss principle.” This means the key account manager is also the personal consultant and portfolio manager. The competent Private Banking team can take advantage of all the required resources and know-how within the Raiffeisen Centrobank Group, as well as the knowledge, experience and investment products portfolio of the Raiffeisen Banking Group. We stand for professional, creative and naturally confidential investment consulting, active portfolio management, and asset optimization through intelligent foundation and insurance models.

### Practiced and lived customer orientation

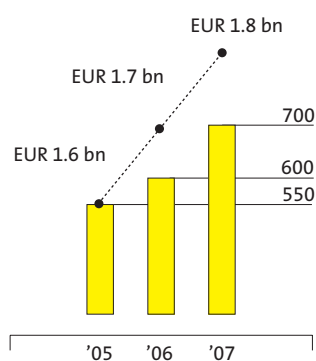
Private Banking operates in line with the following basic principle: “The assets of our customers are the result of outstanding achievements. We hold this performance in high regard.”

Approximately 700 sophisticated customers, two-thirds private individuals, one-third companies and foundations, have demonstrated their confidence in the Private Banking capabilities of Raiffeisen Centrobank, entrusting a total of EUR 1.8 bn in assets to our care. This represents an increase of 12.5% compared to the previous year. In the past five years, we have been able to post ongoing growth of about 40% annually.

Our investment strategy follows the investment approach of absolute-return management. This means we do not offer standard products, but an active and tailor-made portfolio management designed to minimize the probability of incurring losses while striving to achieve a positive annual return on investment equalling a predefined performance target. Following a detailed analysis and definition of customer requirements, as well as the ability of the customer to bear and manage risk, we prepare an individualized investment strategy in the sense of safeguarding assets. Our focus is on investments in European shares as well as global equity funds and bond funds. An annual average performance ranging from 8% to 16% over the last three years impressively demonstrates the quality of our strategy.

The core competencies of the Private Banking division are investment consulting (active advisory), the subsequent implementation of the transactions (brokerage), and portfolio management. We do not orient our operations on benchmarks as the basis for achieving a growth in asset value, but on fundamental evaluation criteria and naturally the personal wishes of our customers.

Development of the customer structure and assets under management



*In the meantime, Raiffeisen Centrobank has more than EUR 1.8 bn in assets under management for more than 700 customers, two-thirds private individuals. This represents an annual increase of 40% over the last five years.*

### Growth despite lower risk propensity

In the year 2007, we clearly focused on the Austrian market and increasingly expanding the scope of our previous activities by developing our business in Central and Eastern Europe in cooperation with the network banks of the Raiffeisen Banking Group. In doing so, we were able to build upon the success strategy pursued by Raiffeisen Centrobank exploiting our own strengths (competence and know-how) as a specialized securities bank and those of the entire Raiffeisen Banking Group: many local branches, an established and functioning branch network, access to potential new customers, its good image, and the integrity of the Raiffeisen brand name. On balance, the 2007 financial year was characterized by gratifyingly robust economic growth, although the growth rate of 4.5% could not match the extraordinarily high global economic expansion achieved in 2006 (5.4%).

From today's point of view, it will hardly be possible to continue this level of economic growth in 2008, not least because of rising raw material prices and the accompanying threat of inflation. Due to the difficult market environment and the difficulties in spreading risk on global credit markets, overall risk propensity is declining, despite a generally favourable business environment. Nevertheless, we anticipate a positive business development of our activities in Central and Eastern Europe as well as in Austria in 2008.

### Recognition by competitors

Raiffeisen Centrobank was named the "Best Private Bank" in Austria at the prestigious Euromoney Awards. This extraordinary success demonstrates that our philosophy of providing comprehensive consulting services has gained considerable national and international recognition. The award also reflects the outstanding assessment of the range of financial products offered by the bank, as well as portfolio performance and our entire spectrum of services.

The ranking of the best private banks was made on the basis of quantitative data supplied by the individual financial institutions as well as the qualitative evaluation on the part of the respective Austrian competitors. The high level of professional competence of the Private Banking customer consultants, who also serve as the portfolio managers, was given particularly high ratings. Moreover, our outstanding investment products were considered to be a further asset.

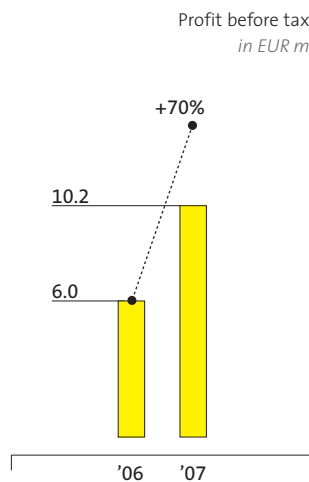
**LOCAL AND GLOBAL.**  
JUST AN ISSUE OF HAVING AN OVERVIEW.

Net commission income:  
+52% to EUR 38.0m





## Raiffeisen Investment AG



*A 2007 deal list with a volume of EUR 10 bn and an exclusive cooperation agreement for Central and Eastern Europe with the international investment bank Lazard underline the leading role played by Raiffeisen Investment in the region.*

Mergers, takeovers, and privatizations are continually taking place in the CEE countries, a good reason for Raiffeisen Investment AG to be locally represented in 13 markets.

Raiffeisen Investment AG, a 100% subsidiary of Raiffeisen Centrobank, is the leading M&A and privatization consultant in Austria as well as in Central and Eastern Europe. It is exemplary in the way it takes advantage of opportunities arising from its integration in the Raiffeisen Banking Group. The strong presence of the Raiffeisen Banking Group provides Raiffeisen Investment with the required access, gives it local credibility and is an important asset as an image carrier. However, thanks to the group structure of the parent company, Raiffeisen Investment can exploit the performance capabilities of an independent organization.

### Knowledge matrix

The implementation and consulting strength of Raiffeisen Investment is based on the bundling of know-how through the tried and tested matrix structure of the project teams. Local country specialists work together with central sectoral experts, combining their knowledge and experience in order to achieve the best results on behalf of their customers. Country and sectoral teams are prepared to offer assistance and advice to investors in the following sectors: consumer goods, energy, heavy industry, infrastructure, life sciences, real estate, chemicals, and industrials, as well as telecommunications, media, and technology.

Raiffeisen Investment continually ranks among the top three in the league tables for Central Europe, which is based on fact, not fiction. Since it was established in the year 1990, it has carried out more than 500 transactions in the fields of M&A, privatization, and financial consulting. The company advises local and international companies, governments, investor groups as well as supranational organizations such as the World Bank or the EU. In particular, Western European investors who aim to penetrate the CEE markets like to rely on the extensive know-how of Raiffeisen Investment.

### Deal highlights of 2007

The strategic highlight of the past financial year was the conclusion of an exclusive cooperation agreement for the CEE markets between Raiffeisen Investment and Lazard Ltd., one of the oldest and world's most distinguished investment banks. This unique business relationship of a global player with the strongest M&A house in the CEE region opens up completely new business opportunities for Raiffeisen Investment customers in both East and West. Since the agreement was signed in June 2007, the two companies have jointly concluded three transactions, with twelve more projects in preparation.

The highlight of all Raiffeisen Investment's international deals in 2007 was the consulting of the American financial group AIG in the purchase of Bulgaria's telecommunications company BTC.



*The optimism of Raiffeisen Investment for 2008 is based on its well-filled deal pipeline. After a total of 40 transactions carried out in 2007, the company is cooperating at present on 12 projects just with Lazard.*

Other important transactions include the privatization of Telekom Srpske (Bosnia-Herzegovina) and the Turkish petrochemical refinery Petkim. Raiffeisen Investment was also involved in most of the larger transactions in Austria. The top domestic transactions of 2007 were the consulting of the Austrian National Bank in the sale of AustriaCard, Yamaha in the purchase of Bösendorfer and Railcargo Austria in the acquisition of the Hungarian company MavCargo.

### Good prospects

The profit before tax of the Raiffeisen Investment Group in the 2007 financial year amounted to a record EUR 10.2m, on the basis of 40 M&A and privatization transactions. This represents an increase of about 70% compared to 2006. The company expects a good business development in the Central and Eastern European region in 2008, anticipating further growth, not least thanks to the order backlog.

### Deal list: Top 5 in Central and Eastern Europe 2007

No.	Company	Project	Volume	Country
1	Turkish Government	Privatization of Petkim refinery	EUR 2.1 bn	TR
2	AIG (US)	Acquisition of Bulgarian telecommunications firm BTC	EUR 1.6 bn	BUL
3	Republic of Srpska	Privatization of Telekom Srpske	EUR 646 m	BIH
4	EMFESZ (HU)	Purchase of a power plant in Transnistria	EUR 150 m	HU/MOL
5	Groupama (F)	Acquisition of a Romanian insurance firm	EUR 100 m	RO

### Deal list: Top 3 deals in Austria 2007

No.	Company	Project	Volume	Country
1	Austrian National Bank	Sale of AustriaCard to the Greek Lycos Group	Unavailable	AT
2	Yamaha	Purchase of Bösendorfer	Unavailable	AT
3	Railcargo Austria	Acquisition of Hungarian MavCargo	Unavailable	AT/HU

### Deal list: Cooperation Raiffeisen Investment–Lazard 2007

No.	Company	Project	Volume	Country
1	Providence (US)	Purchase of cable TV provider Volia	EUR 200 m	UA
2	Metinvest Holding (UA)	Purchase of a flat-steel producer	Unavailable	UA
3	SSL (GB)	Purchase of Russian Metkom-M	EUR 100 m	RU

**TIME ZONE MANAGEMENT.**  
JUST AN ISSUE OF HAVING AN OVERVIEW.

Operating income:  
+54% to EUR 107.2m





# **Management Report**

of Raiffeisen Centrobank AG as at December 31, 2007,  
in accordance with International Financial Reporting  
Standards (IFRS)

Throughout this report, Raiffeisen Centrobank Group is used to refer to the Raiffeisen Centrobank AG Group. Raiffeisen Centrobank is used whenever statements refer solely to Raiffeisen Centrobank AG, the parent company.

In the summing-up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. Information on percentage changes refers to the actual and not to the rounded-off figures.

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## Economic Environment

Unleashed by the USA's subprime mortgage crisis in July 2007, the crisis affecting the world's financial system led to the largest loss of confidence experienced by the world's commercial banks during the last few decades—and to a resulting scarcity of liquidity. Despite this, the world's economy did turn in a gratifyingly strong performance in 2007. The economy's rate of growth declined somewhat from 2006's 5.4% to 4.5%. A further decline is not forecast for 2008, a year in which USA may well go into a recession. Like the rest of the EU, Austria is also expected to experience a cooling-off. Impelled by the high prices prevailing for raw materials, the perils of inflation have become considerably more imminent.

As the above details, 2007 had its share of both successes and problems. The entire financial sector—with this including the world's central banks—was obliged to devote itself to contending with the effects of the subprime crisis. With this starting in the USA, the mortgage-backed securities plunged on exchanges. The consequences of these developments were the bank sector's shortage of liquidity and rises in the rates of interest borne by short-term offerings and in the level of uncertainty. Always the most deadly foe of the banking industry, this uncertainty has mutated into a fundamental crisis of confidence. The situation experienced by the financial markets last year clearly indicates that doing business on a global scale means being susceptible to dangers arising anywhere on the globe. The tenseness still prevailing on markets will impair economic growth in 2008. This could, however, be offset by the injections of liquidity undertaken and envisioned (for the next few months) by the central banks to calm the situation prevailing in the financial sector. The sharp increase in the banks' costs of liquidity is going to trigger a further and concomitant rise in loan interest rates. This in turn will bring to an end the upswing which had been gripping the world's economy. This drop-off will not equally affect all regions. This fact has to be taken into account when formulating forecasts.

Taking a region-by-region look at the world economy, the USA is still contending with the slump being experienced by its real-estate market, which seems to still have not yet touched bottom. Caused by foreclosures, the oversupply of property will cause a setting forth of the downward spiral gripping real-estate prices and causing credit delinquencies during the entire year. These trends notwithstanding, a period of low growth seems more likely for the USA's economy than does a full-blown recession. Data for 2007 is, however, pointing to a high risk of recession for 2008. This is being confirmed by the lack of reliable early-bird indicators predicting a turnaround or, at least, a sustained stabilizing. Quite the opposite. Forecasts are that the situation will worsen until a halting recovery begins during the course of the year. To which it must be noted that most economic indicators, with this particularly applying to those not reporting on the financial world, are still too strong to speak of a recession's about to take place. This picture is being countervailed by the worrying and substantial strengthening of inflationary pressures, with these especially having intensified in 2007's fourth quarter. The rate of inflation's rise to 5% as of the end of the year restricts the central bank's ability to loosen its tight money policies. These policies will lead to further curtailing of economic growth.

The Eurozone is also being affected by this negative trend. The signals for the region's economy are for that reason also pointing downwards at the moment. As is the case with the world economy as a whole, whether or not the Eurozone maintains its growth is dependent upon the ramifications of the turbulences being experienced on interest markets upon the economy as a whole and upon the extent of the credit crisis' impairing of its growth. The ZEW Mannheim Center for European Economic Research's poll of the financial sector revealed a great degree of pessimism. Polls of other sectors, including that of Munich's IFO Institute, show a lower but still relatively high rate of confidence. One of the causes of this sustained optimism is that companies have strong cash flows. These, in turn, equip them with the capability of satisfying their needs for financing from in-house sources. This has kept them from completely experiencing the effects—in the form of the bank's fully passing on of the greater costs of liquidity—of the credit crisis.

Thanks to the weaknesses being experienced by the USA and the rest of the world's economy, exporters have to contend with a substantial worsening of the conditions under which they operate. This worsening is exacerbated by the strong rise in the Euro's rate of exchange. The surging of the rate of inflation above 3% also constitutes a burden for Europe's economy, especially since it narrows the European Central Bank's options. The ECB has repeatedly given absolute priority to maintaining the stability of prices. The next few months could well be haunted by the phantom of stagflation. This would constitute a particularly dire challenge to Europe's economy. Summing it up, Europe's economy is expected to register further growth in 2008, albeit at the rate of 1.6%, one much lower than the figure recorded in 2007.

Austria and the rest of Central and Eastern Europe (CEE) will also experience their share of the growth-hampering effects of the global liquidity crisis. In view of the high rate of growth being recorded in parts of CEE in total loans outstanding, the increasing costs of credit for consumers and companies constitute a challenge to economic growth and stability. This trend is, however, being counterbalanced by the relative lack of throughput of financial interaction mechanisms in Eastern Europe, by the strong earnings being turned in by the region's companies, and by the ever-growing increase in importance of private consumption. This, in turn, is being stoked by increases in total employment and wages. The worsening of economic conditions in the Eurozone, whose countries constitute the most important market of the CEE, has caused the forecast for the latter region's rate of GDP growth to be slightly cut to 5.3% (not comprised in this are Hungary and Austria). This rate is still, however, high by international standards. These strong rates of growth will join with those of inflation in causing most CEE countries to experience sharp and reciprocally augmenting increases in exchange and interest rates. The resulting strength shown by Eastern Europe's currencies will counterbalance the effects of many of the countries' strongly negative current account balances.

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Asia has been equally affected by the international financial crisis. The recovery that ended last year Japan's years of decline is threatened by the (self-caused) crisis being experienced by the construction sector and by the difficult conditions facing exporters. Contravening previous expectations, the Bank of Japan will for these reasons probably leave the country's prime rate at 0.5%, so as to avoid a further revaluation of the yen and the difficulties it would cause for exporters. The low rates of interest prevailing in the country, the result of the lowest prime among the world's major currencies, are of great pertinence to European investors, thanks to the enormously high volume of currency carry trades. Fears as to the diminishing of the trades' spread could exacerbate the unsettling of financial market structures. In a countervailing trend, the development of Asia's economy as a whole is being impelled by the enormous, +9% rates of growth being registered by China and India.

Shrugging off the international liquidity crisis, the stock exchanges in India and China have been booming, with their capitalizations having risen more than 100% in 2007 alone. These rises have been boosted by the emergence of a number of Chinese companies as the world's largest (as ranked by market capitalization). The prospect of the exchanges' experiencing an adjustment has been getting more imminent. Countervailing is the lack of negative tidings for the period extending until the Olympics and beyond.

The crisis gripping the financial markets kept to a bare minimum the number of exchange gains recorded in the fourth quarter of 2007 on the government segment of the bond market, which still has yet to re-attain the levels reached at the beginning of 2007. Notwithstanding this, the government bonds, thanks to their being viewed as "safe havens," were highly popular in the fourth quarter. Preferred were short terms of maturities, as these bear the least risks arising from changes in quotes and credits. The rate of interest borne by the Eurozone's benchmark 10-year bond remained at 4.3%. The US treasury bill responded to the cut in the prime rate of 75 basis points (bp) by experiencing a drop of 40 bps to 4.2% in its yield.

The central banks took divergent approaches during the period under review to the setting of the prime rates. The Eurozone didn't follow the course taken by the USA and left the prime rate at 4%. The ECB's position is that the propping up of financial markets is not to be undertaken at the expense of the price stability produced by money market policies.



The USA is facing another set of problems. The lack of trust and of liquidity necessitates a further cutting of interest rates. The divergence in expectations as to interest rate trends has caused the Euro-dollar rate of exchange to go from 1.48 as of December 31, 2007, to 1.56 as of the end of 2008's first quarter.

Feeling the effects of international banking and other financial crises, the world's stock exchanges turned in disappointing performances in the fourth quarter of 2007 and in the year as a whole, in which the series of worrisome events took its toll. The worst month was August, which featured the outbreak of the financial market crisis and sharp falls on the world's stock markets, most of which declined to below the levels prevailing at the beginning of the year. Extending until September 30th, the subsequent upturn led to a partial recovery of lost ground. A year-on-year comparison ranks Germany's DAX index of stocks, which recorded an 18% rise, first among the major international markets. With scant 3% and 10% rises, Dow Jones and Nasdaq finished (barely) up for the year. These rises were offset by the more than 10% in investment value experienced by Europe-based investors. Japan's Nikkei stock index concluded 2007 with a year-on-year decline of some 10%. Europe's broadly-based STOXX was down 3%.

Austria, our domestic market, did no better than to break even in 2007. At +9% each, the only stock exchanges in Eastern Europe finishing up for the year were Russia's RTX and Eastern Europe's CECE. The region's most successful exchange was Southeast Europe's SETX, which rose 30%.

## Business Development 2007

The 2007 financial year ended with extraordinarily positive results. Following the 2006 financial year, the most successful in the history of the Raiffeisen Centrobank Group, the bank succeeded in once again significantly surpassing this record level. Thus it prolonged the series of years featuring disproportionately high growth rates by another year. The profit before tax climbed by 67% compared to the preceding year, or EUR 22.021 m, to EUR 54.926 m. In terms of profit contribution, Raiffeisen Centrobank once again made the biggest contribution to operating income, contributing a share of 82% to these excellent business results. Raiffeisen Investment AG made the second largest contribution, at 14% of the total group operating income, followed by the commodity trading subsidiaries.

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The increase in earnings can be primarily attributed to the increase in trading profit by EUR 23.231 m, to EUR 63.358 m. Raiffeisen Centrobank further strengthened its position as the leading supraregional Austrian investment bank trading with shares, derivatives, and structured products. In addition, the rise in total net commission income by EUR 12.915 m, and the increase in net interest income by EUR 3.028 m both positively contributed to the improved results. In the item "Fee and commission income", in particular securities-related fee and commission income increased due to the provision of services in connection with capital market transactions as well as advisory income from mergers and acquisitions. The improved interest income is the consequence of lower interest expenses to customers but, above all, the payment of a dividend by a Raiffeisen Centrobank subsidiary which is not fully consolidated.

On balance, total operating income, encompassing interest income after provisioning, fee and commission income, trading profit, and the net income from financial investments, increased by 54%, to EUR 107.211 m. Other operating result, which mainly reflects the gross profit of the consolidated commodity trading subsidiaries, declined by 20%, or EUR 1.538 m, to EUR 6.006 m. General administrative expenses, which include staff expenses, other administrative expenses and depreciation on tangible and intangible fixed assets, rose by only 32% despite a much more significant expansion of business volume, to EUR 58.207 m (2006: EUR 44.050 m). The rise in administrative expenses is chiefly related to higher staff costs, which climbed by EUR 8.284 m, to EUR 39.634 m, and the increase in other administrative expenses by EUR 5.431 m, to EUR 15.928 m (2006: EUR 10.497 m). The higher staff costs can be primarily attributed to an increase in the total number of employees, general salary and wage adjustments in line with collective agreements, and higher expenses for bonus provisions due to the positive earnings development at Raiffeisen Centrobank. The increase in other administrative expenses is mainly related to higher legal, advisory and consulting costs as well as advertising, PR and travel costs.

The profit before tax was EUR 54.926 m, a rise of 67% compared to the preceding year. This positive development is also demonstrated by a significant improvement in the return on equity before tax, which correspondingly rose to 64.6%, up from 41.3% in the preceding year.

On the balance sheet side, total assets rose by 6.2% as at December 31, 2007, compared to the previous year's level, to EUR 2,159.951m. "Trading profit", the most important item on the assets side, comprising 78% of total assets, expanded in line with the company's business strategy to EUR 1,684.721m, up from EUR 1,478.617m in 2006. This increase can be primarily attributed to a rise of shares and structured products reported as trading assets, which, in turn, is mainly related to the bank's market-making activities as well as the increase in the certificates and warrants issued by Raiffeisen Centrobank. Together with the options listed as trading assets or trading liabilities, the securities represent hedge positions for the certificates and warrants issued by the bank. The item "Securities and financial investments," which comprises 3% of total assets, rose by 41%, or EUR 20.813m to EUR 72.249m. This increase is mainly related to an increase in the portfolio of bills issued by public authorities which must be held in order to fulfil the liquidity provisions of the Austrian Banking Act. The rise in such debt instruments was partly compensated by the reduction in the item "Equity participations," which declined due to the sale of the Raiffeisen Centrobank's shareholdings in Raiffeisen Private Equity AG, Vienna, and Slobozhanska Budivelnna Keramika JSC, Sumy (Ukraine).

The item "Claims on banks" (9% share of total assets) declined in favour of the increase in trading assets and due to the regrouping of portfolios in private banking to EUR 197.859m, down from EUR 316.452m.

On the liabilities side, the item "Trading liabilities," the most important item on the liabilities side comprising 75% of total liabilities, increased from EUR 1,564.104m to EUR 1,617.999m. Trading liabilities primarily refer to structured guarantee products of Raiffeisen Centrobank AG, such as the well-known winner or blue-chip certificates, as well as warrants and other certificates, such as the turbocertificates on indices and individual shares. The increase in trading liabilities is mainly related to the structured products of Raiffeisen Centrobank.

"Liabilities to banks" (6% share of total liabilities) rose to EUR 122.907m from EUR 43.948m in the preceding year due to the higher refinancing volume to RZB. As a consequence of the portfolio regrouping in private banking, the item "Liabilities to customers" (10% share of total liabilities) declined by EUR 47.567m, to EUR 218.779m.

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## Reports of the Departments

### Departments of Raiffeisen Centrobank AG

#### Securities Trading & Sales

Within segment reporting, the business result of the Securities Trading & Sales department primarily consists of the trading profit from the segments “Corporate Customers,” “Financial Institutions and Public Sector,” and “Treasury/Investment Banking.”

In 2007, the Securities Trading & Sales department once again significantly surpassed the record performance achieved in the previous year. It continued to be the focal point of the bank’s business operations, contributing close to 82% of Raiffeisen Centrobank’s operating income. The increase in the profit after tax during the 2007 financial year can be primarily attributed to the consistent implementation of the internationalization strategy of Raiffeisen Centrobank, which underpins its position as the main investment bank of the Raiffeisen Banking Group, with its focus on the Central and Eastern European region. Direct memberships in 12 international stock exchanges as well as optimal access to local markets through the network banks of the RZB Group enable our customers to carry out cost-effective, real-time trading in shares of companies operating in this region. Moreover, Raiffeisen Centrobank also covers all other recognized stock exchanges in the capital markets universe.

Raiffeisen Centrobank’s position as the leading Austrian investment bank and the central hub for share trading in Central and Eastern Europe is underpinned by its standing as the pre-eminent specialist and market maker on the Vienna Stock Exchange. Raiffeisen Centrobank posted a new record in 2007 by increasing total trading volume on the Vienna Stock Exchange of over EUR 18 billion, exceeding the preceding year’s level of EUR 15 bn. This represents a 10% market share, the leading position among all market participants. Raiffeisen Centrobank is also the undisputed specialist on the Vienna Stock Exchange, implementing about 50% of all specialist mandates. Raiffeisen Centrobank has also maintained its top ranking in the derivatives segment among Austrian banks, accounting for about 30% of trading in Austrian derivatives and more than 40% in Eastern European derivatives.

As in the previous year, one of the cornerstones of Raiffeisen Centrobank’s success was the ongoing expansion of its business in structured financial products. The placement success for structured financial products was expanded by about 20%, raising its portfolio to about 1,700 publicly listed financial instruments. In this segment, the bank’s expansion strategy in Eastern Europe clearly bore fruit. In addition to the existing markets of Austria, Germany, Italy, and Switzerland, parts of the bank’s portfolio in structured financial products were marketed in Poland, Hungary, Czech Republic, Slovakia, and Slovenia for the first time and also listed on the local stock exchanges in some cases.

The bank's total sales volume on the leading European derivatives exchange located in Stuttgart, which, in addition to the Vienna Stock Exchange, lists all structured and derivative products issued by Raiffeisen Centrobank, declined in the 2007 financial year by about 6% compared to the record level achieved in 2006. This development reflects the bank's strategy to issue lower volumes of high-leveraged products.

The high level of acceptance for Raiffeisen Centrobank's financial products is demonstrated by the numerous prizes and awards granted to the bank in the course of the 2007 financial year. An independent jury of experts selected Raiffeisen Centrobank in Austria as the "Top Bank of the Year for Certificates" and granted a series of other prestigious awards, including:

- » Alternative Investment Award 2007 (overall winner in the category "Structured Products")
- » Structured Products Europe Awards for Excellence 2007 (winner in the category "Best in Central and Eastern Europe")
- » The Capital Market Awards Gala, Bucharest (1<sup>st</sup> prize for extraordinary services performed on the capital market)
- » CEE Market Forum Gala 2008, Warsaw (award for establishing the certificate segment on the Warsaw Stock Exchange)

### Equity Capital Markets (ECM)

#### • Austria

Raiffeisen Centrobank participated in half of all initial public offerings carried out on the Vienna Stock Exchange in 2007, once again impressively demonstrating the bank's leading market position in the equity capital markets (ECM) segment. Raiffeisen Centrobank was responsible for the largest number of initial public offerings (IPOs) and the largest trading volumes on the Vienna Stock Exchange.

The focal point of the 2007 financial year for the ECM department as well as the ECM-CEE department described below, whose results are presented in the "Corporate Customers" and "Financial Institutions and Public Sector" segments, was the preparations for the stock market flotation of STRABAG SE, the largest initial public offering in the history of the Vienna Stock Exchange.

Raiffeisen Centrobank served as joint bookrunner for this transaction, which had to be postponed until the autumn of 2007 due to the acquisition of a stake in the company by a strategic investor in the spring. The total transaction volume amounted to EUR 1.3 bn. Demand was enormous, as reflected in the fact that shares were oversubscribed by a factor of ten. In addition to strong international demand, more than 100,000 private Austrian shareholders subscribed to the share issue, the first time so many new investors in Austria participated in a capital market transaction.

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Another large share issue was the capital increase of Raiffeisen International Bank-Holding AG. The transaction volume of more than EUR 1.2 bn was also significantly higher than the EUR 1 bn mark and was very successfully placed despite a volatile stock market environment.

In addition to the two abovementioned highlights, the Equity Capital Markets department also participated in numerous other capital market transactions during the 2007 financial year. Raiffeisen Centrobank served as co-leader manager for the initial public offering of Warimpex AG in the amount of EUR 110 m and also for the capital increase of CA Immobilien Anlagen AG, with a total volume of EUR 676 m. Furthermore, the ECM team advised transactions such as the listing of Pankl Racing Systems AG on the Vienna Stock Exchange, the delisting of Maculan Holding AG and KTM Sportmotorcycle AG, and the takeover bids of CROSS Industries AG for both Invest AG and Pankl Racing Systems AG.

#### • Central and Eastern Europe (CEE)

In 2007, Raiffeisen Centrobank made considerable progress in expanding its equity capital markets business across its target region of Central, Eastern and Southeast Europe. The bank made particularly great efforts to pursue its expansion in Russia, the region's most important target market thanks to its economic strength. The number of employees in the department increased in line with the rising number of projects and the growing transaction pipeline.

At the beginning of the year, the INA project (IPO of the former state-owned Croatian utility company) was successfully finalized. Within the Raiffeisen Zentralbank Österreich AG (RZB) Group, the transaction was selected as "Deal of the Year 2006" as a reflection of the particularly successful cooperation within the group.

The largest IPO to date on the Romanian capital market, namely the going public of TRANSGAZ, the national gas pipeline network operator, was extremely successful despite a difficult market environment. The institutional tranche of the transaction was close to 40 times subscribed, and demand was also heavy in the retail tranche of the initial public offering. By the end of the year, the TRANSGAZ shares had gained 75% in value. The transaction represented the first public offering in Romania in which "allocation rights" were granted, enabling trading to begin within a few days and not first after several weeks as in the past. Raiffeisen Centrobank played a major role in issuing these new certificates.

In the past financial year, Raiffeisen Centrobank was granted mandates to carry out five additional projects in Bulgaria, Romania, Czech Republic, and Russia, all of which are expected to be completed in the course of 2008, provided there is a favourable market environment.

### Company Research

The ongoing increase in the business volume of Raiffeisen Centrobank was supported by a further expansion of research activities and analyst capacities. Half of all analysts are now located locally in the network banks of Raiffeisen International in Belgrade, Budapest, Bucharest, Maribor, Moscow, Prague, and Zagreb. The Polish and, most recently, the Ukrainian market are both coordinated by teams in Vienna consisting of experienced Ukrainian and Polish analysts. Research coverage now extends to 30 Austrian and 50 Eastern European companies, sector and local analysts work closely together in all areas of the analysis, from sectoral studies and capital market transactions to ongoing M&A activities of the companies subject to evaluation.

The comprehensive coverage of Austrian and East European stock exchanges developed by the Company Research department of Raiffeisen Centrobank during the last few years requires a commitment to the entire region and core competencies in the most diverse branches. For this purpose, the bank has consistently pursued a strategy of setting up cross-border sectoral teams. Our focus is on the fields of oil and gas, banks, raw materials, real estate, utilities, telecommunications, engineering, transportation, and consumer goods. This is reflected in a large number of sector reports and road shows. The cross-border sectoral teams published studies on Russian utility and oil companies, comprehensive reports on banks, real estate companies, oil and gas as well as telecommunications firms throughout the entire CEE region. These reports were introduced to institutional investors within the context of road show presentations in the financial centres of London, Paris, Frankfurt, Milan, Warsaw, and Moscow as well as in Stockholm, Brussels, Hamburg, and Geneva.

The business results of the Company Research department are primarily encompassed in the segment reporting under "Financial Institutions and Public Sector" and "Corporate Customers".

### Private Banking

Private banking as practised by Raiffeisen Centrobank stands for professional and creative investment consulting, active portfolio management, and tax optimization by means of intelligent foundation and insurance models. In a business which lives and thrives from maintaining discretion, like no other business, it is not our goal to serve the mass market. It is much more important to gain the trust of our demanding and sophisticated clientele. We offer top-notch investment consulting and asset management services accompanied by a high level of personal customer support. For us, consulting is an ongoing process, which is designed to ensure a level of certainty that the investment strategy is being optimally tailored to customer requirements in every circumstance.

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The Private Banking team of Raiffeisen Centrobank develops individualized investment models tailored to the risk taking propensity of different investors. Moreover, there is complete flexibility in choosing the range of financial products. Our approach focusing on individual customer support and comprehensive consulting services is highly valued by our customers, and serves as the basis for the ongoing above-average growth of this segment. Instead of bowing to the dictates of benchmark-oriented investments, Raiffeisen Centrobank pursues an absolute return management strategy, minimizing the probability of incurring losses.

In the 2007 financial year, the focus was on Austria and increasingly operating in Central and Eastern Europe. In the meantime, about 700 customers have demonstrated their confidence in Raiffeisen Centrobank Private Banking, entrusting a total of EUR 1.8 bn in assets as at December 31, 2007. Since 2003, the Private Banking department has achieved an average growth of about 40% annually.

Raiffeisen Centrobank was named the “Best Private Bank” in Austria by this year’s prestigious Euromoney Awards. The ranking of the best private banks was based on our quantitative performance figures as well as the qualitative evaluation on the part of our Austrian competitors. The high level of professional competence displayed by our Private Banking customer consultants, who serve simultaneously as portfolio managers, was given particularly high marks. In addition, our outstanding investment products were particularly highlighted as a crucial asset, in the light of the fact that Raiffeisen Centrobank operates as the investment bank of the Raiffeisen Banking Group. This extraordinary success demonstrates that our comprehensive advisory approach has gained the highest level of recognition, both domestically and internationally.

## **Subsidiaries**

### **Raiffeisen Investment AG**

Raiffeisen Investment AG is the leading M&A and privatization consultant in Central and Eastern Europe and has been successively operating in 12 countries in the CEE region as a privatization advisor to governments for the last 18 years as well as an advisor for acquisitions to Austrian and international companies.

The success and strength of Raiffeisen Investment AG, a 100% subsidiary of Raiffeisen Centrobank, is its extensive experience and local expertise in the individual markets of Central and Eastern Europe. The local expertise of Raiffeisen Investment branch offices on location is complemented by sectoral teams focused on various industries (e.g., telecom media technology, energy, heavy industry, food and beverage/retail, and financial sponsors), whose ongoing contact



with companies operating in the particular sectors have provided them with an intimate knowledge of developments and trends. These sector specialists work together with local teams on the individual transactions, thus providing a basis for the high-quality services. This is the basis for the high level of quality: recently, Raiffeisen Investment AG was named the “Central Europe M&A Advisor of the Year” by “Acquisitions Monthly,” a publication of Thomson Financial.

2007 was the best year in the history of Raiffeisen Investment AG. A total of 40 M&A and privatization transactions were concluded, with a total transaction volume of EUR 20 bn. Raiffeisen Investment is continuously ranked among the top 3 in the “league tables” for Central and Eastern Europe. The consulting mandate for the American financial group AIG in acquiring Bulgarian Telecom as well as the mandates for the privatization of Telekom Srpske and the Turkish petrochemical refinery Petkim made a positive contribution to earnings.

In addition, a brewery was acquired on behalf of Heineken in Belarus, a steel mill in Italy was purchased for a Ukrainian steel manufacturer, and much more. Raiffeisen Investment AG was also involved in most of the largest M&A transactions in Austria, such as advising Rail Cargo Austria on the acquisition of MAV in Hungary and the sale of AustriaCard by the Austrian National Bank. Raiffeisen Investment also provided advisory services to Yamaha in the acquisition of Bösendorfer and Mattoni in the purchase of Waldquelle and supported Raiffeisen Bausparkasse in its acquisition of the Czech bank Hypo Stavebni Sporitelna.

In the 2007 financial year, Raiffeisen Investment AG concluded an exclusive cooperation agreement with Lazard, the leading global M&A specialist, for the markets in which Raiffeisen Investment AG operates. This unique business partnership of a global player with the strongest M&A investment house in the CEE region opens up completely new perspectives for our customers in East and West. For Lazard, the strategic partnership represents the market entry in a new growth region, whereas Raiffeisen Investment AG will gain access to top international customers. Three transactions have been jointly concluded since the agreement was signed in June 2007. The two companies are working on 12 other projects at present.

#### **Commodity Trading**

The subsidiaries of Centrottrade Holding AG, Vienna, incorporated into the holding company Centrottrade Group, are active in the trading of natural rubber as well as olefins. In both segments, the company once again achieved excellent returns on the invested capital in 2007. Similar to the previous year, the profits are retained in the holding or in the subsidiaries respectively.

## Financial and Non-financial Performance Indicators

### Financial performance indicators

	2007	2006
Return on equity before taxes (in %)	64.6	41.3
Cost/income ratio (in %)	51.2	57.9
Earnings per share (in EUR)	64.81	42.29

The annual surplus in 2007, which is considerably higher than in the previous year, led to a significant improvement in the return on equity before taxes, from 41.3% in 2006 to 64.6% in 2007. Due to the fact that earnings increased at a higher level than expenses, the cost/income ratio correspondingly improved as well, declining from 57.9% in 2006 to 51.2% in 2007.

Earnings per share rose by 53% compared to the previous year, reaching EUR 64.81 in the 2007 financial year.

### Non-financial performance indicators

	2007	2006
Annual average headcount	259	232
Stock exchange memberships	12	10
Number of newly issued warrants and certificates	1,696	1,419

As part of Raiffeisen Centrobank's significant expansion in the scope of its business operations, there was a corresponding increase in the number of employees. In 2007, Raiffeisen Centrobank employed an average of 259 people, an increase of 12% or 27 employees. The number of stock exchange memberships increased from 10 to 12 year-on-year, and the number of newly issued warrants and certificates climbed by about 20%, from about 1,400 to close to 1,700.

## Risk Management

As a subsidiary of RZB, Raiffeisen Centrobank is integrated into the risk management processes of the RZB Group. The various risk management units operating at different management levels ensure that all major risks are monitored and limited and that business transactions are concluded by taking account of the risk/earnings ratio. For this purpose, the concept of risk management takes into consideration the legal and regulatory framework, but also the type of transaction, scale and complexity, and the accompanying risks.

The risk management concept of Raiffeisen Centrobank is carried out by focusing on the individual risk profile of the company. The basic principles and methods underlying risk management are defined in the bye-laws for the Supervisory Board and the Executive Board as well as in the bank's organizational guidelines and manuals. On the basis of a comprehensive planning and controlling process, the Executive Board is given the means to identify risks at an early stage, evaluate them and initiate suitable measures to counteract these risks. Within the framework of its decision-making authority, the Executive Board determines the bank's risk management policies, authorizing the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. Risk management is an integral part of managing the bank, i.e., the management of earnings and risks in all business segments are systematically linked to each other.

An independent department for risk management, incorporated within the controlling division, supports the Executive Board in effectively fulfilling its duties. This department reports regularly to the Executive Board and evaluates the current risk situation by taking account of the risk capacity and risk limits. It supports the Executive Board in allocating a risk management budget and in managing risks. The periodic evaluation of interest rate changes and balance sheet structure risks as well as liquidity risks takes place within the framework of the Assets/Liabilities Management Committee.

In order to enable the bank to adjust to changing regulatory conditions (ICAAP) and tailor risk management to expanded business activities, Raiffeisen Centrobank implemented a comprehensive project in 2007 designed to further improve its risk management capabilities. New and innovative methods and concepts underlying a modern risk management system were developed and implemented with significant support provided by a leading consulting company. One of the major aspects of the project was the revision and specification of a risk strategy, which increasingly emphasizes risk propensity and risk bearing capacity. On this basis, a unified risk

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limit system throughout the bank was conceived, which divides the predefined risk exposure on a division, department and individual manager level. The first-time conception of a process-oriented self-risk assessment to identify operational risks was an even more significant development. This enables Raiffeisen Centrobank to quantify this risk as well and appropriately take account of the operational risks in the bank's overall risk management efforts led by the Executive Board by means of a value-at-risk (VaR) consistent risk measurement approach, along with the main risks to which the bank is subject, the market risk and credit risk.

We would like to point out the comprehensive risk management report in the notes to the consolidated financial statements (page 117), which particularly focuses on the current risk measurement processes.

## Human Resources

The improved growth and earnings achieved in the previous financial year were driven by an exceedingly committed and competent staff. The number of employees increased from 245 at the end of 2006 to 280 by the end of 2007. On average, Raiffeisen Centrobank employed a work force of 259 people in 2007.

The Raiffeisen Centrobank Group considers the qualifications of its employees to be a decisive competitive advantage. For this reason, it continually invests in their further education and professional training. Approximately one third of employees are university graduates, a high level of qualifications which the bank's career development efforts can build upon.

## Outlook for 2008

There is no doubt that the economic disruptions on international financial markets unleashed by the US subprime mortgage crisis will continue to shape the overall economic environment and cause considerable uncertainties in the business world, at least during the first half of the 2008 financial year. This forecast can be attributed not least to the fact that expectations were not fulfilled that positive performance figures for the fourth quarter of 2007 and thus more stable business results would serve as confidence-building measure among market participants. The situation hit rock bottom with the bail-out of Bear Stearns, the fifth biggest US investment bank, involving billions of dollars in required support provided by the US Federal Reserve. The deterioration in the ratings granted to international banks, credit and loan insurers will also not do much to defuse the crisis of confidence and improve the liquidity situation. However, in this

situation, the publication of the quarterly figures of the other large American investment banks had a positive impact on investor attitudes. The performance of the banks could hardly be described as being good compared to the previous year's results, but positively surpassed the negative expectations of analysts.

Within this context, the European stock markets are characterized by a high level of uncertainty and volatility. Raiffeisen Centrobank attaches great importance to risk management and a defensive approach in its business strategy, combined with a highly dynamic strategic behavior in its target markets in historical comparison. This will enable Raiffeisen Centrobank to optimally face up to the unpredictable market conditions which de facto exist in the short term, both in regards to the bank's own management activities and its customer relationships.

One positive aspect is that the European banking and economic system has proven to be comparatively more stable than its American counterpart due to the systemic differences. In the CEE region, a slowdown in economic activity in 2008 will still mean robust economic growth, with real GDP growth expectations at a level of 5.3% compared to only 1.6% growth in the Eurozone. In other words, the Eurozone is losing momentum, but there is not likely to be an economic downturn or even a recession. Following the year 2007, in which Austria achieved its highest economic growth since 1999, forecasts for the Austrian economy in 2008 are cautiously optimistic. The Austrian economy expanded by 3.4% in 2007, which is expected to slow down to a level of 2.5% in 2008.

In turn, the ongoing interest rate cuts and a bundle of measures are designed to prevent a further worsening of the financial crisis. The economic stimulus package initiated by the federal government not only encompasses tax refunds to private investors as a means of boosting private consumption, but an easing of equity capital regulations for mortgage institutions governed by public law, which finance about 40% of the residential property market. The measures also involve opening up new refinancing opportunities for brokers by the US Federal Reserve, in order to prevent spectacular liquidity shortfalls similar to Bear Stearns.

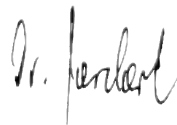
In the light of the prevailing market situation for investment banks, it cannot be expected that the overproportionally high profit growth achieved in recent years, reflected in the 67% increase in the profit before tax during the period under review, will continue at a comparable level. However, we are largely confident that the experience of Raiffeisen Centrobank in successively dealing with volatile international financial markets, as in historically difficult situations, will once again be a strength and advantage for customers, the bank and the entire group in 2008, and that Raiffeisen Centrobank will be able to generate sustainable earnings.

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## Significant Events After the Balance Sheet Date

To strengthen its capital base, Raiffeisen Centrobank issued a subordinated bond with a volume of EUR 20.0 m as at January 31, 2008.

Vienna, April 8, 2008  
The Executive Board



**Eva Marchart**

Chairman of the Executive Board



**Alfred Michael Spiss**

Deputy Chairman of the Executive Board



**Gerhard Grund**

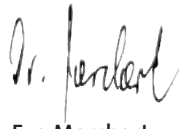
Member of the Executive Board

## Declaration of the Executive Board According to § 82 Stock Exchange Act

We hereby confirm that the consolidated annual financial statements and the annual financial statements of Raiffeisen Centrobank AG have been prepared in accordance with the applicable accounting standards and, to the best of our knowledge, fairly present a fair and accurate picture of the profit, asset and financial position of the group and our company.

Furthermore, we certify, to the best of our knowledge, that the group management report presents the business development, earnings, and the overall situation at Raiffeisen Centrobank Group in accordance with the consolidated annual financial statements and that it also describes the most important risks and uncertainties facing the group.

Vienna, April 8, 2008  
The Executive Board



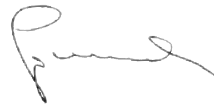
**Eva Marchart**

Chairman of the Executive Board



**Alfred Michael Spiss**

Deputy Chairman of the Executive Board



**Gerhard Grund**

Member of the Executive Board

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## Report of the Supervisory Board

The 2007 annual financial statements examined by the auditors contracted by the bank—KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH, Porzellangasse 51, 1090 Vienna—and given an unqualified opinion were presented to the 35th Annual General Meeting of Raiffeisen Centrobank on April 23, 2008, and subsequently approved.

KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH completed the audit of the consolidated annual financial statements of Raiffeisen Centrobank for the 2007 financial year and also issued an unqualified opinion.

The Supervisory Board examined in detail and approved the consolidated annual financial statements for the 2007 financial year, which were audited by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH.

Vienna, April 2008



**Walter Rothensteiner**  
Chairman of the Supervisory Board



# **Consolidated Annual Financial Statements**

of Raiffeisen Centrobank AG as at December 31, 2007,  
in accordance with International Financial Reporting  
Standards (IFRS)

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- Statement of Changes in Equity
- Cash Flow Statement
- Segment Reporting

## Income Statement

Amounts in thousand Euros	Notes	1/1 – 31/12/ 2007	1/1 – 31/12/ 2006	Change
Interest income		20,361	19,586	4.0%
Interest expenses		-14,018	-16,107	-13.0%
<b>Net interest income</b>	(2)	<b>6,343</b>	<b>3,479</b>	<b>82.3%</b>
Provisioning for impairment losses	(3)	-84	-248	-66.1%
<b>Net interest income after provisioning</b>		<b>6,259</b>	<b>3,231</b>	<b>93.8%</b>
Fee and commission income		45,108	31,877	41.5%
Fee and commission expenses		-7,150	-6,834	4.6%
<b>Net commission income</b>	(4)	<b>37,958</b>	<b>25,043</b>	<b>51.6%</b>
Trading profit	(5)	63,358	40,037	58.2%
Valuation result from derivative financial instruments	(6)	0	0	0
Net income from financial investments	(7)	-448	1,100	0
General administrative expenses	(8)	-58,207	-44,050	32.1%
Other operating result	(9)	6,006	7,544	-20.4%
<b>Profit before tax</b>		<b>54,926</b>	<b>32,905</b>	<b>66.9%</b>
Income taxes	(10)	-12,473	-5,208	139.5%
<b>Profit after tax = group net profit</b>		<b>42,453</b>	<b>27,698</b>	<b>53.3%</b>
<b>Earnings per share (in EUR)</b>	(11)	<b>64.81</b>	<b>42.29</b>	<b>22.52</b>

## Balance Sheet

<b>Assets</b>	<b>Notes</b>	<b>31/12/ 2007</b>	<b>31/12/ 2006</b>	<b>Change</b>
Amounts in thousand Euros				
Cash reserve	(13)	9,940	2,023	391.3%
Claims on banks	(14, 31, 32)	197,859	316,452	-37.5%
Claims on customers	(15, 31, 32)	118,647	111,711	6.2%
Impairment losses on claims	(16)	-1,342	-1,259	6.6%
Trading assets	(17, 31)	1,684,721	1,478,617	13.9%
Derivative financial instruments	(18, 31)	813	728	11.7%
Securities and financial investments	(19, 31)	72,249	51,436	40.5%
Intangible fixed assets	(20, 22)	437	581	-24.8%
Tangible fixed assets	(21, 22)	15,153	14,075	7.7%
Other assets	(23)	61,474	60,246	2.0%
<b>Total assets</b>		<b>2,159,951</b>	<b>2,034,610</b>	<b>6.2%</b>

<b>Equity and liabilities</b>	<b>Notes</b>	<b>31/12/ 2007</b>	<b>31/12/ 2006</b>	<b>Change</b>
Amounts in thousand Euros				
Liabilities to banks	(24, 31, 32)	122,907	43,948	179.7%
Liabilities to customers	(25, 31, 32)	218,779	266,346	-17.9%
Provisions	(26)	32,924	22,534	46.1%
Trading liabilities	(27)	1,617,999	1,564,104	3.4%
Derivative financial instruments	(28)	110	444	-75.2%
Other liabilities	(29)	37,676	29,804	26.4%
Equity	(30)	129,556	107,431	20.6%
Consolidated equity		87,103	79,733	9.2%
Group net profit		42,453	27,698	53.3%
<b>Total equity and liabilities</b>		<b>2,159,951</b>	<b>2,034,610</b>	<b>6.2%</b>

## Statement of Changes in Equity

Amounts in thousand Euros	Subscribed capital	Capital reserves	Retained earnings	Group net profit	Minority interests	Total
<b>Equity as at 1/1/2007</b>	<b>47,599</b>	<b>6,651</b>	<b>25,482</b>	<b>237,698</b>	<b>0</b>	<b>107,431</b>
Capital increase/decrease	0	0	0	0	0	0
Transferred to retained earnings	0	0	10,013	-10,013	0	0
Dividend payments	0	0	0	-17,685	0	-17,685
Profit after tax	0	0	-2,643	42,453	0	39,810
<b>Equity as at 31/12/2007</b>	<b>47,599</b>	<b>6,651</b>	<b>32,853</b>	<b>42,453</b>	<b>0</b>	<b>129,556</b>
<b>Equity as at 1/1/2006</b>	<b>47,599</b>	<b>6,651</b>	<b>16,888</b>	<b>23,530</b>	<b>0</b>	<b>94,668</b>
Capital increase/decrease	0	0	0	0	0	0
Transferred to retained earnings	0	0	8,465	-8,465	0	0
Dividend payments	0	0	0	-15,065	0	-15,065
Profit after tax	0	0	130	27,698	0	27,828
<b>Equity as at 31/12/2006</b>	<b>47,599</b>	<b>6,651</b>	<b>25,482</b>	<b>27,698</b>	<b>0</b>	<b>107,431</b>

Comprehensive income	2007	2006
Amounts in thousand Euros		
Group profit for the period	42,453	27,698
Currency translation differences	-1,318	-1,195
Valuation result of available-for-sale financial assets	-1,325	1,325
<b>Comprehensive income</b>	<b>39,810</b>	<b>27,828</b>

The development of the items encompassed in retained earnings is as follows:

Retained earnings	Currency translation differences	Valuation result of available-for-sale financial assets
Amounts in thousand Euros		
<b>Total as at 1/1/2007</b>	<b>-2,650</b>	<b>1,325</b>
Net changes in the financial year	-1,318	-1,325
<b>Total as at 31/12/2007</b>	<b>-3,968</b>	<b>0</b>
<b>Total as at 1/1/2006</b>	<b>-1,455</b>	<b>0</b>
Net changes in the financial year	-1,195	1,325
<b>Total as at 31/12/2006</b>	<b>-2,650</b>	<b>1,325</b>

## Cash Flow Statement

Amounts in thousand Euros	2007	2006
<b>Group profit for the period</b>	<b>42,453</b>	<b>27,698</b>
Non-cash positions in profit and transition to net cash from operating activities:		
Write-downs, write-ups of tangible fixed assets and financial assets	2,645	2,063
Net provisions for liabilities and charges and impairment losses	10,581	14,720
Gains/loss on the disposal of tangible fixed assets and financial assets	-76	-977
Other adjustments (net)	-1,432	-52,475
<b>Subtotal</b>	<b>54,171</b>	<b>-8,971</b>
Change in assets and liabilities arising from operating activities after corrections for cash items:		
Loans and advances to banks and customers	96,041	-102,991
Trading assets/trading liabilities (net)	-153,333	-5,779
Other assets/liabilities (net)	-17,736	-13,250
Liabilities to banks and customers	42,831	142,852
Net interest received	16,184	18,665
Interest paid	-11,756	-15,109
<b>Net cash flow from operating activities</b>	<b>26,402</b>	<b>15,418</b>
Proceeds from the sale of:		
Financial assets and equity participations	3,451	1,126
Tangible and intangible fixed assets	123	93
Payment for the acquisition of:		
Financial assets and equity participations	-707	-15
Tangible and intangible fixed assets	-3,667	-3,022
<b>Net cash flow from investing activities</b>	<b>-800</b>	<b>-1,818</b>
Dividends paid	-17,685	-15,065
<b>Net cash flow from financing activities</b>	<b>-17,685</b>	<b>-15,065</b>
<b>Cash and cash equivalents at the end of the previous period</b>	<b>2,023</b>	<b>3,488</b>
Net cash from operating activities	26,402	15,418
Net cash from investing activities	-800	-1,818
Net cash from financing activities	-17,685	-15,065
<b>Cash and cash equivalents at the end of the period</b>	<b>9,940</b>	<b>2,023</b>

The cash flow statement shows the structure and changes in cash and cash equivalents during the financial year and is broken down into three sections: operating activities, investing activities and financial activities. Net cash from operating activities comprises inflows and outflows from loans and advances to banks and customers, from deposits from banks and customers as well as liabilities evidenced by paper. Further, inflows and outflows from trading assets and liabilities, from derivatives as well as from other assets and other liabilities are shown in operating activities. The interest and dividend received from operating activities are also reflected in net cash from operating activities. Net cash from investing activities shows inflows and outflows from financial investments, tangible and intangible assets. Net cash from financing activities consists of inflows and outflows of equity. This item exclusively related to dividend payments in the past financial year. Cash and cash equivalents include the cash reserve recognised in the balance sheet, which consists of cash in hand and balances at central banks due at call. It does not include loans and advances to banks that are due at call, which belong to operating activities.

## Segment Reporting

### Segment reporting by business segment

As a subsidiary of Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB), the basis for the primary segment reporting of Raiffeisen Centrobank pursuant to IAS 14 is the group reporting system of RZB, which is mainly customer-oriented. Taking account of the particular business activities of Raiffeisen Centrobank, the business is divided into the following segments:

- » Corporate Customers
- » Financial Institutions and Public Sector
- » Private Banking
- » Treasury and Investment Banking
- » Commodity Trading and Other Participations

The Corporate Customers segment encompasses business with companies which focus on loan and payment transactions and companies which require advisory services for capital market as well as for M&A transactions. Small, medium-sized and large companies as well as group companies and profit-oriented state-owned companies are included in this segment. The differentiation to the Private Banking segment results from the focal point of the business relationships to the corporate customers.

The Financial Institutions and Public Sector segment encompasses business with banks, financial service providers, insurance companies, and public sector entities. Also included in this segment are the issuances (warrants, structured products).

The Private Banking segment encompasses business with private individuals, self-employed persons (high net worth individuals), and companies which require individualized advisory approach and asset management services.

Treasury and Investment Banking: The treasury segment encompasses the bank's own positions in on-balance-sheet (e.g., money market deposits) and off-balance-sheet-based products (futures, forwards, options). These encompass interest rate business, foreign exchange business, liquidity management and asset/liability management (covering with matching assets). The Investment Banking segment encompasses proprietary securities trading.

The Commodity Trading and Other Participations segment includes the result of the consolidated trading companies of Raiffeisen Centrobank AG as well as other non-banking activities.

The group applies two central steering benchmarks:

The return on equity before tax is the ratio that states the profit before tax to average equity employed and expresses the return on capital employed.

The cost/income ratio represents the cost efficiency of business segments. The cost/income ratio is calculated as the quotient of general administrative expenses and sum of net interest income, net commission income, trading profit/loss, and other operating result (adjusted for the net result from hedge accounting and other derivative financial instruments).

Segment reporting is based on the group's internal management income statement which is similar to a multi-stage contribution costing calculation. Income and expenses are allocated according to the causation principle. Income items are net interest income, net commission income, trading profit, and other operating result. Net interest income is calculated using the market interest rate method.

Net interest received from equity and the refinancing of equity participations in the parent company are assigned to individual segments on the basis of regulatory capital requirements and recognized under net interest income.

Provisioning for impairment losses on loans and advances consists of net allocations of individual and portfolio-based impairment losses on credit risks, direct write-downs as well as income received from written-down claims. General administrative expenses include direct and indirect costs. Direct costs (staff expenses and other administrative expenses) are incurred by business segments while the indirect costs are allocated according to agreed ratios.

The risk-weighted assessment base pursuant to § 22 of the Austrian Banking Act (BWG) serves as sector-specific substitute for segment assets (including market risk).

2007 financial year Amounts in thousand Euros	Corporate Customers	Financial Institutions and Public Sector	Private Banking	Treasury and Investment Banking	Commodity Trading and Other Parti- cipations	Total
Net interest income	661	-702	1,920	2,147	2,317	6,343
Provisioning for impairment losses	-63	0	-21	0	0	-84
Net interest income after provisioning	598	-702	1,899	2,147	2,317	6,259
Net commission income	28,086	3,117	3,963	2,656	136	37,958
Trading profit	1,754	38,609	1,674	21,174	147	63,358
Valuation result from derivative financial instruments	0	0	0	0	0	0
Net income from financial investments	0	0	0	-481	33	-448
General administrative expenses	-19,646	-18,538	-3,820	-10,376	-5,827	-58,207
Other operating result	0	0	0	0	6,006	6,006
<b>Profit before tax</b>	<b>10,792</b>	<b>22,486</b>	<b>3,716</b>	<b>15,120</b>	<b>2,812</b>	<b>54,926</b>
Basis of assessment (incl. market risk)	49,468	19,197	46,688	503,793	58,123	677,269
Average number of employees	70	83	19	47	40	259
Cost/income ratio	64.4%	45.2%	50.5%	39.9%	67.7%	51.2%
Average equity	6,208	2,409	5,859	63,219	7,294	84,987
<b>Return on equity before tax</b>	<b>173.9%</b>	<b>933.4%</b>	<b>63.4%</b>	<b>23.9%</b>	<b>38.6%</b>	<b>64.6%</b>



2006 financial year Amounts in thousand Euros	Corporate Customers	Financial Institutions and Public Sector	Private Banking	Treasury and Investment Banking	Commodity Trading and Other Parti- cipations	Total
Net interest income	1,065	24	2,003	2,625	-2,238	3,479
Provisioning for impairment losses	-337	178	-89	0	0	-248
Net interest income after provisioning	728	202	1,914	2,625	-2,238	3,231
Net commission income	18,802	416	4,535	455	835	25,043
Trading profit	897	16,321	1,399	21,710	-290	40,037
Valuation result from derivative financial instruments	0	0	0	0	0	0
Net income from financial investments	0	0	0	-102	1,202	1,100
General administrative expenses	-12,779	-11,639	-3,721	-10,791	-5,120	-44,050
Other operating result	0	0	0	0	7,544	7,544
<b>Profit before tax</b>	<b>7,648</b>	<b>5,300</b>	<b>4,127</b>	<b>13,897</b>	<b>1,933</b>	<b>32,905</b>
Basis of assessment (incl. market risk)	54,246	20,165	65,559	504,099	59,287	703,356
Average number of employees	59	59	20	57	37	232
Cost/income ratio	61.5%	69.4%	46.9%	43.5%	87.5%	57.9%
Average equity	6,183	2,298	7,472	57,454	6,757	80,164
<b>Return on equity before tax</b>	<b>123.7%</b>	<b>230.6%</b>	<b>55.2%</b>	<b>24.2%</b>	<b>28.6%</b>	<b>41.3%</b>

### Segment reporting by region

Secondary segment reporting shows earnings components and portfolio figures by regional aspects. Allocation criteria are the headquarters of the respective company. In addition to direct results, funding costs, capital hedging costs, and direct management costs are assigned to regions according to their causes. The regional segments under review are described below:

- » **Austria** Austria encompasses banking business, corporate finance advisory, and head office functions for the bank's trading subsidiaries.
- » **Western Europe** This segment comprises the commodity trading subsidiaries in Germany and Switzerland.
- » **USA** In the United States another commodity trading subsidiary is located.

