

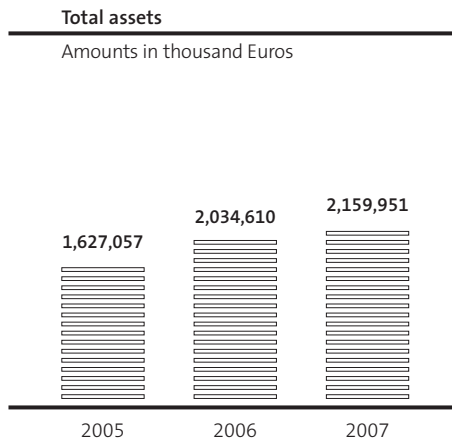
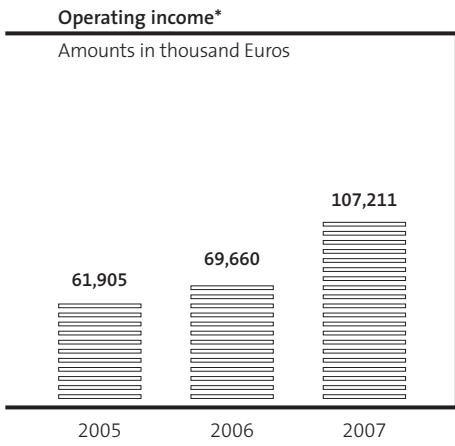
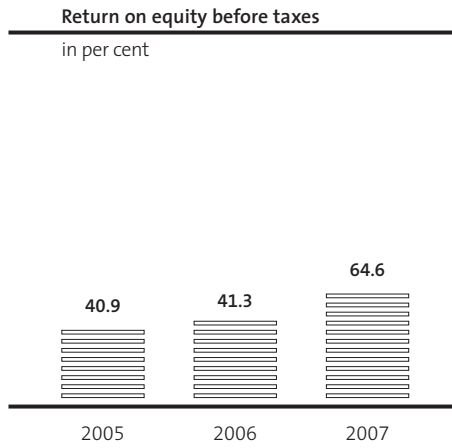
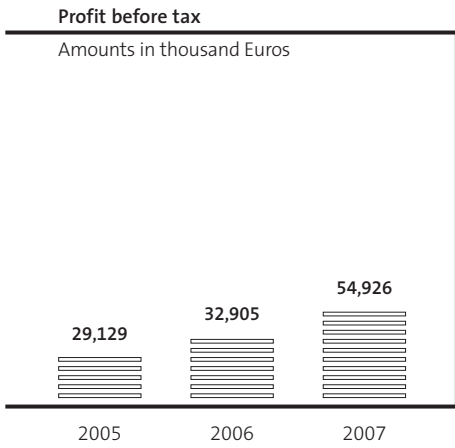
INCORPORATED DOCUMENTS
to the Base Prospectus of 21 July, 2009
of Raiffeisen Centrobank AG

- (i) 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;
- (ii) the annual financial statements of the issuer for the year ending 31 December 2008 (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 2007 and 31 December 2008 including the auditors confirmation;
- (iv) the Annex 4 to the base prospectus for the Issuance Programme 2005/2006, dated 30 September 2005, approved on 4 November 2005;
- (v) the Annex 4 to the base prospectus for the Issuance Programme 2006/2007, dated 21 July 2006, approved on 27 July 2006;
- (vi) the Annex 4 to the base prospectus for the Issuance Programme 2007/2008, dated 18 July 2007, approved on 20 July, 2007;
- (vii) 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; and
- (viii) the Annex 1 to the base prospectus for the Issuance Programme 2008/2009, dated 21 July 2008, approved on 22 July 2008.

SUCCESS NEEDS AN OVERVIEW

Key Figures 2007 of Raiffeisen Centrobank Group

Income Statement	2007	2006	Change
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%
Balance Sheet			
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%
Key Ratios			
Return on Equity before tax	64.6%	41.3%	-
Cost/Income ratio	51.2%	57.9%	-
Bank specific ratios acc. to Banking Act			
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%	-
Resources			
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

Table of Contents

Annual Report 2007: An Overview

08–23	The Company	08
	Foreword by the Chairman of the Executive Board	08
	Corporate Bodies	14
	Corporate Governance Report	16
	Structure of the Raiffeisen Centrobank Group	19
	Foreword by the Chairman of the Supervisory Board	20
	The RZB Group	22
26–47	The Business Segments	26
	An Overview of the Raiffeisen Centrobank Group	26
	Highlights of the 2007 Financial Year	27
	Securities Trading & Sales	30
	Certificates	32
	Company Research	34
	Equity Capital Markets	38
	Private Banking	42
	Raiffeisen Investment AG	46
51–70	Management Report	51
	Economic Environment	52
	Business Development 2007	55
	Reports of the Departments	58
	Financial and Non-financial Performance Indicators	64
	Risk Management	65
	Human Resources	66
	Outlook for 2008	66
	Significant Events After the Balance Sheet Date	68
	Declaration of the Executive Board	69
	Report of the Supervisory Board	70

71–80	Consolidated Annual Financial Statements	71
	Income Statement	72
	Balance Sheet	73
	Statement of Changes in Equity	74
	Cash Flow Statement	75
	Segment Reporting	76
81–138	Notes to the Consolidated Financial Statements	81
	Notes to the Income Statement	93
	Notes to the Balance Sheet	100
	Notes to Financial Instruments	117
	Other Disclosures	130
	Auditor’s Report	135
	Basis of Consolidation	137
139–162	Individual Financial Statements	139
	Balance Sheet	140
	Profit and Loss Account	142
	Development of Fixed Assets	144
	Notes	146
	Auditor’s Report	162
163–174	Service and Information	163
	Glossary: Certificates	164
	Glossary: General Financial Terms	166
	Companies of the Raiffeisen Centrobank Group	169
	Selected RZB Group Companies	170
	Contacts	174

INNOVATIVE APPROACHES. JUST AN ISSUE OF HAVING AN OVERVIEW.

Profit before tax:
+67% to EUR 54.9 m





- 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

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,



- **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

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

- **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

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.

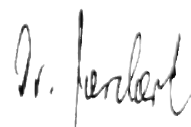
What specific expectations do you have in regards to Austria's stock market?

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.

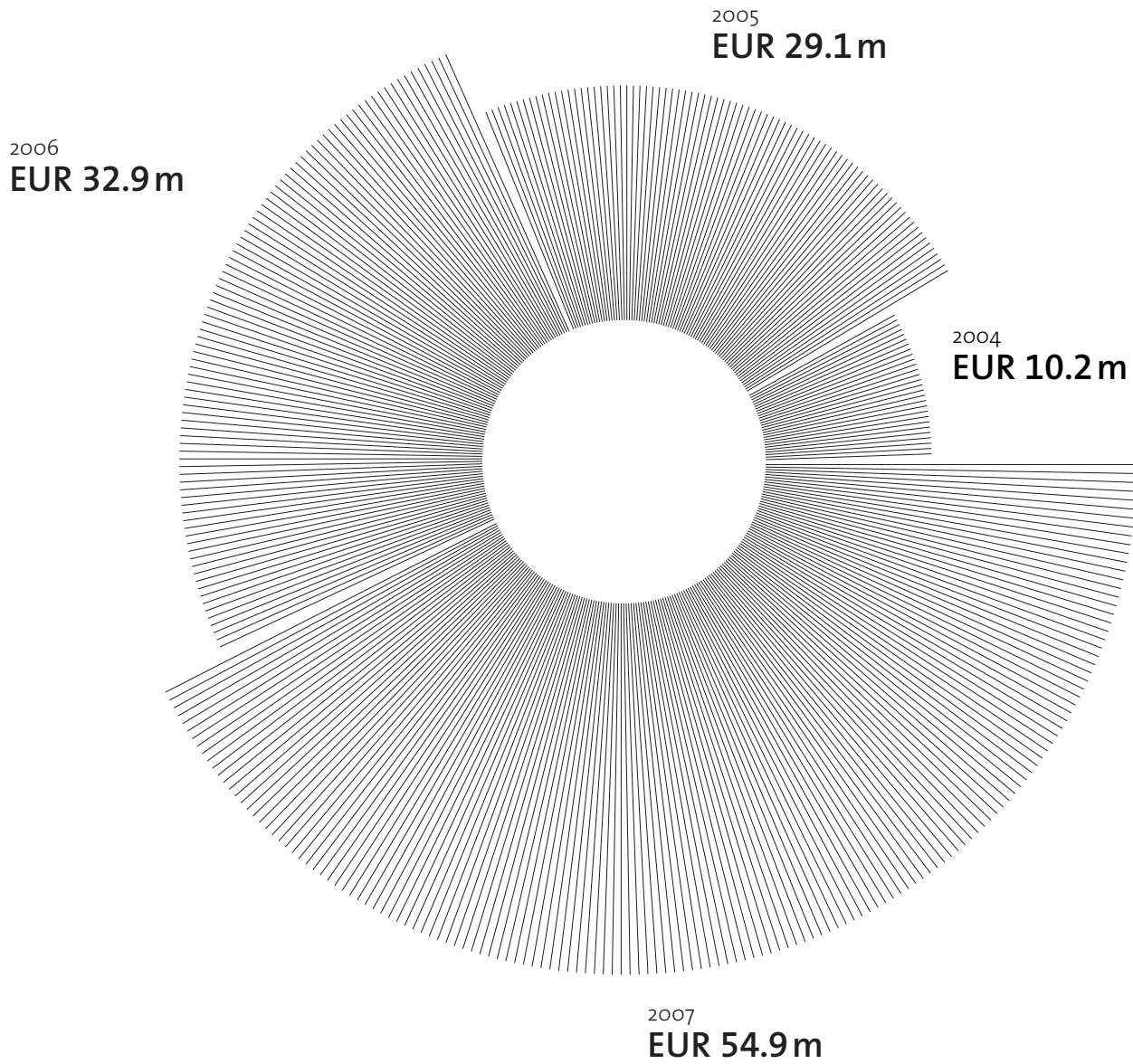


Eva Marchart
Chairman of the Executive Board

Raiffeisen Centrobank Group

Profit before tax

2004–2007



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 Bodies

Executive Board	Eva Marchart	Chairman
	Alfred Michael Spiss	Deputy Chairman
	Gerhard Grund	Member
Supervisory Board	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	
State Commissioners	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%

Centrottrade Holding AG Vienna

100%

Raiffeisen Investment AG Vienna

49%

Syrena Immobilien Holding AG Vienna

100%

Centrottrade Investment AG Zug

100%

Centrottrade Deutschland GmbH Eschborn

100%

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

100%

Centrottrade Singapore Pte. Ltd. Singapore

100%

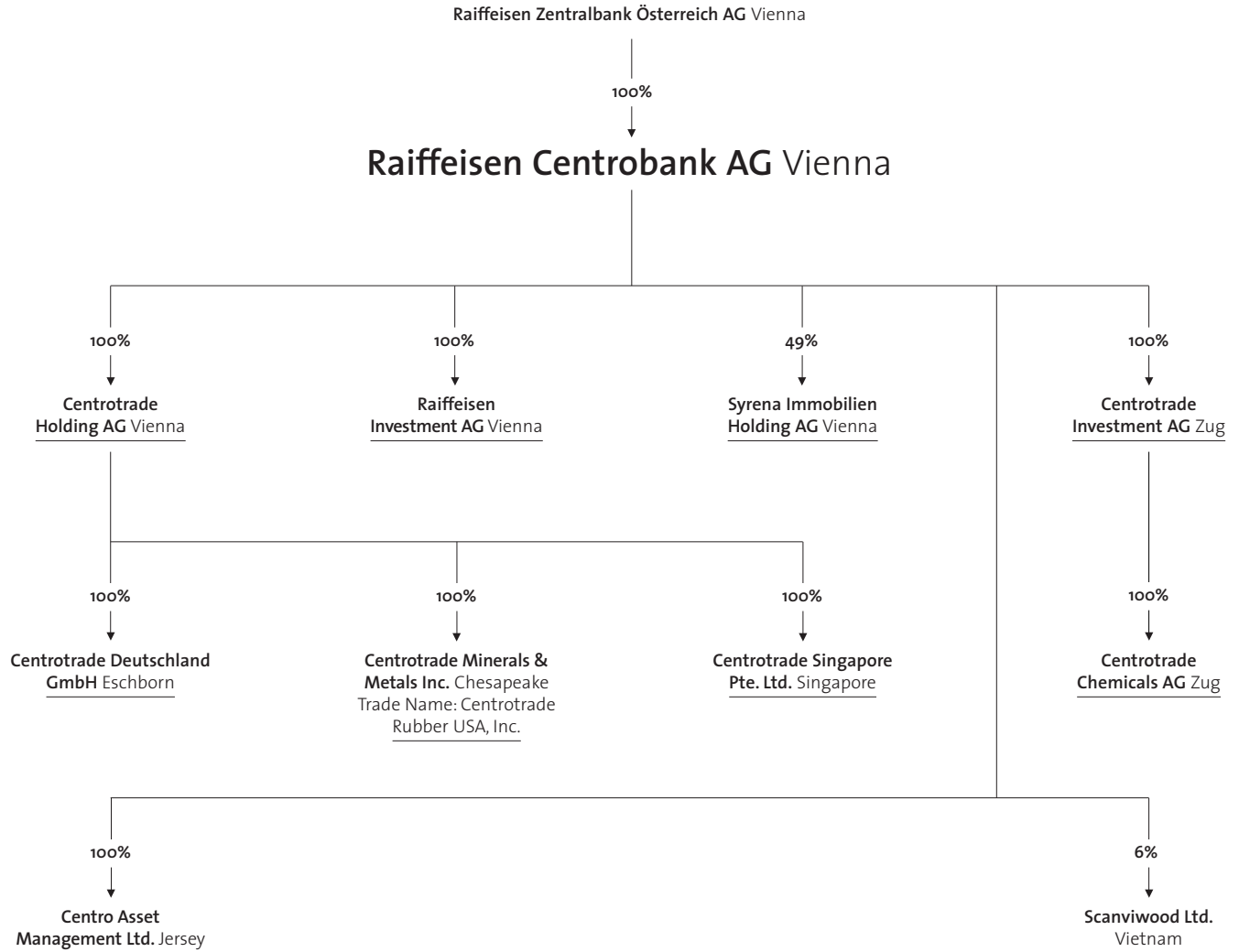
Centrottrade Chemicals AG Zug

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.

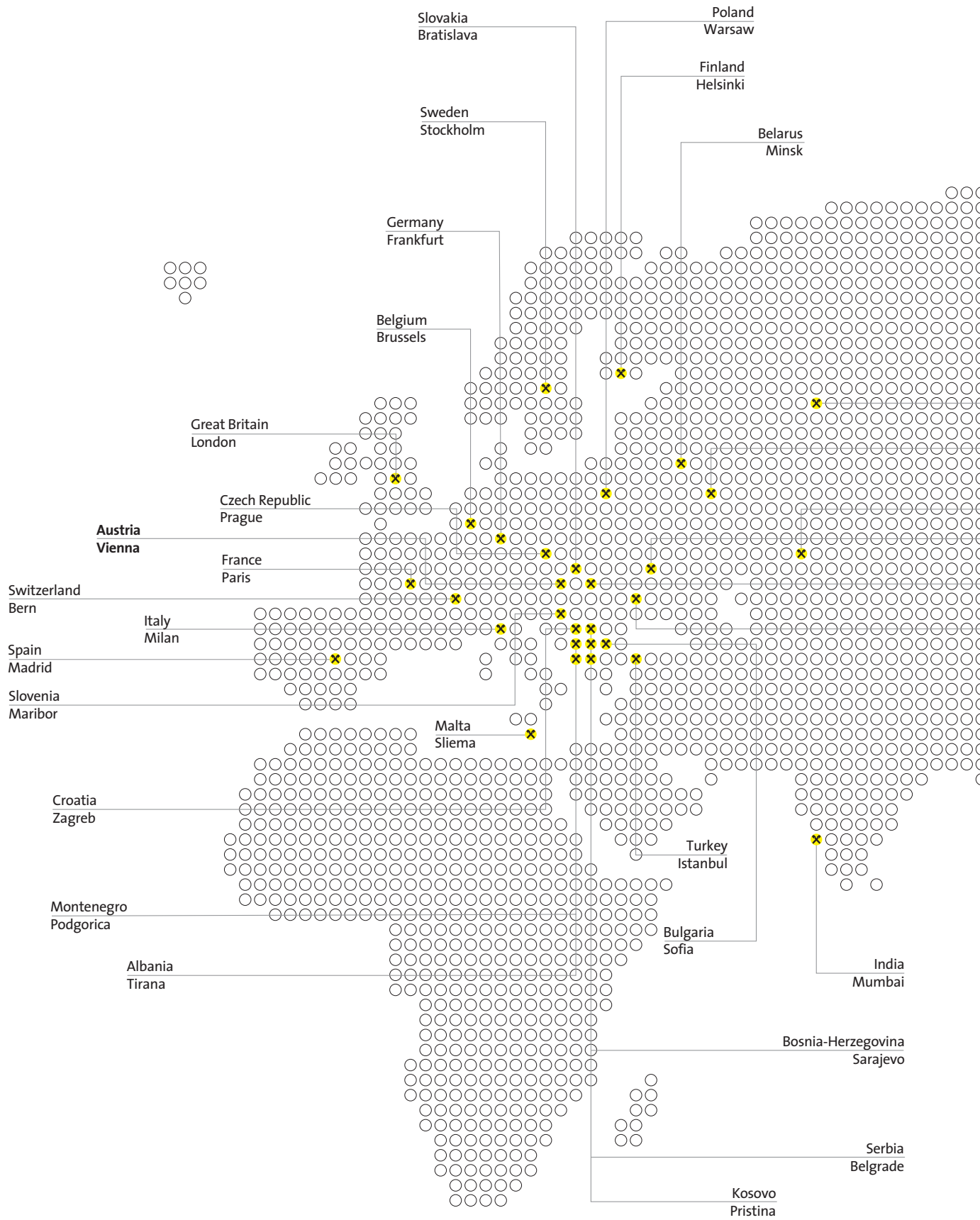
At the same time, the number of listed investment instruments also grew by about 20%, to reach a level close to 1,700 products. Serving as the certificate specialist of the Raiffeisen Banking Group, Raiffeisen Centrobank once again underlined its position as the unsurpassed Austrian market leader. Moreover, 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.

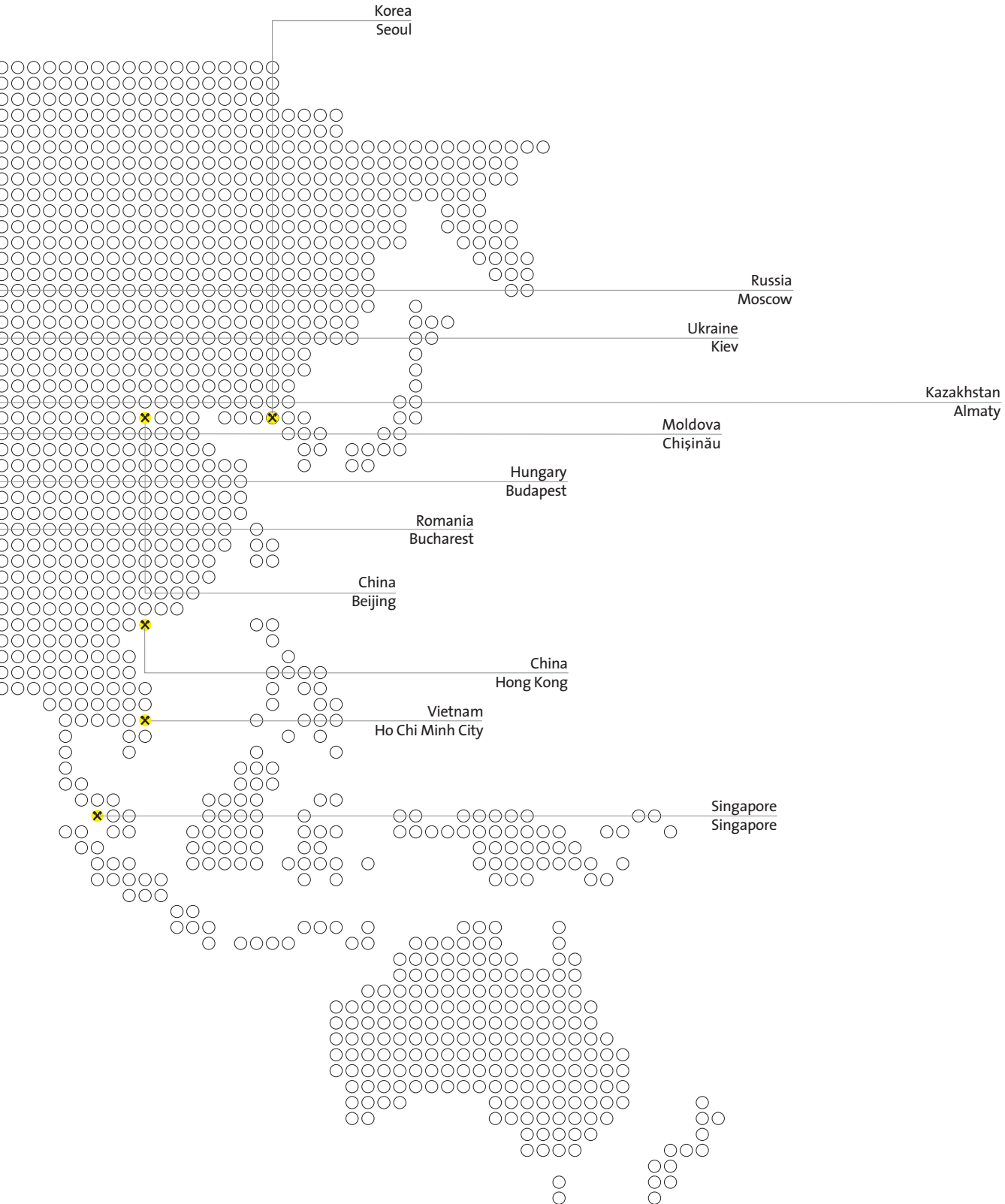


Walter Rothensteiner
 Chairman of the Supervisory Board



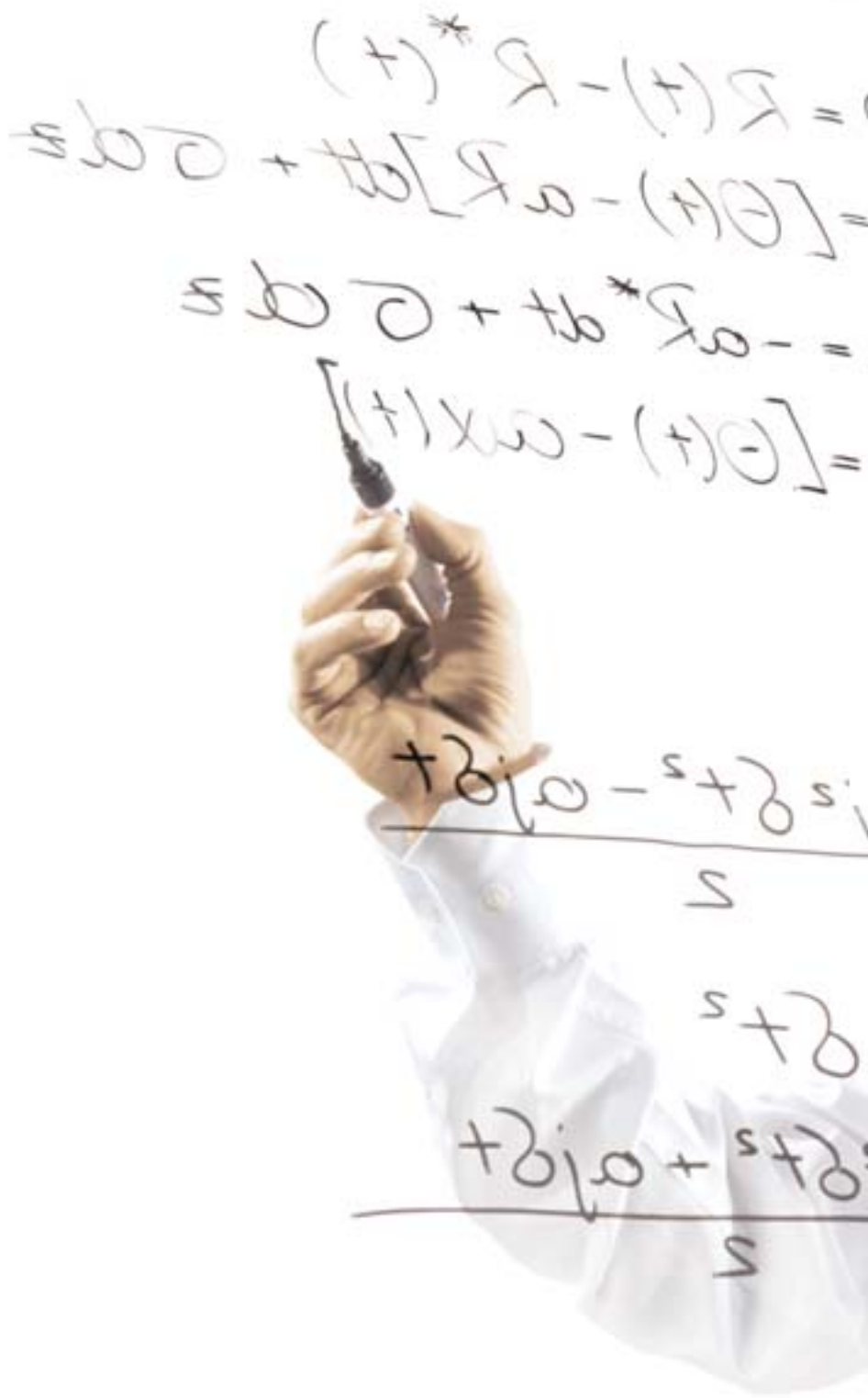


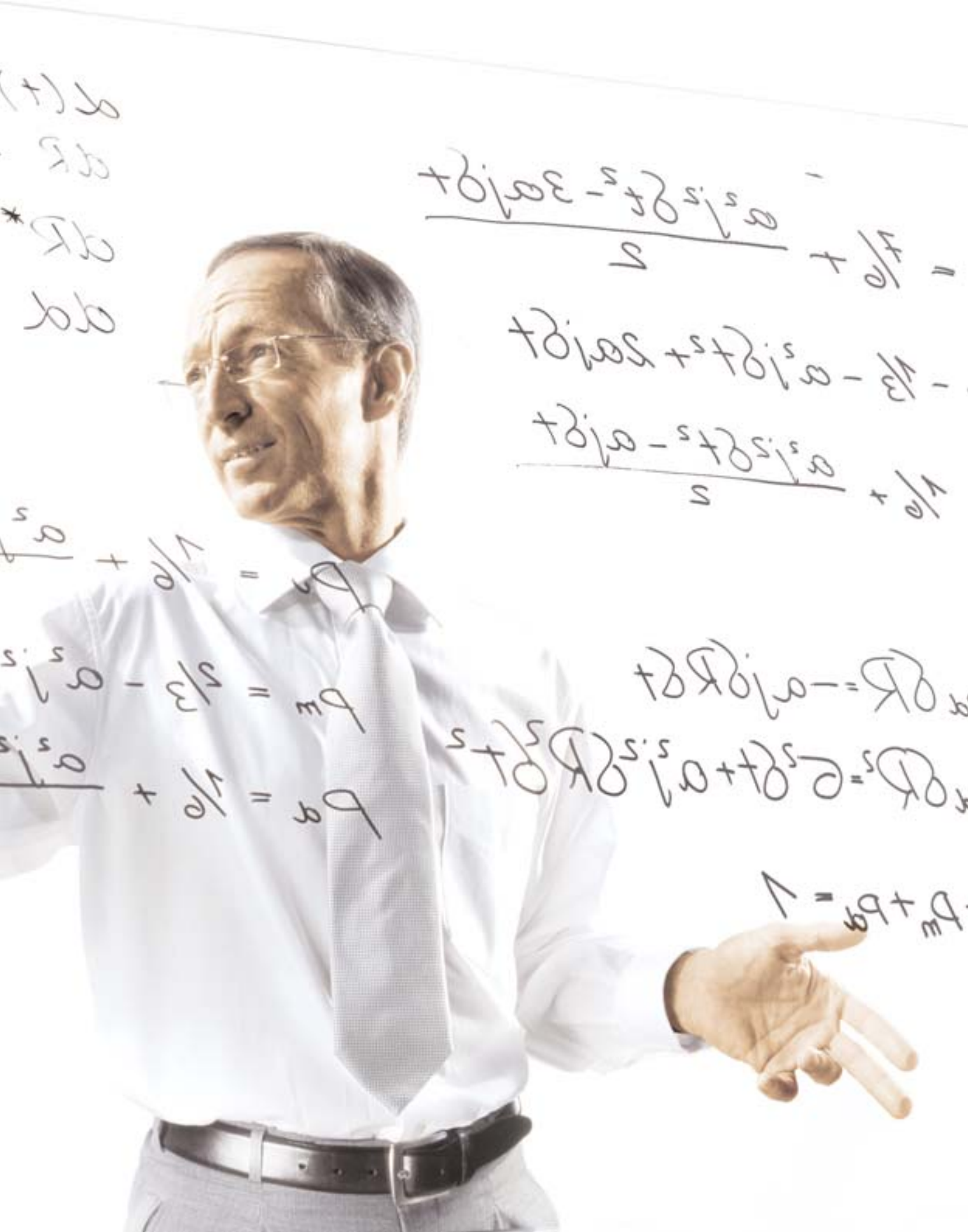
The RZB Group



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.

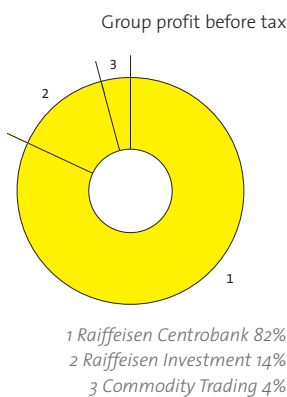
Raiffeisen Centrobank also covers all other recognized stock exchanges of the international capital market. It is the largest specialist and market maker on the Vienna Stock Exchange.

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.



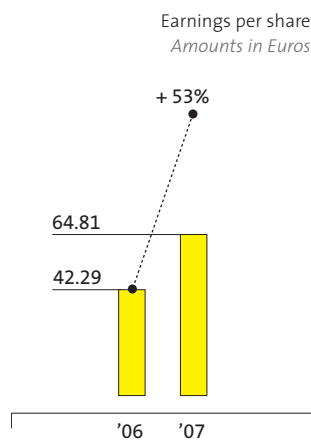
The Raiffeisen Centrobank Group

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.

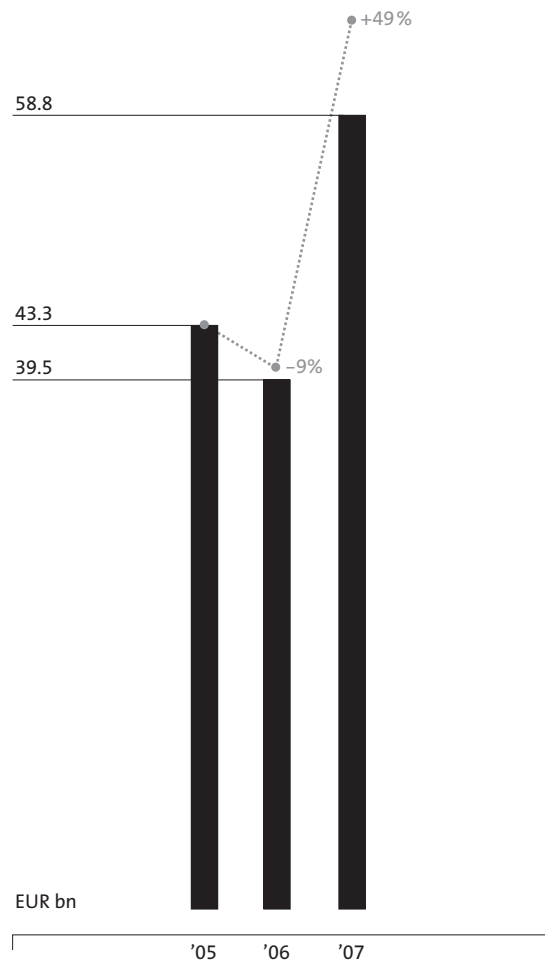
A year of breaking records

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.”

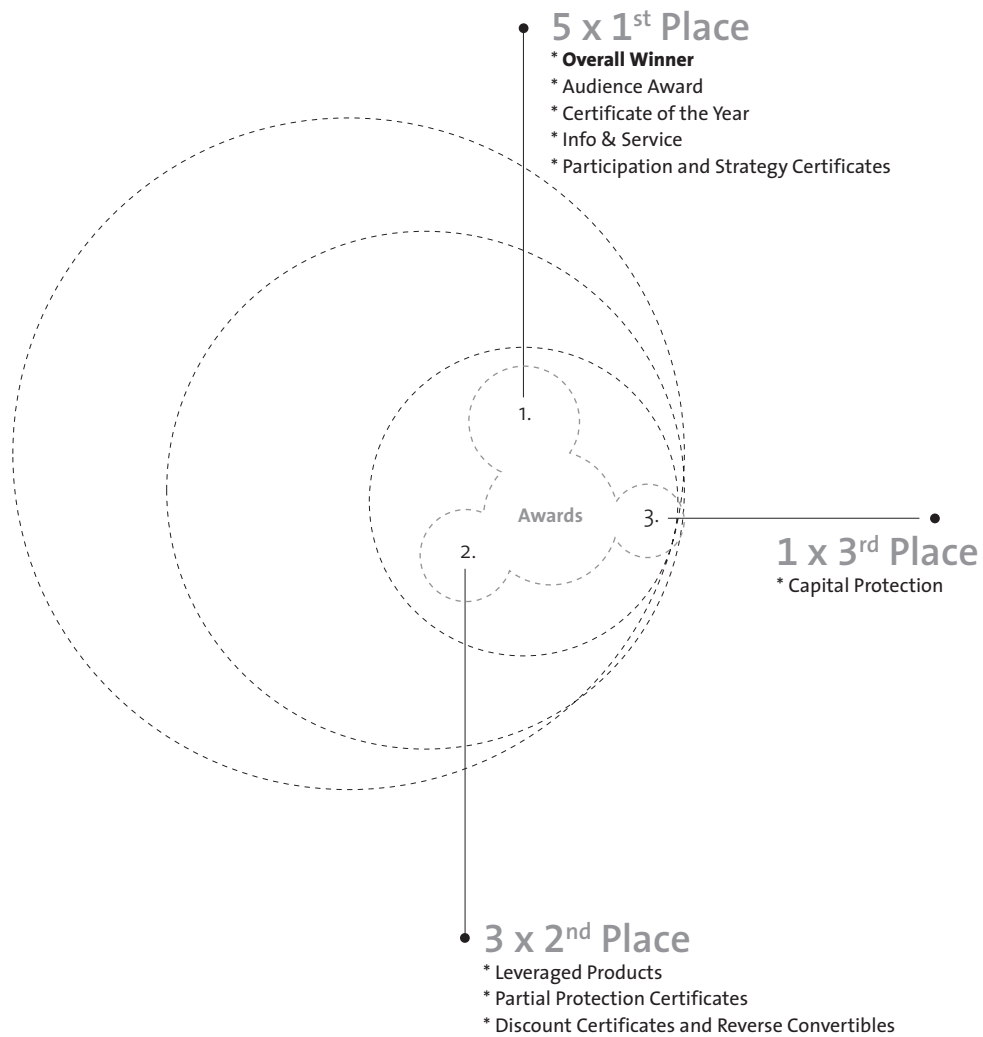
Certificates	Risk	Market scenario	
Guarantee Certificates	100% capital guarantee	Positive/Sideways	↑/→
Bonus Certificates	Risk buffer, partial capital guarantee	Positive/Sideways	↑/→
Discount Certificates	Risk buffer	Positive/Sideways	↑/→
Reverse Convertibles	Risk buffer	Positive/Sideways	↑/→
Index/Basket Certificates	Market risk	Positive	↑
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

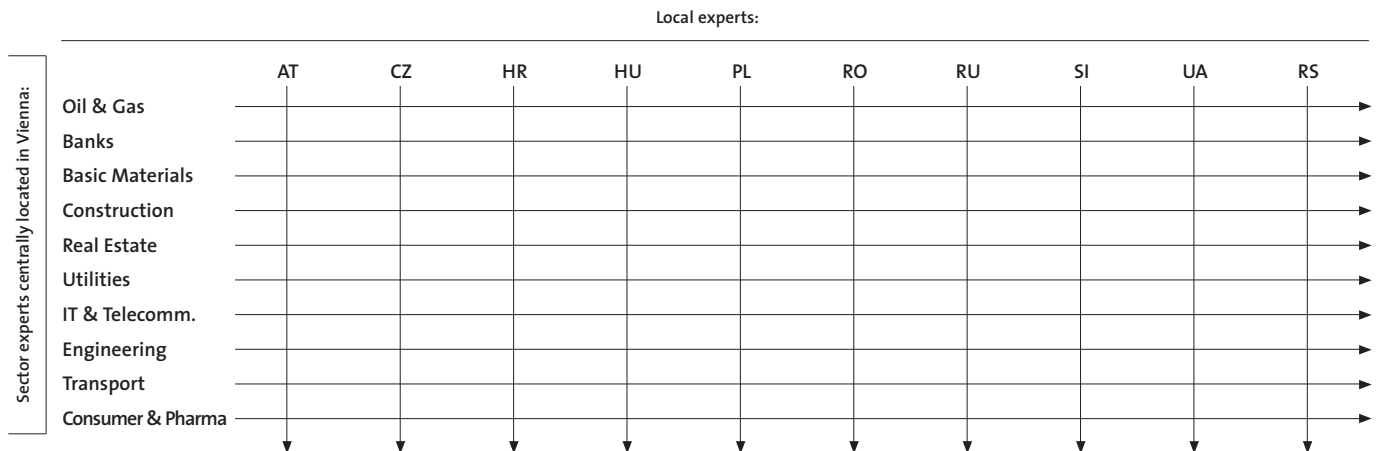
The cross-border sectoral approach was reflected in many sectoral reports and roadshows. Our teams published studies on Russian utilities and oil companies, but also prepared comprehensive analyses on banks, oil and gas and telecommunications companies, with a focus on the entire CEE region. These reports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

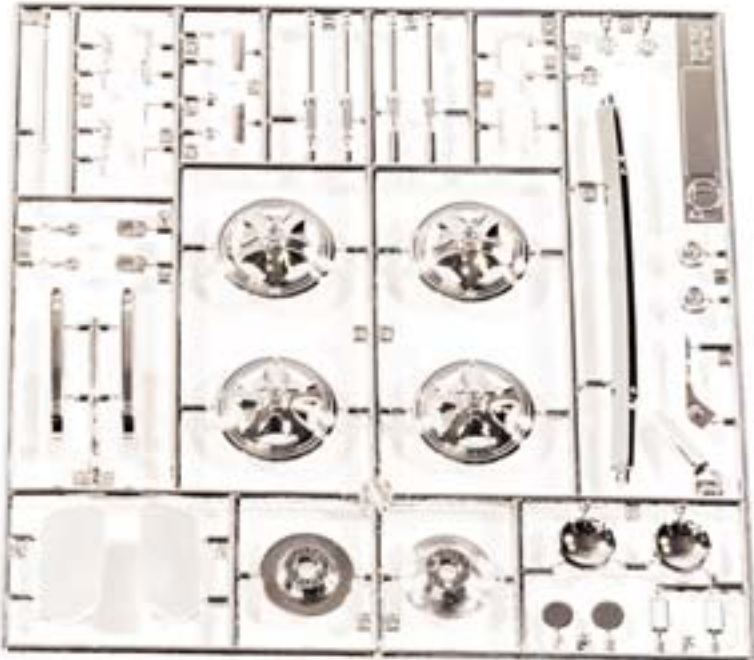
The matrix structure of Company Research





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

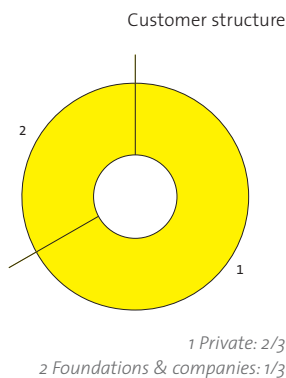


UNCONVENTIONAL THINKING. JUST AN ISSUE OF HAVING AN OVERVIEW.



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

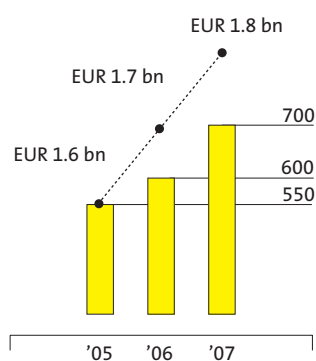
Private Banking operates in line with the following basic principle: “The assets of our customers are the result of outstanding achievements. We hold this performance in high regard.”

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.

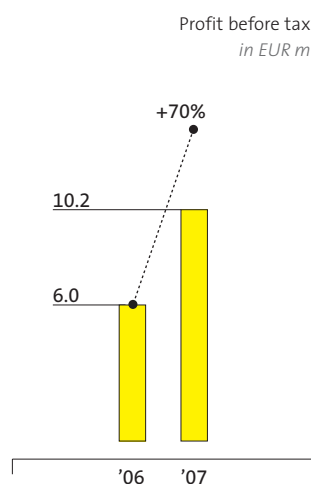
The ranking of the best private banks was made on the basis of quantitative data supplied by the individual financial institutions as well as the qualitative evaluation on the part of the respective Austrian competitors. The high level of professional competence of the Private Banking customer consultants, 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.

- **Economic Environment**
 - Business Development 2007
 - Reports of the Departments
 - Performance Indicators
 - Risk Management
 - Human Resources
 - Outlook for 2008
 - Significant Events in 2008
 - Declaration acc. to § 82 Stock Exchange Act
 - Report of the Supervisory Board

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.

- **Economic Environment**
- **Business Development 2007**
 - Reports of the Departments
 - Performance Indicators
 - Risk Management
 - Human Resources
 - Outlook for 2008
 - Significant Events in 2008
 - Declaration acc. to § 82 Stock Exchange Act
 - Report of the Supervisory Board

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.

- Economic Environment
- **Business Development 2007**
- Reports of the Departments
- Performance Indicators
- Risk Management
- Human Resources
- Outlook for 2008
- Significant Events in 2008
- Declaration acc. to § 82 Stock Exchange Act
- Report of the Supervisory Board

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.

Economic Environment
Business Development 2007
• **Reports of the Departments**
Performance Indicators
Risk Management
Human Resources
Outlook for 2008
Significant Events in 2008
Declaration acc. to § 82 Stock Exchange Act
Report of the Supervisory Board

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 (1st 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.

Economic Environment
Business Development 2007
• **Reports of the Departments**
Performance Indicators
Risk Management
Human Resources
Outlook for 2008
Significant Events in 2008
Declaration acc. to § 82 Stock Exchange Act
Report of the Supervisory Board

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.

Economic Environment
Business Development 2007
• **Reports of the Departments**
Performance Indicators
Risk Management
Human Resources
Outlook for 2008
Significant Events in 2008
Declaration acc. to § 82 Stock Exchange Act
Report of the Supervisory Board

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

Economic Environment
Business Development 2007
Reports of the Departments
Performance Indicators
• **Risk Management**
• **Human Resources**
• **Outlook for 2008**
Significant Events in 2008
Declaration acc. to § 82 Stock Exchange Act
Report of the Supervisory Board

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.

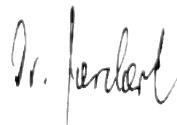
In the light of the prevailing market situation for investment banks, it cannot be expected that the overproportionally high profit growth achieved in recent years, reflected in the 67% increase in the profit before tax during the period under review, will continue at a comparable level. However, we 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.

- Economic Environment
- Business Development 2007
- Reports of the Departments
- Performance Indicators
- Risk Management
- Human Resources
- Outlook for 2008
- **Significant Events in 2008**
- **Declaration acc. to § 82 Stock Exchange Act**
- Report of the Supervisory Board

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

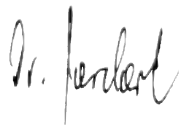
Member of the Executive Board

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

- Economic Environment
- Business Development 2007
- Reports of the Departments
- Performance Indicators
- Risk Management
- Human Resources
- Outlook for 2008
- Significant Events in 2008
- Declaration acc. to § 82 Stock Exchange Act
- **Report of the Supervisory Board**

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)

- Income Statement
- Balance Sheet
- 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%
Net interest income	(2)	6,343	3,479	82.3%
Provisioning for impairment losses	(3)	-84	-248	-66.1%
Net interest income after provisioning		6,259	3,231	93.8%
Fee and commission income		45,108	31,877	41.5%
Fee and commission expenses		-7,150	-6,834	4.6%
Net commission income	(4)	37,958	25,043	51.6%
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%
Profit before tax		54,926	32,905	66.9%
Income taxes	(10)	-12,473	-5,208	139.5%
Profit after tax = group net profit		42,453	27,698	53.3%
Earnings per share (in EUR)	(11)	64.81	42.29	22.52

Balance Sheet

Assets	Notes	31/12/ 2007	31/12/ 2006	Change
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%
Total assets		2,159,951	2,034,610	6.2%

Equity and liabilities	Notes	31/12/ 2007	31/12/ 2006	Change
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%
Total equity and liabilities		2,159,951	2,034,610	6.2%

Statement of Changes in Equity

Amounts in thousand Euros	Subscribed capital	Capital reserves	Retained earnings	Group net profit	Minority interests	Total
Equity as at 1/1/2007	47,599	6,651	25,482	237,698	0	107,431
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
Equity as at 31/12/2007	47,599	6,651	32,853	42,453	0	129,556
Equity as at 1/1/2006	47,599	6,651	16,888	23,530	0	94,668
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
Equity as at 31/12/2006	47,599	6,651	25,482	27,698	0	107,431

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
Comprehensive income	39,810	27,828

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		
Total as at 1/1/2007	-2,650	1,325
Net changes in the financial year	-1,318	-1,325
Total as at 31/12/2007	-3,968	0
Total as at 1/1/2006	-1,455	0
Net changes in the financial year	-1,195	1,325
Total as at 31/12/2006	-2,650	1,325

Cash Flow Statement

Amounts in thousand Euros	2007	2006
Group profit for the period	42,453	27,698
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
Subtotal	54,171	-8,971
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
Net cash flow from operating activities	26,402	15,418
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
Net cash flow from investing activities	-800	-1,818
Dividends paid	-17,685	-15,065
Net cash flow from financing activities	-17,685	-15,065
Cash and cash equivalents at the end of the previous period	2,023	3,488
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
Cash and cash equivalents at the end of the period	9,940	2,023

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
Profit before tax	10,792	22,486	3,716	15,120	2,812	54,926
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
Return on equity before tax	173.9%	933.4%	63.4%	23.9%	38.6%	64.6%

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
Profit before tax	7,648	5,300	4,127	13,897	1,933	32,905
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
Return on equity before tax	123.7%	230.6%	55.2%	24.2%	28.6%	41.3%

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
Profit before tax	52,440	1,945	541	54,926
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
Return on equity before tax	72.9%	18.0%	23.9%	64.6%

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
Profit before tax	29,669	2,578	658	32,905
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
Return on equity before tax	44.5%	23.4%	26.4%	41.3%

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.

- **Accounting Policies**

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

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.

• Accounting Policies

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

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

• Accounting Policies

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

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%.

• Accounting Policies

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

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.

- **Accounting Policies**

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

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.

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

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
Net gains/losses on financial assets and liabilities held for trading	58,891	36,440	61.6%
Financial assets and liabilities at fair value through profit or loss	1,044	1,481	-29.5%
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%
Financial assets available-for-sale	1,616	1,166	38.6%
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	-
Loans and advances	17,148	18,008	-4.8%
Net interest income	17,232	18,256	-5.6%
Impairment loss on financial assets not measured at fair value	-84	-248	-66.1%
Financial liabilities measured at amortized cost	-14,018	-16,107	-13.0%
Interest expenses	-14,018	-16,107	-13.0%
Derivatives (hedging)	20	-217	-109.0%
Net income	20	-217	-
Net profit contribution from currency translation	4,467	3,597	24.2%
Other operating income/expenses	-14,242	-11,462	33.0%
Total profit before tax from continuing operations	54,926	32,905	66.9%

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

(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
Interest income	18,745	19,357
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
Current income	1,609	159
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
Total interest and interest-like income	20,361	19,586
Interest expenses	-13,992	-16,106
Liabilities to credit institutions	-3,162	-3,485
Liabilities to customers	-10,830	-12,621
Interest-like expenses	-26	-1
Total interest and interest-like expenses	-14,018	-16,107
Net interest income	6,343	3,479

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
Total	-84	-248

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 ¹	22	77
Securities business ¹	16,782	12,217
Income from M&A advisory services	20,415	12,506
Other banking services	778	400
Total	37,958	25,043

¹ 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
Total	63,358	40,037

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

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
Total	0	0

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
Net income from financial investments and equity participations	34	1,109
Net valuations from financial investments and equity participations	0	140
Net proceeds from the sales of financial investments and equity participations	34	969
Net income from other current financial assets	-483	-9
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
Total	-448	1,100

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
Staff expenses	-39,634	-31,350
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
Other administrative expenses	-15,928	-10,497
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
Depreciation on tangible and intangible fixed assets	-2,645	-2,203
Tangible fixed assets	-2,290	-1,905
Intangible fixed assets	-355	-298
Total	-58,207	-44,050

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

(g) 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
Total	6,006	7,544

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
Total	-12,473	-5,208

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

Amounts in thousand Euros	2007	2006
Profit before tax	54,926	32,905
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
Effective tax burden	-12,472	-5,208
Tax rate in per cent	22.7	15.8

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
Earnings per share in Euros	64.81	42.29

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			
Trading assets	1,684,881	1,478,866	13.9%
Positive fair values of derivative financial instruments ²	1,045,290	956,060	9.3%
Shares and other variable-yield securities	621,372	504,733	23.1%
Bonds, notes, and other fixed-interest securities	18,219	18,073	0.8%
Financial assets held at fair value through profit or loss	65,652	40,805	60.9%
Shares and other variable-yield securities	124	127	-2.0%
Bonds, notes, and other fixed-interest securities	65,528	40,678	61.1%
Financial assets available-for-sale	5,168	8,348	-38.1%
Other interests	5,168	8,348	-38.1%
Loans and advances	386,577	489,174	-21.0%
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%
Derivatives (hedging)	653	479	36.3%
Positive fair values of derivatives in fair-value hedge (IAS 39)	653	479	36.3%
Other assets	17,018	16,939	0.5%
Investments in associates and other affiliated companies	1,429	2,283	-37.4%
Intangible and tangible fixed assets	15,589	14,656	6.4%
Total assets	2,159,951	2,034,610	6.2%

² 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			
Trading liabilities	1,618,109	1,564,496	3.4%
Negative fair values of derivative financial instruments ³	1,565,186	1,464,669	6.9%
Short selling of trading assets	52,923	99,827	-47.0%
Liabilities	379,362	340,099	11.5%
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%
Derivatives (hedging)	0	52	-100.0%
Negative fair values of derivatives in fair-value hedge (IAS 39)	0	52	-100.0%
Provisions	32,924	22,534	46.1%
Equity	129,556	107,431	20.6%
Total equity and liabilities	2,159,951	2,034,610	6.2%

³ 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
Total	9,940	2,023

(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
Total	197,859	316,452

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
Total	197,859	316,452

(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
Total	118,647	111,711

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
Total	118,647	111,711

(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
Total	1,342	1,259

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

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
Positive fair values of derivatives in fair-value hedges (IAS 39)	653	479
Interest-based transactions	653	479
Positive market values of other banking book derivatives	160	249
Currency-based transactions	160	249
Total	813	728

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
Bonds, notes, and other fixed-interest securities	65,528	40,678
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
Shares and other variable-yield securities	124	127
Shares	50	50
Investment fund shares	74	77
Equity participations	6,597	10,631
Investments in associates and other affiliated companies	1,429	2,283
Other interests	5,168	8,348
Total	72,249	51,436

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
Total	437	581

(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
Total	15,153	14,075

(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
Intangible fixed assets	2,964	0	-15	219	-8	0	3,160
Goodwill	43	0	0	0	0	0	43
Software	2,921	0	-15	219	-8	0	3,117
Tangible fixed assets	27,179	0	-45	3,448	-257	0	30,325
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
Total	30,143	0	-60	3,667	-265	0	33,485

Write-ups, amortization, depreciation, and impairment Amounts in thousand Euros	Cumulative	Write-ups	Depreciation	Book value as at 31/12/2007
Intangible fixed assets	-2,725	0	-355	437
Goodwill	-43	0	0	0
Software	-2,682	0	-355	437
Tangible fixed assets	-15,172	0	-2,290	15,152
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
Total	-17,897	0	-2,645	15,589

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
Intangible fixed assets	2,612	0	-17	427	-58	0	2,964
Goodwill	43	0	0	0	0	0	43
Software	2,569	0	-17	427	-58	0	2,912
Tangible fixed assets	25,066	0	-47	2,595	-435	0	27,179
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
Total	27,678	0	-64	3,022	-493	0	30,143

Write-ups, amortization, depreciation, and impairment Amounts in thousand Euros	Cumulative	Write-ups	Depreciation	Book value as at 31/12/2006
Intangible fixed assets	-2,383	0	-298	581
Goodwill	-43	0	0	0
Software	-2,340	0	-298	581
Tangible fixed assets	-13,104	0	-1,905	14,075
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
Total	-15,487	0	-2,203	14,656

(23) Other assets

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

Deferred taxes consist of the following:

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

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
Deferred tax assets	3,221	3,542
Other assets	163	0
Other balance sheet items	29	0
Deferred tax liabilities	192	0
Net deferred taxes	3,029	3,542

(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
Total	122,907	43,948

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
Total	122,907	43,948

(25) Liabilities to customers

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

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
Total	218,779	266,346

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
Total	218,779	266,346

(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
Total	22,534	22,225	-1,173	-10,555	-107	32,924

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
Total	18,195	14,940	-469	-10,047	-85	22,534

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
Total	1,617,999	1,564,104

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
Negative fair values of derivatives in fair-value hedges (IAS 39)	0	52
Interest-based transactions	0	52
Negative fair values of other banking book derivatives	110	392
Currency-based transactions	110	392
Total	110	444

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
Total	37,676	29,804

(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
Total	129,556	107,431

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

31/12/2007 Amounts in thousand Euros	Due at call or without maturity	Up to 3 months	3–12 months	1–5 years	More than 5 years
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
Total assets	808,661	149,084	114,160	602,447	485,599
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
Subtotal	240,993	200,485	175,059	971,642	442,216
Equity	129,556	0	0	0	0
Total equity and liabilities	370,549	200,485	175,059	971,642	442,216

31/12/2006 Amounts in thousand Euros	Due at call or without maturity	Up to 3 months	3–12 months	1–5 years	More than 5 years
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
Total assets	691,783	282,466	64,227	519,280	476,855
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
Subtotal	248,652	557,936	218,690	521,994	379,908
Equity	107,431	0	0	0	0
Total equity and liabilities	356,083	557,936	218,690	521,994	379,908

(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

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

(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
Total	77,504	77,468

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
Total	141,576	112,109

(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
Total	3,156	2,480

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
Total	8,809	9,384	8,844	11,033	9,550

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	
	411,367		502,298	
Product-weighted off-balance sheet transactions	2,144		1,220	
	413,511	100%	503,518	100%
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
Individual loan loss provisions	1,259	84	0	0	0	1,342
Claims on customers	1,259	84	0	0	0	1,342
thereof Austria	1,259	84	0	0	0	1,342
Total	1,259	84	0	0	0	1,342

* 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:

31/12/2007 Amounts in thousand Euros	Carrying amount	Individual loan loss provisions	Net carrying amount	Individually impaired assets	Fair Value
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
Total	316,506	1,342	315,164	1,342	315,192

31/12/2006 Amounts in thousand Euros	Carrying amount	Individual loan loss provisions	Net carrying amount	Individually impaired assets	Fair Value
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
Total	428,162	1,258	426,904	1,270	426,854

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
Total	1,342	1,342	0	0	72

Impairments and collaterals 31/12/2006	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
Amounts in thousand Euros					
Corporate customers– large corporates	885	873	11	0	37
Retail customers– private individuals	385	385	0	0	11
Total	1,270	1,258	11	0	48

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:

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

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

(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
Total	1,644,763	1,502,554	1,184,850	4,332,167	1,059,145	-1,565,186
a) Interest rate contracts	82,599	64,750	163,795	311,144	5,693	-1,466
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) Foreign exchange and gold contracts	328,420	3,812	18,342	350,574	1,497	-11,832
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
c) Equity/index contracts	1,209,692	1,422,727	988,904	3,621,323	1,051,221	-1,535,002
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
d) Commodities	24,052	11,265	13,809	49,126	734	-16,886

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
Total	1,477,278	1,514,465	1,495,296	4,487,039	947,744	-1,464,721
a) Interest rate contracts	131,119	67,750	161,719	360,588	6,871	-2,122
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) Foreign exchange and gold contracts	261,062	0	0	261,062	3,999	-4,143
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
c) Equity/index contracts	1,037,296	1,446,715	1,333,577	3,817,588	936,874	-1,456,941
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
d) Commodities	47,801	0	0	47,801	0	-1,515

(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
Assets						
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
Liabilities						
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
Contingent liabilities	716	805
Other guarantees	522	653
Letters of credit	194	152
Credit risks	824	460
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
Fiduciary assets	9,109	9,109
Other fiduciary liabilities	9,109	9,109
Fiduciary liabilities	9,109	9,109

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
Total	1,684,722	1,478,617

(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
Total own funds (only tier 1–core capital)	77,946	74,331
Total own funds requirement	55,470	56,979
Excess own funds	22,476	17,355
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
Total own funds requirement	55,470	56,979

(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
Total	259	232

(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
Total	1,137	1,346

(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
Total	2,278	2,282

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

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

(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.

