

The securities issues of Raiffeisen Centrobank AG are subject to these General Securities Terms. The Final Terms (see Chapter VI of the Base Prospectus of 21 July 2006) will contain any supplementary information specific to the individual securities. Raiffeisen Centrobank AG retains the right to change these Securities Terms.

## SECURITIES TERMS

(to FT No. 111 of 18<sup>th</sup> January 2007)

of

Raiffeisen Centrobank AG

for Open End Investment Certificates (see Final Terms, line 1)

### § 1 Investor Rights

1. Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1010 Vienna ("Issuer") will issue as of 05<sup>th</sup> March 2007 (see FT, line 34) a total volume of up to [see column "Volume" in the excerpt of the offering, see FT, line 43] pieces Open End Investment Certificates (see FT, line 1) pursuant to these Securities Terms, ISIN [see column "ISIN Product" on the excerpt of the offering; FT, line 2] (see FT, line 2) on the Ostbasket Next Generation [see column "Underlying Instrument (UL)" in the excerpt of the offering; FT, line 11-13).
2. The structured security entitles the holder the right to claim redemption pursuant to § 9.
3. The structured securities are listed on an exchange and can be traded continuously in denominations of one (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). The issue price will be EUR 10,- plus 3,5 % issue surcharge (see FT, line 47 and 48) during the subscription period (see FT, line 44).
6. In case of foreign currency underlying instruments 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 (see FT, line 33).

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 issuance of structured securities starts on 05<sup>th</sup> March 2007 (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. The securities are available for subscription during the period 18.01.2007 – 28.02.2007 (see FT, line 44).
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**

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).

### § 10 Conversion of Foreign Currency Securities

1. In case of foreign currency underlying instruments 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 the Ostbasket Next Generation (see column "Underlying Instrument (UL)" in the excerpt of the offering, FT 11-13):

1. On the issue date the Ostbasket – Next Generation consists of the following shares, whereas the shares are weighted mainly according to their market capitalisation and additionally with respect to free float and market liquidity. The initial weighting will be capped at 15% and floored at 2%.
2. At the beginning of the subscription period the Ostbasket – Next Generation consists of the shares shown in the following table:

Share	ISIN	Currency	Relevant Exchange	Indicative number of Shares as of 18.01.2007 *)	Indicative Weighting as of 18.01.2007
Agrobanka	RSAGROE02462	RSD	Zagreb (ZSE)	0,00491	2,69%
Aik Banka	RSAIKBE79302	RSD	Zagreb (ZSE)	0,19476	15,00%
Energoprojekt	RSHOLDE58279	RSD	Zagreb (ZSE)	0,30428	5,30%
Univerzal Banka	RSUBBAE14618	RSD	Zagreb (ZSE)	0,02113	8,20%

Metalac	RSMETAE71629	RSD	Zagreb (ZSE)	0,05793	2,81%
Adris Grupa	HRADRSPA0009	HRK	Belgrad (BELEX)	0,25674	15,00%
Atlanska	HRATPLRA0008	HRK	Belgrad (BELEX)	0,06629	8,66%
Dalekovod	HRDLKVRA0006	HRK	Belgrad (BELEX)	0,09908	11,29%
INA	HRINAORA0007	HRK	Belgrad (BELEX)	0,046	15,00%
Koncar	HRKOEIRA0009	HRK	Belgrad (BELEX)	0,08835	7,80%
Petrokemija	HRPTKMRA0005	HRK	Belgrad (BELEX)	0,11191	2,97%
Tankerska	HRTNPLRA0003	HRK	Belgrad (BELEX)	0,00634	3,28%
Viro	HRVIORA0001	HRK	Belgrad (BELEX)	0,02265	2,00%

\*) These values are indicative and have been calculated by the issuer on 18.01.2007 and will be fixed definitively by the issuer on the initial fixing day and published with an adequate manner.

- The respective number of shares as well as the initial weighting of the shares included in the Ostbasket – Next Generation will be fixed by the issuer on 01.03.2007 ("Initial Fixing date") and published in an adequate manner.
- "Initial Fixing date" is – unless of an adjustment (see § 15 below) – on 01.03.2007.
- The weighting of the shares contained in the basket will change during the term of the certificates in accordance with the development of the current market price of the individual share with the number of the relevant share (fixed on 01.03.07 by the issuer) always remaining constant. (This means that if the market price of a share increases more than that of another share, the weighting for the first share shall increase accordingly).
- In case of shares denominated in foreign currency contained in the basket, the conversion of the respective current market price from the respective foreign currency into the corresponding product currency is done on the basis of the respective actual FC/PC conversion rate.