The regional distribution according to the respective location of the branch offices is as follows:

2007 financial year	Austria	Western Europe	USA	Total
Amounts in thousand Euros				
Net interest income	8,114	-914	-857	6,343
Provisioning for impairment losses	-84	0	0	-84
Net interest income after provisioning	8,030	-914	-857	6,259
Net commission income	38,104	-149	3	37,958
Trading profit	63,358	0	0	63,358
Valuation result from derivative financial instruments	0	0	0	0
Net income from financial investments	-448	0	0	-448
General administrative expenses	-53,881	-3,365	-961	-58,207
Other operating result	-2,723	6,373	2,356	6,006
<b>Profit before tax</b>	<b>52,440</b>	<b>1,945</b>	<b>541</b>	<b>54,926</b>
Total assets	2,096,173	43,980	19,798	2,159,951
Average number of employees	228	20	11	259
Cost/income ratio	50.4%	63.4%	64.0%	51.2%
Average equity	71,952	10,776	2,259	84,987
<b>Return on equity before tax</b>	<b>72.9%</b>	<b>18.0%</b>	<b>23.9%</b>	<b>64.6%</b>

2006 financial year	Austria	Western Europe	USA	Total
Amounts in thousand Euros				
Net interest income	5,058	-906	-673	3,479
Provisioning for impairment losses	-248	0	0	-248
Net interest income after provisioning	4,810	-906	-673	3,231
Net commission income	25,112	-67	-2	25,043
Trading profit	40,037	0	0	40,037
Net income from financial investments	1,100	0	0	1,100
General administrative expenses	-39,975	-3,241	-834	-44,050
Other operating result	-1,415	6,792	2,167	7,544
<b>Profit before tax</b>	<b>29,669</b>	<b>2,578</b>	<b>658</b>	<b>32,905</b>
Total assets	1,971,728	44,401	18,481	2,034,610
Average number of employees	203	20	9	232
Cost/income ratio	58.1%	55.7%	55.9%	57.9%
Average equity	66,674	10,999	2,491	80,164
<b>Return on equity before tax</b>	<b>44.5%</b>	<b>23.4%</b>	<b>26.4%</b>	<b>41.3%</b>

## Notes

### The company

Raiffeisen Centrobank AG, Vienna (Raiffeisen Centrobank), has been registered in the company register at the Vienna Commercial Court under the number 117507 f since March 29, 1974. The registered offices are located in Tegetthoffstrasse 1, 1010 Vienna, Austria.

Raiffeisen Centrobank is a subsidiary of Raiffeisen Zentralbank Österreich Aktiengesellschaft, which holds 654,999 no-par-value shares of the share capital divided into 655,000 no-par-value shares via RZB KI-Beteiligungs GmbH and its subsidiary RZB IB Beteiligungs GmbH, Vienna. One no-par-value share is held by Raiffeisen Invest GmbH, Vienna.

Raiffeisen Centrobank, Vienna, is in a group relationship with Raiffeisen-Landesbanken-Holding GmbH, Vienna (parent company), and belongs to the latter's range of fully-consolidated companies. This financial holding company has a majority shareholding in Raiffeisen Zentralbank Österreich Aktiengesellschaft. In addition, the Raiffeisen Centrobank Group is included in the consolidated financial statements of Raiffeisen Zentralbank Österreich Aktiengesellschaft.

Raiffeisen Centrobank is a leading Austrian investment bank which provides the entire spectrum of services and products focusing on shares, derivatives, and its own listed and unlisted capital market transactions. On the basis of this market position, this specialized bank also offers exclusive and individually tailored private banking services. The mergers and acquisitions business is carried out by the subsidiary Raiffeisen Investment AG, which is included in the consolidated financial statements. The other companies comprising the Raiffeisen Centrobank Group are active in the fields of international commodity trading, focusing on rubber and chemicals (olefins).

The consolidated financial statements were approved by the Executive Board on April 8, 2008, and submitted to the Supervisory Board for their examination and approval.

### Basis of preparation

#### Principles

The consolidated financial statements for the 2007 financial year and the comparative figures for the 2006 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) that were already applicable. All standards published by the IASB to be applied to financial statements for 2007 and adopted by the EU have been applied.

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The consolidated annual financial statements for 2007 are based on the IASB framework concept and the following relevant IAS/IFRS:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events After the Balance Sheet Date
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosure
IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 27	Consolidated and Separable Financial Statements
IAS 28	Investments in Associates
IAS 32	Financial Instruments: Presentation
IAS 33	Earnings per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures

IAS 11, 20, 23, 29, 31, 34, 40, and 41 as well as IFRS 2,4,5, and 6 are not applied as there were no relevant business transactions in the group.

The consolidated financial statements are based on the reporting packages of all fully-consolidated Group members which are prepared according to uniform Group standards and IFRS rules. All fully consolidated companies prepared their annual financial statements as of December 31, 2007. Figures in these financial statements are stated in thousands of Euros (TEUR).

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors such as planning and expectations or forecasts of future events that appear likely from our current perspective.

Deferred taxes were not accounted for separately in the income statement and on the balance Sheet. Details are provided under the appropriate headings in the Notes.

IFRS 7 is effective for annual periods beginning on or after January 1, 2007, and has led to changes in external reporting requirements. The changes mainly concern the disclosure requirements related to the significance of financial instruments for an entity's financial position and performance and new disclosure requirements related to quantitative and qualitative information about exposure to risks arising from financial instruments. The new quantitative and qualitative disclosure requirements include credit risk, liquidity risk and market risk, which are mainly described in the Risk Report.

#### **Published IFRS not yet in effect and not yet applied**

IFRS 8 will be effective for annual periods beginning on or after January 1, 2009, and will lead to changes in external reporting as IFRS 8 completely replaces IAS 14. IFRS 8 has not been applied yet in the consolidated financial statements. IFRIC 11, also adopted by the EU, will have no material effects on future consolidated financial statements.

#### **Consolidation methods**

Raiffeisen Centrobank fully consolidates all material subsidiaries in which the company directly or indirectly holds either more than 50% of the voting rights or otherwise has control over the financial and operating policies.

Material interests in associated companies are included at equity. Due to the immateriality of such companies on the financial statements, no company was valued at equity.

Shareholdings in subsidiaries not included in the consolidated financial statements because of their immaterial significance and shareholdings in companies which have not been valued at equity are shown under financial investments and are recognized at amortized cost.

Shareholdings in other companies, all of which are not publicly listed on the stock exchange, are recognized at amortized cost. This can be attributed to the fact that a market value for them is either unavailable or can not be reliably determined.

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**Business combinations**

In the course of capital consolidation, all identifiable assets, liabilities and contingent liabilities of the subsidiary are recognized at their fair values on the acquisition date according to IFRS 3. The acquisition costs are offset against the proportional net assets. The resulting positive differences are capitalized as goodwill, which is tested annually for impairment or, more frequently, if events or changes in circumstances indicate impairment. Negative differences arising within initial consolidation will be recognized immediately through profit or loss.

**Consolidation entries**

Intragroup receivables and liabilities are eliminated in the consolidated financial statements. Remaining temporary differences are recognized under other assets/other liabilities. Intragroup expenses and income are also eliminated.

Intercompany profits are eliminated if they have a significant influence on items in the income statement. Bank business and other transactions among the individual subsidiaries of the group are usually carried out at prevailing market rates.

**Consolidation range**

The number of fully-consolidated companies in the Raiffeisen Centrobank Group remained unchanged in the 2007 financial year, amounting to seven subsidiaries.

A total of 19 affiliated companies (2006: 21) were not consolidated due to their immaterial significance on the assets, financial position, and profitability of the Raiffeisen Centrobank Group. They are recognized at amortized cost under financial investments as interests in affiliated companies. The balance sheet total of the companies not included in consolidation amounted to less than 2% of the group's aggregated balance sheet total.

A list of the fully-consolidated companies and other interests may be found starting on page 137.

**Foreign currency translation**

Financial statements of fully-consolidated companies prepared in foreign currencies were translated into Euros employing the modified current rate method in accordance with IAS 21. Equity was translated at its historical exchange rates while all other assets, equity and liabilities and the notes to the financial statements were translated at the prevailing foreign exchange rates as of the balance sheet date. Differences arising from the translation of equity (historical exchange rates) were offset against retained earnings and not recognized in the income statement.

The items of the income statement were translated at the average exchange rates during the year calculated on the basis of month-end rates. Differences arising between the exchange rate as of the balance sheet date and the average exchange rate applied in the income statement were offset against equity and not recognized in the income statement.

Due to the economic nature of the underlying business transactions, the USD represents the functional currency of three companies in the Raiffeisen Centrobank Group.

For currency translation, the following exchange rates for USD were used:

Exchange rate in currency per Euro	2007 balance sheet date	2007 average	2006 balance sheet date	2006 average
USD	1.472	1.374	1.317	1.257

## Accounting and valuation principles

### Financial instruments: recognition and valuation (IAS 39)

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In IFRS balance sheets, the following five categories are distinguished:

- » Financial assets or liabilities at fair value through profit and loss
  - a. Trading assets/liabilities
  - b. Designated financial instruments at fair value
- » Financial assets held-to-maturity
- » Loans and claims
- » Financial assets available-for-sale
- » Liabilities

### Financial assets or liabilities at fair value through profit or loss:

#### • Trading assets/liabilities

Trading assets/liabilities are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in market prices. Securities (including short selling of securities) and derivative financial instruments held for trading are recognized at their fair values. If securities are listed, the fair value is based on stock exchange prices. Where such prices are not available, internal prices based on present value calculations for primary financial instruments and warrants or option pricing models for options are applied. Present value calculations are based

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on the zero-coupon curve. Appropriate models are used as option price formulas, depending on the type of option. For plain-vanilla options (American and European style), the Black-Scholes model and the binomial pricing model according to Cox-Ross-Rubinstein are applied. The Curran approximation is applied to Asian options and guarantee bonds, whereas barrier options use Heinen-Kat and spread options rely on the Kirk model.

Derivative financial instruments held for trading are also shown under trading assets or trading liabilities. Positive fair values including accrued interest (dirty price) are shown under trading assets. Negative fair values are recorded under trading liabilities. Positive and negative fair values are not netted. Changes in dirty prices are recognized in the income statement under trading profit/loss.

- **Designated financial instruments at fair value**

This category comprises mainly all those financial assets which are irrevocably designated as financial instrument at fair value (so-called fair-value option) upon initial recognition in the balance sheet, independent of the intention to trade. An entity may use the fair-value option designation only when doing so results in more relevant information for the reader. This is the case for all financial assets that are part of a portfolio or group of assets which the management and evaluation of asset performance are carried out on a fair-value basis. This refers to debt securities.

These instruments are recognized at fair value according to IAS 39 and stated under the balance sheet item "Securities and financial investments." Current income is shown under net interest income, and valuation gains and losses and proceeds from sale are stated in net income from financial investments.

#### **Financial assets held-to-maturity**

Raiffeisen Centrobank does not hold any financial assets held-to-maturity.

#### **Loans and claims**

Loans and claims are recognized at their nominal value without deduction of impairment losses, including accrued interest. Accrued interest is recognized in the income statement if there is a high probability that it would be received.



### Financial assets available-for-sale

The category of financial assets available-for-sale contains those financial instruments (mainly equity participations for which there is no active market) that did not qualify to be included in any of the other three categories. They are stated at fair value, if a fair value is reliably measurable. Valuation differences are shown directly in equity and only recognized in the income statement if there is an objective indication of impairment. A reversal of impairment is recognized in the income statement only in the case of debt instruments. In case of equity instruments, such reversals of impairment are booked in equity. This type of financial instrument is reported under securities and financial investments.

### Liabilities

Liabilities are recognized at amortized cost. Discounted debt securities and similar obligations are measured at their present value.

### Hedging

Derivative instruments not held for trading because they have been acquired for hedging purposes are subdivided into the following categories, reflecting differing modes of recognition on the IFRS-compliant balance sheet:

- **Fair value hedge according to IAS 39**

Hedge accounting according to IAS 39 applies for those derivatives which are used to hedge the fair-values of financial assets and liabilities. In particular, the credit business is subject to such fair value risks if it deals with fixed-interest loans.

Interest rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest rate risks arising from loans. Hedges are formally documented, continuously assessed, and rated to be highly effective. In other words, throughout the term of a hedge, one can assume that changes in the fair value of a hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual outcome will lie within a range of 80% to 125%.

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Derivative instruments held to hedge the fair values of individual balance sheet items (except trading assets/liabilities) are recognized at their fair values (dirty prices) under derivative financial instruments (on the assets side: positive dirty prices; on the liabilities side: negative dirty prices). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding balance sheet items and reported separately in the notes. Both the effect of changes in the carrying amounts of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under valuation result from derivatives (net result from hedge accounting).

**• Other derivative instruments**

Derivative instruments held to hedge against market risks (except trading assets/liabilities) that are based on an inhomogeneous portfolio do not satisfy the requirements for hedge accounting according to IAS 39. They are recognized as follows: The positive dirty prices are recognized as other assets, the negative dirty prices as other liabilities. The change in value of these derivatives on a clean-price basis is recognized under trading profit, whereas interest is recorded under net interest income.

**Cash reserve**

The cash reserve includes cash on hand and balances at central banks that are due on call. They are shown at their nominal value.

**Impairment losses on loans and claims**

Credit risk is accounted for by making specific impairment provisions and portfolio-based impairment provisions. Specific and portfolio-based impairment provisions are not netted against corresponding receivables but are stated separately in the balance sheet. Portfolio-based provisions were not formed due to immateriality.

For credit risks related to claims on banks and customers, provisions are made in the amount of expected loss according to unified group-wide standards. The risk of loss is deemed to exist if the discounted projected repayment amounts and interest payments are below the carrying amount of the loans, taking the existing collateral into account.

The entire amount of the provision for impairment losses arising from on-balance-sheet loans is shown as a separate item on the assets side of the balance sheet. The provision for impairment losses arising from off-balance-sheet transactions is recorded as provisions.

### Equity participations

Shareholdings in subsidiaries not included in the consolidated financial statements because of their immaterial significance and shareholdings in companies that are not valued at equity are shown under securities and financial investments. They are measured at amortized cost if no shares prices are available.

### Intangible fixed assets

This item encompasses, in particular, internally developed and acquired software. Acquired intangible fixed assets are capitalized at acquisition cost and amortized over their estimated useful lives. Intangible fixed assets without determinable useful lives do not exist in the Raiffeisen Centrobank Group. The useful life for software amounts to between three and seven years.

### Tangible fixed assets

Tangible fixed assets are carried at cost less depreciation and impairment losses. Depreciation is calculated on a straight line basis in line with the following useful lives applied uniformly in the company:

Useful life	Years
Buildings	10-40
Equipment, furniture, and fittings	3-10
Hardware	3-5

If a permanent impairment is to be expected, extraordinary write-downs are carried out. In the event that the reason for the write-down no longer applies, a write-up will take place up to the amount of the amortized cost of the asset.

#### • Operating leasing

An operating lease exists if the lessor bears all risks and enjoys the rewards of ownership. The leased assets are reported by the lessor under tangible fixed assets and depreciated in accordance with the principles applicable to the type of fixed assets involved.

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### Inventories

Inventories are measured at the lower of cost or net realizable value. Write-downs are carried out if the acquisition cost is above the net realizable value as of the balance sheet date or if limited usage or longer periods for storage have impaired the value of the inventory.

### Provisions

All provisions related to so-called social capital (provisions for retirement benefits and severance payments) are measured using the Projected Unit Credit Method in accordance with IAS 19–Employee Benefits.

Pension commitments exist towards certain employees. There are no pension commitments to people who are already retired. The actuarial calculation of the company's provisions for retirement benefits is based on the following assumptions:

Per cent	2007	2006
Discount rate	5.0	4.5
Effective salary increase for active employees	3.0	3.0
Individual career trend for active employees	2.0	1.5
Expected increase in retirement benefits	2.0	2.0
Expected return on defined benefit pension plans	4.25	4.25

Calculations are based on the earliest assumed retirement age, taking account of changes made to the General Social Insurance Act pursuant to the Year Tax Act 2003 and special arrangements in individual contracts.

Actuarial gains or losses relating to pension obligations are recognized immediately in profit. The right to vote according to IAS 19.92 ("corridor method") is not applied.

The actuarial calculation of the company's provisions for severance payments is based on the following assumptions:

Per cent	2007	2006
Discount interest rate	5.0	4.5
Average increase in salary	3.0	3.0
Individual career trend	2.0	1.5

The biometrical basis for the calculation of all provisions for social capital is provided by AVÖ 1999-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance)–Pagler & Pagler, using the variant for salaried employees.

Other provisions are made to uncertain liabilities to third parties in the amount of the expected claim. These provisions are not discounted because the resulting interest effect is immaterial.

#### **Defined contribution plans**

Under defined contribution plans, the company pays fixed contributions into a pension fund. These payments are recognized as staff expenses in the income statement.

#### **Net interest income**

Interest and similar income primarily encompasses interest income on loans and claims on banks and customers and from fixed-interest securities. Interest and similar expense mainly includes interest paid on liabilities to banks and customers. Interest income and expenses are accrued in the reporting period. Moreover, current interest income from shares and other variable yield securities (dividends), income from equity participations and from investments as well as interest-like income and expenses are reported as interest income.

#### **Net commission income**

Net commission income mainly includes income and expenses arising from payment transfers, securities transactions not classified as trading profit including income from providing services in connection with capital market transactions (IPOs and SPOs), currency and credit transactions as well as income from advisory services provided to clients in connection with mergers and acquisitions. Commission income and expenses are accrued in the reporting period.

#### **Trading profit**

Trading profit comprises the customer margins resulting from the foreign exchange business, results due to currency exchange translation, and all realized and unrealized gains and losses from financial assets and liabilities at fair value. In addition, it includes all interest and dividend income attributable to trading activities and related refinancing costs.

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### General administrative expenses

General administrative expenses include staff and other administrative expenses as well as amortization/depreciation and impairment losses for fixed and intangible fixed assets.

### Income taxes

Deferred taxes are recognized and calculated in accordance with IAS 12 applying the liability method. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities which will be reversed in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry-forwards if it is probable that sufficient taxable profit will be available against which the tax loss carry-forwards can be utilized within the same entity. Deferred tax assets and deferred tax liabilities within the same entity are netted.

Income tax credits and income tax obligations were recorded separately under other assets and tax provisions respectively.

Raiffeisen Centrobank AG, Vienna, and Raiffeisen Investment Aktiengesellschaft, Vienna, have both been members of the corporate group of RZB KI Beteiligungs GmbH since 2005, pursuant to § 9 Austrian Corporate Income Tax Act. In addition, Raiffeisen Centrobank AG is also a member of an equity group pursuant to § 9 Austrian Corporate Income Tax Act in regard to a company in which it has a minority shareholding.

### Fiduciary business

Transactions arising from the holding and placement of assets on behalf of third parties are not shown in the balance sheet. Commission fees arising from these transactions are shown under net commission income.

## Notes to the Income Statement

### (1) Income statement according to valuation categories

The following table presents the income statement according to valuation categories pursuant to the definitions contained in IAS 39:

Amounts in thousand Euros	1/1/- 31/12/ 2007	1/1/- 31/12/ 2006	Change
<b>Net gains/losses on financial assets and liabilities held for trading</b>	<b>58,891</b>	<b>36,440</b>	<b>61.6%</b>
<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>1,044</b>	<b>1,481</b>	<b>-29.5%</b>
Net interest income	1,527	1,490	2.5%
Net gains/losses on financial assets and liabilities at fair value through profit or loss	-483	-9	> 500%
<b>Financial assets available-for-sale</b>	<b>1,616</b>	<b>1,166</b>	<b>38.6%</b>
Net interest income	1,581	57	> 500%
Net realized gains/losses on financial assets available-for-sale	1,393	969	43.8%
Impairment loss on financial assets available-for-sale	-1,359	141	-
<b>Loans and advances</b>	<b>17,148</b>	<b>18,008</b>	<b>-4.8%</b>
Net interest income	17,232	18,256	-5.6%
Impairment loss on financial assets not measured at fair value	-84	-248	-66.1%
<b>Financial liabilities measured at amortized cost</b>	<b>-14,018</b>	<b>-16,107</b>	<b>-13.0%</b>
Interest expenses	-14,018	-16,107	-13.0%
<b>Derivatives (hedging)</b>	<b>20</b>	<b>-217</b>	<b>-109.0%</b>
Net income	20	-217	-
<b>Net profit contribution from currency translation</b>	<b>4,467</b>	<b>3,597</b>	<b>24.2%</b>
<b>Other operating income/expenses</b>	<b>-14,242</b>	<b>-11,462</b>	<b>33.0%</b>
<b>Total profit before tax from continuing operations</b>	<b>54,926</b>	<b>32,905</b>	<b>66.9%</b>

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## (2) Net interest income

The net interest income position includes income and expenses from items of the banking business, dividend income, and interest-like commissions.

Amounts in thousand Euros	2007	2006
<b>Interest income</b>	<b>18,745</b>	<b>19,357</b>
from balances with central banks	216	163
from claims on banks	10,744	11,477
from claims on customers	6,264	6,545
from financial investments	1,500	1,388
from derivative financial instruments (non-trading, net)	21	-216
<b>Current income</b>	<b>1,609</b>	<b>159</b>
from shares and variable yield securities	28	102
from investments in affiliated companies	1,468	0
from other interests	113	57
Interest-like income	7	70
<b>Total interest and interest-like income</b>	<b>20,361</b>	<b>19,586</b>
<b>Interest expenses</b>	<b>-13,992</b>	<b>-16,106</b>
Liabilities to credit institutions	-3,162	-3,485
Liabilities to customers	-10,830	-12,621
<b>Interest-like expenses</b>	<b>-26</b>	<b>-1</b>
<b>Total interest and interest-like expenses</b>	<b>-14,018</b>	<b>-16,107</b>
<b>Net interest income</b>	<b>6,343</b>	<b>3,479</b>

The interest margin in relation to the respective averages of the stated base developed as follows:

Per cent	2007	2006
Interest margin (average balance sheet total)	0.30	0.19
Interest margin (average weighted risk assets of the banking book)	2.93	1.50



**(3) Provisions for impairment losses**

The provisions for impairment losses (credit risk) on-balance-sheet and off-balance-sheet transactions is comprised of the following.

Amounts in thousand Euros	2007	2006
Allocations to provisions for impairment losses	-84	-90
Direct write-downs	0	-336
Income received on written-down claims	0	178
<b>Total</b>	<b>-84</b>	<b>-248</b>

Detailed information on provisions is presented in Note 16, "Impairment losses on claims."

**(4) Net commission income**

Amounts in thousand Euros	2007	2006
Payment transfer business	-39	-157
Loan administration and guarantee business <sup>1</sup>	22	77
Securities business <sup>1</sup>	16,782	12,217
Income from M&A advisory services	20,415	12,506
Other banking services	778	400
<b>Total</b>	<b>37,958</b>	<b>25,043</b>

<sup>1</sup> Adjustment of the previous year's figure by TEUR 4,655 each.

Net commission income amounted to TEUR 45,108 (2006: TEUR 31,877). Net commission expenses amounted to TEUR 7,150 (2006: TEUR 6,834).

**(5) Trading profit**

Trading profit also includes interest and dividend income, refinancing costs, commissions, and any changes in fair value of trading portfolios.

Amounts in thousand Euros	2007	2006
Interest-based transactions	2,489	840
Currency-based transactions	-8,928	-1,432
Equity-/index-based transactions	69,797	40,629
<b>Total</b>	<b>63,358</b>	<b>40,037</b>

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In addition to realized and unrealized gains from the trading portfolio, trading profit also refers to interest income from debt instruments, dividend income from equity instruments of the trading portfolio, and refinancing costs of trading assets.

### (6) Valuation result from derivative financial instruments

Amounts in thousand Euros	2007	2006
Changes in the present value of derivative financial instruments	226	666
Changes in the fair value of the underlying transaction	-226	-666
<b>Total</b>	<b>0</b>	<b>0</b>

The valuation result for derivative financial instruments refers to fair-value hedges for hedge accounting pursuant to IAS 39.

### (7) Income from financial investments

Income from financial investments comprises valuation results and net proceeds from the disposal of marketable securities and equity participations, which include shares in affiliated companies and other equity investments.

Amounts in thousand Euros	2007	2006
<b>Net income from financial investments and equity participations</b>	<b>34</b>	<b>1,109</b>
Net valuations from financial investments and equity participations	0	140
Net proceeds from the sales of financial investments and equity participations	34	969
<b>Net income from other current financial assets</b>	<b>-483</b>	<b>-9</b>
Net valuation of securities held as other current financial assets	-483	-836
Net proceeds from sales of securities held at fair value through profit or loss	0	827
<b>Total</b>	<b>-448</b>	<b>1,100</b>

The proceeds from the sales of equity participations in the 2007 financial year relate to the sale of interest in Slobozhanska Budivelna Keramika JSC, Sumy, and Raiffeisen Private Equity AG, Vienna.

**(8) Central administrative expenses**

General administrative expenses in the Raiffeisen Centrobank Group include staff expenses, other administrative expenses as well as depreciation on tangible and intangible assets, as follows:

Amounts in thousand Euros	2007	2006
<b>Staff expenses</b>	<b>-39,634</b>	<b>-31,350</b>
Wages and salaries	-32,588	-24,933
Social security costs and staff-related taxes	-5,122	-4,114
Voluntary social expenses	-753	-344
Expenses on severance payments and retirement benefits	-1,171	-1,959
<b>Other administrative expenses</b>	<b>-15,928</b>	<b>-10,497</b>
Office space expenses	-1,752	-1,421
IT costs	-1,843	-1,446
Communication expenses	-2,717	-2,479
Legal, advisory and consulting expenses	-3,779	-1,562
Advertising, PR and promotional expenses	-2,344	-1,428
Deposit insurance fees	-313	-314
Office supplies	-391	-275
Car expenses	-353	-173
Travel expenses	-1,452	-677
Staff training expenses	-334	-214
Sundry administrative expenses	-650	-508
<b>Depreciation on tangible and intangible fixed assets</b>	<b>-2,645</b>	<b>-2,203</b>
Tangible fixed assets	-2,290	-1,905
Intangible fixed assets	-355	-298
<b>Total</b>	<b>-58,207</b>	<b>-44,050</b>

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### (9) Other operating result

The position other operating result encompasses, among other things, sales revenues and expenses of Raiffeisen Centrobank's commodity operations and from other non-banking activities, income and expenses from disposal as well as income derived from the revaluation of tangible and intangible fixed assets.

Amounts in thousand Euros	2007	2006
Net result	7,144	8,330
Sales revenues from non-banking activities	315,301	330,708
Expenses arising from non-banking activities	-308,157	-322,378
Net proceeds from the disposal of tangible and intangible fixed assets	42	8
Other taxes	-1,216	-1,819
Net result from the allocation and release of other provisions	2,192	491
Other operating income	7,586	6,632
Other operating expenses	-5,358	-5,116
<b>Total</b>	<b>6,006</b>	<b>7,544</b>

In particular, the expenses for other provisions as contained in the net result from the allocation and release of other provisions primarily refer to provisions for litigation risks.

### (10) Income taxes

Income taxes are comprised of the following:

Amounts in thousand Euros	2007	2006
Current income taxes	-11,985	-3,917
Austria	-11,529	-3,491
Other countries	-456	-427
Deferred taxes	-488	-1,290
<b>Total</b>	<b>-12,473</b>	<b>-5,208</b>

The following transition shows the relation between the profit before tax and the effective tax burden:

Amounts in thousand Euros	2007	2006
<b>Profit before tax</b>	<b>54,926</b>	<b>32,905</b>
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	-13,731	-8,227
Effect of divergent foreign tax rates	193	105
Tax deductions due to tax-exempted income from equity participations and other income	821	637
Tax increases due to non-deductible expenses	-112	-88
Other	357	2,365
<b>Effective tax burden</b>	<b>-12,472</b>	<b>-5,208</b>
<b>Tax rate in per cent</b>	<b>22.7</b>	<b>15.8</b>

The item "Other" contains tax savings arising as a result of the group taxation scheme in Austria, amounting to TEUR 316 (2006: TEUR 2,160).

#### (11) Earnings per share

	2007	2006
Group net profit	42,453	27,698
Average number of ordinary shares outstanding	655,000	655,000
<b>Earnings per share in Euros</b>	<b>64.81</b>	<b>42.29</b>

In the 2007 financial year, Raiffeisen Centrobank did not issue any option or conversion rights. For this reason, there is no dilution of earnings per share.

## Notes to the Balance Sheet

### (12) Balance sheet according to valuation categories

The following table shows the carrying amount of the valuation categories as defined in IAS 39:

Assets according to valuation categories	31/12/2007	31/12/2006	Change
Amounts in thousand Euros			
<b>Trading assets</b>	<b>1,684,881</b>	<b>1,478,866</b>	<b>13.9%</b>
Positive fair values of derivative financial instruments <sup>2</sup>	1,045,290	956,060	9.3%
Shares and other variable-yield securities	<b>621,372</b>	<b>504,733</b>	<b>23.1%</b>
Bonds, notes, and other fixed-interest securities	18,219	18,073	0.8%
<b>Financial assets held at fair value through profit or loss</b>	<b>65,652</b>	<b>40,805</b>	<b>60.9%</b>
Shares and other variable-yield securities	124	127	-2.0%
Bonds, notes, and other fixed-interest securities	65,528	40,678	61.1%
<b>Financial assets available-for-sale</b>	<b>5,168</b>	<b>8,348</b>	<b>-38.1%</b>
Other interests	5,168	8,348	-38.1%
<b>Loans and advances</b>	<b>386,577</b>	<b>489,174</b>	<b>-21.0%</b>
Claims on banks and the Austrian National Bank	207,799	318,475	-34.8%
Claims on customers	118,647	111,711	6.2%
Other non-derivative financial assets	61,473	60,247	2.0%
Impairment losses on claims	-1,342	-1,259	6.6%
<b>Derivatives (hedging)</b>	<b>653</b>	<b>479</b>	<b>36.3%</b>
Positive fair values of derivatives in fair-value hedge (IAS 39)	653	479	36.3%
<b>Other assets</b>	<b>17,018</b>	<b>16,939</b>	<b>0.5%</b>
Investments in associates and other affiliated companies	1,429	2,283	-37.4%
Intangible and tangible fixed assets	15,589	14,656	6.4%
<b>Total assets</b>	<b>2,159,951</b>	<b>2,034,610</b>	<b>6.2%</b>

<sup>2</sup> Including positive fair values of other banking book derivatives in the balance sheet item "derivative financial instruments."

Equity and liabilities according to valuation categories	31/12/2007	31/12/2006	Change
Amounts in thousand Euros			
<b>Trading liabilities</b>	<b>1,618,109</b>	<b>1,564,496</b>	<b>3.4%</b>
Negative fair values of derivative financial instruments <sup>3</sup>	1,565,186	1,464,669	6.9%
Short selling of trading assets	52,923	99,827	-47.0%
<b>Liabilities</b>	<b>379,362</b>	<b>340,099</b>	<b>11.5%</b>
Liabilities to banks	122,907	43,948	179.7%
Liabilities to customers	218,779	266,346	-17.9%
Other non-derivative financial liabilities	37,677	29,805	26.4%
<b>Derivatives (hedging)</b>	<b>0</b>	<b>52</b>	<b>-100.0%</b>
Negative fair values of derivatives in fair-value hedge (IAS 39)	0	52	-100.0%
<b>Provisions</b>	<b>32,924</b>	<b>22,534</b>	<b>46.1%</b>
<b>Equity</b>	<b>129,556</b>	<b>107,431</b>	<b>20.6%</b>
<b>Total equity and liabilities</b>	<b>2,159,951</b>	<b>2,034,610</b>	<b>6.2%</b>

<sup>3</sup> Including negative fair values of other banking book derivatives in the balance sheet item "Derivative financial instruments."

### (13) Cash reserve

Amounts in thousand Euros	2007	2006
Cash on hand	392	330
Deposits at the Austrian National Bank	9,548	1,693
<b>Total</b>	<b>9,940</b>	<b>2,023</b>

### (14) Claims on banks

Amounts in thousand Euros	2007	2006
Giro and clearing business	96,085	107,488
Money market business	101,774	208,964
<b>Total</b>	<b>197,859</b>	<b>316,452</b>

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Claims on banks are classified regionally (counterparty's seat) as follows:

Amounts in thousand Euros	2007	2006
Austria	128,872	90,147
Other countries	68,987	226,305
<b>Total</b>	<b>197,859</b>	<b>316,452</b>

#### (15) Claims on customers

Amounts in thousand Euros	2007	2006
Corporate customers—large corporates	101,287	102,591
Retail customers—private individuals	17,360	9,119
<b>Total</b>	<b>118,647</b>	<b>111,711</b>

The claims on customers are comprised of the following asset classes (pursuant to Basel II definition):

Amounts in thousand Euros	2007	2006
Austria	9,377	9,170
Other countries	109,270	102,541
<b>Total</b>	<b>118,647</b>	<b>111,711</b>



**(16) Impairment losses on claims**

Provisions for impairment losses are formed in accordance with uniform group standards and cover all recognizable credit risks. A table with the development of the impairment losses for loans and advances can be found in the Risk Report on page 121. Provisions for impairment losses are allocated to the following asset classes according to the definition contained in Basel II:

Amounts in thousand Euros	2007	2006
Corporate customers—large corporates	936	874
Retail customers—private individuals	406	385
<b>Total</b>	<b>1,342</b>	<b>1,259</b>

Retail (private) customers refer exclusively to wealthy private individuals and self-employed people (high net worth individuals).

**(17) Trading assets**

The trading assets consist of the following securities and derivative financial instruments:

Amounts in thousand Euros	2007	2006
<b>Bonds, notes, and other fixed-interest securities</b>	<b>18,219</b>	<b>18,073</b>
Other bills of public authorities	0	2
Bonds and notes of non-public issuers	18,219	18,071
<b>Shares and other variable-yield securities</b>	<b>621,372</b>	<b>504,733</b>
Shares	556,181	456,613
Investment fund shares	65,191	48,120
<b>Positive fair values of derivative financial instruments</b>	<b>1,045,130</b>	<b>955,811</b>
Structured products	740,606	646,657
Interest-based transactions	5,040	6,392
Equity-/index-based transactions	299,484	302,762
<b>Total</b>	<b>1,684,721</b>	<b>1,478,617</b>

The portfolio of shares and other securities primarily relates to the company's market-making activities. Together with options and acquired structured products, they also represent hedge positions for the certificates and futures issued by Raiffeisen Centrobank.

### (18) Derivative financial instruments

Amounts in thousand Euros	2007	2006
<b>Positive fair values of derivatives in fair-value hedges (IAS 39)</b>	<b>653</b>	<b>479</b>
Interest-based transactions	653	479
<b>Positive market values of other banking book derivatives</b>	<b>160</b>	<b>249</b>
Currency-based transactions	160	249
<b>Total</b>	<b>813</b>	<b>728</b>

Insofar as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are measured at their fair values (dirty prices) in their function as hedging instruments. The hedged items in connection with fair-value hedges are claims on customers. The hedged risks are interest rate risks. The changes in the carrying amount of the hedged underlying transactions in IAS 39 fair-value hedges are included in the respective balance sheet items.

This item also includes the positive fair values of derivative financial instruments which are not held for trading and do not constitute fair-value hedging instruments as stipulated in IAS 39.

### (19) Securities and financial investments

This item comprises securities available-for-sale, financial assets at fair value through profit or loss and securities held-to-maturity as well as strategic equity participations held on a long-term basis.

Amounts in thousand Euros	2007	2006
<b>Bonds, notes, and other fixed-interest securities</b>	<b>65,528</b>	<b>40,678</b>
Treasury bills and bills of public authorities eligible for refinancing	2,824	3,031
Other public-sector securities	62,704	31,207
Bonds and notes of other issuers	0	6,440
<b>Shares and other variable-yield securities</b>	<b>124</b>	<b>127</b>
Shares	50	50
Investment fund shares	74	77
<b>Equity participations</b>	<b>6,597</b>	<b>10,631</b>
Investments in associates and other affiliated companies	1,429	2,283
Other interests	5,168	8,348
<b>Total</b>	<b>72,249</b>	<b>51,436</b>

The reduction in the item “Investments in associates and other affiliated companies” resulted from the sale of Raiffeisen Private Equity AG, Vienna. The decline in the item “Other interests” relates to the sale of the company’s shareholding in Slobozhanska Budivelna Keramika JSC, Sumy (Ukraine).

Information on associates pursuant to IAS 28: Syrena Immobilien Holding AG reported a balance sheet total of TEUR 31,592 as at December 31, 2007 (December 31, 2006: TEUR 33,625) in its annual financial statements, equity of TEUR 28,948 (December 31, 2006: TEUR 28,713), and a profit after tax amounting to TEUR 235 (2006: TEUR 487).

#### (20) Intangible fixed assets

Amounts in thousand Euros	2007	2006
Software	432	574
Other intangible fixed assets	5	7
<b>Total</b>	<b>437</b>	<b>581</b>

#### (21) Tangible fixed assets

Amounts in thousand Euros	2007	2006
Properties and buildings used for own activities	7,968	7,864
Other equipment, furniture, and fittings	7,185	6,211
<b>Total</b>	<b>15,153</b>	<b>14,075</b>

**(22) Statement of fixed assets**

The tangible and intangible fixed assets developed in the 2007 financial year as follows:

Cost of acquisition or conversion Amounts in thousand Euros	Balance as at 1/1/2007	Change in consolidation group	Currency translation differences	Additions	Disposals	Transfers	Balance as at 31/12/2007
<b>Intangible fixed assets</b>	<b>2,964</b>	<b>0</b>	<b>-15</b>	<b>219</b>	<b>-8</b>	<b>0</b>	<b>3,160</b>
Goodwill	43	0	0	0	0	0	43
Software	2,921	0	-15	219	-8	0	3,117
<b>Tangible fixed assets</b>	<b>27,179</b>	<b>0</b>	<b>-45</b>	<b>3,448</b>	<b>-257</b>	<b>0</b>	<b>30,325</b>
Properties and buildings used for own activities	8,691	0	0	360	0	0	9,051
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	18,488	0	-45	3,088	-257	0	21,274
<b>Total</b>	<b>30,143</b>	<b>0</b>	<b>-60</b>	<b>3,667</b>	<b>-265</b>	<b>0</b>	<b>33,485</b>

Write-ups, amortization, depreciation, and impairment Amounts in thousand Euros	Cumulative	Write-ups	Depreciation	Book value as at 31/12/2007
<b>Intangible fixed assets</b>	<b>-2,725</b>	<b>0</b>	<b>-355</b>	<b>437</b>
Goodwill	-43	0	0	0
Software	-2,682	0	-355	437
<b>Tangible fixed assets</b>	<b>-15,172</b>	<b>0</b>	<b>-2,290</b>	<b>15,152</b>
Properties and buildings used for own activities	-1,083	0	-190	7,968
thereof value of developed land	0	0	0	2,006
Other tangible fixed assets	-14,089	0	-2,099	7,184
<b>Total</b>	<b>-17,897</b>	<b>0</b>	<b>-2,645</b>	<b>15,589</b>

The tangible and intangible fixed assets developed in the 2006 financial year as follows:

Cost of acquisition or conversion Amounts in thousand Euros	Balance as at 1/1/ 2006	Change in consolida- tion group	Currency translation differences	Addi- tions	Dis- posals	Trans- fers	Balance as at 31/12/ 2006
<b>Intangible fixed assets</b>	<b>2,612</b>	<b>0</b>	<b>-17</b>	<b>427</b>	<b>-58</b>	<b>0</b>	<b>2,964</b>
Goodwill	43	0	0	0	0	0	43
Software	2,569	0	-17	427	-58	0	2,912
<b>Tangible fixed assets</b>	<b>25,066</b>	<b>0</b>	<b>-47</b>	<b>2,595</b>	<b>-435</b>	<b>0</b>	<b>27,179</b>
Properties and buildings used for own activities	8,691	0	0	0	0	0	8,691
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	16,375	0	-47	2,595	-435	0	18,488
<b>Total</b>	<b>27,678</b>	<b>0</b>	<b>-64</b>	<b>3,022</b>	<b>-493</b>	<b>0</b>	<b>30,143</b>

Write-ups, amortization, depreciation, and impairment Amounts in thousand Euros	Cumulative	Write-ups	Depreciation	Book value as at 31/12/2006
<b>Intangible fixed assets</b>	<b>-2,383</b>	<b>0</b>	<b>-298</b>	<b>581</b>
Goodwill	-43	0	0	0
Software	-2,340	0	-298	581
<b>Tangible fixed assets</b>	<b>-13,104</b>	<b>0</b>	<b>-1,905</b>	<b>14,075</b>
Properties and buildings used for own activities	-827	0	-156	7,864
thereof value of developed land	0	0	0	2,006
Other tangible fixed assets	-12,277	0	-1,749	6,211
<b>Total</b>	<b>-15,487</b>	<b>0</b>	<b>-2,203</b>	<b>14,656</b>

**(23) Other assets**

Amounts in thousand Euros	2007	2006
<b>Tax assets</b>	<b>5,699</b>	<b>3,687</b>
Current tax assets	2,670	145
Deferred tax assets	3,029	3,542
<b>Receivables arising from non-banking activities</b>	<b>31,011</b>	<b>21,737</b>
<b>Accruals and deferred items</b>	<b>2,114</b>	<b>990</b>
<b>Inventories</b>	<b>19,742</b>	<b>28,211</b>
<b>Other assets</b>	<b>2,908</b>	<b>5,620</b>
<b>Total</b>	<b>61,474</b>	<b>60,246</b>

Deferred taxes consist of the following:

Amounts in thousand Euros	2007	2006
Deferred tax assets	3,029	3,542
<b>Net deferred taxes</b>	<b>3,029</b>	<b>3,542</b>

The net deferred taxes result from the following items:

Amounts in thousand Euros	2007	2006
Tangible and intangible fixed assets	1,302	1,366
Equity participations	938	1,609
Other assets	74	54
Provisions	337	287
Other liabilities	34	89
Tax loss carry-forwards	189	120
Other balance sheet items	347	17
<b>Deferred tax assets</b>	<b>3,221</b>	<b>3,542</b>
Other assets	163	0
Other balance sheet items	29	0
<b>Deferred tax liabilities</b>	<b>192</b>	<b>0</b>
<b>Net deferred taxes</b>	<b>3,029</b>	<b>3,542</b>

**(24) Liabilities to banks**

Amounts in thousand Euros	2007	2006
Giro and clearing business	6,841	6,194
Money market business	115,739	37,256
Long-term loans	327	498
<b>Total</b>	<b>122,907</b>	<b>43,948</b>

Liabilities to banks are classified regionally (counterparty's seat) as follows:

Amounts in thousand Euros	2007	2006
Austria	104,609	14,482
Other countries	18,298	29,466
<b>Total</b>	<b>122,907</b>	<b>43,948</b>

**(25) Liabilities to customers**

Amounts in thousand Euros	2007	2006
Sight deposits	163,748	101,376
Time deposits	55,031	164,970
<b>Total</b>	<b>218,779</b>	<b>266,346</b>

Liabilities to customers pursuant to the definition contained in Basel II are comprised of the following:

Amounts in thousand Euros	2007	2006
Corporate customers—large corporates	121,483	96,965
Retail customers—private individuals	97,296	169,381
<b>Total</b>	<b>218,779</b>	<b>266,346</b>

Retail (private) customers refer exclusively to wealthy private individuals and self-employed people (high net worth individuals).

Liabilities to customers are classified regionally (counterparty's seat) as follows:

Amounts in thousand Euros	2007	2006
Austria	135,975	59,293
Other countries	82,804	207,053
<b>Total</b>	<b>218,779</b>	<b>266,346</b>

## (26) Provisions

Amounts in thousand Euros	Balance as at 1/1/2007	Allocation	Release	Use	Transfers, currency translation differences	Balance as at 31/12/2007
Severance payments	4,069	429	-195	0	0	4,303
Retirement benefits	756	168	-1	0	-1	922
Taxes	127	342	0	-77	-10	382
Current taxes	127	342	0	-77	-10	382
Pending legal issues	2,289	958	0	0	0	3,247
Unused vacation	2,251	548	-455	0	1	2,345
Other	13,042	19,780	-522	-10,478	-97	21,725
<b>Total</b>	<b>22,534</b>	<b>22,225</b>	<b>-1,173</b>	<b>-10,555</b>	<b>-107</b>	<b>32,924</b>

Amounts in thousand Euros	Balance as at 1/1/2006	Allocation	Release	Use	Transfers, currency translation differences	Balance as at 31/12/2006
Severance payments	3,121	986	-24	-14	0	4,069
Retirement benefits	474	282	0	0	0	756
Taxes	562	126	-18	-525	-18	127
Current taxes	536	126	0	-518	-17	127
Deferred taxes	26	0	-18	-7	-1	0
Pending legal issues	2,289	0	0	0	0	2,289
Unused vacation	1,659	604	-12	0	0	2,251
Other	10,090	12,942	-415	-9,508	-67	13,042
<b>Total</b>	<b>18,195</b>	<b>14,940</b>	<b>-469</b>	<b>-10,047</b>	<b>-85</b>	<b>22,534</b>

Other provisions primarily refer to provisions for employee compensation.



**(27) Trading liabilities**

Amounts in thousand Euros	2007	2006
Negative fair values of derivative financial instruments	1,565,076	1,464,277
Options	617,269	633,872
OTC transactions	13,485	6,796
Structured products	934,322	823,609
Short selling of trading assets	52,923	99,827
<b>Total</b>	<b>1,617,999</b>	<b>1,564,104</b>

On the one hand, trading liabilities refer to structured guarantee products issued by Raiffeisen Centrobank, for example the well-known winner or blue chip certificates. On the other hand, trading liabilities also include warrants and other certificates, such as turbo certificates on indices and individual shares.

**(28) Derivative financial instruments**

Amounts in thousand Euros	2007	2006
<b>Negative fair values of derivatives in fair-value hedges (IAS 39)</b>	<b>0</b>	<b>52</b>
Interest-based transactions	0	52
<b>Negative fair values of other banking book derivatives</b>	<b>110</b>	<b>392</b>
Currency-based transactions	110	392
<b>Total</b>	<b>110</b>	<b>444</b>

Insofar as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are measured at their fair values (dirty prices) in their function as hedging instruments. The hedged items in connection with fair-value hedges are claims on customers. The hedged risks are interest rate risks. Negative fair values for derivative hedging instruments in IAS 39 fair-value hedges did not exist in 2007.

This item also includes the positive fair values of derivative financial instruments which are not held for trading and do not constitute fair-value hedging instruments as stipulated in IAS 39.

**(29) Other liabilities**

Amounts in thousand Euros	2007	2006
Liabilities from non-banking activities	22,621	13,994
Accruals and deferred items	614	2,557
Other liabilities	14,441	13,252
<b>Total</b>	<b>37,676</b>	<b>29,804</b>

**(30) Equity**

Amounts in thousand Euros	2007	2006
Consolidated equity	87,103	79,733
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	32,853	25,483
Group net profit	42,453	27,698
<b>Total</b>	<b>129,556</b>	<b>107,431</b>

The subscribed capital of Raiffeisen Centrobank AG continues to be divided into 655.000 no-par-value shares. In accordance with the Articles of Association, the total nominal value amounts to EUR 47,598,850.

The Executive Board will propose to the Annual General Meeting that a dividend of EUR 53.00 per ordinary share be distributed from the balance sheet profit of Raiffeisen Centrobank AG as at December 31, 2007, amounting to TEUR 35,343. This represents a total dividend payment of TEUR 34,715. The remaining amount of TEUR 628 will be carried forward to the new balance sheet.

The development of equity is detailed on page 74.

**(31) Remaining terms to maturity**

<b>31/12/2007</b> Amounts in thousand Euros	<b>Due at call or without maturity</b>	<b>Up to 3 months</b>	<b>3–12 months</b>	<b>1–5 years</b>	<b>More than 5 years</b>
Cash reserve	9,940	0	0	0	0
Claims on banks	92,349	102,589	2,921	0	0
Claims on customers	41,010	5,822	6,464	50,171	15,180
Trading assets	621,992	5,158	96,981	490,838	469,753
Securities and financial investments	6,672	4,026	115	61,438	0
Sundry assets	36,698	31,489	7,679	0	666
<b>Total assets</b>	<b>808,661</b>	<b>149,084</b>	<b>114,160</b>	<b>602,447</b>	<b>485,599</b>
Liabilities to banks	7,740	114,839	164	164	0
Liabilities to customers	135,737	47,016	6,456	28,012	1,558
Trading liabilities	52,923	15,004	166,079	943,335	440,658
Sundry liabilities	44,593	23,626	2,360	131	0
<b>Subtotal</b>	<b>240,993</b>	<b>200,485</b>	<b>175,059</b>	<b>971,642</b>	<b>442,216</b>
Equity	129,556	0	0	0	0
<b>Total equity and liabilities</b>	<b>370,549</b>	<b>200,485</b>	<b>175,059</b>	<b>971,642</b>	<b>442,216</b>

<b>31/12/2006</b> Amounts in thousand Euros	<b>Due at call or without maturity</b>	<b>Up to 3 months</b>	<b>3–12 months</b>	<b>1–5 years</b>	<b>More than 5 years</b>
Cash reserve	2,023	0	0	0	0
Liabilities to banks	102,553	213,899	0	0	0
Liabilities to customers	35,090	6,522	30,441	22,734	16,924
Trading liabilities	504,789	15,690	33,738	466,286	458,114
Securities and financial investments	10,708	10,468	0	30,260	0
Sundry assets	36,620	35,887	48	0	1,817
<b>Total assets</b>	<b>691,783</b>	<b>282,466</b>	<b>64,227</b>	<b>519,280</b>	<b>476,855</b>
Liabilities to banks	6,194	35,725	1,538	491	0
Liabilities to customers	101,486	160,361	0	0	4,499
Trading liabilities	99,827	352,196	215,175	521,503	375,403
Sundry liabilities	41,144	9,655	1,977	0	7
<b>Subtotal</b>	<b>248,652</b>	<b>557,936</b>	<b>218,690</b>	<b>521,994</b>	<b>379,908</b>
Equity	107,431	0	0	0	0
<b>Total equity and liabilities</b>	<b>356,083</b>	<b>557,936</b>	<b>218,690</b>	<b>521,994</b>	<b>379,908</b>

### (32) Related parties

Companies can carry out business with related parties that may affect the entity's asset, financial and earnings position. The following related companies of Raiffeisen Centrobank AG are divided into the following categories:

- » The "parent companies" are Raiffeisen-Landesbanken-Holding GmbH, Raiffeisen Zentralbank Österreich Aktiengesellschaft, RZB KI Beteiligungs GmbH, and RZB IB Beteiligungs GmbH.
- » "Companies with significant influence" refers to Raiffeisen Landesbank Niederösterreich-Wien AG, Vienna.
- » "Affiliated companies" encompass those companies of Raiffeisen Zentralbank Aktiengesellschaft which are not included in consolidation in the consolidated financial statements of Raiffeisen Centrobank AG.
- » Other interests.

Information on the business ties of the Raiffeisen Centrobank Group with key management (Executive Board) is contained in section 48. In the 2007 financial year, transactions with related parties were as follows:

Amounts in thousand Euros	Parent companies	Companies with significant influence	Affiliated companies	Other interests
Claims on banks	104,812	0	2,325	0
Claims on customers	0	0	47,663	514
Trading assets	305,579	0	36,703	0
Securities and financial investments	0	0	1,429	5,168
Other assets including derivative financial instruments	889	34	55	25
Liabilities to banks	100,178	0	5,897	0
Liabilities to customers	0	0	1,170	20
Provisions	770	0	0	0
Trading liabilities	0	0	1,916	0
Other liabilities	5,661	0	1	0

As at December 31, 2006, the transactions with related parties were as follows:

Amounts in thousand Euros	Parent companies	Affiliated companies	Other interests
Claims on banks	42,848	5,036	0
Claims on customers	0	73,386	934
Trading assets	312,064	0	0
Other assets (including derivative financial instruments)	1,050	321	75
Liabilities to banks	7,351	36,216	5,661
Liabilities to customers	0	7,963	15
Provisions	203	0	0
Other liabilities	4,502	323	0
Guarantees issued	0	9,461	0

### (33) Foreign currency volume

The consolidated financial statements consist of the following volumes of assets and liabilities denominated in foreign currencies:

Amounts in thousand Euros	2007	2006
Assets	569,127	650,620
Liabilities	173,319	297,543

The foreign currency component contained in Raiffeisen Centrobank's structured products are not included in this overview, due to the fact that these certificates are traded in Euros.

### (34) Foreign assets/liabilities

Assets and liabilities with counterparties outside of Austria are as follows:

Amounts in thousand Euros	2007	2006
Assets	1,338,343	1,400,694
Liabilities	188,539	310,481

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### (35) Subordinated assets

Assets include the following subordinated assets:

Amounts in thousand Euros	2007	2006
Trading assets	5,018	4,984

### (36) Assets pledged as collateral

The following liabilities are secured by assets shown in the balance sheet:

Amounts in thousand Euros	2007	2006
Liabilities to banks	0	498
Other liabilities	77,504	76,970
<b>Total</b>	<b>77,504</b>	<b>77,468</b>

The following balance sheet assets are provided as collateral for the above-mentioned liabilities:

Amounts in thousand Euros	2007	2006
Claims on banks	77,972	87,609
Claims on customers	0	491
Trading assets	33,264	0
Securities and financial investments	30,340	24,009
<b>Total</b>	<b>141,576</b>	<b>112,109</b>

### (37) Operating leases

Operating leases from the point of view of the Raiffeisen Centrobank Group as a lessee. Future minimum leasing payments for non-cancellable operating leases are as follows:

Amounts in thousand Euros	2007	2006
Up to 1 year	651	551
1–5 years	2,505	1,929
<b>Total</b>	<b>3,156</b>	<b>2,480</b>

## Notes to Financial Instruments

### (38) Risks arising from financial instruments (Risk Report)

#### Principles of risk management

For Raiffeisen Centrobank, active risk management means the identification, evaluation, monitoring and management of economic risks. This process is designed to achieve profits by taking risks in a targeted, controlled manner. Transactions are evaluated in regard to their potential risk and return on investment according to the type of transaction, scale, and complexity, against the backdrop of prevailing legal regulations. A variety of risks are managed as part of a coordinated process, in particular market, credit, operational, equity participation and other risks.

As a subsidiary of RZB, Raiffeisen Centrobank is integrated into the risk management processes of the RZB Group. The various risk management units operating at different management levels ensure that all major risks are monitored and limited and that business transactions are concluded by taking account of the risk/earnings ratio. For this purpose, the concept of risk management takes into consideration the legal and regulatory framework, but also the type of transaction, scale, and complexity and the accompanying risks.

The concept of risk management as practiced by Raiffeisen Centrobank focuses on the individual risk profile of the company. The basic principles and methods underlying risk management are defined in the bye-laws for the Supervisory Board and the Executive Board as well as in the bank's organizational guidelines and manuals. A comprehensive planning and controlling process enables the Executive Board to identify risks at an early stage, evaluate them and take appropriate countermeasures. Within the framework of its decision-making authority, the Executive Board determines the bank's risk management policies, authorizing the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. Risk management is an integral part of managing the bank, i.e., the management of earnings and risks in all business segments are systematically linked with each other.

An independent department for risk management, incorporated within the controlling division, supports the Executive Board in effectively fulfilling its duties. The department reports regularly to the Executive Board and evaluates the current risk situation by taking account of the risk capacity and risk limits. It supports the Executive Board in allocating a risk management budget and in managing risks. As a cross-divisional and enterprise-wide body, the department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well as to maintain and update the regulatory framework. The evaluation of interest rate changes and balance sheet structure risks as well as liquidity risks takes place within the framework of the Assets/Liabilities Management Committee.

In order to enable the bank to adjust to changing regulatory conditions (ICAAP) and tailor risk management to expanded business activities, Raiffeisen Centrobank implemented a comprehensive project in 2007 designed to further improve its risk management capabilities. New and innovative methods and concepts underlying a modern risk management system were developed and implemented with significant support provided by a leading consulting company. One of the major aspects of the project was the revision and specification of a risk strategy, which increasingly emphasizes risk propensity and risk bearing capacity. On this basis, a unified risk limit system throughout the bank was conceived, which divides the predefined risk exposure on a division, department and individual manager level. The first-time conception of a process-oriented self-risk assessment to identify operational risks was an even more significant development. This enables Raiffeisen Centrobank to quantify this risk as well and appropriately take account of the operational risks in the bank's overall risk management efforts led by the Executive Board by means of a value-at-risk (VaR) consistent risk measurement approach, along with the main risks to which the bank is subject, namely the market risk and credit risk.

#### **Ability to bear and manage risk**

The ability to bear risk denotes the capacity of a bank to cover the risks arising from its transactions by furnishing equity capital and similar items. As banks cannot as a general rule completely preclude the incurring of risks, the losses arising from the realization of these risks are to be defrayed by these funds, which are referred to as the "risk coverage sum." The amount of this sum determines which risk-bearing activities—and the maximum exposure associated with them—are suitable for a bank. The ability to bear risk thus significantly impacts on a bank's assumption of further risk. This, in turn, determines the focus and scope of the bank's transactions.