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

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 ¹	Type ²
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 ¹	Type ²
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 ¹	Type ²
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

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

² 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
Total assets	2,131,754,436.80	2,008,473

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
Total equity and liabilities	2,131,754,436.80	2,008,473

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
I. Net interest income	5,684,958.62	6,061
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
II. Operating income	89,089,983.40	58,939
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
III. Operating expenses	-40,114,479.83	-32,853
IV. Operating result	48,975,503.57	26,086

	2007 Amounts in Euros	2006 Amounts in thousand Euros
IV. Operating result (amount carried forward)	48,975,503.57	26,086
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
V. Result on ordinary activities	46,064,563.72	26,091
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
VI. Annual surplus	34,987,251.60	21,407
16. Adjustment of reserves	0.00	-509
thereof allocation to the statutory reserve	0.00	509
VII. Profit for the year	34,987,251.60	20,898
17. Profit carried forward from the previous year	355,733.97	643
VIII. Net profit for the period	35,342,985.57	21,541

Development of Fixed Assets in the 2007 Financial Year

Amounts in Euros	Balance on 1.1.2007	Acquisition costs Additions	Acquisition costs Disposals
I. Intangible fixed assets			
Software licenses	2,554,369.92	200,398.35	0.00
II. Tangible fixed assets			
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
	31,816,849.66	2,731,043.21	380,154.63
III. Financial assets			
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
	20,670,552.61	0.00	2,260,596.00
Total	55,041,772.19	2,931,441.56	2,640,750.63

	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
	34,167,738.24	13,608,329.60	20,559,408.64	19,970,980.64	2,100,687.21
	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
	18,409,956.61	2,850,340.23	15,559,616.38	17,120,212.66	1,358,596.00
	55,332,463.12	18,839,584.10	36,492,879.02	37,579,757.30	3,774,391.56

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

As at 31/12/2007	0-3	3-12	1-5	> 5	Total
Amounts in thousand Euros	months	months	years	years	
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
	111,215	19,359	103,377	29,851	263,802

Comparative figures as at 31/12/2006	0-3	3-12	1-5	> 5	Total
Amounts in thousand Euros	months	months	years	years	
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
	249,026	40,403	33,701	8,891	332,021

II.2 Claims on subsidiaries and related companies

As at 31/12/2007	Claims on subsidiaries	Claims on related companies
Amounts in thousand Euros	(direct/indirect > 50%)	(in which Raiffeisen Centrobank has a direct shareholding)
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
	326,680	539

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
	254,127	934

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

As at 31/12/2007	0-3	3-12	1-5	> 5	Total
Amounts in thousand Euros	months	months	years	years	
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
	191,000	38,346	488,365	436,056	1,153,767

Comparative figures as at 31/12/2006	0-3	3-12	1-5	> 5	Total
Amounts in thousand Euros	months	months	years	years	
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
	225,474	23,728	394,939	406,181	1,050,322

VII.2 Liabilities to subsidiaries and related companies

As at 31/12/2007 Amounts in thousand Euros	Liabilities to subsidiaries (direct/indirect > 50%)	Liabilities to related companies (in which Centrobank has a direct shareholding)
Liabilities to banks	106,075	0
Liabilities to customers	25,432	20
Other liabilities	1,901	0
	133,408	20

Comparative figures as at 31/12/2006 Amounts in thousand Euros	Liabilities to subsidiaries (direct/indirect > 50%)	Liabilities to related companies (in which Centrobank has a direct shareholding)
Liabilities to banks	19,788	0
Liabilities to customers	7,961	15
Other liabilities	45	0
	27,794	15

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
	100.00	655,000

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
	17,507	14,100

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
	262,411	234,235

• **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
1. Interest rate options	27,714	283,430	653	5,040	16	1,450
1.1. OTC products						
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
1.2. Listed products	0	0	0	0	0	0
2. Currency options	63,053	262,154	17	1,480	19	11,813
2.1. OTC products						
Forward exchange transactions	63,053	262,154	17	481	19	11,813
2.2. Listed products						
Forward exchange contracts	0	25,367	0	999	0	0
3. Securities-related transactions	0	3,670,449	0	1,051,955	0	1,551,888
3.1. OTC products	0	717,770	0	207,212	0	17,404
Share options–purchase	0	500,956	0	207,212	0	0
Share options–sale	0	216,814	0	0	0	17,404
3.2. Listed products	0	2,952,679	0	844,743	0	1,534,484
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
Total OTC products	0	717,77	0	207,212	0	11,921
Total listed products	0	2,952,679	0	844,743	0	1,534,484
TOTAL	90,767	4,241,400	670	1,058,475	35	1,565,151
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
	936	1,107

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
	78,320	74,820

• **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
Total	213	201	180	178

• **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
RZB Group Companies
Contacts

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 is 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**
 - **Companies of the Raiffeisen Centrobank Group**
- RZB Group Companies
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.

Companies of the Raiffeisen Centrobank Group

Subsidiaries

**CENTROTRADE
CHEMICALS AG, Switzerland**
Bahnhofstrasse 21
6301 Zug
Phone: (+41-41) 710 66 44
Fax: (+41-41) 711 10 80

**CENTROTRADE DEUTSCHLAND
GMBH, Germany**
Kölner Strasse 10 b
65760 Eschborn
Phone: (+49-61 96) 775 08-0
Fax: (+49-61 96) 775 08-55

**SYRENA IMMOBILIEN
HOLDING AG, Vienna**
Donau-City-Strasse 9
1220 Vienna
Phone: (+43-1) 515 20-410
Fax: (+43-1) 515 20-5410

RAIFFEISEN INVESTMENT AG, Vienna
Krugerstrasse 13
1015 Vienna
Phone: (+43-1) 710 54 00-0
Fax: (+43-1) 710 54 00-169

**CENTROTRADE MINERALS
& METALS INC., USA**
1317 Executive Blvd.
Suite 120
Chesapeake, VA 23320, USA
Phone: (+1-800) 520 76 69
Phone: (+1-757) 518 23 00
Fax: (+1-757) 518 23 05

**CENTROTRADE SINGAPORE
PTE. LTD., Singapore**
20, Cecil Street
#06-07, Equity Plaza
Singapore 049705
Phone: (+65) 65 35 91 33
Fax: (+65) 65 34 13 45

CENTROTRADE HOLDING AG, Vienna
Tegetthoffstrasse 1
1010 Vienna
Phone: (+43-1) 205 10 74
Fax: (+43-1) 205 10 74-111

SCANVIWOOD CO. LTD., Vietnam
52 An Doung Vuong
Binh Tan District
Ho Chi Minh City, Vietnam
Phone: (+84-8) 877 65 55
Fax: (+84-8) 875 00 90

Representatives

**CENTROTRADE CHEMICALS AG,
Great Britain**
1 D The Courtyard
3 & 5 Market Square
Westerham, Kent TN 16 1AZ
Great Britain
Phone: (+44-19 59) 56 58 59
Fax: (+44-19 59) 56 33 23

**RACO TRADING PHILS. INC.,
Philippines**
10th floor, Rufino Building
6784 Ayala Avenue
1226 Makati City, The Philippines
Phone: (+63-2) 810 03 01
Fax: (+63-2) 810 39 27

Glossary: Certificates
 Glossary: General Financial Terms
 Companies of the Raiffeisen Centrobank Group

- **RZB Group Companies**
 Contacts

Selected RZB Group Companies

Raiffeisen Zentralbank Österreich AG

Austria

Am Stadtpark 9, 1030 Vienna
 Phone: +43-1-71 707-0
 Fax: +43-1-71 707-1715
 SWIFT/BIC: RZBAATWW
 www.rzb.at

Contact:

Austrian Corporate Customers

Joseph Eberle

Phone: +43-1-71 707-1487

joseph.eberle@rzb.at

Multinational Corporate Customers

Peter Bazil

Phone: +43-1-71 707-1547

peter.bazil@rzb.at

Central and Eastern European

Corporate Customers

Christian Theuer

Phone: +43-1-71 707-1462

christian.theuer@rzb.at

Corporate, Trade & Export Finance

Helmut Breit

Phone: +43-1-71 707-1321

helmut.breit@rzb.at

Global Markets

Martin Czurda

Phone: +43-1-71 707-1120

martin.czurda@rzb.at

Transaction Services

Günther Gall

Phone: +43-1-71 707-1168

guenther.gall@rzb.at

Raiffeisen International

Bank-Holding AG

Am Stadtpark 9, 1030 Vienna

Phone: +43-1-71 707-3504

Fax: +43-1-71 707-1377

www.ri.co.at

Contact: Roman Hager

roman.hager@ri.co.at

China

Beijing Branch

Beijing International Club, Suite 200

21, Jianguomenwai Dajie

100020 Beijing

Phone: +86-10-6532 3388

Fax: +86-10-6532 5926

SWIFT/BIC: RZBACNBJ

Contact: Andreas Werner

andreas.werner@cn.rzb.at

Xiamen Branch

Zhongmin Building

Unit 01-02, 32/F

No. 72 Hubin North Road,

361012 Xiamen, Provinz Fujian

Phone: +86-592-2623 988

Fax: +86-592-2623 998

Contact: Alice Li

alice.li@cn.rzb.at

Malta

Raiffeisen Malta Bank plc

52, Il-Piazzetta, Tower Road,

Sliema SLM16, Malta

Phone: +356-2260 0000

Fax: +356-2132 0954

Contact: Anthony C. Schembri

anthony.schembri@mt.rzb.at

Singapore

Singapore Branch

One Raffles Quay

#38-01 North Tower

Singapore 048583

Phone: +65-6305 6000

Fax: +65-6305 6001

Contact: Rainer Šilhavý

rainer.silhavy@sg.rzb.at

United Kingdom

London Branch

10, King William Street

London EC4N 7TW

Phone: +44-20-7933 8000

Fax: +44-20-7933 8099

SWIFT/BIC: RZBAGB2L

www.london.rzb.at

Contact: Mark Bowles

mark.bowles@uk.rzb.at

USA.

RZB Finance LLC

1133, Avenue of the Americas

16th floor, New York, N.Y. 10036

Phone: +1-212-845 4100

Fax: +1-212-944 2093

www.rzbfinance.com

Contact: Dieter Beintrexler

dbeintrexler@rzbfinance.com

Banking network Central and Eastern Europe

Albania

Raiffeisen Bank Sh.a.

European Trade Center,

Bulevardi "Bajram Curri," Tirana

Phone: +355-4-222 669

Fax: +355-4-275 599

SWIFT/BIC: SCSBALTX

www.raiffeisen.al

Contact: Oliver Whittle

oliver.whittle@raiffeisen.al

Belarus

Priorbank, OAO

31-A, V. Khoruzhey Str.

Minsk, 220002

Phone: +375-17-289 9090

Fax: +375-17-289 9191

SWIFT/BIC: PJCBY2X

www.priorbank.by

Contact: Olga Gelakhova

olga.gelakhova@priorbank.by

Bosnia and Herzegovina

Raiffeisen Bank d.d.

Bosna i Hercegovina

Danijela Ozme 3, 71000 Sarajevo

Phone: +387-33-287 100

Fax: +387-33-213 851

SWIFT/BIC: RZBABA2S

www.raiffeisenbank.ba

Contact: Michael G. Mueller

michael.mueller@rbb-sarajevo.raiffeisen.at

Bulgaria

Raiffeisenbank (Bulgaria) EAD

18/20 Ulica N. Gogol, 1504 Sofia

Phone: +359-2-9198 5101

Fax: +359-2-943 4528

SWIFT/BIC: RZBBGSGF

www.rbb.bg

Contact: Momtchil Andreev

momtchil.andreev@rbb.bg

Croatia

Raiffeisenbank Austria d.d.

Petrinjska 59, 10000 Zagreb

Phone: +385-1-456 6466

Fax: +385-1-481 1624

SWIFT/BIC: RZBHHR2X

www.rba.hr

Contact: Vesna Ciganek-Vukovic

vesna.ciganek-vukovic@rba.hr

Czech Republic

Raiffeisenbank a.s.

Olbrachtova 2006/9

140 21 Praha 4

Phone: +420-221-141 111

Fax: +420-221-142 111

SWIFT/BIC: RZBCCZPP

www.rb.cz

Contact: Lubor Žalman

lubor.zalman@rb.cz

eBanka, a.s.
Na Příkopě 19
11719 Praha 1
Phone: +420-222-115 222
Fax: +420-222-115 500
SWIFT/BIC: EBNK CZPP
www.ebanka.cz
Contact: Pavla Pasekova
ppasekova@ebanka.cz

Hungary
Raiffeisen Bank Zrt.
Akadémia utca 6, 1054 Budapest
Phone: +36-1-484 4400
Fax: +36-1-484 4444
SWIFT/BIC: UBRTHUHB
www.raiffeisen.hu
Contact: Frank Daniel
frank.daniel@raiffeisen.hu

Kosovo
Raiffeisen Bank Kosovo J.S.C.
Rruga UÇK 51, Pristina
Phone: +381-38-222 222
Fax: +381-38-2030 1130
SWIFT/BIC: RBKOC522
www.raiffeisen-kosovo.com
Contact: Oliver Whittle
oliver.whittle@raiffeisen-kosovo.co

Poland
Raiffeisen Bank Polska S.A.
Ul. Piękna 20, 00-549 Warszawa
Phone: +48-22-585 2000
Fax: +48-22-585 2585
SWIFT/BIC: RCBWPLPW
www.raiffeisen.pl
Contact: Piotr Czarnecki
piotr.czarnecki@raiffeisen.pl

Romania
Raiffeisen Bank S.A.
Piața Charles de Gaulle 15
011857 București 1
Phone: +40-21-306 1000
Fax: +40-21-230 0700
SWIFT/BIC: RZBRROBU
www.raiffeisen.ro
Contact: Steven C. van Groningen
centrala@raiffeisen.ro

Russia
ZAO Raiffeisenbank
Smolenskaya-Sennaya pl, 28
119002 Moskwa
Phone: +7-495-721 9900
Fax: +7-495-721 9901
SWIFT/BIC: RZBMRUMM

www.raiffeisen.ru
Contact: Johann Jonach
jjonach@raiffeisen.ru

Serbia
Raiffeisen banka a.d.
Bulevar Zorana Djindjica 64a
11070 Novi Beograd
Phone: +381-11-320 2100
Fax: +381-11-220 7080
SWIFT/BIC: RZBSRSBG
www.raiffeisenbank.co.yu
Contact: Oliver Rögl
oliver.roegl@raiffeisenbank.co.yu

Slovakia
Tatra banka, a.s.
Hodžovo námestie 3
811 06 Bratislava 1
Phone: +421-2-5919 1111
Fax: +421-2-5919 1110
SWIFT/BIC: TATR SKBX
www.tatrabanka.sk
Contact: Igor Vida
igor_vida@tatrabanka.sk

Slovenia
Raiffeisen Krekova banka d.d.
Slovenska ulica 17
2000 Maribor
Phone: +386-2-229 3100
Fax: +386-2-252 4779
SWIFT/BIC: KREKSI22
www.raiffeisen.si
Contact: Klemens Nowotny
klemens.nowotny@raiffeisen.si

Ukraine
VAT Raiffeisen Bank Aval
9, Leskova vul, 01011 Kyiv
Phone: +38-044-490 88 07
Fax: +38-044-285 32 31
SWIFT/BIC: AVAL UA UK
www.aval.ua
Contact: Angela Prigozhina
angela.prigozhina@aval.ua

Representative offices in Europe

Belgium
Brussels
Rue du Commerce 20-22
1000 Bruxelles
Phone: +32-2-549 0678
Fax: +32-2-502 6407
Contact: Josef-Christoph Swoboda
josef-christoph.swoboda@rzb.at

France
Paris
9-11, Avenue Franklin Roosevelt
75008 Paris
Phone: +33-1-4561 2700
Fax: +33-1-4561 1606
Contact: Harald Stoffaneller
harald.stoffaneller@fr.rzb.at

Germany
Frankfurt am Main
Mainzer Landstraße 51
60329 Frankfurt am Main
Phone: +49-69-29 92 19-18
Fax: +49-69-29 92 19-22
Contact: Dorothea Renninger
dorothea.renninger@rzb.at

Italy
Milan
Via Andrea Costa 2
20131 Milano
Phone: +39-02-2804 0646
Fax: +39-02-2804 0658
www.rzb.it
Contact: Miriam Korsic
miriam.korsic@it.rzb.at

Moldova
Chișinău (Raiffeisen Bank S.A.)
65 Stefan cel Mare blvd.
Chișinău, MD-2001
Phone: +373-22-279 331
Fax: +373-22-279 343
Contact: Victor Bodiu
victor.bodiu@rzb.md

Russia
Moscow
14, Pretchistensky Pereulok
Building 1, 119034 Moskwa
Phone: +7-495-721 9905
Fax: +7-495-721 9907
www.raiffeisen.ru
Contact: Svyatoslav Bulanenkov
svyatoslav.bulanenkov@raiffeisen.ru

Sweden/Nordic Countries
Stockholm
Norrländsgatan 12
P.O. Box 7810
SE-103 96 Stockholm
Phone: +46-8-440 5086
Fax: +46-8-440 5089
Contact: Lars Bergström
lars.bergstrom@rzb.at

Glossary: Certificates
 Glossary: General Financial Terms
 Companies of the Raiffeisen Centrobank Group

• **RZB Group Companies**
 Contacts

Representative offices in America and Asia

China

Hong Kong
 Unit 2001, 20th floor, Tower 1
 Lippo Centre, 89 Queensway
 Hong Kong
 Phone: +85-2-2730 2112
 Fax: +85-2-2730 6028
 Contact: Edmond Wong
 edmond.wong@hk.rzb.at

Zhuhai

Room 2404, Yue Cai Building
 188, Jingshan Road, Jida
 519015 Zhuhai
 Phone: +86-756-323 3500
 Fax: +86-756-323 3321
 Contact: Susanne Zhang-Pongratz
 susanne.zhang@cn.rzb.at

India

Mumbai
 87, Maker Chamber VI
 Nariman Point, Mumbai 400 021
 Phone: +91-22-663 01700
 Fax: +91-22-663 21982
 Contact: Anupam Johri
 anupam.johri@in.rzb.at

Iran

Teheran (UNICO Banking Group)
 Vanak, North Shirazi Avenue
 16, Ladan Str., 19917 Tehran
 Phone: +98-21-804 6767-2
 Fax: +98-21-803 6788
 Contact: Gerd Wolf
 unico@unicorep.com

South Korea

Seoul
 Leema Building, 8th floor
 146-1, Soosong-dong
 Chongro-ku, 110-755 Seoul
 Phone: +822-398 5840
 Fax: +822-398 5807
 Contact: Kun Il Chung
 kun-il.chung@kr.rzb.at

USA

Chicago (RZB Finance LLC)
 150 N. Martingale Road, Suite 840
 Schaumburg, IL 60173
 Phone: +1-847-995 8884
 Fax: +1-847-995 8880
 Contact: Charles T. Hiatt
 chiatt@rzbfinance.com

Houston (RZB Finance LLC)
 10777, Westheimer, Suite 1100
 Houston, TX 77042
 Phone: +1-713-260 9697
 Fax: +1-713-260 9602
 Contact: Stephen A. Plauche
 splauche@rzbfinance.com

Los Angeles (RZB Finance LLC)
 29556 Fountainwood St.
 Agoura Hills, CA 91301
 Phone: +1-818-706-7385
 Fax: +1-818-706-7305
 Contact: JDee Christensen
 jchristensen@rzbfinance.com

New York

1133, Avenue of the Americas
 16th floor, New York, N.Y. 10036
 Phone: +1-212-593 7593
 Fax: +1-212-593 9870
 Contact: Dieter Beintrexler
 dieter.beintrexler@rzb-newyork.raiffeisen.at

Vietnam

Ho Chi Minh City
 6, Phung Khac Khoan St.
 District 1, Room G6
 Ho Chi Minh City
 Phone: +84-8-8297 934
 Fax: +84-8-8221 318
 Contact: Ta Thi Kim Thanh
 ta-thi-kim.thanh@vn.rzb.at

Investment Banking

Österreich

Raiffeisen Zentralbank
 Österreich AG
 Global Markets
 Am Stadtpark 9, 1030 Vienna
 Phone: +43-1-71 707-1120
 Fax: +43-1-71 707-3813
 www.rzb.at
 Contact: Martin Czurda
 martin.czurda@rzb.at

Raiffeisen Centrobank AG
 Equity
 Tegetthoffstrasse 1, 1015 Vienna
 SWIFT/BIC: CENBATWW
 Phone: +43-1-51 520-0
 Fax: +43-1-513 4396
 www.rcb.at
 Contact: Eva Marchart
 marchart@rcb.at

Raiffeisen Investment AG
 Advisory
 Tegetthoffstrasse 1, 1015 Vienna
 Phone: +43-1-710 5400-0
 Fax: +43-1-710 5400-39
 www.raiffeisen-investment.com
 Contact: Heinz Sernetz
 h.sernetz@raiffeisen-investment.com
 Subsidiaries and representative
 offices in Bosnia and Herzegovina,
 Bulgaria, Czech Republic, Hungary,
 Montenegro, Poland, Romania,
 Russia, Serbia, Turkey, and Ukraine.

Bosnia and Herzegovina

Raiffeisen Bank d.d.
 Bosna i Hercegovina
 Danijela Ozme 3, 71000 Sarajevo
 Phone: +387-33-287 100 or 287 121
 Fax: +387-33-213 851
 www.raiffeisenbank.ba
 Contact: Dragomir Grgić
 dragomir.grgic@rbb-sarajevo.raiffeisen.at

Bulgaria

Raiffeisen Asset Management EAD
 18/20 Ulica N. Gogol, 1504 Sofia
 Phone: +359-2-919 85 632
 Fax: +359-2-943 4528
 www.ram.bg
 Contact: Mihail Atanasov
 mihail.atanasov@ram.raiffeisen.bg

Croatia

Raiffeisenbank Austria d.d.
 Petrinjska 59, 10000 Zagreb
 Phone: +385-1-456 6466
 Fax: +385-1-456 6490
 www.rba.hr
 Contact: Ivan Žižić
 ivan.zizic@rba.hr

Czech Republic

Raiffeisenbank a.s.
 Olbrachtova 2006/9
 140 21 Praha 4
 Phone: +420-221-141 863
 Fax: +420-221-143 804
 www.rb.cz
 Contact: Martin Bláha
 martin.blaha@rb.cz

Hungary

Raiffeisen Bank Zrt.
Akadémia utca 6
1054 Budapest
Phone: +36-1-484 4400
Fax: +36-1-484 4444
www.raiffeisen.hu
Contact: Gábor Liener
gliener@raiffeisen.hu

Poland

Raiffeisen Investment Polska Sp.z o.o.
Ul. Piękna 20, 00-549 Warszawa
Phone: +48-22-585 2900
Fax: +48-22-585 2901
Contact: Marzena Bielecka
marzena.bielecka@ripolska.com.pl

Romania

Raiffeisen Asset Management
România
Piața Charles de Gaulle 15, et. IV
011857 București 1
Phone: +40-21-306 1711
Fax: +40-21-312 0533
www.raiffeisenfonduri.ro
Contact: Mihail Ion
mihail.ion@rzb.ro

Raiffeisen Capital & Investment S.A.

Piața Charles de Gaulle 15
011857 București 1
Phone: +40-21-306 1233
Fax: +40-21-230 0684
www.rciro.ro
Contact: Dana Mirela Ionescu
dana-mirela.ionescu@rzb.ro

Russia

ZAO Raiffeisenbank
Smolenskaya-Sennaya pl., 28
119002 Moskwa
Phone: +7-495-721 9900
Fax: +7-495-721 9901
www.raiffeisen.ru
Contact: Pavel Gourine
pgourine@raiffeisen.ru

Serbia

Raiffeisen Investment AG
Bulevar Zorana Djindjica 64a
11070 Novi Beograd
Phone: +381-11-21 29211
Fax: +381-11-21 29213
Contact: Radoš Ilincić
rilincic@raiffeisen-investment.com

Slovakia

Tatra banka, a.s.
Hodzovo námestie 3
811 06 Bratislava 1
Phone: +421-2-5919 1111
Fax: +421-2-5919 1110
www.tatrabanka.sk
Contact: Igor Vida
igor_vida@tatrabanka.sk

Slovenia

Raiffeisen Banka d.d.
Slovenska ulica 17
2000 Maribor
Phone: +386-2-229 3119
Fax: +386-2-252 5518
www.raiffeisen.si
Contact: Primož Kovačič
primoz.kovacic@raiffeisen.si

Ukraine

Raiffeisen Investment TOV
2, Mechnikova vul.
01601 Kyiv
Phone/Fax: +38-044-490 6897
or +38-044-490 6897 98
Contact: Vyacheslav Yakymuk
yakymuk@rio.kiev.ua

**Selected specialist
Raiffeisen companies****Austria**

Kathrein & Co. Privatgeschäftsbank
Aktiengesellschaft
Wipplingerstrasse 25, 1010 Vienna
Phone: +43-1-53 451-600
Fax: +43-1-53 451-599
SWIFT/BIC: KTBKATWW
www.kathrein.at
Contact: Claudio Cantele
claudio.cantele@kathrein.at

Raiffeisen Bausparkasse Ges.m.b.H.

Wiedner Hauptstrasse 94
1050 Vienna
Phone: +43-1-546 46-1420
Fax: +43-1-546 46-2359
SWIFT/BIC: RBSKAT W1
www.wohnbbausparen.at
Contact: Sonja Hochreiter
sonja.hochreiter@raibau.at
Equity interests in Croatia, Czech
Republic, Romania, and Slovakia.

Raiffeisen Capital Management

(Raiffeisen Kapitalanlage Ges.m.b.H.)
Am Schwarzenbergplatz 3
1010 Vienna
Phone: +43-1-71 170-1250
Fax: +43-1-71 170-76-1250
www.rcm.at
Contact: Monika Riedel
monika.riedel@rcm.at

Raiffeisen Versicherung AG

Untere Donaustrasse 21
1029 Vienna
Phone: +43-1-21 119-0
Fax: +43-1-21 119-1134
www.raiffeisen-versicherung.at
service@raiffeisen-versicherung.at

Raiffeisen Versicherung is a member of the UNIQA Group, which has further subsidiaries in Austria, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Kosovo, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, and Ukraine as well as in Germany, Italy, Liechtenstein, and Switzerland.

Raiffeisen-Leasing GmbH

Hollandstrasse 11-13, 1020 Vienna
Phone: +43-1-71 601-8440
Fax: +43-1-71 601-98448
www.raiffeisen-leasing.at
Contact: Andrea Weber
andrea.weber@rl.co.at
Subsidiaries in Finland, Germany,
Italy, Sweden, and Switzerland.

Raiffeisen-Leasing International GmbH

Am Stadtpark 9, 1030 Vienna
Phone: +43-1-71 707-2966
Fax: +43-1-71 707-762966
Contact: Dieter Scheidl
dieter.scheidl@rli.co.at
Subsidiaries in Albania, Belarus,
Bosnia and Herzegovina, Bulgaria,
Croatia, Czech Republic, Hungary,
Kazakhstan, Moldova, Poland,
Romania, Russia, Serbia, Slovakia,
Slovenia, and Ukraine.

Glossary: Certificates
 Glossary: General Financial Terms
 Companies of the Raiffeisen Centrobank Group

- **RZB Group Companies**
- **Contacts**

ÖPAG Pensionskassen AG
 Ernst-Melchior-Gasse 22, 1020 Vienna
 Phone: +43-1-316 48-100
 Fax: +43-1-316 48-66100
 www.oepag.at
 Contact: Johannes Ziegelbecker
 johannes.ziegelbecker@oepag.at

ÖVK Vorsorgekasse AG
 Untere Donaustrasse 21, 1029 Vienna
 Phone: +43-810-530 099
 Fax: +43-810-530 098
 www.oevk.co.at
 Contact: Bernhard Breunlich
 office@oevk.co.at

Raiffeisen evolution project
 development GmbH
 Ernst-Melchior-Gasse 22, 1020 Vienna
 Phone: +43-1-71 706-600
 Fax: +43-1-71 706-410
 www.raiffeisenevolution.com
 Contact: Markus Neurauder
 markus.neurauder@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
 Phone: +43-1-79 736-0
 Fax: +43-1-79 736-9142
 www.elsner.at
 Contact: Siegfried Purrer
 siegfried.purrer@elsner.at
 Subsidiaries in China, India, United
 Arab Emirates, and the USA.

Notartreuhandbank AG
 Landesgerichtsstrasse 20, 1010 Vienna
 Phone: +43-1-535 68 86-208
 Fax: +43-1-535 68 86-250
 www.notar.at
 Contact: Karl Grünberger
 karl.gruenberger@ntbag.at

Leipnik-Lundenburger Invest
 Beteiligungs AG
 Börsegasse 9, 1010 Vienna
 Phone: +43-1-535 11 24-0
 Fax: +43-1-535 11 24-33
 www.lli.at
 Contact: Christian Teuffl
 office@lli.at

Raiffeisen Informatik GmbH
 Lilienbrunnngasse 7-9, 1020 Vienna
 Phone: +43-1-99 399-1010
 Fax: +43-1-99 399-1011
 www.raiffeiseninformatik.at
 Contact: Ursula Freiseisen-Pfneiszl
 ursula.freiseisen@r-it.at

Status: March 1, 2008

Contacts of Raiffeisen Centrobank

Wilhelm Celeda
 Equities and Derivatives
 celeda@rcb.at
 Phone: +43 (1) 51520-402

Heike Arbter
 Structured Products
 arbter@rcb.at
 Phone: +43 (1) 51520-407

Klaus della Torre
 Equity Sales
 dellatorre@rcb.at
 Phone: +43 (1) 51520-472

Helga Frohner
 Securities Back Office
 frohner@rcb.at
 Phone: +43 (1) 51520-421

Birgit Kuras
 Company Research and
 Equity Capital Markets Austria
 kuras@rcb.at
 Phone: +43 (1) 51520-150

Stefan Maxian
 Company Research CEE
 maxian@rcb.at
 Phone: +43 (1) 51520-177

Erich Obersteiner
 Equity Capital Markets CEE
 obersteiner@rcb.at
 Phone: +43 (1) 51520-145

Gerald Deimel
 Legal, Tax & Compliance
 deimel@rcb.at
 Phone: +43 (1) 51520-160

Monika Jung
 Private Banking
 jung@rcb.at
 Phone: +43 (1) 51520-417

John Dinhobel
 Credit
 dinhobel@rcb.at
 Phone: +43 (1) 51520-390

Günter Völker
 IT
 voelker@rcb.at
 Phone: +43 (1) 51520-280

Sabine Holzer
 Public Relations
 holzer@rcb.at
 Phone: +43 (1) 51520-214

Publisher's details

Owner and Publisher

Raiffeisen Centrobank AG
A-1015 Vienna, Tegetthoffstraße 1
Phone: +43-1-51520-0
Fax: +43-1-513 43 96
www.rcb.at

Concept and Graphic Design

Buero 16, Vienna
www.buero16.com

Text

Peter Hiess

Photos

Joachim Haslinger except the photo of
Dr. Rothensteiner (Klaus Vyhnalek)

Production

Lindenau Productions, Vienna

For further information

Sabine D. Holzer
Phone: +43-1-51520-214
holzer@rcb.at





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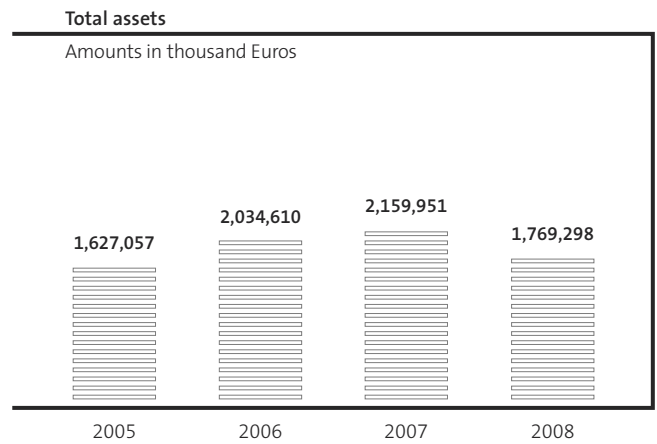
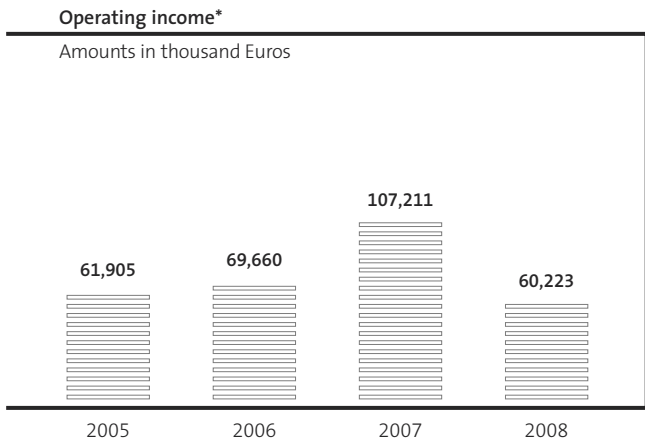
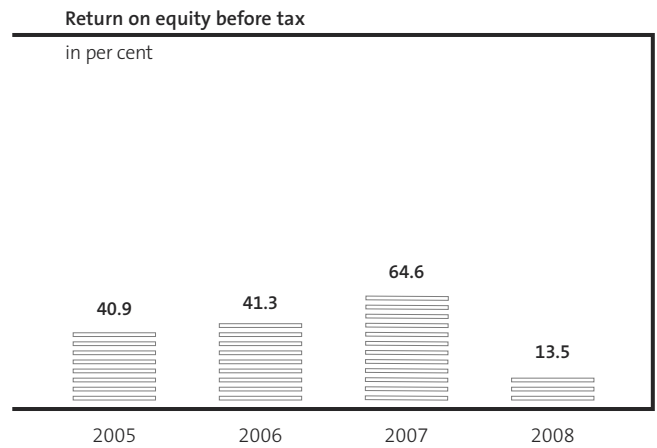
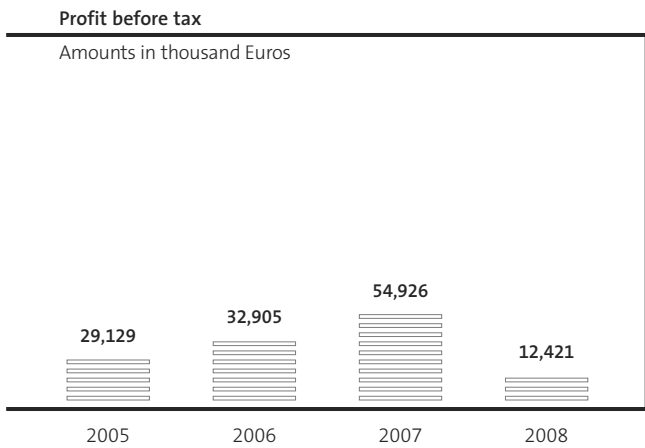
Table of Contents Annual Report 2008: An Overview

06–19	Company	06
	Key Figures 2008	06
	Foreword by the Chairman of the Executive Board	08
	Structure of the Raiffeisen Centrobank Group	11
	Corporate Bodies	12
	Corporate Governance Report	14
	Foreword by the Chairman of the Supervisory Board	16
	The RZB Group	18
20–55	Business Segments	20
	An Overview of the Raiffeisen Centrobank Group	20
	Highlights 2008	21
	Wilhelm Celeda, Securities Trading & Sales	22
	Heike Arbter, Structured Products	26
	Birgit Kuras, Company Research	28
	Gerhard Grund, Equity Capital Markets	32
	Erich Obersteiner, Equity Capital Markets CEE	36
	Monika Jung, Private Banking	40
	Heinz Sernetz, Wolfgang Putschek and Martin Schwedler, Raiffeisen Investment AG	44
	Andreas Rosenbaum, Controlling & Risk Management	48
	Günter Völker, IT & Organization	52
56–70	Management Report	56
	Economic Environment	58
	Business Development 2008	60
	Reports of the Departments	62
	Performance Indicators	66
	Risk Management	67
	Human Resources	68
	Outlook for 2008	68
	Significant Events after the Balance Sheet Date	69
	Research and Development	69
	Declaration of the Executive Board	69
	Report of the Supervisory Board	70

71–80	Consolidated Annual Financial Statements	71
	Income Statement	72
	Balance Sheet	73
	Statement of Changes in Equity	74
	Cash Flow Statement	75
	Segment Reporting	76
81–134	Notes to the Consolidated Financial Statements	81
	Accounting Policies	81
	Notes to the Income Statement	90
	Notes to the Balance Sheet	97
	Notes to Financial Instruments	113
	Other Disclosures	125
	Auditor’s Report	131
	Basis of Consolidation	133
135–146	Service and Information	135
	Glossary: Certificates	136
	Glossary: General Financial Terms	138
	Companies of the Raiffeisen Centrobank Group	141
	Selected RZB Group Companies	142
	Contacts	146

Key Figures 2008 of Raiffeisen Centrobank Group

Income Statement	2008	2007	Change
Amounts in thousand Euros / in percent			
Net interest income	8,004	6,343	+ 26.2 %
Net commission income	17,605	37,958	- 53.6 %
Trading profit	33,300	63,358	- 47.4 %
General administrative expenses	- 53,353	- 58,207	- 8.3 %
Profit before tax	12,421	54,926	- 77.4 %
Profit after tax	10,643	42,453	- 74.9 %
Balance Sheet			
Claims on credit institutions	359,384	197,859	+ 81.6 %
Claims on customers	96,104	118,647	- 19.0 %
Trading assets	1,167,902	1,684,721	- 30.7 %
Liabilities to credit institutions	235,303	122,907	+ 91.5 %
Liabilities to customers	215,589	218,779	- 1.5 %
Trading liabilities	1,130,609	1,617,999	- 30.1 %
Equity (incl. profit after tax)	106,246	129,556	- 18.0 %
Total assets	1,769,298	2,159,951	- 18.1 %
Key Figures			
Return on equity before tax	13.5 %	64.6 %	-
Cost/Income ratio	82.8 %	51.2 %	-
Bank related key figures pursuant to Austrian Banking Act			
Total own funds	98,014	77,946	+ 25.7 %
Total own funds requirement	53,062	55,470	- 4.3 %
Excess own funds	44,952	22,476	+ 100.0 %
Excess cover ratio	184.7 %	140.5 %	-
Resources			
Employees at end of period	312	280	+11.4 %



*) Operating income comprises net interest income before provisioning, net commission income, trading profit (loss) and other operating profit (loss).

Foreword by the Chairman of the Executive Board

In the wake of the US subprime crisis, we saw a massive loss of confidence in the mechanisms of the money and capital markets worldwide in 2008. Ultimately, persistent cash flow shortages led to a general banking crisis. Without a doubt, it was primarily the investment banks with global operations whose business models – after the major real estate lenders – failed to pass the real stress test and which, particularly in the USA and in the United Kingdom, had to be absorbed by the competition or by the government. After the US government decided in September 2008 to send Lehman Brothers into bankruptcy, the crisis deepened in such a way and to such an extent that, amid the globalised and densely interlinked economic structure of the market, no market or industry escaped its effects. For our company – as the specialized financial institution of the RZB Group for equity business – performance in 2008 was particularly impacted by the historic price declines on the international stock exchanges. These triggered above-average price drops of more than 60% on the Austrian exchange, which in turn was forced, in the view of investors, to accept a reversal of the “Eastern bonus” into a disadvantage. A similar development took place on the stock markets in the CEE region, where price drops of up to 70% reflected the dramatic loss of confidence in the global economic situation. In correlation with this, the market for capital market transactions virtually dried up, and the market for M&A transactions reacted sensitively with a decline due to a lack of appropriate financing and satisfactory pricing.

While shrinking volumes on the equity markets and increasing risk aversion among investors left its mark on the 2008 consolidated net income of Raiffeisen Centrobank where the record result of 2007 was not repeated, it must be stressed in considering the mood described above that our company did manage to demonstrate impressively in 2008 the intactness of our investment banking business model and the good functioning order, even in times of crisis, of the structured products which we have chosen.

Our approach as a cross-regional investment bank operating from its Vienna location rests on a strong, transaction-orientated customer business with a large advisory component. With more than 2,000 certificates and warrants, Raiffeisen Centrobank is Austria's leading issuer and a major niche provider in Germany's certificate market. Unlike the Anglo-American investment banks which are the subject of negative headlines, the Group is seeing steady and impressive growth in net assets, which is based on its customer business rather than on any business with high leverage factors and poor equity ratios. With regards to the Tier 1 capital of the bank, the equity ratio of Raiffeisen Centrobank at the end of 2008 was a stable 12.3%.

We also have the customer business structure mentioned above to thank for the fact that we were not actually impacted by liquidity problems, the main factor behind the crisis of 2008.

Another factor in the good result during the “year of horrors” on the capital markets was the circumstance that we had already begun in 2007 to react to the deteriorating credit spreads of the international financial institutions and to adjust our marked-to-market measurements on a running basis rather than all at once – a practice that we continued in 2008 because of the stable operating result.

2008 was used very actively to improve systems and processes, particularly those in the area of risk management, to make minor adjustments to our resources, and to fine-tune our range of services to the changing needs of our customers. We view these as important steps toward securing our company over the long term amid a persistently challenging market environment.



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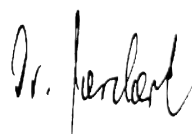
The quality of our services and the expertise of our employees were once again confirmed by external recognition – such as that for our team of analysts, who were honoured in the annual ranking compiled by the US analytics firm StarMine for forecasting earnings more accurately than their peers. As in the previous year, the Team Structured Products beat out renowned international competitors for Raiffeisen Centrobank to become the overall winner in Certificates Awards Austria 2008, published by “Zertifikate Journal Austria” in cooperation with Zertifikate Forum Austria.

As far as the expectations for 2009 are concerned, preliminary economic indicators show no overall recovery. However, it must be noted that the effects of the governmental and supranational emergency measures – which this time, in contrast to past crises, were adopted promptly and with substantial amounts – will only be implemented gradually, delaying their full impact on the intended recipients and rendering forecasting instruments unable to reflect them sufficiently, due to the unique nature of the current economic situation. Initial positive effects, although modest, may still be expected in 2009 thanks to expansive fiscal and monetary policy. The economy is expected to resume growth in 2010, though on a smaller scale. We must in any case avoid engaging in a type of “tunnel vision” and focussing exclusively on the bad news, failing, for example, to differentiate sufficiently the above-average potential still afforded by the ongoing development of the CEE region so vital to our domestic market, or even ignoring it altogether.

It will be essential to our support of these measures that we implement additional measures to build confidence in the financial markets and, above all, in those who participate in these markets. At the EU level, work is progressing on proposals for an improved regulatory function, particularly in regards to cross-border cooperation and to the inclusion of previously unregulat-

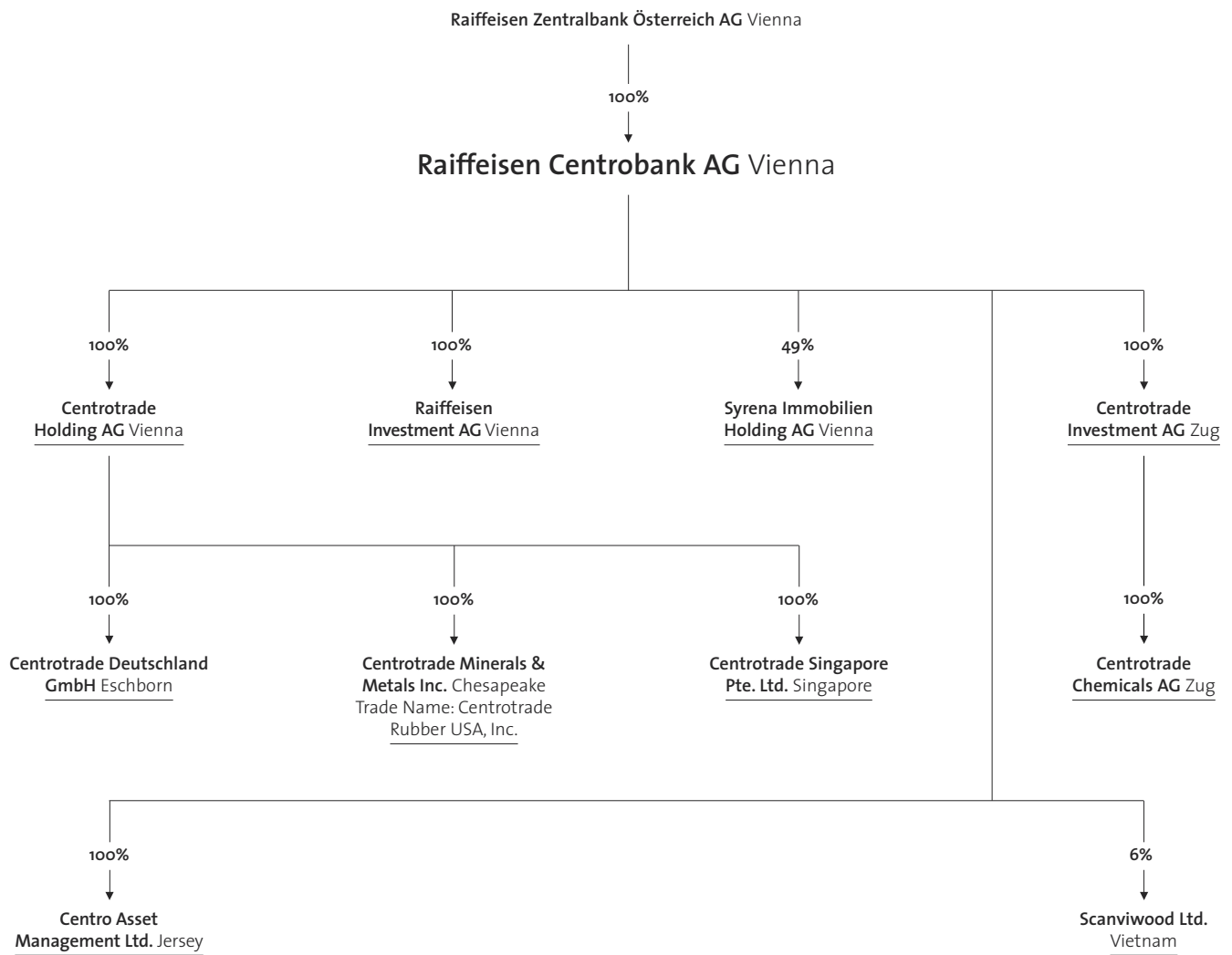
ed market players, but also in respect of a paradigm shift to a more complex, more quality-orientated regulatory function. Topics such as reinforcing the capital adequacy of financial institutions, but also revising financial reporting standards (IFRS) to avoid the undesirable procyclical effects which emerged during the current financial crisis, may be added to the list of necessary measures. Another welcome development, which would act to counterbalance the market domination of the US agencies that played a leading role in triggering the financial crisis, would be the creation of a European rating agency. Such an agency, if established, could avoid the systemic shortfalls of the current rating agencies.

Despite a still challenging market climate, Raiffeisen Centrobank is well equipped in 2009 to generate positive earnings for its sole owner, Raiffeisen Zentralbank, which we would like to thank for its continued confidence in and support for our business activities. Our particular thanks are due also to our employees, who were able to adjust quickly and efficiently to a drastically different market climate, while still managing to achieve the excellent performance already described under conditions that were at times very difficult. Naturally, the basis and starting point for all of our efforts are our customers and business partners, whom we would like to thank for their cooperation and trust and with whom we will continue to collaborate as we overcome the challenging business conditions of 2009.