## § 12 Interest

There are no interest payments on structured securities.

## § 13 Redemption date/Due Date of Payment

- 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.
- 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.
- 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.
- 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 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").
2. 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..
3. The issuer shall make every effort to notify the parties involved immediately of the occurrence of a market disruption. However, he has no obligation to do so.
4. "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 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 baskets of underlyings (e.g. basket of stocks, commodities):

1. 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:

- i 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
- ii the affected share will be substituted by another share according to the prevailing market conditions; or
- iii 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.

2. If on the maturity date or on the initial fixing 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/the initial fixing date respectively (A) for each share not affected by the occurrence of this disruption shall be the scheduled maturity date/initial fixing 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 eight exchange trading days immediately following the maturity date/initial fixing date a market disruption exists. In that case:
  - a. that eighth exchange trading day shall be deemed to be the maturity date/initial fixing date for the relevant share notwithstanding the fact that a market disruption exists; and
  - b. the issuer shall determine its good faith estimate of the value for that share on that maturity date/initial fixing date; and
  - c. the issue date and the redemption date respectively will be postponed accordingly (three banking business days after the initial fixing date/maturity date) (Final Terms 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. The issuer shall 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. 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.

## § 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. 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 § 78 Insurance Surveillance Act, the certificates are suitable as cover for actuarial provisions (eligible for cover).

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

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

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

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

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

Interest income from the reverse convertibles and coupon payments on the guarantee certificates, described in this prospectus are deemed by the Federal Ministry of Finance to be interest income subject to EU withholding tax. All other income on capital from the certificates described in this prospectus does not constitute interest income that would be subject to EU withholding tax in the opinion of the Federal Ministry of Finance.

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

According to the present legal opinion of the issuer, the tax situation for investors subject to taxation in the Federal Republic of Germany is as follows:

**1. Turbo Certificates, Range Turbo Certificates, Discount Certificates, Investment Certificates, Bonus Certificates, Speed Certificates, Lock-in and Outperformance Certificates**

The tax treatment of certificates is not conclusively clarified at 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.

**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. Discount, Investment, Bonus, Speed, Lock-in Certificates, 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.

**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. Discount, Investment, 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.

**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“(Warrants, Turbo, Range Turbo, Discount, Investment, Bonus, Speed, Lock-in, Guarantee and Outperformance Certificates and Reverse Convertible Bonds)**

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. Reverse Convertible Bonds), 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. Discount, Investment, 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 %. \*

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\*) This is the most likely interpretation of the Czech Income Taxes Act. Given the lack of definition of "income from holding securities" another interpretation of the Czech Income Taxes Act is possible under which the redemption proceeds could qualify as "other income" which, after reduction of related expenses (e.g. the acquisition cost of the financial instrument), be subject to progressive rates between 12 and 32%. Under this interpretation the inclusion of the income into separate tax base subject to 15% tax rate would not be possible.

**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. Discount, Investment, 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 %.

## 2. 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

The securities have been admitted to trading on the Second Regulated Market of Wiener Börse and on the Regulated Unofficial Market (EUWAX) of the Stuttgart Stock Exchange. The issuer plans to apply for trading on a regulated market in the EU member states of Hungary, Poland, Slovenia, Slovakia and the Czech Republic.

## § 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 securities have been admitted to trading on the Second Regulated Market of Wiener Börse and on the Regulated Unofficial Market (EUWAX) of the Stuttgart Stock Exchange. The issuer plans to apply for trading on a regulated market in the EU member states of Hungary, Poland, Slovenia, Slovakia and the Czech Republic (see FT, line 49). They have been 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, 18<sup>th</sup> January 2007

### Excerpt of the offering

ISIN Product 4.1.1	WKN DE 4.1.1	Underlying Instrument (UL)	ISIN UL 4.1.7	Sort	Issue Date 4.1.9	Exchange Listing AT 5.2	Exchange Listing DE 5.2	Maturity Date 4.1.9	Currency Product 4.1.5	Sub- scription Ratio 4.1.7	Volume 5.1.2	Relevant Exchange/Relevant Price Fixing Entity 4.1.12	Issue price in EUR 5.3	Capital Yields Tax AT
AT0000A04CQ9	RCB7S5	Ostbasket Next Generation	n.a.	Index	05.03.2007	05.03.2007	05.03.2007	open end	EUR	10:1	1.000.000	RCB	10,--	YES