The significant expansion of the operations of the department at the RZB banking group charged with analyzing risk-bearing abilities is being undertaken to enable a variety of scenarios to be assessed for Raiffeisen Centrobank. Taking the going concern perspective (calculated using a confidence interval of 95% and holding period of three months), the scenarios' thrust is the assuring that the potential losses ("risk potential") arising from transactions do not exceed the associated risk coverage sums. Also factored in are the liquidation perspective (bearing with it a confidence level augmented to 99.9%) and the stress tests employed in the assessment of the effects of significant and negative alterations in the risk-causing factors which may possibly not be adequately depicted in value-at-risk models.



The determination and further development of its risk assessment strategy constitute a key component of Raiffeisen Centrobank's total risk management operations. As it is derived from both the bank's approach to its business and from its ability to bear risk, the strategy serves to intermesh the bank's business strategy and its ability to bear risk. For these reasons, the setting of the bank's risk strategy has been assigned to its Executive Board.

#### Market risk

The top priority of Raiffeisen Centrobank is to counteract market risk. Raiffeisen Centrobank defines market risk as incurring potential losses due to market changes resulting from fluctuating or changing market prices (e.g., share, currency, and securities prices) and parameters which affect prices (e.g., interest rates, volatilities). Comprehensive, real-time evaluations of market risk are developed, enabling the bank to combine this information with data on other risk factors to prepare an overall risk assessment. Market risks primarily consist of share and warrant prices as well as interest rate fluctuation and exchange rate risks and are managed by the bank's Securities Trading and Treasury segments.

The main focus of the business activities of Raiffeisen Centrobank is in securities trading and in the issue of securities and share-index-oriented derivatives and structured products (certificates and guarantee bonds). Risk positions primarily resulted from the dynamic hedging of the warrants and certificates issued by Raiffeisen Centrobank. The market risk arising from the securities trading-book of Raiffeisen Centrobank mainly refers to price risks resulting from trading book positions held in shares and derivatives.

Raiffeisen Centrobank measures, monitors and manages all market risks by setting a variety of limits which are defined by taking account of the risk capacity of the bank.

Depending on the type of transaction, these limits encompass volume and position limits, sensitivity limits (delta, gamma, vega, basis point value) as well as stop-loss limits, which will be embedded in an integrated VaR bank limit system in the future. Compliance and use of limits are monitored and reported to the Executive Board on a daily basis by the Securities Controlling department, within the context of a comprehensive reporting system.

The value-at-risk approach is of central importance. It is calculated on a daily basis on the basis of a variance-covariance matrix with a confidence interval of 99%. The market data is accumulated from the preceding year applying a retention period of 10 days.

The following table shows the value at risk (in accordance with the variance-covariance model) for the market risk arising from the trading books, depending on the type of risk:

Amounts in thousand Euros	31/12/2007	30/09/2007	30/06/2007	31/03/2007	31/12/2006
Interest rate risk	420	290	310	270	480
Foreign exchange risk	74	65	122	64	121
Price risk	8,315	9,029	8,412	10,699	8,949
<b>Total</b>	<b>8,809</b>	<b>9,384</b>	<b>8,844</b>	<b>11,033</b>	<b>9,550</b>

In a first, a Monte Carlo simulation, which delivers statistics showing a higher degree of precision, was used at the end of 2007 to calculate value at risk. This practice will enable the taking into account those nonlinear risks resulting from the employment of options and impacting upon market-related risks. Monte Carlo simulations are based upon a full-scale valuation of the portfolio. This figure's future development is then simulated by subjecting the portfolio to an array of randomly-generated movements on exchanges. Whether or not random variables (risk factors) are realized is determined by applying a stochastic process (distributions and random walks) and parameters (for instance: volatility, correlations) incorporating historic data or predefined scenarios. This development imparts a substantially greater flexibility and a greater scope to risk measurement methods, which are now able to incorporate new methods of valuation, non-normal distribution assumptions and such non-linear correlation models as copulas. Included in Raiffeisen Centrobank's portfolio are exotic options and path-dependent instruments. It is for that reason that Monte Carlo simulations represent the most effective way of measuring the risks borne by Raiffeisen Centrobank's portfolio. In a further benefit, the incorporation of stress tests enables the taking into account of extreme market variations, of catastrophic events, and of risks specific to individual countries and arising from concentration of operations.

In accordance with the rules laid down in Austria's Banking Act, the determination of the requisite capital to be furnished for the trading book is to be performed using the standard procedure codified in Basel I. The equity capital required to be furnished for the securities book amounted as of the end of the year to EUR 37.9 m (December 31, 2006: EUR 38.5 m).

Of secondary importance are risks arising from changes in the rates of interest borne by items in the banking book. Such risks are quantified and qualified using the methods of analysis classically applied to capital and interest commitments. Since 2002, the reporting of the statistics compiled for such risks has occurred on a quarterly basis. Recipients are the dedicated supervisory bodies.

The interest maturity gap of Raiffeisen Centrobank as at December 31, 2007, was as follows:

Amounts in thousand Euros	> 6 m-1 y	> 1-2 y	> 2-5 y	> 5 y
EUR	25,146	15,134	46,418	0
USD	-155	0	0	0
Other	0	0	0	0

The interest maturity gap of Raiffeisen Centrobank as at December 31, 2006, was as follows:

Amounts in thousand Euros	> 6 m-1 y	> 1-2 y	> 2-5 y	> 5 y
EUR	13,549	15,171	15,039	0
USD	-433	0	0	0
Other	0	0	0	0

A positive interest maturity gap means a net settlement amount of assets, whereas a negative interest maturity gap means a net settlement amount of liabilities.

### Credit risk

The credit risk represents the default risk that arises from the inability of a customer to fulfil contractually agreed financial obligations, when services have been rendered (e.g., liquidity, securities, advisory services) or when unrealized profits from pending business transactions can no longer be recovered.

The traditional credit and loan business is of immaterial significance to Raiffeisen Centrobank due to the limited business volume and the bank's strategic orientation. Additional credit risks primarily relate to acquired debt instruments and structured products, which serve to hedge debt instruments and structured products issued by the company.

The limitation and measurement of risks is primarily carried out by setting nominal limits as well as by the VaR figures for credit risk made available by the RZB Group. The internal system for controlling credit risk encompasses all forms of monitoring measures that are directly or indirectly integrated into the work processes that require monitoring. Against the backdrop of the new capital adequacy framework for banks which is currently being developed (Basel II), the ongoing management, controlling and monitoring of credit risk at the Raiffeisen Banking Group are assured. Within the framework of the Basel II project, a group-wide rating and default data base has been developed, which is designed to register and evaluate customers as well as document default processes.

To assess risk, the Raiffeisen Centrobank is going to start using a modified version of the Basel II-IRB approach. It enables the determination of a risk value whose amount accords to VaR principles and which contains, in contrast to one calculated using the original IRB formula, the expected loss. The risks associated with the loans made by Raiffeisen Centrobank are monitored and analyzed on a loan-by-loan (employing a comprehensive and well-founded analysis of potential debtor's creditworthiness and collateral) and portfolio-wide basis. The methods of calculation employed yield a comprehensive depiction of the bank's credit-incurred risks and reveal their relative (when compared to market-related risks) lack of importance.

As at December 31, 2007, Raiffeisen Centrobank had interest-bearing assets subject to credit risk as well as an off-balance-sheet volume amounting to TEUR 413, 511 before deductions made for value adjustments.

Active volume	31/12/2007		31/12/2006	
Amounts in thousand Euros				
Bonds and notes from public authorities	62,703		31,207	
Claims on banks	188,919		301,635	
Claims on customers	138,701		148,352	
Bonds	21,044		21,104	
	<b>411,367</b>		<b>502,298</b>	
Product-weighted off-balance sheet transactions	2,144		1,220	
	<b>413,511</b>	<b>100%</b>	<b>503,518</b>	<b>100%</b>
Default potential or irrecoverable	1,342	0.3%	1,285	0.3%
Substandard	14,000	3.4%	9,898	2.0%

The following table shows the development of the individual loan loss provisions according to balance sheet items during the financial year:

Amounts in thousand Euros	Balance as at 1/1/2007	Allocation*	Release	Use	Transfers, currency translation differences	Balance as at 31/12/2007
<b>Individual loan loss provisions</b>	<b>1,259</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,342</b>
Claims on customers	1,259	84	0	0	0	1,342
thereof Austria	1,259	84	0	0	0	1,342
<b>Total</b>	<b>1,259</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,342</b>

\* Allocation includes direct write-downs and income received on written-down claims.

Claims as well as individual loan loss provisions according to asset classes similar to the RZB Group pursuant to the definitions contained in Basel II are as follows:

<b>31/12/2007</b> Amounts in thousand Euros	<b>Carrying amount</b>	<b>Individual loan loss provisions</b>	<b>Net carrying amount</b>	<b>Individually impaired assets</b>	<b>Fair Value</b>
Banks	197,859	0	197,859	0	197,859
Corporate customers– large corporates	101,287	936	100,351	936	100,380
Retail customers– private individuals	17,360	406	16,954	406	16,953
<b>Total</b>	<b>316,506</b>	<b>1,342</b>	<b>315,164</b>	<b>1,342</b>	<b>315,192</b>

<b>31/12/2006</b> Amounts in thousand Euros	<b>Carrying amount</b>	<b>Individual loan loss provisions</b>	<b>Net carrying amount</b>	<b>Individually impaired assets</b>	<b>Fair Value</b>
Banks	316,452	0	316,452	0	316,452
Corporate customers– large corporates	102,591	873	101,718	885	101,668
Retail customers– private individuals	9,119	385	8,734	385	8,734
<b>Total</b>	<b>428,162</b>	<b>1,258</b>	<b>426,904</b>	<b>1,270</b>	<b>426,854</b>

### Operational risks

In line with Basel II, operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people, and systems or from external events including legal risk. As is the case with other types of risk, the principle of ensuring a strict division of responsibilities between risk management and risk controlling is also applied to operational risk.

Operational risk is analyzed and managed on the basis of the group's own regular self-risk assessments, the results of evaluating risk scenarios and the group's historical loss data.

The standardized approach to operational risk within the context of Basel II is employed. Allocations are made to reserves in order to meet pending legal risks in accordance with appraisals carried out of the potential economic losses resulting from court decisions.

The calculation of VaR-consistent risk values is going to be carried out using the operating amounts determined by using the standard approach stipulated by Basel II for standard business lines. The method of quantification employed is derived from a large-scale empirical study on the advanced measurement approaches used in analyzing data banks chronicling operational losses and their ties to Basel II's standard approach. The data presented in the study forms the basis for the employment of empirical values and a reversed engineering approach in the deriving of the parameters delineating the function distributing operational losses. The calculation of VaR-consistent risk values enables the immediate and fully-intermeshed taking into account of the operational risks and of an assessment of its role within the bank's overall exposure to risks and the limits placed upon it.

#### Equity participation risks

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at December 31, 2007, the book value of the equity participations of Raiffeisen Centrobank amounted to about EUR 15.6 m. The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is subsequently about 2.24% (2006: 2.40%).

The focal point of the bank's efforts to mitigate and control equity participation risks is the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are prescribed and approved by the internal credit committee of Raiffeisen Centrobank or, when specified limits are to be exceeded, by the Supervisory Board of Raiffeisen Centrobank. On this basis, a standardized and comprehensive spectrum of reports are put together, sometimes on a daily basis but on a monthly basis at a minimum, including risk reports for performance risk, financial risk, and position risk. The limits are monitored at various levels: by the subsidiaries themselves, through the equity participation controlling mechanisms of Raiffeisen Centrobank, and by the economic controls imposed by the bank's credit department within the context of the supervision of capital loans to subsidiaries. The information provided by all companies in which Raiffeisen Centrobank has an equity stake are merged into one single report each month and conveyed to the Executive Board of Raiffeisen Centrobank and also on a quarterly basis to the Supervisory Board.

Risk assessment operations are from now on going to distinguish between participatory items per se and all other exposures associated with these items ("participatory-similar items"). The items' quantification is undertaken, as a general rule, using, in line with the procedure applied to loan-related risk, a modification of the IRB approach. Directly-held participatory items are quantified using a procedure according to the PD/LGD approach (§§ 72, 77 par. 4 SolvaV). Participatory-similar items are categorized on an item-by-item basis as either participations or loans.

### Other risks

Short-term liquidity risks are not of major significance for Raiffeisen Centrobank, because a large part of the refinancing is carried out via RZB. Other subordinate types of risk (e.g., business, FX and reputation risk) will be encompassed in the risk capacity analysis in the future by means of risk buffers and risk surcharges.

### Basel II

2007 was marked by the further upgrading of the risk management sector's infrastructure. This was undertaken to facilitate the implementation of changes in regulation necessitated by the promulgation of Basel II. The upgrading was completed at the end of the year and the date of expiry of the transitional provisions. The upgrading notably included the carrying out of the integration tests requisite for the implementation of the new regulations applying to proprietary funds, the instituting of measures ensuring the quality of data, and the facilitating of the high-level intermeshing of the central data warehouse's risk management application with that of our local core banking operations. The IRB approach employed by RZB, our owner, is based on the use of in-house ratings. This approach is completing its way through the official approval process. In conjunction with this approval and for Raiffeisen Centrobank, a permanent partial use was applied for.

### Overdue financial instruments

The definition of default and the assessment of the expected recovery value are heavily influenced by the number of days in which payment is late. Overdue receivables not subject to impairment losses were neither existent as at December 31, 2007, nor at December 31, 2006. The total amount of overdue receivables not individually assessed for impairment was TEUR 315,164 as at December 31, 2007 (December 31, 2006: TEUR 426,904).

### Impaired financial instruments

The following table shows the carrying amount of the impaired assets, specifically allocated provisions, and the corresponding net value of the available collateral:

Impairments and collaterals 31/12/2007 Amounts in thousand Euros	Individually impaired assets	Individual loan loss provisions (ILLP)	Individually impaired assets after deduction of ILLP	Collaterals for indi- vidually impaired assets	Interest on individually impaired assets
Corporate customers– large corporates	936	936	0	0	51
Retail customers– private individuals	406	406	0	0	21
<b>Total</b>	<b>1,342</b>	<b>1,342</b>	<b>0</b>	<b>0</b>	<b>72</b>

<b>Impairments and collaterals 31/12/2006</b>	<b>Individually impaired assets</b>	<b>Individual loan loss provisions (ILLP)</b>	<b>Individually impaired assets after deduction of ILLP</b>	<b>Collaterals for indi- vidually impaired assets</b>	<b>Interest on individually impaired assets</b>
Amounts in thousand Euros					
Corporate customers– large corporates	885	873	11	0	37
Retail customers– private individuals	385	385	0	0	11
<b>Total</b>	<b>1,270</b>	<b>1,258</b>	<b>11</b>	<b>0</b>	<b>48</b>

The maximum credit risk exposure (including revocable and irrevocable credit obligations) and the fair values of the collaterals where reselling and/or repledging are allowed without default of debtor are shown in the following table:

<b>31/12/2007</b>	<b>Maximum credit exposure</b>		<b>Fair values of collateral</b>
Amounts in thousand Euros	<b>Net exposure</b>	<b>Contingent liabilities Guarantees issued</b>	<b>Reselling/ repledging allowed</b>
Banks	197,859	0	0
Corporate customers– large corporates	100,351	1,085	28,352
Retail customers– private individuals	16,954	455	28,370
<b>Total</b>	<b>315,164</b>	<b>1,540</b>	<b>156,722</b>

<b>31/12/2006</b>	<b>Maximum credit exposure</b>		<b>Fair values of collateral</b>
Amounts in thousand Euros	<b>Net exposure</b>	<b>Contingent liabilities Guarantees issued</b>	<b>Reselling/ repledging allowed</b>
Banks	316,452	152	0
Corporate customers– large corporates	101,718	689	112,384
Retail customers– private individuals	8,734	425	43,428
<b>Total</b>	<b>426,904</b>	<b>1,266</b>	<b>0</b>



**(39) Derivative financial instruments**

The total volume of the unsettled derivative financial instruments as at December 31, 2007, is comprised of the following:

31/12/2007 Amounts in thousand Euros	Nominal amount by maturity				Fair values	
	Up to 1 year	1-5 years	> 5 years	Total	Positive	Negative
<b>Total</b>	<b>1,644,763</b>	<b>1,502,554</b>	<b>1,184,850</b>	<b>4,332,167</b>	<b>1,059,145</b>	<b>-1,565,186</b>
<b>a) Interest rate contracts</b>	<b>82,599</b>	<b>64,750</b>	<b>163,795</b>	<b>311,144</b>	<b>5,693</b>	<b>-1,466</b>
OTC products						
Interest rate swaps	0	64,750	163,795	228,545	5,693	0
Interest rate futures	14,000	0	0	14,000	0	-16
Products traded on stock exchange						
Interest rate futures	68,599	0	0	68,599	0	-1,450
<b>b) Foreign exchange and gold contracts</b>	<b>328,420</b>	<b>3,812</b>	<b>18,342</b>	<b>350,574</b>	<b>1,497</b>	<b>-11,832</b>
OTC products						
Forward foreign exchange contracts	63,053	0	0	63,053	17	-19
Currency options-purchased	120,000	0	0	120,000	481	0
Currency options-sold	120,000	0	0	120,000	0	-481
Other currency contracts	0	3,812	18,342	22,154	0	-11,332
Products traded on stock exchange						
Currency contracts (futures)	25,367	0	0	25,367	999	0
<b>c) Equity/index contracts</b>	<b>1,209,692</b>	<b>1,422,727</b>	<b>988,904</b>	<b>3,621,323</b>	<b>1,051,221</b>	<b>-1,535,002</b>
OTC products						
Equity-/index-based options-purchased	177,275	102,172	221,509	500,956	207,212	0
Equity-/index-based options-sold	128,913	69,268	18,634	216,815	0	-17,404
Products traded on stock exchange						
Equity/index futures	97,029	2,469	0	99,498	604	-3,255
Equity-/index-based options	156,728	15,478	0	172,206	33,951	-33,171
Other equity/index contracts	649,747	1,233,340	748,761	2,631,848	809,454	-1,481,172
<b>d) Commodities</b>	<b>24,052</b>	<b>11,265</b>	<b>13,809</b>	<b>49,126</b>	<b>734</b>	<b>-16,886</b>

For hedging purposes, the net settlement amount of negative market values for other equity and index contracts is offset against acquired shares listed under trading assets, which are not encompassed in the chart above.

The total volume of the unsettled derivative financial instruments as at December 31, 2006, is comprised of the following:

31/12/2006 Amounts in thousand Euros	Nominal amount by maturity				Fair values	
	Up to 1 year	1–5 years	> 5 years	Total	Positive	Negative
<b>Total</b>	<b>1,477,278</b>	<b>1,514,465</b>	<b>1,495,296</b>	<b>4,487,039</b>	<b>947,744</b>	<b>-1,464,721</b>
<b>a) Interest rate contracts</b>	<b>131,119</b>	<b>67,750</b>	<b>161,719</b>	<b>360,588</b>	<b>6,871</b>	<b>-2,122</b>
OTC products						
Interest rate swaps	7,608	67,750	161,719	237,077	6,871	-52
Products traded on stock exchange						
Interest rate futures	123,511	0	0	123,511	0	-2,070
<b>b) Foreign exchange and gold contracts</b>	<b>261,062</b>	<b>0</b>	<b>0</b>	<b>261,062</b>	<b>3,999</b>	<b>-4,143</b>
OTC products						
Forward foreign exchange contracts	75,082	0	0	75,082	249	-392
Currency options–purchased	92,990	0	0	92,990	3,750	0
Currency options–sold	92,990	0	0	92,990	0	-3,751
<b>c) Equity/index contracts</b>	<b>1,037,296</b>	<b>1,446,715</b>	<b>1,333,577</b>	<b>3,817,588</b>	<b>936,874</b>	<b>-1,456,941</b>
OTC products						
Equity-/index-based options–purchased	165,820	57,740	273,015	496,575	215,336	0
Equity-/index-based options–sold	37,872	40,635	56,010	134,517	0	-11,921
Products traded on stock exchange						
Equity/index futures	162,474	64,389	0	226,863	13,436	-1,893
Equity-/index-based options	212,659	583	0	213,242	4,174	-1,839
Other equity/index contracts	458,471	1,283,368	1,004,552	2,746,391	703,928	-1,441,288
<b>d) Commodities</b>	<b>47,801</b>	<b>0</b>	<b>0</b>	<b>47,801</b>	<b>0</b>	<b>-1,515</b>

**(40) Fair values of financial instruments**

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing and completely independent business partners. As far as market prices are available (mainly securities and derivatives quoted on stock exchange or active markets), this quotation represents the fair value.

All other financial instruments are valued using internally accepted calculation models, especially discounted cash flow analysis and option pricing models. Fair values different from the carrying amount are calculated for fixed-interest loans and advances to and deposits from banks or customers, if the remaining maturity is more than one year. Variable-interest loans and advances and deposits are taken into account if they have an interest rollover period of more than one year. The effect of discounting by using a computational interest rate that reflects the market rates is only material in those cases.

Amounts in thousand Euros	2007			2006		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
<b>Assets</b>						
Claims on banks	197,859	197,859	0	316,452	316,452	0
Claims on customers	119,258	118,647	611	112,082	111,711	371
<b>Liabilities</b>						
Liabilities to banks	122,793	122,907	-113	43,953	43,948	5
Liabilities to customers	218,779	218,779	0	266,346	266,346	0

## Other Disclosures

### (41) Contingent liabilities and other off-balance-sheet obligations

Amounts in thousand Euros	2007	2006
<b>Contingent liabilities</b>	<b>716</b>	<b>805</b>
Other guarantees	522	653
Letters of credit	194	152
<b>Credit risks</b>	<b>824</b>	<b>460</b>
Irrevocable credit obligations and stand-by facilities	824	460
Up to 1 year	433	69
More than 1 year	432	391

Credit risks encompass only irrevocable credit obligations.

### (42) Fiduciary business

Fiduciary business not recognized in the balance sheet was concluded with the following volumes as at the balance sheet date:

Amounts in thousand Euros	2007	2006
Equity participations	9,109	9,109
<b>Fiduciary assets</b>	<b>9,109</b>	<b>9,109</b>
Other fiduciary liabilities	9,109	9,109
<b>Fiduciary liabilities</b>	<b>9,109</b>	<b>9,109</b>

### Disclosures based on Austrian regulations

#### (43) Securities admitted for trading on a stock exchange pursuant to § 64 Austrian Banking Act

Amounts in thousand Euros	2007 Listed	2007 Unlisted	2006 Listed	2006 Unlisted
Bonds, notes, and other fixed-interest securities	83,747	0	49,279	3,031
Shares and other variable-yield securities	697,901	664,698	472,233	680,076

**(44) Volume of the trading book pursuant to § 22 Austrian Banking Act**

Amounts in thousand Euros	2007	2006
Securities	1,380,198	1,169,464
Other financial instruments	304,524	309,154
<b>Total</b>	<b>1,684,722</b>	<b>1,478,617</b>

**(45) Regulatory own funds pursuant to Austrian Banking Act**

The regulatory own funds of Raiffeisen Centrobank, in accordance with the stipulations contained in the Austrian Banking Act, are as follows:

Amounts in thousand Euros	2007	2006
<b>Total own funds (only tier 1–core capital)</b>	<b>77,946</b>	<b>74,331</b>
<b>Total own funds requirement</b>	<b>55,470</b>	<b>56,979</b>
<b>Excess own funds</b>	<b>22,476</b>	<b>17,355</b>
Excess cover ratio in per cent	140.5	130.5
Core capital ratio (tier 1), banking book	37.2	33.1
Own funds ration in per cent	11.2	10.4

The core capital ratio is based on the risk-weighted basis of assessment pursuant to § 22 BWG.

The total own funds requirement is as follows:

Amounts in thousand Euros	2007	2006
Risk-weighted assessment base pursuant to § 22 Austrian Banking Act	209,350	224,352
thereof 8 per cent minimum own funds requirement	16,748	17,948
Own funds requirement for the trading book pursuant to § 22 Austrian Banking Act	37,890	38,526
Own funds requirement for open currency positions pursuant to § 22 Austrian Banking Act	832	505
<b>Total own funds requirement</b>	<b>55,470</b>	<b>56,979</b>

**(46) Average number of employees**

The average number of people employed during the financial year (full-time equivalents) is as follows:

Full-time equivalents	2007	2006
Salaried employees	252	226
Wage earners	7	6
<b>Total</b>	<b>259</b>	<b>232</b>

**(47) Expenses for severance payments and retirement benefits**

Amounts in thousand Euros	2007	2006
Members of the Executive Board and senior staff	401	591
Other employees	736	755
<b>Total</b>	<b>1,137</b>	<b>1,346</b>

**(48) Relations to key management****Remuneration of the Executive Board**

The following remuneration was paid to the members of the Executive Board of Raiffeisen Centrobank in the 2007 financial year:

Amounts in thousand Euros	2007	2006
Fixed and performance-based remuneration	2,278	2,282
Payments to pension funds and business insurances	0	0
<b>Total</b>	<b>2,278</b>	<b>2,282</b>

The table includes fixed and performance-based salary components, including bonuses and payment in kind. It does not include remuneration for membership on the Executive or Supervisory Boards of subsidiaries.

There are no contractual obligations regarding remuneration to the members of the Supervisory Board and previous members of the Executive Board.

The relations of the members of the Executive Board of Raiffeisen Centrobank to the Raiffeisen Centrobank Group are as follows:

Amounts in thousand Euros	2007	2006
Loans	0	2
Sight deposits	449	257

The following table shows the relations of close family members of the Executive Board to Raiffeisen Centrobank Group:

Amounts in thousand Euros	2007	2006
Loans	0	0
Sight deposits	787	397

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## (49) Corporate Bodies

### Executive Board

#### *Chairman*

**Eva Marchart**

#### *Deputy Chairman*

**Alfred Michael Spiss**

#### *Member*

**Gerhard Grund**

### Supervisory Board

#### *Chairman*

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

#### *First Deputy Chairman*

**Patrick Butler**, Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna

#### *Second Deputy Chairman*

**Herbert Stepic**, Chairman, Raiffeisen International Bank-Holding AG, Vienna

#### *Members*

**Helfried Marek**, Vienna

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

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

### State Commissioners

**Peter Braumüller**, Divisional Director

**Tamara Els**, Deputy Assistant

Vienna, April 7, 2008

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

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Raiffeisen Centrobank AG, Vienna, for the financial year from January 1, 2007, to December 31, 2007. These consolidated financial statements comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year ending December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based in our audit. We conducted our audit in accordance with binding legal regulations in Austria and with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### **Opinion**

Our audit did not give rise to any objections. Based on the results of our audit, in our opinion, the consolidated financial statements present fairly, in all material aspects, the financial position of Raiffeisen Centrobank AG, Vienna, as at December 31, 2007, and of its financial performance and its cash flows for the financial year from January 1, 2007, to December 31, 2007, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### **Report on the group management report**

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group.

In our opinion, the consolidated management report for the group is consistent with the consolidated financial statements.

Vienna, April 9, 2008  
KPMG Wirtschaftsprüfungs und  
Steuerberatungs GmbH

**Wilhelm Kovsca**  
Certified public accountant

**Josef Kirchknopf**  
Tax consultant

## Basis of Consolidation

### List of fully-consolidated companies

Company, domicile (country)	Subscribed capital in local currency	Share in %	Indirectly held <sup>1</sup>	Type <sup>2</sup>
Centrotech Chemicals AG, Zug (CH)	5,000,000 CHF	100.0%		OT
Centrotech Deutschland GmbH, Eschborn (DE)	410,000 EUR	100.0%		OT
Centrotech Holding AG, Vienna (AT)	3,000,000 EUR	100.0%		OT
Centrotech Investment AG, Zug (CH)	5,900,000 CHF	100.0%		OT
Centrotech Minerals & Metals Inc., Chesapeake (US)	3,002,000 USD	100.0%		OT
Raiffeisen Centrobank AG, Vienna (AT)	47,598,850 EUR	100.0%		BA
Raiffeisen Investment Aktiengesellschaft, Vienna (AT)	730,000 EUR	100.0%		FI

### Other companies not included in consolidation

Company, domicile (country)	Subscribed capital in local currency	Share in %	Indirectly held <sup>1</sup>	Type <sup>2</sup>
A.X. Finance Limited, St. Helier (JE)	2,500 GBP	100.0%		FI
Cellice Company Ltd., Hong Kong (HK)	10,000 HKD	100.0%		OT
Centro Asset Management Limited, St. Helier (JE)	10,000 GBP	100.0%		FI
Centro Investment Ltd., St. Helier (JE)	10,000 GBP	100.0%		OT
FRIOUL HOLDING SA, Luxemburg (LU)	1,500,000 EUR	100.0%		OT
Centrotech Singapore Pte. Ltd., Singapore (SG)	500,000 SGD	100.0%		OT
Fundusz Rozwoju sp.z.o.o., Warsaw (PL)	130,000 PLN	100.0%	100.0%	OT
FUNDUSZ ROZWOJU SPOLKA KOMANDYTOWO-AKCYJNA, Warsaw (PL)	50,000 PLN	100.0%	100.0%	OT
MENARAI Holding GmbH, Vienna (AT)	35,000 EUR	100.0%		OT
MIRA Beteiligungsholding GmbH, Vienna (AT)	35,000 EUR	100.0%		OT
Raiffeisen Energy & Metals Beteiligungsverwaltungs Ges.m.b.H., Vienna (AT)	35,000 EUR	100.0%		OT
Raiffeisen Investment (Malta) Limited, Sliema (MT)	5,000 EUR	99.8%		FI
Raiffeisen Investment, Moscow (RU)	24,000,000 RUB	100.0%		FI
Raiffeisen Investment Polska sp.z.o.o., Warsaw (PL)	360,000 PLN	100.0%		FI
Raiffeisen Investment Romania SRL, Bucharest (RO)	159,130 RON	100.0%		FI
Raiffeisen Investment Ukraine TOV, Kiev (UA)	3,733,213 UAH	100.0%		FI
Raiffeisen Investment Bulgaria EOOD, Sofia (BG)	60,050 BGN	100.0%		FI
Raiffeisen Investment d.o.-in Liquidation, Zagreb (HR)	300,000 HRK	100.0%		OT
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000 EUR	100.0%		OT

- Accounting Policies
- Notes to the Income Statement
- Notes to the Balance Sheet
- Notes to Financial Instruments
- Other Disclosures
- Auditor's Report
- **Basis of Consolidation**

### Other interests

Company, domicile (country)	Subscribed capital in local currency	Share in %	Indirectly held <sup>1</sup>	Type <sup>2</sup>
Alpenbank Aktiengesellschaft, Innsbruck (AT)	10,220,000 EUR	0.0%		FI
Centrotrade (Malaysia) Sdn. Berhad-in liquidation, Kuala Lumpur (MY)	100,000 MYR	30.0%		OT
Österreichische Raiffeisen-Einlagensicherung reg. Gen.m.b.H., Vienna (AT)	2,800 EUR	3.6%		OT
Scanviwood Co. Ltd., Ho Chi Minh City (VN)	2,500,000 USD	6.0%		OT
Society for Worldwide Interbank Financial Telecommunication s.c., La Hulpe (BE)	14,009,000 EUR	0.0%		OT
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370 EUR	21.0%		OT

<sup>1</sup> Equity participations held via companies that are not included in the consolidated financial statements (pro-rata share).

<sup>2</sup> Company type:

BA ... bank

BR ... company rendering bank-related ancillary services

FI ... financial institution

OT ... other company

## **Individual Financial Statements**

of Raiffeisen Centrobank AG as at December 31, 2007,  
according to the Austrian Banking Act

## Balance Sheet as at December 31, 2007

Assets	31/12/2007 Amounts in Euros	31/12/2006 Amounts in thousand Euros
1. Cash on hand and assets deposited with central banks	9,925,952.45	2,012
2. Treasury bills eligible for refinancing with central banks	62,703,483.61	31,207
Treasury bills and similar securities	62,703,483.61	31,207
3. Claims on banks	188,919,475.07	301,634
a) repayable on demand	87,136,425.59	98,587
b) other claims	101,783,049.48	203,047
4. Claims on customers	138,295,334.81	147,967
5. Bonds and other fixed-income securities	21,043,893.35	21,104
a) issued by public issuers	2,824,477.84	3,033
b) issued by other issuers	18,219,415.51	18,071
6. Shares and other variable-yield securities	1,362,598,982.65	1,152,310
7. Investments in related companies	5,167,850.12	5,168
8. Investments in subsidiaries	10,391,766.26	11,952
9. Intangible fixed assets	373,854.00	489
10. Tangible fixed assets, thereof properties and buildings used by the credit institution for its own business operations: EUR 13,977,313.92; 2006: TEUR 14,270	20,559,408.64	19,971
11. Other assets	310,524,401.64	313,836
12. Deferred expenses	1,250,034.20	823
<b>Total assets</b>	<b>2,131,754,436.80</b>	<b>2,008,473</b>

### Items shown the balance sheet

1. Foreign assets	1,324,123,351.00	1,387,484
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Equity and liabilities	31/12/2007 Amounts in Euros	31/12/2006 Amounts in thousand Euros
1. Liabilities to banks	121,995,511.48	42,397
a) repayable on demand	7,156,762.64	211
b) with agreed maturity dates or periods of notice	114,838,748.84	42,186
2. Liabilities to customers (other)	244,095,900.39	271,562
a) repayable on demand	139,489,326.42	87,036
b) with agreed maturity dates or periods of notice	104,606,573.97	184,526
3. Liabilities evidenced by certificates		
Other issued bonds	934,321,557.01	823,609
4. Other liabilities	690,601,041.99	751,348
5. Deferred income	1,075,978.41	464
6. Provisions	26,001,394.41	22,732
a) severance payments	3,761,671.94	3,382
b) retirement benefits	684,252.78	517
c) taxes	4,048,787.00	4,733
d) other	17,506,682.69	14,100
7. Subscribed capital	47,598,850.00	47,599
8. Share premium		
Reserve	6,651,420.71	6,651
9. Revenue reserves	10,530,936.83	7,031
a) statutory reserves	1,030,936.83	1,031
b) other reserves	9,500,000.00	6,000
10. Reserve pursuant to § 23 par. 6 Austrian Banking Act	13,538,860.00	13,539
11. Net profit for the period	35,342,985.57	21,541
<b>Total equity and liabilities</b>	<b>2,131,754,436.80</b>	<b>2,008,473</b>

#### Items shown under the balance sheet

1. Contingent liabilities arising from guarantees and assets pledged as security	935,681.44	1,107
2. Credit risks	3,775,320.71	522
3. Liabilities arising from fiduciary business transactions	7,091,124.47	7,091
4. Total own funds pursuant to § 23 Austrian Banking Act; thereof capital resources pursuant to § 23 par. 14 (7) Austrian Banking Act: EUR 0.0; 2006: TEUR 0	77,946,213.54	74,332
5. Required own funds pursuant to § 22 Sect. 1 Austrian Banking Act; thereof required capital resources pursuant to § 22 par. 1 (1 and 4) Austrian Banking Act: EUR 16,749,000.00; 2006: TEUR 17,948	55,470,000.00	56,979
6. Foreign equity and liabilities	168,740,236.00	300,463

## Profit and Loss Account for the 2007 Financial Year

	2007 Amounts in Euros	2006 Amounts in thousand Euros
1. Interest and related income	34,728,759.09	29,339
thereof fixed interest securities	17,077,253.80	8,106
2. Interest and related expenses	-29,043,800.47	-23,278
<b>I. Net interest income</b>	<b>5,684,958.62</b>	<b>6,061</b>
3. Income from securities and shares, related companies, subsidiaries, and variable-yield securities	13,568,142.90	9,275
4. Commission income	20,932,697.91	15,290
5. Commission expenses	-2,513,134.30	-2,501
6. Net profit on financial trading activities	50,230,229.53	29,680
7. Other operating income	1,187,088.74	1,134
a) net profit on commercial trading activities	291,919.71	159
b) other operating income	895,169.03	975
<b>II. Operating income</b>	<b>89,089,983.40</b>	<b>58,939</b>
8. General administrative expenses	-37,513,442.03	-30,691
a) staff costs	26,231,668.75	22,456
aa) wages and salaries	21,087,761.76	17,703
bb) statutory social security contributions as well as levies and compulsory contributions based on wages and salaries	3,777,236.28	3,091
cc) other employee benefits	329,593.73	315
dd) expenses for retirement benefits	503,786.48	576
ee) expenses for severance payments and contributions to company pension funds	533,290.50	771
b) other administrative expenses	11,281,773.28	8,235
9. Value adjustments (depreciation) on asset items 9 and 10	-2,415,795.57	-2,120
10. Other operating expenses	-185,242.23	-42
<b>III. Operating expenses</b>	<b>-40,114,479.83</b>	<b>-32,853</b>
<b>IV. Operating result</b>	<b>48,975,503.57</b>	<b>26,086</b>



	<b>2007</b> Amounts in Euros	<b>2006</b> Amounts in thousand Euros
<b>IV. Operating result (amount carried forward)</b>	<b>48,975,503.57</b>	<b>26,086</b>
11. Expenditures arising from the valuation and disposal of receivables and securities held as other current assets	-564,078.13	-377
12. Income arising from the valuation and disposal of receivables and securities held as other current assets	0.00	442
13. Expenditures arising from the valuation of securities capitalized as financial fixed assets as well as investments in related companies and subsidiaries	-2,346,861.72	-60
<b>V. Result on ordinary activities</b>	<b>46,064,563.72</b>	<b>26,091</b>
14. Income tax expense, (thereof passed on from parent company: EUR 9,890,449.00; 2006: TEUR 2,926	-9,458,243.70	-2,926
15. Other taxes, unless included in item 14	-1,619,068.42	-1,758
<b>VI. Annual surplus</b>	<b>34,987,251.60</b>	<b>21,407</b>
16. Adjustment of reserves	0.00	-509
thereof allocation to the statutory reserve	0.00	509
<b>VII. Profit for the year</b>	<b>34,987,251.60</b>	<b>20,898</b>
17. Profit carried forward from the previous year	355,733.97	643
<b>VIII. Net profit for the period</b>	<b>35,342,985.57</b>	<b>21,541</b>

## Development of Fixed Assets in the 2007 Financial Year

Amounts in Euros	Balance on 1.1.2007	Acquisition costs Additions	Acquisition costs Disposals
<b>I. Intangible fixed assets</b>			
Software licenses	2,554,369.92	200,398.35	0.00
<b>II. Tangible fixed assets</b>			
1. Property and buildings used by the credit institution for its own business operations; thereof value of the property: EUR 3,066,200.92; 2006: TEUR 3,066	14,789,785.11	0.00	0.00
2. Office equipment, furniture and fittings	17,027,064.55	2,731,043.21	380,154.63
	<b>31,816,849.66</b>	<b>2,731,043.21</b>	<b>380,154.63</b>
<b>III. Financial assets</b>			
1. Investments in subsidiaries; thereof shareholdings in credit institutions: EUR 0.00	15,502,266.49	0.00	2,260,596.00
2. Investments in related companies; thereof shareholdings in credit institutions: EUR 0.00	5,168,286.12	0.00	0.00
	<b>20,670,552.61</b>	<b>0.00</b>	<b>2,260,596.00</b>
<b>Total</b>	<b>55,041,772.19</b>	<b>2,931,441.56</b>	<b>2,640,750.63</b>

	Balance on 31/12/2007	Accumulated depreciation	Net book value 31/12/2007	Net book value 31/12/2006	Depreciation in the 2007 financial year
	2,754,768.27	2,380,914.27	373,854.00	488,564.00	315,108.35
	14,789,785.11	812,471.19	13,977,313.92	14,270,404.92	293,091.00
	19,377,953.13	12,795,858.41	6,582,094.72	5,700,575.72	1,807,596.21
	<b>34,167,738.24</b>	<b>13,608,329.60</b>	<b>20,559,408.64</b>	<b>19,970,980.64</b>	<b>2,100,687.21</b>
	13,241,670.49	2,849,904.23	10,391,766.26	11,952,362.54	1,358,596.00
	5,168,286.12	436.00	5,167,850.12	5,167,850.12	0.00
	<b>18,409,956.61</b>	<b>2,850,340.23</b>	<b>15,559,616.38</b>	<b>17,120,212.66</b>	<b>1,358,596.00</b>
	<b>55,332,463.12</b>	<b>18,839,584.10</b>	<b>36,492,879.02</b>	<b>37,579,757.30</b>	<b>3,774,391.56</b>

## Notes

### A Accounting policies

#### General principles

The financial statements of Raiffeisen Centrobank AG for the 2007 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 income statement have been structured according to Appendix 2 of the forms contained in § 43 Austrian Banking Act. The structure of the income statement in regard 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 2006 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 capitalized at the forward exchange rates. Any differences in rates resulting from currency conversion are reported as a profit or loss in the financial statements.

#### Trading 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 is 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 share prices prevailing on the balance sheet date, and if no share prices are available, 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 ÖTOB and EUREX options) as well as futures held for trading purposes are valued according to the market prices prevailing on the balance sheet date.

Appropriate models are used for the valuation of OTC options, depending on the type of option. For plain-vanilla options (American and European style), the Black-Scholes model and the binomial pricing model according to Cox-Ross-Rubinstein are applied. The Curran approximation is applied to Asian options and guarantee bonds, whereas barrier options use Heinen-Kat and spread options rely on the Kirk model.

#### **Claims on banks 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 recognizable risk of default on the part of borrowers.

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

Subsidiaries and investments in related companies are principally capitalized 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 10–33% 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 banking transactions**

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

#### **Liabilities evidenced by certificates**

The liabilities evidenced by certificates (the majority of which are structured capital guaranteed bonds, whose rate of interest depends on the share price or share price index performance) are valued according to the Projected Unit Credit Method, or according to the Curran approximation for the option component.

#### Provisions for severance payments

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 5.0% (2006: 4.5%) as well as an unchanged annual salary increase amounting to 3.0%. The underlying presumption is a decreasing fluctuation rate in connection with the earliest possible retirement date, at the age of 60 for women and 65 for men, taking into account the changes to Austria's General Social Insurance Act in accordance to the Year Tax Act 2003. The premium reserve amounts to 54.9% of the statistical termination benefit obligations on the balance sheet date.

#### Provisions for retirement benefits

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 5.0% (2006: 4.5%), an unchanged 2.0% 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 financial statements**

#### 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 9,926 (2006: TEUR 2,012). The bank abided by prevailing regulations pertaining to liquidity and minimum reserves.

## II Claims on banks and customers

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

<b>As at 31/12/2007</b>	<b>0-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Amounts in thousand Euros					
Debt instruments of public bodies	0	15,247	47,457	0	62,704
Claims on banks	101,783	0	0	0	101,783
Claims on customers	6,723	3,997	37,708	29,851	78,279
Bonds and other fixed-interest securities	2,709	115	18,212	0	21,036
	<b>111,215</b>	<b>19,359</b>	<b>103,377</b>	<b>29,851</b>	<b>263,802</b>

<b>Comparative figures as at 31/12/2006</b>	<b>0-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Amounts in thousand Euros					
Debt instruments of public bodies	997	0	30,210	0	31,207
Claims on banks	203,047	0	0	0	203,047
Claims on customers	26,880	40,403	491	8,889	76,663
Bonds and other fixed-interest securities	18,102	0	3,000	2	21,104
	<b>249,026</b>	<b>40,403</b>	<b>33,701</b>	<b>8,891</b>	<b>332,021</b>

### II.2 Claims on subsidiaries and related companies

<b>As at 31/12/2007</b>	<b>Claims on subsidiaries (direct/indirect &gt; 50%)</b>	<b>Claims on related companies (in which Raiffeisen Centrobank has a direct shareholding)</b>
Amounts in thousand Euros		
Claims on banks	104,573	0
Claims on customers	57,058	514
Bonds and other fixed-interest securities	13,201	0
Shares and other variable-yield securities	151,623	0
Other assets	225	25
	<b>326,680</b>	<b>539</b>

Comparative figures as at 31/12/2006 Amounts in thousand Euros	Claims on subsidiaries (direct/indirect > 50%)	Claims on related companies (in which Centrobank has a direct shareholding)
Claims on banks	35,827	0
Claims on customers	73,205	934
Bonds and other fixed-interest securities	13,086	0
Shares and other variable-yield securities	131,975	0
Other assets	34	0
	<b>254,127</b>	<b>934</b>

### III Securities

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

As at 31/12/2007 Amounts in thousand Euros	Unlisted	Listed	Total	Valued at market price
Debt instruments of public bodies, A2	0	62,703	62,703	62,703
Bonds and other fixed- income securities, A5	0	21,044	21,044	21,044
Shares and other variable-yield securities, A6	664,698	697,901	1,362,599	1,362,599
Investments in related companies, A7	5,168	0	5,168	0
Investments in subsidiaries, A8	10,392	0	10,392	0

The fair value of securities held in a portfolio for trading purposes or which are held as current assets exceeded the purchase price by TEUR 882. The balance sheet items A2 and A5 include fixed-interest securities amounting to TEUR 83,747 (2006: TEUR 52,311), of which a total of TEUR 2,824 will fall due in the course of 2008.

#### III.2 Subordinated assets

The balance sheet item A5, "Bonds and other fixed-income securities," shows subordinated bonds valued at TEUR 5,018 (2006: TEUR 4,984).



#### IV Shareholdings in subsidiaries

The following list contains information on companies in which the bank directly held a minimum 20% shareholding on the balance sheet date. The 2007 results are predominantly based on audited accounts.

Amounts in thousand Euros	Shareholding held by bank in %	Subscribed capital	Annual results 2007
1. Centrotrade Holding AG, Vienna	100	3,629	5
2. Centrotrade Investment AG, Zug	100	7,243	698
3. Centrotrade Malaysia Sdn Bhd, Petaling Jaya	30	42 *	0 *
4. Raiffeisen Investment AG, Wien	100	14,988	5,711
5. Centro Asset Management Ltd., Jersey	100	855	280
6. Centro Investment Ltd., Jersey	100	14 **	0 **
7. Frioul Holding SA, Luxembourg	100	28 ***	0 ***
8. Cellice Pte. Ltd., Hong Kong	99	-25 *	0 *
9. Syrena Immobilien Holding AG, Spittal/Drau	21	28,948	235

\* Annual results for 2004. Both companies are being liquidated. \*\* Annual results for 2004. The company does not have any operating activities.

\*\*\* Annual results for 2005. The company is being liquidated.

On the basis of a purchase contract dated April 16, 2007, all the shares held by Raiffeisen Centrobank AG in Raiffeisen Private Equity Management AG were disposed of as at July 4, 2007.

Comparative figures as at 31.12.2006	Subscribed capital held by bank in %	Subscribed capital	Annual results 2006
Amounts in thousand Euros			
1. Centrotrade Holding AG, Vienna	100	3,624	187
2. Centrotrade Investment AG, Zug	100	6,768	609
3. Centrotrade Malaysia Sdn. Bhd. Petaling Jaya	30	42 **	0 **
4. Raiffeisen Investment AG, Vienna	100	9,277	5,094
5. Centro Asset Management Ltd., Jersey	100	614	262
6. Raiffeisen Private Equity Management AG, Vienna	100	1,785	30
7. Centro Investment Ltd., Jersey	100	15 **	0 **
8. Frioul Holding SA, Luxemburg	100	28 *	28 *
9. Cellice Pte. Ltd., Hong Kong	99	-25 **	0 **
10. Syrena Immobilien Holding AG, Spittal/Drau	21	28,712	486

\* Annual results for 2005. \*\* Annual results for 2004.

### V Fixed Assets

The composition and development of fixed assets is contained in the table outlining the development of fixed assets.

### VI Other assets

The balance sheet item A11, "Other assets," amounting to TEUR 310,524 (2006: TEUR 313,836), primarily refers to purchase contracts from trading in derivative financial instruments totalling TEUR 304,185 (2006: TEUR 308,235) as well as claims on tax authorities of TEUR 4,145 (2006: TEUR 1,901).

### VII Liabilities

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

<b>As at 31/12/2007</b>	<b>0-3</b>	<b>3-12</b>	<b>1-5</b>	<b>&gt; 5</b>	<b>Total</b>
Amounts in thousand Euros	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	
Liabilities to banks	114,838	0	0	0	114,838
Liabilities to customers	70,462	5,874	28,012	258	104,607
Liabilities evidenced by certificates	5,699	32,472	460,353	435,798	934,322
	<b>191,000</b>	<b>38,346</b>	<b>488,365</b>	<b>436,056</b>	<b>1,153,767</b>

<b>Comparative figures as at 31/12/2006</b>	<b>0-3</b>	<b>3-12</b>	<b>1-5</b>	<b>&gt; 5</b>	<b>Total</b>
Amounts in thousand Euros	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	
Liabilities to banks	40,150	1,538	498	0	42,186
Liabilities to customers	181,339	0	0	3,187	184,526
Liabilities evidenced by certificates	3,985	22,190	394,441	402,994	823,610
	<b>225,474</b>	<b>23,728</b>	<b>394,939</b>	<b>406,181</b>	<b>1,050,322</b>

## VII.2 Liabilities to subsidiaries and related companies

<b>As at 31/12/2007</b> Amounts in thousand Euros	<b>Liabilities to subsidiaries (direct/indirect &gt; 50%)</b>	<b>Liabilities to related companies (in which Centrobank has a direct shareholding)</b>
Liabilities to banks	106,075	0
Liabilities to customers	25,432	20
Other liabilities	1,901	0
	<b>133,408</b>	<b>20</b>

<b>Comparative figures as at 31/12/2006</b> Amounts in thousand Euros	<b>Liabilities to subsidiaries (direct/indirect &gt; 50%)</b>	<b>Liabilities to related companies (in which Centrobank has a direct shareholding)</b>
Liabilities to banks	19,788	0
Liabilities to customers	7,961	15
Other liabilities	45	0
	<b>27,794</b>	<b>15</b>

## VII.3 Liabilities evidenced by certificates

The position E/L3 contains issued bonds totalling TEUR 38,171 (2006: TEUR 26,175), which will fall due in the course of 2008.

## VII.4 Other liabilities

The balance sheet item E/L4, "Other liabilities," amounting to TEUR 690,601 (2006: TEUR 751,348), primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments of TEUR 683,681 (2006: TEUR 740,494).

### VIII Share capital

The share capital is comprised of 655,000 no-par-value shares.

The shares in Raiffeisen Centrobank are owned by the companies:	Per cent	Units
RZB IB Beteiligungs GmbH, Vienna	100.00	654,999
Raiffeisen-Invest-GmbH, Vienna	0.00	1
	<b>100.00</b>	<b>655,000</b>

### IX Provisions

#### • Other provisions

The balance sheet item E/L6 "Other provisions" amounting to TEUR 17,507 (2006: TEUR 14,100) includes the following:

Amounts in thousand Euros	31/12/2007	31/12/2006
Wages and bonuses	9,059	6,596
Litigation risks	3,248	2,289
Unused vacation	2,074	2,112
Credit risks from subsidiaries	936	873
RZB Group services	770	203
Provisions for the securities department	167	566
Legal, auditing and consulting expenses	628	670
Management fees	194	500
Commissions from commodity transactions	112	138
Provisions for the FX department	160	0
Others	159	153
	<b>17,507</b>	<b>14,100</b>

### X Obligations arising from the use of property, plant, and equipment not recognized in the balance sheet

The rental and leasing expenses during the period under review amounted to TEUR 544 (2006: TEUR 429). For the 2008 financial year, rental costs are expected to total TEUR 575, and TEUR 2,873 for the 2008–2012 financial years, of which the rental costs to related companies and subsidiaries will total TEUR 166 and TEUR 829 respectively.

## XI Supplementary data

### • Assets and liabilities in foreign currencies

The following amounts are contained in the balance sheet in foreign currencies:

Current value in thousand Euros	31/12/2007	31/12/2006
Assets	540,623	646,502
Liabilities	157,099	286,873

### • Unsettled futures and options transactions

At the balance sheet date, the following futures and options transactions (banking and trading book) had not yet been settled:

Purchase contracts at nominal values Amounts in thousand Euros	31/12/2007	31/12/2006
Interest rate options (futures)	68,599	123,511
Forward rate agreements	14,000	0
Currency and interest rate swaps in a single currency	13,714	22,846
Forward exchange transactions	67,958	87,773
Currency options	120,000	92,990
Index future contracts	65,780	165,164
Options on asset values and security index options	1,199,290	1,113,992
Share contracts	49,419	47,801

Sales contracts at nominal values Amounts in thousand Euros	31.12.2007	31.12.2006
Currency and interest rate swaps in a single currency	13,714	22,846
Forward exchange transactions	67,877	87,652
Currency options	120,000	92,990
Index future contracts	33,719	62,000
Options on asset values and security index options	1,865,585	1,799,437
Share contracts	47,234	47,810

• **Securities trading book**

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

Amounts in thousand Euros	31/12/2007	31/12/2006
Shares	544,268	398,324
Listed options	-18,075	56,658
Certificates	-538,721	-560,008
Bonds	156,762	142,846
Structured products	-170,728	-195,806
OTC options	259,300	294,897
Warrants	-71,328	-129,783
Share futures	32,334	103,596
Bond futures	68,599	123,511
	<b>262,411</b>	<b>234,235</b>

• **Data on transactions with derivative financial instruments**

Stock market trading in derivative financial instruments focuses on share and share-related futures and options. The financial instruments issued by Raiffeisen Centrobank can be classified as warrants, certificates on shares and share indices (turbo, discount, bonus and open-end certificates), and guarantee bonds with a payment structure oriented to the shares or share indices.

Listed derivatives are reported in the balance sheet at the listed market price. Unlisted derivatives are reported in the balance sheet with synthetic market prices. In both cases, adjustments in value are recognized through profit or loss in the income statement. The synthetic market prices are determined according to the bank's own evaluation models, which are examined and approved by the risk management teams and which are based on recognized option-theoretical models.

For plain-vanilla options (American and European style), the Black-Scholes model and the binomial pricing model according to Cox-Ross-Rubinstein are applied. The Curran approximation is applied to Asian options and guarantee bonds, whereas barrier options use Heinen-Kat and spread options rely on the Kirk model.

The volume of derivatives is as follows:

As at 31/12/2007 Amounts in thousand Euros	Nominal amount		Positive market value		Negative market value	
	Banking book	Trading book	Banking book	Trading book	Banking book	Trading book
<b>1. Interest rate options</b>	<b>27,714</b>	<b>283,430</b>	<b>653</b>	<b>5,040</b>	<b>16</b>	<b>1,450</b>
<b>1.1. OTC products</b>						
Interest swaps	13,714	214,831	653	5,040	0	0
Interest forward rate agreements	14,000	0	0	0	16	0
Interest futures	0	68,599	0	0	0	1,450
<b>1.2. Listed products</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Currency options</b>	<b>63,053</b>	<b>262,154</b>	<b>17</b>	<b>1,480</b>	<b>19</b>	<b>11,813</b>
<b>2.1. OTC products</b>						
Forward exchange transactions	63,053	262,154	17	481	19	11,813
<b>2.2. Listed products</b>						
Forward exchange contracts	0	25,367	0	999	0	0
<b>3. Securities-related transactions</b>	<b>0</b>	<b>3,670,449</b>	<b>0</b>	<b>1,051,955</b>	<b>0</b>	<b>1,551,888</b>
<b>3.1. OTC products</b>	<b>0</b>	<b>717,770</b>	<b>0</b>	<b>207,212</b>	<b>0</b>	<b>17,404</b>
Share options–purchase	0	500,956	0	207,212	0	0
Share options–sale	0	216,814	0	0	0	17,404
<b>3.2. Listed products</b>	<b>0</b>	<b>2,952,679</b>	<b>0</b>	<b>844,743</b>	<b>0</b>	<b>1,534,484</b>
Share and other securities-related index options and future contracts	0	1,194,705	0	90,202	0	583,277
Commodities futures	0	49,126	0	734	0	16,886
Certificates and guarantee bonds	0	1,708,849	0	753,807	0	934,322
<b>Total OTC products</b>	<b>0</b>	<b>717,77</b>	<b>0</b>	<b>207,212</b>	<b>0</b>	<b>11,921</b>
<b>Total listed products</b>	<b>0</b>	<b>2,952,679</b>	<b>0</b>	<b>844,743</b>	<b>0</b>	<b>1,534,484</b>
<b>TOTAL</b>	<b>90,767</b>	<b>4,241,400</b>	<b>670</b>	<b>1,058,475</b>	<b>35</b>	<b>1,565,151</b>
Thereof carrying amount:						
Shares and other variable-yield securities	0	0	0	753,807	0	0
Other assets	0	0	670	304,668	0	0
Liabilities evidenced by certificates	0	0	0	0	0	934,322
Other liabilities	0	0	0	0	35	630,830

The surplus of sales contracts are offset against the shares acquired for hedging purposes listed under trading assets, which are not encompassed in the chart above.

## C Notes to the income statement

Due to a change in the reporting in the interest gains or losses from swap transactions in the 2007 financial year to a net presentation, the comparative figures from the 2007 financial year have been changed in the income statement item "Interest and related income" and in the item "Interest and related expenses" by TEUR 1,271 each.

### I Other operating income

The income reported in "Other operating income" from trading activities amounting to TEUR 292 (2006: TEUR 160) primarily refers to fulfilling countertrade obligations to third parties in Indonesia and the performance of offset transactions. Furthermore, this item also includes income from charging-ons.

### II Other operating expenses

Other operating expenses amounting to TEUR 185 (2006: TEUR 42) primarily relate to fees and charging-on expenses for non-banking transactions.

### III Deferred tax

The bank did not exercise its right to capitalize deferred taxes. The capitalizable amount of about TEUR 1,400 was calculated on the basis of non tax-deductible expenses for the 2007 financial year and previous years.

## D Other information

### Contingent liabilities

The breakdown of contingent liabilities arising from guarantees and assets pledged as security totalling TEUR 935 (2006: TEUR 1,107) consists of the following:

Amounts in thousand Euros	31/12/2007	31/12/2006
Letters of credit	413	454
Guarantees	523	653
thereof for subsidiaries	356	454
	<b>936</b>	<b>1,107</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 Österreichische Raiffeisen-Einlagensicherung reg. Gen.m.b.H., Vienna (the deposit insurance arm of the Raiffeisen Group, registered as a limited-liability company).



In the 2007 financial year, the theoretical claim on this insurance is limited to a rate of 0.83% of the assessment basis in accordance with § 22 par. 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.