Eva Marchart

Chairman of the Executive Board



Corporate Bodies

Executive Board	Eva Marchart	Chairman
	Alfred Michael Spiss	Deputy Chairman
	Gerhard Grund	Member
Supervisory Board	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	
	Helfried Marek	Member until April 23, 2008
	Vienna	
Karl Sevelda	Member	
Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna		
Johann Strobl	Member since April 23, 2008	
Member of the Executive Board, Raiffeisen Zentralbank Österreich AG, Vienna		
Christian Teufl	Member	
Director, Raiffeisen Zentralbank Österreich AG, Vienna		
State Commissioners	Peter Braumüller	
	Divisional Director	
	Tamara Els	
	Deputy Assistant	

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



Corporate Governance Report

The shares of Raiffeisen Centrobank itself are not quoted on an exchange. As issuer of a large range of structured products and as one of the most prominent securities trading houses in Vienna and other securities exchange centres, Raiffeisen Centrobank orients itself by the rules and principles of good and responsible business administration as set forth in the Austrian Corporate Governance Code to the extent these rules and principles are applicable to Raiffeisen Centrobank. Raiffeisen Centrobank has not (thus far) made a formal commitment to follow the Corporate Governance Code.

Trusting and efficient cooperation between the various corporate bodies of the company, preservation of shareholder interests and open and transparent communication are core principles for Raiffeisen Centrobank in observing modern corporate governance. The present comments are examples of observance of the Code by Raiffeisen Centrobank during the period under review (1 January through 31 December, 2008) and have reference to the new version of the Austrian Corporate Governance Code of January 2006.

Executive Board

The Executive Board consists of several individuals, one of whom is chairperson. The allocation of duties and co-operation of the Executive Board are governed by the bye-laws.

The Executive Board comprehensively exercises communication functions that significantly shape the image of the company for the owners and is supported therewith by the respective departments.

An internal audit is established as a personal staff unit of the Executive Board. It reports regularly to the Executive Board on the audit programme and on significant findings of its work.

Supervisory Board

The Supervisory Board supervises and supports the Executive Board in the context of managing Raiffeisen Centrobank, particularly with decisions of fundamental importance.

The Supervisory Board has created the catalogue of transactions of Raiffeisen Centrobank (and its group of companies) that are subject to approval and it has defined appropriate monetary thresholds.

Executive and Supervisory Board cooperation

Business management following the principles of good corporate governance takes place in the framework of open discussions between and within the Executive and Supervisory Boards.

The Executive Board informs the Supervisory Board regularly, in a timely manner and comprehensively concerning all relevant issues of company performance, including the risk situation and risk management in the company and its principal group companies. The chairperson of the Supervisory Board maintains regular contact with the chairperson of the Executive Board in particular and discusses company performance and risk management with her. The Executive Board reports promptly to the chairperson of the Supervisory Board on important matters, also concerning circumstances which are of considerable significance to the profitability or liquidity of the company.

The Executive Board approves the strategic alignment of the company with the Supervisory Board and discusses the status of strategy implementation with it in regular intervals. The Supervisory Board meets at least four times each financial year.

Rules for conflicts of interest and personal trading

Raiffeisen Centrobank has taken precautionary measures to avoid insider trading (setting up confidentiality area) and issued internal guidelines for dealings with insider or insider-relevant information (compliance manual). Raiffeisen Centrobank instructs all employees with training sessions on these measures and monitors the observance of these measures accordingly.

The Executive Board adopts its resolutions professionally and free of personal interests. Members of the Executive Board disclose significant personal interests in transactions of Raiffeisen Centrobank and its group companies and other conflicts of interest to the Supervisory Board. All transactions between Raiffeisen Centrobank or its group companies and the members of the Executive Board and closely related persons or companies are in keeping with industry standards and are approved in advance by the Supervisory Board.

Members of the Executive Board and executive staff do not carry on a business or assume a function in the executive bodies of other companies without the consent of the Supervisory Board unless they are affiliated with the Raiffeisen Centrobank Group or Raiffeisen Centrobank owns a business interest in them. Equally members of the Executive Board and executive staff do not implement transactions for their own account or for the account of third parties in a branch of business of Raiffeisen Centrobank or acquire entrepreneurial interests as general partners in other companies without the consent of the Supervisory Board.

Transparent information policy

Openness and transparency in communication with shareholders and the interested public are of special concern to Raiffeisen Centrobank. Consequently, comprehensive information is offered on the website:

- » Press releases, data summary
- » Shareholder and ownership structure
- » Annual reports downloadable in pdf format
- » Securities prospectuses downloadable in pdf format
- » Raiffeisen Centrobank share analyses and product brochures downloadable in pdf format, etc.

Criteria for the independence of Supervisory Board members within the meaning of the Austrian Corporate Governance Code

A member of the Supervisory Board is considered to be independent if he or she has no business or personal affiliation with the company or its Executive Board that constitutes a material conflict of interest and is consequently capable of influencing the behaviour of the member.

The Supervisory Board of Raiffeisen Centrobank orients itself with the following guidelines in establishing criteria for assessing the independence of a member of the Supervisory Board:

- » The Supervisory Board member shall not have been a member of the Executive Board or an executive of the company or a subsidiary of the company in the last five years.
- » The Supervisory Board member shall not maintain, or have maintained within the last year, a business relationship with the company or a subsidiary of the company to a degree which is significant for the member of the Supervisory Board
- » The Supervisory Board member shall not, in the last three years, have been an auditor of the company or a partner or shareholder or an employee of the auditing firm which conducted the audit.
- » The Supervisory Board member shall not be an Executive Board member in another company in which an Executive Board member of the company is a member of the Supervisory Board.
- » The Supervisory Board member shall not be a close family member (direct descendant, spouse, significant other, parent, uncle, aunt, sibling, niece, nephew) of a Supervisory Board member or of persons who are in a position described in the foregoing points.

All Supervisory Board members of Raiffeisen Centrobank are to be considered independent within the meaning of the criteria for the independence of Supervisory Board members.

Compliance

Of course, Raiffeisen Centrobank applies the complete Standard Compliance Code developed collectively by the Austrian banking industry as the basis of its business activity, particularly in the areas of trading in financial instruments, investment advice, asset management, issuance of securities and financial analysis and public relations and marketing, and in many areas greatly exceeds the standards set forth there.

Foreword by the Chairman of the Supervisory Board

Dear Ladies and Gentlemen, For the banking and financial sector, 2008 was characterised by the worst financial market crisis to date. It has become clear that the frequently cited process of globalisation and economic interdependencies has become a reality. By virtue of the shared circulatory system of the global economy, deeply rooted problems in the financial systems of individual economies – specifically that of the USA in this case – are able to spill over to an unprecedented degree into other countries and markets. While the upheavals initially affected financial institutions and exchanges in particular, the negative developments have now blazed a trail into the real economy, where they pit business and politics alike against new challenges. The governments and national banks of the G-20 nations took prompt and progressively coordinated action to provide substantial funds in order to stabilise the financial markets, and introduced economic stimulus packages to cope with the spreading economic downturn. It may thus be expected, primarily on the basis of government guarantees, that industry confidence will gradually return and that funds will begin to circulate once again. For this reason, I believe that the banking crisis in Western Europe can be overcome in 2009. The crisis in the real economy will presumably last somewhat longer, extending into 2010.

Against the backdrop of this scenario, it is all the more gratifying that the RZB Group with its subsidiary Raiffeisen Centrobank and that company's subsidiary Raiffeisen Investment AG man-

aged to close out this year – so negative specifically for investment banks – with very respectable earnings, thus furnishing proof that a proper business model oriented toward sustainability can professionally guide even the business of investment banks through economically tough times. The increased efforts of our specialised equity bank in the area of modern risk management, reflected for one in a project dealing with overall risk management, have stood the test of time.

To be sure, business will be more challenging in future. However, demand for high-quality capital market products and services will continue. It will be crucial for any investment bank to respond with a range of services tailored to the altered needs of customers.

The Raiffeisen Centrobank Group has withstood a particularly difficult year which put the knowledge, expertise and dedication to the test once again. In the name of the Supervisory Board, I would like to express my gratitude for this. I believe that the conditions necessary to face the challenges of the 2009 financial year with success are in place.

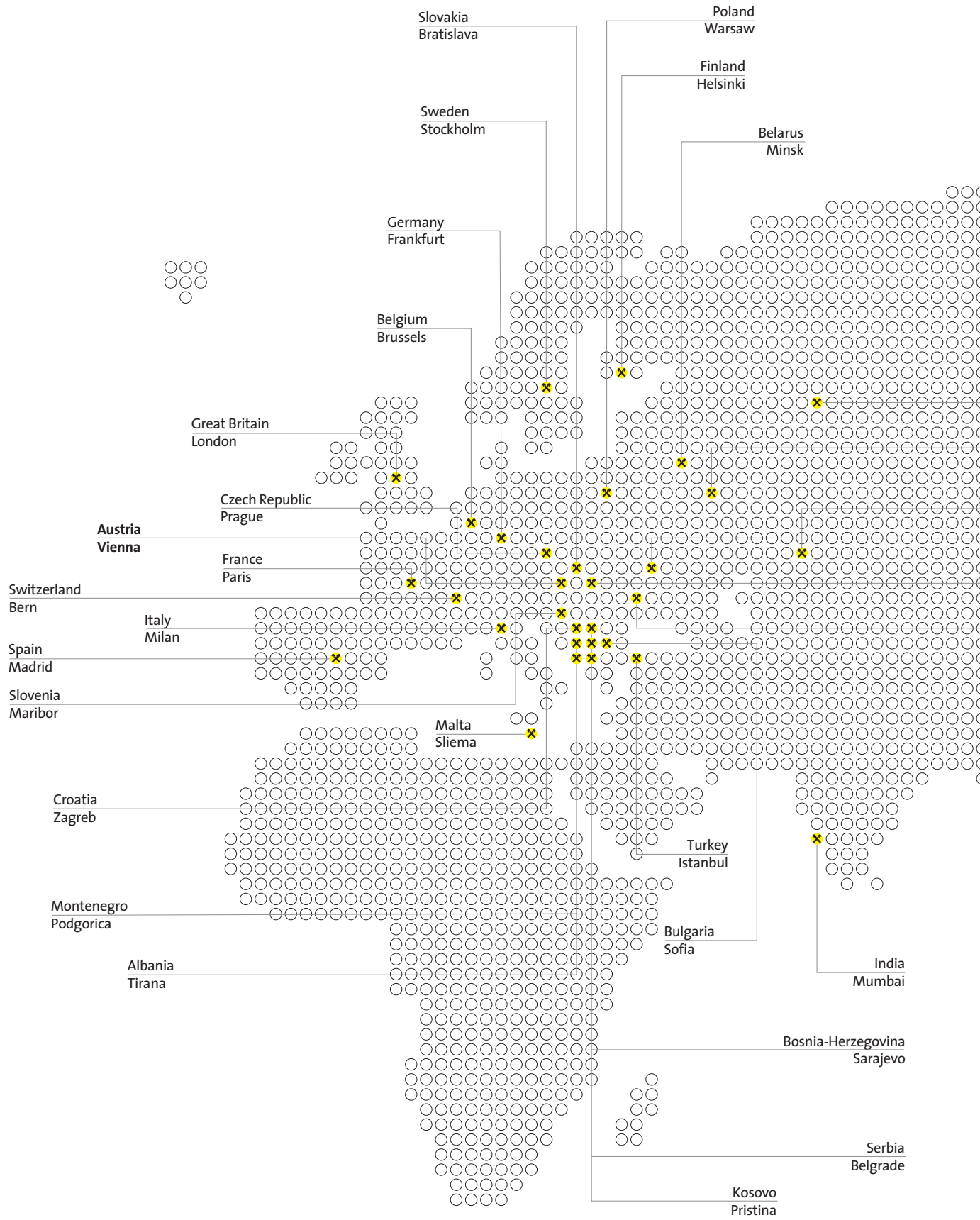


Walter Rothensteiner
Chairman of the Supervisory Board



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The RZB Group



An Overview of the Raiffeisen Centrobank Group

The financial crisis triggered by the US property market developed last year into a global conflagration that particularly affected the investment banking sector. Many major institutions made massive losses or even slid into bankruptcy as in the case of US-based Lehman Brothers. Others, such as Bear Stearns and Merrill Lynch, had to be rescued at the last minute. By contrast, Raiffeisen Centrobank, the equity house of the RZB Group, coped successfully with the crisis and posted very respectable profits again in the 2008 financial year.

The decisive factor here was the business model that differs markedly from that of American and British institutions and proved stable during the previous year. Raiffeisen Centrobank concentrates on the equity financing, securities trading and sales, certificates, private banking and mergers & acquisitions sectors, in which it covers the EU area with a particular focus on the Austrian market and the countries of Central and Eastern Europe. The growth in the balance sheet total was brought about by organic growth and an expansion of the product and customer base. The pillars of Raiffeisen Centrobank's business activities are the high turnover and transaction frequency of securities trading, the strong customer base and the supraregional approach that now also comprises an integrated range of services for the CEE region.

Securities Trading and Sales

Raiffeisen Centrobank is among the largest securities trading institutions on the Austrian capital market. It is also one of the leading investment banks in the CEE region. Furthermore, it is one of the largest issuers of warrants and certificates. As a specialised equity bank it was unable to escape the impact of the major financial crisis and its revenues and earnings in the year under review failed to reach the above-average figures for 2007. Raiffeisen Centrobank's share of the domestic equity market and on the Austrian Futures and Options Exchange (ÖTOB) remains high.

Equity Capital Markets

As one of the leading domestic investment banks, Raiffeisen Centrobank has a strong market position in the equity capital markets sector in both Austria and Central and Eastern Europe. The environment for IPOs was extremely unfavourable in 2008

so that other products such as recapitalisations, consulting mandates, relistings and convertible bonds were promoted and achieved a satisfactory result.

Company Research

In the area of company research, Raiffeisen Centrobank regularly analyses 100 companies in a total of eight countries. The team of analysts comprises 30 employees and was internationally rewarded again last year. The sector specialists in Vienna and local experts in Eastern Europe jointly cater for both the Austrian and key Eastern European equity markets.

Private Banking

Raiffeisen Centrobank caters for some 800 private banking customers. Two thirds of these are private individuals while one third is made up of companies and trusts. Customers are offered professional and risk-aware investment and financial advice as well as tailored portfolio management, with the focus placed on securing assets. Owing to the financial crisis, the assets under management in the field of private banking at Raiffeisen Centrobank fell from euro 1.8 billion to euro 1.45 billion in 2008. Despite the challenging market situation, new customer assets were also gained last year.

Mergers & Acquisitions

Raiffeisen Investment AG is a fully-owned subsidiary of Raiffeisen Centrobank and the leading M&A and privatisation consultant in both Austria and Central and Eastern Europe. It is represented by its teams in a total of 13 countries and its sector expertise covers all key industry sectors. In the 2008 financial year the experts at Raiffeisen Investment AG were involved in a total of 33 transactions. Due to the financial crisis there was a decline in M&A business above all in the second half of the year which was compensated by a rise in government mandates. The co-operation with the international investment bank Lazard that has existed since 2007 developed very successfully.

Commodities Trading

The group is also active in rubber and olefins trading via its subsidiaries Centrotrade Holding AG and Centrotrade Investment AG.

The Raiffeisen Centrobank Group Highlights of the 2008 Financial Year

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Securities & Certificates	Membership in Bucharest Stock Exchange	Largest market maker on stock exchange in Vienna	First certificates listed on the Budapest Stock Exchange in February 2008 in cooperation with Raiffeisenbank of Hungary.
Expansion of listed certificate product range on the Warsaw and Prague stock exchanges	Award for "creation of a new segment at Warsaw Stock Exchange" for pioneer listing of investment certificates in Poland awarded by CEE Market Forum 2008	Certificates Award Austria – overall winner	Innovations in commodity certificates
>		>	
Company Research	Named no. 1 in the category of "accuracy of earnings forecasts" by US analytics firm StarMine	ECM Austria & CEE	The Banker – Deal of the Year award 2008 for STRA-BAG IPO (EUR 1.3 billion)
With AT&S guided another Austrian company listed abroad through relisting on stock exchange in Vienna.	SPO: X5 Retail Group (USD 1.18 billion), Russia	>	
		Raiffeisen Investment AG	EMEA Finance Award: Best M&A House in CEE
EMEA Finance Award: Best Deal in CEE: Acquisition of Romania's Asiban by French insurance group Groupama	Heineken: Acquisition of two breweries in Belarus	Stock exchange in Vienna: Acquisition of Ljubljana Stock Exchange	The Banker – 2008 Deal of the Year award for advising AIG on purchase of Bulgarian telecommunications provider BTC (EUR 1.6 billion)



»»DESPITE THE POOR PERFORMANCE, THE INTEREST IN INFORMATION ON THE PART OF INVESTORS WAS HIGH IN 2008 AND AT TIMES EVEN HIGHER THAN IN PREVIOUS YEARS.««

Wilhelm Celeda

Head of Securities Trading & Sales

How did the Securities Trading and Sales area of Raiffeisen Centrobank handle the crisis of 2008?

Naturally, the financial crisis had an impact on us as well. Last year we saw significant declines in sales, and profits also fell steeply. However, overall Raiffeisen Centrobank, the securities company of the Raiffeisen Banking Group, stood its ground as one of the leading investment banks for Austria and the region of Central and Eastern Europe – even amid the turbulence of 2008.

What was the most stressful point for you last year?

The most difficult phase was in September and October when the financial market as a whole collapsed. Every day we met with other bad news about other banks. We had to re-analyse the risk positions and gain control of the situation.

What did you do in the equity sales area to keep investors informed?

We continued to focus on informing international investors about the Austrian stock market and the CEE markets by means of analyses and road shows that we organised. The highlight, as in previous years, came in April with our event in Züri. 55 Austrian and Eastern European companies and 120 institutional customers attended – new record numbers in both cases. Conferences were held in cooperation with the stock exchanges of Vienna and Ljubljana. Moreover, together with a total of 55 listed companies, we organised individual road shows and 36 presentations of our research publications to institutional investors in Vienna and major European trading centres. In other words, we stood by our strategy of offering comprehensive service for the stock markets in Austria and Central and Eastern Europe.

Share prices last year plummeted. Particularly those of Austrian companies, which in previous years had performed excellently, took a beating. With such a negative atmosphere, do road shows and presentations even make sense?

Despite poor price performance, interest was high, at times even higher than in previous years. Obviously there is increased demand for information among investors, precisely because of the uncertain situation. They have a need to talk with management to get a personal impression of listed companies, in addition to their share prices. What's more, some of our competitors can no longer cover the regions of Austria and CEE due to cost cutting measures, and this has impacted service quality. This made our offerings even more popular.

How did the structured products area perform last year?

Our issuing activity encompassed the entire range of products, from guarantee certificates, index and basket certificates all the way to bonus certificates, warrants and turbo certificates. This provided the right instrument for every risk propensity among investors and also favoured market entry to more exotic stock markets as well, such as Kazakhstan or Ukraine. In 2008, we expanded the range of certificates listed at the trading centres of Prague and Warsaw; in Budapest our structured products were listed for the first time. In 2008, as in previous years, the sustainable quality of our work bore fruit in the form of numerous awards.

How do earnings play out, in figures?

It goes without saying that our figures reflect the financial crisis. Compared to the 2007 financial year, which saw record earnings, there was a drop of about 60 percent, although the contribution of the Securities Trading and Sales area remains unrivalled with a 55 percent share of total earnings.

What was the trading volume on exchanges like last year? Business was certainly enormously difficult, particularly in the fourth quarter when the financial crisis came to a dramatic head.

After 2007, which was marked by record trading volume, 2008 was dominated by sharp drops in volume. And the smaller and less liquid a financial market was, the more drastic these drops were. As a result, trading volume on the stock exchange in Vienna decreased by about 24 percent to EUR 144 billion. In Germany, trading volume declined by only 12 percent, while in Romania it fell by roughly 50 percent. These figures show clearly that risk reduction was the focus in 2008. Across the globe, measures were taken to reduce the total assets and thus the risks of the banks. The result of this was that equity transactions, particularly in the fourth quarter, nearly came to a halt in Austria and the CEE region, which is our focus. Our main task was to seek investors for blocks of shares that became available due to repayments to investment funds, in order to effect a transaction that was satisfactory for both parties.

And how was trading volume at Raiffeisen Centrobank?

The trading volume of Raiffeisen Centrobank on the stock exchange in Vienna, which reached record heights in 2007 with EUR 18.1 billion, dropped last year to EUR 10.4 billion. As a market maker, we are still number one in Vienna – we manage most of the Austrian shares. Our total trading volume in the area of Securities Trading and Sales fell from EUR 58.8 billion in 2007 to EUR 36 billion in the 2008 financial year.

How did nostro trading at Raiffeisen Centrobank do last year?

In our nostro trading, we also attempted to reduce risk positions and thus take into account the new market climate and its higher volatility and lower liquidity. Considering this extremely challenging environment, the results were very satisfactory. That also shows that ongoing monitoring of positions and thus of risk functioned excellently.

What are your expectations for 2009?


At the moment, there is great uncertainty. Neither analysts nor companies can offer reliable forecasts. Naturally, that has an effect on the behaviour of investors. For this reason, trading volume on exchanges could continue to decline significantly, not only because prices have seen another steep drop even since the beginning of the year, but also because of the low level of activity among our customers. We see recovery taking place when the money and credit markets stabilise.

Eastern Europe is currently assessed negatively by analysts across the board. Is that justified, in your opinion? And what impact does it have on Raiffeisen Centrobank if international investors avoid the financial markets to the east?

I think that one should take a differentiated view of Eastern Europe. Markets such as Romania or Ukraine are having persistent problems and will need more time to recover. Markets like Russia or Poland are much more mature, and there I expect initial signs of recovery earlier on, roughly at the same time as the Western markets. The aversion investors have toward Eastern Europe naturally affects us. But we will continue to focus on it. Once we have weathered the crisis, our involvement in these countries, in terms of both trading and analysis, will pay off.

Several international banks are withdrawing from Eastern Europe because of the financial crisis. Will this benefit you?

I think that it will enable us to gain market share in the region. That, along with increased activity in our nostro trading, will help us to compensate at least partially for the lower trading volume that is expected.

A professional portrait of Heike Arbter, a woman with short blonde hair, smiling. She is wearing a black blazer, a pearl necklace, a watch, and a ring. Her hands are clasped in her lap. The background is a dark, gradient wall.

»CERTIFICATES HAVE
WITHSTOOD THE TEST
OF FIRE VERY WELL THROUGH
THE FINANCIAL CRISIS.«

Heike Arbter
Deputy Head, Structured Products

Heike Arbter

Deputy Head, Structured Products

How has last year's financial crisis affected the Austrian certificates market, and what was the situation at Raiffeisen Centrobank?

As measured by the outstanding volume Austria's certificates market with private investors amounts to approximately EUR 12 billion. It shrank by almost six percent due to the financial crisis in 2008. The decline turned out to be very mild because 80 percent of the volume accounted for guarantee certificates, i.e. the safest category. There was hardly any returns here. The decline at Raiffeisen Centrobank was greater at 12.5 percent. Raiffeisen Centrobank is offering more leveraged products and has focused strongly on East European products. In both of these areas there have been more returns due to increasing perception of risk. On the other hand, index-linked life insurance products did well. Here we have created products with equity components for insurance companies.

What advantages do certificates offer to customers?

In making his stock or index assessment, a customer may not only map his thematic priorities through the correct selection of certificates but also coordinate these with his own risk tolerance. Anyone willing to accept a market risk selects the index certificate. Anyone able to risk more reaches for turbo certificates or warrants. For a smaller risk appetite, there is a large palette of so-called risk-optimised products such as bonus or discount certificates, right up to products with a full capital guarantee. In addition, certificates are easy to handle and have a permanent secondary market.

How extensive is your product palette and which products were most in demand last year?

We offer a full range and, with approximately 2,000 products, we are no. 1 in Austria. The greatest share of sales is guarantee and index certificates. About 20 percent of our sales are turbo certificates to investors who can tolerate risk.

What innovations were there in the area of certificates last year?

There were enormous price fluctuations in the commodities market in 2008. With our short certificates, which were new to the market, one could position oneself for a commodities price decline without leveraging for the first time. Also new were out-

performance certificates. One buys this product with the hope that, for example, the price of gold will outperform the Eurostoxx. Our work was, accordingly, also highly valued last year. We were the overall winner at Certificates Award Austria 2008 and in Warsaw received the "Award for Creation of a New Segment at Warsaw Stock Exchange."

Legally, certificates are bonds of a bank. The purchaser thus bears the issuer-related risk. Did you notice uncertainty with the customers after the collapse of the US investment bank Lehman?

That was less the case in Austria, very much in Germany where the Lehman bankruptcy made big waves. The German certificates market, which is likewise very much dominated by guarantee products, shrank last year from EUR 135 billion to EUR 80 billion.

What new exchange listings were there last year?

All of our products are listed in Vienna. The market place in second place for us is the EUWAX in Stuttgart, the largest certificate exchange in the world. In 2006, we listed certificates for the first time in Prague; in 2007, in Warsaw. In both markets, we expanded the palette of listed certificates. In addition, there was a listing in Budapest for the first time last year in cooperation with Raiffeisenbank of Hungary.

What expectations do you have for 2009?

Certificates have withstood the test of fire very well through the financial crisis. Interest is growing in these products, which have also made derivatives acceptable to private investors. Above all, in view of sinking interest rates, many investors who took hold of their savings book last year are looking around for alternatives again—and that could also well be certificates. Low-risk products like guarantee and bonus certificates are especially in demand. Commodity certificates might also continue to be interesting. Additional goals are the continuing expansion of the product palette and a listing on the certificate exchange Scoach.



**»»ANYONE IN OUR
BUSINESS WHO
HAS NOT LIVED
THROUGH A CRISIS
IS NOT A FULL-
BLOODED ANALYST.««**

Birgit Kuras

Head of Company Research

What distinguishes the research of Raiffeisen Centrobank from other firms? What is your USP?

With our team of 30, we completely cover the domestic and major East European stock markets. We are constantly covering a total of 100 companies in eight countries. For many international firms, the analysis of the eastern region is only an add-on. We not only study these regions, we live in them. We have a comprehensive network there and are able to use the integrated expertise of the group. Also in Austria, the capital market has gradually developed. We are now in a perfect position to use the years of experience which we have acquired through this.

Is the analysis at Raiffeisen Centrobank organised by industry or country?

We have been pursuing an industry approach for some years, which has very much proven itself. Sitting in Vienna, individuals in charge of a sector take responsibility for an entire industry. The local analysts on site contribute local expertise and local news-flow within a matrix structure. Sustainability is very important to us. We will continue our approach to the east and the matrix structure and not start something else two years from now.

How did 2008 go for you, and what did investors attach special importance to?

In difficult times, research is of fundamental, if not utmost, importance. Economic cycles have always existed. This is nothing new for analysts. This time, however, the financial market crisis and the recession coincided to a completely surprising degree that did not allow any planning. We analysts were presented with a difficult task. It was a situation that had not occurred since analysis began. The primary problem was that the companies themselves no longer knew what growth to expect in the coming months. Analysts work with scenarios, and this want of guidance from the side of the companies pushed the assumptions of the forecast models into an extremely broad arc. Consequently, target prices and recommendations often no longer corresponded. The individual research firms were sometimes miles

apart in their assessments. Investors clearly focused on liquidity with the motto "cash is king." Growth was less important than the question whether a company would survive the crisis at all. There was a tendency to demand defensive stocks with high dividend yields.

In the opinion of many investors, stock analysts completely failed last year for reacting much too slowly to the crisis. Does this criticism give you food for thought?

Of course, I am concerned about it, and it is a fact that all analysts in the world were not quick enough. We analysts obviously also prefer to be optimistic. You always have to keep in mind that analysis consists of more than target prices and recommendations. In order to support investors in their decision making, the main concern is to filter out which factors influence the result and how strongly. And, precisely in difficult times like these, in-depth research is in incomparably much greater demand than mere trading ideas. It was important that we did not go into seclusion like many other banks but consistently expressed clear opinions.

Are analysts afraid of making a sell recommendation for a stock?

We do not shrink from it. We also make reduce and sell recommendations, although less frequently than buy recommendations. The affected companies can live well today with reduce or sell. The times have passed when there were complaints in such cases. The field has become much more professional.

How has the job as analyst changed over the years?

Our work has changed dramatically. It was just desk work before. The work was supply-oriented. We simply circulated information. Today, analysts are very close to investors and know their desires and needs. Today, investors generally are extremely well schooled and speak directly with the analysts. There are more presentations and investor functions than before, and we more frequently visit the companies we analyse. Due to the great volatility, right timing in analysis has grown even more important.

There are star analysts, primarily in the Anglo-American sphere. Who are your stars?

We have a star team. After a restructuring two years ago, we now have a very well recognised, powerful team – but without all the airs of a star. The group is very cohesive. Friendships extend beyond collegiality. These are very important factors for success.

How do you find out whether investors are satisfied with your work?

Frequently directly – there are more and more investors who speak directly with us analysts. We also receive feedback through our colleagues in the sales department. And, in addition, there are official rankings in which our work is assessed objectively. In our research team at Raiffeisen Centrobank, we are especially proud of being ranked number one in the category of accuracy by the American analyst firm StarMine. In accuracy of recommendations, we were number four worldwide and thereby the best Austrian bank. Such distinctions create a great amount of trust in the customers.

Does the research at investment firms like Raiffeisen Centrobank also open doors for customers in other departments?

Yes, clearly. We have credit of trust with issuers who know and value our research. Good analysts are desirable contacts for issuers because through our industry approach we know their market and also know what investors are thinking. Our work thus often opens the door to other departments, all the way to private banking.

Have you learned lessons from the financial crisis?

Anyone in our business who has not lived through a crisis is not a full-blooded analyst. A certain degree of humility is also important in our trade, and you learn much more in times of crisis than when the markets are booming.

What will be the focal points of your work in 2009? There will be hardly any IPO candidates for you to analyse?

No, there will not be very many of them, but perhaps increases in capital. We will continue to cover our universe. We want to design the products so that they are even closer to the market and timelier. Thus we want to provide investors with a clear opinion and as much information as possible, above all in the industries which are momentarily of greatest interest. Examples are our sector reports on banks and the oil and gas arena. In addition, we want to be quicker with our products, possibly reacting immediately with an initial assessment to news from the companies. Then more in-depth analysis containing comprehensive planning models will come later. Investors really appreciate this multi-stage concept.

Due to the financial crisis, some firms are reducing the number of their analysis experts. How is your firm reacting?

We are seeing this reduction with some competitors, and it is certainly a disadvantage to investors when diversity of opinion is missing for many companies. Raiffeisen Centrobank is not making any reductions. The coverage of our universe, which includes approximately 100 companies, is continuing to be conducted without interruption. We are not fair weather analysts – we work in good times and in bad.



»WE DID NOT COME UP WITH ANY TOXIC PRODUCTS AND WE DID NOT BOTCH ANY OF OUR ISSUES.«

Gerhard Grund

Member of the Executive Board, Equity Capital Markets

How did the turbulence on the capital market affect business in the equity capital markets area?

2007 was the best year in our history. The positive impact of the two major transactions that we engineered that year – the IPO of Strabag and the capital increase of Raiffeisen International – spilled over into 2008. What emerged in 2008 from the collapse of the capital markets and the recession was a toxic cocktail that forced even very experienced and hardened investment bankers to face a challenge like none they had ever seen. Some sectors of the capital market were completely down. Across the globe, the IPO business fell apart. On the domestic capital market as well, all IPOs were cancelled or postponed indefinitely.

When you lose your most important business, you can either wait for better times or look around for alternatives. How did you react?

We quickly concentrated on other products. For instance, we masterminded the capital increases of AUA and Uniqa Versicherung. We also accepted various consulting mandates and relistings such as that of AT & S and conducted takeovers, ultimately closing out 2008 on a very successful note. Our decades of experience in the capital market have given us plenty of know-how when it comes to difficult phases, most recently in 2002 and 2003.

Is it possible to reorient yourself that quickly?

We are a relatively small team, and thus are not as compartmentalised as the large international banks. In our organisation, every employee must be capable of many things. This allowed us to react flexibly to the changed situation. The age of standard products in the capital market business is over, and Raiffeisen Centrobank benefits from that too.

How do you gain new customers?

As a rule, we always approach our customers actively – assisted by the customer advisors of RZB – rather than waiting for the companies to come to us. Particularly in difficult times like these, we concentrate strongly on finding out what the customer's needs are and whether there are products that suit his situation.

What is the bottom line as far as your earnings go?

In 2007 we were in charge of the largest number of IPOs and the heaviest volume listed on the stock exchange, thereby generating absolutely record earnings. In 2008, despite the extremely negative climate, we brought in 80 percent of the previous year's earnings, albeit with other products. In our business as well, linear thinking is a thing of the past.

Will the capital market business essentially change due to the financial crisis, or will everything proceed as before after two years?

I think we will have to lower our sights in future. The deals will simply be smaller, and for the foreseeable future I do not expect to see any of the gigantic IPOs that bring investment banks high fees. There will be fewer transactions, and smaller ones. They will include consulting mandates involving the question of how companies can streamline their financing and shareholder structure.

Investment bankers are currently under heavy fire because they are seen as the cause of the global financial crisis. As head of the ECM area, what is your take on this criticism?

The criticism does not apply to us at Raiffeisen Centrobank. I can still look anyone who has bought a product from us in the eye. We did not come up with any toxic products, and we did not botch any of our issues. Every share transaction that our firm made in the past yielded price gains for the investor after the deal was made. Even the Strabag share, which entered the market at a critical time, rose slightly before the entire market, and then the share, collapsed. Unlike the major international investment bankers, we even gained confidence. They devised the right financial instrument for everything except, to date, the market crisis.

What are your expectations for 2009?

As mentioned before, we will have to lower our sights. For at least the first half of 2009, I do not expect to see any IPOs. On the other hand, we will most probably see capital increases – larger ones, in fact. Investors still have access to money; what we are currently experiencing is a reluctance to accept offers. I expect to see a paradigm shift in capital increases. Until now, they were primarily used to finance large takeovers. The market wanted a growth story, and nothing else was sexy enough. In future, companies will use capital increases primarily to improve their balance sheet structure. That doesn't sound very exciting, but it will be necessary, because it will become more important to banks that companies have an adequate capital ratio.

How is Raiffeisen Centrobank different from its competitors? What sort of competitive advantages do you see emerging from the transformation on the equity capital markets?

One of our strengths is the manageability of the firm and our lean and flexible structure. We are able to “tailor” the products that our customers need cost-effectively. Another advantage, particularly in difficult times, is the well-developed network of Raiffeisen and the option of offering the entire range of investment banking products in cooperation with Raiffeisen Zentralbank Österreich AG. If an M&A transaction is more cost-effective for a customer than a capital increase, we have specialists available for that through our subsidiary Raiffeisen Investment AG. The stability of our customer relationships is of the utmost importance to me. We have been in existence as an ECM team for longer than most CEOs or CFOs have remained in office at companies listed for trading in Vienna. We are completely familiar with the companies managed by us and their corporate bodies, and – unlike our international competitors – do not have to conduct “surveillance” first. We focus on shares, and thus offer consistency in our product range. Unlike other firms, we do not keep coming up with brand-new gimmicks. Also, there is good collaboration between the Equity Capital Markets, Sales and Research areas. Although we must comply with strict regulations calling for Chinese walls between the departments, organised knowledge transfer simply works better if the industry analyst is two offices down the hall rather than in Chicago.



**»IN 1998, RUSSIA
WAS COMPLETELY
OUT, AND TWO
YEARS LATER THIS
MARKET WAS
BOOMING AGAIN.«**

Erich Obersteiner

Head of Equity Capital Markets CEE

Eastern capital markets were also fully impacted by the financial crisis in the preceding year. At Raiffeisen Centrobank, you manage the Equity Capital Markets Central and Eastern Europe unit – how strongly did this collapse affect you?

In the region under our charge, the environment for initial public offerings was still rather good at the beginning of 2008. We started off with a full IPO pipeline. Starting in the summer, sentiment clearly worsened and the issuers withdrew from all projects on which we had already worked. It was no longer possible to place IPOs. We participated in the Russian retailer, X5's, capital increase and that was the only one which we were able to bring to the floor. There were no new mandates. Transactions that had been prepared were cancelled or postponed for the long-term. During the third quarter of 2008, year-on-year IPO volume in the region collapsed by 90 percent. Then in the fourth quarter, everything stopped. And, by the way, the situation in the West wasn't any different: There were months in the US where there wasn't even a single new company going public. We hadn't experienced something like this in ten years.

How did you react to this difficult situation?

We expanded our palette beginning in the fall of 2008 because IPOs and capital injections, which are our core business, fell into a complete lull. Once we analyzed what worked really well in the past – even during times of bad markets – we turned our attention to the convertible bond. Even during difficult phases, this product can be of interest both to issuers and to investors. We already have several projects, for example in Russia and Slovenia, and several more are in the pipeline. Even delisting is an issue now; and this is something for which we offer know-how support. Many countries in Central Europe urgently need money and are being urged to privatise by the International Monetary Fund, which grants credit lines only under strict conditions. But at the moment this isn't that easy to implement either. Exchangeable bonds which function like a convertible bond, could be an interesting solution for these governments. So we offered this at the same time as we offered investor relations packages, independent company valuations, fairness opinions, or pre-IPO advisory. Depending on the company's situation, this can take up to one and a half years which is why now is the ideal time to do it.

In terms of income did these alternatives compensate for the lack of IPOs and capital increases?

Also in terms of income, an IPO is the royal product of the capital markets business. Our business is extremely cyclical. While for example the automotive industry will already experience serious problems when there is a 20% collapse, swings of up to 90% are not rare events for us. In times like these, we are happy if we are able to cover our costs.

Central and Eastern Europe were praised during the last few years as growth markets. Now analysts consistently give these countries extremely negative evaluations. Given your on-site experiences, how do you see the outlook for the region?

I remain convinced that over the long term it offers more opportunities than risks and that it will recover again. No one should ignore how we in Austria have already profited significantly from Eastern Europe. For several years now the growth rates in the East have been very high, in which case there naturally will be a correspondingly high likelihood of a correction. All in all, growth in the region even now is markedly stronger than in Western Europe. The current phase is naturally a real challenge. In the long term, the opportunities in Eastern Europe are far greater than in the West. They have raw materials, a large domestic market, and well educated inhabitants who are ready to improve their lives.

Are there differences between individual countries and how do you think Russia will continue to develop?

It would be completely wrong to see the entire region as just one block. There are enormous differences. Countries which belong to the EU should be judged differently than those which do not. Russia will certainly overcome the crisis. There, they have built a huge state reserve from their oil income. Today, Russia is in a completely different position than it was in the 1990s when it also found itself in a difficult financial crisis. In those days, the Russian government was completely at its end. Now the oligarchs are at the end of their tether. Now the state is taking back their companies for next to nothing. Certainly this is an irony of fate. Russia is the only country in the East which is implementing an active program for banks and business. This too is positive.

You expect then that Eastern Europe will recover again economically. When will these markets be in demand again for international investors?

I expect this trend reversal will occur no later than when Western European investors start to post initial profits. They will turn their attention back to the region as soon as profits in the West start slackening and new opportunities open up in Eastern Europe. That it works like this, we learned at the end of the crisis in the 1990s. In 1998, Russia was completely out; and two years later this market was booming again. Initially, the recovery will take root in the large markets and then it will spread with a time lag to the smaller ones. Based on the assessment, some of the Eastern European markets are extremely cheap and the fundamentals and enormous potential for catching up continue to speak for the region.

What is the outlook for the Eastern European capital markets business?

It is an unfavourable climate for classic public offerings. If anything at all will move then it will be a very small number of special IPOs during the second half of the year. Here, the agricultural products sector could be particularly interesting. Agricultural products like wheat and soy could easily be used for obtaining en-

ergy in countries like Romania, Bulgaria, Serbia and Belarus. Only after 2010 are we counting on a clear revival of the IPO market. But for capital increases the Eastern European market will revive even earlier. Given the credit crisis, companies will have to make greater efforts to tap alternative financing forms. Even the number of consulting mandates will increase – and for two reasons in particular: The companies have to adjust to the new financing conditions and those who stay with a public offering solution over the medium-term will use the intervening time for intensive preparations. We are also reckoning with good opportunities in unorthodox privatisations; such as via exchangeable bonds.

You operate in a total of 17 countries and cover the entire Eastern region all the way to Kazakhstan. Will you pull back your presence because of the crisis and even withdraw from a few countries?

We cover the region from Vienna; we accomplish this by working very closely with local units of Raiffeisen International Bank Holding AG and our subsidiary Raiffeisen Investment AG which we also use as a marketing arm. Raiffeisen will certainly remain in Eastern Europe. For the time being, and from our location in Vienna, we will focus our attention on larger countries because that is where the recovery will begin. Poland will be the quickest to recover. Russia too will come back; and even Romania, given the size of its market. In the smaller countries, our plan is to concentrate on specialty products. The crisis could even create greater opportunities for us because the international investment banks are tearing down their tents there so that, with the exception of Russia and Poland, large competitors are no longer on the market.



»WE HAVE FULL LATITUDE IN CHOOSING PRODUCTS. THIS MEANS THAT OUR CUSTOMERS ARE NOT REDUCED TO BUYING A HOUSE PRODUCT.«

Monika Jung

Head of Private Banking

The international financial markets of 2008 were shaped by the worst crisis since the 1930s. How did you in the Private Banking department of Raiffeisen Centrobank react to this difficult situation? Although we too were taken by surprise by the extent and duration of the crisis, we reduced risk continuously in customer investments. In other words, we sold equities on an ongoing basis, although by current standards we certainly could have taken more radical action. Eliminating risk and parking funds in safe havens like fixed-term deposits or short-term government issues is the only possible strategy. We deliberately did not make bear market speculations because as a matter of principle, we use derivative instruments on customer portfolios only for hedging purposes. It was also important to us to maintain especially intensive contact with our customers. I am sure that my employees and I had five times as many conversations with customers last year as in "normal" years.

What phase was the most stressful for you and your staff, and where do you get your motivation in situations like that?

The end of September and beginning of October were the worst two weeks. What is important in such phases is to work together well as a team. Reacting to external crises by assigning blame internally is of no use. In the extreme phase, we met several times a day to analyse the situation together and settle on appropriate steps.

What is the investment philosophy of your company? What makes you different from the competition?

Our hallmark is professional and risk-aware investment advice and active, tailored portfolio management. The primary aim is to protect the assets of our customers. Naturally, we offer the entire range of securities – equities, funds, bonds, certificates etc. – and are free to choose any provider when selecting products. This means that our customers are not reduced to buying a "house product" if another would be better for them – a feature that is widely appreciated. Our core competencies include not only investment advice and portfolio management but also bro-

kerage. Our trading-oriented customers benefit from our customer advisors' closeness to the market and the high number of direct stock exchange connections Raiffeisen Centrobank has. Shares can also be purchased by phone; our own traders carry out the orders immediately.

How many customers does Raiffeisen Centrobank Private Banking have, and where do they come from? Do you also manage ultra-rich Russians?

We have about 800 customers. Two-thirds of them are private individuals, and one-third is enterprises and foundations. One-fifth of customers come from other countries, and several of those are from Eastern Europe. Through a cooperative venture with Raiffeisenbank Moscow, we have received several customers from Russia, but in those cases as well, the customer portfolio is as diversified as with other nationalities. In principle, this group of customers invests very conservatively, mainly in fixed-term deposits and government issues in USD or EUR.

How did the assets managed by your company perform in the past year, and how much did your customers lose last year?

The assets that we manage decreased last year from EUR 1.8 billion to EUR 1.45 billion. Customers who have portfolios with low to medium risk experienced losses of up to 10 percent. Those with more risk propensity lost 15 percent to 20 percent. Naturally, any loss is painful to a customer, particularly when there is no prospect of recovering it in the immediate future. The developments were particularly bitter for those customers who had not been investing in shares for long, and thus did not benefit from the good years up to 2007. One positive aspect is the fact that our customers did not buy shares on credit.

How did customers react to the fact that they suffered losses, while simple savings books earned good interest?

They were brave about it. I have worked in the banking business for 20 years. Investors today are much better informed than they used to be. So the trend did not come as a complete surprise to them, and they were well able to interpret the causes. We even gained new customer accounts – in other words, despite the poor market conditions, we gained additional trust. Naturally, however, the need for advice and ongoing communication has increased.

Several of your competitors, such as Constantia Bank or Meinel Bank, have become the stuff of negative headlines. Has your company benefited from this?

Yes, there were numerous customers from both banks who transferred their investments to Raiffeisen Centrobank, but in principle, such developments are primarily to be regretted and are not beneficial for the marketplace.

What investment strategy did you pursue in 2008?

Unlike several of our competitors, we began as early as February to sell commodity funds. Starting in May, the equity ratio was systematically lowered. We sold in several stages – across portfolios. The funds were parked in fixed-term deposits and government issues with short maturities. In doing so, we relied on jumbos, i.e. large issues, and naturally those with the best ratings. Although several banks deployed special products with an inflation bias in 2008, we did not. We did not believe in it, and developments have proven us right. Inflation is not of interest now.

What is the outlook for you today?

Because we believe further setbacks are possible, we are continuing with our defensive strategy for the time being. In the case of corporate bonds, we are proceeding with extreme reserve. Because both governments and companies will be issuing huge volumes today, we can assume that better returns will be there for the taking if we purchase later on. We do believe in shares and particularly in securities with asset values that show a sustainable and transparent business model and a corresponding history. In the next few months we intend to buy more cautiously, in several steps. The focus is on established markets, i.e. the euro-

zone and the USA. As for industries, we will take a positions on foodstuffs, health care and utilities. Later on we might venture again into cyclical, for instance in engineering. What will be extremely important is the selection of individual stocks. As for government issues, we are sticking with solid EU countries like Germany, Austria or France and maturities that do not run past 2011. Interest on fixed-term deposits has dropped drastically. But if you want to park your funds, you have to accept this. We advise those who are willing to accept more risk to buy bonus certificates.

Do you think the financial crisis will trigger a general shift among investors?

The customers still only want investment products that are clear and comprehensible. This also applies to extreme transparency with regards to conditions and costs. Moreover, investors have become very disciplined; there are more limit orders and stop losses than there used to be. That is where we are headed. Buying shares and then holding them is no longer “in”. When you make a wrong investment decision, you pull out after a short time.

When do you see the turning point coming to the global capital markets?

The turning point could come when the companies once again have good news. The lows that we have reached make it easier to show an improvement. Once sentiment improves, the stock market will favour recovery as well. Last year, depending on the company, we saw 40 percent to 80 percent drops, so a 50-percent recovery is quite possible. However, we will still have to expect huge leaps in prices. It is almost certain that the markets will remain volatile.



»VALUATIONS HAVE BEEN CUT IN HALF AND WILL CONTINUE FALLING. AT SOME POINT WE WILL REACH THE BOTTOM, AND THEN IT WILL BE TIME TO ACT.«

Heinz Sernetz, Wolfgang Putschek and Martin Schwedler

Executive Board Raiffeisen Investment AG

What are Raiffeisen Investment AG's core competency areas, and what countries and industries do you do business in?

Sernetz: We're the only company in the corporate finance area with an on-site presence in all of Central and Eastern Europe and in Turkey. We are the leading M&A and privatisation consultants in the region. In Vienna we have an industry orientation, covering all the key sectors of the industry. The areas of expertise include energy, telecoms, chemicals, pharmaceuticals, as well as steel, consumer goods and foodstuffs. Our sector specialists maintain a close relationship with the companies they work with and stay abreast of all the latest developments and trends in their industry. We have teams representing us in twelve Eastern European countries and in Turkey and thus have access to local expertise. Our sector specialists work in conjunction with the local teams in conducting transactions. We also work very closely with Raiffeisen International's network banks in the relevant local markets.

How has the financial crisis of 2008 affected your company?

Sernetz: Internationally, M&A transactions have fallen by 50 per cent from the record-breaking year we had in 2007. Business in the first half of 2008 continued to be strong for us and we completed a number of significant transactions. Raiffeisen Investment AG, which is 100% owned by Raiffeisen Centrobank, ranked first in the entire CEE and CIS region during the period measured by the number of deals. Then, in the second half of the year the crisis in the financial markets and the economy began affecting our markets in Eastern Europe, and especially in the fourth quarter M&A volume fell off in the region. The negative effects were mitigated somewhat by the fact that we had more government contracts. We were market leaders, along with a US competitor, in Russia for example in valuation of infrastructure projects.

What were the most significant deals that you oversaw in the previous year?

Sernetz: Altogether, there were 33 transactions. For example, we advised the local company RailCargo in the acquisition of Mav-Cargo from Hungary. We were mandated by the purchaser Yamaha on the Bösendorfer deal and the purchaser of Waldquelle. Other significant deals were the sale of Labormed, the Rumanian generics manufacturer, to Advent, the acquisition of two Belorussian breweries by Heineken / Brau Union, the purchase of the Ljubljana Stock Exchange by the stock exchange in Vienna and several privatisations in the Turkish e-economy. Our strongest markets in the first half of the year were those in Southern Europe, including Romania, and we also were quite active in Russia and the Ukraine. We received four awards in 2008 for our work.

How does the 2008 financial year look in the final analysis? How drastic were the effects of the crisis on your numbers?

Schwedler: With 96 employees, 40 of them in Vienna, Raiffeisen Investment AG had a gross fee volume last year of EUR 25.4 million. In 2007 it was EUR 30.7 million. Earnings before tax set a record of EUR 10.5 million in 2007, dropped to EUR 3.7 million. Here you can see the effects of the financial crisis, but there was only a slight drop in the number of transactions.

Since 2007, you have been in collaboration with the investment bank Lazard. How are things going with this partnership?

Schwedler: The partnership with Lazard is going very well and has been extended by two years. We have already successfully completed six transactions and we are currently working on 20 common mandates. The company culture at Lazard, which unlike the big players on the investment banking scene has not been impacted by the financial crisis, fits well with that of Raiffeisen Investment AG, and this is another reason we are quite satisfied with the partnership.

What are the prospects for the 2009 financial year?

Putschek: The first half of the year 2009 will certainly continue to be difficult in the M&A market, but we should start seeing some recovery by the second half of the year. Overall, we are cautiously optimistic. I do not expect to see any high-profile billion dollar deals this year in the international M&A industry as these transactions, which are typically conducted with high leverage, meaning large amounts of debt, are no longer possible due to the financial crisis. But this was not our market in any case. We also expect higher buying and selling activity in the mid market, with transaction sizes between EUR 50 million and EUR 500 million which is where we are strong. A good part of our mandate portfolio currently consists of cases in which there is a forced sale of a company because of the financial crisis and the transaction values are within the range I mentioned. For example, we have had several orders from Iceland. In the past, Icelandic holdings bought aggressively abroad and now have to sell again as quickly as possible. In general, due to the difficult financial situation many companies are having to realign their strategy and focus on their core business. Areas that are not part of that equation will be sold.

So you are saying that because of the financial crisis you don't expect less business but to have more deals than in economically rosier times?

Putschek: Yes, our portfolio has completely changed. Two years ago people congratulated themselves on each sell-side mandate because there was a 90-percent chance you would find a buyer – either a strategic investor or a private equity company. Whoever paid more made the deal. This trend will reverse in 2009. Promising mandates are those where we advise buyers with a lot of liquidity in acquiring companies.

How has the landscape for M&A deals changed with the financial crisis?

Sernetz: Measured by the multiples that are charged and paid, valuations had already been cut in half the previous year and will continue falling this year. So the companies are getting less expensive. At some point we will reach the bottom, which is the time to act. Another positive effect for buyers will be the depreciation of the currencies in the East, as they will get a larger market share for a price paid in euro than before. And finally, now buyers do not have to pay out much money for inflated goodwill, which was quite common through 2007 and has returned as a boomerang.

Who still has enough money to make additional purchases and what industries do you expect to make the most deals this year?

Putschek: I see three large groups of buyers: first, there are the strategic investors who in the past were not able to compete with the private equity firms. Many of them still have a large war chest and are just waiting for the right moment to enter the scene. Some private equity funds have been collecting money but have stopped their acquisition efforts on account of the financial crisis. They are now starting to feel the pressure and will have to invest. And not all the oligarchs have been ruined financially. There are also those who sold at just the right time and now have large cash holdings. In terms of industry, I expect to see the most activity in relatively stable industries such as food, energy, telecoms and pharmaceuticals. Our firm already has corresponding orders from these industries and we are hopeful we will be able to complete these deals successfully. In the telecoms area, I also expect additional privatisations as many countries in Eastern Europe are having to finance large budget deficits.



»A HEALTHY DOSE OF SCEPTICISM IS JUST AS NECESSARY FOR RISK MANAGEMENT AS COMPUTERS AND RATIOS. WE SHOULD NOT PLACE SO MUCH TRUST IN THE SYSTEM.«

Andreas Rosenbaum

Head of Controlling & Risk Management

For many banks, risk management used to be purely a matter of duty. Now, thanks to the financial crisis, the spotlight has shifted to this discipline. How did all of you at Raiffeisen Centrobank cope with the challenges of 2008?

Basically, because it specialises in trading and brokerage in shares and equity derivatives, Raiffeisen Centrobank was less exposed to the turmoil that gripped the global financial markets than banks which are also active in interest business – particularly that involving credit derivatives – and those with large securities positions. Our systems are geared to a transaction-orientated business model with clearly assigned responsibilities: We never have situations in which no one addresses or notices a pending matter. Particularly during the difficult year of 2008, this was a major advantage. In general, naturally, we have become more cautious and have continued to reduce our risk wherever possible since the summer. Another key factor was that the increase in the total assets of Raiffeisen Centrobank over the past few years was based on the successful placement of our own issues rather than on leverage.