- **Credit risks shown under the balance sheet**

Credit risks shown under the balance sheet amounting to TEUR 3,775 (2006: TEUR 522) refer exclusively to irrevocable credit obligations and lines of credit.

- **Other contractual bank guarantee obligations**

The following assets have been pledged as security for obligations:

Amounts in thousand Euros	2007	2006	Notes
Item A3 Claims on banks	75,351	84,354	Collateral deposited with banks and stock exchanges for the securities and options business
Items A2 and A5 Fixed-income securities	45,725	18,070	Collateral deposited with banks and stock exchanges for the securities and options business
Item A4 Claims on customers	322	491	Deposited as collateral for liabilities arising from the refinancing of export loans granted by Österreichische Kontrollbank AG (item E/L1 b: Liabilities to banks)
Item A6 Shares and other variable-yield securities	151,501	164,154	Collateral deposited with Clearstream for the securities and options business

- **Own funds**

The own funds of Raiffeisen Centrobank pursuant to § 23 Austrian Banking Act are comprised of the following:

Amounts in thousand Euros	31/12/2007	31/12/2006
Subscribed capital	47,599	47,599
Share premium reserve	6,651	6,651
Statutory reserve	1,031	1,031
Reserve pursuant to Austrian Banking Act	13,539	13,539
Other reserves	9,500	6,000
	<b>78,320</b>	<b>74,820</b>

• **Number of employees**

	31/12/ 2007	2007 annual average	31/12/ 2006	2006 annual average
Salaried employees (incl. Executive Board)	205	194	174	172
thereof part-time	17	14	11	12
Workers	8	7	6	6
thereof part-time	1	1	1	1
<b>Total</b>	<b>213</b>	<b>201</b>	<b>180</b>	<b>178</b>

• **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 TEUR 0.2 (2006: TEUR 2). During the period under review, repayments totalled TEUR 2 (2006: TEUR 178). No advances, loans, or guarantees were granted to members of the Supervisory Board.

• **Expenses for severance payments and retirement benefits**

Expenses for severance payments and pensions (including contributions to pension funds and employee retirement benefit plans as well as provisions allocated to the reserves for severance payments) amounted to TEUR 401 for members of the Executive Board (2006: TEUR 591) and to TEUR 636 for other employees (2006: TEUR 755). The payment made to employee retirement benefit plans totalled TEUR 101 (2006: TEUR 63).

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

In the 2007 financial year, remuneration for the members of the Executive Board totalled TEUR 2,278 (2006: TEUR 2,282). No fees for attending meetings were paid to members of the Supervisory Board in 2007.

• **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 Österreich AG, Vienna, which provides consolidated financial statements for the least number of companies required. Raiffeisen Centrobank itself is considered to be a parent company pursuant to § 30 par. 1 Austrian Banking Act. Provisions pertaining to the exempting consolidated financial statements pursuant to § 245 par. 5 Austrian Commercial Code are not applicable, due to the fact that securities issued by the company are traded on an organized securities exchange as stipulated in § 2 (37) Austrian Banking Act. For this reason, the company draws up its own consolidated financial statements for its subgroup in accordance with International Financial Reporting Standards. 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 Corporate Income 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 addition, Raiffeisen Centrobank AG has been part of an equity group pursuant to § 9 Austrian Corporate Income Tax Act, in which it has a minority shareholding. 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, Supervisory Board and State Commissioners**

#### **Executive Board**

##### *Chairman*

**Eva Marchart**

##### *Deputy Chairman*

**Alfred Michael Spiss**

##### *Member*

**Gerhard Grund**

#### **Supervisory Board**

##### *Chairman*

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

##### *First Deputy Chairman*

**Patrick Butler**, Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna

##### *Second Deputy Chairman*

**Herbert Stepic**, Chairman, Raiffeisen International Bank-Holding AG, Vienna

##### *Members*

**Helfried Marek**, Vienna

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

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

#### **State Commissioners**

**Peter Braumüller**, Divisional Director

**Tamara Els**, Deputy Assistant

Vienna, April 7, 2008

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, 2007, and ending on December 31, 2007, 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 7, 2008  
KPMG Wirtschaftsprüfungs- und  
Steuerberatungs GmbH

**Wilhelm Kovsca**  
Certified public accountant

**Josef Kirchknopf**  
Tax consultant

## Service and Information

- **Glossary: Certificates**  
Glossary: General Financial Terms  
Companies of the Raiffeisen Centrobank Group  
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## Glossary: Certificates

### B

#### **Base value**

Also referred to as an underlying, this refers to the stock, basket of stocks, index, commodity or other item from which the certificate is derived.

#### **Basket**

Refers to an underlying which is comprised of two or more stocks, indexes or commodities. The basket's individual items do not have to be equally weighted.

#### **Benchmark**

Is a value—generally an index producing pertinent figures – detailing the performance of an investment vis-à-vis that of the market as a whole.

### C

#### **Cap**

Is the maximum payout of a certificate upon maturity.

#### **Certificates**

Are financial instruments which are traded on exchanges, which securitize assets, and which are issued by banks or other issuers as bonds. Certificates are comprised of derivatives, meaning that their performances are always completely dependent upon the movements on exchanges of their underlyings.

#### **Closing price**

Is the final quote of a security at the end of the trading day.

### D

#### **Direct investment**

Refers to an investor's purchase of an underlying instead of the related certificate.

#### **Dividend**

Is the portion of unappropriated annual income paid out by a joint stock company and accruing to each of its shares.

### E

#### **EUWAX (European Warrant Exchange)**

Is a segment of the Stuttgart Securities Exchange upon which such derivative products as certificates and option warrants are traded. EUWAX is the world's largest certificates trading exchange.

### I

#### **Index**

Is an indicator expressed in a single number, calculated on an ongoing basis using the values of its constituent securities (stocks or bonds) and comprised of items whose incorporation in the index is subject to periodic and objective reviews employing such accountability-ensuring criteria as turnover on exchanges or market capitalization.

#### **ISIN (International Securities Identification Number)**

Is the twelve-digit combination of letters and numbers assigned to each of the world's securities to establish its identity.

### Issuer

Is the party issuing securities. Issuers of stocks are companies; of bonds, companies, the government and other public sector authorities, or other institutions; of certificates, generally banks.

#### **Issue surcharge**

Serving to defray commissions paid for distribution, this one-time fee is generally levied upon the acquisition of certificates within the subscription period.

#### **Issuing**

Refers to that of a new certificate.

#### **Issuing price**

Also referred to as the subscription price, this figure is the price at which new certificates are issued.

**M****Market maker**

Are official members of an exchange which establish and maintain quotes for bidding and offering prices. In cases of certificates, the issuer itself generally serves as the market maker, so as to assure adequate amounts of supply and demand.

**Maturity**

Is date of expiry of a certificate. Most index certificates are "open ended," meaning that they do not have a time of maturity.

**O****Open-end**

Indicates that the certificate has no preset time of maturity.

**Outperformance**

Is when one investment outperforms—achieves a higher rate of return—another. Outperformance certificates enable the engineering of this rate of market-average return.

**Over-the-counter trading**

Refers to all securities trading which is not transacted on an exchange.

**P****Participation**

Indicates the extent to which a certificate enables the investor to participate in the underlying's movements on exchanges.

**Performance**

Denotes changes in investment value or return and is generally reported in percentages.

**Premium**

Is the difference between the two purchase prices: that of the underlying when acquired directly and that of an option warrant for the underlying.

**Q****Quanto**

Is affixed to certificates to indicate that they comprise a currency hedge precluding rates of exchanges' affecting of the certificates' value.

**R****Risk buffer**

Is the amount by which the certificate's underlying can fall without causing the investor to incur a loss.

**S****Spread**

Is employed in securities trading to denote the difference between bidding and offering prices. Certificate spreads are largely determined by the underlying's liquidity.

**Subscription ratio**

Indicates how many units of the underlying the certificate encompasses.

**T****Time to maturity**

Is the period extending from the issuing to the maturing of a certificate.

**V****Volatility**

Is the intensity of fluctuations of quote and returns. Volatility is generally calculated in percentages and on the basis of standard deviations from norms. The great degree of volatility evinced by discount and other certificates makes them highly attractive for investors wishing to gain footholds in markets.

## Glossary: General Financial Terms

### A

#### **Affiliated companies**

Entities over which the investor has control (= power to govern the financial and operating policies).

#### **Associated companies**

Entities over which the investor has significant influence.

### B

#### **Back testing**

The backward comparison of VaR figures with actual results to test the quality of a model.

#### **Banking book**

All positions that are not assigned to the trading book.

#### **Basis of assessment (incl. market risk)**

Comprises the basis of assessment within the meaning of § 22 of the Austrian Banking Act (BWG) plus 12.5 times the own funds required as cover for the trading book and open currency positions.

#### **Basis points**

Measurement to differentiate interest and yield differences. One basis point corresponds to 1/100th of a percentage point (1 BP = 0.01%).

#### **BWG**

Austrian Banking Act.

### C

#### **Cash flow**

Inflows and outflows of cash and cash equivalents.

#### **Cash flow statement**

Statement of cash flows during the financial year arising from operating activities, investing activities and financing activities and a reconciliation of cash and cash-equivalents held at the beginning and the end of the financial year.

#### **CE**

Central Europe. For RZB it is defined as total of Hungary, Poland, Slovakia, Slovenia, and Czech Republic.

### CEE

Central and Eastern Europe.

### CIS

Commonwealth of Independent States, consisting predominantly of territories of the former Soviet Union.

#### **Clean price**

Price of a financial instrument without accrued interest.

#### **Country risk**

This comprises transfer and convertibility risk and political risk.

#### **Core capital**

Paid-in capital and reserves less intangible fixed assets and balance sheet losses and material losses during the current financial year.

#### **Core capital ratio**

This ratio's numerator is core capital (tier 1) and its denominator is the basis of assessment (incl. market risk).

#### **Cost/income ratio**

Indicator of an enterprise's cost efficiency based on the ratio of expenses to earnings. It is calculated by comparing general administrative expenses (comprising staff expenses and other administrative expenses and depreciation/amortization of tangible and intangible fixed assets) with operating income (net interest income, net commission income, trading profit/loss and other operating profit/loss).

#### **Credit derivatives**

Instruments designed to transfer credit risk arising from loans, bonds and other risk assets or market risk items to another party.

### D

#### **DBO**

Defined benefit obligation = the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

### Default risk

Risk that counterparties in a financial transaction will not be able to fulfil an obligation, causing the other party a financial loss.

#### **Deferred tax assets**

The amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry-forward of unused tax losses, and the carry-forward of unused tax credits.

#### **Deferred tax liabilities**

The amounts of income taxes payable in future periods in respect of taxable temporary differences.

#### **Derivatives**

Financial instruments whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, that requires no initial net investment or small initial net investment and that is settled at a future date.

#### **Dirty price**

Price of a financial instrument including accrued interest.

### E

#### **Earnings per share (EPS)**

Profit attributable to ordinary equity holder (profit adjusted by dividends to preference shareholders) divided by the weighted average number of ordinary shares outstanding during the period.

#### **Excess cover ratio**

Relation of excess own funds to total own funds requirement.

### F

#### **Fair value**

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



**Fiduciary business**

Transactions which are carried out by trustee, often banks, on own name but on account of the beneficiary.

**Futures**

Standardized forward contracts traded on a stock exchange under which a commodity traded in a money, capital, precious metal or currency market is to be delivered or accepted at a price fixed in an exchange environment.

**G****Goodwill**

Any excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction.

**Gross investment value**

The aggregate of minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

**H****Hedging**

Designating one or more hedging instruments so that their change in fair value is an offset, in whole or in part, to the change in fair value or cash flows of a hedged item.

**Held-for-trading**

Securities held for trading purposes to take advantage of short-term market fluctuations.

**Held-to-maturity**

Financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

**HGB/UGB**

[Austrian] Commercial Code.

**I****ICAAP**

Internal Capital Adequacy Assessment Process = methods and processes of an integrated total bank risk management system to enable banks to ensure that enough own funds are always available to cover significant risks.

**IFRIC, SIC**

International Financial Reporting Interpretation Committee – interpreter of the International Financial Reporting Standards, formerly also SIC (Standing Interpretations Committee).

**IFRS, IAS**

The International Financial Reporting Standards or International Accounting Standards are reporting standards published by the IASB (International Accounting Standards Board) with the goal of achieving transparent and comparable accounting on an international basis

**Interest margin**

Net interest income in relation to average balance sheet total.

**Investment property**

Property (land or buildings—or part of buildings—or both) which are held to earn rentals or for capital appreciation or both.

**IPO**

Initial public offering, going public.

**L****Liquidity risk**

Risk that the bank could be unable to meet its current and future financial obligations in full or in good time. This arises from the danger that e.g. refinancing can only be obtained at very disadvantageous terms or is entirely impossible.

**M****Market capitalization**

The number of issued shares multiplied by the share price.

**Market risk**

The risk that the value of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

**O****Operating profit/loss**

In IFRS-compliant financial statements, it consists of operating income net of general administrative expenses. Operating income comprises net interest income, net commission income, trading profit (loss) and other operating profit (loss). General administrative expenses comprise staff expenses and other administrative expenses and depreciation/amortization of tangible and intangible fixed assets.

**Operational risk**

Risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

**Options**

Instruments that give the holder the right to purchase the underlying from a contracting party at an agreed price and at an agreed time or within an agreed period (call option) or to sell the underlying to a contracting party at an agreed price and at an agreed time or within an agreed period (put option).

**OTC instruments**

Financial instruments that are neither standardized nor traded on a stock exchange. They are traded directly between market participants "over-the-counter."

- Glossary: Certificates
- **Glossary: General Financial Terms**
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Contacts

#### **Own funds within the meaning of BWG**

Consist of core capital (tier 1), additional and subordinated capital (tier 2) and short-term subordinated capital and rededicated tier 2 capital (tier 3).

#### **Own funds ratio**

The ratio's numerator is own funds within the meaning of the Austrian Banking Act (BWG) and its denominator is the basis of assessment pursuant to § 22 BWG plus 12.5 times the own funds required as cover for the trading book and open currency positions.

#### **P**

##### **Plan assets**

Assets held by a long-term employment benefit fund.

##### **Portfolio rate**

Total provisions for impairment losses divided by total credit exposure.

##### **Projected Unit Credit Method**

An actuarial valuation method defined by IAS 19 that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation (sometimes known as the accrued benefit method prorated pro-rated on service or as the benefit/years of service method).

#### **R**

##### **Raiffeisen International**

The Group of Raiffeisen International Bank-Holding AG.

##### **Risk-weighted assets of the banking book**

According to the Austrian Banking Act (BWG) these are on-balance-sheet assets, off-balance-sheet and special off-balance-sheet banking book asset positions weighted by business and counterparty risk, respectively.

##### **ROE (return on equity)**

Return on the total equity including minority interests, i.e., profit before tax respectively after tax in relation to weighted average balance sheet equity. Average equity is calculated on month-end figures and does not include current year profit.

##### **RZB**

Raiffeisen Zentralbank Österreich AG Group.

##### **RZB Group**

Pursuant to § 30 of the Austrian Banking Act (BWG), RZB-Kreditinstitutsgruppe is made up of all banks, financial institutions, securities companies and companies rendering banking-related services in which RZB holds direct or indirect interests or has control as a super-ordinate institution.

#### **S**

##### **Segment reporting**

Disclosure of earnings and asset data for business segments (primary) and geographical areas (secondary).

#### **SEPA**

Single European Payments Area. This is a project to create a Europe-wide standardized payment area. In this payment area there is no distinction between cross-border and national payments for customers anymore.

##### **Share-based remuneration**

Performance-based allotments of company shares for eligible employees for a given period of time.

#### **SPO**

Secondary public offering; capital increase.

##### **Stress tests**

Stress tests endeavour to simulate extreme fluctuations in market parameters. They are used because such fluctuations are usually inadequately captured by VaR models (VaR forecasts maximum losses under normal market conditions).

##### **Swap**

Exchange of interest obligations (interest swap) and/or currency positions (currency swap).

#### **T**

##### **Tax rate**

Relation of income taxes to profit before tax.

##### **Trading book**

Bank regulators' term for assets held by a bank for short-term resale to exploit fluctuations in prices and interest rates.

#### **V**

##### **VaR**

Value at risk expresses the potential loss that will, with a 99% probability, not be exceeded within the period for which an asset is held in the portfolio in question.

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Germany, Italy, Liechtenstein, and  
Switzerland.

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Croatia, Czech Republic, Hungary,  
Kazakhstan, Moldova, Poland,  
Romania, Russia, Serbia, Slovakia,  
Slovenia, and Ukraine.

Glossary: Certificates  
 Glossary: General Financial Terms  
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- RZB Group Companies
- Contacts

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 Fax: +43-1-316 48-66100  
 www.oepag.at  
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 johannes.ziegelbecker@oepag.at

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 Fax: +43-810-530 098  
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Raiffeisen evolution project  
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 Fax: +43-1-71 706-410  
 www.raiffeisenevolution.com  
 Contact: Markus Neuraüter  
 markus.neuraüter@raiffeisenevolution.com

Subsidiaries in Bulgaria, Croatia,  
 Czech Republic, Hungary, Poland,  
 Serbia, Slovakia, Romania, Russia,  
 and Ukraine.

F. J. Elsner Trading Ges.m.b.H  
 Am Heumarkt 10, 1030 Vienna  
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 Fax: +43-1-79 736-9142  
 www.elsner.at  
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 siegfried.purrer@elsner.at  
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 Arab Emirates, and the USA.

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The Directors of  
Raiffeisen Centrobank AG  
Tegetthoffstraße 1  
1010 Vienna

WT-Code 804140

Your Ref

Our Ref 607

Contact Wilhelm Kovsca  
Josef Kirchknopf

June 16, 2008

**Raiffeisen Centrobank AG, Wien**  
**Confirmation of the Statements of sources and application of funds of Raiffeisen**  
**Centrobank AG for the years 2007 and 2006**

We were required by the Executive Board of Raiffeisen Centrobank AG (the “Bank”) to confirm that the Statements of sources and applications of funds (“Mittelherkunfts- und Mittelverwendungsrechnung”) of Raiffeisen Centrobank AG for the years ended December 31, 2007 and 2006 have been correctly prepared on the basis of the unconsolidated financial statements in accordance with Austrian GAAP of Raiffeisen Centrobank AG for the years ended December 31, 2007, 2006 and 2005.

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, 2007, 2006 and 2005.

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, 2007 and 2006 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, 2007, 2006 and 2005 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, 2007, 2006 and 2005.

- 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, 2007 and 2006 have been correctly calculated and drawn up from the audited unconsolidated balance sheets in accordance with Austrian GAAP of Raiffeisen Centrobank AG for the years ended December 31, 2007, 2006 and 2005.
- 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.

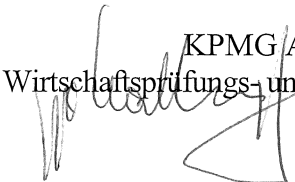
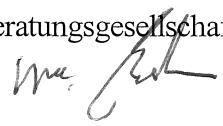
Our assignment and professional liability, for which these agreed upon procedures for Raiffeisen Centrobank AG were performed, was based on the "General Conditions of Contract for the Public Accounting Professions".

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 (Unternehmensgesetzbuch – UGB) 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 Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft  


**Enclosures**

## Raiffeisen Centrobank AG

## Statement of Sources and Application of Funds for the Year 2007

## Sources of Funds

	2007	
	in TEUR	%
<b>Increase in Liabilities and Shareholders' Equity</b>		
Liabilities to credit institutions	79.598	23,6%
Liabilities evidenced by certificates	110.713	32,8%
Provisions	3.270	1,0%
Net profit	13.802	4,1%
Taxed reserves (other (unrestricted) reserves)	3.500	1,0%
	<u>210.883</u>	<u>62,4%</u>
<b>Decrease in Assets</b>		
Investments in affiliated companies	1.560	0,5%
Claims on credit institutions	112.716	33,4%
Intangible fixed assets	114	0,0%
Claims on customers	9.672	2,9%
Bonds and other fixed-income securities	60	0,0%
Other assets	2.883	0,9%
	<u>127.005</u>	<u>37,6%</u>
	<u>337.888</u>	<u>100,0%</u>

## Application of Funds

## Increase in Assets

Cash in hand and balances with central banks	7.914	2,3%
Treasury bills and similar securities eligible for refinancing with central banks	31.496	9,3%
Shares and other variable-yield securities	210.289	62,2%
Tangible fixed assets	588	0,2%
	<u>250.287</u>	<u>74,1%</u>

## Decrease in Liabilities and Shareholders' Equity

Liabilities to customers (other liabilities)	27.466	8,1%
Other liabilities	60.135	17,8%
	<u>87.601</u>	<u>25,9%</u>
	<u>337.888</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

<b>Increase in Assets</b>		
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>
<b>Decrease in Liabilities and Shareholders' Equity</b>		
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>

# SUCCESS NEEDS AN OVERVIEW

## CONSOLIDATED INTERIM FINANCIAL REPORT AS OF JUNE 30, 2007

Raiffeisen Centrobank AG - Consolidated Interim Financial Report as of June 30, 2007 according to International Financial Reporting Standards (IFRS)

Tables and charts may contain rounding differences. Changes (percentages) are based on actual and not on presented rounded amounts.



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## SUMMARY OF KEY DATA

<b>Profit &amp; Loss account</b>	<b>1/1-30/06/2007</b>	<b>1/1-30/06/2006</b>	<b>Change</b>
<b>Amounts in thousand Euros</b>			
Net interest income	3,995	1,833	+117.9%
Net commission income	14,718	10,679	+37.8%
Trading profit	41,562	27,922	+48.9%
General administrative expenses	-25,440	-20,695	+22.9%
Profit before tax	39,705	24,626	+61.2%
Profit after tax	32,171	21,781	+47.7%

<b>Balance sheet</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change</b>
<b>Amounts in thousand Euros</b>			
Claims on credit institutions	178,200	316,452	-43.7%
Claims on customers	101,653	111,711	-9.0%
Trading assets	1,755,693	1,478,617	+18.7%
Liabilities to credit institutions	46,622	43,948	+6.1%
Liabilities to customers	164,779	266,346	-38.1%
Trading liabilities	1,770,075	1,564,104	+13.2%
Equity (incl. profit after tax)	120,297	107,431	+12.0%
Total assets	2,155,915	2,034,611	+6.0%

<b>Key figures</b>	<b>1/1-30/06/2007</b>	<b>1/1-30/06/2006</b>	<b>Change</b>
Return on Equity before tax	86.1%	60.3%	-
Cost/Income Ratio	39.1%	46.6%	-

<b>Bank related key figures pursuant to Austrian Banking Act</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change</b>
<b>Amounts in thousand Euros</b>			
Total own funds	77,879	74,331	+4.8%
Total own funds requirement	54,161	56,979	-4.9%
Excess own funds	23,718	17,352	+36.7%
Excess cover ratio in per cent	143.8%	130.5%	-

<b>Resources</b>	<b>30/06/2007</b>	<b>31/12/2006</b>	<b>Change</b>
Number of staff at end of period	255	245	+4.1%

CORPORATE BODIES

...	<b>Executive Board</b>	
...		
...	<b>Chairman</b>	Eva Marchart
...		
...	<b>Deputy Chairman</b>	Alfred Michael Spiss
...		
...	<b>Member</b>	Gerhard Grund
...		
10	<b>Supervisory Board</b>	
...		
...	<b>Chairman</b>	Walter Rothensteiner, Chairman of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna
...		
...	<b>Deputy Chairmen</b>	Patrick Butler, Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna – First Deputy Chairman
...		
20		Herbert Stepic, Chairman, Raiffeisen International Bankholding AG, Vienna – Second Deputy Chairman
...		
...	<b>Members</b>	Karl Sevelda, Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna
...		
...		Christian Teufl, Director, Raiffeisen Zentralbank Österreich AG, Vienna
30		
...		Helfried Marek, Vienna
...		
...	<b>State Commissioners</b>	Peter Braumüller, Divisional Director Tamara Els, Deputy Assistant
...		
...		
...		
40		



From left to right: Alfred Michael Spiss, Eva Marchart, Gerhard Grund

## CORPORATE GOVERNANCE

... Raiffeisen Centrobank is not a publicly-listed company. As an issuer of a broad range of structured  
 ... financial products, and as one of the leading securities underwriters on the Vienna market and at  
 ... other stock exchanges, Raiffeisen Centrobank orients its business activities to the rules and principles  
 ... of good and responsible corporate governance as stipulated in the Austrian Corporate Governance  
 ... Code, inasmuch as they are applicable to Raiffeisen Centrobank.

... For Raiffeisen Centrobank, the core features of modern corporate governance are an efficient coop-  
 ... eration among the various organs of the company based on an atmosphere of mutual trust, the  
 ... safeguarding of the interests of shareholders as well as ensuring open and transparent communi-  
 50 ... cations. The information provided below represents examples of how Raiffeisen Centrobank complied  
 ... with the Austrian Corporate Governance Code during the period under review (January 1, 2006 –  
 ... December 31, 2006), and refer to the new version of the code published in January 2006.

### **Cooperation of Supervisory and Executive Board**

... One of the principles underlying good corporate governance reflected in the management of Raiff-  
 ... eisen Centrobank is the open discussions taking place between the Executive Board and Supervisory  
 ... Board, and within these bodies.

### **Transparent information policies**

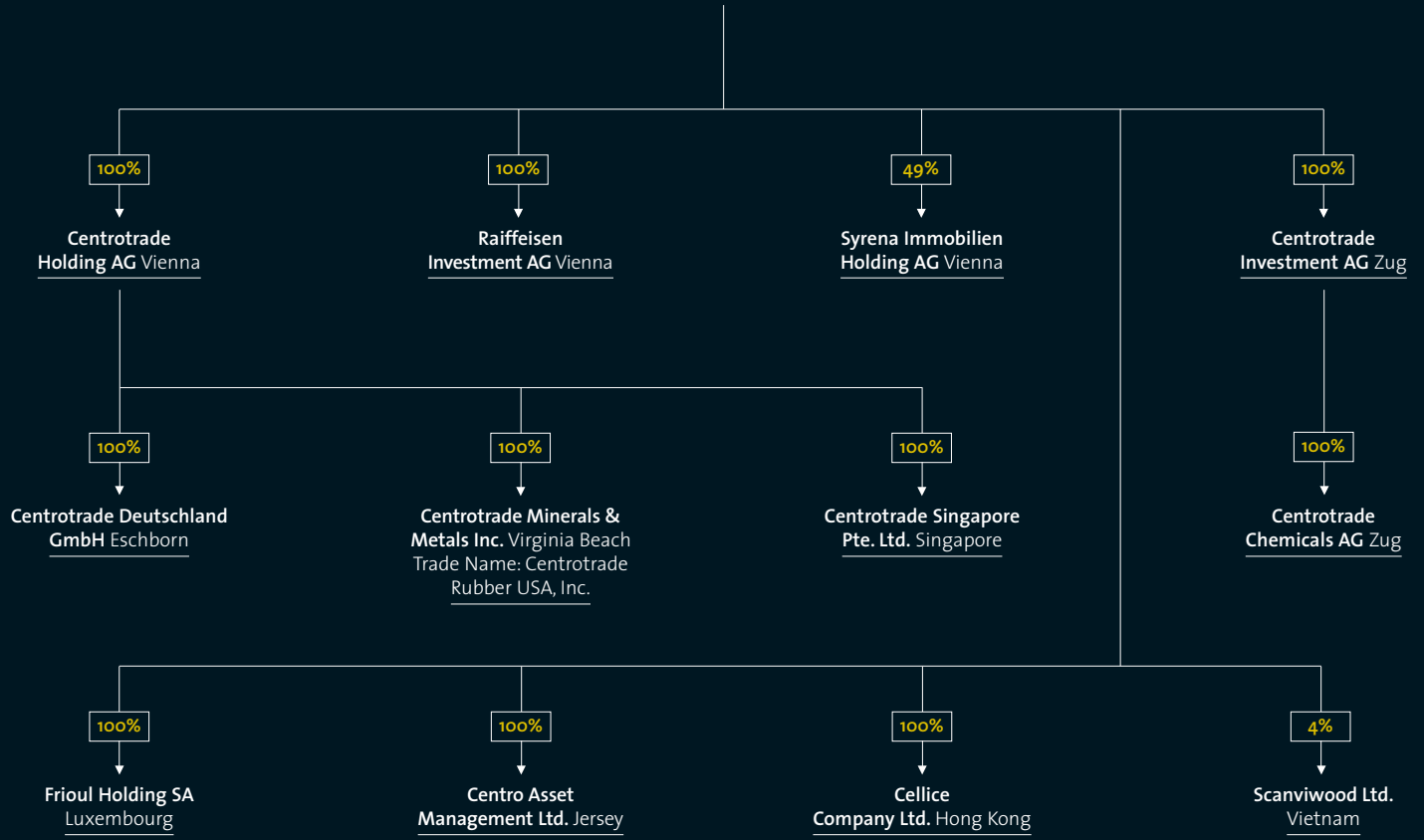
60 ... Raiffeisen Centrobank considers openness and transparency in its communications with sharehold-  
 ... ers and relevant stakeholders to be a top priority. For this reason, comprehensive information is  
 ... offered on the Internet:

- ... » Press releases, overview of key company data
- ... » Shareholders and subsidiaries
- ... » Annual reports (downloadable as PDF files)
- ... » Securities prospectuses (downloadable as PDF files)
- ... » Raiffeisen Centrobank stock analyses and product brochures (downloadable as PDF files), etc.

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RAIFFEISEN CENTROBANK AG VIENNA





## RZB GROUP







## GROUP MANAGEMENT REPORT FOR THE FIRST HALF YEAR 2007

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... Balance sheet item “liabilities to customers”, which comprised 8% of total liabilities, decreased from  
 ... EUR 266.346 mio. to EUR 164.779 mio. due to a customer’s portfolio reduction. For the same reason  
 ... balance sheet item “claims on credit institutions”, accounting for 8% of total assets, decreased by  
 ... EUR 138.252 mio. to EUR 178.200 mio.

... Corresponding to the development of the assets column, item “trading liabilities”, accounting for  
 ... 82% of liabilities, rose from EUR 1,564.104 mio. to EUR 1,770.075 mio. The “trading liabilities” are  
 ... mainly composed of structured guarantee products of Raiffeisen Centrobank AG, such as the  
 ... well-known “Winner“ or “Blue Chip” certificates, warrants and other certificates, such as Turbo  
 170 certificates on indices and individual securities.

## REPORT OF THE DEPARTMENTS

### **Departments of Raiffeisen Centrobank AG**

#### 180 **Securities Department**

... Within segment reporting, the result of the Securities Department is roughly made up of the  
 ... trading profit from the segments “Corporate Customers”, “Financial Institutions and Public Sector”  
 ... and “Treasury/Investment Banking”. The leap in profit is mainly due to the bank’s successful and  
 ... continued strategy of internationalisation, which underpins Raiffeisen Centrobank’s position as the  
 ... investment bank of the Raiffeisen banking group, with its focus being put on the CEE region. Our  
 ... range of products and services is of paramount international standard and reflects the high income  
 ... growth rate and level of recognition from our customers. The structure of the income generated by  
 ... the Securities Department is quite favourable. More than 50% of the gross profits are derived from  
 ... commission and fee income. The sale of the bank’s own products increased as well in the first half year  
 190 2007 by 15% to EUR 1.6 bn.

... Raiffeisen Centrobank’s leading position as the Austrian investment bank and hub for share trading in  
 ... the CEE region is underpinned by its standing as the major specialist and market maker on the  
 ... Vienna Stock Exchange, with market shares of 10% cash market, more than 20% Austrian derivatives  
 ... and up to 40% derivatives on East European underlyings. The bank’s sales volume on the leading  
 ... European derivatives exchange in Stuttgart which, in addition to the Vienna stock exchange, lists all  
 ... structured and derivative products issued by Raiffeisen Centrobank, decreased by about 10%. This  
 ... developement well reflects the bank’s strategy to issue lower volumes of high leveraged products.



... which are being analysed has been raised to about 100, of which more than two third are com-  
... panies from CEE.

... Recently taken up titles as Zentiva, INA, Dwory, Tell, Echo, GTC, Polimex, PKN, Petrol and Polytec reflect  
... this further expansion of our securities research work. Company reports supported the transactions  
... WARIMPEX and CA IMMO International. In addition, our Research Department set up credit research  
... reports for the corporate bonds issues of Porr, Strabag and Conwert, which were carried out by RZB.  
... The result of the department is recorded in the segment "Financial Institutions and Public Sector".

250

#### ... **Private Banking**

... The result of the Private Banking Department, which represents a core strategic pillar of Raiffeisen  
... Centrobank's business activities, recorded a rise from EUR 1.949 mio. to EUR 4.031 mio. in the first half-  
... year, which is a very gratifying development. Favourable market developments and essential positive  
... one-time effects contributed to the rise. Dependent on the risk disposition of our cusotmers and the  
... share ratio accordingly, the performance in the first half year 2007 ranged between 2 and 6%. Our  
... investment approach comprises individualised advisory services and comprehensive counselling, a  
... concept which has been highly appreciated and honoured by our customers and which forms the  
... basis for further expansion in this segment. The strategic focus will be put on the East European  
260 market, in cooperation with local network banks of RZB.

#### ... **Subsidiaries**

##### ... **Raiffeisen Investment AG**

... Booming M&A markets in Europe and the CEE, SEE and CIS regions have advanced the positive  
... performance of Raiffeisen Investment AG yet in the first half year 2007. Considerable increases  
... have been recorded both in terms of turn-over and business result. Profit before tax amounted to  
... EUR 4.374 mio. before consolidation, which exceeds the semi-annual result 2006 by EUR 0.898 mio.  
270 Profit from advisory services rose from EUR 5.946 mio. to EUR 6.748 mio. In the first half-year 2007  
... the share in an Ukrainian company and in a trusteeship were sold.

... In addition to the very successful privatisations of Telekom in Republika Srpska or Petkim, the Turkish  
... petro-chemical industry, which both achieved record prices, the sale of both, Akrichin, one of Russia's  
... largest producers of generic products and of K&K, Bulgaria's largest electronics retail chain were  
... realised. Moreover, successful acquisitions in the gas distribution sector were finalised in the CIS  
... region.

... Currently, Raiffeisen Investment AG is engaged in a number of major mandates with well known  
280 international customers such as RWE, Electrabel, Bahlsen, Heineken, Severstal and Mittal Steel.









CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS OF JUNE 30, 2007

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PROFIT & LOSS ACCOUNT

Amounts in thousand Euros	Notes	1/1–30/6/2007	1/1–30/6/2007	Change
Interest income		11,676	10,030	+16.4%
Interest expenses		-7,681	-8,196	-6.3%
<b>Net interest income</b>	<b>(2)</b>	<b>3,995</b>	<b>1,833</b>	<b>+117.9%</b>
Provisioning for impairment losses	(3)	0	0	0%
<b>Net interest income after provisioning</b>		<b>3,995</b>	<b>1,833</b>	<b>+117.9%</b>
Fee and commission income		21,150	13,109	+61.3%
Fee and commission expenses		-6,433	-2,429	+164.8%
<b>Net commission income</b>	<b>(4)</b>	<b>14,718</b>	<b>10,679</b>	<b>+37.8%</b>
Trading profit	(5)	41,562	27,922	+48.9%
Net income from financial investments & current financial assets	(6)	16	874	-98.2%
General administrative expenses	(7)	-25,440	-20,695	+22.9%
Other operating result	(8)	4,854	4,013	+21.0%
<b>Profit before tax</b>		<b>39,705</b>	<b>24,626</b>	<b>+61.2%</b>
Income taxes		-7,535	-2,844	+164.9%
<b>Profit after tax</b>		<b>32,171</b>	<b>21,781</b>	<b>+47.7%</b>

in Euro	Notes	1/1–30/6/2007	1/1–30/6/2007	Change
Earning per share		49.12	33.25	+47.7%

The average number of ordinary shares amounted to 655,000 in both periods.

**BALANCE SHEET**

Amounts in thousand Euros	Notes	30/6/2007	31/12/2006	Change
<b>Assets</b>				
Cash reserve		7,450	2,023	+268.2%
Claims on credit institutions	(9)	178,200	316,452	-43.7%
Claims on customers	(10)	101,653	111,711	-9.0%
Impairment losses on claims	(11)	-1,259	-1,259	
Trading profit	(12)	1,755,693	1,478,617	+18.7%
Other current financial assets	(13)	35,197	40,805	-13.7%
Financial investments	(14)	6,092	10,631	-42.7%
Intangible fixed assets	(15)	514	581	-11.5%
Tangible fixed assets	(16)	14,216	14,075	+1.0%
Other assets	(17)	58,158	60,974	-4.6%
<b>Total assets</b>		<b>2,155,915</b>	<b>2,034,611</b>	<b>+6.0%</b>
<b>Equity and liabilities</b>				
Liabilities to credit institutions	(18)	46,622	43,948	+6.1%
Liabilities to customers	(19)	164,779	266,346	-38.1%
Provisions	(20)	22,575	22,534	+0.2%
Trading liabilities	(21)	1,770,075	1,564,104	+13.2%
Other liabilities	(22)	31,557	30,249	+4.3%
Equity	(23)	120,297	107,431	+12.0%
Consolidated equity		88,126	79,733	+10.5%
Consolidated profit		32,171	27,698	+16.1%
<b>Total equity and liabilities</b>		<b>2,155,915</b>	<b>2,034,611</b>	<b>+6.0%</b>

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand Euros	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
<b>Equity as of 1/1/2007</b>	<b>47,599</b>	<b>6,651</b>	<b>25,482</b>	<b>27,698</b>	<b>-</b>	<b>107,431</b>
Capital increase/decrease	-	-	-	-	-	-
Transferred to retained earnings	-	-	10,013	-10,013	-	-
Dividend payments	-	-	-	-17,685	-	-17,685
Profit after tax	-	-	-	32,171	-	32,171
Valuation result of available-for-sale financial assets	-	-	-1,325	-	-	-1,325
Exchange differences	-	-	-295	-	-	-295
<b>Equity as per 30/06/2007</b>	<b>47,599</b>	<b>6,651</b>	<b>33,876</b>	<b>32,171</b>	<b>-</b>	<b>120,297</b>
<b>Equity as of 1/1/2006</b>	<b>47,599</b>	<b>6,651</b>	<b>16,888</b>	<b>23,530</b>	<b>-</b>	<b>94,668</b>
Capital increase/decrease	-	-	-	-	-	-
Transferred to retained earnings	-	-	8,465	-8,465	-	-
Dividend payments	-	-	-	-15,065	-	-15,065
Profit after tax	-	-	-	21,781	-	21,781
Exchange differences	-	-	-369	-	-	-369
<b>Equity as per 30/06/2006</b>	<b>47,599</b>	<b>6,651</b>	<b>24,984</b>	<b>21,781</b>	<b>-</b>	<b>101,015</b>

The share capital of Raiffeisen Centrobank AG amounted to EUR 47,599 thousand consisting of 655,000 ordinary shares without par value.

CASH FLOW STATEMENT

Amounts in thousand Euros	1/1-30/6/2007	1/1-30/6/2006
<b>Cash and cash equivalents at the end of previous period</b>	<b>2,023</b>	<b>3,488</b>
Cash flow from operating activities	21,028	30,646
Cash flow from investing activities	2,084	464
Cash flow from financing activities	-17,685	-15,065
<b>Cash and cash equivalents at the end of period</b>	<b>7,450</b>	<b>19,532</b>

## NOTES

### **Accounting policies**

Raiffeisen Centrobank has issued certificates, which are admitted to trading in regulated markets according to § 2 fig. 37 Austrian Banking Act. According to § 245 para 5 Austrian Commercial Code Raiffeisen Centrobank is legally obliged to provide and publish consolidated financial statements and according to § 87 para 1 of the Austrian Stock Exchange Act the bank is obliged to provide and publish a consolidated interim financial report.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the European Union including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) that were already applicable. The financial statements for the half year period ending at June 30, 2007 comply with the requirements of IAS 34 (Interim Financial Reporting) and have been reviewed by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH. For the half year statements the same accounting and valuation policies as well as consolidation methods as for the closing of the financial year 2006 have been applied.

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members which are prepared according to uniform Group standards and IFRS rules. All fully consolidated companies have provided their statements as of June 30. Figures in this interim financial report are stated in thousand Euros.

IFRS 7 (Financial Instruments: Disclosures) amends the rules for disclosure of financial instruments and takes effect for the annual period beginning on or after January 1, 2007. IFRS 7 will result in changes in financial reporting as IFRS 7 replaces IAS 30 (Disclosure in the Financial Statements of Banks and similar Financial Institutions) and partially supersedes IAS 32 (Financial Instruments: Disclosure and presentation) as far as the disclosure requirements are concerned. The changes mainly concern the separate disclosure of the different categories of financial assets and financial liabilities. In this interim report the valuation categories are being disclosed separately.

## Balance Sheet relating to valuation categories (Assets)

Amounts in thousand Euros	30/6/2007	31/12/2006	Change
<b>Assets</b>			
Cash reserve	7,450	2,023	+268.2%
<b>Trading assets</b>	<b>1,755,693</b>	<b>1,478,617</b>	<b>+18.7%</b>
Positive fair market value of other derivative financial instruments	344,962	309,154	+11.5%
Shares and other variable yield securities	1,249,865	1,035,617	+20.7%
Bonds and other fixed-interest securities	160,866	133,846	+20.2%
<b>Financial assets at fair value through profit and loss</b>	<b>35,197</b>	<b>40,805</b>	<b>-13.7%</b>
Shares and other variable yield securities	127	127	–
Bonds and other fixed-interest securities	35,070	40,678	-13.8%
<b>Available for sale financial assets</b>	<b>5,168</b>	<b>8,348</b>	<b>-38.1%</b>
Other interest	5,168	8,348	-38.1%
Loans and advances to banks	337,105	488,410	-31.0%
Loans and advances to banks	178,200	316,452	-43.7%
Loans and advances to customer	101,653	111,711	-9.0%
Other non derivative financial assets	57,252	60,247	-5.0%
<b>Impairment losses on loans and advances</b>	<b>-1,259</b>	<b>-1,259</b>	<b>–</b>
<b>Derivatives</b>	<b>907</b>	<b>728</b>	<b>+24.6%</b>
Positive fair values of derivatives in fair value hedges (IAS 39 Fair Value Hedge)	829	479	+73.1%
Positive fair values of other derivative financial instruments	78	249	-68.7%
<b>Other assets</b>	<b>15,654</b>	<b>16,939</b>	<b>-7.6%</b>
<b>Total assets</b>	<b>2,155,915</b>	<b>2,034,611</b>	<b>+6.0%</b>



**Balance Sheet relating to valuation categories (Equity and Liabilities)**

Amounts in thousand Euros	30/6/2007	31/12/2006	Change
<b>Equity and Liabilities</b>			
<b>Trading liabilities</b>	<b>1,770,075</b>	<b>1,564,104</b>	<b>+13.2%</b>
Negative fair market value of other derivative financial instruments	1,682,709	1,464,277	+14.9%
Short selling of trading assets	87,366	99,827	-12.5%
<b>Liabilities</b>	<b>242,847</b>	<b>340,099</b>	<b>-28.6%</b>
Deposits from banks	46,622	43,948	+6.1%
Deposits from customer	164,779	266,346	-38.1%
Other non derivate financial liabilities	31,446	29,805	+5.5%
<b>Derivatives</b>	<b>122</b>	<b>444</b>	<b>-72.5%</b>
Negative fair values of derivatives in fair value hedges (IAS 39 Fair Value Hedge)	13	52	-75.0%
Negative fair values of other derivative financial instruments	109	392	-72.2%
<b>Provisions for liabilities and charges</b>	<b>22,575</b>	<b>22,534</b>	<b>+0.2%</b>
<b>Equity</b>	<b>120,297</b>	<b>107,431</b>	<b>+12.0%</b>
<b>Total Equity and Liabilities</b>	<b>2,155,915</b>	<b>2,034,611</b>	<b>+6.0%</b>

**Changes in the scope of consolidated companies**

Unchanged to the previous period the scope of consolidated companies as at June 30, 2007 consists of 7 fully consolidated companies.

## (1) SEGMENT REPORTING

### Segment Reporting by Business Segment

The basis for primary segment reporting according to IAS 14 is the internal reporting system of Raiffeisen Zentralbank Österreich AG (RZB) which is mainly customer-oriented. Business is divided into the following segments:

- Corporate Customers
- Financial Institutions and Public Sector
- Private Banking
- Treasury and Investment Banking
- Commodity Trading and other Participations.

The corporate customers segment encompasses business with companies which focus on loan and payment transactions and companies which require advisory services for capital market as well as for merger & acquisitions transactions. Small, medium-sized and large companies, as well as group companies and profit-oriented state-owned companies are included in this segment.

The financial institutions and public sector segment encompasses business with banks, financial service providers, insurance companies and public sector entities. Also included in this segment are the issuances (warrants, structured products).

The private banking segment encompasses business with private individuals, self-employed (high networth individuals) and companies which require individualised advisory approach and asset management services.

Treasury/investment banking: The treasury segment encompasses the bank's own positions in on-balance sheet (e.g. money market deposits) and off-balance sheet based products (futures, forwards, options). These encompass interest rate business, foreign exchange business, liquidity management and asset/liability management (covering with matching assets). The investment banking segment encompasses proprietary securities trading.

The commodity trading and other participations segment includes the result of the consolidated trading companies of Raiffeisen Centrobank AG as well as other non-banking activities.

The group applies two central steering benchmarks:

1. The Return on Equity before tax is the ratio that states the profit before tax to average equity employed and expresses the return on capital employed.

2. The cost/income ratio represents the cost efficiency of business segments. The cost/income ratio is calculated as quotient of general administrative expenses and sum of net interest income, net commission income, trading profit/loss and other operating result (adjusted for the net result from hedge accounting and other derivative financial instruments).

Segment reporting is based on the group's internal management income statement which is similar to a multi-stage contribution costing calculation. Income and expenses are allocated according to the causation principle. Income items are net interest income, net commission income, trading profit and other operating result. Net interest income is calculated using the market interest rate method.

Provisioning for impairment losses on loans and advances consists of net allocations of individual and portfolio-based impairment losses on credit risks, direct write-downs as well as income received from written-down claims. General administrative expenses include direct and indirect costs. Direct costs (staff expenses and other administrative expenses) are incurred by business segments while the indirect costs are allocated according to agreed ratios.

### (1a) Segment Reporting by Business Segment

1/1-30/6/2007 Amounts in thousand Euros	Corporate Customers 1)	Financial Institutions and Public Sector 1)	Private Banking	Treasury Investment Banking 1)	Commodity Trading and other Participation	Total
Net interest income	654	145	1,276	3,124	-1,204	3,995
Provisioning for impairment losses	0	0	0	0	0	0
Net interest income after provisioning	654	145	1,276	3,124	-1,204	3,995
Net commission income	10,065	211	3,046	1,488	-92	14,718
Trading profit	1465	24,564	1,692	13,841		41,562
Net income from financial investments and current financial assets					16	16
General administrative expenses	-9,166	-10,317	-1,983	-1,295	-2,679	-25,440
Other operating result					4,854	4,854
<b>Profit before tax</b>	<b>3,018</b>	<b>14,603</b>	<b>4,031</b>	<b>17,158</b>	<b>895</b>	<b>39,705</b>
Risk-weighted assets (inc. market risk)	47,204	26,796	54,417	500,634	47,960	677,011
Average number of staff	70	105	20	13	37	245
Cost/Income Ratio	75.2%	41.4%	33.0%	7.0%	75.3%	39.1%
Average equity	6,731	3,821	7,760	67,754	6,132	92,198
<b>Return on Equity before tax 2)</b>	<b>89.7%</b>	<b>764.4%</b>	<b>103.9%</b>	<b>50.6%</b>	<b>29.2%</b>	<b>86.1%</b>

1) Reclassification in the segment "Treasury – Investment Banking": As of business year 2007 only treasury proprietary trading positions and securities proprietary trading positions will be recorded. The respective customer-related business from investment banking activities, which had so far been included in this position, will be shown under the relevant segments. Comparative figures from the period last year have not been adjusted.

2) In order to make the Return on Equity comparable with the year end-figure it has been scaled on a 12 month basis.

1/1-30/6/2007 Amounts in thousand Euros	Corporate Customers	Financial Institutions and Public Sector	Private Banking	Treasury Investment Banking	Commodity Trading and other Participation	Total
Net interest income	693	175	1,241	2,936	-3,212	1,833
Provisioning for impairment losses	0	0	0	0	0	0
Net interest income after provisioning	693	175	1,241	2,936	-3,212	1,833
Net commission income	7,641	95	1,800	562	581	10,679
Trading profit	494	9,226	473	17,729		27,922
Net income from financial investments and current financial assets					874	874
General administrative expenses	-5,005	-4,619	-1,565	-7,348	-2,158	-20,695
Other operating result					4,013	4,013
<b>Profit before tax</b>	<b>3,823</b>	<b>4,877</b>	<b>1,949</b>	<b>13,879</b>	<b>98</b>	<b>24,626</b>
Risk-weighted assets (incl. market risk)	60,362	20,896	83,568	556,194	46,603	767,623
Average number of staff	39	49	17	77	39	221
<b>Cost/Income Ratio</b>	<b>56.7%</b>	<b>48.6%</b>	<b>44.5%</b>	<b>34.6%</b>	<b>156.2%</b>	<b>46.6%</b>
Average equity	6,922	2,396	9,583	57,418	5,344	81,663
<b>Return on Equity (ROE) before tax 1)</b>	<b>110.5%</b>	<b>407.1%</b>	<b>40.7%</b>	<b>48.3%</b>	<b>3.7%</b>	<b>60.3%</b>

1) In order to make the Return on Equity comparable with the year end-figure it has been scaled on a 12 month basis

## Segment Reporting by Region

Secondary segment reporting shows earnings components and portfolio figures by regional aspects. Allocation criteria are the headquarters of the respective company. In addition to direct results, funding costs, capital hedging costs and direct management costs are apportioned to regions according to their causes.

The regional segments under review are described below:

### Austria

Austria encompasses banking business, corporate finance advisory and head office functions for the bank's trading subsidiaries.

### Western Europe

This segment comprises the commodity trading subsidiaries in Germany and Switzerland.

### USA

In the United States another commodity trading subsidiary is located.

The regional distribution according to the domicile of the company leads to the following table:

**(1b) Segment Reporting by Region**

1/1-30/6/2007	Austria	Western Europe	USA	Total
<b>Amounts in thousand Euros</b>				
Net interest income	4,750	-314	-441	3,995
Provisioning for impairment losses	0	0	0	0
Net interest income after provisioning	4,750	-314	-441	3,995
Net commission income	14,709	-9	18	14,718
Trading profit	41,562			41,562
Net income from financial investments and current financial assets	16			16
General administrative expenses	-23,381	-1,563	-496	-25,440
Other operating result	443	3,095	1,316	4,854
<b>Profit before tax</b>	<b>38,099</b>	<b>1,209</b>	<b>397</b>	<b>39,705</b>
Total assets	2,101,736	39,496	14,683	2,155,915
Risk-weighted assets (incl. market risk)	663,734	13,277		677,011
Average number of staff	217	19	9	245
<b>Cost/Income Ratio</b>	<b>38.0%</b>	<b>54.6%</b>	<b>55.5%</b>	<b>39.1%</b>
Average equity	77,964	11,728	2,507	92,198
<b>Return on Equity (ROE) before tax 1)</b>	<b>97.7%</b>	<b>20.6%</b>	<b>31.7%</b>	<b>86.1%</b>

1) In order to make the Return on Equity comparable with the year end-figure it has been scaled on a 12 month basis

1/1-30/6/2006	Austria	Western Europe	USA	Total
<b>Amounts in thousand Euros</b>				
Net interest income	2,696	-567	-296	1,833
Provisioning for impairment losses	0	0	0	0
Net interest income after provisioning	2,696	-567	-296	1,833
Net commission income	10,763	-69	-15	10,679
Trading profit	27,922			27,922
Net income from financial investments and current financial assets	874			874
General administrative expenses	-18,647	-1,569	-479	-20,695
Other operating result	-217	3,120	1,110	4,013
<b>Profit before tax</b>	<b>23,391</b>	<b>915</b>	<b>320</b>	<b>24,626</b>
Total assets	1,874,227	43,375	14,500	1,932,102
Risk-weighted assets (incl. market risk)	704,406	63,217		767,623
Average number of staff	193	19	9	221
<b>Cost/Income Ratio</b>	<b>45.3%</b>	<b>63.2%</b>	<b>59.9%</b>	<b>46.6%</b>
Average equity	67,661	11,385	2,616	81,663
<b>Return on Equity (ROE) before tax 1)</b>	<b>69.1%</b>	<b>16.1%</b>	<b>24.5%</b>	<b>60.3%</b>

1) In order to make the Return on Equity comparable with the year end-figure it has been scaled on a 12 month basis

## NOTES TO THE PROFIT & LOSS ACCOUNT

### (2) Net interest income

Amounts in thousand Euros	1/1-30/6/2007	1/1-30/6/2006
<b>Interest income</b>	<b>10,044</b>	<b>9,957</b>
from claims on credit institutions	5,698	5,590
from claims on customers	3,138	3,117
from current financial assets	721	641
from financial investments	–	6
from derivative financial instruments (non-trading)	487	603
<b>Current income</b>	<b>1,631</b>	<b>73</b>
<b>Interest and interest-like income, total</b>	<b>11,676</b>	<b>10,030</b>
<b>Interest expenses</b>	<b>-7,665</b>	<b>-8,195</b>
for liabilities to credit institutions	-1,363	-2,162
for liabilities to customers	-5,757	-5,278
from derivative financial instruments (non-trading)	-545	-754
<b>Interest-like expenses</b>	<b>-16</b>	<b>-2</b>
<b>Interest and interest-like expenses, total</b>	<b>-7,681</b>	<b>-8,196</b>
<b>Net interest income</b>	<b>3,995</b>	<b>1,833</b>

### (3) Provisioning for impairment losses

Unchanged to the previous period during the first half of 2007 no provisions for impairment losses had to be allocated.

### (4) Net commission income

Amounts in thousand Euros	1/1-30/6/2007	1/1-30/6/2006
Payment transfer business	-325	-81
Loan administration and guarantee business	7	68
Fiduciary business	1,000	0
Securities business	7,088	4,546
Income from advisory services from merger & acquisitions	6,748	5,946
Other banking services	200	200
<b>Total</b>	<b>14,718</b>	<b>10,679</b>

The net commission income from fiduciary business resulted from the sale of an equity investment held on trust.

**(5) Trading profit**

Amounts in thousand Euros	1/1-30/6/2007	1/1-30/6/2006
Interest-based transactions	776	-784
Currency-based transactions	7,701	-8,529
Equity-/index based transactions	33,085	37,235
<b>Total</b>	<b>41,562</b>	<b>27,922</b>

**(6) Net income from financial investments and current financial assets**

Amounts in thousand Euros	1/1-30/6/2007	1/1-30/6/2006
<b>Net income from financial investments</b>	<b>34</b>	<b>924</b>
Net valuations from financial investments and equity participations	-1,359	-
Net proceeds from financial investments and equity participations	1,393	924
<b>Net income from other current financial assets</b>	<b>-19</b>	<b>-50</b>
Net valuation from securities held as other current financial assets	-19	-50
<b>Total</b>	<b>16</b>	<b>874</b>

The net proceeds from financial investment and equity participations shown for 2007 relate to the sale of an equity investment in the Ukraine.

**(7) General administrative expenses**

Amounts in thousand Euros	1/1-30/6/2007	1/1-30/6/2006
Staff expenses	-18,876	-14,517
Other administrative expenses	-5,459	-4,947
Depreciation on tangible and intangible fixed assets	-1,105	-1,230
<b>Total</b>	<b>-25,440</b>	<b>-20,695</b>

**(8) Other operating result**

Amounts in thousand Euros	1/1-30/6/2007	1/1-30/6/2006
Sales revenues from non-banking activities	154,279	163,007
Expenses arising from non-banking activities	-149,665	-159,173
Net proceeds from disposal of tangible and intangible fixed assets	17	-
Other taxes	-657	-1,065
Other operating income	2,679	4,065
Other operating expenses	-1,798	-2,821
<b>Total</b>	<b>4,854</b>	<b>4,013</b>

NOTES TO THE BALANCE SHEET

## (9) Claims on credit institutions

Amounts in thousand Euros	30/6/2007	31/12/2006
Giro and clearing business	130,690	107,488
Money market business	47,510	208,964
<b>Total</b>	<b>178,200</b>	<b>316,452</b>

## (10) Claims on customers

Amounts in thousand Euros	30/6/2007	31/12/2006
Corporate customers - large	93,015	102,591
Corporate customers – small business	8,638	9,119
<b>Total</b>	<b>101,653</b>	<b>111,711</b>

## (11) Impairment losses on claims

Amounts in thousand Euros	As of January 1, 2007	Changes in scope of cons. companies	Allocated	Released	Used	Transfers, exchange differences	As per June 30, 2007
<b>Individual loan less provisioning</b>	<b>1,259</b>	–	–	–	–	–	<b>1,259</b>
Claims on customers	1,259	–	–	–	–	–	1,259
hereof Austria	1,259	–	–	–	–	–	1,259
<b>Total</b>	<b>1,259</b>	–	–	–	–	–	<b>1,259</b>

During the first half of 2007 the impairment losses on claim remained unchanged compared to the first six months of the previous business year.



The table below gives an overview on the claims on credit institutions and customers as well as the respective loss provisions:

30/6/2007 Amounts in thousand Euros	Book value	Individual provisions	Net book value	Assets individually revaluated
Credit institutions	178,200	–	178,200	–
Corporate customers - large	93,015	873	92,142	908
Corporate customers – small business*	8,638	385	8,253	395
<b>Total</b>	<b>279,853</b>	<b>1,259</b>	<b>278,595</b>	<b>1,303</b>

\*) This item includes small and medium-sized corporate customers as well as high networth individuals.

31/12/2006 Amounts in thousand Euros	Book value	Individual provisions	Net book value	Assets individually revaluated
Credit institutions	316,452	–	316,452	–
Corporate customers - large	102,591	873	101,718	885
Corporate customers – small business*	9,119	385	8,734	385
<b>Total</b>	<b>428,163</b>	<b>1,259</b>	<b>426,904</b>	<b>1,270</b>

\*) This item includes small and medium-sized corporate customers as well as high networth individuals.

## (12) Trading profit

Amounts in thousand Euros	30/6/2007	31/12/2006
Bonds and other fixed income securities	160,866	133,846
Shares and other variable-yield securities	1,249,865	1,035,617
Positive fair values from derivative transactions	344,962	309,154
<b>Total</b>	<b>1,755,693</b>	<b>1,478,617</b>

## (13) Other current financial assets

Amounts in thousand Euros	30/6/2007	31/12/2006
Bonds and other fixed income securities	35,070	40,678
Other variable-yield securities	127	127
<b>Total</b>	<b>35,197</b>	<b>40,805</b>

**(14) Financial investments**

Amounts in thousand Euros	30/6/2007	31/12/2006
<b>Equity investments</b>	<b>6,092</b>	<b>10,631</b>
Investments in affiliated companies	924	2,283
Financial investments valued-at-equity	–	–
Other equity investments	5,168	8,348
<b>Total</b>	<b>6,092</b>	<b>10,631</b>

The decrease in this position results from the distribution related depreciation of a non-fully consolidated company of Raiffeisen Centrobank AG and the sale of a non-affiliated company of Raiffeisen Investment AG.

**(15) Intangible fixed assets**

Amounts in thousand Euros	30/6/2007	31/12/2006
Software	509	574
Other intangible fixed assets	6	7
<b>Total</b>	<b>514</b>	<b>581</b>

**(16) Tangible fixed assets**

Amounts in thousand Euros	30/6/2007	31/12/2006
Properties and buildings used for own activities	7,786	7,864
Other tangible fixed assets, office furniture and equipment	6,430	6,211
<b>Total</b>	<b>14,216</b>	<b>14,075</b>

**(17) Other assets**

Amounts in thousand Euros	30/6/2007	31/12/2006
Tax assets	13,305	3,687
Receivables arising from non-banking activities	19,916	21,737
Accruals and deferred items	3,105	990
Positive fair values of derivatives in fair hedge values (IAS 39 Fair Value Hedge)	829	479
Positive fair values from other derivative financial instruments	78	249
Inventories	17,199	28,211
Other assets	3,726	5,621
<b>Total</b>	<b>58,158</b>	<b>60,974</b>

**(18) Liabilities to credit institutions**

Amounts in thousand Euros	30/6/2007	31/12/2006
Giro and clearing business	4,906	6,194
Money market business	41,221	37,256
Long-term loans	496	498
<b>Total</b>	<b>46,622</b>	<b>43,948</b>

**(19) Liabilities to customers**

Amounts in thousand Euros	30/6/2007	31/12/2006
Sight deposits	141,518	101,375
Time deposits	23,262	164,970
<b>Total</b>	<b>164,779</b>	<b>266,346</b>

**(20) Provisions**

Amounts in thousand Euros	30/6/2007	31/12/2006
Taxes	39	127
Pending legal issues	2,289	2,289
Long-term staff-related provisions	5,212	4,825
Short-term staff-related provisions	10,958	10,943
Others	4,077	4,350
<b>Total</b>	<b>22,575</b>	<b>22,534</b>

**(21) Trading liabilities**

Amounts in thousand Euros	30/6/2007	31/12/2006
Negative fair values of derivative financial instruments	1,682,709	1,464,277
Equity-/index based transactions	1,682,709	1,464,277
Short-selling of trading assets	87,366	99,827
<b>Total</b>	<b>1,770,075</b>	<b>1,564,104</b>

**(22) Other liabilities**

Amounts in thousand Euros	30/6/2007	31/12/2006
Liabilities from non-banking activities	12,427	13,994
Accruals and deferred items	6,288	2,557
Negative fair values of derivatives in fair value hedges (IAS 39 Fair Value Hedge)	13	52
Negative fair values of other derivative financial instruments	109	392
Other liabilities	12,731	13,254
<b>Total</b>	<b>31,567</b>	<b>30,249</b>

**(23) Equity**

Amounts in thousand Euros	30/6/2007	31/12/2006
<b>Consolidated Equity</b>	<b>88,126</b>	<b>79,733</b>
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	33,876	25,483
<b>Consolidated Profit</b>	<b>32,171</b>	<b>27,698</b>
<b>Total</b>	<b>120,297</b>	<b>107,431</b>

## ADDITIONAL INFORMATION

### (24) Contingent liabilities and other off-balance sheet obligations

Amounts in thousand Euros	30/6/2007	31/12/2006
Contingent liabilities	653	805
Credit risks	2,182	460

### (25) Regulatory own funds

According to the Austrian Banking Act regulatory own funds of Raiffeisen Centrobank AG are as follows:

Amounts in thousand Euros	30/6/2007	31/12/2006
Total own funds (only Tier 1 (core capital))	77,879	74,331
Total own funds requirement	54,161	56,979
<b>Excess own funds</b>	<b>23,718</b>	<b>17,352</b>
Excess cover ratio in per cent	143.8%	130.5%
Core capital ratio (Tier 1) banking book, in per cent	42.6%	33.1%
Own funds ratio in per cent	11.5%	10.4%

The total of own funds requirement breaks down as follows:

Amounts in thousand Euros	30/6/2007	31/12/2006
Risk-weighted basis of assessment according to § 22 Austrian Banking Act	182,910	224,352
Hereof 8 per cent minimum of own funds requirement	14,633	17,948
Own funds requirement for the trading book according to § 22b para 1 Austrian Banking Act	38,867	38,526
Own funds requirement for open currency positions according to § 26 Austrian Banking Act	661	505
<b>Total own funds requirements</b>	<b>54,161</b>	<b>56,979</b>

### (26) Average number of staff

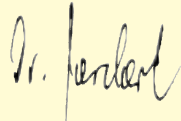
The average number of staff employed during the business year break down as follows:

Average number of employees (excl. Board of Management and employees being on maternity leave)	1/1 - 30/6/2007	1/1 - 30/6/2006
Salaried employees	239	215
Wage earners	6	6
<b>Total</b>	<b>245</b>	<b>221</b>

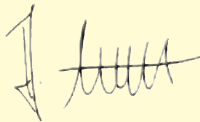
## DECLARATION OF THE MANAGEMENT ACCORDING TO § 87 BÖRSEG (STOCK EXCHANGE ACT)

We hereby confirm that the consolidated interim financial information has been prepared in accordance with the applicable accounting standards and to the best of our knowledge fairly represent the consolidated financial condition and profit situation of the companies of the Raiffeisen Centrobank group. Furthermore, we confirm that the Group management report fairly represents the financial condition and profit situation based on the information required for interim financial reports in compliance with IFRS, adopted pursuant to the Regulation 1606/2002/EC.

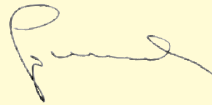
Vienna, June 30, 2007  
The Executive Board



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*Chairman of the Executive Board*



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



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

## REVIEW REPORT

### Review report on the condensed consolidated interim financial information

#### Introduction

We have reviewed the accompanying condensed consolidated interim financial information in German language of

**Raiffeisen Centrobank AG, Vienna,**

for the period from 1 January to 30 June 2007. This condensed consolidated interim financial information comprises the consolidated balance sheet as of 30 June 2007, and the related consolidated statements of income, changes in equity and cash flows for the period then ended and a condensed summary of significant accounting policies and other explanatory notes.

The Company's management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Our responsibility is to express a conclusion on this consolidated interim financial information based on our review. Our liability towards the Company and third parties with respect to this review is limited in accordance with para 275 Austrian Commercial Code (§ 275 UGB).

#### Scope of Review

We conducted our review in accordance with Austrian standards for chartered accountants and with International Standard on Review Engagements (ISRE) 2410, „Review of Interim Financial Information Performed by the Independent Auditor of the Entity“. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

**Statement to the group management report for the half year and to the declaration of the Management according to § 87 BörseG (Stock Exchange Act)**

We have read the group management report for the half year and formed an opinion whether the disclosures made in it do disagree obviously with the condensed consolidated interim financial information. In our opinion the group management report for the half year does not disagree obviously with the condensed consolidated interim financial information.

Furthermore the group interim report as of 30 June 2007 contains the declaration of the Management according to § 87 BörseG.

Vienna, 24 August 2007

KPMG Wirtschaftsprüfungs- und  
Steuerberatungs GmbH

**Wilhelm Kovsca**  
*Austrian Chartered Accountant*

**Josef Kirchknopf**  
*Austrian Tax Advisor*



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Subsidiaries and Representatives	46
Selected Raiffeisen Zentralbank Subsidiaries	47
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Wertpapieremissionen der Raiffeisen Centrobank AG unterliegen diesen Rahmenwertpapierbedingungen. Zu ergänzende, wertpapierspezifische Informationen werden durch die Endgültigen Konditionen (siehe Kapitel VI. des Basisprospektes) vervollständigt. Die Raiffeisen Centrobank AG behält sich vor, diese Rahmenwertpapierbedingungen abzuändern.

## RAHMENWERTPAPIERBEDINGUNGEN

der  
Raiffeisen Centrobank AG

für [*Name des strukturierten Wertpapiers*] (siehe EK Zeile 1)

### § 1 Rechte des Anlegers

1. Die Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1010 Wien ("Emittentin"), begibt ab [*Laufzeitbeginn*] (siehe EK, Zeile 29) im Gesamtvolumen bis zu [*Angabe des Gesamtvolumens*] (siehe EK, Zeile 39) [*Name des strukturierten Wertpapiers*] (siehe EK, Zeile 1) gemäß diesen Wertpapierbedingungen, ISIN [*ISIN Produkt*] (siehe EK, Zeile 2) , auf [*Basiswert*] (siehe EK, Zeile 11-13).
2. Das strukturierte Wertpapier verbrieft das Recht auf Tilgung gemäß § 9.
3. Wenn die strukturierten Wertpapiere börsennotiert sind, können sie in Stückelungen von einem Stück [*Angabe der Währung sowie der Stückelung*] (siehe EK, Zeile 5 sowie 41) oder einem Vielfachen davon börsentäglich börslich und außerbörslich fortlaufend gehandelt werden. Nicht börsennotierte Wertpapiere können außerbörslich fortlaufend gehandelt werden.
4. Die Begebung der strukturierten Wertpapiere erfolgt in Form einer Daueremission.
5. Der Ausgabepreis der Wertpapiere wird von der Emittentin unter Berücksichtigung verschiedener Faktoren (z.B. Kurs des dem Wertpapier zugrunde liegenden Basiswertes sowie dessen Schwankungsbreite, aktuelles Zinsniveau, Wechselkurs, künftig erwartete Dividenden sowie produktspezifische Parameter) festgesetzt.
6. Sofern in den endgültigen Konditionen (siehe EK, Zeile 28) nicht Abweichendes oder Ergänzendes vorgesehen ist, erfolgen die Umrechnung des Ausgabepreises zum Laufzeitbeginn sowie die Umrechnung des Kurses des strukturierten Wertpapiers während der Laufzeit auf der Grundlage des jeweiligen Fremdwährungs- („FW“) FW/Euro („EUR“) Mittelkurses.

Bei „Quanto Euro“ – währungsgesicherten – Wertpapieren wird die jeweilige Fremdwährung zu jedem Zeitpunkt 1 : 1 in Euro ausgedrückt. D.h. die jeweilige Fremdwährungseinheit entspricht automatisch einem Euro.

### § 2 Allgemeine Risiken

1. Die Emittentin beabsichtigt, unter gewöhnlichen Marktbedingungen, aktuelle Ankaufs- und Verkaufskurse zu stellen. Die Emittentin übernimmt jedoch gegenüber dem Inhaber von strukturierten Wertpapieren keinerlei Rechtspflicht zur Stellung derartiger Kurse oder hinsichtlich der Höhe oder des Zustandekommens derartiger Kurse. Der Inhaber von strukturierten Wertpapieren kann daher nicht darauf vertrauen, dass er die strukturierten Wertpapiere zu einer bestimmten Zeit oder einem bestimmten Kurs veräußern kann. Verzögerungen bei der Kursfeststellung können sich beispielsweise bei Marktstörungen (siehe § 14 dieser Wertpapierbedingungen) ergeben.
2. Die strukturierten Wertpapiere sind risikoreiche Instrumente der Vermögensveranlagung. Wenn sich der dem jeweiligen Wertpapier zugrunde liegende Basiswert ungünstig entwickelt, kann es zu einem Verlust eines wesentlichen Teils oder des gesamten investierten Kapitals kommen. Der Inhaber von strukturierten Wertpapieren trägt darüber hinaus das Risiko, dass sich die finanzielle Lage der Emittentin der strukturierten Wertpapieren verschlechtern könnte.
3. Der Wert eines strukturierten Wertpapiers wird nicht nur von den Kursveränderungen des zugrunde liegenden Basiswerts bestimmt, sondern zusätzlich von einer Reihe weiterer Faktoren, wie beispielsweise die Laufzeit des strukturierten Wertpapiers (und anderer produktspezifische Parameter) sowie die Häufigkeit und Intensität von Kursschwankungen (Volatilität) des zugrunde liegenden Basiswerts. Eine Wertminderung des strukturierten Wertpapiers kann selbst dann eintreten, wenn der Kurs des zugrunde liegenden Basiswerts konstant bleibt.

### **§ 3 Währungsrisiken**

Wenn der durch das strukturierte Wertpapier verbrieft Anspruch mit Bezug auf eine fremde Währung und/oder Währungseinheit berechnet wird oder sich der Wert des Basiswertes in einer solchen fremden Währung oder Währungseinheit bestimmt, hängt das Verlustrisiko nicht allein von der Entwicklung des Wertes des Basiswertes, sondern auch von ungünstigen Entwicklungen in den Währungsmärkten ab. Ungünstige Entwicklungen in Währungsmärkten können das Verlustrisiko dadurch erhöhen, dass

- sich der Wert der erworbenen strukturierten Wertpapiere entsprechend vermindert;
- sich die Höhe des möglicherweise zu empfangenden Abrechnungsbetrages; oder
- sich der Kurs des zugrunde liegenden Basiswertes entsprechend vermindert.

Selbst bei strukturierten Wertpapieren mit Absicherung des Währungsrisikos durch Fixierung des Umrechnungskurses können aufgrund unterschiedlicher Zinsniveaus in den involvierten Währungen dennoch Zinsrisiken auftreten, die den Kurs des strukturierten Wertpapiers negativ beeinflussen können.

### **§ 4 Einfluss von Nebenkosten auf die Gewinnchancen**

Provisionen und andere Transaktionskosten, die beim Kauf oder Verkauf von strukturierten Wertpapieren anfallen, können – insbesondere in Kombination mit einem niedrigen Auftragswert – zu Kostenbelastungen führen, die die mit dem strukturierten Wertpapier verbundene Gewinnchance extrem mindern können. Bitte informieren Sie sich deshalb vor Erwerb eines strukturierten Wertpapiers über alle beim Kauf oder Verkauf des strukturierten Wertpapiers anfallenden Kosten.

### **§ 5 Inanspruchnahme von Kredit**

Wenn der Inhaber von strukturierten Wertpapieren den Erwerb der strukturierten Wertpapiere mit Kredit finanziert, muss er bei Nichteintritt seiner Erwartungen nicht nur den eingetretenen Verlust hinnehmen,

sondern auch den Kredit verzinsen und zurückzahlen. Dadurch erhöht sich sein Verlustrisiko erheblich. Der Inhaber von strukturierten Wertpapieren sollte daher niemals darauf vertrauen, den Kredit aus Gewinnen von strukturierten Wertpapieren verzinsen und zurückzahlen zu können. Vielmehr muss er vorher seine wirtschaftlichen Verhältnisse daraufhin überprüfen, ob er zur Verzinsung und gegebenenfalls zur kurzfristigen Tilgung des Kredits auch dann in der Lage ist, wenn statt der erwarteten Gewinne Verluste eintreten.

### **§ 6 Einfluss von Geschäften, insbesondere von Hedging-Geschäften der Emittentin auf die strukturierten Wertpapiere**

Die Emittentin ist jederzeit während der Laufzeit der strukturierten Wertpapiere berechtigt, im freien Markt oder durch nicht-öffentliche Geschäfte diese strukturierten Wertpapiere zu kaufen oder zu verkaufen. Im Rahmen ihrer normalen Geschäftstätigkeit betreibt die Emittentin Handel in den den strukturierten Wertpapieren zugrunde liegenden Basiswerten und sichert sich darüber hinaus gegen die mit den strukturierten Wertpapieren verbundenen finanziellen Risiken durch sogenannte Hedge-Geschäfte (Absicherungsgeschäfte) in den entsprechenden Basiswerten ganz oder teilweise ab.

Diese Aktivitäten der Emittentin können sowohl Einfluss auf den sich am Markt bildenden Kurs der Basiswerte als auch auf den Wert der strukturierten Wertpapiere bzw. auf die von dem Inhaber der strukturierten Wertpapiere zu beanspruchende Tilgungsverpflichtung haben.

Die Emittentin hat keine Verpflichtung, die Inhaber von strukturierten Wertpapieren über solche Käufe bzw. Verkäufe oder sonstige Ereignisse (wie zB Hedge-Geschäfte), die auf die Entwicklung des Kurses der strukturierten Wertpapiere bzw. der diesen zugrunde liegenden Basiswerte einen Einfluss haben können, zu unterrichten. Die Inhaber von strukturierten Wertpapieren müssen sich daher selbständig ein Bild von der Entwicklung des Kurses der strukturierten Wertpapiere bzw. der diesen zugrunde liegenden Basiswerte machen.

### **§ 7 Form der strukturierten Wertpapiere; Übertragbarkeit**

1. Die strukturierten Wertpapiere werden zur Gänze in Sammelurkunden gemäß § 24 lit. b Depotgesetz, BGBl. Nr. 424/1969 i.d.F. BGBl. Nr. 650/1987 dargestellt, welche die Unterschrift zweier unterschriftsberechtigter Personen der Emittentin (Vorstandsmitglied, Direktor, Prokurist) tragen.
2. Die Sammelurkunden werden bei der Oesterreichische Kontrollbank Aktiengesellschaft als Wertpapiersammelbank hinterlegt. Die strukturierten Wertpapiere sind als Miteigentumsanteile übertragbar.
3. Im Effektengiroverkehr sind die strukturierten Wertpapiere einzeln übertragbar.
4. Ein Anspruch auf Ausfolgung von effektiven Stücken besteht nicht.

### **§ 8 Laufzeit**

1. Die Laufzeit der strukturierten Wertpapiere beginnt am *[Laufzeitbeginn]* (siehe EK, Zeile 29) und endet am *[Laufzeitende]* (siehe EK, Zeile 30). Sofern für die strukturierten Wertpapiere eine Zeichnungsfrist festgelegt wurde, liegen die Wertpapiere während der *[Zeichnungsfrist]* (siehe EK, Zeile 40) zur Zeichnung auf.

## FÜR OPEN-END STRUKTURIERTE WERTPAPIERE GILT:

### § 8 Laufzeit

1. Die Ausgabe der strukturierten Wertpapieren beginnt am [*Laufzeitbeginn*] (siehe EK, Zeile 29) ("Laufzeitbeginn"). Bei diesen strukturierten Wertpapieren handelt es sich um Open End Papiere. Das bedeutet, die strukturierten Wertpapiere haben keine im Voraus fixierte Endfälligkeit.
2. Die Emittentin hat erstmals drei Kalenderjahre nach dem Laufzeitbeginn das Recht, an jedem Börsetag in Wien und Stuttgart ein Ende der Laufzeit für die strukturierten Wertpapiere festzusetzen, wobei die Restlaufzeit der strukturierten Wertpapiere mindestens ein Kalenderjahr betragen muss. Die Festsetzung der Laufzeit wird unter Angabe des Laufzeitendes gemäß § 23 bekannt gemacht.

### § 9 Ausübung, Tilgung

Bei der Emission von strukturierten Wertpapieren unter diesem Angebotsprogramm können Ergänzungen bzw. Abänderungen der folgenden Bestimmungen notwendig werden. Diese Bestimmungen sind den Endgültigen Konditionen zu entnehmen. [*Hinsichtlich weiterer Bestimmungen bezüglich § 9 siehe EK, Zeile 47*]

## FÜR OPTIONSSCHEINE GILT:

### § 9.1. Tilgung; Ausübung

Die Ausübung der Optionsscheine erfolgt wie nachstehend:

#### 1. Cash-Settlement:

Grundsätzlich berechtigt das Wertpapier zur Auszahlung eines (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Barbetrages in Höhe der Differenz, um die der Schlusskurs des Basiswertes am jeweiligen Ausübungstag den Ausübungspreis überschreitet (Call-Optionsschein) bzw unterschreitet (Put-Optionsschein), wobei dieser Differenzbetrag mit dem Bezugsverhältnis [*Bezugsverhältnis*] (siehe EK, Zeile 14) multipliziert wird.

Die Ausübung kann entweder automatisch durch die Emittentin oder durch den Optionsscheininhaber (siehe EK, Zeile 7) erfolgen. Erfolgt die Ausübung durch die Emittentin, findet die Auszahlung des Barbetrages in Euro automatisch nach drei Bankarbeitstagen statt (Tilgungstag - § 13).

#### 2. Settlement durch effektive Lieferung:

Der Inhaber des Optionsscheins hat das Recht, innerhalb der Ausübungsfrist [*Ausübungsfrist*] (siehe EK, Zeile 8) ("American Style") bzw. am Ausübungstag ("European Style") die Ausübung des Optionsrechts durch effektive Lieferung zu verlangen.

Die effektive Lieferung besteht darin, dass der Inhaber des Optionsscheins bei Kaufoptionsscheinen das Recht hat, den Basiswert zum Ausübungspreis [*Ausübungspreis*] (siehe EK, Zeile 9) am jeweiligen Ausübungstag unter Berücksichtigung des Bezugsverhältnisses [*Bezugsverhältnis*] (siehe

EK, Zeile 14) zu erwerben und bei Verkaufsoptionsscheinen den Basiswert zum Ausübungspreis am jeweiligen Ausübungstag unter Berücksichtigung des Bezugsverhältnisses zu verkaufen.

Erfolgt die Ausübung des Optionsrechts durch den Optionsscheininhaber, muss der Inhaber des Optionsscheins zur Ausübung des Optionsrechtes innerhalb der Ausübungsfrist ("American Style") bzw. am Ausübungstag ("European Style"; das entspricht dem Laufzeitende) bei der Optionsstelle eine ordnungsgemäß ausgefüllte Erklärung ("Ausübungserklärung") einreichen.

### ***§ 9.2. Ausübungspreis; Ausübungstag; Schlusskurs; Bezugsverhältnis***

1. Der jeweilige Ausübungspreis wird am Beginn der Ausgabe der Optionsscheine von der Emittentin festgesetzt (siehe EK, Zeile 9).
2. Der jeweilige Ausübungstag ist:
  - a. im Fall der Ausübung des Optionsrechtes durch den Optionsscheininhaber gemäß § 9.3 Abs 1 bis 5 der Tag des Eingangs der Ausübungserklärung bei der Optionsstelle;
  - b. bei automatischer Ausübung des Optionsrechtes durch die Emittentin gemäß § 9.3 Abs 6 der Tag des Laufzeitendes.
3. Der Schlusskurs (siehe EK, Zeile 23) entspricht dem Kurs des Basiswertes, der am jeweiligen Ausübungstag von der maßgeblichen Börse oder Festlegungsstelle festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 23 geregelt.
  - a. Im Fall der Ausübung des Optionsrechtes durch den Optionsscheininhaber gemäß § 9.3 Abs 1 bis 5 gilt bei Eingang der Ausübungserklärung bei der Optionsstelle bis 10:00 Uhr der Schlusskurs des Basiswerts am Tage des Eingangs der Ausübungserklärung; bei Eingang der Ausübungserklärung nach 10:00 Uhr gilt der Schlusskurs des Basiswerts des am Tage des Eingangs der Ausübungserklärung folgenden Börseschäftstages.
  - b. Bei automatischer Ausübung des Optionsrechtes durch die Emittentin gemäß § 9.3 Abs 6 gilt der Schlusskurs des Basiswerts am Tag des Laufzeitendes.
4. Das **Bezugsverhältnis** beträgt [*Bezugsverhältnis*] (siehe EK, Zeile 14).

### ***§ 9.3. Ausübung des Rechtes durch den Optionsscheininhaber***

1. Sofern die Ausübung des Optionsscheins nicht automatisch durch die Emittentin zum Laufzeitende (siehe EK, Zeile 7) erfolgt, muss der Inhaber des Optionsscheins zur Ausübung des Optionsscheins bei der Optionsstelle eine ordnungsgemäß ausgefüllte Erklärung ("Ausübungserklärung") einreichen. Diese Ausübungserklärung ist unwiderruflich und bindend.
2. Optionsart:
  - a. Die Option kann - vorbehaltlich der Bestimmungen im Abs 3 oder einer Verschiebung gemäß § 15 - an jedem Bankarbeitstag während der gesamten Ausübungsfrist § 9.5) ausgeübt werden („American Style“).

- b. Die Option kann – vorbehaltlich einer Verschiebung gemäß § 15– am Laufzeitende durch den Optionsscheininhaber ausgeübt werden („European Style“).
3. Das Optionsrecht hinsichtlich jener Optionsscheine mit Basiswert Aktie/n kann rechtswirksam nicht ausgeübt werden:
  - a. am Tag der Hauptversammlung der Gesellschaft,
  - b. an Bank- und Börseschließtagen in Österreich, Deutschland oder im jeweiligen Heimatmarkt des Basiswertes,
  - c. im Zeitraum zwischen dem Tag, an dem die Gesellschaft ein Angebot an ihre Aktionäre zum Bezug von neuen Aktien (einschließlich Vorzugsaktien und vergleichbaren Wertpapieren), oder Teilschuldverschreibungen (einschließlich vergleichbaren Wertpapieren) und/oder Genussrechten mit Wandel- oder Optionsrechten auf neue Aktien im dafür vorgesehenen Börsenpflichtblatt veröffentlicht und dem letzten Tag der jeweiligen Bezugsfrist.
4. Der Optionsscheininhaber muss die entsprechende Anzahl an Optionsscheinen spätestens mit Abgabe der Ausübungserklärung an die Optionsstelle liefern, und zwar entweder durch eine unwiderrufliche Anweisung an die Optionsstelle, die Optionsscheine aus dem bei der Optionsstelle gegebenenfalls unterhaltenen Wertpapierdepot zu entnehmen oder durch Lieferung der Optionsscheine auf das durch die Optionsstelle namhaft zu machende Wertpapierdepot der Optionsstelle.
5. Bei Erwerb des Optionsscheines kommen die banküblichen Spesen zur Anrechnung. Etwaige Steuern oder Abgaben, die im Zusammenhang mit der Ausübung des Optionsrechtes und/oder beim Erwerb der Basiswerte anfallen, sind von den betreffenden Optionsscheininhabern zu tragen.
6. Zum Laufzeitende erlöschen sämtliche Optionsrechte, die bis dahin nicht wirksam ausgeübt worden sind und die nicht automatisch durch die Emittentin ausgeübt werden; die Optionsscheine werden damit ungültig.

#### ***§ 9.4. Automatische Ausübung durch die Emittentin***

Die Ausübung des Optionsrechtes erfolgt automatisch durch die Emittentin, wobei die Optionsscheine zum Laufzeitende zum inneren Wert mit Schlusskurs abgerechnet werden.

#### ***§ 9.5. Ausübungsfrist bei „American Style“***

Die Ausübungsfrist der Optionsscheine beginnt drei Bankarbeitstage nach Beginn der Laufzeit der Optionsscheine und endet am Tag des Laufzeitendes um 10:00 Uhr Ortszeit Wien.



## FÜR DISCOUNT ZERTIFIKATE GILT

### *§ 9.1. Tilgung*

1. Am Tilgungstag (siehe § 13) erhält der Inhaber von Discount Zertifikaten automatisch von der Emittentin die Zahlung eines (bei in Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag"), der dem von der jeweils maßgeblichen Börse/Festlegungsstelle (siehe EK, Zeile 34) am Laufzeitende festgestellten und veröffentlichten Schlusskurs (siehe EK, Zeile 23) des den Discount Zertifikaten zugrunde liegenden Basiswertes unter Berücksichtigung des Bezugsverhältnisses entspricht. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 23 geregelt. Der maximale Tilgungsbetrag ist begrenzt auf den CAP multipliziert mit dem Bezugsverhältnis.
2. Das Bezugsverhältnis beträgt [*Bezugsverhältnis*] (siehe EK, Zeile 14).
3. Der zur Auszahlung gelangende Tilgungsbetrag je Discount Zertifikat ist gemäß § 9.2 begrenzt.

### *§ 9.2. Maximaler Tilgungsbetrag*

Der maximale Tilgungsbetrag ist begrenzt auf den CAP (siehe EK, Zeile 16) multipliziert mit dem Bezugsverhältnis. Der CAP wird von der Emittentin bei Ausgabebeginn festgesetzt.

### *§ 9.3. Anpassung des maximalen Tilgungsbetrages*

Sollte innerhalb der Laufzeit eine Kapitalveränderung in den den Discount Zertifikaten zugrunde liegenden Basiswerten eintreten, so wird die Emittentin den maximalen Tilgungsbetrag sowie, falls erforderlich, die sonstigen Modalitäten der Discount Zertifikate nach den Richtlinien der ÖTOB bzw. der EUREX (deutsche Terminbörse) oder nach den Richtlinien der jeweils maßgeblichen Börse/Festlegungsstelle ändern, um den Inhaber der Discount Zertifikate wieder in die ursprüngliche wirtschaftliche Situation zu versetzen. (Siehe auch die Anpassungsregelungen im § 15.)

## FÜR TURBO ZERTIFIKATE GILT:

### *§ 9.1. Tilgung*

1. Vorbehaltlich einer vorzeitigen Tilgung aufgrund des Erreichens der Barriere, erfolgt die Tilgung eines jeden Turbo Zertifikates am Tilgungstag (§ 13) zu einem (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro ("Tilgungsbetrag") je Zertifikat, der nach den folgenden Formeln berechnet wird:

- a. Turbo-Long-Zertifikate:

$$\text{Tilgungsbetrag} = (\text{Schlusskurs Basiswert} - \text{Ausübungspreis}) \times \text{Bezugsverhältnis}$$

- b. Turbo-Short-Zertifikate:

$$\text{Tilgungsbetrag} = (\text{Ausübungspreis} - \text{Schlusskurs Basiswert}) \times \text{Bezugsverhältnis}$$

2. Der "Schlusskurs Basiswert" (siehe EK, Zeile 23) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 23 geregelt.

### *§ 9.2. Ausübungspreis; Barriere*

1. Der jeweilige Ausübungspreis wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 9).
2. Die Barriere wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 10).

### *Für Open End Turbozertifikate gilt § 9.2. Ausübungspreis; Barriere*

1. Der anfängliche Ausübungspreis wird am Beginn der Ausgabe der Zertifikate von der Emittentin festgesetzt (siehe EK, Zeile 9).
2. Die anfängliche Barriere wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 10).
3. Sowohl der Ausübungspreis als auch die Barriere werden – sofern in den Endgültigen Konditionen nicht Abweichendes vorgesehen ist (siehe EK, Zeile 9 und Zeile 10) – wie in den folgenden Bestimmungen beschrieben, monatlich jeweils am Beginn jedes Monats, sofern dieser ein Bankarbeitstag ist, ansonsten am nächsten darauf folgenden Bankarbeitstag angepasst.
4. Die Finanzierungskosten für Open End-Turbo-Long- sowie für Open End-Turbo-Short-Zertifikate werden fortlaufend auf den jeweiligen Ausübungspreis sowie auf die jeweilige Barriere für die Open End-Turbo-Zertifikate aufgeschlagen:

$$\text{Finanzierungskosten pro Tag} = \text{Finanzierungssatz} \times \text{Ausübungspreis} / 360 \text{ Tage}$$

- a. Die so berechneten Finanzierungskosten reduzieren fortlaufend den inneren Wert eines Open End-Turbo-Long-Zertifikates, während sich der innere Wert von Open End-Turbo-Short-Zertifikaten um die angefallenen Finanzierungskosten erhöht.
  - b. Der innere Wert eines Zertifikates ergibt sich, unter Berücksichtigung von eventuellen Wechselkursen sowie des jeweiligen Bezugsverhältnisses, aus der Differenz zwischen
    - i. aus der Differenz zwischen dem Kurs des Basiswertes und dem jeweiligen Ausübungspreis bei Open End-Turbo-Long-Zertifikaten  
[Kurs Basiswert – Ausübungspreis],
    - ii. aus der Differenz zwischen dem jeweiligen Ausübungspreis und dem Kurs des Basiswertes bei Open End-Turbo-Short-Zertifikaten  
[Ausübungspreis – Kurs Basiswert].
  - c. Durch die Veränderung des Ausübungspreises des Zertifikates, ändert sich der innere Wert um die berechneten Finanzierungskosten.
5. Die Finanzierungskosten für den Basiswert setzen sich aus dem marktüblichen Zinssatz zuzüglich einer Zinsmarge (Open End-Turbo-Long-Zertifikate) bzw. abzüglich einer Zinsmarge (Open End-Turbo-Short-Zertifikate) zusammen.

### **§ 9.3      *Barriere; Restwert***

1. Sobald zu irgend einem Zeitpunkt innerhalb der Laufzeit der Turbo Zertifikate der Kurs des zugrunde liegenden Basiswertes [*Angabe des Basiswertes*] (siehe EK, Zeile 11) die Barriere [*Angabe der Barriere*] (siehe EK, Zeile 10) erreicht oder unterschreitet (Turbo-Long-Zertifikate) bzw. erreicht oder überschreitet (Turbo-Short-Zertifikate), wird das Zertifikat ausgestoppt ("Knock-out"), das bedeutet, es wird vom Handel ausgesetzt und verfällt entweder wertlos oder es wird ein Restwert durch die Emittentin ermittelt [*Restwertermittlung*] (siehe EK, Zeile 22), der sich aus der Auflösung des Absicherungsgeschäftes der Emittentin ergibt.
2. Restwertermittlung:
  - a. Variante 1: Die Emittentin stellt nach dem Knock-out innerhalb von maximal drei Stunden Handelszeit einen Restwert fest, der sich aus der Auflösung des Absicherungsgeschäftes ergibt.
  - b. Variante 2: Die Emittentin stellt nach dem Knock-out einen Restwert fest, der sich aus der Auflösung des Absicherungsgeschäftes ergibt. Die Ermittlung des Restwertes erfolgt innerhalb des Zeitraumes bis zur Feststellung des Schlusskurses des Basiswertes am nächsten auf den Tag der Ausstoppung folgenden Handelstag.

Sofern es die Liquidität des Basiswertes erlaubt, kann sich dieser Zeitraum auch wesentlich verkürzen. Unter extremen Marktbedingungen kann der Restwert des Zertifikates Null sein.
3. Bei Ausstoppung der Zertifikate erfolgt die Ermittlung des Restwertes durch die Emittentin. Fünf Bankarbeitstage danach erfolgt die automatische Auszahlung des Restwertes der Zertifikate durch die Emittentin. Sollte der Tag dieser Auszahlung kein Bankarbeitstag sein, wird er auf den nächsten darauf folgenden Bankarbeitstag verschoben.

4. Maßgeblich für die Höhe des Restwertes ist, wie sich der Basiswert nach Ausstoppung innerhalb der drei Stunden verhält.
  - a. Steigt bei Turbo-Long-Zertifikaten der Basiswert nach Erreichen der Barriere wieder, wird der Restwert etwas höher ausfallen. Umgekehrt fällt der Basiswert nach Erreichen der Barriere weiter, wird der Restwert entsprechend niedriger ausfallen.
  - b. Steigt bei Turbo-Short-Zertifikaten der Basiswert nach Erreichen der Barriere wieder, wird der Restwert etwas niedriger ausfallen, während der Restwert höher ausfällt, wenn der Basiswert nach Erreichen der Barriere weiter fällt.

## FÜR RANGE TURBO ZERTIFIKATE GILT

### § 9.1. Tilgung

1. Vorbehaltlich einer vorzeitigen Tilgung aufgrund des Erreichens der Barriere, erfolgt die Tilgung eines jeden Range Turbo Zertifikates am Tilgungstag (§ 13) zu einem (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro ("Tilgungsbetrag") je Zertifikat, der nach den folgenden Formeln berechnet wird:

- a. Range-Turbo-Long-Zertifikate:

$$\text{Tilgungsbetrag} = (\text{Schlusskurs Basiswert} - \text{Ausübungspreis}) \times \text{Bezugsverhältnis}$$

Sollte der Schlusskurs des Basiswerts am Tilgungstag über dem CAP (siehe EK, Zeile 16) liegen, wird der Tilgungsbetrag wie folgt berechnet:

$$\text{Tilgungsbetrag} = (\text{CAP} - \text{Ausübungspreis}) \times \text{Bezugsverhältnis}$$

- b. Range-Turbo-Short-Zertifikate:

$$\text{Tilgungsbetrag} = (\text{Ausübungspreis} - \text{Schlusskurs Basiswert}) \times \text{Bezugsverhältnis}$$

Sollte der Schlusskurs des Basiswerts am Tilgungstag unter dem FLOOR (siehe EK, Zeile 16) liegen, wird der Tilgungsbetrag wie folgt berechnet:

$$\text{Tilgungsbetrag} = (\text{Ausübungspreis} - \text{FLOOR}) \times \text{Bezugsverhältnis}$$

2. Der "Schlusskurs Basiswert" (siehe EK, Zeile 23) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 34) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 23) geregelt.
3. Der Ausübungspreis wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 9).
4. Die Barriere wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 9).

### § 9.2. CAP; FLOOR

Sowohl der CAP je Range-Turbo-Long-Zertifikat als auch der FLOOR je Range-Turbo-Short-Zertifikat werden von der Emittentin bei Ausgabebeginn festgesetzt [CAP und/oder FLOOR] (siehe EK, Zeile 16).

### § 9.3. Barriere; Restwert

1. Sobald zu irgend einem Zeitpunkt innerhalb der Laufzeit der Range Turbozertifikate der Kurs des zugrunde liegenden Basiswertes (siehe EK, Zeile 11) die Barriere (siehe EK, Zeile 10) erreicht oder unterschreitet (Range Turbo-Long-Zertifikate) bzw. erreicht oder überschreitet (Range Turbo-Short-Zertifikate), wird das Zertifikat ausgesetzt ("Knock-out"), das bedeutet, es wird vom Handel ausgesetzt und verfällt entweder wertlos oder es wird ein Restwert durch die Emittentin ermittelt (siehe EK, Zeile 22), der sich aus der Auflösung des Absicherungsgeschäftes der Emittentin ergibt.
2. Restwertermittlung:

- a. Variante 1: Die Emittentin stellt nach dem Knock-out innerhalb von maximal drei Stunden Handelszeit einen Restwert fest, der sich aus der Auflösung des Absicherungsgeschäftes ergibt.
- b. Variante 2: Die Emittentin stellt nach dem Knock-out einen Restwert fest, der sich aus der Auflösung des Absicherungsgeschäftes ergibt. Die Ermittlung des Restwertes erfolgt innerhalb des Zeitraumes bis zur Feststellung des Schlusskurses des Basiswertes am nächsten auf den Tag der Ausstoppung folgenden Handelstag.

Sofern es die Liquidität des Basiswertes erlaubt, kann sich dieser Zeitraum auch wesentlich verkürzen. Unter extremen Marktbedingungen kann der Restwert des Zertifikates Null sein.

3. Bei Ausstoppung der Zertifikate erfolgt die Ermittlung des Restwertes durch die Emittentin. Fünf Bankarbeitstage danach erfolgt die automatische Auszahlung des Restwertes der Zertifikate durch die Emittentin. Sollte der Tag dieser Auszahlung kein Bankarbeitstag sein, wird er auf den nächsten darauf folgenden Bankarbeitstag verschoben.
4. Maßgeblich für die Höhe des Restwertes ist, wie sich der Basiswert nach Ausstoppung innerhalb der drei Stunden verhält.
  - a. Steigt bei Turbo-Long-Zertifikaten der Basiswert nach Erreichen der Barriere wieder, wird der Restwert etwas höher ausfallen. Umgekehrt fällt der Basiswert nach Erreichen der Barriere weiter, wird der Restwert entsprechend niedriger ausfallen.
  - b. Steigt bei Turbo-Short-Zertifikaten der Basiswert nach Erreichen der Barriere wieder, wird der Restwert etwas niedriger ausfallen, während der Restwert höher ausfällt, wenn der Basiswert nach Erreichen der Barriere weiter fällt.

### FÜR ANLAGE ZERTIFIKATE GILT:

1. Am Tilgungstag (siehe § 13) erhält der Inhaber von Anlagezertifikaten automatisch von der Emittentin die Zahlung eines (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag") in Euro, der dem am Laufzeitende festgestellten und veröffentlichten Schlusskurs des den Zertifikaten zugrunde liegenden Basiswertes, unter Berücksichtigung des Bezugsverhältnisses, entspricht.
2. Bei Anlagezertifikaten ohne eine im Voraus fixierte Laufzeit ("Open End") hat die Emittentin erstmals drei Kalenderjahre nach dem Ausgabetag das Recht, an jedem Börsetag ein Ende der Laufzeit für die Zertifikate festzusetzen, wobei die Restlaufzeit der Zertifikate mindestens ein Kalenderjahr betragen muss. Die Festsetzung der Laufzeit wird unter Angabe des Laufzeitendes gemäß § 23§ 23 bekannt gemacht.
3. Der Schlusskurs des Basiswertes (siehe EK, Zeile 23) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 34) festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 23) geregelt.

## FÜR BONUS ZERTIFIKATE:

1. Am Tilgungstag (siehe § 13) erhält der Inhaber von Bonus Zertifikaten automatisch von der Emittentin die Zahlung eines (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag") in Euro. Die Höhe des Tilgungsbetrages hängt in der Regel vom durch die jeweils maßgebliche Börse oder Festlegungsstelle am Laufzeitende festgestellten und veröffentlichten Schlusskurs des den Bonus Zertifikaten zugrunde liegenden Basiswertes, unter Berücksichtigung des Bezugsverhältnisses ab; der maximale Tilgungsbetrag kann durch einen CAP begrenzt sein.
2. Der Tilgungsbetrag wird folgendermaßen ermittelt:
  - a) Sollte der Kurs des Basiswertes – wenn nicht Abweichendes vorgesehen ist – während der Laufzeit (Berechnungstichtag – inklusive Bewertungstag) des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere zu keinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro, der dem Schlusskurs des Basiswertes am Laufzeitende entspricht, mindestens jedoch den Bonuslevel und maximal den CAP (sofern die Emittentin bei Ausgabebeginn einen CAP festgelegt hat) – jeweils unter Berücksichtigung des Bezugsverhältnisses (hinsichtlich der Barriere siehe EK, Zeile 10).
  - b) Sollte der Kurs des Basiswertes während der Laufzeit (Berechnungstichtag – inklusive Bewertungstag) des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere zu irgendeinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro, der dem Schlusskurs des Basiswertes am Laufzeitende entspricht, maximal jedoch den CAP (sofern die Emittentin bei Ausgabebeginn einen CAP festgelegt hat) – jeweils unter Berücksichtigung des Bezugsverhältnisses (hinsichtlich der Barriere siehe EK, Zeile 10).
3. Der Schlusskurs des Basiswertes (siehe EK, Zeile 23) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Stichtag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 34) festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 23 geregelt.
4. Der CAP (siehe EK, Zeile 16) ist jener Kurs des Basiswerts, mit dem die Performance der Zertifikate nach oben begrenzt ist. Er wird von der Emittentin bei Ausgabebeginn festgesetzt.
5. Der "Berechnungstichtag" ist, vorbehaltlich einer möglichen Marktstörung, der [*Berechnungstichtag*] (siehe EK, Zeile 32) bzw., falls an diesem Tag für den Basiswert üblicherweise kein Schlusskurs festgestellt wird, der nächstfolgende Tag, an dem ein Schlusskurs festgestellt wird.
6. Der "Bewertungstag" ist, vorbehaltlich einer möglichen Marktstörung, der [*Bewertungstag*] bzw., falls an diesem Tag für den Basiswert üblicherweise kein Schlusskurs festgestellt wird, der nächstfolgende Tag, an dem ein Schlusskurs festgestellt wird.



## FÜR SPEED ZERTIFIKATE GILT:

1. Am Tilgungstag (siehe § 13) erhält der Inhaber von Speed Zertifikaten automatisch von der Emittentin die Zahlung eines (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag") in Euro. Die Höhe des Tilgungsbetrages hängt in der Regel vom durch die jeweils maßgebliche Börse oder Festlegungsstelle am Laufzeitende festgestellten und veröffentlichten Schlusskurs des den Speed Zertifikaten zugrunde liegenden Basiswertes, unter Berücksichtigung des Bezugsverhältnisses ab; der maximale Tilgungsbetrag kann durch einen CAP begrenzt sein.

Für den Fall, dass der Kurs des Basisinstruments zum Laufzeitende höher als der Startwert (siehe EK, Zeile 25) und - sofern bei Ausgabebeginn ein CAP von der Emittentin festgesetzt wurde - niedriger als der CAP ist, erhält der Anleger als Tilgungsbetrag den Startwert zuzüglich einer vervielfachten ("Partizipation") Differenz aus dem Schlusskurs des Basiswertes und dem Startwert des Basiswerts multipliziert mit dem Bezugsverhältnis.

Ist der Kurs des Basisinstruments zum Laufzeitende höher als oder gleich dem CAP (sofern ein solcher von der Emittentin festgesetzt wurde), erhält der Inhaber des Zertifikats den Startwert zuzüglich des vervielfachten Betrages der Differenz aus dem CAP und dem Startwert, multipliziert mit dem Bezugsverhältnis. Ist der Kurs des Basisinstruments zum Laufzeitende gleich dem Startwert, erhält der Inhaber des Zertifikats den Startwert multipliziert mit dem Bezugsverhältnis.

2. Der **Tilgungsbetrag** wird demnach wie folgt ermittelt:

- a. Für den Fall, dass der Schlusskurs des Basiswertes zum Laufzeitende niedriger als oder gleich dem Startwert ist:

$$\text{Tilgungsbetrag} = \text{Schlusskurs Basiswert} \times \text{Bezugsverhältnis}$$

- b. Für den Fall, dass der Schlusskurs des Basiswertes zum Laufzeitende höher als der Startwert und niedriger als der CAP ist:

$$\text{Tilgungsbetrag} = \{ \text{Startwert} + [(\text{Schlusskurs Basiswert} - \text{Startwert}) \times \text{Partizipation}] \} \times \text{Bezugsverhältnis}$$

- c. Sofern von der Emittentin ein CAP festgesetzt wurde: Ist der Schlusskurs des Basiswertes zum Laufzeitende höher als oder gleich dem CAP, erhält der Inhaber des Zertifikats:

$$\text{Tilgungsbetrag} = \{ \text{Startwert} + [(\text{CAP} - \text{Startwert}) \times \text{Partizipation}] \} \times \text{Bezugsverhältnis}$$

3. Der Startwert wird von der Emittentin am letzten Bankarbeitstag vor Ausgabebeginn, an dem ein Schlusskurs des jeweiligen Basiswertes festgestellt und veröffentlicht wird, festgesetzt (siehe EK, Zeile 25). Hinsichtlich der Partizipation siehe EK, Zeile 21.
4. Der CAP (siehe EK, Zeile 16) ist jener Kurs des Basiswertes, mit dem die Performance der Zertifikate nach oben begrenzt ist. Er wird von der Emittentin bei Ausgabebeginn festgesetzt.
5. Der Schlusskurs des Basiswertes (siehe EK, Zeile 23) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Stichtag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 23) festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 23) geregelt.

## FÜR AKTIENANLEIHEN GILT:

1. Die Aktienanleihen werden nach Wahlrecht der Emittentin automatisch drei Bankgeschäftstage nach dem Laufzeitende – das ist der "Tilgungstag" (siehe § 13) – entweder

a. zu 100 % des Nennwertes oder

- b. wenn der Kurs der Aktien am Feststellungstag (siehe EK, Zeile 17) den Ausübungspreis (siehe EK, Zeile 9) unterschreitet, durch Lieferung von – der Aktienanleihe zugrunde liegenden – Aktien (oder deren Gegenwert in Geld) zurückgezahlt. Die Anzahl der je Nominale [*Stückelung*] (siehe EK, Zeile 41) gelieferten Aktien ist den EK Zeile 6 zu entnehmen.

Die Emittentin behält sich das Recht vor, anstatt der Tilgung durch Lieferung von Aktien gemäß lit b) die Aktienanleihe durch Bezahlung eines (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrages in Euro, der dem Schlusskurs der jeweiligen zugrunde liegenden Aktie am Feststellungstag entspricht, zu tilgen („Cash-Settlement“). Dies wird von der Emittentin bei Ausgabebeginn festgelegt (siehe EK, Zeile 24).

Die Art der Tilgung gemäß lit. a) oder b) wird von der Emittentin am Feststellungstag, nach Vorliegen des Schlusskurses der zugrunde liegenden Aktien festgelegt. Die für die Feststellung des Schlusskurses der zugrunde liegenden Aktien maßgebliche Börse ist die [*Maßgebliche Börse/Festlegungsstelle*] (siehe EK, Zeile 34).

2. Der Ausübungspreis wird am Beginn der Ausgabe von der Emittentin festgesetzt (siehe EK, Zeile 9).
3. Der Schlusskurs des Basiswertes (siehe EK, Zeile 23) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Stichtag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 34) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 23.

## FÜR LOCK-IN ZERTIFIKATE GILT:

1. Am Tilgungstag (siehe § 13) erhält der Inhaber von Lock-In Zertifikaten automatisch von der Emittentin die Zahlung eines (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag") in Euro. Die Höhe des Tilgungsbetrages hängt in der Regel vom durch die jeweils maßgebliche Börse oder Festlegungsstelle am Laufzeitende festgestellten und veröffentlichten Schlusskurs des den Zertifikaten zugrunde liegenden Basiswertes unter Berücksichtigung des [*Bezugsverhältnisses*] (siehe EK, Zeile 14) ab; der maximale Tilgungsbetrag kann durch einen CAP (siehe EK, Zeile 16) begrenzt sein.
2. Der Tilgungsbetrag wird - jeweils unter Berücksichtigung des Bezugsverhältnisses - folgendermaßen ermittelt:
  - a. Wurde während der Laufzeit zumindest eine Gewinnschwelle erreicht oder überschritten, dann gilt:

Liegt der Kurs des Basiswertes oberhalb der höchsten während der Laufzeit erreichten Gewinnschwelle, erhält der Anleger einen (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro, der dem Schlusskurs des Basiswertes am Laufzeitende entspricht, maximal jedoch den CAP . Andernfalls erhält der Anleger einen (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro, welcher der höchsten während der Laufzeit erreichten Gewinnschwelle entspricht.
  - b. Wurde niemals während der Laufzeit eine Gewinnschwelle erreicht oder überschritten, dann gilt:
    - i. Wurde von der Emittentin ein Bonuslevel (siehe EK, Zeile 15) festgelegt und sollte der Kurs des Basiswertes während der Laufzeit des Zertifikates die Barriere (siehe EK, Zeile 10) zu keinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro, der dem Schlusskurs des Basiswertes am Laufzeitende entspricht, mindestens jedoch den Bonuslevel.
    - ii. Wurde von der Emittentin kein Bonuslevel (siehe EK, Zeile 15) festgelegt oder sollte der Kurs des Basiswertes während der Laufzeit des Zertifikates die Barriere (siehe EK, Zeile 10) zu irgendeinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Euro umgerechneten oder in Euro ausgedrückten – siehe § 10) Betrag in Euro, der dem Schlusskurs des Basiswertes am Laufzeitende entspricht.
3. Der/die Bonuslevel (siehe EK, Zeile 15), die Barriere (siehe EK, Zeile 10) sowie die Gewinnschwellen (siehe EK, Zeile 18) werden – sofern vorgesehen – von der Emittentin bei Ausgabebeginn festgesetzt.
4. Der Schlusskurs des Basiswertes (siehe EK, Zeile 23) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Stichtag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 23) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 23 geregelt.

## § 10 Umrechnung bei Fremdwährungswerten

1. Die Umrechnung des jeweiligen Tilgungsbetrages bzw. Abrechnungsbetrages zum Laufzeitende, am Ausübungstag (bei Optionsscheinen) bzw. am Feststellungstag (bei Aktienanleihen) von der jeweiligen Fremdwährung in Euro erfolgt auf der Grundlage des jeweiligen FW/EUR Fixings, das am jeweiligen Stichtag auf der Reuters-Seite <ECBREF=> oder einer diese ersetzenden Seite angezeigt wird bzw., falls dieser Kurs auch nicht auf einer anderen Reuters-Seite angezeigt wird, auf der Grundlage des Umrechnungskurses, der auf der Seite eines anderen Bildschirmervice angezeigt wird. Sollte der vorgenannte Umrechnungskurs nicht mehr in der vorgesehenen Weise festgestellt oder in einer der vorgenannten Arten angezeigt werden, ist die Emittentin berechtigt, als maßgeblichen Umrechnungskurs einen auf der Basis der dann geltenden Marktansichten ermittelten Umrechnungskurs festzulegen.
2. Bei „Quanto Euro“ – währungsgesicherten – Wertpapieren wird die jeweilige Fremdwährung zu jedem Zeitpunkt 1 : 1 in Euro ausgedrückt. D.h. die jeweilige Fremdwährungseinheit entspricht automatisch einem Euro

## § 11 Basiswert

Der Basiswert der strukturierten Wertpapiere ist [*Beschreibung des Basiswertes*] (siehe EK, Zeile 13).

## § 12 Verzinsung

Für verzinste strukturierte Wertpapiere gilt:

Die Verzinsung beträgt [*Angabe der Prozent*] % p.a. (siehe Zeile 19) Die Zinsen werden vom [*Datum des Zinslaufbeginns*] (siehe EK, Zeile 27) (einschließlich) bis zum [*Enddatum für die Berechnung der Zinsen*] (siehe EK, Zeile 26) (einschließlich) auf Basis [*Zinsberechnungsmethode*] berechnet. Die Zinsen werden am [*Zinszahlungstag*] (siehe EK, Zeile 26) ausbezahlt.

Für unverzinste Wertpapiere gilt:

Es erfolgen keine Zinszahlungen für die strukturierten Wertpapiere.

## § 13 Tilgungstag/Fälligkeitstermin der Zahlung

1. Der Fälligkeitstermin der Zahlung ("Tilgungstag") bei Tilgung der strukturierten Wertpapiere ist drei Bankarbeitstage nach dem Laufzeitende (siehe EK, Zeile 30) bzw. nach dem jeweiligen Ausübungstag (bei Optionsscheinen), sofern in den EK Zeile 36 nicht Abweichendes vorgesehen ist.
2. Ist der Fälligkeitstag kein Bankarbeitstag, erfolgt die Zahlung erst am nächstfolgenden Bankarbeitstag. Der Inhaber der strukturierten Wertpapiere ist nicht berechtigt, Zinsen oder eine andere Entschädigung wegen einer solchen Zahlungsverzögerung zu verlangen.
3. Alle im Zusammenhang mit der Zahlung von Geldbeträgen anfallenden Steuern, Gebühren oder anderen Abgaben sind von dem Inhaber der strukturierten Wertpapiere zu tragen und zu zahlen. Die Emittentin bzw. die Optionsstelle ist berechtigt, von Geldbeträgen etwaige Steuern, Gebühren

oder Abgaben einzubehalten, die von dem Inhaber der strukturierten Wertpapiere gemäß vorstehendem Satz zu zahlen sind.

4. "Bankarbeitstag" im Sinne dieses Prospekts ist – sofern in den Endgültigen Konditionen nicht Abweichendes oder Ergänzendes geregelt ist – ein Arbeitstag, an dem Geschäftsbanken in Österreich und Deutschland geöffnet sind.

## **§ 14 Marktstörung; Ersatzpreis**

Es gelten nachstehende Bestimmungen, sofern in den EK Zeile 37 nicht Abweichendes oder Ergänzendes vorgesehen ist,:

### **1. Im Fall von Wertpapieren auf Aktien/ADRs/GDRs:**

Eine Marktstörung bedeutet die vorübergehende Suspendierung oder wesentliche Einschränkung des Handels in den Basiswerten an der maßgeblichen Börse, in den Aktien an der Heimatbörse oder in einem Futures- oder Optionskontrakt in Bezug auf den Basiswert an einer Terminbörse, an der Futures- oder Optionskontrakte in Bezug auf die Basiswerte gehandelt werden ("die Terminbörse"), sofern diese Suspendierung oder Einschränkung in der letzten Stunde vor der üblicherweise zu erfolgenden Berechnung des Schlusskurses der Basiswerte eintritt bzw. besteht.

### **2. Im Fall von Wertpapieren auf Rohstoff(e):**

Eine Marktstörung bedeutet eine Suspendierung oder wesentliche Einschränkung der Berechnung und Veröffentlichung des Kurses für den/die Rohstoff(e) durch die Maßgebliche Festlegungsstelle oder die Suspendierung oder wesentliche Einschränkung des Handels in einem Futures- oder Optionskontrakt in Bezug auf den/die Rohstoff(e) an einer Terminbörse, an der Futures- oder Optionskontrakte in Bezug auf den/die Rohstoff(e) gehandelt werden ("Terminbörse").

### **3. Im Fall von Index-Wertpapieren:**

Eine Marktstörung bedeutet die vorübergehende Suspendierung oder wesentliche Einschränkung des Handels der in einem Index enthaltenen Aktien an den Wertpapierbörsen oder Handelssystemen, deren Kurse für die Berechnung des betreffenden Index herangezogen werden, sofern nach Auffassung der Emittentin aufgrund dieser Aussetzung oder Einschränkung,

- a. ein Index nicht feststellbar ist, weil der Index generell oder für den maßgeblichen Zeitpunkt nicht veröffentlicht wird, oder
- b. die Berechnung des Index in seiner veröffentlichten Form solchermaßen von der Berechnung des Index, wie sie bei der Ausgabe der Wertpapiere maßgeblich war, abweicht, dass der zu erwartende Index daher mit dem Index bei Ausgabe der Wertpapiere nicht vergleichbar sein wird (ausgenommen die Tatsache, dass andere Fließhandelswerte in den Index aufgenommen werden).