How are the risk management activities of Raiffeisen Centrobank integrated into those of the group parent, RZB?

As a subsidiary of RZB, we are integrated into the risk management system 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. Because we are a specialist bank, we naturally have a different risk profile than the average Group company. The support of relevant systems enables us to concentrate particularly on our core area on our own level of management, as well as on handling the market risks incurred by shares and equity derivatives.

Did the extent of the crisis take you by surprise?

What surprised us, like many others in the industry, was the fact that credit risk – which for years was considered minor, particularly in interbank business – quickly became the issue that determined everything else. One assumed it was under control, given Basel II and its system of ratings and historical default figures. But it does not cover extraordinary circumstances, such as those last September when the US government and the rest of the banking system let the US investment bank Lehman fail.

How does risk management at RCB function in concrete terms, and what were the particular challenges of 2008?

Raiffeisen Centrobank employs the approach of bank-wide risk management, which is based on a clearly defined risk policy and a sweeping planning and financial control process. The focus is trained particularly on market, credit and operational risk. Risk assessment itself relies on linking sensitivity limits to an overall Value-at-Risk concept. Comprehensive stress tests have been developed to supplement this practice. All of these measures, which are described in a detailed risk report, allow the Executive Board to detect and evaluate risks promptly and introduce the necessary control mechanisms.

Because we are a major issuer of certificates and derivatives, we must maintain particular control over the market risk incurred by dynamic hedging. We have gathered years of expertise in this area and have worked consistently to perfect our systems. Last year, in addition to implementing the standards of MiFID and Basel II, we completed an ambitious project to develop the risk management scheme into a bank-wide risk management system with the help of outside experts. It focused on revising and redefining the risk strategy, emphasising risk propensity and risk capacity, developing a Monte Carlo simulation for market risk and quantifying operational risk using parameters consistent with a Value-at-Risk approach.

Were all of these measures sufficient to meet the particular challenges of 2008?

Yes, we can affirm that. The extreme aberrations evidenced by the global financial markets, particularly from September 2008 onward, made hedging significantly more difficult, but we managed to conduct it successfully. In our business with major international investment banks, which we need as partners for many products, we used the opportunity presented by the broadening of credit spreads in summer 2007 to position ourselves more conservatively and to institute precautionary measures.

Another major issue for many banks last year was liquidity risk. We are much less affected by this than other houses. For the most part, we are refinancing ourselves on our own, drawing particularly on the securities issuance business. In doing so, we had no trouble covering small overhangs in the interbank market, naturally supported by the good standing of our parent company RZB.

Many believe that the collapse of Lehman in September 2008 was a key factor in the disastrous development of the financial crisis. Do you share this assessment?

In retrospect, the decision-makers in the USA obviously underestimated the domino effect triggered by the Lehman failure. Up to that point, it was thought that the system would not drop any major bank. But on that day, the world of finance did a complete about-face. The confidence between the banks was gone, and interbank business collapsed. This is the problem plaguing finance – and, to an increasing degree, the economy – today.

Could it happen that you raise an objection to a new product that your colleagues in the Securities Trading & Sales Department hope to launch on the market for risk reasons?

Yes, we do come across product ideas that we cannot support because of the associated market or credit risk. In such cases, the Chief Risk Officer has the last word on the Executive Board. However, in difficult times such as those we are currently seeing on the securities markets, we tend to view product ideas with reserve. Innovations tend to spring up during boom phases.

Many experts believe that the Basel II provisions and international accounting policies not only did not prevent the financial crisis, but actually even made it more serious. As a risk manager, do you share this assessment?

Basel II certainly raised our awareness about coping with crises, but in individual areas it must be viewed critically. This caused people to rely too heavily on systems and forget to maintain a critical view of reality. Basel II has a procyclical effect and thus contributes to the credit squeeze in critical periods. I am also very critical of the US accounting principles. When an investment bank can turn a profit on its worsening credit rating by downgrading its liabilities, it gives you pause. Ultimately, we should take a critical view of how the marked-to-market measurement is implemented. The fact that banks are now forced to evaluate positions for which there is no market certainly has aggravated problems in recent months.

Are there lessons to be learned in risk management that can be applied to the future?

It is important for us to adapt our tools for new developments on an ongoing basis, and we should not place so much trust in the system. We need to understand the business and remember what drives a position, rather than relying on risk tools and their mathematical/statistical methods – as important as they are – alone. A healthy dose of scepticism is just as necessary as computers and ratios.

What challenges do you see for the 2009 financial year? Your work is not likely to get any easier, is it?

No, but it will not be any more difficult than it was in 2008.



**»OUR EMPLOYEES
ARE NOT ONLY
IT-SPECIALISTS, THEY
ALSO HAVE A DEEP
UNDERSTANDING
OF THE BANKING
INDUSTRY.«**

Günter Völker

Head of IT & Organization

As we know, the entire financial industry today is extremely dependent on technology. What are the specific challenges in the IT area facing a firm like Raiffeisen Centrobank which is highly specialised in the securities business?

Our motto for IT is – concentration on the essential and a permanent focus on the “whole”. This requires an IT strategy that is implemented in a consistent way, along with an equally consistent IT architecture management. Uncontrolled growth must be avoided and the IT structure must constantly be scrutinised to ensure maximum efficiency and effectiveness. An effort must always be made to stay fit for competition – and this is a task we believe we are up to.

What distinguishes the IT team at Raiffeisen Centrobank?

We are a small but distinguished team, a high-quality group that brings the right know-how and effectiveness to the ongoing development on our IT systems. The solutions are tailor-made to meet our clients' needs. Our employees are not only IT specialists, they also have a deep understanding of the bank industry, which is perhaps a critical competitive advantage for our firm. To meet the needs of our clients even more effectively, last year we expanded our team in the areas of security & quality management and helpdesk.

What distinguishes Raiffeisen Centrobank in the securities trade?

In Austria we are the bank with the most “direct” memberships on stock exchanges. The majority of our competitors abroad cooperate with local brokers – we want to do that ourselves and that is why we are linked directly to a total of 15 stock exchanges. This not only includes the large Western European stock exchanges, but also such markets in Central and Eastern Europe as

Budapest, Bucharest, Warsaw, and Moscow. This is naturally a considerable challenge for our IT department because of the high costs of maintenance. But our clients benefit because the direct access we offer gives them even closer access to the local market. So they are able to stay abreast of what is happening there directly and do not have to rely on second- or third-hand information. Especially in Eastern Europe, people do not get a lot of information from agencies but are more closely tied to local information sources than is the case in the West. Only we are able to offer our clients this added knowledge and proximity to the market and that is why we often have a slight but critical edge on our competition.

What were some of the other new developments in this area in 2008?

Since September 2008, we have been a member of the Bucharest Stock Exchange. The groundwork was already laid in the previous year for membership in Scoach, a new stock market segment for structured products in Frankfurt. It will be possible to trade our entire range of certificates in Scoach in early 2009.

How would you describe your services for Raiffeisen Centrobank's institutional clients?

Our motto is “You say. We act”. Our IT team is able to provide each client with just the right standard of technology they need for electronic order routing. We know exactly what is required for insurance companies, investment funds, etc., and we are able to offer virtually any standard order routing solution to institutional clients at the click of a button, but we also provide customised solutions upon client request.

And what do you offer private investors?

The most important thing for our private clients is of course the return. This, along with the portfolio itself, should be presented in the best possible way, both in terms of the performance over a certain time period and the current status. We offer our private banking clients a very extensive, up-to-date and constantly accessible portfolio, one which includes a breakdown based on the current net asset value that resembles a financial statement. Anyone can generate this portfolio report on a day-to-day basis

in real time on the Internet. We also offer our clients a range of sophisticated tools and online services at www.rcb.at, including watch lists, fact sheets and SMS alerts: at no charge! Our clients can also access our services from their Blackberry or iPhone via pda.rcb.at and thus stay up to date.

Has the financial crisis that roiled the capital markets in 2008 passed by without leaving a trace or have its effects also been felt in the IT department, for example through an increased order quantity in certain areas?

We in the IT field are of course feeling the effects of the financial crisis. In times of extreme price volatility, transaction figures also increase at a hefty rate. In the months of September and October 2008, while the crisis was reaching a fever pitch, we saw the number of securities transactions shoot up temporarily to as high as 12,000 per day. Under normal circumstances we see 5,000 – 6,000 transactions per day on average. Our systems achieved this order flow easily. There were no problems.

Has technological development slowed in the financial industry in your estimation due to the financial crisis?

Well of course budgets have been reduced in all the banks, and in the IT area too. But technological development has not been curtailed by the financial crisis in my view. On the contrary: The banks are forced to innovate because the cost pressures are getting more intense. Increased efficiencies are needed for transaction processing, particularly in difficult times. In the mid-term, I expect to see an additional boost to technology in the financial world.

What areas will your work focus on in 2009?

We will be offering our clients a portfolio report that has been optimised and modernised one step further. In the interest of continued development of the risk management system, a new and comprehensive limit monitoring system has been provided for all the areas of the business. In addition, we are planning a new website for our institutional clients to allow us to provide them with high-quality research information. Our website will also be relaunched with updated layout and content. We will be paying particular attention to the topic of IT safety & IT security.

How specifically will you be going about that?

Even before Basel II we were working on the topic of operational risk and on minimising dangers of this type. This is required because of the increased risk of system failures we face given the relatively complex IT environment in which we work, with the wide range of interfaces and external connections to stock markets and data suppliers, and the operation of electronic order routing systems. So, for example, we operate using two full-fledged and completely state-of-the-art data centres. All business-critical systems are redundantly designed and data is mirrored between the data centres in real-time. Our technicians stay informed of any IT system irregularities via SMS alerts, which are generated 24 hours a day and seven days a week. Overall, we currently oversee about 1,800 IT parameters and measuring points such as temperature and humidity sensors. As soon as a problem occurs, an SMS alert is sent to the responsible technician. The fact that the system works is born out by the statistics - in 2007 we had a total of six business-critical partial failures in IT systems. The previous year we did not have a single "Operational Risk Incident". The system of SMS alerts is constantly being refined to improve the reliability of our systems further.

What's the greatest threat to a bank in an IT context, the worst case scenario?

The worst case scenario would be a case of a data pirate that enters our systems and steals data. Data theft has unfortunately become a major topic in the international financial industry and something which even the major industry players cannot ignore. For that reason, we place a premium on a strict IT security management system. There is no project at Raiffeisen Centrobank that does not require a green light from the security officer. Especially in the area of security, one can never rest on one's laurels but must be permanently working to uncover potential weaknesses before others do and invest in the newest defence mechanisms on a constant basis – even in crisis situations.

Management Report of Raiffeisen Centrobank AG as at December 31, 2008, 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.

Economic Environment

2008 will go down in the annals of the capital market as a year of horrors. The collapse of Lehman Brothers in the fourth quarter in particular further aggravated the financial market crisis centred in the USA, causing the worst economic crisis in recent years.

The banking crisis and, in its wake, the strict embargo on lending brought about a global downturn in the economy. The financial and economic crises together hastened the downward spiral on the capital markets, resulting in a complete loss of confidence. The uncertainty over the extent of the developments in the real economy paralysed both companies and financial market participants to an equal degree. Forecasts were dispensed with or lost credibility as a basis for investment decisions.

Particularly in the last months of the past year, leading economic indicators saw a dramatic downward slide. Surveys of companies and consumers alike had not registered such low values in decades; every small correction in the opposite direction was succeeded by new historic lows. Worldwide, policymakers and national banks reacted both by introducing measures for economic relief packages and relaxing monetary policy. Central banks everywhere settled on a zero-interest policy. Even the European Central Bank (ECB) is heading toward historically low interest rates in conjunction with very low rates of inflation.

Thus, even at mid-year, the European central banks were faced with the decision of whether or not to raise interest in view of the increasing inflation resulting from rapid rises in raw materials prices and combat the “great adversary rearing its head again”, or to counter an emerging economic low by lowering interest rates. After international raw materials prices and the price of oil rose sharply well into the late summer, subsequent months saw an equally dramatic price drop – for example the price for crude oil fell 70% from its highest point.

The economic downturn also left its mark on the fourth-quarter figures of individual companies. After many reports of good to excellent results for the first three quarters of 2008, early cycle companies saw plummeting demand as soon as the third quarter, a trend that spread to almost every sector. With few exceptions, the fourth-quarter figures just reported brought unpleasant surprises. There were absolutely no results that came in above expectations; only a few companies fulfilled forecasts.

The uncertainty of companies over the developments to come has caused an almost complete absence of specific, quantified outlooks. The associated broad range of possible scenarios has resulted in above-average price discounts. A dramatic shift in focus emerged at the microeconomic level. Objectives such as growth, investments and acquisitions have been replaced by the need for sufficient liquidity and capital adequacy.

The predominating concerns, not only in the immediate reporting period but also for the months ahead, are the development of the global banking system and the stability of the banking industry, which must be guaranteed by means of nationalisation, in some cases already undertaken.

Economy

In the USA, where the economic downturn stemming from the shrinking real estate market was aggravated further – primarily by the lending crisis, which rendered all modes of market-based refinancing impossible – we can expect one of the worst recessions in history. Stabilisation in the US economy can only be expected once the lending crisis settles and leading indicators bottom out.

Although the key indicators are now at their lowest level in 30 years, the steep downward trend has not yet halted, although initial tiny counter-corrections can be seen.

The economy and the financial markets are expecting the new US administration to come up with an economic relief package with the dimensions of the already approved bank bailout package of USD 750 billion, which would correspond to some 3% of

the gross national product and thus represent a significant boost to the economy. That, in combination with oil prices which have dropped sharply and the extremely low prime lending rates, is expected to provide the US economy positive momentum. Because an easing up of lending practices will have a delayed effect on economic growth, we cannot expect the negative economic trend to stabilise until the second half of the year; hence positive – though weak – growth is not anticipated before 2010.

The economy of the eurozone initially appeared to be sounder than expected, although hopes for a decoupling from the economic trends in the US were dashed, to everyone's shock, in the middle of the year, precisely at a time when concerns over increasing inflation prompted yet another rise in the prime rate. The causes of the downturn in Western Europe were many. In addition to the downturn in the US, a sharp upward revaluation of the euro, exploding raw materials prices and soaring inflation rates put businesses and consumers under gradually increasing pressure. The United Kingdom, Ireland, Spain and the Scandinavian countries were also negatively impacted when the real estate boom came to a screeching halt. Anxiety over inflation, which remained acute well into the middle of the year, eventually was replaced by fears of the spectre of deflation due to the heavy drop in raw materials prices.

To date, there are no signs that the economic lows will soon hit bottom or even that it will be possible to overcome them. On balance, the leading economic indicators are not showing any sign of recovering; market movements continue their free fall. The deepening recession is accompanied by heavy downturns in industrial production and in investment and export demand. However, throughout Europe, several initiatives have been launched to counteract this trend. In the wake of government aid for banks, which administrations have already begun to implement step by step, economic relief packages are being tied up. In contrast to past stages of decline, fiscal policy in most European countries this time is orientated toward expansion, aided by the central bank, which continues to lower interest rates anyway.

Initial positive effects, prompted by expansive fiscal and monetary policy, are still expected to become visible on a modest scale during 2009; for 2010, the economy is expected to resume growth, however slight.

Following the record growth rates of previous years, the Central and Eastern European economies are facing a serious cooling-off period. The reason for this was the indirect effects of the developments on the world's finance markets, which manifested themselves more clearly in the second half of the year. Factors that drove the economy in past years now demand careful corrections to economic growth, a situation attributable to the drastic deterioration of the outlook for exports and, first and foremost, the abrupt end of capital movements and thus of reasonable financing options through loans. To again tap long-term growth potential, an adjustment process has been introduced that will have an impact well into 2010. Significant rollbacks in lending, as well as losses in actual wages, in conjunction with the halting of budget expenditure, represent the preconditions for the rehabilitation of the unsustainably large deficits in the balance of trade.

The heaviest setbacks can most likely be expected in Hungary and Ukraine. The European Union sent an important signal with the financial aid provided to Hungary – thereby emphasising that the European Union is able and willing to assist its member states in a financial emergency. The possibility that other countries may seek financial help from the International Monetary Fund (IMF) and the European Union to support their economies and currencies cannot be ruled out. Although Russia is also in an acute stage of distress, it does not have the resources for rehabilitation.

In the emerging markets, 2008 was still a very successful year. In Latin America, growth was driven by sharply increasing raw material prices. In Asia, the stimulus initially stemmed from the demand from established countries and a steadily increasing domestic rate of consumption, while the highs in raw materials prices led to higher inflation rates and increases in interest rates. However, on the emerging markets as well, the turbulence on the financial markets made the liquidity situation more acute. As a result, Latin America was negatively impacted by the crash of raw material prices. Asia began to feel the decline in demand from the established regions of the world.

Equity markets

It is no exaggeration to say that 2008 will go down in the annals of the stock market as “historic”. The significant price declines on the international exchanges in the first half of the year were followed briefly by a levelling off driven by uncertainty. However, this was succeeded from September onward by a renewed acceleration of price losses triggered by the escalation of the financial market crisis, a development that for many capital market players resulted in losses of historically unprecedented dimensions.

The Austrian stock market saw particular impact from this. In 2008, it dropped by more than 60% and thus, instead of enjoying the “Eastern bonus”, now had to cope with a corresponding demerit in the eyes of investors. A similar and somewhat more drastic development emerged on the stock markets in the CEE region, where such countries as Russia, Ukraine and Romania sustained price drops of more than 70% in some cases. With declines ranging around 40%, the overall collapses on the major stock markets of the USA, Japan and the eurozone were not quite as dramatic. The emerging markets, where heightened risk awareness in conjunction with customarily low market liquidity caused huge price drops, saw particularly heavy impact.

Unfortunately, the downwards trend has persisted in 2009. Since the beginning of the year, the major exchanges have posted downturns in the double digits of around 20%. Only the emerging markets, with the exception of India, showed price gains.

Expected profits for 2009 have special significance. After annual results for 2008 published on a running basis showed significant declines in profit and for the most part came in below expectations, the profit forecasts made for 2009 seem far too optimistic, if not totally unrealistic. The failure of companies to provide guidance adds to the uncertainty. In spite of this, some valuations are already at a historic low, allowing a significant buffer in the event that profits continue to disappoint.

With regards to this, the situation on the Austrian stock market is especially convenient. The equity valuation, with a price/profit ratio of not more than 5 or 6 to 1, represents an historic low.

In general, stock markets are currently caught between hopes that initial positive signals will ensue from the economic relief plans and the poor or negative economic and corporate data still being published. We can expect the indices to recover toward the end of the year as the first positive effects of the economic aid packages appear and the financial sector experiences sustainable stabilising effects. Over the course of the year, initial positive surprises from the corporate front will almost certainly bring attractive rebounds.

Business development 2008

Business development during the year under review was noticeably compromised by the effects of the global financial crisis. Group net profit after taxes for the 2008 financial year stood at EUR 10.643m, remaining EUR 31.810m, or about 75%, under the net profit of 2007, to date the most successful financial year in the history of the Raiffeisen Centrobank Group. Ranked by earnings contributions (before consolidation entries), Raiffeisen Centrobank, which achieved net consolidated profit for the period of EUR 19.112m, took first place. This includes a dividend payment of the fully consolidated Raiffeisen Investment AG for the 2007 financial year of EUR 10.000m, which was as intercompany profit not taken into account when consolidated net income was calculated. Placing a distant second is Centrotrade Chemicals AG, active in olefines trading, which posted annual results after taxes of EUR 1.954m.

The earnings development described can be attributed particularly to the roughly 47% or EUR 30.058m decrease in trading profit to EUR 33.300m (previous year: EUR 63.358m) and to net commission income which fell about 54% or EUR 20.353m to EUR 17.605m (previous year: EUR 37.958m).

The aforementioned declines in earnings were partially offset by an increase in net interest income of EUR 1.661m to EUR 8.004m (previous year: EUR 6.343m) and a rise in net income from financial investments of EUR 1.762m to EUR 1.314 (previous year: EUR -0.448m). Moreover, the change in the result of operations prompted counteractive measures which resulted in general administrative expenses being reduced by about 8% or EUR 4.854m to EUR 53.353m (previous year: EUR 58.207m).

The significantly weaker trading profit reflects the dramatic developments of the international financial markets of the past months with sinking price levels and reduced trading volumes. The sales volume of structured products of Raiffeisen Centrobank also declined. The share of Eastern Europe-related products that was so deliberately built up in the past had a particular effect here, as the economies of that region have been heavily impacted by the current crisis. The declines in customer business were partially offset by pushing nostro trading in line with strict risk requirements.

In addition to the negative effects of the financial market turmoil on business operations, trading profit was negatively impacted by the substantial devaluation of structured notes of various banks and financial institutions due to the rising credit spreads of issuers. Depreciation resulting from a Lehman exposure also caused trading profit to shrink by roughly EUR 18m. The negative impact of a Lehman commitment of EUR 57m was avoided by enforcing a claim arising from a third-party guarantee.

The decrease in net commission income can be attributed first to the financial market crisis to which we have made such frequent reference, which practically put an end to capital market transactions and thus revenues from issuances, and second to lower income from M&A advisory services.

The reduction of general administrative expenses stems mostly from staff costs, where increases resulting from the number of employees and from collective contracting agreements were more than compensated for by lower provisions for bonus schemes.

Moreover, it was possible to keep other administrative expenses below the comparable figure of the previous year by means of more stringent cost management. On the other hand, depreciation on tangible and intangible fixed assets remains at the level of the previous year.

Overall, revenue, which includes net interest income, net commission income, trading profit and net income from financial investments, declined from the previous year by EUR 46.988m or roughly 44% to EUR 60.223m. Other operating earnings, which includes the key item of the gross profits of the consolidated commodity trading subsidiary, is EUR 5.635m, roughly the same as the previous year (EUR 6.006m).

Net profit for the year before tax thus came to EUR 12.421m, which is some 77%, or EUR 42.505m, less than the result of the previous year. Taking into account income taxes, which came to EUR 1.778m (previous year: EUR 12.473m), consolidated net profit after taxes was EUR 10.643m (previous year: EUR 42.453m).

With regard to the balance sheet, total assets declined by about 18% from the previous year, going from EUR 2,159.951m to EUR 1,769.298m.

On the asset side of the balance sheet, the most significant change from the previous year was in trading assets, which dropped from the last day of 2007 by EUR 516.819m, reaching EUR 1,167.902m. Its contribution to total assets thus shrank from 78% as at 31 December 2007 to roughly 66%. This development was partially compensated for by an increase in the "Claims on credit institutions" item by roughly EUR 161.525m to EUR 359.384m (share in total assets as at 31 December 2008 was roughly 20%, at 31 December 2007 it was around 9%).

The reduction in trading assets is volume-related, resulting from the decrease in warrants and other certificates issued by Raiffeisen Centrobank in response to the changes occurring on the market. While the share portfolios included in trading assets, together with purchased options and zero bonds, represent the hedge position for the certificates and warrants issued, they also form part of the market making activities of the Bank.

The "Claims on credit institutions" balance sheet item comprises mainly interbank deposits and collateral for securities lending. As of the end of December, the interbank deposits just mentioned include investments transferred to RZB.

The "Claims on customers" balance sheet item decreased from the figure of the previous year, particularly due to the rollback of a major loan.

Reflecting the development on the asset side of the balance sheet, the most significant change on the liabilities and equities side was in trading liabilities (share of total assets: about 64%; previous year: roughly 75%), which declined by EUR 487.390m from the year before, reaching EUR 1,130.609m. "Trading liabilities" are, first, structured warranty products of Raiffeisen Centrobank such as the well-known Winner or Blue Chip certificates, as well as warrants and other certificates such as turbo certificates on indices and shares. Following the decline in the prices of their respective underlyings, it was necessary to make adjustments in the past financial year to inventory values. Issuing volume was also down as a result of the market environment, or was rolled back. Reference is made to the explanations on the development of trading assets above and on the hedging relationships between these two items.

The decline in trading liabilities was offset by an increase in liabilities to credit institutions (share of total assets: 13%, previous year: about 6%) due to a demand for refinancing, from EUR 122.907m to EUR 235.303m.

The "Subordinated capital" balance sheet item (share of total assets: about 1%) constitutes the EUR 20.986m subordinated bond issued in January 2008, including accrued interest. The subordinated capital was issued to increase regulatory capital adequacy.

As a result of the lower consolidated net profit for the year and the dividend payments in the amount of EUR 34.715m, consolidated equity shrank year-on-year from EUR 129,556m to EUR 106.246m.

Review of business segments

Banking segments

Securities Trading & Sales Department

The development of earnings of the Securities Trading & Sales Department consists primarily of the total trading profits of the Corporate Customers, Financial Institutions and Public Sector and Treasury/Investment Banking segments which can be found under Segment Reporting.

The development of the Securities Trading & Sales Department in 2008 was shaped by the drop in earnings in the third quarter due to the collapse of the world's financial markets triggered by the insolvency of the Lehman Brothers investment bank.

The drop in earnings from the record value of the previous year is attributable to the declining volumes of customer business in all markets and to a significant drop in the sales volume of structured products. Adding to this negative effect was the positioning in CEE-related products, which, although enhanced in the past, suffered under the given circumstances stemming from the particularly heavy impact of the current crisis on the economies of this region.

The business volume of Raiffeisen Centrobank, measured by the trading volume on the stock exchange in Vienna, decreased in 2008 to about EUR 11 billion (2007: EUR 18 billion). The resulting market share of about 8% (2007: about 10%) puts it in fourth place among all market participants. Of particular interest is the decreased presence of foreign participants on the stock exchange in Vienna starting in the fourth quarter of the previous year. Depending on the market, this may continue in the period to come.

The position of Raiffeisen Centrobank as the largest market maker and specialist on the stock exchange in Vienna has remained uncontested since roughly 50% of new mandates were assigned once again in the auction in April 2008.

In contrast to the stock market, Raiffeisen Centrobank not only maintained its market share in Austrian derivatives business during the past financial year but managed to increase it. A share of more than 30% of the derivatives traded on the stock exchange in Vienna put it in second place. The business in warrants and structured products, currently encompassing more than 1,700 listed instruments, helped to defend successfully our market leadership in equity derivatives in Austria.

In the Eastern European derivatives business on the Austrian Futures and Options Exchange (ÖTOB), Raiffeisen Centrobank maintained a leading position among all participants in 2008 with a market share of about 30%.

All issues of structured and derivative products of Raiffeisen Centrobank are admitted to trading not only on the stock exchange in Vienna but also on what is actually the principal trading floor of the derivatives exchange in Stuttgart, Europe's leading exchange for derivatives. However, as a result of the heavily reduced issuing activity in structured products caused by the market downturn, the sales volume of Raiffeisen Centrobank products on the Stuttgart securities exchange reached an historic low during the period under review.

Despite the heavy mood of the financial markets, the road show and presentation activities in secondary market activities were continued without restriction in 2008 as part of continuous customer support.

Equity Capital Markets (ECM)

Austria

The critical developments on the financial markets – which made it difficult, if not impossible, to place issues – brought numerous cancellations and postponements of planned initial public offerings during 2008.

This prevented the IPOs of Energie AG – in which Raiffeisen Centrobank acted as co-lead manager in the consortium – from being realised, as well as those of Saubermacher Dienstleistungs-Aktiengesellschaft, Frequentis AG, Breitenfeld AG and most recently KNAPP Aktiengesellschaft.

However, as the examples below demonstrate, successful market positioning was possible even under these challenging conditions.

Raiffeisen Centrobank was awarded a contract to handle and effect a capital increase of roughly 10% for UNIQA Versicherungs AG, which was completed in mid-November 2008.

In December 2008, KTM Power Sports AG gave the ECM department a mandate to manage and implement a capital increase of about 10%. The transaction was completed in March 2009.

Moreover, Raiffeisen Centrobank was entrusted with the preparations for a planned capital increase and rights offering for a listed Austrian company in connection with the intended participation of a major investor.

Together with a German bank, Raiffeisen Centrobank received a mandate from Raiffeisen Informatik Beteiligungen GmbH to assist in and manage a cross-border acquisition.

In May, ECM successfully managed the relisting of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft on the Prime Market of the stock exchange in Vienna. A company was also listed on the Third Market of the stock exchange in Vienna.

Ottakringer Brauerei AG issued a mandate to Raiffeisen Centrobank in July 2008 to effect the termination of earnings certificates as part of a swap or cash settlement offer.

The high quality of the work performed by the ECM department is recognised worldwide as well. In June, the renowned industry magazine, "The Banker" conferred the 2008 "Deal of the Year" award for Austria on Raiffeisen Centrobank for the extremely successful IPO of STRABAG SE under difficult market conditions.

Central and Eastern Europe (CEE)

The 2008 financial year on the stock markets in Eastern Europe was marked by exceptionally negative market trends, which worsened over the course of the second half of the year. Declining prices and the extreme volatility that accompanied it on the stock exchanges caused a complete collapse of the Central and Eastern European issue market. Broad placement of new issues was not possible, and existing mandates could not be fulfilled.

ECM CEE prepared three IPOs of companies from the region (Russia, Czech Republic, Southeastern Europe) up to the marketing phase. However, the persistently poor situation on the stock exchanges prevented these IPOs, in the sectors of information technology, steel and retail, from being implemented.

In the first half of 2008, ECM CEE acted as co-lead manager to guide a Russian company in its largest capital market transaction of 2008. The capital increase of the X5 Retail Group was carried out using global depository receipts (GDR) traded on the London Stock Exchange and had a volume of more than USD 1 billion. ECM CEE also provided pre-IPO consulting for a Russian steel company in the first half of 2008.

While interest in capital market transactions remained generally strong on the part of companies in Russia and Eastern Europe up to summer 2008, the situation of the capital markets themselves worsened by degrees, particularly in Russia. The Russian stock exchange, which was the last exchange in the region to show slightly positive performance before the summer, came increasingly under pressure in the second half of the year

under review. The downward trend was hastened and aggravated by the somewhat extreme share of borrowed funds in Russian investments. The Moscow exchanges now count as some of the world's biggest losers, first and foremost because of the heavy dependency of the Russian capital markets on international investors. The RTS index, which has relevance for the Russian market, lost over 70% of its value in 2008.

Measured against the MSCI Emerging Markets Eastern Europe equity index, the stock markets in Central and Eastern Europe overall fell 67% in 2008. It was primarily international investors, our primary target group for sales, who withdrew increasing amounts of capital from the regional stock markets and are still showing very cautious interest in buying, even amid sharp negative price fluctuations. Trading volume on the stock markets of the region thus dropped significantly from the previous year.

With the exception of isolated capital increases to current shareholders for the purpose of raising liquidity and recapitalisation, the market for capital market transactions in Eastern Europe has completely dried up for now.

Company Research

Against the backdrop of an extremely volatile capital market climate, the Company Research department systematically continued its comprehensive coverage of Austrian and Eastern European equity markets. Although it was extremely difficult to adjust target prices and recommendations to the irrational market circumstances, the analysts of Raiffeisen Centrobank – unlike many competitors – provided clear opinions on scenarios and expectations.

They also came closer to meeting their goal of being "faster and better" by significantly increasing the frequency of updates. Overall, 253 company updates on the companies analysed by us were written, more than half of which covered the companies in Central and Eastern Europe.

The intranational sector teams published sector roadshow reports on oil and gas, banks (which owed their particular popularity to the precarious situation of the sector), construction, engineering, basic materials, telecommunications, CEE utilities and a special report on privatisations. These reports were presented to international investors in roadshows at the financial centres of London, Paris, Frankfurt, Dublin, Edinburgh, Milan, Zurich, Geneva,

Warsaw, Moscow, Prague, Basel and Stockholm. Particularly gratifying in this respect is the international endorsement of the research team's knowledge of markets and companies by the annually published rankings of the renowned US analytics firm StarMine. The research of Raiffeisen Centrobank was recognised in the StarMine Report as the best analytics firm for earnings forecasts. In "Investment Recommendations", Raiffeisen Centrobank was ranked 4th as the best-placed Austrian research firm.

Most of the earnings of the Research department are included in Financial Institutions and Public Sector and Corporate Customers in segment reporting.

Private Banking

Private Banking, one of the key components of the Bank's business activities, faced a significant drop in earnings in the 2008 financial year.

The prevailing difficulties caused the deposit volume to decline in the year under review and as of 31 December 2008 amounted to roughly EUR 1.5 billion (31 December 2007: about EUR 1.8 billion). Customers began as early as February to sell commodity funds. Starting in May, equity ratios were deliberately lowered. The released funds were parked in fixed-term deposits and government issues with short maturities. The lower margin to equity ratio and declining performance caused a decrease in management fees.

All the more pleasing is the fact that we succeeded, even under these difficult conditions, to retain our existing customers and even to increase the number of customers from about 700 to roughly 800. Not only were customers gained from Austria, but marketing begun in 2007 in Central and Eastern Europe and particularly in Russia was intensified. One-fifth of all customers now come from other countries. Two-thirds of them are private individuals, and one-third comprises businesses and foundations.

During the difficult year of 2008, contact with customers was especially intensive. About five times as many customer conversations were conducted as in an average "normal" year.

Subsidiaries

Raiffeisen Investment AG

Raiffeisen Investment AG, a fully owned subsidiary of Raiffeisen Centrobank, has worked successfully as an advisor in M&A and privatisation matters in Central, Eastern and Southeastern Europe for 19 years. The local expertise of the on-site branches is supplemented by industrial sector teams (such as telecommunications media technology, energy, heavy industry, food & beverage / retail, financial sponsors and chemicals and industrials) who have gained detailed familiarity with relevant developments and trends by maintaining constant contact with enterprises in the sector. These sector specialists collaborate with the local teams on individual transactions.

While in Western Europe the M&A volume had already collapsed in the first half of 2008, Raiffeisen Investment AG worked their markets very successfully until the middle of the year and scored several major transactions. Notable among these are the sale of LaborMed, a Romanian producer of generic pharmaceuticals, to Advent; the second acquisition by Heineken of a Belarusian brewery; the acquisition by the stock exchange in Vienna of the Ljubljana Stock Exchange; and the privatisation of several electrical power distributors in Turkey. Moreover, Raiffeisen Investment AG successfully handled several state-mandated infrastructure consultations in Russia.

The successful first half of the year was also reflected in top placements in relevant publications. In the official "League Tables" of the international information provider Mergermarket for that period, Raiffeisen Investment AG took first place for the number of deals for the entire CEE and CIS region.

In the second half of the year, the financial and economic crisis spread to the markets in Eastern Europe, which caused a drop in the fourth-quarter M&A volume in this region.

For 2008, Raiffeisen Investment AG shows earnings before taxes of EUR 0.2m (2007: 7.4m). In addition, Raiffeisen Investment Romania SRL and Raiffeisen Investment Moscow Ltd., in which Raiffeisen Investment AG holds 100% of shares, achieved total earnings for the year before taxes of EUR 3.6m or EUR 1.1m on the strength of major deals. The earnings of these companies, which are not fully consolidated companies of the Raiffeisen

Centrobank Group, will count toward the income from equity participations of Raiffeisen Investment AG on a delayed basis.

The successful cooperation with the leading M&A specialist Lazard was extended for another two years. Work is currently in progress on 20 joint mandates; six transactions have already been carried out.

Tough M&A market conditions are expected for the first half of 2009. However, recovery is anticipated during the second half of the year. The changed economic conditions will cause the company to implement strategic changes and particularly to concentrate on the core business – and to sell non-core segments. Given the significantly lower valuations, this should spark appropriate buyer interest. This applies in particular to relatively stable areas such as foodstuffs, energy, telecommunications, media and technology and pharmaceuticals. In those areas, Raiffeisen Investment AG has also had a solid order backlog and is optimistic that it will meet with success in handling these transactions.

Commodity Trading

The subsidiaries of the Centrotrade Group combined under Centrotrade Holding AG, Vienna, are active in rubber trading and trading in olefines. In the latter segment, the best earnings of recent years were achieved in 2008, while the earnings of the companies operating in rubber trading remained below expectations due to problems in the automobile and automotive supply industry in the previous year.

Performance indicators

Financial performance indicators

	2008	2007
Return on equity before tax (in%)	13.5	64.6
Cost/income ratio (in%)	82.8	51.2
Earnings per share (in Euro)	16.25	64.81

The profit before tax, which was well below that of the previous year, resulted in a clear reduction in return on equity before tax, from 64.6% to 13.5%. Because revenue in the past financial year saw a considerably heavier decline than expenses, the cost/income ratio worsened accordingly, rising from 51.2% in 2007 to 82.8%.

Earnings per share on the existing 655,000 ordinary shares outstanding fell by about 75% from the previous year, equalling EUR 16.25 in the 2008 financial year.

Non-financial performance indicators

	2008	2007
Average number of staff over the year	306	259
Stock exchange memberships	12	12
Number of new warrants and certificates issued	1,433	1,696

During the 2008 financial year, the staff comprised an average of 306 employees, which represents an increase of 47 individuals or 18%.

The number of stock exchange memberships remains at the previous year's level of 12, while that of warrants and certificates fell 16% in 2008 to about 1,400.

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 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 bylaws for the Supervisory Board and the Executive Board as well as in the bank's organisational 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 into the controlling division, assists 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 risk committee, which meets regularly, addresses all issues and regulations in the area

of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions. 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.

Raiffeisen Centrobank employs innovative methods and schemes in its risk management activities. Risk management is based on a risk strategy that focuses on risk propensity and risk 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 quantification of operational risk using a Value-at-Risk (VaR) consistent parameter continues to be important. 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.

Due to its specialisation in trading and brokerage in equities and equity derivatives, Raiffeisen Centrobank was less heavily exposed to the turbulence affecting the international financial markets than banks whose balance sheet structure is characterised by a high leverage factor. Although hedging of Raiffeisen Centrobank positions was made more difficult by the extremely sharp swings on the international financial markets, particularly from September 2008 onwards, this was still possible in all phases. In general, by acting with increased caution and taking a suitably defensive stance, even these difficult months were overcome.

During the year, the exposure towards international investment banks resulting from hedge transactions was decreased, primarily through reallocations to our owner, but also through reducing positions.

Reference is made here to the in-depth risk report in the Notes, which covers the current risk assessment processes in particular.

Human Resources

The turbulent times of the past financial year were countered very successfully by an extremely dedicated and skilled staff, which grew from 280 to 312 employees from the end of 2007. While all segments saw a slight increase, Financial Control/Risk Management and the IT segment grew more significantly to tackle the increasing complexity while maintaining its own high standards.

The Raiffeisen Centrobank Group invests in the motivation and development of the entire staff on an ongoing basis through internal and external training initiatives, mainly in specialist fields.

The broad and deep knowledge of employees in our core areas is reflected in the range of country-specific expertise. In the Raiffeisen Centrobank parent company alone, 14 different nationalities are represented. Women are also represented in a balanced manner. Women account for 47% of authorised signatories and directors and 44% of all functions generally, an exceptionally high proportion. With low fluctuation of 4.6%, the staff is extremely stable.

On average in the Raiffeisen Centrobank Group, 306 individuals were employed during the year under review (previous year: 259).

Outlook for 2009

From the point of view of the capital markets and seen historically, 2008 could well be described a “year of horrors”. As of this writing at the beginning of 2009, there are no signs that the economic lows will soon hit bottom or even that it will be possible to overcome them. On balance, the leading economic indicators are not showing any sign of recovering; market movements continue their free fall. The deepening recession is accompanied by heavy downturns in industrial production and in investment and export demand.

However, throughout Europe, several initiatives have been launched to counteract this trend. In the wake of government aid for banks, which administrations have begun to implement step by step, economic relief packages are being tied up. In contrast to past stages of decline, fiscal policy in most European countries this time is orientated toward expansion, aided by the European Central Bank (ECB), which continues to lower interest rates anyway.

The economy and the financial markets are expecting the new US administration to come up with economic relief packages of unprecedented proportions: the already adopted TARP (Troubled Assets Relief Program) bank bailout package amounting to about USD 700 billion, the Bad Asset Program of about USD 1,000 billion and a fiscal package of approximately USD 790 billion, which would represent a significant boost to the economy. That, in combination with oil prices which have dropped sharply and the extremely low prime lending rates, is expected to provide the US economy positive momentum. Because an easing up of lending practices will have a delayed effect on economic growth, we cannot expect the negative economic trend to stabilise until the second half of the year; hence positive – though weak – growth is not anticipated before 2010.

In general, stock markets are currently caught between hopes that initial positive signals will ensue from the economic relief plans and the poor or negative economic and corporate data still being published. We can expect the indices to recover toward the end of the year as the first positive effects of the economic aid packages appear and the financial sector experiences sustainable stabilising effects. However, over the course of the year initial positive surprises from the corporate front will almost certainly bring attractive rebounds.

Despite these unsettling conditions, the existing cost-efficient structures and the measures instituted in 2008 (strict market assessments of assets that take into consideration credit spreads, the reduction of total assets, and an even closer collaboration with the owner) will enable Raiffeisen Centrobank to meet the challenges of what could potentially be an even weaker 2009 financial year with respectable earnings.

Events after the Balance Sheet Date

No material events occurred after the balance sheet date.

Research and Development

The Raiffeisen Centrobank Group, whose business activities are focused on investment banking and on trading in rubber and olefines, does not engage in any research and development activities.

Responsibility statement in accordance with § 82 Börsegesetz (Austrian Stock Exchange Act)

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets,

liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

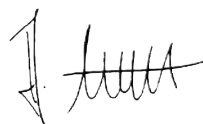
We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces."

Vienna, 3 April 2008
The Executive Board



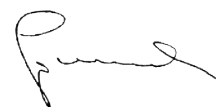
Eva Marchart

Chairman of the Executive Board



Alfred Michael Spiss

Deputy Chairman of the Executive Board



Gerhard Grund

Member of the Executive Board

Report of the Supervisory Board

The 2008 annual financial statements audited and issued with an unqualified opinion by the appointed auditor – KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna, Austria – were presented to the 36th Annual General Meeting on 28 April 2009 and ratified by that body.

In April 2009, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft completed its audit of the consolidated financial statements for the 2008 financial year and also issued an unqualified audit opinion. The Supervisory Board has reviewed thoroughly and approved the Consolidated Annual Financial State-

ments for the 2008 financial year audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Vienna, April 2009



Dr. Walter Rothensteiner
Chairman of the Supervisory Board

Consolidated Annual Financial Statements of Raiffeisen Centrobank AG as at December 31, 2008,
in accordance with International Financial Reporting Standards (IFRS)

Income Statement

Amounts in thousand Euros	Notes	1/1 - 31/12/2008	1/1 - 31/12/2007	Change
Interest income		19,321	20,361	- 5.1%
Interest expenses		- 11,318	- 14,018	- 19.3%
Net interest income	(2)	8,004	6,343	26.2%
Provisioning for impairment losses	(3)	- 83	- 84	- 1.2%
Net interest income after provisioning		7,921	6,259	26.6%
Fee and commission income		27,437	45,108	- 39.2%
Fee and commission expenses		- 9,831	- 7,150	37.5%
Net commission income	(4)	17,605	37,958	- 53.6%
Trading profit	(5)	33,300	63,358	- 47.4%
Valuation result from derivative financial instruments	(6)	0	0	0
Net income from financial investments	(7)	1,314	- 448	>100%
General administrative expenses	(8)	- 53,353	- 58,207	- 8.3%
Other operating result	(9)	5,635	6,006	- 6.2%
Profit before tax		12,421	54,926	- 77.4%
Income taxes	(10)	- 1,778	- 12,473	- 85.7%
Profit after tax = group net profit		10,643	42,453	- 74.9%
Earnings per share (in Euros)	(11)	16.25	64.81	- 48.56

Balance Sheet

Assets	Notes	31/12/2008	31/12/2007	Change
Amounts in thousand Euros				
Cash reserve	(13)	16,327	9,940	64.3%
Claims on credit institutions	(14, 32, 33)	359,384	197,859	81.6%
Claims on customers	(15, 32, 33)	96,104	118,647	- 19.0%
Provisioning for impairment losses	(16)	- 625	- 1,342	- 53.4%
Trading assets	(17, 32)	1,167,902	1,684,721	- 30.7%
Derivative financial instruments	(18, 32)	129	813	- 84.1%
Securities and financial investments	(19, 32)	47,613	72,249	- 34.1%
Intangible fixed assets	(20, 22)	244	437	- 44.2%
Tangible fixed assets	(21, 22)	14,841	15,153	- 2.1%
Other assets	(23)	67,379	61,474	9.6%
Total assets		1,769,298	2,159,951	- 18.1%

Equity and liabilities	Notes	31/12/2008	31/12/2007	Change
Amounts in thousand Euros				
Liabilities to credit institutions	(24, 32, 33)	235,303	122,907	91.5%
Liabilities to customers	(25, 32, 33)	215,589	218,779	- 1.5%
Provisions	(26)	25,486	32,924	- 22.6%
Trading liabilities	(27)	1,130,609	1,617,999	- 30.1%
Derivative financial instruments	(28)	50	110	- 54.5%
Other liabilities	(29)	35,029	37,676	- 7.0%
Subordinated capital	(30)	20,986	-	-
Equity	(31)	106,246	129,556	- 18.0%
Consolidated equity		95,603	87,103	9.8%
Group net profit		10,643	42,453	- 74.9%
Total equity and liabilities		1,769,298	2,159,951	- 18.1%

Statement of Changes in Equity

Amounts in thousand Euros	Subscribed capital	Capital reserves	Retained earnings	Consolidated net profit for the period	Minority interests	Total
Equity 1/1/2008	47,599	6,651	32,853	42,453	0	129,556
Capital increase/decrease	0	0	0	0	0	0
Transferred to retained earnings	0	0	7,738	- 7,738	0	0
Dividend payments	0	0	0	- 34,715	0	- 34,715
Profit after tax	0	0	763	10,643	0	11,406
Equity as at 31/12/2008	47,599	6,651	41,354	10,643	0	106,246
Equity 1/1/2007	47,599	6,651	25,482	27,698	0	107,431
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
Equity as at 31/12/2007	47,599	6,651	32,853	42,453	0	129,556

Consolidated equity	2008	2007
Amounts in thousand Euros		
Group net profit	10,643	42,453
Exchange differences	763	- 1,318
Valuation result of available-for-sale financial assets	0	- 1,325
Profit after tax	11,406	39,810

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

Retained earnings	Currency translation differences	Available-for-sale reserves
Amounts in thousand Euros		
Total as at 1/1/2008	- 3,968	0
Net changes in the financial year	763	0
Total as at 31/12/2008	- 3,205	0
Total as at 1/1/2007	- 2,650	1,325
Net changes in the financial year	- 1,318	- 1,325
Total as at 31/12/2007	- 3,968	0

Cash Flow Statement

Amounts in thousand Euros	2008	2007
Group net profit	10,643	42,453
Non-cash positions in profit and transition to net cash from operating activities:		
Write-downs, write-ups of tangible fixed assets and financial assets	2,575	2,645
Net provisions for liabilities and charges and impairment losses	- 8,220	10,581
Gains/loss on the disposal of tangible fixed assets and financial assets	0	- 76
Other adjustments (net)	3,475	- 1,432
Subtotal	8,473	54,171
Change in assets and liabilities arising from operating activities after corrections for cash items:		
Loans and advances to banks and customers	- 150,144	96,041
Trading assets/trading liabilities (net)	- 261,058	- 153,333
Other assets/liabilities (net)	306,203	- 17,736
Liabilities to credit institutions and customers	114,484	42,831
Net interest received	12,073	16,184
Interest paid	- 5,980	- 11,756
income taxes paid	- 553	0
Net cash flow from operating activities	23,498	26,402
Proceeds from the sale of:		
Financial assets and equity participations	24	3,451
Tangible and intangible fixed assets	82	123
Payment for the acquisition of:		
Financial assets and equity participations	- 367	- 707
Tangible and intangible fixed assets	- 2,135	- 3,667
Net cash flow from investment activities	- 2,397	- 800
Inflows/outflows of subordinated capital	20,000	0
Dividends paid	- 34,715	- 17,685
Net cash flow from financing activities	- 14,715	- 17,685
Cash and cash equivalents at the end of the previous period	9,940	2,023
Net cash flow from operating activities	23,498	26,402
Net cash flow from investment activities	- 2,397	- 800
Net cash flow from financing activities	- 14,715	- 17,685
Cash and cash equivalents at the end of the period	16,327	9,940

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.

Cash flow from financing activities comprises inflows and outflows in equity and subordinated capital. In the financial year under review these were dividends paid and inflows from the issue of a senior subordinated note.

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. Loans and advances to banks due on call were not included. They are included under operating activities.

Segment Reporting

Segment reporting by business segment

Primary segment reporting as described in IAS 14 is customer-orientated. Business is thus broken down 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 individualised 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. Reference is made to the fact that the "basis of assessment" includes the hedge positions for structured products and certificates by volume, while the income earned is presented in the trading profit of the respective segments.

The Commodity Trading and Other Participations segment includes the result of the consolidated trading companies of Raiffeisen Centrobank Group 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, and thus constitutes 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 recognised 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).

2008 financial year Amounts in thousand Euros	Corporate Customers	Financial Institutions and Public Sector	Private Banking	Treasury and Investment Banking	Commodity Trading and other Participations	Total
Net interest income	2,177	199	3,223	3,015	- 610	8,004
Provisioning for impairment losses	- 60	0	- 23	0	0	- 83
Net interest income after provisioning	2,117	199	3,200	3,015	- 610	7,921
Net commission income	13,825	513	2,739	- 150	679	17,605
Trading profit	1,534	17,804	343	13,618	0	33,300
Valuation result from derivative financial instruments	0	0	0	0	0	0
Net income from financial investments	0	0	0	1,322	- 8	1,314
General administrative expenses	- 14,876	- 15,112	- 3,387	- 11,103	- 8,875	- 53,353
Other operating result	0	0	0	0	5,635	5,635
Profit before tax	2,600	3,404	2,895	6,701	- 3,179	12,421
Basis of assessment (incl. market risk)	64,725	25,501	56,700	341,636	49,513	538,075
Average number of staff	84	85	21	62	54	306
Cost/income ratio	85.1%	81.6%	53.9%	67.4%	155.6%	82.8%
Average equity	11,095	4,371	9,720	58,564	8,488	92,237
Return on equity before tax	23.4%	77.9%	29.8%	11.4%	- 37.5%	13.5%

2007 financial year Amounts in thousand Euros	Corporate Customers	Financial Institutions and Public Sector	Private Banking	Treasury and Investment Banking	Commodity Trading and other Participations	Total
Net interest income ¹⁾	920	- 601	2,165	4,116	- 258	6,343
Provisioning for impairment losses	- 63	0	- 21	- 0	0	- 84
Net interest income after provisioning	857	- 601	2,144	4,116	- 258	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
Profit before tax	11,051	22,587	3,961	17,089	237	54,926
Basis of assessment (incl. market risk)	49,468	19,197	46,688	503,793	58,123	677,269
Average number of staff	70	83	19	47	40	259
Cost/income ratio	63.9%	45.1%	49.0%	37.1%	96.6%	51.2%
Average equity	6,208	2,409	5,859	63,219	7,294	84,987
Return on equity before tax	178.0%	937.6%	67.6%	27.0%	3.2%	64.6%

¹⁾ Starting in 2008, the benefit arising from equity and the refinancing of equity participations in the parent company was allocated to the segments and presented in net interest income. To secure a basis for comparison with the current 2008 segment report, the 2007 figures were adjusted accordingly.

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 allocated 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:

2008 financial year	Austria	Western Europe	USA	Total
Amounts in thousand Euros				
Net interest income	9,378	- 745	- 629	8,004
Provisioning for impairment losses	- 83	0	0	- 83
Net interest income after provisioning	9,295	- 745	- 629	7,921
Net commission income	17,822	- 179	- 38	17,605
Trading profit	33,300	0	0	33,300
Valuation result from derivative financial instruments	0	0	0	0
Net income from financial investments	1,314	0	0	1,314
General administrative expenses	- 48,801	- 3,562	- 990	- 53,353
Other operating result	- 1,351	5,009	1,977	5,635
Profit before tax	11,579	522	320	12,421
Total assets	1,703,069	43,978	22,251	1,769,298
Average number of staff	276	19	11	306
Cost/income ratio	82.6%	87.2%	75.6%	82.8%
Average equity	76,238	13,323	2,676	92,237
Return on equity before tax	15.2%	3.9%	12.0%	13.5%
2007 financial year				
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
Profit before tax	52,440	1,945	541	54,926
Total assets	2,096,173	43,980	19,798	2,159,951
Average number of staff	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
Return on equity before tax	72.9%	18.0%	23.9%	64.6%

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 29 March 1974. The registered offices are located in Tegetthoffstrasse 1, 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 specialised bank also offers exclusive and individually tailored private banking services. Mergers & Acquisitions business is conducted through the Raiffeisen Investment AG subsidiary, which as a 100% holding 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 3 April 2009, and submitted to the Supervisory Board for their examination and approval.