### **4. Im Fall von Wertpapieren auf Wertekörbe (z.B. Aktienbasket, Rohstoffbasket):**

Eine „Marktstörung“ bedeutet

- a. die Suspendierung oder wesentliche Einschränkung der Berechnung und Veröffentlichung der Schlusskurse für eine oder mehrere der im Basiswert (Wertekorb) enthaltenen Werte (z.B. Aktien, Rohstoffe) durch die maßgebliche Börse/Festlegungsstelle oder
  - b. die Suspendierung oder wesentliche Einschränkung des Handels in einem Futures- oder Optionskontrakt in Bezug auf eine oder mehrere der im Basiswert (Wertekorb) enthaltenen Werte (z.B. Aktien, Rohstoffe) an einer Terminbörse, an der Futures- oder Optionskontrakte in Bezug auf die jeweiligen Werte (z.B. Aktien, Rohstoffe) gehandelt werden („die Terminbörse“).
5. Eine Beschränkung der Stunden oder Anzahl der Tage, an denen ein Handel stattfindet, gilt nicht als Marktstörung, sofern die Einschränkung auf einer vorher angekündigten Änderung der betreffenden Börse beruht. Eine im Laufe eines Tages eintretende Beschränkung im Handel aufgrund von Preisbewegungen, die bestimmte vorgegebene Grenzen überschreiten, gilt nur dann als Marktstörung, wenn diese Beschränkung bis zum Ende der Handelszeit an dem betreffenden Tag fort dauert.
  6. Die Emittentin wird sich bemühen, den Beteiligten unverzüglich mitzuteilen, dass eine Marktstörung eingetreten ist. Eine Pflicht zur Mitteilung besteht jedoch nicht.

## **§ 15 Anpassungsregelungen**

1. Falls innerhalb der Laufzeit der Wertpapiere eine Kapitalveränderung in den zugrunde liegenden Basiswerten eintritt, werden die Bedingungen nach den Richtlinien der ÖTOB bzw. der EUREX (deutsche Terminbörse) oder nach den Richtlinien der jeweils maßgeblichen Börse/Festlegungsstelle angepasst, um den Inhaber der Wertpapiere wieder in die ursprüngliche wirtschaftliche Situation zu versetzen.
2. Wird am jeweils maßgeblichen Stichtag (Definition siehe nachstehend) der Schlusskurs des jeweiligen Basiswerts nicht festgestellt und veröffentlicht oder liegt nach Auffassung der Emittentin an diesem Tag eine Marktstörung vor, wird - sofern in den EK Zeile 38 nicht Abweichendes oder Ergänzendes vorgesehen ist - wie folgt vorgegangen:

Der jeweils maßgebliche Stichtag ist:

- bei Optionsscheinen der jeweilige Ausübungstag;
- bei Aktienanleihen der jeweilige Feststellungstag;
- bei allen anderen strukturierten Wertpapieren das Laufzeitende.

- a. Bei Wertpapieren auf Einzeltitel (z.B. Aktie/ADR/GDR):

Der jeweils maßgebliche Stichtag wird auf den nächstfolgenden Bankgeschäftstag in Österreich und dem Land der Heimatbörse des Basiswertes, an dem keine Marktstörung mehr vorliegt, verschoben. Dauert die Marktstörung längere Zeit an und hat sich dadurch der maßgebliche Stichtag um fünf (5) hintereinander liegende Bankgeschäftstage in Österreich und dem Land der Heimatbörse des Basiswertes verschoben, gilt dieser Tag als der maßgebliche Stichtag und es wird ein Ersatzpreis festgesetzt.

Ersatzpreis ist, soweit erhältlich, der von der maßgeblichen Börse/Festlegungsstelle festgelegte Preis der Aktie/des ADRs/GDRs oder, falls ein solcher nicht erhältlich ist, der von der Emittentin

bestimmte Preis der Aktie/des ADRs/GDRs, der nach Beurteilung der Emittentin den an diesem Tag herrschenden Marktgegebenheiten entspricht.

b. Bei Index-Wertpapieren:

wird der maßgebliche Stichtag auf den nächstfolgenden Bankgeschäftstag in Österreich und dem Land der Heimatbörse des Basiswertes verschoben,

- i. an dem ein Schlusskurs des betreffenden Index wieder festgestellt und veröffentlicht wird oder
- ii. an dem die Emittentin einen Ersatzindex selbst berechnet und gemäß § 23 bekannt macht und
- iii. an dem keine Marktstörung vorliegt.

Die Emittentin kann den Index für den maßgeblichen Stichtag selbst berechnen ("Ersatzindex"). Grundlage für die Berechnung dieses Ersatzindex ist die Art und Weise der Berechnungen und die Zusammensetzung und Gewichtung der Kurse und Aktien des Index, wie sie zum Zeitpunkt der letzten Veröffentlichung bzw. unmittelbar vor der Veränderung des Index galt, die für die Entscheidung der Emittentin, einen Ersatzindex zu berechnen, maßgeblich war. Der Ersatzindex tritt sodann an die Stelle des ursprünglich festgesetzten Index.

c. Bei Wertpapieren auf Rohstoff(e):

Der maßgebliche Stichtag wird auf den nächstfolgenden Kalendertag verschoben, an dem der Schlusskurs des betreffenden Basiswertes wieder festgestellt und veröffentlicht wird.

d. Bei Wertpapieren auf Wertekörbe (z.B. Aktienkorb, Rohstoffkorb):

Die Verschiebung des maßgeblichen Stichtags wird in den EK Zeile 38 geregelt.

Eventuelle weitere Anpassungsregelungen werden in den EK Zeile 38 geregelt.

## § 16 Auszahlungen

Die Auszahlungen der jeweiligen Beträge erfolgen ausschließlich in Euro bzw. in derjenigen frei konvertierbaren und verfügbaren gesetzlichen Währung, die zum Zeitpunkt der Zahlung gesetzliches Zahlungsmittel der Republik Österreich ist.

## § 17 Kündigung

1. Seitens der Inhaber der Wertpapiere ist die Kündigung der Wertpapiere unwiderruflich ausgeschlossen.
2. Sollte die Notierung des jeweiligen Basiswertes an der jeweils maßgeblichen Börse/Festlegungsstelle oder an ihrer Heimatbörse, aus welchem Grund auch immer, endgültig eingestellt werden, ist die Emittentin berechtigt, die noch nicht abgerechneten Wertpapiere vorzeitig durch Bekanntmachung gemäß § 23 unter Angabe des Kündigungsbetrages zu kündigen.

a. Für den Fall von Wertpapieren auf Einzeltitel (z.B. Aktien/ADRs/GDRs):

Handelt es sich bei dem Basiswert um Einzeltitel, ist die Emittentin auch berechtigt, unter Angabe des Kündigungsbetrages zu kündigen, wenn nach ihrem Ermessen nur noch eine geringe Liquidität der Aktien/ADRs/GDRs an der maßgeblichen Börse/Festlegungsstelle oder an ihrer Heimatbörse gegeben ist.

b. Für den Fall von Wertpapieren auf Index:

Handelt es sich bei dem Basiswert um einen Index, ist die Emittentin auch berechtigt, unter Angabe des Kündigungsbetrages zu kündigen, wenn nach ihrem Ermessen nur noch eine geringe Liquidität der dem Index zugrunde liegenden Aktien an der maßgeblichen Börse/Festlegungsstelle, an der Heimatbörse oder in einem Futures- oder Optionskontrakt in Bezug auf den Index an einer Terminbörse gegeben ist.

c. Für den Fall von Wertpapieren auf Rohstoff/e:

Auch im Fall einer Marktstörung (siehe § 14) ist die Emittentin berechtigt, die noch nicht abgerechneten Wertpapiere unter Angabe des Kündigungsbetrages (siehe unten) vorzeitig zu kündigen.

3. Sofern in den Endgültigen Konditionen nicht Abweichendes vorgesehen ist [*Kündigung*], zahlt die Emittentin im Fall einer Kündigung automatisch fünf Bankarbeitstage nach dem Tag der Kündigung an jeden Inhaber von Wertpapieren bezüglich jedes von ihm gehaltenen Wertpapiers einen Betrag in Euro ("Kündigungsbetrag"), der von der Emittentin nach billigem Ermessen als angemessener Marktpreis des Wertpapiers festgelegt wird.

*[Eventuelle weitere Kündigungsgründe der Emittentin sowie deren Rechtsfolgen sind den EK Zeile 20 zu entnehmen.]*

## § 18 Steuerliche Behandlung

Die Darstellung bezieht sich ausschließlich auf die relevanten Vorschriften der Besteuerung der Einkünfte aus Kapitalvermögen und der sonstigen Einkünfte für Wertpapiere, die im Privatvermögen gehalten werden (daher der Behandlung von außerbetrieblichen Einkünften). Es werden nicht alle Aspekte dieser Steuerarten behandelt. Die Darstellung behandelt nicht die individuellen Steuerumstände einzelner Anleger.

### A) Für Inhaber von Wertpapieren, die in Österreich der Steuerpflicht unterliegen, gilt folgendes:

#### 1) Hebelpapiere (Optionsscheine, Turbozertifikate, Range Turbozertifikate):

##### 1) Hebelpapiere auf Einzeltitel (zB Aktie, ADR, GDR, Rohstoff-Einzel):

- (i) Für vor dem 26.9.2005 begebene Wertpapiere gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Wertpapieren keine Einkünfte aus Kapitalvermögen gemäß § 27 Abs. 1 Z 4 EStG 1988 dar und unterliegen daher nicht der Kapitalertragsteuer. Erträge aus den Wertpapieren können allenfalls eine Besteuerung nach § 30 EStG (Spekulationsgeschäfte) auslösen. Im Fall der Veräußerung des Wertpapiers innerhalb eines Jahres seit dem Erwerb kommt es zur Besteuerung des Veräußerungsgewinnes



gemäß § 30 EStG, nach einem Jahr ist er steuerfrei. Die Ausübung bzw. Tilgung des Wertpapiers kann – auch unabhängig von der einjährigen Spekulationsfrist – eine Besteuerung gemäß § 30 EStG auslösen.

(ii) Für nach dem 23.9.2005 begebene Wertpapiere gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Wertpapieren Einkünfte aus Spekulationsgeschäften gemäß § 30 Abs. 1 Z 2 EStG dar, sofern zum Zeitpunkt des Emissionsbeginns der für das jeweilige Wertpapier geleistete Kapitaleinsatz im Verhältnis zum Kurs des Basiswertes kleiner oder gleich 20 % beträgt. In diesem Fall gelten die Bestimmungen gemäß Pkt. a. sinngemäß. Beträgt zum Zeitpunkt des Emissionsbeginns der für das jeweilige Wertpapier geleistete Kapitaleinsatz im Verhältnis zum Kurs des Basiswertes mehr als 20 %, stellen die Erträge aus den Wertpapieren Einkünfte aus Kapitalvermögen gemäß § 27 Abs. 1 Z 4 EStG 1988 dar und unterliegen daher der Kapitalertragsteuerpflicht.

2) Hebelpapiere auf Index (z.B. ATX, Aktien-, Indexkorb):

(i) Für vor dem 1.3.2004 begebene Wertpapiere gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Wertpapieren keine Einkünfte aus Kapitalvermögen gemäß § 27 Abs 1 Z 4 EStG 1988 dar und unterliegen daher nicht der Kapitalertragsteuer. Erträge aus den Wertpapieren können allenfalls eine Besteuerung nach § 30 EStG (Spekulationsgeschäfte) auslösen. Im Fall der Veräußerung des Wertpapiers innerhalb eines Jahres seit dem Erwerb kommt es zur Besteuerung des Veräußerungserlöses gemäß § 30 EStG, nach einem Jahr ist er steuerfrei. Die Ausübung des Wertpapiers kann – auch unabhängig von der einjährigen Spekulationsfrist – eine Besteuerung gemäß § 30 EStG auslösen.

(ii) Für nach dem 29.2.2004 und vor dem 26.9.2005 begebene Wertpapiere gilt:

Nach derzeitiger Rechtsansicht der Emittentin werden die Erträge aus den Wertpapieren gemäß § 97 Abs. 1 iVm § 93 Abs. 3 und § 124b Z 85 EStG mit 25 % Kapitalertragsteuer besteuert. Die Einkommen- und die Erbschaftsteuer sind damit abgegolten. Die Wertpapiere sind gemäß § 14 EStG für Pensions- und Abfertigungsrückstellung sowie gemäß § 78 VAG zur Bedeckung der versicherungstechnischen Rückstellungen (deckungsstockfähig) geeignet.

(iii) Für nach dem 23.9.2005 begebene Wertpapiere gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Wertpapieren Einkünfte aus Spekulationsgeschäften gemäß § 30 Abs. 1 Z 2 EStG dar, sofern zum Zeitpunkt des Emissionsbeginns (siehe Endgültige Konditionen Kapitel VI.A. "4.1.9 Laufzeitbeginn") der für das jeweilige Wertpapier geleistete Kapitaleinsatz im Verhältnis zum Kurs des Basiswertes kleiner oder gleich 20 % beträgt. In diesem Fall gelten die Bestimmungen gemäß Punkt a. sinngemäß. Beträgt zum Zeitpunkt des Emissionsbeginns der für das jeweilige Wertpapier geleistete Kapitaleinsatz im Verhältnis zum Kurs des Basiswertes mehr als 20 %, stellen die

Erträge aus den Wertpapieren Einkünfte aus Kapitalvermögen gemäß § 27 Abs. 1 Z 4 EStG 1988 dar und unterliegen daher der Kapitalertragsteuerpflicht.

### **II) Discountzertifikate:**

(i) Für jene Discountzertifikate, die vor dem 1.3.2004 begeben wurden, gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Discountzertifikaten keine Einkünfte aus Kapitalvermögen gemäß § 27 Abs 1 Z 4 EStG 1988 dar und unterliegen daher nicht der Kapitalertragsteuer. Erträge aus den Discountzertifikaten können allenfalls eine Besteuerung nach § 30 EStG (Spekulationsgeschäfte) auslösen. Im Fall der Veräußerung des Discountzertifikates innerhalb eines Jahres seit dem Erwerb kommt es zur Besteuerung des Veräußerungsgewinnes gemäß § 30 EStG, nach einem Jahr ist er steuerfrei. Die Tilgung des Discountzertifikates kann – auch unabhängig von der einjährigen Spekulationsfrist – eine Besteuerung gemäß § 30 EStG auslösen.

(ii) Für jene Discountzertifikate, die nach dem 29.2.2004 begeben wurden, gilt:

Die Erträge aus den Discountzertifikaten werden gemäß § 97 Abs. 1 iVm § 93 Abs. 3 und § 124b Z 85 EStG mit 25 % Kapitalertragsteuer besteuert. Die Einkommen- und die Erbschaftssteuer sind damit abgegolten. Die Discountzertifikate sind gemäß § 14 EStG für Pensions- und Abfertigungsrückstellung sowie gemäß § 78 VAG zur Bedeckung der versicherungstechnischen Rückstellungen (deckungsstockfähig) geeignet.

### **III) Anlage-, Bonus-, Speed- und Lock-In Zertifikate:**

#### **1) Gilt für Zertifikate mit Basiswert Einzeltitel:**

(i) Für vor dem 1.3.2004 begebene Zertifikate gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Zertifikaten keine Einkünfte aus Kapitalvermögen gemäß § 27 Abs. 1 Z 4 EStG 1988 dar und unterliegen daher nicht der Kapitalertragsteuer. Erträge aus den Zertifikaten können allenfalls eine Besteuerung nach § 30 EStG (Spekulationsgeschäfte) auslösen. Im Fall der Veräußerung des Zertifikates innerhalb eines Jahres seit dem Erwerb kommt es zur Besteuerung des Veräußerungserlöses gemäß § 30 EStG, nach einem Jahr sind sie steuerfrei. Die Einlösung des Zertifikates zum Laufzeitende kann – auch unabhängig von der einjährigen Spekulationsfrist – eine Besteuerung gemäß § 30 EStG auslösen.

(ii) Für nach dem 29.2.2004 und vor dem 23.3.2005 begebene Zertifikate gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Zertifikaten Einkünfte aus Kapitalvermögen gemäß § 27 Abs. 1 Z 4 EStG 1988 dar und unterliegen ab dem

23.3.2005 der Kapitalertragsteuer. Das bedeutet, dass als steuerlich relevanter Emissionswert der Kurs des Zertifikates am 23.3.2005 heranzuziehen ist.

(iii) Für nach dem 22.3.2005 begebene Zertifikate gilt:

Nach derzeitiger Rechtsansicht der Emittentin werden die Erträge aus den Zertifikaten gemäß § 97 Abs. 1 iVm § 93 Abs. 3 und § 124b Z85 EStG mit 25 % Kapitalertragsteuer besteuert. Die Einkommen- und die Erbschaftsteuer sind damit abgegolten. Die Zertifikate sind gemäß § 14 EStG für Pensions- und Abfertigungsrückstellung sowie gemäß § 78 VAG zur Bedeckung der versicherungstechnischen Rückstellungen (deckungsstockfähig) geeignet.

## 2) Gilt für Zertifikate mit Basiswert Index:

(i) Für vor dem 1.3.2004 begebene Zertifikate gilt:

Nach derzeitiger Rechtsansicht der Emittentin stellen die Erträge aus den Zertifikaten keine Einkünfte aus Kapitalvermögen gemäß § 27 Abs. 1 Z 4 EStG 1988 dar und unterliegen daher nicht der Kapitalertragsteuer. Erträge aus den Zertifikaten können allenfalls eine Besteuerung nach § 30 EStG (Spekulationsgeschäfte) auslösen. Im Fall der Veräußerung des Zertifikates innerhalb eines Jahres seit dem Erwerb kommt es zur Besteuerung des Veräußerungserlöses gemäß § 30 EStG, nach einem Jahr sind sie steuerfrei. Die Einlösung des Zertifikates zum Laufzeitende kann – auch unabhängig von der einjährigen Spekulationsfrist – eine Besteuerung gemäß § 30 EStG auslösen.

(ii) Für nach dem 29.02.2004 begebene Zertifikate gilt:

Nach derzeitiger Rechtsansicht der Emittentin werden die Erträge aus den Zertifikaten gemäß § 97 Abs. 1 iVm § 93 Abs. 3 und § 124b Z85 EStG mit 25 % Kapitalertragsteuer besteuert. Die Einkommen- und die Erbschaftsteuer sind damit abgegolten. Die Zertifikate sind gemäß § 14 EStG für Pensions- und Abfertigungsrückstellung sowie gemäß § 78 VAG zur Bedeckung der versicherungstechnischen Rückstellungen (deckungsstockfähig) geeignet.

## IV) Aktienanleihen:

Die Zinserträge stellen Einkünfte aus Kapitalvermögen gemäß § 27 Abs. 1 Z 4 EStG dar und sind daher einkommensteuerpflichtig.

Die Zinserträge unterliegen gemäß § 93 Abs. 3 EStG einem Kapitalertragsteuerabzug von 25%, wenn sich die kuponanzahlende Stelle im Inland befindet. Kuponanzahlende Stelle ist jenes Kreditinstitut, das dem Anleger die Zinserträge aus der Einlösung oder der Veräußerung der Wertpapiere auszahlt oder gutschreibt.

Durch die Einbehaltung der Kapitalertragsteuer ist die Einkommensteuer grundsätzlich abgegolten (Endbesteuerungswirkung). Der Anleger ist daher in diesem Fall nicht verpflichtet, die Zinserträge aus den Aktienanleihen in seine Einkommensteuererklärung aufzunehmen.

Ist die nach dem Einkommensteuertarif zu erhebende Einkommensteuer geringer als die Kapitalertragsteuer, kann der Anleger die Veranlagung der Zinserträge zum niedrigeren Einkommensteuertarif beantragen. Die Kapitalertragsteuer wird diesfalls auf die Einkommensteuer angerechnet bzw mit dem übersteigenden Betrag rückerstattet. Aufwendungen im Zusammenhang mit den Wertpapieren (Spesen, Provisionen, etc.) dürfen gemäß § 20 Abs 2 EStG steuerlich nicht geltend gemacht werden (Abzugsverbot).

Einlösungs- oder Veräußerungsgewinne aus der Einlösung bzw. Veräußerung der Wertpapiere, die innerhalb eines Jahres seit deren Anschaffung erzielt werden, sind als Einkünfte gemäß § 30 EStG einkommensteuerpflichtig. Derartige Spekulationseinkünfte unterliegen dem allgemeinen Einkommensteuertarif.

Die Einlösung (Tilgung) durch die Lieferung von Aktien führt beim Anleger zu einem neuerlichen Anschaffungsgeschäft, nämlich zu einer Anschaffung von Aktien. Veräußerungsgewinne aus einer allfälligen Weiterveräußerung dieser Aktien innerhalb eines Jahres unterliegen gemäß § 30 EStG dem vollen Einkommensteuertarif. Veräußerungsgewinne nach Ablauf der Spekulationsfrist sind einkommensteuerfrei, wenn das Beteiligungsausmaß weniger als 1% beträgt.

## **B) Anleger hat keinen Wohnsitz oder gewöhnlichen Aufenthalt in Österreich**

Hat der Anleger keinen Wohnsitz oder gewöhnlichen Aufenthalt in Österreich, sind die Kapitalerträge aus der Einlösung oder der Veräußerung der Zertifikate in Österreich nicht einkommensteuerpflichtig.

Werden die Kapitalerträge von einer inländischen kuponanzahlenden Stelle ausgezahlt, unterbleibt der Kapitalertragsteuerabzug, wenn der Anleger der kuponanzahlenden Stelle seine Ausländereigenschaft nachweist oder glaubhaft macht.

Kapitalerträge aus der Einlösung oder der Veräußerung der Zertifikate unterliegen ab 1.7.2005 grundsätzlich einem EU-Quellensteuerabzug, wenn sie von einer inländischen Zahlstelle an eine natürliche Person, die in einem anderen Mitgliedstaat der EU ihren Wohnsitz hat, ausgezahlt werden. Zahlstelle ist jenes Kreditinstitut, das an den Anleger die Kapitalerträge zahlt.

Die EU-Quellensteuer beträgt 15% für Zahlungen ab 1.7.2005, 20% für Zahlungen ab 1.7.2008 und 35% für Zahlungen ab 1.7.2011. Der EU-Quellensteuerabzug unterbleibt, wenn der Anleger der Zahlstelle eine Bescheinigung seines Wohnsitzfinanzamtes über die Offenlegung der Kapitalerträge vorlegt.

Die Zinserträge aus den in diesem Prospekt beschriebenen Aktienanleihen stellen nach Ansicht des Bundesministeriums für Finanzen Zinserträge dar, die der EU-Quellensteuer unterliegen. Alle anderen Kapitalerträge aus den in diesem Prospekt beschriebenen Zertifikaten stellen nach Ansicht des Bundesministeriums für Finanzen keine Zinserträge dar, die der EU-Quellensteuer unterliegen.

## **C) Für Inhaber von Wertpapieren, die in der Bundesrepublik Deutschland der Steuerpflicht unterliegen, gilt folgendes:**

Nach derzeitiger Rechtsansicht der Emittentin stellt sich die steuerliche Situation für Anleger, die in der Bundesrepublik Deutschland der Steuerpflicht unterliegen, wie folgt dar:

### ***1) Turbozertifikate, Range Turbozertifikate, Discount-, Anlage-, Bonus-, Speed- und Lock-In Zertifikate:***

Die steuerliche Behandlung von Zertifikaten ist derzeit noch nicht abschließend geklärt.

Erträge aus der Einlösung der ausgegebenen Zertifikate sollten nachzeitigem Meinungsstand nicht der Besteuerung unterliegen, da weder ein Entgelt noch eine (zumindest teilweise) Kapitalrückzahlung zugesagt worden ist (§ 20 Abs. 1 Nr. 7 dEStG; vgl. BMF vom 16.03.1999, BStBl. I 1999, 433). Die deutsche Finanzverwaltung unterschied bisher nicht in verschiedene Bezugswerte, sondern stellte darauf ab, ob die Rückzahlung des Kapitals ganz oder teilweise garantiert oder ein Entgelt zugesagt war. Danach stellen auch Veräußerungsgewinne keine Kapitalerträge i.S.d. § 20 Abs.2 dEStG dar. Zu einer Belastung mit Zinsabschlagsteuer in Höhe von derzeit 30 v.H. zuzüglich Solidaritätszuschlag sollte es daher nicht kommen.

Veräußerungsgewinne unterliegen jedoch als Gewinne aus privaten Veräußerungsgeschäften der Besteuerung, wenn der Zeitraum zwischen Erwerb und Veräußerung nicht mehr als ein Jahr beträgt (§ 23 Abs. 1 Nr. 2 dEStG). Dies gilt gleichermaßen für Gewinne aus der Einlösung des Zertifikates, wenn der Zeitraum zwischen Erwerb und Einlösung nicht mehr als ein Jahr beträgt. Verluste aus solchen privaten Veräußerungsgeschäften dürfen nur bis zur Höhe des Gewinns, den der Steuerpflichtige im

gleichen Kalenderjahr aus privaten Veräußerungsgeschäften erzielt hat, ausgeglichen werden (§ 23 Abs. 3 S. 8 dEStG). Nicht ausgleichsfähige Verluste mindern jedoch, betragsmäßig begrenzt, die Einkünfte aus privaten Veräußerungsgeschäften des unmittelbar vorangegangenen oder der folgenden Veranlagungszeiträume (§ 23 Abs. 3 S. 9 dEStG). Veräußerungen und Einlösungen, die außerhalb der Jahresfrist erfolgen, bleiben steuerlich unberücksichtigt.

Das Investmentsteuergesetz sollte nicht zur Anwendung gelangen, da das Zertifikat kein ausländischer Investmentanteil ist (BMF vom 02.06.2005, BStBl. I 2005, 728, Rz. 9).

### ***III) Aktienanleihen:***

Aktienanleihen sind nach Auffassung der Finanzverwaltung (BMF vom 02.03.2001, BStBl. I 2001, 206) Kapitalforderungen, bei denen die Höhe der Erträge von einem ungewissen Ereignis abhängt.

Die laufenden Erträge unterliegen daher gem. § 20 Abs. 1 Nr. 7 S.1 dEStG der Besteuerung als Einkünfte aus Kapitalvermögen.

Die Behandlung von Veräußerungsgewinnen, Veräußerungsverlusten und Verlusten aus der Ausübung des Tilgungswahlrechts ist zur Zeit noch nicht abschließend höchstrichterlich geklärt. Nach Auffassung der Finanzverwaltung (BMF vom 02.03.2001, BStBl. I 2001, 206) liegt eine Emissionsrendite (§ 20 Abs. 2 S.1 Nr. 4 S. 2 dEStG) nicht vor, da im Zeitpunkt des Erwerbs noch nicht feststeht, ob es zu einer Ausübung des Tilgungswahlrechts kommt oder nicht. Folglich kommt die Besteuerung nach der Marktrendite gem. § 20 Abs. 2 S.1 Nr. 4 dEStG zur Anwendung, d.h. Gewinne aus der Veräußerung oder Einlösung im Fall der tatsächlichen Rückzahlung des Kapitalbetrages (Nichtausübung des Wahlrechts) sind danach in tatsächlich angefallener Höhe als Kapitalerträge steuerpflichtig und Veräußerungs- und Einlösungsverluste sind mit den Zinseinkünften in tatsächlicher Höhe verrechenbar. Da es sich jeweils um Einkünfte aus Kapitalvermögen gem. § 20 dEStG handelt, gilt dies unabhängig von der jeweiligen Haltedauer.

Soweit die Kapitalerträge weder von einer inländischen Zahlstelle ausgezahlt noch von einem inländischen Kredit- oder Finanzdienstleistungsinstitut verwahrt werden, kommt es im Inland nicht zu einer Belastung mit deutscher Zinsabschlagsteuer in Höhe von derzeit 30 v.H. zuzüglich Solidaritätszuschlag (§ 43 Abs. 1 Nr. 7, 8 i.V.m. § 44 Abs. 1 S. 3, 4 dEStG).

### ***III) Optionsscheine (mit Cash-Settlement/mit effektiver Lieferung) :***

Laufende Erträge werden aus den Optionsscheinen nicht erzielt.

Ein Gewinn aus der Veräußerung des Optionsscheines ist nur dann als privates Veräußerungsgeschäft steuerpflichtig, wenn der Zeitraum zwischen Erwerb und Veräußerung nicht mehr als ein Jahr beträgt (Veräußerung eines Wertpapiers i.S.d. § 23 Abs. 1 Nr. 2 dEStG, BMF vom 27.11.2001, BStBl. I 2001, 986, Rz. 17 und 22). Dies gilt ebenso für die Ausübung einer Option mit Barausgleich, soweit der Zeitraum zwischen Erwerb und Ausübung nicht mehr als ein Jahr beträgt (Termingeschäft i.S.d. § 23 Abs. 1 Nr. 4 dEStG, BMF vom 27.11.2001, BStBl. I 2001, 986, Rz. 16 und 21). Die Anschaffungs- und Anschaffungsnebenkosten der Optionsscheine sind dann Werbungskosten gem. § 23 Abs. 3 S. 5 dEStG.

Verluste aus den Optionsscheinen dürfen nur bis zur Höhe des Gewinns, den der Steuerpflichtige im gleichen Kalenderjahr aus privaten Veräußerungsgeschäften erzielt hat, ausgeglichen werden (§ 23

Abs. 3 S. 8 dEStG). Nicht ausgleichsfähige Verluste mindern jedoch, betragsmäßig begrenzt, die Einkünfte aus privaten Veräußerungsgeschäften des unmittelbar vorangegangenen oder der folgenden Veranlagungszeiträume (§ 23 Abs. 3 S. 9 dEStG). Veräußerungen und Ausübungen mit Barausgleich, die außerhalb der Jahresfrist erfolgen, bleiben steuerlich unberücksichtigt.

Wird eine Kaufoption ausgeübt und der zugrunde liegende Basiswert geliefert, hat dies unabhängig von der Haltedauer unmittelbar keine steuerlichen Auswirkungen. Die gezahlte Optionsprämie gehört zu den Anschaffungskosten der erworbenen Aktien (BMF vom 27.11.2001, BStBl. I 2001, 986, Rz. 15) und ist ggf. bei einer späteren steuerpflichtigen Veräußerung des Basiswertes gewinnmindernd zu berücksichtigen. Die Ausübung einer Verkaufsoption und Lieferung des Basiswerts führt zu einem steuerpflichtigen Gewinn aus einem privaten Veräußerungsgeschäft, wenn der veräußerte Basiswert innerhalb eines Jahres vor Veräußerung angeschafft wurde (BMF vom 27.11.2001, BStBl. I 2001, 986, Rz. 20).

Der Verfall einer Option hat keine steuerlichen Auswirkungen.

Diese Informationen ersetzen nicht die in jedem individuellen Fall unerlässliche Beratung vor der Kaufentscheidung durch den Steuerberater. Vor einem Erwerb der Papiere sollten interessierte Anleger sich in jedem Fall über die steuerlichen Folgen des Erwerbs, des Haltens, der Veräußerung und der Einlösung von diesen Papieren auch von ihrem Steuerberater beraten lassen. Dies gilt vor allem bezüglich aktueller Steuergesetzänderungen. Diese Angaben basieren auf Grundlage der gesetzlichen Bestimmungen vom Oktober 2005. Sie wurden weder durch die Rechtsprechung noch durch ausdrückliche Äußerungen der Finanzverwaltung bestätigt und sind daher nicht als Garantie für den Eintritt der dargestellten steuerlichen Folgen zu verstehen. Änderungen in Gesetzgebung, Rechtsprechung oder Verwaltungspraxis sowie eventuelle andere Ergebnisse der Finanzbehörden aufgrund gegebener Auslegungsspielräume sind nicht auszuschließen und gehen daher nicht zu Lasten der Emittentin.

Die Emittentin übernimmt keine Verantwortung für die Einbehaltung der oben angeführten Quellensteuern.

## **§ 19 Aufstockung; Rückkauf**

1. Die Emittentin ist berechtigt, jederzeit weitere strukturierte Wertpapiere mit (gegebenenfalls bis auf den Beginn der Ausübungsfrist) gleicher Ausstattung zu begeben, sodass sie mit diesen strukturierten Wertpapieren zusammengefasst werden, eine einheitliche Emission mit ihnen bilden und ihre Anzahl erhöhen. Der Begriff "strukturierte Wertpapiere" umfasst im Fall einer solchen Aufstockung auch solche zusätzlich begebenen strukturierten Wertpapiere.
2. Die Emittentin ist berechtigt, jederzeit strukturierte Wertpapiere über die Börse oder durch außerbörsliche Geschäfte zurück zu erwerben. Die Emittentin ist nicht verpflichtet, die Inhaber von strukturierten Wertpapieren davon zu unterrichten. Die zurückerworbenen strukturierten Wertpapiere können entwertet, gehalten, weiterveräußert oder von der Emittentin in anderer Weise verwendet werden.

## **§ 20 Zahl-, und/oder Einreich- und/oder Optionsstelle**

1. Zahl-, Einreich- und/oder Optionsstelle (bei Optionsscheinen) ist die Raiffeisen Centrobank AG. Die Gutschrift der Auszahlungen erfolgt über die jeweilige für den Inhaber der strukturierten Wertpapiere depotführende Stelle.
2. Die Emittentin ist berechtigt, zusätzliche Zahl- bzw. Optionsstellen zu ernennen oder deren Ernennung zu widerrufen. Ernennungen und Widerrufe werden gemäß § 23 bekannt gemacht.
3. Die Zahl- bzw. Optionsstelle handeln als solche ausschließlich als Beauftragte der Emittentin und stehen nicht in einem Auftrags- und Treuhandverhältnis zu den Inhabern von strukturierten Wertpapieren.
4. Die Zahl-, Einreich- bzw. Optionsstelle haftet daraus, dass sie Erklärungen abgibt, nicht abgibt oder entgegennimmt oder Handlungen vornimmt oder unterlässt, nur, wenn und soweit sie die Sorgfalt eines ordentlichen Kaufmannes verletzt hat.

### **§ 21 Ersetzung der Emittentin**

1. Jede andere Gesellschaft kann vorbehaltlich Abs. 2 jederzeit während der Laufzeit der strukturierten Wertpapiere nach Bekanntmachung durch die Emittentin gemäß § 23 alle Verpflichtungen der Emittentin aus diesen Wertpapierbedingungen übernehmen. Bei einer derartigen Übernahme wird die übernehmende Gesellschaft (nachfolgend "Neue Emittentin" genannt) der Emittentin im Recht nachfolgen und an deren Stelle treten und kann alle sich für die Emittentin aus den strukturierten Wertpapiere ergebenden Rechte und Befugnisse mit derselben Wirkung ausüben, als wäre die Neue Emittentin in diesen Wertpapierbedingungen als Emittentin bezeichnet worden; die Emittentin (und im Falle einer wiederholten Anwendung dieses § 21 jede etwaige frühere Neue Emittentin) wird damit von ihren Verpflichtungen aus diesen Wertpapierbedingungen und ihrer Haftung als Schuldnerin aus den strukturierten Wertpapieren befreit. Bei einer derartigen Übernahme bezeichnet das Wort "Emittentin" in allen Bestimmungen dieser Wertpapierbedingungen (außer in diesem § 21) die Neue Emittentin.
2. Eine solche Übernahme ist nur zulässig, wenn
  - a. sich die Neue Emittentin verpflichtet hat, jeden Inhaber von strukturierten Wertpapieren wegen aller Steuern, Abgaben, Veranlagungen oder behördlicher Gebühren schadlos zu halten, die ihm bezüglich einer solchen Übernahme auferlegt werden;
  - b. die Emittentin (in dieser Eigenschaft "Garantin" genannt) unbedingt und unwiderruflich zugunsten der Inhaber von strukturierten Wertpapieren die Erfüllung aller von der Neuen Emittentin zu übernehmenden Zahlungsverpflichtungen garantiert hat und der Text dieser Garantie gemäß § 23 veröffentlicht wurde;
  - c. die Neue Emittentin alle erforderlichen staatlichen Ermächtigungen, Erlaubnisse, Zustimmungen und Bewilligungen in den Ländern erlangt hat, in denen die Neue Emittentin ihren Sitz hat oder nach deren Recht sie gegründet ist.
3. Nach Ersetzung der Emittentin durch eine Neue Emittentin findet dieser § 21 erneut Anwendung.

### **§ 22 Börseeinführung**



Einbeziehung in den Freiverkehr an der Börse Stuttgart AG (European Warrant Exchange - EUWAX) und in den Regelten Freiverkehr an der Wiener Börse. [*weitere Ergänzungen oder Änderungen zur Börseeinführung*]; [*Börsezulassung/Märkte*] (siehe EK, Zeile 45).

### **§ 23 Bekanntmachungen**

1. Alle Bekanntmachungen, die die strukturierten Wertpapiere betreffen, erfolgen rechtsgültig im "Amtsblatt der Wiener Zeitung". Sollte diese Zeitung ihr Erscheinen einstellen, so tritt an ihre Stelle die für amtliche Bekanntmachungen dienende Tageszeitung. Einer besonderen Benachrichtigung der einzelnen Inhaber der strukturierten Wertpapiere bedarf es nicht.
2. Sofern in diesen Wertpapierbedingungen nichts anderes vorgesehen ist, dienen diese Bekanntmachungen nur zur Information und stellen keine Wirksamkeitsvoraussetzungen dar.

### **§ 24 Verjährung**

Der Anspruch auf Zahlungen aus fälligem Kapital verjährt nach dreißig Jahren ab Fälligkeit; Ansprüche auf Zahlungen aus Zinsen nach drei Jahren ab Fälligkeit.

### **§ 25 Prospektpflicht für das öffentliche Angebot**

Die strukturierten Wertpapiere werden in Österreich und in Deutschland [*Börsezulassung/Märkte*] (siehe EK, Zeile 45) öffentlich angeboten. Sie werden in Form einer Daueremission begeben. In Österreich wurde ein Basisprospekt gemäß Art 7 Abs 4, Z. 1 der VO 809/2004 erstellt. Dieser wurde auch der Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") notifiziert.

### **§ 26 Sicherstellung**

Die Emittentin haftet für alle Verpflichtungen aus der Begebung der strukturierten Wertpapiere mit ihrem gesamten Vermögen.

### **§ 27 Haftungsausschluss**

Die Emittentin übernimmt keinerlei Haftung für die Richtigkeit, Vollständigkeit, Kontinuität und dauerhafte Berechnung der von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 34) festgestellten Kurse des Basiswertes.

### **§ 28 Anwendbares Recht, Gerichtsstand und Erfüllungsort**

1. Form und Inhalt der strukturierten Wertpapiere sowie alle Rechte und Pflichten aus den in diesen Bedingungen geregelten Angelegenheiten bestimmen sich in jeder Hinsicht nach österreichischem Recht.
2. Erfüllungsort und Gerichtsstand ist Wien, wobei sich die Emittentin jedoch vorbehält, eine Klage bei einem ansonsten zuständigen Gericht einzubringen.

### **§ 29 Salvatorische Klausel**

Sollte eine Bestimmung dieser Bedingungen aus welchem Grund auch immer unwirksam oder undurchführbar sein oder werden, so wird die Wirksamkeit der übrigen Bestimmungen dieser

Bedingungen nicht berührt. Die unwirksame oder undurchführbare Bestimmung wird durch eine solche ersetzt, die dem in diesen Bedingungen zum Ausdruck kommenden Willen am nächsten kommt.

### **§ 30 Schlussbestimmungen**

1. Die Emittentin ist berechtigt, in diesen Wertpapierbedingungen

- a. offensichtliche Schreib- oder Rechenfehler oder sonstige offensichtliche Irrtümer sowie
- b. widersprüchliche oder lückenhafte Bestimmungen

ohne Zustimmung der Inhaber der strukturierten Wertpapiere zu ändern bzw. zu ergänzen, wobei in den unter b) genannten Fällen nur solche Änderungen bzw. Ergänzungen zulässig sind, die unter Berücksichtigung der Interessen der Emittentin für die Inhaber der strukturierten Wertpapiere zumutbar sind, d.h. die die finanzielle Situation der Inhaber strukturierten Wertpapiere nicht wesentlich verschlechtern. Änderungen bzw. Ergänzungen dieser Wertpapierbedingungen werden unverzüglich gemäß § 23 bekannt gemacht.

2. Festlegungen, Berechnungen oder sonstige Entscheidungen der Emittentin sind, sofern kein offensichtlicher Fehler vorliegt, für alle Beteiligten bindend.

3. Alle im Zusammenhang mit der Einlösung der strukturierten Wertpapiere anfallenden Steuern, Gebühren oder andere Abgaben sind von den Inhaber von strukturierten Wertpapieren zu tragen und zu zahlen.

Wien, [*Datum der Erstellung der Wertpapierbedingungen*]

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

For issues of individual securities which are only offered in Austria and/or Germany the General Securities Terms are exclusively drawn up in German language.

## GENERAL SECURITIES TERMS

of

Raiffeisen Centrobank AG

for [*Name of structured securities*] (see Final Terms, line 1)

### § 1 Investor Rights

1. Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1010 Vienna ("Issuer") will issue as of [*Issue Date*] (see FT, line 34) a total volume of up to [*indication of total volume*] (see FT, line 43) [*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 11-13).
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 45) 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 33), 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.

### § 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 certificate 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**

1. The maturity of structured securities starts on [*Issue Date*] (see Final Terms, line 34) and ends on [*Maturity Date*] (see FT, line 35). 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 44).

### **THE FOLLOWING APPLIES TO OPEN END STRUCTURED SECURITIES:**

## **§ 8 Maturity**

1. The issuance of structured securities starts on [*Issue Date*] (see FT, line 34) ("start of life of security"). These structured securities are open-end securities. This means that the structured securities do not have a predefined maturity.

2. The issuer shall have the right to determine a maturity date for the certificates for the first time at the earliest three calendar years after the issue date on any exchange-trading day in Vienna or Stuttgart, with the remaining time to maturity of the certificate having to be at least one calendar year. The fixing of the maturity is published, indicating the maturity date pursuant to § 23.

## **§ 9 Exercise/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*]

### **THE FOLLOWING APPLIES TO WARRANTS:**

#### ***§ 9.1. Exercise/Redemption***

Warrants are exercised as follows:

##### **1. Cash Settlement:**

Generally, the securities entitle holders to payment of (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) a cash amount that is made up of the difference by which the closing price of the underlying instrument exceeds (call warrants) the strike price on the respective exercise date or falls below it (put warrants), with this spread being multiplied by the subscription ratio [*Subscription Ratio*] (see FT, line 14).

The warrants can be exercised either automatically by the issuer or by the warrants holder (see FT, line 7). When exercised by the issuer, the payment of the cash amount in the respective product currency is done automatically after three banking business days (Redemption Date § 13).

##### **2. Settlement by physical delivery:**

The holder of a warrant has the right to exercise the warrant by demanding physical delivery within the exercise period [*Exercise Period*] (see FT, line 8) ("American style") or on exercise day ("European style").

In the case of buy warrants, effective delivery consists of the right of the warrants holder to buy the underlying instrument at the strike price [*Strike Price*] (see FT, line 9) on the respective exercise day taking into consideration the subscription ratio [*Subscription Ratio*] (see FT, line 14) and in the case of put warrants to sell the underlying instrument at the strike price on the respective exercise day taking into consideration the subscription ratio.

If the warrant holder exercises the warrant, he or she must submit a duly completed declaration form ("exercise declaration") to the issuer within the exercise period (American style) or on exercise day (European style; this corresponds to the maturity date) in order to exercise the warrant.

#### ***§ 9.2. Strike Price; Exercise Day; Closing Price; Subscription Ratio***

1. The respective strike price is defined at the start of the issue of the warrants by the issuer (see Final Terms, line 9).

2. The respective exercise day is:
  - a. If the warrant is exercised by the warrants holder pursuant to § 9.3 par 1 through 5, this shall be the day on which the exercise declaration of the warrants holder is received by the warrants agent.
  - b. In the case of automatic exercise of the warrant by the issuer pursuant to § 9.3 par 6, this shall be the maturity date.
3. The closing price (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the respective exercise day 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 23).
  - a. When a warrants holder exercises a warrant pursuant to § 9.3 par 1 through 5, the closing price of the underlying instrument shall apply on the day the exercise declaration is received by the warrants agent by 10:00 hrs (local time Vienna); if the exercise declaration is received later than 10:00 hrs (local time Vienna), the closing price of the next exchange trading day after receipt of the exercise declaration shall apply.
  - b. In the case of automatic exercise of the warrant by the issuer pursuant to § 9.3 par 6, the closing price of the underlying instrument on the maturity date shall apply.
4. The **subscription ratio** shall be [*Subscription Ratio*] (see FT, line 14).

### ***§ 9.3. Exercise of Warrants by Warrants Holders***

1. If the exercise of a warrant is not done automatically by the issuer upon maturity (see FT, line 7), the warrant holder must submit a duly completed declaration ("exercise declaration") to the warrants agent in order to exercise the warrant. This exercise declaration is irrevocable and binding.
2. Types of warrants:
  - a. A warrant may be exercised – unless otherwise regulated in par. 3 or postponed pursuant to § 15 – on every banking business day during the entire exercise period § 9.5 ("American style").
  - b. A warrant may be exercised – unless postponed pursuant to § 15 – by the warrant holder on the maturity date ("European style").
3. The right to exercise a warrant does not apply in the following instances set out below for warrants having shares as underlying instruments:
  - a. on the day of the annual general meeting of the company,
  - b. on days on which banks and exchanges are closed for business in Austria, Germany or in the respective primary market of the underlying instrument,
  - c. during the period between the day on which the company publishes in the applicable mandatory disclosure publication an offer to its shareholders to subscribe to new shares (including preferred

shares and similar securities), or to partial debt securities (including similar securities) and/or to profit-sharing rights with conversion rights or option rights to new shares, and the last day of the respective subscription period.

4. The warrants holder must deliver the corresponding number of warrants at the latest when submitting the exercise declaration to the warrants agent, specifically, by either an irrevocable order to the warrants agent to use the warrants on any custody account maintained with the warrants agent, or by delivery of the warrants to the custody account named by the warrants agent.
5. When acquiring a warrant, the usual banking fees shall be charged. Any taxes or duties that may fall due in connection with the exercise of the warrants and/or the acquisition of the underlying instrument shall be borne by the concerned warrants holders.
6. All rights granted by the warrants, which have not been effectively exercised or automatically exercised by the issuer by then, shall expire upon maturity; the warrants thus expire worthless.

#### ***§ 9.4. Automatic Exercise by Issuer***

The exercise of warrants rights is done automatically by the issuer, with the warrants being settled on the maturity date at the intrinsic value with the closing price.

#### ***§ 9.5. Exercise Period for American Style Warrants***

The exercise period of warrants starts three banking business days after the issue of the warrant and ends at 10:00 hrs (local time Vienna) at the end of the day of the maturity date.



THE FOLLOWING APPLIES TO DISCOUNT CERTIFICATES:

***§ 9.1. Redemption***

1. On redemption date (see § 13) the holder of a discount certificate automatically receives from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) ("redemption amount") that corresponds to the closing price (see Final Terms, line 23) determined and published on the maturity date by the relevant exchange or price-fixing entity (see Final Terms, line 38) of the underlying instrument of the discount certificates, taking into account the subscription ratio. Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 23).
2. The subscription ratio shall be [*Subscription Ratio*] (see FT, line 14)
3. The redemption amount to be paid out per discount certificate is limited in accordance with § 9.2 .

***§ 9.2. Maximum Redemption Amount***

The maximum redemption amount is limited to the CAP (see FT, line 16) multiplied by the subscription ratio. The CAP is defined by the issuer at the commencement of the issue.

***§ 9.3. Adjustment of the Maximum Redemption Amount***

If a change to the share capital of the underlying instrument occurs during the term of the discount certificate, the issuer will change the maximum redemption amount and, if necessary, the so-called modalities of the discount certificates pursuant to the Rules of the ÖTOB or EUREX (German futures exchange) or pursuant to the Rules of the respective exchange/price-fixing entity in order to reinstate the original economic situation of the holder of the discount certificates. (See also Adjustment Rule in § 15.)

THE FOLLOWING APPLIES TO TURBO CERTIFICATES:

**§ 9.1. Redemption**

1. Unless prematurely redeemed because a barrier is reached, the turbo certificates are redeemed on the redemption date (§ 13) at an amount (for foreign currency securities converted into the product currency or expressed in the product currency § 10) per certificate ("redemption amount") that is calculated on the basis of the following formulae:

a. Turbo long certificates

$$\text{Redemption amount} = (\text{closing price of underlying instrument} - \text{strike price}) \times \text{subscription ratio}$$

b. Turbo short certificates

$$\text{Redemption amount} = (\text{strike price} - \text{closing price of underlying instrument}) \times \text{subscription ratio}$$

2. The "closing price of underlying instrument" (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity. Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 23).

**§ 9.2. Strike Price; Barrier**

1. The respective strike price is determined by the issuer at the commencement of the issue (see FT, line 9).
2. The barrier is determined by the issuer at the commencement of the issue (see FT, line 10).

*The Following Applies to Open-End Turbo Certificates:*

**§ 9.2. Strike Price; Barrier**

1. The initial strike price is defined at the start of the issue of the certificates by the issuer (see Final Terms, line 9).
2. The initial barrier is determined by the issuer at the commencement of the issue (see FT, line 10).
3. The strike price and the barrier – unless otherwise stipulated in the Final Terms (see FT, line 9 and line 10) – are adjusted monthly at the start of each month if this day is a banking business day, otherwise on the next following banking business day.
4. The financing costs of open-end turbo long certificates and for open-end turbo short certificates are continuously added to the respective exercise price and to the respective barrier for open-end turbo certificates:

$$\text{Financing costs per day} = \text{financing rate} \times \text{strike price} / 360 \text{ days}$$

- a. The financing costs calculated in this manner continuously reduce the intrinsic value of an open-end long certificate, while the intrinsic value of open-end turbo short certificates increases by the financing costs incurred.

- b. The **intrinsic value** of a certificate – taking into account potential exchange rates and the respective exchange ratios – results from the difference between
    - i. the difference between the respective strike price and the price of the underlying instrument of open-end turbo long certificates;  
[price of underlying instrument – strike price],
    - ii. the difference between the respective strike price and the price of the underlying instrument of open-end turbo short certificates  
[strike price - price of underlying instrument].
  - c. The change in the strike price of the certificate changes the intrinsic value according to the calculated financing costs.
5. The financing costs for the underlying instrument consist of the usual market interest rate plus an interest margin (open-end turbo long certificates) or minus an interest margin (open-end turbo short certificates).

### ***§ 9.3 Barrier; Residual Value***

1. As soon as during the term of the turbo certificate the price of the underlying instrument [indicate underlying instrument] (see FT, line 11) reaches or falls below (turbo long certificates) the barrier [indicate barrier] or reaches or surpasses the barrier (turbo short certificates), the certificate is knocked out, which means that it is suspended from trading and either expires worthless or the issuer calculates a residual value [calculation of the residual value] from the closing out of the hedging deal (see Final Terms, line 22).
2. Calculation of residual value:
  - a. Variant 1: The issuer determines a residual value at the latest within three trading hours, which is derived from the closing out of the hedging deal.
  - b. Variant 2: The issuer determines a residual value after knock-out that results from the closing out of the hedging deal. The issuer determines the residual value within the period up until the determination of the closing price of the underlying instrument on the next trading day following the knock-out day.  
  
If permitted by the liquidity of the underlying, this period may also be shortened substantially. Under extreme market conditions, the residual value of the certificates may even be zero.
3. When the certificates are knocked out, the residual value is determined by the issuer. Five banking business days later, the residual value of the certificate is automatically paid out by the issuer. If the day of the payout is not a banking business day, it is postponed to the next following banking business day.
4. The amount of the residual value is determined by how the underlying instrument behaves within the three hours after the knock-out.
  - a. If in the case of turbo long certificates, the underlying instrument rises again after the barrier has been reached, the residual value will be slightly higher. Vice versa, if the underlying instrument falls further after the barrier is reached, the residual value will be accordingly lower.

- b. If in the case of turbo short certificates the underlying instrument rises again after the barrier has been reached, the residual value will be slightly lower, while the residual value will be slightly higher if the underlying instrument continues to fall after reaching the barrier.

## THE FOLLOWING APPLIES TO RANGE TURBO CERTIFICATES:

### *§ 9.1. Redemption*

1. Unless prematurely redeemed because barrier has been reached, the range turbo certificates are redeemed on the redemption date (§ 13) at an amount (for foreign currency securities converted into the product currency or expressed in the product currency § 10) per certificate ("redemption amount") that is calculated on the basis of the following formulae:

- a. Range turbo long certificates

$$\text{Redemption amount} = (\text{closing price of underlying instrument} - \text{strike price}) \times \text{subscription ratio}$$

Should the closing price of the underlying instrument rise above the CAP (see FT, line 16), the redemption amount is calculated as follows:

$$\text{Redemption amount} = (\text{CAP} - \text{strike price}) \times \text{subscription ratio}$$

- b. Range turbo short/reverse discount certificates

$$\text{Redemption amount} = (\text{strike price} - \text{closing price of underlying instrument}) \times \text{subscription ratio}$$

Should the closing price of the underlying instrument fall below the FLOOR (see FT, line 16), the redemption amount is calculated as follows:

$$\text{Redemption amount} = (\text{strike price} - \text{FLOOR}) \times \text{subscription ratio}$$

2. The closing price (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 38). Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 23).
3. The strike price is determined by the issuer at the commencement of the issue (see FT, line 9).
4. The barrier is determined by the issuer at the commencement of the issue (see FT, line 10).

### *§ 9.2. CAP; FLOOR*

The CAP for each range turbo long certificate and the FLOOR for each range turbo short/reverse discount certificate are defined by the issuer at the commencement of the issue [CAP and/or FLOOR] (see FT, line 16).

### *§ 9.3. Barrier; Residual Value*

1. As soon as during the term of the range turbo certificate, the price of the underlying instrument (see FT, line 11) reaches or falls below (range turbo long certificates) the barrier (see FT, line 10) or reaches or surpasses the barrier (range turbo short/reverse discount certificates), the certificate is knocked out, which means that it is suspended from trading and either expires worthless or the issuer calculates a residual value from the closing out of the hedging deal (see Final Terms, line 22).

2. Calculation of residual value:

- a. Variant 1: The issuer determines a residual value after knock-out at the latest within three trading hours, which is derived from the closing out of the hedging deal.
- b. Variant 2: The issuer determines a residual value after the knock-out that results from the closing out of the hedging deal. The issuer determines the residual value within the period up until the determination of the closing price of the underlying instrument on the next trading day following the knock-out day.

If permitted by the liquidity of the underlying, this period may also be shortened substantially. Under extreme market conditions, the residual value of the certificates may even be zero.

3. When the certificates are knocked out, the residual value is determined by the issuer. Five banking business days later, the residual value of the certificate is automatically paid out by the issuer. If the day of the payout is not a banking business day, it is postponed to the next following banking business day.
4. The amount of the residual value is determined by how the underlying instrument behaves within three hours after the knock-out.
  - a. If in the case of range turbo long certificates, the underlying instrument rises again after the barrier has been reached, the residual value will be slightly higher. Vice versa, if the underlying instrument falls further after the barrier is reached, the residual value will be accordingly lower.
  - b. If in the case of range turbo short/reverse discount certificates the underlying instrument rises again after the barrier has been reached, the residual value will be slightly lower, while the residual value will be slightly higher if the underlying instrument continues to fall after reaching the barrier.

THE FOLLOWING APPLIES TO INVESTMENT CERTIFICATES:

1. On the redemption date (see § 13) the holder of an investment certificate 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 – § 10) ("redemption amount") that corresponds to the closing price of the underlying instrument of the certificates determined and published on the maturity date taking into account the subscription ratio.
2. In the case of investment certificates without a predefined maturity (open-end), the issuer shall have the right for the first time after three calendar years as of the issue date to determine a maturity date for the certificates on any exchange-trading day, with the remaining time to maturity of the certificates having to be at least one calendar year. The fixing of the maturity is published indicating the maturity date pursuant to § 23 .
3. The closing price (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 38). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 23).

## THE FOLLOWING APPLIES TO BONUS CERTIFICATES:

1. On redemption date (see § 13), the holder of a bonus certificate shall automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) ("redemption amount"). The redemption amount shall usually be contingent on the closing price determined and published by the relevant exchange or price-fixing entity of the underlying instrument on the maturity date of the bonus certificate, taking into account the subscription ratio; the maximum redemption amount can be limited by a CAP.
2. The redemption amount is calculated as follows:
  - a) If the price of the underlying instrument – unless otherwise stipulated – never reach or fall below the barrier defined by the issuer at the commencement of the issue at any time during the term of the certificates (fixing date – inclusive of maturity date), the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the respective product currency that corresponds to the closing price of the underlying instrument on the maturity date, but at least the bonus amount or as a maximum the CAP (if the issuer has defined a CAP at the start of the issue) – taking into account the subscription ratio in each case (with respect to the barrier, see FT, line 10).
  - b) If the price of the underlying instrument (fixing date – inclusive of maturity date) reaches or falls below the barrier defined by the issuer at the commencement of the issue at any time during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the respective product currency that corresponds to the closing price of the underlying instrument on the maturity date, but at the most the CAP (if the issuer has defined a CAP at the start of the issue) – taking into account the subscription ratio in each case (with respect to the barriers, see FT, line 10).
3. The closing price of the underlying instrument (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 38). Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 23).
4. The CAP (see FT, line 16) is that price of the underlying instrument, which limits the performance of the certificates upwards. The CAP is defined by the issuer at the commencement of the issue.
5. The "fixing date" is, unless there is a possible market disruption, the *[Fixing Date]* (see FT, line 31) or if no closing price is usually determined on this day for the underlying instrument, the next day on which a closing price is determined.



### THE FOLLOWING APPLIES TO SPEED CERTIFICATES:

1. On redemption date (see § 13), the holder of a speed certificate shall automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) ("redemption amount"). The redemption amount shall usually be contingent on the closing price determined and published by the relevant exchange or price-fixing entity of the underlying instrument on the maturity date of the speed certificate, taking into account the subscription ratio; the maximum redemption amount can be limited by a CAP.

In the event that the price of the underlying instrument is higher upon maturity than the starting value (see FT, line 25) and lower than the CAP – if a CAP was defined at the time of issue by the issuer – then the investor receives the starting value plus a multiple of the difference ("participation") between the closing price and the starting value of the underlying instrument as redemption amount.

If, upon maturity, the price of the underlying instrument is higher or equal to the CAP (if one was defined by the issuer), the certificate holder shall receive the starting value plus the multiple of the difference between the CAP and the starting value, multiplied by the subscription ratio. If the price of the underlying instrument upon maturity is equal to the starting value, the certificate holder shall receive the starting value multiplied by the subscription ratio.