Basis of preparation

Principle

The consolidated financial statements for the 2008 financial year and the comparative figures for the 2007 financial year were prepared in accordance with the International Financial Re-

porting Standards (IFRSs) 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 2008 and adopted by the EU have been applied. 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.

No specific applications subject to new interpretations mandatory since 2008, such as IFRIC 12 (Service Concession Agreements), IFRIC 13 (Customer Loyalty Programmes), IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), IFRIC 15 (Agreements for the Construction of Real Estate) and IFRIC 16 (Hedges of a Net Investment in a Foreign Operation), occurred during the year under review.

IAS 39.50, which was amended in October 2008 and adopted by the EU, provides for the reclassification, in exceptional circumstances, of non-derivative financial instruments from the "Trading assets" category to the "Financial assets held to maturity" and "Loans and claims" categories – a provision which, until 31 October 2008, has retroactive effect to 1 July 2008. This reclassification option was not exercised.

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 31 December. Figures in these financial statements are stated in thousands of euro (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. This primarily affects impairment loss provisions in the credit business, fair value (particularly individual parameters used in calculations), impairment of financial instruments and

provisions for retirement benefits and severance payments. The actual figures may differ from estimates.

Deferred taxes are not recognised separately in the income statement and balance sheet. Details are presented under the appropriate headings in the Notes.

Published IFRS not yet in effect and not yet applied

Relevant standards and interpretations published but not yet mandatory have not been applied: the amended IAS 1 (Presentation of Financial Statements; effective 1 January 2009), IAS 23 (Borrowing Costs; effective 1 January 2009), IFRS 8 (Operating Segments; effective 1 January 2009), IAS 32 (Financial Instruments: Disclosure; effective 1 January 2009), IFRS 2 (Share-based Remuneration; effective 1 January 2009) and amendments introduced as part of the Improvement Project.

Consolidation methods

Raiffeisen Centrobank fully consolidates all material subsidiaries in which the company directly or indirectly holds either more than 50 percent of the voting rights or otherwise has control over the financial and operating policies. Generally, these subsidiaries are included in the scope of the consolidated financial statements from the date on which the Group attains de facto control of the company and are excluded from the scope of the consolidated financial statements when the group no longer has control of the company.

Material interests in associated companies are included at equity. Due to the immateriality of such companies on the consolidated 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 securities and financial investments and are recognised at cost.

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

Business combinations

In the course of capital consolidation, all identifiable assets, liabilities and contingent liabilities of the subsidiary are recognised 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 capitalised as goodwill, which is tested annually for impairment. If there are indications of impairment, goodwill is also tested during the course of the year.

Negative differences arising within initial consolidation will be recognised immediately through profit or loss.

Consolidation entries

Intragroup receivables and liabilities are eliminated in the consolidated financial statements. Remaining temporary differences are recognised under Other assets/ other liabilities.

Expenses and income within the Group are also offset against one another. Temporary offsetting differences arising from banking business are presented in net interest income. Other differences are recognised in the "Other operating result" item.

Intercompany profits are eliminated if they have a material 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 2008 financial year, amounting to seven subsidiaries.

A total of 16 affiliated companies (2007: 19) were not consolidated due to their immaterial significance on the assets, financial position, and profitability of the Raiffeisen Centrobank Group. They are recognised at cost as investments in associates and other affiliated companies under the Securities and financial investments item.

A list of the fully consolidated companies and other interests may be found starting on page 133 ff.

Foreign currency translation

Financial statements of fully-consolidated companies prepared in foreign currencies were translated into euro 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 recognised in profit or loss.

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 recognised 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 rates in currency per Euro	2008 balance sheet date	2008 average	2007 balance sheet date	2007 average
USD	1.392	1.473	1.472	1.374

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. The measurement of financial instruments is governed by their allocation to the following specific measurement categories:

- » 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
- » Financial liabilities

Financial assets or liabilities at fair value through profit and loss

a. 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 recognised 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 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 recognised in the income statement under trading profit/loss.

b. 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.

These financial instruments – in this case, exclusively bonds – are measured at fair value in line with IAS 39. They are recognised in the balance sheet under the Securities and financial investments item. Current income is presented in net interest income; measurement results and net proceeds from disposals of are included through profit or loss 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 recognised at their nominal value without deduction of impairment losses, including accrued interest. Accrued interest is recognised 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 recognised in the income statement if there is an objective indication of impairment. A reversal of impairment is recognised 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.

Financial liabilities

Liabilities are recognised at amortised cost. Discounted debt securities and similar obligations are measured at their present value.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

a. Quoted prices in an active market (Level I)

Fair value is best expressed as a market value if a published price quotation is available on an active market. This applies particularly to equity instruments traded on stock exchanges, debt instruments traded in the interbank market and derivatives traded on stock exchanges.

b. Measurement method using observable parameters (Level II)

In cases in which no published price quotations are available for financial instruments, the market prices of comparable financial instruments are used to determine fair value or are calculated using measurement methods based on observable prices or parameters (particularly present value techniques or option pricing models). These procedures relate to most OTC derivatives and unlisted debt instruments.

c. Measurement methods based on non-observable parameters (Level III)

If no observable published quotations or prices are available, fair value is calculated using measurement models appropriate to the respective financial instrument. The use of these models necessitates assumptions and estimates by management, the scope of which is determined by the price transparency of the relevant financial instrument, by the market and by the complexity of the instrument.

Classes of financial instruments as defined by IFRS 7

Because the nature of financial instruments is already expressed appropriately through the classification of the balance sheet items, classification addresses those items in the balance sheet which constitute financial instruments.

Classes of financial instruments on the asset side of the balance sheet are, first and foremost, cash reserves, Claims on credit institutions, claims on customers, trading assets, derivative finan-

cial instruments, derivatives from hedging transactions and securities and financial investments (separately including financial assets not traded on any active market, which are measured at cost).

Classes of financial instruments on the equity and liabilities side of the balance sheet are, in particular, trading liabilities, derivative financial instruments, derivatives from hedging transactions, Liabilities to credit institutions, liabilities to customers, securitised liabilities and subordinate liabilities.

Classification	Measure			IAS 39 category
	Fair Value	Amortised Cost	Other	
Asset classes				
Cash reserve			Nominal value	n/a
Trading assets	X			Trading assets
Derivative financial instruments	X			Trading assets
Claims on credit institutions		X		Loans and claims
Claims on customers		X		Loans and claims
Securities and financial investments	X			Financial assets held at fair value through profit or loss
Securities and financial investments	X			Financial assets available-for-sale
of which financial investments not traded on an active market			At cost	Financial assets available-for-sale
Positive fair values of derivatives for hedge accounting (IAS 39)	X			n/a
Liability classes				
Trading liabilities	X			Trading liabilities
Derivative financial instruments	X			Trading liabilities
Liabilities to credit institutions		X		Financial liabilities
Liabilities to customers		X		Financial liabilities
Subordinate liabilities		X		Financial liabilities
Negative fair values from hedging derivatives (IAS 39)	X			n/a

Hedging

The derivative financial instruments employed in the Raiffeisen Centrobank Group include swaps, standardised forward contracts, forward transactions, options and similar contracts. In the ordinary course of business, different transactions are effected with derivative financial instruments for trading and hedging purposes.

Derivative financial 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:

a. 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 percent.

Derivative instruments held to hedge the fair values of individual balance sheet items (except trading assets/liabilities) are recognised 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).

b. Other derivative instruments

Derivatives instruments held to which are purchased for the purpose of hedging against market risks in the banking book and do not fulfil the requirement of IAS 39 hedge accounting are recognised as follows: The positive dirty prices are recognised under Derivative financial instruments (on the asset side: Positive fair values, on the equity and liabilities side: Negative fair values). The change in value of these derivatives on a clean-price basis is recognised under trading profit, whereas interest is recorded under Net interest income.

Cash reserve

The cash reserve includes cash on hand and balances at the Austrian National Bank that are due on call. They are shown at their nominal value.

Provisioning for impairment losses

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 credit institutions 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 (specific provisions) 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.

Derecognition of financial assets

Derecognition of a financial asset is considered when the contractually agreed claims to cash flow from the financial asset expire, or if the Group has transferred such claims or, given certain criteria, has assumed the obligation to pass this cash flow on to one or several recipients. A transferred asset is derecognised if all material risks and opportunities associated with the ownership of the asset are transferred.

Equity participations

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

Intangible fixed assets

Purchased software is reported under this item. Acquired intangible fixed assets are capitalised at acquisition cost and amortised 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 amortised 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. The lease instalments paid by the Raiffeisen Centrobank Group for the use of leased objects are recognised in the Income Statement as Other administrative expenses.

Inventories

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

Provision

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:

In percent	2008	2007
Discount rate	6.0	5.0
Effective salary increase for active employees	3.0	3.0
Individual career trend for active employees	2.0	2.0
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 recognised immediately in profit. The right to vote according to IAS 19.92 (“corridor method”) is not applied.

In percent	2008	2007
Discount rate	6.0	5.0
Average increase in salary	3.0	3.0
Individual career trend	2.0	2.0

The biometrical basis for the calculation of all provisions for social capital is provided by AVÖ 2008-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 recognised as Staff expenses in the income statement.

Subordinated capital

The balance sheet item shows subordinate liabilities pursuant to § 23 (8) of the Austrian Banking Act. Securitised and unsecuritised investments are subordinated if, in the event of liquidation or bankruptcy proceedings, debts may only be satisfied after the debts of other non-subordinated creditors.

Net interest income

Interest and similar income primarily encompasses interest income on loans and claims on credit institutions and customers and from fixed-interest securities. Interest and similar expense mainly includes interest paid on liabilities to credit institutions and customers. Interest income and expenses are accrued in the reporting period. Moreover, current interest income from shares and other variable yield securities (dividends) – if not allocable to net trading income – as well as income from equity participations and from investments and income and expenses similar to interest 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 & 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 realised and unrealised 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.

General administrative expenses

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

Income taxes

Deferred taxes are recognised 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. A deferred tax asset should also be recognised 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 utilised within the same entity. Deferred tax assets and deferred tax liabilities within the same entity are netted.

Since 2008, Raiffeisen Centrobank AG, Vienna, and Raiffeisen Investment Aktiengesellschaft, Vienna, have been members of the corporate group of Raiffeisen Zentralbank Österreich Aktiengesellschaft pursuant to § 9 of the Austrian Corporate Income Tax Act. In addition, since 2006, Raiffeisen Centrobank AG has also been 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. Receivables and liabilities from group taxation schemes arising from a positive or negative tax contribution are reported respectively under Other assets or Other liabilities.

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.

Disclosures regarding the nature and scope of risks

In addition to the information pertaining to risks arising from financial instruments disclosures to the Notes, the Risk report section in particular provides detailed explanations on the topics of market risk, credit risk, operational risks, equity participation risks, and other risks.

Management of capital

Disclosures on the management of capital and on regulatory capital and risk-weighted assets are presented in the Notes under section 47, Management of capital and regulatory capital pursuant to Austrian Banking Act.

Notes to the Income Statement

(1) Income statement by measurement category

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

Amounts in thousand Euros	2008	2007
Net gains/losses on financial assets and liabilities held for trading	29,911	58,891
Financial assets and liabilities at fair value through profit or loss	3,169	1,044
Net interest income	1,817	1,527
Net gains/losses on financial assets and liabilities at fair value through profit or loss	1,352	- 483
Financial assets available-for-sale	1,301	1,616
Net interest income	1,340	1,581
Net realised gains/losses on financial assets available-for-sale	0	1,393
Impairment loss on financial assets not measured at fair value	- 39	- 1,359
Loans and claims	15,870	17,148
Net interest income	15,953	17,232
Realised gains (losses) from financial assets not measured at fair value (net)	0	0
Impairment loss on financial assets not measured at fair value	- 83	- 84
Financial assets held-to-maturity	0	0
Net interest income	0	0
Realised gains (losses) from financial assets not measured at fair value (net)	0	0
Impairment loss on financial assets not measured at fair value	0	0
Financial liabilities measured at amortised cost	- 11,318	- 14,018
Interest expenses	- 11,318	- 14,018
Derivatives (hedging)	211	20
Net interest income	211	20
Positive (negative) adjustments to fair value in the recognition of hedging transactions (net)	0	0
Net profit contribution from currency translation	3,389	4,467
Other operating income/expenses	- 30,112	- 14,242
Total profit before tax from continuing operations	12,421	54,926

(2) Net interest income

Net interest income includes income and expenses from items of the banking business, dividend income, and commissions similar to interest.

Amounts in thousand Euros	2008	2007
Interest income	17,956	18,745
from balances with central banks	215	216
from claims on credit institutions	9,511	10,744
from claims on customers	6,206	6,264
from securities	1,814	1,500
from derivative financial instruments (non-trading, net)	210	21
Current income	1,343	1,609
from shares and variable yield securities	3	28
from investments in affiliated companies	1,340	1,468
from other interests	0	113
Interest-like income	22	7
Total interest and interest-like income	19,321	20,361
Interest expenses	- 11,299	- 13,992
Liabilities to credit institutions	- 4,102	- 3,162
Liabilities to customers	- 6,212	- 10,830
from subordinated capital	- 985	0
Interest-like expenses	- 19	- 26
Total interest and interest-like expenses	- 11,318	- 14,018
Net interest income	8,004	6,343

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

Amounts in percent	2008	2007
Interest margin (total assets)	0.41	0.30
Interest margin (weighted risk assets of the banking book)	3.91	2.93

(3) Provisioning for impairment losses

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

Amounts in thousand Euros	2008	2007
Individual loan loss provisions	- 83	- 84
Additions to provisions for impairment losses	- 83	- 84
Direct write-downs	0	0
Income received on written-down claims	0	0
Total	- 83	- 84

Detailed information on provisions is presented in Note 16, Provisioning for impairment losses.

(4) Net commission income

Amounts in thousand Euros	2008	2007
Payment transfer business	- 117	- 39
Loan administration and guarantee business	9	22
Securities business	8,734	16,782
Consulting income from Mergers & Acquisitions	8,649	20,415
Other banking services	330	778
Total	17,605	37,958

Net commission income amounted to TEUR 27,436 (previous year: TEUR 45,108). Net commission expenses amounted to TEUR 9,831 (previous year: TEUR 7,150).

(5) Trading profit

Amounts in thousand Euros	2008	2007
Interest-based transactions	706	2,489
Currency-based transactions	- 5,958	- 8,928
Equity-/index-based transactions	38,552	69,797
Total	33,300	63,358

In addition to realised and unrealised 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	2008	2007
Changes in the present value of derivative financial instruments	703	226
Changes in the fair value of the underlying transaction	- 703	- 226
Total	0	0

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

(7) Net income from financial investments

Net income from financial investments includes valuation results and net proceeds from disposals from securities measured at fair value in profit or loss and from equity participations. This includes investments in affiliated companies and other equity investments.

Amounts in thousand Euros	2008	2007
Net income from financial investments and equity participations	- 38	34
Net valuations from financial investments and equity participations	- 7	0
Net proceeds from the sales of financial investments and equity participations	- 31	34
Earnings from securities measured at fair value in profit or loss	1,352	- 483
Net valuation of securities held as other current financial assets	1,075	- 483
Net proceeds from sales of securities held at fair value through profit or loss	277	0
Total	1,314	- 448

The income reported under "Measurement gain/loss of securities held as other current financial assets" results from crediting fixed-interest securities held in other current assets to the revaluation reserve due to market conditions. Net proceeds from the sales of financial investments and equity participations refers to the closing of three unconsolidated affiliated subsidiaries of Raiffeisen Centrobank.

(8) General 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	2008	2007
Staff expenses	- 35,618	- 39,634
Wages and salaries	- 27,751	- 32,588
Social security costs and staff-related taxes	- 5,062	- 5,122
Voluntary social expenses	- 996	- 753
Expenses on severance payments and retirement benefits	- 1,809	- 1,171
Other administrative expenses	- 15,167	- 15,928
Office space expenses	- 1,869	- 1,752
IT costs	- 1,602	- 1,843
Communication expenses	- 3,232	- 2,717
Legal, advisory and consulting expenses	- 1,800	- 3,779
Advertising, PR and promotional expenses	- 2,208	- 2,344
Office supplies	- 327	- 368
Car expenses	- 541	- 353
Security expenses	- 28	- 23
Travel expenses	- 1,519	- 1,452
Staff training expenses	- 411	- 334
Sundry administrative expenses	- 1,630	- 963
Depreciation on tangible and intangible fixed assets	- 2,568	- 2,645
Tangible fixed assets	- 2,248	- 2,290
Intangible fixed assets	- 320	- 355
Total	- 53,353	- 58,207

(9) Other operating result

The Other operating result item includes sales revenues and expenses of Raiffeisen Centrobank's commodity operations and from other non-banking activities, income and expenses from disposal of tangible and intangible fixed assets.

Amounts in thousand Euros	2008	2007
Net result	10,408	7,144
Sales revenues from non-banking activities	407,297	315,301
Expenses arising from non-banking activities	- 396,889	- 308,157
Net proceeds from the disposal of tangible and intangible fixed assets	0	42
Other taxes	- 3,002	- 1,216
Net result from the allocation and release of other provisions	- 1,388	- 2,192
Other operating income	4,989	7,586
Other operating expenses	- 5,372	- 5,358
Total	5,635	6,006

Expenses under "Other taxes", which were higher than 2007, are primarily attributable to the allocation of reserves for sales tax obligations following the tax audit.

(10) Income taxes

Income taxes are comprised of the following:

Amounts in thousand Euros	2008	2007
Current income taxes	- 1,651	- 11,985
Austria	- 1,647	- 11,529
Other countries	- 4	- 456
Deferred taxes	- 127	- 488
Total	- 1,778	- 12,473

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

Amounts in thousand Euros	2008	2007
Profit before tax	12,421	54,926
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 percent	- 3,105	- 13,731
Effect of divergent foreign tax rates	141	193
Tax deductions due to tax-exempted income from equity participations and other income	833	821
Tax increases due to non-deductible expenses	- 414	- 112
Other	767	357
Effective tax burden	- 1,778	- 12,472
Tax rate in percent	14.3%	22.7%

The "Other" item includes tax savings resulting from the group taxation scheme in Austria in the amount of TEUR 1,050 (2007: TEUR 316).

(11) Earnings per share

Amounts in thousand Euros	2008	2007
Group net profit	10,643	42,453
Average number of ordinary shares outstanding	655,000	655,000
Earnings per share in Euros	16.25	64.81

No option or conversion rights were issued. For this reason, there is no dilution of earnings per share.

Notes to the Balance Sheet

(12) Balance sheet by measurement category

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

Assets by measurement category	2008	2007
Amounts in thousand Euros		
Trading assets	1,168,031	1,684,881
Positive fair values of derivative financial instruments	562,955	1,045,290
Shares and other variable-yield securities	214,667	621,372
Bonds, notes, and other fixed-interest securities	390,409	18,219
Financial assets held at fair value through profit or loss	40,680	65,652
Shares and other variable-yield securities	50	124
Bonds, notes, and other fixed-interest securities	40,630	65,528
Financial assets available-for-sale	5,168	5,168
Other interests	5,168	5,168
Loans and claims	538,569	386,577
Claims on credit institutions	375,711	207,799
Claims on customers	96,104	118,647
Other non-derivative financial assets	67,379	61,473
Provisioning for impairment losses	- 625	- 1,342
Derivatives (hedging)	0	653
Positive fair values of derivatives in fair-value hedge (IAS 39)	0	653
Other assets	16,850	17,018
Investments in associates and other affiliated companies	1,765	1,429
Intangible and tangible fixed assets	15,085	15,589
Total assets	1,769,298	2,159,951

Equity and liabilities by measurement category	2008	2007
Amounts in thousand Euros		
Trading liabilities	1,130,660	1,618,109
Negative fair values of other derivative financial instruments	1,055,057	1,565,186
Short selling of trading assets	75,602	52,923
Financial liabilities measured at amortised cost	506,855	379,362
Liabilities to credit institutions	235,303	122,907
Liabilities to customers	215,589	218,779
Subordinated capital	20,985	0
Other non-derivative financial liabilities	34,978	37,677
Derivatives (hedging)	50	0
Negative fair values of derivatives in fair-value hedge (IAS 39)	50	0
Provisions	25,486	32,924
Equity	106,246	129,556
Total equity and liabilities	1,769,298	2,159,951

(13) Cash reserve

Amounts in thousand Euros	2008	2007
Cash on hand	395	392
Balances at central banks	15,932	9,548
Total	16,327	9,940

(14) Claims on credit institutions

Amounts in thousand Euros	2008	2007
Giro and clearing business	88,844	96,085
Money market business	270,540	101,774
Total	359,384	197,859

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

Amounts in thousand Euros	2008	2007
Austria	300,111	128,872
Other countries	59,273	68,987
Total	359,384	197,859

(15) Claims on customers

Amounts in thousand Euros	2008	2007
Corporate customers – large corporates	86,461	101,287
Retail customers – private individuals	9,643	17,360
Total	96,104	118,647

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

Amounts in thousand Euros	2008	2007
Austria	4,848	9,377
Other countries	91,257	109,270
Total	96,104	118,647

(16) Provisioning for impairment losses

Provisions for impairment losses are formed in accordance with uniform group standards and cover all recognisable credit risks. A table with the development of the impairment losses for loans and advances can be found in the Risk Report on page 117. Provisions for impairment losses are allocated to the following asset classes according to the definition contained in Basel II:

Amounts in thousand Euros	2008	2007
Corporate customers – large corporates	196	936
Retail customers – private individuals	429	406
Total	625	1,342

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	2008	2007
Bonds, notes, and other fixed-interest securities	261,623	18,219
Bonds and notes from banks	138,882	18,219
Bonds and notes of non-public issuers	122,741	0
Shares and other variable-yield securities	214,667	621,372
Shares and comparable securities	155,974	556,181
Investment fund shares	58,693	65,191
Positive fair values of derivative financial instruments	691,612	1,045,130
Structured products	491,364	740,606
Interest-based transactions	21,020	5,040
Currency-based transactions	2,012	0
Equity-/index-based transactions	177,216	299,484
Total	1,167,902	1,684,722

The share portfolios stemming from market-making activities also represent hedging items along with other securities, options and purchased structured products for certificates and warrants issued by Raiffeisen Centrobank.

(18) Derivative financial instruments

Amounts in thousand Euros	2008	2007
Positive fair values of derivatives in fair-value hedge (IAS 39)	0	653
Interest-based transactions	0	653
Positive market values of other banking book derivatives	129	160
Currency-based transactions	129	160
Total	129	813

This item shows the positive fair values of derivative financial instruments not held for trading purposes. In addition, if available and if 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.

(19) Securities and financial investments

This item comprises financial assets recognised 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	2008	2007
Bonds, notes, and other fixed-interest securities	40,630	65,528
Treasury bills and bills of public authorities eligible for refinancing	0	62,704
Other bills of public authorities	10,304	2,824
Bonds and notes of non-public issuers	30,326	0
Shares and other variable-yield securities	50	124
Shares	50	50
Investment fund shares	0	74
Equity participations	6,933	6,597
Investments in related companies	1,765	1,429
Other interests	5,168	5,168
Total	47,613	72,249

The increase in investments in related companies is attributable primarily to the inflow of the second half of the subscribed capital at OOO Raiffeisen Investment, Moscow/Russia.

Disclosures relating to associates in accordance with IAS 28: In its provisional annual financial statements for the year ended 31 December 2008, Syrena Immobilien Holding AG reports total assets of TEUR 32,064 (31 December 2007: TEUR 31,592), equity of TEUR 29,057 (31 December 2007: TEUR 28,948) and net profit for the year of TEUR 109 (2007: TEUR 235).

(20) Intangible fixed assets

Amounts in thousand Euros	2008	2007
Software	241	432
Other intangible fixed assets	3	5
Total	244	437

(21) Tangible fixed assets

Amounts in thousand Euros	2008	2007
Properties and buildings used for own activities	7,954	7,968
Other equipment, furniture, and fittings	6,887	7,185
Total	14,841	15,153

(22) Statement of fixed assets

The tangible and intangible fixed assets developed in the 2008 financial year as follows:

Cost of acquisition or conversion Amounts in thousand Euros	Balance as at 1/1/2008	Change in consolidation group	Currency translation differences	Additions	Disposals	Transfers	Balance as at 31/12/2008
Intangible fixed assets	3,161	0	7	131	- 10	0	3,289
Goodwill	43	0	0	0	0	0	43
Software	3,118	0	7	131	- 10	0	3,246
Tangible fixed assets	30,325	0	26	2,004	- 203	0	32,151
Properties and buildings used for own activities	9,051	0	1	107	- 1	0	9,158
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	21,274	0	25	1,897	- 202	0	22,993
Total	33,485	0	32	2,135	- 213	0	35,440

Write-ups, amortisation, depreciation, and impairment Amounts in thousand Euros	Cumulative	Write-ups	Depreciation	Book value as at 31/12/2008
Intangible fixed assets	- 3,045	0	- 320	244
Goodwill	- 43	0	0	0
Software	- 3,002	0	- 320	244
Tangible fixed assets	- 17,310	0	- 2,248	14,841
Properties and buildings used for own activities	- 1,204	0	- 121	7,954
thereof value of developed land	0	0	0	2,006
Leased assets	- 16,106	0	- 2,127	6,887
Total	- 20,355	0	- 2,568	15,085

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
Intangible fixed assets	2,964	0	- 15	219	- 8	0	3,160
Goodwill	43	0	0	0	0	0	43
Software	2,921	0	- 15	219	- 8	0	3,117
Tangible fixed assets	27,179	0	- 45	3,448	- 257	0	30,325
Properties and buildings used for own activities	8,691	0	0	0	0	360	9,051
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	18,488	0	- 45	3,448	- 257	- 360	21,274
Total	30,143	0	- 60	3,667	- 265	0	33,485

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

(23) Other assets

Amounts in thousand Euros	2008	2007
Tax assets	3,685	5,699
Current tax assets	775	2,670
Deferred tax assets	2,910	3,029
Receivables arising from non-banking activities	30,311	31,011
Prepayments and accrued income	1,546	2,114
Inventories	25,808	19,742
Other assets	6,029	2,908
Total	67,379	61,474

The net deferred taxes result from the following items:

Amounts in thousand Euros	2008	2007
Tangible and intangible fixed assets	1,268	1,302
Equity participations	667	938
Other assets	153	74
Provisions	317	337
Other liabilities	0	34
Tax loss carry-forwards	293	189
Other balance sheet items	265	347
Deferred tax assets	2,963	3,221
Other assets	47	163
Other balance sheet items	6	29
Deferred tax liabilities	53	192
Net deferred taxes	2,910	3,029

(24) Liabilities to credit institutions

Amounts in thousand Euros	2008	2007
Giro and clearing business	22,274	6,841
Money market business	212,865	115,739
Long-term loans	164	327
Total	235,303	122,907

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

Amounts in thousand Euros	2008	2007
Austria	87,555	104,609
Other countries	147,748	18,298
Total	235,303	122,907

(25) Liabilities to customers

Amounts in thousand Euros	2008	2007
Sight deposits	111,541	163,748
Time deposits	104,048	55,031
Total	215,589	218,779

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

Amounts in thousand Euros	2008	2007
Corporate customers–large corporates	112,761	121,483
Retail customers–private individuals	102,828	97,296
Total	215,589	218,779

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	2008	2007
Austria	159,369	135,975
Other countries	56,220	82,804
Total	215,589	218,779

(26) Provisions

Amounts in thousand Euros	Balance as at 1/1/2008	Change in consolidation group	Additions	Reversals	Use	Transfers, currency translation differences	Balance as at 31/12/2008
Severance payments	4,303	0	788	- 4	- 92	0	4,995
Retirement benefits	922	0	92	- 15	0	1	1,000
Taxes	382	0	164	- 4	- 84	10	468
Current taxes	382	0	164	- 4	- 84	10	468
Pending legal issues	4,707	0	1,120	0	- 1,380	0	4,447
Unused vacation	2,345	0	137	0	0	- 1	2,481
Other	20,265	0	12,541	- 3,157	- 17,609	55	12,095
Total	32,924	0	14,842	- 3,180	- 19,165	65	25,486

Amounts in thousand Euros	Balance as at 1/1/2007	Change in consolidation group	Additions	Reversals	Use	Transfers, currency translation differences	Balance as at 31/12/2007
Severance payments	4,069	0	429	- 195	0	0	4,303
Retirement benefits	756	0	168	- 1	0	- 1	922
Taxes	127	0	342	0	- 77	- 10	382
Current taxes	127	0	342	0	- 77	- 10	382
Pending legal issues	2,289	0	2,418	0	0	0	4,707
Unused vacation	2,251	0	548	- 455	0	1	2,345
Other	13,042	0	18,320	- 522	- 10,478	- 97	20,265
Total	22,534	0	22,225	- 1,173	- 10,555	- 107	32,924

Other provisions include primarily reserves for employee bonuses in the amount of TEUR 7,113 (previous year: TEUR 14,160). Moreover, the item includes reserves for sales tax obligations resulting from a tax audit of TEUR 1,500 (previous year: EUR 0) and provisions for unpaid incoming invoices in the amount of TEUR 1,964 (previous year: TEUR 1,682).

(27) Trading liabilities

Amounts in thousand Euros	2008	2007
Negative fair values of derivative financial instruments	1,055,007	1,565,076
Warrants	214,620	617,269
OTC business	90,944	13,485
Structured products	749,443	934,322
Short selling of trading assets	75,602	52,923
Total	1,130,609	1,617,999

“Trading liabilities” are structured guarantee products of Raiffeisen Centrobank such as the well-known Winner or Blue Chip certificates. The item also includes warrants and other certificates such as turbo certificates on indices and shares.

(28) Derivative financial instruments

Amounts in thousand Euros	2008	2007
Negative fair values of derivatives in fair-value hedge (IAS 39)	50	0
Interest-based transactions	50	0
Negative market values of other banking book derivatives	0	110
Currency-based transactions	0	110
Total	50	110

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 for fair value hedges as defined in IAS 39 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 defined in IAS 39.

(29) Other liabilities

Amounts in thousand Euros	2008	2007
Liabilities from non-banking activities	14,050	22,621
Accruals and deferred income	883	614
Other liabilities	20,096	14,441
Total	35,029	37,676

(30) Subordinated capital

Amounts in thousand Euros	2008	2007
Subordinated capital	20,986	0
Total	20,986	0

Subordinated capital refers to a subordinated bond issued in January 2008 to add to the capital of Raiffeisen Centrobank required to meet capital adequacy requirements with a nominal value of TEUR 20,000, which is recognised under this item to the inclusion of the interest accrued up to the balance sheet date and totalling TEUR 20,986. The bond has an indefinite time to maturity granting a right to termination by the issuer no earlier than 31 January 2013. The yield amounts to EURIBOR + 100 bp. Expenses for subordinated capital amounted in 2008 to TEUR 986 (previous year: EUR 0).

(31) Equity

Amounts in thousand Euros	2008	2007
Consolidated equity	95,603	87,103
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	41,353	32,853
Group net profit	10,643	42,453
Total	106,246	129,556

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 21.00 per ordinary share be distributed from the balance sheet profit in the single-entity financial statements of Raiffeisen Centrobank AG as at 31 December 2008, amounting to TEUR 19,994. This represents a total dividend payment of TEUR 13,755. The remaining amount of TEUR 6,239 will be carried forward to the new balance sheet. The development of equity is detailed on page 74.

(32) Maturity structure

31/12/2008 Amounts in thousand Euros	Payable on demand or with indefinite maturity dates	Up to 3 months	3 – 12 months	1 – 5 years	More than 5 years
Cash reserve	16,327	0	0	0	0
Claims on credit institutions	86,689	271,872	0	823	0
Claims on customers	33,940	5,670	35,056	14,204	7,234
Trading assets	281,504	29,273	58,341	476,013	322,771
Securities and financial investments	6,933	10,822	0	29,858	0
Sundry assets	40,667	32,840	8,461	0	0
Total assets	466,060	350,477	101,858	520,898	330,005
Liabilities to credit institutions	23,174	211,266	864	0	0
Liabilities to customers	111,541	71,244	32,804	0	0
Trading liabilities	128,732	26,374	62,739	620,340	292,424
Subordinated capital	0	985	0	0	20,000
Sundry liabilities	29,021	26,832	4,662	0	50
Subtotal	292,468	336,701	101,069	620,340	312,474
Equity	106,246	0	0	0	0
Total equity and liabilities	398,714	336,701	101,069	620,340	312,474

31/12/2007 Amounts in thousand Euros	Payable on demand or with indefinite maturity dates	Up to 3 months	3 – 12 months	1 – 5 years	More than 5 years
Cash reserve	9,940	0	0	0	0
Claims on credit institutions	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
Total assets	808,661	149,084	114,160	602,447	485,599
Liabilities to credit institutions	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
Subtotal	240,993	200,485	175,059	971,642	442,216
Equity	129,556	0	0	0	0
Total equity and liabilities	370,549	200,485	175,059	971,642	442,216

(33) 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 the Raiffeisen Centrobank Group 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.

» "Affiliated companies" encompass those affiliated companies of Raiffeisen Zentralbank Österreich 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 50. In the 2008 financial year, transactions with related parties were as follows:

Amounts in thousand Euros	Parent company	Companies with significant influence	Affiliated companies	Other interests
Claims on credit institutions	275,265	0	1,452	0
Claims on customers	0	0	46,820	514
Trading assets	461,986	46,342	24,135	0
Securities and financial investments	0	0	1,765	5,168
Other assets including derivative financial instruments	1,020	0	60	24
Liabilities to credit institutions	17,140	0	981	0
Liabilities to customers	0	0	4,199	585
Provisions	160	0	0	0
Trading liabilities	14,398	0	3,194	0
Other liabilities	6,504	0	44	0
Subordinated capital	0	0	20,985	0

As at 31 December 2007, transactions with related parties were as follows:

Amounts in thousand Euros	Parent company	Companies with significant influence	Affiliated companies	Other interests
Claims on credit institutions	104,812	0	2,325	0
Claims on customers	0	0	47,663	514
Trading assets	305,579	0	36,703	0
Securities and Equity participations	0	0	1,429	5,168
Other assets including derivative financial instruments	889	34	55	25
Liabilities to credit institutions	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

(34) Foreign currency volumes

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

Amounts in thousand Euros	2008	2007
Assets	234,743	569,127
Liabilities	124,847	173,319

(35) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

Amounts in thousand Euros	2008	2007
Assets	628,497	1,338,343
Liabilities	195,423	188,539

(36) Subordinated assets

Assets include the following subordinated assets:

Amounts in thousand Euros	2008	2007
Trading assets	1,552	5,018
Total	1,552	5,018

(37) Assets pledged as collateral

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

Amounts in thousand Euros	2008	2007
Other liabilities	89,665	77,504
Total	89,665	77,504

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

Amounts in thousand Euros	2008	2007
Claims on credit institutions	57,557	77,972
Trading assets	95,010	33,264
Other current financial assets	30,176	30,340
Total	182,743	141,576

(38) Operating leasing

Operating leases from the point of view of the Raiffeisen Centrobank as a lessee.

Future minimum leasing payments for non-cancellable operating leases are as follows:

Amounts in thousand Euros	2008	2007
Up to 1 year	1,098	651
1 – 5 year	3,002	2,505
Total	4,100	3,156

Risk report

(39) Risks from financial instruments

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 Raiffeisen Zentralbank Österreich Aktiengesellschaft, 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, which originates with the Bank's orientation toward the equity and equity derivatives business. 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. 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, authorising the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. The risk policy is an integral part of the risk management scheme of the bank as a whole, which systematically links the profit management and risk management of all business segments.

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 Risk Committee, which meets regularly, addresses all issues and regulations in the area of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions. Members of the Risk Committee, along with the Executive Board as a whole, are the head of the Risk Management, Securities Trading & Sales and Treasury departments. 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.

Raiffeisen Centrobank employs innovative methods and schemes in its risk management activities. Risk management is based on a risk strategy that focuses on risk propensity and risk capacity. On this basis, a unified bank-wide limit system is used that distributes the desired risk exposure of the Bank at division, department and individual manager level. The quantification of operational risk using a VaR-consistent parameter continues to be important. 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 realisation 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.

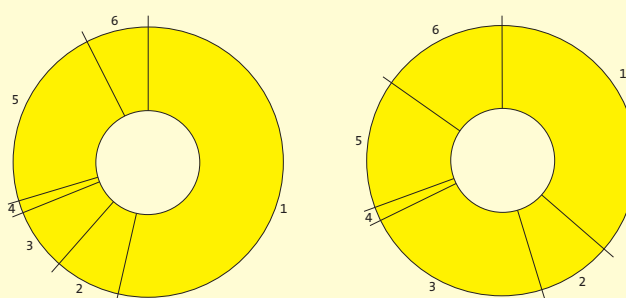
The existing risk capacity analysis of the RZB Group is supplemented by scenarios adapted to the business model of Raiffeisen Centrobank which are used to verify whether or not potential losses (the risk potential) exceeds the amount of the aggregate risk cover available at the time. Taking the going concern perspective (calculated using a confidence interval of 95 percent and retention 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 percent) 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 key components of Raiffeisen Centrobank's total risk management operations. As it is derived from both the bank's approach to its business, its risk propensity 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.

Securing capital adequacy is one of the primary goals of risk management at Raiffeisen Centrobank. The adequacy of capital is assessed every quarter on the basis of risk calculated according to internal models. This capital adequacy framework takes into account capital requirements both a regulatory perspective (going-concern perspective) and from an economic point of view (liquidation perspective). In both perspectives, all material risks are determined using a Value-at-Risk model.

Market risk constitutes the most significant specific risk from both perspectives. This accounts for 54 percent or 37 percent of total risk.

Shares of individual risk types



Going-concern perspective as at 31/12/2008		Liquidations perspective as at 31/12/2008	
1. Market risk	53.7%	1. Market risk	37.2%
2. Credit risk	7.7%	2. Credit risk	9.0%
3. Operational risk	7.6%	3. Operational risk	22.8%
4. Business risk	1.3%	4. Business risk	1.8%
5. Equity participation risk	22.2%	5. Equity participation risk	15.5%
6. Other risks	7.5%	6. Other risks	15.5%

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.

Value-at-Risk, which is calculated daily on the basis of a variance-covariance model, plays an important role. This calculation is based on a confidence interval of 99 percent and a retention period of 10 days. The market data for the calculation of volatility and correlations are based on a one-year history.

The table below 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.

In addition to the variance-covariance method, the Value-at-Risk is also calculated using the statistically more precise Monte Carlo simulation. 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 move-

ments on exchanges. Whether or not random variables (risk factors) are realised is determined by applying a stochastic process (distributions and random walks) and parameters (for instance: volatility, correlations) incorporating historic data or predefined scenarios. This represents a significant increase in the flexibility of the risk measurement method, which is 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. As of 31 December 2008, the Value-at-Risk for market risk calculated according to the Monte Carlo method (95 percent confidence interval, 3-month retention period) equals TEUR 7,950 (30 September 2008: TEUR 11,040).

The required trading book capital is calculated in accordance with § 22 0 of the Austrian Banking Act. As of the end of 2008, the required securities trading book capital amounted to TEUR 26,700 (31 December 2007: TEUR 37,900 – calculated according to the Basel I standard procedure).

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. Interest rate risk is reported to supervisory authorities on a quarterly basis within the framework of interest rate statistics.

Amounts in thousand Euros	31/12/2008	30/09/2008	30/06/2008	31/03/2008	31/12/2007
Interest rate risk	860	920	650	530	420
Foreign exchange risk	198	85	43	121	74
Price risk	3,585	3,779	6,974	6,689	8,315
Total	4,643	4,784	7,667	7,340	8,809

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2008 was as follows:

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	45,376	0	30,598	2
USD	2,020	0	0	0
Other	0	0	0	0

The interest maturity gap of Raiffeisen Centrobank as at 31 December 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

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 unrealised 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 RZB Group Risk Management. 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 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. The group-wide rating and default database registers and evaluates customers and documents default processes.

To measure risk internally, Raiffeisen Centrobank uses a modified version of the Basel II-IRB approach, which enables the determination of a VaR-consistent risk value and, unlike the original IRB formula, includes the expected loss. The credit risk of Raiffeisen Centrobank is monitored and analysed 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 31 December 2008, Raiffeisen Centrobank had interest-bearing assets subject to credit risk as well as an off-balance-sheet volume amounting to TEUR 786,160 before deductions made for value adjustments.

Active volume	31/12/2008		31/12/2007	
Amounts in thousand Euros				
Bonds and notes from public authorities	0		62,703	
Claims on credit institutions	491,968		188,919	
Claims on customers	130,380		138,701	
Bonds	161,087		21,044	
	783,435		411,367	
Product-weighted off-balance sheet transactions	2,725		2,144	
	786,160	100.0%	413,511	100.0%
Irrecoverable	628	0.1%	1,342	0.3%
Default potential	2,164	0.3%	0	
Requiring attention	0		14,000	3.4%

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

Amounts in thousand Euros	Balance as at 1/1/2008	Allocation¹⁾	Release	Use	Transfers, currency translation differences	Balance as at 31/12/2008
Specific valuation allowances	1,342	83	0	- 800	0	625
Claims on customers	1,342	83	0	- 800	0	625
thereof Austria	1,342	83	0	- 800	0	625
Total	1,342	83	0	- 800	0	625

Amounts in thousand Euros	Balance as at 1/1/2007	Allocation¹⁾	Release	Use	Transfers, currency translation differences	Balance as at 31/12/2007
Specific valuation allowances	1,259	84	0	0	0	1,342
Claims on customers	1,259	84	0	0	0	1,342
thereof Austria	1,259	84	0	0	0	1,342
Total	1,259	84	0	0	0	1,342

¹⁾ 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:

31/12/2008 Amounts in thousand Euros	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
Banks	359,384	0	359,384	0	359,384
Corporate customers—large corporates	86,461	196	86,265	196	87,221
Retail customers—private individuals	9,643	429	9,214	429	9,214
Total	455,488	625	454,863	625	455,819

31/12/2007 Amounts in thousand Euros	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
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
Total	316,506	1,342	315,164	1,342	315,192

Our parent company, Raiffeisen Zentralbank Österreich Aktiengesellschaft, uses the IRB approach based on internal ratings to assess credit risk. Raiffeisen Centrobank AG uses the standard approach, for which the “permanent partial use” parameter has been approved.

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 analysed 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 standardised 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 analysing databases chronicling operating losses as they relate 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. This VaR-consistent risk value (95 percent confidence interval, 3-month retention period) amounted to TEUR 1,130 (31. December 2007: TEUR 1,380).

Equity participation risks

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at 31 December 2008, the book value of the equity participations of Raiffeisen Centrobank amounted to about TEUR 15,600. The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is thus 2.34 percent (previous year: 2.24 percent).

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 standardised 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 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. Direct equity participations are quantified using a procedure similar to the PD/LGD approach (§§ 72, 77 (4) of the Solvabilitätsverordnung (SolvaV – Solvability Regulation). Participatory-similar items are categorised 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.

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 existent neither as at 31 December 2008, nor at 31 December 2007. As at 31 December 2008, the total amount of receivables not assessed for impairment was TEUR 454,863 (31 December 2007: TEUR 315,164).

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:

Impairment and collateral 31/12/2008 Amounts in thousand Euros	Impaired assets	Specific valuation allowances	Impaired assets after deduction of allowances for impairment losses	Collateral for impaired assets	Interest in impaired assets
Corporate customers–large corporates	196	196	0	0	45
Retail customers–private individuals	429	429	0	0	23
Total	625	625	0	0	68

Impairment and collateral 31/12/2007 Amounts in thousand Euros	Impaired assets	Specific valuation allowances	Impaired assets after deduction of allowances for impairment losses	Collateral for impaired assets	Interest in impaired assets
Corporate customers–large corporates	936	936	0	0	51
Retail customers–private individuals	406	406	0	0	21
Total	1,342	1,342	0	0	72

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

31/12/2008 Amounts in thousand Euros	Maximum credit exposure		Fair values of collateral
	Net exposure	Contingent liabilities/ guarantees issued	Reselling/ pledging allowed
Credit institutions	359,384	145	3,039
Corporate customers–large corporates	86,265	1,078	86,585
Retail customers–private individuals	9,214	475	31,349
Total	454,863	1,697	120,973

31/12/2007 Amounts in thousand Euros	Maximum credit exposure		Fair values of collateral
	Net exposure	Contingent liabilities/ guarantees issued	Reselling/ pledging allowed
Credit institutions	197,859	0	0
Corporate customers–large corporates	100,351	1,126	128,352
Retail customers–private individuals	16,954	455	28,370
Total	315,164	1,581	156,722

(40) Derivative financial instruments

The total volume of unsettled derivative financial instruments as at 31 December 2008 is composed of the following:

Amounts in thousand Euros	Nominal amount by maturity			Total	Fair values	
	Up to 1 year	1 – 5 years	over 5 years		Positive	Negative
Total	998,223	1,643,945	1,522,337	4,164,507	951,787	- 1,055,057
Interest rate contracts	44,371	183,323	320,200	547,895	21,020	- 64
OTC products						
Interest rate swaps	19,750	183,323	320,200	523,274	20,588	- 49
Interest rate futures	0	0	0	0	0	0
Products traded on stock exchange						
Interest rate futures	24,621	0	0	24,621	432	- 15
Foreign exchange and gold contracts	77,496	5,668	6,801	89,965	2,140	- 9,358
OTC products						
Forward foreign exchange contracts	32,515	0	0	32,515	212	- 92
Currency options – purchased	15,865	0	0	15,865	1,056	
Currency options – sold	15,865	0	0	15,865	0	- 1,056
Other currency contracts	0	5,668	6,801	12,469	0	- 8,210
Products traded on stock exchange						
Currency contracts (futures)	13,251	0	0	13,251	872	0
Equity/index contracts	861,560	1,428,305	1,190,552	3,480,417	924,684	- 1,016,076
OTC products						
Equity-/index-based options – purchased	111,953	244,317	315,255	671,526	119,988	0
Equity-/index-based options – sold	107,557	78,970	216,269	402,796	0	- 83,750
Other equity/index contracts	293,438	1,091,815	659,028	2,044,281	748,331	- 888,245
Products traded on stock exchange						
Equity/index futures	93,169	1,753	0	94,922	11,814	- 1,558
Equity-/index-based options	255,443	11,450	0	266,893	44,551	- 42,523
Commodities transactions	5,387	19,549	1,141	26,077	3,232	- 19,835
Precious metals transactions	9,409	7,100	3,643	20,152	711	- 9,724

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 31 December 2007 comprises the following:

Amounts in thousand Euros	Nominal amount by maturity			Total	Fair values	
	Up to 1 year	1 – 5 years	over 5 years		Positive	Negative
Total	1,644,763	1,502,554	1,184,850	4,332,167	1,059,145	- 1,565,186
Interest rate contracts	82,599	64,750	163,795	311,144	5,693	- 1,466
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
Foreign exchange and gold contracts	328,420	3,812	18,342	350,574	1,497	- 11,832
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
Equity/index contracts	1,209,692	1,422,727	988,904	3,621,323	1,051,221	- 1,535,002
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
Commodities transactions	1,848	1,128	1,078	4,054	106	- 2,337
Precious metals transactions	22,204	10,137	12,731	45,072	627	- 14,549

(41) 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	Fair Value	Carrying amount	2008 Difference	Fair Value	Carrying amount	2007 Difference
Assets						
Cash reserve	16,327	16,327	0	9,940	9,940	0
Claims on credit institutions	359,384	359,384	0	197,859	197,859	0
Claims on customers	96,435	96,104	331	119,258	118,647	611
Equity participations	6,933	6,933	0	6,597	6,597	0
Intangible and tangible fixed assets	15,085	15,085	0	15,589	15,589	0
Other assets	67,378	67,378	0	61,473	61,473	0
Equity and liabilities						
Liabilities to credit institutions	234,531	235,303	- 772	122,793	122,907	- 113
Liabilities to customers	215,589	215,589	0	218,779	218,779	0
Subordinated capital	20,985	20,985	0	0	0	0
Other liabilities	35,028	35,028	0	37,677	37,677	0

(42) Fair values of financial instruments recognised at fair value

Amounts in thousand Euros	Published price quotations (Level I)	Valuation techniques based on market data (Level II)	2008 Valuation techniques not based on market data (Level III)	Published price quotations (Level I)	Valuation techniques based on market data (Level II)	2007 Valuation techniques not based on market data (Level III)
Trading assets	564,483	603,547	0	759,866	925,016	0
Positive fair values of derivative financial instruments	229,359	462,381	0	120,275	925,016	0
Shares and other variable-yield securities	214,667	0	0	621,372	0	0
Bonds, notes, and other fixed-income securities	120,457	141,166	0	18,219	0	0
Financial assets held at fair value through profit or loss	40,680	0	0	65,652	0	0
Shares and other variable-yield income securities	50	0	0	124	0	0
Bonds, notes, and other fixed-income securities	40,630	0	0	65,528	0	0
Financial assets available-for-sale	0	0	5,168	0	0	5,168
Other interests	0	0	5,168	0	0	5,168
Shares and other variable-yield securities	0	0	0	0	0	0
Derivatives – hedge accounting	0	0	0	653	0	0
Positive fair values of derivative instruments	0	0	0	653	0	0

Amounts in thousand Euros	Published price quotations (Level I)	Valuation techniques based on market data (Level II)	2008 Valuation techniques not based on market data (Level III)	Published price quotations (Level I)	Valuation techniques based on market data (Level II)	2007 Valuation techniques not based on market data (Level III)
Trading liabilities	809,829	320,831	0	1,368,890	249,219	0
Negative fair values of other derivative financial instruments	734,226	320,831	0	1,315,967	249,219	0
Shortselling of trading assets	75,602	0	0	52,923	0	0

Other Disclosures

(43) Contingent liabilities and other off-balance-sheet obligations

Amounts in thousand Euros	2008	2007
Contingent liabilities	812	716
Other guarantees	670	522
Letters of credit	142	194
Credit risks	886	865
Irrevocable credit obligations and stand-by facilities	886	865
Up to 1 year	886	433
More than 1 year	0	432

Credit risks encompass only irrevocable credit obligations.

(44) Fiduciary business

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

Amounts in thousand Euros	2008	2007
Securities and financial investments	7,091	7,091
Other fiduciary assets	2,000	2,018
Fiduciary assets	9,091	9,109
Other fiduciary liabilities	9,091	9,109
Fiduciary liabilities	9,091	9,109

Disclosures based on Austrian regulations

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

Amounts in thousand Euros	2008 Listed	2008 Unlisted	2007 Listed	2007 Unlisted
Bonds, notes, and other fixed-interest securities	161,087	0	83,747	0
Shares and other variable-yield securities	384,084	322,073	697,901	664,698

(46) Volume of securities trading book pursuant to § 22b Austrian Banking Act

Amounts in thousand Euros	2008	2007
Securities	967,782	1,380,198
Other financial instruments	190,842	304,524
Total	1,158,624	1,684,722

(47) Management of capital and own funds pursuant to Austrian Banking Act

Capital is a key dimension of bank management. The Austrian Banking Act prescribes regulatory values for Raiffeisen Centrobank based on relevant EU requirements. The internal control function of Raiffeisen Centrobank uses targets which comprise all risk categories (including trading book risk, foreign currency risk and operational risk). Control is focused on capital and on

the Tier 1 ratio. Additionally, a risk capacity based on the Value-at-Risk ratio is calculated – both for a going-concern scenario, using aggregate risk cover defined on the basis of the risk strategy, and for a liquidation scenario. In the 2008 financial year, Raiffeisen Centrobank issued a subordinated bond eligible for inclusion in Tier 2 capital with a nominal amount of TEUR 20,000. For further information, please see the risk report.

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	2008	2007
Paid-in capital	47,599	47,599
Earned capital	30,721	30,721
Intangible fixed assets	- 208	- 374
Tier 1 capital	78,112	77,946
Deductions from Tier 1 capital (advance delivery)	- 49	0
Eligible Tier 1 capital (after deductions)	78,063	77,946
Long-term subordinated capital	20,000	0
Additional capital (Tier 2 capital)	20,000	0
Deductions from additional capital	- 49	0
Eligible supplementary capital (after deductions)	19,951	0
Total capital	98,014	77,946
Total required capital	53,061	55,470
Excess capital	44,952	22,476
Excess cover ratio in percent	184.7%	140.5%
Core capital ratio (Tier 1), credit risk	39.0%	37.2%
Total Tier 1 ratio (incl. market and operational risk)	11.8%	11.2%
Own funds ratio in percent	14.8%	11.2%

The core capital ratio is based on the risk-weighted basis of assessment pursuant to § 22 of the Austrian Banking Act. The values of 31 December 2007 are based on Basel I and were adapted to the new presentation scheme.