2. The **redemption amount** is thus calculated as follows:

- a. In the event that the closing price of the underlying instrument is lower or equal to the starting value upon maturity:

$$\text{Redemption amount} = \text{closing price of underlying instrument} \times \text{subscription ratio}$$

- b. In the event that the closing price of the underlying instrument is higher than the starting value and lower than the CAP upon maturity:

$$\text{Redemption amount} = \{ \text{Starting value} + [(\text{closing price of underlying instrument} - \text{starting value}) \times \text{participation}] \} \times \text{subscription ratio}$$

- c. When a CAP has been defined by the issuer: If the closing price of the underlying instrument upon maturity is higher or equal to the CAP, the holder of the certificate shall receive:

$$\text{Redemption amount} = \{ \text{Starting value} + [(\text{CAP} - \text{starting value}) \times \text{participation}] \} \times \text{subscription ratio}$$

3. The starting value is determined by the issuer on the last banking business day before the commencement of the issue on which a closing price is determined and published for the respective underlying instrument (see FT, line 25). As regards the "participation", see FT, line 21.
4. The CAP (see FT, line 16) is that price of the underlying instrument, which limits the performance of the certificates upwards. The CAP is defined by the issuer at the commencement of the issue.
5. The closing price of the underlying instrument (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 23). Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 23).

#### THE FOLLOWING APPLIES TO REVERSE CONVERTIBLES:

1. Reverse convertibles are redeemed in one of the following manners at the discretion of the issuer automatically three banking workdays after maturity – this is the redemption date (see § 13):
  - a. at 100% of the denomination, or
  - b. if the price of the shares on valuation day (see FT, line 17) is below the strike price (see FT, line 9), by delivery of the shares – underlying the reverse convertibles – (or their monetary value in cash). The number of shares to be delivered per denomination [*denomination*] (see FT, line 45) is specified in the FT, line 6.

The issuer retains the right instead of redeeming the reverse convertibles by delivery of shares pursuant to lit b), of paying an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) that corresponds to the closing price of the respective share underlying the reverse convertible on the valuation day ("cash settlement"). This is determined by the issuer at the commencement of the issue (see FT, line 24 "Settlement").

The type of redemption pursuant to lit a) and b) is defined on the valuation day by the issuer based on the closing price of the share underlying the reverse convertible. The relevant exchange for determining the closing price of the underlying instrument is [*Relevant Exchange/Price-fixing Entity*] (see FT, line 38).

2. The strike price is defined at the start of the issue of the certificates by the issuer (see Final Terms, line 9).
3. The closing price of the underlying instrument (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the relevant valuation day by the relevant exchange or price-fixing entity (see FT, line 38). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 23).

## THE FOLLOWING APPLIES TO LOCK-IN CERTIFICATES:

1. On redemption date (see § 13), the holder of a lock-in certificate shall automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) ("redemption amount"). The redemption amount shall usually be contingent on the closing price determined and published by the relevant exchange or price-fixing entity of the underlying instrument on the maturity date of the lock-in certificate, taking into account the subscription ratio [*Subscription Ratio*] (see FT, line 14); the maximum redemption amount can be limited by a CAP (see FT, line 16).
2. The redemption amount is calculated as follows – taking into account the subscription ratio:
  - a. If during the term of the certificate at least one lock-in level was reached or surpassed, then the following applies:

If the price of the underlying instrument is above the highest lock-in level hit during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency that corresponds to the closing price of the underlying instrument on maturity date, but as a maximum the CAP. Otherwise, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency ("redemption amount") that corresponds to the highest lock-in level reached during the term of the certificate.
  - b. If during the term of the certificate no lock-in level was ever reached or surpassed, then the following applies:
    - i. If a bonus level has been determined by the issuer (see FT, line 15) and the price of the underlying instrument does not reach or fall below the barrier (see FT, line 10) at any time during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency that corresponds to the closing price of the underlying instrument on the maturity date, but at least the bonus level.
    - ii. If no bonus level has been determined by the issuer (see FT, line 15) and the price of the underlying instrument reaches or falls below the barrier (see FT, line 10) at any time during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency that corresponds to the closing price of the underlying instrument on the maturity date.
3. The bonus level (see FT, line 15), the barrier (see FT, line 10) and the lock-in levels (see FT, line 18) are determined – if thus planned – by the issuer at the start of the issue.
4. The closing price of the underlying instrument (see FT, line 23) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 23). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 23).

THE FOLLOWING APPLIES TO OUTPERFORMANCE CERTIFICATES:

1. The security entitles the holder to payment of (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) a cash amount that is calculated as follows:

**Redemption amount = Max (strike price – spread; 0) x subscription ratio**

where

**Spread =  $(I_s \times n_s) - (I_l \times n_l)$**

$I_s$  = Closing price short instrument (converted into the product currency)

$n_s$  = Number of short instruments

$I_l$  = Closing price long instrument (converted into the product currency)

$n_l$  = Number of long instruments

2. The strike price is defined at the start of the issue of the outperformance certificates by the issuer and is stated in the respective product currency (see Final Terms, line 9).
3. The closing price corresponds to the price of the underlying instrument (long and short instruments) determined and published (see Final Terms, line 37) on the maturity date by the relevant stock exchange or price-fixing entity (see FT, line 23). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 23).

**THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:**

1. On redemption date, the holder of a guarantee certificate automatically receives payment of a guaranteed amount defined by the issuer at the start of the issue (guaranteed amount; see FT, line 28) in the corresponding currency of the product. Additionally, the holder has the right to claim coupon payments (see FT, line 29) and/or the payout of a profit share (participation amount; see FT, line 30), the amount of which may depend on the development of the underlying instrument (see FT, line 11-13).
2. Guarantee certificates may grant the right to claim payment of a coupon (see Final Terms, line 29), but not to payment of dividends.

## § 10 Conversion of Foreign Currency Securities

1. The conversion of the respective redemption amount or settlement amount upon maturity, on the exercise day (for warrants) and on the valuation day (for reverse convertibles) 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 13).

## § 12 Interest

The following applies to structured securities that bear interest:

Interest is [*indicate percentage*]% p.a. (see line 19). Interest runs from [*date of start of interest-bearing period*] (see FT, line 27) (inclusive) up to [*cut-off date for calculation of interest*] (see FT, line 26) (inclusive) calculated based on [*Interest Calculation Method*]. Interest is paid out on [*Interest Payment Day*] (see FT, line 26).

The following applies to securities that do not bear 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 35) or the respective exercise day (for warrants) unless otherwise specified in the FT line 37.
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 41:

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. In the case of guarantee certificates:

- a. A "market disruption" means (A) in respect of one or more shares, contained in the basket or one or more shares which are part of at least one index contained in the basket the occurrence or existence of a (i) "trading disruption", (ii) "exchange disruption", which in either case the issuer determines is essential, at any time during the one hour period that ends at the relevant valuation time, or (B) an "early closure" in respect of
  - i. to shares that comprise 20% or more of the level of the index; or
  - ii. in futures or options contracts relating to the relevant index on any related exchange;
- b. A "trading suspension" means any suspension of or limitation to trading by the relevant exchange or related exchange (as well as any limitations to trading by reason of movements in price exceeding limits permitted by the exchange or a "related exchange") or otherwise (i) relating to the shares or the shares contained in the indices on the exchange or (ii) in futures or options contracts relating to the shares or to the shares contained in the indices on any related exchange.
- c. An "exchange disruption" means any event other than an "early closure" that – in the equitable discretion of the issuer – disrupts or impairs the ability of market participants in general
  - i. to effect transactions in or obtain market values for the respective share or the respective shares contained in the indices on the exchange, or
  - ii. to effect transactions in or obtain market values for futures and options contracts on the respective shares or on the respective shares contained in the indices on any related exchange.



- d. An “early closure” means the unscheduled closure of the exchange or related exchange on an exchange on any exchange trading day unless such earlier closure was announced at least one hour prior to the earlier of
    - i. the actual close time for the regular trading session on such exchange or related exchange on this exchange trading day, and
    - ii. the submission deadline for orders to be entered into the exchange or related exchange system for execution on such exchange trading day.
  - e. The “valuation time” is the official closing time of trading on the relevant exchange.
  - f. The “exchange” is each exchange or quotation system specified as such for the relevant share or any successor to such exchange or quotation system or any substitute exchange or quotation system on which the respective shares are temporarily traded; provided however that if the specified exchange ceases to list or otherwise include the relevant share, the issuer will select another exchange or quotation system (if any) in relation to such share.
  - g. The “related exchange” means any exchange or quotation system (including any substitute or temporary exchange or quotation system) on which futures contracts and/or options contracts on the relevant share are traded and any exchange or quotation system where trading has a material effect - as determined by the issuer - on the overall market for futures or options contracts relating to such share.
7. 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.
8. “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.

The relevant effective day (“effective day”) shall be

- for warrants, the respective exercise day;
- for reverse convertibles, the respective valuation day;
- for all other structured securities, 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 on this day, the following procedures shall apply unless otherwise stipulated in the Final Terms, line 42:

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 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 underlyings (e.g. basket of stocks, commodities):

The postponement of the relevant effective day is regulated in the FT, line 42.

## THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:

Unless otherwise stipulated or supplemented in the Final Terms, line 42, the following shall apply to guarantee certificates:

I. If

- 1) on the initial fixing date in respect of any share contained in the basket or in the index a market disruption exists,
  - (a) then the initial fixing date for each share not affected by the occurrence of a market disruption event shall be the original initial fixing date, and
  - (b) the initial fixing date for each share affected by the occurrence of a market disruption shall be the first succeeding exchange trading day on which there is no market disruption event. If there is a market disruption on that day and on each of the eight exchange trading days immediately following the initial fixing date, that eighth exchange trading day shall be deemed to be the initial fixing date for the relevant share, and
    - (i) the issuer – in case of guarantee certificates with a basket of shares as underlying – determines a substitute price which according to the issuer corresponds to the market situation on that eighth exchange trading day;
    - (ii) the issuer – in case of guarantee certificates with an index or a basket of indices as underlying – determines a substitute index which is calculated in accordance with 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.
- 2) on any observation date in respect of any share contained in the basket or in the index there is a market disruption event,
  - (a) then the observation date for each share not affected by the occurrence of a market disruption event shall be the original observation date, and
  - (b) the observation date for each share affected by the occurrence of a market disruption event shall be the first succeeding exchange trading day on which there is no market disruption. If there is a market disruption on that day and on each of the eight exchange trading days immediately following the observation date, that eighth exchange trading day shall be deemed to be the observation date for the relevant share, and
    - (i) the issuer – in case of guarantee certificates with a basket of shares as underlying – determines a substitute price which according to the issuer corresponds to the market situation on that eighth exchange trading day
    - (ii) the issuer – in case of guarantee certificates with an index or a basket of indices as underlying - determines a substitute index which is calculated in accordance with 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. Furthermore, for guarantee certificates with an index or basket of indices as underlying instrument the following applies:

1. In case that the index

- a) is not calculated and published by the designated index sponsor, but rather by a successor sponsor to the sponsor ("Successor Sponsor") who is accepted as such by the issuer; or
- b) was replaced by a subsequent index which at the issuers own discretion is similar to the relevant index with regard to the type and method of calculation;

then this index will be deemed to be the index so calculated and published by the successor sponsor or this subsequent index is viewed as a new index and replaces the previous relevant index.

2. If the index sponsor (or the successor sponsor)

- a) on or immediately prior the respective observation date
  - (i) makes a material change in the formula for or the method of calculation relating to an index, or
  - (ii) permanently cancels the calculation of an index and no successor sponsor exists,resp.
- b) on the respective observation date, fails to calculate and publish a relevant index,

then the issuer may determine a substitute index ("substitute index") which is calculated in accordance with the formula for and method of calculation and the composition and weighting of the prices and shares in the index last in effect when the index was last published or that applied immediately prior to a change in the index, and calculate the redemption amount on this basis.

III. Furthermore, for guarantee certificates with a basket of shares as underlying instrument:

1. If during the term of the certificates

- (a) a share is changed due to a potential adjustment event (par.2), or
- (b) due to this action relating to the respective share of the company, adjustments are made in respect to the options contracts on the futures and options exchanges of the relevant share or the options contracts are changed in any other manner or such adjustments are not made because at the time they should have been made no options contracts were outstanding on the related exchange,

the respective share may be adjusted accordingly and, if necessary, further adjustments will be made. These adjustments and the determination of the time as of when they are effective shall be

done by the issuer at its own discretion taking into consideration the principles of this provision. The announcement is made in accordance with § 23.

2. A "potential adjustment event" with respect to shares may be:

- (a) A stock split, a consolidation of shares or the conversion of classes of shares (unless it is a merger event) or a free distribution or allotment of shares to existing shareholders of the companies based by way of bonus, capitalization or similar issue;
- (b) the issue of additional securities to the shareholders of the company granting the right to receive payments or dividends or liquidation proceeds of the company proportionately to the shares they already hold; the issue to the shareholders of further share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer as a result of a spin-off or another comparable action; the issue of other securities, rights or warrants or other assets to the shareholders for payment that is below the respective market price deemed relevant by the calculation agent;
- (c) any extraordinary dividend;
- (d) a request to pay in contributions in shares that are not fully paid;
- (e) a repurchase of shares by the company whether out of profits or capital and irrespective whether the consideration for such repurchasement is cash, securities or other assets;
- (f) any other event that may have a diluting or concentrative effect on the theoretical, intrinsic value of the share.

3. Other events:

If during the term of the certificates

- (a) a share is changed due to takeovers, mergers, nationalization, delisting, insolvency or similar events, or
- (b) this/these event(s) entail adjustments to the respective share of the company, adjustments to the options contracts on the futures and options exchanges of the relevant share or if the options contracts are changed in any other manner or such adjustments are not made because at the time they should have been made, no options contracts were outstanding on the relevant exchange,

the issuer may

- (i) adjust the relevant share, and if necessary, carry out further adjustments; and/or
- (ii) terminate the certificate indicating the termination amount. In the event the security is terminated, the issuer will pay to every certificate holder instead of the nominal value, an amount per certificate (termination amount) determined by the issuer at its equitable discretion as the adequate market price of a certificate immediately before the event entitling the termination of the certificate.

These adjustments and the determination of the point in time as of when they shall apply, is fixed by the issuer at its own discretion and shall be binding (unless there is an obvious error) for all concerned parties and will be announced in accordance with § 23.

Any further adjustment procedures are regulated in the FT, line 42.

## § 16 Payout of Amounts

The pay out of the respective amounts is done exclusively in the respective product currency.

## § 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. 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, the issuer shall have the right to terminate the securities not yet settled prematurely by making an announcement as defined in § 23 stating the termination amount.

a. 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.

b. 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.

c. 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).

3. Unless otherwise stipulated in the Final Terms [*Termination*], 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.

### PREMATURE REDEMPTION/TERMINATE OF OPEN-END SECURITIES:

Unless otherwise defined or supplemented in the Final Terms, (see FT, line 20), the following applies to open-end securities:

The holder of a structured security is entitled for the first time after four calendar years of the start of the issue to terminate a structured security prematurely on every first banking business day of a month

(termination date). These redemption rights may be exercised only for at least one hundred (100) structured securities with the same ISIN or security identification number or a multiple thereof in whole numbers. The premature redemption of fewer than 100 structured securities shall not be valid or effective. The premature redemption of more than 100 structured securities having a number not divisible by 100 shall be executed at the next-lower number of structured products divisible by 100. With the redemption of the structured securities on the respective termination date, all rights under the redeemed structured securities shall expire.

For the premature termination to be effective, the holder of the structured securities must submit to its custodian bank a duly completed notice of termination:

The notice of termination must contain:

- a. Name and address of the holder of the structured securities or of the person authorized on his or her behalf,
- b. the ISIN and/or security identification number of the structured securities which are being terminated,
- c. the number of structured securities being terminated, and
- d. the termination date on which the securities will be terminated.

This notice of termination is irrevocable and binding. To be effective, the issuer must have received the notice of termination on the last banking business day before a termination date prior to 12:00 noon (local time Vienna).

If the issuer does not receive the notice of termination or the structured securities in time on the termination date stated in the notice of termination, then the termination shall not be effective. This shall also apply to turbo certificates if the certificate is knocked out by the termination date inclusive. In this case, the turbo certificate shall expire worthless or a residual value shall be paid out that is derived from the closing out of the hedging deal of the issuer (see § 9).

If the number of structured securities stated in the notice of termination for which the premature redemption/termination is being applied for differs from the number of the structured securities received by the issuer, then the notice of termination shall apply only to the lower of the two figures corresponding to the structured securities submitted. Any excess structured securities shall be returned at the expense and risk of the holder of the structured securities.

The holder of structured securities shall be prematurely paid the redemption amount (see § 9) in the respective product currency five banking business days after the respective termination date.

In this case, the closing price of the underlying instrument on the date the notice of termination is received by the issuer shall be effective.

*[Any other grounds for the issuer to terminate the securities and their legal consequences are stated in Final Terms, line 20.]*

## § 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 June 2006. 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

#### 1. Warrants

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).

As the legal situation concerning the taxation of warrants in Austria before November 2005 was not explicitly regulated, the Federal Ministry of Finance has ruled, that for warrants issued prior to 1<sup>st</sup> Dec. 2005 which were declared to be subject to capital yields tax at the time of issue, the stance adopted by the respective custodian was not to change. However, a warrants holder has the possibility of obtaining the refund of the capital yields tax paid by requesting a tax assessment, or, if the conditions for such tax assessment are not given, by submitting an application to the competent tax office pursuant to § 240 par. 3 Federal Tax Code.

#### 2. Leverage securities (turbo certificates, range turbo certificates, outperformance certificates):

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<sup>nd</sup> 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.



Due to the unclear legal situation prior to the decree of 2005 (margin no. 7757b income tax law 2000 - decree 2005 of 2<sup>nd</sup> Jan. 2006) the following transition rules apply to leverage products:

- If, prior to 1<sup>st</sup> October 2005 leverage products were issued not having a subordinated capital expenditure ("leverage is smaller than 5" - see margin no. 6197b) and were treated as capital yields tax free on 1<sup>st</sup> October 2005, then until the expiry of these securities no capital yields tax or credit shall apply.
- If, prior to 1<sup>st</sup> October 2005 leverage products were issued that had a subordinated capital expenditure ("as of leverage 5" - see margin no. 6197b) and were treated as capital yields tax obligatory on 1<sup>st</sup> October 2005, then until the expiry of these securities, capital yields tax shall be deducted and a credit shall apply.

However, a securities holder has the possibility of obtaining a refund of the capital yields tax paid by requesting a tax assessment, or, if the conditions for such tax assessment are not given, by submitting an application to the competent tax office pursuant to § 240 par. 3 Federal Tax Code.

### **3. Discount, Investment, Bonus, Speed and Lock-In certificates:**

Returns on securities pursuant to § 97 par. 1 in conjunction with § 93 par. 3 and § 124b fig. 85 Income Tax Act are subject to a final 25 % capital yields tax. This means that income and inheritance tax obligations are also covered. Pursuant to § 14 Income Tax Act, the certificates are suitable for provisions for pension and severance payments as well as pursuant to § 78 Insurance Surveillance Act as cover for actuarial provisions (eligible for cover).

### **4. Reverse convertibles:**

Interest income is income on capital assets pursuant to § 27 par. 1 fig 4 Income Tax Act and is therefore subject to income tax.

Interest income is subject to a capital yields tax of 25 % pursuant to § 93 par. 3 Income Tax Act, if the interest paying agent is seated in Austria. The interest paying agent is the credit institution that pays out or credits to the investor interest earned on redemptions or the sale of securities.

With the deduction of the capital yields tax, the income tax is generally deemed to be paid (final taxation effect). Therefore, in this case investors are not obligated to include interest income on reverse convertibles in their income tax reports.

If the income tax due according to the taxation schedule is lower than the capital yields tax, the investor may request an assessment of interest income at the lower income tax rate. Capital yields tax is credited against income tax in this case or the excess amount is refunded. Expenses in connection with securities (fees, commissions, etc.) may not be deducted for taxation purposes pursuant to § 20 par 2 Income Tax Act (deduction prohibition).

Redemption gains or gains on sales from the redemption or sale of securities within one year of acquisition of the securities are taxable pursuant to § 30 Income Tax Act. This type of income on speculation gains is subject to the general income tax schedule.

The redemption by delivery of shares creates a new acquisition transaction for the investor, namely, the acquisition of shares. Gains on sales made from selling such shares within one year are subject to full taxation pursuant to § 30 Income Tax Act. Gains on sales after the end of the speculation period are not subject to income tax if the percentage of the share represents less than 1 %.

#### **5. Guarantee certificates:**

According to the current legal opinion of the issuer, returns on certificates pursuant to § 97 par. 1 in conjunction with § 93 par. 3 and § 124b fig. 85 Income Tax Act are subject to 25 % capital yields tax. This means that income and inheritance tax obligations are also covered. Pursuant to § 14 Income Tax Act, the certificates are suitable for provisions for pension and severance payments as well as pursuant to § 78 Insurance Surveillance Act as cover for actuarial provisions (eligible for cover).

#### **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 certificates 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.

Interest income from the reverse convertibles and coupon payments on the guarantee certificates, described in this prospectus are deemed by the Federal Ministry of Finance to be interest income subject to EU withholding tax. All other income on capital from the certificates 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:**

According to the present legal opinion of the issuer, the tax situation for investors subject to taxation in the Federal Republic of Germany is as follows:

##### **1. Turbo certificates, range turbo certificates, discount certificates, investment certificates, bonus certificates, speed certificates, lock-in and outperformance certificates**

The tax treatment of certificates is not conclusively clarified as this time.

According to current opinion, earnings from the disposition and redemption of the issued certificates with a holding period of more than one year should not be subject to taxation as neither compensation nor a capital repayment (at least in part) was guaranteed (§ 20 (1) No. 7 of the German Income Tax Act [*Einkommensteuergesetz* or "EStG"]; see Circular of the German Federal Ministry of Finance

[*Bundesministerium für Finanzen* or "BMF"] dated 16 March, 1999, German Federal Tax Gazette [*Bundessteuerblatt* or "BStBl." ] I 1999, 433). In particular, the sale proceeds should not represent earnings pursuant to § 20 (2) EStG. This should therefore not result in the imposition of an interest income tax (*Zinsabschlagsteuer*) currently in the amount of 30% plus solidarity surcharge. The German fiscal authorities have hitherto not differentiated into different underlying values but focused on whether the capital repayment was guaranteed in whole or in part or compensation was promised. Neither the capital repayment in part nor compensation are guaranteed in these product categories.

However, sale proceeds are subject to taxation as profits from a private sale if the period between acquisition and disposition was not more than one year (§ 23 (1) No. 2 EStG). This applies equally to profits from the redemption of certificates if the period between acquisition and redemption was no more than one year. Losses from such private sales (*private Veräußerungsgeschäfte*) may only be offset against the amount of profits which the tax payer earned from private sales in the same calendar year (§ 23 (3) Sentence 8 EStG). Losses which cannot 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 which occur after a holding period of more than one year are not subject to taxation.

The Investment Tax Act (*Investmentsteuergesetz*) should not be applicable as the certificate is not a foreign investment unit (BMF dated 2 June, 2005, BStBl. I 2005, 728, Margin Note 9). However, we recommend a separate tax analysis for certificates not linked to a generally accepted index, especially for fund linked notes.

## 2. Guarantee certificates

The tax treatment of certificates with partial capital guarantee is not conclusively clarified at this time.

As a capital repayment (at least in part) has been guaranteed but at the same time an issue yield does not exist due to the uncertain component, both current earnings and sale and redemption proceeds (i.e. all earnings generated from the certificate) are subject to taxation as income from capital assets pursuant to § 20 (1) No. 7 and § 20 (2) EStG (taxation according to market yield) according to the German fiscal authorities. As this is deemed to be income from capital assets pursuant to § 20 EStG, this rule applies regardless of the holding period.

The fiscal authorities are of the opinion that the guarantee of even a partial capital repayment is sufficient to assume the existence of an other receivable within the meaning of § 20 (1) No. 7 EStG, see for example BMF dated 16 March, 1999, BStBl. 1999 I, Page 433; Regional Finance Office (*Oberfinanzdirektion* or "OFD") in Kiel, Version dated 3 July, 2003. The required repayment amount cannot be limited to an amount below which a guarantee can no longer be assumed. Rather, every guaranteed repayment is sufficient. Accordingly, the valuation of the guarantee certificate is therefore independent of the specific amount of the guaranteed amount. The fiscal authorities' intention to continue to adhere to this point of view is evident by the fact that it has submitted an appeal to the Federal Fiscal Court appealing the decision of the Fiscal Court in Munich (2 K 2385/03) in which the senate does not consider a guaranteed repayment in the amount of 10.26% as sufficient in order to assume the existence of an other receivable within the meaning of § 20 (1) No. 7 EStG.

The capital income will not be subject to German interest income tax currently in the amount of 30% plus solidarity surcharge in Germany, provided that the capital income is not paid out by a German paying agent (§ 43 (1) No. 7, 8 in conjunction with § 44 (1) Sentence 3, 4 EStG).

### 3. Reverse convertibles

According to the German fiscal authorities, reverse convertible bonds are receivables, the earnings of which depend on an uncertain event (BMF dated 2 March, 2001, BStBl. I 2001, 206). Pursuant to § 20 (1) No. 7 Sentence 1 EStG, the current income is therefore subject to taxation as income from capital assets.

The treatment of profits and losses from a sale and losses following the exercise of the right of redemption has not yet been conclusively clarified at the highest court level. According to the opinion of the fiscal authorities (BMF dated 2 March, 2001, BStBl. I 2001, 206), an issue yield does not exist (§ 20 (2) Sentence 1 No. 4 EStG) as it is uncertain at the time of acquisition whether the right of redemption will be exercised or not. Consequently, such profits and losses will be taxed according to market yield pursuant to § 20 (2) Sentence 1 No. 4 Sentence 2 EStG, i.e. profits from the sale or redemption in the event of the actual repayment of the capital amount (non-exercise of the right) are subject to tax as capital income in the actual amount accrued and losses from the sale or redemption are considered as negative income from capital assets (BMF dated October 25, 2004, BStBl. I 2004, 1034). As this is income from capital assets pursuant to § 20 EStG, this rule applies regardless of the holding period.

The capital income will not be subject to German interest income tax currently in the amount of 30% plus solidarity surcharge in Germany (§ 43 (1) Nos. 7, 8 in conjunction with § 44 (1) Sentences 3, 4 EStG), provided that the capital income is not paid out by a German paying agent.

### 4. Warrants (with cash settlement/physical delivery)

Current income is not generated from the warrants.

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 expiration of an option has no tax consequences.

**D. The following applies to holders of securities subject to taxation in Poland:**

Explanations restricted to the taxation of private (individual) investors resident in Poland.

**1. Warrants**

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby attributable costs are deductible. The same provisions apply to the redemption of the product by cash settlement. The redemption by settlement in kind (delivery of the underlying) is not taxable in Poland at the moment of delivery of the underlying assets; the subsequent sale of the underlying assets (i.e. shares) triggers capital gains tax under the respective applicable tax provisions. Nevertheless, the taxation of the other underlying assets depends -on the nature of the sold underlying.

**2. Discount, Anlage, Bonus, Speed, Lock-in Zertifikate, Turbo, Range Turbo and Outperformance certificates**

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby attributable costs are deductible.

The redemption of the product by the Issuer through cash-settlement is taxable under Article 30a PIT Act. Generally speaking, to this source of income (interest/discount payments) a 19 % flat rate applies, without the possibility to deduct attributable costs. However, the source country (Austria) is allowed to withhold tax up to 5% of interest payments (if applicable). In Poland, a taxpayer would be entitled to deduct from the calculated income tax, an amount of tax paid in Austria.

**3. Guarantee certificates**

Current income (interest payments, or any similar proceeds) is taxable in Poland under Article 30a PIT Act at a flat rate of 19 % without the possibility to deduct attributable costs. Nevertheless, in this respect the source country (Austria) can be allowed to withhold tax up to 5% of interest payments. In Poland, a taxpayer would be entitled to deduct from the calculated income tax, an amount of tax paid in Austria.

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby attributable costs are deductible.

The redemption of the product by the Issuer through cash-settlement is taxable under Article 30a PIT Act. Generally speaking, to this source of income (interest/discount payments) a 19 % flat rate applies, without the possibility to deduct attributable costs. However, the source country (Austria) is allowed to withhold tax up to 5% of interest payments (if applicable). In Poland, a taxpayer would be entitled to deduct from the calculated income tax, an amount of tax paid in Austria.

**4. Reverse convertible bonds**

Current interest income (if applicable) is taxable in Poland under Article 30a PIT Act at a flat rate of 19 % without the possibility to deduct attributable costs. However, the source country (Austria) can be allowed to withhold tax up to 5% of interest payments. In Poland, a taxpayer would be entitled to deduct from the calculated income tax, an amount of tax paid in Austria.

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby attributable costs are deductible.

The redemption of the product by the Issuer through cash-settlement is taxable under Article 30a PIT Act. Generally speaking, to this source of income (interest/discount payments) a 19 % flat rate applies, without the possibility to deduct attributable costs. However, the source country (Austria) is allowed to withhold tax up to 5% of interest payments (if applicable). In Poland, a taxpayer would be entitled to deduct from the calculated income tax, an amount of tax paid in Austria.

The redemption by settlement in kind (delivery of the underlying) is not taxable in Poland; the subsequent sale of the underlying (share) is taxable under Article 30b PIT Act at a flat rate of 19 % with the attributable costs being deductible.

#### **E. The following applies to holders of securities subject to taxation in the Slovak Republic:**

Explanations restricted to the taxation of private (individual) investors resident in the Slovak Republic.

##### **1. Warrants**

The sale of the product or the redemption at maturity (settlement in cash or in kind) is a taxable "transaction with derivatives" under Art 8 SITA.. The tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one warrant can be offset with the profit from the transaction on another warrant under the condition that both transactions are realized within one taxation period (profit or loss is incurred).

Please note that, if warrants are sold before their expiration, a loss from these transactions belongs to the bucket "transfer of options" and cannot be offset with a profit from transactions, where warrants are held until their expiration. The general condition of offsetting profit or loss from the same buckets of income must be met.

##### **2. Discount, Anlage, Bonus, Speed, Lock-in, Turbo, Range Turbo and Outperformance certificates (certificates qualifying as "instruments with embedded derivatives")**

The sale of the product or the redemption at maturity (settlement in cash) is a taxable "transaction with derivatives" under Art 8 SITA. The tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one certificate can be offset with the profit from the transaction on another certificate under the condition that both transactions are realized within one taxation period (profit or loss is incurred) and belong to the same bucket of income. The general condition of offsetting profit or loss from the same buckets of income must be met.

##### **3. Guarantee certificates**

Current income in the form of **guaranteed** coupon from guarantee certificate is taxable as interest income under Art 7 SITA at a flat tax rate of 19 %; related costs are not deductible. The interest income is included in the general tax base of the Slovak investor.

Current income in the form of **variable** coupon from guarantee certificate is taxable as "transaction with derivatives" under Art 8 SITA. The tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on other certificates can be offset with the profit from the variable coupon under the condition that both transactions are realized within one taxation period (profit or loss is incurred) and belong to the same bucket of income. The general condition of offsetting profit or loss from the same buckets of income must be met.

The sale of the product (redemption amount and participation sum) or the redemption at maturity (settlement in cash) is a taxable "transaction with derivatives" under Art 8 SITA. The tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one certificate can be offset with the profit from the transaction on another certificate under the condition that both transactions are realized within one taxation period (profit or loss is incurred) and belong to the same bucket of income. The general condition of offsetting profit or loss from the same buckets of income must be met.

#### **4. Reverse convertible bonds**

Current income is taxable as interest income under Art 7 SITA at a flat tax rate of 19 %; related costs are not deductible. The interest income is included in the general tax base of the Slovak investor.

The sale of the product or the redemption at maturity (settlement in cash or in kind) is a taxable "transaction with derivatives" under Art 8 SITA. Tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one certificate can be offset with the profit from the transaction on another certificate under the condition that both transactions are realized within one taxation period (profit or loss is incurred) and belong to the same bucket of income. The general condition of offsetting profit or loss from the same buckets of income must be met.

#### **F. The following applies to holders of securities subject to taxation in Slovenia:**

Explanations restricted to the taxation of private (individual) investors resident in Slovenia.

**All products, if/as far as qualifying as „derivatives“ (Optionsscheine, Discount, Anlage, Bonus, Speed, Lock-in, Turbo, Range Turbo, Garantie and Outperformance Zertifikate, Aktienanleihen)**

Any current income is taxable as interest income at a flat rate of 15 %. The tax rate will amount to 20 % from the year 2008 on. Related costs are not deductible.

A sale of the product is not taxable (exemption under item 34 of Art 20 PITA).

The redemption by cash settlement or settlement in kind is taxable as interest income without the possibility to deduct acquisition or other related costs. In the case of the underlying being a share (e.g. Aktienanleihen), the tax base is comparable market value of the share.

The subsequent sale of the in kind redemption is taxable as capital gain. The tax rate depends on the holding period of the share and amounts to 20 % for a holding period of nil to five years, 15 % for a holding period of five to ten years, 10 % for a holding period of 10 to 15 years and 5 % for a holding period of 15 to 20 years. Sales of shares that have been held for more than twenty years are taxed with 0% tax rate.

The explained taxation in Slovenia is the most likely taxation under the current legal situation and based on the experience made so far with the Slovenian tax authorities.



## **G. The following applies to holders of securities subject to taxation in the Czech Republic:**

Explanations restricted to the taxation of private (individual) investors resident in the Czech Republic.

### **1. Warrants**

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Losses may be set off against capital gains from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place more than six months after the acquisition, are not taxable.

The redemption by settlement in kind is not taxable. The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %\*).

The subsequent sale of the in kind redemption (provided it is a security) is not taxable if taking place at least six months after the acquisition. A sale within six months is taxable with the tax base being the capital gain less related costs at the progressive tax rate between 12 and 32 %. Losses may be offset against capital gains from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

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\*) This is the most likely interpretation of the Czech Income Taxes Act. Given the lack of definition of "income from holding securities" another interpretation of the Czech Income Taxes Act is possible under which the redemption proceeds could qualify as "other income" which, after reduction of related expenses (e.g. the acquisition cost of the financial instrument), be subject to progressive rates between 12 and 32%. Under this interpretation the inclusion of the income into separate tax base subject to 15% tax rate would not be possible.

### **2. Discount, Anlage, Bonus, Speed, Lock-in, Turbo, Range Turbo and Outperformance certificates**

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rate between 12 and 32 %. Losses may be set off against capital gains from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place more than six months after the acquisition, are not taxable.

The redemption by cash settlement or settlement in kind is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

### **3. Guarantee certificates**

Current income is taxable as interest at the progressive tax rate between 12 and 32 %; related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Losses may be set off against



capital gains from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place at least six months after the acquisition, are not taxable.

The redemption by cash settlement or settlement in kind is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.\*

#### **4. Reverse convertible bonds**

Current income is taxable as interest at the progressive tax rates between 12 and 32 %; related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Losses may be set off against capital gains from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place at least six months after the acquisition, are not taxable.

The redemption by settlement in kind is not taxable. The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.\*

The subsequent sale of the in kind redemption (provided the underlying is a security) is not taxable if taking place at least six months after the acquisition. A sale within six months is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Losses may be set off against capital gains from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

#### **H. The following applies to holders of securities subject to taxation in Hungary:**

Explanations restricted to the taxation of private (individual) investors resident in Hungary. Please note that in certain cases capital gain can also be subject to 4% health tax in addition to the 25% personal income tax.

##### **1. Warrants**

###### **Sale and cash-settlement of the product:**

A sale of the product or a cash settlement at maturity is not taxable, if the product is traded at an EU stock exchange. If the product is not traded at an EU stock exchange, income on a sale of the product or on the redemption by cash settlement is considered as "capital gains" and taxable at a flat rate of 25 %.

### **Settlement in kind:**

If the underlying instrument is not a security than the redemption of the product by delivery of the non-security underlying is taxable as other income with the tax base being the difference between the fair market value of the underlying and the exercise price; related costs are deductible. The progressive tax rate of up to 36% plus 11% health tax is applicable.

If the underlying instrument is security than

- in case of call option the redemption by delivery of the security is not taxable, provided that the product is traded publicly. Otherwise, the income is taxable as "other income".
- in case of put options the income from the in kind settlement of the Product is taxable as "other income" and partly as capital gain (regardless of the underlying, see above).

If the underlying security is a share (and neither a put nor a call option), the security will be treated as a call option (non-taxable).

### Subsequent sale of the underlying:

Income from the subsequent sale of the underlying can be tax-free (i.e. the sale is carried out on an EU stock exchange), or taxable as capital gain at a flat rate of 25% (in case the underlying is not a security, the income up to HUF 200,000 – appr. 800 Euro – is tax-free). Related costs are deductible from the tax base.

## **2. Discount, Anlage, Bonus, Speed, Lock-in, Turbo, Range Turbo and Outperformance certificates**

A sale of the product is not taxable, if the product is traded at an EU stock exchange. The redemption by cash settlement is not taxable, if the product is traded at an EU stock exchange; losses may not be deducted.

If the product is not traded at an EU stock exchange, income on a sale of the product or on the redemption by cash settlement is considered as "capital gains" and taxable at a flat rate of 25 %.

## **3. Guaranteed certificates**

### **Sale and cash-settlement of the product:**

A sale of the product and the redemption by cash settlement is not taxable, if the product is traded at an EU stock exchange or traded publicly; losses may not be deducted. Otherwise, income on a sale of the product or on the redemption by cash settlement is considered as "capital gains" and taxable at a flat rate of 25 %.

The redemption amount (cash-settlement) might also include a participation amount, dependent from the development of the underlying (e.g. share-basket, index-basket).

### **Interest payments:**

As the repayment of the nominal amount of the certificates is guaranteed, the current income is considered as "interest" and not taxable in Hungary. Please note that the purchase price (= first issue price) is not necessarily the same as the nominal value.

If the repayment of the nominal amount of the certificates is not guaranteed, (the guaranteed amount might be less than the nominal value), current income is considered as "other income" and taxable in Hungary at progressive rates up to 36 % and 11 % health tax will also be due.

#### 4. Reverse convertible bonds

##### Sale and cash-settlement of the product:

A sale of the product and the redemption by cash settlement is not taxable, if the product is traded at an EU stock exchange; losses may not be deducted. If the product is not traded at an EU stock exchange, income on a sale of the product or on the redemption by cash settlement is considered as "capital gains" and taxable at a flat rate of 25 %.

##### Interest payments:

As the repayment of the purchase price is not guaranteed, current income taxable at the progressive tax rate of up to 36% plus 11% health tax is applicable.

##### Settlement in kind:

It should be determined whether the underlying is a security or not.

If the underlying is a security, than the redemption of the product is non-taxable, provided that it is a call option and the product is traded publicly. Otherwise, and in case of put option, the income from the redemption is taxable as other income with the tax base being the difference between the fair market value of the underlying and the exercise price; related costs are deductible. The progressive tax rate of up to 36% plus 11% health tax is applicable.

If the underlying security is a share (and neither a put nor a call option), the security will be treated as a call option (non-taxable).

If the underlying is not a security, income from the settlement in kind is taxable as „other income“ with the tax base being the difference between the fair market value of the underlying and the exercise price; related costs are deductible. The progressive tax rate of up to 36% plus 11% health tax is applicable.

##### Subsequent sale of the underlying:

Income from the subsequent sale of the underlying can be tax-free (i.e. the sale is carried on an EU stock exchange), or taxable as capital gains at a flat rate of 25% (in case the underlying is not a security, the income up to HUF 200,000 – appr. 800 Euro – is tax-free). Related costs are deductible from the tax base.

#### 5. General

Please note that the tax consequences depend on the underlying instruments and on the fact whether the product itself is listed on an EU stock exchange or not, and whether the product contains a put or call option.

If the product is listed on an EU Stock Exchange, than the sale, or the cash-settlement of the product is non-taxable.

### **§ 19 Increases; Repurchase**

1. The issuer has the right to issue additional structured securities with the same features (if applicable, up to the start of the exercise period) 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 .
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. 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;

- 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 49).

## § 23 Publications

1. All announcements relating to the structured securities shall 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.
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 49). 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,
- the Polish Securities and Exchange Commission (KPWiG Komisja Papierów Wartościowych i Giełd) for Poland,
- the National Bank of Slovakia "NBS" (and UFT, Financial Market Authority of the Slovak Republic) for Slovakia,
- the Securities Market Agency (SMA) for Slovenia,
- the Czech Securities Commission (CSC) for the Czech Rep. and
- the Hungarian Financial Supervisory Authority (HFSA) for Hungary.

## § 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 38).

## § 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.

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*]

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

For issues of individual securities which are only offered in Austria and/or Germany the General Securities Terms are exclusively drawn up in German language.

## GENERAL SECURITIES TERMS

of

Raiffeisen Centrobank AG

for *[Name of structured securities ]* (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 40) a total volume of up to [*indication of total volume*] (see FT, line 49) [*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 10-12).
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 51) 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 38), 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 certificate 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

1. The maturity of structured securities starts on [*Issue Date*] (see Final Terms, line 40) and ends on [*Maturity Date*] (see FT, line 41). 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 50).

### THE FOLLOWING APPLIES TO OPEN END STRUCTURED SECURITIES:

#### § 8 Maturity

1. The issuance of structured securities starts on [*Issue Date*] (see FT, line 40) ("start of life of security"). These structured securities are open-end securities. This means that the structured securities do not have a predefined maturity.
2. The issuer shall have the right to determine a maturity date for the certificates for the first time at the earliest three calendar years after the issue date on any exchange-trading day in Vienna or Stuttgart, with the remaining time to maturity of the certificate having to be at least one calendar year. The fixing of the maturity is published, indicating the maturity date pursuant to § 23 par. 1.a.

## § 9. Exercise/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*]

### THE FOLLOWING APPLIES TO WARRANTS:

#### § 9.1. Exercise/Redemption

Warrants are exercised as follows:

##### 1. Cash Settlement:

Generally, the securities entitle holders to payment of (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) a cash amount that is made up of the difference by which the closing price of the underlying instrument exceeds (call warrants) the strike price on the respective exercise date or falls below it (put warrants), with this spread being multiplied by the subscription ratio [*Subscription Ratio*] (see FT, line 13).

The warrants can be exercised either automatically by the issuer or by the warrants holder (see FT, line 6). When exercised by the issuer, the payment of the cash amount in the respective product currency is done automatically after three banking business days (Redemption Date § 13).

## 2. Settlement by physical delivery:

The holder of a warrant has the right to exercise the warrant by demanding physical delivery within the exercise period [*Exercise Period*] (see FT, line 7) ("American style") or on exercise day ("European style").

In the case of buy warrants, effective delivery consists of the right of the warrants holder to buy the underlying instrument at the strike price [*Strike Price*] (see FT, line 8) on the respective exercise day taking into consideration the subscription ratio [*Subscription Ratio*] (see FT, line 13) and in the case of put warrants to sell the underlying instrument at the strike price on the respective exercise day taking into consideration the subscription ratio.

If the warrant holder exercises the warrant, he or she must submit a duly completed declaration form ("exercise declaration") to the issuer within the exercise period (American style) or on exercise day (European style; this corresponds to the maturity date) in order to exercise the warrant.

### *§ 9.2. Strike Price; Exercise Day; Closing Price; Subscription Ratio*

1. The respective strike price is defined at the start of the issue of the warrants by the issuer (see Final Terms, line 8).
2. The respective exercise day is:
  - a. If the warrant is exercised by the warrants holder pursuant to § 9.3 par 1 through 5, this shall be the day on which the exercise declaration of the warrants holder is received by the warrants agent.
  - b. In the case of automatic exercise of the warrant by the issuer pursuant to § 9.3 par 6, this shall be the maturity date.
3. The closing price (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the respective exercise day 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 36).
  - a. When a warrants holder exercises a warrant pursuant to § 9.3 par 1 through 5, the closing price of the underlying instrument shall apply on the day the exercise declaration is received by the warrants agent by 10:00 hrs (local time Vienna); if the exercise declaration is received later than 10:00 hrs (local time Vienna), the closing price of the next exchange trading day after receipt of the exercise declaration shall apply.
  - b. In the case of automatic exercise of the warrant by the issuer pursuant to § 9.3 par 6, the closing price of the underlying instrument on the maturity date shall apply.
4. The **subscription ratio** shall be [*Subscription Ratio*] (see FT, line 13).

### ***§ 9.3. Exercise of Warrants by Warrants Holders***

1. If the exercise of a warrant is not done automatically by the issuer upon maturity (see FT, line 6), the warrant holder must submit a duly completed declaration ("exercise declaration") to the warrants agent in order to exercise the warrant. This exercise declaration is irrevocable and binding.
2. Types of warrants:
  - a. A warrant may be exercised – unless otherwise regulated in par. 3 or postponed pursuant to § 15 – on every banking business day during the entire exercise period § 9.5 ("American style").
  - b. A warrant may be exercised – unless postponed pursuant to § 15 – by the warrant holder on the maturity date ("European style").
3. The right to exercise a warrant does not apply in the following instances set out below for warrants having shares as underlying instruments:
  - a. on the day of the annual general meeting of the company,
  - b. on days on which banks and exchanges are closed for business in Austria, Germany or in the respective primary market of the underlying instrument,
  - c. during the period between the day on which the company publishes in the applicable mandatory disclosure publication an offer to its shareholders to subscribe to new shares (including preferred shares and similar securities), or to partial debt securities (including similar securities) and/or to profit-sharing rights with conversion rights or option rights to new shares, and the last day of the respective subscription period.
4. The warrants holder must deliver the corresponding number of warrants at the latest when submitting the exercise declaration to the warrants agent, specifically, by either an irrevocable order to the warrants agent to use the warrants on any custody account maintained with the warrants agent, or by delivery of the warrants to the custody account named by the warrants agent.
5. When acquiring a warrant, the usual banking fees shall be charged. Any taxes or duties that may fall due in connection with the exercise of the warrants and/or the acquisition of the underlying instrument shall be borne by the concerned warrants holders.
6. All rights granted by the warrants, which have not been effectively exercised or automatically exercised by the issuer by then, shall expire upon maturity; the warrants thus expire worthless.

### ***§ 9.4. Automatic Exercise by Issuer***

The exercise of warrants rights is done automatically by the issuer, with the warrants being settled on the maturity date at the intrinsic value with the closing price.

### ***§ 9.5. Exercise Period for American Style Warrants***

The exercise period of warrants starts three banking business days after the issue of the warrant and ends at 10:00 hrs (local time Vienna) at the end of the day of the maturity date.

## THE FOLLOWING APPLIES TO DISCOUNT CERTIFICATES:

### *§ 9.1. Redemption*

1. If at the maturity date the price of the underlying instrument exceeds the maximum redemption amount (see § 9.2) the holder of discount certificates will automatically receive from the issuer on redemption date (see § 13) payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) that corresponds to the maximum redemption amount (CAP), with the subscription ratio being taken into account.
2. If at the maturity date the price of the underlying instrument is equal to or below the maximum redemption amount (CAP), the holder of discount certificates will automatically receive from the issuer on redemption date either
  - a. delivery of the corresponding number of underlying instruments (see FT, line 46), with the subscription ratio being taken into account, or
  - b. payment of an amount (the "redemption amount") in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency) that corresponds to the closing price of the underlying instrument (see Final Terms, line 36) determined and published at the maturity date by the relevant exchange or price-fixing entity (see Final Terms, line 44), taking into account the subscription ratio. Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 36).
3. The subscription ratio shall be [*Subscription Ratio*] (see FT, line 13)
4. The redemption amount to be paid out per discount certificate is limited in accordance with § 9.2 .

### *§ 9.2. Maximum Redemption Amount*

The maximum redemption amount is limited to the CAP (see FT, line 23) multiplied by the subscription ratio. The CAP is defined by the issuer at the commencement of the issue.

### *§ 9.3. Adjustment of the Maximum Redemption Amount*

If a change to the share capital of the underlying instrument occurs during the term of the discount certificate, the issuer will change the maximum redemption amount and, if necessary, the so-called modalities of the discount certificates pursuant to the Rules of the ÖTOB or EUREX (German futures exchange) or pursuant to the Rules of the respective exchange/price-fixing entity in order to reinstate the original economic situation of the holder of the discount certificates. (See also Adjustment Rules in § 15.)

THE FOLLOWING APPLIES TO TURBO CERTIFICATES:

**§ 9.1. Redemption**

1. Unless prematurely redeemed because a barrier is reached, the turbo certificates are redeemed on the redemption date (§ 13) at an amount (for foreign currency securities converted into the product currency or expressed in the product currency § 10) per certificate ("redemption amount") that is calculated on the basis of the following formulae:

- a. Turbo long certificates

$$\text{Redemption amount} = (\text{closing price of underlying instrument} - \text{strike price}) \times \text{subscription ratio}$$

- b. Turbo short certificates

$$\text{Redemption amount} = (\text{strike price} - \text{closing price of underlying instrument}) \times \text{subscription ratio}$$

2. The "closing price of underlying instrument" (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity. Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 36).

**§ 9.2. Strike Price; Barrier**

1. The respective strike price is determined by the issuer at the commencement of the issue (see FT, line 8).
2. The barrier is determined by the issuer at the commencement of the issue (see FT, line 9).

**THE FOLLOWING APPLIES TO OPEN-END TURBO CERTIFICATES:**

**§ 9.2. Strike Price; Barrier**

1. The initial strike price is defined at the start of the issue of the certificates by the issuer (see Final Terms, line 8).
2. The initial barrier is determined by the issuer at the commencement of the issue (see FT, line 9).
3. The strike price and the barrier – unless otherwise stipulated in the Final Terms (see FT, line 8 and line 9) – are both adjusted as follows:
  - a. The financing costs of open-end turbo long certificates and of open-end turbo short certificates are continuously added to the respective strike price and to the respective barrier for open-end turbo certificates on a monthly basis at the beginning of every month if such day is a banking business day, otherwise on the next following banking business day:

$$\text{Financing costs per day} = \text{financing rate} \times \text{strike price} / 360 \text{ days}$$

The financing costs calculated in this manner continuously reduce the intrinsic value of an open-end turbo long certificate, while the intrinsic value of an open-end turbo short certificate increases by the financing costs incurred.



The financing costs for the underlying instrument consist of the usual market interest rate plus an interest margin (open-end turbo long certificates) or minus an interest margin (open-end turbo short certificates).

- b. If the underlying instrument of an open end turbo certificate pays out dividends, the issuer may in its absolute and sole discretion, subtract the dividend amount in whole or in part from the respective strike price as well as from the respective barrier. Unless otherwise stipulated in the Final Terms (see Final Terms, line 31 "4.1.7 Dividend Adjustment"), the adjustment will be effective on the ex-dividend-day. The proportion of the dividend amount which is relevant for the dividend adjustment will be regulated in line 31 "4.1.7 Dividend Adjustment" of the Final Terms.
4. The change in the strike price of the certificate changes the intrinsic value according to the calculated financing costs.
  5. The **intrinsic value** of a certificate – taking into account potential exchange rates and the respective exchange ratios – results from the difference between
    - a. the difference between the respective strike price and the price of the underlying instrument of open-end turbo long certificates;  
[price of underlying instrument – strike price],
    - b. the difference between the respective strike price and the price of the underlying instrument of open-end turbo short certificates  
[strike price - price of underlying instrument].

### **§ 9.3. Barrier; Residual Value**

1. As soon as during the term of the turbo certificate the price of the underlying instrument [indicate underlying instrument] (see FT, line 10) reaches or falls below (turbo long certificates) the barrier [indicate barrier] or reaches or surpasses the barrier (turbo short certificates), the certificate is knocked out, which means that it is suspended from trading and either expires worthless or the issuer calculates a residual value [calculation of the residual value] from the closing out of the hedging deal (see Final Terms, line 14).
2. Calculation of residual value:
  - a. Variant 1: The issuer determines a residual value at the latest within three trading hours, which is derived from the closing out of the hedging deal.
  - b. Variant 2: The issuer determines a residual value after knock-out that results from the closing out of the hedging deal. The issuer determines the residual value within the period up until the determination of the closing price of the underlying instrument on the next trading day following the knock-out day.

If permitted by the liquidity of the underlying, this period may also be shortened substantially. Under extreme market conditions, the residual value of the certificates may even be zero.
3. When the certificates are knocked out, the residual value is determined by the issuer. Five banking business days later, the residual value of the certificate is automatically paid out by the issuer. If the day of the payout is not a banking business day, it is postponed to the next following banking business day.

4. The amount of the residual value is determined by how the underlying instrument behaves within the three hours after the knock-out.
  - a. If in the case of turbo long certificates, the underlying instrument rises again after the barrier has been reached, the residual value will be slightly higher. Vice versa, if the underlying instrument falls further after the barrier is reached, the residual value will be accordingly lower.
  - b. If in the case of turbo short certificates the underlying instrument rises again after the barrier has been reached, the residual value will be slightly lower, while the residual value will be slightly higher if the underlying instrument continues to fall after reaching the barrier.

## THE FOLLOWING APPLIES TO RANGE TURBO CERTIFICATES:

### *§ 9.1. Redemption*

1. Unless prematurely redeemed because barrier has been reached, the range turbo certificates are redeemed on the redemption date (§ 13) at an amount (for foreign currency securities converted into the product currency or expressed in the product currency § 10) per certificate ("redemption amount") that is calculated on the basis of the following formulae:

- a. Range turbo long certificates

$$\text{Redemption amount} = (\text{closing price of underlying instrument} - \text{strike price}) \times \text{subscription ratio}$$

Should the closing price of the underlying instrument rise above the CAP (see FT, line 17), the redemption amount is calculated as follows:

$$\text{Redemption amount} = (\text{CAP} - \text{strike price}) \times \text{subscription ratio}$$

- b. Range turbo short/reverse discount certificates

$$\text{Redemption amount} = (\text{strike price} - \text{closing price of underlying instrument}) \times \text{subscription ratio}$$

Should the closing price of the underlying instrument fall below the FLOOR (see FT, line 17), the redemption amount is calculated as follows:

$$\text{Redemption amount} = (\text{strike price} - \text{FLOOR}) \times \text{subscription ratio}$$

2. The closing price (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 44). Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 36).
3. The strike price is determined by the issuer at the commencement of the issue (see FT, line 8).
4. The barrier is determined by the issuer at the commencement of the issue (see FT, line 9).

### *§ 9.2. CAP; FLOOR*

The CAP for each range turbo long certificate and the FLOOR for each range turbo short/reverse discount certificate are defined by the issuer at the commencement of the issue [*CAP and/or FLOOR*] (see FT, line 17).

### *§ 9.3. Barrier; Residual Value*

1. As soon as during the term of the range turbo certificate, the price of the underlying instrument (see FT, line 10) reaches or falls below (range turbo long certificates) the barrier (see FT, line 9) or reaches or surpasses the barrier (range turbo short/reverse discount certificates), the certificate is knocked out, which means that it is suspended from trading and either expires worthless or the issuer calculates a residual value from the closing out of the hedging deal (see Final Terms, line 14).

2. Calculation of residual value:

- a. Variant 1: The issuer determines a residual value after knock-out at the latest within three trading hours, which is derived from the closing out of the hedging deal.
- b. Variant 2: The issuer determines a residual value after the knock-out that results from the closing out of the hedging deal. The issuer determines the residual value within the period up until the determination of the closing price of the underlying instrument on the next trading day following the knock-out day.

If permitted by the liquidity of the underlying, this period may also be shortened substantially. Under extreme market conditions, the residual value of the certificates may even be zero.

3. When the certificates are knocked out, the residual value is determined by the issuer. Five banking business days later, the residual value of the certificate is automatically paid out by the issuer. If the day of the payout is not a banking business day, it is postponed to the next following banking business day.
4. The amount of the residual value is determined by how the underlying instrument behaves within three hours after the knock-out.
  - a. If in the case of range turbo long certificates, the underlying instrument rises again after the barrier has been reached, the residual value will be slightly higher. Vice versa, if the underlying instrument falls further after the barrier is reached, the residual value will be accordingly lower.
  - b. If in the case of range turbo short/reverse discount certificates the underlying instrument rises again after the barrier has been reached, the residual value will be slightly lower, while the residual value will be slightly higher if the underlying instrument continues to fall after reaching the barrier.

**THE FOLLOWING APPLIES TO INVESTMENT CERTIFICATES:**

1. On the redemption date (see § 13) the holder of an investment certificate 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 – § 10) ("redemption amount") that corresponds to the closing price of the underlying instrument of the certificates determined and published on the maturity date taking into account the subscription ratio.
2. In the case of investment certificates without a predefined maturity (open-end), the issuer shall have the right for the first time after three calendar years as of the issue date to determine a maturity date for the certificates on any exchange-trading day, with the remaining time to maturity of the certificates having to be at least one calendar year. The fixing of the maturity is published indicating the maturity date pursuant to § 23 par. 1.a .
3. The closing price (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 44). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 36).

### THE FOLLOWING APPLIES TO BONUS CERTIFICATES:

1. On redemption date (see § 13), the holder of a bonus certificate shall automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) ("redemption amount"). The redemption amount will usually be contingent on the closing price determined and published by the relevant exchange or price-fixing entity of the underlying instrument on the maturity date of the bonus certificate, taking into account the subscription ratio; the maximum redemption amount can be limited by a CAP.

2. The redemption amount is calculated as follows:

a) If the price of the underlying instrument – unless otherwise stipulated – never reaches or falls below the barrier (see FT, line 9) defined by the issuer at the commencement of the issue at any time during the term of the certificates (fixing date – inclusive of maturity date), the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the respective product currency, which is calculated according to the following formula – taking into account the subscription ratio (see FT, line 13) in each case:

**bonus level + participation x max (0; closing price – bonus level)**

at the maximum the CAP (if the issuer has defined a CAP at the start of the issue).

b) If the price of the underlying instrument (fixing date – inclusive of maturity date) reaches or falls below the barrier (see FT, line 9) defined by the issuer at the commencement of the issue at any time during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the respective product currency, which is calculated according to the following formula – taking into account the subscription ratio (see FT, line 13) in each case:

**min (closing price, bonus level) + participation x max (0; closing price – bonus level)**

at the maximum the CAP (if the issuer has defined a CAP at the start of the issue).

3. The closing price of the underlying instrument (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 44). Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 36).