The total own funds requirement is as follows:

Amounts in thousand Euros	2008	2007
Risk-weighted assessment base pursuant to § 22 Austrian Banking Act	200,313	209,350
of which 8% of the required minimum for credit risk pursuant to §§ 22a to 22h of the Austrian Banking Act	16,025	16,748
Settlement risk	33	0
Required capital for position risk in debt instruments, asset values and commodities	26,635	37,890
Required capital for position risk in foreign currencies	286	832
Required capital for operational risk	10,082	0
Total required capital	53,061	55,470

(48) Average number of staff

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

Full-time equivalents	2008	2007
Salaried employees	298	252
Wage earners	8	7
Total	306	259

(49) Expenses on severance payments and retirement benefits

Amounts in thousand Euros	2008	2007
Members of the Executive Board and senior staff	- 203	- 401
Other employees	- 963	- 736
Total	- 1,166	- 1,137

(50) Relations with key management**Remuneration of the Executive Board**

The following remuneration was paid to the members of the Executive Board of Raiffeisen Centrobank AG:

Amounts in thousand Euros	2008	2007
Fixed and performance-based remuneration	2,722	2,278
Payments to pension funds and business insurances	0	0
Total	2,722	2,278

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 AG to the Raiffeisen Centrobank Group are as follows:

Amounts in thousand Euros	2008	2007
Loans	0	0
Sight deposits	336	449

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

Amounts in thousand Euros	2008	2007
Loans	0	0
Sight deposits	622	787

(51) Corporate Bodies**Executive Board***Chairman***Eva Marchart***Deputy Chairman of the Executive Board***Alfred Michael Spiss***Member of the Executive Board***Gerhard Grund****Supervisory Board***Chairman***Walter Rothensteiner**General Director Raiffeisen Zentralbank Österreich
Aktiengesellschaft, Vienna, Austria*First Deputy Chairman***Patrick Butler**Member of the Executive Board of Raiffeisen Zentralbank
Österreich Aktiengesellschaft, Vienna, Austria

Vienna, 3 April 2009

The Executive Board

*Second Deputy Chairman***Herbert Stepic**General Director of Raiffeisen International
Aktiengesellschaft, Vienna, Austria*Members***Helfried Marek**

to 23 April 2008

Karl SeveldaMember of the Executive Board
of Raiffeisen Zentralbank Österreich
Aktiengesellschaft, Vienna, Austria**Johann Strobl**

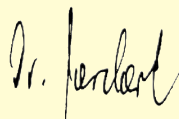
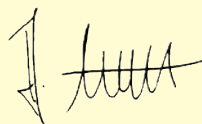
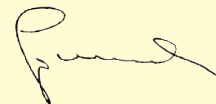
from 23 April 2008

Member of the Executive Board of Raiffeisen
Zentralbank Österreich Aktiengesellschaft, Vienna, Austria**Christian Teufl**Director of Raiffeisen Zentralbank Österreich
Aktiengesellschaft, Vienna, Austria**State Commissioners****Peter Braumüller**

Divisional Director

Tamara Els

Deputy Assistant

**Eva Marchart**
Chairman**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, Vienna, for the financial year from 1 January 2008 to 31 December 2008. These consolidated financial statements comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ending 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

The legal representatives of the Company are responsible for the preparation of the consolidated financial statements, which give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes designing, implementing and maintaining an internal control system, to the extent that this is significant for the preparation of the consolidated financial statements and the presentation of a true and fair view of the assets, liabilities, financial position and profit or loss of the Group such that they are free of material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and undertaking accounting estimates which are reasonable under the present 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.

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 the Group as at 31 December 2008, and of its financial performance and its cash flows for the financial year from 1 January 2008 to 31 December 2008, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Vienna, 6 April 2009

KPMG Austria GmbH Wirtschaftsprüfungs-
und Steuerberatungsgesellschaft

Wilhelm Kovsca
Certified public accountant

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.

Josef Kirchknopf
Tax consultant

Basis of Consolidation

List of fully-consolidated companies

Company, domicile (country)	Subscribed capital in local currency	Share in %	of which indirectly ¹	Type ²
Centrotech Chemicals AG, Zug (CH)	5,000,000 CHF	100.0		SU
Centrotech Deutschland GmbH, Eschborn (DE)	410,000 EUR	100.0		SU
Centrotech Holding AG, Vienna (AT)	3,000,000 EUR	100.0		SU
Centrotech Investment AG, Zug (CH)	5,900,000 CHF	100.0		SU
Centrotech Minerals & Metals Inc., Chesapeake (US)	2,000 USD	100.0		SU
Raiffeisen Centrobank AG, Vienna (AT)	47,598,850 EUR	100.0		KI
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 %	of which indirectly ¹	Type ²
A.X. Finance Limited, St. Helier (JE)	2,500 GBP	100.0		FI
Centro Asset Management Limited, St. Helier (JE)	10,000 GBP	100.0		FI
Centrotech Singapore Pte. Ltd., Singapore (SG)	500,000 SGD	100.0		SU
MENARAI Holding GmbH, Vienna (AT)	35,000 EUR	100.0		SU
MIRA Beteiligungsholding GmbH, Vienna (AT)	35,000 EUR	100.0		SU
Raiffeisen Energy & Metals Beteiligungsverwaltungs GesmbH, Vienna (AT)	35,000 EUR	100.0		SU
Raiffeisen Investment (Bulgaria) EOOD, Sofia (BG)	60,050 BGN	100.0		FI
Raiffeisen Investment (Malta) Limited, Sliema (MT)	5,000 EUR	99.8		FI
OOO 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 s.r.o., Prague (CZ)	200,000 CZK	100.0		FI
Raiffeisen Investment Ukraine TOV, Kiev (UA)	3,733,213 UAH	100.0		FI
RAISHOP Holding GmbH, Vienna (AT)	35,000 EUR	100.0		FH
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000 EUR	100.0		SU
Sophia Plaza Holding GmbH, Vienna (AT)	35,000 EUR	100.0		SU

Other interests

Company, domicile (country)	Subscribed capital in local currency	Share in %	of which indirectly ¹	Type ²
Alpenbank Aktiengesellschaft, Innsbruck (AT)	10,220,000 EUR	0.0		FI
Centrottrade (Malaysia) Sdn. Berhad in Liquidation, Kuala Lumpur (MY)	100,000 MYR	40.0		SU
Österreichische Raiffeisen Einlagensicherung reg. Gen.m.b.H., Vienna (AT)	2,900 EUR	3.6		SU
Scanviwood Co. Ltd., Ho Chi Minh City (VN)	2,500,000 USD	6.0		SU
Society for Worldwide Interbank Financial Telecommunication s.c., La Hulpe (BE)	14,009,000 EUR	0.1		SU
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370 EUR	21.0		SU
AGC Bor Glasworks, Bor City (RU)	418,956,270 RUB	7.4	7.4	SU

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

² Company type:

BA = Bank

FH = Financial Holding

FI = Financial Institutions

BH = Providers of ancillary services

OT = Other companies

Service & Information

Glossary: Certificates

<p>B</p> <hr/> <p>Base value Also referred to as the underlying, this comprises the stock, basket of stocks, index, commodity or other item from which a certificate is derived.</p> <p>Basket The word basket refers to an underlying consisting of two or more stocks, indices or commodities. The individual items of a basket do not have to be equally weighted.</p> <p>Benchmark Serves as a measure for determining how well an individual investment has performed in comparison with the market as a whole. An appropriate index is generally chosen as the benchmark.</p> <hr/> <p>C</p> <hr/> <p>Cap Refers to the maximum payout of a certificate at the maturity date.</p> <p>Certificate Certificates are securitized financial instruments listed on the stock exchange that are issued as bonds by banks and other issuers. They consist of derivatives and are therefore completely dependent on the performance of their underlyings at all times.</p> <p>Closing price Refers to the closing price of a security at the end of a trading day.</p> <hr/> <p>D</p> <hr/> <p>Direct investment Refers to a situation where an investor directly purchases the underlying in place of a certificate.</p> <p>Dividend The dividend is the portion of unappropriated profits paid out by a joint stock company and accruing to each of its shares.</p>	<p>E</p> <hr/> <p>EUWAX (European Warrant Exchange) Index This is a segment of the Stuttgart Securities Exchange where certificates and warrants are traded. EUWAX is the world's largest certificates trading exchange.</p> <hr/> <p>I</p> <hr/> <p>Index Price indicator calculated on an ongoing basis that reflects the performance of a large number of individual securities (stocks, bonds) with a single value. Generally regrouped at regular intervals on the basis of transparent criteria (stock market turnover, market capitalisation).</p> <p>ISIN (International Securities Identification Number) This twelve-digit combination of letters and numbers ensures the unique global identification of a security.</p> <p>Issue Circulation of a new certificate.</p> <p>Issue surcharge A one-time fee generally levied for the purchase of certificates within the subscription period and serving to defray commissions paid for distribution.</p> <p>Issuer An issuer is the party issuing securities. Issuers of stocks are companies; bonds can be issued by companies, public corporations, the government and other institutions while certificates are primarily issued by banks.</p> <p>Issue price Also referred to as the subscription price, this is the price at which new certificates are issued.</p>	<p>M</p> <hr/> <p>Market maker Market makers are official members of a stock exchange that continuously set bid and offer prices for specific securities. In the case of certificates, the market maker is generally the issuer itself and accordingly guarantees supply and demand on an ongoing basis.</p> <p>Maturity Refers to the expiry date of a certificate. Most index certificates are "open ended" and therefore do not have a fixed maturity date.</p> <hr/> <p>O</p> <hr/> <p>Open-end Indicates that a certificate has no preset time of maturity.</p> <p>Outperformance Refers to the situation where one investment achieves a higher rate of return than another one. Outperformance certificates can be used to engineer this market-neutral return.</p> <p>Over-the-counter trading Also referred to as OTC trading, this comprises financial transactions not carried out via a stock exchange.</p> <hr/> <p>P</p> <hr/> <p>Participation Indicates the extent to which a certificate engages an investor in price movements of the underlying.</p> <p>Performance Growth or return of an investment. Performance is normally indicated as a percentage.</p> <p>Premium Reflects the purchase price difference between the underlying when acquired directly and a warrant for the underlying.</p>	<p>Q</p> <hr/> <p>Quanto Quanto is added to certificates to indicate that they contain currency hedging to prevent rates of exchanges from influencing the price of the certificate.</p> <hr/> <p>R</p> <hr/> <p>Risk buffer This is the maximum amount by which a certificate's underlying can fall without the investor incurring a loss.</p> <hr/> <p>S</p> <hr/> <p>Spread The spread is used in securities trading to denote the margin between the bid and offer prices. Certificate spreads are primarily determined by the liquidity of the underlying.</p> <p>Subscription ratio Indicates how many units of the underlying the certificate encompasses.</p> <hr/> <p>T</p> <hr/> <p>Time to maturity This refers to the period between the issue and maturity date of a certificate.</p> <hr/> <p>V</p> <hr/> <p>Volatility Volatility refers to the intensity of price and return fluctuations and is generally calculated as a percentage on the basis of standard deviations from norms. The high degree of volatility evinced by discount and other certificates makes them particularly attractive for investors wishing to gain a foothold in the market.</p>
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Bonus Certificates

At the issue date the bonus certificate is assigned a bonus level, barrier and possibly a cap (= maximum payout at the maturity date). The parameters are set in accordance with maturity, volatility and anticipated dividends and remain unchanged throughout the entire maturity. If the predefined barrier is not touched or undercut during the maturity, the investor receives this bonus level or the corresponding higher amount paid out at the maturity date. Any cap represents the maximum payout at the maturity date. The price of the bonus certificate at the issue date is roughly equivalent to the price of the underlying. However, the detachment from the barrier only offers partial hedging for price falls down to the barrier. In the event of a major price slump and if the barrier is touched or undercut, the bonus mechanism is deactivated and the certificate performs in line with the underlying (e.g. the stock or the index). So-called plus bonus certificates are a special form of bonus certificates for which the barrier is only observed at the maturity date.

Discount Certificates

Discount certificates are an attractive form of investment for investors also wishing to make a profit in the event of sideways-pointing markets. Discount certificates enable investors to invest in a given underlying (stock or index) at an attractive discount since instead of paying the countervalue of the current price of the underlying they pay the lower discount price.

This discount poses a risk buffer to cushion potential price setbacks and at the same time ensures a profit in a flat market with an unchanged underlying price that would not have been possible in the case of a direct investment in the underlying. In return for this price discount, participation in the positive price performance of the underlying is limited by an upper threshold (cap). The investor no longer benefits from further price increases beyond this cap.

Guarantee Certificates

Guarantee certificates are extremely popular among investors and serve to protect the capital invested. The capital guarantee generally applies to 100% of the nominal amount that is in all events paid back at the maturity date. The combination of security and return is achieved by combining two conventional components. The basis of each guarantee certificate comprises bonds that are drawn on for capital protection at the maturity date. At the same time, the deployment of options enables the achievement of above-average returns or participation in the underlying index or stocks basket subject to corresponding performance. Guarantee certificates can therefore be either coupon or growth-oriented and are ideal instruments for the conservative share of a portfolio.

Index and Basket Certificates

Index and basket certificates are an attractive investment instrument for investors who wish to determine both the beginning and end dates of their investment themselves and appreciate transparent 1:1 participation without price thresholds or structured payout profiles. The underlying instrument can be a traditional equity index such as the Austrian leading index ATX, an individual commodity such as gold or oil or a basket comprising several shares and commodities that has been compiled by the issuer. The structure of index and basket certificates is simple and transparent to the extent that if the underlying increases by 5% then the value of the certificate likewise goes up by 5%. Investors therefore bear the market risk. A potential exchange rate risk must additionally be taken into account if the currency of the certificate is not equivalent to that of the underlying.

Reverse Convertibles

Reverse convertibles are generally based on shares and are therefore linked to the performance of the underlying. Like bonds they are provided with a coupon that guarantees interest payments. However, the return on a reverse convertible is normally greater than that of a traditional bond. At the maturity date the investor is either paid back the issue price in cash or receives a predetermined number of shares or their countervalue. The interest is always paid out by the issuer. If at the maturity date the share is trading at or above the so-called strike price (threshold limit for the price of the underlying share agreed at the time of issue), the bank will pay back the nominal amount of the bond in cash. However, if the price of the underlying share falls below the strike price, the issuer will supply a predetermined quantity of the share in question or its countervalue. The cash value of these shares is calculated by multiplying the agreed number of shares by

the share price. The price of a reverse convertible is quoted as a percentage of the nominal amount so that 100% is equivalent to the nominal amount of EUR 1,000, 90% is equivalent to EUR 900 and 110% is equivalent to EUR 1,100.

Turbo Certificates

Turbo certificates provide the opportunity for above average returns due to their leverage effect. A turbo certificate is constructed in a similar way to a future. As with futures the investor has the option of focusing on rising prices with turbo long certificates and falling prices with turbo short certificates. The investor only has to pay for part of the underlying (intrinsic value) while the rest is financed by the issuer. The strike price of a turbo certificate determines the financing level. The closer the strike price is to the price of the underlying, the greater the leverage effect of the certificate. In order to relieve the investor from the reserve liability that is customary for futures transactions, a stop-loss limit (the so-called barrier) is drawn just above the strike price for long certificates and just below the strike price for short certificates. If the price of the underlying touches or falls below the barrier during maturity, the certificate is stopped-out and the investor is paid out the residual value. If the price of the underlying develops in the 'right' direction then turbo certificates provide the opportunity for achieving above-average returns while at the same time the participation of the investor in the losses is also disproportionately high due to the leverage effect.

Glossary: General financial terms

A

Associated companies

Entities over which the investor has significant influence in terms of financial and operating policies.

B

Back testing

The backward comparison of VaR figures with actual results in order to test the quality of a model.

Banking book

All positions that are not assigned to the trading book.

Basel II

Refers to the complete set of equity regulations published by the Basel Committee on Banking Supervision to ensure financial market stability. The Basel II Accord of 26 June, 2004 represents an enhancement to the Basel I framework.

Basis of assessment (incl. market risk)

Comprises the basis of assessment in accordance with section 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 point

Measure to rate 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 flow during the financial year arising from operating, investment and financing activities and reconciliation of cash and cash equivalents held at the beginning and end of the financial year.

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.

Core capital

Paid-in capital and reserves less intangible fixed assets and balance sheet and material losses during the current financial year.

Core capital ratio

This ratio's numerator comprises core capital (tier 1) and its denominator forms 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 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).

Country risk

This comprises the transfer and convertibility risk and the political risk.

Credit derivatives

Instruments used to transfer the credit risk arising from loans, bonds and other risk assets or market risk items to another party.

Credit spread

The risk premium on the risk-free interest rate that is designed to take account of default risks and is determined by the credit rating of a company/an issuer.

D

DBO

Defined benefit obligation = the present value, without deducting any plan assets, of expected future payments required to settle the obligations arising from employee service in the current or prior periods.

Default risk/credit risk

Risk that counterparties in a financial transaction will not be able to fulfil an obligation, thereby causing the other party a financial loss.

Deferred tax assets

The amount of income tax 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 amount of income tax payable in future periods in respect of taxable temporary differences.

Derivatives

Financial instruments whose value changes in response to a change in a given interest rate, securities price, commodity price, exchange rate, index of prices or interest rates, credit rating or credit index or other similar variable and that require no or very little initial net investment and are settled at a future date.

Dirty price

Price of a financial instrument including accrued interest.

E

Earnings per share (EPS)

Profit divided by the average number of ordinary shares outstanding.

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 competent, willing and independent business partners.

Fiduciary business

Transactions which are carried out by a trustee, often a bank, in its own name but on account of and at the risk of the beneficiary.

FRA

Forward contract traded over the counter between two partners to hedge against interest rate risks.

Futures

Standardised 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 on a specific date at a price fixed in advance in accordance with the stock exchange.

G

Goodwill

Surplus resulting from the difference between the purchase price and fair value of assets and debts incurred during a corporate acquisition.

Guarantee bond

Bond that guarantees investors a specific minimum return on the capital invested.

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 price 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.

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 all 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 aim of achieving transparent and comparable accounting on an international basis.

Impairment test

Test for indicators of an impairment. According to the IFRS this is compulsory for certain assets such as goodwill or intangible fixed assets without a specific life

Interest margin

Net interest income in relation to the average balance sheet total.

IRB approach

Method based on the internal rating to calculate the own funds required to cover the credit risk in accordance with Basel II.

IPO

Initial public offering, going public.

L

Liquidity risk

Risk that a bank might be unable to meet its current and future payment obligations in full or on time. This arises for instance from the danger that refinancing can only be obtained at very disadvantageous terms or is completely impossible.

M

Market capitalisation

The number of issued shares multiplied by the share price.

Market risk

The risk that the value of a financial instrument will change due to fluctuations in market prices, whether such fluctuations are caused by factors specific to the individual security or its issuer or those affecting all securities traded in the market.

O

Operational risk

Risk of unexpected losses resulting from the inadequacy or failure of internal procedures, people and systems or from external events including legal risks.

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 standardised nor traded on a stock exchange but instead traded directly between market participants 'over the counter'.

Own funds ratio

The ratio's numerator comprises own funds in accordance with the Austrian Banking Act (BWG) and its denominator forms the basis of assessment including market risk plus 12,5 times the own funds required as cover for the trading book and open currency positions.

P

Partial use

Partial use of the IRB approach in combination with the standard approach. Partial use enables the standard approach to be retained alongside the IRB approach for certain types and classes of liability.

Plan assets

Assets held by a long-term employment benefit fund.

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 calculate the final obligation. This method takes into account salary increases and the calculatory interest rate is geared towards the long-term capital market.

R

Regulatory own funds pursuant to Austrian Banking Act

Consist of core capital (tier 1), additional and subordinated capital (tier 2), short-term subordinated capital and rededicated tier 2 capital (tier 3).

Risk assets of the banking book

According to the Austrian Banking Act (BWG) these are on-balance-sheet assets, off-balance-sheet assets and special off-balance-sheet banking book asset positions weighted by business and counterparty risk respectively.

ROE (return on equity)

Return on total equity including minority interest, i.e. profit before or after tax in relation to the weighted average balance sheet equity.

RZB

Raiffeisen Zentralbank Österreich AG Group.

RZB Group

Pursuant to section 30 of the Austrian Banking Act (BWG), RZB Group consists of all banks, financial institutions, securities companies and companies rendering bank-related services in which Raiffeisen Zentralbank holds direct or indirect majority interests or on which it exerts a major influence as the overriding 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 standardised payment area across Europe. In this payment area there is no longer any distinction for customers between national and cross-border payments.

Short selling

Sale of securities not owned by the seller and which must be bought back and returned at a later date.

SPO

Secondary public offering, capital increase.

Standard approach

Procedure for calculating the own funds requirement of a bank to cover the credit or operational risk.

Stress test

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

Ratio of income taxes to profit before tax.

Trading book

Bank regulator's 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 with a 99 percent probability will not be exceeded within the period for which an asset is held in a given portfolio.

Companies of the der Raiffeisen Centrobank Group

Subsidiaries

CENTROTRADE
CHEMICALS AG, Switzerland
Bahnhofstrasse 21
6301 Zug
Phone: (+41-41) 710 66 44
Fax: (+41-41) 711 10 80

CENTROTRADE DEUTSCHLAND
GMBH, Germany
Kölner Straße 10 b
65760 Eschborn
Phone: (+49-6196) 775 08-0
Fax: (+49-6196) 775 08-55

SYRENA IMMOBILIEN
HOLDING AG, Vienna
Donau-City-Straße 9
1220 Vienna
Phone: (+43-1) 515 20 410
Fax: (+43-1) 515 20 5410

RAIFFEISEN INVESTMENT AG,
Vienna
Krugerstraße 13
1015 Vienna
Phone: (+43-1) 710 54 00 0
Fax: (+43-1) 710 54 00-169

CENTROTRADE MINERALS
& METALS, INC., USA
1317 Executive Blvd.
Suite 120
Chesapeake, VA 23320 USA
Phone: (+1-757) 518 23 00
Fax: (+1-757) 518 23 05

CENTROTRADE SINGAPORE
PTE LTD., Singapore
10, Anson Road
#14-08A, International Plaza
Singapore 079903
Phone: (+65) 6535 91 33
Fax: (+65) 6534 13 45

CENTROTRADE HOLDING AG,
Vienna
Tegetthoffstraße 1
1010 Vienna
Phone: (+43-1) 205 10 74
Fax: (+43-1) 205 10 74-111

SCANVIWOOD CO., LTD., Vietnam
52 An Doung Vuong
Binh Tan District
Ho Chi Minh City, Vietnam
Phone: (+84-8) 877 65 55
Fax: (+84-8) 875 00 90

Representatives

CENTROTRADE CHEMICALS AG,
Great Britain
1 D The Courtyard
3 & 5 Market Square
Westerham, Kent TN 16 1AZ
Großbritannien
Phone: (+44-1959) 56 58 59
Fax: (+44-1959) 56 33 23

RACO TRADING PHILS., INC.,
Philippines
10th floor, Rufino Building
6784 Ayala Avenue
1226 Makati City, The Philippines
Phone: (+63-2) 810 03 01
Fax: (+63-2) 810 39 27

Selected RZB Group Companies

Raiffeisen Zentralbank Österreich AG

Austria

Am Stadtpark 9, 1030 Vienna
Phone: +43-1-717 07-0
Fax: +43-1-717 07-1715
SWIFT/BIC: RZBAATWW
www.rzb.at
Contact:

Austrian Corporate Customers

Joseph Eberle

Phone: +43-1-717 07-1487

joseph.eberle@rzb.at

Multinational Corporate Customers

Peter Bazil

Phone: +43-1-717 07-1547

peter.bazil@rzb.at

Central and Eastern European

Corporate Customers

Nikolay Shterev

Phone: +43-1-717 07-1530

nikolay.shterev@rzb.at

Corporate, Trade & Export Finance

Helmut Breit

Phone: +43-1-717 07-1321

helmut.breit@rzb.at

Global Markets

Patrick Butler

Phone: +43-1-717 07-2662

patrick.butler@rzb.at

Transaction Services

Günther Gall

Phone: +43-1-717 07-1168

guenther.gall@rzb.at

Raiffeisen International

Bank-Holding AG

Am Stadtpark 3, 1030 Vienna

Phone: +43-1-717 07-3504

Fax: +43-1-717 07-1377

www.ri.co.at

Contact: Roman Hager

roman.hager@ri.co.at

China

Beijing Branch

Beijing International Club, Suite 200

21, Jianguomenwai Dajie

100020 Beijing

Phone: +86-10-65 32 33 88

Fax: +86-10-65 32 59 26

SWIFT/BIC: RZBACNBJ

Contact: Andreas Werner

andreas.werner@cn.rzb.at

Xiamen Branch

Unit B.32/F, Zhongmin Building

No. 72 Hubin North Road

Xiamen 361012, Fujian Province

Phone: + 86-592-262 39 88

Fax: + 86-592-262 39 98

Contact: Mickle Han

mickle.han@cn.rzb.at

Malta

Raiffeisen Malta Bank plc

52, Il-Piazzetta, Tower Road

Sliema SLM1607, Malta

Phone: +356-22 60 00 00

Fax: +356-21 32 09 54

Contact: Anthony C. Schembri

anthony.schembri@malta.rzb.at

Singapore

Singapore Branch

One Raffles Quay

#38-01 North Tower

Singapore 048583

Phone: +65-63 05 60 00

Fax: +65-63 05 60 01

Contact: Rainer Šilhavý

rainer.silhavy@sg.rzb.at

United Kingdom

London Branch

10, King William Street

London EC4N 7TW

Phone: +44-20-79 33 80 00

Fax: +44-20-79 33 80 99

SWIFT/BIC: RZBAGB2L

www.london.rzb.at

Contact: Mark Bowles

mark.bowles@uk.rzb.at

U.S.A.

RZB Finance LLC

1133, Avenue of the Americas

16th floor, New York, N.Y. 10036

Phone: +1-212-845 41 00

Fax: +1-212-944 20 93

www.rzbfinance.com

Contact: Dieter Beintrexler

dbeintrexler@rzbfinance.com

Banking network Central and Eastern Europe

Albania

Raiffeisen Bank Sh.a.

European Trade Center

Bulevardi „Bajram Curri“, Tiranë

Phone: +355-4-222 26 69

Fax: +355-4-227 55 99

SWIFT/BIC: SCSBALT

www.raiffeisen.al

Contact: Oliver J. Whittle

oliver.whittle@raiffeisen.al

Belarus

Priorbank, OAO

Ul. V. Khoruzhey, 31-A

220002 Minsk

Phone: +375-17-289 90 90

Fax: +375-17-289 91 91

SWIFT/BIC: PJCBBY2X

www.priorbank.by

Contact: Olga Gelakhova

olga.gelakhova@priorbank.by

Bosnia and Herzegovina

Raiffeisen Bank d.d.

Bosna i Hercegovina

Danijela Ozme 3, 71000 Sarajevo

Phone: +387-33-28 71 00

Fax: +387-33-21 38 51

SWIFT/BIC: RZBABA2S

www.raiffeisenbank.ba

Contact: Michael G. Mueller

michael.mueller@rbb-sarajevo.raiffeisen.at

Bulgaria

Raiffeisenbank (Bulgaria) EAD

18/20 Ulica N. Gogol, 1504 Sofia

Phone: +359-2-91 98 51 01

Fax: +359-2-943 452 8

SWIFT/BIC: RZBBBG5F

www.rbb.bg

Contact: Momtchil Andreev

momtchil.andreev@raiffeisen.bg

Croatia

Raiffeisenbank Austria d.d.

Petrinjska 59, 10 000 Zagreb

Phone: +385-1-456 64 66

Fax: +385-1-481 16 24

SWIFT/BIC: RZBHHR2X

www.rba.hr

Contact: Vesna Ciganek-Vukovic

vesna.ciganek-vukovic@rba.hr

Czech Republic

Raiffeisenbank a.s.

Hvezdova 1716/2b

140 78 Praha 4

Phone: +420-221-14 11 11

Fax: +420-221-14 21 11

SWIFT/BIC: RZBCCZPP

www.rb.cz

Contact: Lubor Žalman

lubor.zalman@rb.cz

Hungary

Raiffeisen Bank Zrt.

Akadémia utca 6

1054 Budapest

Phone: +36-1-484 44 00

Fax: +36-1-484 44 44

SWIFT/BIC: UBRTHUHB

www.raiffeisen.hu

Contact: Petra Reok

petra.reok@raiffeisen.hu

Service and Information

Kosovo

Raiffeisen Bank Kosovo J.S.C.
Rruga UÇK, No. 51, Prishtina 10 000
Phone: +381-38-22 22 22
Fax: +381-38-20 30 11 30
SWIFT/BIC: RBKORS22
www.raiffeisen-kosovo.com
Contact: Bogdan Merfea
bogdan.merfea@raiffeisen-kosovo.com

Poland

Raiffeisen Bank Polska S.A.
Ul. Piękna 20, 00-549 Warszawa
Phone: +48-22-585 20 01
Fax: +48-22-585 25 85
SWIFT/BIC: RCBWPLPW
www.raiffeisen.pl
Contact: Piotr Czarnecki
piotr.czarnecki@raiffeisen.pl

Romania

Raiffeisen Bank S.A.
Piața Charles de Gaulle 15
011857 București 1
Phone: +40-21-306 10 00
Fax: +40-21-230 07 00
SWIFT/BIC: RZBRROBU
www.raiffeisen.ro
Contact: Steven C. van Groningen
centrala@raiffeisen.ro

Russia

ZAO Raiffeisenbank
Smolenskaya-Sennaya, 28
119002 Moskwa
Phone: +7-495-721 99 00
Fax: +7-495-721 99 01
SWIFT/BIC: RZBMRUMM
www.raiffeisen.ru
Contact: Pavel Gourine
pgourine@raiffeisen.ru

Serbia

Raiffeisen banka a.d.
Bulevar Zorana Djindjića 64a
11070 Novi Beograd
Phone: +381-11-320 21 00
Fax: +381-11-220 70 80
SWIFT/BIC: RZBSRSBG
www.raiffeisenbank.rs
Contact: Oliver Roegl
oliver.roegl@raiffeisenbank.rs

Slovakia

Tatra banka, a.s.
Hodžovo námestie 3
811 06 Bratislava 1
Phone: +421-2-59 19 11 11
Fax: +421-2-59 19 11 10
SWIFT/BIC: TATRSKBX
www.tatrabanka.sk
Contact: Igor Vida
igor_vida@tatrabanka.sk

Slovenia

Raiffeisen Banka d.d.
Slovenska ulica 17
2000 Maribor
Phone: +386-2-229 31 00
Fax: +386-2-252 47 79
SWIFT/BIC: KREKSI22
www.raiffeisen.si
Contact: Klemens Nowotny
klemens.nowotny@raiffeisen.si

Ukraine

VAT Raiffeisen Bank Aval
Vul Leskova, 9, 01011 Kyiv
Phone: +38-044-490 88 88
Fax: +38-044-285 32 31
SWIFT/BIC: AVAL UA UK
www.aval.ua
Contact: Leonid Zybrev
leonid.zybrev@aval.ua

Glossary: Certificates
Glossary: General Financial Terms
Companies of the Raiffeisen Centrobank Group

RZB Group Companies

Contacts

Representative offices in Europe

Belgium

Brussels
Rue du Commerce 20-22
1000 Bruxelles
Phone: +32-2-549 06 78
Mobil: +43-664-88 88-2881
Fax: +32-2-502 64 07
www.rzb.at
Contact: Josef-Christoph Swoboda
josef-christoph.swoboda@rzb.at

France

Paris
9-11, Avenue Franklin Roosevelt
75008 Paris
Phone: +33-1-45 61 27 00
Fax: +33-1-45 61 16 06
Contact: Harald Stoffaneller
harald.stoffaneller@fr.rzb.at

Germany

Frankfurt am Main
Mainzer Landstraße 51
D-60329 Frankfurt am Main
Phone: +49-69-29 92 19-18
Fax: +49-69-29 92 19-22
Contact: Dorothea Renninger
dorothea.renninger@rzb.at

Italy

Milan
Via Andrea Costa 2, 20131 Milano
Phone: +39-02-28 04 06 46
Fax: +39-02-28 04 06 58
www.rzb.it
Contact: Miriam Korsic
miriam.korsic@it.rzb.at

Moldova

Chișinău, (Raiffeisen Bank S.A.)
Alexandru cel Bun 51
Chișinău, MD-2012
Phone: +373-22-27 93 31
Fax: +373-22-22 83 81
Contact: Victor Bodiu
victor.bodiu@rzb.md

Russia

Moscow
14, Pretchistsensky Pereulok
Building 1, 119034 Moskwa
Phone: +7-495-721 99 05
Fax: +7-495-721 99 07
Contact: Svyatoslav Bulanenkov
svyatoslav.bulanenkov@raiffeisen.ru

Sweden/Nordic Countries

Stockholm
Norrländsgatan 12
P.O. Box 7810
SE-103 96 Stockholm
Phone: +46-8-440 50 86
Fax: +46-8-440 50 89
Contact: Lars Bergström
lars.bergstrom@rzb.at

Representative offices in America and Asia

China

Harbin
3/F, No.202 Changjiang Street,
Nanggang District
Harbin 150090
Phone: +86-451-55 53 19 88
Fax: +86-451-55 53 19 88
Contact: Qu Yinhou
yinhou.qu@cn.rzb.at

Hong Kong

Unit 2001, 20th floor, Tower 1
Lippo Centre, 89 Queensway
Hong Kong
Phone: +85-2-27 30 21 12
Fax: +85-2-27 30 60 28
Contact: Edmond Wong
edmond.wong@hk.rzb.at

Zhuhai

Room 2404, Yue Cai Building
188, Jingshan Road, Jida
519015 Zhuhai
Phone: +86-756-323 35 00
Fax: +86-756-323 33 21
Contact: Susanne Zhang-Pongratz
susanne.zhang@cn.rzb.at

India

Mumbai
87, Maker Chambers VI
Nariman Point, Mumbai 400 021
Phone: +91-22-66 30 17 00
Fax: +91-22-66 32 19 82
Contact: Anupam Johri
anupam.johri@in.rzb.at

South Korea

Seoul
Leema Building, 8th floor
146-1, Soosong-dong
Chongro-ku, 110-755 Seoul
Phone: +822-398 58 40
Fax: +822-398 58 07
Contact: Kun Il Chung
kun-il.chung@kr.rzb.at

U.S.A.

Chicago (RZB Finance LLC)
150 N. Martingale Road, Suite 840
Schaumburg, IL 60173
Phone: +1-847-995 88 84
Fax: +1-847-995 88 80
Contact: Charles T. Hiatt
chiatt@rzbfinance.com

Houston (RZB Finance LLC)
10777 Westheimer, Suite 1100
Houston, TX 77042
Phone: +1-713-260 96 97
Fax: +1-713-260 96 02
Contact: Stephen A. Plauche
splauche@rzbfinance.com

Los Angeles (RZB Finance LLC)
29556 Fountainwood St.
Agoura Hills, CA 91301
Phone: +1-818-706 73 85
Fax: +1-818-706 73 05
Contact: JDee Christensen
jchristensen@rzbfinance.com

New York

1133, Avenue of the Americas
16th floor, New York, NY 10036
Phone: +1-212-593 75 93
Fax: +1-212-593 98 70
Contact: Dieter Beintrexler
dieter.beintrexler@rzb-newyork.raiffeisen.at

Vietnam

6 Phung Khac Khoan Str., Room G6
Dist. 1, Ho Chi Minh City
Phone: +84-8-38 29 79 34
Fax: +84-8-38 22 13 18
Contact: Ta Thi Kim Thanh
ta-thi-kim.thanh@vn.rzb.at

Investment Banking**Austria**

Raiffeisen Zentralbank Österreich AG
Global Markets
Am Stadtpark 9, 1030 Vienna
Phone: +43-1-717 07-2662
Fax: +43-1-717 07-762662
www.rzb.at
Contact: Patrick Butler
patrick.butler@rzb.at

Raiffeisen Centrobank AG
Equity
Tegetthoffstraße 1, 1015 Vienna
SWIFT/BIC: CENBATWW
Phone: +43-1-515 20-0
Fax: +43-1-513 43 96
www.rcb.at
Contact: Eva Marchart
marchart@rcb.at

Raiffeisen Investment AG
Krugerstraße 13, 1015 Vienna
Phone: +43-1-710 54 00-0
Fax: +43-1-710 54 00-169
www.raiffeisen-investment.com
Contact: Heinz Sernetz
h.sernetz@raiffeisen-investment.com
Subsidiaries and representative offices
in Bosnia and Herzegovina, Bulgaria,
Montenegro, Poland, Romania, Russia,
Serbia, Czech Republic, Turkey, Ukraine
and Hungary.

Bosnia and Herzegovina

Raiffeisen Bank d.d.
Bosna i Hercegovina
Danijela Ozme 3, 71000 Sarajevo
Phone: +387-33-28 71 00 od. 28 71 21
Fax: +387-33-21 38 51
www.raiffeisenbank.ba
Contact: Dragomir Grgić
dragomir.grgic@rbb-sarajevo.raiffeisen.at

Bulgaria

Raiffeisen Asset Management EAD
18/20 Ulica N. Gogol, 1504 Sofia
Phone: +359-2-91 98 56 32
Fax: +359-2-943 45 28
www.ram.bg
Contact: Mihail Atanasov
mihail.atanasov@ram.raiffeisen.bg

Croatia

Raiffeisenbank Austria d.d.
Petrinjska 59, 10000 Zagreb
Phone: +385-1-456 64 66
Fax: +385-1-456 64 90
www.rba.hr
Contact: Ivan Žižić
ivan.zizic@rba.hr

Czech Republic

Raiffeisenbank a.s.
Olbrachtova 2006/9
14021 Praha 4
Phone: +420-221-14 18 63
Fax: +420-221-14 38 04
www.rb.cz
Contact: Martin Bláha
martin.blaha@rb.cz

Hungary

Raiffeisen Bank Zrt.
Akadémia utca 6
1054 Budapest
Phone: +36-1-484 44 00
Fax: +36-1-484 44 44
www.raiffeisen.hu
Contact: Gábor Liener
gliener@raiffeisen.hu

Poland

Raiffeisen Investment Polska Sp.z o.o.
Ul. Piękna 20, 00-549 Warszawa
Phone: +48-22-585 29 00
Fax: +48-22-585 29 01
Contact: Marzena Bielecka
marzena.bielecka@ripolska.com.pl

Romania

Raiffeisen Asset Management România
Piața Charles de Gaulle 15, et. IV
011857 București 1
Phone: +40-21-306 17 11
Fax: +40-21-312 05 33
www.raiffeisenfonduri.ro
Contact: Mihail Ion
mihail.ion@rzb.ro

Raiffeisen Capital & Investment S.A.

Piața Charles de Gaulle 15
011857 București 1
Phone: +40-21-306 12 33
Fax: +40-21-230 06 84
www.rciro.ro
Contact: Dana Mirela Ionescu
dana-mirela.ionescu@rzb.ro

Russia

ZAO Raiffeisenbank
Smolenskaya-Sennaya pl., 28
119002 Moskwa
Phone: +7-495-721 99 00
Fax: +7-495-721 99 01
www.raiffeisen.ru
Contact: Pavel Gourine
pgourine@raiffeisen.ru

Serbia

Raiffeisen Investment AG
Bulevar Zorana Djindjica 64a
11070 Novi Beograd
Phone: +381-11-212 92 11
Fax: +381-11-212 92 13
Contact: Radoš Ilincić
r.ilincic@raiffeisen-investment.com

Service and Information

Slovakia

Tatra banka, a.s.
Hodzövo námestie 3
811 06 Bratislava 1
Phone: +421-2-59 19 11 11
Fax: +421-2-59 19 11 10
www.tatrabanka.sk
Contact: Igor Vida
igor_vida@tatrabanka.sk

Slovenia

Raiffeisen Banka d.d.
Slovenska ulica 17
2000 Maribor
Phone: +386-2-229 31 19
Fax: +386-2-252 55 18
www.raiffeisen.si
Contact: Primož Kovačič
primoz.kovacic@raiffeisen.si

Ukraine

Raiffeisen Investment TOV
2, Mechnikova vul., 01601 Kyiv
Tel./Fax: +38-044-490 68 97
oder: +38-044-490 68 97-98
Contact: Vyacheslav Yakymuk
yakymuk@rio.kiev.ua

Selected specialist Raiffeisen companies

Austria

Kathrein & Co. Privatgeschäftsbank
Aktiengesellschaft
Wipplingerstraße 25, 1010 Vienna
Phone: +43-1-534 51-600
Fax: +43-1-534 51-599
SWIFT/BIC: KTBKATWW
www.kathrein.at
Contact: Claudio Cantele
claudio.cantele@kathrein.at

Raiffeisen Bausparkasse Ges.m.b.H.
Wiedner Hauptstraße 94, 1050 Vienna
Phone: +43-1-546 46-1420
Fax: +43-1-546 46-2359
SWIFT/BIC: RBSKAT W1
www.wohnbausparen.at
Contact: Sonja Hochreiter
sonja.hochreiter@raibau.at
Equity interests in Croatia, Romania,
Slovakia and Czech Republic

Raiffeisen Capital Management
(Raiffeisen Kapitalanlage Ges.m.b.H.)
Am Schwarzenbergplatz 3, 1010 Vienna
Phone: +43-1-711 70-1250
Fax: +43-1-711 70-761250
www.rcm.at
Contact: Monika Riedel
monika.riedel@rcm.at

Raiffeisen Versicherung AG
Untere Donaustraße 21, 1029 Vienna
Phone: +43-1-211 19-0
Fax: +43-1-211 19-1134
www.raiffeisen-versicherung.at
service@raiffeisen-versicherung.at

Raiffeisen Versicherung is a member
of the UNIQA Group, which has fur-
ther subsidiaries in Austria, Albania,
Bosnia and Herzegovina, Bulgaria,
Kosovo, Croatia Macedonia, Montene-
gro, Poland, Romania, Serbia, Slovakia,
Slovenia, Czech Republic, Ukraine and
Hungary as well as in Germany, Italy,
Liechtenstein, and Switzerland.

Raiffeisen-Leasing GmbH
Hollandstraße 11–13, 1020 Vienna
Phone: +43-1-716 01-8440
Fax: +43-1-716 01-98448
www.raiffeisen-leasing.at
Contact: Andrea Weber
andrea.weber@rl.co.at
Subsidiaries in Germany, Finland,
Sweden and Switzerland.

Glossary: Certificates
Glossary: General Financial Terms
Companies of the Raiffeisen Centrobank Group

RZB Group Companies

Contacts

Raiffeisen-Leasing International GmbH
Am Stadtpark 3, 1030 Vienna
Phone: +43-1-717 07-2966
Fax: +43-1-717 07-762966
Contact: Dieter Scheidl
dieter.scheidl@rli.co.at
Subsidiaries in Albania, Belarus,
Bosnia and Herzegovina, Bulgaria,
Kazakhstan, Kosovo, Croatia, Moldova,
Poland, Romania, Russia, Serbia,
Slovakia, Slovenia, Czech Republic,
Ukraine and Hungary

ÖPAG Pensionskassen AG
Ernst-Melchior-Gasse 22, 1020 Vienna
Phone: +43-1-316 48-100
Fax: +43-1-316 48-66100
www.oepag.at
Contact: Rudolf Böhm
rudolf.boehm@oepag.at

ÖVK Vorsorgekasse AG
Untere Donaustraße 21, 1029 Vienna
Phone: +43-810-53 00 99
Fax: +43-810-53 00 98
www.oevk.co.at
Contact: Bernhard Breunlich
office@oevk.at

Raiffeisen evolution project
development GmbH
Ernst-Melchior-Gasse 22, 1020 Vienna
Phone: +43-1-717 06-600
Fax: +43-1-717 06-410
www.raiffeisenevolution.com
Contact: Markus Neuraüter
markus.neuraüter@raiffeisenevolution.com
Subsidiaries in Bulgaria, Croatia,
Poland, Serbia, Slovakia, Romania,
Russia, Czech Republic, Ukraine
and Hungary

F. J. Elsner Trading GesmbH
Am Heumarkt 10, 1030 Vienna
Phone: + 43-1-797 36-0
Fax: + 43-1-797 36-9142
www.elsner.at
Contact: Siegfried Purrer
siegfried.purrer@elsner.at
Subsidiaries in China, the United Arab
Emirates, India and the USA

Notartreuhandbank AG
Landesgerichtsstraße 20, 1010 Vienna
Phone: +43-1-535 68 86-208
Fax: +43-1-535 68 86-250
www.notar.at
Contact: Karl Grünberger
karl.gruenberger@ntbag.at

Leipnik-Lundenburger
Invest Beteiligungs AG
Börsegasse 9, 1010 Vienna
Phone: +43-1-535 11 24-0
Fax: +43-1-535 11 24-33
www.lli.at
Contact: Christian Teufl
office@lli.at

Raiffeisen Informatik GmbH
Lilienbrunnngasse 7–9, 1020 Vienna
Phone: +43-1-993 99-1010
Fax: +43-1-993 99-1011
www.raiffeiseninformatik.at
Contact: Ursula Freiseisen-Pfneiszl
ursula.freiseisen@r-it.at

Contacts of Raiffeisen Centrobank

Wilhelm Celeda
Securities Trading & Sales
celeda@rcb.at
Phone: +43 (1) 51520-402

Heike Arbter
Structured Products
arbter@rcb.at
Phone: +43 (1) 51520-407

Klaus della Torre
Equity Sales
dellatorre@rcb.at
Phone: +43 (1) 51520-472

Helga Frohner
Securities Back Office
frohner@rcb.at
Phone: +43 (1) 51520-421

Birgit Kuras
Company Research and
Equity Capital Markets Austria
kuras@rcb.at
Phone: +43 (1) 51520-150

Stefan Maxian
Company Research CEE
maxian@rcb.at
Phone: +43 (1) 51520-177

Erich Obersteiner
Equity Capital Markets CEE
obersteiner@rcb.at
Phone: +43 (1) 51520-145

Gerald Deimel
Legal, Tax & Compliance
deimel@rcb.at
Phone: +43 (1) 51520-160

Monika Jung
Private Banking
jung@rcb.at
Phone: +43 (1) 51520-417

John Dinhobel
Credit
dinhobel@rcb.at
Phone: +43 (1) 51520-390

Andreas Rosenbaum
Controlling & Risk Management
rosenbaum@rcb.at
Phone: +43 (1) 51520-356

Günter Völker
IT & Organization
voelker@rcb.at
Phone: +43 (1) 51520-280

Sabine Holzer
Public Relations
holzer@rcb.at
Phone: +43 (1) 51520-214

Publisher's details

Owner and Publisher

Raiffeisen Centrobank AG
A-1015 Vienna, Tegetthoffstraße 1
Phone: +43-1-51520-0
Fax: +43-1-513 43 96
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www.buero16.com

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Joachim Haslinger

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Lindenau Productions, Vienna

For further information

Sabine D. Holzer
Phone: +43-1-51520-214
holzer@rcb.at



KPMG Austria GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft
Porzellangasse 51
1090 Wien
Austria

Telefon +43 (1) 313 32-0
Telefax +43 (1) 313 32-500
Internet www.kpmg.at
e-mail awp@kpmg.at

The Directors of
Raiffeisen Centrobank AG
Tegetthoffstraße 1
1010 Vienna

WT-Code 804140

Your Ref

Our Ref 607

Contact Wilhelm Kovsca
Josef Kirchknopf

May 28, 2009

Raiffeisen Centrobank AG, Wien
Confirmation of the Statements of sources and application of funds of Raiffeisen
Centrobank AG for the years 2008 and 2007

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, 2008 and 2007 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, 2008, 2007 and 2006.

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, 2008, 2007 and 2006.

Our engagement was performed 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, 2008 and 2007 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, 2008, 2007 and 2006 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, 2008, 2007 and 2006.

- 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 report

- a) with respect to item i. that the Statements of sources and application of funds for the years ended December 31, 2008 and 2007 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, 2008, 2007 and 2006.
- 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.

Because the above procedures do not constitute either an audit or a review in accordance with Austrian Standards nor with International Standards on Auditing (ISA) or International Standards on Review Engagements (ISRE), we do not express any assurance on the mentioned accounts.

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".

Our responsibility is to issue a report to the procedures conducted in connection with this report. Our liability towards the Company and third parties is limited in accordance with para 275 Austrian Commercial Code (§ 275 UGB – Unternehmensgesetzbuch).

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 2008

Sources of Funds

	2008	
	in TEUR	%
Increase in Liabilities and Shareholders' Equity		
Liabilities to credit institutions	119.517	12,2%
Subordinated liabilities	20.985	2,1%
	<u>140.502</u>	<u>14,3%</u>
Decrease in Assets		
Treasury bills and similar securities eligible for refinancing with central banks	62.703	6,4%
Claims on customers	6.259	0,6%
Shares and other variable-yield securities	656.442	66,8%
Investments in affiliated companies	24	0,0%
Intangible fixed assets	166	0,0%
Tangible fixed assets	556	0,1%
Other assets	115.855	11,8%
	<u>842.005</u>	<u>85,7%</u>
	<u>982.507</u>	<u>100,0%</u>

Application of Funds

Increase in Assets		
Cash in hand and balances with central banks	6.391	0,7%
Claims on credit institutions	301.035	30,6%
Bonds and other fixed-income securities	140.043	14,3%
	<u>447.469</u>	<u>45,5%</u>
Decrease in Liabilities and Shareholders' Equity		
Liabilities to customers (other liabilities)	17.390	1,8%
Liabilities evidenced by certificates	184.879	18,8%
Other liabilities	310.419	31,6%
Provisions	7.001	0,7%
Net profit	15.349	1,6%
	<u>535.038</u>	<u>54,5%</u>
	<u>982.507</u>	<u>100,0%</u>

Raiffeisen Centrobank AG

Statement of Sources and Application of Funds for the Year 2007

Sources of Funds

	2007	
	in TEUR	%
Increase in Liabilities and Shareholders' Equity		
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>
Decrease in Assets		
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>

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 Basiswerts 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 Basiswerts, 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 Wertkörbe (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 Erbschaftssteuer 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 Erbschaftssteuer 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 Wertpapieren 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:

$$\text{Redemption amount} = \text{Max (strike price – spread; 0)} \times \text{subscription ratio}$$

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 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 1st 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 2nd 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 2nd Jan. 2006) the following transition rules apply to leverage products:

- If, prior to 1st 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 1st October 2005, then until the expiry of these securities no capital yields tax or credit shall apply.
- If, prior to 1st 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 1st 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 1st 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 1st July 2005, 20 % for payments as of 1st July 2008 and 35 % for payments as of 1st 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).

*) 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)

OVERVIEW

§ 1.	<i>Investor Rights</i>	3
§ 2.	<i>General Risks</i>	4
§ 3.	<i>Currency Risks</i>	4
§ 4.	<i>Influence of Ancillary Costs on Earnings Opportunities</i>	4
§ 5.	<i>Using Credit</i>	5
§ 6.	<i>Influence of Trades, especially of Hedging Transactions by the Issuer, on the Structured Securities</i>	5
§ 7.	<i>Form of the Structured Securities; Transferability</i>	5
§ 8.	<i>Maturity</i>	6
	THE FOLLOWING APPLIES TO OPEN END STRUCTURED SECURITIES:	6
§ 9.	<i>Exercise/Redemption</i>	6
	THE FOLLOWING APPLIES TO WARRANTS:	6
§ 9.1.	<i>Exercise/Redemption</i>	6
§ 9.2.	<i>Strike Price; Exercise Day; Closing Price; Subscription Ratio</i>	7
§ 9.3.	<i>Exercise of Warrants by Warrants Holders</i>	8
§ 9.4.	<i>Automatic Exercise by Issuer</i>	8
§ 9.5.	<i>Exercise Period for American Style Warrants</i>	8
	THE FOLLOWING APPLIES TO DISCOUNT CERTIFICATES:	9
§ 9.1.	<i>Redemption</i>	9
§ 9.2.	<i>Maximum Redemption Amount</i>	9
§ 9.3.	<i>Adjustment of the Maximum Redemption Amount</i>	9
	THE FOLLOWING APPLIES TO TURBO CERTIFICATES:	10
§ 9.1.	<i>Redemption</i>	10
§ 9.2.	<i>Strike Price; Barrier</i>	10
	THE FOLLOWING APPLIES TO OPEN-END TURBO CERTIFICATES:	10
§ 9.2.	<i>Strike Price; Barrier</i>	10
§ 9.3.	<i>Barrier; Residual Value</i>	11
	THE FOLLOWING APPLIES TO RANGE TURBO CERTIFICATES:	13
§ 9.1.	<i>Redemption</i>	13
§ 9.2.	<i>CAP; FLOOR</i>	13
§ 9.3.	<i>Barrier; Residual Value</i>	13
	THE FOLLOWING APPLIES TO INVESTMENT CERTIFICATES:	15
	THE FOLLOWING APPLIES TO BONUS CERTIFICATES:	16
	THE FOLLOWING APPLIES TO SPEED CERTIFICATES:	17
	THE FOLLOWING APPLIES TO REVERSE CONVERTIBLES:	18
	THE FOLLOWING APPLIES TO LOCK-IN CERTIFICATES:	19
	THE FOLLOWING APPLIES TO OUTPERFORMANCE CERTIFICATES:	20
	THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:	21
	THE FOLLOWING APPLIES TO CENTROBANK CERTIFICATES:	22

THE FOLLOWING APPLIES TO TWIN WIN CERTIFICATES:	23
THE FOLLOWING APPLIES TO REVERSE BONUS CERTIFICATES:	25
THE FOLLOWING APPLIES TO EXPRESS CERTIFICATES:	26
§ 10. <i>Conversion of Foreign Currency Securities</i>	27
§ 11. <i>Underlying Instrument</i>	27
§ 12. <i>Interest</i>	27
§ 13. <i>Redemption date/Due Date of Payment</i>	27
§ 14. <i>Market Disruption; Substitute Price</i>	28
§ 15. <i>Adjustment Rules</i>	30
THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:	34
§ 16. <i>Payout of Amounts</i>	37
§ 17. <i>Termination</i>	37
§ 18. <i>Taxation</i>	39
§ 19. <i>Increases; Repurchase</i>	56
§ 20. <i>Paying Agent, Application Agent and/or Warrants Agent</i>	57
§ 21. <i>Substitution of the Issuer</i>	57
§ 22. <i>Exchange Listing</i>	58
§ 23. <i>Publications</i>	58
§ 24. <i>Statute of Limitation</i>	58
§ 25. <i>Obligation to Prepare a Listing Prospectus for Public Offerings</i>	58
§ 26. <i>Liability</i>	59
§ 27. <i>Exclusion of Liability</i>	59
§ 28. <i>Applicable Law, Jurisdiction and Place of Performance</i>	59
§ 29. <i>Severability Clause</i>	59
§ 30. <i>Final Provisions</i>	59

§ 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 1st 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 2nd 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 2nd Jan. 2006) the following transition rules apply to leverage products:

- If, prior to 1st 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 1st October 2005, then until the expiry of these securities no capital yields tax or credit shall apply.
- If, prior to 1st 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 1st 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 1st 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 1st July 2005, 20 % for payments as of 1st July 2008 and 35 % for payments as of 1st 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 kind¹ 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.