4. The CAP (see FT, line 17) is that price of the underlying instrument, which limits the performance of the certificates upwards. The CAP is defined by the issuer at the commencement of the issue.

5. The "fixing date" is, unless there is a possible market disruption, the [Fixing Date] (see FT, line 26) or if no closing price is usually determined on this day for the underlying instrument, the next day on which a closing price is determined.

6. The "participation" (see FT, line 24) is determined by the issuer at the commencement of the issue. Unless otherwise or additionally provided in the Final Terms, line 24 "4.1.7 Participation", the participation always amounts to 100 %.

### THE FOLLOWING APPLIES TO SPEED CERTIFICATES:

1. On redemption date (see § 13), the holder of a speed certificate shall automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) ("redemption amount"). The redemption amount shall usually be contingent on the closing price determined and published by the relevant exchange or price-fixing entity of the underlying instrument on the maturity date of the speed certificate, taking into account the subscription ratio; the maximum redemption amount can be limited by a CAP.

In the event that the price of the underlying instrument is higher upon maturity than the starting value (see FT, line 18) and lower than the CAP – if a CAP was defined at the time of issue by the issuer – then the investor receives the starting value plus a multiple of the difference ("participation") between the closing price and the starting value of the underlying instrument as redemption amount.

If, upon maturity, the price of the underlying instrument is higher or equal to the CAP (if one was defined by the issuer), the certificate holder shall receive the starting value plus the multiple of the difference between the CAP and the starting value, multiplied by the subscription ratio. If the price of the underlying instrument upon maturity is equal to the starting value, the certificate holder shall receive the starting value multiplied by the subscription ratio.

2. The **redemption amount** is thus calculated as follows:

- a. In the event that the closing price of the underlying instrument is lower or equal to the starting value upon maturity:

$$\text{Redemption amount} = \text{closing price of underlying instrument} \times \text{subscription ratio}$$

- b. In the event that the closing price of the underlying instrument is higher than the starting value and lower than the CAP upon maturity:

$$\text{Redemption amount} = \{ \text{Starting value} + [(\text{closing price of underlying instrument} - \text{starting value}) \times \text{participation}] \} \times \text{subscription ratio}$$

- c. When a CAP has been defined by the issuer: If the closing price of the underlying instrument upon maturity is higher or equal to the CAP, the holder of the certificate shall receive:

$$\text{Redemption amount} = \{ \text{Starting value} + [(\text{CAP} - \text{starting value}) \times \text{participation}] \} \times \text{subscription ratio}$$

3. The starting value is determined by the issuer on the last banking business day before the commencement of the issue on which a closing price is determined and published for the respective underlying instrument (see FT, line 18). As regards the "participation", see FT, line 24.
4. The CAP (see FT, line 17) is that price of the underlying instrument, which limits the performance of the certificates upwards. The CAP is defined by the issuer at the commencement of the issue.
5. The closing price of the underlying instrument (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 36). Any other provisions regarding the determination of the closing price are contained in the Final Terms, line 36).

THE FOLLOWING APPLIES TO REVERSE CONVERTIBLES:

1. Reverse convertibles are redeemed in one of the following manners at the discretion of the issuer automatically three banking workdays after maturity – this is the redemption date (see § 13):
  - a. at 100% of the denomination, or
  - b. if the price of the shares on valuation day (see FT, line 23) is below the strike price (see FT, line 8), by delivery of the shares – underlying the reverse convertibles – (or their monetary value in cash). The number of shares to be delivered per denomination [*denomination*] (see FT, line 51) is specified in the FT, line 19.

The issuer retains the right instead of redeeming the reverse convertibles by delivery of shares pursuant to lit b), of paying an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) that corresponds to the closing price of the respective share underlying the reverse convertible on the valuation day ("cash settlement"). This is determined by the issuer at the commencement of the issue (see FT, line 37 "Settlement").

The type of redemption pursuant to lit a) and b) is defined on the valuation day by the issuer based on the closing price of the share underlying the reverse convertible. The relevant exchange for determining the closing price of the underlying instrument is [*Relevant Exchange/Price-fixing Entity*] (see FT, line 44).

2. The strike price is defined at the start of the issue of the certificates by the issuer (see Final Terms, line 8).
3. The closing price of the underlying instrument (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the relevant valuation day by the relevant exchange or price-fixing entity (see FT, line 44). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 36).



## THE FOLLOWING APPLIES TO LOCK-IN CERTIFICATES:

1. On redemption date (see § 13), the holder of a lock-in certificate shall automatically receive from the issuer payment of an amount (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) ("redemption amount"). The redemption amount shall usually be contingent on the closing price determined and published by the relevant exchange or price-fixing entity of the underlying instrument on the maturity date of the lock-in certificate, taking into account the subscription ratio [*Subscription Ratio*] (see FT, line 13); the maximum redemption amount can be limited by a CAP (see FT, line 17).
2. The redemption amount is calculated as follows – taking into account the subscription ratio:
  - a. If during the term of the certificate at least one lock-in level was reached or surpassed, then the following applies:

If the price of the underlying instrument is above the highest lock-in level hit during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency that corresponds to the closing price of the underlying instrument on maturity date, but as a maximum the CAP. Otherwise, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency ("redemption amount") that corresponds to the highest lock-in level reached during the term of the certificate.
  - b. If during the term of the certificate no lock-in level was ever reached or surpassed, then the following applies:
    - i. If a bonus level has been determined by the issuer (see FT, line 15) and the price of the underlying instrument does not reach or fall below the barrier (see FT, line 9) at any time during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency that corresponds to the closing price of the underlying instrument on the maturity date, but at least the bonus level.
    - ii. If no bonus level has been determined by the issuer (see FT, line 15) and the price of the underlying instrument reaches or falls below the barrier (see FT, line 9) at any time during the term of the certificate, the investor shall receive (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) an amount in the product currency that corresponds to the closing price of the underlying instrument on the maturity date.
3. The bonus level (see FT, line 15), the barrier (see FT, line 9) and the lock-in levels (see FT, line 25) are determined – if thus planned – by the issuer at the start of the issue.
4. The closing price of the underlying instrument (see FT, line 36) corresponds to the price of the underlying instrument determined and published on the maturity date by the relevant exchange or price-fixing entity (see FT, line 36). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 36).

THE FOLLOWING APPLIES TO OUTPERFORMANCE CERTIFICATES:

1. The security entitles the holder to payment of (for foreign currency securities converted into the product currency or expressed in the product currency – see § 10) a cash amount that is calculated as follows:

$$\text{Redemption amount} = \text{Max (strike price – spread; 0)} \times \text{subscription ratio}$$

where

$$\text{Spread} = (I_s \times n_s) - (I_l \times n_l)$$

$I_s$  = Closing price short instrument (converted into the product currency)

$n_s$  = Number of short instruments

$I_l$  = Closing price long instrument (converted into the product currency)

$n_l$  = Number of long instruments

2. The strike price is defined at the start of the issue of the outperformance certificates by the issuer and is stated in the respective product currency (see Final Terms, line 8).
3. The closing price corresponds to the price of the underlying instrument (long and short instruments) determined and published (see Final Terms, line 43) on the maturity date by the relevant stock exchange or price-fixing entity (see FT, line 36). Any other provisions regarding the determination of the closing price shall be contained in the FT, line 36).

**THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:**

1. On redemption date, the holder of a guarantee certificate automatically receives payment of a guaranteed amount defined by the issuer at the start of the issue (guaranteed amount; see FT, line 27) in the corresponding currency of the product. Additionally, the holder has the right to claim coupon payments (see FT, line 22) and/or the payout of a profit share (participation amount; see FT, line 28), the amount of which may depend on the development of the underlying instrument (see FT, line 10-12). The "redemption amount" will be described in the FT, line 29.
2. Guarantee certificates may grant the right to claim payment of a coupon (see Final Terms, line 22), but not to payment of dividends.

**THE FOLLOWING APPLIES TO CENTROBANK CERTIFICATES:**

1. On redemption date (see FT, line 43) a holder of centrobank certificates described in this prospectus will automatically be paid the redemption amount defined by the issuer at the beginning of the offering period (see FT, line 29). In addition to the redemption amount the holder may also have a claim for (a) coupon payment(s) (see FT, line 22) which may depend on the development of the underlying instrument(s) (see FT, line 10-12).
2. Centrobank certificates may entitle the holder to coupon payments (see FT, line 22) and dividend payments (see FT, line 32).

**THE FOLLOWING APPLIES TO TWIN WIN CERTIFICATES:**

1. On redemption date (see FT, line 43) the holder of twin win certificates will automatically be paid by the issuer an amount ("redemption amount") in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency). The amount of the redemption amount usually depends on the closing price of the underlying instrument of the twin win certificates, which is determined and published by the relevant exchange or price-fixing entity at the maturity date; the maximum redemption amount may be limited by a CAP (see FT, line 17).

2. The redemption amount is calculated as follows:

a. If during the term of the certificate the price of the underlying instrument never reaches or falls short of the barrier defined at the beginning of the issuing period (see FT, line 9) the investor will receive payment of an amount in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency) which will be calculated according to the following formula:

$$\text{Strike price} + P_D \times \max(0, \text{strike price} - \text{closing price}) + P_U \times \max(0, \text{closing price} - \text{strike price}),$$

where

$P_D$  = downward participation in percent (see FT, line 24)

$P_U$  = upward participation in percent (see FT, line 24)

but not more than the CAP (if the issuer has defined a CAP; see FT, line 17).

b. If during the term of the certificate the price of the underlying instrument reaches or falls short of the barrier (see FT, line 9) defined by the issuer at the beginning of the issuing period at any time, the investor will receive payment of an amount in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency) which will be calculated according to the following formula:

$$\min(\text{closing price}, \text{strike price}) + P_U^* \times \max(0, \text{closing price} - \text{strike price})$$

where

$P_U$  = upward participation in percent (see FT, line 24), unless the Final Terms define that an upward participation forfeits if the barrier is reached or fallen short of. In the case the upward participation forfeits,  $P_U^*$  shall be 100 %. In the Final Terms, line 24 forfeiture of an upward participation will be defined by the note "upward participation K.O."

but not more than the CAP (if the issuer has fixed a CAP; see FT, line 17).

3. Upon issuance of the certificate the issuer will determine the participation, the CAP, the strike price and the barrier (see FT, line 24 "4.1.7 Participation", line 17 "4.1.7 CAP and/or FLOOR", line 8 "4.1.7 Strike price", and line 9 "4.1.7 Barrier").

4. The closing price of the underlying instruments corresponds to the price of the underlying instrument which is determined and published by the relevant exchange or price-fixing entity at the relevant

effective date (see FT, line 44). Further provisions regarding determination of the closing price are regulated in the Final Terms, line 36.

5. Twin win certificates do not entitle the holder to payment of interest or dividends and therefore do not yield any regular returns.

**THE FOLLOWING APPLIES TO REVERSE BONUS CERTIFICATES:**

1. On redemption date (see FT, line 43) the holder of reverse bonus certificates will automatically be paid by the issuer an amount ("redemption amount") in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency). The amount of the redemption amount will usually depend on the closing price of the instrument underlying the reverse bonus certificates which is determined and published by the relevant exchange or price-fixing entity at the maturity date.
2. The redemption amount is calculated as follows:

- a. If during the term of the certificate the price of the underlying instrument – unless otherwise or additionally provided in the Final Terms, line 9 – at no time reaches or exceeds the barrier fixed by the issuer at the beginning of the issuing period, the investor will receive payment of an amount in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency) which will be calculated according to the following formula:

$$\text{bonus amount} + \max [0, \text{participation} \times (2 \times \text{starting value} - \text{bonus amount} - \text{closing price})]$$

- b. If during the term of the certificate the price of the underlying instrument – unless otherwise or additionally provided in the Final Terms, line 9 - reaches or exceeds the barrier fixed by the issuer at the beginning of the issuing period at any time, the investor will receive payment of an amount in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency) which will be calculated according to the following formula:

$$\max [2 \times \text{starting value} - \text{closing price}, \text{bonus amount} + \text{participation} \times (2 \times \text{starting value} - \text{bonus amount} - \text{closing price})]$$

3. Upon issuance of the certificate the issuer will determine the participation, the bonus amount, the bonus level, the starting value and the barrier (see FT, line 24 "4.1.7 Participation", line 16 "4.1.7 Bonus Amount", line 15 "4.1.7 Bonus Level", line 18 "4.1.7 Starting Value", and line 9 "4.1.7 Barrier").
4. The "closing price" of the underlying instrument corresponds to the price of the underlying instrument which is determined and published by the relevant exchange or price-fixing entity at the relevant effective date (see FT, line 44). Further provisions regarding determination of the closing price are regulated in the FT, line 36.
5. Reverse bonus certificates do not entitle the holder to payment of interest or dividends and therefore do not yield any regular returns.

### THE FOLLOWING APPLIES TO EXPRESS CERTIFICATES:

1. The "redemption amount" will be calculated as follows:
  - a. If, on any of the observation dates (see FT, line 30), the underlying instrument fulfils the threshold criterion defined by the issuer (see FT, line 33), the certificate will end prior to maturity and will automatically be redeemed by the issuer at the redemption amount valid on the relevant observation date (see FT, line 29) in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency).
  - b. If the underlying instrument fails to fulfil the specified threshold criterion (see FT, line 33) also on the last observation date, redemption will be effected at the closing price of the underlying instrument determined on the maturity date/last observation date in the product currency (for foreign currency securities converted into the product currency or expressed in the product currency). If in that case, the issuer has, in addition, fixed a barrier (see FT, line 9) at the beginning of the issue of the certificate and if the price of the underlying instrument has neither reached nor exceeded the barrier during the observation period (see FT, line 34), redemption will at least be effected at a minimum redemption amount defined by the issuer (see FT, line 35) in the product currency (for foreign currency securities or expressed in the product currency).
2. Upon issuance of the certificate the issuer defines the threshold criterion, the observation dates, the redemption amount and the minimum redemption amount as well as - if applicable - the barrier, the observation period and additional coupon payments and/or dividend payments (see Final Terms line 33 "4.1.7 Threshold(s)", line 30 "4.1.7 Observation Date(s)", line 29 "4.1.7 Redemption Amount", line 35 "4.1.7 Minimum Redemption", line 9 "4.1.7. Barrier", line 34 "4.1.7 Observation Period" and line 22 "4.1.7 Coupon Payments").
3. The "closing price" of the underlying instrument corresponds to the price of the underlying instrument which is determined and published by the relevant exchange or price-fixing entity at the relevant effective date (see FT, line 44). Further provisions regarding determination of the closing price are regulated in the Final Terms, line 36.
4. Express certificates may entitle the holder to payment of interest and/or dividends (see FT, line 22 and 32).



## § 10. Conversion of Foreign Currency Securities

1. The conversion of the respective redemption amount or settlement amount upon maturity, on the exercise day (for warrants) and on the valuation day (for reverse convertibles) 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 10 - 12).

## § 12. Interest

The following applies to structured securities that bear interest:

Interest is [*indicate percentage*]% p.a. (see line 22). Interest runs from [*date of start of interest-bearing period*] (see FT, line 21) (inclusive) up to [*cut-off date for calculation of interest*] (see FT, line 20) (inclusive) calculated based on [*Interest Calculation Method*]. Interest is paid out on [*Interest Payment Day*] (see FT, line 20).

The following applies to securities that do not bear 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 41) or the respective exercise day (for warrants) unless otherwise specified in the FT line 43.
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 47:

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. In the case of guarantee certificates:

- a. A "market disruption" means (A) in respect of one or more shares, contained in the basket or one or more shares which are part of at least one index contained in the basket the occurrence or existence of a (i) "trading disruption", (ii) "exchange disruption", which in either case the issuer determines is essential, at any time during the one hour period that ends at the relevant valuation time, or (B) an "early closure" in respect of
  - i. to shares that comprise 20% or more of the level of the index; or
  - ii. in futures or options contracts relating to the relevant index on any related exchange;
- b. A "trading suspension" means any suspension of or limitation to trading by the relevant exchange or related exchange (as well as any limitations to trading by reason of movements in price exceeding limits permitted by the exchange or a "related exchange") or otherwise (i) relating to the shares or the shares contained in the indices on the exchange or (ii) in futures or options contracts relating to the shares or to the shares contained in the indices on any related exchange.
- c. An "exchange disruption" means any event other than an "early closure" that – in the equitable discretion of the issuer – disrupts or impairs the ability of market participants in general
  - i. to effect transactions in or obtain market values for the respective share or the respective shares contained in the indices on the exchange, or
  - ii. to effect transactions in or obtain market values for futures and options contracts on the respective shares or on the respective shares contained in the indices on any related exchange.

- d. An "early closure" means the unscheduled closure of the exchange or related exchange on an exchange on any exchange trading day unless such earlier closure was announced at least one hour prior to the earlier of
    - i. the actual close time for the regular trading session on such exchange or related exchange on this exchange trading day, and
    - ii. the submission deadline for orders to be entered into the exchange or related exchange system for execution on such exchange trading day.
  - e. The "valuation time" is the official closing time of trading on the relevant exchange.
  - f. The "exchange" is each exchange or quotation system specified as such for the relevant share or any successor to such exchange or quotation system or any substitute exchange or quotation system on which the respective shares are temporarily traded; provided however that if the specified exchange ceases to list or otherwise include the relevant share, the issuer will select another exchange or quotation system (if any) in relation to such share.
  - g. The "related exchange" means any exchange or quotation system (including any substitute or temporary exchange or quotation system) on which futures contracts and/or options contracts on the relevant share are traded and any exchange or quotation system where trading has a material effect - as determined by the issuer - on the overall market for futures or options contracts relating to such share.
7. 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.
8. "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.

The relevant effective day ("effective day") shall be

- for warrants, the respective exercise day;
- for reverse convertibles, the respective valuation day;
- for all other structured securities, 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 on this day, the following procedures shall apply unless otherwise stipulated in the Final Terms, line 48:

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 certificates – 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 certificates 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 certificates 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 regulated in the FT, line 48.

### THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:

Unless otherwise stipulated or supplemented in the Final Terms, line 48, the following shall apply to guarantee certificates:

I. If

- 1) on the initial fixing date in respect of any share contained in the basket or in the index a market disruption exists,
  - (a) then the initial fixing date for each share not affected by the occurrence of a market disruption event shall be the original initial fixing date, and
  - (b) the initial fixing date for each share affected by the occurrence of a market disruption shall be the first succeeding exchange trading day on which there is no market disruption event. If there is a market disruption on that day and on each of the eight exchange trading days immediately following the initial fixing date, that eighth exchange trading day shall be deemed to be the initial fixing date for the relevant share, and
    - (i) the issuer – in case of guarantee certificates with a basket of shares as underlying – determines a substitute price which according to the issuer corresponds to the market situation on that eighth exchange trading day;
    - (ii) the issuer – in case of guarantee certificates with an index or a basket of indices as underlying – determines a substitute index which is calculated in accordance with 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.
- 2) on any observation date in respect of any share contained in the basket or in the index there is a market disruption event,
  - (a) then the observation date for each share not affected by the occurrence of a market disruption event shall be the original observation date, and
  - (b) the observation date for each share affected by the occurrence of a market disruption event shall be the first succeeding exchange trading day on which there is no market disruption. If there is a market disruption on that day and on each of the eight exchange trading days immediately following the observation date, that eighth exchange trading day shall be deemed to be the observation date for the relevant share, and
    - (i) the issuer – in case of guarantee certificates with a basket of shares as underlying – determines a substitute price which according to the issuer corresponds to the market situation on that eighth exchange trading day
    - (ii) the issuer – in case of guarantee certificates with an index or a basket of indices as underlying - determines a substitute index which is calculated in accordance with 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. Furthermore, for guarantee certificates with an index or basket of indices as underlying instrument the following applies:

1. In case that the index

- a) is not calculated and published by the designated index sponsor, but rather by a successor sponsor to the sponsor ("Successor Sponsor") who is accepted as such by the issuer; or
- b) was replaced by a subsequent index which at the issuers own discretion is similar to the relevant index with regard to the type and method of calculation;

then this index will be deemed to be the index so calculated and published by the successor sponsor or this subsequent index is viewed as a new index and replaces the previous relevant index.

2. If the index sponsor (or the successor sponsor)

- a) on or immediately prior the respective observation date
  - (i) makes a material change in the formula for or the method of calculation relating to an index, or
  - (ii) permanently cancels the calculation of an index and no successor sponsor exists,resp.

b) on the respective observation date, fails to calculate and publish a relevant index,

then the issuer may determine a substitute index ("substitute index") which is calculated in accordance with the formula for and method of calculation and the composition and weighting of the prices and shares in the index last in effect when the index was last published or that applied immediately prior to a change in the index, and calculate the redemption amount on this basis.

III. Furthermore, for guarantee certificates with a basket of shares as underlying instrument:

1. If during the term of the certificates

- (a) a share is changed due to a potential adjustment event (par.2), or
- (b) due to this action relating to the respective share of the company, adjustments are made in respect to the options contracts on the futures and options exchanges of the relevant share or the options contracts are changed in any other manner or such adjustments are not made because at the time they should have been made no options contracts were outstanding on the related exchange,

the respective share may be adjusted accordingly and, if necessary, further adjustments will be made. These adjustments and the determination of the time as of when they are effective shall be

done by the issuer at its own discretion taking into consideration the principles of this provision. The announcement is made in accordance with § 23 par. 1.b.

2. A "potential adjustment event" with respect to shares may be:

- (a) A stock split, a consolidation of shares or the conversion of classes of shares (unless it is a merger event) or a free distribution or allotment of shares to existing shareholders of the companies based by way of bonus, capitalization or similar issue;
- (b) the issue of additional securities to the shareholders of the company granting the right to receive payments or dividends or liquidation proceeds of the company proportionately to the shares they already hold; the issue to the shareholders of further share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer as a result of a spin-off or another comparable action; the issue of other securities, rights or warrants or other assets to the shareholders for payment that is below the respective market price deemed relevant by the calculation agent;
- (c) any extraordinary dividend;
- (d) a request to pay in contributions in shares that are not fully paid;
- (e) a repurchase of shares by the company whether out of profits or capital and irrespective whether the consideration for such repurchasement is cash, securities or other assets;
- (f) any other event that may have a diluting or concentrative effect on the theoretical, intrinsic value of the share.

3. Other events:

If during the term of the certificates

- (a) a share is changed due to takeovers, mergers, nationalization, delisting, insolvency or similar events, or
- (b) this/these event(s) entail adjustments to the respective share of the company, adjustments to the options contracts on the futures and options exchanges of the relevant share or if the options contracts are changed in any other manner or such adjustments are not made because at the time they should have been made, no options contracts were outstanding on the relevant exchange,

the issuer may

- (i) adjust the relevant share, and if necessary, carry out further adjustments; and/or
- (ii) terminate the certificate indicating the termination amount. In the event the security is terminated, the issuer will pay to every certificate holder instead of the nominal value, an amount per certificate (termination amount) determined by the issuer at its equitable discretion as the adequate market price of a certificate immediately before the event entitling the termination of the certificate.

These adjustments and the determination of the point in time as of when they shall apply, is fixed by the issuer at its own discretion and shall be binding (unless there is an obvious error) for all concerned parties and will be announced in accordance with § 23 par. 1.b.

Any further adjustment procedures are regulated in the FT, line 48.

## § 16. Payout of Amounts

The pay out of the respective amounts is done exclusively in the respective product currency.

## § 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 39, 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.

**PREMATURE REDEMPTION/TERMINATE OF OPEN-END SECURITIES:**

Unless otherwise defined or supplemented in the Final Terms, (see FT, line 39), the following applies to open-end securities:

The holder of a structured security is entitled for the first time after four calendar years of the start of the issue to terminate a structured security prematurely on every first banking business day of a month (termination date). These redemption rights may be exercised only for at least one hundred (100) structured securities with the same ISIN or security identification number or a multiple thereof in whole numbers. The premature redemption of fewer than 100 structured securities shall not be valid or effective. The premature redemption of more than 100 structured securities having a number not divisible by 100 shall be executed at the next-lower number of structured products divisible by 100. With the redemption of the structured securities on the respective termination date, all rights under the redeemed structured securities shall expire.

For the premature termination to be effective, the holder of the structured securities must submit to its custodian bank a duly completed notice of termination:

The notice of termination must contain:

- a. Name and address of the holder of the structured securities or of the person authorized on his or her behalf,
- b. the ISIN and/or security identification number of the structured securities which are being terminated,
- c. the number of structured securities being terminated, and
- d. the termination date on which the securities will be terminated.

This notice of termination is irrevocable and binding. To be effective, the issuer must have received the notice of termination on the last banking business day before a termination date prior to 12:00 noon (local time Vienna).

If the issuer does not receive the notice of termination or the structured securities in time on the termination date stated in the notice of termination, then the termination shall not be effective. This shall also apply to turbo certificates if the certificate is knocked out by the termination date inclusive. In this case, the turbo certificate shall expire worthless or a residual value shall be paid out that is derived from the closing out of the hedging deal of the issuer (see § 9).

If the number of structured securities stated in the notice of termination for which the premature redemption/termination is being applied for differs from the number of the structured securities received by the issuer, then the notice of termination shall apply only to the lower of the two figures corresponding to the structured securities submitted. Any excess structured securities shall be returned at the expense and risk of the holder of the structured securities.

The holder of structured securities shall be prematurely paid the redemption amount (see § 9) in the respective product currency five banking business days after the respective termination date.

In this case, the closing price of the underlying instrument on the date the notice of termination is received by the issuer shall be effective.

*[Any other grounds for the issuer to terminate the securities and their legal consequences are stated in Final Terms, line 39.]*

## § 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 June 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

#### 1. Warrants

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).

As the legal situation concerning the taxation of warrants in Austria before November 2005 was not explicitly regulated, the Federal Ministry of Finance has ruled, that for warrants issued prior to 1<sup>st</sup> Dec. 2005 which were declared to be subject to capital yields tax at the time of issue, the stance adopted by

the respective custodian was not to change. However, a warrants holder has the possibility of obtaining the refund of the capital yields tax paid by requesting a tax assessment, or, if the conditions for such tax assessment are not given, by submitting an application to the competent tax office pursuant to § 240 par. 3 Federal Tax Code.

## **2. Leverage securities (Turbo Certificates, and Range Turbo Certificates):**

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<sup>nd</sup> 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.

Due to the unclear legal situation prior to the decree of 2005 (margin no. 7757b income tax law 2000 - decree 2005 of 2<sup>nd</sup> Jan. 2006) the following transition rules apply to leverage products:

- If, prior to 1<sup>st</sup> October 2005 leverage products were issued not having a subordinated capital expenditure ("leverage is smaller than 5" - see margin no. 6197b) and were treated as capital yields tax free on 1<sup>st</sup> October 2005, then until the expiry of these securities no capital yields tax or credit shall apply.
- If, prior to 1<sup>st</sup> October 2005 leverage products were issued that had a subordinated capital expenditure ("as of leverage 5" - see margin no. 6197b) and were treated as capital yields tax obligatory on 1<sup>st</sup> October 2005, then until the expiry of these securities, capital yields tax shall be deducted and a credit shall apply.

However, a securities holder has the possibility of obtaining a refund of the capital yields tax paid by requesting a tax assessment, or, if the conditions for such tax assessment are not given, by submitting an application to the competent tax office pursuant to § 240 par. 3 Federal Tax Code.

## **3. Discount, Investment, Bonus, Speed, Lock-In, Outperformance, Centrobank, Twin Win, Reverse Bonus and Express Certificates:**

Returns on securities pursuant to § 97 par. 1 in conjunction with § 93 par. 3 and § 124b fig. 85 Income Tax Act are subject to a final 25 % capital yields tax. This means that income and inheritance tax obligations are also covered. Pursuant to § 78 Insurance Surveillance Act, the certificates are suitable as cover for actuarial provisions (eligible for cover).

## **4. Reverse Convertibles:**

Interest income is income on capital assets pursuant to § 27 par. 1 fig 4 Income Tax Act and is therefore subject to income tax.

Interest income is subject to a capital yields tax of 25 % pursuant to § 93 par. 3 Income Tax Act, if the interest paying agent is seated in Austria. The interest paying agent is the credit institution that pays out or credits to the investor interest earned on redemptions or the sale of securities.

With the deduction of the capital yields tax, the income tax is generally deemed to be paid (final taxation effect). Therefore, in this case investors are not obligated to include interest income on reverse convertibles in their income tax reports.

If the income tax due according to the taxation schedule is lower than the capital yields tax, the investor may request an assessment of interest income at the lower income tax rate. Capital yields tax is credited against income tax in this case or the excess amount is refunded. Expenses in connection with securities (fees, commissions, etc.) may not be deducted for taxation purposes pursuant to § 20 par 2 Income Tax Act (deduction prohibition).

Redemption gains or gains on sales from the redemption or sale of securities within one year of acquisition of the securities are taxable pursuant to § 30 Income Tax Act. This type of income on speculation gains is subject to the general income tax schedule.

The redemption by delivery of shares creates a new acquisition transaction for the investor, namely, the acquisition of shares. Gains on sales made from selling such shares within one year are subject to full taxation pursuant to § 30 Income Tax Act. Gains on sales after the end of the speculation period are not subject to income tax if the percentage of the share represents less than 1 %.

## **5. Guarantee Certificates:**

According to the current legal opinion of the issuer, returns on certificates pursuant to § 97 par. 1 in conjunction with § 93 par. 3 and § 124b fig. 85 Income Tax Act are subject to 25 % capital yields tax. This means that income and inheritance tax obligations are also covered. Pursuant to § 14 Income Tax Act, the certificates are suitable for provisions for pension and severance payments as well as pursuant to § 78 Insurance Surveillance Act as cover for actuarial provisions (eligible for cover).

### **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 certificates 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.

Interest income from the reverse convertibles and coupon payments on the guarantee certificates, described in this prospectus are deemed by the Federal Ministry of Finance to be interest income subject to EU withholding tax. All other income on capital from the certificates 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**

**1. Warrants (with cash settlement/with delivery of underlying value)**

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.



## **2. Turbo, Range Turbo, Discount, Investment, Bonus, Reverse Bonus, Speed, Lock-In, Outperformance and Twin Win Certificates as well as Centrobank and Express Certificates without coupon and/or dividend payments and without (partial) capital guarantee:**

The tax treatment of certificates is not conclusively clarified as this time. According to current opinion, earnings from the disposition and redemption of the issued certificates with a holding period of more than one year should not be subject to taxation as neither compensation nor a capital repayment (at least in part) was guaranteed (§ 20 (1) No. 7 of the German Income Tax Act (*Einkommensteuergesetz* or "EStG"; see Circular of the German Federal Ministry of Finance (*Bundesministerium für Finanzen* or "BMF") dated 16 March, 1999, German Federal Tax Gazette (*Bundessteuerblatt* or "BStBl.") I 1999, 433). In particular, the sale proceeds should not represent earnings pursuant to § 20 (2) EStG. In general the German fiscal authorities have hitherto not differentiated into different underlying values (except for the RexP, see Regional Finance Office (*Oberfinanzdirektion* or "OFD") Rheinland, No. 19/2007, dated 5 March 2007) but focused on whether the capital repayment was guaranteed in whole or in part or compensation was promised.

However, sale proceeds are subject to taxation as profits from a private sale if the period between acquisition and disposition was not more than one year (§ 23 (1) No. 2 EStG). This applies equally to profits from the redemption of certificates if the period between acquisition and redemption was no more than one year. Losses from such private sales (*private Veräußerungsgeschäfte*) may only be offset against the amount of profits which the tax payer earned from private sales in the same calendar year (§ 23 (3) Sentence 8 EStG). Losses which cannot 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 which occur after a holding period of more than one year are not subject to taxation.

The Investment Tax Act (*Investmentsteuergesetz*) should not be applicable as a certificate is not a foreign investment unit (BMF dated 2 June, 2005, BStBl. I 2005, 728, Margin Note 9). However, a separate tax analysis for certificates not linked to a generally accepted index, especially for fund linked notes is recommended.

## **3. Guarantee Certificates as well as Centrobank and Express Certificates with coupon payments and/or (partial) capital guarantee:**

The tax treatment of certificates with partial capital guarantee is not conclusively clarified at this time.

As a capital repayment (at least in part) has been guaranteed but at the same time an issue yield does not exist due to the uncertain component, both current earnings and sale and redemption proceeds (i.e. all earnings generated from the certificate) are subject to taxation as income from capital assets pursuant to § 20 (1) No. 7 and § 20 (2) EStG (taxation according to market yield) according to the German fiscal authorities. As this is deemed to be income from capital assets pursuant to § 20 EStG, this rule applies regardless of the holding period.

The fiscal authorities are of the opinion that the guarantee of even a partial capital repayment is sufficient to assume the existence of an other receivable within the meaning of § 20 (1) No. 7 EStG, see for example BMF dated 16 March, 1999, BStBl. 1999 I, Page 433. The required repayment amount cannot be limited to an amount below which a guarantee can no longer be assumed. Rather, every guaranteed repayment is sufficient. Accordingly, the tax character of the guarantee certificate is therefore independent of the specific amount of the guaranteed amount.

The tax treatment of certificates without (partial) capital guarantee but with coupon payments is also not conclusively clarified at this time.

Recent decisions by the German Fiscal High Court (Bundesfinanzhof) again stressed the traditional view on the tax treatment of products generating a yield in return for providing a certain cash amount. However, we think that even under the principals adhered to by the German Fiscal High Court in the most recent decisions (BFH 11/07/2006, VIII R 67/04; BFH 20/11/2006, VIII R 43/05; BFH 20/11/2006, VIII R 7/02; BFH 13/12/2006, VIII R/05; BFH 13/12/2006, VIII R 62/04; BFH 13/12/2006, VIII R 79/03) all amounts received out of certificates as described in this paragraph, will still be taxable when coupon payments are promised. As a consequence not only the coupon payments will be subject to taxation but amounts paid out as (capital-) repayments because of an increase/decrease of the underlying or because of any other reason, will as well be subject to tax.

#### **4. Centrobank and Express Certificates with "dividend payments":**

If the holder is not entitled to coupon payment but to dividend payment in the event an underlying share would entitle to a dividend payment, the tax treatment is unclear.

The fact that in such a case the payments are fully dependent on whether a direct holder of such a share would receive a dividend and therefore such a payment is not in any way granted, would speak in favor of not subjecting such a certificate to the tax treatment of a financial innovation as long as it does not as well include a (partial) capital guarantee.

However, no guideline for the treatment of such certificates has been issued by the German fiscal authorities nor has been a court decision dealt specifically with such an issue.

#### **5. Reverse Convertible Bonds (Aktienanleihe):**

According to the German fiscal authorities, reverse convertible bonds are receivables, the earnings of which depend on an uncertain event (BMF dated 2 March, 2001, BStBl. I 2001, 206, Margin Notes 12). Pursuant to § 20 (1) No. 7 Sentence 1 EStG, the current income is therefore subject to taxation as income from capital assets.

The treatment of profits and losses from a sale and losses following the exercise of the right of redemption has not yet been conclusively clarified at the highest court level. According to the opinion of the fiscal authorities (BMF dated 2 March, 2001, BStBl. I 2001, 206), an issue yield does not exist (§ 20 (2) Sentence 1 No. 4 EStG) as it is uncertain at the time of acquisition whether the right of redemption will be exercised or not. Consequently, such profits and losses will be taxed according to market yield (as difference between acquisition costs and amount paid out) pursuant to § 20 (2) Sentence 1 No. 4 Sentence 2 EStG, i.e. profits from the sale or redemption in the event of the actual repayment of the capital amount (non-exercise of the right) are subject to tax as capital income in the actual amount accrued and losses from the sale or redemption are considered as negative income from capital assets (BMF dated October 25, 2004, BStBl. I 2004, 1034).

### **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 all certificates which have been acquired on January 1st 2009 or later.

1. The **warrants** (see par. A.1) will remain taxable under the current rules if acquired before January 1st 2009. Thereafter the income flat tax will apply.
2. For **certificates** described in par. A.1 and A.2 (**without coupon payments and (partial) capital guarantee**) which have been acquired before this date but after March 14th of 2007, the investment flat tax will also be applicable if
  - a. the capital income or capital gain out of a sale or redemption of the certificate paid out as realized after June 30th 2009 and
  - b. the time period between acquisition and alienation exceeded the period of 1 year.
3. For **certificates** described in par. A.3 to A.5 (**with coupon payments or (partial) capital guarantee**) the investment flat tax will be applied on all amounts paid out on January 1st 2009 or later.

When the investment flat tax is to be applied, all capital income in the form of coupons or other payments and capital gains out of the sale or redemption of the certificates 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 certificates whether they are to be considered as being speculative or not.

Losses out of the sale or redemption of the certificates 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.

#### **D. The following applies to holders of securities subject to taxation in Poland:**

Explanations restricted to the taxation of private (individual) investors resident in Poland.

##### **1. Warrants**

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby related costs are deductible and losses of the previous five years may be offset against other income (maximum 50 % of the losses per year).

The same applies for the redemption of the product by cash settlement.

The redemption by settlement in kind (delivery of the underlying) is not taxable in Poland; the subsequent sale of the underlying triggers capital gains tax under the respective applicable tax provisions (depending on the nature of the underlying).

##### **2. Discount certificates**

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby related costs are deductible and losses of the previous five years may be offset against other income (maximum 50 % of the losses per year).

The redemption by cash-settlement is (depending on the Austrian qualification) taxable under Article 30a PIT Act at a 19 % flat rate without the possibility to deduct related costs.

The redemption by settlement in kind (delivery of the underlying) is not taxable in Poland; the subsequent sale of the underlying triggers capital gains tax under the respective applicable tax provisions (depending on the nature of the underlying).

##### **3. Investment, Bonus, Reverse Bonus, Speed, Lock-in, Outperformance and Twin Win certificates**

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby related costs are deductible and losses of the previous five years may be offset against other income (maximum 50 % of the losses per year).

The redemption by cash-settlement is (depending on the Austrian qualification) taxable under Article 30a PIT Act at a 19 % flat rate without the possibility to deduct related costs.

##### **4. Turbo and Range Turbo certificates**

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby related costs are deductible and losses of the previous five years may be offset against other income (maximum 50 % of the losses per year).

The redemption by cash-settlement is taxable at a flat rate of 19 % without the possibility to deduct related costs. Depending on the taxation in Austria, the following two cases may be distinguished: 1) leverage less than five = revenues taxed as interest in Austria: tax base = interest revenue, no deduction of related costs (Art 30a PIT Act); 2) leverage at least five = revenues taxed as capital gains in Austria:

tax base = capital gains less related costs, losses of the previous five years may be offset against other income (maximum 50 % of the losses per year – Art 30b PIT Act).

#### **5. Guarantee certificates**

Current income is taxable under Article 30a PIT Act at a flat rate of 19 % without the possibility to deduct related costs.

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby related costs are deductible and losses of the previous five years may be offset against other income (maximum 50 % of the losses per year).

The redemption by cash-settlement is (depending on the Austrian qualification) taxable under Article 30a PIT Act at a 19 % flat rate without the possibility to deduct related costs.

#### **6. Reverse convertibles**

Current income is taxable under Article 30a PIT Act at a flat rate of 19 % without the possibility to deduct related costs.

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby related costs are deductible and losses of the previous five years may be offset against other income (maximum 50 % of the losses per year).

The redemption by cash-settlement is (depending on the Austrian qualification) taxable under Article 30a PIT Act at a 19 % flat rate without the possibility to deduct related costs.

The redemption by settlement in kind (delivery of the underlying) is not taxable in Poland; the subsequent sale of the underlying (share) is taxable under Article 30b PIT Act at a flat rate of 19 % with the tax base being the capital gains less related costs.

#### **7. Centrobank and Express certificates**

Current income is taxable under Article 30a PIT Act at a flat rate of 19 % without the possibility to deduct related costs.

A sale of the product is taxable under Article 30b PIT Act at a flat rate of 19 %, whereby related costs are deductible and losses of the previous five years may be offset against other income (maximum 50 % of the losses per year).

The redemption by cash-settlement is (depending on the Austrian qualification) taxable under Article 30a PIT Act at a 19 % flat rate without the possibility to deduct related costs.

**E. The following applies to holders of securities subject to taxation in the Slovak Republic:**

Explanations restricted to the taxation of private (individual) investors resident in the Slovak Republic.

**1. Warrants**

The sale of the product or the redemption at maturity (settlement in cash or in kind) is a taxable "transaction with derivatives" under Art 8 SITA.. The tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one warrant can be offset with the profit from the transaction on another warrant under the condition that both transactions are realized within one taxation period (profit or loss is incurred).

Please note that, if warrants are sold before their expiration, a loss from these transactions belongs to the bucket "transfer of options" and cannot be offset with a profit from transactions, where warrants are held until their expiration. The general condition of offsetting profit or loss from the same buckets of income must be met.

**2. Turbo, Range Turbo, Discount, Investment, Bonus, Speed, Lock-in, Outperformance, Twin Win and Reverse Bonus Certificates (certificates qualifying as "instruments with embedded derivatives")**

a. The sale of the product or the redemption at maturity in the form of settlement in cash is a taxable "transaction with derivatives" under Art 8 SITA. The tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one certificate can be offset with the profit from the transaction on another certificate under the condition that both transactions are realized within one taxation period (profit or loss is incurred) and belong to the same bucket of income. The general condition of offsetting profit or loss from the same buckets of income must be met.

**b. Redemption in the form of underlying asset:**

i. Underlying asset (security) has negative development:

If the underlying asset has negative development and the investor will receive at the redemption date instead of cash the relevant underlying asset which market price will be lower than the nominal value of the certificate, there are no tax implications for the investor. Upon a later sale of the underlying, the difference between the sales revenue and the nominal value of the certificate is taxable other income according to Art 8 SITA, less deductible expenses plus expenditure related to the acquisition of the certificate.

ii. Underlying asset (security) has positive development:

If the underlying asset has a positive development, and the investor will receive the underlying instrument instead of cash, this gain (difference between fair value of underlying asset at the moment of redemption and nominal value of certificate) will represent taxable income (Art 2 SITA). Upon a later sale of the underlying asset, the difference between the fair value of the underlying asset and the nominal value of the certificate should not be taxed twice; only the difference between the sales revenue and the fair value of the underlying asset at the moment of redemption is taxable income.

### 3. Guarantee, Express and Centrobank Certificates

- a. Current income in the form of **guaranteed coupon** from guarantee certificate is taxable as interest income under Art 7 SITA at a flat tax rate of 19 %; related costs are not deductible. The interest income is included in the general tax base of the Slovak investor.
- b. Current income in the form of **variable coupon** from guarantee certificate provided that it is paid to the investor regularly, is taxable interest income under Art 7 SITA at a flat tax rate of 19 %; related costs are not deductible. The interest income is included in the general tax base of the Slovak investor.
- c. Current income in the form of "**dividend**" payments is taxable as "income from capital" under Art 7 SITA at a flat rate of 19 %; related costs are not deductible. In this case as the "dividends" investor will regularly receive do not result from his/her ownership on the registered capital of the company paying such "dividend", such "dividends" will not be tax free.
- d. The sale of the product (redemption amount and participation sum) or the redemption at maturity (settlement in cash) is a taxable "transaction with derivatives" under Art 8 SITA. The tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one certificate can be offset with the profit from the transaction on another certificate under the condition that both transactions are realized within one taxation period (profit or loss is incurred) and belong to the same bucket of income. The general condition of offsetting profit or loss from the same buckets of income must be met.

### 4. Reverse Convertible Bonds

Current income is taxable as interest income under Art 7 SITA at a flat tax rate of 19 %; related costs are not deductible. The interest income is included in the general tax base of the Slovak investor.

The sale of the product or the redemption at maturity (settlement in cash or in kind) is a taxable "transaction with derivatives" under Art 8 SITA. Tax base is the capital gain less related costs, which is included in the general tax base of the Slovak investor; the applicable tax rate is 19 %. A loss from a transaction on one certificate can be offset with the profit from the transaction on another certificate under the condition that both transactions are realized within one taxation period (profit or loss is incurred) and belong to the same bucket of income. The general condition of offsetting profit or loss from the same buckets of income must be met.

### F. The following applies to holders of securities subject to taxation in Slovenia:

Explanations restricted to the taxation of private (individual) investors resident in Slovenia.

#### 1. General:

These financial instruments are not extensively traded on the Slovenian market. These informations have been prepared in accordance with the current legislation and opinions of the Ministry of Finance of the Republic of Slovenia, or other competent authorities. The Securities Market Act ("SMA") of Slovenia defines in the first paragraph of Article 6 derivative financial instruments, which is only a general legal definition.

Financial instruments according to Article 6a of the SMA are:

- Securities and
- Derivative financial instruments

The explained taxation in Slovenia is the most likely taxation under the current legal situation and based on the experience made so far with the Slovenian tax authorities. As the legal situation in connection with the taxation of these structured securities is not clear, a ruling should be required from the Ministry of Finance of the Republic of Slovenia.

2. All products, if/as far as qualifying as „derivatives“ (Warrants, Discount, Investment, Bonus, Reverse Bonus, Speed, Lock-in, Turbo, Range Turbo, Guarantee, Outperformance, Twin Win and Express Certificates, Reverse Convertibles) are taxable as follows:

If the product is qualified as “derivative financial instrument” pursuant to Art 6a of the SMA, any income from the product is treated as a tax exempt “capital gain” (Art 32 PITA).

According to the Slovene personal income tax law capital gains realised by derivative financial instruments are not subject to taxation (Article 32 of the Personal Income Tax Law).

The subsequent sale of the in kind redemption is taxable under the general Slovenian taxation rules. In the case of the underlying being a share (e.g. Reverse Convertibles), the capital gain is taxable. The taxable base is the difference between the value of a share upon disposal and the acquisition value of the share, taking into account certain expenses incurred upon acquisition or disposal of the share. The tax rate depends on the holding period of the share and amounts to 20 % for a holding period of up to five years, 15 % for a holding period from five to ten years, 10 % for a holding period from 10 to 15 years and 5 % for a holding period from 15 to 20 years. Sales of shares that have been held for more than twenty years are tax exempt.

However there are following open questions:

- whether the **redemption amount** (when it is higher than the principal value) presents **interest income** due to the fact that the legal nature of certificates is debt security (no clear definition in the Slovene legislation) – especially in case when the certificate is not sold before maturity; or
- whether the **redemption amount** presents **capital gains** (either by a disposal of a debt security or derivative financial instrument), which is **not subject to taxation**.

3. All products, if/as far as qualifying as „debt securities“ (Warrants, Discount, Investment, Bonus, Reverse Bonus, Speed, Lock-in, Turbo, Range Turbo, Guarantee, Outperformance, Twin Win and Express Certificates, Reverse Convertibles) are taxable as follows:

**Capital gains** realised by a disposal of debt securities are exempt from taxation (Article 96 of the Personal Income Tax Law).

Any **current income** is taxable as interest income at a **flat rate of 15 %**. The tax rate will amount to 20 % from the year 2008 on. Related costs are not deductible.

The subsequent sale of an in kind redemption is taxable as capital gain. The taxable base is the difference between the value of a share upon disposal and the acquisition value of the share, taking into account certain expenses incurred upon acquisition or disposal of the share. The tax rate depends on the holding period of the share and amounts to 20 % for a holding period of nil to five years, 15 % for a holding period of five to ten years, 10 % for a holding period of 10 to 15 years and 5 % for a



holding period of 15 to 20 years. Sales of shares that have been held for more than twenty years are taxed with 0% tax rate.

**G. The following applies to holders of securities subject to taxation in the Czech Republic:**

Explanations restricted to the taxation of private (individual) investors resident in the Czech Republic.

**1. Warrants**

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place more than six months after the acquisition, are not taxable.

The redemption by settlement in kind is not taxable. The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The subsequent sale of the in kind redemption is not taxable if taking place at least six months after the acquisition. A sale within six months is taxable with the tax base being the capital gain less related costs at the progressive tax rate between 12 and 32 %. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

**2. Turbo, Range Turbo, Investment, Bonus, Speed, Lock-in, Outperformance, Twin Win and Reverse Bonus Certificates**

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rate between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place more than six months after the acquisition, are not taxable.

The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

**3. Guarantee Certificates**

Current income is taxable as interest at the progressive tax rate between 12 and 32 %; related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place at least six months after the acquisition, are not taxable.

The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

#### **4. Reverse Convertible Bonds**

Current income is taxable as interest at the progressive tax rates between 12 and 32 %; related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place at least six months after the acquisition, are not taxable.

The redemption by settlement in kind is not taxable. The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The subsequent sale of the in kind redemption is not taxable if taking place at least six months after the acquisition. A sale within six months is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

#### **5. Discount certificates**

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place at least six months after the acquisition, are not taxable.

The redemption by settlement in kind is not taxable. The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The subsequent sale of the in kind redemption is not taxable if taking place at least six months after the acquisition. A sale within six months is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

#### **6. Express and Centrobank certificates**

Current income is taxable as interest at the progressive tax rates between 12 and 32 %; related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

The sale of the product within six months from acquisition is taxable with the tax base being the capital gain less related costs at the progressive tax rates between 12 and 32 %. Capital gains may be set off against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product, which are taking place at least six months after the acquisition, are not taxable.

The redemption by cash settlement is taxable with the redemption proceeds at the progressive tax rates between 12 and 32 %; acquisition costs or other related costs are not deductible. Alternatively, the investor may opt to include these proceeds into a separate tax base at a flat rate of 15 %.

#### **H. The following applies to holders of securities subject to taxation in Hungary:**

Explanations restricted to the taxation of private (individual) investors resident in Hungary. Please note that in certain cases capital gain can also be subject to 4% health tax in addition to the 25% personal income tax.

##### **1. Warrants**

Capital gains from the **sale of the product** are taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000. Acquisition expenses are deductible. Capital gains from the sale of a product which is traded at an EU or OECD stock exchange are taxable at a 20 % flat rate (no health tax). The same applies for the redemption of the product by **cash settlement**.

Exercise of a **call-option** by delivery of a publicly traded underlying security is not taxable. Exercise of a call-option by delivery of a non-security underlying is taxable as "other income" at progressive rates of up to 40 % (including 4 % solidarity tax) plus 11 % health tax with the tax base being the difference between the fair market value of the underlying and the exercise price and the purchase price of the call-option. Related costs are deductible. The subsequent **sale of the underlying** is taxable depending on the nature of the underlying.

Exercise of a **put-option** is taxable as "other income" at progressive rates of up to 40 % (including 4 % solidarity tax) plus 11 % health tax with the tax base being the difference between the exercise price and the fair market value of the underlying and the purchase price of the put-option. This applies on both, security and non-security underlyings. If the underlying has previously been bought in order to settle the put-option, the difference between the fair market value of the underlying security and the original purchase price of the underlying security is taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000 with the acquisition expenses being deductible. In case of an underlying security which is traded at an EU or OECD stock exchange, the 20 % flat rate (no health tax) applies. In case of a non-security underlying, the 25 % flat rate applies, but no health tax.

##### **2. Investment, Bonus, Reverse Bonus, Speed, Lock-in, Outperformance, Turbo, Range Turbo and Twin Win certificates**

Capital gains from the **sale of the product** are taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000. Acquisition expenses are deductible. Capital gains from the sale of a product which is traded at an EU or OECD stock exchange are taxable at a 20 % flat rate (no health tax). The same applies for the redemption of the product by **cash settlement**.

### 3. Guarantee certificates (repayment of purchase price not guaranteed)

Current income is taxable as "other income" at progressive rates of up to 40 % (including 4 % solidarity tax) plus 11 % health tax.

Capital gains from the **sale of the product** are taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000. Acquisition expenses are deductible. Capital gains from the sale of a product which is traded at an EU or OECD stock exchange are taxable at a 20 % flat rate (no health tax). The same applies for the redemption of the product by **cash settlement**.

### 4. Reverse convertibles

Current income is taxable as "other income" at progressive rates of up to 40 % (including 4 % solidarity tax) plus 11 % health tax.

Capital gains from the **sale of the product** are taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000. Acquisition expenses are deductible. Capital gains from the sale of a product which is traded at an EU or OECD stock exchange are taxable at a 20 % flat rate (no health tax). The same applies for the redemption of the product by **cash settlement**.

Settlement by **delivery of an underlying security** is not taxable.

The subsequent **sale of the underlying** is taxable depending on the nature of the underlying.

### 5. Discount certificates

Capital gains from the **sale of the product** are taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000. Acquisition expenses are deductible. Capital gains from the sale of a product which is traded at an EU or OECD stock exchange are taxable at a 20 % flat rate (no health tax). The same applies for the redemption of the product by **cash settlement**.

Settlement by **delivery of a publicly traded underlying security** is not taxable. Settlement by **delivery of a non-security underlying** is taxable as "other income" at progressive rates of up to 40 % (including 4 % solidarity tax) plus 11 % health tax with the tax base being the difference between the fair market value of the underlying and the exercise price and the purchase price of the call-option. Related costs are deductible.

The subsequent **sale of the underlying** is taxable depending on the nature of the underlying.

### 6. Centrobank and Express certificates

Current income (not qualifying as "dividends" in Austria) is taxable as "other income" at progressive rates of up to 40 % (including 4 % solidarity tax) plus 11 % health tax.

Capital gains from the **sale of the product** are taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000. Acquisition expenses are deductible. Capital gains from the sale of a product which is traded at an EU or OECD stock exchange are taxable at a 20 % flat rate (no health tax). The same applies for the redemption of the product by **cash settlement**.

## I. The following applies to holders of securities subject to taxation in Romania:

The below explanations are restricted to the taxation of individual non-business investors resident in the respective country and provide general information based on the legal position as per June 2007.

### 1. General

Alternative instruments represent a new area in Romania, rarely used as compared to the classical financial instruments. Consequently, these types of financial instruments are not extensively traded on the Romanian market. **The Romanian Fiscal Code does not provide a clear definition of financial instruments or investment titles.** You can find reference in Title III Personal Income Tax. Thus, under the general investment title term fall any securities, investment titles at open investment funds or any other financial instrument qualified as such by the National Securities Committee, including the derivatives.

These alternative investment instruments may be assimilated to different investment titles as described in the Romanian Fiscal Code. As such, the tax treatment of these investment titles depends significantly on the category under which they can be classified.

**The issues presented in this document are clear only in relation to the interest/coupon and dividend revenue. For the other income derived from these types of certificates a ruling should be required from the National Securities Committee together with the Ministry of Finance.** This ruling should address the classification of the income generated by this certificate and the tax applicable thereon. Depending on the classification as a security and on the holding period the tax is either 1% or 16%.

### 2. Warrants and Discount Certificates

The sale of the product and the redemption by cash settlement is taxable with the tax base being the capital gain less related costs at the tax rate of (i) 1 %, if the security was held for more than 365 days, and (ii) 16 %, if the security was held for less than 365 days. Losses incurred in respect of transactions with such securities (other than participation titles held in an open investment fund and shares in a non-listed entity) can be offset against profits obtained during the same year, however if at year end the taxpayer records a net annual loss, this loss cannot be carried forward.

The redemption by settlement in kind<sup>1</sup> is not taxable. At the subsequent sale of the in kind redemption any capital gain arising will be subject to the above mentioned rules.

### 3. Turbo, Range Turbo, Investment, Bonus, Reverse Bonus, Speed, Lock-In, Outperformance and Twin Win Certificates

The sale of the product and the redemption by cash settlement is taxable with the tax base being the capital gain less related costs at the tax rate of (i) 1 %, if the security was held for more than 365 days, and (ii) 16 %, if the security was held for less than 365 days. Losses incurred in respect of transactions with such securities (other than participation titles held in an open investment fund and shares in a non-listed entity) can be offset against profits obtained during the same year, however if at year end the taxpayer records a net annual loss, this loss cannot be carried forward.

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<sup>1</sup> By settlement in-kind we understand the receipt of the underlying instrument.

#### **4. Centrobank and Express Certificates**

The sale of the product and the redemption by cash settlement is taxable with the tax base being the capital gain less related costs at the tax rate of (i) 1 %, if the security was held for more than 365 days, and (ii) 16 %, if the security was held for less than 365 days. Losses incurred in respect of transactions with such securities (other than participation titles held in an open investment fund and shares in a non-listed entity) can be offset against profits obtained during the same year, however if at year end the taxpayer records a net annual loss, this loss cannot be carried forward.

Interest income (coupon) is taxable starting 1<sup>st</sup> January, 2007 at 16 % rate applied to the gross amount (no deduction of related costs).

Dividend income is taxable at 16 % rate applied to the gross amount (no deduction of related costs).

#### **5. Reverse Convertibles**

The sale of the product and the redemption by cash settlement is taxable with the tax base being the capital gain less related costs at the tax rate of (i) 1 %, if the security was held for more than 365 days, and (ii) 16 %, if the security was held for less than 365 days. Losses incurred in respect of transactions with such securities (other than participation titles held in an open investment fund and shares in a non-listed entity) can be offset against profits obtained during the same year, however if at year end the taxpayer records a net annual loss, this loss cannot be carried forward.

Interest income (coupon) is taxable starting 1<sup>st</sup> January, 2007 at 16 % rate applied to the gross amount (no deduction of related costs).

#### **6. Guarantee Certificates**

The sale of the product, the redemption by cash settlement and the payout of a participation amount upon maturity is taxable with the tax base being the capital gain less related costs at the tax rate of (i) 1 %, if the security was held for more than 365 days, and (ii) 16 %, if the security was held for less than 365 days. Losses incurred in respect of transactions with such securities (other than participation titles held in an open investment fund and shares in a non-listed entity) can be offset against profits obtained during the same year, however if at year end the taxpayer records a net annual loss, this loss cannot be carried forward.

Interest income (coupon) is taxable starting 1<sup>st</sup> January, 2007 at 16 % rate applied to the gross amount (no deduction of related costs).

### **§ 19. Increases; Repurchase**

1. The issuer has the right to issue additional structured securities with the same features (if applicable, up to the start of the exercise period) 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 55).

## § 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 55). 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,
- the Polish Securities and Exchange Commission (KPWiG Komisja Papierów Wartościowych i Giełd) for Poland,
- the National Bank of Slovakia "NBS" (and UFT, Financial Market Authority of the Slovak Republic) for Slovakia,
- the Securities Market Agency (SMA) for Slovenia,
- the Czech Securities Commission (CSC) for the Czech Rep. and
- the Hungarian Financial Supervisory Authority (HFSA) for Hungary.
- the Romanian National Securities Commission (CNVM).



## **§ 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 44).

## **§ 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*]

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 (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 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*]