¹ 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 1st 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 1st 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 1st 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)

OVERVIEW

§ 1.	<i>Investor Rights</i>	2
§ 2.	<i>General Risks</i>	2
§ 3.	<i>Currency Risks</i>	3
§ 4.	<i>Influence of Ancillary Costs on Earnings Opportunities</i>	3
§ 5.	<i>Using Credit</i>	3
§ 6.	<i>Influence of Trades, especially of Hedging Transactions by the Issuer, on the Structured Securities</i>	3
§ 7.	<i>Form of the Structured Securities; Transferability</i>	4
§ 8.	<i>Maturity</i>	4
§ 9.	<i>Redemption</i>	4
§ 10.	<i>Conversion of Foreign Currency Securities</i>	5
§ 11.	<i>Underlying Instrument</i>	5
§ 12.	<i>Interest</i>	5
§ 13.	<i>Redemption date/Due Date of Payment</i>	6
§ 14.	<i>Market Disruption; Substitute Price</i>	6
§ 15.	<i>Adjustment Rules</i>	7
§ 16.	<i>Payout of Amounts</i>	10
§ 17.	<i>Termination</i>	10
§ 18.	<i>Taxation</i>	11
§ 19.	<i>Increases; Repurchase</i>	14
§ 20.	<i>Paying Agent, Application Agent and/or Warrants Agent</i>	14
§ 21.	<i>Substitution of the Issuer</i>	14
§ 22.	<i>Exchange Listing</i>	15
§ 23.	<i>Publications</i>	15
§ 24.	<i>Statute of Limitation</i>	15
§ 25.	<i>Obligation to Prepare a Listing Prospectus for Public Offerings</i>	16
§ 26.	<i>Liability</i>	16
§ 27.	<i>Exclusion of Liability</i>	16
§ 28.	<i>Applicable Law, Jurisdiction and Place of Performance</i>	16
§ 29.	<i>Severability Clause</i>	16
§ 30.	<i>Final Provisions</i>	16

§ 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 1st 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 1st July 2005, 20 % for payments as of 1st July 2008 and 35 % for payments as of 1st 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*]

The securities issues of Raiffeisen Centrobank AG are subject to these Securities Terms. The Final Terms (see Chapter VI of the Base Prospectus of 21 July 2008) will contain any supplementary information specific to the individual securities. Raiffeisen Centrobank AG retains the right to change these Securities Terms.

Where a non-binding translation of these Securities Terms is attached, it is hereby noted that the Austrian Financial Markets Authority has not reviewed the correctness of such translation.

[Where securities are linked to the performance of a hedge fund insert: An investment in securities which economically represent a hedge fund carries a high degree of risk. Hence only a small part of the disposable funds should be invested into such securities and not all disposable funds or funds financed by credit should be invested into such securities. An investment into such securities will be offered to investors particularly knowledgeable in investment matters. Investors should participate in the investment only if they are in a position to consider carefully the risks associated with such securities.]

SECURITIES TERMS (to Final Terms No. of)

of
Raiffeisen Centrobank AG

for [*Name of structured securities*] (see Final Terms, line 1)

OVERVIEW

§ 1.	<i>Investor Rights</i>	3
§ 2.	<i>General Risks</i>	4
§ 3.	<i>Currency Risks</i>	4
§ 4.	<i>Influence of Ancillary Costs on Earnings Opportunities</i>	4
§ 5.	<i>Using Credit</i>	5
§ 6.	<i>Influence of Trades, especially of Hedging Transactions by the Issuer, on the Structured Securities</i>	5
§ 7.	<i>Form of the Structured Securities; Transferability</i>	5
§ 8.	<i>Maturity</i>	6
	THE FOLLOWING APPLIES TO OPEN END STRUCTURED SECURITIES:.....	6
§ 9.	<i>Exercise/Redemption</i>	6
	THE FOLLOWING APPLIES TO WARRANTS:.....	6
§ 9.1.	Exercise/Redemption	6
§ 9.2.	Strike Price; Exercise Day; Closing Price; Subscription Ratio	7
§ 9.3.	Exercise of Warrants by Warrants Holders.....	8
§ 9.4.	Automatic Exercise by Issuer	8
§ 9.5.	Exercise Period for American Style Warrants	8
	THE FOLLOWING APPLIES TO DISCOUNT CERTIFICATES:.....	9
§ 9.1.	Redemption	9
§ 9.2.	Maximum Redemption Amount	9
§ 9.3.	Adjustment of the Maximum Redemption Amount	9
	THE FOLLOWING APPLIES TO TURBO CERTIFICATES:	10
§ 9.1.	Redemption	10
§ 9.2.	Strike Price; Barrier	10
	THE FOLLOWING APPLIES TO OPEN-END TURBO CERTIFICATES:.....	10
§ 9.2.	Strike Price; Barrier	10
§ 9.3.	Barrier; Residual Value	11

THE FOLLOWING APPLIES TO RANGE TURBO CERTIFICATES:.....	13
§ 9.1. Redemption	13
§ 9.2. CAP; FLOOR	13
§ 9.3. Barrier; Residual Value	13
THE FOLLOWING APPLIES TO INVESTMENT CERTIFICATES:	15
THE FOLLOWING APPLIES TO BONUS CERTIFICATES:	16
THE FOLLOWING APPLIES TO SPEED CERTIFICATES:	17
THE FOLLOWING APPLIES TO REVERSE CONVERTIBLES:	18
THE FOLLOWING APPLIES TO LOCK-IN CERTIFICATES:.....	19
THE FOLLOWING APPLIES TO OUTPERFORMANCE CERTIFICATES:.....	20
THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:.....	21
THE FOLLOWING APPLIES TO CENTROBANK CERTIFICATES:	22
THE FOLLOWING APPLIES TO TWIN WIN CERTIFICATES:.....	23
THE FOLLOWING APPLIES TO REVERSE BONUS CERTIFICATES:	25
THE FOLLOWING APPLIES TO EXPRESS CERTIFICATES:.....	26
THE FOLLOWING APPLIES TO CAPPED WARRANTS:	27
§ 10. Conversion of Foreign Currency Securities.....	28
§ 11. Underlying Instrument.....	28
§ 12. Interest.....	28
§ 13. Redemption date/Due Date of Payment.....	29
§ 14. Market Disruption; Substitute Price.....	29
§ 15. Adjustment Rules.....	32
THE FOLLOWING APPLIES TO GUARANTEE CERTIFICATES:.....	35
§ 16. Payout of Amounts.....	38
§ 17. Termination.....	38
§ 18. Taxation.....	40
§ 19. Increases; Repurchase.....	58
§ 20. Paying Agent, Application Agent and/or Warrants Agent.....	59
§ 21. Substitution of the Issuer.....	59
§ 22. Exchange Listing	60
§ 23. Publications.....	60
§ 24. Statute of Limitation.....	60
§ 25. Obligation to Prepare a Listing Prospectus for Public Offerings.....	60
§ 26. Liability.....	61
§ 27. Exclusion of Liability.....	61
§ 28. Applicable Law, Jurisdiction and Place of Performance.....	61
§ 29. Severability Clause.....	61
§ 30. Final Provisions.....	61

§ 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 (see FT, line 37)
 - a. delivery of the corresponding number of underlying instruments (see FT, line 46), with the subscription ratio being taken into account ("Settlement in Kind"), 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 ("Cash Settlement"). 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).

THE FOLLOWING APPLIES TO CAPPED WARRANTS:

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 10-12) 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 (capped call warrant) respectively the strike price and the floor (capped put warrant), multiplied by the subscription ratio.
3. The respective strike price, the cap/floor and the subscription ratio are defined at the start of the issue of the capped warrants by the issuer (see FT, line 8, 17, 13).
4. The closing price (see FT, line 36) 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 36).

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, 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 reverse convertibles:

Interest is [*indicate percentage*]% p.a. (see FT, line 22). The interest is calculated from the start of effectiveness (see FT, line 21) (inclusive) running to maturity date (see FT, line 41) (exclusive) pursuant to the method defined in the Final Terms, line 20. If the maturity date has been moved due to these terms, the coupon shall be calculated up until this day (exclusive). Interest is paid out on maturity date (see FT, line 41).

The following applies to other 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 securities are admitted to trading on a regulated market in Hungary, Poland, Slovenia, Slovakia, the Czech Republic or Romania, they might be listed and settled in a foreign currency.
3. 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.
4. 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.
5. 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, Germany and – if specified in the Final Terms – other countries.

§ 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 disruption"** 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. In the case of certificates based on hedge fund(s):
- The description of a market disruption is determined in the Final Terms, line 47.
8. 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.
9. **“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, hedge funds):

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. upon occurrence of a hedging disruption and/or increased hedging costs;
 - c. 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.
 - d. 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.

- e. 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.

- f. 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).

g. 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.
4. **"Hedging Disruption"** shall mean that the Issuer is in no position, upon application of economically reasonable efforts, (A) to conclude, continue or settle transactions and purchase, exchange, hold or sell assets respectively, which the Issuer deems necessary for the hedging of price risks related to the Underlying (or several thereof) with regard to its obligations under the respective Notes deemed necessary, or the Issuer (B) is in no position to realise, recover or forward the proceeds of the transactions and assets respectively.
5. **"Increased Hedging-Costs"** means that the Issuer has to pay a substantially higher amount (in comparison to the issue date) of taxes, charges, expenditures and fees (excluding brokerage fees) in order to (A) conclude, continue or settle transactions and purchase, exchange, hold or sell assets respectively, which the Issuer deems necessary for the hedging of price risks related to the Underlying (or several thereof) with regard to its obligations under the respective Notes deemed necessary, or the Issuer (B) is in no position to realise, recover or forward the proceeds of the transactions and assets respectively, under the condition that amounts which have only increased due to the fact that the creditworthiness of the Issuer has decreased are not regarded as Increased Hedging Costs.

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 2008. 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 1st 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 and Capped 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 2nd 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 2nd Jan. 2006) the following transition rules apply to leverage products:

- If, prior to 1st 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 1st October 2005, then until the expiry of these securities no capital yields tax or credit shall apply.
- If, prior to 1st 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 1st 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 1st 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 20 % for payments as of 1st July 2008 and 35 % for payments as of 1st 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) and Capped 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 tax treatment of the expiration of an option within the one year holding period is now clarified by the decision of 19 December, 2007 (IX R 11/06) of the German Fiscal High Court. The Court decided, that the expiration of an option has no tax consequences. The German fiscal authorities are in agreement with this decision (BMF dated 27 November, 2001, BStBl. I 2001, 986, Margin Notes 18 and 23).

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 and the German Fiscal High Court (Bundesfinanzhof) 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 and the decision of the German Fiscal High Court of 4 December, 2007 (VIII R 53/05). 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. This has been accepted in the abovementioned decision of the German Fiscal High Court. Accordingly to this decision capital repayments should be subject to tax in ratio between the partial capital guarantee and the nominal amount of the certificate. If, however, a certificate both guarantees partial capital repayments and coupon payments the calculation of the taxable amount is still a moot question. The abovementioned decision of the German Fiscal High Court has brought no clarity in this point.

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). This should still be the case following the latest decisions of the German Fiscal High Court (Bundesfinanzhof). Even though the German Fiscal High Court denied negative income from capital assets (BFH v. 13.12.2006, VIII R 6/05) in cases where an issue yield exists, it should allow to calculate the yield on the basis of the so called market yield in case where yield repayments based on the value of the underlying are not possible to separate. However, the Regional Finance Office (Oberfinanzdirektion or "OFD") Rheinland issued a Circular dated 21 January, 2008, (No. 2/2008) that losses from the sale or redemption could no longer be considered as negative income from capital assets. There are ongoing discussions that this opinion could not be justified – as the Regional Finance Office Rheinland did – with the tax cases recently decided by the German Fiscal High Court, as there has been no guidance in the decisions to this regard and that this opinion might not be in line with the abovementioned Circular of the BMF dated 25 October, 2004. Therefore in such a case negative income should still be possible. As this is income from capital assets pursuant to § 20 EStG, this rule applies regardless of the holding period.

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 Unternehmensteuerreform 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 and Capped 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 **Warrants, Capped Warrants, 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)** 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 **Guarantee, Centrobank and Express Certificates (with coupon payments and/or (partial) capital guarantee)**, as well as **Centrobank and Express Certificates with "dividend payments" and Reverse Convertible Bonds (Aktienanleihe)** 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 as well as Capped 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 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. Discount, Investment, Bonus, Speed, Lock-in, Turbo, Range Turbo, Outperformance, Twin Win and Reverse Bonus Certificates as well as Capped Warrants (certificates qualifying as "instruments with embedded derivatives")

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.

Redemption in the form of underlying asset:

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.

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

- 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 provided that 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.
- 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.
- 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 Convertibles

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 and Capped Warrants) 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 and Capped Warrants) 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.

As part of the public finances reform that took place in 2007 taxation of securities by individuals has changed since the last major amendment to the Czech Income Taxes Act.

As of 1 January 2008 the conditions for an exemption regarding gains from the sale of the securities referred to below became stricter. The Czech Income Taxes Act newly requires that the exemption be applicable only to securities that:

- are investment securities according to the Czech Capital Markets Act (i.e. securities that are allowed to be traded on a capital market) or securities issued by a collective investment vehicle; where
- the time period between the acquisition of the security and its sale by the individual investor exceeds 6 months; and
- the direct or indirect participation of the individual in the capital or voting rights of the company in which issued the securities has not exceeded 5% in the preceding 24 months.

These (stricter) conditions apply to securities acquired by an individual after 31 December 2007. For securities acquired on or before 31 December 2007 the simple six-month holding test applies.

For securities that do not meet the conditions above, a five-year holding period test applies for the income tax exemption of the gain from the sale of the security.

In addition, the meaning of the term “security” has been commented on by the Czech regulator, i.e. the Czech National Bank, as Czech law provides only a sample list of instruments that qualify as “securities” for the purposes of the Czech Capital Markets Act (and in turn also for Czech income tax purposes). The opinion published by the Czech National Bank tends to conclude that investment certificates and warrants should qualify as “securities” even though certificates or warrants are not explicitly defined by Czech law. For an individual investor this should mean that under the assumption that these “securities” are capable of being traded on a capital market and are not issued to individual investors who have a substantial interest in the issuing entity, from the Czech personal income tax the

individual investor should be able to claim an exemption of the gain from the sale on the investment certificate or warrant.

1. Warrants

Sales of the product within six months from its acquisition are taxable; the tax base in this case is the capital gain less related costs at a flat rate of 15%¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of products which take place more than six months after acquisition are not taxable².

Redemption by settlement in kind is not taxable. Redemption by cash settlement is taxable; the redemption proceeds at a flat tax rate 15%¹. Acquisition costs or other related costs are not deductible.

The subsequent sale of the in kind redemption is not taxable if it takes place at least six months after acquisition². A sale within six months after its acquisition is taxable; the tax base is the capital gain less related costs at a flat tax rate of 15 %¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

2. Investment, Bonus, Speed, Lock-in, Turbo, Range Turbo, Outperformance, Twin Win, Reverse Bonus certificates and Capped Warrants

Sales of a product within six months from its acquisition are taxable; the tax base in this case is the capital gain less related costs at a flat tax rate of 15 %¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product which take place more than six months after acquisition are not taxable². Specify the product in each case

Redemption by a cash settlement is taxable; the redemption proceeds at a flat tax rate of 15%¹. Acquisition costs or other related costs are not deductible.

3. Guarantee certificates

Current income is considered to be interest and is taxable at a flat tax rate 15 %¹. Related costs are not deductible.

Sales of the product within six months from the acquisition are taxable; the tax base in this case is the capital gain less related costs at a flat tax rate of 15 %¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product which take place at least six months after the acquisition are not taxable².

Redemption by cash settlement is taxable; the redemption proceeds at a flat tax rate of 15 %¹. Acquisition costs or other related costs are not deductible.

¹ Please note that based on the current version of the Czech Income Taxes Act, the flat personal income tax rate for the periods from 1 January 2009 will be reduced to 12.5%. There are discussions in the Czech government that the currently effective rate of 15% should continue to be applied even after 1 January 2009. In order for this to happen, the Czech Income Taxes Act would need to be amended.

² Please see the detailed discussion in the introductory part of the memorandum on the conditions under which an exemption from Czech personal income tax applies regarding gains from the sale of an instrument .

4. Reverse convertible bonds

Current income is considered to be interest and is taxable at a flat tax rate of 15 %¹. Related costs are not deductible.

Sales of the product within six months from the acquisition is taxable; the tax base in this case is the capital gain less related costs at a flat tax rate of 15 %¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product which take place at least six months after the acquisition are not taxable².

Redemption by settlement in kind is not taxable. Redemption by cash settlement is taxable; the redemption proceeds at a flat tax rate of 15 %¹. Acquisition costs or other related costs are not deductible.

The subsequent sale of the in kind redemption is not taxable if it takes place at least six months after the acquisition². A sale within six months is taxable; the tax base is the capital gain less related costs at a flat tax rate of 15 %¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

5. Discount certificates

Sales of the product within six months from the acquisition are taxable; the tax base in this case is the capital gain less related costs at a flat tax rate of 15 %¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product which take place at least six months after acquisition are not taxable².

Redemption by settlement in kind is not taxable. The redemption by cash settlement is taxable; the redemption proceeds at the flat tax rate of 15 %¹. Acquisition costs or other related costs are not deductible.

The subsequent sale of the in kind redemption is not taxable if it takes place at least six months after the acquisition². A sale within six months is taxable; the tax base is the capital gain less related costs at a flat tax rate of 15 %¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply).

6. Express and Centrobank certificates

Current income is considered to be interest and is taxable at a flat tax rate of 15 %¹. Related costs are not deductible.

Sales of the product within six months from the acquisition are taxable; the tax base in this case is the capital gain less related costs at a flat tax rate of 15%¹. Capital gains may be offset against losses from the sale of other financial instruments (the overall loss utilization rules/restrictions apply). Sales of the product which take place at least six months after acquisition are not taxable².

Redemption by cash settlement is taxable; the redemption proceeds at a flat tax rate of 15 %¹. Acquisition costs or other related costs are not deductible.

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 450.000³. Acquisition expenses are deductible. Capital gains or any other profit achieved from stock exchange transactions (e.g. the sale of a product) which are carried out at an EEA or OECD stock exchange are taxable at a 20 % flat rate (no health tax). Total losses incurred on stock exchange transactions are deductible. 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** by selling the underlying security is taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000³ 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. In case of non-security underlyings, the 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.

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 450.000³ with the acquisition expenses being deductible. In case of an underlying security which is traded at an EEA 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 as well as Capped Warrants

Capital gains from the **sale of the product** are taxable at a 25 % flat rate plus 14 % health tax up to HUF 450.000³. Acquisition expenses are deductible. Capital gains or any other profit achieved from stock exchange transactions (e.g. the sale of a product) which are carried out at an EEA or OECD stock exchange are taxable at a 20 % flat rate (no health tax). Total losses incurred on stock exchange transactions are deductible. The same applies for the redemption of the product by **cash settlement**.

³ The HUF 450.000 health tax limit is a combined limit where health tax and health fund contributions payable on salaries, dividends, capital gains and other income should also be taken into account

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 450.000³. Acquisition expenses are deductible. Capital gains or any other profit achieved from stock exchange transactions (e.g. the sale of a product) which are carried out at an EEA or OECD stock exchange are taxable at a 20 % flat rate (no health tax). Total losses incurred on stock exchange transactions are deductible. 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 450.000³. Acquisition expenses are deductible. Capital gains or any other profit achieved from stock exchange transactions (e.g. the sale of a product) which are carried out at an EEA or OECD stock exchange are taxable at a 20 % flat rate (no health tax). Total losses incurred on stock exchange transactions are deductible. 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 450.000³. Acquisition expenses are deductible. Capital gains or any other profit achieved from stock exchange transactions (e.g. the sale of a product) which are carried out at an EEA or OECD stock exchange are taxable at a 20 % flat rate (no health tax). Total losses incurred on stock exchange transactions are deductible. 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 450.000³. Acquisition expenses are deductible. Capital gains or any other profit achieved from stock exchange transactions (e.g. the sale of a product) which are carried out at an EEA or OECD stock

exchange are taxable at a 20 % flat rate (no health tax). Total losses incurred on stock exchange transactions are deductible. 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 2008.

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 kind⁴ 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 as well as Capped Warrants

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.

⁴ 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 1st 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 1st 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 1st 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" (or any other newspaper or publication measure required by law or applicable stock exchange rules). 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 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 and
- the Romanian National Securities Commission (CNVM) for Romania.

§ 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*]

Wertpapieremissionen der Raiffeisen Centrobank AG unterliegen diesen Rahmenwertpapierbedingungen. Zu ergänzende, wertpapierspezifische Informationen werden durch die Endgültigen Konditionen (siehe Kapitel VI. des Basisprospektes vom 21. Juli 2008) vervollständigt. Die Raiffeisen Centrobank AG behält sich vor, diese Rahmenwertpapierbedingungen abzuändern.

Für Emissionen von strukturierten Wertpapieren, die nur in Österreich und/oder Deutschland angeboten werden, werden die Rahmenwertpapierbedingungen ausschließlich in deutscher Sprache erstellt.

Wenn eine nicht-bindende Übersetzung der Rahmenwertpapierbedingungen beigegeben wird, wird darauf hingewiesen, dass die Richtigkeit der Übersetzung der Rahmenwertpapierbedingungen von der FMA nicht geprüft wurde.

[Bei Wertpapieren, die an einen Hedge Fonds gebunden sind, einfügen: Die Wertpapiere bilden wirtschaftlich einen Hedge Fonds ab und ein Investment stellt eine sehr riskante Vermögensveranlagung dar. Es sollte von Anlegern daher nur ein kleiner Teil des frei verfügbaren Vermögens in derartige Produkte investiert werden, keinesfalls jedoch das ganze Vermögen oder per Kredit aufgenommene Mittel. Die Wertpapiere werden Anlegern angeboten, die besondere Kenntnis von Investmentangelegenheiten haben, Investoren sollten nur an dem Investment teilnehmen, wenn sie in der Lage sind, die mit den Wertpapieren verbundenen Risiken sorgfältig abzuschätzen.]

RAHMENWERTPAPIERBEDINGUNGEN

der
Raiffeisen Centrobank AG

für *[Name des strukturierten Wertpapiers]* (siehe EK Zeile 1)

INHALTSVERZEICHNIS

§ 1.	<i>Rechte des Anlegers</i>	3
§ 2.	<i>Allgemeine Risiken</i>	3
§ 3.	<i>Währungsrisiken</i>	4
§ 4.	<i>Einfluss von Nebenkosten auf die Gewinnchancen</i>	4
§ 5.	<i>Inanspruchnahme von Kredit</i>	4
§ 6.	<i>Einfluss von Geschäften, insbesondere von Hedging-Geschäften der Emittentin auf die strukturierten Wertpapiere</i>	5
§ 7.	<i>Form der strukturierten Wertpapiere; Übertragbarkeit</i>	5
§ 8.	<i>Laufzeit</i>	5
§ 9.	<i>Ausübung, Tilgung</i>	6
FÜR OPTIONSSCHEINE GILT:		6
§ 9.1.	<i>Tilgung; Ausübung</i>	6
§ 9.2.	<i>Ausübungspreis; Ausübungstag; Schlusskurs; Bezugsverhältnis</i>	7
§ 9.3.	<i>Ausübung des Rechtes durch den Optionsscheininhaber</i>	7
§ 9.4.	<i>Automatische Ausübung durch die Emittentin</i>	8
§ 9.5.	<i>Ausübungsfrist bei „American Style“</i>	8
FÜR DISCOUNT ZERTIFIKATE GILT		9
§ 9.1.	<i>Tilgung</i>	9
§ 9.2.	<i>Maximaler Tilgungsbetrag</i>	9
§ 9.3.	<i>Anpassung des maximalen Tilgungsbetrages</i>	9
FÜR TURBO ZERTIFIKATE GILT:		10
§ 9.1.	<i>Tilgung</i>	10
§ 9.2.	<i>Ausübungspreis; Barriere</i>	10

FÜR OPEN END TURBOZERTIFIKATE GILT	10
§ 9.2. Ausübungspreis; Barriere	10
§ 9.3. Barriere; Restwert	11
FÜR RANGE TURBO ZERTIFIKATE GILT	13
§ 9.1. Tilgung	13
Tilgungsbetrag = (Schlusskurs Basiswert – Ausübungspreis) x Bezugsverhältnis	13
§ 9.2. CAP; FLOOR	13
§ 9.3. Barriere; Restwert	13
FÜR ANLAGE ZERTIFIKATE GILT:	15
FÜR BONUS ZERTIFIKATE:	16
FÜR SPEED ZERTIFIKATE GILT:	17
FÜR AKTIENANLEIHEN GILT:	18
FÜR LOCK-IN ZERTIFIKATE GILT:	19
FÜR OUTPERFORMANCE ZERTIFIKATE GILT:	20
FÜR GARANTIEZERTIFIKATE GILT:	21
FÜR CENTROBANK ZERTIFIKATE GILT:	22
FÜR TWIN WIN ZERTIFIKATE GILT:	23
FÜR REVERSE BONUS ZERTIFIKATE GILT:	25
FÜR EXPRESS ZERTIFIKATE GILT:	26
FÜR CAPPED WARRANTS GILT:	27
§ 10. Umrechnung bei Fremdwährungswerten	28
§ 11. Basiswert	28
§ 12. Verzinsung	28
§ 13. Tilgungstag/Fälligkeitstermin der Zahlung	29
§ 14. Marktstörung; Ersatzpreis	29
§ 15. Anpassungsregelungen	32
FÜR GARANTIEZERTIFIKATE GILT:	35
§ 16. Auszahlungen	38
§ 17. Kündigung	38
VORZEITIGE TILGUNG/KÜNDIGUNG BEI OPEN END PAPIEREN:	40
§ 18. Steuerliche Behandlung	41
§ 19. Aufstockung; Rückkauf	47
§ 20. Zahl-, und/oder Einreich- und/oder Optionsstelle	48
§ 21. Ersetzung der Emittentin	48
§ 22. Börseeinführung	49
§ 23. Bekanntmachungen	49
§ 24. Verjährung	49
§ 25. Prospektpflicht für das öffentliche Angebot	49
§ 26. Sicherstellung	50
§ 27. Haftungsausschluss	50
§ 28. Anwendbares Recht, Gerichtsstand und Erfüllungsort	50
§ 29. Salvatorische Klausel	50
§ 30. Schlussbestimmungen	50

§ 1. Rechte des Anlegers

1. Die Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1010 Wien ("Emittentin"), begibt ab [Laufzeitbeginn] (siehe EK, Zeile 40) im Gesamtvolumen bis zu [Angabe des Gesamtvolumens] (siehe EK, Zeile 49) [Name des strukturierten Wertpapiers] (siehe EK, Zeile 1) gemäß diesen Wertpapierbedingungen, ISIN [ISIN Produkt] (siehe EK, Zeile 2) , auf [Basiswert] (siehe EK, Zeile 10-12).
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 Stückelung] (siehe EK, Zeile 51) 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 38) 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/Produktwährungs- („PW“) Mittelkurses.

Bei „Quanto“ – währungsgesicherten – Wertpapieren wird die jeweilige Fremdwährung zu jedem Zeitpunkt 1 : 1 in der jeweiligen Produktwährung ausgedrückt. D.h. die jeweilige Fremdwährungseinheit entspricht automatisch einer Einheit der jeweiligen Produktwährung.

„Fremdwährung“ im Sinn dieser Wertpapierbedingungen ist jede Währung, die nicht die Produktwährung ist.

§ 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 unterschreibungsberechtigter 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 40) und endet am *[Laufzeitende]* (siehe EK, Zeile 41). Sofern für die strukturierten Wertpapiere eine Zeichnungsfrist festgelegt wurde, liegen die Wertpapiere während der *[Zeichnungsfrist]* (siehe EK, Zeile 50) zur Zeichnung auf.

FÜR OPEN-END STRUKTURIERTE WERTPAPIERE GILT:

§ 8 Laufzeit

1. Die Ausgabe der strukturierten Wertpapieren beginnt am [*Laufzeitbeginn*] (siehe EK, Zeile 40) ("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 Abs. 1.a 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*]

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 der Produktwährung umgerechneten oder in der Produktwährung 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 13) multipliziert wird.

Die Ausübung kann entweder automatisch durch die Emittentin oder durch den Optionsscheininhaber (siehe EK, Zeile 6) erfolgen. Erfolgt die Ausübung durch die Emittentin, findet die Auszahlung des Barbetrages in der jeweiligen Produktwährung 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 7) ("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 8) am

jeweiligen Ausübungstag unter Berücksichtigung des Bezugsverhältnisses [*Bezugsverhältnis*] (siehe EK, Zeile 13) 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 8).
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 36) 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 36 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 13).

§ 9.3. Ausübung des Rechtes durch den Optionsscheininhaber

3. Sofern die Ausübung des Optionsscheins nicht automatisch durch die Emittentin zum Laufzeitende (siehe EK, Zeile 6) 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.

4. Optionsart:
 - a. Die Option kann - vorbehaltlich der Bestimmungen im Abs 5 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“).
5. 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.
6. 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.
7. 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.
8. 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. Wenn der Kurs des zugrunde liegenden Basiswertes am Laufzeitende über dem maximalen Tilgungsbetrag (siehe § 9.2) liegt, erhält der Inhaber von Discount Zertifikaten am Tilgungstag (siehe § 13) automatisch von der Emittentin die Zahlung eines (bei in Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag"), der dem maximalen Tilgungsbetrag (CAP) – unter Berücksichtigung des Bezugsverhältnisses – entspricht.
2. Wenn der Kurs des zugrunde liegenden Basiswertes am Laufzeitende am oder unter dem maximalen Tilgungsbetrag („CAP“) liegt, erhält der Inhaber von Discount Zertifikaten am Tilgungstag automatisch von der Emittentin entweder
 - a. die Lieferung einer – unter Berücksichtigung des Bezugsverhältnisses – entsprechenden Anzahl des zugrunde liegenden Basiswertes (siehe EK, Zeile 46) oder
 - b. die Zahlung eines (bei in Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag"), der dem von der jeweils maßgeblichen Börse/Festlegungsstelle (siehe EK, Zeile 44) am Laufzeitende festgestellten und veröffentlichten Schlusskurs (siehe EK, Zeile 36) 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 36 geregelt.
3. Das Bezugsverhältnis beträgt [Bezugsverhältnis] (siehe EK, Zeile 13).
4. 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 23) 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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag ("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 36) 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 36 geregelt.

§ 9.2. Ausübungspreis; Barriere

1. Der jeweilige Ausübungspreis wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 8).
2. Die Barriere wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 9).

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 8).
2. Die anfängliche Barriere wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 9).
3. Sowohl der Ausübungspreis als auch die Barriere werden – sofern in den Endgültigen Konditionen nicht Abweichendes vorgesehen ist (siehe EK, Zeile 8 und Zeile 9) – wie folgt angepasst:
 - a. Die Finanzierungskosten für Open End Turbo Zertifikate werden monatlich, jeweils am Beginn jedes Monats, sofern dieser ein Bankarbeitstag ist, ansonsten am nächsten darauffolgenden Bankarbeitstag auf den jeweiligen Ausübungspreis sowie auf die jeweilige Barriere für die Open End-Turbo-Zertifikate aufgeschlagen:

$$\text{Finanzierungskosten pro Tag} = \text{Finanzierungssatz} \times \text{Ausübungspreis} / 360 \text{ Tage}$$

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.

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.

- b. Sollte der jeweiligen Basiswert eines Open End Turbo Zertifikates Dividenden abschlagen, so kann die Emittentin nach ihrem Ermessen, die Dividendenauszahlung vom jeweiligen Ausübungspreis sowie der jeweiligen Barriere zum Teil oder zur Gänze abziehen. Sofern in den Endgültigen Konditionen (siehe EK, Zeile 31, „4.1.7 Dividendenanpassung“) nicht Abweichendes vorgesehen ist, erfolgt die Anpassung jeweils am Ex-Tag der Dividende(n). Das Ausmaß der Dividendenberücksichtigung ist in den Endgültigen Konditionen, Zeile 31 „4.1.7 Dividendenanpassung“ geregelt.
4. Durch die Veränderung des Ausübungspreises des Zertifikates, ändert sich der innere Wert um die berechneten Finanzierungskosten.
 5. Der innere Wert eines Zertifikates ergibt sich, unter Berücksichtigung von eventuellen Wechselkursen sowie des jeweiligen Bezugsverhältnisses, aus der Differenz zwischen
 - a. aus der Differenz zwischen dem Kurs des Basiswertes und dem jeweiligen Ausübungspreis bei Open End-Turbo-Long-Zertifikaten
[Kurs Basiswert – Ausübungspreis],
 - b. aus der Differenz zwischen dem jeweiligen Ausübungspreis und dem Kurs des Basiswertes bei Open End-Turbo-Short-Zertifikaten
[Ausübungspreis – Kurs Basiswert].

§ 9.3. Barriere; Restwert

1. Sobald zu irgend einem Zeitpunkt innerhalb der Laufzeit der Turbo Zertifikate der Kurs des zugrunde liegenden Basiswertes (siehe EK, Zeile 10) die Barriere (siehe EK, Zeile 9) 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 14), 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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag ("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 17) liegen, wird der Tilgungsbetrag wie folgt berechnet:

$$\text{Tilgungsbetrag} = (\text{CAP} - \text{Ausübungspreis}) \times \text{Bezugsverhältnis}$$

- b. Range-Turbo-Short/Reverse Discount-Zertifikate:

$$\text{Tilgungsbetrag} = (\text{Ausübungspreis} - \text{Schlusskurs Basiswert}) \times \text{Bezugsverhältnis}$$

Sollte der Schlusskurs des Basiswerts am Tilgungstag unter dem FLOOR (siehe EK, Zeile 17) liegen, wird der Tilgungsbetrag wie folgt berechnet:

$$\text{Tilgungsbetrag} = (\text{Ausübungspreis} - \text{FLOOR}) \times \text{Bezugsverhältnis}$$

2. Der "Schlusskurs Basiswert" (siehe EK, Zeile 36) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 44) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 36) geregelt.
3. Der Ausübungspreis wird von der Emittentin bei Ausgabebeginn festgesetzt (siehe EK, Zeile 8).
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/Reverse Discount-Zertifikat werden von der Emittentin bei Ausgabebeginn festgesetzt [CAP und/oder FLOOR] (siehe EK, Zeile 17).

§ 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 10) die Barriere (siehe EK, Zeile 9) erreicht oder unterschreitet (Range Turbo-Long-Zertifikate) bzw. erreicht oder überschreitet (Range Turbo-Short/Reverse Discount-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 (siehe EK, Zeile 14), 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 Range 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 Range Turbo-Short/Reverse Discount-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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag"), 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 Abs. 1.a bekannt gemacht.
3. Der Schlusskurs des Basiswertes (siehe EK, Zeile 36) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 44) festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 36) 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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag"). 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 Laufzeitende) des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere zu keinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag in der jeweiligen Produktwährung, der nach folgender Formel berechnet wird:
$$\text{Bonuslevel} + \text{Partizipation} \times \text{Max} (0; \text{Schlusskurs Basiswert} - \text{Bonuslevel})$$

maximal jedoch den CAP (sofern die Emittentin bei Ausgabebeginn einen CAP festgelegt hat).
 - b) Sollte der Kurs des Basiswertes während der Laufzeit (Berechnungstichtag – inklusive Laufzeitende) des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere zu irgendeinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag in der jeweiligen Produktwährung, der nach folgender Formel berechnet wird:
$$\text{Min} (\text{Schlusskurs Basiswert}, \text{Bonuslevel}) + \text{Partizipation} \times \text{Max} (0; \text{Schlusskurs Basiswert} - \text{Bonuslevel})$$

maximal jedoch den CAP (sofern die Emittentin bei Ausgabebeginn einen CAP festgelegt hat).
3. Der Schlusskurs des Basiswertes (siehe EK, Zeile 36) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 44) festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 36 geregelt.
4. Der CAP (siehe EK, Zeile 17) 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 "**Berechnungstichtag**" ist, vorbehaltlich einer möglichen Marktstörung, der [*Berechnungstichtag*] (siehe EK, Zeile 26) bzw., falls an diesem Tag für den Basiswert üblicherweise kein Schlusskurs festgestellt wird, der nächstfolgende Tag, an dem ein Schlusskurs festgestellt wird.
6. Sofern in den Endgültigen Konditionen im Kapitel VI „4.1.7 Partizipation“ nicht Abweichendes oder Ergänzendes vorgesehen ist, beträgt die Partizipation stets 100 %.

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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag"). 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 18) 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 18). Hinsichtlich der Partizipation siehe EK, Zeile 24.
4. Der CAP (siehe EK, Zeile 17) 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 36) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 36) festgestellt und veröffentlicht wird. Allfällige weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen Zeile 36) 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 23) den Ausübungspreis (siehe EK, Zeile 8) unterschreitet, durch Lieferung von – der Aktienanleihe zugrunde liegenden – Aktien (oder deren Gegenwert in Geld) zurückgezahlt. Die Anzahl der je Nominale [*Stückelung*] (siehe EK, Zeile 51) gelieferten Aktien ist den EK Zeile 19 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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrages, 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 37 „Settlement“).

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 44).

2. Der Ausübungspreis wird am Beginn der Ausgabe von der Emittentin festgesetzt (siehe EK, Zeile 8).
3. Der Schlusskurs des Basiswertes (siehe EK, Zeile 36) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Feststellungstag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 44) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 36.

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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrages ("Tilgungsbetrag"). 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 13) ab; der maximale Tilgungsbetrag kann durch einen CAP (siehe EK, Zeile 17) 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 der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag in der jeweiligen Produktwährung, der dem Schlusskurs des Basiswertes am Laufzeitende entspricht, maximal jedoch den CAP . Andernfalls erhält der Anleger einen (bei Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag in der jeweiligen Produktwährung, 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 9) zu keinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag in der jeweiligen Produktwährung, 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 9) zu irgendeinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Betrag in der jeweiligen Produktwährung, der dem Schlusskurs des Basiswertes am Laufzeitende entspricht.
3. Der/die Bonuslevel (siehe EK, Zeile 15), die Barriere (siehe EK, Zeile 9) sowie die Gewinnschwellen (siehe EK, Zeile 258) werden – sofern vorgesehen – von der Emittentin bei Ausgabebeginn festgesetzt.
4. Der Schlusskurs des Basiswertes (siehe EK, Zeile 36) entspricht dem Kurs des zugrunde liegenden Basiswertes, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 36) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 36 geregelt.

FÜR OUTPERFORMANCE ZERTIFIKATE GILT:

1. Das Wertpapier berechtigt zur Auszahlung eines (bei Fremdwährungswerten in der Produktwährung umgerechneten oder in der Produktwährung ausgedrückten – siehe § 10) Barbetrages, der wie folgt berechnet wird:

$$\text{Tilgungsbetrag} = \text{Max (Ausübungspreis – Spread; 0)} \times \text{Bezugsverhältnis}$$

wobei

$$\text{Spread} = (I_s \times n_s) - (I_L \times n_L)$$

I_s = Schlusskurs Short-Instrument (umgerechnet in Produktwährung)

n_s = Anzahl Short-Instrument

I_L = Schlusskurs Long-Instrument (umgerechnet in Produktwährung)

n_L = Anzahl Long-Instrument

2. Der Ausübungspreis wird am Beginn der Ausgabe der Outperformance Zertifikate von der Emittentin festgesetzt und in der jeweiligen Produktwährung angegeben (siehe EK, Zeile 8).
3. Der Schlusskurs entspricht den Kursen der zugrunde liegenden Basisinstrumente (Long- und Short-Instrument), die am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 43) festgestellt und veröffentlicht werden (siehe EK, Zeile 36). Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK Zeile 36 geregelt.

FÜR GARANTIEZERTIFIKATE GILT:

1. Am Tilgungstag erhält der Inhaber von Garantiezertifikaten automatisch die Zahlung eines von der Emittentin bei Angebotsbeginn festgesetzten garantierten Betrages ("Garantiebetrag"; siehe EK, Zeile 27) in der jeweiligen Produktwährung. Zuzüglich zum Garantiebetrag kann ein Anspruch des Inhabers auf Kuponzahlung/en (siehe EK, Zeile 22) und/oder auf Auszahlung eines Partizipationsbetrages („Partizipationsbetrag“; siehe EK, Zeile 28) bestehen, deren Höhe von der Entwicklung der/s zugrunde liegenden Basiswerte/s (siehe EK, Zeile 10-12) abhängen kann. Der Tilgungsbetrag wird in den Endgültigen Konditionen, Zeile 29 näher beschrieben.
2. Garantiezertifikate können einen Anspruch auf Zahlung von Kupons (siehe EK, Zeile 22), nicht hingegen auf Zahlung von Dividenden verbriefen.

FÜR CENTROBANK ZERTIFIKATE GILT:

1. Am Tilgungstag (siehe § 13) erhält der Inhaber von in diesem Prospekt beschriebenen Centrobank Zertifikaten automatisch die Zahlung eines von der Emittentin bei Angebotsbeginn definierten Tilgungsbetrages (siehe EK, Zeile 29). Zuzüglich zum Tilgungsbetrag kann ein Anspruch des Inhabers auf Kuponzahlung/en (siehe EK, Zeile 22) bestehen, deren Höhe von der Entwicklung der/s zugrunde liegenden Basiswerte/s (siehe EK, Zeile 10-12) abhängen kann.
2. Centrobank Zertifikate können einen Anspruch auf Zahlung von Kupons (siehe EK, Zeile 22) und Dividenden (siehe EK, Zeile 32) verbriefen.

FÜR TWIN WIN ZERTIFIKATE GILT:

1. Am Tilgungstag (siehe § 13; EK, Zeile 43) erhält der Inhaber von Twin Win Zertifikaten automatisch von der Emittentin die Zahlung eines (bei Fremdwährungswerten in Produktwährung umgerechneten oder in Produktwährung ausgedrückten) Betrages ("Tilgungsbetrag") in Produktwährung. Die Höhe des Tilgungsbetrages hängt in der Regel vom durch die jeweils maßgebliche Börse oder Festlegungsstelle am Laufzeitende festgestellten und veröffentlichten Schlusskurs des den Twin Win Zertifikaten zugrunde liegenden Basiswertes ab; der maximale Tilgungsbetrag kann durch einen CAP (siehe EK, Zeile 17) begrenzt sein.

2. Der Tilgungsbetrag wird folgendermaßen ermittelt:

- a. Sollte der Kurs des Basiswertes während der Laufzeit des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere (siehe EK, Zeile 9) zu keinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Produktwährung umgerechneten oder in Produktwährung ausgedrückten) Betrag in Produktwährung, der nach folgender Formel berechnet wird:

$$\text{Basispreis} + P_D \times \text{Max} (0, \text{Basispreis} - \text{Schlusskurs Basiswert}) + P_U \times \text{Max} (0, \text{Schlusskurs Basiswert} - \text{Basispreis}),$$

wobei

$$P_D = \text{Abwärtspartizipation in \% (siehe EK, Zeile 24)}$$

$$P_U = \text{Aufwärtspartizipation in \% (siehe EK, Zeile 24)}$$

maximal jedoch den CAP (sofern die Emittentin einen CAP festgelegt hat; siehe EK, Zeile 17).

- b. Sollte der Kurs des Basiswertes während der Laufzeit des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere (siehe EK, Zeile 9) zu irgendeinem Zeitpunkt erreichen oder unterschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Produktwährung umgerechneten oder in Produktwährung ausgedrückten) Betrag in Produktwährung, der nach folgender Formel berechnet wird:

$$\text{Min} (\text{Schlusskurs Basiswert}, \text{Basispreis}) + P_U^* \times \text{Max} (0, \text{Schlusskurs Basiswert} - \text{Basispreis})$$

wobei

P_U^* = entspricht der Aufwärtspartizipation in % (siehe EK, Zeile 24), sofern in den Endgültigen Konditionen nicht definiert ist, dass die Aufwärtspartizipation verfällt, wenn die Barriere erreicht oder unterschritten wird. Für den Fall, dass die Aufwärtspartizipation verfällt, gilt $P_U^* = 100\%$. In den Endgültigen Konditionen, Zeile 24 wird der Verfall der Aufwärtspartizipation mit dem Hinweis „Aufwärtspartizipation K.O.“ definiert.

maximal jedoch den CAP (sofern die Emittentin einen CAP festgelegt hat; siehe EK, Zeile 17).

3. Die Emittentin setzt bei Ausgabe des Zertifikates die Partizipation, den CAP und den Basispreis sowie die Barriere fest. (siehe hierzu die Endgültigen Konditionen, Zeile 24 „4.1.7 Partizipation“,

Zeile 17 "4.1.7 CAP und/oder FLOOR", Zeile 8 "4.1.7 Ausübungspreis/Basispreis" sowie Zeile 9 "4.1.7. Barriere".)

4. Der Schlusskurs des Basiswertes entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Stichtag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 44) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen, Zeile 36 geregelt.
5. Twin Win Zertifikate verbiefen weder einen Anspruch auf Zahlung von Zinsen noch auf Zahlung von Dividenden und werfen daher keinen laufenden Ertrag ab.

FÜR REVERSE BONUS ZERTIFIKATE GILT:

1. Am Tilgungstag (siehe § 13; EK, Zeile 43) erhält der Inhaber von Reverse Bonus Zertifikaten automatisch von der Emittentin die Zahlung eines (bei Fremdwährungswerten in Produktwährung umgerechneten oder in Produktwährung ausgedrückten) Betrages ("Tilgungsbetrag") in Produktwährung. Die Höhe des Tilgungsbetrages hängt in der Regel vom durch die jeweils maßgebliche Börse oder Festlegungsstelle am Laufzeitende festgestellten und veröffentlichten Schlusskurs des den Reverse Bonus Zertifikaten zugrunde liegenden Basiswertes ab.
2. Der Tilgungsbetrag wird folgendermaßen ermittelt:

- a. Sollte der Kurs des Basiswertes – sofern in den EK, Zeile 9 nicht Abweichendes oder Ergänzendes vorgesehen ist – während der Laufzeit des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere zu keinem Zeitpunkt erreichen oder überschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Produktwährung umgerechneten oder in Produktwährung ausgedrückten) Betrag in Produktwährung, der nach folgender Formel berechnet wird:

$$\text{Bonusbetrag} + \text{Max} [0, \text{Partizipation} \times (2 \times \text{Startwert} - \text{Bonusbetrag} - \text{Schlusskurs Basiswert})]$$

- b. Sollte der Kurs des Basiswertes – sofern in den EK, Zeile 9 nicht Abweichendes oder Ergänzendes vorgesehen ist – während der Laufzeit des Zertifikates die von der Emittentin bei Ausgabebeginn festgesetzte Barriere zu irgendeinem Zeitpunkt erreichen oder überschreiten, erhält der Anleger einen (bei Fremdwährungswerten in Produktwährung umgerechneten oder in Produktwährung ausgedrückten) Betrag in Produktwährung, der nach folgender Formel berechnet wird:

$$\text{Max} [2 \times \text{Startwert} - \text{Schlusskurs Basiswert}, \text{Bonusbetrag} + \text{Partizipation} \times (2 \times \text{Startwert} - \text{Bonusbetrag} - \text{Schlusskurs Basiswert})]$$

3. Die Emittentin setzt bei Ausgabe des Zertifikates die Partizipation, den Bonusbetrag, den Bonuslevel, den Startwert sowie die Barriere fest. (siehe hierzu die Endgültigen Konditionen, Zeile 24 "4.1.7 Partizipation", Zeile 16 "4.1.7 Bonusbetrag", Zeile 15 "4.1.7 Bonuslevel", Zeile 18 „4.1.7 Startwert“ sowie Zeile 9 "4.1.7. Barriere".)
4. Der Schlusskurs des Basiswertes entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Stichtag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 44) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den Endgültigen Konditionen, Zeile 36 geregelt.
5. Reverse Bonus Zertifikate verbiefen weder einen Anspruch auf Zahlung von Zinsen noch auf Zahlung von Dividenden und werfen daher keinen laufenden Ertrag ab.

FÜR EXPRESS ZERTIFIKATE GILT:

1. Der Tilgungsbetrag wird wie folgt berechnet:
 - a. Wenn das Basisinstrument an einem der Feststellungstage (siehe, EK, Zeile 30) die von der Emittentin vorgegebene Schwellenbedingung (siehe EK, Zeile 33) erfüllt, endet das Zertifikat vorzeitig und wird zu dem am jeweiligen Feststellungstag (entspricht diesfalls dem „Laufzeitende“) gültigen Tilgungsbetrag (siehe EK, Zeile 29) in der Produktwährung – bei Fremdwährungswerten in Produktwährung umgerechnet oder in Produktwährung ausgedrückt – automatisch von der Emittentin zurückgezahlt.
 - b. Wenn das Basisinstrument auch am letzten Feststellungstag die vorgegebene Schwellenbedingung nicht erfüllt, erfolgt die Tilgung zum am Laufzeitende/letzten Feststellungstag festgestellten Schlusskurs des den Zertifikaten zugrunde liegenden Basisinstruments in der Produktwährung – bei Fremdwährungswerten in Produktwährung umgerechnet oder in Produktwährung ausgedrückt. Sollte in diesem Fall weiters die Emittentin bei Ausgabebeginn des Zertifikats eine Barriere (siehe EK, Zeile 9) festgesetzt haben und der Kurs des Basisinstruments die Barriere während des Beobachtungszeitraums (siehe EK, Zeile 34) weder erreicht noch durchbrochen haben, erfolgt die Tilgung zumindest zu einer von der Emittentin definierten Mindestrückzahlung (siehe EK, Zeile 35) in der Produktwährung – bei Fremdwährungswerten in Produktwährung umgerechnet oder in Produktwährung ausgedrückt.
2. Die Emittentin setzt bei Ausgabe des Zertifikates die Schwellenbedingung, die Feststellungstage, den Tilgungsbetrag und die Mindestrückzahlung sowie – falls vorgesehen – die Barriere, den Beobachtungszeitraum und zusätzliche Kupon und/oder Dividendenzahlungen fest (siehe hierzu die Endgültigen Konditionen, Zeile 33 "4.1.7 Schwelle(n)", Zeile 30 "4.1.7 Feststellungstage", Zeile 29 "4.1.7. Tilgungsbetrag", Zeile 35 "4.1.7. Mindestrückzahlung", Zeile 9 "4.1.7. Barriere", Zeile 34 "4.1.7. Beobachtungszeitraum" und Zeile 22 "4.1.7. Kuponzahlungen").
3. Der Schlusskurs des Basiswertes entspricht dem Kurs des zugrunde liegenden Basiswertes, der am jeweils maßgeblichen Stichtag von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe EK, Zeile 44) festgestellt und veröffentlicht wird. Weitere Bestimmungen hinsichtlich der Feststellung des Schlusskurses sind in den EK, Zeile 36 geregelt.
4. Express Zertifikate können einen Anspruch auf Zahlung von Zinsen und/oder auf Zahlung von Dividenden (siehe EK, Zeile 22 und 32) verbriefen.

FÜR CAPPED WARRANTS GILT:

1. Am Tilgungstag (siehe § 13) erhält der Inhaber von Capped Warrants automatisch von der Emittentin die Auszahlung eines (bei Fremdwährungswerten in Produktwährung umgerechneten oder in Produktwährung ausgedrückten) Barbetrages in Produktwährung in Höhe der Differenz, um die der Schlusskurs des Basiswertes (siehe Endgültige Konditionen, Zeile 10-12) am Laufzeitende den Ausübungspreis überschreitet (Call Warrant) bzw. unterschreitet (Put Warrant), bereinigt um das Bezugsverhältnis.
2. Der maximale Tilgungsbetrag ist jedoch begrenzt auf die absolute Differenz zwischen dem Cap und dem Ausübungspreis (Call Warrant) bzw. dem Ausübungspreis und dem Floor (Put Warrant), multipliziert mit dem Bezugsverhältnis.
3. Der jeweilige Ausübungspreis, der Cap/Floor und das Bezugsverhältnis werden am Beginn der Ausgabe der Capped Warrants von der Emittentin festgesetzt (siehe Endgültige Konditionen, Zeilen 8, 17, 13).
4. Der Schlusskurs entspricht dem Kurs des zugrunde liegenden Basisinstruments, der am Laufzeitende von der jeweils maßgeblichen Börse oder Festlegungsstelle (siehe Endgültige Konditionen, Zeile 36) festgestellt und veröffentlicht wird (siehe Endgültige Konditionen Kapitel, Zeile 36).

Capped Warrants verbriefen weder einen Anspruch auf Zahlung von Zinsen noch auf Zahlung von Dividenden und werfen daher keinen laufenden Ertrag ab.

§ 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 die jeweilige Produktwährung erfolgt auf der Grundlage des jeweiligen FW/PW 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 Bildschirmerservice 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 Produktwährung“ – währungsgesicherten – Wertpapieren wird die jeweilige Fremdwährung zu jedem Zeitpunkt 1 : 1 in Produktwährung ausgedrückt. D.h. die jeweilige Fremdwährungseinheit entspricht automatisch einem Produktwährung

§ 11. Basiswert

Der Basiswert der strukturierten Wertpapiere ist [*Beschreibung des Basiswertes*] (siehe EK, Zeile 10-12).

§ 12. Verzinsung

Für Aktienanleihen gilt:

Die Verzinsung beträgt [*Angabe der Prozent*] % p.a. (siehe Zeile 22). Die Zinsen werden vom Zinslaufbeginn (siehe EK, Zeile 21) (einschließlich) bis zum Laufzeitende (siehe EK, Zeile 41) (ausschließlich) auf Basis der in den EK, Zeile 20 definierten Zinsberechnungsmethode berechnet. Die Zinsen werden am Laufzeitende (siehe EK, Zeile 41) ausbezahlt.

Für andere verzinsten strukturierte Wertpapiere gilt:

Die Verzinsung beträgt [*Angabe der Prozent*] % p.a. (siehe Zeile 22). Die Zinsen werden vom [*Datum des Zinslaufbeginns*] (siehe EK, Zeile 21) (einschließlich) bis zum [*Enddatum für die Berechnung der Zinsen*] (siehe EK, Zeile 20) (einschließlich) auf Basis [*Zinsberechnungsmethode*] berechnet. Die Zinsen werden am [*Zinszahlungstag*] (siehe EK, Zeile 20) ausbezahlt.

Für unverzinsten 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 41) bzw. nach dem jeweiligen Ausübungstag (bei Optionsscheinen), sofern in den EK Zeile 43 nicht Abweichendes vorgesehen ist.
2. Wenn die Wertpapiere an einem geregelten Markt in Ungarn, Polen, Slowenien, Slowakei, der Tschechischen Republik oder Rumänien zugelassen sind, so können das Listing und die Tilgung in einer Fremdwährung erfolgen.
3. 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.
4. 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.
5. **"Bankarbeitstag"** im Sinne dieser Rahmenwertpapierbedingungen ist – sofern in den Endgültigen Konditionen nicht Abweichendes oder Ergänzendes geregelt ist – ein Arbeitstag, an dem Geschäftsbanken in Österreich, Deutschland und – sofern in den Endgültigen Konditionen angegeben – aneren Ländern, geöffnet sind.

§ 14. Marktstörung; Ersatzpreis

Es gelten nachstehende Bestimmungen, sofern in den EK Zeile 47 nicht Abweichendes oder Ergänzendes vorgesehen ist:

1. Im Fall von Wertpapieren auf Aktien/ADRs/GDRs:

Eine Marktstörung bedeutet die vorübergehende Suspendierung oder wesentliche Einschränkung (entweder)

- 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 (entweder)

- die 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,

- ein Index nicht feststellbar ist, weil der Index generell oder für den maßgeblichen Zeitpunkt nicht veröffentlicht wird, oder
- 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 (entweder)

- 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
 - 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. Im Fall von Garantiezertifikaten:

- a. Eine „Marktstörung“ bedeutet das (A) Eintreten oder Bestehen innerhalb der letzten Stunde vor dem Ende des Feststellungszeitraumes einer– nach billigem Ermessen der Emittentin – wesentlichen (i) Handelsunterbrechung, oder (ii) Börse-Unterbrechung, hinsichtlich einer der in dem Basket enthaltenen Aktien bzw. der in den Indices enthaltenen Aktien an der jeweiligen Börse, oder (B) eine „frühere Schließung“ in Bezug auf die Aktie bzw.
 - i. in Bezug auf Aktien, die 20 % oder mehr des betreffenden Index abbilden; oder

- ii. in Termin- oder Optionskontrakten mit Bezug auf den jeweiligen Index an einer verwandten Börse;
- b. Eine „Handelsunterbrechung“ bedeutet jede Suspendierung oder Einschränkung des Handels (ebenso eine im Laufe eines Tages eintretende Beschränkung im Handel aufgrund von Preisbewegungen, die bestimmte von der Börse oder der „verwandten Börse“ vorgegebene Grenzen überschreiten) in den Aktien bzw. in den in den Indices enthaltenen Aktien an der Börse oder in Termin- oder Optionskontrakten mit Bezug auf die jeweilige Aktie bzw. auf die jeweilige in den Indices enthaltene Aktie an der verwandten Börse.
- c. Eine „Börse-Unterbrechung“ bedeutet den Eintritt eines Ereignisses, das keine „frühere Schließung“ ist und – nach billigem Ermessen der Emittentin – generell Marktteilnehmer stört oder einschränkt,
 - i. Transaktionen durchzuführen oder Marktpreise hinsichtlich der jeweiligen Aktie bzw. der jeweiligen in den Indices enthaltenen Aktie an der Börse zu erhalten oder
 - ii. Transaktionen durchzuführen oder Marktpreise hinsichtlich der Termin- oder Optionskontrakte mit Bezug auf die jeweilige Aktie bzw. auf die jeweilige in den Indices enthaltene Aktie an der verwandten Börse zu erhalten.
- d. Eine „frühere Schließung“ bedeutet die außerplanmäßige Schließung der Börse oder der verwandten Börse an einem Börseschäftstag, wenn die Bekanntmachung dieser Schließung nicht zumindest eine Stunde vor
 - i. dem tatsächlichen Handelsschluss an dieser Börse oder verwandten Börse an diesem Börseschäftstag, oder
 - ii. einem früher eintretenden Annahmeschluss am jeweiligen Börseschäftstag für die Entgegennahme von Orders an der Börse oder der verwandten Börse erfolgt.
- e. Der „Feststellungszeitraum“ ist der offizielle Handelsschluss an der relevanten Börse.
- f. Die „Börse“ ist jene Börse, die als solche angegeben ist oder jeglicher Nachfolger dieser Börse oder dieses Quotierungssystems oder jegliche Ersatzbörse oder –quotierungssystem, an der/dem die jeweilige Aktie vorübergehend gehandelt wird; dies unter der Voraussetzung, dass, wenn die betreffende Aktie an dieser Börse nicht mehr gelistet wird, die Emittentin eine andere Börse oder Quotierungssystem in Bezug auf diese Aktie auswählt.
- g. Die „verwandte Börse“ ist jene Börse, Handels- oder Quotierungssystem (einschließlich jeglicher Ersatz- oder Übergangsbörsen und Ersatz- oder Übergangsquotierungssysteme), wo Futures- und Optionskontrakte in Bezug auf die jeweilige Aktie gehandelt werden sowie jede Börse oder Quotierungssystem, an der/dem der Handel nach Ansicht der Emittentin einen wesentlichen Einfluss auf den Gesamtmarkt im Hinblick auf Futures- und Optionskontrakte in Bezug auf die jeweilige Aktie hat.

7. Im Fall von Zertifikaten, die auf Hedge Fonds basieren:

Die Beschreibung der Marktstörung wird in den Endgültigen Konditionen, Zeile 47 geregelt.

8. Die Emittentin wird sich bemühen, den Beteiligten unverzüglich mitzuteilen, dass eine Marktstörung eingetreten ist. Eine Pflicht zur Mitteilung besteht jedoch nicht.

9. „Börsegeschäftstag“ im Sinne dieser Bedingungen ist ein Tag an dem die Börse und die verwandte Börse für den regulären Handel geöffnet sind, ungeachtet dessen, dass eine Börse oder verwandte Börse vor dem üblichen Geschäftsschluss für den regulären Handel an Werktagen schließt.

§ 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.

Als der jeweils maßgebliche Stichtag wird definiert:

- bei Optionsscheinen der jeweilige Ausübungstag;
 - bei Aktienanleihen der jeweilige Feststellungstag;
 - bei allen anderen strukturierten Wertpapieren das Laufzeitende.
2. Wird an diesem 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 48 nicht Abweichendes oder Ergänzendes vorgesehen ist - wie folgt vorgegangen:

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 1.b 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 Aktienkörbe:

i. Falls innerhalb der Laufzeit der Zertifikate nach Ansicht der Emittentin in Bezug auf eine der im Basket enthaltenen Aktien (i) eine Kapitalveränderung eintritt, oder (ii) ein ersatzloser Widerruf zum Amtlichen Handel an der jeweils maßgeblichen Börse erfolgt, oder (iii) ein Übernahmeangebot für das betreffende Unternehmen vorliegt, oder (iv) sich ihre Liquidität wesentlich verringern sollte, so wird die Emittentin Maßnahmen treffen, um den Inhaber der Zertifikate wieder in die ursprüngliche wirtschaftliche Situation zu versetzen. Nach billigem Ermessen der Emittentin wird sodann entweder

- der Wert dieser Aktie auf Basis des zuletzt verfügbaren Kurses zu gleichen Teilen auf die restlichen im Basket verbleibenden Aktien zu der jeweils aktuell gültigen Gewichtung aufgeteilt oder
- die betreffende Aktie gegen eine andere den herrschenden Marktgegebenheiten entsprechende Aktie ausgetauscht („Ersatzaktie“) oder
- für die betreffende Aktie ein „Ersatzpreis“ festgestellt. Der „Ersatzpreis“ ist, soweit erhältlich, der von der maßgeblichen Börse festgelegte Preis der Aktie oder, falls ein solcher nicht erhältlich ist, der von der Emittentin bestimmte Preis der Aktie, der nach Beurteilung der Emittentin den an diesem Tag herrschenden Marktgegebenheiten entspricht.

Die Inhaber der Zertifikate dürfen durch derartige Rundungen nicht schlechter gestellt werden. Die Entscheidung der Emittentin über solche Anpassungen des Baskets durch die Emittentin oder einen von ihr beauftragten Dritten ist, soweit nicht ein offensichtlicher Fehler vorliegt, für alle Beteiligten bindend und wird entsprechend bekannt gemacht.

ii. Ist das Laufzeitende in Bezug auf eine Aktie kein Börsenhandelstag oder liegt eine Marktstörung vor, so ist das Laufzeitende (A) für jede nicht von dem Eintritt dieser Störung betroffene Aktie in dem Basket das ursprünglich vorgesehene Laufzeitende und (B) für jede von dem Eintritt dieser Störung betroffene Aktie der nächstfolgende Börsenhandelstag, an dem keine Marktstörung vorliegt, es sei denn, dass an jedem der nächsten drei Börsenhandeltage, die unmittelbar auf das Laufzeitende folgen, hinsichtlich dieser Aktie eine Marktstörung vorliegt. In diesem Fall

- wird dieser dritte Börsenhandelstag als das Laufzeitende für die betreffende Aktie festgelegt, ungeachtet dessen, dass an diesem Tag eine Marktstörung vorliegt; und

- die Emittentin schätzt an diesem dritten Börsenhandelstag nach Treu und Glauben den Wert der Aktie zum Laufzeitende; und
 - der Tilgungstag verschiebt sich entsprechend (drei Bankgeschäftstage nach dem Laufzeitende).
- iii. Ein „**Börsenhandelstag**“ im Sinn dieser Bedingungen ist in Bezug auf eine Aktie ein Tag, an dem jede Börse während ihrer üblichen Handelszeiten für den Handel geöffnet ist, ungeachtet dessen, ob eine solche Börse vor ihrem vorgesehenen Börsenschluss schließt.
- e. Bei Wertpapieren auf Indexkörbe:
- i. Wenn der anfängliche Berechnungstichtag oder einer der jeweiligen Feststellungsstage in Bezug auf einen der im Basket enthaltenen Indices ein gestörter Tag ist,
 - bleibt hinsichtlich jener Indices, die von dieser Störung nicht betroffen sind, der ursprünglich festgesetzte anfängliche Berechnungstichtag oder Feststellungstag der jeweilige anfängliche Berechnungstichtag oder Feststellungstag;
 - wird hinsichtlich jener Indices, die von dieser Störung betroffen sind, der jeweilige anfängliche Berechnungstichtag oder Feststellungstag auf den nächstfolgenden Börsenhandelstag, der kein gestörter Tag ist, verschoben, es sei denn, dass jeder der nächsten acht Börsenhandelstage, die unmittelbar auf den anfänglichen Berechnungstichtag oder Feststellungstag folgen, hinsichtlich dieses Index ein gestörter Tag ist. In diesem Fall:
 - gilt dieser achte Tag als der anfängliche Berechnungstichtag oder jeweilige Feststellungstag, ungeachtet dessen, dass dieser Tag ein gestörter Tag ist; und
 - es wird ein Ersatzindex festgesetzt, dessen Berechnung in Übereinstimmung mit der Art und Weise der Berechnungen und der Zusammensetzung und Gewichtung der Kurse und Aktien des Index, wie sie zum Zeitpunkt der letzten Veröffentlichung bzw. unmittelbar vor der Veränderung des Index, die für die Entscheidung der Emittentin, einen Ersatzindex zu berechnen, maßgeblich war, erfolgt. Dieser Ersatzindex ersetzt sodann den ursprünglich festgelegten Index.
 - ii. Ein „**Gestörter Tag**“ ist in Bezug auf einen Index ein Börsenhandelstag, an dem die relevante Börse oder jede verbundene Börse während der üblichen Handelszeit nicht für den Handel geöffnet ist oder an dem eine Marktstörung eingetreten ist.
 - iii. Ein „**Börsenhandelstag**“ im Sinn dieser Bedingungen ist in Bezug auf einen Index ein Tag, an dem jede Börse während ihrer üblichen Handelszeiten für den Handel geöffnet ist, ungeachtet dessen, ob eine solche Börse vor ihrem vorgesehenen Börsenschluss schließt.
- f. Bei Wertpapieren auf andere Basiswerte (z.B. Rohstoffkorb, Hedge Fonds):

Die Verschiebung des maßgeblichen Stichtags wird in den EK Zeile 48 geregelt.

FÜR GARANTIEZERTIFIKATE GILT:

Sofern in den Endgültigen Konditionen, Zeile 48 nicht Abweichendes oder Ergänzendes vorgesehen ist, gilt für Garantiezertifikate:

I. Wenn

- 1) am anfänglichen Berechnungstichtag in Bezug auf eine der im Basket enthaltenen Aktien bzw. der in den Indices enthaltenen Aktien eine Marktstörung vorliegt,
 - (a) bleibt hinsichtlich jener Aktien bzw. Indices, die von der Marktstörung nicht betroffen sind, der ursprünglich festgesetzte anfängliche Berechnungstichtag der anfängliche Berechnungstichtag;
 - (b) wird hinsichtlich jener Aktien bzw. Indices, die von der Marktstörung betroffen sind, der anfängliche Berechnungstichtag auf den nächstfolgenden Börseschäftstag, an dem keine Marktstörung mehr vorliegt, verschoben. Dauert die Marktstörung länger an und hat sich dadurch der anfängliche Berechnungstichtag um acht hintereinander liegende Börseschäftstage verschoben und dauert die Marktstörung weiterhin an, gilt dieser achte Tag als der anfängliche Berechnungstichtag und es wird
 - (i) für Garantiezertifikate mit Basiswert Aktienbasket ein Ersatzpreis für die jeweilige Aktie festgesetzt, der nach sorgfältiger Beurteilung der Emittentin den an diesem Tag herrschenden Marktgegebenheiten entspricht;
 - (ii) wird für Garantiezertifikate mit Basiswert Index/Indexkorb ein Ersatzindex festgesetzt, dessen Berechnung in Übereinstimmung mit der Art und Weise der Berechnungen und der Zusammensetzung und Gewichtung der Kurse und Aktien des Index, wie sie zum Zeitpunkt der letzten Veröffentlichung bzw. unmittelbar vor der Veränderung des Index, die für die Entscheidung der Emittentin, einen Ersatzindex zu berechnen, maßgeblich war, erfolgt. Dieser neu berechnete Index ersetzt sodann den ursprünglichen Index.
- 2) an einem der jeweiligen Feststellungstage in Bezug auf eine der im Basket enthaltenen Aktien bzw. der in den Indices enthaltenen Aktien eine Marktstörung vorliegt,
 - (a) bleibt hinsichtlich jener Aktien bzw. Indices, die von der Marktstörung nicht betroffen sind, der ursprünglich festgesetzte Feststellungstag der jeweilige Feststellungstag;
 - (b) wird hinsichtlich jener Aktien bzw. Indices, die von der Marktstörung betroffen sind, der jeweilige Feststellungstag auf den nächstfolgenden Börseschäftstag, an dem keine Marktstörung mehr vorliegt, verschoben. Dauert die Marktstörung länger an und hat sich dadurch der jeweilige Feststellungstag um acht hintereinander liegende Börseschäftstage verschoben und dauert die Marktstörung weiterhin an, gilt dieser achte Tag als der jeweilige Feststellungstag und es wird
 - (i) für Garantiezertifikate mit Basiswert Aktienkorb ein Ersatzpreis für die jeweilige Aktie festgesetzt, der nach sorgfältiger Beurteilung der Emittentin den an diesem Tag herrschenden Marktgegebenheiten entspricht.
 - (ii) für Garantiezertifikate mit Basiswert Index oder Indexkorb ein Ersatzindex festgesetzt, dessen Berechnung in Übereinstimmung mit der Art und Weise der Berechnungen und

der Zusammensetzung und Gewichtung der Kurse und Aktien des Index, wie sie zum Zeitpunkt der letzten Veröffentlichung bzw. unmittelbar vor der Veränderung des Index, die für die Entscheidung der Emittentin, einen Ersatzindex zu berechnen, maßgeblich war, erfolgt.

II. Für Garantiezertifikate mit Basiswert Index/Indexkorb gilt weiters:

1. Für den Fall, dass der Index

- a) nicht von seinem bezeichneten Index Sponsor, sondern von einem Nachfolgesponsor berechnet und veröffentlicht wird, der von der Emittentin als solcher akzeptiert wird; oder
- b) durch einen Nachfolgeindex ersetzt wurde, der nach Ansicht der Emittentin in der Art und Weise seiner Berechnung dem betreffenden Index ähnlich ist;

so wird dieser vom Nachfolgesponsor berechnete und veröffentlichte Index oder dieser Nachfolgeindex als neuer Index betrachtet und ersetzt den jeweiligen Index.

2. Wenn der Index Sponsor (oder der Nachfolgesponsor)

- a) am oder unmittelbar vor dem jeweiligen Feststellungstag
 - (i) eine wesentliche Änderung hinsichtlich der Art und Weise der Berechnung bzw. Berechnungsmethode in Bezug auf einen Index vornimmt, oder
 - (ii) die Kalkulation eines Index endgültig einstellt und kein Nachfolgesponsor bestimmt wurde,

bzw.

- b) am jeweiligen Feststellungstag mit der Kalkulation und Veröffentlichung eines Index in Verzug gerät,

so kann die Emittentin den betreffenden Index unter Berücksichtigung der Art und Weise der Berechnung und der Zusammensetzung und Gewichtung der Kurse und Aktien des Index, wie sie zum Zeitpunkt der letzten Veröffentlichung bzw. unmittelbar vor der Veränderung des Index galt, selbst bestimmen („Ersatzindex“) und den Tilgungsbetrag auf dessen Basis berechnen.

III. Für Garantiezertifikate mit Basiswert Aktienkorb gilt weiters:

1. Wenn während der Laufzeit der Zertifikate

- (a) eine Aktie durch ein potenzielles Anpassungsereignis (Abs. 2) verändert wird, oder
- (b) wegen dieser Maßnahme in Bezug auf die jeweilige Aktie des Unternehmens Anpassungen in den Optionskontrakten an den Termin- und Optionsbörsen der jeweiligen Aktie vorgenommen wurden bzw. die Optionskontrakte auf andere Weise verändert oder solche Anpassungen nur deshalb nicht vorgenommen wurden, weil zu dem Zeitpunkt, zu dem sie vorzunehmen wären, an der verwandten Börse keine Optionskontrakte ausstehen,

kann die jeweilige Aktie entsprechend angepasst und gegebenenfalls weitere Anpassungen vorgenommen werden. Diese Anpassungen sowie die Bestimmung des Zeitpunkts, ab dem sie

gelten, erfolgen durch die Emittentin nach deren billigem Ermessen unter Beachtung der Grundsätze dieser Bestimmung. Die Bekanntmachung erfolgt gemäß § 23 Abs. 1 b.

2. Ein "Potenzielles Anpassungsereignis" ist im Hinblick auf eine Aktie:

- (a) ein Aktiensplit, eine Zusammenlegung von Aktien oder Umwandlung von Aktiegattungen (soweit kein „Fusionsereignis“ vorliegt) oder eine freie Ausschüttung oder Zuteilung von Aktien an die Aktionäre der Gesellschaft im Wege der Ausgabe von Bonusaktien, Kapitalisierung oder Ähnliches;
- (b) die Gewährung von weiteren Wertpapieren, die zum Empfang von Zahlungen bzw. Dividenden oder Liquidationserlösen der Gesellschaft dienen, an die Aktionäre der Gesellschaft im Verhältnis zu den von diesen gehaltenen Aktien; Gewährung an die Aktionäre der Gesellschaft von weiteren Gesellschaftsanteilen oder sonstigen Wertpapieren eines anderen Emittenten, der von der Emittentin direkt oder indirekt erworben oder bereits gehalten wird, als Folge eines Spin-Off oder einer vergleichbaren Maßnahme; oder Gewährung sonstiger Wertpapiere, Rechte oder Befugnisse oder anderer Vermögensgegenstände an die Aktionäre der Gesellschaft jeweils für eine Gegenleistung, die unter dem jeweiligen Marktpreis liegt, wie der von der Berechnungsstelle für relevant gehalten wird;
- (c) jede außerordentliche Dividende;
- (d) eine Aufforderung zur Leistung von Einlagen auf nicht voll eingezahlte Aktien;
- (e) ein Aktienrückkauf der Aktien durch die Gesellschaft aus Gewinn oder Rücklagen, und unabhängig davon, ob das Entgelt hierfür in Geldzahlung, Wertpapieren oder anderen Werten besteht;
- (f) oder jede andere Maßnahme, die einen verwässernden oder werterhöhenden Einfluss auf den theoretischen, inneren Wert der Aktie hat.

3. Sonstige Ereignisse:

Wenn während der Laufzeit der Zertifikate

- (a) eine Aktie durch Übernahmen, Fusionen, Verstaatlichung, De-Listing, Insolvenz oder dergleichen verändert wird oder
- (b) diese(s) Ereigniss(e) zu entsprechenden Anpassungen in Bezug auf die jeweilige Aktie des Unternehmens in den Optionskontrakten an den Termin- und Optionsbörsen der jeweiligen Aktie geführt hat (haben) bzw. die Optionskontrakte auf andere Weise verändert oder solche Anpassungen nur deshalb nicht vorgenommen wurden, weil zu dem Zeitpunkt, zu dem sie vorzunehmen wären, an der relevanten Börse keine Optionskontrakte ausstehen,

kann die Emittentin

- (i) die jeweilige Aktie entsprechend anpassen und gegebenenfalls weitere Anpassungen vornehmen; und/oder
- (ii) die Zertifikate unter Angabe des Kündigungsbetrages kündigen. Im Falle der Kündigung zahlt die Emittentin anstatt des Nennbetrages an jeden Zertifikatsinhaber einen Betrag je

Zertifikat (den „Kündigungsbetrag“), der von der Emittentin nach billigem Ermessen als angemessener Marktpreis eines Zertifikates unmittelbar vor dem zur Kündigung berechtigenden Ereignis festgelegt wird.

Diese Anpassungen sowie die Bestimmung des Zeitpunkts, ab dem sie gelten, erfolgen durch die Emittentin nach deren billigem Ermessen, sind (sofern nicht ein offensichtlicher Fehler vorliegt) für alle Beteiligten bindend und werden gemäß § 23 Abs. 1.b bekannt gemacht.

Eventuelle weitere Anpassungsregelungen werden in den EK Zeile 48 geregelt.

§ 16. Auszahlungen

Die Auszahlungen der jeweiligen Beträge erfolgen ausschließlich in der jeweiligen Produktwährung.

§ 17. Kündigung

1. Seitens der Inhaber der Wertpapiere ist die Kündigung der Wertpapiere unwiderruflich ausgeschlossen.
2. Die Emittentin ist berechtigt, die noch nicht abgerechneten Wertpapiere vorzeitig durch Bekanntmachung gemäß § 23 Abs. 1.a unter Angabe des Kündigungsbetrages zu kündigen:
 - a. sollte die Notierung des jeweiligen Basiswertes an der jeweils maßgeblichen Börse/Festlegungsstelle oder an ihrer Heimatbörse, aus welchem Grund auch immer, endgültig eingestellt werden;
 - b. bei Vorliegen einer Hedging-Störung und/oder Gestiegener Hedging-Kosten;
 - c. wenn infolge einer die Besteuerung betreffenden Änderung der Rechtslage des Landes, in dem die Emittentin errichtet ist, oder einer geplanten Änderung dieser Rechtslage oder einer Änderung der amtlichen Anwendung, Durchsetzung oder Auslegung dieser Rechtslage die Emittentin zur Zahlung zusätzlicher Beträge auf die strukturierten Wertpapiere verpflichtet wurde bzw. wird und die Emittentin diese Verpflichtung nicht durch ihr zur Verfügung stehende angemessene Maßnahmen, die nach bestem Wissen der Emittentin die Führung ihrer Geschäfte nicht wesentlich beeinträchtigen, vermeiden kann.
 - d. 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.

- e. 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

Heimatsbörse oder in einem Futures- oder Optionskontrakt in Bezug auf den Index an einer Terminbörse gegeben ist.

f. 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.

g. Für den Fall von Wertpapieren auf Aktienkorb:

Die Emittentin ist auch berechtigt, die noch nicht abgerechneten Wertpapiere unter Angabe des Kündigungsbetrages vorzeitig zu kündigen, wenn nach ihrem Ermessen nur noch eine geringe Liquidität in einer oder mehrerer der in dem Basket enthaltenen Aktien gegeben ist, wodurch sich die wirtschaftliche Situation des Inhabers des strukturierten Wertpapiers nach Ansicht der Emittentin wesentlich geändert hat.

3. Sofern in den Endgültigen Konditionen, Zeile 39 nicht Abweichendes vorgesehen ist, 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 der Produktwährung ("Kündigungsbetrag"), der von der Emittentin nach billigem Ermessen als angemessener Marktpreis des Wertpapiers festgelegt wird.
4. **„Hedging-Störung“** bedeutet, dass die Emittentin nicht in der Lage ist, unter Anwendung wirtschaftlich vernünftiger Bemühungen, (A) Transaktionen abzuschließen, fortzuführen oder abzuwickeln bzw. Vermögenswerte zu erwerben, auszutauschen, zu halten oder zu veräußern, welche die Emittentin zur Absicherung von auf die Basiswerte (oder einzelne davon) bezogenen Preisrisiken im Hinblick auf ihre Verpflichtungen aus den entsprechenden Zertifikaten für notwendig erachtet, oder sie (B) nicht in der Lage ist, die Erlöse aus den Transaktionen bzw. Vermögenswerten zu realisieren, zurückzugewinnen oder weiterzuleiten
5. **„Gestiegene Hedging-Kosten“** bedeutet, dass die Emittentin im Vergleich zum Begebungstag einen wesentlich höheren Betrag an Steuern, Abgaben, Aufwendungen und Gebühren (außer Maklergebühren) entrichten muss, um (A) Transaktionen abzuschließen, fortzuführen oder abzuwickeln bzw. Vermögenswerte zu erwerben, auszutauschen, zu halten oder zu veräußern, welche die Emittentin zur Absicherung von auf die Basiswerte (oder einzelne davon) bezogenen Preisrisiken im Hinblick auf ihre Verpflichtungen aus den entsprechenden Zertifikaten der maßgeblichen Serie für notwendig erachtet, oder (B) Erlöse aus den Transaktionen bzw. Vermögenswerten zu realisieren, zurückzugewinnen oder weiterzuleiten, unter der Voraussetzung, dass Beträge, die sich nur erhöht haben, weil die Kreditwürdigkeit der Emittentin zurückgegangen ist, nicht als Gestiegene Absicherungs-Kosten angesehen werden.

VORZEITIGE TILGUNG/KÜNDIGUNG BEI OPEN END PAPIEREN:

Falls in den Endgültigen Konditionen nicht Abweichendes oder Ergänzendes vorgesehen ist (siehe EK, Zeile 39) gilt bei Open End Papieren:

Der Inhaber der strukturierten Wertpapiere hat erstmals vier Kalenderjahre nach dem Laufzeitbeginn das Recht, jeweils zum ersten Bankarbeitstag jedes Monats („Kündigungstage“) die strukturierten Wertpapiere vorzeitig zu tilgen. Diese Tilgungsrechte können jeweils nur für mindestens einhundert (100) strukturierte Wertpapiere derselben ISIN oder Wertpapierkennnummer bzw. ein ganzzahliges Vielfaches davon ausgeübt werden. Eine vorzeitige Tilgung von weniger als 100 strukturierten Wertpapieren ist ungültig und entfaltet keine Wirkung. Eine vorzeitige Tilgung von mehr als 100 strukturierten Wertpapieren, deren Anzahl nicht durch 100 teilbar ist, gilt als Einlösung der nächstkleineren Anzahl von strukturierten Wertpapieren, die durch 100 teilbar ist. Mit der Tilgung der strukturierten Wertpapiere am jeweiligen Kündigungstag erlöschen alle Rechte aus den getilgten strukturierten Wertpapieren.

Zur Wirksamkeit der vorzeitigen Tilgung muss der Inhaber der strukturierten Wertpapiere eine ordnungsgemäß ausgefüllte Kündigungserklärung bei seiner Depotbank einreichen:

Die Kündigungserklärung muss enthalten:

- a. den Namen und die Anschrift des Inhabers der strukturierten Wertpapiere oder seines zur Kündigung Bevollmächtigten,
- b. die ISIN und/oder die Wertpapierkennnummer der strukturierten Wertpapiere, für die die Kündigung erfolgt,
- c. die Anzahl der strukturierten Wertpapiere, für die die Kündigung erfolgt, und
- d. den Kündigungstag, zu dem die Kündigung erfolgt.

Diese Kündigungserklärung ist unwiderruflich und bindend. Zur Wirksamkeit der Kündigung muss am letzten Bankarbeitstag vor einem Kündigungstag vor 12.00 Uhr (Ortszeit Wien) der Emittentin die Kündigungserklärung zugegangen sein.

Hat die Emittentin die Kündigungserklärung oder die strukturierten Wertpapiere zu dem in der Kündigungserklärung genannten Kündigungstag nicht rechtzeitig erhalten, gilt die Kündigung als nicht erfolgt. Dies gilt bei Turbo Zertifikaten auch dann, wenn bis zum Kündigungstag einschließlich das Zertifikat ausgestoppt („Knock-out“) wird. In diesem Fall verfällt das Turbo Zertifikat entweder wertlos oder es wird ein Restwert ausbezahlt, der sich aus der Auflösung des Absicherungsgeschäftes der Emittentin ergibt (siehe § 9).

Weicht die in der Kündigungserklärung genannte Anzahl von strukturierten Wertpapieren, für die die vorzeitige Tilgung/Kündigung beantragt wird, von der Anzahl der bei der Emittentin eingegangenen strukturierten Wertpapiere ab, so gilt die Kündigungserklärung nur für die der niedrigeren der beiden Zahlen entsprechende Anzahl von strukturierten Wertpapieren als eingereicht. Etwaige überschüssige strukturierte Wertpapiere werden auf Kosten und Gefahr des Inhabers des strukturierten Wertpapiers an diesen zurück übertragen.

Der Inhaber der strukturierten Wertpapiere erhält fünf Bankarbeitstage nach dem jeweiligen Kündigungstag den Tilgungsbetrag (siehe § 9) in der jeweiligen Produktwährung vorzeitig ausbezahlt.

In diesem Fall gilt als Schlusskurs des Basiswertes der Schlusskurs am Tage des Eingangs der Kündigungserklärung bei der Emittentin.

[Eventuelle weitere Kündigungsgründe der Emittentin sowie deren Rechtsfolgen sind den EK Zeile 39 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 Vermögen von in dem jeweiligen Land ansässigen Privatpersonen 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.

Diese Informationen ersetzen nicht die in jedem individuellen Fall unerlässliche Beratung vor der Kaufentscheidung durch den Steuerberater im Hinblick auf das entsprechende Produkt, unter Berücksichtigung der individuellen Steuerposition des Anlegers sowie der aktuellen Rechtslage im jeweiligen Land. 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 lokalen Steuerberater beraten lassen. Dies gilt vor allem bezüglich aktueller Steuergesetzänderungen. Diese Angaben stellen generelle Informationen dar und basieren auf den gesetzlichen Bestimmungen vom June 2008. 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 individuelle Steuersituation des Anlegers sowie die in diesem Zusammenhang von ihm gemachten Angaben sind nicht Gegenstand des Vertrages zwischen der Emittentin und dem Anleger.

Die Emittentin übernimmt keine Verantwortung für die Einbehaltung der angeführten Quellensteuern.

A) I Für Inhaber von Wertpapieren, die in Österreich der Steuerpflicht unterliegen

1. Optionsscheine:

Die Erträge aus den Wertpapieren stellen Einkünfte aus Spekulationsgeschäften gemäß § 30 Abs. 1 Z 2 EStG dar (Randziffer 7757a ff EStR 2000-Wartungserlass 2005 vom 02.01.2006).

Für jene vor dem 01.12.2005 begebene Optionsscheine, die bei deren Emission als KEST-pflichtig deklariert wurden, hat das Bundesministerium für Finanzen („BMF“) die Regelung getroffen, dass die bisher von der jeweiligen depotführenden Stelle vorgenommene Einstellung unverändert bleiben soll. Der Optionsscheininhaber hat jedoch die Möglichkeit, eine KEST-Rückerstattung im Wege der Veranlagung, oder, wenn die Voraussetzungen für eine Veranlagung nicht vorliegen, bei seinem Wohnsitzfinanzamt mittels eines Antrages gemäß § 240 Abs. 3 BAO zu beantragen

2. Hebelpapiere (Turbozertifikate, Range Turbozertifikate und Capped Warrants):

Die Erträge aus den Wertpapieren stellen Einkünfte aus Spekulationsgeschäften gemäß § 30 Abs. 1 Z 2 EStG dar (Rz 6197b und 7757a ff EStR 2000-Wartungserlass 2005 vom 02.01.2006), sofern zum Zeitpunkt des Emissionsbeginns (siehe Endgültige Konditionen Kapitel VI. "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 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.

Auf Grund der unklaren Rechtslage vor Ergehen des Wartungserlasses 2005 gilt (Rz 7757b EStR 2000-Wartungserlass 2005 v. 02.01.2006) für Hebelprodukte folgende Übergangsregel:

- Wurden vor dem 1. Oktober 2005 Hebelprodukte mit nicht untergeordnetem Kapitaleinsatz ("Hebel ist kleiner 5" - siehe dazu Rz 6197b) begeben und zum 1. Oktober 2005 als KEST-frei behandelt, so ist auch bis zum Ende der Laufzeit dieser Wertpapiere weder Kapitalertragsteuer abzuziehen, noch eine Gutschrift zu gewähren.
- Wurden vor dem 1. Oktober 2005 Hebelprodukte mit untergeordnetem Kapitaleinsatz (ab "Hebel 5" - siehe dazu Rz 6197b) begeben und zum 1. Oktober 2005 als KEST-pflichtig behandelt, so ist auch bis zum Ende der Laufzeit dieser Wertpapiere Kapitalertragsteuer abzuziehen und eine Gutschrift zu gewähren.

Der Wertpapierinhaber hat jedoch die Möglichkeit, eine KEST-Erstattung im Wege der Veranlagung oder, wenn die Voraussetzungen für eine Veranlagung nicht vorliegen, gem. § 240 Abs. 3 BAO zu beantragen.

3. Discount, Anlage-, Bonus-, Speed-, Lock-In, Outperformance, Centrobank, Twin Win, Reverse Bonus und Express Zertifikate:

Die Erträge aus den Zertifikaten 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 Zertifikate sind gemäß § 78 VAG zur Bedeckung der versicherungstechnischen Rückstellungen (deckungsstockfähig) geeignet.

4. 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 kuponauszahlende Stelle im Inland befindet. Kuponauszahlende 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.

5. Garantiezertifikate:

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 Erbschaftssteuer sind damit abgegolten. Die Zertifikate sind gemäß § 14 EStG für Pensions- und Abfertigungsrückstellung sowie gemäß § 78 VAG zur Bedeckung der versicherungstechnischen Rückstellungen (deckungsstockfähig) geeignet.

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 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 sowie Kuponzahlungen aus den hierin beschriebenen Garantiezertifikaten 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:

A. Aktuelle Besteuerung

1. Optionsscheine (mit Barausgleich/mit Lieferung Basiswert) und Capped Warrants

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 EStG, 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 EStG, 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 EStG. 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 EStG). Nicht ausgleichsfähige Verluste mindern jedoch, betragsmäßig begrenzt, die Einkünfte aus privaten Veräußerungsgeschäften des unmittelbar vorangegangenen oder der folgenden Veranlagungszeiträume (§ 23 Abs. 3 S. 9 EStG).

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 dieser Aktien 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).

Die steuerliche Behandlung des Verfalls einer Option innerhalb der einjährigen Haltefrist wurde jetzt durch die Entscheidung des Bundesfinanzhofs vom 19. Dezember 2007 (IX R 11/06) geklärt. Der BFH entschied, dass der Verfall einer Option keine steuerlichen Auswirkungen hat. Die Finanzverwaltung stimmt mit dieser Entscheidung überein (BMF vom 27. November 2001, BStBl. I 2001, 986, Rz. 18 und 23).

2. Turbo, Range Turbo, Discount, Anlage, Bonus, Reverse Bonus, Speed, Lock-In, Outperformance und TwinWin Zertifikate sowie Centrobank und Express Zertifikate ohne Kupon- oder „Dividenden“-Zahlungen und ohne (Teil-)Kapitalgarantie:

Die steuerliche Behandlung von Zertifikaten ist derzeit noch nicht abschließend geklärt. Erträge aus der Veräußerung und Einlösung der ausgegebenen Zertifikate sollten bei einer Haltedauer von mehr als einem Jahr nach derzeitigem Meinungsstand nicht der Besteuerung unterliegen, da weder ein Entgelt noch eine (zumindest teilweise) Kapitalrückzahlung zugesagt worden ist (§ 20 Abs. 1 Nr. 7 EStG; vgl. BMF vom 16.03.1999, BStBl. I 1999, 433). Insbesondere sollten die Veräußerungsgewinne keine Erträge gem. § 20 Abs. 2 EStG darstellen. Grundsätzlich hat die deutsche Finanzverwaltung bisher nicht nach verschiedenen Bezugswerten (mit Ausnahme des RexP, vgl. OFD Rheinland vom 5 März 2007, No. 19/2007) unterschieden, sondern stellte darauf ab, ob die Rückzahlung des Kapitals ganz

oder teilweise garantiert oder ein Entgelt zugesagt war. In den genannten Produktkategorien wird weder die (teilweise) Rückzahlung des Kapitals noch ein Entgelt zugesagt.

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 Satz 1 Nr. 2 EStG). Dies gilt gleichermaßen für Gewinne aus der Einlösung von Zertifikaten, 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 EStG). Nicht ausgleichsfähige Verluste mindern jedoch, betragsmäßig begrenzt, die Einkünfte aus privaten Veräußerungsgeschäften des unmittelbar vorangegangenen oder der folgenden Veranlagungszeiträume (§ 23 Abs. 3 S. 9 EStG). Veräußerungen und Einlösungen, die außerhalb der Jahresfrist erfolgen, bleiben steuerlich unberücksichtigt.

Das Investmentsteuergesetz sollte nicht zur Anwendung gelangen, da ein Zertifikat kein ausländischer Investmentanteil ist (BMF vom 02.06.2005, BStBl. I 2005, 728, Rz. 9). Allerdings empfehlen wir für Zertifikate, die nicht an einen anerkannten Index anknüpfen, insbesondere für sog. Fund Linked Notes, eine gesonderte steuerliche Untersuchung.

3. Garantie Zertifikate sowie Centrobank und Express Zertifikate mit Kuponzahlung und/oder (teilweiser) Kapitalgarantie:

Die steuerliche Behandlung von Zertifikaten mit teilweiser Kapitalgarantie ist derzeit noch nicht abschließend geklärt.

Da eine (zumindest teilweise) Kapitalrückzahlung zugesagt worden ist, gleichzeitig aber wegen der unsicheren Komponente eine Emissionsrendite nicht vorhanden ist, unterliegen nach Auffassung der deutschen Finanzverwaltung sowohl laufende Erträge als auch Veräußerungs- und Einlösungsgewinne (d.h. sämtliche aus dem Zertifikat generierten Erträge) als Einnahmen aus Kapitalvermögen gem. § 20 Abs. 1 Nr. 7 bzw. 20 Abs. 2 EStG der Besteuerung (Besteuerung nach der Markrendite). Da es sich um Einkünfte aus Kapitalvermögen gem. § 20 EStG handelt, gilt dies unabhängig von der Haltedauer.

Die Finanzverwaltung und der Bundesfinanzhof vertreten die Auffassung, die Zusage einer auch nur teilweisen Kapitalrückzahlung genüge, um vom Vorliegen einer sonstigen Kapitalforderung im Sinne von § 20 Abs. 1 Nr. 7 auszugehen, vgl. z.B. BMF vom 16.03.1999, BStBl. 1999 I, S. 433 sowie die Entscheidung des Bundesfinanzhofs vom 4. Dezember 2007 (VIII R 53/05). Dabei könne für den erforderlichen Rückzahlungsbetrag keine Betragsgrenze angegeben werden, unterhalb derer nicht mehr von einer Zusage auszugehen sei. Vielmehr genüge jede garantierte Rückzahlung. Dies wurde durch die zuvor genannte Entscheidung des Bundesfinanzhofs akzeptiert. Demnach seien Kapitalrückzahlungen steuerpflichtig gemäß Verhältnis zwischen teilweiser Kapitalgarantie und Nominalbetrag des Zertifikats. Im Falle eines Zertifikats, das sowohl eine teilweise Kapitalrückzahlungen als auch Kuponzahlungen garantiert, ist die Frage der steuerlichen Behandlung noch nicht eindeutig geklärt, auch nicht durch die zuvor genannte Entscheidung des Bundesfinanzhofs.

Auch die steuerliche Behandlung ohne (teilweise) Kapitalgarantie aber mit Kuponzahlungen ist derzeit noch nicht abschließend geklärt.

Die jüngere Rechtsprechung des Bundesgerichtshofes betont wieder die traditionelle Sichtweise bezüglich der steuerlichen Behandlung von Anlageprodukten, die ein Kapitalnutzungsentgelt für die Überlassung eines bestimmten Betrages gewähren. Nach unserer Auffassung sollte aber auch unter Beachtung der in den jüngsten Judikaten des Bundesgerichtshofes (BFH Urt. v. 11.07.2006, VIII R

67/04; BFH Urt. v. 20.11.2006, VIII R 43/05; BFH Urt. v. 20.11.2006, VIII R 7/02; BFH Urt. v. 13.12.2006, VIII R 6/05; BFH Urt. v. 13.12.2006, VIII R 62/04; BFH Urt. v. 13.12.2006, VIII R 79/03) dargestellten Grundsätze, alles, was dem Anleger wie oben beschrieben aus Zertifikaten zufließt, steuerbar sein. Als Konsequenz daraus, sind nicht nur die Kuponzahlungen, sondern auch (Kapital-) Rückzahlungen aufgrund einer positiven oder negativen Wertveränderung des Basiswertes oder eines anderen Grundes steuerpflichtig.

4. Centrobank und Express Zertifikate mit „Dividenden-Zahlungen“

Die steuerliche Behandlung von Zertifikaten, die dem Anleger keinen Anspruch auf eine Kuponzahlung, sondern auf eine „Dividendenzahlung“ für den Fall gewährt, dass eine als Basisinstrument festgelegte Aktie einen Anspruch auf eine Dividende gewähren würde, ist ungeklärt.

Die Tatsache, dass eine Zahlung an den Anleger in dem Zertifikat vollständig davon abhängt, ob ein direkt in einer als Basisinstrument bestimmten Aktie investierter Anleger eine Dividende beziehen würde und somit in keiner Weise sicher zugesagt wird, spricht dafür, ein solches Zertifikat nicht einer Besteuerung als Finanzinnovation zu unterwerfen, sofern es nicht zusätzlich mit einer (teilweise) Kapitalgarantie ausgestattet ist.

Allerdings hat sich bisher weder die deutsche Finanzverwaltung zu der steuerlichen Behandlung derartiger Zertifikate geäußert noch ist eine Gerichtsentscheidung dazu ergangen.

5. 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 EStG 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 EStG) nicht vor, da im Zeitpunkt des Erwerbs noch nicht feststeht, ob es zu einer Ausübung des Tilgungswahlrechts kommt oder nicht (so auch FG Berlin, Urt. v. 22.04.2004, 1 K 1100/03). Folglich kommt die Besteuerung nach der Marktrendite gem. § 20 Abs. 2 S.1 Nr. 4 S. 2 EStG 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 können als negative Einkünfte aus Kapitalvermögen berücksichtigt werden (BMF vom 25.10.2004, BStBl. I 2004, 1034). Dies gelte gemäß letzter Entscheidungen des Bundesfinanzhofs. Obgleich der Bundesfinanzhof negative Einkünfte aus Kapitalvermögen in Fällen einer Emissionsrendite nicht anerkennt (BFH vom 13. Dezember 2006, VIII R 6/05) sollte, für den Fall dass Renditenrückzahlungen auf den Wert des Basiswertes nicht getrennt behandelt werden können, die Rendite auf Basis der sogenannten Marktrendite berechnet werden. Die Oberfinanzdirektion Rheinland hat jedoch in einem Rundschreiben vom 21. Jänner 2008 (No. 2/2008) festgehalten, dass Veräußerungsverluste oder Einlösungsverluste nicht länger als negative Einkünfte aus Kapitalvermögen betrachtet werden könnten. Derzeit gibt es Diskussionen darüber, ob die Meinung der Oberfinanzdirektion Rheinland im Einklang mit den Entscheidungen des Bundesfinanzhofs zur steuerlichen Behandlung stehe, vor allem auch im Einklang mit der Rechtsmeinung des BMF im Rundschreiben vom 25. Oktober 2004. Daher sollte es in einem derartigen Fall negative Einkünfte geben. Da es sich um Einkommen aus Kapitalvermögen gemäß § 20 EStG handle, gilt diese Bestimmung unabhängig von der Haltefrist.

B. Abgeltungssteuer

Unternehmensteuerreform 2008

Am 6. Juli 2007 stimmte der Bundesrat dem Unternehmensteuerreformgesetz 2008 zu. Bestandteil der Unternehmensteuerreform 2008 ist auch die Einführung einer Abgeltungssteuer, welche die Grundsätze der Besteuerung von Einkünften aus Kapitalvermögen sowie Veräußerungsgeschäften im Privatvermögen fundamental ändert. Die Abgeltungssteuer findet vollständig auf alle nach dem 31. Dezember 2008 angeschafften Zertifikate Anwendung.

1. Für **Optionsscheine und Capped Warrants**, die vor dem 1. Januar 2009 angeschafft wurden, bleiben die bisherigen Besteuerungsgrundsätze anwendbar. Später angeschaffte Optionsscheine unterliegen der Abgeltungssteuer.
2. Auf **Optionsscheine, Capped Warrants, Turbo, Range Turbo, Discount, Anlage, Bonus, Reverse Bonus, Speed, Lock-In, Outperformance, Twin Win, Centrobank und Express Zertifikate, ohne laufende Kupon- und/oder Dividendenzahlungen und ohne (teilweise) Kapitalgarantie** – sog. Vollrisikozertifikate), die vor dem Stichtag 1. Januar 2009 aber nach dem 14. März 2007 angeschafft wurden, findet die Abgeltungssteuer Anwendung, wenn 1. die Kapitalerträge nach dem 30. Juni 2009 zufließen und 2. die Zeitspanne zwischen Anschaffung und Veräußerung der Zertifikate mehr als ein Jahr beträgt.
3. Bei **Garantie, Centrobank und Express Zertifikaten (mit laufenden Zahlungen und/oder (teilweiser) Kapitalgarantie)** sowie **Centrobank und Express Zertifikaten mit „Dividendenzahlungen“ und Aktienanleihen** findet die Abgeltungssteuer auf alle nach dem 31. Dezember 2008 zufließenden Kapitalerträge Anwendung.

Sofern die Abgeltungssteuer Anwendung findet, stellen alle laufenden Zahlungen (Kupons oder andere Zahlungen) sowie die realisierten Wertveränderungen aus der Veräußerung oder Rückgabe Kapitaleinkünfte im Sinne von § 20 Abs. 1 Nr. 7 bzw. Abs. 2 Satz 1 Nr. 7 EStG dar. Als Kapitaleinkünfte unterliegen sie grundsätzlich einer Abgeltungssteuer in Höhe von 25% zuzüglich eines darauf erhobenen Solidaritätszuschlages in Höhe von 5,5%. Dies gilt für sämtliche Zertifikate unabhängig davon, ob sie Vollrisikoprodukt zu qualifizieren sind oder nicht.

Verluste aus dem Verkauf oder der Rückgabe der Zertifikate können nur mit anderen positiven Kapitaleinkünften ausgeglichen werden. Soweit dies im Veranlagungszeitraum der Entstehung nicht möglich ist, können die Verluste ohne Begrenzung in künftige Veranlagungszeiträume vorgetragen werden und mindern dann die in diesen erzielten positiven Kapitaleinkünfte.

§ 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 depofführende Stelle.
2. Die Emittentin ist berechtigt, zusätzliche Zahl- bzw. Optionsstellen zu ernennen oder deren Ernennung zu widerrufen. Ernennungen und Widerrufe werden gemäß § 23 Abs. 1.a 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 Abs. 1.a 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 Wertpapieren 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 Abs. 1.a 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 Geregeltten Freiverkehr an der Wiener Börse. [*weitere Ergänzungen oder Änderungen zur Börseeinführung*]; [*Börsezulassung/Märkte*] (siehe EK, Zeile 55).

§ 23. Bekanntmachungen

1. Alle Bekanntmachungen, die die strukturierten Wertpapiere betreffen, erfolgen wie nachstehend beschrieben: In jenen Fällen, in denen.
 - a. auf § 23 Abs. 1a. verwiesen wird, erfolgt die Bekanntmachung rechtsgültig im "Amtsblatt der Wiener Zeitung" (oder einer anderen Zeitung oder Veröffentlichungsmaßnahme, die gesetzlich oder aufgrund von anwendbaren Börseregeln erforderlich ist). 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;
 - b. auf § 23 Abs. 1b. verwiesen wird, erfolgt die Bekanntmachung rechtsgültig durch Veröffentlichung auf der Website der Emittentin (<http://www.rcb.at/>).
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, Deutschland, Polen, Slowakei, Slowenien, Tschechien und Ungarn [*Börsezulassung/Märkte*] (siehe EK, Zeile 55) 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

- der Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") für Deutschland,
- der Polish Securities and Exchange Commission (KPWiG Komisja Papierów Wartościowych i Giełd) für Polen,
- der National Bank of Slovakia "NBS" (und UFT, Financial Market Authority of the Slovak Republic) für die Slowakei,

- der Securities Market Agency (SMA) für Slowenien,
- der Czech Securities Commission (CSC) für Tschechien,
- der Hungarian Financial Supervisory Authority (HFSA) für Ungarn and
- der Romanian National Securities Commission (CNVM).

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 44) 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 Abs. 1.b 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*]